

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON
PUBLIC UTILITIES AND NATURAL RESOURCES
Wednesday, March 14, 1990

TIME — 3 p.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Harold Gilleshammer (Minnedosa)

ATTENDANCE - 10 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cummings, Enns
Mr. Angus, Mrs. Charles, Messrs.
Gilleshammer, Harapiak, Helwer, Storie,
Taylor, Ms. Wasylycia-Leis

WITNESSES:

Mr. Ken Hildahl, Private Citizen
Mr. Pat McDonnell, Private Citizen

APPEARING:

Mr. Leonard Evans, MLA for Brandon East

MATTERS UNDER DISCUSSION:

Bill No. 98—The Manitoba Data Services
Disposition and Consequential Amendments
Act

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* (1510)

Mr. Chairman: Will the Committee on Public Utilities and Natural Resources come to order. This committee last met on March 12, 1990 at 8 p.m. to consider Bills 94, 92 and 98. Today we will be considering Bills 92 and 98. It is my understanding that Mr. Ken Hildahl, who made a presentation on March 12, will continue to answer questions for the committee today, and then we will proceed with the last person registered to speak to Bill No. 98, Mr. Pat McDonnell. Is that the will of the committee? Agreed.

Mr. John Angus (St. Norbert): Thank you. Mr. Chairman, once again I would like to register my extreme concern about the fact that the Minister of Finance (Mr. Manness), who is responsible for MDS and for specifically the divestiture, is not here. He is the Minister with the answers and perhaps with the penetrating questions that may ultimately influence the decision.

Furthermore, Mr. Chairman, I understand that the House Leader of our Party (Mr. Alcock), who is asking questions is currently meeting with the Minister of Finance (Mr. Manness), and I further understand that he was trying to arrange a meeting with people from the third Party, representatives from the third Party,

and from our Party in relation to some amendments that he wanted to bring forward for a bit of a briefing. So I find it unusual that the committee is desirous of proceeding without the Minister of Finance here to hear the representation and the questions. These people have a right to be heard by the people who are making the decisions, not by the people who are trying to influence the decisions.

Hon. Harry Enns (Minister of Natural Resources): Well, Mr. Chairman, the Honourable Member is aware that one of the precise reasons why we have extended the recording services of Hansard to the committee stages of deliberations on Bills was done specifically to accommodate the very situation that the Honourable Member describes. With the Legislature very often operating in two or three committees, or two committees and the House, quite aside from the circumstances that prevail today that brings about the absence of the Minister, it often occurs where a Minister, for one reason or other is not capable to be in the presence of the presenters.

What we are facilitating today in the main—and I do not argue and I do not take issue, I am sure it would be the will of the Minister involved, my colleague the Minister of Finance to be present—in essence what this opportunity provides is for those who have concern or advice, or other suggestions to make with respect to the passage of the Bill, to have an opportunity in a public forum to make those presentations and that is not in any way being hindered by the presence or lack of a particular Minister.

I appreciate what the Honourable Member is suggesting. It would no doubt be more desirable to have Mr. Manness with us, but I think all Members are aware that considerations and other business of the House keep him away from us. He is, as the Member indicated, dealing with other House Leaders on specific amendments that have to do perhaps with this Bill. The Member is also aware that is the kind of consideration that is entertained when we move to clause-by-clause consideration of the Bill, and full explanations, full discussions on those individual clauses or indeed any amendments will be undertaken at that time.

The Member is also aware that at that time, members of the public do not have an opportunity to intervene or interject or be part of that discussion. So, Mr. Chairman, with those observations I suggest that we can continue the work of the committee by hearing the presenters who are here, willing and ready to make those presentations.

* (1515)

Mr. Chairman: Are there questions of Mr. Hildahl? Mr. Angus.

Mr. Jerry Storie (Flin Flon): Mr. Chairman, on a point of order. Like many Members I am having trouble keeping track of which committee I am on and at what time that committee is sitting because we are really proceeding quite quickly with committees. I was not here to hear the entire explanation given by the Minister of Natural Resources for the absence of the Minister responsible for Manitoba Data Services. Perhaps the Minister could clarify for me, are we expecting the Minister to be present at some point in the immediate future, or is there some other reason why he cannot be available?

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

Mr. Storie: Why, thank you.

Mr. Enns: Mr. Chairman, I simply indicate that the Minister of Finance will be here at his earliest opportunity. He is, as the Members are aware, in addition to working out some details with the House Leaders from both Parties, that not only resolve around the further conduct of business of the Legislature, but as well have to do, I think with some specific amendments that have been requested by House Leaders or by critics of both Parties to the very Bill under discussion. If that is any help to the Honourable Member I could—

Mr. Storie: Mr. Chairperson, I recognize that it is certainly a little bit unusual and it would be I guess, desirable to have the Minister in attendance particularly when we are dealing with an issue that is very contentious. I am certainly prepared to allow the committee to continue to hear from the people who wish to make presentations, with the understanding that the Minister will be in attendance prior to the consideration of clause by clause and that should the presenters wish to make any point after the Minister appears that they be allowed to make those formally and be heard again.

Mr. Angus: Mr. Chairman, this Bill has one clause on it. The passage of it will be, I am sure, very speedy unless there are some proposed amendments that will delay that passage. I think that it is inappropriate to not have the Minister here to let these people make their representation to influence his decision in the negotiations.

Having said that, there is another Bill on the Order Paper. We could by leave of the committee deal with Bill 84 as I understand it, asking the delegations - (interjection)- I am sorry, the administration is going to direct the committee, Mr. Chairman, I understand.

* (1520)

Mr. Chairman: I thank you. We are dealing with the Bills that were called here today -(interjection)- Order, please; order, please. We are gathered here to deal with the Bill before us and we have presenters. We are

in the middle of a presentation. Mr. Hildahl is here to answer any questions, and I suggest we proceed at this time.

Mr. Angus: May I ask you, has the Government done anything in your mind to give any degree of comfort at all to the employees of MDS in relation to the impending sale that was announced in May 18, 1989?

Mr. Ken Hildahl (Private Citizen): No, I would say quite to the contrary. There has been, as I mentioned the other night when I presented my initial brief, consultation with the employees, with the union, more of an informative nature. I should not use the word consultation, there were information meetings held with the employees, but to this date, no, there have been no assurances from the Government that these employees, their needs, their pension plans will be looked after, their job security will be looked after, that is totally uncertain at this point, totally up in the air.

Mr. Angus: Has the Government, Mr. Hildahl, given you or any member of your organization to your knowledge, any degree of comfort in relation to the confidentiality aspect of transmission of information? Have they gone out of their way or given you any degree of understanding or co-operation as to how they might be able to protect this confidential information?

Mr. Hildahl: None whatsoever. That is one of the concerns that we have raised from the outset, that the confidentiality issue is a major concern to the MGEA and to myself as a private citizen. I find it inconceivable that my health care records will be available to a private sector corporation.

It is just totally inconceivable but, no, there have been no assurances to this point that those aspects will be addressed. We have raised them numerous times. They have not been addressed other than the fact that there will be a clause or there is a clause in the tender documents, the sale documents, that security of information will have to be guaranteed.

As I mentioned the other night that does not offer me, as a private citizen, any sense of assurance that those records will be in any way, shape or form protected in the future.

Mr. Angus: Mr. Hildahl, has the Government given you any degree of comfort or any indication that this, the sale of MDS, will maintain, remain in Manitoba, remain in Winnipeg, we say, as opposed to being transferred to anywhere else in the province or anywhere else in Canada. Have they given you any assurances of that nature?

Mr. Hildahl: No. Again, there have been no assurances. There have been discussions that, yes, as part of the initial tendering process that those jobs remain in Manitoba, preferably. It has certainly been our position very firmly that those jobs remain in Manitoba, but we all know that there are no guarantees down the road. We can have all the assurances in the world that those jobs for the time being will remain in Manitoba, that jobs will be transferred into Manitoba.

We know what technology is like in this day and age. It is one thing to say that Manitoba Data Services will remain in Manitoba; we all know that you can have an office here in Manitoba. I phoned Delta Hotels, as an example, the other day to book a room. I am not sure where I was talking to but it was either Australia or Tennessee. I guess that is the concern we have. There may be a phone, there may be an office here in Winnipeg; the employees themselves do not necessarily have to be working in Manitoba and there are no assurances that those jobs will not be exported to Mexico where they can have people do those jobs for \$2 a day as opposed to a decent livable wage, that is a major concern.

* (1525)

Mr. Angus: Mr. Chairman, I am sure, Mr. Hildahl, you will agree that the employees of Manitoba Data Services feel that their value of their time is worth more than \$2 per day and that it will take considerably more than \$2 a day from anybody in any other country to be able to perform equally those functions. I am sure you were just suggesting an analogy of possible transfer of employment and not suggesting the worth of the employees.

Mr. Hildahl: Not at all, just to comment on that. No, quite the contrary. As I mentioned the other night, probably the major selling point in this deal is the expertise and the value of the staff members themselves.

Mr. Angus: Great. I have no further questions of Mr. Hildahl at this time, Mr. Chairman.

Mr. Chairman: Thank you. Are there any further questions of Mr. Hildahl? Mr. Hildahl, I would like to— Mr. Storie.

Mr. Storie: Mr. Chairperson, just a couple of questions. My colleague for St. Norbert raised the question of confidentiality and whether in your opinion the Government had addressed it at all. You indicated that, no, although there had been discussions about it you did not feel that it had been addressed thoroughly. Do you have any recommendations? I apologize, I missed your presentation. Are proposing any specific amendments to the Bill which in your view would protect the confidentiality of, for example, the health records that MDS currently has in store?

Mr. Hildahl: Not specifically. I guess the greatest way to offer those types of assurances is for the corporation to stay in the control of the Government. That is the position we have taken consistently from the outset of this process. I think the employees at MDS over the years have proven that they can run a very competent organization, a profitable organization, and at the same time guarantee total confidentiality of those records by virtue of their, I guess, loyalty to the Government of Manitoba.

Time has proven that the employees at Data Services, because of that commitment to the Province of

Manitoba and to the citizens of this province, are capable to be entrusted with those records. I do not share the optimism of the Conservatives, and at this point the Liberal Party, that the private sector can offer the same level of assurance. The example I used the other night at committee here were the numerous cases of insider trading that we have all read about over the last number of years.

Any time you are dealing with confidential materials and the potential to make money, I think, it is a bad combination. We have seen that time and time again with insider trading. I do not think that the private sector simply by addressing in a sales agreement that they will offer a satisfactory level of security gives me the assurance I need as a private citizen in this province to have that type of confidence.

Mr. Storie: Mr. Chairperson, the second area that has been talked about a considerable amount is the question of security for the employees. I would ask you the same question. Have you or have others put forward what you consider to be substantial amendments to this Bill that would protect the employees, their rights to a pension, et cetera? Have those been presented to the Government?

Mr. Hildahl: We have not had specific amendments. We have had ongoing discussions with the Government on this Bill. It is very difficult to put forward those types of amendments specifically in that our position is that the corporation should not and ought not to be sold at this time.

* (1530)

In my brief the other night, the recommendation I was making to committee is a) that the corporation not be sold, but that if it is sold, a way of ensuring the confidentiality of those records be guaranteed and that possibly there are some records that are sensitive enough that they should not, under any circumstances, be turned over to the private sector.

A couple of examples of that would be health care records. I think it is totally irresponsible of this House and this Legislature to turn over to the private sector the individual health care records of each and every Manitoban. Financial records of the farming community, records that could potentially do serious damage to a farming operation if they got into the wrong hands and they were applying for farm credit, credit that ensured the loan, ensuring their ongoing operation, the viability of the family farm, in the wrong hands could very much, very well, very easily, have a financial institution turn down their loan application. So, no, we have not made specific amendments in that area, but we have made those concerns known.

Thirdly, on the issue of the employee's rights, certainly it would be our position that if we cannot convince this Legislature not to sell the Data Services, not to ensure Manitobans that their personal health and financial records will not become public knowledge, that the rights of the employees somehow, some way be guaranteed, whether it be through regulation, legislation. There are some very basic employee rights that have

to be addressed, the right to remain a Government employee, if they do not want to be bought and sold as a head of cattle, to the private sector.

Once these employees are into the private sector, they are not entitled to participate in the Manitoba Superannuation Plan, so we have to address the pension plan. We have to address the right of those employees to opt to remain a Government employee. When I say that they ought to have the right to remain a Government employee, I am talking not just any Government position, but certainly a comparable position with a salary at a minimal level comparable to what they are now receiving.

I would put that forward as a very strong position, but I want to make it very clear that our position is that the corporation ought not to be sold.

Mr. Storie: Mr. Chairperson, the Minister has indicated that the sale revolves around discussions of MDS's book value which is apparently, according to the Minister, some \$9 million. I am wondering if you have heard, or if you have access to information about the true value of MDS in terms of the volume of business it does, its potential for increased profitability. I think everyone around this table recognizes that MDS has not only been profitable. It has done so while reducing the unit cost of information process. I am wondering if you could give us your opinion, or if you have any other opinions with respect to the true value of this company.

Mr. Hildahl: I do not have the precise figures on the true value of the company. Anytime we get into a privatization situation, I get very concerned that the ultimate value that is placed on that corporation is somewhat understated, that it is being sold at fire-sale prices. I mentioned in my brief the other day, a bargain-basement price. I think that before a price is put to it, there ought to be a fair and reasonable study done to ensure that we are getting market value.

We take a look at the history of this corporation over the last 10 to 15 years, it has been a very well run corporation, a leader in its field. The level of expertise amongst the staff I believe is second to none in North America in the field that they are involved in. I think there is a significant value to that corporation. I cannot think of a corporation or a company that I have encountered, or read about or heard about that has been able—and I believe it is in the neighborhood of 10 to 12—not just maintain their prices at their current level, but actually reduce their cost back to the user. To me that indicates one heckuva successful track record, and a benefit to all Manitobans, because those funds then go to subsidize significant social programs in this province.

* (1535)

Mr. Storie: Mr. Hildahl, I guess we will conclude by saying that we are also opposed to the sale of this Crown corporation. We are not and have not been unalterably opposed to the sale of Crown corporations. The fact of the matter is that Governments get involved

with Crown corporations for a variety of reasons, and many times particularly with what have been termed in the past commercial Crowns that has been for good intentions. It has often been to bail out the private sector, but Manitoba Data Services is an example of a Crown corporation that has served the province well, has been profitable, and which should remain in the public domain. We believe that to be the case.

Clearly the Government's agenda is quite different, and I believe that this sale is ideologically based and nothing more. I guess as Government they have the right to introduce such legislation. It is quite ironic that it is before us when we were told all along that they did not need any additional authority to sell Manitoba Data Services, but I hope that the Minister has been listening to your presentation and that he will address some of the concerns before we proceed to vote on this piece of legislation. Thank you for appearing before us.

Mr. Chairman: I thank you. Are there any further questions of Mr. Hildahl? Seeing none, I thank you, Mr. Hildahl for your appearance here today. We have one more presenter, Mr. McDonnell. Do you have a written presentation for us, Mr. McDonnell?

Mr. Pat McDonnell (Private Citizen): I am sorry, Mr. Chairman, I do not. I only have notes.

Mr. Chairman: That is okay. You may proceed whenever you are ready.

Mr. McDonnell: My name is Pat McDonnell. I want to talk a little about the process of selling MDS and the thrust for privatization and suggest to this committee that it is not the panacea that everyone in this Government thinks it this. Universities, for example, are semi-public and therefore keep their independence and integrity. The community colleges in our province provide a level of instruction which results in 90 percent of its grads from the college system employed in the occupations that they were trained for and that is six months after graduation, which is the norm used across the country. This is the best in the country. It is better than board-governed colleges in other provinces, and yes, it is even better than the private colleges in the country.

Manitoba Data Services has a good track record, equal or surpassing that of the education system at the post-secondary level. It has provided low-cost service to the Government of Manitoba and at a profit. So the argument that privatization is better just does not wash. I am particularly disturbed by the secretiveness of the whole approach to the sale of Manitoba Data Services. In a democratic society, is it really necessary to hide from the public the kinds of information that Manitoba Data Services handles? I think so, and if there is that need to be so secretive in the sale, why is there no concern on the part of the Government about my files, about your files, in fact the personal and private files of every individual in this province?

This leads me to my main concern about the sale of Manitoba Data Services, and that is the confidentiality

of my records, my family's records, in fact everyone's records. I am going to be quite personal about this, because listening to the hearings, I have heard about numbers, I have heard about mainframe computers and how much better they are in Ottawa than they are in Manitoba.

One of my children suffers from a chronic disease that incapacitates over time. One morning recently, at one o'clock in the morning, he had to be taken for emergency surgery. Four days of intensive care, we were not sure if that son was going to live or die, but he still has the disease. He came through, and he has to live with that daily for the rest of his life, which will be shortened, by the way, as a result of it.

Imagine if you would, for it is quite possible if Manitoba Data Services is sold and went into private hands, into a company, whose sole responsibility is to a board of directors outside of Manitoba and some of the ramifications of that. To increase profits the company, for example, make up and sell mailing lists that are very selective, become very valuable.

* (1540)

I see the day coming when a mailing list could be made up identifying those in the province with the same disease as my child. Then as that becomes a commercial item, that youth becomes inundated with literature, ads, drug samples, telling him the relief this product will have for him or for her and that drug product will provide. With the pain and discomfort that person goes through on a daily basis, how can that person resist spending lots of money trying product after product, trying to get a cure or at least relief? On another facet, lists could be made of potential employment risks and sold on the quiet, or traded, as often happens with mailing lists.

My position, the point that I want to make with you today, is that these things, once it is in private hands, the Government cannot control. You see it everywhere. My son, because of the disease, could be denied employment because he shows up on a list somewhere that has been sold somewhere as a result of the privatization of Manitoba Data Services. The same process could be done, for anyone with a heart condition, for insurance companies. Cancer victims could find themselves on mailing lists and receiving ads claiming relief for a cure. People requiring prosthetics, asthmatics, arthritic sufferers, indeed the list could go on and on but I think I have made the point. This would be known as an ancillary or other income, and the temptation to sell such information can be just too great for the manager wanting to please a board of directors.

One way to stop such sales that has been suggested is a fine, set up in the legislative Act for so doing, built in. This really, I am not impressed with, because usually they are too small to be a deterrent, and usually they are insignificant when compared with the profits available for violating the legislation. A recent example of this that you are probably aware of is the Ford with the Pinto car. They had their actuaries calculate the number of potential accidents with that car, the price

and value of insurance claims vis a vis the cost of correcting the problem, took a decision to go ahead with the vehicle, and lived with the claims because it was cheaper than the profits they could make on the car.

It is not limited to medical or hospital records. This same process could be used to the disadvantage of Manitobans. Citizens in many other areas, records of driver licensing, shelter allowances for elderly, police files, records of communicable diseases, farmers who do business with the Government through the Agricultural Credit Corporation, they are all susceptible to the placing on mailing lists and the confidentiality being broken.

Finally, I would like to suggest to this committee and through this committee, the Government that is giving the information so far, it is not a good idea to sell Manitoba Data Services. We are exposing virtually every citizen of this province to the expropriation of personal information to those who have the dollars to buy it. We do not have any guarantees that the jobs will not be lost in Manitoba and put on some computer in Toronto or in New York or even offshore. Additionally, you are also at the mercy, once you go this route, of the purchaser with respect to the future cost of the data. Manitoba Data Services, as I understand, is offering low-cost service to the Government now. They need that service whether it is in its present structure or farmed out.

I listened the other night to Mr. Enns justify the sale of Manitoba Data Services comparing the costs of retooling it to the cost of Air Canada. I think, with respect, that position is somewhat hypocritical when you see Crown corporations sold for 30 cents or 40 cents to the dollar. He says there is no money now for new computers. But you know, you need those services. You are going to pay, whether you have the equipment yourself or in the future where you will be paying at a cost-plus, because somebody else has to buy that equipment and it is cost-plus, plus mark up, plus profit.

To wrap up, my main concern is the confidentiality, the Americanization. Government has a better track record of confidentiality than the private sector. We have more leakage there than we do in Government. Civil servants take an oath of confidentiality and even with that there is some leakage. It is not as great as in the private sector, because the profit motive is not there for the sale of that information.

We have situations, for example, three of the major insurance companies in the United States of America batch-process all their data in Ireland. So it is going offshore, the jobs are being transferred offshore, but there are no guarantees in that way that that information cannot be released in that country away from the laws of Manitoba. You cannot apply a legislative Act of this province in the country of Ireland or America or Taiwan, Hong Kong, or anywhere else. So while it looks good on paper to build in some controls in the Act, really, they become toothless with the ease of transfer of computer data nowadays.

What I suggest to you is that the profits that MDS have been selling be plowed back into that company.

Think of the individuals who are affected and think of the people who are affected or potentially affected by this. Thank you.

Mr. Chairman: I thank you, Mr. McDonnell. Are there any questions of the presenter? Mr. Evans.

Mr. Leonard Evans (Brandon East): Mr. Chairman, I appreciate the comments of the presenter, Mr. McDonnell, and tell him that I agree with his position. Of course we have made our position well known in the Legislature over the past many months ever since this Bill was introduced, because we do believe that there is a potential for rip-off of the taxpayers by excessive rates being charged by a privatized MDS because it will have a monopoly.

Secondly, we are concerned about the possibility of job loss ultimately, as Mr. McDonnell said, of the possibility of transferring work out of the province and certainly, we do share his concerns about confidentiality. We have stated that from the beginning.

Mr. McDonnell has pointed out a personal case and how it could adversely affect his son and his family. The Minister has told us, Mr. Chairman, that while we can provide for confidentiality in the legislation, we could also provide for it by way of agreement between the Government and the company. Could that not allay your concerns of confidentiality? Even though the mainframe, the machines, the company is privatized, nevertheless could they not be bound by an agreement, say with the Government, on confidentiality? Would that meet your concerns?

Mr. McDonnell: Well intended though it may be, I do not think he can make those guarantees. You can write them into the legislation but you cannot enforce them with the ways computers can be linked by telephone around the world. I gave you the example of the three major insurance companies who batch process offshore. They ship that information on an overnight flight to Ireland, where it is processed, and it comes back in typed the next day.

That information is beyond the protection of the Manitoba Government if a similar process was done. Now we are talking about a private sector who is looking for a profitable company. I do not have a problem with that. Companies have to make money. But there is so much potential for shipping those jobs off in order to save money, the southern United States, for example, where the rate for programmers and so forth are \$3, \$4, \$6 less per hour than they are here.

Then in true private enterprise fashion, we want to maximize profits. We have this ancillary opportunity here or somebody violates the company's commitment to the Manitoba Government, takes the information, goes off with it and sets up his own company offshore.

Mailing lists are the big thing. I do not know how many mailing lists I am on at the present time. I do not know where they get that information. I buy a Registered Retirement Savings Plan. Suddenly I am on five mailing lists. I am on the mailing lists of the three political Parties. Why? I do not know; the point being

the Parties buy them. Where do you get these mailing lists from? They are a commodity to be exchanged, traded, bought and sold. That will happen with this data because it is vital data, it zeros in on target markets. The drug companies and insurance companies and so forth would pay a very heavy premium in order to obtain. They cannot with the present system, and I like that protection for me. I like it for everyone else.

Mr. Leonard Evans: I am inclined to agree with the presenter's viewpoint on this. A couple of other areas have been raised in the discussion debate on this, one of the arguments has been made that a privatized MDS—in fact the Minister referred to this in his speech on second reading—could liaise with the university and set up coeducational programs. There could be opportunities to enhance understanding of computerization or whatever in this technological field with the University of Manitoba co-operating.

* (1550)

My question was to the Minister but I would pose it to you as well. I am not sure how much understanding you have of Manitoba Data Services as a Crown corporation, but why could not that Crown corporation now do those things that the Minister said a privatized company would do with the University of Manitoba?

Mr. McDonnell: I see no problem with that. Let me address two points that you raised. Firstly, the interfacing that a private company, such as a private MDS, could do with the post-secondary institutions is very nebulous. My background is business education and my experience of universities and the community college system, the research they do is inter-university more so than from small companies and they deal with direct with Digital, with IBM and so forth. I do not see a great deal of spinoff advantage there to the province.

If there is a suggestion that MDS can support the educational process, again, I do not see any great deal of support there. There was no reason why, to my mind, Manitoba Data Services and this is the major point you raise, cannot get into data processing for the people. I know for example that in education, we do custom training for companies at Red River Community College, the universities do custom programming for various businesses and so on and at a profit. There is no reason why MDS could not enhance their current solid financial track record by expanding into some of those areas.

Mr. Leonard Evans: I guess this gets to the nub of the rationale that the Government has put forward for selling MDS, and that is that the sale of this company to the private sector would allow for expansion of jobs in the province. To privatize MDS would do things, would enter into contracts with potential customers outside of Manitoba, in North America, in Europe or wherever in the world and therefore we would have an expansion of jobs. This is the sole reason that is being given and no one of any of the other Parties has criticized MDS as inefficient organization which has been a credit to the people of Manitoba. So this is the sole reason.

My question is why could not a publicly owned MDS, as the corporation that we have now, be mandated,

be given the go-ahead by the Government, be given the guidelines by the Minister in the Government that it should seek business outside of Manitoba, wherever in the world, in North America, in Europe, overseas, and therefore allow for this job increase? I do not understand, and I am asking Mr. McDonnell because he perhaps he understands better than I. I do not understand why the publicly owned corporation cannot do this and provide more jobs in Manitoba than we have now as compared to the private company?

Mr. McDonnell: Well, they should learn from this House. You have one department of the Government saying we cannot do this and we are not going to do this and we have to sell it off in order to create jobs. You have on the other side, another department of Government, who is saying there is a need out there in the community, let us set up these programs, they are creating employment by offering programs that community wants, and they are offering it at a profit which is going back into that department. Why not do it? I agree wholeheartedly.

The track record of Governments in this country of late, when it comes to selling off Crown corporations, has been abysmal. It has always been done on the basis we guarantee jobs for the employees there. The employees will not be affected; they are guaranteed. The reality is that they do not last in many cases beyond the expiration of their first contract, those are the lucky ones, and they are usually fire-sale prices when they sell off. A good example of this is the trucking arm of Canadian National Railways that was sold off recently, Transport Canada—

An Honourable Member: Kingsway?

Mr. McDonnell: No, it was Transport Canada. The real estate value of that company exceeded the price the private sector bought for. They bought it for 30 cents on the dollar. They sold off the land at a profit, got their money back, and dumped the company leaving some 30,000, I think, of people affected by it. Guarantees were there for those jobs. Where are they now? You cannot dictate from Government to a private corporation once that is sold and start asking what they are doing. The real job growth is if you have something that works, do not give it away but enhance its capacity to work better.

Mr. Leonard Evans: Again, I am inclined to agree with the statement that has just been made. We have been told that the many issues Mr. McDonnell has raised will be dealt with in the agreement either in the legislation, which could be amended yet, or in the agreement. As has been pointed out by Members of this committee, we have not yet seen the agreement. So we do not know exactly what is in the agreement, and we do not know much about the pending deal, if there is to be a deal. In effect, we are being asked to buy a pig in a poke, as the old saying would have it.

I guess my last question then is to the presenter. What you are telling us is that the best position is to leave MDS as the successful public enterprise that it is, that really no arrangement, no deal, no contract can

guarantee the confidentiality that is necessary, or can guarantee the jobs, or can guarantee that we will not be ripped off by this monopoly position that is being set up.

Mr. McDonnell: That is right. For example Lester B. Pearson, in the '60s gave us SIN numbers, social insurance numbers. There were all sorts of guarantees with that. These would be confidential, they would only be used for the income tax. It was the first phase-in of the major use of computerization, and it made sense for tax. So we all bought it because there were guarantees in it.

I cannot go to the bank, I cannot go to the grocery store without somebody asking me for my number. I wish to cash a cheque, I can have a driver licence, credit cards and so forth, they ask me for my SIN number. I want to open a bank account. I can put thousands of dollars in that account. They control when I can write cheques on it, that you cannot write until so many days after deposit and so forth, but they need my social insurance number. Nothing to do with the banking unless—and I can see where if it was a savings account and there was interest that I would have to send the short slip to the Government showing the interest I have accrued in that account—but for commercial accounts, for personal chequing accounts where there is no interest drawn, I have to have a social insurance number. There are ways of reading that number, where you can tell whether it is a legitimate number or not. It tells certain data about the individual who possesses that number. I am not familiar with the formula for calculating that or doing it; others are.

This was supposed to remain a secret and it is out now. There are people all over the country who can look at your social insurance number and you would be surprised what they can tell you about yourself. This is with oath of office, oath of Civil Service, oath of confidentiality, and this is with the Government controlling the information. Even with that, we have leakages so it just goes that much worse when we get it out to the private sector.

* (1600)

Mr. Chairman: I thank you. Are there further questions? Mr. Taylor.

Mr. Harold Taylor (Wolseley): Yes, Mr. Chairperson, to Mr. McDonnell. I have just a couple of questions. I have to say though, I share his concern about the abuse of the SIN numbers but, I would let him know, that you do not have to give the numbers, and I do not. The system is just about choked but they back off significantly when they are reminded that their use of the SIN numbers is illegal. Unfortunately, one of the greatest abusers of the illegal use of the SIN numbers is our own federal Government, but enough of that.

I wanted to ask whether you people, in discussions with the Minister, had brought up either of the two points that I found troublesome? One was the transfer or potential transfer of data files offshore, and the other was the matter of the use for other purposes. You gave

an example of sale of data, that use of data files for other purposes and their protection. Did you raise either of those issues and, if you did, what did you get back from the Minister?

Mr. McDonnell: I am sorry, did I raise those with the Minister of Finance? No, I did not, sir. I am appearing before you today to let you know my concerns. This has come out of discussions with various people, associates, friends, co-workers and so forth. What limited information came out was discussed, and I felt the necessity to appear.

Your point on the SIN number, when you point out to people that it is illegal to use it is a valid point. If you are willing to go through the inconvenience and bank with certain people who will not give you a hassle over that, well and fine. It underscores a point: show me one case where a charge has been laid for the illegal use of it. Those are not there because it is quite toothless.

The legislation that covers confidentiality is quite toothless and my major point here today is if you sell Manitoba Data Services off, you lose that control. You lose the old confidentiality for example of the people employed in there, to the Government, which Civil Service may not take very seriously. When it goes offshore the fellow in East Armpit, whatever country, does not owe you anything and can flog that for his

own profit. Again, just like the SIN numbers, there will not be any charges laid, there will not be any remonstrance for that violation of the Act.

Mr. Chairman: Seeing no further questions, I would like to thank you for your presentation before this committee, sir.

Mr. McDonnell: Thank you.

Mr. Chairman: I understand that since all presentations have been heard regarding Bill 98, it is the will of the committee that we recess to return at a later time today. If this committee agrees to recess, we will have to agree on a time to resume with the proceedings today.

I would like to remind all Members that if this committee does not resume today, the committee cannot sit beyond today's date, March 14, 1990, unless the Government House Leader (Mr. McCrae) calls another meeting.

Is it the will of the committee to resume proceedings?

An Honourable Member: Eight o'clock.

Mr. Chairman: There is agreement to meet at eight o'clock? Agreed.

COMMITTEE ROSE AT: 4:03 p.m.