



First Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee
on
Public Utilities
and
Natural Resources

Chairperson
Mr. Frank Pitura
Constituency of Morris



Vol. XLV No. 4 - 10 a.m., Thursday, October 26, 1995

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

<u>Name</u>	<u>Constituency</u>	<u>Party</u>
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BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
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DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
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ERNST, Jim, Hon.	Charleswood	P.C.
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EVANS, Leonard S.	Brandon East	N.D.P.
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GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
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McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
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MITCHELSON, Bonnie, Hon.	River East	P.C.
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PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
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REIMER, Jack, Hon.	Niakwa	P.C.
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**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES**

Thursday, October 26, 1995

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Frank Pitura (Morris)

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Cummings

Messrs. Evans (Brandon East), Kowalski,
McAlpine, Penner, Pitura, Mrs. Render, Messrs.
Santos, Sveinson, Tweed

APPEARING:

Mr. Marcel Laurendeau, MLA for St. Norbert

WITNESSES:

Mr. Jack Zacharias, President and General Manager,
Manitoba Public Insurance Corporation

Mr. Donovan McCarthy, Chairman, Manitoba
Public Insurance Corporation

MATTERS UNDER DISCUSSION:

October 31, 1994, Annual Report of the Manitoba
Public Insurance Corporation

* * *

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

This morning the committee will be considering the Annual Report of the Manitoba Public Insurance Corporation for the year ended October 31, 1994.

Does the minister responsible, Mr. Cummings, have an opening statement, and do you wish to introduce

your officials in attendance from the Manitoba Public Insurance Corporation?

Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Thank you, Mr. Chairman. We are presenting the 1994 Annual Report of the Manitoba Public Insurance this morning.

I would like to introduce a number of our corporate officials who are here this morning to assist. First of all, Don McCarthy, Chairman of the Board, who is second to my left; President Jack Zacharias, immediate left; John Broere, Assistant General Manager and Vice-President of Claims; Barry Galenzoski, VP of Finance and Corporate Information; Peter Dyck, Corporate Comptroller; David Kidd, Vice-President of Insurance Operations; Kevin McCulloch, the corporation's General Counsel; and Grahame Newton, the corporation's Vice-President of Community and Customer Relations.

The 1994 report covers the year from November 1, '93, to October 31, '94, and will provide details on major financial and operational highlights. One of the highlights of the year was the introduction of the Personal Injury Protection Plan on March 1, 1994. While the plan did not come into effect until four months into the year, it did result in an 18.5 percent decrease in injury claim costs as compared to 1993.

The Autopac operations recorded net income of \$6.1 million, a substantial improvement from the previous year's \$2.8 million loss. Special Risk Extension, which offers coverages to supplement those provided under the Autopac program, recorded net income of \$2.2 million. Combine this with Autopac's net income of \$6.1 million, this resulted in a surplus of \$8.3 million for the Automobile Insurance Division. This amount was transferred to the rate stabilization reserve.

Discontinued operations consisting of reinsurance assumed, personal and commercial lines, recorded a net loss of \$1.4 million. The corporation withdrew from

both of these markets a number of years ago but continues to be responsible for the payment of outstanding claims.

I would like to invite members to direct any questions they would have on this report, and I would hope we may be able to consider passing this report at the end of the session this morning. It has been my general approach to this that, while I will respond directly most of the time, I certainly will expect to call upon Mr. Zacharias and Mr. McCarthy to assist with answers if there are specifics that I do not have. So we are ready to proceed.

Mr. Chairperson: I thank the minister for those remarks. Does the critic for the official opposition party, Mr. Evans, wish to make an opening statement?

Mr. Leonard Evans (Brandon East): Yes. Just before I do, Mr. Chairman, have we agreement that we are going till twelve o'clock today, because whether we go to 12, 12:30 or 1, we are not sure we will be finished today anyway.

Mr. Chairperson: Is it the will of the committee to rise at 12?

Mr. Marcel Laurendeau (St. Norbert): Mr. Chairperson, maybe we could visit the issue at twelve o'clock, and if it is the will of the committee at that time to rise, we can, but if there are still some questions that have to be asked, we can continue asking our questions.

Mr. Chairperson: Okay, it is then agreed that we will check at noon and see what is the wish of the committee at that time.

Mr. Leonard Evans: Mr. Chairman, well, it seems that we have rolled again to that time of year where we review the Annual Report of the MPIC and have an opportunity to ask various questions on the operations. There is a great deal of information in the report, but there is even more information, I submit, on the application for rate increases.

I am a bit disappointed. I thought we were going to be able to obtain a copy of the rate application increase to the Public Utilities Board as we did last year. I did

ask by way of phone call, but I did not receive it. I know it is a lot, and I would be happy with a summary of it, but that application does give a lot of information explaining why MPIC wishes to obtain a particular amount of rate increase or increases for various categories and other changes that they wish.

I thought this was public information, and I thought that I would have received a copy. I had asked for it about a week ago, not in writing, just verbally. At any rate it is regrettable, because there is some information in there that would be useful. I would say that, generally speaking, Mr. Chairman, our concerns generally probably fall into two areas this year. One is the increasing number of complaints we seem to be getting from people.

The Support Autopac Victims Association, otherwise known as SAVA—some members are in the audience today—have contacted us. I believe they have contacted the minister and maybe officials of the corporation with various complaints. They have given me various pieces of material. Again, I have just been handed many pages of complaints from people. I cannot attest to the details or anything like that. All I know is what I have been given. Also, I have received individual complaints from people. We do our best to pass them on to the corporation that they may deal with them, someone in the corporation being available to review them. I have had complaints, it seems to me, an increasing number of complaints, even from my own area. I usually tell people to put them in writing if they would. I have a couple here in writing, and I know we may not have time or it may not be desirable to go into individual cases, but some of them are rather strange, and one wonders exactly what is going on.

I think it has to be stressed and emphasized very clearly, from our point of view anyway, that MPIC has to bend over backwards to provide service to people, and I was a member of the Legislature, a member of the government that established Autopac, that established MPIC back in the Schreyer years. Of course, we have established a monopoly, and, because we do have a monopoly, we have to try even more than ever, continue to try to provide the service to citizens of Manitoba. We have to be extremely careful that we treat everyone fairly and with courtesy. It is just not

good enough. I do not know all the circumstances when some people are evicted from offices and so on, women who are crippled and so on, and other cases of people who complain that they are not being treated with courtesy from certain people.

Now, I am not a judge or jury. All I am telling you is the complaints that I get as a member of the opposition, as an MLA, so I want to take this opportunity to make the point that we have to be very, very careful that all staff treat the public with courtesy and be as fair as possible. I know there are a lot of excellent staff in the corporation, and I am not trying to point fingers at anyone or whatever—[interjection]

* (1010)

Well, the member for Charleswood is tempting me, but, at any rate, there are specific people that have been complained about by clients, if I will, and I do not want to get into details of names or anything, but I just believe that it is very vital that the corporation realize that it has a very special position and that it has to bend over backwards to be fair and to be seen to be fair and courteous in dealing with the public.

The other area, I guess, that we have some concerns about is the fact that the corporation is again going for a relatively high increase, I believe it is 6 percent on average, and we would like to ask some more questions about this. We are surprised at the application because it is considerably higher than the rate of inflation in the province. The rate of inflation is less than half of that, I would submit, and it is surprising. There may be some specific reasons.

We thought that the introduction of the no-fault system, the personal injury plan, would take the pressure off the corporation, and yet we find that there has been increasing payouts, increasing expenses, and we are not sure why. Perhaps that would have been explained in more detail on the rate application. Furthermore, we are very concerned about auto thefts, as I am sure the corporation should be and is, and possibly a lot of the costs are related to car thefts. Again, I do not have all that data, but one reads about these things happening, and it could be the reason, it could be the cause of some of the increases.

We have some concerns about how the no-fault system is working. We would like to ask some specific questions in this regard, and we would also like to make some suggestions, which we have in the past, to make the no-fault system even better than it is. So with those few remarks, Mr. Chairman, we would like to proceed and go through the report as a report rather than a page by page.

Mr. Chairperson: Does the committee wish to consider the report in the entirety? [agreed]

I thank Mr. Evans for those remarks. Do the members from the Manitoba Public Insurance Corporation wish to make any opening statements?

Point of Order

Mr. Leonard Evans: Just as a point of order, I am surprised at the invitation, but I have no problem or no objection whatsoever for officials to make an opening statement if they wish, although I remember years back it used to be the minister who had that responsibility, and that was it, but I have no problem with that suggestion.

Mr. Cummings: Well, let us proceed with discussion, Mr. Chairman.

Mr. Chairperson: On the same point of order?

Mr. Cummings: On the same point of order, I would like to respond to a couple of items, and then we should proceed with the committee questions.

Mr. Chairperson: On the point of order, it has always been customary in protocol in the past, they have had some opening statements from the corporations if they wish to choose to, so I rule that there is no point of order in this case.

* * *

Mr. Chairperson: So we will proceed with general questions?

Mr. Leonard Evans: Excuse me, I have a question. Is the corporation going to make a statement or not?

Mr. Chairperson: They indicated they were not.

Mr. Cummings: Well, I just wanted to point out that certainly the PUB application was registered with the PUB, and I hope the member is not implying that he was unable to obtain information that was tabled there, and I understand a pretty complete discussion occurred at the Public Utilities Board as to the present rate application. I would be a little surprised that the member for Brandon East (Mr. Leonard Evans) would assume that the rate of inflation would be the only criterion upon which the rates may ultimately be set. That is the reason why we use the Public Utilities Board process, so that there is a public discussion and an opportunity for input into rates and how they are derived.

The issue of political interference comes to mind very quickly when we discuss individual claims and/or rate setting. The one thing that this government has been very proud of is the fact that we have worked with the corporation in making sure that the Public Utilities Board is the process for rate setting. The corporation has been charged to operate as independently of political influence as can possibly be achieved and that includes not directing settlement on specific claims but certainly making sure that process and fairness is the key.

I appreciate that the member does not want to point to individual employees in the corporation, but I hope that in his comments he is not tarring them all with the same brush, because one thing that the corporation and my office has been most meticulous about is making sure that we treat the customers in a fair process.

There certainly are, from time to time, undoubtedly, going to be disagreements over what are legitimate settlements, but there are a number of safeguards that have been put in place to attempt to keep the corporation from being able to inadvertently or intentionally, if that is the implication, take advantage of people, and at the same time, making sure that claims and concerns are answered courteously and as promptly as possible.

The bodily injury introduction is only a portion of this annual report that we are looking at. The PIPP

program is only made up of two-thirds of this year's reporting. If the member wishes to discuss PIPP, however, I think we are quite prepared to do that.

I will leave it there, Mr. Chairman, and perhaps we could get into some questions.

Mr. Leonard Evans: Just on this point, as I said, one always receives complaints. It is never ending. That has always happened, and when the minister was in the opposition I am sure he received a lot of complaints. He receives complaints as do executive in the corporation about something or other, people do not agree with the decision or whatever.

I think, generally speaking, the program has served the people of Manitoba well and I think we are better off because of Autopac. I am simply saying that I have had an increase in the number of complaints about service. The fact that there is an organization called the Support Autopac Victims Association, SAVA, who seem to be—and I do not have all the detail, all the information. I have received some more this morning; we have many letters. I have never seen such an accumulation of complaints and I cannot, as I say, verify the detail of any of those obviously. I am just stating a fact, that we have received those and that people are upset and are concerned.

I hope I can and intend to spend some time with these and submit the information to the minister or to the executive and have them take a look at it. One area it touches on, I guess perhaps it is not so much a complaint of the staff as a complaint of the PIPP system and that is people who have, for whatever reason, had an accident, whether they are at fault or not.

* (1020)

In this case, this lady was not at fault. Her husband is out of work; they have no money. She was hit and she had to forego income for a week because there is a week waiting period. As the minister may remember, during the review of this legislation, we, in the opposition, suggested that one week was not fair, that it may be fine for administrative purposes but for the individuals involved, if they were deprived of one

week's salary or a portion of one week's salary, and particularly if they were not at fault, particularly if someone caused them to be injured so that they could not work, they are out of income and that is not fair.

I have one lady in Brandon, I will not mention the name. I do not mind giving a copy of the letter to the minister, but she really feels, in two and a half pages, that she has been hard done by this government and by the corporation, because she is in effect penalized, she said. She was able to go to work. She had a job. She was working. She had an accident. She is not able to work and receives, even though she thought she was going to receive some compensation, is not able to receive that compensation for seven days.

She says: I appreciate the attention you are giving to my case, but this no-fault seven-day waiting period for income has got to go. Remember, we are the innocent ones here. Have not we suffered enough with injury and loss of our vehicle? Do you have to take a week of our wages away from us and make our family suffer, because that is what is happening. I am sure there are lots of other people who would agree this so-called law hurts the innocent party and their families, but, at any rate, she goes on and says that she hopes someone will look into this and that the innocent people are being hurt through this seven-day clause, that they are being penalized unfairly.

Now, under the old system, Mr. Chairman, people of course could sue and that could be taken care of, and I have been critical of the older system, as has the minister himself and others, but there is no need, I believe, for us to impose this very restrictive seven-day waiting period.

This is one case; there are other cases. I am sure there are some referred to in these letters that I have with me.

Mr. Cummings: The debate around this occurred as well when the no-fault PIPP program was introduced and the legislation was introduced, and a number of programs, as the member knows, across North America and anywhere else where there was good information were reviewed to see what was considered fair and what was common practice around the world virtually but certainly in North America.

I understand the concern that the individual would have, having a waiting period to receive benefits, but I suspect that when we review this program at the end of the three years as we have committed ourselves to do, this will not be found to be an unfair practice.

The other thing, of course, that has always been at issue where there is a restriction to sue as opposed to a program to replace income where necessary and to support people who are seriously injured, frankly the no-fault program does have opportunity for support for those who are seriously injured, that it far exceeds the general rate of payment that is seen under the previous system.

As the member knows, there have only been a small number of claims under PIPP that have proceeded to the next level of appeal. The appeal commission has not been overrun with appeals. Nevertheless, there have been some and there has been, I believe, on one or two occasions where there have been changes made in the award.

But let us be perfectly clear, one of the things that has driven bodily injury costs over the years prior to PIPP was that there was quite a wide variety of claims under which benefits were paid out, and that is now much more structured and in some cases more restrictive, I acknowledge that.

Mr. Leonard Evans: Well, you know, the minister talks coolly and calmly about the matter, but the people involved are very upset because there are a lot of people out there that just unfortunately do not have resources. When their income flow stops, they are in big trouble, and especially if you are in a low-income category.

This lady is in my riding. She says, here I am with my husband laid off, a child and little income to live on, and I have to lose a week of my wages due to a young, inexperienced driver. This law passed in 1994 is the most unfair, stupid law that I have ever heard of and everyone I have explained this so-called law to agrees. It is totally ridiculous. My adjuster was very nice and had to help me get my medication because I had no money to pick up the \$60.98 of prescriptions. The same goes for the adjuster helping me with my car

claim. I had to call him. He informed me of renting a car but I was broke and I had already gone two days without a vehicle, so he made some arrangements for me to get one.

She was complimentary of the staff for that, but the fact is she has lost this income and it is serious. It is serious for everyone; it is particularly very serious for people in the low-income category. I guess particularly what annoys her is that this individual in the city of Brandon apparently was not at fault in any way, shape or form in this matter.

So I would hope that the minister rather than waiting for the review would take another look at this and see whether an amendment could be brought in to the legislation in the interim. Regardless of what is going on elsewhere, I think there may be many insurance companies that require you to wait seven days, I do not know, but I am simply saying that this is not fair. I believe, the minister can correct me if wrong, the Saskatchewan government has not got this waiting period. I stand to be corrected if I am wrong, but I believe they have not insisted on a seven-day waiting period before income replacement. You may recall they adopted equivalent to the PIPP program, the personal injury program, shortly after ourselves.

Mr. Cummings: Well, I appreciate what the member is saying, but I think he errs seriously if he thinks that the Saskatchewan program is the same as Manitoba's. They have significant differences in their program. It is too soon to know what their experience will be, but I think you are going to find an enormous leap in the cost of insurance in Saskatchewan if they acknowledge their losses.

Look, the member cannot have it both ways. If we were defending an application in front of the PUB that would have had today's cost of automobile repair plus the anticipated costs of the previous tort system claim settlements that we anticipated over the past year, we would probably be looking at a 20 increase in Autopac rates and that member would be looking for my resignation.

* (1030)

He knows full well that in the insurance business cost equals rate, and there is no other way of doing it

unless he wants to go back to a system where the government is subsidizing the rate of automobile insurance and that would probably be the final death knell for the NDP, if that is what they are suggesting. This does have to be a system where the rates are contained so that people can afford to drive a car. We do not want to go to California or Florida systems where we have a huge number of cars unregistered and uninsured—pardon me, uninsured, not necessarily unregistered—uninsured vehicles on the road where if you get hit by one of those then you are in big-time trouble.

We certainly want to keep insurance rates predictable and contained as much as possible within our jurisdiction so that people can afford to have that protection. I understand that means that there are some sacrifices in respect to ability to use tort and some of the situations that the member raises.

It points to the fact that if there are people out there who are working who do not have access to sick leave with pay—I am not sure how high that number is. Any information I have would suggest that it not common outside of perhaps part-time employees, but people generally who are working are entitled to sick leave. The criticism of this clause, of course, in the first place, was that it might require them to use some days of sick leave during that waiting period. But if you look at people who are dramatically injured and if you look at insurance costs in this province compared to any other jurisdiction, we have succeeded in the goals that we set out.

If we start looking at thresholds or changing the benefit package in the short term we are going to lose the ability to achieve those goals which I believe are widely supported by the policyholders in the province, because we would be very quickly into the range of unaffordable automobile insurance here, as it is in a lot of other jurisdictions.

A simple comparison is a 21-year-old new teacher who found a job as it happened across the border in Ontario who, the first thing she had to do was take out a loan for \$1,000 to be able to pay her additional insurance in Ontario. Now there is a significant backlash when you compare our rates to Ontario and

other jurisdictions, and as I say—and this is not a criticism in any political manner; it is a criticism of the system—Saskatchewan is going to be probably facing significant increases unless they are going to use a taxpayer subsidy to support their public insurance program.

So I would encourage the member to look at the big picture. I certainly encourage him, if he has constituents or other people who have problems and issues, to continue to bring them forward because that is our responsibility, to make sure that the corporation acts in a humane and reasonable manner. But we have to act within the confines of the law and the regulations that we lay down, and if there are suggestions there, we are open to suggestions. I hear the member but I caution him in the long run that making interim and makeshift adjustments to the program may not give the time and opportunity to examine the big picture, which I am convinced is very costly.

Mr. Leonard Evans: Well, Mr. Chairman, I thought at one point the minister was suggesting that this is probably not a big financial item. I thought he was suggesting that at one point, that the seven-day exclusion, if it was limited was—

Point of Order

Mr. Chairperson: Order, please. A point of order.

Mr. Cummings: No, I did not say that. I was not observing on the cost of the corporation. I am observing that this is part of the system, the total package of which assists us in making sure that the cost of insurance in this province is contained as much as possible while at the same time being fair and reasonable. I am not in a position, and I do not think anyone else is, to precisely indicate what the dollars would be, if that is what the member is asking. I would be reluctant to guesstimate what those would be.

Mr. Chairperson: I agree it is not a point of order. It is a dispute over the facts.

* * *

Mr. Leonard Evans: Mr. Chairman, I did not raise it as a point of order. [interjection] Good ruling. I

wondered whether when the minister was saying that the Saskatchewan plan was not like the Manitoba plan, I had asked him specifically though whether I was wrong when I said that Saskatchewan does not have that seven-day penalty period. Am I right or wrong?

Mr. Cummings: I am looking at the officials. I do not think we are sure one way or the other on that particular item, but I believe the member is operating from the same word of mouth that I may have heard and that there are some differences there. But there are other differences too which include what would be some very expensive items, so that is why I am inviting the member and the public at large to let us look at the big picture and not lose sight of what we really have a problem dealing with, and that is keeping the cost of insurance reasonable within our jurisdiction. We do not have age discrimination, we do not have runaway costs, although we certainly have to struggle to contain our automobile parts repair costs.

Mr. Leonard Evans: I appreciate the fact that increased costs can translate into increased rates, but there is a balancing that has to take place. That is that we have to ensure that we do provide adequate protection to people. When you have people in Manitoba who happen to be unfortunately in a low-income category and through no fault of their own have an accident, let us say, are deprived of some income protection for that period of time and therefore finding themselves suffering financially, there is that balancing that has to take place.

Just carrying on with the theme of complaints, this is what I am attempting to do is to point out to the minister that there are a lot of miscellaneous problems and miscellaneous complaints and I will do my best to bring this together and forward it to him. Some of these letters are very interesting, some of them would make you wonder about how people are being treated. At least in some cases they feel they have not been treated fairly.

As I say again I cannot be a judge and a jury on it, but there are people who are intending to stay together in the SAVA, the Support Autopac Victims Association because they do feel that they have been suffering some injustice. That is the fact of the matter.

Again, I do not want to go into a lot of detail and I cannot verify all the information, but people feel that they want to be able to voice continuing complaints about Autopac by way of an organization, for various reasons.

One individual says she feels like she has a welfare cloud hanging over her head and she is afraid that Autopac can turn around at any time, like they have done to others, she alleges, and cut me off of income replacement and this is not right.

So she is worried about discretionary judgement. She says also: I am afraid that Autopac will cut off my treatment claiming I have reached the maximum paid as they have done to others. This also is not right.

Then she also says she feels that stalking is against the law, I do not know if I am personally being stalked but a lot of victims are and this is not right.

Again, I have no elaboration of this item.

And the last reason, I think, offends me the most: As a former government employee, even though I worked for the federal government, there are certain basic dignities that should not be ignored regardless of the level of government you are talking to. I have heard this repeated by too many different accident victims at too many different times and involving too many different Autopac adjusters. This is when adjusters smile at the victims and say, well, if you do not like it, go ahead and sue us. There is not need for that kind of arrogant, ignorant and insensitive comment to be coming from any adjuster's mouth.

I question whether this is the view of the management of Autopac. If not, a memorandum should be sent out immediately to all Autopac employees stating that these kinds of comments are totally unacceptable, will not be tolerated by the management of Autopac and will definitely—not could, perhaps, maybe, et cetera—result in severe disciplinary action. I have not worked at all federal government departments, but I have noticed this kind of behaviour is not and would not be acceptable there, and they should not be in any government office.

* (1040)

This individual made a representation also to the Public Utilities Board, Mr. Chairman and this is on the record at the Public Utilities Board, but I thought it is worth repeating here because this is the tenor of a lot of these letters of complaint that I have here with me today.

Mr. Cummings: Mr. Chairman, the member is making a significant point that there is now an organization called SAVA. I would encourage him to assist me in answering the question of the membership of the organization and let us have a look at the issues. I think there have been some claims made about significant numbers. I can tell you that the number of complaints that come through my office is significantly lower and remains low. There are a number of ongoing files where people have been dissatisfied with settlements. I suppose out of—how many thousand claims over the course of the year do we have?

Floor Comment: Fourteen thousand.

Mr. Cummings: About 14,000 claims. It would be very unusual if we did not have some dissatisfied customers out there just by the nature of the fact that when a person has had an accident, they are sore, they are upset and probably their family car is in tatters. I do not blame them for being significantly disturbed about their situation, but it is also my understanding that the majority of the claims that are outstanding and are not being settled yet are under the previous tort system which again raises the question whether we have a problem with the PIPP system or not.

I do not think we have had a significant number of claims to allow conclusions to be made around the PIPP program but, again, pass on any information and concerns that you have and let us make sure we have an opportunity to have a look at them.

One of the problems, of course, with the old tort system was that once legal proceedings started, it was very often in the hands of the legal community how fast the claims proceeded or did not proceed. I am not sure that the member for Brandon or I can settle that. Certainly, the legal community would be very concerned if we intervened in those outstanding cases that are still before the courts.

Mr. Chairman, I am informed that the corporation has met with the SAVA group and has another request for a meeting which they will be following up on, so it is not our intention to ignore anyone under these circumstances.

Mr. Leonard Evans: Mr. Chairman, I am glad to hear that and just to reiterate to make sure I understand correctly, the president and executive will be meeting with the SAVA group at some time in the near future to review specific complaints or a group of complaints. Is that correct?

Mr. Cummings: They already have, and there is an additional meeting that has been requested which has not yet been responded to, but they have already had one meeting and will continue to meet.

Mr. Leonard Evans: Again, we have a new system and like every new system, there are always bugs that have to be taken out and have to be worked out. I recognize that. One does not have perfect foreknowledge. You set up a system, you think this is great, and then when you try to run it you find that there some problems that you had not anticipated. But the point is that we should be prepared to correct as quickly as we possibly can if we find that there is an error or if there is some deficiency.

This is why I requested the minister to take a quick look at the seven-day waiting period and see whether it is that big of a expensive item in the totality of things, and compare that with the injustice that is being done to some people who unfortunately are in a low-income category and are very much financially squeezed by losing that income, even though they were not responsible for the accident whatsoever. I know in some cases people are responsible for accidents or may be the guilty party—if I can use that term—but in this one case I mentioned, the individual was the innocent party and was deprived of income, and she feels that therefore the system is unjust.

I hesitate to go into a lot of individual cases, but I am just making some specific references just to point out that these are real people with real problems.

Here is another case where the person is having difficulty with the corporation as to whether or not her

inability to work is due to the accident or to a seizure disorder which this person alleges she does not have and never did have.

She says—and I am quoting—I have never taken any medication or treatment for such, but MPIC plays it up so much that it makes you sick. If that were the case, CN—her employer—would have placed me in a restricted position. The fact remains that the injuries prevent me from working. MPIC said the seizure delayed the rehab of my injuries. Whoever heard of any seizure causing fibromyalgia? That is all garbage, unquote.

Then she goes on to say: MPIC has a knack for twisting the truth in whatever way it suits them.

Then she refers to medical reference and she has records and so on. Many reports have been sent to MPIC stating that my condition is worse and that the work program worsened it, but they continue to come up with their pathetic warped excuses. They, particularly my adjuster, have been invited on many occasions to come to my therapy sessions to see what I go through and also to have a treatment so they can see for themselves how awful it is. Of course, they always decline. None of my therapists have been paid since 1993. MPIC is messing with their livelihoods too. How can they get away with it? I hate every bit of this garbage that I have been forced to live with. All people involved with me, including those caregivers who have not been paid for therapeutic services performed on me, have all been burdened because of this accident. My parents have gone into extensive debt helping me to stay above water. I am not the only victim; we all are.

Now I gather she did meet through the SAVA group with Mr. Zacharias and some others, and I think there was some review, but she feels that she is still getting the runaround.

* (1050)

In August of 1995 I called a Mr. McCulloch myself and was told that he had not even received my file three months later—this is after this meeting, I gather, in May—after both my lawyer and myself had made numerous calls about it and were lied to by the

adjuster—this is what she says and, again, I cannot verify any of this material. Shortly after that, we were told that the adjuster had it once again and that she was not going to change her mind about resuming benefits or reimbursing my expenses or paying the therapists for their services. I would like to see what would happen if she, the adjuster, would have a serious accident and end up with fibromyalgia. It is amazing how things change when the shoe is on the other foot, so to speak.

At any rate, she did contact Mr. Zacharias. I will just paraphrase here: I was transferred to several people, all of whom got the scoop on my story and were asked for assistance. None would help until finally Mr. Grover said he would check the file and get back to my lawyer on September 15, 1995. He did not, although on September 18, Mr. McCulloch wrote to my lawyer stating he would not intervene and that litigation might be the only way to get satisfaction as he was going to let the decision of the adjuster remain.

I have been forced to sell much of my property, my car, furniture, exercise equipment, RRSPs, and so on, just to keep bill collectors off my case. Still, some have put liens against my house. I have nothing left to sell. I used to have an exemplary credit rating, but MPIC has taken that away from me too. My most recent Autopac renewal payment was made a full month in advance of the due date, yet MPIC is still sending me a notice stating that it was overdue.

I sat around and had taken MPIC abuse far too long. I had been very quiet, but that is about to change. As they say, the squeaky wheel gets the grease. At any rate, she says MPIC had better get ready for some serious squeaking. It is about time I fought back for what is rightfully mine. Who died and made them God over my so-called life? Then she says, enclosed are supporting documents and they have been highlighted for convenience.

Mr. Chairperson, as I said, I will make as much of this as I can to get it together and forward it to the minister responsible for MPIC.

I have another case here that is very clear in a sense. This is from a constituent. This lady—well, not a constituent, but she lives near Brandon. In this

instance, as usually all of these instances, they have gone through some appeal procedure, often they have contacted the minister's office and still feel frustrated that they are still suffering some form of injustice at least in their minds.

In this particular case, this individual, whom I do not know, but I have spoken to over the phone, and have her letter, claims that in this instance she did not even hit the vehicle. It was a very minor matter; it was not a big accident. It was a very minor matter coming out of a parking lot spot. She shows in a little diagram, she is backing out, she backed out and moved away. The vehicle was supposedly hit on the side, and she alleges she never touched the vehicle, and yet there was supposedly another party who witnessed this and alleged that she hit the vehicle.

When it went to court, the person who made the allegations did not show up and did not show up even after the police attempted to bring her there or persuade her to come on several occasions. At any rate, ultimately, some form of charge was laid against her even though she still maintained she never hit the vehicle.

The long and the short of it is, even though it is a small amount of money, and she has talked to several staff in the corporation, and, again, she feels she has had sort of a going around in a circle, she says, I have already paid an extra \$20, so it is not a big deal in terms of a lot of damage. There was certainly no personal bodily damage. But she says, I have already paid an extra \$20 for my driver's licence, and, as I understand it, I will be paying increased insurance rates for the next five years, in addition to having an accident on my driving record. My chief complaint is that MPIC has based its liability decision on the testimony by a witness whose credibility is shaky at best and that I never was given the opportunity to a fair trial as heard by an objective person. MPIC has been particularly nonobjective; in fact, Mr. Davis told my husband at one point that the reason the witness did not attend the court was that she was renovating her home.

At any rate, I will also forward this to the minister or to the corporation. It just seems to me that it is part and parcel of people out there dealing with a huge

corporation and they feel frustrated. They do not feel, for whatever reason, that they have been given a fair shake.

In this case, this is just incredible. I talked to the lady on the phone, and she continues to maintain she never ever hit the vehicle even though this other person said that she did, but the other person who said that she did, who is not the owner of the vehicle, would never come to court to make a statement and still to this day has not showed up at any small court. Maybe what the person should be doing is using a lawyer and so on.

I think the reason she was taking it fairly casually at the beginning of this process, or during the process, was that she thought that, well, justice will be done and surely this whole matter will be dropped because she did not hit anyone, and yet she is being penalized in this way.

Mr. Cummings: Generally speaking, I think the member for Brandon East (Mr. Leonard Evans) knows full well that he is not going to get me to get down into discussing on the record details of certain claimants' issues. I think it is a little bit surprising that he chooses to read this material into the record and indicate that he supports it.

Although he very often issues a disclaimer every few minutes, by putting them into the record, I think he certainly believes that these are valid issues, and that is fine if he is convinced of that. If he has a few more of these that he wants to read into the record, perhaps we should sit back and let him do it, but we will respond eventually, and the corporation certainly has gone out of its way to treat people as fairly as possible. There will be situations when that might not be enough, and if the member has more concerns that he would like to put on the record, perhaps he would like to indicate. I or Mr. Zacharias will respond if you would like us to.

Mr. Jack Zacharias (President and General Manager, Manitoba Public Insurance Corporation): I would like to say that focusing on customer service and customer service issues is something we have spent an awful lot of time on. While there has been a lot of change going on with respect to the programs that we have and people become accustomed to some of those

changes—or at least are not fully familiar with the changes. I think the one comment that was in the letter that Mr. Evans read where the staff had treated the individual quite well even though they did not agree with the bottom line or what they got paid is much more typical of what we find when people are dissatisfied.

The number of complaints that we have gotten has not escalated beyond what we have previously received. We do have the SAVA group that came into being awhile ago. Originally, most of the members had tort claims that they were unhappy with, and since, some of them have also had PIPP claims. The core group was formed—or at least many of the core group members were at one time and I think still are represented by the same lawyer.

That particular lawyer has been charged with some fraudulent activity with respect to Autopac injury claims, and I do not know what the relationship is between that instance and his clients joining the SAVA group, but we have certainly met with them as a group. We know of about seven or eight members. We have asked for a list of other members which to date we do not have. We will certainly meet with the group again if they so desire.

We have looked at the individual claims of the people that we do know about. In some cases, the claims have gone through the internal and external appeal process. They have also sought leave to have the case heard by the courts and that leave has been turned down. In other cases, we have certainly reviewed each of the files to try and make sure that the people are being treated fairly.

There are no decisions under the PIPP system that we make with respect to whether or not we should be paying for treatment, whether or not they should continue to receive disability, that are not appealable at a very short order through both the internal and external appeal process. While we have heard some complaints, the people—those issues have not been taken forward in most cases through the review process. We are quite confident that should that happen, many of the allegations that have been made will not be supported through that process, but that is

certainly to be borne out, whether or not that would be the case.

Mr. Leonard Evans: Mr. Chairperson, by reading some excerpts and referring to specific cases, I am attempting to paint a picture of what I see, painting a picture of—[interjection] Well, the member says I am painting—I do not believe I am. I am standing up on behalf of citizens who have complaints, and that is my job and that is your job, sir. Whether I am right or wrong, I will do my best to represent the people of Manitoba in my riding, as well. [interjection] I have no problem with that, and I do not appreciate the interjections. I am sure members of the public do not appreciate it either.

Just one other example. This lady, and I will not mention the name, was awarded, I believe—and I do not have all the details and I do not have the written material—something around \$700. I want to refer to this because I think it is a case of a person who does not know where to turn to and is being deprived of some income support and feels very badly treated by the entire system beyond Autopac. I am going to refer to the social assistance system we have, as well.

* (1100)

This person has an award of around \$700, but she now has two children and this well under the poverty line. This is well below what our welfare system, our social assistance system, would pay a person in that circumstance, as I understand.

Unfortunately from her accident she suffered serious injuries. She requires a cane. She has, I believe—I do not know all the detail—lost some weight and so on. She has a lower back injury and a hip injury and so on. She has been very exasperated to the point where I believe she even visited the office of the president to get a hearing. I believe, as I am told, there was an attempt to remove her physically and she objects to that. She is only 110 pounds, uses a cane, and she does not believe that it is fair that someone attempted to physically remove her, touch her and to push her out.

Now I am just stating what I was told. The point is this person—there is no question that an individual is

getting less from Autopac than we would pay if a person was on social assistance. Maybe Mr. Zacharias or the minister may want to comment on this.

I do not know a lot of details about the case, but I am using this as an example of people who are on low income, are in a very poor financial situation because of an accident. This individual had great career opportunities and possibilities prior to the accident, but here she is in this particular situation. It would seem to me that if Autopac cannot see their way to increase the amount so that she could at least live at the minimum available under our social welfare system, our social assistance system, then they should perhaps assist her in getting supplementary monies from the social assistance system.

But here is an individual—as I am told, I only know what I am told—is being required to live well below the poverty line that is established by the Department of Family Services. She just cannot feed her kids properly.

So again, I do not have an Autopac claim number to give you. That can be dealt with later as well, but I am using this as an example of someone who feels very harassed, who is very unhappy with your adjuster, would like a new adjuster if that is possible, and who just does not know where to turn.

As I said, maybe the solution is to help her with the social assistance program to supplement what Autopac pays. But maybe Autopac is able to pay more. I do not know. I am just making that as an example of someone who feels very aggrieved just dealing with government out there and does not understand why she is being badly treated.

Mr. Zacharias: A couple of issues. I think we are seeing a mix of tort claims and PIPP claims. Certainly the benefits under the no-fault benefits that were available at the time that tort existed were much lesser than the PIPP benefits for disability are today. I think we are dealing with a case where the prior coverage is in question or is the coverage enforced so that if the complaint is that the disability benefits are inadequate, I believe we are talking in a situation where the old benefits that applied during the tort system were applicable.

In fact, what you are representing is a tort case where the people are represented by counsel and discussions are ongoing between our staff and their counsel with respect to trying to arrange a settlement. So that it is not a PIPP case we are talking about.

The individual did attend our offices in the last short period of time, not my office in particular. Some of our senior people met with that individual, and during that conversation locked the doorway so our people could not leave, had a cane in hand which was used in a threatening manner. The staff did call security.

I do not know. The liberty to speak about individual cases is somewhat restricted because of confidentiality provisions. I do not think we can really get into the nuts and bolts of many cases in a public forum.

Mr. Leonard Evans: I appreciate that. Just one question of Mr. Zacharias. I understand there were two accidents. Obviously Mr. Zacharias knows what I am talking about even though we have not mentioned any names, but I understood there were two accidents. Were they both accidents under the tort system, or was one under the new system?

Mr. Zacharias: I believe we are dealing with two occurrences. One under tort; one under PIPP. But I think we have to get into discussion with respect to degrees of injury and what injury was caused at what point in time, and I think we are getting pretty close to dealing with some confidential information.

* (1110)

Mr. Leonard Evans: I have deliberately not mentioned anyone's name in all of these examples. I am trying to paint a picture I suppose. At any rate, Mr. Chairperson, we presumably can be in touch with the corporation and assess the review that will be taking place by Mr. Zacharias and his staff, correct?

Mr. Zacharias: Yes. I would be happy to deal with those problems.

Mr. Leonard Evans: I wanted to talk about the rate increase that the corporation was asking for before the Public Utilities Board. What I am concerned about is

exactly the basis of the request for the 6 percent increase. I wonder if the minister or the president could just very briefly state the reasons for this particular 6 percent increase that is being requested. Again, I do not have the detail, but if the minister or the president could take a couple of minutes just to give us that outline.

Mr. Zacharias: The rate application basically took two forms, one being a 4.1 percent increase sought to cover projected costs for next year and a separate 2 percent to rebuild the rate stabilization reserve. Items driving costs come from the physical damage side of our business, vehicle theft. The cost of theft has gone up by roughly \$12 million each year for the last two years, and it has been absorbed and not passed along previously.

The average cost of fixing a car continues to increase, driven to a large extent by the new technology in building cars. We find that there is a lot more computer equipment within those vehicles. The frequency with which air bags are replaced is much greater than it was several years ago. A lot more plastic and composite material is used in the construction of those cars, much of it throw-away items, so that collision costs are rising on a continual basis.

The increase that we are seeing in collision cost is not out of line with what is going on around the rest of the country. The increase that we have seen in theft claims, in particular, was abnormal in that our rate of stolen vehicles was basically at the bottom end of the scale for major cities in Canada. We are now on equal par with places like Calgary, Edmonton, so we saw some significant cost increases there, and what we are trying to do is simply make sure that during the next fiscal year, we are basically breaking even with that 4.1 percent.

Now, when we say 4.1 percent, that would be how much the rates actually increase if the Public Utilities Board approves the application, and the people who renew on March 1, '96, would see that increase, and we are talking about an average increase because there are some fluctuations between vehicles. People who renew on March 2 would see that increase, and the people

who renew in May would see that increase. Some of the people would not see that increase until the end of February '97.

So our net revenue increase as a result of putting in that rate increase over the first 12 months that the rate is in place is only 57 percent of that 4.1, so we are only seeing about a 2.6 increase in revenue as a result of the 4.1 during that first 12-month period, and the staggering that goes on now, certainly the flow of income changes considerably.

In addition to looking for that increase to cover future ongoing costs, we also had an application with 2 percent earmarked to rebuild the rate stabilization reserve. The corporation has always attempted to maintain a rate stabilization reserve. Our target was 15 percent of the written premium. That reserve has become depleted and what we have asked the PUB for is a 2 percent rate increase earmarked to rebuild the rate stabilization reserve so that if we are faced with large storms or significant events in the future, rather than simply having to pass those increases immediately, there can be some cushioning of that over a period of time.

Mr. Leonard Evans: I thank Mr. Zacharias for that explanation.

Has he some rough estimate of an increase in income *ceteris paribus*, everything else remaining equal, from these particular rate increase requests? In the bottom line, what would be the revenue or the net income achieved from this rate increase?

Mr. Zacharias: In terms of how much extra we would collect?

Mr. Leonard Evans: That would be gross. I would appreciate their cost side, as well.

Mr. Zacharias: The 4.1 percent and based on the revenue increase that that would generate over the next fiscal year would basically allow us to break even with maybe a small profit of \$2 million if our forecasts were all accurate.

The 2 percent increase for the rate stabilization reserve would generate roughly \$7.5 million, but we

would only see, again, 57 percent of that during the next 12 months, so we are looking at about 3.5, 4 percent actual addition from that in total.

Mr. Leonard Evans: Well, what I am concerned about is some reference in the annual report to a repayment made to the Province of Manitoba of \$19 million in the year ended October 1994 that, according to a footnote in the report, this refers to a deficit in October '87 amounting to \$26.67 million.

What I am surprised about is that here is an amount that the corporation wants to take out of its revenues to give to the government of Manitoba at this point in time.

First of all, was there no repayment of this money previously, if this is what was expected?

Mr. Zacharias: During the wind-down of the General Insurance Division, which we have been out of for a number of years now, the province advanced close to \$27 million, 1988-89 time period, to our corporation to fund the liabilities of the General Insurance Division.

That money was with our organization, and we had used the interest of it. We wound down the general side of the business. The SRE department was part of the general side of the business. When there was a surplus in the SRE accounts and those associated accounts, we received a request from the government to pay back a portion of that \$26 million that had been previously advanced, and the decision of the organization was to pay back \$19 million last year.

Mr. Cummings: I think I could guess where the member would like to go with his questioning, and it would be only appropriate that I interject, I think, because these are accumulated losses from previous years that the government had to assist the corporation with or provide backup so that we could clean up another one of the operating messes that had been left when we came into office.

I think it was only appropriate that we be able to demonstrate to the public that this corporation is paying its own way, that the automobile insurance side of government responsibilities is user-pay and are able to,

when they have successes—and in this case success came with removing itself from the losing side of the operation—that we are now able to return to the public coffers those monies which were advanced.

It certainly seems to me something that is, as anyone I have ever talked to, lauded significantly by the members of the public because we have been able to balance off, at the same time maintaining reasonable cost insurance in this province, which the member very often proudly points to that he was one of the originators of public insurance in Manitoba.

I would hope that he would join me in lauding the corporation that they are now back in a position to fully acknowledge their moral and financial obligations and not be using tax dollars to spread around the cost of automobile insurance, because it is how we drive in the end that reflects the generosity of the programs that the corporation is able to implement.

I thank the member for raising it but I would hope he would join me in applauding the move on the part of the corporation.

Mr. Leonard Evans: Is the minister saying—or Mr. Zacharias perhaps can answer as well—that the corporation was not in a position to make this kind of a payment to the government prior to this year?

Mr. Zacharias: There were no specific schedules set with respect to the repayment. When there was a significant surplus developed on funds from the divisions that were within the general lines banner that received the funding in the past, we received a request if we could not pay back some of those funds, but there was no schedule set previously.

Mr. Leonard Evans: So this is the first of the payment to the \$26.8 million. Why 19? Why does it all have to be paid, because it does have a bearing on the request for a rate increase, very much so, and why all of a sudden \$19 million of that? Why not spread it out over a period of three or four years, or does the corporation believe that it might not be in the same position three or four years from now to make that payment?

* (1120)

Mr. Cummings: I think the member should consider that it would be much more difficult to ask the corporation to respond to a request like this when it was in a negative position. It seems only logical that it acknowledge its debts at a time when it is capable of dealing with them and, in fact, having sold off the general arm and its responsibilities, it seems that—I recall a number of statements at the time, and I would have to search the archives to get the verbatim, but it seems to me that the government of the day was pointing to general insurance as a profit centre for the well-being of the coffers to the Province of Manitoba.

So the member is certainly going to have to eat his own words if he says that the corporation should not have acknowledged the repayment of its indebtedness. I think that he, as I said before, should be joining me in applauding this move.

Mr. Leonard Evans: Mr. Chairman, the minister is putting words in my mouth. What I am asking is, why is the \$19 million being repaid now? Why would it not be spread out over say, two, three, four years, because that would presumably require the corporation to ask for a lower rate increase. In other words, this has a direct bearing on the rate increase that the corporation is being asked about.

Was the corporation being forced by the government to repay this at this particular time? Was there pressure to pay it now?

Mr. Cummings: We have said a couple of times that the request came from government to acknowledge this indebtedness. That is not anything other than what we have said, but, look, these are two separate pools as well. Do not forget that. Perhaps Mr. Zacharias could add in terms of the rate.

Mr. Zacharias: By law we were required to have separate accounting with respect to general lines funds and our basic Autopac fund. The basic Autopac fund and the application for a rate increase there would not be impacted by the \$19 million because that was a totally different side of the business and there can be no sharing of funds or cross-transferring of funds. It has to be a separate accounting.

So the SRE department had built a surplus. We could not deplete that whole surplus because we did

require some to keep funding ongoing operations and other old liabilities that were there, and the \$19 million represented what could be spared out of the surplus at that point in time.

Mr. Leonard Evans: Just for clarification, then. Mr. Zacharias is saying it is coming out of SRE only. It is not coming out of the Autopac side of the corporation.

Mr. Zacharias: No. When the funds were received, they were earmarked for the general side of the business. The repayment was generated out of funds earned on the general side of the business which included the SRE, but none of these funds would have impacted the Autopac basic program.

Mr. Leonard Evans: I thank Mr. Zacharias for that explanation.

Will the corporation be able to pay off the balance from that side of the operation in the next year or two?

Mr. Zacharias: If there was a request from government for the balance of the funds, we would have to take into account, or at least we would have to look at what funds were available, but I would suspect that any future dealings with those funds would be from money coming out of the general side or the SRE side of the business, not out of the basic plan in that the accounting of the basic plan is protected by legislation, and there is no provision to move those funds to government.

Mr. Leonard Evans: In other words, the balance of that, if and when that should take place, will not come out of the Autopac operations of MPIC. This is what the president is saying, is he not?

Mr. Cummings: That is correct, as I interpreted Mr. Zacharias's comments, but I just for emphasis want to repeat that, by law, profits cannot be skimmed by government, any government, out of the Autopac side of the operation. You may recall when we introduced the no-fault program, that that was a question at that time, and we emphasized that as well then. There is no ability to move those dollars.

Mr. Leonard Evans: Mr. Chairperson, I have many, many more questions on different areas of the report,

but I believe there are one or two members who would like to at this time ask some specific questions of the minister and the corporation, so I yield the floor to whomever.

Mr. Conrad Santos (Broadway): I would like to focus, not having familiarity with the details, on some broad, general questions. I would like to focus on the nature of responsibility and accountability and the role of information in relationship with the governing bodies, senior management, the government represented by the minister responsible. I would like to do that in a global way.

I would like to start with the government minister who is at the highest level. How does the minister see his role in relationship with the Crown corporation called MPIC, its governing board and its senior management? My question is, how does he see the importance of information being provided by management to those to whom they should be accountable?

Mr. Cummings: Well, thank you for the question, because as the member probably knows and has researched, this goes back to an item that was addressed in the Kopstein review. It has been a matter for debate a number of times in this province, about the relationship between the minister and MPIC or MPI, as it is now known.

First of all, as minister, I work directly with the board and more specifically with the chairman of the board in terms of discussion and receiving information on the actions of the board and how they are responding to pressures and initiatives that are being taken within the corporation.

* (1130)

Broad policy issues are government issues; for example, no fault. We received information from the corporation. We received a motion from the board indicating their view of the issue, but it was not in the end their ability to change to that format without legislation which is more properly debated in its entirety in this body, which ultimately has the responsibility for changing that or not changing it.

Specifically, how I relate with the management, very often we have questions that come to my office, as the previous questioner was asking about, where individuals will contact my office on particular files. We have made it a firm rule, if you will, within my office, given my experience in 1988 when we first came into office, that there was a tremendous amount of pressure on the minister's office to settle claims.

There were some examples, I believe, where predecessors of mine may have got actually pretty close to some files, and I believed always that that was inappropriate, because there are mechanisms for making sure that people are treated fairly, that the process is fair.

It is my job to continue to pressure the corporation to make sure that they have fairly treated individuals, that they have followed correct procedures and that appropriate appeals are in place, but I think the bottom line is that I am certainly not in any way involved in day-to-day decision making. I am certainly not involved in directing decisions, and my primary source of interaction with the corporation is through the board and through the chair of that board.

Mr. Santos: Mr. Chairperson, what does the honourable minister consider himself responsible for?

Mr. Cummings: Well, it is pretty obvious that the overall policy direction of a Crown that reports to a ministry is the responsibility of the ministry and the government, and I cited no-fault insurance as a broad policy decision taken by government, but we have made the corporations, through our board members, responsible for their initiatives and their own directions to provide the best possible service that is affordable to the public.

I am responsible for making sure that in times such as this, as an example, that I am here and have the appropriate information available to the committee. I am responsible for reporting to the Legislature. I am responsible for providing, as Judge Kopstein indicated, appropriate information and broad general discussion about policy direction from government to the various board members through the chair.

So that is really the direction of government, the broad policy direction of this particular corporation or

others, but we basically require the boards to be responsible for their direction without political interference, and that means that we get the best possible business decisions from our corporations, I believe, but, of course, in the end when you have a corporation that reports to the other part of the corporation, which is your provincial government, we are ultimately responsible.

Mr. Santos: Does the honourable minister consider himself a steward or a trustee of any interests whatsoever, and if so, what interests?

Mr. Cummings: If I understand the thrust of the question, I think I may have already answered it.

In terms of individual concerns, I am a steward in the sense that I use appropriate channels to make sure that the public is well served both in the broadest sense and individually without becoming personally involved in individual situations. More importantly, I, on behalf of the government, am responsible as, yes, a steward, is one way of putting it, but I am directly responsible—and that is why I do have lines of communication with the board members but not in terms of directing the corporate employees, but talking to and getting feedback both ways from the board and the chair.

Perhaps I am not answering your question appropriately. I am not sure I understand. Maybe you would like to elaborate.

Mr. Santos: I just want to know what interests the minister, in his role as minister of the Crown, is a steward of and should be vigilant in protecting in relationship to all the pressures around him and in relation to this independent body called Manitoba Public Insurance, and, of course, the independent body has its own governing board, but over the governing board of that individual corporation superimposes the Crown Corporations Council. I am not clear about the relationship between this overseeing council and the governing board of MPI and, therefore, I would like to focus my next question to the governing board of MPI as the steering body of the Crown corporation, the supposed policymaker within the framework of the statute creating the Crown corporation.

Do they consider themselves well supplied by management with the information they need in order that they may properly make the decisions that they have to make as governing board?

Mr. Cummings: I think there were two parts to that question. I will answer what I believe was the first part and then ask Mr. McCarthy to respond to the second part.

The first part, the relationship between myself and the Crown accountability council or the Crown council, their reviews and their information are invaluable in terms of providing very often a second view. When you are responsible for an operation, that is quite invaluable. It is no different than an example within government itself where a department has to go before Treasury Board to request and to respond to its financial pressures. The council has a different authority in the long run but certainly in terms of having an accountability review, the parallel is there and I find it quite invaluable. It is not a matter of applying regulation. It is a matter of providing a view of how we are functioning, including the areas in which I interrelate, and I find it quite invaluable.

In terms of the information that—the second part of your question, I will ask Mr. McCarthy if he would respond.

Mr. Donovan McCarthy, (Chairman, Manitoba Public Insurance Corporation): Mr. Santos, the Crown Corporations Council is a monitoring body set up by the government to keep arm's length between the government itself and the corporation. The government is occasionally put upon by political pressures from constituents and such, and if they directly dealt with us on that basis, it would be interference in the corporation's proper management of itself.

The Crown Corporations Council can come in and monitor us. They do a mandate and strategy review of our corporation once a year. They look at our strategic plans for the future; how we are managing the corporation; the results of that management. They look at the policy issues that the board requires the company to implement and whether they are being implemented properly. So they are a body that stands between

government and ourselves to really keep political pressure away from the corporation so it can be run on a proper businesslike basis.

Mr. Santos: Mr. Chairperson, does the governing board itself, within MPI, receive all the information they think they need in order to formulate policy for the proper running of this corporation given the statutory framework and the mandate given by the statute?

Mr. McCarthy: That is correct, Mr. Santos. We set the policy at the beginning of the year for that year for the corporation on the basis of information that we have in great detail at nine board meetings a year and many committee meetings. We set the policy on that basis, and then we monitor it throughout the year very carefully to see that policy is carried out by management. At the same time the Crown Corporations Council is doing internal reviews. They are a help to us with their reports because they do a much more detailed analysis than a board can possibly do.

Mr. Santos: Is the Crown superbody, Crown Corporations Council, do they have the same access to the same information that you do have to the level of detail that they would want?

Mr. McCarthy: Within reason. There are certain confidentiality matters in any corporation that cannot be released to other people, such as the matters that Mr. Evans has brought forth this morning. They would not have access to those matters. But, on management matters, they would have access to most of what the board has. Management looks at any requests they get from their Crown Corporations Council and make sure that there is not any violation of board confidentiality, shareholder confidentiality or claimant confidentiality. With those exceptions, they get all the information they require.

* (1140)

Mr. Gary Kowalski (The Maples): I have questions in three areas: that of funeral expenses, the Speed Kills program and regarding police officers involved in motor vehicle accidents while in the line of duty.

The first issue in regard to funeral expenses, I understand, and you correct me if the information is not

correct, is that Autopac, Manitoba Public Insurance Corporation, benefit for funeral expenses is in the area of \$3,500. Yet, from recent experience with myself and other people, this is nowhere near the actual expense. The cost of funerals continues to escalate, but I believe there has been no change in the amount that Autopac pays for this as a result of a motor vehicle accident.

This is when families are in most need. It is a traumatic period of time and to have the added burden of not having sufficient funds to pay for a funeral, has Autopac looked at changing that fee in consideration of the increasing cost of funerals?

Mr. Zacharias: The payment of benefits with respect to funerals in about the last five years has gone from \$1,500 to \$2,500, then, under the PIPP program on March 1, '94, was increased to \$3,500. There has been no look at revising those benefits. It will be a few dollars higher in that the \$3,500 was indexed to the CPI, and it will automatically grow on each anniversary. But whether there should be some changes to the \$3,500 base, there is nothing being contemplated about doing that right now.

Mr. Kowalski: The amount \$3,500, how was that figure derived? Is it any way a reflection of actual cost? Is it a percentage of the cost? Is it to cover half the cost of a funeral? Is it just an arbitrary sum? Where did the figure \$3,500 come from?

Mr. Zacharias: A little bit of all of that I think, in that our benefits are compared to benefits available in other jurisdictions under various types of schemes and programs. To make sure that the level of benefit was competitive there was certainly some checking done against market. That was a reason why we moved away from the \$1,500, like say going back a period of time, and were increasing them even under the old scheme, increased them further under this scheme.

Certainly funerals can cost well in excess of that, again depending on the scale of the funeral and what is all involved. But when we are looking at basic funeral services, the \$3,500 was set as a contribution towards those costs. Certainly the intent was not that that would fully cover the cost in all cases but, based on

what other insurance programs and the benefits available under the old program, was thought to be a reasonable sum towards those costs.

Mr. Kowalski: I would just like to put on the record our position that Autopac is also a service, and because of the lack of competition, there are no market forces to necessarily push for increased service to get the business. But I would encourage Manitoba Public Insurance Corporation to look at this one benefit and increase it because it is an area that causes a lot of trauma or stress at a very traumatic period of time. If there are savings somewhere else in the next year or so, some of those savings could be put into increased benefits in this area.

I would like to go on to the next area, the Speed Kills program. I have read in the annual report here that service and safety, in simple terms, these two words best describe the principal role that Manitoba Public Insurance plays, and in that role, the Speed Kills program I think is an excellent program. It impresses upon motorists the dangers associated with excessive speed.

In the annual report, it says that this campaign was the first in a series that focused on the top three road safety priorities identified through Manitoba Public Insurance research. Can you tell me something about that research. There are many other causes of accidents: going through stop signs, red lights, and that. Why did Autopac pick these three areas of travelling at safe speeds, impaired driving and use of occupant restraints as the three main areas that it wants to address for accident and road safety?

Mr. Zacharias: When we were embarking upon our road safety program, certainly at the start we knew we could not be all things to all people and did not want to take a whole scattergun approach.

In conjunction with information we got from various police agencies, Manitoba Safety Council, other insurance companies looking at safety programs in other areas, three of the prime causations in accident were speed, impaired driving and seat belts, also areas where we could, I think, make an impact in swinging public opinion towards those three items by education

and some compliance and change the habits of drivers and consequently get some payback out of those programs.

Yes, going through stop signs—and there are a lot of other things that cause accidents. As I say, we had to pick, prioritize some. We took three that we thought—you know, the number of times that those occurrences happen, some of the highest categories—were areas where we thought we might be able to make a difference and embarked on a program that targeted those three areas.

Mr. Kowalski: I am a former traffic officer with the Winnipeg Police Services and attended many fatal accidents as a traffic officer. In the causation of those accidents, many times the cause did not differ from many of the other minor accidents. The factor that made a difference was that speed contributed to the severity of the accidents.

I am assuming from your answer that with these being the top priorities and this information coming from police, other insurance companies, this information would have been shared with the government, with the Motor Vehicle Branch and others.

* (1150)

Where this is leading to, of course, is photo radar. Is the Manitoba Public Insurance Corporation, if this is one of the top priorities, supporting photo radar?

Mr. Cummings: I think it is only reasonable that I, as minister, respond to that because this is also in the same area as no-fault insurance. Despite of all, or as well as all of the information that the member has access to or the beliefs that he holds, this is also a larger policy issue that we have been wrestling with in terms of the ability to implement what it means in terms of infringement on rights and all of those other questions that arise.

I saw the member wince when I said that, and I know that everything we do, we infringe on people's rights when we make a regulation, and we have to make a judgment on this as well. Frankly, it is fair to

say that from an insurance point of view, we support anything that would bring down the death and accident rate, but I think the member would be as aware of this as I am that public education is every bit as important in impacting people's behaviour, coupled with appropriate regulation.

There is also a significant amount of pressure to increase fines to emphasize with the public the severity of resulting damage, if you will. Life, death are certainly nothing trivial. So if you are asking for a policy response, we will work on anything that will help to save lives.

Mr. Kowalski: I think, as the annual report shows, Manitoba Public Insurance research shows travelling at safe speeds is one of the three priorities in saving lives and preventing accidents. Public education is well and good, but, I know, from my experience, traffic officers sit in the same locations on a number of occasions and have given people warnings, and they are continuing. Once I gave a ticket and they had to pay out their pocket and get points off their licence. That has probably had the biggest impact than a hundred warnings and a hundred television commercials.

I hope that in spite of the political ramifications of introducing photo radar—as this report shows, travelling at safe speeds is one of the three top priorities for preventing accidents, and photo radar arguably has been shown in many jurisdictions to reduce the speed of motorists in the areas where it is implemented. With Manitoba Public Insurance research, it shows that photo radar maybe is the right direction to go.

The last area that I want to talk about is police officers involved in motor vehicle accidents while in the line of duty. I am asking a question without knowing the answer, and I understand that is not what really an MLA should do.

I believe last time the annual report was brought up I asked some questions in regard to this area. I have met with the president of the Winnipeg Police Association, and I understand that there was some movement since then. The circumstance is not so much the assessing of points—because I understand that is done by the Motor Vehicle Branch—but it has a

profound impact on the private insurance of those police officers in that they do not get the discount on any of their private vehicles.

As a result, police officers who are responding to children choking, stabbings, many serious incidents, we have planted a seed of doubt because even though their accident review board indicates they are not at fault—because they have taken reasonable precautions by activating an emergency siren and emergency red light—that a different standard is not used for them in deciding due caution for proceeding through a red light or a stop sign. As a result, there are police officers now who pay every year more for their insurance for their private vehicles. We have planted a seed of doubt in their mind that even though every police officer is duty bound to do what is necessary, we do not want to put anything back of their mind.

Now have there been any discussions between the Motor Vehicle Branch, the police associations and others to look at the situation?

Mr. Zacharias: Yes, there has been considerable discussion on this item over the last years, I guess—to be correct—with one of the main issues being that people who are responding to an emergency where—like you say—sirens roaring and the lights flashing and they have a true emergency to go to and they are involved in an accident along the way, how would we deal with the surcharging stemming from those accidents.

We have, in the past, provided relief to those drivers in that while they might be responsible for an accident, we are not using that for surcharge purposes. The rules associated with that or our application of the rules associated with that were tested by various police departments, and consequently there was a need to review that whole process because we were finding that more and more drivers who were involved in accidents were trying to claim that they were in some kind of emergency situation and maybe they had not been.

So we met with the police departments—I believe both Brandon and Winnipeg—to try and define what really constitutes an emergency and simply the fact that he wanted to get to the other side of town in a reasonable period of time would not warrant that, that

there actually had to be, under their police rules, room for a requirement that they had their sirens blaring and their lights flashing. Again, we would look at the individual circumstances. Even under those circumstances, if they went through Portage and Main at 100 kilometres an hour against the red light, I think there would still be negligence on that driver.

So what we have done is we have met with the departments. I am not sure what the final discussions or outcome had been, but certainly the idea was to have a clear definition of emergency and have a provision where the drivers could appeal to the Rates Appeal Board which would then make a ruling on whether that should be a chargeable accident for them or not.

Mr. Kowalski: One more question. I understand that it is not only emergencies, but another area that has deep concern to police service is surveillance, especially with increasing youth gang activity and the necessity to do surveillance not only in that area but with drug enforcement and others. There are times that, in surveillance, officers have been involved in motor vehicle accidents, and it is hard to use the word "emergency" for surveillance. But sometimes there is surveilling of some very dangerous people. In the performance of their duties, police officers are risking their lives in trying to save the lives of citizens by doing this surveillance, and they get involved in motor vehicle accidents driving with their lights out or doing certain things to keep track of these people. Has that area been discussed at all?

Mr. Zacharias: I know that the intent was to try and deal fairly with officers and enforcement people who found themselves in situations that were basically beyond their control or a requirement of their job that was unusual to other motorists. I was not at the table in those discussions, and I am not sure how far removed—certainly, that was not the original intent to include surveillance, undercover and subpoenaing people and things of that nature, even though they might be required to go down a certain road to deliver a subpoena and it turns out to be an icy road and they slip off the road. Is that in their line of duty and where do you start drawing the line between what is an emergency response and what is a normal call of duty? I might be able to get an update, but I am not sure where that is at.

Mr. Jack Penner (Emerson): Yes, just one very brief question. I did not want to, first of all, leave the impression that this committee was not concerned about complaints levied to any one of us in government, including the member for Brandon East (Mr. Leonard Evans). I appreciate greatly that he takes the time to bring those concerns to the corporation.

I was wondering—I saw his file; he seems to have a fairly significant file—whether it would be his will for us as a committee to assist him in that matter, that he would be willing to table his whole file of complaints. That way the committee could, to the corporation, make that kind of representation in an expeditious manner and ensure that the complaints would be dealt with by the corporation as quickly as possible and without any further delay. So I would ask the member for Brandon East whether he would table that whole file that he has there and present to the corporation.

Secondly, I want to say on behalf of the member for St. Norbert (Mr. Laurendeau), that he had to leave, and it was unfortunate because he has a constituency that he represents, and he had a number of questions that he would have liked to have brought to the committee in representation of his constituency.

I would suggest, as previously discussed around this table, that we probably adjourn the committee at twelve o'clock. I understand from the member for Brandon East that he is not willing to pass, or they are not willing to pass this report today—and adjourn the committee at twelve o'clock.

Mr. Chairperson: The time is now twelve o'clock. What is the will of the committee?

Mr. Leonard Evans: Mr. Chairman, I previously suggested that we adjourn at twelve because there is no way we are going to complete it today, but just in response to the member for Emerson's suggestion, I have no problem with—I think he suggested making all the material available so the committee can all go over it and then publicly present it to the corporation. I have no problem with that. I do not have all the material ready, but I thought that the minister had undertaken and the executive had undertaken to obtain, and I indicated, to provide this material to the minister and the staff for their review.

To follow on Mr. Penner's suggestion, we could even go further, if the committee wanted to agree, and have representation from individuals including the members from SAVA. That can be done. I have no problem with that. The minister might have a problem with it, though.

At any rate, this material will be given to the minister and the corporation. I have more than this.

So I have no problem with that. As I said, this will go to the minister and to the corporation. I have no problem if the committee would like to sit and get copies of all of this material and read it all over, go over it and have it aired in the public, that is fine but I was not suggesting that.

Mr. Cummings: Just a couple of points that should be added to the record. The question earlier about Speed Kills and the position of the corporation, something that is not well known, I do not believe, is that because there was at some point an article written that indicated that the corporation was somehow blocking implementation of photo radar or words to that effect, in fact, what was happening was that the corporation, through discussion with I believe the appropriate officials and the police forces, agreed to finance the newer radar equipment. That was, as I understand it, at the agreement from the police force that that was at least at that juncture the equipment they wanted to use and allowed it to be on the street. So I guess what I was trying to say is the corporation is putting their money where their mouth is in that respect.

If it is the will of the committee to adjourn, I agree.

Mr. Chairperson: The time is now twelve noon. I shall ask one question first, and that is, shall the October 31, 1994, Annual Report of the Manitoba Public Insurance Corporation pass?

An Honourable Member: No.

Mr. Chairperson: Okay, the report is accordingly not passed at this time.

The time is now twelve noon. Committee will rise.

COMMITTEE ROSE AT: 12:04 p.m.