



Second Session - Thirty-Sixth Legislature

of the

**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Public Utilities**

**and**

**Natural Resources**

*Chairperson*  
*Mr. Jack Penner*  
*Constituency of Emerson*



Vol. XLVI No. 10 - 9 a.m., Saturday, November 2, 1996

ISSN 0713-9454

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

**Members, Constituencies and Political Affiliation**

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## LEGISLATIVE ASSEMBLY OF MANITOBA

## THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Saturday, November 2, 1996

**TIME – 9 a.m.****LOCATION – Winnipeg, Manitoba****CHAIRPERSON – Mr. Jack Penner (Emerson)****VICE-CHAIRPERSON – Mr. Marcel Laurendeau (St. Norbert)****ATTENDANCE - 10 – QUORUM - 6***Members of the Committee present:*Hon. Messrs. Cummings, Driedger, Findlay,  
McCrae, PraznikMessrs. Ashton, Dewar, Kowalski, Laurendeau,  
Penner*Substitutions:*Mr. Martindale for Mr. Ashton  
Mr. Doer for Mr. Dewar**APPEARING:**Ms. Becky Barrett, MLA for Wellington  
Mr. Daryl Reid, MLA for Transcona  
Mr. Conrad Santos, MLA for Broadway**WITNESSES:**Ms. Katherine Clune, Private Citizen  
Mr. Arnie Arnason, Private Citizen  
Ms. Teresa Coles, Private Citizen  
Mr. Ben Sokoloff, Private Citizen  
Ms. Elizabeth Carlyle, Private Citizen  
Ms. Carol Stadfeld, Private Citizen  
Ms. Winnie Grabowski, Private Citizen  
Mr. Sean Espey, Private Citizen  
Ms. Edith Byhre, Private Citizen  
Mr. Brian Lucas, Private Citizen  
Mr. Don Sullivan, Private Citizen  
Mr. Steve Webb, Private Citizen

Mr. Thomas Steur, Private Citizen

Mr. Roy Roman, Private Citizen

Ms. Jesse Vorst, Private Citizen

Mr. Shane Nestruck, Private Citizen

Mr. Dave Plummer, Private Citizen

Ms. Louise Simbandumwe, Private Citizen

Ms. Marceline Ndayumvire, Private Citizen

Ms. Angeline Simbandumwe, Private Citizen

Ms. Kristine Barr, Private Citizen

Mr. Jerry Keenan, Private Citizen

Ms. Marian Yeo, Private Citizen

**MATTERS UNDER DISCUSSION:**Bill 67 – The Manitoba Telephone System  
Reorganization and Consequential Amendments Act.

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**Clerk Assistant (Ms. Judy White):** Good morning. Will The Standing Committee on Public Utilities and Natural Resources please come to order.

Before proceeding with the business before the committee, a chairperson must be elected. Are there any nominations?

**Mr. Marcel Laurendeau (St. Norbert):** Mr. Penner.**Clerk Assistant:** Mr. Penner has been nominated. Any others? Seeing none, Mr. Penner has been elected as Chairperson. Mr. Penner, please take the chair.**Mr. Chairperson:** Could the committee please come to order. The first order of business is to elect the Vice-Chairman.**Hon. Glen Cummings (Minister of Environment):** I nominate Mr. Laurendeau.**Mr. Chairperson:** Mr. Laurendeau has been nominated. Any other nominations? Seeing none, Mr. Laurendeau you will be the Vice-Chair. The business before the committee this morning is the consideration of Bill 67, The Manitoba Telephone System Reorganization and Consequential Amendments Act. At this time, I would

like to inform the public of the meetings that remain, as had been announced by government House leader (Mr. Ernst) and deputy government House leader (Mr. Praznik)—I will just proceed here—in addition to today's meeting, if necessary, for Monday, November 4, at 9 a.m., in this same room, 254. The notice of the meetings is posted on the outside board. There are committee changes?

\* (0910)

### Committee Substitution

**Mr. Gregory Dewar (Selkirk):** I move, with leave of the committee, that the honourable member for Burrows (Mr. Martindale) replace the honourable member for Thompson (Mr. Ashton) as a member of The Standing Committee on Public Utilities and Natural Resources effective November 2, 1996, with the understanding that the same substitution will also be moved in the House to be properly recorded in the official records of the House.

Motion agreed to.

\* \* \*

**Mr. Doug Martindale (Burrows):** Mr. Chairperson, I wonder if you could clarify for me and for members of the public the process in terms of people's names being called. I have had complaints from members of the public that people were phoned by the Clerk's Office on Thursday and told that they would be appearing on Saturday, but in fact their names were dropped from the list on Friday if they were read a second time, and also people that might have been here on Friday and were not, had their names called that were dropped from the list because of lack of people due to the mixup over whether people were supposed to be here on Friday or Saturday.

We object to anyone's name being dropped due to an error or a mixup or confusion or faulty communication, and I am in an awkward position here, because I do not want to blame staff and also I was not here yesterday, but I am just passing on concerns that I have heard from the public and I wonder if you could clarify what has happened and what is happening and what is going to happen. Thank you.

**Mr. Chairperson:** Mr. Martindale, I appreciate the question, and I think there needs to be some clarification.

We started out this committee with an agreement that when people would be called and not appear, they would be dropped to the bottom of the list. They would then appear the second time and they would be called again. If they were called after midnight, as agreed to in the first instance, they would remain on the list. If they were called before midnight, they would be dropped off the list after being called the second time. There was a process, a change in that direction, whereby people that would be called the second time anytime would be dropped off the list. However, we had a snowstorm on Thursday, I believe, and it was agreed that those from outside of Winnipeg being called a second time not able to appear due to the snowstorm would remain on the list and therefore could be called a third time.

There needs to be, I think, some clarification within the committee today, and I would certainly accept a motion as to how we proceed from here because I think the roads have cleared up and it would appear that we are now back to, if there is such a thing in committee as normal. I would certainly accept a recommendation or views from the committee at this time as to how we proceed from here. If there is or has been a misunderstanding created because of the changes that were made during committee due to weather or otherwise, I apologize to members public and also to the committee for that mixup.

**Mr. Cummings:** Mr. Chairman, there was every effort made on the part of this committee yesterday, and I hope Mr. Martindale was not implying that there was somehow an effort being made to eliminate people from the opportunity to present because there was some question about the manner of the message that people were receiving.

We agreed that while we were dropping names off the list, if those who physically showed up and asked to be heard, would be heard. That is already an agreement of this committee and I do not think needs to be the subject of a motion or anything else at this time. We agreed yesterday and Mr. Sale and I, both on behalf of our respective parties, said we would stick to that agreement, and it was on the record yesterday.

**Mr. Chairperson:** So just for clarification then, Mr. Cummings, and for the rest of the committee and the general public, the agreement then is when people are read the second time and do not appear, they will be dropped off the list and those that had previously been

read, if they appeared physically, would be able to appear. That was yesterday. From today on, the normal process occurs, that when people are read the second time, they do not appear, they drop off the list. That was the agreement in committee here yesterday by all parties.

**Mr. Cummings:** Just to clarify, there were apparently some number of people, not a large number, that we were able to ascertain—but there were a few people who felt that they had—been indicated that they would appear on Saturday and therefore did not appear. That particularly was the reason why we are following this procedure. I really do encourage the committee to stick by that understanding. It was reached in good faith and we emphasized that at the time, and I would like us to continue.

**Mr. Chairperson:** Thank you, Mr. Cummings.

**Mr. Martindale:** Well, Mr. Chairperson, I had a motion to introduce since you asked for a motion, but since I have been informed that there was an agreement with our party, I will not introduce the motion, pending talking to Mr. Sale and confirming what he agreed to. However, if it is different than the understanding that was put forward this morning, I will introduce the motion at a later point. Thank you.

**Mr. Chairperson:** Thank you, Mr. Martindale.

I have some information for the committee regarding, too, the discussion that emanated yesterday. There are three people that have been identified that wanted to appear that are here today for presentation. If it is the wish of the committee, I will allow those three people to present. Their names had been dropped off the list, but I will allow those people to present. Then there is another person. His name is Mr. Ben Sokoloff who has indicated he wishes to present and he would like to do so today because of health reasons. What is the will of the committee on that case? [agreed]

There are three people from out of town. What I will propose to the committee is that we hear those that had indicated and were dropped off the list first, that we hear Mr. Sokoloff and that we then hear the out-of-towners. Are we agreed to that? [agreed]

Now, where is the list of the three presenters? I will ask one other thing of the committee, as well as those who are here to present. We, a number of years ago, when I used to present before committee very regularly, had a protocol within this room, and it was clearly enforced at that time. We have deviated somewhat from this, and I would like to really, as Chairman, ask that we maintain a semblance of decorum and order in committee. So I am going to ask the co-operation of committee members, that we try to demonstrate decorum at committee. I will ask those who sit in the audience and hear presenters, that we extend them the courtesy of listening quietly without applause or intervention, and I would ask that for the sake of an orderly presentation before this committee.

That used to be the case. It was enforced rather strictly. I have seen people removed from this committee room under previous government, so I would like to reinstate that sort of order in these committee hearings because it provides presenters the courtesy of hearing them and allowing them to make their presentation in an orderly fashion. So if that is agreed to, then I would ask that we proceed, and I would remind all presenters that we have a 10-minute time limit and that we have a five-minute limitation on questions and that we abide by that.

I will call then first Katherine Clune. Katherine Clune, have you a written presentation?

\* (0920)

**Ms. Katherine Clune (Private Citizen):** Yes, I do.

**Mr. Chairperson:** For distribution?

**Ms. Clune:** No.

**Mr. Chairperson:** Would you proceed then, please.

**Ms. Clune:** Certainly. Good morning, Mr. Chairman, members of the committee. Thank you for the opportunity to appear before you to voice my opposition to Bill 67, the privatization of the Manitoba Telephone System. I am adamantly opposed to the sale of MTS for two reasons; firstly, as a Manitoban—it does not appear that I have the full attention of the committee.

**An Honourable Member:** I am listening to you, madam. You do not have to worry about that.

**Ms. Clune:** Firstly, as a Manitoban who will be drastically affected by the increase in the telephone rates and the reduction in services which will necessarily flow from privatization; secondly, as an MTS employee with money invested in the MTS pension fund.

It is my position that this government does not have a mandate to sell MTS. It must be obvious to the members of this government through the number of individuals appearing before this committee that there is considerable opposition to privatization. I doubt that there is a single Manitoban who would believe that the Tories leading up to and during the last election campaign were not considering and plotting the sale of MTS. This is a major transaction. It did not happen overnight. It has been in the works for a considerable length of time. You lied to me and to every other Manitoban. I submit that the Tories intentionally misled the people of Manitoba during the last election by neglecting to bring this issue to the forefront and having the people of Manitoba determine through the democratic process whether or not you had our consent to do this.

This is not your asset to dispose of as you see fit. MTS belongs to me and every other individual in this province, and your government has not asked me in a meaningful way, i.e., during an election campaign, whether it is acceptable to me that you sell MTS.

The sale of MTS will have a dramatic, negative impact on the majority of Manitobans. MTS has provided quality, affordable service to Manitobans. The quality of service will decrease, that is a given, and no one here can provide any information or guarantee that this will not occur. The affordability of phone service to all Manitobans will be gone. In particular, our most vulnerable citizens, the disabled, seniors, and other individuals with low incomes will not be able to afford phone service, a service which I would characterize as a basic necessity.

As all of you are aware, historically the more profitable arms of MTS have subsidized the telephone rates in areas where the cost of basic service is considerably higher than it is in highly populated areas. This subsidization will be gone under privatization. Individuals in rural and

northern Manitoba will not be able to afford the actual cost of provision of service to them. When I say that these individuals will not be able to afford phone service, that is not completely correct. They will be able to afford it if they do without food, clothing, health or other basic necessities. We do not want this in Manitoba. The government knows that we do not want this, and that is why this issue is being dealt with in the manner that it is.

Why are there no public hearings being held in rural and northern Manitoba? All of these individuals are going to be more affected by the decrease in the level of service and the increase in the cost of service than individuals living in urban centres.

I read in the paper the other day Premier Filmon's statement in response to the question of public hearings, that his government is following procedure. There is no requirement for you to hold public hearings in the rural and northern areas, and so you are not. I submit that this is no answer. This is an arrogant, unconcerned response. This is avoidance of the real issue, the real issue being accountability to the people who elected you.

The advertising that I have seen on the privatization of MTS touts privatization as a benefit to MTS with the implicit suggestion through the identification which all Manitobans have with MTS as belonging to us that privatization is a benefit to Manitobans. Privatization may benefit MTS, the corporate entity, however, when MTS ceases to belong to me as a Manitoban, whether the corporate entity benefits is of no value to me; one, because it will benefit at a detriment to me; and two, because any benefit will be a benefit to the private companies who purchase MTS.

Turning to the issue of pensions, I commenced employment with MTS as a part-time telephone operator in 1983. I have contributed to the MTS pension fund which is administered by the Superannuation Board. To this point, myself and MTS have contributed equally to my pension fund. Any annual surplus in the fund has been reinvested in the fund. What this means to me and every other MTS employee is that I have had a level of comfort and confidence that my pension will be there when I retire.

Bill 67 Section 15(8) states that MTS employees are deemed to have given consent (a) to the termination of

their participation in the superannuation fund; and (b), to the assignment of assets, liabilities, and agreements from the fund to the new plan.

I do not consent. This is my money. Under this new scheme, any annual surplus will not be reinvested in my fund, but rather it will go to the private company to offset their contributions. This is not acceptable to me. I believe that there is approximately \$350 million of MTS employee contributions currently in the superannuation fund. I do not give you permission to loot my pension fund.

I started working when I was 15. I am now a lawyer in private practice. Contrary to popular belief, I do not make wads of money. I have not to this point made sufficient income to start putting away for my retirement. I am 34 years old, and even assuming that I stay healthy and productive until I am 65, I do not have much time left to start saving for my retirement. This causes me great concern. Up until a few years ago, I knew that as a worst-case scenario I would not starve. I would have CPP which I have paid into all my working life. I now have no reason to believe that CPP will exist by the time I reach 65, and I lay the blame for this directly at the feet of the federal Tories for their years of mismanagement of this country. As my really worst-case scenario, I had my MTS pension with some indexing for inflation. Now you dare to take from me that last vestige of security. This is not acceptable to me.

There is not one member of this government who can stand up or will stand up and give me a personal guarantee that I will be able to afford basic phone service under privatization. There is not one member of this government who will stand up and give me a personal guarantee, that when I go to access my pension in 30 years time, that there will be anything of value left for me. Before any of you start to rise to give me that personal guarantee, please do not add insult to injury by showing me that you are even more of a fool than even I take you all to be. There is no benefit to individual Manitobans under privatization, and each and every member of this government knows this, and yet you continue to lie to us and attempt to deceive us.

If there are two among you who have the moral courage to oppose the sale of MTS, this bill will be defeated. On behalf of myself and all Manitobans, I ask that you stand up and be counted. That will be a good thing for

Manitobans, and that will be a good thing for the democratic process. Thank you, Mr. Chairman.

**Mr. Chairperson:** Thank you very much, Ms. Clune. Are there any questions or comments?

**Mr. Dewar:** I thank the presenter. I clearly agree with you on all your points. You mentioned the cross subsidization. I live out in Selkirk and several of my colleagues represent communities outside of the city of Winnipeg in rural and northern Manitoba. We know that their rates are subsidized by long distance revenues to keep the subscriber rates the second lowest in the country.

You mentioned that you are currently an MTS employee?

**Ms. Clune:** Yes.

**Mr. Dewar:** Has anyone consulted you as an employee regarding the sale?

**Ms. Clune:** No.

**Mr. Dewar:** Has anyone consulted you since it was announced?

**Ms. Clune:** No.

**Mr. Dewar:** Has anyone from the government consulted you regarding the—and this was something that was raised in the media—opportunity for employees to purchase shares in the telephone company, in the privately owned company?

**Ms. Clune:** I am sorry, I missed the first part of that.

**Mr. Dewar:** As an employee, has anyone contacted you to purchase shares in the new telephone company, as an employee?

**Ms. Clune:** No.

**Mr. Reid:** Thank you for your presentation.

**Ms. Clune:** Actually it is Clune.

**Mr. Reid:** Clune?

**Ms. Clune:** Yes.

**Mr. Reid:** Thank you for your presentation. Sorry for my mispronunciation. While I am not allowed to say it as a member of this committee or a member of the Legislature, you mentioned in your presentation that this government lied to Manitobans. I take it that you made that comment as a result of during the 1995 election campaign. Is that accurate?

**Ms. Clune:** It was a lie of omission, yes, by not bringing it up as an issue.

\* (0930)

**Mr. Reid:** So then you say in your comments then that because the government lied by omission during the 1995 election campaign, and I believe you referenced in your comments here today that you believe that this government should take these committee hearings throughout the province to allow Manitobans the opportunity to have a say in this process. Would you also be in favour of a referendum or some other process that will allow Manitobans to have this say in what the future of our Manitoba Telephone System should be?

**Ms. Clune:** Most definitely.

**Mr. Reid:** Are you aware, Ms. Clune, that yesterday there was a poll that came out that said that at least two-thirds of Manitobans do not support this government's action to sell our Manitoba Telephone System?

**Ms. Clune:** Yes, I am aware of that. I thought it was higher than two-thirds, though.

**Mr. Reid:** Well, you could be correct. I do not have the numbers here in front of me, but I thank you for that correction. I think it gives a clear indication that this government is on the wrong track and that they are not listening to Manitobans, and that is why they want to keep the committee hearings confined to this building and not take it out to all rural Manitobans, northern Manitobans.

You referenced the fact that this government has essentially tied your hands with respect to your pension funds and the pension funds of current employees and retired employees. What would be your advice to this

government with respect to this bill overall? What do you think they should be saying to Manitobans to explain why it is that they are dealing in such a harsh way with the employees of MTS?

**Ms. Clune:** I do not think there is anything that they can say to justify that. I think that this bill should not be passed, and that it should be put to the people of Manitoba during an election as an issue as to whether or not we want this to go through and whether we want MTS to be sold. There is nothing they can say to justify how they are approaching this now.

**Mr. Chairperson:** Are there any other comments? Mr. Martindale. Mr. Martindale, before you continue, Mr. Reid made a comment as a member of the committee. I want to remind Mr. Reid that he is not officially a member of the committee. I would accept an amendment to the list, if it is the opposition's wishes to appoint Mr. Reid as a member of the committee. Just for clarification, should there be a vote, I want it clearly understood who the members of the committee are.

#### Point of Order

**Mr. Reid:** Mr. Chairperson, on a point of order, I believe that my Whip, on Thursday, in the House, stood up on committee changes and entered my name into the records for the committee. That was my understanding at that time. I was in the House at the time.

**Mr. Chairperson:** For clarification, I will read, as published, all the committee members, and they are: Mr. Ashton—

**An Honourable Member:** Martindale, now.

**Mr. Chairperson:** —and we made the change this morning, which will be ratified in the House on Monday, and that has been changed to Martindale, but as published it was: Mr. Ashton, the Honourable Mr. Cummings; Mr. Dewar, the Honourable Mr. Driedger, the Honourable Mr. Findlay; Messrs. Kowalski, Laurendeau; the Honourable Mr. McCrae; Mr. Penner; the Honourable Mr. Praznik; and Mr. Sale. That is the published list as of this morning

I accepted an amendment to that for change of Ashton to Martindale, and if it is the will of the committee, I will

accept further changes at this time. Just for clarification, I just want it clearly understood who is identified as the committee members.

\* \* \*

**Mr. Chairperson:** Are there any further questions?

**Mr. Martindale:** Yes, I would like to ask the presenter if she is aware that under the balanced budget legislation of this government that it allows for referendums on tax issues? Were you aware of that?

**Ms. Clune:** Yes, I was.

**Mr. Martindale:** Do you think that another way that this government could have consulted Manitobans about the privatization of MTS was to have a plebiscite?

**Ms. Clune:** Most definitely.

**Mr. Martindale:** So you would encourage or urge this government to do that as another way of consulting people?

**Ms. Clune:** Yes, I would.

**Mr. Chairperson:** The reason I ask presenters to wait for the Chairman to identify them is not for courtesy to us, but it is for the courtesy of the recorders back here that they ensure that we get the right people answering the right questions and that the right comments are recorded correctly for Hansard's sake, that people in the future can see who said what—just to clarify that.

Are there any further questions? If not, thank you for your presentation, Ms. Clune.

The next presenter will be Mr. Arni Arnason. Mr. Arni Arnason. Mr. Arnason, have you a written presentation for the committee?

**Mr. Arnie Arnason (Private Citizen):** I have got a few notes that I might refer to.

**Mr. Chairperson:** For distribution?

**Mr. Arnason:** No.

**Mr. Chairperson:** Thank you, you may proceed.

**Mr. Arnason:** I appreciate the committee giving me permission to stand before them. Since I have difficulty standing for any length of time, I wonder if it would be possible for me to sit?

**Mr. Chairperson:** By all means. You may take a chair there. We will move a mike over and you may sit for your presentation. Mr. Arnason, you may proceed.

**Mr. Arnason:** Thank you. When I started wondering what I should do about a presentation, it was starting to snow outside, and I know people are starting to do their Christmas shopping. I was wondering, how can I put together the few ideas and the few bits of information I have regarding this situation? Into my mind popped the notion of the Christmas Carol, of the ghost of Christmas past, Christmas present and Christmas future. So I took the limited information I have and my sometimes overactive imagination and put it into a little scenario sort of based on that.

The first part is the origins of MTS. I understand that the MTS was formed originally in 1908, and it was done so with the understanding of the population of Manitoba whose duly elected representatives following the precepts of parliamentary democracy had more or less mandated them to it, so they set up this corporation, public corporation, to serve the best interests of Manitobans in terms of their needs for communication. That is the past, the ghost of Christmas past.

Eighty-eight years later, according to whatever information I have, MTS has an enviable record, expanding and improving services, particularly in rural and northern areas, where sometimes cost considerations are a problem. They have provided this service, and continue to provide this service, at affordable rates. MTS employs about 4,000 employees. These people have been working for them for years, and the money for their salaries goes back into our economy and enriches our economy. As far as I know, the profits from MTS generally remain in the province and can be used to increase MTS's viability through research and other means, et cetera. These figures, I am not sure of, and lacking certain information, I will not, sort of, argue these. I understand the profits of MTS since 1990 were in the neighbourhood of \$100 million. I understand that the profits of MTS from January to June of this year are in the neighbourhood of \$15 million.

\* (0940)

Now, the ghost of Christmas future, this is pure conjecture, and I certainly do not insist that any of these things are going to happen. I do not know that anybody can insist that they are not going to happen. So I just offer them for your consideration. I have got sort of a side label for these. I call them zingers. As I understand it, without a mandate, the elected representatives are going to sell off MTS at, I assume, what would be bargain-basement prices, much less than the dollar or resource value.

This, as I understand, is referred to as privatizing. The buyers, whoever they may be, will likely sell to a conglomerate at a large windfall profit. This is called conglomeratizing. I made that word up myself. I have not sort of got my tongue around it yet. The multinationals, I guess, Sprint or AT&T, will probably merge MTS into an increasingly larger global giant. This is known as globalizing. The new private owner will likely sell off or cut out nonprofitable services, particularly in the rural or northern areas. This is known as rationalizing. There will be, in all likelihood, in order to increase the bottom line, considerable layoffs of employees who have been faithful employees for a number of years. This is known as downsizing. The money realized from the sale will probably show up as a plus in the next showcase budget, but the much larger losses, monetary and human, will not. This is known as prioritizing.

I had some understanding, when they mentioned questions, that I would get to ask questions, not that you would ask me, but—how is my time?

**Mr. Chairperson:** You have four and a half minutes left.

**Mr. Arnason:** Okay. Well, I will just ask these questions, just to sort of focus on some of my concerns and consider it part of my presentation.

The first one is, what is the current worth of MTS? I do not know that. What will the sell-off price be? I would like to be able to compare them. Who are the prospective buyers? I would not think that we would enter into such a serious enterprise without having some notion as to who would be buying it, and in talking about

special interests, in this situation will the special interest be regarded as the citizens of Manitoba or out-of-province or country buyers?.

What percentage of the monies generated by MTS will remain in and sustain the Manitoba economy? What percentage of the profits from a privatized MTS will remain in the economy? What will be the name of MTS when it is privatized? I do not know, Sprint Manitoba or AT&T Manitoba? These are some possible names. One came to my mind and it is STOP, which stands for Sell To Outside Privateers. Thank you.

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

**Mr. Daryl Reid (Transcona):** Thank you, Mr. Arnason, for your presentation and for coming out this morning.

I want to ask you, sir, if you are aware—because the government has said that they are going to sell the shares of a company that we already own as Manitobans and that they are going to limit the number of shares that any one individual can own, I think it is to 15 percent, and that they are going to keep the headquarters in Manitoba even though it may be just a shell of a building, four walls, a desk, a chair, and a telephone with call-forwarding to some other location—that the federal government, when they sold CN Rail last year, made the same commitments to the people of Canada much similar to what this government of Manitoba is doing here with MTS and that CN Rail is now considering moving its headquarters out of the city of Montreal where it was mandated to be through legislation and that they are just going to leave potentially a shell there and that at the same time, while the shares were supposed to have been limited to the same percentage that this government is talking about, the shares of CN Rail are now owned 65 percent by citizens of the United States of America?

Do you see that there can be similar circumstances or comparisons made between what happened with CN and the future of MTS?

**Mr. Arnason:** That is totally consistent with my prediction as to what the Christmas future for Manitoba is going to look like.

**Mr. Reid:** You asked several questions with respect to current worth, the selling price of the shares, who the prospective buyers will be, special interests of Manitobans or foreigners owning the shares, about whether or not the profits would stay in Manitoba, and the name of the company, and you referenced STOP as a likely name for the new company.

This week, we asked questions of this government with respect to whether or not they had done due diligence to determine whether or not they had taken into consideration the tax implications and had received a ruling from the federal revenue department from the federal government, and, of course, they were unable to answer that question or unwilling to answer that question which leaves us to wonder very much about the worth of the company.

So in answer to your question, even while we were attempting to ask and have answers to those questions, the government either did not want to answer or did not know the answer and had not done the due diligence portion of that research so that Manitobans would have a clear understanding, which would also lead us to conclude that there is no information with respect to what the selling price is going to be, although we suspect that what they are going to do is undervalue the share price at the beginning, knowing full well that those shares will be flipped in some time, probably a short time, for those that are in it just to make a pure profit and not for the investment to stay in Manitoba and that quite likely it will end up in New Jersey at AT&T headquarters or some Bell enterprise somewhere else or some other major telco that is privately owned, and that is where we suspect that future ownership of MTS will occur.

What advice would you give to this government as far as the future of Manitoba Telephone System's employees, because they have not given the opportunity for MTS employees past and current to have any say in the future of their own pension funds. How does that make you feel as a Manitoban that our current government here refuses to allow its employees of a Crown corporation to have that type of say when they attempt to sell off our own Manitoba Telephone System?

**Mr. Arnason:** I think I dealt with that quickly in passing when I raised the question about who are the special interests from the point of view of this government, and it seems like the employees of MTS and

Manitoba citizens generally are the special interest whose interests can be ignored, whereas the interests of the, I use the term—see, we are talking about privatizing I like to use the word “privateers” because I think that sort of relates to the same sort of concept. Although that is a word that has been out of use for some time, I think it applies very much to what we are talking about here.

**Mr. Chairperson:** Thank you very much, Mr. Arnason. That brings to a conclusion the questions on Mr. Arnason. Thank you very much for your presentation.

**Mr. Martindale:** The presenter asked some very good questions which I think are policy issues, and I wonder if Mr. Findlay, the Minister responsible for MTS, would like to respond. If he does, we would give leave to answer the questions.

#### Point of Order

**Mr. Gary Kowalski (The Maples):** On a point of order, I just wanted to inform the committee, I have not been taking part in the hearings, though I am a member of this committee, have not been taking part in the presentations or this committee as I have a conflict of interest in this matter in that my wife is an employee of MTS. I wanted to put that on the record, and I want it put on the record that I have not been present for the presentations, taken part in any votes or proceedings on this matter. I just wanted to put that on the record.

**Mr. Chairperson:** Thank you very much, Mr. Kowalski. That will be taken as information.

\* \* \*

\* (0950)

**Hon. Glen Findlay (Minister responsible for the administration of The Manitoba Telephone Act):** Very quickly, when we came into government in 1988, MTS had a debt-to-equity ratio of 91 percent. That means 91 percent debt, 9 percent equity, a significant debt burden on the corporation. The pension fund was \$134 million underfunded and in '86 and '87 they just lost \$48 million. That is money lost to Manitoba, lost to the MTS. Since that time the corporation has made \$160 million which has gone back into the corporation. The pension fund is now fully funded to the tune of some \$350 million, so the security is there for the retirees, and

the debt-to-equity ratio is 78 percent, so it has significantly improved.

But in this competitive industry today the majority of telecom companies across Canada are in the range of around 45 percent debt, and in the process of this privatization the debt comes down to around the 45 percent, makes them on a level playing field and the ability to compete. We are going to be offering the shares after the prospectus is filed and accepted by a securities commission to Manitobans first and foremost in a window of a few weeks to give them preferential opportunity to purchase, plus employees will have an opportunity to purchase them through some kind of employee deduction plan that I am sure will be attractive to employees, and that the bill currently authorizes that no one person or group of people can own more than 15 percent and no amount exceeding 25 percent can be foreign owned.

So that gives a complete window for Manitobans to own it and continue to own it in the future. The idea of foreign ownership or the head office leaving Manitoba or the board of directors being anything other than the majority of Manitobans, all of that is covered in the bill, the security of Manitobans. It will leave MTS more able to compete, freer to compete, and take the debt, currently around \$840 million, off the books of the government guarantee.

Along the way also I think there is some really good news of what MTS has done. When we came into government the debt was I believe I remember right around \$780 million—[interjection]

**Mr. Chairperson:** Can I interject for just—I asked at the outset of the committee for committee members to demonstrate decorum, and if we are going to expect decorum from those that are presenting, then I would ask committee members to extend the courtesy to the people speaking to allow members in the audience to hear what is being said at the table. So I would ask that respect of the committee members.

**Mr. Findlay:** When we came into government in 1988 the debt was around \$780 million and since then the ILS program to put private lines in all rural homes and digitalize all the switches cost some \$620 million. As I said earlier, the profit of \$160 million recorded by the

company, and the pension fund funding has gone from \$60 million to \$350 million, and the debt only went up \$60 million. So it has funded itself very well over the course of time, but along the way the competition has come in and the new technology and the need for further investments are very high.

We are in a wireless society today and everybody knows about cellular phones, but CRTC has just licensed what is called PCS technology and then LMCS technology. These are new, innovative, fast, efficient, high-quality communications systems that if we are going to have the best telecom company in the future as we have today the company has got to be able to invest. It has got to be able to source the funds, and I think it is quite possible that outside of government is the best way.

I am sure you all also know there are nine telephone companies in Canada. Currently seven of them are privately owned, like BCTel, Bell Canada, privately owned by shareholders, and all the Maritime tels, and everybody is regulated by CRTC. They approve the rates regardless of who the ownership is, for any request of a telephone company.

So I think the best way to describe my understanding of what happened to MTS through what we are doing is it is business as usual at the end of the day, and the customer will have the same high-quality service, affordable rates, and an opportunity for all the new technologies of the future to be at their doorstep.

**Mr. Chairperson:** Thank you very much. I call the next person, Teresa Coles. Is Teresa Coles here? Would you come forward, please? Welcome to the committee this morning. Have you a written presentation for distribution?

**Ms. Teresa Coles (Private Citizen):** Yes, I do, in fact, and it has been updated as I have been here several days.

**Mr. Chairperson:** Would you proceed, please, Ms. Coles?

**Ms. Coles:** Thank you very much. I appreciate the Chairman's comments this morning, although it does strike at the zeal at which I had intended on presenting Yesterday was quite exciting at certain—for the lack of decorum.

I am an independent consultant, and I deal in film, video, television and some areas of telecommunications on an international level. I have clients in Australia, Nepal, Iceland, Finland, Argentina, Switzerland, the United Kingdom, and I am negotiating for Norway. So I do need my telephone every single day.

I object to Bill 67 for three grounds: First, the stated aims are not achieved. If the principal aim is to finance the technologies based on the experiences of telcos in the U.S. and elsewhere, the taxpayer still pays the fundamental load for research, development, and implementation, and that is the taxpayer, not merely, as the minister has just stated, the consumer paying the freight. So that is my first objection.

If the province is seriously interested in moving forward with the extremely expensive technological investments, I suggest that we get an 800 line in here, and this would solve a lot of your problems. Everyone in the province, and you are the largest consumer of MTS services, could be able to just dial in with their responses, could fax in. I find it quite appalling that this committee is meeting without using telecommunication services of the corporation it plans on selling to its fullest.

If the province wants to improve telecommunications, it is within the minister's mandate to enforce or recommend strategic partnerships, which will bring in the private sector in areas where they will provide excellent efficiencies to the organization without getting rid of the essential infrastructure services that telecommunications provides.

I also object, and you have heard this again, so I will not belabour the point, that the public good is not an outmoded concept. The issues of governments have been brought up very eloquently by previous speakers today, yesterday and, I am sure, on Thursday and on Wednesday, and the issue of infrastructure is one, I feel, because I have so many clients who have no access to telecommunication services in other countries, that perhaps, as Manitobans, we are a bit complacent about the level of services that we get. We have one for all the problems—and there is probably not someone who has not wanted to rip their hair out in dealing with MTS. It is a fabulous service and fundamental to people who work at the level I do. I spend hours a day using the Internet services that are possible because we are one of the

highest wired countries in the world. I believe we are more wired than the U.S., and I think slightly less wired than Australia.

That is basically all I have to say. I will just keep it short. When the province wishes to shift the ball to Manitobans who will still be shareholders, I respectfully bring up the issues brought that the lessons that have been learned by pension funds in other organizations, particularly in the U.S., who sold off their infrastructures and took a shareholder position, they were not able to sustain the issues of public good. They were not able to maintain jobs. In some cases, the pension funds find themselves sitting on boards agreeing to cut loose economic sectors. This has happened particularly in the transportation industry in the U.S., where the pension fund members are losing their job because the pension fund, while sitting at the board room, made a good economic decision for the corporation. Thank you, very much.

**Mr. Chairperson:** Thank you very much, Ms. Coles, for your presentation.

**Mr. Dewar:** Thank you, Ms. Coles. You mention in the United States the taxpayer pays. Could you explain that, or give us examples of that, please?

\* (1000)

**Ms. Coles:** I surfed the net the other day to look for that information, and it came from state participation in the baby Bells in the U.S. in Florida and Washington state, where the corporations went to the state legislatures to get additional tax breaks, deferrals and used university resources that were state funded in order to make the technological developments that they needed.

In some places, there are a few states in the U.S. where that is the reverse, the baby Bells, have been able to provide infrastructure service for the provision of satellites for broadcasting, which small states had not been able to access. I would suggest that, given our declining population, this committee look at the developments in similar states in the U.S. South and such as South Dakota, which radically changed their position, and saw a decline in the skill level of the people in the state.

**Mr. Dewar:** Do you have, can you inform us as to the rates that subscribers pay—you mention that you deal with customers in Europe and the United States—and how those rates compare to the current rate structure here in Manitoba?

**Ms. Coles:** I will give you—my client in Norway finds it almost cost prohibitive to deal with me by telephone because it can cost her up to four Canadian dollars a minute to talk to me. So we use the Internet and e-mail services to do our primary. For my part, because I am dealing in time shift, I am able to talk to her for \$1.58 a minute, which is really nice.

**Mr. Dewar:** Do you have any examples, American examples?

**Ms. Coles:** The American rates overall are somewhat lower than ours. Clients of mine in Minnesota talk to me for 16 cents a minute U.S. I talk to them for 26 cents a minute U.S.

**Mr. Dewar:** That would be long distance. What about the base subscriber rates?

**Ms. Coles:** I am sorry. I do not have that information.

**Hon. Darren Praznik (Minister of Northern Affairs):** Yes, Ms. Coles, just a couple of questions. Are you aware who owns the telephone system in Norway? Is it publicly or privately held?

**Ms. Coles:** To the best of my knowledge, it is publicly held, though there are some—every country everywhere is going through this same issue.

**Mr. Praznik:** Ms. Coles, the only reason I make the point is, you have pointed to some examples of high rates which are publicly owned systems. You have pointed to some examples of low rates which are privately owned companies. The fact of the matter is, it is how the system is regulated that makes the difference. I just want to ask you, you are aware that the telephones in Canada are regulated by the CRTC?

**Ms. Coles:** I make petitions regularly, and I think to a certain extent, yes, we are dealing with, but underneath the telephone system, whoever regulates it, who is making the investment in that next step? The publicly

held telephone systems are going back to the same person, the consumer and the taxpayer, that the privately held systems are going to raise the money for that telecommunications.

**Mr. Praznik:** Mr. Chair, because my point obviously is, the cost is reflective of the regulatory regime, but you left the impression in your remarks that only in Manitoba are you able to operate your business to the world, and I just wondered, if you lived in Ontario, Quebec, the Atlantic provinces, Alberta or British Columbia, would you not be able to operate your system? I mean, is the fact that MTS is publicly held as opposed to privately held, living under the same regulatory scheme as other telcos in Canada, has that really, honestly, has that made a big advantage in the cost of running your business?

**Ms. Coles:** It is not an issue about the cost of running my business. It is an issue about the lifestyle of the Manitobans who are here. Where my colleagues are using privately held systems they do not have the access to the kinds of development structures that I have been able to access here

**Mr. Chairperson:** I am going to allow two more questions, one of Mr. Praznik and one of Mr. Reid.

**Mr. Praznik:** Ms. Coles, are you telling this committee that if you lived and operated your business in Toronto or Montreal or Vancouver, you would have any significant difference in the services that are available to you in Manitoba?

**Ms. Coles:** Okay, and I will give an example, because it is an example that I am working on in a project with Japan, with some film makers in Japan, to deliver some art using the telephone in what is referred to in the industry as third-wave teleconferencing. That service is not offered to me through Bell Canada in Toronto, because I wanted originally to do the project there. They are not interested. It is not offered to a similar group in Vancouver through BCTel, because they too wanted to do the same kind of project. It is only—if this project happens, because it is at the edge of the technology, it is going to happen here.

**Mr. Reid:** It is very interesting that you raised the point that our Manitoba Telephone System is able to provide that service to you and to your customers and that the

other, private Bell systems in Canada are not. But I want to reference the fact that the minister asked if you were aware of the regulatory body, which is the CRTC. You said that you were. I take it then that you are aware that the CRTC, as one of the criteria that they use for determining rate of return, will be the ability of the shareholders, the private shareholders, under a private company to generate a reasonable level of return on investment. Are you aware that that is one of the criteria and that profit will be part of the motive in setting rates for Manitoba telephone users?

**Ms. Coles:** I am more familiar with how the CRTC regulates the broadcasters than I am with the specifics of how they regulate the telecommunications side. My interest in the CRTC is how they have been enabling telcos to deliver Filmon video services to clients. That means largely watching what is going on with BCTel.

**Mr. Chairperson:** Thank you, Ms. Cole, for your presentation. I will now revert to the list of presenters from out of town, and I call Ian Robson. Is Ian Robson here? I want to remind everybody at the table that these people are now going to drop off the list if they are not here. Ian Robson. I call the spokesperson named for the Keystone Ag Producers. Keystone Ag Producers. They will be dropped off the list. Those are the outside-of-town presenters that I have before me. There is Drew Caldwell. Is Drew Caldwell here? Drew Caldwell will be dropped off the list. There is Al Neath. Is Al Neath here? [interjection]

I am sorry. I made a mistake here. The clerk informs me that, for Ian Robson, Drew Caldwell and Al Neath, it was the first time that they had been identified as presenters, as out-of-town presenters, so I apologize for that. They will be dropped to the bottom of the list and be called again when we revert back to the list.

The next person that I am going to call is Ben Sokoloff, who, as earlier indicated, is here and requests that he be heard today because of health reasons. Mr. Ben Sokoloff. Would you come forward, please? Am I pronouncing your name correctly, sir?

\* (1010)

**Mr. Ben Sokoloff (Private Citizen):** No, you are not. For the record, my name is Sokoloff. The last two letters

are pronounced as in Frank, and since my remarks are very brief, I would like to take the time to digress for a minute and make a comment about my name.

Naturally, I get quite a few really exotic mispronunciations. This one was good, but when you pronounced my name, by a random association I have thought of the most dramatic event in my life which—this is a digression—was being arrested by the KGB in the Leningrad Airport in 1979 in the spring, and I was interrogated for six hours. I was not told that this was the KGB, but I understood it was. I was not told I was arrested, but, at one point in the interrogation, my interrogator, whose name was Eugene, said: You know, Sokoloff is a very good Russian name. I said, yes, I know. I did not tell him I was born in the U.S.A., not very far from Bruce Springstein, his name place.

I want to mention also that his command of English was excellent. It was fluent; it was better than 99 percent of the students I taught in university as an English teacher. So the KGB had an excellent, probably still does, language school. He also spoke French very well. He made one mistake which the committee probably would be interested in. The only mistake he made, he assured me that the Gulag was an adventure of the western mind. So I had to correct him, being a teacher, I said, oh, I think you mean fantasy. So he said, right, that is right, you are right. He also assured me that the reason the Russian hockey team beat the Canadians sometime around that year was because they had the collective spirit and we had the superstar or star system. So I shall be very brief.

I think the primary purpose of any state is to guarantee the safety and welfare of its citizens. I sincerely believe that Bill 67 will most definitely work against the welfare of the majority of the citizens of Manitoba in that an unreasonable increase in phone rates is inevitable in short order, if it is passed. Is the MTS broke? I think not. Just the opposite is true. The MTS is a Manitoba treasure, just as Pharmacare was. In one quick knife thrust, Pharmacare was murdered. Will the same death overcome the MTS? The MTS has consistently been profitable in spite of sterling, reasonable rates. Above all, it belongs to the people of Manitoba. Will it be stolen from them? Thank you.

**Mr. Chairperson:** Thank you very much, Mr. Sokoloff.

**Mr. Reid:** Thank you, sir, for coming out this morning to make a presentation. It is interesting your thoughts and your experiences dealing with the KGB as you referenced. I take it that you were here this morning when the Minister responsible for the Manitoba Telephone System (Mr. Findlay) answered the questions that had been posed by a previous presenter—

**Mr. Sokoloff:** Yes.

**Mr. Reid:** —and that the minister referenced that we as Manitobans, through our own Manitoba Telephone System, have been able to eliminate the unfunded portion of the pension fund for the employees who are there, to eliminate that, and that we have, I think the minister referenced, \$160 million in profit generated by the Manitoba Telephone System, and I think it has been since 1988, he said. So you can see that there has been a significant level of return to the people of Manitoba and to our telephone system.

The minister also referenced that we have as a people through our Manitoba Telephone System significantly lowered our debt-to-equity ratio and that there has obviously been significant improvements in our Manitoba Telephone System over a number of years. With all of these good features that we have been able to build on through public ownership of the Manitoba Telephone System, as a Manitoban, do you see any reason why, since we seem to be moving in such a strong direction with our Manitoba Telephone System, there is a need to sell it considering all of the things that the minister has referenced here which I have also raised again for you?

**Mr. Sokoloff:** I certainly do not see any reason why the MTS should be sold to anybody, to any corporation.

**Mr. Reid:** Perhaps you can share with us, with this committee, your thoughts on what you see for the future employment prospects for Manitobans, should this government continue with this Bill 67 and sell Manitoba Telephone System to private shareholders. What do you see as the future employment prospects?

**Mr. Sokoloff:** Do you mean in general or for MTS employees?

**Mr. Reid:** For MTS employees, Mr. Chairperson.

**Mr. Sokoloff:** I would imagine that probably some downsizing would take place and that X number of employees might lose their jobs, but that is speculation.

**Mr. Reid:** In your impression of the way things could possibly go and your thoughts about the future prospects for MTS, what do you see will happen or what do you think will happen with the shares, the control, and the ownership of Manitoba Telephone System once this government sells shares? Do you think that they will continue to have control, as the minister likes to pretend here, once those shares are in private hands, or do you see that those shares can be flipped to other shareholders and that profits will be taken in the future and that quite likely that those shares could even move outside of Canada?

**Mr. Sokoloff:** Well, I think that an educated guess or speculation on my part would be that the shares would go on the market and that there would be flipping or reselling, and it would be a matter of normal market procedure that the largest amount of profit would be attempted to be realized by the people who would buy these shares.

**Mr. Reid:** Then do you see that in the future for decision making that is now being done by Manitobans through our own Manitoba Telephone System where we have some control as a people through our government—

**Mr. Chairperson:** Mr. Sokoloff. I am sorry. Were you finished with your question?

**Mr. Reid:** No.

**Mr. Chairperson:** I am sorry for interjecting.

**Mr. Reid:** Okay, I accept your apology.

Do you see that the MTS decision making, as it is currently in place, now will remain that way, or do you see MTS in the future as the shares are flipped, as you have indicated, will be anything more than just a shell, four walls, a desk, a chair, and a phone with call forwarding? Do you see that MTS's future of decision making will be anything more than what I have just referenced, or do you see that the decision making will remain here?

**Mr. Sokoloff:** Well, I think probably it would go to foreign places and sources like the United States. While you were speaking, I thought of a joke, and that is that I could foresee a Candice Bergen determining what is happening with MTS.

**Mr. Martindale:** Mr. Chairperson, when you made your presentation, you talked about an interesting experience you had, probably a frightening experience you had in the former Soviet Union. During presentations on bills during this session, some presenters have said that the power given to ministers and to this government is communistic by which I think they mean totalitarian. Do you think there is anything in this Bill 67 to privatize MTS that is totalitarian; for example, there was no consultation with the public?

**Mr. Sokoloff:** I am glad you asked that question because I thought about that before I came here today, and so another idea I had was that there was some indirect connection between Bill 67 and my experience in 1979.

There is also another joke that I thought of which is not original, but I thought that Mr. Filmon's ideology was to the right of Genghis Khan and Attila the Hun, so that is history. But yes, I think very definitely that this decision on the part of government smacks of totalitarian decisions in a generic way. Yes. I am sorry.

\* (1020)

**Mr. Chairperson:** I want to thank Mr. Sokoloff for his presentation. Your time has expired. As a matter of fact I have been rather lenient with questions and I appreciate your presentation and coming today.

I have now reached the end of the list that we discussed at the beginning of the presentations this morning. We have dealt with the four additional and we have dealt with the out of town. Now, I have since then received requests from the back of the room for four more people that had been dropped off the list—three more that had been dropped off the list and one person that has come to present this morning and she says she has to leave by 10:30. She has to go to work. I ask for the indulgence of the committee and the direction from the committee. What are your wishes in regard to these four people that I have indicated? Leave? [agreed]

**Mr. Findlay:** Let the lady who has to go to work present first.

**Mr. Chairperson:** I will then call Elizabeth Carlyle. She is No. 64 on the list, for your information. Ms. Carlyle, have you a written presentation for the committee?

**Ms. Elizabeth Carlyle (Private Citizen):** No, I do not.

**Mr. Chairperson:** Thank you. Would you proceed, please.

**Ms. Carlyle:** Thank you. Thanks for the opportunity to speak to Bill 67. I do thank you for letting me speak before going to work. As the Chair said, my name is Elizabeth Carlyle and I am a student at the University of Winnipeg. I come with some particular concerns about that.

A lot of students, as you may know, live on very fixed incomes with student loans and limited opportunities for income. I think that Bill 67 has a lot of prospects that are concerning for students. I think that from my own experience as a student I know that the rates that we have now in Manitoba are fairly reasonable. I mean, they are sometimes still expensive for students. People who are living on \$500 a month or less cannot even afford the \$2 increases that have been happening.

I think that when we look to Alberta and the \$6 increases that they have had it is certainly a cause for concern. I think that what has come up here at this committee in a number of different ways is this question of, will MTS being public or private make a difference? I think that it will make a difference and I think that it will make a negative difference for all the reasons that people before me have stated but especially in talking about the rates.

We have no reason to believe that rates will be maintained at their current reasonable levels, and we certainly have no reason to believe that they will not go up drastically. I am just thinking of my own experience. I am a citizen of Manitoba. My mom is an English national and I would say she is actually quite a moderate person. She would not come to present to this committee. I think she would feel out of place here but she certainly has concerns about the sale of MTS.

She knows from her experience with some of the things that Thatcher has done in England that there are certain public services and goods that do not lend themselves well to a market kind of model. What happens in England, for example, this is a different kind of service, but I think the example is still a good one, that with the bus system in England, they privatized the bus system. Now what they have is a wonderful array of so-called choices for the consumer of bus services but what actually happens is that rates are very confusing. You might have four bus stops in a row all to take you to the same place, and I do not think that is the kind of confusion and the kind of model that we need for public services.

There are certain kinds of services that simply need to have public control so that people can have these kinds of opportunities that do not exist with private systems to speak to issues, to allow certain kinds of what the market considers to be unfairness but which are actually for the consumers a fair amount of fairness. Things like reduced rates or subsidized rates for northern and rural areas are really crucial because, if we do not have that, then we have a situation where people in areas that are less populated do not have access to the same kinds of basic services.

I would submit that phone services are indeed basic services in terms of safety, in terms of communication. I think that no one in this room would want to see rural and northern Manitoba further cut off from what is going on and have further difficulties in communicating.

I think that I will leave it at that, and, hopefully, there will be some questions.

**Mr. Chairperson:** Thank you very much, Ms. Carlyle. The first indicating to question is Ms. Barrett.

**Ms. Becky Barrett (Wellington):** Your point about there being public services that do not lend themselves to privatization or that should remain in the public and your mother's experience in Britain, I think, are very well taken. It occurred to me that the sale of MTS is not the only example of where the government is not following that dictum, and that is in their wish which was not completely followed through on to privatize the home care services.

Do you see a connection there? Do you see a trend developing perhaps?

**Ms. Carlyle:** I definitely do. I think that the current government does not have a mandate, first of all, to take these public services and flip them over into the private sector. I think that this government has, notwithstanding that it does not have that mandate, gone ahead and done this in a number of areas. The health care area is one major area that has happened, and I think that is of real concern. I think that something like the McKenzie Seeds company is another example.

The question I have is, these companies are doing well, so why do we want to sell off companies that are doing reasonably well or well enough that we can maintain them and with substantial benefit to Manitobans? So I think that is a question that really has not been answered. The other concern is that, without the mandate to do the things that it is doing, I think that this government has a real responsibility to get out to rural and northern Manitoba to consult with people, to have meaningful consultations that are much more accessible than the ones that have been held recently that are going till late at night and starting early in the morning and these kinds of things.

So I think that, if this has been in the works for a number of months, even years, then I think that a corresponding amount of effort should be put into finding out what Manitobans think about the sale of MTS. I do not think that has happened yet. We have not had anything resembling a full-scale public discussion on this. I think that needs to happen still.

**Mr. Martindale:** I would like to ask the presenter, since you said that you are a student and you work and my son is a student and works and gets called for extra shifts occasionally, how many students do you think at your university, which, I think, is the University of Winnipeg, what percentage of students do you think have part-time jobs while going to university, and how many of them would be living on their own as opposed to living with their parents?

**Ms. Carlyle:** I used to work at the students association. In fact, I was an elected representative there last year. We did a number of different surveys to try to better find out who our student population is, and what we

discovered that, at the University of Winnipeg, through a couple of different surveys, the average income of students at the University of Winnipeg was well below \$13,000. It was in the range of \$9,000 to \$10,000 a year. We also found that approximately 70 percent of students at the University of Winnipeg had some kind of part-time job. Often people have, like myself, had two part-time jobs or even three as well as taking full-course loads. I think that a little over about 60 percent of our students were living away from home, so that is 60 percent of students who are, in most cases, not in all cases but in most cases, paying for their own rent, their own food, their own necessities—all those things including phone.

\* (1030)

**Mr. Chairperson:** We have one more minute left in your question time. You have one more minute before the time expires. You indicated you wanted to leave here. According to my watch you have four minutes.

Mr. Martindale, for one last question. Mr. Dewar, instead of Mr. Martindale.

**Mr. Dewar:** Thank you, Mr. Martindale and Mr. Chairperson. You mentioned in your presentation holding hearings outside of this building in rural and northern Manitoba. Are you aware that when the hearings started, I think it was Wednesday night, that a motion was put forward by the opposition members and was defeated by the government, a motion that would have called for hearings outside of this building into rural and northern Manitoba?

**Ms. Carlyle:** No, I was not aware of that.

**Mr. Chairperson:** Thank you very much, Ms. Carlyle, for your presentation. I will next call Carol Stadfeld. Have you a written presentation for distribution?

**Ms. Carol Stadfeld (Private Citizen):** Yes, I do, Sir. Thank you, Mr. Chairperson. I am here today speaking against Bill 67, the bill that will allow the sale of MTS.

I want to keep the Manitoba in Manitoba Telephone System.

Before 1906, a private company, Bell Telephones, was in charge. Prime Minister Sir Wilfrid Laurier formed a select committee to investigate the telephone industry in Canada. The reason: There was much dissatisfaction with Bell because of high rates and the reluctance of Bell to extend service to less lucrative areas. In 1908, the Conservative government of R.P. Roblin established Manitoba Government Telephones. It was purchased from Bell Telephones for \$3,300,000 and became the first publicly owned system in North America, with around 14,000 subscribers.

I want to keep the Manitoba in Manitoba Telephone System.

Change is a constant feature of the telecommunications world. In 1917, Brandon became the first city in Manitoba to receive dial telephones. In 1926, Winnipeg became the largest city in North America to have completely automatic dial equipment. In 1949, the opening of radio telephone facilities brought service to northern communities and outposts. In 1956, a portion of the TransCanada microwave network opened serving Winnipeg and eastern Canada. In 1958, MTS played a part in the completion of a 4,000 mile microwave link, the longest single microwave link in the world. MTS continues to change. This is only a brief summary of a history that all Manitobans can be proud of.

I want to keep the Manitoba in Manitoba Telephone System.

As a Crown corporation, MTS is already owned by Manitobans. MTS holds assets worth over \$1 billion, debt of approximately \$800 million and consequently has a net asset value of over \$200 million. This represents wealth now owned by all Manitobans in equal shares on a per capita basis. MTS also provides more than 4,000 direct jobs as well as many private business spin-offs that profit all Manitobans.

I want to keep the Manitoba in Manitoba Telephone System.

The MTS mission statement reads, and I quote, to meet the telecommunication needs of all Manitobans with the right solutions, outstanding service and superior product.

MTS is competitive in the long distance market even though it has to provide the same level of service to rural areas that are overlooked by private companies. As well, MTS has the second lowest residential rates after SaskTel.

I want to keep the Manitoba in Manitoba Telephone System.

Mr. Filmon first denied discussing privatization with anyone. Three brokerage firms were hired: CIBC Wood Gundy, Richard Greenshields and RBC Dominion Securities. He then denied that the brokerage firms were investigating privatization. After six months the only option they recommended was privatization of MTS.

On October 23, 1996, Frances Russell wrote a column for the Winnipeg Free Press, and I will quote it: If the government had no preconceived agenda, how could it have managed to get a report April 30, make a decision on a \$700-million share issue May 1 and be ready with all the paraphernalia for a full-dress news conference on May 2?

I want to keep the Manitoba in Manitoba Telephone System.

In the recent provincial election, Mr. Filmon made no mention in his campaign literature that MTS would be private. The only opinion he consulted was that of brokerage firms. Manitobans were left out of this very important decision-making process, but has the goal of business changed in 88 years? Stock investors still look for dividend income and a profitable return on investment. Does this encourage the undertaking risks or having the patience to commit funds for the long term that may be required?

I want to keep the Manitoba in Manitoba Telephone System.

Please remember that telephones in Manitoba began with a private company. In 1908, R.P. Roblin said, MTS is a good commercial proposition and whatever profit there is in this operation of the telephone system from this time on will belong to the people of Manitoba rather than to a private company.

History teaches us that if we do not learn from the mistakes of the past, then we are doomed to repeat them. Let us learn from the mistakes of the past.

I want to keep the Manitoba in Manitoba Telephone System.

I would like to just end the remarks that I have by saying that I am an MTS employee of over 19 years. I began in operator services and through technological change I was redeployed and am now working as a clerical worker, which is why I was unable to be here when I was called on Friday or a Thursday or a Friday, and I thank the committee for allowing me the opportunity to speak today. Thank you.

**Mr. Chairperson:** Thank you very much, Ms. Stadfeld.

**Ms. Barrett:** This was a very good, succinct presentation that covers much of the concerns that have been raised by hundreds of Manitobans in these hearings. Thank you very much. I wanted to just ask you a question. I do not know if you were here earlier when the minister spoke about some of the things that MTS has done in the recent past, but he did say that it spent \$620 million getting rid of the party lines in rural and northern Manitoba so that now virtually all Manitobans have their own private lines.

You talk in your second paragraph about the dissatisfaction in 1908 with Bell was because of the high rates and the reluctance of Bell to extend services to less lucrative areas. Do you think that if MTS had been in private hands before the \$620 million was spent on increasing the service to rural and northern Manitobans that that would have taken place?

**Ms. Stadfeld:** No, I do not believe it has, and I believe very often that people think Manitoba ends perhaps at Gimli and that very often the most northern areas—Churchill, Thompson areas like that get left out of the picture altogether. I notice today that the meetings are held in Winnipeg. How available are they for people in the northern most areas like Churchill to come down to Winnipeg to make a presentation? They are left out of the process, and a private company with a mandate for profit will not have a profit in a less-populated northern area.

**Mr. Dewar:** Thank you. I mentioned to the previous presenter regarding a motion that we put forward here on this side of the House to have hearings outside of this building, and it was defeated. But I would like you to speak directly to—we have the minister responsible here and we have several ministers of the government and all the members of the government right here at the table—I would like you to speak directly to them and make your point as to why you think hearings should be held outside of this building.

\* (1040)

**Ms. Stadfeld:** I believe that hearings should be held outside of this building because Manitoba as a Crown corporation represents all Manitobans. Having hearings only in this building represents the areas that can get to this building or have ready access to it. The northern areas that do not have access or easy access to this building are left out of the process. A few years ago, we had a meeting where video conferencing was used to reach all areas of Manitoba Telephone System during a very important presentation, and I was wondering if the same sort of things could be used here to voice the opinions of northern Manitobans.

**Mr. Chairperson:** Are there any further questions?

**Ms. Barrett:** Just one final question following along on your concerns. Do you have any idea, can you speculate—and it is really only speculation, I suppose—as to why the government has not allowed all Manitobans access to the discussion of this by holding hearings outside the city of Winnipeg?

**Ms. Stadfeld:** It is only speculation, but I believe that they do want MTS to privatize and the less opposition, the less controversy, the fewer opinions from anyone else who disagrees with that. When I spoke earlier, the consultants they spoke of were the three brokerage firms whose only decision was to privatize MTS. There was no other decision. While it is only speculation, I am wondering if that is what they really want.

**Ms. Barrett:** Are you aware, as well, that those three brokerage firms are now the brokerage firms that will be selling the shares, should Bill 67 pass, with an estimated profit to themselves of \$25 million, and does this concern you?

**Ms. Stadfeld:** No, I was not aware of that and, yes, that does very much concern me. It seems that their interests would not correspond with all of Manitobans as a Crown corporation mandate would be that all Manitobans participate.

**Mr. Chairperson:** Mr. Dewar, one final question.

**Mr. Dewar:** Would you agree that the reason the government will not hold hearings outside of this building is simply the fact that there is no public support or very, very little public support for the privatization of this telephone system?

**Ms. Stadfeld:** I believe that there is support and if they were to hold a referendum vote or to ask Manitobans in the northern areas, there would be support.

**Mr. Chairperson:** Thank you very much for your presentation, Ms. Stadfeld.

**Ms. Stadfeld:** Thank you.

**Mr. Chairperson:** The next presenter that we agreed to hear this morning was Winnie Grabowski. Ms. Grabowski, would you come forward, please. Have you a written presentation that you wish to distribute?

**Ms. Winnie Grabowski (Private Citizen):** No, I do not. I will be reading from some brief notes that I brought with me.

**Mr. Chairperson:** Thank you, Ms. Grabowski. Would you continue please.

**Ms. Grabowski:** Thank you. When MTS first opened its doors, it had only one goal. That goal was to provide every Manitoban with quality and affordable service. Since then, Manitoba Telephone System has achieved that goal successfully. We enjoy calling capabilities that many of us take for granted. I myself, while travelling, realized how fortunate I was to have the Manitoba Telephone System. We were out of the country and we tried to call ahead to our next destination to make a reservation at a hotel. We got a recording on the line that said, you cannot complete this call from your present location. If it had been in Manitoba I do not believe that would have been the case. I believe we would have been able to complete our call.

A more recent situation developed this past week, again giving me a sense of how proud I was to be employed by the Manitoba Telephone System. There was a family having financial difficulties. They have an ill, newborn infant, and they had their service disconnected. I was asked if I could somehow find out if we could have their service charge for reconnection waived so that they could have their service for their ill child. Within a few moments the collection manager at MTS notified me and said the service was reconnected and these people had their service back because friends and family had gotten together and cleared the bill. Again I do not believe that private industry would provide that service.

These two incidents that I have related to you are personal. They are not big money, but they are important to Manitobans. I believe that Manitoba Telephone System considers that when they do business on a daily basis. In privatizing, that will not be a consideration. The main consideration will be bottom line profits, and I am concerned that this decision is going to be made without giving all Manitobans the right for their input. I am curious as to why this government, who fully trusts Manitobans to go to the polls and have an election, cannot or will not give them the same right in deciding on the privatization of Manitoba Telephone System. Thank you.

**Mr. Reid:** Thank you very much for coming out this morning to make a presentation. You raised an interesting point, and it sort of has jogged my memory about some of the things that I have been able to help my own constituents with, and that is the fact that as elected representative, and I am proud to serve my community, I have the ability to, when my constituents call and they have some difficulty with the level of service or the bill paying ability of my constituents in hardship cases, I have the ability to call up the representatives of the Crown corporations, whether it be Manitoba Hydro, Manitoba Telephone System or others, and speak directly to those people on behalf of my constituents who are having some difficulties. So in other words, as an elected person I have the ability to influence arrangements that can be made to ease the burden on people that perhaps are on social assistance for example. I have that power now.

Do you see that I or any other elected representative coming to this Manitoba Legislature would be able to exercise that same control and same ability to influence

the decisions of a private company as I have been able to do under the Crown corporation?

**Ms. Grabowski:** I must say that I would have to consider, and I do not mean this personally to you, sir, the member themselves. But I do believe that if we do have some input into what is happening, yes, things can be changed, whereas in a totally private environment I do not believe that is possible.

**Ms. Barrett:** You are an employee of MTS. Have you discussed the potential privatization with your co-workers and, if you have, can you share with us some of their concerns if they have any?

**Ms. Grabowski:** The discussion of privatization occurs daily in our workplace because we are aware, we are hearing the media talking about it. We are all running scared at this point. We are worried about our pensions, we are worried about our job futures, we are worried about what is going to happen to our customers.

Early in the first few years that I worked for the system there was a very small grant of a service, sort of a benefit for working at MTS. I myself did not qualify but after so many years service you were given an employee discount on your long distance rates. The public was outraged. We were there as a public utility. How dare us take from them. That was totally removed from the picture. No one was ever allowed to have a discount. Yet if you work at Wal-Mart, Eaton's, anyplace like that, you are allowed to have. The public views us as a public service not as a money-profit industry.

Aside from that, MTS has always made money. We have never been in the hole or debtridden to the point where we can turn around and say, we are not worth having. We have always made money.

\* (1050)

**Mr. Reid:** The government references, one of the reasons they reference is that MTS cannot keep up with the technological changes that are coming. As an MTS employee, I take it you would either know directly or be in consultation with other employees of MTS. Have you in your experience or knowledge ever seen circumstances where MTS has been unable to keep up with the technological changes that are occurring in the telecommunications industry?

**Ms. Grabowski:** In answer to your question, sir, yes, I have been involved in many conversations at meetings where the topic has come up. MTS had grand plans to be part of globalization. They always have had. Their technological moving into the future has always been based on the revenue coming in. In other words, we tried not to spend beyond our means.

Unfortunately, all the people at MTS did not have total control over the decisions that were made with regard to how our money was spent. We did have to put forth dollars at a faster rate than maybe what we wanted, but the dollars were put forth for a good purpose. We now have one of the best networks across Canada. So we did it at a costly price and it was not done maybe at the time that we wanted it done, but it was done, and I think maybe had things been done a little differently, we would not be here today.

**Mr. Chairperson:** Thank you, Ms. Grabowski, for your presentation.

**Ms. Grabowski:** Thank you for your time.

**Mr. Chairperson:** Now I am going to discuss with the committee two other requests here, and I think we are beginning to walk upon relatively thin ice when we make considerations of the next presenters because we have had people that have indulged for a long time that are on the list and that have made their views known to be heard for quite some time. We have a request here from a presenter, who is No. 38 on the list, that he needs to present today or wishes to present today, and then we have another presenter who is taken off the list who has a stand-in for him at this committee today to make that presentation for him, so I am asking committee what their wishes are in this regard. I remind the committee that when you make the decision, take into consideration the many people that have waited since Tuesday, because they were first on the list, to make presentation here. So I ask your indulgence and I ask your consideration for this.

**Mr. Laurendeau:** Mr. Chairman, you said that Mr. Espey was No. 38. We can guarantee that we will hear Mr. Espey today, but I do not think we should be jumping the list to get there. I think when we get to 38 that is when he will be heard, or when the meeting comes to an end, we can see that we hear anybody who is still here to be heard at that time.

**Mr. Chairperson:** Are there any comments from the opposition in that regard?

**Mr. Reid:** Well, I am somewhat inclined to agree with that, although if there are considerations with respect to work that individuals may have to leave for today, or health-related reasons which I also think should be criteria that this committee considers, I think we are prepared to accept some movement of public presenters.

**Mr. Chairperson:** I can indicate to you what the note says that I have before me that he is 38th on the list, has indicated he has to leave in 20 minutes, would like to present today.

**Mr. Reid:** If it is work-related or health, I—

**Mr. Chairperson:** I have no knowledge of that.

**Mr. Reid:** Can we ask?

**Mr. Chairperson:** Could I ask the clerk please to go discuss with Mr. Espey and bring it back to committee. We will deal with the next item as requested and that is that Mr. Mel Christian was on the list, has since been taken off the list and he has asked—or Mr. Ken Emberley wishes to make a presentation on behalf of Mr. Christian. I indicate to the committee that Mr. Emberley has presented before, so what are the wishes of the committee?

**Mr. Laurendeau:** I do believe that, as you have stated, Mr. Emberley has already presented. If he is presenting for the other gentleman, it must be a written presentation. I do believe we can take it and have it put on the record?

**Mr. Chairperson:** Yes. Is that agreed? [agreed] Now, Mr. Espey indicates that he has to leave because of medical reasons.

**Mr. Laurendeau:** Okay, let us hear him then.

**Mr. Chairperson:** We will hear Mr. Espey. Will you come forward, please, Mr. Espey? Have you a written presentation to distribute to the committee?

**Mr. Sean Espey (Private Citizen):** No, I am just going to yell and finger point and spew out rhetoric.

**Mr. Chairperson:** Thank you very much. Mr. Espey, will you proceed, please?

**Mr. Espey:** First of all, I would like to comment. I would like to thank the committee for their patience and for the leave. I would like to comment on the whole process of registering and being put on the list to present to committee. My understanding is that under any normal common sense, you register, you put your name down and basically you are set in an agenda forum, and what has happened is it seems the list has been screwed around and reshuffled and there is confusion. Frankly that is what my angle is and unfortunately I had to direct it to the clerk, and I apologize to the clerk. It was not directed to her, it was directed to just the whole process.

**Mr. Chairperson:** I am sure the clerk accepts. Thank you.

**Mr. Espey:** Second of all, I think, I guess I will just start off by saying I do not want you selling my phone system, okay? It does not belong to you. It was brought to you by the people of Manitoba in trust, all right? It is not your asset. It is not an asset of any individual shareholder. It was put to us in 1908 from the government because the private system did not work, and it was quite obvious then and it is quite obvious now. I mean, look at AGT and look at BCTel. We look at south of the border, all the individual states, when they had their own telephone system, and it worked quite well. Then slowly one by one, they were sold off. Now people are scrambling.

I have been down to the States and I have been in affluent parts of America and I have been in poor parts of America, the division between the rich and the poor is quite great. I will not say that America is a terrible country to live in. It is a great country to live in, and so is Canada. But what I am saying is that they have made some mistakes with their utilities, and we have made mistakes here with our utilities and a lot of the provinces here. Manitoba and Saskatchewan are the only ones left that have had some form of common sense and used a bit of discretion.

This government claims that they are doing it because it is to promote free enterprise and competition—frankly, I think you are wrong. Competition is not induced in this type of system, in this utility. These are bare bones. This is all part of the core cost of living. When you take a

utility, something that people need and you take it and you put it in private hands, the private companies use that as a weapon, as control for the pursuit of profit.

Now, if I did not know any better I would think that you guys were almost like hired guns brought in by corporations to take our assets and just hand it over for 10 cents on the dollar. I want to go back. I want to revert. I am originally from Brandon. I was born in the Brandon area. Actually, one half of my childhood I was raised in Alberta, rural Alberta. As a child, I was raised on a lot of conservative lifestyle. My family is from the Cardale-Hamiota area—well, half my family, the other half from Brandon. So I was raised on a lot of conservative ideals and philosophy.

\* (1100)

I have come to realize over the years that these philosophies may be in some instances—like in a very simple, simple farm lifestyle, they may work, but on the broad perspective they do not work. I am finding that more and more, because a lot of it is based on isolation, years and years of just general isolation. But, even when you have, because you fend for yourself, you work hard in the fields and you bring the crop in and you get what needs to be done, and they have learned to fend for themselves. So they have developed these attitudes that that is just the way it is and you move on. But even then, even when times are tough and you have winter winds blowing across the prairie and your food has run out and you have run out of money or your barn has burned, you have lost all your livestock, you know there are still neighbours that have pulled together and helped you and made sure you made it through the winter, and that is because of co-operative efforts. I feel that this government is moving away from that, the very roots that you people claim you come from, you are betraying those roots.

I find it atrocious. As a young person—I mean, I am politically active. I will be the first to admit it. Some of you may recognize me, others may not, and so I will be quite honest. I am totally frustrated with the system, and I am frustrated with this government, because as a young person I see you guys stabbing us in the back. I look at most of the Conservative caucus and most of them are of—I mean, you are not getting any younger. I am sorry, I do not mean to offend you, but I feel like—[interjection]

With the exception of Mr. Praznik. You seem older than you, so—

**An Honourable Member:** You are outdated.

**Mr. Espey:** Yes, you are outdated.

**Mr. Chairperson:** Could I ask, please, committee members, that we maintain the decorum that we had started off with this morning? I will allow for questions and responses. Mr. Praznik, I will allow for questions and responses. I ask Mr. Martindale to give that same consideration, as soon as we finish hearing Mr. Christian. Would you please—

**An Honourable Member:** Mr. Espey.

**Mr. Chairperson:** I am sorry, Mr. Espey.

**Mr. Espey:** I would like to revert to McKenzie Seeds. I know there is one member of the committee in here who comes from and represents that area. I am sure most are aware that McKenzie Seeds is a very profitable and very, very vibrant company that is in western Manitoba. It has provided a lot of jobs and infrastructure, and it was publicly owned and the returns were going back to the people of Manitoba.

Now, I do not know what the actual share structure has been through the sale of McKenzie Seeds. Frankly, I do not care. The point of the matter is that back when McKenzie Seeds was put in government hands—it was willed from A. E. McKenzie, given to the province of Manitoba as a gift to the people. Once again, it was sold off 10 cents on the dollar, whatever you want to do, we can dicker around with numbers. The point is that the people have lost a very vibrant asset and infrastructure.

Maybe, sitting now, still here, today, but who knows a year or so down the road. If it is in government hands, it is guaranteed to stay in here and the flow of the monies continues to stay in the province. The same with MTS.

Again, I would like to just say that as a young person I am a little bit concerned, a little bit frustrated, a little bit angry that I feel that you guys are cutting us out from our knees, okay? We have no, like the majority of the people, young people today, they have total apathy for government and democracy. They feel democracy no longer exists in this country and this province. Maybe

five years ago it did. I would hate to think that the government members are responsible for this. I just hope that you guys can sleep at night. When you think about it, when you go home to your families, that you can sleep at night knowing that you have screwed us all, because congratulations. You have reached the level of the former Devine government, as far as corruption and backstabbing of the people. Thank you.

**Mr. Chairperson:** Thank you very much for your presentation, Mr. Espey. I am sorry, I had asked at the outset of the meeting that there not be any disruptions or applause. I have seen, under previous administration, people removed from the committee, and I will not hesitate. I ask for your kind consideration, because all of this takes time and we want to hear as many people as we can in this process. So, I ask you very kindly to allow for decorum to remain. We have had a very orderly process this morning. I would like to see that continued.

**Ms. Barrett:** I found your comment about betraying the roots of where the Progressive Conservatives have come from very interesting. I do not know if you were in the room when a worker at MTS made the point about the history, the genesis of the Manitoba Telephone System, which was under a Progressive Conservative—I do not know if that was the title—but a Conservative government of Rodmond Roblin in 1908, and I think that is an interesting juxtaposition.

**Mr. Chairperson:** Mr. Reid, I had asked before for decorum in the committee, and I ask that that continue.

**Mr. Reid:** On a point of order, Mr. Chairperson.

#### Point of Order

**Mr. Reid:** Can you tell me, Sir, that when you are sitting in the Chair and you are a member of this committee sitting on the opposite side of the table, you have a different set of rules than what you are displaying here today?

**Mr. Chairperson:** I am just asking that we maintain order—

**Mr. Reid:** I am asking you, Sir, the question.

**Mr. Chairperson:** —and decorum. Mr. Espey, would you continue. Ms. Barrett? There is no point of order.

\* \* \*

**Ms. Barrett:** Thank you, Mr. Chair. You have talked about McKenzie Seeds and others have talked about McKenzie Seeds. Were you aware that we, at one point, had a Crown corporation called Manitoba Data Services which had held virtually all the information about the citizens of Manitoba, and several years ago it was sold, it was privatized, supposedly staying in the hands of Manitobans? It has flipped a couple of times and now I believe is owned largely by a corporation you may be familiar with whose roots are not in Manitoba called IBM. Do you see a potential for that happening here with the potential privatization of the telephone system?

**Mr. Espey:** Absolutely. I was not aware of—I vaguely have heard of the name, but I was not aware that it was a Crown corporation. It would make a lot of sense. I mean, all the information of all our personal lives in the hands of a few people frankly scares me, which is probably interesting on why, how people can somehow get a hold of my phone number and know exactly about certain information that they have no right of knowing. I mean, it frankly is fascist architecture. I mean, I just feel that there is a trend happening here, and it is a radical swing. Excuse the rhetoric. It is a radical swing to the right. Again, you are living up to your name, the Tories.

If I may, I would like to refer briefly back to a bit of Scottish history, and that is that the actual name Tory refers to sheep stealers, where it used to be people who worked for the Crown or people that had money stole from the poor farmers, and they grudgingly referred to them as the Tories. It tripped over into the monarchists, people who supported the monarchists. Again, you are living up to your name and unfortunately—I do not know, I am rambling on, sorry.

**Mr. Chairperson:** Are there any further questions or comments? If not, thank you very much, Mr. Espey, for your presentation. For the benefit of the committee, Mr. Emberley has indicated that he decided to submit Mr. Christian's presentation as a written submission. I ask that this be recorded in Hansard. [agreed]

We have Ms. or Mrs. Edith Byhre, who is a stroke victim, has arrived and wishes to speak. She has never been on the list before. What is the wish of the members

of the committee? [agreed] Thank you. Have you a written presentation for the committee? If not, would you like to sit for the presentation? We will use mike No. 3. Am I pronouncing your name right, Ms. Byhre?

\* (1110)

**Ms. Edith Byhre (Private Citizen):** Byhre.

**Mr. Chairperson:** Byhre. Thank you Ms. Byhre, would you proceed?

**Ms. Byhre:** Why are you wanting to privatize the telephone system? And another thing, with the privatizing of home care, as you can see, my husband is with me. He has Alzheimer's; he is in a nursing home. I am living by myself. All the help I get is the Thursday.

How come some people can get a lot more help? In fact, when they were on strike, I phoned and said to your secretary, Mr. McCrae, could you not come out and give me a bath rather than going weeks on end? It seems when you privatize these things, the working people cannot afford it, the average person.

But my only way of communicating is if someone picks me up and takes me out, or my telephone, and I am paying a fair amount now. Will it be doubled in a year? Because then I cannot afford a phone. Does it have to be privatized?

I cannot write. I have no way of getting out unless I get picked up. I do go to seniors at Concordia when my son takes me to my sister's, and then the van picks me up. Why are you picking on the helpless people?

Is it not possible for you people to—I have always been a PC. I have always had a sign on my property for years and years, but, believe you me, unless you people show a concern for us, no more. That is about all I have—I have a lot of other complaints—but this is about the telephone

**Mr. Chairperson:** Are there any questions of Ms Byhre?

**Ms. Byhre:** Why do you have to privatize it? I have had Manitoba Telephone for over 50 years. I have been happy with the service. I would not even mind paying a

few dollars more. If you check with the ones that have been privatized, I could not afford it. I do not think it is fair that I should sit by myself in my home without anybody being able to check on how I am doing. That is about it. I would like to see it stay as it has been, but, because once it is privatized, we certainly will not be getting the services we had. I had more help before, but since the strike, one person comes on the Thursday to give me a bath.

I do need my phone. I do not think any one of you would like to be in my shoes. My husband, I cannot look after him. They upped his daycare. I was paying \$29.50. I am paying \$41 now because they give me a supplement on my Old Age Pension. That is the only income I have. This is going to happen with everything else, if it is all privatized.

I say to any one of you, would you like to be in our shoes? They give me a little bit of pension in one hand and take it away in the other. I pay for my house cleaning because I cannot do it. They sent me a lady for an hour. How much can you do in an hour in a home every two weeks? And when they are privatized, then you phone one of the firms. I get an Old Age Pension and a supplement, and if it were not for my husband's pensions, I would be on welfare. That is about all I have to say, but please stop and think about the seniors and people that have not got your income. I would love to trade places with any one of you. Thank you.

**Mr. Chairperson:** Thank you very much, Ms. Byhre, for your presentation and thank you very much for taking the time to come before this committee. Are there any questions for Ms. Byhre? Thank you very much. I have one further request here and, as I indicated before, I think we were walking on thin ice, and I maintain that we still are. We have missed presenter No. 19, as indicated on the list, Mr. Steve Webb, who is here and requests that he be heard by 12:30. What is the wish of the committee?

**An Honourable Member:** What is the reason?

**Mr. Chairperson:** I have no reason why he is here.

**An Honourable Member:** Call the list.

**Mr. Chairperson:** Okay. Thank you. We will then proceed to call the list

**Floor Comment:** What was the decision of the committee? I did not hear it. I am the person in question.

**Mr. Chairperson:** I am sorry, for the benefit of the committee, the committee decided that we would revert back to the list and that we would call names on the list until we reach No. 19, and we will then hear No. 19, unless there is any medical reason or other—

**Floor Comment:** It is a business reason. I have to go out and make a living. I have been here since nine o'clock waiting, and people have gone ahead of me. I am just making a simple request. I have to go by about 12:45. That gives you an hour and a half. I do not think that is unreasonable at all.

**Mr. Chairperson:** I am sorry. I am not going to hear further arguments from the crowd. I just want to indicate that this is the kind of unfairness that is created by giving precedent to those that are either, by unfortunate circumstance, requesting that they appear before others anytime, and I accept the criticism that was presented by a previous presenter, indicating that the list is all mixed up. He is correct, but it is done out of sympathy and out of trying to accommodate.

Once you start doing that, once a committee starts being lenient, you create a disruption, and I think you also create an unfairness for those that have waited a long time, and I respect that. However, it was the committee's decision and I, as Chair, will abide by that decision.

We will try and call then Keystone Ag Producers or a representative thereof. Keystone Agricultural Producers, they will be dropped off the list. Mr. Harry Schellenberg, private citizen. Mr. Harry Schellenberg, he is not here. Has he been called before? He has not been called before. Okay, he will be dropped to the bottom of the list. ESYLLT Jones. ESYLLT Jones, he will be dropped to the bottom of the list. Brian Lucas. Brian Lucas, would you come forward, please. Have you a presentation to be distributed to the committee?

**Mr. Brian Lucas (Private Citizen):** No, I do not.

**Mr. Chairperson:** Thank you. Would you proceed, please.

**Mr. Lucas:** Mr. Chairman, members of the committee, my name is Brian Lucas. I am a small-business operator and my business is the Internet. I guess I am an example of a new trend in our society, entrepreneur in a high-tech field. I do business across Canada, the U.S. and around the world. All of my regular customers are in the United States. Most of them I have never even met. I deal with them through telephone, fax and so on, and I have business arrangements with Poland and Thailand, working on the Internet.

The reason that I exist in my business, the reason that my industry exists at all, is because of the basic infrastructure of basic telephone lines. I hate the phrase information superhighway, but I am going to use it, because the analogy is somewhat applicable.

Concrete highways are essential to Manitoba's economy. Farmers move their products on the highways, manufacturers move their products, forestry and mining and resource extraction companies move their products on the concrete highways.

For me and the people providing Internet services in Manitoba, telephone lines are our highways. Telephone lines enable us to move our products, whether it be for the home user surfing the Net or business customers checking e-mail, corporate EDI and Internets and what have you.

Telephone lines are the essential, basic infrastructure which is used by the entire Internet industry. Although we as Internet service providers are actually in competition with Manitoba Telephone System, we are also some of their best customers. We buy dozens and hundreds of telephone lines in order to provide services to our customers.

Now, services like telephone service are natural monopolies. They are areas in which competition is not really practical. It is impossible or inconceivable, I would say, that multiple companies will lay overlapping networks of water pipes, of sewer pipes, overlapping roadway networks, electrical grids or telephone services running the basic wires into houses. We have seen, of course, that certain areas of service are very applicable to competition, cell phone service and things like that, long distance services. But the basic wires into houses is an area that competition is very hard to conceive of there.

Such natural monopolies are, of course, heavily regulated for the public good, and it seems to me, though, that public ownership is the strongest form, the strongest guarantee of public control in these kinds of areas. As I said today, I am actually in competition with MTS for providing web programming services, and that is not going to change no matter who owns it. I am going to be in competition with them, I am going to be in competition with Sprint and AT&T and a hundred other operators worldwide.

\* (1120)

There was a report on the radio a few days ago about a fellow in Russia with two Ph.D.s who is out offering his services for \$150 a month. These are the kinds of people worldwide that are competing through the global Internet, and the ownership of MTS is not going to change that for me. I am going to be still in competition with all these people, but I do see the basic telephone infrastructure as contributing to a stable foundation on which I and other Manitobans working in this new field can build. It provides a stable environment in which we can operate, and I see it as essential to the industry that I work in.

(Mr. Vice-Chairperson in the Chair)

So I urge the committee to think of the Manitoba Telephone System as providing the same sort of basic infrastructure utility similar to concrete highways or any of the other public utilities that exist, and to think of it as essential not only to my industry but to the Manitoba economy as a whole. I also urge the committee to consider that the strongest form of control of a system like that would be direct ownership. Anything less is weaker control, and in the case of something so integral to our economy, especially the way that we are moving into the future these days, I believe that we should maintain strong control of the system through public ownership. Thank you.

**Mr. Vice-Chairperson:** Thank you, Mr. Lucas. Are there any questions of the presenter at this time?

**Mr. Reid:** Thank you very much for coming out this morning and sorry for the delay in getting to you, but I think it was necessary to allow other presenters that had health reasons for coming forward

In your business I take it that you have been successful in competing with MTS for some of the services that MTS offers, and that you say you want MTS to remain as a Crown corporation and that you feel it provides you with an adequate level of service to allow you to do your job. What changes do you see, what impact do you see would occur as a result of MTS's change into private hands? Do you see that there would be for example a degradation of service, and that perhaps some of the rules would be changed to disadvantage you in your business activities? Perhaps you can share some of your thoughts with us on that.

**Mr. Lucas:** I think that, well certainly I am in competition with MTS for customers in certain areas and with MTS. Now, under a change of ownership, there may be no particular difference in the way MTS operates. The new owners may or may not require the company to behave differently. However, MTS provides the sort of background, the environment in which we all operate, just as anybody in the computer industry has to keep a very close eye on what IBM and Microsoft are doing because they are not just the competition. They are the environment, the background. So we in the Internet industry have to be careful of what AT&T and the telcos, all the giants, are doing.

As I say, I do not know what will happen, but I personally view the kind of infrastructure that MTS provides for data interchange as a basic infrastructure need very similar to sewer and water services that industries also require, and I see maintaining that as an infrastructure for the public good as being very important. I think the surest way to achieve that would be to maintain public ownership of the system.

**Mr. Dewar:** Thank you Mr. Lucas. How sensitive is your business to fluctuations in rates?

**Mr. Lucas:** My own business personally is in computer programming and World Wide Web services, which are not particularly sensitive to telephone rates because I do not use a lot of telephone lines. I only require one line to do my own work. However, a company which I founded and which I am not part of right now, but is still doing business here, and many other companies that are in a slightly different line of providing Internet services to the home user are very affected by basic telephone rates because what they have to do is subscribe to dozens or

even hundreds of telephone lines in order to allow their customers to reach them without receiving busy signals and so on.

So there are companies which subscribe to 100 telephone lines, each costing \$35 or so a month just for basic services. Fluctuations in those can have a very, very strong impact on the company's bottom line.

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

At this time we will call Mr. Dave Roberts. Mr. Roberts will drop to the bottom of the list. Dood Bayney. Dood Bayney. Not being present, he will drop to the bottom of the list. Russ Wyatt. Russ Wyatt. Not being present, he will drop to the bottom of the list. Jim Still. Jim Still. Not being present, he will drop to the bottom of the list. Magnus Eliason. Magnus Eliason. I can tell Magnus is not here, so Magnus will drop to the bottom of the list. John Cardoso. John Cardoso. Not being present, he will drop to the bottom of the list. Mr. Don Sullivan. Don, do you have a written presentation? Mr. Sullivan, I am sorry.

\* (1130)

**Mr. Don Sullivan (Private Citizen):** No, I do not.

**Mr. Chairperson:** Okay, just go ahead then, Mr. Sullivan.

**Mr. Sullivan:** Good morning. I would like to thank you for allowing me the chance to make a presentation on Bill 67. I am just going to speak from some briefing notes.

I would like to start off by stating that in 1995 the intentions of this government were not known to Manitobans when you were seeking a mandate for re-election, and I think had it been known, maybe things would have been different. So on the basis of that there is at least a moral and ethical obligation upon the government who is entrusted with the responsibility to protect Manitoba's interests to at least consult with all Manitobans.

I find it somewhat offensive that this government has not been willing to hold public hearings outside of

Winnipeg. I particularly view the sale or privatization of MTS as having severe impacts, but we do not know this because this government has not chosen to do, at least, a minimum cost-benefit analysis in terms of the benefits and costs of the sale of privatization and their impacts on Manitobans.

I particularly refer to northern Manitobans who, on a large part, are already disenfranchised and are probably, for the largest part, those people who rely on a solid infrastructure, communication infrastructure, to fulfill their basic needs and who are probably, on the whole, the lowest, probably the lowest income earners in the province, by and large.

I find the unwillingness of this government to consult with those folks a lack of responsibility, morally and ethically.

So based on that, I think that, just based on the moral and ethical reasons, there probably should occur at least regional consultations as to privatizing a public asset in which you have the responsibility to consult with essentially the shareholders I think on a more solid grounding. Certainly this argument will come up.

Not only do you morally and ethically have a responsibility to consult with Manitobans when you privatize, I think you have a fiduciary responsibility, and I think as a fiduciary responsibility, you can go to court with that. I think you have failed in your fiduciary responsibility to consult with Manitobans when you are about to privatize MTS.

Based on some fiduciary responsibility, had you at least fulfilled those obligations, you could have conducted Public Utilities Board hearings on the privatization of MTS. You have chosen not to. I think that is one strike against you for your fiduciary responsibilities.

I think that there is a case that can be made on fiduciary responsibilities. Maybe it might not win, but it certainly would be an interesting argument to put before a court as to what your fiduciary responsibilities are. So I would suggest that at least in the interim, as an interim measure, that you could withdraw this bill and fulfill not only your moral and ethical obligations but, more importantly, your fiduciary responsibilities and hold Public Utilities Board hearings regionally to consult with Manitobans, the shareholders, as to the costs and benefits of selling MTS.

I think that you have told Manitobans, or you have given the responsibility to MTS to tell Manitobans that the sale and privatization of MTS is a good thing. Yet you have not given the corresponding obligation to Manitobans to tell you whether it is a good or bad thing. I have seen probably in the last month a lot of ads coming out trying to convince me that this is a good thing, yet you have failed fiduciary to prove that. I have yet to see a document from the government of Manitoba that clearly spells out the costs and benefits of selling MTS. I think that, given other jurisdictions, a willingness to privatize Crown corporations, the experience in England is coming back to haunt that particular government on privatization of various public assets. I think Alberta is a good example in terms of the telephones, of what happened when they privatized. We saw an increase in rates for basic telephone use.

(Mr. Chairperson in the Chair)

I find it particularly interesting that, on one hand, when the shareholders or Manitobans have spent over—I do not know, 1908 was when this particular company came to fruition—that we spent literally millions and millions and millions and millions of dollars building public assets up to a standard that is obviously world class, and that that money has been spent propping up essentially the ability for a private corporation and, in fact, if you are going to put it on the market, new shareholders to buy at probably a rate at which we will never be able to recuperate the costs of which the public has already invested in.

So, if this bill happens to go through in the next week, and Wood Gundy has the responsibility for selling these shares, having knowledge of the marketplace and having friends who work in the marketplace, there are going to be all sorts of sharks swimming out there waiting for that phone call from their stockbroker. It is not going to be owned by Manitobans. They are going to flip it around the next day, guaranteed, because sharks are not in the business of holding on to shares, they are in the business of making money, and the way they make money is they flip shares. So to give an impression that somehow Manitobans will own their MTS through private shares is somewhat of a fallacy if anybody understands the cutthroat marketplace.

I would find that, given we have one of the lowest rates in North America presently, the way I see other

corporations reap profits at astronomical rates, I must admit, in the last five years, is that they tend to nickel and dime their customers to death. I am sure that, as a government, there is a fiduciary responsibility to act with the public's interest at heart. You can bet a private company does not have to follow that fiduciary responsibility. So I would assume that most people, after it is privatized, will be nickelled and dimed to death for a basic bottom line principle.

I would hope that there is some forethought before this House closes by this government to seriously assess those obligations, and possibly if they continue to wish to privatize that, that there will be some room to assure Manitobans that they are being fully accountable for. I would suggest that holding public utility hearings on the privatization would be a good first step.

Having seen this government work, sort of, at odd purposes when they say, yes, we should privatize, we need to be competitive, Manitoba Telephone System has, far and large, made fairly substantial profits and, as a public good, is in a great position to compete because it has the luxury of being protected in certain areas that no private company can compete with; therefore, it should have no problems in investing the money necessary to compete in terms of reinvesting those profits into new infrastructures that are obviously on the way due to the technological revolution.

\* (1140)

**Mr. Chairperson:** I am going to intervene. I have actually allowed almost a minute past ten minutes for the presentation.

**Mr. Sullivan:** That is fair enough. I will stop there.

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

**Mr. Martindale:** Thank you, Mr. Chairperson. In your brief, Mr. Sullivan, and we thank you for appearing today, you mentioned that this government could have at least had regional consultation. I sit on another committee that met in June reviewing the Children's Advocate section of The Child and Family Services Act. One of the things that the Minister of Family Services (Mrs. Mitchelson) and the government agreed to was to

have public hearings outside of Winnipeg as part of the process of reviewing that part of the legislation and, yet, in this committee, when we asked to have public hearings outside of Winnipeg, the government said no. Does that strike you as being contradictory? Do you see any reason why we could not have had hearings outside Winnipeg?

This government frequently in debate in the Chamber accuses us of having Perimeteritis and not being concerned about issues outside Winnipeg, in spite of the fact that we represent the constituencies of Selkirk, Dauphin, Swan River, Interlake and all the northern constituencies.

**Mr. Sullivan:** Having somewhat of a political nose, I would think it would be in the best interests of this government to do some regional consultation. What you are doing here is creating an air of suspicion among your own voters, those very people that vote you into power. I am sure many of you from rural Manitoba have heard from many of your constituents about this particular issue. Just politically, I think it would be an important tool in order to alleviate your constituents' fears around this particular issue and to at least accommodate your constituents' voice. So, yes, I think that there is some merit certainly, from the government's point of view, if this is something aboveboard, and that there is fear out in those rural constituents, that one way of alleviating those fears is to consult with them.

**Mr. Martindale:** Mr. Sullivan, does it make you wonder what the government is afraid of?

**Mr. Sullivan:** Well, this government has got a good many things to be afraid of. I am certainly thinking on this particular issue, this could be an Achilles' heel for them. I think this is a political issue that has a shelf life well beyond the next election. I think that the test is going to be in the pudding. Come three years from now, we will just know how voters will remember.

**Mr. Chairperson:** Ms. Barrett, you indicated that you wanted a question before.

**Ms. Barrett:** The Premier in the House recently has said that governments were elected to make decisions and that was their responsibility. You mentioned that they had a moral and ethical responsibility to consult with all Manitobans. Mr. Filmon seems to believe that he has the

mandate to do whatever he will on a wide range of topics. Yes, governments cannot always know exactly what is going to come down the pipe at them. Do you see a distinction between decisions that governments make on a wide range of issues and the decision to sell Manitoba Telephone System?

**Mr. Sullivan:** You cannot take moral and ethical reasons to the courts, can you? I think that sits in everyone's good conscience, and they will have to live with those decisions. My key aspect here is now moving from that realm into fiduciary responsibilities. That you can take to court. I think that there may be a willingness by a good many Manitobans to test that theory out. I think on that reason alone you should be holding public utility hearings on this privatization of MTS, or you may find yourself in a bit of a legal quandary that there may be a reason for the courts to issue a suspension of the sale of MTS until the issue is clarified and just what are your fiduciary responsibilities.

**Mr. Chairperson:** Mr. Dewar, one final question.

**Mr. Dewar:** Thank you, Mr. Sullivan, for your presentation. You mentioned England. Could you just expand upon that and tell us what you know about the current situation in England as it relates to a private telephone system?

**Mr. Chairperson:** Mr. Sullivan, for a very brief response.

**Mr. Sullivan:** The telephone system was one thing. I am certainly interested by the selling of water, which has turned out for a very big fiasco for that government, and in fact many Britons are quite upset about that. That is as brief as I will get.

**Mr. Chairperson:** Thank you, Mr. Sullivan, for your presentation.

**Mr. Sullivan:** You are welcome.

**Mr. Chairperson:** I call next Mr. James Sanders. Mr. James Sanders. He will be dropped to the bottom of the list. Mark Kernaghan. Mr. Mark Kernaghan. He will be dropped to the bottom of the list. Don Halechko. Don Helechko. He will be dropped to the bottom of the list. Steve Webb. Would you come forward please, Mr. Webb. Have you a written presentation for distribution?

**Mr. Steve Webb (Private Citizen):** No, I do not. I just have some notes that I have jotted down.

**Mr. Chairperson:** Would you proceed, please.

**Mr. Webb:** Thank you. First of all, since I was not recognized prior while I was sitting down, I just want to put on the record that I do think that there is an inequity, the way that you have allowed people to deviate from the list of presenters, regardless of their explanation as to why. I have been here since nine o'clock, and it is now almost noon. That is quite a lengthy time. I could have given a medical explanation, but I did not.

So, proceeding on from there, I just wanted to talk about the role of government. There is a side of government that has a responsibility to deliver certain kinds of services to the public. Those services range from essential services--and I classify telephone service as an essential service in this day and age. Therefore, the responsibility is of the government to deliver the service, and in that responsibility since the service is being given in a Crown corporation situation is that the number one is to provide the service, and that, secondly, it is to provide profit from that service. When you privatize, it is the opposite. The first priority of ownership is to make a profit. If you are in business and you are not making a profit, you go bankrupt. That is all there is to it. So the first priority of business when it is privatized is to make a profit, and then the service that you deliver is secondary.

I just wanted to thank, I forget who the minister was that gave the financial picture regarding MTS-- [interjection] The Minister responsible for MTS, I wanted to thank you, because from a government point of view MTS is doing great and there is no reason to sell it privately. We can put that money back into the system so that we can utilize it for valuable programs, such as social services, medical expenses, the rise in medicare, and a variety of other government services that this government should be undertaking instead of looking to privatizing it.

Privatizing is, when you get that influx of cash, that is a one-time influx of cash. When you keep the corporation public and continue to pay down the debt and continue to roll profit into it, it is long-term gain. So what we are looking at is right now short-term gain for long-term pain, but I would sooner go through some

short-term pain because we are going to go through some long-term gains as technology expands and the profits increase from MTS.

\* (1150)

Another area that I would like to discuss is the ethics issue here. This government did not run in the election on privatizing MTS. You do not have a mandate to sell off this corporation. The only way that you can sell this corporation off is to hold a referendum asking Manitobans: Do you want the Manitoba Telephone System to be privatized? Simple as that. You have no basis next to that. During the election campaign in 1995, when the question was posed to the Premier, he said, privatizing MTS is not an issue. Now, to me and the average Manitoban, that means that he is not going to privatize, but obviously the deception was there to say it is not an issue. It is not an issue because it is under the table, and we are going to do it once we get elected.

That is just one area that the government of Manitoba has deceived the people of Manitoba and many other areas. The financial picture that was disclosed today is not new. This is something that with all the technology changes was well known well before the election. I do not understand why all of a sudden we need cash in here. To me, it sounds like there is some sort of hidden agenda here for whatever reason, because I cannot fathom it, that you want to sell off our corporation, and also I would like some dividends because I am a shareholder in MTS since it is a public corporation. I would like a cheque in the mail when you decide to sell off the corporation.

Another thing that I do not appreciate, I do not appreciate the government spending money on advertising trying to convince the public that this is a good thing. Why do you not save the money, because you are spending hundreds and thousands of taxpayers' dollars to convince the taxpayer who does not believe it is a good idea? I have not talked to anybody in my travels that believes privatizing MTS is a good idea. I must have talked to hundreds and hundreds of people and everybody says the same thing, no, it is not a good idea. We want to keep it public. We want the money to be kept for services that the public sector delivers. This is common. I have not heard anybody that has said yes, next to the 31 members of the Progressive Conservative caucus.

Finally, I just would like to say, with the government's record, in all due respect, is that when I hear assurances and guarantees, I am sorry, they are not worth anything because there have been promises upon promises upon promises that have been broken by this government that were said during the election campaign that they were not going to do this, and all of a sudden they are doing all of these things. They are shutting down hospitals and they want to privatize home care, and all of these issues were raised, and there was no concern during the election campaign and all of a sudden they are. So the assurances that you give the public do not hold any water, because nobody believes you because you have no credibility anymore. Once a government loses credibility you have nothing.

I am mainly concerned with the future for Manitoba, and I know what has happened over the years through the policies of governments and downsizing and cutting back and what has happened in the private sector. I know I have felt the pinch. People do not have the money. Organizations do not have the money. I know what it is like. I am an entertainer. I go out and entertain people. I know how difficult it is to get business now because of practices that governments have done and the trickle-down effect, that these organizations have shut down. Places where I used to perform no longer exist.

You know, this whole collapse of our society, let us try and stop it now. Let us not continue this process, because the division between people who have money and people who do not is getting greater and there are fewer people that have more money and there are more people who have less. Incomes are going down, and this is just part of the trend. You are just continuing the trend. If this is what you want, well, I guess, go ahead and do it, but I do not think it is in anybody's interest for people to be starving, where poverty levels are at high, record rates.

**Mr. Chairperson:** You have one minute.

**Mr. Webb:** This is a trend in our society. We have got to stop it. We have got to look at what the best interest for long-term growth in our society, and the trend that is going on in the last 10 years, 15 years has done the exact opposite of what has been said by members of your federal government from 1984 to 1993 and the present government now and the present government here in the

province. I know that no governments are perfect. Everybody makes mistakes. We are all human. But listen to the people. Listen carefully, because it is not going to stop here at this committee hearing.

It is not going to stop, and it is going to continue. It is going to continue further, and it is going to get ugly because people are getting mad out there. They are furious, and it is getting to a point, I do not know how long it will take, but there is, you know, something happening out there that you are not seeing, and it is not going to be a very pretty picture where the sides of our society have to divide up and fight. It is coming to that. I thank you very much for listening to my comments.

**Mr. Chairperson:** Thank you for your presentation, Mr. Webb.

**Mr. Cummings:** I just wanted to make one comment and a question. I believe the government of Saskatchewan by its own figures shows that this province is the least cost place to make a living for those with modest income or to care for your family. Secondly, if you would express an opinion of CRTC and whether or not that is a capable body to regulate telcos. Thirdly, can you tell me which hospital we closed?

**Mr. Webb:** I am talking about emergencies, I am sorry. Like, for instance, Misericordia is closed at night. Seven Oaks is being changed.

**Mr. Cummings:** And the CRTC.

**Mr. Webb:** The CRTC can be an effective body, but it depends on how much power they are given.

**Ms. Barrett:** Thank you. I was interested in your analysis of the income disparities increasing; and it struck me that under Bill 36, which the government is putting through this year, welfare recipients will have to, most welfare recipients if they are deemed employable will have to show upwards of 15 job contacts in either two weeks or a month period, and if telephone rates rise as they have in virtually every jurisdiction where they have been privatized, in Alberta \$6 a month for the next two years, do you see a problem there with people being able to get off welfare or do you think this will only increase the income disparities?

**Mr. Webb:** Well, with regards to that, once MTS becomes privatized and the rates go up, what is going to happen is, the lower income people are going to have to either have a phone or not have a phone, and if they have a phone it is going to cost them more. Subsequently, that is income that is going to come out of feeding themselves, and social assistance is not a get-rich scheme in our society, it is a survival situation, and every dollar means a meal or means something. It is very significant.

So what is going to happen is, that means that little Joey is not going to be able to have meal, you know. He is only going to be able to have two meals a day or something like that, and as we do this, continually to do this in our society, the lower end of the scale is going to—there is going to be greater poverty in that situation, and they are not going to be able to afford it. If these people cannot afford a phone, what good is it for them to go out and look for a job because they cannot contact them? A lot of employers look upon, well, what kind of person does not have a phone? Why would I want to employ somebody like that? Trust me, I know that because I went through that situation six years ago where I was down in the dumps. I did not have a phone. My business, I had an embezzlement, and all these things that caused me to go into a poverty state, and I had to go out and look for a job. Believe me, when I said, well, I do not have a phone right now, oh, thank you very much, good-bye. That is a reality. You are looked upon as a nonentity in society.

**Mr. Dewar:** I thank Mr. Webb for his presentation. You mentioned advertising and the Save Our System coalition in Selkirk, the Save Our Telephone System coalition.

**Mr. Webb:** Yes.

\* (1200)

**Mr. Dewar:** I was part of the coalition, and we spent \$157 on our great advertising campaign. We purchased balloons and spent some money on some stamps, and not one cent of that was public money. It was all raised at a public meeting in Selkirk.

Now this government, to counter our campaign and other campaigns like that across this province, is spending upwards to \$400,000 of taxpayer money on that

campaign. Would you not feel that money would be better spent, you mentioned on health care, but another issue of course is the holding of hearings in rural and northern Manitoba? Would you not feel that, instead of spending that money on trying to sell something to Manitobans that they do not want, the government in fact should be holding hearings through rural and northern Manitoba?

**Mr. Webb:** Absolutely. I was just up in The Pas. Actually I came back yesterday, and that is why I missed my first calling. I talked to a couple of people up there, and they were totally apathetic. So you are winning the battle because you have got them apathetic because they feel that they are not important in the process with regard to MTS, and, yes, that money would be better served to hold public hearings in rural areas and these small communities such as The Pas and Thompson, Flin Flon, and get people to come out to them because they do want to be heard, but they feel alienated. This government is doing that. You are alienating a whole big chunk of our society right now, and I am not trying to finger-point. I am just giving you some good, constructive criticism, which is, get in touch with the people. They are right now—it is not a very pleasant situation, the view towards this present government, and I am sorry to say that.

**Mr. Chairperson:** Thank you very much, Mr. Webb, for your presentation. The hour now being twelve o'clock, I am wondering what the will of the committee is, whether we should continue presentations through lunch hour or whether you want to take a break of a few minutes and go get a sandwich. What is the wish of the committee?

**Mr. Reid:** Mr. Chairperson, it is my understanding that the next presenter, through the error that this committee has previously talked about, or the mix-up that this committee previously talked about, is unable to be here until a short time, has been called and is on his way here, and I am wondering if there is some way that this committee, being that we are at the lunch period now—

**An Honourable Member:** What was the name of the—

**Mr. Reid:** Steur.

**Mr. Chairperson:** We will call the names of the presenters as soon as we finish this discussion, if that is

the will of the committee. If not, then we will break for lunch. Whatever the will of the committee is.

**Mr. Laurendeau:** Let us keep going. He is here now anyway.

**Mr. Reid:** Well, perhaps, Mr. Chairperson, if there is a willingness of the committee to have a short recess, maybe 15, 20 minutes or so to grab a sandwich, and then we will come back and carry on with the presenters.

**Mr. Cummings:** Well, I hope we have learned our lessons in terms of allowing the names on the list to get leapfrogged back and forth, and we have indicated that, if someone shows up here and has been left off the list for whatever good reason, we will hear him. We did set an agreement yesterday to continue through the noon hour so that no one was forced to stay longer than they had already planned for, and we are probably already being forced to back up their schedules, so I would encourage us to keep going.

**Mr. Laurendeau:** I am in concurrence with the minister, Mr. Chairperson. I think we have been making some of these people wait long enough. Mr. Steur is here. I think we should continue. I mean we can take our breaks as we see necessary. So I would not want to inconvenience those people that are here now.

**Mr. Chairperson:** Is that the will of the committee that we continue? [agreed]

Okay, we will then continue. The name in question is No. 20 on the list, Mr. Thomas Steur. Is Mr. Thomas Steur here? Would you come forward, please. Mr. Steur, have you a written presentation for distribution for the committee?

**Mr. Thomas Steur (Private Citizen):** No, I do not, Sir.

**Mr. Chairperson:** You do not. Thank you very much. Would you proceed then, please.

**Mr. Steur:** Thank you. Do I address you as Mr. Chairperson?

**Mr. Chairperson:** That is right or Mr. Chairman. I accept either one.

**Mr. Steur:** Mr. Chairman, as the case may be, I would like to thank you and the members of the committee for having me here and taking the time from your proposed lunch break to hear my presentation. I am just going to talk about this proposed legislation from several different points of view, the first being is this going to make any difference. I question—

**Mr. Chairperson:** Please continue. I just advised staff that there were sandwiches in our caucus room for them. If they would want to eat something, they can help themselves there. [interjection] That is just for staff, yes.

**Mr. Steur:** I just question the integrity of a government that has campaigned as recently as a year ago on a promise not to proceed with the kind of legislation that is in question here today, and I wonder if a violation of the democratic process can take place like that if this government is in fact going to pay attention to what I have to say. I can only hope that my contribution to the democratic process here is going to be heard today and that some members of the committee may take back some of the words that they are hearing today.

The first thing I would like to talk about is the results of the proposed legislation on increases in local phone rates, particularly as this pertains to the North and rural communities. It is my understanding that if MTS is privatized and sold to a private owner that local phone rates may rise dramatically to reflect the true cost of providing services to these areas. I do appreciate that this is a high cost and that under the publicly owned utility system as it has been since its inception, some of the higher costs for the rural and northern areas have been covered by the rates paid by ratepayers in the city.

As I understand it, one of two things may happen under a private owner for the Manitoba Telephone System. Number one, rates may rise to reflect the true cost of providing service to these areas which is going to be a hardship for I think almost everyone, all but the most well-to-do, and as we all know well-to-do people tend to be concentrated in urban areas of Manitoba and not so much in the rural areas. This is going to present a true financial hardship and owning a telephone is no longer going to be something that can be taken for granted. It is going to become more of a luxury

\* (1210)

The other possibility we have to consider is that if the CRTC decides to play rate police with the telephone rates in Manitoba, it may prevent the utility from charging these higher rates altogether, in which case, the private utility would be in a position to consider abandoning telephone service to these areas altogether. I think that would have devastating consequences in just about all areas of rural Manitobans' lives.

The second thing I want to talk about is that the control over this utility will be transferred from Manitobans themselves. It is my understanding that MTS is in fact not owned by government, but government is rather just the steward of a publicly owned corporation. My concern is that control over this utility will be transferred from Manitobans to an as yet unknown unmet corporate behemoth. This may be a corporation from outside the country. This may be a large multinational corporation with absolutely no interest in Manitoba and the quality of life that we as Manitobans enjoy here. It is my understanding that the Manitoba government is to retain a special share in the ownership of the Manitoba Telephone System but that this special share of 25 percent is to be held only until the cost of the network is paid for by the buyer.

Provisions that have been made in the legislation, as I understand it, for the headquarters of the Manitoba Telephone System to remain in Manitoba and also for the majority of seats on the board of directors to be held by Manitobans, that all these provisions are to be dissolved when the utility is paid for in full. Personally, I do not want my telephone system to be owned by a multinational corporation that has no interest and no concern at all for my quality of life as a Manitoban. I think this can only harm all of us, and I have a hard time understanding the motivation for this legislation.

Another thing I want to add to this point is that, as I understand it, once a public utility is sold, it is gone forever under the North American Free Trade Agreement. It is virtually impossible to unprivatize, if I may coin a phrase, a previously publicly owned corporation or utility.

This suggests to me that the kind of telephone system that we have now is the best we are going to enjoy. If it is privatized there are no second chances; there is no chance of taking it back from whatever multinational

corporation buys this, and I can only see this harming the interests of individual Manitobans.

The third point I want to discuss is the sale of shares and the sale of shares on MTS at bargain prices. This seems to me like a transfer of a large amount of capital to a select few people. Shares in publicly owned corporations that have been sold by this provincial government in the past have been devalued. I cite the example of the coaxial cable network belonging to MTS, sold earlier this year, which was valued at \$72 million and was in fact sold for \$11 million.

It really puzzles me that this government and governments in Canada in general have a habit of devaluing their assets and consistently underrating the values of public assets and underrating their capacity for borrowing.

I can think of no reason for such kinds of, I would love to use the word "propaganda," other than to intimidate the populace into swallowing the myth that the economy is in fact worse than it is, that our province, and this applies equally to our country, is in worse economic shape than it really is. I cannot understand the federal furor too about our credit rating constantly being at a risk for being downgraded by international credit rating agencies. I can only think that this must be to intimidate citizens. But I am getting away from my main point here.

I also find the hypocrisy interesting in the interplay between free market economics, which is as I understand it, the ideology behind legislation such as the piece that we are discussing today and the kind of sweet deal that seems to go on in the backrooms whenever this kind of a deal is put on the table and people do a little more digging into the facts.

**Mr. Chairperson:** You have one minute.

**Mr. Steur:** I have one minute. As I understand it, the Manitoba government made it mandatory earlier this year for Manitoba government offices to use MTS as their exclusive Internet server. This suggests to me that there is a nice cash cow for whoever is in a position to purchase this corporation, that we have basically legislated Internet services to government offices away from the free market and into a soon to be sold public

utility. This seems to me like a piece of hypocrisy and a conflict of interest.

Finally, I just want to say, Manitoba is in the heart of this continent, and we have a utility that is efficient and strategically placed and, correct me if I am wrong, has never lost money. This utility should be allowed to continue providing quality service to the populace while providing a tangible return on our investment in the form of jobs for Manitobans.

**Mr. Chairperson:** Your time has expired, sir. Are there any questions or comments?

**Mr. Conrad Santos (Broadway):** I would like to ask the presenter some questions. Do you feel that there is too much link between the party in government and big business such that the government is willing to be used as instrumental means to promote big business interests of the few economic elites?

**Mr. Steur:** Yes, sir, I would agree with you in total. One of the things that I did not get to in my presentation, and I am glad that you touched on this, is that it really boggles my mind why a utility such as the one we are discussing is even being considered for sale when it seems to be in such a good position financially and as well as in terms of providing service to Manitobans. I cannot understand the rationale for privatizing something like this other than that this government seems to put the needs of its corporate bedfellows ahead of the needs of its constituents. That to me does not make any sense, seeing as we have elected a majority government here and the majority government is not responding to our needs as Manitobans.

**Mr. Santos:** Do you think this relationship is called for by the nature of the capitalistic system that we have in North America?

**Mr. Steur:** That is an interesting question, if this relationship is called for by the type of economics that we have in North America. I do not feel that it is necessary. I feel that one of the most important mandates of government is to ensure that the free market economic system does not get run away and does not get carried away with pandering to its own interest and to the interests of corporations. I think it is a very dangerous

position indeed when you put the interests of corporations ahead of the needs of individuals and families.

**Mr. Findlay:** Mr. Chairman, I could ask Mr. Steur a number of questions on some of the comments he made, but one right at the end I would like to seriously correct, sir. You said that—if I remember right—that this corporation, meaning MTS, has never lost money. I think that, if you check the annual reports, you will find in '86 and '87 they lost a total of \$48 million when the NDP was in power.

**Mr. Steur:** Thank you for pointing that out. I also want to recognize that the figure that you have quoted me is from nearly 10 years ago, and I am wondering more about the financial position that MTS is in right now.

**Mr. Findlay:** I will contend that, since '88 when we came into power, their financial position has improved drastically. It made \$160 million, lowered the debt-to-equity ratio from 91 percent, which it was when we came into power, to 78 percent, but the reality is that the industry averages around 45 percent. It is still a very heavy debt load that is guaranteed by government. We could talk forever about this, but I just wanted to make you understand that, when you say never lost money, that is not totally true. It is a serious problem, and it is a challenge they have every day but since we came in power, you are right, they have never lost money.

\* (1220)

**Mr. Steur:** I would like to ask the minister a question then in return. What is the motivation for proposing legislation to sell this utility?

**Mr. Findlay:** I think the fundamental thing is that we are in a change, drastic change happening, drastic technological change. Some financial challenges lie ahead in terms of investment in new technology. I think you know there are cellular phones available; that has been a costly venture. PCS has been licensed, another form of wireless technology. LMCS is another form of wireless technology, which consumers are going to want in Manitoba. Further capital investment is needed, and right now government is guaranteeing a debt of some \$850 million approximately at the corporation. It is a challenge, and that lowers our ability to borrow money in the broader sense to service the other needs of

government to health and education. So we feel this corporation is very strong today, can borrow money to do its own capital in the future on its own without the guarantee of government. So it is in a position today to move out and give the same high-quality service and very affordable rates controlled by the regulator that it is currently doing. So the world is changing, I guess, is the bottom line.

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

The next presenter on the list is Mr. Roy Roman. Mr. Roy Roman, would you come forward, please. Have you a written presentation for the committee?

**Mr. Roy Roman (Private Citizen):** No, I do not.

**Mr. Chairperson:** Thank you. Proceed then, please.

**Mr. Roman:** Okay. Thank you for hearing me today. I want to state that the government has no mandate for this. In the last election, they promised they would not sell it. On the drive down today, I kind of find it ironic about the labour law changes, and what they are trying to do there, I would like to kind of compare what they are saying about MTS and selling it and all the changes that they are trying to ram through. What kind of mandate did they really have, if you want to compare it to the labour law changes to make unions accountable?

What is accountability for the government? Are they not like an executive of a union? They have to have accountability, and all Manitobans are like members to this union. Where is the democratic process in this? I cannot really see it. I am very concerned that we are going to be like Alberta with our rates going a lot higher. On the selling of MTS, what is going to happen to all the jobs? The government keeps telling us that they are trying to bring jobs into Manitoba and whatever, but by selling MTS are all these jobs going to be lost? What is going to happen to them?

Hearing today the presentations, they are saying MTS is very profitable, but they need money for new technologies. Now why are they not taking these profits and investing in new technologies? I do not see anything happening along those lines. I feel that the privatization of MTS is going to open a lot more things, and I kind of

find it ironic as this government, from what I read in the papers, has not really made a mandate of what they are going to keep under NAFTA. This kind of concerns me: Is this part of the deal of NAFTA that we are going to sell off all our companies like MTS, Manitoba Hydro, Autopac, the Liquor Commission? They have not made a mandate. They have not come out and said that they are going to protect what is under the protection, what they are going to protect.

I feel that they should be protecting MTS. It is a very profitable company. We have had it for many years, and I am just wondering why, where is their mandate to sell? I cannot see it.

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

**Mr. Findlay:** Mr. Roman, you made a comment that I thought I would just pick up on to give you some comfort. Every dollar of profit that MTS makes is plowed back into the corporation as new capital to invest as part of their ongoing package. Government does not receive those profits; the corporation retains them. It has always been that way, and it remains that way.

**Mr. Roman:** In these new technologies, I cannot see it. They keep wanting to make more profits and more profits. If they invest in the new technologies, they will make more profits.

**Mr. Findlay:** They are investing into the new technology on an ongoing basis. They spend in the vicinity of close to \$200 million a year in capital which goes back into it, so it runs itself very effectively with reinvesting its profits. You talk about jobs. It is a very major job creator across Manitoba, pretty close to 4,000 jobs there now. There is nothing in my mind that is going to change those jobs being in Manitoba after the corporation is owned by shareholders primarily in Manitoba.

**Ms. Barrett:** You mentioned that you were hearing about the labour relations changes, and I wonder if you are aware that in the election campaign and right after the election campaign not only did the Premier (Mr. Filmon) say there were no plans to sell MTS but the current Minister of Labour, Mr. Toews, said that the only changes that he envisaged in labour would be, and I quote, minor housekeeping changes to The Employment

Standards Act. I am wondering if you are aware that those comments were made by not only the Premier but the Minister of Labour.

**Mr. Roman:** Just lately I am kind of aware of what is happening in the labour law changes. That is why I kind of find it ironic that if you compare what they want to do in the labour law changes is make it more democratic, well, where is the democracy here? They are selling MTS off, okay. They had no mandate. There is no democratic process. I think these hearings should go right across Manitoba in order to be a very democratic process, and out of that they would get the mandate and find out if they do have the mandate to sell MTS. I do not think they have it.

**Ms. Barrett:** A very good point. The minister, in responding to a concern raised by the previous presenter, listed several new technologies that were coming on stream and that needed a lot of capitalization, and that was one of the reasons why they were privatizing the system.

I am wondering if you are aware that these new technologies are basically designed for the large long distance corporate clients; that residential telephone users largely can utilize the existing technology through the Internet and the current hardware and lines, et cetera, so that when the minister talks about these new technologies, he is not talking about the vast majority of Manitoba citizens who now have reasonable basic rates, he is talking about again supporting his big business corporate clientele particularly at the expense of rural and northern Manitobans and those such as seniors and people on welfare on fixed incomes. Were you aware that that is actually what is happening?

**Mr. Roman:** I was unaware.

**Mr. Chairperson:** Thank you very much for your presentation. I will call next Mr. Archie Evans. Mr. Archie Evans has been called for the second time. He will now be dropped off the list. Sylvia Bector. Is Sylvia Bector here? She has been called for the second time, and she will now be dropped off the list. Darrell Cole. Darrell Cole, he has now been called for the second time and will be dropped off the list. Lloyd Brandson. Lloyd Brandson, he has been called for the second time, will now be dropped off the list. Robert Hibbert. Robert

Hibbert, he has now been called for the second time and will be dropped off the list. Jesse Vorst. Jesse Vorst, would you come forward, please. Have you a written presentation that you would like to present?

**Mr. Jesse Vorst (Private Citizen):** No, Sir, just some notes.

**Mr. Chairperson:** Not. Thank you very much. Would you proceed, please.

\* (1230)

**Mr. Vorst:** Thank you. It is a great pleasure being here. I think that Manitoba, in the forefront of democratic practices, has made a rule that the citizens shall be heard. I think these kind of hearings are an example I think for much of the western world as to how participatory democracy ought to operate. It is a right that we have; it is not a privilege extended to us by anyone. I trust that the people listening to the presenters will indeed listen with attention, and that of course in turn those who make presentations do make a valuable input. I certainly intend to do so even though I have just a few, speaking out.

I am by profession an economist, and I have done a fair amount of work in the field of privatization, deregulation, et cetera. I am still struggling with the question of why this government has introduced legislation to privatize the Manitoba Telephone System because in the literature, if I look at the various criteria, I cannot find much that would support this kind of a measure.

Companies may not be able to compete if they are owned by a government; that happens sometimes. I certainly think that the record of the Manitoba Telephone System, of course, going back many, many decades but also in the very recent past with a great degree of competition, MTS performance has been excellent. It is not in the hole. It keeps turning a profit; indeed the profit is being plowed back into the company to develop more and better facilities. I have not heard of any complaints about MTS not being able to fill the mandate of providing fast, efficient and general telephone services to the people of Manitoba. In other words, the concept of inability to deliver services, not being able to live in a world of competition, does not hold water.

(Mr. Vice-Chairperson in the Chair)

On the other hand, we know from privatization elsewhere that one of the main problems is the lack of the provision that is normally called the public service provision, in that companies who are in a position, a monopoly position or semimonopoly position, if their activities are in the public interest, more than can be translated into the price for a product, then those companies must be required to provide the public service at large rather than for a narrowly defined clientele. It is something MTS has done extremely well over the years. The experience elsewhere shows that privatization almost inevitably leads to a siphoning off, the creaming off, of the most profitable services by a privately owned company in pursuit of the highest possible dollar of profit at the expense of the provision of the same service for the people who might not be able to come up with that highest profit dollar in terms of the fee, the fare, the rate or whatever name we call the price that is being paid

We certainly have only to look at the experience in Great Britain where privatization has been a massive disaster in many fields of the economy, and whereby, on the other hand, we look at the remuneration of the people running the enterprises. Those have skyrocketed far beyond anything that those people could get within a government or indeed if there were truly competition for management positions in the private sector.

Companies might be privatized if the debt load is excessive, and they just cannot serve the public anymore, that kind of debt load. There is no indication whatsoever that we have that problem in Manitoba. In fact, MTS, being a Crown corporation, basically has the backing of the provincial government in terms of the bond rate and therefore should be able to borrow at the lowest rate possible. The technology which could be a problem for some companies that are kind of restricted in the way they can pursue new avenues, there is no problem with MTS. I have availed myself lately of a number of services of MTS, and of course I am only a simple university teacher, but the number of services that have enhanced the way that I carry out my duties as a teacher very well

I think the role of a Crown corporation as an instrument of public and social policy is an area in which MTS has served the people of Manitoba extremely well. We have services across the province at reasonable rates. The Manitoba Telephone System has been able to make services available to the people in far distant

communities, communities that, given again the experience elsewhere, will have to pay considerably higher rates if MTS were privatized and without, that is the crucial thing, any clout on behalf of the provincial government or the CRTC, for that matter, to regulate the kind of prices that are being set in the more distant parts of our province.

Part of this is caused by the fact that this act does allow for extra-provincial ownership of MTS. We cannot possibly expect a shareholder living in Toronto, in Tokyo or Timbuktu to have at heart the interests of the people of Manitoba whether they live in Winnipeg, the Interlake, in Churchill or whatever. In other words, we have lost any kind of social conscience when it comes to delivery of services by MTS once the owners are located outside the province. I do not hold my breath that things will be terrific when the capital owners are within the province. We may have some problems there, but at least those people we talk to, day to day, those people are taxpayers of Manitoba, those people are electors of this government and of future governments, those people will be sensitive to the needs of Manitobans. We cannot possibly expect it from people living outside the province.

What we are going to see, I am afraid, and, again, given the experience elsewhere, is a rapid increase in remuneration for top executives, applications to the CRTC for increases in the rates because of a desired profit percentage, again the Alberta experience I think is very clear, and the deterioration of services and/or massive increase in rates for people living outside our main urban areas. Thank you.

**Mr. Vice-Chairperson:** Thank you, Mr. Vorst.

**Mr. Cummings:** Thank you for your presentation. I suspect we might have some basic disagreement on the public policy issues that you raised, but, setting that aside, I would be interested in your views on the consequences of government underwriting debt, whether it is for Manitoba Telephone or for other corporations, because you indicated that, because there was the ability of government to underwrite the debt or to accept responsibility for the debt. Have you given any thought to what that might mean in turn to the borrowing ability of government and to its ability to get those low rates that you referred to?

**Mr. Vorst:** Mr. Minister, I think that there has not been any evidence that this province has had problems raising funds on behalf of its Crown corporations. The Province of Manitoba is as solid as is laid out in the Public Accounts. The assets of MTS are more than sufficient to back the liabilities of the corporation. The worst that I think would happen is if we moved up one little notch or one notch down, actually, and that, yes, I agree, if that were the case, a very small increase in borrowing cost could occur; however, there is no indication whatsoever that a privatized MTS could borrow the money at a lower cost than that paid by underwritten loans or underwritten by the Manitoba government.

**Mr. Findlay:** Mr. Vorst, you have made a comment that I have heard many other people make, and that is the concern about the dollars leaving the province. I think you used profits leaving the province, going elsewhere. I would just point to what Mr. Cummings also raised, it is that MTS does a lot of borrowing which is backed by government. You look at the annual report, and it is almost a whole page of debt issues. I do not have the exact number in front of me, but the vast majority of those interest dollars all leave the province right now, so money from the corporation from ratepayers is flowing out of the province because of high debt load. Is that not of a concern to you?

**Mr. Vorst:** Yes, it is a concern to me, and I have always applauded efforts on behalf of successive governments of Manitoba to increase the amount of funds raised within the province. I think that the previous government, this government have done an excellent job in letting Manitobans share in the way that they finance their government, their telephone system, their hydro, in particular. In terms of dollars leaving the province, yes, if the money is borrowed outside the province, that is money that we actually lose. Of course, it will not improve if we decide then to privatize MTS, because that money may, and certainly if the shares are held outside the province, then the dividends will definitely be paid to people outside the province.

\* (1240)

**Mr. Findlay:** Given that bill says that no more than 25 percent can be foreign owned, meaning that 75 percent would be available in a preferential period to Manitobans, so in that form of recapitalization are we not

recapitalizing the debt back to be owned by Manitobans so the money now stays in the province?

**Mr. Vorst:** Unless I misunderstand, the limitation on ownership is on foreign ownership. It does not exclude people outside Manitoba to own a significant portion of this corporation, outside Manitoba within the country. We are not talking about all shareholders, the fact of living within the province of Manitoba and therefore being able to collect the dividends if privatization would take place along that line. We are talking about dividends leaving the province of Manitoba and the money not being available anymore to the people of Manitoba.

**Mr. Vice-Chairperson:** Mr. Minister, with one final question.

**Mr. Findlay:** One final comment just, we are making it available to Manitobans, to purchase, to recapitalize it back to Manitoba. If it ends up that they resell and they resell to Canadians, it is still within the country, and that 25 percent foreign maximum stays in place. We are really talking about bringing a lot of these debt issues that are currently foreign at least back into Manitoba in the first instance and keeping them back within Canada, so we are recapitalizing back to Canadians in this process in the broader picture. I think what you do not like to see is dollars leaving the province in interest or profits. We are trying to bring them back so they stay in Manitobans' hands.

**Mr. Vice-Chairperson:** Order, please. At this time I would like to inform members that this is an opportunity to ask questions of the presenters not to enter into debate or to clarify the matters. When we go into clause by clause, we will have that opportunity.

Ms. Barrett, with a question.

**Ms. Barrett:** I would like to ask him a question about MTS, as you have stated, being an instrument of social and public policy. I do not know if you were aware earlier in the morning, the minister acknowledged that at a cost of \$620 million phones in rural and northern Manitoba were taken off party lines and made private single lines, so that they had the same quality of services residents in the larger urban communities have. I would assume that you would agree that that was definitely an instrument of social and public policy. Do you see a

privatized Manitoba Telephone System as being prepared to undertake those kinds of initiatives?

**Mr. Vorst:** No, I certainly do not, and I alluded to that earlier. In a system whereby shares in the company are held by private individuals or by other corporations, the social conscience will disappear. Therefore, any form of social policy will go down the drain.

**Mr. Vice-Chairperson:** Thank you very much, Mr. Vorst. This concludes the time allocated.

**Mr. Vorst:** It has been a pleasure, Sir.

**Mr. Vice-Chairperson:** Cheryl Anne Carr. Cheryl Anne Carr, Cheryl Anne Carr will be dropped from the list. Laura Masse. Laura Masse, second call, this person will be dropped from the list. Don Masse. Don Masse, this is his second call. This person will be dropped from the list. Kelly Logan. Kelly Logan, this is the second call. This person will be dropped from the list. Paula Prime. Paula Prime, this being the second call, this person will be dropped from the list. Dave Cummer and Judy Moreau. Dave Cummer and Judy Moreau, being the second call, these persons will be dropped from the list. Costas Nicolaou. Costas Nicolaou, being the second call, this gentleman will be dropped from the list.

Shane Nestruck. Shane Nestruck. Was I incorrect, it was not Shane?

**Mr. Shane Nestruck (Private Citizen):** It is Shane Nestruck, thank you. You got it right.

**Mr. Vice-Chairperson:** Thank you, Mr. Nestruck. Do you have a written presentation, Mr. Nestruck?

**Mr. Nestruck:** No, sorry, I am in the process of planning a trip up to northern Manitoba, and I did not have time to type it up.

**Mr. Vice-Chairperson:** You can just go right ahead then.

**Mr. Nestruck:** Okay, thank you very much. I will lean like this so I can speak into the mike.

Thank you very much for this opportunity, gentlemen. As a Manitoban for the last 18 years, I chose to move

here from another part of Canada. I find this a really excellent process, and I am really pleased to be here.

There are some ideas that I seem to be picking up from the discussion of this privatization of MTS, that seem to dominate certain aspects of people's thinking: one is competition, and the other is that bigger is better. A lot of things in this world are being sold on that basis. But this bit about competition, I think philosophically I come from a viewpoint that people socialize in groups for the benefits that they bring to their group, and I see Manitobans as a political entity, well defined, that are organized and are supposed to be organized and our government is supposed to be organized for our benefit. Now I want to know—when you get to ask me some questions back, maybe you can explain—what competition from outside that group has to do with what is good for our entity here in Manitoba.

For instance, I am a father. I have children and we share the benefits of our family amongst the people in the family. We do not have competition at the table; at the supper table, we do not have competition. People sit down at their plate and they wait their turn and they pass and they share. Now we are a family in Manitoba, and we are not equally prepared to compete. There is no way. I am a musician. Economically, I am so far down I am below the unemployed, but I have other things I can do to compete. But, when you use the word “competition,” what is it about? What is it about? It is not about this large family group or political entity called Manitobans sharing what we have in Manitoba for equal and the benefit of everybody in Manitoba.

I am going up to The Pas and Flin Flon and Thompson for the next week, and I assure you that they do not get the calls I get for long distance savings being in Manitoba. Of course, they got the tie lines into Winnipeg because they do not put the tie lines into Flin Flon or they do not put the tie lines into these little communities up there so they can offer these long distance savings.

This competition thing and this change—and the minister brought up a really interesting concept earlier on that times are changing and things are changing. Well, I also happen to be a teacher and have, from time to time, taught over the last 25 years. I give you just the word, the education system, and you can see what the wonderful god of change has done. It has put us into backwaters; it

has taken us in the wrong direction time and time again, because bureaucratic, political thought, thought that change for the sake of change was a good thing. There has been a whole turnaround in education. The concepts of wearing a uniform and ties are back in a lot of schools in Canada, and the concept of discipline and the concept of respect, not for the individual who is strong enough to compete successfully on his own, but for everybody to have a reasonable—and learn to respect. Where the kid who can compete emotionally in the back of the classroom for the teacher's attention gets all the attention—no, that totally false idea is being completely disproven, and now we are getting back to enforcing respect.

Now that is what I thought our government MTS situation was about. I thought it was about making sure that the resources of this province were equally shared across the province especially when it comes to what most people in Canada and not in other parts of the world consider a right, access to telecommunications, access to a telephone, at a reasonable rate.

Now, it seems this whole concept is based upon old ideas that are passé. Bigger is better; competition is a good thing; believe me, as a fellow who weighed 215 pounds in my youth with no fat in those days—competition. I am a musician. I chose to use my hands in the most co-operative thing that humans do, play music. I have to tell you it is a heck of a lot harder to co-operate than it is to compete. Competition is a filthy word in my philosophy. I am sorry. I teach kids every day privately, and I tell them that competition is one of the cancers of our society. It is one of the cancers of society.

\* (1250)

I am 50 years old. I still can compete with any of you physically. Does that make me something of value? No. Just because I was born Ukrainian and I am 250 pounds does not make me more valuable than somebody else. Bigger is not better. I have to come to you as an equal and share with you on an equal basis on some valuable level while competition is not a reasonable reason for anything, especially in our educated part of the world. I think this whole thing is based on some philosophical ideas that people, when you get to a certain level, competition looks really good because you are able to

compete reasonably compared to some of the people down there and it feels good. But when you buy it, you become the victim of the biggest guy in the marketplace, the biggest person on the playing field. That is what this whole thing is all about. It is based on a real fallacy.

Now I know this is a little bit different than your figures and your technical details, but seriously, you are talking about this whole thing, we have a very operational system in which the people who phone me from The Pas—I am a musician, I am going up there to play and socialize with friends who I have met over the years—they can phone me for the same rate I can phone them. By the way, I drive up there on roads that we pay for probably economically much more in their mine than in my business. Their mine pays for a lot more roads than my business, okay, being a musician as I am.

We share, and this whole concept is really—it is preposterous. It is absolutely preposterous. I do not know why we can bring something like this to the table. I do not know why this can be brought to the table when in the previous election it was mentioned this was not on the table. That, to me, says there is some power, some big cat a little higher up pulling strings. Now, I am sorry. I am a little bit of a leftist person this way, okay. But I really do think people are kowtowing to the rules of the game that the people at the top find convenient. I am serious.

I know some of you people by reputation, and I have a lot of respect for you. But I am talking to you as probably equal in age, very close to many of you, and I am saying you are having the wool pulled over your eyes. There is no way Manitoba is anything less than a small, tiny little insect on this planet economically. We have got to look at it as we are the little guys on the playing field, and we have got to look after ourselves, and we have got to look after our interests because I assure you if we play by the rules of the big—and there is nothing in this province that is big on that scale—we have to play by their rules. They are going to use us, and they are going to abuse us, and then they are going to discard us.

Now, there is nobody in this room who has the economic status that they are very, very far separated from me, and I make less than \$20,000 a year. In the real economic system of this world, we are all plebes, and we have got to start to look at this like this.

**Mr. Vice-Chairperson:** One minute, sir.

**Mr. Nestruck:** I will try to fill it.

I am serious. We are being sold from the outside. You know, we talk about Conservatives, we talk about NDPs, and we talk about irrational people like me. We have got to start to look a little bit more like we are, much, much more like each other. You people do not often respect some of the ideas, but we are all the little people. And do not get yourself wrong. You cannot buy your way to the top like Mulroney. You will not have anybody to walk the streets with.

We are Manitobans. We are the little people, and we should all be here for each other's interests, not for the interests of multinationals and the multimillionaire—1, 3, 4, 5 percent of the population of the United States, probably less than a half percent population. Thank you. I am serious, really, I am serious.

**Mr. Vice-Chairperson:** Thank you, Mr. Nestruck, for your presentation. I am sure you will be open to some questions.

**Mr. Praznik:** Thank you very much, Mr. Chair. To the presenter, someone of Ukrainian heritage as well, I listened to your comments and I am just reminded of the country from which both our families came. After 70 years of living with a system that had no competitive market, I think we have seen what that does, so I must say I disagree very wholeheartedly in your analysis.

But my comment I wanted to make to you is in answer to your first question, which was the benefits of competition, and I share with you just a little story of a constituent who came to see me recently, very recently, who about six months ago on the long distance side switched to Unitel because they offered him 25 percent discount on all their calls and MTS offered only 15 percent on the best three numbers. Well, they came to see me just the other day in my office hours, and they had a letter from MTS saying that MTS was now matching that and they were switching back. So if you ask what competition does to my constituents, and I have many, many seniors who make a lot of long distance calls to family around Canada, around Manitoba, across North America, and the group of seniors I meet with at their clubs or other places, I ask how many use long distance

One of the great pluses of the last few years of deregulation and competition has been an ever-decreasing cost of long distance which has meant they have been able to keep in touch with their families at a much more affordable rate. You asked what the benefits are, and that is just one I wanted to share with you, sir.

**Mr. Nestruck:** Thank you so much. You are so right, but you did make one rather simple problem, a misconception there. Are you really mixed up about the tyranny of a totalitarian system and the tyranny of an economic system that uses people? I mean the economic system, that competition, uses female labour in the Orient to sew until their eyes cannot see clear enough to sew and then they discard them; that is tyranny. There is tyranny on both sides. You talk about socialists; that was not a socialist system. That was a totalitarian, and as a politician, you should seriously never be caught with your pants down saying things like that. I am sorry. The rest of it, I really agree with.

**Mr. Santos:** Competition is a conception that we derived from social Darwinism advanced by Herbert Spencer. It was derived in turn from Darwin and the basic principle is survival of the fittest. In other words, the strong has the right to eliminate the weak until everybody becomes strong. They applied this to the social system and that was the development of our capitalism. My question is, is it not really the case on the basis of self-interest, most people will embrace the kind of philosophy that will promote their interests? In other words, the strong and the economically powerful would embrace competition. The poor and the weak will say co-operation. Is that not the case?

**Mr. Nestruck:** Of course. That is the point, but the point I was making, Mr. Santos, is there is nobody in this province and there is nobody in this room who is not a little guy and should not see it that way, unless they are willing to step on the slightly littler people. That is the philosophy that we have got to realize is that, yes, we can all climb, and at the very bottom of the ladder you can climb on people and at the very top of the ladder you are on top of it, but we are pretty darn low on the ladder of what the world is about here. The competition concept is, to me, I am sorry, one of the filthiest, most backward social concepts living today on the planet.

**Mr. Santos:** I like to tie that in to other values other than the materialistic values, because I have known the Ukrainian family as the closely knit family. They have other values other than material; and closeness and co-operation and sharing is one of them. My question is, in a small province like us, in Manitoba, in all the provinces in Canada is maybe next to the lowest, pretty close. We can really say that we are in the category of the economically weak in terms of competition even within the Canadian context. Therefore it would be for the benefit of Manitobans, given the philosophy that we have to have according to our self-interest, that we share our resources together rather than compete with other strongest units in Canada, such as Ontario and British Columbia even within Canada, much less so outside this country, the giants like the United States, Japan, Germany, what can we compete there for and win? Do you think this is foolishness?

\* (1300)

**Mr. Vice-Chairperson:** Is there leave for Mr. Nestruck to just answer the question seeing as Mr. Santos took up all the time? [agreed]

**Mr. Nestruck:** Thank you so much, gentlemen, like seriously. Thank you, Mr. Santos. It is such a pleasure to hear you speak those words so clearly. When it comes down to all these issues, we have to—Mr. Praznik, this is for you too, okay?—get real and speak clear and get our philosophy and our understanding of what we are here in Manitoba doing on the table. Do not fart around. Be clear. Mr. Santos talks about sharing, he means it. I am talking about, we are Manitobans. We are supposed to be here for Manitobans, No. 1. [interjection] Thank you. It is such a pleasure and the best of luck to all of you.

(Mr. Chairperson in the Chair)

**Mr. Chairperson:** Thank you, Mr. Nestruck, for your presentation. We call next Ms. Ruth Steissenhofer. Ruth Steissenhofer, she will be dropped off the list. Dave Plummer. Do you have a presentation for distribution for the committee?

**Mr. Dave Plummer (Private Citizen):** No, I am sorry, I do not.

**Mr. Chairperson:** Thank you. Would you proceed please, Mr. Plummer?

**Mr. Plummer:** It seems to me that governments provide service for one of two reasons and sometimes for a combination of two reasons. The first reason, and I think probably the major one, is that there is a perception that society as a whole will benefit from ensuring that all members of that society have relatively equal access to a relatively quality service. This is the reason that is used for governments to be involved in activities such as education and health care.

The second reason, and this reason is not or should not be the primary reason for governments to be involved in activities perhaps, is that in certain cases, certain services that a government can offer will raise revenue; and, if they raise sufficient revenue, they can help to pay for other services which are revenue negative or revenue neutral. Some services are offered on a fee-for-service basis, and others are essentially profitable. The profits can go into general coffers in order to help fund general government services. In the case of the Manitoba Telephone System, both of these reasons for government involvement apply. Manitoba governments have for nearly a century provided telephone service to Manitobans. It is also interesting to point out that within the Manitoba Telephone System both of these reasons apply as well so that the more profitable aspects of the service can help to fund the less profitable aspects of the service.

The fact that the telephone system is owned by the people of Manitoba, held in trust by the government, has allowed for the use of the system to benefit all Manitobans. Decisions about providing telephone service to farm families, Internet access to northerners, 911 service to rural communities, are examples of these benefits. Since these services are unlikely to be profitable, given the small customer base, it is highly unlikely that a for-profit private corporation would have made the same decisions as MTS.

I grew up in small towns in northern Manitoba, and I can remember having to phone the operator in order to make an appointment to make a long distance call, and that is no longer the situation. Residents of northern Manitoba, similar to residents of Winnipeg, can pick up the phone and dial out for long distance, and I do not

think that if in the early '70s a telephone service had been provided to Manitobans by a private corporation, a corporation which has, as its fundamental point of view, a desire to make profit, that those decisions would have been made.

I am a small business person and my telecommunications needs have changed drastically over the last few years. When I went into business for myself, my telecommunication needs were essentially that I needed to have a telephone. I needed to have a way to call people, and I needed to have a way for people to call me. Now, in addition to that, I require a fax machine, and more and more I am communicating with clients and others through the use of e-mail. These are tremendous changes which have happened in a relatively short period of time. Certainly, e-mail was not even considered as a business tool five years ago, and now is becoming more and more necessary to operate in a business environment. It is widely understood that major changes in telecommunications technology and the needs of individuals and of businesses for that technology are likely to take place in the years to come, I would say in the year to come even, and in this situation it is more important than ever before that the people of Manitoba, as represented by our government, maintain decision-making power over our telephone system.

Ten years ago I was working for a vocational training program in a small town in Saskatchewan, and at that time many of the people whom I was working with were long-term welfare recipients who were in our program in order to try and stop being long-term welfare recipients. Many of those people were unable to afford a telephone, even with local telephone rates that were subsidized by profits from long distance. Those people had tremendous difficulty, as people have told you earlier today and in previous presentations before this committee, had tremendous difficulty finding work because they did not have a phone.

When you go to apply for an entry-level position and you fill in the application, the first question on the application is what is your name, and the second question is what is your phone number. Because we were running a program, we were able to find ways for those individuals to get around that issue. We could take messages at our program office, though our telephone number became known by certain employers in the

community, and that became a problem for people, or we could find money—under certain situations we could find money in our budget to provide local telephone service to our clients. But, if one of the goals of this government—and I think this is one of the goals of this government—is to help welfare recipients to get off welfare and to get into the workplace, certainly that is one of the things that ministers of this government have spoken about over the last years, then ensuring that access for poor Manitobans to a telephone system is a tremendously important part of this. Other bills before this Legislature right now are giving the government power to have more, not less, influence over the day-to-day decision making in areas such as health care, public and post-secondary education systems, but in the case of the telephone system the government seems to want less decision-making power rather than more. This apparent contradiction is both confusing and of great concern.

In fact, to me the logic of privatizing services of any sort is confusing. It seems to me that a service provided by the government is either potentially profitable or it is not. If it is not, then how is it that we can expect private corporations to take over the service and continue to offer it to all residents of the province? If the provision of a service is essentially not profitable, why would a profit-oriented organization want to take it on? The short answer is that it would not and that therefore those services which are not profitable will not be offered by private companies, at least in the long term.

If, on the other hand, a service can be offered profitably and is currently being offered by the government, why should it not continue to be so offered? The profit from MTS can help to fund other services such as health care, education and social services. Indeed, if a Crown corporation or a government service is revenue positive, it reduces the tax burden related to the provision of other services, which again is one of the stated goals of this government. By hanging on to MTS the government can keep taxes down, which is one of the things that you have said that you want to do.

\* (1310)

The minister has been quoted in the press as saying that Manitobans will be protected from the worst problems associated with private ownership by provisions for ensuring that Manitobans will retain a

certain percentage of ownership. The job of shareholders and boards of directors in private corporations is to maximize profit, not to ensure equal access to quality service. If a service is not profitable it will not be provided by a profit-oriented company, because their job is to make a profit. This is true even if those companies are Manitoba based, and while I admit that there is a certain sort of psychological feeling of safety in dealing with the Manitoba government as opposed to a national company that is based somewhere else or an international company, still, I mean, the fundamental purpose of a private corporation is to make profit.

**Mr. Chairperson:** You have one minute.

**Mr. Plummer:** Thank you. The only way to ensure that broad-based service provision is to be maintained is to have it provided by an organization which has the will and the mandate to do so. Such an organization is, or should be, I think, the government of Manitoba.

Finally, it is important for you folks to note that it is not easy for people to stand in front of a committee of this sort in order to make presentations. This is quite an intimidating environment, and the fact that dozens of people have come to speak to you this week about this bill should indicate to you how strongly folks feel about this. Frankly, there are a lot of things that I find more fun to do on a sunny Saturday afternoon than to come here, and I think that if you went out of this building to hear people in less intimidating circumstances you might find that you are hearing this message even more clearly than you are from the dozens of us who have made presentations.

**Mr. Chairperson:** Thank you very much for your presentation. No questions? Thank you very much, Mr. Plummer, then.

**Mr. Santos:** You say that services provided by government, if profitable, can be taken over by private enterprises, but if not profitable but essential to public interest, if taken over by public entrepreneur, will be discontinued because the bottom line is profit. Do you consider the telephone company as an ordinary business for profit making, or do you consider it as a utility kind of enterprise invested with public interest like water, hydro and things like that?

**Mr. Plummer:** It is clearly a public interest issue, and to run it as solely a profit-oriented centre means that, to my mind, it is almost inevitable that those aspects of it which are less profitable than others will be dumped in the future.

**Mr. Santos:** So you are saying there are two kinds of services that government offers, those that are invested with public interest, like utilities, those that are purely for public interest, like health, education, and that these things, these categories of activities should not be taken over by private enterprise.

**Mr. Plummer:** Absolutely.

**Mr. Santos:** Why do you think then this government is giving away all these activities invested with public interest to private people who are in the business sector?

**Mr. Plummer:** I have no idea what the answer to that question is. I have no idea why the government would want to do such a thing, and maybe members of the government would be willing to answer that question.

**Mr. Santos:** If I suggest to you that the government is allowing itself to be used by their powerful economic friends in the private sector as conduit, an instrument so that they can transfer all these activities in the hands of their friends. Would you accept some explanation?

**Mr. Plummer:** In general, I try to avoid conspiracy theories, but that explanation seems extremely reasonable to me.

**Mr. Santos:** We have a comparable activity here that we try to separate historically. For example, we separate religious activities from state activities. There is a separation of church and state, even if it is parliamentary or presidential system of government. The reason: there would be trouble if you mix the two together, as we witnessed in the inquisitions in the olden days.

Now, we have not learned to separate the economic financial activities with the purely public interests activities of government. We always try to mix them together. We confuse economic system with the political system. Do you think it would be a good policy to adopt the separation of business interests separate from government interests at all costs?

**Mr. Plummer:** It seems to me this is something that might be better discussed for a longer time over a cup of coffee. It does seem to me that it makes sense in certain circumstances for government to be involved, such as in public utilities, in activities which generate profit in order to subsidize those activities which government absolutely must be involved in which are essentially not profitable I would include in that government services such as health and welfare of the people of Manitoba, and provision of services such as local telephone service to rural and northern Manitobans which, at least at the current rates, cannot be profitable.

**Mr. Chairperson:** Mr. Santos, with the last question.

**Mr. Santos:** Even if the service to be provided is essentially a mixed kind, with a profit in it as well as a vested public interest, if we mix the two together and give it to private enterprise, who will suffer, do you think?

**Mr. Plummer:** Private enterprise does not have a mandate to watch out for public interest. The government has a mandate to watch out for public interest. So, in a situation where a private corporation is providing services which are considered to be in the public interest, where is the leverage for that to take place? The institution that has a mandate to watch out for all of the people of Manitoba is the institution which lives in this building. To say, we will sell this off to private enterprise and we will have shareholders and boards of directors making decisions which are to the benefit of all Manitobans is pie-in-the-sky, invisible-hand economics, which, I think, has been completely discredited. We need a visible hand, and the visible hand can only exist through government, I think.

**Mr. Chairperson:** Thank you very much, Mr. Plummer, for your presentation. Mr. Martindale.

**Mr. Martindale:** I move with leave of the committee that the honourable member for Concordia—

**Mr. Chairperson:** Is there leave for the committee to accept—

**An Honourable Member:** Committee changes?

**An Honourable Member:** That the phone system not be sold.

**Mr. Martindale:** I will change my motion.

**Mr. Chairperson:** I would ask that the committee retain the decorum that we have established so far today because it has worked well. I would like to see it continue. I will not entertain discussion around this table unless we deal with the motion. Mr. Martindale, with the motion.

### Committee Substitution

**Mr. Martindale:** I move, with leave of the committee, that the honourable member for Concordia (Mr. Doer) replace the honourable member for Selkirk (Mr. Dewar) as a member of the Standing Committee on Public Utilities and Natural Resources effective November 2, 1996, with the understanding that the same substitution will also be moved in the House to be properly recorded in the official records of the House.

**Motion agreed to.**

\* \* \*

**Mr. Chairperson:** I call the next presenter, Mr. Sean Espey.

**An Honourable Member:** He presented already.

\* (1320)

**Mr. Chairperson:** He presented? Oh, right, sorry about that. The next I call then is Ashley Soka. Ashley Soka. I call for the second time, Ashley Soka. Her name will be dropped off the list. Sandra Koch. I used the German pronunciation, sorry about that. Sandra Koch, I am told. In German, it would be Koch. Not seeing her, her name will be dropped off the list. Nalini Reddy. Nalini Reddy. Not seeing her, her name will be dropped off the list. Willem Janssen. Willem Janssen. Not seeing him, his name will be dropped off the list. Tim Byers. Tim Byers for the second time. Not seeing him, his name will be dropped off the list. Brad Loewen. Brad Loewen, not seeing Mr. Loewen, his name will be dropped off the list. Reg Cumming. Reg Cumming, not seeing him, his name will be dropped off the list. Louise Simbandumwe. Simbandumwe, is that right?

**Ms. Louise Simbandumwe (Private Citizen):** I will not come forward until you say it right.

**Mr. Chairperson:** Seeing her, am I pronouncing your name correctly?

**Ms. Simbandumwe:** It is a wonderful attempt.

**Mr. Chairperson:** Simbandumwe.

**Ms. Simbandumwe:** Dumwe, but everything else is right.

**Mr. Chairperson:** Thank you. Have you a written presentation for the committee?

**Ms. Simbandumwe:** No, no, I do not.

**Mr. Chairperson:** Thank you very much. You may proceed.

**Ms. Simbandumwe:** I think I have probably encountered most of you in the hallways over the past three or four days, because I have been in and out trying to figure out when I could speak, and I have spent a lot of time waiting for my 10 minutes of fame. So first, thanks for the opportunity, but also at one point as I was sitting here, I thought, what am I doing, what am I doing? Because I am involved in a lot of volunteer activities. If any of you could read Chinese, then you would know that this said human rights in China, and that is something that is very near and dear to my heart. The anniversary for the nine environmental and human rights activists that were executed in Nigeria is coming up on November 10, and I have agreed to organize a vigil for that, and I have not done very much work on that. November 12 is the anniversary for the Dili massacre in Indonesia, and I would like to be involved in that.

I was born in Burundi, and as most of you are probably aware, the refugee situation is really quite awful, in that refugees are being forced to flee the refugee camps that they were in in Zaire, and there are like hundreds and thousands of people on the move including my mother's cousins, and I have promised my mother that I will help her in terms of trying to locate them and trying to bring them to some sort of safety and raise the funds for that.

So I thought what the heck am I doing here in terms of spending hours and hours waiting for my 10 minutes to speak to this committee when I have all these other things that are just waiting to be done, but there is this emotional pull to be here. There is still the question of how can the issue of the privatization of a telephone system in Manitoba compare to these issues, to the activities of genocidal regimes and the plight of the refugees that I obviously feel a very close link to because they could be me, and as I was thinking about it in terms of trying to explain my own behaviour, it slowly started to become clear.

While I would never, ever equate the activities of the Burundian military, which over the past 30 years has murdered between, oh, 200,000 and half a million of its own citizens, and some of them were my relatives, I believe that there is a link between the behaviour of the Tory regime here and Burundi's genocidal military regime. That behaviour lies on the same continuum.

What they share is a very callous disregard for the well-being of the citizens that they are supposed to serve and a willingness to subvert the democratic process in order to serve ends other than what stands in the public interest. The impact of this attitude, which obviously differs in severity when we compare, say, the situation in Burundi and Zaire and Tanzania and Indonesia and east Timor and Nigeria and China to the situation here, there is like an obvious difference in terms of the extremes, but the end result is that it does result in harm to the citizens of Manitoba. This is especially true if we see the MTS bill in the context of all of the other bills that the government is trying to pass, the bills concerning welfare, the bills concerning regionalization and the impact that is going to have on health care, the bills concerning education, and I could go on and on and on, but I am going to waste my 10 minutes, so just dive into it.

If we look at this bill in the context of all of that, what I see is a real disregard for the people that are the most vulnerable in our society, people on welfare, people who are living in poverty, the working poor, people on fixed incomes such as the elderly, people in rural areas, and there is going to be a real division in terms of the people who, as we transfer more and more to the market, to that god the market, there is going to be a real disparity in terms of the sort of essential services that people are able

to access, because they will be based absolutely on the ability to pay.

That was one of the first things that I learned in marketing. The only consumers that we care about in terms of marketing our products and services are the consumers that have the ability to pay. We have to recover our costs and we have to make a healthy profit or else our firm is going to go belly up, and that is our mandate. That is the holy grail for all commerce students. So I learned that, and I think that a telephone is one of those essential services. In this society it is, and I was absolutely, and I am sure most of you in the room were, moved by one of the presenters who came forward who had a stroke. I think she illustrated the point so well. I do not know how much more I can add in terms of the way in which people are going to be harmed by this legislation as it moves forward, in very substantial ways.

The telephone is not considered an essential service in terms of welfare, and so welfare recipients have to pay for a telephone out of their disposable income, and at this point in time they are already being forced to make the choice between having a phone and other essential needs, and I am talking really sort of basic stuff like food and shelter and clothing, but a lot of times it is in terms of, having already gotten shelter, for a lot of the people that I know it boils down to food versus things like a telephone.

I belong to a group called People Empowering Themselves Against the System, and most of the people that are part of this group are on social assistance, and I know that a lot of the work that we do which involves trying to support people in their quest to find employment—one of the things that I should be at right now is a perogy making party because one of the members of our group got a whole bunch of potatoes really cheap, and so she is organizing a perogy making party and she is trying to get other people, all of whom are on social assistance, to bring different ingredients so that we can make these perogies, and people will have food to eat throughout the winter.

Now, part of what she has access to is our telephone list in terms of trying to get people to come out, and part of the way that we get people out to meetings is through the telephone. Part of the way that we organize and support each other is through the telephone, and the

people who are on our list, and there is a quite a long number of them who do not have phone, we have a lot of trouble getting the information to them about what is happening, particularly something like this. This really undermines our ability to do some of the things that I am sure our government would really like other people to do, and that is to support each other and to try and get people to a position where they are able to meet their basic needs through very innovative means like a perogy making party as well as supporting each other in finding employment.

\* (1330)

Because another thing is that this woman who is organizing the perogy making party announced at the last meeting, she is very excited, she expects to be off welfare within a matter of weeks because she has been able to secure employment. Everybody stood up and we cheered. We were so happy for her, but if people are forced to give up their phone for the short-term, basic need of needing food because the phone is too expensive because it is not profitable for a corporation to provide local service at the current rates—like, they are not providing enough of a rate of return to their investors—then people are going to be in a position where they will not be able to pursue those employment opportunities, and I think that it completely goes against the government stated objective behind a lot of its legislation, which is getting Manitobans back to work and creating a good economic climate.

The other point that I also mentioned is that this government is subverting the democratic process, and I am quite convinced, personally, in my opinion, that during the election the government lied. They deliberately misled the public in terms of what their intentions were with regard to MTS. I do not believe that in a matter of weeks or days or hours it suddenly came as an earth-shattering conclusion that there was this information that they did not have access to before that told them that it was a good idea to privatize MTS. I believe it was their intention all along.

**Mr. Chairperson:** You have one minute.

**Ms. Simbandumwe:** Okay. Furthermore, I am really upset that the government is wasting taxpayers' money in a propaganda campaign while failing to engage in a real, true dialogue, this one-way communication through the

TV, instead of actually going out to places where they know people who live on low incomes will be in the city, because a lot of them do not have the courage or the comfort level to be able to come here and present to you and to go out particularly to the rural areas and particularly to remote areas where people are going to be drastically affected because the local service that they get is in jeopardy in terms of the plans to privatize MTS.

Anyway, before I run out of time, I also have a question for Honorable Minister McCrae. I have been dying to ask you this, and so I am really glad we are in the same room together. During the whole attempt to privatize home care, I heard from a number of different people this rumor that you have a close personal relationship with, I believe it is the executive director of We Care in Brandon, and when I heard this it just totally blew my mind because obviously an organization like We Care stands to benefit an enormous amount from the proposed privatization of MTS, so while we are here face to face, I just wanted you to tell me that it ain't so.

**Mr. Chairperson:** Thank you very much, Ms. Simbandumwe. I am going to ask that you and Mr. McCrae might have a private little conversation about the question that you posed to him after your presentation here, because I do not believe that it pertains to the item or the issue at hand or the bill that we are dealing with. [interjection] I am sorry, I will not accept the question at this table, so I ask you to have that conversation with the minister after the presentation. I am now going to recognize Ms. Barrett and a question.

**Ms. Barrett:** I just want to put on the record that I disagree with the Chair's ruling, but I appreciate the—I am glad you took the time away from all of your other very important duties to come and present today. I think you have given us much to think about.

The Minister of Family Services (Mrs. Mitchelson) has stated in the House on numerous occasions that the goal of her government's changes to welfare and other things that they have done is to get people off social assistance. I think that your example of the circle that is attempting to get together to make perogies is exactly the kind of community support that we all think is vital.

Do you think that the Manitoba Telephone System if it is privatized will change the rate structure to a point

where even the people who are currently able to afford or, if not afford, make the effort to have a telephone will be able to do so, or do you have a sense that their profit centres are going to go elsewhere?

**Ms. Simbandumwe:** Yes, I think the best place to look is the places where it has happened already, Alberta being a good case in point in terms of what has happened to local rates.

Even in terms of an assessment of the cost structure of MTS and the parts of its service that are most expensive where it is not achieving cost recovery, an attempt to provide equitable access to the citizens of Manitoba I think will inform you with just a very rudimentary understanding of how corporations work, that, you know, unless there is a regulatory framework that prevents them from doing so, and I do not believe and I think it has been clearly demonstrated by a lot of the speakers that that is not going to be in place in terms of this legislation, that those rates are going to go up.

It is not going to be affordable for a lot of people to have a telephone, which I think is an essential service in terms of how this society functions. It is not in Burundi because, like, your next door neighbour always knows what the heck you are doing, and if there is a fire in your place they are going to be out there, but in this society where we are so isolated and fragmented, like, if there is a fire in your place and you are an elderly woman like the person who presented earlier, then it is a matter of life and death if she does not have a phone.

I would assert that the government bears a responsibility for the eventual impact on people's lives, aside from things like people finding employment. I think that there are really sort of basic health and safety issues that are being completely undermined by this legislation

**Mr. Martindale:** Thank you, Louise, for taking time out of the important work of human rights and concern for your relatives who are refugees to make a presentation here today and also for making connections between right-wing governments in other parts of the world and the government of Manitoba. As the Family Services critic, I am particularly interested in the views that you presented on behalf of low-income people and those on social assistance.

Are you aware that in some places, I believe in the United States, that some phone utilities have special rates for low-income people whereby they get a special rate but there are limitations, like one free phone call a day and after that they pay per call?

**Ms. Simbandumwe:** No, I was not aware of that. I would be fascinated to hear more.

**Mr. Martindale:** Well, what do you think would be the effect of that if low-income people could only make 30 free phone calls a month, and after that they had to pay for each call?

**Ms. Simbandumwe:** I think, obviously, it would have a very negative impact, particularly in light of the proposed legislation in Bill 36 which requires welfare recipients to meet a certain number of job contacts in order to retain their welfare benefits. How are they supposed to do that given such limited access to a basic communication tool?

**Mr. Martindale:** Well, I thank you for the point that you are making about job searches, because this government on the one hand is putting a lot of pressure on people on social assistance to get employment, and speaker after speaker today and other days have made the point that a telephone is essential for getting a job, but the concern that people have on this bill is that privatization may lead to higher phone rates which may make telephone unaffordable for people trying to get a job. Do you think it would be problematic if this lower phone rate with restrictions was means tested?

**Ms. Simbandumwe:** I think anyone who has done any research or even just talked with people who live in poverty, the stigma that is attached to that in society—and I think that our government bears some of the responsibility for that—is enormous, and to means test, I have not seen a means test yet that is not degrading and humiliating for the people involved, and if people are aware that there is going to be a means test in place, they are much less likely to want to utilize that service in order to not have to deal with that.

So I would say that I think that a lot of means tests tend to be kind of flawed to begin with, and there is a real problem in terms of missing out on people who actually do need the help and do not have the access to it.

Secondly, a lot of people are not going to apply simply because they do not want to be stigmatized in that way, and there is actually a member of PETAS who is gay, and one comment that she made during this really brilliant speech that she gave at a cafe at a coffee house was that she is gay and she is quite open about being gay, which is why she mentioned it in her speech, but she gets more discrimination from society at large, from the institutions that she interacts with, because of her income status, as a poor person on welfare, than she does for her sexual orientation.

**Mr. Chairperson:** Thank you very much for your presentation, Ms. Simbandumwe. I will call next Angeline Simbandumwe. Ms. Simbandumwe, do you have a written presentation that you wish to distribute?

\* (1340)

**Ms. Marceline Ndayumvire (Private Citizen):** No, I do not. In fact, I am not Angeline. Angeline is my daughter. She just arrived. My name is Marceline Ndayumvire, so Angeline said she would like to catch her breath, if it is okay with you.

**Mr. Chairperson:** Are you Angeline?

**Ms. Ndayumvire:** I am Marceline.

**Mr. Chairperson:** You are Marceline.

**Ms. Ndayumvire:** I am her mother. She just arrived.

**Mr. Chairperson:** And is she not going to present, Angeline?

**Ms. Ndayumvire:** No, she will. She is here, but she just arrived a minute ago, and she would like to catch—

**An Honourable Member:** They want to switch.

**Mr. Chairperson:** Is it the will of the committee that we allow the switch? [agreed] Go ahead.

**Ms. Ndayumvire:** I can go on?

**Mr. Chairperson:** Go ahead.

**Ms. Ndayumvire:** Okay, thank you very much. So as I say, I am Marceline. You can tell by my accent I was

not born here. I came here, not because of economic reasons, as some people will think; I came here because of the political situation in Burundi.

My parents worked very hard, decent people, gave us education. Over there in Burundi I was a teacher for many years, and I watched the death of the fragile democracy in Burundi when I was there, and I am very, very glad I am here in Manitoba, in Winnipeg. But I am very, very disturbed, because even though I cannot compare what is happening here to what is happening in Burundi, especially the pictures you see which do not tell the whole story, because I can tell you that 20, 25 years ago I remember just running through the window with this girl, the guns behind us, hiding. So I cannot compare this situation with what we have here and what is in Burundi, but I am disturbed because the same forces, I can see them here.

In the '60s, I was a young college graduate. I saw how the elections in which I participated twice, how they became meaningless. When people we elected, or people we thought were working for us, started to grab power for themselves and that led to a second force, which force I can see working here, is when the access to resources became concentrated in a few people. Those of us—I was young back then—who dared to sound alarms of what was happening were called traitors. I wish I was wrong, but everything I said or I saw, happened to pass and even more than what I could not foresee. I will explain what I am saying here.

Here I participate in elections with pride. The day of election, I go. I am glad to go to elect people, but during the last elections we were told clearly that MTS was not for sale. How in the world did they become for sale in less than a year?

I am glad for these hearings. They give me a sense that in something, maybe, I can be heard. I could not be heard in Burundi, but here, I feel that I can be heard. But when I think carefully, somehow it does not sound right, because I did not even know about these hearings except that Louise stopped at my place, I happened to be home and she told me about it. How many people—my friends when I talk to them, none of them have heard about these hearings, which means people of Winnipeg, people of Manitoba, do not have an input into what is going on. Not only that, these hearings have excluded people from Winnipeg who have not heard about it. How about

people in rural areas? How many are able to come here to be heard? How about people who depend on their telephone the most, people who cannot get out from the homes? Who is listening to them? How about the people who work?

For instance, we were hearing yesterday morning and afternoon, we know that is people who work. Most of them like to work. So automatically, those people are excluded. So that disturbed me. That is another way they seem to be listening to the people, yet not giving the opportunity for the people to be heard, and that really disturbed me. It has been my understanding that a good government serves the needs of all people, but as I say, what has happened in Burundi when the government grabbed the power and decided to serve the needs of a few people, it seems to me that the selling off of MTS which is a Crown corporation, which is profitable, the selling off of it automatically goes to serve a clientele, just very few people, which means the resources which are supposed to be the resources for people of Manitoba, all the people, go to few people.

We know that the private sector works for profit. Sometimes the profit goes against the good of people. When I say the good of people, I do not mean the selected few, I mean the good of all the people. When I came to this country, I first lived in a rural area. I immediately I got involved in the community. One thing which helped us in networking was the telephone. This networking was not only the chatting on the telephone or gossiping but doing the community work, crisis intervention, helping with the children. In my own case, I am a new immigrant who just came to Canada and who wanted to really adjust. By the way, I came here to Canada with five small children and who try to do the best to work, to go to school.

In my own case, I want to give you an example which show you how the telephone is very important for people who do not have much money. One of my children went up North to look for work. I could not protect the child. This child needed to go to see if she can earn money between the first and second year university. She did not have money. I did not have money, but I had a telephone. I told her, I say, okay, when you are in a crisis, you can phone any time and call collect if you do not have the money. Sure enough she found herself in a situation, I will not go into detail of all the situation, just that the

situation was close to life and death. Well, the only thing she tried to find was a telephone, a pay telephone and she called me collect. So I had to try to find a way where I can find somebody nearby by telephone who will help her to come back home immediately.

**Mr. Chairperson:** You have one minute.

**Ms. Ndayumvire:** Yes. So when I came here to this city of Winnipeg, I am again involved in the community and the telephone is the connection—now I am speaking as an immigrant woman, what is happening to immigrant women. The telephone is the link for job opportunities, for child care, for schools, for a crisis, and sometimes it is a matter of life and death. Without access to a telephone, some of us, some of the immigrants will be dropped out. What society does not care for people? It scares me to have to pack again after some years and run again and leave this country, as I have been running.

\* (1350)

**Mr. Chairperson:** Thank you very much for your presentation. Now, I must clarify one thing. How do you pronounce your name?

**Ms. Ndayumvire:** Ndayumvire

**Mr. Chairperson:** Ndayumvire. Got it. Mr. Martindale? Or, Mr. Santos, I am sorry.

**Mr. Santos:** Thank you, Mr. Chairperson. Ms. Ndayumvire, you obviously like and love democracy as a way of life.

**Ms. Ndayumvire:** Yes, I do.

**Mr. Santos:** My question is, in a democracy the greatest input is during election period.

**Ms. Ndayumvire:** Yes.

**Mr. Santos:** During an election period, those who run for public office say one thing during election and do the opposite when elected to power. How long do you think democracy will last?

**Ms. Ndayumvire:** Could you repeat the question?

**Mr. Santos:** The greatest input of the citizens are done during the election period.

**Ms. Ndayumvire:** Yes.

**Mr. Santos:** If those in political parties who run for public office say one thing during the election campaign and then do the opposite after the election is over and they are elected to power, how long do you think democracy will continue?

**Ms. Ndayumvire:** I hate to be a prophetess of doom, but when the people say one thing and do another and when a big portion of the population do not have access to power and resources, that is the death or the beginning of the death of democracy.

**Mr. Gary Doer (Leader of the Opposition):** I thank you for your presentation, and I hope all your family and your fellow citizens are safe through this very, very terrible crisis in your country.

I would like to ask you, you mentioned that during the election campaign it was your clear understanding as a citizen that the government's promise was not to sell the telephone system.

**Ms. Ndayumvire:** Yes, I understood that. I understood that MTS was not for sale.

**Mr. Doer:** So you really believe that the government made a commitment to you as a citizen not to sell the telephone system if they received a mandate from the people of Manitoba?

**Ms. Ndayumvire:** Sure, that is what I believe. That is why I say if it has come to change their mind, they should have to come to the people, and then if the people decide that we are going to sell it, then that is it. But now I believe that was the commitment made to us, that MTS would not be sold.

**Mr. Doer:** Would you support then—I think you just mentioned, to come back to the people. We all know in representative governments that they have to make decisions. We all have to make decisions, but on major issues where there is an election promise given and a mandate provided to not sell a phone system, would you support the idea that the public would have a right to vote

as a shareholder whether to sell the phone system or not, given that you had an original promise that this would not be sold if the Conservatives were returned to a second majority mandate?

**Ms. Ndayumvire:** Certainly. That is what I would expect. I would expect that they would come to us, that we will have a say in that.

**Mr. Doer:** As a citizen that was given a certain promise by a government, have you been given any good reason why you should not have a vote as a citizen or a shareholder in this Crown corporation which you now own but which will be changed with the unilateral decision to privatize contrary to the election promise of 1995?

**Ms. Ndayumvire:** As far as I know, I have never gotten a satisfactory reason for selling it, and as a shareholder I would like to keep my share. I would like to keep MTS.

**Mr. Chairperson:** Mr. Doer, for one last question.

**Mr. Doer:** Yes, during this crisis and outside of crises, you have to use the services of MTS operators, I would suggest, for a lot of international help in phone calls, I would imagine. How have you found the service level from the people you have been dealing with at the telephone system now as a public corporation in your experience dealing with a lot of international calling requirements?

**Ms. Ndayumvire:** The service was very good. In fact, one case was when I tried to trace my cousin, and I should say that is the only one who survived in my family and who has been fleeing for the last 25 years. I tried to trace him in that camp which fell yesterday, the Camp Magunga, and MTS was very good. They tried to call it. They called. They tried to call overseas. I was very, very impressed—very, very impressed.

**Mr. Doer:** Thank you.

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

I am going to ask those at the back of the room, if you want to have conversations, would you please do so out in the hall. It makes it difficult for us to hear over here. So I thank you very much for that, for your consideration.

Is Angeline Simbandumwe here? Would you come forward, please. Welcome to the committee. Have you a written presentation that you would like to distribute?

**Ms. Angeline Simbandumwe (Private Citizen):** No, an oral one.

**Mr. Chairperson:** Thank you very much. Proceed then, please.

**Ms. Simbandumwe:** I would like to thank you for the opportunity to present. Like the other people who have presented, I have concerns about Bill 67.

One of them, I believe, that has been brought up before is the government's mandate to sell off MTS. In 1995, during the provincial election, they promised not to sell off MTS, so I am concerned about sort of the mandate or how the government feels they have a mandate to do this. The other thing is nobody has studied the probable effects of the sale in detail. As mentioned before by several members of my family, we have lived in rural Saskatchewan and we know how important phone service is and the fact that there has not been a lot of consultation with rural Manitobans, the opportunity for them to present. Things like distance have not been taken into account.

Another area of concern is the experience in other provinces that has shown that private companies are more likely to increase rates at a much faster rate than publicly owned companies. As somebody who has been a student and has lived in rural Manitoba, I know how important a phone is, and I would consider it one of the essentials. An increase in rates or a dramatic increase in rates would put access to a telephone out of the reach of a lot of Manitobans.

Another area of concern is I guess the effect on rural Manitoba. The rate structure ensures that rural and northern Manitobans do not have to pay as much as \$40 to \$50 a month for phone service, and how long that would last if it was a privately held company is also of concern.

Jobs are also another major issue. As sort of a university graduate who is out there in the job market looking for work, I know how rare well-paid, unionized jobs are, and the loss of that amount of work in Manitoba, I think it would be very hard for these people to obtain comparable employment.

I also do not particularly see the need or the reason for selling MTS. It is a profitable business. In terms of technology, it has kept up. It is turning a profit. I just do not understand the need to sell it off.

\* (1400)

**Mr. Chairperson:** I am sorry for not paying attention. We were discussing the business of the committee here and registration, so I am sorry. Are you finished with your presentation? Thank you very much, Ms. Simbandumwe. Are there any questions?

**Mr. Doer:** Thank you very much for your presentation. You mentioned that you were both a student and also resided in rural Manitoba.

**Ms. Simbandumwe:** Actually, rural Saskatchewan, sorry.

**Mr. Doer:** Oh, rural Saskatchewan. Oh, you do, indeed, have cheap rates there, as we do here. Okay. That is my first question. Where in rural Manitoba were you? I apologize for that mistake.

(Mr. Vice-Chairperson in the Chair)

You mentioned again in your presentation that you did not think the government had a mandate in the '95 election. Do you believe you were given a specific promise to not sell the telephone system by the Conservative candidates in the last provincial election campaign?

**Ms. Simbandumwe:** That was my understanding. Maybe I missed it in all the political speak, but that was my understanding of what they meant when they said they were not going to sell off MTS was that they were not.

**Mr. Doer:** So you feel that you were given a specific promise to not sell the telephone system by the Conservative candidates during the '95 election?

**Ms. Simbandumwe:** Yes, I do.

**Mr. Doer:** So the Conservatives, in your opinion then, have broken this promise to not sell?

**Ms. Simbandumwe:** Yes, I do. I last year had the opportunity to go with Canada World Youth to Trinidad

and one of the major, I guess, issues there is sort of their telephone system. A lot of people cannot afford telephones and the people that do have telephones are charged on a per-call basis. The family that I was staying with, because they could not pay their telephone bills, were only allowed to have outgoing telephones and were not allowed to have incoming telephones, so I found myself, when I was in Trinidad, having to go into Port-au-Spain to actually phone out to my family.

Being an asthmatic and being in a different country, there were all sorts of medical things that I was worried about. If something had happened to me there when I was in that specific household, I feel that in terms of informing my family, in terms of informing Canada World Youth, in terms of getting that information out there that I was in need of help, that would have been in danger. I feel that going to a comparable system here, you would have issues like this coming up, especially with people in rural Manitoba.

**Mr. Doer:** Have you been given any good reasons why the Conservatives have broken their election promise? You have listened to the advertising; you have listened to the debate; you are obviously interested enough in this debate to make your views known, have you been given a good reason, in your opinion, for their breach of this commitment to you as a citizen?

**Ms. Simbandumwe:** No, I have not. I have a business degree, and as far as I know, there is no reason to sell off an entity that is making money. I just do not understand that part of it. They have not told me anything, have not produced any numbers that have sort of changed that.

**Mr. Doer:** If we cannot persuade the government to listen at these committees—and we are trying and you are helping in this regard—would you favour a vote of all the people on the sale of the phone system rather than having a unilateral decision by 31 people who made an opposite promise less than 18 months ago?

**Ms. Simbandumwe:** Yes, I do. I think that one of the arguments for representative government is there is not the ability to consult everybody so you elect officials that make decisions for you. But, if there are enough people concerned about the decisions that your elected officials are making, I think that the technology exists out there for

you to consult these people to have a referendum, get more input from the people who really will be affected.

**Mr. Doer:** Also, one of the tenets of representative government is you represent what you are going to do before you do it. If you do the opposite on something major like this, in my opinion, you need a mandate, you need an authority, a democratic authority. That is my view.

Do you feel the government has given you any good reason why, having the public voting one way in an election campaign on a certain premise, is not given a vote on this issue? Have you heard any good reason from the government why on a \$1.2 billion operation that has been owned by Manitobans for decades, that, as you say, is making money, providing service, and having jobs, they would not consult you as a citizen and other citizens before they proceeded as 31 individuals to break their election promise?

**Mr. Vice-Chairperson:** Is there leave for the presenter to finish her comment? We have run over the time. [agreed]

**Ms. Simbandumwe:** No, as I said, nothing that I have seen has given me any reason to understand why they would proceed without the mandate of the people, and sell off a Crown corporation that is actually making money.

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

**Mr. Doer:** Thank you very much.

**Mr. Vice-Chairperson:** Kristine Barr. Sorry about backing you up the one step there. We got a little bit confused when we did this one switch.

**Ms. Kristine Barr (Private Citizen):** No, there have been tons of problems with processing during this whole procedure.

**Mr. Vice-Chairperson:** Do you have a written presentation today for the committee?

**Ms. Barr:** No, it is an oral presentation.

**Mr. Vice-Chairperson:** Then just go right ahead.

**Ms. Barr:** Actually, that is what I wanted to start out by speaking to, was some of the process that is being used here. I got a phone call at my workplace yesterday, which is something I had given that number if they could not get a hold of me, gave a number for a message to be left and I check those messages all of the time. I was in a meeting and I got called out of it because they said it was the committee clerks calling and it sounded important. They ended up telling me that I would be heard today, Saturday, or on Monday, when in fact I had been told that my name came up yesterday when I had planned on taking the afternoon off to come and present to these hearings. I do not know how many other people were skipped over yesterday but I hope that is being taken into consideration, because obviously there was some sort of mixup on behalf of the committee of clerks.

**Mr. Vice-Chairperson:** If I could just stop you there. The committee has made a decision that they would hear today anyone who was skipped over from yesterday. We have corrected that. Thank you for bringing it to our attention.

**Ms. Barr:** All right, great, thank you. Perfect. It has been confusing. For someone who sort of—like I feel I sort of understand the government process and I have been confused by what has been going on. I think for someone who is new to the process and was coming for the first time to make a presentation to this committee, it would be really difficult and they would not understand the process that was being used. A lot of people do not know about these hearings at all, so we are missing out a large population of people who will never have a chance to let you know what their views are.

In saying that, I wanted to let you know that my view is that I do not think you have any mandate to be proceeding with selling off MTS right now. This was not part of your election platform. You were elected where you constantly, repeatedly said that you were not going to sell MTS. You made promises saying no, we are not planning on selling this Crown corporation. It is making a profit; why would we sell it off? There was sort of the hint that this might be the direction your government was going when they started consulting with industry on the possibility of this, but still when you were confronted

with it by the opposition, by the NDP, you repeatedly said, no, we are not going to sell off MTS.

\* (1410)

I think you are forgetting that this is a public utility that belongs to the people, not to you. The government is elected, and you control it for a certain amount of time, but it belongs to the people of Manitoba. You certainly do not have my permission to sell off my share of MTS right now.

The phone is a public service and it is one of the necessary utilities, pretty much like the lights that we have or the heat that we have in a room. We need to be able to have access to telephones. If we sell this off and we lose our Crown corporation status, not only is it going to be more expensive through the tax system, because I understand that we will lose the tax status that MTS currently has as a Crown corporation. So it will end up being more expensive to administer that way. You know, the accessibility will not be there.

I will give you an example from my own life. I am someone who has an income that is far below the poverty level, and I need my phone. If I am working on contract work and I am waiting for a phone call to come about a position, I need to know that my phone is going to be there. There have been months that I have not been able to afford to pay my phone bill.

(Mr. Chairperson in the Chair)

So I think with MTS you have a longer period of time right now where they do not make you pay it. You know, as long as you can make a little bit of a payment, that is fine. So I might not pay my entire phone bill for up to four months when all of a sudden I will come into some money and I am able to do that.

Under a profit-driven system, I do not think that flexibility is still going to be there, and that to me is a big problem because this is something that should be publicly owned, that should be a priority for Manitobans. I think at the very least we need to have hearings to see if Manitobans want to give up this privilege that we have with it being a publicly owned system that has a lot more flexibility.

I think there have been examples, like with Unitel. There is an article that was in Maclean's, I guess a couple of months ago now. It was in September, where it talked about how Unitel, the long distance phone company that was supposed to save Canadians lots of money, is still losing money. So we do not really have concrete examples that if we privatize the system it is going to be more profitable.

In closing, I just want to say that if selling MTS is best for Manitobans, then allow us a chance to participate in this decision. Take it to a public vote through a referendum or wait until the next election, and see if you get back in under this promise of selling off MTS. Right now, MTS provides affordable rates, good service and quality employment for Manitobans, and it is still making us a profit. Thank you.

**Mr. Chairperson:** Thank you very much, Ms. Barr. Are there any questions?

**Mr. Doer:** Thank you very much for your presentation. You mentioned Unitel. Are you aware that Manitoba Telephone System had to pay Unitel some \$35 million for them to come on to our lines to take away our business? Are you aware of this situation in terms of the federal CRTC decision?

**Ms. Barr:** Yes, I think it is ludicrous that we are paying this type of money to companies like Unitel, and I think that if we give up our status as a Crown corporation now under NAFTA, we are never going to get it back. It will never be able to become a publicly owned Crown corporation again, given the parameters of the North American Free Trade Agreement.

**Mr. Doer:** You mentioned that NAFTA could prohibit us. There is also an interpretation that a future government could take it over and could be successful with NAFTA. You have just mentioned this is a problem as opposed to—it is a further risk about public sovereignty, if you will, but not necessarily one which you would recommend that somebody in the future would surrender, will you?

**Ms. Barr:** No, I would not recommend that.

**Mr. Doer:** You mentioned rates and your capacity to utilize a phone at a reasonable rate. Have you looked at any studies of moving to cost recovery in Alberta and

what that would mean to consumers, both senior consumers, low income consumers and rural and northern consumers?

**Ms. Barr:** Yes, I know that it would be a lot more expensive, because right now service to rural Manitobans and northern Manitobans is subsidized through the public system so that everyone gets more equal access to the system with their ability to pay. I think that if we followed through with a few of the studies that have shown that it is going to end up costing rural Manitobans more, and they might not be able to afford the service.

**Mr. Doer:** The rationale—there is no rationale for breaking the election promise because all the decisions to move into a competitive environment were made in '92-93, and not in '95-96. That being the case, the government argues that because the CRTC makes decisions on rates, therefore there is no difference between a public and private firm. However, if you ask for 0 percent increase in Saskatchewan for three years, the CRTC is not going to grant an increase. If you ask for \$6 per month per year over two years, which would be \$12 a month, like Alberta AGT did, they will grant that. If you ask for only \$2 a month, as Manitoba Telephone System has done, they may grant that as well. So the CRTC is not the major factor in determining rates; it is the utilities application itself that initiates the rate increase.

Is there any way we can get through to the government and the Premier (Mr. Filmon) that the argument of the CRTC is a bogus argument, because if you ask for nothing you will not get an increase, and if you ask for a major increase, you have a chance of jacking the rates up, particularly as Alberta is starting to do, in rural and northern communities.

**Ms. Barr:** I think that is information that Manitobans need to know, and I do not think that the majority do know that. I think we need to have public hearings. We need to follow a due process which allows input from the communities that you are supposed to be representing.

**Mr. Chairperson:** I am going to give the floor to Mr. Praznik to put some information on the record.

**Mr. Praznik:** Mr. Chair, I heard with great interest the first question of the opposition Leader, and he left on the record the impression that the utility in this province was

ordered by the CRTC to pay some \$35 million to Unitel. In fact, I think the record would indicate that those words were used. I am asking for clarification because our staff from Manitoba Telephone System, which understand these things in great detail, have indicated to me that that is not the case at all. He may be referring to a decision that was made by the CRTC and the Public Utilities Board whereby the cost of the interconnections was covered substantially by the utility, but any impression that he left when he asked the presenter about MTS having to fork over \$35 million to Unitel, Manitoba Telephone System sitting right here says there has never been a cash transfer. If he is referring to the payment on the interconnect, which is available to others, for which they do pay something, I think that should be clarified because that is a very different—somewhat different—than the way he has conveyed it to the presenter.

Secondly, he may not have been aware that the fact that decision, I am advised, was also recommended, I understand, by the Public Utilities Board in Manitoba in the conditions of transfer. So I think when we are talking and asking presenters' opinion, we do them an injustice if we are not accurate in the information we put on the record. I gather that is what the member, the Leader of the Opposition (Mr. Doer), was referring to.

**Mr. Chairperson:** Now I am going to—

**Mr. Doer:** Well, if I can clarify the same point, because—and I will just take a second on it.

**Mr. Chairperson:** On the same point of clarification, I will grant you the same privilege. However, what I am going to leave on the record, there was one minute left in the questioning, I am going to add that minute to the end of this discussion.

**Mr. Doer:** Fair enough. That is correct, and we will quibble about the terminology, and I would grant that there was for the interconnect for a competitor to come onto our lines. One would note that in other areas, and this has been our point all along, that this is not real competition. I mean, they are not establishing their own telephone lines to go from Winnipeg to Toronto or from Winnipeg to Flin Flon. The ludicrous assumption that this is competition for us to pay capital money to have a competitor come on to take away our revenue, you would not see The Bay paying \$35 million to Eaton's to take

away business from their company, and that is the point I was trying to—

**An Honourable Member:** That is to drop the price down here.

**Mr. Doer:** The price has been dropping on long distance calls since 1987 with rate balancing through Telecom Canada, and I know that, you know that. Saskatchewan, if you compare Saskatchewan to Manitoba, and the delay in joining in on the CRTC decision and the different kinds of revenues, there is quite a different story.

\* (1420)

**Mr. Chairperson:** Mr. Doer, I am going to interject here. Thank you for your comments. There is one minute left for questioning. Are there any further questions? If not, thank you very much, Ms. Barr, for your presentation.

**Ms. Barr:** Thank you.

**Mr. Chairperson:** I call next John Loxley. John Loxley, for the second time, he will be dropped off the list. Jerry Keenan, for the second time. Would you come forward, please. Have you a copy of your presentation that you would want to distribute?

**Mr. Jerry Keenan (Private Citizen):** No, I do not. I just have some hand notes that I am going to refer to.

**Mr. Chairperson:** Thank you very much, Mr. Keenan. Please continue.

**Mr. Keenan:** Thank you. My name is Jerry Keenan. I am a resident of Winnipeg, Manitoba, and I have three reasons for wanting to speak today. One of them is, I am a citizen of Manitoba and I have concerns about the sale of MTS for personal reasons. A second is that I am a member of a committee that deals with crime and violence within our community, a committee for order and peace. The third reason is that I am a member of the Broadway executive constituency, and I deal with the residents of the Broadway constituency. I hope to speak on some of the concerns that I have heard from those people and others as it applies to violence.

I know that you have heard a lot of other presentations, and I am probably repeating a lot of what you have heard,

but some of the things that I have put down for the reasons why I believe that a telephone system in 1996 should be considered almost an essential service for people in Manitoba, I know that personally when I am dealing with people they say, can you fax that over to me? I say, I do not have a fax machine. I almost feel embarrassed that in 1996 I do not have a fax machine, and I can imagine what it must be like for somebody to say, I do not have a telephone. You cannot call me, I cannot call you, I do not have a phone. That must be very embarrassing for a person to not, in 1996, have a phone.

The reasons why people need a phone, particularly here in the inner city area of Broadway, is the urgency for 911 calls. When it comes to families and the amount of crime and violence and things that go on in this city, it is almost imperative that you have immediate access to a phone for fire, or police or ambulance. When you go to run to somebody's house and you say, I need a phone and they say, I do not have a phone, now what do you do? Those seconds are very important. So having phones and having every household have a phone is important to everybody, not just the people who live in the house.

It is necessary to have a phone so that people can check on the well-being of their family members. A lot of times parents are working, they have to phone home and check to see if the kids are okay when they get home from school, check on plans or whatever is going on in a family with the working families—if you did not have a phone to make those calls—checking on your seniors and elderly people within your family that you can call and see that everything is all right before you go to bed at night rather than having to drive over and check on them. As I have heard earlier here today, it is necessary for job searching. It is almost essential that you have a phone just so that you can look for a job, make an inquiry about your job, shift changes and whatever.

Another reason is to feel part of society. As I mentioned what it must be like for children and for parents to say, I do not have a phone. I know when I was a kid growing up we did not have a phone, but that was not uncommon. Phones were not everywhere and there were a lot of places where there were no phone lines, but in 1996 it certainly is not the situation.

There is also a need for a phone when it comes to contacting your extended family outside of the city of

Winnipeg. Sometimes it is the only means that you have to contact people in rural Manitoba. There are people who live here in the city of Winnipeg who come from rural Manitoba and the North, in particular, and they do not have a phone. They could not call their families there. As a member of the committee for order and peace, one of the things that we are stressing is the need for the extended families to stay in contact with each other and the use of those extended families and relatives and grandparents and uncles. If you do not have a telephone where you can make those calls to those people and extend that family out on a regular basis, then there is a big gap missing there. By having a phone, I think that it is one of the very important things.

Another thing that I have noted here is the ownership of MTS is something that is sort of just taken for granted. Somebody says we are going to sell MTS. You own it, but you do not really feel like you own it. It is not something like you think that you are going to notice that you are missing, but that is not true. We have raised our children to grow up to say, this belongs to all of us. The school belongs to everybody; take care of your school. Have pride in your school; do not vandalize it. Take care of your parks. Take care of your highways; do not litter. MTS is one of those things. When that is gone, something is actually missing. It is a loss, although it may not be something that everybody would notice as it is gone, but it is certainly something that we all can take pride in, and when you take that away from us, you do take something away.

I was reminded when I said about the loss, this loss is going to be felt by those who have nothing else to lose. A lot of the poor people who live in the inner city, that may be one of the few things that they say, I own MTS but I do not own a phone. They feel like they own part of the country, they own part of it. There is a song out that said—I guess you can change the word from “freedom” to “MTS”—“MTS is just another word for nothing left to lose,” but the song used to say “freedom is just another word.” The ones who will suffer the most over the loss of this MTS I believe are going to be those people who need it the most, the ones who are borderline who can just barely afford it, or maybe those that are trying to get a minimum wage paying job so they can some day get a phone. That may be in part of their plans. With the uncertainty of what the cost is going to be in the future, that is the concern that I have to speak about.

Some of the concerns that I have brought to my attention here are that once the sale of MTS has been decided, it is final. Any other fears that people may have out there about what does this mean to them or how is it going to affect their life, they are left to just trust that whatever happens is going to be in their best interests. I believe that there is a concern out there that there is this uncertainty as it applies for the cost of future use, a concern for the service that they are going to be provided, and whether all of the citizens will be assured of service in the future. That is a real concern that we have to speak on behalf of those other people who are not here speaking and perhaps are not able to.

There is a lack of knowledge by a lot of Manitobans as to the reason for this drastic decision to sell MTS. It is a very important asset. I believe there is a distrust of the facts and the figures that have been provided and whether or not they have been manufactured. It just seems to have suddenly appeared, that all of a sudden there is this big debt by MTS. Where did it come from, and now we have to sell it. There must have been some vision somewhere along the line that we are accumulating a debt, what are we going to do about it? Interest rates are going down. I do not see what the urgency is now. I would think that it would be more optimistic with the interest rates as low as what they are, but there seems to be a determination to go on. I believe that there is a real distrust out there of why the agenda is as it is.

We have been told as Manitobans by our current government years ago that we had to do some cost cutting, and we had to suffer a little bit in the short term so that in the future we would not have to suffer as other provinces are going to suffer. We hear of how the other governments seem to be doing quite well in other provinces, yet we had done this cutting, and I believe the sale of MTS is some type of cost cutting that we were supposed to be spared from.

I believe also there is a lot of factors as it relates to the money, the cost of the debt, how the debt was obtained, whether or not that debt cannot be better handled in another way than having to sell it, if not by working with the employees of MTS, that they cannot come up with another plan in which we can maintain ownership of MTS.

I guess I have a bit of a concern here, a warning perhaps, that the actions to sell MTS is another wedge between the people of this province. The sale will only worsen the already strained relationships between the haves and the have-nots of this province. The breakdown of relationship can only lead to more and more distrust, dislike, resentment and disobedience within our society, and with more and more families falling through the cracks.

I believe that this decision to sell MTS is a betrayal to all of the citizens of Manitoba, that we were not told that this was part of the plans of MTS.

I better get on my recommendation. I would recommend, I guess, that the privatization of MTS be postponed and have every bill payer that uses the telephone be sent a ballot so that they have an opportunity to vote on whether or not they wish to have MTS sold. I also believe that all of the youth in this community who this is going to affect be given an opportunity to vote, as well as all of those persons who cannot currently afford a phone and perhaps would like to some day purchase a phone, be given an opportunity to vote on this issue. I believe all three levels of this current provincial government could scrutinize and see that the balloting process is accurate and fair and that an honest account from the people be recorded.

**Mr. Chairperson:** Thank you very much for your presentation. I am going to ask for questions.

**Mr. Doer:** Thank you very much, Mr. Keenan. I recall being at a town hall meeting on crime and violence in the inner city that you chaired, I guess, less than a year ago. The issue of telephones, as I recall it, was one of the issues raised by the citizens dealing with safety, wanting more pay phones I think in areas that are adjacent to parks. In your opinion, the impact of the safety of citizens with the privatization—could you elaborate on how you feel that going from a nonprofit publicly owned corporation to a profit corporation, how would that impact or how would that come between the kind of concerns you hear and I heard that day from citizens and their telephone system?

**Mr. Keenan:** The information that I had received that day about the telephone, I remember distinctly, was that one of the persons on another committee had stated that

the persons living in the Point Douglas area, that 80 percent of the residents of Point Douglas did not have a phone. I found that to be a very high figure. I cannot state for a fact but the figure that was given to me was 80 percent.

When it comes to the telephone, my concern about the telephone, as it applies to crime and violence, is that social breakdown within the family and the impact that it has on a family of not having a telephone. My redress to crime and violence was that we have to assist families and raise their self-esteem and I guess their status within the community. I believe that by not having a telephone, you are taking away that opportunity.

As to the future of the new replacement to MTS, I do not know what their plans are about what they would do with telephones. I do not work for MTS so I do not have any idea of what their plans are. I certainly do encourage as many pay phones as possible, or even 911 access phones where you do not—I believe you can use 911 without a coin.

**Mr. Doer:** I recall that at the park across from the church—I cannot remember the park—that the citizens, actually, in '87 wanted a phone there across from the stores. MTS, as a public service, put a pay phone in there for the citizens, and they felt much safer in the park. I recall that when the North Portage project was proceeding, and then I was interested to hear the same feedback from citizens just on the other side of the park at that meeting you were chairing.

You gave us a very good recommendation to hold a ballot in the telephone bill. Obviously there is more than one person, potentially, sometimes one person, sometimes more than one person, with each phone. It seems to me that is a very reasonable proposal for the public to have a say in the government breach of promise. Have you heard any good reason why the government would not do that, why they would have people have a direct say in—I mean, if you are a private shareholder you get a vote before a merger takes place, but if you are a public shareholder with a certain promise, you do not seem to get any say at all. Do you want to elaborate on your proposal?

**Mr. Keenan:** I just feel from the people that I have talked with, there is a real distrust that this current

government is more interested in the more affluent citizens of Manitoba and that they will be the ones who will benefit from the sale and privatization of MTS, that the people who are at the bottom end of the economic scale, I guess, will not be able to buy the shares, will not be able to enjoy any of the benefits of the sale and, at the end of it all, will end up perhaps having to pay more for the service they are receiving or perhaps be squeezed right out of the market where they cannot afford it at all.

So that is the feeling I get from the people that I talk about, that this government has an agenda to take care of the elite few within the community and at the expense of other people, so I guess I hope that answers the question.

**Mr. Cummings:** I was just going to thank the presenter for the information that he supplied earlier, given what other presenters have said about accessibility by the poor. When he says there is 80 percent of a certain part of the city who do not have a phone, if that is what I heard him say, then we have a problem under today's system.

**Mr. Chairperson:** Mr. Keenan, did you want to respond to that?

**Mr. Keenan:** I certainly have some concerns about the way the current system is working. I know that if you are on social assistance and you want to get a telephone, you have to make such a deposit down on the phone in order to have a phone that there is no way they can afford to get it due to the deposit that is required on it. A lot of them are moving a lot and there is a service for changing the locations of telephones.

As it applies now, I believe that the people who are local telephone users are subsidizing those who are using long distance services, and I do not think that is fair. I believe that the local service said a lot of the people would be very happy to just have a phone for the purposes of calling home and access to 911. If there was a surcharge or an extra fee for long distance, I think most people would be willing to pay for that, but to be undercharged for long distance and overcharged for local service, certainly those at the bottom end of the pay scale can least afford to pay that.

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

I next call Jenessa Dawn. Jenessa Dawn has been called for the second time, her name will be dropped off the list. Lana Rosentreter. Lana Rosentreter, she has been called for the second time. Her name will be dropped off the list. Lawrence Cochrane. Lawrence Cochrane, he has been called for the second time. His name will be dropped off the list. Richard Orlandini. Richard Orlandini, he has been called for the second time. His name will be dropped off the list. Neil Arnason. Neil Arnason, his name has been called for the second time. He will be dropped off the list. Marilyn Brick. Marilyn Brick, her name has been called for the second time, will be dropped off the list. Jerry Sopko. Jerry Sopko, his name has been called for the second time, will be dropped off the list. Marian Yeo. Marian Yeo, are you here?

**Ms. Marian Yeo (Private Citizen):** Yes. I am present. I have no—

**Mr. Chairperson:** Yeo, right?

**Ms. Yeo:** Yeo, yes.

**Mr. Chairperson:** Right.

**Ms. Yeo:** Yes. Like yeoman of the guard.

**Mr. Chairperson:** That is a German word, too. That means yes.

**Ms. Yeo:** No, that is Cornish. Yeoman of the guards. They became—

**Mr. Chairperson:** Well, we say yeo to yes.

**Ms. Yeo:** You know, my son changed his last name Yeo to his middle name, because he moved to the States and they always say yo instead of hello and they would say, yo, Yeo. He could not stand it so I keep thinking maybe I should, too.

**Mr. Chairperson:** Welcome to the committee. Have you a written presentation that you would distribute?

**Ms. Yeo:** No.

**Mr. Chairperson:** No. Would you proceed, please.

**Ms. Yeo:** Why I responded to what one of the earlier gentlemen said about feeling intimidated in a situation like this, and in putting my name down I felt especially intimidated because I really know nothing about telecommunications. I thought all these experts are going to be there and I am just coming as an ordinary citizen, but I have strong feelings, and then I found a lot of other ordinary citizens were here, too and that is very encouraging.

My background is, I am by profession a writer and I became an editor, and I am now editorial director of Mercury Publications. I am also a partner. I am a part owner of Mercury Publications and so my background is business. I am sure you have never heard of Mercury Publications, but we publish four western trade magazines, Western Commerce & Industry, WCI, Western Grocer, Western Restaurant News and Western Hotelier. That is encouraging.

\* (1440)

We make our living mainly—we have about 10 salesmen and we send them out, of course, mainly to Ontario and to the west, but most of our business is telemarketing and our phone bills are enormous. They are unbelievable. I mean, they keep telling me and I say, do not even tell me. Now when this came up—I mean, I am constantly worried about the bottom line and everything and when it came up, some of the people had been asked if they think there will be rate changes. I immediately knew there will be rate changes and our business will benefit enormously, and I knew that. That was my first reaction, all these thousands of dollars we will eventually save.

I have a son who lives in New York, and when I go there to visit they have to pay for every local call, and he can call me for almost nothing. Their long distance calls are extraordinary low and I thought, oh, but my goodness, we will save all this money but what will the citizens of the community do? Like if I were not in business, I would not be affected one way or the other, but I am so pleased people spoke about the dispossessed. I tried to do some work, and I know some people who are on welfare. I was talking to one yesterday and he said he has been cut. He said, I am going to have to cut out my phone. Now, he has health problems, I said, you cannot; you have got to be able to phone. He says, well, I will not have any choice. I am going to go around and try to collect some money to help him out or something.

So that was the theme that everybody else seems to be aware of, and as a citizen I feel that community welfare is more important than my private business welfare. A lot of people in business feel like that. I serve on the finance committee of the Chamber of Commerce, and there is a lot of community feeling—probably more than most people realize, maybe not enough—and there are some that have no community feeling, particularly the foreign companies really do not have any feeling for Canada.

One of the things that was referred to I had not thought of was what I call cronyism. Will people benefit personally? If friends of somebody—and I come from a Conservative background. My grandfather—I do not know who is a Conservative here but those who might remember the name Charlie Garry [phonetic]. Charlie Garry [phonetic] was Rod Roblin's closest friend when this building was built, and I know an awful lot about cronyism. My grandfather—I just thought, is this happening again? Is this what is happening? I had thought all this stuff was over, I do not know, I hope it is. But my grandfather was appointed federal inspector of public buildings during the Bennett regime, and my grandfather was legally blind. I mean, I can tell you story after story like that. The whole thing came up now that I thought, because I have not been involved with the Conservatives and not, as my grandfather would have said, the dirty Grits. You know, that does concern me very—am I speaking wrong, or is something wrong?

The other thing that I did want to speak about was I saw that there was a lot in my family—I could see there was a lot that was not democratic, what I would call democratic. And I was thinking today one thing my grandfather said that suddenly came back to me. He once said to me, you know, it was easier in the days when I just had to go out and pay everybody a dollar and they would vote Conservative. I mean, I know we are nowhere near that, but I mean I do not want democracy to be destroyed. And to bring up over 70 bills at this time; it boggles my mind. I mean, how can we have democracy? To me I feel democracy is being destroyed. It is a very upsetting experience.

Those are the main points I want to make, but mainly I wanted to make that I, as I said, do not think that the rates will change; I know they will. I know that from a lot of business experience. One of the stories I wrote many years ago—I have never written on the Manitoba

Telephone System, although our magazine has carried articles—but I went out and did a big story on the Saskatchewan Telephone System, and I was so impressed with public ownership. They could not have begun to do what they did without public ownership there.

I just came back from a trip there, and there were people coming from India and from all over the world to study their system. I do not know whether they come to Manitoba, too, but you could not have had that rural network and that extensive coverage. So I do think that there are many cases—and telephones and utilities are primary probably—where public ownership is a great benefit.

Also, the Manitoba Telephone System is profitable, and I cannot see why we cannot keep it. I do not understand why this government thinks it needs to be privatized. I think that man's idea was very good, to send out ballots in our bills. I would like to see that done but, also, I do not know why, if we have to have more money for innovative technology, why we cannot have bonds, Manitoba Telephone. I am sure there are lots of other business solutions like that.

Also, I note, I did realize that we would be paying a huge tax, a huge federal tax. I am just trying to do this. The reason I went on the finance committee of the Chamber of Commerce was because I do not really understand finance and I am trying to learn. These things of balances, we need to work these things out, and, above all, I think the government should be accountable to the public. I think that is very, very important.

\* (1450)

**Mr. Chairperson:** Thank you very much for your presentation, Ms. Yeo.

**Mr. Doer:** Thank you very much for your presentation. First of all, I agree with you about the dispossessed and the impact that they will feel, and I think the Manitoba Society of Seniors has articulated that very well in a presentation this committee has already received.

But I am interested in your opinion on the possessed, the ones whom you represent in your magazine, although some of these people are having a challenging time making ends meet, but possessed in the sense of not dispossessed. I was talking to a private restaurant owner yesterday, who would be one of the people you would be

writing for, and he informed me that his business phone rate was about \$35 and his relatives' business phone rate in BC under a private firm was \$70 for the same phone, same restaurant kind of operation. We have done a little bit of poking around about this, but we probably do not have the access that you would have.

Do you have any views about the basic phone rate between the private and public in small business?

**Ms. Yeo:** No, I really do not know that. The contrast that I make is with this New York, New Jersey situation which is absolutely reprehensible to me. I just simply cannot believe that long distance is so little. I mean, nine cents a minute in prime time my sister had paid to call me the other day. I do not know, I think she pays more than that for each local phone call. So that is the main thing.

But I am very interested from the business point of view, and I also do not know whether the business people are community-minded or not, whether there would be any concern because a lot are having a rough time and so on.

Incidentally, from a business point of view, I do want to say, too, that from any logical point of view our business would have relocated to Calgary. Winnipeg is no longer the capital of the prairie provinces, Calgary is, but because we have been very loyal to Manitoba, we have not taken any of these other companies. We have stuck with Manitoba Telephone System because it is a public service. So, I mean, there must be other businesses like us.

**Mr. Doer:** That is one thing all sides have in common with you, our pride in Manitoba and keeping our community strong and our families living here with opportunities.

I was interested then, if you looked at Calgary, again, our review of AGT rates, which is now private, for small business, the base phone rate is quite a bit higher than the telephone rate here in Manitoba. Would the reason why you would look at Calgary as a logical basis—and I am glad that emotion is just as strong and pride for our communities is a stronger motive for you—but it would not be for the telecommunication cost, it would be just because of the growth of other businesses, comparable businesses, hotel and restaurants that you—

**Ms. Yeo:** We have three food magazines, and the food industry has pretty well relocated to Calgary. The loss of the food industry on the whole to Manitoba, I feel, has been disastrous. It has been heartbreaking to me as one after another has moved out, and many of those, quite a few, were American, as you know, so what do they care?

**Mr. Doer:** Thank you.

**Mr. Martindale:** Thank you for your presentation. Would you agree with me that the rationale that this government has given for selling MTS is totally fraudulent in that the private business sector has been lobbying for years for the deregulation of telephones and for privatization because they have strenuously objected to long distance customers and business customers cross-subsidizing residential customers and that their goals are being achieved by deregulation and privatization, so that business rates are going to come down, long distance rates are going to come down, and individual consumers are going to make up the difference?

**Ms. Yeo:** I did not realize that business had been doing this kind of lobbying. As I say, I am not active at the provincial level at all. I know they lobby for the Chamber of Commerce, and I do not always agree with them because it is not public.

Well, certainly, the fact that it was not brought up before the election, that I was led to believe that our public utility would be preserved, and I do not know what will happen to Winnipeg Hydro either, but there is some sort of deception there. There is no question about that.

I mean, that is why I am worried about democracy. I think the governments must be accountable. They must tell us what they are going to do and not just do it after they promised they would not.

**Mr. Chairperson:** Thank you very much, Ms. Yeo. I am going to solicit the views of the committee on what we do from here. I think the committee was called till three o'clock and the presentation would be 10 minutes. Committee rise? Agreed? [agreed] Committee rise

The committee will reconvene 9 a.m. on Monday

**COMMITTEE ROSE AT: 2:55 p.m.**