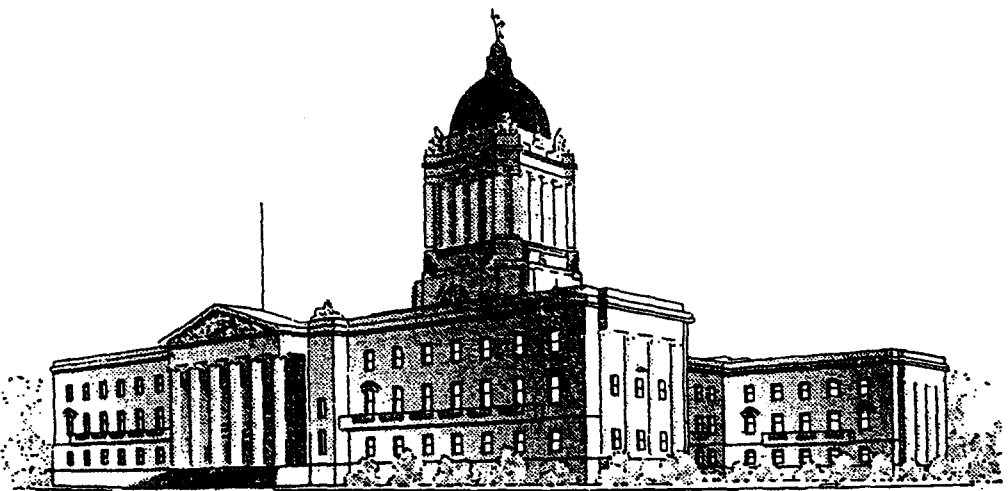




Sixth Session - Thirty-Fifth Legislature  
of the  
**Legislative Assembly of Manitoba**

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

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



**Vol. XLIV No. 2 - 10 a.m., Thursday, January 12, 1995**

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

**Members, Constituencies and Political Affiliation**

<u>Name</u>	<u>Constituency</u>	<u>Party</u>
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CERILLI, Marianne	Radisson	NDP
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose du Lac	P.C.
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KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	NDP
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MACKINTOSH, Gord	St. Johns	NDP
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MCCORMICK, Norma	Osborne	Lib.
MCCRAE, James, Hon.	Brandon West	P.C.
MCINTOSH, Linda, Hon. Mrs.	Assiniboia	P.C.
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WOWCHUK, Rosann	Swan River	NDP
	River Heights	<i>Vacant</i>
	Flin Flon	<i>Vacant</i>

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES**  
**AND NATURAL RESOURCES**

**Thursday, January 12, 1995**

**TIME -- 10 a.m.**

**LOCATION -- Winnipeg, Manitoba**

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

**ATTENDANCE - 11 -- QUORUM - 6**

*Members of the Committee present:*

Hon. Mr. Orchard

Mrs. Dacquay, Messrs. Edwards, Helwer,  
 Lamoureux, Laurendeau, Martindale, Reimer,  
 Mrs. Render, Messrs. Rose, Schellenberg

*Substitutions:*

Mr. Praznik for Mr. Orchard at 10:07 a.m.  
 Ms. McCormick for Mr. Lamoureux at 10:08  
 a.m.  
 Ms. Barrett for Mr. Schellenberg at 10:08  
 a.m.  
 Mr. Reid for Mr. Martindale at 10:09 a.m.  
 Mr. Gaudry for Mr. Edwards at 10:09 a.m.  
 Mr. Penner for Mr. Helwer at 10:09 a.m.  
 Mr. Ashton for Ms. Barrett at 11:34 a.m.

**APPEARING:**

Wally Fox-Decent, Chairperson, Workers  
 Compensation Board  
 Alex Wilde, Chief Executive Officer, Workers  
 Compensation Board  
 Terry Edgeworth, Executive Director of  
 Assessments, Human Resources and  
 Communications, Workers Compensation  
 Board  
 Sid Rogers, Senior Director of Claims  
 Services, Workers Compensation Board  
 Kam Sandy, Executive Director, Corporate  
 Services and Research, Workers  
 Compensation Board

Don Paul, Senior Director of Claims Services,  
 Workers Compensation Board

**MATTER UNDER DISCUSSION:**

December 31, 1993, Annual Report of the  
 Workers Compensation Board and 1994 Five  
 Year Operating Plan

\* \* \*

**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  
 1993 Annual Report of the Workers  
 Compensation Board.

Prior to commencing consideration of the report,  
 we have a number of committee substitutions. I  
 have before me the resignation of the Honourable  
 Don Orchard as member of the Standing  
 Committee on Public Utilities and Natural  
 Resources effective immediately. Are there any  
 nominations to replace the Honourable Mr.  
 Orchard?

**Mr. Jack Reimer (Niakwa):** I move that Mr.  
 Orchard be replaced by Mr. Praznik.

**Mr. Chairperson:** Mr. Reimer moves that Mr.  
 Orchard be replaced by Mr. Praznik. Agreed?  
 [agreed]

I have before me the resignation of Mr.  
 Lamoureux as a member of the Standing  
 Committee on Public Utilities and Natural  
 Resources effective immediately. Are there any  
 nominations to replace Mr. Lamoureux?

**Mr. Paul Edwards (Leader of the Second  
 Opposition):** I move that Ms. McCormick be a  
 replacement for Mr. Lamoureux.

**Mr. Chairperson:** It has been moved by Mr. Edwards that Ms. McCormick replace Mr. Lamoureux. Agreed? [agreed]

I have before me the resignation of Mr. Schellenberg as a member of the Standing Committee on Public Utilities and Natural Resources effective immediately. Are there any nominations to replace Mr. Schellenberg?

**Ms. Norma McCormick (Osborne):** I move that Ms. Barrett be a replacement for Mr. Schellenberg.

**Mr. Chairperson:** It has been moved by Ms. McCormick that Ms. Barrett replace Mr. Schellenberg. Is it the will of the committee? Agreed? [agreed]

I have before me the resignation of Mr. Martindale as a member of the Standing Committee on Public Utilities and Natural Resources effective immediately. Are there any nominations to replace Mr. Martindale?

**Ms. Becky Barrett (Wellington):** I move that Mr. Reid be a replacement for Mr. Martindale.

**Mr. Chairperson:** It has been moved that Mr. Reid replace Mr. Martindale. Agreed? [agreed]

I have before me the resignation of Mr. Edwards. Is there someone to replace Mr. Edwards?

**Ms. McCormick:** I move that Mr. Gaudry replace Mr. Edwards.

**Mr. Chairperson:** It has been moved that Mr. Edwards be replaced by Mr. Gaudry. Agreed? [agreed]

I also have before me the resignation of Mr. Helwer. Are there any nominations to replace Mr. Helwer?

**Mr. Reimer:** I move that Mr. Penner replace Mr. Helwer.

**Mr. Chairperson:** It has been moved that Mr. Penner replace Mr. Helwer. Agreed? [agreed]

It is also the usual practice when considering the Annual Report of the Workers Compensation Board to also consider the Five Year Plan of the board. Does the committee give unanimous consent to also consider the Five Year Plan? Agreed? [agreed]

I also understand that the officials present from the Workers Compensation Board would like to make an audio-visual presentation to the committee during the meeting.

Does the committee give unanimous consent for an audio-visual presentation? [agreed]

We shall now proceed. Does the minister responsible for the Workers Compensation Board, the Honourable Mr. Praznik, have an opening statement, and would he like to introduce the officials in attendance from the Workers Compensation Board, please?

\* (1010)

**Hon. Darren Praznik (Minister charged with the administration of The Workers Compensation Act):** Mr. Chair, I would like to ask if I could have our CEO and our chair, and we have two board members with us today, if they could join us here please up at the front.

Let me introduce to members of the committee, certainly no stranger to members of the Legislature, Professor, former rear-admiral, Wally Fox-Decent, who is chairperson of the Workers Compensation Board.

We have with us Mr. Alex Wilde, who is the chief executive officer. We also have Mr. Bruno Zimmer, who is a board member, and Mr. George Chapman, who is also a board member. Mr. Zimmer is a board member nominated by employees. Mr. Chapman is a public interest board member.

We also have Ms. Karn Sandy joining us at the front, who is the corporate secretary. We also have other staff available as needed to meet specific questions of detail on any particular branches or departments of the board.

I am going to change my regular routine here somewhat and have very brief opening remarks. I just want to say that the financial picture, I think, by any of the three criteria which we often judge workers compensation boards, their financial stability, their financial situation being one, their rates and rate structure being a second, and thirdly, and some would argue perhaps most importantly, the service delivery to its clients, by those three standards, I am pleased to say that in my opinion, at least, I think the Workers Compensation Board of Manitoba has made major improvements over the last number of years in all three areas. We will get into that detail shortly.

I want to say, though, to our board and all of its members, employee, employer and public interest representative and our chair and to all the staff, my congratulations and thanks publicly here today because there really has been a team effort on the part of all of the players, employee reps, employer reps, all the various parties involved, our public-interest people, to work together to achieve success in all three areas by which boards are judged. The success that we have is due in part to that tremendous effort by so many at the board.

I hope members of the committee will share that view following this report, and in keeping with my suggestion of being somewhat brief on my part today, I would now defer to you, Mr. Chair, and the procedures for this process.

**Mr. Chairperson:** I thank the minister for that short statement. Did the critic from the second opposition party have an opening statement?

Does the critic from the official opposition party have an opening statement?

**Mr. Daryl Reid (Transcona):** Mr. Chairperson, I am the member representing the official opposition here, along with my colleague the member for Wellington (Ms. Barrett).

I will be very brief in my comments because I think it is important that we move as quickly as possible into the presentation that the members of the board have for us here today. I look forward to

that presentation. We also have a number of questions dealing with policy decisions by the board, but also, this year, I am going to take a bit of a different tactic in that I am going to move into some questions relating to the finances of the board itself and their future projections and some of the problems that may be anticipated with that. So I am going to cover at least two different areas with respect to the board's operations that I may not have covered thoroughly enough in past committee meetings.

I want to note too that this committee has not sat since the spring of 1993, so it is some two years since we have met. We did not meet in 1994. It was my understanding that this committee was supposed to be meeting at least on an annual basis. That did not occur in 1994. I was disappointed that we did not have that opportunity to meet to bring forward the concerns that we had.

We had looked forward to this committee convening around the summer of 1994, but unfortunately, that did not happen. It could have been held in the fall of '94; that did not happen as well. So while we do welcome the members of the Workers Compensation Board here today, we want to put on record that we were concerned that the minister did not see fit to convene this committee in 1994.

#### Point of Order

**Mr. Praznik:** On a point of order, and it is a moot point, I would suggest, but still one worth making. The convening of this committee is not something that is within my power as minister responsible.

**Mr. Chairperson:** The honourable minister did not have a point of order. It is a dispute over the facts.

\* \* \*

**Mr. Reid:** I will leave my comments, as brief as they are, to what I have already put on the record, Mr. Chairperson, and look forward to the presentation and the opportunity to ask my questions.

**Mr. Chairperson:** Thank you, Mr. Reid. Did the critic from the second opposition party have an opening statement?

**Ms. McCormick:** No.

**Mr. Chairperson:** No? Thank you.

Did the representatives present from the Workers Compensation Board have a statement to present to the committee?

**Mr. Wally Fox-Decent (Chairperson, Workers Compensation Board):** Mr. Chair, the Minister, honourable members, I am pleased to appear before you with a number of my colleagues today to discuss the 1993 Annual Report of the Workers Compensation Board, together with the Five Year Plan.

Let me begin by saying that I believe that 1993 was a year of some improvements for our organization. You have already heard the minister say a few words about the financial well-being of Workers Compensation. We had a surplus of almost \$23 million on operations in 1993 and therefore were able to reduce the unfunded liability quite significantly. The assessment rate to employers remains stable during 1993, and indeed, as Mr. Reid suggests he might like to discuss a bit later, the assessment rate announced for 1995 is the same as that which was in place in 1994 and 1993.

Our CEO, Alex Wilde, is going to give you some visual indications of the organization's financial status as we finish our remarks today. I will have a few things to say by way of introduction, and then Alex will give you a little bit of a visual presentation. Then we will be delighted to receive your questions.

Some of the most important gains made by Workers Compensation in 1993 will not appear in the statistical portion of the annual report. They are somewhat harder to measure. They are the advances we have hopefully made and continue to make in the areas of service, in providing reasonable, effective and fair delivery of services

to our clients, injured workers and employers alike. As you know, I am talking about the kind of changes that do not show improvement overnight. We recognize, at Workers Compensation, that we have some problems. We recognize that those problems relate to issues of service delivery and delays in the delivery of service within our system.

In 1993, we tried harder to learn from our mistakes. We tried to make improvements designed to make recovery from injury and paying for the system a little easier for injured workers and employers, the people that we are here to serve.

Some of you will know that we formed a service delivery committee in 1993, a committee that includes representatives of our clients. In addition, we solicited extensive comments from employers, workers and their advocates through our ongoing consultation process. This service delivery committee has undertaken a review of the claims process on a step-by-step basis. We recently held a service delivery forum called, People in Crisis, bringing together some 30 local service providers, joined with our board members and Workers Comp staff, to examine common issues and, more important, to identify strategies for assisting workers and their families in a time of crisis.

\* (1020)

Suggestions received from unions and from others representing workers led the board to institute a number of service initiatives, including the 24-hour worker crisis line. This same committee took time to examine issues addressed by the provincial Ombudsman, again attempting to make past errors or mistakes a learning experience. The service delivery committee invited the chief appeals commissioner to share some time with us discussing all matters related to the conduct of business before the independent appeals commission.

Through our work on service delivery and in the committee charged with that special responsibility, we have seen a number of significant themes emerge on a consistent basis. They include the

following. These are the challenges, I think, to our system that have emerged from discussion in the service delivery committee. First, we need to energize or humanize our system by increasing personal contact between our clients and staff, thus ensuring a more caring, courteous treatment. As a result, we have instituted personal contact programs whereby staff have telephone contact with clients on a regular recurring basis. It is now a rule that a new client will be contacted within two weeks by telephone to be given a status report on their claim by the individual involved as adjudicator.

We discovered as we looked at issues that came to the service delivery committee—and incidentally we had a broad consultation process. We sent out invitations to the community to come to the service delivery committee personally or send us written submissions with regard to the issues of concern in Workers Compensation, Manitoba.

We discovered the need to ensure clear, concise and compassionate communication to help clients understand our system, their rights and any decisions that might affect them. Too often in the past we have heard clients say, I've got a letter from Workers Compensation, I don't even know what it means; it's just gobbledegook as far as I'm concerned.

Through a careful program, including a lot of staff training toward the writing of clear, concise, fair and understanding correspondence, I believe that we have gone some way toward addressing issues that had plagued us with regard to communication. We were told that we must reduce delays in adjudication and the appeal process. We were told of the need to increase worker and employer involvement in the claims process, especially in vocational rehabilitation. We were made aware of needs to ensure that there is adequate training of our staff to meet the challenges of serving our clients. We were made aware of the need to increase public education and training to encourage injury prevention.

We know that injury prevention is a special responsibility of Workplace Safety and Health

within the government envelope, and I am pleased to say, Mr. Chair, that we have a very close working relationship with Workplace Safety and Health.

A member of our staff sits on the Advisory Council, Workplace Safety and Health. There is a regular interaction between staff of our organization and Workplace Safety and Health. I think that kind of co-operation is just simple common sense if you are trying to deal with prevention as a primary issue. Of course, the more prevention that is effective, the less you will have to deal with the cure at the other end of the process.

The service delivery committee's work is far from over. We continue to work on an active basis today, meeting on an average of every three to four weeks. Beyond the current mandate, which is service to the injured worker, the intent is to undertake a similar initiative to address employer-related issues.

Gains in communication for our board translated into increased direct communication and contact with our stakeholders through consultation, and if I may say, Mr. Chair, the result of which has been a fair degree of consensus building in terms of how the organization should proceed on a number of issues. By acknowledging that ours is not always the only or the best approach to solutions, we were able to enjoy a series of direct discussions with our stakeholders. For example, through consultation with employers, the process of assessment and collection of what they pay us in premiums has been thoroughly examined and changed. Further change is planned when our latest round of consultation is complete. At this very moment, we have another consultation paper out in the constituency with regard to the process related to assessments.

This ongoing consultation with all our parties of interest is an opportunity for our stakeholders to not only be heard but, more importantly, to have input and a real impact on our board's policies.

I say that because these consultations have resulted in changes and adjustments to our

policies. We recently expanded our process to include a written feedback to those who have taken the time and effort to share their views with us.

Mr. Chair, 1993 saw the launch of a new high school safety program, a co-operative venture financed by Workers Compensation. This instructional video presentation with supporting classroom and teacher material is designed to provide high school students with exposure to workplace safety education.

Another important communication project we are working on involves heritage languages. We are trying to ensure language is not a barrier to applying for Workers Compensation benefits or participating in rehabilitation and return to work. We continue to strive, to translate all our printed material into a number of heritage languages.

As responsible stewards of the program we operate, we can pay only what we believe to be legitimate claims under our act. If I may say, Mr. Chair, that really is the essence of what Workers Compensation is all about. It is paying legitimate claims of injured workers in a prompt, fair, courteous and compassionate manner.

However, sometimes we have to say no. Not every claim can be accepted under the terms and conditions of our act and under the terms and conditions of the regulations and processes that flow from our act. So sometimes we say no and sometimes our claimants are unhappy when we say no. There is, as you know, a process for unhappy or unsatisfied claimants to make appeals through the system. There are various levels of appeal, ending, as you know, with the case before the independent appeal commission.

We do, however, although we have to say no from time to time, take steps to learn from decisions which are modified or overturned as a result of our appeals process. There is room for more improvement. I am pleased to note, and I hope I do not speak too soon, and I certainly have my hands very firmly on the wooden table when I say this, that the complaints to the provincial Ombudsman are down related to Workers

Compensation, as are requests for reconsideration to our review office.

Statistics show a substantial reduction in the number of appeals that have been filed with the independent appeal commission. Now, all of that, that I have just said to you about a decrease in complaints to the Ombudsman, a reduction in review office applications, and a quite substantial reduction, about 25 percent reduction in the number of appeals that have gone before the appeal commission, that is 1994 over 1993. So I have strayed slightly beyond the 1993 period. I give it to you as a hopeful sign that we may be having less dissatisfaction by our clients as a result of the decisions we make.

I spoke earlier of measuring our progress not in dollars but in serving our customers. I did that because we know we have not reached our goal. We do, however, undertake to continue our efforts to meet the challenge of providing excellent service to our clients.

\* (1030)

Now, Mr. Chair, if I may, I would like to call on our chief executive officer, Alex Wilde, who will continue our presentation.

**Mr. Alex Wilde (Chief Executive Officer, Workers Compensation Board):** Mr. Chairman, Mr. Minister, members of the committee, this is the focus on the financial and the operational portion of our presentation this morning. Wally spoke about the quality services, a fundamental component of the Workers Compensation program. To be a viable operation though, the service has to be combined with some financial stability and operational effectiveness.

We mentioned some of the improvements in service that we have been working on, and we also feel we have made some good results, some solid improvements in those other areas as well.

First of all, in the area of financial stability, what we have here is an extract from the 1993 annual statement. The third line from the bottom



on this chart shows the decrease in unfunded liability in 1992 and 1993. And see, in 1992 we were able to reduce the unfunded liability by \$9.8 million and in 1993 that jumped to nearly \$22 million; '93 was an exceptional year. As Wally commented earlier, we are drifting a little bit into giving you some view of 1994. Because of the timing of the presentation, '94 certainly is not going to be as good a financial year as 1993, but certainly we are still on target with the long-term projections to deal with the unfunded liability.

This next slide simply deals with the balance sheet as of the end of '93, and that identifies that the unfunded liability, again third line from the bottom, in 1992 we ended the year with \$93 million left in our unfunded liability which was reduced then by that \$22 million down to \$71 million at the end of 1993. I guess, too, to put that in perspective for you, you have to look at where we have been coming from.

This chart here shows the unfunded liability beginning in 1988 and bringing us up to date. Where we are at the end of 1993 then is at this point where we had the \$72 million in our unfunded liability and obviously major decline from four or five years ago. Our current projections for 1994 are for a small increase in the unfunded again, not, as we mentioned, as much as we were able to achieve in '93, but nonetheless continuing to reduce that deficit. Our projections then for '95 and continuing, for our long-term objective being the end of 1999, to have eliminated that unfunded liability.

To put this in context, this is a little more difficult to read, but what we wanted to give you was a sense of how we compare to the rest of the industry across Canada. Now, in Manitoba, our unfunded liability then represents a shortfall of 9 percent against our liabilities, and that is what we have to, over a period of time, work at eliminating. Across the country, unfunded liabilities are a very major problem and you will see, particularly in the Maritimes and Quebec, very, very substantial shortfalls. Ontario is sort of the worst case in the country right now. They have an extremely large unfunded liability. We unfortunately use them as

a bit of a bad example in some cases, but the trend and the priority of all of the boards is to deal with the unfunded liability of one of the major priorities of the organization.

The slide we have here then is moving into the future with our results. What we have here is a chart that really represents the accumulated claims over the course of the last three years, so the orange bar represents 1992. So you can see, over the period of a year, our reported claims were slightly over 42,000, and in 1993, we had a fairly substantial drop.

In 1994, though, we have gone back to the 1992 levels. Now, this is particularly significant. This is what is driving the financial results that I referred to earlier, that 1994 will not see the same decline in our unfunded liability as we have had in '93; '93 was an exceptional year. We spent a great deal of time looking at what was happening in claims. What we found was, in May and June, we noticed that we had a significant increase beginning in the trend of the claims that were reported relative to '93.

We worked closely with Workplace Safety and Health, who did a lot of analysis at that time to try and sort out just what was going on. What we found was a mixed blessing. There was some good news there in that we did a lot of very detailed checking back with some of the firms that were showing particularly large increases and found that in many cases it was as a direct result of significant increase in economic activity. That was the good-news side.

\* (1040)

The bad news part of it was that in some of those cases and in other cases where there had not been the economic growth, what we were seeing were some cutbacks that had occurred in the past year on training, safety programs. We were seeing inexperienced staff who had not been observing the same safety standards. We worked with Workplace Safety and Health, with the employers involved, and in several cases, for example, they reinstated safety training programs. In fact, in a

couple of cases, they actually added to their safety department.

The bottom line, though, is that 1993 seems to have been an anomaly in that dip in the claims and that 1994 is tracking very closely on that '92 result all the way through, so that at the end of 1994, we actually have a 14 percent increase in claims over 1993 but only 2 percent over the '92, which seems to be a more the normal pattern. The other half, of course, of financial stability is not just that you are making money, so to speak, to reduce your deficit so that you can cover your liabilities but to do it without having to raise the rates as you go along.

What we have here is a graph showing the average rates that are paid in this province over the last half dozen years. There were some substantial increases in those early years, when the unfunded liability peaked at very high levels. As it started to come down, obviously, it was also possible to make some small decreases in the average rates that were paid over the last several years now.

With our plans for 1995, we are maintaining the same average rate. Now that is not to suggest that individual firms—if you go out and talk to employers, most people's rates do change. We have an experience-rated system so that people's rates are based on the results that they have in their own industry and, in some cases in their own individual companies, so any particular employer may well see the rate go up or down every year in these two or three years where we say the average rate for the province has not changed.

Again, to put this in a bit of a perspective for you, this is a little difficult to read, but the rates in Manitoba, that average assessment rate, from 1988 we were the eighth highest rate across the country, and in '94 and '93, had the third or fourth lowest rates. So the lowest rates in the country for the last couple of years have been in the province of Saskatchewan.

If we were to go back on that chart I showed you earlier about unfunded liability, they do not have an unfunded liability. So they are fully funded, and that is one reason that allows them to enjoy

that position of having both low rates and no funding shortfall.

The other piece of the puzzle we talked about then was the operational efficiency. It is important that we run an effective operation, that we control our costs, that we have good productivity from our staff. What we attempted to do here was to give you one of the measures of productivity for the people we have, where we stand here on a global basis, and we are talking here about time-loss claims which are a main measure of activity relative to our total staff. So the board in Manitoba averages 40 time-loss claims per staff member. Drawing that line across the piece you can see that, relative to other boards across the country, that is a pretty high productivity level.

The interesting thing—I was really impressed the first time I came across this statistic—we have got a huge productivity number there in Nova Scotia. On the surface that looked really great. I went back and talked to them about it, and interestingly, that is a very deceptive kind of number. In fact, in their 1993 annual report they went so far as to say that was a big mistake on their part, that they were so preoccupied with controlling the admin costs and getting the workload levels up to the maximum that it was a major contributor to their unfunded liability and to backlogs in the workload. So that, in this particular case, higher workloads are not necessarily better.

We are very pleased with the level we are at. We would be very concerned if the number starts to go up because that would tend to deteriorate our service and create delays in managing the claims, which also has some fairly negative financial implications.

The other measure of effectiveness then is overall admin costs per claim. Again, you can see here for the province of Manitoba, our average admin cost per claim is \$1,541. That is all of our admin costs. That is salaries, computers, everything, divided by the time-loss claims we have. Again, we draw that line across the country and you can see that, relative to the other provinces, we have a very cost-effective system.

There is always room for improvement, and we are constantly looking at that, but certainly we are in a good position now and no reason to feel that is a crisis area right now. It allows us to continue to work at operational effectiveness but to give priority to the human side of the operation which we feel is really the core element.

That kind of gives you a quick perspective on the financial side of the operation, but I would like, in my remarks though—back on service. The last slide here really lists the values of the WCB. This statement was developed in consultation with our staff and the board. What it does is it emphasizes the human side of the compensation system.

These values define how we expect our people to behave when they are out there representing the WCB. We expect them to treat people with respect, to listen carefully, to be honest and fair, to communicate openly. They also represent the underlying principles that guide the development of our policies and our procedures and our day-to-day administration of The Workers Compensation Act.

What I of course cannot show you in any graph or slide is the skill, the commitment to the staff, that we have in our organization.

In summary though, I guess, from my perspective, the story here is that an unfunded liability is under control, that our rates are stable and competitive, our admin cost control and our productivity level is above average for the country and, I think most importantly, that we have set ourselves a very clear priority on providing quality service to our clients.

Now I would like to turn the presentation back over to the minister.

**Mr. Praznik:** Mr. Chair, I have to note on the values, and I am sure my colleagues—I look to the member for Transcona (Mr. Reid). He and I have had many conversations on Workers Compensation, and I do not make this comment in any partisan way but as fellow MLAs who have

had to work with the WCB system and have to work with constituents who have been claimants.

I think that we both would agree that there was a point in time—and I am not going to point any fingers because I think quite frankly a lot of it has to do with structure and other things where the values that were listed—many in the public would probably have argued and did to both of us that the values were probably the opposite of what is listed there, that there was not a willingness to listen and that there are hosts of problems.

The point that I make in raising that is to say very clearly that I think all of us who, as MLAs who serve our constituents who either are claimants or are employers who pay the levy—that there has been a recognition over the years that the system had problems.

In the last number of years efforts have been made. I want to stress very clearly that those efforts have involved a great deal of work by all of the stakeholders to ensure that a balanced approach was taken in Manitoba to addressing these problems, and the success that we have seen today, we are still not where we want to be on all of those issues.

\* (1050)

I know, on the service side, there are still service improvements to be made. Members of the Legislature of all parties remind me of that from time to time when they bring forward claims on behalf of constituents, but the effort that was made to get where we are today—I want to say very clearly that there are many, many people of all stakeholder groups who have invested a great deal of time and energy. Certainly, on the labour side, the members of the board we have worked with have been very, very strong in putting forward suggestions and solutions on the service side. Our board members as a whole, our service committee, everyone has pulled together the common objective of improving in those three particular areas that I outlined earlier, those three standards by which WCBs are judged to improve the performance in Manitoba.

My hope in the long run is we will continue to have that co-operation and that effort and be able to achieve in a number of years the best Workers Compensation Board, not only in Canada but I would hope in North America, to be judged by those three standards.

I want to say very clearly that service to our clientele has to be one of the most important parts of this equation. The financial is important certainly because everything is based on that ultimately. I mean, you have to have a solvent board. Ontario, as we have seen over many, many years and many administrations, has reached a point where it is in deep trouble in the nation because it was not managed, as some would argue, as it should have been. But at the end of the day we strive to have the best by all standards where all of our stakeholders, employers and employees alike, are in agreement that the board is doing its job and doing it well on behalf of the people it is there to serve.

We may from time to time disagree on certain issues that are in the legislative package, levels of benefits, benefit packages. Those are matters for the Legislature and we, as members of the Legislature, to debate, but within the parameters and frameworks that are established in the legislation, we are meeting those standards. I want to convey my thanks again to the chair of the board, all of the board members, the administration and all of our staff at WCB for their tremendous efforts and contributions, and I look forward seeing the work continued to see more improvements made in the years to come. Thank you.

**Mr. Chairperson:** Thank you, Mr. Minister. How shall the committee consider the report, on a page by page or in its entirety?

**Mr. Reid:** Its entirety.

**Mr. Chairperson:** Agreed?

**Mr. Praznik:** Mr. Chair, I have no problem with that. I hope we can have an opportunity that all members will be able to put their questions and

move from area to area and be addressed so we can have a nice free-flowing discussion today.

**Mr. Chairperson:** Okay, we will consider it in the entirety then.

**Mr. Reid:** I look with interest on the presentation that was made and I have several questions that arise out of that, but I want to key in on one area directly. It was dealing with the administration costs. If I recall the number correctly from the slide presentation, I think it was around just a little over \$1,500 per claim, if I am correct in my comments on that. That was the administration costs comparison that was given here.

What is included in the administration costs?

**Mr. Praznik:** Mr. Chair, members of the committee are in agreement obviously, the CEO and chair of the board will take the questions directly. I just ask my staff to remember they have to be recognized by the chair so they are identified on the recording system.

**Mr. Wilde:** The total costs referred to in that chart would include all of the costs of the WCB exclusive of direct claims-related charges. So that would be computer systems costs, that would include all of the salaries, rent of facilities, every cost we have other than the actual benefit costs that are paid to or on behalf of our claimants.

**Mr. Reid:** Would that also include then, or exclude, the medical aid expenditures?

**Mr. Wilde:** That would not include medical aid expenditures.

**Mr. Reid:** So I take it, Mr. Chairperson, then that—and I am looking at the document here in front of me, the Five Year Operating Plan for 1993—where the expenditures for the medical aid portion of the board's operations, external professionals and supplies, program administration for a subtotal of \$18.9 million, is not included in that administration cost.

**Floor Question:** Is that on page 25, Mr. Reid?

**Mr. Reid:** 31. We have excluded, Mr. Chairperson, the medical costs from that and the services that are provided from the overall administration costs of the board, so that figure I take it then of \$1,519 or \$1,591, whatever it was on the slide presentation, does not include that extensive amount of fund expenditures in the overall administration costs?

**Mr. Wilde:** In response to your question, the medical aid costs are part of the benefit program. The day-to-day administration medical aid costs include primarily the payments for medical services for doctors, hospital services, rehabilitation and that related to injuries to workers, so that they are not part of the administrative overhead of the operation, they are not staff costs.

**Mr. Chairperson:** Mr. Reid, just to inform you, the '93 report was passed last year.

**Mr. Reid:** We never had committee.

**Mr. Chairperson:** The '93 was passed last year.

**Mr. Reid:** We never had committee last year.

**Mr. Chairperson:** The Five Year Plan—[interjection] No, not the annual report, but the Five Year Plan was.

**Floor Comment:** The figures are going to be in your annual report anyway for '94.

**Mr. Chairperson:** But it is easier if you refer to the '94 plan.

**Mr. Reid:** I can do that, Mr. Chairperson. Can members of the Compensation Board tell me, do other jurisdictions in Canada include the medical costs in their consideration for the administration cost portion, with reference to your slide presentation that was made here today? Do other jurisdictions include those medical costs when they determine what their administration costs are on a case basis?

**Mr. Wilde:** To the best of my knowledge, that

comparison is an apples-to-apples comparison. There are some differences from one board to another as to the number of staff physicians they may have, but when we are talking the large dollars that are in the area of medical aid costs, those are health care benefits that are provided. Normally they are on non-time-loss claims, and they are consistently reported and compared from one jurisdiction to another.

**Mr. Reid:** Well, then from what I determined from those comments, we cannot ascertain with any degree of certainty that other jurisdictions are compared apples to apples. We have nothing to confirm nor deny that that is actually taking place. Can the members of the Compensation Board tell me, when did Manitoba move to eliminate or remove the medical portion of the costs from the administration cost consideration on a claim basis?

**Mr. Wilde:** [inaudible]

**Mr. Praznik:** Yes, just to clarify Mr. Reid's question because he asked about the medical aid which, from my understanding, the word, and I gather from Mr. Wilde's answer, was talking about the medical aid that we provide a claimant in terms of their rehabilitation, their recovery from the illness. As Mr. Reid may or may not be aware, when a person is injured and on the WCB system, the cost of their medical care is borne by the system as opposed to the health budget.

I think what Mr. Reid is trying to get at, and I look for his clarification, is the medical consultants that we retain who assist in the adjudication of a claim, who assist in providing an assessment to the adjudicator as to the medical condition, as opposed to medical aid or treatment. Is that what Mr. Reid is looking for?

**Mr. Reid:** That is essentially it, Mr. Chairperson. I have a number of questions in that area with respect to the health services of the board, and I just want to determine whether or not the administration costs of the board also include the medical staff, whether they would be current staff under payroll and contract staff that you have working for the board in an advisory capacity or

other, would be included in your administration costs of the board itself, because they do assist with the adjudication of your claims. I want to know if those costs are included in the slide presentation that you made to us here today with respect to your administration cost per claim.

\* (1100)

**Mr. Wilde:** First of all, with respect to the comparison to other provinces, to the best of our knowledge, that is as good a comparison as can be made. The Association of Workers Compensation Boards of Canada compiles the information from all of the boards and has a working group that has established reporting standards in order to ensure that the information they are collecting is comparative from one jurisdiction to another, so we have simply taken their numbers to provide that chart.

To the extent possible, that is a fair representation. To answer your question specifically about the health care department within the Workers Compensation Board, about 1992, there was a change in the internal process, where a portion of the costs of the health care department are charged directly to the claims, where the doctor is giving a medical opinion on a particular file. So if they are doing an assessment on a file, providing a medical opinion on that, there is a direct charge to the file rather than simply leaving it all in administration.

If I am answering your question, it is neither 100 percent administration nor is it 100 percent charged to claims. What our health care department does, and most of them are doctors under part-time contract with us, they do collect time sheets and charge a portion of their time to administration, where they are working with adjudicators, where they are doing medical research and that, but they will also then identify time that is directly chargeable to assessment on files or examining claimants, and those will be charged to the cost of the file, not to administration.

**Mr. Reid:** I am just trying to determine here, Mr.

Chairperson, that the figures that we saw on the slide presentation were a fair and accurate comparison between the various jurisdictions of Canada, to determine not so much whether or not the medical costs are accurately apportioned to the administration cost but to ensure that we have a fair picture of how we are doing with respect to other jurisdictions in Canada. That is the area that I am driving at here.

I get the sense that we are not exactly sure that there is a clear understanding that all of the jurisdictions do their administration cost comparisons or inclusions of certain costs into that administration cost the way we do it here in the province of Manitoba. That is why I am driving at that area there, to ensure that we have a fair comparison, and I want to make sure that is the case.

**Mr. Fox-Decent:** Mr. Reid, I agree that we cannot give you unqualified assurance on that issue. I think what we would best do, if you would find this acceptable, is we will get this information for you very quickly, and we will be happy to provide you the information.

You obviously want to know whether it is oranges and oranges and oranges that is being compared when you are looking at a graph of the administrative cost related to claims. I do not think any of us can give you 100 percent assurance that that is the case. We obviously hope it is, but if we may, we will provide you the information very quickly. We can find that out quite easily.

**Mr. Praznik:** I would just like to add a comment. I appreciate Mr. Reid's question, certainly very valid. One of the issues I have always raised with staff when getting comparative statistics as minister, and I just want to attach the caveat to all of our material, is numbers do not always compare exactly because of circumstance. For example, Saskatchewan has a less industrialized economy than Manitoba. Ontario's is more industrialized. These factors fit into play.

The point of these numbers, as I have always used them—and sometimes we take that for granted

in displaying them publicly, so I put this caveat onto all of them today—is they demonstrate trends and they demonstrate some relative comparisons, always taking into account, of course, that there are going to be some differences, some anomalies here or there, that do not make them exact comparisons.

**Mr. Reid:** I am agreeable to the board representatives coming back with some information, hopefully in the near future, on this so that we can have that comparison.

**Floor Comment:** Give us 48 hours.

**Mr. Reid:** Well, if you can do it in 48 hours, which may be a bit tight for your staff—I do not want to put that immediate pressure on them. Within a reasonable period of time, I would be agreeable to that.

I believe my colleague at this committee also has some questions in that area, and I will defer to her at that point.

**Ms. McCormick:** Can you tell me what was the net effect on the administrative costs when you moved to separate out those medical review costs? Did the admin costs change, go up, go down or stay the same from a year-to-year comparison when you changed your procedure of extracting out some of those medical review costs?

**Mr. Wilde:** I cannot give you the quantum of that. That change actually happened several years ago. What the effect would be is that of the dollars being spent, the administrative dollars would have gone down and the claims dollars would have gone up by a similar amount. The total expenditure would have been the same, but we would have taken some dollars that had been previously classified as admin expenses and shown them as medical expenses on the claims. The shift would have happened in the comparison between 1991 and 1992. If we are looking at, in this case, 1993, the comparative numbers for 1992 are a legitimate comparison where costs have been allocated the same way.

**Ms. McCormick:** Perhaps I am not making myself clear. When you take what was formerly

included in the admin cost portion and separate it out, was there a net effect to reduce your admin cost per claim?

**Mr. Wilde:** Yes. That would have happened and that would have happened in 1992.

**Ms. McCormick:** So then if I were to look back into the annual reports and see the admin costs for the 1991 fiscal period and then the 1992 fiscal period, I would have seen a decrease in the amount called admin costs charged per claim?

**Mr. Wilde:** I do not have those numbers with me and I must admit that predates my employment with the board, but that effect would have happened in there, yes, and the numbers should demonstrate that.

\* (1110)

**Ms. McCormick:** So if we accepted there was a decrease between 1991 and 1992, then we could anticipate that the admin costs reflected in '93 and then what we will see eventually in '94, would have held at the lower level or have the admin costs crept back up?

**Mr. Wilde:** The admin costs have only changed marginally over the '92-'93-'94 period of time. Obviously some of our costs have gone up as suppliers have provided services to it, but most of our costs have in fact been either restrained or in some cases reduced for that period of time. So I can get you the exact comparisons for those years.

**Ms. McCormick:** I have some other very specific questions with respect to the use of medical services, but I think at this point I will turn it back to the member for Transcona (Mr. Reid). Let him lead in the question areas and then I will take them back as it is appropriate.

**Mr. Reid:** To go back to the administration cost portion here, I am looking at the 1991 annual report. It is a financial statement for the board, and it shows Program Administration and includes compensation cost, rehabilitation and medical aid, all under the umbrella there, and other

Administration Expenses for a total allocation for the Class E of, I believe, it is \$19 million. How does that compare with today's total administration costs for the board?

**Mr. Wilde:** I would appreciate it if you could repeat the question because I am not sure, as you phrased that—I do not have 1991 statements here—I am not sure if we are talking about program costs or administration costs in 1991.

**Mr. Reid:** I am trying to get a comparison and get an historical perspective here on where we were with our administration costs. As I have asked earlier, I want to ensure that there is a fair comparison jurisdiction to jurisdiction in Canada, but I also want to see where we have come from historically. I hope there has been some improvement, although I do not know that, and I want to ascertain whether or not there has been any improvement in the administration cost portion or if indeed they have escalated from what appears to be my understanding here, looking at the total program administration costs from comparison, say, of '91, or if you want to include all of the classes, I think it is some \$21.7 million total. I want to know how that compares with the current, the 1994 administration cost total.

**Mr. Wilde:** I cannot refer to the 1991 numbers. I am sorry, I do not have that. What I can refer you to, in our 1993 statement that we are looking at is that the admin costs in '92 were \$24,532,000 and, in 1993, were \$24,947,000, so a very moderate increase in those costs. I am just checking right now to see if we have with us the 1994 admin costs.

**Mr. Reid:** I will not belabour the point, Mr. Chairperson. I just want to get an idea here if those administration cost increases—because it has moved from \$21.7 million up to \$24.9 million for total administration costs, I want to know, in a general way, if this is related to staff salaries, et cetera, or is there some other criteria that has caused the increase in the total administration costs?

**Mr. Wilde:** Again, with an increase from '91 to '92, I cannot give you a very accurate notion, but

I can tell you that it is not related to staff salaries. Both our management and our in-scope salaries have not increased over the last two or three years. We have had a collective bargaining agreement with no increase in it, and I have had no—[interjection] I stand corrected on that. In 1993, there was a salary increase, but obviously, given a net increase of only 1.7 percent in our total admin costs, there was no major cost increase in the '93 year. I could certainly go back and look at the increase from '91 to '92 and try then and find the major components of that.

**Mr. Reid:** Maybe members of the Compensation Board could come back with some information relating to the reasons for the \$3.2-million increase, '91 to '93 figures, that you have got here in the total administration costs to give me some idea, because if the adjustments in the salaries for the staff of the board have not consumed that full amount—and I take it that the salary adjustments for the employees would have been minimal considering the rates of inflation these days and the cost-of-living factor built in there for salary adjustments—that it may not have consumed that full \$3.2 million.

I would like to know why those administration costs have increased to that point. If they could come back with that information, I would appreciate that.

**Mr. Fox-Decent:** What we can do with pleasure, Mr. Reid, is provide you with a chart that will show the comparative administration expenses over the period. Do you want us to start with 1990, we will go '91, '92, '93, '94, and show you what the dollar amounts are and the differences? Then I take it you would like us to give some explanation of why it is that the administrative expenses are higher than they were the previous year, wherever that is the case.

**Mr. Reid:** That would be fine, Mr. Chairperson. I look forward to that information coming from members of the board.

**Ms. McCormick:** For my purposes I would be interested to see the associated medical



professional fees factored out. So that is the parallel piece of this that I would be interested in seeing.

\* (1120)

**Mr. Reid:** I would like to move back a bit to the total number of claims. In 1993, it is my understanding that we saw what appears to be an aberration in the total number of accident claims made to the board wherein the number of claims that were filed was some 37,000, slightly over. Looking at the comparative figures for 1994, it appears that the number of claims have moved back up to what had been, by the information I have here, a historical point of 42,000, slightly over that.

I take a look at the statistics that come out from Stats Canada. When you do a year-over-year comparison, December '93 we had 492,000 actual employment in the province of Manitoba; in December of '94 we had an actual of 492,000 in the workforce, yet we have seen a substantial increase in the number of accident claims that have been made to the board.

Can you give me some kind of an indication on why we are seeing claims increases, where we are seeing them and what we are doing to mitigate those claims increases so that we can have some assurances that some activities are taking place to stop that increasing trend?

**Mr. Fox-Decent:** The accident rate is up this year about 14 percent by the end of the year taking us back, as you say, Mr. Reid, to 1992 levels. So the odd year out seems to be 1993. Why is this happening? We were interested in a number of answers that might flow to that question because obviously there is a concern of what has happened.

If I may give you some indications, first of all, it does not seem to be any particular type of injury. It is not as if one injury or a couple of injuries have suddenly had this very dramatic increase. We seem to see the same spread of injuries as before. It is however to be found more in the manufacturing sector than anywhere else in terms

of the sectors of employment with some increase in construction that is substantial and some increase in service that is substantial, particularly the health care or hospital situation.

When we identified the individual employers who were responsible for substantial spikes in their claims record, what we did in co-operation with Workplace Safety and Health is visit or telephone, or both, those facilities and talk to them about the fact that their accident record was substantially different than it had been the year before, what problems were they encountering, were they even aware of the fact that their Workers Compensation claims were substantially up in number? Of course, the other aspect of contact with all of these targeted employers was, what can we do to help you? It has been a very closely knit endeavour with Workplace Safety and Health, Geoff Bawden and the staff group at Workplace Safety and Health.

Why has the increase occurred? It is clear that in some cases companies have decided to downgrade resources related to safety. Safety professionals, safety training, those kinds of things have in some cases been reduced and no doubt have a correlation to the increase in the number of injured workers. We found, secondly, that many overtime hours are being worked. It is not necessarily a matter of increase in staff, but staff are working longer hours, and you get the fatigue factor. Of course, with the fatigue factor, you get the increase and the propensity for someone to have an injury when they are on the job.

The third thing is, we found in a number of companies—I would prefer not to mention any individual companies, but a number have employed large numbers of new people. It does not mean that their numbers have necessarily been added to, but they are new hires, and newly hired people are also more prone to accidents, particularly if they have not had adequate training in safety before they go on the job.

These are the factors that we have been able to identify. I think, through a joint effort, a strategy if you like, between ourselves and Workplace

Safety and Health, we have been able to cover every single employer who has had a spike in their accident rate, who is of sufficient size to be of significance. It is not that the small employers are not an area of interest. This province has a multitude of small employers. The multitude of small employers have been discussed between ourselves and Workplace Safety and Health, and they will be the target for our ongoing program, but we wanted to immediately identify some of the large employers where we saw dramatic rate increases, in some cases, 50 percent, 60 percent and even more over last year. Those were the ones that we thought should get the immediate attention.

**Mr. Reid:** Mr. Chairperson, the chairperson of the board indicates, Mr. Fox-Decent indicates, that there are several factors, including fatigue from employees that are working overtime and the possibility that there may not be adequate training for new employees coming into the employ of certain companies, whether they be small or large employers.

I am wondering, does the board, in conjunction with the Workplace Safety and Health Branch of the Department of Labour, undertake to advise employers that there is a certain responsibility on their part to ensure that there is adequate training of new employees prior to those new employees commencing the duties of their employment to ensure that we could hopefully eliminate the lack of training in the proper job procedures to ensure that those employees do not undertake improper work procedures that could lead potentially to their injury? I am wondering what activities the board has, in conjunction with Workplace Safety and Health, to ensure that those employers are undertaking and fulfilling their obligation, their responsibility to the new employees?

**Mr. Praznik:** Mr. Chair, I am very glad that the member for Transcona has asked this question, because I share with him the concern about the ability to deal with problems specifically and solve them as I know he does. He has that concern as well.

When I took over this portfolio of Labour and then a few months later Workers Compensation, back in '90-91, one of the great concerns that I discovered, actually to my horror, was that the relationship between the Workplace Safety and Health Branch and the Workers Compensation Board, over many, many years, had somewhat grown apart, or never grown together is more aptly the term. One of the problems was, they never had the technology links and the kind of processes that allowed them to work together to be able to get on matters quickly as they were rising and deal with them.

Because of a great investment by the board in computer technology and links with Workplace Safety and Health, which I am also responsible for, we now have a much improved data system. If you notice this year when our claims started to increase in the summer, as Mr. Wilde pointed out, within a very short period of time, after a month, two months, our tracking system was able to not only identify that we had a claims increase but also provide a list of the workplaces and employers where the claims were increasing.

Our linkages with Workplace Safety and Health are such now that we were able to get on those very quickly. We in fact held a joint meeting between Workplace Safety and Health and the board and myself because we now had the ability to find out we had a problem quickly, exactly where it was with our data, and get into those workplaces on a very quick basis to find out where we had problems.

And you are right, Mr. Reid, the member for Transcona is very right, that employers have a responsibility to ensure that their employees are properly trained. That does not always happen. What is important for us as government is to be able to have the ability to find out when it is not happening, whether it be a report from a worker or it be because there is an increase in the accident rates, to be able to get in there very quickly and deal with the problem.

For the first time in the relationship between those two bodies, we have been able to have the

technology and the working relationship to see that happen. Quite frankly, if we had had that increase two or three years ago in claims, our systems would not have been in place to be able to handle it as quickly and, quite frankly, we probably would not have been able to tell you even about it today because we would not have known until at the close of the financial year.

We are working towards that. We have the improvements. Professor Fox-Decent may wish to expand a little bit on it, but I share the same concern he has. We have been moving to address it, and we are now starting to prove that things that we have done to address it are starting to work, and that is one of the lessons that we have learned from this that our systems are able to let us get on to these problems quickly when you have an upsizing or increased number of employees coming on to work for it full times, yes.

\* (1130)

**Mr. Fox-Decent:** Just a footnote to what I said to you about this initiative between ourselves and Workplace Safety and Health to identify the dramatic increase, employers, and deal with them. I just was reminded that we have actually had a very positive response from employers to this. They have been happy to have the matter brought to their attention. Some of them did not know. Some did, but some did not.

I could mention a major health care institution in the province that probably because of the decentralization and jurisdiction within that facility really did not recognize the extent to which their accident claim numbers had increased. But once informed, we received nothing but co-operation in terms of how can we help you.

You wanted an answer to a question, and the question you asked was, are new employers informed of the need to train staff, or is there some initiative whereby we say to an employer, look, it is in your own interest. Staff training should be the component of that which occurs before production begins. No, we do not do that, Mr. Reid. I think that there is in this context a little bit

of a jurisdictional issue. Workplace Safety and Health, as you know, is a subdepartment of government. That is really I think within their jurisdictional mandate. I hate to throw jurisdiction at you because it is so wasteful. You know, we cannot do it because the line stops here, and they should do it because their line begins there.

I can say to you that I think it is a good idea. How it would be accomplished, I think, is something that we ought to take a look at. Is it something that should happen through the board? We register the new employers for the purpose of coverage so we get perhaps the fastest word of anyone that new employers are coming on-line. If that became part of our mandate, we could certainly do it. We sometimes chafe a little bit, and I do not want to make too much of this, but we chafe a little bit about the fact that the co-operation, as good as it is, is not the same as recognizing the fact that there are two jurisdictions here. One is under The Workplace Safety and Health Act and the other is under The Workers Compensation Act, and of course they have different bases of jurisdiction and function.

**Mr. Chairperson:** I have before me the resignation of Ms. Barrett as a member of the Standing Committee on Public Utilities and Natural Resources effective immediately. Are there any nominations to replace Ms. Barrett?

**Mr. Reid:** Mr. Chairperson, I would like to nominate Mr. Ashton to replace Ms. Barrett.

**Mr. Chairperson:** Mr. Ashton replace Ms. Barrett. Agreed? [agreed]

**Mr. Reid:** I am happy to see that it was unanimous, Mr. Chairperson.

**Floor Comment:** I do not know.

**Mr. Reid:** To get back to the question at hand here, because I get the sense that there are some jurisdictional problems here as Mr. Fox-Decent has indicated--

**Mr. Fox-Decent:** If I may interject, I am not trying to pose problems, because I think the

relationship with Workplace Safety and Health is really excellent, but we are ultimately two distinct jurisdictions, and the issue of training employers with regard to safety has really been in the jurisdiction of Workplace Safety and Health.

**Mr. Reid:** I may have not adequately chosen my words for that lead-in, Mr. Chairperson. I apologize for that.

My concern here is that, and it has been my perception that Workplace Safety and Health is the enforcement arm of the Department of Labour with respect to workplace safety and health. But I want to ensure that the employers are first notified that they have a responsibility to their new employees, and then if there is some follow-up that can take place with the Workplace Safety and Health Branch to ensure that the new employees have received the adequate training and that there is indeed the required safety precautions and safety equipment, if it is so required, that that is provided to some employees.

I can tell members of this committee that since I have been a critic for our party on Workers Compensation programs, I have encountered a number of employees that work for private companies that have not first been informed of what their rights are as employees. They have not even been informed as to what their safety equipment entitlements are with respect to the performance of their duties. There are cases where employees go in and perform duties and there should have been safety equipment provided. I do not know what the reasons were. I could surmise what the reasons are. One may be cost. But I think it would be incumbent upon us as a Compensation Board and Workplace Safety and Health as part of the Department of Labour to ensure that both arms of the Department of Labour are fulfilling their responsibilities to the employees by informing the employers what their obligations are towards those new employees, and that is what I am asking here.

**Mr. Praznik:** The member's suggestion and comment has I think triggered for myself and two of our board members who are here—we have had

the opportunity of a little private chat about it. Given the fact that most employers—the Workers Comp Board is one of the first points of entry because they have to file obviously or make a file with us to register and to pay their dues, et cetera, that we are always prepared to look at new ways of improving our service and I think the member has made an excellent suggestion. We provide now some pamphlet information from the Compensation Board to new employers when they register with the board, I understand, and perhaps that can be added to. It is an excellent idea and one that we are certainly going to pursue.

**Mr. Reid:** I thank the minister for that. I hope that we can move in that direction because I think it will help save some accidents and lost time, and I am sure some heartache for some of the employees that would be involved in those accidents—and to the employers, I might add, because they are obviously affected as well.

I want to get back a bit—because with the numbers that we are seeing in the increase in the number of accidents and considering that the workforce numbers have been stagnant year over year, I look to the Five Year Operating Plan that the board has put out. Looking on page 9, it says that we are moving away from a goods-based economy to the lower risk jobs in the service sector economy. Is that what we are seeing within the employment picture of the province now? If that is the case, it is my understanding that the service sector is essentially less risk and therefore we should be seeing a flattening out or a plateauing of the number of accidents versus an increase, that we have moved back to historical levels now.

I am wondering, if that is the case, that we are moving towards the service-based economy, should we not be expecting that those numbers should be moving and staying down at the lower number that we saw in 1993 versus returning back to the historical highs.

**Mr. Fox-Decent:** What you are talking about, Mr. Reid, is, of course, a forecast of what might be expected. I think what happened in '94 is that we had a substantial growth, not necessarily in people

employed, but we had a substantial growth in manufacturing and a substantial growth in construction. Those areas proved to be more active than our forecast suggested they would have been.

In the case of the service industries, you say, should these not be relatively more benign in terms of workplace injury? Well, some and some. If you are talking about service and it is a hospital—service in the health care sense—then, of course, the experience has been that the workplace, which is a hospital, is a reasonably high-risk workplace in terms of injury to employees.

\* (1140)

**Mr. Reid:** Mr. Chairperson, I am glad the chairperson of the board has raised this, because I have had and dealt with a number of cases with respect to nurses working in the health care facilities of our province. Some of them are extremely serious cases with respect to back injuries. I feel for these individuals; they are trying to perform their duties to the best of their abilities. Some of them are being asked to return to their employment before their recovery is full and complete.

Yet there does not appear to be, to my understanding, ways that we can help prevent some of those types of injuries to those employed in the nursing profession within the hospitals, whether it be staff mix within the hospitals, the health care institutions, for individuals that are capable of lifting greater weights or more individuals to assist with the care of the patients within the hospitals. I think we have to take some serious looks at how health care facilities staff care for the patients so that we can prevent injuries to nurses.

Back injuries, I can tell you, for the cases that I have dealt with, dealing with nurses, are very, very serious, and I hope the board is undertaking or may look at undertaking some consultation with the hospitals to ensure that they have adequate provisions or steps in place to protect the

employees, particularly the nurses in these cases, from sustaining any of those future back injuries.

I would like to know if the board has had any discussions with the hospitals with respect to that matter.

**Mr. Fox-Decent:** We are fortunate in that we have a nurse as one of the 10 members of the board, Marla Niekamp, and she certainly is eloquent on the subject of health care and matters related, such as nursing.

The other thing I might just note, Mr. Reid, is that we now fully fund from the board an ergonomist who is shared between ourselves and the Workplace Safety and Health division, and she is, I think, going to be a very interesting and useful resource in terms of workplace design and the design of workplace applications that will ease the strain on particular groups of workers, namely, backs of nurses.

Again, I would say to you that the matter of designing safety devices or devices that will make it safer for nurses to work puts us into that interesting situation between Workplace Safety and Health and ourselves as Workers Compensation. We certainly have had some discussions recently with individual hospitals that have had this very high increase in injury reported during 1994, but we do not have an overall strategy with regard to the matter of nurses, back injury and the prevention thereof. Again I think we run into a situation where we would see this as more the responsibility of Workplace Safety and Health than ourselves.

But again I think you make a very interesting observation and I will undertake to take that observation and deal with it just the same way as the last observation you made with regard to general issues of prevention, new employers saying to their employees before they begin to do some kind of productive process. This is with regard to nurses and hospitals and I take it as a subset of the last question, and I promise you that the matter will be examined.

We have a board planning symposium, the annual planning symposium. These issues will be part of the agenda; they will go onto the agenda for that.

**Mr. Reid:** I appreciate Mr. Fox-Decent's comments. I hope that the board will review that as one of several matters.

The nurses have already indicated to me, the ones that I have dealt with, that it is serious and I hope there will be some involvement there by the board. I would also like to see the Minister of Labour (Mr. Praznik) who is responsible for Workplace Safety and Health consult with the Workplace Safety and Health Branch of his department to determine that they too are working with the health care facilities and working with the nurses organizations within the province too to get a better grasp or understanding of the problems that are encountered in that particular workplace or worksites to find ways to eliminate the problems before they happen, those back injuries before they happen.

So if we can get the two arms of the Department of Labour working together on that, then hopefully we can move to some resolution of that problem and put the proper staff mix in place if that is one of the solutions to prevent those types of injuries from occurring. Maybe the minister can comment on that.

**Mr. Praznik:** Mr. Chair, first of all, the whole ergonomics field is one that the Workplace Safety and Health Branch has taken up as one of our target areas to address. We are very well aware of the difficulties we have had in nursing, and we have been providing our hospitals with a fair bit of assistance in trying to address this problem.

The member's suggestion is a good one. We are already in process. I would like to just re-emphasize that although there is a jurisdictional issue, the relationship between Workplace Safety and Health and the WCB, when I became minister of both four years ago, four years ago about this time of the year, there was not, shall I say to be diplomatic, there was not the kind of a good

ongoing working relationship between the two that I think all members of this Legislature would want. That has improved dramatically, very much so, in the last four and a half years and we have a host of issues to address, certainly the nursing issue is one of them.

The member raises it. We have done some work in that area. We have a lot more work to do in that area, and we will continue to do it. I appreciate his suggestion, his comments and his support for that type of priority because it is important to know that that is supported by members of this Assembly, including the opposition members.

I just want to say to him, as a minister, of all of the various areas in the workplace to tackle in terms of risk to employees, health care, particularly nurses on the ward has been and I think will continue to be one of the most difficult to address because of the nature of the work and the relationships between the client and the worker. This is not a case where you can as easily refuse to work because you can shut down the welder or you can shut down the lathe or what have you. It is harder because you have a patient whom you have to get out of the bathtub or a patient that you have to move, and while the member makes some reference to money, it is not just money.

We have had cases, I had cases where nurses have spoken to me who have injured their backs and have been in situations where a patient has tried to get out of bed or a patient has not been in a mental state that has been conducive to co-operation. One case that I recall is where a nurse was quite badly injured by a patient who was in a very tough situation, was not of a clear state of mind and was lashing out and, in the process of trying to restrain the patient, was quite badly injured. That is not a situation where, as a human being, a nurse in that situation can stand back and say, no, I am going to refuse to work. They may have the right to do that, but I think most people are compassionate enough that they are not going to.

So how you deal with that is very difficult because it is the nature of the hospital profession.

The only reason I say that is not an excuse for not trying to do something; it is more to emphasize the difficulty in finding ways of dealing with it that work. Certainly, lifting devices are part of that in lifting. There is no doubt about that. Having a staff mix or staff members with the physical ability to lift becomes important.

Then you have other problems with that as well, as I know the member appreciates, with what conditions to use for hiring and those type of things, and certainly that affects union relationships as well. That is part of the scenario.

The toughest area is not even lifting. It is dealing with patients who are not of a clear state of mind and not co-operative. I find some of the most difficult cases are now occurring in personal care homes, particularly when one is dealing with psychogeriatric patients, Alzheimer patients, et cetera, where your option to stand back and not deal with a patient who is physically abusive of the caregiver is very difficult.

I appreciate his emphasis, and I say to him, because I know he always has many suggestions and comments as to how some of these things can be dealt with, and I know the member appreciates the complexity of some of these, we are certainly always willing to hear from him. My commitment is, we will continue to try and address them, but they are not easy issues, particularly the tough ones that I mentioned, but I thank him for his comments.

\* (1150)

**Ms. McCormick:** Mr. Chair, there are couple of things that have come out of the previous discussion that I wish to pursue a little further. The first is with respect to the communication between the Workers Compensation Board and the division with respect to areas in which there are increasing problems.

My understanding of The Workplace Safety and Health Act is that in fact the employer is obliged to report to The Workplace Safety and Health Act if there is a serious injury. That report must be

made within 24 hours, and the litany of the things that are serious injuries is considerably long.

I must say, it does surprise me that in fact Workers Compensation Board is in the position to advise the Workplace Safety and Health division about accidents occurring because, if the law is being followed, the division should already know with respect to where those clusters are occurring.

I would like to have a comment, given that this is not Department of Labour Estimates and we are not really chasing down detail of the Workplace Safety and Health division. I would like a perspective from Mr. Fox-Decent as to whether or not the division is becoming increasingly reactive as opposed to doing routine inspections. If in fact the division increasingly responds to concerns registered either by employees who phone in on rights to refuse or your people who say, go look here or go look there, is in fact the net outcome that we are doing less and less preventive preinjury or preaccident enforcement out of Workplace Safety and Health?

**Mr. Praznik:** I want to make a couple of comments because of the relationship between the two divisions. The relationship in providing the data, the member is right. A serious injury is reported to us. If it is not, it is illegal. But the majority of claims that we have, if you look through the claims list, and the member, I know, is very familiar with this, is the strains and sprains. They are the things that occur on a regular basis, that are not serious maybe as individual accidents, or "dramatic" maybe is the word. They are not dramatic, but they are very significant to the individuals if they are severe back injuries and, over a period of time, are the bulk of our types of claims. Those will not necessarily be reported to Workplace Safety and Health. They represent the majority of accidents—or claims at least—in the province.

And so the computer link, the data link that we have been able to develop has allowed the branch to be able to target not only industries, but specific employers and specific workplaces that have a host of these less dramatic injuries, but are very

significant to the system and to the people involved, to go in there now and deal with those problems where before it was much more hit and miss.

I know from the experience of many involved in this field—I know Mr. Zimmer earns a living in working in this particular field. It is where you might have 10 or 20 minor strains or sprains, injuries with not a long time loss that may never elicit a call to the Workplace Safety and Health Branch, but in the long haul that is a serious loss of time and cost and injury to employees that could be addressed with maybe some ergonomic work, et cetera. Those may never come up through the system and before we had this link we would have never likely found them unless a union representing those people would have noticed it or a Workplace Safety and Health committee would have over time felt it was worth reporting to us. So my comments about the benefits of those linkages are really felt in those particular areas.

With respect to larger prevention programs, I guess one could argue that there is always a lot more that the branch can be doing and I would say, yes, there are a lot of areas that we certainly would like to address, but we have at the Workplace Safety and Health Branch made some major efforts in the last years on the prevention side. I am thinking about the arrangements we have made in the construction association, the agreement there with the safety program, with the safety audits that we feel, and the board is part of that obviously, and Mr. Fox-Decent may want to comment on that, the ergonomics initiative, the safety and health conference that we have been involved in, the dissemination of information. All of that, I think, has been new thrusts or expanded thrusts. The general walk-in spot inspections—the branch over time I think has been doing less because more of its time has been spent on those specific thrusts in prevention and dealing with the kind of data and targeted inspections that we are now able to do.

So I appreciate the member's concern. Maybe Professor Fox-Decent would like to comment on some of those initiatives that the board has been

involved with, with Workplace Safety and Health and outside groups, on a proactive basis.

**Mr. Fox-Decent:** Ms. McCormick, I want to be careful because the question you asked was really addressed I think maybe to me as chair of the Advisory Council on Workplace Safety and Health, and I am not appearing, as you know, in that context today. Maybe another time.

We are certainly satisfied at Workers Comp that we have established a very strong interactive and proactive relationship with Workplace Safety and Health, and Terry Edgeworth, who is one of the staff here today, is the senior liaison person with Workplace Safety and Health, knows what is going on over there. They know what is going on in our shop with regard to the prevention issues with regard to the accident rates and where they are happening and so on. So I think that we could not look for a better relationship with them; it is excellent.

With regard to the issue of proactive versus reactive when it comes to what they are doing as safety and health officers, I think I really should pass on that because I am not in a position as chair of Workers Comp to know what is happening there.

**Mr. Chairperson:** Can I just get clarity from the committee? At twelve o'clock, does the committee wish to break for one hour for lunch? It is agreed?

**Mr. Praznik:** Mr. Chair, if I could just ask if the critics of the two opposition parties could just give us some indication if we are going to break for lunch and return at one, what their time frame is in dealing with the report today, simply so that others who have commitments this afternoon can rearrange and plan a little bit. That is all I ask—staff, Professor Fox-Decent.

**Mr. Fox-Decent:** It would be a little difficult for me at 1:30, but that is my problem. At the pleasure of the committee—

**Ms. McCormick:** I need to be finished by 3:30 today.



**Mr. Reid:** I have no problems. My day is dedicated to this committee hearing, Mr. Chairperson.

**Mr. Praznik:** If we could, in fairness to all, if one wants to break maybe just for half an hour for lunch, and then if we know we could be completed, we all try—I will even try to keep my answers short so that we can be completed by 3:30—it would be most appreciated. I have an appointment in Thompson tonight.

**Mr. Fox-Decent:** I will have to make some arrangements to change my afternoon, but I certainly will do it.

**Mr. Chairperson:** Okay, well, let us call it twelve o'clock then and break till 12:30. Agreed? [agreed]

*The committee recessed at 12 p.m.*

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#### After Recess

*The committee resumed at 1 p.m.*

**Mr. Chairperson:** The hour being 12:30, the committee is back at it.

**Ms. McCormick:** I thank Professor Fox-Decent for his clarification of his roles. I am aware—I just want to express my frustration that I am not sure we will be able to have at the Department of Environment in the Estimates process, so it was my interest in getting some of that at least asked.

I am interested in knowing that your two areas of increase in accidents are in the manufacturing and the construction sectors, both of which are areas with sector-specific safety initiatives. So I am interested in knowing whether the evaluation of those programs has turned up any explanations for the growth in accidents, both number of claims and duration of claims, in those two sectors.

**Mr. Wilde:** In terms of specific programs, I presume you were referring to the—

**Mr. Chairperson:** Order, please. Mr. Wilde, could I ask you to bring mike No. 7 up closer there?

**Mr. Wilde:** Presuming your comment about specific initiatives, you were referring to the safety officer programs that the construction association has. We have certainly been co-ordinating the programming that we do with them, but they do not have the database to analyze specifically what is going on in terms of accident trends and that. So they tend to rely a little more on individual requests from firms who are looking for programs, and then they sponsor general educational programs for the membership of their group.

There is not anything specific in the manufacturing sector of a similar nature. But our analysis of what was happening in both those sectors was, as was mentioned earlier, a combination of more economic activity and, to some degree, a bit of backsliding in the safety programs that had been in place several years before.

We found—for example I could mention two specific instances where the firms involved had, in the last year and a half, eliminated or substantially cut back on their internal safety department. And having seen the results that had come from that, they very quickly reinstated the resources that they had in that department.

**Ms. McCormick:** With respect to the construction safety initiative, my understanding is that all employers participate in an additional levy being forwarded to that program. Can you give me some indication as to what the take-up rate is? How many assessed employees are actually participating in some form or other in the building trades construction safety initiative and the Manitoba Heavy Construction association?

**Mr. Fox-Decent:** Terry Edgeworth, who is the executive director responsible for the safety officer program, among other things, will answer the question.

**Mr. Terry Edgeworth (Executive Director of Assessments, Human Resources and**

**Communications, Workers Compensation Board):** The question was the number of employers who are assessed the levy. In terms of numbers of employers who participate in their programs, I do not think we would have an answer to that. We could get that.

**Ms. McCormick:** Just for clarification. I am interested in the number of contributing employers and the number of participating employers, the number of employers who have taken up the opportunity to have some service from that construction safety program.

**Mr. Edgeworth:** All employers in the construction sector would be assessed the levy. There was a vote of those in the construction sector when the program was created so all employers get assessed the levy. In terms of those who participate in the various programs, I would not have that data. We could obtain it.

**Mr. Fox-Decent:** We can find that out, and will.

**Mr. Edgeworth:** Sure.

**Ms. McCormick:** The other question I have actually relates to your time-loss claims per WCB staff, and I appreciate I am taking us into a new area here, so perhaps—is this fine? Okay.

You put a slide up in your presentation which indicated that there were approximately 40 claims per total staff, right? Now, is this all staff, or is this simply the complement of people specifically to deal with claims?

**Mr. Wilde:** No, that statistic is specifically related to all staff. In order to make a comparison across the country, that was a basis that all the boards agreed would be appropriate.

**Ms. McCormick:** My understanding is that the board is progressively moving to the use of externally contracted staff. How would those people who are providing service on a contractual basis, for example, for case management services, be factored into your ratio of total time-loss claims per WCB staff?

**Mr. Wilde:** I think you are probably misinformed. We are not progressively moving to contracting out work. Several years ago we did, because of demands, particularly in the rehabilitation area, start to contract out some of the work, but the amount of work that is contracted out has been stable for some period of time.

**Ms. McCormick:** My understanding then is that while previously the board was contracting for long-term claim management, you have recently also moved into the area of contracting for short-term claim management as well. Is that correct or not?

**Mr. Sid Rogers (Senior Director of Claims Services, Workers Compensation Board):** In terms of the long-term claims project, the number of files that are out with external contractors is actually much less than the peak a couple of years ago. There have always been a few files that voc rehab units will put out simply because there is someone out there who has an expertise. For instance, the Canadian Paraplegic Association looks after all of our spinal cord injuries. We are doing an early return to work, graduated return to work program because of a bit of a workload problem, and some of those are going out, but in terms of the magnitude, it is relatively low compared to the previous couple of years and coming down rather than going up.

**Ms. McCormick:** Now, you have referred to an increased workload or workload problem, so I would be interested in pursuing with you if in fact WCB case managers are overloaded and if that is the sole reason, or if it is in fact that they have not the skills to manage the cases.

\* (1310)

**Mr. Wilde:** In terms of caseloads, you may recall the slides I put up, where we were talking about the average workload to our overall staff. You can, in a rough way, equate that productivity back to the actual adjudicative staff, and we carry one of the higher caseloads of the compensation boards across the country. It is at the point where, when there is an increase in the workload, it can cause us

problems, or when we have periods of time where we get an imbalance between available staff, whether it is heavy vacation period and high claims frequency, we do have some problems, and we look at contracting some of the work. We look at temporary staff.

We are looking right now at our staff levels very closely because we are concerned that with our existing staff levels and with the claims numbers that I referred to earlier having gone back up in 1994, our present staff levels are at the margin in terms of being able to effectively manage it.

**Ms. McCormick:** Can you give me an indication then as to how many externally contracted case managers you would be using at any given time?

**Mr. Rogers:** We use for the most part three different suppliers of that. We use Manning and Associates, and the Society for Manitobans with Disabilities. They are actually our two biggest.

The actual number of people who are doing it varies because sometimes they might only have one or two cases, sometimes they might have three or four, so the actual number of providers out there in terms of workers, many of them who do some work for us are only doing a small portion. They are not doing a full caseload or are we providing them with the equivalent of a full-time job so the number does vary.

**Ms. McCormick:** Can you give me an estimate of the annual cost for these externally contracted people?

**Mr. Rogers:** I am sorry, I do not have that right now.

**Ms. McCormick:** We have received some concerns that employers have no right of refusal for external contractors and that they are expecting the intervention to be short time when they agree to it, but in fact there may be an extension beyond what is considered to be short time to long term because of an absence of a realistic plan. What kind of controls are in place given that this is a direct charge back to employers and that the

decision to contract externally appears to be with the board and allows for no mechanism for input by the employer?

(Mr. Jack Reimer, Acting Chairperson in the Chair)

**Mr. Wilde:** I think it is important to recognize that it is the proper role of the board to manage the process of handling that claim. While some of the employers perhaps do not agree with the approach we take, whether it is the rehabilitation process or their opinion on, for example, a graduated return to work program may be different than ours, we are looking at it based on obviously our own experience but also the medical advice we get. Quite frankly, in some cases, the interests of the employers are different than are the interests of the WCB in terms of properly managing that return to work situation.

**Ms. McCormick:** What I am getting to hear is that there are employers who have in fact got resources within their own organizations to expedite return to work. The situation appears as it has been presented to me that the external contractor needs to go on a learning curve in a sense to know, for example, what resources are available, what job alternatives are available in a workplace and there have been situations where there have been resources within the employing organization. So I am a little concerned that we say that the interests of the employer and the WCB are at odds because obviously it is the employer who is going to be paying for the plan whether it is internal or external.

I would be interested in knowing what kind of safeguards are in place to prevent what appears to be an attempt to get a short-term situation resolved quickly to keep that situation from resolving into a long-term claim, again with the employer obligated to pay for the external contractor but not having any input as to whether or not it is working in the best interest of the employee or the employer.

**Mr. Wilde:** I will make a brief comment and then perhaps ask you to refer it to Mr. Rogers for more

detailed comment. When I referred to the difference of interest, the employer's interest is predominantly on managing the cost of his claims experience. There clearly is a separate element and that is the managing of the proper physical rehabilitation of that worker, and in the kind of programs we are talking about here, generally we are talking about graduated return to work program. We do have to be guided by some objective, usually medical opinions as to the process of doing that.

The resources that are employed by the employer, or whether they are their own staff, in a couple of cases where they were large employers or, in a lot of cases, independent consultants working for the employer. There, frankly, are simply differences of opinion about how quickly some people can return to the workplace and the kind of accommodations that are appropriate for them. This is where I will sort of defer the balance of the response to the expert.

**Mr. Rogers:** Yes, just a couple of points. In terms of the employer's resources, I could not agree more. When that exists and when the employer has an interest in helping that along, it is an enormous assistance to the process, and we basically try to plug into it whenever we can. There are times when there are disagreements and the voc rehab people, in a sense, become somewhat arbiters, and it is still our responsibility to ensure that the plan is reasonable and appropriate, so we have to do that.

Getting back to another point, in terms of the learning curve in terms of the external providers, that is much less of a problem now than it was during the long-term claims project. Of course, we had huge numbers going out all at once. We had people out there getting into the business and us trying to get them and to get them to do the work, and the learning curve was considerable. Because we are doing less of it now, and those resources are still there, we are really picking and choosing, and we are picking people who have already gone through that learning curve, people who have done work for us for some time now. That problem may

have been very real. I think it is much less of a problem now.

**Ms. McCormick:** What I expect, though, is that in the difference between the long-term claims management process and the short term is, when you are dealing with a short-term situation, by and large, that employee is returning to the workplace in which the employee was injured—right?—whereas, with long-term claims, often there has been a disconnection between the employer and the employee, and the return to work is not necessarily to the workplace in which the accident was caused. So what I need to understand then is, how does the board guard against a purposeful protracting? I mean, I do not mean to be nasty here, but when you are spending something that is going to be charged directly back to the employer, because it is pass-through, how do you safeguard the possibility of a person saying, boy, I got this claim, maybe somebody thinks we can get him back to work in six weeks, but I get more money if I keep him out for three months?

\* (1320)

**Mr. Rogers:** Yes, the concern is a valid and a real one, and we are very careful about it. The early return-to-works now are being all monitored by one individual in voc rehab who supervises the case essentially and supervises the people who are providing that, would always be matching what her expectations of what should be happening here and what they see and what is being reported, and they would intervene to the extent of making sure they have more reports, actually asking the person, why is this taking longer than we thought it would, very carefully.

As well, in terms of long-term providers, we are now in the middle or, hopefully, coming to the end of an audit where we have gone back and we are looking. We are going to be using that as a learning experience for both ourselves and the providers, where we are going back to them and saying, we have looked at a bunch of your files, we have found this, we like this, we do not like this, we expect some changes, and we will be monitoring to make sure that that happens.

**Mr. Reid:** Mr. Acting Chairperson, this issue has been around for a while since the board started to contract out for the services in an advisory capacity on the long-term claims files. I am not sure if I have asked this question before, and just in case I have not, I will ask it now.

There was some concern that I had heard amongst claimants, long-term claimants, that their claims files were being put out for review by the Mercer or the Manning and Associates, and there is some question here about the legality of that process. The information that is contained—for the board, I believe they have a certain set of guidelines that they have to follow, and there may be some confidentiality portions to the act to protect the claimants' file information. What legal opinion does the Compensation Board have to show that the board is acting properly by contracting for the outside-of-board services for review of these long-term claim files or other files that may be out?

**Mr. Praznik:** Before a response comes from the board, I would just like to comment or clarify to the member for Transcona. He mentioned two private firms, but I would assume he would also want the same confidentiality to apply to any other outside group, including the Society for Manitobans with Disabilities. I just wanted to clarify that.

**Mr. Fox-Decent:** Ms. Karn Sandy, the corporate secretary of the board, will respond on this issue.

**Ms. Karn Sandy (Executive Director, Corporate Services and Research, Workers Compensation Board):** This issue was looked at, and we reviewed it very thoroughly in consultation with legal counsel. It was found to be a valid use of the board's authority to enter into relationships as an agent of the Workers Compensation Board. But it was looked into, and the results were reported back through the board.

**Mr. Reid:** So it was internal legal counsel to the board that rendered that opinion or that information to the board itself. There were no outside services that were given. Is it possible for

us to see it or obtain a copy of the legal opinion that you have on that matter?

**Mr. Fox-Decent:** We will certainly provide a copy, Mr. Reid. Karn may know whether it was Gordon McKinnon outside that gave the opinion or whether it was Alan Scramstad inside, or someone else for that matter. Do you—

**Ms. Sandy:** Just off the top of my head, I do not recall which counsel did provide the opinion at the time. There may very well have been consultation externally as well. But we will look into it and give you the basis upon which we believe that it is a fair practice.

**Mr. Reid:** Can you tell me, has any claimant ever challenged this? I mean, I have received some personal comments brought to my attention, but I want to know, has any claimant or any organization challenged the legality of this?

**Ms. Sandy:** To my knowledge, we have received complaints from time to time, but no formal challenge.

**Mr. Reid:** Okay, I look forward to receiving a copy of that and reviewing that matter.

I would like to switch to another issue that has been a long-standing concern of the board, and I am referring specifically to the unfunded liability. The minister, when he brought in his legislation back in 1991, indicated that the unfunded liability was a significant problem, in fact, maybe the major problem of the board's operations to return it into a position where they could protect the interests of claimants and employers in the event of some event happening that would ensure there were sufficient funds there to cover.

I look at the document that was put out, the 1993 annual report, that makes reference to that. It also makes reference to the fact that the board is looking at significantly reducing, in fact, of totally eliminating the unfunded liability portion earlier than the year 2000 as had been originally intended. In fact, the board has gone so far in their reports to publish the fact that they intend to reduce it early in 1997.

Maybe I should ask the question first here considering that the board had seen some significant surpluses in their funds available at the end of the year to allow them to further reduce the unfunded liability, what has been the experience for 1994 when we compare that to 1993's surplus?

**Mr. Fox-Decent:** Mr. Reid, the figures are not complete for 1994, but I can tell you that we expect a surplus in the \$6-million to \$9-million range which is down from a double-digit surplus which was going to be in the low 20s. We indeed expect to see this year's operations yield a surplus of as much as \$9 million, as little as \$6 million, which of course would be applied again to the reduction of the unfunded liability.

**Mr. Reid:** Considering that the surplus from '93 was—I believe it is in the range of \$22 million—and now we learn that the actual for '94 is some \$6 million to \$9 million. I suppose we will see the final figures on that when the report comes out and maybe the chairperson of the board can indicate when we might expect the report.

I am also concerned that since we have already published in our documents that we are going to move towards the more rapid elimination of the unfunded liability, and we have published that information in the documents, if we do not have the necessary returns, the surplus in the operating funds in the year to allow us to further decrease that unfunded liability to stay in line or in keeping with the published information, how is it that we are going to arrive at the elimination of the unfunded liability by mid-1997 if we have seen such a drastic drop in the funding surpluses?

**Mr. Praznik:** Mr. Chair, certainly the chair of the board will have some comments. I certainly do not want to take away from that, but I wanted to say very clearly on behalf of the government to Mr. Reid that when we introduced legislative changes both to reform the government structure, my predecessor Mr. Connery was the minister responsible at the time, and the legislation that I took through the House to reform our benefit package, to update our benefit package, and the work that has gone on in service delivery all

towards the goal of eliminating the unfunded liability and improving the operation of the facility, we recognized that if we did not come to grips with the unfunded liability which was \$235 million approximately, if memory serves me correctly, and if it continued to grow—and I would remind him that when my party came into office in 1988, the expectation was that it would continue to grow, and the discussion at the time was expectations of rate increases in the area of 20 percent a year on an ongoing basis for several years to either stabilize or deal with that issue, which was totally unacceptable to the people of Manitoba.

So we recognize that if we did not come to grips with it, the board would continue to dig itself into a difficult situation that would be much harder to get out of, and if it was left on that course, at some point in time, would not be financially sound and put at risk the futures of all of those claimants who are dependent upon the board for their income.

We should remember that the unfunded liability is based on dollars that should be put away in any given year to deal with the total long-term cost of a claimant who is injured in this particular year, so that those costs are not a burden on future employers, but the employers of the year in which an individual is injured are the ones who are paying for the complete cost on an actuarial basis of the requirements for that claimant.

The Province of Ontario, going back through a number of administrations, was in a very similar situation as we faced in '88 and did not come to grips with that problem, and they are now looking today at a debt in excess of \$11 billion. Just by a quick comparison of population—they are about 10 percent larger than us—their deficit should have been in the \$2-billion to \$3-billion range when ours was at \$235 million. They are now at the \$11-billion range, and it is going to strangle them. Their average rate is well above ours. The Rae government is attempting to deal with the matter, and they are in a mess.

\* (1330)

So from our government's perspective, coming

to grips with the unfunded liability was important. The time frame in which it is dealt with, whether it be 1997, '98, '99 or the year 2000, is not as important, quite frankly, as the fact that it is being dealt with and we whittle away at it bit by bit each year. Our expectation was the year 2000. That we had some extra surpluses, I think more than it was anticipated or I was advised would be available, so we were able to whittle away at it at a faster rate with the \$21-million or \$22-million surplus of 1993.

The surplus for 1994 is not expected to be the same, but there still will be a surplus. It will bring that down. So from our perspective, as the government, we are on steady progress to eliminating that unfunded liability. If it does not occur in 1999 but occurs in the year 2000, that is fine. We have dealt with the process. We have dealt with the problem, and our board will be, quite frankly, one of the most financially sound in North America as we enter the next century.

If it could take place next year, we would be even more pleased, but it is not our intention as a government to force that to happen in 1997 by reducing benefits, for example, by bringing in legislative amendments to reduce our benefit package to provide the additional revenue.

I would also hope that the board does not view it as a goal that has to be achieved by bringing in excessive rate increases, or rate increases to deal with it on deadline of 1997. The maintenance of current rates which are providing us with the dollars we need on an annual basis to operate to the board and providing for surpluses to deal with the unfunded liability have worked well for the Manitoba economy. They have actually become a competitive factor. The average rate in Ontario for WCB premiums is about \$3.25-plus per hundred of payroll, a full dollar-plus more than Manitobans. So a well-run WCB system financially is a competitive advantage in the Manitoba economy.

So we are on track. I know the suggestion has been made by some in the labour community that to achieve the 1997 elimination of the unfunded

liability, a government may consider bringing in legislation to further reduce payouts, or reduce payouts in certain areas, or to make changes that would result in more cash being available. I can tell the member, that is not the intention of this government. Things are on track where we want them to be.

Some have also suggested that perhaps rates should be increased dramatically to eliminate the unfunded liability by 1997. If that is a suggestion, that is not one that this government would want to see happen. Quite frankly, we are on the road to where we want to be. The unfunded liability is being reduced bit by bit each year. Our board is going to be, by the beginning of the century, as I said, out of this unfunded liability and one of the most financially sound in North America and, in doing so, maintaining good rate levels, fair rate levels and still providing what is becoming, since we brought in the legislative changes in 1991, one of the more generous benefit packages in Canada, since many provinces have reduced benefits to areas below what Manitoba offers.

(Mr. Chairperson in the Chair)

So I hope that gives the member some sense of the political agenda that a government sets for its board or for its operation and allays any fears that might be out there in either employer or employee community.

Mr. Reid: I notice the minister made several omissions in his comments. He did not comment—I will quote from his own 1993 annual report: The liability for short-term disability was significantly reduced in '92 as a result of changing from a payment system of 75 percent of gross to 90 percent of after-tax income for claims incurred and subsequent to December 31, '91.

In other words, it is a result of legislation that the costs have gone down, and it is obvious that the bottom line has improved on the backs of the workers. The minister also said that this is not important to reduce the unfunded liability. When changes were coming about in Bill 59, the minister said that it was essential that we move in that

direction to remove the unfunded liability portion. Now he is saying it is not important.

The minister talks about Ontario. Why does he not talk about Saskatchewan? They do not have an unfunded liability in that province. He talks about program services cuts. Why does he not talk about altering the rates? Why did we not talk about that as well? I mean, there are provisions here that we can look at both sides of that equation. I want to ask the minister or the members of the board: How many employers in this province saw decreases through the merit surcharge program in this province? Which percentage of the employers saw decreases in their rates for this year?

Mr. Praznik: Mr. Chair, I have sat in this committee many years and listened to the members of the New Democratic Party defend the old system of Workers Compensation in this province that was based on a gross of the payment of wage-loss benefits on gross salary, where we had individuals who were being paid more than their take-home pay to be on compensation. When the members of the New Democratic Party say that the financial problems of the WCB have been dealt with on the backs of the workers, they are absolutely wrong. I cannot understand how anyone can come to this table and defend a system that paid many applicants more money on wage loss to be home on compensation than when they were working. That to me is just unbelievable that Mr. Reid, the member for Transcona, would continue to defend that type of position, because it is that kind of position that got the Workers Compensation Board into trouble.

On the other hand, because of that payment structure, we had many of our poorest recipients, people who were not in the 25 percent tax bracket, who received substantially less than when they were on compensation and wage loss. Yet the members of the New Democratic Party continue to defend that system that hurt the poorest workers and benefitted the wealthiest. I cannot understand that, quite frankly.

Now I have to also make a comment, Mr. Chair,

when this government took office in 1988 and we brought about changes in the structure of the WCB, I remember talking to people who were involved at the board. I am told that there were some 200 boxes of active files in the basement of that building.

Let us remember what was going on prior to 1988: One of the No. 1 issues in the province of Manitoba, put the finances aside, just talk about service delivery to injured workers. One of the No. 1 issues was Workers Compensation because the service was absolutely disgusting to injured workers. The time to first payout, the periods of adjudication, the way matters were dealt with at the board, the way people were treated at the board was awful. Who was in government?—the so-called workers' party was in government. They should hide their heads in shame.

Yes, we may disagree from time to time about whether we should pay 90 percent of net or 100 percent of net, and in the labour movement, we have had that discussion. That is a legitimate debate. Many other provinces have moved to 80 percent of net or less. We can have those discussions, but I will tell you, this board today, because of the work that has gone on by this government, by the representatives of employers and employees who have worked through the board of directors, by many of the stakeholders' groups, to put this board on strong financial footing by improving our service delivery and by ensuring that our rate system is competitive and that employers are getting value for money, which means their workers, when they are injured, are getting service. We have made huge progress in all of these areas, and we had to clean up a mess that was left by the NDP in this province.

So I find it absolutely interesting, to say the least, to see that the member for Transcona would come here and make accusations that we have fixed this board on the backs of working people. The member should talk to the hundreds of claimants who have been through my office. Not all of them have ended up satisfactorily, but look at the decrease in the volume of complaints that we have had and the improvement of service, and



remember where we were starting from. Service was not rosy in the beginning of 1988 and deteriorated in '89 and '90. It was absolutely horrendous how bad service was prior to 1988.

\* (1340)

When this government came into power in 1988, we inherited an absolute mess that the New Democratic Party was doing nothing about, except announcing that they were going to increase rates by 20 percent a year for the next five years, double the rates, just to keep bringing in money because they did not know how to manage an administration.

So I will tell you, I am prepared to accept criticisms. I am prepared to have debates about what our legislative scheme should be, but I will not accept those kinds of criticisms from a member of the New Democratic Party when all of our efforts since 1988 have been to clean up a mess that they did not come to grips with.

**Mr. Reid:** Since the minister opened the door here by making his comments about some other jurisdictions for which my party happens to be in government, I thought it was only fair and fitting that I respond to those comments. I am going to continue on that, because the minister has not been totally forthcoming in his comments here just a few moments ago.

He did not tell the members of this committee here about the horrendous problems left behind by his administration in the Sterling Lyon government and the problems that they left because they would not address the problems with the rates and the problems that were in place at that time, therefore offloading that responsibility onto the successive government which was the Pawley government.

The Pawley government did come forward with some suggestions on how to improve the system just prior to losing government. In case the ministers forget, the King commission did an extensive amount of work, a one-inch thick document here, on how the system could be improved, so do not let the minister mislead this

committee about the amount of work that was done and the efforts that were made to move towards improvement in the system, because he is dead wrong. There is the document. If the minister wants a copy I have an extra one for him.

I did not get an answer to my question with respect to the number of employers. The minister did not answer that. I want to know the number of employers that have moved from the rate decrease to the merit surcharge program. How many of the employers of this province—percentage I am looking for here and numbers if possible—got a rate decrease as a result of the merit program?

There were a number of problems that should have been fixed that this government still has not addressed. I am going to get to it with some of my questions here today with respect to the medical services portion of the board. I am going to ask questions on that.

But the minister does not tell the full story here when he talks about the workers of this province, the claimants of this province and some of them that were being overpaid. I admit that there were some that were being overpaid. That has never been a dispute, but instead of throwing out the whole process that we have in place, he could have fixed the problem without moving into a position that would penalize the claimants, the injured workers of this province: 10 percent, in the beginning, of their take-home pay and an extra 10 percent after that, after they have been out for two years on long-term disability. So do not let the minister tell this committee that the workers of this province are not paying for the system that is in place now, when before they were getting 75 percent of their gross which covered to a large degree the majority of the workers of the province.

They could have addressed the problems by taking those steps to correct the inefficiencies in the process that was in place. Instead, he threw it all out and moved into a process that penalized everybody 10 percent in the beginning and 20 percent for those who remain on long-term disability.

Mr. Praznik: Mr. Chair, first of all, I would remind the member for Transcona about the benefit package that, for long-term claimants who go to 80 percent of net indexed on a regular basis, which did not occur when his party was in government, the difference in that 10 percent from 80 percent to 90 percent is made up with a pension plan and a life insurance program, so they are getting 90 percent of benefit, 10 percent being converted into a pension plan which they otherwise would not have when they turned 65. I do not think the member's description of that change is entirely accurate.

I want to remind the member for Transcona, as well, with respect to the King commission report, I am very intimate with that report and one of its authors is my deputy minister, who is involved in this process.

You know, it is very interesting that the member now refers to the King commission. Yes, I would acknowledge that there was a lot of discussion and work done. But, you know, it is interesting, when we brought in our reform package, many of the recommendations of that King commission formed part of our reform package, many of the very important recommendations.

When we went through the Legislature, I seem to fail to recall if any member of the New Democratic Party acknowledged that, acknowledged where we had picked up recommendations of the King commission report. Very little of that was acknowledged, in fact—[interjection] Once perhaps. In fact, if I recall that debate well, I do not even remember the New Democratic Party coming out and talking about going to a hundred percent of net. In fact, I remember the member for Thompson (Mr. Ashton) pledging that if his party was re-elected or elected to government in the next election, they would go back to the old system—they would go back to the old system—which certainly would not fit in with the King commission.

So when you put the two together, when you hear the member for Transcona today and you go back and look at the debate that took place in

1991 on the legislation, one should take no comfort that if a New Democratic Party government were in place in Manitoba or if they had been re-elected in 1988, they would have done anything about the King report. In fact, given the comments and the debate in the Legislature at the time, I honestly believe that they never would have acted on the King commission report, they would have just kept increasing the rates until the system became financially at risk and crumbled on itself.

The member referred to other jurisdictions, or made some reference to my comments about other jurisdictions. I think I said very clearly to this committee that the problems in Ontario went back over a number of administrations, not just the current one. The great crime about the province of Ontario is no government there in the last number of years has had the courage to come to grips with its Workers Compensation system, and today, to our advantage as Manitobans, WCB has become a great millstone around the necks of Ontario employers and Ontario business. Quite frankly, it is going to cost Ontario jobs and hopefully to Manitoba's advantage, because we are going to be competitive and we are competitive in our rates.

Now, I am going to let Mr. Edgeworth answer the specifics or Mr. Wilde answer the specifics on the merit surcharge program, but you know, I have to point out again that the New Democratic Party firmly opposed the merit surcharge system. They firmly opposed providing any financial incentives or disincentives to not being a safe workplace. Yes, there may be an ideological reason for doing that or a matter of principle, but one of the things that we have discovered in practical experience is, and I have seen it as Minister responsible for Workplace Safety and Health—and from the data that we have produced and the data we have looked at—that by having some financial incentive to have a safe workplace and by having a disincentive, and we are talking about, of course, the large enough employers that statistically make some sense, when we have the disincentive, we make safety pay.

It is easier, far easier for our staff to go into a large workplace where you can say, listen, you

have got a problem, we want to deal with you, and by the way, it is costing you money on this program. You know, in the days when everyone in an industry was judged by the same standard, there was no competitive advantage to being safe. I remember, as minister, when we brought in the merit surcharge, I asked our staff to produce a list of the best and worst workplaces, and we used a number, I think, of two and a half times, anyone who paid us two and a half times what their employees claimed versus those who we paid out two and a half times what the employer paid in. We had a list of about 50 or so on each side.

You know, there were people in the same industries, competitors, so you have to ask yourself, why were some safe and had very few claims and why did many have lots of claims? I will tell you, when everybody paid the same, it did not matter. It was much harder to get the interest in safety. Yes, you can have laws and you can enforce and you can charge, but I will tell you today it is a lot easier when you are able to demonstrate that by having a safe workplace. It is to your advantage financially as an employer. We may not like that, but that is human nature and reality. And let us remember, the New Democratic Party opposes that.

You know, the number of complaints that we have about accidents not being reported, we hear from certain union reps from time to time, but in reality we get very few complaints and in reality in my meetings with labour, they rarely raise that as an issue any more, because, quite frankly, it is not one or it happens on a very rare occurrence when someone is so discouraged from filing a complaint.

So all the fears that the NDP put out about merit surcharge system have not in fact in any way happened to the degree, even close to the degree that they predicted.

So now I would like Mr. Wilde to give you the specifics of the question.

\* (1350)

**Mr. Wilde:** First of all, a bit of a clarification.

Mr. Reid, you referred to our merit surcharge program. Perhaps that is not what you meant. Our merit surcharge program is in fact a revenue neutral program that only applies to about 200 of our 20,000 firms. The merit surcharge program is only applied to those firms over \$2 million of payroll assessment, and it is a special, either incentive or surcharge based on their own specific experience for that group. It is because those very large employers can have such a substantial impact that it could adversely affect the experience of the huge number of much smaller firms that are in the pool.

Because that is a revenue neutral program and because it is based on individual experience, the shifts up and down—I do not have them with me—are relatively small over the couple of years that the program has been in place. That particular program has only been in place since 1992.

What I suspect that you were interested in was our experience rating system which applies to all of the firms. We look at average rates for industry groups and then, based on their individual experience, will move the rate up or down from that average. In a given year, a substantial number of firms will move up from their rates of the prior year and a substantial number may equally move down. The bottom line on the process, though, as was shown in our rate chart earlier, is that the average for the province has been no net increase for several years.

To put it in perspective for you, without having the exact number in front of me, last year I believe there were about 60 percent of the firms—and I will confirm this for you later—who actually had a reduction in their rate, and that is based on the numbers of firms. Therefore, for it to be revenue neutral, it would mean that the 40 percent that had increases then obviously were larger firms, because the average of the rate across the whole assessed group was no increase.

**Mr. Reid:** Based on that, if 60 percent saw rate decreases approximately—and there were some 40 percent that would see an increase in their rates, so obviously they would be the ones that had a poorer

experience rating--and considering that our actual operating fund surpluses have been reduced from about \$22 million down to \$6 million to \$9 million, would we not be in a position here to make some rate alterations to the overall assessments, considering that at least 60 percent of the firms would not be affected by any rate increase if it was minor in nature and it would only be those firms that had essentially a poorer track record with respect to their experience rating for workplace injuries?

Why would we not consider making some rate adjustments to allow the board to keep its published original intent to reduce the unfunded liability by 1997? This would allow us to keep our surplus up to the range. It would allow us to pay down that unfunded liability by that time.

**Mr. Fox-Decent:** Mr. Reid, the 1997 retirement of unfunded does indeed appear in the 1993 report. I am quoting from the CEO's letter which says: If economic conditions remain stable, we expect to eliminate the unfunded liability by 1997.

Of course, what has happened is, our accident rate has increased significantly in '94, and frankly, we based that 1997 projection on what was happening to us up to and including the very good year of 1993. I mean "very good year" in the sense of the financial surplus that it yielded.

We made a mistake in projecting when the unfunded liability could be retired because we did not really anticipate or know that 1994 was going to produce a 14 percent increase in reported accidents. We are on target for the 1992 forecast which was by the turn of the century or 1999, and I guess it is fair to say we are back on target for that, but I fully accept your comment that on the record we said we could do it in '97 because things were so good in '93. No, we cannot, unless we were to now increase rates or reduce benefits or do both or were to get some enormous windfall from our investment portfolio. Frankly, 1994 has not been a windfall year in terms of investment.

We had a debate at the board, an interesting debate about the rate structure that should prevail

for 1995. I think it is fair to say that the House was not unanimous on the issue of the rate structure for '95. There were some on the board who felt that we should increase assessment rates because if there were a continuing spiral in the demand for service from WCB that we could find ourselves in a situation before long where the surplus would no longer be there and we would perhaps slip into a shortfall situation. Would it not be prudent to jack up the rates now and give ourselves a sum of money, which if not required for service immediately could be applied to the unfunded liability?

I guess the judgment of the board in its majority was that we have a surplus still this year of up to \$9 million. We will certainly let everybody know what that surplus is when it finally is properly calculated. It will be part of the annual report for '94, of course.

We had a commitment which we thought was quite significant to maintain stable rates. Now, I use the word "stable" because as you know the experience-rating system does move peoples rates up and down so it is not just a question of one rate. It is a question of a rate that is applied to individual experience of employers. Our projection for '95, and I hope these words do not come back to haunt us, is that we will be back into a double-digit surplus. We are projecting--Alex, correct me if I am wrong--about \$14 million surplus for 1995. Therefore, taking the concern about stable rates and taking the fact that we are not in a deficit but a continuing surplus situation this year, and let us say we apply \$9 million, and you say, well, I am taking the best possible scenario. Well, I am to be fair, but if I apply \$9 million to \$71 million, it is a fairly significant reduction in the unfunded.

Projections for next year based on an accident rate about the same as this year, okay, not the year of '93 but the year of '94, suggests that we will still end up being able to produce a surplus at the end '95 of \$14 million. All of those things in consideration, the board decided that we would continue with a stable rate for 1995, not

unanimously. There was, as I say, an interesting debate around that issue.

\* (1400)

**Mr. Reid:** What is the current unfunded liability position as of the end of 1994? I know the annual report is not out yet, but I am interested in what the—

**Mr. Fox-Decent:** I am sorry, Mr. Chair, I should not have jumped in. It is \$71 million at the end of '93, and we expect to reduce it by between \$6 million to \$9 million. We do not yet have the financial figures in to give us a precise figure.

Let us assume that it was \$8 million, then it would be down to \$63 million this year. Then if the projection is right for next year in terms of surplus, we should be down to \$49 million at the end of '95.

**Mr. Reid:** I thank Mr. Fox-Decent for those figures. My concern here is, when we saw this in the '80s, and I was not here at the time, I was not holding office at the time, but I have gone back and talked with some of my colleagues that have been. What my underlying worry here is that because we have moved now to a different program in my estimation—it is my philosophical point of view—I do not agree with the way the minister went about making the changes, but we have already had that debate here. I am worried about having a future rate shock here, because you are only basing it on projections for now, and if there is a change in the number of accident claims and we see that our surplus levels are not materializing the way we would like them to, we would not be in a position therefore to reduce the unfunded liability by the time line that the minister's department or the minister himself has said is the year 2000, or the board has said.

**Floor Comment:** The beginning of the century.

**Mr. Reid:** The year 2000 was used, and it has been in document after document. My worry here is that if we do not have some position here to move us back into an orderly fashion to reduce the

unfunded liability by ensuring that we have the rates in place to make that happen, then we are going to find ourselves, for whatever successive administrations are in place, whether it be the current government or some other government, in the position of having to seriously alter the rates in an upward fashion. If we did it now, a little bit at a time, it is much less painful to make that alteration now, considering that some 60 percent would not be affected through that experience rating. They have seen a decrease in their rates, and it would only be those who are having poor experience ratings or poorer experience rates that would be affected.

I would conclude that it would be much less painful now to move in the direction of making those changes to ensure that we have the adequate surpluses to reduce the unfunded liability now versus having that rate shock somewhere down the road in the future.

**Mr. Fox-Decent:** Well, sir, your scenario is very cautious and, if I may say, a little bit pessimistic. That is fine. That is a perfectly legitimate position to take. I think, however, from our perspective, and I would ask you to try to see this, when we have got a \$6-million, \$7-million, \$8-million, \$9-million surplus this year, we have got a \$14-million surplus planned for next year and we do not see at this point in time any reason why we should not be able to reach that position, we are going to be able to knock cumulatively \$20 million-plus off the unfunded liability in a two-year period.

Our projections are—and admittedly they are projections, and you are quite right, I mean, these are forecasts—we will still be able to enter the 21st Century without debt, without unfunded liability as such.

I know you are concerned, and I understand it. Furthermore, some of the board members shared it. Their feeling was, the minority of the board members said, let us have a rate increase now and then another rate increase next year, not in large leaps but small leaps, and this will be a hedge

against whatever, a hedge against an unexpectedly high rate of injury in the workplace in 1995.

We have reason to believe that '95 is going to be like '94 in terms of the number of reported accidents. We have planned for a \$14-million surplus. We think that stable rates is a part of a formula as long as it is not an artificial reality. We think it is still a defensible reality. We are still this year way into a surplus position, next year, further into a surplus position than is planned for this. So the judgment, and I think everybody was concerned about the kind of thing you are talking about, are we preparing adequately so that we do not get a rate shock or there is not some political will expressed by some political party that the benefit package should be reduced?

You have heard the minister. He is saying that there is no intent there. He has to speak for himself and for the government. We certainly have no interest as a board in reducing the benefit package, none whatsoever, and would not be making any such recommendations to a government. We are interested in keeping rates stable if we can because we think that is an ingredient of a healthy system and certainly not at the expense of benefits, but with a balance of interests, rate stability is one of those balancing factors.

**Mr. Reid:** I hope that the projections of the board can be borne out and that we can move towards the early pay-down of the unfunded liability that has already been published. Considering that the employers had raised this as a major issue at the time before the legislation came in, I sense that they still want to pay this down. I have not heard anything to the contrary.

If the earlier pay-down is possible, then I hope that will take place.

**Mr. Fox-Decent:** When we had that \$22 million surplus last year, almost \$23 million, one of the options was to reduce the rates, to take the average rate down. The decision was made unanimously by the board that we should apply it all to the unfunded liability. There was not, to my

knowledge, Mr. Reid, a murmur from the employer community. They accepted the retirement of the unfunded liability as a worthy objective.

**Mr. Reid:** Can you tell me how many employers--I think there are different category ratings for different employers. I am looking for the rates that are charged to employer assessed payroll assessments. Where would be the starting point for payroll assessments? What is the lowest and what would be the maximum range for our province?

**Mr. Edgeworth:** The lowest possible rate for 1995 would be 56 cents per 100. The highest, I have some difficulty recalling, is approximately \$20, I believe. That figure I am not as exact on. It is approximately 20-point something.

**Mr. Reid:** So then with the range for employers premium assessments of a low of 56 cents per \$100 of payroll to a high of in the range of \$20 per 100, there is quite a range there. So when we are looking at employers switching categories there can be significant changes to their costs if they are able to switch categories. Are employers allowed to switch categories through the experience rating system? And if so, how many of the employers have switched categories?

**Mr. Edgeworth:** Actually, we do not look at switching the firm as much as we would look at the subgroup itself. We would say a subgroup--let us, for example, use aircraft manufacturing. We would look at the actuarial experience of aircraft manufacturing and say, that subgroup is in a higher- or lower-risk category than where we have previously rated it. Each year there can be subgroups that may move from one category to the next, a small number.

You are asking about a firm. We have a policy to prevent rate shock, which would say that no firm could experience more than a 15 percent increase or more than a 10 percent decrease in rates, regardless of their experience in any one year.

**Mr. Reid:** It has been previously stated here that

the merit surcharge program only affects 200 of the 20,000 companies in Manitoba. Have any of those 200 companies switched categories recently? I take it, you do it once a year. Have any of them switched categories in the last year, and if so, were the movements up or the movements down in the category as far as the rate impacts, and is it possible to identify any of those operations?

\* (1410)

**Mr. Edgeworth:** Now we are talking again about merit surcharge rather than experience rating. The merit surcharge is always for the previous year's experience, not the current. I would have to go back and find that data, because it depends on a number of factors, not only the size of their payroll and their experience over at least a three-year period and how that varies from the experience of the group they are in, but also it would be cross-related with Workplace Safety and Health to make sure there are not any other Workplace Safety and Health issues. It would be totally inappropriate to warrant someone a merit when in fact there has been a work order perhaps issued by Workplace Safety and Health.

So there is a fair bit of work involved in that process. There again, it is the firm's experience being significantly different, better or worse, than the group they are in, their previous year's experience versus rates, which is looking at future.

**Mr. Reid:** I think I comprehend what he is saying here, and I would appreciate if you could provide the information. It is my understanding, and I could be wrong on this, that there have been some changes in some of the larger companies within the province that have been allowed to change categories through the structure that is in place that would permit that. To do that, it is my understanding, it would also allow it.

I am not saying I am opposed to this, but for companies that merit those changes is the concern here, companies that are allowed to switch those rate categories and the costs that are associated with that to those companies if they do not warrant that type because they have had, say, fatalities

within their operations. That is one of the more serious parts of it, but also the number of injuries is also important. Whether or not those companies are allowed to switch rate categories even though they have had fatalities, because that would lead me to conclude that there are some serious problems within the organization.

You may not have that information here today, but if you can go back and, at your earliest opportunity, research, find out, and let me know.

I would also like to ask, because we have already had our discussions here, between the minister and I, on this 80 percent and 90 percent provision, I would like to know the number of claimants that had been reduced from the 90 percent down to the 80 percent level.

**Mr. Fox-Decent:** I would take that as notice, Mr. Chair.

**Mr. Praznik:** How many are over two years?

**Mr. Fox-Decent:** It is how many are over 104 weeks. I do not know. Don, do you have that information on hand?

**Mr. Don Paul (Senior Director of Claims Services, Workers Compensation Board):** No.

**Mr. Fox-Decent:** We will get that to you as soon as we can.

**Mr. Reid:** I would also like to know the number of claimants, because it is my understanding they have the option of doing this, that have opted to participate in the annuity program? I would like to know the number of claimants that are involved in that program. We can compare the two figures to the numbers to see whether or not that is having any success because it was my fear, and it still is, that claimants would be in a position where they would have their levels of income reduced from the 90 percent net down to 80 percent, and then they would be asked to contribute a further five percent into annuity which, in effect, would put them in a position of a 75 percent net income.

**Mr. Fox-Decent:** We will take that as notice as well.

**Mr. Praznik:** Mr. Chair, I do not intend to get into a debate with the member for Transcona, but just on the operation of that system, because I, as the member knows, was very much involved in setting it up, we had some questions obviously at that time about that transition period of the difference between the 90 percent and the 80 percent. That 10 percent, as the member, I think, is aware, half of it goes into a pension fund automatically for the individual, the other half towards the purchase of an insurance scheme. They do have the option to purchase up to an additional five percent for a pension plan.

They may not choose to do that, and that is fine, but at least five percent is still going into that pension plan, which I would point out to the member, which many are not aware, produces a tax-free pension when they turn 65. So whatever they do put in produces a tax-free pension, and until the federal budget comes in—I do not think there is any discussion by the current federal government to change the status of Workers Compensation benefits. It is under those provisions that we provided for this pension.

The second point I make is the number of the trade-offs that took place. One of the positive trade-offs, I think, for workers was the regular indexing plan which comes into place after two years on Workers Compensation benefits, so at the time someone would be going from 90 percent of net to 80 percent of net, they would also be getting at that time, I believe, the indexed figure so that there was, in terms of actual dollars to their household, some blunting of that change. I just provide that by way of detailed information to the member.

**Ms. McCormick:** I too have some questions on the working of the merit surcharge program. It is my understanding that there are over 400 participating employers and that the numbers of merit receiving employers outnumber by about six to one the numbers of surcharged employees. I was wondering if that is a correct assessment.

**Mr. Edgeworth:** Again, the actual number of firms I am not totally clear on and we could certainly get. The merit surcharge program, though, is the piece that is clearly revenue neutral. That is, for someone to get a merit, someone else has to be charged a surcharge, and the amount of money to be redistributed through that program has been constantly reduced each year as the experience of—I would assume, I mean, that is where there is analysis required—but as experience of poorer firms has improved, there is less money to redistribute. So the amount of money to distribute through the merit surcharge program has been reduced.

Now, the actual number of firms, we can clearly get that for you because that would have been completed for the previous year.

**Ms. McCormick:** In doing your analysis, I would be interested in your most recent year of experience, if you could tell me how many received merits, how many were neutral, no increase or no decrease and how many were surcharged. At the same time, I am interested in knowing if you could tell me how you go about, in addition to the questionnaire which people send out, fill in and send back, verifying the improvement of conditions in the workplace.

For example, you have, I understand, a mechanism of checking for convictions or fines through Workers Comp improvement orders where more than a certain percentage of the workforce is affected by the stop work orders, but these are pretty gross measures for determining the actual safety conditions in a workplace.

So I am interested in finding out from you if there is anything in addition to the checking with work with the division and the questionnaire filled in in the workplace, whether there is any other scrutiny to which a workplace is subjected in determining whether they move on a rate.

**Mr. Edgeworth:** There is certainly no problem in getting the details of those that were eligible, how many actually received a merit and how many are charged a surcharge, and how many we were



calling a gray area in that their actual cost experience now, which is the biggest determining factor, their actual cost experience, which would say they have had less accidents or less severe accidents is significantly greater or significantly worse than the group they are in and as well detailing the process of how we go verifying that there are not some other factors that have occurred since the previous year's experience that would be embarrassing if they were not taken into account. That is done jointly, and I will develop that procedure.

**Ms. McCormick:** I would also be interested in knowing how many of the surcharged employers took you up on the offer of a safety improvement allowance.

\* (1420)

**Mr. Edgeworth:** I would be happy to provide that.

**Ms. McCormick:** Then I will keep on asking my questions which you can take as notice. Once you have determined how many safety improvement allowances were granted, how many audits were in fact conducted, because there are some conditions upon which the firm can get those? How common is it that you audit, post granting of that, to determine that conditions were met?

**Mr. Edgeworth:** I should just clarify, the safety improvement allowance is new. No one will have got one yet. It is brand new. There would have been a program comparable, and I will get that information, which was called a deferral program. We have since eliminated that, replaced it with this improvement allowance. We have established as one of our own research projects, together with Workplace Safety and Health, doing a research project to assess the merits of that type of program generally as an incentive.

**Ms. McCormick:** I would appreciate then, you have given that the terminology has changed. I understood that the intent was still the same, the deferral versus the allowance.

Can you give me some indication as to why you have taken a different approach going from cost deferral to an allowance for specific improvement?

**Mr. Edgeworth:** I could not give you, off the top of my head, all the criteria. One of the key things, though, when the deferral program was put in, as I understand it in researching back, was that in communicating that, it left fair room for misinterpretation by firms and feeling that a deferral program was actually a forgivable loan when in fact all we were doing was, in a sense, loaning them, through a reduction in their surcharge, monies to invest in safety. It still had to be paid at some time, and many firms did not quite realize that.

In reframing the program, there was redefinition of criteria to fit with our experience but also to clarify for employers what really was expected and would take place in that program.

**Ms. McCormick:** In the interest of bringing inadequate firms up to standard, how are you going to guard against creating an unlevel playing field with respect to allowing people to undertake basic compliance activities—you know, paying for your hearing conservation program, paying for your WHMIS training, paying for the things that are related to compliance—out of the program rate or is that considered to be you would rather have them comply than not comply and therefore you will look the other way? How are you going to go about safeguarding that?

**Mr. Edgeworth:** Again, we are talking about either the deferral or the safety improvement allowance. An organization has to put forward a proposal. Those proposals are examined by a committee involving both Workplace Safety and Health and ourselves to ensure that we are talking about new initiatives over and above something that is expected generally or already in place, so it has to be a new investment, a new thrust to improve safety. We rely on Workplace Safety expertise, as well, to assess whether or not that investment in technology or whatever it happens to be, ergonomic equipment, would in fact get us the

kind of results and have an impact on the kind of injuries we are expecting.

**Ms. McCormick:** So you are looking at this then, I understand, as more of a change to the physical environment, in ventilation systems, work design, not compliance-type activities. Is that a correct assessment?

**Mr. Edgeworth:** That is correct.

**Ms. McCormick:** I want to pursue an area of questioning that Mr. Reid was going after. When you have Class E, who are the people who participate in the merit surcharge program, Class E employers in a sector—generally there is an assigned rate group that they fall into—is there ever a condition upon which a singular employer could go out of that rate group? If so, how is that determination made, and then what is the impact back on the remaining people who stay in the cluster?

**Mr. Edgeworth:** Yes, there is a process of examining individual firm experience in relation to their subgroup experience, and that is a difficult process. There are some similarities, though, in terms of even looking at subgroups. We examine the firm's experience over a period of time in the past five years, looking at trend and what is happening with their experience and how compatible it is with one subgroup versus another, but we also will still look at the type of industry. I would not change a baker because that baker has such great experience relative to all other bakers and put him with something else. I would still leave him as a baker. It is a little more complex on an individual firm.

If a firm is large, and when I say large, I mean over approximately \$10 million, then it is considered by our actuaries to be of significant enough size to have enough credibility to look at it as a class, look at its own experience as the determining factor and put it into whatever risk category is most appropriate, so it is only when you really get large, would an individual firm change groups like that. The small firm would not.

**Ms. McCormick:** If you looked at it in the context of the people who are entitled to be in the merit surcharge program, which are all basically large employees, okay, now, in that cluster of people who are in the merit surcharge program, what is the criteria which would take a person out of or an employer out of the rate which that employing sector is in? I mean, how does one decide to take an individual company? It has to be more than size because they are all big. You used an example earlier about—you said something about aircraft manufacturers—like, how would you say that a Boeing or a Bristol or a Standard Aero or any of them should depart from the main rate for the cluster?

**Mr. Edgeworth:** I doubt any of those would in fact, because their assessable payroll would have to be in excess of \$10 million. I am not sure if any of those actually do.

I do not know if I can adequately answer your question as opposed to perhaps providing that to you when I get back with the information on who fit in each category. I think what would be helpful to you then is, was that firm in an individual class on its own or is it part of a group, because that will help you assess that, if that is okay.

**Ms. McCormick:** I think there are two sides of the coin that I am looking at here; one is obviously the impact on the group that goes, that gets a lower rate, is evident. What is then the impact of the smaller cluster that stays behind? I am interested in both sides.

**Mr. Edgeworth:** I just want to comment on one more thing. Again, I am going to take it separate from merit surcharge because this moving of a firm from one—a firm, a subgroup—rate category to the next does impact either the group that is left or the group it goes to, depending on what it is bringing. Is it bringing high-end experience into what was the lower-rated group or was it bringing low experience into a high-ended group? There is no doubt that is a factor. The question is, what is overall fair? It is as much an art as a science. They are trying to assess the impact; there is no question.

The question: If you are at the lowest-rated scale of a higher group, would it be fairer to leave you there and charge you higher rates when your experience has always been significantly better than the group you are in, or should you move to a lower-risk group? Again, we would assess that based on trend. We would do it ourselves and we would have actuaries assess that as well to ensure that there is some consistency. This is not a grey question. There is consistency in bringing actuarial experience and our own experience looking at coming up with the same outcome that says, this firm is either getting a benefit in terms of rate that it should not have or it is being penalized in terms of rate and that should move. Yet we know it is going to impact whatever group it leaves or goes to.

**Ms. McCormick:** I think this ties back into the earlier area of questioning, too, and that is that if in fact the rewards are continued to be given, which, you know, I am going to support—however, if the bad actors continue to pay an increasing amount, then it is almost like a house of cards, you are going to have whole employing sectors as well as individual firms who are going to have a tougher and tougher time.

One of the areas that historically we have been concerned about is the whole meat-processing industry. I mean, whether it is legitimate or not—I think we do not need to deal with that today—but it has had kind of a bad rap. And yet, at this point in time, this is sort of the growth industry in Manitoba, right? Now, how do we reconcile these two things? Manitoba is on record wanting to be the world's leading exporter of finished pork products, for example, but it is an industry which historically has had a pretty tough time reducing its high costs of work-related injuries and accidents.

Is there a danger in this merit surcharge program, given that there are very few, very small animal-processing operations—they are all going to be pretty big employers—of this being a costly place from the Workers Comp perspective for that industry to grow?

\* (1430)

**Mr. Fox-Decent:** Ms. McCormick, your observation is very interesting. There have been some quite hefty surcharges in the meat-processing industry, without going into individual firms. I think it is fair to say that the No. 1 biggest surcharge has recently come out of the meat-processing area. I hope I have not said more than I should have. I do not think we want to get into naming names.

This is an area that clearly is going to require, if it does develop as planned, a lot of proactive work by Workplace Safety and Health and, to the extent that we are allowed to be involved, by us. We would far rather be at the front end putting into place good infrastructure and programs for prevention than picking up the pieces by a huge fine that is called a surcharge.

**Ms. McCormick:** The other area which I think is currently kind of a grey area because it is excluded—like the family farm is excluded as a workplace. However, we are seeing a continuing increasing trend to corporate-type activities in the farming industry. This is another area I think of growth that parallels the meat-processing industry. It is also an area of high risk and bad experience.

**Mr. Fox-Decent:** The farming challenge, as you obviously know, is an interesting one. It is a family operation very often. The people who are most prone to injury are the very young and the very old, and so it is grandfather or grandmother who is more often than not involved in a farm accident or it is one of the children that is 13-, 14-years-old. How do you deal with providing coverage in a family operation?—which of course does not normally respond to work hours; it is a 24-hour operation, as you would know.

I can tell you this, that we have an agricultural committee of Workers Compensation. It happens to be chaired by the same person that chairs the Workplace Safety and Health agricultural committee, Dr. Helgi Austman, a tremendous resource, very interested in farm safety and how we deal with farm safety issues and compensation.

We have about 3,000 farmers who have voluntarily signed up to Workers Comp, although the Manitoba law does not require them to be covered. They voluntarily signed up. We had a day-long conference about four, five months ago when we had representatives of all of the farm interests come to us at the board and we spent a day brainstorming about the issue of how to deal with Workers Compensation and the farm community.

I have not any definitive answers for you, Ms. McCormick, with regard to that issue. It may be one where one would have to seek legislative change, but we are working at it and very conscious of the level of injury and accident that occurs in that community.

**Mr. Praznik:** Just to pick up for a moment on the point Ms. McCormick brought forward, the change in agriculture, particularly the growth of the meat industry and various types of value-added agricultural production in the province that we are seeing more of, and much larger farms generally even in the grain and oilseed sector, has meant that whereas 20, 30, 40 years ago most of the labour on a farm was done by family members, there is a growing shift in those larger, more diverse enterprises to having employees on staff.

As the member is probably aware, in fact, all members of this committee are aware, the agricultural sector, because of historical reasons, practical reasons over the years, probably some political reasons in a lot of areas, from building codes to workers compensation and others, have not been included to the same degree. There is a recognition, Professor Fox-Decent has pointed out, by many in the agricultural sector that as they change, as the nature of agriculture changes more that they are going to have to come to grips with these issues.

There is a practical issue here for any large farmer with many employees as well. Although they may consider it a privilege not to have to insure their employees under WCB, they also do not cover the benefit of being protected from being sued for negligence in those cases. There is a

growing recognition in a changing world that agriculture as it expands in certain areas comes into the forefront. On the issue of accidents, again a very hard area to regulate because it is not a normal employment situation, particularly on the family farm, as it is elsewhere, and people have to be willing to follow rules in their own operation.

The member has hit upon probably one of the areas in terms of safety that does keep me awake at nights as to how we can reduce accidents on the farm. It is becoming and has been a serious problem, particularly in deaths. Most of our deaths last year were on the farms, farm-related.

**Ms. McCormick:** I want to take advantage of the segue way that Professor Fox-Decent has given me in terms of using the term "24-hour coverage." I know in past Five Year Plans and over the space of years there have been some looks at this issue. I know now that the Association of Workers Compensation Boards of Canada has produced a report on the subject. I would like to know if there is any intention to revisit the issue of 24-hour coverage here in Manitoba?

**Mr. Fox-Decent:** The subject is one where, because there is so much debate about it and a number of research documents being produced, we would obviously want to keep abreast in our research division. I think Jeff is the only one who has not actually spoken today other than Kathy Sarapu who is down in the audience. Jeff, our Director of Research, and his group are keeping abreast of developments in this area as we see new research and as we see new proposals of one kind and another. There is no Canadian jurisdiction that has gone, of course, to 24-hour coverage as you would certainly well know, Ms. McCormick.

We feel it prudent to keep a watching brief on it and that is what we are doing. We had a very interesting debate about it two planning symposia ago, that would be in January 1993. Just a very good discussion about the pros and the cons and the ramifications and who would pay and so on and so on.

It was the subject of the annual meeting of the

Association of Workers Compensation Boards this past summer, and there were some very interesting presentations in that context. We would be happy to supply you with the stuff that we have by way of research material on this subject so it is a watching brief, if I can put it that way.

**Ms. McCormick:** I am prepared to turn back to Mr. Reid. I am hoping he is going to get into the area of medical costs because that is another area of questioning. I am also interested in chronic pain management, so I would like to—[interjection] Okay. Maybe you can lead again and then I will pick up.

\* (1440)

**Mr. Reid:** Just to pick up where Ms. McCormick left off, Mr. Chairperson. I listened to the comments about the 24-hour comprehensive plan. I looked back to the comments that were made in the Annual Report 1991 by then-Chairperson Judge Kopstein, and I think it is important. I am going to read them into the record, because I think it expresses the sentiments of the chairperson at that time on his thoughts with respect to the 24-hour comprehensive program.

He starts off, and I quote: The board's legal incapacity to meet the expectations of workers, it is clear to me that there are gaps in the protection provided to workers under the present concept of Workers Compensation.

Many of those gaps could be addressed in my opinion through a jointly funded universal all-cause Workers Compensation system which would eliminate the need, the cost and the anguish of having to prove that an injury or disease which results in disability was work related. Pre-existing conditions would not affect the workers' rights to benefits.

It goes on from there. It is clear in the comments that the then-chairperson was in favour of and supportive of the move toward a 24-hour comprehensive program. It is my understanding that New Zealand has such a program. I am not sure what changes they have made recently since

they have been going through some restructuring in their country or downsizing, however you wish to term it.

Has the board been in contact with the New Zealand program to find out what their experiences are with respect to this program, any pitfalls, any pluses that they have for this, and could the board relate those to us, please?

**Mr. Fox-Decent:** The New Zealand experience was given some prominence at the annual meeting of the Workers Compensation Boards this past summer, Mr. Reid, which I was describing to you. We would be happy to supply a copy of the New Zealand person's paper to you and anything that we can find or have that is pertinent to the New Zealand experience.

I would be very loath to comment because I am not in full possession of the whole process of what has happened recently. There have been some changes to the New Zealand system. Certainly we would be happy to supply the material we have so you could read it at your leisure.

**Mr. Reid:** I look forward to receiving the information and thank you for that.

I know the minister has been talking about a move towards this or at least left members of the Legislature with the impression of his intention to moving towards a 24-hour comprehensive program. I have not seen any progress on that to date and I suspect that there will not be any progress on that at least in the short term. I had high hopes because I had read some information about the New Zealand experience in the last few years. It seemed to be a way to bring under one umbrella protection for people in our society, whether it be through the Criminal Injuries Compensation program, through the Autopac, the MPIC program, through Workers Compensation, and other programs to protect members of our society should they fall upon any unfortunate circumstances by way of injury.

Can the minister perhaps indicate whether or not his government has any intention now or in the

near future to move towards a 24-hour comprehensive insurance program or as has been discussed here?

**Mr. Praznik:** Mr. Chair, I harken back to the days in 1991 when I was given responsibility for Workers Compensation and was working with then-board chair Judge Kopstein who was a very avid proponent of 24-hour coverage. At that time I think the government made the statement that before it would even look at that particular issue, getting the Workers Compensation Board on a firm financial footing, in fact, retiring the unfunded liability, would be the priority. When that was done, you know, that 24-hour coverage was then something that could be looked at.

In the years that have intervened, as we have moved towards that goal, this administration and with the support of the member's party, the member for Transcona's (Mr. Reid) party, have reformed the Manitoba Public Insurance Corporation benefit package to a no-fault system. For those of us at this table who are familiar with WCB systems as my critics are, there is a striking similarity to the MPIC no-fault benefit levels and systems, not entirely the same always in procedures and Workers Compensation. I am informed, if my memory serves me correctly because this information came back in '91 when we were putting things together, that at any given time in the province, something like 5 percent of the province's labour force is either on WCB or MPIC benefits at any given time. Now, please do not quote me on that. We will check on that, but I seem to recall that from some of my briefings.

So today we have two very similar no-fault systems, in essence, in place for a large number of people, two of the greatest sources of non-medical injury or disability, accidents in the workplace and accidents on the roads and highways with a similar system. To have a full 24-hour comprehensive program in the province, there are still some significant pieces. Obviously the injuries at home and recreation, what have you, which are covered privately, currently are covered to a degree by CPP disability for those who are working. So there is another piece. Obviously the federal reforms are

now underway in pension or being discussed, so there is a piece of that pie.

We as a society are building, have built, a fairly comprehensive package for disability situations. There are pieces that are being reformed, maybe some reduced in the case of CPP, but at a provincial level, we now have two large areas covered by almost identical systems. It does not take too much imagination to see that it would not be a huge step to probably move at some point in time to expand that as well.

I do not want to preclude that possibility because it certainly is there. How one would fund it, how one would set it up, there are a lot of questions. Obviously, at the time we did the WCB review, the expectation on a 24-hour system, even from comments that I had in some of my discussions with labour people, there was not an expectation that would be borne, the additional coverage, by the employer community, that that would be a benefit that people would have to buy for themselves. Many do now with private insurance.

So to have that 24-hour type of coverage is not as far fetched as some in our society may say it is. We are in a practical way moving toward it with these different pieces so I could foresee the day, maybe not in the immediate future, when a government of the province of Manitoba, whether it be one held by my party or another, would move maybe another step toward that in some area of benefit package until eventually the pieces came to a 24-hour system.

So it is not a far-fetched idea by any means and to a large degree in terms of the two probably largest areas where injuries occur, two are covered by, ironically, very similar systems since we put in place the no-fault system at MPIC. So we are one more step in a practical way toward 24-hour no-fault coverage system. How much further we can afford to take that as a society, those are issues and questions that I am sure will arise in the next few years as the federal government does its social safety net review.

I raise that because the CPP disability and the UIC sick benefits play a very big role in covering injuries outside of the workplace or highway and lack of ability to work due to illness. Do those systems, are they reformed in such a manner that their structure ends up being very similar to our Autopac and Workers Compensation systems? That question will be determined in the next few years. If they do, we have another piece of that puzzle. And if I might make one other comment, because I had some involvement in the no-fault automobile insurance as a member of cabinet and had some input into that that raised the similarities between the two systems.

There are savings to be had, I would suggest, administratively and certainly in service delivery in terms of providing better service if these similar-type systems in the long run are able to work together and come together. I am not suggesting common administration today, but at some point that might be possible. But certainly savings to be had in the appeal function, for example, having an independent appeal body for all of these types of benefit plans—but an independent appeal body, because the systems become closer and closer together in terms of their rules and administration.

The pieces are slowly coming together, and for those who have viewed a 24-hour package as one that has merit—and I have certainly been one of those people who have argued that it is worth considering—some steps recently have, I think, brought it a little bit closer and what happens on the reform of UIC and sick benefits there and CPP disability could, depending on what happens there, build another piece to the puzzle. Then we are not very far away in essence of having a 24-hour system or we are so close to it, then I think the impetus then becomes to start looking at some shared administration and some ways of developing a more comprehensive disability system for society as a whole, whatever the cause of that disability.

\* (1450)

**Mr. Reid:** I take it then, based on the minister's comments and the comments that I have heard here

today, that while it is still a consideration, it is definitely on the back burner and that no significant amount of effort is being put forward to develop that type of a program, although the members here today have indicated that they are keeping an eye on other jurisdictions and what they are doing, and on other programs with respect to the 24-hour, but we will not see it in this province under the current administration, and that there are other parts of the puzzle that have to fall into place, as the minister indicated, which he has said are outside of his responsibility with respect to the federal government. Until the federal government makes the changes, we are not going to move in that direction unilaterally within this province to ensure that the citizens of our province have that type of opportunity.

My question here, and I wonder have we entered into any kind of negotiations with the federal government to determine whether or not there is an opportunity for us to dovetail the programs that we have, the CPP, UI, and the programs we have now which are essentially no-fault, to find if there is a way to bring this 24-hour comprehensive program into being a lot quicker. Have any discussions ensued between the two levels of government?

**Mr. Praznik:** Just to clarify my comments to the member. He has given his interpretation of them. I have never said that this administration may not at some day consider this. This administration, if the voters so choose, may be in office for several years to come and a renewed mandate at some point may—

**An Honourable Member:** Our worst nightmare.

**Mr. Praznik:** Well, the member says, "worst nightmare." I think many in his party can come up with some worse nightmares than having this government returned to—worse scenarios, but sometimes one does not realize when one is in the best of times.

The point I wanted to make was that the precondition for us looking at that issue coming from the WCB angle or the WCB lead dealing with our unfunded liability, because the funding

groups for WCB like employers who were certainly concerned that they were going to get into a whole other scope of compensation and payment without having dealt with the first one, and, quite frankly, again we have always made the point that a 24-hour system would have to be—the user would have to buy it, that that went beyond what any reasonable person I think is the employer's responsibility. I have made that statement just very clearly because employers have asked about it.

But needless to say, the no-fault Autopac insurance system modelling a system on no-fault and making it very similar to WCB makes it very easy at some point in time to be able to develop a more comprehensive 24-hour system because your two largest sources of accidents are already administered in that kind of a system. So the building blocks, as we deal with other building blocks in this process, we are cognizant of a 24-hour system. At some point in time it may be just the practical thing to do when all the building blocks are in place or close enough to being in place to make the thing happen.

So, yes, it is a gradual approach and there are a lot of parts to doing something like that that I do not think everyone fully comprehends. There are many people who carry insurance now privately. There is an effect on the private insurance industry for accidents. It is not a simple thing to do, but I think as a society we have taken some significant steps to being in a position to do that at some point in time and maybe not as far down the line as the member for—

**An Honourable Member:** Discussions with the feds?

**Mr. Praznik:** Oh, the question was the discussions with the federal government. The federal government has not been all that forthcoming in seeking the opinions or opportunities of provincial administrations as it attempts to deal with unemployment insurance and social safety net reform. They are obviously on a fast track to deal with issues in their budget. Probably the most pressing issue for our

government and this province has been the fact that as they overhaul the UIC system, Mr. Axworthy's plans to dedicate a great deal of that, or a portion of his savings to training triggered by UIC is probably the greatest problem we face because the greatest amount of need today in Manitoba is, I would not say primarily, but a significant number of aboriginal people and people from northern remote communities who are in urban areas will not be able to access those training dollars because the triggers do not allow for it. They are UI triggers.

We have expressed this concern to Mr. Axworthy—and by the way, on UIC we spend as Manitobans about \$170-some million more than we receive in benefits on that system. That will widen if his proposals go forward. Our concern, quite frankly, with the federal government has been to address this issue; it has been the No. 1 priority. In a consultation process in which there are limited options to address real concerns, this one has had to dominate.

In fairness to Mr. Axworthy on this, when this was initially raised with him and his officials, he looked very much like it was something he had never contemplated before and said would look at it. It has led us to the conclusion, quite frankly, that much of his plans are designed for Ontario and the Maritimes and very little sense of the realities of western Canada.

From a strategic point of view, I say to the member, our emphasis had to have been in this prime area. We have not yet seen any proposals or heard discussions on overhauling the Canada pension plan which is the disability portion that is very important, but I can ensure him that in my role as minister, as those opportunities present themselves in a meaningful way, this concern will be expressed.

\* (1500)

**Mr. Reid:** I will not belabour that, Mr. Chairperson. I thank the minister for his comments.



I recognize that it is not as simple and straightforward as just going about implementing. I know there are different portions of it that require some consideration before any government could move forward with that. That is why I was making my comments about the work that was taking place behind the scenes to see if there is something that can be developed in preparation or in anticipation of that coming into place. If all the parts can fall into place and if they happen fairly quickly and if we have not done the preparatory work, then we would be left behind. That is why I wanted that to continue behind the scenes if possible.

I want to switch to the medical unit of the board. I have raised these issues in committees of the past. The medical unit of the board from my observations and dealing with quite a number of claimants cases over the years, and I have brought this to the committee before, where board doctors still overrule private practice doctors, and I am not talking G.P.s here. G.P.s, I understand, even though I do not think this occurs frequently, can be perceived to be in a position of conflict in that they want to retain their customer base, their clients that come to them.

Where we have some overruling taking place is with the medical specialists that we have within this province. We have some darn good ones in this province and I would hope that their word would carry a fair amount of weight with the board doctors, but I have still seen cases where the board doctors are overruling and making decisions on claimants files that are contrary to the private practice doctors. I would hope this would not occur.

I want to find out how many doctors the board currently has on staff. How many they have under contract and are all of the cases that come before the board reviewed by the board doctors?

**Mr. Rogers:** We have a large number of doctors who are on contracts where they work varying numbers of hours ranging from as little as four hours in a week to as many as perhaps 30, I

believe, for one of the supervisor's, one of the section heads.

There are probably about 25 doctors who work varying degrees. I could compress that into the equivalency of how many full time it is. It is probably around 15 if you were to take all the hours, divide it by a 40-hour week and compress it down. [interjection] I am sorry?

**Mr. Reid:** It is the actual number I am looking for.

**Mr. Rogers:** I do not have the exact actual number. As I say, it requires taking the hours they work and working out equivalencies but I could certainly get that. It would be in the neighbourhood of 15.

**Mr. Reid:** If members of the board could come back with information, supply us with information pertaining to the number of doctors that are on full-time staff on the board and also the number of doctors that are working under contract, not compressing the hours into the equivalence of full time, but I want the actual number of doctors and the hours that are associated with that, because what I have seen in my experience—I am not saying it happens a lot, but it does happen—board doctors sometimes will pass judgment on cases that appear to me to be outside their medical competent area.

In other words, you are having a G.P. pass judgment on orthopedic situations, where you have back injuries that are involved. I personally have some problems with that, because I would prefer to see someone with a particular expertise rendering some judgment on that. But, in actual fact, I think we need to look at the role that the board doctors play in the process of evaluating cases and passing judgments and then referring that information back to adjudication, whether it be the primary level or other.

I would also like to know the number of cases that are reviewed by the doctors, whether or not all of those cases that the board gets in, that they deem immediately to be potential long-term cases,

or is there some other process that is in place that determines how those cases are referred to the medical portion of the board? I am not sure if you have that information here today.

**Floor Comment:** No.

**Mr. Reid:** Okay, then perhaps you can bring that information back to us with the other package of information that has been indicated to come to us.

I am also interested in, and you may have this here today, the cost of operations of the unit. I have gone through the annual files, and I have not seen any breakdown in the cost of the medical unit of the board. There must be something in your record keeping that would show what it costs to have doctors on salary, the administration portion for that and any other costs associated with the operation of the medical function within the board itself. I wonder if you have that information here today.

**Mr. Wilde:** We do not have that kind of detailed information for a particular unit of the organization with us, but we can certainly provide it.

**Mr. Reid:** Mr. Chairperson, I look forward to receiving that information.

As the minister--because we have raised this matter with him in the House before, we are quite concerned that private-practice specialists in particular, although G.P.s are also involved, are having their decisions overruled, and some of them are becoming quite frustrated. I have talked with some of them personally.

I am wondering if the minister has given any consideration to the role and function that the medical services unit of the board provides to the adjudication, and if there is some way to streamline that process to put the board doctors in a position where they would be advising on medical matters only, without passing judgment on the case files that would come to their attention and rely more strictly on the medical opinions of private-practice specialists that are in the field.

**Mr. Praznik:** The member for Transcona, in his last two or three questions, has, I think, in a roundabout way, kind of identified a difficult problem all of us have as MLAs working with claimants from time to time: the divergence of medical opinion on the same particular issue, particularly when you are dealing with not easily diagnosed or defined medical problems. A broken leg is always very easy, a broken arm is easy, but when you get into soft tissue injury, et cetera.

One of the difficulties--I am going to defer some of this answer to our people from the board, but one of the difficulties with a person's own physician--and I think the member hit upon it when he was talking about, raised the concern about, general practitioners at the board offering comment on things that they were not a specialist in.

One of the areas that I think we both share as problems when constituents come to us or claimants come to us is their local G.P. has said that they are of whatever condition and a specialist at the board, assuming they are a specialist, or another specialist, has made a different diagnosis. Of course, the claimant will always, naturally so, want to rely on the most favourable opinion, as anyone would do in those circumstances. But, again, who has the better opinion and who is better qualified to pass judgment and accurately diagnose the problem? This is a great difficulty to overcome. There are always probably going to be problems with it.

One commitment that I have always made in this office because of concerns that I have had in the process, and members of his party and members of the Liberal Party have had, and my colleagues, is to try to upgrade our medical services branch, particularly with the advice that it provides on adjudication to have practitioners who are active in the field or up-to-date on the latest diagnosis.

I think the member will recall a time not too long ago when many of the doctors we retained were in the latter years of their practice. Many had been out of actual practice for a period of time and often were providing diagnoses that were quite

different from practitioners whom the claimant may have seen who were specialists in an area.

My instruction to the board in meeting with them on many occasions has been to work to improve the system. There are always going to be problems with it.

If I may, before I defer, just make one other reference. It flows sometimes from files that the member brings to my office and others, and the Worker Advisor office gets it. It is passing judgment, to some degree, on the profession, but many times the language that is used in diagnosis or in letters and the references, particularly to disability, someone being totally disabled or being disabled, unable to work and what degree, the language that is used by those physicians is vague enough that it can create an argument one way or another as to whether the person is fully disabled, what does fully disabled mean, et cetera, and leads to a whole host of problems in sorting out that claim. Often we have had to go back to doctors to better define what they are saying.

So it is a sideline to the problem the member talks about, is material we actually get. But I will defer to the CEO and his staff to get into a little bit more detail for the member's question. I hope that we have made some improvement and that the member has seen some significant improvement there over the last few years, since some of the changes that we have talked about in earlier years.

\* (1510)

**Mr. Fox-Decent:** Mr. Chair, I am just mildly surprised about the discussion about the health care group, only because I think that we have really tried and, I hope, have had some success in improving the health care services we deliver from the board. There is only one full-time position. I may be wrong; there may be one more. But there are 24 or 25 part-time physicians, all with a community base, a lot of them young, upcoming practitioners of all of the disciplines that you would expect to find in a service that has to give us advice on what to do on medical situations.

There is a great deal of interaction between our

health care people and the treating physician, the private physician of the individual in question. We were hearing just the other day in the service delivery committee from Dr. Lori Koz, who is one of our part-time physicians and is on the service delivery committee, about how many hours are now being spent just in conversation with the treating physician on individual cases. I think we are delivering a service in the health care area that is a quality service. However, I am not sure whether I am really getting at what it is you are suggesting is the challenge or the problem? If I am not, put me back on track.

It is true that we do sometimes say no in terms of advice that is given by the treating physician. It comes to mind, out of a recent forum we had with all of our health care people and members of the board sitting around one common table, that we were told that this last year 84 percent of the requests for back surgery were turned down by Workers Compensation, and every suggestion from the specialists who were making those decisions, that this was the right way to go in the treatment of those cases.

Now, I am just not sure what it is that you are concerned about because I would very much like to do something about it. I take a special interest in the health care, going back to the minister's early discussions with me about taking on the chair of the board. I hope I do not sound defensive, I do not mean to be. I would be happy to address what concerns you may have.

I can tell you this, if I may, just in closing. We had a lot of complaints from the board in terms of things that were coming to them about the health care department. That seems to have ceased entirely. We see different attitudes now based on what we hope is a quality of service that is being provided by our health care people. But I am sorry, in that I left the room for a minute, I am not sure that I am on point for what you are asking.

**Mr. Reid:** You are very close to the point that I was trying to raise here. I look back and I will make reference to the King commission report. In Chapter 8 they dealt with medical issues, and I

will quote from the document: The involvement of the medical officer should be limited to providing general information related to the condition under review. Comments by the medical officer regarding a particular case are not appropriate, in other words, not passing judgment on a case whether it should be acceptable to the board or not.

Because there is in the minds of some of my constituents that come to me with Workers Compensation cases—some of them I have referred to the minister, which he in turn has passed on to the board—there could be a perception here that if the board's specialist, and you have indicated 84 percent of the back surgery cases were rejected, overrules the private practice specialist, who is to say who is right here?

I have a claimant that will go to the specialist hoping that that individual will provide the best possible medical information to them, and advice. If the board is saying, no, we cannot accept that, it catches my claimants and the claimants of every other elected member of the House in an awkward position in that the Compensation Board could be perceived to be doing this for a vested financial interest. Even though that may not be the case, there could be that perception. Yet they want to rely on the advice that they are getting from their own independent specialists and hoping that will be the best possible advice because some of these operations are very serious. If they are caught in a position where they do not know whether they should be fighting this or just going ahead with it, it puts them in an awkward position as a claimant.

I have a great deal of difficulty accepting that the board's specialists would be rejecting as much as 84 percent of the number of back injury cases that come to them, because that is a very serious situation and a very serious decision to move to a point to make surgical intervention in any of those cases.

**Mr. Fox-Decent:** This is back surgery we are talking about.

**Mr. Reid:** I realize that. So you know when the

doctor arrives at that position, and I know that there is obviously going to be some financial gain for them to perform those surgeries, but if they are not doing it in the best interests of their own case, their own client, then they would be putting themselves at risk, medically speaking, for their careers. I would hope they would not put themselves in that position.

So I have a great deal of difficulty with the board doctors overruling the private practice doctors in matters as serious as this. That is why I am wondering why, or if the doctors on the board, those that are providing advice, should continue to provide that level of advice or whether it should be providing advice strictly for adjudicative purposes, not dealing with the way the case proceeds through the medical advice that the claimant may be receiving.

**Mr. Fox-Decent:** First of all, I want to emphasize that what we seek is co-operation with the patient's physician. I think it is fair to say that in a very large measure of circumstance and situation that is now achieved because we realize we have to work at that and that is this networking that goes on between our doctors and the treating physician.

However, when it comes to the question of who is to decide, remember we are talking about a balance of probabilities model, sometimes it is very clear and there is no question, but where there is a question of entitlement, then who has the last word? Well, there is the treating physician's word; I would say most often that would be the word on medical situations. However, where we do not agree and there has been conversation and there is still no agreement, it is true to say at the moment our physician prevails in terms of any contest that may be between, but of course you recognize that there is an appeal process and medical review panels are the specific process that is established where we get—well, I hope not as bad as it was, Mr. Reid.

By the way, I do not deny that that is a delay in the process. An appeal means a delay, but what I would like to do, sir, if you are interested in a

couple of hours on medical issues, I would be very pleased to, through the CEO's good offices, arrange for some of our practitioners to come together and spend some time with you. I think you have some questions that we can answer and then it might be useful for us to sit down with you and have a bit of a discussion, because I really have a sense that our medical service is better and that we really are in a situation of much improved response to the community we are serving in the sense of injured workers.

**Mr. Reid:** I would welcome the opportunity to come out. I know I have been, I would say, remiss in not attending some of the board offices to have those discussions. I know the minister has made reference of this fact to me. Unfortunately, the schedules and the rigours of this job sometimes do not permit that, but I would welcome that opportunity to come over to the office and take that opportunity.

**Mr. Fox-Decent:** Ms. McCormick, too, I believe delayed to meet members of . . .

**Mr. Reid:** I am not sure if she has been to the board yet, but perhaps we could do it on an opportunity—field trip. It is a very important issue because the minister, I think, made reference to the fact that there are some 11 weeks in the delay of the process. But if you have a claimant that is caught in the position, the awkward position of not being mobile through back injury and in many cases in severe pain, and they are getting conflicting medical opinions and they have to wait for an extended period of time before the decision is made because they have to go before the medical review committee or through the appeal process, it adds to their level of frustration. It does not assist them in having some piece of mind that they are going to be getting the best possible medical advice because there is that conflict that is out there.

It creates problems within their own minds because I know they related those concerns to me. If there is some way we can change that process, as the King commission has indicated would be the wise way to go. I am not saying that all the

recommendations are perfect, but that is one of the recommendations they made was to move away from the board doctors giving the final say or the final word on the medical procedures or the advice that should be followed, because I think we need to do what is in the best interests, in these cases, for the claimants themselves.

\* (1520)

**Mr. Praznik:** I know I am going to be very brief because I know the member for Osborne has some time constraints, but just another side of this coin, I point out to the member the complexity of it is in the area of prescription drugs and chemical treatment. There have been cases that have come through my office and cases have been brought to our attention over the years where a treating physician has prescribed drug treatments where the drugs are highly addictive and present another problem, and ultimately not good necessarily for the health of the patient and certainly not for the board either if it leads to other problems and other costs that could have been prevented.

I agree with you; here is the poor patient who is torn between a treating physician and an expert at the board. Whom do you believe? I mean, this is always what they say to us as MLAs: Whom do you believe in this situation? There has to be a balance, and I always have trouble with giving the final word to one or the other. There has to be some process in which that person, that claimant is involved with those physicians around a table to know the pros and cons. Often it is not absolutes, yeses or noes. It is risk factors; there are pros and cons to each. Ultimately, I believe, as minister, that claimant is going to have to be involved in that process of weighing out the pros and the cons and what goes with it and maybe accepting some of the responsibility if they make a choice that obviously could lead to other things that are not good for that patient.

But I agree with the member, terribly frustrating, and the instruction I have always given to the board in my discussions with it is to work towards resolving that step by step. You are never going to resolve it entirely, but have a process where the

client is much more involved in that debate between two physicians, or three physicians.

**Ms. McCormick:** Mr. Chair, in addition to the poor client, who, I think, does deserve our sympathy and consideration and the physicians who are trying to resolve this, I think the one other area that I am concerned about in this area is the poor employer who is paying for each of these contrary and competing opinions.

That being said, I just wanted to give you a statement. I did some checking out, calling around in preparation for today, just to get a feel of what the issues are. From more than one consultation I have distilled this.

Medical costs were formerly buried in administrative fees but now are charged out separately. Medical costs are outrageous. Every time a physician touches a file, it is charged out. Physicians were once on salary, but lately, physicians have moved to fee-for-service and are billing per file review and referring to outside physicians for service that administrative costs used to include. Administrative costs did not go down, and medical costs are way up. Now the question that comes out of this: Is this not a kind of double charging? Also, is this not also moving to using physicians as adjudicators, which I am not entirely sure was the intended outcome of this kind of redevelopment?

**Mr. Fox-Decent:** I am going to start and then pass to either Alex or to Sid.

The billing, Ms. McCormick, is by an hourly charge for up to a maximum number of hours a week, and most of our part-time positions are 20 hours a week or less. They are not charging anything based on a particular course of action they take, like reviewing a file. They are paid on an hourly rate for services rendered to the board, and it has nothing whatsoever to do with whether it is a file they are examining or whether they are having a consultation with three or four other physicians or whatever. [interjection]

Yes, it is charged to the file. That is quite right.

That is indeed right, and we had some discussion about it this morning, but it is not—let us put it this way. There is no incentive, in terms of what the physicians are paid, with regard to how many files they examine. That is not part of the system at all.

**Ms. McCormick:** I think I understand that. It is just that my understanding is that when a file is reviewed, it is charged back to the claim and the employer does get the bill.

**Mr. Fox-Decent:** Yes, that is right.

**Ms. McCormick:** So the more the process allows for this back-and-forth stuff, the more the employer is charged on the claim, right?

**Mr. Fox-Decent:** I think that the logic of what you are saying is there, and that is, the more time the file is touched by someone in the medical care department, the larger the cost will be that is attributable to that file and will ultimately be reflective on the record of the employer. [interjection]

**Ms. McCormick:** Am I being asked if I have a suggestion?

**Mr. Praznik:** Mr. Chair, the member for Osborne (Ms. McCormick) raises—I mean, it is part of the dilemma. Part of the balance of what we are trying to do is proper adjudication, fairness to the client and certainly cognizant of costs. So I say to her, she has obviously talked to many, does she have a suggestion? We are certainly always struggling with that. The member for Transcona (Mr. Reid) has put some thoughts on the record of how we can handle this balancing of interests in an efficient manner that gets to the cause of the problem, the course of the treatment, et cetera, and gives everyone a sense that they have been fairly dealt with. If she has some suggestions, I would love to hear them today, because we are struggling with this balance.

**Ms. McCormick:** Again, I think I want to levy the same concern that I have with respect to contracting for outside resources. If it is a blank cheque, which fee-for-service review by physicians

in fact could be, then I think there has to be tight accountability. The process of working all this up simply to go to an appeal panel or to have it protracted adjudication, I think is really costly and cumbersome.

Back to solutions, I think I concur with the minister when he said earlier that we should be looking at the issue of 24-hour coverage, because we are spending more and more time adjudicating things, reviewing them and disenfranchising or disempowering people, and all the processes built up around that which may be better spent if we move toward a system which says, okay, what do we need to do to get a fair assessment of the situation and to get people in shape to go back to work sooner rather than haggling and fighting. Do not forget that all the time this is going on, this often protracts return to work because much of this is whether or not the person is fit to return to work.

My understanding also—just to add one more thing—is that duration of claims is in fact up, and I would really wonder if some of this is not part of that.

**Mr. Fox-Decent:** I am going to ask the CEO to comment on the duration issue, but just to keep this in perspective, we had 50 medical review panels in '94 and 63 in '93. That is out of the many thousands of claims where medical opinion had to be determined. So it is not a large number. Now, do not misunderstand me. Maybe it is too formidable; maybe the delay is too great. I do not know. I am just suggesting to you that the MRPs at the moment have not become another layer in the bureaucracy that is much used. I think the more serious issue is the charge-back issue, and that is a matter of policy that should obviously be looked at from time to time, how we account for the medical expenditures.

The other issue is the question of the treating physician's rights versus the advising physician's to the Workers Compensation system. They are both, in my opinion, very good issues.

I just want to ask Mr. Wilde to comment on the duration issue.

\* (1530)

**Mr. Wilde:** With respect to duration, in 1994, I suspect is the basis of the consultation that you were referring to, we have in fact seen a slight increase in our duration. That may be attributed to a number of factors, some of which may be severity of claims shift in types of injuries that are there. Quite frankly, one of the factors which we believe is significant there is workload. That was part of the reason why, in the analysis we did, we were looking at the relative workload of our staff, to the norms across our industry, and where is that optimum level?

We had the feeling and were doing the work to determine whether in fact we were beginning to lose efficiency on that. One of the items I referred to in my presentation in the sort-of broad brush that I will actually quote was the experience of Nova Scotia that had those great looking productivity numbers.

What they said was that their independent study that was done for them confirmed a number of problems that had already been identified internally, stemming from what they term the board's historical penny-wise, pound-foolish approach, keeping administrative costs low while ignoring escalating program cost increases. This deprived the organization of operational necessities which, over the years, led to the highest caseload per employee in Canada, a vast backlog of cases awaiting appeal and the largest relative unfunded liability in Canada.

What we were seeing was enough strain on our own resources, and clearly that chart showed that we are at the top end of the norm with the group. Yes, we had an increase in duration. Quite frankly, we felt that the combination of the increased workload that we saw in 1994, which was beyond our expectation, the scheduling of vacation time, the effects of Bill 22, all are having a compounding effect on our ability to manage the cases.

We are not talking here about forcing people back to work before they are ready but rather going

through the process and making sure that everything is done as efficiently as possible, that when they are ready to go, we have got the proper medical clearances for them, if there is some rehabilitation program, that that is done as early as possible in the recovery process. We frankly felt that we were losing ground in that respect.

**Ms. McCormick:** That is exactly the point that I wanted to come to on this is. Has there been any analysis on the impact of Bill 22 on your efficiency? What would you estimate that the board has had to pay in overtime costs and delays in dealing with claims, recognizing, of course, that if the delay in claim also results in a delay in the person getting back to work, that is a cost to the employer?

**Mr. Wilde:** Yes, we did a very detailed analysis of the impact of that unpaid leave provision, and although the numbers obviously require a fair bit of judgment and estimating, because while we know specifically the amount of overtime costs we had and we know specifically the amount of dollars we saved by closing on those days, the offset to that clearly is the increased benefit costs from the result of not being able to manage the process as effectively as we might have.

Our best estimate is that we have a net loss in 1993 of \$1 million because of the impact of those programs. We are obviously in a unique situation, but as best we can tell, that is a reasonable estimation of the impact of the workload on our staff in 1993 and not managing those cases as well as we believe we could have.

**Ms. McCormick:** There are two other indicators which you use in your reporting that I would be interested in comparing year over year in the context of Bill 22. One is the length of time from the accident to when the person first hears from the Workers Compensation Board, and the second is the time from the report, I believe, to the cheque being received by the claimant. Have you seen those two numbers increase during the window of time that is covered by Bill 22?

**Mr. Wilde:** There has not been a material change

in those numbers. Where this really has an impact is in longer term claims. These are the ones where it is not how quickly do you get around to paying that person on a short-term claim but rather someone who, before they can return to work, needs some special care, whether it is a graduated return-to-work program that needs to be developed or whether it is something as sophisticated as a total job retraining process.

If our people are slow at getting that process in place, then we get a very large impact on those long-term claims. I will give you sort of an extreme type case. If, because of summer workloads and that, we had someone going into a major vocational retraining program and we could not get them qualified and signed up for a program that began in September, we may not be able to start that process for them then until the next January, and we have added four months of wage loss to that claim. That is where the big impacts come. That is an extreme case, but you can back that down into simple cases like delays in the summertime, where it takes an extra couple of weeks before you can get someone into a rehabilitation program.

**Ms. McCormick:** The other situation I am concerned about is access to diagnostic resources in hospitals. I knew specifically of a situation in which a person's physician said that they were not going to go back to work until there was a CT scan to take a look at the condition of this person's back, and the CT scan was scheduled for some six or eight months down the road. The eventual outcome was to put the person in a van and send them down to Grand Forks or Fargo or somewhere and get the CT scan done, which, by the way, turned out, I understand, to be clear, and the person was then able to go back to work.

How much of the cutbacks in the diagnostic services of the hospitals, and the impact of Bill 22 there, would be also a factor in prolonging duration of claim?

**Mr. Wilde:** I cannot give you a precise number, but I do not believe that is a big factor for us. The kinds of delays you are referring to are usually



related to very specialised cases and very limited numbers. In the case of the CT scan, it is rather ironic that you mention that, because that was a case where there was capacity available in the city, and the Compensation Board made specific contractual arrangements with one of the hospitals to get priority service on their equipment for our clients.

**Ms. McCormick:** Just to be clear, the situation I was describing occurred before Concordia came on stream with the CT scan, but it was after Bill 22.

**Mr. Reid:** Mr. Chairperson, I want to just ask one quick question, and then I want to move into the area about the number of firms that are involved.

Over the last number of years since I have been an MLA, I have had opportunities to correspond with the board or to call the board looking for assistance with claimants' cases. Is there a change in the procedure of the board now? I, for some time, dealt with Mr. Black when I corresponded, and then Mr. Rogers I believe I corresponded with a few times. Is there someone who is dedicated to that service now, to assist MLAs, other than the two people I mentioned?

**Mr. Wilde:** Yes, in fact, at that time, you were dealing with the people who were the senior line-management people responsible. What we have attempted to do is co-ordinate all of those kinds of inquiries either to the minister's office or directly through one of the staff in my office. Kathy Sarapu, who is the manager of executive support services, generally co-ordinates all of those kinds of inquiries, so I am sure you have actually had some correspondence routed through her in the past. While she does not have direct-line responsibility for those areas, she is the person who makes sure that the information is properly pulled together and responded to.

\* (1540)

**Mr. Reid:** I take it then, it is not this individual that is corresponding with us but maybe just gathering the information to be included under the

signature for a senior member of the board in response to any correspondence or inquiries that we might have with the board.

**Mr. Wilde:** Yes, generally that would be the process, and the response would, for example, in a number of cases, come from Mr. Rogers or one of the staff in his area and then would go out under perhaps my signature or the minister's, depending on the specific wording of the request. Frequently, if the requests are directed to me, then the response will go out under my signature, but it is the staffperson who makes sure the inquiries are properly routed within the organization, because people inquiring frequently do not know exactly who is the best person to contact on a particular issue. Also, that way, we are able to monitor what are the issues being raised with us and that we respond in a timely fashion.

**Mr. Reid:** Okay. I thank Mr. Wilde for that. There has been some discussion in past committees regarding the number of firms that are currently excluded under the Workers Compensation umbrella in the sense of paying premiums to the board and their employees having protection under the board or the act itself.

What discussions are taking place, because I look at the Five Year Operating Plan, it says that some discussions are taking place with some of the companies? Can an indication be given on how many companies are currently discussing with the board their involvement under the Workers Compensation umbrella, and when will we expect the change in this? When might we expect a change to include those companies under the umbrella of the Workers Compensation program, as we have recently seen in the province of British Columbia?

**Mr. Wilde:** I will make one comment, but I believe this is largely a legislative issue. The discussions that the board has had internally have been relative to some concerns or complaints about inequity within our application of the existing legislation, where certain industries are defined by legislation to be included as mandatory. From time to time, there are businesses identified

that have not been paying premiums, where there is some dispute as to whether they fall into that classification. Those are primarily the discussions that we had referred to in some of our documents.

The larger issue has been discussed by the board as part of a planning symposium, and that is the relative desirability and need to broaden the mandate of the compensation coverage in the way they had done, for example, in B.C., but that is a policy in the legislation issue, not an administrative one.

**Mr. Reid:** Perhaps then the minister could indicate to us whether or not his department, his government, is considering expanding the umbrella for the number of companies that are currently participating in the Workers Compensation program and when we might anticipate, if there are any changes contemplated, seeing changes to that particular involvement by the companies that are now currently not participating or excluded from participation?

**Mr. Praznik:** With respect to that issue, I believe, if you are going to expand coverage of WCB, you have to have some criteria or justification or basis on which to do that. The reason I raise that is, I remember, in my early days as minister, the issue was raised about bringing other groups under the umbrella, and quite frankly, the revenues that were estimated to come from those areas, with a very low risk for injury, et cetera, and within the internal options that boards consider, some of those expansions, quite frankly, in my opinion, as a minister, were more of a desire to garner more revenue than deal with a problem that was there in those industries.

So, having said that, I think the criteria that any government must use in bringing new groups under the umbrella, is there a legitimate and sufficient need in those particular industries to be part of the WCB system, and if there are, then a government should consider expanding them with some discussions in those industries. If they are not, at the current time we have no particular plans for specific expansion in any area.

There are a couple of particular areas that I think

there has been some discussion with board officials in those industries. Again, when those are completed, if the board is asking me as minister to go to cabinet to seek legislative changes to the act or the support at cabinet for policy amendments, et cetera, as the legislation provides for, they are going to have to make a case to me that the need in this area is sufficient to justify the expansion, and that it is simply not bringing into line other groups for the sake of garnering revenue to compensate or subsidize other parts of the system.

One area that comes to mind, I believe it may be in Saskatchewan that—is it law offices in one jurisdiction? Everybody is covered, so you have law offices and other things where, quite frankly, we have had no demand or need in Manitoba to get into and a way of garnering 80, 90 cents a worker per hundred dollars of payroll on those workers of extra revenue, and that is not what the system should be about.

**Mr. Reid:** If I recall the figure correctly, I think 75 percent of our employees in the province are covered by the Workers Compensation program here which excludes 25 percent. I suspect that a lot of that would be service industry and a lot of that would be female employees. So we have a lot of women that would be excluded under the umbrella of protection and if the particular businesses to which they are employed do not have a disability program or plan in place to protect them in the event of wage loss through workplace injury, then I believe we are doing a disservice in not ensuring that they have that protection for them. It seems to be reasonable and fair to look at moving in that direction to ensure that they have that protection by bringing them under the umbrella of the Workers Compensation program.

**Mr. Praznik:** Mr. Chair, I would not want to leave the impression on the record for the public that the areas that are not covered are areas that are at risk or women who are at risk. In fact, many of those who are employed—teachers, for example, are not covered by the Workers Compensation system. There are several thousands of teachers in the province.

I think law offices, financial institutions, banks I believe are not covered in those areas. So, male or female, I am sure the member would have to agree that the risk levels there are somewhat low. In the case of teachers, for example, many of them have very extensive compensation programs already negotiated in collective agreements. I am not going to argue the merits of one or the other right now. The general principle is those who are not covered, with perhaps the exception of certain parts of agriculture, are generally in extremely low-risk occupations. If a case can be made that there is a risk or a need to be fulfilled, we certainly are not opposed to doing it. We are opposed to just bringing in other areas for garnering revenue where there is very little risk or need.

So I would leave it to an individual basis and, quite frankly, we have had very little demand, if any, from employees or their representatives where they are unionized in the sector. I cannot recall the Manitoba Teachers' Society, for example—a couple of years ago may have raised it, but it has not been an issue that they have taken forward with any strength or evidence to move into that area. So if it does, we will consider it. I think we need some guiding principles, and that is all I am suggesting to the member.

**Mr. Reid:** Perhaps then if members of the board have information available pertaining to that 25 percent of the workforce that is not currently covered under the umbrella of the board's operations, I would appreciate receiving some information relating to the types of industries and the number of employees that are involved in each of those sectors so that we can have an idea of who and where the people are and why they are not involved in the program, and we can make our own determination from that on whether or not we should be pressing for more of that inclusion under the umbrella.

I do not want to leave the impression that we are not making any effort to ensure that employees who are out there who do not have the protection of a bargaining unit for them—because there are lots of them out there that do not and in particular banking operations do not have unionized

activities and yet have a fairly large female component to their workforce, in fact probably the majority of their workforce I would suspect, and yet have no bargaining agent to assist them in achieving that type of disability protection. Now they may have some through the employer themselves, but I want to see if there is some way that we can provide that level of service to them by including them.

\* (1550)

I would suspect at the same time we do that, if we bring them in under that umbrella protection and make it blanket for almost all, if not all of the employees of the province, it would assist. Let us face it, when you spread the costs out, it lowers the cost for everybody and yet everybody is provided with the same level of coverage. So there is some merit to including everybody in that process. Perhaps if the board members could provide me with a list of the areas of employment by sector, the number of employees that are involved, then I can do some further research on that myself.

**Mr. Wilde:** I am simply going to respond that, while we may not have the degree of detail that you would like in terms of the portion of the workforce that is not covered, we will certainly provide you with the information that we do have.

**Mr. Fox-Decent:** Just a footnote, Mr. Reid, so that it does not come as a surprise, I think the number is probably slightly different. We estimate 70 percent of the workforce is covered as opposed to 75. Just so that when the figures come to you, you will—by the way, I am now gracefully withdrawing, with your permission, the 48-hour turnaround. I think we might be a bit longer in getting back to you as the list has grown over the course of the day.

**Ms. McCormick:** At the rate we are going, you may still be here in 48 hours.

I just want to put on the record, I have decided not to go to Killarney. The roads are too dangerous, so I am going to be staying.

I would be interested as you are doing this analysis to look at the inclusion of domestic workers. I believe it was '89 or '90 when the domestic workers were included. At the time there was some question about whether this was in fact a premium grab.

For example, in my own situation I have four children who are not conveniently at the ages any longer where they could all be in a daycare program. I had chosen to have an in-home salaried person and during that period of time became an employer for purposes of Workers Comp. I had no objection to doing it; however, in a sense, at the time it was duplicative because I had insurance through my household policy should anything have happened to that person.

My question would be, as you are analysing this, could you take a look at your claims experience versus revenue generated specifically to domestic workers, because that would be one area— it is over, if you can find the period of time, I think it would be about three years—to see whether or not broadening a sector has in fact had the desired outcome in terms of offering protection to people who were in fact being injured and eligible to have income protection?

**Mr. Fox-Decent:** I will be happy to provide it. We are just a little hesitant only in that we may not have it. If we have it, of course, we will be happy to provide it. I suspect we do have it.

**Mr. Praznik:** I understand, since the member is not going to Killarney, there are still more questions. I know we have been here since one o'clock, and there may be some members who have to use the washroom. I know I have an urgent telephone call that I had scheduled for four o'clock. Perhaps we could have a 15-minute recess.

#### Point of Order

**Mrs. Louise Dacquay (Seine River):** Mr. Chairperson, I have a point of order. It was my understanding that there was a strong suggestion made by both opposition critics that this committee would be rising at approximately 3:30

this afternoon. In light of that, I think a number of committee members may have made other commitments. I am just wondering what the will of the committee is then in light of that.

**Mr. Chairperson:** What is the will of the committee?

**Mr. Reid:** That was never my intention, Mr. Chairperson. I never did indicate that there was a willingness on my part to rise at 3:30. I said I would sit here and was dedicated to the complete day and that I had no intentions of rising at 3:30, and I never expressed that.

I have a few more areas and points that I wish to raise. I do not wish to keep members of the board here either, because I know they have families as well, but I would think, within the next 30 minutes, we should be able to move out of here.

**Mr. Praznik:** Could we have a brief recess for, say, 10 or 12 minutes or so and then return? Perhaps we could aim to wind up the committee and pass the report today, if that is your intention, some time after five o'clock. I know maybe not all members can stay.

**Mr. Steve Ashton (Thompson):** If I might be of some assistance, I do not think there is a vote anticipated. If there is no vote anticipated, I would assume that not all members of the committee had to be here for the duration.

**Mr. Chairperson:** A 10-minute recess.

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*The committee recessed at 3:57 p.m.*

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After Recess

*The committee resumed at 4:20 p.m.*

**Mr. Chairperson:** I believe Mr. Reid was questioning. Mr. Reid, carry on.

**Mr. Reid:** I want to switch into the area of repetitive strain and occupational diseases. This is

an area that I believe we currently do not have a strong policy position on this in the sense that it is up to the claimant to undertake through their medical practitioner to support the position that they have incurred a workplace injury as a result of occupational diseases in particular.

What work has the board undertaken, and has the board moved towards the establishment of a full-time advisory occupational diseases panel to set up a schedule that would assist the board in expediting the adjudication of claims that may come to their attention? And can you also give me an indication of the number of claims that we have that come to your attention that would fall under the heading of occupational diseases?

**Mr. Fox-Decent:** Mr. Chair, I could start the answer and then pass to others who would have more detailed information. We do not have what is sometimes referred to as a meat chart. I think it is a most unhappy way to refer to it, but we do not have that with regard to RSIs. We do not have it with regard to other occupational diseases. Carpal tunnel syndrome is another one.

The matters are constantly under review, both in terms of looking at what is being done elsewhere, but also, I think it is fair to say and Sid may want to comment further. There is a group of our medical practitioners who are constantly keeping abreast of these issues, and there is a good deal of continuing education which we are offering to the medical community at large about the issues of occupational disease, but to date, we have not established an advisory panel on occupational disease, and that is an interesting concept. We have not done it.

The second matter of what are we doing about it: What we are doing about it is keeping very much abreast of what is happening out there, but the reality is that it is still individual by individual adjudication on the issues that you mentioned. We do not have a hard and fast formula or chart, if you like, that relates to occupational diseases.

You would be aware, Mr. Reid, that it is obviously more difficult in this area--and I am not

trying to hide behind that as to why we should not do it. It is more difficult when it comes to occupational disease identification and what is the fair and just response of a workers compensation system than if it were a limp or a finger or a rupture of some kind or whatever.

So we are in an area where there is lots of activity by way of research, keeping abreast of the medical issues and indeed having some of our physicians give seminars to the larger community on these issues. But the board as such has not dealt with occupational diseases as an issue in what one might describe as a holistic way, taken the whole issue and based on some rationale decided that this is the program that should apply to occupational diseases.

**Mr. Reid:** I am just wondering whether Sid Rogers wants to add anything. Sid is the director to whom the medical department answers.

**Mr. Rogers:** As Wally indicated, the health care department attempts to research the current literature in a variety of these areas. In our health care library, we have available to all of the physicians who work at the board as up-to-date information as we have. As you know, with medical journals this stuff changes virtually weekly. There is always more, but they take every effort to keep abreast of the literature in the area so that they can provide useful advice, medical advice when asked by communication.

**Mr. Reid:** I was hoping that--because when I take a look at even the annual report on page 35, it is under the heading of Contingent Liabilities, and I think we all recognize that there is a certain amount of latency period for diseases of the workplace involving certain chemicals. I can relate back to my own days when I do not know what the future holds for me.

When I was an electrical apprentice for the railway, we dealt and worked with a number of chemicals for which we had absolutely no protection, no safety equipment supplied to us either in respiratory or in hand/skin protection. We worked in confined spaces with these

chemicals and many times we came out of those confined spaces feeling very much elated or high, if you can refer to that. I have to wonder now to this point in time, what did this do to me and to my work colleagues of that time. What impact it can hold for the future for me and for my family and families that are involved as well, because there is obviously a latency period.

I find out much later, years later, when we started to get to the MSDS program that there is a certain amount of internal organ damage that can occur. I also think back to this study, the recent Ontario study, that came out dealing more specifically with firefighters in that they concluded, I suppose, on the balance of probabilities that firefighters were going to, on average, sustain more diseases, more damage to their internal organs, lungs excluded, from what I recall from this study, than the average person in society might expect.

If we had an industrial diseases panel that was in place that could constantly literature review and if necessary seek out medical opinion or mandate studies in specific areas we could in turn establish over a period of time, and maybe even in conjunction with other jurisdictions in Canada or in North America, a schedule whereby an individual employed in that occupation would not have to go through an extensive process or burden of proof to determine that they have worked in that employment and have sustained some damage to them by way of long-term effects. That is why I ask what work has been done on the occupational diseases or industrial diseases panel to put in place a permanent structure that would lend support to the establishment of such a program. I would like to know if there is going to be any move in that direction, or are we going to allow this issue to remain floating out there for some time in the future?

**Mr. Fox-Decent:** Let us not do that. It has not been before the board as a proposal. I promise you that we will discuss it as part of our discussion of medical services at the planning symposium next month, February, and from there if there is a will we will go to it. We will put it forward as a

policy which will go before the policy committee and the board for approval.

You understand, I cannot commit--well, you know, I cannot commit my board of 10 others. I am committing to put it in a high profile for consideration in the next month.

**Mr. Reid:** I think that would be a good step at least to raise it at that planning symposium. I suspect, although I do not know for sure, there will be some members of your committee that would be onside with at least doing some research into that. I suspect that although I have not consulted the various employer/labour groups on this that there would be some support from them towards at least moving towards the establishment of such a panel.

Can you indicate to me, are there other jurisdictions in Canada that have such a panel already established, and can you provide the names of the jurisdictions that have such a panel?

**Mr. Fox-Decent:** I will have to take that as notice but would be glad to provide that, Mr. Reid. We know Ontario does, but what other provinces, we will find out.

\* (1630)

**Mr. Reid:** I would appreciate receiving that and also if there is any experience that they have, or if it is a new panel, then they may not have a great deal of experience, but at least they are moving in the direction to establish some criteria.

**Mr. Fox-Decent:** I just wondered if you had seen the recent report out of Ontario and out of this context in Ontario with regard to firefighters.

**Mr. Reid:** I do have a copy of the study. I have read it. In fact, I used it as part of my presentation for my private member's bill when we were in session in December, which leads me to my other area.

Since the firefighters protection was struck down, I believe it was 1989, there essentially has not been--or the burden of proof has been on the

firefighters to prove that they sustained workplace injury or injury arising in of and out of the course of their employment.

Is there any move or any discussion taking place on the board or the board with the minister or with the stakeholders to look at reinstating that protection for firefighters to give them some level of comfort or assurance that they and indeed their families would be protected?—because the study points out, at least, the Ontario study. I can tell you I have a stack of paper about six inches high showing the incidence of firefighters sustaining a higher incidence of disease than any other socioeconomic group that could be comparable to the firefighting profession. It would lead me to conclude, at least from all the studies that I have read on this that there is some merit to reinstating that protection for the full-time firefighting forces.

**Mr. Fox-Decent:** I am happy to respond, Mr. Reid, to the question. We met in November, that is to say, the CEO, some senior staff and myself with the firefighters associations, and we had a very interesting presentation from them basically on the fact that the rights that had previously existed in this province were struck down, I think it was 1988, by the Appeal Court and that they, of course, would like to see those rights reinstated. They have promised to give us some follow-up material out of that meeting. They are in the process of giving us that. This subject of firefighters and firefighter entitlement is again on our planning symposium at the end of next month.

**Mr. Reid:** I know my colleague, the member for Thompson (Mr. Ashton), was the originator of the piece of legislation that is currently before the House, by the way, I think it is Bill 213. I have never had the opportunity to hear the minister's comments on this because it has always died on the Order Paper. Has any look at this piece of legislation occurred? Are there any shortcomings in it that could be identified so that possibly it could be amended to recognize some points that maybe I have overlooked or my colleague has overlooked when we brought forward this piece of legislation? Is there something that can be identified as to why the government has not

supported it to this point?

**Mr. Praznik:** Mr. Chair, the whole area of the reverse onus, firefighters and heart and lung, is one that I have yet to ever find an individual in this province who is not supportive of firefighters, whether they be on full-time service with a variety of departments or if they be in our volunteer service.

In fact, I think virtually the entire public of this province wants to ensure, through one means or another, that should a firefighter suffer an injury or illness due to their occupation—we have to remember that firefighters are going into the places that we are running out of—that if they are injured or become ill because of their work, they and their families are properly looked after financially.

I do not think there is anyone who opposes that at all, certainly not this minister. I have been a very strong supporter of a fire service in my Department of Labour. The Fire Commissioner's office has, even in tough times, invested great amounts of money, public money, from the fire fund in the fire service of Manitoba.

The problem with this issue is that what the member's bill does, what the request is, is to reverse the onus on the adjudication of cases and to give the presumption that the illness is related to work to the firefighter and the onus on someone else to disprove that it is.

The reason why that is somewhat difficult is—there are number of reasons. One is that there are a number of other occupations that are in situations, and I am thinking of mining for one example, where it would be—maybe this certainly is not the argument that these people are doing a public service or saving the public, but certainly the argument can be made that they traditionally have suffered from certain types of ailments to a greater degree and that they too would want to reverse onus, so now you have that problem.

You have other groups that will want to say, well, why not me too? That is fine. One may want to deal with it or may not want to deal with it.

There is an adjudication problem here. Not all firefighters who become ill, even with heart and lung ailments, do so because of their firefighting experience. The member has never said that that is the case, and I would not want to imply that. We all know that some firefighters become ill of lung cancer because they are smokers. People suffer heart disease because of smoking, diet, lack of exercise. All the other reasons everyone else does too.

Because of our Workers Compensation system being one where employers are responsible for paying here, and the employers quite frankly, firefighters, are the public, but because of our adjudicative system here where we have to make these decisions and we have to assign costs, and let us remember some of these costs particularly the City of Winnipeg, for example, is paid 100 percent by the City of Winnipeg so how it is handled really is not of concern to the provincial government per se, but many other firefighters in the province are handled under the general category.

Some of those costs that the public should bear for providing for firefighters who are legitimately injured in the service to the public or become ill in the service to the public and should be borne by all citizens get transferred through that mechanism to employers in the province of Manitoba. And firefighters, I am sure the member agree, serve more than just employers. So there is a question of who pays for the coverage. That is what.

From an adjudicative point of view, when someone has to prove where the onus lies becomes very important, and in something as personal as illness reversing the onus would mean that employer or employers generally who would have a concern as to whether or not the firefighter's illness is from work or from lifestyle or genetic or what have you, but a non-work source, would have a lot of questions in that adjudication, a lot of private questions. Does the individual smoke? How much do they smoke? What do they eat? Diet, particularly in the case of heart. Smoking with respect to lung.

The only person who controls that information is the individual. If the onus is on someone else to disprove the cause and that they do not have access to that personal information, and certainly an individual may be worried that they will not get coverage will not be necessarily as forthcoming, et cetera, how do they have access? Someone trying to meet the onus requirements, how do they have access to that information?

The reason why the onus is the way it is now is the person coming forward and making the claim who controls that personal information will put it forward the best case possible to prove their claim. So that creates a problem.

\* (1640)

From a practical point of view in terms of coverage for firefighters, the bulk of full-time firefighters—and I would point out that the member's bill only covers, if I remember correctly, full-time firefighters, not our volunteer firefighters who I have a very long-standing relationship as Minister of Labour with. But those firefighters are full-time firefighters employed by a municipality whose citizens have the responsibility, I would believe, for providing that coverage do in many cases provide a very extensive package, 24-hour coverage, for those individuals whatever the cause.

So in the case of City of Winnipeg firefighters, I may be off a little bit on the numbers, but there is a significant package for them should they suffer heart or lung ailments that are not work related. If they are work related and can prove it, they are covered by Workers Compensation, which their citizens pay for in the case of the City of Winnipeg. If it is not, or hard to prove or questionable, they still have a package which covers them. So from a practical perspective there is not the need there.

There are similar, I do not know the specifics, but similar packages for other full-time firefighters, that their citizens provide for 24-hour coverage, so the question of adjudication becomes less relevant in practical fact because there will be the funds provided.



The other area that I have concern that the member's bill does not address is a provision of coverage for our volunteer firefighters. If their ailment is clearly the result of fighting a fire or periods as a firefighter where they have been exposed on a number of occasions to smoke, et cetera, other chemicals and it is proven, then they are covered by Workers Compensation.

If it is not, if their illness is not the cause of those things, well, compensation should not cover them. If it is in the disputed area, if it is in that tough area, what kind of coverage do we have for those volunteer firefighters? That concerns me. Your bill does not address it. I am not saying I have a particularly easy answer to that either, but I do know one thing, that the prime responsibility for providing the coverage, for taking out the doubt, rests with the citizens of the province of Manitoba for whom firefighters risk their health and lives.

So the payers for that additional coverage should be the citizens of the province of Manitoba, with the exception of the City of Winnipeg who pays their entire compensation bill. The other firefighters, many of them, are potentially on the general category, and consequently it is only the employers of Manitoba who would pay. The obligation in my opinion is not owed by the employers of Manitoba, it is owed by the citizens of Manitoba. I think we share the same objective, we share the same concerns and we have a difference of opinion as to the means by which it should be achieved and who should be ultimately the payer for that coverage.

**Mr. Reid:** It is nice to hear the minister even though I may not agree with his comments. It is nice to finally hear him put on the record some of the deficiencies, as he sees them, in the piece of legislation that we brought by way of private members' bill. I can tell the minister that if he were to come forward with some friendly amendments to that piece of legislation, we would be more than willing to give them serious consideration and move forward with that bill.

Also, the minister appears, if I interpret his

comments correctly, to discount the endless number of studies that have been done on this topic of which I have a significant amount of literature in my office. If the minister wants copies of it or have a look at it, I hope that he has that information available to him already. He also seems to discount previous board decisions bringing this protection into place which was subsequently thrown out by the Court of Appeal because it was not into the legislation itself and that the board, since that time by way of the minister responsible, has not sought to re-enact that protection there, so there are areas here that the minister seems to be not taking into consideration.

If the minister wants to bring in some protection for the part-time firefighting or the volunteer firefighting forces within the province, I cannot see a problem with that on a first glance and maybe we should have incorporated that into the legislation. If the minister wants to bring that forward by way of a friendly amendment, by all means, we would consider it.

**Mr. Praznik:** Mr. Chair, I tell you, if the member is proposing by way of amendment, which quite frankly cannot be done with his bill, that we work together—[interjection] No, no, hear me out. If what the member is proposing, if we can find common cause in tackling this issue by raising with the employing authorities of fire departments, which are municipalities throughout the province, of developing some scheme and the Workers Compensation Board might be a vehicle. In fact, we have had discussions about it before, but being the vehicle puts this together on a 24-hour insurance pool for firefighters that municipalities could buy on top of their WCB. So that really, whether you are covered by one pool or another, the adjudication issue is not really the issue, because you will be covered. I do not think who adjudicates it or which pool it is paid from is the member's concern. It is the coverage level.

I would be more than pleased to work with the member on achieving that goal—or any member. It is just that I believe again that type of coverage should be paid for by the citizens for whom the

firefighters put themselves at risk. City of Winnipeg, as I said, are already covered under their benefit program. If they were covered under Workers Compensation, it would be fine, and I would point out to the member for Transcona (Mr. Reid) as well that the big push for this came traditionally out of the City of Winnipeg firefighters who have negotiated over the years a very extensive 24-hour package. Probably the real practical need for this is among firefighters outside of the city of Winnipeg. So perhaps some way of developing that type of pool—and it might involve some legislative amendments to accommodate those firefighters.

I would be more than pleased to work hand in hand with the member for Transcona to achieve this common goal and even develop a piece of legislation if it was required that we could both agree to. It is just that I do not think this particular route solves the problem, and it does create an adjudication issue. It may not have a practical effect for the City of Winnipeg because they pay one way or another, but it does have a practical effect for other firefighters and other employers in the province that I am also responsible for.

**Mr. Reid:** I thank the minister for his offer. There may be a possibility here then. I know the minister—because cabinet gets priority on Legislative Counsel and the preparation of pieces of legislation that come forward versus that for private members. There may be an opportunity here for the minister then to instruct the board to approach Legislative Counsel to draft a piece of legislation that could be introduced with the resumption of the session in March, because I take it that is when the government is coming back into session. We could debate it and if possible pass that piece of legislation through in the short period of time that we may have with the resumption of the session. So I ask the minister to undertake to move in that direction.

**Mr. Praznik:** Mr. Chair, I do not mean to sound like an anchor in any way on this movement between the two of us on this issue, but I would just say to the member that we should have some

consultation with the Union of Manitoba Municipalities and the Manitoba Association of Urban Municipalities who represent those payers. I would also suggest that, and I ask my board here today—and I know some work was done in the past—to have another look at what it would take to offer a reasonably priced firefighter package to municipalities that could provide an adequate level, a 24-hour service.

By the way, one concern on WCB with rural firefighters who may have been farmers whose incomes may be \$10,000, \$12,000, \$15,000, \$16,000 a year in bad times, if they are injured and cannot work, it does not take into account the fact that all their farm work which may not produce a profit but maintains their asset is not taken into account.

So we have done some work. It looked fairly expensive at one point, but perhaps we can revisit that again and it may not require even the legislative amendment. It likely requires the support of those municipalities, and if we can put together a decent package it is likely that it could proceed. I am prepared to share all of that information with the member for Transcona.

**Mr. Fox-Decent:** We will be considering the issue on the 23rd of February before the planning symposium so it is clearly on our agenda.

**Mr. Reid:** I appreciate it is on the agenda for the planning symposium for the board, nevertheless the time frame is very tight here. If we want to move forward with this, because this issue has been dragging on now for some six or seven years, we could expedite this matter without having it go to the planning symposium.

The minister indicates he needs to consult with a couple of constituent bases with respect to this legislation. If that could be undertaken to be done prior to that planning symposium, I think it would help to speed up the process. Not to say that it should not be debated in the symposium, but I think we can expedite the matter much more quickly than waiting for the end of February which would in fact not give Legislative Counsel the

opportunity or the time frame necessary to draft the legislation and the time for the House to debate it which would be prior to what may be the last few weeks of the session prior to the general provincial election.

I think that if the minister is agreeable then, we would be willing to consider some legislation that he might have or amendments to our own legislation. It would assist in expediting this process. I hope the minister will come back in a short period of time with some advice on this matter to us.

Also, I would like to know—you may not have the figure here and if you do not, you could possibly include them in the package as extensive as it is already—with the number of claimants who have had their claims with the board deemed, the number of claimants who are involved in that process. I would also like to know the number of cases of repetitive strain injuries that have been brought to the board's attention and the acceptance and/or rejection of those claims by numbers if possible.

\* (1650)

**Mr. Fox-Decent:** In the interests of being complete in our response, Mr. Reid, I would ask to take the question as notice. We have some partial information, but I think it would be best to leave it. I will give you a full and complete answer on that.

On the previous issue, by the way, it probably goes obviously without saying that we would be willing participants in any process that would involve yourself and the minister as you may ask us to be involved with regard to legislation and firefighters.

**Ms. McCormick:** I want to ask a couple of questions around industrial disease claims. I note that in the 1992 annual report there were 34 claims representing .9 percent of all claims. The '93 report shows 63 claims representing .19. We have got a trend here. My question is, is there a similar continued increase in the number of accepted

industrial disease claims in 1994?

**Mr. Fox-Decent:** I am going to pass that one either to—Don Paul is the senior director responsible for this area.

**Mr. Paul:** I would have to take that as notice and get that information. We have a raft of information on occupational disease claims, but I do not have that handy.

**Ms. McCormick:** While you are looking at that, could you tell me the number of occupational disease claims put forward to the board that were not accepted?

**Mr. Paul:** Yes, most definitely.

**Ms. McCormick:** There is only a couple of other areas I wanted to question. Perhaps, with Mr. Reid's indulgence, on chronic pain I am interested in the initiatives which have been undertaken in the board with respect to developing a Manitoba capacity to deal with chronic pain. I note that there have been people sent to British Columbia for the services of the Columbia pain centre or clinic or whatever it is called. I would like to know how many people were sent. I guess we are dealing with the year 1993 here, and if someone could give me some indication of whether there has been a cost-benefit analysis done. In fact, were the people who were sent, did they benefit from the interventions so that it could be cost-justified?

**Mr. Fox-Decent:** Ms. McCormick, we have a chronic-pain management unit in the board now, which is staffed by several of our physicians and a couple of support staff. That, however, is not a unit that is able to offer rehabilitative service. It identifies the chronic pain problem to the extent that a physician can prescribe medicine or whatever, that is part of the exercise, but as you know, chronic pain often is a question of group therapy or group rehabilitation which takes place over a period of time. We do not have a board capacity to do that. That is to say, we do not own any facility; we do not have any staff.

You may be aware—I suspect you are, knowing how up to date you are on these things—that there are a couple of organizations now in Manitoba who are offering these services. One is the Seven Oaks Hospital, and the other is a new group called the Redboine Associates that has just started up. It will be interesting to see what kind of service they offer. There may be good reason why they or others could provide service to us, and presumably at substantially less cost than the Columbia Pain Center, which has been our primary source of service.

In 1994 we sent 12 people to the Columbia Center for treatment. May I say that there has been a good deal of activity in this area. I have been down to the Sister Kenny institute in Minneapolis to have a look at what is going on there. I was recently at the University of Washington in Seattle, which is allegedly the leading chronic-pain management program in the United States. I visited Columbia Pain Center at the same time. The CEO has been—some of our medical staff—and we have been proactively gathering information toward what we should do about matters in Manitoba for Manitobans with chronic pain. I think it is fair to say that we are looking for an option that will enable us to look after our folks at home and not send them to a facility that is out of province.

**Ms. McCormick:** In the interest of time, I will not be bothering to try and get per unit costs. If you are moving in this direction, then I am very willing to forgo those questions.

**Mr. Reid:** In the '94 Five Year Operating Plan, on page 17, "Technical Changes to the Workers Compensation Act," and I will quote:

"The Board believes that any recommendations for significant changes to the Act would not be appropriate until the unfunded liabilities are eliminated." And it goes on to say: "However, since certain technical provisions in the Act have proven to be difficult to administer . . ."

Can you identify what certain technical provisions have been difficult to administer?

**Mr. Fox-Decent:** I think it is fair to say that the No. 1 issue—I am not sure it is the only issue—is difficulties with the employer top-up provisions in Bill 59. I think it is fair to say that we have found it very difficult to implement the letter of the law, and I think the minister will be aware—he probably has one ear cocked to this discussion—that we feel, as a board, that it will be necessary to look at legislative amendment, which will deal with the conundrum we find ourselves in with regard to top-up. Unless you push me, I would rather not get into the rather complex detail.

Let me say to you that we have had extensive consultation with labour and management on this issue, shared our dilemma, and they have agreed that we should adopt a pro tem policy which allows us to, quote, manage, unquote, a situation where clearly there needs to be some change to the actual word of the law.

**Mr. Praznik:** I will defer. I believe Ms. McCormick wants to speak on this matter.

**Ms. McCormick:** This may be a silly question, but I am just curious. Is the policy ultra vires? Is there anything in the policy which contradicts what is in the act?

**Mr. Fox-Decent:** I prefer to pass on that question.

\* (1700)

**Mr. Praznik:** Mr. Chair, when this particular issue was pointed out to me by the board and I was invited to attend a meeting—I believe it was the full board—on this issue, the charge I gave to them, since legislative amendment is required, is to work out, between them and all their stakeholder groups, an amendment that will deal with the problem. It was a problem that, quite frankly, was not anticipated in the legislation, nor intended by the legislation. [interjection] No, it is a problem for everyone, particularly claimants, and it could end up with the result that I do not think labour or management would like.

So my charge to them, quite frankly, was to

develop an amendment, a proposed amendment, that I could take to my colleagues for approval, to bring to the Legislature, that had the significant agreement of both the employer and employee community to deal with this issue. In that way, if it did come forward, the stakeholder groups would have reached a consensus on how to deal with this particular matter. That could go forward in, hopefully, a way that is not divisive or controversial, to be blunt, because the matter to date has not been one, nor should it be.

What was intended by the government in the bill is not what turned out to be, after the legal wordsmiths drafted the section, and it was not picked up by myself, as minister, in reviewing. It was not picked up by our legal staff in reviewing the drafts. It was not picked up by Legislative Counsel, and it was not picked up by one member of the legislative committee of any party who served, nor was it picked up by any of the stakeholder groups who scrutinized the legislation thoroughly. If it had been pointed out at committee, we probably would have figured out how to deal with it then. It was not, so we all collectively have a responsibility to deal with it, and that is what we are trying to handle now.

**Mr. Reid:** I believe the employers that have top-up provisions in the contracts with their employees are the first payers in this process, if I understand the way the legislation works, and that there may be some concerns on the part of the employers that having those provisions in their collective agreements with their employees, they are feeling some extra financial pressure as a result of the provision forcing them to pay first.

Is this the only provision that the board is having difficulty with in administering, since it says there are certain technical provisions, plural, that have proven difficult to administer?

**Mr. Fox-Decent:** In response, Mr. Reid, may I just say that to my knowledge no employer spoke to us about the top-up issue. The 1992 law, you may recall, brought certain provisions of top-up into play at the 1st of January 1995, and in our work-up last year toward that is when we saw that

there were some difficulties. But it was not triggered by anything that was said to us by employers.

Other technical difficulties, I am just going to ask the corporate secretary, do we have a list? [interjection] We have a list, actually. Alex, you have the list. You go ahead.

**Mr. Wilde:** Most of them are very minor things. One of them, for example, would be an amendment to include an audiologist as the attending professional because our use of audiologist services and information exchange with them is restricted by the fact that they are not defined as an attending profession. We were looking at an amendment to require the employers to give notice of every accident, not just those that give rise to a claim for compensation, because technically you get into a situation where, does that mean, if a claim is not filed, that they were not required to report it? It is a splitting of hairs, but it is important.

There are things like that that are relatively minor, and there is no sense of urgency to them, just sort of an odd collection of these that we come across over time that are essentially housekeeping matters that at an appropriate time, we would just like to get them clarified.

**Mr. Reid:** If they are housekeeping matters, then I am sure that the minister and the CEO for the board would not mind providing us a copy of that list at some time when the package of information comes to us that the board said they are going to supply. We look forward to receiving that.

**Mr. Praznik:** May I just comment on that commitment. I will not, as minister, see an undertaking to provide you with a list of their proposals. The reason why is, until I have had a chance to review them with the board in a manner in which a decision is made as to which ones the government will advance and which ones the government will not advance, I do not think it is fair to have those out necessarily, and I just tell the member why.

From past experience, I remember one time a board making some recommendations for me for a legislative amendment or a policy change, I cannot remember which, which had to do with the conversion of small pensions into lump sums and a recommendation to require anyone who received, I think it was less than \$100 a month, to have their pension converted into a lump sum, whether they wanted it or not. I was not prepared to accept that change as minister and approve the necessary regulation.

So I am sure the member would appreciate that a minister's prerogative is a chance to make a decision on whether he is going to advance something or not before it becomes a public document, but we will take into account in sharing with you information on technical amendments that would be our intention to take forward.

**Mr. Reid:** It is not our intent here to put the minister in an awkward position. All we are doing is to inform or educate ourselves to where there may be some technical amendments that would be required and to give us the opportunity to maybe look at furthering some changes as the minister may decide he has to bring forward by way of legislation, so that if we need to do some research, then we could undertake to do that prior to any legislation coming forward.

Has the minister anticipated or is any consideration being given to change or disallow claims for repetitive strain injury? I have a Globe and Mail article from today indicating that the government of New Brunswick lured UPS, which was just in the news this week, by amending its Workers Compensation regulations to disallow claims for repetitive strain injury or stress in telephone centres. Has any consideration been given for this in the province of Manitoba or is this something that is just isolated to the Province of New Brunswick?

**Mr. Praznik:** I noticed the member did not point out that he was talking about the Liberal province of New Brunswick, but, no, we have no intention whatsoever to take off legitimate workplace injuries from the Workers Compensation system,

because they are expanding, are difficult and certainly repetitive strain. The answer in repetitive strain injuries is to better understand the injuries and better deal with them than remove them.

Stress, which we dealt with in the legislative amendments in 1991, was a far more difficult issue. It is not a physical issue or physical injury, it is very multifaceted. In fact, in Manitoba we basically enshrined in the legislation the active policy of the board at the time which was really to only provide or recognize a claim on the basis of an acute traumatic event in the workplace, as opposed to compensating the regular stress of life or a job. Provinces have very different interpretations across the country, et cetera, as to how they handle stress claims, but I am sure the member would agree they are much more multifaceted.

The member may want to see them covered and that is legitimate, but one must agree that stress is something that has lots of factors that fit into it. That was the debate; it is the balance. But repetitive strain injuries related to work are clearly a physical injury. We need to understand them more, et cetera, but they fit in with exactly what, in my opinion, the Workers Compensation Board, has always intended to cover. I can say categorically today that this government does not have an intention now or upon being re-elected of removing repetitive strain injuries by way of legislation or policy or anything else from coverage under WCB; in fact, we want to address them.

**Mr. Reid:** I am happy to hear the minister indicate that. It is unfortunate that another jurisdiction, and I am not going to pass judgment on why they are doing it, but it is unfortunate they have chosen, if that is the case, to undertake that direction in their plan.

One last piece of information I am going to be looking for that may not be available here today. The board has converted some of the investments they have into cash, at least that was the position when the document I read came out, now that situation may have changed. It is my

understanding that the board is going to bring on board or be involved with an investment firm to look at the investment of the monies that they have available, I believe it would be the unfunded liability monies, a portion and maybe some other funds that I am not raising at this point.

Who has been contracted or is in participation with the board to invest these monies? Is there contractual arrangement that has been made? How will they go about ensuring there will be adequate protection for these monies that are invested, and what type of fee for service, if that is the case, would be available through this arrangement?

**Mr. Fox-Decent:** I respond to you now as chair of the investment committee of WCB, Mr. Reid, unsuited though I am by virtue of any training for so being. We have entered into a contractual relationship with Connor, Clark & Lunn. We had a competition for management of the majority of our investment money, and Connor, Clark & Lunn were the choice of the group that was assembled. The assembled group was actually the finance committee of Workers Comp, so one labour, one employer and one public interest representative, plus myself as chair, the CEO advising.

Fees to Connor, Clark & Lunn I cannot give you off the top of my head, but I certainly will be happy to provide that to you. They are on a formula fee structure, and we will be happy to give you that information.

We actually have money placed with several companies. Templeton, Fleming and Lawton are all involved in managing our foreign investment. Connor, Clark & Lunn are essentially Canadian equities, Canadian bonds and some American-foreign investments. Then we hold a mortgage portfolio and certain in-house investments as well. The total package of investments is \$425 million.

\* (1710)

**Mr. Reid:** I think that the security of the investments should obviously be of concern, not only to employers but also to claimants as well and to all the stakeholders in the process. I hope that

with the investments that are undertaken here, the board is going to ensure that there is not a significant amount placed into high-risk ventures if any of the money is placed into high-risk investments. I mean, these are dollars that are hard earned, and it has been employers' money that is involved here. If the investments are lost, of course, then it is going to be somewhat difficult to replace that.

Looking at the five-year operating report from '94 indicates that we may not see some of the returns that we have seen in past through some of the investment vehicles that are utilized. I ask that precautions be taken to ensure that those monies are invested wisely.

**Mr. Fox-Decent:** I would like to assure you, sir, that I think those precautions are well and truly in place. We basically take the attitude of a pension fund toward investments, that we need to be very cautious about how we invest the money which is entrusted to us. The investment committee consists of Charlie Curtis, the Deputy Minister of Finance, who I must say is a very wise source of counsel, and a retired investment financial officer of one of the major grain companies, the CEO and myself. We now have a full-time treasurer whose really sole obligation is to look after the interests of our investment portfolio. That is Lorne McMillan, who was previously director of Finance.

So it requires a great deal of care. It is a large sum of money, and one would want to see it make gains, not obviously go in the other direction. Mr. Chair, 1994 has not been as good a year as 1993; there is no question about that. We still made some gains however in 1994, always within the context of prudence, because the larger gains you may get, but the risk of course usually increases.

**Mr. Reid:** Before I move into my last question, Mr. Chairperson, I would like to thank the members of the board for their participation and their answers here today. It was nice to see that we also included two other members of the board who were with us here earlier today, which I think was a change from what we have seen in the past.

It was nice to see them involved and participating in this meeting here today. I hope that we will continue to see that again in the future and quite possibly maybe even have some input from those stakeholders as well.

The question I have then I will direct directly to the minister, because it pertains more to some actions on his part as the minister. In closing, I would like to thank all members of the board for being forthright, and I look forward to the information coming out as soon as you possibly can arrange to have that.

**Mr. Fox-Decent:** Before you ask your question, could I simply ask that the CEO and I might be given a chance for a small closing statement? Thank you.

**Mr. Reid:** This is relating to an O/C, an Order-in-Council 951/94 that was signed by the minister and by the Premier. It relates to the appointment of one Barbara Switzer as a member of the public interest. I would like to know about Ms. Switzer's background, what involvement she has. Does she have business activities within the province, or are they in the city here, and what they might be? Are there any employees that she might have in any firm that she may have if she is associated with a firm or owns a firm? And are there any political allegiances of this individual to the party of the day, and are there any political contributions from this individual or her firm to the party?

**Mr. Praznik:** Mr. Chair, the individual in question is a very capable individual. That particular person has some experiences. I do not have that individual's resume or biography available to me at the committee here today, but I will endeavour to provide it to the member. What is important, I believe, is the individual has capabilities and some talents to bring to the board and has done some work in the area of, not quite rehabilitation but working in, I believe, some of the health areas and has an interest in that particular area. I will endeavour to get the biography.

As to the real point of the question, I believe the

member is asking the political affiliation of that particular member. I will leave that to ask to that member directly, but I can tell him that a number of the members of the board have political affiliations. One of the members who is here today—I know Mr. Bruno Zimmer, is a very active supporter of his political party and has been over the years. There are members there who I am sure have on occasion supported the party of the member for Osborne (Ms. McCormick), and there are members who support the party to which I belong.

I must say to the member that if he is somehow suggesting that there is an attempt to somehow stack or control the board or do some of those things that many would find unsavoury, I have to tell him, and I think my record has proven itself out in this regard, when I became minister and I looked at the Board of Directors of the Workers Compensation Board, but to be blunt in speaking with him individually, we did not have, and I have made references before, a board that was as functional as I believed it should be.

In fact, at one point in time, I had members of the management nominees, labour nominees, public interest nominees speak to me privately about their concerns. What was fascinating as minister is they all shared many of the same concerns about the operation of the board. Part of that was due to the fact that it was a first board. It was new. Prior to that there had only been a three-member board so now we had a nine-member board. Part was due I think to the fact that the chair of the day, Judge Kopstein, being a judge could not take an active role publicly in discussions and so consequently much of the public statements about the board fell on the CEO of the day, which I do not think was a good relationship for a chair of the board to be in, but nonetheless that is what we had.

After studying this for a year or so I came to the conclusion that some effort had to be made to stitching together a board that was a board that could bring a variety of experiences, was dedicated to common goals, and could work well together.



\* (1720)

I have to tell the member, in my discussions with management representatives, the Employers Task Force, and with labour representatives, with Susan Hart-Kulbaba, as president of the Manitoba Federation of Labour, who co-ordinates—both groups co-ordinate names that come forward for that board. We discuss the strengths and weaknesses of names as they come forward.

I remember very specifically in one particular round of appointments requesting that Labour look at providing a systems person, someone who had experience in systems and organizations. I am very pleased to report that the name that came forward was Bruno Zimmer, who had been responsible for the construction of our new union centre in Winnipeg and had managed that project and UFCW, which is a very large union, probably one of the most modernized in terms of computer systems, et cetera. Bruno had been a part of that and that was a need we had at the board and he brought that expertise.

I know one area that I wanted to ensure was having some legal counsel on the board, someone with some legal experience and a process that goes with that. George Chapman was someone who brought that particular experience to the board. It is a matter of, in building a board, taking into account personalities, experiences and individuals and where people are coming from, to stitch together that type of board and it does not always work.

I am pleased to report that to date, particularly with the appointment of Professor Fox-Decent as chair of that board and the skills that he brings to it as someone who has much experience in the labour-management community, and given some changes in the way the board functions, which you work out over time, the board of directors of this board has worked very, very well. Professor Fox-Decent may want to make comment to it, but I believe the vast majority of their decisions arrived at a consensus, that votes are a very rare issue on this board. So the balance between management and labour—and I know one should always be cognizant of maintaining proper balances.

The balances on a board like that, I think, have been well maintained, and there has been a lot of very good interaction. The result of that has been that all members of that board, and I know from his perspective, certainly the labour members of that board, have had a major role to play, have made a major contribution and, I think, have been proud of the results that they have been able to achieve.

I just say to him, I had the pleasure, and it was a pleasure one evening of being at the Manitoba Federation of Labour to speak with their Workers Compensation committee. This was about a year and a half ago. Mr. Zimmer, as a board member, was there at that particular time, and I remember some of their members asking some very tough and pointed questions about day-to-day operations at the board. Quite frankly, I referred to Mr. Zimmer, who knew more about it than I did, as a board member.

He got into quite a discussion with membership at MFL, and it demonstrated to me that I had a board that was really working well. It was not divided along labour-management lines. It was not divided along partisan lines but had really taken up the challenge and had built a good working relationship. I would hope that the appointment of this particular member would continue in the vein that we have achieved.

I am happy with the operation of the board. I think it is working well, and it is serving its constituent groups. All members make a contribution. I can tell the member—I do not want to get into personalities. If members do not quite work out, for whatever reason, that is considered when their appointments come due. We are trying to make the thing function well.

Ms. McCormick: I just wanted to make one observation in concluding. My colleague from Transcona has put on the record, from The Globe and Mail article, that there has been an amendment in New Brunswick. In fact, that stands in that article as an accusation by a cabinet member in British Columbia. I do not think it stands as a statement of fact. The other thing is the article

further points out that B.C. only selects RSI claims on a selective basis, and in fact, they do not accept stress claims at all. So it is somewhat a case of the pot calling the kettle black.

Nonetheless, my final question is that I have found, in preparing for today, I tried to use three annual reports, going back to the '91, then '92 and '93. I highly recommend you continue the format of the last two years. These are keepers. Oftentimes annual reports are just things you file away. But it is interesting because the Manitoba Safety Council, in its coming conference, is dealing with the issue of violence in the workplace, and I am to participate on a panel. I find, in these reports, which I was scrutinizing for another purpose, very valuable information. So if you are contemplating your 1994 annual report, I would really recommend the continuation of this format.

**Mr. Fox-Decent:** It is underway. It will be given to the minister—March 31 is the deadline that we are planning, and I very much appreciate the comment with regard to following what is already there.

**Mr. Chairperson:** Carry on with your closing statement.

**Mr. Fox-Decent:** I will call on the CEO first, Mr. Chair.

**Mr. Wilde:** I have certainly found that the session interested me. We have touched on a number of areas that are of ongoing concern to me, particularly the ones where we have made some commitments to providing more detail on admin costs, increases, workloads, contracting out, et cetera.

These are big problems that we have, and we get feedback from our union, for example, from our staff about the caseloads we have, about contracting out, quite frankly, conflicting feedback sometimes from employers on the one hand about the admin costs and the number of staff but also on the management of the claims process and the duration on the other side.

We have been doing a lot of analysis, and I am sure this will be coming out in future discussions about the balance of caseloads and operators, about delays and how that affects our overall costs. I know earlier I referred to a study we had done on the cost of our summer backlogs where I said that we sort of broadly characterized it as Bill 22, but that we felt that the delays in the summer cost was probably [inaudible]. That certainly is up the period of time between Bill 22 and vacation time. It is a prime vacation time.

Unfortunately, that is the period of time, you will remember the charts where we started to get that big increase of claims workload, and the study really was done after the fact because we both recognized we were having problems, and we started getting a lot of feedback from the employers feeling that we were not managing these things as well as we could have and that they felt that time [inaudible] was increasing in that direction.

So we did share our concern, and I guess the conclusion that I am coming to in the process, and I think I have probably alluded to it several times over the course of answering questions, is that there is probably a good-news, bad-news situation, the bad news being that our admin costs are not likely to go down, and that we are going to have to look seriously at perhaps increasing staff.

We have talked to our board about that in our 1995 plan because we do not want to risk the situation that happened in Nova Scotia. The good news side, I believe, is that we can meet the long-term objectives that we have set for ourselves in terms of both service and financial stability. We can meet those objectives, but we cannot afford to get ourselves into the situation where we have problems with operational delays and service in our claims because that not only costs us dollars and cents but it is also poor service.

Those are the two areas that we have identified as our priorities not being able to say that we have got the lowest staff members or the highest caseloads in the country.

I think really the priorities that we have set are the ones that we should have, and I think that we can certainly accomplish those results.

\* (1730)

**Mr. Fox-Decent:** Mr. Chair, it has been an interesting day for us. I think we had quite mistakenly thought it was from 10 until 12:30 and instead it is from 10 until 5:30. It is obviously a tribute to the interest, particularly of Ms. McCormick and Mr. Reid.

I think your level of interest in what we are doing is very gratifying. We undertake to provide you a full set of responses and would welcome dialogue if there is something more you want arising out of the responses that we give and we will do that as soon as we can.

I want to say in closing that the minister has made some kind remarks about the board. We do manage, heretofore, in the last couple of years to make decisions, I guess, probably about 95 percent of the time by consensus as opposed to dividing the House. I am not sure that has any great merit in and of itself.

It can mean a board that is not sufficiently engaged to recognize what the issues are about, so therefore the easiest way to go is go with the flow, but I do not think that is the case with this board. It truly is an active group, and the tripartitism is there, labour is clearly there, the employer community is clearly there and the public interest is clearly there, but tripartitism has I think yielded, in the large majority of discussion and decisions that have been made, to what is best for the system. It is amazing how often one can reach a consensus on how one would proceed to better the system because it is a system that always needs improvement.

I just hope that we have moved the markers in 1993 in such a way that you have some modest sense of us going in the right direction. I want to say a word of appreciation to all of the staff, many who have been involved in preparing for this event. You can see we have these wonderful

briefing books and they are full of all kinds of information. You can see that they were not quite complete, because we have offered to give you more things that we could not answer today. There are a lot of fine, fine people who work with Workers Compensation and some of them are at the table today; others are not. I certainly would want, if I may, with your indulgence, to put on the public record our gratitude for the work that has been done to prepare for this and, frankly, the work that goes on day by day within the system.

We look forward to the next opportunity, and meanwhile we will provide you with all of the promised pieces of information. Thank you.

**Mr. Praznik:** Yes, thank you very much, Mr. Chair and members of the committee. The hour is drawing to a close, as it should after a long day and I think a very interesting discussion and some very good suggestions being made from my critics.

If I could just make a couple of general comments as the minister who has been responsible for this board for four years now through a part of the very significant reform and process and rebuilding process of this board. It has certainly been a learning experience. From time to time mistakes get made. There is no doubt about that in any human process, but it has always been our intention, mine as minister and I think all of us who worked through it, as I think it is my critic's intention as well, to see that we try to do our best and achieve the best we can for all the stakeholders.

As we work through each issue one by one, whether they be structural, financial rates, medical, benefit levels, et cetera, it is a matter of making the contributions from all involved and trying to arrive at a balance that I think the majority in society can accept and find as fair.

From time to time, I am sure, as has come out today, on occasion things are not adjudicated as well as perhaps one would like them or there are areas in administration where perhaps the board could have done better in terms of particular policy or its application or perhaps some have incurred--

costs could have been handled a little differently, whatever the case. The fact of the matter is we work with the information that we have and we try to achieve those balances and move it forward.

Despite the ups and downs from time to time, I think we in Manitoba, because of the efforts of so many, are generally on the right track and have achieved a fair bit of progress. I am very proud of the work that people have done. As we look at the country today, there are many boards, and I am not saying this to be in any way partisan. Ontario is probably in the worst shape in the country. If one wants to be fair about it, it is the fact that a number of administrations, probably three administrations, did not come to grips with the problem and did not approach their WCB system in a manner that would put it on the right footing and, quite frankly, today they have a deeper problem.

In other provinces, like Saskatchewan, a little different circumstance, they have been aboard under a number of administrations that have, generally speaking, managed their affairs reasonably well and today have the benefit of that.

If there is a lesson for all of us in this, it is that despite the ups and downs from day to day, perhaps despite some disagreements on certain issues, despite criticisms and positions, and despite, from time to time, errors of judgment that are made by any of us who are players in the system, generally speaking, if we continue to work

along in a balanced and fair approach toward a financially sound board with a reasonable rate structure and a high degree of service and a fair benefit package, we will have achieved the goal that Manitobans have sent us here as members of the Legislature to achieve, and I think in the long run provided Manitoba with a fair board and one that is, quite frankly, a competitive advantage to many of the places in which Manitobans must compete in the sale of their goods and services. If we have done that, then we have done our work well.

I want to thank all who participated in this today. I look forward to further discussions, and on a personal note, I certainly enjoy being minister responsible and hope that perhaps there is another opportunity for me to meet members of this committee in this capacity. Thank you very much.

**Mr. Chairperson:** Shall the December 31, 1993, Annual Report of the Workers Compensation Board be passed--pass.

Shall the 1994 Five Year Plan be passed--pass.

The time is now 5:37 p.m. What is the will of the committee?

**An Honourable Member:** Committee rise.

**Mr. Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 5:37 p.m.