

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

Thursday, March 8, 1990

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Harold Gilleshammer (Minnedosa)

ATTENDANCE - 11 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Enns, Neufeld, Penner
Mr. Angus, Mrs. Charles, Messrs.
Gilleshammer, Harapiak, Helwer, Storie,
Taylor, Uruski

WITNESSES:

Mr. John Amor, The Packaging Association
of Canada
Mr. George Bergen, Private Citizen
Ms. Annette Maloney, Private Citizen

APPEARING:

Hon. Glen Cummings (Minister of
Environment)
Hon. Clayton Manness (Minister of Finance)
Mr. Steve Ashton (Thompson)

MATTERS UNDER DISCUSSION:

Bill No. 84—The Waste Reduction and
Prevention and Consequential Amendment
Act
Bill No. 98—The Manitoba Data Services
Disposition and Consequential Amendments
Act

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Mr. Chairman: Will the Committee on Public Utilities and Natural Resources come to order. We last met on Tuesday, March 6, 1990, at 10 a.m., to consider Bills Nos. 9 and 92. Today we will be considering Bill No. 9, The Forest Amendment Act, Bill No. 84; The Waste Reduction and Prevention and Consequential Amendments Act; Bill 92, The Manitoba Energy Foundation Repeal Act and, by a motion introduced in the House March 7, 1990, Bill No. 98, The Manitoba Data Services Disposition and Consequential Amendments Act.

* (1005)

It is our custom to hear briefs before consideration of the Bills. What is the will of the committee? I have a list of persons wishing to appear before this committee. On Bill No. 84, The Waste Reduction and Prevention and Consequential Amendment Act, Mr.

John Amor, The Packaging Association of Canada. On Bill No. 98, The Manitoba Data Services Disposition and Consequential Amendments Act, Mr. Peter Olfert, Mr. George Bergen, Ms. Annette Maloney, Mr. Ken Hildahl. Should anyone present wish to appear before this committee, please advise the Committee Clerk, and your name will be added to the list.

**BILL NO. 84
THE WASTE REDUCTION AND
PREVENTION AND CONSEQUENTIAL
AMENDMENTS ACT**

Mr. Chairman: Our first presenter then on Bill No. 84, Mr. John Amor. Would you come forward, please? We have a written presentation and I believe it has been circulated. It is in two parts, and it has been circulated. Mr. Amor, you may proceed whenever you are ready.

Mr. John Amor (The Packaging Association of Canada): Mr. Chairman, I will, if you do not mind, read through the first of the two papers that you are given this morning. This was prepared rather late and rather hurriedly last night. My opportunity to appear today was on very short notice. There are one or two minor wording changes I would like to make on the way through here.

Honourable Members, ladies and gentlemen of the committee, on behalf of the organizations which I represent today, which are The Packaging Association of Canada, The Packaging Association of Canada's Prairie Chapter, and my own employer, a Manitoba based, interprovincially and internationally operating flexible packaging converter, I thank the committee for this opportunity to voice our concerns over Bill 84, The WRAP Act.

The Bill has been described as enabling legislation in that it is intended to put in place powers to enforce other yet to be drafted legislation aimed at the admirable goal of solid waste reduction. We submit that until workable measures to address the waste reduction—or our industry prefers, rather than reduction, we prefer actually the term “diversion”—have been defined, any enabling legislation which includes the punitive measures called for in the Act will predispose those drafting the waste reduction measures to premature and quite likely counterproductive methods.

The Packaging Association of Canada and its many member companies most wholeheartedly support the goals of waste reduction, or again diversion. We have without fanfare and without legislative duress for many years already been adopting measure aimed at those very goals. For example, please consider today's materials: the thinner walled bottles and the recycling

initiatives of the glass industry; the lighter weight and recyclable cans of the soft drink producers; the highly efficient and material conserving corrugated cartons which use enormously less materials than in years gone by; the highly sophisticated, lightweight, high-barrier and energy efficient plastics which are vastly more efficient in terms of product protection and materials usage than former packaging. There is not a package on the market today which contains more material than its predecessor other than those very few which require tamper evidence, and they again were a reaction of the packaging industry to specific consumer demands.

* (1010)

We most strongly submit that any measures adopted in Manitoba must be in concert with national initiatives. The Packaging Association of Canada, working with the federally appointed Canadian Council of Ministers of the Environment, has drafted a packaging protocol which its members can support. Anything which disrupts a national program can have nothing but a disastrous effect on an industry which by its very nature and purpose operates on a national and international scale.

There has yet to be shown any credible evidence that the popularly stated goal of 50 percent reduction by the year 2000 is in fact actually achievable. It well may be, but legislation which threatens to destroy a crucially important industry's ability to survive in an intensely competitive international marketplace can do little except tilt the playing field in favour of those who operate outside the jurisdiction of the province or the jurisdiction of the country. We exist locally but operate globally. It is true that pollution knows no borders, but in this era of free trade, neither does commerce.

The goal of 50 percent reduction is desirable, or a 50 percent diversion, and may with a reasoned and carefully researched program by an industry which is extremely responsive to consumer issues be achievable. However, please compare Canada's 50 percent reduction goal and Manitoba's potentially crippling punitive enforcement legislation with the Coalition of North Eastern Governors, whose nine signatures, including the states of New York, New Hampshire and New Jersey, have agreed to a policy which calls for no net increase on a per capita basis in packaging waste generation over 1989 rates. Please consider the economic significance of the different requirements in light of the impact of free trade. To pretend that by installation of arbitrary reduction figures and timetables we can force development and technology and infrastructures which can only be achieved by carefully researched development in a responsible and responsive industry, we simply invite a chaotic breakdown of national objectives.

In summation, The Packaging Association of Canada respectfully submits that the powers contained in Bill 84 are both excessive and premature. That the CCME protocol offers a more reasoned approach to the issue of waste reduction or diversion. We urge that you examine the protocol and defer implementation of this enabling legislation until any measures it is designed to enforce are actually drafted. We further submit that any such measures which are drafted must be shown

to be in harmony with nationally accepted programs if they are to have to success we all desire.

We thank the review committee Members for their attention and consideration and have submitted herewith a copy of The Packaging Association of Canada's recommendations for a national packaging protocol.

Mr. Chairman: Thank you, Mr. Amor. Are there any questions of our presenter? Mrs. Charles.

Mrs. Gwen Charles (Selkirk): Thank you, Mr. Amor. You say that there has been a packaging protocol put in place in association with the Ministers of the Environment across Canada, I take it.

Mr. Amor: Correct.

Mrs. Charles: Can you give us more of an overview of what that package in protocol is? Was it a full agreement, a signed agreement, on all parties participating in the agreement?

* (1015)

Mr. Amor: It is, at this stage, a draft protocol. You have before you a copy of it, or you should have. If not, I did not bring enough. It is a different approach in that it does not regulate or direct or ban or fine or place predisposal levies. None of these were trade-restrictive methods. It calls for agreement among the interested parties, industry, government, consumers to work collectively towards solving these issues. Industry has been doing this for years. It intends to continue doing it.

Mrs. Charles: I suppose the reasoning for the legislation coming forward is the feeling on behalf of Government directed by the people that perhaps the industry has not been doing as well as possible. I guess I will give you this opportunity to put your views on that to the committee.

Mr. Amor: The industry has not, unfortunately in retrospect, done a very good job of blowing its own horn on the measures we have taken. If you examine the packages that we are using today and the amount of materials they use and contribute to the waste stream, as I mentioned earlier, and it did not appear in my written form, there almost without exception is not a package on the market today which does not incorporate a drastic reduction in the volumes and amounts of material used.

We are running plastics now at a fraction of a thousandth of an inch whereas a few years ago we were running much, much thicker materials. Technology has allowed us to make these reductions. We are allowing barrier properties which allow the shipment of perishable food products over a market area covering thousands of miles. These things just were impossible yesterday. The glass containers that I referred to are much, much lighter than they were. That was a response earlier to energy demands. Now if you look at a bottle of ten years ago and a bottle of today, today's bottle weighs half of what it did before.

Personally, I recently had occasion to buy a large electric motor. It was delivered to me in a very light corrugated box with a few ounces of foam padding. Ten years ago that motor would have come in a wooden crate strapped to a pallet.

The reduction in materials has been enormous. Everywhere you look, toothpaste tubes are thinner and lighter. Boxes are thinner and lighter. Plastics are thinner and lighter, less and less materials. These have been done largely as a result of market forces, not as a result of being driven.

Mrs. Charles: When you say market forces, are you referring to the cost factor of the market forces in competitive prices, or are you saying market forces as to what the consumers are wishing to be done with the packaging, in that we need to have less and less packaging and more available to recycle or reuse?

Mr. Amor: Both. Obviously our industry is in an extremely competitive position. We compete globally. We compete particularly with our neighbours to the south who have far greater manufacturing resources. We cross the borders. We are shipping south to them. They are shipping north to us. Economics is a very large part of it. If I can serve a packaging function with less materials than I did yesterday, economics forces me to do that.

We are also responsive to the consumer needs. We have been aware for a long time that the perfect package is one which allows its manufacturer to contain the product, to ship it through a distribution chain involving thousands of miles and occasionally weeks or months of storage, to put it on a store shelf, to allow the retail purchase and the product to be taken home, kept in a larder or cupboard until it is used. The perfect package will then disappear as soon as it is opened.

Unfortunately such a package does not exist. The problem with the packaging industry is that these materials are there. They serve a very necessary function, but as soon as they are empty, they are garbage left in the consumer's hand with our customers' names on it. We are very conscious of that. We have been trying for a long time to get them down. It has been a very expensive and time-consuming effort, but we have been working very, very diligently towards that.

Mrs. Charles: Finally, Mr. Amor, I thank you for your presentation. Could you just wrap up your worst fear scenario, in that this is enabling legislation, and you are asking, if I have read this correctly, that it be held off until implementation measures are drafted, so that you know what is in place? Could you just summarize your fears of what could happen if the whole package of the law is not put together in one place at one time?

* (1020)

Mr. Amor: I will attempt to do so. My own company—and I am here on behalf of the Packaging Association rather than my own company, but I work for the Manitoba head office of an international company—we have plants in other provinces. We ship materials

throughout the country and south of the border. We already have package requirements differing from province to province. We make labels, wrappers and packages for the same product in Vancouver as in Nova Scotia. We have to differentiate between those packages.

If we now have to put in place predisposal levies or operate under the economic duress of potential fines or performance bonds, we are just asking the American producers to come charging in. There is not a vast pool of profits that we can dip into to absorb these costs. Anything we do is going to be passed on to the consumer eventually. In the meantime we are going to cripple a very closely-run industry.

Mr. John Angus (St. Norbert): I will just ask a question for clarification, Mr. Chairman. I am concerned about the cross-border competition, if you like. Could you just advise me as to what their standards are? Do their standards compare with the Manitoba standards that are being proposed? If they do not, then are they not going to have to upgrade their standards to be able to compete in Manitoba?

Mr. Amor: I am not sure, Mr. Chairman, if I quite understand the context of your question. In packaging standards, you mean types of materials or the rules by which they must operate?

Mr. Angus: Yes.

Mr. Amor: The rules by which they must operate are somewhat different. For example, in Ontario my division there has to pay 100 percent of OHIP premiums that my U.S. competitor does not. The labour laws are vastly different, not only province to province, but Canada to the U.S.

There is a potential for huge market advantages. There are tax advantages to the U.S. producers. We are being squeezed extremely thinly. Our industry is one which is intensely capital-demanding. We run very, very large, very, very expensive machinery to try and compete in an international marketplace. There are going to be left in the packaging industry the very large producers who attempt to compete even-stein with the big guys south of the border, or there are going to be the little ones. There is going to be nobody in between. Our market just is not big enough to support those.

There is so much more scope for the Americans to operate. They have a larger margin, broader parameters under which to operate and more favourable tax and labour laws. Anything which further restricts our operations is going to put an enormous crimp in Canadian and particularly Manitoban operations.

Mr. Angus: Surely, Mr. Chairman, these regulations and these changes do not single out Manitoba producers. You may argue that there is an onus being put on your industry collectively to be more responsible and more participatory in the control of and participate in the waste reduction programs that the Government is introducing, but surely it is an across the board

application. It is not singling out you as an individual. The labour regulations are in place right now. You could argue that there is an unfair disadvantage in those currently, and you may get some sympathy at this table for that. Notwithstanding that, there is nothing in these regulations that are not universally applicable, is there?

You are saying, if I may ask the question and you perhaps can answer it more directly, that you are arguing against it on behalf of everybody, Ontario producers, American producers and everything else. Your industry just does not want to do these things, is that not basically what you are saying, that it is going to take money away from your profits, that you are going to have to increase your price to the consumers? You do not want that. Is that what you are saying?

* (1025)

Mr. Amor: We do not argue that the current differences in trade practices exist. What we are suggesting is that further impediments may be the straw that breaks the camel's back. It is not that our industry does not want to do these things. Our industry, quite frankly, was never built and designed to do these things.

The WRAP Act, or Bill 84 — by the way, the packaging industry is not thrilled with the acronym of The Waste Reduction and Prevention Act. It appears directly aimed at—

An Honourable Member: You are going to take the rap, are you?

Mr. Amor: We are taking the rap.

An Honourable Member: No pun intended.

Mr. Amor: It has been interpreted that way by quite a few people, I am afraid. We are saying that we are not and never have been equipped to put in place an infrastructure that this Act requires. The Act does not yet spell out what measures are required. It is putting in place punitive measures to enforce something which has not yet been defined.

I happen to be working with the Honourable Environment Minister's committee, the Recycling Action Committee. That is a demonstration of my industry's and my company's concern. I have counterparts in other provinces and federally who are doing the same thing. We are not irresponsible, but we cannot perform miracles. We are trying to recycle; we are trying to reduce; we are trying to do all those good things. We cannot force the consumer to return materials for us; we cannot create technology that may not ever be achievable. To put in place fines and penalties and levies insisting that you will do these in a specific time frame is, to our way of thinking, extremely onerous.

Mr. Angus: Mr. Amor, again you can correct me if I am wrong. You have asked for the Act to be deferred until a specific regulations are put in place. In looking at this Act, it seems that there is nothing in here that penalizes your industry, if the normal consumer does not return a container, as an example.

Mr. Amor: I do not wish to argue with you, but I rather strongly feel there is. The mandate of the Recycling Action Committee is to seek ways of reducing contribution to solid waste by 50 percent. Quite frankly, the packaging industry cannot in anyway at all reduce the amount of packaging material used by 50 percent. The only way we can reduce packaging materials in the waste stream by 50 percent is to shut down half of the supermarkets. There is a mass of perishable products which must be delivered to the consumer.

We have and will continue to make down-gauging, lightweighting or whatever expression you care to use. We will continue to implement those measures. But realistically when we are dealing in some of the lightweight materials we have already achieved, we have only a few percentage points room yet to go. I am dealing, as I mentioned before, quite often in plastic films, sub-one-thousandth of an inch. To expect a 50-percent reduction of that or to take the existing glass bottles and make them 50 percent thinner is virtually impossible. It is not going to happen, which means that the only way that we can achieve 50-percent reduction, or the packaging industry's contribution to 50-percent reduction, is to remove half the packages or, failing which, we will be subjected to these financial measures and business impediments that the Act puts in place. The penalties are being put for actions that we very well may not be able to achieve.

Mr. Angus: Mr. Amor, I am just curious as to where you get the 50-percent figure. The Act says, as I read it, that the WRAP strategy report to the Minister will give a statement of specific goals relating to waste reduction and prevention. It seems to me that if your industry can make a legitimate case for a planned program of waste reduction, that is acceptable. That is what your objective is, not to throw out the whole Act or the intention of the Act. Is my assumption reasonably accurate?

* (1030)

Mr. Amor: The 50-percent figure is one that is in quite common use. It was expressed by the Environment Minister (Mr. Cummings) at the launching of the Recycling Action Committee. The same figure has been quoted by both the federal environmental people and virtually every province across the country. That has become a national goal: 50-percent reduction in solid waste by the year 2000. The provinces are each working on their own measures to achieve this, but that is pretty well an accepted figure.

Hon. Glen Cummings (Minister of Environment): Yes, I appreciate the concerns that you have brought to the committee this morning. I would only attempt to put it in context of the Bill and would do it in this way where you just referenced the 50-percent reduction. It is certainly intended the way the Bill is structured and in fact the way The Environment Act is structured that if regulations were to be created pursuant to this Bill or to be added under the powers of this Bill there would have to be consultation with the industry in what was reasonable and achievable before regulations went into place. To that extent industries that are not contributing

inordinately to the waste stream would certainly have an opportunity to prove that and not have to be subject to 50-percent reduction if in fact there are other parts of the waste stream that can more readily achieve that goal. For example, newspaper is well known to be a large contributor to the present volume of waste.

The reason for the preamble is—are you uncomfortable with the approach that is, in my opinion, shown in the Act that it would be after consultation? Despite the recommendation of the WRAP committee, there would still need to be consultation with industries on the achievability of goals. Would you have suggestions for improving that process?

Mr. Amor: Mr. Minister, we have absolutely no objection at all to the principle of consultation and actively working together. We do object to the putting in place of potentially crippling financial measures or restrictive Acts when we do not know what the rules are yet that we are going to have to live by. You do not load a gun unless you are going hunting and that is what we are doing here.— (interjection)—

Mr. Chairman: Order, please.

An Honourable Member: Are you sensitive?

Mr. Chairman: Order, please. Mr. Amor, will you complete your answer?

Mr. Amor: I am sorry.

Mr. Cummings: You indicated some comfort level with what is being done at the national level by the council of Environment Ministers, which I am now part of. Are you satisfied that protocols developed at that level are sufficient to control the volume of waste from the packaging industry?

Mr. Amor: I am not only satisfied that it is sufficient, I am very convinced that a national protocol is the only logical way to approach what is a national problem and a national marketplace.

Mr. Cummings: Are you then uncomfortable with the thought of jurisdictions being able to place a disposal fee on products that come into the jurisdiction that are seen to have excessive waste attached to them?

Mr. Amor: I do not have a problem with penalties or restrictions for those items which are clearly excessive waste. Excessive waste is sometimes difficult to define. There are quite often reasons, in fact virtually always reasons, for a given package to exist. The average consumer may not understand quite what they are. I would be a little worried that an arbitrary decision, for example, that this bacon wrapper is heavier than it has to be, or this bottle is thicker than it has to be, without awareness of why that material is made the way it has to be. But in a process of a consultation that probably would not appear.

We do not have a problem with banning the obvious ones and there are a few. We submit that the best way to get those things off the market is very simply to let

the consumer make that choice. The easiest way in the world to get a package off the shelf that the consumer does not want is to put it on the shelf and let the consumer not buy it. We are a reactive industry. Our customers, the people who use the packaging materials we produce, are consumer reactive. If a package is not desirable to the consumer, it will extremely quickly disappear. There is not a package on the shelf today that somebody is not actively buying.

Mr. Harry Harapiak (The Pas): Mr. Chairman, I am just looking at the protocol here, which you have accepted. According to this protocol, what percentage of waste reduction would you have by the year 2000?

Mr. Amor: We do not know. We are working as diligently as we can to pick an arbitrary figure and say we are going to do this in 10 years. Nobody can say that. We undertake to work as diligently as we can to achieve the maximum results possible. If recycling is an option, we will recycle. We already are in many instances and intend to do more. If reduction at source of materials by lightweighting is an option, we will and we will continue. We always have. To say that by some point in the future we will achieve a specific magic figure, frankly is pure speculation.

Mr. Harapiak: Mr. Amor, just within the last week we have had an example of a Manitoba corporation moving into the area of recycling, the Fripp industries, which manufactures egg cartons, has gone into a recycling program where they are going to be making plastic lumber out of their egg cartons. I think that is a positive move and it is going to be reducing the waste going into landfill sites.

We also have a Blue Box Program, in which people in one part of the city here are participating at a very high level and it will tell you is an example of where people are also interested in. One of the problems with the packaging association is they mix materials when they are making those packages. So if they were to move away and only make it a plastic material or whatever material, just as long as it was one material, then you would see a great reduction in the waste going to the landfill site. Is there any effort being made by the packaging industry to make your packages out of one material so they can be recycled at a much higher degree?

Mr. Amor: There were several points made in there. I am quite aware of the efforts by Fripp Fibre Forms; I was at the press conference yesterday myself. We think that is highly commendable. That initiative will only succeed given several things. Nobody yet knows how active the consumer will be in returning those egg cartons to the stores. Nobody knows how much success Fripp Fibre Forms will have in getting the supermarkets to administer this return process. Supermarkets are there to sell product. The concept of having them return those materials to their source is a very new one. We do not know that it will work. We hope that it does.

Then assuming that those two steps work, that the consumer contributes and that the retailer contributes, we then have the logistics of getting it back to Fripp

Fibre Forms and/or to another recycler, and there are others. Our industry is very well aware of those options which currently exist and we are exploring more. For example, let us say that Fripp does in fact get this material back and produces synthetic lumber with it, plastic lumber. There are several companies.

* (1040)

Quite honestly nobody has yet made plastic lumber in Canada on a commercial scale. There have been some little tiny projects. The indications are that when they do these things the end result will be several times more expensive than conventional lumber. For that loop—and recycling has to be a loop—the Blue Box Program or the Wolseley Project involving currently a maximum of 2,000 families in a city of 600,000 people, they are very pilot projects. For them to succeed there has to be the whole infrastructure of materials coming back being turned into something useful, which then are commercially viable.

If plastic lumber is going to be sold for several times the price of real lumber, will the consumer buy it and use it in quantities which will support the infrastructure required to produce it? If they do not, then the effort is doomed to failure. Our concern is that the industries that produce those plastics will then be driven to the wall, because they have not done their bit to reduce solid waste. We are trying our darndest, but nobody yet knows how effective those measures will be and how well they will be accepted.

If I may, I am sorry, you touched on the issue of mixed materials in packaging. That refers back to a point made earlier, the perception of excessive materials or ill-advised materials. Without exception, mixed material packaging was developed because it creates less material than the alternative. Again, I use the example of the bacon wrapper. That is a package we are all familiar with. It is a rather tough package that one has to go at with a pair of scissors. It is a lamination generally of nylon and polyethylene and is there because that is the least material that will do the job. If I use all polyethylene, that bacon will be rancid long before it reached the distribution chain. If I made it all with nylon, it could not run on packaging machinery, it could not be gas flushed. None of the things that package has to withstand to go through the distribution chain and the consumer sales would be possible. The only alternative would be another structure involving far more materials. I can go on with other examples, but the principle is that those mixed media materials are there because they represent the highest technology in materials usage we can yet devise.

Mr. Harapiak: Mr. Amor, I think in most cases the public is probably leading us in opinions in areas of recycling. I think there was an example last winter of where some of the McDonald's operations made it possible for people to separate their materials right at the stores. The public was very willing to participate in that area. I think the general public is willing to go that extra step too.

I realize there are probably some technical difficulties to making those materials, packaging, available to make

them out of one material. I think the industry has some responsibility to lead in that area and research and come up with some materials that are acceptable.

I wanted to go to the second page of your protocol that you signed. You talk about the pulp and paper industry in using recycled newsprint. You seem to be concerned about the loss of jobs because the primary newspaper sector will be using recycled paper. We are presently dealing with a Bill before the Legislature here, and in the presentations that were made, the people who are involved in the industry are saying there is less and less woods available for harvesting. So I guess when you look at it and you look at the loss of jobs and you also have to weigh the benefits of our landfills not being filled to the point where they are right now, I think you have to take all of that into consideration when you are talking about recycling newspaper. It seems that your industry is not in favour of it or at least questions the wisdom of moving in that direction.

Mr. Amor: We are against absolutes. We have absolutely no objection to and currently are very active in recycling papers, newspaper or other papers. Virtually every sheet of paper that one sees contains either the manufacturing waste trim fed back in, or in some cases—and more and more as it is becoming accepted—post consumer fibres. As markets develop for it, we will use it. A balance between recycled paper and new paper, a sensible balance, we have no objection with. To say that all newspaper will be recycled ignores technology, ignores logistics. The principle is highly commendable.

You referred earlier to the Blue Box Program. Unfortunately Ontario already has in warehouses quite literally hundreds of thousands of tons of newspaper that they just cannot do anything with. They are currently selling it to Pacific Rim companies at a negative price. They are selling it for less than it cost to load it on a ship because there is just not the vehicle to accept those materials.

One cannot infinitely recycle newsprint. If trees disappeared tomorrow, and we said, right, we are stuck with the newspapers that we have; we are going to keep on recycling them. Unfortunately, every time you recycle, the fibres break down. Every time you recycle, the end product diminishes in quality and strength. Somewhere in between, virgin materials and recycled is a sensible balance.

To arbitrarily say this is what you are going to have to do is just unworkable, Sir.

Mr. Harapiak: I do not think there is anybody suggesting that we would be going completely to recycled newsprint, but again, the public is recognizing the wisdom of using recycled materials is becoming more and more acceptable of using recycled newsprint. I think the industries are starting to recognize and the industries are going to spring up in Canada to deal with those newsprints that there presently are no markets for. We have heard from the industry now that they are starting to look at starting up plants in Canada, which would deal with those newsprints that presently there is no market for. I agree with you, there has to

be a balance of the virgin materials used and recycled, but we are moving in that direction now.

Mr. Chairman: Thank you. Any further questions? Mr. Taylor.

Mr. Harold Taylor (Wolseley): Yes, thank you Mr. Chairperson. To Mr. Amor, you mentioned earlier in your presentation about the need for a Canadian industry, and specifically your industry, to have a level playing field so they might be competitive in the international context.

My question would be as what about the requirement at a national level for certain standards of packaging to be emanating from the federal Government, so that anybody, and I am not talking about the guy that has a tiny business that brings in a quarter or a half a million dollars worth of product here, I am talking about somebody bringing in scale volumes of product from off-shore, that that product must be packaged in a certain way. Would that not go some distance to achieve that playing field you talked of?

Mr. Amor: Sir, that would go enormously. If we are all playing by the same rules nationally, our industry would totally welcome that.

* (1050)

Mr. Taylor: Has your industrial association proposed anything along those lines at this time, to any of the provincial Governments, the federal Government, the Council of Canadian Environment Ministers, any of these forums?

Mr. Amor: We have, by virtue of the draft protocol you have before you. It does not spell out specific dates, quantities, dollar figures, et cetera, but it describes an approach, a philosophy, by which we can all operate.

Mr. Taylor: Yes, thank you. One of the concerns many people have is about the high volume of both plastics and Styrofoams used in packaging. I know, and I recognize the point you make, that certain types of packaging in the last few years have become—for example, you used, I think the example of plastic bottles, that are now thinner than they once were but still meet the requirements to handle what is contained within them. I have recognized that. At the same time, I have also noted that goods that were packaged another way, in reusable materials, and lumber is an example of a reusable material. It is bulky; there is no question. But it certainly has a second life if the receiver chooses to use it.

We have also seen a going away from cardboard and paper packaging, I think, to a larger degree and more towards plastic packaging, Styrofoam liners for cushioning, that sort of thing. I wanted to hear your comment about your views as to what the propensity has been towards plastic and Styrofoam. Pick this last five years or so and say, notwithstanding your comments earlier about some forms of reduction, what is your comment about a trend towards those two products?

Mr. Amor: The perceived trend towards plastics may exist. I assure you there is a very large and busy

corrugated industry. That corrugated industry has probably kicked the heck out of wooden crates in previous years, or steel drums or whatever, other more bulky, heavier, less material conserving methods. Some things are being done in plastics. I am, quite frankly, personally not an expert in corrugated or some of the larger materials. My own particular expertise is in thin-wall flexible plastics and papers. Where a plastic is being adopted in favour of other materials, it is because it has shown the consumer and the distributor that it does a better, more efficient, and often cost-efficient job. If that is a trend and it uses less material, then I applaud it. I do not have statistics to back this up, but I would suspect that the ratio of plastic to paper is—plastic is enjoying a greater share of the market perhaps than in previous years.

I will cite a little example from my own experience. A while ago one of our customers was packaging in very high volumes a snack food item. They were using a wrapper which was primarily paper with a very, very thin polyethylene seal layer on it. The polyethylene was there to prevent the wrapper sticking to the product and to let the customer seal a package around his product. It is a very mundane thing, a snack item that we see every day. He produces millions and millions and millions of them nationally.

We replaced that paper wrapper, which incidentally weighed 3.25 pounds per thousand wrappers, but was primarily paper with a clear plastic wrapper which weighs 1.14 pounds per thousand wrappers. Now we have taken two-thirds of that package, bulk and mass, whatever, out of the waste stream and replaced it with one very thin clear but nonbiodegradable plastic wrapper. Have we by doing that contributed to waste reduction or have we generated more “indestructible plastic packaging”? It is a consumer's choice. It is an industry choice. We do not know. We think we have done the right thing. The marketplace will tell us in the long run whether or not we have.

Mr. Taylor: Yes, I think, Mr. Amor, you do raise the question quite correctly. Was it the right thing to do? What is the benefit? One can talk about the industry's wish or goal. You can talk about the decision of the consumer, although we have to admit that not all consumers are going to get into this thing and weigh all the things. I think you have to then take a broader view and say what is the societal view of what it is we are doing here. One is bulk reduction and I think that is a commendable goal, but if bulk reduction—the price is entirely nondestructible and nonreusable materials being built up, then I would suggest to you, and I would be interested in your comment, is that maybe we have not made so much headway after all.

Mr. Amor: In that particular case, and I do not want to get too hung up on it, but let us follow through with that one for a moment. In neither case, the paper wrapper that used to exist or the plastic wrapper with which we have replaced it, neither one has the slightest chance of ever making it back into a recycling option. You just are not going to get little kids running back returning candy wrappers or ice cream wrappers. If they did, there is almost zero chance of accumulating

a commercially viable recycling operation to use either of those materials. There currently is not a way of recycling either of them unless they can be kept very clean, very dry. That just is not going to happen with that sort of material. Neither one in a landfill site will biodegrade or photodegrade or whatever within appreciable time periods.

Biodegradation in a landfill simply does not happen. Papers that are put at a landfill site can still be read after 30 years of being buried. Paper money dug up 20 years old is still just as good as the bank as - (interjection)- a dollar bill, though, is still a dollar bill. My point, though, is that in a landfill site these things do not biodegrade. People had this popular concept of landfills as being compost heaps. They are not. They are storage facilities. That material will be there for years and years and years. It will never turn back into a nice loam that you can put on your garden. It is a dumping ground covered with dirt and will always remain thus. If we can put materials in there which are nonhazardous, nonpolluting, do not contribute to leaching and ground water runoff, do not contribute to methane generation, then by reducing their mass we feel that we have done our responsible thing.

There was, by the way, in the particular instance we are discussing no appreciable financial advantage one way or the other. It was simply a rational choice based on the merits of the two packages. There was no cost advantage to the customer to make the switch. The primary consideration was we are using less materials and a more efficient package.

Mr. Taylor: Mr. Chairperson, one of the things I have become quite concerned with is that in the packaging of products that are fragile we have seen an increased use of both bulk rigid Styrofoam and various forms of Styrofoam pellets to safely contain that product while it is shipped, and in some cases shipped thousands and thousand of miles and with numbers of handling steps involved. Now often the product will have a very good quality corrugated cardboard outer shell. Sometimes you come across ones which will actually have that plus some rigid corrugated cardboard corner reinforcers inside. Unfortunately, my experience has been there are too few cases of that and that we seem to be going more and more toward rigid Styrofoam, Styrofoam pellets. In some cases I have even seen the odd case of rigid plastic too.

I am aware of a product, for example, and this is one where it is still not entirely biodegradable obviously in the example I am going to give you, but it is a plastic product in which there are air cells created and in effect they are long sheets of cushioning material through air contained by plastic, a very, very thin plastic. Now the impression I have had both as an observer and as a questioner of people who were involved in packaging and shipping is that there was a significant success rate with packaging of that nature. Packaging, once that wrapped material was crushed and the air cells broken, reduced down to almost nothing compared to the very, very bulky Styrofoam, which is almost as indestructible as the plastic.

I would ask you is your comment about a large scale substitution of that sort of a wrap material, air-filled

plastic wrap material, in lieu of something as bulky as Styrofoam.

Mr. Amor: The brand name by the way, or the trade name of that material is "air cap." It is a lamination of two layers of polyethylene, one vacuum formed into blisters. It is not always appropriate for a given product. Where, for example, I alluded earlier to a large electric motor I had bought, air cap would not have contained that without using a lot of it. You would have had to mummify the thing inside its protective carton to achieve the same results as three little blocks of molded and shaped Styrofoam in that particular one.

* (1100)

Again, without looking at the specific application that you are talking about, I would suggest that there is a very good reason for a given manufacturer's selection of one packaging material over another. They choose these materials because they do the job in a cost efficient and materials conserving manner. It is not done on a whim. Industry cannot afford to do things on a whim. They do the best they can for the price they can. More materials basically means more money. If we can conserve materials, we will do so.

The Styrofoam, and probably I should not use the brand name, but the expanded foam products have been vastly improved over the years. Not too long ago there was a large hue and cry about the CFCs in expanded foam materials, but that situation was recognized and addressed very quickly by the foam producers. CFCs are out. Nobody is using CFCs as a foam propellant any more, that foam does in fact compact in a land fill. There is enormous pressure in a landfill. Those things go to great depths and heights before the landfill—and the pressure on there takes that foam and mashes the heck out of it.

People think of molded plastic bottles as being very bulky. They are until you put 10 tonnes of garbage on top of them and a top soil cover, whereupon they go down to a little skinny piece of plastic. Compacted landfill has very little air and compressible material left in a bulky state. It may have gone in there as expanded Styrofoam; it does not stay that way for very long.

Mr. Taylor: Yes, Mr. Chairperson, to Mr. Amor, I had had the impression that the older Styrofoam, rigid Styrofoam which was really blocks made out of compressed pellets of Styrofoam compared to the rigid Styrofoam we see now, did compress in the way that you are saying. The newer stuff which is a much harder material and will sustain much, much greater loads, in fact, is not even easy to break in your hands where the other was just totally effortless, I would suggest that the compaction rate is nothing like what you suggest.

I would compare when somebody buys a television set—or we bought a microwave a year ago, I was as flabbergasted at the packaging that was involved. We are talking about, in that case, an appliance that is not a particularly heavy appliance. It is not like a very dense weight of an electric motor which you alluded to as a case where it had a special packaging requirement.

Having been involved in the handling industry at one time, or shipping industry, I am well aware what the requirements are. I was rather surprised to see that microwave, which is something that would be handled as a fragile item, it would normally be palletized or containerized for long-distance shipping and therefore is not handled on a per unit basis, that the requirement was more than exceeded. This rigid Styrofoam was producing additional waste more so than what would be required. I wonder if some of the decision-making is strictly on the cost benefit at the one end and not the cost benefit at both ends of the waste stream.

Mr. Amor: Your point is taken about the relative strength of the expanded foams today and previously. I would ask you to consider that the higher strength foams would allow much less use of foam than the weaker materials before.

As the specific case that you are describing, I do not know. There may have been excessive foam in there. I submit to you that if there was, the person or the company who produced it will not be around for very long. Margins are so tight that it is very unlikely a high volume producer of electronics, and I presume we are talking about one of the Pacific Rim companies, is shipping a long, long way. He is shipping very high numbers. He wants the absolute maximum bang for a buck that he can get out of his packing materials. He is not going to use more materials than he absolutely has to on an ongoing basis, the market is too tight. Yes, he may be using a stronger foam, but I venture to say he is probably using half as much of it as he would have to have done with the preceding weaker materials to achieve the same results. He knows what his package has to withstand. He packages accordingly.

Mr. Taylor: Mr. Chairperson, what I want to ask your organization is have there been initiatives which would see committees, task forces, whatever, established by The Packaging Association of Canada to do such things as encourage the use of reusable containers, or a committee to deal with looking for substitutes for plastic and Styrofoam, or a committee to deal with looking for potential ways to increase the recycling of packaging materials? Have there been any initiatives in those areas by your association?

Mr. Amor: There have been for many years. The Packaging Association of Canada runs a continuing education program. We run training seminars, workshops nationally administered by extremely competent professionals. If we do not have them within the organization, we spend a lot of money to hire them. We are extremely aware of the consumer prices under which we operate. If the way to react to those is to make better materials, less materials, more recyclable materials, you bet we are going to do it; otherwise, we are going to be left behind at the check stand.

Mr. Taylor: You mention, Mr. Amor, the education aspect of the association along those lines. Has there been anything along those lines though which were a case of experimentation, research—that does not necessarily mean lab research—but research into the literature available worldwide, or through contact with

similar associations in other countries which would end up with your association actually proposing solutions to Government? Has there been that interactive process yet established?

Mr. Amor: There has and will continue to be. We are very active with our counterparts in other provinces, other countries, other continents, trade shows, other organizations, the SPI, the Society of the Plastics Industry, the FPE, the Federal Packaging—there are so many acronyms, I cannot rhyme off all the names. There is a constant flow of information between the organizations, between countries, between packaging disciplines. We all belong to each other's organizations. We are all seeking the same answers that you do. We do not like the concept of being driven to a timetable that presupposes results that we may not be able to achieve. Yes, we are working on this, we always have and we will continue to do so. We spend a very large amount of money on just those reactions to market forces.

Mr. Taylor: Mr. Chairperson, the Premier (Mr. Filmon) of the province set up a recycling task force chaired by a Dr. Fenton from the University of Winnipeg. To what degree has there been involvement by your association with the work of that task force?

Mr. Amor: I believe you are referring to the recycling action committee.

Mr. Taylor: That is right.

Mr. Amor: This was set up by the Honourable Glen Cummings, Environment Minister, rather than the Premier (Mr. Filmon). I happen to be the packaging association's representative on that committee.

Mr. Cummings: Thank you. Are there any further questions? I would like to thank you for your presentation and assure you that your words of advice will be considered.

Mr. Chairman: I thank you, Mr. Amor, for your presentation.

Mr. Amor: Thank you very much.

Mr. Chairman: That completes the presentations on Bill 84.

BILL NO. 98—THE MANITOBA DATA SERVICES DISPOSITION AND CONSEQUENTIAL AMENDMENTS ACT

Mr. Chairman: At this time we will proceed to Bill 98, The Manitoba Data Services Disposition and Consequential Amendments Act. We have four presenters listed, the first being Mr. Peter Olfert, the Manitoba Government Employees' Association. Is Mr. Olfert here this morning? Mr. Angus.

Mr. John Angus (St. Norbert): Mr. Chairman, I think it is fair to inform the committee and to try and put it

on the record that because of the shortness of the arrangement of the committee meetings and the logical organization of the committee meetings, there was some speculation that this Bill would be dealt with on Monday night.

* (1110)

The Minister presenting the Bill and I, as the official critic, feel fairly confident that it will be dealt with on Monday night and we would like to allow delegations to make presentations at that time if through some miscommunication they were informed that it might be on Monday night as opposed—but we have presenters and we will hear the ones that are here now, Mr. Chairman. I am not trying to cut them off. I am just suggesting that we do not close off public representation on Monday night if the Bill is dealt with on Monday night. Thank you.

Mr. Steve Ashton (Thompson): Just on that, the main problem was the fact that this had been scheduled for a Committee of the Whole, where public presentations would not have been made available. We raised objections to that. The change was not made until yesterday afternoon, so the normal notice period that one normally would have had has not really been provided. I would agree to hearing whoever is here this morning, but I really think it is important to follow the process we do with other Bills and go in perhaps on Monday night and hear further presentations.

Mr. Chairman: I thank Honourable Members. Mr. Olfert is not with us this morning. The second presenter, Mr. George Bergen, private citizen. Mr. Bergen, would you like to come forward? Mr. Bergen has a written presentation and I believe it has been circulated. Mr. Bergen, you may proceed whenever you are ready.

Mr. George Bergen (Private Citizen): Mr. Chairman and committee Members, I want to thank you for giving me this opportunity to make this presentation to you. Putting together this presentation was done on very, very short notice. I found out last night at six o'clock that this committee would be sitting to hear presentations on Bill 98, so my presentation is not organized quite as well I would have liked to have, but nevertheless I hope that the essence of it is in here.

The purpose in appearing before you is to urge you not to proceed with Bill 98.

The Manitoba Data Services Commission is a service bureau providing integrated high-technology computer services, financial management, and data processing to Government departments, agencies, Crown corporations, and Government-supported institutions, such as hospitals, medicare, community colleges, the courts, police departments, and so on.

Before becoming a Crown corporation in 1975, the Manitoba Data Services Commission existed as a branch within the Manitoba Government Department of Finance. In 1975, the Manitoba Data Services Commission was made a subsidiary agency of the Manitoba Telephone System, and in 1979, by an Act of the Legislature, it was established as a provincial commission accountable to the Government.

You should ask yourself, why was it set up as a "commission" instead of a corporation like MPIC or MTS and so on, at more of an arm's length from the Government? Well, the answer is that MDS is for all intent an integral part of the Government's administrative structure and not much unlike the Manitoba Health Services Commission or the Civil Service Commission.

The proposed Government sale of the MDS Commission is far more than merely an economic or ideological privatization issue. Most importantly it means that hundred of thousands of highly sensitive confidential records of Manitoba citizens will be at risk and in the hands of persons who may be from out of province and in any event not directly accountable to the people of Manitoba.

It may in the future mean placing our confidential records in the safekeeping of an interlocking group of U.S. and/or Canadian corporate board of directors, who are first and foremost accountable to shareholders demanding a maximization of profit at taxpayers' expense.

I submit to you that putting my private records as a citizen of this province into the hands of a third party is unacceptable to me. I will fight to prevent this from happening. As a citizen, I want elected Government representatives to be "exclusively" accountable for the safekeeping of my private records. I do not want a buffer between you, as my representatives, and myself.

This year the Manitoba Data Services Commission reported its ninth consecutive year of positive financial management with a net income of \$2 million on revenues of \$30 million.

This 30 million in revenue for providing computer services, of course, comes from taxpayers. By comparison, Saskatchewan taxpayers paid a private operator about \$80 million for similar public-sector services. By any standards, data processing and computer services in Manitoba are far more cost-effective and efficient than in our sister Province of Saskatchewan.

If you want incompetence and inefficiencies in the public sector, just keep on following Saskatchewan's lead. Manitoba is a more efficiently-run province than Saskatchewan. Let us keep it that way.

It is important to remember also that if private operators take over this Manitoba Government commission, new owners would in essence become monopoly providers of services. It is almost impossible to switch complex and customized integrated programming service requirements from one computer operation management to another on a competitive basis.

I think every citizen in our province should be alarmed at what the Government is up to. The sale and manipulation of our private and personal records for a lousy few shekels, for God's sake.

There are many examples of sensitive data integrated and processed centrally by the Manitoba Data Services Commission computers. Here are some examples: all

personal medical and hospital records from across the province; welfare allowance files from across the province; records of senior citizens seeking housing grants from the Government; province-wide court documents; credit and financial records of Manitoba farmers who do business with the Manitoba Agricultural Credit Corporation; records of pensioners under the property tax program; medical and legal records in driver licensing files; personal records of shelter allowances for the elderly and family renters; personal records of communicable and sexually-transmitted diseases; personal police files; personal property registry listings for loans and lien investigations.

It is important to remember that this proposed sale of MDS and any subsequent corporate takeover, divestiture and so on, falls under the U.S.-Canada Free Trade Agreement. This agreement ensures that U.S. firms must be given "national treatment" in any province of Canada, and as such the entire Manitoba public sector citizen information and data base processing could fall into a service provider south of the border at a future date if MDS is sold.

Now on the next page I have an important article taken from the Globe and Mail that deals with free trade and the information processing sector. With today's advances in technology, the movement of computer data from one nation to another, called "transporter data flow", is coming under greater scrutiny by Canadians who fear the repercussions of a largely unregulated, unrestricted movement of information out of the country.

Historically, transporter data flow has ranged from sending information by letter or telephone to the transporting of documents by facsimile or courier, but recent advances in communications technology have propelled the speed and ease by which information can cross borders. Simple and rapid transmission of computer-generated information is causing concern over social, economic and sovereignty issues that beg to be resolved under the Canada-U.S. Free Trade Agreement.

Protecting an individual's right to privacy in matters of credit, medical information and other areas is causing especially great concern. Technological advances have greatly facilitated collection, analysis and dissemination of data—processes that cannot be easily controlled across international borders.

The Canadian Independent Computer Services Association, which comprises about 60 companies, is concerned about the economic impact of the Free Trade Agreement on the processing of Canadian data outside this country. The association contends that failure to regulate this area will cause the loss of 300,000 jobs in information processing (over and above the already 200,000 lost as a result of the free trade pact).

At its extreme, this transborder flow could put an end to the data processing services industry in Canada. The creation of more jobs at the U.S. head offices of Canadian subsidiaries would reduce Canada to merely a branch plant of U.S. information service operations.

Concerns about sovereignty are often cited when interest groups demand that information-processing

and storage be handled domestically. But legislators have not heeded recommendations that a Canadian informatics policy be established. Only the privacy of government-held personal and financial information is covered by the federal Privacy Act and equivalent provincial laws. Some rules have also been established governing certain sectors of the economy, such as banks.

* (1120)

The free-trade pact partly entrenches the goals and voluntary guidelines established by the Organization for Economic Co-operation and Development by stipulating that its clauses dealing with computing and communications services be designed to foster the development of an open and competitive market for "enhanced telecommunications services" and "computer services." However, unlike the OECD position, the agreement makes no exception for the unhindered transfer of personal or other categories of confidential information.

Before the Free Trade Agreement, Ottawa regulated TBDF (transborder data flow) through restrictions on the kind of information that could flow and on the mode of transmission. The pact, by promoting further development of a competitive market for enhanced computer services, will undoubtedly hinder attempts to control the content of computer-processed information.

I will move this—it is quite a lengthy article so I will move down a bit.

The melding into integrated networks of computers, telephone systems, facsimile machines and related technologies has meant a further blurring of the boundary between communications and computing. Because the technological basis of telecommunications regulation is becoming ever more ambiguous, the regulatory board's discretion will be shaped more by national policy concerns than by technological factors.

In this situation, the private interests of U.S. companies, unhindered by guidelines on social issues, may seriously weaken the ability of the Canadian telecommunications industry to avoid more intense competition from its counterparts in the United States.

That is an article written for The Globe and Mail by a consultant from Toronto. It is relevant to the divestiture of MDS, one way or another, because there is a coming together of the communications industry and computing.

On the next page there is an article on the Privacy Act; it summarizes the Act. It is basically put together by Mr. Grace, the Privacy Commissioner, and he is concerned about the lack of proper legislation that covers privacy, information and so forth. It is something that we should all be concerned about, particularly in light of what is happening to MDS in Manitoba.

In 1978, the then Premier Sterling Lyon called public inquiries before proceeding to privatizing MPIC and the Manitoba Liquor Control Commission. One could say, if there ever was a crying need for public inquiry before ramming through Bill 98, it is now on MDS. The most

important point I want to make in my presentation today, to persuade you to reject this Bill is that you just cannot trust marketplace decision-makers with the confidential records of Manitoba citizens.

In reading The Globe and Mail's business section, and The Financial Post, it frightens me to entertain the notion that one can trust the business community or the corporate boardroom with our private records. Therefore, on closing, I want to review just a few of the day to day business news I see in The Globe and Mail and The Financial Post.

Here is an article entitled "Ex-Rio Algoma Boss Faces Ontario's Securities Commission Hearing." I will just read you bits and pieces of it. George Albino, who was abruptly fired in 1987 from his \$380,000 a year job as Chief Executive Officer of Rio Algoma faces an Ontario Securities Commission hearing into the allegation that he engaged in improper trading of securities of the Toronto-based uranium mining company.

The Ontario Securities Commission said yesterday, it will hold a regulatory hearing on January 25 to consider whether Mr. Albino appeared to have traded with knowledge of an undisclosed material fact or a material change in a company's affairs. It goes on to say, he traded in a huge amount of shares illegally, essentially, according to the Ontario Securities Commission. It is just one example that makes the argument for not entirely trusting the corporate boardroom or these senior executives.

Here is another article, its title "Toronto Stock Exchange Will Not Collect \$4 Million From Osler Fine." Most of you have probably heard of Len Gaudet and the Osler scandal, where he basically bilked millions and millions of dollars out of peoples investments and so on. Then of course you have all heard of Cormier, the Principal Group affair.

Here is an article, it is titled "Ex grain trade official jailed for kick backs, account frauds." This came from the The Winnipeg Free Press dated, November 2, '89. A former Chief Executive Officer of X-Can Grain Ltd., yesterday became a third member of Winnipeg's grain trade sentenced to prison in a month after pleading guilty to three counts of fraud. John Jacob Hassler, 57, was sentenced to two years in prison by provincial court Judge Sam Minuk. Hassler pleaded guilty to taking a kick back of \$135,000 from a Vancouver grain trader and to using X-Can accounts to cover the grain trader's margins worth up to \$1.4 million.

There are just many, many other articles. We are seeing hundreds of articles that appear in the financial pages and that makes the argument, that you cannot trust that corporate boardroom, those corporate executives. You have to have direct accountability by elected people. Ask yourself, for example, the question when you consider this Bill, do I want a CormieOK from the Principal Group in charge of and accountable for my private Government records? Just ask yourself that question. Ask yourself, for example, do I want Boesky taking over Government records through a junk-bond transaction? Ask yourself, do I want a Len Gaudet accountable for my records? What about Donald Trump? Should we trust him if he just happens to buy

STM Semi-Tech Microelectronics from Stanley Ho in Hong Kong?

If in fact MDS is purchased by Semi-Tech Microelectronics—that firm is apparently in the running for it to buy it—can we trust George Albino, John Jacob Hassler there, Michael Biscotti, another person appearing in the courts on the business pages of the Globe and Mail and the Financial Post. That is my presentation, Mr. Chairman.

Mr. Chairman: Thank you, Mr. Bergen. Are there questions? Mr. Minister.

Hon. Clayton Manness (Minister of Finance): Thank you very much, Mr. Bergen, for your presentation. I apologize first for not being here at the outset. But, Mr. Bergen, I am going to ask you basically one question, and I would begin by saying that I am not wishing to attempt to at least pry into your personal life, but I am trying to put some judgment on your presentation myself as to its objectivity. I guess I have to ask, have you ever been or are you a researcher for the Manitoba Government Employees' Association?

Mr. Ashton: On a point of order.

Mr. Chairman: On a point of order, Mr. Ashton.

* (1130)

Mr. Ashton: I know we sometimes get into some fairly direct questioning with witnesses, but I mean the phraseology the Minister uses is right out of the McCarthy hearings of the 1950s. I do not think that is appropriate to Manitoba in the 1990s. It appears that our general policy is to ask questions on briefs, but to get into that sort of line of questioning is rather unfair on presenters. I do not know where it will end. Are we going to be asking, are you now or have you ever been members of a certain political party? Mr. Chairperson, I would ask you to ask the Minister to really ask questions on the brief rather than going after people personally. I do not think that is fair.

Mr. Manness: On the same point of order, Mr. Chairman, I agree. I am not trying in any way to go after anybody. I am just trying to determine in my own mind the objectivity. I consider this a very important democratic process, that this Legislature chooses to present, provide to all its citizens of the province, that they come forward and make representation and speak their mind on certain views. I am just trying to determine in my own mind when individuals go to great effort to come here and make presentation as to the total objectivity so that I can weigh it accordingly. I think the question, therefore, is in order, and if the presenter chooses not to answer the question, that is fine. Certainly he is not required to do so.

Mr. Chairman: I thank Honourable Members. There is no point of order. The presenter does not have to answer the question if he so chooses.

Mr. Chairman: I would recognize Mr. Angus. Is this a new point of order?

Mr. Angus: Yes. Mr. Chairman, I believe that it is within the power of any Member of the committee to ask the individual for his accreditation to make this type of a representation, what his background is that allows him to adopt this position. Whether or not he was a member of any particular company or any political party is irrelevant as far as I am concerned. What is his expertise to enable to deliver this type of a position. So my point is that the question should be reworded as to what gives him the ability to make his presentation.

Mr. Chairman: The Member does not have a point of order. A question has been put. I have indicated the presenter does not have to answer if he chooses not to. Mr. Bergen.

Mr. Bill Uruski (Interlake): Mr. Chairman, on a point of order.

Mr. Chairman: Is this a new point of order? Mr. Uruski.

Mr. Uruski: I would like to know from you, Mr. Chairman, as to how you are intending to handle and rule on the admissibility of the kind of questions that the Minister of Finance (Mr. Manness) is putting forward. If that is going to be the new rules of the committee, of asking questions as to one's affiliation—(interjection)—the Minister of Finance, let him hear my comments, then he is free to speak.

If the Minister of Finance wishes to go into the backgrounds of every presenter, Mr. Chairman, and you will allow that, then let us know that those are the rules and that this committee will operate by them. We will be asking questions of every person who comes who has donated to the Conservative Party, who can be alleged to be a Conservative Party organizer or fundraiser, and both funds are recorded in the records. Is that the kind of—

Mr. Chairman: Order, please; order, please. The Member does not have a point of order. Questions of clarification are certainly permissible. I have made a ruling and I believe the presenter is prepared to answer.

Mr. Ashton: Mr. Chairman, on a further point—

Mr. Chairman: There is no point of order. Do you wish to challenge the ruling of the Chair? On a further point of order, I would recognize Mr. Ashton.

Mr. Ashton: I would point to the fact that when people come before a committee, they indicate if they are representing an organization. If they are not, they are listed as private citizens. That in itself, I believe, is the extent to which individuals should be required to

indicate what affiliations they have, if any. I am very, very concerned about this. In the nine years that I have been in this Legislature, as long as the Minister of Finance, it has not been standard practice to be asking these types of questions. We are in another committee, a fairly significant committee on final offer selection, and we have not been asking people, for example, lawyers, which firm they represent, whom they act on behalf of. I feel that is inappropriate. If people come forward on behalf of an organization, it is listed. If people come forward as individuals, that is listed. So the question of the Minister, I believe, is not only offensive; it is redundant and out of order.

Mr. Chairperson, once again our purpose in questions is for clarifications in the brief. If the Minister wants to make judgments as to who is objective or not, that is his decision. It really, I believe, is insulting to a member of the public who comes here not purporting to represent an organization to have his credibility really brought up in a way which I find offensive. I mean, are you now or have you ever been, really, what is the next step? Are we going to have the McCarthy tactics of the 1950s?

Mr. Chairman: Order, please. The Member does not have a point of order.

Mr. Chairman: Mr. Enns. Is this a new point of order?

Hon. Harry Enns (Minister of Natural Resources): On a point of order. If it is directed at the subject raised by the New Democratic Party House Leader (Mr. Ashton), I remind him that just as late as an evening or two ago, I asked precisely those questions of a presenter to the final offer selection Bill that was before the committee. I think it has a great deal of merit. We wish to weigh the evidence, the purport of the presenter. Very often I might say, it is the practice for a presenter to introduce himself as representing a company or a union or a particular association. If for some reason this presenter does not wish to identify himself with a group that has a direct interest in this Bill, he is free to do that under our rules. The Minister of Finance (Mr. Manness) is certainly not pressing him to do it. It is a most legitimate question to ask, the kind of question that we have asked.

I will put the question, what is the issue? What is at issue here is whether or not the gentleman who is presenting has been in the employ directly with the Manitoba Government Employees' Association, which is on public record to opposing this Bill. It is of some interest—(interjection)—I asked Bernie Christophe that too, two nights ago. I suggested he join our political affiliation and that he start supporting it.

Some Honourable Members: Oh, oh!

Mr. Chairman: Order, please; order, please. There is no point of order and I have indicated that the presenter does not have to answer if he does not choose to. I would recognize the presenter, Mr. Bergen.

Mr. Bergen: I will answer that question and I will answer it this way. I have worked in the private sector most of my life. I believe there is a place in our society for the marketplace. I read the financial pages and so on and so forth, but at the same time there is a line that you have to draw between private and public sector. This is a line I am drawing, and I will answer the question directly now, I do work for the Manitoba Government Employees' Association, have worked for them for a number of years now. But I want to say here that the first thing that I asked my bosses is, can I go there as a citizen? I did not want to represent the MGEA in coming here because the MGEA would not have allowed me to say what I want to say. So I am representing myself here and that is it.

Mr. Manness: Mr. Chairman, I thank Mr. Bergen for that comment because just that comment lends much more objectivity to his presentation today than I may have had halfway through it, so I thank him for that.

Mr. Chairman: Are there any further questions? Mr. Ashton.

Mr. Ashton: . . . it is going to provide a great deal of intimidation towards people coming before this committee. I am very concerned about this, Mr. Chairperson. Are you now or have you ever been—even the phraseology used prior by the Minister of Finance (Mr. Manness) —(interjection)— well, it is a comment, and I find it very offensive, having sat in this Legislature for eight years without ever asking any question that was phrased in that way to any member of the public, in some cases knowing that people may have an affiliation that I feel—

Mr. Chairman: Order, please; order, please. I have indicated that the presenter did not have to answer. He chose to do so. We have recognized Mr. Ashton for a question.

Mr. Ashton: Mr. Chairperson, I am making comments in the same way as other Members of the committee. We seem to be breaking new grounds in committees, both last night and tonight and I find it very unfortunate.—(interjection)— Well, the Minister had a comment, I am doing exactly what the Minister did, which is making a comment as a preface to a series of questions I would like to ask and I would hope that Members of this committee would allow Opposition Members, Members of our Party to have the same leeway that the Minister had and that Ministers had yesterday in committee.

I am not, Mr. Bergen, going to ask you what your political affiliations are or what your religious beliefs are or any other personal questions to get some sort of other angle on this. I believe anybody who comes here as a private citizen should be treated with the respect that we all expect. I would not expect, if I was making a presentation as an individual to a committee of the Legislature, to be asked questions about my private views or affiliations or associations.

What I want to ask you —(interjection)— well, I would be asked but I would consider it offensive. I would

consider it offensive going forward, not representing an organization in any official capacity whatsoever. But I want to ask you, because I believe there were some very important points raised in this in regard to confidentiality of records.

We have raised this incidentally in the Legislature. We voted against this Bill on second reading. We have some very serious concerns and I really do commend you for bringing some of the newspaper reports to this committee because when we raised these concerns, they were brushed off as if they are unlikely to occur. There is indication that some safeguards will be put in place to deal with it.

I would like to ask you whether you have been reassured in any way, shape or form by any of the statements by the Government, by the Minister responsible for the divestiture of the Manitoba Data Services. Have you been reassured in any way, shape or form about your concerns about confidentiality of records?

* (1140)

Mr. Bergen: No, I really have not. My understanding is that the Government has not really said anything about the confidentiality issue apart from saying that will be looked after somehow, magically it will be looked after. There are no reassurances that I can think of. In light of the complexity of the issue and in light of technology in this area, it is just mind boggling that this Bill is just rammed through just in a matter of days, as opposed to, for example, I brought up in 1979 when the Lyon Government held the public hearings all across Canada on MPIC and the Manitoba Liquor Control Commission. I mean, this is far, far more serious and has a far greater impact on citizens of this province than privatizing the entire Manitoba Liquor Control Commission would have.

Mr. Ashton: I appreciate your concerns because once again there was very short notice, and incidentally we fought to have this go to a committee where members of the public could make presentations. It was not until yesterday that it was referred to such a committee. That is one of the reasons you received such short notice. It was referred to the Committee of the Whole, which incidentally is a committee of MLAs only. We would not have had the opportunity for the —(interjection)— well, the Minister of Finance knows that the matter—we had said that we did not want it referred to a Committee of the Whole. It was not until yesterday it was referred to a standing committee of the Legislature.

Of course, the Minister of Finance (Mr. Manness) would not have had the opportunity to ask you his one and only question on your presentation. I am not sure if that is exactly what was intended by getting into a standing committee but since the Minister is not asking questions, other than where you work, what affiliation you have, I would like to go a little bit further. You said you are not reassured whatsoever by the statements by the Minister of Finance (Mr. Manness) that the protection of important records will not be dealt with.

What is your recommendation? What do you believe would be necessary? Do you believe there is any way under the existing Bill that those records can be protected, short of preventing this wholesale privatization of MDS?

Mr. Bergen: My recommendation would be to hoist this Bill, at least for six months at the minimum, and put together some kind of a study group. Some people might ask the question, what do they do in the federal Government, for example? What do they do in Alberta?

As far as the federal Government is concerned, the federal Government does contract out some computer services, but the situation there is entirely different than Manitoba. In Manitoba, we took the entire computer operations out of the Government system. Government departments or agencies or corporations or so on do not have the expertise that the federal Government has. The federal Government has vast numbers of highly trained computer people within the federal Government system that can balance off the information that the contractors deal with.

The agencies and the Manitoba Government, the various departments, do not have that. Government departments are pretty well virtually at the mercy of MDS. As long as MDS remains a commission, of course, it is fine. Things work okay because MDS is directly accountable to the Government.

Mr. Ashton: I want to deal with the financial aspect because this Bill does go beyond strictly the question of the availability of records. This is a Bill to enable the Government to privatize MDS. I would like to ask you what your opinion is of the Government privatizing a corporation that, I believe in your brief said has been making money for nine years, and you can correct me if I am wrong on that. Normally the argument we hear on privatization from Conservatives is that they wish to privatize money-losing corporations. This has been making money. I am just wondering what your view is on the financial sense of their move to privatize this corporation at this point in time.

Mr. Bergen: MDS is not in business to make profit as such, but I think the best financial comparisons we can do is to compare, I guess—what is the name of it?—Westbridge computer services in Saskatchewan with MDS. Any comparison that I have done tells me that the privatized Westbridge computer services in Saskatchewan is a mess. I mean, they are inefficient, those guys. I think the Government should really look at what happened in Saskatchewan. It cost the Saskatchewan people \$80 million to \$90 million in computer services. It costs Manitoba people about \$30 million. Look at that. There is a tremendous difference there. It may not be \$80 million, but look at the financial statements of the Westbridge Computer Corporation, for example, just look at it. Their revenues were \$127 million. Most of it came from the public sector services they provide in Saskatchewan. Like I say, MDS is very, very financially responsible and is making money for the people of Manitoba.

Mr. Chairman: Yes, I recognize the Member for Thompson.

Mr. Ashton: Mr. Chairperson, well, those are some of the arguments we presented in the Legislature, as a matter of fact, not just to the Conservative Government but to the Liberals as well who are supporting this privatization. They supported the Bill on second reading. Those are arguments that we feel are particularly valid, and I can indicate to you that we will be continuing to raise them both during the committee and at the third reading stage.

I do appreciate your coming before this committee. The kind of arguments that are presented will be considered in their own right. As I said earlier, I am disappointed that the Minister has asked only one question, and that is where you work and who you are affiliated with. I would have hoped he would ask some questions on the brief and recognize some of the concerns we have expressed and other members of the public.

I can tell you, members of the public in general are very concerned about accessibility of records. You know, we are in the information age where records can very easily be transferred, accessed. I do not know what records I have on computer. It is fairly extensive. Each one of us here at this committee, it is fairly extensive, and it does not even require a question in terms of that. It can be accessed very easily, and we are very, very concerned that this move to privatize MDS is being made without recognizing the threat of information being transferred.

I am surprised with the Liberals. They made a considerable amount of fuss about access by CSIS to records in Manitoba.—(interjection)—Well, they surprised the Minister of Natural Resources (Mr. Enns) as well, and that is maybe the one thing we agree on in this. The Liberals raised a great deal of concern about accessibility to CSIS records, but they have not raised the same concerns about here, something that is within our control, the sale of MDS, which we believe could lead to a situation where public records—and you have indicated how extensive the holdings of MDS are. We believe that they could be put in jeopardy, so that is one of the reasons we had opposed this on second reading. We thank you for your presentation and will be continuing to fight against this Bill.

* (1150)

Mr. Angus: Thank you, Mr. Bergen, for the information you have provided. I would just like to ask you a couple of questions if I may. Is it fair to presume that you use a computer?

Mr. Bergen: No, I do not.

Mr. Angus: I see. So then you have no knowledge of software-hardware interaction or anything of that nature; there is no expertise. You would not be able to comment on the security provisions of your computer for the prevention of people accessing information?

Mr. Bergen: I thought you asked me whether I use a computer at the office. I do not, but I have a computer

at home. My sons are taking computer at school, and I am reasonably familiar with computers and so on and so forth. There are certain ways of securing information, but the key point I wanted to make, as I stated in my brief, is that trustworthiness and accountability were very, very important aspects of this whole area. How trustworthy is a corporate boardroom when the bottom line really is profit? Your bottom line is accountability to me. In fact, I am in your riding. But the guy in the corporate boardroom, Len Gaudet or Cormier, their bottom is bucks. That is the critical point that has to be made here.

Mr. Angus: For fear of being subject to abuse of it being ruled out of order, I will refrain from asking the delegation whom he voted for in the last election, Mr. Chairman.

An Honourable Member: It was a secret ballot.

Mr. Angus: It was a secret ballot, that is right. Mr. Bergen, surely you are not throwing disparaging remarks on the record about all of the boardrooms and all of the directors of all of the corporations as being potentially malicious. If you held the list up of those people who have been convicted versus those people who have run successful, participatory organizations, even in this town, the balance ledger would far outweigh the credibility and the participation of those individuals. So I am not sure how you can just paint in a broad-brush fact the reputation of all of those people in such a disparaging manner. It really concerns me. Why would they naturally just take this information and misuse it? What basis do you have for making that statement?

Mr. Bergen: I agree that there are a lot of honest, trustworthy people in the business community. I fully agree with that, but my thrust here is to make that other argument which is also there, that is there. If you read the Financial Post, read the Globe and Mail financial section, it is there almost on a daily basis. That is a fact of life that has to be said. You people here should take that into consideration. At the same time, I agree that the number of trustworthy people in the business community probably outweigh these other types by quite a long margin.

Mr. Angus: Okay. I have no further questions at this time.

Mr. Chairman: Are there any further questions of this presenter? Mr. Uruski.

Mr. Uruski: Mr. Chairman, I want to thank Mr. Bergen for presenting his views and his analysis on this matter. Obviously, it seems from your brief, sir, that you did some comparison of the Manitoba situation to the Province of Saskatchewan. You quoted in your brief that approximately \$80 million is spent on computer services publicly in Saskatchewan. Can you indicate how you arrived at that figure?

Mr. Bergen: When I do a financial analysis and so on, I try to keep it as simple as possible, because it can

get very complicated. In this particular case I looked at the entire revenue taken in by the Westbridge Corporation in Saskatchewan and the entire revenue taken in by MDS. MDS, I believe, in '88-89 was somewhere in the neighbourhood of \$30 million, Woodbridge \$27 million.

Then I proceeded to start phoning. I phoned the corporation up in Saskatchewan and proceeded to ask, what percentage of business do you get from the public sector? How much revenue do you take in from the public sector. In talking to two of them, they came up with different various figures, you know, 70, 80, 90 and in that neighbourhood. So give or take \$5 million it is in that ballpark. I am not an accountant. I am not saying it is exactly \$80 million and \$250 and so on and so forth and 2 cents. That is the ballpark figure.

Mr. Uruski: Mr. Chairman, those estimates of which you have spoken to a number of people, those people were connected with the firm that actually produced their own financial statements. They gave you those various estimates of which you have made the extrapolation of the approximate amount of \$80 million. Is that correct?

Mr. Bergen: That is correct.

Mr. Uruski: Mr. Chairman, by standards then Manitoba's Civil Service and records that are kept within the public sector, are you indicating that basically we are spending half or less than half for the same or similar type of service provided by MDS.

Mr. Bergen: I would suggest that it is less than half. It is costing us less than half of what the Saskatchewan taxpayer is paying for computer services.

Mr. Angus: Mr. Chairman, on this issue, and I would certainly pass it back to the Honourable Member for further questioning, but in comparing the costs, it is like comparing the costs of a length of string. Did you do any comparison of what is commonly referred to as MIPS, but it is the millions of instructions per second transmitted? That will give you a fair indication if you compare the amount of information that is actually being processed by the two corporations and then the revenues that are generated as to a more equal balance. Were you able to get that sort of a comparison?

Mr. Bergen: No, I did not. My assumption was based on the fact that Saskatchewan and Manitoba are fairly similar in population size and they are both quite similar provinces in many respects. They have Medicare and various services and so on and so forth, the Saskatchewan Power Corporation, Manitoba Hydro. My analysis of it was based on the fact that the problems were quite similar and I just sort of went over top and looked at some very broad figures.

* (1200)

Mr. Angus: Mr. Chairman, I just caution the individual that it is not directly comparable just simply because the two provinces have an awful lot in common. You

have to do a little bit more in-depth analysis to make a fair comparison. You may be actually right, I do not know. I am not saying that. But you have not given me any comfort in the method of arriving at the comparison so that I can say yes, there is more efficiency or less efficiency on one side. That is just for his information, Mr. Chairman. Thank you.

Mr. Manness: Mr. Bergen, I feel I have to by way of asking you certain questions try and make sure the wrong impression is not left here. You say you have closely examined a Saskatchewan company. You say Woodbridge. Do you mean Westbridge.

Mr. Bergen: Yes, I meant Westbridge. Just to follow up on that, I did this examination approximately six months ago. I did not closely examine it as you suggested, but I did nevertheless examine it, and I say, I do not profess to be an accountant. I am not talking about cents and dollars, I am talking about very large amounts of money here.

Mr. Manness: Well Mr. Bergen, this is very important, because you just answered some of my legislative colleagues and said that in your viewpoint, your analysis, that the Manitoba Government would be paying less than half than the Saskatchewan Government. That is a very strong statement. That would indicate that the Saskatchewan Government is losing upwards of \$40 million or \$50 million in purchasing some of its services through Westbridge. So your analysis is very important, because you are on the record as saying that if we went to that type of system we may end up paying \$40 million or \$50 million. If I believed that for one minute, I can tell you, this Bill would be pulled by 1:30 this afternoon in the Legislature and beyond that all negotiations would come immediately to a halt.

But again, with respect to your analysis, Westbridge has a very major leasing component, certainly something that Manitoba Data Services does not. Did you factor that out? What was the value of that?

Mr. Bergen: That was the reason I phoned officials at Westbridge, to determine what revenue component came from the public sector of Saskatchewan and the indication there was \$70 million to \$80 million, in that ballpark. They do not even in their own accounting know exact figures as to how much revenues come from the public sector and how much from out of province, private sector and so on. In their accounting they do not sort that out.

Mr. Manness: Mr. Bergen, I think you make the point very clearly. That is why it is so hard to really know when you are dealing with firms when they show you their net revenue streams as to what it is made up of, particularly when you go into the computing industry. The Member for St. Norbert (Mr. Angus) would know that better than myself. That is why certain people that we had that are on the divestiture committee tend to try and compare them by way of cost of million instruction information units per second. Did you do your analysis on that basis?

Mr. Bergen: No, I did not do my analysis on that basis.

Mr. Manness: I see. Mr. Bergen, I would ask you if you are aware that the Saskatchewan Government is still, by my understanding at least, the majority shareholder of Westbridge.

Mr. Bergen: I am aware of that. Yes, I am aware of that.

Mr. Chairman: Thank you very much. Are there further questions? I thank you, Mr. Bergen, for your presentation this morning. I believe at this time we will have to take just a very short recess while they change the tape here. It takes about two minutes.

RECESS

Mr. Chairman: I would call the committee back to order. We have a second presenter here on Bill 98, Ms. Annette Maloney. Ms. Maloney, do you have a written presentation?

Ms. Annette Maloney (Private Citizen): No, I do not. I prepared something rather quickly, and I hope you will bear with me.

Mr. Chairman: Thank you. You may proceed then.

Ms. Maloney: First of all, I would like to give you a bit of background, since this is obviously of interest. I have worked at the Cadham lab. I was a worker there for a number of years, so I have a wide knowledge of the kind of resources that are pulled in there and what is kept on file. I also worked over at the Manitoba Health Services Commission for a number of years and had also an opportunity of getting a pretty good background as to what type of work is also stored through Manitoba Data Services. Besides that, I come from a farming community, and that is also a concern. I am coming on behalf of that as well because I also know that a lot of information goes through the Provincial Government.

So following that, I also am a staff representative with the Manitoba Government Employees' Association, and I am directly involved with the Manitoba Data Service employees. So I am familiar with many of the issues that concern the employees of that Manitoba Data Services. I also had the opportunity to work with a number of other employees in a variety of departments, one that I have already mentioned, which is the Manitoba Health Services Commission, but also Child and Family Services. It is the contact with these staff and also with the Manitoba Data Services that Government departments and agencies throughout the system have raised concerns in regard to the sale on the Manitoba Data Services.

I appear before this committee in opposition of Bill 98 really for three basic reasons. One of course is the future of the employees of the Manitoba Data Services, and that is on a short term and long term. The second one is whole question of turning over highly confidential data to the private sector for processing and storage. Finally, the fact that the deal does not appear to make any financial and economic sense, since we are storing Government information.

The last year has been a very difficult one for many of the Manitoba Data Services' employees and also their families. It has been a year of rumours, and it has also been a year of uncertainty for some as it has been a year which they consider to be of fear. Many of the workers who are working at Manitoba Data Services, particularly those in the MGEA bargaining unit, have chosen to work there for two reasons. It is within their field of interest, No. 1, and it is also within the public sector.

Since its inception, Manitoba Data Services has been a stable and well-run profitable operation that has given its employees the security they have needed to plan their lives and to raise their families. Some employees had given up opportunities that may have been more financially rewarding as the price to pay for that security, and also out of loyalty to the public corporation. They have enjoyed doing their jobs.

With the sale of the Manitoba Data Services comes the uncertainty for all of these employees. While jobs may be relatively secure for the short term, we cannot believe that any sales agreement can practically protect the jobs on a long term. The corporations operate on the basis of their first responsibility, which is their shareholders, and that their next exclusive mandate is to make the profit for those shareholders. It is in the interest of the shareholders, in the long term, to relocate an operation. If that is the case, the corporation will do that. If it is in the interest of the corporation to store information in a mainframe outside the Province of Manitoba, I believe it will do that also. If it is in the interest of the profits and the shareholders to have data processed in locations where the wages are substantially lower, it will do that as well.

* (1210)

I do not believe that any agreement negotiated today can stop that from happening, particularly for the next few years. Employees at the Manitoba Data Services have accrued benefits over the years that may be at risk as a result of this sale. In particular, there are members under the Superannuation Act. There will most certainly have to be change in that pension program once the employees are outside the public sector. We are expecting tremendous pressure from a new owner to renegotiate any of these benefits that are currently under the employees of the Manitoba Data Services. This is certainly a concern that they are expressing. Employees of the Manitoba Data Services are being asked, or rather told, that they will be taking a blind leap of faith in the very near future. They do believe that it is unfair and unnecessary, because they do believe they are doing a good job.

The Government has said that this sale is absolutely essential if Manitoba is to develop the kind of computer and electronic technology that we need. They have said the Manitoba Data Services have fallen behind in the industry. I believe that those problems can be solved by the Government making a commitment to Manitoba Data Services in the public sector. As the Manitoba Telephone System has shown, there is nothing preventing a Crown corporation from developing and applying new technologies that the Government has committed to the corporation.

Properly used, the Manitoba Data Services can be an engine of growth in this field for Manitoba, not just for 1990, but for many years to come. To turn the long term future of Manitoba's computer industry over to the whims of the marketplace is a mistake, in my view, and may well come back to haunt future generations of Manitobans.

Manitoba Data Services, as was mentioned by the earlier speaker, is profitable. Manitoba Data Services has been providing quality service at decreasing prices to its customers, which are Government people. MDS has the potential to be a model public sector enterprise with the ability to work well and complement future public sector development. There is no financial or economic benefit associated with the sales of Manitoba Data Services that cannot be realized by keeping MDS in the public sector and making a strong commitment for its future. On the contrary, there may very well be a heavy and unnecessary price to pay.

Manitoba Data Services currently processes or maintains personal and confidential records concerning virtually every individual in the province. I have some direct experience of what type of information is stored. It maintains records relative to the health, finances, taxation, criminal records, land holdings, and just about anything else that there is to know about the personal and private lives of Manitobans. Manitoba Data Services has never had a breach of security. It has served the people of Manitoba well at a time when individuals, corporations and Governments around the world are becoming increasingly concerned about the movement and security of electronic information. The Manitoba Government is prepared to give up control of this incredible and sensitive information to a private company, a company not responsible to the people whose records they maintain but rather responsibility to shareholders and a board of directors. That will be their primary mandate, and it will be to make money.

I am not suggesting that the companies attempting to purchase Manitoba Data Services are doing so with the motive of selling information; do not misunderstand me. Nor am I suggesting that the employees of MDS will upon sale of the company become irresponsible or sloppy in their work. What I am saying is that when profit replaces public service as the primary responsibility of a corporation, public service becomes vulnerable. In this case the quality, price and the confidentiality of the service may be jeopardized. We have seen this happen over the world and, right now across the country, a good example is the privatized highways, which we have heard on many occasions about the fact that in B.C. and Saskatchewan, it has actually reduced the safety of the roads. Deregulation and the increased privatization have meant higher prices but less reliability and less safe transportation.

The same temptation to cut corners, to reduce expenditures and to generate greater revenues will be part of the Manitoba Data Services. At risk are the health, financial and personal records of, let us say, one million Manitobans. It is an unnecessary risk, in my view, and a risk that this legislation does nothing to mitigate. In fact, by enabling the sale of Manitoba Data Services this legislation, I believe, opens the door to that risk.

Therefore, I would urge that the Members of this committee reject Bill 98 or, at the very least, amend it in such a way that the control and maintenance of personal and confidential records stay where they belong, in the public sector under the control of the corporation that is responsible to the people whose records they store. Thank you.

Mr. Chairman: I thank you. Mr. Minister.

Mr. Manness: Thank you very much, Mr. Chairman. Ms. Maloney, I thank you for your presentation today. I disagree with it, but I find it being very reasoned. You have walked through, of course, all of the important elements from your point of view, and you made your presentation in a reasoned way.

I would like to firstly assure you that the value in MDS is not in the equipment. The value in MDS, as you know, is in the employees themselves. That is indeed if this good work force that you talk about you are very accurate. If it was not for the value of the work force who, in many cases, have committed through their own decisions to make a commitment to Manitoba Data Services over a period of years and have given that a critical mass of knowledge that without it MDS would not be an asset for sale, indeed, it would not be wanted. So I agree with you wholeheartedly. Yes, the employees at Manitoba Data Services are doing more than a good job. They are doing an exemplary job.

You seemed to indicate that you have great faith in MDS remaining in the public sector. I understand your point of view; I guess, I disagree. I think Manitoba Data Services can be even greater than it is, outside of the public sector, having been associated with the activities as the Minister responsible for the organization over the last two years.

When you talk about the degree of uncertainty, and I hear Mr. Uruski talking about that, certainly I am well aware of the uncertainty that has existed amongst the staff. I find it regrettable, in some respects, that we could not have allayed that uncertainty and concern several months sooner.

I have made, as you know, one presentation to the staff of Manitoba Data Services in the basement of the Norquay Building and tried to assure them that with respect to the longevity of their employment, with respect to their benefits, their every effort and beyond, that we would ensure there is no major change in their lives. I cannot divulge to you where we are in negotiations. I can say that if I were to make that presentation to employees of Manitoba Data Services today, I could make that statement with even more confidence than I made it at that point in time.

I have one question, though. It comes again in the area of the breach of security—well, actually two questions. First of all, on the breach of security: What do you think would happen, and I am asking you to speculate, if any private company knowingly allowed a breach of security, or even unknowingly if it did occur, what do you think would happen to the value of that private company in the marketplace? I submit to you

that company could pretty well fold its tents and could pretty well close its business down, because it would have nothing to sell to anybody else.

As I understand this industry, and there is no way I understand it perfectly, I can tell you that. If there is one thing you better have when you knock on doors looking for work, you better have some credibility in the area of being able to deliver confidentiality.

I guess the question is: What would happen to a firm, in your viewpoint, if it ever, for whatever reasons, was in breach of confidence?

* (1220)

Ms. Maloney: Well, I guess first of all, I would question why we would even want to put ourselves in a risk for that in the first place, because I do not think anyone would knowingly get into a situation of breach of service. Again, I am suggesting that it makes no sense to me, nor do I believe as far as in any of the information that I have always been involved with as a Government worker, that we would even want to take that risk of having it being dealt with by someone who will be more interested in profit sharing.

Once you get someone who is going to be going after Manitoba Data Services, I mean, they are not going to do it without wanting a profit. That is the rationale. We are putting ourselves into a situation where, you are right, it is the workers there are part of the resource that they are buying because it is a very valuable one. Again, no one is going to buy into this unless they want to make a profit.

As I mentioned earlier in my delivery, I had indicated my concern that once you are looking at profit as being the main source, other things get cut back, so that increases your risk. I guess that is the point I want to make.

Mr. Manness: Just to be perfectly clear then, there is no way that you will see, in your mind at least and I do not want to put words in your mouth, you do not sense that a private company would sell the data but because of the bottom-line considerations, will try and save on the expenditure side and, therefore, will tend to be more lax as far as maintaining and guaranteeing the security. Is that a fair statement?

Ms. Maloney: Yes, use the same parallel and anything else that has ever been privatized, and then the concerns that you hear in regard to the service. I cannot see us looking at this any differently. I guess that is my point.

Mr. Manness: I have a final question. In the sense that the only individuals who would have access to any of that information would be Government employees or Crowns who would have the passwords, that you sense that is not a fail-safe system and there still would be opportunities outside of Government, inside the service bureau, the new private service bureau, whereby the security around the information in question could be violated. That is the point you are making.

Ms. Maloney: I guess, I am just not of the belief that you can guarantee that storage will remain in Manitoba.

I do not believe that guarantee is going to be there, that it will be the only way it will be accessed. I guess that is the part.

I cannot get that assurance while I know as long as it is under Government, you have that control. You are the one who has the final say.

Mr. Angus: Ms. Maloney, you mentioned you worked with Cadham Labs and at MHSC. Can I just ask you what you did with those organizations, Cadham Lab, for instance?

Ms. Maloney: When I was working over at the Cadham Lab, I was actually the secretary to the director. I was also the supervisor of all the administrative staff there who had—with all the programs whether it be communicable disease, whether it be the virology, pathology, all of them. So I really was involved in all of the facets there.

Mr. Angus: Did you use a computer there? Do you have a computer sort of background?

Ms. Maloney: Yes. Not necessarily at that time, although I was part of the team when the computerization went into play at Cadham Lab. It has not been all that long. As a matter of fact, they are still in the process of getting programs on. Through the Manitoba Health Services Commission, yes.

Mr. Angus: If I understand the Cadham Lab program, and I do not want to mislead—if I make a mistake, please, correct me. As I understand it, they do analysis on blood samples, as an example, on behalf of clients and the computers report the information back to the clients, usually doctors, and things of that nature. There is plenty of two-way communication between the people who are submitting material for laboratory analysis and Cadham Lab people, back and forth via computer, via modem, via telephone lines, is that a reasonable overview? I mean, it is more technical than that but that is a reasonable overview, is it not?

Ms. Maloney: Well, I am not sure if you are asking that is a part that is stored or if that is just part of the process.

Mr. Angus: It is part of the process, Mr. Chairman, is it not?

Ms. Maloney: It is part of the process, but there are also a number of programs that are specially designed right through the Cadham Lab, and of course obviously the AIDS program is one of them that they have a lot of involvement in. There are things that could have been changed there as far as programs. I do not pretend to be up to date on what they are doing there at the present time, but they also have a lot of the information, like with the hospitals and the clinics and so on and so forth.

Mr. Angus: It is fair to say, Ms. Maloney, that Cadham Labs went to extreme circumstances to protect the confidentiality of the information and the illegal access

of information. In your capacity as the executive secretary, would you say that they have been fairly successful at doing that?

Ms. Maloney: Yes. They have done everything—I mean that has been the bottom line is, they want to protect every individual. That obviously information that goes through there, that became a very key issue when we were preparing for The Freedom of Information Act. When we started to get all the documentation together, again that was the whole focus, protecting the individuals' private information.

Mr. Angus: Based on my belief, and I could be proven wrong, I do not think that the Cadham Lab people, who as I understand it have a fairly sophisticated—I think they use a MUMPS-based operating program, that is a technical term. It was developed at the Massachusetts General Hospital in conjunction with Harvard University with \$25 million of taxpayers' money just to protect against the confidentiality of information and illegal access. I do not believe they have ever had a breach of that confidentiality in their computer systems. I guess I am leading Ms. Maloney to the fact that it seems to me that if Cadham Labs was a private organization and could provide that type of protection, why could a different company not provide that type of protection?

Ms. Maloney: I guess the difference I see there, they are not they are not a profit organization. They are public-sector workers. They whole focus is to do the job to protect the information. I see that as the difference.

Mr. Angus: That is reasonable, Mr. Chairman. I understand her belief. I do not happen to think that profit is a dirty word; that is where we differ. I do not believe that the people who are solely in it to earn a return on their investment are necessarily going to breach those confidentiality. I cite Cadham Labs as a good example. We can move to MHSC. Could you just tell me what you did at MHSC?

Ms. Maloney: You really want my career development here, do you. I worked directly in the construction programming division at Manitoba Health Services Commission but was on a number of studies which involved a lot of the other areas there, like the insurance—I could go into this ad nauseam if you like. I have had a fair amount of background on the overall.

* (1230)

Mr. Chairman: I would interrupt the proceedings at this time to indicate that it is 12:30, our normal adjournment time. What is the will of the committee? -(interjection)- We will proceed with the thought of wrapping it up in a few minutes. Mr. Angus.

Mr. Angus: Mr. Chairman, I did not mean to go over your career of development path, Ms. Maloney. I was hoping that you would have suggested that you had a bit more involvement with MHSC and their security measures in terms of protecting confidential information

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in the same set of circumstances. I wanted I guess try and reassure you that these protections can be put in regardless. They can be put in by agreements or by legislative procedures to try and protect the confidentiality of information. That was the reasoning for the approach and the discussion. Thank you very much for your presentation.

Ms. Maloney: Yes, I would like to respond to that mainly because, if you were searching for the fact of whether I am an expert on the technology end of it, I do not pretend to be. I have been involved in it. I have done some work in various programs. I have been very involved in the freedom of information when we got that underway. Obviously that was a lot of the dialogue in a lot of our meetings and that involved all the Cadham Lab at that point as well as all other departments of the Manitoba Health Services Commission. I guess that you might say has been the broad brush of how I know a lot about the area.

Mr. Uruski: Mr. Chairman, I note that the Minister in his questions and commentary indicated that the chief resource that is for sale is the expertise of the staff. While that in itself is accurate as far as it goes, the real chief resource is the \$30 million levelling and guarantee for a private firm to have a jumping off position.

An Honourable Member: Only five years.

Mr. Uruski: Mr. Chairman, the Minister says, only five years. Well, a five year jumping off base, I guess this is where the crucial area comes in. That in the event that some of the new clientele the perspective purchaser takes on, and in fact some of those new clientele may be duds, and they do lose money on the private sector bidding which they could use this base to undercut other competitors, is that the type of concern that you are really ending up? That the public sector eventually or at least over the period of time becomes basically the cow that pays for the other adventures or misadventures that may occur.

Ms. Maloney: Yes, I would expect that would be it. I mean it is fairly obvious that is an attractive way with that kind of proposal for people to be looking—you know, being out there shopping for Manitoba Data Services and, yes.

Mr. Chairman: Are there further questions? Seeing none, I would thank you for your presentation.

Ms. Maloney: Thank you.

Mr. Chairman: What is the will of the committee? Committee rise.

COMMITTEE ROSE AT: 12:33 p.m.