

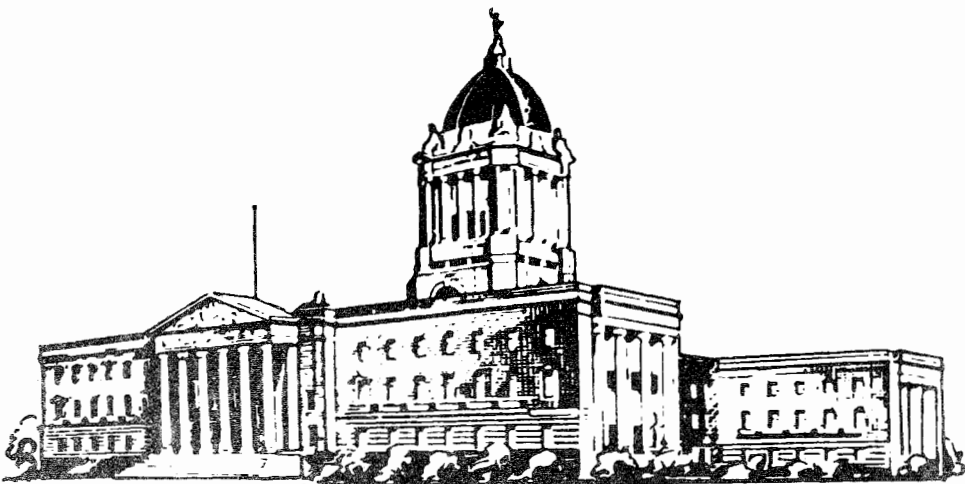


**First Session — Thirty-Fourth Legislature**  
of the  
**Legislative Assembly of Manitoba**

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

37 Elizabeth II

*Chairman*  
*Mr. H. Pankratz*  
*Constituency of La Verendrye*



**VOL. XXXVII No. 7 - 10 a.m., TUESDAY, NOVEMBER 1, 1988.**

**MANITOBA LEGISLATIVE ASSEMBLY  
Thirty-Fourth Legislature**

**Members, Constituencies and Political Affiliation**

NAME	CONSTITUENCY	PARTY
<b>ALCOCK, Reg</b>	Osborne	LIBERAL
<b>ANGUS, John</b>	St. Norbert	LIBERAL
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BURRELL, Parker</b>	Swan River	PC
<b>CARR, James</b>	Fort Rouge	LIBERAL
<b>CARSTAIRS, Sharon</b>	River Heights	LIBERAL
<b>CHARLES, Gwen</b>	Selkirk	LIBERAL
<b>CHEEMA, Gulzar</b>	Kildonan	LIBERAL
<b>CHORNOPYSKI, William</b>	Burrows	LIBERAL
<b>CONNERY, Edward Hon.</b>	Portage la Prairie	PC
<b>COWAN, Jay</b>	Churchill	NDP
<b>CUMMINGS, Glen, Hon.</b>	Ste. Rose du Lac	PC
<b>DERKACH, Leonard, Hon.</b>	Roblin-Russell	PC
<b>DOER, Gary</b>	Concordia	NDP
<b>DOWNEY, James Hon.</b>	Arthur	PC
<b>DRIEDGER, Albert, Hon.</b>	Emerson	PC
<b>DRIEDGER, Herold, L.</b>	Niakwa	LIBERAL
<b>DUCHARME, Gerald, Hon.</b>	Riel	PC
<b>EDWARDS, Paul</b>	St. James	LIBERAL
<b>ENNS, Harry</b>	Lakeside	PC
<b>ERNST, Jim, Hon.</b>	Charleswood	PC
<b>EVANS, Laurie</b>	Fort Garry	LIBERAL
<b>EVANS, Leonard</b>	Brandon East	NDP
<b>FILMON, Gary, Hon.</b>	Tuxedo	PC
<b>FINDLAY, Glen Hon.</b>	Virden	PC
<b>GAUDRY, Neil</b>	St. Boniface	LIBERAL
<b>GILLESHAMMER, Harold</b>	Minnedosa	PC
<b>GRAY, Avis</b>	Ellice	LIBERAL
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupertsland	NDP
<b>HELWER, Edward R.</b>	Gimli	PC
<b>HEMPHILL, Maureen</b>	Logan	NDP
<b>KOZAK, Richard, J.</b>	Transcona	LIBERAL
<b>LAMOUREUX, Kevin, M.</b>	Inkster	LIBERAL
<b>MALOWAY, Jim</b>	Elmwood	NDP
<b>MANDRAKE, Ed</b>	Assiniboia	LIBERAL
<b>MANNES, Clayton, Hon.</b>	Morris	PC
<b>McCRAE, James Hon.</b>	Brandon West	PC
<b>MINENKO, Mark</b>	Seven Oaks	LIBERAL
<b>MITCHELSON, Bonnie, Hon.</b>	River East	PC
<b>NEUFELD, Harold, Hon.</b>	Rossmere	PC
<b>OLESON, Charlotte Hon.</b>	Gladstone	PC
<b>ORCHARD, Donald Hon.</b>	Pembina	PC
<b>PANKRATZ, Helmut</b>	La Verendrye	PC
<b>PATTERSON, Allan</b>	Radisson	LIBERAL
<b>PENNER, Jack, Hon.</b>	Rhineland	PC
<b>PLOHMAN, John</b>	Dauphin	NDP
<b>PRAZNIK, Darren</b>	Lac du Bonnet	PC
<b>ROCAN, Denis, Hon.</b>	Turtle Mountain	PC
<b>ROCH, Gilles</b>	Springfield	LIBERAL
<b>ROSE, Bob</b>	St. Vital	LIBERAL
<b>STORIE, Jerry</b>	Flin Flon	NDP
<b>TAYLOR, Harold</b>	Wolseley	LIBERAL
<b>URUSKI, Bill</b>	Interlake	NDP
<b>WASYLYCIA-LEIS, Judy</b>	St. Johns	NDP
<b>YEO, Iva</b>	Sturgeon Creek	LIBERAL

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

**Tuesday, November 1, 1988**

**TIME — 10 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. Helmut Pankratz (La Verendrye)**

**ATTENDANCE — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Cummings, Penner  
Messrs. Ashton, Carr, Driedger (Niakwa),  
Edwards, Enns, Evans (Brandon East),  
Pankratz, Storie

**APPEARING:** Mr. Harold Thompson, Chairman,  
Board of Directors, MPIC

Mr. David Kidd, Senior Vice-President of  
Insurance Operations, MPIC

**MATTERS UNDER DISCUSSION:**

1987 Annual Report of the Manitoba Public  
Insurance Corporation

\* \* \* \*

**Clerk of Committees, Mrs. Janet Summers:** Will the committee please come to order. We must proceed to elect a Chairman for the committee responsible for Public Utilities and Natural Resources. Are there any nominations?

**Hon. Glen Cummings (Minister responsible for the Manitoba Public Insurance Corporation):** I nominate Helmut Pankratz.

**Madam Clerk:** Are there any further nominations? Mr. Pankratz, will you please take the Chair.

**Mr. Chairman, Helmut Pankratz:** I would like to call the Committee on Public Utilities and Natural Resources to order to consider the Annual Report of the Manitoba Public Insurance Corporation.

Does the Honourable Minister have anything to report at this time?

**Mr. Cummings:** Thank you, Mr. Chairman. Only to indicate to the members of the committee that we have Mr. David Kidd with us at the table today, who has been the acting CEO of the corporation since last spring, and Mr. Harold Thompson, who is chairman of the board. They will be prepared to answer questions each in their own responsibility.

I want to indicate to the Members that it was my understanding that they wanted to spend a particular

amount of time going through some of the recommendations from the Kopstein Report. We have, as Government, prepared ourselves to respond to those questions and any other questions that you would deem to be appropriate. I am ready to ahead, Mr. Chairman.

**Mr. James Carr (Fort Rouge):** Let me first begin by acknowledging that the Minister did in fact give Members of the Opposition half an hour to read the report. We appreciated that. Half an hour is not a lot of time to digest over 600 pages of recommendations, some of which are very complex, but nonetheless, it beats no time at all or the 30 seconds that one often has to prepare oneself for questions that the press always has to ask.

\* (1010)

**Mr. Cummings:** Mr. Chairman, on a point of order, I would ask that the Member for Fort Rouge (Mr. Carr), when he refers to 30 minutes, 30 minutes prior to Question Period that was. Thank you.

**Mr. Carr:** Yes, indeed, it was 30 minutes prior to Question Period.

We have had an initial response from the Government through the tabling of 27 recommendations that the Government intends to implement. There is some dozen or so that we have questions about, but I think even more importantly, this will be the first chance for the corporation itself to respond to the recommendations within Judge Kopstein's Report. So my first question would be to the chairman of the corporation.

There are a number of recommendations which talk about the autonomy of the board of MPIC, that it is very important that MPIC govern its own affairs not only in the rate-setting process but also in the internal operations of the corporation. It think it has become more and more important that the chairman and the Board of MPIC be made accountable through this committee.

My first question is a general one. It is to ask the chairman what his thoughts are, what priority recommendations speak out to him as he and his senior officials begin the process of sorting through this very thorough and complex report.

**Mr. Harold Thompson (Chairman, Board of Directors):** Mr. Chairman, I probably can make two statements.

Firstly, my personal reaction to the report is a positive one. Yes, it does say a few good things about the operation of the corporation in terms of service expenses and product in cost. It does point out weaknesses and areas where there can be improvements. From the board's point of view, and

mine particularly, I think that the report is positive, particularly because it sets out an agenda of items that the board and management have to review and a timetable for considering the implication of either then directly or any modification of them.

My second comment is that it was not until Thursday afternoon or Friday morning that the Board of Directors, all the directors, received a copy of the Kopstein Report. Management at the moment is pulling together an assessment of those that affect the corporation specifically in the sense of this administration, and there will be a board meeting probably next week to review the report and determine what actions or what recommendations it would make to management in terms of the specific recommendations. Once the board has had an opportunity to review it in detail and to discuss it, till then I cannot really comment any further about any of the specific recommendations.

**Mr. Carr:** Mr. Chairperson, it could be a short meeting of the committee then because there are all kinds of questions about the specific recommendations of the report that we would like to ask. I think I will start and try and see how far we get.

Recommendation A.07 talks about the importance of the Provincial Ombudsman who should be promoted as a resource for information to people who feel aggrieved by decisions or directions of the corporation. It has to do with the whole area of appeal when Manitobans are, for one reason or another, frustrated with their dealings with the Manitoba Public Insurance Corporation, that the Ombudsperson and other Boards of Mediation be established to deal with those complaints. I wonder if the chairman and his senior officials have had a chance to look at those recommendations and whether they think it is appropriate that the Ombudsman be involved.

**Mr. Cummings:** I would suggest to the Member for Fort Rouge (Mr. Carr) that this probably more properly belongs on the side of a Government initiative and a governmental responsibility to increase the involvement of the Ombudsman.

The reason that we have referred the five recommendations regarding the Ombudsman for further examination are that there are financial implications, Treasury Board implications, for the Ombudsman. I have written a letter to the Ombudsman asking for his reaction and his comments to the additional responsibilities that he would be considering if these recommendations would be followed. I have too much respect for the Office of the Ombudsman to simply dump these kinds of responsibilities on him without a prior consultation and without full examination of the ramifications of how these could be handled.

\* (1015)

At the same time, there are other models in other jurisdictions that need to be considered in terms of appeal systems to provide a court of last resort, if you will, for the customers of the Crown corporation. Those are the considerations that have caused us to put this one on the list to be considered further. It is certainly

not rejected, but we want to consider the ramifications that would be involved in turning these responsibilities over to the Ombudsman and the implications for his office.

**Mr. Carr:** I wonder if the Minister could give us some idea of when those recommendations might be reported back to the Legislature.

**Mr. Cummings:** First of all, I think that we are going to be into the new year before a decision would be made on what direction we would go in terms of an appeal process. The revision of The MPIC Act is going to be of a major nature, it would seem, if a goodly number of the judge's recommendations are accepted. I think the whole volume of changes need to be considered together and brought through as a group to indicate to the corporation the changes that Government would want to have implemented. It would be some time before legislative changes could be put in but that does not preclude the office of the Ombudsman becoming more involved in the interim.

**Mr. Carr:** Recommendation 1.04, that The MPIC Act be amended to preclude appointment of the Minister responsible for MPIC as chairperson of the board, is a very important one and has been accepted by the Government because it drives at the very heart of the political linkages between the corporation and the Cabinet which was the source of so many problems for MPIC over the last number of years.

A recommendation that is in a sense related is that the board be required by statute to appoint the chief executive officer. Not the Cabinet, not an Order-in-Council appointment any more as has been customary in the past, but that the board appoint its own CEO. I do not believe that the Government has made any comment on that recommendation yet. I wonder if the Minister could let us know what his thinking is on that subject.

**Mr. Cummings:** It is an interesting recommendation from the judge. Tied to the fact that the chairman used to be the Minister, there was an obvious need to change the manner in which these positions were filled. The major reason that we are giving this further consideration is that there are implications for all of our Crowns, and we would like to be able to assess the impact of using this type of a system in all of our Crowns before we make a decision. There are pros and cons as the critic would recognize and certainly it is not a practice that has been followed in any of our other Crowns as well. We certainly would like to see some unanimity in the way that they are handled.

**Mr. Carr:** is the Minister in favour of this recommendation in principle?

**Mr. Cummings:** There are some downsides to it. The principle of separation and the principle of getting the CEO in place who can feel comfortable in his position and can feel that he is there on a long-term basis has to be achieved. This is one of the considerations that we will be looking at when we view this recommendation.

\* (1020)

**Mr. Carr:** The whole subject of the relationship between the Government and the board of the corporation is essential in many of the recommendations contained within this report. In fact I think it is important to the restoration of public confidence and trust in MPIC. Recommendation No. 1.08 talks about the Minister being informed within 15 days of all meetings of the board of the corporation as to what has occurred, and that no material change or alteration in the substance of insurance products or the pricing of products be approved at any meeting until the Minister has had a chance to review. I wonder if we could just have a comment from the Minister on what he believes to be the appropriate day-to-day involvement of the Minister in the affairs of the corporation.

**Mr. Cummings:** Largely, as Judge Kopstein has outlined it, whereby the board would communicate through the chairman to the Minister of actions taken at a board meeting, is the proper form for communications between the board and the Minister on an ongoing basis, as far as I am concerned. I would suggest that when we deal with the whole area of responsibility between the board and the Minister, the delineation has to be made between what is policy and what is operational decisions. The vice-presidents and the management of the corporation, in reporting to the board, have to deal with the ongoing operations of the corporation and service to the public. The policy direction that the Government wishes to give to the corporation has to be given in a clear and open manner so that the corporation and the public know where the Government is headed and what its policies are regarding the corporation.

**Mr. Carr:** A very controversial area is the ratemaking process and the ratemaking policies and the judge is very critical on the ability of the corporation during past years to accurately reflect its costs. In the 1987 year of MPIC, that was in fact a \$46 million mistake in estimation of what the corporation's cost would be to what was the actual cost at the end of the year.

The Minister has changed his mind on the relationship between ratemaking, rate reviewing and the Public Utilities Board. The Minister had stated to us at this committee as a matter of fact, only two weeks ago, that it would not be possible for the 1989 rate year for the Public Utilities Board to approve MPIC rates. He now tells us that it is possible. We think that is a good thing.

I wonder if the Minister could outline for us the schedule of events that will occur from now until the rate-setting process is complete for the 1989 year.

**Mr. Cummings:** Part of that process is still not finalized in terms of the precise steps that the corporation will be required to take, but the corporation will put before the PUB its proposal for the 1989 year and the Public Utilities Board will take the time at that point to establish the criteria and the amount of information that they will need to approve those rates. That will be, I guess, a topic of ongoing consideration within the PUB as to

whether or not they have enough information and enough of the detail to make that decision prior to the time of printing.

It would be seen that they can take a particular amount of information to determine the level of change, if any, that the corporation applies for is suitable to make a judgment then they will give approval or disapproval.

**Mr. Carr:** What role, if any, will the Cabinet play in setting of rates for MPIC this year?

**Mr. Cummings:** None. Bear in mind the reality of the fact that the Act has not been changed. There will be no place for the Cabinet in the rate-setting process other than the ones that have passed PUB approval.

**Mr. Carr:** The chairman of the corporation was doing some musing for us a couple of weeks back as to what rate increases there may or may not be for the 1989 year. I wonder now that we are a few further weeks down the road, whether the chairman would have any further comment on what impact the three-quarters statement, showing a profit for the corporation of some \$11 million, may have on the rates for 1989?

\* (1025)

**Mr. Thompson:** I am not sure that I mused at the hearing about what the increase might be. At the moment I am not in a position to tell you what the rate increase would be. I think that will come when the application is made to the PUB after the PUB legislation has been passed and promulgated.

**Mr. Carr:** The Kopstein Report recommends that there be reserves within the corporation of something between \$40 million and \$50 million. I wonder if the chairman would like to tell us what rate increases would be necessary to begin to move the reserves up to that point, and just how quickly he thinks the corporation ought to move to building up its reserves to the \$50 million mark.

**Mr. Thompson:** Two comments: (1) it would obviously be over a period of years; the rate increases I cannot give any indication of; (2) that would be a decision in our application, it would be decision of the PUB ultimately.

**Mr. Carr:** When would the Chair of MPIC be in a position to pass on recommendations for 1989 to the Public Utilities Board?

**Mr. Thompson:** After the public change has been made in legislation that requires us to report to the Public Utilities Board.

**Mr. Carr:** To the Minister, when should we expect those legislative changes to be in place?

**Mr. Cummings:** Very shortly. We would also anticipate that part of that will be influenced by how long the House wants to debate it, but within a very short period

of time that we should be able to proceed with that debate in the House.

**Mr. Carr:** Recommendation No. 1.24, a recommendation that has been accepted by the Government that the present requirement for annual public meetings be repealed. Why has the Minister agreed to deny the people of Manitoba their right to annually appear in front of, not the Public Utilities Board but the executives of MPIC, so that frustrations they may feel or an expression of wrongdoing at the hands of the corporation can be vetted in a public forum with responsible officers present, so that the people of Manitoba can directly involve themselves in the process of accountability?

**Mr. Cummings:** First of all, there are I think some criteria that the corporation should have when it goes out to meet with the public. They should have information that they want to take forward, programs that they want to explain, questions that they would like to have answered.

In the forum that has been suggested, it seemed to me that we were getting into a rather problematic dog-and-pony show type of a situation where the corporation would be out there putting itself before the public, without having an opportunity to bring forward suggestions and opportunities for questions that involve programs and policies that they are involved with.

There are several recommendations throughout the Kopstein Report that indicate that the corporation should involve itself in public hearings: (1) Take information to the public. (2) Under our Crown Accountability Act which will be introduced as I say, very shortly, I think you will find that there are provisions there that will accommodate these kinds of requests.

\* (1030)

**Mr. Carr:** I would just like to reiterate our view that the Government and the corporation have absolutely nothing to lose and everything to gain by offering the people of Manitoba an opportunity to question senior officials of the corporation. I think that would be good for the public process in Manitoba so that all those who had a thought, a frustration, an opinion, a point of view, had a chance to air it in public with those who are accountable for the affairs of the corporation. There is everything to win by allowing the people such access to the corporation, and everything to lose by depriving it. I would ask the Minister if he would reconsider his embracing this recommendation and consider the value and the advantage to Manitobans to have that kind of open access.

Recommendation 2.01 talks about the Government along with the Canadian Bar Association establishing a voluntary mediation process through an appointed board. It is a two-year pilot project for the resolution of disputes in automobile accident cases.

I wonder if the Minister would give us his thoughts on that recommendation.

**Mr. Cummings:** Yes, it is a valuable recommendation. Obviously, the only reason that—or not the only reason

but one of the reasons—one has to view it with some reservations and put it on a list that it would require that it have a little bit more study is that we would want to sit down with the parties involved and make sure that they would be wanting to cooperate.

**Mr. Carr:** Moving along now to some of the nitty-gritty of surcharges and merit systems, discounts, etc., Recommendation 3.03 says that, effective not later than insurance year 1992, the corporation should replace its accident surcharge system with the system of discounts and surcharges.

I wonder if the chairperson of the corporation would give us a comment on that recommendation.

**Mr. Thompson:** Certainly, the corporation will be looking at it. I hope that in our deliberations, if we find that it is a practical and the appropriate thing for Manitoba motorists that we will make changes, the improvements, subject of course to Public Utility Board's approval, and hopefully perhaps sooner than indicated in the report.

**Mr. Carr:** The report is implicitly very critical of the current merit/demerit system and of the surcharge system. It talks about more equity and more simplicity. What that means to us is that the current system is inequitable and complex. I wonder if the Chair of the corporation can tell us just how soon this more equitable system can be introduced and what the elements of it might be.

**Mr. Thompson:** The present merit system was only introduced less than a year ago and we have not had that much experience to be able to analyze it. I think the answer to the question I gave when I answered the previous question.

**Mr. Carr:** Recommendation 3.12 says that an effective not later than insurance year 1981, MPIC developed an actuarially sound and statistically-driven rate-making system—1991. That is astonishing that a public insurance corporation is criticized through a thorough review of its operations for presumably not having an actuarially sound and statistically driven rate-making system.

Graham Lane told us at committee two weeks ago that it was not until 1987 that the corporation actually had an actuary on staff and, in all those years prior to 1987, there were none. Since the corporation has been very ineffective in estimating its costs from one year to the next, I would like a specific answer from the corporation on how it intends to develop that actuarially sound and statistically driven rate-making system.

**Mr. Thompson:** Two comments, one as far as the past is concerned, I think it is appropriate that the committee recognize that the concept of rates for many, many years, as Judge Kopstein covers in his report, was one of levelling, where there was very relatively little spread between the lowest premium and the highest premium for a class, where, as the judge reports, that obviously those in—if you want to call it—the better drivers or

better vehicles with less accidents or no accidents are in a sense supporting the higher risk areas. That has been a concept that has been ineffective virtually from the corporation's inception. Yes, there were spreads but not great spreads. Under those circumstances, the statistical information or actuarially-driven rates would be of no real help if all we are looking for is the total amount of premium required to pay the claims for the following year with a very narrow spread between the rates.

What has developed in the Kopstein Report, and I think what has developed since the introduction of the merit program earlier this year, and what appears through comments of the public and the media, that the public and the judge is much more concerned with greater fairness and equity between the various classes of the insureds, of the policyholders, and that there should be a greater spread between the low and the high premium based much more on driving record as the merit program does and on accident record. That is a major change and certainly does require a much more statistical and actuarial balance.

The decision on what should be done about it is in two parts. The corporation has continued to employ the services of Tillinghast as its consulting actuaries. The corporation is in the process of recruiting an actuary for the corporation in a major position. I think secondly, how far that spreading by actual experience and actuarial techniques should go will depend to a very large extent on the reaction of the Public Utilities Board to any recommendation by the MPIC Board in its application that the rates be increased. It becomes to a large extent a decision of in a sense social policy as to how far it should go. That will have to be a decision of the PUB.

If it moves in that direction in the future, then I think it has to take two serious considerations. One, should it be done all at once if that is the right decision or, if not, over what period of time; and No. 2, the mandate of the corporation has been to provide a good product, good service, at cost and at affordable cost. Therefore the affordable cost, because it is a monopoly and every one must have it—there is no underwriting—helps to determine what the upper limit on rates in bad categories is acceptable to the PUB. The higher it is, obviously the lower it will be for the better drivers or accident-free vehicles. If they want a lower upper limit, then obviously there will be, as the report talks of cross subsidizing between different classes. The ultimate decision would be that of the Public Utilities Board to the extent that the Government by the legislation is not allowed to establish any social policy towards that.

**Mr. Carr:** Mr. Chairperson, I wonder if the Minister would give us his opinion on the necessity of including social factors in rate setting. Judge Kopstein says that rate increases have often borne no relationship with risk in cost experience. Is it the Minister's view that these rates should be set with actuarial and statistically-driven criteria as the sole ones, or that social issues ought to be a part of the process and, if so, who ought to determine what that social responsibility is?

**Mr. Cummings:** The PUB will have an opportunity to consider all of the ramifications of any rate changes when they are placed before them. Obviously one of the considerations that they will have to look at in my estimation is whether or not the costs in certain areas come to the point where it becomes impossible for someone to obtain insurance. That has to be one of the considerations I am sure that will be brought before the PUB. When they hear presentations from the public, they will be given an opportunity to view those recommendations in the light of the fairness and the sharing of the risk.

**Mr. Carr:** Mr. Chairperson, another recommendation of the report says that effective insurance here in 1989, as part of the basic Autopac coverage, MPIC should provide automatic protection for claims against underinsured motorists up to the limit of third-party liability purchased. Does the Chair of the corporation believe that he will recommend to his board that recommendation be adopted?

**Mr. Thompson:** I think that the answer is that after the legislation has been promulgated, we will be going to the PUB and all of the changes in coverage and use will be disclosed at that time. I do not think it is appropriate for me to make any comment on any of the individual things that might be. I think it is unfair.

**Mr. Cummings:** Mr. Chairman, if I could interject at this point, I do not think maybe the Member for Fort Rouge (Mr. Carr) was implying this in his comments, but I think there is some misinformation or some confusion out there about how long the report has been available and how long the corporation has had an opportunity to become involved with it. In the acknowledgments at the front of the report, Judge Kopstein points out that the report did go past due dates originally set for its completion.

The time frame as to when I received the report is as I stated in the House. No doubt the corporation, if they had the report early in the year, would have had a lot better opportunity to react. The chairman has stated earlier today that the corporation is working on providing information and providing analysis for the board as to how they will deal with the recommendations in the report and just simply to indicate, not in any defensive way but simply in a manner of process, that a lot of the recommendations that have come through the report will as a result become very much part of the 1990 process.

**Mr. Carr:** Mr. Chairperson, I appreciate the Minister's remarks and I understand that it takes a long time to absorb and begin to process these recommendations. We in the Opposition understand that particularly well because we had a half an hour to read it and to respond to reporters' questions.

I would like to ask—and then I will yield the floor because I know my friends would like to ask some questions, and I will save some for after. The whole issue of installments is to make the very tough insurance nut be a little easier for motorists in Manitoba. The report recommends that there be four quarterly

payments, and that there be special stickers given to motorists who would choose that option. I wonder if the corporation has had a chance yet to review that recommendation and how soon, if at all, they intend to implement it.

**Mr. Thompson:** I have read the recommendation. I have thought about it and the board will be considering it at its next meeting.

**Mr. Leonard Evans (Brandon East):** Mr. Chairman, I have a few questions that I would like to ask. My colleague has a few on the area of Autopac. I also have some questions, which I can reserve till later, on the General Insurance Division and, depending on how the committee goes, we could be finished today, but depending on how things go.

I do not have too many questions. Mr. Carr indicated earlier that he thought he would wrap it up today, but maybe that is not the case. Well, that remains to be seen.

I just want to point out on a point of order that I have general insurance questions that I want to bring up subsequently and I will just confine myself to a few questions at this point on Autopac rates and that side of the corporation.

First of all, I want to say that I agree wholeheartedly with the comments made by my colleague from Fort Rouge (Mr. Carr) that it is absolutely essential that the corporation fulfill what is now required under legislation, the requirement to have public hearings to allow people throughout all parts of Manitoba to provide ideas, vent their frustrations perhaps, or whatever they want to do, provide suggestions, make criticisms and so on. The Minister refers to it as a dog and pony show. That is a rather demeaning remark to make about a process which I think is in the public interest. I think the Government would make a very serious mistake by not proceeding, by not continuing that requirement as laid down by law which was passed during the previous Government's administration.

I think there is everything to be gained and nothing to be lost, maybe a little bit of expense in hiring a few halls around the province and travelling around a bit, but that is surely a minimal cost compared to some substantial benefits that could be accrued. I think Judge Kopstein himself appreciated the fact that although some of the hearings did not have that many people at them, nevertheless he appreciated the advice that he was being given and that information was valuable to him.

I would certainly hope that the Minister backs off on this and allows the corporation, in fact, requires the Government to continue to require all Crown corporations, including MPIC, to have these public hearings or sessions with the public so that they can have an opportunity to let the Government, let the corporations involved know where they stand and what they have, what those people in that community have as concerns with the way the corporation is operating.

The area of the Kopstein Report, by and large, I think everyone welcomed the report. It made a lot of excellent

suggestions. We in the NDP Opposition agree with the number of the recommendations made, particularly with regard to—well, I will only mention two, there are many, but I will just confine myself to two. That is the one, he refers to it in a number of places, but including page 40 Judge Kopstein states, and I am reading at the bottom of page 40, "Collision coverage should remain mandatory for the time being because otherwise Autopac might lose its economies of scale which permit it to offer service throughout Manitoba. However, as noted above, deductibles at fixed gradations above \$350 and at lower premiums should be allowed as an option."

I think Judge Kopstein has made a sensible recommendation to the Government, and I believe both the Liberal Party and the Conservative Party talked about this not being mandatory, that this be totally optional during the campaign. I do not want to put words in anyone's mouth, but I thought that was the position of both Parties, and here Judge Kopstein is going against that position. He is saying on his consideration it should remain mandatory, as I read it.

I guess my question then to the Minister is how is the Government going to react to this recommendation? What is your reaction to that recommendation? Are you going to carry on with the present system as Judge Kopstein recommends in this respect?

**Mr. Cummings:** This is properly a recommendation that will go through the corporation and up to the board for consideration. I believe it was the Member for Brandon East (Mr. Leonard Evans) or the Member for Fort Rouge (Mr. Carr) who asked me a question, however, the other day in the House regarding this type of a recommendation. I indicated at that time that the judge seems to have made a responsible option available here, and that is all I care to say about it until the corporation has had time to evaluate it.

**Mr. Leonard Evans:** As I understand the Minister then, the Government per se will not take any position on this particular aspect, but will leave it entirely to the board of directors and the MPIC organization.

\* (1050)

**Mr. Cummings:** I view it as one of those areas that is primarily an operational responsibility. Bear in mind that until anyone, any of us in this room could make a decision, we have to know the ramifications of the option that the judge has recommended. To that end, I think it is a hypothetical question until we have got all the information in front of us.

**Mr. Leonard Evans:** I am simply reiterating what the judge has recommended. I do not know all of the detail, but I assume that he has looked at the various ramifications and has come to that particular position.

The other area which is very important is the pure no-fault plan which the judge has suggested, and again he makes reference in different parts of the report, but certainly in pages 29 and 30 he states—and I am just quoting here—



I will not read this. Everyone can read it. The point is, he feels that it is an excellent way to go. He notes that there are constitutional problems. He deals with that. He also notes that it is in effect in the Province of Quebec. He points out that there will be more benefits in income replacement to people who unfortunately may have to claim for benefits.

But at the same time, he notes that Autopac, at least in 1987, could have saved almost \$40 million, \$39.8 million savings. He said it would result in reducing the losses for bodily injury compensation by about 44 percent. I think this is a very important recommendation, and therefore I would like to get a reading. First of all, is the Government going to take a position on this? Has the Government taken a position on this, or will the Government take a position on this? I ask that of the Minister.

**Mr. Cummings:** Obviously, the first thing that the Government has to consider is whether or not this recommendation has any constitutional impediments to it. I have given the commitment and the Government has given the commitment that we will monitor the courts to see what the constitutional ramifications might be for this. Certainly no one in my position and no one in Government should leap into one side or the other of a fray such as this without becoming fully cognizant of the information that is available around the continent and in fact around the world.

We will be taking the time to apprise ourselves of the various volumes of information that are available and determine whether or not all of the judge's recommendations are fully adoptable or whether there are other sides to the no-fault issue that need to be reconsidered. It has been a very controversial topic in other jurisdictions. As I say, there are volumes and volumes of information that need to be considered.

**Mr. Leonard Evans:** Mr. Chairman, I want to get something clear here. I asked the Minister about the Government's position, and he gave me a response. The other question, he talked about it being an operational matter and more or less would leave it to the MPIC Board. Is he saying in this case of the implementation of a pure no-fault system that this would be a position that the Government would decide upon and then direct the corporation one way or the other? Is that what the Minister is saying?

**Mr. Cummings:** It would certainly be a policy decision of a Government to become involved in something as dramatic as this. That does not mean that the corporation, however, would not have an opportunity and would not be requested—in fact, it would be necessary for them to provide statistical and management expertise to the Government. But this is such a dramatic departure from the system that we presently have that it would be a policy decision.

**Mr. Leonard Evans:** On page 31 of the report, Volume I of the report, on the left side, Recommendation 2:03, I will just quote this sentence, this recommendation that "the constitutional issues relating to restriction of court access presently before the Supreme Court of

Canada be monitored. If the issue decided by the Supreme Court of Canada leaves doubt as to the constitutionality of a pure no-fault automobile insurance plan, that a reference be directed to the Manitoba Court of Appeal for its opinion concerning introduction of a pure no-fault claim in Manitoba."

My question is will the Government go that far? If for some reason or other the Supreme Court leaves doubt re: constitutionality, is the Government prepared to go and take the initiative, take the action as suggested by Judge Kopstein, and that is to have a reference directed to the Manitoba Court of Appeal?

**Mr. Cummings:** I think it is somewhat hypothetical to say what will we do if the Supreme Court does not give a clear reading. We will do our due diligence to make sure that the information required for the public discussion on this issue is compiled, and if that decision—we will wait and see what the decision of the Supreme Court is.

**Mr. Leonard Evans:** I would like to just ask a couple of concluding questions on the Autopac side with regard to rates and rate setting. I am not clear exactly what the process will be this year. Perhaps the Minister made some reference to it earlier and I may have missed it because I had to step out for a minute. Exactly what will be the process this year? Judge Kopstein is suggesting one thing. The Minister had said one thing a couple of weeks ago or so and then the position was reversed. The Premier (Mr. Filmon) said something else. The position seemed to be reversed. It would seem to me that there is a matter of legislation being passed as well before you can do what you may wish to do, but as I say, Mr. Chairman, I am still not quite clear. I wonder if the Minister could very briefly indicate to the committee exactly what the process will be this year with regard to rate setting and the involvement of the Public Utilities Board—just very briefly.

**Mr. Cummings:** The corporation will appear before the PUB with all of its rates for the coming year. The PUB will make a judgment based on the depth of information they think is appropriate to approve or disapprove the rates for the coming year. The governmental involvement will be eliminated by that process. We will be introducing legislation very, very shortly that will require all of our Crowns to appear before the PUB. I am looking forward to having cooperation from those parties in the Opposition to deal with that legislation, not in blind haste but with due consideration and reasonable pace so that we can accomplish this end for the 1989 insurance year.

**Mr. Leonard Evans:** Can the Minister advise, or maybe the chairman of the board, the role of reserves in rate setting for automobile insurance by MPIC? How significant is the role of reserves? How significant is the decision on reserve levels in rate setting?

**Mr. Thompson:** It is quite important, particularly when the corporation a year ago started with a \$9 million deficit and requires what I like to refer to as a Rate Stabilization Fund to accomplish two things: to provide for the future, if there are increases that they be

moderate and consistent from year to year so that there is a stability of rates. Second, that there is sufficient reserve to take care for the odd year when there are exceptional weather or other hazards that increase the claims. The most recent example of extreme was the November 1986 storm. Last Wednesday was a good day for claims, obviously, but those things are normal. That happens regularly but it is important that there be an appropriate level of a Rate Stabilization Fund so that if there is an extreme weather condition that causes excess claims, over those that would normally be the case, that that does not figure a sudden increase, or major increase in premium rates.

**Mr. Leonard Evans:** Can the chairman advise the committee what his opinion is about the current state of reserves of the MPIC? Is he satisfied with the situation? I am not trying to put words in his mouth or anything, or is he very unhappy, or what just specifically can he tell us very briefly his opinion on the reserve situation.

\* (1100)

**Mr. Thompson:** With our third quarter nine-month report showing a \$7 million-odd earnings for the year, that brought our deficit down from \$9 million to \$2 million—obviously, still of some concern. I am sorry, that should have been retained earnings rather than reserves.

**Mr. Leonard Evans:** Has the Government—maybe I should direct this to the Minister responsible for the Manitoba Public Insurance Corporation (Mr. Cummings) or to the chairman—any position, has it any view on this situation of retained earnings? Some people use the term “reserves” or whatever, this cushion that is required, in the event of a disaster of some kind which would then of course have a dramatic effect on rates without having that cushion. I think we know what we are talking about, whatever. You prefer to use the term “retained earnings,” I gather.

So has the Government any particular position on this?

**Mr. Cummings:** The PUB, when it has an opportunity to review the rates for the coming year, will have to, I would consider anyway reasonable, will have to be cognizant of the impact that these reserves will have in terms of the operation of the corporation. In fact, their approval or disapproval of rates will probably be that one of the factors that they will be considering is the amount of reserve. So while I may have some personal feelings about it, I would prefer to leave the issue until the PUB has an opportunity to make a judgment in the light of what they see to be a reasonable cushion for the benefit of the public.

**Mr. Leonard Evans:** I would like to ask the chairman then, would he feel comfortable in seeking guidance from the Government, either the Minister or the Premier or the Government, on reserve levels, retained earnings levels, would he like guidance, would he be seeking

guidance, or has he had any guidance from the Government on this matter?

**Mr. Thompson:** We have had no specific guidance from the Government, but I think the indication in the Kopstein Report leads to a basis that he considers reasonable, where he talks of a target average of some 15 percent of written premiums which currently would be \$40 million to \$45 million. I should point out that that recommendation of his, the 15 percent level, is less than half what would be required for a private insurance company subject to the financial capital requirements of The Insurance Act. It obviously is not practical or even perhaps reasonable to try to build that up in one year. I think that it has to be over a period of years as the judge has recommended, and the corporation will be looking at that. I think quite properly it should get enough factual and financial information to the Public Utilities Board so that it can make an intelligent decision on what the level should be and over what period of time and what average period.

**Mr. Leonard Evans:** Thank you for that response and information. So he is telling us that, as such, at this point the Government has not taken any position on the question of level of earnings because it is a sensitive question, I think we should understand. It has a direct bearing on rate adjustments.

This is very important to me to get clear that the Government is staying absolutely neutral, is not taking any position, has not given any advice or suggested any position to the chairperson, the chairman of the board with regard to reserves, or buildup, or draw down of reserves, or retained earnings.

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

**Mr. Leonard Evans:** So there is no advice. The Government has not given any direction or made any position known regarding this matter to the chairperson of the board, the chairman of the board, and therefore the corporation.

**Mr. Cummings:** Mr. Chairman, the one thing that is pretty obvious in all this discussion, however, is that the Government has stated clearly, and the corporation has been, I think, very cognizant of the fact that the public will not stand for rate shocks, evident by the reaction that came from the public last year. The Member has clearly identified that the setting of reserves, or retained earnings, can become a significant impact on the ultimate rate setting. While I have some concerns in terms of reserves and future potentials for catastrophes and that kind of thing that it has to be all put before the PUB for their analysis, is what will be in the best interests of the public. If they deem whatever level of reserves the corporation has to be too high or too low, that would certainly have an impact on whether or not they approve any possible rate presentations that the corporation would make.

**Mr. Leonard Evans:** Yes, I appreciate what the Minister is telling us, but my specific question is has the Minister,

**Tuesday, November 1, 1988**

---

or the Premier, or the Government given any indication to the chairman of the board to the corporation as to what may be a desired level of change in the retained earnings or reserve situation?

**Mr. Cummings:** I have not.

**Mr. Leonard Evans:** So there has been no indication from the Premier or the Government, or the Minister to the chairperson of the board with regard to this very sensitive matter?

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

**Mr. Leonard Evans:** Well, maybe Mr. Thompson would like to comment on this because it is a very significant area and I do not want to rag it around. This is about my last question, so I wonder if the Chair would like to comment on this, whether there is guidance at all been given to him with regard to this particular matter.

**Mr. Thompson:** As the Minister commented, he has not—on the other hand, from my own personal business experience, I am very conscious of the need for an appropriate, not excessive but an appropriate, level of retained earnings, and we will be analyzing that in determining what average rate increase we would be applying for with the PUB. We would give the PUB as much financial information, as much detailed background so that they could agree, or disagree, approve or modify the recommendation and, hopefully, to give MPIC a direction of what they consider to be an appropriate average level of retained earnings to take care of the violent swings that can happen in claims from year to year.

**Mr. Leonard Evans:** Yes, I appreciate what Mr. Thompson is telling us. I thank him for that information, but he is, in terms of the initiatives taken by himself—the board, the corporation, as they go to the PUB, do not feel that they have any particular general guidance from the Government, however it may be transmitted to the chairperson, with regard to the level of reserves. He feels he has a free hand on what he and the corporation—because it is a judgment call; ultimately, it is a judgment call. I think someone somewhere said ratemaking was an art more than a science, and it is a matter of judgment and we want to have good judgments on this. So therefore, has the Government in its wisdom indicated a position to the chairperson of the board?

\* (1110)

**Mr. Thompson:** Mr. Chairman, I think the answer to the question is that the Minister, The MPIC Act itself, charges the board with managing the affairs, and part of the managing of affairs is to make sure that financially the board is accomplishing objectives of providing the right products at cost to the public and is cognizant of the volatility that can occur in claims from year to year and attempt to have a levelling of rates and a levelling over a period of time of the retained earnings. I consider that to be part of the managing and our recommendations to whomever, they would make the

ultimate decision as to whether the managing in that area is appropriate or not.

**Mr. Leonard Evans:** I am going to wind this up. The point is what we get here and what we got with general insurance is certain statements made here and then the Premier of our province making other statements outside saying something totally opposed to what has been said here. So what the chairperson is telling us I hope is that he feels he has a clear mandate to go to the PUB asking for rates making the sound judgments that he and the board wish to make and the corporation wishes to make with regard to the question of retained earnings, reserves, the cushion, whatever we call it, and that he is not going to be guided or influenced by statements that may be made by the Premier let us say outside of this committee.

**Mr. Thompson:** I think the proper answer to that is that, when The PUB Act is revised to have MPIC go to the PUB for its rate setting, then the answer on that question does become the responsibility of PUB and not the Government. That is my understanding of what the legislation would provide and what the responsibilities of the Public Utilities Board is and all its actions to all Crowns.

**Mr. Cummings:** I think the Member for Brandon East (Mr. Leonard Evans) is probably acutely aware of the responsibility for the Rate Stabilization Fund or for the reserves of the corporation, because that was in fact why there was such a rate shock last year. The corporation had been not reserving itself properly in previous years. I think that it is only correct that, given the enormous importance of this particular aspect in relationship to the ultimate rates that the corporation will have to extract from the drivers of the province, if you will, the enormous importance that this reserve has in relationship to that, that the PUB be given the proper authority to examine that in relationship to the rates.

When we appointed the board of directors to MPIC, we appointed a group of people who are of independent mind, who have good background, good business sense, and, as Mr. Thompson has demonstrated this morning, are willing and ready to leave the corporation and provide advice as a board should. Particularly in the rate-setting area which is the first most obvious impact that the driving public sees in terms of the corporation, the process has to be seen to be above and beyond the sticky fingers of Government. I do not want anyone being left with the impression that from my comments at any point indicated anything other than wanting to appear before the PUB. The question was that the manner in which that process would be followed, and I think that the chairman has indicated quite clearly that when the rates are finally announced for 1989 that it will not be as a result of a directive from me or from the Premier or from the Cabinet. It will be a result of a careful examination of the needs and the presentation to the PUB so that they can pass judgment on whether or not that was a correct and proper process.

**Mr. Leonard Evans:** I thank the Minister for that comment, but the point is, and he may wish to respond

to this, that the corporation has to take a position. It has to do the research on the rates, given all the data it has. It has to take into consideration the Rate Stabilization Fund situation.

So I sort of wonder when I hear from the Minister, well, we are going to give everything to the PUB and it will set the rates. I do not think that is how it is going to happen. The corporation has to use all its intelligence, its know-how, the data, its understanding of the insurance industry to make suggestions. Part of that will be a judgment call on the Rate Stabilization Fund and that is why I keep harping that is a very critical matter and nobody wants to see excessive increases in rates. Certainly, when you are in Government you do not want to, because if you are dealing with a monopoly, it is like talking about taxes, in effect. So nobody in his right mind wants to see that on either side of the House but especially on the Government side.

I want to get that clear. Surely, the Minister agrees with me. I mean the corporation will be suggesting a schedule of rates, and based on that recommendation to the PUB for subsequent approval, will be a decision made about the Rate Stabilization Fund.

**Mr. Chairman:** Any more questions? Mr. Storie.

**Mr. Jerry Storie (Flin Flon):** Thank you, Mr. Chairperson. Just a couple of questions, the first one to Mr. Thompson.

I guess the Minister has, over the last couple of weeks, clarified his position with respect to the setting of rates for the 1988-89 year, and I am wondering whether the chairman had developed a position about the appropriateness of the PUB setting the rates independently, in effect, of the corporation. I am wondering whether he approves of that process or whether the chairman of the board would prefer to see MPIC set its rates in accordance with its own needs, in accordance with its own time frames.

**Mr. Thompson:** I do not think that the board or the PUB would be setting the rates independently, as you indicated. I do not see how that is practical. What will transpire is that when The PUB Act is revised and we are required to get approval of the PUB, we will make an application for hearing under whatever the process of the PUB is, and in that application we will be recommending the specific changes or rate increase or changes in coverage or usages that we recommend that would apply to the 1989 rate year. Included with that information will be all the financial and statistical information that we have available to support that recommendation, and then go through whatever the Public Utilities Board process is until the board comes down with a—I guess they call it an order or conclusion, or yes or no, or in-between.

**Mr. Storie:** The P.U. Board, of course, would have an opportunity to make recommendations or, in effect, impose rates which were not recommended by MPIC. So to that extent they would have the ultimate authority for establishing rates in the province.

I guess my question would be following up on my colleague, the Member for Fort Rouge's (Mr. Carr) comments about the public not liking to see rate shocks, increases of 18 percent. We know that in other parts of the country 18 percent, 20 percent, 22 percent, 25 percent rate increases in private insurance companies are not uncommon. With all of their much highly vaunted skills in establishing rates and establishing the parameters for rate increases year over year, it still happens. I guess the question is, and the people of Manitoba will want to know, whether even given the responsibility to PUB to set rates, is it possible that in future rate increases might be 15 percent or 20 percent?

**Mr. Thompson:** It is hypothetical but yes, it could happen, but I would temper that answer with a communications program that the corporation is planning on has reasonably developed. Part of it is in the quarterly reports that will be sent out. There will be information to the public regularly so that if we have three disasters in a year, in terms of claims, that the public will not be waiting till the end of the year to see what actually happened and what the rate increases would be.

Obviously, our part of communication is if in the early part of our year there are tremendous claims and we get into a very loss position and it is followed by another, obviously, it is our responsibility at that time to not just table whatever the financial results but to give a commentary of why and what the future holds. It may. Who knows? If the Rate Stabilization Fund is used up in the first three months, something has to be done the following year.

\* (1120)

**Mr. Storie:** I simply want it to be on the record that the process of establishing rates through the PUB is no guarantee. The rates will not fluctuate from year to year and sometimes dramatically because of extenuating circumstances and I think that should be a given.

I guess my final question, or my further question, is given that the PUB process can be lengthy, that interveners can consume large amounts of time, questions will be addressed, detailed questions with respect to specific rates and specific groups and specific territories, is not that lengthy process going to impede the best interests of the corporation?

**Mr. Thompson:** I do not know exactly what the PUB process is or will be. All I can say is that when The PUB Act is revised to have us make application to the PUB, we will be making application for our rate increase for 1989 and the PUB will determine the period of time or length or whatever. I do not know their process. I am somewhat new at it.

**Mr. Storie:** I appreciate that Mr. Thompson is somewhat new and obviously, depending on the circumstances, the PUB process can be quite simple or quite complex, quite short or quite lengthy.

I am sure Mr. Thompson has read the Kopstein Commission Report. Page 19 says, "Because of a

significant time factor implicit in a public utilities board approval of actual rate increases, the corporation's ability to estimate, accurately, its needs for the ensuing year, could be seriously prejudiced. Prior PUB approval of rate increases is not practical. The Public Utilities Board should, nonetheless, serve the equally important function of reviewing the corporation's ratemaking policies and practices, and report publicly upon those reviews."

Mr. Kopstein says it is not practical to have the PUB establish rates. We watched Mr. Cummings, with some amusement, flip-flop from one decision to another and follow up on one political promise and abandon another and then decide that it was more important to follow the political promise in the first place. I think that there are many people who would make the suggestion that this is political opportunism, that in fact the corporation's interests are being sacrificed because of a political promise that was made. Mr. Kopstein certainly seems to be of that impression.

Is this good management becoming opportunistic rather than waiting, I guess, for the report and for Mr. Kopstein's recommendations? The Minister flipped-flopped back and forth and finally said, well, he put his finger into the wind and decided that is the way he should go. I am not sure that is as responsible a decision as we would have hoped to see.

Given your confirmation this morning that rates could increase just as dramatically under PUB review as under any other kind of review, given the right circumstances, I think it is rather funny that the Minister has gone out on a limb and sawed himself off and ends up doing what Mr. Kopstein would indicate is not the responsible thing because he clearly says, "Prior PUB approval of rate increases is not practical." A rather telling statement.

I guess to the Minister, the little squabble you had with the Premier (Mr. Filmon), and perhaps I should blame the Premier for the final decision because he overruled the Minister's rather common-sense approach perhaps, that the Premier decided that politics should take a front seat and a practical business approach should take a back seat. I am wondering whether the Minister has tried or is considering moving the Premier into a more right-thinking mode.

**Mr. Cummings:** The only confusion regarding the amount of time and the amount of backlog that could be created in the corporation revolves around the examination of the individual rates of which there are thousands within the corporation.

The Member for Flin Flon (Mr. Storie) can have a little fun with me if he chooses, but let us be very clear that in referring this question, the confusion is in the minds of the beholder, because when we look at the examination by the PUB of the rates for the corporation, we have to be able to put it in the context of making sure that the public is satisfied, that the decision is one that is made totally without influence for political consideration.

The amount of depth that the PUB chooses to go into in the examination of any application by the

corporation will dictate the time frame by which they will have to operate. This is new for them as well as for us. Certainly, the discussion and examination of the process will yield a process that will be useful for all Manitobans in the future. To have the job done, as we are attempting to do, will once and for all make it so that Manitobans feel that decisions on monopoly costs are not being made for reasons that are anything other than operational decisions in the best interests of the corporation's ability to serve the public, and ultimately means giving the public the best value for their dollar, either that or the necessity for a Crown corporation virtually becomes negated.

**Mr. Paul Edwards (St. James):** Mr. Chairperson, I really want to interrupt at this stage. Now that we are getting into discussions and debating as to the further use of the Public Utilities Board, I want to declare a conflict of interest due to my employment and I will be exiting the committee at this time. Thank you.

**Mr. Chairman:** Are there further questions on PUB? Perhaps the Member does not have to exit. Mr. Driedger.

**Mr. Herold Driedger (Niakwa):** Not a further question as to PUB, just a different area, and I do not want to pre-empt the Member for Flin Flon (Mr. Storie).

**Mr. Chairman:** Okay, we can carry on. Mr. Driedger.

**Mr. Herold Driedger:** I just have a few questions. They probably have been touched on in the past, so I just want to very quickly clean them up.

Whenever you have a large monopoly corporation like MPIC has become, you have a perception when individuals either have conflict with the corporation or they have what they perceive as a problem that has not been significantly addressed; in other words, you run into the perception the corporation is not, if I may use a computerese term, user friendly, where the clients actually find that the corporation is insensitive to their needs or something to that effect.

I would like to just reference within this, for instance—and I am sure it has been talked about before—just as an example of this, that the deadline for time payments which was indicated to be the 30th of August instead of the end of the month, which is just a small little statement, just a small little glitch probably in the computer program, but is there any thought on the part of the corporation to perhaps set up some sort of an agency that could perhaps intercede on behalf of individual clients who feel that they had been hard done by even if this may not have been legally the case, not de jure but more like de facto, if you understand what I mean?

\* (1130)

**Mr. Thompson:** The corporation does have a Customer Service Department that attempts to deal with all kinds of complaints that are raised.

Your comment, in the earlier part of your questioning referring to user friendly, that is an excellent term. It

is one that I, just a few minutes ago, tried to explain in terms of our communications program with the public for 1989 and well into the future. There are a number of things that the corporation is proposing to do in that communications program that should minimize the kind of concerns, whether it be time payment or other things. We have a program getting ready to go into effect for the 1989 year that will make the corporation, in the minds of the people, much more user friendly. You will see the results of it as the next few months develop.

**Mr. Herold Driedger:** On the same topic of user friendly then, in one of the summary statements made in the Kopstein Report directly relating to the fact that there is a perception in some instances that adjustors tend to apportion liability equally to both parties simply to try and either to—I do not know what the motive might be—but they have the perception that the actual apportioning of fault or the apportioning of liability has not been fairly done. Is this same kind of communication going to be addressed in this program that you are talking about, Mr. Thompson?

**Mr. Thompson:** It is constantly being addressed. Your first statement is wrong, that there is undue influence in the sharing, in the sharing of risk. The complaints, in that order, have been less than 1 percent to 2 percent.

**Mr. Herold Driedger:** A point of clarification, I did not mean to indicate that this was. I am just reading from the summary statement that there is no evidence of such a policy but there sometimes tends to be a perception. That is the only thing I am addressing, the public perception. If your communication program is going to address that, then this is exactly what I think is necessary.

**Mr. Thompson:** Yes.

**Mr. Herold Driedger:** I do not mean to imply the other—your correction as it were.

I have one more question of the Minister. The Kopstein Report, if I understand Mr. Thompson correctly, indicated that—

**Mr. Chairman:** Mr. Driedger, before you have the question, did Mr. Thompson want to reply to your last comments?

**Mr. Thompson:** We do have a program to cover that. It will be coming up.

**Mr. Chairman:** Go ahead with your question Mr. Driedger.

**Mr. Herold Driedger:** Just in my own mind, the reserves that were referenced to be something of 15 percent of premiums, would it be fair if I were to ask, does that have a similar relationship to a debt equity ratio of a normal corporation, that 15 percent, where you have 85 percent liability as opposed to 15 percent reserve equity?

**Mr. Thompson:** No, it has no relationship to the debt equity. It is simply a Rate Stabilization Fund or a capital-

type requirement that even private insurance companies must have, but the recommendation by the judge in his report, is that the level required for MPIC should be slightly less than half that required as a minimum for private corporations, but it is a capital-type thing.

**Mr. Herold Driedger:** Following up on that then, just how does the corporation handle a situation then, if you did not have this adequate level of reserves, and you had your series of disasters, if you want, where your reserves were entirely used up and you had another large similar liability to have to cover, where would you go then to make up the shortfall?

**Mr. Thompson:** Ultimately the shortfall would have to be handled from two sources, increases in premium rates over a period of years to replenish the deficit back to at least a zero or a positive position, or the Government of the Day in its wisdom, if, as and when it ever happens, is the ultimate source.

**Mr. Herold Driedger:** All right, I will pass on questioning because the debt equity, this reserve does not match up quite either way I was looking at it. So I will just pass on it.

**Mr. Carr:** I would like to continue on the theme of customer relations and the notion of service to the motoring public of Manitoba. Could one of the senior officials tell us how many complaints were received by the corporation in 1987?

**Mr. Thompson:** My understanding is that there were about 80,000 complaints of a variety of nature, and some were probably not so much in the area of complaint but in the area of getting information and clarification.

**Mr. Carr:** Eighty thousand complaints in 1987, or inquiries? Let me follow up and ask if the corporation has categorized the nature of those complaints, and tell us what they are.

**Mr. Thompson:** I think the 80,000, tying it to complaints is an error on my part. That is, the Customer Service Department handles all of these telephone calls and letters and many of them are for clarification and information. Yes, the results are categorized and I would ask Mr. Kidd if he could give some of the major categories.

**Mr. David Kidd (Senior Vice-President, Insurance Operations):** I do not have any documentation with me today that indicates specifics of them. I would say that in this past year there was a significant increase in inquiries to our Customer Services Department relating to two primary issues, one being the introduction of the merit program. Many, many members of the public were phoning and inquiring about how it worked and how it operated, and, yes, indeed there were some concerns over the equity of the merit program.

The second issue was of course the introduction of the third payment on time payments. There were a lot

**Tuesday, November 1, 1988**

---

of people asking questions and inquiring just how that worked. Those two issues alone, plus public irritation over rate increases, caused a significant increase in inquiries and activity from the public this year in our customer services area.

**Mr. Carr:** Perhaps that figure would be even more astonishing if we had some context in which to compare it. Do members of the corporation have figures for 1986 and 1985? What is the trend line? Are people becoming more aggressive in their communications with the corporation? Is this staggering figure an aberration of one year or has the corporation been subject to this kind of barrage of unhappiness from the public for a number of years?

**Mr. Kidd:** The normal level, I am just advised, would be about 50,000 a year, inquiries through the Customer Services area. That increased this year to about 80,000, as I indicated primarily in another program, the rates and the . . . .

(The Acting Chairman, Mr. Harry Enns, in the Chair.)

**Mr. Carr:** It is nice to see you in the Chair looking so bright and fit.

**The Acting Chairman (Mr. Enns):** I must apologize, Mr. Carr, to committee members. I had a little discussion with some cows this morning who were particularly obdurate. It caused my delay in attending this important occasion.

\* (1140)

**Mr. Carr:** One would not want to underestimate the power of obdurate cows.

With a further question to Mr. Kidd, I guess. A quick calculation reveals then that there has been a 60 percent increase in complaints or inquiries from the public over a one-year period, from a normal of 50,000 to a 1987 level of 80,000. What is the corporation doing in a positive way to not only deal with these complaints as they come in one on one—I imagine it must be an enormous burden—to take away the sources of irritation that have created such an incredible backlash and concern in the community? I guess question No. 1 would be, how many employees of the corporation spend all or some of their time handling these 80,000 complaints?

**Mr. Thompson:** I do not think the number of employees handling the complaints is the issue. The issue is the fact that the change in the program created the 60 percent increase or more in the merit program and the related things.

What the corporation does and has to do is, No. 1, always be prepared to answer the phone and handle inquiries, handle complaints. It is part of the service aspect of the organization. Whether that goes from 60,000 to 80,000, for whatever the reason, we must always be geared to handle those complaints and those inquiries and handle them effectively.

In terms of minimizing the inquiries, our communications program for 1989, hopefully we will

do that in the sense that the motoring public will have the opportunity of being much more informed about their coverage and about their rates and the things that go on through the brochures and having their Autopac guide given to them at the time they pay their insurance premium which has not been done in the past.

**Mr. Carr:** When the volume of inquiries or complaints or whatever you want to call them rises in one year from 50,000 to 80,000, then one of two things has to happen: either more people have to be given the responsibility of handling those complaints, or the customers who are aggrieved have to wait longer to have those complaints listened to. Which is it?

**Mr. Thompson:** I am sorry, I did not catch the last part of that.

**Mr. Carr:** When the number of complaints rises as dramatically as it has over the past year, either more employees of the corporation have to be given the responsibility of handling those complaints, or the people who are complaining have to wait longer for those complaints to be dealt with? Which is it?

**Mr. Thompson:** More employees are put in place in order to handle the inquiries quickly and satisfactorily.

**Mr. Carr:** How many more employees have been reassigned or hired in the Customer Service Department to handle these 80,000 complaints?

**Mr. Thompson:** David, perhaps you should answer.

**Mr. Kidd:** We offloaded a number of the inquiries and complaints to direct line areas in the past year. In other words, if there was a rate issue, we offloaded the inquiry to the Autopac Services Department. If it was a time payment issue, we offloaded it down to the accounts people. We want to bring all of those inquiries back to the central Customer Services area in 1989. We do anticipate, through our communications program in 1989, that there will be less inquiries than the 80,000. We have, however, budgeted for an increase in staff in the Customer Services area to bring the staff levels up to where we believe will be required to adequately address all of the inquiries within the right time frames.

**Mr. Carr:** Those of us who sit in Opposition receive letters and telephone calls literally everyday from customers of MPIC who have a complaint or an inquiry.

I wonder if Mr. Kidd could inform the committee how many complaints MPIC has received over the issue of imposition of \$20 late fee charges at the end of August.

**Mr. Kidd:** I do not have an exact count, but there have been numerous complaints.

**Mr. Carr:** I wonder if Mr. Kidd would agree to finding out the exact number and writing a letter to members of the committee to inform us of just how many that would be.

**Mr. Kidd:** I will agree to provide an estimate of the number, yes.

**Mr. Carr:** Okay. I am interested in broad categories and the nature of these complaints. We understand that because the system changed quite dramatically in February of 1988, there were questions about the merit system, there were questions about surcharges, and there was some considerable adjustment not only for the corporation but for its customers. Beyond that, I wonder if Mr. Kidd could provide us with major categories of complaints that are received from customers of MPIC.

**Mr. Kidd:** As I indicated earlier, I do not have a list with me of the major areas. We have them all identified and I would provide that information to the members of the committee at a later time.

**Mr. Carr:** Mr. Acting Chairperson, I do not want to push this beyond what is reasonable, but I think something very important has come out this morning. It is no secret to those of us who everyday deal with the citizens of Manitoba who have had problems with MPIC. What is important, I think, is to look to the future to find ways of minimizing these numbers of complaints. Judge Kopstein makes several recommendations within his report that talk about communication with the public, printing of brochures so the public is better informed, systems whereby those who have problems with the corporation can air those problems. We think that it is a mistake for the Government to take away the opportunity for Manitobans to speak directly to the corporation at the annual meeting once a year.

But 80,000 inquiries, many of which are complaints, to a monopoly public corporation gives rise to the whole question of service. I wonder how many of those inquiries are related to service that members of the motoring public receive from MPIC. Would it be possible to isolate that figure?

**Mr. Thompson:** Mr. Kidd has indicated that he will supply, in writing, to the members of the committee the information breakdown on the inquiries by category.

**Mr. Carr:** Thank you.

**Mr. Steve Ashton (Thompson):** Mr. Acting Chairperson, I have a series of questions that relate to a concern that I know was raised at the Kopstein hearings. It has been raised in the past, and it is a particular concern, I know, outside of the City of Winnipeg. That is in regard to the current rate zone structure that we have for Autopac. We currently have four rate zones which treat people differently in terms of the insurance they have to pay for the same vehicle depending on where they are resident in the province.

In the Kopstein Report, there appears to be mixed news for those of us who have been urging that we adopt a system similar to the situation that occurs in Saskatchewan, as I understand it, where there are no rate zones in place. I would in fact go even further and say even if we are not to move away from a rate zone structure, we certainly need a complete overhaul of the current rate zones because there are some real anomalies. I know for example in the North, Thompson pays more than The Pas and Flin Flon because it is in

the north of 55 zone. The Pas and Flin Flon pay more than communities south of 53. There are all sorts of anomalies within regions. Brandon, which is a major urban centre, is treated in the rural rate-zone area. It is twice the size of Thompson, and yet it pays less than people in Thompson do. I am sure there are concerns within regions as well. I know there are people in the northern region, in Thicket Portage for example, there are three cars and yet they pay the highest rates in the province. There are all sorts of anomalies that do exist.

As I said, the Kopstein Report seems to indicate some continued support for a rate-zone structure which is disappointing for us—there are concerns about this—but on the other hand, did call for review of the current rate zones in place to determine whether they were equitable both within the rate zones and whether there should be an overall restructuring.

My question is to the Minister and that is, does the Minister support the Kopstein recommendation, which I understand would have a review take place prior to the end of 1989 of the current rate-zone structure? Further, does the Minister believe that Autopac should have differential rates applied, depending on where you live in the province?

**Mr. Cummings:** Discussion of that rightly will flow from the management decisions within the corporation up through the board in terms of making a judgment on whether or not they want to deal with the rate setting in terms of regions or in terms of differential rates that are related to the location of the vehicle. Certainly, part of that becomes the usage in the zones around the larger centres and so on. That is not a policy directive that I am prepared to give the corporation. I will be waiting to see what their internal discussions lead to in terms of whether or not they will be making any recommendations.

**Mr. Ashton:** I am a bit disappointed actually, specifically given the fact that the Kopstein Report does have recommendations that at least would look at the analysis of the rate zone. I know the Minister indicated that a good number of recommendations of the Kopstein Report are being adopted without any further consideration. Is that recommendation one of the recommendations that will be adopted, that is, an analysis of the rate-zone structure?

**Mr. Cummings:** I did not indicate that it was not being considered. I indicated that it is one of the recommendations that the corporation will be studying and that the board will be examining. That, I think, should indicate to the Member that the corporation is open to all suggestions, as is the Government, in terms of improving this service to the drivers of the province. I would suggest that after the corporation has had a chance to look at the ramifications of it and the board has had a chance for discussion that an opportunity will then be made for the decision-making process to proceed.

**Mr. Ashton:** The reason I raise this is because I think it, once again, is one of those types of issues that gets



to the question, the very mandate of MPIC and the Autopac Division. We just recently, for example, moved away from discrimination in terms of age, which had been in place previously, whereby younger drivers paid a far higher rate for Autopac rates than those over the age of 25.

A lot of people, I think, certainly in the North feel this is a similar sort of issue. They feel that it is discriminatory that they should pay more based on their area of residence. It does not matter how good a driver they are. Compared to a similar driver with a similar vehicle in another area of the province, they pay more. As I said, in the case of north of 55, they pay more than even other northern communities in the case of The Pas and Flin Flon. There is a lot of concern about how fair that is.

Is the Minister saying that he is not willing and his Government is not willing to look at this issue in the context of the mandate of MPIC? Is he not willing to even state his own opinion right now as Minister as to whether it is fair for Northerners, in particular, to pay more for their Autopac than other residents of the province?

\* (1150)

**Mr. Cummings:** Two things, Mr. Acting Chairman. First of all, it is not something that should be compared to discrimination on the basis of age and sex. That is a human rights issue that certainly is separate and apart. Secondly, the PUB, as they have an opportunity to go through the rates and examine them in the way to making approvals will, I am sure, have an opportunity to hear discussion and presentation both pro and con in the relative fairness of this present system.

**Mr. Ashton:** One final comment, I do hope that the Minister would study this. I realize it would be easy to just say it is not the same as the question in terms of age, for example, but I think there are some elements which are similar. We are talking about a situation in that particular case as to whether you treat drivers the same and then judge them perhaps, based strictly on the type of vehicle they drive or their driving performance, which is what has happened in terms of age. It seems to me that the principle is the same in terms of the area in which one resides because what really, I think, annoys people—and they do view it as discrimination—is the fact it does not matter if you are a perfect driver, you have never had an accident, simply by the fact that you live in northern Manitoba, you pay more than people in the rest of the province for insurance.

The Member asks why I am not doing something about it. I have raised this in the past and I know the Kopstein Report is a good opportunity for us to consider these types of issues. I can tell you, one of the things that came out, I know, when the rates did increase this past time was there was a complete reanalysis of the Autopac system by the general public. People perhaps had accepted something in the past and were no longer willing to accept the way the corporation was structured. That is what the Kopstein Report is all about.

I guess my plea to the Minister would be that he would look at this issue, and it has been raised by people of all different political persuasions in northern Manitoba. It is not a political issue. It is something I think pretty well everybody in the North agrees to and I know it is an area of concern in some rural communities as well in terms of the rate structure. I would hope that he would consider our concerns.

**Mr. Leonard Evans:** Mr. Acting Chairman, I have one last area that I wish to discuss, and that is the General Insurance Division. I would like to ask first of all—perhaps I should give a bit of background. In the meeting held of this committee on Thursday, October 20, on page 73, with regard to this question of general insurance and the possibility of carrying it on, we all know it has lost money, but we are also advised that there has been a substantial, significant turnaround in a profit situation in the past with the last statement of the first nine months of this year. The Minister led me to believe that we were looking at all options and indeed he does say on page 73, "The Member should not make any assumptions other than the statement that I have made that I am prepared to view all options," and I welcome that statement by the Minister.

Also, in asking a similar question of Mr. Thompson, the chairperson of the board, Mr. Thompson stated this, "What the board did was ask management to analyze the general insurance operation in all its phases and to consider and look at several options. Option No. 1 that was suggested was continuation and revitalization of the general insurance operation; that is, continuing in the general insurance field, but on a basis that had to be profitable because we could not continue having a deficit that provides negative income. The process was to look at costs, to look at the marketing aspect, to look at claims, to look at the degree of social policy that had to be made, that may or may not or should be involved, to make the general insurance a profitable and practical one for the people in Manitoba."

So that was fine and we had that as a clear understanding that the board indeed was looking seriously at that option. A short time after this committee adjourned on that day, Premier Filmon stated publicly through the media that MPIC would be getting out of the general insurance field, period. Mr. Acting Chairman, that is obviously a clear category called contradiction as to what the Minister and the chairperson of the board were telling us.

My question is to the chairperson, Mr. Thompson. Has the Premier (Mr. Filmon) since this day, Thursday, October 20, ordered you or your officials in writing or verbally to stop your review of the options, particularly this option that I have just referred to?

**Mr. Thompson:** No.

**Mr. Leonard Evans:** Mr. Acting Chairman, then, is Mr. Thompson at all guided by this public statement by the Premier? The Premier has not communicated with him directly on a one-to-one basis, nor has the Minister perhaps. Is Mr. Thompson going to be guided by this

public statement in this respect or is he going to carry on as he indicated last Thursday?

**Mr. Thompson:** I only became aware of the statement this morning and have not given it any thought at all. I just cannot make a comment at this stage.

\* (1200)

**Mr. Leonard Evans:** I am not clear what the corporation is going to be doing. Mr. Thompson said he has just heard about it and he has not given it enough thought. So this is a question of whether, I suppose—I do not know where this line of political interference comes or whatever—but who is in charge? I would gather then that we are in a state of suspended animation, I suppose. We do not really know what the board of MPIC is going to do.

I do not think the Premier (Mr. Filmon) was fair, incidentally, to Mr. Thompson or the corporation or the Minister. There is nothing wrong with looking at all options—that is a rational thing to do—but for the Premier to absolutely contradict the Minister and the chairman, and I feel sorry for both of the gentlemen. I think he has embarrassed everyone in that respect.

I do not know what to take from Mr. Thompson's answer—whether they are or they are not going to continue to look at these options of the general insurance.

**Mr. Cummings:** The Member I do not think has acknowledged that during the electoral campaign it was our policy that we would be withdrawing from the general insurance side of the corporation.

There are a multiplicity of options that are available to the Government in that process. We do not want to put ourselves in the position, and I am sure none of the members of the committee want to be causing—and I attempted to chastise the Member for Fort Rouge (Mr. Carr) in the House one day in terms of creating concern in the minds of the employees. I think that we have to be very clear that any directions that the corporation will be moving within the policy of this Government, that we will be very cognizant of the requirements of the staff, requirements of the insured public, and that we are not making any precipitous moves at this time.

**Mr. Leonard Evans:** I thank the Minister for his statement.

I would like the committee to take a position on this. I have a motion, and I have copies of my motion. It includes a couple of WHEREASES. Permit me to read them because that will in effect explain the motion.

I move THAT,

WHEREAS the General Insurance Division of the Manitoba Public Insurance Corporation employs 55 people in Brandon, a major employer in that community, and nearly 100 employees in Winnipeg; and

WHEREAS the General Insurance Division has made a profit of \$1.4 million in the most recent recorded period; and

WHEREAS there is widespread support for the General Insurance Division both in the community of Brandon and the population at large;

THEREFORE BE IT RESOLVED that this committee request the provincial Government to cancel plans to sell off the General Insurance Division of MPIC; and

BE IT FURTHER RESOLVED that the committee call upon the provincial Government to assure residents of Brandon and clients of the General Insurance Division of MPIC that it recognizes the important role the General Insurance Division has played in providing insurance for organizations in groups that could not have otherwise operated.

Mr. Acting Chairman, that is my formal motion. I have several copies. Maybe the Clerk would like to distribute them. I think my WHEREASES more or less give the arguments for the motion. I could have had just the motion, I suppose, without the WHEREASES and then make the argument, but I think the WHEREASES makes the argument. I think it is self-explanatory.

I would hope that members of the committee, they may wish to discuss the motion, but I would hope that I could get the support of the members of the committee which would therefore be a recommendation to the Government, a request to the Government to cancel these plans.

**Mr. Storie:** I think this is an excellent motion. I think it behooves the committee to adopt the motion. Clearly, I think where the WHEREASES identify the problems, identify the concerns, and I guess in support of my colleague's motion I have to say that knowing with a great degree of certainty that there are commercial enterprises in rural and northern Manitoba who rely on the General Insurance Division for support and coverage where there are virtually no options and certainly no options that are nearly as reasonable in terms of both the coverage and the costs. This has to be maintained.

As my colleague suggested, we are not denying the Government, the corporation. In fact, we encouraged both of those to review the operations of the General Insurance Division, but it has become an essential service for many Manitobans. We cannot have the kind of uncertainty that has been created by the Minister and more appropriately, the Premier, because of his ideological hang-ups, because his commitment to election promises that were silly, hanging over the heads of the people employed by the General Insurance Division, particularly in Brandon, or by the policyholders, the Manitobans who need this kind of enterprise.

There are ways to improve its operations. We have heard in committee this Session that the operations of the General Insurance Division are improving. Certainly there is a potential for them to improve further. There are further refinements and perhaps changes that could be made to add to that.

But there is no way that the people of Manitoba want this Government to eliminate the General Insurance

Division. They do not want it. It is counter to the mood of the public of Manitoba, and I think certainly its impact on a community the size of Brandon will be significant. I feel quite confident in saying that the Mayor of Brandon, the Chamber of Commerce in Brandon are going to support the maintenance of the General Insurance Division.

The Minister's qualified assurances that, oh, we will look after the employees and we will concern the policyholders is not going to wash. We have seen that MPIC, the Automobile Insurance Division, get some credit from the Kopstein Commission. I have no doubt that the General Insurance Division would receive the same kind of recognition were it given the opportunity to explain its benefits.

Certainly, like as I said, there are many people, both individuals and commercial enterprises, who rely on it. This is a good motion. I think it will send a strong, clear signal to the people in Brandon, to the people in Manitoba who believe that this is an important aspect of the insurance portfolio of MPIC and there is no way that they want that undermined, and undermined in a cavalier way. The political commitment that was made during the election, and one that the Minister I think quite rightly tried to back away from but his First Minister (Mr. Filmon) would not let him, is perhaps indicative. The Minister understood perhaps the importance of it more than the Premier, and that is a sad fact.

The Minister now has an opportunity to be, I guess, a leader in this respect and to agree with the committee and support this resolution, support the maintenance of the General Insurance Division. Hopefully, he will this time take a stand in the interests of those Manitobans who rely on this service. I am sure the Minister has had a chance to talk to other businesses who would tell him, even in the Inner City of Winnipeg, that if the General Insurance Division of MPIC was no longer within the public domain, that their fees, their insurance policy premiums would skyrocket. It has had a modifying effect in terms of policy prices across the board. It is too important to let go, so I think it deserves support and I know that my colleagues across the table are going to have to make up their minds about where they stand on this issue.

**The Acting Chairman (Mr. Enns):** Committee members, the Chair makes a few observations with respect to the resolution or the motion before the committee.

Traditionally, the role of Standing Committees such as the one we have assembled here to examine the Annual Report of, in this instance, the Crown corporation, the Manitoba Public Insurance Corporation, our committee structure does not in itself or has not had the practice of initiating Executive Branch action. By that I mean action that compels a Government to follow a particular course of path, or indeed imposes on a Crown corporation, in this case the Manitoba Public Insurance Corporation, a particular course of path.

As a rule we gather to examine the previous year for which the Annual Report is placed before us,

hopefully, for constructive advice to the corporation in case, in this instance the Manitoba Public Insurance Corporation, and indeed there are instances that I am certainly aware of, where, because of lack of satisfaction with the performance of a particular corporation, final approval for a report is withheld by committee members. That is all part of the tradition and the history of these kind of committees.

What I see before me takes the committee role one step forward and I simply wish to put on the record for all members, particularly new members of the committee, that they are aware they are, in my judgment, making somewhat of a departure and indeed as representatives of their particular political associations and groupings within the House, their actions would of course have a tendency of portraying that group's will on a particular question.

I have some tendency to suggest that inasmuch as the motion is phrased as a request, if I may read that operative portion, "THEREFORE BE IT RESOLVED that this committee request the provincial Government to cancel plans to sell off the General Insurance Division of MPIC," members may and the Chair may well agree that this is an expression of the committee, not an executive order as I suggested, which I have difficulty in accepting the fact whether or not the committee is empowered to do so, but I raise that to Honourable Members' attention.

The normal procedure, normal tactics of various committee members who have the responsibility of examining Annual Reports of Crown corporations have various different options open to them. They can pass strong censure motions of a particular action taken by a corporation, they can in their examination, as indeed the Member for Thompson (Mr. Storie) just has, suggest different policy directions for a corporation that the individual member feels is in keeping with the best interests of the general public. All of these kinds of activities are, in the Chair's estimation, acceptable practices of a Standing Committee of this nature.

I am at the will of the committee. I would open the discussion to further discussion by members. I should also indicate of course that all motions before committees of this nature are open to amendments. I just want to put those thoughts and concerns on the record.

**Mr. Carr:** I wonder if you could just for a moment clarify your advice to the committee, your ruling that this motion is indeed in order.

**The Acting Chairman (Mr. Enns):** With the understanding that I place heavy emphasis on the word "request" contained in the motion, I rule the motion in order.

**Mr. Carr:** In that case, I would like to amend the motion.

I would move that we take out the third WHEREAS. The third WHEREAS is a public opinion poll not backed up by any evidence.

**The Acting Chairman (Mr. Enns):** Mr. Carr, could I just make one further suggestion to you and to indeed

any other Members of the House. All motions must be in writing to the Chair. They can be just handwritten out.

**Mr. Carr:** Like you, we received a copy of this motion at the very end of the committee's deliberations with in fact a half an hour to go, unfortunately. So we would move an amendment that—

**The Acting Chairman (Mr. Enns):** The Chair is patient.

**Mr. Carr:** Good. That is the Chair's reputation. That we remove the third WHEREAS and that in the first THEREFORE BE IT RESOLVED we amend it to read:

BE IT RESOLVED THAT this Committee request the provincial Government to study available options with particular attention to the interests of Manitobans who may not otherwise obtain insurance.

**The Acting Chairman (Mr. Enns):** Could I ask the committee member to read that once again?

**Mr. Carr:**

THEREFORE BE IT RESOLVED that this Committee request the provincial Government to study available options with particular attention to the interests of Manitobans who may not otherwise obtain insurance coverage.

**The Acting Chairman (Mr. Enns):** While the amendment is being written out, for further information to committee members, it is my understanding that we would open discussion on the amendment as placed before us by the Member for Brandon East (Mr. Leonard Evans) and it will then be voted on.

I am sorry, my advice from the staff is that we have to discuss and deal with the amendment in the first instance and then, if required, deal with the motion that is then left before us. If of course the amended motion is passed by this committee then we have no main motion. Then the original motion has been amended.

**Mr. Thompson:** I think the first paragraph should be adjusted to show 55 as being 30; and 100 in the next line being 70.

**The Acting Chairman (Mr. Enns):** Does the mover of the motion accept that correction for the sake of accuracy? (Agreed)

**Mr. Thompson:** These are the numbers of employees in Winnipeg and in Brandon who deal with the personal lines and commercial lines and to some extent in Winnipeg the reassurance assumed. But you can leave it as is or whatever.

**Mr. Leonard Evans:** I am a member of this committee and I appreciate him giving us data, which is fine. I just want to point out that I did check out and I was told there were 55 people. Now maybe it is a definition of who is working on what but I was assured just a

couple of days ago it was 55. But whether it is 55 or 30 or whatever, it is the principle. The principle remains the same. I have expressed a concern for the employees. I also expressed a concern in this motion for the policyholders, particularly small businesses who have told me they cannot get insurance at other private companies. They have indicated they themselves would go out of business, and also I know in northern Manitoba, in rural Manitoba, there are difficulties.

The essence is that if the Premier (Mr. Filmon) had not made his statement I suppose maybe this resolution would not be before us, but he is determined that we are going to sell this thing off and I believe, I agree there have been motions in the past. We should both look at Hansard, but I am sure there have been motions from time to time. We are of course in a different situation of a minority Government and this is a vehicle, this is an excellent opportunity for Members of the Opposition and others on the committee to actually take a position on this. It is a method of getting a message across.

**The Acting Chairman (Mr. Enns):** I regret to interrupt you, but simply to clear up, is it the Member's wish to proceed with the motion as placed, or is he accepting a change of numbers?

**Mr. Leonard Evans:** I am opposed to the amendment, and I can explain why.

**The Acting Chairman (Mr. Enns):** Okay, then can the Chair direct any further discussion to the amendment and to the amendment only at this point?

The motion before us is that we amend the original motion as presented by Mr. Evans to read that we delete the third WHEREAS and change the wording that is now before us and before the committee THEREFORE BE IT RESOLVED that this committee request the provincial Government to study available options with particular attention to the interests of Manitoba insurers—I am having difficulty reading this—who might not otherwise obtain insurance coverage.

I think we understand the amendment before us. I will entertain discussion on that amendment—Mr. Ashton.

**Mr. Ashton:** On the amendment, I find we are in a very strange situation here. I comment on the complete absence of Conservative Members, Government Members, during an important committee hearing. There is only yourself, Mr. Acting Chairperson, and the Minister here, so we are in some rather unusual circumstances when we deal with this motion.

What surprises me perhaps even more than the absence of Government Members is that the Liberal Opposition is essentially putting forward amendments I think the Tories would have put forward if they were here, because essentially the amendments talk about studying available options which, as I understand it, is the buzz words that the Minister uses to describe the fact that he and his Government are still looking at privatizing the General Insurance Division of MPIC.

Our position in the New Democratic Party is that we feel a clear signal has to be sent that we are not going

to privatize the General Insurance Division. The resolution itself points to the fact that it is currently making a profit and it is going through a turnaround at a time when the services are still needed for other reasons as well.

As the Member for Brandon East (Mr. Leonard Evans) pointed out, it is still a major service to people, I know in the North, I know in the city as well and the many rural areas, to people who cannot get insurance in any other way, shape or form, so the intent of the resolution was to say a clear signal should be sent that there should not be privatization. Quite frankly, I am surprised that the Liberals are bailing the Government out on this. As I said, this is the absolute amendment that I would have seen the Tories introducing if they were here, if they took this committee hearing seriously enough. I would hope that what we do is we deal with this resolution, put it to a vote, see what committee members that are here have to say about this.

\* (1220)

I would like to register my particular frustration and the fact that this Government again seems to take the proceedings of the Legislature and its committees so lackadaisically. I do not know who is responsible for ensuring that people attend committees but I am sure you, Mr. Acting Chairperson, have a list of Government Members who are supposed to be attending this committee hearing. Now where are they? Why are we dealing with the committee hearings with a complete absence of the Government caucus? I think we should send two clear messages today. One is to pass the motion and the second one to say they were very frustrated by the—and I would use this word and I do not use this word lightly, but the incompetence of this Government. For six and-a-half years, I saw them talk about how if they were just in, the trains would run on time. Well they cannot even get enough Members to attend a committee hearing. I think that is a pretty dismal performance on their part.

**Mr. Cummings:** I can appreciate the mood in which the Member for Brandon East (Mr. Leonard Evans) put this resolution forward. But quite frankly, when we look at the recommendation, even of Judge Kopstein, where he recommends that the special risk extension be returned to Autopac where it was originally taken, that leaves the personal and commercial lines of the general corporation without visible means of support that they have been receiving from the SRE over the last number of years. That leaves the people of this province, it leaves the Government of the Day with the question, does more money come forward to reserve this kind of a corporation that continues to write red ink?

When we see that we have just written off some \$59 million in accumulated loss in this part of the division, I think that the Government of the Day has to be responsible and responsive to the people in the province when they say that there has got to be an end to the kind of losses that have been accumulated. The SRE part of the corporation has been coming along and showing a profit on a reasonable basis the last few years and has in fact been supporting the general division to a large extent.

I think my first reaction is that the motion is out of order, but recognizing fully that we are a -(Interjection)-without any reflection on the Chair, if I might add that. I said, my first reaction would be—because it seems to me that we are here to examine the year report and we extended that to take a look at the Kopstein Report so that there was an opportunity for the committee Members on both sides of the House to have questions and answers regarding the direction that we were taking and that the corporation would be taking in relationship to the Kopstein Report.

The amendment which has been brought forward, in fact, does indicate to the Government something that we have been stating all along which is very simply that we are not going to take precipitous action without first of all having a good deal of thought and concern regarding the future of the employees and the future of the insured. The fact that the Government has made that commitment, has made it continuously, suggests that really what we have is a statement of reason. So while I would think that the committee has put itself in a position where it is not dealing with this issue in a manner that normally flows from these types of committees, I can accept the fact that if it is the will of the committee that they wish to put forward this type of an amendment, that it will be a cautionary note that they will send forward.

**The Acting Chairman (Mr. Enns):** Any further discussion on Mr. Carr's amendment?

**Mr. Carr:** I would like to speak to the amendment if I could, Mr. Acting Chairperson.

I think it is incredible that the Members of the New Democratic Party continue to stretch propriety and the Rules of this House and of this committee. They brought forward a resolution which the Chair tells us is unusual and out of the ordinary one half an hour before the end of this committee's deliberation. The Chair has ruled it in order, so we on our side feel an obligation to deal with it.

The position of our Party has consistently been that there ought to be studies undertaken to determine the social responsibility of the General Insurance Division. There has been no change in that policy, Mr. Acting Chairman, and we do not anticipate that there will be a change of that policy until the necessary information is brought forward.

Now we understand that the Premier (Mr. Filmon) has said on the record that the General Insurance Division ought to be sold, and to maintain the General Insurance Division is not an option. If Members opposite will look at the amendment proposed by the Liberal Party, they will see that it is a substantially different position than the one expressed by the Premier. It requests that the Government study available options with particular reference to those Manitobans who cannot otherwise achieve insurance coverage. That is a far cry from limiting the options of the Government, which the Premier enunciated last week, and it is a far cry from the NDP position which seeks to instruct the Government that it immediately cancel its plans.

So I think that our amendment is a responsible amendment and deserves the support of the committee.

**The Acting Chairman (Mr. Enns):** The question before the committee is that the proposed motion by Mr. Evans (Brandon East) be amended, with the third WHEREAS reading:

THEREFORE BE IT RESOLVED that this Committee request the Provincial Government to study available options with particular attention to the interests of Manitobans who may not otherwise obtain insurance coverage.

All those in favour, please raise their hands? All those opposed?

The committee has voted and has tied. I will exercise my option as a committee Chairman and vote in favour of the amendment. I declare the amendment carried.

On the main motion, as amended. All those in favour?

**An Honourable Member:** As amended?

**The Acting Chairman (Mr. Enns):** As amended. On the main motion, as amended. Opposed? I declare the motion, as amended, carried.

Mr. Evans, on a point of order.

**Mr. Leonard Evans:** Mr. Acting Chairman, you will not give us an opportunity to have a clear vote on my motion unamended. Would you be prepared to entertain a simple motion that this committee requests the provincial Government to cancel this?

**The Acting Chairman (Mr. Enns):** No, Mr. Evans, I believe the procedure is pretty clear. A motion has been properly presented by you to this committee. It has been duly and properly amended by another committee member and the committee has dealt with that amended motion.

Mr. Storie, on a point of order.

**Mr. Storie:** Mr. Acting Chairperson, just so that it is on the record that the Tories and the Liberals do stand together on this issue against the interests of Brandon. The amendment served the purpose of the Minister responsible. It is a shame.

**The Acting Chairman (Mr. Enns):** I am sorry, Mr. Storie. You can enter into speeches, but I do not rule that as a point of order.

**Mr. Ashton:** Getting back to business, I would like to echo the frustration of the Member for Flin Flon (Mr. Storie), not on a point of order but in terms of the business of this committee, and the fact it took a combination of the Liberals and Conservatives to defeat an NDP motion that would have stated quite clearly to the people of Brandon East where this Government intends to go. We would have sent a clear message to this Government they should say no to privatization. Quite frankly, I am amazed at the position of that the Liberals took on this. They had an opportunity as well, I think, to distance them from this position of the Conservative Government. Once again in the crunch, what they have done, Mr. Acting Chairperson, is supported the Conservatives, supported their privatization of the General Insurance Division, which is wrong for the City of Brandon and wrong for the people of Manitoba.

**The Acting Chairman (Mr. Enns):** Thank you, Mr. Ashton. We simply wish to indicate to the committee, is it the will of the committee to pass the Annual Report of the Manitoba Public Insurance Corporation? (Agreed)

The hour being 12:30 p.m., this committee rise.

**COMMITTEE ROSE AT:** 12:30 p.m.