



**Fourth Session - Thirty-Sixth Legislature**

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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

Member	Constituency	Political Affiliation
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	Steinbach	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FAURSCHOU, David	Portage la Prairie	P.C.
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, Hon.	Riel	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank, Hon.	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike, Hon.	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.
Vacant	Charleswood	

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 8, 1998

The House met at 1:30 p.m.

*PRAYERS*

## ROUTINE PROCEEDINGS

## PRESENTING PETITIONS

## Women's Resource Centres

**Ms. Diane McGifford (Osborne):** Madam Speaker, I beg to present the petition of Lindsey Tretiak, Darlene King, Roslyn Sigvaldason and others praying that the Legislative Assembly of Manitoba urge the Filmon government to consider providing long-term, adequate and stable funding for the Evergreen Women's Resource Centre and other women's resource centres in the province to ensure that the vital services provided by these organizations are continued.

## Winnipeg Hospitals Food Services—Privatization

**Ms. Jean Friesen (Wolseley):** Madam Speaker, I beg to present the petition of Lorette Krivak, Donna Boreski, Cyndy Park and others praying that the Legislative Assembly of Manitoba urge the Minister of Health (Mr. Praznik) to put an end to the centralization and privatization of Winnipeg hospitals food services.

**Mr. Gregory Dewar (Selkirk):** Madam Speaker, I beg to present the petition of J. Defoort, Carol Hennessy, Lorraine Remillard and others requesting that the Legislative Assembly of Manitoba urge the Minister of Health to put an end to the centralization and privatization of Winnipeg hospitals food services.

**Mr. George Hickes (Point Douglas):** Madam Speaker, I beg to present the petition of Kim Marr, Marie Versace, Sophie Looker and others praying that the Legislative Assembly of Manitoba urge the Minister of Health to put an end to the centralization and privatization of Winnipeg hospitals food services.

## READING AND RECEIVING PETITIONS

## Winnipeg Hospitals Food Services—Privatization

**Madam Speaker:** I have reviewed the petition of the honourable member for Broadway (Mr. Santos). It complies with the rules and practices of the House (by leave). Is it the will of the House to have the petition read?

**An Honourable Member:** Dispense.

**Madam Speaker:** Dispense.

*THAT the Urban Shared Services Corporation (USSC) has announced plans to privatize laundry, food services and purchasing for the Winnipeg hospitals; and*

*THAT it is estimated that more than 1,000 health care jobs will be lost over the next year as a result, with many more privatized in the next two or three years; and*

*THAT under the terms of the contract, Ontario businesses will profit at the expense of Manitoba's health care system; and*

*THAT after construction of a food assembly warehouse in Winnipeg, chilled, prepared food will be shipped in from Ontario, then assembled and heated before being shipped to the hospitals; and*

*THAT people who are in the hospital require nutritious and appetizing food; and*

*THAT the announced savings as a result of the contract have been disputed, and one study by Wintemute Randle Kilimmik indicated that, "A considerable number of studies have compared costs of service delivery in health care between self-operation (public sector) and privatization. Invariably, privatization is more expensive."; and*

*THAT no one in Manitoba seems to benefit from this contract, especially patients.*

*WHEREFORE YOUR PETITIONERS HUMBLY PRAY that the Legislative Assembly of Manitoba urge the Minister of Health to put an end to the centralization and privatization of Winnipeg hospital food services.*

\* (1335)

### **Women's Resource Centres**

**Madam Speaker:** I have reviewed the petition of the honourable member for Osborne (Ms. McGifford). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

**An Honourable Member:** Dispense.

**Madam Speaker:** Dispense.

*THAT the Evergreen Women's Resource Centre provides services which focus on prevention and intervention in domestic abuse for communities within a 100-kilometre radius; and*

*THAT with only partial funding from the provincial government, Family Dispute Services, in the amount of \$37,600 and some funding from the communities it serves, the Evergreen Women's Resource Centre hires three part-time employees and provides telephone, counselling, training and seminar facilities, in addition to education, information and outreach programming; and*

*THAT Evergreen Women's Resource Centre is also involved in referral services on a crisis-intervention and second-stage outreach level; and*

*THAT for years, the Evergreen Women's Resource Centre has struggled to provide these vital programs and services with limited funding or commitment from the provincial government; and*

*THAT during the 1995 provincial election, the Filmon government said, "The safety and security of the individual, our families and our communities is vital to the quality of our life."; and*

*THAT if the Filmon government is really committed to that statement, it must back it up with funding for the agencies that provide services to make it a reality.*

*WHEREFORE YOUR PETITIONERS HUMBLY PRAY that the Legislative Assembly of Manitoba urge the Filmon government to consider providing long-term, adequate and stable funding for the Evergreen Women's Resource Centre and other women's resource centres in the province to ensure that the vital services provided by these organizations are continued.*

**Madam Speaker:** I have reviewed the petition of the honourable member for Swan River (Ms. Wowchuk). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

**An Honourable Member:** Yes.

**Madam Speaker:** Yes. The Clerk will read.

**Mr. Clerk (William Remnant):** The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT the Evergreen Women's Resource Centre provides services which focus on prevention and intervention in domestic abuse for communities within a 100-kilometre radius; and

THAT with only partial funding from the provincial government, Family Dispute Services, in the amount of \$37,600 and some funding from the communities it serves, the Evergreen Women's Resource Centre hires three part-time employees and provides telephone, counselling, training and seminar facilities, in addition to education, information and outreach programming; and

THAT Evergreen Women's Resource Centre is also involved in referral services on a crisis-intervention and second-stage outreach level; and

THAT for years, the Evergreen Women's Resource Centre has struggled to provide these vital programs and services with limited funding or commitment from the provincial government; and

THAT during the 1995 provincial election, the Filmon government said, "The safety and security of the individual, our families and our communities is vital to the quality of our life."; and

THAT if the Filmon government is really committed to that statement, it must back it up with funding for the agencies that provide services to make it a reality.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY that the Legislative Assembly of Manitoba urge the Filmon government to consider providing long-term, adequate and stable funding for the Evergreen Women's Resource Centre and other women's resource centres in the province to ensure that the vital services provided by these organizations are continued.

#### **Brandon University Foundation**

**Madam Speaker:** I have reviewed the petition of the honourable member for Brandon East (Mr. Leonard Evans). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

**Some Honourable Members:** Dispense.

**Madam Speaker:** Dispense.

*The petition of Brandon University Foundation praying for the passing of an act to amend The Brandon University Foundation Act to delete clause 5e(i) and (ii) and add clause 5g - The Corporation shall have the powers and capacity of a natural person of full capacity.*

#### **Winnipeg Hospitals Food Service-Privatization**

**Madam Speaker:** Order, please. May I get clarification from the honourable member for Elmwood (Mr. Maloway). Are you wishing to both present as well as read and receive? [interjection] You are just doing reading and receiving. Okay. Is there leave to revert to permit the honourable member for Elmwood to read and receive his petition? [agreed]

I have reviewed the petition of the honourable member for Elmwood (Mr. Maloway). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

**An Honourable Member:** Dispense.

**Madam Speaker:** Dispense.

*THAT the Urban Shared Services Corporation (USSC) has announced plans to privatize laundry, food services and purchasing for the Winnipeg hospitals; and*

*THAT it is estimated that more than 1,000 health care jobs will be lost over the next year as a result, with many more privatized in the next two or three years; and*

*THAT under the terms of the contract, Ontario businesses will profit at the expense of Manitoba's health care system; and*

*THAT after construction of a food assembly warehouse in Winnipeg, chilled, prepared food will be shipped in from Ontario, then assembled and heated before being shipped to the hospitals; and*

*THAT people who are in the hospital require nutritious and appetizing food; and*

*THAT the announced savings as a result of the contract have been disputed, and one study by Wintemute Randle Kilimnik indicated that, "A considerable number of studies have compared costs of service delivery in health care between self-operation (public sector) and privatization. Invariably, privatization is more expensive."; and*

*THAT no one in Manitoba seems to benefit from this contract, especially patients.*

*WHEREFORE YOUR PETITIONERS HUMBLY PRAY that the Legislative Assembly of Manitoba urge the Minister of Health to put an end to the centralization and privatization of Winnipeg hospital food services.*

\* (1340)

### **PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES**

#### **Committee of Supply**

**Mr. Marcel Laurendeau (Chairperson):** Madam Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable member for Emerson (Mr. Penner), that the report of the committee be received.

**Motion agreed to.**

### TABLING OF REPORTS

**Hon. James Downey (Minister of Industry, Trade and Tourism):** Madam Speaker, I am pleased to table the Supplementary Information for Legislative Review for the Department of Industry, Trade and Tourism for '98-99.

**Hon. David Newman (Minister of Energy and Mines):** Madam Speaker, I am pleased to table the Supplementary Information for Legislative Review, 1998-99, Departmental Expenditure Estimates for the Department of Energy and Mines.

I am also pleased to table the Supplementary Information for Legislative Review, 1998-99, Departmental Expenditure Estimates for the Department of Northern Affairs.

### Introduction of Guests

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have with us firstly, 25 journalism students from Red River Community College under the direction of Mr. Donald Benham and twenty-nine Grades 9 and 11 students from Elm Creek School under the direction of Mr. Dave McGill. This school is located in the constituency of the honourable Minister of Agriculture (Mr. Enns).

We also have forty-five Grade 11 students from Churchill High School under the direction of Mr. Ed Lenzmann. This school is located in the constituency of the honourable member for Osborne (Ms. McGifford).

On behalf of all honourable members, I welcome you this afternoon.

### ORAL QUESTION PERIOD

#### Manitoba Telecom Services Board Appointments

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, my question is to the Premier. On April 6 and

7 of this week the Premier and Minister of Finance (Mr. Stefanson) and minister responsible for the golden share of the Manitoba Telephone System stated that Mr. Tom Stefanson was not one of the appointees of this government on the board of the Manitoba Telecom Services.

Madam Speaker, we have an Order-in-Council dated January 7, 1997, which is signed by the minister responsible for the golden share, one Mr. Stefanson, and signed by the Premier that appoints Mr. Tom Stefanson to the chair of the board of the Manitoba Telecom Services.

Will the Premier now confirm that he was misleading this House, and in fact he was the one who signed the Order-in-Council appointing the first private board at the Manitoba Telecom Services?

**Hon. Gary Filmon (Premier):** As the member knows full well, that was the case previously but is not the case today. There are only four members who are appointed by the government at the present time, and they do not include the gentleman to whom the member refers.

### Stock Option Plan

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, the Order-in-Council clearly appoints Mr. Stefanson, signed by Mr. Stefanson, signed by the Premier on January 7, 1997. I would like to further ask the Premier then, on this board appointed by the Conservatives, friends of the Conservatives, relatives of the Conservatives initiated a massive stock option plan that would provide significant funds for their own personal use. They proceeded to initiate this plan almost immediately, and by April 14, 1997, the same board, with the same chair, appointed by the same government and the same minister, had initiated a massive stock option plan for themselves, had had it already approved by the Toronto, Winnipeg and Montreal stock exchanges. Does the Premier think it is appropriate for this Tory board to start initiating increases in salaries and stock options for themselves by April 14 in a circular long before the shareholders' meeting?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I encourage the Leader of the Opposition to go

back to the minutes of the first annual meeting of MTS back in 1997, and he will see very clearly that the board of directors was elected by the shareholders. Out of the 11 board of directors, seven are elected by the board of directors, four are appointed by the provincial government, and I have indicated to him before who our four appointees are. Mr. Robert Chipman, Ashleigh Everett, Don Penny and Sam Schellenberg are the four provincial appointees. The other seven were elected by the shareholders at that meeting in 1997.

Later in that same meeting the shareholders again ratified a stock option plan in concept which allowed for the issuing of up to \$3.5 million of additional shares under a stock option plan. Going forward now to the 1998 annual meeting, the board of directors of MTS has come forward with the details of that plan, which includes an allocation to board members and an allocation to many senior executive officers. That is the sequence of events. Those are the facts.

\* (1345)

**Mr. Doer:** Yesterday the Minister of Finance, who is responsible for the golden share and also responsible for the Order-in-Council appointing his brother and other Tories, stated that he became aware of the stock option plan just weeks ago. Madam Speaker, I have the circular dated April 14, which was initiated by his chair, by this government's slate of Tories, Tory friends, Tory relatives, that initiates the stock option plan that virtually makes members of the opposite side's relatives millionaires. That was initiated and circulated on April 14, 1997, prior to the shareholders' meeting that the Minister of Finance is talking about today. Is the Minister of Finance saying that he did not read the circular, he was totally unaware of the stock option plan that was initiated by his Tory board and his Tory relatives? Is he saying today that as a responsibility of holding the golden share, he pays no attention to the Tory greed that is going on at the new telephone system?

**Mr. Stefanson:** Madam Speaker, I encourage this member to pay attention when he sits in this House, and go back and read Hansard of two days ago, on Monday. I indicated very clearly that there was a circular issue, that a stock option plan was approved by the board back in 1997, so read those minutes from Hansard. To

the member opposite, I encourage him to do that. So the plan in concept was approved back in 1997.

What we are talking about now are the details of the allocation which have just been released in the last 10 days. I was just made aware of the details of the allocation, as I indicated in this House yesterday, within the last couple of weeks, so there is a big difference. There is the approval of the concept of a plan which I referred to on Monday, which is outlined very clearly in the circular. I offered to the member for Crescentwood (Mr. Sale) to provide him a copy of that circular. It was ratified by the board back in 1997, by the shareholders back in 1997. The detail allocations have now been provided within the last 10 days, and those are what I was referring to. So I encourage him to pay attention when he is in this House and go back and read the minutes.

#### **Manitoba Telecom Services Stock Option Plan**

**Mr. Tim Sale (Crescentwood):** Madam Speaker, is the Finance minister, the minister responsible for Manitoba Telecom Services trying to tell the House that a stock option plan which was approved by three of Canada's stock exchanges, regulatory bodies that had to receive substantial detail, substantial information about those plans, that that information which must have been submitted to those exchanges about six weeks after his board was appointed—these people were beavering away at their own compensation immediately on appointment—is he saying he is so totally unaware, so out of touch with the appointees and the board he appointed that he did not know anything about this happening? When he realizes that the stock exchanges that approved this, they must have had it six weeks before this circular went through; they were lining their own pockets within weeks of approval of your board, your brother.

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I can see how I will have to provide things in writing to the member for Crescentwood, because he too does not pay attention. I indicated very clearly on Monday in this House; I read from the information circular that very day that in 1997 a stock option plan was approved. I referred to the fact that the plan allows

for up to \$3.5 million of shares to be issued under the stock option plan.

The detailed allocation was referred to the human resources committee of the board of directors. They came forward to the board, and those details have just been made public and released within about the last 10 days, the detailed allocation to the board members, the detailed allocation to senior executive officers. So we are well aware. We have been well aware that there was a plan approved in concept, in terms of the detailed allocation within that plan. That has been made public and brought to our attention within the last couple of weeks. So again, that is exactly the sequence of events.

It is the same information I gave this House on Monday, the same information I am giving members opposite today. I encourage him to pay attention and, if they need to, go back and read Hansard.

**Mr. Sale:** Madam Speaker, is this minister responsible for the Telecom Services asking this House to believe that never in the past 14 months has he had any contact with his brother, the chair, with the four appointees, with Sam Schellenberg, the chair of the compensation committee, that never was he aware that by April 14, 1997, all of the substantive details of this plan had to have been in place, that in fact all of the details were in place by that annual meeting, and that he should have known that if he was exercising any stewardship or any ethical consideration for what had been going on with his appointed board?

**Mr. Stefanson:** Madam Speaker, this member for Crescentwood is clearly confused. I have indicated on many occasions that this stock option plan was outlined in a circular that was dated April 14, 1997. The same stock option plan was approved by the board of directors and by the shareholders of Manitoba Telecom Services on May 30, 1997, so the plan in concept was approved. What is happening now in 1998 is the details within the allocation, within that plan have been made public and have been provided.

So we are certainly well aware and have made it very clear to this House that a stock option plan was approved back in 1997. All telecommunications companies, I believe, in Canada today have stock option plans. It is nothing new; in fact, it is a require-

ment to register with some of the stock exchanges in Canada. The issue is the allocation within that stock option plan, and that is what has become public and what we were made aware of within the last couple of weeks.

\* (1350)

**Mr. Sale:** Madam Speaker, will this minister not simply acknowledge the truth and that is that well prior to the annual meeting, that is at least by April 14, 1997, the board of directors, including his brother, appointed by him on an O/C of January 7, 1997, had already approved this stock option plan? They already had it registered with the stock exchanges. That must have taken place in February if the time lines were going to be met. They had already put this in place; they had already approved it. Will he not simply acknowledge that?

**Mr. Stefanson:** Madam Speaker, we have never denied that a stock option plan was approved in 1997. I said in this House on Monday, and I referred to the information circular that members opposite are finally referring to today—I referred to that circular on Monday—that it was circulated back in April 1997 outlining the concepts of the plan, the amount of shares that would be available, 3.5 million shares, the equivalent of 5 percent of the total shares of MTS. That was all approved in 1997. It was ratified by the shareholders of MTS, some 70,000 shareholders, many of them, the majority of them Manitobans. That was all done in 1997.

What has happened subsequent to the plan is the detailed allocation to individual board members and individual senior executive officers. That is happening in 1998. That was made available in a document referring to the 1998 annual meeting. That will be information that is available to the shareholders at their 1998 annual meeting. That is the sequence of events, and again, those are the facts.

#### **Manitoba Telecom Services Board Appointments**

**Mr. Steve Ashton (Thompson):** The more that one looks at this, the more it stinks. The more one looks at it, it is clear that the minister responsible for MTS has



not been telling the truth to this Legislature and Manitobans.

Will the minister confirm that in an Order-in-Council dated January 7, signed by him and the Premier, they appointed not four directors, as he indicated yesterday, but 11 directors, of which one was Tom Stefanson and the remaining of which was the slate for the actual board of directors that was adopted at the annual meeting in May?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I tell the truth at all times, and I tell the truth every single time I am in this House, unlike some people in this Chamber.

When it comes to the issue of the board, as we have indicated on a number of occasions, the board of directors was elected in the 1997 shareholders' meetings that are referred to on May 30, 1997. That is when the shareholders elected seven out of the 11 board members. We as a government have appointed four of the members, and I have outlined on many occasions who our four members are.

**Mr. Ashton:** Why will not the minister for MTS acknowledge that he not only appointed his own brother, he appointed all of the directors that were currently in place, the Stefanson slate, as well as the individual that recommended this stock option, and that it was a fait accompli before it went into the shareholders' meeting in May? Why will he not tell the truth that he set his brother up for a million dollars at the expense of Manitobans?

**Mr. Stefanson:** Madam Speaker, I do encourage this member for Thompson to look at the minutes of the first shareholders' meeting of Manitoba Telecom Services on May 30, 1997. He will see the election of seven of the directors. He will see subsequent—later in that meeting, he will see the approval of a stock option plan by the shareholders, some 70,000 shareholders of Manitoba Telecom systems, approving the stock option plan. That approval approved a plan in concept. In fact, it goes on to talk about: the board of directors of the corporation shall administer the plan, determine participants to whom options shall be granted, and so on and so forth. During 1997 and 1998 the board did just that; it provided that information within the last 10

days. I was made aware of that allocation within the last couple of weeks.

So the issue of the plan was approved back in 1997. I believe every telephone company in Canada has a stock option plan. It is certainly very common in all kinds of businesses right across Canada, and the detailed allocation was provided in the last couple of weeks.

\* (1355)

## MATTER OF PRIVILEGE

### Manitoba Telecom Services Board Appointments

**Mr. Steve Ashton (Opposition House Leader):** Madam Speaker, I rise on a matter of privilege, and it relates directly to the contempt shown to this Legislature not only by the minister responsible for MTS but by the Premier (Mr. Filmon).

I would like to table a copy of the Order-in-Council that was signed by Eric Stefanson, the minister responsible for MTS, also signed by the Premier. It outlines, contrary to what the Premier said on Monday when he pointed to four government appointees, the current four, and what the minister said yesterday when he tried to use the same line to duck the fact, that on January 7 he appointed by his signature a board of 11 directors, the interim board, which included his brother, which included one D. Samuel Schellenberg, the person who was responsible for the compensation committee.

I also want to table a copy of the information circular that was filed by Manitoba Telecom Services Inc. which indicates that as of April 14, well before the meeting that they keep referencing, they already had agreement to the compensation package and it had been approved by the three major stock exchanges. I want to table that as well and point to the fact that this minister responsible for MTS still does not get it. He appointed his brother to the interim board. He appointed by his own signature. The First Minister signed that. He appointed the 11-person board which became the slate, the interim board, also people that they are very well aware of. This slate, this board, the interim board was the board that developed the compensation package

which, surprise, surprise, ended up with Tom Stefanson getting a million-dollar stock option program. If the Minister of Finance and the Premier do not understand that is unethical, Madam Speaker, they do not understand what ethics are about.

We asked on Monday; we asked on Tuesday; we asked again today, and we gave the minister responsible for MTS the opportunity to clarify the record, to tell the truth to Manitobans. I say, Madam Speaker, we have no choice as a Legislature other than to find that minister in contempt. If he does not understand what is wrong with being the minister responsible for MTS appointing his brother, who ends up getting a million-dollar benefit at the end, we have serious problems.

That is why I move, seconded by the member for Concordia (Mr. Doer), that the matter of the Premier (Mr. Filmon) and Minister of Finance (Mr. Stefanson) showing contempt for the House by deliberately making misleading statements concerning the unethical appointment of Thomas E. Stefanson to the board of directors of Manitoba Telecom Services, allowing Mr. Stefanson and other directors to enrich themselves through a multimillion-dollar compensation plan, be referred to the Committee on Privileges and Elections.

**Hon. James McCrae (Government House Leader):** Madam Speaker, the honourable member for Thompson has for I do not know how many times raised questions of privilege in this House related to the privatization of the Manitoba Telephone System. He fails on both the grounds that are required to be met with respect to questions of privilege. The issue of timeliness, it is clear he has failed on that one. With respect to a prima facie case, it is a common occurrence in this House that honourable members on each side of the House see things in a different light. That in no way amounts to a question of privilege. In fact, it is a good thing. If we did not have that, we would not have the kind of democracy that we have in our country.

But that said, on the prima facie matter of making a case of privilege, the honourable member has totally failed to prove anything except—or to bring forward prima facie anything other than a difference in the way he sees things and in the way the honourable Minister of Finance (Mr. Stefanson) and honourable members on this side see things.

What we are involved in, and I think honourable members opposite sometimes show some expertise in this area, is a matter of spin, and the honourable member for Thompson has spun every which direction he could ever since the fall of 1996. He is in a time warp. He cannot get over the events of those days. When this House agreed on certain courses of action, and just because the honourable member's party thinks that it should be able to rule this House and cannot, they feel they have to raise a question of privilege on every occasion they can. They simply do not get it, to repeat the honourable member for Thompson himself, they do not get what democracy is all about. Democracy allows Legislatures to speak and honourable members would like to stifle this Legislature.

**Some Honourable Members:** Oh, oh.

\* (1400)

**Madam Speaker:** Order, please. A matter of privilege is a very important matter, and I would ask for the co-operation of all honourable members in listening to the advice that is being provided to the Chair. I am experiencing great difficulty in hearing some of the comments of the honourable government House leader. Was the honourable government House leader finished?

The honourable government House leader, to complete his remarks.

**Mr. McCrae:** I had virtually concluded because there is business that needs to be done in this House, and the honourable members opposite cannot seem to get over the circumstances in which they find themselves. I know that the honourable Minister of Finance has something to say as well, and I have indeed concluded.

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, the member for Thompson has no matter of privilege and I want to remind him and his Leader and members opposite of some of the things I said on Monday. The suggestion about the awareness of the circular on April 14 and the annual shareholders' meeting in 1997 on Monday in this House, in response to a question from the member for Crescentwood (Mr. Sale), I said very clearly: "I am certainly prepared to undertake to provide members opposite with

information from the circular providing information on the stock option plan, obviously minutes of the shareholders' meeting that was held on May 30, 1997, ratifying a stock option plan for MTS." I am certainly more than prepared to provide that information, which is public information, by the way.

I go on again in responding to the same member, again referring in fact in that circular that was distributed almost a year ago: "it says very clearly in the circular, for the benefit of the member for Kildonan (Mr. Chomiak)," at that time, "that on the recommendation of its human resource and compensation committee, the board of directors of the corporation has approved the implementation of a stock option plan."

That is the sequence of events that took place in 1997. At a shareholders' meeting, I believe on May 30 of 1997, a board of directors was elected; seven of those board members were elected by the shareholders, by the some 70,000 shareholders, a majority of them Manitobans. We as a government at that point in time appointed four members, on many occasions read into the record who those members were, and we have never in any way put any false information, any incorrect information, and always told the complete truth on the sequence of events and the transactions on this issue.

It is the member for Thompson who continues to be blinded by this issue, as we have seen on many occasions in this House, and continues to try to find any aspect of anything to do with the privatization of MTS because he has opposed that, and he continues to rant and rave in his own way, but there is definitely no matter of privilege whatsoever, Madam Speaker.

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, I, too, want to put a few words on the record with respect to what I think is a very important issue. It is an issue which has been brought up in the past. I can recall one of my colleagues had discussed the issue of conflict of interest with me, in fact had sought out legal counsel to make sure, in terms of what it is that he should be doing, because someone that was very close to him was an employee at MTS, and it was that person or the employee who was subject to receiving some monetary benefit. He had decided after consulting and talking

about the issue to avoid the vote itself because of the whole issue of perception.

I think this is where the government is losing it somewhat on this issue. You have to acknowledge that perception is important in politics, and what Manitobans see here is in fact a brother of a minister who is receiving significant dividends as a result of a government action. Under normal circumstances, if it were not the Minister of Finance (Mr. Stefanson) who was conducting or playing the role that he is playing or has played in the divestiture of MTS, I do not think it would be as questionable in terms of the whole issue of perception.

So what I see before us is two issues: The first issue dealing with a brother of the minister who was responsible for divesting, enriching or being enriched as a result of the divestiture, and the other issue of the conflict of interest of how these monies or the actual price that MTS was being sold for and people, outside of the minister's brother, also being enriched.

The issue that concerns me is the one of the perception, because I do not believe this is something in which the government can in fact win. I think that it is very awkward. I would find it very awkward to stand up and defend something, when in fact I am so closely tied to it because it is my brother who is in fact the receiver of a substantial amount of what is, in one way or another, indirectly, tax dollar benefits. I want to be very careful because I realize whatever I say inside the Chamber I can get away with saying and not be liable to lawsuits outside of this Chamber. So I recognize that it is very, very important in terms that we choose our words carefully.

Madam Speaker, I think that there is concern with respect to how this individual was in fact appointed. If in fact it was the Minister of Finance, I think that there is some merit to it being looked at. So what I would suggest is that, at the very least, this motion be taken as notice so that all parties concerned have some time to review it and to make a good decision as to what best to do with respect to it. Thank you.

**Mr. Tim Sale (Crescentwood):** Madam Speaker, the point of the motion of privilege is the misleading of this House, the knowing misleading of this House by the

Premier (Mr. Filmon) and the minister responsible for Manitoba Telecom Services. I want to review the chronology, because it is important that we, first of all, make the prima facie case, and it is important that you understand that we raised it at the first possible opportunity.

We needed to review Hansard—and I want to deal first with the opportunity question—very carefully and to review the evidence from the annual meetings and the circulars that were shared with shareholders of the Manitoba Telecom Services prior to being able to move a motion of privilege. We did not receive the minister responsible for Telecom Services' answers until this morning in the rough draft of Question Period. So this is I think clear evidence that we have satisfied the first condition. This is a very important matter, and we did not want to pre-empt having read Hansard carefully prior to raising the matter.

Secondly, on a prima facie case. The Premier on four different occasions earlier this week refused to acknowledge that he had in fact, as the president of the Executive Council, signed an Executive Council order, an Order-in-Council, appointing Mr. Stefanson and Mr. Schellenberg as continuing members of the board of directors of Manitoba Telecom Services on January 7, 1997—that is more than a year ago—and further that that same O/C appointed nine other new members of the board.

In other words, the first and most central issue here is the appointment of the first board of directors of this company long before there was a shareholders' meeting to ratify new directors of the corporation.

The point my honourable colleague the member for Thompson (Mr. Ashton) has made is also important, that these are exactly, identically the same people whom the shareholders approved and continue to approve; that is, they are the people appointed by this government. They include relatives of senior members of this government. The person appointed from the previous board, Mr. Schellenberg, turns out to be the person in charge of the compensation committee of the new board.

So the first point of the prima facie case is that on January 7, 1997, this Premier (Mr. Filmon), this

minister responsible, signed an Order-in-Council appointing 11 members of the board, one of whom was the brother of the minister signing the order, a second of whom was the person who turned out to be the chair of the compensation committee, Mr. Schellenberg, continuing from the previous board.

Now let me now turn to the second part of the prima facie case here, Madam Speaker. What we are attempting to show, and I think we have shown, is that people appointed by this government directly, by the Premier and the Finance minister, developed, approved and put forward a plan to compensate themselves and their senior executives, that that plan was developed well before there was ever an annual meeting of the shareholders, and let me show that so that we are clear on those dates.

This information circular to which the Finance minister refers was dated April 14, 1997. The annual meeting did not take place until May 30, 1997. So six weeks prior to the annual meeting, an information circular was sent to all shareholders, including the Minister of Finance, who of course has a special share which the minister responsible for the Telephone System previously, perhaps aptly called the golden share.

Madam Speaker, let us work the chronology backwards. In this information circular on pages 10 and 11, there is an item called special business of the meeting. Special business of the meeting is the stock option plan and the approval of that plan. There are quite a lot of details, approximately a page and a quarter in length. It is a fairly detailed statement of what the plan contains, but it is very important that the second-last paragraph be understood, that this plan has been conditionally approved by the Toronto Stock Exchange, the Montreal Exchange and the Winnipeg Stock Exchange. Now, those exchanges do not as a matter of routine simply rubber-stamp a fax and send it back. I do not think it takes too much imagination to recognize that the board of directors must have approved this plan in March of 1997 in order for it to be forwarded to the three exchanges with the approval of the board.

\* (1410)

Now let me remind you that in March of 1997, in February of 1997, in January of 1997, the only members of the board of directors of Manitoba Telecom Services were those members named in the O/C of January 7, 1997, that is, the 11 members appointed by the Premier and by the Finance minister.

Now, Madam Speaker, let us further run that chronology backwards slightly. If it were to go to the three stock exchanges subsequent to the approval by the board of directors, it would have had to go to those exchanges at least by March, which means that the compensation committee must have been doing their work in February, bare weeks after they were appointed by the Finance minister, the minister responsible for the system and the Premier (Mr. Filmon).

So within a very short period of time, a matter of weeks, the compensation committee was hard at work beavering away at developing a stock option plan that would enrich the chairman to the tune, at current values of the stock, by one million dollars. They did all of that work, every last stick of that work, prior to the meeting of the shareholders. It had been approved by the board of directors of the corporation prior to the meeting of the shareholders. It had been approved conditionally—because of the way the law is written—by three stock exchanges prior to the meeting of the shareholders. The shareholders did not change one dot, one iota of what had been put forward by the compensation committee.

So I believe that it is clear that there is a prima facie case that this government has misled the House, particularly the First Minister and the minister responsible, by indicating that they did not appoint a board, which in fact their own O/C shows they did appoint, and secondly, that all of the work on the stock option plan was completed before there was ever a meeting of the shareholders. All of those details were in place. I believe we have made our case.

**Hon. Gary Filmon (Premier):** Madam Speaker, I think it is important that you ensure that, in ruling on this motion of privilege, you ensure all relevant information is available to you on the matter. I want to emphasize a number of things that perhaps have been overlooked deliberately or otherwise in the prima facie case, and I understand the politics of why it is being

done in this manner, but a great deal has been made of the fact that the chair of Manitoba Telecom Services is the brother of the current Minister of Finance (Mr. Stefanson).

What is important to note is that he has been the chair of Manitoba Telephone System since 1989, prior to the election to office in this Legislature of the current Minister of Finance. So, in fact, he was appointed much earlier and has had a significant history as chair of the board. Over the period of time since 1989, his continuance as chair has been reconfirmed periodically at various intervals along the way, but he arrived at that position, as I say, prior even to the election of the current Minister of Finance to this Legislature. So members opposite can make whatever case they want to, but this individual was appointed based on his competence and his capability, judged by obviously a government of the day prior to the arrival of the Minister of Finance to this Chamber.

Madam Speaker, another issue that I think is being overlooked. The members opposite clearly have this information, because it was contained in the news release that was issued on December 2, 1996, and it is entitled "Findlay Announces Proposed MTS Board of Directors" and that board of directors that is being quoted from the Order-in-Council was in fact developed and initially announced to be appointed by the then minister responsible for the Manitoba telephone services. What intervened between the announcement of the names and the production and signing of the Order-in-Council, of course, was the privatization of the former Manitoba telephone services into Manitoba Telecom Services, in which case then responsibility transferred over to the Minister of Finance as the pro tem holder of the golden share on behalf of government. So in fact the announcement and decision, which members were well aware of, of who the board of directors were, was made much earlier by the minister then responsible. Again, they do not make a fuss over that. They are attempting, I know, to make the political credit and take the political shots, and so that is conveniently set aside.

Once in private ownership, the Manitoba Telecom Services no longer obviously was in the control of this Legislature in any way. Our responsibility, as has been laid out on numerous occasions, was to ensure, through

the golden share provision, that the public interest in the public investment as holders of bonds was being looked after, and that continues to fall under the realm and responsibility of this Minister of Finance. But, I repeat, that company is no longer and was no longer in control of this Legislature or this minister or this cabinet.

So the plan to provide the shares as compensation was then developed for presentation to the annual meeting. Why, Madam Speaker? Because, in fact, it could not be implemented by the board of directors, because (a) No. 1, they had not been confirmed by the shareholders as the board of directors, and so they did not have power to act, and (b) they did not have power then to approve this without the vote of the shareholders.

So all of these things that were prepared in the interim by staff and by others and developed by the board of directors could have absolutely no relevance if the shareholders decided to do different things, and in fact the shareholders had the power to vote a different board of directors. That has been done, will be done in future by boards of private companies where they will take the recommendations of whatever is the nominating committee, and they will set it aside and put in place in fact different choices. We all have read about that being done. We have all read about different directors being put in place. In private corporations, we have all heard about shareholder revolts or shareholders' democracy taking over corporations and new directors put in place.

So in fact two things could have happened at the annual meeting: one, a different board of directors could have been in place; and two, the shareholders could have turned down the proposal that was put before them for consideration for compensation of both senior staff and directors and including the share option. None of that did happen because in fact the vote of the shareholders did both confirm the directors and the compensation package.

All of those things, though, did happen only after the new board was put in place, and in fact then it devolved to our area of authority which was that we had the authority to appoint only four of the 11 directors, which did not include Mr. Thomas Stefanson, the chairman.

They were separately and independently elected by the shareholders of the new privatized Manitoba Telecom Services.

So you will find, Madam Speaker, that in nothing that was said by either myself or the Minister of Finance (Mr. Stefanson) did we mislead or place false information on the record, that this is all a pipe dream of the member for Thompson (Mr. Ashton) and his colleagues who have, obviously, a very serious fixation about this particular issue with Manitoba Telecom Services, an issue which they will never ever let die, and that is their right. That is their right, because for them it is all politics. That is all they live for; that is all they work for. They do not work for the best interests of the people of Manitoba. They only work for their own political interest.

**Mr. Gary Doer (Leader of the Opposition):** Briefly to the point of privilege raised, Madam Speaker. Over the last two days on April 6 and 7, the Premier (Mr. Filmon) on four occasions and the Minister of Finance (Mr. Stefanson), the minister responsible for the golden share, repeatedly stated in this House and in Hansard that the only appointees to the board of directors were the four so mentioned. They failed to mention that on January 7, 1997—

**An Honourable Member:** The current board of directors. That is all we are talking about.

**Mr. Doer:** You know, I did not interrupt the Premier. Perhaps the Speaker could hold the Premier accountable in this Chamber.

**Madam Speaker:** Order, please. As I indicated earlier, this is a very serious matter, and I would request the co-operation of members on both sides of the House in listening to the member presenting the reason for a prima facie case being established.

**Mr. Doer:** As I stated, the Order-in-Council signed on January 7, 1997, appointed Thomas Stefanson to chair the board of directors. That was signed by the Premier (Mr. Filmon). It was further signed by the minister responsible for the golden share. That is what we asked on Monday and Tuesday in terms of the individual in question, in terms of the \$1-million stock option bonus. That is the question that the Premier and the Minister of

Finance (Mr. Stefanson) in our view misled the House and misled the public and contradicted an Order-in-Council that was signed by them, and it is clearly on the public record, which is the essence, the absolute essence, of the point of privilege today in this Chamber.

Now, Madam Speaker, the Premier goes on to talk about Mr. Stefanson was appointed in 1989. We have not disputed that. If Mr. Stefanson had been appointed in 1989 and had received a million dollars in stock option bonuses with the old minister of Telecom Services or some other minister, it would have been a matter of Tory greed. It would have been, pure and simple, a matter of Tory greed, a political issue of the Tories selling a public asset and that public asset in turn being turned over for the private gain of a well-known Tory, and that would have been just simply Tory greed, but it goes beyond Tory greed. It goes beyond Tory greed, because you have a situation today where the person who appoints the person who ends up getting a million dollars is in fact the brother of the same person. You have the person who is given the responsibility of maintaining the golden share—I refer back to two weeks ago Thursday when the former minister of telecommunications went on repeatedly in the Interim Supply and said over and over and over again the Minister of Finance holds the golden share.

\* (1420)

So here you have an individual that is responsible for the public interest. He is responsible for the public interest of the Manitoba Telecom Services. He has been appointed by his Premier, and I would say put in a horrible situation, compounded by the fact that he did not realize he was in an unethical situation—he has been appointed to deal with our share and the debt that is owing to the taxpayers. So he is responsible for ensuring that the maximum amount of money that is owed to the public of Manitoba through the share offering be returned to the debt repayment as the holder of the golden share. He is not responsible as the holder of the golden share for allowing obscene bonuses to be given to well-known Tories when it is against the public interest of claim centres, rate increases and debt repayment.

So if we were to look at Mr. Stefanson in his former capacity, it is Tory greed. If we look at him now in the

relationship to the minister responsible for the Telecom Services holding the golden share, being the brother of the same person who is making the million dollars, regrettably that is Tory ethics. The point of privilege today is focused in on not dealing with the relationship of the golden shareholder and the chair of the board and the Order-in-Council on January 7, on April 6 and 7 and 8 of this year. Madam Speaker, we think it is obscene that people are making millions of dollars, and we say that that is Tory greed, but we say the ethics of this issue go way beyond that. The Premier does not see it. The Minister of Finance regrettably does not see it, but we on this side see it, and that is why the point of privilege today.

**Madam Speaker:** A matter of privilege is a serious concern. I will take this matter under advisement to consult the authorities and will return to the House with a ruling.

#### **Manitoba Telecom Services Stock Option Plan**

**Madam Speaker:** To resume Question Period. The honourable member for Thompson, with a final supplementary question.

**Mr. Steve Ashton (Thompson):** On a new question, Madam Speaker. We are seeing again just how little this Premier and this minister responsible for MTS understand the gravity of the situation we face. Not only did this Minister of Finance appoint the 11-person board, including his brother, but this was the board, the slate that ended up being the final slate of MTS. It is also the board that solicited proxies as part of this circular. This is standard practice in the corporate world. So what happened was by the time this came into the shareholders' meeting—by the way, the First Minister (Mr. Filmon) had it wrong because, according to his own Order-in-Council, those directors are in place until the end of the first shareholders' meeting. Why will the Minister of Finance not admit that what he set in place was a done deal that resulted in his brother getting a million dollars at the expense of the public of Manitoba?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, all I can do for the benefit of the member for Thompson is basically repeat myself and repeat the

answers to similar questions that he has asked over the course of the last couple of days. First of all, stock option plans are nothing unique to MTS. They actually exist in all telecommunication companies across Canada, many other companies. If he goes back and looks at the information circular, he will see that the information circular provides the concepts of a plan; it provides the parameters of a plan. As I have read it into the record on at least one other occasion, it provides for options not to exceed 3.5 million common shares, which basically represent about 2.5 percent or thereabouts of the total shares issued. So back in May of 1997, I believe on May 30 of 1997 at the shareholders' meeting the stock option plan concept was ratified, and as they said in the circular itself, the board of directors shall administer the plan. The administration of that plan was put in place during 1997-98. Those details have been provided publicly and were provided to us within the last couple of weeks.

**Mr. Ashton:** What does it take for the Premier, for the minister responsible for MTS to recognize that what happened was that they set in place a slate, they drafted the slate that was adopted at that meeting, they put in effect a slate that was in control of MTS right up until the end of that first meeting, and that slate which included the brother of the minister responsible for MTS ended up making a recommendation, a fine-a done deal that ended up in that brother getting one million dollars? Do you not understand that is unethical in the eyes of every single Manitoban who has any concept of fairness?

**Mr. Stefanson:** Madam Speaker, as has already been pointed out in this House back on December 2, 1996, a press release was issued by the minister responsible for MTS at the time, outlining the individuals who were being appointed to the board. A shareholders' meeting was held on May 30, 1997, where the 70,000 shareholders who owned the shares in MTS and are concerned about the performance of MTS had an opportunity to vote for the directors of MTS. They voted in seven directors to the board; we appointed four other directors that we have read into the record. Later on in that same meeting a concept for a stock option plan was again put before the shareholders. The shareholders of MTS ratified the concept of a stock option plan. There is a meeting coming up in April of

1998, and once again, as is always the case with all companies, the board of directors will be held accountable by the shareholders of MTS.

**Madam Speaker:** The honourable member for Thompson, with a final supplementary question.

**Mr. Ashton:** Madam Speaker, why does the Minister of Finance, in this case the minister also responsible for MTS, not understand that the people of Manitoba want him accountable for his unethical actions in appointing his brother, 10 other directors that came in with this done deal, in fact at a time throughout which, up until this day, he has been the minister responsible for the special share, the golden share that the government holds in MTS? Why does he not understand that he is directly responsible for what has happened and the unethical breach in this case which is leading to his brother getting to be an instant millionaire at the expense of Manitobans?

**Mr. Stefanson:** As Minister of Finance and the holder of the golden share of MTS, I certainly am responsible for the proper repayment of the debt that is owing back to the taxpayers of Manitoba. When MTS became privatized on January 7 of 1997, as I have indicated, the debt owing back to the government was \$426 million. Today that debt is now down to \$239 million, almost \$200 million paid back by MTS to the taxpayers of Manitoba. That is certainly one thing that I am responsible for, and they are on track, ahead of track in terms of repaying that debt.

When it comes to the protection of the public and the consumer in terms of rate and service, as we all know, the same process is in place where CRTC would regulate MTS under private and public, and as I have said before, today in Manitoba we have the lowest residential rates for telephone companies in all of Canada, something we should be very proud of, Madam Speaker.

### **Registered Nurses Shortage**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, my question is for the Minister of Health. If I were a registered nurse in the province of Manitoba, I would be somewhat confused in the sense that a couple of



years ago it seemed that we had registered nurses being laid off at different facilities and so forth, and we had registered nurses leaving the province. Today, in fact, what we have is hospitals now trying to recruit registered nurses.

My question is: I am sure that these registered nurses would like to see some form of stability; can the Minister of Health give us any indication, is there a shortage of registered nurses in the province of Manitoba today?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, the member for Inkster asks a very important question about our whole situation with nursing, and as we look at numbers, there is some expectation, in the years approaching, that if current trends continue we could be short of nurses in a variety of areas. I think and believe very sincerely that the key to managing this problem does come with part of the tools at the Winnipeg Hospital Authority, and the cases Winnipeg will have with the ability to have a common employer to be able to do staff planning on a regional basis will go a long way to dealing with some of the issues that are important in recruitment that the Manitoba Nurses' Union has raised and also to better plan and move nurses around the system as they are needed.

\* (1430)

**Mr. Lamoureux:** Madam Speaker, will the Minister of Health acknowledge that what is most important is there has to be a sense of stability? A registered nurse has to feel in fact that they have the opportunity to practise what they have been trained to do, that one year they cannot hear that they are going to be laid off and the next year they hear that there is going to be some sort of a shortage. Will he acknowledge that to be the case?

**Mr. Praznik:** Madam Speaker, not only will I acknowledge that here today, because that is absolutely correct what the member says, but we have been advocating over the last number of years, and that is why in fact the Winnipeg Hospital Authority in the case of Winnipeg, having the ability to be able to transfer staff with seniority with their benefits throughout the

system as needed, goes a long way to providing that security.

Over the next month or year or so as Misericordia changes its function, there are some 250-plus acute care nurses in service at that facility who will be needed throughout the system. We will not have stability if we have individual facilities being the employer having to lay off staff and forcing them to reapply for other positions, and that is why we have been taking the stand that we have had with respect to common employing authority in the Winnipeg Hospital Authority.

### **Health Care System Role of Nurse Practitioners**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, again I would ask the Minister of Health to recognize that we will not have that stability if in fact there is no broader plan that does deal with the employment of our nurses.

**Madam Speaker:** Order, please. Does the honourable member have a question?

**Mr. Lamoureux:** Yes, Madam Speaker, and the question is to the Minister of Health with respect to the nurse practitioners, an issue which I have brought up to the Minister of Health and the previous Minister of Health: is the government moving ahead with the idea of bringing nurse practitioners more into the province of Manitoba to again deliver a better quality of health care to all Manitobans?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, the concept of a nurse practitioner is a very good one. As I am discovering in this portfolio, there are some important prerequisites to make that work. Obviously, being able to deal with the College of Physicians and Surgeons for overlaps of authority, having alternative mechanisms of remunerating physicians that encourage the development of primary health care teams with nurses becomes very, very important for that to work. I am hoping over the next number of months, as we get into negotiations with the MMA, we will be able to develop some of those models that are an important tool in seeing nurse practitioners develop in our province.

### **Home Care Program Privatization—Contract Extension**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, my question is to the Premier. Can the Premier clarify what government policy is with respect to the Olsten contract? Is it the minister's statements of several months ago that the contract would end in four months? Is it the minister's statement yesterday in the House when he said there would be an extension of the contract, or is it the statement of the minister in the hallway when he said the contract would not be extended?

What is the government policy?

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, the real issue in home care is not whether or not an Olsten contract continues for a month or two for a transition, unless of course, as the New Democrats would suggest, we should put patient care at risk and not have service for individuals.

Madam Speaker, we embarked a year or so ago on a process to test our home care system. We entered a tendering process. I have discussed that in the House. We had one successful bidder. Their contract expires, I believe, at the beginning of May, and there is provision to allow for a transition to whatever the successor program is. There is also provision with the Manitoba Government Employees Union for a review of that contract. We have talked about that over and over again in this House, and it continues.

**Mr. Chomiak:** My question again is to the Premier (Mr. Filmon), who supposedly is a manager of our public resources. My question to the Premier is: how is it that a contract that Olsten says has been extended would be worth \$3 million of home care money—\$3 million of patient care? How is it that the Premier cannot tell us whether or not the minister's conflicting statements are either the contract is renewed or the contract is not renewed? What is the answer to this \$3-million question? I think taxpayers and patients deserve an answer.

**Mr. Praznik:** Madam Speaker, I understand that the one-year contract with Olsten, the contract expiry date is May 1. There is some provision for extension to

accommodate a transfer to the successor if that is required. During the course of this year, another factor has entered into this that I have conveyed to the member for Kildonan, and that in fact is that home care in the city of Winnipeg is no longer delivered by the ministry but as of April 1 has moved to the Winnipeg long-term care, continuing care board. They have to be in a position to gear up the staff to be the successor to that contract. Surely to goodness members of the New Democratic Party would want a smooth transition for the patients involved. This side of the House believes very, very strongly in putting patients first.

**Madam Speaker:** The honourable member for Kildonan, with a final supplementary question.

**Mr. Chomiak:** Madam Speaker, my question is to the Premier. How does the Premier reconcile the statements of his Minister of Health who said yesterday in the hallway that the contract would not be renewed, when a vice-president of Olsten said the contract was continuing, when Olsten is getting new clients every week according to their own information, when the Minister of Health said four months ago that the contract would not be renewed?

Madam Speaker, is there any wonder people do not have any confidence in the ability of this government to manage health care in this province? Is it any wonder that it is in the disastrous state that it is in as a result of this Premier and these continuing ministers of Health? It is incredible.

**Mr. Praznik:** Madam Speaker, if tenders go out for a new process of service delivery, then we can have the debate on the future of health care, but surely to goodness, that members opposite to be critical of the Winnipeg Long Term Care Authority or the ministry in wanting to ensure a transition and patient care just makes absolutely no sense.

In fact, administratively, home care has now passed to the Winnipeg Long Term Care Authority. They are managing the end of this particular contract with Olsten. They are entitled to have some leverage, to have a smooth transition to meet their No. 1 responsibility, which is not to play the politics of the New Democratic Party but to put patient care first. It is

our responsibility to ensure that every home care patient has adequate service during that transition.

### **Ross Family Arbitration Award**

**Mr. Eric Robinson (Rupertsland):** Madam Speaker, my questions are for the Minister responsible for Manitoba Hydro. On the 30th of March, this government lost yet another arbitration decision concerning Cross Lake, and I understand that the government is not going to be appealing this decision, unlike the bridge decision that the government continues to stall funding on.

I would like to ask the minister: how long will the Ross family have to wait for this government to settle their claim concerning the death of their loved one, Benjamin Ross?

**Hon. David Newman (Minister charged with the administration of The Manitoba Hydro Act):** Madam Speaker, this is one of the 126 claims pursuant to the Northern Flood Agreement, 1977, 73 of which have been resolved by agreement or otherwise, 26 active, 27 inactive. This is one of them that has been decided, and Manitoba Hydro has advised me and advised the public that they will be honouring this award, and they will be honouring the award with all due dispatch in accordance with the spirit of the Northern Flood Agreement, 1977.

\* (1440)

### **Northern Flood Agreement Personal Injury Claims**

**Mr. Eric Robinson (Rupertsland):** Madam Speaker, according to Chief Roland Robinson of Cross Lake, he says that there has been at least a dozen deaths or injuries caused by Hydro.

I would like to ask the minister: will the families of these dozen other victims of changes to water levels have to go to court in order to obtain justice, or will this minister now agree to settle these claims?

**Hon. David Newman (Minister charged with the administration of The Manitoba Hydro Act):** Madam Speaker, I appreciate this question because it allows to clarify a record of substantial misinformation.

The fact is that personal injury claims pursuant to the Northern Flood Agreement, 1977, are claims that have been received and have been honoured, in some cases by agreement before they ever went to arbitration and in some cases pursuant to an arbitration award.

The Northern Flood Agreement, 1977, provides a special treatment and a favourable chosen treatment agreed to by the parties for personal injury claims. These claims can be by agreement, are settled by other negotiation or by arbitration, rather than the costly court process with all the appeal processes involved. So this is the process that is followed even in those areas that have agreed to a comprehensive settlement.

### **Cross Lake First Nation—Review**

**Mr. Eric Robinson (Rupertsland):** Given the arbitrator's decision last week, Madam Speaker, I would like to ask the minister now to review his position concerning the Northern Flood Agreement and Cross Lake. Will he review that position?

**Hon. David Newman (Minister charged with the administration of the Manitoba Hydro Act):** Madam Speaker, I of course have reviewed not only Manitoba's position historically under the Northern Flood Agreement, 1977, since I have become minister, but I also reviewed the performance of Canada and Manitoba Hydro under the Northern Flood Agreement, 1977, and that is why I think it is useful to understand some of the statistics and understand that \$37 million have already changed hands and gone to the Cross Lake community of peoples. Seventy-three out of 126 arbitration claims or claims under the Northern Flood Agreement have been resolved. Twenty-seven are inactive by the choice, primarily, of the Cross Lake claimants and 26 are currently active. All of them are being pursued with appropriate due diligence. I have indicated with respect to the all-weather road claim, that that is one that I am particularly interested in reviewing. The difficulty we have is the Cross Lake Band coming forward to indicate what they really want and what they understand to be the spirit of the Northern Flood Agreement.

### **Manitoba Telecom Services Layoffs**

**Mr. Stan Struthers (Dauphin):** Madam Speaker, in the fall of 1996, I challenged every member across the

way to come to my constituency and explain the reasons why they were selling off the Manitoba Telephone System, none of whom took me up on that challenge, by the way.

To the Minister of Finance, I would like him to come to Dauphin and explain why our community is losing 24 jobs and explain to them why they have to suffer while he makes a millionaire of his brother.

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, as we have indicated before, decisions that MTS are making today are basically similar decisions that they would make under a public or a private entity. Look at some of the adjustments to staffing that were done by MTS; many of them were done prior to privatization because of the competitive nature of telecommunication. The telecommunication industry here in Manitoba today, some 70 percent to 80 percent of MTS's business is now in competition, so they are making those adjustments, but in terms of the protection for consumers, for Manitobans, there is a regulatory process that they go through. CRTC reviews any rate requests, reviews any other expenditure adjustments and issues, and again, that is a process they would go through under private and/or public ownership.

When they were making their adjustments on their staffing, I am told that in every instance they attempted to offer either voluntary separation incentive plans, redeployment opportunities, and even with all of the downsizing they did during their public sector time, they were able to keep layoffs down to an absolute minimum.

#### Dauphin Phone Centre

**Mr. Stan Struthers (Dauphin):** Can the minister assure my constituents that the future of the Dauphin phone centre, a phone centre that could fall on the same hard times that the Swan River phone centre has under this government—or Portage or other areas in the province—can he assure the people of Dauphin that their phone centre is secure, or will it, too, be closed so that more profits can be turned over to his friends and relatives?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, MTS will obviously look at the requirement to deliver services, and they do deliver services right

across the province. They will continue to look at providing them in as efficient a way as they possibly can to continue to keep rates as low as possible for consumers, and today, as I have said many times in the last few days, our residential rates in Manitoba are the lowest of any province in all of Canada. That certainly is welcome news for the consumers, for the public here in Manitoba, but in terms of how they function, they will continue to make decisions that allow for them to operate in an effective and an efficient manner.

#### Minister Responsible for MTS Conflict of Interest

**Mr. Stan Struthers (Dauphin):** Does this minister not realize that by choosing his friends and his relatives overtop of the needs of Manitobans and the telephone system, he is clearly in a conflict of interest?

**Hon. Eric Stefanson (Minister of Finance):** Madam Speaker, I am not choosing friends or relatives or anybody over anybody else. I have indicated on several occasions what the process is for any rate adjustments for MTS. They go through a review process with CRTC. We saw evidence recently where MTS was requesting a rate increase, I believe, in excess of \$3. Members opposite were making a big to-do about that. We said to them there is a process that they have to go through which is the same process whether they are under public or private. They went through that process, and the rate increase that they were ultimately allowed, I believe, was 84 cents, one of the lower adjustments in all of Canada. So there is a process that does protect the consumers; that is the same process under any kind of a structure.

Madam Speaker, I have already outlined for the member opposite the job that MTS is doing in terms of repaying their debt to the taxpayers of Manitoba, that they have now repaid almost \$200 million of the debt that was owing to the taxpayers of Manitoba.

\* (1450)

#### Manitoba Telecom Services Layoffs

**Mr. Jim Maloway (Elmwood):** Madam Speaker, my question is to the Premier. A group of 22 MTS

employees were fired on March 25, '98, plus another group were fired on March 20 just before they were due to go on vacation. Meanwhile, the board of directors, including the brother of the Finance minister, have rewarded themselves with million-dollar stock options, and rates are going up.

I would like to ask the Premier: is this an example of Tory fairness, to reward family and friends at the expense of employees and the ratepayers of Manitoba?

**Hon. Gary Filmon (Premier):** Madam Speaker, of course when the member opposite sat on this side of the House as a member of government, his preferred way of dealing with the Telephone System was to take \$27 million of ratepayers' money from Manitoba and just dump it on the sands of Saudi Arabia, with no jobs being created in Manitoba and \$27 million of taxpayers' money being wasted in Saudi Arabia.

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. Time for Oral Questions has expired.

## MEMBERS' STATEMENTS

### Federal Government—Request

**Mr. Jack Penner (Emerson):** I rise today to recognize that the federal government took 700—

**Madam Speaker:** Order, please. We have moved on from Question Period to Members' Statements, and I am experiencing difficulty hearing the honourable member for Emerson who was recognized.

**Mr. Penner:** I rise today recognizing that the federal government two years ago took \$750 million out of the farmers of western Canada regarding the Crow rate, and that is every year from here on hence. The federal government at the same time takes a huge amount of money out of the taxpayers and the users of the transportation system in western Canada in fuel taxes.

I think, Madam Speaker, it is high time that Ottawa started pumping gasoline tax revenue back into western Canada. While the eastern provinces cruise along on a full tank, we are running on empty. I think it is high

time that we recognize that the \$900 million allocated to infrastructure in eastern Canada need also to be recognized in western Canada, and I am asking today that this House would support going to Ottawa and asking Ottawa to give us some of the gasoline tax revenues to build our roads and our infrastructure. I also ask for support to ask Ottawa to give us part of the Crow benefit back, instead of transferring all this money to eastern Canada.

Chris Lorenc of the Manitoba Construction Association pointed out that the federal government is devoting less than 2 percent of its transportation investment to western Canada over the next five years but that the eastern provinces, many of them with Liberal governments, are being treated to high-octane transportation funding.

Madam Speaker, I am asking only that we in western Canada, especially in Manitoba, be given back some of our high octane, be given back some of our taxation, that we can provide transportation and transportation routing into much of our province and indeed see that value-added process continue.

### Manitoba Telecom Services

**Mr. Gerard Jennissen (Flin Flon):** Following the 1995 provincial election, the Filmon government broke its promise and announced that the Manitoba Telephone System would be sold off. The decision outraged Manitobans in every region of the province. Prior to the sale, we had the second-lowest phone rates in North America. MTS kept local rates low as a way to both attract business and keep service affordable. Manitoba was one of just a handful of provinces in the country that had direct-dial phone service no matter where you lived. MTS had workers in every region. This is being scrapped. Flin Flon, Morden, Dauphin, Selkirk, Swan River, Steinbach, The Pas, Minnedosa and Portage la Prairie are just some of the communities that are losing jobs. MTS has increased local rates twice this year and is now requesting another increase for next month.

MTS was deliberately undervalued when it was sold to guarantee that it would do well on the stock market. As a result, Manitoba taxpayers lost as much as half a billion dollars in the sale of the company. Stockbrokers

made more than \$35 million. Even bigger winners were the friends of the Progressive Conservative Party. The head of MTS, Thomas Stefanson, was appointed to his job by Gary Filmon and Eric Stefanson. Thomas Stefanson is the brother of the Manitoba Finance minister. Thomas Stefanson can make \$1 million if he—

**Madam Speaker:** Order, please. The honourable government House leader, on a point of order.

### Point of Order

**Hon. James McCrae (Government House Leader):** Two points, Madam Speaker. Very recently, the honourable member for Brandon East (Mr. Leonard Evans) raised the issue of members reading their comments in members' statements, and you will recall what I said at the time: that it would have been just as well if the honourable member for Brandon East had not raised that matter.

But the reason I rise has more to do with the tendency, and today I will say especially for members of the New Democratic Party, to speak in the second person in this House. Honourable members, I respectfully suggest, need to be reminded again that comments are to be put through the Speaker. In other words, you are not to refer—we as members are not to refer to the honourable member for Concordia, for example, by his name. We are not supposed to do that, and yet members opposite are doing it daily, including the Leader of the Opposition (Mr. Doer).

I am with the honourable member for Brandon East, who cares a little bit about parliamentary tradition. I do, too, and I raise this for that reason.

**Madam Speaker:** Order, please. The honourable member for Thompson, on the same point of order.

\* (1500)

**Mr. Steve Ashton (Opposition House Leader):** The same point of order, Madam Speaker. I think if the government House leader were to reflect on the first part of the supposed point of order, he would notice that the member for Flin Flon was really just quoting from detailed notes.

I think, on the second score, I would say that the government House leader does have a point. It is somewhat difficult for us on this side, though, when we have a government that refuses even to run elections on its own party name and runs under the name of its Leader, the Filmon Team. I would also suggest that the government House leader may wish to make sure that some of his members, as well, do the same thing.

I would actually agree with the point of order raised by the government House leader. We should be referring to members by their ministerial title or their constituency. The government House leader is quite right.

**Madam Speaker:** Order, please. On the first point of order raised by the honourable government House leader, I did take that matter under advisement yesterday, and I will be reporting back to the Chamber so there is consistency.

On the second point of order raised by the honourable government House leader, as agreed to by the honourable House leader of the official opposition, indeed he did have a legitimate point of order. I would remind all honourable members to refer to members in this Chamber either by their constituency or their portfolio.

\* \* \*

**Madam Speaker:** The honourable member for Flin Flon, to continue.

**Mr. Jennissen:** Madam Speaker, I stand corrected. The brother of the current Finance minister can stand to make \$1 million if the shares that he has are sold. Other MTS executives are able to make quite a bit of money as well. At the same time, we know that 450 jobs have been cut since the sale of MTS. None of the promises made by the Filmon government have been kept. Less than 20 percent of the shares of MTS are now held in Manitoba hands. As well, we have every reason to believe that Manitoba Hydro is being slated for sale. We have the lowest residential hydro rates in North America. The Filmon government did not have a right to sell MTS or to privatize our health care system. It does not have the right to sell Hydro either. The government should ease off the pork barrel

politics. This government should scrap its privatization plans.

### **Brandon Royal Winter Fair**

**Mr. Peter Dyck (Pembina):** Madam Speaker, it is my pleasure to rise today to congratulate all of the directors and the volunteers of the Royal Manitoba Winter Fair. Once again they did a fantastic job of organizing and hosting this wonderful event.

The Winter Fair was held in the Keystone Centre in Brandon from March 30 to April 4. Last week on MLA day I had the pleasure of attending the fair, along with many of my colleagues from both sides of the House. I cannot emphasize strongly enough what a great event this is for Manitoba's producers. There was something special for everyone from seed displays and livestock sales to a petting farm showcasing young farm animals. The fair also provides valuable educational experience for individuals who are not familiar with our province's agricultural industry.

I would like to congratulate all who participated in the many horse, cattle, swine and poultry shows. Judging from the shows I was able to observe on April 1, the competition this year was as competitive as ever.

The agricultural industry is an integral part of Manitoba's economy and is responsible for the creation of one out of nine jobs in our province. For that reason, the organizers of the Royal Manitoba Winter Fair need to be applauded for giving Manitobans the opportunity to learn more about one of their most important industries. With that, I would like to congratulate the directors of the winter fair and the many volunteers who spent their spring break ensuring the fair was such a success. I wish them all good luck with the next year's fair as they try to surpass this successful year. Thank you very much.

### **Manitoba Telecom Services**

**Ms. Jean Friesen (Wolseley):** I wish to make a member's statement on the issue of the Manitoba Telephone System and to draw to members' attention the shameful way in which this government has conducted itself. This was a government which came to power on an election promise that it would not sell

the Manitoba Telephone System. It proceeded to do that. This was a government which road roughshod in the House over the rights of members of this House in order to sell that telephone system.

This was a government, Madam Speaker, which compromised your position in this House and continues to compromise your position by the effects of that action in the House. Anger was high in the House at that time, and no one who was here on that occasion will forget it. And deservedly it was high, because what the government was doing was taking assets from the hands of all the people out of the public and into the private, taking assets which belonged to all of us and transferring them into the hands of a few. It was a shameful betrayal of the common wealth of Manitoba.

Today, Madam Speaker, we hear about a board appointed by the government which appears to have laid the groundwork for enormous stock options for itself. I want to say the government, which claims that this is normal corporate practice, must understand that this is not the normal practice on my street. This is not the normal practice, of lining one's pocket, in my constituency. It is not normal to do this. It is not right, and the government simply cannot see this.

I want the government, when it thinks about this, to think about my constituents who have seen the loss of jobs, hard-working Manitobans, many of them who devoted their lives to the Manitoba Telephone System, hard-working Manitobans who have lost their jobs throughout rural Manitoba and within the city of Winnipeg, hard-working Manitobans who now see across the province that they have no service in the way which they used to.

Madam Speaker, I ask the House to look at the news today from the perspective of my constituents, to look at those golden stock options and to join with me in expressing my sheer disgust at what this government has done.

**Mr. Tim Sale (Crescentwood):** Sorry, Madam Speaker, where are you in the Order Paper?

**Madam Speaker:** We are still on Members' Statements, and according to our rotation, we are

entitled to five and today's rotation, the official opposition is entitled to three.

**Mr. Gregory Dewar (Selkirk):** Madam Speaker, in 1996, when this government broke its promise to not sell the Manitoba Telephone System, the public was outraged. In fact, 78 percent of rural Manitobans opposed the sale of MTS—78 percent of rural Manitobans, and this government betrayed that trust of those Manitobans.

During the election, during that 1995 election, this government also promised to spend \$600 million on health care capital, and they also promised to save the Jets. Manitobans believed them on those issues. Manitobans voted for them, and this government betrayed those Manitobans.

Now, Madam Speaker, we have a situation here in the province where, because of the actions of the government in terms of MTS, we have workers laid off all across this province, in Flin Flon, Morden, Dauphin, Selkirk, Swan River, Steinbach, The Pas, Minnedosa and Portage la Prairie. We on this side of the House will stand up for those workers and those communities. I urge the members opposite who represent those communities to stand up in this Chamber and to stand up for the jobs of those workers, stand up for those workers as well as we are doing on this side of the House.

Madam Speaker, Tom Stefanson as a chair of MTS, he laid off workers, he raised rates and he was rewarded by a million-dollar stock bonus. That stinks. It is a shameful, shameful action of this government.

## MATTER OF GRIEVANCE

### Manitoba Telephone System

**Mr. Tim Sale (Crescentwood):** Madam Speaker, on behalf of my constituents, many of whom have called me on this matter, I would like to rise on a grievance in regard to the many things which this government has done to impoverish Manitobans through the forced and undemocratic sale of the Manitoba Telephone System.

Madam Speaker, in this Chamber, the ordinary business of the Chamber was set aside. The rules of the

Chamber were set aside to drive through the undemocratic sale of this corporation. That was a low point in the history of this Legislature. It was precipitated by a Premier who promised a number of times, but specifically on CJOB and in constituency meetings, that he would not sell the Manitoba Telephone System.

Madam Speaker, he had spoken falsely, obviously, because shortly after attaining government on the basis of that promise, and as my colleague from Selkirk has said, the promise to save the Winnipeg Jets, he broke both those promises.

Madam Speaker, let us look at what has happened to my constituents, particularly to those in my constituency who are low-income people. I had a phone call just this morning from a woman who is chronically ill, who has no option for her safety, for her personal safety has no option but to have a telephone. She has seen her phone rates go from just over \$10 to just under \$25 in a matter of a couple of years.

The government likes to maintain that Manitobans have benefited because they have lower long distance rates. That is true. Manitoba companies have benefited from lower long distance rates. Wealthier Manitobans who can afford to use long distance have benefited from lower long distance rates, but many poorer Manitobans, many seniors, many chronically ill people have suffered from higher telephone rates.

\* (1510)

The woman who called me this morning has had her rates more than doubled in the last two years. She is saying: on my pension, on the money I receive for shelter, I cannot maintain a telephone; with my health, I must maintain a telephone. She is in a no-win situation. If she meets her income needs to buy her medication and gives up her telephone, she gives up her security in terms of reaching health care when she needs it. This is a grievous situation for low-income Manitobans.

Let us then move to what happened after the government undemocratically sold this corporation by suspending the rules of this House. I will never forget standing at the back of this House completely



immobilized by rulings which prevented my speaking, my Leader speaking, my House leader speaking, to oppose an undemocratic ram-through of this sale.

Madam Speaker, within weeks of the sale, the minister responsible for the telecom services, who is the Finance minister (Mr. Stefanson), and the Premier (Mr. Filmon), who had sold this corporation, signed an Order-in-Council, Order-in-Council No. 45 of 1997, appointing the brother of the minister responsible and the man who turned out to be the head of the compensation committee, Mr. Sam Schellenberg.

Those people, along with the other nine appointees of this government to the interim board which served not until the annual meeting, as the First Minister would like us to believe, not until the annual meeting, as the Finance minister and the minister responsible for the telecom system would like us to believe, but until the end of that meeting. In other words, they were still government appointees when they put forward the stock option plan which they had already cooked in February and March of 1997, a plan, the details of which I believe were already well known to themselves and to others. They had those details in mind, and we will show that in subsequent events.

They made a millionaire out of a Manitoban whose only service to this province had been to assist his brother and the members of the government to ram through the undemocratic sale of this corporation against the overwhelming wishes of Manitobans, against the promise of the Premier not to do so. His only service was to shepherd through the sale.

Madam Speaker, I had both the honour and the sad privilege of sitting through every hour, every single hour of the committee hearings on MTS, and who answered the questions? Jules Benson, the Minister of Finance. Who said in committee there will not be any further layoffs as a consequence of privatization? Thomas Stefanson. Who said that rates would not rise? Thomas Stefanson.

My constituents are outraged by the process that led to the sale, by the consequences of the sale, by the fact that the Minister of Finance's brother has been made a paper millionaire, been made a paper millionaire by

actions of the board that was put in place by his brother on January 7, 1997.

You know, the government will assert that every other telephone system has a stock option plan and, you know, they are right. But there is also in the Toronto Stock Exchange regulations and in all the regulations of all the major stock exchanges in Canada a requirement that related family members not enrich each other without disclosure. They can enrich each other, but they have to disclose it. They have to put it on the public record. That is in the regulations of the Toronto Stock Exchange. This minister enriched his brother, and he did not disclose it. He did not even see a problem. He did not see a problem with signing an O/C. putting his brother in place, and then he claimed not to know about the details of the stock option plan until the annual meeting.

Well, Madam Speaker, my constituents have a great deal of difficulty with that statement, because they wonder how the minister responsible for the golden share—that is interesting, you know. All the members opposite have now started to use that phrase, and how apt it is. The proper term is the special share, but the Finance minister says the golden share, the Premier says the golden share, the minister formerly responsible says the golden share. Perhaps it is Freudian or perhaps it just reflects the reality. That share has turned to gold for their friends, for their appointees, specifically for Tom Stefanson.

Well, in any other stock exchange in the world, brothers would not be allowed to enrich brothers without a full disclosure of what was going on, so that other members of that corporation and members of the public would know that brother A appointed brother B who got a big fat stock option. Every other exchange in the world requires that, but not in this case. Brother A does not see what is going on here as a problem. Every Manitoban I have spoken to sees it as a problem. They understand that it smells to high heavens when brother A puts brother B in a situation to be enriched by the actions of his friends.

When this is happening in the context of the closure of important phone centres in Portage, in Steinbach, in Morden, in Dauphin probably, these towns were promised that they would not see their stake in the

Manitoba Telephone System diminished. These towns were promised that they would continue to have the kind of presence that that company has provided as a public corporation owned by us all. I think perhaps the member for Kirkfield Park (Mr. Stefanson), the member responsible for the Manitoba Telecom Services, does not understand that in rural Manitoba we are not just talking about good services. We are talking about important jobs, highly paid jobs, highly skilled jobs, to which rural Manitobans could aspire.

When you take away those kind of jobs, you take away a level of hope from the young people of those communities. You take away the sense that they can actually deliver some important telecommunication services to themselves. They do not have to drive to Winnipeg. They do not have to get on the phone to the Faneuil corporation and ask for something to happen out of Winnipeg. They could do it for themselves, and when those phone centres and service centres are closed, Madam Speaker, what happens is what a member of the telephone system who called an open-line show on which I was a guest said to me just this week.

I was raising the concern about the obscene stock options, and this gentleman phoned and he said I am still a member of the staff of Manitoba Telephone System, but he said I am very, very disheartened. He said to the open-line show to the audience, never has morale been lower, never have we felt worse about the work we are doing. This is a long-term employee of the company. What he went on to say was, Madam Speaker, it used to be that when customers called they got service quickly and effectively. It used to be that when we had a problem at a customer's house or at a customer's place of business, we could call on backup services that would quickly and efficiently offer their resources to solve the problem.

He said not only now do people wait for service in the first instance, when we as employees call for backup support, it is not there anymore, he said. So people are doubly penalized. The quality of service is going down. The cost of service is going up. The number of valued employees is going down, but the stock options are booming, and the stock price is booming.

\* (1520)

Let us remember that all across North America we have seen huge layoffs in the telecommunication industry and huge gains in stock prices. There is no surer way to enrich yourself as a member of the Board of Directors of the Manitoba Telephone System than to lay off more people. As soon as you lay off people, the stock price rises.

So let us ask about a conflict of interest then. I have a stock option plan available to me. I can enrich myself by the simple expedient of laying people off. Who has been laid off? Four hundred and fifty people have been laid off since this company went private. What has happened to its stock price? It has gone from \$13 to \$23. What does that equate to, Madam Speaker? Well, that gain of \$10 a share more or less equates to \$700 million in nominal company value since this company was privatized. It was privatized for \$910 million. According to the stock market today it is worth an additional \$700 million.

That is value that was taken out of this province, transferred to shareholders in other parts of this country and in other parts of the world. Stockbrokers are telling us that less than 20 percent of this company is still owned in any way by Manitobans, less than 20 percent. So the great majority of that \$700 million has not escaped into the pockets of a relatively few Manitobans. It has escaped outside this province, outside this country.

The government told us what a risk it would be to keep this company because it was such a risky business. The stock market has passed its judgment on that foolishness. The stock market says not only is it not very risky, it is worth \$700 million more today than it was when you privatized it. The only thing that has happened between the date of privatization and today is that there are 450 fewer employees, and the chairman of the board, the brother of the minister responsible for the corporation, is a million dollars richer. That is the only thing that has happened. There is no new technology. There have been no new breakthroughs. There have been no new agreements that have enriched this company. It is simply, we have got fewer staff, the stock market loves it, and the minister's brother is a millionaire.

That is the consequence of privatization, while \$700 million in value has flown out of this province, the biggest giveaway that has ever happened in the history of this province or, I dare say, in the history of any province in Canada. I do not believe any other province has given away such value and my constituents regret it.

**Mr. Stan Struthers (Dauphin):** Madam Speaker, I rise on a grievance. The sale of the MTS by this Conservative government is the biggest rip-off in the history of Manitoba. It was not just a rip-off in terms of finances or economics. It was a rip-off in the way that this Legislature has been treated by this dictatorial Premier (Mr. Filmon) and his cabinet and those who support him in the back benches.

In Question Period today and earlier this week the Premier and the Finance minister (Mr. Stefanson) have told us that we need to look at the facts, that we need to be honest, we need to be truthful, and they claim that throughout this whole discussion about this historical rip-off, the sale of MTS, they claim that they have been honest with the people of Manitoba throughout this whole discussion. Nothing could be further from the truth than the honesty of this government when it comes to selling the publicly owned Manitoba Telephone System.

The reason that I rise on a grievance on this particular issue today is that I do not know how any of us, I do not know how I, as an MLA, am to represent adequately my constituents if we have to deal with ministers and first ministers who refuse to let their words match their actions, ministers and the First Minister who say one thing and do another, do not contribute to democracy in this province and, as has been mentioned in Question Period earlier today by speakers from the government side of this House as well, what is important are the democratic principles upon which this building was built.

Key to a democracy is the honesty of the government. That, Madam Speaker, has been breached from day one in this MTS debate and, since the privatization of the Manitoba Telephone System, honesty is not a word that I would associate with this whole debate coming from the government.

To begin with, Madam Speaker, I remember very clearly, and the people of Manitoba remember very clearly, the words of this government pre-1995 election where they categorically, undeniably stated that they would not sell the Manitoba Telephone System. They went further. They said the only person who was concerned about selling the Manitoba Telephone System was the member for Thompson (Mr. Ashton). The member for Thompson had the foresight and the courage to point out that this government, if they were elected, would sell the Manitoba Telephone System. He was right. The facts prove the member for Thompson correct.

Madam Speaker, in our own election campaign in Dauphin in 1995, I confronted the PC candidate with the same suggestion, and I suggested to him that if we re-elected the Conservatives in the 1995 election, they would sell MTS. He said no. I was accused of being a fearmonger. Well, how hollow does that cheap kind of an accusation appear now? If I have to be called a fearmonger again and again and again and be proven correct again and again and again, I will do it again and again and again. This government was not honest with the people of Manitoba. They said they would not sell it. They turned around and they did. Their word cannot be trusted.

In the House, during the debate on MTS, this government stated that there would not be layoffs because of privatization. This government said that unequivocally in this House. What has happened since? At least 450 Manitobans have lost their jobs because of this government's dishonesty. Twenty-four, in the latest round in Dauphin, are losing their jobs. The community of Dauphin is getting kicked by this government to the tune of 24 jobs. In the Parklands area, we are losing a phone centre and in excess of 30 jobs. The Tories said that was not going to happen. Here we are today, it is happening. It is right there in black and white in front of everybody to see.

This government said there would be no rate increases, Madam Speaker, no rate increases. How did this government expect to pay off the shareholders in the new company if they were not going to have rate increases or if they were not going to lay people off? That is what is happening now. Instead of a telephone system being managed on the basis of the public good,

it is now being managed on the basis of benefiting the few, the few which includes the Finance minister's brother, Mr. Tom Stefanson.

Another promise that this Conservative government made in the debate concerning the privatization of the Manitoba Telephone System was that they would keep it Manitoban. Manitobans would still be in charge of their company. That was unequivocally wrong, and I suggest that the Tories knew that there was no way that they were going to be able to keep Manitobans in charge of MTS once privatization became reality.

\* (1530)

Madam Speaker, again, when we told Manitobans that they would lose control of their telephone system and that people from outside of the province and indeed outside of the country would become major and majority shareholders in this company, we were accused again of being fearmongers. Well, once again, the facts bear us out. We were right again. The people of Manitoba were right because they understood that once you put this company up for sale, there was no way you were going to be able to control where those shares were going. The government knew that, we knew that, the people of Manitoba knew that. Still the government stuck to its story and sold MTS.

Madam Speaker, another little fib that the Conservatives laid on us in the discussion of MTS was that we needed to sell the telephone system to get more capital to buy more technology to improve the system. Well, they have accessed less capital to buy less technology and less equipment to improve this system now. The private company is not keeping pace with the investment that the public Manitoba Telephone System was doing before this government privatized it.

Did this government have support of Manitobans in doing this? You know, if you strike out and strike out and strike out time after time after time when you consider the facts, I can see you might be able to get your argument across if you have support of the people of the province. Well, it was the opposite. They did not have anywhere near the support of the people of the province. The vast majority, 78 percent in rural Manitoba, opposed what the Conservatives were doing; 60-some percent in the city of Winnipeg opposed what

the Conservatives were doing. Again, this government struck out, but this government proceeded on and, in an undemocratic fashion, threw the rule book out in this House, suspended democracy in this province and rammed through the biggest rip-off in Manitoba history. Now, today, this government is really struggling to try to rationalize for all the things that they messed up in this whole debate.

We pointed out that there would be very few people who would benefit from this deal, and now we are being borne out on that as well. It is becoming absolutely crystal clear just who is going to benefit, on the backs of taxpayers, I might add. The people that are going to benefit are, No. 1, the stockbrokers who took in \$35 million, the same stockbrokers who recommended this sale, who recommended the sell-off of Manitoba Telephone System, collected in \$35 million for doing so. Before that, the profits were being turned back into Manitoba.

We were eliminating party lines at a cost to the Manitoba Telephone System, but at the benefit of my constituents in Rorketon, Manitoba, who were some of the last people to have to put up with party lines. The publicly owned MTS solved that problem. Other jurisdictions where there are private telephone companies still have party lines. The Manitoba Telephone System was looking at ways in which we could use fibre optics to connect different parts of our province, using fibre optics to connect us through distance education, something that is very much needed in rural Manitoba. What is the private MTS doing now about that? Where are they going with it? I would suggest, nowhere.

In specific to what was going on in Question Period today with the questions that were being asked and not answered by members opposite, in respect to what went on the day before in Question Period and on Monday in Question Period, it is absolutely clear that the statements made by both the Premier (Mr. Filmon) and the minister responsible for Manitoba Telecom Services are in absolute contradiction to the facts, in absolute contradiction to what is down in black and white.

On the one hand, the Finance minister (Mr. Stefanson) says that he appointed only four people. The Order-in-Council says that he appointed 11, one of

which is his own brother, Tom Stefanson, who was given, they call it, the golden share; Tom Stefanson, who, who could stand to gain a million dollars was appointed through Order-in-Council by his brother, the Finance minister (Mr. Stefanson), to a position where he stands to gain a million dollars. That is exactly opposite to what the minister told us in the House. That is basis for a grievance. How can I go to my constituents and try to explain what is going on in this House if the Finance minister will not give me the whole truth about the issues we are dealing with? That is the case with this deal, a deal which every time we kick it, smells a little bit worse.

In black and white there is a circular containing the government's plan for this stock option, and the circular approves, before any shareholder's meeting, this plan, a plan put together by the appointed brother of the Finance minister through Order-in-Council, a plan put together by Mr. Schellenberg who is the chair of this committee appointed by the current Finance minister. It is absolutely clear that if we in this House expect to serve our constituents, if we in this House want to go from the Legislature to our constituencies and explain what this government is up to, with any hope of being fair, then we have to deal in honest terms. We have to deal with the facts, not the spin that the Premier (Mr. Filmon) or the Finance minister want to put on this but the honest-to-goodness facts.

I, as a member of the Legislature, cannot go to my people in the Parkland and put forth the government's position as portrayed by the Finance minister, and I cannot talk about any kind of good things that this government claims to be doing when they do not give me the truth. Thank you, Madam Speaker.

**Mr. Gregory Dewar (Selkirk):** Madam Speaker, I rise on my grievance. In 1996, Manitobans were furious when this government broke their promise and sold the Manitoba Telephone System without consulting the Manitoba public. As my colleague from Dauphin mentioned, against the wishes of over 78 percent of rural Manitobans who were polled at that time, 78 percent of rural Manitobans opposed the sale and the privatization of the Manitoba Telephone System, yet this government went ahead against the wishes of the majority of Manitobans and sold off the telephone system.

During that election as well the government also promised, and all of us here remember that, of course, to maintain Pharmacare. They promised to spend over \$600 million on health care capital spending, and they also promised to save the Winnipeg Jets. They promised \$600 million for capital health care, and they also promised to save the Winnipeg Jets. There are Manitobans out there who believed them, and there are Manitobans who went and supported them because of their promises.

Well, the government opposite and these members opposite, they betrayed the trust of those Manitobans because they did not spend the \$600 million in capital like they promised. If they had done it then, we would not be facing some of the problems that we are facing currently in health care. They kept promising a personal care home in Oakbank. The sign is still up there. They have to go at re-election and repaint it: Coming soon to your community, a personal care home. The sign is still up there, but there is no personal care home in Oakbank.

\* (1540)

Also they promised to save the Winnipeg Jets. Well, the Winnipeg Jets have moved to Phoenix, another broken promise from the members opposite, and Manitobans will remember them. They will also remember the promises that were broken by the members opposite. In fact, the only promises that they did keep were to find jobs and contracts for their friends and corporate donators. That is the case, and that is why it is important for us to stand up today and to put these comments on the record.

Madam Speaker, MTS was a publicly owned utility in this Crown corporation for over 80 years, and it served Manitobans well. It kept rates low regardless of where you lived, whether you lived in the city of Winnipeg or in Dauphin, Selkirk or in a remote northern community. MTS at the direction of the government, and this was started with Pawley administration and carried on with the Filmon administration, they spent, I believe, \$600 million, \$700 million in capital. They upgraded the rural network. They brought individual-line service to all of Manitobans. They expanded community calling zones.

MTS upgraded their network in rural Manitoba, provided them, as I said, with individual-line service because it was a public utility. It was done so because the government of the day decided that this was in the best interests of Manitobans, and it went ahead and the public utility did that. There are two other provinces besides Manitoba that have individual-line services in this country. That is the province of Alberta and the province of Saskatchewan. The province of Saskatchewan still has a publicly owned telephone system, the province of Alberta no longer, but it was because they were publicly owned or are publicly owned utilities that they have individual-line service.

MTS has employees in every region of this province. In fact between 1990 and 1995, the eastern region where Selkirk is a part of, in 1990, there were 546 employees; in 1995, there were 428, significant downsizing because of the members opposite. But the former minister of MTS, the member for Springfield (Mr. Findlay) said well, we had to downsize, but that is it, we are not going to downsize anymore. There is no reason for a privately owned, privately operated Manitoba Telecom Services to lay off any further. He said so in a quote in the Selkirk Journal, where he says, and I quote: There is no stimulus I am aware of says they are automatically moved to Winnipeg, Findlay says. I do not see anything as far as the jobs in Brandon, Morden and Selkirk as far as a change in ownership.

Well, he was wrong. He was wrong in this article, and he is wrong now. We have seen lost jobs in Selkirk and Brandon and Morden, Dauphin, in the North.

I urge members opposite to stand up today in this Chamber, Madam Speaker, as my colleagues on this side are doing, stand up today in this Chamber and stand up for rural Manitoban and for northern Manitoba. They represent communities, they represent constituents that have been laid off because of the change from a publicly owned to a privately run Telephone System, so I urge them to stand up today and to really look at what has gone on in the MTS since it was sold.

We have seen rates go up, and they promised that rates would not go up. They promised that jobs would not be lost, and jobs were lost. They promised that

ownership of the privately owned MTS would stay within the province. They were wrong, wrong, wrong on all those promises that they put before the public and they put before this Chamber.

What we have seen, Madam Speaker, and it has been raised in this House this past week that in order to pay for this million-dollar stock bonus that the Minister of Finance's brother and others have received is to raise rates and to lay off those Manitobans. Tom Stefanson laid off Manitobans, he raised rates, and he is now rewarded by a million-dollar stock bonus. Something stinks, and it is a shame that members opposite are sitting in their seats today supporting this action. We know members opposite, I do not think they do support it by their response today and other days in Question Period, while they are letting their Minister of Finance (Mr. Stefanson) and they are letting the Premier (Mr. Filmon) stand up without any support at all from them. They all have their heads down in their desks. They are all fiddling for something to do.

**Some Honourable Members:** Oh, oh.

**Madam Speaker:** Order, please. The honourable member for Selkirk was recognized. [interjection] Order, please.

**Mr. Dewar:** Madam Speaker. The members opposite they will not stand up in this House and support the actions of their government in terms of giving Tom Stefanson a million-dollar tax bonus.

#### Point of Order

**Madam Speaker:** Order, please. The honourable member for St. Norbert, on a point of order.

**Mr. Marcel Laurendeau (St. Norbert):** On a point of order, Madam Speaker. The honourable member for Selkirk has said I was not standing up to support my minister. I would like him to know I do support my Minister of Finance (Mr. Stefanson) 100 percent. I always will.

**Madam Speaker:** Order, please. The honourable member for St. Norbert does not have a point of order.

\* \* \*

**Mr. Dewar:** Madam Speaker, that is a rather weak defence. The member for St. Norbert, who I thought had better sense, is linking himself to the Finance minister, some of the actions of the Finance minister over the past number of years and the Finance minister's brother getting a million-dollar stock bonus, while at the same time MTS is laying off workers and raising rates for all Manitobans across this province. He is standing up today and supporting that. I thought he had better sense than to do that.

Madam Speaker, the sale of MTS was a major loss for Manitobans. We lost an economic tool in this province, and our rates have gone up. But we found out recently that some of the dealings of the Premier and the Finance minister, they have made millionaires of a few key executives of that corporation at the expense of the rest of this province. This I know is a great shock and of great concern to all Manitobans who will view this and other actions of this government in another year and a half, when we have the chance to take this issue and other issues to the people of this province. I know my constituents will be very concerned and very upset when they are being laid off and they are losing their jobs when the Finance minister's brother is making a million dollars. They will not—I know all Manitobans, other Manitobans as well—forget the actions of this government. Thank you very much.

\* (1550)

**Mr. Gerard Jennissen (Fin Flon):** Madam Speaker, I, too, am pleased to be given the opportunity to put some words on record regarding the grievance presently before the House.

One gets a sense of *deja vu* whenever this side of the House makes reference to MTS. It is something we have seen before. We hate to say it, but I guess we are going to have to say it. We told you so. We told this government before they embarked on this ideologically driven privatization course that selling MTS was not the right thing to do. We told them it will lead to layoffs, to job relocations, to rate increases and to a host of other ills. I think we have proven to be fairly prophetic on that.

Now we discover that senior executive officers, officers first appointed by this government via the

January 7, 1997, Order-in-Council, are now enriching themselves via a stock option plan they themselves engineered. The First Minister (Mr. Filmon) has argued that this is nothing new and that other telecoms do this as well. This is probably true, Madam Speaker. The point is that those other telecoms are privately owned and our telecom was publicly owned and was sold by this government.

Manitobans are not happy with this direction, at least northern Manitobans are not happy with this direction. It is not palatable to ordinary citizens, because they are faced with cutbacks, and they will not take it kindly when they see their telephone services decrease, their monthly telephone bills increase, people working for MTS being laid off, and so on. They will not take this kindly when they discover that certain senior executives are making millions.

The point is, MTS was publicly owned and should not have been sold. The government denied its plans to sell MTS right up to the last bitter moment. I heard the First Minister say that I think a matter of weeks before they actually sold it, that they had no intention whatsoever of selling MTS, and of course they did. I do not know what that does for the credibility of the government, but these firm denials about selling MTS and then actually selling it, what appeared moments later, certainly flies in the face of telling the truth.

One honourable member talked about perception, and I think it was the honourable member for Inkster (Mr. Lamoureux), that perception was also important in this. We must not only do the right thing but people must feel—the perception must be correct as well. We must not only do justice but must be perceived that justice is actually being done. That is lacking in this case. How are ordinary Manitobans supposed to react when they face telephone increases? How are they supposed to react when the Finance minister's (Mr. Stefanson) brother stands to make a million dollars on these stock option plans? These are the very same people who were once entrusted with the people's telephone system. It does not look right. It looks too much like the fox and the chicken coop.

**An Honourable Member:** It is the fox in the chicken coop.

**Mr. Jennissen:** The fox in the chicken coop, for the honourable member.

Despite all the rhetoric from the government, and we hear a lot of it, that the majority of shareholders would remain in Manitoba, that they would be Manitobans, that rates would not go up, that service would be good, et cetera, that service would increase, those promises obviously went the way of a lot of Tory promises.

Despite the overwhelming desire of Manitobans to keep MTS a public corporation, the MTS privatization bill was rammed through this Legislature, despite the heroic efforts of many members on this side of the House, particularly the member for Thompson (Mr. Ashton).

That was a sad day for all Manitobans, that particular day. This whole MTS debacle, this whole debacle from the day it was sold until now, stinks to high heaven. Like my honourable member for Dauphin (Mr. Struthers) said, the more you kick that carcass, the more it stinks. It reminds me particularly of Saskatchewan in the Grant Devine heyday. The people's public assets were fair game then to enrich Tory privateers, and the same direction seems being followed here.

It is sad that this government has gone this direction, because I do not think that they believe that they can sow the wind and then reap the whirlwind, but that is exactly what is happening. You cannot go this path without also facing the negative consequences later on. And they cannot say we did not warn them. Governments should not be in business to enrich only a few. We have not been elected to make sure that somebody's brother becomes a millionaire. We are here to enhance and to safeguard the welfare of all our citizens, particularly our poorer citizens and our citizens most in need of being safeguarded.

As the member for Crescentwood (Mr. Sale) has pointed out earlier, stockbrokers made dollars, many dollars, from the sale of MTS. The senior executive officers made many dollars from the sale of MTS, but ordinary Manitobans did not fare so well. They are left with the sad result, and the sad result is poorer service, increased phone bills, and so on. Others in this House have referred to the sale of MTS as the biggest rip-off

in Manitoba history, and I think they are very close to the truth.

The reason I rise today, Madam Speaker, on this grievance is partly because I will have great difficulty explaining to northern Manitobans how it is possible that a handful of Tory appointees, formerly, can now become millionaires via the MTS system when their rates are going up, when their service is being slashed, when their MTS worker is leaving town or is being relocated or has lost a job.

I do not believe that many of the members opposite even realize how difficult it is for some northerners to survive. Many northerners cannot even afford a telephone. Some of the smaller northern communities such as Brochet and Lac Brochet and Tadoule Lake, South Indian Lake and so on have only a handful of telephones, and yet those telephones are lifelines, absolutely necessary because many of these communities cannot even be reached by regular road system. So the telephone becomes extremely important.

If you take a look at a community such as Pukatawagan which is also in my constituency, a community of roughly 2,000 people, I just looked in the telephone book. There are roughly only between 40 and 50 private subscribers to telephones. One of the reasons that there are so few subscribers in the community of 2,000 people is that they cannot afford it. Now does the government believe—do the members opposite really believe that by privatizing, by building in profit, it is going to be easier to get telephones up north specifically when private telecom systems are out to look only at the bottom line? They will want to be where the business is, where most of the businesses are, which is down south. In other words, there is no mandate to give good service to those isolated communities up north, and that was, of course, the reason we kept it in public hands, because that way we could get good service to northern Manitoba and to rural Manitoba.

It is an irony, Madam Speaker, that we have 450 job losses since the sale of MTS, that the rates have increased, that the service has become poorer, that people have been shunted from their place of work to a different place. For example, the person working for



MTS in Flin Flon has to move to Brandon and so on. It is ironic that, at the same time this is happening, we are going through these contortions and these pains, that a few Manitobans should become super rich because certainly that corporation was never designed to create wealth for a few people.

Now the Premier (Mr. Filmon) today again and the minister bring out the old chestnut that the CRTC would approve or reject rate increases, regardless of whether a telecom is owned privately or publicly. What they failed to mention is that, if you do not apply for a rate increase under a public system because you want to keep it down for people, then CRTC is not going to impose that rate increase on you. But, when you have a private system and you want to make your 12 to 15 percent profit, then, of course, you are going to ask for rate increases all the time, so it is not good enough to say it makes no difference under CRTC. It makes a heck of a difference. Compare Saskatchewan to Manitoba.

The public systems are geared to providing service for people, even people in rural areas and remote areas. That is why we, under the public system, extended direct-dial telephone all over the province. Would a public system have done that if there were not big bucks in it? I doubt it very much. The privately owned system is going to go where the population density is, as I pointed out before. It is not geared—its primary aim is not to be geared to providing good service to people. Its primary aim is to make big bucks for its shareholders. By the way, those shareholders are outside of Manitoba, a vast majority, and many of them in the United States.

Madam Speaker, the privatization, market-driven agenda cares only about the bottom line. It does not care about people. It does not care about social justice. It does not care about northern or rural need, and no amount of words the members opposite put on record denying this is going to change it. A privatized telephone system in this province is not conducive to helping poor people. It does nothing for social justice. It does nothing about erasing inequalities in the system.

\* (1600)

How are our seniors, who are already stressed enough in northern Manitoba, what with health attacks, the

attack on health care, what with the increases in Pharmacare deductibles and so on, how are those seniors even able to afford telephones? And aboriginal people?

As I pointed out before, many northern communities have very few telephones because ordinary people there cannot even afford a telephone. Yet those are the very people, Madam Speaker, who need telephones the most, and those are the people who in the future will be denied them because they simply will not be able to afford them. Of course, this becomes even more contemptible when you realize that others in the system are going to be making millions out of this privatization direction.

The government is drifting in a direction that can only be described as dangerous, Madam Speaker. In fact, I would say when this government started, they went from timidity to arrogance, and now they have gone far beyond arrogance. They are going in a direction that reeks of corruption, and, in fact, I think it even reeks of nepotism.

I wish that I did not have to say this, but the smell is there. The odour is unmistakable. It is corruption; it is sleaze; it is nepotism. I wish it was not there. I wish it could be different, but that is the way I see it, and I will continue to speak up for my northern constituents.

Thank you very much, Madam Speaker.

**Mr. Doug Martindale (Burrows):** I am pleased to take part in this debate today, although I am disappointed that this debate has to take place at all, but the government created this problem for themselves, and we feel obliged to address it on behalf of our constituents. I have been cleaning out my files, and I was going to throw out a file that says MTS, but I am glad that I kept it because I am going to make use of it today. I never thought that I would use this file again, but because this government has chosen to reward its friends in high places, it is necessary to resurrect some arguments that we used before.

In fact, one of the arguments that I used in my questions with the former minister responsible for MTS was about Telus, the Alberta telephone system that was privatized by the government of Alberta. I asked the

minister if he thought there were going to be rate increases as a result of privatization, as there were in Alberta. I asked if there would be employees laid off as there were in Alberta. In fact, I requested the prospectus called the Investor Fact Book and Telus sent it to me, and it was very interesting and helpful information.

I probably quoted this into the record at the time of the debate here on MTS, but it bears repeating that from 1991 to 1995 there was a reduction in employees of Telus, and we are seeing the same kind of thing in Manitoba. The government says, well, they were laying off employees before the privatization, but usually what corporations do and what governments do with Crown corporations, or any corporation does to make it more profitable when they sell it, is lay off employees ahead of the sale. That reduces expenses and makes it a more profitable corporation, but the government denied that they were going to lay off any employees, and now the Premier (Mr. Filmon) tries to rationalize this by saying, well, they would not act any differently in the private sector than they would in the public sector.

We think that there are more layoffs in the works, and the reason for that is that we are moving to competition in local service. We have already got competition in long distance service, and about a year from now, I understand, we are going to get competition in local rates.

Well, that is going to be very interesting, because right now we have a very cynical and jaded public who are very upset with this government because they are giving million-dollar stock-option profits to their Tory-appointed Tory friends on the board of directors. So what is going to happen a year from now when people are offered a choice? They are going to say, well, why should I be loyal to MTS. They are rewarding their friends with huge profits, profits from the sale of \$200,000 in shares, so I do not feel any loyalty to MTS.

I think there has been a lot of customer loyalty to MTS in the past, where people felt that because it was a publicly owned Crown corporation, because its head office was in Winnipeg, it was a Manitoba company, and they, I think, historically have had the lowest or second-lowest rates in Canada, people did not want to switch because of their customer loyalty.

In fact, I remember hearing from the Minister responsible for MTS or perhaps in media reports that in spite of long distance competition, MTS did not lose very many customers to their competitors. People were loyal to the company, and even though they had the opportunity to switch, they continued with MTS. So this is what we were told; I do not know if it is true. I have no reason to question it, but we were told that they did not lose a lot of market share to private-sector competitors.

But what is going to happen now when people are upset about this government rewarding their friends and, in particular, Mr. Tom Stefanson, the brother of the Minister of Finance? People are going to say, well, why should I stick with MTS? I am going to go to the competitor.

That is going to have implications because then the board of MTS is probably going to lay off staff in order to reduce costs because they really only have two options. One is to reduce profits, and the other is to reduce expenses. Well, guess which one the board of MTS will do. Of course, they will choose to lower expenses, which means fewer staff, which means poorer service, which means eliminating phone centres in places like Swan River, and I understand there are other places, as well, that have lost their phone centres and their service technicians. In fact, the level of service in Manitoba is much, much higher than for Bell Canada, where there are extensive time-waiting periods for installing new equipment. But we will probably see—I am sure we will see a reduction.

How will this reduction take place? Well, probably, they will try to buy out employees, and that will probably happen over the next year. When that is finished, they will put an end to the buy-outs, and then they will just give people two weeks notice and lay them off. So we will have fewer Manitobans employed, once again.

Now, those are not the most important issues here today. I think the most important issue here today is the conflict of interest in which this government is thoroughly involved because they appointed the board of directors, and, surely, they knew about the rewards for the board members in advance. That is what we are

claiming here based on the time line of the Orders-in-Council and other kinds of evidence.

We think the public sees through this. Of course, as one of my colleagues said, the government has a problem of the public perception, and we know that in politics perception is reality. I am sure that the member for Lakeside (Mr. Enns) would agree with that; he has been here a long time. Even though the government tries to derail this debate and talk about the time line, the real problem for them is that the public has probably already made up their mind, and when they see the brother of the Minister of Finance (Mr. Stefanson) standing to benefit by a million dollars, the public has—and if they have not already passed judgment, they will very quickly pass judgment on what is right and wrong here.

Who is going to pay for this? Well, of course, the subscribers pay for it because if you are rewarding your executives with million-dollar packages, then someone has to pay for it, and, certainly, there are going to be future rate increases. In fact, we predicted there would be rate increases. In fact, we were quite surprised when the CRTC did not give MTS the kind of rate increase that they wanted, but now we understand that they have applied for a rate increase March 1 retroactive to January 1, and the public is going to be very cynical once again about that kind of timing. The government probably hopes for their own political sake that they do not get what they are asking for. This is becoming an albatross around their necks and one that they would rather not have.

\* (1610)

*Mr. Marcel Laurendeau, Deputy Speaker, in the Chair*

I would also like to draw a parallel. Mr. Deputy Speaker, I would like to draw a parallel based on something that I believe the Premier (Mr. Filmon) said the other day about the Saskatchewan Potash Corporation, and our member for Kildonan (Mr. Chomiak) was yelling across the floor that the government of Saskatchewan sold it, which is true. In fact, I have some Globe and Mail stories with me today from August of 1989 when the Conservative government of Saskatchewan sold the Potash Corporation, and there were many parallels between how it was

privatized and how MTS was privatized, including using closure in the Saskatchewan Legislature.

At the time, Mr. Romanow, now Premier Romanow, said, and I quote: The government might have won the short-term legislative battle, but the matter will not be resolved until the next election and one I think they are on the verge of losing on this issue of privatization.

Those words turned out to be prophetic, because the Saskatchewan New Democratic Party won the election in Saskatchewan in 1991.

There were similar issues and comments made about Saskatchewan Potash and the legislative process and how the legislation was rammed through the Legislature in a most undemocratic way.

We also have parallels between things that happened in this Legislature in 1996 and the issues of today. At the time that the privatization of MTS was rammed through this Legislature, people were commenting about ethics. Here is what Professor Arthur Schafer, director of the University of Manitoba Centre for Professional and Applied Ethics, said and quoted by Frances Russell in the Free Press of October 25, 1996. He said that the government is abusing its trust relationship with the people of Manitoba, obliging it to make major decisions on the best and therefore the most disinterested advice available. He said ethical norms have been violated.

That is probably our major concern today, that we have the Premier (Mr. Filmon) and the Minister of Finance (Mr. Stefanson) signing the Orders-in-Council appointing the board of directors of MTS, and we believe that those individuals and the government were knowledgeable about the benefits package being given to board members and senior executives and that that placed this government in a conflict of interest and, in particular, the Minister of Finance.

We think that is appalling. The people of Manitoba I think believe it is appalling. I am not sure what can be done about it, but I think the people of Manitoba will pass judgment on them, and they will have their chance, either this fall or next spring in an election. This issue is not going to go away. We will remind people that the government promised not to sell the

Manitoba Telephone System before the 1995 election and broke their promise. This we will remind people of and remind people of. We will not let any voters in Manitoba forget that this government broke their promise and cannot be trusted on this issue.

It is not the first conflict of interest that we have caught this government in. We know that Mr. Bessey benefited from what we believe was a conflict of interest. We know that a senior manager in the Department of Family Services was caught in a conflict of interest when he was negotiating on behalf of the Department of Family Services a contract in the area of his department, Income Security, and then left the department and went to work for the company that he was negotiating the contract for.

I raised this in Question Period with the minister, and, of course, all we got was deny, deny, deny, which is what we are getting in Question Period this week from the Premier (Mr. Filmon) and the Minister responsible for MTS. The Minister of Family Services (Mrs. Mitchelson) defended her former staffperson in spite of the very clear provisions of The Conflict of Interest Act, which say that if someone leaves government, there is a one-year cooling off period. There is one year in which there can be no contact with your former employee.

What did Mr. Sexsmith do? Mr. Sexsmith had meetings with the staff in his former department within a year, I think within six months of leaving the Department of Family Services, a clear conflict of interest, similar to the one that we are talking about today.

So with those few comments, Mr. Deputy Speaker, we will continue this debate and we will continue to point out to Manitobans that this government does not understand the conflict of interest, and when they are caught in a conflict of interest, of course they will not admit it. Thank you.

**Mr. Jim Maloway (Elmwood):** Mr. Deputy Speaker, I received a letter two days ago from a constituent of mine who worked for the telephone system for 23 and a half years. He was fired by MTS on March 25, 1998, with a number of other people.

He received a letter from the telephone system. It says: MTS Communications has been forced to reduce the size of its workforce. To the extent possible, these reductions have been made through voluntary retirement and termination opportunities. Unfortunately, voluntary incentives, initiatives have not proven sufficient, making layoffs necessary. Accordingly, this letter will serve to advise you that effective immediately, you are permanently laid off without right of recall pursuant to the provisions of the letter of understanding, voluntary termination and permanent layoff program, in the MTS Communications Incorporated team collective agreement.

Now, here is a man 16 months away from retirement, and this corporation that can afford to give stock options which will make millionaires of board members including the brother of the Finance minister, a corporation that is doing that is turning around and firing employees with 23 and a half years experience, 16 months away from retirement, is simply throwing them out on the street.

The letter to him is telling him that they have been forced to reduce the size of the workforce. I think that this man has great difficulty understanding that, when he reads in the paper that Tom Stefanson has stock options worth a million dollars. He finds that very hard to believe, that he should be fired so that the brother of the Finance minister should be made a millionaire, so that other board members can simply help themselves and run this telephone system as their own private fiefdom.

Needless to say, this government is making a lot of enemies throughout this process of privatization of the telephone system, and I would guess that neither this person nor the other 20-some people that were fired, 22 actually on March 25 and another group on March 20 just before they were due to go on their vacations, I am certain that they and their friends will remember how this fate befell them come the next election.

I want to tell you, Mr. Deputy Speaker, that we on this side of the House will be making every effort to make certain that as many people as possible understand how this government has operated with the assets of the public.

Now, in addition to this letter that was sent to this particular person by Larry Kilmister, this man received a release that he has to sign. The release in part reads that he agrees, he has to agree that the payment is intended to be confidential. So his severance package is supposed to be confidential, and he agrees that he will not at any time disclose it, reveal it, confirm it or otherwise communicate to any person, firm or corporation—I assume that includes his wife and family—the amount of consideration paid or any other term of the settlement between the releasor and releasee.

He further agrees to use his best efforts to ensure that anyone familiar with the said settlement, which I guess includes me now, does not disclose, reveal, confirm or otherwise communicate the amount or terms of the settlement to any person, firm or corporation. Needless to say, this particular person is not very happy right now with this government.

\* (1620)

Mr. Deputy Speaker, this privatization cannot be taken in isolation. This privatization occurs because this government, the ideology of this government is consistent with conservative movements, conservative organizations, conservative governments not only across this country, but in fact around the world. Whenever they get an opening, whenever they see an opportunity to sell off public assets—and, by the way, which turn out usually to be sold to their friends—whenever they get an opportunity to do that, they proceed and do this.

We have seen privatizations in England. We have seen privatizations, I recall, in British Columbia a few years ago where the Brick fiasco occurred and people in the province were given shares. Everyone in the province was given shares of this Brick corporation. What we saw was people running around, broker-types buying the shares of poor people, and in very short order, the shares were owned by very few connected people. That is what happened in this situation. These shares were sold under market value, and the shares within days, if not weeks, were owned outside the province of Manitoba.

So this government tries to argue that, in fact, the corporation is still going to have a Manitoba presence,

that the head office has to be in Manitoba, that Manitoba government is heavily involved in this company, but we know that within a couple of years that the debt will be paid off to this government. This company will then be picked up by AT&T, another company, and when that takeover occurs—if the economy is not in the tank by then and it probably will be—but if it does occur, then these shareholders who own these shares right now are even going to make more money, because AT&T will come in and buy this company at an even higher share price, share value, than \$23 a piece. So that is where the future of this telephone system lies.

We see in rural Manitoba the company shutting down offices in rural towns. We see layoffs happening in rural towns. We see the telephone system reducing the number of machines that dig the cables in rural areas from, I believe, three down to only one at this point. It is certainly noticed by people in the rural areas that the maintenance is being left, that the interest in being there is just not there as the company rushes to do the best in terms of a bottom line. In the same way that this company was prepared two or three years in advance for privatization by splitting it off into its three components, in the same way that that process took two or three years to prepare this company for its eventual sale, we see it further being prepared through a further pruning of the workforce and a further rationalizing of its operations to produce maximum profitability so that it becomes a good takeover target for AT&T or whoever else is going to buy it.

When that occurs, Mr. Deputy Speaker, we can say goodbye to the head office. The head office will be in name only. It will be like the head office of other companies, I believe, McKenzie Seeds and others, that the operation of the company really rests with its owner outside the province, and there is simply a sign on some building that says that it is a head office but it is defacto controlled, run from elsewhere. That is where this corporation will end up, and we on this side are convinced that this will only be the first step.

If the Conservatives get away with this electorally speaking, then they will be looking in short order at the hydro development. They have already moved the Manitoba Hydro in the same direction as the telephones. They have split it off into the three units.

They are laying off people, and you can see the pattern. The pattern is repeating itself, and we wonder which brother of which minister over there will be doing the Tom Stefanson shuffle in another couple of years.

*Madam Speaker in the Chair*

Madam Speaker, this Tory monkey business will continue as long as these people are allowed to continue in government. That is why it is incumbent upon us as the opposition to make certain that their term in office is as short as possible; in fact, they are doing this to themselves. It was not this opposition who appointed Tom Stefanson. The government are arguing today, well, Tom Stefanson was put on the board before his brother was elected, but the fact of the matter is that he was put on the board by this government. This government created this situation that we have here right now, and it is no argument for them to try to make lame arguments to try to extract them from this situation. Clearly, what you have here is a group of Tories who have been put in charge of a former public asset, who are using this asset to maximize returns and maximize benefits to themselves and family members, and they are not going to get away with it.

This time you may have gone one step too far. You have gotten away with things over the last 10 years. You know, the teflon don, the teflon Premier has been operating for 10 years, and I think they have become overconfident over there. They think they can solve all their problems by the spin doctors that they have running around trying to solve their problems for them.

I have given them credit before. They have been successful, but I think this time they may have taken things a little too far, and I would expect that they are going to have a very difficult time trying to explain this fiasco to their supporters, not only the voters of Manitoba, I mean it is not going to sell to the voters of Manitoba, but they are going to have trouble explaining to their supporters who are going to want to know why they were not part of the—Madam Speaker, it is a good of a definition of how the group operates over there.

The member for Lakeside (Mr. Enns) likes to talk about the \$57 million in the sands of Saudi Arabia. You know, every time he does that he knows he is

walking into a trap, because he was around here way, way back 30 years ago when CFI became a big issue, and those expert business people over there shovelled \$93 million. Now if you adjust \$93 million into today's money, I do not know how much that would be, but that is an awful lot of money. That makes the amount of money lost in Saudi Arabia look very, very small when you are looking at \$93 million that Kasser and Reiser spirited off to Switzerland.

You know, Madam Speaker, these people never knew where the money went. They just simply shovelled it over to—and I remember the member for Lakeside (Mr. Enns) and Mr. Spivak were running for leadership of the Conservative Party at the time. They were on 24 Hours CBC show during their leadership, and I remember being part of a studio audience in which I asked them to explain the missing \$93 million. They could not explain it then, they could not explain where the \$93 million was then, and they cannot now. They just rest and sleep comfortably with the knowledge that 30 years have passed, and the public is not interested in this anymore.

So do not ever try to let them convince you, Madam Speaker, that they know business, that they know how to run business, because their record certainly demonstrates that the truth of the matter is that it is the exact opposite, that these people have had more boondoggles while they have been in power, the biggest one being that \$93 million. As long as the member for Lakeside is here, I will continue to ask him to tell us what happened to that \$93 million, because—

**An Honourable Member:** I will tell you.

**Mr. Maloway:** Well, you know, the member for Lakeside says he will tell me where that money went, and I wish he would stand up and tell us, because people in this province have been waiting for 30 years to find out what happened to that money.

\* (1630)

**Madam Speaker:** Order, please. The honourable member's time has expired.

**Mr. Conrad Santos (Broadway):** Madam Speaker, I would like to use my grievance privilege, which can

only be used once, because this is a very important public issue for every one of us. We know that governments are moved and are operated by people, by men and women who are either elected or appointed to public office, and they are there ideally to be the public trustees, the stewards and trustees of all the people. As such, they are supposed to act on behalf of the benefit of the general good of the community, of the general good of all the people.

Publicly elected MLAs like us in this Chamber are here in order to represent our constituents, all the people of the province together that we may promote their interests and achieve the quality of life essential to a good society.

The moment we violate that public trust and we succumb to the danger and problem of self-interest while in public office, to that extent we have been derelict in our duties and to that extent we have risked the general good of all the people in Manitoba. We know that government exists in order to protect the weak, those people who cannot help themselves, those people who cannot by themselves be able to struggle and win in the vicissitudes of life. We know that government exists to protect the minority from the tyranny of the majority, from the domination of the majority and, yet, the moment we use that power of majority to promote not the public interests but the private interests, we have succumbed again to the primacy of self-interest as the main enemy.

I have seen people who when they analyzed the situation, the social situation, they came to the conclusion, I have found the enemy, and the enemy is I. It is our self-interests. So some great scholar said, if I am not for myself, who am I for? If I am not for my brother, who am I for? If I am for myself and if I am for my brother, what am I? We have descended to the lowest level, especially if we are already elected to public office.

So we must all the time be aware of that danger, and we cannot rely on the so-called business experts, the professional experts if they are devoid of ethical morality. The most dangerous thing that could happen in any government is to take the advice of self-interested people who are expert in business matters but are devoid of moral ethics.

What happened in this particular case? This government took the advice of brokerage firms who are experts in selling securities, and then they advised that they sell a public asset, the Manitoba Telephone System and, in the process, they benefited themselves, a \$35-million profit in the process. This is selling public assets, that the public asset may be converted to private assets so the private assets can now be subject to these attacks of self-interested people, and this is all done legally. It is called options to buy shares of stocks. These are decided by people who themselves are the decision makers. They are supposed to be the directors of a company. It is a private company and supposed also to be like politicians. They are supposed to be acting on behalf of their shareholders, but they are acting for themselves again. In so doing, they decided that they would promote themselves, that they would grant stock options and benefits to themselves, and to do that they must show—according to the business bottom line—some kind of profit. How can they show profit? Of course, it is easy. You just lay off employees, and you have fewer expenses, less salary to pay; then the profit level will increase. Then you are justified in paying bonuses to yourselves.

So you could see the pattern now, not only in MTS but also in other companies—GM, the banks. The higher their corporate profit, the more employees they lay off, because that is the only way they can justify their salaries, their executive options to purchase for themselves options of shares of stock.

Take this particular case. The chief executive officer of MTS, who happens to be the brother of the Minister of Finance (Mr. Stefanson), had 120,000 shares, option to buy 120,000 shares. Those shares initially were worth \$14.63. Now they are worth almost twice, \$23 per share. If you do your mathematics and multiply, that will mean a gain of a million dollars. There is nothing wrong with that if you are an owner of shares of stock if you invested your own money in it, but this is not his own money. This is a bonus given by the board of directors, recommended by a committee who are themselves interested, and they are themselves the beneficiary. That could happen in a private setting, nothing wrong with it. The trouble with this one is the ultimate source of the money is the assets of a public corporation, the people's, taxpayers' money.

**An Honourable Member:** This is not a public corporation. That is the whole point you are missing. This is a private corporation.

**Mr. Santos:** The private corporation now, of course, can be run by the directors in any way they like, but still this government is represented in the board of directors through the golden share, so called, where we, the government of Manitoba, appointed four of all the 11 directors. But, in so doing, you have recounted all the set of events how it happened. This board of directors was appointed by the Premier (Mr. Filmon) and the Minister of Finance (Mr. Stefanson), and they are to be in office until the next annual general meeting of the shareholders. During those times, they have concocted all these plans to benefit themselves and then recommended the same to the general shareholders. But the shareholders are voting by proxy, and they will surrender their vote to the board of directors who will cast the ballots for themselves. These are people acting in their own self-interest deciding for their own self-interest. There is a lack of morality there.

The point here is that all these things happened because of privatization. The privatization is simply a means to convert public assets to private assets, so that it can be within the control of those who run the corporations. When they are in control, they, of course, can benefit any way they like because that is the basis of our capitalistic system. Greed has no limit. You get as much as you can get. As soon as these assets have passed from the corporate hands to private hands of the directors, then the company can be sold off, and they are themselves already millionaires.

There is nothing wrong with that if the source of the money were their own investment and the product of their own effort and the product of their own labour, but this is the taxpayers' money. These are the people of this province. They created Crown corporations not only to provide public services but also to make the quality of life affordable for Manitobans. That is the reason why executives and corporate executives of Crown corporations are in a difficult position. They not only are expected to maintain the bottom line in terms of financial stability, but they are also expected to render public services to the people of this province. In so doing, there could be a conflict in that they cannot make as much money as they would like to make

because they are mandated by the legislation creating the Crown corporations to create public services for the people of Manitoba.

\* (1640)

I remember when MTS was still a Crown corporation, the rates were reasonable, the people in rural areas were happy, direct dialing had been extended to them. When it became private, the Crown corporation became a private corporation, what would happen? They will not think any more about the service element of that Crown corporation, MTS. They only think of the dollar margin, the value that they can get, can extract out of this corporate asset.

Privatization then becomes a means. It is a means to convert public assets of the people into corporate private assets of corporations, so that these private corporate assets may now be divvied up and divided among all those who run the corporations, whether they invested in it or not. By being executive officers, by being in positions of control, in positions of decision making, they themselves benefited themselves, but the source is ultimately the taxpayers' money of this province.

**An Honourable Member:** Not true.

**Mr. Santos:** Yes, it is true because the assets originally were public assets. The mandate of the legislation had been changed. It now becomes a matter for corporate profit. All this they call policy. They made up their minds that these people now in the private realm can now plunder the assets of what used to be a Crown corporation and convert the corporate assets into private personal assets. That is how money is made in this day and age of shares and stocks, bonds and all those instruments that are no longer productive in the sense of creating real goods and services for the people. All they need to do in order to make money is to sell it to some higher bidder, shares of stocks of Crown corporations being sold, and other corporations gulping another corporation, and the rest of them can run off with the profits. That is how money is made without effort.

If we get our government strong enough, it can only be strong when the public is aware of what is going on



in the government if the people and the public are informed enough as to what is going on. Unless the public is informed, things happen inside veils of government secrecy and the people know nothing about it. The moment they awake and open their eyes, they see that they are in trouble already, and it is too late.

The sale of MTS, if it was done through an honest mistake by warmhearted people, would have been pardonable, but if it was done in cold-blooded deliberation to convert public assets into private corporate assets, that it can be divided among the participants, it is a conspiracy and a collusion among people in high places at the expense of the original owners of this Crown corporation.

They are now suffering. Manitobans who were employed by MTS are now being laid off. The people, clientele of this province, who are subscribers to MTS are suffering high rates, and the higher rates will be ever-increasing higher rates for the present and the future. The seniors of this province who can hardly afford a telephone system are being imposed upon to increase their rates, and the seniors need all these phones in order to have some kind of psychological stability for themselves when they want to call their relatives and their children and keep in touch with their grandchildren, and they can no longer afford to pay the rates. This is the quality of life that you are offering to our people? Is this what we want while we are in government? Are we to sustain the greed of some people to enrich themselves at the expense of all of us? That is not our function here. Our function is to protect the quality of life of Manitoba. Our function is to protect the interests of those who are weak in our society like the seniors, the sick, the disabled, the people who are the lower end in the social hierarchy. They need a government; they need Crown corporations; they need publicly invested Crown corporations to render them services, not to make money for the few who are already wealthy.

Of course, they gave the regional option to the Manitobans here of all levels of life, but these people, as soon as they see that there is a little margin, sell off their shares of stocks. Who are the buyers? The buyers are mostly those people in the stock markets, and they are no longer Manitobans. Madam Speaker, 80 percent of shares of stock of MTS is now in the hands of people

who reside outside of Manitoba. These are the people who decide. Thank you.

**Mr. George Hickes (Point Douglas):** Madam Speaker, I rise to express my grievance on behalf of my constituents of Point Douglas. A majority of them are not wealthy enough to buy shares and benefit from the sale of MTS, but would have benefited greatly if we had the option of keeping it a public corporation instead of the private corporation it is today.

When I say that, I am amazed when I hear the opposition say, well, you know, it is a private corporation, and the directors and whoever benefited from bonuses and share options, that is entirely the option of the corporation as it is today. That is true. That is one of the big reasons why when I voted against the sale of MTS, I voted against individuals and companies reaping profits from a Crown corporation where those profits should go back into the company and should go back into the people of Manitoba.

When I say that, the profits of the MTS corporation when it was public were going towards expanding services to rural communities, such as individual phone lines. It was going to ensure that rates were kept low so that our senior citizens of Manitoba, of whom a majority in my constituency are on direct-fixed incomes—they view a telephone not as a luxury, but a real necessity for them to maintain a life of independence of their own.

When I say that, you look at a lot of the senior citizens that are in subsidized Manitoba Housing units, and a lot of them are very happy with the pensions that they are able to get from the governments. That is the only income they have. A lot of the seniors are aging and a lot of the seniors have medical problems, so when they need to phone a doctor or phone an ambulance in the middle of the night, they have to have access to a telephone. It is not a means of luxury, but a means of saving of one's life.

That is the whole point that I want to make here, like the whole concept of private versus public. Public, I said earlier, the profits and the intentions of the company are to keep the services available for the people that need it the most. When I say "people that need it the most," in other words, everyone shares.

When I pay my phone bill here in Winnipeg where I reside, when it was a public corporation, I knew some of the dollars that I was using to pay my phone bill were being used for rural and northern Manitoba, and I felt good about the ability to share the few dollars I had to help keep the rates lower for rural and northern Manitoba.

One only has to travel to a few of the remote communities in northern Manitoba to realize the importance of a telephone. Under a private corporation, the onus on that corporation is not delivery of affordable phones for individuals who need it the most but to ensure that rates are returned to shareholders. That is the difference where we are coming from and I personally am coming from. I do not mind sharing a dollar to help someone else.

\* (1650)

Even if you look at the concept of Manitoba Hydro, that is the same thing. That kind of scares me because if we use the same justification to privatize Manitoba Hydro, a lot of our rural and especially our northern friends, family and individuals in a lot of those remote communities will not be able to afford to have the delivery of hydro to their homes. More and more of the communities are switching to electrical power, and I encourage the increased capabilities of other remote communities to modernize hydro services.

Why I say that is because right now a lot of the communities cannot even plug in a toaster and a kettle without blowing a fuse. If we have full services in those communities, then the families can have refrigerators, can have all the things that we take for granted when we leave this Chamber and go to our homes tonight. We take that for granted, but in a lot of those northern communities, they do not have those kinds of services. Even a lot of the houses do not even have hot water tanks for a decent shower or a bath. Is that the kind of Canada you see, the kind of Canada that is supposed to be a loving, sharing, compassionate Canada? That is not true. That is not the way I see my Canada. I see my Canada as us who have something share with others.

When I see the past record of the government, it kind of makes me a little uneasy because I know when I ran

in the elections, I heard the government say that they would spend \$600 million for capital for personal care homes. I heard that promise and as soon as the election was over, that was shoved aside, and now we see crisis in our hospitals and health care system because of that broken promise.

I do not know how many people here have mothers and grandparents, but I know my mother is 80 years old, and I would not want to see her lying in a hallway of a hospital. The only reason you are in the hospital is because you are sick or have had an operation, and if she is under drugs and stuff like that and covers come off her and she is lying there, that would make me very furious. I do not think that is the kind of health care system that we want for not only our families but for all citizens of Manitoba.

And the only reason, the only reason we have the crisis today is because of the—well, one of the major reasons, not the only one, but one of the major reasons is because of the broken promise of the \$600-million capital to build personal care homes. That is a big, big factor. There are a lot of individuals who are in hospital beds who could be in personal care homes being properly looked after with dignity.

Also, when we heard the promise of keeping the Winnipeg Jets in Winnipeg, that was a promise that was made, and I heard it very clearly, that we will do everything to keep the Jets here in Winnipeg, and what happened shortly after the election? They are now in Phoenix.

So when we talk about public versus private, yes, what you are saying has a bearing of truth, that it is now a private corporation, and a private corporation can do what they want. That is why we stood in this House, and we challenged as strongly as we could to try and stop the sale of MTS because we were afraid that, once it is privatized, these certain things would happen that would not benefit all the citizens of Manitoba. It only benefits individuals that have the means to purchase shares.

I know a lot of my constituents do not have the means to buy shares in MTS, so they in turn will be paying higher and higher rates to subsidize the people that are well off. To me, that is kind of backwards, in

my way of thinking, because I thought individuals that had the funds would share their funds to help people that are less off in times of need, but what we are seeing here is the people that have the least are having to share and give to people that are well off. That just kind of does not balance in my way of thinking. [interjection]

I know the member for Turtle Mountain (Mr. Tweed) just said, well, I do not know about that, but think about it. When MTS was a public corporation, the profits that went into the corporation did not go to individual people; it went to be shared by all citizens of Manitoba. Rural communities—

**An Honourable Member:** Are you suggesting that senior management should not be adequately paid?

**Mr. Hickes:** Well, when they were working for and employed by MTS, MTS as a public corporation, you did not hear them saying, well, I want to leave Manitoba, and I want a different job. They all had that choice. If they want to leave—if I am not happy with my situation here, I have that choice, and if I want to go, say, to Nunavut in April 1, 1999, I could go up there, and I could be making a lot more than what I am making here. But I am happy here because I have a sense of feeling that I could be, and I hope I am, making a contribution to the citizens of Manitoba and to the people of Point Douglas, so money is not everything. The individuals that you just mentioned, are they not entitled to raises and bonuses? Well, the individuals you are talking about, Bill Fraser earned a salary of \$234,600. Now there are seniors at 817 Main Street that just get their pension and that is it. So you are asking them to increase their telephone bill, so Bill Fraser can get an increase of more than \$234,000. How does that balance out in your way of thinking?

**An Honourable Member:** How much should he get?

**Mr. Hickes:** He was getting \$150,577, and that is a pretty darn good salary. So, if that is the going rate for MTS, that is a fair rate, what is wrong with that \$150,000? Why does he have to get a raise to \$234,000?

**An Honourable Member:** Because that is the going rate now.

**Mr. Hickes:** If he was not happy with \$150,000, I am sure there are other qualified people that would apply for a \$150,577 job. I am sure they would be. But how come if these individuals were not happy at that time, why did they not leave? How come they were there when MTS was a public corporation? So what makes you think that they would have bolted, and they would have left Manitoba, and we would have been stuck with someone that could not run the corporation? Are you saying that these are the only individuals in all of Manitoba that have brains? Is that what you are saying? The rest of Manitoba—in Manitoba, we do not have qualified people to fill these kinds of jobs? Is that what you are saying? There is only a small handful of people that have those kinds of brains and qualifications? I differ with you. I think there are a lot of very skilled Manitobans that you should be giving credit to that could do a very adequate job that each of these individuals is doing, but the obscene part is that when you look at Bill Fraser, \$150,577, his wage is increasing to \$234,600 plus received a bonus of \$93,900 when before he got \$45,000, and then you go on in this list and you see James Fitzgerald, who received a raise of more than \$10,000 to \$135,000 and a bonus of \$40,800. Well, who is paying for that?

Who is paying for that is the seniors that I have just spoken about that are on fixed pensions at 817 Main Street that I will stand up any day to defend and I will stand up any day to get some benefits. I will not stand up against the seniors from 817 Main Street or the northerners that are seasonally employed when they have to get a phone increase. This is the third increase that the telephone system is asking for, not executives take a little bit of a cut, take a little bit of less bonus, so that way we do not have to raise a senior's phone bill from 817 Main Street. No, they are saying we want to raise your phone bill so we can give these individuals that are making this kind of money an extra bonus or a raise in pay. How does that make any sense?

\* (1700)

If you look at Granville Lake, like telephones in Manitoba are not a luxury, they are a necessity. You know in Granville, they only have two telephones. That is all the community can afford for about 50 people. Do you know in South Indian Lake, there are only about 20 or 30 telephones because the other

people only work seasonally and they cannot afford telephone bills?

So I tell the members opposite, look at the facts and look at what has happened and look at how you as a government, the government of the people, can you help the people of Manitoba and not just a few that have the money, that have the luxury of buying shares. Thank you, Madam Speaker.

## ORDERS OF THE DAY

### PRIVATE MEMBERS' BUSINESS

**Madam Speaker:** The hour being 5 p.m., time for private members' hour.

### PROPOSED RESOLUTIONS

#### Res. 11—Privatization of Food Services

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, I move, seconded by the member for Selkirk (Mr. Dewar), that

“WHEREAS the Urban Shared Services Corporation (USSC) has announced plans to privatize laundry, food services, and purchasing for the Winnipeg hospitals; and

“WHEREAS it is estimated that more than 1000 health care jobs will be lost over the next year as a result, with many more privatized in the next two or three years; and

“WHEREAS under the terms of the contract, Ontario businesses will profit at the expense of Manitoba's health care system; and

“WHEREAS after construction of a food assembly warehouse in Winnipeg, chilled, prepared food will be shipped in from Ontario, then assembled and heated before being shipped to the hospitals; and

“WHEREAS people who are in the hospital require nutritious and appetizing food; and

“WHEREAS the announced savings as a result of the contract have been disputed, and one study by

Wintemute Randle Kilimnik indicated that, 'A considerable number of studies have compared costs of service deliver in health care between self-operation (public sector) and privatization. Invariably, privatization is more expensive.'; and

“WHEREAS there is a long list of hospitals in Canada that have experienced poor results with centralized food services similar to those being contracted by the Urban Shared Services Corporation; and

“WHEREAS several alternative plans were proposed that would keep more jobs in Manitoba, cost substantially less and keep food preparation and purchasing in Manitoba; and

“WHEREAS no one in Manitoba seems to benefit from this contract, especially patients.

“THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba condemn the Minister of Health for failing to protect jobs in both health care and the food industry in Manitoba by purchasing both prepared food and ingredients outside the Province; and

“BE IT FURTHER RESOLVED that the Legislative Assembly of Manitoba condemn the Minister of Health for allowing privatization of our health care system; and

“BE IT FURTHER RESOLVED that the Legislative Assembly of Manitoba urge the Minister of Health to put an end to the Provincial Government's plan to centralize and privatize Winnipeg hospital food preparation and distribution system.”

#### **Motion presented.**

**Mr. Chomiak:** Madam Speaker, we often get criticized on this side of the House by members opposite, unjustly I might add, as being opposed to all government's initiatives. In fact, it is my opinion that had the government of Manitoba listened to the New Democratic Party for the last five years, we would not be in the situation in terms of health care that we are in today.

You know, no better illustration can exist than the controversy regarding the home care contract that came

up today, another privatization initiative of this government that has been roundly criticized and condemned by the population. When they get into trouble on these constant deals, they waffle, they make one statement after another, and it certainly does not improve the situation in terms of how Manitobans can deal with these issues. Yes, we are opposed to this deal, but we are opposed to this deal for sound and practical reasons which I would like to illustrate on a point-by-point basis.

Before I talk about the point-by-point denunciation of this privatization project of the Filmon government, I want to talk a little bit about the principles involved. You know, Madam Speaker, I am beginning to believe that the only principle involved is to hang on and cling on to government for as best you can for as long as you can. But I digress. There is no doubt that there can be economies of scale realized through various changes and variations in distribution and the logistics distribution in the health care system. No one disputes that, but, as has been the case in so many other projects undertaken by this regime, the project undertaken is a grand scale not clearly thought out and is rife with difficulties and problems.

Why is it that we in little Manitoba, why is it in Manitoba, that we have to have the Cadillac of information systems deals, the SmartHealth deals? Why is it that we in Manitoba—I do not know where these ideas come from, be it the information system, the SmartHealth. We are going to design the greatest system in the world, according to various ministers of Health, that is the most advanced and the most expensive beyond any other jurisdiction in the country, and I think the plan is to sell this system to other jurisdictions just like the plan was to sell the economies of scale realized by Connie Curran to other jurisdictions.

Now we have a food system proposal that is put in place that is unlike any other proposal and any other jurisdiction in the country. You know, Madam Speaker, some jurisdictions have gone to a centralized system. No jurisdiction has gone to a system where all of the hospitals and all of the nursing home facilities—

**An Honourable Member:** But we have.

**Mr. Chomiak:** That is right. The member for Lakeside is right, where the whole system is going to be centralized in one centre. You know, Madam Speaker, it is astounding. We are going to take an idea that has had failures in other jurisdictions, and what are we going to do? Are we going to learn from those failures? No. We are going to take a system and we are going to make it bigger. It is extraordinary. This was done without public discussion, without public consultation.

You know, just at the onset when you see the stars in the eyes of the various ministers as they talk about this proposal, you ought to know there is difficulties. We had those difficulties with Connie Curran, we are having those difficulties with SmartHealth, and we will have and we do have those difficulties with the shared services agreement.

Madam Speaker, it is not that there are no other alternatives to this system. When the proposal came out, a nationally recognized accounting firm did a study, and they looked at the proposals put together by USSC. The proposal as put together by USSC, as deficient as it is and as inaccurate as it is and as rife with financial inconsistencies as it is, is not as financially sound as the proposal offered by that nationally recognized accounting firm, which, at the same time, would have preserved more jobs and provided for more made-in-Manitoba product. That proposal is a public document, and, you know, it was presented to two ministers of Health and was rejected outright without consultation.

I attended the initial offering and the initial establishment of the USSC, and when the proposals came out at that session for what they were going to do with food services, nothing of the sort that we are seeing today was proposed, but some time between the time they announced it and the time we have seen this warehouse being constructed in St. Boniface, the government got this grand idea for building this plan.

You know, Madam Speaker, this proposal in principle I do not think can work. I do not think this proposal in principle can work, and it sort of fits in with all of the grand schemes of the Conservative government in health care over the past few years, be it Connie Curran or be it the SmartHealth initiative. It is always the Cadillac proposal. It is always rife with, oh,

we are going to be able to sell the technology and sell the potential of this, and every single occasion when they have touched it, it has dissolved. I am very tempted to go into some detail with some of those other plans, but I have much to say about this particular deal.

\* (1710)

Madam Speaker, why we oppose, having indicated already that there are alternatives that were proposed, and, in fact, alternatives have been proposed from other proponents with respect to alternatives to this plan that would be more cost-justifiable and would save more jobs. The government has totally rejected that proposal and is proceeding with the grand scheme, if I can call it that, the USSC grand scheme.

Madam Speaker, what are some of the specific difficulties we have with this plan? Firstly, we are in the majority viewpoint of Manitobans who are very suspicious about the government's motives and the plan itself. I mean, the poll that took place said more than 90 percent of Manitobans were opposed to this. Now, I am not saying that that is necessarily reason for the government to back off, but, surely, that would be a reason for the government to reconsider, to review, to consider exactly what they are doing when, in fact, the vast majority of Manitobans are opposed to this.

The last two times the vast majority of Manitobans opposed the government on one of their initiatives was the home care situation, which they were forced to back down from and only were forced to back down from through the hard work of many Manitobans, and, secondly, MTS, and, Madam Speaker, I need not repeat what happened in the House today with respect to what has happened with the MTS deal, the broken promise and the utter—I cannot even find words to talk about the fact that people are profiting and making millions of dollars at the expense of Manitoba taxpayers and at the expense of jobs and the at expense of service. It is obscene what has happened at MTS.

Now, Madam Speaker, we have another deal—because that is what it is—that is being proposed that has all kinds of holes in it. One of the most curious difficulties about this whole project is the numbers that have been put forward to justify this deal. The corporation, this nonprofit corporation that is set up,

this Crown corporation that is set up by these great administrators of Crown corporations, these great defenders of Crown corporations, this corporation that has been set up by members opposite put out figures of savings. They are talking about—and I, unfortunately, misplaced my file, and I do not have the exact figures, but they are roughly correct, and I can be corrected. They are within the ballpark. They are talking about savings of something like \$3 million a year annually in food savings. That was how they justified it, and it certainly looks good on paper—\$3 million in savings a year.

Do you know what they failed to say? Do you know what they failed to tell you? Madam Speaker, \$2.5 million of those savings are the cost to build the great warehouse facility and to pay down the loan to Newcourt Capital of Toronto, Ontario, to pay for the costs.

What kind of accounting is that? That would be like saying that by paying for my house, I am saving money—it is incredible—on my food costs. That is what they are saying: \$2.5 million of the \$3 million in so-called savings is going to pay down the debt—on a debt, by the way, the government promised was privately funded. It is not privately funded; it is funded from our tax dollars, \$2.5 million that is going to pay Newport Capital of Toronto, Ontario. That is going to be the food savings. On top of that, the figures that were provided to justify, on top of that I did not see figures of the \$600,000-Versa contract within those savings, so even the very justification for this deal in financial figures is wrong.

I might add, I resent the fact strongly that we as legislators in this Chamber have made a deal to enter into a 20-year commitment to this Capital firm in Toronto, Ontario, and we who are spending taxpayer dollars have no say in that deal, absolutely no say. It was entered into by the government's establishment of a Crown corporation. I think that is an affront to this Chamber, and that is an affront to taxpayers that we have—in fact, they are doing it all over the health care sector. They are marginalizing the minister's responsibility, spending our tax dollars, and we as legislators have no say in this deal. We have no say on the expenditure of this money, even though it is our tax dollars. I am offended by that, and I think that is

contrary to the democratic principles, but it is typical. We saw it in MTS, we are seeing it—and today the minister justified the extension of the home care contract and the breaking of his promise by saying: we no longer operate it; it is the WHA that operates it; and I am not responsible. I object to that strongly.

Madam Speaker, what about Manitoba suppliers? What about Manitoba quality products? You know, when the deal was announced, they conveniently forgot to say, well, we are going to—well, they did not conveniently forget to say we do have the chairman or the CEO stating that products would be brought from outside of Canada. Are members opposite not concerned about Manitoba content? Are they not concerned about rural Manitoba and about our produce? The only reason it is an issue is that we have made it an issue, and UFCW and CUPE and other workers have made it an issue. That is the only time it was recognized by members opposite that, hey, maybe there is a difficulty with Manitobans. What about Manitoba products and Manitoba suppliers?

You know, Madam Speaker, the other hidden aspect of this deal that has not been told, and I hope members opposite outside of Winnipeg listen to this carefully, is the plan. They cannot justify financially that operation of that centralized service serving solely Winnipeg hospitals; the savings cannot be achieved. They can justify it only by expanding to nursing homes and expanding outside of the city of Winnipeg, so that will be the next step, expanding outside of the city of Winnipeg. So all of you members opposite who have got food distribution sites in rural Manitoba, who have kitchens, who have jobs out there, you better watch because that is their plan. The plan is to extend it beyond Winnipeg because it cannot economically be justified based on being in Winnipeg.

Madam Speaker, I am amazed how quickly my time has gone. I have not elicited all of the other difficulties. There are concerns about culturally appropriate food from Inuit who come from the Northwest Territories to Winnipeg and people of ethnic background. There are concerns about the fact that, once you scramble this egg, you will not be able to go back to the other facilities. In jurisdiction after jurisdiction where they have tried this experience, in British Columbia, in Quebec, in Atlantic Canada, they have had to turn back

the clock because it has not worked. There are concerns about—[interjection]

You know, I hope members opposite can get up and actually deal with some of these issues because they certainly seem to be trying to deal with them right now. There are concerns about the whole financing question, and the fact that we will be locked into this contract whether the food is delivered or not—and we have locked in the hospitals.

That capital deal that was entered into is one of the worst deals that I have seen. Now, you guys have had bad deals. You have had some bad deals that have been entered into, but that capitalization deal binds the facilities, whether or not they get the product, for a 20-year period, and they have no say, and we as legislators are going to be using tax dollars to fund your grand scheme—and I wish I had more time. Thank you, Madam Speaker.

**Hon. Darren Praznik (Minister of Health):** Madam Speaker, thank you very much for the opportunity to speak on this particular issue. I must tell the member for Kildonan (Mr. Chomiak) that we on this side certainly welcome the opportunity to debate this particular issue on a factual basis.

\* (1720)

The member does raise a number of issues that we hope to address in this debate. I indicate to the House that the member for Kildonan has requested that we deal with this issue, as well, in the Estimates process. I know we are going to be arranging to have answers for many of the detailed questions that he will be asking during that process because I think it is good to have a public airing of this particular issue.

One of my regrets is that the United Food and Commercial Workers, Mr. Christophe's group, has chosen not to want to debate this in a factual basis but has spread all kinds of misinformation around the province. I do compliment the member for Kildonan because he has refrained from some of the ludicrous, actually silly comments that have come out of UFCW.

I have to compliment CUPE as well in this process because last April CUPE brought to my attention, along

with the member for Kildonan (Mr. Chomiak), some of the important issues in labour adjustment. There was a presentation by CUPE here at the Legislature, and we indicated that we wanted to make sure that labour adjustment issues were handled properly by Urban Shared Services. That has taken place, and I have had visits from CUPE representatives more recently on some of these issues. Regrettably, UFCW, as I have said, had indicated at the time, last April, not to even take an interest in this issue.

What I find such an irony is last summer I happened to see one of their senior people at a funeral, and I asked them when UFCW would be raising some of these issues. I was sort of told, well, it is kind of not important. I guess in the fall they discovered the issue and the fact that they would be competing with CUPE for the support of the new employees of this facility for who would be the bargaining agent, and they were into their election campaign.

**An Honourable Member:** All of a sudden it was important.

**Mr. Praznik:** It was, and there was an irony in the fact that CUPE was here dealing with some of those issues last April, and UFCW could not find the time to be dealing with them at that point, but that is really beside the point to the debate.

Madam Speaker, I find it very, very interesting, the concern expressed by the member for Kildonan (Mr. Chomiak) about 20-year commitments for capital money. I have never heard New Democrats express concern about the 40-year money that this province had to commit itself to in order to finance general provincial debt. One has to put it somewhat in context.

The member has flagged correctly the expected savings minus, of course, the cost of servicing a new facility to provide the centre for the food processing in the system which I understand is under construction today in the St. Boniface portion of Winnipeg, but what the member has forgotten in his estimates of the cost is the estimated \$35 million of capital funding, public money, that would be required over the next few years to revamp the existing kitchens in our facility. In fact, I understand that the Health Sciences Centre, the

estimate is somewhere near \$20 million to revamp their food processing system.

Of course, that money likely would have to be borrowed as well and committed over a long period of time and, of course, those numbers should also fit into the calculation of the cost. I think that is fair. If one is comparing apples to apples, one has to compare the capital costs that have been avoided by putting this into place.

Madam Speaker, one of the fundamental parts of change in food delivery on the institutional side, and I think it is an important point to mention, is that the traditional system of providing food services in institutions has been the hot cook, insulate, deliver system. The development of new technology in delivering food, of chilling food through the—[interjection] Well, the member for Concordia (Mr. Doer) shows again his ignorance on issues, because he speaks of microwaves. If he had taken USSC up on their offer to study the issue in greater detail, he would have found out that microwave ovens play no role in this, but that would interfere with the Leader of the Opposition's case or the statements he likes to make. He never, of course, likes to have the facts interfere with the statements that he makes.

Madam Speaker, that is a fundamental issue of changing the means of preparing and delivering food. The hot cook, insulate, deliver system has become very much in institutions an outdated system of delivery. It was based on the technology of many decades ago. Today, much more effort has been put into better ensuring that food that is prepared is much better to be chilled in the delivery system and heated before being served than the other method.

I had a chance to visit the Health Sciences Centre some months ago. We were going through the tunnel system, and it was around lunchtime. All of a sudden, we hear this horn go off and this train goes through the tunnels carrying pile upon pile of meals wrapped in these thermal bags. One of the people with me indicated that some of the food travels from the kitchen to the wards, and it is between a quarter- and a half-mile between the distance and the hallways and up and down—[interjection] Well, you see, is this not interesting? There are the New Democrats again, they



do not really want to deal with the facts, do they? They really do not want to talk about—and I must say, the member for Kildonan (Mr. Chomiak), I have to differentiate him somewhat from his Leader because, in his remarks, he did raise issues, correct us about, what are the financing arrangements? We can debate that. What are the supply issues? That is good public policy debate, but his Leader could not stick to dealing with issues of public policy or facts. No, he has to make comments about all the food that will come from Toronto to be prepared. I suspect if he speaks on this matter he will tell you that toast will come from Toronto.

The member for Wolseley (Ms. Friesen) made comments earlier about all the food being frozen, which is not the case. They talk about home-cooked meals as if today in our hospitals in January we have plane loads of fresh peas coming from California, and people peel them in our hospitals and boil them nice and fresh, that the Jolly Green Giant's frozen peas are never found in an institution in Manitoba.

This is the point of how the New Democrats, with somewhat the exclusion of the member for Kildonan (Mr. Chomiak), who does, in my experience, like to have a good debate on policy and issues, but the rest of his party would much rather take out ludicrous statements, throw them out, make it sound out of this world, walk away and really not care if the people of Manitoba have a thorough and factual airing of the issue. They treat the people of Manitoba with great disrespect. In fact, I would suggest the member for Concordia (Mr. Doer) and a number of his colleagues are very contemptuous of the people of Manitoba by thinking that by a few 30-second lines, eight-second lines that sound outrageous that that encourages a good public debate. Of course, it does not. It has not served, I would note, the Leader of the Opposition well during his political career, and I would expect it will not in the future as well.

Madam Speaker, let us deal with some of the issues that the member for Kildonan (Mr. Chomiak), I think, has raised with respect to supply. In fairness to the member for Kildonan, I will say to him, the public debate that is generated, which is a good public debate, has certainly made the awareness of the opportunities here and the need to ensure Manitoba companies work

hard to gain the contracts of supply are an important one. That is a very important issue. I know in the latest report I had from Mr. Sheil, who is the CEO of Urban Shared Services, he tells me that it is possible that even a greater share of product will be purchased in Manitoba than is today the case. If it is the public debate that has led to that, that is great. That is a good opportunity for the development of opportunity for Manitoba suppliers.

Members talk about a variety of food and where it comes from. It is interesting when people talk about chilled or frozen food. I am advised that today between 45 percent and 50 percent of all food and food products currently served in Winnipeg's hospitals are prepared chilled or frozen, so this is not a significant change. One should not leave the impression on the record that no frozen products are used in today's food. In any large kitchen, the reality—in fact, it is a very good reality, because before we had access to those kind of frozen food products, before we had refrigeration, the spoilage of food, the potential contamination of food was much greater.

\* (1730)

You know, when I hear members opposite talk about we do not want this new technology, keep the old, it makes me wonder what the world would be like if New Democrats were running it when people invented refrigerators. If you followed the philosophy of the New Democrats, we would never have adopted refrigerators because it might have put ice cutters out of work, and it does not really matter if unrefrigerated food spoils, it is home cooking according to the Leader of the Opposition (Mr. Doer). Technology marches on, and it should march on, because ultimately it improves the quality of service and of life for all of us. That has been the case over and over again in the history of the world, despite the comments of members opposite.

Madam Speaker, one of the areas that was of great concern to me as a former Minister of Labour and was raised—and I thank the member for Kildonan (Mr. Chomiak) for having been part of hosting a visit by CUPE. I believe CUPE represents five of the nine locals that are in the current food system, and they raised a host of issues affecting employees. I think it is very, very important that we recognize when change

takes place that we attempt to accommodate the staff in that process. Because of, I think, the intervention of this minister and brought on by the event of which the member for Kildonan was part, we made it very clear to the hospitals, who are the owners of Urban Shared Services, that they had to improve or double their efforts in accommodating staff.

It resulted in an enhanced voluntary retirement incentive program that was applied for by a significant number of the staff now being processed through. It resulted, as well, in additional training dollars to train those staff, who will not find a position in the new system, for other jobs in the hospital system. I am expecting that when the whole process of working through the labour issues are done that the vast majority of people who currently work in the system will either be working in the new facility, will have taken a voluntary retirement package, or will have been found another position in the hospital.

You know, Madam Speaker, members opposite make fun of voluntary retirement incentive programs. For many people who are close to retirement, the additional 30 weeks allows them to retire somewhat early, or if they are a young person working in there on a casual basis may allow them to go to university or pursue other parts of their life. Anyone who did not want to leave, we were committed to attempting to find other employment in the hospital system.

Now, the only place where I understand there may be some problem here, and it is regrettable because it goes back to the Leader of the Opposition's (Mr. Doer) good buddies in the United Food and Commercial Workers, is there may be problems in St. Boniface because, I am told, and I stand to be corrected, but what I have been hearing out of the system is that union was discouraging its employees for applying for the new jobs in the system. So, if there are people there who find that they are not employed after this process, then I think they are going to have to look at UFCW and perhaps the Leader of the Opposition in the eye and question why in fact they have taken such bad advice in this process.

I know in talking to a number of the facilities; in Concordia, in fact, they had such a success rate, they have a number, I understand, of positions in their

facility that they will have to fill with additional people because they have had such success in the process. I intend to ensure that this House has a full report on this matter—

**Madam Speaker:** Order, please.

**Mr. Praznik:** Thank you, Madam Speaker.

**Mr. Steve Ashton (Thompson):** I must say that I almost enjoyed the remarks of the Minister of Health. I must say he obviously has a humorous bent. He must be a fan of Monty Python because the kind of logic I heard there in a 15-minute speech that was supposed to be debating a matter of quite significant concern to people was incredible.

You know, when he got up and said about history, history, history—oh, I am sorry, I did not mean to offend the minister. He has probably gone to check and see if the Olsten contract has been really renewed. I must say, it has not been a good week for the minister. I thought yesterday was classic where he defended the renewal of the Olsten contract and went outside and said actually it was not really extended. But, you know, his defence of this, I think, rivals with the member for Pembina (Mr. Dyck) yesterday who said that patients like to be out in hallways because that is where the action is. Well, Madam Speaker, I have seen it all now. This is going to be it. This is their next election campaign. They are going to run, and the Tory platform on health care is, No. 1, we put patients in the hallways, that is where the action is; and No. 2, we are going to give you frozen food when it comes to lunchtimes.

I do not know. The defence that the minister just put forward is right up there with—I think the ultimate media event of the last year was when somebody had the brilliant idea of hauling in a chef. Was it the minister?

**An Honourable Member:** Yes.

**Mr. Ashton:** Now picture this, Madam Speaker. People have been hearing about this food. It is has been well documented, the reaction elsewhere, in New Brunswick. I was reading actually that one of the patients in New Brunswick got so upset with the food

that they mailed it to the Premier. You know, they had a brilliant idea. What they were going to do is they were going to serve the same food to the PC cabinet. You know, they even brought in a chef to do it.

Now, is this going to be it? How many members of cabinet now, 18 members of cabinet, right? So, they are going to have a chef for every 18 patients out there running around with a little white hat. They are going to say, do not worry, this is just as good as the regular food is. I mean, that was a real winner. I sat there, and I said to myself, who came up with this brilliant media strategy, right? It is like PC cabinet gets served this food, served by a chef. Now who is going to believe that is going to be the same food, presented the same? Well, the Minister of Health (Mr. Praznik).

But let us go further. I mean, there is not a member on that side who does not understand that the public does not like this idea. I know the member for Rossmere (Mr. Toews) understands that. He has been sending out letters in his constituency, three pages long. It is like a Monty Python skit, you know, this food is not frozen, bang, bang, bang on the desk. It is just rethermalized. The minister was beyond himself when he sort of before said, well, some of the food that is currently served is frozen. Now he is going to raise it to 100 percent. There is a real winner. Where are you going to stop here? Where are the limits on this?

The minister also—I mean, look at the logic here—says, well, some people are going to lose their jobs. Madam Speaker, 500 people are losing their jobs. The number of people who are going to get any replacement jobs under the new system is significantly smaller than the number of people losing their jobs.

I will tell you who else is getting affected. The minister did not mention this in his statement. What about the people that supply the food currently to Manitoba? I know of one case, a supplier of turkeys, low-sodium turkeys. His market is wiped out because that is going to come in from Ontario now. I say to the Minister of Agriculture (Mr. Enns), who, I believe, is a reasonable person, that he should be leading the charge in cabinet and saying to the minister, I will drop this plan on behalf of Manitoba producers. I note that we were at a recent event where I think—[interjection] Well, I will say to the minister, I know he knows this is right

up there with the home care plan, you know, the privatization of home care.

I do not know what it takes over there for people to understand a couple of things here. First of all, there are actually things out there that the public thinks are better run by the public sector, okay? There are some things. Now, we are not getting into the phone issue, but two-thirds of Manitobans opposed the sale of MTS. Manitoba Hydro—and I know and I look to the Minister of Agriculture (Mr. Enns), MPIC. He had made some very eloquent comments recently at an event which I really respected.

I just want to look at this for a moment. You do not have to be a brain surgeon in this case for the Minister of Health to understand that first of all—and I go back to the previous Minister of Health—people like home care operated by the public sector, nonprofit basis. People do not want somebody coming into people's homes, running a home care system, knowing that they are part of a profit statement at the end of the day.

I remember people in this House during the home care strike, where they were standing up and said, oh, no, the people were on our side. You know, everywhere in Manitoba the reaction was clear, whether it was Neepawa, whether it was right here in Winnipeg, whether it was Thompson or Dauphin. All over the province, people said, look, come on, let us be reasonable, we do not want privatization of home care.

It is the same thing with food services. There was this poll that was run recently, and now you can criticize the source, and I noticed the minister managed to put in a few attacks at some of the unions that have been fighting this. That is not unusual. Of course, they do not do that in Brandon with the same union when it comes to a hog plant.

But just go down on Portage and Main. Go to Main Street and Portage itself. We will go to Morden or Winkler and Pembina. Let us go out to Morris. Go and ask people what they think of the government's new plan to fly in this food from Ontario and rethermalize it and serve it in hospitals. [interjection] Well, the same member yesterday who says people want to be in the hallway so they can be part of the action says no problem. He at least is consistent and I hope he is—by

the way, I would say that they should appoint him as the next Minister of Health. We would love to have those policies in the next election.

\* (1740)

But, you know, just ask the patients. Now, if you do not believe me in terms of what they think of this, ask some of the patients at some of the facilities that have this food in place at the current time. They do not like it. I understand what you are doing, but I say to the members opposite, you are treating Manitobans as a guinea pig. What is happening here—you know, there are individual hospitals in New Brunswick and in British Columbia that have tried this, and they backed down on it.

But you know what the reality is? You are allowing Manitobans to be used as the guinea pig as part of an effort by those who know that the only major sector left for them to crack in terms of food services is basically this sector, the hospital sector. We are part of a North American plan. If they can get a centralized system here, they are hoping to take it all across North America. It is big bucks. I wonder what the stock options are going to be on this one, Madam Speaker.

That is what you are allowing to happen. The Minister of Health (Mr. Praznik) keeps slip-sliding away when it comes to the reality of the debate. He says, oh, we are going to save money and put it into patient care. That has been disputed. There are people who have pointed to the fact that the minister's numbers just do not add up.

But I will go one step further. A lot of people have said to me in my constituency, they are saying quite clearly if it happens in Winnipeg, Thompson is next. They say when you are in a hospital, one thing that you look forward to—you know, it is a highlight of your day in a lot of cases. When I was younger, I spent a significant amount of time in a hospital once, quite some time. You know, it is the food. It is part of the quality of patient care.

I even remember when the Minister of Health took shots at the current food service situation. I tell you, Madam Speaker, I tell the members of the government, you think anybody has concerns about current hospital

food, wait until you see what is going to happen with this new system you put in. Every single time someone gets a meal that does not fit up to what they think is acceptable quality, you are going to get the blame. You thought home care was a winner, privatizing home care; wait till you get this hospital food out there. Actually, at the rate you are going, good timing, you are going to have it in place just in time for the election. Do you know how many Manitobans end up in a hospital, how many Manitobans have relatives—or in a personal care home or—well, in a hallway? Now we understand what happened in St. Boniface in the last couple of weeks was part of the master plan. Those people, you could say they wanted to be where the action was—a real winner. But has somebody not sort of said, whoa, hold on a second, Mr. Minister?

Well, there were various references to the Minister of Health's (Mr. Praznik) ambitions. I say to members opposite—this is just a bit of friendly advice here—the best thing you can do politically for those of us that oppose you is go ahead and serve this food across the province. That is the best thing. You know that. You know you cannot win this with the patients, so why are you allowing the Minister of Health to run around when he is not too busy trying to explain the Olsten situation? You know, from the minister that brought you Olsten, now the minister that is going to bring you food services.

Is somebody not reining that minister in? I mean, this politically is the symbol for a lot of people of just how out of touch you are in terms of health care. Believe you me, I talked to somebody around Christmas, a good friend of mine, who is not all that political, but said to me: this is the ultimate symbol of how out of touch the government is after 10 years. They think they can run in and treat patients like a big guinea pig and serve this rethermalized food. It is going to symbolize everything from the line-up in the hallways, the waiting lists, the rest of it because this is the ultimate. You can blame this, you can blame that, you can blame the other for a lot of the other things you have done, but this is one of those bold new frontiers that you are charting for yourself. You are the Minister of Health. This is like the new vision of the Tory Party for the new millennium here—rethermalized hospital food. I mean, there are a lot of changes that we need in the health care system, but I can tell you there is not a single

Manitoban out there that will list this as being one of the changes they want to see. They want a care system that still treats quality patient care as the No. 1 priority, and part of that quality is, Madam Speaker, having proper meals.

So I want to just say to the members opposite, we can stand here politically and we can say, I suppose, keep on doing this, but we feel strongly enough about this that we have moved a resolution in this House. We are determined to try and stop this because, even though it is the best thing politically for us because it symbolizes your approach on health care, we know that there is going to be an uproar from the patients. You just talk to people in facilities who have this food in place, and you will find out what I mean.

I say to the minister, through the members of the government who are here to listen to this—the minister says he is willing to debate that—I just received an invitation today to a debate that is taking place next Tuesday at the Franco-Manitoban Society. I am prepared to go and debate the minister. I believe there are going to be some other panelists who have been invited as well, including the member for St. Boniface (Mr. Gaudry).

I encourage the minister to get out of this Chamber and talk to real people because I tell you what, Madam Speaker, if Manitobans had a chance to vote on this, they would vote 99 percent in favour of this resolution, 99 percent against rethermalized hospital meals, and they would vote in favour of a health care system that recognizes that one of the aspects of the quality of patient care is proper food. The current system we have, I believe, with some appropriate changes, with some improvements, which is part of what is needed, that is what we need. We can build on the current system. We do not need to treat Manitobans as a guinea pig with rethermalized hospital food.

**Mr. Gerry McAlpine (Sturgeon Creek):** Madam Speaker, I am pleased to put a few remarks on the record with regard to this resolution, and I must congratulate the member for Kildonan (Mr. Chomiak) for bringing this resolution to the floor.

I think it warrants, certainly, serious consideration, as anything to do with health care certainly does, but I

think that beyond that they have not really said anything that would convince me that they are really serious about this issue.

The honourable member for Thompson (Mr. Ashton) sounds good in debate, but he has not really put anything on the record here that would support or convince the people of Manitoba that there is any substance to what he is saying.

I think that is the important thing that people in Manitoba want to hear. They want to hear the true facts on what is happening as far as the health care system in this province. [interjection] You know, the honourable member for Concordia (Mr. Doer) says, go door to door. Well, I can assure him that I have gone door to door, and these are things that I am hearing. As far as this matter in terms of debate is concerned, the member for Thompson may be a good debater, but he is not putting anything on the record that is going to convince anybody, because all he is going to do is he is just going to irritate and confuse people and is not going to be able to make the decisions and logical decisions. It is unfairness to the people of Manitoba when a person like that talks as he has done.

I really believe, listening to the member for Concordia in terms of the resolution, that his intentions are honourable. He is sincere in terms of what he is doing. I support him wholeheartedly on that in terms of the representation that he is doing and in terms of that aspect, but I certainly cannot support the member for Thompson putting a pile of rhetoric on the record, because people do not—they are tired. It is the political image that we as members have towards politicians because of rhetoric that is put on the record such as that, misleading people, and that is sad.

Madam Speaker, I had some serious concern about this issue when it first came to the surface, because I think the idea of it warrants serious consideration, but as far as I am concerned, I have seen and I have gone the extra mile on this and looked at this. It is not a perfect world out there. It was not a perfect world in terms of the food services, and as far as the hospital staff and the food services of the various hospitals and institutions throughout this province, they are doing a tremendous amount of good in terms of what they are

doing, but when they are serving the number of people that they are serving, there are going to be problems.

\* (1750)

We have to move on with the times. We have to look at this in the interests of our health care future. We have to look at changes. We have to look at improving the situation, no ifs, ands or buts about that, and if we do not do that, we are going to be left in the dark.

You know, it was interesting, I travelled over the last week or 10 days across the west from Vancouver to Winnipeg. When you read the papers in Saskatchewan or you read the papers in Alberta or British Columbia, the headlines are the same. The health care headlines are exactly the same. We have an NDP government in British Columbia, and do you think that they are popular in British Columbia? You want to get a British Columbia paper and just see what—they are impeaching those members out there for things that they are doing. Those are the health care professionals or the people who are the saviours of health care.

The same thing in Saskatchewan, the headlines are the same, and Alberta, a Conservative government in Alberta, yes. Governments today have to take control of these issues. We have to address the serious issues and try to improve on this for the long term.

Madam Speaker, I have taken an interest in certain things as far as health care is concerned for my own personal benefit. A lot of people—and maybe the member for Kildonan (Mr. Chomiak) is not aware of this, but as soon as food is cooked beyond 118 degrees, the food is dead. It has no value in terms of nutrition whatsoever. It is bulk. It fills you up, but it does not provide any nutrition.

Let me expand on that. Say, vegetables as an example, Madam Speaker, the peas and the carrots that we grow and the things that we are going to get from the province of Manitoba through this system, the Minister of Agriculture (Mr. Enns) is going to be the hero of the province of Manitoba because with the diversification of the farms and everything like that, we are going to be able to benefit from this value-added as far as these are concerned.

But let me tell you, Madam Speaker, that once the temperature reaches, in cooking these foods, beyond that 118 degrees—and you have to imagine a chef cooking for thousands of people in, say, the Health Sciences Centre, as an example. Is he going to be able to monitor that with it on an element on a stove or whatever it may be, or even a microwave? I mean, you cannot do it with a microwave. You are going to kill the enzymes in those vegetables and food that provide the nutrition for the patients, and the thing is, if you kill the enzymes in those foods, the body has to produce those enzymes in order to digest that food.

Madam Speaker, under this system, this allows the opportunity to control the service of the food. I believe that this is very innovative in terms of providing food for large numbers of people, and I think that from the aspect of that, if we really examine that and test this opportunity—and I look on this as an opportunity, because the system that we have been under over the last 50 years, as an example, in terms of the traditional food services, has not been satisfactory in terms of the needs of the patient, not to my satisfaction or my understanding.

I think that the honourable member for Thompson (Mr. Ashton) talks about treating Manitobans as guinea pigs. That is not the intention of this government at all. This government's intention is to look out for the best interests of Manitobans. We have had the experience in our own—and the member made reference to this, as far as our own caucus is concerned, with having that food served to us. There was no chef brought in from Toronto, as the honourable member alluded to. I mean that is garbage, pure garbage, and that is unfortunate that kind of talk can go on the record, and it is there for people, like all Manitobans, to read. Those are the wrong messages that honourable members are giving in this Chamber, Madam Speaker, and I think that he should re-evaluate and rethink what he is saying before he gets up and puts comments like that on the record for Manitobans to read.

Madam Speaker, we talk about the matter with regard to losing jobs for the people who are serving in those industries. I believe that we are in a changing environment. People, regardless of what the vocations that they are in, we are going to be faced with that, whether it is in the health care industry or in the agricultural

industry or whatever industry we are in. We are going to have to realize change. We are going to have to accept change, because if we have no change, we are not going to have any growth.

You know, they talk about the privatization of this. It is interesting—and I have been here for a number of years, and the socialists, in regard to privatization, they remind me—it is like a boil on their posterior when they deal with privatization. They just do not have the capabilities of dealing with it. They have no understanding of it.

It is unfortunate. There are people over there who have had some private experience in private industry; but, when you hear them talk in this Chamber, they talk like a bunch of—well, I cannot find the word for it, but maybe it is better that I cannot, because I may be out of order in saying it. Madam Speaker, I do not want to be unkind, but that is the truth.

**An Honourable Member:** Yes, there is a German—a Mennonite word for it.

**Mr. McAlpine:** Maybe I would have to speak several languages, or learn to speak several languages, before I would be able to put those comments on the record, and then we would need an interpretation. [interjection] It would take me a while to get my tongue around that. The honourable Minister of Agriculture, I think, has a few choice words. Well, I respect his wisdom.

Madam Speaker, I think that we also have to look at the aspect of what it is going to cost us to improve the kitchens in the Health Sciences Centre. Here we are

talking—you know, what that reminds me of is putting good money after bad. That is all we are doing; that is all we would be doing. We would put \$20 million in the Health Sciences Centre, and then a couple of years from now, what would be doing? We would be throwing that stuff out, all that good equipment, and it would be worth about 20 cents or 30 cents on the dollar.

The honourable member for Transcona (Mr. Reid) talks about operating rooms. Well, I have had some experience with operating rooms, just for his benefit, with the Grace Hospital. I guess, really when we talk about the socialistic attitude with the boils on the posterior, he is the member, the member for Transcona, who is one of the first members that comes to mind. That is typical socialism.

Madam Speaker, I would like to address, would really like to address the matter with regard to the expenditures that we as a government are going to have to deal with in putting money into the Health Sciences Centre, or any institution for that matter, to improve or to put the equipment in position or place that would enable us to serve the people. As far as they talk about the service—

**Madam Speaker:** Order, please. When this matter is again before the House, the honourable member for Sturgeon Creek (Mr. McAlpine) will have two minutes remaining.

The hour being 6 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 8, 1998

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