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of the

Legislative Assembly of Manitoba

STANDING COMMITTEE
on
PUBLIC UTILITIES
and
NATURAL RESOURCES

42 Elizabeth II

Chairperson
Mr. Jack Reimer
Constituency of Niakwa



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

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CARSTAIRS, Sharon	River Heights	Liberal
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Thursday, June 17, 1993

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRPERSON — Mr. Jack Reimer (Niakwa)

ATTENDANCE - 9 - QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cummings, Gilleshammer

Messrs. Edwards, Evans (Brandon East),
Laurendeau, Penner, Reimer, Sveinson, Ms.
Wasylycia-Leis

APPEARING:

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

MATTERS UNDER DISCUSSION:

Annual Report of The Manitoba Public
Insurance Corporation for the year ending
October 31, 1992.

* * *

Mr. Chairperson: Will the Committee of Public Utilities and Natural Resources please come to order. We have before us the following report to be considered, the Annual Report of The Manitoba Public Insurance Corporation for the year ending October 31, 1992. Copies of this report are available to committee members on the table behind me.

I would like to invite the honourable minister responsible to make his opening statements and to introduce the staff present this morning.

Hon. Glen Cummings (Minister responsible for the Manitoba Public Insurance Corporation): Thank you. I will put my opening statement on the record.

Mr. Chairman and members of the committee, I am accompanied by a number of representatives of the corporation to assist me in answering questions this morning. I have beside me, Don McCarthy, the Chairman of the Board of Directors; next to him, Walt Bardua, President and General Manager. We

also have with us David Kidd, Vice-President of Insurance Operations; Peter Dyck, Corporate Controller; Jack Zacharias, Vice-President of Claims; Grahame Newton, Vice-President of Community and Customer Relations; and Kevin McCulloch, Assistant General Counsel.

The '92 report which covers the fiscal year, November 1, 1991, to October 31, 1992, details significant financial and operational highlights. As you are aware, Mr. Chairman, 1992 was a year in which the cost and number of automobile insurance claims reported by Manitobans rose significantly. Excluding expenses associated with the handling of claims, Autopac claims incurred last year totalled nearly \$332 million. Of this, more than \$171 million was related to injury claims. Significantly, last year marked the first time in which the costs of injury claims exceeded that of physical damage claims.

Overall both the number and average cost of all types of claims increased. More than 188,000 claims were reported, up from 176,600. Each of these Autopac claims cost an average of \$1,766, a notable difference from the \$1,610 average reported the previous year. These factors resulted in a \$25.5 million net loss in the corporation's Auto Insurance Division operations. This resulted in the corporation's rate stabilization reserve dropping well below its target range.

I would draw to the committee's attention the two important points in the corporation's financial statement, effective beginning of 1992 fiscal year: Special Risk Extension, known by the abbreviation SRE, was transferred from the General to the Automobile Insurance Division. This transfer allows for better integration of these specialty vehicle coverages within Autopac coverage and simplifies future financial reporting. Previous year SRE results are shown under General Insurance Division, 1991-92 report.

Members will recall that the corporation discontinued writing personal and commercial insurance policies effective October 1, 1990.

Claims costs and expenses on these and discontinued reinsurance assumed operations will be incurred until existing claims are settled. By law, these discontinued General Insurance Division operations are reported separately from the Auto Division. With your permission I would like invite members to direct their questions to us, and I may, from time to time, ask representatives of the corporations to assist in answering.

Mr. Chairperson: I thank the minister for his comments. Does the member for Brandon East, Mr. Evans, official opposition, have any opening comments.

Mr. Leonard Evans (Brandon East): Thank you very much, Mr. Chairman. We have a number of comments, but we have a lot of questions. Presumably, we will be getting into them in the next while, but I just want to say that we continue to be concerned about losses at Autopac as evidenced by the reports, and I think all of us have responsibility to try to zero in on them and to contain those costs.

I cannot help but note, of course, that there has been a major change in the minister's position on no-fault insurance. I will not quote back last year's minutes to him—

Mr. Cummings: You would wound me.

Mr. Leonard Evans: —sort of, over my dead body will we have no-fault. At any rate there is hope yet.

Mr. Cummings: Do I look dead?

Mr. Leonard Evans: Well, no, words to that effect.

Anyway, we have some questions regarding staffing, questions regarding items that exactly are not covered by the report but touch upon the report anyway, because no-fault does touch upon the fact that we have been losing—or the fact that we have not had no-fault, in my opinion, is one of the reasons why we have had to suffer the losses that the corporation has had.

So those are some of the things we would like to touch upon, even though they are not directly in the report, but they are related to the report. I think to address some of these questions will facilitate the legislation, generally, and the discussion of it. Because in my view, while I think most people accept the principle of no-fault, at least I hope so, I am not sure where the Liberal Party stands, but nevertheless, there are a lot of questions regarding the type of payout and the appeal procedures.

So those are some important questions that I think should be considered, for a brief time, at least. Thanks.

Mr. Chairperson: I thank the member for his comments. Does the member for St. James (Mr. Edwards), the Leader of the Second Opposition, have any opening comments?

Mr. Paul Edwards (Leader of the Second Opposition): Mr. Chairperson, I look forward to the ensuing discussions regarding the annual report and the continuing operations of this very important Crown corporation.

We do have many concerns about the operation of this corporation and their stated intention and that of the government's to bring into place a very dramatic change in the way that automobile insurance is going to be handled in this province. It is our view that those concerns and those issues have largely been looked over intentionally or otherwise—I believe, intentionally—by the corporation and the government with a view to not informing Manitobans about what they are covered for and what they are not covered for, and what the real costs and the real purpose of automobile insurance is. I do not make those condemnations lightly. I really believe that.

Any Crown corporation working hand in hand with the government to spend \$90,000 to sell people a piece of legislation, before the members of the Legislature have even seen it, to me, tells me that there is something to hide and there is some other agenda going on besides being full and frank with the public of this province. It is some kind of public relations exercise. I really believe that, Mr. Chairperson, and I think most Manitobans know that and see that.

I have no problem with the concept of no-fault. What I do have a problem with is the reality of no benefits. Mr. Chairperson, we are here to, and MPIC was set up initially to serve the needs of Manitoba motorists in the best way possible and to offer cost-effective insurance coverage, but the key is insurance coverage.

Autopac premiums are not a tax. They are being sold as one by this government, that people should look and judge the Manitoba Public Insurance Corporation by the size of the premium. That is what the Free Press ad says. You told us you wanted lower premiums, so we are going to give you that. That is all well and good, but this is not a

tax. People are purchasing a benefit, and just as they assess the quality and the price of the benefit that they might buy from any private insurer, the tough question is, is it cost-effective coverage, and is it sufficient coverage to serve the public good?

Those are the tough questions which are not answered in any of the public relations materials put out and have not been answered in the House by the minister responsible or the Premier (Mr. Filmon).

Mr. Chairperson, just as the public judges insurance that individuals may purchase, so they should be encouraged to judge the operations of this corporation and its stated goals. Our position has consistently been that what this requires is that type of discussion, and it has not occurred. It should occur, and in our estimation the Public Utilities Board is the appropriate body to do it.

Now, if there are other bodies which the minister feels would be more appropriate, certainly, we are open to discuss that, but this is a public relations exercise first and foremost for the government. I feel badly that the corporation has been dragged into it, because I think they have as a result of a political impetus.

* (1010)

Mr. Chairperson, I intend, of course, to draw comments through the annual report. However, that annual report is being used, and the losses reflected therein are being used to sell this new proposal. Therefore, the link is real and it is there. Accordingly, it is my intention this discussion is going to focus on where the corporation has been and where it intends to go, because I firmly believe that this is a dramatic change for the corporation.

The debate, the argument that was lost by the private insurance companies 20 years ago is being won in this Legislature today, as they are being welcomed back into a system where people will be forced, if they want protection, to turn to private insurers.

I am not convinced that the minister does not intend, as they are doing in Quebec, to turn profits into the general revenues of the province. I believe that this is being wrought upon the people of this province without addressing the tough issues.

This is not about what the best system of insurance should be for this province. That is what I would like it to be about, but that is not what the

debate has been about. The debate has been about public relations and propaganda. It has been about selling people, whether it is an antiprofessional bias, an antilawyer bias, an antijudge bias. You know, read the literature that has been pumped out in a campaign style fashion, I might say. This is about telling people— [interjection]

Well, how many bills have been accompanied, and this is a photocopy, by the glossy colour-coded pamphlets that came out with this one? How many? How many bills in this session have come out with that kind of propaganda? This is the only—

An Honourable Member: The important ones.

Mr. Edwards: Yes, if it was important, you would explain the bill. This is about public relations, and the minister knows it. He is involved.

Mr. Chairperson: Order, please. I believe that I would just have to get some guidance from the committee, but we are here, and I remind all members that we are here to discuss the 1992 Annual Report of the Manitoba Public Insurance Corporation. I believe that I would seek some guidance from the committee, and we will proceed under those premises.

Shall we pursue a general discussion on the report of the 1992 Annual Report of the Manitoba Public Insurance Corporation?

Mr. Edwards: Mr. Chairperson, I would like to complete my comments. Are you ruling that I am out of order—

Mr. Chairperson: No, I am not.

Mr. Edwards: —because if you are, then do it. Otherwise I am going to continue my comments. I was not aware of time restrictions.

Mr. Chairperson: Mr. Edwards, to continue then.

Mr. Edwards: Thank you.

Points of Order

Mr. Leonard Evans: Just on a point of order, I deliberately had a very short introduction so we could get on with these questions. You know I think there is a limit of opening statements, but if we are all going to make long statements, fine.

Also I have questions, as a matter of point of order—

An Honourable Member: Mr. Chairperson, he has finished his statement. Is he making another one?

Mr. Chairperson: He is making another point of order.

Mr. Leonard Evans: On a point of order, we have some specific questions on the report and on the current operations, which is the main focus of today's committee meeting, although having said that, I think there is some legitimacy in relating it somewhat to no-fault, but in a peripheral way.

Mr. Chairperson: I thank the member for his comments. His comments were not a point of order. However, as a general guideline, the opening statements are brief.

* * *

Mr. Edwards: Mr. Chairperson, the fact is it is much more than peripherally linked, the relationship between the current agenda and the current proposal before the House and the 1992 Annual Report. The link is that if you read the propaganda put forward by the corporation and by the government, it very specifically relies on losses and on past-claims records. It looks to those, and many of those are reflected in this annual report, as justification for that legislation. There is a real and a definite link.

We are now sitting today to discuss an annual report which has been used to lay the base, apparently, for the type of dramatic shift and swing towards the private insurance companies that this government is proposing.

Mr. Chairperson, I want to be clear that the best interests of the motorists of this province is the real question which is before this corporation every day, and it is before this House. I think the government has strayed. I think that it has given way as it has in the past, but it certainly has in this case, to a political agenda. It is not willing and has not been willing to discuss the real issues and the real details of what is being proposed. That is what I intend to talk about in these hearings, and I intend to talk about it as long as I feel it is necessary to bring to the public's attention what is going on with public insurance in this province.

Mr. Chairperson, it is not going to be good enough to publish the cut lines with brief statements and some fancy-looking graphs for

Manitobans to sell them essentially what I view as, as I have said, a dramatic change in public insurance in this province which is going to have dramatic impacts on those who are unfortunate enough to become involved in motor vehicle accidents. So I do not want to mislead the minister. I do not want to mislead the chairperson. That is what I am here to discuss. I think it is valid and, not just peripherally, but intimately related to the annual report of this corporation.

I also want to talk about some of the things that in the same time span they put before the Public Utilities Board. I want to talk about some of the things that they have said there which have proven to be, in my estimation, incorrect, and have been used at that hearing as justification for certain activities the corporation wanted to enter into.

So, Mr. Chairperson, that is the discussion, in my view, which we are embarking upon, and I look forward to it, but I wanted to put on the record the linkages which I am drawing in this report so that no one is misled about what we are going to talk about. Thank you, Mr. Chairperson.

Mr. Chairperson: I thank the member for his opening comments.

Mr. Leonard Evans: I was wondering if the minister or the chief administration of the corporation could give us an update on how Manitoba Autopac rates are comparing with other jurisdictions. We have had this discussion from time to time. We have always believed that Manitoba rates have been among the lowest. I wonder if the minister or the president or the chair could comment on that and give us some update on those comparative rate situations.

Mr. J. Walter Bardua (President and General Manager, The Manitoba Public Insurance Corporation): As I have pointed out in the past, Mr. Chairperson, these comparisons are difficult at best, because every province needs to set its rates based on its own experience, and that is what we do here, of course. I do not have any specific numbers for the member, but I can tell him, in general terms, that we continue to be among the lowest.

On a comparative basis, I would say that our increases over the past four or five years have been no greater, and probably less than, a number of other provinces. So in a relative sense, we

maintain about the same position as we have in the past.

Mr. Leonard Evans: In a relative sense, then, are we at the bottom of the scale? Have we the cheapest given—I know this is difficult to answer because you have to look at the kinds of automobiles, kinds of drivers. The cities, the geography, et cetera, all have a bearing on that, but in a general way, how do we compare? Do we compare favourably, are we just average, or are we towards the bottom of the heap in terms of costs? I would imagine that we are either in the middle or towards the bottom. I would hope we are near the bottom.

Mr. Bardua: Yes, in a general sense, I would say we are near the bottom comparing like city for like city, and of course that is difficult because geography and weather conditions and so on tend to vary from place to place.

Mr. Leonard Evans: The corporation has put out tables from time to time or has made comparisons selecting certain cities, certain categories. I wonder if it would be possible for the minister or staff or the president to provide a sheet giving that type of information.

Mr. Cummlings: In making these types of comparisons, however, we are rather consistently accused of not being an unbiased presenter of the information, even though I believe we have tried to be unbiased using the type of factors that Mr. Bardua referred to.

There have been other less scientific references. I think while they make good politics, they do not necessarily make for good information. There are independent sources that the member could have access to that would make comparisons, but even the type of coverage that Manitoba offers—you will recall the debate at the PUB, where there were some presentations that suggested that the minimum basic requirement for liability should be raised. Yet, as I recall the figures across the country, we are one of the highest in that respect. So there is such a broad range of factors that you can only get a comparison in a general sense.

I am sure the corporation could give you that general comparison. But at the same time, I am sure you could find inequities, even in that comparison, no matter how carefully we try to make the comparison, because the uniqueness of certain weather factors can jump in, along with a number of

other factors: traffic density, the safety of the roads involved. But in a general sense, if the member is willing to have that kind of a generalization, we can give the answer.

* (1020)

Mr. Leonard Evans: Mr. Chairperson, I would certainly appreciate getting that kind of a statement. The minister referred to some other independent body or bodies that have data. I do not have easy access to that information. I suppose I could hunt around for it. If you want to refer me to that source, I could look that up as well.

Mr. Bardua: The corporation itself has not done comparisons for the very reasons pointed out by the minister. Last year, just shortly after our Public Utilities Board hearings or shortly after the ruling, the CBC, as part of another program, did an independent evaluation of our rates compared to other provinces and other major cities. On those comparisons, I believe, we came out low in every instance. I am sure we could dig up that material for you and provide it to you, if that would be satisfactory.

Mr. Leonard Evans: Mr. Chair, well, my question actually hinges out of the report that we are discussing, talking about being relevant to the report, because I am quoting from the Chairperson/President's Report where it stated: "Autopac coverages compare favourably with those offered elsewhere in Canada and Manitoba's insurance rates are still among the lowest in the country."

So all I was doing was trying to get an elaboration on that statement. I am not disputing the statement, I am just wanting to get some elaboration on it.

One of the areas that we have been told has, in spades, caused escalating costs to the corporation has been bodily injury claims. I was wondering whether the corporation representatives or the minister could tell us how we compare with what is happening elsewhere. I mean is this a phenomenon that is current throughout North America, let us say, or is there something peculiar going on here, or is there something wrong with the system that we have? Is it the tort system running wild that has caused these escalations of bodily injury costs?

Mr. Bardua: Again, sir, in broad general terms, what is happening in Manitoba is not unique or a phenomenon peculiar to Manitoba.

In fact, when we look at our average injury cost per claim here in Manitoba, it compares favourably, and in fact it is probably lower than it is in many other jurisdictions. Our concern is primarily not in comparative terms, but in absolute terms. The dollars continue to grow, and the projections are that, if something is not done to change the system, they will continue to grow at a rate which will cause them to double or the rates to double probably by the year 2000. That is the concern.

It is not that we are different or that things are happening differently here. It is just that in absolute terms the cost of insurance is going to increase at what we believe to be an unacceptable rate unless something is done to change the system.

Mr. Leonard Evans: I can appreciate that, Mr. Chairperson, but is Mr. Bardua saying that this is a phenomenon that is apparent all over. In other words, without looking at the numbers, is this a phenomenon that is occurring, where in other jurisdictions with other insurance companies in the private sector, that they are being faced with ever-escalating bodily injury claims vis-à-vis the vehicle claims, per se.

Mr. Bardua: Except in those jurisdictions where they have taken some action to change the system and introduced either pure no-fault or threshold no-fault, that is the situation. In those other jurisdictions, there appears to be better control on the bodily injury claims costs.

Mr. Leonard Evans: Well, if I could ask then, how is that better control achieved, Mr. Chairperson? How do they achieve a better control over the bodily injury costs escalation?

Mr. Bardua: The better control comes about because you remove the matter from the courts and from subjective judgment to a matter of scheduling benefits and providing people with recompense for their economic loss, which is not subjective in taking away the payment for pain and suffering.

Mr. Leonard Evans: Excuse me, it seems that we are describing the no-fault system, but I thought Mr. Bardua mentioned other measures taken by other companies apart from the no-fault system. So if there is bodily injury claim escalations in other

jurisdictions and other companies in Canada and United States, what is the consequence? The consequence is escalating premiums or you change the system or you do something else. I was just wondering what other things a corporation or a company might do in order to get a handle on these pressures of bodily injury cost escalations.

Mr. Bardua: I did not mean to leave you with the impression that there was something else. What I tried to say was that unless you change the system, you do not have the control because the costs, as far as we are concerned, are not controllable in our hands.

Mr. Leonard Evans: What has happened to the safe driving program? I know that you took some initiatives last year. I wonder if we could get an update on that. This has a bearing on costs, obviously. Are you taking any new initiatives or have you assessed your last year's program, the safe-driving efforts that you have made?

Mr. Bardua: We are constantly assessing our programs. We are currently re-evaluating our entire traffic safety initiatives and coming up with a long-range plan for traffic safety. That will not change with the introduction of no-fault, because our primary concern is still to try and reduce the number of injuries that occur.

Mr. Leonard Evans: It seems to me a figure of \$200,000 sort of sticks in my mind. I believe that was a number that was used last year with regard to, was it called a safe driver program? I may have the name wrong here. We have a designated driver involved. I thought the corporation had been promoting that.

Mr. Bardua: I believe the programs you are talking about are the STEP program or the Selective Traffic Enforcement Program, aimed primarily at seat belts or the wearing of seat belts, and the Designated Driver program which we launched in conjunction with the Alcoholism Foundation and the Manitoba Liquor Commission, along with the Hotel Association. That program is not very old but is already showing some promise as being something we want to extend even further as time goes by.

Mr. Leonard Evans: But there are not specific plans to enhance these types of program at the present time?

Mr. Bardua: We are currently evaluating the need for doing that and the availability of funds to do that, because safety is an issue which you can pour endless money into, but you have to be able to show some benefits coming back on the other side.

Mr. Leonard Evans: A lot of it has to do with attitude of the driver. This reminds me of education, driver education, especially in the schools among the young people who are beginning to drive. Has the corporation paid any special attention to those types of efforts?

Mr. Bardua: We continue to support the high school driver education program. If you are interested in some numbers, in 1991-92 we had the program in 126 provincial high schools, and there were 9,243 students enrolled in the program. That is our major thrust when you talk about new or inexperienced drivers.

I might say that I fully agree with you that it is—I guess I would not call it driver attitude, because I do not much care what their attitude is; it is driver behaviour that ultimately results in accidents.

Mr. Leonard Evans: Another area of getting a handle on costs and so on is use of recycled repair parts. I wonder if the president could give us an update on that program within the corporation.

Mr. Bardua: We continue to use recycled parts wherever practical. We have made a number of improvements to the program in terms of trying to make sure that there is a ready supply of parts and that body shops are aware of where they are and how to get hold of them. Our use of recycled parts, I would suggest, is probably second to none in the country, and we continue to try and make that happen.

Mr. Leonard Evans: Is there any estimate of cost saving from that initiative?

Mr. Bardua: We expect to save in the neighbourhood of \$4 million this year, which is up from \$1.5 million two years ago.

Mr. Leonard Evans: I want to touch briefly on this matter of estimating autobody claims. I raised it in the Legislature, and in doing so I want to make it clear I am not trying to be critical of the quality of the staff work involved whatsoever. I am not being critical. I think the corporation has excellent staff, and they serve the public well. I believe that.

So basically what I am doing is questioning maybe the system that we have. I had raised this

in the House in Question Period because a gentleman had called me who—and I do not want to get into all the detail.

* (1030)

I mean, we could spend a lot of time on what kind of vehicle he had and so on. He is a retired railway worker, but he took his car to various shops and he got an estimate ranging from \$353 to \$1,105, with an average of \$670. Your adjuster authorized \$1,449 for the work, which is considerably higher than any of the private estimates that he got. He eventually chose someone in the middle, and I do not know all the details of exactly what was repaired, but he was quite satisfied with the work that was done. He was very satisfied with the work that was done.

I am just wondering whether the corporation is satisfied with the method of adjusting the claims. I do not know whether consideration has ever been given to the idea of—and this would be quite dramatic change, I am sure—a person who had a vehicle damaged, going to two, three body shops to get some estimates in the first place, and then coming to the corporation for subsequent verification.

Mr. Bardua: In the specific case that you raised, I think you are aware that we reviewed that circumstance, and we found that the estimates which were lower than ours did not contain work which we believed necessary to return the car to its pre-accident condition, which is our obligation.

In terms of introducing competition into the business and having people travel around and getting estimates for their vehicles, this is a system which has been tried in the past and, frankly, is not in use to any great extent anywhere anymore. Private companies are not doing it, and I know of no other large operation which tries to get their physical damage claims estimated that way. It simply opens the door for fraud, collaboration, price fixing and repairs which, frankly, are shoddy and put unsafe vehicles back on the road.

Mr. Leonard Evans: Did the corporation actually interview the gentleman? Did you actually see the vehicle involved and assess the repairs?

Mr. Bardua: My recollection is yes, we did. In fact, we found that the vehicle had not been properly repaired.

Mr. Leonard Evans: At any rate, there is a perception out there in the public, because this comes up from time to time, about paying excessive amounts for autobody repairs. Again, I am not questioning the judgment of the staff and so on. I know they are trying to do a good job, and the corporation wants safe vehicles on the road, and I share that objective. But it seemed to me that there is some kind of a—people are willing to perform work for less, it seems, in some instances, when you are going private. By that I mean without the benefit of an insurance backup, as compared to using the insurance policy, the Autopac program. The member across the way seems to agree with me, that this is a good point.

There is a perception out there that the corporation, in effect, is being ripped off. Now whether that is right or wrong, I do not know. I cannot—all I can tell you is just one example of this person getting a half dozen estimates and getting this wide variety of estimates. Presumably, he has some feel for what he wants to be done to the car and that he does want it in usable condition, and obviously he would want it safe.

So I do not know what—this is a problem. I think it is a problem. I think it is a tendency to build up prices because the big Autopac is there to pay it, so let us go for broke.

Mr. Bardua: I understand that the perception exists. The problem is that, as I indicated earlier, our obligation is to return the car to its pre-accident condition. Admittedly, if you are prepared to accept something less than full repair, money can be saved, but I do not believe it is appropriate for our estimators to suggest to the customer that they might be happy to drive around with a scratch on a \$500 bumper when the customer is going to say, no, I want you to live up to your obligation and do the necessary repairs.

Whenever we hear these stories and whenever we get specifics, such as we got in your case, and we check them out, we find that our estimate was appropriate, given our obligation, and that other estimates simply fell short of completing the repairs in an appropriate fashion.

I might add that we audit our estimating function very closely to ensure that our estimators are going a good job, and frankly we are satisfied that the process that we have is the best one. Our costs for physical damage repairs have increased at less

than the cost of inflation over the past three or four years, and that is largely due to the diligence of our estimating staff.

Mr. Leonard Evans: Do you have comparative cost figures with other insurance companies in terms of the percentage that you are paying out or some ratio? Do you have any ratios for cost comparisons with other jurisdictions in vehicle damage?

Mr. Bardua: I do not know what those would be. The severity of collision claims depends on the severity of the impact. We do, from time to time, do comparisons with average costs and ours are never out of line.

Mr. Leonard Evans: I would like to ask a couple of questions about organization. I also have questions about no-fault, which I would like to ask later. But I would just like to ask specifically, have there been any major staff reorganizations in the corporation in the past year?

Mr. Bardua: Nothing I would call major, no, sir.

Mr. Leonard Evans: Well, I guess you have eliminated the General Insurance and you have moved this Special Risk Extension—Well, there is no General Insurance left so you are left with Special Risk Extension, which was in General Insurance, but that has been moved over to your Automobile Insurance Division, I understand.

Mr. Bardua: Yes, that is correct. That did not involve a reorganization, except from an accounting perspective. The staff remained where they were and continue to report to the same people.

Mr. Leonard Evans: How many employees does Autopac have today?

Mr. Bardua: I will have to get the exact number for you, 1,130, I believe, is our budget for this year.

Mr. Leonard Evans: How does that compare, say, with last year and the year before?

Mr. Bardua: Last year, I believe the number was around 1,150 to 1,160. So we are down about 30 positions.

Mr. Leonard Evans: So you are down about 30 or so positions. What about the staff size in Brandon? Do you happen to have that number? That is your legal head office as well as your Special Risks Extension service.

Mr. Bardua: I will get the exact number for you. For 1992, there were a 107 staff members in Brandon, and in 1991, there were 111.

Mr. Leonard Evans: Is that as of November 1, 1992?

Mr. Bardua: That would be an average for the year.

Mr. Leonard Evans: I recall last year I was told that there were 111 as of November 1, 1991 and 118 as of November 1, 1990.

Mr. Bardua: The 1991 number I gave you was 111, and 107 for 1992.

* (1040)

Mr. Leonard Evans: Do you anticipate any further reductions in the staff in Brandon?

Mr. Bardua: Staff numbers are largely dependent on the work volumes. Given the same work volumes, I would expect that our staffing levels would remain relatively constant.

Mr. Leonard Evans: I would like to ask the president or the minister what has been the effects of the forced 10-day closure that is to be exercised throughout the year by the public sector? I understand the decision of MPIC is to close on specific Fridays throughout the summer, I guess.

It seems to me that this would have some limitation on your service to the public in my view. You cannot seriously believe that you are going to maintain the same level of service to the public, when you have 10 working days less or fewer available for that service, and especially the Special Risks Extension which I understand is competitive. I believe the corporation is being limited in its ability to compete with the private sector by virtue of the fact that there are certain days of the week of certain weeks of the year that you are closed down, whereas your private competitors are out there operating fully. It seems as though you have been asked to compete with your hands tied behind your back in that respect—

Mr. Cummings: That is a ringing endorsement for free enterprise, Len.

Mr. Leonard Evans: What it is, is an endorsement to leave the commercial—I think it is foolish for the government to impose this method of saving money in a public sector wage bill by insisting Crown corporations, who are in a commercial business, exercise those same kinds of cuts.

I understand you are trying to apply this to McKenzie Seeds. I think that is absolutely ridiculous. I think what you are doing is undermining the ability of a Crown agency which is doing its best to be efficient in serving the public to maintain that service and to maximize its revenues. I think it is foolish, absolutely foolhardy, foolish, and I have said that before in terms of McKenzie Seeds, and I know exactly where it stands with that company. Surely they are totally in the marketplace competing day in and day out with the private sector. If you have an area of competition, which MPIC is in, namely the Special Risk Extension, surely it should be allowed full leverage to compete.

I would also go beyond that to say that the public of Manitoba, it is hard to measure maybe, is losing by virtue of the fact that you are closed down those extra 10 days that people normally expect to have service.

Mr. Cummings: I think some of the specifics Mr. Bardua could better answer than myself, but I think the member is overlooking a very important aspect of what we have attempted to do, and that is to protect the base salaries of the employees without causing significant impacts on the services, as best we can.

Certainly there are some changes that will evolve from this. That is only a natural assumption and a correct assumption, but the way in which we serve through our claim centres, et cetera, the corporation seems to have been able to adjust. I am simply saying that I have not received in my office one phone call beyond the initial concerns about how the corporation would react. Once the corporation has laid out its plans on how it intends to deal with this, the public has not been approaching my office, at any rate, with the types of concerns that you are raising.

Mr. Leonard Evans: Mr. Chairperson, what about the risks extension business? What has happened there? Maybe Mr. Bardua has that type of information. Has that been affected at all in a negative way?

Mr. Bardua: Well, through appropriate communication with the agents who market that product for us and extension of appropriate binding authorities and so on, and hard work by our staff, we have tried to mitigate any losses of business in that respect. Thus far, it is a little early to tell,

because we are only three-tenths of the way through the program, having closed on three Fridays. It is a little hard to tell at this point whether the business has suffered as a result of it, but we are doing our best to mitigate any damage that might occur.

Mr. Leonard Evans: At any rate, I just go on record as saying that it is unfortunate that the government imposes this on its Crown corporations, including MPIC. I think it is unreasonable. It is one thing to talk about it in terms of the civil service. Even there, as you know, we have problems because we believe in the free collective negotiating process which is part of the democratic system that we have. Leaving that aside, it seems that when you are in a commercial business, you should not put unnecessary ridiculous restraints on a commercial operation. That is what is happening here.

Surely the MPIC or any of the corporations have the amount of staff, the number of staff days that are required to provide the service that is required, not one more person, not one less. It should not be any more or should not be any less. It should be optimal. The management should have that right, that flexibility to make those decisions. I think it is just folly for the government to impose this on its Crown corporations.

I would like to just pass on a bit here to the other area of MPIC, and we will get into no fault, I suppose, in a way. MPIC has applied to the Public Utilities Board already for rate increases which are quite substantial, I would say, given the fact that it had a big increase last year and given the fact of its particular financial circumstances at the present time.

I, for one, do not know how the corporation can really truly and accurately decide what kind of a rate increase it needs at this time of the year when you are a long way from the year-end. I think it is absolutely—[interjection] I know, and I have said it before. I have said before that it is unreasonable to have the corporation make an application so early in its year to the PUB. It is fine to have the PUB review it, and I appreciate that they need some time to do it. I realize that. But you are asking the corporation to submit a preliminary application which always has to be amended, I would think, because of changing data, because the data has come in, you have other information. Maybe the

situation has become worse or maybe it has become better, so you want to adjust the rates.

I want to ask specifically why could the MPIC not hold off on its application this year especially until after this session is over?

Mr. Cummings: I will let Mr. Bardua speak to the details of their ability to forecast, but I do not think it is a particularly consistent position of the opposition. I very clearly, until the end of my days, will remember staring across this table at the member for Churchill berating me because we originally had not prepared ourselves to have the corporation go before the PUB as early as he thought we should have. So, obviously, the position of the official opposition has shifted somewhat and they now would like to see this backed up. The fact is that since the first time that we put this before the Public Utilities Board, this has been the time of year. It is always around the 10th, 11th and 12th of June that the corporation is required to go before the Public Utilities Board.

I do not disagree with the suggestion that it is very early in the season and the experience of the corporation for that insurance year. Nevertheless, it allows the PUB to begin the process. It allows for a very early view of where the trends are going, and therefore we have stuck with that process. The history has not shown that there are dramatic amendments made, I do not believe. Perhaps Mr. Bardua could add in that respect.

Mr. Leonard Evans: Does the legislation require the filing at this particular time of the year, or is it flexible?

* (1050)

Mr. Bardua: No, sir. The legislation does not require us to file at any particular time of the year. However, given that we have to send our renewals out in January, it means we need a decision from the Public Utilities Board in December. If you back the process up, given the rounds of interrogatories and the hearing conferences and all the rest of it that has to take place, there is about a four-month time frame between the time we actually make our application, publish our notices, and the actual hearing takes place. It is just a matter of working back from the date that we need the ruling. When you do that, you end up in the early June time frame.

Mr. Leonard Evans: This brings me to my point, Mr. Chairperson, of why, in this year, when there is a major change about to take place, that the corporation would proceed on its merry way and make this kind of application, when you have stated yourself or the document states that there would be a major amendment if the proposed no-fault plan were introduced into law.

Mr. Bardua: The change that is about to take place is only to one aspect of our business. There are an awful lot of other things that the Public Utilities Board needs to look at.

The arrangement we have with them is, they will look at those other aspects first and foremost, and hopefully we will be able to amend our application in sufficient time for them to look at the impact of the no-fault program on the bodily injury costs later on in the process. We felt it was necessary to get the process started in order to get a ruling in time for next year's rates.

Mr. Leonard Evans: Mr. Chairperson, nevertheless, as it stated in this advertisement that was in one of the daily papers, and I am quoting: The initial application of the corporation is requesting the approval for basic Autopac rates, effective March 1, 1994. Together with modifications to vehicle classification systems and other Autopac program components as established by the corporation, the proposed rate adjustments represent an overall average increase in basic Autopac vehicle premiums of 9.5 per cent. This represents a revenue increase of \$30.2 million.

(Mr. Marcel Laurendeau, Acting Chairperson, in the Chair)

That is obviously the basic thrust of the application. Admittedly, there could be minor adjustments, different categories, et cetera. But here is a major request for a large revenue increase again, and yet we know there is pending a proposed no-fault system which will have a major bearing on this application which will cause this, I would take it, very drastic reduction in the request by the corporation for rate increases.

Mr. Cummlngs: I do not think the member should characterize all of the other aspects of the corporation's application as having only minor changes. If he were to review the application, he will find that there are some fairly significant impacts in there for some vehicle owners. That is

always the case—classification, age of the vehicle, the risk that is associated with the various classes.

Mr. Bardua, if you want to pursue that further, I am sure the corporation could expand on that, but I make no apologies for the fact that the corporation proceeded in what is its normal time frame. I think the public would expect nothing less from us.

As I say, I do not think the member for Brandon East (Mr. Leonard Evans) should be too self-righteous about this, because he was clearly part of the group that berated me quite heartily for not getting in there early enough the first year we put this forward to the PUB. They wanted ample time early in the process, they wanted to get examined, they wanted opportunity for the interveners—[interjection] Well, the member says he did not say it. Was he not part of caucus? There is a certain member for Churchill that I am still bearing the scars from that debate. I may be stupid but I do learn, and it is not going to happen a second time.

We are in there for the public to have lots of opportunity to review this and examine it, and believe me, they will be asking some of the same questions you are, and their interrogatories will, I am sure, reflect that.

Mr. Leonard Evans: Mr. Acting Chairperson, the reference that is made in this document, this advertisement about the application, it says: for full particulars, interested parties should examine the corporation's application, testimony and supporting material which will be available at the board's office on or after June 16—which is about now. Interested parties who wish to obtain copies of the application are requested to contact a certain person, a Mrs. Marilyn McLaren.

I wonder if I can make the request now through you, Mr. Minister, to the president and staff to get a copy of that supporting material.

Mr. Bardua: Yes, sir, you can, and we will see that you get it.

Mr. Leonard Evans: Thank you, I would appreciate that. Talking about PUB applications and revisions of those applications, I am wondering if the corporation is again going to attempt to limit agency fees to 3 per cent. I thought that was a commendable move by the corporation. The agents are well reimbursed as it is, and yet, I believe, it required an Order-in-Council by the

government. That Order-in-Council was not forthcoming, and therefore, I believe you had to amend your application in the fall which, therefore, ended up requiring an additional million dollars at least to make up for the fact that you were not going to be able to cap agency fees at a 3 percent increase.

Mr. Bardua: The application, as it has been submitted to the Public Utilities Board, does not contemplate any change in the method or the amount of agency remuneration.

Mr. Leonard Evans: Mr. Acting Chairperson, why would the MPIC take that position when last year it wanted to limit these fees?

Mr. Cummings: The member for Brandon East is conveniently avoiding referencing the fact that there was also an application to reduce the amount of tax revenue that the government receives from the operations of MPIC.

I hope he is not saying that he thinks government should remove that tax revenue and supplement, in effect, the Autopac insurance rates in this province by means of not being able to obtain the revenue that it has been used to receiving. That would have been following what I believe was the model in Ontario, which when they attempted to contain their rate costs, they forgave, in that case, the private industry a good deal of the tax revenue that they would have been paying to the government. Let us not forget the second part of the formula which was all part of those changes that at one time were discussed.

Mr. Leonard Evans: Could the minister say how much tax revenue was involved?

Mr. Cummings: Eight hundred thousand.

Mr. Leonard Evans: I want to get this clear. What the minister is saying is that it did not allow the corporation to act to limit agency fees, but to make up for that, because that would have been about a million dollars, the government gave up \$800,000 of tax revenue. I wonder if you could elaborate then.

Mr. Cummings: I am indicating to him that part of the proposals that the corporation was looking at would have also included the freezing of the tax revenue, and that is certainly something that I would expect the member is not anxious to be supportive of.

Mr. Leonard Evans: Mr. Acting Chairperson, I still do not understand why the government refused to limit agency fees. Is there any explanation for that?

Mr. Cummings: As I have said many times, the corporation is also embarking on cyclical renewals and all the changes that are associated with Autopac 2000. There are some very, I would think strenuous would be a good way to describe them, negotiations going on with the broker force. Unless the member is advocating, as some members of the opposition seem to be saying, that the corporation should do away with its broker force and simply have people mail in their insurance coverages or go to government offices. If that is the position that he is advocating, then perhaps we could save all the money.

It has been my view that the way to provide the best service at the counter and availability across the province is to use the existing broker force that is out there. While these negotiations are proceeding, I think it is reasonable that all of the changes be on the table.

There is a wide range of proposals there. I do not think I would want to get into a discussion on what those are, because of the fact that they are still under negotiations. Certainly people have proposed a full range of options, not necessarily under negotiations, but they have been discussed in public forum, all the way from eliminating the broker force to flat fees and as to what other services brokers can add. Those are all things that are critical, and I think we are pretty well served by the force that is out there.

It is not my job to sit here as an advocate, but there does come a point when you have to ask—the bottom line is which is the best delivery vehicle? That delivery vehicle, it seems to me, will stay the way it is. Their remuneration will be subject to the negotiations under what are some pretty significant changes.

I guess I could elaborate for the record that, as we go to cyclical renewals, the method and the format under which agents will operate are going to be dramatically altered. They will not have, if you will, a harvest, for lack of a better word, or a rush of work during a very compressed period of time. They will have renewal periods spread out over a much longer period of time and that will have staffing implications. There will also be implications for computer links and the ability to

deliver at the counter certain services. These are fundamental and quite critical.

* (1100)

I know the member's view of this, but I reject his view in as much as I believe there are some significant changes coming forward, and both sides should examine those and then set the rates based on that.

Mr. Leonard Evans: First of all, I want to say that I think the public do get good service by having agents available. I am not suggesting that agents be eliminated. I recall as a youngster where people went to renew their licences, long line-ups on Portage Avenue many, many blocks in length, people waiting until the last moment to renew their vehicle licence renewal.

So it seems to me that what we have got is the ultimate in service where you can, almost seven days a week, 24 hours a day if you wish, renew your—[interjection] No, I did not look in the gallery.

It just seems to me that it is not bad, but on the other hand there is a limit. People should not be greedy, and the amount that the corporation should pay out should be a reasonable amount. Obviously, the corporation must have thought that the payout was a bit excessive, otherwise it would not have asked for that limitation.

(Mr. Chairperson in the Chair)

So I would like to ask—perhaps Mr. Bardua can answer this. I do not know how you compare this, but what percent of your costs are agency fees? Is that how you calculate the significance of agency fee payouts?

Mr. Bardua: The exact number is in their annual report, the commission number. The agents get 5 percent on the basic, and they get 12.5 percent of any of the optional coverages that they sell.

Mr. Leonard Evans: What was the corporation's thinking then of scaling it back?

Mr. Bardua: We were simply attempting to limit our costs in any way that we could last year in order to keep the rate reduction to an absolute minimum.

Mr. Leonard Evans: But you must have thought that this limitation that you had asked for was a reasonable one, and it must have been based on some research into these fees that were being paid out and the amount of service that was being given for those fees.

Mr. Cummings: I would just like to put one thing for the record that the corporation was not aware of what other cost-saving measures the government might be contemplating. His questions earlier about how we have attempted to limit some of the staff costs, the corporation at that time was looking for all sorts of means to change its cost and its overhead. They were not aware of some of the initiatives that government would have been undertaking, even though there might have been scuttlebutt around.

Mr. Leonard Evans: Mr. Bardua did not quite answer my question. I did not want to know what the rate of payment was to the agent, but I wanted to know what percentage of your costs—I do not know whether you look at agency fees as costs or reductions in revenue, however you do that. How much do you pay out in agency fees, or how much did you pay out in this past year? How does that relate to your total payout or your total costs?

Mr. Bardua: I would refer you to page 19 of the annual report. The commissions paid out in 1992 were \$19,087. The total of our expenses in that same column were \$57 million.

Mr. Leonard Evans: Well, it would seem to me that that is a very significant item. My impression is that it is unduly high and that the corporation was on the right track in wanting to limit increases, in fact, would try to reduce somewhat, fees.

I am not suggesting the agents should not be fairly reimbursed but, I think, in some instances there is very little service provided for a rather substantial fee.

I think back to the old days when you had an accident with a private system, it was not unusual for a person involved in the accident to phone his or her friendly insurance agent at 3 a.m. in the morning to ask for help.

The agent is off the hook, assuming he or she sells the policy on behalf of the corporation and has, really, no further work to do as far as I can see. All of the rest of the work is done by the corporation.

So that has to be taken into consideration. Would the minister or the president envisage then a limitation of agency fee payouts? Admittedly there is perhaps some change anticipated because of cycling of the renewals. You are suggesting that it is going to be more costly for the agents, but it

seems to me, I have a feeling that there is room to save money here.

Mr. Cummings: I think when discussions are ongoing it is a little unfair to say what the outcome of them is going to be. Mr. Bardua may have a perspective that he would like to add to that, but I just point out to the member that I indicated the discussions being underway, and what any meaningful discussion—and he is an advocate of negotiations—any meaningful negotiations are going to have to be of the nature that allows both sides to fairly comment, press their case and end up with what should be a proper agreement. The details of that the corporation will have to speak to.

Mr. Leonard Evans: When will the decision be made on this matter?

Mr. Bardua: The Brokers Association and the corporation both have appointed negotiating teams to look at the overall issue of agency compensation for the long term. That involves the conversion into staggered renewals and the ongoing operation of a cyclical or staggered environment, one with the automation that goes with that and so forth.

So we are substantially changing the way agents do their business, and that will all be taken into account by this group. Hopefully, I guess by the time we get around to actually staggering the renewals, we will have some sort of a compensation agreement hammered out.

Mr. Leonard Evans: Okay, so do you have some time frame in mind when this may be brought to a conclusion?

Mr. Bardua: By March of 1995, for sure.

Mr. Leonard Evans: Almost two years, I would like to, just passing on a bit, just a question about public meetings, these are carrying on. Last year we had some discussion as to how they could be made more effective. Can the president or the minister comment on whether they are satisfied with the response at the public meetings?

You know what I am talking about, I am talking about the public meetings that are advertised around the province, three or four communities, where people are asked to come forward, bring their problems and make suggestions.

Mr. Bardua: We held three meetings again this year, as required by the act. If my memory serves me, the total attendance was around a dozen people. So in terms of a cost-effective means of

communicating with the public, no, I do not think it is very cost effective. Am I happy with the results? No, I am not.

Nevertheless, it is a statutory requirement, and we continue to do it. We spent a considerable amount of money advertising both in the spoken media and the print media. Nevertheless, people have, I guess, conflicting priorities and they simply do not think it is important to come out and hear what we have to say and give us their views.

* (1110)

Mr. Leonard Evans: What time of the year are these meetings generally held? For example, what dates were they last year, approximately, you know, what months?

Mr. Bardua: Late April, early May.

Mr. Leonard Evans: Yes, because certainly I am sure some of the other MLAs can attest, around Autopac renewal time we are flooded with people who have all kinds of questions, well, specifically about their own individual case, but they also usually have some other very heated remarks to make. I have often told them that there are public meetings and they are advertised and you can go and tell your story as you see fit and make your recommendations. That is why I thought that if you held public meetings around that time of the year and they were well advertised, you might get a few more out.

Mr. Bardua: To quote the minister, I might be stupid, but I do learn.

Mr. Cummings: Could I add to the discussion on this? We did include it as a statutory requirement, partly at the insistence of the opposition of the day, but I think that it probably is a function of the fact that the corporation has had some modest increases. The calls that have been coming into the corporation have been largely based on concerns, at least the ones that came to my office and I am told a high percentage of those that come to the corporation, once explained to the inquiring public, they generally have left, if not happy, at least satisfied that there has been a fair hearing and an understanding of what goes into making up their rates.

So one would assume that, if the public was dramatically unhappy within a month of having paid their Autopac, that is not an unreasonable time frame for them to appear at the meetings. They,

frankly, have become almost an embarrassment, the lack of public participation and showing up at the meetings. That does not mean that they should necessarily stop, but it does tie up some fairly well-paid senior executives available on three or four nights across the province to only a handful of people.

I would suspect that the corporation could do things that would get more people out, but those are not the kinds of things we want them to do, because they are going to come out when they are upset about the function that they are involved in.

It leads me to the question that was raised earlier in this discussion today, and that is, when you talk about what Autopac means to the public, it is a basic minimum requirement to put a vehicle on the road. That is where I got to the part about the comparison of what is the basic minimum right, and I asked staff to go and bring forward this information. It is from the Comparison of Canadian Automobile Insurance put out by the Insurance Bureau of Canada. It does not compare the rates, but it does compare the coverages. That is equally as important when you start comparing the rates.

So, while in a general sense it makes sense to compare, it does not give you the kind of information that comes down to actually talking about what you are getting for your dollar. The corporation, since changes in 1988, has accomplished much credited track record in how it has been able to handle its affairs and, at the same time, communicate to the public what is going on. The calls that come in primarily have been of an informational nature rather than an out-and-out disagreement or unhappiness with the program.

Mr. Leonard Evans: The point of these public meetings being required not only of MPIC, but also of Hydro, Telephones, and I am not sure who else, was to enhance public accountability, to enhance democracy if you will.

There has always been the criticism that you set up the corporation—and I am not talking about MPIC specifically—you set up a Crown corporation in some jurisdiction and then it runs off on its own and does its own thing because it has a monopoly, let us say, and there is not sufficient control, there is not sufficient accountability to the public. This was the idea of these meetings. I guess no news is good news. In other words, if very few people show up, it would indicate a degree of satisfaction.

I think, generally, the people of the province are well served by Autopac, and I think they are generally satisfied. There is always specific complaints we all have from time to time about all programs and also about private companies as well. Have you ever tried dealing with some of the banks sometimes? I mean this is like conglomerate corporations, almost faceless, and you wonder who you can talk to in them sometimes.

I would like to ask, talking about accountability, what about the Crown Corporations Council? It has a jurisdiction here. I mean, what is the relationship now between the corporation and the council? Do you meet with the council board from time to time, or do the staff have access to your books and review them and make analyses, et cetera?

Mr. Bardua: I believe we have a very good relationship with Crown Corporations Council and their staff. Their staff have done a number of analyses of corporation functions and reported to our board of directors, in addition to which the corporation senior executive and chairman appear, at least annually, before the Crown Corporations Council Board and give them a report on our current activities, our current strategic plan, where we see our difficulties and what our plans are to overcome them.

So I believe that Crown Corporations Council is serving a useful function in that sense, and I think our relationship is good.

Mr. Leonard Evans: Has the Crown Corporations Council been consulted, or has there been any liaison with that council with regard to the question of implementing a no-fault insurance plan?

Mr. Bardua: Only to the extent that it is our No. 1 strategic priority, and we have indicated to them what our plan is and how we intend to implement it.

Mr. Leonard Evans: I would imagine that they do not have any role as to whether you should proceed or not, or would they be inclined to comment on whether you should make such a major policy change?

Mr. Bardua: They have not made any comment, and I do not believe they have a role in that area.

Mr. Leonard Evans: They do not have a role in the area? I am not sure then what is the mandate of the council. There is a bit of confusion here,

because I know the corporation is accountable to a board and a minister, and at the same time there is the council out there with some legal relationship to the corporation.

Mr. Cummings: In fairness to the corporation the council did express its concerns about the projections and particularly the loss of the rate stabilization reserve and to that extent made their views clear about there needed to be some action.

If that is the type of communication that the member is referring to then certainly we have had that. But I am not sure that I quite follow his question.

Mr. Leonard Evans: The question is that the corporation is about to embark on a very major change in its system and that it has a bearing on its net revenues, therefore you would think that the Crown Corporation Council, which has some responsibility and some mandate to be concerned about the viability of the corporations, would therefore have something to say.

Mr. Cummings: In the context that I stated, yes, but you were asking policy area. Therefore Mr. Bardua's comment was correct. But the difference is between the policy and the financial observations that the council made.

Mr. Leonard Evans: Mr. Chairperson, I would like to talk about a few matters relating to the no-fault system that is being proposed because it has a very important bearing on the future of the corporation.

* (1120)

I wanted to know very specifically, because I know the minister was very negative about this last year, in effect that we would never see the light of day of no-fault. But at any rate, did the government or did MPIC do any polling to enquire about this subject? Has the government been engaged in any polling regarding the no-fault insurance system?

Mr. Cummings: No.

Mr. Leonard Evans: Has the corporation been engaged in any polling regarding no-fault insurance?

Mr. Bardua: [inaudible]

Mr. Leonard Evans: So it is not a matter of responding to some sort of public perception or public will out there?

Mr. Cummings: Well, as the member is well aware I have always approached no-fault with some skepticism in terms of my own view that there hopefully were other ways that would lend us capability to be able to deal with this phenomenon that has become increasingly apparent in terms of inability of insurance companies to contain personal injury costs or bodily injury costs.

My view has gradually come around to the acceptance that if we want predictability for the public—and that is why I take some umbrage at the questioning of the ability of the corporation to put information out there quickly at the time of the policy announcement that we were going to eliminate tort for these automobile bodily injury claims, because the fact is that we have been convinced that this is the only predictable system. Predictability is something that, as a politician, I believe the public is demanding in this area. It is a basic minimum requirement to put a vehicle on the road. Combine those two thoughts, then this is the best approach.

Mr. Leonard Evans: Mr. Chairperson, could the minister or the president indicate how much money has been spent so far on advertising the no-fault proposal? There is one pamphlet I know. I do not know about others, but there has been some advertising and so on. I am wondering if the president or whoever could give us that information.

Mr. Bardua: Between \$90,000 and \$100,000.

Mr. Leonard Evans: Mr. Chairperson, what was the basis of wanting to put out this information at this time in this way? You know, why spend any money on advertising?

Mr. Bardua: The corporation felt it was important that the public receive something from the corporation indicating what the changes being proposed were in order that they have accurate information as opposed to just hearing about it either through word of mouth or perhaps on the media.

Mr. Leonard Evans: Has the corporation—I know they have invited the public to respond by asking questions and making comments over a telephone line. Could the minister or the president indicate what kind of a response they have had?

Mr. Bardua: The response has been relatively slow. I would suggest we have had fewer than

1,000 calls in that respect. I might have some more up-to-date information. Just give me a minute.

I am informed we had roughly 500 calls in the first week, and it has been tapering off ever since.

Mr. Leonard Evans: What have been the nature of the calls? Are they simply inquiries for information, or do they give an opinion?

Mr. Bardua: Most people express some sort of opinion, but by and large, they have been calling to get more information.

Mr. Leonard Evans: My impression is that some of the people that have phoned me as an MLA tend to have very strong views and they are very suspicious of what is happening, because these are people that have been involved in accidents, generally speaking, or have friends or relatives that have been involved in accidents. They are worried that they will not be adequately compensated, which brings me to the point about the add-on insurance.

I appreciate the fact that you have taken some kind of an average here. I think \$55,000 gross income as being a reasonable figure because it covers 90 percent of Manitoba wage earners, which is fair enough. But the reference is made to add-on insurance, that if you are in a higher-income category and you want additional protection, you can buy add-on insurance.

I believe Judge Robert Kopstein made a recommendation in his report, too, as this is a type of a system where you provide a basic coverage, no-fault, and then beyond that, you could buy add-on insurance, and I can use that—or an extension.

Why does the corporation not—and I ask this very seriously and intensely—why does the corporation not offer that add-on insurance? I am not saying in a compulsory way, but why not in a competitive way? Why is that just being left to the private sector?

Mr. Bardua: Well, initially, we do not know what the market is going to require. We looked at the Quebec situation and found that there was not a great deal of demand for it. That product is already available. I think anyone, irrespective of their level of income, needs to consider the possibility that they might be injured not only in an automobile accident but in some other manner which would result in their losing their ability to earn an income.

Given that the product is already there and that we have a pretty full plate as it is, we did not think it was appropriate for us to get into that business at this time. If there is a demand and if the private sector does not respond, we will have to take another look at it.

Mr. Leonard Evans: Well, I am sure the private sector will respond, because it is additional business out there. The mandate of MPIC is not necessarily restricted to automobile insurance, as the president may know. There is nothing illegal about the corporation offering additional liability type of insurance, additional protection over and above, if it so deems—[interjection] Well, I am talking about the corporation offering this extension insurance which is done in the market system, which is done in a competitive arena.

Has there been any study of this? Has there been a serious look at this?

Mr. Bardua: Well, there has been no study. It is a pretty specialized field. You realize, of course, that if we offer it, we will only be able to offer it in terms of automobile accidents. As I indicated earlier, I think that the real market here is for disability insurance, accident insurance that goes beyond what can happen to people involved in an automobile accident. So it is probably an area where we do not have a great deal of expertise, and at a time when we are trying to implement a lot of change, that is another change that we just do not need.

Mr. Leonard Evans: You could offer a policy that is strictly limited to the automobile accident, as opposed to the more general insurance.

Mr. Bardua: Yes, I am aware that could be done, but at the present time we have no plans to embark on that kind of a program.

Mr. Leonard Evans: Have you received a directive from the government not to enter into this area?

Mr. Bardua: Only in the sense that we indicated we would not be going in that direction and we received no contrary instruction.

Mr. Cummings: Could I add some thoughts on this area, Mr. Chairperson? The fact is that the corporation, in offering extension insurance today, becomes, in some cases and sometimes as a result of promotion by private industry, somewhat exposed to becoming the insurer of last resort

when you are buying your extension at the counter. The only protection that the corporation has is the rating of the driver that is there through their merit and demerit system.

* (1130)

We have a system today that, frankly, allows people to get insurance based on a broadly based program that spreads the risk out that people with certain driving records would have increasing difficulty in terms of expenditure, or certainly dramatically increased costs in other jurisdictions.

So the corporation is not backing away from its responsibility in terms of the existing programs, and as Mr. Bardua said, this is an area that probably will need to be watched. But the reference point that we have used in Quebec does not indicate that it is a huge market, that there will be an inability to be serviced without changes being made in the corporation.

Mr. Leonard Evans: Well, there are some people who believe that this is a window of opportunity for the private insurance sector, that it is a method of sort of undermining the corporation and that it is a step towards privatization.

I want to ask the minister: Is the government considering any privatization of MPIC?

Mr. Cummings: No.

Mr. Leonard Evans: Mr. Chairperson, we are on record as favouring the no-fault system in principle. I have two concerns about this plan, two major areas, and the two major areas would lead to some questions about this plan. I have two major areas of concern.

One is the categories of reimbursement or categories of payout to the public, especially certain occupations and certain age categories. I am thinking of students, I am thinking of people over 65 where there seems to be—you sort of assume that they cannot work beyond 65, or many will not be working at 68, 69, 70. It seems to be there are going to be more and more people working longer and longer in our society just because of the changing nature of the demographics of our society, that we cannot afford everybody on pension at an early age, or at 65, and that you are going to see people working longer and longer.

There is an assumption here—excuse me, and correct me if I am wrong—that there will be no

income reimbursement after the age of 68, even though that individual may have been gainfully employed and was prepared to continue working. Likewise, the role of homemakers and the services they provide, although they are not compensated as we are in the marketplace, so we go out and work. Nevertheless, they are performing a valuable—[interjection] Well, I would like to have that explained because that is the concern we have.

I am giving these as examples: the seniors, the homemakers, some reference also to students. So that is one concern, the payout to certain categories, that we have to ensure that we are treating everybody fairly.

The other area of concern is with regard to appeal. I believe that it is essential that there be a fair independent appeal process. No matter how well-meaning the staff in the corporation may be, nevertheless there has to be an independent appeal process. I know there is reference to this in the legislation, but I would like to ask the minister or the president how this compares with the Workers Compensation Board.

Because the Workers Compensation Board, as I understand, has an appeal setup. They have appeal commissions where there are three representatives: one is the public interest representative; the other is the client representative; and the other would be the employer, in this case, the MPIC representative. So that there is opportunity for representation from the claimant, as well as MPIC, as well as the public interest representation.

What I am concerned is that the appeal commission may not allow that claimant to have his or her day in court, so to speak, with proper advice, as you are given with the Workers Compensation Board. There is a setup, a worker advisor who is available. So I guess my general question is, have you looked at the Workers Compensation Board setup to see whether there is anything to be learned there in terms of the proper appeal processes?

Mr. Cummings: There were several questions that the member put forward. Perhaps I could have the corporation respond to the earlier part of the question, then I will deal with the appeal board. You had some questions regarding the benefits,

and we could put some of that information on the record.

Mr. Bardua: As I understand your concern with respect to seniors, if a person, irrespective of age, is earning an income, there is an income replacement indemnity provision. [interjection] Irrespective of age.

Mr. Chalrperson: Order, please. I would remind all members that Mr. Bardua is trying to explain a question for the honourable member for Brandon East. Mr. Bardua to continue, or Mr. Evans on a clarification on a question.

Mr. Leonard Evans: An interjection just to help with the answer, to make sure I understand what Mr. Bardua was saying. So if someone is 75 and was gainfully employed as a lawyer, a doctor or a ditch digger or whatever he or she was, or a farmer, he or she would be compensated according to the formula in regard to that person's income, regardless of his or her age.

Mr. Bardua: That is correct, and then the amount of income replacement would be reduced by 25 percent per year, so that after the third year it would be reduced to nil.

Mr. Leonard Evans: That seems to me to be making a presumption that that person, say 70-year-old person, after three years was not going to continue working. I do not see the rationale of that, and I wondered whether the minister or the corporation would reconsider that, because while we are supporting this in principle, there are these detailed arrangements or suggestions that we have come concern about. Again, it is a matter of equity—equity to the people, fairness to the people, and it seems to me that could be an element of unfairness.

Mr. Bardua: The presumption that you make is correct, and the difficulty of course is that if somebody, if anyone became permanently disabled at any age, they would automatically indicate that they planned to work until they died, which means that you would have everybody on the income replacement formula from the time they were injured. Assuming they were permanently disabled and unable to work, they would be on this plan until they died, and the costs could become prohibitive.

Mr. Leonard Evans: As I understand it, there is no plan to scale down percentage-wise a younger

person, say someone in his thirties who unfortunately has the accident and then is compensated. I mean, there is no plan then to after three or four years scale down the compensation. I understood it was a payment for life.

Mr. Bardua: When they reach 65, it will be scaled down, yes.

Mr. Leonard Evans: So that is the magical scale now. Well, that is something that I hope the government and the corporation would reconsider. I guess this is why the Manitoba Society of Seniors is raising some concerns about the no-fault scheme. They have had articles in some of their issues about no-fault and the discrimination against seniors. We should look very, very carefully and ensure that we are not discriminating against a section of society of which we will all be some day, but is growing, percentage-wise, and in which, as I said, people work to their sixties and their seventies and even beyond in some cases.

Mr. Bardua: In reviewing the benefits proposed, we determined that, to the best of our knowledge, there are no disability plans in place which provide income replacement beyond age 65. In fact, what we are proposing is somewhat richer than you can get anywhere.

Mr. Leonard Evans: What about housewives? I thought the minister was sort of nodding they were going to be well looked after, but I am not sure.

What would happen to a homemaker who never worked out of the home, never planned to work out of the home perhaps? She had three or four children and wanted to be at home with her children and was unfortunately disabled because of an automobile accident and therefore could not look after the children. She received no income, so there is no income, per se, compensation, unless the corporation or the insurer would deem an income level and pay in accordance with some deemed income.

* (1140)

Mr. Bardua: For the first six months the homemaker is entitled to child care expenses, depending on the number of children, somewhere between, if my memory serves me, \$290 and \$350 a week. Following the six month period, the corporation and the injured person will sit down and take a look at what possible occupation this person could have held outside the home, and an income

will be deemed for them. If that proves to be more beneficial, income replacement will be paid based on that deemed occupation. However, if the current level of benefits for child care exceed that, then they can elect to stay on that system.

Mr. Leonard Evans: Therefore, the person, if they elected to stay on the child care system, would continue to get that until when, until the children are 16 or 18 or 14?

Mr. Bardua: I am not sure of the exact age, but 16 I believe is the age.

Mr. Leonard Evans: Sixteen. So after that then there would be no payment whatsoever to the woman.

Mr. Bardua: Not for child care, but there could be a deemed employment.

Mr. Leonard Evans: Would that person have the ability to switch from a child care option payment to a deemed income payment partway through, or did she have to make that decision at the beginning?

Mr. Bardua: A change can be made at any time after six months.

Mr. Leonard Evans: Therefore, it would probably be to the advantage of the injured woman—let us say it is a woman homemaker—after her children became a little older, to switch to the income replacement system. Therefore, would that be paid for the rest of her life?

Again, just a second question which you can answer at the same time. How do you calculate what kind of an income that person would be entitled to? Maybe she never worked out of the home. Perhaps she raised the children from early on in a marriage and never did work outside of the home and really did not have any occupational training—there are people in that category—nor maybe necessarily any occupational ambitions, at least at that stage of her life.

Mr. Bardua: One would have to look at the person's specific circumstances, education, previous experience, general ability to do other work prior to the accident. It will be somewhat objective, but also somewhat subjective. The minimum wage will be the minimum.

Mr. Leonard Evans: It will be the lowest?

Mr. Bardua: Yes.

Mr. Leonard Evans: Forty hours a week. Any holiday time?

What about the student category? Mr. Chairperson, I just want to make an editorial observation here. I think this information is very useful for expediting the process that we will be involved in the next couple of weeks.

What about the student category? I have heard some people concerned that we are not treating the students as fairly as we could. I do not have all the details again. That is the problem of how you anticipate, because you cannot get it all in here.

Could the president or someone elaborate as to how a typical student may be handled or insured or compensated for, let us say, in terms of a permanent disability caused by an automobile accident, so that person might not be able to pursue his or her profession? Let us say that he or she was training, say, at the university and, therefore, confined to a wheelchair, maybe very limited or maybe worse than that, maybe just not have any ability to carry on with what he or she had been training for previously.

Mr. Bardua: Well, students from kindergarten to Grade 8 who are not able to complete the school year and move on and, therefore, have to repeat a school year will get \$3,400 per year. So if a student misses two years, has to repeat two years, there will be a \$6,800 lump sum payment. Students in Grades 9 to 12 will get \$6,300 a year. So under that same set of circumstances, they would receive \$12,600 if they missed two years.

In post-secondary education, they will get \$6,300 per term to an annual maximum of \$12,600. So a student set back two years would get roughly \$25,000.

Mr. Leonard Evans: What about the case of permanent disability?

Mr. Bardua: Well, in the case of permanent disability, we will have to determine an income for those people beyond their school life and pay income replacement based on that.

Mr. Leonard Evans: Do you have the experiences of other insurance companies to draw upon for that? I am sure that is what you have been doing.

Mr. Bardua: We do indeed. Of course, you are dealing with a very, very small number here, hopefully. We do not want people to find

themselves in that situation. The plan, of course, is designed to try and take those circumstances into account. I believe there is enough flexibility built into the plan to enable us to do that. Experience will of course be the best indicator of whether we are successful.

Mr. Leonard Evans: This brings me to the question of some cases and going back to Workers Compensation Board experience where there is a need for medical reviews and there are questions of degrees of disability and so on. How can we be assured of independent medical reviews? The system of the Workers Compensation Board has been criticized in the past, that the Workers Compensation Board does not necessarily take the view of the employee, in this case, the client's doctor. There is a question of getting an independent medical review, and quite often the Workers Compensation Board designates a doctor who sometimes has been accused of not being very sympathetic to the claimant. So how does the president envisage the independent medical review being able to take place?

Mr. Bardua: I suppose we will suffer from some of the same problems. It is hopeful that the internal review mechanism and the independent review mechanism will provide sufficient opportunity for the injured person to present their own medical evidence, along with any other medical evidence that might be available, to allow this group of wise men, if you will, or wise women, to come up with the appropriate decision that will be in the best interests of the injured person. There are no guarantees because of human frailty, but to the extent that we can, we are trying to design the system in such a way that people will get every opportunity at an independent review and appeal.

Mr. Leonard Evans: There is an independent review as such, but I was asking about the role of the doctor. I mean, who do you depend on? I mean, in many cases it is black and white, there is no problem, but there are these gray areas, and this is where the question of equity comes in. Whose medical advice do you get? Any doctor who is available to give an opinion, or will you have a doctor on staff? Will there be a designated medical office, doctors' office, a group of doctors that are available for these independent assessments?

Mr. Bardua: I expect all of the above. The claimant will, of course, have his or her own medical advice. The corporation will make use of independent medicals where we will refer people to doctors that we have some experience with, and assuming they all come up with the same answer, there is no problem. Where we have a difference of opinion, of course, it will have to be submitted to some sort of arbitration or mechanism to determine who is right and who is wrong.

Mr. Leonard Evans: The appeal commission itself—as I read the legislation, the government will by Order-in-Council appoint a commission. Will that commission be directly responsible to the minister or to the chairman of the corporation?

Mr. Cummings: The legislation is intended to have the Minister of Consumer and Corporate Affairs be the minister through which that body would report to the Legislature. The appointments would necessarily flow from that office as well.

Mr. Leonard Evans: I am very pleased to hear that. The other question then related to that, the payment to the board or the cost of running the appeals commission, will that come out of that particular Department of Consumer and Corporate Affairs?

Mr. Bardua: No, the legislation calls for it to be paid from the Consolidated Fund with the corporation being assessed the amount to be paid into the Consolidated Fund.

* (1150)

Mr. Leonard Evans: That is fine. That answers that question. I will ask the question, have you looked at the Workers Compensation Board setup for an appeal body? As I understand it, they have appeal commissions with, as I said, these three representatives: the public representative; the claimant's representative; and the Workers Compensation Board, that is the employee representative; and then the employer's representative, which would be MPIC.

Have you looked at that at all, that would be specific appeal committees or commissions?

Mr. Bardua: Well, when you have representatives appointed on that basis, I think it leads to an adversarial kind of relationship and decision-making process. What we are trying to find is a completely independent review mechanism where

no one has a particular axe to grind and no one has a particular vested interest.

The injured party submitting the appeal will have every opportunity to bring along their own representatives in order to make sure that they are heard, and their evidence is put forward in the best possible way.

Mr. Leonard Evans: In some cases, I do not know where the person would have had the financial wherewithal to bring a representative; in other words, whether it be a lawyer or some technical expert.

In the case of the Workers Compensation Board, some years ago, Mr. Jay Cowan, when he was Minister responsible for Workers Compensation Board—do you remember that person?—we set up a worker advisory system which is still in place. In other words, these are people who are technically competent. They have access to the files, the Workers Compensation Board, and they are available to work for the employee—the injured worker—and to advise him or her, he or she, and to come before the commission on behalf of that injured worker, along with the injured worker, if necessary.

I was wondering whether you had given any thought to that, or would give some thought to that, the availability of some kind of advisory system for people who are wanting to appeal. Again, I am thinking of how—because let us face it, there are some people who are not articulate enough or not versed enough in technical details, in reading contracts, et cetera, and are not in a strong position to put forward their case in appeal. They could hire a lawyer, but I mean this is something I believe we are trying to minimize, to the confrontation and the use of legal profession.

Mr. Bardua: The only provision that we have made in terms of covering the costs of the individual making the appeal is that we will look after their independent medical costs if they need to bring a doctor or evidence from a doctor.

I guess there are lots of different ways to structure this. The people who drafted this legislation, looking at the way it works in Quebec and so on, felt that this was an appropriate kind of appeal mechanism. History will probably tell as we go on through the process and get a few appeals, down the road some modification may have to be made. We think this will work.

Mr. Leonard Evans: Well, that is a very good point. We do not have to have it fixed in stone. Hopefully, as one has experience, as government and the corporations experience, modifications can be made and should be made if one is being rational.

Mr. Cummings: If I could just add to the discussion. It seems to me that we have made, through the provisions of the legislation, a very—what I think—sincere attempt to make sure that the commission is independent, and the independence of the chief commissioner by protecting their tenure.

We obviously cannot give you a name of an appointee, but I have indicated very clearly that what we will be looking for is someone of very high calibre and respect who will be installed in an independent fashion so that anyone appealing to the commission will have comfort that they are not there to work for the corporation. Their connection will not be to the corporation. They will be completely independent.

You look at the model that we struck in terms of our legislation. We had to embark on a little bit of a separate route because we were not following precisely the model that is used in Quebec, because they have a multidisciplinary appeal commission that deals with a lot more than just their Autopac review, or their equivalent of our Autopac. It seems to me that this has struck what is as good a balance as one can fairly expect. We look at the rent review commission and other models where we have attempted, and I think successfully, to make sure that the commission is independent and, therefore, a person should not have a problem appearing in front of it.

Mr. Leonard Evans: I would really strongly recommend that the minister and the management of MPIC look at the Workers Compensation Board of Manitoba, because they have many years of experience in appeals, and look at their administrative setup.

I know it is a different type of problem, but they are dealing with injured people. There are a lot of complaints and so on, but they have had many, many years of experience, and it would seem to me—and it goes way back, I think back to World War I, the Workers Compensation system. So they do have, as I said, this setup where three parties—the public interest party and then the

claimant and then the corporation—are involved on these so-called appeal commissions.

Just a couple of other points on this. The other thing is the advisor, like the worker's advocate—I was just saying that as the possibility of sort of an advisory office of some kind that would give a client or a claimant some information and assistance so they could be in a better position when they have their appeal heard, when they make their case to the appeal panel.

The other point on the Workers Compensation Board is they have a fair practices advocate, otherwise known as an ombudsman. They have actually set up an ombudsman within the corporation. They have done that in response to the continual criticism about the lack of fairness of the board in dealing with its claimants. So that is something else that could be considered, where someone could complain. I suppose you have that now in your vice-president of communications and PR, et cetera—there he is. But they do have what they call an ombudsman, actually. They refer to that person as an ombudsman, a fair practices advocate.

That is something that could be, not necessarily hiring anyone else, but you could make it known that there is an office or there is a number that you could phone to contact to get advice or to make your complaints known about the system. This is what happens anyway with most MLAs. They have to end up phoning somebody, the corporation, yourself or Mr. Newton or somebody to say, my God, we have this problem, how do we cope with it, and try to be helpful, not try to be obstructionist or anything like that.

The other point is, what about access to claim files? Has the president given any thought to that, Mr. Chairperson? That is so that the person could have enough information in writing that he or she could review to deal with the appeal process.

Mr. Bardua: The independent review commission has access to all of the information that the corporation has. In addition to that, the individual filing the appeal following the internal review has to be given all of the reasons for the decision in writing. So, to that extent, they will be well informed.

Mr. Chairperson: I would like to just seek some—

Mr. Leonard Evans: I just have one question. Just one more question on this. Can the corporation give me some information as to the problem of excessive costs? The point here is to get a handle on the escalating costs. They are going to the moon, we understand that, and a lot of excessive payments being made, et cetera, I understand that. But those payments are for reimbursement, or whatever the term is, of the claimant but also for legal fees. Could you give me some idea of, say, the cost-saving that you anticipate? How much will it be saving in compensation paid out and how much will it be in legal fees?

* (1200)

Mr. Bardua: I can only speak in terms of legal fees as to what the corporation spends, because I have no idea of what the plaintiffs' lawyers charge or what the dollars are that are going into the outside bar. In terms of overall compensation, we anticipate that these benefits will result in a saving of approximately \$50 million in our claims costs.

Mr. Leonard Evans: I just want to get that clear then. Fifty million dollars is saved that is in claims costs, so you do not know—because the point was made that a lot of, and in the Kopstein report, costs were legal and the litigation and the court costs. So do not we have any idea of that as opposed to income going to the injured party?

Mr. Bardua: No, we have really no way of estimating that. I guess we could guess at it, but your guess is probably as good as mine. It varies from case to case.

Mr. Leonard Evans: I appreciate what Mr. Bardua has said. It seems to me, and I do not have the book with me, but Kopstein does refer to excessive litigation and legal costs and the tort system, the actual legal cost, causing the increasing costs of the corporation as opposed necessarily to the payout to the injured parties.

Mr. Bardua: Again, I would not like to speculate. It would be folly, I think.

Mr. Chairperson: At this time being twelve o'clock, I would seek some guidance from the committee as to whether the committee rises or we continue on until 12:30.

An Honourable Member: Let us set a date.

Mr. Chairperson: Is it the will of the committee to rise at this time and consider it at a future date?

An Honourable Member: Yes, committee rise.

Committee rise.

Mr. Chairperson: The time being 12:05, is it the will of the committee? Agreed.

COMMITTEE ROSE AT: 12:05 p.m.