



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

---

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

---

40 Elizabeth II

---

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



**VOL. XL No. 3 - 10 a..m., THURSDAY, MARCH 21, 1991**



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

**Members, Constituencies and Political Affiliation**

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARR, James	Crescentwood	Liberal
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Saskatoon	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Cliff	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupert Island	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES**  
**Thursday, March 21, 1991**

**TIME — 10 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. Marcel Laurendeau (St. Norbert)**

**ATTENDANCE - 11 — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Cummings, Enns

Messrs. Alcock, Carr, Evans (Brandon East), Laurendeau, Maloway, McAlpine, Penner, Mrs. Render, Mr. Rose

**APPEARING:**

Mr. Walter Bardua, President and General Manager, Manitoba Public Insurance Corporation

Mr. Donald Penny, Chairman and Chief Executive Officer, Manitoba Public Insurance Corporation

**MATTERS UNDER DISCUSSION:**

Annual Reports of the Manitoba Public Insurance Corporation for the year ended October 31, 1989, and October 31, 1990.

\* \* \*

**Clerk of Committees (Ms. Bonnie Greschuk):** Will the committee please come to order. We must proceed to elect a Chairperson for the Standing Committee on Public Utilities and Natural Resources. Are there any nominations?

**Mr. Bob Rose (Turtle Mountain):** I would nominate Marcel Laurendeau.

**Madam Clerk:** Mr. Laurendeau has been nominated. Are there any other nominations? If not, Mr. Laurendeau, please take the Chair.

**Mr. Chairman:** I call the Standing Committee on Public Utilities and Natural Resources to order to consider the Annual Reports of the Manitoba Public Insurance Corporation for the fiscal years ending October 31, 1989, and October 31, 1990. I would like to invite the honourable minister to make his opening statements with regard to the Manitoba

Public Insurance Corporation and to introduce his staff present today.

**Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation):** Thank you, Mr. Chairman, I will keep my comments short. First of all, I would like to introduce Don Penny, Chairman of the Board; Mr. Walt Bardua, President and General Manager. Gentlemen, if you will just raise your hands when I introduce you. David Kidd, Vice-President of Operations and Insurance; Barry Galenzoski, Vice-President of Finance; Shanti Kapoor, General Counsel and Corporate Secretary; Grahame Newton, Vice-President of Community Relations, and Peter Dyck, Controller. A cast of thousands. We are almost ready to go. I will give you a couple of quick comments, and we can get moving forward with the report.

Overall, the division showed a net income of \$20.5 million on total earned revenues including an investment income of \$342.7 million. Total claims, costs and expenses were—I am sorry.

\* (1005)

**Point of Order**

**Mr. Leonard Evans (Brandon East):** Just on a point of order, Mr. Chairman, we have two years that we are discussing, and I am just wondering which year is the minister now introducing?

**Mr. Chairman:** That is not a point of order.

\* \* \*

**Mr. Cummings:** No, that is a legitimate question. I was trying to paraphrase my notes. It is for 1989 and the claims costs were \$322.2 million. It is information that is in the report. I am just paraphrasing it. The General Insurance reported a net income of \$9.6 million for the fiscal year, excluding discontinued reinsurance assumed. I would remind the committee \$9.3 million of this total was attributed to Special Risk which is the specialty vehicle coverages. Combined personal and

commercial line businesses which was discontinued on October 1, 1990, contributed \$300,000 to the total net income.

Therefore, I would like to encourage the committee to go through their series of questions, but the 1989 is two years behind. If we could begin to move forward—I certainly want to make myself available to the committee, but I would also look forward to getting both of these reports passed. Thank you.

**Mr. Chairman:** Thank you. Does the critic for the official opposition have any opening statements?

**Mr. Jim Maloway (Elmwood):** Thank you, Mr. Chairperson. As we get ready to proceed through the annual reports of the corporation, I did want to at the outset make the observation and the comments that, while the province itself is getting into a situation where it will be cutting back in most if not all the areas in the next few months, I am certainly interested in knowing whether the corporation itself will be involved in cutting back in certain areas, if there are some ways the corporation can save some money in its operations, whether it be by looking more closely at a no-fault system, or whether there are other ideas that can be employed to achieve the end of lower costs.

Now in terms of the recent suggestion that the random Vehicle Inspection Program may be moved out from under the MPIC back to the Department of Highways has brought forward a suggestion that there may be privatization here of the program, and this may be part of the government's overall thrust to reduce the number of civil servants in the province and cut back on government expenses. So I certainly want to ask some questions on that area to determine what the status of that program is.

When you consider that there may be an announcement very soon that the government may be laying off as much as 10 percent of the entire Civil Service, 1,500 people, that would be a dramatic turn of events for people in this province. I am certainly interested in knowing what part, if any, this corporation will be playing in all of that.

**Mr. Chairman:** Thank you. Does the critic for the second opposition have any opening comments?

**Mr. Reg Alcock (Osborne):** Hello there. I imagine he can think of a few. First, just a question to the minister on the operation or the style of going through the reports. In the committee looking at the

MTS Annual Reports, we had a similar situation where we had two annual reports before us, and I concur with the minister that it would be helpful if we could get into something more approaching the current time period.

In the MTS committee the minister agreed that we could simply ask questions covering policy issues that bracketed both of the years. I would certainly commit to saying that the '89 report is passed and, hopefully, we could move expeditiously through the '90 report also, but not confining the questions. Many of the questions the member for Elmwood (Mr. Maloway) has raised really do reflect current operations as opposed to things that took place specifically within that year.

\* (1010)

With that undertaking—and I notice the minister is nodding. At least I see flashes of light as his chin goes down. I think there are a number of questions there that are important to ask. I am particularly interested in some of the actions on the part of the corporation relative to pricing, particularly commercial rates, and I would like to have some information on that forthcoming.

The announcements on vehicle inspection we would like clarified, and certainly some discussion on how the corporation is mirroring the policy direction of the government in cutting back, reducing costs and attempting to lower the overall cost to people in this province of doing business in this province.

With that, let us get going.

**Mr. Cummings:** Just to respond, if the members ask a question that is specifically related to a year, that they indicate which year, the same as I was reminded a moment ago. Beyond that, I think we are open for policy and/or directed questions, and let us deal with the two reports.

**Mr. Maloway:** Mr. Chairperson, I assume that I can start questioning now?

**Mr. Chairman:** Shall the Annual Report for the Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1989, pass?

**Mr. Leonard Evans:** I thought the minister was suggesting we could discuss both reports and, hopefully, if we have agreement, we will pass them both at the end.

**Mr. Chairman:** That is fine. That is not what I understood, but we will go with what the committee wishes.

**Mr. Maloway:** Mr. Chairperson, I would like to begin by asking the minister about the reports of the privatization of the random testing program and ask him at what stage this privatization is at. Has it passed the caucus of the party yet?

**Mr. Cummings:** Let me simply indicate that MPIC will be running the random testing program the same as they have other years.

**Mr. Maloway:** Mr. Chairperson, well, that flies in the face with what I have been told and that is that people have gotten notices indicating that the program is on hold and that it, in fact, is being transferred back to Highways.

**Mr. Cummings:** The government has always felt that there needed to be a clear delineation between regulatory responsibilities and insurance responsibilities, but as I indicated a moment ago, things are as I stated, where MPIC will be continuing to run the inspection program.

**Mr. Maloway:** Mr. Chairperson, could the minister endeavour to tell us how large this program is, how many people are employed on a full-time, part-time basis, and how many cars are, in fact, inspected?

**Mr. Cummings:** I will ask the president to confirm the figures or provide you with the information. It seems to me it is a combination of full-time and part-time employees, and Mr. Bardua will have the information here.

**Mr. Walter Bardua (President and General Manager, Manitoba Public Insurance Corporation):** Mr. Chairman, there are five full-time employees on the random Vehicle Inspection Program, and there are 15 part-time or term staff employed during the spring and summer months. In 1988, those people inspected 26,328 vehicles. In 1989, they inspected 26,396 vehicles.

**Mr. Maloway:** Could the president inform us as to what percentage of those vehicles were found to be defective and required repairs?

**Mr. Bardua:** In 1988, 66 percent or two-thirds of the vehicles failed the initial inspection. I should quickly point out that most of those failures were as a result of very minor defects in vehicles such as a burned-out bulb or a windshield wiper not working properly, and so on. The number of vehicles

considered hazardous, which failed to pass inspection, was 1 percent for both years.

\* (1015)

**Mr. Maloway:** Mr. Chairperson, that would seem to fly in the face with what the Manitoba Motor Dealers' Association and the Consumers' Association of Canada have been suggesting in their full-page ads that they have been running over the past month, because they would indicate that there are a large number of people killed by mechanically unsound vehicles. They are suggesting this is a fairly severe problem that is not being addressed by your current random program.

**Mr. Bardua:** Mr. Chairman, we have no evidence to support the figures which the dealers' association is publicizing. Our information is quite contrary to that.

**Mr. Maloway:** Could you be more specific about how contrary it is to their position?

**Mr. Bardua:** Only to the extent that there is nothing in our statistics that would support those kinds of numbers. We have written to the dealers and to the people publishing that information and pointed out what we believe are the errors. We have not yet had a response to that.

**Mr. Maloway:** It would seem to me that they are not planning to respond to your requests or suggestions that their information is wrong, because as late as yesterday I ripped out a full-page ad which was basically a repeat of what they had been saying all along. Obviously, they are planning to stand by their suggestions here, which are at variance with what your statements are.

**Mr. Cummings:** I think that the honourable member should recognize that the corporation can only respond to its information which is statistical and driven by the experience that we have. If he has any political or hypothetical question that he is concerned about, he can address it to me.

**Mr. Maloway:** What I am trying to determine here is how effective the random testing program is currently, or could be if it were beefed up, versus what the Motor Dealers' Association is trying to sell to this government. That is what I am trying to get. I am trying to get to the bottom as to the question of (a) truth in advertising, and (b) as to which road the government is headed on.

On the one hand we have one minister suggesting he is going to privatize these jobs and

turn this over to the private sector, and on the other hand we have his colleague the other minister, the minister in charge of the MPIC (Mr. Cummings), saying that nothing is going to change. Obviously, the Premier (Mr. Filmon) may have to get in here and sort this out, because we have two different ministers saying two different things two days apart.

**Mr. Cummings:** What I said was that the process will continue. The options that need to be examined, in terms of getting more vehicles inspected across the province, is what the consumer needs to be concerned about. It is what the government needs to be concerned about, exploring what options are available in terms of having more vehicles properly inspected or if, in fact, there is a benefit to doing that. That is obviously one of the questions that the member is raising, whether or not it is statistically provable that a higher degree of inspection would result in a higher degree of safety. That is one of the very difficult questions to answer statistically.

\* (1020)

**Mr. Maloway:** Perhaps we could spend a couple of minutes talking about the existing program and how effective it is with the resources that it has. I am interested in knowing what the average cost of repairs, if available, are under the current program, at what stage the vehicles are called in as to the year. Surely you do not randomly call in cars that are only a year old, or at least I would think you would not. What percentage of the total are called in? You gave a figure of roughly 26,000 vehicles being inspected. I believe your annual report indicates that there are something in the neighbourhood of 700,000-plus vehicles on the road, so perhaps you could give me a kind of an indication as to what percentage of the vehicles are being called in right now.

**Mr. Bardua:** I cannot provide information as to the repair costs, because that is simply not something we have. I can point out the areas where the defects occur to the main extent, which might give you an idea of what is involved in repairing them. I can also tell you that the vehicles we target are those vehicles which are four years old and older, but I do not at this moment know what percentage of the total provincial fleet that represents.

**Mr. James Carr (Crescentwood):** I would like to ask some questions of the minister about the corporate structure of the corporation and, if he

chooses, to ask others to answer. For a number of years now, we have had a Crown Corporations Council established by statute through the Legislature. Within its mandate is to review the operations of MPIC.

Could the minister tell us just what the nature and extent of the contact has been between the corporation and the Crown Corporations Council, is it working, is there a net benefit to MPIC through the contact it has with the Crown Corporations Council, and just some sense of what usefulness it is performing in its legislative task?

**Mr. Cummings:** I believe this is the same general direction that we discussed the last time the annual report was here, if not with this Crown, then perhaps the other one I am responsible for.

I will let Mr. Penny speak to his view of what contact there has been with the usefulness of the contacts up to this point. The fact is, my observation, in terms of the interaction between the Crown Accountability Council and the various Crowns is, it does a couple of things. First of all, with the smaller Crowns it provides information, support and conceptual approaches to board members and also how they could most effectively discharge their responsibilities.

With the larger Crowns it provides a continuity, in my opinion, of how the various Crowns approach their responsibilities. That in itself provides a second opinion, if you will, to government on how the operation of the Crowns are being viewed. I have a good working relationship with the board and with the administration in both Crowns that I represent, but certainly in receiving another comment, it gives me an additional perspective on how the Crowns carry out their responsibilities.

We need to know how all of the responsibilities of the government, some of it through their Crowns, are being handled and if they are discharging their duties in a correct and cohesive manner. In other words, an overall corporate view of what is of similar standards and operating procedures across the number of Crowns that we have.

\* (1025)

**Mr. Carr:** Does that mean that when the minister speaks of the second opinion, there is a report that is given to the minister from the Crown Corporations Council about the activities of MPIC? In what form

is that opinion given to the government, and is that opinion public?

**Mr. Cummings:** I meet with the head of the Crown Accountability Council to discuss any observations that he has in relationship to the various Crowns. My observation is that with the Crowns that I am responsible for, and I think that you would appreciate that given the number of Crowns that the government has and the amount of ground that has to be covered, that the work that is done with one Crown may not be quite as complete as what has been done in other areas. Certainly, I have now, on my desk, a number of documents that the Crown Accountability Council has produced that are used by way of providing, as I indicated a few minutes ago, some standards and some continuity across the broad spectrum of Crowns. Remember that this goes all the way from Crowns as large as MTS, MPIC, Hydro, to Hazardous Waste Corp., which has a much smaller number of employees and is much newer in its mandate.

**Mr. Carr:** Would the minister be prepared to share those documents with the committee?

**Mr. Cummings:** These are confidential, internal working documents that are for my information and my use, and the minister responsible for Crown Accountability (Mr. Manness) will be responsible for whatever information he wants to put on the record on his behalf and on behalf of the activities that they are dealing with. I am talking about the type of information that I have, and they are internal working documents.

**Mr. Carr:** Mr. Chair, if the purpose of the Crown Corporations Council is to provide another level of accountability, presumably that accountability is to the people of Manitoba, to the taxpayers of Manitoba. Why, in that case, would the minister not make public the observations which are of use to him and to his colleagues? Why would he not make that available to the rest of us?

**Mr. Cummings:** I have indicated that the minister responsible will answer those questions, and it is his responsibility to deal with what is public information. There will be a report, obviously, that he is going to be making to the people of Manitoba about the responsibility for which he has been charged.

The member need not think that there is something clandestine being perpetrated. It is simply, I am not going to table documents that, as far as I am concerned, are internal working

information for me in response to activities that the Accountability Council has undertaken. The information is far more than just in response to things that are happening within my particular Crowns. There is a broader responsibility as well, and I will leave the minister who is in charge of that to answer those questions.

**Mr. Carr:** Mr. Chairman, we have a problem here, because if that were to be extended across all of the Crowns and all the ministers, then the work of Crown Corporations Council would be done in secret and would not be available to the members of the Legislature. Now, the problem is compounded when you realize that the Crown Corporations Council—and the minister can correct me if I am wrong—has not once since it was established by statute appeared before a committee of this Legislature, so if the minister responsible for the Crowns is unprepared to make the advice he is getting from the Crown Corporations Council public, and if the Crown Corporations Council itself does not appear in front of the Legislative committee, where is the accountability?

**Mr. Cummings:** Mr. Chairman, I think the member is perhaps inadvertently misinterpreting what I have been saying. A lot of analysis that is being done of what is going across the broad spectrum of Crowns within the province is being done by the Crown Accountability Council, and specific references to individual Crowns is not what I am referring to. I am talking about advice to the government, and I will let the minister responsible answer for the information that they are making available. Certainly the information that I have is not of the nature that the member is trying to reflect. I am only stating that I am not the one who will be responsible for tabling the information provided with the Crown Accountability Council.

\* (1030)

**Mr. Carr:** I will not belabour the point. I think we have made it, and that is, if the Crown Corporations Council is truly to be another level of accountability on Crowns, then surely its work must be seen so that others can judge its effectiveness.

I just have two short questions and then I will make room for the critics. Energy conservation is an increasingly important item as we look for ways of conserving energy and looking for alternate sources of energy. The corporation probably has a fairly hefty Hydro bill. I am just interested if the

corporation has received any advice, encouragement, guidance or direction from the government on how to conserve energy or if it has taken any initiative on its own.

**Mr. Bardua:** We have not received any direct advice in that regard, but the corporation has a program of its own which involves upgrading equipment to ensure that it is energy efficient. We are examining all aspects of our operation, not only to reduce energy costs, but reduce costs overall.

**Mr. Carr:** I am very pleased to hear that, and let me encourage the corporation to continue to do that. We are looking for a leadership role to be taken by government and its agencies. If MPIC has on its own, even without the encouragement of the government, determined that it is going to save costs and become a leader in the conservation of energy, then I would applaud them for that.

Just one final question that I have to ask every year. How is the complaints file—and I am sure Grahame has them—are complaints up or down this year? Is the response of the motoring public any more generous than it has been over the last couple of years?

**Mr. Bardua:** Mr. Chairman, I can provide the member with a comparison of '89 to '90 for the entire year. In 1989 the total number of customer inquiries—these are not complaints, these are inquiries—was 84,035. In 1990, the number of inquiries was 98,702. I can break that down for you in terms of telephone, written and walk-in if you would like to have more detailed information.

**Mr. Carr:** It is a significant increase. Maybe just to ask the president if he is concerned, and if there is one particular area that shows a greater increase than another, and what the corporation is doing to deal with it.

**Mr. Bardua:** The number of walk-in and written inquiries has not increased a great deal. Mostly, this is in the telephone inquiry area, and what we are dealing with here is perhaps not so much an increase in the number of people who wish to inquire but, rather, an increase in our capability of handling the inquiries, whereas in 1989 a lot of telephone calls were abandoned because people could not get through and went somewhere else for the information. In 1990 we put some extra staff on, and we were therefore able to handle more inquiries.

In terms of my own concern, yes, I am concerned that many inquiries need to come in, and what we are doing is analyzing the nature of those inquiries and trying to find ways of putting information into the hands of the consumer so that he does not have to inquire. We also frequently find that no matter how much information we publish, people with that information in their hand will still call you and ask you a question about it.

**Mr. Maloway:** I do not want to start a hair-pulling contest here between this minister and the Minister of Highways (Mr. Driedger), because this minister would win, obviously, but I cannot help but wonder about what is going on in this government and in this cabinet, because just yesterday the Minister of Highways confirmed that the government is considering accrediting garage keepers to conduct checks now done by the Manitoba Public Insurance Corporation inspectors.

Twenty-four hours later, the Minister of the Public Insurance Corporation (Mr. Cummings) is here testifying and saying that is not the case at all. We also know that people who were working under this program were sent notices to appear for work and, evidently, now have been told to put it on hold. What has happened in the last 24 hours? Have these two ministers had it out in some back alley somewhere, or has the Premier stepped in here? What has happened?

**Mr. Cummings:** As I indicated a moment ago, the government has to look at all the options we have available to us to properly service vehicle inspections. It is not necessarily incompatible when you look at the fact that when vehicles are presented for sale by a dealer they need to have a safe vehicle certificate with them, so that process is already in place for dealers who are selling their own vehicles. If it comes from a dealership for registration, it has to have a safe motor vehicle certificate with it. The two thoughts are not necessarily incompatible, but the statement is correct that we will be continuing with the inspections for this year as they have done previously through MPIC. I would think that the member would be remiss if he felt that governments should not look at what options are available to expand inspections or if, in fact, expansion of them is desirable.

There are various opinions and different jurisdictions across the country as to how is the best



way to deal with this. Where there are inspections required for emission control in some large centres, obviously a lot different from what we have here in Manitoba, vehicle inspections are being driven on a percentage basis to a far higher level. Statistically, the member has correctly pointed out there is a wide divergence of opinion as to the impact of vehicle inspection.

**Mr. Maloway:** It seems to me that the government was on the correct course in the first place. Our position is that we should have a stepped-up or beefed-up government testing program. Perhaps the 30,000 or 40,000 cars that are called in each year is not sufficient. Perhaps of the 700,000 and some-odd cars that you have on the road, a greater number should be tested each year. Perhaps 100,000 cars should be tested each year, but that would ensure that on a random basis the cars would be called in within two or three years.

Now the system that is being suggested here, if you privatize the system and you allow the car dealers to do it before a car is registered, or you require everyone, private sellers as well, to have a safety certificate before they register a car, it means that some vehicles, particularly older vehicles that may change hands two and three times a year, will be checked two and three times a year, whereas a vehicle that is purchased new and held by the same owner for 10 years would not be checked at all.

I think that there is a good argument to be made for a random type of test as opposed to a mandatory test when a car is purchased. I think also the public are prepared to accept the government's role in this. They are prepared to accept the arbiter from the government telling them they need this, that or the other thing, and they can go shop the repairs around to a certain garage.

They also recognize that they are being called in on a random basis as opposed to the system that I think is being proposed here, and that is where, to save the government some money, the program will be privatized and the accredited car dealers will have licence then to do the inspections, make the excess revenues out of it. People will feel aggrieved, because now they will feel that every time they sell a vehicle they now will have to go through this onerous process of paying out a lot of money that they perhaps may feel might be unnecessary. On the other hand, if a government safety inspector

were to tell them that this would be required, I think they would tend to accept it more.

\* (1040)

**Mr. Cummings:** Mr. Chairman, the member is also the same member who made wild summations about where he thought Autopac renewal rates were going, and he is now saying that you should drive them even more by putting more of the cost for inspection into MPIC. He is going to have to make up his mind which side of the issue he is on. Does he want higher Autopac rates, or does he want an efficient way of delivering a vehicle inspection to the people of Manitoba?

**Mr. Maloway:** Well, time will tell which route the government takes. I believe that its ideological bent will take it the route to privatizing the program. I think that is pretty obvious, the way the Finance minister has been acting lately.

The minister can say whatever he wishes, but I think this program is essentially a dead duck. It survived now under this government, but that is only because we were in a minority situation for those three years. This is the first time that they, in a majority situation, have been able to feel their oats, although we do not know how far they will be able to go with that, but nevertheless they will give it a try.

This program is just one of those that is going to actually fall by the wayside. The other side of the coin is that the economy is bad out there, as the minister knows, and with the GST coming in January, car dealers, and particularly used car dealers, have lots of cars sitting around, and they are having difficulty selling them, because there is competition from private sellers.

The hysteria in these ads is unbelievable—full page ads in the Free Press, backed by the Consumers' Association. I mean, I think this is an orchestrated attempt by the government for these two groups to drum up public support so they can do what they can do anyway, so then they can say well, oh, look the public is concerned enough about this issue, maybe we better appease the car dealers and give them the right to do the inspections.

We all know where that is going to lead, because a lot of car dealers or repair shops are going to get into situations with the public out there, the public are not going to be happy about it, and it is going to end up on the minister's desk anyway. I know at that point he will say, well, go talk to the car dealers'

association, we have washed our hands of it. We do not have anything to do with it any more. What I was trying to determine is how effective our system is and how we could better improve it, but I think that it is going to fall on deaf ears, because this government is not interested in spending any more money. I mean, in fact, they are interested in spending less.

Now, Mr. Chairperson, I have many more questions, but I will defer to one of the other critics.

**Mr. Cummings:** I just would make one brief comment. That is that the member totally ignores the fact that large trucks are inspected by the private system today, and if he has a problem with that, he has not said so. Number 2, I find it strange that he is able to build a case to attack the Consumers' Association.

**Mr. Alcock:** Mr. Chairman, I am not certain that it is a bad thing that people are a little concerned about saving money at this point in the affairs of this particular province. I would like to ask some questions, though, about the pricing policy of the corporation right now, and there are two things that I wonder about. One is the dramatic difference between the cost of obtaining insurance in Saskatchewan and here in Manitoba. I am wondering if the corporation could comment on why that difference exists.

**Mr. Bardua:** Comparing insurance rates from province to province is a pretty difficult thing to do, because mostly you are not dealing with apples-to-apples comparisons. I think, perhaps, the best thing to keep in mind is that the rates for Manitoba motorists are set by Manitobans. We have to get enough revenue to pay our claims costs, and if the accident rate here is different from the accident rate in Saskatchewan, if our traffic densities are different—Saskatchewan has totally different driving problems, to a large extent, than we do here in Manitoba. I guess the best thing I can say about that is, our costs of running the system here in Manitoba are as good or better than those in Saskatchewan. The rest of it is driven by claims costs, and we do not have much control over those.

**Mr. Alcock:** I can certainly understand the differences province to province. We have a large urban centre, they do not, et cetera, and the need to price based on local conditions, but is a component of that a difference in the way in which you assign

cost to the various categories of drivers and the way in which you utilize the assignment of risk?

**Mr. Bardua:** It could be. I am not familiar enough with the fine details of how Saskatchewan sets their rates precisely. We do it on the basis of loss ratios for various use classes of vehicles and types of vehicles. I would assume their system is very similar to that.

**Mr. Alcock:** Yet there is a discussion that has taken place more recently about the assignment of claims experience to categories of vehicles, as opposed to using the driver's experience rating, and I am wondering, is that a difference between us and Saskatchewan?

**Mr. Bardua:** I am sorry, I am not sure I understand the question.

**Mr. Alcock:** There has been some discussion, both publicly and I presume within the corporation and the government, but there has been some criticism of the organization for assigning risk to classes of vehicles, changing and increasing premiums according to certain classes of vehicles, as opposed to looking at the driving record and experience of the driver who would be receiving the insurance.

**Mr. Bardua:** We look at both the experience of the driver and vehicle classes. Saskatchewan has a surcharge system for people who have accidents, we have a surcharge system. They operate differently, but the basic premise is the same, and that is, those people who make demands on the fund are those people who pay higher premiums, and I think that is as it should be. I think the largest difference, or the reason you will find differences in the premiums for various classes between the two provinces, is the experience of the class as a whole as opposed to the individual driver.

**Mr. Alcock:** Let me just quote a recent editorial in the Winnipeg Free Press and ask Mr. Bardua to respond to it. Many Manitobans with older vehicles were surprised to find their premiums had gone up because of what Autopac describes as claims experience. If enough drivers using a particular vehicle were careless enough to cause accidents, then all drivers of that kind of vehicle had their insurance costs increased. This kind of rating policy is unsuitable, particularly since Autopac's use of merit discounts and surcharges already makes it possible to pinpoint and charge the drivers who are consistently careless. A better system in use

elsewhere is to set the premiums on a particular vehicle to reflect the cost of repairing that vehicle. Autopac says that it is only studying such a system.

**Mr. Bardua:** There has been a lot of research done in a lot of jurisdictions about using damageability and repairability on vehicles at the set rates. One of the problems we have here in Manitoba is that we do not have a large enough vehicle base to use our own experience in that regard. What we are doing is, we are attempting to get that kind of information from jurisdictions with a larger vehicle base such as either for all of Canada or Ontario and some American jurisdictions.

When we get that information, it will give us an opportunity to see whether that would, in fact, be a more equitable way of doing it. You know, the amount of damage done to a vehicle in an accident is a pretty difficult thing to get a handle on unless you do a lot of crash testing, which we are certainly not in the position to do.

**Mr. Alcock:** You indicated that you were looking at information from other jurisdictions that have a larger vehicle base. Does the concept, if you are able to overcome those problems of identifying the cost per vehicle, have some merit, or is it something that the corporation feels is not suitable for this province?

**Mr. Bardua:** I think it has some merit, but time will tell. When we get the numbers and compare them to what we are currently doing, we may find that there is not a great deal of difference between what we are doing today and what we might do under another system. In any event, I think the conversion would have to take place over a period of time, because we would not want to introduce something that was going to result in some wide swings in premium year over year.

**Mr. Alcock:** The final thing is the question that was alluded to earlier about the activities that the corporation has undertaken to reduce its overall cost of operation in order to keep rates down, given the current economic circumstances. Can you tell us what the corporation has been doing?

\* (1050)

**Mr. Bardua:** The corporation goes through a very rigorous budgeting process each year which is—I was going to use the word zero based, but it is not a zero-based system. It is a system where we take a look at all the activities by department to see which

activities are necessary, which need to be upgraded and which perhaps can be downgraded. Through that process, department managers strike a budget which has a very severe review, and reductions take place through that process.

What we try to keep in mind in a generic sense is that we are here to provide first-rate service to the public within the bounds of reasonableness. I think you will find if you compare the costs of administering a program here in Manitoba to similar jurisdictions either with government plans or with private plans, you will find that MPIC ranks very well in that respect.

**Mr. Alcock:** I wonder if the chairman could tell us what the year-over-year increase is in the operating costs, not the claims costs, but the operating costs for the organization between '88 and '89?

**Mr. Bardua:** In 1989 compared to 1990, there was an increase of just under \$4 million in our operating costs.

**Mr. Alcock:** What is that in percentage terms?

**Mr. Bardua:** Approximately 8 percent.

**Mr. Alcock:** Between 1989?

**Mr. Bardua:** Between 1988 and '89, is that the question?

**Mr. Alcock:** Between 1990 and 1989.

**Mr. Bardua:** That was the number.

**Mr. Alcock:** The number you just quoted was '90 to '89?

**Mr. Bardua:** The number I quoted was 1989 to 1990.

**Mr. Alcock:** Okay, and the number for '88 to '89?

**Mr. Bardua:** I will get that for you. It is approximately \$3.5 million and in percentage terms, approximately 8 to 8.5 percent.

**Mr. Alcock:** What is the anticipated increase for '90 to '91?

**Mr. Bardua:** We have not yet begun our budgeting process so I really cannot answer that.

**Mr. Alcock:** But we are in that year now. You must have a budget set.

**Mr. Bardua:** I am sorry. Yes, that is correct. I will get the information for you. Because we were here to look at '89 and '90 statements, we did not bring that information with us. I am sorry. I do not have it in my head.

**Mr. Alcock:** Well, I simply note that at a time when people elsewhere in the province are being asked to control costs and limit cost, to the point, in the hopes of saving some costs for people in the province who are paying the taxes, it is a poor government, or in this case, paying your fees in order to support your corporation. Everybody is being asked to tighten their belts a little bit. You seem to be incurring substantial increases year over year, despite what you describe as tight budgeting.

The government has set a target of 3 percent for this year in the increase of the operating costs of government. Will MPIC meet that kind of control?

**Mr. Bardua:** I expect that is the direction we are going to get, yes.

**Mr. Alcock:** I am sorry. I mean to say, you expect that is the direction you are going to get. Does the minister offer a direction of that sort to the corporation?

**Mr. Cummings:** I do not think that was what Mr. Bardua meant in his comment, but I will offer this comment: The government has spoken to the members of the boards of our Crowns and indicated that the Crowns need to demonstrate the same fiscal responsibility as we are imposing on ourselves, and that will be their responsibility to move forward in that manner.

**Mr. Alcock:** Well, then, to the minister, you are expecting other departments of governments and others in the organizations of government to live with, in some cases, zero and certainly very limited increases. Are you imposing that, or are you simply suggesting it to the corporation? Is the corporation going to be expected to come in with an operating budget increase of no more than 3 percent?

**Mr. Cummings:** In some cases, they might come in with less than that. The fact is that as this government assumed responsibility for MPIC, one of the major problems that was identified by Mr. Bardua was that we were not servicing the public as well as we should be, and he set out to address that. Obviously the statement I just made means just what I said, that we expect all of our agencies to operate in a button-down sense, if you will, to make sure that their costs are kept reasonable. Certainly we have indicated that we expect the same level of accountability and responsibility across the full scope of our Crowns.

**Mr. Alcock:** Staff within government departments are being asked to accept a zero percent increase in salaries. Does that same expectation exist within the Crowns?

**Mr. Cummings:** MPIC is one of the Crowns where their employees are affiliated with MGEA, so therefore your statement is correct.

**Mr. Alcock:** What about executive salaries?

**Mr. Cummings:** They will be expected to be maintained flat.

**Mr. Alcock:** Just to help me with the mathematics of flat, does that mean zero?

**Mr. Cummings:** Mr. Chairman, we are providing—if you look at MGEA, no increments are being effected, so that is the only area that is different. Other than that, the corporations do have to deal individually with the various contracts they have, so you have some contract employees, but the comment holds.

**Mr. Alcock:** Okay, we have a significant public corporation that has a monopoly in a vital service area that had an 8.5 percent operating increase in the first year that we are looking at, and 8 percent in the second year that we are looking at, and is now being expected to hold the line at 3 percent this year. Will the minister undertake to report back to us as to what that exact operating increase is?

**Mr. Bardua:** The year we are currently operating in began on November 1, and the guidelines you are talking about will be for the budget year commencing November 1, 1991.

**Mr. Alcock:** Yes, and I appreciate that Mr. Bardua does not have that information present. I mean, that certainly was not within the scope of the inquiry for today. I do think, though, it is a matter of good faith with this corporation that it attempt to do what we are expecting everybody else to do.

I would be interested in hearing what the year-over-year increase is with the current budget in the current fiscal year and what the guidelines are for the one that is coming up. I believe the minister has undertaken to make that information available to us.

**Mr. Cummings:** Mr. Chairman, the corporation starts its budgeting now for the 1992 insurance year. We will be going in front of the PUB with its full rate structure, which is based on its expenditures, so you can appreciate when the approach to the PUB sets

the wheels in motion by June for their preliminary request—is he talking about the 1990 actuals? That certainly will be information that he will be able to receive from me. I will undertake to see that is not a concern, but I think there need not be any confusion between the insurance year, the fiscal year of the corporation. The two have not yet been synchronized, and it does create some difficulty in terms of the public knowledge about what is being attributed to which years.

\* (1100)

(Mr. Jack Penner, Acting Chairman, in the Chair)

The PUB application is, however, pretty broad reaching and in advance of finalization of costs enters into all manner of discussion about the expenses the corporation incurs and I think provides a pretty good vehicle in which the public and the opposition have an opportunity to cause them to justify what they are expending.

**Mr. Alcock:** I just think there are two issues. There are a number of issues, actually, in the pricing policy of the corporation that we will indeed get into with the PUB. There is a difference between those costs which are driven by the claims record of the corporation, where I think the corporation has a legitimate case to make in going before the PUB to suggest that it needs an adjustment in the rate structure to reflect the experience the corporation is having in this province, and those costs which the corporation can legitimately exercise some corporate control over.

Now, it has had increases in the two past years, the years that are before us, that are considerably in excess of the rate of growth of the economy in this province, and I will be interested in seeing whether or not they are going to meet the same test the government is expecting everybody else to meet. That is really all I have to say on that particular topic.

**Mr. Cummings:** Yes, I think that is a fair and reasonable comment. I would only put it in this context: that the corporation's administration and responsibilities that are within their control are also impacted directly by the type of forces that impact on them, legal costs, for example. We see increased litigation, that type of thing, within the province. The member need not act surprised. Whether you are talking about large or small, there are increased costs within the corporation.

The fact is that we do need to be conscious of striking a balance between the type of service that the public expects and the type of service that we can afford to give them. In striking that balance, as we enter into tough economic times, this corporation, along with others, will have to make sure that they do not risk putting their reputation as being sound corporate managers at risk in the opinion of the public, because as a monopoly, as you indicate, we have a very high degree of responsibility in that area.

**Mr. Alcock:** Yes, and I do not feel I need to say much more on the corporation. I think I have made the statements I want to make on that, but I do want to point out one thing to the minister. In his desire to be gentle with the corporation and recognize the fact that they may have certain costs that arise from circumstances beyond their control, and specifically he references legal costs, exactly the same situation occurs within Child and Family Services agencies who experience increased legal costs because of increases in child abuse. This government is refusing to recognize that, refusing to allow those costs to flow through and expecting those organizations to reduce the services to children in this province in order to meet these costs, but it is not making the same expectation of this corporation. It is a double standard that I merely point out to the minister today and probably every day for the next few weeks.

**Mr. Maloway:** Mr. Acting Chairperson, I would like to ask the president of the corporation several questions regarding the merit program that has been in place now for, I believe, three years. Do you have the breakdown between how many drivers are driving under merit-reduced insurance and non-merit? The reason I ask that question, it seems to me that the merit discount program is in danger potentially of becoming a joke, because what I have heard is happening is that people are transferring vehicles into—initially it started off with just transferring vehicles into the spouse who had a point on their driver's licence, but now people are into all sorts of fancy maneuvers like children putting them in the names of their fathers and grandfathers and friends and stuff like this.

It basically gets around, what you are trying to do. Obviously, what you are trying to do by this merit program is offer discounts to proven good drivers and penalize proven bad drivers, and you are not doing that when people who have a whole string of

accidents are putting their car under the name of Aunt Sadie and driving along the way.

Is there any way that those regulations can be changed or toughened up, because it is the incentive, I must tell you. The incentive is becoming increasingly strong to do so, because the corporation is moving each year toward a greater variance between the merit and the nonmerit. Initially, it was maybe only \$60 between merit and nonmerit. Now it is much, much higher. As the variation increases, the incentive is much stronger for people to do all these gymnastics that they are attempting to do.

**Mr. Bardua:** Somebody is going to dig out the information on the number of people that are in the merit program and the number who are not. In terms of the system itself, it does not come as any great surprise to us that people are testing the system and finding ways to get around it. Almost every system is subject to that. We are not overly happy with that, because it does get around the intent of the merit program. The difficulty is in finding a way to plug that loophole, if you will. The answer is in a totally different rating system which does not rely on the merit system. That is something that the corporation is currently in the process of developing.

**Mr. Maloway:** I am happy to hear the president say that, because to me the loophole is so big you could drive a truck through it, and that is exactly what people are doing. In the first couple of years, there was not as big of an incentive as there is now with the financial incentive being much greater. I never agreed with the concept that we should have a merit program to start with three years ago, but that was a different day and different battles, and I lost that one.

It seemed to me that we were heading back down the old slippery slope back to private insurance, because that was one of the bases of private insurance. You know, a person with one or two accidents had to pay enormous costs, and a person with a perfect driving record got very low insurance. When we brought in Autopac 20 years ago, we evened all that out. I mean, everyone paid the same rates. So I had some problems with that whole program when it first came in, but nevertheless it is here. It has just gotten worse, from what I can see, and so I am happy to hear that there may be some moves to change the rating system. Could you

possibly tell me when, what sort of a rating system you are looking at, and how quickly it might be in place?

**Mr. Cummings:** Yes, I will let Walt speak to it in just a sec. I would only want to put on the record the point that I believe there should be a difference between those who are high-risk drivers and those who are not. I will fight to keep that principle involved. It acts as a deterrent, and it helps identify those who are in fact creating the expenditure for the corporation. If Mr. Maloway would like the corporation to expand on what their plans are for improving the system, then I would encourage him to hear what Mr. Bardua has.

**Mr. Maloway:** Yes. Before I let the minister get away with that, I am certainly not suggesting that. I am saying that I agree with the system whereby people who have accidents pay extra, but on their driver's licences. Let us be clear about that. People who have licences would continue to pay excessive excess amounts on their driver's licence but not on their insurance portion.

**Mr. Bardua:** Going back to the original question, we do not have the precise number here for people in the merit program or not in the merit program. We believe around 80 percent of eligible motorists are getting the advantage of the full merit rate, so there are about 20 percent of the people who are driving with the nonmerit rate.

In terms of the program itself, the rating program is part of a much larger change which involves actually a total rewrite of the vehicle system as we know it today, and consequently, the timing of it is going to be much further down the road than I would like to see. Nevertheless, we do not have much choice in that matter. We are currently asking for proposals from independent contractors to give us a hand with that, and I will not be able to know the exact timing until we get responses to that request.

\* (1110)

**Mr. Maloway:** Mr. Acting Chairperson, I would like to, at this point, also get an update from the president on a number of other areas. One of them is the no fault—

**The Acting Chairman (Mr. Penner):** Mr. Maloway, with your concurrence, I would like to allow Mr. Alcock and Mr. Evans—I believe, they had some comments to make or questions on the issue that was before us, to allow them to.

**Mr. Maloway:** Sure, that is fine with me.

**Mr. Alcock:** One of the issues that has been raised with me on a number of occasions relative to merit rating—I know the actual merit rating is done by the Department of Highways, but it is the question of professional drivers as opposed to, you know, the rest of us who may drive a relatively limited number of miles in a year. People such as bus drivers, ambulance drivers, taxi drivers and the like, who put on huge numbers of miles in a year, make the case that there should be some adjustment in the merit program to recognize the fact that they, on a mile-for-mile basis, may have a much better record than the average driver, but there is no recognition of that. There is no acceptance of the fact that a driver who is driving 50,000, 60,000, 70,000, 100,000 miles a year accident free is in fact accomplishing something that is significantly better than what I might be doing in driving 20,000 kilometers a year. -(interjection)- I am not commenting on my own record, which is another thing all together.

**Mr. Bardua:** Those classes of vehicles, commercial vehicles, are not part of the merit program in any event.

**Mr. Alcock:** No, I am talking about the drivers themselves.

**Mr. Bardua:** Yes, well, you are quite right in also pointing out that is operated by the DDVL, and therefore, we do not have a lot of or any control over that, but I guess I could make the argument, if I wanted to debate the issue with you, that professional drivers have an even greater responsibility to be cautious, to avoid accidents and should be in a better position to do so, given their experience.

**Mr. Alcock:** But, do we recognize that in any way if they are?

**Mr. Bardua:** We have no mechanism to recognize it.

**Mr. Alcock:** Why not?

**Mr. Cummings:** I would ask if the member would consider that he is talking about licensing, not about insurance, in this case. Mr. Bardua is responsible for the administration of the insurance, and if he could phrase his questions on the insurance side, it would be within our jurisdiction to answer them.

**Mr. Alcock:** I am sorry if I was unclear. I had understood Mr. Bardua to say that, while there is

some merit recognition in insurance for general drivers, there is none for professional vehicles.

**Mr. Bardua:** Well, if they have merits on their driver's licence, they get the same recognition when they are insuring their private vehicle as the average citizen, anybody else, does. They also get a reduction in the insurance costs on their driver's licence.

**Mr. Alcock:** When they are insuring their private vehicles, but there is no recognition for that at all in their commercial vehicle side.

**Mr. Bardua:** Commercial vehicles are usually a part of fleets which are rated on their experience, so there is recognition for their accident experience there.

(Mr. Chairman in the Chair)

**Mr. Leonard Evans:** Mr. Chairman, I had my hand up, because I did want to make a comment on this particular area, and I have a number of other questions that I would like to get into as time permits and as you recognize. It is a question of the merit discounts.

I believe my colleague, Mr. Dave Chomiak, MLA for Kildonan, wrote to the minister regarding a Mr. Dvorak, D-V-O-R-A-K of Winnipeg, who was in this category of a professional driver, who had an excellent record apparently, according to the correspondence, but then he had, unfortunately, an accident. He subsequently had his premiums increased. I believe it was by—this is his personal insurance. It was for his private car. As he says, it was raised by \$200 a year, because he had an accident driving the company's vehicle, and I guess he was found at fault.

In the correspondence I notice, Mr. Minister, that you indicated that the corporation—I will just read the sentence. This is in your letter of March 1 in reply to Mr. Dave Chomiak, the MLA for Kildonan. Quote. The corporation is, however, aware that some inequities can exist or develop within certain areas of an insurance system, and I have been assured your comments will be considered as part of Autopac's ongoing review of the merit discount program—unquote.

What I am asking therefore is, I am assuming this is an ongoing thing, would the corporation be prepared to look at it and consider some kind of a little more sophisticated program? Nobody can be against the merit system. I am not against it. It has

its place. It is excellent, but there seems to be some aura of unfairness about it. I am asking whether it is practical to have some kind of a more sophisticated system where you build in another factor or so, particularly the amount of driving done by the individual.

Now, I do not know how you can calculate that. That may be a problem, you know, whether you can actually get a firm figure on how much an individual drives in a particular year unless that individual could perhaps be asked to declare it and sign that he or she has driven X hundreds of thousands of miles or kilometres a year. I ask the minister that question, or the chair or the president, whether this is possible, for a more sophisticated merit system to be implemented, which would provide more equity, particularly for those who drive a vehicle for a living?

**Mr. Cummings:** I would like Mr. Bardua to respond if he has some thoughts on the details of what you are asking. I would only want to put these thoughts on the record. It is that the corporation has been actively working towards changing the process, but there is a considerable amount of cost involved in bringing systems on line that would be required to do this.

My colleague for Osborne (Mr. Alcock) was referencing costs a while ago that we have control over. It needs to be recognized that these costs will be real costs as well, will need to be part of the long-range plan of the corporation and considered as part of their financial as well as their management strategy.

**Mr. Bardua:** Mr. Chairman, in answer to the question about whether we can get more sophisticated, I guess the short answer is, yes, we can, and we will somewhere down the road introduce a more sophisticated rating system, but I would also put out a word of caution. That is, if we do not collect \$200 from this particular individual, it is \$200 we have to get from somebody else, because ultimately the cost of claims has to be paid. How you distribute that amongst all of the drivers and the vehicle population, that is the real issue.

**Mr. Leonard Evans:** Nevertheless, Mr. Chairman, I can assume though that the corporation will be looking at it as per the minister's letter as part of an ongoing review.

**Mr. Bardua:** Yes, sir.

**Mr. Leonard Evans:** Thank you. I have a number of other questions, if I may proceed. First of all, I want to take the opportunity to congratulate the new chairman of the corporation. Mr. Don Penny is a well-known Brandon citizen and has played an important role in the Brandon community, both in the Chamber of Commerce and with United Way, and many other good things throughout the province. I know he is a well-respected citizen, and I do want to congratulate him on his appointment.

I would like to ask one or two questions about the board. One question is with regard to Mr. Thompson. I noticed he became chairman in 1988, and now he is being replaced after approximately three years. I was just wondering, why was Mr. Thompson stepping down, or why did he step down?

\* (1120)

**Mr. Cummings:** Mr. Thompson indicated to me that, now between 69 and 70 years of age, he was prepared to look at some different things in life and I certainly was more than pleased and, in fact, proud of the accomplishments that the corporation has been able to achieve the last number of years. Mr. Thompson played a significant role in that.

**Mr. Leonard Evans:** Another question regarding the board, there has usually been an MLA appointee to the board. It was Mr. Gilleshammer at one point and Mr. Eric Stefanson at another point. Now Mr. Stefanson is in the cabinet. Has there been a replacement of that member, or will there be one in the near future? Can the minister indicate what the status is?

**Mr. Cummings:** Yes, that is, as the member is aware, an Order-in-Council appointment, and I would expect there will be one shortly.

**Mr. Leonard Evans:** No preview as to who we might expect? A good man, I am sure, a good woman. At any rate, I want to say this. I have a number of miscellaneous questions, so we will just start at the top, that is, with regard to rate increases. This is the big question the average motorist is concerned about each year. What is the increase going to be next? I must say, I cannot help but note that rates have never come down. The people of Manitoba were unsatisfied with the corporation during the latter part of our government in 1987-88, but the rates never did come down. The reason, of course, they went up was because claim costs went



up. The rates stayed the same and then they have gone up. In fact, they have gone up every year.

I wanted to ask whether the corporation—well, it must be thinking of what the rate increase may be in the next year. I think it is obviously difficult, because you are still early in this year, but I cannot help but think that the corporation would be noting that its losses have increased in the first three months ending January 31, 1991. Also, the premiums are down, very much so. I do not understand that. Maybe there is a date in there that causes the premiums to be down from 3.69 million to 1.3 million. The premiums are down, and the revenues earned are up slightly, but regardless, there is a major increase in losses, about a 40 percent, 50 percent increase in losses, if I am looking at this properly, roughly a 50 percent increase in losses, which is quite a significant increase in the one quarter.

I guess my question is, are we now looking at rate increases for the next year? We are certainly, I do not believe, looking at rate decreases or any rate freezes, so my question is, is the corporation now looking at a rate increase this year, and is the president or whoever in the corporation prepared to offer a forecast of what it might be?

**Mr. Cummings:** I do not think that would be reasonable to offer a forecast, and with a twinkle in his eye, I am sure the member appreciates that, but Mr. Bardua can explain the financial picture as it is in the quarter. I think there is a reasonable explanation for those questions that you raised.

**Mr. Bardua:** Mr. Chairman, the reason for the reduction or the low dollar value in premiums written during the first quarter that he is looking at in 1991 is because we are right at the end of the insurance year at that point in time. That is when we do not have a lot of premium income coming in and we do have some premiums going out in the way of refunds and so on, so those numbers are often very misleading. We are only dealing with \$1 million there on a \$350 million base, so those numbers are nothing to be alarmed about.

Claims costs are increasing and our revenue requirements are largely driven by claims costs, so when you see claims increasing the way they are, you can surely expect that we will need some rate increases to offset those.

We are currently in the process of taking a look at the results that we have to date, because very soon

now we will have to put our rate application forward to the Public Utilities Board, but as the minister pointed out, it would be pretty premature for me to try to give you a forecast at this point.

**Mr. Leonard Evans:** Mr. Chairman, I can appreciate that, but at least the president has indicated we are probably looking at another increase, not a freeze or a decrease. I am just stating the obvious, and I do appreciate the fact that it is early in the year. As a matter of fact, I am reminded of the Kopstein report, on page 19 where he is rather concerned about the fact that the corporation has to go to the PUB for approval, because what that process is doing, according to Kopstein, is forcing the corporation to attempt to make a judgment as to what the rate increases or the rate changes, if any, should be, really too early.

This is page 19: Because of a significant time factor implicit in a Public Utilities Board approval of actual rate increases, the corporation's ability to estimate accurately its needs for an ensuing year could be seriously prejudiced.

He goes on to say that the prior PUB approval of rate increases is not practical and so forth.

You had some experience of that, but I am sure that it does put the corporation in a very difficult position, because the further away you are from the actual year, obviously the less accurate you can be in calculating with some fair degree of reliability what your rate change should be.

**Mr. Cummings:** Mr. Chairman, I will let Mr. Bardua comment in a minute about the accuracy of the presentations that have gone before the PUB. There is no question that it creates some considerable consternation within the corporation to be able to accurately reflect as far ahead as they need to, but I have to indicate as well that the process has not been unfruitful inasmuch as that the public has an opportunity to have input.

The corporation has come out reasonably well the last couple of years on their predictions, but the fact is that I do not think that any of us sitting around this table could predict a three-day ice storm in April, which is only three weeks away, although given the dry weather pattern today, perhaps you could with more accuracy than you might in other years. It is a very fluid business, and that predictability that the corporation takes forward is based on information that they have collected statistically. It is my understanding that the corporation has developed

a much better way of statistically predicting what their situation will be, and the information that they have at their fingertips for rate setting is better than it was a few years ago. I think that aside from the issue of whether they go early or late in front of the PUB, the corporation has done a reasonably competent job of keeping the rates between the fence lines, if you will.

**Mr. Chairman:** Mr. Bardua, did you want to add anything?

**Mr. Bardua:** No, I think the minister has covered it off very well, thank you.

**Mr. Leonard Evans:** I can appreciate what the minister said, and it is good for the public to have an input. What I find illogical about all this is that this is a publicly owned Crown corporation that is not in the business of making excess profits and shipping them out of the province. This is owned by the people of Manitoba and generally it operates at cost. If there is any surplus, it goes back into the fund and everyone presumably benefits from it. If you were dealing with a private company or a set of private companies, I can see where there is an important role for the PUB. I think it is lessened by the fact that we are dealing with a publicly owned Crown corporation whose job it is to provide protection for people on the move, more or less at cost or as best as you can calculate it.

At any rate, I would like to ask the minister a general question. Has the government any thoughts of privatizing any or all of the MPC operation?

**Mr. Cummings:** No.

**Mr. Leonard Evans:** Thank you. I am glad to hear that. I think it is a recognition that a publicly owned automobile insurance operation serves the people generally well and it is better than a private system. I presume that is what the minister is recognizing when he provides that answer.

I would like to go on then and ask a number of other general questions. Looking at your 1990 report, the latest report '89-90, there is a sharp drop in the number of automobile claims between—this is shown on page 5 of the report. This is the summary of the five-year comparison of financial statistics. There is a sharp drop in the number of claims, I noticed, between '88, '89, and then 1990 it goes up again. That is an extraordinarily sharp drop between '88 and '89 in the number of claims.

Maybe we received an explanation of this previously in some other year, but I do not recall, so I wonder if I can ask that question?

**Mr. Bardua:** Mr. Chairman, the reduction in the number of claims was primarily due to the introduction of the higher deductibles between those two insurance fiscal years. Many of the claims which disappeared, if you will, were the lower value claims. I would point out also that the small increase in the number of claims between 1989 and 1990 nevertheless resulted in the substantial increase in the number of dollars paid out primarily because the increase in the number of claims was largely in the injury area where, of course, the higher value claims reside.

\* (1130)

**Mr. Leonard Evans:** Okay, thank you, Mr. Chairman. I note that, also looking at that table on this page 5, that the income situation has not been reported previously but, as we are looking at this report, has dropped substantially in 1989 from \$20,493,000 down to \$9,864,000 in 1990. I presume that major drop, although it is not a loss, was the basis for your rate calculations or your request for rate increases in 1991. Is that correct?

**Mr. Bardua:** Yes, the drop in the net income was planned, because you know \$20 million was not what we anticipated earning in 1990, so it was part of the plan. Depending on what our claims numbers look like for 1991, you will probably see a further reduction because we did not budget for a large net income for this year either.

**Mr. Leonard Evans:** Well, Mr. Chairman, what the president is really doing is confirming, in a way, what I had observed a few moments ago: that the corporation is not out to make excessive profits. It is more or less doing its best to operate near cost. I would think that is a fair reflection on my part, and if Mr. Minister disagrees with it, perhaps he can say so, but I do not think he would.

I would like to just go on to another area and that is claim centres. The claim centre is rather unique in the automobile insurance business, I believe. I think it is an excellent idea. It is a relatively efficient method of settling claims.

I was going to ask the minister or the president, Mr. Chairman, what are their plans for any new claim centres? Are there any new claim centres about to be constructed? There was some reference in the

report, but I would like to know what is the current status of the plans, if any, for new claim centres?

**Mr. Bardua:** Mr. Chairman, we have plans to open satellite claim offices in Arborg and Beausejour in the very near future. Beyond that, I do not believe we have any on the drawing board. We have no other plans, other than that.

**Mr. Leonard Evans:** What is the basis for opening them in Arborg and Beausejour? Do you look at the amount of business in the area sort of thing?

**Mr. Bardua:** Mr. Chairman, the considerations are what distances are there to be travelled by our road adjusters in order to service the customers in those places and the surrounding trading area, and we base it almost solely on the claim's volume. If there is sufficient volume of claims so that the adjuster or more adjusters are on the road almost constantly, and our estimators as well, it makes more sense to have them resident closer to where the action is, and thereby, we try to cut down on some our travel costs and provide better service to the public, of course.

**Mr. Leonard Evans:** Is the Brandon Claim Centre adequately serving the Westman area at the present time?

**Mr. Bardua:** It is my belief that it is, yes.

**Mr. Leonard Evans:** Fine. Thank you, Mr. Chairman. Unless people wanted to follow the claims centre bit, I had a number of miscellaneous questions that I wanted to ask, but if Mr. Alcock has a question on this area, that is fine.

**Mr. Alcock:** Actually, Mr. Chairman, I want to revert to an area I was asking questions on a minute ago, just to get some further clarification on something I have just noticed.

**Mr. Chairman:** We will let Mr. Evans finish then.

**Mr. Leonard Evans:** Yes, these are questions a little all over the place, but I will just ask a few more here. What about the status of the agreement with the body shop owners? Body shop repairs is a big item. Could the president, the minister or the chair give us an update on what is the status of the agreement with the body shop owners? I guess it is an annual arrangement. Where does it stand at the present time?

**Mr. Bardua:** Mr. Chairman, we do not have a formal agreement with the body shop owners that runs from year to year. What we try to do is liaise with them throughout the year and determine what

the problems in the industry are and try and work together to resolve them. I expect you are asking a question more directly related to the rates that we pay for getting the work done—

**Mr. Leonard Evans:** That is correct.

**Mr. Bardua:** —and that is something that we discuss with the industry closer to the end of each year and try to determine whether or not we are maintaining the industry in some sort of a financially viable situation.

The relationships, I think, are pretty good with the industry, given that we have different interests, that their interests are in making a profit, and our interests are in keeping our costs as low as we can. So between those two things, we try and hammer out a compromise each year.

**Mr. Leonard Evans:** I would like to ask another question in another area, and that is the investment portfolio. Again, I notice in this latest report that we are looking at that 76 percent of the investment portfolio is in municipal hospital, and school buildings and structures, and that, therefore, the corporation is assisting the province in a very vital way. I do not think the average Manitoban appreciates this advantage, but it does provide a pool of investment dollars. Has there been any change in that portfolio in the last two or three years, or is there any indication of a change—76 percent is in this area according to the latest report?

**Mr. Bardua:** I believe it has been pretty consistent over the past several years. There has been no change in philosophy during that time.

**Mr. Leonard Evans:** I note that there has been a sharp increase in the average savings per Autopac policy through investment income. On page 13, for example, it went up from \$70 per Autopac policy on average to \$80. So it is quite a significant increase, it seems to me. Some of that is inflation, obviously, but I was wondering whether there was some reason for that. Maybe it is just higher interest rates that you can earn on those bonds. I am not sure. That is why I am asking the question.

**Mr. Bardua:** The rate of return is, of course, one of the factors, and the other factor is the amount of money available for investment. In this particular case, the major reason for the increase in the amount available has been the amount of money we have to invest as opposed to the yield, which has been fairly constant.

**Mr. Leonard Evans:** At any rate, there is no change in the approach in these types of investments, I gather. It is a sort of same-policy approach that has been followed for some years; that is, investing mainly in public buildings, hospitals, schools, et cetera. Is that correct, Mr. Chairman?

**Mr. Bardua:** Mr. Chairman, the funds are invested on our behalf by the Department of Finance, and to the best of my knowledge, there has been no change in their philosophy.

**Mr. Leonard Evans:** Okay, just passing on then to another area. I do not intend to dwell at any length on any of these, but I just want to get some updates.

\* (1140)

General Insurance, as you know, some of us are very upset that the corporation had decided, the government decided, to vacate the General Insurance business. I cannot help but note, with some irony, the rather impressive income earned by the General Insurance Division. As a matter of fact, I cannot help but note in the three months ending January 31 of this year, in the latest quarterly report that was tabled in the House, that the General Insurance Division was making money while the Automobile Insurance Division was losing money. I know that is a special quarter, but nevertheless, I see it earned \$3.1 million. Incidentally, not only on reinsurance, but also in the commercial and personal lines, it was in the black.

My position has not changed on it. I regret that the corporation has seen fit to get out of it -(interjection)- but we will discuss that as well. What is the status in the divestiture of the General Insurance, general accident insurance companies taking it over? General Accident Assurance Company is taking it over. Is it proceeding on schedule, and therefore will the MPIC be out of it by the end of this year? Is there anything that the minister wishes or the president wishes to report on this?

**Mr. Cummings:** I think the one thing that I would like to put on the record is that the special risk extension is continuing to compete. It was a branch, as I understand it, that was originally part of the Autopac package of coverage. It is competing on the open market and is doing rather well. In terms of how we are proceeding with the divestiture and the results that are being achieved, I would ask Mr. Bardua to comment on the specifics.

**Mr. Bardua:** Mr. Chairman, the runoff of the business is proceeding as planned, and the remaining policies will all have expired by October of this year. The renewals being generated through General Accident are about as planned, and the claims that are being run off, of course, are also being run off as planned. So there is nothing new to report.

**Mr. Leonard Evans:** In the last couple of years, one concern we raised was those organizations, including small businesses and nonprofit organizations, who relied, it seemed to me from my information, on MPIC General Insurance and who were very concerned that they could not obtain insurance at a rate that they could afford if MPIC got out of this business.

I was wondering what is happening to those people. Maybe the minister or the president does not know, but we had quite a list of these organizations—from small recreational businesses to exterminator businesses, you know, pesticide types; to remote communities, Town of Churchill, and so on; contractors operating in the town of Churchill and so on. I heard one story, I do not have it in writing, where MPIC was the only insurance company that would give them a type of general insurance so that he could do his work in the town of Churchill as a private contractor coming up there. I am wondering what is happening to all of these organizations and people.

**Mr. Bardua:** Mr. Chairman, part of the agreement with General Accident was that they offer renewal to all policyholders, MPIC policyholders, at competitive rates. There was also an appeal mechanism put in place in that agreement in the event people felt they were being unfairly dealt with. To date, I have heard of no one who has been disadvantaged as a result of the divestiture, and the appeal mechanism has not been invoked as at this point in time.

**Mr. Leonard Evans:** Was this commitment not for one year, that the president just made reference to?

**Mr. Bardua:** That is correct. The commitment was for one year, so what will happen from that point on, of course, I am not in a position to comment. I can tell you that in the industry generally there is more capacity than there are insurance premiums to be found, so the industry is very, very competitive and the market is very soft.

**Mr. Leonard Evans:** Mr. Chairman, I would like to ask the president, what is happening to the employees—if I can be concerned about my constituency for a moment, specifically what is happening to the employees in the Brandon office? There was an announcement that they would be transferred to other types of positions, other work. Nevertheless, there was a scaling down of positions. There has to be. You are eliminating it in your operations, so those positions are being eliminated both in Winnipeg and Brandon. Are all the employees, Brandon and Winnipeg, being duly transferred to other types of work as the time progresses?

**Mr. Bardua:** The employees in Brandon as well as in Winnipeg are all being redeployed, based on our needs, to keep them in the general insurance area. As the business runs off and the amount of work lessens, they are being moved into other positions in the corporation. All employees have had a discussion about where they would like to go and what they would like to do and a plan is in place for each and every one of them.

**Mr. Leonard Evans:** Could the president indicate how many staff positions are in the corporation in the city of Brandon, let us say today or some reasonable time about now, say the end of January 31, if you wish, compared to a year ago.

**Mr. Bardua:** You are asking me the total number of MPIC employees in Brandon, that includes not only the General Insurance operation but the other as well.

**Mr. Leonard Evans:** Yes.

**Mr. Bardua:** I will have to get for you if you will give me a moment.

**Mr. Leonard Evans:** Today compared to a year ago so that we can have some comparison.

**Mr. Bardua:** Apparently we do not have a breakdown by location with us.

**Mr. Leonard Evans:** If the president could undertake to get that and send me a letter or a note or even a phone call giving me that information, so I look forward to getting that hopefully in the near future.

**Mr. Bardua:** Yes sir, we will provide that.

**Mr. Leonard Evans:** Thank you.

Another question: The special risks extension is all being written in the city of Brandon, I believe in

the Brandon office—if I am wrong, please correct me—but a great deal of it is, if it is not all being written there. Is there any plan to move that out of the Brandon location?

**Mr. Bardua:** Your assumption is correct. All the SRE business is underwritten in Brandon. There are no plans to move it.

**Mr. Leonard Evans:** Okay, thank you. I am pleased to get that remark. I just have a couple more questions.

One other question I have, it is more of a general question which all members should be interested in, and that is the Kopstein recommendation for a no-fault system. Can the minister or the president or the chairman give us an update on that? Is the government still not wishing to proceed with a no-fault system more or less along the lines recommended by Judge Kopstein in his Autopac review commission report?

**Mr. Cummings:** We discussed this a number of times. I have always indicated that the government will not dismiss any options out of hand, but I do not have any confidence that we would be doing the drivers and the owners in this province any favours by moving dramatically away from the type of mixed system that I have to admit was brought in by a political party of which I am not a supporter. In terms of how the process is working, there are a number of downsides to no-fault insurance that I am not prepared to impose on the people of the province at this time.

**Mr. Leonard Evans:** Well, I just cannot help but remember Judge Kopstein referring to how claims costs could be significantly reduced and the benefits improved for the claimants. That to me is a very impressive statement, a very impressive observation by Judge Kopstein. I am not suggesting it is a simple matter. There are other nuances but, generally, that is a good way to go, reducing costs and improving benefits at the same time. Mind you, a lot of lawyers will not be very happy about it.

I just have two other question areas. One is with regard to public meetings. Can the minister, the chair or the president indicate how in their judgment are the public meetings, the public accountability meetings working with regard to attendance, with regard to the type of questions and so on? I imagine it depends on what the issues are. If you have a meeting right after a huge rate increase, you

will get a lot of concerns, but otherwise, maybe not so. At any rate, I would like to get an update.

\* (1150)

**Mr. Bardua:** We had our first public review meetings last year. We had one in Thompson, one in Brandon and one here in Winnipeg. They were not very well attended, and the questions tended to centre mainly around individual concerns about rates or claims as opposed to corporation policies generally.

We are currently scheduling public review meetings for the current year. They will probably be held in late April or early May. This year, we will be going to The Pas, Selkirk and here in Winnipeg. I am sorry, Steinbach. It starts with an "s". Unless I am badly mistaken, I think we will find very much the same kind of response.

**Mr. Leonard Evans:** Well, I would like to make a suggestion. I believe, at the present time the corporation goes out, advertises that it will be in community X on a particular date and advertises that the public is invited to come and make any comments they wish.

I was wondering whether the meetings could be more productive and, perhaps, get a better response from people if you posed certain questions. What does the citizen rethink of this area and that area, you know, a, b, c, d, e, sort of thing? In other words, if you are interested in getting a feedback in certain parts of your operation, that you have certain policy questions you would not mind getting a feedback, then maybe it would be useful to put these questions out saying, come and ask any question you want, make any comment you wish, but what do you think about a, b, c, d, e? I am making this as a positive suggestion to try to, perhaps, make the meetings a little more fruitful than perhaps they had been otherwise.

**Mr. Bardua:** Thank you for the suggestion. We are interested in hearing from anybody who has a way of making these meetings more meaningful. We will certainly take that into consideration in planning this year's meetings.

**Mr. Leonard Evans:** My final question, Mr. Chairman, relates to the matter of research on safety and traffic and so on. There is reference to it in here. I believe there is ongoing research. I do not have the page. It has slipped. It is in the introduction, there is reference to research on safety matters. I

was just wondering whether the president could give us an update on research into improving safety with regard to vehicle traffic and operations of vehicles.

**Mr. Bardua:** What we tried to do in the copy in the annual report—I think you are referring to pages 12 and 13. Our major thrust in the traffic safety area is in seat belt campaigns and driver education. We are currently studying our entire traffic safety area to determine whether we are getting good value for our money. Safety is an area where you can pour in as much money as you have got, and it is often very difficult to measure the results. So we are taking a hard look at our programs and determining what the appropriate level of expenditure ought to be, and what we should expect by way of results.

**Mr. Leonard Evans:** Okay, thanks.

**Mr. Alcock:** Mr. Chairman, I would like to draw Mr. Bardua's attention to page 22 of the '90 report and page 18 of the '89 report. These are statements of operations for the Automobile Insurance Division. If we start with the '90 report, on page 22, there is listing of revenue premiums, income, investment income, claims costs and expenses. Under the expense line there are operating costs, commissions and premium taxes. I am presuming that line that is indicated as operating would be the operational costs for the organization, sustaining the office, the staffing and those kinds of things. Commissions, I am assuming, would be the commissions paid to agents who sell on behalf of the corporation.

Can Mr. Bardua tell us what the premium taxes entail?

**Mr. Bardua:** That is a provincial tax on premiums paid by all insurance companies. It is 3 percent.

**Mr. Alcock:** Am I right in my description of the three lines?

**Mr. Bardua:** Yes, you are.

**Mr. Alcock:** When we look at year-over-year increases in operating expenses, unless my little computer here has broken down, I see a 19.6 percent increase between those two years in operating expenses, not an 8.5 percent increase.

**Mr. Bardua:** We had overall, if you take all of the various accounts into account, a 9.2 percent increase in total corporate expenses.

The number you are looking at is driven not only by the costs that you have already mentioned but by changes in policy to the way we write down book value on capital items and so on, and sometimes that tends to skew the results a little bit.

I have a total breakdown here of where the increases come. I would be prepared to run through some of the major ones, if that is your desire.

**Mr. Alcock:** Well, go back to the questions I was asking earlier, because the comment I had was relative to those expenses that are under the control of the corporation as opposed to those that are driven by claims and things that are beyond the control of the corporation.

You referenced, at that point, an 8 percent increase in costs in the '88-89 year and an 8.5 percent increase in costs in the '89-90 year. Yet, when I do the calculations, looking at the administrative lines in the Automobile Insurance Division, I find a 21.8 percent increase in what is listed as administrative expenses in the first year and a 19.6 percent increase in the 1990 report.

**Mr. Bardua:** We were doing some mental calculations and did not necessarily use the same numbers you were using. The number I just gave you, the 9.2 percent increase, includes all of the items you see on that page, including claims expense which is also part of our administrative expense in the sense that it involves keeping the doors open in our claim centres and paying our claim staff and so on.

The major item of course is our salaries. The increase there year over year from '89-90 was 11.2 percent.

**Mr. Alcock:** Now then again I am looking at, in this particular case, the '89-90 year. If I understood Mr. Bardua correctly, you are saying that if you want to look at those expenses that could be deemed to be under the direct control of the corporation that you would be considering the claims expenses plus the operating expenses.

**Mr. Bardua:** Well, the ones that are directly under the control and the amount we can influence those expenses is a subjective matter that we would have to get into each individual item on. Those are the expenses that relate to the operation of the corporation in total.

**Mr. Alcock:** Well, I mean a commission expense is something that is going to be driven by the volume of people seeking insurance. A claims expense is going to be similarly driven by the number of accidents where people are seeking some coverage. The operating costs of keeping the claim centres open, the hours of operation, the number of staff you have, et cetera, presumably the corporation has some control over, and that is the point I was trying to get to before.

There seems to be—and I am not trying to hold Mr. Bardua accountable to a figure that came out of his head on a quick calculation from a very competent racquetball player, but I would just like to get a sense of what the difference is between 8.5 percent and 19.6 percent.

**Mr. Bardua:** Well, the 8.5 should have been 9.2, and the difference between that—

**Mr. Alcock:** And 19.6?

**Mr. Bardua:** —and the number you are giving me is—you are comparing 22 million to 18 million, and I am comparing 100 million to 92 million, so we are dealing with a different set of numbers. For example, when you talk about what is controllable, what is not and what is given by the number of claims, our expenses are also driven by the number of policies. Our data processing costs, for example, went up 24 percent between 1989 and 1990. Those are not necessarily all controllable. There are a number of other items. Amortization and organizational costs, which were written down, were \$2 million, which was 377 percent, so there are all kinds of different statistics buried in those numbers. Some of them are controllable; some of them are not.

\* (1200)

**Mr. Alcock:** Let me ask the minister a question then. Is the minister satisfied that this corporation is doing everything possible to minimize its operating costs?

**Mr. Cummings:** Mr. Chairman, as I said earlier, the corporation, in its analysis when we came into government, was not providing service, which means that there were more bodies out there that needed to be meeting the public, plus the computer infrastructure was obsolete, and it is still not up to where we want it, so yes, there has been some growth in the areas that you are referring to. Based on my mail, the calls that I get, the observations that

I have in meeting with Mr. Thompson, they made a concentrated effort to beef up the corporation in the manner that I stated.

Well, my comment still holds that, given the responsibilities that we are all imposing upon ourselves right now, the corporation is not going to be exempted in any manner from the same type of soul-searching and prioritization that is being required by the rest of us. I feel confident that, in the year that is going forward, they have heard that message and will act in that manner.

If you are asking me, over the last two years, am I satisfied that they have been as efficient as they should be or as they could be, again, based on the information that comes, given the pressures of whether or not the public is being served, I have to tell you that the public, in their comments to me, have indicated a much better level of satisfaction than there was originally. That is a subjective view, but obviously reflects that they are getting that part of their responsibility under control.

Am I satisfied that everything is as efficient as it can be? Any organization of the size of a provincial government, or a Crown of this size, always has some room for efficiencies, and we will expect the corporation to achieve those.

**Mr. Alcock:** Well, an organization that is year over year increasing its costs of operation by something in the order of 20 percent a year is bound to get something right. The question is whether or not it is doing it in the most efficient manner and reducing the overall cost to individuals who ultimately are forced to pay the costs for supporting this organization.

I understand, though, that the minister is not involved in the scrutinizing of the budget on this corporation in the same way he would be within his own department, so I would ask Mr. Penny about the process that the board utilizes to scrutinize the budgets that the corporation establishes. Does the board go through them on a line-by-line basis, and does it take a role in establishing these costs?

**Mr. Donald Penny (Chairman and Chief Executive Officer, Manitoba Public Insurance Corporation):** Mr. Chairman, the board does do a good scrutiny on the process. No. 1, we evaluate the process with management, and then secondly, we have appointed a budget and planning committee separate to the board, which does a detailed line-by-line interview and review and comes

back to the board with that recommendation as to changes, alterations to budget process. That is how we do it.

**Mr. Alcock:** And to Mr. Penny, as chairman of the board, we have been seeing year-over-year 20 percent increases two years in a row. Are you satisfied that the corporation is doing everything it can to minimize its cost of operations and the cost to the public?

**Mr. Penny:** Mr. Chairman, I believe that the management and staff of the organization are working together to bring to bear the best cost structure that we can, given that we also want to be progressive within the terms of reference of our organization; that is, we want to do some new things, look at some new things, and those are costs of—I guess, I call them progressive costs, incremental costs, and we must incur those to go ahead and provide service.

Within the ramifications of providing—I will call it—low cost service at as best a premium ability that we can, and as well look to the future and growth that we will try to provide better service at a more stable cost in the future. At some point those costs have to be brought to bear, and we are trying to match those two as best we can at a board level, that is what we are trying to do.

**Mr. Bardua:** I think it is also useful to point out that many of the changes that we made, which resulted in increased costs, were as a result of recommendations of the Kopstein report. There was also the introduction of new processes, such as the Crown Corporations Council, Public Utilities Board process. So, looking at the number of inquiries, for example, that we got and handled, in previous years a lot of those inquiries were going begging. There is a cost to providing service, and that is what we are trying to do. I think you are going to find that, now that we have implemented some of those programs and processes, those costs will level off.

**Mr. Alcock:** Yes, I appreciate the corporation has faced a considerable amount of change, and I frankly can state as the critic that the volume of complaints to my office has gone down, which is an indicator, I think, that the corporation is doing something to address things that were not being addressed before.

Though just to respond to Mr. Penny's comments, I suspect that there is not a department



in government right now who would not say much the same thing, that there are things that they could be doing in order to improve their services or to branch out in new areas or do something that would be perhaps a more creative way of addressing a problem that they are mandated to deal with.

The reality is, there is a concerted effort on to reduce the overall cost to the public, whether that is through taxes they pay on their residences imposed by the municipalities, or their income tax, or consumption taxes, or in this case the indirect draw on their purse that is controlled by the government through the corporations such as this, the Manitoba Telephone System, Hydro, and on. I think we need to look across all of those areas, and we need to subject all aspects of government to some controls until we get through this recession that is upon us.

I would simply encourage the board to be particularly vigilant in this next budget year to see that is accomplished so that we see some year-over-year operating increases that are in line with what we are expecting the rest of the departments of government to do.

**Mr. Cummings:** Yes, I agree with everything the member has said. I would only put it in this context relative to the responsibilities of the corporation. Some of the questions that are raised here today indicated that—we assumed responsibility for this corporation, and the capacity in the systems was lacking. It is going to cost some money to upgrade that.

We recognize the fact that in addressing that question we may in fact have to delay some of the costs if that cannot be accommodated within reasonable constraints that we all have to impose on ourselves. Ultimately, however, reflects on the ability to service and answer some of the questions that are being raised around this table. So it is a fine line and ultimately it will be a judgment on the part of all of us as to how we deal with those issues.

**Mr. Maloway:** I would like to ask the president about the current situation vis-a-vis the goods and services tax, the whole situation was in limbo there for some months last fall, has that been resolved and, if so, in which way?

**Mr. Bardua:** Mr. Chairman, to some extent the situation is still in limbo.

**Mr. Maloway:** Oh.

**Mr. Bardua:** We are currently operating on a tax-free basis, that is, we are not paying GST on our administration costs, that is goods and services and supplies that we buy, nor are we paying it on our claims costs. For 1992, we know that we will be subject to GST on our claims costs, but we will be tax-free on our administration costs for our goods and services we buy to run the corporation. But the question of what is going to happen with the 1991 situation is still under review between the two levels of government.

**Mr. Maloway:** So you are saying that you will be subject to the GST on the claims next year, but not on your operating costs?

**Mr. Bardua:** That is correct.

\* (1210)

**Mr. Maloway:** I did want to ask about the no-fault and my colleague from Brandon East (Mr. Leonard Evans) did get into it to a certain extent. I wonder, and I know governments of all stripes are guilty of this, but one wonders why governments spend tremendous amounts of money on consultants' reports that simply pile up and pile up and nothing ever happens to them. The Kopstein report made recommendations on the area of no-fault insurance and recommended that substantial savings could be achieved. The Tilling Gas Report, that was another expensive report, came out last year and suggested that if we modelled our program on the Quebec plan that we could save as much as \$63.5 million.

If we modelled our program on the Ontario plan, we might save as much as \$40 million, and it seems to me that the political powers that be choose to ignore these studies and really have their minds made up. So my question really is, after you have got the Kopstein report in your hands for a couple of years, why would you even commission Tilling Gas if you have no intention of proceeding with no-fault, and I direct that question to where it belongs, to the minister?

**Mr. Cummings:** Mr. Chairman, this debate has not really changed. The fact is you can show reduced insurance costs, but if you do not show some of the other costs that accrue to either the insured or to the province, as a result of variations on no-fault, that the total cost may not be a whole lot different; in fact, it could leave some of the insured in a much less advantageous position. We know that no-fault insurance may very well leave a lot of people in the

position of buying alternate additional insurance to protect themselves for coverage that extends beyond the limits of no-fault.

Given the mixed coverage that we have in this province, we believe we have a partial no-fault that goes quite a ways to answering the concerns of those who are in the no-fault side of the argument, if you will, the types of things that can accrue to the person who is insured without the type of costs that the member refers to. The fact is that, in talking to different jurisdictions, we see that no-fault insurance has in fact failed in a number of areas. The only area where no fault is still being continued is in Quebec.

Certainly, the Ontario model is not one that I would even consider. It was, in fact, a bit of a shell game whereby provincial taxes were removed, whereby limitations were put on private companies. In fact, they paid costs that they had no capacity to recover and all sorts of things.

The Quebec plan has some credibility, but the fact is that the concerns that are raised in terms of what you would save on premiums, I suggest to you, will be picked up in other areas. They will be picked up in health care, they will be picked up in social services, and they will be picked up in people buying additional alternate insurance.

While it is correct to say that you may knock off so many dollars off the premiums, the total cost to the province, the total cost to the insured are the things that need to be taken into consideration.

**Mr. Maloway:** Mr. Chairperson, so for the edification of the Free Press editorial board and myself, I assume that the minister is once and for all closing the door on no-fault insurance. I thought for a while there that my only ally in the world was the Free Press editorial board, and someone told me a half hour ago that actually it was probably Fred Cleverley who was writing these articles. I find myself on the same side as Fred Cleverley here, and I hate to admit it.

**Mr. Cummings:** Mr. Chairman, I would not undertake to educate either the Free Press or the opposition critic. The fact is, these are the concerns that I raise. I tell you very clearly that this government is always willing to look at what are strong and possible alternatives to improvement of service, but based on the argument that I just gave, it is not something that I see happening in the near future.

**Mr. Maloway:** Well, could the minister endeavour to ask the MPIC or his own staff to do some preliminary examination of the situation as it is set up in New Zealand? I believe, under a Conservative government back as far as 1973, the New Zealand Accident and Sickness Program was formed. It, I believe, operates well. It still exists, and what it effectively does is, it is a no-fault accident and sickness program for the whole jurisdiction, for the whole country. Whether you be hurt in an accident involving a car or at work, really it is no different. You are still hurt, and this program pays.

Would the minister perhaps endeavour to make the commitment to have someone look into that system?

**Mr. Cummings:** We have all the safety nets in place in this province. The provincial government has made its priorities clear that we are not going to leave those who are disadvantaged left out. We have Workers Compensation insurance. We have unemployment insurance. We have public auto insurance. I think the member is talking about a program that is very adequately covered through the safety net structures that we have in this province. While we certainly, I am sure, have availability of the information—he talked a few minutes ago about wasting money on studies—I would think that this would be a study that might be somewhat of an exercise in futility, given the number of other safety nets that we have in place and the commitment that we have to them.

**Mr. Maloway:** Well, certainly, it would be an exercise in futility on the part of a government who would have no intention to act on any of the recommendations anyway, so I grant you that, and let us save the taxpayers the money.

I have a final question for the president, and that is, is there any data available now as to how effective the passive restraint systems have been in the new cars? Would you have any kind of—it has only been out about a year now, but you certainly must have some connections into some national or international data banks on this matter?

**Mr. Bardua:** I am sorry, I do not have any data available at this time.

**Mr. Maloway:** Nothing at all, okay—perhaps next year.

**Mr. Leonard Evans:** I just want to make a closing comment, because I think the unofficial opposition

is not here, so the official opposition is prepared to pass these two reports now. I just wanted to comment that I have been around, as has the member for Lakeside (Mr. Enns), for some years, and I know he will realize, we all realize, if we look at our history, that there was a lot of controversy when this corporation was set up back in 1969-70. Talk about public demonstrations; we had 5,000 on the lawn of the Manitoba Legislature protesting against the move towards public automobile insurance. However, it was set up, and I think by and large it served the people of—

**An Honourable Member:** Are you saying that so that we can take heart in terms of a scale of demonstrations, so that we should not worry about the demonstration that occurred here?

**Mr. Leonard Evans:** Well, I will tell you one thing. We did not prevent them from coming into the building or into the Chamber. I remember the black bands of automobile insurance agents and so on, and so does the member, I am sure.

At any rate, I think that a Crown corporation—I think it is more difficult to be a chair or a president of a Crown corporation than it is of a private corporation, or what we call a corporation in the private sector, because it is subject to a great deal more scrutiny and criticism. We have formal mechanisms. We have this committee, of course. We have now got public meetings. We have the Public Utilities Board. We have the Question Period in the Legislature, and, of course, the corporation has to deal with the public on an ongoing basis, day after day, week after week. It is indeed subject to a lot of scrutiny.

I reject the notion that suddenly in the last three years it is more efficient simply because there is some sort of implication that governments change and it is always suddenly more efficient. Listen, efficiency can always be improved. I like to think that over the 20 years the corporation has learned a lot, has developed well, has progressed, and indeed, over that period of time, has generally served the people of Manitoba well. I think we have been served well. You have a good organization, a good corporation with excellent staff, past and present, and I just -(interjection)-

Yes, I am quite proud of the fact that I voted to establish this corporation. I am not saying it is perfect by any means. I get the odd constituency call with specific complaints and so on, as every

MLA does, but, generally speaking, I think that public automobile insurance has proven its worth. There has been talk some years back in the Lyon government about going back, changing it to a private system or modifying it somehow. I was relieved to hear the minister say that there is no intention of that at this time by his government, because I think that would be a great mistake. I think that the public system of automobile insurance has worked. It is serving the people of this province well. It is a model for other jurisdictions to follow as well in my judgment.

I want to, as one member of this committee, thank everyone, the Chair, the president and all the staff for doing a great job.

\* (1220)

**Mr. Maloway:** Mr. Chairperson, I did want to ask the president about the status of the Autopac writeoffs. There has been considerable controversy over the last few years about how the Autopac writeoffs are being treated and so on. I wondered whether the corporation had been requested to do anything on that subject. I am basically really asking whether any legislation is in the works.

**Mr. Bardua:** There has been no change in the way we handle our total-loss vehicles, and we have not been asked to do anything differently.

**Mr. Maloway:** Perhaps the minister could -(interjection)- I would like to know your comments on the write-off policy of the corporation.

**Mr. Cummings:** The corporation, the member I am sure recalls full well that there was some legislation that was developed a number of years ago under a different administration, deemed to be not terribly useful in terms of enforcement but the intent—albeit that the intent was correct.

Something that has always puzzled me, however, is that in fact you can phone Autopac today with a registration number and find out if a vehicle has been written off in recent years, but the corporation has not been asked to develop new systems. Obviously, as we discussed earlier, the government is looking at what ways and what responsibilities we have at our disposal to deal with inspections, and inspections mean writeoffs, as well.

**Mr. Chairman:** So the Annual Report for the Manitoba Public Insurance Corporation for the fiscal year ending October 31, 1989. Pass? (Pass) The

Annual Report for the fiscal year 1989 is accordingly passed.

Shall the Annual Report for the Manitoba Public Insurance Corporation for the fiscal year ended October 31, 1990, pass? (Pass) The Annual

Report for the fiscal year 1990 is accordingly passed.

This meeting is now adjourned.

**COMMITTEE ROSE AT: 12:23 p.m.**