



Second Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

(Hansard)

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

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

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, November 26, 1996

The House met at 7 p.m.

ORDERS OF THE DAY

(Continued)

REPORT STAGE

**Bill 67—The Manitoba Telephone System
Reorganization and Consequential
Amendments Act**

Mr. Deputy Speaker (Marcel Laurendeau): The honourable member for Thompson, who has 25 minutes remaining.

Mr. Steve Ashton (Thompson): Mr. Deputy Speaker, when I was speaking before, I stressed the importance of the issue to rural and northern Manitobans of, not just the level of employment, but where that employment takes place.

I think that is important to recognize because the interesting fact here is, you now have MTS, for example, saying—this is in its CRTC application, and the minister is aware of this—that it has limited potential for productivity gains. Now, the reason they say that is because they have already cut back, to a significant degree, the workforce here in Manitoba. That is a very specific term that was used by MTS.

Now, what is interesting is, I still think a private company is under significant pressure to do that, no matter what they tell the CRTC, they do not have that ability to do it, but you know, either way there is that pressure. Often, though, the decision that could be made is not necessarily whether you cut the job or the service that is provided, but where you provide it from. Now, let us deal with an immediate example of why you should be concerned about a private company as opposed to a public company.

Has anybody heard of AT&T Canada? An interesting company, it used to be called Unitel. It is composed of AT&T and three Canadian banks. Interesting. Now, it is interesting because, if you look at it, why would you be

in that situation where you have that? Oh, by the way, I forgot to mention, AT&T Canada, is it an American company or a Canadian company?

An Honourable Member: New Jersey.

Mr. Ashton: New Jersey, no, it is a Canadian company. If AT&T wanted to buy shares in the Manitoba Telephone System, they would not be subject to the foreign-ownership restrictions. AT&T Canada is a Canadian company. I just want to see the ads here, you know. AT&T is a Canadian company.

The member for Riel (Mr. Newman) says, they are a good company, and I want to deal with how good a company they are. Mr. Bill Catucci, President of AT&T Canada, guess whom he worked for before? AT&T, period. He was interviewed in the Toronto Star daily shortly after he came. Two interesting things, he said; one was, guess what phone company they were interested in acquiring? Well, it was not even Cantel; they have done that anyway. It was not even, there is the fourth largest, they purchased that. Guess what company it was? MTS. AT&T, it is on the record, is interested in acquiring MTS.

An Honourable Member: We had to close the door on them.

Mr. Ashton: Well, they have said they closed the door on them, 9.9 percent today and who knows tomorrow? They can buy 9.9 percent. The minister knows that. He also knows that they can acquire shares quite significantly over the next number of years, and if they are interested in carrying out their goal, they can do that. There is nothing in the bill that stops that. The minister knows that.

You know, we have had people vehemently defend the rights of individuals, once they purchase that sale, their property rights, to sell to whomever they wish. There is very little you can do once it trades on the TSE, and it will trade on the TSE, Mr. Deputy Speaker. That is where Telus trades now. An Alberta company trades on the Toronto Stock Exchange.

Now, what else did Mr. Bill Catucci brag about, mister newly appointed head of AT&T? Telemarketing jobs that he transferred, like that, from—guess where?—Winnipeg to Toronto. I know AT&T and Unitel have done some other things since. He came in, and he said, no, he made that decision. I guess he thought he would be somewhat popular in Toronto. That is not a bad thing, right? Look, I sure showed them. I am a good corporate citizen for Bay Street and Toronto. I transferred those jobs from Winnipeg to Toronto, like that, telemarketing jobs, gone. That is the world we live in. It is interesting because I mentioned yesterday about the increasing cult-like behaviour of the Conservative Party trying to show their faith, you know this big leap of faith here.

This is the cult of change. It is interesting because they keep talking about change. What is interesting about it is they do not analyze what actually is going on out there, and they talk about the global economy. It is interesting, in the global economy, what is happening is those jobs can be and will be instantaneously transferred. There are also some who are suggesting recently more concern has to be shown for individual communities. Even management theorists are talking about, what? Stakeholders. Who are stakeholders? I mean in this case the government's share we talked about. That is such a reflection of that mentality at least on a share-run basis.

This is privatization, but it is trying to build in a little bit of that element, not enough probably for us but the interesting thing is—and indeed I am just looking at the section here and I thank my colleague for showing—read Section 22 of the bill. I mean I love this. This is how ironclad the guarantees in this bill are. “A contravention of sections 17, 18, 19 or 20 shall not render invalid . . .” Then it lists meetings of shareholders, transfer of voting shares, and issuance of voting shares. Boy, that gives me a lot of faith. You have 17, 18, 19 and 20 there, but it does not matter, according to Section 22. Talk about a notwithstanding clause. [interjection]

A weasel clause. Yes, a weasel clause. I actually think that is probably offensive to weasels who are actually probably fine animals. The members opposite—this cult of change that we see. What is interesting is change and progress are not necessarily the same thing. They are in some cases; they are not necessarily in the other case. I will tell you, change with Unitel, and I say—I ask the

Minister responsible for MTS rhetorically through you, Mr. Deputy Speaker, was the movement of 150 telemarketing jobs by AT&T Canada to Toronto not change? It was. Was it progress? I do not think so.

I mentioned about Bell Canada transferring operators jobs to Phoenix, Arizona. Is that change? Yes, it is. Is it progress? I do not think it was for the people who used to have those operator positions. Be careful of this because I have seen people in this sort of cult-like mentality. I mean, they are competing with themselves to show their belief in the cause. I saw yesterday people wanting to throw themselves into the debate, trying to say that their constituents actually supported this and I realized that apart from that sort of collective dementia—that develops when you gather into the bunker and convince yourselves and probably do not talk to too many people other than the people who are the converted.

The Minister of Natural Resources (Mr. Driedger) probably gave the best description. He says, my people support this. Is that not interesting, my people. [interjection] The member for Broadway (Mr. Santos) pointed out again, this whole thing, what is he talking about? His political people, or was it a biblical reference? I am beginning to wonder over there if people are seeing—[interjection] I say to the Minister responsible for Natural Resources, do not confuse change and progress as automatically being the same thing. Also, by the way, do not try and turn this into a debate of change or no change, because what I find interesting is, I have said right from the beginning in February, you know what I predicted back in February, and you can ask anyone that was at any of the public meetings we had, I said, people ask this question: They said, what are they going to do? You think they are going to privatize? I said, I do not trust them. I said, when you bring in Bay Street brokers, what do you expect?

The next question is, what do you think is going to happen? People ask this: Are they going to sell off parts of MTS? Interesting. Interesting, because the answer to that I gave was no. In fact, the minister knows that they received offers—

Some Honourable Members: Oh, oh.

Mr. Deputy Speaker: Order, please. I hate to interrupt the honourable member for Thompson, but the

honourable member for Dauphin (Mr. Struthers) and the Minister of Labour (Mr. Toews) are carrying on a conversation. If they want to carry this on, they can do so in the hall or in the loge, but at this time, the member for Thompson has the floor.

The honourable member for Thompson, to continue.

Mr. Ashton: But do you know what is interesting? We get into this whole change versus no change. What is interesting is I predicted—do you know what I predicted back in February, March? We discussed this in our caucus, and we all predicted the same thing: Alberta.

Everywhere I went people said, what do you think is going to happen? I said it is going to be Alberta; they are going to copy Telus. By the way, I started my research in Alberta back in February, March. I had some interesting people that I talked to, people who went through—who were in the Legislature in Alberta when it was privatized. I talked to municipal officials. I talked to people, consumers in Alberta. It is interesting because what I really find offensive in a lot of ways is, when you get the government coming in here, they carbon copy Alberta. When you get up and you say, here is what happened in Alberta, they say, well, that is fearmongering.

* (1910)

Well, Mr. Deputy Speaker, that is their carbon copy. That is Alberta. Everything I am talking about on MTS, everything has happened in Alberta. We even have Telus—we have the prospectus with us if you want to look at the prospectus. Do not take my word or the word of others.

An Honourable Member: I would not take your word, for sure.

Mr. Ashton: Well, to the Deputy Premier (Mr. Downey), once again, it is just blind faith. How many of them have even looked at the Alberta experience? Did nobody in the caucus say, hey, if you are going to follow what happened in Alberta—and let us deal with the question of change. [interjection] Yes, that is right.

It is interesting because the Minister of Labour is very vocal, once again, from his seat, and I look forward to his contributions on the debate. We have the prospectus—

An Honourable Member: 1996?

Mr. Ashton: Yes, and we have the annual report, yes, both. It is available. I will tell you what, all you do is you phone them up; they send it to you. Mr. Deputy Speaker, that is more than you can say about the government with their prospectus, you pick up the front page of the paper.

I want you to consider this again. Do you know what is interesting about what the government did, these great disciples of change, these great modernists? I use this, by the way, with a slightly cynical edge to my voice. I want that recorded in Hansard. If you can record cynicism, please do, Mr. Deputy Speaker, on my behalf because, in 1991, they privatized Telus. It used to be called, Alberta Government Telephone. By the way, they kept the initials. Is that not interesting? What are they doing with MTS? Keeping the initials. What is AGT? Well, it is still AGT. The company's name is Telus. [interjection]

Oh, they have changed. I know they have done some logo changes, and I thank the member for Turtle Mountain (Mr. Tweed) for that.

(Madam Speaker in the Chair)

But what is interesting about what happened, when did they privatize? They privatized right around the time of the deregulation, '92, yes. They took a model from before deregulation of a private company from a much bigger province; they left out some of the features. Do you know what the restrictions in Alberta on ownership were? They were 5 percent for individuals and 10 percent for foreign ownership. Their first numbers here were 15 and 25; they have now reduced that, but it is still not as low as Alberta. They did not deal with any of the stuff that happened in Alberta, but they took a model from prederegulation and applied it, and I want to show—it is interesting. The Premier (Mr. Filmon) talks about the credit rating of the new MTS; read the Telus prospectus.

Their credit rating has been downgraded three times in the past, I think, four years because of the increasingly competitive environment that is out there. Now, what is interesting about this is, they took this model from 1991, and in 1996—they say a week is a long time in politics. It is interesting, five years is an eternity in the telecommunications industry, and what has happened? These

great disciples of change, now you would have thought that they were interested in change and nothing else, right? They like to have you believe they are not ideologues. I mean, nobody else does, but you would think they would have looked at all the alternatives, right?

I might just run through the things that were not in the stockbrokers' report. They recommended three alternatives: Keep the Crown as it is, recapitalize the Crown, and sell it off. It is interesting, Madam Speaker, they did not look at options like SaskTel—not even considered, not even thought of, not even moving into a bigger market, the efficiencies you could get of scale moving with a larger company, two adjoining provinces, very similar traditions with their phone companies, did not even consider it. It was not even in the report.

They did not look at other options—they may have internally in terms of sale of part of MTS—they did not look at that. What they did, even when they looked at the model, they took the Alberta model, hook, line and sinker. I will tell you why they did it. They thought this was going to be a real political winner for them. This was sort of going to be the people's capitalism, right, and all these people are going to be lined up to get shares and the vast majority of Manitobans would support the sale of MTS, right? Madam Speaker, wrong. People looked at it, and do you know what people in Manitoba said, and I give them credit, they said, why should I buy shares in something I already own? I heard that throughout the province. Everywhere I go I hear it from people: Why should I buy shares for something I already own?

But this is this cult of change again. They have adopted the Alberta model, and this is the blueprint here. They are going to wave it up here, brought it down from the Rocky Mountains by one—actually it was not Ralph Klein, actually it was pre-Ralph Klein—it is interesting, they had to dig back, Don Getty. Now, that is right. Boy, there is their source, their vision for Manitoba, Don Getty. It is interesting. Think about it.

Do you think anyone along there dared to challenge this enveloping conventional wisdom that must have rushed through the Tory caucus? I would have loved to be in their caucus meeting on the Thursday and been one of the backbenchers when it was announced to them that MTS was being sold off. I would have loved that. It is interesting because you know—

An Honourable Member: Steve, we are particular who we have in our caucus.

Mr. Ashton: Well, I would have like to have been a fly on the wall, let us put it that way.

It is interesting because two of the members—and I notice how vocal the Deputy Premier (Mr. Downey) is; he at least got to play a role in the decision. I wonder what happened in the caucus. I wonder. I have been in government; I have been in opposition and, you know, I have been there and I can tell you one thing, that if members on the government side did not come close to staging a backbench revolt when it was announced to them MTS is being sold off, I tell you, I wonder—

Some Honourable Members: Guess who is weeping?

Mr. Ashton: Well, it is interesting because I notice how much the ministers opposite chuckle. I think it was offensive, quite frankly, and I have been a government backbencher and I will tell you one thing, that the most underrated people in this House are often the government backbenchers. Do you know who they are most underrated by? Often by their cabinet colleagues. I think you can just look at what happened on MTS. They did not trust you to be a part of the decision.

Some Honourable Members: Oh, oh.

Mr. Ashton: I notice again how vocal the ministers are. They think this is funny, the fact that their own caucus colleagues were not even part of the decision. I say that in all seriousness. I think it is wrong not to get such a major decision made—

An Honourable Member: That is wrong.

Mr. Ashton: I appreciate the member for Sturgeon Creek (Mr. McAlpine). By the way, and I will say this on the record, I know the member for Sturgeon Creek has been vocal, I know he has talked to people who are concerned about the pension issue. I do not think I am giving away any secrets here, this is just from conversation. I had people actually ask me after the committee hearings who the member was. There were a couple of pensioners there, and they said they appreciated the fact there was a government MLA who was saying

this bill should not be put through unless the pension issue is resolved, and I give him credit for that.

I ask the question, and I do not mean to put him on the spot, but was that issue raised when the sale was announced on May 2? I do not say by the member; I do not think he could have anticipated that. Did they announce on May 2 that they were deeming the pension plan would be scrapped and put into a private pension plan? Madam Speaker, I do not think they did. They brought in the slide show. As I said, I do not mean to put members on the spot, but I do know that there are members still on the government side who have been speaking out to make sure—they may not agree with our position, but in terms of what they view as improving the bill. That is the role that any MLA should be following. That is what I say if you get caught in the cult of change for change's sake, and you do not look at all the alternatives and you are blinded to the reality of it. They have a \$700-million pension plan; that is almost as big as the sale itself. The pension plan is almost as big in terms of value of the share issue, the \$800-and-whatever millions it finally ends up with. That surely deserves due diligence, scrutiny, whatever term that you want to apply to it. That is what I say, that is the problem you have run into here. You are basically accepting this kind of argument; this is change, we have to deal with it. Question it. Question. Question the pensions. Question why the model is 1991 Alberta.

This is 1996, a lot of things have changed. The minister himself tells us how much things have changed. We cannot go on with the status quo, but I am wondering who is living in the past here, because on the record we have said—we mentioned the SaskTel option. We do not know why you did not give that serious consideration. I am saying on the record today, why did you pick an Alberta model from 1991, Don Getty's vision, the Alberta vision? Is that the only model that could be brought up? Did you just get into it because you thought it was politically popular? I suspect that was part of it. They must have. I mean, Jules Benson must have worked overtime on this one. Do not worry about it, they are all going to be buying shares. They are all going to support this.

Has anybody over there stopped to say, whoa, what happened, 68 percent against this, the 78 percent of rural Manitoba against it? I am sure members opposite will be

prowling the UMM convention the next couple of days pleading with people not to do, what? To support the position the UMM has taken opposing the sale. Was that ever part of the announcements? You know what? I have a lot of faith in the common sense of Manitobans and particularly—and I do not mean this as any criticism to people in the city of Winnipeg but to rural Manitobans. I tell you, in rural Manitoba and in my area in northern Manitoba, you cannot fool people, you cannot fool them.

* (1920)

I tell you we have had several meetings where people have got up and at the end of the meeting they said, well, you can fool some of the people some of the time, but the message you should take to the government, you cannot fool them all the time. That is the judgment of rural Manitoba, 78 percent. And do you know why, Madam Speaker? Because they say a private company is not going to have the same commitment to rural and northern jobs. That is what they tell us.

Do you know what I find interesting is what the government would love to do. They try their last vestige here after they attack all their critics from the NDP through to Ross Nugent. Okay, once they have tried to attack the credibility of all their critics what they do is they get up, and the minister got up the other day and he said, but life goes on. But the common sense of rural and northern Manitobans should not be underestimated because they do not say that there is going to be a catastrophic disappearance of the phone system that we have come to know and respect and support in this province since the early part of the century. Do you know what they say? They say exactly what we say: by making it into a privatized company, you take the heart out of it and you start losing those kinds of guarantees, the kind of commitment to public policy that saw us bring in Service for the Future, that saw the rates we have, the rate structure, and sees rural and northern jobs.

What is amazing, Madam Speaker, this is the same government that a few years ago was talking about decentralization. One of the components was MTS. As a matter of public policy, MTS was required to move jobs out of the city to rural Manitoba. Now, why would they have that as a matter of public policy? Obviously, because (a) it is good public policy, and (b) it is

something that you can do when you own the Crown corporation.

An Honourable Member: They did that with Hydro, too.

Mr. Ashton: Did it with Hydro. I mean, you are getting caught in the contradictions of your own words. If you believe what you said about decentralization and the importance of having jobs in rural Manitoba, how can you not support this amendment to the bill? How can you not support it? I do not know what more I can say, Madam Speaker, and I started with Tom Stefanson. I think Tom Stefanson supports this amendment. Certainly, his words lend support to it. I talked about UMM, the Union of Manitoba Municipalities, the Manitoba Association of Urban Municipalities, they support this. Even some of the Chambers of Commerce, the Dauphin Chamber of Commerce, they support this. I tell you one thing, go beyond the organizations and talk to the people in rural Manitoba, and the one thing they are saying, and I have heard this from a lot of people as well, you know, surely they are going to provide some protection for rural and northern Manitoba. There has to be—some jobs, you know, protection. I mean, offices, and no one is saying there cannot be change in the way the organization is structured. People in Minnedosa are concerned about what is going to happen in their office. I know, I have talked to them—people in Neepawa.

You know, what is interesting, I think right now, if you were to take a vote of the people of Manitoba, something that should be done, I know 78 percent of the people in rural Manitoba would vote against the sale of MTS. But I will tell you, even the other 22 percent would support this amendment. I have not talked to one person in rural and northern Manitoba who thinks that we should either under public or private ownership end up in a situation where we do not have some recognition in this province of the fact that you have to have those kinds of regional and local offices. It is good public policy to have jobs in Thompson, in Morden, in Brandon, in Dauphin, Swan River and throughout the province. Everybody agrees with that, and I urge members, if you vote for one more amendment before this process is over, please support this one because you will be supporting 100 percent of your constituents if you vote for this amendment. Thank you, Madam Speaker.

Hon. James Downey (Minister of Industry, Trade and Tourism): Madam Speaker, I had not intended to speak on these amendments, but I think it is important to put a few comments on the record, particularly as they relate to the amendment that is proposed, but probably as importantly as to the performance that we have observed over the past few weeks as it relates to the amendments, as it relates to the bill and as it relates to what we are observing here. This is not about all of the issues that these members are bringing forward about the issues of rural jobs, the issues of whether or not service will be better or less, whether the price will go up. This is very much a philosophical approach to the way in which a service is delivered to the province of Manitoba. It is very much a philosophical approach.

I think it is important to point out the difference, and the member made reference here a few minutes ago as to how our policies were so good on decentralization, and I think that they worked very well. I think it is a credit to my colleagues in this government that we acknowledge that. If they were so anxious and so happy with decentralization, why did they vote against it? There was a clear opportunity for members opposite to speak by standing in their places and voting what we put forward on decentralization, but every one to a person did not support it, so he brings a bill forward now saying, as part of the sale of MTS, we have to put an amendment in to guarantee certain things will happen.

Madam Speaker, there is no guarantee or there is no justification to think that those offices will be removed under privatization. He has not put one scrap of evidence on the table that there will be one job lost throughout rural or northern Manitoba. It is all speculation on behalf of the member for Thompson (Mr. Ashton). We demonstrated our commitment to rural and northern Manitoba by our decentralization program by moving people, and the member for Brandon East (Mr. Leonard Evans), sitting there as smug as he is and saying—[interjection] well, he said, decentralization. It was not a personal shot. I am certainly not making a personal shot at the member for Brandon East. He was there in full glory running to catch the flashes of the pictures when they were taken of the library opening in Brandon East, of Manitoba Agricultural Credit Corporation in Brandon East. He was there as large as life and I compliment him for it, but I am putting the argument down on two points. One is that the opposition did not

support decentralization and the moving of jobs to rural Manitoba, so do not let them stand here now being the heroes for rural and northern Manitoba as it relates to jobs. Secondly, there is not one scrap of evidence that under privatization any jobs or any services will be lost by the changes that are taking place in privatization, not one scrap of evidence from those people who are pretending to know it all.

Let me look at another issue, because here is the commitment of the New Democratic Party and the Manitoba Telephone System. They got into a major fiasco in the sands of Saudi Arabia. When one looks at the research as to why they went to Saudi Arabia, it was not because it was a good business deal for the people of Manitoba, it was not because there was a profit at the end of the day. They had certain executives and certain employees with the Manitoba Telephone System that they could not find jobs for in the province of Manitoba. So what was the strategy of the New Democratic Party? It was, we will set up a corporation, an international corporation—[interjection] No, this is an absolute truth, that they would find employment for their people. They did not have the intestinal fortitude to deal with an issue.

They set up a Crown corporation known as MTX to export those people to Saudi Arabia to carry out some kind of a program for the people of Manitoba, and \$27 million later and a defeated government, the people realized what they had done. That is the full motivation as to why they got into it. Yes, they tried to paint a picture that it was for business reasons and a whole lot of other things. If that is not the reason, why do they not stand and tell the people as to why the heck we were in Saudi Arabia with a Crown-owned telephone company. [interjection] No, no.

* (1930)

I can table the Order-in-Council that Howard Pawley and Muriel Smith signed setting up MTX, Madam Speaker. It was the New Democratic Party. It is on the public record who set up MTX.

Enough about that. Enough about that, because there is another area or two that I want to touch on, because this goes back to the whole argument behind this debate. [interjection] You voted against decentralization because

it was part of our budgetary measures and you voted against every one of them. Do not tell us that.

Madam Speaker, why is it so different philosophically, and where do we stand philosophically as opposed to the opposition party?

We know the reason for the establishment of Manitoba Telephone System as a Crown corporation when Sir Roderick Roblin set it up. It is because there was not anybody who would provide the service to rural and northern Manitoba. The private sector would not do it. That is understandable. That was 80 years ago. People came to the Legislature and I am sure they rode on a train, and that train system might have been owned by the Government of Canada, CN. What has happened to CN since they have privatized? It has not quit running. Yes, they have made some changes, but what it did do, it changed some political deadlocks that it was in. I am not saying they are right or wrong. I think the jury is still out, but change was necessary and the federal government made the change.

Madam Speaker, we are now living in an era where we have a lot of different technologies that are being applied to the communication systems—wireless, coaxial cable. We have a tremendous technological change that is an industry that I do not believe that the government of the province of Manitoba should any longer be involved in. Is it in any way going to take away from the public interest or remove service from the people of Manitoba? No, there has not been one scrap of evidence to say that the services provided to the people of Manitoba are going to be any less than they are when they are owned by the Crown. In fact, I think there is evidence that probably will introduce new technologies, new sources of capital that will add to the overall communications systems for the people of Manitoba.

I think it is very much the opposite. And you know what? I am really troubled, because the member for Thompson keeps warning us how dangerous it is politically for us to go down this path, that we could be wiped out as a government. My goodness sakes, when Steve, I am sorry, the member for Thompson starts worrying about my political future, I am really in trouble. I am really in trouble. That speaks volumes for the concern of the members opposite. In fact, he did something that I never thought a person of his knowledge

politically would do. He put on the record that when he gets government again, if his party ever got in, that he would confiscate every share that was ever sold to the people of Manitoba—on the record—confiscation of the shares of the people who have bought under a truly legitimate process of government. That is a pretty serious threat for anybody to put on the record. The one saving grace may be that the people of Manitoba will realize over the next few years as this progresses that this was the right decision, that what we are doing is the right thing in the public interest. Now that is a big gamble the member for Thompson has taken, but it is he who is gambling it, not me, and I am not worried if he does not succeed.

I want to point out one other area that I think is important for members of this House to know. The 1970s, early 1980s, late 1970s, here is the government of Sterling Lyon and my colleagues in government faced with a decision. The member for Brandon East (Mr. Leonard Evans) will remember this. The decision was, do we set up a Crown corporation to look after the Manitoba Data Services or do we allow the private sector to get involved? We set it up under the Sterling Lyon government. Not a philosophical approach, but we took a pragmatic business approach of what was the best way to do it. We have the Hydro, we have the telephone, we have the health services—there were services needed to be provided. Do we farm it out to the private sector or do we set up a Crown corporation? The best decision we could make at that time was to set it up as a Crown corporation and to develop an industry, and you know what? That happened.

Re-elected in 1988, what was the right decision to make? The right decision to make was, where was the Manitoba Data Services business at this particular time? It has served its purpose as the telephone system has served its purpose. We put it out on the market, Madam Speaker, and what has happened? The data services for this province are being handled very efficiently, and you know what is even more important? Manitoba Services that, I think, were 200-and-some employees at that time—just listen to the numbers—18 months ago, ISM had just over 300 employees. Today they have 470 employees, and I found out last night they are looking to hire 170 more people today for the province of Manitoba under a private system. That is what is happening.

Now, we could have kept our head in the sand and said no, philosophically, we have a Crown corporation. First of all, if we had been so hidebound philosophically, we would have never had a Crown corporation to start with, but we set it up as Roderick Roblin did, developed it to do the things that had to be done. Then there was a time to sell it, and that is what happened. I predict that the same thing will happen with the Manitoba Telephone System. That is why the member for Thompson (Mr. Ashton) is so upset, Madam Speaker, is because of the success that it is going to be, not because of the failure that the New Democratic Party are pointing out to us.

A lot is being made. Madam Speaker, about how terrible the private system is in the United States, how terrible the system is other places. Our friends opposite want to keep telling us what our constituents are telling us. And you know what? I have had a call or two that people say, why are you selling Manitoba Telephone System? And you know what? After I talk to them and tell them, No. 1, the reason we are selling it—it is not because it is a philosophical thing. It is because it has played its role, and we do not want to endanger the future of us collectively as a taxpayer to have to pick up the losses that may have to be incurred because of the wrong decision. It is time to let the private capital deal with it. I do not think there is anything wrong with that. Secondly, I have also had some calls from some people who said, why do we not get it done? These people happen to be seniors, some of them happen to phone the United States once in a while. One person said to me, I will tell you what the rates are right now in the community of Texas, where a lot of Canadians go. The rates for a calling region in this particular area is \$6.50 a month under a private telephone system, U.S., so you could say it is \$12.00. The rates here are probably comparable, about \$15.00 a month for the same kind of service. Each additional call, if they want to call elsewhere, is 8 cents a call. They said, get on with the privatization of it.

An Honourable Member: There are other factors.

Mr. Downey: Certainly, there are other factors, but I am trying to, Madam Speaker—you can go anywhere and get any rates and make any story you want. I am putting on the record—I am getting berated from the member for Brandon East (Mr. Leonard Evans) for putting on the record what my constituents are saying, yet his member

for Thompson (Mr. Ashton) keeps saying what my constituents are saying. I am just saying, let us put a little balance on here. That is what some of my constituents are saying as well. If it is wrong for me to put it on the record, then it is wrong for him to put it on there. So I am just trying to say, there are all kinds of stories coming. In principle, the Manitoba Telephone System has served its role as a Crown corporation. It has done its thing, so to speak. It has provided the services.

We now have—what do you call it?—community for the future, calling for the future, services for the future, where all communities, all individuals have private lines. We have many, many—and it would be interesting to know how many people now have cellular phones as well as have their phones. That is a little more expensive than the system which people are trying to say we have to maintain. How many homes have more than one telephone in them? I mean, we are no longer sitting with a basic service of one phone on a telephone pole in a community, and everybody has to go out and use it. We have advanced; we have matured.

* (1940)

Madam Speaker, I ask a question. You know, they make a lot about Manitoba Pool Elevators and their resolution. Did anybody ask the question, who sponsored the resolution? My colleague from Lakeside defeated him as an NDP candidate twice. That is who presented the resolution. Who seconded the resolution? It was our favourite friend from Swan River who is certainly no stranger to the NDP party.

An Honourable Member: And the Farmers' Union.

Mr. Downey: And the Farmers' Union, Madam Speaker. Now I have no problem with organizations bringing them forth.

An Honourable Member: Was the resolution defeated?

Mr. Downey: No, it was not defeated. I did not say it was. I just said who presented it. Now let us deal with one other area that I think is extremely important.

An Honourable Member: Why do you not deal with the amendment?

Mr. Downey: I am dealing with the amendment, and the amendment deals with the assuring of services throughout the province of Manitoba. I cannot recall, but it is quite a few years ago that we had—

An Honourable Member: 40 or 50.

Mr. Downey: How many?

An Honourable Member: 40 or 50.

Mr. Downey: Yes, you are a little older than I am. You can probably remember that. This is back to the amendment and rural jobs. I can remember, Madam Speaker, when we lost the telephone system out of the community of which I live. We lost several operators. We used to have many operators. They are now gone. There is a switching system in place. Would it have been fair for the people of Manitoba, the taxpayers, to say that we are not going to put that new modern equipment in, that we are going to keep all these operators working? No, but what our job is—and I can tell you I will bet every member from rural Manitoba can stand and speak and tell you how much their communities have progressed and advanced in the last few years. You know why it has happened? Number one, we finally have the management of the province under control. We are not continually driving up the sales tax, the payroll tax and every other tax that you can talk about.

I also happen to represent an area—and back to the rural jobs. I am sorry that I do not have any more time, but I will get another chance to speak on another amendment. This is about my own community, and this is about taxes. There are new jobs being developed out there. There are new jobs being developed in the mining sector, but in the oil industry, let us talk about the oil industry for that two minutes I have left. You know the NDP were going to do great things with a Crown corporation called ManOil. Well, they came out and they spent \$16 million of your and my tax money to get into the oil business. You know what we ended up with? We had more employees than we had oil wells. They had more dry holes than they had wet holes. They were the laugh of the industry, and it was a New Democratic Party that was going to do all these great things with a Crown corporation.

More importantly, they had another scheme that is even more devious. They were going to own all the oil shares,

all the oil properties in Manitoba, by what they called the 25-cent-per-acre oil property tax, and that was a nuisance tax. The people of Manitoba in my area said, why would I pay that tax because I do not have any oil? You know what it was? They also said, if you do not pay that tax, we will confiscate your oil rights. That is what it was all about. That is the deviousness of the New Democratic Party, and the people of Manitoba, particularly rural and northern Manitoba, should know the kind of people who are trying to stop progress in this Legislative Assembly.

Thank you, Madam Speaker. I look forward to further debate.

Mr. Gerard Jennissen (Flin Flon): Madam Speaker, it was indeed with great interest that I listened to the Deputy Premier's impassioned words, although for the life of me I cannot figure out why he is so obsessed with the warm sands of Saudi Arabia and not with the cold reality of Churchill Forestry Industry.

I would like to speak, though, briefly in favour of the amendment to Bill 67, that is Section 11(1)(h). The obvious intent of this amendment is to protect existing levels of telephone service to rural and northern Manitoba. I believe that the wording without the amendment, if we go to the original wording in the bill, is too general or too vague. Section 11(1)(h) states that, "So long as the Crown owns the special share, neither the corporation nor any affiliate of the corporation shall cease to carry on business." That is very general.

This amendment is much more focused. It requires the new corporation or any of its affiliates to safeguard regional offices and operations as long as the Crown owns the special share.

Manitobans, especially northern Manitobans, have lost enough jobs due to health and education cutbacks and, yes, there have been MTS cutbacks as well, down some 800 jobs from over a few years ago, and Flin Flon, which is the community that I represent among others, was not spared either. The MTS office in Flin Flon still houses a repair service, that is true, but the office portion has been moved into a store and employees have been relocated and shifted, and I think there might even have been a half a position lost.

In any case, the end result of all of this is that the operation of the corporation becomes centralized into

fewer and fewer places. This is not always good news for northerners, and I will give you the example, when the changes occurred in the Flin Flon office. When there is a problem with a telephone bill, you can no longer phone Flin Flon, you have to actually take the bill down to The Pas. Now, instead of driving the 35 or I guess it is 52 kilometres, it is about 90 to almost 100 kilometres. It is about an hour's drive.

This amendment attempts to limit the damage that occurs when large corporations, overly obsessed with efficiency and rationalization, chip away at the economic fabric of rural and northern Manitoba. All of us remember the anger of many rural Canadians when the federal government, the Mulroney government, in order to save a dollar or two—I think they called it fiscal restraint—but basically in order to save a dollar or two, closed many rural post offices. Yes, it was efficient, but it also destroyed part of small-town Canada and, in fact, you can go anywhere in Saskatchewan or Alberta or Manitoba into these small towns and villages and you will hear people telling you they hate those ugly green boxes on Main Street and they miss their little old post office where they would meet every day when they got the mail. So, yes, you do maybe gain a penny here and there, but you lose something very Canadian on the other side.

Similarly, unless the government supports our amendment to 11(1)(h), northern and rural Manitobans will face more and more job losses as regional offices will be closed down or so-called rationalized. Now, it is bad enough when Winnipeg jobs connected to the telecom systems are moved to Toronto, losing 150 jobs. It is often catastrophic to a small community when a service or one or two employees or one or two jobs are lost.

The economy of many small rural and northern towns and villages are very fragile. A small personnel or service loss is magnified by the ripple effect, and I could give you an example of this ripple effect from my own village in Cranberry Portage. We learned it the hard way. About 15 years ago the Royal Bank moved out. We did not think it was a big deal, just one bank with one full-time employee and two part-time employees.

But what we discovered was that people from Cranberry Portage did their banking on Friday. They would also pick up the groceries in Flin Flon. They

would not shop locally anymore, and while they were in Flin Flon they would also fill up their car so they were not buying gas locally anymore, and so this ripple effect spread out and out and out. The result was a few years later we have lost something like 400 or 500 people. A store closed down, both service stations closed down, the hotel closed down and so on.

What I am trying to tell the members opposite especially is that removing a few jobs out of a small village, a small town in northern Manitoba can have disastrous effects on the total economy.

The same ripple effect that this amendment under consideration now is trying to forestall actually did occur in Cranberry Portage, as I pointed out.

That is exactly what we are trying to avoid, because the upshot of all this is, because we lost the services of one bank with one full-time employee and two part-time employees, what originally looked like no big deal did indeed become a very big deal. So when members opposite say, well, you know, we are rationalizing, we are trying to make things more efficient, this looks better if we did it that way, well, perhaps the bottom line does look a little bit rosier but, again, as I pointed out, life in some of those small communities is negatively affected.

* (1950)

Now, what I found strange in all of this, Madam Speaker, is that despite the rhetoric this government gives us about the need and the desirability of decentralization, and indeed I agree with the Deputy Minister that some decentralization has occurred, they still turn a blind eye when the corporate sector or the banks go the opposite direction. We lost 150 telemarketing jobs out of Winnipeg. Well, it may have helped AT&T in Toronto, but I do not think it helped Manitoba. It certainly did not help Winnipeg; it certainly did not help northern Manitoba either. That is the kind of scenario we are hoping to avoid in northern and rural Manitoba, and that is why this amendment is so important.

Some safeguards must be put in place so that rural and northern regional offices and operations of what is now MTS are protected. That is what this amendment is all about, and the government members, especially many of the backbenchers, should certainly support this

amendment. They purport to speak for rural Manitoba. I know they would also like to speak for northern Manitoba, but that is not the current reality. Certainly if I were a Tory backbencher from rural Manitoba, even in a yellow dog riding, I would think twice about not supporting this amendment. Bill 67 is a bad enough bill, and the rural members opposite know that four out of five of their voters oppose the sale of MTS.

This amendment attempts to put a little bit of redeeming grace on a bad bill. It is not much, but at least it is something. Surely the members opposite would want to support what is good for rural Manitoba and, yes, also for northern Manitoba. This is a good amendment. If adopted, this amendment would ensure that jobs and operations connected to Manitoba's main telecom system would not be altered or eliminated in the near future. In other words, to paraphrase our MTS critic, who quoted Mr. Tom Stefanson a little while ago, Mr. Tom Stefanson, who said, nothing will change, this amendment merely reflects then what Mr. Stefanson said. Surely if one of the esteemed Stefanson brothers wants to keep MTS services and jobs in rural and northern Manitoba, can the other esteemed Stefanson brother be far behind?

As my equally esteemed colleague from Thompson has pointed out, a privatized MTS does not guarantee to keep jobs in Manitoba. It does not have to invest in research and development in Manitoba. It does not eventually even have to have its head offices in Manitoba, or as the member for Thompson (Mr. Ashton) has pointed out, the head office could become over a few years merely a shell, a name plaque on a door.

CN has its head office in Montreal, yet 64 percent of its shares are owned in the United States. Decisions are made in New York, not in Montreal, despite the fact that we say that it is a Canadian company. I urge the members opposite to at least make a halfhearted attempt to stand up for their rural supporters by voting for this amendment. I would say, have the courage to stand up for northern and rural Manitoba. Thank you, Madam Speaker.

Hon. Vic Toews (Minister of Labour): I certainly do not intend on being long on my feet here, but the amendment that has been proposed by the member for

Thompson (Mr. Ashton) does cause me some concern. Indeed, it causes me substantial concern.

What the clause in fact says, the effect of it is that the corporation should be prohibited from in any way substantially altering the rural, northern or regional office or the operation of the corporation. So here they have said, let us freeze the corporation exactly as it is today. We are not talking about change even if it was good for the corporation, but if some substantial change is required, this amendment would defeat it. That is exactly the problem that has arisen with the corporation to begin with. How does one effectively deal with the competition that has now become a reality in the area of telecommunications?

As a Crown corporation, Manitoba Telephone System needs to compete and needs to compete in a quick way. It needs to make decisions very, very quickly. We have heard the minister responsible for the telephone company state time and again the time lag that occurs going from a management position, any idea from a management position in the telephone company to the board of directors, to the minister responsible, to cabinet, indeed, even to the Legislature. Even this process that we are going through today, while very necessary and very important for the functioning of democracy, illustrates the delay that can occur when changes are required.

We introduced these amendments to the act in spring, and we believe those amendments or the act is absolutely essential for the preservation of that corporation in this new competitive environment. We believe that this bill will in fact do everything possible to save this corporation and to protect those services that Manitobans have come to rely on. Yet had we been required to make a change in a quick way that involved a substantive change, we would have gone through this legislative process. So the amendments one introduces in spring are not passed in November, indicating very, very clearly one of the big problems that a Crown corporation faces in a time of intense competition.

They quote one of the esteemed Stefanson brothers as saying nothing will change. I think the intent of that comment was very clear. Nothing will change in terms of the communication services that that corporation must deliver. It is very, very important that sometimes the telegram gives way to the telephone, the telephone gives

way to other new devices for communication, but the service, that is the service of communication, must remain. It must be accessible to the people of Manitoba. So the mandate of the corporation does not change; in fact, this protects the mandate of that corporation. But clearly, while the mandate of the corporation in terms of delivering communication services should not change in providing accessibility to communication, clearly how those communication services will be delivered must, of necessity, change. Yet here we have an amendment stating that nothing in the operation of the corporation can change. So they put a virtual Berlin wall around the corporation and saying, nothing can change.

* (2000)

Madam Speaker, had this type of amendment been in place when that corporation was formed in 1908, where would we be? We would still have party lines. We would have wires—[interjection] Many parts of Manitoba, as my colleagues from rural Manitoba point out, would not have services. The people in the North would not have services. Yet the member for Thompson (Mr. Ashton) wants to deny progressive change to the people of Manitoba by putting a virtual straitjacket around the corporation. So right now, in fact, what this amendment is trying to do is take a snapshot of the corporation and count all the telephone poles and count all the wires and say, this is the operation of the corporation, no new use of electrical advances, no satellite advances because that in fact substantially changes the operation of the corporation. So here they are putting walls around the corporation, preventing the corporation from changing in a progressive way to meet the demands of the future.

The event of mobility is by far the most striking change in telecommunications in the past decade. Yet, had this amendment been there 15 years ago, we could not have had it here in the province of Manitoba because the member for Thompson would stand up and say, you are substantially changing the operation of the corporation, and everyone would say, that is right, it is taking away from the telephone poles and the wires.

That is what the member wants to do. He does not want to protect jobs. He does not want to protect the corporation. He does not want to protect services, Madam Speaker. He wants to destroy the corporation,

not because he deliberately does so, but he does not understand.

Madam Speaker, there are many things that I do not understand. I admit that. At least I am not presumptuous enough to state that in the legislation that we pass nothing shall change it for the future because we realize that in the future advances will take place.

This amendment reminds me much of the other bill that the member proposed, The Public Assets Protection bill, which essentially said: before you could sell any part of a Crown corporation, one would have to have a referendum. In a referendum I believe that there are some good—in certain situations it is good. Clearly every four or five years our people here in Manitoba demand an election by our Constitution. That is right. We have passed balanced budget legislation here that requires referendums before we raise taxes in four major areas, and I can support that. That is appropriate.

Here we have a bill that the member for Thompson (Mr. Ashton) brought that said before you sell any part, any asset of a Crown corporation, we have to have a referendum. So let us take a look at the Liquor Control Commission, and I have used this example before.

An Honourable Member: It is a Crown corporation.

Mr. Toews: Crown corporation. The Liquor Control Commission sells assets on a daily basis, not just by the box but by the bottle, and for every sale, by that kind of logic, one would have to have a referendum. This is the sloppiness, this is the kind of sloppy thinking that goes into the legislative proposals and amendments proposed by the member for Thompson, and he is sniping from his seat. He will have an opportunity to stand and address this issue and I welcome it.

But I want to point out again that there have been a number of these types of situations where the member simply fails to understand the larger picture. What is the larger picture? As I have indicated earlier, the advent of mobility. One could not have foreseen it 20, 25 years ago. In 1985, that was the first year I ever saw a fax machine. I could not believe that one could put a piece of paper into a machine in one place in the city and the same message would come out on paper a thousand miles away or even the next block.

Madam Speaker, when I saw that, I thought it was some kind of a trick. I did not foresee that. You know, I am not in a position to know what is coming next, but what I want to see in Manitoba Telephone is a corporation that is strong, a corporation that can make decisions on a quick basis, a corporation that can react when necessary so that the corporation does not change in respect of the services that it is mandated to produce. I know I spoke another day about the necessity of change and the danger of putting one's head in the sand, and I think that example deserves repeating here in this context again.

In 1994, Madam Speaker, I was working for a large private insurer in this city, and it is the same private insurer that donated more money to the NDP party than it did to me, but that is another issue.

An Honourable Member: How much did Great-West Life donate?

Mr. Toews: Well, I know how much Great-West Life donated to the party opposite, I believe it was \$3,000, but they certainly donated nothing to me. In any event, I know they donated more than they did to me.

But the point was, I had occasion then to work for that company in a capacity in which one dealt with the dissection, and I say the dissection, the legal dissection of one of the largest insurers in Canada, and that corporation had been around for 125 years. It rode the crest of a real estate boom in Toronto believing that nothing would change, that everything that they did would be profitable and they did not need to change the way they did business. So they built grand buildings and they spent money where they should not have spent money and then the market in real estate collapsed, and so a corporation 125 years old collapsed overnight.

You know, Madam Speaker, when I was in Great-West Life I was involved in a peripheral way in the downsizing of that corporation, and that was a difficult time because people were actually losing their jobs. They got fair severance packages; that was not the issue. They treated their employees very, very fairly, and I commend that corporation for doing that. But the fact is that 250 people walked out the door, people who had been at that corporation for 20 or 30 years, and I was told that they were necessary decisions.

* (2010)

They were necessary in the sense that if one does not deal with the realities of the marketplace when one still has a choice, the marketplace will make those decisions for you and then you are not talking about 250 jobs, as happened there, but you are talking about all 2,000. That is the reality of the marketplace.

You know, that corporation was able to restructure itself very, very quickly to ensure that it was operating efficiently and, you know, those jobs came back. They came back because the corporation was able to respond quickly, and you know, I did not even fully understand that when that happened in '91 and '92, but I understood it fully when Confederation Life and all of its employees were on the streets of Toronto. Where was the New Democratic government at that time that it was spending its way out of power? What about all of the employees out on the street who had lost their jobs? I fault that corporation for the loss of all those jobs because they were preventable. It did not do the responsible thing even when it had the power to do so because it was so blinded by its own wealth and its own decisions. You know, human beings run these corporations, and that happens to human beings. It happens to people in government as well, and it is a good lesson for us in government to be mindful on a continuous basis of what **can happen** to a government, what can happen to a **people**, what can happen to a province.

(Mr. Marcel Laurendeau, Deputy Speaker, in the Chair)

One can just look over at our neighbour to the east where Premier Rae found out the hard reality of having to make decisions, and one looks in Quebec today and sees the reality of having to make hard decisions. Yes, even in British Columbia, they are learning that these bubbles burst and the hard decisions have to be made. I look to our neighbour to the west, Saskatchewan, and they have done responsible things there. I do not agree with everything they have done. They have raised taxes, I think, to an unnecessary degree, and I think that is part of the problem that they are going to have to deal with. In the future they are going to have to deal with it, because as the revenues go down and they have not built up that business base, then their social programs will also suffer again.

We are doing things in a moderate, measured way here because we have seen what is required, and we approach these problems in a flexible way. Now the member for Thompson (Mr. Ashton) says, do not grant that flexibility.

Mr. Deputy Chairperson: Order, please. The honourable member for The Pas.

Mr. Oscar Lathlin (The Pas): Mr. Deputy Speaker, I am not going to be as long as the Minister of Labour, although he started out by saying that he was not going to be long, but he spent all his time.

Mr. Deputy Speaker. I just wanted to say that, when I listen to people from across the way, government members, backbenchers, but particularly the government members, when I listen to them talk about their concern about the economy, about jobs in Winnipeg, issues that are being brought to them, I guess, by their constituents, and they talk about them, I always think about what the member for Flin Flon (Mr. Jennissen) was just saying to us a while ago. When you people from Winnipeg here, southern Manitoba, feel something—

An Honourable Member: I am not from Winnipeg.

Mr. Lathlin: You are just on the outskirts.

—you know, that really impacts you in a negative way, well, you complain. You want to fix it. You want a fair shake. You want what is fair for you and your people, and yet when we talk about the problems that we encounter in northern Manitoba, it is like we are being ridiculed, that we do not have a right to express those concerns here that we know are bothering people in northern Manitoba.

When we talk about northern roads, for example, the minister will dismiss it as merely another one of those northerners complaining. When we talk about the economy, the Premier, who was in The Pas some two weeks ago and now the Deputy Premier just a while ago, stands there rejoicing, saying to us how good it is in Manitoba and, yet, when the Premier was in northern Manitoba in The Pas some two weeks ago he was told by practically everybody that he met that all may be well in southern Manitoba, but in The Pas we have problems.

We cannot join you when you rejoice for all the good things that are happening in southern Manitoba, because we do not have it up north. How can you expect us to join your ceremonies or your celebrations, celebrating the good things that are supposedly happening in southern Manitoba and nothing happening in northern Manitoba?

When you look at this amendment, for example, the minister makes light of the concerns that we put forth. Those people who work for MTS, they are real people. They have real families. They are rooted in the community of The Pas, and they do not want to leave The Pas. Some of them are indigenous to The Pas and area. They did not come from anywhere else. They were born and raised there.

So when you talk about—the member for Flin Flon (Mr. Jennissen) talked about the post office. You people realize, the Minister of Highways (Mr. Findlay) certainly does, because I was with him on a hearing once on the CN, Port of Churchill issue. The Minister of Industry, Trade and Tourism (Mr. Downey) who was former Minister of Northern Affairs, of all people, should have the best appreciation amongst the crowd over there about what it is like in northern Manitoba because he has travelled northern Manitoba occasionally. He should know. Okay? CN. There has been such an uncertainty about CN. People are worried about their jobs. People are not sure they are going to be working tomorrow. Finally, I think we have seen the end of that crisis for the time being anyway.

Repap, people again are worried, like, when Repap is sold, will we have jobs or will the new owner shut down and move away? I do not blame the people for thinking that way, and this year these concerns that I am talking about, I am not manufacturing them. The Premier heard about them two weeks ago when he was in The Pas. It is not just me that is saying those things.

CN jobs are not the only jobs that will be affected if the deal does not go through. There are mining jobs and there are forestry jobs. In Repap, forestry jobs are going to be affected if the sale goes through and the new owner moves elsewhere. So what I am saying to you people tonight is, do not ask us to join you in your celebration as to what is happening in southern Manitoba, good roads, jobs and everything else. We cannot, we do not feel the same way up north. That is what I am trying to tell you,

because we have certain realities that we are dealing with up North. The Minister of Industry, Trade and Tourism (Mr. Downey) quite regularly will get up in this House, jump up and down and try to entice people to join him in the celebrations, but unfortunately we do not feel the same way up North. We have certain realities up North that are very different from what you have in southern Manitoba. That is why I say, if you close the MTS offices in northern Manitoba, Thompson, Flin Flon and The Pas, it would have been just another nail in the coffin, as it were, the jobs that are being shut tight.

* (2020)

The minister, a while ago in his speech, was talking about decentralization and he talked about some deviancy from this side of the House. Well, you know what? Some northerners regard the Minister of Industry, Trade and Tourism as the biggest deviant from this caucus here, because two elections ago he promised that there would be decentralization. That was a broken promise because I know for a fact in The Pas there was not jobs decentralized; hell, we had a net loss of jobs in The Pas. So how can the minister say to us, you know, you guys do not appreciate what I am doing for you? We do not appreciate it because you have done absolutely nothing for us, and if this amendment is not supported, again, you will have done nothing to help northern Manitoba. You will just have continued doing the same things that have been hurting northern Manitoba for the last seven years. Thank you.

Ms. Marianne Cerilli (Radisson): Mr. Deputy Speaker, I have been listening carefully to our members and to the members opposite, and I have to say that the government's arguments on this amendment are wearing pretty thin. I mean the two arguments we have heard from the government for the reason why we should not be trying to maintain jobs in rural Manitoba when MTS is privatized, jobs in their own constituencies for many of the members opposite, is that we have to allow MTS to compete and do whatever it needs to do to compete. They do not seem to acknowledge that it was their government, in 1991, that allowed this competition against MTS in the long distance services.

So they have set up this scenario where we have to compete, and now they are using that as the rationale for why they not only will not want to approve this

amendment but for why they are privatizing the company in the first place.

The other argument that—

Mr. Deputy Speaker: Order, please. I hate to interrupt the honourable member, but I am having a hard time hearing what she is putting on the record at this time. Could I ask honourable members who want to carry on a conversation to do so in the loge or in the hall, or we can wait until you get it out of your systems. The honourable member for Radisson, to continue.

Ms. Cerilli: Mr. Deputy Speaker, the other thing that is wearing pretty thin is that this is progress, that somehow we are standing in the way of progress because we want to retain some control over the economy in rural Manitoba, because we want to retain jobs in rural Manitoba, because we want to ensure that there is job security in rural Manitoba. Well, if that is not progress, then I do not think we want the kind of economic progress that this government is acknowledging which we know is going to mean jobs out of rural and northern Manitoba, higher unemployment, less job security and less control over their local economies.

You know, it is interesting, Mr. Deputy Speaker, I spent a little time recently in southern Manitoba, I was to Winkler last Friday, and I was also in Morden this summer. For the first time I went to the Morden Corn and Apple Festival. I have never gone to that festival before. It was a good time. The line for the corn was pretty long, but it was a good festival.

An Honourable Member: There is a nice MTS office too.

Ms. Cerilli: That is exactly the point I was going to make. As the member for Thompson says, there was a very nice MTS office in Morden. It was at least three or four stories high. There was a big banner draped across the building that they were sponsoring the Morden Corn and Apple Festival, and on all the materials for the Morden Corn and Apple Festival, there was the MTS logo on there.

Now I have to ask you if you think that, when this company is privatized, that office is going to be there and it is going to be as easy for them to get a sponsorship

from the new Manitoba telephone company, whatever it may be called—I think that it is going to mean that it is going to be more difficult for them to get that kind of local community support when they only have to deal with the head office—

Some Honourable Members: Oh, oh.

Mr. Deputy Speaker: Order, please. Could I remind all honourable members that they will all have an opportunity to put their voices on the record. At this time the honourable member for Radisson has the floor, and I am sure we all would like to hear what she has to say.

The honourable member for Radisson, to continue.

Ms. Cerilli: They want to hear more about my day in Morden at the Corn and Apple Festival because the Minister for Consumer and Corporate Affairs (Mr. Ernst) is suggesting that this small community did not have any input from their office in Morden in assisting them in getting sponsorship from MTS, and I do not believe that. I am sure that the local people, the co-ordinating committee for the Morden Corn and Apple Festival, first of all, went to their community office for MTS, the building in their downtown, and asked for some assistance in approaching the head office, if that is where the decision was ultimately made. The kind of decentralized telephone service we have had with a public company through MTS is going to be lost, and that is some of the kind of community control that is going to be lost in Manitoba.

I do not know how many people work in that office in Morden, but I think that I am sure that the member for Thompson (Mr. Ashton) or other members of our party could tell us the number of jobs that are going to be lost, likely, when this company is privatized. I would think that now places like Morden or Winkler, where I was last Friday—by the way, the students in the high school classes that I visited voted overwhelmingly to keep MTS a public company, but I think that Morden and Winkler, Gimli, Viriden, Morris are all getting their lesson from this government on globalization. That is what they are saying, oh, we have to bend down on our knees to the global marketplace, and we have to go along with this cult of inevitability in terms of the globalized economy. The people in those communities are going to learn that it is going to mean job losses in their community, that it

is going to mean less service and input into services in their home communities, and it is going to mean that we are going to be losing assets from our province.

The member for Flin Flon (Mr. Jennissen) talked about the ripple effect, and one of the MTS employees in my constituency was talking to me about the ripple effect in the economy. The member for Flin Flon was talking about the ripple effect in small communities when they lose an industry which may only have, as he explained, one full-time employee and two part-time employees, as was the bank in Cranberry Portage. But I wanted to talk a little bit about the kind of effect that this is going to have in small communities again, like Morden and Winkler and Neepawa, because the MTS employee in my constituency was talking about how they already knew that MTS in its readiness to be privatized was ready to eliminate all of the cheque and bill payment centres, and they were going to be replaced by instabank-type machines where people would no longer, when they wanted to go pay their phone bill, be able to deal with an actual person. But in these small communities, I would bet they will be the first ones that are going to have these machines that are going to be there for people paying their phone bills. That will, again, have the same kind of economic ripple effect as the member for Flin Flon was talking about.

I guess, in closing, I just want to encourage all those members who are now speaking against maintaining the community offices of MTS in their constituencies to listen to the 78 percent of Manitobans in rural communities that want to maintain MTS as a public company and vote with their constituents. Thank you.

* (2030)

Mr. Clif Evans (Interlake): Mr. Deputy Speaker, as you can see, it might be a little tough to really express my issues here with my voice as it is. I have gotten into coaching hockey again after 12 years, and this is the result of trying to teach young kids and to explain to young kids in the cold of an arena how to try and play hockey as best as I can show them.

Mr. Deputy Speaker, I have heard some comments over the last couple of days, and when it comes to rural areas, I have a tremendous feeling here that this government with all their rhetoric, with all the rhetoric throughout,

not only with MTS and Bill 67, but with everything when it comes to rural development—and I appreciate what the member for The Pas (Mr. Lathlin) has said about the lack of concern for northern and rural areas. We talk about rural development, and we talk about the need to expand in rural areas. This government has done nothing. I have seen it before in my election in 1990; I see it now. They make lots of promises. They have lots of meetings. They have lots of concerns, and they talk about what they know needs to be done, but do not do it. MTS and the situation—I have not only concerns with the people who work with MTS in my area. I am sure members across the way have heard, maybe they have not, but I have, and I cannot say that a MTS worker in the constituency of the Interlake is any different from a worker from the constituency of Turtle Mountain, because I am sure the member for Turtle Mountain (Mr. Tweed) is not going to tell me, or stand up here tonight or anytime to tell me, that his MTS employees in his area support what this government is doing because what I hear is no to it.

An Honourable Member: You hear only what you want to hear.

Mr. Clif Evans: No, I do not. The member for Arthur-Virden (Mr. Downey) says I only hear what I want to hear. Well, that is wrong. He should know that. He should know better to say that to this member, because this member tells it as it is from what he hears from all people in his constituency, not only what I want to hear.

Mr. Deputy Speaker, 78 percent of rural Manitobans have said no to the sale of MTS; 42 percent of the whole province gave this government a mandate on an election promise not to sell MTS; 42 percent only gave this government a mandate that said we will not sell MTS—42 percent; 78 percent are saying in rural Manitoba, we do not want it sold. Seventy-eight percent, 42 percent, how does that figure? And 63 percent in Manitoba are saying no. So 63 percent, 78 percent against 42 percent, giving you a mandate to do something that you promised not to do and a promise to rural Manitobans that you were going to maintain services, you were going to keep jobs. You are not keeping those promises. Not only are you not keeping a promise about MTS, you are not keeping a promise or are you providing the type of service in a mandate that you are elected to do and that is provide services for northern rural and northern Manitoba with infrastructure. MTS is part of infrastructure. MTS is

part of a service that is needed in rural areas. in northern areas—needed. It is a cost.

Mr. Deputy Speaker, when I moved to Riverton in 1987, at that time there were a lot of homes and areas that did not have private lines. We have them now. UMM, itself, has supported the fact that MTS has gone out as a Crown corporation and provided line service to individual communities and individual homes. They spent \$620 million on it, but it is a service that was needed. It was a service that was promised and now they want to just throw it away. They want to throw it away. They are not caring about the people of rural Manitoba and northern Manitoba, they are not. You want to throw it away. You want to throw away an asset. That is what they want to do.

Mr. Deputy Speaker, I am concerned with rural Manitoba. I see—and I have travelled since being critic of Rural Development. I have travelled around in different areas, talked to different people. I see the differences go round and round. [interjection] The Minister of Industry, Trade and Tourism (Mr. Downey) says, I go round and round. [interjection] No, I do not, I go around. I do not go directly to South America, I go around Manitoba. The silly part about this government and its actions with MTS is the fact that they do not believe that a Crown corporation such as MTS, which has provided service in all these years—[interjection]

The member for Charleswood (Mr. Ernst) says, well, MTS is supporting sponsorship or corporate sponsorship towards the events that are upcoming in Manitoba. Terrific. Is a private organization going to do that for sure? Do we know that for sure? Because the shareholders, whoever they may be and they will not be Manitobans on the whole, are going to say, well, why are we going to spend hundreds of thousands of dollars to sponsor something in Manitoba? We want our share of the profits made from this company now that we own it. We are not guaranteed that, but we are guaranteed that it is available now. [interjection] Yes, it is.

Mr. Deputy Speaker, as far as rural Manitoba is concerned, we have great concerns about the rates going up in this province for rural people after a long time waiting, and I do not care what government was in place at the time. I do not care less. The fact of the matter is that now that we have been able through a Crown

corporation to provide service at a good low cost to our people in rural areas for private lines, and availability to technology is very important, I am afraid that will be lost with a private organization. It will be lost because this government's friends, this government's ideas about wanting to provide and get away from doing anything for the people in this province, providing service, health care, education, everything else falls into place when it comes to MTS because you are taking away another service and you are going to have another user-pay when it comes to MTS and the phone service along with the roads, the education and health care. They are just falling into a trap. They are not even falling into it.

What bothers me, Mr. Deputy Speaker, is they planned this long before the election, and then they went out in the election and they told the people, no, we are not. I heard the Premier myself, and constituents heard him say no to selling MTS. People heard.

An Honourable Member: That is not true.

Mr. Clif Evans: Are you saying I am lying? To the opposite members, I can feel for rural members opposite. I can feel for them because they have to go into the mold. They have to toe the party line. They cannot go away from anything else that the Premier says. The Premier promised. Yet, can they prove, can they show, can they prove to us that they did not plan all of this prior, not after the election, prior to the election. If they can prove that then I would be willing to get up in this House and say, hey, I made a mistake. Prove it to me that you were not planning it prior to

Mr. Deputy Speaker, I still say UMM, MAUM, the people of Manitoba, 78 percent of rural Manitobans have said no to the sale of MTS. Just no. They do not want it sold.

* (2040)

I see the Minister of Rural Development (Mr. Derkach) is here, and I want to ask the Rural Development minister to support me and support this amendment on behalf of rural Manitobans. Say no, support this amendment. Say no to the services that are going to be lost and the services that the people are going to have to pay more for in rural Manitoba. Say no, Mr. Minister. Thank you, Mr. Deputy Speaker.

Mr. Mervin Tweed (Turtle Mountain): Mr. Deputy Speaker, I too would like to just put a few comments on the record in regard to this amendment. It troubles me when we are talking about change and bills and things like this that someone would introduce an amendment into legislation which would become the law, as I understand it, that would want to put a restriction such as this into a policy that actually will affect rural Manitobans and northern Manitobans, I would suggest, negatively. They talk about our backbenchers, a group of people of which I am one, who support the government in what they are doing, not based on rhetoric, and not based on fearmongering, but based on the facts, the facts that have been presented to us by the people who have entrusted us to make the decisions on behalf of the province of Manitoba.

In my own personal experience, I was born and raised in rural Manitoba, and I have been responsible for creating several jobs. I look at this type of legislation and this type of a law that we would implement and how it would affect me in a personal way in my own business. Our business grew in the '70s despite the recession that we went through because we made changes. We saw opportunities and we chased those opportunities to the point where we could make it viable. We took great pride in creating jobs for rural Manitobans. I can tell you a time I sat with my father at a Christmas supper that we hosted for our employees and their families, and there were over 100 people at this supper. I said to my father—we were standing on the stage getting our picture taken with our employees and their families—I said to my father, Dad, did you ever expect this would happen in your business when you first started? He said, when we first started, son, it was just me and your mom. It brought a great feeling of pride to my family, to my brothers, and to our employees because we talked to them about this.

During the '80s, with the times that we were facing, we had to make some tough decisions. Again, when I look at legislation like this and how it would have affected our business at that particular time where we had to make tough decisions and tough decisions with families and friends of people that we have worked with for my entire life, in some cases—that is how long term some of our employees were. I respected the things that they had done for our company, and I respected the things that they did in the communities that they worked in. I had to make

decisions. I was put in a position to make decisions, and we did, Mr. Deputy Speaker. We did downsize. I look back at that experience that I went through, and I can remember the arguments that I had with my father dealing with his heart, dealing with passion, dealing with the sense of community and the sense of responsibility, the sense of caring for the people that we served and that worked for us and with us, and we were sitting around the table one night and the final decision was being made, and my father said to me, you know, we are not losing five or six jobs here, we are saving 25 or 30 jobs. It made a great impact on me in decisions that I have had to make in the future. Since that point in time, because we made those tough decisions, we rehired some, we employed more, and our business grew again.

But, if we were bound by legislation that is being put forward in this amendment today, we would no longer be a company in southern Manitoba. We would no longer be represented in three communities in rural Manitoba employing people in all of those communities. That seems to be lost on the members opposite when they discuss amendments such as this. I listened patiently and intently to what the member for The Pas (Mr. Lathlin) had to say, and I feel for him, I really do, because I think we need all the jobs we can create in rural and southern and northern and in Manitoba, period, but we have to make decisions that enable that to happen. It does not just happen overnight, and it does not just happen because governments decide that is the way it is going to happen.

One of the statements that the member for The Pas made—and I listened to his speech. During his speech, he said the government has done nothing for us, and then he praised about the celebrations of the things that are going on in southern Manitoba. I can tell you, those people, the government has done nothing for them either. All they have done is create a situation in Manitoba where people with ability and people with desire take the risk, take the chance to step out, and when they do that, Mr. Deputy Speaker, they create jobs; they create growth. That is what we are seeing in rural Manitoba right now.

The members opposite have ridiculed the backbenchers for not going out and talking to their constituents. I travelled the province with a task force on behalf of the government of Manitoba. I travelled to southern Manitoba. I travelled to northern Manitoba. We

travelled all of rural Manitoba, 26 communities in the area. Do you know what they told us? Get government out of the way. Quit creating regulations that prohibit growth, and that is exactly what this amendment will do. It does not contribute; it restricts. It tells people that, no matter what happens, no matter how the market changes, we will stay the same. We cannot do that. We cannot think that way, and we cannot encourage Manitobans to think that way. It is the poorest direction that we would take as a province, and we would fail the people of Manitoba if we took that attitude.

The members opposite in all of the amendments that they have put forward in their legislation have dealt with no change, perpetuity. They use terms that never reflect growth or progress. They want, as the Minister of Labour (Mr. Toews) said, to take a snapshot of time and freeze it there, and that just will not happen no matter what we do, whether we try and legislate it or whether we try and make people believe it. It just will not happen.

The change that is going on out there is wanted. [interjection] It is needed, exactly. It is needed to move us ahead again. You talk about the farmers in rural Manitoba. I visit with them on a regular basis. I did so when I was in business. They have gone from hauling their grain to an elevator to now making deals on the phone to sell it, not only just in Manitoba but all over the world. They have negotiated their prices. They have negotiated who they will ship it with, where it will be picked up and where it will be delivered. Nobody does that for them anymore, and they do not want that done for them anymore. They do not want it legislated for them. They have accepted the changes that are happening to succeed, and they have done it far better, I would say, than most people in Manitoba. They are the most adaptable people that you will ever meet, the people in rural and northern Manitoba.

Mr. Deputy Speaker, I would suggest to you that an amendment like this, if anyone were to ask me, I support jobs in rural and northern Manitoba. I will do everything within my power to encourage that to happen, but I will not legislate it, because I cannot. I do not believe that is what the people of Manitoba want. I certainly know it is not what the people of my constituency want, regardless of what is being suggested from the other side.

* (2050)

We have talked to people all over Manitoba, and they understand what is happening, and they understand the reasons that we are doing it. We are not doing it out of spite or any other reason but to help Manitoba Telephone System succeed. And succeed they will, regardless of government, I assure you of that.

Mr. Deputy Speaker, with those few comments, I would just again like to reflect that no matter what we can do or cannot do, we cannot legislate the status quo. It just is not on. It never will be, and I do not think that anybody in rural Manitoba would support an amendment like this. Thank you.

Mr. Deputy Speaker: Is the House ready for the question? The question before the House—it has been moved by the honourable member for Thompson (Mr. Ashton), seconded by the honourable member for Concordia (Mr. Doer), that Bill 67 be amended in subsection—

Some Honourable Members: Dispense.

THAT Bill 67 be amended in clause 11(1)(h) by adding "or close or substantially alter any rural, northern or regional office or operation of the corporation" after "business"

[French version]

Il est proposé d'amender le projet de loi 67, à l'alinéa 11(1)(h), par adjonction, après "activités", de "ou fermer, cesser ou modifier en profondeur ses bureaux ou ses opérations ruraux, septentrionaux ou régionaux".

Voice Vote

Mr. Deputy Speaker: All those in favour of the motion, please say yea.

Some Honourable Members: Yea.

Mr. Deputy Speaker: All those opposed, please say nay.

Some Honourable Members: Nay.

Mr. Deputy Speaker: In my opinion, the Nays have it. The motion has been defeated.

Formal Vote

Mr. Steve Ashton (Opposition House Leader): Yeas and Nays, Mr. Deputy Speaker.

Mr. Deputy Speaker: A recorded vote has been requested. Call in the members.

(Madam Speaker in the Chair)

Madam Speaker: The question before the House is the amendment moved by the honourable member for Thompson (Mr. Ashton)

THAT Bill 67 be amended in clause 11(1)(h) by adding "or close or substantially alter any rural, northern or regional office or operation of the corporation" after "business".

Division

A RECORDED VOTE was taken, the result being as follows:

Yeas

Ashton, Barrett, Cerilli, Chomiak, Dewar, Doer, Evans (Brandon East), Evans (Interlake), Gaudry, Hickes, Jennissen, Lamoureux, Lathlin, Mackintosh, Maloway, Martindale, McGifford, Mihychuk, Reid, Sale, Santos, Struthers.

Nays

Cummings, Derkach, Downey, Driedger, Dyck, Ernst, Filmon, Findlay, Gilleshammer, Helwer, Laurendeau, McAlpine, McCrae, McIntosh, Mitchelson, Newman, Pallister, Penner, Pitura, Praznik, Radcliffe, Reimer, Render, Rocan, Stefanson, Sveinson, Toews, Tweed, Vodrey.

Mr. Clerk (William Remnant): Yeas 22, Nays 29.

* (2110)

Madam Speaker: The amendment is accordingly defeated.

* * *

Mr. Ashton: Madam Speaker, I move, seconded by the member for Concordia (Mr. Doer), that the following be added after section 38:

Proclamation only after referendum

39(1) Despite section 38, this Act shall not be proclaimed unless the government first puts the question of the advisability of implementing this Act to the voters of Manitoba in a referendum, and a majority of the persons who vote in the referendum vote in favour of proceeding with the implementation of this Act.

Procedures for Referendum

39(2) A referendum under this section may be held in conjunction with a general election under The Elections Act, and the provisions of The Elections Act apply, with necessary modifications, to a referendum.

Regulations regarding process

39(3) The Lieutenant Governor in Council may make any regulations that the Lieutenant Governor in Council considers necessary respecting the referendum process to give effect to this section.

[French version]

Il est proposé d'amender le projet de loi 67 par adjonction, après l'article 38, de ce qui suit:

Proclamation après la tenue d'un référendum

39(1) *Malgré l'article 38, la présente loi n'est proclamée que si le gouvernement soumet au préalable aux électeurs du Manitoba, par voie de référendum, la question de l'opportunité de la mise en application de la présente loi et qu'une majorité des personnes, au cours de ce référendum, vote en faveur de sa mise en application.*

Processus référendaire

39(2) *Les référendums visés au présent article peuvent être tenus en même temps que sont tenues les élections générales en vertu de la Loi électorale dont les dispositions s'appliquent, avec les adaptations nécessaires, aux référendums.*

Règlements-processus référendaire

39(3) *Le lieutenant-gouverneur en conseil peut, par règlement, prendre les mesures nécessaires*

relativement au processus référendaire afin qu'il soit donn plein effet au présent article.

Madam Speaker: Order, please. The amendment is out of order according to Rule 60 because it imposes a charge on the public revenue without being recommended by message of the Lieutenant Governor. It was also ruled out of order in committee for the same reason.

Point of Order

Mr. Ashton: Point of order, Madam Speaker. I note that it was dealt with by the committee. It was the will of the Legislature, and I think the Deputy Premier (Mr. Downey) indicated he wanted question put on this. We could deal with this without debate and have the people of Manitoba see where the members of the Legislature stand on this important issue.

Madam Speaker: Order, please. I have been informed that it was ruled out of order but it was discussed in committee by leave. Is there leave?

Some Honourable Members: No.

Madam Speaker: No, leave has been denied. Order, please.

Voice Vote

Mr. Ashton: Madam Speaker, if indeed the government is denying leave on this, I would challenge your ruling.

Madam Speaker: The ruling of the Chair having been challenged, all those in favour of sustaining the ruling of the Chair, please say yea.

Some Honourable Members: Yea.

Madam Speaker: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Speaker: In my opinion, the Yeas have it.

Formal Vote

Mr. Ashton: Yeas and Nays, Madam Speaker.

Madam Speaker: A recorded vote has been requested. Call in the members.

Division

A RECORDED VOTE was taken, the result being as follows:

Yeas

Cummings, Derkach, Downey, Driedger, Dyck, Ernst, Filmon, Findlay, Gaudry, Gilleshammer, Helwer, Lamoureux, Laurendeau, McAlpine, McCrae, McIntosh, Mitchelson, Newman, Pallister, Penner, Pitura, Praznik, Radcliffe, Reimer, Render, Rocan, Stefanson, Sveinson, Toews, Tweed, Vodrey.

Nays

Ashton, Barrett, Cerilli, Chomiak, Dewar, Doer, Evans (Brandon East), Evans (Interlake), Hickes, Jennissen, Lathlin, Mackintosh, Maloway, Martindale, McGifford, Mihychuk, Reid, Sale, Santos, Struthers.

Mr. Clerk: Yeas 31. Nays 20.

Madam Speaker: The ruling of the Chair is accordingly sustained.

* * *

Mr. Ashton: Madam Speaker, I move, seconded by the member for Concordia (Mr. Doer)

THAT Bill 67 be amended by renumbering Section 12 as subsection 12(1) and by adding the following as subsections 12(2) and 12(3):

Operations within Manitoba

12(2) The corporation shall ensure that its senior executives reside in Manitoba and that all accounting, finance, marketing, administration and personnel functions and substantially all of its other operations are maintained in the province.

Restrictions on contracting out

12(3) The corporation shall not contract out to a person who is not a resident of the province, as defined in subsection 16(3), any services that on the day before this

section comes into force are normally performed by the predecessor corporations or their employees.

[French version]

Il est proposé d'amender le projet de loi 67 par substitution, au numéro d'article 12, du numéro de paragraphe 12(1), et par adjonction de ce qui suit:

Opérations au Manitoba

12(2) La Société veille à ce que ses cadres supérieurs résident au Manitoba et que toutes les fonctions comptabilité, gestion financière, commercialisation, administration et gestion du personnel ainsi que la quasi-totalité de ses autres opérations soient maintenues dans la province.

Sous-traitance

12(3) La Société ne peut donner en sous-traitance à une personne qui n'est pas un résident de la province, au sens du paragraphe 16(3), des services qui, à l'entrée en vigueur du présent article, sont normalement assurés par les sociétés remplacées ou leurs employés.

Motion presented.

Madam Speaker: The amendment is in order.

Mr. Ashton: Madam Speaker, I am continuing to try to appeal to members opposite to make a stand.

An Honourable Member: You are losing ground.

Mr. Ashton: Well, they say we are losing ground here. I think Manitobans generally are losing ground when the government tries step by step to push through the sale of MTS that is not supported by the vast majority of Manitobans. We are definitely losing ground in this province because of the government.

An Honourable Member: Only the New Democrats.

Mr. Ashton: But I think it is interesting. Well, the Premier says, only the New Democrats. I am glad to see the Premier is in the House listening to the debate, because if he goes out on Main Street, Manitoba, he will find that two-thirds of Manitobans and 78 percent of rural Manitobans do not support what he is trying to do

to this province through the sale of MTS, and he knows that.

Let us deal with the sincerity of this government.

An Honourable Member: What sincerity.

* (2120)

Mr. Ashton: Well, indeed, what sincerity. Who can forget the MTS Answers document. Dear Manitoban, October 1996. It is interesting, Madam Speaker, because this document signed by Mr. Bill Fraser, President and CEO of MTS—

An Honourable Member: He is a good man.

Mr. Ashton: A good man, and it is a shame to see Mr. Fraser being put up to put forward the political propaganda of this government. Shame on the minister for not doing the kind of thing that he should be doing himself. If anyone's signature should have been here, it is the Premier, and it should not have been on MTS letterhead but PC letterhead.

Now I want to read this because this is very relevant to this particular section of the debate here. Let us deal with this. In the coming weeks, you will be hearing a great deal about the Manitoba Telephone System as the provincial government prepares to convert it from a government owned to a publicly traded corporation. It must have been prophetic. I do not think that even Bill Fraser knew just how much Manitobans were going to hear about the sale of the Manitoba Telephone System. I do not think even the minister knew that. But here we are today, in the latter part of November, we are still talking about MTS. We are about halfway through our amendments actually.

An Honourable Member: Yes, we are making progress.

Mr. Ashton: Well, we have one of them passed and that is progress, I must say. We have one of them passed, but we have seen the government stand for what it truly believes. We saw the Minister of Labour (Mr. Toews) giving a very passionate defence of the corporate agenda. You know, he pleaded passionately only a few minutes ago. For what? For the ability of this new private company to be able to close down rural and northern

offices. That is what they stood for. We have seen them vote tonight already—for what? For the ability to buy shares and profit off the sale. We have seen the reluctance, they were very reluctant earlier on tonight, just even a few minutes ago, to put the question of the referendum shareholders' vote. They even have a vote on it. It is funny, in committee we had a vote on this matter. The committee members were there and those who were there at the time I thought showed good judgment and put it on the record. Interestingly enough, given the same opportunity, the first person to not want an election was—guess who? The Premier. If I was him, I would not want an election now, I would not want an election tomorrow, I would not want an election for quite some time, Madam Speaker, after what he has done to the province the last period of time. I mean, the Premier does not want an election for a good reason. [interjection]

Well, it is interesting because the Minister responsible for MTS (Mr. Findlay), from his seat—and I hope he will speak from his feet on this—this deals with a couple of items. Well, let us deal with it. I want to see in this one, what could you not support in this resolution? Let us deal with contracting out. What did the section on contracting out say? [interjection] Well, it is interesting because the member for Portage la Prairie (Mr. Pallister) was mentioning something about the wall coming down. It seems it must have landed on the member's head, because he was not paying much attention to the debate and he is now making comments. Madam Speaker, whether the wall has come down on anybody's head or not, the fact is what does this say that is quite so unreasonable. Let us deal with it. Let us deal with it here.

The contracting out. I want the member for Portage to put on the record if he is against this, why he would oppose this section, the corporation should not contract out to a person who is not a resident of the province. Now, you know, we can get into the question of contracting out within the province. That is not prohibited in this. I think that will be unwise, it would be wrong, but what this says is—and I will tell you how bad this is. If this was passed today, MTS would be in violation of this. I mention about the MTS Answers sheet. Now how many people have seen those ads, those commercials on TV, the one they pay people \$300 a day for? Now, those were average Manitobans according to the—okay, MTS employees. Now, do you think that they

would have got a Manitoba company to do the production of this and got a Manitoban to produce it? Reasonable, right? Here is the government that is saying, trust us on MTS. You know, it is still going to be a Manitoba company. We are still going to have our head office and we are going to have everything here.

You would think they would have said a hundred percent Manitoba content on the ad, right? Not even close. Guess who produced the commercials? An American living in Vancouver.

An Honourable Member: No, Seattle.

Mr. Ashton: Well, he is based in Seattle; he works in Vancouver as well. And what is interesting is, where were the ads produced? Where was the production done? Toronto. Is that not interesting, because it is fine, it is very interesting—[interjection] Well, the Minister of Northern Affairs (Mr. Praznik), who now is participating in the debate, I look forward to his contributions on the record on this.

How can the government have anybody believe what they stand for when they have already started contracting out, in this case, with a \$400,000 advertising campaign? Why would we move this—and I see that the Minister of Education (Mrs. McIntosh) is doing calisthenics, and I welcome that. She says she has to stay awake some time, and I can understand that might be a problem, too, but I am pleading to the minister as well, does it not make sense to require that this company, which within months will be selling on the Manitoba stock exchange, will have Manitoba content?

Point of Order

Hon. Darren Praznik (Deputy House Leader): Madam Speaker, on a point of order, in all the banter across the House, I know I was asking the member for Thompson if he could indicate which American company produced the ads for the federal New Democratic Party leading up to the last election. Perhaps he answered that question and I missed it. If I did, I would ask him to repeat it.

Madam Speaker: The honourable deputy House leader does not have a point of order.

* * *

Mr. Ashton: The answer to the member for Lac du Bonnet is none. It is interesting, a little knowledge is a dangerous thing, they often say, and the best example of that is the Minister of Northern Affairs. I will sit down and explain to him, our campaign ads were not produced by an American company, and I might want to explain to him that the ads that MTS is running have been produced by an American and production has been done in Toronto, and the minister knows that.

He also should be aware, and the ironic part is, here is the most ironic part, this is how much faith that MTS has in—and, oh, I forgot to mention Barb Biggar. Barb Biggar seems to pop up coincidentally in a lot of these types of contracts. I do not know why. What was her firm's name? Biggar Ideas. I know the Minister responsible for MTS (Mr. Findlay) is more than aware of the name of Barb Biggar's contract, and I wonder if he might want to explain why Barb Biggar spends quite so much time at the Manitoba Telephone System building. Interesting, because she and Jules Benson probably spend more time in the MTS building, and have recently, than some of the CEO and presidents of MTS. I mean, Barb Biggar, what is her role in this? Interesting.

Here is another one for you. Right, the government made the decision to sell off MTS May 1. May 2, they announced it. When did they decide on the contract related to the privatization of MTS? May 3, 4, 5? No, they did it in April. They decided on the contract for the advertising before they made the decision. Is that not an interesting one?

By the way, for the Minister of Education, I know she does not trust anything that I say. I remember when she spoke out on an amendment that I supported, that the Minister of Northern Affairs (Mr. Praznik) had moved, and she immediately wanted to oppose it because I was in favour of what the minister was moving.

But I am using the words that the Premier (Mr. Filmon) on the record has said that they had the advertising contract let, and it was let in April. So does that not kind of make you wonder about when the real decision was made to sell MTS? I would say probably around 1993. I do not know when the minister found out about this. I will be interested to find that out because I wonder if he

did not find out probably what was happening on MTS, probably October of last year.

An Honourable Member: Madam Speaker, relevance.

Mr. Ashton: To the Deputy Premier, he would not know relevance if he tripped over it. I have heard his speeches in this Chamber for the last 15 years, and he should be aware of what we are talking about here. I just talked about Barb Biggar, the kind of contracts that have been dealt with, contracting out. Well, let us deal with the operations within Manitoba section. Interesting. Now I want to see what they oppose in this. You know, this MTS Answers document, I mean, I would not say it was all that effective. It was interesting when they asked Manitobans—and this is particularly directed to rural Manitobans, after they sent this out—78 percent of people in rural Manitoba said they were opposed to selling off MTS. And they go out of their way in here.

* (2130)

But, you know, it is interesting. One of the things they say in this is, will MTS continue to be in Manitoba? They talk about the MTS head office remaining in Manitoba. That is interesting, the MTS office. Now do they define what that means? They do not, Madam Speaker. Read the bill; read it through in detail. I mean, they thought enough of this to put it in this piece of propaganda. Somebody must have been asking. I heard people—you know, I went in rural Manitoba—who even said, what does that mean, the MTS head office? The mailing address? A building with a logo on top? Does it mean the president's? How about a significant part of the operation of the building? The minister knows that we may have a head office and under the act there may not be much in it. It does not have to be. I would appreciate his indication of how he defines head office.

I sat down with a number of us, and the member for Crescentwood (Mr. Sale) and the member for Dauphin (Mr. Struthers) were both on that committee that dealt with the bill. A number of us talked about this bill, and the member for Concordia (Mr. Doer). We said, well how would you define it?

I say this to the Minister responsible for MTS (Mr. Findlay). Now I think if you ask most Manitobans, they

would say, what do you need, okay? Senior executives residing in Manitoba—that makes sense.

Now I must admit I am a little bit concerned when I got the Freedom of Information response, and the four new senior executives, when I saw one senior executive claim \$38,000 for moving expenses—\$38,000. The total of expenses for this new CEO, by the way, in five months was \$66,000. That is more than most Manitobans make in salary for a year.

An Honourable Member: Three years.

Mr. Ashton: Three years, indeed. It is higher than what members of the Legislature make. That is expenses, \$130,000. Well, there are a few more stories that we could get into about the operations internally, and, indeed, we will be getting into them. I say to the Minister responsible for MTS (Mr. Findlay), indeed, there is a lot more out there.

But let us deal with that for a moment. We have senior executive officers; they are making \$130,000 a year—\$65,000 worth of expenses in five months? The minister might want to check into some of the other activities as well, all-expense paid trips by major suppliers, overseas suppliers. It is interesting. We are starting to get a window on how this new corporation will operate because in a way they may have not privatized MTS yet, but they have been bringing in this corporate culture that they like to talk about already—\$65,000 worth of expenses in five months. I think that is part of the corporate culture that they are talking about. [interjection] Well, you know, once again the Deputy Premier (Mr. Downey) asks about relevance. Read Section 12(2) of the amendment. I realize this is a bit onerous to ask of the Deputy Premier to actually read a paragraph in the amendment before he decides on whether the comments are relevant, but—

Hon. James Downey (Deputy Premier): I have been reading it, and they are not relevant to what you are saying.

Mr. Ashton: Well, it is interesting. He says he has been reading it, and I am glad. If you will read, it says: will ensure that senior executives will reside in Manitoba. Okay? It is interesting because you ask most people what the head office should have. What else? Accounting,

finance, marketing, administration and personnel. Think about it, Madam Speaker. If you were to go to the current head office of MTS, what else would you have? The basic administrative functions. I do not know how many people have taken the time to do that, and I have. I have talked to people in MTS buildings, MTS employees throughout Manitoba, and one of the things they are saying—[interjection]

Well, to the Minister of Education and Training (Mrs. McIntosh), I have, and I would encourage her to do that. Come to Morden and talk to the employees of MTS in Morden. Come to Neepawa. Come to Dauphin.

An Honourable Member: Do you ever listen?

Mr. Ashton: Oh, I listen. To the Minister of Education, I have listened to them, and I will tell you what they are saying. They are very concerned about what the government has been doing, and they are concerned about these kinds of issues, because we have to in the global economy, as I mentioned earlier, make sure that jobs exist here in Manitoba. [interjection] Well, it is interesting because the Deputy Premier (Mr. Downey) may want to consider what would—I mean, here he is the Minister responsible for I, T and T. I want to make a suggestion, Madam Speaker. Why does not the Minister responsible for I, T and T be the first one to support this on the government side?

Now I heard earlier, I heard one of the more entertaining and I must say one of the more interesting debates I have heard in the Legislature from the Minister of Labour (Mr. Toews). I do not think I have heard a debate like that since junior high. Here we went from talking about rural and northern offices; in the end he was going back to 1908 and talking about phone lines not being established if this kind of an amendment had been in place. I get worried, because I know the Minister of Labour has appeared in court on many occasions, and I was reminded—and I mentioned this from my seat—that I had not seen anything quite like that since the prosecution summed up the O.J. trial. I wonder what kind of imaginative arguments they are going to use on this one. I mean, this would be terrible, would it not, terrible if we had the company being required to keep senior executives, accounting, finance, marketing, administration and personnel here in Manitoba?

Now I want to know, if the members opposite do not support this, I want to know why. Which one of that do they not want to see—senior executives, accounting, finance, marketing, administration, personnel? Which part do you not like about that? Contracting out, what is the problem with the contracting-out provisions? We do not even deal with the situation within Manitoba, we deal with out-of-province. Are you saying that you want the new company to be contracting out? You know, it is interesting because when it is convenient, when the minister wants to take off his hat responsible for MTS and put on the other hat and favour the MTS privatization, he goes out and he says, when the members opposite try and explain why they are going to invest in this, what do they say? Well, we have to invest in Manitoba, yes, and make a buck on the side. We know that. But what is interesting is, are they going to vote for Manitoba on this? The second part of this says one thing, it says you do not contract out out-of-province. Think about it. What if you get a substantial outside-of-province ownership? I say to the Minister responsible for MTS, between what he has said and what Mr. Stefanson has said, they have indicated that between 65 and 75 percent of the shares, they are hoping, will be sold to Manitobans the first go-round. Think about that. [interjection] The other one, Tom Stefanson

An Honourable Member: The younger one or the older one?

Mr. Ashton: Well, I am not getting into that, younger one or older one. I am not making any comparisons. I am just saying Mr. Stefanson, Tom Stefanson, the chair of the board.

It is interesting because—I just want you to reflect upon that because we are going to have one-quarter to one-third of the shares owned by non-Manitobans, according to the best estimates of the government. Even in this blue document it says, Manitobans will be offered the first opportunity. You know what? Their own estimates say they are going to have between 25 and 35 percent outside ownership and that includes foreign. Foreign is not separate. The minister knows the figures fairly well.

I want you to reflect on that, Madam Speaker, for a moment. Day One, after this Manitoba offering, the government is saying within a matter of weeks MTS will be one-quarter to one-third owned by non-Manitobans.

Think about it, because that is what happened in Alberta. [interjection] To the Deputy Premier (Mr. Downey), again, who obviously is on the single track of his eight-track mind today, if he cannot figure out that the ownership is critical to the way this operates, I think he should not only reread the section of the amendment but read the bill, because 25 to 35 percent of the ownership is going to be held outside of Manitoba. What happens after that? The shares will be traded on the Toronto Stock Exchange. Right? Is that not correct? I mean, I know Mr. Nugent is talking about that. They do not like to talk about that.

That is what happened with Telus. The moment the shares are sold, you have the right to resell them. What is going to happen when it goes on the TSE? I guarantee to the minister, and he knows this, that there is going to be a further erosion of the Manitoba ownership once it is traded on the TSE. The way he structured the shares—I must not say him—the way the government is, because it seems there is some question on there of who is structuring the shares, whether it is the Minister of Finance (Mr. Stefanson) or the Minister responsible for MTS (Mr. Findlay). I suspect the Minister of Finance is probably structuring the share issue more generally—

An Honourable Member: Jules Benson.

Mr. Ashton: Jules Benson, sorry, the real Minister of Finance, the real Minister responsible for MTS, the real spokesperson for the government now. Actually, they really do not need anything more. They have Jules Benson now going around on the dog-and-pony-show circuit giving the presentations. What more do they need? I do not want to go too much further because I know there is some sensitivity on the government side about Jules Benson's role in the government. I think he probably has more power than all the elected members put together, Madam Speaker.

An Honourable Member: A good man.

Mr. Ashton: Well, he has one fan in the Minister of Education (Mr. McIntosh). That is a start.

I know there are many members whom I have talked to on the opposite side who express some frustration—

An Honourable Member: We like Barb Biggar too.

* (2140)

Mr. Ashton: It is interesting—oh, and the Minister of Education says she likes Barb Biggar. I like Barb Biggar personally. I remember when she was working here. She is a very good person, and she is doing quite well for herself in her new career, thanks to the government. I guess you cannot blame her for trying but she sure seems to come up with those contracts. I do not know, she must just have ESP or something, know exactly what to bid and when to bid. [interjection] We are running through—now I am getting off the relevance. It would be very easy; I could spend the entire time I have talking about how many Tories have already profited at the expense of MTS, let alone how many of them are hoping to pocket money at the end of the sale here. Reflect on this. [interjection] I have an invitation from the Minister of Education. The Minister of Education, I know, is looking for sort of an encore performance of the forum last night, and she is trying to recreate it here, trying to take out her frustrations in the House. I do not blame her; it has got to be tough being a Minister of Education in this Tory government.

But, you know, 25 percent to 30 percent of the ownership is going to be outside of the province. When you look at the way the shares are structured, and I say to the Minister of Finance (Mr. Stefanson) on this because I respect the Minister of Finance not only as a member of the Legislature but as an accountant as well. He knows that there is going to be a significant amount of speculation on the sale of the shares that is going to be centred around the dividend which they have deliberately structured to be higher than the industry norm for the one purpose of making sure the share issue is as fully subscribed as possible. He knows there are going to be people who will pick up the shares for speculative purposes only. That happens on any share issue. It is going to be particularly heavy in this case from people picking it up and reselling it either for purposes of speculating on potential capital gain certainly in the first year, or those reselling to those who want to pick up the dividend, those in need of the dividend tax credit, others who can benefit from that.

What this means is the percentage of ownership in Manitoba is going to go down, it is going to go down and it is going to go down, and there is no guarantee here that we will not in three or four years, when the special share

is eliminated, have majority of ownership of MTS held outside the province, no guarantee whatsoever.

Now people may—opposite, they are probably saying fearmongering. Right? Let us just run this through a bit.

An Honourable Member: It comes to mind.

Mr. Ashton: The MTS minister says, it comes to mind. Let us take CN.

An Honourable Member: Okay.

Mr. Ashton: Okay, now I have the minister because he is also the Minister responsible for Transportation. What has happened to CN since it has been privatized?

An Honourable Member: 64 percent of shares owned by Americans

Mr. Ashton: Sixty-four percent. Thank you to the member for Flin Flon (Mr. Jennissen). Ownership by Americans

Mr. Jennissen: The head office is in Montreal. Steve

Mr. Ashton: But the head office is in Montreal. Now we get down to the reality of this here, what is going on, and it is interesting. Do not forget AT&T is a Canadian company. You know, they are going to start putting the maple leaf up. I think they already have. I love that. AT&T with a maple leaf right next to it. With good Canadians like Bill Catucci out in New Jersey running it, the only reason they are considered Canadian is because—

An Honourable Member: It is New Jersey, I will have you know.

Mr. Ashton: Yes, New Jersey. We are probably going to be hearing New Jersey accents from operators at MTS once AT&T get their claws into it. I do not think we can survive that in Manitoba. You know, I kind of like the good Manitoba accent, although we have various Manitoba accents throughout the province. I like this province and I like Manitoba ownership, and if the government was to be honest with Manitobans about this, it will be interesting for them to have to go and explain to people, because a lot of Manitobans are not aware that a quarter to a third of the shares automatically, instantly,

according to your own best estimates, are going to be outside of the province.

How long are those shareholders from outside of the province going to want to keep senior executives, accounting, finance, marketing, administration, personnel functions in the province?

What has happened at CN since they have been privatized? They do not want to even keep rail lines in this province. They do not want to keep rail lines in the country, and the minister has criticized that when he has his transportation hat on. Every so often the minister has his anti-privatization hat on when he is talking about rail; then he takes it off, and he puts on his pro-privatization one on MTS, then he takes that off, then he puts on his, hey, MTS is doing a great job because I am the minister responsible for MTS public corporation. Madam Speaker, at some point in time you have to recognize, and I say this to the minister, the contradiction of your own arguments.

I want you to think down the line, and this kind of scenario is very likely to happen, could very well happen. It is not fearmongering. Down the line you have a shareholders' meeting of the Manitoba Telephone System. Well, actually, it is not called that anymore. [interjection] No, they will probably have it here, and you will maybe get about 300 Manitobans going in there owning 300 shares, 500 shares, 600 shares. Then the suits will fly in. There may even be direct flights from New Jersey set up at that point in time. At that time someone is going to go to the mike, and it might be like Air Canada, some agreed shareholder maybe with proxy representing 17 million shares, and you know what is going to happen? They are going to get up and they are going to demand to know why they are only making X number of dollars.

They are going to be saying, there is another telephone company, wherever, that is making 50 percent more than that, and there will be a shareholders' revolt which will be nicely controlled by the 16 million and 17 million shares held by the suits from New Jersey, and you know what is going to happen? All of a sudden, it will be like editors of newspapers when Conrad Black buys the newspaper, right? Either they are going to be out of there, or else they are going to say, oh, we got to do something. What are they going to do? They are going to look to areas to cut. They will send in the audit team, and then they will

do a corporate audit. They will re-engineer the company. Think about it.

They will go in there and the first thing they will do is they will probably check out the act. They will say, ah, we heard about you guys in Manitoba. Yes, that is right. You got that act and we read about it in The Globe and Mail. You had this government special share. Anyway, the chairperson of the board is going to sit down and he is going to say, do not worry about that. It does not mean anything. It is just for public show anyway. Look at the bill here. We can do pretty well anything we want, but they are going to say, wait a sec. This corporate audit team is going to say, you got a problem here. It says the head office has to be in Manitoba.

Then they are going to go and they are going to start laughing, and they are going to start saying—and I want you to picture this, Madam Speaker, in the board rooms. They are going to laugh. They are going to say, did anybody really believe that was going to mean anything? They are going to sit down and say, we are going to have a head office. We have got a head office. We have a logo. What more do you need? We will keep a few people in the building, so what do you want to do?

It is interesting, because unless you pass this amendment, they are going to sit down and they are going to say, all right, accounting, eh? Wait a sec, we got a pretty good accounting team in New Jersey. We have got some people in Toronto. Hey, listen, they can do this in their down time. We can just add this; this is 1 percent of our market. Hey, no problem, we will use our existing—all right, how many people in the accounting department? Well, let us give them layoff notices, bang. Then they will sit down in finance. Why would you have MTS have its own finance department? The guys on Bay Street, they can do that. We can contract that out. That is easy. Forget it. It is gone.

Marketing, hey, listen, we are already doing most of the marketing out of the province anyway. Hey, look, your commercials are already produced in Toronto. Forget about the marketing department. We have people right now, we want to give them something extra. We will give them a bonus to do this in Manitoba. We will just rerun our ads from the States or AT&T Canada now, if they are the ones involved. We will just get our new Cantel—and it is interesting to watch this, by the way,

because AT&T will be in Manitoba one way or the other soon, and it will be a one Shaw cable, no Rogers, Shaw cable. I say to the minister opposite and, by the way, to Mr. Fraser who talks on various public appearances about the future, that I think in a way you are actually underestimating what is going to be happening in terms of change, especially with AT&T. They will be in here one way or the other, either buying into MTS or in terms of other provisions and service. Check with what is going on in the industry, and I encourage people to do that.

* (2150)

You run through administration and personnel. None of these things have to be done in Manitoba if the private company does not want them to be done in Manitoba. Now, I mentioned this earlier. People are going to say, oh, why would any good corporate citizen transfer jobs out of Manitoba? But AT&T did it under the name of Unitel; telemarketing jobs, 150 jobs. Bill Catucci just said, that is it. For Bill Catucci coming from AT&T in the States, 150 jobs must have seem like nothing. How many jobs did AT&T cut in the United States? Madam Speaker, 50,000, and guess what happened? Like, what happened to the stock of AT&T? It went up.

An Honourable Member: Why?

Mr. Ashton: The member for Burrows asks why, and I know he knows the reason why. Members opposite may not know the reason. It is because, if you are a private company, the only thing that matters is the bottom line. You can lay off 40,000 or 50,000 employees. If it improves your bottom line by even a fraction of a percent, the stock market goes up.

Well, it is interesting, because you know what, Madam Speaker, the government wonders why people out there in Manitoba are concerned about what they are doing. [interjection] Well, it is interesting, I mean, the Minister of Northern Affairs (Mr. Praznik) is talking about ratepayers, and I think the ratepayers in Manitoba do have some rights and they should be protected against the kind of rate increases we are going to see under a privatized company. If you do not believe me, look at Alberta, and if you do not believe me, read the way CRTC calculates the rates, something that members opposite have not done. Indeed, it is interesting, because

members opposite, whenever they are confronted by this, fail to reflect on it.

I want to say something further on why this is so important, this particular section. The only way that MTS is going to pay significant dividends to its private shareholders, it is going to be in two ways. It is either going to be through rate increases or it is going to be through the kind of reductions in employment that we are seeing in here.

I want to say that MTS is already saying it is limited in its ability. They have already downsized fairly significantly, and the minister knows that. To the Deputy Premier (Mr. Downey), who likes to wave papers around, Madam Speaker, this refers specifically to the kind of operations that should be in Manitoba with MTS, the kind of protections, if any, that are going to be in place. If the government was to recognize that, the private company is going to have to go one of those two routes. If it does not, the shareholders are going to face a significant loss, certainly a capital loss, and we are not going to see a repeat of the first-year dividends.

By the way, to members opposite, if you ask any questions before this is sold, ask questions about the projections for the next five years in terms of dividends, revenues, ask some serious questions about the financial questions involving MTS, because be very careful if you go into your community. You know, I will tell you, regardless of what I say about the sale of MTS as an issue, I am very careful what I say to people, and I know members opposite, most of them, will be very careful what they say. You do not want to be in a position, and I say this sincerely to the Minister responsible for MTS, of blindly promoting the share issue because, once it is a share, there is a risk involved, a very significant risk, and you do not want to have people in your constituency coming back in a few years saying, hey, I thought this was a guaranteed bet.

I get really offended when I see some of the brokers who are going around talking about the buzz in the streets, you know, talking about how great a share issue this is when, theoretically, they have not even seen the prospectus. Now, I wonder in the case of Wood Gundy and others if they maybe have seen the prospectus, but you know the bottom line is, be very careful.

I say this to members opposite because, if you have your way and you push through this bill, you are going to get a lot of people asking you, and I have told everybody I have spoken to to be very wary of the share issue. I tell them, I am not advising you to buy it or not, I am not a broker, and I do not want to get caught in a position to make any representation, and all I say is, remember this is not a bond, this is a share issue. There is risk, there is potential gain and there is potential loss, both on the capital and on the dividend side.

You know what is interesting, Madam Speaker, all it takes is anybody with any kind of rudimentary knowledge of accounting to figure out the kind of pressures the private company is going to be under. If you do not believe me, read the Telus report. In fact, the member for Burrows has it here and I want to just read this, because it is interesting, if you read through it, because some brokers talked about this being such a hot prospect because of what has happened at AGT. Now, it is interesting because I want you to read and ask these questions about what has happened to the credit rating of this private company. [interjection] This is relevant, very relevant to the member because this is why they have been under such pressure to have these kinds of cuts.

AGT reserved its first credit rating, the DBRS and CBRS from 1991, remained unchanged till 1994. That was downgraded, DBRS, from AA to AA low to stable outlook. On following the CRTC decision of 1994, regulatory framework, they confirmed it.

Now May 1995, just over a year ago, DBRS downgraded the fixed-income securities of all the telecommunications carriers, including AGT, to an A high with a stable outlook and left the rest of it.

In November 1995, following the release of the CRTC decision in regard to split base and related matters, CBRS downgraded the credit ratings of several telecommunications carriers in Canada, including AGT, on the basis it observed declines in financial performance and concerns over competitive regulatory risk. I thank the member for Burrows (Mr. Martindale); he took the time to check with AGT.

Now what does that mean? That means that the private company you modelled the sale after has been faced with four, count them, four reductions in its credit rating. We

are not dealing here with something specific to AGT. It is the general situation facing private firms in the industry. I say to the Minister of Finance (Mr. Stefanson), because I really believe that he of all people probably has given this some consideration, that I think it is important, rather than the Premier (Mr. Filmon) sort of once in a while in Question Period actually answering a question on the financial circumstances, to release that kind of information. I hope there is a full accounting of that in the prospectus, because I think potential investors have to know that the telecommunications industry, the private firms which are having to borrow in the open market are being faced with declines in the credit rating. We are dealing with 1995. AGT was faced with two declines in one year. The Minister of Finance knows the significance of that. He deals with that all the time as Minister of Finance and the public's finances.

We have seen a steady erosion. I can repeat the terms that were there, but you know what I am talking about, the uncertainty relating to the CRTC. That, by the way, is why there is no accident with the MTS application in the CRTC. They had to ask for the exogenous variable factor in there. They have to ensure going into a private company that, if they are going to meet their financial objectives, that they are simply to pass on cost. It is clear.

Service for the Future. Now I know you are concerned about that. I think the one last political thing in this document, the application of the MTS, is that you have one little kicker in there, and what is the kicker? It is sort of, well we know rates are going to go up in rural Manitoba, but like please to the CRTC, please do not put them up right away. The minister laughs, but he knows what that provision of the CRTC document relates to. It is exactly that. You have admitted the rates are going to go up, a rebalancing. You can talk all you want in terms of the source; rates will go up dramatically.

In Alberta they are projected to go up by 100 percent by the year 1998, more than 100 percent in rural Alberta. That is what you are concerned about here, and that is why you get those kinds of financial pressures, four declines in bond rating agencies, a private company. You get that kind of pressure in the new regulatory environment. Where are you going to turn? Are you going to turn to rates? You are going to turn to the bottom-line operations of the company.

I say to the Minister of Labour (Mr. Toews), who talked before and gave a very passionate defence of the corporate agenda, I say that I do not want to see us in a system where we are trying to pretend that change does not happen. There obviously is going to be change, but what I want to make sure is that Bill Catucci from AT&T Canada or anybody from a corporate office outside of Manitoba does not make that decision.

I have a lot more faith if I know that the decisions that are going to be made are going to be made with some sense of the importance of maintaining jobs and economic spin-offs in Manitoba. That is all this amendment does. It is not an ironclad guarantee, but I think it will give us a bit more insurance that one day, not too long from now, AT&T or Bell or somebody else will not be dictating how Manitoba Telephone System is run with a major reduction in jobs. Thank you, Madam Speaker.

Mr. Tim Sale (Crescentwood): I want to start comments on this by pointing out that the government was obviously ready to privatize this corporation, well, at least a year and a half or two years ago, perhaps even the spring of '93 when Bell first offered to buy a piece of the corporation from them.

* (2200)

So I think they have gotten into that kind of corporate mindset already, because the first part of this amendment says, the corporation shall ensure that its senior executives reside in Manitoba. Two of the presidents do not reside here now. They fly back and forth every week. They do not live here. They just get their salary here. They just take from Manitoba, but they live in Toronto. I mean they live where the action is, in Toronto. So two of the four presidents of the new corporations, and, by the way, one of the corporations Net-Com, a nice hyphenated name, has two presidents. This is really interesting. We have a CEO, Mr. Fraser, and then we have four presidents for three companies, and two of the four do not live here. They live in Toronto. So it would be kind of nice if this amendment was even in effect right now for the current Manitoba Telephone System, but clearly the corporate mindset of this corporation is, it does not matter where our senior staff live. We are a corporation that is not really accountable to anybody now, because we are very soon going to be private anyway, so who cares where our presidents live?

That is just a kind of first and I guess a minor point. They are only making \$120,000 to \$140,000 off Manitobans, why should they live here? It does not, I suppose, really matter where they live. It certainly does not matter to the current president and the current board of directors where their presidents live or at least it does not seem to.

Madam Speaker, there is a substantive reason why this amendment is extremely important and it is a kind of technical reason, but I know the Minister responsible for the Telephone System and the Finance minister will understand it, and that is that Section 14(3) which is the kind of Puff the Magic Dragon section of this act, the section that goes poof when the debt is paid off. We just kind of have a blast of smoke and flame and all the protection the government has been talking about for so long evaporates and the corporation does what it will do, whatever that is.

But curiously when this certificate of continuance is issued, there are a whole lot of sections that are repealed 3, 5(1), 6, 7, 8, 9, 10, 11, 13. There is a gap in there—no 12. Twelve is not repealed. Twelve stays. Now that probably explains why they do not want 12 to have any teeth because 12 stays. Twelve might actually do something to protect the rights of workers and the rights of Manitobans to have the head office of this company here and not just the head office in its name but the back office functions, the personnel functions, the finance functions, all those administrative functions that are listed here. Twelve is a part of the act that stays in place. It does not get repealed on continuance.

So this is a very important amendment from that perspective because virtually everything else the government talks about as a protection disappears as soon as the board of directors, after the debt is paid off, sit down and say, let us change our letters patent. Let us amend those letters patent and get rid of all those protections that the certificate of continuance put into our letters patent. Let us get rid of them and we can get on with corporate rapacity and whatever that requires of us.

The government wonders why we would want to put some detail in Section 12. Madam Speaker, think about all the other amendments that we have moved where we tried to put a few teeth, a few actual, serious teeth in this act to improve it. Not that we like the act. We are never

going to vote for it. But we tried very hard with our amendments to improve it. We tried to strengthen and put some real effect to the things that the government said would protect this company and make it a Manitoba jewel. Well, it is one of those jewels that comes out of that little company in Vancouver, I think, that you can stuff envelopes for. It is not a jewel that you are going to want to spend much on when they get finished with it.

Let us—[interjection] What was that?

An Honourable Member: Are you talking about Jules Benson?

Mr. Sale: Oh, Jules. Yes. Jules Benson, the family jewels, yes.

Let us look at what companies have done with any of these functions, finance, marketing, administration. Let us particularly look at marketing.

You know, the Manitoba Telephone System had a very good telemarketing department. It was run by a gentleman who is now retired forcibly, one of the many executives of the Manitoba Telephone System that was punted about a year ago into retirement against his will, and I sat down with him and talked with him about telemarketing and MTS one day.

He told me, Madam Speaker, that during his years as the director of that little operation that he was bonused, he got the maximum bonus. He was on that kind of private enterprise model of retaining business. He had something in the order of 40 staff in total. They were all highly trained people, \$16 to \$18 an hour, good salaries. When they called a company about a service of MTS, one of things that they would do through their marketing functions, they could actually help that company. It was kind of a surprising thing, but they knew the services of MTS, they knew the products. They actually understood the technology and, if a company had a particular problem, they were able to diagnose it often on the phone, suggest how they might solve that problem and help MTS to retain business.

Suddenly, in 1993, about the same time I think they decided to actually sell the whole company, the brain trust of the Progressive Conservatives, headed by one Michael Bessey and able assistance from Jules, I know where the bodies are buried, Benson, decided that it

would be a really good thing to do, a really good thing to do to contract out the 411 service and the telemarketing service and the yellow pages of MTS. Mike just happened to have an offer in his pocket from a fellow from Boston. He had the Irish name of Dennis O'Brien. Mr. O'Brien is quite a salesperson, and those of us who have talked to him on the phone, and I am sure the minister has had the pleasure of meeting Mr. O'Brien, can testify to his sales skills. Well, Mr. O'Brien took three barely surviving little American companies which he characterized as cash flow positive, which is hype-speak for, they are not making any money yet but we hope they will soon.

He took these three little companies and he said to their owners, give me an option on those three little companies, and I will shop them to somebody who does not know any better, and goodness knows who he found, he found Michael J. Bessey and Albert Filmon, sometimes called Gary, Albert Gary Filmon, and Mr. Benson.

They got together in a Toronto hotel room and they had a little meeting about the future of Manitoba Telephone System's telemarketing. Mr. O'Brien spun a web that was just miraculous and marvellous, and the engineer in charge of our province, whose thesis included using nuclear weapons to drain the swamp in northern Manitoba, got up and said, my goodness, Mr. O'Brien, you have just the answer for us. We will contract out that service.

Here we are talking about an amendment that wants to protect the Manitoba Telephone System from contracting out, and already Gary Albert Filmon has engineered the contracting out of a very major part of that system, its telemarketing. So the question of marketing, Madam Speaker, as was dealt with through the Faneuil experience, has been very interesting. Now, the telephone system itself did not think this was such a good deal. So what did the telephone system do while it was still a Crown corporation? Well, the telephone system hired a company in the United States, a consultancy, and said, take a look at this Faneuil outfit and tell us whether they are any good, tell us especially if they have the slightest bit of competence to run a 411 system.

What did the Mercer company say? I spoke to the man who did the study, by the way. The Mercer company

said, well, our report was an indifferent one. They were an indifferent telemarketer, not bad, not good, but they had no experience at all in running a 411 system, and we wondered whether they had any management depth to carry out the scale of the operations they were proposing. What happened? Well, the Mercer study caused a bit of flap here in Manitoba. There were a couple of pretty hot meetings with the Mercer study, Madam Speaker, and as a result of that the 411 proposal was dropped and the original Faneuil deal to take over all of these operations, this wonderful fairy story that was spun in Toronto to entice our Premier and his rocket scientists into going with the Faneuil corporation, this deal came apart.

* (2210)

It came apart in November of 1993, totally apart, and they had to start from scratch to put it back together again. You know, this was a very difficult job and required a lot of expertise. So what did they do? They took two board members of the Manitoba Telephone System, a guy who owned a bus company, Mr. Thiessen, and a guy who owned some apartment buildings, Mr. Spletzer, both renowned experts on telecommunications and paid one \$70,000 and the other one \$76,000 to sit on a committee. Now, these are folks that are already paid to be on the board of MTS and they are paid per diems for meetings; but they had to be paid \$76,000 and \$70,000 to sit on a committee to do due diligence on a tiny company.

You know, I had a conversation with Mr. O'Brien, the founder and chief beneficiary of the Faneuil operation. He told me that the legal costs alone to close the transaction when the Faneuil group of companies was flipped from InfoVest to Mr. O'Brien and then to Faneuil ISG here, the legal costs alone, he said, were more than \$4 million U.S. I said to myself, now there is a man who knows how to make money, Madam Speaker. When you can take an \$11-million deal and find \$4-million worth of legal costs to close the deal, there is a man who knows how to make money, and Mr. O'Brien did very well in that operation. He flipped the companies to himself, not being anything other than a minority shareholder in InfoVest, and he became the majority owner of Faneuil ISG with a capitalization of \$11 million and 50 percent of the shares in the name of management. I would love to see the books of Faneuil ISG and see what other shares are held by what other individuals beneficially in their

behalf as nominees or in some other form. It would be very interesting to see the books, the shareholder books of Faneuil ISG, and I hope some day perhaps we will have an opportunity to do that.

So I offer that little story in terms of how an American company managed to get contracting out from the Crown corporation. This is a corporation, supposedly, being operated in Manitobans' interest. They took a telemarketing department with about 40 staff that was retaining the highest percentage of business of all Stentor companies in Canada, doing a very good job for Manitobans, and they fired them all. They fired them all so that we could hire some telemarketers at \$7 and \$8 an hour and make some American business people, who knew a mark when they saw it, much richer. So what have we got? Well, we have got maybe 400 jobs at Faneuil right now. I guess they are better than no jobs at all. In the meantime, MTS has laid off 1,100 people. 1,100 well-paid, solid jobs; 400 telemarketing jobs with a turnover rate of about, oh, around 80 percent to 90 percent a year in those jobs. Better than average, I am told. Seven, eight bucks an hour when there is business, when they get called in. I guess that is the kind of trade that the Conservatives are interested in. Eleven hundred jobs gone, good jobs; 400 jobs brought in, telemarketing episodic, seasonal jobs. That is a kind of Tory trade-off, I guess.

That is what contracting out is all about, Madam Speaker, and that is why we are saying in Section 12(3) the corporation shall not contract out. If they are not already contracting out, they shall not contract out. Now why would we say that if we did not have some reason? Of course, we do have reason. Not only was Faneuil given the right to do telemarketing, and not as the government has told the public, for seven years, but it is for nine years. And it is not \$47 million, is it, Mr. Minister? It is \$67 million because the eighth and ninth years are at the top of the tariff range. It is not 47; it is 67. You just kind of forgot that little detail.

What else did they give them? Well, they gave them an option on the Yellow Pages. Just a nice—

An Honourable Member: Contracting out.

Mr. Sale: Well, yes, contracting out. Contracting out on Yellow Pages. The member for St. Norbert (Mr.

Laurendeau) does not seem to appreciate that contracting out is already running rampant through this company, and we need to restrain the contracting out in the future. So they gave them an option on the Yellow Pages for up to \$100 million of investment.

Madam Speaker, what else did they do? Well, they also said, what are these little things that we carry around in our pockets, these cards? They said, well, you know, if MTS or Stentor comes up with any new initiatives in the smart card area, we will like a piece of that too, and so they have a deal with the smart card system. [interjection] That one will not do him any good; it is a convenience card. He has got to know the PIN number. He could beat me up and get the PIN number, I guess. He would not, though. He is on my side.

An Honourable Member: Your lights are already out.

Mr. Sale: That is right, my lights are already out.

So we have this little smart card deal, Madam Speaker, and it is a fascinating deal, too. You know, most of the time when you make a deal with a company, you would think that the big partner in the company would do better than the little partner, but that is not quite how this one works. In this one, the smart card operation provides Faneuil with 20 percent of the benefits of anything that comes back from the initiative of Manitoba, but 80 percent of the benefits of anything outside Manitoba. Here is a company that had no money when it came here and a big line of credit and a loan from the government, and they get 80 percent of the profits from a smart card deal outside of Manitoba. That is contracting out with a vengeance.

Then we have the situation of Manitoba communications, MB Communications, 80 percent owned by Clifford Watson and Associates in Toronto. Does the name Mike Aysan ring any bells? Yes, Mike Aysan.

An Honourable Member: Yes, that was a long time ago.

Mr. Sale: Yes, a long time ago. He was the fellow who was fairly important in the scheme of things, sitting down with his friend Mr. Loptson and the Premier in the living room talking about how we spin this story. That was a good story. Well, Mr. Aysan is in Toronto with the MB

Communications and Clifford Watson, and they have 80 percent of the profits from selling our toll lines. Now, what was going on in this one, Madam Speaker? In this one we had about seven or eight companies in Manitoba who were doing telemarketing—jobs, eight bucks an hour, a good thing. Marusa, for example. Now Marusa is an American telemarketer. It does not do any work in Canada at all. They just actually have their shop here in St. James, but they do not telemarket in Canada. They do their work in the States. That is whom they are calling. Marusa was a little behind on their bill, too, just like Faneuil was, and Promark was having some trouble, so what do we do? We put MB Communications in place, and what is MB going to do? It is going to take the lowest toll rate from Manitoba Telephone System and bundle it out to these companies, but one of the conditions was they had to come up to date on their bills, pay up their debt to the Manitoba Telephone System, right? That was one of the conditions of MB coming into being in the first place.

So what is the result of that little bit of contracting out, Madam Speaker? Well, the result is that a Toronto company has 80 percent of the profits from the lowest toll rates we can offer, and we have managed to reduce our income from the telemarketers who were going out of business or had businesses threatened because they have not been able to pay their toll rates. This is a very interesting way to deal with the resources of the telephone system even before it is privatized, and they wonder why we are concerned about it. I do not think I have to go much further to point out why.

Madam Speaker, the new members of the board will include people like Claude Taylor and the president of Great-West Life and Rubin Spletzer and Ben Thiessen and the other Mr. Stefanson and a couple of others. We want them to know that they cannot contract out. They cannot downsize at the expense of good, trained, secure Manitoba jobs. They cannot impoverish this corporation by moving its functions to Basking Ridge, New Jersey, or Ottawa or Toronto simply to save a few bucks on the backs of Manitobans.

If the government votes against this amendment, it will be a very clear message to everyone that they do not mean any of the sham protections they have talked about to have any force or effect. They are not prepared to support the head office to be a real head office. They are not

prepared to support the remaining workers to have secure jobs. They are bent on contracting out. They do not care if the presidents fly home on the weekends. Their pretense about concern for Manitobans in this company is a sham.

Hon. James Downey (Minister of Industry, Trade and Tourism): Madam Speaker, I will try to be brief, but I think there is a point that has to be made.

Madam Speaker, members of this House, this Assembly will be fairly familiar with a Crown corporation known as Manfor. Anybody hear about a Crown corporation known as Manfor?

An Honourable Member: How many millions did the NDP lose?

Mr. Downey: Well, Madam Speaker, I do not have a lot of time to talk about the millions of dollars, about much money they lost under the New Democratic Party, but there is one important point that has to be made and it is relevant, something that I have not heard in two speeches from the opposition members.

The first, 12(2), the amendment says, the corporation shall ensure that its senior executives reside in Manitoba and that all accounting, finance—Madam Speaker, do the people of the province know and remember? Do the people of this House know and remember that under the New Democratic government, that under the Manfor management, their chief CEO lived in Montreal, his transportation paid for by the people of Manitoba through Manfor, a golf course membership in Montreal, and here they are introducing a resolution saying that a private company cannot have their executives live outside the province.

* (2220)

Madam Speaker, I do not think it is right that the executives should live outside of Manitoba. I believe that they should want to live in Manitoba. I believe the environment economically should entice them here. But how hollow do they speak? How serious are they about their debate, and how serious are they about their resolutions and the amendments they are putting forward? It is hollow. It is irresponsible. It is game playing. That is what it is, when the chief executive officer of Manfor,

under the New Democratic Party, lived in Montreal, golfed in Montreal, paid for by the people of Manitoba. This is a hollow amendment, and it should be pointed out for what it is.

Second point, Madam Speaker, they stand and rant and rave about wanting Manitoba contractual arrangements. We have been. They rant and rave about hiring Barbara Biggar who has been contracted. She is a Manitoban, does excellent work. What have they got against a young woman entrepreneur working for the province through a contractual arrangement?

The member has a lot to say about Faneuil. I will put the investment in Faneuil, the jobs that are created in Manitoba, up against the \$27 million they fritted away on the sands of Saudi Arabia any day. The waste and the pillage of the New Democratic Party is nothing more than attacks on the backs of the people of Manitoba. So I think it has to be said how shallow and insincere they are when they come forward with this kind of amendment. They truly are no more than what that says they are. Thank you.

Hon. Glen Findlay (Minister responsible for the administration of The Manitoba Telephone Act): Madam Speaker, I have listened to many speeches from the other side, primarily from the member for Thompson (Mr. Ashton), over the last number of weeks. I would not want to count how many hours. I will say this, he has a strong voice; it never ends. But him and many others I have heard and heard and heard, and the constant theme I hear is continuously speculating in the negative. It does not matter what amendment, it does not matter what aspect is talked about, it is constant speculation in the negative.

I do not think there is anything else that has been said. The world is coming unglued. In this amendment that is proposed here we have got to build the walls. I know in the early '90s they tore the walls down in Berlin and they reunified Germany. I would suspect the pieces are there and they can be transported over, and the New Democrats would feel very happy about buildings the walls around Manitoba. They would want to prevent the natural economy from happening that has made Manitoba strong today, made Canada strong and will continue to keep things strong in this province.

That is not the reality of the world today. I mean the members opposite will probably be a little upset. I will

refer to Bob Rae again, a man who had the same thinking as what we have heard across the way. He was totally against free trade; he was totally in favour of running up the debt; he was totally in favour of managing the economy; but Bob Rae had a little journey in government.

Madam Speaker: Order, please. I am experiencing some difficulty hearing the honourable Minister responsible for the Manitoba Telephone System.

Mr. Findlay: Thank you, Madam Speaker. It is interesting to hear from somebody who has had the opportunity to be in government. When you are not in government you can fashion the world any way you want. You can speculate, as I say, in the negative constantly that the world is coming unglued, there is nothing good about anything, even though the unemployment rate is low here. All the good headlines about the economy is strong, the engines are pumping, you see jobs being created consistently in the private sector, but this individual who had a mission in government clearly says nothing is like it used to be.

Now I will give the member for Thompson credit. He has identified there is change. I mean, that is one move that he has made. There is change. But then he lapses back—and let us build the walls, let us prevent anything from happening that is constructive. I say to the member opposite who talks about job losses, I dare say there is more jobs in the telecom industry in Manitoba than there has ever been in the history of this province. This is just 5,000-plus in the telecommunication industry called customer service centres. That is a whole new sector. There are more jobs in the private sector in telecom in the province of Manitoba today than there is in the Crown corporation. That is part of the telecom industry.

An Honourable Member: No, it is not.

Mr. Findlay: Well, Madam Speaker, there are more jobs in the telecom industry today than ever, but the member opposite wants to categorize them somewhere else. He cannot deny that those jobs are here. It is an evolution of the new capability of jobs. I would prefer that they are in this province as to outside of this province. That is a plus for the province of Manitoba.

We have in this country, signed onto by all provinces, all premiers, regardless of political stripe, there is

Liberal, Conservative, NDP governments across this country, signed to free trade agreements. Bring down the interprovincial trade barriers. I do not know that you can say anything other than this is bringing the trade barriers back up. We are not allowed to put a tender out in Saskatchewan and Ontario. We are not allowed to by this amendment. It is ludicrous. It is trying to turn back the pages of time. These members—

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

Mr. Findlay: Well, I think the member opposite got misled again, yes.

I refer back to comments that the president made from MTS. The best job security is satisfying the customers and being competitive in the marketplace. That is how jobs have been created. That is how jobs will be created in the future. Now the member for Radisson (Ms. Cerilli) makes some comment from her seat. She does not have any respect for the private sector. I would ask her what has created the standard of living that she enjoys. What has created the clothes she wears, the car she drives, the house she lives in? All the aspects of growth and [interjection] It has not been government, it has not been monopolies, it has been the private sector.

Madam Speaker, where is the job growth today? Is it in government? Look across this country. Every government is shrinking in the course of jobs. The private sector is in growth, growth, growth. It is because of entrepreneurship, it is because of competing in the global economy, it is because they are aggressive, and we have a large variety of very entrepreneurial aggressive people in our economy. They do not talk about building walls. They talk about tearing them down and getting over the wall and competing. Why are our exports growing in this province? Why are we exporting within—the member talks about the Faneuil deal. Why is 75 percent of the jobs created there? Because of activity related to export, because somebody is successful in competing. That is the way the world is.

* (2230)

Again, I will refer back to Bob Rae. For example, he says, New Democrats have no choice but to accept the

age of continental free trade. If the American Congress were to unilaterally rescind NAFTA and further rescind our access to the American market, we would be devastated. Now that is a statement of fact. That is a statement of somebody who has been on their side, visited their philosophy and found the reality of the world. I can also say, not taking anything out of confidence of anybody, but in talking to the elected government members in Saskatchewan, it is interesting to hear how they talk about things today versus five years ago. There has been a conversion there of an understanding of the same reality. You cannot build walls, you cannot have government run everything. It is the free enterprise system.

I have to tell the members here, I think I have used it before in this House, probably one of the most significant discussions I know I can remember in my life was when I was on a trade mission, along with the current Minister of Finance (Mr. Stefanson), the Minister of I, T and T at that time.

We were in Moscow. Now, never in my life did I think I would ever be in Moscow, but it was a most interesting week. We were at a reception they were putting on for our business people and their business people and an individual who I would say would be about 45. He was at the rank of about a deputy minister. We got talking and this and that and he had good English, he had very good English, he was a well-educated man, had been involved in the Communist government there, talked about the decades of standing still and falling behind, and he said to me, and I will never forget this statement, there is only one government in the world. Well, racing through my mind is, who is it? Who is it? Who do you think it is? I said, you will have to tell me. He said, it is the international marketplace. That is exactly what he said. He said, for years we built the walls, we hid from it, and now we are decades behind.

He said, you can talk about the U.S. government, the Canadian government, but ultimately it is the international marketplace that governs the evolution of the world and, in this global economy that exists today, even Bob Rae has a clear understanding of that. The members opposite live in a fairy tale world saying, you build the walls, we can all be comfortable. If you keep it the way it was, I will be happy. Let me tell you that the world is not that way.

Change is inevitable. You cannot stop it, but let me tell you, growth is optional. I think this government in this province over the last number of years has done excessively well in terms of being able to stimulate growth by positioning government so the private sector has the freedom to make their decisions, the freedom to compete, and the success is out there. The success is all over the place and the Manitoba Telephone System is going to join that list of very successful companies.

Those members talk in the negative all the time. I am one who has exceptional confidence in our capability to compete as further entrepreneurs in the world, not only within Manitoba, but beyond our borders, to bring jobs and keep jobs in the province of Manitoba. Thank you.

Mr. Doug Martindale (Burrows): It is a pleasure to get up and speak on this amendment, of course, an amendment that I concur with. We know from listening to the member for Crescentwood (Mr. Sale) that some of the senior executives are already living in Toronto. Now, having lived in Toronto, I think I can see some of the fundamental differences between Toronto and Winnipeg. [interjection] The minister asks what profit did I make on my house? I am probably going to lose money on my house in north Winnipeg.

I never owned a house in Toronto but there are a lot of people who are getting very rich because they do own a house in Toronto and their house values are appreciating. For example, my parents live in a very old house, not a very old house, a house built in 1948 in Thornhill, and the real estate agents are always phoning them up and asking them what they want for this four-bedroom house. One day, in jest, my father said, \$500,000, and the real estate agent said, we will give it to you. We will find a buyer at \$500,000. That is not for the house; that is for the land. They would bulldoze the house, and they would build a monster home because that is what is happening in many areas of Toronto and in Thornhill. And why is that? It is because of the concentration of wealth in Toronto.

When we sell our assets, when we sell our Crown corporations in Manitoba, we lose the senior executive jobs to Toronto. Many of the shareholders are in Toronto, and many of the decisions are made in Toronto, and Winnipeg and Manitoba becomes part of the hinterland of Toronto; in fact, that is already the case. In

many ways western Canada, northern Ontario, now even large parts of Quebec, are part of the hinterland of Toronto and the same regions, much of Canada, is part of the hinterland of New York City, and that is where the decisions are made, in the corporate board rooms in Toronto and New York City.

I would have to ask all of us as members, do we want the wealth to be concentrated in Toronto and New York? Do we want the decisions to be made in Toronto and New York or do we want to have control over our future and our destiny here in Winnipeg? Furthermore, do we want the jobs to be in Winnipeg, especially, the well-paying executive jobs, but not just the executive jobs but many, many different tasks done currently by Manitoba Telephone System employees?

We know that because of modern technology that many of those jobs can be done in other places. Those functions can be performed in Florida or in Arizona. It does not matter where those people are located. For example, we know that security companies who have customers in Winnipeg are answering the phone when an alarm goes off in Toronto or Calgary. In fact, I have heard some horrendous stories about an alarm company in Calgary responding to an alarm going off in Winnipeg, and it took them 15 minutes to get hold of the police in Winnipeg because they could not get through.

I do not know why members opposite would want to export jobs to Toronto like executive jobs, or export profits to Toronto or New York or wherever the shareholders live outside Manitoba, or export jobs to Florida or South Carolina or wherever the low wages are? But I do not want to export jobs, and I do not want to export the profits out of Manitoba. I think we need to keep the jobs in Manitoba.

We have thousands of Manitobans who are unemployed. In fact, this government deemed thousands more people employable due to their social allowances bill. They are putting a lot of pressure on these people to find jobs, and the vast majority of these people want to work. They genuinely want a job.

Many of them are taking telemarketing jobs. In fact, when the Canadian Liver Foundation people were laid off, they came to us. They were very disappointed that they lost their jobs. Telemarketing is not an easy job. I would not want to—well, I already spend all day on the

phone when I am not at meetings, but I would not want to do that for a living trying to sell people something. Yet there are people who want jobs, even doing telemarketing jobs at low wages. But I think we should keep all of these jobs in Winnipeg. I think my constituents would want to keep these jobs in Winnipeg, and I think the government should want to keep these jobs in Winnipeg.

I do not know why we would want to export jobs to the southern United States, the cheap-wage states, or why we would want to export profits from Manitoba. It does not make any sense. But this government has not listened to common sense. I would like to refer again to the 1995 annual report of Telus. The member for Thompson (Mr. Ashton) has referred to Telus many times. I am glad I made this one phone call to Edmonton and got hold of the annual report and got hold of several documents actually. I asked for their prospectus. They also sent me the 1996 investor fact book, and they are very interesting reading. I would commend these books to—[interjection]

The Minister of the Manitoba Telephone System asks me if I am going to buy the shares. Well, the Premier (Mr. Filmon) asked me the same question in Question Period, and I hope he heard my answer. No, I am not going to buy shares in Telus, and no, I am not going to buy shares in MTS. As my constituents have said over and over again in the last months: Why would I want to buy shares in a company that I already own? In fact, why would I want to sell a company that I already own?

We know what happens under private ownership. We have heard examples of AT&T in the United States laid off 50,000 employees. Here is what happened to AGT according to the Telus annual report of 1995; in 1995, well, I will quote from the book *Managing Costs*, it is called: AGT employed 6,139 people at the end of 1995 compared to 9,524 at the end of 1991.

* (2240)

So they reduced their staff by almost 4,000 people and we know that that is what private sector companies do in order to increase their profits. They reduce the level of staff and, at the same time, the CEO gets a raise. In fact, many CEOs of multinational corporations earn a million or two or \$3 million. I do not know why I would want to sell a company so that the CEO can earn a salary of \$3 million. I do not want to pay a \$25-a-month phone bill

instead of an \$18-a-month phone bill because the CEO is getting \$3 million a year. In fact, I have learned and I have not had a chance to verify this with MTS, but the minister can probably verify this, that the rate not only is going up \$2 a month for residential subscribers, but it is going up \$3 a month January 1 for people who have rotary phones.

Well, I happen to be one of those people who has a rotary phone. In fact, it still has the original number from the previous owner on it, Justice exchange. In our part of the north end, it was called "Justice." I am proud to have a phone number with the name "Justice," but it is going to cost me \$5 a month more and it is going to cost many people, probably a number of seniors, \$5 a month because of this \$3-a-month charge because we understand that rotary phones are going to be disallowed and everyone will have to have a touchtone phone. It is going to cost people \$3 a month more starting January 1.

Of course, the minister will say that with a touchtone phone you can access all this wonderful technology. Well, my children happen to think that their parents are Neanderthals because we do not have any of this wonderful technology. In fact, we do not even own a VCR. In fact, we do not have call waiting; we do not have call forwarding; we do not have call display; we do not have an answering machine. When our phone rings, we answer it, which is an amazing concept these days. [interjection] Well, there is somebody at home answering it.

So I am happy to say that MTS is not making a lot of money off me, off all these extra features. I have no complaint with these extra features, although I must say that the more extra features you have, the more accessible you are and the more work it means. We found that out with voice mail, so that all government members and all members of the Legislature will know that more people can get through to you because you are accessible 24 hours a day. So when you phone your voice mail, you get 15 messages, whereas without voice mail, people can only get you between 8:30 and 4:30 or 8:30 and five o'clock, and the same with an answering machine because it is accessible 24 hours a day.

Point of Order

Mr. Marcel Laurendeau (St. Norbert): On a point of order, Madam Speaker.

Madam Speaker, could you bring a little decorum to the Chamber. I am having a hard time hearing the honourable member.

Madam Speaker: Order, please. I recognize it has been a long day, but there are very few minutes remaining.

You will all have an opportunity to speak to this at some point in this debate, I am sure. The honourable member for Burrows has been recognized to speak.

* * *

Mr. Martindale: Thank you, Madam Speaker, I was having trouble hearing myself speak, and I must say it is a difficult audience to speak to. It is quite different than the pulpit where at least people listen, although I must say that my homiletics professor, William Morrison Kelly, always said that the best place to preach was in front of a Salvation Army congregation or a black congregation because of the hallelujahs and the amens, and I would have to say that the heckling is sometimes inspiring, although sometimes discouraging.

But getting back to MTS—

An Honourable Member: Amen.

Mr. Martindale: Well, it does enable me to keep on going. You are inspiring, not terribly inspiring, but somewhat inspiring.

I was talking before I was interrupted about the rate increases and talking about the \$2 increase on the 1st of January and the \$3 increase for those of us who have rotary dial phones, \$5 a month, and it would be interesting to know—in fact, I should ask June Kirby at Manitoba Telephone, how many people still have rotary phones, how many thousands of customers? I think the minister should have this at his finger tips, he should have it in his briefing book, and he should be able to tell me how many people have rotary phones.

An Honourable Member: I had one.

Mr. Martindale: The minister himself had one.

But I think it is time to go back to the annual report and to quote again some of the rate increases and also

refer to the headline in the Winnipeg Free Press that said, MTS lawyer sounds alarm, CRTC told of rate shock. I am wondering if the \$5-a-month increase on January 1 is the rate shock that he is referring to or if the \$9 a month for business rates is the rate shock that he is referring to. I think the people of Manitoba are going to be very disappointed when their phone rates start going up after privatization, and we are going to say, we told you so; we said, under privatization, your rates will go up. All we have to do is look at the Telus example in Alberta, and why is that? Because they have to have a rate of return on investment, and in Alberta it is in the range of 10 percent to 12 percent.

I do not know, I probably should know, what kind of rate of return of investment Manitoba Telephone System has applied for. We also know that there are tax implications. We also know that it is going to be more expensive to borrow money. In Alberta, it is very interesting to look at Telus and to read some of these background documents, and they will say, well, can you lay off staff to lower your costs? Well, they may or may not, sometimes companies cannot lay off more staff. Are they going to be able to become more efficient? Well, if they have already got all the modern technology, they may not be able to become more efficient. So what do they do? They raise their rates because that is the easiest way to get revenue, and when you look at the amount of revenue, it is really quite considerable.

Now there has been one decrease in Alberta, according to Telus communications, and that is to long distance rates, and they had a decrease in revenue, in 1992, of \$34 million, but when you look at the increases—here are the increases in the number of millions of dollars as the result of the rate increases approved by the CRTC: in 1993, \$32 million, that is an increase in revenue; '94, \$65 million; in '96, \$26 million; in '97, \$27 million; in 1996, another increase of \$43 million, for a total of \$193 million. So, if you look at where their revenue is coming from, it is coming from rate increases to subscribers for a total of \$193 million. What was the decrease? It was only \$34 million, and I predict that we will see a similar situation in Manitoba, that MTS, the private company, will continue to go back to the CRTC for rate increases to increase the revenue, to increase the bottom line for shareholders.

We think that the shareholders now who have received a dividend of \$100 million since 1990, the people of

Manitoba, that we should continue to receive the dividends, we should continue to receive the profits, we should continue to receive the jobs, jobs in Manitoba, and we should continue to have people employed in Manitoba. We do not want to export the profits, we do not want to export the jobs. We want to keep the profits in Manitoba, we want to keep the jobs in Manitoba, and we want to keep the way they are now, affordable, and we do not want the kind of increases that we are going to see as a result of privatization.

Madam Speaker: The honourable member for Thompson, on a point of order.

Point of Order

Mr. Ashton: Yes, Madam Speaker, I rise on a point of order, and I want to make reference to the ruling you made on November 21, 1996, and its implications for another separate matter. I want to note that the government has sought through the point of order it raised and the ruling that you made on November 21, 1996, to deal with some alleged breaches in the rules.

I want to note, Madam Speaker, that we did at the time object to the ruling and still do, and I want to note that as a result of the ruling and also as a result of a more serious breach in the rules, we are in the position where we are not going to be having, according to the agenda that you have mapped out on the recommendation of the government, some other aspects of the rules which in this case, coincidentally, are of significant concern to the opposition.

* (2250)

I note, Madam Speaker, we are entitled to three Opposition Days in the House. We have filed according to the rules, Rule 22, an Opposition Day motion which is on the Order Paper, which was filed with proper notice, and I would point out that it is a very substantive issue, and I would point out that the Opposition Day requires that a sitting day be set aside to debate that matter and that that matter be put to a vote.

I want to note for the record, Madam Speaker, that this is not only a very important issue. It is very germane to the other matters before the House, and I would note that the matter deals with the Assembly urging the provincial

government to put the issue of the sale of MTS to its shareholders, the people of Manitoba. I note that we have not been able to have a vote in the House on the issue of putting the issue to the shareholders of Manitoba, since we have been denied that opportunity because those amendments in the bill have been ruled out of scope.

This, Madam Speaker, puts us in the current situation, and I note, and I could go at some length into the ruling that you brought in on November 21, but what you have essentially done, and that is in your ruling, is set up a timetable for votes which will take place tomorrow and Thursday. You have also indicated, and I want this clearly on the record as well, that you have ruled that Thursday is the final day of the sitting, and I want to quote this, because this is very germane to this point of order and indicates one of the reasons why we have to raise this point of order at this present point in time.

You ruled that November 28 was to be the last day of the fall sitting. You stated that you ruled that on November 12. You reinforced that ruling on November 21, 1996. I want to point out that due to the schedule of votes that have been set aside, a schedule we do not accept, nor do we feel is legitimate under our rules, but given the ruling that you made on November 21, we are now in a situation where the sitting day for tomorrow has been designated by you, Madam Speaker, for consideration of report stage and the following day for third reading.

Madam Speaker, I would note that as of eleven o'clock tonight, according to what you have scheduled, we will essentially, potentially be on the final amendment that will be debated tomorrow in report stage. There will then be concurrence, and then on Thursday there will be third reading, and according to the schedule we may have as little as 20 to 25 minutes for debate on third reading.

That does not leave any time whatsoever for the Opposition Day motion, and I want to point out, Madam Speaker, that we already saw a situation, and it is interesting in terms of gaps in the rules, where 25 hours and 55 minutes of Estimates time remain on the Orders of the Day. I would point out that that is 25 hours and 55 minutes that was not available to opposition members to ask questions, which we were entitled to under the rules, 240 hours, but because of the schedule that was adopted under provisional rules, we were denied.

Madam Speaker, we have the right to an Opposition Day, and I refer you to Rule 22 because Rule 22, I think, is instructive on this particular matter and, in fact, there is a direct parallel to your ruling. I would ask you to peruse Rule 22, which indicates there shall be up to three sitting days which will be set aside as Opposition Days. Not more than two such days shall be scheduled on either the spring or fall.

Well, it is interesting, the Minister of Family Services says, up to. We filed, according to Rule 22, with the appropriate days notice, two sitting days, and I want to quote section VI, in accordance with subrule 57.(3): Notwithstanding subrule 62.(2), two sitting days notice of an Opposition Day motion filed with the Clerk by a member of a recognized opposition party shall be printed on the Order Paper.

I want to indicate, Madam Speaker, that we have indicated very clearly in the past, in fact, we had opportunities to deal with an Opposition Day on which the government chose to adjourn the House: the week of November 12, the sittings of November 12, 13 and 14.

So the government deliberately adjourned the House rather than call Opposition Day, and we are in a position now where we have no other opportunity available to us on Wednesday and Thursday to have that matter dealt with.

I want to stress again, that the government House leader to announce, and it indicates, after consultation with the recognized opposition parties, the government House leader from time to time will announce the date or dates which are to be designated as Opposition Days.

Madam Speaker, we are entitled to the three Opposition Days. We have filed the third Opposition Day. I would point out that we actually did not have complete consideration of one of our Opposition Days earlier in the session when you were forced to recess the House because of comments made by members at the time, and I do not want to revisit those comments at this particular point in time.

But we are now in a situation where you have, on the one hand, filled what you felt was a gap in the rules, and I say to you that we do not accept the implications of the ruling. We think our rules stand and the rules of

parliamentary law stand, but we are in a situation now where we do not have the opportunity to have the Opposition Day considered.

I want to raise this as a point of order, Madam Speaker, in the hopes that you will reflect on the rules, Rule 22, and reflect on the fact that we are all entitled to protection of the rules in this House, and that includes opposition members. We are entitled to an Opposition Day. We were denied that Opposition Day by the government when on the week of November 12 through 14 they repeatedly adjourned the House rather than give us that opportunity. We are in a very difficult situation even on the report stage, where we do not even have enough time to deal with all our amendments. We are going to have maybe 20 to 25 minutes on third reading.

Madam Speaker, you referenced in your ruling, and I can read it in some detail if you wish, about gaps in the rules, but your ruling makes specific reference in this particular case to there not having been an agreement between the House leaders in terms of the disposition of Bill 67. Even though it is prescribed in the rules that the government House leader will announce the Opposition Day motion, even though we repeatedly asked for that motion, particularly in the week that I referenced, and even though the government refused to call it, I say to you that this case is not only—I would not even use it as a parallel to this bad decision that was made, the decision we challenged November 21. I would say, you do not even have to go beyond any of the rules or invent particular rules or fill in any gaps.

We are entitled to an Opposition Day motion, and I would say, the only appropriate thing to do in this particular case, since we have only two remaining sitting days, is to have that motion called.

You as the Speaker may wish to reflect on whether that is possible under the rules to do since the government House leader has neglected to do that. We feel that we as

an opposition are entitled to an Opposition Day, whether it be Wednesday or Thursday, and I say to the government, if that means that their schedule is affected, they have to reflect on that we are all entitled to the rules. This is an entire package.

We have been denied the time in Estimates. We are not going to be denied the time in Opposition Day, Madam Speaker, and I ask you to consider this and bring back a ruling to the House that will ensure that the members of the opposition have what they are entitled to as well.

Madam Speaker: Order, please. I will take the matter under advisement and report back to the House so that I can research it fully.

* * *

Madam Speaker: Is the House ready for the question? The question before the House is—[interjection] The honourable member for St. Johns.

Mr. Gord Mackintosh (St. Johns): Madam Speaker, I want to speak to the amendment that is before the House on report stage.

The amendment before the House attempts to do what all Manitobans know is in their best interests. We have to—well, Madam Speaker, I love to hear these laughs from members opposite who laugh at what is in the public interest and laugh at Manitobans.

Madam Speaker: Order, please. When this matter is again before the House, the honourable member for St. Johns will have 19 minutes remaining.

The hour being after 5:30 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Wednesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, November 26, 1996

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