

**Third Session - Thirty-Eighth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Crown Corporations**

*Chairperson*  
*Ms. Marilyn Brick*  
*Constituency of St. Norbert*

**Vol. LVI No. 3 – 9 a.m., Thursday, October 13, 2005**

ISSN 1708-6604

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Eighth Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
CUMMINGS, Glen	Ste. Rose	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garri	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PENNER, Jack	Emerson	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
ROWAT, Leanne	Minnedosa	P.C.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
<i>Vacant</i>	Fort Whyte	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

**LEGISLATIVE ASSEMBLY OF MANITOBA**

**THE STANDING COMMITTEE ON CROWN CORPORATIONS**

**Thursday, October 13, 2005**

**TIME – 9 a.m.**

Annual Report of the Workers Compensation Board for the year ended December 31, 2004

**LOCATION – Winnipeg, Manitoba**

Annual Report of the Workers Compensation Board Appeals Commission and Medical Review Panel for the year ended December 31, 2003

**CHAIRPERSON – Ms. Marilyn Brick (St. Norbert)**

**VICE-CHAIRPERSON – Ms. Kerri Irvin-Ross (Fort Garry)**

Annual Report of the Workers Compensation Board Appeals Commission and Medical Review Panel for the year ended December 31, 2004

**ATTENDANCE – 11    QUORUM – 6**

*Members of the Committee present:*

Hon. Ms. Allan

Workers Compensation Board Five-Year Plan–2001-2005

Mr. Aglugub, Ms. Brick, Messrs. Cullen, Cummings, Dewar, Goertzen, Ms. Irvin-Ross, Messrs. Maloway, Santos, Mrs. Taillieu

Workers Compensation Board Five-Year Plan–2002-2006

Workers Compensation Board Five-Year Plan–2003-2007

**APPEARING:**

Mr. Kevin Lamoureux, MLA for Inkster

Workers Compensation Board Five-Year Plan–2004-2008

Mr. Tom Farrell, Interim Chairperson, Workers Compensation Board

Workers Compensation Board Five-Year Plan–2005-2009

Mr. Doug Sexsmith, President and Chief Executive Officer, Workers Compensation Board

\* \* \*

Mr. Harold Dueck, Vice-President, Finance and Administration, Workers Compensation Board

**Clerk Assistant (Mr. Rick Yarish):** Good morning. Will the Standing Committee on Crown Corporations please come to order.

Ms. Alice Sayant, Vice-President, Healthcare and Customer Service, Workers Compensation Board

I have before me the resignation of Ms. Marilyn Brick as Vice-Chairperson of this committee. It is my understanding that Ms. Brick is not resigning as a member of the committee, only as Vice-Chairperson.

**MATTERS UNDER CONSIDERATION:**

Annual Report of the Workers Compensation Board for the year ended December 31, 2002

We therefore have both the Chairperson and Vice-Chairperson positions vacant. Your first order of business, then, is the election of a Chairperson. Are there nominations?

Annual Report of the Workers Compensation Board for the year ended December 31, 2003

**Mr. Gregory Dewar (Selkirk):** I nominate Ms. Brick.

**Clerk Assistant:** Ms. Brick has been nominated. Are there any other nominations?

Hearing none, Ms. Brick will you please take the chair.

**Madam Chairperson:** Our next item of business is the election of a Vice-Chairperson. Are there any nominations?

**Mr. Dewar:** I nominate Ms. Irvin-Ross.

**Madam Chairperson:** Ms. Irvin-Ross has been nominated. Are there any other nominations?

Hearing no other nominations, Ms. Irvin-Ross is elected Vice-Chairperson.

\* \* \*

**Madam Chairperson:** This meeting has been called to consider the following reports: Workers Compensation Board Annual Report, December 31, 2002; WCB Annual Report, December 31, 2003; WCB Annual Report, December 31, 2004; WCB Appeals Commission and Medical Review Panel Annual Report, December 31, 2003; WCB Appeals Commission and Medical Review Panel Annual Report, December 31, 2004; WCB Five-Year Plan, 2001-2005; WCB Five-Year Plan, 2002-2006; WCB Five-Year Plan, 2003-2007; WCB Five-Year Plan, 2004-2008; WCB Five-Year Plan, 2005-2009.

Before we get started, are there any suggestions from the committee as to how long we should sit?

\* (09:10)

**Mr. Dewar:** Madam Chair, I suggest we sit till 11:30 and we can review it at that time.

**Mr. Cliff Cullen (Turtle Mountain):** We are certainly willing to sit till 11:30 and review it at that time, a.m.

**Madam Chairperson:** Seeing that that is agreed, are there any other suggestions as to which order we would like to consider the reports?

**Mr. Dewar:** Madam Chair, I see that there are several reports outstanding, all the way back to 2001. I suggest, with the will of the committee, that we pass the annual reports of the Workers Compensation

Board for the years ending December 31, 2002 and 2003. We can leave the 2004 report out. The annual reports of the Appeals Commission, we pass the December 31, 2003, report and leave the 2004 for the deliberation of the committee today. The five-year operating plans, we have five of them outstanding, I suggest that we pass the 2001 to 2005, the 2002 to 2006, the 2003 to 2007 report now, and then that way there are still four or five reports that we could deal with. I know that the minister is prepared to deal with these reports in a global manner.

**Mr. Cullen:** Madam Chair, I appreciate the member's comments. I think we would like to just review them in a global nature. Maybe at 11:30 we could review the reports depending on how our discussions go this morning.

**Madam Chairperson:** Is that the agreement of the committee? *[Agreed]*

Before we start sitting there are a couple of new rules that I would just like to review for the information of the committee.

As part of the Rules package adopted by the House on June 16, 2005, we have a new rule governing speaking time for members in standing committees. While speaking times in committee had previously been unlimited, according to our new rule 87(2), no MLA attending a standing or special committee meeting may speak for more than 10 minutes at one time in any debate. However, there is no limit on the number of times a member can speak unless otherwise agreed to by the committee.

Thank you in advance for your attention to this rule.

Does Honourable Minister Allan wish to make an opening statement and would she please also like to introduce the officials in attendance?

**Hon. Nancy Allan (Minister charged with the administration of The Workers Compensation Act):** Madam Chair, I would like to begin by welcoming the Interim Chair of the Workers Compensation Board, Mr. Tom Farrell, and the WCB President and CEO, Doug Sexsmith. I would also like to introduce briefly the members of the WCB executive and staff who appear before you at today's standing committee. I would ask them to just give a little wave or a nod or whatever they are

comfortable with as I introduce them. Harold Dueck, Vice-President of Finance and Administration; Dave Scott, Vice-President of Rehabilitation, Compensation and Employer Services; Alice Sayant, Vice-President of Healthcare, prevention and Customer Service; Alfred Black, Vice-President of Program Development and Legislative Implementation; and Lori Sain, General Counsel and Corporate Secretary. Thank you very much for being with us today.

I just want to say, having the WCB in my portfolio is something that at the beginning, I have to be really honest with you, I did not know a lot about WCB and I have a great deal of pride having it in my portfolio. I think the staff are incredibly professional and care deeply about injured workers and about the Crown corporation, and it is has been a real pleasure working with these very professional staff.

I am pleased to review the Compensation Board's activities from 2002 to 2004. In 2004, the WCB reinforced its commitment injury prevention by continuing its efforts with the Workplace Safety and Health Division, and 2004 also saw the WCB post positive financial results. The WCB and the Workplace Safety and Health Division continued the Comprehensive Injury Prevention program under the banner, SAFE Work. The SAFE message, Spot the Hazard, Assess the Risk, Find a Safer Way, Every Day, is the primary tool used to raise awareness of the need for safety and to change people's behaviour.

The joint prevention activities of the WCB and the Workplace Safety and Health Division have shown significant results. An objective was set to reduce the workplace time loss injury rate in our province by 25 percent. We have certainly made progress. The time loss injury rate is now 4.6, a reduction of 21 percent since 2000 when the rate was 5.8 injuries per 100 workers.

The WCB's financial status included operating results which were close to break-even for 2002, a shortfall in 2003 due to the lingering effects of the bear market and a surplus in 2004. The assessment rate increased slightly in 2002 and 2004 because of a challenging investment climate that sharply reduced investment revenues. The 2004 assessment rate, however, was still the lowest among the provinces and the WCB's investment performance places us among the leaders of Canadian WCBs.

Madam Chairperson, 2004 marked a major milestone for compensation legislation with the first

extensive public review in almost 20 years. The ultimate goal of the review was to ensure that we have a system that appropriately meets the needs of workers, employers and the public. The year 2003 saw the WCB adopt a statement of service excellence. The WCB will provide service that is fast, easy, caring, right and clear. That year the WCB was among a small number of workers compensation agencies that were fully funded.

In 2002, as mentioned the last time I appeared before this committee, Manitoba became the first province in Canada to acknowledge a link between exposure to hazards faced by full-time firefighters and certain occupational diseases. Another highlight from 2002 was the automation of the clearance process allowing contractors to instantly learn the WCB status of subcontractors.

As you can see, Madam Chairperson, the WCB has much to be proud of with these considerable accomplishments. The combined results of strong financial performance and a reduction in injuries due to sustained prevention efforts is a definite advantage to employers and workers looking to establish business or work in Manitoba.

**Madam Chairperson:** We thank the honourable minister. Does the critic for the official opposition, Mr. Cullen, have an opening statement?

**Mr. Cullen:** Yes, thank you, Madam Chair. First of all, I would like to congratulate and welcome Mr. Farrell as the interim CEO to the corporation. Certainly, the corporation plays an important role in Manitoba, both from the employers' point of view and also, of course, from the employees'. It is great to have this opportunity to review the operation of the Workers Compensation Board. Certainly, there are a number of outstanding reports here that we hope we can work through today. Clearly, the important role of the WCB is to handle claims and deal with those claims in good faith, and I hope that those claims will continue to be dealt with in good faith.

There certainly have been a number of changes in respect to the Workers Compensation and in particular to the act. I guess it is going to be interesting to see how these changes move forward into the future. We hope that a lot of those will be for the benefit of Manitobans, so we do look forward to having a good open discussion this morning on Workers Compensation.

**Madam Chairperson:** We thank the member.

**Ms. Allan:** I would like to ask Tom Farrell and Doug Sexsmith to join me at the table, please.

**Madam Chairperson:** Do the representatives from the Workers Compensation Board wish to make an opening statement?

**Mr. Tom Farrell (Interim Chairperson, Workers Compensation Board):** Not at this time, thank you.

**Madam Chairperson:** Thank you. The floor is now open for questions.

**Mr. Cullen:** Madam Chair, I just wondered at this point in time, given that we had passed the changes to The Workers Compensation Act, if the minister could update us in terms of how the implementation is coming forward in terms of all the changes to the act.

\* (09:20)

**Ms. Allan:** We believe that the act will be proclaimed January 1, 2006. This staff has been incredibly busy. This is a very, very busy time at the Workers Compensation Board, probably one of the busiest times that they have had for quite some time with the new legislation. As I mentioned when I did my introductions, there is a vice-president that has been made responsible for the implementation of the legislation, and if there are any specifics that the member would like to know about we would be more than happy to update him on any particular specifics in regard to any of the legislative changes that were made.

**Mr. Cullen:** One issue that we raised and was raised by a number of Manitobans was in terms of new industries being added for coverage under Workers Compensation, and I guess in the end the change was made to the act with the basis that consultation would take place before any industry would be added for coverage. I am wondering if there have been any changes in that regard in terms of any industries being covered under the Workers Compensation Board.

**Ms. Allan:** I thank the member for the question so that I can clarify what is happening in regard to any expansion of coverage.

As you know, the one amendment that we did make to Bill 25 was the commitment to consult in regard to the expansion of coverage. In regard to the list of excluded industries, I also made a commitment to Bill Gardner, who is the representative of the Manitoba Employers Council, that we would have a list of industries and we would consult with employers in regard to that list to make sure that list accurately reflects what was in the old legislation. I have a letter here actually from the chair of the board, Mr. Tom Farrell, to Mr. Gardner that was dated the 19th of September, and it is a letter that encloses the proposed list of the excluded industries for Mr. Gardner's review. So, as I said many times in the Legislature, any expansion of coverage would be initiated by the WCB, and it will be done in consultation with the specific industries and employers.

**Mr. Glen Cummings (Ste. Rose):** The minister was referencing a letter. I wonder if she is prepared to share that letter with us.

**Ms. Allan:** I certainly am. Would you like me to read it to you or give it to you? Which is your preference?

**Mr. Cummings:** We are very short of time. We can read it.

**Ms. Allan:** I will table the letter for Mr. Farrell, Interim Chair of the Workers Compensation Board, to Mr. Bill Gardner, the representative of the Manitoba Employers Council.

**Mr. Cullen:** Given that there are quite a few changes to the act as a result of Bill 25, and we look at the five-year plan before us, will that plan then, will there be significant changes to that particular document going forward?

**Ms. Allan:** Which five-year plan is the MLA referring to?

**Mr. Cullen:** Well, I guess there will be quite a few five-year plans that are before us here, and they all except one go forward from 2002 right up to the year of 2009, so I am expecting that all of those plans may need some revision. Would that be correct?

**Ms. Allan:** Well, the final five-year plan, if the member has had an opportunity to read it, the 2005 to 2009 plan does refer to the changes to the

legislation and refers to the fact that those changes were forthcoming, so I believe that the Workers Compensation Board senior management staff were very aware of the changes that were coming and incorporated those into their recent plan. I see Mr. Sexsmith looking at me, and it is that look that says he may want to make some comments.

**Mr. Doug Sexsmith (President and Chief Executive Officer, Workers Compensation Board):** I just wanted to clarify that the five-year plan that we produced at the end of 2004 did not as yet reflect the costs of the new legislation. We will certainly reflect those costs going forward in the next five-year plan that we will be producing by next spring.

We did not have those costs all ready at the time that we had to start preparing that five-year plan, before all that material was ready last year, and, of course, we were not sure what was going to be passed in the legislation at that time.

**Mr. Cullen:** I appreciate the response to that. One of the fairly significant changes to the act was the removal of the cap, and there is certainly some concern about removing that cap and the implications that that will have for the business community. I am expecting, of course, that there will be increased revenue generated from that and, obviously, in the long run will certainly impact some of those businesses which will be impacted under that particular removal of the salary cap.

I guess I am just kind of wondering what the corporation expects the particular impact will be to the revenue of the corporation.

**Mr. Sexsmith:** Well, we have estimated that the change will raise approximately \$1 million in additional revenue, and there will be approximately \$1 million in additional costs as well.

**Mr. Cullen:** Thank you very much for those comments. Obviously, there are quite a number of changes in the act, and I am wondering with those changes what you foresee happening in terms of rates going forward.

I know we have had a couple of increases over the last few years, and I am wondering maybe now that we have had some time to have a look at those

changes, just if we do have an idea of how that will impact the rates going forward.

**Ms. Allan:** We have been very fortunate in Manitoba because of the excellent financial results that the WCB has a very strong investment portfolio. The WCB has the lowest rates in Canada and is only one of two boards that are fully funded.

So we have been very fortunate in Manitoba in regard to rates, and I believe there was a press release that was put out in August from the board that said that there would be no rate increases over the next four years.

**Mr. Cullen:** Thank you for that response. Certainly, the business community will be looking forward to the future to see what rates do hold in place for us as a result of those changes going forward.

In terms of the investment of the corporation, how has that been handled in the past? There is an investment committee, I understand. How has that been handled in the past?

**Mr. Farrell:** The investment committee at this point in time and until the passage of Bill 25 is a committee consisting of the chair of the board, the deputy minister of Finance for the Province and some advisers. Right now the most significant advisers are Mr. Bob Darling and Doug Sexsmith.

That process has generated, I think, an excellent portfolio mix and a balance. The board currently has approximately \$820 million of investment. It is well placed. The comment by many is that they are wondering why their own advisers cannot get them the sort of return we are earning. So it has been very positive, and it is one of the things that has helped the board to dampen the costs to employers. The return from that investment which is over and above the monies needed to ensure full funding is returned in that manner.

\* (09:30)

The going-forward process is also positive. The investments that have been made are good investments, and a small number of them are placed here in Manitoba. The significant portion of the investment portfolio is in the hands of a number of selected managers who operate funds across the country. The money is not all in the hands of a

particular manager. There are several managers who manage our funds.

**Madam Chairperson:** Mr. Cullen, but before I go on, I am just going to ask the indulgence of the members. It is getting a little difficult to hear at this end of the table.

**Mr. Cullen:** Madam Chair, in the past it is my understanding that the chairman of the board was directly involved in the investment committee. Is that a correct statement?

**Mr. Farrell:** The chairman of the board currently is the chair of the investment committee, so, yes, there is involvement there.

**Mr. Cullen:** Given the changes in the act, how will that change then effective January 1? What will the structure be for the investment committee?

**Mr. Farrell:** The investment committee after January 1 will be an in-board committee. It will elect a chair, and the chair will be someone other than the chair of the board. It has the ability to take on external advisers to assist them with what is a very complex area. It is the intention of the board today to ensure that there will be a continuity of individuals who will be on the investment committee as advisers to ensure that they get the best possible information and the best advice when making investments.

**Mr. Cullen:** Well, thank you very much for that response.

Looking at the latest report here it shows an investment income of \$42 million and that is up quite substantially from 2003 of \$21 million. Are these figures here the actual figures then that were generated for that fiscal year?

**Mr. Sexsmith:** Yes, they are.

**Mr. Cullen:** Now, in terms of the surplus here, we are talking almost a \$10-million surplus over the year. Is that money then turned over into the Accident Fund Reserve, or what is done with that surplus?

**Mr. Sexsmith:** Yes, it is. When we have a surplus it does roll over into the Accident Fund Reserve. The Accident Fund Reserve is in a very positive position.

**Mr. Cullen:** I understand there have been some changes to the Accident Fund Reserve. I understand

there was previously a Rate Stabilization account and that has been rolled into it, the Accident Fund Reserve. Could you just explain that or clarify that for me?

**Mr. Sexsmith:** Yes, the Accident Fund Reserve and the Rate Stabilization fund were folded together really for simplification. We underwent a number of, well, one major accounting change for 2004, which really saw our investments booked at market value rather than using a previous method of smoothing which smoothed into our books the results of our investments over a period of five years, which, by the way, has the potential to create more volatility in our results going forward. As part of the accounting changes there to simplify that section we folded those two funds together.

**Mr. Cullen:** Thank you very much for that. What is the current level of that Accident Fund Reserve?

**Mr. Sexsmith:** At the end of 2004, the Accident Fund Reserve had \$70 million in it.

**Mr. Cullen:** Going forward then, just in the report here, the future report, it indicates that you intend to enhance the Accident Fund Reserve. I guess probably the major way to do that is by collecting premium on that. Is it safe to say that, going forward, you are going to be turning over or expecting surplus in the operating account which will then be turned over to the Accident Fund Reserve?

**Mr. Sexsmith:** Well, based on our current projections, yes. We see ourselves being in a very positive financial position going forward. You would note in the five-year plan that we had surpluses, projected, ranging from \$7 million this year to some \$25 million out at the end of the five-year plan. So, yes, we see ourselves in a very positive position going forward. So we expect, barring any dramatic changes that we are not expecting, a very positive position, and that would roll money over into the reserves.

**Mr. Cullen:** Based on that report, what kind of a return are you expecting on your investment?

**Mr. Sexsmith:** Well, of course, I wish we could predict the future that well, but we have run out an assumption of, and I am just going to look at my chief investment officer here quickly, I believe about 6.7 percent is our assumption going forward and then

6.5, 6.75 and 6.5 going forward. I would just like to say, though, that over the last few years—this is just an opportunity for me to mention that we have been outperforming that in our investment portfolio, and I think Tom alluded to this. In 2004, we had a return of 11.8 percent; in 2003, we had a return of 11 percent. We have been outperforming most of the other WCBs across the country. You know, we have, as you mentioned, \$42.2 million in income over the last year. In 2004, we ranked second out of all the WCBs for both one-year and four-year returns in our investment account. So we are actually very pleased with the way it is going.

**Mr. Cullen:** Well, thank you for that response. Who establishes what should be in that reserve fund?

**Mr. Sexsmith:** That is a policy set by the board.

**Mr. Cullen:** We talked a little bit about investments in Manitoba. I make reference here to the Auditor General's report of the Crocus Fund, and there are a number of times that the Workers Compensation Board is mentioned in that particular report. It is my understanding the Workers Compensation Board has a direct investment in Crocus, and I am just wondering to what extent that is.

**Mr. Farrell:** The investment in Crocus by the board is in the sum of \$500,000. That was made some time ago. We made that investment. I think, again, in light of the comprehensive nature of the board's investment plan, it was made to provide an input into a local fund and the investment represents some quarter of 1 percent of our investment.

**Mr. Cullen:** Further to the Crocus report and the Auditor General's report, there is reference thereto, I think, there is a \$10-million investment as well to a Manitoba Property Fund. Could you just clarify if that particular investment was made?

**Madam Chairperson:** Mr. Cullen, I just have to remind you that it has to be tied into the report because we are reviewing the reports. Your question has to tie into the reports, whether it is into the future plan reports or whether it is the past reports.

\* (09:40)

**Mr. Cullen:** Well, I think it does tie in quite dramatically. A lot of the investment portion of this particular corporation is very important to all of Manitobans, particularly to the employers who are paying the premium here. So, all of a sudden, if part

of this investment portfolio is not available anymore, it has a very dramatic effect on results going forward. So I think that Manitobans want to expect where their premium dollars are and if they are going to be returned.

**Madam Chairperson:** It is just that, as you word your question, if you could just make sure that it is tied into the reports that are here, but not to the Auditor General's report.

**Mr. Farrell:** Just in—[interjection]

**Mr. Cummings:** If I could interject, I think we had an agreement around the table that there would be global questioning. We are looking at a series of five-year projected plans. I am not challenging any ruling. I recognize that you are not making a ruling, but I would hope that you would let the discussion flow freely for exchange of information. It is not our intent to be interfering in the work of the Auditor, but it certainly strikes me that global discussion can include the types of questions that we would be proposing.

**Madam Chairperson:** As long as the questions still stay relevant to these 10 reports, we can entertain those questions.

**Mr. Farrell:** The details of the Property Fund, and maybe I would like to ask Harold Dueck, who is a finance person, to cover this because he knows it in the greatest detail, with the permission of the Chair.

**Madam Chairperson:** Yes, permission granted. Please proceed, Mr. Dueck.

**Mr. Harold Dueck (Vice-President, Finance and Administration, Workers Compensation Board):** Good morning. During 2004, the WCB entered into a commitment to invest \$10 million in the Manitoba Property Fund. At the end of 2004, there was approximately \$1 million had been dispersed at that point.

**Madam Chairperson:** Thank you.

**Mr. Cullen:** So, just for clarification here, we have \$500,000 invested in Crocus and then we have \$1 million invested in the Manitoba Property Fund. Is that correct?

**Floor Comment:** Yes, it is.

**Madam Chairperson:** Sorry, I have to recognize you, Mr. Dueck.

**Mr. Dueck:** Yes, it is.

**Mr. Cullen:** Does the corporation have any other funds invested through Crocus?

**Mr. Dueck:** The WCB also has an investment in a partnership called the Science and Technology Fund and a further investment in a biotechnology fund called CentreStone.

**Mr. Cullen:** I am just wondering what the extent of the investment in those two funds are.

**Mr. Dueck:** At the end of 2004, the Workers Compensation Board had approximately \$2.5 million invested in the Science and Technology Fund and approximately \$200,000 invested in CentreStone.

**Mr. Cullen:** I am wondering what the expectation is of the board or the corporation in terms of getting back or having returned the \$500,000 in Crocus. Would you care to make a comment on that?

**Mr. Dueck:** The Crocus Fund is today in receivership. There have been various media reports about the value of the Crocus shares. When there is a resumption of trading, or a liquidation that would occur, the Workers Compensation Board expects to recover some funds on the Crocus Fund.

With regard to the Manitoba Property Fund, that is a fund that is invested today in seven different pieces of real estate in downtown Winnipeg. The Workers Compensation Board believes that those funds are well invested and that the underlying investments have continued to hold their value since the acquisition date.

With regard to the Science and Technology Fund, the investment, at this time, the valuation is unclear. The receiver is working, as we understand, on the Crocus Fund and has not yet turned its attention to the Science and Technology Fund.

**Mr. Cullen:** The Science and Technology Fund, is that a Manitoba-based fund invested in Manitoba businesses?

**Mr. Dueck:** The Science and Technology Fund is invested in a variety of enterprises, many of which are in Manitoba.

**Mr. Cullen:** I am assuming here that the investment committee would be directly involved in making these particular types of investments. Would that be correct?

**Mr. Dueck:** The investment committee is directly involved in making an investment in the Science and Technology Fund. The investment committee of the Workers Compensation Board is not at all involved in making the underlying investments in either Crocus or in the Science and Technology Fund.

**Mr. Cullen:** So the investment committee would determine which funds they are going to be purchasing?

**Mr. Dueck:** Correct.

**Mr. Cullen:** Does the board set out the parameters in terms of how their portfolio is going to be diversified?

**Mr. Dueck:** Yes, it does. The investment committee annually reviews its statement of investment policies and objectives. That particular policy document contains the asset mix and sets out what the annual asset mix will be as well as what type of investments the Workers Compensation Board will invest in.

**Mr. Cullen:** Could you give us a bit of a breakdown, then, in terms of percentages of how that portfolio would break down, like I am thinking in terms of bonds or bills or equity breakdown?

**Mr. Dueck:** Yes, I would be happy to do so. On page 24 of the 2004 annual report, there is a table that sets out the actual and the target asset mix for the investment portfolio for 2004.

**Mr. Cullen:** Sorry, what page was that?

**Madam Chairperson:** Page 24.

**Mr. Cullen:** So, when we look at these, the Manitoba Property Fund or the Science and Technology Fund, where would they fit in here in terms of the asset mix?

**Mr. Dueck:** The investments in Crocus and the Science and Technology Fund would be contained within the Canadian Equity Component which has a target of 20 percent of our portfolio. The Manitoba Property Fund would fall within the real estate area of our portfolio, which has a target of 12.5 percent of our portfolio.

\* (09:50)

**Mr. Cullen:** These biotechnology funds normally kind of have a high risk. Does the investment committee determine what kind of percentage of their portfolio they are willing to invest in these, what I would term, high-risk funds?

**Mr. Dueck:** The statement of investment policies and objectives approved by the investment committee sets out a limit for private placements of no more than 5 percent of the overall portfolio. The Science and Technology Fund would fall within a private placement category.

**Mr. Cullen:** So there is no specific amount allocated to what we would term high-risk funds?

**Mr. Dueck:** The limitation is on private placements, not specifically on biotechnology funds.

**Mr. Cullen:** Is there a percentage that the investment committee wants to invest in Canadian funds?

**Mr. Dueck:** The target in the asset mix for Canadian equity funds is 20 percent, which, given the size of our portfolio, is roughly \$160 million.

**Mr. Cullen:** Further to that, then, is there a target for Manitoba investments?

**Mr. Dueck:** Within the statement of investment policies there is not a specific target for Manitoba investments. However, there is a belief that is incorporated into the statement of investment policies that investments in Manitoba, where they will not have a negative impact on returns, are encouraged.

**Mr. Kelvin Goertzen (Steinbach):** I wonder if I could just ask a couple of questions in terms of the process by which the investments are made. The investment committee, they meet separately from the board, I assume, and then make recommendations to the board.

Can you tell me how often the investment committee would meet individually and how often they would report to the board of Workers Compensation?

**Mr. Dueck:** The investment committee meets periodically. It has probably averaged something in the order of 10 times a year. It does not report directly to the board of directors as it is a statutory committee. However, information about the transactions and the activities of the investment committee are presented to the board of directors on a quarterly basis.

**Mr. Goertzen:** And what is the nature, then, of the information of activities that goes from the investment committee to the board? Is it a detailed specific determination of what investments have taken place or been transferred over the course of that quarter since the last report to the board, and is it any kind of projections about future investments?

**Mr. Dueck:** It is a summary of the investment committee meetings that have occurred during the past quarter, so it would include the items that you referred to.

**Mr. Goertzen:** Does the investment committee keep minutes per se in terms of its discussions, and do they report minutes to the board as well?

**Mr. Dueck:** The investment committee does keep minutes. The minutes are available for the board if the board would like to review them.

**Mr. Goertzen:** Are those minutes at all governed under Freedom of Information? Would those be considered minutes that are accessible, being it is a Crown corporation?

**Mr. Farrell:** Just on advice, it is the belief that they are not available at this time. We have never had a request for them. We would see them as being part of the whole, but we will take the question under advisement and return to the committee with more detail on that.

**Mr. Goertzen:** That is fine. I would ask maybe that the response to that question go to the MLA for Turtle Mountain, Mr. Cullen, who is the critic for the area.

In terms of the investment committee, I am assuming that investment committee members would

be governed under some of the other conflict of interest rules that might be available to people making these kinds of determinations. Would they declare conflicts of interest?

For example, if somebody was on the investment committee making a recommendation on the WCB, but they had an interest, direct or indirect, regarding a potential investment, would they declare that conflict of interest to the investment committee before being part of that decision?

**Mr. Farrell:** Most definitely that would be expected under the process we follow, that any conflicts that should arise are declared to the chair.

**Mr. Goertzen:** And those conflicts presumably would be minuted?

**Madam Chairperson:** I am sorry, could you ask one more time?

**Mr. Goertzen:** Sure. Those conflicts would be—because there would not be a point, I suppose, in declaring the conflict if it was not in the minutes.

**Mr. Farrell:** Those would be recorded in the minutes, and, as well, it is part of a policy of the board to have those declared and recorded.

**Mr. Goertzen:** And the conflicts of interest in and of themselves that may be separate from the minutes, would those declarations be available publicly through Access of Information?

**Mr. Farrell:** I am assured that they are available to the public. I must clarify that the minutes that are available through FIPPA, within those minutes, though, that information would be available. For those minutes that, in fact, are not available through FIPPA, then those obviously would not be available.

**Mr. Goertzen:** I guess I just want to clarify because it seems to me that having a policy where an investment committee member has to declare a conflict of interest to the investment committee and yet those conflicts of interest are maybe protected in some way or the other, and that has not been determined yet, but might be protected under a FIPPA restriction, I am not sure in terms of transparency what the value of the conflict of interest declaration then is.

It is kind of an internal conflict or an internal declaration of a conflict, and yet I think the point both in law and just in layman's terms, the point of declaring a conflict of interest is so that it brings kind of the assurance to the general public that no real or perceived conflict has taken place. But, if there is not a public availability to declare that conflict, I am not sure what the point of the policy is.

**Mr. Farrell:** That policy has been in place for as long as I could find going back in time with the investment committee, and one of the reasons for the change in the whole committee structure was to ensure that there was a far more open and available information flow.

The responsibility to manage conflict of interest, as it exists right now, rests with the chair. The declaration is made of the activities, and it becomes the duty of the chair to ensure that people, once they declare a conflict, are not involved in the process.

**Mr. Goertzen:** I recognize the policy might be long-standing. However, if the policy was wrong 10 years ago, it still might be wrong today, and maybe that has to be considered.

\*(10:00)

The investment committee then reports back to the board of directors in terms of its decisions. Would there be any kind of prospective decisions made at that board level? Would the investment committee be simply reporting back on what they have done, or would there be any sort of request for approval whether its funding or loans on potential investment that are required by the board?

**Mr. Farrell:** The committee operates with guidelines established by the board and it is reported back quarterly. If there is any question to be raised or any desire on the part of the investment committee to change the parameters that Mr. Dueck outlined here earlier, then those go back to the board for their consideration before action is taken.

**Mr. Goertzen:** So, then, if there is any need for, and maybe the need does not arise, but if there is any need for short-term lending or that sort of thing involved with the, sometimes there are gaps in-between different funding requirements, but on the investment side, would those requests go to the board

for any kind of request for funding from the investment committee?

**Mr. Dueck:** If your question is lending to an investee company, those decisions would be made by the investment committee. If the issue is having to make withdrawals from the investment committee to fund operations, those types of decisions are made by the administration and at the board level.

**Mr. Goertzen:** Would the board of directors fall under the similar kind of conflict of interest declarations? Would they be filing their pecuniary interests, direct or indirect, as well?

**Mr. Farrell:** Yes, the board is required to file any information or concerns it has in their conflict of interest document.

**Mr. Goertzen:** Forgive my naiveté on this issue, I certainly know that, as MLAs, the conflict of interest forms that we sign are public, and I would assume they are as well for members of the board.

**Mr. Farrell:** As this has never been requested and we have never been down this road, I would like to get back to you with an answer on that. It has never been done. They are filed with the board. They are there, whether they are available publicly, because of the nature of the board, I would like to take some time and get back to you on that.

**Mr. Goertzen:** Well, I appreciate that, and, again, it might be best to respond back to Mr. Cullen, the MLA for Turtle Mountain, directly on the issue.

I know you have not commented on whether or not the request would be accepted. I would find it more than passing strange if you would not, in the terms of its being a Crown corporation, accountable to a higher level, obviously, to the public than a private corporation, by the nature of the appointments to the Workers Compensation Board, these declarations of conflict of interest, I think, would certainly be warranted.

I noticed on page 20 of the Workers Compensation Board Five-Year Plan 2004 to 2008, a significant, or what I term to be significant—perhaps the board would not consider significant, I am not sure in the long term how some of these things play out—but there was a significant drop, as I read it, in

confidence from the business community, or maybe it is not so much confidence as it is consumer satisfaction with the operation of the board.

I think that sometimes a lot of that has to do with transparency. Perhaps the board is doing a very good job and the corporation, the minister who is responsible, is doing a good job for those services, but I note that in 2002, for example, the satisfaction rate was at almost a historic low for the board and it has been significantly lower than at the high points for '97 and 1998, when the employer satisfaction was very high. I wondered if maybe some of that has to do with this issue of transparency. Certainly, people in the business community who contract, in a sort of way, with Workers Compensation for this service operate in a fairly transparent environment and in one where there is a fair bit of government regulation and accountability required of these businesses. So I would expect if you were to kind of poll those clients on the one side of yours, the business clients, I do not want to presuppose what their answer would be, but I am going to do that by presupposing that it would be fairly high in saying that the conflict of interest of the board of directors should be put forward. I will leave that with you in terms of getting a response in the availability of those conflicts of interest, and I am sure it will be a timely response back.

Just on the issue of Crocus, I have a quick question now, and I will turn the questioning back over to the critic for the area. Would Workers Compensation, and I am not an investment adviser, have been eligible for any kind of the tax credit back that the normal investors get when they invest in the Crocus investment fund?

**Mr. Sexsmith:** No, we would not be eligible for tax credits.

**Mr. Goertzen:** One might assume that a normal investor, an average individual investor, looking at a venture capital fund like Crocus investment fund might and most investors might not be that sophisticated, but certainly some might have rationalized the tax credit with the payoff on risk that is inherent in venture capital when they are operated and managed properly. I guess that question is in dispute on the Crocus investment fund, but the board itself, the Workers Compensation Board, did it take into account that it was not eligible for that payback in determining the amount of investment it

should be putting into Crocus because of the high risk?

**Mr. Sexsmith:** Well, as was mentioned earlier, the board manages risk in a number of ways. Probably the most important way is asset allocation and into riskier ventures investing a smaller amount of the portfolio. I am not sure who was around at the time the initial investment was made in Crocus, but certainly the board would have been aware that they were not eligible for tax credits and would have made the investment on the basis of the investment without tax credits obviously.

**Mr. Goertzen:** How often does management, or whoever is responsible in Workers Compensation, report to the minister in terms of investments and these sorts of things in terms of where the investments are and the performance of the investment fund?

**Mr. Sexsmith:** We keep the minister advised from time to time. There is not a particularly regular schedule, although we do have occasion to meet with the minister reasonably often, I would say, and keep her advised. We would keep the minister advised on a for-information basis.

**Mr. Goertzen:** The minister then, I imagine, or the minister's office, receives minutes of the board meetings on a regular basis. I am assuming there would be that nature of interest from the minister responsible for the Crown corporation to at least see the board minutes.

**Mr. Sexsmith:** No, in fact, we do not provide the board minutes on a regular basis, but just coming back to what I said before we do keep the minister advised on topical issues on an information basis as required.

**Mr. Cullen:** Just to follow up on Mr. Goertzen's line of questioning, my understanding is that the minister has a staffperson under her direction that works in liaison with the corporation.

\* (10:10)

**Ms. Allan:** Yes, I have an assistant that is responsible for WCB matters, casework, and that individual is paid for by the WCB.

**Mr. Cullen:** Madam Chair, so that particular staffperson, is that a full-time position?

**Ms. Allan:** Yes, it is.

**Mr. Cullen:** What would the duties of that particular staffperson be, then?

**Ms. Allan:** The duties would be to respond promptly to calls on issues relating to Workers Compensation; review legislation relating to claimants concerns and obtain information from WCB on individual claims; advise WCB claimants on their rights and responsibilities under the legislation and provide referrals to the appropriate services; prepare ministerial correspondence and enter and track correspondence; liaise with WCB, Worker Advisor Office, Appeals Commission and Injured Workers Association; attend occasional weekend evening meetings; participate in workshops; and present information to other staff members on appropriate referral processes. So, basically, that means the individual works in this building, and that is critical because we have a lot of situations, most of the claimants that the individual deals with, very complex matters. Quite often, they have been long-term situations where, quite often, sometimes, the individuals are agitated or upset, and they may drop in to my office without a meeting, or they are just concerned and they want a place to go. So it is a pretty important position for my office. That position has been there since 1992, under the previous government.

**Mr. Cullen:** Does that particular staffperson, then, work right in your office?

**Ms. Allan:** No.

**Mr. Cullen:** But that person does work in this building?

**Ms. Allan:** Yes.

**Mr. Cullen:** So would that staffperson, then, have a direct liaison with the board of the corporation?

**Ms. Allan:** No.

**Mr. Cullen:** Would that person, then, have a relationship with the investment committee of the board?

**Ms. Allan:** No.

**Mr. Cullen:** A question in general: How many staff does the corporation have?

**Mr. Sexsmith:** We have 469.9 permanent staff.

**Mr. Cullen:** Madam Chair, 469.9. Well, that is interesting. Does the corporation pay any other staff besides the position that they are paying, the minister's assistant?

**Mr. Sexsmith:** By other staff, we do have some other people working for us who would not show up in that complement, for example, we hire doctors, you know, we have a number of doctors on contract to help us with medical opinions and what not.

**Mr. Cullen:** There were some allegations put forward some time ago that some of the staff employed by Workers Compensation were selling Crocus Investments. I wonder if you would care to comment on that.

**Ms. Allan:** Well, we all want to jump to answer this question. This was a practice, I believe, that was set up by the previous government, long before I was minister, and the Crocus Fund was set up by the previous government, if you might recall, and we would be more than happy to answer any questions you have in regard to this.

**Mr. Cullen:** Does that practice, then, continue?

**Mr. Sexsmith:** No, we do not have anybody doing that at present.

**Mr. Cullen:** I guess that the other question, then, is when did that particular activity cease.

**Mr. Sexsmith:** You know, I am sorry, I would have to check the records, but I believe it has been the last couple of years that we have not been doing it.

**Mr. Cullen:** So it is now a policy of the board that no employees would be endeavoring to sell that particular investment?

**Mr. Sexsmith:** I would call it a practice. I do not think you will find a board policy written anywhere saying that, but we have not been in the practice over the last year of doing that.

**Mr. Cummings:** A couple of questions for the minister relative to how she sees her role and the role of the WCB unfolding relative to what would be exempt industries. There was a shiver that went through a number of communities, rural, agricultural.

The agricultural area would be one that jumps to mind. No one felt that they had a clear understanding of where the government intended to take the responsibility for inclusion or exclusion under the WCB act.

So I wonder if the minister would care to comment particularly on the agricultural aspect.

**Ms. Allan:** Well, as the member knows, we have one of the lowest coverage rates of any jurisdiction in Canada. Seventy percent of Manitoba workers are covered by WCB, and the legislation provides for us to expand coverage in consultation with stakeholders.

As I said earlier today, that expansion will occur and be initiated by the board of directors of the WCB. We said when we were in the process of implementing or discussing the legislation in the Legislature that what we would do is we would start with the cousins first. You know, we have all heard about the inside window washers and the outside window washers. The inside window washers are covered by the WCB, and outside window washers who are probably at a much higher risk are not covered by the WCB.

So, in regard to how we are going to start those coverage discussions with stakeholders, I believe the board is looking at the high-risk industries first. In regard to the agriculture sector, absolutely no decisions have been made in regard to that sector at this time.

**Mr. Cummings:** Well, I would think the minister realizes that she just gave me a most unsatisfactory answer, and that is there is no description of which direction she is interested in moving or whether or not she is prepared to provide direction or whether or not she can give any clarity on what constitutes consultation, and I will elaborate on that.

When the Minister of Agriculture (Ms. Wowchuk) changed the method of delivery of the service within the Department of Agriculture and the extension department, it was broadly broadcast to be very consultative. What happened was the changes were made and the directors were put in place and then the minister consulted. That was not a very satisfactory process for rural Manitoba. I fear that this minister has left a lack of clarity out there which can only lead to assumptions that I would think she

probably is not prepared to live with and certainly I am not.

Is she prepared to make a more clear comment on what direction she expects the board to move?

**Ms. Allan:** That was certainly an interesting question and it kind of jumbled—*[interjection]*

\* (10:20)

I think I was very clear in what I said. I pride myself in regard to the consultation that I have with the stakeholders that I work with. I have an excellent working relationship with the business community. That is my job. I have a great deal of respect for the board of directors, which is a tripartite board of directors that represents employers, labour and the public interest.

I believe that any discussion, any consultation around the expansion of coverage will be done with a great deal of due diligence.

**Mr. Cummings:** Well, the area that I am specifically referencing is very diverse with a mixture of investors, a very large percentage of private family operations, and it varies from a fair number of employees to single family operations. It seems to me that the minister could do a better job of indicating to that community what her thoughts are.

If she is prepared to live with the answer that she just gave me, I am quite happy to lift it out of Hansard and send it to my constituents, but I thought she might want to take the opportunity to put something on the record that would be a little bit more clear about where she intends to take this and the nature of the consultations that might occur.

For example, would she be consulting with the Farmers' Union?

**Ms. Allan:** Well, as the Minister responsible for the Workers Compensation Board, I am responsible for the administration of the act. The consultation with industry stakeholders will be done by the WCB. If you would like the WCB to consult with the National Farmers' Union, I am sure they would be more than happy to consult with the National Farmers' Union.

**Mr. Cummings:** Well, that is a neat answer, bordering on the flippant. I will give her one more chance to put a little bit more clarity on the record.

**Ms. Allan:** In regard to coverage, I made a commitment to employers that there would be consultation. We made an amendment to the act. It was the only amendment that we made to Bill 25, which I would like to remind members opposite they supported. It was one of the four pieces of labour legislation that passed unanimously in the House in the spring.

Consultation will be done. It will be initiated by the board of directors and we will start—*[interjection]*

**Madam Chairperson:** Sorry, I am having trouble keeping track of the answer here.

**Ms. Allan:** We will start with the cousins, the high-risk cousins, as I indicated earlier in my comments. We will make sure that there is due diligence done in regard to consultation, and I am quite sure the board of directors and senior management will be able to manage that consultation effectively and efficiently.

**Mr. Cummings:** Would she be consulting with the Keystone Agricultural Producers as an example of a representative of the industry?

**Ms. Allan:** Well, I am quite certain that if there was any initiation by the WCB in regard to coverage for agricultural workers, that the stakeholders, all of them, would be consulted. KAP is one of the primary stakeholders, so I am quite sure that if that occurred at some time down the road, they would be consulted.

**Mr. Cummings:** The minister is being very careful to distance herself from having any input as to what the expansion of the coverage might be.

Does she intend to take any responsibility in terms of providing direction as minister responsible? Would she be providing any comment or direction to the board of WCB, which she appoints, I believe, by Order-in-Council, as to the direction that they might want to take their consultations and which industries?

**Ms. Allan:** The WCB board of directors is appointed by me, but those recommendations come from the stakeholders. The employers recommend individuals to me and I then appoint them. I do not choose them. They choose them. The same is true for labour. So I have every confidence in regard to the whole issue, in regard to expansion of coverage, that it will be

managed effectively by the board and the staff at WCB.

**Mr. Cummings:** My specific question is this: Will the minister be undertaking any communication with respect to the questions that I just asked?

**Ms. Allan:** Well, I am sure, as the CEO of the WCB just said, in regard to any timely matters that are occurring at the WCB, I am sure that I will be informed as the whole conversation and dialogue around coverage occurs.

**Mr. Cummings:** There is a difference between informed, receiving information, and having discussion to initiate direction. Which is the nature of the relationship?

**Ms. Allan:** Any expansion in coverage, as I have said in the Legislature when we were debating Bill 25 and I am saying now, will be initiated by the WCB.

**Mr. Cummings:** Then I can only assume that the minister is washing her hands of this discussion, and the agricultural community will continue to wait and wonder what might be in the future. Without observing on the capability and the importance of the services provided by WCB, I believe that I know and understand the agricultural community quite well, and this is an uncertainty that only compounds a long list of uncertainties that are plaguing Manitoba's, one of our main economic underpinnings, that being agriculture and the practices that go with that, and I am disappointed that the minister would leave that hanging out there. If she would, perhaps, take an undertaking, then, to have the board provide a statement of where they intend to take this, then that would, perhaps, in absence of any political leadership in this area, provide some answers to the questions that I am asking.

**Ms. Allan:** Well, I just would like the MLA to know that he is not the only individual in government or in caucus or in his opposition that is concerned about the agricultural community. I do have meetings with stakeholders and it is quite interesting, I have not had anyone raise this issue with me. I have not had a request for a meeting with any of the agricultural stakeholders in regard to this issue, so I would think that if this was, you know, a crying, burning issue out there that I would have received a phone call from some of those organizations. My door is always

open and, believe me, if I get any request for any meeting from any of the agricultural stakeholders in regard to this specific issue, I will be meeting with them.

\* (10:30)

**Mr. Cummings:** Well, that raises a question about the minister's unwillingness to engage in this discussion. Other than the three reserves that are part of my constituency and a significant service sector for the agricultural community and health care and education community, everybody is involved in agriculture. Many of the people on the reserves as well, but to a lesser extent.

So for her to belittle whether or not I speak on behalf of anyone in the agriculture community says that, perhaps, well, the minister is right, or is she, the MLA across the way here, concerned that, perhaps, this debate should take a different turn. I am sorry that the minister feels uncomfortable about this, but it may be a time to clear the air. I am trying to give her that opportunity.

I take it that the minister's silence means that she is not prepared to respond any further, and I will leave this part of the discussion there. I think silence speaks volumes about whether or not the government is, in fact, engaged in the reality of what has been changed with the act. The members across the table chirp about the act being approved unanimously when it is tied to a number of very desirable outcomes. The government of the day was trying to say that they trust them on a number of these issues. We are now down to the "trust me" part, and the "trust me" part does not look too good, given the answers that I have just been receiving.

**Mrs. Mavis Taillieu (Morris):** Madam Chair, there have been a number of advertising initiatives in the last while and particularly I am thinking of the "Work can hurt" campaign. I wonder if the minister can tell me, or the appropriate person can tell me, what the budget is for this present advertising campaign.

**Mr. Sexsmith:** In 2004, we spent approximately \$1 million on the campaign.

**Mrs. Taillieu:** The budgeted amount?

**Mr. Sexsmith:** Yes, we spent very closely to what was budgeted.

**Mrs. Taillieu:** Could you explain to me the tendering process here for the company that would have received the contract to do the advertising?

**Mr. Sexsmith:** We have a company whom we have been using for several years now. We did hire them through an RFP process. We have renewed our agreement with them since then on the basis of performance.

**Mrs. Taillieu:** How many years have you used this same company?

**Mr. Sexsmith:** I believe we have been using them since 2001, if I remember correctly.

**Mrs. Taillieu:** So I can understand, then, that the advertising campaign has not been tendered for four years?

**Mr. Sexsmith:** Yes, I believe that is correct.

**Mrs. Taillieu:** Is there not a requirement to tender when a contract is above a certain amount of money? I can see, I can understand, past performance, but in four years, I think that it would be recommended to re-tender to be sure that other people had not entered the field and, perhaps, could provide this service at a cheaper rate. I wonder why after four years there has been no re-tendering.

**Mr. Sexsmith:** I would actually like to clarify that. The \$1 million does not all go to the company. They are a company that gives us ongoing advice. We have a contract with them where they provide us ongoing advice, but the vast majority of the \$1 million is for items such as buying media time and what not.

**Mrs. Taillieu:** Could you tell us what company that is that has the contract?

**Mr. Sexsmith:** The company's name is ChangeMakers.

**Mrs. Taillieu:** Could you tell me the principals in that company?

**Mr. Sexsmith:** I can tell you two principals' names are Jim Kingdon and Correy Myco.

**Mrs. Taillieu:** Of the money that is put into the advertising campaign, does all of that money come from the Workers Compensation Board?

**Mr. Sexsmith:** Yes, the money comes from the WCB.

**Mrs. Taillieu:** So no money comes from the Department of Labour within the Manitoba government?

**Mr. Sexsmith:** The campaign is paid for by the WCB, but we work very closely with the Workplace Safety and Health Division in all of our prevention direction and all of our planning and whatnot. So they have input.

**Mrs. Taillieu:** I noticed that in the advertising campaign, it is an initiative of the Workers Compensation Board and the Province of Manitoba. I am wondering why the Province of Manitoba would be included in the advertising campaign if they had not put any direct funding into it.

**Mr. Sexsmith:** Well, the Province is a very important partner in this initiative. They have a very important role to play through their Workplace Safety and Health Division and in the whole planning and carrying out of our prevention initiatives.

**Mrs. Taillieu:** However, they do not fund the advertising campaign, but they receive credit for doing so.

**Mr. Sexsmith:** As an important partner, yes, they receive credit, but they also have a great deal of input and we value their partnership and their input.

**Mrs. Taillieu:** Madam Chair. I am just wondering about how one measures the success of the advertising campaign as opposed to actually doing work on the ground, so to speak, within the workplace, workplace education. I am wondering how one measures the success of an advertising campaign.

**Mr. Sexsmith:** Well, there are a couple of ways. First and foremost, we look at the outcome of the number of injuries, and the injury rate is down 21 percent from 2000 through last year. But also we do go out and measure awareness, so we do some polling to measure how aware the public is of the media campaign and the messages that we are trying to get across.

**Mrs. Taillieu:** Could you tell me what company does the polling?

**Mr. Sexsmith:** I believe the company's name is Viewpoints.

**Mrs. Taillieu:** Can you tell me who the principals of Viewpoints are?

**Mr. Sexsmith:** I am advised that two principals would be Ginny Devine and Leslie Turnbull.

**Mr. Goertzen:** Just for greater clarification. I know Manitoba is a small province, but Ginny Devine, would that be any relation to Premier Gary Doer?

**Mr. Sexsmith:** I do not think you need me to answer those questions for you about relationships. In fact, I am going to leave that.

**Mr. Goertzen:** In fact, I do not want you to answer the question. I will ask the Minister of Labour. Is that Premier Gary Doer's wife?

**Ms. Allan:** That would be correct.

\* (10:40)

**Mr. Goertzen:** I want to go back to the board on the issue then of polling. Are those contracts tendered in terms of where the polling goes to?

**Mr. Sexsmith:** The company that you are referring to we do have a relationship with them. They do polling for us, and, yes, it was tendered.

**Mr. Goertzen:** When was the tender put out?

**Mr. Sexsmith:** That work was last tendered in 2004.

**Mr. Goertzen:** And is it tendered on an annual basis?

**Mr. Sexsmith:** It is tendered every five years.

**Mr. Goertzen:** What are the terms of reference in terms of the tender? What are the criteria and qualifications that go into determining the successful bidder?

**Mr. Sexsmith:** I am going to ask my vice-president in charge of that area to answer some of the details around that if you do not mind.

**Madam Chairperson:** Welcome, Ms. Sayant.

**Ms. Alice Sayant (Vice-President, Healthcare and Customer Service, Workers Compensation Board):** Thank you. As I recall, there were five criteria that were set up in that RFP. Cost would have been one of them, experience, knowledge, the team, and, I am sorry, I cannot remember the fifth criterion.

**Mr. Goertzen:** And was Viewpoints on the criterion, the first criterion that you listed, cost—was it the lowest bidder?

**Ms. Sayant:** There were two bidders that were almost equally low, and Viewpoints was one of them.

**Mr. Goertzen:** Who was the other bidder?

**Ms. Sayant:** The other bidder was Western Opinion Research.

**Mr. Goertzen:** Was Western Opinion lower than Viewpoints in terms of cost?

**Ms. Sayant:** If I recall correctly, they were lower on some parts of the proposal and higher on other parts of the proposal. The decision was not made solely on costs.

**Mr. Goertzen:** If I understand correctly, Western Opinion, whom I believe the principal to be Brian Owen of that polling firm, is a nationally polling company. I believe they have offices in Vancouver now as well, and they had some interests in Vancouver, have done polling across Canada, national polling. So, if they were competitive and perhaps even better on terms of costs, what criteria would they have lost out on?

**Ms. Sayant:** In general terms, they were less competitive on the service criterion.

**Mr. Goertzen:** Could you be more specific?

**Ms. Sayant:** Yes, Western Opinion had been our provider of services for a number of years and we had service issues.

**Mr. Goertzen:** Was Western Opinion on a five-year contract as well? When did their service start with the corporation?

**Ms. Sayant:** Prior to 2004, we did not have a contract. We had a long-standing relationship with service providers, but no contract.

**Mr. Goertzen:** The nature of that polling that takes place, does any of it find its way back through government? I mean obviously the advertisement has a government stamp on it, and I am assuming that the advertisement has to be based around the polling. Most companies that would build an advertising campaign would build it around their polling. Could you indicate if that is correct?

**Ms. Sayant:** Well, I wonder if you could clarify the question. I am sorry.

**Mr. Goertzen:** Sure, I will be more precise. Normally, before any private corporation or, for that matter, any political entity would undertake advertisement, they would do polling to see where it is that the most effective form of advertisement would take place. So, for example, if you are looking to promote certain aspects of safety or different sorts of things you might poll to see what would resonate most in terms of providing more safety. You might poll in a whole host of other issues that never get advertised, but I would assume that the advertising campaign would be built around the polling.

**Ms. Sayant:** Most of the content of the advertising campaign is focus tested. So, rather than polling, we use small focus test groups to try to gauge the impact of the advertising beforehand.

**Mr. Goertzen:** Is Viewpoints involved with the focus testing?

**Ms. Sayant:** Viewpoints is currently our research firm of record.

**Mr. Goertzen:** So the focus testing takes place with Viewpoints, and that, then, drives the advertising campaign. The advertising campaign has a government component because they are on the actual advertisements. Clearly, prior to any kind of advertising taking place with the government's logo on it, there must be some approval from government about the advertisement. I cannot imagine any government would just simply allow a corporation to start advertising on TV using their identifier without ever having seen the ads.

**Mr. Farrell:** The advertising process that we follow at the board is primarily split into two parts. The

testing that is being referred to right now is after-the-fact testing. Most of the advertising that you are seeing in the media right now is as a result of information we received from claims data from Workplace Safety and Health, and we focussed on, for instance, the first crunch of this was the manufacturing industry, where we saw a significantly higher incidence of injury. The polling was done on a broad base. The base of that, though, had nothing to do with information provided from the polling survey. We were working on what we knew was happening based on claims and activities at Workplace Safety and Health, so a significant part of the polling is customer-service based, and that is one of the reasons that they are using the focus groups, but to try and determine how well we are meeting the needs of our funders as well as the injured workers. So that is the primary focus. The advertising is secondary to that, as we are building that to try and reduce accidents and injury rates based on what we know, the hard numbers we are getting right now through our own data.

**Mr. Goertzen:** There is, obviously, an approval process, though, from government on the advertising because they are identified in the advertising, so somebody in government must see the advertising prior to it taking place.

*Ms. Kerri Irvin-Ross, Vice-Chairperson, in the Chair*

**Ms. Allan:** I just wanted to make a few comments in regard to this particular question. When Workplace Safety and Health legislation was done, one of the major, major recommendations was that the Workplace Safety and Health Division and the WCB work together to reduce injuries because we had one of the highest injury rates in Canada. Because of the major advertising campaign that has been done by the WCB, we have seen a 21-percent injury reduction.

I just was at a press conference on Tuesday morning, and it was because we have seen an increase in the number of injuries in the construction industry. I was there as minister. I was asked to come and speak with construction safety individuals as well as the board. The WCB unveiled a radio ad and that was the first time I had heard the ad. I have every confidence in the board of directors and the professionalism of the staff that their advertising campaign is working, and what I am most interested in as minister is what the time-loss injury reductions are. That is what we are focussing on. They work

with a dedicated team of people that have the expertise in regard to the kinds of advertising campaign that we need in regard to getting injuries down.

**Mr. Goertzen:** Madam Minister, were you aware that Viewpoints' research was awarded the contract prior to this committee hearing?

\* (10:50)

**Ms. Allan:** Today is the very first time that I knew of it.

**Mr. Goertzen:** Can I ask what the value of the contract is?

**Ms. Sayant:** The value of the contract over a five-year period is estimated to be about half a million dollars. I want to make it clear that that includes all of our customer satisfaction research and all the other research that we do in addition to advertising.

**Mr. Cullen:** Madam Chair, I have got to get this clear in my mind exactly the role Viewpoints, what, in fact, they are hired to do. Can you kind of expand on exactly what they are hired to do?

**Ms. Sayant:** Yes, they have been hired to conduct all of our research activities for a five-year period. The majority of that work is customer satisfaction polling of injured workers four times a year; customer satisfaction polling of employers once a year; and we also have launched a new survey for injured workers in the course of their claim twice a year. So that is the majority of what they do, is the customer satisfaction data. They would also conduct focus groups as required on an as-needed basis.

**Mr. Cullen:** Madam Chair, so this is a five-year contract and, for clarification, it was started in 2004?

**Ms. Sayant:** Yes, it was awarded in 2004, to be effective January 1, 2005.

**Mr. Cullen:** Once Viewpoints conducts this research or polling, whatever the term you like to use, then they report back to a committee of Workers Comp, or how does that work?

**Ms. Sayant:** The results are reported back to the administration of the WCB and we do analysis and

monitoring of it, and we report that back to the committees of the board.

**Mr. Cullen:** And then from there, then, the board gives direction in terms of advertising campaigns and promotion items? Is that how the system would work?

**Ms. Sayant:** I was referring to the customer satisfaction data, which is reported to the committees of the board and reported to the board. They do not give direction. They are kept informed of our customer satisfaction results. This way we can inform the board of the results of our activities around improving customer service.

**Mr. Cullen:** So how is the education campaign devised? Who formulates that? Is there an education committee or how does that move forward?

**Mr. Farrell:** The process that is followed, as I mentioned earlier, has been to examine the areas where we notice significantly higher incidents of accident and injury taking place. Once we have determined the focus on a specific industry, we have relayed that to our consultant, not Viewpoints, but our consultant who is providing us with the actual hard copy you are seeing on TV or in the media. They take it and apply the necessary talents that they bring to it, to present the message in as succinct as possible a way. Those ads are approved by the board. The board sees those ads before they are made public, but they are developed by Mr. Kingdon's firm and brought to the board for approval.

**Mr. Cullen:** Now, for clarification, that particular education program, is that the \$1 million?

**Mr. Farrell:** That program is approximately \$1 million, and a large portion of that goes to buying air time, that sort of thing, the whole package, buying time in the media.

**Mr. Cullen:** When we talk about education here, there is also in the report the Community Initiatives and Research Program and that is a million-dollar activity as well. Can you explain to us what is involved in that initiative?

**Mr. Farrell:** CIRP, that is a program that has been in place since, I believe, 1997. The details arising from it; annually, the board receives requests from various organizations for funding under this

program. It is reviewed by a committee of the board, and then the final awards are made by the board of directors.

**Mr. Cullen:** What is the intent or what is the scope of those awards? What is the premise behind them?

**Mr. Farrell:** Principally, it is to add information that is not currently available. There are a number of them that have a research base to seek information; for instance, in areas of industrial disease, very little is known about it—there is more coming—as well as looking at initiatives that will provide service where we do not have a significant amount of information. So it is a broad range of things in there; for instance, there are the Workers of Tomorrow. It is an educational program that was put in place some years ago to go into the schools and provide training to young people on issues related to the workplace and to occupational health and safety.

**Mr. Cullen:** Would the corporation be able to share the report on that particular program, like who was allocated those resources over the last five years?

**Floor Comment:** Yes, we could—

**Madam Vice-Chairperson:** Mr. Farrell.

**Mr. Farrell:** Yes, I am sorry, Madam Chair. Yes, we could make that available to you—who has received *[interjection]* I am informed it is all available on our Web site.

**Mr. Cullen:** I just want to refer to the current report, page 43, then, of the operating expenses. I just want to be clear in my mind, if I could, where these respective programs show up on the expenses. There is a line in here, specifically, about the Community Initiatives and Research Program grants. Where is the other million dollars in advertising? Where does that show up in this particular expense?

**Mr. Farrell:** Madam Chair, that is in the prevention area, Prevention and Other.

**Mr. Cullen:** You mentioned the SAFE Workers of Tomorrow program and you said it has been on the go for some time. Is there staff assigned particular to that SAFE Workers of Tomorrow that are paid by the Workers Compensation?

**Mr. Sexsmith:** There are no Workers Compensation staff assigned through the grant provided the SAFE

Workers of Tomorrow. The organization has staff that go out to schools and do educational programming throughout the province, actually.

**Mr. Cullen:** So the SAFE Workers of Tomorrow, how is that entity set up? It is some kind of a corporation, or what is the nature of that group?

**Mr. Sexsmith:** It is a non-profit organization that receives the grant and does that work.

*Madam Chairperson in the Chair*

**Ms. Allan:** I just wanted to remind the MLA for Turtle Mountain that when we were here at the Legislature, I believe it was the spring, if my memory serves me correctly, and there was a very special day in regard to the National Day of Mourning. We had the SAFE Workers of Tomorrow here with us to acknowledge people that have been killed across Canada in the line of their work. The film that they did was about Michael Skanderberg, and I just wanted to remind the MLA about that because he was here with us. I know he knows Cindy very, very well. It is a family in his constituency that have worked incredibly hard with the SAFE Workers of Tomorrow in regard to educating young people about some of the dangers involved in workplaces when you are not properly trained.

\* (11:00)

**Mr. Cullen:** I certainly respect the minister's comments in regard to the Skanderbergs.

Does the Province fund the SAFE Workers of Tomorrow as well?

**Ms. Allan:** Yes, we do.

**Mr. Cullen:** To what extent does the Province fund SAFE Workers of Tomorrow?

**Ms. Allan:** I am doing this from memory. I believe for the first time this year three departments went together, the Department of Labour, the Department of Advanced Education and Training, and the third one, I apologize, I cannot pull out of my memory bank, but we funded them \$125,000.

**Mr. Cullen:** What is the role of the Manitoba Federation of Labour in regard to the SAFE Workers of Tomorrow?

**Ms. Allan:** I cannot comment, but I do not believe there is a relationship.

**Mr. Farrell:** The Manitoba Federation of Labour does not have a direct relationship. They are very interested in the process, as we all are, but, for instance, this organization is housed with the Manitoba Safety Council over on Notre Dame. They have space there that has been provided by the Manitoba Safety Council, and they function from that area.

They are providing training primarily in Winnipeg, but they have a significant outreach into other parts of Manitoba to ensure that the message goes out. They are operating on, I think, a shoestring budget and providing what I believe to be a very cost-effective program. It is one that, down the road, is going to provide the board with significant savings, if they are possible, in preventing 1 percent of the accidents that might have occurred.

So it is one of these processes that I believe in very strongly, and I think all of the board had the same belief.

**Mr. Cullen:** So, for clarification, the Manitoba Federation of Labour has no relationship with the SAFE Workers of Tomorrow?

**Mr. Farrell:** I would not go so far as to say they have no relationship. I believe their relationship is not financial. I believe from time to time they may lend people to work with the SAFE Workers of Tomorrow, as do other organizations.

I know that, when they leave the city of Winnipeg, some of the industries outside of Winnipeg are also supportive in providing space, classrooms and things of that nature.

**Mr. Cullen:** So are we saying that the Manitoba Federation of Labour would supply staff to assist the SAFE Workers of Tomorrow in their programming?

**Mr. Farrell:** Not staff but resources, whether it be details or—they are encouraging SAFE Workers of Tomorrow, and the extent to which they are doing that is within their ability to acquire things and in using facilities they have, for instance, using a union facility, should it be available.

**Mr. Cullen:** I know SAFE Workers of Tomorrow is out in various communities. In fact, they were in Glenboro a very short time ago. As part of the program which my son was involved in, there was a

brochure, and then there were a few other leaflets that were distributed at that time. One of the leaflets is from the Manitoba Federation of Labour.

Were you aware that this type of information was being provided to students?

**Mr. Farrell:** No, but I am not surprised that it would be there. The link between SAFE and labour is there and, I believe, other organizations. There is probably a link as well through the Manitoba Safety Council.

**Mr. Cullen:** The other aspect here is the Workplace Safety and Health. The Workers Compensation reimburse the Workplace Safety and Health to the tune of, I believe, it was \$5.7 million, and I am wondering if that particular activity is going to continue and what the expectation is for the amount of reimbursement in the future.

**Ms. Allan:** Every jurisdiction in Canada, the WCB funds the Workplace Safety and Health Division. There is a formula and that formula is in the act. It is part of the mandate of the Workplace Safety and Health and the WCB to work together to reduce injuries.

**Mr. Cullen:** How does the process work? Are they civil servants? Are they employed by the Province, the Workplace Safety and Health staff?

**Ms. Allan:** The Workplace Safety and Health Division staff are employees of the government, and they are part of my department. That is correct.

**Mr. Cullen:** Then, at the end of the year, whatever this formula is based on, the Workers Compensation Board will, in essence, cut a cheque to the Province to pay for the Workplace Safety and Health staff.

**Ms. Allan:** I am looking here to the CEO, and he is nodding his head and saying that, yes, that is how it works. He may want to have some comments, I do not know.

**Mr. Sexsmith:** Yes, in fact, that is how it works. We have some considerable discussions back and forth, and we make periodic payments to the government to cover the costs.

**Mr. Cullen:** Does that fee cover the entire cost of the Workplace Safety and Health staff?

**Ms. Allan:** That is correct.

**Mr. Cullen:** What is the base of the formula? What would increase the dollar coverage coming forward? How does that formula work without getting too complicated?

**Ms. Allan:** The WCB provides an annual grant to the Government of Manitoba to fund up to—well, I guess I was wrong, I said 100 percent—95 percent of the operating costs and the related overhead of the Workplace Safety and Health Division. The formula cap is in section 84.1 of The Workers Compensation Act plus 100 percent of the operating costs and related overheads of the Worker Advisor Office.

**Mr. Cullen:** So the question is what is the basis of that formula. What is that formula based on? Is it based on revenue that the corporation gets?

**Mr. Farrell:** The minister said there is a cap at 95 percent, but the formula is based on providing the level of service that the Government of Manitoba, the Department of Labour, feels is necessary and that the board, in turn, believes is of value. The board has the ability to control some of the expenses, but the board, in my opinion, should be paying not 95 but 100 percent, as happens in most other jurisdictions. I bring that to the table from another hat I wore some time ago. But that is a view I hold very strongly. It is one that exists across the country. I think the board needs to be receiving the information it expects from Workplace Safety and Health, and it is my belief that by participating at that level they are able to get the kinds of information they need to have to better develop the programs at the board level to address concerns and ensure the workplace is supportive of them.

**Mr. Kevin Lamoureux (Inkster):** Madam Chair, I do have a few questions in a couple of areas that I do want to touch base on somewhat briefly.

First of all, I would like to get back to the staffperson that Workers Compensation has working here out of the Leg. Can the chairperson indicate who that staffperson is, and how long that person has been working out of the Leg for?

\* (11:10)

**Mr. Farrell:** I am looking around to get a name. The current staffperson is Gary Alexander, and he has been here since June of this year.

**Mr. Lamoureux:** Can the chairperson indicate to this committee why Workers Compensation should be providing a staffperson to the minister's office?

**Mr. Farrell:** That person has been provided through various years within the government, and the rationale behind it is that probably one of the issues that arrives at the Minister of Labour's office is related to Workers Comp. Many of the MLAs, through their constituencies, have concerns. There is a focus provided through one person who is able to be familiar with The Workers Compensation Act, and I believe the function is invaluable.

As the minister said earlier in her comments, people arrive at the minister's office for various reasons. There are always a number of concerns out there. I think the board does an excellent job in addressing 99.95 percent of injured workers' requirements, but there is that 0.05 that is there that, for various reasons, need to have attention. Having that person there is a value to the minister's office, but equally to the board, because it gives us a single person that we deal with on these issues.

**Mr. Lamoureux:** For many of the descriptions that the minister gave I can indicate that I, too, get a great deal of concerns raised regarding Workers Compensation. Will your board provide a staffperson for me and other members of the opposition?

**Mr. Farrell:** That person is Mr. Alexander.

**Mr. Lamoureux:** To the chairperson, does that person not go to the minister? So what you are telling us is that we need to go to the minister in order to access your staffperson?

**Ms. Allan:** I would like to thank the member from Inkster for the question. We get lots of correspondence in our office from MLAs in regard to Workers Compensation cases, and Mr. Alexander is there to provide support to MLAs in regard to any injured worker who is hurt and who requires assistance from my office.

**Mr. Lamoureux:** My question to the chairperson is you provide a staffperson to assist the minister, you provide that staffperson to assist the government in dealing with Workers Compensation. Why would the opposition not be entitled to the same sort of support that your corporation is giving to government members?

**Mr. Farrell:** The rationale now and in the past has been that the Minister of Labour is the minister responsible for The Workers Compensation Act and, therefore, the focus of all of this. So the staffperson is provided at that level.

**Mr. Lamoureux:** My question then is why should a corporation be paying for a staffperson of a minister? I disagree with the fact that the corporation is paying for someone to be a political aid of sorts, for me to have to go through Workers Compensation, this designated individual who, in essence, works for the minister. I do not understand how you can justify to the employees and the employers who make the contribution, how you can justify providing a staffperson when in fact this staffperson should be hired by the Province, not Workers Compensation.

I would look to the chairperson of the board to raise this issue at the Workers Compensation Board. I would be very interested in finding out what sort of response he gets from the debate around that table. I cannot imagine how it can be justified.

If the government needs something they can do just like an opposition member can do. They can pick up the phone. They can make contact. You can have the staffperson there. To me, the way I see it, it is political spin.

Does that person continue to work for the government, even though they are being paid by you during an election period?

**Mr. Farrell:** That person would continue to provide service during an election period, unless they chose to be on holidays or something of that nature. It is my understanding that, although the work in the Legislature may slow down fairly dramatically during an election period, things like the issues arising out of Workers Compensation do not.

**Mr. Lamoureux:** So, if the minister or any government member is knocking on a door and someone is having a problem with Workers Compensation, they can just say, "Give Gary a call. Go through Gary and he will help you out, as a would-be voter." Correct?

**Mr. Farrell:** I would assume that if, during an election campaign, there was a question that arose that a member of the Legislature wanted information

on then this individual would be there to provide it, or assistance.

**Mr. Lamoureux:** Have you looked into Elections Manitoba to see if in fact you would be within the Elections Manitoba law on that issue?

**Mr. Farrell:** I have not. This has not been an issue of discussion or contention for the years I worked in this building and in the short time I have been over as interim chair of the board. It is not an issue before the board or one that the board raises on an ongoing basis.

**Mr. Lamoureux:** I would remind the chairperson that The Elections Finances Act was amended quite significantly in 2001, which changed the law considerably. It might be advisable, I say, for the CEO to look into that and to also give consideration to why that board should be reviewing why they are providing that staffperson.

You have a poll person out there. I do believe that Manitobans would not support this corporation hiring someone to be working for a political office. I believe it is wrong.

Having said that, I want to move on to the Crocus file. Can the CEO indicate to me when was the last time the WCB actually purchased shares of Crocus?

**Mr. Sexsmith:** Yes. Just bear with me for a minute and I will look that up.

That would be May 1998—pardon me, September 1998.

**Mr. Lamoureux:** Can the member indicate as to when would have been the last time staff working for Workers Compensation would have been promoting a purchase of Crocus shares?

**Mr. Sexsmith:** I am sorry. I am going to have to take that question under advisement and check the record for you on that.

**Mr. Lamoureux:** Could the member indicate whether or not they were aware of any red flags that were being raised regarding Crocus Investment, in particular the investment committee, back in 2001?

**Mr. Sexsmith:** No, I was not aware of any red flags. I should point out, however, just for the record, that I did not join the WCB until December of 2001.

**Mr. Lamoureux:** I would appreciate that information, if the member could get it to me.

\* (11:20)

The other thing, in regard to the Crocus shares, is that I would be interested in knowing when you look at the investments that Workers Compensation have, are there any other investments that they are aware of, in which current board members would actually be involved on those boards, outside of the Crocus Fund?

**Mr. Sexsmith:** There are several boards that staff sit on as a result of investments that we have in various enterprises.

**Mr. Lamoureux:** The final question I have is more so for the CEO or the minister, and it is just more so to give clarification on an incident. I will share with you someone that I met with who was involved in a work accident. In this particular case, he works at a company which was not paying into WCB benefits. The employee honestly thought that he was covered and, in fact, what happened was that his finger was pricked, where there was penetration into the finger, and there was a very light amount of bleeding. It was not thought of being a significant work-related injury, but within a couple of days it turned into flesh-eating disease and became very severe. The individual has been off work virtually ever since. This has happened over a year ago.

The question that I have is what does someone like myself tell this worker who honestly believed that he was covered under Workers Compensation, who was injured at work, but the employer did not have compensation. I understand the employer currently now does pay into compensation, but what protection is there for the worker who does get injured at work and the employer is not paying into compensation?

**Madam Chairperson:** So I am assuming that that question goes to sort of the general mandate of the corporation as related to the reports? Okay. Mr. Sexsmith?

**Mr. Sexsmith:** Well, that is a very interesting point. We at the WCB, of course, believe that we provide a

very great service, and we hate to see anybody injured out there who is not covered by compensation. So, when you have someone injured and their industry is not covered, they are certainly in an unfortunate situation, because, you know, if they are not a covered industry, then they certainly, unfortunately, are not eligible for WCB benefits.

**Mr. Goertzen:** I just have a question, quickly, regarding Mr. Fox-Decent. I understand he has moved on, I know he has moved on, as chair. Can you tell me about the nature of, if he received a severance package moving from Workers Compensation, what the value of that package was, if he received one?

**Mr. Sexsmith:** I would call that a human resources matter. That would be a confidential matter, and so I do not think I can comment on it.

**Mr. Goertzen:** I think at virtually every level of government, and I will ask the minister, at virtually every level of government severance packages for employees, not necessarily the nature of the dismissal always, but the value of a severance package is not a lot different than, any different from, the value of a salary, which in Manitoba is public information over a certain threshold, so I will ask the minister, certainly, if she would make that information available if there was a severance package brought forward to Mr. Fox-Decent.

**Ms. Allan:** I will certainly look into that and get back to you.

**Mr. Goertzen:** Surely, somebody on the board must be able to answer the question about whether or not a severance package was made available at all, even if they do not know the exact figures at this point, but was a severance package made available to Mr. Fox-Decent.

**Mr. Sexsmith:** Again, I think that I will take that question under advisement and get back to you when I check issues around confidentiality.

**Mr. Jim Maloway (Elmwood):** I would like to ask whether or not the corporation could look at dispensing with these multicolour annual reports. Could you tell me the cost of producing these annual reports, and whether or not you could possibly just put them on-line and have people print copies as needed? This is not a private corporation that has

shareholders that must produce copies for the shareholders or copies for the banks, right? So I would like to know what your thoughts on that are.

**Mr. Sexsmith:** I think that is a very interesting suggestion, and we are looking constantly for ways to reduce our costs. We are more and more moving to making things available on our Web site, and so I will certainly take that question as good advice and we will keep it in mind as we go forward.

**Mr. Cummings:** I just want to pick up on the question asked by my colleague from Steinbach. Along with, I think, almost all of the electorate in Manitoba, I would be horrified if the minister did not know whether or not indeed there may have been a severance package in that. She can dodge around whether or not there was an amount attached to it, but I think my colleague asked a very relevant question and the minister said she would get back to us. It indicates either that she does not know or that she does not want to tell us, so I would just give her one more opportunity to respond to the member from Steinbach.

**Ms. Allan:** Well, I am quite sure Mr. Fox-Decent received a severance package. This is an individual that was appointed by the previous government, and I am not aware of what that severance package is. I am not aware of the details, but that is why I said that I would be more than happy to get back to the MLA in regard to that. I have never been asked for this kind of information before in regard to what individuals leaving the government, chairs of boards leaving an arm's-length agency, I have never been asked that question before, and I do not know what legally I am able to say about that, as the CEO of the WCB has said, Mr. Sexsmith. In regard to any personnel matter, in regard to any kinds of severance packages upon retirement, I think we want to check and make sure in regard to whether or not that information is public. If that information is public, I will be more than happy to share it with the opposition.

**Mr. Goertzen:** I know that this would be a matter of some public interest, given the nature of the discussions that have been happening at WCB. I understand there is an auditor's report coming forward on governance and perhaps other issues. Certainly, at the time of Mr. Fox-Decent's—and I understand now the Minister of Labour said it was a retirement—there were some questions. It does affect,

I think, to some extent the value of the severance whether or not somebody retired from a board or whether somebody resigned from a board or whether somebody was asked to leave from the board. Is the minister standing by her statement that this was simply a retirement?

**Ms. Allan:** Mr. Wally Fox-Decent retired from the WCB. He had a press conference, he issued a press release, and I am sure we can make that press release available to you if you missed it.

**Mr. Goertzen:** I am certain, then, that the value of the severance then would be reflected in the fact that it was a retirement, that it was of his own choice and that he decided to go another way. So I am not sure why the minister would be in any way hesitant to talk about a severance because I can only imagine it was fairly modest since it was, according to the minister's own proclamation, his own intention to go on and pursue other things within his life. So the minister must be assured, then, that it would have been quite a modest severance. I do not expect that anybody would receive a significant handshake out of the Workers Compensation Board seeing that, of course, any money, any dollar that leaves as a way of severance is the dollar out of the hands of an injured worker. I am certain the minister would have been right on top of that issue to ensure that it would have been a modest, the lowest possible under the law, as I have heard that terminology used in other places in other political environments. I am sure she ensured it was the lowest possible under the law.

**Ms. Allan:** As I said earlier, in regard to any issues around Mr. Fox-Decent and his retirement and any kind of severance package that he may have received, I am not familiar with those actual details. I also said that in regard to process around that, I will certainly check and get back to the MLA.

\* (11:30)

**Madam Chairperson:** The hour being 11:30, what is the will of the committee?

**Mr. Cullen:** Well, we just have a few more questions. I wonder if we could just have another 15 minutes on the clock.

**Madam Chairperson:** Agreed? *[Agreed]*

**Mr. Cullen:** Thank you very much, Madam Chair. Just reference back to the SAFE Workers of

Tomorrow. I want to get a comment from the minister if she thinks it prudent or advisable to have the information from the Manitoba Federation of Labour, whether that information should be—is it appropriate for the MFL to be providing this information to the kids through the SAFE Workers of Tomorrow program?

**Ms. Allan:** Well, I am not familiar with the information that the MLA for Turtle Mountain is referring to, but I would be more than interested in having a look at it if he would be so kind as to table it.

**Madam Chairperson:** Mr. Cullen, or is it Mr. Cummings?

**Mr. Cummings:** Well, Madam Chair, the minister has neatly turned the tables on me when I asked her to table something a few minutes ago, but the fact is this is the only copy we have got. I would be amazed if the minister does not have lots of copies of this. If this SAFE Workers of Tomorrow pamphlet is not in the minister's front office, I would be surprised. The question is whether or not the information from the MFL is stuck inside her copy or not. This was presented to schoolchildren with this inside it. My colleague asked what the minister believes the appropriateness of that is. I will leave it up to my colleague to decide if he wants to share that at this moment with the minister.

**Mr. Cullen:** Well, as Mr. Cummings did point out, it is our only copy. Certainly, I will share with the minister after retirement of the committee.

**Ms. Allan:** I would appreciate that; a Xeroxed copy would be great.

**Mr. Cullen:** Yes, we will endeavour to get a copy to the minister. I would just like to switch gears a little and talk a little bit about the claims process. My understanding was there has been a pilot project undertaken by the corporation in terms of an electronic system. I wonder if someone would care to comment on that process.

**Ms. Sexsmith:** Yes, in fact we have been working over several years, actually, to, I guess, modernize would be the term to use, modernize our claims process so that we can move away from paper files to an electronic system. We have had some very good success so far, I might add, in that we are now

a little bit more efficient, or we are much more efficient, actually, at the front end of our system. We have it installed in what we call our short-term claims area, and we are now working our way into what I would call the back of the system into the case management system where we have our longer term claims. It is helping us very much with some of our service objectives, that is, to provide better service to claimants. When you work in a paper-based system, you do not always have access to the file if a claimant phones and asks questions, or whatever. So it is a very important initiative to us. We are working away at it in a measured way, and I think it is providing some very positive benefits.

**Mr. Cullen:** Is that process, then, expediting the claims process?

**Mr. Sexsmith:** Yes, I believe it is helping us to be quicker with our processes. Yes, one of our key goals is to process claims very quickly at the front end of the service, and we are having some good success in that area. We keep track of how many claims we process within a couple of weeks, and our numbers there have improved substantially over the last couple of years.

**Mr. Cullen:** Thank you for those comments. I guess the bottom line or the real means to expedite people through the claims system is actually in the delivery of the service to those particular individuals. Reading the Hansard from last year's committee, the chairman at that time had indicated, and I quote from Hansard: "The board of directors has approved us discussing possible arrangements with the medical facilities in Manitoba."

I am just wondering if you could comment on those remarks he made and where we are at in terms of the claims process.

**Mr. Sexsmith:** I wonder if I can get you to clarify the question a bit there. Are you talking about how we do claims?

**Mr. Cullen:** I am more interested in the actual delivery of the service, on the individual claimant, where they go, how they are provided service. I take it right now that they basically would have to get in line with the rest of Manitobans to have their service provided in their recovery. My expectation is that, because of the wait lists we have, these claimants are being backlogged and, as such, are not getting the

treatment that they require to move them forward to get them back in line and get them back to work.

So the reference here is that the board was looking at some options that, in my mind, would probably expedite the process for the individual claimants.

**Mr. Sexsmith:** Yes, and I can tell you that since that time we have put in place an agreement—not an agreement, I would not call it. We have put in place a fee schedule where we pay for surgeries based on a time line. For example, if the surgery is done more quickly then the fee is higher. So we have done that, and that fee schedule is available to clinics in Manitoba.

**Mr. Cullen:** So is there anything else in the works that would expedite the claim process for an individual who basically has to wait in line to have his procedure taken care of?

**Mr. Sexsmith:** Yes. In fact, we also have an agreement with Pan Am Clinic around MRI services, with a similar sort of scheme where the fee paid for the MRI will vary with the time line. We have an agreement in place, but the MRI is not in place yet, so that process has not yet started.

**Mr. Cullen:** Would the board be willing to have a look at doing business with any other clinics in Manitoba?

**Mr. Sexsmith:** Yes. I think, as we mentioned last time we were here, we are open to discussion with other clinics around various services. In fact the surgical process that I mentioned earlier is available, not just to the Pan Am Clinic but also to the Maples clinic or any other free-standing clinics that can provide that service.

**Mr. Cullen:** For clarification then, you did mention the Maples clinic. Are you currently doing work with the Maples clinic?

**Mr. Sexsmith:** Yes, we do some work with the Maples clinic. We have, over the last year or so, been mainly getting pain management work from the Maples, although they have indicated to us recently that they would like to provide more surgical services, and we are open to that.

**Mr. Cullen:** So you are currently in discussions to look at different procedures at private clinics then.

**Mr. Sexsmith:** We are open to where the claimant wants to go. We do not direct our claimants to one place or another. It is really between them and their family doctor where they go.

**Mr. Cullen:** Then it would be up to Workers Compensation to cover any of the fees that claimant may encounter.

**Mr. Sexsmith:** We would cover the fees, as per our schedule, anywhere that it makes sense, that we have an agreement that they can go, sure.

**Mr. Cullen:** So, in terms of such things as MRI scans and those sorts of things, if it is prescribed by a doctor then the individual claimant would have the ability to go wherever he wants to get that service provided.

**Mr. Sexsmith:** We do not direct people to any particular facility. However, most of our MRIs, the vast majority, as far as I am aware, are currently done at St. Boniface Hospital because that is a facility that is available, and that is where they go now.

\* (11:40)

**Mr. Cullen:** If the service was available at a private clinic, the claimant could go to that clinic and the Workers Compensation Board would then cover his costs?

**Mr. Sexsmith:** Yes. We are not going to tell a claimant they cannot go somewhere unless there is some reason to do so. But, if they have access to a facility that is operating in good standing in the province, then we are not going to tell them they cannot go there.

**Mr. Cullen:** So the process, then, is not a tender process where you would find out or determine where the lowest cost is available for a certain procedure. You are just paying based on your schedule. Is that how it works?

**Mr. Sexsmith:** Yes. In fact, there is a surgical fee schedule.

**Mr. Cullen:** I guess if a private clinic could do it at a less cost, then that would—or have you discussed any of those options with private clinics in terms of various fee structures? How do you arrive at your fee structure?

**Mr. Sexsmith:** Our surgical fee structure has been in place for some years, and we have provided inflationary increases. But, in fact, I guess I would just clarify that the private clinic in Manitoba that provides surgical services has been hesitant to provide us services at the fee structure that we have in place right now. It has not been our experience that we are able to get cheaper service somewhere else.

**Mr. Cullen:** Is it a practice of other corporations across the country to use private clinics?

**Mr. Sexsmith:** I believe there are some arrangements in place in other provinces that make use of private facilities.

**Mr. Cummings:** I am very interested in this line of questioning because in correspondence with the Minister of Health (Mr. Sale) I indicated to him that I knew of investors who were prepared to provide MRI services. In response to that, he pointed out there were lots of MRIs available in the province, and that it would not really be necessary was the implication. In a second letter to the minister, I asked under what circumstances they would be able to charge for the service. The minister has had, I do not know, six, eight months and has not replied to that letter.

Are you saying that the WCB will, could or does acquire services of that nature from a private supplier?

**Mr. Sexsmith:** Well, I am not saying that we do it right now. I think the question is hypothetical because I am not aware of any MRI that is currently available.

As I mentioned, we do have an arrangement with the Pan Am Clinic. Their MRI is not currently available but will be available in the near future, I understand.

**Mr. Cummings:** Well, that was the MRI that at one point I believe the WCB was considering investing in.

That aside, the principle of whether or not a private supplier could provide services is very important. I do not think it is entirely hypothetical. I wonder perhaps if I would be better directed toward the minister. However, the WCB is doing its best to provide services to the workers, but I wonder if the minister believes that the WCB should be, if it was available—and I believe it has been discouraged from being available because of government policy in this province. That policy appears to be, written or unwritten, that if you invested in this technology you would not necessarily be able to charge for it.

Can the minister indicate whether or not she has any problem with potentially having WCB access services from a privately owned and operated clinic for MRIs?

**Ms. Allan:** As I said last year, and I will say again this year, the provision of services to injured workers is a decision that is made by the WCB. Their main priority in regard to the provision of services is to get the injured workers back to health and work as quickly as possible because that is what is good for employers and that is what is good for workers. They are responsible for the fee schedules that are structured. They are responsible for the provision of services, and that is not a matter that I get involved in.

**Madam Chairperson:** Seeing that the time is 11:45, what is the will of the committee?

**Mr. Cummings:** I have another question that I would like to get in if the committee would agree.

**Madam Chairperson:** Agreed? [*Agreed*]

**Mr. Cummings:** I thank my colleagues on both sides of the table for a moment's indulgence. I think it is important that the minister recognize that it may be the policy of her government that discourages private opportunity in this province. I can quantify and verify a group of people who are prepared to put out in multiples of millions of dollars to provide equipment that would be available for hire in this province, and they have had great difficulty getting any kind of answer or assurance that they could indeed charge. The answer appears to be that they could buy it, but they cannot charge for it. The Minister responsible for WCB, the Minister responsible for MPIC where there is now no-fault coverage which provides a service similar to what WCB does

to injured accident victims, the government is in a central role in what is available to people who suffer as consequences of their job or automobile accidents. Is she prepared to look at encouraging WCB and her government to look at the broad range of opportunities?

**Ms. Allan:** Well, once again, the WCB makes those decisions at the board, and they have contracted services with the Maples clinic in the past. I think the CEO of WCB made it very clear in regard to that, that there was a mix of public and private, and that is a decision that is made at the board.

**Madam Chairperson:** At this time I would like to ask if there are reports that the committee would consider passing at this time.

**Mr. Cullen:** At this point and time, we are prepared to pass the following reports. Do you want to call them out?

**Madam Chairperson:** Yes, please. Do you want me to read them out?

**An Honourable Member:** You call them out.

**Madam Chairperson:** Okay. I can read them out from here.

Workers Compensation Board Annual Report – December 31, 2002–pass.

Workers Compensation Board Annual Report – December 31, 2003–pass.

Shall the Workers Compensation Board Annual Report – December 31, 2004, pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Madam Chairperson:** No. The report is not passed.

WCB Appeals Commission and Medical Review Panel Annual Report – December 31, 2003–pass.

Shall the WCB Appeals Commission and Medical Review Panel Annual Report – December 31, 2004, pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Madam Chairperson:** No. The report is not passed.

Workers Compensation Board Five-Year Plan – 2001-2005–pass.

Workers Compensation Board Five-Year Plan – 2002-2006–pass.

Workers Compensation Board Five-Year Plan – 2003-2007–pass.

Shall the Workers Compensation Board Five-Year Plan – 2004-2008 pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Madam Chairperson:** No. The report is not passed.

Shall the Workers Compensation Board Five-Year Plan – 2005-2009 pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Madam Chairperson:** No. The report is not passed.

The hour being 11:50, what is the will of the committee?

**Some Honourable Members:** Committee rise.

**Madam Chairperson:** Committee rise.

Could I ask committee members, too, if you do not require your reports, if you could please leave them behind and then they will be used again in future meetings? Thank you very much.

**COMMITTEE ROSE AT:** 11:50 a.m.