



**Second Session - Thirty-Sixth Legislature**

**of the**

**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Public Utilities**

**and**

**Natural Resources**

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



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

**Members, Constituencies and Political Affiliation**

<b>Name</b>	<b>Constituency</b>	<b>Party</b>
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James, Hon.	Arthur-Virden	P.C.
DRIEDGER, Albert, Hon.	Steinbach	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
ERNST, Jim, Hon.	Charleswood	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen, Hon.	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GAUDRY, Neil	St. Boniface	Lib.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David	Riel	P.C.
PALLISTER, Brian, Hon.	Portage la Prairie	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
RENDER, Shirley	St. Vital	P.C.
ROBINSON, Eric	Rupertsland	N.D.P.
ROCAN, Denis	Gladstone	P.C.
SALE, Tim	Crescentwood	N.D.P.
SANTOS, Conrad	Broadway	N.D.P.
STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin	N.D.P.
SVEINSON, Ben	La Verendrye	P.C.
TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

## LEGISLATIVE ASSEMBLY OF MANITOBA

## THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Monday, November 4, 1996

TIME - 9 a.m.

\*\*\*

LOCATION - Winnipeg, Manitoba

**Mr. Chairperson:** Could the committee please come to order. This morning the committee-

CHAIRPERSON - Mr. Jack Penner (Emerson)

## Committee Substitutions

VICE-CHAIRPERSON - Mr. Ben Sveinson (La Verendrye)

**Mr. Edward Helwer (Gimli):** Mr. Chairman, I would like leave to make a change in the committee.

ATTENDANCE - 11 - QUORUM - 6

**Mr. Chairperson:** Is there leave?*Members of the Committee present:*

Hon. Messrs. Driedger, Findlay, Praznik

**An Honourable Member:** Leave.

Messrs. Doer, Helwer, Kowalski, Laurendeau, Martindale, Penner, Radcliffe, Sale

**Mr. Chairperson:** Leave has been granted.*Substitutions:*

Mr. Pitura for Mr. Laurendeau

**Mr. Helwer:** I would like to move that the honourable member for Morris (Mr. Pitura) replace the honourable member for St. Norbert (Mr. Laurendeau) as a member for the Standing Committee on Public Utilities and Natural Resources, effective November 4, with the understanding that the same substitution must be moved in the House to be properly recorded in the official records of the House.

Ms. Barrett for Mr. Martindale

Mr. Rocan for Mr. Driedger

Mr. Sveinson for Hon. Mr. Praznik

**Motion agreed to.**

APPEARING:

Mr. Stan Struthers, MLA for Dauphin

**Mr. Gary Doer (Leader of the Opposition):** Yes, committee change, please, by leave.

WITNESSES:

Mr. Barry Hammond, Private Citizen

Mr. Richard Dilay, Private Citizen

Mr. Eric Cote, Private Citizen

Mr. Murray Smith, Private Citizen

Ms. Susan Cameron, Private Citizen

Mr. Magnus Eliason, Private Citizen

Mr. Peter Hudson, Private Citizen

Mr. Colin Murray, Private Citizen

Mr. Allen Grabowski, Private Citizen

Ms. Catharine Johannson, Private Citizen

Mr. Harle Robins, Private Citizen

Mr. David Markham, Private Citizen

**Mr. Chairperson:** By leave.**Some Honourable Members:** Leave.**Mr. Chairperson:** There is leave. I believe the existing committee members are the member for Concordia (Mr. Doer) and the member for Burrows (Mr. Martindale). Is that correct?**An Honourable Member:** Yes.

MATTERS UNDER DISCUSSION:

**Mr. Doer:** I would move that the member for Crescentwood-

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

**Some Honourable Members:** He is on.

**Mr. Doer:** Okay. He is on. I would move the member for Wellington (Ms. Barrett) replace the member for Burrows (Mr. Martindale).

**Motion agreed to.**

**Mr. Chairperson:** It has been brought to my attention that we are as of a few minutes ago without a Vice-Chairperson. I would therefore open the floor to suggestions for a Vice-Chairperson.

**Mr. Mike Radcliffe (River Heights):** I nominate Mr. Sveinson.

**Mr. Chairperson:** Mr. Sveinson has been nominated. Agreed? [agreed]

This morning the Standing Committee on Public Utilities and Natural Resources will be hearing Bill 67, The Manitoba Telephone System Reorganization and Consequential Amendments Act.

As has been agreed to before, there have been certain rules established which will continue and that is basically that the presenters who have been called once before will be, if called for a second time today, dropped off the list, and it has also been agreed to that out-of-town presenters will be heard first. There are three out-of-town presenters this morning, so I will proceed to call their names first. As previously agreed, we have a limitation of 10 minutes for presentation and five minutes for questions.

\* (0910)

I have also indicated clearly on Saturday that decorum, I think, plays an integral part of the process within this committee room. I would ask all people, including committee members, that we maintain an uppermost level of decorum. We did this on Saturday. It worked extremely well, and I think we had a very orderly process on Saturday. So I ask all committee members if we could restrain from dialogue between ourselves, and if we have something to dialogue that we need to discuss, would you please remove yourself from the table, go outside of the room and have those discussions. Similarly I would ask those who are here to present and those that are here to listen that we refrain from applause or any kind of comment because it leads to a very orderly type process and certainly extends a great deal of courtesy to those

who want to speak to the committee and make their views known as to the process that is at hand today. With that indulgence, I thank you all for that consideration.

We will then continue and call the first presenter, Mr. Ian Robson. Ian Robson. He is an out-of-town presenter. I am calling his name for the second time. Is he here? If not, then he will be dropped off the list. The second person I will call is Drew Caldwell. Drew Caldwell, I am calling his name for the second time. He will be dropped off the list. I am calling Al Neath for the second time. Is Al Neath here? If not, his name will be dropped off the list.

I will then revert to the order and call the first person on the list for this morning that has been identified as per the prescribed list, and No. 1 is Ellen Karlinsky. Is Ellen Karlinsky here? I am calling her name for the second time. She will be dropped off the list. Is Bruce Frolick here? Bruce Frolick. He is being called a second time. He will be dropped off the list. Pam Delisle. Is Pam Delisle here? She, being called for the second time, will be dropped off the list. Is Tom Barker here? Tom Barker, having been called the second time, will be dropped off the list. Jim Pryzlak. Is Jim Pryzlak here? Being called for the second time will be dropped off the list.

**Barry Hammond.** Mr. Barry Hammond, would you come forward please? It is good to see you this morning. Welcome. Have you a written presentation for distribution?

**Mr. Barry Hammond (Private Citizen):** I do.

**Mr. Chairperson:** We will have it distributed, and you may continue your presentation.

**Mr. Hammond:** Well, this is my personal response to Bill 67. I think the Manitoba Telephone System, hereafter in the brief referred to as MTS, was created in 1908 to serve the people of Manitoba. Bill 67 will reduce this service, I believe. In 1908 people believed that sharing was a good idea, sharing, not just among the rich and wealthy in our province, but sharing among all Manitobans. Recently the MTS has been broken into four units: MTS Net, MTS Com, MTS Mobility incorporated and MTS Advance incorporated.

One goal of this destruction was to tap into some new values in our society. The new values must include greed, since this is the opposite to sharing. As well, a goal of Bill 67 seems to include intense competition, commercialism, individualism and extreme inequality. Bill 67 would appear to assure the onset of such personal values. It is irresponsible to disenfranchise rural and northern people, seniors and low-income Manitobans. Any increase in telephone rates will increase disenfranchisement. Higher rates divide Manitobans into those who can afford a telephone and those who cannot. The rich have a choice to have or not have a phone; the poor have no choice. Hence, the argument for choice is only for the rich.

Provincial governments have a responsibility to encourage their citizens to have positive and helpful values. For a government to encourage greed, individualism and inequality is to follow a model of 1939 Germany, not a model of 1994 Sweden even. The government in Germany in 1939 encouraged greed, individualism—well, among the corporate owners anyway—and inequality, while the government of Sweden even in 1994 allowed for greater altruism than Manitoba in 1996. Provincial governments also have a responsibility to encourage greater participation of all citizens in democratic debate, yet breaking MTS apart will undoubtedly impede rural, low-income people and the disabled from equal participation in democratic discourse.

Doris Lessing, in her 1985 Massey Lectures, recorded in a book called *Prisons We Choose to Live Inside*, on page 11 notes: Whenever things seem to be going along quite smoothly, and I am talking about human affairs in general, then it is as if suddenly some awful primitivism surges up and people revert to barbaric behaviour.

For some reason this passage seems to relate directly to Bill 67. MTS was going along quite smoothly with long distance rates sharing with rural rates. Privatizing MTS will stop this sharing. The result will be barbaric behaviour for which the government of the day will say they are not responsible. A new party, when elected in Manitoba, will have to reinvent sharing with all people since this is the only sustainable value for now or later. I fear that the short-ranged concerns outlined in Bill 67 are not sustainable in the long run. Withdraw Bill 67, so

that all citizens of Manitoba can be more involved in democracy.

**Mr. Chairperson:** Thank you very much for your presentation Mr. Hammond. We are going to follow the same procedure in questioning that we adopted on Saturday. I am going to try and make sure that all members of the committee, if they so indicate, will get an opportunity for questions and responses.

**Mr. Tim Sale (Crescentwood):** I am sure that my honourable friend opposite, who is a lawyer, would tell me who the French person was who said that the law, in its majesty, allows the rich and the poor alike to beg for bread in the streets and to sleep under bridges. It is also reminiscent of Tommy Douglas's statement of, every man for himself said the elephant as he danced among the chickens.

It seems to me that you have had significant experience in the inner city and the fact that at one point at least you lived in the inner city. Can you share with the committee some of your experiences of people who today have problems with phone accessibility, let alone in the future?

**Mr. Hammond:** I certainly can. The Andrews Street Family Centre, which you may have heard of, says that presently their most used facility is their telephone. In other words, more people from the community come in to use the telephone at Andrews Street Family Centre than even the daycare. Now I take it this means that even at present there are a host of people who do not have telephones.

I can share another input from Point Douglas, and that is that we have tried to get a Neighbourhood Watch Program going in Point Douglas for some time. We even had the police agree to reduce the number of people who had to be involved to 50 percent from it present 66 percent and, yet, we were not able to find enough people with telephones in Point Douglas for them to come onto the Neighbourhood Watch Program.

So I am suggesting that there are a lot of present day problems with lack of telephones, and there will be yet more, I predict.

\* (0920)

**Mr. Sale:** Mr. Hammond, I am sure you realize that the CRTC began in 1992 to separate the kinds of services and to reduce the cross-subsidization from across services. I know you understand that long distance rates are less and less able to be used for subsidizing local rates. Your brief seems to indicate that is going to be the case in the future. In fact, it is already the case, as I am sure you are aware.

Do you have any sense about what you think might happen in terms of phone rates in terms of inner city or other basic phone users? Do you have any sense of what you think the increases might be?

**Mr. Hammond:** In fact, I gave a brief to the CRTC, and I told them not to do what they have done. I think they are part of the whole business of demolishing sharing in our society. I think though that we do not need to encourage this lack of sharing. If the CRTC sees this as split up, they are perhaps responding to some values in society. I suggest that those values need not be shared by everybody.

**Ms. Becky Barrett (Wellington):** On Saturday, several presenters made the same point. One person in particular said that the private sector does not have a mandate to watch out for the public good; the government does. Is that something that you would agree with, and how do you think it plays out in the context of Bill 67?

**Mr. Hammond:** I would say definitely the government has a part to play in this. In fact, when I became aware of things in about 1940, my father organized a number of farmers. For example, a farmer in our neighbourhood broke his leg just at seeding time, so Dad arranged for about 40 farmers to come over and plant this fellow's crop. Likewise, when a barn burned down, Father arranged again for a number of people to come over and help with the barnraising. But I think we discovered in 1940 that this individual type effort was not very comprehensive. In other words, it worked in one or two cases because my father happened to know 40 people whom he could call to come and do such a thing, but I think we discovered that was not comprehensive enough for everybody and, therefore, we needed a governmental program of social security in some sense that allowed this to happen for everybody. So I think the answer to your question is that definitely we need social programs that will fill these gaps.

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

We will move on to the next presenter, Mr. Blair Robillard. Mr. Blair Robillard. He is being called for the second time; seeing him not, we will drop him from the list. The next person is Diane Erickson. Diane Erickson, not here, will be dropped from the list. Richard Dilay. Richard Dilay. Will you come forward, please. Have you a presentation for distribution?

**Mr. Richard Dilay (Private Citizen):** No, I do not. I just have a verbal presentation.

**Mr. Chairperson:** Thank you very much and welcome here. Would you continue with your presentation, please.

**Mr. Dilay:** Good morning. I am social worker by profession who works in the inner city of Winnipeg, and I have for the last dozen years with my current employer, but previously also with Child and Family Services. I currently work for a small nonprofit community organization that depends very much on telephone service; that is the main way that we keep contact with our clientele. We do community organizing. We have been involved in organizing parent councils, resident associations, various groups, and the telephone is our main contact.

There are a substantial number of people in the inner city who currently are not able to afford telephones but, by and large, telephones I believe are affordable for most people. In my experience, most people I have wanted to contact do have a telephone. Many of them now have unlisted telephone numbers for various reasons. So my clients very much depend on their telephone service. By and large, they do not own vehicles so if there ever was an emergency, it would be the telephone that they would need in order to get assistance, also, for many things, having contact with the school, doctor's appointments, and particularly for job searches. Most of my clientele are on a low income and many of them are on social assistance, and even a \$5-monthly increase could make a telephone service unaffordable for them.

I believe if this bill passes that there would be no guarantee that phone rates, in particular local service, would not increase significantly over the next few years. Currently MTS is owned by all Manitobans and I think

because of that it enjoys a high level of trust among Manitobans, and if it was privatized it would then be owned by a minority of Manitobans. Manitobans believe that the current service is excellent—I believe that—and it is very competitive. In fact, we currently have competition right now in regard to long distance rates but most people, from my understanding, are choosing—in fact, I choose to stay with the Manitoba Telephone System in terms of long distance rates and partially because of understanding that long distance rates have been going towards subsidizing local service so that we have an equity between city and rural and northern Manitoba.

I feel that we as Manitobans are shareholders in the Manitoba Telephone System. I think that is what we have been led to believe over quite a number of years, since 1908, as well as other Crown corporations, and I am very much appreciative that I have this chance to be consulted. I think it is obvious at this point—I have been able to catch some of the presentations and read some of it in the paper—that most Manitobans, including Conservatives, many Conservative supporters, oppose the privatization of MTS.

I believe that telephones are a service, not merely a commodity, and there are other Crown corporations that we have that are also beneficial to Manitobans. Manitoba Public Insurance, I have heard, has the second-lowest auto insurance rates in Canada. I am not sure if that is the case but that is what I heard. Also, I know that Winnipeg Hydro returns revenue to the City of Winnipeg, so it is a very beneficial public service helping to keep our property taxes down.

Most of our economy is already in private hands—banks, industries, retailers. That is the case and I think that is the reality that we accept. I think we are different than the United States where we have more of a mixed economy. We have I think social services that do not exist in the United States and I think it makes us, what many people see as a kinder and gentler country. Whether it is New Democrats or Conservatives in the party, I think that many of these governments have helped to create that situation.

I am thinking also in terms of comparison with public schools. There are many families who could probably afford to send their children to private schools, but I

know at this point that most people are sending their children to public schools and I know that is the case for ourselves also. So I think in keeping along that line that there are a number of public institutions and Crown corporations, MTS being one of them, that Manitobans very much appreciate. I appreciate the foresight that the Conservative government at the beginning of the century had in creating the public telephone system.

I think that this government should reconsider its position on this issue as it did in others. I am thinking particularly of the school boundaries review where it heard from Manitobans and that there was much concern about the way it was being implemented and the rate at which it was being implemented, not that there cannot be changes or not even that some divisions do want some changes in this regard. I believe that with this particular bill, I cannot see any long-term benefits at this point for Manitobans. I recognize that there may be some short-term benefits in the sale of MTS, but in the long term I believe it will be to the detriment of Manitobans.

\* (0930)

So I think I would ask this government to very much reconsider its position, particularly on this bill. I do not think governments should be run by polls and what is out there, but I think that in this particular issue when it is so obvious and when many of your own supporters are very much opposed to this bill that I think it should be reconsidered, postponed and some broader consultation that can get to the rural and northern people and possibly—I think this is such an important issue—even looking at a referendum, which I also am not usually favourable to, but looking at or waiting till, make it an election issue I think would be more preferable to most Manitobans so that we can more fully express our concern on this bill. Thank you.

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

**Ms. Barrett:** Thank you for your presentation. I found it interesting. I have not sat through all of the hearings, but I have sat through several days of them and you are the first one that I have heard, as I recall, who has mentioned the school boundaries review. I find that very interesting because not only, as you said, they changed their mind, the Minister of Education changed her mind after hearing from two sets of hearings, but the Norrie

commission, which was the commission that was established to look at the whole issue of school boundaries review, did not just hold public hearings in this Legislative Building but they went out throughout the province. Granted, this is also an issue that the government was not elected on but took the time, the energy and the effort to establish a commission to go out around the province.

I assume you would recommend that. Can you give us any reason why you think this government, which did not have a mandate, did not run on it in the last election, would choose not to have hearings outside the city or a referendum on this issue?

**Mr. Dilay:** Well, yes—

**Mr. Chairperson:** Mr. Dilay, just one more minute.

I want to remind the committee members, I asked for decorum and I see discussion going on amongst committee members, and I have asked members in the back of the room to give us the same consideration. We have a presenter before us, Mr. Dilay, and I am asking that we give due consideration to his presentation without interruption. So I will ask Mr. Dilay to respond to the question.

**Mr. Dilay:** I do not understand the haste in which this bill is being put forward. I think that it is very obvious that it is a very important issue for many, many Manitobans and that if we are going to do something this drastic that we need, I think, a broad consultation and one that takes into the consideration of particular rural and northern Manitobans who—I think I found it difficult, I was here on Saturday and I am back here again this morning. I have employment where I have some flexibility to do that, but I could not sit here indefinitely. I think that if the government does want to hear from all Manitobans, particularly including rural and northern Manitobans, I think that would be a wise move to make and that I do not see any reason why postponing this would have any detrimental effect.

**Ms. Barrett:** Can you tell us why you believe that the hearings should be held outside Winnipeg? You talk, and others have, about especially the rural and northern Manitobans, why particularly those groups in Manitoba do you think have a particular concern in this regard?

**Mr. Dilay:** I work mainly in the inner city of Winnipeg, and I know particularly with my clientele that they would have difficulty even coming here. We have many people who would have to arrange child care and it would mean probably catching a couple of buses and making all these different arrangements. I am just thinking about how it would be for rural and northern Manitobans. That is probably a minor—what I am talking about—inconvenience and yet it is one that would prevent many people from attending and particularly getting the time off work or school or whatever other things that people are involved with. So the accessibility issue I think is just critical.

I know even the Boundaries Review Commission went to various locations not only in the province but even within the city, so it made it much, much more accessible to people, and I think you had that broad cross section of input from people. I think it obviously did have an effect on the government's consideration of that position, and I think this is one that also needs that consideration.

**Mr. Chairperson:** Mr. Sale, with one final question.

**Mr. Sale:** Mr. Dilay, you work with a lot of folks whom we might at least understand to be at risk or at risk of being marginalized from the economic, political and other systems of our society. Can you comment on their trust of the political process, especially in light of the fact that clearly in this case government lied in their election campaign and then appeared to have at least dissembled somewhat since in terms of their intentions? How does this affect your clienteles' perception of the validity of political processes?

**Mr. Dilay:** Many of my clients—I guess the word is—have become very cynical. They have become very disillusioned. Many of them choose not to vote in any elections. I think that is unfortunate because I think that there are very critical decisions that are being made on their behalf that they should participate in. I think what happens is people see something like this being put through with much haste. I think people are maybe thinking that a decision has already been made and the consultation process is not—I have heard that from people and suggested well, if you are concerned about it, I would go and make a presentation. They say, well, the decision has already been made.



I am hoping that is not the case, but I know there are many people when they see very hasty processes like that and decisions that were not put forward or positions that were not being put forward during an election now being put forward, I think that that does make people cynical.

\* (0940)

**Mr. Chairperson:** Thank you for your presentation, Mr. Dilay. I call next Maurice Berens. Maurice Berens, having been called for the second time, is not here, will be dropped off the list. Eric Cote. Eric Cote is here. Would you come forward please, Mr. Cote?. Mr. Cote, have you a presentation for distribution to the committee?

**Mr. Eric Cote (Private Citizen):** No, I do not. It is more or less oral.

**Mr. Chairperson:** Would you proceed with your presentation, please?

**Mr. Cote:** Yes, I will.

**Mr. Chairperson:** Thank you very much and welcome here.

**Mr. Cote:** It is a sign of a sick society that supposed representatives of the people do not. You have no mandate at all to sell the MTS. You did not ask us, all right? [interjection] If you really did represent us, which you do not, again, because if we had an election today, I do not know if you have been reading the paper lately, but the NDP would be in power right now, and I do not think your precious little 67 bill would be here at all because the NDP right now have been busting their butts to let us people of Manitoba have a say in these bills you are trying to ram through before Thursday.

There are a lot of things that some of my friends and other people have been putting together and researching and I appreciate the effort. Manitobans have owned MTS since 1908. As far as I have seen the stats, it is well run and it is very profitable. It is not doing as well as SaskTel, but it is doing quite well, I think.

When we Manitobans have a say and own it, we have a future, right? Low income people and northern people have access to public phones because you never know if somebody is going to be in trouble and has to call the cops or whatever, like spousal abuse, for example, ever heard of it?

Once it is sold, how are people going to look for jobs? You say that you are all for job creation and job enhancement and stuff like that. People have to resort to temp agencies and stuff like that. People get effectively coerced, servitude, you know. Once you sell off MTS, okay, what is next? Manitoba Hydro. The Liquor Commission. Those are jobs, okay. If you privatize, the private companies are just going to go like, tewk, you know. There are some more jobs lost, and you are all going like, oh; jobs all look great and everything, nah, nah, nah. Bullshit. You do not care about—

**Mr. Chairperson:** Mr. Cote, I would just ask you to make sure your language is such that is acceptable at the committee. Thank you.

**Mr. Cote:** MTS employs almost 4,000 people in Manitoba, all right. They are well paid. They are unionized jobs, and as far as I have seen, they do their jobs really well, okay. Why would you want to get rid of those people? I was here the first night, and there was an MTS employee, okay. This guy had been working for it for like 14, 15 years, something like that, and he likes his job. He really does. Why would you want to fire somebody like that? Like somebody who likes his job is going to do a good job of it, right? Logic.

Under privatization those 4,000 jobs are just going to get moved elsewhere like the States, for example, because I am sure it is not going to be a Manitoba company that is going to be buying up the MTS. I could guarantee you that. By keeping it public we ensure that the \$400 million MTS and the employees spend in the province every year stays here, because wherever those jobs go, wherever the MTS ownership goes, it is not going to be in Manitoba.

Quite frankly, I do not think that you should be in power. You are not listening to us at all. Any questions?

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

**Ms. Barrett:** You are most definitely right that if the New Democratic Party were in power today, No. 1, Bill 67 would not have been introduced, and if it were, it would have been removed from the table immediately.

I am not sure if you were here on Saturday or not but a presenter said that maximizing profits does not ensure

equal access to services. You were talking earlier about the need for people to have phones for job searches and spousal abuse and other issues. I am wondering if you would agree with what that presenter said, and does the privatization of MTS cause you concern in that regard?

**Mr. Cote:** Definitely.

**Ms. Barrett:** The Premier (Mr. Filmon) and other members of the Conservative Party in the Legislature have said when people have asked for public hearings outside the city, outside the Legislative Building, that they were elected to govern; they were elected to make the tough choices; that things changed from the time the election was held in April to maybe early May or June of 1995, and that they do not have to listen to the people anymore because the people gave them a mandate when they elected a majority government.

Does this cause you concern? Do people that you know see this as a reason why politicians in general are held in such disrepute?

**Mr. Cote:** Well, according to what I have heard and what I have seen, the PCs were not going to sell off MTS. This was a big shocker, that MTS was getting privatized. Just because a government is in power does not mean that they can do whatever they want.

**Mr. Sale:** One of the things I know that many of the presenters are concerned about is the unseemly haste here, as well as the avoidance of the public. Government introduced this legislation or this decision, I guess, early in May. They have had five months to hold hearings or to travel or to present their case. Have you read of or received in the mail or had an opportunity to attend any presentations where a relatively objective presentation of the benefits of sale versus the benefits of continuing ownership were made available?

**Mr. Cote:** None whatsoever.

**Mr. Sale:** Can you comment on why you would think that would be the case in the sale of an asset as big, as important as this? Why would there not be some information available to the public to justify this action?

**Mr. Cote:** To be honest, I think the PCs and maybe some of the particular members of the PC Party are getting some sort of kickback from the privatization.

\* (0950)

**Mr. Sale:** I am really interested that you say that because on Thursday of last week I had a call from the person who administers my private RRSP, and he urged me to subscribe for shares to MTS. He said there is good money to be made here in the short term; the shares will be underpriced and there will be a quick profit. Even if you do not want to ever own the shares and have your name ever show up, you can still buy the rights to a share as a Manitoban and flip the rights. He said, you will make good money on this, I really want you to put it in your RRSP. I said thank you very much but no thank you.

So that gives substantial credence to what you are saying because only those of us, and I include myself in this, who have assets that are under our control will be able to profit. According to a lead broker—this is not a minor broker who called me; this is a lead broker—I would stand to make very substantial profits in the short term. Do you have any comment on that?

**Mr. Chairperson:** Mr. Cote, with a final response.

**Mr. Cote:** It is typical. It is typical of a—I am going to keep it nice and polite like you asked me—right-wing government that does not listen to the people to pull some little trick like that.

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

#### Point of Order

**Mr. Sale:** Mr. Chairperson, a point of order. I have made very careful note of the starting times of the last two presenters. Mr. Cote started at 9:36 according to my note. It is now 10:47, which is somewhat around four minutes short of the 15 minutes that each presenter was allowed. The previous presenter was cut off two minutes before the end of his presentation. Though I had asked the Chair to abide by the rules of the committee which is 15 minutes per presenter in total, 10 minutes for a presentation and five minutes for questions, and the committee has regularly and often allowed movement back and forth between those two amounts, I would just ask the Chair if he would be as evenhanded as he is asking all of us to be in his administration of the rules.

**Mr. Chairperson:** Thank you very much, Mr. Sale. We had indicated very clearly at the outset of the hearings process that the presentations would be limited to 10 minutes. If the presenters choose to take less time than the 10 minutes, their question period will be five minutes. That has been agreed to and we will adhere to that. We have at certain times by leave of the committee allowed for extension of some of the presenters for questioning, and we have allowed from time to time by leave of committee to extend even the presentations. I will maintain that latitude and those considerations as Chairperson.

If you will allow me that latitude, and the committee has, and I grant that, then there has to be a request for leave when we go past the five-minute presentation or the 10-minute presentation or the five-minute question period. So the limitations apply, as agreed to by the committee, and the rules established were by committee and they will be sustained.

\* \* \*

**Mr. Sale:** Mr. Chairperson, I would be happy to give leave to my honourable friend who apparently indicated he might want to ask a question of this witness.

**Mr. Denis Rocan (Gladstone):** Mr. Chairman, just for clarification, I was simply going to ask for leave of the committee to allow No. 56 be brought forward, Magnus Eliason, is what I was attempting to do. I understood we were done with this presenter. As Magnus would probably agree with me, he is no spring chicken, and I have been watching Magnus sitting over here and I just thought by leave of the committee we would allow Magnus to make his presentation.

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

On a point of order, I will recognize Ms. Barrett.

#### Point of Order

**Ms. Barrett:** Mr. Cote has indicated that he has a comment to make, and I am wondering if there leave for Mr. Cote to make a very brief comment.

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

**An Honourable Member:** On the point of order?

**Mr. Chairperson:** There is a point of order. There has been a question raised. The question is, does the committee want to allow leave for Mr. Cote to make one further comment? [agreed]

\* \* \*

**Mr. Cote:** I would like the remaining time that I have been spent in silence for the passing of the public trust.

**Mr. Chairperson:** Thank you for your request, Mr. Cote.

We will now proceed. There has been a request by Mr. Rocan that there be leave granted to an individual. I just want to, for the benefit of the committee, indicate that we have a very significant number of presenters left who have identified early on that they wanted to present. If we make allowances, by leave, to change that list, that means that others will be disadvantaged. Make clear note of that.

We have three people who have asked for special leave this morning, and we had a significant number on Saturday by special leave which disadvantaged a significant number of other people who were going to present, who were here, who were on the list. So I want the committee to make note of this before they make the consideration of granting leave, because there are some implications here that need to be considered for the sake of all people who want to present.

**Ms. Barrett:** If I recall Saturday, in dealing with this issue, we decided that people who had medical problems and/or job-related duties where they had a time constraint would have priority if they requested special leave, and I would suggest that we continue with that as our two criteria.

**Mr. Chairperson:** I just want to indicate, though, to the committee before that decision is made for today that I received a significant amount of criticism on Saturday after the committee for giving those allowances. So it is up to the committee this morning. If we want to decide on those parameters again, that we want to apply them, we can do that, but I raise it simply for your consideration that those people who have indicated early on that they want to present, that they be allowed the same courtesy that we allow everybody else.

So I will now read those requests for special consideration this morning. The first person on the list would be No. 25 who is Mr. Murray Smith who has a dental appointment at 11:15 and asks that he be allowed to present this morning. Now, as I said on Saturday, and those of you who were here will recall, we are walking on thin ice in some of these areas. That is the first consideration. Is there leave for Mr. Smith to present? What is the will of the committee?

**Mr. Radcliffe:** I believe the request was for Mr. Eliason, and the Chair is introducing some other material. Perhaps we could deal with Mr. Eliason's request first, or Mr. Rocan's request first, and then deal with those in due course.

**Mr. Chairperson:** I will read the presenters who have indicated special consideration as—could we have order, please? I will deal with the presenters who have asked for special consideration in order of them on the list. Number 40 is Susan Cameron and she is here. She must leave for work by 11:15 a.m., and therefore she would like to present before 11:15, and then No. 56 is Magnus Eliason. He is No. 56 on the list. He is 85 years of age and he requests special permission, no medical concerns requested.

**Ms. Barrett:** I would suggest in the interests of expediting the process that we go with Mr. Smith, Ms. Cameron and Mr. Eliason in that order.

**Mr. Chairperson:** So that all the others who have indicated previously will be set aside until these people are heard. That is the will of the committee? [agreed] So granted. Thank you.

We will then call Murray Smith who is No. 25 on the list, and we will set aside from 12 to 25 until all of the others have been heard. Mr. Smith, have you a written presentation for the committee?

**Mr. Murray Smith (Private Citizen):** Thank you, Mr. Chairperson, I do not have anything in writing, but I hope to make myself clear in my 10 minutes.

**Mr. Chairperson:** Welcome to the committee. You may proceed.

**Mr. Smith:** Mr. Chairperson, members of the committee, I make it clear that I speak as a private citizen opposed to Bill 67. I would like to start by setting the context for this legislation or, indeed, for this whole session of the Legislature. I want you to imagine a Manitoba voter, somebody who is actively interested in politics, somebody who participated in last years election, somebody who felt there was a lot hanging on the outcome of the election and then wrote to a friend living in the United States when the result of the election had been established as follows, quote: This great crisis being now over, I shall not have matter interesting enough to trouble you with as often as I have done lately.

Now, you may guess from the language that that was not written in 1995, nor was it written by a Manitoba voter. It was written by Thomas Jefferson, who at that time was the ambassador of the United States of America to France. What is interesting is that it was written on the 29th of June, 1789, which is exactly 15 days before the storming of the Bastille and the beginning of the more active part of the French Revolution.

\* (1000)

The quote comes from a book called Witness to the Revolution, which I think is an appropriate label for many of us. We consider ourselves as witnesses to a revolution, because we, too, are indeed in a revolution, one that was unannounced but certainly not unplanned. People like Mrs. Thatcher and Mr. Gingrich and Mr. Harris announced their revolutions. They campaigned on the basis of their revolutions. They promoted them in their elections, and as a result they had some mandate to carry out what they did, however much I might disagree with it.

This government, however, has no mandate for many of the things that it is doing, certainly not for its current flood of legislation from the extreme right directed against, for example, universities and their faculties, the schools and their teachers, and as a retired teacher after 32 years, I pay particular attention to that legislation; unions and union workers, and as a member of an employee association I feel sensitive to that; health care and health care workers, and as one who once chaired the Health Sciences Centre board, I am rather more alert to those problems than perhaps the average voter.

Looking at this list, I asked myself what these groups have in common, and it seems to me that one element in common is that they opposed government actions, government policies, either before the election or during the election or since, and, therefore, I cannot help but feel that a good deal of the legislation is in the form of punishment and an attempt to control groups who have been critical of the present government.

So we have the irony, the government which preaches deregulation in the private sector wants excessive and very detailed control in the public sector. I draw to your attention that this is a real change from the Lyon administration, because when it was elected the House leader said to the media, do not ask us about our legislative program; we do not believe in passing legislation except to undo some of the mistakes of the past. This government obviously believes in passing legislation to hamstring or hogtie many groups of Manitobans.

At the same time as this government wants to crush dissent and control every aspect in the public sector, it has developed a special agenda for Crown corporations; i.e. to get rid of as many of them as possible. This, too, is driven by naked ideology. I sometimes wonder why they have not yet advocated some of the privatizations which have occurred elsewhere. Having lived in the United Kingdom for a while, I naturally follow the news from there about the privatization of the water supply, the privatization of railways. None of these has been touted as a real success. The cost to the public has been enormous and the profits to individuals and private corporations has been beyond belief.

Now, it seems to me it is an article of faith for this government that any private corporation must be more efficient and provide better service than any publicly owned corporation and that, therefore, evidence, however strong it may seem to me, will not carry very much weight. For example, suppose the evidence were to convince this government that telephone service would worsen and rates would skyrocket for rural and northern consumers. They would say, well, yes, that may be true, but there are offsetting advantages. Business, for instance, would get lower rates.

Even if the evidence were to convince this government that a privatized telephone system would be a disaster for

the next century, they would say, yes, but, you know, there always has to be a break-in period and after that things will really get rolling and it will work the way it is supposed to.

Nevertheless, I will present what I see as the key financial arguments. As it is, MTS does not pay corporate income taxes or other federal or provincial taxes. MTS does not pay dividends to shareholders. Any surplus is either plowed back into the system or in some other way put to the benefit of its present owners, the consumers of telephone use, the people of Manitoba.

MTS raises funds by issuing debt at lower rates, and I have a little sensitivity to this because back in the very early '50s my father was a member of the Campbell government which introduced the legislation to take over the generation of electricity by the Winnipeg Electric Company, so-called Plan C, that was heartily condemned by many people on the right of the political spectrum, even though this was a Liberal government.

The chief argument at the time and one which I think carried a lot of weight with the public and has since been proven totally valid was that the public sector could better afford to borrow money at government rates than the Winnipeg Electric Company could afford to borrow at private rates. I remind you that the debt of Hydro and MTS is self-sustaining. The interest charges are paid out of the profits of the utilities. They are not, therefore, a burden on the provincial budget.

Selling off MTS, as I see it, gets a once only cash gain, which is a little bit like selling your home in order to get enough cash to buy a new car. Once it is sold, you have lost the ongoing benefits of the home. You may have reduced your immediate cash flow problems, and I really get tired of hearing that that is the only thing that is of any importance, but you are in essence poorer because you no longer have the home.

I want to contribute my little bit on behalf of the pensioners retired from the employ of the Manitoba Telephone System. I have read materials from them and heard their arguments, and I think they should be seriously considered by the government. As a retiree who receives a pension from the Teachers' Retirement Allowances Fund, I would be absolutely appalled if any government suggested that the assets of the TRAF and

my stake in the benefits which it pays out would be transferred to some other organization, whatever that other organization was. I put my money into a pension plan which I admired and trusted. I would not want it shifted into anyone else's hands. I think that existing retirees and future retirees of the Manitoba Telephone System have a very strong case for arguing that their contributions and their benefits should still be related to the Civil Service Superannuation Board.

There has been a good deal of talk about telephone rates. My attitude is very simple, and that is, a private company has to generate enough profit from its rates to pay dividends after having paid taxes. The publicly owned corporation does not have to do that. I think also that our public utilities have exercised a good deal of discretion and wisdom in having a rate structure which is not unreasonably imposed on people who live in locations which are difficult to serve.

This is an argument which has been going on around Manitoba for a long time. Almost 50 years ago when I was a student at the University of Manitoba, the transit system tried to charge student fares which worked entirely on the basis of the distance they had to travel. We fought that, I think, successfully. The transit system has often suggested discontinuing routes which do not earn their way. This again is an example of a system which, even a publicly owned system, can be driven towards trying to price everything in terms of specific markets. I think a privately owned telephone system would certainly do that.

I draw your attention to a little information that I collected about some of the things happening in the deregulated and privatized phone industry in the United States.

**Mr. Chairperson:** I want to remind you that you are actually a wee bit over time already.

**Mr. Smith:** I was waiting for your signal so that I could wind up.

**Mr. Chairperson:** I am sorry about that, so I will allow you a minute to complete.

**Mr. Smith:** The examples I was given were that if one is 24 hours late in paying a bill, your telephone service is cut off and it costs you \$20 to \$40 to have it reinstated. If you are applying for a new phone, the going rate in this district is \$70 to get a phone installed, plus a deposit equal to your estimated long distance charges. If you are not prepared to pay that deposit, then you have to take out a long distance block on your phone line which costs you \$10 to \$12 a month so you do not have access to long distance. Special features such as we have call answer and call forwarding cost \$20 to get them changed.

The basic point being made by this person was that the rate for basic service is not unreasonable in the area where he lives, but all of the extra services are quite unreasonably expensive. Any change you want to make, any failure on your part to comply with their rules, for instance, if you fail to name a long distance carrier—when I signed up with MTS, I assumed I have a long distance carrier. There, you sign up with the local phone company, you are expected to name a long distance carrier. If you do not, you are charged \$4 a month for not having chosen a long distance phone carrier. That is not the kind of thing we need in Manitoba.

**Mr. Chairperson:** Thank you very much for your presentation, Mr. Smith. Ms. Barrett?

**Ms. Barrett:** Can I ask how much time we have for questions and answers now?

**Mr. Chairperson:** Five minutes.

**Ms. Barrett:** Thank you. You stated, Mr. Smith, that it is an article of faith for Conservative governments that private companies are more efficient and provide better service than public companies do. You have shown us some examples in the United States. I wonder if you can comment on the fact that when the federal government privatized Canadian National Railways, they promised that service would remain efficient, effective, and all Canadians would still have access to it. Can you discuss that in the context of what you know has happened with CN service throughout the country and, particularly, in the rural and northern areas? Do you see a relationship between those undertakings on behalf of CN with what might happen under a privatized Manitoba Telephone System?

**Mr. Smith:** Thank you, Mr. Chairperson. I think it shows it is very difficult to hold a government or a corporation to promises which they have made. My interpretation of what is happening in the Canadian railway system is that they are trying as hard as they can to get out of the passenger business and the branch line business, and that they are paying no attention to any promises that were made in the past.

**Ms. Barrett:** You mentioned the Manitoba Telephone System retirees. Are you aware that under Bill 67 the retirees are deemed to have agreed to the changing of their pension plan from Civil Service Superannuation plan to whatever plan a privatized Manitoba Telephone System undertakes, that it is not something open to negotiation or discussion? Do you have some concerns about that?

**Mr. Smith:** I certainly object to the term that they are deemed to have consented to something that they have never even heard of until the legislation appeared. To suggest that the legislation does, that these retirees have in some way given consent to whatever action, either the government or a privatized Manitoba Telephone System wishes to take with respect to their pensions, is an insult to all of those individuals.

**Ms. Barrett:** Given all the information that you very cogently presented before us today about the positive financial statements that a public telephone system provides for the people of Manitoba, why do you think the government is going ahead with Bill 67 at this time?

**Mr. Smith:** I guess it has a little bit to do with what difference you are looking at. One of my favourite books is *The Thirteen Clocks* by James Thurber. In this book the villain is the Duke of Coffin Castle. As the author says early in the book, the duke limped because his legs were of different lengths. This was because in his youth he had spent his mornings place kicking pups and punting kittens. When a suitor appeared for the hand of his niece, the duke would ask, what is the difference between my legs? If the suitor said, why, one of them is shorter than the other, the duke would run him through with his sword and feed him to the geese. The suitor was supposed to say, one of your legs is longer than the other. Many a suitor was slain for naming the wrong difference.

Now, in this legislation and in the arguments which have been presented to support it, it seems to me the government is consistently naming the wrong difference. They are talking about the benefits for business. They are talking about how we will have all sorts of miraculous developments in the telephone service of a totally different character from what MTS has been able to achieve by its \$600 million in recent investment. Now, the other difference is what will happen to the phone rates in rural areas in the North. People will feel that they cannot afford telephone service. People will feel that we are going to get into an era where we are charged not only per call, but per minute, and dependent upon which time during daylight hours the call is placed. People will feel that they may eventually be offered telephone welfare, that you can have a telephone for a modest fee provided you do not put more than one-half of a call per day. So I think the government has been focusing on the wrong difference. The system is not going to be longer than it was; it is going to be shorter than it was.

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

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

**Mr. Chairperson:** I call next, as agreed by committee, Susan Cameron, No. 40 on the list. Susan Cameron. Mr. Helwer?

#### Committee Substitutions

**Mr. Helwer:** I wonder if I may have leave before the next presenter to make a change in the committee.

**Mr. Chairperson:** Is there leave? Leave granted.

**Mr. Helwer:** With leave, I move that the honourable member for Gladstone replace the honourable member for Steinbach as a member for the Standing Committee for PUNR effective November 4, 1996, with the understanding that the same substitution will also be moved in the House to properly record in the official records of the House.

**Mr. Chairperson:** Agreed? [agreed] Thank you very much for your indulgence, Ms. Cameron. Have you a presentation for distribution for the committee?

**Ms. Susan Cameron (Private Citizen):** No, it is going to be oral.

**Mr. Chairperson:** Thank you, and welcome here this morning. You may proceed.

**Ms. Cameron:** Thank you very much for bumping me up. Thank you for this. I would just like to indicate that my place of work is Entre-Temps Des Franco-Manitobaines. It is a second stage housing program for women who are coming out of abusive relationships, and their children. I suppose it could be for men, too, but so far we have no applications from men.

In order for the alarm system at Entre-Temps to work, the telephone in each suite must be connected. So every person who has a suite at Entre-Temps has to have a telephone in order to be protected. I guess it is unfortunate that victims of abuse must have to live behind bullet-proof windows, camera surveillance, and individual security systems. As life becomes more and more difficult, we become more and more entrenched in our homes out of fear. Fear is a very debilitating emotion and not to be dismissed as trivial and perhaps not based on reality. Fear for these women is not knowing whom to trust and whom not to trust with your address and phone number. Fear is the necessity to cut yourself off from your family and your friends in order to be safe, and we like to think at l'Entre-temps that we provide a safe place to live for a limited period of time.

The telephone has become a lifesaving device through the alarm system but is also a way of reaching out to others for emotional help. I would also like to indicate that personally, in the last year, I had a break-in to my house last spring. They took my VCR, my telephone answering machine, and apparently they were hungry because they took my pizza pops, too. Since then I have had the MTS invisible answering machine installed, and as a parent of four teenagers I have call waiting—otherwise, intolerable at home—but also as a parent I am not going to allow my kids to sell my stuff, my infrastructure in my home for their personal benefit. The infrastructure in my home is for a collective benefit. I think that can be taken to the provincial level of government as well. We are here because we do not feel that MTS should be sold. It provides a collective benefit to Manitobans, not as an individual benefit to make money.

\* (1020)

Philosophically, I feel that government should not be involved in worrying about the bottom line. You cannot make money on education. You cannot make money on parks or social services or public utilities. The function of government is service delivery in many cases, not in making money for faceless multinational corporations. Thank you.

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

**Mr. Sale:** I have two different areas that I would like to explore with you. One is the issue of phone as safety, and particularly for women and for seniors I think who are at risk. Many of our presenters have indicated that already this is an issue at the current levels. Do you have any sense of how widespread concern about being able to afford a phone currently is, let alone under a new rate structure?

**Ms. Cameron:** I have no data or know statistics, but I just think about a teacher who told me once that if a child has a question in class, 10 other children have the same question. So I think that if somebody is expressing a concern, you can bet that there are a whole bunch of other people that feel the same way and just are not expressing it verbally.

**Mr. Sale:** The other area that I wanted to explore was your assertion about the telephone system as infrastructure versus the telephone system as source of profit for a few, a benefit for a few. Do you have any experience working with groups who are at risk in terms of their ability to function in our urban area or in rural areas? Have you worked with such groups?

**Ms. Cameron:** I have not worked with them, but I know that especially people in the rural areas are at much higher risk because of the isolation. Isolation is a cornerstone to abuse, and that isolation could be in the heart of the city or on the farm, and the abuser often isolates the victim from family, friends, and anybody outside the home, and telephone is certainly a quick, easy way of protection in a crisis.

**Mr. Sale:** Ms. Cameron, you mentioned the kind of ethical premise that out of infrastructure we ought not to



try and make profit. How would you respond to the many phone calls that individual Manitobans who are relatively affluent, and I include many of us around this table in that category, who are being told that we ought to sign up for shares quickly because there is good money to be made in the very short term just flipping the shares after issue? The indication of 10 to 15, or perhaps as high as 20 percent profit immediately would suggest, to me at least, that the government is deliberately underpricing this asset in order to make sure it sells so that those who can afford to buy it will make the quick profit and it will be a successful privatization. What does this speak of to you?

**Ms. Cameron:** Well, first of all, if your investment advisor is calling you and telling you that this is a great deal, I would imagine that a lot of people would consider this person to be the expert and would go with it. I think very few people are going to be like you and question that ethical aspect of personal investment. I do not know. I would imagine that as an investment adviser you would not be indicating the opposite side of the coin. I find it to be a very scary situation if investment advisers are in fact phoning their investors and telling them this information.

**Mr. Chairperson:** Mr. Struthers, with one final question.

**Mr. Stan Struthers (Dauphin):** I am thinking about the people who live within your safety and your care, and I am trying to get a handle on what kind of situation they are being put in by this government. On the one hand, you have people who depend on these telephones. Are they going to fork over the extra money that it is going to cost monthly, because every privatization of every phone company that we know of has cost more for consumers, or should I look at it in terms of this government having people captive who have to pay that increase so that they can rely on their safety? Which of those scenarios is the closest?

**Ms. Cameron:** Off the top of my head, I would imagine the first scenario, and you must realize that many of these people have had to become welfare recipients or are on social services because there is no money coming from their spouse. So these people have to take out of their monthly income then the amount of money for their telephone. I believe that social services does pay for the hookup, the initial hookup, but they have to pay for their own telephone out of their own social services cheques.

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

I call next, as agreed to, No. 56 on the list, Magnus Eliason. Is Mr. Eliason here? Would you come forward please, Mr. Eliason. Mr. Eliason, do you have a presentation for distribution to committee?

**Mr. Magnus Eliason (Private Citizen):** No, I do not. It is an oral presentation.

**Mr. Chairperson:** Thank you. You may proceed, Mr. Eliason, and welcome here.

**Mr. Eliason:** Thank you. I want to thank you for giving preference to my timing, although I am reluctant to ask for it because of my age. I will say though that I was vaguely or somewhat interested in the election results of 1915, so I have been around for awhile.

John Diefenbaker coined the stock greeting. He said, my fellow Canadians. To those who would sell this telephone system, obviously in the end to American buyers, I should be saying to them, my fellow Americans. There is no question that when this comes through the mill, the actual ownership of our telephone system will be in the U.S., the actual ownership and control, decisions affecting you and I.

\* (1030)

I am a little bit reluctant, by the way, to appear at these hearings because in the main everything indicates that the government decided a long time ago to sell the system, as we say, and I do not know if it is parliamentary language, come hell or high water. And so appearing here—and it is noticeable by the fact that government members do not ask questions—is merely a matter of form, and those who make the final decision they may be listening but they are not hearing.

There is a certain amount, if I may, Mr. Chairman, of deception here in as much as—by the way, does this come up?

**Floor comment:** No.

**Mr. Eliason:** It does not, eh. I see. It was not built for six-foot vikings.

There is a certain amount of deception here in as much as the government has obviously or everything indicates that they have been flirting with vested interests when it comes to this. They intended or it would appear that that decision had been made or that course had been taken at the time of the election and nothing was said. There is the matter of, the government says, or their main contention or supporting argument for disposing of the system is that the decontrol has got us into such a mess, or into such a complicated dilemma, which nobody quite understands yet, that it becomes imperative that we just cannot afford to guarantee the bonds for it anymore. I am reminded of the fact that deregulation, of course, of everything, deregulation of transportation, and if one may use the term, Mr. Chairman, deregulation has loused up transportation in Canada. We are on the verge of one of our major airlines going bankrupt. That will be a headline in the papers one of these days, but who promoted deregulation?

There was a time when members of this government and those who would today sell the telephone system said, follow us, we commend to the Canadian people or the people of Manitoba one Brian Mulroney, of all people, one Brian Mulroney and Kim Campbell, the very people who were dedicated to this Americanization of Canadian publicly owned corporations. There is a further hypocrisy manifest here. I understand the government has passed a bill. I do not follow things as much as I used to, Mr. Chairman.

**Mr. Chairperson:** Mr. Eliason, could I interrupt just for a wee minute? I would ask those committee members that want to entertain in conversation that there is room outside in the hallway to do this, so I would ask that we listen to Mr. Eliason. He is making a good presentation. Thank you.

**Mr. Eliason:** Good, tell them to be quiet and listen to this.

**Mr. Chairperson:** I am going to ask that the same decorum be maintained in the audience as well. Thank you.

**Mr. Eliason:** I understand the government has passed legislation to the effect that should they be in a fiscal position someday of having to run a deficit, there must be a plebiscite. In other words, they must ask the people of

the province about it, but when it comes to selling a public asset which is almost a century old, we do not ask the public because we know what the answer would be. The public would say, no, keep it. Of course, in not extending the hearings, this is of such a magnitude this issue, not to extend the hearings through certain parts of the province, such as say, Thompson, The Pas, Dauphin, maybe Brandon—in other words, if you have to borrow a bit of money, go to the expense of a plebiscite; if you are selling a major asset belonging to the people of this province, they say we do not have a plebiscite.

It would appear that members of the government have learned nothing whatever from the fiasco of the sale of the CNR. Already, quite blatantly, the CNR has said, and under private business this is logical, we serve our shareholders first and if it provides problems to the people of rural areas, northern Manitoba, if we have to sacrifice passenger service, so be it. The purpose of the CNR from now on is to make profit or a bottom line for the shareholders and not a public service. You learned nothing from that. Is it just a matter of time till we hear similar arguments vis-à-vis the telephone service in this province?

On this score, along with the federal government, to allow public assets, essential public services to drift into foreign hands, one can justifiably say that this government is unCanadian. [applause] It begs the question—

**Mr. Chairperson:** Mr. Eliason, you have one minute, but before I do, I will not allow disruptions in this Chamber because I will not hesitate to have people removed.

**Mr. Eliason:** I will drift through fast.

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

**Mr. Eliason:** I will just remind us governments come and go. Members of governments get discredited, even it only took the Americans two years to discredit Gingrich. Whose fate is going to be similar at the time of the next election?

Finally, I want to say, and I learned this early, I knew something about the economics of this telephone system

when I was 10 years old because I was taught it. It was Rodmond Roblin who, when the Bell Telephone Company thought that the West would never develop a telephone system and the West was a dead duck, Rodmond Roblin saw the opportunity and he bought it. It makes me wonder, are the Tories of today—although my father opposed Rodmond Roblin on other issues—prepared to live up to the principles of Rodmond Roblin? I am afraid not.

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

**Mr. Struthers:** Thanks very much, Magnus, for the presentation that you gave today. You will notice that Rodmond Roblin's picture is hanging right up here looking down on the committee as we discuss

**Mr. Eliason:** Yes, I remember when my father helped to defeat him.

**Mr. Struthers:** Well, that is a good lesson for the people sitting across the table, I think.

As it stands right now with the MTS, you and I as shareholders have our dividends paid to us from a profitable corporation. Our profits are paid to us in the form of cheaper rates. Once this sale is completed, could you give me a good idea of who is going to profit?

**Mr. Eliason:** Well, of course, I presume first of all those who buy the shares. By the way, I intend to buy some, but I am not going to sell them no matter what they offer me for them. I am not going to be that un-Canadian. They will first profit, and then, of course, as the system goes on, those who own the system and have not an iota of allegiance to the people of Manitoba, they will make the profit. They will lull the control commission—what do you call it, CRTC in Ottawa—they will lull them into approving unreasonable rates.

**Ms. Barrett:** Earlier in your presentation you stated quite categorically that the control and ownership of the Manitoba Telephone System will sooner or later be found in the United States. Upon what do you base that assertion?

**Mr. Eliason:** The lesson on the CNR, and that is the norm. It does not matter who buys the shares in the first place, you are just kidding yourself if you think that it is

not going to—they will offer sufficient money and then of course base their rates on the high price they have paid for the shares. It is open speculation. Well, if it turns out to be wrong in the next 10 or 20 years, I will admit it, but as it stands now, put it this way, the risk of it becoming American owned is so great that I would not dare to take that risk if I was a cautious member of a government.

\* (1040)

**Ms. Barrett:** The CN privatization you were talking about, the purpose is to make profits for shareholders not provide service. Can you give us some examples of what the parallel might be to CN for services for people in Manitoba in the telephone system should it be sold off?

**Mr. Eliason:** Well, one thing—

**Mr. Chairperson:** Mr. Eliason.

**Mr. Eliason:** Oh, I am sorry.

**Mr. Chairperson:** I do this, Mr. Eliason, not to interject on your answer but for the benefit of the recorders so that Hansard can correctly identify the person who is speaking.

**Mr. Eliason:** Yes, I apologize. I am too eager to answer, Mr. Chairman.

One thing, the heavy haul, namely grain in the prairie provinces, the cost of building roads for hauling that grain will be more and more pushed onto the municipalities as branchlines are torn up. Then, of course, you come to the North, yes, the directors of the CN, they were entertaining the thought that they might pull up the steel and sell it for scrap. Well, can you imagine such an outrageous thing, a railroad that the Canadian people built being sold to private owners who are prepared to sell it for scrap? Of course, I said to myself, I am glad my home and my money is not invested in the North if anything like that happens.

**Mr. Chairperson:** Ms. Barret, for one final question.

**Ms. Barrett:** I am curious as to why you are going to buy some shares in the telephone system if they become available.

**Mr. Eliason:** Just so that I can have the pleasure and the benefit of going to shareholders' meetings and telling them a few things. [applause]

**Mr. Chairperson:** Thank you, Mr. Eliason, for your presentation. I will say this one more time. I will not hesitate to have people removed from the audience if I hear disruptions.

I call next No. 12 on the list, Alan Tresoor. Is Alan Tresoor here? Alan Tresoor, not seeing Alan, he will be removed from the list. Peter Hudson. Is Peter Hudson here? Mr. Hudson, would you come forward, please, and welcome to the committee. Have you a presentation that you would like to distribute?

**Mr. Peter Hudson (Private Citizen):** I do not. This will be an oral presentation, Mr. Chairman.

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

**Mr. Hudson:** My name is Peter Hudson. I have been listed, as so many others seem to be, as private citizens and, yes, that is indeed the case, as we all are. But I would also like to be represented or think of myself as a loyal customer of MTS for some 26 years, ever since I came to this province that has become my very loved home ever since.

About a little over a year ago, I had the opportunity to spend about seven months resident in the United Kingdom, and as this committee, I am sure, is quite well aware, the government of the United Kingdom has been engaged in a protracted and sustained program of privatization, oh, for this last five or six years, I think. That has involved a primary national resource, the National Coal Board. It has involved major energy utilities, particularly gas and electricity. It has involved the railway system and the regional and local bus systems, so transportation is on the list. It involved housing, it has involved water, and it has involved telecommunications and the post office.

I was there as an observer, not a citizen of the country, attempting to keep myself as best informed as possible through a media which appears to do a little more of what we might call investigative journalism than we are accustomed to in North America and in Canada, and just inform people whom I assumed were or thought to be

informed, just in conversations with them. Despite the fact that I was there only as an observer, as opposed to an insider, there was one thing that emerged very, very clearly during my stay there, which is that the privatization program of the United Kingdom is awash in a sea of sleaze, slime and scandals, and that this has been true of all three stages of the process: the work up towards privatization, the actual divestiture process itself, and in the aftermath.

It was the aftermath that I was most able to see and observe. The aftermath can be summarized very, very easily and very, very quickly, which is that in any major change that occurs in any society, there are some winners and some losers. When contemplating those changes, one weighs in the balance the extent to which those who come out the winners deserve and ought to be the winners and those who come out the losers, whether or not they deserve in fact to be the losers, and how severe and how deep the harm is to those people.

Very specifically, coal is now being imported into the United Kingdom at greater expense than it was produced under the National Coal Board, and some several thousands of workers are employed. Coal mines are now unrecoverable, because, as you know, they flood once they go into disuse. To recapture what has been lost would take an enormous, enormous capital expense, which cannot in fact be done anymore, or contemplated. In other words, the coal and some of the other examples I will give is an example of change that took place without carefully thinking about who the winners and the losers are. Once it has taken place, it is actually irrevocable—very, very difficult to say, whoops, we made a mistake; let us go back and do it up right the next time.

Water shortages having been experienced in the U.K. during the year I was there in the wettest year on record, and people in some regions are being urged to boil their water now, because it is now unsafe to be consumed directly from the source, as it was prior to privatization.

Telecommunications, specifically—I came there in the aftermath; I was not there during the process. The big player, as you probably know, is British Telecom. Residential telephone rates have tripled in the last three years since the telecommunications, telephones, particularly, were taken away from the Royal Mail and sold to the highest bidders.

\* (1050)

One final one, on the aftermath, the gas companies were all privatized and regionalized. While I was there, the chief executive officer of one of the larger regional, now privatized, gas companies gave himself a raise from one-quarter of a million pounds per year, double that for dollars, to one and a half million pounds per year, and at the same time, voted himself some very generous stock options that amounted to some four or five million pounds. On the very same day he laid off 2,000 customer service workers, thereby reducing the amount of service that was available through a network of service and consumer-doable retail outlets, appliance outlets, to consumers that had depended for many, many years upon the existence of those customer service outlets.

Some winners, some losers, and I think we would wish to contemplate before going ahead with the MTS privatization as to who might be the winners and losers in MTS's case, and if there is any chance that the MTS experience, if we go ahead with Bill 67, might parallel the experience that I witnessed in the United Kingdom.

Could this happen in Canada? I can only remind you of when the CN trucking arm was privatized, that despite assurances of continuing service and continuing jobs, CN trucking actually disappeared. Two thousand workers were laid off. Last but not least, to add insult to injury, not only did their jobs disappear but their pensions disappeared.

MTS, specifically, I think what we are engaged in here is an issue, a very serious issue of trust. I said I spoke as a citizen as well as a consumer. Given the experience that I have witnessed and the experience that most of you are already familiar with in Canada, I do believe and I am severely disturbed that there is a huge gap between the amount of trust that I as a citizen attempting to exercise the rights and obligations of citizenship, between me as a citizen and my current government. The huge gap in trust I think arises out of, while I am happy to spend my 10 minutes here exercising those rights and responsibilities, I am also confronted, and I thought long and hard as to whether I would spend my time here today, mostly confronted by repeated, reportedly anyway, statements to the effect that it does not matter what I say, Bill 67 is going to go ahead unamended anyway. I find this deeply, deeply disturbing.

More disturbing I find is that one of the reasons why I hesitated to come here—because what do I know about telecommunications. One of the reasons why I know nothing about telecommunications is because the very governments that ought to be promoting and nourishing my ability to exercise my rights and responsibilities as a citizen are in fact disabling me from exercising those rights. The main source of that disability is that I have not available to me, and my government has not discharged its responsibilities to make available to me, informed data, information about really, really what this is all about.

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

**Mr. Hudson:** Okay. There was apparently a glossy that I did not ever see that came to everybody's mailbox extolling the merits of privatization. I have not seen one word from the Legislature or the government that would enable me to weigh out who are going to be the winners, who are going to be the losers and what this is all about. What I have heard is a couple of one-liners saying we are now in dodgy competitive waters, so how can we maintain ourselves as a public utility, and some reference to a debt burden. My response to that is maybe, but I do not know, and I have reason not to trust. That is what seriously disturbs me. If MTS is in trouble, who is going to buy it, and if MTS is viable, why would we sell it? We cannot have it both ways.

Do I have specific recommendations to amend the legislation? No. I wish the legislation to be shelved, and I wish there to be a properly informed debate about the merits or the demerits of privatization so that we can go forward, and hopefully go forward to meet the challenges of the future for MTS with a public that is engaged with its government in strategic planning to meet those technological challenges into the future.

Thank you, Mr. Chairman.

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

**Mr. Struthers:** Mr. Hudson, at the beginning of your presentation you talked about slime, sleaze and scandal in your experiences, that you saw the United Kingdom being awash in those three terms in terms of privatization. The opposition was able to get out of the

government an admission less than a year ago that there were three companies that were commissioned to look at the sale of MTS. These three companies now are the three companies who are going to be selling the shares of the company of MTS, and they are going to be making commissions doing it, some say up to the tune of \$25 million. Which category does that fall into, slime, sleaze or scandal?

**Mr. Hudson:** I said that when I was in the United Kingdom that I was there as an observer. I also know insufficient about the various ways and the devices and the linkages through which corporate greed can be expressed, but it was very, very clear from the outcome that all three of those words that I used to describe both the process and the outcome applied in all of the examples that I cited in the United Kingdom. One of the disturbing things, of course, was that the shares that were sold off in all of these companies are becoming more and more consolidated in fewer and fewer hands. That much was very, very clear. So the winners were primarily very few numbers of people who have benefited from stock prices, and neither the workers or the consumers are being well-served.

I was interested in the phone call that Mr. Sales said that he received. I have yet to be tempted by such a phone call, and I am not sure what my response would be yet, but I know what my intellectual response is, my less self-interested response, which is that when profits are being made it sounds great, but they do not come out of thin air. They come from somewhere, and it appeared, at any rate, in the United Kingdom that they were coming not just from the workers themselves but from the consumers, the very consumers whose best interests were supposed to have been served by a privatization process.

**Mr. Struthers:** Sticking with this line, sleaze and scandal, of questioning here, this government took \$400,000 of our money, Manitoba taxpayers' money, and is using it now to try to convince us that the sale of MTS is a good thing.

This government refused to go out to rural Manitoba. I am from Dauphin. I invited them to come to Dauphin to explain their reasoning for selling the MTS. They have not gone anywhere in rural Manitoba. We have heard over and over again that the members on the government side have not been listening to the presentations being made, and you have expressed that today.

Do you think it is right to have \$400,000 of your money being spent through the MTS to convince us of a political decision?

**Mr. Hudson:** No, but I would be very, very happy to have that sum of money and perhaps more—

**Mr. Chairperson:** Mr. Hudson, I am sorry, I just wanted to recognize you. I also want to remind committee members that if they want to have conversations, as I said before, please do so outside in the hallway, so that we are not disrupting. Thank you very much.

**Mr. Hudson:** I would be very happy to have that sum of money and more spent on enabling a fully informed public debate to take place that is based on good data, good strategic planning, about what really are the technological and financial challenges ahead at this for now publicly owned utility.

**Mr. Sale:** I was struck, Mr. Hudson, by your statement that you cannot have it both ways. The other day a presenter read into the record the Winnipeg 2000 promotion of Manitoba Telephone System as a state-of-the-art carrier and then into the record the government's bemoaning of the risk and vulnerability.

It seems to me that the call I had from my broker and that many others are reporting having had suggests that the government, indeed, is not trying to have it both ways. They are simply trying to privatize a very valuable asset and enrich their friends at the same time with a quick profit essentially on the backs of Manitobans, because when you privatize an asset for less than its value, obviously the extra value accrues to the private shareholder and not to the people of Manitoba. At 10 to 15 percent, that is an implied subsidy to the new shareholders of at least \$75 million to \$100 million in order to achieve the dubious political end of getting rid of our telephone system.

When that becomes clear to the public, what do you think the reaction will be?

**Mr. Hudson:** I think that the reaction has already been made, not necessarily based on the specific kinds of running of numbers that you have done but just simply based on the credibility gap here, the lack of trust that we

have that this is the way to go. What it has is the appearance of being a solution without a problem.

\* (1100)

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

I will call next Elizabeth Johannson. Elizabeth Johannson. Elizabeth Johannson, having been called for the second time will be dropped off the list. Gabrielle Rodrigues. Gabrielle Rodrigues. Gabrielle Rodrigues, having been called the second time will be dropped off the list. Sara Malabar. Sara Malabar. Sara Malabar, having been called the second time will be dropped off the list.

Colin Murray. Would you come forward, please. Welcome to the committee, Mr. Murray. Have you a presentation for distribution to the committee?

**Mr. Colin Murray (Private Citizen):** No, I do not.

**Mr. Chairperson:** Would you proceed please with your presentation.

**Mr. Murray:** Okay, thanks. I was just wondering, I saw that there were about over 200 people who came here to present on this bill. I think it was about 200, 200 people who felt so compassionate that they missed work and their school classes, cut into their studying time. Some people said that their marks have suffered because of presenting on these and other bills, and I find it pretty significant.

People have come here, over 200 people have come here to ask, why do you want to sell MTS, and they have asked various questions of why you want to sell MTS to justify why you want to sell it.

They have asked, why do you want to sell MTS when you had no mandate, when you assured people before and after the election that you would not sell MTS but now you are going ahead with it. They ask, why do you want to sell MTS when MTS makes a profit of \$15 million this year and over \$100 million since 1990? Why do you want to sell MTS when we enjoy one of the lowest rates in Canada, if not North America, and further proof in Alberta that privatization will cause increase in rates despite CRTC regulation?

Why do you want to sell MTS, people ask, when it provides over 4,000 jobs and over \$400 million to our economy? It seems as though this bill will not guarantee that these jobs or this money will stay in our economy. Why do you want to sell MTS to finance new technologies when MTS has installed a very advanced fibre optic cable system and seems that it can generate its own new technologies?

Other people have come and talked about the effects of MTS on themselves and I guess on other groups. Why do you want to sell MTS when it will affect the poor in a negative fashion, cutting, not being able to have telephones in their houses, to try and find work and that? I do not think any employer nowadays is going to send a letter to a person and say congratulations, you have been hired.

Why do you want to sell MTS when it seems as though northern communities—I guess they are subsidized by MTS now—are going to see their rates increase? Other people have asked or reminded the Progressive Conservatives to remember who you are and to remember that you once were concerned about the community and concerned about building up the community. It does not seem with this bill that you are concerned anymore.

I want to know, after all these people have come up, over 200 people have come up and talked about that you have no mandate, that government makes a profit, that we enjoy one of the lowest rates in Canada, that provides many jobs and millions of dollars to our economy, that this sale is going to affect the poor in a negative way, that is going to affect northern communities I guess in a negative way, that increase in rates will probably not be liked by most Manitobans, I want to know, do you still want to sell MTS? Are you still supportive of your party's position to sell MTS? Do you still support the sale of MTS, this bill?

**Mr. Chairperson:** Is that the end of your presentation?

**Mr. Murray:** Yes.

**Mr. Chairperson:** Thank you very much for your presentation, Mr. Murray. Are there questions?

**Ms. Barrett:** Thank you very much, Mr. Murray. You have raised a lot of the issues that have been raised by the

presenters over the last almost a week of hearings and I think the question that you have asked the minister I would hope that he would respond, and I know that we would be willing to give up some of our five-minute question period to get the answer to that. They have been less than forthcoming, as you well know, having stayed here and heard some of the hearings.

Why do you think, if the minister is unprepared to answer and the government is not very forthcoming—do you have an answer as to why you think, despite all of the positives that you have outlined and all of the negatives, the positives of public ownership and negatives of private ownership, do you have a sense of why you think this government wants to privatize MTS?

**Mr. Murray:** I guess it is part of Filmon's broader agenda to try and make Canada or Manitoba more competitive, more job oriented, to try and build up our economy, but if that means making the poor suffer, causing hardship on people by institution of workfare programs by chance and selling off of MTS, then I do not want any part of it. That is not prosperity to me at all.

**Ms. Barrett:** Thank you. Do you think that Manitoba can truly be competitive if vast regions of our province, rural and northern Manitoba, are potentially disenfranchised, that more and more people will not be able to afford access to a service such as the telephones, which provides—which is seen by many as an essential service. Is this a good way to go about making Manitoba competitive and able to compete in a global marketplace?

**Mr. Murray:** No, absolutely not.

**Mr. Sale:** Mr. Chairperson, Mr. Murray, I think you have touched on a really important distinction. Most economists talk about two kinds of competitiveness. One is price competitiveness, which you can get your goods priced lower simply by driving down wages, driving down tax levels, driving down anything that is affecting price, but essentially that is a very transient kind of competitiveness. Real competitiveness that economists value is inherent competitiveness based on productivity, skilled labour force, high-income jobs, in fact, not low-income jobs. Is that what you see as the trade-off here, is that we are being pushed into price competitiveness as opposed to inherent or underlying competitiveness?

**Mr. Murray:** Yes, I think we are. I think we are turning into a third world country, as simple as that.

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

I will call next Claire O'Connor. Claire O'Connor, having been called for the second time will be dropped off the list. John Wiens. John Wiens, having been called for the second time will be dropped off the list. Roz Usiskin. Roz Usiskin, having been called for the second time, will be dropped off the list. Gordon T. MacDonell. Gordon T. MacDonell, having been called for the second time, will be dropped off the list. Dennis Phillips. Dennis Phillips, having been called for the second time, will be dropped off the list. Stewart Boyce. Stewart Boyce, having been called for the second time, will be dropped off the list. Dennis Ceicko. Dennis Ceicko, having been called for the second time, will be dropped off the list. Rosa Orlandini. Rosa Orlandini, having been called for the second time, will be dropped off the list. Garth Demetriooff. Garth Demetriooff, having been called for the second time, will be dropped off the list. Harle Robins.

**Mr. Sale:** Mr. Chairperson, Mr. Robins is on his way here. He did not realize, of course, neither did any of us who would not show up. He is a senior citizen, fairly senior in years. I do not know whether he will arrive in the next five minutes or the next 10 minutes, but he lives in the city and is on his way. Would the committee agree to hear him when he arrives?

**Mr. Chairperson:** What is the will of the committee. Agreed? [agreed] Okay, he will be set aside and if he shows up before the noon hour, the committee will hear him. Hazel Griffin.

**Mr. Radcliffe:** Harle Robins, if he shows up before noon, we will undertake to hear him. If he does not show by the noon hour, he will be dropped from the list. Is that correct?

\* (1110)

**Mr. Chairperson:** That is correct.

**Mr. Radcliffe:** Thank you, Mr. Chair.



**Mr. Chairperson:** Hazel Griffin, having been called for the second time, will be dropped off the list. Werner Hiebert. Werner Hiebert, having been called for the second time, will be dropped off the list. Jim Silver. Jim Silver, having been called for the second time, will be dropped from the list. Kevin Dearing. Kevin Dearing, having been called for the second time, will be dropped off the list. Jacquie Wasney. Jacquie Wasney, having been called for the second time, will be dropped from the list. Norman Jacobson. Norman Jacobson, having been called for the second time, will be dropped from the list. Now I might need help with this word, John Chetyrbuk. John Chetyrbuk, having been called for the second time, will be dropped from the list. Patti German. Patti German, having been called the second time, will be dropped from the list. Catharine Johannson.

**Mr. Sale:** Ms. Johannson, had to take one of our presenters who was already here earlier, Mr. Eliason, home and she is on her way back. She took him home and she will be on her way back. I would ask for the same courtesy for her as is extended to Mr. Robins.

**Mr. Chairperson:** Agreed? [agreed] John Cordosa.

**Mr. Sale:** Same situation. John was here 10 minutes ago. [interjection] It is John Cordosa, by the way, o-s.

**Mr. Chairperson:** We are running into a delicate situation, ladies and gentlemen of the committee. When we are making these kinds of extra provisions and extra considerations of people, most people know the provisions of this committee. It has been a procedure for many, many, many years, and I would ask those people when they put their names on the list that they be here for the courtesy of those that are previously registered and are still registering.

#### Point of Order

**Mr. Sale:** A point of order, Mr. Chairperson. This committee has been, I think, very flexible in how it has treated this process—both sides, and to be fair in particularly the government's side—has been accommodating. I think they have been accommodating for good reasons. They have also been accommodating because they know of the public outrage at the process that we are going through. So the committee has been flexible. The committee knows that most of Manitobans

work during the day, apart from senior citizens who have some luxury not to always have to work. So, for you to say that these people knew they had to be here and if they were not here they knew the consequences.

We have held hearings in the evening when many of these people have been here. We did not get to their names. We held hearings on Saturday when a number of these people were here. We did not get to their names because they had to go at one point or other. We are paid to sit here, and we I think get ourselves into thinking that others have the same luxury, that they can do this, so many of these people are, quite frankly, at work. Some of them will be here this evening. Some of them, obviously, will not. But to think that citizens have the disposable time to sit here from Tuesday night, Wednesday night, Thursday night, Thursday morning, Friday morning, Saturday all day, Monday morning, Monday evening, and not have to attend at work or to their real lives I think is unreasonable.

You as Chair have been very fair in maintaining order this morning. You have been very evenhanded about that. I appreciate that. But I think you ought not to leave on the record that people have the freedom to always be here waiting for their name to be called, because the real world, as you know and I think you would acknowledge, does not work like that. Many of these folks have to be at work. They do not have any choice. They are not wealthy. They are not in control of their own lives, and that, in fact, is one of the themes that run through this whole hearing is that you have disadvantaged very many ordinary people who cannot either travel to Winnipeg or take time off work and cannot simply arrange, you know, easily for child care for four nights a week to sit here and wait until their name might get called. So I take exception to the Chair's putting on the record that these people knew they ought to be here and they bloody well should be here if they put their name down. We have scheduled a hearing for tonight. I expect some of them will be here tonight.

**Mr. Chairperson:** Thank you very much, Mr. Sale. I want to make sure that I was not misunderstood. I said the process of this committee has been established by many, many years of a similar type of process, and people that come here and add their names to a list expect to be heard when their name is called. This committee has by many years of historical precedent used that process no

matter which government was in power. I intend to, Mr. Sale, adhere to that process.

Mr. Sveinson, I did not ask Mr. Sale on a point of order and I am not going to ask you on a point of order. I am going to recognize you to make comment.

**Mr. Ben Sveinson (La Verendrye):** Mr. Chairman, I appreciate that. Quite simply, I just wanted to say that we have been very flexible on this committee, not because of any public outrage that is out there, quite simply because we wanted to hear all the people or as many who wished to come down and present. I do not see the public outrage that the NDP talk about or have tried to orchestrate. I simply say that speaking on behalf of the government side I would simply like to say that we are here to hear the people. We have also travelled throughout Manitoba as MLAs representing all parts of Manitoba, listening to people. MTS has made many meetings outside of Winnipeg listening to the people. This outrage that the NDP talk about I do not see. We are simply here to listen to the people. Thank you.

**Mr. Chairperson:** Thank you very much to both the presenters for their views, and they are their views. I will now continue calling the list of names.

Number 39, Rosemary Friesen. Rosemary Friesen, having been called a first time, will drop to the bottom of the list. Stephen Kirk. Stephen Kirk, having been called the first time, will drop to the bottom of the list. Ashley Sokal. Ashley Sokal, having been called, will drop to the bottom of the list. Jeffrey Dunn. Jeffrey Dunn, having been called the first time, will drop to the bottom of the list. Allen Grabowski. Allen Grabowski, would you come forward, please. Have you a written presentation, Mr. Grabowski?

\* (1120)

**Mr. Allen Grabowski (Private Citizen):** No, it will just be an oral, Mr. Chairman.

**Mr. Chairperson:** An oral presentation. Would you proceed, please.

**Mr. Grabowski:** When I was a student we studied government operation. We were taught that the government was there to operate in the best interest of the

people who elected them. After being at this committee hearing Bill 67 and listening to speaker after speaker asking the government not to proceed with this sale it seems puzzling to me that the government chooses to ignore its people and proceed with its plan to privatize MTS. Manitoba Telephone System provides the people of Manitoba with reliable and affordable telephone service. Service and affordability to northern and rural Manitobans, I feel, will be lost if the Manitoba Telephone System is privatized either through lack of service or unaffordable service.

I have had one dealing with a private telephone system while travelling through the U.S. While travelling through I was trying to make hotel reservations ahead, and I was informed by the operator that I could not phone to my destination, which was Ottawa, from the location I was at. This is a private telephone company. I mean, Ottawa is an obscure place, I know, but I was astonished. You know, I can phone anywhere from my home in Manitoba, and I am quite sure that I will get through.

The Manitoba Telephone System also provides Manitobans with good jobs, jobs that might be transferred to outside the province if it is privatized. Would it not be amazing if our telephone directories were printed in Chicago or our directory assistance came from Boston?

I mean, it seems to me that the government is taking a profitable, publicly owned company and is going to sell it off for no apparent good reason. I think it would be a better idea to sell the Manitoba Liquor Commission or the Manitoba casinos that the government controls. These things I do not think add to the standard of living of many Manitobans, but I do consider that the casinos and the Manitoba Liquor did provide great wealth to the gangsters of the 1930s, and I do not wish to think of you gentlemen as gangsters.

If this government is responsible to the people of Manitoba, have a referendum on this issue. See what the people of Manitoba have to say. If no referendum is to happen on this issue, I suggest that the taxpaying citizens of Manitoba hold their own referendum by not paying their MTS telephone bills, and in this way they can let the government and the people who wish to buy Manitoba Telephone System know how they feel. That concludes my presentation for today.

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

**Ms. Barrett:** My first question is, where in the United States were you when you attempted to make the phone call?

**Mr. Grabowski:** I was in South Bend, Indiana, a rural community.

**Ms. Barrett:** A rural community, I might add, that is very well known for its university football team. I would like you to explain this to me because I do not understand how a system in the most industrialized nation on earth, a telecommunication system, does not allow someone to phone, not from South Bend, Indiana to the Himalayas or Tibet or Bangladesh, but does not allow someone to phone from South Bend, Indiana to Ottawa which is basically just across the border. Can you explain to me the reasons that you were given for not being able to make that phone call?

**Mr. Grabowski:** I was given no reasons, only that my call could not be completed from my present location.

**Mr. Sale:** Mr. Chairperson, I think we have probably actually all seen the ad that underlined that, of the woman on the beach in the tourist location who goes to the telephone with her card and picks up the phone and says, what do you mean I cannot call home with my card from XYZ telecommunication company, and the operator says, well, those are the rules of our company, cannot do it, and she slams the phone down and walks off into the sunset, presumably out of cash or out of sorts or at least out of something. So I have no problem at all understanding what you have said.

In terms of the issue of technology, we hear from the government that technology is moving so quickly that we do not have any alternative except to privatize because this is just such a rapidly changing world. We have to give the company the flexibility to make quick moves.

Did you happen to see the article in the paper last week where the company was introducing the most modern and highest speed transfer of modems in the world in Manitoba on a trial basis within the next couple of months and expected to offer it within a year? Did you notice that article?

**Mr. Grabowski:** I did not see that article at all.

**Mr. Sale:** Well, it was an article in the Free Press which just underlined MTS's commitment to excellence and innovation and technology. I do not know if it would strike you, as it strikes me, that your experience in the United States, the most "technologically advanced nation," was that you could not do something that you can do from anywhere in Manitoba, and yet we have to sell our company because of technological advance. Do you see any irony or contradiction here?

**Mr. Grabowski:** Well, it just seemed to me that from a private business to a private business, I mean, that is limiting economic growth for those businesses. This is the telephone company getting in the way of people trying to make money. I truly hate to think that if I was trying to phone from here to Transcona, I could not complete my call. That is a far-reaching idea, but, like from South Bend, Indiana to Ottawa, it is relevant.

**Mr. Chairperson:** Mr. Struthers, with one final question.

**Mr. Struthers:** Mr. Grabowski, I was interested in your comments about technology and some of the disadvantages of moving towards a private system. I represent a riding in rural Manitoba in the Parklands, Dauphin, where I have some constituents who, until recently, have been on party lines. We have had a commitment from MTS to move that technology upwards to be like the rest of Manitoba. Yes, we even have television out in rural Manitoba. I wonder, do you think that if we had had this privatization take place a number of decades ago, do you think my constituents in rural Manitoba would have been moved from party lines to regular lines like everybody else as quickly as they would, or would it be too small a market for a private company to move into?

**Mr. Grabowski:** I think you people would be communicating by smoke signals, honest to God, because I do not think the money is there for them to run that line out, or you would have to pay for the line to be run out to you so that you could pay your bills.

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

**Mr. Grabowski:** Thank you to the committee.

\* (1130)

**Mr. Chairperson:** I am going to revert back now to Catharine Johansson who we had called previously, who committee had granted leave to present when she came back. I understand she is back. Ms. Johansson, would you come forward please.

**Ms. Catharine Johannson (Private Citizen):** Thank you. I would like to thank the committee for granting me leave.

**Mr. Chairperson:** Have you a written presentation that you want to distribute?

**Ms. Johannson:** I am sorry, I do not. I have not had the time to write it up.

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

**Ms. Johannson:** I was No. 37 on the list and you were at No. 12. I just went with Mr. Eliason to give him a ride home. I am here today to present as a private citizen. As a public citizen, I do a lot of things. I am involved with the New Democratic Party. I am also involved with the student Christian movement and I do a lot of things as a public citizen. As a private citizen I am putting myself through university. I work at a little grocery store not far from here, just over on Donald Street. I have a certain talent that I do not know how I achieved it, but I was born with a certain talent and that is in election prediction.

I am one of the few people who said that the NDP would drop down to nine seats in the federal election of 1993. I was correct there. I called the rise of the Reform Party in the West and that they would get approximately 50 seats. I can remember being on a trip out to Brandon with some other New Democrats many years ago, about five years ago or maybe six years ago now, discussing the Reform Party and they were quite sure that it was nothing. It was a little rural blip on the electoral map that would never amount to anything, and I said oh, no, no, I am sorry you are wrong. They called me crazy, thought I was a nut and said, you know, you do not understand very much about politics, Catharine. We are telling you now, they are not going to amount to anything in the next election. I said, oh, well, we will wait and see. And I was correct.

When it came to the last provincial election, The Winnipeg Sun had held a contest. It was called It's Your Call and what they did was they had printed in the Sun—they had a sheet where you could enter their contest—their It's Your Call contest. What you had to do was pick which political party was going to win every 57 seats in Manitoba. So I sent in my entry to the It's Your Call contest and, yes, I won that contest. I called 55 of the 57 seats correctly and one person tied with me, but I won the tie breaker which was the percentage of the popular vote that the winning party would win by.

So, I am coming to you today as a self-proclaimed expert in the field of election prediction. As such, I am telling you right now that if the Progressive Conservative Party had run on a platform of the privatization of MTS, you would not have won a majority. I am telling you as a self-proclaimed expert in election prediction and as someone who has some credibility behind saying that. I should say that by winning the It's Your Call contest, my prize was dinner with the Premier at The Velvet Glove. I won and I did have dinner with Mr. Filmon at The Velvet Glove. There was some controversy among my friends as to whether this was actually a prize or a booby prize, whatever, anyway.

**Mr. Chairperson:** I call order in the committee, please.

**Ms. Johannson:** So one of the reasons I wanted to talk to the committee today about this and give, sort of, some of my personal expertise to the members of the government in saying that if you had run on an election platform of privatizing MTS, you would not have won a majority. One of the things that I do not understand is if this government goes through with the privatization of MTS, you will not win another majority. It is understood everywhere that telephone systems have been privatized, rates have gone up. So it is sort of like the GST. Why would Brian Mulroney bring in a tax that every time every single person in Canada bought something, they would be reminded of how much they hated the federal government? It does not seem politically to make sense.

I was working at my store the other day and one of my regular customers came in and we were talking about what I was up to and these hearings came up. I was telling him a little bit about the privatization of MTS and

why I was opposed to it and he said, well, that is just because you are New Democratic that you are opposed to that, at which point I said to him, look, as a New Democrat this is one of the best things that the Tories can do. Because they privatize MTS, the rates go up. Every time people get their phone bill it is going to cost more, they are going to be angry and the next election we are going to win. So as a New Democrat, it is extremely good for my party, electorally, for the government to privatize MTS.

Like, I do not understand how Mr. Findlay can privatize MTS and then expect to go and win Springfield in the next election. It just does not make any sense to me. Electorally, I do not understand why you are doing this. I do not understand. Has the government not thought through what is going to happen or, you know, perhaps, it is the whole ripe-apple theory? The government figures that it is not going to win the next election anyway so let us just do as much damage to the province as we can.

As a New Democrat, it is probably in my best interest for the government to put through this legislation, because it means that we will win the next election, but as a private citizen and as a Manitoban and as a citizen of Manitoba, I do not think it is the right thing to do because it is bad for me and it is bad for my province. I am telling you right now, this legislation is very good for my political party, but it is very bad for my province and I am here today as a private citizen. As a private citizen and not a public one, I am telling you this is bad legislation and I disagree with it because it is bad for my province, and I care about my province more than I care about my political party. Thank you.

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

**Ms. Barrett:** Thank you. One very brief question. I am dying to know which two seats you did not get correct.

**Ms. Johannson:** I said that the NDP would win Rossmere, and I said that the Liberals would win River Heights. I am sorry.

**Ms. Barrett:** Well, I would say you were pretty close bang on in both those cases. They could have gone either way. Why do you think and, of course, I agree with you

that it is bad for the Province of Manitoba to privatize MTS. I would like to hear from you why you think it is a bad move for the people of Manitoba.

**Ms. Johannson:** Well, for several reasons. It has been shown that as a public system MTS has served the people of Manitoba very well, and in a lot of cases better than some of the private systems in the country. Specifically, people who are looking at this bill are looking at what happened in Alberta under the privatization of Alberta's public telephone system. So if we look at Alberta as an example, Albertans are now paying 34 percent more for basic telephone services than Manitobans. If we look at what is the basic purpose of what MTS has tried to do, is to try to make telephone systems accessible to all Manitobans, and that includes people who live in the north and people who live in rural areas.

So that is one of the reasons why it should remain public, and it should remain public also because when it is a public system, then its mandate, its purpose is to serve the citizens of Manitoba. As a private system, its entire purpose would be the accumulation of profit and that is it. Everyone here knows that there is a very large difference between something that exists to serve the public good and something that exists simply to accumulate profit, and drawing on being a private citizen again, I do study economics at the University of Manitoba and am drawing somewhat on my background in that field.

**Ms. Barrett:** Thank you. As a student, I want to ask you if you have discussed this with people that you are classmates with, many of whom we all know—I heard some very interesting statistics about the U of W Friday or Saturday, about the number of students who live away from home who have at least one, if not two or three part-time jobs and who are living on an average of \$10,000 a year income. Have you had discussions with the students that you see at the university and if you have, what is their feeling about this?

**Ms. Johannson:** I have had some discussions, but on the most part my acquaintances feel that there is no point in fighting this legislation, the government is ruling with an iron fist, there is this whole concept of, oh, we elect a dictatorship for four years, that is our electoral system and there is a lot of apathy. People are opposed to it, but they do not feel that they can do anything about it.

\* (1140)

**Mr. Struthers:** Yes, Catharine, earlier today I pointed up to the picture of Rodmond Roblin, and I do that to remind people that it is not just the electoral system but also the people that we elect to run that electoral system and that there have been governments, Tory, Liberal and New Democrat, who actually do listen to the people, and not just blame it on the system.

Have we got a government, in your opinion right now, which is concerned about things like the 92 people or so in the Parkland region who are employed by MTS, whose jobs are now thrown into jeopardy because of the downsizing trends out there in private sector firms?

**Ms. Johannson:** Well, I would have to say, just looking at the actions of this government, it seems obvious to me that, no, they do not care about those people. I do not understand why. It does not make any sense to me. It does not make sense politically for them. As I said, I do not understand how Mr. Findlay can privatize MTS and expect to win his seat in the next election. As an election caller, I do not see that happening.

**Mr. Chairperson:** Mr. Struthers, for one final, very short question.

**Mr. Struthers:** [interjection] Sure, no preamble, yeah, yeah, okay. Thanks, Becky. Now look what you have done?

**Mr. Chairperson:** If there are no further questions.

**Mr. Struthers:** It will get there. I will ask it later. Move on.

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

I call Harle Robins. I understand Harle Robins is here now. Have you a written presentation for distribution to the committee?

**Mr. Harle Robins (Private Citizen):** No, I do not.

**Mr. Chairperson:** Would you continue with your presentation, please.

**Mr. Robins:** Now, those of you who are Tory MPs, you were all elected because your ideas were supported by

many people in your constituencies, but I really wonder whether you are going to continue to have that support if you embark upon passing this bill. I think there has been considerable opposition to the bill. The Manitoba Society of Seniors is opposed to the sale of MTS, and they have opposed the government on many occasions about this.

I notice that the October issue of the MSOS journal notes that, quote, a coalition of organizations opposed to privatization of the Manitoba Telephone System warns that telephone rates will be higher if MTS is privatized. The coalition has stated that, quote, in the six years since Alberta government telephones was privatized, rates have steadily increased. Albertans now pay 35 percent more than Manitobans do for basic phone service.

I know that you know that the Union of Manitoba Municipalities is also opposed to this bill. Their president, Jack Nicol, said, quote, the affordable services rural communities have enjoyed will be a thing of the past with a privately owned MTS.

I guess it really bugs me that there is all this opposition to the bill, yet the government seems determined to pass it without any further input, that their decision is right and that is all there is to it; nobody else should have a voice. In a democratic country, I think this is terribly wrong.

The NDP had asked that public hearings be held in rural and northern Manitoba. Unfortunately, I think the government voted this down. I think it is a perfectly reasonable request to make. I think you should all be ashamed of yourselves for voting it down. I have also concerns about this sale. One concern is, why did our Premier (Mr. Filmon) deny in '95 having any plan to sell off MTS? Why will the government not hold public hearings on the road to get public reaction and so the government can further explain why they feel this sell-off is necessary?

We have had a little bit of indication from the government recently, never for any prolonged period, as to what their plans have been for MTS. I think citizens deserve the right to hear more about the reasons. Maybe we will be convinced that it is the right thing to do. Right now, there is a terrible amount of uncertainty and I think worry about the whole plan. The basic fear, I think, is that rates are going to rise and that the older

citizens and those on welfare and, indeed, all those with jobs, that they will not be able to afford a phone anymore. I worked in the child welfare area for 28 years. I can tell you that I have seen many people in grubby accommodations, and they are in there because they could not afford decent accommodations. The welfare rates did not allow this. That is both the city welfare rates and the provincial welfare rates.

I feel that if phone rates do go up, if the person does have a phone, they are going to give up that privilege, I think, their right. I think phones are needed for people to call in a case of emergency, a medical emergency, a police emergency. Certainly, I think that if you talk to any of the Klinik people that have had phone calls from people in distress, people who are thinking about suicide, people who are just low down and need somebody to talk to, if those people do not have a phone, then it is game up for a lot of people, I think.

I feel that if the government passes this bill without any widespread public hearings, voters are going to get disgruntled, and I think that many of you who have voted for this bill will not be around at the next election. Frankly, I think that would be a good thing if that happens. I think politicians should keep an open mind about what is going on in the world. I think there is opposition to it, and I hope to God that you reconsider, that you do have widespread public hearings. Thank you.

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

**Mr. Sale:** Thank you, Mr. Chairperson. Mr. Robins, you made the point, as probably virtually every other presenter has made, that the government not only has no mandate, they actively made public their non-intention to sell. They denied any intention to sell. I am sure you are aware that, in our view, there has been a lot of odious legislation put forward this session on labour issues, on education, on health care, regional health boards. The difference that I see is that all those legislative initiatives are reversible if the people choose to put their trust in a different political party and that, of course, will be the people's choice.

This particular decision I do not think is very reversible because of NAFTA and because of the difficulty of tracking where the shares will go very quickly after they are issued. They will not be held in any significant percentage in Manitoba within a year to 18

months. I want to ask what is essentially an ethical question. Opposition parties often have to hold their noses and allow legislative change which they do not agree with in the knowledge that they will have at some point in the future, if the electorate trusts—have the chance to undo that. This is not the case in this legislation, I believe.

Does this put this in a different ethical construct than the normal opposition that we express?

**Mr. Robins:** I do not know. I cannot answer that question, really. All I know is that citizens rely upon government to do the right thing, and this may or may not be the right thing to do. I do not know. I am no expert on this, but I think that we hope, we pray and we expect government to do what is right for citizens. If you do not do what is right, then I think, shame on you, and it is bad for the citizens.

\* (1150)

**Mr. Chairperson:** Thank you very much, Mr. Robins, for your presentation. I will call next John Cordosa who had indicated—is he in the room yet? I indicated that we would—

#### Point of Order

**Mr. Radcliffe:** A point of order, Mr. Chair. I also notice apropos of John Cardosa [interjection] Cordosa, that he is item No. 38 and No. 57 and I would inquire, is that the same person and if so the record should show a rectification. My honourable colleague across the way indicates that it is the same person; he is known to her.

**Mr. Chairperson:** Thank you very much. If that is the same person, the spelling certainly is not the same on the list. So then we will call John Cordosa when his number appears, his name appears on the list.

\* \* \*

**Mr. Chairperson:** We will then proceed with No. 45 on the list, David Markham. David Markham. Would you come forward, please. Have you a written presentation for distribution for the committee?

**Mr. David Markham (Private Citizen):** No, I apologize, Mr. Chair. I will be speaking from briefing notes today.

**Mr. Chairperson:** Welcome to the committee and proceed with your presentation, please.

**Mr. Markham:** Thank you. My name is David Markham, and I stand before committee today to speak against Bill 67 and in favour of the continuation of the Manitoba Telephone System as a publicly controlled interest. As one of the more than 600,000 shareholders in the corporation, I can say that as a person I value the fact that MTS provides Manitobans with among the lowest telephone rates in the country. I value the more than 4,000 jobs that MTS provides to Manitobans. Finally, I value the element of control that I, as a common voter, have over the operations of my telephone system and I deeply resent the fact that this government is prepared to sacrifice our publicly owned telephone system and the tremendous benefits that it provides to the province in favour of the uncertainty of a privatized system. What to me is inexcusable has been the contempt for democracy displayed by the Premier (Mr. Filmon) and his government. This has hardly been a spur of the moment decision on their part. It has been a planned and, I think, rigidly coordinated attempt to gradually devalue MTS, to reduce its revenues and to negate its competitive position within the marketplace.

The Conservatives sold off Cablevision. They only got \$11 million for it. Newspapers tell us it was worth about \$65 million. They prevented MTS from selling fax machines. They allowed unscrupulous operators, such as the Boston-based company, Faneuil ISG, to come into Manitoba to undermine MTS in the marketplace with regard to telemarketing. I believe MTS was even forced to provide Faneuil with the equipment for their offices, their telemarketing stations, and I think MTS was even supposed to provide them a loan so they could begin their telemarketing operations within the province. But, nevertheless, in spite of this very questionable management, MTS has continued to make a profit.

Now, the pillaging of MTS assets is one thing, but the fact that our Premier had orchestrated plans to privatize MTS well before the '95 election, yet when he was asked about it during the campaign he denied that his party had plans to privatize MTS, I think such black-hearted mendacity is completely unforgivable. With this decision it appears that the Manitoba government is prepared to follow in the misguided footsteps of other ideologically riven governments that have pursued privatization.

Governments, such as the Manitoba Conservatives, used the all too familiar rhetoric to justify their decisions.

They say that competition within the private sector will lead to greater efficiency and a greater product and that free enterprise would supposedly remove public enterprise from bureaucratic inertia and the tangle of politics.

I disagree strenuously with this argument. It is simply the replacement of a public layer of bureaucracy with a new bureaucracy that, in this case, very conveniently I might add, just so happened to be friends with the government. We already know that the province has made use of numerous private sector consultants. The seven-page document that was used to justify the decision to privatize MTS in the first place was written by a group of Bay Street profiteers. They are making money off the MTS sale and, needless to say, there will be many corporate lawyers, investment brokers and individual investors who will all get very rich in the process of selling MTS shares.

As well, I think that it is very important to take a closer look at the consequences of such a decision. I suspect that the Alberta experience with privatization of a phone company has already been raised many times before this committee, and a subsequent \$6 per month increase that followed the privatization has probably been well documented.

This is not the only example of negligent privatization in Alberta. They have actually contracted with private agents to sell drivers licences and other registry services. The Alberta government continues to receive the same amount of revenue as it did before the privatization, but in this case the private contractors are actually allowed to mark up the price of the services, thereby costing Albertans hundreds more in user fees.

We can see the correlation from the Alberta experience. Privatization equals higher rates and user fees. Is that what Manitobans want, higher rates and user fees? This government will attempt to assure the public that it will not be the corporate sector that will determine the rates, but the government mandated CRTC will instead be the body that will set these rates, but, then again, given the CRTC's dubious past history, I am not pacified by this development. It was, after all, the CRTC



that actually approved the 34 percent increase in Alberta. The CRTC actually allowed the company to factor a profit margin into their proposal for a rate increase. The CRTC has never once taken the initiative to act on the best interests of consumers. They will bend over backwards to satisfy the companies, but ratepayers will remain persona non grata.

Well, was it not the CRTC that approved the plans of the various cable firms in British Columbia to engage in a tactic known as negative option marketing? This allows the corporate interest to force their customers into accepting new products. What justification does this government have to throw Manitobans to the wolves by allowing the CRTC to act as their advocate?

An even more notorious and unsuccessful experience has occurred in Great Britain with the Margaret Thatcher regime. I want to talk about what happened when the British government shored Yorkshire Water company, which supplies more than four and a half million customers with water in northeastern England. Last summer the area was affected by a drought so naturally the customers began to use a lot more water. To their horror, when they turned on the tap they discovered there was none. It seems that the privatized Yorkshire Water had neglected to make any upgrades to its system. In fact, the waterworks date all the way back to the turn of the century. As a result of this negligent ignorance it is estimated that about 29 percent of the company's treated water is lost due to leaky pipes to the customers.

Under public ownership, Manitoba Telephone System has never skimped on making the proper investment to serve the public. Telephone lines were extended to the North, fibre optic lines were also installed across the province, but the current government chooses to jeopardize future service by privatizing our phone company. Now I think another consequence of privatization will inevitably be the infusion of what I call the ugly corporate value system into the management of our services. Again, one can point to Britain with another example of privatization run amuck. Take for example the privatized British Gas corporation and its chief executive. Now this chief executive, a guy named Cedric Brown spent the first few months of his mandate cutting the British Gas Corporation and downsizing the staff. For this, the corporation's board of directors rewarded Mr. Brown. He got a 75 percent pay increase, bumping his salary to close to \$1 million a year.

Now British Gas ratepayers, instead of receiving quality services, they now have the privilege of contributing to a corporate executive's bloated pay packet. Incredibly, the board of directors of British Gas actually defend this increase by claiming that Mr. Brown was underpaid in comparison with a comparable sampling of corporate executives. Is this what Manitobans have to look forward to, paying increased rates so that whoever is put in charge of the privatized MTS can earn a salary of \$3.15 billion? That is, after all, the salary earned by the chairman of the Toronto Dominion Bank.

Now, the worst part about this privatization scheme is that the voters are relieved of their right to judge whether or not the services they depend on are being operated in a satisfactory manner. If the privatized MTS neglects to service northern areas, who is there to blame? It is not like the citizens can vote the chairman of MTS out of office. What recourse do taxpayers have if the corporate executives seek to reward themselves at the expense of the downsized?

\* (1200)

Now, in conclusion, I know that members of the Conservative government have taken quite a liking to a rather, in my opinion, misguided book called *Reinventing Government* by Osborne and Gaebler, two American authors. This is evident because of the way they have proceeded with the privatization of MTS. It has been quite similar, in fact, to the method outlined by the authors in their book, but I suggest they take another close look at a paragraph on page 45 where the authors write, and I quote: Privatization is one arrow in the government's quiver, but just as obviously privatization is not the solution that is so advocated on ideological grounds because they believe business is always superior to government or selling the American, in this case Manitoban, people's snake oil.

To sell MTS to privatization thieves from around the world is wrong, and I hope the government reconsiders. Thank you.

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

**Ms. Barrett:** Thank you for an excellent presentation, Mr. Markham. You stated at the beginning of your presentation that you were one of currently approximately

600,000 shareholders in the publicly owned Manitoba Telephone System. I do not know if you were in the room earlier when Mr. Sale shared with us that he had been called by his financial consultant.

**Mr. Sale:** Actually, you can call him a broker.

**Ms. Barrett:** I did not want to call him a broker, but if he is a broker, fine. Called by his broker, recommending that he purchase shares in the privatized MTS, should Bill 67 go through. Do you anticipate taking advantage, if that could be termed, and participating in the sale by purchasing shares?

**Mr. Markham:** First of all, I will state that I am not a traitor. I would not sell out my province in any way, shape or form. Second of all, I would state that I do not have the money to do it. I am a student right now. I have \$1,200 due at the end of January. I might add I actually had the opportunity. I also received, well, a similar offer, at least, from—it is interesting that Mr. Radcliffe, my MLA, is here because I believe he is familiar with this particular gentleman. His spouse was actually featured quite prominently in his campaign materials.

But a gentleman I know on Kingsway Avenue also offered me the chance to purchase shares, and, you know, frankly, I turned him down, so I would certainly not do that.

**Mr. Chairperson:** The hour being three seconds to 12, what is the will of the committee? Do you want to finish the questioning? By leave? [agreed]

**Ms. Barrett:** You stated that you did receive an offer from someone. I am interested that a student who, as many students, they do not have a whole lot of disposable income, and much of their future disposable income will go to paying off the debts incurred in getting an education, largely because of the changes by both federal and provincial governments in the last few years, but that is a topic for another discussion.

How do you think your name got given to this individual to suggest that you might be interested in purchasing shares in MTS?

**Mr. Markham:** I am glad to say that my name was not given to this particular individual. He is, in fact, the neighbour of a colleague of mine, and it was just in passing that this was brought up. I certainly would hope that I would never receive such a dreadful phone call. I am sure that would be quite a traumatic experience to participate in such a system.

**Ms. Barrett:** Did this gentleman, when he spoke with you in passing, suggest to you a range of profit that you might experience should you participate in the shareholder offering?

**Mr. Markham:** No, I am not actually very well versed in such financial matters. I did, however, find it quite ironic that such a person would have such a keen knowledge of what might be expected in terms of profit. He actually had provided to the colleague of mine a lot of documentation regarding the potential sale of MTS.

I find it quite bizarre, the fact that this motion has not even passed through government at this point, and already the sharks are circling, looking to take a bite out of our telephone system. I find that quite strange. I think it is extremely undemocratic that they would pursue such a matter already.

**Mr. Sale:** I am intrigued by your comment, Mr. Markham. Are you indicating that a preliminary prospectus or similar document was shared with your friend?

**Mr. Markham:** I believe that is what it was. I tend to avoid those things like the plague, but, again—

**Mr. Sale:** Mr. Markham, I think it would be very interesting if you could confirm that information and speak with us about that.

**Mr. Markham:** Very good.

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

The committee will now rise.

COMMITTEE ROSE AT: 12:05 p.m.