



Third Session - Thirty-Fifth Legislature  
of the  
**Legislative Assembly of Manitoba**

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**STANDING COMMITTEE  
on  
PUBLIC UTILITIES  
and  
NATURAL RESOURCES**

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39-40 Elizabeth II

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*Chairperson  
Mr. Jack Penner  
Constituency of Emerson*



**VOL. XLI No. 2 - 8:00 p.m., TUESDAY, APRIL 28, 1992**



**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

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<b>NAME</b>	<b>CONSTITUENCY</b>	<b>PARTY</b>
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Guizar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Ciif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON**  
**PUBLIC UTILITIES AND NATURAL RESOURCES**  
**Tuesday, April 28, 1992**

**TIME – 8 p.m.**

**LOCATION – Winnipeg, Manitoba**

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

**ATTENDANCE - 8 – QUORUM - 6**

*Members of the Committee present:*

Hon. Mr. Cummings

Messrs. Alcock, Dewar, Evans (Brandon East),  
Helwer, Laurendeau, McAlpine, Penner

**APPEARING:**

Walter Bardua, President and General  
Manager, Manitoba Public Insurance  
Corporation

**MATTERS UNDER DISCUSSION:**

Annual Report of the Manitoba Public  
Insurance Corporation for the year ended  
October 31, 1991.

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**Mr. Chairperson:** I would like to call the Standing Committee on Public Utilities and Natural Resources to come to order, please. This evening the committee will be considering the October 31, 1991, Annual Report of the Manitoba Public Insurance Corporation.

I am wondering if the minister responsible would have a statement and if he would please introduce his officials at this time.

**Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation Act):** First of all, I would like to introduce our Chairperson, Mrs. Ruth Konzelman; President Walt Bardua, next to her at the table here. We also have a number of other personnel here from the corporation to make sure we are able to answer all these in-depth questions and piercing innuendo that may come from the members' questioning. I am spoiling a lot of people's night out at the hockey game, actually, but—

**Mr. Marcel Laurendeau (St. Norbert):** Are you going to try and make them feel guilty? It will not work.

\* (2005)

**Mr. Cummings:** I am trying.

First of all, I will just ask them to wave their hand or nod their head back there so that the critics will know who all is here.

Dave Kidd, Vice-President of Insurance Operations and Assistant General Manager; Barry Galenzoski, Finance and Administration; Shanti Kapoor, Vice-President, General Counsel and Corporate Secretary; Peter Dyck, Comptroller; Jack Zacharias, Claims; and Grahame Newton, Community Relations; at the back, as well, is Mel Stadnyk, Manager of Financial Services; and Marilyn McLaren, our Public Information person.

With that, we are ready to start.

From the annual report in front of you, the Automobile Insurance Division can be shown to have ended its year with a net income of \$8.1 million. The results were better than originally forecast because claims were lower than anticipated. The Autopac program operates at cost, so claims, volume and expenses are a major factor influencing the division's financial results in any given year.

Total claims and operating expenses amounted to \$372.2 million in '90-91, while earned revenues including investment income reached \$380.3 million. Income was placed in the corporation's rate stabilization reserve, which stood at slightly under \$50 million at the end of the year. As this implies, this reserve can be used to cushion the impact of unforeseen increases in claim costs, which may result in higher premiums.

Another important event occurring during the year was the decision by the corporation's board of directors to have MPIC assume responsibility for a \$32.2-million deficit associated with its discontinued reinsurance assumed operations. The Province of Manitoba had earlier been responsible for funding

this deficit. The funds will now be drawn from the retained earnings of the General Insurance Division, which will effectively relieve the Manitoba taxpayers from this obligation.

The General Insurance Division ended the year with a net income of \$5 million. The Special Risk Extension section of the division, which offers specialized vehicle coverage in competition with other insurers, had a net income of \$7.3 million. This was partially offset by a loss of \$2.3 million on discontinued reinsurance assumed and personal and commercial lines.

The SRE, or Special Risk Extension operations, have now been transferred to the Automobile Insurance Division. The corporation is currently running off the remaining general insurance business.

Mr. Chairperson, that pretty well concludes my formal statement. I would invite the members of the committee to ask questions and, on a note, having been caught once before, I would refer you to the back of the report. This is on recycled material and it is recyclable.

**Mr. Chairperson:** Would the critic for the official opposition have comments to make?

**Mr. Leonard Evans (Brandon East):** Just to say, Mr. Chairperson, that we have a number of concerns—some of them are not new, some of them have been around for a long time, but there are still vital concerns ranging from everything from the SRE, to possibly a new system of levying premiums, through to what may be happening to rate increases and so on. There are a number of concerns we have which we will raise during the course of the evening as we go through the report.

**Mr. Chairperson:** Mr. Alcock, second official opposition, would you have some comments to make?

**Mr. Reg Alcock (Osborne):** Well, I have an audience, why would I not have comments?

I would like to lay out three things that are of particular concern to me. I have had, I think, an unusually high number of cases raised with me this year, people who are in contest with the corporation around the kind of settlements they are getting, and I do not want to discuss individual cases. I think the corporation has been quite responsive to any requests that we have made.

I would be interested in trying to understand whether there has been any particular change in the way in which claims are dealt with or some of the policies that are applied.

I have an interesting question that has been raised with me about the application of GST and people being required to pay GST on claims even when they have been forgiven or when they have been found to be not responsible, therefore have had their deductible waived, which struck me as a rather odd circumstance. I just had that raised with me yesterday.

I have some specific questions about that just to help people get prepared for it, given that you have the team here.

The third thing would be to look a little bit at the operating costs. We had a discussion, Mr. Bardua will recall, the last time we met just about the year-over-year increases in operating costs and why at that time the corporation was out of line with what the government was attempting to do in terms of holding the line on year-over-year increases in operating costs. I would like to get some updated information on that.

I think I will leave it there, and we will get into it on questions.

**Mr. Chairperson:** What is the wish of the committee? Do you want to pass the report immediately or did you want to consider it page by page or in its entirety?

**Mr. Leonard Evans:** I think it is effective and productive to consider the report as a whole. I have some questions from back to front of the report, but I would prefer to consider the report as a whole.

\* (2010)

**Mr. Chairperson:** Is that the wish of the committee?

**An Honourable Member:** Agreed.

**Mr. Chairperson:** Thank you. Mr. Evans, continue then.

**Mr. Leonard Evans:** Just on the board of directors, starting at the beginning of the report more or less, I notice some changes on the board but, specifically, has the government a full appointment of board members at the present time? That is one question. The other question is: How many employee representatives are now on the board?

**Mr. Cummings:** There are two employee representatives, Mr. Lepischak and Donna King.

There are two other people who have been appointed since this picture was taken, Mr. Ian Alexander and Mr. Peter Wintemute.

**Mr. Leonard Evans:** So this is a full complement of board members according to the legislation.

**Mr. Cummings:** That is correct.

**Mr. Leonard Evans:** I gather Mr. Penny resigned and Ms. Konzelman is now the new chairperson of the board.

**Mr. Cummings:** Yes, Ms. Konzelman was acting chair and she is no longer acting. We are very pleased to have Ms. Konzelman as chair, and she no longer has the term "acting" attached to her name. She is full chair.

**Mr. Leonard Evans:** I have just noticed two or three items that have caught my eye in the report, and I would like to raise them for elaboration at this time.

Right at the beginning, under the chairperson's and president's report on page 7, there is reference to, it being appropriate in the 20th year that you embark on the most extensive service improvement initiative to date, and I just quote: "In fact, it marks the first large-scale redevelopment of the auto insurance program since 1971. We are working on several major projects which, when introduced in 1993, will significantly change the way we deliver automobile insurance to our customers."

I was wondering whether the minister or Mr. Bardua or whoever might elaborate on that and tell us what we might expect.

**Mr. Cummings:** I will start with a couple of comments, then I will ask Mr. Bardua to fill you in on some additional detail. Just as a general observation, when I first came into this office, the corporation was dealing with a large volume of material. It became increasingly obvious that some changes could and perhaps should be made in order to improve customer service and to improve the product that the corporation delivers.

Since Mr. Bardua has come to the presidency, there has been some considerable time spent in planning, and the board has been very much involved in looking at the future direction that the corporation is embarking upon. I would invite Walt to expand a little bit on some of the details of what they are considering.

**Mr. Walter Bardua (President and General Manager, Manitoba Public Insurance**

**Corporation):** One of the major obstacles to improving service in the corporation is the fact that we still have an annual renewal whereby everybody renews on the same date. The major portion of the redevelopment we are speaking of in the annual report is a conversion to a system of staggered renewals whereby roughly one-twelfth of the population will renew each month or, in fact, 1/365th every day, if you will.

Going along with that project, we are going to develop the ability to have greater electronic interface with our agents. In other words, we are going to try to tie them directly into our computer system so that they can provide the customer with documentation on the spot, more of a one-stop shopping concept.

We will be providing the public with more and better payment options and, generally speaking, I think those three particular items will enhance considerably the kind of service that we provide. It will give our agents a better opportunity to discuss with their clients their insurance needs and ensure that they are indeed looked after.

**Mr. Leonard Evans:** Well, the payment options then I would imagine might resemble the renewal of automobile registrations where I think, I am not sure, I think this is done on a monthly basis, namely the month in which you were born. At least that is when it is due by and, therefore, it is automatically spread among the 12 months. Will there be some resemblance to the automobile registration system?

**Mr. Bardua:** Mr. Chairperson, the automobile registration system is, of course, tied to the insurance system here. Currently, people renew their registration along with their insurance every March 1, February 28, if you will.

When I refer to payment options, I am talking about a time-payment plan which will allow people to divide their insurance and registration payments into some equal installments. The system is still in the design stage, so I cannot get too specific about it, but it probably will not be monthly. It will be something more like quarterly.

\* (2015)

**Mr. Leonard Evans:** But the renewal period will be fixed. In other words, the statements would go out, as they do now, at the beginning of the year, and what you are looking at is the option of allowing people to pay over a period of time, you suggested quarterly.

I had first thought from how you described this that you would be even more revolutionary, that the actual statements would be issued throughout the year.

**Mr. Bardua:** Mr. Chairperson, I am sorry if I am confusing the member. That is exactly what I am talking about. We will be sending out statements throughout the year, and we will be assigning people a renewal date and sending them an invoice or a renewal form some time prior to that. The system will be running throughout the year as opposed to an annual system like we have today.

**Mr. Leonard Evans:** There is no question that this will be well received by the consuming public. I have a question though with regard to the costs of this. Does the corporation believe that there will be much additional cost for administration in respect of this new system?

**Mr. Bardua:** Mr. Chairperson, there will be some costs associated with the conversion but, ultimately, we expect that by spreading the workload throughout the year and by moving some of the clerical functions out into the agents' offices in fact there will ultimately be a saving to the corporation.

**Mr. Leonard Evans:** At the moment, people make their payment to the agents for renewal. Some will send in directly to MPIC. Does Mr. Minister or Mr. Bardua have any idea of what percentage of the renewals, if I can use that term, what percentage of the application for insurance goes to the agents as opposed directly to the corporation?

**Mr. Bardua:** Mr. Chairperson, approximately 95 percent of the renewals are carried out through agents' offices and about 5 percent, the remaining 5 percent, are mailed in directly to the corporation.

**Mr. Leonard Evans:** Yes, the utilization of agents makes it very attractive for customers to renew. It is agents who are open almost seven days a week, in some instances I suppose, and they just make themselves available.

It seems to me, though, that it is certainly more costly for the corporation to work through the agent as opposed to getting the payment directly because you have to pay the agent's fee. I wondered if the corporation has done any work on how they may save some money, which would therefore benefit all drivers who have to insure their cars, by way of perhaps lower than otherwise premium levels. Have you done any analysis, given any serious

thought to how you might reduce the cost of utilization of agents?

**Mr. Bardua:** The corporation's commitment to distribute its product through the independent agency force is one which has been in place for a long time. It is something that we talk about annually when we review our strategic plan. We have not done any what you would call serious work in that regard, although I should point out to you that somebody would have to do that work if the agents were not doing it. We would have to hire people to do it, and we have a network of about 400 independent insurance brokers who act as our agents.

We think we pay them a reasonable amount of money for the work that they do, and considering that we would have to employ considerably more people and open offices throughout the province in order to provide that same kind of service to the consuming public, I rather suspect that the costs would not look very much different if we were doing it ourselves.

**Mr. Leonard Evans:** Mr. Chairperson, I was not suggesting that MPIC abolish agents. I was asking whether the corporation had investigated ways and means of saving monies, still utilizing a system of agents, whether the corporation had looked at ways and means of reducing costs, utilizing agents nevertheless.

**Mr. Bardua:** Yes, of course, we are constantly looking at ways of doing things more efficiently, and that is one of the reasons for the project that we call Autopac 2000, which will, in fact, move some work into the agents' offices, allow them to handle it more efficiently than we are doing at present. That is where we hope to realize some savings, in the administration, in the processing of renewal documents.

\* (2020)

**Mr. Leonard Evans:** What the president is suggesting, Mr. Chairperson, is that more of the paperwork, if I can use that term, will be done in the agent's office rather than in the corporation as such.

**Mr. Bardua:** That is correct. In fact, ultimately we could be looking at a paperless kind of a process as far as we are concerned.

**Mr. Leonard Evans:** Is Mr. Bardua suggesting, therefore, pure use of computers so that everything is done electronically?

What I was getting at was one of the recommendations in the Kopstein report, because he suggested a flat fee for agents. I think, my own judgment, and I am not reflecting on any one agent or any group of agents. I am glad we have an agency system. I want to make that clear.

Why are we putting—Judge Kopstein recommended a flat fee and I wondered whether the corporation specifically had given a lot of thought to that. The question is, you know, is it any more work to issue an insurance bill for \$800, say, as compared to \$400? It is really no more work, and yet the agent gets double the amount of money for the \$800 bill as opposed to the \$400 bill.

**Mr. Bardua:** We are currently having discussions with the agents because of the fact that we are changing the system, if you will, and one of the things we will be discussing with them is the manner in which they are compensated. We have considered the question of whether it ought to be one flat fee or whether it ought to be a combination of flat fee plus a commission, but it would be premature for me to comment on the outcome of that discussion, because it is a form of negotiation.

**Mr. Leonard Evans:** Can you tell the committee when a decision will be made or when do you anticipate something being resolved in this, because I just remind the committee, Mr. Chairperson, through you, that it was Judge Kopstein who recommended this a couple of years, so it is not as though it is something that has just crept over the horizon a few days ago. It is a suggestion that has been around a long time and has been commented on in the press by editorial writers and so forth. It seems to me it is one way of keeping costs down to the consumer.

**Mr. Bardua:** I think we should understand one thing, and that is that even if we went to a flat fee, it is not likely to change very much the amount that the agents are compensated. They are currently compensated at what we believe to be a reasonable level for the amount of work that they do. I do not think they are going to be very happy to accept any or very much less than that.

One of the problems that we are having at the moment is that it is very difficult to negotiate a new fee structure with your agents when you are changing the way that you do business with them. Until such time as we get this project at least totally defined so that they will understand what that is

going to do to their expenses and the way they operate, it will be impossible for us to arrive at any kind of a change. As soon as we do get the project underway and well defined, one of our top priorities is to resolve the issue of agent compensation.

**Mr. Leonard Evans:** Could Mr. Bardua indicate now, what is the average fee that an agent collects? He must have some idea of an average.

**Mr. Bardua:** Mr. Chairperson, I will have somebody calculate that and give the member a response in a few minutes.

**Mr. Leonard Evans:** Again, I do not want to be unfair to the agents, but I just have the impression that they are very well reimbursed for the amount of effort that they put in. I am not trying to personalize this, Mr. Chairperson. I am just saying, generally speaking—I do not have all the data so I do not want to be critical, but I have the impression that they are fairly well reimbursed for the amount of work they do and the responsibility they take.

\* (2025)

Ultimately, in the old days under a private system, an agent would be called in the middle of the night. If you had an accident you would phone your agent and—do something, help me, I have had a bad accident, et cetera. I mean, the agents do not have that today. They are scot-free. It is the corporation that takes on that burden and does a good job, generally speaking.

I am glad the corporation is looking at this, and I would just hope they will settle at something that is fair to the customers who have to pay for the whole system.

**Mr. Cummings:** I just would want to add one thought to the line of questioning the member is following, and that is that it is certainly my impression that the agent needs to be an integral part of the delivery of service, providing information, and the fact that, in my personal view, we can expect more of our agents rather than less, aside from the changes that are being made in the system.

The fact is that as some of the insurance issues become a little bit more complex, the needs are not identical from one person who appears at a counter to another. That is one reason that I am very interested in what the corporation is doing in terms of the amount of time that an agent may be able to have with a customer at the time of renewal, which should be possible with the system of renewals that they are putting in place.

Without answering your question about whether or not they are overpaid, I do believe that they need to be actively working with the customers as they come across the counter, and I am not so sure that happens all the time under today's system, so there is that aspect of where I see we are heading.

I believe Mr. Bardua maybe has those figures now as well.

**Mr. Bardua:** The average fee that an agent earns for processing a renewal is \$24. We pay 5 percent on the basic and 12.5 percent on any optional coverages that the agent sells the customer. The private sector compensates agents on average about 12.5 percent. Some might pay 15, some might pay 10, but on average it is about 12.5 percent on the total transaction, so they do get compensated more by the private sector. It is usually on a bigger premium too, because our premiums are pretty low.

**Mr. Leonard Evans:** In the way the corporation keeps its books, would the payment of fees to the agents be considered an expense in operation?

**Mr. Bardua:** Yes, it is shown as a separate line in our annual report.

**Mr. Leonard Evans:** I assume that I would find it under income and expenditures. Mr. Chairperson, I was going to go on and ask Mr. Bardua what would be the percentage of total expenditures accruing to agents' fees, but if it is in here we can calculate it.

**Mr. Bardua:** Mr. Chairperson, on page 28, Statement of Operations, Automobile Insurance Division, under Expenses, Commissions in 1991, \$16,444,000.

**Mr. Leonard Evans:** Would you take that as a percentage of total claims and expenses? [interjection] Sorry, I am not asking Mr. Bardua to calculate it, I am just asking him if that is how you would calculate it. Is it 16 over 372 to get a percentage?

\* (2030)

**Mr. Bardua:** It is 5.1 percent of premiums earned.

**Mr. Leonard Evans:** Mr. Chairperson, I certainly look forward to these. It sounds very interesting and exciting. I am hoping what the minister is predicting, that the customers will be more satisfied in the future because of the spread of the payment. Certainly the agents will not be overwhelmed nor the corporation at a particular time of the year. That workload will be spread out more, so that sounds

fine. The greater utilization of computers makes it very interesting as well.

I would just like to go on to a couple of other points. In the report, the reference is made—okay, I am on page 13—at the bottom of page 13 on the left: "This net income"—they are referring to the net income of the Automobile Insurance Division—"was placed in the Corporation's rate stabilization reserve. At the end of the fiscal year, the reserve stood at \$49.5 million, or 15 per cent of direct premiums written. This level is within the range targeted by the Corporation."

I wonder if Mr. Bardua could comment on how this compares over the last few years. Is it at a level that he is satisfied with now?

**Mr. Bardua:** We are at the level which Judge Kopstein recommended in the review. In 1988, I believe we began the year with about a \$10-million deficit. We have gradually rebuilt our rate stabilization reserve to the targeted 15 percent. If you ask if I am comfortable with that, no one really knows the right number here. It is a very subjective thing. I think 15 percent is a reasonable amount to have as an unappropriated retained earning.

**Mr. Leonard Evans:** When Mr. Bardua says, a reasonable amount, I presume he has in mind the experience of some other auto insurance companies in North America perhaps where they have a certain percentage as reserves.

**Mr. Bardua:** Yes, I guess you are referring to the reserves required for private companies. Those reserves are, of course, there for the protection of the policy holder to ensure that in the event that claims reserves are not adequate, the companies do not become insolvent and leave the insured holding the bag.

That is not really a danger with our operation, but it is nice to have a reserve so that in the event we get some adverse claims experience, we will have some money to fall back on and we will not necessarily have to hit the consumer with a huge rate increase all in one year.

**Mr. Leonard Evans:** Just passing on to another portion of the report, on page 16 reference is made to the recycled parts program being "expanded this year after a successful introduction in Winnipeg, ensures estimators can quickly find out if the appropriate part is available."

I wonder whether Mr. Minister or Mr. Bardua could elaborate on the recycled parts program that has been expanded.

**Mr. Bardua:** Essentially the program requires that our estimators indicate the use of recycled parts on the estimate. Then there is a system in place which allows the providers of those parts to make us aware that those parts are available so that whenever there is an opportunity to use a recycled part the people who actually have the parts know that it is called for and the body shop will be aware that it is available and they can make arrangements to get it.

It is simply a program which we hope will over time increase even further the use of recycled parts, because it is good for all of us.

**Mr. Leonard Evans:** Mr. Chairperson, what does this entail? Does this mean having someone in the corporation working more closely with the body shops, let us say, urging them to utilize? Are they required by regulation to use a recycled part as opposed to a new part?

**Mr. Bardua:** They are not required by regulation, but they are required by our own rules and procedures that where a recycled part is available, they must use it, must avail themselves of it, unless there is some good reason that they can provide why they should not use that, such as the unsuitability of the part or unavailability of it but, where a part is available, they are required to use it.

**Mr. Leonard Evans:** Mr. Chairperson, how does the corporation assure itself that is happening?

**Mr. Bardua:** We can assure ourselves because we indicate right on the estimate that recycled parts are to be used, and when the invoice comes in it has to reflect that because we know what the price will be.

**Mr. Leonard Evans:** Fine, and the price differential could be quite substantial I would believe in some instances between a used part and a new part, so that a good estimator or adjuster would know right off that a new part was being used instead of a used part.

**Mr. Bardua:** Recycled parts generally run about 50 percent of the cost of new parts.

**Mr. Leonard Evans:** I had an experience. This is not on a claim, but I lost a hubcap off my old car, and I was having difficulty finding a used one. To buy a new one, I think it was roughly around \$140 or \$150, and I finally found one in a used-parts store for \$15, so it is quite a difference, 10 to one.

**Floor Comment:** I did not know you drove a Caddy.

**Mr. Leonard Evans:** It is an '82 Pontiac.

\* (2040)

I had another question out of this report too with regard to Special Risk Extension. I am not clear on what has happened to this. There was reference made earlier on to the government picking up this cost and now the corporation is picking it up. It seems to me it was in the deficit at one time, and now it is not shown as a deficit. Maybe the minister can elaborate on that?

**Mr. Cummings:** The responsibility for the deficit that remained from the reinsurance assumed primarily was guaranteed by the government at the time that we came into office. The corporation has done well enough now that they can assume the responsibility for that debt.

Now I will invite Walt to head on to what else might have caused the total of that. Primarily that was incurred as a result of?

**Mr. Bardua:** The deficit was the result of losses under our reinsurance assumed program. The retained earnings in our General Insurance Division, where the losses occurred, were sufficient that we were able to absorb that deficit ourselves.

Therefore, it was done. We suggested that to the government, and it was agreed that we ought to do that.

**Mr. Leonard Evans:** I note where I saw it. It was in your news release of March 4, which says in the very last paragraph: The Province of Manitoba had earlier agreed to fund the corporation's past losses of \$32.2 million on discontinued assumed reinsurance business. During the 1990-91 fiscal year, however, MPIC agreed to cover the losses with SRE retained earnings which effectively released taxpayers of this obligation.

So what did that do to the deficit?

**Mr. Cummings:** Are you referring to the deficit of the province? Well, it is no longer a liability against the Province of Manitoba. It was shown as a liability outstanding against the Province of Manitoba, and it was referred to in a special note, I believe, in the Finance minister's documents at the time of budget. There is a special note in there as well to indicate that this was no longer a debt against the Province of Manitoba.

**Mr. Leonard Evans:** Okay, I have a number of other questions, but I wonder if Mr. Alcock would like to—I have quite a few questions still, but I am prepared to yield the floor to Mr. Alcock, if you would like to get in here.

**Mr. Alcock:** I want to thank Mr. Evans for that. Let me start just on some more mundane issues, to Mr. Bardua through the minister.

We talked last year briefly about the increase in operating costs at the corporation. I would like to get some idea of what the year-over-year percentage increase is this year.

**Mr. Bardua:** For the year in the report?

**Mr. Alcock:** Yes.

**Mr. Bardua:** Our year-over-year increase '91 over '90 for the entire corporation is .18 of a percent.

**Mr. Alcock:** On the operating expense line, on page 28 we have the revenue and expenses in the Automobile Insurance Division - Statement of Operations, first line, Expenses, Operating.

**Mr. Bardua:** You are referring to the \$25 million over the \$22 million?

**Mr. Alcock:** Right.

**Mr. Bardua:** That works out to 13.2 percent. Of the \$3 million there, 50 percent of that is compensation and, while compensation was frozen for a part of the year, staff were still entitled to their annual increments. There was some adjustment because of the part of the year when Bill 70 did not apply. So half of the expense increase that you see there is a result of compensation.

Another \$800,000 of that was as a result of our Autopac 2000 Project, Phase I of that project, where we identified our business needs and we used outside resources to do that. Rather than capitalize that, we wrote that off as an expense.

There were some additional costs of about \$150,000 as a result of an increase in what we had to pay the dealers for the automobiles that we get for our high school driver education program. That is in there as well, and that pretty much uses up the increase year over year. I guess what I am trying to tell you is that it was pretty much an uncontrollable cost.

**Mr. Alcock:** Are you also trying to tell me, Mr. Bardua, that the year-over-year increase this year is well within the government guideline?

**Mr. Bardua:** It is for the entire corporation.

**Mr. Alcock:** I would like to separate out uncontrolled costs such as claims incurred and those sorts of things from the controllable costs and the operating costs for the plant and equipment and staffing.

**Mr. Bardua:** That is the number I referred to previously—for the entire corporation, 1991 actual operating costs, \$69 million against \$68.9 million the year before, which is the .18 of a percent that I referred to earlier.

\* (2050)

**Mr. Alcock:** Good.

The second thing that I was interested in pursuing was this question of claims. I note the minister in his opening remarks made the comment that the claims—when you talked about the net \$8.1 million at the year end, made the comment that that was because claims were lower than had been anticipated so that you were able to realize a slightly higher profit.

When I look at the claims numbers, if I am reading it correctly, they seem to have the same, not exactly the same, but roughly the same number of claims in the year that we are currently looking at as the previous year. Has there been some change in policy relative to the way claims are handled?

**Mr. Bardua:** No, sir, there has been no change in the way claims are handled.

**Mr. Alcock:** Has the corporation experienced an increase in the number of appeals?

**Mr. Bardua:** You are going to have to clarify for me what you mean by appeals.

**Mr. Alcock:** I will frame it a different way. I, as I imagine any member in the House does, receive a number of calls throughout the year from people who are concerned about the settlement they have been offered or they have arrived at with the corporation. Mr. Bardua and I have had correspondence around my education about civil versus criminal or whatever other kinds of liability.

This year, however, it seems to have gone up. This year I have an increase in the number of people who are contacting me with concerns about the sort of settlement that has been proffered by the corporation.

Now you have an internal procedure that allows people, if they are not happy with the settlement that is proffered by their adjuster, that they can appeal that decision?

**Mr. Bardua:** Yes, we have a process that we follow within the organization, and we do track the inquiries and complaints that we get year over year.

**Mr. Alcock:** Has there been any change in those numbers?

**Mr. Bardua:** I will give them to you right now, as soon as I get them. There has been a substantial increase in the number of inquiries that we get, but that relates to all matters that people call us about. One of the principal reasons for the increase in the number of inquiries is that we put more people on the phones to handle them, and so we do not get as high an abandoned-call rate but, as far as the complaints are concerned, the number of complaints has remained pretty constant over the past several years. It is about 1 percent of our total inquiries, just under 1 percent.

**Mr. Alcock:** What would that translate into in terms of an actual number of complaints?

**Mr. Bardua:** About 1,200 for the year.

We categorize complaints three ways. There are those that we label as unsubstantiated after we do an investigation; there are those that we call substantiated, but relatively minor; and those that we call serious.

In terms of a percentage of the total, about two-thirds of the complaints end up in the unsubstantiated column; about 31 percent end up in the substantiated but minor column; and about 2.6 percent or 30 complaints annually, that is November 1, 1990, to October 31, 1991, we categorize as being serious.

**Mr. Alcock:** Can you describe a serious complaint to me?

**Mr. Bardua:** A serious complaint would be where an adjuster erred in making a liability decision, where there was an unreasonable delay in handling a claim, where procedures laid down by management were not followed by an adjuster, where the staff was not courteous, was rude to a customer—that sort of thing.

**Mr. Alcock:** The next thing is this question of the GST, the application of the goods and services tax. Have there been concerns raised about the way in which it is applied?

**Mr. Bardua:** Yes, there have been some concerns raised about the way it is applied and, as you know, the GST is not a simple thing. Where a claimant is a registrant under the GST act, he is required to pay

the GST on his claim because he is allowed to use that as an input credit. In other words, there is no loss to him. It is a bookkeeping entry.

**Mr. Alcock:** So if it is someone like myself, who is not operating a business, does not have a GST number, then you are saying that I would not be required to pay the GST? I am sorry, I am misunderstanding the reference there.

**Mr. Bardua:** That is correct. The ordinary individual who is not a registrant, is not driving a commercial vehicle or a vehicle in his business, the GST is added onto the invoice and we pay it. However, where that person is a registrant, where he is using his vehicle for commercial purposes, then he is required to pay the GST and he uses that amount as an input credit. So it becomes a bookkeeping entry for him.

**Mr. Alcock:** Is that a corporation decision or is that a federal revenue decision?

**Mr. Bardua:** That was the ruling by the federal government. I guess I would have to say it is our ruling. We are taking advantage of whatever rules we can under the GST to lower our costs. If we paid that amount then we could not recover it, but the registrant or claimant can recover it. So we believe that that is the appropriate way to handle it.

**Mr. Alcock:** Well, that is interesting. I thought when this was first raised with me by a person in my area that they had to be mistaken. In this particular case, the person has been involved in an accident where some other individual backed into them. They went to the corporation, had the matter looked into. They received a letter waiving any liability and waiving the deductible and yet received a bill to pay the GST. So they were found to be not responsible and therefore did not have to incur any costs, and yet you still charge them the GST.

You are saying that this is a corporate decision because it is a way that you can offload some expense to businesses who have the ability to pass that expense to their customers?

**Mr. Bardua:** That is correct.

**Mr. Cummings:** I am trying to follow the line of questioning. Did Mr. Alcock say, to his customer? The ability to recover it I think is what he is referring to, not the ability to pass it on.

**Mr. Alcock:** Your recovery under the GST is your ability to bring it forward to the front end. I mean, if you are found to be not responsible for causing an

accident, presumably you want to be clear of any claims. Yet, the corporation has taken a decision to pass forward to you the costs that they incur in providing you with insurance and coverage because, if I understood Mr. Bardua correctly, they feel that you can then claim it. It seems rather odd to me.

**Mr. Bardua:** The way the system works is that if you have a business, you can use that cost as an input tax credit. In other words, there is no cost to the customer. He has not suffered a loss. If you have a circumstance where you believe that we have improperly applied that rule, we will be happy to look at it. If you give me the specific details following the meeting, I will be glad to look into it for you, but that is not the way the system is supposed to work. He should not suffer a loss.

**Mr. Alcock:** Yes, I do have a specific circumstance, and I will give you the claim number and the identity of the individual, but let us just dwell on this for a second. Because he can claim an input credit on that, the individual, the corporation in that case that is taking advantage of that credit uses that credit, I mean, passes it up to his customer or their customer. [interjection] Well, I am sorry, that is in fact—it is going to come out of somebody's pocket. You are offloading costs that you have to incur to individuals who, in this case, you have deemed to be not responsible for the circumstances that led to those costs being created in the first place.

**Mr. Bardua:** I am told that the way the system works is, if you are a registrant under the goods and services tax, when you collect the tax from a customer you remit it to the federal government; when you pay the tax, you deduct that from what you remit to the federal government.

The way we have structured the system to work is that the person does not pass this cost on to somebody else—well, somebody else if you want to call the federal government somebody else—they pass the cost directly to the federal government, directly to Revenue Canada, not to their customer.

**Mr. Alcock:** Okay. I will leave that one in abeyance until Question Period.

**Floor Comment:** I can give you the answer right now, Reg.

**Mr. Cummings:** If I might interject, I am a registrant for GST. Under these circumstances you would receive either a credit against your payable or be forgiven that payment, so it is a pass-through. It is

an inconvenience, but there are literally millions of people out there who are inconvenienced in this manner.

**Mr. Alcock:** It is definitely an inconvenience, and I think Mr. Bardua answered it. I mean, you are passing some portion of the expenses that are being incurred by the corporation back to the federal government through this mechanism. I do not imagine it is huge, but certainly given that it is commercial operators that would have these registrations, there would be a significant number of them.

I presume this covers taxis, towing firms, commercial trucking firms and the like who are—and in the case of the drivers and in the case of the driver who raised it with me he was concerned because he said, I am blameless in this. I did no wrong and the corporation has recognized I did no wrong; my company has incurred a charge. I can tell you that he was not thrilled about this. Now, I will tell him that that is just another way to get back at Mr. Mulroney and that may assuage his anger somewhat.

I suspect that in the larger scheme of things, when the federal government is offloading on the province the way they are and if we are attempting to load back onto them, I suppose there is some moral justification for that, but the whole thing seems kind of tedious and unfortunate, that the individuals who are trying to maintain some sort of credit on their driving record and they like feel, in any event in the case that I have anyway, that they have been penalized in some way.

**Mr. Bardua:** Well, I should point out that it does not appear on their driving record at all. While it is not necessarily justification, I should also tell you that all insurance companies, to the best of our knowledge, across Canada are handling the GST in precisely the same way.

**Mr. Alcock:** Okay. Let me move on to this report that there was some discussion about a little while ago by—is it a Professor Levine from the University of Winnipeg?—on seat belts and the impact of seat belts on people. He was raising some concerns about the efficacies in the use of seat belts. Has the corporation had an opportunity to look at that report? Can you respond to it in any way?

**Mr. Bardua:** We have looked at it. Our public response was that all studies that we have seen to date, with the notable exception of that one, come to substantially the same conclusion, and that is that

wearing seat belts substantially reduces your chance of injury or death.

The particular study in question, we believe, was pretty badly flawed. Statistics were misused. We have talked to academics who have looked at it, Transport Canada has looked at it and, frankly, there has not been one bit of support from anywhere other than, I guess, the odd individual who does not want to wear his seat belt. I think it is fair to say that all studies that have been done, with that exception, support the use of seat belts.

**Mr. Alcock:** Mr. Chairperson, I would like just to, I think, make one final comment. I have had a series of dealings with the corporation in this last year. I am frankly very pleased with the responsiveness of people and the attitude that people have taken. I am delighted to see that operating costs have come more into line with government guidelines. We had the very similar experience this morning with the Telephone System. So I think the board and the staff and management at the corporation are to be congratulated. That will end my questioning for tonight.

**Mr. Leonard Evans:** I believe Mr. Dewar had a question.

\* (2100)

**Mr. Gregory Dewar (Selkirk):** I had a few questions about the staffing in the Selkirk office. I was wondering how many individuals work at the Selkirk office now?

**Mr. Bardua:** I will get you the number. I hope they all work actually.

**Mr. Chairperson:** I am glad that our sense of humour is still alive.

**Mr. Bardua:** Approximately 10—would that be right? Ten, yes.

**Mr. Dewar:** I was wondering how this figure compared to previous years. Is it possible to determine that?

**Mr. Bardua:** There were four more than that. We transferred two to our satellite office at Arborg and two to our satellite office at Beausejour to move the operations closer to the people that were having the claims.

**Mr. Dewar:** Okay, then what about the staffing plans for the future in the Selkirk office?

**Mr. Bardua:** The staffing plans for the future in all our offices will depend on the claims volume. We try to project on a year-to-year basis how many

claims we are going to get and we do our business plan accordingly. So if the claims volume goes up, it will take more people to handle them. It is about as simple as that. If the claim volume were to decline, we would have to reduce the number of people that we have there.

**Mr. Dewar:** Are you planning to move any employees to Winnipeg?

**Mr. Bardua:** No, sir.

**Mr. Dewar:** That is reassuring, because I heard some rumours that there were some employees that would be transferred to Winnipeg.

**Mr. Bardua:** There is no intention to reduce the number of staff and move those jobs into Winnipeg. If the number of claims were to decline and we had to reduce the number of people, then chances are they would find employment with us here in Winnipeg, depending on what the volumes were. They might go somewhere else as well, but there are no plans.

**Mr. Leonard Evans:** Mr. Chairperson, just while we are on the subject of employees in different offices, perhaps the president or his staff could indicate, what are the number of employees in Brandon with MPIC as of January of this year?

**Mr. Bardua:** As of November 1, 1991, there were 111 people employed in our Brandon office.

**Mr. Leonard Evans:** Just to make sure I have it correct or heard it properly, it is 111 as of November 1991. Okay.

What I wanted to ask Mr. Bardua, therefore, is about the Special Risks Extension. I believe that was handled in Brandon. Is that still the case?

**Mr. Bardua:** Yes, sir, it is.

**Mr. Leonard Evans:** So even though it has been moved over to the Automobile Division as such, inasmuch as there is not any General Insurance Division, nevertheless the work continues in the city of Brandon.

**Mr. Bardua:** Moving it into the Automobile Division was an administrative move. There has been no change in the location of the staff doing the work.

**Mr. Leonard Evans:** So the 111 employees, how does that compare with the previous year? Was that about the same as in the previous year, the previous November?

**Mr. Bardua:** As of November 1, 1990, there were 118 people employed in Brandon.

**Mr. Leonard Evans:** I gather that would be because of the elimination of the General Insurance operation?

**Mr. Bardua:** That is correct.

**Mr. Leonard Evans:** Well, just while we are touching on this topic of General Insurance, what did the government receive for the sale of MPIC's personal and commercial business?

**Mr. Cummings:** Approximately \$1 million, which was within the range that we had forecast—slightly over \$1 million, I believe—\$1.1 million—I am going by memory. That is pretty close.

**Mr. Bardua:** Yes, that number is correct. Just over a million dollars.

**Mr. Leonard Evans:** What is the basis for arriving at the value? Why should it not be say \$5 million or \$10 million? Why \$1 million? How do you go about estimating what you think to be a fair value for that operation?

**Mr. Cummings:** There are a number of factors. The general principle, of course, was that the general area in which we were operating was that we did not have a whole lot of buyers at the table, frankly.

Essentially, what the corporation had to market was a book of business. The president and the board at that time undertook to make sure that it was a good book of business, spent some time, a couple of years during our term in office, making sure that this was a solid book of business but, as it happened during that same period of time, the insurance market was fairly soft.

A number of the buyers felt that they could skim for nothing business off the corporation because they had just come through a period of very competitive insurance business. Mr. Bardua perhaps could speak to the details of the arrangements, but the principles were that a percentage against the renewals did two things. It gave some continuity to those who were seeking insurance and gave the purchaser some knowledge that he would have some certainty as to the ability to at least have first chance at renewal.

In that context, the sale proceeded, I think, well within our expectations. Certainly a number of the potential buyers at the time told me personally that we had nothing to sell. So, in fact, when we had a short list of people who might be interested, it came down to General, who were showing some interest.

We did not have the strongest negotiating hand that we might have had under different competitive situations. Do you wish additional detail on the criteria?

**Mr. Leonard Evans:** Well, I just wondered how you arrived at that figure. You know, was it based on some actuarial study?

**Mr. Cummings:** People with more insurance experience might want to verify this or add to this in response, but projection was made as to what the normal renewal rate might be. The number in the competitive insurance field, I am told that there never is 100 percent renewal, and it is quite often 20 to 30 percent less than 100 percent.

So this was projected percentage of renewals against the percentage that we agreed on in terms of a commission. We were able to project what would likely be the amount of money received, at the same time recognizing that we were continuing to assume responsibility for the claims and the policies that were on the books. This was a renewal sale.

**Mr. Leonard Evans:** As the minister very well knows, we have a different view of what should have happened to General Insurance. It was turned around. It did seem to be very, very prone to being in the black for some time, and we regret, I regret that the MPIC is out of the business.

No one likes to see continued losses. No one is in favour of operating a business that forever loses, but it seemed to me that it was possible to run it profitably, and also there was the benefit which is hard to measure to those organizations that claimed that they would have a very difficult time in getting insurance from a private company.

Now, I do not know what General Accident is doing or I do not know what is happening with St. Vital and Churchill or some of these places where they argue that they had a very difficult time in getting coverage from a private company. They go around, they would ask, but the only organization that would cover would be MPIC and, therefore, they were being put in a very untenable position by the removal of MPIC from the scene.

\* (2110)

Has the minister had much feedback or correspondence or indication from the public with regard to this problem?

**Mr. Cummings:** Well, Mr. Evans raises a legitimate philosophical difference between his

approach and ourselves, but this was not based on philosophy so much as it was based on facing the reality of the situation which the corporation was finding itself in.

I think that most people would agree that a better financial footing for the general insurance at the time of the start-up, going right back to its roots, if it had been better funded right from the start, perhaps it would not have come to this end. That was always, I think, one of the impediments to its success.

You can point to other jurisdictions where they have different success rates, Saskatchewan being an example. I am fully aware of the differences in the results on their general. There are always differences in the approach and the setup of the two entities. I have not received any complaints of any significance about people's inability to achieve insurance.

I would have to say that I have always disagreed with those who would say that MPIC had become the insurer of last resort. The fact was that there were certain insurance risks that were turned down by the corporation prior to my assuming responsibility. I think that was significant enough to point out, that if they were the insurer of last resort, then they would not have been turning away people under a previous administration with a different philosophy.

The arrangements that were made between General Insurance, MPIC and ourselves as government allowed for the setup of a board of arbitration if there were people who found that they were not offered a reasonable renewal, particularly on the business side. We were concerned that there might be some potential of people not being given a reasonable or competitive offer of renewal. I believe that was the word that was in the understanding. We did not have any cause to set up that board of appeal. We were able to, either through the General or through other competitive entities—people were able to get their insurance.

So with respect to the philosophical differences, I think we have a very good solution of the final resting of this account. There has been no one who has been damaged in terms of the concerns that you raised from the start. I understand that but, taking it further, we have another company operating in the province here providing employment to people. Those employees who were displaced within the corporation largely were able to be retrained or dealt

with in a reasonable manner. Settlement has now shaken out, so we believe that there will be enough funds still available to pay out any residual claims and that the figures will be as we stated earlier.

**Mr. Leonard Evans:** Well, a lot of this is water under the bridge, but I want to make it clear that I am not suggesting that MPIC should be the insurer of last resort. I do not think you should be stuck with all the impossible situations, but I did comment that in correspondence and calls that I received from some businesses, in certain remote areas in particular, that their experience was that it was virtually impossible to get coverage from a private company, but many of their business associates could get some coverage with MPIC. I am not advocating MPIC—I never was ever advocating that it should be insurer of last resort.

Just on the question then of sale of—we were talking about the privatization of one division. What is the government's policy with regard to MPIC generally? Is the government considering privatization of the automobile insurance business in Manitoba?

**Mr. Cummings:** No.

**Mr. Leonard Evans:** Has the government received any offers or proposals from the private insurance sector in this respect?

**Mr. Cummings:** No.

**Mr. Leonard Evans:** Fine. So the minister then is reaffirming what he said last year when I asked the question and that is that the government still believes in socialized automobile insurance and intends to keep it that way.

**Floor Comment:** Yes.

**Mr. Leonard Evans:** Yes—well, that is what it is, just as medicare is socialized, socialized throughout our society—communityized, if you want, as our medicare system is socialized as well. So at any rate—

**Floor Comment:** Not quite the same as medicare. Let us not compare the two, okay?

**Mr. Leonard Evans:** Well, they are both insurance schemes ultimately.

At any rate I am glad to hear the minister say that.

**Floor Comment:** He has not said anything yet.

**Mr. Leonard Evans:** The minister I believe has said no to my question.

**Mr. Cummings:** I hope the member is not trying to make this too difficult for me to answer. The fact is, he knows full well that there are still two parts to MPIC. One is the basic requirement and the other is the additional Special Risks Extension which operates completely in the competitive side. It competes quite favourably, as a matter of fact.

The member chooses his words carefully, and I will do the same. The fact is that the blend of those two types of offerings, if you will, to the public in relationship to other jurisdictions make it a competitive alternative here in Manitoba and one that we are not looking to make changes on.

I want to emphasize that we can talk about socialized insurance; there is also a competitive aspect to the insurance corporation that is doing reasonably well.

**Mr. Leonard Evans:** But generally speaking, Mr. Chairperson, the minister is saying there is no intention on the part of the government to privatize all or part of the corporation. I understand what he said about the Special Risk Extension. That is given, that has been the case for sometime, but the status quo will remain. That is what the minister is saying, I hope.

**Mr. Cummings:** That is correct.

**Mr. Leonard Evans:** Mr. Chairperson, I have a number of other miscellaneous questions. Probably the one most serious in my mind is the question I will pose, and it is not a new question, but it is posed periodically by members of the Manitoba community, including the Winnipeg Free Press. That is: What about no-fault insurance?

It has been proposed by Judge Kopstein in his report, and there was a suggestion that the corporation could save millions of dollars by eliminating unnecessary litigation and thereby allowing the rates to be reduced quite substantially to the customers.

I believe you had a report prepared. I think a Tillinghast report was commissioned by MPIC entitled, The Costing of Alternative Compensations Systems, and I believe it clearly stated the benefits of a pure no-fault automobile insurance system.

So, on behalf of many people out there who would like to see lower rates, I ask through you, sir, either of the minister or the president, what is happening to no-fault auto insurance? Are we moving in that direction? Are we going to have it? Is that a possibility, or is that totally out of the question?

**Mr. Cummings:** Well, Mr. Chairperson, I have continually said that we are not dispensing of any ways or means that might be used to improve delivery of service to the driving public, but I have to say that there is no initiative afoot or no desire on my part at this point to move to no-fault insurance.

\* (2120)

The member I think is quite aware of the pitfalls that can be associated with no-fault insurance. Judge Kopstein pointed out a number of aspects of no-fault insurance. Similarly, I have talked to people in Quebec myself, and Quebec is the example, if you will, of one of the systems of no-fault insurance that appears to be working.

I have to indicate that it is still my opinion, I have not seen enough evidence to the contrary, that moving to no-fault simply moves the—you can establish an insurance system to arrive at whatever level of benefits you want. You can tailor-make it either way. You can tailor-make the benefits to the available dollars, or you can increase or decrease the dollars depending on the benefits that you wish to be able to pay out.

Unfortunately, too often in no-fault insurance the insured may not be receiving the benefits that he receives today. It is still a judgment call. When you compare our insurance costs with other costs across the country and when you compare our benefits with no-fault, when you compare the costs to society, I still have not seen the proof that I would need to see to move in that direction and to take away from the aggrieved party the right to further compensation because, as soon as you establish thresholds within no-fault insurance, you are going to automatically establish targets that we have seen in other jurisdictions start to become moving targets after a while, depending on court decisions.

So the answer is: You will not be seeing initiatives on my part to move to no-fault insurance.

**Mr. Leonard Evans:** Yet there was this study done for the corporation that I referred to, so obviously the corporation did look at it, and I note, as Fred Cleverley notes in his article of Monday, February 24 of this year, that he points out what Judge Kopstein pointed out in his report, that this type of insurance, the no-fault insurance, produced savings in Quebec, in several U.S. states, in New Zealand and, most recently, Ontario, and he says it would save about 17 percent of Autopac's costs.

Of course, he is just reporting what Kopstein stated. He said: It would not sit well with the lawyers who would lose business, but it would benefit motorists. Is the government responsible to the lawyers in Manitoba or to the motorists? To see what no-fault would do for you, just reduce the amount for insurance on your Autopac statement by 17 percent or even 15, and the new total looks a lot better, doesn't it?

So I can tell you that periodically there is an editorial in the Free Press and perhaps The Sun as well urging the government to move to a no-fault insurance system. Regularly they appear, from time to time.

So I am disappointed at the minister's statement. At least, I think he should be open to this. Yes, at any rate, it is regrettable, Mr. Chairperson, that the minister is not prepared to move in this respect. So I gather then the matter is entirely closed. This government is absolutely opposed to implementing any type of no-fault system.

**Mr. Cummings:** Well, Mr. Chairperson, Mr. Evans was doing quite well, I think, until he started talking about the benefits of the Ontario no-fault insurance program. It is not one that I would want to fashion anything after.

Well, I think he is going to retract his support of the Ontario system.

**Mr. Leonard Evans:** Mr. Chairperson, if the minister would not mind.

**Mr. Chairperson:** A point of order?

**Mr. Leonard Evans:** It is not a point of order. I was simply quoting what Mr. Fred Cleverley had written. This is Mr. Fred Cleverley's comments. It is his observation. I do not pretend to be the expert that Mr. Cleverley is.

**Mr. Cummings:** Mr. Chairperson, and I am not sure if that was a retraction or not, but the fact is that Ontario has fashioned a scheme that really provides a form of protection for the insurance companies. In doing so, they gave up their opportunity for premium tax. We still collect premium taxes in this province. MPIC contributes to the benefits of the taxpayers of this province through their premium taxes. Ontario forgave that aspect of their potential revenue in order to try and deal with some of their rapidly escalating insurance costs.

This is getting to be a very strange debate because, following on that, one only has to look at

the types of benefits and even the PUB ruling that we had here regarding how you designate groups, particularly young drivers, that Manitoba's system—you may wish to look at evolving into a cradle-to-grave type of multidimensional insurance, including, as your colleague has many times advocated, Workers Comp and all of the other aspects.

At this point, it would not, in my opinion, do anything but get away from some fairly sound insurance principles that we have, one of which is making sure that we have a better ability through the corporation to apply fault to some of the insured.

One of the problems we have in keeping insurance costs down in the province is that there are some very good drivers out there, but there are some that are costing inordinate amounts of dollars, and the ability to reflect that in the costs, while that is not directly related to your question about no-fault, it is one of the principles that will help us keep the insurance down. We will not need to go to the kind of scheme that Ontario has tried to implement. I would suggest that theirs is a band-aid approach that will ultimately come apart at the seams.

**Mr. Leonard Evans:** Mr. Chairperson, the fact remains that to this day Manitobans pay an enormous amount of money in litigation, and Kopstein documented it. There are millions of dollars being paid for lawyers' fees arguing the case either side, although I guess the corporation has its own lawyers. I am not sure to what extent private lawyers are hired by the corporation.

Nevertheless, there are millions of dollars being paid out in legal fees, and this is the point I guess that Kopstein is making, that those fees are better saved to allow everyone to benefit, except the lawyers of course.

Having said that, some of my best friends are lawyers, but Judge Kopstein did document it, and I do not think the situation has changed. Maybe it is even worse. We seem to be following the Americans somehow or other and using the courts more and more to contest things.

I raise it, too, because I am concerned about the latest news release, I imagine it is one of the latest news releases of the corporation, dated March 16, where you report a first quarter loss, and it relates to higher claim costs resulting in first quarter MPIC losses. A lot of it relates, I gather, to bodily injuries which is where the large payouts are, I gather.

What I am wondering about and what a lot of other people are wondering about, does this foretell a rather significant rate increase application on the part of MPIC? So that question flows out of my concern about reducing costs via the no-fault system.

I wonder if Mr. Bardua or perhaps the minister would like to comment on that.

**Mr. Cummings:** Well, the member is quite correct that the first quarter was not a stellar quarter in terms of losses as against projected, and the second quarter probably is going to reflect the weather conditions that we have had as well.

That does not mean that other things could change over the course of the year. I suppose one could always predict doom and gloom, but it also would be far too early to make a prediction as to what that portends in rates.

\* (2130)

That is one of the reasons that we have a rate stabilization fund as well, to deal with the type of fluctuations that occur in this business.

**Mr. Leonard Evans:** Quoting from the press release, Mr. Chairperson, it says: It is not unusual to record a first quarter loss, usually because driving conditions are poor during November to January, but the magnitude of these claims costs is cause for concern. If no improvement occurs, major increases in Autopac premiums may be unavoidable next year.

Should the public of Manitoba be prepared for an application for a rather significant increase in Autopac premiums?

**Mr. Cummings:** I suppose one could turn it around and say that to some degree over the next few months we have in our hands the ability to reduce that possibility, because a good claims record over the next two quarters would go a good distance towards offsetting the negative impacts that we have had earlier on.

**Mr. Leonard Evans:** So the minister is not prepared to forecast a major increase next year. Is the corporation in a position now, now that it is pleasant weather out and the snow has finally disappeared, to be a little more optimistic?

Let me put the question a different way. You have to go to the Public Utilities Board. It is a process that is now underway. Perhaps you could indicate:

When will the corporation apply to the Utilities Board for a rate adjustment in this coming year?

**Mr. Cummings:** Early June is the proposed date at this point, but I think that allows for some additional thought about going that early in the year. As the member knows I have always suggested that that is very early in the year for the corporation to be able to make accurate predictions.

It does allow for revision again, later in the year, before final ruling is brought down by the Public Utilities Board, but right during this period, and I will let Mr. Bardua speak to the mechanics of it, but it is during this period that the corporation has to be able to have some confidence in its predictions, not based only on the immediate past, but on the long-term trends and on what their knowledge might be of other costs that are ahead, inflation being one of those factors.

So it is a very complex amount of work that the corporation has to do in getting ready to go to the PUB, but there is an allowance for an amendment prior to the final ruling being made to recognize some of the changes that might occur during the summer.

**Mr. Chairperson:** Mr. Bardua, do you wish to comment?

**Mr. Bardua:** Only if the member wishes more detail.

**Mr. Leonard Evans:** I have a follow-up question. When you say the PUB would allow an amendment, do you mean an amendment to the proposed rate adjustment requested by MPIC?

**Mr. Cummings:** I believe that we have seen in the process that has been embarked on over the last three years that if additional information comes to light that would impact on the bottom line of the corporation that the PUB would want to know that before they make a final decision. That was what I was referring to.

**Mr. Leonard Evans:** When is the PUB decision normally made? What time of the year?

**Mr. Bardua:** The way the mechanics work, we are currently working on our application which, as the minister indicated, needs to be filed in June. The hearing is currently scheduled for about mid-October. We ask them for a ruling sometime before very much of December has gone by in order for us to process the renewals.

As the minister indicated, even though we make our application in June, there is an opportunity to submit an amended application prior to the hearing in the September time frame if results are looking substantially different than we had predicted when we prepared the application.

**Mr. Leonard Evans:** When was the ruling obtained from the PUB last year?

**Mr. Bardua:** I do not have an exact date—about December 15, if my recollection is accurate.

**Mr. Leonard Evans:** I would agree, and I believe Judge Kopstein noted, at least it is in his report on page 19 about the problems of the time factor. I think it is absolutely unreasonable for any regulatory agency to expect a reasonably accurate estimate by June in a far better—it is just too far in advance of the period of rate adjustment, in my view but, obviously, they have come around to amending their procedures so that you can propose a supplementary rate adjustment as I would gather.

Let me get a little more detail here by asking the question: When you come forward in September, as I imagine you probably do every year with some changes, or am I wrong?—or do you just say, well, what we submitted in June is it. We do not need to make any supplementary adjustments. Or do you always come in in September with adjustments? My second question was: Are they major adjustments or are they just a bit of fine tuning?

**Mr. Bardua:** We have not found it necessary to amend our application following the original application except for last year when we did make an amendment to our application shortly before the ruling was received. We had a special hearing and we did amend our application at that time.

That was not as a result of a change in our projected need for revenue; rather, it was a change in the way we were handling our rate stabilization reserve between the basic and the extension insurance.

**Mr. Leonard Evans:** So this year again the corporation will have made up its mind as to what rate increase it wishes and we will know that by June as to what the—I believe it is public information when you submit your application to the PUB. Is that correct, Mr. Chairperson?

**Mr. Cummings:** Yes, they will have their rate made public when they make their application.

**Mr. Leonard Evans:** Yes. We will have to wait and see, but we have been forewarned that there is a possibility of a major increase coming this year. We have been forewarned by this press release, I would submit now. If I am wrong, fine, but this is what I read into it.

\* (2140)

I would like to ask just generally how the PUB process is working. Maybe you do not like to comment on this, but is the minister and the corporation satisfied with the process of PUB approval as it has been going the last, what is it, three years now?

**Mr. Cummings:** One of the tenets that we put forward in opposition and, I think, has been proven to be correct is that by allowing independent third-party review I think we have seen most people of the province now have a greater degree of confidence in how rate setting is done.

The very fact that there is public discussion—it is obviously difficult and frustrating for the corporation from time to time, of course, being questioned. It is a process that they are not used to going through. It is one that takes up a great deal of time.

The very heart of what we were proposing in terms of using the PUB to provide that greater degree of public confidence I believe has been accomplished. There is a much greater understanding in the public today, I believe, from those that I talked to at any rate, about the reality of what goes into rate setting.

Certainly when you have a public monopoly in terms of basic insurance, as MPIC is, one of the most cherished things that a corporation in that position can have is public confidence in their ability to manage their affairs and what goes into setting their costs, which ultimately are reflected in their rates.

So in that respect I believe that it is extremely useful. Aside from all of the other things that go into talking about what goes into the making of a final rate, the better interest of the public is being served. When the corporation has the public confidence, it is much easier for them to operate.

**Mr. Leonard Evans:** Last year, I believe, and I do not have the numbers—I had them somewhere, I do not have them before me at the moment, but the corporation did not receive the rate increase that it asked for. Is that correct?

**Mr. Bardua:** I alluded earlier to an amended application. Our original application asked for an overall 4.6 percent increase in revenue. Subsequent to that, we moved some money from the rate stabilization reserve to fund a rate stabilization reserve specifically on the basic side.

That provided some additional revenue for our basic coverages. That allowed us to amend the application to a 2.7 percent revenue increase as opposed to the 4.6. We were given approval for the 2.7 percent.

**Mr. Leonard Evans:** Is the PUB approval of the overall increase or whatever of the revenue of the corporation, or do they get into specifics of the various categories, approving or disapproving one category versus another?

**Mr. Bardua:** No, our application is filed on the basis of an overall revenue requirement. While they do question us about how we are going to achieve that, as between rate groups and rate classes, they do not get into the specifics of that in their orders.

**Mr. Leonard Evans:** So what they are doing is looking at here overall as sort of a macro approach, looking at your overall revenues as opposed to your costs rather than trying to be a second MPIC in effect and decide whether this rate adjustment is appropriate as compared to that one and this one and others. The rate adjustments can be very complicated, I mean, the various categories and so on.

**Mr. Bardua:** We do file all that information, sir, but basically what we show the Public Utilities Board is a revenue requirement based on our claim projection and cost projections. How we apply that revenue requirement to the various classes is information that is provided and which they question and they have advisers look at. So far they have not in their orders, with one or two notable exceptions, they have not dealt with specific rate classes or groups.

**Mr. Leonard Evans:** What about the previous year? Did the PUB accept the original or the amended application of MPIC?

**Mr. Bardua:** Yes, sir, we did.

**Mr. Leonard Evans:** Has the PUB ever adjusted the application of MPIC?

**Mr. Bardua:** If my memory serves me, only in the case of the fees charged for time payments. On one

occasion we suggested we leave it at \$12, I believe, and they increased it to \$14.

**Mr. Leonard Evans:** So basically the PUB has really not done very much in terms of major adjustment in the MPIC application. In effect they seem to me, from my observation, playing a rather passive role. It is effective inasmuch as it gives the members of the public an opportunity to be heard, which is good, but really it seems to me that they do not engage in a lot of detailed analysis of rates certainly and much analysis of your overall revenue impact.

Most utility board regulators, I believe, would tend to come out with suggestions for usually cutting, making adjustments to what any applicant might put forward. I am trying to generalize. I do not mean just insurance companies. I am talking about utilities generally who go before regulatory boards.

I would say then my observation would be, and if the minister or anyone wants to dispute it, it seems to me that the PUB plays a relatively passive role.

**Mr. Bardua:** I did not mean to leave you with that impression at all. They get into a great deal of detail. There is an enormous amount of work that goes into preparation of detail for them. Their advisers examine every nut and bolt in the organization in going through that detail.

While they have not amended, they have not refused to approve our rates to this point. I think that is because we do a pretty good job in putting forward our case. I would not want to leave you with the impression that they play a passive role or that they do not get into a lot of detail because, in fact, they do, sir.

**Mr. Cummings:** I think the other thing that, lest the member leave an impression, I do not think he necessarily meant to in relationship to the PUB, there are some things that they pointed out during their rulings which I found in the long run will probably have some considerable impact on what the corporation was able to do.

One that I took particular note of was that they passed comment on I believe what we refer to as a school category which ultimately had some significant effect over the long term on how that category has developed. Those types of things, well, they are not an order that goes out or that throws up red flags and says the corporation cannot receive its application.

As an observer from my position, it seems to me that the PUB has had some considerable amount of influence. The one issue that caused the change in the rates the corporation received last year was, as Mr. Bardua explained, one of accounting for reserves and allocating income from those reserves, was allocated in a manner that allowed them to deal with the rate in the manner they did, but they certainly are no pushover.

**Mr. Leonard Evans:** I thank the minister for that comment, but I would like to ask specifically: Was it the PUB who suggested to the corporation that they dip into the reserves to bring it down to 2.7 or was that an initiative of the corporation?

**Mr. Bardua:** It was an initiative of the corporation as a result of a line of questioning that the Public Utilities Board was taking and their concern over the fact that the reserves were all held on the extension side of the business as opposed to being divided between the two and their inability to examine that in close detail because, of course, they do not have jurisdiction over the extension business.

**Mr. Leonard Evans:** I and many hundreds of thousands of drivers in Manitoba will be anxiously waiting to see what kind of a rate application is put forward in June.

There is one other question I have out of the Kopstein report, which is on page 23, recommendation 1.13. I will just read it: that a component of MPIC be established to conduct comprehensive internal audits of each function within the organization of MPIC. Among the specific functions to be audited are the following.

\* (2150)

He itemizes a half a dozen—rate making, underwriting, claims administration, information systems, et cetera. My question is: What happened to that recommendation? Was it acted upon by the corporation?

**Mr. Bardua:** Yes, sir, it was. Subsequent to that report, we hired a manager of internal audit, and audits are conducted on a regular basis of all internal departments as well as of our agents. While I do not have the detail in front of me that you are referring to, I am sure that we have taken into account all of those recommendations.

**Mr. Leonard Evans:** Okay, thank you. Well, I am pleased to hear that. There is also reference made in the report of Judge Kopstein on page 20 regarding the annual report. I will just read this: The

corporation's annual report, while useful, was not sufficiently informative. It should be broadened to provide public information on all aspects of its business operations.

I am just wondering, I know there is a lot of very nice pictures of Manitoba which I liked, I enjoyed looking at, but what about the financial information and details on the operation? I should know, I suppose, if I took a report of a few years back, but have there been many changes, if any, in the corporation's presentation of its annual report to the public of Manitoba?

**Mr. Bardua:** We have tried to make our annual report more informative. One of Judge Kopstein's principal concerns in that respect was the listing of our investments. He had a specific recommendation as respects our investments.

I spoke to the judge about that and pointed out what some of the problems were with complying with his recommendation. He realized at that point that it was not really very practical, but I think our annual report now does come a lot closer to what Judge Kopstein had in mind when he made his recommendation.

**Mr. Leonard Evans:** At any rate, so there have been changes made in the report, more or less. You did take Judge Kopstein's comment seriously and have made certain changes that you thought were appropriate. Is that correct, Mr. Chairperson?

**Mr. Bardua:** Yes, sir. That is correct.

**Mr. Cummings:** I will interject at this point as well. The quarterly reporting mechanism that this government has begun to use, I believe, in terms of accountability to the public makes it much easier for those who wish to follow any particular corp, whether it is this one or one of the others.

They can see, as your questions have already indicated, where income and expenditures are moving on a quarterly and regular basis. That in my mind goes a long way in terms of accountability. It is much better to be accountable as close to the fact as it is a year and a half later.

**Mr. Leonard Evans:** Yes, I appreciate what the minister has said. I certainly agree, I think being able to issue quarterly reports is great. I think it is useful and I certainly advocate more information for the public rather than less. If anything our parliamentary system that we have in Canada, and the kind of government we have in Canada, and I am not reflecting on any party actually, just on

government in Canada across the country federally and provincially, we do not have sufficient amount of information on public operations for the people. Compared to the Americans we do not provide as much information to the citizens of our country as we should.

At any rate, one other question I have from the Kopstein Report—on page 30 he makes a recommendation about establishing a voluntary mediation process through an appointed board as a two-year pilot project for the resolution of disputes in automobile accident cases. I wonder if either the minister or the president can indicate what has happened to that recommendation.

**Mr. Cummings:** Well, Walt may be able to advise in a little bit more detail, but one of the things that I believe was also part of the judge's recommendations was the access to the Ombudsman. I have been questioned before about whether or not we had complied with that aspect of it. In checking the legal responsibilities we found that the Ombudsman is always available to hear concerns that are raised by individuals. In terms of appeal within the corporation, we have the Rates Appeal Board. If that is what the member is referring to, it is reasonably active.

**Mr. Leonard Evans:** What I was referring to was just what Judge Kopstein made reference to, establish a voluntary mediation process. Maybe Mr. Bardua could comment.

**Mr. Bardua:** Alternative dispute resolution, as it is known throughout the country, is in various stages in different provinces. We recently met with the Manitoba Bar Association in order to try and put forward some ideas as to how we might best go about providing some mediation type services. We are currently waiting for their response. While it seems to be taking an inordinate amount of time, we have not lost sight of that recommendation, and we are working on it.

**Mr. Leonard Evans:** Okay, a couple of more detailed questions—public meetings. I gather there has been an announcement. I saw a newspaper ad just recently announcing public meetings to be held in Dauphin, Winkler and Winnipeg, May 4, 6 and 7. Is this the extent of the meetings that will be held this year by the corporation?

**Mr. Bardua:** Yes, sir, those are the meetings that are being held under The Crown Corporations Public Review and Accountability Act, which

requires us to hold three meetings, one in the north, one in the South and one here in Winnipeg. Those are the meetings that we have scheduled in response to that.

**Mr. Leonard Evans:** Would the minister or the president wish to comment on the success of these meetings. Are they useful? Do you get a good turnout? Do you get a lot of questions asked? Do they seem to be productive?

**Mr. Bardua:** No, sir, they do not. Last year we had a grand total of, I believe, eight people attend the three meetings. I guess the staff outnumbered the participants, just as we do here, so they have not been productive. I suppose that is due in large measure to the fact that our rate increases year over year have been within the rate of inflation and there has not been a lot of public concern over the operations of the corporation, but that is supposition on my part.

**Mr. Leonard Evans:** If I could comment, this is very natural. Usually people come out when they are exercised about something that is happening that they do not like, such as in Brandon with the announcement of laying off 30 LPNs and closing a couple of wards and amalgamating them and so on. We had nearly 600 people out. This is a meeting organized by a citizen. I was invited as well as Mr. McCrae, the Minister of Justice, and someone from the board to speak—

**Mr. Cummings:** Something like the group that was out on the front steps.

**Mr. Leonard Evans:** I do not know which group the minister is talking about.

This was a truly grassroots meeting to discuss the operation of the Brandon General Hospital and the board. They were particularly exercised about decisions made by the board. They were more concerned about what the board had done than the fact that the government was not providing \$1.3 million additional, which the administration said—

**Mr. Chalrperson:** I am going to interject here, Mr. Evans, and I am going to ask you to be pertinent to the subject. We are dealing with MPIC and not with the Minister of Health's (Mr. Orchard) report. I would ask you to target your questions and comments to the item of discussion at this time.

**Mr. Leonard Evans:** Well, perhaps I have elaborated too much, but the point is along the lines of what Mr. Bardua just said and what maybe the minister indicated too, and that is, you get people

out when they are upset about something, exercised about something. I dare say, if Mr. Bardua is correct, if you increase the rate say 25 percent or some such thing, you have a lot of people out.

\* (2200)

But also, the fact is that all MLAs and their staff almost every week or so probably are receiving complaints from individual drivers, individual customers who have some concern for whatever reason. Some of these people do not know about these meetings, although they cannot wait for their concerns to be heard, so the MLAs seem to go around as walking ombudsmen, whether we want to be or not. Maybe we do not want to be walking ombudsmen, but we are, because you are looked upon as their representative. Whether you are in the cabinet or whether you are in the opposition or in the back bench, it makes no difference. I am sure probably every MLA around this table has received his or her share of problems given to them by individual constituents.

Whether those are real problems or not or whether the constituent has a legitimate claim is beside the point. The fact is, they do contact you and they take a lot of time. It is too bad that all this money is spent in organizing these meetings and having people go out and not to get the—and I wondered therefore if the corporation could look into ways and means of making them more effective, posing in the ad some questions.

If you go to Dauphin—I presume you have advertised specifically in the Dauphin paper and the Winkler paper, if there is one in Winkler, the local regional paper, as well as Winnipeg—and pose some questions. You know, there are ways and means of getting people to think about the corporation.

If you want to get a reaction from them, and if you put the questions to the people to ask what they think of this, that and so on, I am sure in the Chairperson's own riding people would like to have an opportunity. I think just to say, well, we are coming and nothing further, it is hard to get the interest. It is just natural; it is just the way things are.

**Mr. Chairperson:** The hour being ten o'clock, I am wondering what the committee's wishes are, whether you want to continue the discussions and pass at some point in time tonight the report, or whether you want to continue the consideration of this report at another sitting.

**Mr. Leonard Evans:** Mr. Chairperson, if you give us a few more minutes, I think we can wind up this report and pass it.

**Mr. Chairperson:** Is that the will of the committee? Agreed. Continue, Mr. Evans.

**Mr. Leonard Evans:** I was suggesting to Mr. Bardua, to the corporation, that they be more aggressive in setting up these public meetings to make them meaningful. You are wasting your time, you are wasting your money, so why do you not do something to make them meaningful?

All of us as MLAs have held public meetings. There are ways and means to get people interested, and there are ways and means just to put an ad in the paper. You put the questions to them, or you phone people and you tell them about it. I mean there are ways and means of getting people out. Otherwise, why bother? If all you are going to get are two or three people and there are more staff than there are citizens, then all you are doing is going through the motions.

**Mr. Bardua:** We have again this year undertaken extensive advertising. We have used all the local newspapers and print media, and we are also using radio. We have also changed the format of the two meetings this year, particularly in Winkler and Dauphin, where rather than inviting people to a meeting for a presentation and sort of bombarding them with facts, we are inviting them to more of an open house where they can feel more comfortable to come in and visit with us and bring their particular concerns to us more on a one-on-one basis rather than the intimidating way that a lot of the hearing process goes on.

We are hopeful that that will bring out some more people and make it more meaningful for them. We are endeavoring to make these meetings more meaningful. We do not like spending the money needlessly either.

**Mr. Leonard Evans:** Yes, well, I am glad to hear that, Mr. Chairperson. What about at the meetings? What about presenting some information, you know, a slide show or video show on recent accomplishments of the corporation or problems, whatever it may be, problems of drinking and driving or whatever? There are all kinds of topics, and so at least if you do not get too many questions you can at least use it as an information session and preach, do not drink while you drive sort of thing or whatever.

**Mr. Bardua:** That is exactly what we have done in years past, but it does not help much to put on a presentation if there is nobody there to see it. We do have a presentation prepared for them, and we do provide plenty of opportunity for questions as well.

**Mr. Leonard Evans:** Maybe you should advertise free coffee and doughnuts too.

**Mr. Bardua:** We do that as well.

**Mr. Cummings:** Well, I am sure Mr. Evans remembers full well the debate that surrounded putting this clause in our legislation regarding Crowns. I think it is correctly characterized that if there is not a large amount of controversy surrounding the corporation that there are certain limitations, short of free movies and popcorn, that people will come out. I do not think anyone is suggesting, however, that we want to stop the process. I think we need to, as Mr. Bardua has indicated, continue to encourage people to come out.

The very fact that in rural Manitoba, I think the member would agree, that the corporation goes to a community with a fair number of key personnel, to make themselves available to the local media and to the local citizenry, whether or not there is a large turnout at the meeting could well be negative, but in fact, generally speaking, it is some fairly good exposure, and some of the messages that the corporation wants to get out are in fact carried, whether it is radio, television or newspaper.

I would think that it is our desire to continue and perhaps improve if possible, but I hope the member sees it as positive that we do not have to have crowd control as opposed to negative. Now, he might see it as negative if he has another agenda, but I do not think that is the object of this debate. It is whether or not the public has access to the corporation.

Having spent a number of years in another organization that tried to communicate with the public, very often they are not motivated to come out unless there is an issue that has specifically annoyed them. To that end, I think we need to continue with the process.

**Mr. Leonard Evans:** Certainly, I would agree with the minister. We should continue the process but continue to work at ways and means to make it a little more appealing or attractive. I do not know how you do that, but to continue to work on getting the message out that you are available and you would

invite comments, criticisms, suggestions or come and hear and see what we are doing. I will just leave that at that.

This leads me to the next point. I just have a couple here, and then perhaps we can wind it up, and that is the designated driver program. I do not know why the members of the Legislature did not get this material. I had to make an effort, after I read about it in the paper or somebody told me about it, to get this. I had to make an effort to get this, and I do not think that should be the case. I think, frankly, every member of the Legislature, among others, should know about this and be apprised of it.

What I would like to know is: What is the cost of this particular program? I notice you have cosponsors here—the Liquor Control Commission, Domo, Pepsi and the Alcoholism Foundation of Manitoba. Are they underwriting the cost of this, or is there a cost incurred by the corporation itself?

**Mr. Bardua:** Total cost of the program is about \$200,000. We are sharing some of those costs with the Alcohol Foundation and the Liquor Commission. I do not have a breakdown for you, but would you like to have one?

**Mr. Leonard Evans:** Just to maybe help Mr. Bardua, the \$200,000 is put in by the public. There is no money from either Pepsi—is it?—or Domo of that \$200,000?

**Mr. Bardua:** That is correct. Their contribution is the coupons and whatever value they have.

**Mr. Leonard Evans:** To make it more attractive. The \$200,000—could you just give me a ballpark figure, of the \$200,000, what percentage would be the corporation's?

**Mr. Bardua:** All but about \$15,000 is being funded by the corporation.

**Mr. Leonard Evans:** How do you measure the effectiveness of this kind of a program? How do you know whether it is worth the money? It is a worthwhile objective, obviously; nobody is going to question that. How do you measure whether you are going to get your \$200,000 worth out of this type of a program as opposed to some other type of program?

**Mr. Bardua:** I guess if we save one life, that will do it, but we will never know.

\* (2210)

**Mr. Leonard Evans:** That is right. As Mr. Bardua was saying, he would never know. There is no way

of judging. You could theorize that it is going to help, and you hope that your theory will be proven true, but you have no way of assessing the benefit of the expenditure of \$200,000. Is that correct?

**Mr. Bardua:** We will be getting some feedback from the Liquor Commission on how many of the kits are actually taken by people applying for permits. There will be some anecdotal information which will come back on the number of people who are actually wearing the designated driver buttons at various socials and house parties and that sort of thing. I think we will get a fairly good indication of how well the program is being received.

How many accidents do not occur as a result of that is something that we will not know.

**Mr. Cummings:** First of all, I apologize for the kits not being made available to the members of the Legislature. That is my responsibility, and I could have taken care of that.

This, among a number of other things that the corporation does, including support of driver ed, probably very difficult to put a dollar figure or a pass rate, if you will, on the results. At the same time, I think the corporation has a community responsibility, and when I was presented by representatives of the corporation with this project, I endorsed it because I felt that this was part of a good, overall corporate responsibility that MPIC, a role that they could play within the community, along with a number of the other things that they are involved in. To that extent, I do not apologize for the program.

**Mr. Leonard Evans:** I am not asking the minister to apologize for the program. I am not really criticizing it; I am just asking.

Just one very minor detail in the writing of it—it has reference to, do not pour doubles, and I think that is the only reference to alcoholic products. It seems to me a lot of the young people—quite a bit of this is, I would say, essentially addressed to younger people, but not solely—they do not drink hard stuff necessarily, they drink beer. I do not think there is any reference to this.

I just want to put in my personal plug, and I have no vested interest in this, but for this low alcohol beer. It is a half of 1 percent. I believe you may get waterlogged, but you will never get inebriated drinking that stuff. It would have been nice to put this, instead of drinking the regular beer or whatever you call it, to go for this .5 stuff, because it is great.

As I said, some of these kids will never drink, but they drink maybe too many beers and become intoxicated. If they would stick to the other stuff, no problem. However, that is just a minor detail.

One question, the Crown Corporations Council—what is the relationship between MPIC and the council? Do you meet frequently? To what extent does it concern itself, say, with your rate increases or revenue situation versus expenditures, et cetera?

**Mr. Cummings:** There are two parts perhaps to answering that, and I will answer from my relationship with the council and the interrelationship with the corporation. Mr. Bardua may be able to expand on other aspects of it, not only with MPIC but with the other Crown for which I am responsible or the other independent agency, the Manitoba Hazardous Waste Corporation, I use the Crown Accountability Council.

I find the opportunity to have discussions with them to look at their evaluation, if you will, of aspects of operations. I find that useful as a minister in helping me understand beyond the relationship that I have with the chairman, with the president and the members of the board. It provides that other view, if you will. From the point of view of my office, that is where considerable benefit accrues.

The operating officers within the corporation have a different relationship. I invite Mr. Bardua to comment on that.

**Mr. Bardua:** In a formal sense, we appear at one of their board meetings annually and present our strategic plan and talk about the kinds of things that have changed year over year and what we are looking at down the road. In a more informal sense, we deal with them quite regularly on matters of policy and have been responding to inquiries that they might be making relative to, I guess, whatever is on their mind.

We do have an ongoing relationship with the Crown Corporations Council. I think it is a good relationship. We do have a formal meeting once a year to bring their board up to speed on what is going on.

**Mr. Leonard Evans:** Just one other question in this respect. Does the Crown Corporations Council have analysts who take time to examine the operations of MPIC in some detail?

**Mr. Bardua:** They have analysts, and so far they have not looked at our operations in total, in detail.

They have looked at specific things. There is provision in the act for them to do a more detailed review. I believe it is once every five years. We are currently working with them to determine when that might best be undertaken.

**Mr. Leonard Evans:** There are a whole host of other questions that I could ask, but I am not going to.

I want to ask the final question and then make a final brief comment, which is: Why is it that there are merits, you can earn merits apparently in operating trucks, small trucks. You can get a better rate if you operate a small truck, I mean a lighter weight truck, but if you go over 3,600 kilograms it is not eligible for a merit increase. Now, that is a specific constituency question. Is there any reason for that particular cutoff? This person thinks it is very, very unjustified, and he is only using it for pleasure really or for light.

**Mr. Bardua:** First of all, I am not sure exactly what you are saying, because people earn merits on their driver's licence irrespective of what kind of a vehicle they are operating as long as they are not getting into accidents and having major traffic convictions. As far as the application of the merit to the rating program is concerned, we made a decision when the merit program was introduced to apply it only to private passenger vehicles and light trucks. Usually the heavier vehicles, the commercial vehicles are part of a fleet program, and the merit program does not apply to them.

We realize that there are exceptions and some of those things sort of fall through the cracks. We are currently looking at the entire rating structure in conjunction with our Autopac 2000 project, and hopefully we can eliminate some of those inequities in the program.

**Mr. Leonard Evans:** I am just wondering, maybe after the conclusion of the meeting I could give the gentleman's name to the staff and perhaps he could let him elaborate on it, because I do not know the man. He just phoned up and for whatever reason, if you are over 3,600 kg you are not eligible for a merit increase, quote, unquote, whatever that means. I will leave that with you.

Okay, I do not want to delay us here any further. I just want to say that we have many other questions to ask. They are not necessarily pressing and some could be asked in Question Period, as Mr. Alcock said, but I am not necessarily proposing that. There

are questions of various kinds like the question of trying to cut down on fraudulent claims, for example. I have just used that as one example.

There are many areas that we could be discussing, but by and large I think the corporation is well run; I have said this before.

I want to thank all the members of the staff, the president and his staff, the chair, the board and all concerned with MPIC, Mr. Minister, for serving the public well. I think by and large Manitobans are well served as they have been since the inception of MPIC. Thank you.

**Mr. Laurendeau:** I have only one short question, Mr. Chairperson. I guess it comes from all the community meetings that we have in our constituency. The one area that does not get hit very often is MPIC. Everybody seems to be very happy with you, except for one thing that the seniors brought up at our last community meeting was, they were wondering why postage-paid envelopes were not being supplied to them when they were having the Autopac renewals sent out to them.

\* (2220)

They were saying if they were supplied with the postage-paid, they would be returning it to you, so you would save your \$20 that you did not have to pay the agent versus their going to the agent. They refused to pay 42 cents for a stamp, but they said if it was there they would mail it to you and it would not cost you \$20 or \$24 for them to go register the car. They will drive to the corner rather than pay that 42 cents. They want to know why MPIC does not just simplify it by putting a postage-paid, and they only pay if it gets returned in that fashion.

They do not pay for the stamp, because it is postage-paid. It is the postal stamp that you are able to acquire at the department, and they were wondering why this is not happening.

**Mr. Bardua:** Well, of course we would have to provide it to everybody, so whatever three-quarters of a million times 42 cents is would be the cost.

**Mr. Laurendeau:** No, that is not the cost.

**Mr. Bardua:** We believe that the agents add value to the process, and we really encourage people to see their agent and discuss their insurance needs with them. By providing people with a return envelope and postage, we would be encouraging them to mail it in directly to us, which we are really not equipped to handle. We have a commitment to

the independent brokers not to do that, so it is really a strategic decision on our part.

**Mr. Laurendeau:** This is one area I am going to have to disagree with you on. I do not feel it is a necessity for myself or a number of others who have been registering some vehicles for three, four and five years to have to go to the agent when basically all I have been doing for the past five years is going and writing the cheque for the exact amount that you are sending me the bill for and that you are saying, give it to me. I mean, at the time we are going in, it is a big shuffle to get in and out.

I would rather send it one week earlier or two weeks earlier to get it back on that prior date, and if that 42-cent stamp was there, let me tell you, I would be doing it too. I have five vehicles. Now you take those five vehicles times the \$24, that pays for an awful lot of postage. The only postage that you would have to pay are those that were directed back

to you, not 42 cents for the full 700,000 that you mailed out. It is only those that directly came back to you that you are billed for. It is not the full 700,000.

I do have to tell you that I am opposed to your thought that you are coming on in that one direction. It would be a cost saving, especially when you are paying out over \$16 million in commissions, that would not necessarily be necessary.

**Mr. Bardua:** I understand what you are telling me.

**Mr. Chairperson:** Are there any further questions?

Shall the October 31, 1991, Annual Report of the Manitoba Public Insurance Corporation be passed—pass.

The time is now 10:27. Committee rise.

**COMMITTEE ROSE AT:** 10:27 p.m.