



Fifth Session - Thirty-Fifth Legislature

of the

Legislative Assembly of Manitoba

**Standing Committee
on
Public Utilities
and Natural Resources**

*Chairperson
Mr. Marcel Laurendeau
Constituency of St. Norbert*



Vol. XLIII No. 3 - 10 a.m., Tuesday, May 24, 1994

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
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ERNST, Jim, Hon.	Charleswood	PC
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EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
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GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
KOWALSKI, Gary	The Maples	Liberal
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
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MALOWAY, Jim	Elmwood	NDP
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MARTINDALE, Doug	Burrows	NDP
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McCRAE, James, Hon.	Brandon West	PC
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES
AND NATURAL RESOURCES

Tuesday, May 24, 1994

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

**CHAIRPERSON — Mr. Marcel Laurendeau
(St. Norbert)**

ATTENDANCE - 9 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cummings, Enns

Mrs. Carstairs, Messrs. Leonard Evans,
Laurendeau, McAlpine, Pallister, Reimer,
Rose

APPEARING:

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

MATTERS UNDER DISCUSSION:

October 31, 1993, Annual Report of the
Manitoba Public Insurance Corporation

* * *

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

This morning the committee will be considering the October 31st, 1993, Annual Report of the Manitoba Public Insurance Corporation. Did the minister responsible have an opening statement and would he please introduce the representatives present from MPIC?

Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Mr. Chairperson, I am pleased to present the 1993 report and I will begin first of all by introducing the officials who are with me.

First of all, beside me is Mr. McCarthy, the Chairman of the Board of Directors. Beside him is Walt Bardua, the President and General Manager. I have also with me Mr. Barry Galenzoski and Mr. Peter Dyck, Mr. Jack Zacharias, Mr. Kevin McCullough and Grahame Newton and David Kidd who is Vice-President of Insurance Operations.

I will begin my report and keep it fairly brief, Mr. Chairperson. The '93 report covers the fiscal year November 1, '92 to October 31, '93, and provides details on significant financial and operational highlights. During the year, the corporation displayed considerable efficiency in coping with an increase in the cost of Autopac claims made by Manitobans. In fact, the corporation was able to reduce Autopac's year-end operational net loss to \$2.8 million from more than \$27 million.

An important event of the '92-93 fiscal year was the government's introduction and subsequent passage by the Legislature of a bill to implement no-fault injury compensation. However, we should note that the Personal Injury Protection Plan, as it is now called, was not implemented until March 1, '94 because all injury claims noted during the year under review did occur under the previous tort system.

I would like to also draw to the committee's attention several important points in the financial statements. The Automobile Insurance Division Statement of Operations includes financial results from both Autopac basic and extension operations and from Special Risk Extension or SRE. These business lines were combined in 1992 to allow for a better integration of products and to simplify the financial reporting. SRE, which offers specialty

vehicle coverages in competition with the private sector, recorded a net income of \$4.6 million. Combined with Autopac's net loss of \$2.8 million, the overall divisional result was a net income of \$1.8 million.

Committee members may recall from the last hearing that financial results from discontinued General Insurance lines pre-November 1, '92, SRE results are shown separately as required by law under the General Insurance Division. The discontinued lines recorded a net loss of \$423,000, while the SRE runoff recorded a net income of \$6.7 million.

I would like to invite committee members to direct any questions on the '93 report. I will then direct them to either Mr. Bardua or Mr. McCarthy to assist me in responding.

This committee met to review the '92 report in June of 93. We would also be prepared to answer any remaining questions about that report. I propose that possibly we could pass these reports by the end of this meeting.

Thank you, Mr. Chairperson.

Mr. Chairperson: We thank the minister. Does the critic for the official opposition, Mr. Evans, have an opening statement?

Mr. Leonard Evans (Brandon East): I thank the minister for the opening statement and the information he has provided to us.

I think that there is no question that the introduction of no-fault insurance during the last Legislature was probably one of the most significant changes made in the MPIC mandate and operations and challenges it confronts since it has been established some years back. We, as members of the committee, appreciate that the official opposition voted with the government in this matter, because we believed in the principle of no-fault insurance. Although we had some differences on specifics, that is inevitable. Nevertheless, in general, we agreed with the direction that the government and the corporation were taking in introducing this.

I see that the province of Saskatchewan now is in the process of introducing it. I do not believe the

legislation has yet passed. I think they are still in the process, and there are the same types of opposition I see that they are confronted with as we were confronted with last year. Particularly with the Saskatchewan Bar Association, I see particulars of great opposition.

At any rate, we will have questions about the no-fault, how it is working; we would like to get some details on some aspects of it. We have some other miscellaneous items we would like to pursue, and we would also like to get an update on the drivers education situation, which was a matter of controversy some months back.

Thank you.

Mr. Chairperson: I thank the member for that. Would the critic for the second opposition party, Mrs. Carstairs, have an opening statement?

Mrs. Sharon Carstairs (River Heights): While I do not really want to get into a discussion of no-fault, I think it is clear where the Liberal Party has stood on that from the beginning. I do want to, however, address some of the comments in the president's own message, which says they are to protect Manitobans from the human and economic costs out of automobile accidents. I think, quite frankly, that is in total conflict with the present policies and directions of MPIC.

I would like to hear from the president as to how he feels the message that he has given in this 1993 report is reflective of present policies of MPIC.

I am also concerned with what has happened to MPIC, both in the lack of publication of recent changes to the corporation and the concerns the public are now expressing that they did not have sufficient knowledge of what was happening to them. I would also like to discuss the recent appearances before the Public Utilities Board, in which, quite frankly, there was a rollback, it would suggest to me, of the policy which had been enunciated by the corporation but which the PUB was unwilling to accept. I think those things are irrelevant to the operation of MPIC in today's community, in terms of the president's message, that they are indeed primarily interested in protecting Manitobans from the human and

economic costs of automobile accidents. That is where I will be leading.

* (1010)

However, I think just for purposes of clarification and because the member to my right asked me the question and I could not give him the answer, after the chairman's message, there is a whole list of board of directors, which all makes sense, but then there are a lot of stars, circles, dots, whatever. None of us know what any of those mean.

Mr. Chairperson: I thank the member for that.

Although the 1992 MPIC report was not referred to the committee this morning, this report is still outstanding. The committee could, by unanimous consent, consider and pass the 1992 report this morning. Is there unanimous consent to pass the 1992 to clear up old business?

Some Honourable Members: Agreed.

Mr. Chairperson: Shall the 1992 Annual Report of MPIC pass?

Some Honourable Members: Pass.

Mr. Chairperson: The report is accordingly passed.

We now move on to the—would the committee prefer to just deal with it in its entirety then, the 1993?

An Honourable Member: Yes.

Mr. Leonard Evans: I think a flexible approach is more productive and probably more efficient in terms of time as well, and as usual, it is impossible to confine oneself exactly to the particular year under review because we are all concerned with current events and current problems. It is an obvious question for members of the public and members of the opposition to ask the government and the corporation as to how the no-fault system is working.

I appreciate it did not come into effect until March 1, but we have had now almost three months of operation, and I was just wondering, just generally speaking, is the minister or the chairman or the president satisfied that the system is working more or less as had been anticipated?

Mr. Walter Bardua (President and General Manager, Manitoba Public Insurance Corporation): I guess the short answer to your question is yes, it is working more or less as anticipated. We are seeing a rather substantial reduction in the frequency of injury claims being reported to us, and we anticipate that, while it is still very early to tell, that will continue.

As you rightly pointed out, the new system came into effect on March 1, so we really only have two financial months under our belt, and it is pretty early to make any predictions.

Mr. Leonard Evans: Mr. Chairperson, Mr. Bardua mentioned a reduction in claims. I wonder if he could elaborate on that. I want to be sure I understand what he was saying there. There has been a reduction in the number of claims made for bodily injury. Was this the statement?

Mr. Bardua: That is correct. That was the statement that was made.

Mr. Leonard Evans: Would you say that is because of just the fortuitous circumstances, that is, we have had fewer accidents on the highways and so on, or is it because people understand there is a new system and are not pursuing claims that they might under the old system?

Mr. Bardua: The no-fault system was designed to eliminate a lot of the smaller claims and claims for pain and suffering, and it is having that effect. So that is the reduction in the frequency. We are not seeing a reduction in the number of accidents on the road.

Mr. Leonard Evans: Unfortunately, we are not seeing the reduction in accidents, so that is too bad.

At any rate, ultimately, all of us anticipated that if the system was to work and to have the impact we thought it would, we would bring about more equity, more fairness, for the motoring public and for the public in general, but also to reduce costs for all kinds of reasons, and that would then translate into, hopefully, reduced rates. There were statements made to that effect by the government, and I believe the MPIC itself did apply to the Public Utilities Board for a 3.4 percent average decrease in rates. If I am wrong, I would like to be corrected. I am not trying to mislead anyone. It just

seemed to me that this was what I read, a 3.4 percent decrease in rates, but the Public Utilities Board did not agree with this, but rather directed that any savings from the new system be placed in a reserve rather than be passed on to motorists.

So I wondered if the minister or the representatives of MPIC could comment on that. I would like to know why, but I suppose your answer would be, well, we cannot explain the thinking and the logic of the Public Utilities Board. It is their responsibility, but I would presume that they did outline reasons for this. I would just like to get some clarification of that issue, and is this the case? Are you now placing these funds into a reserve, any savings, so called?

Mr. Cummings: I will respond briefly and then allow Mr. Bardua or Mr. McCarthy to expand if they wish, but I think quite simply, interpretation of the bottom line for the PUB was that they were pressing for a higher amount of money to go into reserves, and the corporation had some higher degree of confidence in where the industry, where the corporation would be going in the next year. It is really quite simple in that respect.

There was some disagreement over other minor or less important issues that were part of the decision, I think, but the corporation had a high degree of confidence in where the reserves were likely to go and felt that they were prepared to pass on some of those savings. So the net result was that, rather than a decrease being passed on, the status quo was maintained, and which was not something I was unhappy with, but I was unhappy with the debate that swirled around it. In my view, some interpreted it as a reflection on the rate-making process, and that was not the way I viewed it. I suppose we will all be waiting to see how the figures unfold, even though this year's Public Utilities hearing would still be very early in Personal Injury Protection Plan to be able to have a—certainly it will not have a full year behind it. Perhaps Mr. Bardua would like to elaborate a little bit further.

Mr. Bardua: Perhaps I can put the whole thing in some sort of context. You will recall that initially we made application to the Public Utilities Board,

still under the tort system, for a 9.5 percent rate increase, general rate increase, with the proviso that, should the Legislature decide to implement or pass the no-fault legislation, we would amend our application.

Subsequently, we did amend that application asking for an average 3.4 percent decrease. So the difference between 9.5 and a 3.4 is what you are experiencing in terms of rate stability under no-fault. In addition to the new system for bodily injury claims, we also had some rating changes. We wanted to implement rating under the Vehicle Information Centre of Canada rating system, and the net result of all that was a 3.4 percent decrease.

Now the Public Utilities Board did not like the way we were implementing changes under VICC and therefore recommended to us that we not do that, in addition to which they wanted to see some experience adjustments for certain classes of motor vehicles. The net result of all of that was that we had the status quo, as the minister calls it, or roughly zero percent revenue change as a result of those rating increases. So what we ultimately ended up with was a difference of about 9.5 percent less than it would have been under the tort system under the Personal Injury Protection Program.

Mr. Leonard Evans: Mr. Chairperson, that is interesting. I am wondering, though, did the PUB feel that your reserve situation was not adequate when they—I mean, that is sort of unusual to say, well, put this in reserve, is it not?

* (1020)

Mr. Bardua: The Public Utilities Board felt that we were not rebuilding our rate stabilization reserve quickly enough and recommended that any additional revenues that we would get as a result of the changes that they either ordered or recommended be put into that rate stabilization reserve, and that is, in fact, happening.

Mr. Leonard Evans: Could we get some idea of the dimensions of the reserve? I know I can probably look it up, but I am not as familiar with the report as perhaps the officials are. What is the size of it, and to what extent will it be built up with this PUB particular order?

Mr. Bardua: In the report under consideration, if you will look at page 21, under 1993, you will see that there was an income for the year of \$8 million for the Automobile Insurance Division. If you will turn the page to page 23, about halfway down the page under Automobile Insurance Division, you will see that the retained earnings for the end of the year are \$30 million, just about \$31 million. For the current fiscal year, if there is indeed an income at the end of the year, we will add that money to the retained earnings, which should bring us closer to our target.

Mr. Leonard Evans: What is the target, Mr. Chairperson?

Mr. Bardua: The board policy at the moment, approved by the Public Utilities Board and Crown Corporations Council, is that we have in retained earnings for rate stabilization approximately 15 percent of our net written premiums. So that works out to around \$50 million.

Mr. Leonard Evans: Well, at the rate of—again, I appreciate it is early in the game, but at the rate of presumed increase in net income, how long will it take the corporation to reach the target of \$50 million?

Mr. Bardua: We have in place a plan to rebuild our rate stabilization reserve over a five-year period, and we are just a year into that. So it could happen more quickly, but we will be happy if at the end of the five-year term we are at the \$50-million mark.

Mr. Leonard Evans: I note you are referring only to the Auto Insurance Division. This has to be looked at separately from the General Insurance, I gather, because you have got \$19 million shown for 1993 for that particular item. So what the Public Utilities Board wants is \$50 million against auto insurance, ignoring the General Insurance Division, which, I believe, is largely phasing out or has phased out.

Mr. Bardua: The Public Utilities Board is only interested in the basic automobile insurance because that is the only thing they have any jurisdiction over. In addition to that, legislation precludes us from moving money back and forth

between the General Insurance Division and the Automobile Insurance Division.

Mr. Leonard Evans: I see, so as I understand then, to clarify my own mind, we are at \$30.7-million retained earnings at the present time, which is the reserves referred to by the Public Utilities Board, and that we could get to \$50 million, say another \$20 million in five years. Simple arithmetic tells me that this is an average of \$4 million a year additional net income that was flowing into that reserve because of the changed system.

Mr. Bardua: Well, unfortunately this is a cyclical business, and it does not usually work out on average that way, but that is correct. At the end of five years, if we manage to put another \$20 million in, that will be \$4 million a year.

Mrs. Carstairs: Mr. Chair, to continue with the same line of questions, if one looks at the statement of retained earnings on page 23, if in fact there had not been the special risk extension, Note No. 12, there would have been an \$18-million earning for the period. That is in the General Insurance Division.

Mr. Bardua: It is true that the special risk extension did make a contribution to the retained earnings of \$11 million. We moved the special risk extension from the General Insurance Division, which is largely in run-off into the Automobile Insurance Division for accounting purposes.

Mrs. Carstairs: For the purpose of the PUB, they are interested in the figure of 1992, from 28.9 to 30.7. Is that correct?

Mr. Bardua: Yes, that is correct.

Mrs. Carstairs: So it is clear that in fact there was only a \$1.7-million increase between that year towards your so-called \$50-million figure.

Mr. Bardua: That is correct.

Mrs. Carstairs: Why then would it have surprised MPIC that the Public Utilities Board did not think you were getting to your \$50-million target quickly enough?

Mr. Bardua: We believed that the grade application and the contribution that was being made to the Rate Stabilization Reserve in a time of

changing from one system to another was adequate, and they did not share that view.

Mrs. Carstairs: But surely, if you have a five-year program and you are only growing at \$1.7 million a year, you are not going to achieve a \$20-million increase in that five-year period?

Mr. Bardua: The application that we made to the Public Utilities Board showed an \$8-million contribution to the rate stabilization reserve.

One of the difficulties that we have in dealing with these numbers is that the Public Utilities Board looks at our business on an insurance year basis. This committee and our annual report looks at it on a fiscal year basis, and there are always some differences in the numbers.

Mrs. Carstairs: Why, then, is it done that way, just for clarity for members of the Legislature? Why would we not be given the same year-end as PUB, or conversely, why would the PUB not be given the same year as the members of the Legislature?

Mr. Cummings: Perhaps I could accept—I mean, we in the Legislature all can maybe jointly accept some responsibility for the fact that the fiscal year is the reporting year that ultimately we judge the corporation by, but in going before the Public Utilities Board, which is a change we made in the last five years, the rate that is being applied and the rate that is being predicted as a matter of fact, for example, the rate applications going in right now are only based on three months, and barely three months, of experience, predicting the 1995 rates, the same format every year. So we are caught in a dilemma that we will be able to straighten out as we move into a cyclical renewal and be able to balance, bring the year-end and the insurance year closer together.

Nevertheless, the PUB is always looking ahead, whereas when we receive the fiscal year report, we are getting the audited, retrospective view of the accomplishments of the corporation, so it is complicated, but it is not that easy to unravel either.

Mrs. Carstairs: I would like to go back now to the president's Message and the chairman's Message. One of the statements that the president made was

that "No other action can have as great an impact on future claims costs and premiums as responsible driving behaviour."

In light of that, why did the corporation make the decision that drivers ed would no longer be offered? Now I know they subsequently changed that decision, but why was the decision made? If this is the thrust of the corporation, why would they have put in jeopardy the training of young drivers?

Mr. Bardua: The corporation did not feel that it was putting the program in jeopardy. In fact, it was our belief that we were going to offer a better program by making some changes to the program and offering an enhanced classroom instruction program while still offering the driver training but through the private sector through the commercial driving schools.

Unfortunately, that was not perceived that way by a lot of people in the system and by the public generally, and as a result of a lot of input, we did change the decision to do that. That still does not change our view that we could have delivered an enhanced program under the system that we wanted to put in place.

* (1030)

The system still requires overhaul. We are just concluding a series of meetings around the province with drivers education instructors, with school trustees, with in fact anyone who is interested in the program in an effort to try and enhance the program and better meet our mandate of putting safer drivers on the road.

Mrs. Carstairs: Obviously the decision of the corporation over the change of policy meant that they felt that there was more classroom work required. What is happening at the present time to enhance that classroom work at the present moment?

Mr. Bardua: As I indicated, what is happening is we are trying to get input from the people actually delivering the service to see what kind of changes they are recommending, and using that input along with whatever other knowledge is available to us, we will be putting together a more comprehensive package for the students.

Mrs. Carstairs: Does the corporation have any statistics on the number of young drivers who actually go through a drivers ed program before they are licensed?

Mr. Bardua: Yes, we do. Just give me a moment, and I will try and put my hands on some. Between 8,000 and 9,000 students every year go through the program.

Mrs. Carstairs: Well, actually I knew that fact. I did not know what that was in terms of percentage of the young drivers that get licences.

Mr. Bardua: About 50 percent of new drivers licensed go through the program.

Mrs. Carstairs: Is there any differential between rural students and urban students in terms of the percentage of those who get training and those who do not get training?

Mr. Bardua: Again, I will have to try and get that information. We do not have a breakdown with us, but if you like, I can provide you with that information at a later date.

Mrs. Carstairs: I certainly do not have the facts here, but the information that I have from school divisions is that there appears to be more drivers ed offered in the city of Winnipeg proportionately than offered in many rural communities.

One of the concerns that I had when the corporation announced the program was that instinct told me that affluent parents were going to continue to give their children drivers ed, but less affluent parents were not going to because they were not going to be able to afford it. That is why it was necessary for it to be continued within the present scheme and not to be turned over entirely to the private sector where the fee for service was going to severely impact on middle- and lower-income families. Did the corporation have concerns in that way?

Mr. Bardua: It would not surprise me when we provide you with the breakdown between city and rural that in fact it is more available in the city. The difficulty we have, particularly in the rural area although this does apply to Winnipeg as well, is the availability of automobiles. It is also the largest

single cost to the program, and that is something we continue to struggle with.

Yes, we share your concern about the fact that the cost of the program, even though it is small, in many cases could be prohibitive for people who are less affluent, but we have been trying to head toward a program which is self-sustaining and user pay. Still, even given the cost of the program today, we are still subsidizing the program quite heavily.

Mrs. Carstairs: The government seems to be considering, we have not seen the legislation, but I assume that we perhaps are going to consider some legislation which restricts the driving capacity of young people between the ages of 16 and 18. Has the corporation been involved in that planning, and what has been their input in terms of what they perceive as benefit, I assume, to limiting the availability of timing, in particular to young people?

Mr. Cummings: Perhaps I could respond in part to the previous question, and Mr. Bardua may want to expand on this one as well. I was a rural trustee for a number of years and drivers ed was offered through the school division. I do not necessarily concur with the view there is a difference between affluent and nonaffluent students taking the course as it exists today.

Very often, there were a lot of students who chose not to take the course today because there was some fee attached to it, but simply because they did not have the interest. One of the things that the corporation and government and safety organizations in total are struggling with is how to get an opportunity to influence students who might not of their own volition choose to be part of the drivers ed program. That was one of the approaches that greater classroom involvement would address. However, it does not totally address the ability to get cars and/or get potential drivers into cars.

Secondly, your question about whether or not the government is considering, or whether there are discussions involving, the changing and the lead-up to the discussions about a different method of bringing licensed drivers into place, certainly a

number of safety organizations, Manitoba Safety Council and others have been in discussion for quite some time, and obviously MPIC has been part of those discussions and in some cases part of those organizations.

It is a very broad issue that does not just lend itself to be answered simply by something as generic as graduated licensing, as we have seen in other jurisdictions, but certainly we have had discussions and we are still actively involved in discussions, including the discussions that were raised as a result of a statement made earlier by this government about restricting access to drivers' licences for those who are involved in crimes, particularly crimes involving automobiles, and those discussions the Ministry of Highways and the Department of Driver and Vehicle Licensing is in fact more directly involved than I am as Minister responsible for Autopac, but we have had a number of discussions in that area.

The ultimate influence in the enforcement opportunities that flow from restriction of drivers' licences has to be balanced with the educational aspect. It is not simply enforcement driven, there does have to be two aspects to it and that is why those discussions are continuing, some quite actively.

I do not know whether Walt wants to expand on MPIC's involvement or not, but I see you have another question.

Mr. Bardua: The manager of Traffic Safety Education for the corporation is on a committee which has been meeting with the DDVL people and has been instrumental in helping them formulate whatever program they are coming up with.

Mrs. Carstairs: I am really interested in any statistical data you might have from other jurisdictions that have imposed similar restrictions. Does the corporation have access to any material of that nature?

Mr. Bardua: I am sure we do. We do not have it with us, but we have access to other jurisdictions that have implemented a graduated licensing, yes.

Mrs. Carstairs: Has there been any consideration given by the corporation at any time to make drivers ed compulsory for licensing under MPIC?

Mr. Bardua: MPIC does not have that authority. That rests with DDVL.

Mrs. Carstairs: In terms of other aspects of responsible driving behaviour, other than with young people, because certainly while young people have their fair share of accidents, so do people my age have their fair share. What is being done by the corporation to promote responsible driving behaviour among those over what we consider the young driver's age of 25-plus?

Mr. Cummings: If I could just add briefly, statistically, unfortunately, it still can be shown statistically, I believe the corporation would have to confirm this, but there is a breakdown that does still indicate that younger male drivers have a significant portion of the accidents out there.

Mr. Bardua: We have a plan in place to address driving behaviour generally. It has three main thrusts. The first is occupant restraint, and you have probably no doubt seen some of the STEP campaigns that have gone on in co-operation with police departments and enforcement agencies. The second is impaired driving, which continues to be a problem. Despite the tough drinking and driving laws that we have in this province, we still find too high an incidence of alcohol-related accidents. The third is our speed-enforcement campaign, which I believe you have probably seen getting some profile recently. Those are the three main areas of concern at the moment.

* (1040)

Mrs. Carstairs: I have to suggest that perhaps the best thing that ever happened in our family was two daughters in drivers ed, who then proceeded to tell their parents every time they made a mistake, and did it with gay aplomb, chuckling the whole entire time they did it.

Is there any thought to giving an upgrading via television through multimedia or whatever to people who have been driving for 20, 30 years, like I have been doing, and probably been making the same mistakes for the last 15—I probably did not for the first 15 because I still remembered my

drivers ed—with regard to just basic rules of the road? It does not take too many drives to the lake to find out a lot of people do not know the rules of the road, or if they do, they choose to break them.

Mr. Bardua: We do not have a program under consideration at the moment. I certainly share your concern. I think mostly it is behaviour that people know is unacceptable and they just choose to do it. I am not sure how we are ever going to change that, largely, I think, through enforcement.

Mrs. Carstairs: I will pass to the member for Brandon East (Mr. Evans).

Mr. Leonard Evans: Thanks. Well, it is interesting on drivers education, but I thought we would get to that later. We were into rates and income flows and so on, and I would like to continue to pursue that and the workings of the new no-fault system.

It was just pointed out to me that while the PUB required MPIC to reach a \$50-million reserve total, actually in a way you are there if you combine the Auto Insurance Division with the General Insurance Division, and while I commented about the parts of the General Insurance Division would be phased out, it still exists, and, of course, it is the Special Risks Extension portion, and that is automobile insurance. So PUB seems to me to be very pure by wanting to separate these two. It is one corporation with one major financial responsibility.

At any rate, we are up to \$50 million. I realize it is not an MPIC decision, and I am not criticizing MPIC, I just comment that it seems to be a very restrictive approach on the part of the Public Utilities Board in this particular respect.

I have done some arithmetic and mention, well, it would seem to me it would take five years if you had to reach a goal of \$50 million. With some of the information that Mr. Bardua gave us, it looks like a net income of about, an extra income flow of \$4 million a year.

I wonder if I could ask that question directly. What is the estimated increase in net flow of income in the past couple of months? I appreciate this would just be an estimate, it would just be a

ballpark figure. You have to have some idea or else you could not have answered the other question about achieving the \$50-million goal in five years.

Mr. Bardua: It is difficult to respond to that question because we only have two months' experience under our belts, and for me to say anything about that at this point would really be premature. We are busy trying to set rates for next year based on the experience that we have got to date, and it looks like we are just going to have to go with our actuarial projections as they were prior to the implementation of the plan.

Mr. Leonard Evans: Did I understand Mr. Bardua to say that when you go to the PUB, which is within a week or two, you are going to be using actuarial projections from the old system?

Mr. Bardua: No. We will be using actuarial projections based on the new system. I should also point out that prior to actually going to the Public Utilities Board, we will have about six months' experience, and while six months is not great, it is a lot better than two. We will have an opportunity to amend our application and amend our thinking in the September time frame prior to actually going to the hearings.

Mr. Leonard Evans: You do not have to apply until September. What are the actuarial projections for net income?

Mr. Bardua: No, we have to actually make our application now, but we get the opportunity to amend the application at a later date, based on if we have some compelling reason to do that.

Mr. Leonard Evans: I see. So you do have to put forward a first estimate of your income situation to justify whatever rate changes you expect to apply, whether up or down or constant, and then this is subject to verification or adjustment in September. This is what Mr. Bardua is saying?

Mr. Bardua: That is correct.

Mr. Leonard Evans: So, again, I say then, well, could you not tell the committee, give the committee some idea of what your projections might be then?

Mr. Bardua: Well, given that we have not made our application yet, I think it would be

inappropriate for me to speculate, and I think the Public Utilities Board would probably jump on me with both feet if I made the information public prior to going to them, in addition to which, as I say, we are still just crafting the application.

Mr. Leonard Evans: Well, I can appreciate Mr. Bardua's sensitivity, but this is a committee of the Legislature, elected by the people of Manitoba, with a mandate as well to ask questions of the corporation. I do not want to put Mr. Bardua or the corporation on the spot. It is one of my favourite corporations, and it has done a good job in Manitoba.

I have said that in years past, but at any rate, having said all of that, it would be good, as a committee of the Legislature, with some responsibility, to have some idea of what we are looking at in terms of improved income. It has got to be an improvement. Obviously, it has got to be an improvement.

All we are asking is, approximately what kind of an improvement are we looking at?

Mr. Cummings: Well, I think you have to acknowledge Mr. Bardua's uncomfortable position inasmuch as no one wants to go before a panel that is already upset before you get there. That could be the consequences of us speculating and causing a headline or whatever between now and the application going forward.

The figures are very premature, and the application in that sense will have to rely on projections which will then have to be firmed up further down the road when more information is available. Perhaps I characterize it incorrectly inasmuch as Mr. Bardua had used the correct terminology as to what—if they have a compelling reason to modify, their projections might be dead on.

I would make one further comment about the application before the Public Utilities Board. In reference to the SRE, I would suspect that the member would not be asking that the Public Utilities Board—at least I hope he is not asking the Public Utilities Board help set what would be the competitive rates for the corporation, because the SRE is the fully competitive side.

Very often today I think we know that the rest of the private sector attempts to wait until they can determine where MPIC is liable to be in areas where they wish to compete, and then publish their rates. At least that seems to be the situation that I have been apprised of on a couple of occasions.

The corporation would be left in a less than good competitive situation and have to have its rates approved by the Public Utilities Board and then, because that is a public discussion, expose itself to a competitive angle that would really leave it with both hands tied behind its back when it went out to compete for the business after having had its rate structure and its profitability or lack thereof discussed in a public forum.

* (1050)

You can argue that it is a bit of an unusual situation, but it is, in fact, an unusual situation for a combination of services such as we offer through MPIC at this time.

Mr. Leonard Evans: Well, I think it is relatively recent that MPIC was required to go to the PUB for rate approval. I think it is very unfortunate that MPIC has to apply so early for all the reasons. I mean, you do not have perfect knowledge, you do not know what is coming, and you are in a much better position, certainly in the fall, than you are right now, and it seems to me that MPIC is put in a very difficult, very awkward position, an almost unrealistic position by it being forced to do that.

At any rate, I would ask this question. When the application is filed for next year's rates with PUB next week, does that not become public at that point? Is there not a public disclosure of what you are applying for? Is that not the case?

Mr. Bardua: The usual timing is that we file the application early- to mid-June, and at that time a notice is public, yes, published, so it will be public knowledge when the notice is published. [interjection] No, it is not next week. It would be closer to the middle of June.

Mr. Leonard Evans: At any rate, what the public will learn in a couple of weeks or whenever, is the bottom line sort of, that is, what the corporation expects to ask for in the way of rate adjustments.

What we are asking for here is not the rate adjustments, but we are asking for some estimate of increased net income flows, which is less in a sense, and I do not think the public has the same interest in that particular question as they do in the rates. You know, what are we going to pay next year. This is what people generally, the average driver wants to know.

Mr. Bardua: Well, the application and the notice that is published do not divulge income flows. They simply indicate the revenue change year over year and the average rate adjustment that will be required. The details of that, of course, are contained in the volumes of material that we prepare for the board.

Mr. Leonard Evans: At any rate, I just wanted to observe, looking at your report, that the retained earnings did jump substantially from roughly \$42 million to \$50 million in one year, '92 to '93, admittedly mainly in the general insurance where the Special Risk Extension operations are, but that is a substantial increase. This is, of course, before no-fault has started, and we believe that based on all of the comments the minister has made and the corporation has made, and all of the discussion that took place last year, the corporation should be in a position to receive considerable improvement in its net income flows. Therefore it would seem to me that you may be able to achieve this goal of whatever it is, \$50 million for Auto Insurance Division rather rapidly.

However, I do not have the information that the corporation has. I am not in the same position to make the estimates, but it seems to me that the corporation should be experiencing some rather significant improvements in net income.

Mr. Cummings: I think we are both speculating somewhat, but let me go back to the premise that we discussed publicly when personal injury protection was introduced, and that was that it was seen to be the only way that we could bring some stability to the rates and some predictability and at the same time make sure that those who were the most dramatically injured were given substantial long-term benefits.

I have no reason nor have I been given any information by the corporation to contradict those original predictions, but if I were to say yea or nay on how we think the reserves are growing, that you can automatically extrapolate that into a rate speculation, I would rather appreciate waiting until they have got all of their information together and do it through the formal process.

I simply would like to point out, reconfirm that any information the corporation has given me is the same as Mr. Bardua said a few minutes ago, and that is that the implementation of personal injury protection has gone as they had predicted, which is not that there is not a fair amount of work to be done in reorganization, but there have yet not been any fatal, for lack of a better word, or serious blips in the implementation of it.

So I recall that we did not predict that we were going to do so much in terms of rate reserves inasmuch as we were going to be able to bring some predictability so we did not have rates jumping all over the place. There have been other things that are causing the corporation a lot of grief in terms of material damage, but the bodily injury side is going as predicted.

Mr. Leonard Evans: Well, we will wait and see as to what happens, but I hope we can all retain our optimism about the future.

I guess it is possible, even though the PUB ordered the MPIC to place the savings into reserve, that you could go back to the PUB even this time and say that, again, it depends on the income situation and ask for an amendment of that position, that only a portion of it go to reserves and another portion be used for rate reductions in some areas.

Is that not the case? There is nothing preventing MPIC at any subsequent application to the PUB to ask for a modification of their previous order or decision?

Mr. Bardua: That is correct.

Mr. Leonard Evans: The MPIC, if you felt confident in your actuarial projections and had this bonanza, I should not call it a bonanza, a substantial increase in net income, then you could

take the bull by the proverbial horns and ask for an adjustment in their earlier decision.

Mr. Cummings: Sometimes I think we all overlook the fact that the reason the corporation was included on the list of bodies that would appear before the Public Utilities Board and have recommendations on their rates approved there was based on the fact that we want to increase the level of public trust in the rate-making process.

Whether we like it or not, those of us sitting around this table who are elected officials, the public does not believe that we can be involved in the rate setting, nor should we be.

This has to be an actuarial-based, actuarially driven decision-making process. That does not mean that there are not judgments that the corporation and the PUB can make.

(Mr. Bob Rose, Acting Chairperson, in the Chair)

I still carry the scars from early on in this process from one of your former members, tempting me to answer the question, would this be a prescreening of the rates, or a postscreening of the rates? Unfortunately, with automobile insurance and trying to bring the experience as close as possible to the predictions, there is a fair amount of estimation that has to occur in order to go through the PUB process.

I do believe that it has brought a higher degree of credibility to the setting of the rates. The public was demanding some predictability and some stability, but I do not think they were saying that there should not be real reflections of real cost, and the PUB is the best body to deal with that.

Mr. Leonard Evans: Could I ask this general question then? Have you received or are you carrying any difficulties in actually implementing the system? There were complaints from people. You know, there were categories about which there were some questions: the age category, the university student category, and the appeals process and so on. Have you had many complaints levied in your office or with your public relations division, or whatever, with regard to the way you are implementing this new system?

Mr. Bardua: No, sir, we have not, and there have been no appeals to date.

* (1100)

Mr. Leonard Evans: You recall that the MSOS, the Manitoba Society of Seniors, was up in arms about the fact that income replacement would diminish or may not be as available when you are retired. That was one area of concern. I know you addressed—you responded: the fact is that if you are on pension you are not earning income, so there is no income to replace, because your pension presumably carries on. Has that body or any group representing seniors continued their objections, or do they understand and are they satisfied with the position that the legislation places the corporation in in regard to income replacement for seniors or retired people?

Mr. Bardua: I do not believe that they have necessarily come around to our way of thinking, but we have explained it to them as best we can. I think they are accepting of that, at least for now.

Experience, of course, will tell us whether there is any unfairness in the system. There is always the opportunity to modify it or amend it at some future date.

Mr. Leonard Evans: What about the question of additional insurance? You recall one of the criticisms levied was, well, \$55,000 per year salary cutoff; that income cutoff was too low for many people, particularly professionals, musicians, whoever, that may be making—well, not a lot of musicians do not make much money; many musicians are starving, I suspect. But there are professional categories of people that make a lot more than \$55,000. The answer to those people, I guess, was, well, go out and get some more insurance.

There was a concern expressed to me: It was difficult for people to get extra insurance, which sort of boggles my mind. I do not see why, but at any rate, that statement was made. I was wondering if Mr. Bardua, or whoever, could comment on that, this question of additional insurance.

Mr. Bardua: I think one of the arguments that we made at the time, and I would have to reiterate it at

this time is that most of those people find themselves covered in some other fashion in any event, either through their employment or in the case of professionals, for example, they have to take into account that there are lots of ways to get injured besides automobile accidents.

(Mr. Chairperson in the Chair)

So if they are exposed, on the one hand, they are exposed all the way around. I would be very surprised if people in that category did not already or had not already availed themselves of insurance protection to cover their income in the event of disability for whatever reason, illness or accident.

Mr. Leonard Evans: I thank Mr. Bardua for that information. The legislation sets up a formal appeals commission with Mr. Reeh Taylor, I believe, having been appointed as the chair. He is a very competent person, one I have great respect for. He is a person of stature in the community, and I understand that he used to have a small panel with him, and I was wondering if the minister or the chair, or whoever, could tell me who is now on that appeals commission.

There was a press release originally put out by the government, by the minister, as to the make-up of the independent commission, but it seemed to me they were not all appointed at the time. The minister had said that there would be further appointments for part-time commissioners to be made, to include bilingual, rural and northern representation. I am just wondering what the status of that particular commission was with regard to the make-up of the commission.

Mr. Cummings: The responsibility for the appointments and the management of that commission to keep it separate and apart from the corporation, and from the minister responsible for MPIC, is done through Consumer and Corporate. Frankly, I am not sure that I could add anything more than what is in the press release, unless Mr. Bardua has additional information.

The other appointments, it seemed to me, were also—like the make-up of the first panel, all three panelists were included in that press release, were they not?

Mr. Leonard Evans: Mr. Reeh Taylor, Mr. Charles Birt and Lila Goodspeed.

Mr. Cummings: Yes. Further appointments I do not think have occurred. Again, I stand to be corrected, but I would suggest that experience, the predicted experience was that it would take a little while for any appeals, if there were going to be any, to work their way through the system, and I cannot tell you and whether the corporation can tell you whether any appeals have been registered yet or not.

I see the negative, that there has not been any registered yet, which is I believe positive inasmuch as the system in the early stages obviously needs to be monitored very carefully. If there has not yet been appeals registered, it means that those who potentially have appeals are perhaps still thinking about their options or may have been satisfied with the after comparison with the settlement that was offered.

I, frankly, cannot add anything beyond that.

Mr. Leonard Evans: Yes, I appreciate, now looking at the news release, that it is the Minister of Consumer and Corporate Affairs (Mr. Erust) who has direct responsibility for the commission. But having said that, of course, the commission does obviously interact with MPIC, it has to.

I am surprised what you say about virtually no claims being heard by the commission, because Mr. Taylor, when he accepted the position, had stated publicly that he expected between 300 to 400 cases per year.

We have had March, April, May, roughly a quarter, three months, one-quarter of the year, on that basis, you know, simple arithmetic, if you anticipated 400 cases, and you had a quarter of a year under your belt, that would be about 100 cases, but I mean obviously he was more or less guessing as well, because no one has had this experience, except if you looked at Quebec to see what had been happening there.

Mr. Bardua: Well, as the minister pointed out, it is early, and appeals, if any, will take some time to work their way into the system. In looking at the files that we have had to date, we do not see the potential for very many appeals, if any, in what we

have done to date, so we look on it as a positive that there have not been any, but there will ultimately be some.

Mr. Leonard Evans: I just want to make sure that we are talking about the same thing. I was not referring necessarily to appeals that have been heard and approved by the commission on behalf—well, decided one way or the other, aside from the actual applications to the commission, claims, yes.

Mr. Bardua: There have been no appeals filed.

Mr. Leonard Evans: Well, it is very surprising, but it is good if that is the case. It speaks well of what has been put in place. That is good, unless there is some strange factor at work here that we do not understand.

Mr. Cummings: I do not know how much time members want to spend on this particular item. I would only indicate that in developing the appeal commission we did look to other jurisdictions, and not just the Quebec model, but other models where appeals are available, and, frankly, the corporation has predicted consistently that the number of appeals would be small.

In setting up the commission and making sure that it was capable of dealing with what might be put in front of it, we attempted to, through the Consumer and Corporate Affairs, the government attempted to make sure that they were adequately staffed without overstaffing and, of course, it was very much a case of trying to make predictions as to what might occur.

I have to say that the corporation has consistently said that their expectation is that there would not be a large number if their internal appeal systems were working appropriately.

So after we have had a little bit more experience, it might well be proven correct.

Mr. Leonard Evans: Well, just help me understand this. Could Mr. Bardua tell us how many claims there have been for bodily injury in this period of time, would you have some idea?

Mr. Bardua: For the first two months there have been approximately 1,800 bodily injury claims filed.

Mr. Leonard Evans: That is very interesting, 1,800 bodily injury claims in two months and no appeals to Mr. Taylor's commission.

Well, you mentioned internal appeals. What about internal appeals, have you had many of those?

* (1110)

Mr. Bardua: There have been two filed in May, they have not been heard yet.

Mr. Leonard Evans: Well, that is excellent. I mean, in the sense that, I think, it means that the system we have got in place with the new legislation is fair and it seems to be working. Again, we do not want to jump to too many favourable conclusions, but nevertheless I think it is a good start.

Just on a different angle, not necessarily a different angle, but an element of this, another aspect of the whole thing, what intrigued me about the legislation was that we are covering people who are not necessarily policy holders of MPIC, is that not correct?

Mr. Bardua: That is correct.

Mr. Leonard Evans: In other words, a pedestrian, who is a citizen or a resident citizen, I do not know what the term is in Manitoba, who is involved in a motor vehicle accident anywhere in North America is covered even though he or she may never purchase a driver's licence and, therefore, not having that form of insurance or owning a vehicle. So, therefore, that individual, having made no payment or no way or no claim to a sort of policy that is available through the government, and I think that is very attractive, and I do not know whether people understand that or not, but that is a form, what we have got is a bit of a form of a universal accident insurance as it applies to motor vehicle accidents or road traffic accidents.

Mr. Bardua: All of that is correct, yes.

Mr. Leonard Evans: Just as a matter of curiosity, have you, and I do not know whether you keep these statistics or whether you have them handy, do you have any information as to any number that have fallen into that category, pedestrians who do not have any policy claim with MPIC?

Mr. Bardua: I am sorry, I would not have that information with me, no. It would be a very small number.

Mr. Leonard Evans: Yes, I would not have thought that it would be a big number, but I was curious anyway because it does provide Manitobans with an additional amount of protection that they would not have otherwise.

I do not even know whether people would understand that they have that protection. Someone going down to Florida for the winter, not having a licence, not having a vehicle, walking accidentally, absent-minded state, across the red light, at fault, in downtown Tampa or Miami or someplace, and yet being covered by this and not knowing it. How do we get that information to the person? They would not necessarily get your pamphlets that you would get when you renew your application for your insurance.

Mr. Bardua: Well, I think you are talking about the very odd exception to the rule, because there are not going to be very many people that fall under that category, mostly they would be younger people whose parents would have motor vehicles registered and would be aware of the coverage. I do not think there are an awful lot of people that fall under the category you are describing.

Mr. Leonard Evans: Well, I agree with Mr. Bardua, I am sure that is the case. I was wondering about the information given to people that this protection is available.

Mr. Bardua: When we initially publicized the plan we did have a mailing that went to every household and not just to drivers.

Mr. Leonard Evans: Well, we will have to see. I think there is some responsibility to make that known from time to time to the public, because even though there are few people, those few people should know about it, and hopefully they never have to claim it.

Mr. Cummings: I suppose that you have touched on something that actually was the least of our concerns when we first considered putting this in place. That was, that the information that was given to government was that this was, in fact, something where you could extend this type of

coverage to Manitobans, a benefit to all Manitobans, that the net cost to the corporation as part of the program would by prediction, obviously, not be significant, but another benefit to being a Manitoban and keeping Manitoba as your main place of residence.

That was, in fact, one of the other reasons that drove government to make such a radical change. Automobile insurance and personal injury protection is to provide predictability and maintain a reasonable cost for residency and doing business in this province. Until now, I am certainly pleased with the direction it is going.

Mr. Leonard Evans: I have a number of questions about the operation of the corporation beyond no-fault, some areas of concern that I would like to raise, unless Mrs. Carstairs had something on the no-fault itself, and we can get into that if I can come back to these other questions. It seems to me it is a more orderly discussion if we can do that. That is why I was a little forward when we got into drivers ed when we were still on the rates.

Mrs. Carstairs: Yes, I have a number of questions that I would like to ask with respect to no-fault.

First of all, what has been the effect on the staff in terms of the ratio? Have you found that it has been possible, for example, to eliminate a number of legal staff at the corporation as a result of the implementation of no-fault?

Mr. Bardua: We have not eliminated any staff to speak of as a result of the implementation of no-fault. That is primarily due to the fact that we still have all of the claims occurring prior to March 1 under the old system to run off, in addition to the claims being introduced into the system under no-fault.

Naturally, we expect a dramatic reduction in our legal staff at some time down the future when the claims begin to run off, but at the moment there has been no reduction.

Mrs. Carstairs: Has there been an impact on other staff as a result of this policy?

Mr. Bardua: There has been an impact in the sense that they have a different system to work

under, but there has not been a reduction in the numbers at this point.

Mrs. Carstairs: What kind of professional development training has been given to all of the staff as a result of these changes?

Mr. Bardua: We have held a number of training sessions for all of our bodily injury adjusters. These were large group sessions held just prior to the introduction of the program so that the information would be fresh in their minds. They have access to training manuals and documentation to help them work their way through the process. All bodily injury adjusters have now been trained and are working on the new system.

Mrs. Carstairs: Are we talking about two, three days, a week, two weeks, three weeks of training?

Mr. Bardua: We are talking about four day sessions.

Mrs. Carstairs: In terms of the question of additional insurance, when I made contact with some insurance agents about getting additional insurance coverage for a daughter who is a student attending university in Ontario but still eligible under MPIC rules because her primary residence was still Ontario, I could not get additional insurance for her. There was nobody in Manitoba that was prepared to cover her.

You indicated that most people would have that additional coverage. That may well be true if you have an income, but if you do not have an income, as in her case, I could not access additional insurance for her and, quite frankly, I think that the present insurance scheme is inadequate for a professionally trained young person. What is that young person supposed to do?

* (1120)

Mr. Bardua: Well, I am, frankly, surprised that the private sector does not have a coverage available. I do not know what inquiries you have made, but it was my information that that sort of coverage was available through the private sector.

Mrs. Carstairs: The explanation I got was that it was too expensive, and because she did not have an income she was not eligible for disability

insurance and, therefore, coverage which she formerly held under MPIC she was now not able to get.

Mr. Bardua: I am sorry, what coverage did she formerly have under MPIC?

Mrs. Carstairs: Well, she had under MPIC potential earnings covered. She does not have potential earnings covered now.

Mr. Bardua: I do not believe we have ever provided coverage for potential earnings under the tort system.

Mrs. Carstairs: Well, with the greatest respect, if you take a case to court and you have somebody who is a fourth-year medical student, and that fourth-year medical student has a severe accident, there have been tort judgments which have indicated that the potential earnings of that individual were such that benefits could be provided to them. That has disappeared.

Mr. Bardua: Well, with all due respect, that was not coverage provided by MPIC, that was coverage provided by the tort system and awarded by the courts. Most of those claims are highly speculative and awards under that kind of a scenario are pretty rare.

Mrs. Carstairs: What is the situation now with respect to the housewife? What is the maximum benefit to a housewife involved in a severe motor vehicle accident who becomes a quadriplegic?

Mr. Bardua: Well, she receives unlimited rehabilitation benefits, unlimited medical care benefits, she receives assistance for looking after her children and home care.

Mrs. Carstairs: But if she has no children then, in fact, she has no income benefit?

Mr. Bardua: If she is totally disabled, then after I believe it is 180 days and if she has the potential to have earned an income then an income would be deemed for her.

Mrs. Carstairs: But there is no coverage for that first 180 days, is that correct?

Mr. Bardua: If she was not earning an income at the time of the accident, then that is correct.

Mrs. Carstairs: The question—and I do not want to get into this in great detail about the whole issue of appeals filed. All I want to know is, how long would it take for a case to be settled normally by MPIC, because to me the first two months of not having any appeals would not be a rarity.

Mr. Bardua: I agree that it is not a rarity. I cannot give you a time as to how long it takes to settle a claim because it depends on the severity of the injury. Some claims will not be settled during a person's lifetime if they are permanently disabled, so there is no finite date to give you.

Mrs. Carstairs: But there must be some average statistics that it takes five weeks for a claim to go through or 10 weeks for a claim to go through or 50 weeks for a claim to go through.

Mr. Bardua: Well, it does not take very long for us to make a determination as to what the benefits are available. So for the average person who is off work for three or four weeks, it takes virtually no time at all to establish the claim and begin to make weekly indemnity payments, but to finalize the claim takes until they are back on their feet and back at work.

Mrs. Carstairs: Presumably no appeal would be filed until after a final judgment had been made by the corporation. Is that correct?

Mr. Bardua: That is correct. No appeal can be filed until we have made our decision as to what benefits are available and had an internal review if that is requested.

Mrs. Carstairs: I really just wanted to make the point that I did not think that two months would give us any indication of what the long-term appeals might be under this program at all, because it might easily take two or three months before a serious case would even be judged by the corporation.

To continue with some questions along this line, though, there are a number of Manitobans that have spoken to me who simply still do not understand the system, the changes that have been made. They are still thinking in the old rules, although they do recognize some changes have been made.

What ongoing education is the corporation going to be doing to alert individuals about the extent of their coverage?

Mr. Bardua: The main opportunity we get to educate people on their coverage is at renewal time, and we did provide substantial information at that time. The next opportunity we usually get is when people have had an accident and come into our claim centres. We have a considerable amount of literature available, and our adjustors, of course, are there to help people and will tell them what benefits are available to them.

By and large, we find that people are not much interested in talking to us about it until they actually need the service. That is when they come to our door, and that is when we are able to help them.

Mrs. Carstairs: What kind of information sessions and professional development sessions have been given to those who sell MPIC insurance? I am not talking about that available from Motor Vehicles; I am talking about those available to insurance agents.

Mr. Bardua: We hold annual seminars for our agents prior to renewal, and this year we held special sessions for the introduction of the Personal Injury Protection Program for our agents.

In talking to agents following the annual renewal, I found that they experienced a very low level of inquiry from people in terms of the changes to the system.

Mrs. Carstairs: With the greatest respect, I think that the low level of inquiry is because people just do not realize there have been some very fundamental changes that have been made to the system. Surely the corporation now has a responsibility to continue to educate people through some kind of public relations campaign.

I certainly got my brochure with my Autopac renewal, but like most Manitobans, I suggest, I took out the licence, and I wrote my cheque to the Minister of Finance and sent it off, and I probably have much more knowledge of the system than most.

The most logical place, I would suggest, that we do some of this education is through television. That has become the media for information. Has Autopac considered doing that kind of thing?

Mr. Cummings: Mr. Chairperson, I am sure Mr. Bardua wants to answer in a second, but I am just going to interject to say that I hope that the suggestion is, I am sure it is given in every sense of reasonableness, but if the corporation were to embark on another promotional exercise, the tradition around here is to accuse the government of promoting itself for other than pure reasons. Frankly, I agree that our Crowns and our other agencies are—we certainly accept the responsibility when they are in trouble. Why should government and the agencies not put the good news in the hands of the public as well?

Mrs. Carstairs: Well, I am asking questions about an information program, I am not suggesting we should do an applause and adulation campaign, and I think there is basic information on coverage that should be given out and, to the best of my knowledge, MPIC has not used television to educate the public about this particular program to any great degree at the present time. I am concerned that there are a great many Manitobans who do not have the knowledge at their fingertips that they should have, and I should suggest that in the case of my daughter I just dropped her insurance here and picked it up in Ontario.

Mr. Bardua: We have a group that was the steering committee responsible for implementation of our program that has gone out and spoken to over a hundred different community groups in an ongoing effort to educate people, and I guess the only comment I would make with respect to television is that it is very expensive.

Mrs. Carstairs: As someone who has had some responsibility for placing political ads I know exactly how expensive it is, but I also know that in today's world we can place all the print ads we want, but people are not buying newspapers and are not reading newspapers. If we are really serious about our desire to educate people, television appears, unfortunately, well, with certain exceptions, that the reality is, that is where it is. I

am concerned that there are a lot of Manitobans who still do not understand this, but let us leave no-fault and get into some other aspects of the corporation.

* (1130)

Mr. Leonard Evans: Mr. Chairperson, the corporation now has an informational campaign to promote safety entitled Speed Kills campaign, and I believe there was some reference made to it earlier today. I was just wondering, what is the cost of that particular advertising program.

Mr. Bardua: The total cost of the campaign is about \$200,000. That includes the television advertising, the posters we have put out and the bulletin boards and the brochure.

Mr. Leonard Evans: The bottom line is \$200,000 covering all forms of advertising. Could the minister or the president indicate who made the ads up, the advertising agency that was responsible?

Mr. Bardua: The television we have been using was an ad which we borrowed, I guess is the best word, from Quebec. They allowed us to use it at no cost. The posters and brochures have all been done in house.

Mr. Leonard Evans: So, Mr. Chairperson, is Mr. Bardua saying you did not have to use an advertising agency.

Mr. Bardua: No, that is correct.

Mr. Leonard Evans: I understand Mr. Bardua to say that no advertising agency was necessary because you simply were able to use the Quebec TV ads, that they had produced, free of charge, and you just used your print, and your posters were just done by the corporation staff.

Mr. Bardua: I should point out, we did pay a small royalty for the use of the TV, but it was very small.

Mr. Leonard Evans: When was the last time the corporation engaged in some kind of a general campaign such as this?

Mr. Bardua: We have ongoing campaigns with respect to occupant restraint and drinking and driving, so I am not sure with respect to speed. I do

not think we have had one in the last—not since I have been there anyway. This is the first.

Mr. Leonard Evans: When did the corporation decide to go with this particular approach?

Mr. Bardua: It was part of a strategic plan approved by our board of directors earlier this year.

Mr. Leonard Evans: As I understand, the answer is early in 1994.

Are there any other—well, Quebec has been referred to. Are there any other provinces that are into the Speed Kills campaign type of activity?

Mr. Bardua: British Columbia has an extensive campaign aimed at speed, and going outside the country, Australia and New Zealand have very powerful speed campaigns.

Mr. Leonard Evans: So only B.C. and Quebec have such similar campaigns that you know of in Canada.

Mr. Bardua: Those are the only ones that have been brought to my attention.

Mr. Leonard Evans: Well, as has been referred to earlier this morning, we are all interested in safety and promoting safety—there is reference made in your last annual report—and I think we would all agree that drivers education is a critical element of that.

I think the corporation has had a very good track record on that particular program, and perhaps that is the reason why there was so much criticism when you tried to get out of it. People like what they had, even though I appreciate the fact that the corporation had certain difficulties, such as the lack of availability of cars. I understand that. Nevertheless, the program was very well received. As the president himself said, there was a great deal of opposition in the public, and it was one of the reasons the corporation decided to retain it.

We are very pleased at that decision to reverse the original position of making this major change in the program which, as I understand, would have eliminated the in-car training portion and kept the corporation involved strictly in the classroom portion of it.

We worked with a lot of the people who were upset about that. As you know, there was at least one public meeting and there was a lot of activity, various petitions and various meetings and statements made by school trustees around the province and so on. So the people generally were very upset with what they perceived to be a good program operated by MPIC.

At any rate, as I said, I am glad you reversed that decision, but I understand, from the president's earlier remarks, that there are discussions going on now for other adjustments. I was just wondering if Mr. Bardua can elaborate on that, just exactly what is happening. I trust you are still maintaining the program as we expected you to, that is, maintaining both in-car as well as in-classroom type of instruction.

I mentioned, and just in passing might say that what I was told time and time again last fall, when we were in the throes of heated discussions and debates and concerns on this matter, was that the students were essentially interested in the in-car portion and that if you did not offer in-car in conjunction with the in-classroom training you would not get the take-up in the classrooms, even though you made it free, because it is my understanding there was to be no registration fee. Even if it were free, you would not have the take-up that you get when you tie it into a program of both in-class and in-car training.

At any rate, I was wondering there, just to go back now to Mr. Bardua, if he could explain what sort of discussions are going on and what are the objectives.

Mr. Bardua: We have done some surveys of people interested in the program, and we put together a high school drivers education committee consisting of people from DDVL, from the school divisions and the Manitoba Motor Dealers Association. Primarily they are interested in looking at the program administration, the classroom instruction with respect to how it is going to be delivered, and the qualifications of instructors and so on, and then the in-car instruction program as well with a view in mind to, prior to the beginning of the next school term,

modifying the program and making improvements wherever possible.

Mr. Leonard Evans: Mr. Chairperson, I did not hear the first group that Mr. Bardua referred to on this committee. I heard motor dealers and school divisions, but there was another reference.

Mr. Bardua: The chief driver examiner from DDVL, the training co-ordinator from DDVL, the principal of Continuing Education from St. James Assiniboia, I am sorry, the Division of Driver and Vehicle Licensing. I am running over that too fast for you. I am sorry.

Mr. Leonard Evans: So the committee is supposed to come back to the corporation at some point to suggest changes in the program. What is the level of participation currently? What are the latest figures of participation compared to the previous year, that is students' participation?

Mr. Bardua: It is about the same. It has not changed very much over the past several years, 8,000 to 9,000 a year.

Mr. Leonard Evans: Eight to nine thousand a year, so these are students who would take whatever is required of them, so many hours of instruction in the classroom and then proceed on to the in-car driver training. So the question then is how many cars do you have available today compared to a year ago?

*(1140)

Mr. Bardua: We have had to rely more heavily on the commercial driving schools this year than we have in the past because there are substantially fewer cars available to us.

Mr. Leonard Evans: The question then is, if that is the case, can Mr. Bardua give me an indication how many cars have been made available under the old program, the previous model, and how many are being made available in the last period, today.

Mr. Bardua: I do not have that information with me, I am sorry.

Mr. Leonard Evans: Did Mr. Bardua indicate, though, that there are fewer cars being made available today, on the basis of going to the motor vehicle dealer who agrees to make one, two, three,

four, five, whatever number available under an arrangement? You are saying you have fewer of those today than you had last year.

Mr. Bardua: That is correct.

Mr. Leonard Evans: Could you give me some indication of the reduction, percentage-wise, 10 percent?

Mr. Bardua: We used to get about 300 cars a year, and the best guess I can get right now is that we are probably down around 200.

Mr. Leonard Evans: The suggestion was made last fall when there was a lot of discussion in the public on this program that greater effort should be made to get the cars available from the motor vehicle dealers. Now, I appreciate there have been changes in the way the motor vehicle dealers operate because of considerations of the corporations, that is, the automobile manufacturers who may stipulate other conditions making it more difficult for the vehicle dealers to make them available.

Having said that, it was argued though that if a greater effort was made on the part of staff, MPIC staff, to liaise and to talk to the motor vehicle dealers, to get them interested, that these cars would be forthcoming, or there would be more forthcoming than we have, and that while this other factor is important, nevertheless an additional factor was just the effort made by MPIC to appeal to the public-spiritedness, if you will, of the vehicle dealers and the corporations, the automobile manufacturers, to participate in this program because it is in the public good, it is in the public interest.

Mr. Bardua: We have worn out the knees in our pants begging for cars. We have really done everything we can do to try and get these people to provide us with cars. It comes down to a matter of dollars and cents for them, and you cannot blame a motor dealer who can get less for a car, substantially less for a car after we have used it than he can for his new cars. They are just not worth much when we give them back to them when the manufacturers are offering all kinds of incentives and rebates to people to buy new cars instead of used ones.

Mr. Leonard Evans: Well, because drivers education is extremely important as one major element in keeping accidents down, having more safety on the roads, it would seem to me that we all have a vested interest in ensuring that we have the most optimum drivers education program possible. This is where the debate is.

The argument was made by the corporation last fall, when it made the decision, well, better to go with private operators, and many complained about that saying, well, it sounds nice at first blush, but there are a couple of problems, one of which is the cost to the students and whether they would be able to afford private instruction.

Secondly, what about the availability of private instruction elsewhere in the province, I mean, outside of Winnipeg or Brandon or Portage? Once you get into small-town Manitoba and rural and remote areas, you just do not have these driver instruction schools available.

So the argument was made that then, therefore, MPIC has to do more. Maybe it means paying a bit more of an incentive to get the dealers to make the cars available to the corporation.

I know from an administrative point of view it is nice and clean to say: Okay, we are not going to be involved in this anymore; we will leave it strictly to private instruction schools. It may be easier from an administrative point of view, but it seems to me that we are in danger of losing something. We are in danger of having fewer people trained, and we are discriminating, particularly against those on lower or modest incomes.

Mr. Bardua: One of the things this committee that I mentioned to you earlier is going to be looking at is some of the options with respect to obtaining automobiles, as to where they get them from and what the costs are.

As I indicated earlier, the biggest cost to the program is the automobiles. If you increase that cost dramatically, you make the program unaffordable.

Mr. Leonard Evans: Mr. Chairperson, we were talking about the success, seeming success of the no-fault plan and the increased income to the

corporation as a result of the new scheme. It would seem to me that the corporation should be very well positioned to put additional money into this program—in fact, even buy the cars.

I know you have had reports in the past, because it has been examined in the last couple of years, and that is no state secret. I guess this committee will probably be going over those reports and consider these matters again. Even though it may be more costly, a bit more costly to the corporation, in the long run, we may ensure better driver education inasmuch as we will ensure that there be more, rather than less, people trained, and that we will not discriminate against any particular segment in society or any region of the province.

We do have many regions, rural regions, northern remote regions, where you just do not have people who are available to set up driving schools. It seems to me that that is an option that the corporation should consider with its additional improved income status, that it should take this responsibility on, that maybe it should be purchasing vehicles, or leasing them, or whatever, to ensure that we do have an affordable program that is going to have the maximum number of students involved.

Mr. Cummings: I would only add one comment. I think it demonstrates how these programs might evolve. My experience was that at one time you could not get instructors. It was the teachers who took it on part time. Then it became those who were associated with the division in other ways, but it was not too long before it became quite apparent to those who were interested or able to pick up some part-time employment in becoming a driving instructor where a school division was, in co-operation with the corporation, delivering a program.

Certainly, the ones that I am familiar with—and that is a half a dozen or so out in the middle of the province—that is really how it has evolved. Enough people realizing that there is some stability to an opportunity will go out and acquire that additional expertise and become active in the area.

The corporation has committed itself to being very consultative in any discussions that are

ongoing. I only interject to suggest that I hope the member is not suggesting a massive infusion of dollars as being the only solution to this. There are probably a number of ways that the corporation can approach this, and demonstration of how we got more instructors out there. We may well find, in these various discussions that are going on, other suggestions that come forward as well that will help make it a more universal program.

No one has touched on the requirement that has been suggested, in some circles, that there be a requirement for training prior to a driver getting on the road. I am not suggesting it or advocating it at this point, but I think that also has to be part of the discussion that occurs out there. You can talk about the cost of driver instruction, two tankfuls of gas, maybe three tankfuls of gas, is about the equivalent of the cost of the program today. It is very relevant in terms of the money that people are prepared to put into the automobiles, but a greater onus needs to be placed on all of us in terms of our driving habits.

* (1150)

These discussions are pretty all encompassing, and I would look forward to hearing what suggestions will come from it, because I certainly received a lot of suggestions last fall, some of which were practical and some of which were not, sort of mandatory implications. You are never going to get 100 percent acceptance of the program.

Mr. Leonard Evans: I do not know whether I followed the minister fully. Were you suggesting that the cost to the students of training in a professional driving school was two to three tankfuls of gas? I am not trying to put words in the minister's mouth; I am just trying to get a clarification.

Mr. Cummings: I am referring to the existing cost which was not that far from the proposed cost of a revised program. I am saying that I am responding more, however, to the suggestion that the corporation should perhaps have a fleet of cars that it is prepared to put on the road to do this job. I think there are lots of imaginative ways out there that they can get the number of cars up without

resorting to that type of capital investment. That is my main point for interjecting.

Mr. Leonard Evans: My colleague reminds me that Mr. Bardua was saying that he was wearing out the knees on his pants appealing to motor vehicle dealers or whoever to make these vehicles available. I mean, if there are other ways, that is great, but it seems to me that ultimately the corporation may have to put more money into the program to make it effective. So maybe the minister should share with the president his ideas for making the program more effective without spending more money.

Mr. Cummings: They have been sharing some of their feedback with me.

Mr. Leonard Evans: This seems to me the continued problem with this program, and that is the lack of availability of cars, it seems to me. So this is what we have to address and, in addressing it, ensure that we are not going to discourage young people from taking the training. I guess the minister is suggesting the way to do this is to make it mandatory—no drivers education program, no licence. No, he is shaking his head, but I thought that is what he was suggesting a moment ago that was a solution: no formal training, no licence.

Mr. Cummings: I was asking if that is what the members were suggesting, because if you are talking about universal training, once you get outside of the classroom and demand other hours of training, there does become a decision point there. Frankly, I am asking, is that what the members are suggesting? I have not taken a position on that, nor am I advocating it at this juncture.

Mr. Leonard Evans: Mr. Chairperson, I was not advocating any compulsory program. I was saying that what you have to do is amend the program, the drivers ed program, so that it is affordable to Manitoba students. They should not be discriminated against if they come from a poor family or happen to come from rural or remote Manitoba where driving schools are not available. I do not know how you overcome that question.

At any rate I just trust that consultations will be meaningful and effective and that we come up with

the solution, but I think, ultimately, it may require the corporation being prepared to put more money into it. I am not advocating sort of a massive increase in funding that you may not be able to afford, but surely there may be some reasonable amount that could be infused to allow this program to be as universal as possible. [interjection] I did not hear Mr. Rose there.

At any rate, when will this committee be reporting back to the corporation, or to the minister, I am not sure which group?

Mr. Bardua: We do not have a specific date, but we want them to report in early enough so that changes can be made for the fall school term, 1994.

Mr. Leonard Evans: Is there a possibility that we could be talking about changes made for the 1994, the next round, that you will reverse your decision again and go back to the commercial schools?

Mr. Bardua: I think it was at the last session that the minister said, I may be stupid, but I do learn; and I have to quote him again.

Mr. Leonard Evans: I did not recall that, but maybe you are right.

At any rate, there is an old saying that I am always reminded of: The road to—because I am sure there were good intentions here—hell is paved with good intentions, and many of us walk down that road many a time.

So you have set up the committee. You have a representation of school trustees, motor dealers, people from designated driver vehicle branch, or whatever it is called, and I do not know whether you have any others as well, any other categories, but is the committee there for—it is charged with coming was up with some suggestions to improve the system.

Could I ask what the criteria—there has got to be some criteria for this. I mean, you can say well, make it better, but how do you make it better? It can be a policy judgment. It can be a matter of opinion. Some people say you make it better by having it totally commercial drivers. Others would say that is not true; it would be better to have people who are not geared by profit but are more

concerned with that student to make sure that he or she has the right attitude.

You know this was something that was repeated over and over again by the drivers ed instructors when I met with them last fall. You know, we go into this. We want to take that young person under our wing and spend time in getting that young person to have the right attitude. I mean, because the young people are great at the technicalities. They know how to shift gears. They want to shift gears. They do not want automatics. They know how to operate a vehicle better than any other age group. They are very good at it, but it is the chances they take and it is their attitudes in driving.

This was what was stressed time and time again by the drivers ed instructors, that this is what we can do, and this is what we should do, and this is what we are prepared to do because we are not in the business of sort of making money at it. I mean, it is our income, of course, but it is not on a fee-for-service basis.

Anyway, I believe Mr. Bardua had an answer for me from my previous question.

Mr. Bardua: I have lost track of the question.

Mr. Leonard Evans: I am just getting back to the committee, the make-up. I was just wanting to clarify the make-up, if I had missed any groups, and I wanted to know when it was to report. I gather there is no deadline, but you would like to have something in place for next fall. Then I ask, well, what are the criteria? I mean, has the government, has the corporation given some guidelines to the committee for their work, and what are they?

Mr. Bardua: I guess I should run down the list on the committee because perhaps I have missed someone: the chief driver examiner from the Department of Driver and Vehicle Licensing; the training co-ordinator from that same branch of government; the principal of Continuing Education from St. James-Assiniboia School Division No. 2; the education and drivers education instructor from Maples Collegiate; the educator and drivers education instructor from Shoal Lake school; and the executive director of the Manitoba Motor Dealers Association.

Specifically the committee has been asked to look at program administration. Under that heading, we include the financial administration; the instructor recruitment and training; instructor remuneration; program policies; record keeping, student enrollment procedures and fees; vehicle acquisition and assignment.

Under the heading of classroom instruction, we have asked them to look at the classroom curriculum, and while we have focused a lot here today on the availability of automobiles, that is a pretty narrow subject. Classroom curriculum is far and away just as important, and there is not a lot of good material available out there today—a lot of it has to be developed right here in Manitoba for our own use—the delivery and duration of the classroom program and the instructor qualifications as well.

Moving on to in-car instruction, things like the assignment of instructors; again the curriculum for in-car instruction; the use of commercial driving schools as an adjunct, particularly when vehicles are not available; and vehicle acquisition and storage.

Once again, we did not give them a time deadline, except that we said we wanted to have this material in time to make whatever changes could be made for the September 1994 school term.

Mr. Chairperson: The hour being twelve o'clock, could I seek the advice of committee? I know Mrs. Carstairs still has a number of questions.

Mr. Leonard Evans: Could I just ask a very small question?

Mr. Chairperson: Carry on.

Mr. Leonard Evans: Just on this, and then I am quite prepared to adjourn. I just wondered, are the driver instructors, did you say you had two on there?

Mr. Bardua: On the committee?

Mr. Leonard Evans: On the committee.

Mr. Bardua: Yes.

Mr. Leonard Evans: One from Shoal Lake, and where was the other one from?

Mr. Bardua: Maples Collegiate.

Mr. Leonard Evans: Maples Collegiate.

Mrs. Carstairs: Well, are we not going to adjourn, Mr. Chairperson?

Mr. Chairperson: I was just seeking the advice of committee at this time. Did you want to rise at twelve o'clock?

Mrs. Carstairs: Yes, I think we should rise at twelve o'clock.

Mr. Chairperson: Twelve o'clock. Committee rise.

COMMITTEE ROSE AT: 12:02 p.m.