



First Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE
on
PUBLIC UTILITIES
AND
NATURAL RESOURCES

31 Elizabeth II

Chairman
Mr. Phil Eyler
Constituency of River East



MG-8048

VOL. XXX No. 2 - 10:00 a.m., THURSDAY, 15 APRIL, 1982.

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
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ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
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DOLIN, Mary Beth	Kildonan	NDP
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DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
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FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virden	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
KOVNATS, Abe	Niakwa	PC
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LYON, Q.C., Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
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MANNES, Clayton	Morris	PC
McKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	NDP
PHILLIPS, Myrna A.	Wolseley	NDP
PLOHMAN, John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
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STEEN, Warren	River Heights	PC
STORIE, Jerry T.	Flin Flon	NDP
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USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES & NATURAL RESOURCES
Thursday, 15 April, 1982

Time — 10:00 a.m.

MS DePAPE (Clerk of Committees): Committee will come to order. I have been informed that Mr. Harapiak will not be available to be Chairman this morning. Would the Committee agree to have Mr. Eyer replace him?

Mr. Eyer.

MR. CHAIRMAN, Phil Eyer (River East): Before we start I wonder if the General Manager could introduce his staff. Leonard Evans will introduce.

HON. LEONARD S. EVANS (Brandon East): Thank you, Mr. Chairman; looking at what happened last year what the Member for Pembina proceeded with. Mr. Chairman, firstly, I'd like to introduce the new Chairman of the Manitoba Telephone System Board of Directors, Saul Miller, who really needs, I believe no introduction to anyone here, unless there's some new members present and, of course, with him is Gordon Holland, the General Manager of MTS and he has, as per usual, some staff with him for technical advice and assistance as required.

I believe it was the pattern last year to call upon the General Manager to take us through the report because of his familiarity with the operations and I believe, of course, the report we're looking at specifically is for the period ending March 31, 1981, although we may have some comments on developments since then as well. So unless there are further questions, I'd like to call upon Mr. Holland.

MR. CHAIRMAN: Mr. Holland.

MR. GORDON W. HOLLAND, General Manager of Manitoba Telephone System: Thank you, Mr. Chairman. May I introduce some of our MTS officers that are here this morning. Glover Anderson, the Assistant General Manager; Mr. Ozzie Pedde, our Director of Marketing; Mr. Bob Tinkler, the Director of Operations; Mr. Dennis Wardrop, Director of Corporate Development and Mr. Gordon Backhouse, the Assistant General Manager Administration.

With your permission, Mr. Chairman, I'll make a few comments on the 1980-81 Annual Report as well as on some current activities and then we'll attempt to answer any questions which the Committee may have.

The Annual Report was mailed to all members during the fall of 1981 and was tabled by the Minister at this Session of the Legislature. A brief examination of the financial statistics in the report shows that total operating revenues increased by 11.4 percent; the total operating expenses increased by 15.1 percent and net revenue for the year was \$13,449,000, compared with a revenue of \$13,185,000 for the previous year.

The Capital expenditures during the year amounted to \$82,741,000.00. By the end of the year the System had a total of 712,983 telephones, an increase of 25,862 during the year.

The total investment in Telecommunications Plant reached \$793,034,000 at the end of March, 1981 representing an average investment of \$1,110 for telephone up from \$895 five years earlier.

It has been customary to supplement information contained in the Annual Report with comments concerning recent and current activities. May I, therefore, comment on the systems major programs and activities for the period from April 1, 1981 to the present.

The Financial Estimates for the fiscal year ending March 31, 1982 are subject to final year-end adjustments including those recommended by our Auditors, Thorne, Riddell and Company.

Operating revenues for 1981-82 are estimated to be \$245,383,000 representing an 11 percent increase over the previous year. Other Revenues will be approximately \$11,826,000, making total revenues of \$257,209,000.00.

Operating expenses, including depreciation and taxes, are estimated to increase by 16.7 percent to \$192,143,000.00.

Debt charges and foreign exchange amortization expenses are estimated at \$54,420,000, compared to \$51,775,000 in the previous year.

The System has six foreign long-term debt issues, representing 43 percent of total outstanding long-term debt. The additional costs arising from foreign exchange fluctuations for these issues, as at March 31, 1982, is estimated to be \$61,428,000, compared to \$71,296,690 at the end of the previous year. The unrealized loss on long-term debt is being amortized over the remaining life of the six foreign debt issues. The amortization of foreign exchange losses is estimated at \$5,568,000 for 1981-82, compared to \$7,504,000 for the previous year. The amortization is based on exchange rates at March 31, 1982.

In July 1981 series 11E was issued in an amount of \$47,962,244 with interest at 14 $\frac{3}{4}$ percent per annum. Government advances 9W and a portion of 10E were redeemed in the amounts of \$15 million and \$1,259,000 respectively. Of this \$14,900,000 was rolled over into unfunded advances with interest fluctuating at bank prime rate.

Capital expenditures for the year ending March 31, 1982, are estimated at \$100,689,000, up from \$82,741,000 expended during the previous year.

The net revenues for 1981-82, subject to final year end adjustments and audit, are estimated at \$10 million.

The debt equity ratio is estimated to be 83.3 percent at March 31, 1982, compared to a debt ratio of 83.9 percent for the year ended March 31, 1981.

There has been a gain during the year of about 19,500 telephones in the residential market, of these 11,650 are extension telephones. Telephone gains in the business sector are forecast at 7,800, with extensions contributing 4,400 sets out of this total.

As of January 31, 1982, there were 733,284 telephones in service in Manitoba. In terms of total telephones MTS remains the fourth largest telephone company in Canada. At March 31, 1982, there were 4,648 employees on staff, compared to 4,677 at the

end of the previous year; this represents 6.3 employees per thousand telephones, whereas the comparable figure a year ago was 6.6.

MTS filed an application with the Public Utilities Board of Manitoba on March 11, 1982 for revised rates to meet projected revenue requirements in the 1982-83 and subsequent fiscal years. Operating costs have been increasing at a higher rate than revenues; continuing inflation rates of 13 percent or more and interest rates in excess of 16 percent are anticipated.

The application requests approval of monthly increases of 60 cents to \$1.00 in individual residential line rates, depending on the size of the exchange. For example, the Winnipeg rate would rise from \$6.15 to \$7.15. Where applicable, monthly charges of 35 cents for colour telephones would be eliminated. MTS has requested that telephone rate groups be based on main station only counts and that extension telephones no longer be included in determining the size of rate group.

Individual business line increases would range from \$1.20 to \$3.20. In Winnipeg this would mean a rise from a monthly rate of \$15.95 to \$19.15. It is proposed that long distance charges within Manitoba would increase by two cents per minute. For example, the cost of a three-minute call from Brandon to Winnipeg would rise from 96 cents to \$1.02.

On March 5, 1982, the Minister responsible for The Manitoba Telephone Act announced a new policy which would allow Manitobans to own their own residential extension telephones. MTS was instructed at that time to prepare the necessary administrative tariff and to plan an information program to advise Manitobans of the new regulations and the necessary technical standards of telephone equipment. MTS is proceeding to make arrangements for the implementation of this new policy in order to meet the June 1 effective date announced by the Minister.

The rate for residential extension telephones would be reduced to \$1.25 monthly across the province from the present range of \$1.40 to \$1.65 monthly. The comparison of the proposed rates with those of comparably-sized Canadian centres, attached as an appendix, indicates that Manitobans will continue to enjoy relatively low rates for telecommunication services.

The projected revenue requirements anticipate Capital programs which will continue to meet increasing demand for services, maintenance of the plant to modern standards and the ability to meet need for an increasing array of services. It is expected that the debt ratio can be maintained or gradually reduced. Service Improvement Programs, some of which are described in the following are included in these forecasts.

Adjustment of exchange boundaries to accommodate change in calling patterns which have taken place over the years is a continuing demand by some of our customers. Some 111 of the 200 exchanges in Manitoba now have free calling with a neighbouring exchange or exchanges. Further efforts are planned in this regard as economic and other considerations permit.

A two-year, \$6-million program to bring Extended Area Service to 20 additional exchange areas is to be carried out between 1983 and 1985. The criteria for

eligibility under the program includes requests for Extended Area Service from customers in smaller exchanges, those with up to 2,000 telephones, where at least 50 percent of the customers in the exchange made at least one long distance call per month to the proposed Exchange Area Service community, and where the two communities involved are within 25 miles of each other.

The System's \$34 million Rural Service Improvement Program was completed in 1981. Under one element of the program, multi-party line loadings were reduced to no more than four per line with an average of 2.8, that benefiting about 45,200 customers. Under the other element of the program, individual line service has been provided to 13,400 customers in 193 communities where previously multi-party service was the standard offering. The extension of individual line service will be ongoing as future growth qualifies additional communities for the service.

And I might mention with extension outside plant construction and new switching facilities, the quality of the service generally has been upgraded.

MTS continues its efforts to improve service to Northern Manitoba. Regular exchange and long distance service was provided to 21 northern communities in a \$20 million program completed in 1979. A further phase of this program is under way to add exchange service and additional long distance facilities in 10 other communities with over 3,000 residents in total; these are Jackhead, Paungassi, Matheson Island, Pine Dock, Little Black River, Sherridon, Anama Bay, York Landing, God's River and Split Lake. This phase, which will require \$2.7 million is to be completed by December, 1983.

As well, significant improvements are to be made in communication services for the communities of Brochet, Lac Brochet, Tadoule Lake and Shamattawa. Until now these remote communities have had access only to northern radio telephone service, which can be unreliable due to atmospheric conditions, but this summer will see each of these communities receiving a single channel toll service provided via the Anik satellite. The cost to establish this service will be \$200,000, with an additional \$420,000 annually in operating costs, including the delivery of CBC video and radio signals to Shamattawa and Brochet.

The Provincial Automatic Number Identification Program, which began in 1976, has equipped a total of 52 exchanges with ANI at a cost of \$2.1 million. ANI is an addition in the switching equipment which enables the customer's number to be recorded automatically when a long distance call is made. Previously, customers were required to give their number to an operator when making a long distance call, known as Operator Number Identification. ANI will be introduced to the Manitou, Easterville, Grand Rapids, Cross Lake and Stony Mountain exchanges in 1982.

MTS remains committed to bringing its services closer to its customers and continues to take steps to be more responsive to the needs of its customers and employees. Restructuring of the Province into regions has enabled the System to develop with the communities we serve and to more effectively communicate our plans and activities.

Particular improvements have occurred in the

Eastern Region during the past year. The new Regional Administration Building in Selkirk, housing about 120 MTS employees, was officially opened on December 10, 1981; a new Operations Centre was opened in Winkler on January 21, 1982; Portage la Prairie received expanded and enhanced service during 1981; and a new operations centre is to be constructed in Steinbach this year to augment customer services in this area.

In the meantime the Western Region and Northern Region organizations continue as successful decentralizations of MTS services, providing closer contact between the System and its customers.

There are now 17 Phone Centres in operation in the Province following the openings of four more such stores during the past year. MTS opened a store in Flin Flon in August and followed with similar outlets in Swan River and Selkirk in December. In January of this year Winkler and area customers, who had previously been served by the Phone Centre in Morden, began receiving direct service from a local "Mini" Phone Centre store.

Our customers support the Phone Centre program because it provides them with faster service, lower service charges and the ability to shop for various telephone equipment at their convenience.

December 31, 1981, marked the completion of Project IDA in South Headingley. IDA was a technological experiment designed to test the feasibility of a variety of services over a coaxial cable network. Some of the services in the project included automatic fire alarms; automatic meter reading, gas and hydro; digital telephone service; Telidon videotex services; and educational television channels.

The experiment successfully demonstrated that the technology developed for the trial worked and MTS engineers and technicians had the opportunity to obtain hands-on experience with new and innovative technology.

The Elie-St. Eustache Fibre Optics Field Trial was officially inaugurated in October, 1981. The Federal Minister of Communications, the Hon. Francis Fox, and the then Manitoba Minister, the Honourable Donald Orchard, performed a ceremonial last splice to mark the opening of this rural field trial.

The trial is currently providing 150 participants in the Elie-St. Eustache area with communications services operating over the fibre optics network. These include individual line service, touch tone telephone, cable television (paid for by the participants to the local licenced operator), FM radio and Telidon. In recognition of the bilingual heritage of the area, all correspondence and informational material is made available in both English and French. The two data bases accessed by their Telidon service offer the participants a growing selection of information and courses in French.

The five trial sponsors - the Federal Department of Communications, the Canadian Telecommunications Carriers Association, Manitoba Telephone System, Northern Telecom Canada Ltd. and Infomart - hope to learn from this two-year trial how fibre optic technology may benefit rural Canadian telecommunications needs in the future.

The System continues to introduce new technologies, equipment and services to improve our service

to our customers.

MTS is exploring the various uses of an electronic messaging service, called Envoy, which utilizes a remote computer to store and forward written messages to Envoy user. MTS itself has adapted Envoy technology to create a new method of transporting its service work orders from various provincial offices to Winnipeg.

Our directory and accounting records can now be almost instantly updated through the transmittal of customer information over the Envoy network. Such information was previously recorded on multi-copy forms and forwarded through the mail or by ground transportation to Winnipeg.

Use of field trials of this type by MTS and selected business customers permits us to become familiar with the technology and to study economic and marketing factors, preparatory to its introduction as a general service offering.

A new communications system installed for the Royal Canadian Mounted Police in Northern Manitoba provides greater privacy and effectiveness in communications in those areas.

Custom design for the RCMP by MTS - the new network uses existing system microwave towers sites to relay calls from dispatch centres in Thompson and The Pas to RCMP cruisers patrolling the area. Should the need arise officers in vehicles can be patched to the regular telephone network through the RCMP communication consoles, and foot patrols can maintain instant communications with their local offices by means of portable radio-telephone equipment.

All calls can be made without MTS operator assistance. The new system which went into use in April, 1981 allows more rapid set-up of calls and does not use the public mobile channel as before, but a private police channel.

MTS and the Manitoba Department of Natural Resources, in May, 1981, implemented a comprehensive early warning communications system to locate, identify and respond to the first signs of fire in Manitoba's woodlands.

The system integrates MTS private mobile repeaters into the public telephone network. Using these facilities, Natural Resources personnel in any air or land location can talk to each other directly or to someone outside the system through the telephone operator. Repeaters are located at 13 MTS microwave tower sites; because the new system uses the telephone network as well as the series of transmission repeater towers, the communications range is extended into areas that would be unreachable using conventional mobile technology.

Though the new system is geared specifically to forest fire control, it is also used extensively in other activities such as fishing, hunting, logging, and wildlife management and provincial parks patrol operations.

Last spring MTS introduced a new emergency reporting network in Winnipeg and Brandon. Known as FAST, an acronym for Fast Action Safety Team, the service is offered to private alarm companies. They in turn offer it to homes, apartments and businesses for fire, intrusion or medical emergency reporting.

FAST uses the same wires that carry telephone service. It involves a monitoring system connected

through the network to an alarm centre in the MTS main exchange, for recording and routing to the subscriber's alarm company for verification and alerting of the proper authorities. FAST, operating 24 hours a day without disrupting telephone conversations, brings this type of emergency protection within reach of the average residential customer.

Businesses across Manitoba last fall were offered Remote Call Forwarding Service from MTS.

The new service, offered jointly by the member companies of the TransCanada Telephone System and the American Telephone and Telegraph Company, allows a business customer to lease a local telephone number in a distant exchange and to receive client calls on a reverse charge basis. Clients in distant cities can reach businesses subscribing to RCF by simply dialing the local seven-digit number; the call is automatically forwarded to the home office.

Over the next two to three years, MTS will be installing a 130-kilometre fibre optic transmission network in and around Winnipeg. Tied to digital switching equipment and linking exchanges in Inkster, Charleswood and other Winnipeg locations to exchanges reaching to Stonewall and Beausejour. This network will provide much higher carrying capacity and make possible the delivery of additional services.

A single hair-thin optic fibre has the carrying power of a four-inch thick copper wire, while digital switching with its computer-based flexibility can route calls as well as data, more quickly and efficiently than the older electro-mechanical equipment. These two technologies form a powerful combination for the future of telecommunications.

For fibre optics and digitization, together with microwave and satellites, make it possible to move vast amounts of information with greater speed, accuracy and convenience than ever before, and at reasonable cost.

In September, 1981, MTS announced tariffs for Telidon services for home or office use. Telidon, a videotex system, was developed by the Federal Department of Communications. Videotex is the accessing of information resting in a computer data base by means of a keypad or keyboard. Available only to those with access to private telephone lines, Telidon sets are installed in a similar fashion to extension telephones. "Grassroots" service was announced in September, 1981, as a joint project between Infomart, Canada's largest electronic publisher, and MTS.

The data base contains up-to-the-minute agricultural information, such as world and local weather reports, quotations from the Winnipeg Commodities Exchange updated every 15 minutes, livestock reports, market trends, feed costs, grain futures and other variables which affect Manitoba's agri-business. Terminals have been placed in the offices of local agriculture representatives at grain terminals and credit union offices.

In its role as a common carrier of television signals in the province, the Manitoba Telephone System continues to contribute significantly to the extension of television service in Manitoba. The agreements with the Winnipeg operators developed in 1965-67 have provided service availability to virtually all households in Winnipeg and regular extension with basic telephony services to new subscribers.

In 1978, MTS completed the Inter-City Broadband Network to Brandon and Selkirk, allowing the introduction of cable television service to Portage la Prairie, Brandon, Selkirk and Carberry. This unique coaxial carrier system was subsequently extended to Minnedosa, Neepawa, Rivers, Stonewall, Elie-St. Eustache and Beausejour with Carman, Morden and Winkler also being served through MTS microwave facilities. Constructions of Local Broadband Networks were completed during the past year in Swan River, Beausejour, Gladstone, Stonewall, Virden, Souris, Melita, Deloraine, Killarney, Boissevain and Thompson. In our 1982-83 construction program, LBN facilities will be installed in Grandview, Gilbert Plains, Ste. Rose, Birtle, Russell, MacGregor, Steinbach, Lac du Bonnet, Morris, Gimli, Cranberry Portage and Stony Mountain. These major extensions of service are in accordance with Provincial policy to extend services to all Manitoba centres as quickly as possible.

Because the Inter-City Broadband Networks were not in place, MTS has distributed programming received by satellite ground receive stations for operators in The Pas, Flin Flon and Thompson. On January 5, 1982, the CRTC awarded licences to operators in Flin Flon, The Pas and Thompson to carry the Cancom services.

MTS engineers, in co-operation with the Winnipeg Cable Operators, are presently studying the upgrade of the Winnipeg networks to increase the transmission capacity and quality. CRTC is licenced a cable operator for the Elie-St. Eustache area. This service has been operational since October, 1981. In March, 1982, MTS acquired ownership of the local distribution facilities of Valley Cablevision Ltd. in Carman, Morden, Winkler and Altona. A contract has been concluded covering provision of service to these centres, Steinbach and future communities licensed to Valley Cablevision.

On January 6, 1982, the Executive Council approved Order-in-Council No. 19/82, authorizing MTS to establish a subsidiary for the purposes of undertaking projects outside the Province of Manitoba. The MTS subsidiary has been formed under the name, MTX Telecom Services Inc. As a first venture, MTX Telecom Services Inc. joined with Alberta Government Telephones and Bell Canada International in a consortium known as Spectri Management Canada to bid on a contract for a communications-management system in Saudi Arabia. Through participation in this project, MTX expects to make a positive financial contribution to MTS operations and broaden the experience of its employees.

The TransCanada Telephone System, of which MTS has been an enthusiastic member from the beginning, observed its 50th anniversary year in 1981. The system, which includes 10 member companies across Canada, provides long distance voice, data and broadcast communications for most of the country. The organization plans and co-ordinates the all-Canadian network of open wire, cable, radio links, microwave, domestic satellite and a variety of other specialized communications transmission facilities. TCTS revenues in 1981 will be about \$1.25 billion, giving an indication of the magnitude of services being provided to Canadians by this association.

TCTS headquarters is located in Ottawa, where

Thursday, 15 April, 1982

several hundred persons, all on loan from their various member companies, including MTS, work on assignments. Their activities encompass most of the regular disciplines of the telephone business applied on a national scale. Decisions are made and plans are formulated or approved through the Board and a structure of committees and sub-committees, each with representation from all the member companies.

The Manitoba Telephone System continues to provide multi-faceted telecommunications services that have contributed greatly to the well-being of the province. The progress that MTS continues to make, though, would not be possible without the strong interest, efforts and support of our 4,648 employees located in 81 Manitoba communities.

MTS has had especially good success in containing staff growth over the years; without layoffs, we are at about the same staffing level as we were in 1977, yet all our services and productivity measurements show we are doing a better job than ever. Telecommunications, being a high technology industry, has reaped the benefits of important advances in recent years, particularly in the merging of telecommunications and computer technology. This has meant that we have been able to increase our productivity in many instances without having to increase staff to meet the challenges of the industry.

MTS has been able to retain many of its employees over their entire working careers and to attract outstanding engineers, technicians, computer personnel and other specialists. This requires willingness of career personnel to adapt readily to the pace of change and it requires that MTS maintain an environment of professional challenge and satisfaction to attract skills that are often in short supply.

My I express my hope that the employees of this system will continue to merit the support of this committee in our efforts to carry out our mandate to provide high-quality service to all Manitobans at reasonable cost.

January 15, 1983, will mark the 75th anniversary of the Manitoba Telephone System. MTS, as we know it, has come a long way from that day in 1908 when Manitoba Government Telephones officially came into being after take-over of Bell Telephone of Canada's operations in the Province, giving Manitobans their own telephone system having 14,000 subscribers, 700 employees and assets of \$3.3 million.

The company's present name, Manitoba Telephone System, was adopted in 1921. Its stated purpose from the first days to the present, has been extension of the best possible communications service throughout Manitoba at reasonable cost. There have been many accomplishments during our first 75 years and we are proud of our achievements. Planning is under way to develop a program of suitable events to celebrate this special birthday around the province.

The objectives of the celebrations are: to reflect on MTS, its services and its progress; encourage and demonstrate our sense of community and social responsibility; maintain the tradition telephone industry spirit among our employees; and increase the awareness and understanding, for our customers and employees, of our changing and expanding mandate.

We hope Manitobans will join with us during this anniversary year in observing this milestone

for the System.

Mr. Chairman, if there are any questions, I would try to answer them.

MR. CHAIRMAN: Thank you Mr. Holland. Before we go any further would the Committee like to provide some guidance as to how we will proceed. Will it be page by page?

Mr. Orchard.

MR. DONALD ORCHARD (Pembina): Mr. Chairman, I think there a number of questions on a whole range of topics and if I might suggest, possibly we could undertake a wide-ranging discussion which may go from page 1 to page 7 and back to page 2 and then pass the report page-by-page after the discussion has taken place.

MR. CHAIRMAN: Is that agreeable to the Committee? Very well. Any questions?

Mr. Blake.

MR. DAVID R. (Dave) BLAKE (Minnedosa): Yes, Mr. Chairman, I just have one. If the Chairman or some of his staff could give us some idea what effect on the position of the system, the drop in the Canadian dollar of say .01 has on the Systems position of either foreign borrowings. Would that figure be fairly readily available?

MR. HOLLAND: Mr. Chairman, we can try and do an estimate.

MR. BLAKE: Yes, I'm not looking for an accurate figure but something in a reasonably good ballpark figure of what effect this would have on the system, on their financial position.

MR. HOLLAND: We'll attempt, Mr. Chairman, to provide an estimate of that before the meeting's out.

MR. CHAIRMAN: Mr. Gourlay.

MR. D. M. (Doug) GOURLAY (Swan River): Mr. Chairman, I listened with interest as Mr. Holland gave his report and I'd like to direct a question with respect to the extended area of service in the Swan River area.

The previous administration had announce some plans to extend the area service in a number of areas of Manitoba including the Swan River area and I believe this would include the areas of Benito and Cowan in the 1983-85 period. However the area of Mafeking has not been mentioned and I'm wondering if there are any plans in the future to include Mafeking in the extended area of service, the Swan Valley area.

MR. HOLLAND: Mr. Chairman, the Benito Community is included in the first phase program, the 1983-85. We're studying next priority situations which we would develop as a second phase and we'll undertake to consider Mafeking in that study.

MR. GOURLAY: Mr. Chairman, what is really involved in including these areas? Is it quite an undertaking to extend these areas to be included? You say you're studying the Mafeking area, Benito will be included in

the first phase and Cowan in the second phase. Could you briefly just explain what is involved in doing this?

MR. HOLLAND: Yes, Mr. Chairman. Basically the areas have to be upgraded from an ensuring point of view normally requiring increased outside plant and facilities in order to handle the much higher calling rates that take place. That is a function of longer holding times and more frequent calling. Beyond that of course our present revenues from toll disappear as they move into a free-calling, expanded free-calling area.

So from the one side we have to make capital investments to increase capacity in the area and then on the second we lose the toll revenue that we're presently receiving.

MR. GOURLAY: In the Swan Valley area, and in particular the Minitonas exchange, there's the 525 lines, and then there's a 547. At the present time there's no direct dialing — long distance direct dialing — from these areas and I was of the opinion that it was to have been changed in 1981. But at the present time there has been no change as far as there has been an improvement to the service in those areas and that the number of customers has been reduced from 6, 7, or 8 down to about 3 per line. But it's still necessary to go through the operator to dial outside of that EAS, that area. I'm just wondering when further improvements might be made on those lines where they can direct dial.

MR. HOLLAND: Direct dial without operator intervention?

MR. GOURLAY: Right.

MR. HOLLAND: Well, as I explained earlier our first priority was given to the quality of service throughout the province. That involved the reduction in party lines, and you've made reference to that. I also discussed the Automatic Number Identification program and indicated that we had completed about 57 exchanges in the province and we plan to do 5 more in the coming year. That program is gradually being extended throughout the province.

MR. GOURLAY: That's what you referred to as the ANI Service? Those are all the questions I have right at the moment.

MR. ORCHARD: Thank you, Mr. Chairman, a question to the Minister. Could the Minister provide us with some details of the term and the terms of the new Chairman of the Board's appointment?

MR. CHAIRMAN: Mr. Minister.

MR. EVANS: Well, that information is available on the Order-in-Council appointing the new Chairman.

MR. ORCHARD: Is the Minister not able to provide us with that information when we're at Manitoba Telephone System perusal of their annual report?

MR. EVANS: Yes. Well, I was just saying that the

information is available — I believe it was published in the newspapers — the appointment term is a pleasure which is often the case. It's a normal type of appointment. The remuneration is the same as the previous Chairman. The terms of reference are not spelled out in the OC. There's no change from the expectations or the mandate from the previous Chairman's.

MR. ORCHARD: Thank you, Mr. Chairman. Was there any particular dissatisfaction with the retiring Chairman?

MR. EVANS: I would say that there's no dissatisfaction with that person per se, but I'm one who was never critical of the previous government for appointing people to boards and commissions that reflected that particular government. I think this was the intent of separating the Chairmanship from that of the General Manager's position, and I thought it was a good move, personally, and I think that, therefore, it's fit and appropriate for governments to decide who they wish to be on boards and commissions to carry out whatever policies the government of the day decides.

I had a discussion with Mr. Bulman, and he did offer his resignation. We chose to accept it, but there is no reflection of the individual; he is a very fine person and I have no problem with Mr. John Bulman; he is a very fine Manitoban.

MR. CHAIRMAN: Mr. Orchard.

MR. ORCHARD: Thank you, Mr. Chairman. Well then, I take it that the term of service that Mr. Bulman did provide to all Manitobans, as Chairman of the Board of Commissioners of MTS is, indeed, recognized by this Minister. The job he did, I believe, in the time that I had to work with him, was exemplary. He, I think, provided a lot of solid direction as Chairman of the Board, provided a very excellent business background, knowledge in the investment community, etc., etc., which I think made him an outstanding candidate for Chairmanship of the Board because the Crown corporation, as you can well see in the Annual Report, undertakes very major expenditures in this province, and the kind of investment background that Mr. Bulman brought to the Board, I think, gave it some very very solid and excellent direction in the time he was there. I am pleased that the Minister recognized the contribution that he made, and I must say, Mr. Chairman, that although I have no argument with governments making whatever appointments they wish to make on such boards and appointments of chairman to various boards, that I believe in the carrying out of the mandate as Chairman that there was no politics per se played by the retiring Chairman. He carried out his role as Chairman of the Board with the best interest of the System in mind, and I think that is all any government should ask of a Chairman of the Board. His contributions, I think, will provide good solid direction for a long while, and I just want the committee to know that in the time that I worked with him I found him to be an excellent person with excellent credentials to undertake the Chairmanship of the Board, and I want to extend my best wishes to the new Chairman. I wish him success in dealing with some of the many areas that he's going to

undertake with the Board. Some specifics now, Mr. Chairman, if I might. The General Manager indicated that the System expects to achieve approximately a \$10 million net revenue for the fiscal year just ended recently, March 31, and at the same time the System is before the Public Utilities Board for, I believe, an approximate 16.5 percent rate increase. Could the General Manager indicate how close the projections that were made at the time of the last rate increase, how close the projections of net income, in actuality, came to, compared to the projections that were made at the time of the last rate increase before the Public Utilities Board?

MR. CHAIRMAN: Mr. Holland.

MR. HOLLAND: Mr. Chairman, I don't have exact comparisons of our final forecasts to the Public Utilities Board, but they were relatively close, surprisingly close, in the forecasts in a time of tremendous change. I could undertake to illustrate those figures if that would be helpful.

MR. ORCHARD: Would it be a fair comment to make that the System achieved probably a higher net income position than what was predicted or projected three years back when they made their last rate increase application?

MR. HOLLAND: Yes, they were somewhat higher, not substantially.

MR. ORCHARD: The Public Utilities Board will be dealing with this application; in what time frame would the General Manager expect?

MR. HOLLAND: Mr. Chairman, we expect that the first public hearings will be held in Winnipeg about the third week of May, and that will be followed by hearings at other Manitoba centres, probably Thompson, Dauphin and Brandon.

MR. ORCHARD: Is there any other, like I'm not familiar with the hearing pattern of the last application; I take it that Brandon will be the, shall I say, the southern rural Manitoba hearing spot, there will be no other community participating?

MR. HOLLAND: Well, Mr. Chairman, it has been the past practice of the Public Utilities Board to make it as convenient as possible to any citizens who wish to make representation. My recollection is that people from southern Manitoba were represented at the hearings in Winnipeg on the last occasion, but I would think that if there is interest in having public hearings at additional centres that would likely be very sympathetically considered by the Board.

MR. ORCHARD: Thank you. I note, in the application for rate increase, that the business sector increases will be a percentage higher than that being asked from the residential community, and I would offer an observation that business, at the present time, as the General Manager well knows, because the Telephone System is involved with many of the same constraints on profitable operation of a business as any private

enterprise is, that the business telephone rate increase, I think, is high in comparison to residential, and I think, if I might offer a criticism, it's possibly an inappropriate time to be increasing at a greater rate than to residential customers the costs of telecommunications to the business sector in Manitoba. Business is more and more relying on the telephone, I believe, as a means of undertaking accounts collection and a number of things that you advertise regularly, and I just think that at this time the business community doesn't need to have higher costs put on them. I say that from the standpoint that they will be asked to pay a larger increase than the residential customer, and I do think that is inappropriate vis-a-vis the times that we are facing, not only in Manitoba, but throughout Canada.

Mr. Chairman, is the System anticipating a continued increase in long distance toll revenue?

MR. CHAIRMAN: Mr. Holland.

MR. HOLLAND: Well let me say, first of all, Mr. Chairman, that in developing proposals in our application to the Public Utilities Board, the matters raised by Mr. Orchard were very carefully considered. I attempted, in my comments, to illustrate relativity of the bulk residential rates against residential rates elsewhere and similarly the business rates. So I think that the member would agree that Manitoba business rates, by comparison with other similar sized centres as shown on the Appendix, continue to compare very favourably.

This application, of course, deals with only Intra-Manitoba toll rates. I can certainly again confirm Mr. Orchard's view that telecommunications services are becoming more and more valuable to the business community and are being used increasingly in lieu of travel and air fares and hotel costs and meal costs, so their useage of service has increased substantially.

We have attempted to maintain relativity in the proposed rates. We think that we have, but certainly the Public Utilities Board, at its public hearings, will be considering representations and views of all sectors of the community.

The TransCanada toll rates have not been increased since late 1978 or early 1979 and there is consideration being given, at this point in time, to an increase in the Intra-provincial TransCanada toll rates. There have been no specific conclusions reached; it's under study at this point.

MR. ORCHARD: The last time the System applied for a rate increase they were in a net loss position, I believe. That rate increase at that time was granted because of a net loss position and understandably so; the preliminary position indicates a net income position of approximately \$10 million this last fiscal year. Could the General Manager give an indication of what the net income position of the System would be for the next year, if no rate increase were granted or applied for, for that matter?

MR. HOLLAND: Mr. Chairman, our representation to the Public Utilities Board will be on an overall revenue requirement, MTS revenue requirement basis, which takes into account many factors, policy relating to

debt equity ratio and many other corporate financial factors. The present forecasts are that without an adjustment in rates there will be a loss in the 1982-83 year.

MR. ORCHARD: Was there an estimate put on the size of that loss without a rate increase?

MR. HOLLAND: Less than \$6 million, I believe.

MR. ORCHARD: Now, my colleague, the Member for Minnedosa, asked a question about the impact of say a one cent drop in the value of the Canadian dollar. A 75 cent dollar compared to an approximately 82 cent dollar as it is today, would I take it, have a fairly significant impact on the Telephone System and their net income position.

MR. HOLLAND: Yes, Mr. Chairman, if you assume that the U.S. dollar remains fixed against off-shore currencies and if the Canadian dollar dropped one cent, we would estimate that would have an impact of about \$74,000 over 10 years, each year for 10 years, averaged over that amortization period.

MR. ORCHARD: So that roughly a 75 cent dollar, assuming those circumstances existed, in other words, maintenance of the U.S. to foreign currencies, that would mean a 75 cent dollar would have about one-half million dollar yearly impact, negative impact, on the Telephone System, roughly.

MR. HOLLAND: Yes, that would be consistent with this estimate.

MR. ORCHARD: Mr. Chairman, in the rate application the Telephone System is changing their rate grouping from total telephones, which include extensions down to the first set, is that going to change - that won't change the rate grouping if Winnipeg I don't believe - but will it change the rate grouping of a number of other communities in Manitoba, significantly change them?

MR. HOLLAND: Mr. Chairman, it's being redesigned to produce minimal impact. It will not change the Winnipeg rate group; it could affect some of the smaller exchanges. We're attempting to really make that a break-even transition from the one system to the other and we're trying to avoid any traumatic effects on any one exchange.

MR. ORCHARD: So then basically that change in rating method is not expected to negatively impact on the System's revenues and it would have minor changes, it might possibly result in some minor changes in telephone exchanges where the odd one would go down slightly but other than that not a major impact for or against the revenue position of the System.

MR. HOLLAND: Yes, Mr. Chairman, that's our objective in introducing this change. There could be minor affects upwards or downwards on individual exchanges which we hope would be modest.

MR. ORCHARD: If you go to just primary phone sets, that generally decreases the count of a telephone in any exchange, the number of telephones. There shouldn't be anybody go up as a result of that rate changing should there?

MR. HOLLAND: Well, Mr. Chairman, it will be necessary to redefine the groupings completely on a main telephone set basis from the present groupings which are defined according to total telephones.

MR. ORCHARD: Okay, I follow it more clearly now. In other words, what used to be the \$3.15 exchange group size, then let's pick numbers and say that that was 2,000 to 3,000 phones and that included extensions, now the guidelines to qualify for the \$3.15 exchange might be 1,500 or 2,000 main sets. Okay.

MR. HOLLAND: That is correct, Mr. Chairman.

MR. ORCHARD: The System just last night participated in a CBC poll, a phone-in poll, I believe the question was the Support for the Western Canada Concept, or a question along that line. I didn't have an opportunity to participate in that. What sort of an equipment investment does the system have to maintain to offer that kind of a phone-in poll service?

MR. HOLLAND: Mr. Chairman, I'm technically deficient, I would have to ask Mr. Anderson to describe what's there.

MR. CHAIRMAN: Okay, if one of the other gentlemen is going to give a technical explanation, could you use a microphone at a table?

MR. HOLLAND: Mr. Oz Pedde, Mr. Chairman.

MR. O. PEDDE: Mr. Chairman, I don't have a technical explanation, I just have some of the numbers on the equipment. There's roughly \$4,000-\$6,000 set-up charge, and that equipment will be reused for each and every poll that is run.

MR. ORCHARD: Mr. Chairman, that equipment, is that a specific piece of equipment that the system has bought to specifically undertake this type of poll, or is it a multi-use piece of equipment?

MR. PEDDE: Mr. Chairman, some of the piece parts are multi-use, and some of the piece parts are specifically for polling applications.

MR. ORCHARD: And the system investment in the specific portions of the equipment, roughly?

MR. PEDDE: It'll be roughly \$3,000-\$4,000.00.

MR. ORCHARD: A question, I guess to the Minister, Mr. Chairman. Since the issue of western separatism is, I suppose, quite a sensitive one, does the Minister think some policy guidelines might be in order to possibly keep the system out of the telephone poll business when it comes to some very touchy and sensitive subjects, such as Western-Canada separation? Telephone polls, I think, are an indicator, but

Thursday, 15 April, 1982

they are subject to many many inaccuracies in you could have somebody that runs up 100 phone calls and offers 100 personal opinions, all of which are not possible to identify, there are a number of problems with the telephone poll such as this one. Would the Minister think it's a wise thing to have the Crown Corporation providing that kind of a service on such sensitive issues as Western-Canada separation?

MR. CHAIRMAN: Mr. Minister.

MR. EVANS: I did not hear or see, or was even knowledgeable of any poll that was being taken.

MR. ORCHARD: You didn't phone either then?

MR. EVANS: I didn't phone, I was not aware that such a poll was being conducted, but I would think that the MTS, as any utility, is offering a technical service, and while you and I, or others — I, because of your reference to it, Mr. Chairman, because of the Member for Pembina's reference to it I am now knowledgeable to some extent about this poll.

I would remind the member that this is one poll of how many dozens of polls that may be conducted by various survey firms throughout the year asking opinions of people about political parties or other very sensitive issues, who knows? We're living in a day and age of public opinion polling. I'm not sure how the major national opinion poll was conducted in Canada each month as to which political party you support. It could be that they are conducted by means of telephone polls, I'm not sure, but the fact is, regardless, that there are many opinion polls being conducted all the time and I would think that the MTS role is that of providing the technical service.

I would think it would be wrong, frankly, to somehow or other try to direct your utility in one way or the other with regard to which poll they could provide the engineering and technical service thereto, and which they shouldn't provide the technical service; I think that's where you run into problems. I think in a democratic society more and more we're taking opinion polls, whether you or I like them is beside the point, I suppose. It's a phenomenon of our modern democratic society and I would trust that the MTS would play a role like any public utility in the telephone business, and that is provide the engineering service, assuming, of course, that they are paid adequately for providing that service. We'll take all the dollars we can get.

MR. ORCHARD: Mr. Chairman, I fully realize that there are polls being conducted probably every day of the week, but there is a difference in the role that any telephone utility plays in, for instance, the Gallup pole, which is someone sitting in an office in the Gallup Organization, making phone calls from there to individuals asking them for their opinion. This one is a reverse situation where individuals, unsolicited, can phone in and make their opinion known, and there is no assurance that there isn't duplication, it's the reverse image of the classic method of polling. No one has any objection to the polling taking place when someone, wishing an opinion, hires a polling firm, whoever that may be, and they undertake with rela-

tively accurate and statistical means a series of phone calls or personal contacts to establish their poll.

This one is different, and you could have, for instance - I'll paint a scenario for you - you could have the Western-Canada concept get on a bank of telephones, knowing that this poll on western separatism is coming up, and they could make 15,000 phone calls in half an hour and provide a very distorted figure to that question.

The Member for Elmwood says, who would believe the results? I don't know whether his question is relevant. Those kinds of polls can be manipulated, and we're not talking about which brand of soap a housewife prefers, we're talking about a fairly sensitive issue; I question, and if the Minister doesn't believe that it's an area that should provide some ministerial direction on, that's fine but I question the proper role of an unscientific poll in such an issue as western separatism.

MR. EVANS: You get so-called unscientific polls, of course, all the time. You have various talk shows, people phone in - they phone in the CBC, I think, during the election, or prior to the last provincial general election. I recall one morning they took so many calls in so many minutes and it's very difficult, obviously, to control this. The member is right it is difficult to control it, but at the same time I think it would be worse for the government to try somehow to put the heavy hand of state on who can phone in and who can't phone in and so on. It seemed to me that, you know, you could talk about the Peter Warren Show, people phoning in and using the MTS, I mean you could reduce it to an extreme case and I think you can then see how unsatisfactory it would be for government to direct the publicly-owned MTS to somehow or other not participate in one kind of a phone-in and not in another. I think we'd be better off just to allow the utility to provide technical service as required by various customers, providing the utility is not involved itself in designing the questions or in any way participating actively in offering opinions. If it's providing the technical service, I don't see any difference from providing a technical service to other kinds of users who may be using the phone system for political opinion purposes as well.

MR. ORCHARD: Well, Mr. Chairman, you know I don't want any confusion to come out of this, that I'm advocating the heavy hand of government to come down and control when public opinion polls are taken. That's not the question because the Minister said there's a number of phone-ins, the CBC where individuals phone in to offer their opinion to a given phone number. This is a service being provided by MTS specific to, and there's investment by the telephone system to set up a number recording system that automatically records the opinion, yes or no. It's a specific additional piece of technology that the system has developed. It's quite different from previously used, and I suppose still used, methods of public opinion polling. I simply place the question wanting to know whether the Minister was concerned and he's indicated he's not, that's fine.

Mr. Chairman, I noticed, in your general remarks, that cable service is now being provided in the

Morden, Winkler area via purchase of what used to be, I suppose, Valley Cable Assets. Could the General Manager indicate the dollar value, the purchase price, with Vally Cablevision?

MR. HOLLAND: Mr. Chairman, I did mention in my remarks that MTS had purchased that local distribution network and had also signed agreements with the licensed operator for future delivery of service. The purchase price was \$1,090,000 and it was made effective on April 1, 1982.

MR. ORCHARD: That million dollar purchase then give the MTS ownership of an LBN System in Carman, Morden and I believe Winkler. Was there any facility purchased in Altona?

MR. HOLLAND: Yes, Mr. Chairman.

MR. ORCHARD: At the million dollars, how was that arrived at? Is that the book value of the assets? Is that the invested capital that was put in by Valley Cablevision?

MR. HOLLAND: Yes, Mr. Chairman, it was determined by the respective auditors as representing the investment with minimal or no depreciation because the plant is very new.

MR. ORCHARD: Now that would mean, like is there further capital investment required to bring those four communities Carman, Morden, Winkler, Altona to full service for cablevision?

MR. HOLLAND: Mr. Chairman, there are no immediate plans for upgrade of those networks. We will be proceeding this year with Steinbach which falls in licensed operators territory. That will also include microwave delivery of signals to Steinbach.

MR. ORCHARD: The system, MTS, in purchasing the assets of Valley Cable are the communities completely wired with the LBN or are there areas in each community that still have to be connected to the LBN System?

MR. HOLLAND: Mr. Chairman, my impression is that the communities are quite extensively served. There may well be peripheral areas that will have to be looked at but generally the communities are completely served at this time.

MR. ORCHARD: Is Valley Cablevision still a licensed operator, a CRTC licensed operator?

MR. HOLLAND: Yes, Mr. Chairman.

MR. ORCHARD: I take it, now that the system owns the LBN Plant you've established a rental rate for signal delivery to the licensed operator I take it?

MR. HOLLAND: Yes, Mr. Chairman.

MR. ORCHARD: Is that rental rate comparable to, say, that charged Westman Media Co-op?

MR. HOLLAND: Yes, Mr. Chairman.

MR. ORCHARD: Now, is there expected to be, and I realize this is not probably a proper question to the General Manager of the System but, is it expected that the customer rates in those communities will remain the same? There hasn't been a significant increase in the signal cost since coming under the telephone system; is it expected that customer rates will remain the same?

MR. HOLLAND: Mr. Chairman, we of course don't approve rates to the customers. My understanding is that the operator considers that the economics under our delivery agreements meet his particular needs. But I wouldn't be aware as to whether he is proposing increases; the CRTC approves though.

MR. ORCHARD: Yes, a couple of questions on external contracts, or international contracts. Has the System completed an agreement or about to complete an agreement in South America, I think it was Paraguay, with establishing a small local exchange with some surplus equipment that the System had?

MR. HOLLAND: Mr. Chairman, our engineers have developed proposals and engineering designs and costings for two Mennonite Communities in Paraguay. Those proposals are with the sponsors and we have no requests for contracts up to this time.

MR. ORCHARD: So that hasn't proceeded in the last six months really. There hasn't been any new direction or new indication from the customer?

MR. HOLLAND: No, Mr. Chairman.

MR. ORCHARD: Now, I note that once again there's some work being bid on in Saudi Arabia. The system was previously involved with work with Saudi Arabia, I believe it was even with Bell Canada the last time as well, or Bell International. Was not the System directly involved at that time in that contract?

MR. HOLLAND: Well, Mr. Chairman, we've had as many as 28 MTS employees under contract to Bell Canada International in connection with their telephone extension project, their major project. And at this time there are still 13 MTS people in Saudi. Some of those were also involved in another contract for a private corporation in Saudi, one of the large oil concerns, but there have been as many as 28 involved at one time.

MR. ORCHARD: Well, the reason for my question was that I note that as of January of this year, MTS will have a subsidiary company, MTX Telecom Services Inc., and this, from the remarks this morning made by the General Manager, will be MTS international participation arm, I take it, and I just have a few questions. Why was it deemed necessary to set up a separate entity to undertake these international contracts since participation in the past hasn't required that?

MR. HOLLAND: Well, Mr. Chairman, the last arrangements were primarily through Bell Canada Interna-

tional, and our arrangements were with them directly. In the fall of 1981, the Federal Minister of Communications and the authorities from the Kingdom of Saudi Arabia announced a general agreement that there would be a new undertaking in Saudi Arabia, the installation of a Spectri Management Program based on the Canadian system, and it was further indicated that that would be contracted out to companies to fulfill. So MTS studied that proposal and thought that, in conjunction with Bell Canada International and Alberta Government Telephones, that the three companies collectively could make a responsible tender on the work and carry it out well. On legal advice and other advice, it was considered that should be done by a wholly-owned subsidiary of MTS, that the activities should be clearly delineated and portrayed as being under a separate subsidiary.

MR. ORCHARD: Will this MTX Telecom Services have separate staff, separate budget?

MR. HOLLAND: Mr. Chairman, it will have its own Board, its own designated officers, its own financial programs, and will be kept completely separate from MTS operations.

MR. ORCHARD: Since this was set up some three or four months ago, is staff in place with MTX now?

MR. HOLLAND: Mr. Chairman, up to this point they have no permanent staff. MTS personnel have been loaned to them at cost for the necessary activities.

MR. ORCHARD: Now, will this be a continuing loaning of staff or is it expected that MTX will see new staff being hired, a new staff complement separate and apart from MTS?

MR. HOLLAND: Mr. Chairman, one of the reasons for our interest in undertakings of this sort is the hope that we can maintain and create interesting jobs for Manitobans, so we're hoping that if Spectri is successful in winning the tender that will require additional personnel, but certainly the staff that are assigned to the project will be very carefully selected as experienced MTS people, so I would expect it will be done primarily by contracting out seasoned MTS personnel and then likely their replacement, if necessary, in the MTS establishment.

MR. ORCHARD: Then depending on the success of MTX, in terms of obtaining international contracts, MTX could become a significantly staffed corporation as well, even though some of the people certainly would come from MTS, it could end up with a reasonably sized staff and budget, I take it?

MR. HOLLAND: Mr. Chairman, I think it's been estimated that if we were successful on the Spectri Management project, it could involve up to 45 people from each of the three partners.

MR. ORCHARD: These 45 staff would be under the MTX corporate structure rather than MTS?

MR. HOLLAND: Mr. Chairman, MTX would make the

necessary arrangements with MTS to assign them to the Spectrum project.

MR. ORCHARD: Is there a general manager of MTX at the present time?

MR. HOLLAND: No, Mr. Chairman.

MR. ORCHARD: Will there be a general manager for MTX?

MR. HOLLAND: Well, Mr. Chairman, it is in the tender and proposal stage at this point in time, so that we're not making any long-term staffing commitments until we know the outcome. Again, if the project is successful, it will be staffed as a project with the particular expertise that's required for a project of that sort, and arrangements will be made for their direction and general management.

MR. ORCHARD: So do I take it then that there's no intention to, say, establish a permanent general manager in the near future for MTX?

MR. HOLLAND: I haven't heard that suggested, certainly up to this time.

MR. ORCHARD: Just a question to the Minister. Would the Annual Report of MTX become part of the MTS Annual Report or will it be filed separately? What's the Minister's expectation?

MR. CHAIRMAN: Mr. Minister.

MR. EVANS: I'm not really sure. I've not thought of that. I guess we'll have to cross that bridge when we come to it. Maybe I could ask this of the General Manager, Mr. Chairman, in a sense whether there are now existing subsidiaries of MTS, minor subsidiaries or whatever, or major subsidiaries I don't know of, but perhaps the General Manager could indicate whether such subsidiaries report separately. As far as I can see, there is no information here apart from the MTS as the major operator.

MR. CHAIRMAN: Mr. Holland.

MR. HOLLAND: Mr. Chairman, no. Manitoba Data Services, which was administered by MTS for over three years, was operated as a division of MTS, it was not separately incorporated; so that MTX is the only incorporated subsidiary at this stage.

MR. EVANS: I can only say we'll cross the bridge when we come to it. Certainly, the information should be made public, assuming it doesn't hurt the competitive nature of this particular enterprise, as I understand it, and it also, of course, involves some other partners, but I would say only with that proviso, but we're in a hypothetical position at the moment.

MR. ORCHARD: No, I appreciate that, Mr. Chairman. The Manitoba Data Services now is freestanding and offers an Annual Report, and so that was the nature of my questions with MTX, whether they would, since they're a wholly-owned subsidiary, if it would be

appropriate for them also to file a separate annual report, financial statements in the future. I guess my question to the Minister would be that if that develops, and although I realize he's in the formulation stage now, but if that develops, would those annual reports be brought to this Committee for discussion along with the MTS annual report.

MR. EVANS: Well I think they could be, unless there's some great technical difficulty that I don't foresee on that. Again, it's a bit premature and a bit speculative and hypothetical, but I would think that if it became a significant operating subsidiary, I don't see why not. Perhaps the General Manager might comment. I see he'd like to make an interjection here.

MR. CHAIRMAN: Mr. Holland.

MR. HOLLAND: Mr. Chairman, there probably was a pattern developed with Manitoba Data Services, even though it was operated as a division. Its accounts were kept entirely separate, published for Manitoba Data Services. In fact they published a separate Annual Report, as well as including it in the MTS Report and then there was consolidated information. We're assuming that the activities of MTS will be fully displayed in our Annual Report.

MR. EVANS: It has a separate division, this is what you're saying.

MR. ORCHARD: If they were displayed, as such, they would be open for discussion now. Just while we're touching on Manitoba Data Services, we'll be dealing with Manitoba Data Services, approximately when in this Committee, Mr. Minister?

MR. EVANS: I'm not quite sure, I'll have to check that. This comes under the Minister responsible for Crown investments, I believe, Mr. Parasiuk.

MR. ORCHARD: You're not responsible for MDS as well?

MR. EVANS: No, I believe that is Parasiuk, so we can check with the House Leader, but I can't tell you right now.

MR. ORCHARD: I would like to try to wrap up by 12:30 and we've got a number of questions, I hope we can do it by then.

Project IDA is in the wind-down stage. I suppose the last recollection I had was that there was a potential development, manufacturing development, in at least a portion of the technology developed out there. A private sector firm was looking at the possibility of furthering the technology into the manufacturing mode. Is there a current status on that?

MR. HOLLAND: Mr. Chairman, Inter-Discom Systems Ltd. have continued their operations in Winnipeg. They have about 22 employees. We understand that an Eastern Canadian firm has expressed interest in either acquiring or purchasing equity in ISL and that in the meantime, they're doing extensive contractual work for that agency. I am not aware of

any final results in those negotiations at this point.

MR. ORCHARD: Two questions on IDA then. First off, is MTS providing any funding for Inter-Discom at this time and secondly, what's the status on, I believe it was a debenture that was the nature of the financial instrument used to secure previous participation. What's the status, I believe on that \$5,000 debenture?

MR. HOLLAND: Mr. Chairman, MTS, other than the IDA project, has contracted for services of ISL on different occasions; small contracts for maintenance on IDA during the demonstration year, they did a study for MTS on certain characteristics of the network having to do with pay T.V. and its delivery and its security. To my recollection there have been no such contracts in the last six months. MTS, of course, has the debenture outstanding and it requires that MTS be involved in any corporate changes by ISL or any disposal of their assets, so that we have been kept informed, as a third party, in the current negotiations with the Eastern Canadian firm.

MR. ORCHARD: Does the System consider the debenture reasonably secure?

MR. HOLLAND: Mr. Chairman, our hope is that we can achieve a number of objectives with ISL. We would like to see them remain in Manitoba; we would like to see them be a successful Manitoba corporation and we would like to see arrangements for ultimate recovery of the debenture. So there's a variety of discussions going on as to whether, through pricing arrangements of products or preferential supply arrangements, that we can recover the debenture, but those are not finalized at this stage.

MR. ORCHARD: Did I hear correctly? Preferential supply arrangements were mentioned — when would those come in? They don't supply anything except consulting services, as I understand it right now.

MR. HOLLAND: Mr. Chairman, this second party is a very exciting, rather new Canadian firm, which is developing some unique and interesting products that MTS may well want to have available in the Manitoba networks.

MR. ORCHARD: And it would be preferential supply of those to be developed products that you'd be referring to.

MR. HOLLAND: Yes.

MR. ORCHARD: So then really the current status on that debenture is probably, if I could use the words "as much up in the air today as it was, say six months ago."

MR. HOLLAND: Mr. Chairman, I think I'd have to answer yes to that.

MR. ORCHARD: On the Elie project. One of the things that was a question mark on fibre optics was their being able to sustain the rigours of our climate extremes and this winter we were very fortunate in

being able to put the Elie project through one of its better tests in the last few years with the winter we had. How did the fibre optics technology work out? Was there any major surprises?

MR. HOLLAND: Mr. Chairman, the installation went extremely well, very satisfactorily. The maintenance experience in it was a irascible during say the first three months, but at this stage it's become a very reliable, high quality system.

MR. ORCHARD: There was good function then in January, in the extreme cold, there were no unusual problems identified in that extremely cold weather?

MR. HOLLAND: Mr. Chairman, I think the problems at that time were electronic gremlins, I don't think they were attributed to the environment.

MR. ORCHARD: Is the System encouraged that this may well be the way to go in fibre optics, like there's always been the question mark as to whether it's truly the future carrying method? Is the System encouraged from results to date at Elie that it may well prove to be the boon everybody says it is?

MR. HOLLAND: Mr. Chairman, Elie-St. Eustache, is also a trial or an R and D project. It has been extremely successful in demonstrating that over the fibre in the local distribution plant you can transmit very high quality video digital telephony, alarming the variety of services. The impediments in the local distribution plant are the economics, the refinement of electronics, so the interest in the industry well beyond Manitoba has been very high in the demonstration project. It certainly works technically, but we are now waiting the improvements in economics in that area.

MR. ORCHARD: I note the system is planning installation of fibre optic, I believe, up to Stonewall, out to Beausejour. That's not the same stye of installation that's out at Elie, it's not farm-to-farm installation, it's connecting, really, two communities, is that a correct understanding?

MR. HOLLAND: Mr. Chairman, it is in the very high volume trunking, or transmission area, as opposed to local distribution. It's carrying huge volume of voice and data.

MR. ORCHARD: The Grassroots Project was quite enthusiastically received last year, does the General Manager have any recent figures on how many Grassroots customers are now hooked onto that system in the province?

MR. HOLLAND: Mr. Chairman, my recollection is that there were about 50 units installed in community centres of different types so that the people in that area could access the unit, such as agricultural representatives and so on; but that there are something over 100 installations at this stage, 100 commercial installations, in effect.

MR. ORCHARD: Okay, so that means that there's the approximate 50 that were on the original trial, that

went out to public buildings, and there's now about 100 private customers on top of that?

MR. HOLLAND: Yes, Mr. Chairman.

MR. ORCHARD: Has the customer acceptance been good, the comments favourable on Grassroots? Has there been anybody that's had it for a few months and then say it's not worth a damn and give the unit back?

MR. HOLLAND: Mr. Chairman, the interest level is in direct relationship to the currency and interest level of the data bank, the programming. Our experience in Headingley, for instance, was that people went through even a 10,000-page data bank with great speed and become familiar with it, and then wanted another 10,000 pages overnight. It depends, of course, on how relevant the data bank is to the needs of the particular customers. There has been, I would say, good interest in the agribusiness sector that is particularly being served under Grassroots. There is a demand for more and more programming availability and I think the other other general conclusion is that it appears to have early applicability likely in the business area, retrieval of information by corporations through the Telidon access.

MR. ORCHARD: That's good to hear. The next biggest thing is we'll be getting all the people in rural Manitoba on a private line so they can all hook up to Grassroots, and I know the General Manager shares the concerns around this table to proceed with that posthaste, and probably in a couple of years time we'll be able to get that done.

In cable television services, particularly outside of the City of Winnipeg, the WesMan Media Co-op has a number of communities licensed and I believe the original intent was the system was going to hook up those communities, provide signal by ICBN network. What's the current thinking on how to bring the television signals into the communities presently not receiving signal from MTS?

MR. HOLLAND: Mr. Chairman, it is our normal practise to quote to the customer, either extension of ICBN or microwave, and it becomes a matter for the business customer to consider in context with his business plan. Normally if he foresees a need for, say, five video signals for the foreseeable future, microwave tends to be the most economical solution. If he foresees an ever-increasing variety of video programming that he's going to want to distribute to his franchise territory, then he becomes most interested in coax which has a much larger capacity, but we quote normally giving the customer the option.

MR. ORCHARD: What strikes me now, and I believe the Minister indicated this in the House three or four weeks ago, one of the problems we've got out in Wesman is that to provide their television signal to some of their communities in their licenced area, they are pulling off air signal for the Canadian channels and they are receiving U.S. programming off of Satcom via TBRO, by a satellite dish, and the Minister indicated that, I think, starting in July of next year Anik C or D, whichever it is, will be carrying probably

the three plus one. With the advent of satellite signal, would not the customer be in a position where he wouldn't necessarily require MTS microwave or coax cable to deliver that basic television package?

MR. HOLLAND: Mr. Chairman, I'm not aware that any of the national programmers have contracted for satellite delivery of the three plus one, that is still unknown what will happen in that area. There is a CRTC hearing in Winnipeg on April 20 having to do with licence renewals and that may clarify. If they are on the satellite we don't know whether they will be scrambled or unscrambled; and then there is the further question of studying the economics of satellite-delivered signals versus the existing terrestrial networks. The Cancom fee, I believe, is \$4.00 for their package, so that the operator then has to study the economics of that cost versus MTS "on terrestrial systems." That of course is a trade-off on the ICBN portion, the inter-city portion. The operator still requires our local distribution plant to get it to the households.

MR. ORCHARD: Well I realize that the LBN Plant is still needed but in terms of cost, without subsidy from the City of Winnipeg, I think Satellite is by far the most economic delivered cost. For instance, in Thompson-maybe Thompsons not a good one to choose because it is a fairly large community - but in some of the other areas I don't think that MTS can provide any terrestrial system, assuming that it's not in place and they're going to have to construct one, I don't think they can provide any community, the size of 2,000 say, with a delivered signal of 450 that is being quoted by Cancom so I guess we're back to the discussions we had probably 4 years ago as to how the best method of television signal delivery is and the most economical in the long run. With MTS having to construct new microwave facilities to deliver television when it appears as if, and I'll have to check back in Hansard because - well the Minister's here he could indicate - I'm quite sure, you indicated the other day in the House that there was an American signal coming approximately next summer I think. The installation cost of a dish in pulling that signal off satellite I think is the least cost route to go in terms of capital cost. Maybe the Minister might want to comment.

MR. EVANS: The information I had with regard to American programming coming over a Canadian satellite was that the earliest that it could be put on would be next July, that would be the earliest. I was also advised, through Mr. Fox's office, the Federal Minister of Communication, there was some interest expressed why Canadians in proceeding with the commercial delivery of American signals through a Canadian satellite but thus far there's no commercial arrangement put in place. It is possible that it could be done by next July so that would be the earliest that it could occur, and that there has been some interest expressed by Canadians. Mr. Holland is correct there is nothing firmed up on that.

MR. ORCHARD: Well what we were talking about is a technical capability, not a reality, of the signal going to be available.

It is speculative at this time. I'm sure there will be some business persons or Canadian investment would be interested in doing this if it looked profitable. I don't think it's an unrealistic expectation but I'm not in a position to judge what the probabilities are.

MR. ORCHARD: With the advent of satellite technology, and I had an opportunity to see some it first hand in Washington in January, it would look as if we're all going to be living in that era of a one metre dish on our roof top or sitting in our back yard pulling up television signal from somebody's direct broadcast satellites that are going up in the next few years. In rural Manitoba I really wonder whether there is a future need for investment in microwave or coax cable to provide signal delivery between communities because I can foresee a time in the very near future, purely for television which is the major request in rural Manitoba, that there will come very quickly a time when I, as an individual, and practically all residents of Manitoba, rural Manitoba, will be able for less than \$1,000 put up a dish and pull in all the television they want. I'm sure the system must have some concerns about making a new investment in microwave or coax cable to link communities that may lose their customer base because of direct broadcast satellite and the advent of TVROs which are coming down in price every day. Has the System given that consideration, is the System hesitating or slowing investment in microwave to deliver inter-city signals?

MR. HOLLAND: Well, Mr. Chairman, we've been following that technology closely for more than a decade. MTS is an equity holder of course in Telesat Canada and I think that their technology is as advanced as any in the world. Through our Board representation on Telesat Canada we're able to keep fully informed on those developments. Telesat Canada joined the TransCanada Telephone System in 1976 so that they sit with us in planning the national networks and, of course, the engineers are using satellite technology extensively in voice transmission where it is engineeringly the best economic solution.

On the economics side of it, that has to be studied very carefully. It's changing rapidly and likely, as with fibre optics and related electronics, the economics will improve very quickly. But, for instance, we were discussing Cancom at \$4 per subscriber and I believe that requires a base of a 1.5 million or 2 million people to make that rate feasible. It requires a very large distribution base to render that useable.

There are many other facets of it, the programming costs, whether Canadians can continue individually to take signals off the American Satcom and their premium television with no payment to the programmers and the creative people. So it is a complicated area. We are certainly studying it very carefully. As I say, the TCTS use of the technology is very extensive to the extent that virtually all of their existing capacity has been utilized. They're now waiting for the new generations to be launched later this year and subsequently.

MR. ORCHARD: Well, is MTS, in part of their Capital budget this year, are they planning on expenditure of Capital dollars to, either instal microwave or coax

cable systems to deliver television between communities in rural Manitoba, is that part of the Capital Investment Program for this coming year?

MR. HOLLAND: Yes, Mr. Chairman, wherever we have a customer who has signed a contract for such service. One example would be microwave delivery of signals to Steinbach. We have other quotations out and if we get contracts we'll fulfill those as quickly as possible, be it coaxial cable or microwave.

MR. ORCHARD: So that there is ongoing investment to deliver television signals by terrestrial means?

MR. HOLLAND: Well, Mr. Chairman, the ongoing investment, other than in the local distribution plant, will occur as MTS obtains contracts, multier contracts for such service.

MR. ORCHARD: In Thompson was the System instructed to install a dish to receive Satcom signals, I think, in the last two or three months?

MR. HOLLAND: Mr. Chairman, MTS concluded a contract with a customer in Thompson for the installation of a nurse station, yes.

MR. ORCHARD: Was there instruction given by the Provincial Government to undertake that installation in Thompson?

MR. HOLLAND: Well, Mr. Chairman, MTS acted under ongoing provincial policy, as we understand it, that Northern Manitoba is an exceptional circumstance where there are no terrestrial delivery facilities existing and that the policy should be that, as soon as it's economically feasible, Northern Manitobans should receive service comparable to that of Southern Manitobans. As we understand that policy, we then proceeded with our contract.

MR. ORCHARD: I appreciate that, that's a policy that's been ongoing for two, or two-and-a-half years but specifically, to install that dish in Thompson to receive Satcom signals, knowing the policy is in place, was there instruction given by the Manitoba Government to make that installation?

MR. HOLLAND: Mr. Chairman, I would say that there was consultation with the responsible Minister on all activities in Northern Manitoba to ensure that what we were doing conformed with provincial policy.

MR. ORCHARD: As a result of those discussions with the Minister, were instructions given to install the dish in Thompson?

MR. HOLLAND: We received confirmation that our contract for service in Thompson would not conflict with provincial policy.

MR. ORCHARD: Once again, not wanting to belabour the issue, did the Minister indicate that you should install the dish up there to provide that signal?

MR. EVANS: Perhaps the question is rather unfair to

Mr. Holland. I had discussions with the Chairman of the Board, Mr. Miller, who is assisting me in this matter, but the General Manager is correct and the Member for Pembina is correct. What we are attempting to do is to carry on a policy wherein we assure that people in Northern Manitoba are not really discriminated against, if I can use that term, we want to ensure that all Manitobans are treated as fairly and equitably as possible and, to the extent that the MTS could make it possible, it certainly did so and responded to the requests of a customer in Thompson, namely, the cable operator in that city.

MR. ORCHARD: Well I take it then, Mr. Chairman, that the Minister gave the instruction to the Chairman of the Board that the dish should be installed in Thompson then.

MR. EVANS: Well, whichever way you want to describe it, I don't think I necessarily had to say you should do this or you should not do that, it's just a matter of events falling into place and it's just understood that the MTS would be in a position to service that particular cable operator. Certainly I, as a Minister, felt that should happen and would certainly concur with the MTS doing that. It doesn't require and did not require some legal document directing or some formal pronouncement, etc., it's simply a matter of carrying out a policy that, as you said yourself, has been in existence for some time.

MR. ORCHARD: Well, Mr. Chairman, maybe the Minister could have a discussion with his backbench member of this government, the MLA for Thompson, and, since he indicates there was no formal instruction given to MTS, he might have the Member for Thompson correct his press release where he indicates that instruction was given by the government to MTS, something that we have been attempting to find out from the Minister for some time and have now found out that he didn't give them instruction. So, in the interests of accuracy, which all Manitobans are deeply concerned with, he might undertake a discussion with his MLA for Thompson and have him peruse the press release to make sure that it's accurate. We wouldn't want to have Manitobans given the wrong impression about the way the new government operates in relationship to Manitoba Telephone System.

MR. EVANS: Well, Mr. Chairman, I think we're sort of playing around with words.

MR. ORCHARD: I'm not playing around with words.

MR. EVANS: Well, as I've said in the House, I'm not responsible for content of any individual member's press release, I've said that on several occasions. The essential point is that the Government of Manitoba approves of this particular move. It's in keeping with our policy, it could have been otherwise but it's certainly in keeping with our policy of ensuring that the people of Northern Manitoba get adequate television service.

After due discussion with the Chairman of the Manitoba Telephone System this event took place. Now if you want to call that "gave instructions," I suppose

you could, but I don't like to use those particular words. After adequate discussion it was deemed that it was suitable and indeed necessary for MTS to respond to the needs of the cable operator in Thompson so that the good people of Thompson could receive a wider range of television service.

MR. HOLLAND: Mr. Chairman, I wondered if I could comment briefly on two previous questions. A question was asked as to whether or not there were further upgrades required in the Valley Cablevision area and I understand that there is work needed in obtaining, either the three plus one, or two plus one signal delivery to Altona.

On another question, it had to do with how closely our forecast to the Public Utilities Board had been borne out by actual experience. I should have answered that by saying that they were very close to the financial plans which had been approved by the MTS Board. The Public Utilities Board did not endorse any particular bottom line pattern. The tariffs having been approved, of course, it was open to MTS to exercise expense constraint and to promote our products and so on, and to do everything possible to achieve the plans approved by the MTS Board and we were very close to those targets.

MR. ORCHARD: I want to thank Mr. Holland for that information. Just one comment to the Minister, when he indicates he's not concerned about the press releases that his backbenchers put out, I think it should be of concern to any member of the Treasury Bench that information contained in a press release is accurate and I think that's incumbent upon the government to assure that, otherwise, press releases tend to provide the wrong impression of the way governments operate.

MR. EVANS: Mr. Chairman, on a point of order.

MR. CHAIRMAN: Mr. Minister on a point of order.

MR. EVANS: Mr. Chairman, I want to make it clear I am concerned what people put in press releases; I simply stated that I can't be held responsible. As the member could not be held responsible, say, when he was a Minister and one of his backbenchers, let's say, wrote a column in some weekly newspaper. You know, I don't think that it's good practice for Cabinet Ministers to try to muzzle backbenchers, whether it's press releases or columns. I understand the Member for Roblin, for instance, just to use an example, writes a regular column. I'm sure it's a very interesting column but I don't think that you, as a Minister, should want to try to censor it.

MR. ORCHARD: Mr. Chairman, a couple more questions. Is the System, and I posed this question to the Minister in the House about three or four weeks ago about whether there is any plans to expand the office space of MTS either by purchase or construction?

MR. EVANS: Excuse me. Did you say the office space of MTS by purchase or construction? Well, the matter is under consideration.

MR. ORCHARD: I take it then that the System is contemplating purchasing a building?

MR. EVANS: That is an option that's being considered.

MR. ORCHARD: How close to a decision?

MR. EVANS: Perhaps the Chairman is in a better position to answer that.

MR. CHAIRMAN: Mr. Miller.

MR. MILLER: Mr. Chairman, the Board has been wrestling with this problem for some time, and the decisions were made last fall, and reiterated more recently, but no final decision has been made on the matter. We should know, I think, within the next 90 days what will occur. It will take about 90 days, I would say.

MR. CHAIRMAN: Mr. Orchard.

MR. ORCHARD: I take it that negotiations are on the Bestland Building?

MR. MILLER: That is one of the possibilities, yes.

MR. ORCHARD: How has the reaction been to the larger exchanges, the Extended Area Service? Has there been calls received by the System from communities wanting to know why they're not part of it and encouraging the System to move quickly and further along that line?

MR. CHAIRMAN: Mr. Holland.

MR. HOLLAND: Mr. Chairman, the brief answer is yes, we've had a great deal of interest in it and representations. We've responded by saying that we think we have selected the priority areas for the first phase, and that as economics permit, we can consider further phases.

MR. ORCHARD: Yes, I received a lot of phone calls on that as well. We've had this discussion many, many times in this committee and I think I've probably raised it every year, and I don't intend to raise it again because the position hasn't changed. The rapid progress towards that would be well received in rural Manitoba and the business patterns are changing, larger business areas, and I think it's a necessary direction that the System will have to take, has started, and will have to continue to take over the next few years.

Could the General Manager indicate the size of Capital Budget that they anticipate spending this year?

MR. HOLLAND: Yes, Mr. Chairman, we've recommended an upcoming budget of about \$120 million.

MR. ORCHARD: That will be directed primarily in the City of Winnipeg — is that part of that in the upgrading of the Winnipeg cable system, or are you at that stage yet?

MR. HOLLAND: Well, Mr. Chairman, it continues to be a compendium of anywhere from 2,300 to 3,000 projects. However, the digital switch at the main exchange in Winnipeg, as Mr. Orchard suggests, will be a major component in the upcoming budget.

MR. ORCHARD: Does the System anticipate spending any money upgrading the capacity of the cable system in Winnipeg?

MR. HOLLAND: Mr. Chairman, our hope is that we can start during the fiscal year on one area, or perhaps one area in each of the licensed operator areas. We're very anxious to get on with one sector and get that upgraded and start the multi-year program.

MR. ORCHARD: Thank you. One last question. How are the propane cars working? Have you got any numbers on their fuel efficiencies and that, that you could make available to the committee?

MR. HOLLAND: Yes, Mr. Chairman, the project has been very successful. I have some very brief figures, I think. The cost savings on propane were originally anticipated to require a four-year pay back, and it's turned out that the pay back starts after about 40,000 kilometres of operations, and there are maintenance advantages as well in the use of propane. We now have 57 units operating on propane and we expect another 20. We also have 25 vehicles on gasohol. There have been no problems in its use, and our people in charge of the project are anticipating prolonged engine life, but cost-wise, that seems to be in the future as energy prices under the national energy policies start to rise.

MR. ORCHARD: Just one last question. Originally, like you indicate that the pay back commences at 40,000 kilometres on propane. What was your original target figure when you thought the pay back would commence? Was it significantly higher than that?

MR. HOLLAND: Well, it was expressed as a four-year operation to . . .

MR. ORCHARD: That doesn't mean anything, kilometres on one end and years on another. That doesn't really mean anything to me. In four years, what would you have on those vehicles, a 120,000 kilometres?

MR. HOLLAND: I would think probably four times the 40,000. I'd be glad to check that, if Mr. Orchard is interested, and let him know. We do report results monthly to the Manitoba Research Council, so it would readily available.

MR. ORCHARD: Yes, Mr. Chairman, I'd appreciate receiving those figures because I think that's a very intriguing step, the propane conversions, and the information that he could provide later would be just fine.

MR. CHAIRMAN: Mr. Doern.

MR. RUSSELL DOERN (Elmwood): Mr. Chairman, I

just had one comment to make and I want to make it to the Minister. It seems to me that, and I'm looking now at Mr. Holland's remarks at the beginning, that given the fact that the Telephone System has now expanded beyond its original hopes, thoughts and dreams — it's no longer just a black telephone and some wires running along some telephone poles — to cable, radio lengths, microwave, satellite communications in particular; but I think the time has come to consider a name change, and I just want to say to the Minister, and put a bee in his bonnet, that maybe the name Manitoba Telephone System no longer accurately describes MTS, that maybe a Manitoba Telecommunications System would be a more appropriate name.

I give as an example, looking historically, in 1908 it was the Bell Telephone System; in 1921, the Manitoba Telephone System; and I think that, given the burgeoning communications area and all the exciting new possibilities and all the capabilities of the System, that MTS standing for the Manitoba Telephone System does not accurately describe the ability of the System to deliver. I simply say that the Minister should give consideration, either now in the 75th anniversary or in the near future, to adopting a new name, and if I were going to make that suggestion, I would say that it should be the Manitoba Telecommunications system similar to Saskatchewan Telecommunications.

MR. EVANS: Mr. Minister, I will take the suggestion under consideration.

MR. CHAIRMAN: Mr. McKenzie.

MR. MCKENZIE: I just have a couple a couple of questions, Mr. Chairman. I wonder if Mr. Holland could advise how much buried cable there is in the province now?

MR. HOLLAND: I didn't hear the question.

MR. MCKENZIE: How much buried cable is there across the province?

MR. HOLLAND: Virtually all new cabling is being buried and I think there are figures in the Annual Report, percent of buried cable?

MR. MCKENZIE: Is it pretty well completed in the province, or is there still some aerial wire lines, or phones served by aerial wire?

MR. HOLLAND: Mr. Chairman, I'll try and find the reference here. There is a figure showing the number of kilometres of open wire. Maybe Mr. Tinkler knows that figure?

MR. R. F. TINKLER, Director of Operations: I don't recall the numbers specifically, but I might suggest that there are certain constraints in total burial of cable due to the nature of the ground formation, etc.

MR. CHAIRMAN: Excuse me, could you come to a microphone?

MR. TINKLER: Thank you, Mr. Chairman. In the

Annual Report there are specific references made to the amount of aerial wire having been reduced by 26,093 km and a total of 4,089 km of buried cable and wire added to the Systems network in that period. As I suggested, it is not practical, or conceivable, or even achievable to bury in totality all of the distribution due to the nature of the ground formation, rocks, water, things of this nature that could offer constraints for total burial of cable. But generally plans are in place to reduce this to an absolute minimum where it's possible to bury it and just as quickly as possible. You'll notice that there are places where there are still poles standing. In many cases, the cable bypassing that has already been placed and it is simply a matter of waiting for an appropriate time to remove the aerial plant that exists at that time.

MR. ORCHARD: Mr. Chairman, why don't we just pass the whole report.

MR. CHAIRMAN: Is that a formal motion? Moved that the report be accepted in its entirety. Agreed? (Agreed)

MR. HOLLAND: Thank you very much, gentlemen.

MR. CHAIRMAN: Committee rise