



Second Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

on

Public Utilities

and

Natural Resources

Chairperson

Bonnie Korzeniowski

Constituency of St. James



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

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AGLUGUB, Cris	The Maples	N.D.P.
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ASPER, Linda	Riel	N.D.P.
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LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Monday, January 22, 2001

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Ms. Bonnie Korzeniowski
(St. James)**

**VICE-CHAIRPERSON – Mr. Gregory
Dewar (Selkirk)**

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Lemieux

Messrs. Cummings, Dewar, Fauschou, Ms.
Korzeniowski, Messrs. Loewen, Maloway,
Penner (Emerson)

Substitutions:

Mr. Schellenberg for Mr. Reid
Mr. Rondeau for Hon. Ms. McGifford
Hon. Mr. Mackintosh for Hon. Ms. Barrett

APPEARING:

Ms. Shari Decter Hirst, Chairperson of the
Board, Manitoba Public Insurance
Corporation

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

Mr. Darren Praznik, MLA for Lac du
Bonnet

Hon. Jon Gerrard, MLA for River Heights

MATTERS UNDER DISCUSSION:

February 29, 2000 Annual Report of the
Manitoba Public Insurance Corporation

* * *

Madam Chairperson: Good morning. Will the Standing Committee on Public Utilities and Natural Resources please come to order. The first order of business is the election of a vice-chairperson. Are there any nominations?

An Honourable Member: Madam Chair, I would like to nominate Mr. Dewar, Selkirk.

Madam Chairperson: Mr. Dewar from Selkirk has been nominated. Are there any further nominations? Mr. Dewar has been elected vice-chairperson.

Before the consideration of the Annual Report of the Manitoba Public Insurance Corporation, we have committee resignations to deal with. I have before me the resignation of Mr. Reid effective immediately. Are there any nominations to replace Mr. Reid?

Committee Substitutions

Mr. Gregory Dewar (Selkirk): Madam Chair, I move, with leave of the committee, that the honourable Member for Rossmere (Mr. Schellenberg) replace the honourable Member for Transcona (Mr. Reid) as a member of the Standing Committee on Public Utilities and Natural Resources effective immediately, with the understanding that the same substitution will also be moved in the House to properly be recorded in the official records of the House.

Madam Chairperson: Is there leave of the committee? *[Agreed]*

Mr. Schellenberg has been nominated. Is it the will of the committee that Mr. Schellenberg replace Mr. Reid? *[Agreed]*

I have before me the resignation of Honourable Ms. McGifford effective immediately. Are there any nominations to replace Honourable Ms. McGifford?

Mr. Dewar: I move, with the leave of the committee, that the honourable Member for Assiniboia (Mr. Rondeau) replace the honourable Member for Lord Roberts (Ms. McGifford) as a member of the Standing Committee on Public Utilities and Natural Resources effective immediately, 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.

Madam Chairperson: Is there leave of the committee? *[Agreed]*

Mr. Rondeau has been nominated. Is it the will of the committee that Mr. Rondeau replace the Honourable Ms. McGifford? *[Agreed]*

I have before me the resignation of the Honourable Ms. Barrett, effective immediately. Are there any nominations to replace the Honourable Ms. Barrett?

Mr. Dewar: I move, with leave of the committee, that the honourable Member for St. Johns (Mr. Mackintosh) replace the honourable Member for Inkster (Ms. Barrett) as a member of the Standing Committee on Public Utilities and Natural Resources effective immediately 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.

Madam Chairperson: Is there leave of the committee? *[Agreed]*

The Honourable Mr. Mackintosh has been nominated. Is it the will of the committee that the Honourable Mr. Mackintosh replace the Honourable Ms. Barrett? *[Agreed]*

* * *

Madam Chairperson: This morning the committee has before it the Annual Report of the Manitoba Public Insurance Corporation for the year ended February 29, 2000.

Prior to consideration of this report, did the committee wish to indicate how late it is wishing to sit this morning?

An Honourable Member: No time line.

Madam Chairperson: No, there is no time line. *Agreed? [Agreed]*

We will now proceed with consideration of the Annual Report of the Manitoba Public Insurance Corporation for the year ended February 29, 2000. Does the minister responsible have an opening statement, and would he please introduce the officials in attendance from the Manitoba Public Insurance Corporation?

Hon. Gord Mackintosh (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Good morning to you, Madam Chair, and the members of the standing committee.

I am pleased, of course, to continue the discussion of the annual report for the 12 months ending February 29, 2000. Joining me today are several members of the corporation's board and the executive including Chairperson Shari Decter Hirst; President and Chief Executive Officer Jack Zacharias; Vice-President of Corporate Finance and Chief Financial Officer Barry Galenzoski; Vice-President of Insurance Operations Marilyn McLaren; Vice-President of Corporate Claims Wilf Bedard; Vice-President of Corporate Legal General Counsel and Corporate Secretary Kevin McCulloch; and John Douglas, Vice-President of Public Affairs. The Director of Finance and Corporate Comptroller, Peter Dyck, and Financial Services Manager Mel Stadnyk, are also on hand today.

I thank you for the opportunity to preface our review of the report with some general remarks. The report details a year of great success in achieving financial stability to benefit Manitobans. I am particularly proud that the annual report focuses on the efforts made by the corporation to continue educating drivers about road safety. It is also gratifying to me that the report acknowledges the work of individual MPI employees whose efforts continue to make their communities better places to live.

Let me say today that this corporation and this Government knows and understands what Manitobans expect of a public auto insurer. No one wants to pay more for their auto insurance than they have to. As the new minister, I believe we must respect every dollar entrusted to us and

provide Manitobans with the value that they expect. This Government believes Manitoba Public Insurance is strongest when it fulfils its mandate to provide a comprehensive insurance product together with superior customer service at the lowest possible price.

The real strength and commitment of Manitoba Public Insurance is in delivering value to its premium payers. I believe this company should operate by three guiding objectives. First, to provide guaranteed access to auto insurance to all Manitobans eligible to hold a driver's licence and register vehicles; second, at the lowest possible rates; third, with the coverages, benefits and customer service among the very best available anywhere. These are the things that Manitobans have told us they want and expect. By meeting these objectives, Manitoba Public Insurance has and will continue to meet the needs of its customers throughout its 30-year history.

The corporation's efforts should focus on providing insurance at the lowest possible cost, delivering outstanding customer service, control claims costs, and, through road safety measures, take the risk out of driving.

*(10:10)

Manitoba Public Insurance has been able to reduce the amount most Manitobans pay for auto insurance each of the last three years. Looking ahead, we are confident that the corporation will be able to keep rates stable for the next number of years. In six short weeks Manitobans will begin sharing in what is the largest rebate Manitoba Public Insurance has ever offered: a 16.6% dividend that totals \$75.4 million. All vehicles in every region of Manitoba will share in MPI's success, with the average passenger vehicle owner saving \$106.

But the company wants Manitobans to know that it is not sitting back on its laurels. As MPI enters its 30th year of serving Manitobans, it knows that it must demonstrate its value to Manitobans each and every single day. It must ensure that insurance rates remain stable over time. It must return more than 85 cents of every dollar collected in premiums to Manitobans in the form of claims benefits. It must ensure that

its operating costs are less than 58 percent of the Canadian industry average.

I am pleased to tell you today that MPI has surpassed all of these goals.

Let me briefly touch upon a few highlights from the annual report that may be of interest to committee members and to Manitobans. Last year MPI was able to reduce the average basic Autopac premium to \$524, a decrease of \$28. MPI paid out nearly 88 cents in claims payments for every \$1 of premium collected. This is significantly better than the Canadian insurance industry target of 67 cents. For the past fiscal year, MPI's operating costs were slightly higher than one-half that of the Canadian industry average. For every \$1 most insurers pay to operate, it cost MPI 52 cents.

Manitobans continue to benefit from MPI's investment policies. The interest earned on investments help reduce the amount of premiums required for motorists. Last year's investment income of \$77.2 million reduced each and every premium by \$84. MPI's 22 claim centres handled more than 825 claims every working day. Approximately \$1.5 million in claims benefits were paid out to Manitobans every working day.

To look at the big picture then, MPI achieved a total net income of \$51.4 million last year, an increase from the previous year's surplus of \$38.3 million; retained earnings were just over \$79 million; total earned revenues at \$535.4 million were \$26.3 million better than the previous year; cash and investments were slightly over \$1 billion, an increase from \$958.9 million in the previous year. MPI achieved a basic Autopac Rate Stabilization Reserve level of \$104.9 million. Known as the RSR, the Rate Stabilization Reserve protects customers from sudden and dramatic premium increases resulting from unforeseen events such as periods of severe weather.

What remains important to Manitobans is the assurance that they are receiving an excellent insurance product, together with superior customer service at a premium, which is amongst the lowest in Canada.

As the new minister, I have thought over the last couple of days of what the overall objective is of this portfolio. In my mind, without a doubt it is to ensure low, stable rates, incrementally improved benefits and services. We also recognize, of course, around this table in particular, that there have been controversies over the last number of months or weeks with regard to Manitoba Public Insurance. It is important that we learn from these controversies. It is important that we listen to the different insights that Manitobans have to offer when these controversies arise.

Madam Chair, Manitobans made it clear a number of weeks ago that they do not, in general, support donations of monies from the operations of the regulated monopoly from the basic Rate Stabilization Reserve going to fund such programs as college and university infrastructure. It is my belief that Manitobans also do not support grants going to matters that are totally unrelated to the business of automobile insurance from this Rate Stabilization Reserve, matters that are unrelated to road safety, for example, matters unrelated to the marketing of MPI products. It is my belief that Manitobans as well do not support these monies from the basic Rate Stabilization Reserve and its surplus going to general government operations.

So today I am pleased to assure Manitobans that I agree and this Government agrees that no surpluses from basic Autopac premiums should pay for totally unrelated grants like in the case of university infrastructure, including general government operating expenses, also known as the Consolidated Fund, through dividends paid to government or other appropriations.

The surpluses, where they accumulate over \$100 million, must be paid back to those Manitobans who paid the premiums, and I, working with the board, will take whatever steps are necessary to ensure this into the future.

It is also, I think, worthy to note that MPI, in addition to its mandate of low premiums and good service and benefits, has a role through the purchase of bonds, for example, to enhance the Manitoba community in the broader sense. MPI will continue of course to provide corporate

sponsorships and grants and donations to events or organizations where there is a direct benefit to MPI and its mandate either through social messaging such as do not drink and drive advertisements, RoadWise advertisements supporting our arts events, for example, or programming that markets MPI products or enhances public and road safety. For example, grants to Operation Red Nose is one that immediately comes to mind, and others like that that are known around this table.

Manitobans must have confidence in their auto insurer. They must know that there is a frugal entity that everyone knows cares about the amount of premiums, the amount of money that Manitobans must pay in premiums.

There has been another controversy in the last number of days that I also would like to address. That is the issue of the payment of bonuses to employees of the corporation and executive members. Over the last couple of days I have looked at how and why this decision was arrived at. As well, of course, Mr. Zacharias is here today and is available to answer questions.

From my understanding of discussions with those under my jurisdiction, I understand that this was a plan that was conceived and indeed pushed by a former board, for those interested in knowing who the players were aside from the merits of this issue, which I will get on to. This plan that the former board had conceived included payments to management and the executive, including the CEO, as well as the rank and file.

It is my understanding from a discussion with the former minister yesterday that it was her understanding that she was being asked to honour a board decision and that she was doing so and implementing a commitment already made. This was not the only Y2K-related bonus package that the Government has inherited. As members may well know, Manitoba Lotteries, as well, some time ago instituted a bonus package in respect of Y2K.

Getting back to the MPI package, it is my understanding that the package in general was formally approved by the board of directors on January 18 of 2000—that was by the former

board—and discussions, I understand, of details following I believe about September 1999 or just before then, included actually more generous bonuses then eventually paid out by the new board.

I want to say that I do not generally support across-the-board bonuses like this, but I also understand that in the current market conditions there have been decisions made in a number of organizations both public and private that there should be incentive pay for information technology functions, for example, in a very competitive market. I understand that in private organizations some form of incentive pay is implemented in about 92 percent of the organizations and in about 56 percent of public sector organizations. I then therefore have some questions about the role of bonuses. In this case, this was across the board; it was after the fact, and in other situations there is incentive pay where there are measured objectives and performance expected before there is additional pay available. So there are different models of what can be called bonuses or incentive pay, as I understand it.

* (10:20)

I am referring the background of this particular bonus plan to Mr. Arthur Mauro, and he can pursue any further information as he sees fit. He has also been asked to review and provide recommendations as to the appropriateness of bonuses in MPIC, as well as bonuses or other forms of incentive pay in other Crown corporations. As well, Mr. Mauro has been asked to review and provide recommendations on how the governance of MPI and its accountability to the public can be strengthened.

I want to hear from Mr. Mauro recommendations as to how we can strengthen and how we can make sure that there is effective protocol in place around the role of the minister, for example, of Cabinet in MPI affairs. How can the role and communicating the responsibilities of the CEO, the board, the role of the annual report, the role of the legislative process, be strengthened? In other words, how can the public be assured that MPI is not just a political tool run for the political benefit of people at the Legislative Building, yet be accountable to the

public through the legislative process? There is a balance here, and I think that there have been questions in the mind of the public about these issues of governance and accountability and certainly in my mind.

Finally, there has been a recent controversy about the subsidization of bus passes for certain employees of MPI. I understand that this is a plan that was conceived by the City of Winnipeg, and there was a request to MPI to sign on to this idea on a pilot basis. My understanding from staff is that the expected cost of this pilot project is between \$40,000 and \$60,000. I will say this, I think the objective may well be a laudable one. Being environmentally conscious is important for each one of us, whether we are corporate citizens or individual citizens. It is also important I think that we make efforts to reduce traffic congestion and perhaps even claims costs in downtown Winnipeg and increase bus ridership. But I question whether this is the fairest and most effective way to achieve these objectives. That is my question.

Now, this matter was not one, as I understand it, that ever went to the minister, it never went to the former board of directors, it was a matter that was determined by the human resources committee of MPI. Is that—*[interjection]* No? It went to the board? It did not go to the minister. I have an interest in this area because of the context within which it is raised.

I understand that a pilot is beginning next week at the request of the City of Winnipeg, and I have asked whether we can reduce the pilot program at this point and, in the meantime, put in place a way that we can effectively assess the fairness and effectiveness of this pilot program. As well, as part of the assessment, I want to determine whether there is any subsidized parking made available to employees of MPI. There may be more effective and fairer ways to encourage bus ridership and less use of automobiles than the current pilot program.

As Manitoba Public Insurance enters its 30th year of serving Manitobans, it continues to play an important role by providing the services that we have talked about this morning and by

working to improve the quality of life for all Manitobans.

I would be pleased now to answer any of your questions. I understand, as well, that the CEO and the chairperson, by tradition, are before the committee and able and willing to answer any questions that come from committee members.

Madam Chairperson: We thank the minister for those remarks. Did the critic from the Official Opposition party wish to make an opening statement?

Mr. David Faurshou (Portage la Prairie): Good morning, committee members. Mr. Minister, it is my pleasure once again to appear here at committee and have the opportunity to question the operations of the Manitoba Public Insurance Corporation on behalf of the people of Manitoba.

I would like, though, to ask the minister whether or not it is permissible at this time—the chairperson of the board did not have an opportunity when last we had a chance to open the discussions of this report, whether she would like to have opportunity to put a few comments on there. In her absence, I know there was a great deal of discussion, so I would like to take this opportunity to offer the floor to the chairperson and then have opportunity for the balance of my remarks.

Madam Chairperson: We thank the member for those remarks. Did the chairperson from the Manitoba Public Insurance Corporation wish to make a statement to the committee?

Ms. Shari Decter Hirst (Chairperson of the Board, Manitoba Public Insurance Corporation): Madam Chair, actually, Mr. Faurshou, I would certainly like to reinforce the comments by the minister on our annual report, that Manitoba Public Insurance has 1200 dedicated employees who spend a great deal of their time and effort—

Madam Chairperson: Pardon me for a moment. I would just like to recognize Ms. Hirst as the speaker.

Ms. Decter Hirst: —working for the service of Manitobans, that we take a great deal of pride in not only our economic success but also the delivery of and the incomparable level of service to Manitobans, that, again, we have dedicated employees who work very hard.

I would certainly like to commend them and again reinforce the comments by the minister and his commendations toward our staff.

Madam Chairperson: We thank the chairperson for those remarks.

Mr. Faurshou: I appreciate the chairperson's remarks, to see that she is in support of the minister's opening remarks and that she concurs with those remarks.

I would like to have the opportunity to question some of the particular practices that effectively were touched upon that have been of newsworthy note of recent, that being the particular bus passes as well as the bonus structures.

However, I am remiss, first off, to welcome the new minister to his place of tenure as the responsible minister for the Manitoba Public Insurance Corporation and hope that his appointment is one that will allow him to bring forward some of the notes which he has already alluded to and enhance the particular responsibilities of the Manitoba Public Insurance Corporation.

So having said that, I would like to effectively ask the minister, starting first with the bus passes. You have mentioned that this is now just a pilot program only and that effective analyses of the pluses and minuses to this program—what is the time jurisdiction allocated for the evaluation of this program?

Mr. Mackintosh: It is my understanding, and Mr. Zacharias may have more information on this, but the City of Winnipeg had asked that MPI be involved in a six-month pilot program beginning February 1. So the approval has already been made, the decision has been made, and the program, the bus pass use, will begin next week.

I think that the assessment and questions have begun already. As I say, on its face there is some value but I also can say that on its face I have a problem with some aspects of it and whether this is a fair way of dealing with the challenge of traffic congestion, environmental concerns and bus ridership. I suspect that there are more effective ways. Some questions in my mind regard, for example, whether the people taking advantage of this program are those that already buy bus passes anyway so that it is a question as to whether then basic premium payers are subsidizing those that already take the bus. That would be an unfortunate outcome. As well, I want to ask questions about what the checks and balances are to ensure that the bus passes are not purchased by someone at MPI and given to a family or friend, for example.

Those are some issues I have. I also have questions about the parking regime, the policies for parking. I had a brief discussion with the CEO this morning on whether parking was subsidized at MPI, and I understand that there is some subsidization of parking for certain employees. That raises a question as to why basic premium payers are also subsidizing parking, which would go against the objectives of this particular pilot program.

* (10:30)

So, just given the time available so far, I have questions and I need more answers. That is why I would like to see if the pilot program could be shortened, just given the concerns I have, and I want to see developed a good, effective measure of the value of this kind of program. If MPI's enrolment in this program spearheaded a very significant change in traffic and bus ridership then I suppose we could look further at that and how the program is funded because I do have a problem as to how it is funded.

This is a matter of employee benefits but, nonetheless, I think that we have to ensure that Manitobans recognize that the corporation is frugal, it recognizes the importance of the premiums that Manitobans have to pay, because it is a big chunk that Manitobans must pay on an annual basis even though we average the lowest, on average, premiums in Canada for auto

insurance. It is important that the people know that the corporation is very mindful and uses its premiums wisely and for the purposes of the organization first and foremost on road safety.

Those were my initial thoughts when I heard about this issue and had discussions with senior staff about it.

Mr. Faurschou: I thank the minister for his clarification and expansion on his opening remarks in regard to the bus passes being provided to employees. I attended the Manitoba Clean Environment Commission's day in regard to greenhouse gases. Without question the automobiles that are operating within the province here in fact are the leading source of greenhouse gases, as the minister expressed the thought. It is in fact a laudable suggestion. I appreciate the minister's questions in that regard.

Just specifically, though, how many Manitoba Public Insurance Corporation employees are we speaking of in this regard as to the opportunity to ride the metro?

Mr. Mackintosh: It is my understanding that the estimate is between about 400 and 600 employees.

Mr. Faurschou: So potentially almost one-half of Manitoba Public Insurance Corporation employees will have the opportunity to effectively take advantage of this bus ridership program.

Mr. Mackintosh: There are possibly 1200 employees of MPI. The ones who I understand will be the subject of this pilot are employees who work in Winnipeg locations. Perhaps Mr. Zacharias could provide any further detail on that. So if as many as 600 do enrol, it would affect about half of the workforce.

Mr. Jack Zacharias (Chief Executive Officer and President, Manitoba Public Insurance Corporation): Yes, the offer is open to all Winnipeg employees. Certainly I think it is a little more than 600 that would be in Winnipeg. The uptake rate expected is not great, 300 or 400 at best we thought. At this point in time I think we have a hundred or so that have responded, or just over a hundred that have responded to this

point in time with a February kick-off date. Certainly the cost is dictated by the number of people that take up on it.

Mr. John Loewen (Fort Whyte): Minister, welcome to your new role as the Minister responsible for Manitoba Public Insurance. Certainly I appreciated your opening statement. You attempted to touch on the three issues I think which are of the most significant concern to the people of Manitoba. I do have a number of questions for you on that.

I do find it very interesting that we are seeing today a very dramatic reversal in a number of policy areas from you as the minister responsible as opposed to the previous minister, Minister Barrett. I would like to ask some questions about that a little later on, particularly as they pertain to Cabinet discussions. We all understand that different ministers from time to time have different responsibilities, but it is the will of Cabinet that will determine how those issues are handled.

I guess I would like to start off by asking the chairperson if she would like to make some further comments on her perception of her role as the chair of MPIC and perhaps share with this committee. I appreciate that in our first meeting in April she had just assumed the chair and was unable to attend the second committee meeting dealing with this report so really has not had an opportunity to speak to her vision of MPIC. I guess I would like to give her the opportunity to maybe give this committee a little better understanding of where she sees MPI fitting in with its role and mandate in the province of Manitoba and what her vision is for the future of the corporation as her tenure in chair.

Ms. Decter Hirst: The role of the board chair at Manitoba Public Insurance is carefully prescribed in our act, in our legislation, that I am required to report to our minister following all board meetings and to make sure that our minister is informed about decisions that are being made at Manitoba Public Insurance. In terms of the governance of a billion-dollar corporation, which is certainly the role of the board, we spend, again, a great deal of effort ensuring that we have low rates, comprehensive programs and services and guaranteed access. In

terms of management style, our new relationship with this minister is approximately three days old, and we will feel our way along.

Mr. Loewen: Thank you for that. I am not hearing much information on your vision for MPIC. I guess I am just a little curious. It seems from your public statements that you are certainly at odds with some of the statements that the minister has made today. I think, to the credit of the minister, he seems to be falling back more towards the position we heard from staff at the July meeting.

I guess I would like to maybe ask you to describe in a little more detail your comment, your public comment, on the donation that was being considered to the three universities. In justifying that, you went on the public record as thinking that was something that was within the mandate. Your quote was that Manitobans simply did not understand what the corporation was trying to do.

Could you explain to this committee a little more about what you meant about that?

Ms. Decter Hirst: I would be delighted to. When our board began looking at this issue after the change of the board in March and as we were looking at filing our application towards the Public Utilities Board for the upcoming year, we obviously had a situation where, because of some very prudent and astute investment decisions—we sold Nortel when we should have—as well as just general luck of having three very mild winters in Manitoba and again the hard work of the employees at bringing a lot of costs within our operating budget under budget, we were sitting with a surplus in our RSR, our Rate Stabilization Reserve.

* (10:40)

The Public Utilities Board the previous year had requested of the previous board a decision about how they would spend or disburse those surplus revenues, what was their strategy. As we were preparing our PUB submission, we were looking at what would be our guiding principles around the disbursement of surpluses in the RSR, the Rate Stabilization Reserve.

As a general principle we felt that funds in the Rate Stabilization Reserve that were in surplus to what we needed to ensure that catastrophes would not leave us in a vulnerable position, in excess of the ceiling, that we would return those funds to ratepayers. That was what we had filed with PUB, and in fact that has been adopted by PUB.

We were left, though, with a situation where we had \$75.5 million which at the time we spent a great deal of time trying to explain to people that this was unprecedented, this was a windfall situation, this was not based on general day-to-day operations, this was good luck.

So how were we going to share that success with Manitobans? Obviously, our very first priority and the group that got the largest share of those surpluses were ratepayers. Our first obligation was ratepayers. We recognized that with a 10% discount. So, again, their rates were going to be going down by 10 percent, and, again, this is in a market nationally where rates generally are going up, so that the fact that not only had we kept them level but now we are going to be offering a discount, it very much was shared success.

The next group of people that we wanted to again share that success with were people who drive but do not own vehicles because they, too, pay into Manitoba Public Insurance. Drivers in Manitoba also contributed to our success. What could we do for them? Again, anyone who has gone to renew a driver's licence knows the pressures that the drivers' licensing system is under, and, again, we were working on a very short time line.

We knew that this was an area and a group of people and a group of our customers that we wanted to share our success with. We did not have time to begin any discussions with the Minister of Highways (Mr. Ashton) or the department of motor vehicles or drivers' licensing system, but we wanted to ensure that those funds would be available in the course of time because, again, MPI plans a year to two years in advance. We are always looking very far ahead. So those funds were set aside to benefit drivers in Manitoba.

So we were now left, because, again, of a very large surplus of \$75 million, we were left with \$20 million, and we decided that we wanted to tangibly recognize the fact that we are owned by all Manitobans, that, in fact, all Manitobans contribute to our success. All Manitobans, coincidentally, are also our customers because they are also covered by PIPP benefits, by accident protection benefits, and, again, what could we do for all Manitobans that would ensure that they could see the benefits and the value of owning a Crown corporation. So whether it was a person who drove, a person who bought car insurance or someone, in fact, who did not buy car insurance or who did not drive, we wanted to get them to understand that we had had a remarkable series of situations that resulted in a \$75-million surplus over our RSR.

So at the end of the day, that was how those funding decisions would be put into place. Again, the majority of our commitment is to our ratepayers. We had recognition of drivers, and, again, we were a public insurance company that just the same as when any other private corporation has a surplus it goes back to the owners, we wanted to ensure that all Manitobans could see the value of a Crown corporation. Does that answer your question, Mr. Loewen?

Mr. Loewen: Thank you, Ms. Hirst, for your explanation. We will touch upon this later, but we certainly hope that when we are talking about a billion dollars worth of investments, funds invested on behalf of the people of Manitoba, that we are relying more on good management than on good luck, would be my opening comment, a significant amount of money to rely on luck. *[interjection]* Well, once again, I would hope that it is more good management than good luck. Certainly I hope we are not at the point of throwing dart boards at the stock market quotes on a daily basis to determine whether the people of Manitoba are going to benefit.

But I certainly appreciate your explanation. I guess, having said that, my question to you would be, and you stated in the paper on the public record, having had the time and opportunity to explain that position to the people of Manitoba, would you make the same decision again?

Ms. Decter Hirst: I want—

Madam Chairperson: Ms. Hirst.

Ms. Decter Hirst: Sorry, thank you. I tend to get a little ahead of myself here with my jumping in. Actually, just to respond to your comments about good luck, in fact the Department of Finance manages our funds, our investments. Again I would just like to commend them for their astuteness. We have a portfolio that not only manages to invest in Manitoba, but also manages to generate significant returns, which, at the end of the day, is one of the reasons why we have the lowest rates in Canada. So, again, it is through their astute good judgment that we were able to benefit.

Would we make the decision again? I think that MPI has always prided itself, in its 30-year history, of responding to our customers. I wish that we had had a chance to discuss who owns Crown corporations in Manitoba and how Crown corporations can benefit Manitobans. That certainly is a very general discussion. I would certainly never wish to put the employees at Manitoba Public Insurance again under the pressures that they endured during that time.

Again, at the end of the day, I personally believe that this is a Crown corporation that belongs to all Manitobans. We should be proud of the fact that we have a Crown corporation that is managed so astutely and so well that we have the lowest rates in Canada. Our private sector colleagues in fact cannot do the job that we do, and I think that is to our credit.

Mr. Loewen: I take it that the answer to the question was yes, you would do it again.

Ms. Decter Hirst: We have told the Public Utilities Board that all surpluses will go back to ratepayers. The Public Utilities Board, as you know, is a very effective watchdog on Crown corporations and public utilities, of which we are one. We always abide by our legislation, and currently we do not have the ability, at this point in time, to disburse our surpluses to anyone but our ratepayers.

Mr. Loewen: Madam Chairperson, certainly the Public Utilities Board has ruled and, under pressure, the corporation has reversed its position. The Government in fact has reversed its position quite dramatically. I guess what I am trying to get a bit of a feel for is whether with the reversal of that policy you still feel comfortable in your role in living within the policies that have been re-formed by the Province of Manitoba.

Going back to the first discussions and I believe this issue was first passed by the board of MPIC in May following a motion by Paul Moist, that an amount be set aside in a somewhat general way. Can you tell this committee whose idea it was to set aside that large amount of funds for distribution back to general government revenues?

* (10:50)

Ms. Decter Hirst: Certainly, I would be delighted to. Again, with basically two-thirds of the funds going back to drivers, ratepayers, we were looking at what we would do for all Manitobans. At the time, again because of the pressures that we were working under, we did not have an opportunity to develop a strong focus beyond that we wanted to do public good. We wanted to show in a tangible way our commitment to the Manitoba community. It was originally filed with Public Utilities Board either as a community legacy fund or an endowment fund, and again, at the time the board was looking at a variety of options.

Once our application was filed with the Public Utilities Board we were able to sit down and try to put some meat on the bones of some of these very broad objectives. We began with conversations with our minister to try and determine, as the representatives of the people of Manitoba, what were some of the priorities.

Again, through the course of several months, discussions evolved so that at the end of the day we wanted to look at ways that we could contribute to the future of Manitoba through education and again looked at a variety of kinds of ways of doing that and felt that crumbling infrastructure was certainly a huge outstanding obligation towards the post-secondary sector and

that we would be very proud to be able to assist the three universities in those goals and objectives.

Mr. Loewen: Well, a couple of points to that. Correct me if I am wrong. My understanding is then that it was at the board's initiation, that they began to discuss the possibility of making a \$30-million legacy donation to some unprescribed group at the time and that that then was taken by the board to the minister.

Ms. Decter Hirst: No, just to correct you, it was \$20 million. Again, \$10 million was to go towards the driver's licensing system, that the legacy monies were \$20 million, and that, again, it was felt that we needed to do something to recognize the fact that we were owned by all the people of Manitoba.

Mr. Loewen: Well, I think we can recognize in the committee that it started as \$20 million and grew to \$30 million by the time it was announced to the public, so, you know, my intent is not to split hairs there.

You have mentioned a number of times that you were under a lot of pressure in terms of a time line, and I guess that escapes me. What was the rush? The money was not going anywhere. Who was pressuring the corporation or the board to make a decision?

Ms. Decter Hirst: The Public Utilities Board application has to be filed early June, which means that the board has to make a decision in May. Obviously, both meeting the requirements of what we would be doing with surplus funds had to be part of that application, as well as the financial impact of the \$75 million had to be reflected in the application, that we were looking at a very innovative way of addressing the needs of our ratepayers through the discount, and that had to be included in the application, as well, because that was part of the rate structure.

So, again, in March when we first came in, we had basically three months to decide what we were going to be doing with it.

Mr. Loewen: Madam Chair, so really what I understand from that is what was driving the process was the fact that the Public Utilities

Board was scheduled to meet, and it was going to become public that the initial \$20 million had been up to \$30 million, and therefore there was a need by the board and by the organization to make a public statement about the \$30 million.

So really what you are saying is between the time the decision was made in May and November, virtually no public discussion had been undertaken on how the money could or should be disbursed.

Ms. Decter Hirst: That is correct. Again, the focus was on making the adjustments to the accounting records to ensure that the balances, the application, reflected those numbers, that we felt that following that we would be able to begin the discussions of how those funds could best be directed.

Mr. Loewen: So it was determined in May that there would be excess funds at that time. It was considered a \$20-million amount was satisfactory, later up to 30. I guess going back to your initial statement, you mentioned that a decision had been made to make a refund, as was indicated in the first Public Utilities Board filing to the ratepayers, which you felt was your first obligation, and you stated that the excess then should be given back to the people of Manitoba. I guess my question is if the first obligation is to the ratepayers, why would there be an excess?

Ms. Decter Hirst: Mr. Loewen, the board strongly feels that we have an obligation to three different constituencies, that the majority of our customers are ratepayers but we also have customers who are drivers who do not own vehicles and who do not insure vehicles and yet are still paying into Manitoba Public Insurance. We also feel very strongly that this is a Crown corporation that is owned by the people of Manitoba. So it was to those three audiences that we address this.

Mr. Loewen: That is very interesting because that is certainly contradicting the minister's opening statement where he clearly indicated that the responsibility of the corporation was to provide the lowest cost possible price for insurance and that any surpluses should go back to the ratepayers. Is the board still at odds with

the minister as to where excesses should be paid back to?

Ms. Decter Hirst: The board would never be at odds with the minister. We are in fact very aware that the Government represents the people of Manitoba, our customers are the people of Manitoba, that we would work co-operatively together to achieve common goals of the lowest rates possible, the highest level of service possible.

Again, this was a situation that was unprecedented, that we had never been in a position that we would be able to do this financially, that we felt comfortable that with a general rate that is the lowest in Canada plus a 10 percent discount that our first obligation to our ratepayers was being met, that how could we again address some of the needs of drivers, who are also our customers, that we have never been able to do beyond drivers' education those kinds of programs.

We felt that we should take this opportunity to look at how we could recognize that relationship, and again, we have never been able beyond the billion dollars that we have in our investments, a huge portion of which are bonds in municipalities, hospitals and education, we have never been able to recognize the fact that we are a public insurance corporation. We felt that was certainly a priority, that it was again an opportunity we did not expect to have, and it was an opportunity we probably will not get to express again.

Mr. Loewen: Madam Chair, the chairperson has just indicated that a large proportion of over a billion dollars in funds is invested in Manitoba. I wonder could she tell me what percentage is invested in Manitoba.

Ms. Decter Hirst: Could I defer that question to Jack because he has the numbers there.

Mr. Zacharias: I believe at present the numbers are around 40 percent to 45 percent, in that range.

Mr. Loewen: I thank Mr. Zacharias for bringing that information to the committee. In response, I guess to the statement by the chair, has the board

now changed its approach and as a board understands fully that it is responsible to change board policy regarding the refunding of excess amounts to coincide with the minister's opening statement?

* (11:00)

Ms. Decter Hirst: Yes, Mr. Loewen, as passed by the Public Utilities Board and passed by our board of directors, surpluses will return to ratepayers in Manitoba.

Mr. Loewen: So since the Public Utilities Board has ruled, there has been a motion passed by the board of directors of the corporation to the effect that any excesses will be returned to the ratepayers. Is that correct?

Ms. Decter Hirst: Could I get you to just repeat the question?

Mr. Loewen: Well, you just stated that the board understands and you mentioned a motion was passed by the board to the effect that any future surpluses would be returned to ratepayers. Has that motion been passed by the board and when was it passed?

Ms. Decter Hirst: It was passed in June as part of our application to the Public Utilities Board, who then passed it in November.

Mr. Loewen: Well, I am having a little trouble with the timing. If your board passed in June of 2000 a motion that all excesses would return to ratepayers, why did we have in the fall an announcement that \$30 million would be given away?

Ms. Decter Hirst: The rate application that we are discussing is for 2001, which is going to be upcoming on the 1st of March, which is the discount period that the minister referred to in his opening remarks.

Mr. Loewen: Are you saying there was a board motion, and, if so, maybe you could table with this committee the motion and when it was approved by the board to return any excesses. I am just trying to get clarification here because the timing does not jive with public reports at all.

Was there a motion passed by the board, as you said, in June of this year, that any excesses would be returned to the ratepayers?

Mr. Zacharias: Maybe I can help. The rate application that we filed on June 5, 6, 7, in there somewhere, did have an allowance for public good.

The board also looked at what we would do going forward with respect to surpluses and passed a motion that in the future when we had surpluses beyond that application, that we would wait till all the surplus was earned, but once the surplus had actually been earned, then we would return that back to ratepayers by way of either dividends or lower premiums, that it would flow back.

That was the go-forward position. The rate application had already been filed before that, but in the future this was the go-forward position. That was passed by the board at the end of June and filed with the PUB as what we wanted to do in the future. The PUB referenced that in their order and certainly is onside with that.

Mr. Loewen: Well, certainly they are onside with it. In their decision, they reiterated the fact and I believe instructed the corporation to return all excesses to ratepayers.

So what I am hearing is that the board recognized it had an obligation to pay money back to the ratepayers, but the board thought it would be all right just to take out \$30 million as a one-time gift to give it to whomever the board determined. Is that what happened?

Ms. Decter Hirst: The board felt that it was extremely important to recognize ratepayers and that because we were sitting on a surplus of \$75 million, it was an opportunity to recognize the other customers that we do not usually get a chance to recognize in that way.

It was also important for the board of directors to respond to the request of the Public Utilities Board on what we would do in normal circumstances with surpluses, and the board certainly had no problems passing a motion that said that surpluses go back to ratepayers. Again,

the \$75 million was extraordinary circumstances. It was not something that we had anticipated or that in fact the majority was not coming out of our day-to-day operations, so it was an opportunity that would not impact our ratepayers.

Mr. Loewen: Well, it is unfortunate that the chair was not here for the July meeting where we had an extensive discussion. Again, I am just trying to reconcile the statements that were made both by the minister at the time as well as the president and CEO of the organization, which in my mind do not coincide with what this committee is being told today, and I have a great deal of discomfort with that.

Just for clarification again, it was a decision, an idea that was formulated at the board to make this one-time legacy deduction that was then taken to the minister?

Ms. Decter Hirst: I think that reviewing the transcripts of Hansard, the public comments by the minister, that the recognition that Manitoba Public Insurance is a public insurance company, the previous minister has always been very outspoken in those regards. Again, the Public Utilities Board application is a public document that was filed in June, that there was certainly ample opportunity for people to examine that document, many of our interveners examined that document. At our own media conferences we discussed the fact that not only were motorists going to be paying the lowest rates in Canada and getting this discount as part of this application but in fact there was going to be an opportunity to do community good. Those were all part of the media announcements, that the primary focus was certainly on the impact on ratepayers and the fact that they would be receiving a considerable discount which generated certainly the most amount of media attention at the time. Certainly the board of directors lives within our legislation and within the Public Utilities Board guidelines and a variety of other regulatory agencies. In fact that is the universe that we operate in, and we are privileged to do so.

Mr. Zacharias: I guess, reflecting on the last comment, if there is something in my previous testimony that I had in July that you feel is

inconsistent with what I have said today, I would like some reference to it because certainly I have been through it, and I see nothing that is inconsistent with what I said at that point in time.

Mr. Loewen: Thank you, and I appreciate the clarification. Madam Chair, just to clarify my statement, in case I was not clear, where I would see inconsistencies in statements, in no way do I see an inconsistency in what you have said at that time or anything you have—well, possibly of some of your comments to PUB that you have said on that, but there are certainly inconsistencies on what we heard from yourself and the minister and what we are now hearing from the chairperson. Those are the inconsistencies that I was referring to. Certainly, Mr. Zacharias, I have not seen inconsistency in your statement, but in my mind do not match up with—but I have a question to the chair. She mentioned that Manitobans were made aware of this legacy fund by a number of media releases. Can she tell the committee when the first media release was?

Ms. Decter Hirst: Madam Chair, there was an extensive communication strategy that always accompanies every filing of the PUB application. What the media chooses to cover versus what we put out for them to cover is certainly something that media determines. There was a great deal of interest in the fact that ratepayers would be paying less for the third year in a row. There were a lot of bar graphs and pie charts that showed that we have the lowest rates in Canada. Again, there was a great deal of interest on behalf of reporters of how much their own personal rates would be going down. Again, Manitoba Public Insurance recognizes that one of our guiding objectives is to provide the lowest cost of insurance possible, and that seemed to be the story that the media wanted to talk about at that time.

* (11:10)

Mr. Loewen: I would ask the chairperson, maybe she could check with staff if there was a media release at the time of that PUB filing that brought to light to the public that there was going to be at that point a \$20-million giveaway from the Rate Stabilization Reserve. I think it

would be fair to ask if that media release could be tabled by this committee and when it was.

Mr. Zacharias: It is in the public statement that we did at the time of the PUB filing, and our PUB application did contain numbers for drivers and legacy. Part of the comments of my statement at that was that, in addition to the rate decrease, the corporation was looking at some other projects that involved both drivers and Manitobans as a whole and that there would be further statements on those issues forthcoming as the year rolled out. Then there was further reference when we amended the application that there were still to be announcements with respect to the benefits to all Manitobans and drivers. Both times we talked publicly about the PUB app, there was reference to that.

Mr. Loewen: Well, can I ask then when it was that it was first announced to the citizens of Manitoba that there would be either \$20-million worth of donations or \$30-million worth of donations? When was that first made available to the public of Manitoba? When was the first media release with that in it?

Mr. Zacharias: The exact nature of that expenditure was released about a week prior to the PUB hearings at an announcement done at the U of W.

Mr. Loewen: Thank you for clarifying that. So what we understand now is that there was a motion passed by the board in May. There was perhaps some vague reference made to a legacy fund with announcements to be made later, and then a week before the Public Utilities Board is set to sit and hear under oath, examine people under oath, that is when the announcement was made. Are those the timelines?

Mr. Zacharias: Certainly an announcement had been made prior to the start of the Public Utilities Board, because we had numbers in our application that we had received some interrogatories about, and we were waiting for direction from the board with respect to clarification as to how those funds would be used.

Mr. Loewen: To the chairperson, with regard to the extensive communications package that was

put together at the time of the filing, was there any discussion at the board that there should possibly be some public consultations prior to a decision being made on how to spend \$20 million or \$30 million of ratepayers' money?

Ms. Decter Hirst: Madam Chair, the discussion of who owns Crown corporations in Manitoba generally, who owns Manitoba Public Insurance particularly, was a consultation that did not take place generally in the public prior to the announcement at the U of W.

Mr. Loewen: For clarification, that was not my question. My question was: Was the public of Manitoba consulted about how the \$30 million that the board, or the \$20 million, whatever the chairperson would like to call it, was there public consultation on how that money should be distributed prior to the announcement that it was going to three of the four universities in the province of Manitoba, or was this simply a decision that was made by the government of the day?

Ms. Decter Hirst: I think that again public consultation in the terms of hearings, clip and mail coupons, call-in show discussions, none of those things occurred. Certainly when the board had made the decision to allocate a portion of the surplus toward the common good to recognize that commitment to our owners, the people of Manitoba, we did at that point sit down with our minister to decide what would be the most appropriate area where those funds could be utilized.

Mr. Loewen: So then the only specific discussions with regard to how those monies would be allocated were with the minister of the day?

Ms. Decter Hirst: That is correct. There were no public discussions with, again, the general populous about the use of those funds nor did we consult them about providing the lowest auto insurance in Canada. We just presumed and assumed that was one of our responsibilities as a board.

Mr. Loewen: Certainly it is the responsibility of the board and one that is recognized by the minister, to provide the citizens of Manitoba

with the lowest possible car insurance. That is why the corporation was formed in the first place. The corporation was not formed to take ratepayers' money and distribute it at the will of the board to any agency or group in Manitoba. This is appalling, and the people of Manitoba have spoken to that.

My question would be, just to get back to, I guess, the first question: Whose idea was it that \$20 million subsequently growing to \$30 million of the excess in the corporation should be distributed by way of a legacy fund or a dividend? Whose idea was that?

Ms. Decter Hirst: I would like to point out that one of the founding principles of Manitoba Public Insurance was to benefit the people of Manitoba and that was certainly one of the principles that we looked at, that we have the lowest rates in Canada and how could we again express the fact that we are a public insurance company. The decision to express that through a legacy fund or legacy funds or community good was made by the board prior to filing our PUB application in June.

Mr. Loewen: It was a decision of the board to give that legacy donation to three of the major post-secondary institutions in the province of Manitoba, three of the four.

Ms. Decter Hirst: When we were meeting with our minister to discuss the best focus for those funds and how they would provide the best community good, we looked at several different kinds of projects. It was felt that education touched all Manitobans, that most all Manitobans would believe that a strong foundation in education was a strong foundation in the future of Manitoba. We felt that the education system had been underfunded for several years and that certainly driving down Portage and seeing the facade of the U of W held up by netting was again an everyday reminder about crumbling infrastructure.

Mr. Loewen: In its deliberations did the board consider other possible areas to allocate this legacy fund? Did they ask people to make presentations to the board on the suitability of where these donations would go, or did the board just simply decide, under instruction from

the Government, that it was to go to post-secondary education?

Ms. Decter Hirst: We did not ask the people of Manitoba to make presentations to the board about the best use of those funds. Again, in consultation with our minister, it was determined that this would be the most effective use of those resources.

* (11:20)

Mr. Loewen: With regard to that, and you stated earlier that under your legislation you were only allowed to send the surplus back to ratepayers, did the board bother to get a legal opinion based on its act?

Ms. Decter Hirst: In the first reference, that is a Public Utilities Board guideline for us; that is our legislation. We have a legal opinion that in fact we could make gifts for the community good. We have been doing that and proud to do that for 30 years, we have supported the community. It was certainly felt that this was merely an extension of that former practice.

Mr. Loewen: Well, it is a far reach you know to go from corporations making the types of everyday donations that any corporation would make to a charity or to the Winnipeg Symphony or for that matter to the Pan Am Games. I mean, that is a normal course of business. When a corporation gives away more than or roughly half of its book value in one fell swoop, that is certainly not a normal corp course of operations. You know, to leap from one to the other is an interesting political defence but does not make a whole lot of business sense.

Would the corporation be prepared to table that legal opinion with this committee? Would the board do that?

Mr. Zacharias: The board certainly consulted with our general counsel and sought advice with respect to authority of the board. I think there is consensus in our statements with respect to what is legal or not legal because certainly things like donations to the United Way and others may fall outside the strictest sense of some of the interpretation that is there, but as an inherent right of the board, they have the authority and

responsibility and sometimes a legal obligation with respect to some of the environmental things to make those kinds of expenditures. So it is not a matter in my mind of do they have the legal right or not; it is a matter of when do the dollars make it become illegal. I do not think that situation exists. Either all expenditures of that nature are excluded or they are in, and if the argument is with respect to how much, that is not a legal argument.

Mr. Loewen: Well, Madam Chair, my question to the chair of the organization is quite simply will you table the legal opinion that was given to the board on the legality of this type of donation with this committee?

Ms. Decter Hirst: I apologize, Mr. Loewen. I must have misspoke, because it has been pointed out to me that a legal opinion is something that you pay for to prove that you are right. In fact, we did not incur those expenses. We have legislation, The Manitoba Public Insurance Corporation Act, and we feel that this certainly fell within those guidelines based on our legal counsel.

Mr. Darren Praznik (Lac du Bonnet): I am actually very shocked by the comment that the chair of a public Crown corporation would make that a legal opinion is something that you pay for—if I heard her correctly—to prove that you are right. Her minister who is a lawyer—I attended the same law school as he—we know full well that on many occasions when there is going to be a question, particularly of a Crown corporation that has been charged by the Legislative Assembly to administer public automobile insurance, if there is a question or an issue as to whether or not that corporation is acting within its power, obtaining a legal opinion is to canvass reputable members of the bar who have a knowledge of the law to determine whether or not you are within the realm of your power and authority.

This board, chaired by this individual, was about to give away, I believe, something like half the book value of the corporation, half the book value. She has indicated that some legal opinion was sought and albeit within house, there is nothing wrong with MPI employing some excellent counsel to seek that opinion.

What we would like to ask today, since she has diminished the value of legal opinions in her comments—and obviously she is now in trouble. They have had to retract this payment. It is easy to throw out a comment about legal opinions, but obviously her board and her corporation felt strongly enough to seek advice of their legal counsel.

Could they today, could the chair today tell us if she in fact saw that legal opinion, and would she commit to have it tabled before this committee? She may now value it. She may think it is only there to prove a position is right. There may be two views on a question. Not every question is clear-cut, but surely a responsible chair of a public Crown corporation entrusted by the people of Manitoba and the Legislative Assembly to deal with their business would want to know in giving away one half of the net value of that corporation, or the book value of that corporation, whether or not they were acting within the authority given to them by the people.

So I ask her today, did she as chair personally seek an opinion from her administration? Did she look at the opinion they obtained from their legal counsel, and will she commit to table it to this Assembly today?

Madam Chairperson: Could I just remind all members to make it absolutely clear that the questions are being directed through the Chair.

Ms. Decter Hirst: Thank you, and through you to the previous speaker, there is nothing ever wrong with listening to the voice of Manitobans, and there is nothing wrong with listening to the voice of our customers. We have done that for 30 years, and we take a great deal of pride in that. Our legal opinion was verbal, and so unfortunately I am not able to table that. Again, we have a 30-year practice of supporting initiatives within the community, something that we are very proud to do. We are a public insurance corporation, and we felt that it was certainly within our mandate.

Mr. Jim Rondeau (Assiniboia): I have one question, Madam Chair. What is \$20 million as far as a book value? What percentage of \$20 million would that be as far as MPIC, because

reference has been that it is half the book value?
[interjection]

Madam Chairperson: Could I remind all committee members to please respect the person who has been recognized as speaker.

Ms. Decter Hirst: Thank you very much. Mr. Rondeau, it is certainly a billion-dollar insurance company. Our book value would be—and again, I will have to ask for some guidance from Jack, but I would think that it would be about \$200 million.

Mr. Zacharias: Just for clarification, in addition to our hard assets, the corporation does have significant retained earnings, and therefore the combined value of assets and retained earnings would be approaching \$200 million.

Mr. Loewen: Just for clarification, so that this committee does not get into this hairsplitting, my interpretation of book value is basically assets minus liabilities. I will include in the liabilities category the Rate Stabilization Reserve, because that reserve there is to set up. So if the definition should be clarified, then the corporation was looking—*[interjection]* Could I ask the Chair to please draw order to the committee?

Madam Chairperson: Order.

Mr. Loewen: For clarification then, the corporation is talking about giving \$30 million away. Their retained earnings according to the February 29, 2000 statement is \$79 million. Now, I think it is generally understood that—*[interjection]* Look in the statement, the statement itself, retained earnings, \$79 million. If the committee would like clarification, let the record indicate that we are saying that it would be very, very unusual for a corporation to give away what amounts to close to 50 percent, maybe 40 percent of their retained earnings on their book. So we are comparing the \$30 million to the stated retained earnings of \$79 million on the book. If members opposite want to call it something different or say it is something different, so be it.

* (11:30)

Mr. Rondeau: I just was going to ask Mr. Zacharias what percentage that would be as far as the assets of MPIC.

An Honourable Member: Here is your number right here.

An Honourable Member: I know that, 10 percent.

Madam Chairperson: Again, a reminder to ask through the Chair.

Mr. Zacharias: The corporation would consider its assets to be \$184 million plus buildings and items that we own. We have \$79 million in the retained earnings. That is the surplus from the competitive lines of business. In addition to that, we had the \$104 million in the Rate Stabilization Reserve, which is the earning money from the basic program plus the hard assets. So the number giving away would have been around 16 percent of our assets.

Mr. Praznik: Very interesting. We are not going to care in disputing these numbers, because there are two opinions, but even by the New Democrats' own admission, they were prepared to give away 16 percent of the value of that corporation—16 percent. That is unheard of in the private sector.

But my question for the chair of the board is that given the fact that she said there was an oral, legal opinion, would she be prepared today to have her counsel appear before this committee to discuss that opinion and share it with members of the committee since she cannot table a written opinion?

Ms. Decter Hirst: One point of clarification I would like to point out is that the Manitoba Public Insurance Corporation was not in a position to retain those surpluses as well. The Public Utilities Board made it very clear that our RSR had a ceiling of a hundred million dollars, that we could not retain those funds, and they had to be disbursed. It was our job as a board to decide how we would disburse those funds. As I had said previously, our primary commitment was to ratepayers, then to drivers and then to the people of Manitoba.

Mr. Praznik: Madam Chair, the crux of the issue here is not whether or not MPI should have returned the surplus to some group or individual. Preferably, in our case, we believe it should have been to the ratepayers. That is not the issue. We knew you had to do it.

The question, Madam Chair, is: Did you act within the authority of the legislation, or were you in contempt of the Legislative Assembly of the Province of Manitoba, who passed your statute? The statute involved puts some very clear limitations on what this corporation can do. They were put in place for exactly the kind of concern that this Opposition has raised on countless occasions since this announcement, that this Crown corporation was created by Manitobans to provide to them not the lowest cost in Canada of automobile insurance, but automobile insurance at cost. The fact we are the lowest is not an excuse for breaching the legislation. It was to return those surpluses. It was to be a well-managed corporation. It was to conduct its business, the normal course of a business. There were restrictions put on how it could spend its money. It is legislation that the chair, I would have hoped, would have read when she assumed this responsibility as chair.

It states very clearly that the government cannot even take money back for public purposes. That was done because when the Schreyer government brought in MPI, when the New Democratic Party brought it in, they were very clear on their principles, that the principle was to provide automobile insurance to the people of Manitoba at cost.

Now, the ancillary benefit was that the money that was invested to support the pool would be invested in Manitoba, but it was still the principle of insurance at cost. I notice some long-serving members of the New Democratic Party are nodding in agreement. What we saw here today was this new NDP administration breach that principle.

Now, what we wanted to know is, given that this new administration was breaching this long-standing legislative principle, if in fact you sought from your counsel opinion as to whether or not you were acting within the statute in

making such a large contribution to a purpose outside your act.

Now, as one of my colleagues announced last week, we obtained an opinion from a reputable law firm in Manitoba that says you were out of that authority. Now, granted, there may be some dispute among lawyers as to this particular matter, but clearly it should have been enough to flag that there was a problem. What we are asking this chair is if she was acting responsibly, not only within her mandate as a public official, but also an appointment of a New Democratic government who founded the principle of automobile insurance at cost.

We want to ask this chair if she sought, and her board sought, opinion, which she says they did. It was a verbal opinion, not in writing, which astounds me, because I would have thought that the chair at least would have had something on which to build their case, should it come into question. But we are asking today if we could have our opinion shared with your counsel and an opportunity to hear your counsel's response and what they said and their view of the statute to understand whether in fact you did exercise your due diligence as chair of a public corporation in respecting the legislation, in respecting the principles, the law with respect to MPI, or did you just ignore that, not even think about it.

Maybe you did not think about it. Maybe you never read the statute. But we are asking the chair today: Did she and her board do that investigation? Are they prepared to have us question the legal counsel who provided your opinion, have that legal counsel look at the opinion we obtained and tell us why there is such a difference? We want to know if this chair acted responsibly and within the law in discharging her duties. That is really the question. That is the question here.

So I ask the chair: Is she prepared to have her legal counsel of the corporation have an opportunity to look at this? Then we can perhaps call the committee back at another time for us to be able to question and determine what legal advice she did get, if she did in fact get any.

Ms. Decter Hirst: To the question about whether the board acted responsibly, yes, it did act responsibly. We certainly consulted to find out what the legal implications of the act were. In fact we did extensive due diligence. We looked at the precedents of the community support that Manitoba Public Insurance has put back into Manitoba over its 30-year history. We looked at it in terms of the scope of the projects, which have included Manitoba junior hockey, the Pan Am Games, the United Way, a variety of community centres, an extensive amount of road safety initiatives including MADD and TADD, Mothers Against Drunk Driving.

We felt that certainly, again, going by the interpretation of previous boards, they felt that the community good, Madam Chair, was an important part of the delivery of the services of a Crown corporation, and we felt that that was one of the aspects that would encourage us to, in fact, look at this opportunity.

Mr. Faursehou: Madam Chairperson, I take great exception to some of the comments just made by the chairperson of the Manitoba Public Insurance Corporation in respect to comparisons that she has made between Mothers Against Drunk Driving and effectively a one-time capital expenditure that she proposed through her board to make towards the universities.

There is no comparison and, fundamentally, corporations traditionally operate between 1 percent and 2 percent, not 16 or 30, whatever figure you would like to use, towards being good corporate citizens. I commend the corporation for taking up that task and challenge to maintain a good corporate citizen posture within our community. However, this is not in the league, and it is a complete affront to all members of the Manitoba Legislature sitting here at this table today.

I beg her to reconsider her last comments. Effectively to continue to say that you are in the right is absolutely wrong, and complete consultation which you say you had with Manitobans was incorrect as well. You said you respond to Manitobans—

Madam Chairperson: Order, please. Would you please direct your comments through the Chair.

Mr. Faursehou: Madam Chairperson, my apologies to the Chair for not addressing directly. However, this course of action that I am taking at the present time is to respond to statements made that draw the ire and should draw the ire of all Manitobans in respect to this decision and the process of this decision.

So I will get back to the specifics of the legality of this decision that was brought forward by the board. Obviously, there was no consultation, as was admitted, with the people of Manitoba. There was a statement that there was consultation as to the legality of it. However, I would like to have opportunity for response to particular statements that have been included in a legal opinion that we have received by Thompson Dorfman Sweatman, and I would like at this point in time to table the document which we received and presented to the public on Friday, January 19.

* (11:40)

I believe it very important that the chair take opportunity to review some of the points that have been made in that document and to have the opportunity to respond, because I believe that the chair is way off base when she has made some of her comments as to her consultation process and to be doing what Manitobans want to be done and, in fact, with the legislation very, very clear that the lowest possible price for public auto insurance and personal injury insurance be afforded Manitobans. Without returning these particular monies, that is clearly contradictory. Effectively, we have heard today from the minister that made the statement that no one wants to pay more than they should, and he has made it his mandate as Minister responsible for Manitoba Public Insurance to return in fact to the lowest possible price. I would like to commend the minister for making those statements.

I would like to leave you also with this point to consider: that you have made erroneous statements here this morning when you refer to all Manitobans receiving the lowest rate in

Canada. It is not every motorist that receives the lowest rate in Canada. It is in fact the lowest average rate. I would suggest that if we canvassed around this table today and persons had opportunity to have a competitive quote from jurisdictions that afford private insurance the vast majority of individuals in this room would in fact be paying more than they would if we had an option in this province. In fact, I personally have compared my premiums over the years, and I pay personally 30 percent more for comparable insurance here in Manitoba than I would in a province where I had the option of private insurance.

So, Madam Chair, with those clarifications, it is approaching noon here at the present time. I have tabled the document. It will be duplicated for all those persons who have a chance to do that, but I would like to return to questioning later this afternoon on this part. I would like now to turn the microphone over to my colleague Mr. Praznik, in fact because my points were made as clarification, and I thank the Chair for that.

Madam Chairperson: I must apologize to Mr. Penner from Emerson. I should have recognized him before you spoke, so I will give him the opportunity to speak now.

Mr. Jack Penner (Emerson): Thank you very much, Madam Chairperson. I will just make a few brief comments. Having been a member of the board at MPIC I have a great deal of respect for the integrity of the executive at MPIC. I think the working relationship that we had as board with that group of people demonstrated to us the integrity they had and also the wisdom and advice in most cases that were made to us.

I find it absolutely interesting that the chairman of the board would say that it was a matter of good luck that there was a \$75.5-million surplus at MPIC. I find that absolutely astounding. If she would read the record and if she would study the minutes and the records of the corporation, she would know that there were decisions made, and largely based on recommendations by the executive, but decisions made in the board that brought us to a position of surplus. The board and management certainly knew that we were headed in that direction. The reinsurance scheme that we initiated made sure

that the big ups and downs in indemnities paid during high periods of accidents would be much less than they were. So we levelled out that whole process and that drove us to a point where we knew that we would go back to the Public Utilities Board at some point in the future and make some significant recommendations of rate reductions. That was always the discussion around the board that we would be in a position of reducing rates substantially and even increasing benefits under the public policy.

I am quite amazed that the new chairman of the board would say this is a piece of good luck. I think the piece of good luck was that there was an election and that the New Democratic government found themselves in power to their surprise, and they looked at the books at MPIC and had a gold star in their eyes. I think they found that there was a corporation that had come from a huge deficit position when they were in power to a large surplus while under a Conservative administration. So now the new chair says, you know, this was good luck. I think it was good management. I think it was good direction from a board of directors and management doing an exemplary job of managing a corporation to ensure that it would function as it ought to function to a break-even or better point. I find it absolutely astounding that this kind of attitude would persist in the chairman's opinion.

I want to go back to the question as to who directed what in the affairs of the \$30 million. I find it very interesting that the chairperson said they met with the minister time and time again. I would suspect and I would ask the question of her, has she not only met with the minister but has she and her board also had, or some of her board members, discussions with the Premier (Mr. Doer) and other Cabinet ministers as to whether they should or should not take \$30 million out of the operating account of MPIC to do some other inordinate things that might be beneficial to the future election of the NDP government?

Ms. Decter Hirst: First of all, actually, Mr. Penner, I would like to reinforce your commendation about the management and staff at Manitoba Public Insurance. In fact, going from a \$50-million deficit to \$175-million

surplus in that time period, at the same time managing to improve service and to keep rates low and do it with existing staffing levels, is commendable. I cannot tell you how proud I am of the work that they do there as the current board. Certainly, again, the previous board I know was involved in many of those decisions that resulted in that financial security, and again the work of that board's efforts were also a significant portion of that success.

* (11:50)

I would also like to clarify my comments because I had commended, as well, the astute good judgment of the Department of Finance in managing our investment portfolio. My comment about good luck was like any Manitoban who looks out their window in November, and if it is snowing or not snowing it is the vagaries of fate. Again, certainly the fact that we were able to drive up and down that highway and around the streets of Manitoba over the last three years without having a lot of ice and snow was also a contribution to our success.

I think that going back over some of my previous remarks, the board of directors of Manitoba Public Insurance realized that they needed to disburse \$75 million. It was not something that we could retain, but in fact by the direction of the Public Utilities Board was something that we had to disburse. We felt that it reflected our objectives of a board to go back. The majority went back to ratepayers. Some went back to drivers, and some went back to the people of Manitoba.

Mr. Jack Penner: Madam Chairman, again, I reflect on some of the comments made about monies that had to be returned. I find that comment interesting as well, because we have met on numerous occasions with the Crown corp as a board, and there was always a very interesting kind of discussion between Crown corp and the board. It was always made clear that Crown corp would pay a lot of attention to good advice by the board.

So my question to the Chair again is: How much discussion or what kind of discussion did you or your board members or as a board have with your Premier (Mr. Doer) on this matter of

distributing the funds that you deemed surplus and needed to be distributed in one fell swoop? How much or what kind of a discussion did you have with your Premier, or did you have a discussion with your Premier?

Madam Chairperson: A reminder, Mr. Penner, please direct the questions through the Chair.

Ms. Decter Hirst: My responsibility is to meet with the Minister responsible for The Manitoba Public Insurance Corporation Act. I did so on numerous occasions regarding this issue as well as many other issues. What happened beyond that with the Cabinet, those kinds of things, I do not know. We were able to work out an objective that would meet the needs of many Manitobans, certainly students in the post-secondary education sector, and address some of those needs. It was an opportunity that we chose to act upon very decisively.

Mr. Jack Penner: Well, Madam Chairman, I would ask then whether the direction to distribute these monies to universities or other educational institutions actually came from the minister to the board, from the Premier (Mr. Doer) to the board, or whether the board recommended to the Premier or the minister? Which way was it?

Ms. Decter Hirst: The board informed the minister sometime prior to June, probably May, and again I have not got that information in front of me, that we were intending to make this allocation of funds to recognize our commitment to Manitobans. We asked her for some guidance and direction about what some of the upcoming priorities were going to be to ensure that would be able to complement those. We also, again, over the course of the summer, after we filed our PUB application, refined a lot of that discussion so that at the end of the day it was agreed that education would be where we wanted to direct those funds.

The board met, I believe, in August, and decided specifically how we would like to direct those funds. I took that information back to the minister. Time passed, and it was agreed that that was a good initiative, that we should in fact try and get some details from the universities on

specifically what kinds of projects they were looking at.

We were quite excited about some of the initiatives. The historic landmark at the U of W that is falling down is a crime and a shame. The fact that we would be able to help students at the university, Collège St. Boniface, that we would be looking at expanding facilities to train nurses in Brandon, those are all wonderful initiatives again that the board was very proud to be part of and I believe serve the needs of Manitobans.

Mr. Jack Penner: Madam Chair, I am actually not surprised that I have just heard the chairperson indicate that it was at government's direction to find monies to fund the university, that the board made the decision. That does not surprise any of us. It is always interesting when government comes very close to the actual management of Crown corporations that these kinds of things happen, and therein lies the difference of the previous administration and this administration. The NDP administration has always believed that they must have a very close hands-on type of operation, and the previous administration believed in an arm's-length operation.

I referred before to the integrity of the management team, and I maintain that. I think they truly are a reliable source. However, I really question now the integrity of the administration, and I mean government with that and including the chairperson of the board and the board itself because it is not clear at all to the general public who directed what affairs and when those directions were given and how they were given. It is very apparent now because of what the chairperson said, that it was a direction of government that this kind of money be sought, looked for, and found to encourage programming that would make the government look better in the long term and therefore be in a better position to be re-elected.

Ms. Decter Hirst: I think that I have said for the past several hours now that the board was looking at a situation where we would have to disburse \$75 million. The board at that time made a decision to make funds flow back to ratepayers, to drivers, and to the people of Manitoba. The board filed its application with

the Public Utilities Board in June with that information included and that is when we began discussions with our minister to determine, because we had funds that we wanted to allocate towards the public good and in consultation with the representatives of the people of Manitoba where the best use of those funds would be. The board again in August passed a motion that we would direct those funds towards the universities, because that was felt again in consultation to be a huge need in the province.

Again, just reading the headlines in the *Free Press* about the infrastructure, there was not a board member around that table who did not appreciate the fact that the universities needed to be supported in that way. Again, I think it would be prudent of any Crown corporation to ensure that they were not moving out of step with their government. The consultation with the minister is part of my legislative duties, and I take that responsibility extremely seriously. Certainly, the board was involved in the discussions about retracting the decision and at the end of the day, again, it was the reputation of Manitoba Public Insurance that was affected.

I think the board of directors, and I can say this personally, certainly wanted to ensure that the board of directors and the corporation would never be in a position where it would lose the confidence of the people, because in fact the trust of the people in that corporation should be paramount. We have worked very hard to ensure that we in fact are meeting the requirements and the expectations of people of low rates and good service.

Mr. Dewar: Madam Chair, I am going to suggest to the committee that we break for lunch and that we reconvene back here at 1:30.

* (12:00)

Madam Chairperson: It has been suggested that the committee recess from 12 to 1:30 for lunch. Is that agreed? *[Agreed]*

The committee is then recessed until 1:30 p.m. I would like to remind everyone that this room will be locked, so if you would like to leave whatever belongings you choose, you may.

The committee recessed at 12:01 p.m.

The committee resumed at 1:30 p.m.

Madam Chairperson: Good afternoon. We will now resume consideration of the annual report of the Manitoba Public Insurance Corporation for the year ended February 29, 2000. Prior to recessing for lunch, Mr. Penner, Emerson, had been asking questions.

Mr. Penner, Emerson, to continue with your line of questioning.

Mr. Jack Penner: Madam Chair, I had finished my questions for the moment. I would refer to Mr. Praznik.

Mr. Praznik: My questions again are for the chair of the Board of Directors of MPI. I would like the chair to just confirm to us, I believe she indicated earlier that a legal opinion as to the decision of the corporation to make \$30 million in grants was, in fact, obtained by the board but was provided orally. That is my recollection of her comments, and I wonder if she would confirm that view.

Ms. Decter Hirst: The board looked to a variety of things as we were determining what we would be doing—again, past precedents; we looked at the legislative act; we looked to see if there were any issues, again in regard to the Public Utilities Board. It was the opinion of our counsel that Manitoba Public Insurance, in fact, again, given those issues, that we did have the authority to decide how those funds were to be disbursed.

Mr. Praznik: I would ask the chair of the board, given that she did make those inquiries—although she did not acknowledge to me that they were orally, I assumed that they were, and I wish she would just put that on the record.

But I would ask her then, given that she is chair of a board of directors of a corporation created by the Legislature, if she could please point out to me her statutory authority to make such a grant, for her board to make such a grant, given that all powers of that corporation have to come from statute. There has to be authority in

the enabling legislation. Sometimes that legislation provides authority by way of regulation, but I would ask her to please point out here today the provisions of the act that gave the board the authority to do what they did.

Ms. Decter Hirst: I would actually ask Mr. Zacharias to give some background material before I respond.

Mr. Zacharias: Certainly the Thompson Dorfman Sweatman opinion was passed to our general counsel for review. I think that with an opinion that has been formulated over a period of time and just thrown in his lap that it is not appropriate to expect comment, but certainly the whole premise of the legal opinion appears to be based on that the grant to universities was directed by government, and, certainly, when you get into the use of corporate funds by government, there are some restrictions.

The MPI position, certainly the opinion was that the corporation has a long-standing policy of corporate sponsorship and charitable donations. Certainly in the past we have been involved with many, from United Way to Rossbrook House to Pan Am Games. The legacy endowment fund including grants to universities are charitable donations and within the corporate authority.

I guess in the end this initiative did not proceed forward, and so spending a lot of time or at least, from our point of view, a lot of energy now on legal opinion on something that did not happen, I do not know if there is a lot of merit there.

Ms. Decter Hirst: Yes, I just again would like to concur with that. Certainly the issue of precedents and past practice in regard to corporate and community support for the corporation has gone on for 30 years. As I said previously, it is something that we are extremely proud of. I think we contribute to the well-being of all Manitobans by that. Again, now that we have had a chance to look at the opinion by Thompson Dorfman Sweatman, I mean we will just have to obviously have some time to digest this before we can respond.

Mr. Praznik: Madam Chair, I would ask the chair of the board, since she did inquire, she has

told this committee that she did inquire as to whether or not this could be done, that an oral opinion was provided, I am wanting to know what statutory authority did she, as chair of the board, act on with her board when the original decision was made? Because the corporation has not indicated that they changed their mind on the basis of finding they did not have the authority. She is telling us that they made their decision. They must have checked into it.

I would like to ask her on what legal basis, what authority of this Legislature did she act. This is a very important question on the way in which she runs the corporation as to whether or not she has the authority to do what she intends to do.

Ms. Decter Hirst: The Manitoba Public Insurance Corporation Act precludes us from paying a dividend to the Government. At no time was that an issue because, in fact, the Government was not requesting a dividend. It did not go to the Government. There was no discussion about funds going to the Government as a dividend. In fact, that was not a section of the act that would be relevant to the final decision that we made. We are to benefit Manitobans, and the preamble to our act says that. We are a corporation with ongoing corporate responsibilities that we exercise. Again, those were certainly the issues that we were looking at. The act is very clear that the Government cannot receive a dividend, and again that was not an issue. The Government was not to get a dividend.

Mr. Praznik: Madam Chair, I would like to ask the chair of the board just to confirm again that in her desire to help Manitobans she, in fact, consulted with the Government and the Government to which she is responsible said yes, go ahead and spend this large amount of money, knowing that that Government could not collect a dividend.

Ms. Decter Hirst: The board of directors passed a motion that would direct those funds towards three initiatives. The board of directors had the authority to make that decision and made it. We then needed to put some detail behind those decisions as to where those funds would be directed, and we then began consultation with

the representatives of the people of Manitoba to determine what the priorities would be.

Mr. Praznik: I ask, Madam Chair, the chair of the MPI board again, given that she said that the board of directors had the authority to make the decision and made it—those are her words—can she tell me where that authority lies?

* (13:40)

Ms. Decter Hirst: The authority to make charitable donations and support for the community has been a past practice of the corporation for 30 years. There is nothing in the act that precludes us from supporting community initiatives. Looking again at the precedents that had been set by previous boards over 30 years, there had been a strong support of community initiatives.

The corporation, the Manitoba Public Insurance Corporation, like any other corporation has a responsibility to be a good corporate citizen, and that was a consideration. Is there a section in the act that says MPI should not make dividends to the government? You are correct, but that was not an issue.

Mr. Praznik: Madam Chair, here we have the chair of the MPI board who just said to this committee of the Legislature that there is nothing in the act that precludes us from making these kinds of grants or supporting community initiatives, one assumes, whatever they may be. I would point out to the chair of MPI, who has said she is responsible for a billion-dollar-a-year corporation in our province, that her authority does not come from some general statement in the act. The MPI act, which I would suggest she read and learn, gives specific authority as to what her board and corporation can do. It does not create a carte blanche authority that then says here you can do everything except these things. It says something quite different. It says here is the authority with which to operate.

I am going to ask her again because she obviously does not seem to even know where authority comes from, so I am going to ask her that. I also want to ask her another question in the same vein, because she gave as another reason why this board decided to give away, by

their own admission, at least some 16 percent of the net asset value of the corporation.

An Honourable Member: Not quite half.

Mr. Praznik: Well, we would argue it was higher, but I will this time use that number. I would ask her given that she said there was nothing stopping us from doing it—and quite frankly, that is contrary to the law. She has to have the authority to do it, but I would ask her given she talked about the role of being a good corporate citizen about supporting activities in the community. I would like to ask her if she can point out any other time this corporation in its history provided donations that were worth, by their own admission—is it 16 percent that they said? *[interjection]*—16 percent by their own admission, if she can show this committee one single precedent where any other community group or any other donation was made without any services in kind returned, any advertising in kind, any promotional things that often a corporation will do, or any other charitable donation that was worth, by their own admission—we would argue much higher—some \$30 million of ratepayers' money, some 16 percent-plus of the book value of the company.

Can she provide us one precedent to support her argument that she was acting on a precedent of the corporation?

Ms. Decter Hirst: The legal principle of the inherent powers of corporations include our ability to donate to charities, and I am presuming that the honourable member is, in fact, not implying that 30 years of boards of Manitoba Public Insurance, in fact, have exceeded their authority by their support. Manitoba Public Insurance certainly feels that it has a very strong role to play in benefiting Manitobans.

I also understand from the way he has repeatedly stressed his concern about our vulnerability in taking 16 percent of our book value and giving it towards public good initiatives. Again, at the end of the day, with the numbers being the way they are, I mean 30 percent of our book value has gone back to motorists, and that certainly has not left the corporation in a vulnerable position. The corporation today is very strong. At the time,

again, the decision was made to exercise those inherent rights to support the community, and, again, at the end of the day the decision was made.

Mr. Praznik: Madam Chair, this chair of this board is demonstrating a contempt for this Legislature that I have not seen by many chairs of public boards.

She is asking this committee, Madam Chairperson, to somehow believe that the inherent ability to donate to charities, which, in the normal course of affairs, is usually 1 percent to 2 percent of the net pre-tax profit of a corporation, that somehow stretching that to the \$30 million or by their own admission 16 percent of the book value—and we would argue it was much higher when one realizes that the reserves are really the ratepayers' money—that somehow that gave the legal authority to give that amount of money, when nowhere in the statute is that authority provided for.

This side of the House will gladly agree that we believe there is an inherent responsibility on the part of public corporations, as with private, to be making some charitable donations, but we would never expect that a public corporation which is responsible to the ratepayers, the citizens of Manitoba who have to go to work each and every day to pay their premiums, that that amount of money should well exceed what the norms are for other corporations.

I would like to point out to the chair again some of the fundamental principles of the corporation that she has been given the responsibility, for however long, to manage on behalf of its ratepayers. I would like to go back to the debate in the Legislature when Autopac—the first Autopac bill was introduced back in 1970 by the then-minister responsible and then a future premier of Manitoba, the Honourable Howard Pawley. When that bill was first introduced in Manitoba, a provision was clearly put in the bill prohibiting government from using ratepayers' dollars to fund public activity, and when we listen to the chair of the board, we hear this story about how we came up with the idea and we talked with the minister, and, you know, we knew we could not give a dividend, so

maybe this was a backdoor way of circumventing the intent of the Legislature.

I would just like to quote Mr. Pawley who was wise enough to put in the original bill the prohibition on the corporation being used to fund public purposes. In his opening remarks about the speech, he said and I quote: We further believe that if we require all motorists to purchase such insurance as a condition of driving, then the government has an equal obligation to provide that insurance sold in the most efficient manner possible.

Those are not my words. Those are not the words of a Conservative. Those are the words of a New Democrat who firmly established that MPI was created to provide motorists with the most efficient automobile insurance product available, not the lowest, not the lowest in the range, not at a low price so that we could shuffle off monies to the pet projects of the chairs of the board or of the minister of the day, but to provide Manitobans with the most efficient product on the market, and in that, this chair has failed by her actions to take to her board and get approved a \$30-million contribution outside of her statutory authority.

She has failed. She has failed the Legislature; she has failed the motorists of this province who paid the premiums, and I would say she failed her government who appointed her, to whom she owed the responsibility to ensure she was acting within the law.

* (13:50)

So I ask her again what responsibility is she going to take for flagrantly ignoring the principles on which her own—the party that I understand she is a member of, who appointed her, established an MPI, one that has been reiterated in legislative change over the years, one that stands today, what responsibility is she going to take to the motorists of Manitoba, to the Premier (Mr. Doer) who appointed her, to the people of Manitoba for flagrantly ignoring the legal responsibilities that she had, even if she has now taken it back; by the way, Madam Chairperson, forced to take it back, forced by her minister who had to get up publicly and say we made a mistake, one of the most embarrassing

things a minister ever has to do, a minister who today does not hold this portfolio, and we can speculate on why she does not hold it.

But I want to know from this chair who is continuing in this role, who has flagrantly said I can spend any amount of the motorists' money as long as it is there under the guise of my inherent ability to donate to charities, I want to know from her today, is she going to accept responsibility for acting outside her statutory authority? If she is not, if she is going to continue on, do we have her guarantee that she will change her view and go back to the principles on which the New Democratic Party founded Autopac and on which this Legislative Assembly has authorized its operation and recognize that any of her pet projects for charitable donations are restricted to the 1 percent to 2 percent of net profits, as any other public or private corporation would operate in this province?

Ms. Decter Hirst: There were many points in that that I would like to address. First of all, I am extremely pleased to hear that Mr. Praznik, in fact, has agreed that charitable contributions are within our authority, that perhaps he has a disagreement on scope, but at the end of the day we agree that we do have the inherent right to support charitable activities within the community as per our statutory legislation.

The second issue that I would like to address is the fact that the Manitoba Public Insurance board of directors has passed a motion that has been, in fact, accepted and passed by the Public Utilities Board, that has said that ratepayers will get any surpluses at the end of the year. That is on the record. We discussed that this morning. In fact, the Manitoba Public Insurance board of directors has made sure that the surpluses will go back to ratepayers. Again, I do not understand why we continue to dwell on these other issues when, in fact, the operations of this company are certainly in keeping with the sense of community and the priorities of Manitobans, because, in fact, the board of directors certainly looked at the issue of financial stability as one of the issues that we had to ensure, that there was no risk to the financial stability of the corporation to make the dividend to ratepayers, to support DDVL and drivers' licensing systems

and to support community interest. There was no threat to the financial security of the organization. That was never a question.

We were also wanting to ensure, in fact, that our rates would stay down because we take great pride in the fact that we can exceed the expectation that we provide the lowest rates in Canada. That issue was addressed as well. Not only are we able to maintain these low rates, but we are giving discounts back to our policyholders. The issue of provision of services through the Personal Injury Protection plan was enhanced in this period. In fact, Manitoba Public Insurance has delivered an increasing level of service in these regards. The decision to support the universities in no way impacted or put any of those decisions at risk.

Mr. Praznik: Madam Chair, I do not think this chair of the board understands what she and her board did. No one is arguing that the universities or even the Department of Highways are not good causes to be supported. The question is is that within her mandate and the mandate of her board? What we continue to hear, despite the fact that her former minister got up publicly and said: We made a mistake; we should not have done it, her current minister to his credit has said: My policy—as I understand his opening statement—is to ensure that surpluses go back to motorists.

We still have a chair who does not get it, who continues to try to skate around it like nothing wrong happened. What this chair, Madam Chairperson, of the committee does not fully understand is that her goal is not to produce the lowest rate in Canada. It is to provide, as Howard Pawley said to this Legislature, the most efficient manner possible delivering automobile insurance.

Now, we know the statute clearly provides that MPI can enhance benefits. The statute provides for spending money for the reduction of risks. We would even acknowledge, as does the Public Utilities Board, that spending 1 percent to 2 percent of one's net profit in a year on charitable causes for which one derives good will and given that this corporation is operating in a monopoly, we recognize that this is part of the operation. No one will criticize that from this

side. But that is not what this chair did. This chair offered \$30 million or 16 percent by her own admission of the book value of this corporation, well above 1 percent to 2 percent of the net profit for that given year, offered that money not to enhance benefits to people who would like them enhanced, and some of them are in the audience today who would love to see some of their benefits enhanced, who have paid automobile insurance over the years.

This board did not choose to use that \$30 million to enhance benefits. She did not use that \$30 million to reduce risk to the motoring public. She did not use it for education purposes to reduce risk. No, this board voted to spend \$30 million of ratepayers' money on a pet charity to them. Yes, it is a good thing; no one has denied that, but it was not within their authority. Not only not within their authority to do under this act, not within the authority of any reasonable assessment of making a charitable donation, but certainly not within the principles on which the New Democratic Party, a successor government which has appointed her, we assume because she is a supporter of it, not even within the spirit of the principle that MPI was established.

Yet now she rises up to this committee and said: Well, we passed a resolution saying that in future all surpluses will go to the ratepayers. Well, that is like a deathbed confession. She is dragged there by the Public Utilities Board; there is legal opinion now out there that she did not have the legal authority to do it; the minister who appointed her is embarrassed publicly and has to go out and say: We were wrong, which this chair at the press conference never could get out of her lips the words "we made a mistake, that our constituent base are not happy with this."

Her minister did, to her credit. Her minister was a strong enough person to get up and say: We made a mistake; the ratepayers do not agree with this. But not the chair. No, the chair said: If only we could explain ourselves better, the public would agree.

The ultimate in arrogance. Now, she says: We passed a resolution. Well, yes, they passed a resolution because the Public Utilities Board said they had no choice.

What we are trying to understand from this chair—we would just like this chair to get it. We would like to get a sense of comfort on behalf of the ratepayers that this chair understands the limitations of her responsibility and the mandate of MPI. What we are hearing is: We can give away as much of the ratepayers' money as we want to as long as we call it a charity. We can give it to any cause we think worthwhile.

Do you think the Member for Rossmere (Mr. Schellenberg) or the Member for Selkirk (Mr. Dewar) or the Member for La Verendrye (Mr. Lemieux) or the Member for Assiniboia (Mr. Rondeau), that the people in their ridings who voted for them who pay MPI premiums think that this chair is right, that this chair can give away any amount of money with no restriction of their money simply because they think it is a good charitable cause? Absolutely not. And if this chair went and talked to the members, the backbenchers and the Cabinet of the New Democratic Party, I think she would learn a lesson in what her mandate is.

What we are saying to this chair is we want to get a comfort level from this chair that she understands the limitations and the principles behind the billion-dollar-a-year corporation that she runs and that we know that in her heart of hearts she is not going to attempt to do through the back door what this Legislature, which New Democrats in this Legislature have prohibited her from doing in the front door. That is the commitment we are looking for from her today. I ask her is she prepared to make it, Madam Chairperson?

* (14:00)

Ms. Decter Hirst: I would like to respond to those comments on three issues. One of them is stewardship. Manitoba Public Insurance has passed a resolution, a motion at the board that says the surpluses will go back to ratepayers. That was endorsed by the Public Utilities Board. The Public Utilities Board is comfortable that, in fact, we now have the legislation and the regulation to serve the best needs of Manitobans.

The second issue I would like to address is efficiencies, and I am pleased to see that, in fact, the comments of Howard Pawley were read into

the public record because those were words to live by and still are today. To be efficient, we run at 58 percent of the industry average and have been doing that for the last couple of years. In fact, Manitoba Public Insurance is run as efficiently or more efficiently than any other insurance company almost in Canada, so that is an incredible record of achievement. We, again, are sitting in a situation where we have the ability to maintain rates, and we are not anticipating that we are going to need to address that issue for some time. Do we have the authority to make those decisions?

Again, Mr. Praznik, I know you have mentioned in the past that you have no problem with the scale and the scope of the initiatives to the Pan Am Games, the United Way, Rossbrook House and all of the other charitable initiatives that we support. So if you are talking about the authority to do those, why is it different? If you are talking about the scope and the scale, that is different. That is not a legal issue. Our first concern was the financial stability of the corporation, and it is stable and secure. Our second concern was for ratepayers. Rates are level going down.

Our third concern was to ensure that we would be able to maintain the stability so that, in fact, our ratepayers were not going to be at risk. That was addressed. The financial stability of this corporation is an asset to Manitobans, and I am proud to say, in fact, that is true.

Mr. Loewen: Madam Chair, interesting remarks from the chairperson. It is hard for me to understand how she tries to correlate the fact—and we have already congratulated the staff for doing an excellent job at controlling expenses, but in my view that does not give the board the authority to take advantage of their good work and take \$30 million and spend it on initiatives of their concern, as opposed to refunding it to the ratepayers. We are pleased that not only has the Public Utilities Board agreed with that view and told the board that it is not in their purview to distribute these kinds of funds as they decide to, we are more pleased that the Government has changed their policy and also decided after some deliberation and much consternation from the public that, in fact, any reserve excess should be returned to the ratepayers.

Just to go back to a comment that the chair made before noon, Madam Chair, just to clarify my understanding—and this is what I find very confounding—we have a board in May passing a resolution saying that they are going to distribute a portion of the \$75-million excess back to the ratepayers. They are going to take \$30 million and give it away as a one-time legacy fund without any public consultation. Then we have the exact same board coming back in September and saying, well, hold it; it is not right for this organization to do anything more with their reserves than to give it back to the public of Manitoba so any future decision by the board, notwithstanding that four months ago our board decided we could give away \$30 million, we are now going to, on our own, pass a resolution that says the board in the future should never give away these types of funds, should never have a program.

I mean, what does that say about where the direction is coming from for this corporation? It is the same board. The chairperson goes back and says: Well, we were instructed to do so by the Public Utilities Board. Well, I will draw her attention to the fact that the Public Utilities Board did not render its decision until December, which as far as I understand is after September. So the board passed a motion in September saying no board in the future should do this again, then went to the Public Utilities board and initially tried to build the argument that it is okay for us to do this, it does not have to go back to the ratepayers, were soundly thrashed both by the public and the Public Utilities Board to a situation where they had to force the corporation to go back on its heels and reverse that decision. Then the Public Utilities Board came along and said that is right; the public was right, and in future, corporation and Madam Chairperson, put that money back where it belongs, to the ratepayers. That is how I read the time lines involved.

I would ask the chair is there anything wrong with the time lines as I see them now? Is there something else that has happened that I am not aware of?

Ms. Decter Hirst: Yes, I would like to clarify those time lines. I think what you are referring to is the motion that was passed in June, not

September but in June, that said that surpluses would be returned to the motorists. Again, the Public Utilities Board looks at our rate application a year in advance.

Point of Order

Mr. Loewen: On a point of order, we heard a number of times this morning from this Chair that there was a motion passed in May, and we have that on record with the Public Utilities Board, declaring that they would have this giveaway. She has also told us this morning that they had a motion in September that was passed by the board. Now she is saying that no, that motion was not in September, it was in June. So I guess, just for clarification, maybe we could ask the recording secretary or the chairperson of the corporation to clarify for us or the president when those motions were, in fact, passed.

My understanding from this morning, one was passed in May, the second one in September. If that is wrong, then let us get it right on the record.

Madam Chairperson: Is this on the same point of order?

Floor Comment: I can speak to his question.

Madam Chairperson: On the point of order, it is not a point of order. It is a dispute of facts.

* * *

Mr. Zacharias: In May, our board of directors approved a Public Utilities Board application that was filed I believe on June 5. On June 29, the issue of future surpluses and what to do with them was a motion that was passed by the board indicating that in the future in a go-forward position surpluses would be returned back to the ratepayers. On June 29 was that board. In May, the PUB application was approved by the board. That was filed with the Public Utilities Board on June 6. On June 29, a subsequent motion was passed saying that in the future, and it will go forward in subsequent years, the surplus would be refunded to the ratepayers.

Ms. Decter Hirst: I am unclear about where the September date came from because, certainly,

again, in terms of time line, I, myself, am very clear on those issues. Certainly, there are a lot of activities that are going on in the corporation, and perhaps the member is thinking of another situation.

Mr. Loewen: For the record, if those are the time lines and I was mistaken on the chairperson's comment this morning about a resolution passed in September, then that is fine. We will take those as noted, and that is why I have asked for clarification. If the chairperson would like to continue with her answer to my previous question, then go ahead.

Mr. Zacharias: It was a September date. That was when we amended our rate application, but the original application was filed back in the early part of June.

Madam Chairperson: Mr. Gerrard. *[interjection]* Sorry, I did not see your hand up.

Mr. Loewen: Madam Chair, it is my understanding that the chairperson is still concluding her remarks, that we were just clarifying the point of order.

Ms. Decter Hirst: On the clarification of the date, I believe the issue is resolved.

* (14:10)

Mr. Loewen: There was a question on the floor.

Is what I am to understand now that on May 5, I believe—I could be wrong on the 5th exactly—but May 5 of the year 2000 was a board of directors meeting at which point Mr. Paul Moist made a motion—I am sorry. I stand corrected. According to the Public Utilities Board's records, May 15, a resolution was passed at the board stating that they would go forward to the Public Utilities Board with a recommendation that there be a rate reduction and a giveaway in the neighbourhood of \$30 million. That was done on May 15. Then on June 29 the same board passed a motion that said in future any excesses in the reserve would be given back to ratepayers.

So am I to understand that the board in May said it is okay to give away \$30 million, and the exact same board under the exact same chair at

the end of June said, well, gee, that is not really right. So from here on in, any excess in the reserves should go back to the ratepayers. Is that the time line?

Ms. Decter Hirst: You are certainly accurate on your time line. I am not so sure I would agree with you on your interpretation of the events. In May, the board passed the motion that established the allocation of the surplus revenues that needed to be disbursed. Again, in compliance with an outstanding order from the Public Utilities Board on what we would be doing in the future about surpluses—and again, the Public Utilities Board application was dealing with the 2001 application—that was the decision of the board that that was the way we would see those funds disbursed and allocated.

The board's recommendation then went to the Public Utilities Board, so again they merely concurred and endorsed what our thinking was on that issue.

Mr. Loewen: Well, just for clarification then I would like to ask the president and CEO, Mr. Zacharias, because this is coming from his testimony at the Public Utilities Board which was given under oath, and he concurred that there was a motion passed that stated May 15 that was made by Mr. Moist that provided that there would be a 5% surplus dividend reduction, that there would be a commitment to improve Manitoba's drivers' licensing for \$10 million, and that there would be at that point an establishment of a \$15-million endowment fund that would be used to provide funds for various research projects.

So I would ask the president and CEO: Is that his recollection, and did he confirm those details and those dates to the Public Utilities Board?

Mr. Zacharias: Yes, that I believe is correct, that on the 15th was the board meeting, and the board did approve the motion with respect to what would go into our Public Utilities Board application, and the numbers as you have them I think are the ones that were there. At least that is what I recall.

Mr. Loewen: Then from what the chairperson has told us, perhaps Mr. Zacharias could confirm that on some date in June, I believe the 29th was mentioned, that the board passed another motion stating that any excess in the Rate Stabilization Reserve should be given back to the ratepayers. Did that motion take place and was it presented and passed at a board meeting toward the end of June?

Mr. Zacharias: Yes, on the June 29 discussion with respect to excess funds going back to motorists that was in the context of future applications to be filed with the Public Utilities Board in a go-forward position for future years with the Public Utilities Board.

Mr. Loewen: So we have the same board on May 15 and June 29, and on May 15 they are making a commitment to go to the Public Utilities Board to tell the board that they have an excess of funds and that they want to establish a \$15-million endowment fund which later rose to, I believe, a \$20-million giveaway. It was the intent as well to give \$10 million to the drivers' licensing authority. Then that same board one month later, through some what I would consider miraculous conversion, decided that in future they would tie the hands of any other board. In fact, they agreed that any excess in the Rate Stabilization Reserve should go back to the ratepayers?

An Honourable Member: Directing the question to?

Mr. Loewen: Well, I would direct that question to anybody who cares to answer it.

Ms. Decter Hirst: The circumstances surrounding the allocation of the \$75-million surplus certainly were unique in the history of the corporation. Again, it had not been in that situation before. I believe that the circumstances surrounding it of investment gains, good weather, certainly were unique at that time. The corporation and the board of directors wanted to ensure that there would be a framework for future decisions. The future decisions and that framework was established by a board motion in June. That was the framework that the Public Utilities Board approved in December.

Mr. Loewen: My interpretation of the Public Utilities Board ruling is somewhat different than the chair's. I would not say that the Public Utilities Board, in fact I could not find anywhere in their ruling, where they agreed with the board. What they told the corporation firmly was that in future any future excesses in the Rate Stabilization Reserve should be given back to the ratepayers.

But I am still somewhat, well, I am absolutely amazed first of all that the chairperson in talking about this donation wants to go back and talk about precedents and yet she has admitted publicly and admits today in committee that this is an unprecedented act. So if you have an unprecedented act you have no precedents. You cannot have it both ways. It is either one or the other. Maybe she could give some thought to that.

She also mentioned earlier this morning that the Public Utilities Board had—and, you know, we may have to go back to Hansard again to check this—but she indicated that the Public Utilities Board had instructed the corporation to distribute anything in excess of the \$100-million level in the reserve back to ratepayers in Manitoba. Am I accurately reflecting your statements on that point?

Ms. Decter Hirst: I am sorry. I am afraid my mind was wandering. Could I get you to repeat the question?

Mr. Loewen: Well, my question was just to clarify what you had said just before our taking a break for lunch, that the Public Utilities Board had instructed the corporation to return any excesses back to the ratepayers and that the Public Utilities Board had instructed the corporation anything over \$100 million should go back to the ratepayers. Is that accurate?

Ms. Decter Hirst: A couple of clarification points: the Manitoba Public Insurance has 30-year precedents for supporting the community; the financial circumstances surrounding the allocation of that surplus was unprecedented. There never had been in the history of the corporation a \$75-million surplus. Those were the issues of precedents that I was referring to. The board included in its application for 2001 to

the Public Utilities Board our framework for dispersing surplus revenues as per an order outstanding from the previous year's Public Utilities Board order. That framework was adopted as part of our 2001 rate application.

Mr. Loewen: Well, just for clarification then, does the chair of the board understand that the Rate Stabilization Reserve fund, as instructed by the Public Utilities Board, I believe at \$65 million to \$80 million, is the threshold that they have instructed the corporation is adequate?

Ms. Decter Hirst: The Public Utilities Board has accepted that Manitoba Public Insurance should have a \$80-million to \$100-million Rate Stabilization Reserve.

* (14:20)

Mr. Loewen: Well, we had better maybe ask the president if he would confer that that is what the Public Utilities Board has said because I think there is some difference in numbers here between what the Public Utilities Board has instructed and what the corporation does as due course.

Mr. Zacharias: Certainly there has been a lot of discussion between the Public Utilities Board and Manitoba Public Insurance about the level of the Rate Stabilization Reserve. It has been the topic of much discussion at the hearings. The Public Utilities Board has indicated in one of their orders that 60 to 80 was a range that they were looking at. Our corporation was looking at 80 to 100. At our last hearings we had to bring back some more risk assessment calculations, and they have again asked for that for the next application. Hopefully, at some time soon we will come to an agreement with respect to those numbers, but there are still two different sets of numbers in existence.

Mr. Loewen: Madam Chair, I would like to thank the president for confirming that because that does, in fact, prove that he is consistent from one meeting to the next because those were the numbers that he gave us when this committee was here in the summer. So, just for your understanding, so you will not have to read Hansard, there is a difference between what the Public Utilities Board has told the corporation

they should have and what the corporation internally has determined that it is comfortable with. I think were the Public Utilities Board, as you have stated on a number of occasions, to come back to the corporation and say you should distribute all of the excess amounts in the Rate Stabilization Reserve, then the corporation would be looking at getting that down to \$85 million or \$80 million as opposed to the \$100 million that their current level is at.

Just in terms of timing in these issues then, the chair of the corporation has indicated to this committee that she had a number of meetings with the previous minister, Minister Barrett, on this issue of amount and that presumably the minister concurred. In fact, it is on the record that the minister, and, in fact, on the record that the Premier (Mr. Doer) concurred with this substantial giveaway when it was proposed back in May.

I would just ask, through you, the chairperson whether there was ever any written documentation that was presented to the minister or a written presentation on this issue that was made to Cabinet.

Ms. Decter Hirst: The initial piece of correspondence that went to the minister's office informed her that we had made a decision to allocate the surplus revenues in the RSR to a formula, that she was also aware of the Public Utilities Board application as well, but that we had allocated funds available for community good and that I was seeking her guidance on possible uses and direction for those funds. I suppose that the next and the concluding written correspondence would be from the minister congratulating us on the allocation of those funds, commending the corporation for making a decision that would not jeopardize the stability of the corporation but at the same time enhance the community in Manitoba.

Mr. Loewen: I would ask, Madam Chair, if we could get the dates of those two pieces of correspondence, if the chairperson or any of her staff have access to those today or recollect the dates when the correspondence went to the Government and came back, the congratulatory letter came back from the minister, and also if the corporation would be prepared to table both of those documents to this committee.

Ms. Decter Hirst: Yes.

Mr. Loewen: Yes, you do know the dates?

Ms. Decter Hirst: No. At this point, I cannot give you the exact dates, but I will be delighted to table those.

Mr. Loewen: Well, thank you for that. We will look forward to receiving that correspondence.

Madam Chair, I would like to know if there was a presentation either orally or a written presentation made to Cabinet, and, if so, when was that done?

Ms. Decter Hirst: I did not make a presentation to Cabinet. No one in the corporation made a presentation to Cabinet.

Mr. Loewen: Madam Chair, my next question would be then: Is the chairperson aware, would she be aware if the minister, who she reported to and had many discussions about this issue, had made a presentation to Cabinet and if she, referring to the chairperson of the organization, received any correspondence or oral information from Minister Barrett regarding the presentation of this issue to Cabinet?

Ms. Decter Hirst: I have no knowledge of how the minister handled the communications with the Government or Cabinet.

Mr. Loewen: It is obvious that the Premier (Mr. Doer) has stated on the record and he confirmed in a conversation on CJOB sometime this fall that he knew about the size and scope of this contribution back in May.

Did the chair of the organization have any correspondence or any discussion formally or informally with the Premier as to what they were going to be recommending?

Ms. Decter Hirst: I never spoke to the Premier about the allocation of the surplus revenue funds for MPI.

Hon. Jon Gerrard (River Heights): I have questions for the chair of the corporation. They relate to the bonuses that the corporation has announced recently. The suggestion has been

made that those bonuses were initially authorized by the previous board and then came subsequently to your board. Is that correct?

Ms. Decter Hirst: The current board was established in March, and the decision to pay out bonuses, I believe was made in January. Again, we were merely tasked with the job of implementing those bonuses.

Mr. Gerrard: Was the package of bonuses, as it was finally announced very recently, precisely the same as had been approved by the previous board or were there changes in the interim?

Ms. Decter Hirst: The bonuses that were paid out were substantially below the ceiling that had been established by the previous board.

Mr. Gerrard: I would presume that the payments that were authorized by the previous board were still authorized within the context of the operations of the present government which began in October of last year. Is that correct?

Ms. Decter Hirst: I cannot comment on that. I can tell you that the motion that was passed was in January, but I cannot comment beyond the motion that our board dealt with directing us.

Mr. Gerrard: The motion that was passed was in January of the year 2000 which would be under the tenure of the present Government. Is that correct?

Ms. Decter Hirst: That is correct.

Mr. Gerrard: The bonuses, as I understand them, were primarily for the purpose of acknowledging the exemplary efforts that were made in addressing the Y2K problem. Is that correct?

Ms. Decter Hirst: Yes, the bonuses were in recognition of exemplary effort, but it was not just the Y2K issue that the corporation at the time had undertaken. Several significant projects that were being run concurrently, that was putting a great deal of pressure on the resources of the staff, but certainly again our CEO Jack Zacharias has quite a bit more detail about those various initiatives and how they were managed.

Mr. Gerrard: Could we have a little bit more detail about those series of initiatives?

* (14:30)

Mr. Zacharias: Back in '96-97 the corporation was faced with some major challenges in that much of its technology needed upgrading, particularly with respect to Y2K, and the organization embarked upon nine major projects almost starting concurrently. There was a major re-engineering of our total business. Madam Chair, we used largely internal staff with some outside consultants and experts working with the organization.

The first review of the major projects and expenditures actually came when we had the monies in our Public Utilities Board app, and after they heard what we were doing and where we were going, the board found that these expenditures were necessary and that the process followed was quite prudent. As the projects really started to tick, we had up to 20 percent of our staff working on special projects and off the front lines, meaning that we had to at the same time try and make sure that the people who were left to do the day-to-day work also had the resources and the time to do it. As a result of this re-engineering over 60 percent of our people were going to end up with new jobs so that meant, in addition to working projects while working front lines, there had to be a huge investment in change management so that people could learn new skills. One of the things was 600 claims staff who had been working on paper had to become computer literate, with keyboard skills up to a certain level in order that we could make the transition from old to new.

The projects that we had covered our claims people, the corporate infrastructure, in many cases new technology. Our special risk division was going on a new operating platform. Our Autopac extension of financial management system was being changed. The desktop technology was all being changed, including the e-mails, the treasury management. So there was virtually no part of our organization that was not impacted. I guess the real challenge came in that we were building systems that were going to talk to other systems, except we were building them both at the same time, almost like drilling a

tunnel from two ends and hopefully you find the middle somewhere.

We had Gartner Group, which is a consulting firm, overseeing a lot of what we were doing. Certainly in October of '99 they were saying that MPI was among the leaders in the industry when viewed against high-level Y2K preparedness criteria. We continued with those projects with the major crunch actually coming in July '99, which was implementation of the major systems, where overnight we switched 600 people from paper to electronics. We did that seamless to our customers. This included issuing payments, requesting payments and basically keeping the business going. So where you have a huge number of transactions in our claims business in particular, supported by finance and IT, we were very proud of the fact that overnight we were able to switch and carry on and our customers did not notice.

We certainly did run into problems with respect to after three years of project working and trying to run the front lines with a reduced staff. Issues of long hours, burnout, new training, new duties were taking a heavy toll on our staff, particularly in '99 when we had to curtail holidays for a big chunk of the summer season so that we could do an orderly implementation and keep the training going as new people were taking their particular spots. We were very pleased at the end of the day when those nine projects came in well under budget with the functionality that we had originally designed. In fact, we did some adjusting to our original budget because there were certain changes that occurred midstream.

The work that we had budgeted, and this was not MPI picking a number out of the air, this was done in conjunction, again, with some very strong outside resources so that we knew what we were getting into originally. We had \$34.4-million worth of projects that because there were not a lot of changes and because we were able to keep on schedule and did not run into a lot of cost overruns that had previously been predicted, our actual expenditures were \$25.9 million or an \$8.5-million favourable variance.

We did, like I say, have Gartner Group continually working with us and providing some

overview on behalf of the board and management. Their conclusion at that point in time was that MPI should be proud of the fact that all were implemented within budget and schedule, that this was a very significant accomplishment. Gartner Group has found that in more than 80 percent of IS-related projects that they are late, over budget, lack functionality, or are never delivered. In fact, close to 30 percent of the IS-related projects once started never come to fruitful conclusion.

Key reasons for MPI's success were certainly the board and executive management commitment and support, a solid project management program and project management techniques, a well-defined communication strategy, holistic approach to contingency planning, focus on business impact, sound change management processes that balance business needs against project risk, experienced staff appropriately equipped with the resources needed, good technology and a stable infrastructure as well as the independent oversight. So basically the strong project management, contingency planning and change management contributed significantly to a zero-problem year-end rollover.

That work, might I say, was not accomplished by people going at their jobs half-heartedly, but we had a continual string of people coming in, going out, back to the front lines, juggling staff, training, retraining, new programs to try and make it all happen, and I am very pleased that at the end of the day it did turn out like we wanted. Prior to that, within the organization there had been a significant movement to move to incentive compensation. We had had some consulting people in providing some guidance with respect to how an incentive compensation package might be implemented. I believe that the idea was certainly supported by Crown Corporations Council, and we were looking at various scenarios but basically the first brush that we looked at provided for incentive bonuses for certain levels within the organization of 10 percent to 20 percent.

That idea was still simmering, and when we first got going on it, that was in '88, which was as we were heading into the big project so that item sat for a while, but certainly the idea was

never given up. As our projects were coming to completion there was a movement that, because of the great success that we had, there should be some recognition of that success. Originally the idea was that we would use 5 percent of the savings, which was 5 percent of the \$8.5 million or \$424,000 that would flow by way of payments particularly to executive and management staff while some of the in-scope staff had received extra pay for overtime hours during those projects. We did have situations where an individual managing a group of people was going home with a lesser paycheque because in-scope staff received overtime and managers did not.

As that thought developed, I do not think the corporation was in a position to say that the front-line people, even though they may not have been selected for the project, were also part of our success because most systems fail because the people who get the system either do not accept it, resist the functionality or just cannot work with it, and here we had a situation where we had a lot of people under a lot of pressure spending their own time as well as some company time getting up to the new skills so that we could move the switchover and do it seamlessly.

So the thought grew that we could not ignore that particular group of people, and as we got into January of 2000 the board was faced with three motions: performance pay with respect to executive and other scope staff; some in-scope performance recognition; and the implementation of an incentive pay plan for the organization. These were items that had all I would say grown out over the last number of months. The board at that time supported each of the initiatives, and after some discussion with the minister the corporation received direction that we were ready to proceed with all three initiatives, and I guess that brings us to where we are.

* (14:40)

Mr. Gerrard: It is my understanding that the average employee received a bonus of about \$739. Is that correct? That would include many of the technology people who are involved in implementing the major part of the change.

Mr. Zacharias: The approved number was \$750,000 for the in-scope people. These in-scope people are the ones that would be covered by the collective bargaining and normally be entitled to overtime hours for the time that they had spent. If you take the \$750,000 and divide it into the number of people that were eligible, the number came out to \$739.

Mr. Gerrard: A question to the chair of the board: when you compare the bonus to the people who were quite involved in the technology change and critical to the success of this with the bonus to the president of the corporation, which as I understand it was \$20,000, the president received something like 27 times the bonus that the people who were involved and critically implementing the technology change, could you confirm that these are the numbers and explain why you have such a disparity in the amount of the bonus?

Ms. Decter Hirst: Yes, you are correct in the numbers. Again, a great deal of overtime was incurred by in-scope staff. They were being compensated for those overtime hours. We had managers and executive who basically spent a lot of weekends away from home and came home to cold dinners as everybody has gone to bed, so there was an element of the in-scope employees certainly, again, we are incurring recognition of their overtime hours at that point.

Again, in any performance compensation package, you look at the issues of the contributions of various members towards the project. Again, the plans have to be developed, the time lines have to be established, the resources have to be available. All of these are very key to ensuring that we have a successful program, and, as you had heard from Mr. Zacharias, in fact not only successful but noteworthy, that outside consultants were saying we did a great job. The original ceiling was certainly in excess of what at the end of the day the bonus package was. Our board was not tasked with the decision; we were tasked with the implementation of it, and again we came in, in March, and for a variety of reasons those funds were dispersed in January of this year.

Mr. Gerrard: Now, you mentioned that there was a revision to the initial allocations. I would

ask when was that revision made and to what extent were the individual allocations discussed with the minister at the time? Would the minister, for example, have known about the \$20,000 bonus to the president of the corporation?

Ms. Decter Hirst: All of the information that was presented to our board had the current numbers there. Our board did not make a decision on levels. Ours was a timing decision. Unfortunately, that is all I can speak to because that is in the purview of our board.

Mr. Gerrard: As to the question of whether the minister would have been aware of the details of the package in terms of the bonus to the president of \$20,000, can you speak to that, the then-minister?

Ms. Decter Hirst: I know that the minister was certainly aware of the payout package, that, again, felt that it was an outstanding obligation that she had to honour, which was why it was passed by the previous board in January following completion of the projects. Madam Chair, the focus of our discussions was always on implementation, not discussions around amounts.

Mr. Gerrard: So the implication, from what you are saying, is that the previous minister under whose purview this came in January would have known, pretty much, the details of the allocations and the bonuses. It would have been very surprising had she not known.

In the context of the recent comments by the new minister, I mean, it is astounding to me that the new minister would act so quickly to undermine the decision made by the previous minister. I just want to make sure that the previous minister had been communicated with appropriately by the board, that the board acted responsibly.

Can you tell me any more details about the communication with the then-minister?

Ms. Decter Hirst: I have no details of the communication that went on between the previous board and the previous administration or the current administration.

Mr. Gerrard: In view of the unusual statements of the current minister in undermining the decisions made under the tenure of the previous minister within a very short time, can you tell me has the current minister been briefed adequately on the nature of the package?

Ms. Decter Hirst: I think the situation was in terms of implementing previous board decisions. It was not a question of discussing performance compensation on an ongoing basis. I do not see how referring the question of compensation to the Crown Corporations Council to look at in terms of general compensation initiatives, in fact, undermines this. This was an outstanding obligation, and we honoured it. Again, the employees worked extremely hard in that period.

Mr. Gerrard: I would bring this back and ask one last time. It was very clear that this decision, the board decision, was made in January, that it was made under the tenure of the present government, and all the implications by the current minister that this was made under some tenure of some previous government are just wrong.

Ms. Decter Hirst: I can only speak to the actions of our board. I cannot presume to understand the actions of previous boards. I can only go by their recorded minutes. This was an outstanding obligation that we felt honoured to implement. The concept and the discussion around performance compensation on an ongoing basis is certainly not something that our board has approved, that it is certainly in keeping with what the minister has said today and what the Minister of Finance (Mr. Selinger) had said on Friday.

Mr. Gerrard: I have one last question here just to clarify this, because it is my understanding that the previous minister in this Government who was responsible for MPIC received the recommendations from the board, had a chance to look very carefully, decide whether or not to approve them or to disapprove them, to investigate them, to change them, just as the current minister is talking about. She had then decided to approve this to go ahead in January and to say this is a great thing that the board has done.

I would ask: Is there correspondence from the previous minister to the board which confirms that she, in fact, was fully on board and that she did not feel that there was any need to review this decision or to challenge it in any other way?

* (14:50)

Ms. Decter Hirst: Again I can only speak to my personal knowledge. I cannot speak to what happened before. The focus of my discussions with the minister were always around timing issues. There seemed to be a sense that this was an outstanding obligation that needed to be honoured. Certainly that was the way our board had perceived it. As the actual implementation amounts were coming well within the ceiling, and again we can only deal with the minutes of previous board decisions, again we spent a great deal of time talking about a timing on implementation.

Madam Chairperson: Mr. Rondeau, did you still wish to speak?

Mr. Glen Cummings (Ste. Rose): To pick up on the last question, did you ever consider any other alternative except implementation? On whose recommendation did you proceed with that implementation?

Ms. Decter Hirst: The board did consider whether we would go ahead. We had a discussion at the board about whether we would implement this decision. We felt that there had to be an honouring of that decision. Again it was felt that it was an outstanding obligation so that again the focus of our discussion was implementation timing, not the decision.

Mr. Cummings: You basically just said that you did not consider not honouring this or not proceeding and that the minister was fully involved. I would like to take that principle then to the involvement of the minister, which you indicated was quite close in relationship to the \$30-million fund that was being established, \$20 million of it for education. You said you had no knowledge of whether or not the minister had taken this to Cabinet, but you clearly have said, and I want to make sure I am right here, you clearly said that the minister was fully aware and

knew in advance of any announcements. Is that correct?

Ms. Decter Hirst: Announcements of the education issue, again, the time lines, the minister both receives our board packages before and after board meetings, communication strategies around the announcement of filing PUB applications, announcing gifts to the university, announcing rate reductions, discounts; I mean, the minister is always aware of those issues.

Mr. Cummings: Then we can assume that the minister approved the announcement. I do not think that is at question at the moment, but I would like to address my next question to the current minister, and that is that if the previous minister was as well involved and as well informed as the chair has indicated, I would assume that this was then taken to Cabinet. I am not asking for Cabinet minutes obviously, but I think it is an important question to the public, because we are seeing irreparable damage being done to the public trust around how our Crowns are being managed and how they may be managed under the guidance of this government.

Clearly there was an acknowledgement by the Premier (Mr. Doer) and senior members of government that they had reviewed the process that is in place in Saskatchewan whereby dividends are appropriated from Crown corporations. I wonder if the current minister would care to indicate whether or not Cabinet was apprised of this initiative, because the Premier was certainly on record in the early going as being one in a position and wanting to defend the announcement by MPI. Would you care to provide some enlightenment in that respect?

Mr. Mackintosh: Well, as I said in my opening remarks, it was my understanding from the questions and answers that have been forthcoming over the last couple of days, particularly with Mr. Zacharias, that in the time, several weeks at least, leading up to September of 1999, there were discussions among former board members about this bonus package. That decision was arrived at in September of 1999 by the former board. I do not believe that Mr.

Penner was at that particular board meeting. I was advised of that. I have no direct knowledge.

Mr. Cummings: Madam Chairman, I did not mean to pull a shell game on the minister. I took the response regarding the announcements of the educational grants, if you will, to having been discussed at a very high level with the minister, and because the Premier (Mr. Doer) chose to defend it in its early iterations, was this subject to discussion and approval of Cabinet?

Mr. Mackintosh: I am sorry I misunderstood. I thought he was talking about the earlier decision around the bonus issue.

The effective decision of the Government was not to proceed, was not to make any grant donation to the universities and colleges for infrastructure. That is the decision that was made. That is the decision that is with us today. The earlier issue of consideration and determining what to do with this legacy fund and MPI's discussions with the minister was clearly a government decision because it was announced by the Government, but the effective decision was made a few days later and is the one that we have today.

Mr. Cummings: Well, I appreciate the minister for his candour because I think there has been a concentrated effort on the part of many to crucify the previous minister as having been on her own agenda with this announcement. In fact, it would appear that she was probably being made the scapegoat for a decision that government as a whole was, at least in the beginning, somewhat supportive of.

I say that in light of the fact that the Government admitted in the early days of its mandate that it was reviewing how Saskatchewan removes money from its Crown corporations. This expenditure, no matter how you wish to fashion it, was a replacement of government funds from government responsibility, particularly in the automobile registration and licensing side, which has been a long-standing argument. I would not take time to go into it now, but I know there is a long-standing disagreement between MPI and DDVL as to the efficient administration of that section.

This may, in my opinion, have been a way of settling that at the expense of MPI.

I wonder if the minister had any thoughts or previous knowledge of that debate because it may be somewhat important to at least part of the monies that are involved here.

Mr. Mackintosh: No, I am not very familiar with that debate. I have a feeling I will become. I might add I do not believe that there has been any misconception that decisions around the \$30 million were anything but government decisions.

Mr. Cummings: Madam Chairman, I appreciate the minister's candour. I have never seen so much crow eaten, feathers and all, by one minister at one time, and I congratulate him on stepping up to the plate. I fear that what has happened, as I said a moment ago, is that the public trust and confidence in how Crown corporations are going to be dealt with under this administration have been severely cracked, if not shattered.

Does the minister's statement this morning apply only to MPI, or is that a reflection of a broader policy discussion that this Government intends to restore confidence by saying that it is not interested in going to Crown corporations to offset what might be a shortfall in government budgets?

* (15:00)

Mr. Mackintosh: First, I know the Opposition has, and I understand why, but the Opposition wants to dwell not on the effective decision, the decision that the Government made following a statement indeed from the minister at the time that it was a mistake to have put the reserve fund amounts into the college and university infrastructure, but that was a decision that was made. The opposition is saying, well, what a terrible thing it was about that decision you never made, and so be it.

What is important is that we do learn from controversies like this. We listened to Manitobans, Madam Chair, and thought of both the philosophical issues and the importance of ensuring not just continued but enhanced public confidence in MPI for the use of the premiums

that they pay, because they are required to pay those basic premiums if they want to drive. So my energy will be devoted at how we move ahead with those insights that we have gained, how we make sure that public confidence is addressed, because we certainly are in an excellent position to do that. The performance of MPI has been outstanding.

I think that there is some greater attention that can be paid to issues of frugality and the use of premium dollars, for example. That was why it is very important that there be a statement at the political level that Manitobans have been heard loud and clear and that no surpluses over the \$100-million mark from basic Autopac premiums should pay for totally unrelated grants like the one that was in process with regard to the universities and colleges and as well that there be no dividends paid by MPI from that fund to the Government for the Consolidated Fund. I think that has to be made clear. Then let us move on now and deal with some of the issues that must be addressed.

Mr. Cummings: My question is to the chair of MPI, if I may. You have, certainly in the early going, provided a spirited defence of this decision. We have seen the minister responsible for the first year of this Government's mandate pay the price, in my mind, for the decisions that the board has made. Incidentally, the fact that she was removed from her portfolio about four days before this committee is somewhat disappointing to this side of the table, but I think we all understand how these things can be done.

My question to the chair is that despite her spirited defence, as my colleague from Lac du Bonnet said earlier, she has not yet said that this was wrong, that it was an error, that it should never have been approached in the way it was, continued to say that it needed to be better explained.

I believe I understand your comments to say that it was done as a result of the Government's wishes, that you would never be in conflict with the Government. As I said, I appreciate the candour of the current minister because that confirms what to some extent is our worst nightmare, where we could have too much political manipulation of our Crown corporations.

But in walking that fine line, you have not yet said to the public of this province that this was a mess and that it should not have happened. If you do not agree with what I just said, then that is certainly your prerogative, but there is shattered public confidence out there, and I wonder how you intend to address that in your ongoing role as chair of the board.

Ms. Decter Hirst: Thank you, Mr. Cummings. Actually, in the media conference the day of the retraction, I talked about how through me the board felt about this issue, that we were extremely dismayed about the stress that the corporation had been put under. We were extremely dismayed about causing our ratepayers' anxiety, that I have a business and you do not do that to your customers.

Your comments about restoring public confidence in MPI, I absolutely agree with you that this is a corporation that is well run, financially stable, delivering a wonderful product, and because we are losing sight of those issues dwelling on that announcement, that causes me concern as well.

I think that we need to move forward and look at Crown corporations. Generally, perhaps, the Government has announced that initiative, but, certainly specifically, the board of directors of MPI are going to spend a great deal of time looking at how to restore public confidence in the organization.

Madam Chairperson: Mr. Penner, Emerson, are you still wishing to speak?

Mr. Jack Penner: Yes, just very briefly, I find the minister's response to some of the questions somewhat interesting, as well as the chairperson's response. When you go back to September 21, that day determined when the new government took office. I was as a board member removed almost immediately after that, asked to step aside as a board member, which was expected. I mean, that is common practice.

But to say now that the old board or the new board had responsibilities, the day after the election that board that was previously there changed virtually immediately at least by one member, and there were others appointed to that

board in consequence weeks thereafter. To say that that board had any different responsibility to the new government than the board members that are currently there is false, because their mandate is the same to whomever the minister or the Premier are. It does not matter.

I would suspect that that board—and knowing all of them well, they are well respected. All of them are well-respected businesspeople in this city of Winnipeg and in this province. I would suspect that they would have asked for a meeting with the Government. Now, who ever met with them, I do not know. I have not asked them that question. But whether it was the Premier (Mr. Doer) or the minister, and I would suspect that they would have laid out to the Premier or the minister that met with them or maybe even Cabinet, I do not know that either, I would have suspected that they would have briefed them well enough on the issues that had been discussed.

I read the minutes of the September 29 board meeting, which was seven days after the new government was formed. There is no mention in those minutes of any package of remuneration, excepting the fact that we had some very brief discussions prior to that at that board level about rewarding those for their inordinate efforts, major implementation of the programs as has been enunciated by the CEO here today, Mr. Zacharias.

* (15:10)

I believe that it was totally an absolute responsibility of the new government to say yea or nay to any approaches, any moves made by the board. That would be in acceptance of the practices that had been there previously. When there were any major type of initiatives contemplated by the board, the board would in an informal way and sometimes even in a very formal way go discuss those new and inordinate initiatives with the then-government. I know those people well enough that they would have done exactly the same thing with the new government. So I am amazed that there is a constant reference to the old board having made decisions.

Those decisions were not made under the previous Filmon administration. Those decisions

were made under the new administration of Gary Doer, and for Gary Doer now wanting to walk away from those decisions is I think somewhat more interesting than what we have debated here or discussed here today. I think that is simply an abrogation of responsibility and, I think, a demonstration of his inability to want to take responsibility for his Government's and his Government's board's own actions. I think that is unfortunate. For the people of Manitoba, that is unfortunate.

So I ask the minister: Who gave the order? Was it the Premier (Mr. Doer) giving the order to the board to take an amount of \$20 million out of the operation of MPIC and give it to the university? I wonder whether it had anything to do with recommendations having been made by this chairperson of this corporation, who we know was formally a fundraiser for one of the universities, whether that discussion took place at all or whether that had anything to do with it and whether the Premier was convinced by the new chairperson to move that amount of money into university infrastructure. I would like the minister to answer that, whether he was part of that discussion or whether he has had a discussion with his Premier about that kind of a discussion.

Mr. Mackintosh: Well, just on that matter, first off, I was not a party to those discussions. I think, as I recall, the chair of the corporation has addressed her knowledge of the sequence and the discussions. Of course, I have just confirmed that we are talking about government decisions here, but again the outcome of the issue, the effective decision, I say effective because the decision that is affecting Manitobans, is the conclusion of this, is a decision that the \$30 million is not on. That is the outcome.

With regard to the bonus issue, there is the issue of whose representatives conceived and pushed the issue, who was consulted, and who made final payouts, and so on. That is of interest to the population, to Manitobans, and it should be. It is of interest to the people in this building. But there is also the broader issue that is even more important, and that is what is the role of bonuses and incentive pay, and should it be done on a here-and-there basis, or should there be some policy, should there be some thinking

about the long-term implications of those kinds of initiatives or programs.

I think both of those issues have been canvassed here. In terms of the broader issue of bonus pay or incentives in Crown corporations, we look forward to recommendations and the review by Mr. Mauro to assist us. We will review those recommendations and make decisions then as to how we should best proceed. We do recognize that this has been a growing movement within the public sector over the last number of years, and I think we would be remiss if we did not consider that. I understand the federal government has made moves—perhaps Dr. Gerrard is aware of their program—and we should at least consider it. I will not prejudge what the outcome of the recommendations and decision making by government might be, but it goes beyond this particular bonus package, certainly.

I hope that answers the questions or the concerns.

Mr. Jack Penner: Madam Chairperson, he did not answer the question as to who gave the orders. Was it the Premier (Mr. Doer) who gave the orders to pay the universities or to put \$20 million of MPIC money towards the university capital reconstruction? Was it the Premier or was it the minister?

Mr. Mackintosh: Well, as the member knows, the Government decisions are a collective decision of the Government of the day.

Mr. Loewen: Madam Chair, I have a couple of further follow-up questions with regard to the bonus payment, the first being that the bonus payment, as we have been told, was passed by a resolution of the board in January. I would just like to ask—and I am assuming that an amount of \$1.2 million is a significant amount—where I could find that outstanding liability in the February 2000 financial statements.

Mr. Zacharias: Since the board motions had been passed prior to the end of the fiscal year, those monies were accounted for in the salary costs for that fiscal year. So the expense was recognized in this particular fiscal year, and the 1.1 is in the accounts payable and accrued

liabilities on page 28, and that is one part of the \$19 million in accounts payable and accrued liabilities.

Mr. Loewen: This amount was in the financial statement. Was it raised by the corporation in its Public Utilities Board application?

Mr. Zacharias: No, the Public Utilities Board dealt with the year starting March 1 of next year. This was past expenses.

Mr. Loewen: So it is safe to say this \$1.2-million bonus, although it was included in the financial statements as a payable but not noted, was never raised before the Public Utilities Board?

Mr. Zacharias: That is correct.

Mr. Loewen: Could the chairman tell me if at any time employees who received this bonus were either paid overtime for some of the extra work that they put into this project, or were any of those employees given time off in lieu of the time they worked in addition to these payments?

Mr. Zacharias: Yes, I think I alluded to earlier that the in-scope staff who would be eligible for overtime on some of their hours with respect to time on the job would have been eligible for overtime or time off in lieu of. Things like taking typing to their home and putting it on your machine and spending some time that you can try and get yourself up to 35 words a minute to pass the minimum test that you needed by a certain day, that was the kind of thing that people were investing a lot of time in.

In addition, too, if you are on occasion working three or four nights in a row and your spouse is the one who is taking the youngster to the local soccer game or whatever, we did recognize that there was a lot of disruption, not only in their lives, but also in the time and effort and commitment that we were anticipating from those individuals during the whole project period.

Mr. Loewen: Were some of those staff also out-of-scope staff? Were they allowed to get extra time off as a recognition of the fact that they had put in extra hours? Were they given extra days

off as a result of this exercise in addition to the bonus?

* (15:20)

Mr. Zacharias: I believe your question was with respect to out-of-scope staff. In-scope staff could have taken some overtime or sometimes time off in lieu of the dollars. Out-of-scope do not accrue overtime hours, and therefore this situation could well have occurred in scope. I am not aware of that kind of thing occurring in the management ranks at all. Certainly managers work many long hours. I think if he was leaving at four o'clock one day he probably would not be tapped on the shoulder because of that, but with respect to in-scope, that would have been more the situation.

Mr. Loewen: Is it correct to understand that, in fact, some employees who worked overtime and worked longer than normal hours would have been given some extra time off as a recognition of the fact that they had worked extra hours?

Mr. Zacharias: Yes, they would be entitled to either overtime pay or time off in lieu of.

Mr. Loewen: That is the in-scope?

Mr. Zacharias: That is the in-scope.

Mr. Loewen: And the out-of-scope?

Mr. Zacharias: Out-of-scope, I am not aware of extra pay being provided, and I am not aware of any time-for-time arrangements, although I will not say there were not any, but that was not a general practice.

Mr. Loewen: Just one further question on this issue. I understand there were staff who because of the extra workload were not in a position to take advantage of the holiday time they accrued. Were some members of this staff allowed to take that accrued holiday time in dollars as opposed to time?

Mr. Zacharias: Yes, there was some of that allowed, because if we pushed everybody into the off-months, if you want to call it that, we could not run the business. So there was some opportunity for some of them to buy a portion of their vacation credit.

Mr. Loewen: So just for clarification, during this period when they worked the extra hours, some members of that staff, when they could not take their holidays, took what, in effect, would be a cash payment for those holidays that were not taken, and in addition to that they received a bonus?

Mr. Zacharias: For some who we could not accommodate on their full holiday schedule, we did have limits. They could not buy out all their holidays, but they could buy back a portion of their holidays for that particular year.

Mr. Loewen: Thank you, Mr. Zacharias. I have a couple of questions regarding the bus passes. In one of her earlier remarks this morning, the chairperson mentioned that it was her responsibility to report to the minister after the board meetings. We have also heard that the bus pass issue went to the board. In the minister's opening statement, he indicated that while the issue had gone to the board it did not go to the minister. The minister has just confirmed that that is his understanding.

So I would ask the chairperson why she decided that this was not an issue. Seeing as how it was raised at a board meeting, it was not an issue that she decided to take to the minister.

Ms. Decter Hirst: Madam Chair, the human resources committee of the board discussed it in—December, Jack? *[interjection]* We have not met yet as a full board to adopt that. Many members of our board are on the HR committee. The decision will be prior to the implementation of the 1st of February, but at this point the board will have to deal with it actually on Friday.

Mr. Loewen: So I am to understand that we have a trial about to start with an issue that has been passed by the board, but this chairperson decided on her own that it was not something that she needed to inform the minister about. Is that accurate?

Ms. Decter Hirst: In the issues of timing, the human resources committee has met and discussed it and approved it to go forward. We have a Cabinet shuffle in the meantime. Our new minister has been away and just only returned today. Madam Chair, in preparation for this

standing committee, the item on the agenda for the standing committee was the discussion about the university grant. A great deal of time has been spent briefing our new minister about the university grant, as well as the bonuses which recently arose. We have also discussed very briefly the bus pass issue and look forward to the first opportunity to discuss that with him further.

Mr. Loewen: Madam Chair, again, the process that this board has undertaken is dumbfounding me. It is incredible that this chairperson would, of her own volition, decide what she will take forward and what she will not take forward. I am a little curious as to why the board is there if this is the way it is operating.

I would ask the chairperson, just on this issue, are people in Brandon who take the bus having bus passes subsidized as well?

Ms. Decter Hirst: The bus pass initiative is an initiative of the City of Winnipeg, and I do not believe they have jurisdiction over the city transit in Brandon.

Mr. Praznik: Madam Chairperson, I have a question for the chair of MPI. Under her leadership at this corporation they are embarking on a program—and albeit the City of Winnipeg may have offered it—but it is a decision of MPI to buy it, a decision that she is responsible for and ultimately her minister will be responsible for. The corporation, as we understand it now, has either agreed, is about to, or is in the process of approving but has somehow already announced, for its employees in the city of Winnipeg that they are going to spend ratepayers' dollars to purchase subsidized bus passes for their employees, which is a benefit outside of their collective agreement which was not bargained for at the bargaining table, and that if that works out to be a benefit of \$30 a month as we read in the paper, you know, times 12 months, \$360 a year of additional benefit but only to MPI employees who live in the city of Winnipeg.

I would like to ask this chair: What is she going to say to the MPI employees who live in my constituency, who work for MPI at the Beausejour office, who have to drive each day to work, who have to pay an ever-increasing cost

for their fuel? What is she going to say to them about fairness in the way that she treats the employees of this corporation right across this province? How will she explain to them why the people who work for her in the city of Winnipeg are going to have their transportation subsidized by ratepayers' dollars, which she has not demonstrated any real concern about?

Why do they get the benefit of this when every other MPI employee who resides outside of the city of Winnipeg that has to get to their place of employment in Thompson and Beausejour and Selkirk and Brandon and Portage la Prairie and all of the other communities where there are offices— why are they second-class employees of MPI that they will not get the benefit of an additional \$360-a-year subsidy towards their transportation? Can she just explain to them how she views this as a fair way to treat the people who are employed by the corporation she is responsible for?

* (15:30)

Ms. Decter Hirst: I would suggest that certainly civic government has a very strong role to play in issues of environmental concerns, as Mr. Fauschou had pointed out. Greenhouse gas emissions again are on ongoing concern. Certainly, the Mayor of Winnipeg has shown a great deal of leadership with some of his environmental policies that perhaps could be emulated in Brandon. We will have to check with city council there to find out. Again, just the same way as our employees are all across the province.

This is a test project by the City of Winnipeg that is encouraging all corporations downtown to adopt, in interests of environmental concerns, traffic congestion concerns, increasing ridership on the public transportation system. I did not realize Beausejour had buses, but I could be mistaken. Again, there is certainly a great deal of effort on the part of the city.

We are a major corporation. We are a major corporation in downtown Winnipeg, and we have a role to play as that.

Mr. Praznik: Madam Chairperson, you know, the chair has not answered the question about

fairness to the employees. Why should an individual who works for MPI in the town of Beausejour, in the R.M. of Brokenhead, who drives to work everyday, who has no choice—there is not public transportation there. They have no choice. They have to pay for the full cost of working in that office, and, by the way, whether they lived in Winnipeg or in that area, your corporation whom you are responsible for, this chair is responsible for, hires those people to work in those offices. Yet this corporation is saying that, if you live in Winnipeg, we will give you \$360 a year per employee outside of the collective agreement. The City of Winnipeg is not offering that. MPI, if we read the reports correctly, is paying 90 percent of it.

It is one thing if you go and buy a bulk purchase and say that if you buy it through this program you are getting a better deal because we are buying in bulk for our employees, but our employees are paying 100 percent of the cost. They are getting a reduced rate. That is understandable. That is a good offer, but where you are using the ratepayers' money to subsidize the transportation of your employees outside their collective agreement in one location in the province of Manitoba, you are saying to those people who work for you outside of the city we do not give a care about you going to work.

This is the kind of attitude we get from this chair of MPI. I find it totally unacceptable, and she will not answer the question about fairness to your employees. All we heard her say was that, well, the City of Winnipeg is doing this and they should be commended. The City of Winnipeg is not doing this. Her board under her leadership is doing this. They are paying for this out of ratepayers' money.

I ask her again: Will she look employees in the eye and explain to them why they are being treated unfairly by their employer, who she is, why if you work in Beausejour you get nothing, if you work for MPI downtown you get \$360 a year? Where is the all-province fairness in that? That is not an issue for Glen Murray at the City of Winnipeg. That is an issue for this chair if she has the courage to answer it.

Ms. Decter Hirst: Actually, I would agree, in fact, that the employees in Beausejour are

receiving free parking, and certainly no one who is working in downtown Winnipeg who is taking the bus and who is going to be uptake on that—*[interjection]* With some exceptions, our employees who work in downtown Winnipeg pay the same parking rates as anyone else. This is a taxable benefit, so even though our employees are going to be utilizing this trial project, they are still going to have to pay taxes on the benefit. So, in fact, it is a great benefit to live outside of the city of Winnipeg and work for MPI in terms of parking.

Mr. Loewen: I do have a motion that I would like to bring before this committee. Just by way of preamble, we have been here since early this morning, and basically we have wanted to have an in-depth discussion of the three issues that the minister raised in his opening statement, three very critical issues not only to the operation of this corporation but to, as has been mentioned many times, public confidence and how this corporation operates. I do not think we are any closer to resolving either of these issues at this point.

Certainly the public confidence in the organization is at a low point, getting back to those infamous days in 1988. Certainly something has to be done to restore that confidence. Yet we have a chair of the organization who still refuses to admit to this committee that the board made a mistake, that the board did not have the authority. In spite of what the Public Utilities Board has told them, Madam Chair, they still do not admit that the board did not have the authority to pass a motion recommending that \$25 million be given away from the Rate Stabilization Reserve fund. Yet we have that same board, and we have the chair of that board here, to tell us that in May the board, under her direction, passed a motion that would allow this to happen and then somehow miraculously came to their senses in June and passed another motion that said this type of activity should never come. Did that board then go to the Public Utilities Board to amend its submission to the Public Utilities Board? No. They just let it string along, tried to get it, as we mentioned, through the back door. When they realized that could not happen, then the minister had the courage to admit it was a mistake and step away from it.

The chair of the organization, though, remained firm that it was in the purview of the board to do this, and, in fact, it was simply a misunderstanding that the people of Manitoba had and that the board would, in effect, take time to educate the people of Manitoba. She would not confirm then, and has not been willing to confirm today, that this type of activity would not go on at this board in spite of the fact that the Government has come out as late as this morning under a new minister, to their credit, and admitted that it was wrong, that it should never have happened in the first place. The Government has admitted that not only should it never have happened in the first place but they are going on record as saying that it will never happen again. You know, my congratulations to them for somewhat belatedly listening to the people of Manitoba and readjusting their policy. It is unfortunate that they do not have in the chair of this organization an individual who is of the same belief.

We have heard throughout the day her stubborn determination to try and justify to this committee that, in fact, the board was doing something that was allowable in spite of the fact that there is a written legal opinion that states that this course of action was illegal, in spite of the fact that the Public Utilities Board ordered the corporation to make sure that in future any excess in the RSR be returned to the ratepayers of Manitoba. The fact is that it is somewhat strange that unfortunately the chairperson was not at the committee meeting in July, where under questioning the chairman of the organization stated to this committee that they were comfortable with the level of the RSR, and I quote, the chairman stated, we can look at either price reductions or something like that where we can give more benefit to the consumers, to the customers who have bought from us and continue to buy from us.

So it is obvious that in the history of this organization its staff and the management of the organization has had a clear direction in terms of the RSR where it should be, where it should be going. Yet we continue to have a chairperson who not only disagrees with management but puts them in the unenviable position where they have to put their hand on the Bible, raise their arm, swear to tell the truth in front of the Public

Utilities Board and, in fact, to some extent, change and go on and try and justify that the RSR is not just there for the consumers, as Mr. Zacharias stated to this committee in July, but in November he is put in a situation where he has to go to the Public Utilities Board and try to explain, well, really all the citizens of Manitoba are the benefactors of this corporation, directly contradicting what was put before this committee in July.

Not only that, in July the minister was at this table, and, on questioning under both the Rate Stabilization Reserve and the retained earnings for the corporation, denied that there had been any discussion in the Government with regard to distributing surpluses or to putting a dividend back to the province of Manitoba. What do we find out less than two months later? It was coming through the back door. Yes, the former minister can stand up and say, well, I answered a question on retained earnings, therefore it was not coming out of retained earnings. That is splitting hairs to the nth degree. I think the people of Manitoba know better, deserve better, and have spoken very clearly on this issue.

* (15:40)

This is not the only troubling issue with this corporation. There was also no written legal opinion sought by the board of directors, by the corporation—I mean, unbelievable. When this came out, you could read the act and in 10 minutes you could see that this type of contribution was, if not over the line, certainly very close to the line of what was allowable. I think it is obvious that in a court of law it would not stand up, and yet we have the chair of a major public corporation that operates as a monopoly not willing to get a written legal position, which shows to me a clear lack of understanding both of the act and of the process.

We have a chair who did not take her responsibility with regard to the payment of bonuses to the corporation, instead says to this committee and says to the public, well, that is something that happened before my time. Well, that was first proposed by the board in January. She said she took over the chairmanship in March, and she should have addressed that, and yet she does not. She has not addressed it with

this committee, has totally ducked that issue, and, in fact, has tried to put the issue off to a previous board as if she had nothing to do with it, when, in fact, this board is accountable for the fact that these monies have been paid out, the minister that she reported to. I am sure if she had discussions after every board meeting, as she said she did, this issue must have come up.

We also have now an issue of fairness to employees. We have an issue of the corporation subsidizing bus passes for employees who work in the city of Winnipeg. Once again we have a chairman of the board who felt that it was not her responsibility to take that to the minister, that although the discussions had taken place and although the human resources committee had met and talked about it and although staff had approved the trial, she found a reason of justification in her own mind why the minister did not need to know about this.

Again, as we have seen in the press a very strong reaction from the public to all three of these issues, a very strong and negative reaction to the point where I would say that public confidence in this organization is at a low point in this province. It is unfortunate that it is at a low point because with good management and with the assistance of strong investment counsel from the Department of Finance, this corporation should be basking in the glory of its recent financial success.

They have \$75 million to distribute back to the ratepayers of Manitoba as a result, and I would suggest not, as the chairperson was mentioning, good luck, but through good, sound management, and they should be congratulated for that. Instead, what do we have? We have an organization where the senior executive officers are spending an inordinate amount of time trying, not only at Public Utilities and at this committee hearing but also with the press, to justify the inappropriate actions of the board and in specific of the chair of that board. It think it is unfortunate that these good people are not being allowed to focus their efforts on the day-to-day operation of the business and look towards the future of this business. Instead, they are being inundated with requests for information about issues that the board brought to this organization.

For that reason, Madam Chairperson, I would like to move, seconded by the Member for Ste. Rose (Mr. Cummings), that,

WHEREAS the chair of the board of directors of Manitoba Public Insurance (MPI) has demonstrated by her actions and comments to this committee her contempt for the legislative authorities in which the corporation must legally operate; and

WHEREAS the chairperson has indicated to this committee that she believes that the corporation can spend any amount of the ratepayers' monies on charitable donations, contrary to both the legislation and reasonable corporate practice; and

WHEREAS the chair has demonstrated further contempt to the ratepayers of MPI by allowing the corporation to pay bonuses to its managers and employees outside of collective agreements, and in many cases without any reasonable justification; and

WHEREAS the chairperson has allowed MPI to again use ratepayers' money to purchase discounted bus passes for its Winnipeg employees outside of any collective agreement, thereby causing a further unnecessary cost to the ratepayer; and

WHEREAS the previous minister made public comments that MPI under this chair had made a mistake and so was not in touch with the views of the ratepayers.

THEREFORE BE IT RESOLVED that this committee resolve "no confidence" in the current chair of the board of directors of MPI and urge the Lieutenant-Governor-in-Council to remove this chair and appoint a chairperson who will respect the legislative authority and limitations imposed on the corporation on behalf of its ratepayers.

Motion presented.

Madam Chairperson: I have reviewed the motion and find the motion to be in order. Debate on this motion may proceed.

Mr. Praznik: I want to speak for a few minutes on this motion because it is quite an unprecedented motion for an opposition to have to bring a motion of non-confidence in the chair of a Crown corporation. It is not something we do lightly or something that we actually want to do.

In fact, normally in this House the Opposition focusses its guns on the minister. It focusses its guns on the political party in Government and views the chair as an extension of government policy and really though holds the government responsible for what, in fact, has taken place. But something very unusual has happened here; maybe not entirely unusual. We see that the former minister was sacked last week, fired from this position. I think the handling of MPI, the issues that arose in a time of great prosperity in the corporation that brought the Government some of the first taste of public anger that a new government does not like to feel resulted in that particular change, and now a new minister has been put in charge to deal with this corporation.

But what is really unusual or different here is that the chair of the board of directors of MPI came to this committee to answer questions about what happened around the university money, the donation that was made, and what has become very, very clear from her answers is—she could have come here today and done what her former minister did, admit that a mistake was made.

You know, it is possible that a new chair coming in, knowing that government wants to do things in the area of universities—and let us not kid ourselves. It is a political appointment. We made political appointments when we were in government. This chair is a political appointment who should have, because of that political appointment, a close relationship with the minister and the Cabinet to ensure that there is good communication. It is in the public interest. But in that context, knowing that the Government wanted to see some things happen at universities, et cetera, and perhaps did not have the money to do it, she took it upon herself—and we are not quite sure who initiated what part of this—to use part of this very

significant surplus of ratepayers' money to meet an objective of the Government.

* (15:50)

Now, I am not quite sure what happened here because we have never really had a straight answer, but it is possible that everybody got caught up in this possibility, including the Premier (Mr. Doer) and the minister and the board chair, and nobody really asked the hard question, can we do this?

Now, if that happened, one could chalk that up a little bit to the inexperience of a board chair. If this board chair came here and thought, you know, it is a good idea; we were well intentioned; this was a good donation, and, you know what, we found out that it was really outside of our mandate, and, yes, the public were not happy with it, we made a mistake.

This issue, we would have gone on a little bit with it for a half hour or so, but this board chair would have been at least given the credit for saying: We made a mistake. Her former minister was adult enough to do that. Her former minister said that, as minister responsible, we made a mistake, and we will reverse that.

But the chair of the board, even at that press conference, what struck me when I heard that press conference was the chair of the board could not get out of her lips that she made a mistake. She could not say those words. Her minister could. The government could. Every New Democrat MLA I met could, but their political appointment could not. What were her comments to the public? If only we could educate the public better, or something to that effect, they would understand that we were right.

Well, you know, Madam Chair, the elected members of this Government said: We made a mistake. Governments make mistakes; we are all human. Oppositions, of course, do not like to ever make that comment. We think governments should never make mistakes and hold them to it. But the Government admitted a mistake was made but not their board chair. Then they come here today and we ask: Where is the legislative authority? You know, every board chair who is appointed by the Cabinet must know that their

authority is not derived out of the air, it is not derived somewhere out there. It is delegated from the Legislature of this province. It is delegated by the Legislative Assembly, and that authority is not boundless. It is restricted to the authority that has been delegated. And where is that authority found? It is found in the statute. It is very clear that the statute in Manitoba prohibits government from taking a dividend. That was intended.

Now, there are some provisions and amendments that were made with respect to—is it surpluses over 125 percent, et cetera, and it has to come to the Legislature and a declaration be made. There was some amendment made some years ago that we see in the statute, but was that used? No, not at all. That is not the issue here.

What happened was a board chair, a minister, whoever, because no one is quite clear, decided that for other government purposes \$30 million of ratepayers' money would be diverted outside of regular MPI activity. That is what happened, okay? Good intention perhaps. No one has argued with the charity. But, you know, what really astounds us with this board chair here today is when we put the statute to her and we say, where is your authority, she never pointed us to a section. She never pointed to a section and said here is my authority. What did she say? There is no prohibition. I can do anything I like because I have the Premier's ear and there is nothing saying I cannot. Is that the kind of person, I ask members opposite, that the people who elected them expect to be put in charge of a billion-dollar-a-year Crown corporation? I do not think so. I do not think so at all.

What is most troubling, again, we go back to the words of Howard Pawley, minister responsible for the initial legislation, New Democratic Party premier, and he set the principle very clearly about what MPI was. It was to provide automobile insurance in the most efficient manner possible. It was not to be a subsidy for government. It was not to provide huge donations to universities. It was not to use ratepayers' money to do other public good.

The New Democratic Party in the 1970s under Ed Schreyer knew that if you turned over

that kind of money to government you would simply be imposing more taxation on ratepayers, and the argument for public insurance would quickly disappear. They knew that, those New Democrats, and they put it into the act, and they talked about it. Do you know what? That provision has survived every government and remains in the statute today, and not only is its letter important, but also is its spirit. Its spirit says very clearly that MPI's function is to provide automobile insurance and the ancillary things that go with doing that at cost, not to have the lowest in Canada, but the lowest possible.

There is a difference, because if we accept this policy pronouncement or comment of this chair, who keeps talking about the lowest in Canada, then we have abandoned the principle of lowest cost because there is and may be a difference between lowest cost and lowest in Canada. Whose money is that difference? It is not the Government's. It is not the chair of the board's. It is the ratepayers'. They paid for it. That is why the New Democrats got re-elected in 1973, because the people supported that policy, they supported that principle. Madam Chair, that is why no government since, including Conservative governments, have ever moved to change it because it represents the great consensus of Manitobans.

What this chair has proven today to this committee is she does not accept it, does not understand it and is not committed to it. Her minister, in his opening statement, speaking for the Government, I think reconfirmed this principle. Did this chair indicate that maybe she had a better understanding of that today? Not at all. All she did was defend. She could do no wrong. It was for good purpose. You know, when we asked that question again about where is your legal authority, what did this chair say? We give donations. It is a donation.

Well, do you know every public and private corporation does give donations, no more than 1 percent to 2 percent of its net profit or net income, and there is a difference in the amount? The amount does take it beyond a charitable donation. If you, in your own homes, give \$100 to a charity like the Red Cross, it is a donation. If you give 50 percent of your income and your family goes without, that is not a charitable donation anymore. The size does change the

intent, and it is very clear from the comments of this chair that the intention was not just to make a charitable donation, it is well beyond that, but the intention was to do government policy, to get into funding universities. That is contrary to the statute, it is contrary to the principles that the New Democratic Party espouses, and it is contrary to the statements of the minister.

I do not understand how a chair can carry on in those responsibilities when she is so out of step with the party that appointed her, when she is so out of step with even the principles of the party she espouses, who brought in public insurance, that principle of providing that insurance at cost to the ratepayers.

Now, not just this, this alone is worthy of a motion of censure, particularly given the minister's opening statements, it is obviously at odds with the chair. The chair may say yes, we passed a resolution, we will do what we were forced to do by the Public Utilities Board, but you could tell in every answer she gave that she would never admit that she was wrong. She was right, and if given the chance, as she said in her public statement, to do it again, she would. That is why we have no confidence.

Then take it another step: the bonus system for employees. Yes, it was raised. Yes, people work hard. That is why we have collective agreements with overtime, but you know it is ratepayers' money. I say to the New Democrat members of this committee they are going to have to go home and they are going to face ratepayers. They are going to face other public servants, who work very hard, who have worked through great periods of reform and change and never got bonuses. We did many reforms at the WCB when I was minister responsible. We never paid bonuses. I was Minister responsible for Manitoba Hydro for two years. We did many things there that took great deals of time. We never paid bonuses. If senior staff took a lot of time in working on something, they often made it up with some additional time off, but we did not pay them bonuses.

* (16:00)

The icing on the cake, if members opposite need any further assurance about why this

individual cannot remain chair of MPI, was the bus pass issue. Did the chair accept responsibility for a decision where the corporation, the ratepayers, whose money she is entrusted with, did she take any responsibility for paying 90 percent of the cost of these bus passes? No. What was her answer to this committee? It is the City of Winnipeg's initiative.

Glen Murray should be commended. Glen Murray is doing what he needs to do to sell bus passes. He offered a 10% discount, and 90 percent of the value of that discount this chair's board is paying for out of ratepayers' money. Is it fair? Is it being provided to every employee of MPI? Is every employee of MPI being provided with the same benefit? Are the employees who live and work in Selkirk being provided with some assistance in their transportation, in Beausejour, in Portage la Prairie, in Thompson and The Pas? Is every other civil servant who works for government or its agencies who commutes to work every day in Winnipeg or elsewhere on a bus or in their own car being given the opportunity as members of the public service to get subsidized bus fare?

You know, I have had more telephone calls from public servants since this story broke out than on any other issue, and, you know, they are mad. They are mad. These are people in the city of Winnipeg who work for government. If you work for the Department of Highways, you are on your own on your bus pass. If you work for MPI, oh, we will subsidize it for you. They say: What is the difference? We are both employed in public agencies. Hydro workers are not getting it. It is blatantly not fair. If members opposite think they are going to be able to explain it to their constituents who are public servants who are not getting the benefit, good luck, because they will not, because they know it is wrong. What is wrong about it is in the unfairness.

Will they be able to explain to ratepayers why a ratepayer in the town of Selkirk who pays their MPI insurance, why some of their fee is going to pay for an employee of MPI in the city of Winnipeg to get a subsidized bus pass? You explain that, and you cannot. You cannot.

Now, the attitude of this chair in dealing with these issues, being out of step with so many

things, tells us there is only one answer here. That chair, if that chair was an honourable person, given that she is so out of step with government policy and with the Legislature, if she is not prepared to admit that she made a mistake, she has learned from it and move on as she was not prepared to do once today or when she sat next to her minister at the press conference when her minister was having to do all the mea culpas and ultimately paid with her removal from that portfolio, if she could not do that, I do not think she serves anyone in continuing in this capacity.

So, Madam Chair, we are asking members of this committee, we are not asking for a vote of no confidence in the minister. In fact, some of his pronouncements on these issues we fully support. He has already said this chair is wrong. He is sending some of these things to Crown Corporations Council. This minister, I do not know how he will vote on this resolution, but he already voted on this chair and her administration with his actions. He already voted on this chair. He said: We do not trust these actions. We are sending them to Crown Corporations Council. No, there will be no use of surpluses for anything but the ratepayers. He has already voted. He may vote differently today, but he has voted with his actions.

This chair has lost the confidence of this Government. If she was honourable, she would tender her resignation. Now, I do not think from her comments she is going to do that. She is too proud to do that. This committee, on behalf of the ratepayers, have to do it, and we would urge members of the New Democratic Party to support this resolution.

Mr. Cummings: My comments will be brief, but I do want to put it on the record that where I come from there was a phrase that one of the co-operative elevator companies used to take great pride in and that was service at cost. I think to some extent this board of MPI has wandered away from that principle. We heard it reiterated today and for that I am grateful, but it does not take a lot of research to realize that there are many ways that MPI benefits the general public. I believe it still pays a premium tax. It goes back to general revenues. That probably is one of the few things that the ratepayers, customers of MPI,

do not know, and they are benefiting every time the corporation pays that tax. Their premiums are benefiting the general revenues of this province.

I think the board would do well to remember that when they are making decisions in the future, and I think—it is virtually a hidden tax—if that had been thought about at the time that the discussions occurred around expenditures to offset what would normally be normal government expenditures, that the board, the minister and the Cabinet would not have ventured down this trail. I think the motion that you have here today, as my colleague said, not only is it unique, it is unusual, but it is a situation that I am sure the members of government do not want to go back to the concerns that were raised in 1987 when you saw a leap of 28 percent in rates.

There is no reason why any dollars that are earned in premiums are not used extremely carefully for the benefit of those who pay the premiums. We have forgotten too easily how often we saw rate increases, many of which I presided over, in order to try and restore the fiscal balance of this corporation. But there was one winner, and that was the 1987 one, Mr. Minister. I think our motion is something that you might want to tack on your bulletin board when you go back to your office to remind you not to allow your Government to get into the predicament that it found itself in at that time.

Mr. Faurchou: In regard to the motion which we are debating at the present time, it is clear that this committee and its deliberations here today concur with the text that no confidence has been exhibited in the current chair of the board of directors of the Manitoba Public Insurance Corporation. If the body language were to speak volumes on record, it is abundantly clear that members in support of the Government side of the House are clearly uncomfortable with this particular motion, but, in fact, they should be in support of this motion because then they would be in support of their previous minister who went on record with the people of Manitoba and stated that it was a wrong decision to provide for monies outside of the scope, the mandate of the Manitoba Public Insurance Corporation. Truly it was because the people of Manitoba, the

ratepayers with the Manitoba Public Insurance Corporation, spoke out loud and clear that it was inappropriate expenditure.

Throughout today's proceedings, we have asked in numerous ways and occasions of the chair of the Manitoba Public Insurance Corporation to recognize that particular fact, a fact that has already been recognized by the Cabinet, the Executive Council, so this motion that we are debating at the present time should be in full support of all members of this committee. The Member for St. James (Ms. Korzeniowski), the Member for La Verendrye (Mr. Lemieux), the Member for Selkirk (Mr. Dewar), the Member for Elmwood (Mr. Maloway), and the Member for Rossmere (Mr. Schellenberg) should be in complete compliance and support of this motion because it would be in support of what has already taken place.

The Government does not have confidence in this chair of the Manitoba Public Insurance Corporation. Today is clear evidence of the position which the chair maintains, and it is not in compliance with the statements that were made earlier today by the sitting Minister responsible for the Manitoba Public Insurance Corporation. So therefore I trust that the decision that is to be made with a vote here today will be in support of this motion. Thank you.

* (16:10)

Madam Chairperson: Any further questions or comments? We have a motion before the committee as follows:

It is moved by the Member for Fort Whyte (Mr. Loewen), seconded by the Member for Ste. Rose (Mr. Cummings), that

WHEREAS the chair of the board of directors of Manitoba Public Insurance (MPI) has demonstrated by her actions and comments to this committee her contempt for the legislative authorities in which the corporation must legally operate; and

WHEREAS the chairperson has indicated to this committee that she believes that the corporation can spend any amount of the ratepayers' monies on charitable donations,

contrary to both the legislation and reasonable corporate practice; and

WHEREAS the chair has demonstrated further contempt to the ratepayers of MPI by allowing the corporation to pay bonuses to its managers and employees outside of collective agreements, and in many cases without any reasonable justification; and

WHEREAS the chairperson has allowed MPI to again use ratepayers' money to purchase discounted bus passes for its Winnipeg employees outside of any collective agreement, thereby causing a further unnecessary cost to the ratepayer; and

WHEREAS the previous minister made public comments that MPI under this chair had made a mistake and so was not in touch with the views of the ratepayers.

THEREFORE BE IT RESOLVED that this committee resolve "no confidence" in the current chair of the board of directors of MPI and urge the Lieutenant-Governor-in-Council to remove this chair and appoint a chairperson who will respect the legislative authority and limitations imposed on the corporation on behalf of its ratepayers.

Shall the motion pass?

Some Honourable Members: No.

Voice Vote

Madam Chairperson: All those in favour of the motion, please say yea.

Some Honourable Members: Yea.

Madam Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Chairperson: In my opinion, the Nays have it.

Formal Vote

An Honourable Member: A count-out, please.

Madam Chairperson: A counted vote has been requested by Mr. Faurshou.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 4, Nays 6.

Madam Chairperson: I declare the motion defeated.

* * *

Mr. Loewen: Madam Chair, I have a couple of questions for the minister regarding his announcement this morning. I am wondering if the minister has had any verbal or written communication with Mr. Art Mauro, the chair of the Crown Corporations Council with regard to what he has proposed this morning.

Mr. Mackintosh: The discussions began on Friday afternoon between the Minister responsible for Crown Corporations, Mr. Selinger, and Mr. Mauro with regard to a possible role for Mr. Mauro in reviewing the issue of bonuses. Then as a result of discussions over the weekend, a decision that was made on my part yesterday, it was also decided that Mr. Mauro should be asked if he would be willing to also consider the issue of accountability in governance of MPI. It is my understanding that Mr. Mauro was contacted this morning and has agreed to the dual review.

Mr. Loewen: I thank the minister for that. Just for clarification then, the Crown Corporations Council will be looking at the three issues that were raised by the minister this morning, the issue of the bus passes, the issue of the bonus payments, as well as the issue of the declaration of a substantial contribution.

Mr. Mackintosh: Well, Mr. Mauro has been asked to look at the issue of bonuses and incentive pay in Crown corporations both as to the appropriateness of models of incentive pay or bonuses. If he recommends that they are appropriate and what circumstances and according to which protocol, that would be on the first issue, and that would also be a context in which he can consider the history of the particular issue of bonuses paid to MPI employees this week or this past week. So that is one issue.

The second issue is a request that he review and provide recommendations as to how the governance and accountability of MPI can be strengthened.

Mr. Loewen: Mr. Mauro, in his position as chair, will he be given a request by the Lieutenant-Governor-in-Council pursuant to Section 6(1)(b) of the act to follow up on these issues?

Mr. Mackintosh: I can confirm to the member the mechanism by which Mr. Mauro's review and recommendations will be made. At this point, we have made a determination as to what the scope of the request is to be and those initial discussions with Mr. Mauro.

Mr. Loewen: I do not believe anybody at this table would question the ability of Mr. Mauro to provide, first of all, a full investigation as well as a report to this committee or to government or to the Legislature, however that is laid out. It seems a little strange that the Crown corporation would be brought into this particular area as typically the mandate of the Crown Corporations Council, unless asked specifically by the Lieutenant-Governor-in-Council to look at something else, is to review the plans of the various Crown corporations to ensure that they are within the mandate of that Crown corporation and at the same time, while reviewing those plans, to determine what plans they might have on the risk profile of that organization.

So, clearly, the issue of particular bonus payments and how they were handled, I would think under normal course, the response from the Crown corporation would be that it is not in their mandate to do that. They would certainly need very specific instructions from this Government, which I will take the minister at his word that they will provide.

Will the minister also be asking Mr. Mauro and the Crown Corporations Council to review the board processes with regard to the motions that were passed in May and June and the subsequent activities that led to the debacle regarding the \$30-million contribution?

Mr. Mackintosh: The request to Mr. Mauro will be on the two issues that I had raised earlier. I might add that I will be pleased to provide to the member written communications to Mr. Mauro which would set out the request to him so that members of the Opposition know precisely the questions that are addressed to him.

Mr. Loewen: I thank the minister for that, and I look forward to receiving that correspondence. Hopefully he will be instructing Mr. Mauro and giving him broad enough range, as this is outside the normal mandate, to look at all of these issues which have led to the lack of confidence not only by members of the Legislature but also by the public in the operation of the Manitoba Public Insurance Corporation.

I am just a little curious as to why the minister has decided to bring in the Crown Corporations Council, as an issue like this would normally be handled by the Auditor for the Province of Manitoba, Mr. Singleton. I just would ask the minister why he chose the unusual route of going to the Crown Corporations Council as opposed to turning this matter over to the Auditor?

* (16:20)

Mr. Mackintosh: There is nothing that precludes future involvement of the Provincial Auditor in any of these issues, but we think that the questions that need addressing are questions that Mr. Mauro, as an individual in the Crown Corporations Council, is well equipped to deal with and provide insights and recommendations to Government on.

Mr. Loewen: I hope the minister will keep a close watch on this. I do think that at the same time he might want to confer with the Minister of Finance (Mr. Selinger) and discuss the role that the Provincial Auditor might play in this, particularly with regard to an analysis and an investigation into the conduct of the board of MPIC, particularly in light of the fact that we have learned today that they passed one motion May 15 giving them the authority to give away what became \$30 million of ratepayers' money and had the temerity at the same time one month later in June to pass a motion that basically said this is something that the board should never do

and that all excess funds should be returned to the ratepayers.

So I think it is definitely an issue that, as we saw in the press, is one that is a very serious issue to the people of Manitoba and certainly one that will not be investigated unless the Crown Corporations Council is given specific instructions to do so. In light of that, in light of the minister's comment that he does not anticipate giving the Crown Corporations Council specific instructions to do that, that he would then consider having the Provincial Auditor take a look at that particular aspect to ensure that, in fact, the letter of the law and the spirit of the law was being dealt with properly by the existing board of that Crown corporation.

Mr. Mackintosh: Well, to engage the Provincial Auditor, who has a very busy office, in looking at a decision that was never made, in effect, I do not think would be of value. What I want to do is ensure that we move ahead, move forward. The commitment has already been made with regard to the RSR surplus issue. What is important now is that we get on with the job that lies ahead.

Mr. Loewen: Just by way of closing, I guess, again, I would urge the minister to ask the Provincial Auditor to look at this issue, but, as importantly, I would ask the minister in his new position to urge the chair of the board and the board to re-examine their policy regarding information brought to this committee, as opposed to some of the methods that were used in July to hide information that the board—and at the same time the minister be prepared to come to this committee to be open and provide this committee with all the information that it seeks on the operation of this Crown corporation.

Mr. Faurschou: In light of the response to the motion we had opportunity to debate just moments ago, I would like to propose the following motion:

Madam Chairperson, moved by myself, seconded by our honourable colleague from Emerson, that

Wherever the current chair of the board of MPI has indicated that MPI can make charitable donations of any amount,

BE IT RESOLVED by this committee that it urge the Government to introduce appropriate amendments to restrict those charitable contributions to no more than 2 percent of the net income of Manitoba Public Insurance Corporation.

To bring the motion into order here, I have learned I should have started the motion by "WHEREAS."

* (16:30)

Madam Chairperson: If the committee will just bear with us, we just want to check a couple of procedural problems.

On the motion moved by Mr. Faurshou and seconded by Mr. Penner, Emerson, it is moved by Mr. Faurshou and seconded by Mr. Penner—

An Honourable Member: Dispense.

An Honourable Member: No, read it.

Madam Chairperson: It is important to read it.

—that wherever the current chair of the board of MPI has indicated that MPI can make—

Point of Order

Mr. Praznik: On a point of order, Madam Chair, I believe the resolution was corrected to say "WHEREAS."

Madam Chairperson: You are absolutely correct.

* * *

Madam Chairperson: —that

WHEREAS the current chair of the board of MPI has indicated that MPI can make charitable donations of any amount,

BE IT RESOLVED by the committee that it urge the Government to introduce appropriate amendments to restrict those charitable contributions to no more than 2 percent of the net profit of MPI.

I have reviewed the motion and found the motion to be out of order because it cannot have an expenditure of funds. Debate on the motion may not proceed. However, the motion could be considered in order if it were worded: that whereas the current chair of the board of MPI has indicated that MPI can make charitable donations of any amount, be it resolved that the committee recommend to the Government to introduce appropriate amendments to restrict those charitable contributions to no more than 2 percent of the net income of MPI.

Mr. Jack Penner: Can you give me then your definition of the word "urge" versus "recommend"? Urge is really encourage government, and recommend is recommend. [*interjection*] No, it is just urging government.

Mr. Praznik: Madam Chair, my understanding of the rule that we cannot require the Government to expend money—this resolution is not requiring the Government or its agencies to spend a penny. It is, in fact, a limitation, which is always the right of an Opposition to bring in. We do it in the course of the Budget Debate, where we can eliminate expenditure out of the budget. We cannot add it in.

This resolution is in no way urging MPI to expend anything. It is simply urging that the Government bring in appropriate amendments that would restrict expenditure, not make expenditure. There is no mention in that resolution that MPI be required to spend a penny. It is just simply that if they are going to make charitable donations it be restricted to a certain amount. So in no way are we impinging on the Government's prerogative to expend. We are simply putting a limitation or restriction on that expenditure. In fact, we are not even doing that. We are just urging the minister to bring in amendments to the act. The Legislature may turn to vote down those amendments. We are just asking that this minister bring in amendments for the consideration of the Legislature that would restrict the ability of MPI to expend monies.

Madam Chairperson: To make this motion in order, the words "consider recommending" has to be included.

Mr. Faurischou: I would concur with the Chair and propose the amendment.

Madam Chairperson: Mr. Faurischou, would you please withdraw this motion and reintroduce as amended.

Mr. Faurischou: Madam Chairperson, in regard to the motion that has previously been withdrawn, I would like to reintroduce the following: that,

WHEREAS the current chair of the board of Manitoba Public Insurance Corporation has indicated that MPI can make charitable donations of any amount,

BE IT RESOLVED that the committee consider recommending to the Government to introduce appropriate amendments to restrict those charitable contributions to no more than 2 percent of net income of MPI.

Motion presented.

* (16:40)

Mr. Praznik: Madam Chairperson, I will be brief in my comments. I think it was very, very significant that on the last resolution, which I think ties into this one, not one member of the Government, not one government member spoke in defence of this chair. I think the absence of that defence on the record actually speaks volumes as to the confidence or lack of confidence this administration has in this Chair.

Really this resolution comes about for one reason. If we had confidence that this chair accepted the principles on which MPI was founded by a New Democratic Party government, if we had confidence that she appreciated the actions, although maybe well intended, but how out of scope they were with the intent of the legislation, we would even argue with the wording of the legislation, how out of scope she now is in her thoughts and comments in defence of that action, with the comments of her minister, we would not need a resolution like this. This is difficult to do, because putting these kinds of restrictions or limits, as some members are pointing out, some

years there may be no net earnings. Does that mean no charitable donations?

Yes, there are problems, and we would expect the minister to work those out in legislative amendments. But this resolution is coming forward because this board chair has demonstrated time and time again in the answers to her questions that she does not believe in this fundamental principle of running this corporation for the benefit of its ratepayers. She has indicated that there is nothing wrong with charitable donations, and I put those words in quotation marks, of any amount as long as the cash is there to give away ratepayers' money for whatever cause the Government might like or she might like at any particular time. That is wrong. I think what this motion does is clearly indicate that this chair, if this Government is going to continue with her in place, needs to have very strict restrictions on her so that she does not continue to use ratepayers' money for spending on priorities of the Government or areas that are not of benefit to the ratepayers. So this really is a restriction.

I wish we did not have to bring this resolution. I wish we did not have to bring it, because it is a difficult one to put in a statute. We think this Attorney General is able to meet that challenge, but this is here because we have no confidence whatsoever in this board chair to use ratepayers' money wisely. Her attitude that she demonstrated at this committee, that she can expend any amount of money on whatever donations as long as the corporation is not financially hurt by it, is just unacceptable. It is unacceptable to the public, it is unacceptable to the ratepayers whose money that is, and it is unacceptable to this Legislative Assembly. It is unacceptable to the Legislature in which Howard Pawley was the minister and created MPI, so this motion is moved here today for the purpose of making the point, I think very strongly, that this chair is really not in sync with the policy of the Government, not in sync with the legislation, and should not be in this position.

Again, I just make the point, Madam Chairperson, the fact that on a motion of censure of the chair, which is a very rare motion of a chair of a Crown corporation, not one member of the Government, not Mr. Rondeau, not Mr.

Lemieux, not Mr. Dewar from Selkirk, not Mr. Maloway, not the Member for Rossmere (Mr. Schellenberg) and not the minister spoke in defence of this chair, not one word in her defence. If I were this chair and came to this committee and did not have one government member speak in my defence, my resignation would be on the Premier's desk by the next morning. Thank you.

Mr. Jack Penner: Madam Chair, just to reiterate some of the things that I said before and to respond to one of the committee members, Mr. Schellenberg, about contributions made by previous administrations and/or decisions made by a board of directors.

I felt very privileged to be appointed as a board member of the Manitoba Public Insurance Corporation. First of all, I have a tremendous respect for a public organization that is designated to serve the public, and secondly, because it is given immense powers by legislation, under legislation, immense powers by being a single entity and the tremendous responsibility given to the board of directors and the management team of a public corporation, especially when there is no competitive structure anywhere else around, that you are given unilateral decision-making powers that will affect every single person in this province at some point in time. That is a tremendous responsibility.

When we are allowed to then set the rates and charge people for the privilege of driving a vehicle to ensure that they will be adequately covered if and when court action does take place, and then making a decision that court action in many cases will be suspended, will be taken away, not allowed anymore gives further responsibility to that board of directors, especially, to set policies that will protect adequately all citizens. I think that is what the main charge is of the board of directors, to ensure that there will be an equitable policy drafted that will serve to the best ability the people of the province of Manitoba.

The second charge is to ensure that proper and adequate management staff, management team, is put in place to give people the comfort that their corporation will, in fact, be run in such

a way that they will get the best bang for the buck. I happen to believe that the former board of directors that I had the privilege to serve with did that.

I think there is one other charge that the board has, and I am not going to single out the chair because I think this chair is only one member of a team, a board of directors, that are given the responsibility for setting policy and giving direction to the corporation. It is a total team effort.

I say the ultimate responsibility is to ensure that you will not overcharge for a service provided to that public, whether that is insurance or whether it is workers compensation or any of the other functions such as Manitoba Hydro, other functions or service that a public entity provides. I think in most cases board members who are appointed take that responsibility very seriously, and the debates that I have been part of would encourage me to truly believe that the professionalism that was demonstrated around that MPIC board table was something that I took a lot away from. In other words, I gained a tremendous amount of experience there, in large part due to advice that was given by management to the board on various issues when decision making had to be done.

Madam Chair, I will also never forget that when we were asked as a corporation to make public contributions, to whatever it was, the advice in most cases, and I do not remember if there was an exception, the CEO came before the board and warned us to be careful as to what decisions we would make time and time again. If there were significant contributions requested, it was always the advice that we should look at providing, if we were going to contribute, a service for the contribution. The advertising at Pan Am Games I think Jack will remember well, and services that we could provide such as insuring vehicles. I remember those decisions that were made.

So there was a contribution given, but most of the time the corporation was requesting that they would get dollar value for what they produced, in other words, providing a safer environment for the travelling public. Madam Chair, we determined at the time that there was a

tremendous chance for us, that hundreds of thousands of people would come to these events and they would look at the logos that were surrounding them: "Don't drink and drive." I think the impact of that should never be underestimated, the impact of the value of that, saving one life. What is the value of a life? The impact of that advertising, the impact of insuring a fleet of cars that would see to the safe transportation of the participants of the games I think was a very responsible action to take by the corporation.

There might have been other services that were provided, but that was normally the advice that we received from management. I would suspect that management might have, in the case of contribution to universities, had some advice as well, and I do not know what that is, because I was not part of the discussion. But surely we as legislators must at all times guard that when we are given the responsibility through the confidence of the people who elect us to look after, to be the stewards, not only of the environment but the economic stewards as well, we must take that very seriously. I think boards of directors are no different than members of the Legislature when elected or ministers of the Crown, a tremendous responsibility.

* (16:50)

So I say that I also have some reservation about seconding this kind of a motion, because it does one thing. It indicates to that management group that the trust that was there before to make those decisions is now being questioned, and it is because of actions of the board that that trust is being questioned. It is not the management team, but it is the actions of the board as a whole that is being put in question here. I think that is sad, when we as legislators must put a motion before a gathering such as this that would encourage government to restrict by legislation actions that would normally be deemed the responsibility of that board of directors. I think that is a sad day.

Surely we have seen in the last couple of months that there is a real need to question this. So I, with some hesitation, second the movement of this kind of resolution, and I would encourage members of this committee to strongly consider,

really consider what we are doing here. Thank you.

Mr. Faurshou: It is with a great deal of consideration that I have proposed this motion in this committee in regard to what we have heard earlier today. There was an opening statement of the new Minister responsible for Manitoba Public Insurance Corporation. Madam Chair, Minister Mackintosh made statements that, as my colleague Mr. Praznik said, we could probably support that the corporation has a mandate in which to provide for a service with the lowest possible cost, recognizing that it is vastly important to provide a quality of service to which Manitobans expect from a monopoly corporation providing insurance to the motoring public.

The minister also made a statement that he personally guarantees that monies will be, in fact, spent only on related activities and made recognition to the fact of being a good corporate citizen, but today's activity in regard to deliberations between the committee and the current chair of the Manitoba Public Insurance Corporation did not provide the reinforcement of the minister's statements that I believe all of us here are, in fact, concurrent with. I know that during the deliberations this afternoon the Member for Elmwood (Mr. Maloway) nodded in concurrence that the level of charitable donations of the corporation in the 1% to 2% range of net income for the corporation was, in fact, something that should be supported in light of the corporate citizenship that the Manitoba Public Insurance Corporation has within the community here in Manitoba.

However, the day's dialogue did not give any support to that particular point. Therefore this motion has been brought forward at this time. In fact, Madam Chair, it is not binding on the Government, as we recognize governments do what they believe they must. It is only, in fact, that this committee has met this afternoon and heard testimony to the effect that potential expenditures of \$30 million that were resoundingly refuted by the public earlier this year and last may happen again, because the current chair of the Manitoba Public Insurance Corporation is unrepentant of that particular move, even though the previous minister had

acknowledged that it was a wrong decision and the government had recanted on the decision.

So therefore I think it is absolutely imperative that under the current situation this committee go on record, as I believe we all feel as legislators of the Province of Manitoba and effectively responsible to those constituents that have given us the privilege of serving in the Chamber that we acknowledge what, in fact, the public has told us is that the mandate of the Manitoba Public Insurance Corporation is not to, in fact, use the proceeds from prudent investments for unrelated expenditures but rather to reinvest in those persons who have provided those resources through their premiums charged by the corporation to the motoring public.

Therefore, as my colleague from Emerson said, it is with reservation that I propose the motion. However, there is no other alternative at this time for members of this committee. Both sides of the House must recognize that the mandate of the Manitoba Public Insurance Corporation must be, in fact, in tune with the persons who provide the monies that this corporation has wisely invested and ultimately received good return on that investment. So, with the support of the minister, I would encourage other members of the committee to urge that the Government consider this motion and its intent and vote in favour. Thank you.

Mr. Mackintosh: I just have some remarks. First, just as a preliminary matter, this morning I indicated what I saw as our vision for the future in MPI, building on what has been a very successful operation over 30 years, and, in particular, over the last number of years, and that vision includes taking steps, one step at a time perhaps, but as necessary to ensure that Manitobans continue to have confidence and indeed greater confidence that their public insurer respects the need for frugality, respects the fact that individual Manitobans are required in a monopoly situation, regulated as it is, to make annual premium payments in order to drive.

As well, of course, later we heard about the issue of the bonuses. I thought it was important, when talking about vision, to look at the broader issue and move ahead. Madam Chair, we also

heard discussions about who was responsible for what. I heard allegations that this was a Doer government matter. Of course, the facts bear out that, from conception to payout, the bonus situation happened over two governments.

But let us look at the bigger picture. We have heard statements from the Opposition, in particular from the former board member, Mr. Penner, about his former involvement with the board. It is commendable that anyone be involved in this kind of public service. Indeed, I am sure his contributions were respected by others on the board and the public does respect his role as such. We heard further about the wisdom of the former board and so on. I add this: when it comes to the issue of the bonuses, it is my understanding from Mr. Zacharias that there were discussions by the former board about paying not \$20,000 to the CEO but \$50,000 or something in that range. Those were early discussions. That was not the amount that was eventually paid out by the subsequent board as a result of discussions or calculations or other thoughts.

* (17:00)

I think it is important to note that we are all in this together. It is important that as we move ahead we keep an eye on that essential mandate of MPI and the need to develop this common vision.

With regard to the motion that is currently before the committee, I say this: I find this really ironic, because the Opposition as of Friday afternoon came forward with this legal opinion from Bill Burnett that said that the charitable donation could not be made under the law, and now it is arguing on the other side of the mirror here. I mean, it is making the argument that, well, we have to change the law. So either it accepts the legal opinion, which I understand publicly it has made a case for and is in support of, or it does not. If it accepts that legal opinion, why are they bringing forward this motion? That is my question. Indeed, I believe the intent of the motion is actually just about the censure of the chair that was attempted in the first motion, and we have already voted on that. I think that was expressly admitted to by members of the Opposition.

I also note in here that there is a statement about the current chair, indicating that MPI can make charitable donations of any amount. My understanding from her words was that she indeed had expressed regret about the impact on ratepayers of the decision that never became the effective decision. Of course, the Opposition here is all wrapped up in a decision that never proceeded. It is saying: That was wrong what you almost did, that was a terrible decision that you never actually made.

We are saying let us get on with it here. Let us deal with what is current and what the live issues are now. I have made statements about how we intend to move on.

Now, the second issue and the assumption that this motion is based on is that the MPI chair believes she can make charitable donations of any amount. She knows and everyone knows that government policy is expressed clearly today. If there is any question about it, I have been here to answer any questions. But that is not the case. That is not the policy, so it is a wrong assumption.

I also say that whether legislation is required, though, is something that I am committed to reviewing. It is an issue I will now turn my mind to, and the legislative session will be the forum in which the results of that consideration will be made known. So I need the opportunity to look at how we can put in place what I committed to this morning, and that is with regard to what happens to the surpluses from the RSR. I will take whatever steps are necessary to ensure that vision, and if that includes legislation, well, so be it. But to get tied into the specifics of this motion would be premature.

As well, the Opposition has been talking for some time about its plans to bring in its own bill, and it never happened before Christmas. I was, as were other members of the Government, looking forward to hearing how they were going to characterize in legislation their policy, because I was not sure what their policy was. I am not sure now, although we have some indication that they are looking at contributions of not more than 2 percent of net income. I am glad to see at least some aspect of the

Opposition's view and am looking forward to seeing the legislation that the Opposition may or now may not introduce this session, because, of course, that is the appropriate mechanism to make legislative change and have this legislation considered and debated by members of the Legislative Assembly.

So just in conclusion, this motion is actually about the censure issue. We have already voted on it, and so I am prepared to see the matter go to a vote.

Madam Chairperson: Mr. Derkach—Penner, Emerson. You guys have kept me here too late.

Mr. Jack Penner: I thought Mr. Derkach had entered the room. Sorry about that.

Just one final note on the debate on this matter. I hear what the minister says, and I have to agree with him to some extent in comments that he made in regard to the motion. I think he should however take some comfort in the position that we come from. When we look historically at the operation of the corporation under an NDP administration, when I look at the financial situation the corporation was in when we took government in 1988, I think we have every comfort in the world to believe that there would not be much money left to spend by the time they get through with giving it away.

Madam Chairperson: Before we deal with the motion, I would beg the patience of the committee. I have to confirm on the record that there was leave to withdraw the original motion and the introduction of a subsequent motion.
[Agreed]

Shall the motion pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Voice Vote

Madam Chairperson: All those in favour of the motion, please say yea.

Some Honourable Members: Yea.

Madam Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Chairperson: In my opinion the Nays have it. The motion is accordingly lost.

* * *

Madam Chairperson: Shall the Annual Report of the Manitoba Public Insurance Corporation for the year ended February 29, 2000, pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Voice Vote

Madam Chairperson: All those in favour, please say yea.

Some Honourable Members: Yea.

Madam Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Chairperson: In my opinion, the Yeas have it. The report is accordingly passed.

* * *

Madam Chairperson: The hour being 5:10 p.m., what is the will of the committee?

An Honourable Member: Committee rise.

Madam Chairperson: Committee rise.

COMMITTEE ROSE AT: 5:10 p.m.