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MTS - Privatization 10-years On

A dozen years ago Manitoba Conservative Party Premier Gary Filmon, campaigning for re-election, told reporters that his government had no plans to privatize the Manitoba Telephone System, a 90 year-old Crown corporation. A year later, in the face of widespread public opposition, he rammed legislation authorizing the sale through the provincial legislature. At the start of 1997 a new corporate entity, Manitoba Telecom Services came into being. After ten years in operation it is worthwhile to attempt to determine who won and who lost as a result of privatization.

As a Crown corporation, MTS belonged to the people of Manitoba—their investments had created it and if it were sold they should have received the best possible price. According to the Canadian Radio Television-Telecommunication Commission (CRTC) the Filmon government sold MTS at less than its market value. Most of those well-off Manitobans who bought the undervalued stocks, flipped them for a quick profit. As early as 1998 investment dealers were estimating that Manitobans owned less than 20 per cent of MTS stock.

Oddly enough the government did not undervalue the people whom it had appointed to MTS management and directors when it privatized the company. They received dramatic pay raises and generous stock options.

As a Crown corporation, MTS's mandate was to provide all Manitobans with affordable, accessible service. Money that a privately owned corporation would have shipped out of province remained in Manitoba. As a private corporation, MTS has been driven by a mandate to cut costs and increase returns to out-of-province investors.

Even though the Filmon government stated privatization would not lead to rate increases, the privatized MTS aggressively sought rate increases. Basic service in Winnipeg, $17.55 a month in 1997, is now $24.10, an increase of 37 per cent for a period when the cost of living only rose by 23 per cent.

According to the three unions at MTS, employment levels and service have been dramatically affected by privatization. Some change was inevitable: there is no denying that changes in technology do make it possible to provide some services with fewer people. Whether it was a private or public corporation it is likely that MTS would have branched out into wireless telephone, television, and internet services.

The extent of job loss at MTS has been dramatic, and it is partially masked by the expansion of some new services. The Communications Energy and Paperworkers Union has seen its numbers go from 1750 members in 1996 to 1000. The International Brotherhood of Electrical Workers has gone from 1,200 to 700, while the Telecommunications Employees Association of Manitoba has gone from 1,100 to 1,000. In many cases full-time work has been converted to part-time, in others, full-time employees have been told that they are expected to work unpaid overtime and contractors have been hired to do regular full-time work in many cases at higher overall

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cost. Some services have been contracted out to out-of-province providers: there are no 411 operators in Manitoba and the White and Yellow Pages are now owned by a company based in Quebec with the loss of another 70 Manitoba jobs.

During its Crown corporation days, MTS maintained jobs and offices located throughout the province. As one sales representative explained, in those days the company was expected to be close to its customers. Today most of those rural offices are all but empty, with the employees given the choice of either relocating to Winnipeg or Brandon or losing their jobs. Northern Manitoba First Nations have spent much of the last decade pursuing MTS at the CRTC in search of improved services to remote communities.

Discussions with representatives from the company's three unions and their members, all raise the same issue: a major change in the culture of the corporation that amounts to a move away from a Crown corporation commitment to, staff, craft and, service. As one employee said, "We are not servicing the customers who made us what we are and that is a shame." Another union member said, the company attitude about poor service is "the customer will get used to it." There are now special plans that MTS staff are instructed to offer only to members of the general public who specifically ask about them. Increasingly, installation is being contracted out to private companies: the unions have raised concerns that the company's inability to monitor this work will encourage installers to cut corners resulting in long-term impacts on the quality of the service. The company has contracted out the operation of its phone centres. As a result, most of the people working in the centres are part-time, low-wage retail clerks who often change jobs before they develop a strong sense of MTS's services.

In the 1980s the stress and pace of work for MTS telephone operators led to a major crisis as many operators walked off the job. An outside review of the workplace concluded that the problem was the "automated, repetitive, routine, closely measured" nature of the work. After some initial resistance, MTS management worked with the union to get rid of much of the electronic monitoring of workers, allowed workers more input into shift scheduling, and encouraged workers to use their knowledge of the system to provide greater service to customers rather than limiting what they could do.

Privatization spelled the end to most of those improvements. All three unions report ongoing issues with stress—in many cases because staff members are disturbed by the fact that they can no longer provide the same level of service that they once did. Technical staff worry about the lack of maintenance, sales staff are upset that small businesses and residential customers cannot get the personal service they once did. TEAM has a complaint before the Canadian Human Rights Commission that the company has targeted sick workers for dismissal.

Prior to the privatization, MTS employees participated in the provincial government pension plan. Under the privatization plan, the government plan was supposed to be replaced with a plan of equal value. However, according to a lawsuit that the unions and retirees have launched, the new plan has, over the past 10-years, withheld $100-million that could have been used to provide the sorts of improvements that have been made to the provincial government pension plan since MTS's privatization.

At the time of the privatization, the Manitoba government argued that MTS could not compete as a Crown corporation in the rapidly evolving world of global telecommunications. However, just next door in Saskatchewan, SaskTel, another Crown corporation, has been able to provide the same services that MTS does at competitive prices. It employs nearly 4,000 people in over 50 Saskatchewan communities. Relations between the Crown corporation and its employees are not necessarily all love, trust, and pixie dust, but the company remains rooted in the community, maintains a high level of employment, and any surplus is invested back into the community.

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