

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

Tuesday, October 31, 1989

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. Parker Burrell (Swan River)

ATTENDANCE - 10 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Connery, Cummings
Messrs. Angus, Burrell, Harapiak, Helwer,
Kozak, Plohman, Praznik, Rose

APPEARING:

Mr. Harold Thompson, Chairman of the Board
Mr. J. W. Bardua, President and CEO
Mr. D. R. Kidd, Vice-President, Insurance
Operations and Assistant General Manager
Mr. B. W. Galenzoski, Vice-President, Finance
and Administration
Mr. H. P. Dribnenky, Vice-President, General
Insurance
Mr. G. D. Newton, Vice-President, Corporate
and Community Relations

WITNESS:

Mr. Leonard Evans (Brandon East)

MATTERS UNDER DISCUSSION:

The Manitoba Public Insurance Corporation
and 1988 Annual Report

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**THE MANITOBA PUBLIC
INSURANCE CORPORATION**

Mr. Chairman: Committee, come to order.

The Committee on Public Utilities and Natural Resources is called to order. We will be considering the Annual Report for the fiscal year ending October 31, 1988, and the Manitoba Public Insurance Corporation.

We will now hear the opening statements of the Minister responsible. I would like to ask the Minister at this time to introduce the staff from the Manitoba Public Insurance Corporation.

Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Mr. Chairman, from the corporation I have: Mr. Thompson, the Chairman of the Board; beside me Mr. Bardua, President and General Manager;

David Kidd, the Vice-President, Insurance Operations and Assistant General Manager; Barry Galenzoski, Vice-President of Finance; Henry Dribnenky, Vice-President, General Insurance; Graham Newton, Vice-President, Corporate and Community Relations.

I would be prepared to give an opening statement. I believe the Members have a copy, the critics have a copy. I will begin, Members of the Committee, by asking you to look at the '87-88 Annual Report in which the corporation's financial results have improved significantly during the year that was under review. As an example, the Automobile Insurance Division net income for the year of slightly more than \$20 million compared to the previous year's deficit of \$61.6 million.

These positive financial results eliminated a \$9.1 million accumulated deficit and enabled the corporation to begin its Rate Stabilization Rebuilding Program. The reserve is designed to help offset possible increases in future Autopac rates resulting from uncontrollable factors such as weather conditions.

The MPIC Board of Directors has adopted, as a corporate policy, the principle of building reserve levels to approximately 15 percent of Autopac premiums written, which at current premium levels would be approximately \$45 million to \$50 million. This meets a recommendation made by the Autopac Review Commission Report. The reserve stood at just under \$11 million by the end of the '87-88 fiscal year.

The factors contributing to the financial turnaround in the Automobile Insurance Division would be total earned revenues improved to \$318.8 million from \$274.2 million in the year before that reflected in the impact of Autopac premium increases which took effect March 1, 1988.

Claims experience was affected by other Autopac program changes such as increase in deductibles, revisions to the Autopac surcharge system, and the introduction of the Autopac Merit Program. These steps combined with favourable weather and driving conditions contributed to a reduction in the number of Autopac claims processed down to 229,000 from 249,000 in the previous year.

Total claims costs and expenses for the division decreased to \$298.8 million, a reduction of \$37 million from the previous year. At the same time, however, commissions paid to independent insurance brokers across the province and premium taxes paid to the provincial Government increased because of the higher revenues.

The General Insurance Division recorded net income of \$4.9 million, excluding reinsurance assumed for '87-88 fiscal year. Favourable claims experience was also a major factor contributing to this result. Total revenue

for the division fell to \$37.1 million from \$40.5 million during the previous year. The revenue reduction was more than offset by reduced claims costs and expenses which dropped to \$32.3 million from \$51.8 million in '86-87.

* (1005)

The division has three main business units: special risk extension, personal lines and commercial lines. The special risk extension program, which provides specialized coverage for motor vehicles to supplement many Autopac coverages, reported net income of \$7.6 million. Together the division's personal and commercial lines experienced a loss of \$2.8 million.

During the year under review, the Province of Manitoba authorized the funding of the October 31, 1987, deficits of personal and commercial lines and reinsurance assumed operations totalling \$59 million. On March 10, the province provided \$26.9 million of this funding to offset the accumulated deficit in personal and commercial lines, and as a result investment income for these two portfolios will increase by \$1.9 million in '88-89. The Government is preparing a plan for the timing and payment of the remaining \$32.1 million.

I should remind committee Members that since November 18, 1987, the corporation has no longer written reinsurance assumed business, but because the liability claims under existing reinsurance contracts ordinarily take many years to be settled, they will continue to be reported in subsequent financial results. In '87-88 reinsurance assumed operations resulted in net income of \$2.8 million. This income was earned primarily from investments held to pay claims not yet concluded. Also, a foreign exchange gain made as a result of currency fluctuations in dealings with foreign companies contributed to these results.

Mr. Chairman, that is my statement on the corporation's operations for '87-88, and we can now proceed to some discussion with the Members of the committee.

Mr. Chairman: Thank you, Mr. Minister. I will now hear from the official Opposition Critic.

Mr. John Angus (St. Norbert): Mr. Minister and the administration, on the surface the report has a lot of positive notes, Mr. Chairman. Certainly turning around the deficit position we hope was in part to good management, good direction, and simply not increased revenues by jacking the cost to the consumers up and/or the luck of not having more claims made against the system.

The opening remarks by the Minister are noticeable by their absence of any reference to the direction the corporation is taking, to the plans and aspirations for the future years, and to the direction that he is intending to give it. Most notable is the complete elimination of any reference to the Kopstein Report, which was a very extensive and thorough review, which we have heard absolutely nothing about in the last several months in relation to the implementation of some of the recommendations.

I would also like to hear the Minister's comment on the "no-fault insurance" that the Public Utilities Board has requested information on. I am a little concerned as to who is directing the Government policy, whether it is the Public Utilities Board that is dictating the policy and the direction that this Crown corporation will take or, in fact, if it is the Minister and Cabinet that is directing it. I am sure the administration is simply responding to legitimate requests that have been made and are doing their homework diligently to make that representation honestly and fairly.

Also, Mr. Chairperson, there was no reference to the potential sale of any portion of the corporation, which is a topical subject and something that is of concern. While the financial statements and the actual year-end report can be gone over, and there can be some specific questions asked, the opening remarks are unfortunately absent in terms of some of the specifics that I have just mentioned. With those few opening remarks, I will look forward to dealing with specifics. If the Minister wishes to respond he can, or if there is an opening statement from the third Party, that is fine.

* (1010)

Mr. Leonard Evans (Brandon East): Very briefly, we are pleased to receive the report, and we are pleased that Autopac is showing some improvement. As a Member of the Legislature who helped set up Autopac back in the Schreyer administration, it is an organization that I believe is serving people of Manitoba well, and it has an excellent staff and good management.

I believe the reason for the improvement is because of some very hard decisions we had to take when we were in Government last time, very unfortunate, but regardless on the advice of the MPIC we went along with the massive rate increases that people of Manitoba were rather unhappy about. Obviously, it is these rate increases that provide the essential basis for the improved revenue situation of the corporation. Obviously, there are other factors which the Minister referred to, fine, but certainly the rate increases were most significant.

As indicated by the Liberal critic we would be interested in knowing to what extent the corporation was in the process—if at all—of implementing some of the recommendations of the Kopstein Report. This was something that came out of the previous Government. We felt it was time to review MPIC to see how effective it was for the Manitoba motoring public and to see to what extent we could make that corporation even more significant and beneficial for the people.

I believe the Kopstein Report was an excellent report and provided a lot of good direction for the future. So as the Liberal Critic, Mr. Angus, has mentioned we too would be interested in knowing just to what extent—if at all—the Government and the corporation's board and management are prepared to implement some of the Kopstein Report.

We would also like to hear about the role of the PUB, because I believe last year it was indicated it provides

some difficulty for the corporation having to go to the PUB so early in the rate-making year, or just prior to having to establish rates. There is a certain deadline that the corporation must follow, and this did provide an obstacle at that time, and I would like to hear from the corporation to what extent they are able to cope with PUB reviews.

Of course, Mr. Chairman, I am very interested in learning about the General Insurance Division and particularly interested in obtaining a copy of the report, which was asked for about a year ago and which we have been waiting for since then. I am given to believe by the Minister that there will be a tabling of that report during these committee hearings with regard to the future of the insurance division and the options that the Government could look at.

I was pleased. Again I am also accused of not having all the details, but I am only looking at that information which has been given to us. I do not have a broken down set of figures here, more details. For the last period under review, the nine months ended July 31, 1989, the personal and commercial lines show a profit of \$431,000 compared with a loss of \$3,287,000 in the same period last year.

So it seems to me that there is some significant turnaround in that particular area of the corporation, and of course the special risk extension has been doing well, and of course that is related to some degree to the Autopac insurance, but nevertheless it is in that particular division.

It seems to me, I have always alleged, Mr. Chairman, that the MPIC can do a good job in general insurance if it was given some direction, and given the freedom to correct the situation. I believe it has the ability, as is demonstrated to you, to turn this around and to continue in this area. I will say more about general insurance later.

I do not want to say too much more at this time, but it is my view that MPIC is fulfilling a very vital role in Manitoba providing general insurance at reasonable rates to many groups, whether they be day care centres, whether they be remote communities, or other non-profit organizations, or indeed municipal corporations, I understand, who, at one time or another, could not easily obtain general insurance from the private sector. So it is providing that type of social service, as well as pure protection to anyone who wishes to obtain general insurance protection from the corporation.

So having made those few remarks, Mr. Chairman, I guess we should proceed, and there may be detailed questions by any and all Members of the committee.

* (1015)

Mr. Cummings: Perhaps I could respond to some of the questions that were raised in the opening remarks by my critics. First of all, they both referred to Kopstein. One reason it was not referred to in my remarks is that I did anticipate there would be questions about it. However, we can demonstrate a very high number of the Kopstein Report recommendations that are implemented, or under active consideration for

implementation, and I will get the chairman or the president to supply those numbers for you.

We came here to discuss the annual report, and my remarks were simply centred on the annual report. Certainly if you wish to get into discussion, as I am sure you will, on some of the other periphery items I will be glad to do so.

The question was asked by the Liberal Critic whether or not PUB was providing policy for the corporation or whether the Government was, and I think the corporation and the PUB both have been going through a series of situations where first of all, the corporation is trying to accommodate the requests that come through the PUB, at the same time I think the PUB is exercising their authority to set rates, and they are also commenting on a large number of other periphery issues, which it is fair to comment upon.

That is not where the policy of the corporation should come from. That should come from within the general policy direction of the Government and the board, and I am satisfied that it is. It certainly has been my attitude and the attitude of the corporation that we are going to co-operate and work as closely as possible with the PUB to make sure there is a transparent system for establishing rates and answering questions that are raised by the public.

Ultimately, anything the corporation can do to be more open in that respect goes a long way toward laying concerns the public has; historical concerns or future concerns they might have about how the corporation operates and how certain rate structures are put together. A lot of the concerns obviously the public wants addressed to the PUB are rate related, and the only issue that rises from that is there is one part of the corporation that competes in the public on an even basis, and that is the SRE. Obviously, that creates some question about whether, because it competes in the open market, that is outside of the rate setting that the PUB would be doing.

The other thing I would like to refer to, Mr. Chairman, is the turnaround that—to use the words of the NDP Critic from Brandon East—he had seen a turnaround in the General Insurance Division. He said that he has not seen detailed figures. I will table the report when we have time during the committee today. I am at the committee's pleasure when that report can be tabled that we have on the General Insurance Division.

I do not want it left on the record that there is some kind of a dramatic change in what is happening to the financial well-being of the General Insurance Division.

Obviously, one of the biggest things that has happened, which was referred to in my opening remarks, is the Government has funded a large deficit which they had and in so doing had a dramatic impact on the bottom line in the personal and commercial lines. I would repeat what I said in my opening remarks where on March 10 of '89 the province provided \$26.9 million to offset accumulated deficit in personal and commercial. As a result, investment income for these two portfolios were increased by \$1.9 million, and that of course will be more dramatic and show up in this coming year.

The fact that the corporation showed some improvement during the annual report period we are looking at has a great deal to do with the type of underwriting in management that they have applied to make sure that the corporation has a portfolio that is balanced and is not assuming undue amounts of one particular risk over and above another.

I think I will let the opening remarks rest there, Mr. Chairman. Perhaps there are further questions.

Mr. Angus: Perhaps, with the privilege of the Minister Mr. Thompson would like to make some opening remarks about his level of comfort and feeling about the direction the corporation is taking, and it may be appropriate at this time to at least let him have the first salvo.

Mr. Harold Thompson (Chairman of the Board, Manitoba Public Insurance Corporation): My remarks will be brief, but I have a very high degree of confidence in the management of the corporation. I have been particularly pleased with the way the corporation in the past year—from the date that Mr. Bardua our new president arrived, last November 1, he has, in my view, revitalized the organization; he has done some reorganizing; he has applied management principles that I think have improved the level of efficiency and effectiveness of the organization, and has applied a delegation of responsibility to encourage very active participation, suggestions, comments, improvements, in each of the areas of the company. I think when the 1989 Annual Report is out you will see the effect of that.

I think you will see the effect of that operation during the next few years. Through increased communication and public relations he has instituted a program, this past year, where there were many pamphlets produced and distributed to vehicle owners describing their insurance. There has been an improvement in the communication ability of the corporation to quickly respond to inquiries and an improved performance in terms of reduced complaints by policy holders who have been involved in an accident.

* (1020)

I am very impressed with their operation and very confident that the management aspect is in extremely good hands. I can say also that the board of directors has taken a very strong interest in the development of the company in terms of encouraging business planning, which has been undertaken by Mr. Bardua and his people, and in the monitoring of the performance from month to month at our meetings.

Mr. Angus: Through you, Mr. Chairman, to Mr. Thompson do you have, sir, an audit committee that is an autonomous part of the board made up of the board of directors that regularly review not only the financial circumstances and the accounting methods but the operations with an eye to improving the performance?

Mr. Thompson: Yes, one of the first things that the current board of MPIC did, when it was established in

June, at its first board meeting in July was establish an audit committee. It is an independent committee, and the responsibilities are to monitor the financial affairs and operations of the company through assistance by the external auditor to whom they relate very closely, and to our internal audit department, which again is independent of other departments and reports through the vice-president, finance, basically, to the president of the corporation, and if anything, is really untoward to the chairman of the audit committee.

I could go further and say that we have also established a compensation committee of the board to deal with compensation at all levels. We have established a budget and planning committee of the board whose responsibility is twofold. First, to review the budget process and planning process of management and to modify or basically approve if it is not satisfactory, and also to ensure that the management has a business plan for the year and a longer term business plan for the betterment of the company and, primarily, the policy holders of the company, which are Manitobans and all taxpayers.

There is also an agency we call an employee management committee. There are two such committees. A very large employee management committee where every department in the operation is represented by an employee. They meet regularly with suggestions to management. There is also, what we refer to as, a labour management committee of the board in order to ensure that the results of the Labour Advisory Committee actually does get to the board so the board is informed, and the board can take whatever appropriate action is necessary.

Mr. Angus: There are two other areas that I would think a corporation of this size might have specific committees. One would be a policy review committee that would continually monitor the existing policies to ensure that they are effective and/or that they are up to date; that they are dealing with what are commonly referred to as the doorstep issues. The other one Mr. Thompson almost said he had, and I am not sure if he has or not, but some sort of an agency committee that deals with the agents in the world and the difficulties they may have in terms of operating the marketing department, if you like, for the board.

Mr. Thompson: Mr. Chairman, the policy management aspect is done in two ways. Partly through the planning budget and planning committee and their planning function, but we do have a relatively small board, and the board itself acts in terms of ensuring that management has developed policies which are discussed with the board, and either approved or modified in order to give the management direction based on those policies. The board is a relatively small board, therefore, it is very appropriate that the board act as the policy committee.

In terms of the agency in relation with agents and brokers Mr. Bardua, earlier this year, established a committee based on MPIC officials and officials of the Insurance Brokers Association of Manitoba in order to jointly review the rules, regulations, practices of appointing of agents, location of agents, and all things

related to that. That committee has now just completed its work, and our board was presented with the preliminary, let us call it a final draft set of regulations.

* (1025)

The Insurance Brokers Association has involved all of their members and those agents who are not members to keep them informed. They are going to their organization to obtain approval of these regulations, but it is a joint effort between the corporation and the agents, something that I think was lacking over the past many years. I think one of Mr. Bardua's principles in the management is the involvement of all of our constituents in the development of rules or practices that may affect them, I think primarily of the agents, I think also of the employees.

Mr. Angus: Mr. Chairperson, I would just like to lay out more or less my game plan so that the third Party can determine how they are going to do it.

I have some specific questions on the financial statements as to certain expenses and what accounts for those and things of that nature. I will leave those types of questions and I would like to get some general information in order to ask specific questions perhaps later. Then I will turn it over after about five minutes to the Member for Brandon East (Mr. Leonard Evans).

I am concerned, Mr. Chairperson, through you to either the Minister or Mr. Thompson, that we are in a situation where to a certain extent the tail is wagging the dog. I am referring to the Public Utilities Board asking for information as it applies to rate setting in relation to no-fault insurance. It seems to me that if the Government decided that they wanted to pursue a no-fault insurance program, they would in turn direct the management through the board to develop a criteria or a set of circumstances or a proposal for consideration with a bottom line effect on the rates if you like.

I am concerned that once the Public Utilities Board receives the information they have apparently asked for, that we may be so far down the road that it is difficult to make a conscious decision as to a very major policy change in terms of how the corporation is going to react to claims that are being made? That is the first part of the question. I would like to hear—the Minister alluded to it a little bit, but I believe there should be a more specific decision-making process to allow the administration, which in my mind is the Public Utilities Board and the administration of the corporation, to do the work that is being directed by the policy and not to force the corporation to go virtually beyond its bounds.

Mr. Cummings: Mr. Chairman, I am not going to be dragged into a discussion about whether or not PUB is exceeding its legal responsibilities. I guess my comment that I made earlier is the one that I wish to stand by, and that is that my direction of the corporation in terms of very much along the line of what Mr. Bardua and Mr. Thompson have put forward is that we want to be open and transparent in provision of information. There is no question, and the very fact that we are here today has created some great deal of effort on

the part of many members of the corporation, because they are in the process of replying to the interrogatories that the PUB has put forward, and I believe the number is something like 70. Seventy responses that they have asked for from the corporation. It is not my intention to, however, allow the PUB to set the direction of policy.

You refer specifically to the no-fault insurance. The corporation has an ability to provide information to the PUB for the next period, which was when they asked for it, not for the present one, and that is all it would be, information. The policy direction on that matter is a Government policy decision and will remain so, but at the same time as a Government we committed ourselves to being open in terms of discussion. I do not think that we are going to stand on principle if you will or on legal points to try and say, well this is none of your business. They asked the question. However, what we have to be conscious of is that after awhile there will be a limit to the ability of the corporation to respond in the short period of time that they have.

As you are well aware there was a lot of discussion surrounding this hearing a year ago about the ability of the corporation to respond. It certainly was not an unwillingness on anyone's part, it was a question of timing ability and the access to as much information as possible during the rate setting process.

The desire, however, to make sure that the process is transparent and understandable I believe is as important to the public at this point. I would simply say that on the no-fault issue I believe that the corporation has made a move this year, albeit a small one, in the direction of making some improvements to the no-fault aspects of the present insurance system that we have that indicates the levers and the abilities that we have through the corporation to continue to improve on a system that up to this point, in terms of its service to the public, has demonstrated a fair ability to deal with the problems in this province. We look to other jurisdictions. Obviously Ontario is looking at some changes. They had massive problems that they had to deal with in terms of even the ability to get insurance. Quebec has a system that Kopstein used for part of his study and that is still something that can be used as a baseline to provide information to the PUB in the future as to what some of the impacts would be. At the present time, and I am not going to cloud the issue, but in an attempt to clear the issue, at the present time what I just said about the corporation's ability to respond and improve the present mix system that we have I believe answers a great many of the concerns that the public has about the type of insurance, the quality of insurance that they have got. That is as far, in terms of policy direction, that I think I am prepared to discuss at this point, because it allows an ongoing discussion without creating an impression that we are going to be moving to a no-fault system because the present system has not been totally demonstrated to be anything other than capable of meeting the demands of this province.

* (1030)

Mr. Angus: Mr. Chairperson, I respect the jurisdictional responsibility between the PUB and MPIC, and as I

indicated in my opening remarks, the directors of MPIC are caught a bit in a switch here. I believe that has to be sorted out at the Cabinet table as to how they are going to do it. It is only going to become more of a problem in the future if some action is not taken.

I would like to deal with what I refer to as doorstep issues and complaints. There were some allegations the last several months about a backlog of complaints and response to complaints and things of that nature. Generally the complaints that come to me, and I have yet to receive a letter that suggest that MPIC is doing a great job, which is not surprising, Mr. Chairperson, but aggrieved individuals, whether it be as a result of being underpaid for an automobile or held up for a claim or being assessed surcharges when they feel that they are totally beyond their responsibility, are very real to the people that have them and affect them in a very serious manner.

I wonder if we could just get an overview, and I realize that there may be different types of complaints that are dealt with by different divisions within the corporation, so it may be difficult to get one line if you like on how you best deal with complaints. I am leading to some sort of an internal ombudsman with MPIC that can independently gather the information from the various bureaucratic departments. I base that on the fact that an individual who is aggrieved, wherever he is from in the province, believes he has a legitimate complaint and unfortunately very frequently appears to be bounced from pillar to post until eventually he goes away, as opposed to getting any satisfaction, any real satisfaction. Judging by the amount of correspondence that I get as an individual, I imagine that there are literally hundreds of more complaints about the system. I wonder if the Minister or perhaps the administration would just discuss that in an open forum as to how you try to deal with the people concerned when they have claims.

Mr. J.W. Bardua (President and CEO, Manitoba Public Insurance Corporation): The area of customer inquiries and complaints is one that we take a great deal of interest in at the corporation. We do not have an internal ombudsman per se, at least no one with that designation, although it is interesting that you should raise that because it is a subject to which I have given some thought from time to time.

We do have a whole department known as our Customer Services Department which engages in virtually nothing but responding to inquiries from the public. Sometimes those inquiries take on the form of a complaint. Up until recently we only tracked inquiries as a global number. We did not try to segregate out complaints, but we have done that just recently in an effort to try and better monitor the level of complaints so that we can establish some benchmarks. It is always hard of course to determine what is the appropriate level of complaints. If I did not get any I would worry that we were giving away the store. If I get too many then of course that is not good either. Nevertheless, we have established now some benchmarks and we are tracking it over time.

Basically the aggrieved customer has a number of avenues of complaints starting right with the local

management in the Claims Centre because most of our inquiries and complaints do arise as a result of claims. If a customer is not happy with the service he is getting or the liability decision he is getting, he is always free to ask to speak to the employee's supervisor. From the supervisor the complaint, if not resolved, goes to the manager. If the manager is unable to resolve it then the complaint can come in either to the customer services area. In fact some of those complaints do come across my desk directly, or through the Minister. Each one of them is given total attention in order to determine that we are in fact treating this individual the way he has the right to be treated.

I am really not sure how much more I can say about that particular issue but that is generally the answer.

Mr. Angus: Mr. Chairman, maybe I can just get more specific and if you can be more specific in your answers then we may be able to agree to some of these things.

You mentioned that you have been maintaining some global statistics to establish benchmarks. Do you want to start by sharing those with us?

Mr. Bardua: During the third quarter of 1989 we received 22,111 inquiries of which 251 or 1.1 percent were categorized as complaints. Now there are complaints and there are complaints, and what we have done is try to categorize those complaints. There are those complaints which we consider to be invalid. In other words the person believes he has a legitimate complaint, but obviously we have followed procedures, we have done what is appropriate and what is required of us, and the complaint in our view is simply not valid. So 149 of those 251 were invalid.

Then we put another category in, which we call a valid complaint, but relatively minor in nature, such as delay in receiving a settlement which perhaps is not an unreasonable delay, but longer than we would like to see, and 95 of the 251 fell into that category. There were seven complaints which we considered as valid or serious, and those would be things like a bad attitude on the part of an employee, failure to live up to what we promised, or any one of those circumstances. So those are sort of our benchmark numbers, and we are going to go from there.

Mr. Angus: That was the third quarter of 1989. Have you kept them for the second and first quarter, and is there any accumulated information from the past, and are we on an average better or worse than we were before?

Mr. Bardua: We have not kept a breakdown such as I just gave you, but we have recorded the number of inquiries we receive year over year, and quarter over quarter. I can give you some of those numbers if you like.

In a global sense for example, in 1987-88 we received just about 91,000 inquiries. In 1986-87 that number was 54,000, so you can see quite a dramatic increase. What we find with inquiries is not terribly surprising in the sense that if you make changes to a program, if you insert any sort of uncertainty in the minds of the

public as to what is going on, then the phone starts to ring and people want to know. So as a result of the changes in the program, with the merit program being introduced and so on, our volume of complaints for 1987-88 went up quite dramatically.

I can give you some statistics by quarter. For '88-89 in the second quarter, 25,000; in the third quarter 22,000 in '88-89 as compared to for example, 26,000 in '87-88. I think that we are finding that the level of inquiries has more or less levelled out and will probably stay that way to the extent that we do not tamper too much with the program, but if we tamper with the program then you will see a dramatic increase again.

Mr. Angus: I am please that the corporation is accumulating this type of information. It gives them targets, measurement targets. I imagine they use them as flagging devices, that if they receive 22,000 complaints in a three month period—you are looking at 7,000 complaints a month—if there is a pattern that develops as to the consistent number of complaints. That is, that it costs me more to insure my glass than it does to replace it, so what kind of a rip-off is this? They may take a look at the policy guidelines in relation to those inquiries. That is in my mind anyway why you use the statistical information. That is to give you direction, not simply to maintain some form of a status quo. I can see that Mr. Bardua wants to say something, so I will just ask a specific question. Do you have and do you publish any form of a step-by-step grievance procedure for the general public—what they can do and what they should do and how they should go about doing it where they are?

* (1040)

I have had some difficulty in trying to represent the interests of individuals, and quite frankly I have generally tried to summarize the circumstances. I have simply referred it to the Minister's office, because there is nothing that I can sort of list out to the individual to provide me with specific details. I try to get the claim number. I try to get some of the basic accident details, but it seems to me that if there was a pamphlet or a brochure or a step-by-step grievance procedure for the general public, it may allow people to know that there is a procedure in place to air their concerns.

Mr. Bardua: What I wanted to say, Mr. Chairman, in response to the Honourable Member was that I did not want to leave the impression that the numbers I was giving were numbers of complaints. Those are numbers of inquiries. There is quite a difference between an inquiry and a complaint of that number. About 1 percent are actually complaints, but when somebody calls in and says, where do I make my time payment, or when is my time payment due, we track all that information. I would hate to think that anybody would think that we get 22,000 complaints in a quarter because if we did, we would be out of business.

In response to your direct question about publishing information. At the present time there is no specific published information, but anybody who calls us finds out how to make a complaint. We do this year plan to

put out a brochure that will tell our customers, particularly in the claims area, what to do if they are not happy and how to go about registering a complaint.

Mr. Cummings: Just one comment. I would like to add so that the record is clear—and I appreciate the Liberal Critic's comments—but I would like to put on the record, the process that I put in place in order to maintain the integrity of the corporation in relationship to complaints that come through my office because one thing that I have endeavoured very hard to do, is to make sure that the integrity of the corporation is maintained apart from the influence of political masters in these types of detailed inquiries.

What I do is, refer the file to the corporation through the president's office for review and they then correspond directly with the claimant. I receive copies of the correspondence so that I may be kept up to date. If there is some information that has not been properly forwarded by my office, I can be kept aware of it. The one thing that we do have to do—and I am sure the corporation is quite open to suggestion—that is make sure that the public does feel that they are clearly heard by the corporation.

It is not a matter of being clearly heard by the political masters in terms of whether or not a particular dent is worth \$250 or \$275.00. Our responsibility is the policy direction, but I do try and keep that delineation between my office and the corporation very clear.

Mr. Leonard Evans: Mr. Chairman, the present Minister was very critical of the past Government for allowing the huge rate increases that he claimed were disastrous and unthinkable and not fair and whatever other terms he used at that time. The fact is that the rates did not go down. They were increased as a matter of fact. I think a lot of people who voted for this Government were disappointed because they thought by voting Conservative, they would get a cut in Autopac rates and that did not happen.

Could I ask the Minister this question now? Is he satisfied, therefore, that in perspective that he was wrong when he was in the Opposition, he was wrong? He has lived with these rates now. He has lived with these rates. He must agree or he must be satisfied that those rate increases were necessary. Certainly if he did not think they were necessary, he would not have gone along with the corporation as he has done. So is this the case, Mr. Chairman?

Mr. Cummings: Mr. Chairman, the Member probably would be wise not to get into the debate about what happened prior to their fall from Government, because he knows that he cannot win that argument. The first rate setting process that the corporation was involved in under our Government, a great many of the ratepayers in fact did receive a reduction through the merit program. The fact that the corporation had a tremendous loss, the loss had to be covered off and the reserves of the corporation had to be replenished. So the Member understands what I am referring to is where the application for their coverages and under different rate categories there were a large number of

people who saw none or a small reduction of their rates last year. That it is not an issue that needs to be reflected in terms of getting into the political debate on the rate structure. If we are going to do that, is the Member advocating that we go back to the days of the Government setting the rates?

Mr. Leonard Evans: Mr. Chairman, that is a good question to ask the Minister, just to what extent does he and the Premier and whoever other of his colleagues get advised about rate changes before they are announced, and whether they have been asked to approve them or whether they have any comments on them.

Going back, the Minister talks about implementing a Merit system as though he made this decision. This decision was made prior to him becoming the Minister. In fact, I have got a release before me dated December 22, 1987, explaining how this system is going to be implemented and a lot of other changes as well, so I do not really understand what he is talking about. The fact is, people thought that there was going to be an across-the-board decrease in rates. They thought the rates were going to be decreased, they really did.

That young lady who led one of the demonstrations was very disappointed that Mr. Cummings and Mr. Filmon did not deliver. Where are those rate decreases? They say they have not seen them to this day, except for minor adjustments, some of which relate to decisions made by the previous Government, by the previous Minister. So I am asking the Minister now, is he ready to confess to the committee and to the world that he is satisfied that those rate increases that were implemented by the corporation were satisfactory and were necessary?

Mr. Cummings: Mr. Chairman, I will gladly respond to that because all we have got to do is go back to the history of rate setting in the corporation where it was interfered with, where the corporation did not have appropriate increases when it needed it, so they accumulated a deficit that demanded that you had to have that kind of a massive change. You are wasting the time of this Committee getting into that debate.

Mr. Leonard Evans: Mr. Chairman, I am not getting into that. I was only asking the Minister if he is ready now to acknowledge that the rate adjustments, the rate increases that took place, were necessary. If they were not necessary, I ask him then why has there not been any change? He appoints the board and he was of the firm view that these were way out of line and I was going to do something about it, and the average voter out there really thinks that the Minister has let them down. They expected him to do something. That is the message I get from the people out there.

Mr. Cummings: Perhaps there are not too many people who are speaking to some of the former Cabinet Ministers these days. One of the primary problems with the deficit and the increases of the previous Government administered upon the people of this province, was created by the fact that there had not been ongoing and reasonable increases to deal with the problems

the corporation had to deal with, and if he is trying to somehow rewrite history, then I wish him lots of luck.

* (1050)

Mr. Leonard Evans: Mr. Chairman, the fact is, the people of Manitoba have not had this across-the-board rate reduction that I believe they thought they were going to get when they voted for the Conservative Party and put this Minister in office. The Minister is not prepared to acknowledge that there were circumstances that required this massive rating, including the weather conditions, among other things. But I would assume that we can assume that the Minister believe those rates were reasonable because I see no effort made on his part to have them rolled back whatsoever.

Mr. Chairman, specifically, about the role with the PUB, could the chairman or the president elaborate on just how we are going to interact with the PUB in the forthcoming year? I do not believe the rate increases, or rate decreases—maybe we are going to get decreases, I do not think so—but I would like the chairman or the president to perhaps review that to update the Members on just where this stands, exactly what is being asked for, what is the process with PUB approval, and what are the people of Manitoba going to get next year.

Mr. Thompson: Mr. Chairman, I would like to clarify for the record the rate increases and changes that were put into effect on March 1, 1989, where 50 percent of the drivers, or vehicle owners, had either no increase in premium, or a 2 percent decrease in premiums. The overall average increase was 2.5 percent in premium rates, a maximum increase for any category was 10; therefore, that had to apply to a relatively small group, but a large very significant number of vehicles had a decrease in premium from the previous year. You should also keep in mind that when this Board of MPIC took over it was starting with a deficit of some \$9 million to \$10 million in the Autopac and that situation had to improve. There were some 40 percent who had a decrease in premiums.

As far as your question on the PUB is concerned, I think Mr. Bardua is the best person to respond to that.

Mr. Leonard Evans: Excuse me, if I can just interject, Mr. Chairman. Did I hear Mr. Thompson say, on average, though there was an increase of 2.5 percent? There was not an average decrease of 2.5 percent, it was an average increase of 2.5 percent, and this is my point. Maybe the people, in their innocence out there, did not understand the Minister, but in their innocence they expected a decrease and they did not get it.

Mr. Bardua: Mr. Chairman, with respect to the question about how we are going to interact with the PUB, the corporation made application for its 1989-90 rates on or about October 2 of this year. Since that time we have been interacting with the PUB in terms of the interrogatories that they have sent over. The hearing is scheduled for November 13, 14 and 15. At that time we hope to get a final order approving our rates for

the 1989-90 year. In subsequent years the current calendar calls for us to go to the PUB at approximately that same time in each year.

Mr. Leonard Evans: Thank you for that information. Could you enlighten the committee exactly what you are asking for this year?

Mr. Bardua: We have asked for an across-the-board 3 percent increase with special adjustments for those rate categories which have an untoward loss experience ranging anywhere from 4 percent to 10 percent, with a maximum any motorist receiving 10 percent in those categories which have a particularly high loss ratio.

Mr. Leonard Evans: I am sure Mr. Bardua has compared Manitoba rates across the country. I think in looking over the years he will see that even though in the past there have been increases at times, generally speaking, the Manitoba rates can be favourably compared. In other words, they are relatively either the lowest—usually the lowest in the country.

From the information he has, if this 3 percent across-the-board increase is approved, will we in Manitoba still have the advantage of the lowest Autopac rates or automobile insurance rates in the country, generally speaking?

Mr. Bardua: The short answer to that question is yes. The rates compare very favourably but I think the most important thing, the most important point to make, is that Manitoba motorists set their own rates. Whether they are the highest in the country or the lowest in the country, it is a direct result of the claims experience that we have in Manitoba. We are not impacted by what goes on in the rest of the country.

Mr. Leonard Evans: Nevertheless, Mr. Chairman, people, as I reflect back on the last year or two, felt with that large increase that did take place a couple of years ago that we were getting out of line, that Manitoba was not any longer to be considered the best place for automobile insurance. What you are telling me, I do not want to put words in the president's mouth, but I believe what the president is telling us that in spite of these large increases that the present Minister was very upset about at the time, we still remain favourable by way of comparison with the other jurisdictions and the other major insurance companies in the country.

Mr. Bardua: Our rates compare very favourably.

Mr. Leonard Evans: Mr. Chairman, the president says he expects to get a response by—I was not sure, did he say he expected to get a response by the middle of November or that they would deal with it in the middle of November?

Mr. Bardua: The hearing will be held the middle of November. We expect to get the order within a month following that so we will have our order, we hope, by the middle of December, just in time for us to implement the renewal process.

Mr. Leonard Evans: Maybe Mr. Bardua could not answer this question, Mr. Chairman, but does he expect having this 3 percent known to the public? Does he expect much opposition from consumer groups or any other organizations out there who may be concerned about automobile insurance rates in the province?

Mr. Bardua: Given the current rate of inflation, the consumer price index of close to 5 percent, a rate increase of 3 percent I would think would be very acceptable, particularly given what is going on in the rest of the country, where in Ontario, for example, they are looking at an absolute minimum of 8 percent on top of the huge increases they have had in the past, so I would not expect much opposition to it.

Mr. Leonard Evans: Mr. Chairman, I agree with the president. The fact is while people were upset with some of the rate increases a year or so ago, this was being experienced elsewhere because of the nature of the industry and because of all kinds of factors are really almost beyond the control of the corporation.

The Kopstein Report refers to the annual report as not having sufficient data in it, that there should be more information for the public, for Members of the Legislature in order that they might analyze the operation of the corporation. Can we expect the 1989 report, Mr. Chairman, to be more detailed and to follow the recommendations of Judge Kopstein to provide information, financial, operating and otherwise to the public of this province? He was quite critical of the report being not sufficiently detailed.

Mr. Bardua: Mr. Chairman, we did attempt in constructing our 1988 annual report to follow many of the recommendations of the Autopac Review Commission. The most significant recommendation was with respect to investments where the judge asked for more detailed information. In fact, to respond to that recommendation would have required an additional 17 pages of detail and I personally discussed that matter with Judge Kopstein. He was not aware of the magnitude of the information and was quite pleased when he saw the results of what we did do with our annual report.

Mr. Leonard Evans: Excuse me, are you talking about the 1989 annual report that is being prepared or this '88 report that we got?

* (1100)

Mr. Bardua: I am speaking about the one you have in your hand, sir, 1988 report.

Mr. Leonard Evans: Mr. Chairman, is the president telling me that Judge Kopstein is satisfied with the amount of detail provided in this report?

Mr. Bardua: I would not like to put words in the judge's mouth, particularly since he is not here to speak for himself, but with respect to the investment information which he was most critical of, I understand he is satisfied.

Mr. Leonard Evans: The Provincial Auditor, Mr. Chairman, has been critical of certain departmental annual reports saying that they should be more informative and also that they tend to be more of a PR exercise than a financial and administrative document which one expects of an annual report of the corporation.

Mr. Chairman, I gather then this is it, we will not see anything more elaborate than what we have here on whatever division including General Insurance because the Minister has given us certain information—maybe it is in here but I do not think so—that would have been useful to have if we had more detail of the General Insurance Division. Certainly you do not get it in the quarterly statements. They are very, very, very brief and do not elaborate in any way.

Mr. Cummings: I perhaps could comment on the quarterly statements. They do give the global figures and they are broken down by division. It seems to me that what we want to attempt with the quarterly reports is to make sure that the public and the Members of the Legislature, in particular, have a running thumbnail sketch without having to wait for the annual report as to what is going on in the corporation. This goes back to the last number of years regarding more than one Crown corporation, but let us just deal with MPIC whereby it was not really until the annual report was tabled that the financial circumstances of the corporation became obvious.

This Government has done two things, one is the quarterlies but the implementation of The Crown Accountability Act will also continue to monitor the activities of the corporations. I do not believe, unless the Member for Brandon East (Mr. Leonard Evans) wants to elaborate on it, that the public or the Legislature is demanding a compendium of computer printouts on the financial status of the corporation every three months. This is to give the global figures and make sure that there are no glitches, or trend lines would be more appropriate, showing up in the operation of the corporation. I would invite him, if he is demanding a lot more information, that he put it on the record.

Mr. Leonard Evans: I do not want to get into any side debate on the quarterly report, but the fact is when I asked the Minister a question, for instance on General Insurance, saying, well, in my innocence pointing out to a profit, he says, well, you do not have all the information. It is not doing very well at all, or words to that effect.

I say, Mr. Chairman, it is very frustrating. You are given a report which says that they are doing well and the Minister answers, but if you had more information you know they are not doing well. The fact is if that is the case, then I say that this quarterly report is rather limited.

Getting back to the annual report, Mr. Chairman, could Mr. Bardua tell us just what is different between the 1987 report and this 1988 report in terms of format or additional content? Just briefly, if you could indicate.

Mr. Bardua: Well, for example, in the General Insurance Division, Mr. Chairman, we have not provided a

breakdown between the personal commercial lines and the special risk extensions. I also believe within the notes there are more detailed explanations than there were in the past. I do not have before me the previous annual reports. It would be difficult to provide that kind of a detailed examination. We also provided more information with respect to the discontinued reinsurance assumed operations, and just generally we felt a more informative document.

If the Member has some suggestions for us, we are always interested to know what people expect to find in an annual report, and we would be most interested in trying to respond to those needs. If you could be specific and tell us what they are, we will take them into consideration in the preparation -inaudible-

Mr. Chairman: Mr. Angus, I have a list of—just for the committees, I have Mr. Plohman on next, and Mr. Kozak behind him. If you want it on this subject that is fine, I am willing to go along with the committee, but I just want to let you know which order you were in so that you will have an idea.

Mr. Angus: On the specifics of the auditor and more specifically what I would like is the quarterly reports and annual reports to be able to objectively measure productivity in relation to clear objectives. I think that the auditor specifically at the table said that he does not have as much difficulty with the accounting procedures of the professionals that do the accounting, but he finds it very difficult to be able to look at the goals of the corporations and measure the productivity. One such example, may in fact be, "The Inquiries" that are received and steps that have been taken to reduce the complaint faction of the inquiries.

If I can offer that, Mr. Chairperson, just as a bit of guidance, I sat in and discussed with the auditor for a lengthy detail and that is when he made those remarks that all too frequently the annual reports are glossy, public relations documents that are trying to be sold to individual decision makers, and that perhaps—and these are my words now not his—that if they had more objectivity notations as to what they wanted to try and accomplish and how they went about accomplishing that, and how they measured up. It may not be as attractive, there may be some room for criticism as to why, and you may have to have legitimate answers as to why you did not reach the goals and objectives that you had clearly established, but that is what I think he was driving at.

Mr. Leonard Evans: A couple more questions to finish my line of questioning for the moment, and then I guess there are others, so just a couple more. I thank Mr. Angus for that information, he made some very good points and we can come back to this later I suppose.

I wonder if I could be advised or the Members of the Committee could be advised who now is on the board of directors. There is a reference on page 3, but I was wondering whether there were any changes, any deletions or additions, and who are these people?

Mr. Thompson: The board of directors currently is the same as you see there with one exception. Marilyn

McLaren, who is an employee director, resigned from the board just recently because she had been promoted to a management position, but the other directors are the same.

Mr. Leonard Evans: Could I ask then who is Larry Lepischak?

Mr. Thompson: He is an employee director and a claims man in Portage la Prairie.

Mr. Evans: Ruth Konzelman?

Mr. Thompson: Ruth Konzelman lives in Selkirk. I think she works in a dental office. Some information on that aspect should be covered in the report on page 4, second column, third last paragraph, where all of the directors are listed with a bit of their background.

* (1110)

Mr. Leonard Evans: Is there a background on each individual here?

Mr. Thompson: Yes.

Mr. Leonard Evans: What about this individual—

Mr. Chairman: Hold it, hold it. We are getting out of line here. Mr. Thompson.

Mr. Thompson: They are mentioned right in the middle of the paragraph.

Mr. Leonard Evans: I have not yet read it, so she works as a dental assistant in Selkirk.

Mr. Thompson: -(inaudible)- Enterprises in Selkirk.

Mr. Leonard Evans: Is that related at all to the automobile insurance business or general insurance?

Mr. Thompson: No, it is not.

Mr. Leonard Evans: It is nothing to do with insurance?

Mr. Thompson: No. I am sorry, no.

Mr. Leonard Evans: I know Mr. Don Penny of Meyers, Norris and Penny and then there is Mr. Jack MacIver and he is listed here as president of Midway Chrysler. I notice that the Government has carried on the practice of continuing to have an MLA on the board. I would like to ask the Minister, is he uncomfortable to have a political representative on the board in light of his past statements of political interference?

Mr. Cummings: No, I am not. As the Member knows, the practice of previous administration was that the Minister would also be chairman of the board. That is not the practice that we are following obviously. Certainly I felt that was an unworkable situation, so I think that it is reasonable as we have said that the board of directors and the decisions that they make ultimately reflect to the Government of the Day and

the ultimate responsibility is that they are our appointments.

Mr. Leonard Evans: Does Mr. Gilleshammer report to the Minister, does he advise the Minister from time to time about board meetings? Does he discuss the board meetings at all, in board policy, corporation policy?

Mr. Cummings: No, the chairman of the board and I communicate. That is how I speak to the board, through the chairman.

Mr. Leonard Evans: Does he see, I mentioned Mr. Gilleshammer because he is now on the board, but any MLA, what role does he see that an MLA should play on this board?

Mr. Cummings: Same role as any other board Member.

Mr. Leonard Evans: Well, that is a good question. I guess he gets paid a certain amount for being on the board. How much is the board paying the MLA for being on the board, how much does the corporation pay the MLA?

Mr. Cummings: I would have to check, frankly, it is not a large sum.

Mr. Leonard Evans: Perhaps Mr. Thompson could answer that one.

Mr. Thompson: Three hundred and twenty-two dollars a month is what is paid to all of the directors. I believe that is the correct number. It adds to \$3,500 a year, payable monthly.

Mr. Leonard Evans: One last question and then I will turn it over to others and I may have questions later. I also have one other point of order that I want to bring up after my last question.

This whole area of public accountability, it has been discussed in the Legislature, there was some legislation on public accountability of all Crowns, urging Crowns at one point to go throughout the province particularly outside of Winnipeg where people would have opportunities to ask questions of senior officials of those utilities or of those Crown corporations with regard to general policies, somewhat I suppose along some of the questioning that has been done here. Where does this stand now? I thought it was a good idea. I know it is inconvenient for a lot of people to go and make themselves available, but it is a matter of bringing the corporations, I use that plural, those Crown corporations a bit closer to the people and hear what they have to say. So maybe the Minister could answer that or maybe the Chairman could answer, where do we stand on public accountability in that respect?

Mr. Cummings: Yes, I will let the chairman of the board respond on the specifics of it. I should just say to the Member, I am not sure what my annual stipend is. So he should not be surprised that I am not aware of the precise figure the member for the board is getting.

Mr. Thompson: The corporation had planned for three public meetings for November. This was planned several

months; however, with the PUB hearing now scheduled for the middle of November, we have had to set those public meetings ahead until early in the new year and there will be a minimum of three each year.

Mr. Bardua, can you tell them what the location of the meetings will be?

Mr. Bardua: Mr. Chairman, they will be in Brandon, Thompson and Winnipeg.

Mr. Leonard Evans: I was going to ask that as a supplementary question. Who will be available to answer questions, and will the corporation ensure that there is adequate advertising or communication somehow so that people know? I mean it is just not good enough to put a tiny ad in the paper. It seems to me there is so much advertising that we look at these days, if somehow or other an effort could be made so that people are advised and you are satisfied that the public has been advised that these meetings are taking place and they invited to come and ask questions and make comments?

Mr. Bardua: We will be advertising those meetings. In fact, we are considering including in our renewal notices information about the meetings and other than that, we will advertise in the local media.

As to who will be available, I will be available as well a number of my senior executives will be available for the public to discuss the local issues with.

Mr. Leonard Evans: Okay, before I yield the floor to my colleagues here, I do not believe we are going to be finished the annual report by 12:30 p.m. which is our usual adjournment time, and I suspect we are going to be spending all of the time on the Autopac Division, I believe. Therefore, I would ask, Mr. Chairman, if the Minister or the chairman could table the report of the General Insurance Division so at least we would have an opportunity to look at it between now and the next meeting.

Mr. Cummings: Yes, I said I was at the will of the committee, I will table it if that is the committee's request.

Some Honourable Members: Yes.

Mr. Chairman: Mr. Plohman is next.

* (1120)

Mr. John Plohman (Dauphin): Mr. Chairman, I do not wish to rehash old arguments either to a great extent insofar as MPIC is concerned, but I think there is some information that is readily self-evident from looking at the information that the Minister has provided to us that would demonstrate that there are really two reasons for the turnaround in MPIC's financial situation.

Basically those being the \$27 million increase in revenues from additional premiums, from the premium increase that our Government had put in place of some 25 percent increase in premiums. The other is the fact

that the claim costs declined \$31 million during that period of time. So we are dealing with a \$58 million turnaround and it has, I would contend, very little to do at that point with improved management that will have an impact over a longer period of time obviously. I think those facts should be on the table.

I want to just take issue with the Minister when he said that the previous Government had artificially, politically, kept the rates low over a period of time, that in fact what we had was a catch-up, and that is why the 25 percent increase, the rate shock that he would contend. The fact is just in the '86 election, there was during that period of time over a \$50 million surplus in the reserves, just two years prior to that. As a matter of fact, the Member will remember because he was elected that year. The Conservatives were telling the public that they were going to in fact give money back to drivers because of that large reserve.

Let us put this in perspective. There was no long-term policy of keeping premiums artificially low for political purposes because in fact there was a reserve that had built up, and that is why given the bad experience of '87-'88 the corporation was able to survive with rather minor deficit relatively overall because of that surplus that had been built up there over a period of time.

I put that on the record for the Minister and I think Mr. Bardua and the rest of the officials would agree that they would have obviously had to be asking the PUB for much higher increases this year and last year than 2.5 percent and 3 percent if they had not had the benefit of that 25 percent increase the year before.

With that on the record, and I am not even going to ask the president to confirm that, I do not think it has to be, he can if he wishes, but it is obviously self-evident that there would have had to be a larger increase this year and the last year in order for the corporation to be on solid financial footing, as an insurance company must, because of the unforeseen risks that develop and experiences that develop in this business.

I would like to ask the Minister and perhaps the officials to shed some light on the issue of administrative costs. The information we have on page 2 of the information that was handed out by the Minister indicates a \$3.6 million increase in administrative costs. Obviously, an exorbitant increase when we are talking about management efficiencies. However, there are factors mentioned as reasons for that. One of those being increased salary costs and expenses associated with the renewal program.

I would like to have that broken down, how much was associated with that factor. The transfer of three safety departments from Division of Driver and Vehicle Licensing, again the costs of administering those three functions, the safety programs that were administered in the Highways Department and, if the Minister has access to the costs of the administration of those functions while they were in the other department, Highways, that would be interesting to compare the two. I do not expect that he necessarily will have that information, but I certainly would like to get that information to see whether MPIC is in fact operating

those in a more efficient way than the Department of Highways and Transportation that the Motor Vehicle Licensing was in fact doing.

Thirdly, the costs associated with the Autopac Review Commission which is a one-time cost which will not appear I would think next year in the annual report. How much was that? I would appreciate if the Minister could give us the breakdown of those administrative cost increase of \$3.6 million for this annual report.

Mr. Cummings: Mr. Chairman, I will ask the president to elaborate on some of the breakdown. Obviously, the Member has a bit of a lemming syndrome in constantly referring to the fact that he does not think that there has been any changes in the corporation.

There was an enormous number of changes made in the last renewal that has also helped contribute to the spreading of the risk, the changes in the manner in which the corporation operates and the ability of the drivers out there to mitigate their own costs by improved driving records. This seems to be the question that the Member is concerned about, whether or not they were justified in increasing the percentage during the end of their mandate. I do not think they want me to repeat the answer. That is why I say that they have perhaps a bit of a lemming syndrome here.

I will ask the president perhaps if he could expand on that and the information we do not have on hand we will get for you. However, I am a little surprised that the former Minister of Highways would wonder what the administration costs were. One of the concerns that I have expressed over the years, obviously I have not reversed the decision because the situation has not changed, is whether or not Government is incorrectly moving what are normal line department responsibilities into Crown corporation responsibilities, thereby reducing the cost to Government but increasing the cost in other aspects of Government which are at arm's length and have to stand on their own in terms of their financial responsibility.

I think there is a matter of principle that is involved there that the public has a right to ask about, whether or not what have long been considered line responsibilities should be transferred into Crown corporations without some pretty serious consideration, whether or not there is correct accountability to the public in these expenditures. Obviously, when it is a line program we have to tax for it and there is direct accountability.

Through Crown corporations they have to use other sources of revenue or receive grants or funds of some sort from the Government, or it simply is going to be revenue that they will have to pick up from whatever available sources of revenue they have. It is a policy issue to which there is no clear answer. I would invite Mr. Bardua, he perhaps could expand on the administrative costs.

Mr. Bardua: Mr. Chairman, I have a comparison here of our expense ratios to our total earned revenues which is the traditional way of looking at insurance company expenses. In 1988 over 1987, our expense ratio

increased from 20.8 percent to 21.5 percent which is an increase of .7 percent. In terms of total dollars, our claims expense has increased by \$3.3 million and our administrative expense is by \$4.7 million for a total of \$8 million, and I do have a breakdown of that number for you.

* (1130)

Driver Education which is one of the specific programs that you referred was half a million dollars. We had a levy from PICM which was \$200,000.00. Our postage costs increased by 300,000.00. We had an amortization of some development costs of \$200,000.00. The biggest number of course is in salaries and employee benefits which increased by \$6.1 million. Specifically there is another factor of \$800,000 and that is comprised of the Autopac Review Commission, \$600,000 and two other smaller write-offs.

Mr. Plohman: Yes, my first comment to the Minister. I do not think he is in any position to talk about whether a former Minister remembers the specific costs of the administrative portion of the department some three years hence, when he does not know the stipend that he gets as Minister or the MLA on the board.

In any event, I just want to review some of these costs now, additional administrative costs. When he is talking about certain items, responsibilities being transferred to Crown corporations, he talks about the philosophical debate that might revolve around that issue. In the instance where the corporation may benefit from such programs, there is another factor that obviously has to be considered in this issue.

(Mr. Darren Praznik, Acting Chairman, in the Chair)

If MPIC benefits from Improved Driver Training and Driver Education programs, then obviously the corporation perhaps could be funding some of the costs of that program. So that was the thinking involved there. Bicycle safety and other issues that may involve reductions in cost to the corporation obviously then could be considered for inclusion in their program responsibility, and that was the thinking in those areas. I just bring that to the Minister's attention because he did not allude to the relationship of those programs that were transferred over to the mandate of MPIC.

Insofar as these programs are concerned, the salaries costs are the ones that really stick out here, \$6.1 million. Is this because of the situation that developed in the change of the merit system that was put in that there was so much work to be done in such a short time to implement it, that in fact many more staff members or overtime had to be paid in order for that work to be done in that short period of time? Is that why this large cost was incurred? In fact, can we assume then that there would be a much lower cost in the future for carrying on these programs?

Mr. Bardua: Mr. Acting Chairman, the \$6.1 million can be broken out in this way. There was an increase of \$2.7 million for salaries, 3 percent economic increase which was negotiated with the union, plus 5 percent merit increase. Then for the first time it was decided

to put in a reserve for accrued vacation and severance pay, and that was \$2.3 million. There was an overtime cost, much of which can be attributed to the merit program, of \$600,000.00. There is an increase of \$400,000 to the Superannuation Fund. Then there is another factor of \$100,000 and that gives you your total of \$6.1 million.

Mr. Plozman: When one looks at efficiencies, one obviously has to look at administrative costs. That will be an issue that the current management will obviously be considering in the future. Do they see any of these as major costs that occurred on a one-time basis, or are these costs something that this increase built into future years' administrative costs?

Mr. Bardua: Some of these costs are one-time costs and some of them are built in. It is pretty difficult for me to give you a breakdown on that. Like I say, one cannot provide service without incurring some costs. Basically, what we tend to do in preparing our financial plan is to take a look at what services we propose to provide and what programs we intend to complete during the course of any given fiscal year, and provide the resources in order to carry out those programs.

Mr. Plozman: Just as an example, the PICM costs will not occur again. The reserve of \$2.3 million for severance and overtime, is that going to be built in at the same level each year? The merit program, \$600,000, should not occur again now that it is up and running. So those are at least some examples I would see as being one-time costs. Am I correct?

Mr. Bardua: Those are some good examples of one-time costs. However, there are always other things that would enter into it. For example, the Public Utility Board costs will replace the PICM costs, and there are always other programs that could result in overtime costs. So while those particular programs will not be repeated, there is always something else.

Mr. Plozman: Mr. Acting Chairman, perhaps Mr. Bardua could provide the committee of the PUB costs that will be associated with the application. As well, I would like to ask the appropriate officials to provide a breakdown of the cost to the corporation of the change in the merit system that was put in place this past year. The merit benefit system was put in place the previous year as a result of action taken by the previous Government. However, it was changed and refined this past year. One of the aspects that was changed was the allowance of transfer of vehicles from one spouse to another without any waiting period. I believe there was an eight-month delay period under the previous system that was in place for one year. Now spouses could transfer immediately on the spot and that resulted in many cases in significant reductions in the cost of insurance for that family by having the transfer take place where one spouse had a significant number of merit points and the other had demerits or no merits. Has there been an assessment done of the clients taking advantage of that particular change insofar as its financial impact on the corporation?

Mr. Bardua: I am dealing first with your question on the Public Utilities Board costs. It is difficult for us to

get a handle on that because we do not have a lot of experience or background, but we are estimating between \$350,000 and \$400,000 for the current year. With respect to the merit program, that is also difficult for us to estimate because there are many reasons why people move from the non-merit status to the merit status, not the least of which, of course, is their driving record. It is true that we did make a change in the program to eliminate the eight-month registration requirement, and that resulted in far more people also being eligible.

There are always legitimate transfers. It is very hard for us to estimate what the cost of that specific item that you raised might be. We have estimated during the coming year a further 5 percent reduction in premium revenue due to more people qualifying for the merit program.

Mr. Plozman: Mr. Acting Chairman, I will turn the floor over to others. I have a number of other areas that I want to question. However, just one final question on this issue, I would ask Mr. Bardua and the corporation to through you to the Minister provide that information on the impact.

It seems to me that it would be quite easy to determine. If there is an estimate of 5 percent for this coming year, there should be a fairly reasonable way to determine the cost of the previous year, particularly if one were to look at the number of transfers at registration time or insurance time of vehicles from one spouse to another over say a five-year period previous, and then look at the jump in that change once this benefit was available.

* (1140)

I think that would give a pretty close approximation of the number that took place, and then an average of the cost savings, you would have it. You have a pretty sophisticated computer system there, Mr. Bardua, and it would seem that you could get that information. I think you would want that information, would you not, because it is probably a relatively significant cost.

Mr. Bardua: We can certainly tell you the change in the merit non-merit ratio year over year. What we cannot tell you are the specific reasons for it. One of the difficulties of course—we did take a look for example at the number of new plate issues, because when you get a change in registration you get a new plate issue. There is no significant change year over year. That would be an indication that there is an untoward number of registrations of convenience taking place.

It is a situation which we will continue to monitor because we are as concerned as you are about the erosion of our premium base for non-valid reasons.

Mr. Plozman: Mr. Acting Chairman, for now I will cede the floor to someone else. I have a number of other questions I would like to ask about the adjusters system that we have in place and questions regarding the fleet discounts for trucking companies and so on, but I will raise those at another time.

The Acting Chairman (Mr. Praznik): I thank the Member for Dauphin. The Member for Transcona.

Mr. Richard Kozak (Transcona): Mr. Acting Chairman, I am the next questioner on the list before you. My friend the Member for The Pas (Mr. Harapiak) indicates a pressing need to ask two questions on precisely this matter. I am willing to indulge him if that meets the requirements of the Chair.

The Acting Chairman (Mr. Praznik): Well there are other Members on that list, and I am sure there will be enough time for all Members, but I do not think it is fair to those who follow you, Mr. Kozak.

Mr. Kozak: Mr. Acting Chairman, I am certainly prepared to proceed with my brief questions. In six years in the investment business I reviewed literally thousands of annual reports of corporations and I have to say that the 1988 Annual Report of MPIC is without a doubt the most chaotic. I defy anyone to understand the financial statements of the corporation. I suggest to the Minister that the patience of this committee is being severely tested today. Why does the Annual Report not present a consolidated statement of operations for the corporation?

Mr. Bardua: We are required, Mr. Acting Chairman, by our Act to keep the two statements separate.

Mr. Kozak: Would it not be possible, Mr. Acting Chairman, to assist Members who are used to considering consolidated financial statements for the corporation to provide us with a consolidated statement in addition to the individual statements for the Automobile Insurance Division and the General Insurance Division?

Mr. Bardua: Mr. Acting Chairman, it would certainly be possible, but to the best of my recollection this is the first time we have been asked for such a statement. We have been attempting to follow the requirements of the Act and the legislation as it pertains to these statements.

Mr. Kozak: Mr. Acting Chairman, I would hope that the corporation might keep this matter under advisement for the future. However, even in terms of the corporation's mandate regarding financial reporting under the Act, it concerns me, and I must ask the Corporation, why are expenses on pages 16 and 17 under the headings "Automobile Insurance Division Statement of Operations" and "General Insurance Division Statement of Operations" presented on a basis totally incomparable to the expenses in the Schedule of Expenses on page 22?

Mr. Bardua: Mr. Acting Chairman, does the Member mean page 26?

The Acting Chairman (Mr. Praznik): To the Member for Transcona, is the reference to page 26, rather than 22?

Mr. Kozak: That is correct, Mr. Acting Chairman, and I thank Mr. Bardua for pointing that out.

Mr. Bardua: Mr. Acting Chairman, the schedule of expenses on page 26 breaks out the dollars found on

page 16 and 17 and it is broken out further by type as approved by the Department of Finance. They are the same dollars shown in different ways.

Mr. Kozak: Mr. Acting Chairman, my entire point is indeed the point concurred in by Mr. Bardua just now. The same numbers are presented in different ways. I have no doubt, particularly because the corporation's auditors saw fit to certify this annual report that the numbers in fact do add up as presented on pages 16 and 17 and, separately and differently presented on page 26. My own intellect I have to admit is however severely tested by my own effort to duplicate the reasoning that went into these different forms of presentation and different forms of addition. I wonder if Mr. Bardua would concur with me in stating that it would be extremely difficult for anyone without an advanced accounting background to be able to understand that the two financial statements in fact relate to one another or can be understood in conjunction with one another even though they are talking about the same thing presumably.

Mr. Bardua: We have attempted to do it as simply as possible. Schedule I is really just an effort to provide greater detail and additional information. It is just another method of disclosing information which we believe would be of interest. Frankly I am not sure how we could state it any more simply.

Mr. Kozak: I would suggest one method of stating it more simply. Under the heading of expenses under Automobile Insurance Division, a total of \$37,561,000 is provided; under the statement of expenses for the General Insurance Division in the statement of operations a total of 14,609,000 is provided; under both items the reader of this report is directed to refer to Schedule I on page 26. The items that are flagged for referral to page 26 total approximately \$51,000,000.00. When one attempts to relate this to the expenses on page 26, the expenses on page 26 total in excess of \$85,000,000 as opposed to \$61,000,000.00. At the very least, Mr. Acting Chairman, this annual report should also refer claims costs as reported on page 16 and page 17 to page 26 so that one can somehow come up with the \$85,000,000 total. There should at the very least have been a further reference of numbers back to page 26.

Mr. Bardua: The copy of the annual report I am looking at refers both to claims expenses and the other expenses to Schedule I and on Schedule I claims expenses are shown separately and they are the same numbers as appear on pages 16 and 17.

Mr. Kozak: Thank you Mr. Bardua for clarifying that. I suppose the rather dispersed shall we say presentation of the numbers that we see before us with pages 16, 17, 26, discussing the same items in different ways, numbers not in the same place in each column on the three pages, does encourage Members to be confused as I myself was just confused.

(Mr. Chairman in the Chair)

Similarly, Mr. Chairman, pages 20 and 21 deal separately with retained earnings of the Automobile

Insurance Division and retained earnings of the General Insurance Division. I wonder if Mr. Bardua could suggest to us whether we should draw a relationship between those two statements and the statement of changes in cash and short-term investments presented on page 22. I do not see any reference from pages 20 and 21 to page 22. I wonder if one could logically suggest that such a reference should have been made.

* (1150)

Mr. Bardua: The numbers do not relate, Mr. Chairman. They do relate to the liabilities and retained earnings breakdown shown on page 19, however.

Mr. Kozak: I would once again note that on page 19 there is no reference as there is no reference on page 20 or page 21 that the financial statements presented on those pages do logically relate to one another.

I will not belabour this set of points that I have made, Mr. Chairman. I think I have established fairly well and certainly to my satisfaction that we are looking at financial statements presented with undue complexity. I stand by my opening statement that in six years in the investment business and with experience with virtually thousands, literally thousands of financial statements, I have never seen an Annual Report present corporate financials in a manner that was less amenable to understanding by a layman and indeed less understanding by an individual with accounting training.

I would suggest that the corporation and the Minister pay heed to the advice provided recently by the Provincial Auditor to the Public Accounts Committee of this province in which he did suggest that there is a significant pressing need for agencies and Crown corporations of the provincial Government to upgrade the standard of their financial reporting to something resembling the standard that we expect from the corporate sector.

This is a comment on the part of the Provincial Auditor that I think is amply proven by discussion this morning, and it is a comment by the Provincial Auditor that, as I look at this particular financial statement, I feel is an urgent recommendation on the part of the Provincial Auditor. No layman looking at this annual report could understand in my opinion the financial statements of the corporation, although a layman looking at this financial report would certainly see good glossy photographs indicating the activity of the corporation and a good overview of the corporation's activity provided by the corporation's chairman, the corporation's president, and by the Automobile Insurance Division, and by the General Insurance Division.

An important comment, Mr. Chairman, I and my colleagues, particularly those of us who also sit on the Public Accounts Committee, suggested that some urgency be attached to these comments. Thank you. I would not like to delay further questioning by other Members.

Mr. Bob Rose (St. Vital): Mr. Chairman, I just have a couple of questions for clarification. I think Mr. Bardua

mentioned, and I think I have the figure right, a \$3.3 million contingency for severance pay and holidays was set up, is that correct?

Mr. Bardua: That was \$2.3 million.

Mr. Rose: I wonder if Mr. Bardua could explain to me how that is arrived at, that amount of money.

Mr. Bardua: The calculation is done on the basis of vacation entitlements to which all staff members are entitled based on today's costs of providing those vacations, and severance pay requirements depending on length of service as provided for in the collective agreement.

Mr. Rose: Is that a practice that is adhered to by other Government departments or agencies?

Mr. Bardua: I cannot speak for all Government departments or agencies, but it was something that was done in consultation with our external auditors and with the Provincial Auditor.

Mr. Rose: I realize that the president would not have that information, but I thought maybe you may have knowledge that he had used some other examples as a model. Am I correct then in assuming that there is a contingency there that every employee would at some time collect holiday pay or indeed would collect severance pay?

Mr. Bardua: The contingency was established to provide a reserve for the outstanding vacation credits for each employee at the end of the fiscal year. It provides for a severance allowance for each employee with ten or more years of service.

Mr. Rose: I wonder if the president would agree that there is in my estimation no way that those funds would ever be completely paid out as a contingency because certainly when an employee takes holidays they are not all replaced. Certainly on the other hand they would not eventually get severance pay.

Mr. Bardua: Mr. Chairman, the Member's observations are correct, but we are required to recognize that as an outstanding liability by the Canadian Institute of Chartered Accountants Handbook, on which the Annual Report is drawn, as approved by the Department of Finance and the Provincial Auditor.

Mr. Rose: Mr. Chairman, I think I have a reasonable explanation there and agreement that there may indeed be a little bit of extra contingency there, but if that is the rules, that is the rules.

The other area, Mr. Chairman, I would like to explore, and there may be a simple explanation of that, is that on page 7 of the July 31 statement it shows, under Unpaid Claims of \$265 million on Automobile, and \$85 million on Unpaid General Insurance. In the case of Automobile that is much in excess of an entire year's claims, and in the case of General Insurance, it is in excess of 4 years' normal claims. I realize that in those

figures there is contingency for unreported claims as well as those naturally that have been reported. I wonder if he could explain those numbers.

Mr. Bardua: Are you referring to the July 31 Quarterly Report? So that is for the nine month ended at that time? What was the total dollar number you were looking at, sir?

Mr. Rose: In the case of Automobile it was \$265 million.

Mr. Bardua: Yes, that is correct. I am sorry, did you want a breakdown of that number?

Mr. Rose: Mr. Chairman, what I am referring to there, and I will stick specifically to the Automobile one for simplification, is that figure of unpaid claims is in excess, if I read the statement correctly, of what the normal practice is for an entire year. That seem to me like an excessive amount of outstanding claims at any given point.

Mr. Bardua: Liability claims which constitute the vast bulk of our unpaid claim reserves take a long time to settle, some of them in excess of seven or eight years even, and consequently there are many unpaid claims from a long time ago. They have what is called in the business a long tail. Consequently that number will frequently, in fact will always, exceed the amount of claims that are received in any given year. There is, as you quite rightly point out, a provision for claims which have occurred but which have not yet been reported to us.

Mr. Rose: My final question I think in this regard is: there would be a history of frequency of unreported and unsettled claims. Is there a close tab on that to make sure that the provisions, I guess it is more of, it is an estimate of unreported claims, are in line with what past practices say over the last four, five, six, 10 years?

Mr. Bardua: Mr. Chairman, through you, the number is monitored very closely. It is also reviewed by our outside actuary before it is set each year.

* (1200)

Mr. Rose: Mr. Chairman, one final question, somebody in the automobile area is involved in an accident and particularly when the accident is one of serious injury or death to perhaps, in this particular case I am referring to an innocent party, in other words somebody who is not assessed any liability, what immediate steps does Autopac take to have protection for that person in regard to their future claims and in regard to the injury or death that has been incurred? I am referring specifically to the protection that they are given immediately in the form of legal help—attorneys.

Mr. Bardua: Mr. Chairman, when someone is injured and they are the innocent party, our bodily injury adjustors contact them at once in order to determine the extent of the injuries. We work very closely in monitoring, through their medical consultant, their

doctor, to determine what the nature and extent of the injuries are. They are entitled to certain no-fault accident benefits which we ensure that they get, but we do not provide the innocent party with any legal help.

Our obligation, unfortunate as it may seem, is to provide the guilty party with the necessary legal help to defend the action against him since the claim is being made against a third party's policy.

Mr. Rose: Is it not, certainly in North America, common practice for insurance companies to provide legal assistance for victims in accidents, particularly non-fault, people who do not have a fault in the accident?

Mr. Bardua: Not at all, sir. The obligation, under the insurance contract, is to provide a defence to your own motorist, to your own insured. The innocent party is as I say, unfortunate as it may seem, required to obtain his own legal representation in order to take action against that third party. They are entitled in this province to no-fault benefits which are amongst the best in Canada. To the extent that we can we provide those benefits.

Mr. Rose: We have covered the case of somebody who has no-fault. Mr. Bardua had mentioned that persons who were claimed to be responsible in the accident for something that is sued, that they would have legal protection or legal assistance given to them. Is that correct? Would you explain in what form that legal protection is given?

Mr. Bardua: If a Manitoba motorist is sued, we have in-house counsel who defend that action against him, whether that action comes from another Manitoba motorist or from anyone else for that matter. Is that what you are driving at?

Mr. Rose: In no cases, or in most cases an independent outside attorney is not delegated to that person?

Mr. Bardua: We delegate very few cases to outside counsel. We have a rather large and competent in-House legal staff. Most actions are handled in-House.

Mr. Rose: When litigation would get into the court, would it be under any circumstances that two attorneys would be acting on behalf of both parties in the same courtroom?

Mr. Bardua: We do not represent both parties. We only represent one party.

Mr. Rose: When you say never, that is definitive, that it never happens?

Mr. Bardua: I would have to think about that, but it would certainly be the exception rather than the rule.

Mr. Rose: Mr. Bardua, would it acknowledge that it could be the exception?

Mr. Bardua: In the event that it were to occur, we would assign outside counsel.

Mr. Rose: Would it ever be possible that outside counsel would not be represented on one side and that an Autopac attorney would be on both sides of the litigation?

Mr. Bardua: I would like to think not.

Mr. Rose: I have, Mr. Chairman, one last question. That is: when there would be an accident, Autopac's adjusters or accident people would examine the police reports and all relative information in determining it. I also understand that on occasion they bring in Transport Canada's experts to examine the details, and supply them with accident reports and their determination or conclusion of the accident. Is that true? If so, what would be the frequency that Transport Canada would be used by Autopac?

Mr. Bardua: The usual practice is to look at police reports certainly. As far as the involvement of Transport Canada reconstruction experts, that would occur very infrequently and only in the case of catastrophic injuries and accidents of that type.

Mr. Rose: You talk about catastrophic and it is pretty difficult to determine, but I wonder if you could give me some sort of an idea who makes that determination that Transport Canada will come in as a second opinion and to what degree. Would it be for instance because of incomplete police reports? Why would it be that Transport Canada would be brought in on one accident and not on another? Who would make that determination and why?

Mr. Bardua: Our senior claims officials would make that determination and it would be based on the evidence available in terms of how the accident occurred and who was at fault. If there is serious doubt about that and there are no independent witnesses, on those occasions it would be necessary to bring in an accident reconstruction expert if there is no independent evidence to indicate how an accident occurred.

Mr. Chairman: Mr. Rose. Mr. Harapiak?

Mr. Harry Harapiak (The Pas): Mr. Chairman, I wanted to ask a few questions in the area of the merit system. Because of the makeup of my constituency there are a lot of new residents coming in from other provinces into The Pas because of REPAP being taken over by a private corporation rather than a Crown corporation. A lot of the people are calling, they are dissatisfied with the fact that they cannot get a merit rating. Is there any thought being given to looking at that system and evaluating it to see if they can come up with some system where a new resident of Manitoba can qualify for a merit rating?

Mr. Bardua: I am one of those new residents too. Not in this territory.

In fact, there was a change made to the merit program which permits new residents to obtain one merit point,

provided they can provide information from their previous jurisdiction or their previous residence. That merit point applies to both the premium they pay on their driver's licence and the premium they pay for their Autopac coverage. What they do not get is the buildup of merit points they may have had, for example they may be qualified for five merit points. Other jurisdictions do not keep records the same way we do. Therefore it is not possible for us to determine how many merit points should be assigned to them. They are entitled to one and that does give them a discount on both their driver's licence and their premiums.

As far as the system is concerned, yes, we are looking at it. It would be our desire to develop a system of rating for automobile insurance which is not dependent on the merit system, since that really is not our system. That's a system that belongs to DDDL. So we are looking at it.

* (1210)

Mr. Harapiak: The rapid exchange system is put in place to check a driver's licence when they transfer from province to province, is there any thought to—which was dealt with along with the National Safety Code—and I am wondering if there is any thought being given to plugging in your computers to take advantage of that system that has been in place? Would that be of any benefit to the corporation to utilize that system that is on-stream now?

Mr. Bardua: A year ago when this subject was most prominent, our officials and the officials from DDDL took a long, hard look at all the systems that were available. It was determined that there simply was not anything that compared to the merit system which would allow us to plug in. That is why I say we would really rather have a system all our own to determine what the appropriate rate is.

Mr. Harapiak: When you talk about efficiency of staff, you talk about the cost of \$600,000 for overtime costs implementing that program. I am wondering if there has been any thought given to changing the renewal dates to the birth dates of people rather than having it all renewed at the end of February. A lot of people complained about that because of the fact that the Christmas period has just passed and there is a shortage of dollars around. I know that you have moved to the system with the opportunity for staggering the cost over three installments, but has there been any thought being given to a renewal date on the birth date?

Mr. Bardua: The corporation has as one of its initiatives currently being undertaken a study to determine whether or not it is appropriate to go to a cyclical type of renewal system. One of the methods that will be studied in terms of how it would be best to convert people onto another system would be birth date, although frankly not my favourite, but yes, we are studying that.

Mr. Harapiak: How soon will that study be completed?

Mr. Bardua: The study will be completed during the course of the next fiscal year, today being the last day

of the current one. The implementation of such a program would be March, 1992, at the earliest.

Mr. Harapiak: There was a new facility built in The Pas dealing with Autopac and the constituents of mine appreciate that because they had to do their inspections in the outdoors. There was no facility. My constituency being next to Swan River, I get a lot of calls from the Swan River people as the Member for Swan River (Mr. Burrell) gets calls from my people. Maybe it is political preference, I am not sure what it is, but I have received calls from Swan River asking when the new facility would be built there. Is it scheduled for this year?

Mr. Bardua: Yes, a new facility opened on I believe October 16.

Mr. Harapiak: One final question, you said that the allowance for board members is \$3,500 on an annual basis paid out on a monthly basis. Can we also get a cost of expenses for board members?

Mr. Bardua: Yes, sir, we will have to dig it out for you. It will just take a minute.

Mr. Thompson: It is minimal because it reflects only the travel expenses of the two directors, one from Brandon and one from Portage la Prairie. The local Winnipeg members have no travel expenses that are allowed or directors' expenses.

Mr. Chairman: That was Mr. Thompson, now Mr. Harapiak.

Mr. Harapiak: There are no other expenses outside of travel expenses then?

Mr. Thompson: It is just out-of-pocket expenses related solely to the meeting.

Mr. Bardua: The total other expenses amount to \$3,000 for travel and \$2,000 for other expenses such as hotel and meals for those directors who are required to stay overnight.

Mr. Angus: Mr. Chairperson, I have a suggestion and a proposal. I am going to suggest that the committee rise without passing the report. I am going to give a list of things that I would appreciate if possible if the Minister would concur and giving the administration an opportunity to get some of this information available so that we can set the agenda for the next meeting when that will be and have an opportunity to prepare.

The questions that I have, some of them have been answered in relation to the sale of the General Insurance Corporation. I would like to know if it is indeed on the block to be sold and if there is an active RFP, a Request For Proposals, Mr. Minister, and what the status of that is. We can see the reported information.

Second, I would like to know if the corporation deals with MDS, the Manitoba Data Services? Have they had any dealings with Systemhouse in relation to dealing with Manitoba Data Services? If they have, I would specifically like to know the terms of reference of the

engagement. I am not as interested in the specifics of the contractual agreements, Mr. Chairperson, but I would like some information on that. In that regard, I noticed an advertisement for a computer technician to assess agents in relation to automating, I suspect, their franchised operations to, I suspect, have on-line data capabilities to the computer facilities at MPIC. I would like to get some information on that. I have some specific concerns about Crown corporations getting into businesses that are not related to their particular business. I cite MTS getting into fax machines and computers and it seems to me that standards could be established to which the agents should be required to meet and that there are sufficient small businessmen that would be able to assist people to come on line.

I would like to have, Mr. Minister, if possible, a list of the status of the Kopstein Report, that is the items and the status of the different items. I think that is reasonable, as you had indicated earlier, that a number of them have been implemented, some of them will be before the PUB for discussion and some of them will be still under study I am sure, but that information would, again, give us some degree of comfort.

I would also like an opportunity to discuss certain policies such as non-moving violations. An example, might be incorrect registration on a car and the impact that it has on the rates. I would like to clearly indicate, Mr. Chairperson, that I agree that people that cost the system money should be required to pay, to a certain extent, to recover those losses. But individuals who are not costing the system any money in direct penalties, I am not sure that they should be penalized. I would like some clarification on that.

* (1220)

Another one is the non-moving claims that might be made, and again there is a distinction between somebody who has had to make a claim because of hail damage, as an example, and somebody who has run a red light and smacked into a building. I think that in terms of trying to assess some degree of fairness for the general motoring public I would like to just review these two specific policies and any others.

Two final things, Mr. Chairperson. I understand that a training centre is being considered to be developed on Nairn Avenue to train either Autopac repair agents and/or to assess damage to vehicles, and/or for some other purpose. I do not know an awful lot about it but I would like to get some indication as to the investment and the intent of the investment and an explanation as to whether or not they looked at the existing opportunities of public buildings or public facilities, such as technical vocational centres at schools, and/or Red River Community College, as opposed to building their own building. I am sure those questions can be answered.

Finally, Mr. Chairperson, there were some concerns expressed in the newspaper in the summer months about reduction of staff and I would like some statistical figures, I guess if we can, on the turnover, particularly of middle management individuals and/or reduction of staff. It oftentimes becomes a symptom of things that

may or may not be happening within the corporation and, indeed, if there has been a normal turnover of employees because of different opportunities that are available to them—I do not see that as a difficulty, but if there is a massive turnover I may like to at least bring it to the attention of the board so that they can recognize it as a potential symptom and deal with it effectively.

Finally, I noticed that there is a \$2 million increase, if I have read this properly, in Employee Travel and Allowance, and I wonder if I could get some sort of a breakdown of the —now I may be reading this wrong, it may be only \$200,000.00. Is it \$200,000.00? It is \$200,000, I see, okay. It is \$200,000, Mr. Speaker. Nonetheless it is 25 percent, it is something that was flagged and I would like to get some explanation on that. I am sure all of these questions can be answered.

Mr. Cummings: Is the critic asking for these to be answered at some point in the future or does he want a written response to these?

Mr. Angus: I do not want to be entirely unreasonable about this, Mr. Chairperson. Some of them may take a great deal of time and then I do not want to delay it. I am prepared to accept sort of a verbal response to a number of these items, those items that they can pull right out and provide in a written form, that is fine as well.

Some of the questions may indeed lead to us saying, well, okay let us pass the report because really there is not that much on the financial report, but can we get within a certain period of time a written response to these questions so that we can have some information on the table? I will leave that up to the Minister's discretion.

Mr. Cummings: Mr. Chairman, I am sure we would be glad to provide written or verbal responses to all of

these. There is one that is rather current and perhaps Mr. Bardua could expand on the training centre. It is a current situation and I think the explanation would be beneficial to everyone if he could explain the thinking that has gone into that.

Mr. Bardua: The Research and Training Centre is planned for construction beginning in the coming year. The primary function of this facility will be to enable our estimators to estimate the seriously damaged vehicles under cover. Currently they operate out at Plessis Road in the middle of winter and in summer in the rain trying to estimate vehicles outdoors and so they spend a good deal of time just scraping the snow and ice off cars in order to find out what is wrong with them.

In the interests of greater efficiency and better service to the public, we are planning on constructing a facility that will bring them indoors. In conjunction with that we are going to provide a training facility which will train our estimators in the latest repair techniques and also provide a facility where the industry can come and observe the kinds of things that we will be doing there.

We will also be doing some research into repair techniques, painting methods, all the various aspects of automobile repair and those are the major functions of the facility.- (interjection)- The exact cost? It will be \$4 million over two years.

Mr. Chairman: The time is now 12:30 p.m. Is it the will of the committee to rise and continue its questioning at a later date? Committee rise.

COMMITTEE ROSE AT: 12:30 p.m.