



Fifth Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

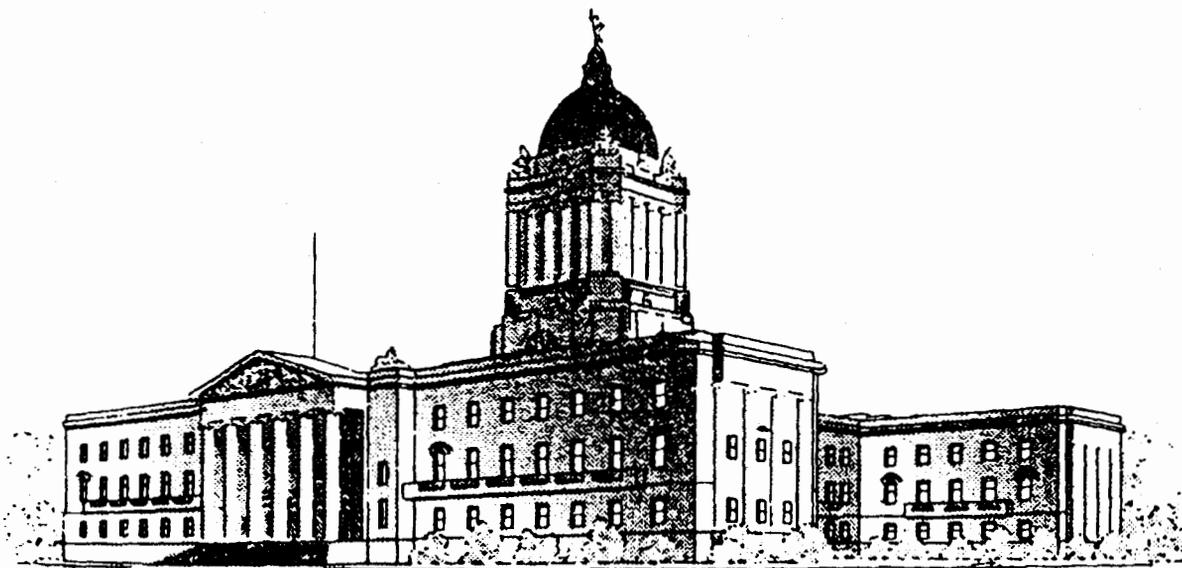
on

Public Utilities

and

Natural Resources

Chairperson
Mr. Peter Dyck
Constituency of Pembina



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

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

LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Tuesday, June 15, 1999

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Peter Dyck
(Pembina)**

**VICE-CHAIRPERSON – Mr. Jack Penner
(Emerson)**

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Mrs. McIntosh

Messrs. Ashton, Dewar, Dyck, Mrs.
Driedger, Messrs. Fauschou, Helwer,
Maloway, McAlpine, Penner

Substitutions:

Mr. Laurendeau for Mrs. Driedger

APPEARING:

Mr. Gary Kowalski, MLA for The Maples

WITNESSES:

Mr. Jack Zacharias, President and Chief
Executive Officer, Manitoba Public
Insurance Corporation

MATTERS UNDER DISCUSSION:

February 28, 1999, Annual Report of the
Manitoba Public Insurance Corporation

* * *

Mr. Chairperson (Peter Dyck): Good morning. Will the Standing Committee on Public Utilities and Natural Resources please come to order.

This morning the first item on the agenda is the election of a Vice-Chairperson. Are there any nominations?

Mr. Edward Helwer (Gimli): I would like to nominate Mr. Penner, the MLA for Emerson.

Mr. Chairperson: Are there any other nominations? Seeing none, agreed that Mr. Penner act as Vice-Chair.

Some Honourable Members: Agreed.

Mr. Chairperson: It is agreed. Thank you very much.

Mr. Helwer: With leave, I would like to make a committee change if possible.

Mr. Chairperson: Is there leave to make a committee change? [agreed]

Committee Substitution

Mr. Helwer: I move, with leave of the committee, that the honourable member for St. Norbert (Mr. Laurendeau) replace the honourable member for Charleswood (Mrs. Driedger) as a member of the Standing Committee on PUNR effective today, June 15, with the understanding that the same substitution will also be moved in the House to be properly recorded in the official records of the House.

Mr. Chairperson: Is there leave that Mr. Laurendeau will substitute for Mrs. Driedger?

Some Honourable Members: Leave.

Mr. Chairperson: Leave has been granted. Thank you. Are there any other substitutions that need to be made? If not, we shall proceed.

This morning the committee will be considering the February 28, 1999, Annual Report of the Manitoba Public Insurance Corporation. Did the committee wish to indicate how long it wishes to sit today or shall we revisit

the issue at noon? What is the wish of the committee?

Mr. Vice-Chairperson: Mr. Chairman, why do we not proceed with the discussions and deliberations until twelve o'clock and then make an assessment as to where we are at and make a decision at that time as to what—

An Honourable Member: Cannot do that, we have a meeting.

Mr. Vice-Chairperson: Cannot do that. I would propose then that the committee rise at 12.

Mr. Chairperson: Thank you. So it has been suggested that committee rise at 12 noon. Is it agreed? [agreed]

Did the minister responsible have an opening statement, and would she introduce the officials in attendance from the Manitoba Public Insurance Corporation?

Hon. Linda McIntosh (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Mr. Chairman. Good morning everyone. I have joining me today, Mr. Bernie Thiessen, chairman of the Board for Manitoba Public Insurance; and a number of corporate officials including Jack Zacharias, president and chief executive officer, Barry Galenzoski, vice president, Finance; Marilyn McLaren, vice president, Insurance Operations; Wilf Bedard, vice president, Claims; Kevin McCulloch, general counsel and corporate secretary; and John Douglas, vice president, Public Affairs; and Mel Stadnyk, manager, Financial Services.

These are amongst the many people who keep MPI running so smoothly and so well and who will be here to provide information on their activities. I do have some remarks, Mr. Chairman, that I would like to have put on the record because we are very proud of the work that has been done in the last 12 months and indeed over the last many years. I am pleased to be here today to present for your approval the Annual Report of the Manitoba Public Insurance for the 12 months ending February 28, 1999. This report indicates a year of considerable

success in achieving financial stability and making strong progress towards MPI's objectives in customer service.

MPI's corporate strength reflecting stability and service is also echoed in the many achievements of its staff. They have very ably faced the challenge of change as MPI took on major tasks, and they took on major corporation-wide projects, implemented new programs to improve customer service, efficiency in cost-control measures, and I wish to commend their efforts. I have been very impressed with the calibre of people.

I would like to mention just a few of the highlights of the 1998 fiscal year, Mr. Chairman. MPI's total corporate net income was \$38.3 million. The retained earnings rose to \$76 million; the corporate revenue rose by \$35.4 million to \$509.2 million. Cash and investments increased to \$958.9 million compared with \$872.8 million for the previous year. The basic rate stabilization reserve increased to \$64.4 million. This reserve protects customers from sudden and dramatic premium increases resulting from unseen events such as periods of severe weather, for example. This means that MPI has built the reserve to a position of stability, and in fact this reserve fund is on target to rise above \$90 million in the current fiscal year. The most significant impact of these results on Manitobans is that over 50 percent of policyholders received a decreased premium in 1999. In its application to the PUB, the Public Utilities Board, MPI requested no premium increase in 1999.

This year MPI has proposed a 4 percent premium reduction for the fiscal year 2000. If the PUB approves this application, nearly two of every three Manitoba passenger vehicle owners will pay less after March 2000. As a public insurer, MPI's greatest flexibility in maintaining excellent customer service is not in increasing revenues but in controlling and reducing costs. In 1998, the corporation continued using a variety of cost-control measures, including using recycled and after-market parts, an extensive salvage sales program, and funding prevention and recovery initiatives such as the Winnipeg Police auto theft unit. MPI's use in vehicle repairs of recycled parts, which cost about half

the price of new parts, rose to over 12 percent and saved \$6.1 million. Using after-market parts is another important strategy which reduced repair bills by \$5.8 million and their use, Mr. Chairman, of recycled and after-market parts is strictly monitored to ensure quality is never sacrificed to achieve savings.

The corporation also has an active program to sell vehicles written off in accidents through public auctions through which MPI recouped \$12.6 million in 1998. Preventing losses by reducing stolen vehicles is also important, and MPI contributes \$500,000 each year to help fund a stolen auto unit with the Winnipeg Police Service. Last year in 1998, auto thefts in Winnipeg declined by over 10 percent, representing savings of \$2.6 million, and that is a trend we are seeing continuing.

MPI also funded a special Crown prosecutor dedicated to the corporation's fraud cases. That prosecutor in 1998 handled over 40 cases in which guilty pleas or convictions were recorded. These cases resulted in \$58,280 in fines and \$121,647 in restitution orders. Finally, in 1998, MPI introduced a TIPS line to encourage Manitobans to help us identify people who are increasing auto rates by making fraudulent claims. That call has proven to be very useful. It has translated into more than 200 investigations that have saved premium payers more than \$50,000.

The corporation implemented no less than seven major technology projects on time and under budget in 1998 and work continues on two, the new claims processing system, or CARS, as it is called, and ongoing preparations for Y2K. Overall, more than 20 percent of corporation staff have been seconded to projects. They have done a very good job, and we give them praise and recognition for that.

* (1010)

A few words about preparing for the year 2000. MPI has been very proactive in its approach to ensuring all computer systems are compliant with the change to 2000. It took the first steps in 1996 and will continue until we reach the year 2000. Meanwhile, the desktop strategy replaced or upgraded 750 PCs across the

corporation with Windows 95 and Microsoft Office 97. The largest information technology project is the corporation's new claims handling system, again, known as the claims adjustment and reporting system, or CARS, and that will be up and running throughout MPI in July of this year, coming up very soon.

The 1998 fiscal year opened with a submission of the PIPP review commission report in March 1998 and closed with the announcement of several major enhancements to the program in response to the recommendations of the commissioner, Mr. Sam Uskiw.

Mr. Chairman, you will recall that MPI's Personal Injury Protection plan was introduced in 1994 designed to ensure that all Manitobans who are involved in vehicle accidents are entitled to be compensated for lost wages and medical and related treatment, regardless of who was responsible for the accident. At that time, our government promised to review the plan after three years to ensure it met the needs of Manitobans. We did this in 1997 with Sam Uskiw's report and 54 recommendations for improving the program.

The government accepted or took under consideration immediately 49 of these recommendations. Indeed, many of Mr. Uskiw's recommendations had already begun development by MPI. In March of this year, MPI announced the following significant enhancements. The limit for funeral arrangements was increased, and the cost for grief counselling for fatality victim families is now reimbursed. Eligible victims receiving income replacement benefits would receive retirement benefits at age 65. We believe PIPP has been and continues to be a great success for MPI and for Manitobans. We point for support to Mr. Uskiw's report, which stated that PIPP was doing what it was supposed to do.

In terms of the CARS, MPI's comprehensive new claims handling system, it is fundamentally about providing better customer service. By storing all customer's claims information on-line, CARS does more than streamline and simplify the claims process. It also provides a platform for further enhancements and new customer services as they are introduced in the future. By

giving staff the tools to do their jobs quickly and effectively, MPI can serve its customers better.

MPI also has customer service representatives who act as ambassadors for MPI at each claims centre, guiding customers through the processes. Formal agreements with car rental companies: now customers who need a vehicle while theirs is being repaired following an accident can pick one up quickly and easily and have the bill go directly to MPI. Similarly, commercial customers can now save time because of a program that tows commercial vehicles directly to a repair shop for estimating rather than to a compound. While MPI customers may still use the repair shop of their choice, a partnership with ICAR, an international body that sets auto repair standards, allows MPI to help customers make informed choices by certifying these operations. Finally, we have been able to turn the average turnaround time for providing estimates to three days from five within 14 months.

Surveys done by MPI on a regular basis have indicated that nine out of 10 customers are satisfied with staff courtesy and professionalism. In fact, a March 1999 survey reported that 98.3 percent of claims centre visitors were generally satisfied. MPI will continue with this type of customer feedback.

Perhaps MPI's most proactive and high profile customer service program is road safety. RoadWise is a strategy that employs education, prevention and enforcement to promote safety at every stage of life. It may be a program to help new parents install child car seats properly, or driver education in high schools, or TV ads to combat drinking and driving, or special initiatives to reduce speeding or warn Manitobans about driving when you are overtired. The aim is to prevent accidents and encourage people to improve their driving habits. We have directed money to high school drivers, to road safety programs, to initiatives such as drinking and driving, seat belt use and speeding.

In addition to powerful drinking-and-driving awareness campaigns on TV, radio and billboards, which we do because drunk drivers still cause four out of every 10 motor vehicle

deaths in Manitoba, we also support community-based programs such as MADD, Operation Red Nose, Teens Against Drunk Driving, Safe Grad, designated drivers, service intervention, and others that are familiar to Manitobans.

We are also conscious of speeding as a killer, and dedicate services to catch and educate drivers who speed. Again, we have many initiatives in this regard. We are raising awareness as well about seat belt use, and we are co-sponsor of the Click In To Win Contest, again, an encouragement for people to exercise good safety habits when driving. There are many initiatives that can be outlined. I will not go through all of them in the interests of time, but I am pleased and proud to see MPI being proactive in terms of educating, awareness building in terms of safety and prevention on our roads, the prevention of accidents.

Road watch is one such project that has a green light to continue, which is a partnership with police forces, and again, partnering is a large part of what we do as we seek to keep the road safe for people and control costs.

Auto theft is another great concern. We have a partnership formed in 1998 with the Winnipeg Police Service in funding its auto theft unit, and that has expanded very naturally this spring to a province-wide program having started with Winnipeg. In April, Vic Toews, the honourable Minister of Justice, and I, announced a special \$1.5 million community grant program run by a committee called Help Eliminate Auto Theft and Truck Theft, which is HEATT, to put the first initials into a word. This committee reviews anti-theft proposals put forward by the community groups and allocates funds appropriately. Again, community people are most helpful and have many creative and good ideas.

The Driver Education Program announced recently through Manitoba schools reduces the cost of driver training for young drivers, meaning that more will take proper training to be safer on the roads, and that is hoping to create a whole new generation of road-wise drivers.

We also are looking at, and have put in place, young children in terms of teaching them

about basic road safety, and more than 18,000 Manitoba children aged three to five will be taught basic road safety through the RoadWise Children's Traffic Club. This is the first of significant agreements with Education and Training that will take that road safety message right into classrooms right through Manitoba.

The Traffic Club program will expand to the early grades in the fall of 2000. What better way to prepare students from first learning, straight through school, to being safe on our streets.

I would like to bring forward responses to two requests for detailed information that came from the standing committee session in December '98. Several undertakings were made the last time a minister appeared before the committee, and members wished to know at that time who bid on MPI's advertising contract. The response is that the corporation's advertising and promotional work is handled through the government's Information Resources Division on a project-by-project basis.

A second query regarding the size and successful bidders for MPI's Y2K contracts. We are still gathering that information, but I will make sure the committee receives the information before the year 2000 comes.

An Honourable Member: The next century.

Mrs. McIntosh: Before the next century, yes. Before the next year. Before the next millennium. Before the year 2000.

I am now ready for any questions you may have, and will lean heavily upon the expertise of Mr. Jack Zacharias and those others who are with him today for assistance in replying to specific questions on the operations of the corporation. I thank you very much for your kind attention in allowing me to put those few remarks about MPI's excellent record on the record here today.

Mr. Chairperson: We thank the minister for her opening comments. Does the critic from the official opposition have some comments?

* (1020)

Mr. Steve Ashton (Thompson): I want to indicate first of all that we are obviously strong

supporters of MPIC. In fact, it is one of the proudest achievements of the Ed Schreyer government. I say that because when I proceed to raise questions on certain aspects of MPIC as critic for the New Democratic Party it is done in a spirit of making it better, not criticizing it as a concept. Public automobile insurance has done very well for this province, and I must say that I take some great satisfaction in hearing Conservative ministers, and we have had a number of them come before this committee, extol the virtues of public ownership in this particular sector because it was not always so. Certainly in the late '70s there were different views, but I think it is indicative of the fact that MPIC is serving its mandate.

The minister outlined in her opening comments the very reasons why we have public automobile insurance, ranging from the rate structure, which is cheaper than private insurance, particularly because of savings on the administrative side. The minister did not mention one of the other reasons, but it is the ability of MPIC to keep the premiums invested in Manitoba. It is a very significant part of MPIC's benefit to this province. There is employment, and also a lot of the programs the minister mentioned are a direct result of having a public insurer, the ability to have a mandate not only of providing basic insurance coverage, but also being able to get out and promote safer driving habits, for example. I certainly welcome some of the initiatives that have been taken by MPIC.

In the questions that I will be asking today, though, I would stress again that they are based on supporting the concept of MPIC, but I think MPIC has an extra responsibility in dealing with its clients. I include in that, by the way, not only people who have insurance but also people in business who deal with Autopac, people generally in the province. There is a responsibility to recognize it has a monopoly. I think there has to be a balance at times in terms of MPIC's power and the relative lack of power of the people it has been dealing with. I have raised this in the past, for example, in terms of the bodily injury claims, the appeal process, the lack of an advocate for people who have been injured. We have raised that in committee in the legislative sense, and we will continue to do that.

It is a good example of that, but I have been receiving a number of concerns from people on the business side as well who feel that in a lot of cases they are subject to arbitrary decisions. I want to stress again that there is a real balance here that MPIC probably has to face more than most institutions because it is a monopoly. Given that, I think there is an extra responsibility on MPIC's part. So I will be raising those issues.

I will also be raising a number of issues in terms of ways of working for greater road safety. There are some initiatives in other provinces. In fact, I want to note for the record that we have attempted a number of issues to put forward alternatives and ask whether the minister and the government are looking at other jurisdictions. We did that, for example, in terms of auto theft. We have been proposing for a number of years a number of initiatives, some of which have been adopted, some of which have not. I know the minister indicated there has been a 10 percent reduction. I mean, over the last 10 years, there has been a huge increase. Certainly we welcome the trend line, but we have been arguing for quite some time that there needs to be far more done in that area.

I think I will have to ask a few questions about some of these responses to last year's committee on the Y2K. I am a little bit nervous now about MPIC's ability to deal with Y2K if it cannot get answers—I should not, maybe, say MPIC; perhaps it is the minister's office—if we cannot get answers in a year on a question that was asked a year ago, I do not know if maybe somebody did a review of Hansard a couple of days ago and said: whoops, we have not responded to this question. I do not blame the minister directly for that. She has only been in this portfolio for a number of months now, but I just hope that our Y2K preparedness itself is a little bit more reliable because it is a very disturbing situation when after a year we cannot get answers on basic questions like that.

Finally, though, I will be asking some further questions on specific rate structure issues. I have raised these in the past in terms of the way the rate structures are done. I know my colleagues may have some additional questions as well.

We, once again, want to stress we fully support MPIC. It is doing a good job for Manitobans, but it can do better, can always do better. A lot of the questions I will be asking will be looking for a balance in terms of making sure that, when MPIC is in the position it is of considerable power, being a legislative monopoly, it balances not only the fact that, for example, for rate structures, it has to go to the Public Utilities Board, but that, in terms of its dealings with customers and suppliers and others, it makes sure that it does not overuse its monopoly power. There are a couple of situations where, quite frankly, I think that has happened.

With those few comments, I look forward to asking questions.

Mr. Chairperson: We thank the critic for his comments. Did the officials in attendance have any opening comments that they wanted to make? Okay, then we will proceed to questions. Any questions?

Mr. Ashton: I want to start with a number of issues that I did raise. I would like to, first of all, get an update from MPIC officials in terms of the PIPP program, the bodily injury program. It is listed in this report as being \$149 million paid out the '98 year. What are we looking at currently in terms of projections for this year?

Mr. Jack Zacharias (President and Chief Executive Officer, Manitoba Public Insurance Corporation): We expect similar numbers to last year. The number of injuries is staying relatively stable, bouncing around a little bit, but overall we would anticipate that our total costs should be in the same ballpark.

Mr. Chairperson: Before we proceed, just for clarity, are we going to be looking at the report in its entirety, not by page by page? Okay. I was assuming that, but just for clarification.

Mr. Ashton: I would like to ask what the cost implications have been of the adoption of the Uskiw report recommendations in legislation?

Mr. Zacharias: The retirement income benefit will add about \$2 million a year to the overall

costs of the program, if all other things were equal, and that is money to fund the payment of future benefits when the people reach that plateau. There were certainly some other costs associated with the increase in funeral benefits and grief counselling, but the frequency of occurrences of fatalities is not that great. Again, the total dollar value, I can get for you. I do not have it, but I think it was under a million dollars on an annual basis.

There were a couple of other cost implications with respect to some of the benefits, but the total value of the benefit package we have been able to absorb without having to look at premium increases.

Mr. Ashton: One of the reasons I was asking is just to get an update of that change because essentially what has happened the last number years at Autopac, one of the reasons for the current rate application for rate reduction is because of the significant decrease on the bodily injury side, a significant decrease over what was being paid. I believe last year the projections were that, under the old system, we would have been dealing with \$300 million-plus per year in terms of bodily injury payouts, which is one thing I wanted to indicate clearly because, regardless of the arguments about the legal cost savings, which certainly have some validity, the fact is that the amount that is being paid out is significantly less than would have been paid out on the old system. That is one of the reasons why the rate structures are in place.

* (1030)

This is another area where in terms of the basic principle of no-fault, certainly, we are in agreement with trying to get out of the tort system. The tort system did not work that well for a vast majority of cases, but I still get many individuals that have been contacting me that are significantly worse off under the new system, and there are a number of categories where that occurs. I mean, the minor bodily injury claims were eliminated, essentially soft tissue injuries, the whiplash claims, but there are other cases, too, where people find under the new system they are significantly worse off. I wanted to get an update on the Uskiw recommendations to put that in perspective, that basically that is not

going to dramatically impact on the trend line that we have been discussing the last number of years. So that is the question I would like to ask is in terms of what the trend line is in terms of property damage claims, what the trend has been in the last number of years and what MPIC is projecting for the next number of years.

Mr. Zacharias: To begin with, the number of vehicles in Manitoba being relatively stable, having increased by about 1 percent in the past year, but certainly if you go back 10 years the number of vehicles registered compared to today, the numbers are quite comparable. The accident rate has come down marginally over that period of time. Certainly in Manitoba our experience is very weather sensitive, and therefore you can get some significant fluctuations, but on collisions the trend is generally fewer accidents per thousand vehicles. I do not have the exact numbers, but I know the trending is that way with respect to collisions, slightly.

Mr. Ashton: What is the trend in terms of cost of repairs?

Mr. Zacharias: Cost of repairs has been relatively stable over the last three years. We have implemented programs that are generating about \$20 million in savings today compared to programs that we did not have four or five years ago. Recycled parts and after-market parts are probably the two biggest examples, quicker turn around on cycle times and trying to eliminate some of the down-time costs that were involved in the process. Our average cost to fix a vehicle damaged by collision in Manitoba is significantly less than the Canadian average. I think the number is somewhere around \$1,100 less per collision than is the Canadian average, as reported by the insurance industry.

Mr. Ashton: So we are looking basically at no significant changes, maybe marginal reduction of accident rates and no significant acceleration on the property damage side in terms of claims costs relative to the rate of inflation.

Mr. Zacharias: Car prices historically have increased at a greater rate than the basket of goods from the local market, and we are certainly very subject to that, particularly with

the re-engineering of so many models of vehicles and the greater computerization of those vehicles and the greater use of air bags. That does all impact our costs. We have been working to mitigate that but we are certainly forecasting that we will see increases in per-unit costs at the minimum level of inflation and quite likely about two points above inflation.

Mr. Ashton: I want to ask a number of questions in regard to Autopac's dealing with its contract, I suppose generally and individually, and as I mentioned before, as Autopac critic I get calls obviously from people that are claimants and are unhappy in some cases with the way in which their claims have been dealt with. I have also been getting a fair number of calls from people from the business side. I would like to start with getting an explanation on the towing contract. I am sure that members are quite aware of the controversy over that and particularly the fact that MPIC awarded its contract to the highest bidder. I am just wondering if officials, or perhaps the minister, can explain why that was done. I remember our MLAs received calls from outraged towing operators who feel that they were unfairly treated.

I am wondering if we can get an explanation of why it took the highest bid. I believe the submitted bid was a million dollars more than the lowest bid, and the second bid was actually a \$700,000 difference. I was wondering if could get some explanation on the logic of this.

Mrs. McIntosh: Mr. Chairman, I cannot speak to that because it is operations, but I can ask the president if he could give some explanation as to the process that is gone through in terms of awarding contracts, so that Manitobans get the best possible service.

I just wanted to make a reference back, if I may, to a question that was asked earlier. I am just questioning something the member said. I am not sure, he said something about that some people are significantly worse off under the new system under no-fault, and I am not quite certain what he means. I know that PIPP pays for economic loss, and that means the seriously injured are almost always much better off, like the catastrophically injured, et cetera, who are

much better off. Except for not being able to sue for pain and suffering, I am not quite sure what was meant by that question because I have not seen any examples come forward in my short time as minister.

So I just leave that if you may want to clarify what you meant by that, and I will also at the same time ask that the staff answer your question about the contracts.

Mr. Zacharias: The towing tenders that we did, there were actually two of them; one for Winnipeg and one for Brandon. The one in Brandon was awarded to the lowest tender, and the incumbent was replaced with a new bidder. In Winnipeg, we did have three people bidding. In addition to price, we had to look at the equipment, the ability to provide the service, and I believe, and I share your thoughts, that as a Crown corporation with a monopoly we have a very high onus to make sure that when we deal with our customers we deal with them fairly, and that we do not put them at any kind of risk or in an adverse situation.

Therefore, when we have sole suppliers, we have to make sure that they have both the ability and equipment and can provide the service that people would expect of us. After evaluating all three tenders on that basis, the conclusion that we reached was that the incumbent, while he was the highest bidder, was really the only firm that could provide the level of service that we called for. Consequently, the decision was made in light of the fact that our total overall towing costs were still going to be lower than what any of our other insurers or sister corporations were experiencing.

Mr. Ashton: Right, and just to respond to the minister, I think the minister should look at the number of claims, pre-PIPP and post-PIPP. I identified some of the areas where people are no longer eligible for any coverage, the soft injury side, and she answered her own question in terms of the pain and suffering.

I point to the fact that last year in committee—and I realize the minister was not the minister at that time. Under the old system, Manitobans were receiving \$340 million, I believe, was the amount—in excess of \$300

million, and we can check Hansard in terms of the exact figure given. We are now looking at \$150 million. Even if you accept the 25 percent figure for legal costs, you are obviously looking at a significant difference. In fact, the first year of PIPP, the payout went from about \$190 million, I believe, to \$109 million—I am just going from memory here—which is far in excess of just the reduction of legal costs.

* (1040)

The fact is there are fewer claims under PIPP, and particularly you mentioned one area where people under the tort system would receive greater benefits, and I am saying that because we have to be up front about these things. I agree with the principle of PIPP in terms of no-fault, but there are different levels of PIPP, and I still believe that the system is unfair. There is no advocate put in place, and I mention again that when you are dealing with a situation where you have a publicly legislated monopoly, there are certain additional rights and obligations that should apply to government and government agencies in terms of people. So we can get into that discussion and debate, and I am more than prepared to do it. I can document cases. I can document the debate that took place at the time, and we can go over that. But I just want to put that on the record, because I have cases every day and people know that. They know where they are dealing with situations where they would have been covered before and where they would not, and where there is a different structure.

It is a bit the same that we get into with Workers Compensation. Workers Compensation is a trade-off for the tort system, but obviously you then get into the debate, once you get out of the tort system, what level you have and what structures you have for fairness.

Anyway, I digress. I think the minister answered most of her own question in her question. I appreciate that. As much as I would love to be answering questions here, I am the opposition critic. Hope springs eternal in election season that we may be in a position of answering questions, and the minister may have lots of opportunity to ask questions at that time, but I think probably we are diverging somewhat.

I want to get back to the tender issue, because—

Mr. Chairperson: Excuse me. The honourable minister wanted to make comment to that, please.

Mrs. McIntosh: Well, I just wish to respond to the question, because the question was asked: what are we going to do about the fact that some people are significantly worse off under the new system? It was part of a question which was sort of a three-part question. Staff answered a couple of parts. But I am concerned that statement is being left on the record as accurate as part of a question which I would like to answer and that is that it is not true that whiplash and other minor injuries have been eliminated. That is something that should not be allowed to be on the record because it is not totally accurate. All those who are injured by automobiles receive compensation for economic loss.

I wonder if, Mr. Zacharias, you or any of your staff could comment on: are people significantly worse off under the new system than the old when they have things that are minor injuries, et cetera? I do not have any examples. The member has not brought any anecdotal examples forward, but somehow that has not been my experience. I do not have a lot of complaints about this as minister, and I think I would have if it were an overwhelming problem. So maybe I will ask the staff to respond to that question by the member for Thompson.

Mr. Zacharias: The purpose of PIPP was to make better use of the dollars that were going into injury claims. It was certainly designed to compensate people for what they had lost and not be a windfall for some. Consequently, the method and way of compensation has changed. Certainly the catastrophically injured who used to bump into policy limits and have needs beyond the coverage available, that has been eliminated to a very large extent, because most of the benefits are unlimited.

On the smaller claims, certainly people are reimbursed out-of-pocket expenses, but they do not collect the general damages. But I think, as Mr. Uskiw pointed out in his report, the PIPP program is meeting the mandate that it was

given and the purpose for which it was put in place, and that was to change the way compensation dollars were paid out. That has been accomplished.

Mr. Ashton: Well, I think, once again, that answers the minister's question. She should just ask. The fact is you just look at the number of claims pre-PIPP and post-PIPP, you look at the change in the structure. I hope the minister will educate herself on that. I was not making it as a question. It is a statement of fact. I mean, I have been the critic here for a number of years. I have had the figures. In fact, when I referenced in terms of the trend line, it was identified at the last committee hearings. There is a big difference pre-PIPP and post-PIPP. I have a number of cases right now I am dealing with where the simple fact is they are worse off under the system. I think the reference, again, to PIPP doing what it was intended to do, it has not always intended to. It has got it out of the court system, which we supported, and it has significantly reduced the costs, but there is a trade-off, and that is that some people who would have been covered before, are not. Period. I mentioned the soft tissue injury claims, and there has been a shift in terms of the pain-and-suffering issues. When you move from a tort system to a no-fault system in the strictest sense, that is one thing that tends to go with it. But we can continue this discussion and debate.

I put it on the record as being a statement of fact that has been well documented at these committees, and I certainly am more than prepared to provide information to the minister. It is in the reports. I mean, you just have to look at pre-PIPP, post-PIPP, the number of claims, the amount paid out. The minister brought in the legislation at the time and would probably, as I think we are hearing in terms of presentation, say that is what the mandate was, and it has been achieved. Certainly I think the intent was to get out of the court system and get the cost down. The only reason I referenced it in my comments is to note that that is exactly why, given the flat nature of the repair costs on vehicles, the rate structure is being adjusted currently with a rate reduction. It is because there is far less being paid out in bodily injury claims. There is even less money being paid out in bodily injury claims today under PIPP than there was the last

year pre-PIPP. So the numbers speak for themselves.

But I get back to the towing contract because what I would like to know here is it seems that the argument that is being made is that the one contractor had the vehicles. Well, obviously if you have the contract you have the vehicles, but is Autopac saying that the other people that applied, that put in significantly lower bids, would not have been able to get the vehicles? I mean, how did the successful bidder, Dr. Hook, end up with the vehicles? They obviously have general business, but you know any contractor will tell you you bid on a contract, you get the contract, you have a shortage of vehicles, you can then go out and buy or lease those vehicles. This is a fairly significant contract. What is it, \$3.2 million in the city? Is Autopac saying that these other contractors, I believe one of them, Donway, has a significant number of vehicles. They claim that they had access to heavy haulers, other vehicles. I still do not quite understand the logic here.

Mr. Zacharias: No. Certainly in our past experience you will see that we have awarded contracts to people who did not have the vehicles but could acquire the vehicles. Those people normally had a service record and a proven track record that gave us a lot of comfort that they could administer probably the largest contract in the province and do so successfully. So it was a combination of factors that we evaluated each of the bids on. It was not a single item.

Mr. Ashton: I still want to register my concern because I do not think it is good enough to say that the company did not have vehicles, and as you pointed out I believe Dr. Hook did not have the vehicles when it first got the contract a number of years ago. Given that significant difference, I do not blame the other contractors for being upset. This is not a difference of \$50,000 or \$100,000. We are talking about a million-dollar difference. We are talking about a difference 50 percent of the amount of the contract. Quite frankly, it sort of raises questions about why you even have a tendering process. I mean, if you are going to be in a position of picking a bid with \$3.2 million

instead of \$2.5 million or \$2.2 million, the bidding process becomes relatively useless. It becomes fraudulent in a way because the other companies, what do they have to gain here? Why would they spend the money?

Quite frankly, I still am wondering how MPIC can justify a 50 percent difference in the amount of premiums and still have a so-called tendering process. How do you expect to get other contractors to even bother bidding next time, because it costs money to bid? I mean, these people are out of pocket, the people that put in the tenders. Quite frankly, when I look at it on the surface, they had no chance to begin with. I mean, if Autopac was willing to give a \$1-million differential, that is a huge amount. So I would appreciate the response from Autopac.

* (1050)

Mrs. McIntosh: The president I am sure will respond. My understanding is that the tendering process was not necessarily to go to the lowest tender, that there are other things that needed to be considered, but I just want to harken back very quickly because again I do not like to leave things stated categorically on the record as correct which may not be correct in other people's opinions.

You indicated there was a reason for rate reductions and it was because people were not getting benefits, and I say that there are many, many reasons for that with regard to the application of a rate reduction. The government has provided an environment for MPI that allows for them to plan for the future in a sustainable fashion. They have very good management. A lot of factors go into the reasons for rate reduction, not just the one that the member mentioned as "the reason." That is a little back, but I do not like to let things go that are not totally correct and leave them standing.

With that I go back to the president on the question on the tendering, the process and the criteria for awarding contracts for, in this case, I think it is the towing that is under discussion.

Mr. Zacharias: Our towing contract has been tendered on a number of occasions in the past

and people have bid, and it has moved from time to time based on bids. Again, in each case, there was an evaluation of not only the dollars but also could they do their job. If we would have received a tender from someone for a dollar and it would have been a \$3-million difference, I still think we would have made the same move in that we, at the end of the day, as a monopoly provider have to be assured and have some confidence that the people bidding on the contract had the track record, experience, to deliver the service to our customers that they expect.

That requires a multifaceted review of each tender. In this particular case, the colloquial conclusion that we reached was that the incumbent was really by far in the strongest position, and that the nature of the information provided by the other tenders did not leave any kind of assurance that they had the track record in administering a contract at this time or the equipment and personnel readily available to take on that responsibility.

Mr. Ashton: I still want to flag my concern, because I would argue the opposite. If you are in a monopoly situation in this case to give a contract to somebody that is a million dollars above the lowest bid, \$700,000 above the second lowest bid, and to give it to a contractor that when they got the contract did not have trucks and did not have this track record, quite frankly, I think it sets up a situation which the tendering process means absolutely nothing. If I were the two contractors who submitted on this bid this time, I would not even bother next time. That is one of the problems when you get into tendering processes and you get into any significant change from that, and I know members opposite. I mean, in a business situation, I do not know too many businesses where you would end up with a 50 percent difference in the amount. I just do not think it makes sense. I think what you are doing is you are setting up a position where the person that has the contract ends up with the contract almost on a permanent basis with this kind of psychology, and I am very concerned about the precedent it sets in terms of the other contractors.

It is very easy a lot of times, and governments go through this at all levels, to play

around with a tendering process. There may be times if you have a legitimate reason for a marginal difference, a local contractor versus an out-of-province contractor, even that is starting to become difficult to do now legally given a lot of pressure for internal free trade, and I hope members opposite pursue this. I just do not see the logic of such a big difference, especially with a firm that did not have—when they started, was it six years ago or whenever it was, in terms of the contract—there was no difference than the other people that bid on the contract. So I want to flag that.

I mean, I appreciate what MPIC is saying, but I am not convinced that the other contractors could not have provided the service that the existing contractor has been providing. I will tell you, I bet you if you talk to the other contractors and you gave them a \$3.2-million figure, I am sure they could provide the service. You also give into that element too, if you end up with "service" as the major determining thing, not price, which obviously it is, with a 50 percent differential. It puts other contractors in a real dilemma as well because, if they give you the best economic deal, but, as they find out, in retrospect, the best deal is, in actual fact, that what you want is strictly service, that you are not worried about a million-dollar differential, then, perhaps, they would have put in a different bid. I am very concerned about the precedent this sets.

I want to move on to another series of issues. I have been getting a number of calls, as I said, from small business people in terms of their dealings with Autopac, and, once again, the difficulty that people are put in, in dealing with Autopac in certain situations. In fact, we have one such individual here today from an autobody company, Nepon Autobody. This has been raised with the minister, correspondence, June 9.

It is a rather difficult situation for the company involved, a small business in a pretty competitive environment. I would say a cutthroat environment. They are in a situation where work was done. There was no indication at the time of any difficulty on the part of the motorist. Later on, this motorist had an inspection at an MPI compound six months later. There was some faulty work that was done, and

now Nepon Autobody is in a position where they have not been reimbursed for a number of the costs. In fact, they received a notice that the cost to redo their repairs was \$3,350, and that this would have to be resubmitted to MPI. Now, what is interesting is, six months later, this company is now being told they did the faulty work. No proof of it at the time. No complaints at the time. There is a question as to whether the motorist had other accidents in between and other work was done.

I am just wondering if the Minister of Autopac is in a position of responding to that. We have the small business person who is here, and believe you me, we met last week. It is a lot of money for a small business, especially in a very competitive business. I am just wondering on what basis MPI, in this sort of situation, has just said, it is basically up to the company to prove that they did not do faulty work. To my mind, presumably the onus should be the other way. I think it is very unfair when you are dealing with a small business to say: well, you have to prove that you did not do faulty work.

I do not think the minister had a chance to look at this yet, but I would also appreciate, by the way, not just comments on this specific case, but what the general procedures are. It seems strange to my mind this inspection was done six months after the fact. It does not seem very fair to the autobody shops involved.

Mr. Zacharias: I am very proud of the quality insurance program that we have in place to make sure that Manitobans' vehicles are being repaired properly. Certainly, in the autobody business, we are not in a cutthroat business. We have spent an awful lot of time negotiating with their representative group with respect to labour rates and cost. The body shops do not compete on dollars; they compete on service. MPI provides great opportunity for training of all body shop personnel, and certification programs for body shop personnel, but at the end of the day we expect quality work for quality repairs.

What we do have is a program of reinspections where we will look at cars to make sure that the work that we had been billed for is actually done. If a customer complains, we will have a look at that vehicle to make sure that the

work has been properly completed. In some cases, that may come to us some time after the accident or after the repairs have been done. We will look at each situation, but we also have an agreement with the Automotive Trades Association and Manitoba Motor Dealers' Association that, should at any time there be a difference of opinion between the body shop owner and ourselves as to what happened or what should have been done or what the costs to rectify the problem are, there is a group of peers from the trade that sit on a committee, a standards committee, and they look at each situation and basically provide advice and guidance and actually make some rulings on what should or should not happen in certain cases and how they should be resolved.

* (1100)

That has all been negotiated with the trade over the years and refined. I cannot speak to this individual case because I am not familiar with these specific circumstances, but certainly between our people and the representatives for the body shops, this is an item that is discussed regularly. An agreement has been reached on the repair and appeal processes. Whether that has served or not served this situation well, like I say I do not have the individual items, so I cannot speak to that, but certainly there is a very solid process to deal with it.

Mr. Ashton: I want to make an appeal on behalf of this company and this individual. It just, to my mind, does not seem to be a legitimate, fair process. I am not blaming staff. I mean this is obviously a corporate policy, but if you have a situation where the inspection is done six months after the accident, and the person who is complaining about the work has had other accidents in between and other work done, it is very unfair to then go around and go after the company. You are more than welcome to meet with the individual who is here. She is in a position where, in terms of burden of proof here, she has to prove that she did not do improper work. That seems totally wrong. Once again, you get in that balance, you know, of being a monopoly, having a great deal of power over people. It seems to me the balance should be the other way.

I mean I could think of all sorts of things that would happen in six months between the time of the work being done and the inspection if other accidents have occurred and other work has been done. I was quite surprised because I would have thought that as soon as there was any benefit of doubt, that benefit of doubt in this case would have gone to the autobody shop that is going to be out of pocket several thousand dollars. When I say being a cutthroat business, I am not talking about terms of rates, but I am talking about terms of survival. I mean I have talked to a lot of people who tell you it is very, very competitive in terms of numbers of body shops and the costs that are involved. I mean it is expensive running an autobody shop in this current environment. I realize the minister probably just received the letter a couple of days ago, so I am not expecting an immediate response, but I wonder if the minister can undertake to look at this case.

By the way, I do want to indicate that I have raised a number of issues with the minister in the past since she has been—I do not want to mean this as a criticism to the previous minister, but she has been responding fairly quickly, and I appreciate that. But I want to make an appeal on behalf of this person because it is the policy issue I am concerned about. I just do not see the logic of her company being in a position of having to prove that they did not make this mistake. The onus should be the other way. If there was any real proof, if there had been an inspection done immediately, I could understand that. I do not think Ms. Nepon would have had any complaints, but in this case they are significantly out of pocket.

And believe you me, the other frustration is dealing with the whole MPIC structure. That in itself is very time consuming, and I think that is one of the major costs to anybody in business. Time is money. I do want to appeal. I know George Hickey, the MLA for Point Douglas, my colleague, has raised this with the minister. I am hoping not just to review this case but similar procedures, because I believe contractors that do the work, autobody companies that do the work, should be entitled to payment and should not have to run through all these hoops to deal with a situation that occurred six months previously.

Mrs. McIntosh: I am going to refer to Mr. Zacharias for details, but I did receive a letter recently from the individual in question. I have read the letter; I have referred it over to MPI. They maybe do not have it yet, they should be in the process of receiving it. Maybe it is in your office by now, but it may not be, it was just forwarded very, very recently. I just want to say it is always difficult for ministers with Crown corporations in that we cannot interfere or intervene, but the letter has been forwarded for MPI's consideration.

Mr. Zacharias: I understand that in this particular case a vehicle was repaired. The owner was complaining to the repair shop—the one you have mentioned—that the vehicle was not operating properly. After several months of complaints, there was no response from the people who did the repairs. Our quality control people were called in based on an owner's complaint. When they looked at the vehicle, the vehicle had actually been left in an unsafe manner. The repair shop still did not respond to the situation. Rather than let the customer continue to operate an unsafe vehicle, it was taken to another location and the repairs were properly done, so that the vehicle could be safely operated.

Restitution has now been asked for the \$3,200 that it took to make this car into a road-worthy situation. The shop owner has had a number of discussions with our people, including some of our executives who have spent time walking through the process explaining what happened and what did not happen. So it was not a matter of simply making allegations. There is no evidence of subsequent accidents. It is a matter that appears to be of improper repairs being done and the situation having to be rectified.

Mr. Ashton: Well, I can provide the information. In fact, Ms. Nepon wrote to the Ombudsman. It is documented quite well, and there is evidence of an additional accident. There are also questions about procedures again. In fact, one of the main concerns again is that the body shop themselves are dealing with a situation—[interjection] Yes. I do not know where the information is coming from, because believe me, I have the individual here. I have

the documentation with me, and I perhaps would suggest that some detailed response be given on this because, once again, there is a significant gap, and there is a concern about process.

My concern is to see the matter dealt with in terms of Ms. Nepon's complaint, but also to make sure that there are clear procedures in place. I stress again that when you are in a monopoly situation, there is an extra responsibility that goes with that. I am not suggesting all claims run into this situation; a lot of them, obviously, do not. But the individual is here today. I have the full documentation dates, and I would urge the minister again to look at it. When I say that, I mean she has looked at a number of cases already, and I received what I consider to be very useful responses, not always what I wanted or the claimant wanted, but she has been fairly prompt.

So I would suggest that MPIC take the time to look at the details on this. In fact, if the president wants I have a 36-point letter documenting all the circumstances, I am prepared to do that, and I have Ms. Nepon here today. If the president wants to get somebody to talk to her directly—sometimes that is the best way of dealing with it, just to get on with it and deal with it.

I do have a number of other questions. I do not know if the minister has any further—

Mr. Chairperson: I believe Mr. Zacharias wanted to respond to your comments.

Mr. Zacharias: Certainly to undertake to meet further with the representative from Nepon is something that we would openly welcome. As you mentioned, the Ombudsman, I believe, is also looking at the process, in this particular case. I am not sure whether he has delivered his report or not at this time, but we would be interested in seeing that. But the undertaking to recontact and to discuss further to see if there can be a resolution is certainly an undertaking we would make.

Mr. Ashton: Thank you. I appreciate the undertaking.

A couple of other issues I want to raise. I want to ask in terms of the special investigations

unit that Autopac has in terms of fraud, what the current budget for that is, if there have been any significant changes the last 5-10 years on that, and what percentage of their time is spent dealing in terms of bodily injury claims versus property damage claims.

Mr. Zacharias: Maybe I can have one of the individuals dig out some past budget numbers, but the staff complement has gradually increased over the years. Probably five years ago we might have had nine investigators. Now I think we have 12. We have certain individuals who are dedicated to looking after injury claims and others who deal with theft and fires and other types of fraud. I believe there are four at present who would spend the bulk of their time on injury matters, and the balance would be working on theft and vandalism and other types of fraud.

* (1110)

The budget, I am advised, is in the area of \$1.5 million, and the total savings that they bring to our organization in direct identifiable savings where claims have been denied, or people have not wanted to pursue their claims because they did not feel comfortable doing that, has been double the costs, basically \$3 million in the last year.

Mr. Ashton: Has there been a shift with the adoption of PIPP in terms of investigations into other areas, or is there still the same relative breakdown between bodily injury and property?

Mr. Zacharias: No, both injury and physical damage have been a central piece of the fraud investigations, and that continues today. Certainly with respect to the total time emphasis that we would spend on investigations both through SIU and some externals from time to time, I do not see a big change in effort.

Mr. Ashton: I want to ask some questions with regard to the current policies, particularly with glass claims, other areas. Body shops, for example, and glass shops, cannot pay people's deductible. That is a policy, and that is a reasonable policy. The problem you get into is there is an expectation of a lot of customers that is going to happen, and I have had a number of cases identified with me where, as it turned out,

someone from the investigations unit had been involved in terms of wanting the deductible waived. I want to ask the degree to which the unit uses what might be called entrapment techniques. Do they use that kind of technique, going in undercover so to speak, and seeing if body shops or glass shops will waive a deductible?

Mr. Zacharias: That is one method that is used. The glass shops police themselves the best. If you are in looking for a deductible waiver to get your windshield fixed and the shop owner says, no, I cannot do that, and you leave and you do not come back, there is some suspicion that some other shop owner may have done it for you. By far the greatest number of calls we get is from shop owners saying: can you track where this individual went and got his windshield fixed because he was adamant that he wanted his deductible waived and when I did not do so he left and he has not come back. That is our biggest source. We do a number of audit letters that we send out to customers and say: we have a bill in and your deductible was such; did you pay the deductible, was your windshield replaced or fixed properly? We ask a number of service items, and we get a very high response rate out of them. In some cases they say: no, we did not pay the deductible. That is cause for concern.

Combined with that is occasionally we will have people take a vehicle to a glass shop and check out both the service that is being provided to our customers as well as what arrangements and what they did or did not do with respect to collecting deductibles. That would be the least number of kind of contacts that we would have, but, yes, we do that occasionally. We have notified the glass shops that we will be doing that. We have signed agreements with each of the glass shops outlining what the business rules are so none of this comes as a surprise to them. This is part of what we negotiated and agreed to with the glass industry.

Mr. Ashton: I realize that. But, once again, if you are involved in what is entrapment-type techniques, the next question is: do you send somebody in once, twice, three times, four times, five times? I have had a number of cases identified with me where, yes, people did end up

giving in and paying the deductible, which is wrong. I am not suggesting that is the case, but it is the same sort of balance. The member for The Maples (Mr. Kowalski) probably knows more about this than I do, probably will be certainly practising this in a couple of months more directly, but in terms of what is legitimate procedure, I want to raise that because I want to know what the guidelines are.

I am fully in agreement that if someone does something that is against the guidelines and that is totally legitimate, there was a lot of abuse before when deductibles were paid. I mean I remember in Thompson people getting things on their windshields saying: we will fix it for free. Well, for free, I mean it was free to the person, a huge cost to Autopac. So I am not arguing against that policy, but I am concerned again about situations where entrapment is used, and the degree to which people feel they are under a lot of pressure, and then they do it. It is a mistake; it is wrong, but it can have huge consequences for the company involved.

Mr. Zacharias: Certainly we are not talking entrapment. We are talking legal investigation techniques. Certainly, with Crown attorneys' blessings, this is a proper investigation and not a form of entrapment.

The glass industry expects us to do this when we sign an agreement saying that people will not waive the deductibles and these are the business rules, and if we did not do any enforcement of that, they are on our case pretty quick: how come you say that you do not want deductibles waived, yet you do nothing about that? So that there are a number of ways of auditing that had been agreed to, that had been implemented in the three years since the program.

I think on two occasions we have sent some vehicles into the field to check out certain situations where for the most part we would have had some complaints or some indication that something was happening. So it is not simply a total random shot in the dark, but it is part of proper investigation techniques that are conducted in accordance to provide evidence that will stand up in court. People know it is coming, that we are doing it, that we are doing a

lot of auditing, that we are monitoring on a regular basis. So anybody that gets caught, I think "entrapment" is maybe a little tough a word as to simply not complying with an agreement that he had already signed.

Mr. Ashton: There is a fine line though between proper investigation procedures and entrapment. I think you are more than aware of that. One does not have to be a legal expert to realize that. Once again, I point to the fact that the main sanction in this case really is an administrative sanction, that people can be suspended from their privileges with MPI, which leads me actually to my next question, and that is: what is the current policy in terms of the consequences if someone does waive the deductible?

Mr. Zacharias: Each of the shops has signed an agreement with us, who want to be part of the program, which is a zero-tolerance program which is written into the agreement that they sign. If they deliberately violate that policy, they are kicked out of the program for a six-month period, meaning that they can still do windshields, but they can no longer direct bill our corporation for that type of work.

Mr. Ashton: Because this is another set of issues as well, where you have a major administrative sanction. I know that I have corresponded with MPI on a number of cases where the real question is, one, the techniques that were used in an investigation obviously in a couple of cases, but in other cases, you know what the length of the sanction is, what goes into deciding that. Once again, there is a balance. If someone has done something that is wrong, that is agreeable but when you are in a monopoly situation, let us face the reality that the vast majority of autobody work in the province is Autopac related. Some of it is not, obviously. I would say the vast majority though is. I am wondering if there has been any review of that. If there are any corporate guidelines that could certainly be given to myself, it would certainly help because I know in a number of cases I have dealt with, there seems to be some single element of discretion about who is suspended and for how long. Are there set guidelines on how long you are suspended and when you are reinstated? What are the guidelines as well in

terms of related companies, because in the corporate world you can set up a new corporation and be functioning under another name? What are the provisions that are in place to make sure that does not happen?

Mr. Zacharias: Yes, we certainly have had some situations where people have tried to open under other names or bill under different names, both of which items are specified in the agreement as not being legitimate. We do have a set period that is a six-month suspension that is not discretionary. We do not have some people suspended for a month and others two months and some a year. There is a set penalty that goes with it, but again it is something that we spend a lot of time negotiating with their trade representatives.

At the end of the day, even if MPI feels that there has been a violation, there is again an appeal process made up of peers from the glass industry who sit on a joint committee, review the individual circumstances to make sure that the evidence is there, legitimate evidence to show a clear violation. It is in conjunction with the trade and the trade industry that the appeal process is usually. Those appeals are heard before the suspension takes effect so that no one is improperly put out of business, only for a period of time, or the appeal overturn their suspensions. We have tried to do as much as we can to make sure that the business is inconvenienced as little as possible, but when a violation does occur, I think we have an onus to deal with it.

Mr. Ashton: Once again, I am not questioning that. Once again, the real issue in a lot of these cases is the degree of the suspension and make sure that the sanctions match the offence. There are I think in any business a small percentage of people that are frequent abusers of regulations and rules. My concern is more for companies that generally have a good record and make one mistake. To my mind that is in a very different category than a company where you are dealing with repeated violations, and I wanted to put that on the record because it is once again an issue when you are dealing with Autopac that can make or break a lot of the companies just simply in terms of the billing procedures.

* (1120)

Just a further point on that, and not related to glass, one of the other difficulties you deal with, especially with some of the smaller contractors who are not necessarily always aware of the regulations and may make mistakes unwittingly, I talked to a relatively small operator who has some issue as to whether he had self-contracted out work, and I think to a certain degree part of what is necessary is recognizing that some of the smaller operators do not have the same expertise that some of the larger operators do. There are major players certainly in the body industry and certainly in Winnipeg, but I find in some of the rural shops in particular, you will have a one-person shop. People in some cases unwittingly do not follow the regulations or do not realize what they have to do to properly follow it. So I would urge, and I can identify a couple of cases where I think that is the root of the problem. I actually have identified these for the minister that this may be a way of preventing some very severe consequences for these people. If people are unable to build and operate, they go out of business. So that is more of a suggestion. I do not know whether the president wishes to respond.

Mr. Zacharias: The items that can be violations of the agreements are, in my mind, very clearly spelled out in the agreements they sign with us, including the attached penalties. So that if it comes as a surprise, it is simply because they may have forgotten what they signed or what they read, but it is all very clear, and we have taken considerable pains to make sure that the agreement does contain enough language and enough clear language that has been vented through their industry so that there are no surprises at the end of the day.

Mr. Ashton: I want to move on to some other areas. I know my colleague the MLA for Elmwood (Mr. Maloway) has some questions as well in a couple of areas. I want to make sure there is enough time.

But I want to deal with some of the areas of safer driving, looking at ways in which we can extend some of the good work MPI is doing in regard to the speed, drinking and driving, and the clear evidence by the way that advertising does work in that area, including the more

does work in that area, including the more graphic ads that have been used. I know we have had discussion in this committee on that.

They have been very effective. I believe it was in Australia a number of years ago where they really pioneered, it has had a significant difference.

I am not necessarily wanting to prejudge this debate, but I am wondering if there has been any discussion between MPIC and the Department of Highways—when I say MPIC, it could be the minister—looking at some of the initiatives that have occurred in British Columbia between the government and ICBC which ranges from everything from graduated licences to ways in which new drivers can be identified in their vehicles. I have actually a whole package of information from British Columbia which certainly goes a significant several steps away from what we are doing here, particularly on the graduated licensing. I am not trying to prejudge the debate. There may be different views even amongst members of the Legislature on that, but has there been anybody looking at that, and any indication of whether it is effective?

Mrs. McIntosh: I guess there would be two levels at which that could be answered. One would be at the political level where ministers are always in touch with each other about overlapping interests. You will see, for example, the Minister of Justice, the Minister of Education and the Minister responsible for MPI making the joint announcements on lifelong education as to road safety, for example, which we did recently in the daycare centre.

Those kinds of joint efforts, making money available for Justice to deal with auto theft prevention and things like that, those are initiatives that ministers discuss back and forth: how do we impact upon each other? How could we make a better overall impact for citizens of Manitoba, particularly in terms of prevention? Speed Kills, RoadWise, the initiatives on drunk driving, which are not necessarily through the department that I head but have a terrific impact on MPI because, as roads become safer, and accidents, because of drunk driving, for example, start to decline, and the initiatives put forward by citizen groups as well, such as

MADD, SADD and all of those groups will ultimately impact upon MPI.

We are always looking at other jurisdictions, and other jurisdictions are always writing us for information as well, trying to learn from each other and help each other where we can with initiatives that are going on in all our jurisdictions.

Some of the issues the member has raised are not MPI directly related. They come under DDVL. The graduated licence, for example, would not be something that MPI could do, but MPI is striving to provide increased awareness of road safety, as the member mentioned, and I thank him for his comments on the commercials.

The government as a whole will be examining, and is examining, the types of issues the member mentioned, where appropriate. If we believe it could help in Manitoba, we are certainly not adverse to examining any initiative that might be ultimately useful for the people here and hopefully would be something that would assist MPI in its very good work.

I did list in my opening comments a whole series of initiatives that cross jurisdictions in that way that we are introducing here in Manitoba, that ministers from other provinces are asking us about. If they have things to offer that are useful, we would be glad to examine them also. I will maybe ask the president if he would like to make comments more from the operations end on how we are doing in that regard.

Mr. Zacharias: Yes, I am pleased to say that we have very good working relationships with both SGI and ICBC as sister corporations in road safety, looking at sharing a lot of information and material and learning from each other. In addition, we have some much broader connections that go well beyond North America to try and stay in tune with programs that are effective.

We do have a policy that our organization will not fund road infrastructure with respect to whether we are going to build new roads, building bridges, new intersections. That is not what we see as part of our mandate. I am not so sure that I want to see part of the items that are

normally funded through the property tax bill slide out of the Autopac premium, but with respect to driver behaviour, that is where we are trying to concentrate most of our efforts.

As the minister has said, the rules of the road governing who can drive and when, and things of that nature, are part of the Minister of Highways' (Mr. Praznik) portfolio and not something that MPI is actively involved in.

Mr. Gary Kowalski (The Maples): First of all, I would like to know the relationship between this minister and the Minister of Highways (Mr. Praznik) in regard to MPI. You mentioned graduated licence. If MPI feels that they have done research and it would have an impact, does it go from minister to minister, or is there a working relationship at another level between MPI and the Department of Highways and Transportation where MPI would make recommendations about things such as graduated licence?

Mrs. McIntosh: Maybe I will just give it a generic response and ask Jack, as well, if he wants to comment on this. We, as ministers, of course are always in communication about various things going on under our responsibilities, and we are always looking for ways that we can co-operate with each other, avoid duplication, overlap, and that our initiatives all work in harmony with each other.

* (1130)

When you are dealing with a Crown corporation that operates at arms length from government, then it is not like a department line where I could go to the deputy and say, gee, do you know what I would like? I would like it if you, deputy, could talk to their deputy over there. The two ministers would like to begin a joint initiative to do whatever, because a Crown corporation has its own mandate and its own authority and needs to be able to operate free from government interference and intervention.

Having said that, of course, the MPI keeps me extremely well informed about its doings. We set the law. We set the rules under which MPI operates its mandate, not the day-to-day operations, but we bring in no-fault insurance,

for example. That has obviously a very big impact on how MPI runs its affairs and things of that nature, so there are ideas that MPI will have that it will implement, that the minister is aware of. Indeed, MPI has brought in a couple of initiatives recently that the minister has been part of the announcement on, and I am thrilled with them. I think they are absolutely wonderful, and I really, really commend the organization for what they have done.

MPI has been striving to keep a clear focus on general road safety issues and doing it very well, but it also realizes the importance of allowing DDVL to maintain its focusing on licensing issues. I will turn to Jack Zacharias at this time to ask for his perspective on how communications flow, so that when they have good ideas and they need to give into the government coffers what are the processes and how do they go through it? I think he is in a better position to clarify that for you. He has been there a little longer than I have.

Mr. Zacharias: We have an excellent working group relationship with DDVL, a number of joint committees that we meet regularly with. Certainly safety is part of those discussions and safety items, and any information that they might want from us we will try to provide, and them to us. Our primary concern is delivering on the legislation that is in existence to make sure it works. When we have items that we are asked for information on or items that we want to present, we can flow them through our board to our minister, and they subsequently to their ministers. At the end of the day, whether the rules of the road are or are not to be changed, that is part of the legislative committee or the legislative body that deals with that issue. We would simply provide information if requested to support those kinds of positions or help them with their decision making.

Mr. Kowalski: The next question is about research. Does MPI have a separate research department to look at road safety, different measures, like the national organization of automobile insurers has research? That is how we ended up with seatbelts and helmets and different things. Does our MPI have its own research component, and if it does, who is in charge and what is the budget?

Mr. Zacharias: Not in that sense. We are probably more involved with Transport Canada which is the Canadian body that governs regulations with respect to vehicle manufacturing, safety equipment in vehicles and things of that nature than most other insurers in Canada. We have a number of joint projects with them, a number of meetings, presentations, visitations. They have helped us on a number of research projects that we have worked on, and we have the University of Manitoba involved, as well as Transport Canada, so that we can flow information back and forth. We have been able to marshal the voice of the industry behind a number of our initiatives, and I believe that in the not-too-distant future we will have some new federal legislation coming out with respect to vehicle safety standards, particularly as it relates to the type of anti-theft devices that would have to be installed in all new cars.

We have dealt direct with manufacturers on some of their models and designs, particularly again locking systems that we felt were ineffective and had our people meet direct with the designers of Ford and some of the other manufacturers and talked to them about problems that we see, and beyond that actually seen results and changes made in the way vehicles are constructed or a particular part was produced. Our influence in that arena today is stronger than it has ever been in our history.

We are also seeing some very good evidence of Canada-wide co-operation beyond what we had ever seen before with all the insurers in Canada actually starting to talk to each other and jointly talking to manufacturers to try and put safer vehicles on the street. That initiative, again, I say today, has gone further and shows more promise than anything we have seen in the past.

Mr. Kowalski: I have some questions in regard to special investigations and claims. When a person makes a claim, whether it is an injury claim, whether it is a property damage claim, do you start off with the basis that the person first has to prove there is a loss? Is there an assumption that as a customer they have a loss unless a special investigation unit shows they do not? Where is the onus of proof?

Mr. Zacharias: We get about 181,000 to 190,000 claims a year, only about 1,500 ever get referred to SIU. By far the largest number of claims coming through flow through smoothly through the system without any involvement. If there are suspicious circumstances involving a particular type of claim, the amount of damage does not match the accident description, the type of damage does not match the accident description, when you recover a vehicle that has been stolen and find out that the engine is blown and that it probably has not run for the last three months, then there are other things like that that trigger a second look. When that happens, then those claims are referred to the SIU department, who would conduct a further investigation to try and prove or show legitimacy to the claim, but certainly the individuals have to come to us and tell us what happened. We will accept that. Only if we find evidence to the contrary, then the onus is on us to disprove that what they have told us is not proper.

Mr. Kowalski: In regard to your funding of I believe it is two officers in the Winnipeg Police Service for the stolen auto unit, could you confirm that it is two officers? I am not too sure of the number, and what is the latitude that the police service is allowed to use them for other duties? Are they to be dedicated full time to stolen autos? In today's paper it reports that the mayor may be cutting a hundred officers from the police force. Now, if there are big pressures to use those officers in other duties, for emergencies and stuff, what are the conditions of MPI funding to those two officers for the stolen auto unit?

Mr. Zacharias: We fund six officers plus one ident specialist. Our agreement says that these people have to be dedicated full time to looking after vehicle theft. The only exception that is there is for emergency situations, for instance, if they had a hostage taking and they needed to respond officers to an emergency or something like that, they can confiscate these people to fill in. But that is seen as the rare, unusual situation. The commitment is that these six people and the ident officer will work and commit 100 percent of their working time to dealing with car theft.

* (1140)

Mr. Kowalski: If Mayor Murray reduces the police force by a hundred officers, police work is emergencies. Will there be any monitoring to assure that those officers are dedicated to the job and not used for other duties continually? What assurances will we have that the city is not just taking MPI's money and making up for the shortfall they have in officers because Mayor Murray is cutting 100 officers from the police force?

Mr. Zacharias: The agreement we have certainly has some reporting requirements built into it, so that we are aware of not only who is in that unit but some of the activity that the unit is involved in and what they are accomplishing. Certainly, if there was a change in the number of police force or a change in the agreement that we had or they did not deliver on that agreement, then we would have to look and see should it still be in place. But I think right now that is still speculation based on what could happen, compared to the agreement that we have in place and what is happening. So I guess it depends how it changes would depend how we would react.

Mr. Kowalski: I do not know if there will be any answer to this, it is more of an opinion. Right now, in the special investigation unit with Dennis Toyne, who was a very tough cop, was a very good cop, I worked with him in robbery, homicide, now I think there are a number of former members of the Winnipeg Police Service. I think they are very successful, but I believe almost the balance has gone over to where they set their mind to disallow a claim or to look for it.

When Mr. Zacharias had mentioned that expenditure, I believe he said it was \$1.5 million for the unit, and claims that were dropped on fraudulent claims came out to \$3 million. Well, I know if I had to go up against Dennis Toyne and his investigation unit, they are a very tough group. For some people, I think it is just too much to face, the expertise that they are dealing with, and sometimes people just walk away. I believe that in some cases there may be legitimacy to those claims.

Now, one solution might be what Workers Compensation has in that they have a Workers

Advisory board that helps people with their disputes with the Workers Compensation. Right now, for an individual to face the army of lawyers that MPIC has, the expertise in the SIU, for the little claimant it is very hard to go up against those forces. Have you looked at ways of assisting?

I know it is almost like giving your opposition ammunition and resources, but because of the monopoly situation, has MPI looked at ways of helping people who are facing these strong forces to have a—I am trying to avoid the word "fair" fight, but in fact it is. In court and in these things, we have oppositions and it is not always the right side, but the person with the best lawyers and the best investigators win the case. Is there some way that MPI can level the playing field?

Mr. Zacharias: Dennis may have been a strong-willed, tough cop, but I think he has mellowed a little bit in his time.

Certainly what we have to do is make sure that we are fair to both sides. We have a number of checks and balances, and there is virtually no decision made at MPI that is not appealable in a simple fashion to someone at arm's-length to independently make that adjudication. If people feel that they are being badgered by SIU or unfairly looked at, certainly the Ombudsman is there to check that out on their behalf, and on occasion they have looked at our practices.

We have the judicial system to look after, and if we were unfairly trying to prosecute people in a case that we are getting thrown out because the judge saw us as acting high-handed or unfairly, there is a check and balance there. That carries through nearly all of our systems, but we also have a high onus to make sure that the system is not being ripped off in any kind of manner.

What we have done in the last period of time is put in place a new service. We are calling it our Fair Practices Office. This has just recently been established and is getting underway and will be available for all our customers. If they feel they have in any way been wronged by MPI or have not had due process or they have not received fair consideration, these people will be

set up, and are being set up, at arm's length from all operations, reporting directly into my office to provide me with both the nature of complaints, how they are being resolved and the results of those so that we can review processes within the organization and again make sure that they are set up fairly and people are not being disadvantaged. This is not in addition to any other kind of appeal mechanism that those people might have, but hopefully sort of an arm's-length situation where both sides can be looked at and people empowered to make the right decision in that particular case.

Mr. Jim Maloway (Elmwood): Mr. Chairman, my first questions have to do with the retained earnings of the company. The minister will know that in early '70, '71, '72, when the corporation was set up, it was set up essentially to run as a public service, more or less a break-even type of corporation because it did not have shareholders to pay. In fact, I think by law it is not permissible to divert money from the corporation into general revenues because that was a concern, certainly of the opposition Conservatives at that time.

The other reason for setting it up was to keep what is now a billion dollars in investment money in the province. Those were very good reasons to set it up. At that time, the corporation decided that a figure of 15 percent of earned premiums, I believe, was acceptable to put into retained earnings. That was the guideline until last year. All of a sudden, in the middle of the night last year, the board in its wisdom decided to change the rules, and 15 percent of earned premiums based on last year's figures would indicate that the corporation should have roughly just under \$75 million on hand in the retained-earnings account. It shows right now that combined we have \$140 million, so we are way overreserved. I would like to ask the minister: why did the corporation last year change the rules to essentially hide their burgeoning surplus, because this is the healthiest this corporation has ever been by far?

Mrs. McIntosh: Mr. Chairman, I will ask the president to speak to that, but I must first of all indicate that I do not accept all of the preamble as being factual or accurate. I really think it is inappropriate to hear words like "hide" and the

implications that go along with some of the words. It is not accurate, not fair and I think could be clarified. We just, again, do not like to have statements on the record that give impressions that do not reflect reality. Retained earnings are an operational issue. MPI does not exist to make profits, but our government has a transparent, public rate-setting process in place. The president, I think, has some very good comments to make that I am going to ask him to make in response to your question, but again, I just want to make clear that some of the implications in your preamble should not be deemed by any readers of Hansard to be seen as accurate.

* (1150)

Mr. Zacharias: Certainly the mandate to break even over the long run has been with the organization since its inception. It was in the Kopstein Commission report that the issue of rate stabilization reserve was discussed. Prior to that, the corporation did not have a set target. The recommendation was that the corporation should have some money set aside with respect to rate stabilization so that we were able to do some smoothing of the good and bad years.

In his discussion in his report, he indicated that private companies generally should have around 30 percent of their premium to pass the asset tests. The corporation needed something less. He was not sure what that was and recommended 15 percent. During the Public Utilities Board process where we had been working toward 15 percent, the corporation was asked where the magic was in 15 percent, why that number was picked and was it still legitimate today. That has spurred some review and discussion with respect to an accurate target. Since our big risk comes on the claims side, not on the premium side, because claims is where the most fluctuations will occur through both frequency and severity, a move was made to attach a reserve target more so to the claims side, and consequently we looked at the claims liabilities as an item.

That has again been further reviewed, and the corporation has now targeted, under the Basic program, a rate stabilization reserve of \$80 million to \$100 million. We still require a very

clear distinction between rate stabilization reserve in the Basic program and retained earnings on the Extensions side. I do not think we would ever be in a situation where we could go to the Public Utilities Board and ask for a rate increase because our competitive lines of business had not done well. Consequently, the competitive lines of business require reserves to support those lines of business, similar to what you would find in private industry. The Basic program is run separate. We are not mixing the monies and the results from those. The Basic program now has \$64 million attached to it, so that there is not subsidization between revenue and income. Between the Basic and Extension, we have tried to make sure that both sides of the businesses could properly look after themselves.

Mr. Maloway: The fact of the matter is that the government runs this corporation according to the election cycle. Just before the last election, it built up reserves and it flushed them out during the last election. It took the corporation down to where it had depleted all its reserves, then right after the election, in 1995, it went on a rate increase program to build the reserves up. When the reserves got too high based on its existing guidelines, what did it do? It changed the guidelines so that it could hide the higher reserves. Now just before the election, surprise, surprise, we are asking for a reduction. I have said as early as last year that in fact the corporation could be asking for a larger reduction than it has before the PUB.

Now, Mr. Chairman, I know we are running short on time, and I did have several pages of topics and questions to ask, but I do want to deal with the rental car issue. The minister may be aware—

Mrs. McIntosh: Mr. Chairman, I do believe the member's comments, although they were not put in the form of a question, require a response from the minister, because he has impugned motives. He has accused the government of interfering. He has accused MPI of misusing funds. He has made some very serious, horrific accusations that are totally uncalled for and completely unwarranted.

I think I would like to table it in fact, Mr. Chairman, and I would like to give MPI the

opportunity to respond to the vile accusations put forward. I would like to table this that shows the long-range projections—

Mr. Chairperson: Order, please. A point of order has been raised.

Point of Order

Mr. Ashton: A point of order, Mr. Chairperson, we have been doing fairly well thus far.

An Honourable Member: We were until he said this.

Mr. Ashton: There was reasonable agreement, but for the minister to talk about vile and horrific allegations and to earlier say that using the word "hide" was somehow inappropriate, the member put forward a view that he has put forward before, a view that is an argument about that; it is about rates. I would suggest that we thought when the minister interrupted the member that it was to put a few comments on the record, but to talk about vile and horrific, I think the minister should get a reality check here. This is a committee of the Legislature. If she does not agree, then she should put forward arguments. To use words like "vile" and "horrific" is not appropriate, and I take some objection that the minister jumped in and then proceeded to make these kinds of accusations against the member.

If she wants to respond, I would suggest she wait until the member has finished his comments and we will hear her comments. In fact we can sit past twelve or come back again, but I am surprised the minister has jumped into this and started throwing these terms at the member. It is not acceptable. I take some objection to the fact that you recognized the minister. We thought it was simply perhaps a point of information. It is obvious the minister could not wait to get into this debate. I suggest, Mr. Chairperson, you ask her to wait and allow the member for Elmwood to continue.

Mrs. McIntosh: On the same point of order.

Mr. Chairperson: On the same point of order, the honourable minister.

Mrs. McIntosh: Mr. Chairman, indeed it was a very good session until the member for Elmwood (Mr. Maloway) began to make his accusations. I think in the questioning from the member for Elmwood some very serious accusations were made at a committee with—

An Honourable Member: The president backed up everything I said in my first statement.

Mrs. McIntosh: —MPI presence. The president did not back up your accusations that the government has set rates for political purposes in an election year. If the president backed that up, I would be very, very surprised. I do not think I heard him do that, so the member is not accurate.

On the point of order, the member raised a question with some very serious accusations against the government. Because we are in a committee hearing, I think the government then should be given the opportunity to respond to those comments that are now on the record in a committee accusing the MPI of violating some very important principles that it is bound to be held to.

We have some information here that could very quickly, just by tabling alone, address the trend that the member denies has occurred, but I think the president deserves the opportunity to respond to those accusations and clear the corporation's name.

Mr. Chairperson: A ruling on both points of order, I believe they are a dispute over the facts. I would ask Mr. Maloway to restate his question.

* * *

Mr. Chairperson: The hour being twelve o'clock, what is the will of the committee?

An Honourable Member: Do you want to pass the report?

An Honourable Member: No.

An Honourable Member: Committee rise.

Mr. Chairperson: The hour being twelve o'clock, committee rise.

COMMITTEE ROSE AT: 11:59 a.m.