

**LEGISLATIVE ASSEMBLY OF MANITOBA  
THE STANDING COMMITTEE ON  
PUBLIC UTILITIES AND NATURAL RESOURCES**

**Monday, March 12, 1990**

**TIME — 8 p.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. Harold Gilleshammer (Minnedosa)**

**ATTENDANCE - 11 — QUORUM - 6**

*Members of the Committee present:*

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

**WITNESSES:**

Mr. Peter Olfert, President, Manitoba  
Government Employees' Association  
Mr. Ken Hildahl, Private Citizen

**APPEARING:**

Mr. Leonard Evans, MLA for Brandon East  
Mr. Bill Uruski, MLA for Interlake  
Mr. Reg Alcock, MLA for Osborne

**MATTERS UNDER DISCUSSION:**

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. At this time, I would like to read the resignation from Mr. Helwer: I hereby resign as Chairman of Public Utilities and Natural Resources Committee as of March 12, 1990.

Are there any nominations to fill the empty seat? Mr. Cummings.

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

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

\* (2005)

**Mr. Chairman:** Will the committee on Public Utilities and Natural Resources come to order. We last met at 3 p.m. today to consider Bills Nos. 9, 84, 92 and 98.

At that meeting, this committee passed Bill No. 9, The Forest Amendment Act, and we proceeded to hear the remaining presentations for Bill No. 98. It was agreed at that time to continue questioning Mr. Peter Olfert on his presentation to Bill No. 98. Is it the will of the committee to continue with Bill No. 98? Agreed.

We will call Mr. Olfert forward at this time. We will continue with the questions then, if there are any, of Mr. Olfert.

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**Mr. Chairman:** A point of order, Mr. Evans?

**Mr. Leonard Evans (Brandon East):** . . . Mr. Angus, who is not here just now, because it was he who had a lot of questions to ask at this point. I was just going to ask if we could wait until he arrives, but speak of the devil, he is known to appear, and here he is.

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

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**Mr. Chairman:** I would recognize Mr. Angus, if he has a question.

**Mr. John Angus (St. Norbert):** Mr. Chairman, I notice that we do not have a Minister in the chair. May I just inquire as to the will of the committee? I do not want to unnecessarily detain Mr. Olfert, but if there are a couple of other matters that we might be able to do for the next 15, 20 minutes or so, perhaps that would be more in order. If there is nothing else to do, I have questions to ask.

**Mr. Chairman:** I would recognize Mr. Uruski.

**Mr. Bill Uruski (Interlake):** Mr. Chairman, while I was critical of the Minister before, I have to tell you that the Minister did say he would not be here, and that he had finished his questions of the witness. In all fairness to him, I had finished my questions, so if there are any other questions we should continue and finish off.

**Mr. Chairman:** Are there further questions of Mr. Olfert? Mr. Angus.

**Mr. Angus:** Mr. Chairman, I would just like to start with more specific details in relation to the protection of the existing employees. What types of protection can be offered, and what detailed information do you have in relation to the things that would need protection, if you like?

**Mr. Peter Olfert (President, Manitoba Government Employees' Association):** Well, basically as I had mentioned earlier, there are a number of benefits in the collective agreement including the pensions aspect that need to be protected.

**Mr. Angus:** Just the pension benefits?

**Mr. Olfert:** Well, I guess if you are looking at a guarantee, one would be—certainly from our perspective we think that employees should have the option to remain in the public sector as an option. The other things related would all be covered in the collective agreement other than pensions, which are legislated matters.

\* (2010)

**Mr. Angus:** The option to stay is surely not one that would go on forever. There would be a certain period of time that I would think that the employees would have to either fish or cut bait, make up their minds to stay with the existing or the new owners under the benefits and the opportunities that are being offered to them under the new ownership and/or move back into the Government. Would you agree with that?

**Mr. Olfert:** I think once the Government decides what they are going to do, with respect to Manitoba Data Services—and we think they should hold it because it works well and it provides a good service—I would see if there was an option provision made for them to stay in the public sector. That would be a one-time option to them and would have to be staged during the takeover of any new company.

**Mr. Angus:** I would think that perhaps some time frame, deadline, sunset would be—I do not think it is fair to say to the employees, we have sold the company, do you want to stay or do you want to go? You have to give them a month or two months to let the decision filter in and the options filter in so that they can make informed choices if you like. Is that a reasonable approach?

**Mr. Olfert:** I believe that just in terms of redeployment, and it appears that we are going to be facing a lot of redeployment in the Civil Service over the next number of months, that there would have to be a considerable period of time given for these people to make their choice.

**Mr. Angus:** I am not familiar with the term redeployment. Can you just tell me what that means?

**Mr. Olfert:** Basically, it would give employees at Data Services access to jobs that are similar in nature to the kinds of jobs and the kind of work that they presently perform at Data Services. So, depending on again the availability of the kinds of jobs and depending on the skills, the match, I guess you could say that between the two may take a fair period of time.

I think an indication whether those people—I think that is what would be required, whether they wanted

or desired to stay in the public sector as opposed to working for a private company is something that should be available to them.

\* (2015)

**Mr. Angus:** I thank you for those answers. I think that they are reasonable suggestions, in terms of pension protections and the options to stay or the redeployment as we discussed. We will never know until the Government either introduces legislation or shows us the deal what they are doing. That, of course, is one of the problems with this.

Going to page 2 of your presentation, I would just like to get it on the record that you are philosophically opposed to Bill 98 as opposed to facing the fact that it is going to be sold and working co-operatively to try and find common ground under which it could be sold, such as the protection of the employees and protection of the confidentiality of information and things of that nature. You are philosophically opposed to this sale at all costs, are you not?

**Mr. Olfert:** We are opposed to the sale of this Crown corporation because we believe that it has served Manitobans well, that it has provided good employment, that there are over 200 people with skills that the Government has access to. They have all the equipment that is necessary to provide data services for various departments, Crown agencies of Government. It does not make sense to us to sell a well-run organization like Manitoba Data Services, period.

**Mr. Angus:** Philosophically opposed, but they have their attaching logical reasons and I guess some of those logical reasons that they believe I would like to pursue.

You made some reference to the fact that it is well run and that it is a profitable organization. Mr. Olfert, there are those that would suggest that MDS has, as it stands now, a strangle hold on the administration, that it is not much more than a line department and that far from getting the best possible return on investment for those line departments that have to deal with MDS, that MDS has been able to charge inflated prices for a period of time comparable to—when I say inflated, they are inflated compared to private sector processing charges. Do you have any comment on that, on the strangle hold, on the virtual monopoly they have and the way that the Deputy Ministers and the administrators would say, well, we have to deal with MDS, and MDS could virtually charge them whatever they wanted? There were no checks and balances in that process, and under those circumstances I think you would agree that anybody could make money, anybody could show a profit.

**Mr. Olfert:** I guess basically Manitoba Data Services has reduced their costs to the departments by I believe it is over 50 percent over the last number of years. I believe that you have more control by its being a public corporation because the Minister has direct powers to influence the kinds of charges that are being charged by Manitoba Data Services as opposed to somebody

that is totally out of the Government and does not report and is not responsible to the citizens of the province. So I think that by moving it and selling it then you would lose total control. At least now the Minister responsible has some control over the board that sets the costs and the prices for the departments, and I think that they can compete today with the delivery of service they are giving today with any private sector company out there providing data services.

**Mr. Angus:** Mr. Chairman, it is a bit of a moot point because they have never had to compete on an open tender system basis for such things as payroll, for example, or as human resource systems. Are you surprised to find out that MDS does not have any contractual agreements with any of its line departments? We will take Hydro as an example. Hydro has contracted almost in an informal manner, with certainly no written contracts, with MDS to provide certain services, because when this company was first being discussed as being for sale, I thought to myself, well, this is excellent. They will simply sell the contracts. The new company will have to follow through the conclusion of those contracts and then if they can provide the service at a less expensive price or a better price they will renegotiate those contracts. If they cannot, then the other representatives in the marketplace will be able to make bids and to offer contracts, et cetera, or the company, Hydro in this case, can bring it in-house. Unfortunately, there were no contracts. Were you aware of that, Mr. Olfert?

\* (2020)

**Mr. Olfert:** No, I am not aware that there have not been any formal contracts.

**Mr. Angus:** I am led to believe that, Mr. Chairman. I was very surprised to find that. So what it means is that when the Government sells a Crown corporation of this nature they have to give a certain guarantee of business for a certain period of time at a fixed rate or at a diminishing rate. One of the things that you have suggested here is the profits and/or things of that nature. Are you surprised that the Government would offer a guaranteed return or income to the company, and do you think that they should incorporate some sort of a sliding, diminishing scale that reflects the decreases in service charges over the last several years?

**Mr. Olfert:** Again, we are at a little bit of a disadvantage because we have no idea what kinds of discussions are taking place at the bargaining table with the corporations that are putting in bids. So we do not know what kind of guarantees they are asking for from the Government. It could be a 5-year guarantee, it could be a 10-year guarantee, it could be a 20-year guarantee. We may have a private sector company that is going to get a long guarantee for those kinds of services, a monopoly, and be in a position to charge whatever rates they feel are going. That is the danger.

**Mr. Angus:** Mr. Chairman, I appreciate that. I assure you, I have no insider's information on this negotiation neither with any of the companies that are negotiating.

All I am doing is speculating that if I was trying to buy MDS the things that I would be buying is the contracts. In lieu of the contracts, I would want to be buying some assurance that I would have a continuation of business in some way, shape, or form.

Another question, Mr. Chairman, is that Mr. Olfert has suggested the economies and impacts on Government are reasons why they oppose this plan to sell it. I was just wondering what you mean by the economies or the economics of it.

**Mr. Olfert:** I think there are several things that we have to look at when we look at economics. One is, we have a corporation now that provides service at a reasonable cost to the departments. The other thing I think that needs to be looked at is exactly what you spoke of earlier. Is there going to be a 5-year guarantee, or a 10-year guarantee and at what rates? If so, if there are no contracts with these other various Crown corporations, if they can just kind of opt out at any time and the departments as well, what kind of pressure is going to be on the annual budgets of the province to sort of get themselves out of dealing with the private company that has just purchased, and present millions of dollars worth of, or ask for millions of dollars worth of equipment to run their own programs in-house in departments. Those are the kinds of things we were talking about in terms of the economy.

The other thing—and again it is something because we do not know what kind of negotiations is going on—is whether one job is going to be created. As the Minister responsible has said, the No. 1 criterion is a guarantee of major economic development. What economic development is going to be garnered by this sale? It does not seem that he is too terribly concerned about the confidentiality of records because he believes that that security question is solvable. So the No. 1 criterion is economics and we have not seen any guarantees of any deal that will provide for one more job in the technological field in the Province of Manitoba.

\* (2025)

**Mr. Angus:** If I can just summarize and make sure I have it accurate, the economies are the costs for services and security of costs for services to the Government departments based, I guess, on the prices they are paying now, and/or the ability to escalate those costs when the user has no alternative to go anywhere else. Is that more or less accurate?

**Mr. Olfert:** Yes, that is accurate.

**Mr. Angus:** I share those concerns as a matter of interest, that I would be uncomfortable if I felt that the company would be able to, immediately upon acquiring the services of Hydro, as an example, as a preferred customer to deliver the services to Hydro, double or triple the prices to Hydro. That is one of the questions that I would like to follow up on when we talk with the Minister about the specifics of the Bill, as to what securities we have. In my address to this Bill in Hansard, I made comments about concerns of that nature, so I share those concerns.

Can I just follow up on what the impact you said you have—you said you opposed this plan because of the impact on Government. Some of them may be repetitive as to what you have just said, but are there others that differ from the economies and the impact?

**Mr. Olfert:** The impact of the dollars is a major concern that we see. Other impacts again, and I mentioned those, are that departments, if there is not agreement between them, could opt out and provide their own services. If you have 20 departments wanting \$10 million each and their own computer systems, you are looking at a fairly major bill.

**Mr. Angus:** I guess on that, Mr. Olfert, it would be up to Governments to secure some form of a guarantee of continuance of business at the same rates to give their line departments the option. So if the line department comes in and says, it is costing me \$10 million through MDS and I can do it myself for \$5 million, the line department should have that flexibility to make that choice.

On the other hand, if the department says, I want to do it in-house and it is going to cost me \$15 million, the Government in turn—Treasury Board, I suspect—could say, wait a minute, you can get this done through MDS for \$10 million, why would you want to do that? So what you are saying is that if the deal is struck it has to ensure that there is at least the same level of business at the same price so that the taxpayer indirectly is not getting gouged. Is that accurate?

**Mr. Olfert:** Well, again, it is something that is very hard to come to terms with, because in terms of a deal, if you are going to sell data services, obviously the company that is going to purchase data services is going to want a guarantee. Again, it will depend on how the deal is structured, whether they get an iron-clad guarantee from the Government, that they will then be providing those kinds of services for the departments and Crowns, or whether they will just leave it as it possibly is now with some of the Crowns where they have the right to opt out. I guess we could speculate all evening about what might happen, and that is why we have called for public hearings on this matter.

**Mr. Angus:** Again for clarification, I hear you suggesting that there is no advantage to selling this company if the individual Crowns, as an example, cannot decide to opt out, but they should not be allowed to opt out if it is going to cost us more money. So we want the protection of keeping it at the same rate, but give them the advantage of getting it done better if they can some place else. I do not want to confuse this issue, Mr. Chairman, but I think that is what Mr. Olfert is saying without the benefit of seeing the agreement.

**Mr. Olfert:** Yes, without the benefit of the agreement, I would think that those kinds of things have to be looked at very carefully.

\* (2030)

**Mr. Angus:** The question of security and confidentiality of records dealt with this afternoon, unless you want

to add anything to what your comments were this afternoon, Mr. Olfert, in light of the break that we have had, I am convinced that security can be put in place that will prevent the misuse of this information and/or checks and balances can be brought to bear, but you may disagree with me on this. It think that there is little sense in my asking you technical questions, because I think you did admit that you are not technically efficient.

**Mr. Olfert:** I guess there are just a couple of closing remarks, if you will. I think the Members of the committee—

**Mr. Angus:** Mr. Chairman, let me just interrupt Mr. Olfert. I am not, by any stretch of my imagination, finished asking questions. I do not want you to close, I just want to know if you want to add anything more to the question of security and confidentiality portions that we were discussing this afternoon.

**Mr. Olfert:** I think that area was covered fairly well, except to say that my feeling is that the general public is not aware of the kinds of information yet that Data Services stores. Every record on every Manitoban is kept in Manitoba Data Services, and just to go ahead and give the Minister of Finance (Mr. Manness) unilateral rights, without any discussion in the Legislature, without seeing the deal at all and having it up for public scrutiny. I mean, my God, we do that for environmental impact studies when we are going to build a dam or something like that in areas. We have public hearings. We go out to the public and see whether they agree with it or not.

To sell information on every Manitoban, without public hearings—the Members of this committee should certainly consider that aspect of it because I think there is potential for a major backlash if Data Services is sold without the public debate and the public input that has to be there.

**Mr. Angus:** In terms of the comparing environmental impact studies on a dam that is being built and/or having public hearings on the sale of the corporation, I do not see the analogy. I do not see the connection in the analogy. If the Government decides to build a dam, then they have the environmental impact studies to find out what control should be put on the building of that dam, of how the water should be controlled, or how the roads should be controlled, or what type of material they should have in there and what the cause and effect are so they can put controls and make sure that the dam is being built to the protection of the general public.

Are you suggesting that we have public hearings on the sale of MDS in relation to what protection can be put on the confidentiality of information? Is that more or less what I hear you saying?

**Mr. Olfert:** I think what we need is full public hearings into the question of confidentiality and the merits of selling individual information to the private sector or a private company, because our polls indicate that 85 percent of the public oppose the sale of Data Services.

**Mr. Angus:** I would like to get to questions on the poll that was conducted a little later. Again, I would just

like to confirm, Mr. Olfert, that you are not technically efficient to discuss the protection and different methods of being able to protect confidentiality of information. You are not a programmer by trade or a computer expert by trade, are you?

**Mr. Olfert:** No, I am not computer literate at all.

**Mr. Angus:** That is fair.

Mr. Chairman, I am not, in the slightest, trying to slight Mr. Olfert. There are a lot of people that have concerns about the ability of people to utilize information. That is a false fear, I suspect. I can say that because of my knowledge of utilizing the computer.

Mr. Chairman, Mr. Olfert has suggested here, and I quote: 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, the security of the confidential information.

You are laying an awful lot of trust in the fact that the agreement is important to see it. Yet there is a conundrum created in that the Government wants to dispose of the assets, which apparently is their right to do, and save this permissive legislation, which does not show the deal. They could do that, as they did with Repap. They decided to sell it. They made it a campaign issue. They went out and campaigned on it and were elected on it and decided to sell it.

There are a number of things in that deal that I did not like, a number of things that I brought to their attention.

We have a slightly different set of circumstances here, in that they have to get permissive legislation. It is a conundrum in terms of executive authority as far as I am concerned, in that how far should they go to reveal the, as of yet, unsigned opportunity before the legislation is passed, because they could, in fact, make a deal with somebody, say: This is what we have dealt; this is how we are going to do it. Then bring it to a committee without the ability to change one "i" or one "t" or one comma and yet have the committee tear it apart and put it back together. Do you want to just comment on how you deal with that in a reasonable fashion and get it done?

**Mr. Olfert:** I know how we deal with that in collective bargaining. We do not send the president of the union out to cut a deal with the employer on a agreement. We talk to our people. We have input from various people. We have meetings around the province. We get people's ideas, and then we go and negotiate an agreement. I think that can be done and safeguards could be put in place so that people had some idea of the terms of the agreement.

The other thing I would like to mention is that while the Government may have had a mandate with respect to Repap, this Government has no mandate. They did not seek the people's permission to sell Data Services. That was not one of the Government's planks when they were elected.

Based on that and based on the fact that every Manitoban has a stake in the sale, not only are they

the shareholders, because they put the money up over the years, because it is a Crown corporation, but also because of the records that are held on each of the individual Manitobans, we think there should be a public hearing on whether the public feels that sort of information belongs in the private sector or should be kept in the care and custody of the Government.

**Mr. Angus:** Mr. Chairman, can I just ask Mr. Olfert to give me a bit of information on the poll they provided me with? He alluded to it in his representation this morning. I have the feeling that I only got a section of it, Mr. Chairman. How did you come about this poll?

Maybe Mr. Olfert can make some general comments on it. Then I can ask some specific questions—like, who did it for you, how did they do it, and how many questions were asked—to give me a bit of statistical information. This is a result of the poll. I would just like some substantiation, if you like.

**Mr. Olfert:** I will attempt to get that information for you here. You just want an overview of—

**Mr. Angus:** Please.

\* (2040)

**Mr. Olfert:** Okay. Basically, there was a poll that was done. I believe, it was done by a professional polling company. There were four questions that were asked, specific to Manitoba Data Services. I believe there were 400 people in the province that were asked the four questions. There was basically a story in The Winnipeg Sun, October 2, 1989: "Keep gov't data service public: poll," which basically outlines the information that you are looking for.

One of the questions that was asked was, Manitoba Data Services stores such information as tax, health, credit records on private citizens. The Government has a responsibility to make sure that kind of information never gets into the hands of a private company, and 88.1 percent of the people polled either strongly agreed or agreed with that question.

I believe you did receive a copy of that, Mr. Angus, when we did the poll.

**Mr. Angus:** I am just looking for that. I thought I had two. When you get into the crunch, you start shuffling papers around and it is not difficult to lose these.

It seems to me, Mr. Olfert, that the questions were a little bit leading. It is not the same—here they are.

**Mr. Olfert:** Second question, the Government should not be in the computer business. I do not think that is very leading; I think that is pretty straightforward. I fully support the sale of Manitoba Data Services. Based on that question, 39 percent of the public agreed with that statement and over 50 percent disagreed with that statement.

**Mr. Angus:** What does DK or DKREF mean?

**Mr. Olfert:** I believe those are people who did not know or declined to answer.

**Mr. Angus:** There is 9.8 percent in that category, a fairly high category. I put to you that the question may have said: Can an independent computer company run a computer company more profitably, more efficiently and better than the Government? I wonder then what sort of a response you might get.

Again on the first question, MDS stores information such as tax, health and credit records on private citizens. Granted that is fair. You might also say that to people, the banks store information on loans, loan guarantees, wages, payrolls, mortgages, mortgage deductions and things of that nature. Does the use of a bank card intimidate you when you go to access their computers to get that information? Do you have any concern that other people can access that information and get it instead of you?

I put to you, Mr. Olfert, that technology is changing and the world is changing, and where I never thought that I would be happy about lining up outside in the cold to use a little plastic card to take my money out of my bank account, I am starting to appreciate the fact that it can be done. I do not have any concern that anybody else will be able to, even if they get my card, get into my account and get information. That is not a big concern of mine, because there are controls that are put in place. I put to you, sir, that these questions are somewhat leading in that they leave the impression that there might be a potential for a problem.

**Mr. Olfert:** I guess if that is your impression, that is your impression. I guess I would challenge you then to develop your own survey prior to voting for this Bill and find out what Manitobans are saying and give you the opportunity to phrase those questions in whatever way you wish.

**Mr. Angus:** Mr. Chairman, there has been quite a bit of publicity about this, and yet there is not a large number of people here expressing a high degree of concern. Not to say that we could not roust up hundreds and hundreds of people to come down here and ask specific questions about this permissive legislation. I agree with you that it is not the same as phoning people and asking their opinion as this poll does, but there is not an awful lot of people.

Mr. Chairman, it is a bit of a rhetorical question to a certain extent. I apologize for that. This is question 17 to question 20. Was this just part of a broader survey, Mr. Olfert, or are you aware?

**Mr. Olfert:** I believe it was a tag onto one of our other polls that we have had done. There were only the four questions.

**Mr. Angus:** Okay, there were only the four questions related to this. Question 20 is, if MDS were owned by private investors, they would do a better job of attracting new technology to Winnipeg, 3 percent strongly agreed, 44.8 percent agreed, so it is 47 percent and 32 percent disagreed, while 3.5 percent strongly disagreed and 16.8 really did not know. It seems to me that indicates that they would be able to do a better job of attracting private investors, which is one of your concerns in

relation to the economic spinoffs that you will not admit. Do you want to comment on that at all?

**Mr. Olfert:** I think it shows that the survey was done fairly. We put the questions out there, and we gave the people that answered the poll the opportunity to—I think the high 16.8 percent of people that did not know or did not answer is an indication of the public being unaware of this issue. I think that is one reason why we have said that there should be public hearings on this issue, to find out what the public think about who should be maintaining their health records or financial records, et cetera.

**Mr. Angus:** Mr. Chairman, in the bottom of page 3 of his submission, Mr. Olfert suggested that he had shared this information with me, and he did. I am grateful. I am not grateful about the opinion that he has come to that says I have chosen to totally ignore them. I assure you that I have them here, I have looked at them. I wish I had the resources, Mr. Chairman, that the MGEA did to do those types of surveys. Unfortunately, I am going to have even less resources now than I thought I had to do this type of survey, thanks to you.

Just on the public discussion and the public meetings that you are talking about, who should pay for those?

**Mr. Olfert:** I think that the public should pay for them. It would be no different than any other public hearings. I would assume that most of them are paid through the various departments.

**Mr. Angus:** Mr. Chairman, I could stand corrected on this, but I think the proponents pay for it. If a private company like Repap wants to do something that could possibly adversely affect the environment, they foot the bill of preparing some sort of an impact study and make that submission to the Government. They probably pay the cost, do they not? Can I just—this dude over here is supposed to know that sort of thing.

**Mr. Cummings:** If I am the dude that he is referring to, yes, a proponent would do a self-evaluation - (interjection)- well, of course, if they are doing it, but the cost of running the hearings are borne by Government.

\* (2050)

**Mr. Angus:** You are technically right too, Mr. Olfert. We are both right on that one. The Government pays the cost of running the hearings, and then the people who make submissions pay their own expenses for getting there. Okay, that is fair.

On page 5 you have suggested after you went through the Ombudsman information—and I agree with you on that. On page 5 you have suggested that there is a list of what is being sold. You have given an indication that all medical and hospital records are being sold. I really think that is a misnomer in that those specific records are certainly not being sold. What is being sold is the opportunity and/or the right to be able to process that information.

**Mr. Olfert:** I guess that is your definition of sold. My definition is that if you hand something over to somebody else, you are selling them or giving them something. I think by giving somebody else those records, you are indeed selling it and handing it over to a third party.

**Mr. Angus:** Without getting too technical, Mr. Chairman, I would just like to ask Mr. Olfert if he is aware that, for all intents and purposes, information is controlled, and you can pick any one of the Crown corporations. MPIC is a good example; MHSC is another good example; Cadham Labs is another good example, or Hydro. The information that is processed through a terminal, whether it be a smart terminal or a dumb terminal, is processed through to storage banks and protected from access by the operator.

The information is then retrieved by that operator through a code. It is simply a matter of utilizing the equipment for the storage, if you like. It is somewhat like using the telephone lines to talk to somebody. If you have confidential conversations on the telephone, you are simply using MTS' equipment to use it. What is being sold is the equipment, the hardware, the software and the technology to be able to make it work. The specific information is not being sold. Are you aware of that?

**Mr. Olfert:** Yes, I am aware of that, but the only thing is that I do not have as much confidence as the Honourable Member that if that information was to go to a private sector company, the confidentiality could be maintained.

I think we should also look at the record of the banks to see how many thefts there are of those plastic cards and numbers to see what kind of controls they have and how many people have money taken out of their accounts by fraudulent use and other means. I think that is an area that should be looked at, because I think it does occur on a daily basis.

**Mr. Angus:** A dispute over the facts, Mr. Chairman, through you to Mr. Olfert, is ironically not a dispute at all in this particular building. I found that out the hard way.

I suspect that while the technology to protect that information is there, inevitably somewhere at sometime somebody will have found a method of doing it, and that is what you are suggesting that you are concerned about.

I suggest to you, sir, that the advantages that can be gained by bargaining this away, coupled with the security that I believe can be put in place—now, that is not to say it is going to be put in place, but the security that can be put in place—is a far better risk than the possibility of someone utilizing some of the information that may be available.

Mr. Chairman, on page 6 they talk about the short- and long-term future of the employees, and we went into that a little bit earlier, the financial or economic merit. We have also gone into the confidential nature of the records involved.

I would like to talk about something I agreed to. The last one has been a very difficult one for our members at MDS and their families. Have you had representation? Have you had lots of representation? How much representation, and what type of representation have you had from the employees of MDS? What sort of concerns have they been expressing?

**Mr. Olfert:** The major concern that has been expressed to us is the jobs and the options that they may have or may not have if a deal is complete. Will they have a job working for Data Services or some corporation; what will their benefits be; what will their pensions be; will they have pensions; will they have benefits; what kind of an employer will they be facing; will they be dealing with an employer who is stationed outside of the Province of Manitoba, outside of the boundaries of this country; are they going to be negotiating in the southern United States or Asia; who is the employer going to be? Those are some of the concerns that these people are coming forward with.

**Mr. Angus:** Some of those we have talked about earlier, in terms of the protection for the employees. Do you have any way of documenting the complaints or the concerns, or do you use that sort of a system whereby—and the only example I can think of, Mr. Chairman, is inquiries to the Police Department. Every inquiry is noted and recorded so that if I wanted to know—if the police came before a Standing Committee of City Hall, as an example, and said they had had 4,768 complaints last year on a particular subject, you can bet your bottom dollar that they are reasonably accurate because they have kept accurate records. Do you keep any sort of a record of official complaints of that nature?

**Mr. Olfert:** Most of the complaints that have come forward to date are basically a verbal situation. We have not tracked them to date. They could have been done over the telephone or at some of our meetings with the employees.

**Mr. Angus:** So basically it is when you are making representation on sort of official business and/or run into some of the employees that they bring the concerns to your attention and/or when they phoned up the MGEA to say, look, I am concerned about this. Is that right?

**Mr. Olfert:** Yes, we have had a number of ongoing meetings with the employees there and have received feedback through our stewards and table officers. That is the information and the concerns they are bringing forward.

**Mr. Angus:** Mr. Chairman, Mr. Manness mentioned earlier this afternoon, in responding to your brief, about a meeting that he had with the employees of MDS. Can you just tell us about that? I was not privy to be there. Were you there?

**Mr. Olfert:** No. The union to my knowledge was not invited to attend, so I have no first-hand information as to what was said to the employees.

**Mr. Angus:** Can you tell me, Mr. Olfert, what you do know about it and how you came by the information?

**Mr. Olfert:** The information has again come through to us verbally. I do not have the specifics on what kind of information was given out at that meeting.

**Mr. Angus:** So you cannot comment on how Mr. Manness may have tried to alleviate the fears of the individual employees, because unless they were very intimidated and did not want to raise those concerns, it would seem to me that an employee who had the concerns that you addressed are legitimate concerns would be saying, hey, what about me? What about my job? What protection can I get and that sort of thing? Obviously Mr. Manness was unable to persuade those people, and through them to you, or give them any degree of comfort. Is that what you are suggesting?

**Mr. Olfert:** We have not had anybody come to us saying that—

**An Honourable Member:** I feel okay on it.

**Mr. Olfert:** That is right: we think that the Minister of Finance (Mr. Manness) can go off and with this legislation cut a deal, and we are sure that he is going to look after our well-being and our jobs. We have not had that come back to us.

**Mr. Angus:** Do you have any information as to how many people attended those meetings? Were all of the employees given an opportunity to attend, and did the majority of them attend in fact?

**Mr. Olfert:** I believe that all the employees were asked to attend, but I do not have the numbers who did attend.

**Mr. Angus:** Mr. Chairman, it is my understanding that there are two locations. There are a couple of floors on the Norquay Building and a couple of floors over in the credit union building of MDS employees. They are sort of in two sites. Is that right?

**Mr. Olfert:** That is correct.

**Mr. Angus:** Do you know, Mr. Olfert, whether or not the same opportunity was given to the people at the credit union building?

**Mr. Olfert:** I cannot say for a matter of fact that they were all invited.

**Mr. Angus:** They were all invited to come over to the Norquay Building, so you do not know whether Clayton or the Minister went over to the other building and gave them the same dog-and-pony show?

**Mr. Olfert:** No, I am not aware of that.

\* (2100)

**Mr. Angus:** Is there anybody else in the committee who would like to ask a question?

**Mr. Chairman:** I believe there is.

**Mr. Angus:** Okay, well, sure. As long as I can retain the right to come back, I do not mind relinquishing to someone.

**Mr. Chairman:** I would recognize Mr. Enns.

**Hon. Harry Enns (Minister of Natural Resources):** Mr. Olfert, I only have one particular question or issue that I want to raise with you. It comes directly from your presentation. Although I was not able to be there for your actual presentation, I did take the time to read your brief, and I listened to earlier briefs that were presented, I believe by a Mr. Bergen, before the committee on the same subject as well.

Let me preface my question with the comment that I find myself in a rather unique position that it was my privilege as Minister responsible for the Manitoba Telephone System that during my tenure was responsible for the creation of MDS as a separate Crown corporation. MDS was initially formed as a subsidiary of Manitoba Telephone System, as you will recall, Mr. Olfert, and it was the Lyon administration a decade ago, a little more, that for good reason established Manitoba Data Services as a Crown entity of its own.

The question that I have to put to you, Mr. Olfert, is to ask you to comment, and I suspect not to agree, but to understand why it is possible for myself as a Minister who was instrumental in the birth of Manitoba Data Services now finds it possible to support a Bill that will make it possible certainly for the Government to divest itself of Manitoba Data Services as a public corporation, certainly not as an entity; hopefully, just the opposite is true in terms of its future success.

Both your submission, Mr. Olfert, and that certainly of Mr. Bergen's and, I believe, Ms. Maloney's on previous sittings of this committee stress or make the point that Manitoba Data Services can certainly maintain or enhance its position in this ever-changing high tech industry. You use specifically the line: as long as the Government commits itself to the continuance of MDS' success. That word "commit" to me and to most of us translates into dollars at the time that either new technology or new investments are required to maintain MDS' position in this high tech industry.

Mr. Olfert, the problem that Governments face, and certainly not unique to this Government, is the question of allocating harder-to-find dollars to this kind of an industry when faced with the ever-present demands for same tax dollars to be used in various social programs, principally, of course, our health program. Certainly this Government, this Legislature, has seen the demands of social programs such as day care made very visible to us. We had children in the Legislature and the Minister responsible is only too well aware of it.

Indeed, the same problem is faced by the federal Government, and, as for an example, Air Canada required an infusion of half a billion dollars of new monies to upgrade its fleet. Should the monies come in competition with monies that are badly needed to maintain our health services in this country? Should they be added as another point or two in the proposed GST taxation measure? Should they indeed, if obviously it is readily available to be found in the private sector. I submit to you that Air Canada has functioned smoothly in that transition period. It has found the infusion of new capital. The airline functions well and better.



I submit to you the same situation will prevail in the proposed privatization of Petro Canada for much the same reason, because in the competition for hard-to-find tax dollars, it is understandable that Governments look to all available sources.

In Manitoba, faced with the hard economic news that we know we are facing with respect to the last federal budget, faced with our own deficit situation, with a question that MDS now or in the future, immediate or longer-term perhaps needs a \$25 million or \$30 million or \$40 million infusion of capital funds to buy into the next stage of computer technology, what assurance is there that those funds will be found in competition with the social needs of the province? Does it not make reasonably eminent good sense if indicators are there that private monies can be found to provide the same service, provide that expansion that this particular industry is so vulnerable to? Unless you stay at the leading edge, it is very easy to fall behind.

Mr. Olfert, I just at least ask you to acknowledge or to respond to this one question, that your premise for supporting the continuance of MDS as a publicly run operation hinges on the fact that Governments in the future will be there to provide the necessary capital infusions from time to time that this industry or indeed any other industry requires. Would you at least concede that MDS would not be in that position should Governments, this Government or any other Government in the future, fail to give that commitment to MDS?

Your brief specifically underlines the fact that MDS can stay in the business, can stay at the cutting edge of the business as long as the commitments by Government are made to it. I am simply suggesting to you that in the '90s, whether it is this Government or indeed any other Government, when pressed with the social needs that cry out to us, should you not be at least equally concerned that the prioritization of public monies may well not go to buying a new generation of computers rather than providing additional day care centres' space or providing the health services that are required, or any other number of social services that Governments are asked to provide?

That really is the position that I leave with you, because both in your brief and Mr. Bergen's brief, the statement was clearly made that a continuing commitment by Government to MDS was necessary to ensure its future.

**Mr. Olfert:** By commitment, that can mean a lot of things, and basically you have to look at Manitoba Data Services as it is today. It has state-of-the-art main frame computer capabilities. Those capabilities I am told, and I am not a computer expert, are good for a number of years yet. It is a well-run organization, skilled people working there. It is now operating and has reduced its price of operation, and it is competitive with the private sector.

In terms of infusion of money, it does have retained earnings, I understand. I do not know exactly the millions of dollars that it has in retained earnings, but there are millions of dollars in retained earnings, so that

infusion of money could be retained and used to provide new equipment as Data Services moves along. To make it as short as possible, I think they do have some retained earnings. It would not necessarily mean a large infusion of money from outside at any given point if they are allowed to use those retained earnings to maintain and keep updating their equipment.

\* (2110)

**Mr. Enns:** Mr. Chairman, you know I do appreciate that. It is made more difficult for you to make your presentation in lieu of the fact that you and others are not privy to all the conditions of a would-be sale. We conjecture, we indicate our bottom-line concerns, and until such time that they can be seen and assessed as having achieved those bottom lines, then it is difficult for us to carry on with this discussion.

I appreciate your role as president of the Manitoba Government Employees' Association to represent them in the most forthright manner in which you have been doing, but it is my indication, for instance, that MDS right now could use and indeed is looking for an infusion of some 15 millions of dollars for both buildings in space and new equipment. Those dollars are not available currently from the source that you have indicated from internal earnings. Those dollars, quite frankly, would have to face the prioritization of the kind that I just mentioned.

I ask Honourable Members of the committee, where should those 15 millions of dollars come from—increased taxation levels, increased debt levels, or cutting back on some other function or service of Government? Mr. Chairman, I simply at least wanted to put that case forward to Mr. Olfert, as President of the Government Employees' Association, that the sale of MDS, the proposed sale of MDS, is driven not by ideology, but by the sincere belief that both the service, the scope and the future of that corporation can in fact be enhanced with privatization. In my judgment, we will have to see whether that statement will be borne out. Thank you.

**Mr. Olfert:** Just in closing, I guess I would just sum it up by saying we agree to disagree.

**Mr. Chairman:** Are there further questions of Mr. Olfert?

**Mr. Angus:** The presentation that you have made on page 7 goes on to repeat some of the things that we have talked about and that is security of the pension program outside the public sector and the pressures from the owners to renegotiate on any number of benefits currently enjoyed by MDS. I do not know that we need to get into that again because we did discuss it earlier.

The Government has suggested that if Manitoba is to develop the kind of computer and electronic technology that we need, this sale is absolutely essential. They are suggesting that MDS has fallen behind in the industry. Do you have any comments? You alluded to the state-of-the-art computer equipment that MDS had. Is that what you are basing your arguments on in terms

of rebutting almost indirectly the fact that MDS has fallen behind the industry, that is, according to the Government? What do you base the fact that the Government thinks they have fallen behind the industry on?

**Mr. Olfert:** I do not know what their analysis shows. The indication I have from people who work there is that they do have a state-of-the-art mainframe computer and equipment that is capable of providing services for years to come. They have large capacities that are yet untapped and could provide that service for years to come.

**Mr. Angus:** So you are suggesting that the Government is inaccurate to say that MDS has fallen behind in the industry. You do not believe it is accurate.

**Mr. Olfert:** Our information is that they have not fallen behind, that they are fairly well up to date and can provide a service for some years.

**Mr. Angus:** I offer a suggestion to you, Mr. Olfert, and it is pure conjecture on my part that the mainframes that MDS uses will be totally replaced by microcomputers within the next five years. Microcomputers are more efficient, more powerful and more capable with the advent of 486 machines and large disk drives and at a very inexpensive ratio. I believe that the whole industry—if we do not sell MDS now, the longer we hold on to it, the less value it will have, because the equipment that they have now is going to become quickly outdated.

I do not expect you, through you, Mr. Chairman, to Mr. Olfert, to comment on that because he has already admitted that he is a lay person or is not computer literate and we are getting into an argument where I might have a bit of an unfair advantage to him. This is one of those things that you might agree to disagree on. I venture to suggest to you that even some of the existing equipment that they have, specifically in one of their large mainframes, is definitely overvalued in my mind. That says nothing about the individuals that work at MDS, of their ability to work on the equipment, but some of that equipment is not up to scratch and should never have been purchased in the first place, in my opinion.

**Mr. Olfert:** I have not done a total inventory of their equipment, and I take it from my sources that basically the technology that Data Services has can provide data services and capabilities to the departments for a number of years. That is why I think it is premature to even look at selling this corporation at all.

**Mr. Angus:** Mr. Chairman, I think I am through. Some of the equipment that was forced upon the people at MDS is perhaps something that would have been a legitimate complaint by these people at the appropriate time, in my opinion. There are a number of questions that I perhaps could follow through, but I have the gist; and the majority of his questions have been discussed to my satisfaction. I understand there are a couple of other presenters here this evening, and I do not want

to drag it out to put them off to another day yet, so I am through asking questions of Mr. Olfert.

Mr. Chairman, I would like to just say specifically that I very much appreciate Mr. Olfert coming, and members of his association, Michael Balagus and others, coming to meet with me on two separate occasions and doing their best to keep me informed of the concerns they have had since this information came out in the throne speech.

\* (2120)

There are a number of concerns that I share with Mr. Olfert and that I have done and am doing my best to insure that those concerns will be addressed and those things will be protected. I appreciate his straightforward efforts, even though we may have some philosophical differences on sections of his presentation, so I wish to really sincerely thank him for his participation and his representation.

**Mr. Chairman:** Mr. Olfert, a comment? Any further questions to Mr. Olfert? I would thank you, Mr. Olfert, for your presentation here this evening.

**Mr. Olfert:** Okay, thank you.

**Mr. Chairman:** Our next presenter is Mr. Ken Hildahl, appearing as a private citizen. Do you have a written presentation, Mr. Hildahl?

**Mr. Ken Hildahl (Private Citizen):** No, I do not have a written presentation. I just have a few notes.

**Mr. Chairman:** Okay, you may proceed whenever you are ready.

**Mr. Hildahl:** I would like to thank the committee for the opportunity to address you tonight. As you are no doubt aware, and I would like to come clean, I am currently director of operations for the MGEA, but I am here tonight to express my own concerns as a private citizen.

I would like to focus my concerns in three main areas. One is how the employees have been treated through this process, some of the concerns that I have, and there is some overlap, I will grant that. There is some overlap between my role as director of operations and my speaking tonight as a private citizen.

I would like to touch very briefly on the issue of confidentiality, because it is a concern. Also, I would like to touch on the issue of approving this sale without knowing what we, as citizens of Manitoba, are getting.

So we look at the issue of the treatment of the employees at Manitoba Data Services. I think that one has to be realistic, and one has to be somewhat honest with himself and acknowledge that some of the employees there are looking forward to new challenges. I think that most of the Members of the House are aware of that.

The other side of that is that there are a large number of employees at Data Services who are feeling betrayed

and virtually under attack by Members of the Legislature. There is an overwhelming sense in some of the employees whom I talked to, and I think it is totally with validation, that they are being bought and sold, that they are part of some sort of corporate game, and they are pawns in a large puzzle. That is a major concern to myself. I say to myself that surely we owe it to our employees and the citizens of the Province of Manitoba to treat them in a better fashion.

Yes, the Government has on a number of occasions kept us up to date, both from an employee's perspective and from a union perspective. It is one matter to be kept up to date and be kept informed as to, I guess, the next moves in the chess games, but the employees are still left with the uncertainty as to their future. Who are they going to be working for in six months? Are they going to be working for somebody in six months? Are they in fact going to have a job in six months? They have the uncertainty of not knowing what is going to happen to their employee benefits, benefits that they have worked hard to put into their collective agreements, long-term benefits that they have worked hard and put in a number of years at Data Services to achieve. What is happening to those benefits in the long term?

Certainly a very important question that the employees of Data Services are asking is: what happens to their pension plans? I know it has been discussed earlier here today. I do not agree, and I do not see a political will to amend The Superannuation Act to ensure that these employees, who have paid into these pension plans for a number of years and have significant time invested in those pension plans, time that they will not be able to earn with other employers—I do not buy the notion that they will somehow be looked after.

What consideration will be given to their future pension needs? Will their new employer provide a pension? If yes, what will it provide? Will it be comparable to their existing, or will it be inferior, or has that question even been considered by the Members of the Legislature?

I find it inconceivable that you as elected officials would blindly pass this legislation without ensuring that the needs of the employees are being addressed. I believe that their needs, whether it be pensions, benefits, their future employ within the Civil Service, should be addressed and addressed prior to this legislation being adopted by the House.

Just a few brief comments on this whole issue of confidentiality. I do not share the optimism of the Conservative Party or the Liberal Party that the private sector can and will forever and a day guarantee total confidentiality of my health care records, my personal financial records that may be listed at Data Services.

One only has to look at the private sector's track record on insider trading to see where my concern lies in that area. All the computer security systems in the world have not prevented significant insider trading on this continent. As a private citizen, I am appalled that we would even contemplate handing my personal health care records over to the private sector.

Other presenters have discussed this issue at length. I would like to emphasize the potential damage to an individual citizen if health care records, financial records fall into the wrong hands or are used for the wrong purposes. What would be the impact to the ability of a small-business person or farmer to get operating credit if confidential details of his operations and credit were inadvertently leaked to the public?

I cannot believe that this Legislature would even contemplate passing this legislation without asking and receiving answers to the following questions: what economic benefits can be achieved through a sale that cannot be realized by keeping MDS in the public sector with a strong commitment to its future? Unfortunately, Harry is not here to hear that word "commitment" again, but I believe there needs to be a commitment to MDS. What guarantee can the Government give the people of Manitoba that we will not be held to ransom by the private sector once the sale is completed and they have achieved a monopoly situation, both in terms of price for service or for commitment to keep in those jobs in Manitoba beyond just a two-year, three-year, five-year commitment? What budgetary controls are built into this sale that allows the Minister of Finance (Mr. Manness) to maintain control of a major cost to the citizens of this province once the sale is completed? I am talking three, five, seven years down the road.

Can we be guaranteed full value for the corporation and its assets, or are you selling it at a bargain basement price in exchange for some possible future jobs? What guarantee is there that Manitoba will be the recipient of any new technology or high tech jobs as a result of the sale, or will we simply be victimized in the same manner as we were with the CF-18 fiasco?

If this bill is passed, what input, if any, will the full Legislature or the public have in assessing or approving the deal that the Government ultimately makes?

In closing, I would strongly suggest that this Bill be defeated; failing that, amended to ensure that individual confidential data will be maintained under strict Government control and that the citizens of this province and Members of this Legislature have the opportunity to discuss and examine the deal before it is finalized.

I would like to thank the committee for their time tonight. I am prepared to entertain any questions that you may have of me.

**Mr. Chairman:** Are there any questions of Mr. Hildahl? Mr. Alcock.

**Mr. Reg Alcock (Osborne):** Thank you, Mr. Chairperson, and thank you, Mr. Hildahl. If you could enlarge on a couple of the points that you were making, I would reference some of the concerns that were raised when this issue first arose. I think there were three conditions that were laid out in support of the sale or three conditions that had to be met in order for this sale to receive some support.

One was that there be significant ongoing economic benefits for the City of Winnipeg and the Province of Manitoba; the second was that the concerns of the

staff in the facility be adequately addressed; the third, a question of confidentiality.

Could you just start for a little bit on the question of the staff and what conditions you think need to be met in order for them to feel that they are being adequately taken care of?

**Mr. Hildahl:** As I mentioned in my brief, I always get concerned when we get these assurances that the needs of the employees are going to be well served and well looked after. We are hearing the same assurances with this decentralization situation that is going on. As we talk to those members, we are finding out that is not the case, that they are not being looked after, they are not being talked to, they are not being consulted in any way, shape or form.

\* (2130)

I have the same concerns here. The employees do have a number of concerns and a number of what I consider very valid concerns. They have invested significant time in years of service to pension plans, for example. To date, nobody has told the employees how the Government intends to handle pension plans. Do they simply lose it because after two years they are ineligible for the superannuation plan? Yes, they have a chunk of money sitting in a pension plan, but 20 years from now when they start drawing on that money, and they have lost that 20 years of additional contributory time, that is a significant loss to the employee.

To this point, and I understand, one of the questions that was asked earlier in relation to the technology at Data Services, we are not simply selling technology here. I believe that a big part of this deal is the employees of the corporation. I believe, and that is why I say that the employees have a strong sense that they are being treated like cattle, that they are being bought and sold at auction. I believe that is the most important element of the sale if you will. I believe that the Government would agree with that, that the employees and their knowledge is the key to this deal.

I have not seen or received any assurances to date, nor do I think the employees have received any assurances to date that if they want to remain as Government employees working for the Province of Manitoba that those wishes will be granted, I guess for lack of a better term at this point. There is a lot of uncertainty there. We do not know where those employees are going to be.

**Mr. Alcock:** Help me with this. Are you saying that the employees here have not been offered any sort of package, any understanding of what would happen with them should the corporation be sold?

**Mr. Hildahl:** To this point I am not aware of any guarantees or assurances that have been made to the employees that they will have an option to remain as members of the Manitoba Civil Service.

**Mr. Alcock:** You referenced the concerns that have been raised with the decentralization and the way staff

have been treated throughout the decentralization. There staff were offered a set of alternatives or a set of assurances prior to being told of the decision to move them to any particular location. Are you saying that staff at MDS have not even been offered that level of assurance?

**Mr. Hildahl:** No, on both questions actually. The employees at Data Services, again to my knowledge, and I have had some recent conversations, have not been offered the guarantee of alternative employment. Yes, we have had situations in the past where boards, agencies, departments have shut down, moved programs where employees have been offered or guaranteed the alternative to remain as Government employees and maintain their Civil Service benefits.

I am not talking just, offer a job. We have to talk comparable positions when we talk job guarantees. Getting on to decentralization, and I do not want to digress too much, but I do not want to leave the impression with this committee that 670 or 700 Government employees have been offered alternative employment, because I can assure you that the 60 or 70 that I have talked to in the last several days have not been offered that guarantee. They are being treated in the same fashion as the employees of Data Services, and two wrongs do not make a right in my estimation.

**Mr. Alcock:** There has been public discussion of the potential sale of MDS for some eight months, a year? Do you mean to say that for that entire time the employees have been living knowing that the corporation could be sold without any kind of assurances about their future beyond the point of sale?

**Mr. Hildahl:** Yes.

**Mr. Alcock:** I find that rather incredible, frankly, that any Government would leave people sitting in that condition for any length of time. Could you identify for me the kinds of things that you think should be contained within a package for the staff?

**Mr. Hildahl:** I am always somewhat hesitant to answer those types of questions for a number of reasons; one is my position very clearly. I have a number of concerns, the employees being a big part of that. I always have a concern when we treat employees as something less than human beings. When I reference this situation, when I referenced decentralization, we are doing the same thing. We are treating people like commodities. They are pawns in a much bigger political game if you will. Let us take 600 people, transfer them to other parts of the province. Rural development, I do not have a problem with that. It is the processes that we use sometimes to get there.

I do have a problem just getting into how do we resolve this by resolving the employees' needs, but it is an area that has to be addressed. If we are not successful in convincing the Legislature that this legislation is bad legislation and should not pass, it is an area that we are going to have to address. Obviously we would want to see the pension issue addressed. Obviously we would want to see the employees given

a very clear guarantee that if they wish to exercise the option to remain in a Government position in a comparable position with a comparable salary, and when I say comparable, at least equal to what they are currently receiving, those are the types of issues that we would like to see addressed for the employees. Obviously our position would very much be that we would be part of that process and involved in those discussions.

**Mr. Alcock:** There have been different suggestions made about how the confidentiality of records may be maintained or some of the concerns about confidentiality. Have any of those concepts been shared with you or shared with the employees of the firm?

**Mr. Hildahl:** We have had some discussions with both the Liberal Party and with the Conservative Party on various options. As I mentioned in my brief, I am not as optimistic that the private sector by simply putting a regulation or a clause or a stipulation in a sale agreement that they have to guarantee the safety and the security of your health care records, of my health care records, of the farming community's credit applications. I do not think that they can guarantee it, and they will guarantee it. They want to buy this company. There is no question. They will give you a guarantee.

What happens the first time information does get leaked? We can fine them; we can send them off to jail. It is against the law to commit theft in this country; it is against the law to murder in this country; and we have penalties. It still happens. I believe that information will still at some point leak out.

**Mr. Alcock:** You have raised these concerns for some time. Has not the Government come forward and shared some of the possible solutions to that with you?

**Mr. Hildahl:** We have had discussions with the Government, but no, they have not shared—I guess one of the concerns I have as a citizen, and in my role as director of operations of the union, is that we do not know what is being discussed as part of that proposed sale. I think that is a concern to the employees. It is a concern to me as a private citizen, and it is a concern to us at the MGEA. I would like to know what is being discussed in the way of security.

**Mr. Angus:** Mr. Chairman, what does the director of operations do for the MGEA?

**Mr. Hildahl:** A loaded question, if there are members in the room, I do not want to answer. Basically, my role with the association is to co-ordinate. Staff activities would be considered the senior staff position, co-ordinate the activities of the union at a staff level, and there is the political level of the organization.

**Mr. Angus:** Do you have anything to do with the accounting procedures or specifically the payroll? You were here when I asked the questions earlier about farming the payroll out. Is that your responsibility?

**Mr. Hildahl:** In my present capacity that I took over eight months ago, yes, it would be.

\* (2140)

**Mr. Angus:** You really were not part of the decision to use an outside solely-for-profit service bureau to process the payroll records?

**Mr. Hildahl:** In my former position I would have been part of that decision process, and to elaborate I guess on Peter's comments, I would echo his comments. Our payroll, like Government payrolls, is not a secret document.

We did not have the concerns relative to our payroll as far as confidentiality because it is a public document. It is available on request to 25,000 of our members. From there, once 25,000 people know, it is not going to be a secret. We did not have the concerns relative to the confidentiality of that information. I will tell you that there are financial transactions within the union that we would not commit to outside resources for that reason.

**Mr. Angus:** It baits the question, Mr. Chairman, that even though a public document some place will show that employee X earned \$40,000 a year it does not certainly show how many deductions he has for specific things of that nature or various bits of information that individuals might consider private, personal and confidential. I ask you if during that tenure you had any experience of any breakdown of information or any reason at all to suspect that confidentiality was not being maintained.

**Mr. Hildahl:** It is a tough one to answer without being glib. We did not read anything in the Free Press, so one can only assume that there were not major leaks. That does not suggest or prove that information is not somewhere out there relative to our payroll.

Again, I would like to put it back into context. There is nothing on those pay stubs or on those pay cheques that is confidential to that point. I donate to the United Way. Well, people cannot use that against me. I pay X number of dollars in income tax.

**Mr. Angus:** Mr. Chairman, I essentially agree that there is private information as to how much money you put into bonds, or how much money you are putting into savings accounts or things of that nature, but it is not a horrendous crime. If people do find out about it, it is not that big a deal except it does breach the confidentiality. I would suggest that you as an employer would not appreciate that information being shared publicly and so there must be some degree of confidence from an employer for that type of a service that can be offered that confidentiality can be protected to a certain extent.

I will leave it at the fact that we can agree to disagree, and I know that you moved it in-house for a number of different reasons and that is reasonable.

Mr. Chairman, I would like to just ask another couple of questions and then I will turn it over to the third party, who have been indicating that they want to ask some questions too.

I was led to believe that the Government had a meeting with the people in the Norquay Building. As

a matter of fact, Mr. Olfert confirmed that. Do you want to talk about that portion of it, because it seems to me that one of the reasons they had the meeting was to allay some of the fears of uncertainty that some of the employees had? Now, Mr. Olfert said that he did not attend those meetings, that he got the information as to what went on by a second hand. Can you maybe tell me a bit more about what went on at those meetings?

**Mr. Hildahl:** I was not in attendance at the meeting at the Norquay Building, but I have met with the employees on numerous occasions, or representatives of the employees, as the case may be. Those meetings did take place, and I alluded to that in my brief that the Government did share information with both the union and the employees. I would not suggest otherwise.

Part of that—and yes, it is to try and reassure employees and to give employees assurances that they will be treated fairly. It is one thing for me to sit here and say to the committee, well, I am going to treat you fairly. It is another thing to sit here in the committee and tell you how you are going to be treated fairly, what processes are going to be put in place to ensure that your pension plan is guaranteed, put in place procedures to guarantee that you have a job with Government if you so choose.

Thirdly, I guess the whole uncertainty of who the potential buyer is. I understand that is not a problem that the Government could address at the time. Certainly some of the employment concerns—I think there could be guarantees that would reduce the anxiety levels of some of the employees.

**Mr. Harry Harapiak (The Pas):** Mr. Chairman, just a few minutes ago Mr. Enns raised the question of the possibility of needing a fairly heavy capital investment for modernization or upgrading. He seemed to indicate that because of the shortage of money that there would be a need to compete with the social programs. I would think that a modern company like MDS would have been doing upgrading every year as the need arose. Do you know if there is a need for a heavy capital investment in the immediate time frame?

**Mr. Hildahl:** I am not, as Peter, a computer expert. I will give you an example. I am looking after the computer system in our office. It is a system that we put in two and a half, three years ago. It is out of date now, and we are looking at replacing that.

My sense is that in today's world technology is changing at an incredibly rapid pace, and that we are going to be faced with the dilemma in all of our operations. Whether it be MDS, whether it be here at the Legislature, whether it be at the MGEA offices, we are going to have to address changing technology. I do not think it is conceivable that any operation can keep up with every change of technology. The technology is changing on a daily basis.

I will say this, I do not buy the argument that it is competing with tax dollars that could go to social programs, go to day care spaces. Those are programs that deserve Government support. Here it is not a case

of MDS coming to Government cap in hand. Yes, there will be some investment. I think that is reasonable to improve technology as we go. MDS is a profit-making corporation. They have retained earnings. Let us take some of that money and reinvest it in the future of MDS and in the future of Manitobans. I see nothing wrong with that; I do not see a conflict; I do not see that taking away from the social needs of the province. If anything, it is safeguarding some of those social programs in the future because we have a corporation here that is making money, it is producing revenue, generating revenue on behalf of Manitobans.

**Mr. Harapiak:** Mr. Hildahl, the Government seems to feel that we are on the verge of rapid expansion in the whole field of computers. Do you feel that they have the right personnel in place with MDS so that they could take advantage of this as a Crown corporation?

**Mr. Hildahl:** Certainly I cannot speak for every employee there, but I have every confidence that corporation has the employees, the staff, the know-how, the expertise, to deal with all of the changing technology. Some of these people are acknowledged leaders in their field.

As I said earlier, I do not think that the technology, and as valuable as the client lists and the guarantees of Government business are to this new corporate buyer, whoever ultimately wins the contract, I think the No. 1, the basis for that sale, is the employees and the expertise and the abilities that they have. So, yes, I have every confidence that the employees are very well trained and are acknowledged leaders in their field.

**Mr. Harapiak:** Mr. Hildahl, last week we were given some information that we as Manitoba would, through MDS, have a much more efficient system when you compare it to Saskatchewan, which is comparable in size, in population, to Manitoba, but it was costing Saskatchewan much more to keep the same data base as what we have here in the Province of Manitoba. Would you care to comment on that?

**Mr. Hildahl:** I do not have the precise figures. I do not want to get into a debate on a subject where I do not have the background, but I have heard those comparisons. I mentioned in my brief that one of the concerns I have is that we will have a bidder come in. Yes, I am sure there will be guarantees of x number of years of service or business from the Government and in exchange the service will be provided at x number of dollars, but that agreement will not go forever, that at some point that deal is going to have to be renegotiated.

At that point, whether it is three years from now, five years from now, we have created a monopoly situation here in the Province of Manitoba. We are then totally at the mercy of that—I know John does not agree with me, but I firmly believe that we are going to be at the mercy of that corporation. We have seen it time and time and time again.

\* (2150)

**Mr. Leonard Evans:** Mr. Chairman, I appreciate the representation made by Mr. Hildahl. I agree with his

position. As he knows, our Party is very concerned about the mistake that is being made here. We think it is not in the public interest to sell MDS. We agree with you that it is doing an excellent job and is a credit to the people of Manitoba.

I would like to ask you some specific questions regarding problems that I see in some aspects of this deal that I have some questions about. The Minister has made the case that the reason he wants to sell MDS is to attract more jobs, to have more jobs in Manitoba. If it were privatized, there is some assumption that there will be an expansion of the business, and, therefore, there would be more jobs.

I assume it has not been well spelled out by the Minister, but I assume the basis of that expansion is that a privatized MDS will sell its services outside of Manitoba to the rest of Canada or the United States or wherever in the world. My question to Mr. Hildahl is: From your knowledge of the organization, the staff and so on, and the quality of service now provided, could not a publicly owned MDS not expand its operations by going out aggressively selling its services to elsewhere in Canada, to the United States, to the world, if it were given the mandate, if it were given the mandate to do so?

**Mr. Hildahl:** Yes, and again I touched on it in my brief. I think there is an expanded role for MDS certainly within the Province of Manitoba. We have to take a look at where we want to go with that service. It provides a very financially sound service to Government departments presently.

Again, without being an acknowledged leader and expert in the field, I think that the opportunity is out there. I think that those jobs can be created in Manitoba. Yes, there has to be a political will. Yes, there has to be a financial investment, but if we put the time and the resources into it, I think that we can create the same type of corporation, generate those profits, the same profits. If there is a private-sector company coming in here they are doing it for one reason. They want to make money. I would suggest that we do it in-house and use those profits to enhance our day care programs, to enhance our social programs. Yes, we have the people, we have the skills. We just need the political will and, yes, some money.

**Mr. Leonard Evans:** I see utilities, for example, the Bell Telephone, electric utilities in Canada, in the United States and so on, in advanced countries going out to the Third World selling their services or wherever, selling their services, selling their expertise. I am not talking about investment and equipment or anything, but selling the expertise. So this was my line of thinking.

Why could not a publicly owned MDS not sell its expertise, given the mandate by a Government seat, go out and into the market? There is no risk in selling expertise or offering expertise as opposed to investing dollars, so what you are saying is you believe that a publicly owned MDS could do that as well.

Another area of concern, Mr. Chairman—

**Mr. Chairman:** I will recognize Mr. Angus.

**Mr. Angus:** Thank you, Mr. Chairman. Mr. Hildahl, perhaps you are aware that MHO tried to do that. Are you familiar with or aware that MHO tried to take that expertise to other parts of the country and aware of the expertise or the circumstances of what happened with that attempt?

**Mr. Hildahl:** No, I am not aware of their attempt at marketing. I think one would have to take a look and put it into context. Before being able to comment, I would want to take a look at their plan. Did they have the expertise, the acknowledged expertise, some leaders in the field that MDS does? I am very confident that MDS has the skills and the staff to be able to do it.

**Mr. Angus:** Mr. Chairman, I do not dispute the expertise of the staff of MDS. As a matter of fact, that is one of the things that is being sold, and that is why I think that we can get such a golden opportunity in selling this, because unlike sort of treating them like cattle I think we have a really excellent commodity which will be a really first-class opportunity for them to be on the leading edge of technology.

MHO had apparently one of the best hospital systems available, and they attempted to take it out to other portions of the country and market it. It did not work out very well. At that time they were considered to be on the leading edge of that technology. It just, for some reason or other, did not work. I am like you. I do not know why it did not work. I do not think they had the horses or the capabilities of marketing it in sort of the free world.

**Mr. Hildahl:** They may not have had the people. I firmly believe that the marketing people at MDS, the technical staff there have the ability to do it.

**Mr. Angus:** Thank you, Mr. Chairman. I just wanted to know if he had any experience in that.

**Mr. Leonard Evans:** Mr. Chairman, another concern that I have is with regard to the fact that we are going to be selling this to one company that will have a monopoly. It will be guaranteed by the Government of Manitoba a rate of return that will be tantamount to guaranteeing profit like any private monopoly. I am very concerned about that, because I think it allows for a situation where the taxpayers of Manitoba could be ripped off by excessive rates.

Perhaps Mr. Hildahl is aware of the fact, and I will ask you this question, you can confirm it, that MDS itself as a publicly owned operation has successfully reduced rates for 10 years in a row, the rates to its customers. In other words, through improved technology, improved efficiencies, they have been able to reduce the rates to the Government departments and agencies and any other customers. It is a reflection of the efficiency of that organization and of the new technology.

My concern is, and I would like you to comment on this or give me your view on this, how can we guarantee or how can we prevent a rip-off by a privately owned

monopoly in this utility field, in this computer utility field? You can have a contract, I suppose, but how do you really know that even though the rates may be the same or they may come down a wee bit because of improved technology, whether they have come down enough? How do we really know that we are not getting rooked by a privately owned utility monopoly.

I say that because there is a lot of literature in the United States in particular where privately owned monopolies, particularly utilities, even though they are regulated by Government, do have guaranteed profits and have proven to be less beneficial to the public than a publicly owned utility.

I would like to ask Mr. Hildahl this question, if he could comment on the problem as I see it, of a potential rip-off of the taxpayers of Manitoba by private monopoly.

**Mr. Hildahl:** I think the only way we can guarantee that the taxpayers do not get ripped off is not to sell it. I would like to agree with your comment. The employees at MDS have provided a very valuable service to the Government of Manitoba for a number of years now and yes, they have a tremendous track record for reducing their costs on an annual, yearly basis. That is one hell of an accomplishment, and it is an accomplishment that the employees should be congratulated for.

As to your remarks about a guaranteed level of return in the agreement, we share that concern, but at this point it is purely speculation, because there is not a

person in this province outside of the Tory Caucus that has seen the proposed deal. I cannot speculate on what the guaranteed rate of return is. I would assume that there is a negotiated guaranteed rate of return or there is a negotiated guaranteed level of business from the Government of Manitoba. I do not know that. I am suggesting in my brief, before we pass this legislation, there are people in this province that have the ability to get those answers before the legislation is passed and that is you people.

**Mr. Chairman:** I am interrupting the proceedings at this time. We have some technical things we have to deal with here, but I notice it is approaching ten o'clock. What is the will of the committee?

**Hon. Clayton Manness (Minister of Finance):** Mr. Chairman, I would ask Members of the committee whether they would not be willing to hear a final presentation.- (interjection)- I was not wanting to stay until two o'clock in the morning, but I did not think—I would appeal to Members of the committee that we maybe go for another hour if that is necessary to hear Mr. McDonald.

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

**An Honourable Member:** Committee rise.

**Mr. Chairman:** Committee rise.

**COMMITTEE ROSE AT:** 10 p.m.