

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON
PUBLIC UTILITIES AND NATURAL RESOURCES
Monday, March 12, 1990

TIME — 3 p.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Edward Helwer (Gimli)

ATTENDANCE - 11 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cummings, Ducharme, Enns, Manness

Mr. Angus, Mrs. Charles, Messrs. Harapiak, Helwer, Storie, Taylor, Uruski

WITNESSES:

Mr. Peter Olfert, Manitoba Government Employees' Association

Mr. Ken Hildahl, Private Citizen

APPEARING:

Mr. Leonard Evans, MLA for Brandon East

MATTERS UNDER DISCUSSION:

Bill No. 9—The Forest Amendment Act

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

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Clerk of Committees (Ms. Bonnie Greschuk): Will the committee please come to order. We must proceed to elect a Chairperson for the Standing Committee on Public Utilities and Natural Resources. The Honourable Mr. Cummings, do you have a nomination?

Hon. Glen Cummings (Minister of Environment): I nominate the Member for Gimli.

Madam Clerk: Mr. Helwer has been nominated. Are there any further nominations? Since there are no further nominations, will Mr. Helwer please take the Chair.

Mr. Chairman: Will the committee on Public Utilities and Natural Resources come to order. This committee last met on Thursday, March 8, 1990, to hear presentations on Bills Nos. 84 and 98. I believe we still have presentations to hear regarding Bill No. 98. Is it the will of the committee to hear the presentations on Bill No. 98 first, or shall we—Mr. Angus.

Mr. John Angus (St. Norbert): Mr. Chairman, it seems to me that Mr. Olfert and Mr. Hildahl would very much like to have the Minister of Finance (Mr. Manness) hear their representation. Certainly we can ask them that.

If in fact they, do I have no objections to putting this off to a time when it is more accessible for them.

Hon. Harry Enns (Minister of Natural Resources): Mr. Chairman, on the same matter, I am aware that Mr. Manness, directly responsible for this Bill, will likely be at committee in 10 or 15 minutes. If that being the case, I wonder if the committee would consider dealing with the forestry Bill before it, for which we heard the public presentations when last the committee met.

It is a short Bill, and it is my understanding that committee Members may wish to deal with that Bill, if that is agreeable to Mr. Olfert and the other presenters that are here. Perhaps you could call on Mr. Olfert to give us some—

Mr. Chairman: Mr. Olfert, would that be okay if we wait until Mr. Manness comes?

Mr. Peter Olfert (Manitoba Government Employees' Association): That is certainly acceptable to myself.

Mr. Chairman: Thank you. Mr. Angus.

Mr. Angus: Pat McDonnell is listed as a private citizen; I am not sure what she is making representation on.

Mr. Chairman: We know that this person will not be here this afternoon.

Mr. Angus: Okay, so we strike her.

* (1510)

Mr. Ken Hildahl (Private Citizen): Just for the record, I am Ken Hildahl. Peter's brief will cover the remarks that I wanted to make. Pat McDonnell will not be here this afternoon.

Mr. Chairman: Thank you, Mr. Hildahl.

**BILL NO. 9—THE FOREST
AMENDMENT ACT**

Mr. Chairman: We will deal with Bill No. 9 first. Is that the will of the committee? (Agreed) Would anyone else like a copy of Bill 9—Mr. Uruski, Mr. Ducharme. The Honourable Minister.

Hon. Harry Enns (Minister of Natural Resources): Mr. Chairman, just to bring committee Members up to speed with where we were when we last dealt with Bill No. 9, an Act to amend our forestry Act. The principal clause in the Bill deals with the introduction of a forest renewal charge.

At second reading, when this Bill was debated, in principle, all Parties in the House agreed with the principle that there ought to be the capacity on the part of the Minister of Natural Resources and the part of the Government to place a forest renewal charge on all those who use our forests.

The practice in Manitoba is that while we have arrangements with two of the major consumptive users of our forests, Abitibi-Price and the Repap people, this does not apply to significant numbers of other people who are harvesting trees in Manitoba forests.

Members of the committee will recall the public presentation that we heard before us was a concern expressed by industry spokespersons of the capacity of the industry to absorb any additional costs effected on their industry. The proposal that had been talked about was a charge of 1.81 per cubic metre of timber harvested.

I made it plain to industry representatives, and I make it plain to Members of the committee, that is not in the Bill. The charge itself will be negotiated and arrived at only after further consultation with the industry. I do ask the committee to, as they did at second reading of the Bill, support the principle of including a forest renewal charge in our forests. Thank you, Mr. Chairman.

Mr. Chairman: Thank you. Is it the will of the committee that we go clause by clause then? Mr. Harapiak.

Mr. Harry Harapiak (The Pas): Mr. Chairman, I just wanted to make a few comments before proceeding with the Bill. I think that we did agree in principle with the Bill when it was in second reading in the House. We spoke on it, and we heard from the people who were involved in the harvesting of the forest, who will be affected by this increase, the small operators. I am pleased to hear the Minister say he will be discussing it with the people who are affected before proceeding with it.

I think there is one area that we should keep in mind. The forest plays a much bigger role than just the economic benefits it provides. We have to be more aware of how big of a role the forest plays in providing oxygen for us and cleaning up the carbon in the air, the benefits of the recreation for a healthy forest. I think that, more than any, is the preservation of our water resources, what an important role it plays.

* (1515)

I think all of these things must be taken into consideration when we are addressing the whole forestry Act. So I hope that the Minister is making every opportunity for the people to make presentations to that new forestry Act that he has brought forward. I think that has to be taken into consideration, not only the economic benefits of the forest, but there are other economies too, to having a healthy forest. So I think we must keep that in mind when we are addressing the forestry Act.

Mr. Chairman: Thank you. Mr. Uruski.

Mr. Bill Uruski (Interlake): Mr. Chairman, as well I would like to indicate to the Minister—and I am pleased

that prior to implementing changes in the proposed legislation on the industry he will be having discussions with operators. I am certain that the Minister is well aware that more and more of the small operators who are in the forestry industry, over the last while, have in fact been leaving their operations because of the economics in the industry.

We know that basically there are primarily two markets for their product. Although there are agreements, as the Minister has pointed out, with the two major purchasers in this province, the market conditions and the pressures faced by the small operators are such that they claim their margins have ever been shrinking.

Whatever discussions take place between the Government and primarily the small operators, cognizance as between their returns and those of the marketplace in whatever influence the two major actors have in the market price for the product have to be taken into consideration as to how future changes are implemented in this industry.

Mr. Enns: Mr. Chairman, allow me simply to express my appreciation for the comments both from the Member for The Pas (Mr. Harapiak) and the Member for the Interlake (Mr. Uruski).

I think in both those comments it demonstrates the issue at hand, on the one hand the concern that forests are important, not just to the consumptive user, the person that chops down that tree and makes a fence post out of it, or sawmill lumber or pulp, but all Manitobans are concerned about the health of our forests, for recreational use, for wildlife cover, for the purity of our waters and streams.

Yet on the other hand, the Member for Interlake acknowledges the role that forestry—and hopefully the responsible use of that can be to the forest user, the small contractor, the small quota holder, the small logger. I suppose somewhere in between we have to find an equitable means of impressing upon all forest users that forests are valuable, are important to us, and they have to be treated in that manner.

I can only indicate to Members that the principle of the Bill attempts to introduce that appreciation to all forest users, and that the powers that the Bill will give our Forestry Branch will be exercised with every consideration for the continued viability of all those who find work and employment for many Manitobans, that we will not impose those kind of additional charges that would seriously erode or threaten that industry. Thank you.

* (1520)

Mr. Chairman: Thank you. Mr. Uruski.

Mr. Uruski: Mr. Chairman, I just have one more comment. Just listening to the Minister's speech led me to want to make the comment that this Bill is not unlike the National Transportation Act, in which the whole question of costing of the railways has always been at issue and to determine what the freight rate should be based on the railways' costing.

What the Government and the Minister will have to determine is, really what are the costs of the two major players in the industry who determine the market price that small operators will receive for the rights that the Government has given them in terms of cutting, if in fact the market price is at such level, as the Minister heard me say, that many operators have been pulling out.

Because of the lack of returns one has to go a bit further to examine the returns or the actual costing of operations of those operators who, in fact, set the market price in the industry to be able to work that back to not only legitimize but be able to say, yes, the principle of dealing with the renewal charge and placing it on all operators using our forests is not only desirable but it is there, but the equity as between those two operators has to be examined very closely when the working or the actual regulations are being put into place.

Mr. Chairman: Is it the will of the committee that we go clause by clause now?

Clause 1—pass; Clause 2—pass; Clause 3, Subsection 8(1)—pass; Clause 4, Subsections 34(1.1) and (1.2) added—pass; Clause 4, Section 34(1.1)—pass; 34(1.2)—pass; Clause 5, Section 41 amended—pass.

Mrs. Charles.

Mrs. Gwen Charles (Selkirk): Yes, I have an amendment for Clause 6.

Mr. Chairman: Okay. Is it for Clause 6, not for Clause 5? Shall Clause 5 pass—pass. Clause 6, do you have the amendment written out?

Mrs. Charles: Yes, I believe it is to be distributed.

Mr. Chairman: Can you distribute it, please? Mr. Uruski.

Mr. Uruski: Waiting for the amendment to be distributed, I wonder if I could ask the Minister—he has his officials here with him—whether the province, whether his department is involved with the Department of Agriculture in the whole question of reforestation, shelter belt and the like in terms of the propagation of trees in those areas, other than the pine and the spruce that are being produced at Hadashville and at The Pas. Is your department involved, for example, in the new reforestation in the shelter belt area with trees other than the pines and the spruces through your department—if that information is available?

Mr. Enns: Mr. Chairman, I will look at my chief forester and see whether or not afforestation is the proper term for that—afforestation I am told. We will be, and we are contemplating to be, particularly in some of the programs that will be introduced in the coming years in conjunction with both my colleagues, the Minister of Agriculture, soil and water accord money that has recently been concluded in agreement with Ottawa.

As well, it is my hope that an enhanced program with respect to habitat enhancement will enable me to have the department reintroduce an active shelter belt program to Manitoba and to the nontraditional forest regions of the province. I might simply add that while it has always been a program available, we have not been overly active in the concept of introducing wood lot farming to Manitoba. With chronic difficulties in the agricultural economy I think all options need to be examined, whether or not in conjunction with perhaps a habitat support program. Agricultural producers, who currently are despairing at current cereal prices and so forth, may not wish to look at admittedly a longer term program, but the concept of wood lot farming will be examined by this department.

Mr. Chairman: We have an amendment moved by Mrs. Charles

THAT subsection 41(2), as set out in section 6, be struck out and the following substituted:

Regulations re forest renewal charge

41(2) A regulation under clause 41(1)(a.1)

- (a) shall be made after such consultation with persons affected as the minister considers appropriate; and
- (b) may apply to timber cutting rights granted before or after the regulation comes into force and may apply to all or to particular kinds of timber cutting rights.

(French version)

Il est proposé que le paragraphe 41(2) visé à l'article du projet de loi soit remplacé par ce qui suit:

Frais de retoisement de reconstitution

41(2) Le règlement visé à l'alinéa 41(1)a.1):

- a) n'est pris qu'après consultation des personnes visées, selon ce que le ministre considère nécessaire;
- b) peut s'appliquer aux droits de coupe de bois de tous genres accordés avant ou après son entrée en vigueur.

Mrs. Charles: I have put this clause in, which is really quite innocuous, in order that the small independent foresters will have in the Bill, and as well as in action by the Minister involved, a consultation process wherein they can come to the Minister with the problems they have within the industry, and the considers can be made in setting the amount of fixed charges within the regulations before such regulations are set.

It is not instructing the Minister that it must be done in consulting with all parts of the industry, but at least the industry should be considered. I feel that the Repap and Abitibi-Price, the larger corporations, have those types of consultations being done with them when set prices are being made with them in their contracts.

Since each independent forester does not have a contract made, I think it is important they have a method in the Bill that they feel includes them within the process.

* (1525)

Mr. Enns: Mr. Chairman, I appreciate the proposed amendment is put forward in good will and out of the consideration, I am sure, the Honourable Member has, as a result of the presentations made before the committee, particularly by the small timber quota holders.

Regrettably, I have to inform the Member that I have difficulty in accepting the amendment and will ask the committee to reject it. It is largely on mechanical grounds. I want to assure the Honourable Member for Selkirk (Mrs. Charles), who aspires to my job and may well have it one day, that Ministers do listen to the different representations made to him from time to time. In fact, regulations flow from those representations.

* (1530)

The difficulty about enshrining them in legislation is that even though it is fairly permissive, it does, in practical terms, tie the Government into pretty severe knots. We live in a litigious age. Even the reference that a regulation cannot be drawn up prior to consultation being taken place could in effect make that regulation challengeable in a future court.

Regulations are changed often, particularly in this area to meet with the current needs. We changed the regulations. We changed our practice as a result of a bad forest fire which causes our foresters no end of work as they try to reallocate resources, try to make special programs that will salvage partially damaged timber and so forth. I am advised by counsel, both from my department and from Legislative Counsel, that it is highly unusual for this kind of an onus to be put on Government to ensure consultation prior to making the regulations.

The way in which legislation is made is that we agree to the principle of what is desired, and that is itemized and is put clause by clause into a Bill. For that reason, we have always traditionally separated the regulatory aspect of a Bill. We ask our managers of our departments, our administrators of our departments to come forward from time to time with the appropriate regulations that ensure the carrying out the intent and the principle of a Bill that is being passed. With the greatest of respect, I find I cannot accept the amendment.

Mr. Uruski: Mr. Chairman, in looking over the proposal that is being put forward by the Member for Selkirk (Mrs. Charles), one could get oneself into a debate, or into the position that one is not in favour of consultation. That is not really what I think this debate is all about.

It would also lead one to believe if adequate consultation has not been taken in whatever regulations that are being proposed, it could stem that in fact the Government has no right in making the change, because the industry or whoever you are supposed to consult with may not in fact approve of those changes. There will be instances, I must say that in responsible Government, not everyone will agree to the changes that are being proposed.

Mr. Chairman, I would say that if the Minister of whoever is in Government does not wish to consult—

I say do not consult—because the next time around when you will be wanting to be re-elected, those are all voters. They will deal with you very precisely in the next election. Do not talk to them. Impose whatever regulations you want, and do it without consultation.

To say that you have to by the Act, implies that there is a veto power, at least in my mind. I am hoping that is not what the Members are saying, but in effect it could lead to that way. I for one do not want to be put on the record as somebody going around to the industry saying, they were opposed to consultation with you in change of regulations. I take the Minister at his word, who is there now, to say he wants to consult with the industry with whatever changes. I recognize as being a Member of Government and of responsible Government having to make decisions, one will not always have the unanimity and the agreement of all participants for whatever regulations are proposed.

Mr. Chairman, I certainly do not believe that this regulation is necessary in this Bill or really any other Bill. That is the function of Government to consult, discuss and then make up its mind as to what regulations are improper. If they are not improper, the media is there and so is the next election, and they will deal with whoever is in office at that point in time.

Mr. Harold Taylor (Wolseley): Mr. Chairperson, one can certainly tell why the NDP are no longer in power, because they certainly do not want to consult. The issue before us I think is understanding the word "consult" and understanding the word "concur." They are decidedly different, do not have the same meanings whatsoever, and if the Honourable Member for the Interlake (Mr. Uruski) was worried about the word "concur" being in there, I guess I would have to have shared his views. It does say "consult," and consult does not mean veto and never has. What it means is that you are prepared to talk to all members of the industry at whatever level, listen to what they have to say, and then make a final decision on the matter.

This sets, for the forest renewal charge, a minimum level of participation. It in no way hampers the Minister by saying, it must be this group or it must be that group, or it is this size company or it is that size company, but it does set a level of expectation that there will be some consultation. I think in that sense it is good and it should be in here. I think if the Government is serious about its slogan of open Government, then it would embrace what the mover of the motion said was a rather innocuous motion. I would say it definitely is; it is not a radical suggestion whatsoever.

I for one would feel very comfortable with it, whether being a Member of the Opposition or a Member of Government, because if we are serious about talking to people involved in various industries that are being regulated, then there should be an expectation of participation. That does not mean that necessarily you are going to be persuaded or in any way leave yourself open to the issue of veto because that is a long way from what this says.

I think, if it were saying veto, I certainly would not be comfortable with it, and we would not have proposed

it. To suggest that veto is in order, I think the point of the Member for the Interlake (Mr. Uruski) is that would not be responsible and that is quite true. I think it would be irresponsible to suggest that a veto is in order. I think though you do have to listen. We have a newer type of charge here. We have a more serious situation in the forest than we have had before, particularly after the major fire losses of the last couple of years, that forest renewal charges are going to become more important as we try and reforest more of that now, unfortunately, barren land.

I think the fact of what the impact could be if these charges were imposed in such a way, either at too high a rate or not phased in if they are high, that sort of thing, the impact particularly on the smaller operator is potentially much more serious than it has been. I think that is the sort of consideration that has to be before anybody looking at legislation of this nature. I would commend the Member for Selkirk (Mrs. Charles) for bringing this forward and also the fact that it is brought forward in this fashion, which sets a level of expectation, but it is mild in its tone and it is not dictatorial.

I think, first of all, the Minister should embrace it, and I would say secondly I would hope that the NDP would have second thoughts on it because of the positive aspect on the industry, particularly industry located in some of their ridings. Thank you.

Mr. Chairman: Thank you. Are you ready for the question on the amendment—Mr. Uruski.

Mr. Uruski: Mr. Chairman, just one point, having had another look at this amendment, I want to say that I believe this amendment is nothing more than political posturing. I say that if this amendment did not have as the Minister considers appropriate, then I know that the Minister has to talk to everybody in the industry. If he leaves one out, then the regulation is null and void, but as the Minister considers appropriate, right now you have that anyway without having it written in the law. So it is nothing more than political posturing.

Mr. Chairman: Are you ready for the question on the amendment? All those in favour of the amendment, please say, yea. All those against the amendment?

Some Honourable Members: Nay.

Mr. Chairman: In my opinion, the nays have it.

Mrs. Charles: I would like to have the vote taken on record, please.

Mr. Chairman: All those in favour, please raise your hands.

Madam Clerk: Three.

* (1540)

Mr. Chairman: All those against, please raise your hands.

Madam Clerk: Five.

Mr. Chairman: The amendment is defeated. We will deal with Clause 6—pass; Clause 7—pass; Preamble—pass; Title—pass. Shall the Bill be reported? Agreed. Bill be reported. Mr. Harapiak.

Mr. Harapiak: When we dealt with this previous Bill, we said that the Minister of Finance (Mr. Manness) would be here in a short time and we agreed to wait till he came, but I think that we have waited and the Minister of Finance knows the committee is on, and I think it is appropriate that the Minister be here. I do not think it is right that we keep the public waiting. The public, as custom of committees, is that when they are called for a certain time that we hear the public. The public is here, and I think the Minister of Finance has had sufficient time to come here. I think we should hear the presenters.

Mr. Chairman: Thank you, Mr. Harapiak. I have said, we have sent a girl to get him. As soon as he is finished his news conference, he will be here.

An Honourable Member: What? News conference?

Mr. Chairman: Or whatever he is doing anyway. He will be here just as soon as he can. So is it the will of the committee we deal with No. 84, and whenever he comes, we will stop and deal with the presenters? Is that the will of the committee? Can we deal with Bill 84 until Mr. Manness gets here? We will try to get him here as soon as possible.

Mr. Harapiak: Mr. Chairman, we said the Minister will be here in 10 minutes. That was 25 minutes ago. How soon will as soon as possible be?

Mr. Cummings: I see Mr. Olfert approaching the—if the presenters wish to proceed in the absence of Mr. Manness, then I have no desire to stand in their way. It was trying to make a mutual meeting of times for the presenters and the Minister could be here. As the Chairman has indicated, he will be here as soon as possible. If Mr. Olfert is anxious to proceed, then let us continue. I have no strong objection to that except that we have Bill 84 ready to go as well.

Mr. Harapiak: Mr. Chairman, the Government sets the Order of the Day, and the Government sets the committee. Surely the Minister should know that his Bills are up forward and should be here. We have waited 25 minutes for him now. Surely we should be making sure he is available for that responsibility.

Mr. Uruski: Mr. Chairman, I am a little bit troubled. We gave the Government time to have the Minister here. One in Government knows that his first responsibility is to the Legislature and to its committees. This is not the first time that there has been problems with the Minister of Finance (Mr. Manness) and a particular committee of this Assembly. I would hope that the Government now—presenters have been here, they have been patient that we go ahead and hear them. The Minister of Finance should be told what and to whom his responsibilities firstly are.

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

Mr. Chairman: If that is the will of the committee, then we will hear the presenters. I now call Mr. Peter Olfert forward. Mr. Olfert, please proceed. I believe everyone has a copy of Mr. Olfert's brief. Please proceed then.

Mr. Peter Olfert (Manitoba Government Employees' Association): Thank you, Mr. Chairman. Good afternoon, I would like to take this opportunity to thank Members of the Legislature for making the changes necessary to ensure that some public representation be permitted on this Bill and the proposed sale of the Manitoba Data Services.

My name is Peter Olfert, and I am President of the Manitoba Government Employees' Association. Our union represents some 24,000 Manitobans. Half of our members work in the City of Winnipeg with the other half working and living in communities throughout rural and northern Manitoba.

Our members are employed in a wide variety of occupations, and although the single largest group is directly employed by the Manitoba Government, we are responsible for negotiating and monitoring over 100 different collective agreements. One of those agreements covers approximately 50 people working for Manitoba Data Services.

The MGEA is opposed to Bill 98 and more specifically to the sale of Manitoba Data Services. We have very serious concerns regarding the process the Government has followed in this matter and have very serious questions regarding the motivation behind the proposed sale.

We oppose this plan to sell on three basic grounds: firstly, the interests of the employees involved; secondly, the economics and the impact on Government; and thirdly, the question of security and confidentiality of records, in particular those records related to individual Manitobans.

The Government has identified each of these areas as areas that must be enhanced by a sale if the sale is to occur. I would suggest to you that without seeing the agreement, a transfer of this service from the public to the private sector cannot possibly enhance the interests of the employees, the impact on the Government or the security of confidential records.

The process that has led us to these hearings and possibly to the sale of Manitoba Data Services has been flawed from the beginning. It has been unnecessarily secretive, unco-operative and has often shown a lack of respect for the employees of Manitoba Data Services and for the public.

Prior to the throne speech announcing that MDS was to be auctioned off there was no public discussion of the need to sell MDS or to transfer the control of sensitive records from the public to the private sector.

This decision was made on the basis of industry and corporate considerations, not on the basis of public need.

Surely, the first responsibility of any Government is to the people it was elected to serve and not to Ontario corporate interests. Surely then, a public discussion or debate was warranted before this decision was made.

We at the MGEA did ask the public what they thought of selling MDS, and we tried to initiate an informed public debate. In a poll we conducted, it was clear Manitobans neither support nor see the need to sell Manitoba Data Services.

Over 85 percent of Manitobans did not want to see their personal records turned over to a private sector company. Less than half believed the sale was necessary to stimulate high tech industry in Manitoba. These results were made public, and the Government chose to ignore them. These results were shared directly with the Liberal Critic, the Member for St. Norbert (Mr. Angus), and despite earlier public statements of their concern, they too have chosen to ignore them.

* (1550)

Mr. Chairman, I am not suggesting we govern by polls, but I am suggesting that there is enough public opposition and public concern surrounding this deal that a public discussion is warranted, an informed public discussion with all the facts available.

We tried to initiate that in the spring and summer of 1989. We approached, by way of the Freedom of Information Act, all Government departments, Crowns and agencies, asking for a catalogue of information processed and stored at MDS.

Initially departments provided those lists. It was not until the Minister of Finance (Mr. Manness) became aware of the requests that the information was denied and the lists suppressed. The Government denied this information because it feared what we would do with it. It was afraid we would make it public. It was afraid that the people of Manitoba would learn exactly what was being sold and that they would say no to the deal.

Despite delays and opposition from the Government, the Ombudsman finally was able to begin ruling on the case, department by department. It was a time-consuming and expensive process for the Ombudsman's office. A process that forced other cases to wait. A process that could have been avoided by the Minister responsible simply clearing the road for the release of the information when the Ombudsman made his initial rulings. He did not, and the process was dragged out at great expense to the Ombudsman's office and the taxpayers of Manitoba.

Mr. Chairman, some nine months later our list is still not complete, but this is what we do know is being sold: all personal, medical and hospital records from across Manitoba; welfare allowance files from across the province; records of senior citizens seeking housing grants from Government; province-wide court documents; credit and financial records of Manitoba farmers who do business with the Manitoba Agricultural Credit corporation; records of pensioners under the property tax credit program; medical and legal records in driver licensing files; personal records of shelter allowances for elderly and family renters; personal

records of communicable and sexually transmitted diseases; personal police files; personal property registry listings for loan and lien investigations.

Mr. Chairman, it is no wonder the majority of Manitobans are opposed to this sale. The Government should have taken the time to consult with Manitobans and not simply the corporations involved.

Negotiations themselves have been shrouded in secrecy. It is not too late for public hearings. It is not too late to put the deal up for public scrutiny before Manitoba Data Services and these public records are forever signed away.

I said at the opening of my presentation that we oppose this Bill and the sale of Manitoba Data Services on three basic points: the short and long term future of the employees; the financial or economic merit; the confidential nature of the records involved.

The last year has been a very difficult one for our members at MDS and their families. It has been a year of rumours. It has been a year of uncertainty, and for some it has been a year of fear.

Many of the people working at MDS, particularly those in the MGEA bargaining unit, have chosen to work there for two reasons. It is within their field of interest, and it is within the public sector. Since its inception, MDS has been a stable, well run, profitable operation that has given its employees the security they have needed to plan their lives and raise their families. Some employees have given up opportunities that may have been more financially rewarding as the price to pay for this security and out of loyalty to a public corporation. With the sale of MDS comes uncertainty for all employees. While jobs may be relatively secure for the short term, no sale agreement can particularly protect jobs for the long term.

Corporations operate on the basis that their first responsibility is to their shareholders and that their exclusive mandate is to make profits for those shareholders. If it is in the interest of the shareholders in the long term to relocate operations, the corporation will do that. If it is in the interest of the corporation to store information in a main frame computer outside the Province of Manitoba, it will do that. If it is in the best interests of profits and the shareholders to have data processed in locations where wages are substantially lower, it will do that. No agreement negotiated today can stop that from happening forever.

Our members at MDS have accrued benefits over the years that may be at risk as a result of this sale. There will most certainly have to be a change in the pension program once employees are outside the public service. We are expecting tremendous pressure from a new owner to renegotiate any number of benefits currently enjoyed by employees at MDS.

Employees at MDS are being asked or rather told that they are to place their security and the security of their families in the hands of an unknown corporation with details to be worked out later.

The Government has said that this sale is absolutely essential if Manitoba is to develop the kind of computer

and electronic technology that we need. They have said that MDS has fallen behind in the industry. I believe both of these problems can be solved by the Government making a commitment to MDS in the public sector. As Manitoba Telephone System has shown, there is nothing preventing a Crown corporation from developing and applying new technologies if the Government is committed to the corporation.

Properly used, MDS can be an engine of growth in the field for Manitoba, not just in 1990, but for many years to come. To turn the long-term future of Manitoba's computer industry over to the whims of the market place is a mistake that may very well come back to haunt future generations of Manitobans.

MDS is profitable. MDS has been providing quality services at decreasing prices to its customers. It gives its customers long-term security. MDS has the potential to be a model public sector enterprise with the ability to work well and complement future private sector development. There is no financial or economic benefit associated with the sale of MDS that cannot be realized by keeping MDS in the public sector and making a strong commitment to its future.

On the contrary, there may be very well a heavy and unnecessary price to pay. Once MDS is sold, the new corporation will have a virtual monopoly. It will be financially prohibitive for the Government to re-establish its own operation and many departments will not have the financial or human resources to move the work back in house.

In short, the Government will be a captive of this new corporation. The alternative, the competitive alternative, will likely be out-of-province. If the Government and its agencies abandon the Manitoba company for one out of the province, where then is the much needed boost and support for this industry locally?

Mr. Chairman, there is a great economic risk associated with this deal and there are great risks to individual Manitobans. Manitoba Data Services currently processes or maintains personal and confidential records concerning virtually every individual in the province. It maintains records relative to health, finances, taxation, criminal records, land holdings and just about anything else there is to know about the personal and private lives of Manitobans. MDS has never had a breach of security. It has served the people of Manitoba well.

At a time when individuals, corporations and Governments around the world are becoming increasingly concerned about the movement and security of electronic information, the Manitoba Government is prepared to give up control of this incredibly sensitive information to a private company, a company not responsible to the people whose records they maintain, but rather responsible to shareholders and a board of directors whose primary mandate it is to make money.

I am not suggesting that the companies attempting to purchase MDS are doing so with the motive of selling information, nor am I suggesting that the employees

of MDS will, upon the sale of the company, become irresponsible or sloppy in their work. What I am saying is that when profit replaces public service as the primary responsibility of a corporation, that public service becomes vulnerable. In this case the quality, price and confidentiality of the service may be jeopardized. We have seen this happen all over the world and right across this country. Privatized highways have meant reduced safety on B.C. and Saskatchewan roads. Deregulated and increasingly privatized transportation systems have meant higher prices, less reliable and less safe transportation.

* (1600)

The same temptation to cut corners, to reduce expenditures and generate greater revenues will be part of the next MDS. At risk are the health, financial and personal records of one million Manitobans. It is an unnecessary risk and a risk that this legislation does nothing to mitigate. In fact, by enabling the sale of MDS, this legislation opens the door to that risk.

Mr. Chairman, I believe the Government is making a big mistake in this legislation and in selling MDS. It is a mistake that will take some time to become obvious, but it is a mistake nonetheless.

As for the Liberal Party, I believe they are making a mistake by supporting the Government on this Bill. The people of this province and in particular the working people voted Liberal because they thought the Liberals were different from the Conservatives.

On this Bill, on final offer selection, on workers compensation, on issue of plant closures, they have been let down. On every issue related to working people and their rights, the Liberals have supported the Government. On Bill 98, it is not too late to turn that around.

You have said you have concerns about confidentiality. You have said it is wrong to sign the deal before you and the public have had a chance to review it. Members of this Legislature can force that to happen. Defeat this Bill and force the Government to release the details and hold public hearings into the question of confidentiality and the merits of the deal. If you are then satisfied and if you are then convinced that the deal has the support of Manitobans, then by all means pass the Bill.

If you are unwilling to do that, if you are willing to pass this Bill and in effect approve the sale sight unseen, then I would urge you to at least have the Bill improved by amending it or having the Government agree to amend it, to ensure that those records I spoke of earlier are not part of the deal. Have the Bill amended to ensure that health records, financial records and family details stay in the public sector where Manitobans want them and where they belong.

As for the employees at MDS, I would urge the Minister if he is intent on selling MDS, to guarantee any employee wishing to stay in the public sector, a job in the public sector. These people have a right to be treated like people and not like a commodity to be sold or forcibly relocated. It is a cruel and uncaring

Government that uses the lives of its employees and their families as economic or political pawns.

In conclusion, Mr. Chairman, I ask the Members of this committee and this Legislature to defeat this Bill. I urge the Government to re-evaluate its position and to make a long-term commitment to MDS, its employees and the people it serves.

Mr. Chairman: Thank you, Mr. Olfert. The Honourable Minister has a question first.

Hon. Clayton Manness (Minister of Finance): Thank you very much, Mr. Olfert. I welcome you here today. I would like to indicate to the committee that Mr. Olfert and I have two or three, maybe even three occasions in which to discuss, I think in a fairly open fashion, what it was that Government was intending to do and attempted to bring him up to date as the representative of the employees with MDS as to any point in time where we were as to the status of Manitoba Data Services' possible divestiture.

Mr. Chairman, I can see Mr. Olfert has not changed his mind over several months. I did not expect that he would, but there are a number of questions that I have flowing from his brief. I will only ask two or three at this time and then turn the opportunity over to others.

Mr. Olfert, on page 2, the fourth line, you question the motivation behind the proposed sale. What do you feel the Government's motivation is? Why would we do it? It is certainly not to shift jobs outside of the Province of Manitoba. Certainly it would not be to take confidential information on Manitobans, which by the way is not being sold, which is not being in any way handed over in the sense of ownership to anybody. Certainly we would not want to risk that. What then do you sense is the motivation behind the Government's decision to sell this?

Mr. Olfert: Obviously that is one of the questions we have asked all along, and we have not gotten a direct answer on that as yet from the Government, because in our view anything that we have seen with respect to Data Services, (a) it is a well-run organization, an organization that has served the Government well over 14 years. It is a profitable corporation. It is one that provides care and custody of individual records within Government and we do not feel that a corporation such as this should be sold to the private sector. I cannot answer the Government's point on what their criteria for this sale is.

Mr. Manness: Mr. Chairman, then I will go then to point 2. on page 2 where Mr. Olfert says: "We oppose this plan to sell on three basic grounds", the second being, "the economics and impact on government; and . . ."

Can you indicate to me, have you done any type of an analysis to determine the impact on the economy? In other words, something that I think all Manitobans hold dear to them, that is as the economy expands, obviously theoretically the standard of living of all of our citizens should increase. Would you care to give some indication as to what you feel the impact on the economy, more so than Government, might be?

Mr. Olfert: Again, it is only something that we had looked at, because as you know, many of the departments have been coming to the Government for years wanting to spend millions and millions of dollars on providing their own in-house data capabilities. Basically the Government has said, look, we have Data Services that is able to provide that service for the departments and basically there is really no reason why we should provide 20 departments with \$10 million each to have to go out and have to buy something that already exists and that has worked well to provide those services in-house.

When we are talking about the impact on Government, we are talking about the potential major impact on departments going out and purchasing much of this equipment.

Mr. Manness: Two points, Mr. Chairman. Firstly, Mr. Olfert again focuses his comments on the Government. The Government is not the economy, and so I say to him firstly with respect to the Government, there is no way the Government is going to loosen its controls as to what departments can do. As a matter of fact, we are beefing up the controls. As a matter of fact, we are moving the Information Systems Branch that reviews what it is the various departments want. We are probably taking a large dimension of that and moving it into the Treasury Board where greater control will be exercised on departments so they are not seen out buying services beyond budget. Again, my question holds. What is the impact not on Government, not on departments of Government, but potentially the positive or negative impact on the economy as a whole in the Province of Manitoba?

Mr. Olfert: Any time potentially if you are looking at a private company taking over the Manitoba Data Services, you are looking at the potential of increased costs down the road, the same costs that have been reduced by 54 percent by Data Services over the last number of years.

Mr. Manness: Mr. Chairman, at the bottom of page 2—I will ask the question before some of my good friends in the New Democratic Party ask it. You make the point that we have shown, meaning the Government, that this process has been unnecessarily secretive and co-operative, but what troubles me the most is this comment that we have often shown a lack of respect for the employees. I will ask you, Mr. Olfert, on what basis do you make that charge?

Mr. Olfert: Basically we have had no indication in writing from the Government other than to say that they will make efforts to maintain jobs that are currently at Data Services, but again we have pointed out that while that may be possible in the short run, in the long term that is probably not a possibility if it is sold to outside interests.

Mr. Manness: Mr. Chairman, that is not good enough I do not think, because when the writer says that we are guilty of showing a lack of respect, that says that we have not somehow negotiated in good faith or that we have held in complete secrecy the dealings. I know

that Mr. Olfert is well aware that I made a presentation to the employees of MDS, that I laid out for them the criteria that would guide us step by step along the way, and I can assure him and all Members of this committee that I have not waived two degrees or five degrees from that criteria. It is the governing mandate that we have directing us in our divestiture process. I was wondering whether there was more behind this statement or whether or not he is centring purely in the area of long-term employment guarantees.

* (1610)

Mr. Olfert: On page 12 in the middle paragraph, I guess basically what we are looking for is a guarantee if indeed the Government is going to proceed with selling MDS, we are asking that the Minister at least guarantee any employee wishing to stay in the public sector a public sector job and that has not happened. We have not guaranteed that.

Mr. Manness: Mr. Chairman, I refer now to page 4. When Mr. Olfert was laying before the committee—I guess I will put a word in his mouth—the exasperation of the MGEA in trying to obtain lists of information which MDS either stores or processes on behalf of the Government, does he believe that the Government, any Government, when it is involved in sensitive negotiations with an outside party, has to have for itself, and indeed for the outside party, some opportunity to withhold information that could in any way disrupt those negotiations and ultimately may cause a negative impact from the viewpoint of the Government on those discussions leading to some conclusion?

Does he believe Government should have some guarantee to withhold information under those types of situations?

Mr. Olfert: What we were looking for under that freedom of information process was some basic information. We were not looking at any detailed information, but I think that any time the Government moves to sell a corporation that has (a) worked well, has a good record and has made money and provides service to the public, and being a public corporation, they should first have a public debate or input from the public with respect to that sale to begin with.

Mr. Manness: I beg to differ with Mr. Olfert in one respect. I do not know how it is that responsible Government works other than announcing through throne speech what its intentions are and letting the peoples elected representatives, by weight of vote in the Legislature, pass judgement on that throne speech, and either support it or reject it. I think that is the tradition of Parliament as I understand it, but I will not belabour that point.

I just would like to ask maybe one or two more short questions. Page 7, second paragraph, Mr. Olfert says, "While jobs are going to be relatively secure for the short term, no sales agreement can practically protect jobs for the long term". Mr. Olfert, can Government guarantee, can it protect jobs for anybody for the long term?

Mr. Olfert: I guess it all depends on what kind of a situation you are looking at. I think that there can be, and I stress that our position is that those people working at MDS should be guaranteed jobs in the public sector now regardless of who purchases MDS and that while they could be given jobs or secure jobs in the public sector.

Mr. Manness: The third paragraph on page 7, Mr. Olfert says that there is a potential that this corporation, whoever it is that we may sell to, may ultimately, in their interests of profit, move the activities, the processing activities outside of province and that the jobs may be lost here anyway.

Does he believe that there could be a mechanism put into place through a golden share provision or indeed through the limitation of a five-year contract that would virtually preclude this from happening, that Government still has the final say and would not tolerate under any set of circumstances, the loss of these jobs to another jurisdiction? Can he see where such a guarantee could be covenant within an agreement?

Mr. Olfert: I am not sure of the Honourable Member's question; could he repeat it, please?

Mr. Manness: Mr. Olfert seems to be making the point that in time that this profit-motivated company to whom the Government may sell, may ultimately move the processing jobs in question, that exist today within Manitoba Data Services, may ultimately move those jobs outside of the province.

I am asking him whether or not in his mind, he believes that the Government has ways and means of safeguarding against that happening, and were it to happen, that the Government ultimately through a golden share provision, buying back the company, or indeed after a five-year period setting up another MDS, could prevent that from happening? Does he believe that Government can safeguard the positions of employees through ways and means written within the contract?

Mr. Olfert: I suppose if you were to give a company exclusive rights on data and providing data services to Government and negotiated a long-term agreement that certain aspects of that would be possible, but once that agreement again runs out, whatever it is, whether it is five, ten or fifteen years, there is the potential there for those jobs to move elsewhere.

I do not know what the—and again because this information on the negotiations are not being made public or even made public in the Legislature, we have no idea what the Government is looking at in terms of providing share options or guaranteeing that this sale would be null and void if they moved their operations out of the province. It is speculation, I am not going to speculate on some deal that I am totally unfamiliar with.

Mr. Manness: No, Mr. Chairman, I am not asking Mr. Olfert to speculate whether or not that is in the agreement. I am asking him in general to speculate

whether or not some greater comfort could be, or whether or not he accepts that in a business sense the Government could guarantee that those jobs could not be moved outside the province.

Mr. Olfert: In a practical sense, I guess the Government could build in certain safeguards, but again I would have to look at various agreements.

Mr. Manness: At the bottom of page 9, Mr. Olfert talks about potential for breach. I might ask Mr. Olfert if he is aware of any situations in Canada, and I will dwell specifically in Canada, either in the Province of Saskatchewan where they have divested a portion of their service bureau to Westbridge, and or within the federal context where many departments of Government in Ottawa have longstanding contracts with outside service providers directly. Is he aware of any breaches that have occurred by outside firms providing services to Governments elsewhere?

Mr. Olfert: I am only aware that there has been no breach in Manitoba. With respect to other provinces, we have not done a full analysis of that. I imagine that the Minister is probably, because he is dealing with this situation, done that analysis so he might be able to provide the committee with that information.

Mr. Manness: Mr. Chairman, I have, and I would think that the MGEA would have too because, of course a breach is a most serious event, and I dare say that any company that sells its services to Government or indeed to a private corporation, any company involved in information technology processing or storing that had a breach occur with respect to confidentiality, I am sure would be out of business tomorrow. It is something that would be heralded from shore to shore, not as a positive but as a negative, and I would have to think that their place in the industry would be gone fairly quickly.

Mr. Chairman, I have no further questions at this time. I thank Mr. Olfert for his presentation.

Mr. Chairman: Mr. Uruski was first, I believe. Did you have a question, Mr. Uruski?

Mr. Bill Uruski (Interlake): I will pass.

Mr. John Angus (St. Norbert): Just following up, Mr. Olfert, for a number of years the MGEA did their payroll on a private sector computer service bureau. Would you acknowledge that or agree to that?

Mr. Olfert: They did what?

Mr. Angus: For a number of years the MGEA had their payroll done by a private service bureau, a for-profit organization out and beyond the borders of the MGEA buildings. They used a service bureau. That was done for a number of years, as I understand it.

* (1620)

Mr. Olfert: Except for the last 10 months, we did it on an annual basis, and it was done in our offices. As

more staff were brought on, obviously manually we had problems dealing with that manual sort of payroll system. As an interim solution to that, we were computerizing at the same time our own operations.

In an interim period between our own computer capabilities or us being able to do it in-house, we did have a Manitoba firm do our payroll for about 10 months. The payroll is done now with our own computer system.

Mr. Angus: I appreciate that. Mr. Chairman, my question is, during that time did you have any reason to be concerned about the breach of confidentiality or of information being transmitted in an erroneous manner?

Mr. Olfert: Our payrolls, as Members of the Legislature, are open to scrutiny of our members. There is no secret what I get paid. There is no secret what any of our other staff gets paid. We have conventions, and we have membership meetings going on continually. Our audit statements are open to scrutiny, and we have no concerns with respect to pay.

POINT OF ORDER

Mr. Chairman: Mr. Evans, on a point of order.

Mr. Leonard Evans (Brandon East): Mr. Chairman, on a point of order. Perhaps the Member is trying to make kind of a point, but really it is out of order for a Member of the Legislature to start questioning delegates representing different organizations on how their organizations operate. The committee's mandate has asked the delegate or delegations comments on their particular brief with reference to the Bill, not with reference to some organization and how it operates.

Mr. Chairman: Thank you, Mr. Evans. I would caution the members to please question the presenters on the presentation at hand.

Mr. Angus: Mr. Chairman, if I may be allowed a moment to defend myself, I think that it is quite in order to ask the delegation who has specifically stated in his brief that he questions the security and confidentiality of records, through using the service bureau, to discuss why his corporation would use an outside service bureau to do such a highly confidential thing such as payroll, which indicates deductions and various other aspects of compensation.

The line of questioning is not to entrap but to simply get Mr. Olfert to agree that it is reasonable to allow Manitoba firms, if you like, or outside service bureaus to do that type of information, and that those securities can be provided of the confidentiality that information can be provided that it is not a large concern.

Mr. Chairman, while I appreciate the caution of the Member for Brandon and the caution from the Chair, I think that the questions are certainly in order as to how they arrived at the information in the brief.

Mr. Chairman: Mr. Olfert, did you have any comments on it?

Mr. Olfert: It is not payroll that we are talking about in this brief. Every Government employee's salary is not a confidential matter. They are printed in the records along with the MLAs. We are not talking about salaries, dollars and cents, how much you were deducted for UIC, and those kinds of things. We are talking about people's medical health records, about taxation records, about private matters between them and various lone agencies of Government or whether they qualify for welfare or have sexually transmitted diseases, I think that is a totally different aspect of the Data Service.

Mr. Angus: Mr. Chairman, not wanting to be argumentative, we are not talking about the specifics of the confidentiality of the information. We are talking about the ability of any outside service bureau to protect that information from being willy-nilly transmitted around or made available to people.

I would like to just ask some specific questions on the brief, if I could. You have mentioned, and I would like you to just explain it to me very quickly, about the 50 people that you are representing under collective agreements. I understand that there is an excess of 200 people who work at MDS. Perhaps you can just tell me what your bargaining position for which 50 it is, and how you got to that, and who looks after the other 180 people?

Mr. Olfert: The other approximately 150 are not covered by the collective agreement. It was an agreement that we inherited, you might say, when Data Services went from under telephones to the Government agency. The 50 are covered by the current collective agreement. The others are out of scope, in terms of that agreement.

Mr. Angus: Mr. Chairman, I would just like to ask you some specific questions in relation to the interests of the employees involved. I would have expected that you would have looked at the tenure that these people have had. I would like a bit of basic information, if you can, on the number of years that they have worked there, their qualifications under pension, things of that nature, just an overview if you would not mind, so that I can be familiar with it as I trust you are?

Mr. Olfert: I do not have a specific profile of those people with me. However, the approximately 50 individuals who are covered by our collective agreement have certain rights and benefits under that collective agreement. One of those benefits are pensions. They are contributing and have been contributing to the superannuation plan that is currently accessible to them because they are public sector workers. That is a major concern to them, because if indeed it was sold to a private company, then they may not be able to access that pension or contribute any longer to it. Generally speaking I think that the employees—the average is probably about seven years of employment with Data Services, the people in our bargaining unit. That would be a fair average.

Mr. Angus: An average—it may be a fair average, I have no way of rebutting or knowing. I was trying to

find out of the 50 whether we are talking about five that have gone the five years and qualified for the pension, or is it 10 or 15, that sort of thing, to see how many employees were protected. Maybe the Government will be able to give that information.

Can I just ask you—in your brief you have asked for protection of the employees, I do not remember the specific wording, but what type of protection have you suggested guaranteeing any employees who wish to stay in the public sector a job in the public sector? Do you mean a like job or any job, or is it your experience that they can transfer sort of bilaterally to other departments? How does that work?

Mr. Olfert: I guess basically many of the 50 people that we would be responsible for would have the skills that would be quite easily transferable into processing that is taking place currently in the various departments, again through MDS. There are key punch operators, computer operators and those kinds of skills—I am sure they could be picked up in the Department of Finance. They have many of those kinds of skills that would fit nicely in there.

Basically, what we are looking at is if the Government does sell Data Services that those people be guaranteed employment in the Civil Service, that they would be able to then maintain their pensions, their seniority, and their rights under their collective agreement.

Mr. Angus: I am sure, Mr. Chairman—and Mr. Olfert, perhaps you can comment on this, that would be an optional suggestion that they have the option of staying with the private company after they have reviewed or transferring. Is that a reasonable statement?

Mr. Olfert: Yes, we are not going to mandatorily require somebody to stay in or not stay in a company that they do not wish to be in, just make that option available to them.

Mr. Angus: This may be impractical, Mr. Chairman, but Mr. Olfert, in your experience as a negotiator of bargains, has it ever been your experience that individuals outside the Civil Service have been able to continue to contribute to the pension plan under certain circumstances?

Mr. Olfert: What it takes is a section in the legislation. The Superannuation Act has to be amended to provide that. Generally speaking, people in the private sector, I do not believe there is one sort of group listed in the superannuation plan that is in the private sector. There are other groups, government agencies, the housing authorities, we have about seven collective agreements dealing with housing authorities. To enable them to access the superannuation plan, they have to be specifically named in the legislation. There would have to be some accommodation made for that issue.

* (1630)

Mr. Angus: It can be done and has been done?

Mr. Olfert: It could be done, yes.

Mr. Angus: Mr. Chairman, on that, it would certainly not give them any seniority rights, but it would offer them the opportunity of continuing the pension investments that they have developed. Would that be a fair assessment?

Mr. Olfert: If we were dealing just with pension, that would be all that would be guaranteed, yes.

Mr. Angus: I want to just divorce myself from the conclusions that you have drawn in suggesting that we are supporting the Government. Specifically, I want to divorce ourselves from the position that the Minister of Finance (Mr. Manness) took in the withholding of information under The Freedom of Information Act.

As the Minister knows, and certainly Hansard will reflect, the allowing of the types of information to be released in my mind no way impeached or inhibited the potential sale or the negotiations of the sale. Ultimately the Ombudsman agreed that the information should be made available as to the types of information that was stored in MDS.

An Honourable Member: Not all types, certain types.

Mr. Angus: Well, that begs the question, then.

Mr. Chairman: Mr. Angus, are you making a statement, or are you going to ask a question?

Mr. Angus: I am asking a question, Mr. Chairman.

Mr. Chairman: Please proceed then. It appeared though that you were making a statement.

Mr. Angus: My question, Mr. Chairman, has to do with the statements that the brief has made in relation to the Minister withholding specifics of information. The Minister from his seat has suggested that they were not allowed, that certain information was released, but others were withheld. Could you just elaborate on the position of the Ombudsman, the information that you have received and the information that has been withheld from you, that it was believed was sensitive to the negotiations?

Mr. Olfert: When we originally asked for information that was contained at Data Services, we were not looking for specific obviously individual kinds of information. We wanted to know what kind of information was stored there and how Data Services was used by the various departments, just in large global terms. That is what we were seeking.

We put requests in and, I believe, we had a number of departments, somewhere between six and twelve, that complied prior to the Minister moving in and basically putting a gag order on the release of further information. Then, under the Freedom of Information, as I understand it, the Ombudsman is the arbitrator in the matter and dealt with each situation on its own merits. While we do not have all the information that we had requested, we did get a lot more released to us. That is contained, or some of it is contained in this brief.

POINT OF ORDER

Mr. Chairman: The Honourable Minister, with a point of order.

Mr. Manness: Mr. Chairman, I just want to indicate to the committee that the Government in no way was offended with the decision of the Ombudsman. It was a process that had to be tested under Section 39(1) of that Act, and it was a process by which we all learned. Indeed the Ombudsman indicated that he should have to rule on each and every case on its own merits. In some cases some of the requests of the MGEA were not provided or at least not recommended that they be provided by the Ombudsman. I think it was a good test of 39(1), and I think we all learned from it. Certainly the Government will accept no major criticism of it in all honesty. Sorry, Mr. Chairman.

Mr. Chairman: That is fine.

An Honourable Member: Is that a point of order, Mr. Chairman?

Mr. Chairman: Yes, it was.

Mr. Chairman: Mr. Angus, did you have a question?

Mr. Angus: Mr. Chairman, I think that there are only about 25 minutes left until this committee rises. What time do they rise? At 5 p.m., I think, for Private Members' hour.

Mr. Chairman: We will even go until 5:30.

Mr. Angus: Mr. Chairman, in light of the question of that, I will let the third Party ask some questions, as they may want to, so I do not just hog it all, but I reserve the right to come back if I can.

Mr. Leonard Evans: Firstly, I want to thank Mr. Olfert for the brief. I thought it was an excellent brief. It is a position that we agree with wholeheartedly. There is no question that this threatens confidentiality of individual Manitobans. Hundreds of thousands of Manitobans will be put at risk. That is not only the view of the MGEA or ourselves, but it is also the view of private enterprise in this province and others who have made public statements on this matter. I agree with you also in your brief that there are no assurances whatsoever that the public of Manitoba will not be ripped off in this process.

I have a series of questions to ask Mr. Olfert, Mr. Chairman, three or four major questions, one relating to comments made on page nine at the top where reference is made that "Once MDS is sold the new corporation will have a virtual monopoly." I agree with you wholeheartedly. In fact as I understand it, no private company will buy MDS unless it is guaranteed a monopoly. The private sector does not want to compete. They do not want the competition. They want a monopoly.

Here is a case where the Government is going to create a private monopoly and therefore in my view a very strong possibility of the Government and therefore the taxpayers being ripped off. My question to the delegation, to Mr. Olfert is, what do you think the chances are that a privatized company who can charge various rates even though they may not be increased rates, they may be reduced rates, but they could still be rip-off rates, what do you think the chances are of this occurring?

Mr. Olfert: That is why we flagged it in our brief, because we think that the Members of the Legislature and the Members of Government now have some direct control with respect to the prices they charge various departments and users of that service.

Once you sell it to an outside private sector corporation, they basically set the price and you pay. Obviously if they are going to purchase such a corporation, they will want the full monopoly of providing that service for a given period of time. Again there is the potential of being virtually no control with respect to the price that is charged.

Mr. Leonard Evans: Mr. Chairman, I know the Minister has made comments to the contrary, but we are not satisfied that those guarantees are in there. Another question related to this matter, on the one hand I think there are some real costs involved to the people of Manitoba, various risks that are involved. The Minister will tell you of the benefits. Frankly, I do not see any cost-benefit analysis that has been done on this matter. Does Mr. Olfert have any information as to whether a cost-benefit analysis was done and whether this was a good or is potentially a good investment, or are we simply asked to buy a pig in a poke as the old saying has it?

Mr. Olfert: I think that is essentially correct, because again we have no information with respect to the deal. I think that the possibility of that occurring is certainly one that we have concerns about.

Mr. Leonard Evans: On page 7 there is reference made in the second original paragraph to the possibility of a mainframe outside of Manitoba being utilized to store information. In other words, the problem I believe you are raising here is—and I am asking you to clarify this—you are raising the problem of information and therefore work being transferred out of the province onto some other mainframe so that ultimately, even though a company may say it is located here, a privatized MDS, since it is located here and working here, nevertheless would be in a position to ship some of the work out of the province.

What do you think the chances are of this occurring from your knowledge or from any study that you have done on this situation or this particular problem?

Mr. Olfert: Well, just a basic comment on that is, with the technological change that is occurring today there is more and more trans-data material crossing international boundaries. There is absolutely no problem or anything prohibiting a company from moving their

operations anywhere in the world and still providing that same service to Manitoba Data Services here. Of course that is one of the issues that flag. While the deal may be that certain services have to be provided here for a certain period of time, in the long run those things could be phased out and moved anywhere in the world. That is a major concern.

* (1640)

Mr. Leonard Evans: So is Mr. Olfert saying that in the long run, because a privatized company is guided by the profit motive, it may be tempted to move some work out of the province if it can do it elsewhere at a cheaper rate using satellites, having it done in southeast Asia or whatever? I am not familiar with all the technicalities. I am asking Mr. Olfert, is this what he thinks might happen because of the drive to cut costs, that if they can see an opportunity to have lower wages, lower costs outside of the province, that corporation, even though it says it is maintaining its presence here, it has its head office here, nevertheless could funnel some of this information, some of the work, out of the province.

Mr. Olfert: That is absolutely correct. I guess that is one of the issues. Again, there are a number of issues that we wanted to flag for members of this committee. The flow of information and data today is such that it is pretty obvious that with technologies the mainframe computer could be in the southern United States. It could be in Asia. It could be in Europe. It could be in any continent basically or in any province and by satellite and technological change provide that service here. It is something we wanted to flag for this committee.

Mr. Leonard Evans: Another area of concern is the confidentiality of records. This has been raised two or three times in the brief. Do you have any specific suggestions to make with regard to maintaining confidentiality? I guess your main recommendation is one that I agree with, that the Government simply withdraw the Bill and leave this matter alone, because we have a successful MDS that is doing an excellent job for the public in Manitoba.

If the Government proceeds, and because there has been some concern expressed by yourself and other people in Manitoba about confidentiality, do you have any specific recommendation to make as to how this could be dealt with in a Bill?

Mr. Olfert: We believe that there are a number of things in this Bill that we would like to see. We would like to see public hearings held on this matter before any decision by the Government is made to sell it. Second, we would propose that at least the Bill be amended to ensure that public records are maintained in the care and custody of Government, that being those kinds of records that are exempt or are not allowed under The Freedom of Information Act, that you cannot as a person attain through The Freedom of Information Act. Those kinds of records should be kept in the care and custody of the Government, because they do have a responsibility I feel to maintain direct control for those records.

Mr. Leonard Evans: Mr. Chairman, I do not know whether the Liberal Critic has been listening to this suggestion or not. I do not know whether it would be agreeable to him or the Minister that some kind of amendment or amendments be put into the Bill to guarantee the confidentiality problem or to perhaps lessen the concern you have about the confidentiality aspects and whether in some instances delegations actually come up with specific proposals for amendments.

You have made some suggestions, and of course the point is, if there is no agreement at least by two Parties in this minority House of ours, nothing proceeds, so maybe it is a waste of time and effort to prepare amendments and then not have anything happen. I for one would be prepared to see some specific amendments and put them into the Bill if this would help to alleviate concerns of confidentiality. So what you are saying is you do not have any specific amendments prepared as such.

Mr. Olfert: Not a specific amendment, but we believe that the information on individuals' health records, medical records, hospital records, those records that are contained of a personal nature, must be maintained in the public sector and in care and custody of the people that are elected in this Legislature to protect them.

Mr. Leonard Evans: I have one additional question with regard to the idea of public hearings, which is a good idea that was suggested by Mr. Olfert.

Are you proposing that once the Bill, assuming the Bill is passed and assuming at some point the Minister makes a deal with some company and announces it or he is about to make a deal, before that deal is consummated, is that what you are suggesting at that point, that there should be public hearings on the whole matter, or is it long before it gets to that point? I believe the Minister has been in negotiation with some companies.

Mr. Olfert: As far as the public hearings are concerned, we would see those public hearings—what we are asking is for the Government to put a hold on this Bill and go out and have some public hearings, because every Manitoban is affected in some way or another by this sale. There is a record on each individual in the province that is contained at Data Services—stats, various records. So we would see the public hearing process taking place prior to the Bill being approved by the Legislature.

Mr. Leonard Evans: I see. I guess those are pretty well all the questions I have. Again, I want to thank Mr. Olfert. I think it was an excellent brief. I am very concerned that we are making a big mistake here. The Government is making a big mistake if it insists on proceeding, with the support of the Liberals, with this particular Bill, because in my judgment it is not in the public interest. As I said, we are being asked to buy a pig in the poke. Thank you.

Mr. Chairman: Mr. Taylor, do you have some questions?

Mr. Harold Taylor (Wolseley): Yes, thank you Mr. Chairperson. I would like to thank Mr. Olfert and the MGEA for their presentation. I was pleased they were out here today. I have a question, Mr. Olfert, on page 5 in which you say that after you went through this rigmarole with the Ombudsman you developed this list, you have a sense that it is not complete. Can you give us any more of an indication of how complete or incomplete you might feel it is?

Mr. Olfert: I think generally speaking, we probably have about 90 percent of the information. There is some information that has not been given to us at this point in time.

Mr. Taylor: Mr. Olfert, are you proceeding then still to further your quest for the complete list?

Mr. Olfert: We are still looking at those options, yes.

Mr. Taylor: You talked of there being three basic points you are concerned about, about this proposed sale of Manitoba Data Services. The third one was the confidential nature of the records, and that is one in which we have shared some concerns. You and your organization have been looking into this for some time now, obviously. Are there things that you have discovered about control systems and requirements of degrees of confidentiality and contract arrangements, et cetera, that would give you further assurance as to how this might be effectively achieved?

Mr. Olfert: No. I am not personally a computer expert, or do I pretend to be one. We do not have access to a lot of that expertise in our organization. We have not been able to find what kind of security measures there are in some of these instances.

* (1650)

Mr. Taylor: I have to say I can understand what Mr. Olfert feels, and that is not being an expert in computers either, but a layperson who feels I have to get involved at times. One wonders whether you are getting so much mumbo jumbo, or whether you are getting the straight goods on some of these things.

The other couple of points I want to bring up was at the bottom of page 7, there is one there I have quite a bit of concern about. That is, you seem to feel there will be a serious initiative by a new owner to renegotiate numbers of benefits currently enjoyed by the present employees of MDS. What leads you to believe that?

Mr. Olfert: In terms of successor rights, and that may be a situation that we get into if MDS is sold, in terms of us representing a number of employees with a new employer, there is always a lot of you know—if you are dealing with a new employer, first, they do not know what sort of a labour relations climate there has been in the past. Many times, you find that employers will come in and basically try to remove certain benefits that people have had in their collective agreements. It is sort of like starting all over again. It is almost like trying to negotiate a first collective agreement. So we

have some concerns that there could be an erosion of benefits in that agreement over a period of time.

Mr. Taylor: Mr. Chairperson, have you raised this specific concern with the Minister as to his putting this sort of a point into the sales agreement, in other words, protection of benefits that have been achieved over time for this bargaining unit?

Mr. Olfert: There have been some general discussions with respect to those kinds of issues. We have raised them with the Minister. He has noted them, and again those kinds of discussions were between the two parties. Some of those kinds of pension benefit job guarantees were raised by us. Again, we have nothing formally back from the Government on that, and that I guess is what we are looking for.

If they are going to sell MDS, we would like to see some guarantee with respect to the jobs of those employees, potentially their option to stay in the public sector if they desire and also with respect to their pensions and other benefits that are contained in the collective agreement.

Mr. Taylor: I am concerned, Mr. Olfert, that if you have brought this up with the Minister and have not received a reassurance, I am a little surprised at that. The question about the guaranteed employment within the public sector over the long term may be much more difficult to achieve, but the aspect of retention of benefits that have been negotiated and achieved over time is another story and can be much more easily made a condition of sale.

Even if there has to be a Cinderella clause, a Cinderella clause can be some distance down the road and not something that happens in a couple of years. I think we have seen that in the sale in different jurisdictions of the sale of public sector organization to private sector, in which there was an expectation, the private sector would pick up and continue to honour those previously successfully negotiated benefits.

Mr. Olfert: I guess, we are concerned about it as well. From our perspective, it would be—I mean, that is why we are here. We are opposing the sale of Manitoba Data Services. That is our position. We think it is a corporation that has done a good job for the various departments and agencies that use it. It provides a service at a low cost, and there really is no need to sell it.

Until the Government is ready to share with us some of the guarantees or any suggestions they may have with respect to the employees, we are going to have to wait on this. I think it would be advantageous for us, for the Members of this committee, to put some pressure on the Government to provide exactly those kinds of guarantees for jobs, pensions, benefits and those kinds of things. I cannot change things that take place in the Legislature. I cannot debate them in the Legislature, and that is why I am here asking the Members on this committee to take back some of those concerns and debate them there for us.

Mr. Taylor: It is not easy sometimes, across the bargaining table, to achieve some of these things. I

can remember my own dad bemoaning the fact that things he had negotiated as secretary of his local, and then subsequent union leaders negotiated away some of the benefits in return for some extra other things, such as maybe a little more holidays, and they lost on pension or other things. It is hard to make up when those losses come, but this one here is something that is an imposition. I would suggest that we are going to have to ask the Government for a reasonable degree of protection on this one.

I would like to go on and raise a point that I think is a bit of an aside, but it was brought up by one of your members before us in committee the other day, Mr. Olfert, and then you mentioned again in the brief on the bottom half of page 10, it read, we have a comment in here about, privatized highways have meant reduced safety on B.C. and Saskatchewan roads. I have to say I am not sure what is meant by privatized highways. I am trying to understand the example that you give here. Can you illustrate what is meant?

Mr. Olfert: Basically what has occurred in some other jurisdictions is that the maintenance and care of the public road system has been privatized in British Columbia and Saskatchewan. In Saskatchewan, about five years ago, they sold at fire sale prices all their highways equipment, the snowplows, the graders, the whole works. Now if you take a drive on some of their highways, they are full of potholes and are just not being looked after by those people that received local contracts all over the province. They are in a real bad state.

Mr. Taylor: I have to say I was not aware that there had been that farming out of that responsibility. It is the first, quite frankly, I heard about it. I thought when I heard your member mentioning it that she was talking about private consultants in the design and building of highways, I could not figure out, but it is the maintenance aspect you are talking about.

Mr. Olfert: Yes.

Mr. Taylor: Thanks very much. I am not sure, just let me check if there were other questions I had here.

In the latter part of your brief, it goes on here to say, you feel that the Government should guarantee any employee wishing to stay in the public sector a job in the public sector. By that you are saying that the person would make a decision at the time that the corporation was to change ownership and that would be a one-time decision. Is that correct?

Mr. Olfert: We would see that as an option that would be available to the employee when a sale was announced and some transitional period during that time.

Mr. Taylor: Right, this would then not apply at a year, two, five years later or anything like that? The employee would have this option, it would be early on near the time of the transition. Is that correct?

Mr. Olfert: It would be impractical to do it down the road. You would have to narrow it in to a three- to six-month period.

Mr. Taylor: Have there been detailed questionings of the Minister about the ability of the Government to do this along the lines of the benefits? You brought up the benefits, you did not get a positive response, but you brought it up. You have brought this one up too as well?

Mr. Olfert: The issue of employees?

Mr. Taylor: Yes.

* (1700)

Mr. Olfert: We have discussed the possibility of jobs, the specifics with respect to guarantees in the public sector we are raising today with him.

Mr. Taylor: Okay. There has not been the opportunity for the Minister to formally respond yet to this point that you bring forward?

Mr. Olfert: That is correct.

Mr. Taylor: I will also be awaiting, Mr. Olfert, to see what response he brings forward to this. I do not have any further questions at this time.

Mr. Chairman: Thank you—just a minute. Does anybody else have any questions for Mr. Olfert? If there are only 10 or 15 minutes to complete the questioning of Mr. Olfert, I would suggest we try to get to finish it.

Mr. Uruski: Mr. Chairman, I just have a couple of questions following on what was said to Mr. Olfert. With respect to the list of data that you have in your brief, Mr. Olfert, about the records, would you know whether in fact the driver's licence records would be part of those under MDS that would be part of the work that would be farmed out?

Mr. Olfert: I believe the driving records and licensing branch are all dealt with through Manitoba Data Services, yes.

Mr. Uruski: Would it also be the case that the records at MPIC in terms of safety records and surcharges would be part of that same system?

Mr. Olfert: We do not have the specifics on it, but we know that Manitoba Data Services is used by MPIC to a very large degree, yes.

Mr. Uruski: Mr. Chairman, I want to as well compliment Mr. Olfert and his organization for their brief.

With respect to their opposition of the sale of a profitable corporation which by all measurement sticks, including the present board of directors, who have indicated that the corporation is very efficient and has been saving taxpayers' dollars, I would like to ask Mr. Olfert whether in any of their research they looked at other provinces where this type of work has in fact been farmed out and whether there has been a differential in the costs of processing of documents?

Mr. Olfert: We have not been able to get a good picture on whether costs have increased as in British Columbia.

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In British Columbia they have moved some of the data services into the private sector. They have sold part of it, but apparently the Government there is now rethinking their position on that and really rethinking whether they should not stop any future move to have data move into the private sector, in fact holding on to what they still have.

Mr. Uruski: This proposed sale, which I want to indicate and my colleague from Brandon East has indicated that we oppose, from the standpoint as well of competition, have you had any discussions or done any analysis as to what a sale of this magnitude might produce in terms of monopoly powers to the firm who is successful in the purchase, giving it a base of \$30 million of sales, as to its competitive nature vis-a-vis other firms operating in the Province of Manitoba?

Mr. Olfert: No, it is a pretty difficult analysis to do, so we again have not been able to do that and come up with a good comparison. The only thing that we keep in mind is that there is no profit motive to the service delivery in the public sector. As soon as it moves into the corporate sector, those people are responsible to the shareholders. We believe that the shareholders of Data Services are the people of this province. I think that if you move into the private sector then the shareholders are in boardrooms in Toronto or in New York or Tokyo and suddenly the shareholders are the ones that are putting pressure on the individual company to turn over a larger profit, and obviously that pressure is there.

Mr. Angus: Unfortunately, as happens in these cases, one question tends to lead to another question, and I think that we could very effectively continue to ask questions. It is a serious matter and should be aired properly.

I would propose that as the committee was scheduled to rise at five o'clock, that we do rise at five o'clock and apologize to Mr. Olfert for the inconvenience, but ask him if he would be prepared to come back at eight o'clock to answer further questioning. Would that be acceptable?

Mr. Chairman: What is the will of the committee? If there are not many questions, if Mr. Uruski is the last questioner, if it is only 10 or 15 minutes, perhaps we could complete the questioning before we break. We had no agreement to rise by five o'clock, by the way. It was up to the committee. As far as I know, we did not have any agreement.

Mr. Olfert: Yes, I would agree to be here at eight o'clock this evening if the committee wished to. Thank you, Mr. Chairman.

Mr. Chairman: Committee rise.

COMMITTEE ROSE AT: 5:07 p.m.