



Fifth Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

on

Public Utilities

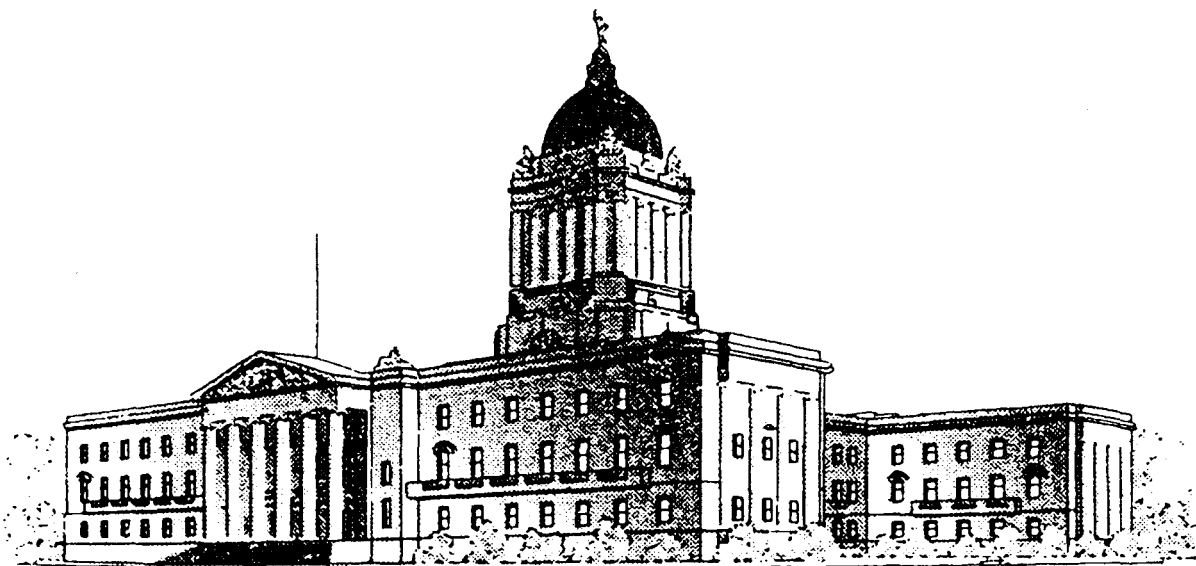
and

Natural Resources

Chairperson

Mr. Peter Dyck

Constituency of Pembina



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES

Tuesday, June 22, 1999

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Peter Dyck
(Pembina)**

**VICE-CHAIRPERSON – Mr. Jack Penner
(Emerson)**

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Radcliffe

Messrs. Ashton, Doer, Dyck, Faurchou,
Helwer, Laurendeau, McAlpine, Penner,
Reid

APPEARING:

Ms. Pat Jacobsen, President and Chief
Executive Officer, Workers Compensation
Board

Mr. Don Paul, Vice-President, Rehab-
ilitation and Compensation Services,
Workers Compensation Board

Mr. Wally Fox-Decent, Chairperson,
Workers Compensation Board

Mr. Alfred Black, Vice-President,
Financial Services and Administration,
Workers Compensation Board

MATTERS UNDER DISCUSSION:

1998 Five Year Operating Plan of the
Workers Compensation Board

1999 Five Year Operating Plan of the
Workers Compensation Board

December 31, 1998, Annual Report of the
Workers Compensation Board

December 31, 1998, Report of the Appeal
Commission

Mr. Chairperson: Order, please. Good morning. Will the Standing Committee on Public Utilities and Natural Resources please come to order. This morning the Standing Committee on Public Utilities and Natural Resources will be considering a number of reports from the Workers Compensation Board. The reports are as follows: the 1998 and 1999 Five Year Operating Plans, the Annual Report of the Workers Compensation Board for the year ended December 31, 1998, and the December 31, 1998, Report of the Appeal Commission.

These reports were initially considered by the committee on May 25 and June 8, and today the committee is continuing with the consideration of these reports. Before we get started with the consideration of the reports, did the committee wish to indicate how late it wishes to sit this morning, or should we revisit this issue at noon?

Mr. Edward Helwer (Gimli): Mr. Chairman, I believe some of our colleagues have commitments at 12, so I think if we could sit until 12, that would be fine.

Mr. Chairperson: The suggestion is that we rise at 12 noon. Is there agreement to that? Hearing no opposition, we are agreed to rise at 12 noon. Does the minister responsible have an opening statement?

Hon. Mike Radcliffe (Minister of Labour): No, thank you, Mr. Chairman.

Mr. Chairperson: Would you like to introduce your staff?

Mr. Radcliffe: I believe, Mr. Chairman, that you are familiar already with the staff present, and I thank everybody for attending today for the third session of committee for the honourable critic.

Mr. Chairperson: Does the critic for the official opposition have any opening statement?

Mr. Daryl Reid (Transcona): No, Mr. Chairman.

Mr. Chairperson: Okay, then we will move on. How does the committee wish to proceed this morning?

Mr. Reid: Well, Mr. Chairman, I appreciate the opportunity for this committee to come back into hearings again. I know it has been two years, I believe, since we sat last, even though we are supposed to sit on an annual basis to give us the opportunity to ask questions. I do appreciate the opportunity for the committee to sit for the third time this year to deal with the matters that are outstanding, and I would appreciate any opportunity to have a wide-ranging discussion on issues that would be brought forward. I have a number of issues that I would like to raise in continuation of my comments and questioning since the last time we sat, which I believe was on June 8.

Mr. Radcliffe: Mr. Chairman, I do not have any objection to my honourable colleague having a wide-ranged ambit of jurisdiction on this issue, and I would ask my honourable colleague whether he anticipates being able to be in a position by 11:45, or earlier time if possible, to pass the 1998 reports that have been mentioned.

Mr. Reid: Well, if the minister can give me a commitment to answer all of the questions that I have in a relatively short period of time, I guess we could do that, but without having any knowledge of how the minister or his staff are prepared to answer, I cannot give that commitment at this time. I would hope that we would move close to the point of wrapping up the hearings on the Workers Compensation reports, but I cannot guarantee that that would be the case.

Mr. Radcliffe: I thank my honourable colleague for that response, and I would invite the committee to proceed.

Mr. Reid: Mr. Chairperson, when we last sat, I received an organizational chart from Ms.

Jacobsen with respect to the changes that are happening and the structure at the Workers Compensation Board, and there were a couple of positions, or a position that is vacant on here with respect to the VP Human Resources, and I am wondering if that position has been filled.

Ms. Pat Jacobsen (President and Chief Executive Officer, Workers Compensation Board): It is under recruitment at this point and has not been filled to date.

Mr. Reid: Can you tell us when we might anticipate to have that position filled? Are we in a candidate search now? Have bulletins gone out, for example, or advice notices advising members of the public who may be interested in applying for this job?

Ms. Jacobsen: There was an advertisement that was put in the newspapers about two months ago and there have been a series of interviews in terms of the applicants but no final decision. There is a short list. Depending on how that discussion goes, I hope to finalize it in either the next two weeks or a longer frame, depending on how the discussions are going.

Mr. Reid: We had some interesting discussions, the minister and I, when we were in the Estimates for the Department of Labour, the budget Estimates, which I know this committee is not a part of, but it does impact on the operations of the board, and I do note that during those particular hearings that the minister referenced that he had quarterly meetings, as did his predecessor, with the public interest politically appointed representatives of the Workers Compensation Board. I want to know if those same meetings occur with the other stakeholders on a separate, private, secret basis behind closed doors that the minister has referenced is happening with the public interest.

* (1010)

Mr. Radcliffe: Mr. Chairman, I would first like to correct my honourable colleague that these are not secret meetings. These are meetings that happen in a public forum. They are done on a basis of advising the minister of the opinions of the public sector individuals. In fact, there are no such other meetings with the other

stakeholders, but other stakeholders have every opportunity to contact the minister's office. If they have any issue of concern, they can speak to the minister directly, or they can speak to the minister through the offices of the chair, which is also a normal conduit of information. In my opinion, there is no impediment in the free flow of information to the minister.

Mr. Reid: What would be the purposes of those meetings that the minister says that he himself and his predecessor have with the public interest representatives of the Compensation Board that the government appoints to those? What is the purpose? When did those meetings start, and what is the intent of those private meetings that you have?

Mr. Radcliffe: As I already indicated to my honourable colleague, they take place in a public place. They are done on an informal basis. They are to keep the minister advised as to the perspective of the public interest appointees, and it is a free-ranging discussion with the minister.

I cannot speak to anything which my predecessor may have discussed or arranged, but if my honourable colleague is interested in pursuing that, I can certainly undertake to ask my honourable colleague, the Honourable Mr. Harold Gilleshammer. I can speak to my own custom or my own discussion, which was that I had a breakfast meeting with the individuals. I do not remember in particular, I would have to consult my notes, but we had a free-ranging discussion on a number of issues with regard to the board. I found the discussions very helpful in my understanding of the issues, the structure, the management and organization of the board.

Mr. Reid: Is there not a premise here that the public interest government appointees to the Compensation Board are what we would consider to be, in the way that the structure is now, stakeholders within that group? That is the intent to which they are appointed.

If that is the case then, why would you not consult with the other stakeholders of the board in a similar fashion quarterly, as you have indicated that you and your predecessor have done to give them the opportunity to have the minister's ear, instead of having those other

stakeholders—maybe I should ask the question: do you meet with the employers' task force, for example, on a quarterly basis or in some other fashion to seek or consult with them? Do you meet with the employee reps, the Manitoba Federation of Labour, for example, or the various unions that have representatives dealing with that? Do you do that on a quarterly basis, similar to what you are doing with the public interest reps?

Mr. Radcliffe: I can advise my honourable colleague that I have had occasion to meet with a number of representatives from the union groups to date—Manitoba Federation of Labour, representatives from the Canadian Labour Congress—and these were not specifically on issues related to the Workers Compensation Board.

I want to assure my honourable colleague that I maintain an open-door policy. If any of these groups wish access to the minister, all they have to do is phone and ask for time with my appointment secretary, and I will go out of my way to make time for them.

Mr. Reid: On whose initiative do these meetings occur with the public interest representatives of the Compensation Board?

Mr. Radcliffe: Mine.

Mr. Reid: The last meeting you had you said was a breakfast meeting. Can you tell me: where does that meeting occur? Does it occur in your office or outside of this building, and how many meetings have you been involved in as the minister?

Mr. Radcliffe: There was one such meeting, and it was outside this building.

Mr. Reid: Where would those meetings take place?

Mr. Radcliffe: In a restaurant in the city of Winnipeg.

Mr. Reid: What was discussed at that meeting?

Mr. Radcliffe: I do not want to unduly impede the free flow of information at this committee

hearing, so I will have to consult my notes, and I am prepared to undertake to advise my honourable colleague of the headings of the issues that we discussed.

Mr. Reid: Well, I am a simple guy. I think that you could perhaps try to explain to us, to this committee, some of the issues that were talked about. Perhaps the minister can describe for us the issues that were raised by the public interest reps at that particular breakfast meeting at that restaurant that the minister requested be held. Can the minister tell me what issues did he raise with the public interest reps with respect to that particular meeting?

Mr. Radcliffe: I have a memorandum that was a result of this meeting, and I have just sent for a copy of it. That will be sufficient, I think, to refresh my memory. So when that is produced in the committee room here, I would be pleased to outline for my honourable colleague the issues that were covered.

Mr. Reid: Then I reserve the right to go back to that point, if the minister would be kind enough to table that particular document that he has coming to him so that we might see more clearly the issues that were talked about between the ministry and the public interest reps of the Compensation Board. I want to see what the issues were that were being dealt with at that particular meeting, and if there are any other issues that perhaps do not appear on those minutes or those notes, I would like to ask the minister that question as well. Are there other issues that may not appear on those notes?

Mr. Radcliffe: I am not prepared to table my own memoranda, but I certainly am prepared to review them and discuss them fully with my honourable colleague.

Mr. Reid: That leaves one with the impression that the minister is perhaps not going to be as forthright as what we might expect in this committee.

If he is not prepared to share this openly and freely with members of the committee, we might expect that perhaps there are other items or other issues that were being dealt with that the minister may not want to reference on the record

here, and I am wondering why he would not want to table a copy of those notes for us.

Mr. Radcliffe: My honourable colleague can only of course judge other people by his own personal standards, and if those are his issues I will not respond to them. But I want to assure everybody, and the record here, that I will be as forthright and direct as I know how to be, and I think that stands and speaks for itself.

Mr. Reid: I do not doubt that the minister will be forthright about the issues that he will reference. That is not the point. It perhaps is the other issues on the notes that only his eyes can see that other members of this committee will not be privy to. That is why I asked that the minister would table a copy of them so that we might see them in their entirety and not just the select items that perhaps the minister might want the committee members to know about. That is why I am asking whether or not the minister is prepared to table a copy of those notes for the members of the committee.

Point of Order

Mr. Marcel Laurendeau (St. Norbert): On a point of order, Mr. Chairperson, the minister has his ministerial notes which the member is quite knowledgeable about, and he knows very well that ministers do not have to table—and I have never seen a minister yet have to table—his notes or his briefing papers. So I do believe the honourable member is out of order.

Mr. Chairperson: On the point of order raised by the member, it is not a point of order. It is a dispute over the facts.

* * *

Mr. Reid: Mr. Chairperson, until those notes come forward from the minister's staff then, I will go on with my questioning with respect to other matters, unless the minister has the notes here.

* (1020)

Mr. Radcliffe: I have my notes here now, and I am prepared to review the particulars with my honourable colleague.

One of the issues that was discussed was facilitating the promotion of workplace safety programs. There are two areas of our department that are involved in this education and information process which is the Workplace Safety and Health division and the Workers Compensation Board. They are both stakeholders in this issue, and they both have an interest, obviously, that the workplace be as safe and positive and secure an environment as possible for all workers.

I received, I guess, opinions from the members of the Workers Compensation Board as to the role that they thought the Workers Compensation Board should play, which was that it be a pre-eminent and an effective role. They suggested that I follow up on this with members of my department, and I undertook so to do.

Another concern was the percentage of the workplace that is covered by the Workers Compensation Board and the level of risk in some of the industries that were covered. There was also an issue of some major employers who are self-insured and others that are insured through the Workers Compensation Board. This was an area to which my attention was directed, and I am going to follow up on that.

There is one point here that I do not understand right now, that I would have to get some advice on, because I do not understand the memorandum.

Also, I would like to put this on the record. The group of directors gave a strong endorsement of the new president of the Workers Compensation Board, the chief executive officer, Ms. Pat Jacobsen. They were most glowing and admiring in her abilities, her vigour, her vision and the direction in which she was taking the Compensation Board, and they were quite excited at the prospect of working with her in the ensuing future. So that was the sum and substance of the meeting.

Mr. Reid: Did all of the public interest reps attend that last meeting that the minister had, and were there any papers that were shared, any information that was shared, hard copy, between the ministry and the members of that committee?

Mr. Radcliffe: All the members were there to my recollection and there were no papers. The individuals present were Bruce Leckie, Barbara Switzer, and Keith Ferbers. Those were the public interest reps.

Mr. Reid: Can the minister elaborate on one of the last items that he talked about there, not the very last item, dealing with the self-insured—[interjection] I am not sure. The members of the committee want to have the minister go further on that line, but perhaps the minister would elaborate a little further on the self-insured employers, I think, was what he referenced, and describe for us what the extent of the discussion was with respect to that issue. I think the one preceding that was dealing with the level of risk.

Mr. Radcliffe: Some insurers pool their risk. Some of them are large employers. Basically, I was directed to inform myself of these employers' practices and look at the administration of it. Then the other issue was that Manitoba Workers Compensation Board covers about 60 percent of the workplace in Manitoba at this point in time. I believe we have discussed that previously, that a lot of the clerical and office occupations are not covered by the Workers Compensation Board.

Mr. Reid: Well, those are the issues that you talked about. Now what advice was given to the ministry from that public interest group?

Mr. Radcliffe: The note does not indicate any specific direction that I should be following, but rather that I should inform myself and I should be aware of the status quo and see how we came to the current status quo, which is being practised by the Workers Compensation Board, and that these were areas of some interest to the individuals.

Mr. Reid: Did the minister, in his meeting with the public interest reps, talk about the state of financial affairs of the board?

Mr. Radcliffe: Not that I recollect.

Mr. Reid: Did the minister give any direction to the public interest reps with respect to their involvement with the board?

Mr. Radcliffe: Absolutely categorically not.

Mr. Reid: So then the intent of the meeting is just to share advice between the public interest reps for which the ministry appoints and the minister thinks that it is appropriate that that practice would continue to occur.

Mr. Radcliffe: It was for me to receive information and advice from the group on issues of the day from their perspective, but if my honourable colleague is implying or intimating that in fact there is any political direction going back to the board, I was to disabuse him of that misapprehension most emphatically at this point in time.

Mr. Reid: Well, it was not in my words. I am not sure where the minister gets that from, but I guess if he wants to interpret, that is his prerogative to do so. I am just trying to get an understanding here why the ministry would meet with the public interest reps and perhaps not want to meet also with the labour-appointed reps to the board and with the employer reps to the board.

Why are you meeting just with one group? Why do you not have all three stakeholders in the room if you are going to have such a meeting and have that free and wide-ranging discussion, so other members might hear quite clearly and openly what those discussions are, so there might be no secret in what is occurring in those discussions between the ministry and with the people who he appoints ultimately to that particular board?

Mr. Radcliffe: I do not know if my honourable colleague is aware, but it is customary in my very brief experience as a cabinet minister that I take the opportunity to tour the various departments that I am responsible for, and I get an opportunity to meet all the employees and the managers and the stakeholders on a face-to-face basis.

*(1030)

I have such a meeting scheduled with the Workers Compensation Board and the Appeals Commission. It has not yet transpired because my appointment as Minister of Labour happened very shortly before the opening of the House. So I have been restrained from getting out

because of Leg duties, but I look forward to a walkabout in the departments. I have conducted some walkabouts already. I can assure my honourable colleague that it certainly gives me a much more hands-on, intimate knowledge and understanding when you get the opportunity to meet the individuals involved. I look forward to such a meeting with all of the individuals involved with the Workers Compensation Board.

Mr. Reid: When the minister talks about walkabout, I get the impression he was watching the royal wedding on the weekend. It sounds like British monarchy talk, going for a walkabout.

I want to ask, Mr. Chairperson, with respect to his walkabouts that he has, does he meet with those other groups on a quarterly basis like he does with the public interest reps of the Compensation Board?

Mr. Radcliffe: I am sorry, but I would ask my honourable colleague to repeat the last question.

Mr. Reid: Well, I will delete the part with respect to the royal wedding on the weekend, Mr. Chairperson, but the part with respect to his walkabouts and his meetings with individual parts of his department, does he meet with them on a quarterly basis like he does with the public interest reps at the Compensation Board?

Mr. Radcliffe: I try to keep in touch with all the departments that I bear responsibility for. On a varying basis, I cannot say that it would be as infrequent as quarterly. I try to keep abreast of the current issues as they appear. Sometimes I might meet with directors of departments on a weekly basis so that I keep apprised of issues that are in the public forum. I think this in fact is part of the responsibility of a minister to do.

For fear of pointing out the obvious to my honourable colleague, I would like to put on the record, of course, that the employer reps are recommended to government by the employer groups, and the employee representatives are responsive to their sponsoring groups as well. The public interest groups do not have any such origination, I guess, to any outside group. These are in fact appointed directly by government. So I am sure that the union groups certainly report

on a frequent basis—this of course would be speculation on my part—to their nominated source, as do the employer groups.

Mr. Reid: Mr. Chairperson, with respect to a question that we had left on the record from our last meeting, I had asked questions with respect to the Medical Services Branch or department of the Workers Compensation Board. I think the information here was 52,000 claim-files involvement on the part of that department.

I had asked questions with respect to the number of medical people that you have working at the board. I am wondering if you have a list that you can share with respect to full- and part-time staff, their specialties, if you have that information. I would also like to know, because you mention 52,000 claim files which I believe, and I am going from memory here, was the information that you shared with this committee. Do your medical people actually provide advice to adjudication on those 52,000, which I think would be almost a year's worth of claims that come to the board, perhaps a little more? I am just wondering where that number comes from.

Ms. Jacobsen: I have for Mr. Reid a copy of the correspondence that went back to him June 21—he may not have had an opportunity to see it—which gives the whole list in terms of the medical staff.

Mr. Reid: I have not got it yet.

Ms. Jacobsen: It may be in transition then. But if you would like any more detailed information, this gives you the names, if you would like this copy, of all of the physicians.

Mr. Reid: I have not had a chance to read through this information because I have not received it yet. It is dated yesterday, so, obviously, if it has gone through the regular mail, I would not have received it; I would not have had a chance to be aware of its contents.

With respect to the 52,000 claims, I mean, that is a lot of claims. Are your doctors, the board doctors, involved in more than the total year's claims that you have ongoing? I guess that would be prior years' claims as well. That seems like an exceptionally high number. What

process or what activities do the doctors play under contract to the board with the adjudication process, in decisions with respect to adjudication?

Mr. Don Paul (Vice-President, Rehabilitation and Compensation Services, Workers Compensation Board): Mr. Reid, with respect to the 52,230 consultations on the claim files, the number that we gave you in the last session, really what that amounts to is consultations on files, and it might not just be at one particular time. As you are aware, we have a number of claim files that have been in the system for 10 and 12 years.

The consultations can range from a question with respect to requesting information on a specific diagnosis. It could be on prognosis. It could be on clarification of the medical information on file and us not being able, as lay adjudicators, to read the doctor's report. It might be for a request of the medical department advisors to assist us in obtaining reports.

So the consultations could be 10, 12, 15 times over the course of the year on one particular file, and that is why it does not flow with the number of accidents in terms of being equal.

Mr. Reid: Thank you for that information. The list of doctors that you have provided here, I take it that these doctors are on the full-time list, and if I am wrong, please correct me on that. Do you also have what we would consider part-time or casual medical services contracted for?

Mr. Paul: Most of these doctors have their own practice, so they are not full-time doctors. They actually work on a contract basis with the Workers Compensation Board, the thinking being that they are active in the community and they are not specifically and totally in-house physicians for the Workers Compensation Board.

So they are on a contract basis with us and work varying hours. Depending on the nature of their practice, some might work eight hours a week, some might work 20 hours a week.

Mr. Reid: I think, if I recollect correctly, in the annual report, it talks about changes in medical

staffing for the board. Now, does this list that you provided indicate that there has been an increase in medical staff at the board? Is this historical levels that you have here in the most recent year? Have there been changes in that regard with respect to the medical staffing at the board, or do you anticipate any changes in the future with respect to the number of doctors you have working with the board as well?

Mr. Paul: No, we do not anticipate any changes. What has happened over the course of the last year is we have had, as we have in a number of different areas, some turnover in terms of staff and that was the same way in the medical department. I believe we have lost three physicians in 1998, and the positions were refilled with other doctors.

Mr. Reid: What is the support staff that you would have to also back up the doctors in that particular department? Could you tell me the number of staff that you would have working there as well?

Mr. Paul: I cannot give you a definitive answer, other than to tell you that there is an administrative assistant to the director. There is a manager of support for the department that looks after, I believe, it is six to eight different central word processors who provide all the typing and central word processing services for the doctors in terms of examination notes.

Mr. Reid: I did not write down the total number that you have there, so it would be approximately half a dozen people that would be on staff to support the medical operations?

Mr. Paul: It is mostly the central word processors who do the dictatyping for the physicians.

Mr. Reid: In looking through that information that has just been supplied to me, I see that there has been an increase in the medical doctors, too, over prior years, and one psychologist as well, I believe, although the number of nurses has dropped. The question is I guess you no longer require nurses at the board, and perhaps you can explain why there are no nurses working there when prior years we had at least one.

Mr. Paul: We did have one nurse dedicated specific to the chronic pain program that the board runs. The individual retired, I believe it was near the end of the year, last year. We have subsequently hired on a new individual, a psychological nurse, who started I believe it was three to four months ago and is now a full-time staff member with the Workers Compensation Board, serving in the capacity as a psych nurse to the chronic pain program.

Mr. Reid: Thanks for that information. With respect to the numbers that you have given me, and I had asked for salaries and I thank you for providing that information, there is quite a range in the numbers for the doctors that you have working with the board, your medical people working with the board. Can you tell me what the overall budget would be for the operations of your Medical Services branch at the board?

Mr. Paul: I have to take that as notice because I do not have the definitive figure on the total administrative budget.

Mr. Reid: I look forward to that information coming forward.

You have indicated that a good number of the doctors have their own practices. I looked through this list here and we have many of the doctors that are on here that are already in the \$70,000 to \$150,000 range. Not bad for part-time work. I have to wonder.

Can you give me an indication here, maybe I should ask this question first, the amount of time that they would spend working at the board in your operations, looking at the range of salary levels that you have here. If they are not full time at the board and they are making, well, Dr. Onoferson, for example, I guess is the director, perhaps is full time, and that is why that level would be perhaps that high. Maybe I should ask the question: is Dr. Onoferson working full time for the board?

Mr. Paul: No, Dr. Onoferson is not working as a full-time physician at the Workers Compensation Board. However, the bulk of his time is there, but he does have, I believe, it is two half-day sessions over the course of the

week where he maintains his own practice as well.

* (1040)

Mr. Reid: He is not full time at the board either, and he is making \$150,000 a year. Do you pay your doctors on a fee-for-service basis, or do you have a contract that is set out? Is it the Manitoba Medical Association fee guide that is utilized for the cases that those doctors may be involved with? What is the method of payment, or is it just straight contracted for these individuals?

Mr. Paul: The method of payment is straight contract at a certain hourly rate and is charged as best we can, given their time to the files that they deal with, and they see as part of the consultation numbers and the figures I gave you previously.

Mr. Reid: I have raised this issue in the past, and I will not dwell long on it here today. But it is a problem with respect to Compensation Board doctors being involved in the evaluations of claims, the medical side of it, and the treatment that would be put in place for a particular claimant. Make no bones about it, I am not comfortable with that particular role.

I know there has been some advice provided to the Compensation Board in the past, and I reference again, for the minister's advice, dealing with the King commission report, that the Compensation Board doctors perhaps should not be playing as an intense a role as they do with respect to the adjudication of those particular claims files they come into contact with throughout their part-time activities at the board, because they are not full time as you have indicated.

I am uncomfortable with that. I see that, as I have said in the past, as a conflict between the roles that they play. As everyone knows, or at least I suspect everyone knows, you do not bite the hand that feeds you. The perception is there that the doctors being paid by the board—they may be operating in total good faith in the performance of their duties, as I would expect they would, but I am not comfortable in the Compensation Board having the doctors

involved in the adjudication or advice on adjudication for those particular claims.

I reference that for the minister's information. I know he is new to these meetings, but I have raised this matter in the past, and I would hope that there would be a better way. Now I am not saying that the doctors do not have a role to play with respect to perhaps some evaluation with respect to long-term disability, in other words, the issues involving payment of what used to be the pensions as a result of permanent disabilities when they have to award or make an impairment award or assessment. With respect to their ongoing adjudication or involvement in adjudication of claims, I know the board needs a comfort level.

I still have a reliance on private practice doctors, and it is an interesting juxtaposition here between the government who believes in letting the free market reign and having the private business initiatives of the doctors in private practice making their decision, but in this case this government has played the opposite role and has had the Compensation Board doctors involved in adjudication versus the private practice doctors providing the medical opinions and advice on treatments that would be most appropriate for claimants, or people that are involved in workplace injuries. I reference that for the minister's information, again knowing that he is new in his capacity involvement with the board. I do not know if you want to comment on that aspect of it or not, but I will give you that opportunity.

Mr. Radcliffe: Just to crystallize my honourable colleague's remarks, and I thank him for raising this issue, he actually used the words "conflict of interest." I think that what he is doing is either assailing or questioning the quality or standards of practice of the medical physicians that are involved, perhaps not on a personal basis, but on an institutional basis. I want to assure him that I have that point, and I thank him very much for raising it. I believe Mr. Fox-Decent may have a remark or two.

Mr. Wally Fox-Decent (Chairperson, Workers Compensation Board): Mr. Reid, I think there are one or two things about what has

been happening in the medical department that I would want you to know. In fact, over two years you will have seen, or will have seen in the next six months, an increase of about five in the part-time practitioners. I am not sure that shows at this stage in the annual report, but there is another five have come on board, or will come on board in the next few months, all part-timers.

This is part of the initiative that we started two years ago to be able to see more patients in person. What we did with the board was look at files and make decisions on people's lives, or advise on important medical decisions back to adjudicators, and no one ever really had a chance to see a doctor except on an exceptional basis. We had a lot of our clients who expressed dissatisfaction that they were not able to see one of the board physicians. So we added to the complement of medical staff to be able to increase the number of in-person visits, people who actually come into the building and are seen by medical doctors. So the increase was a desire to provide a better quality of service, and hopefully that is happening.

The second thing is we did have, when I joined some seven years ago, a number of physicians that were, I think, unsuitable. They had very strong opinions about the matters of workplace injury, and those people very quickly left our organization in a space of about three months. I think that we have a much better-qualified team in a neutral and balanced way to assess, as we must, the balance of probabilities issues. I am going to leave to the CEO to say a word or two about the place of the physician in the adjudicatory process because you also raised that issue.

My final word would just be to say that we still rely overwhelmingly on the private physician, on the claimant's individual and private position, relative to the assessment of what the condition of that person is if, in fact, medical information becomes a critical part of the continuing case and case management. There is a co-operative relationship with the private community of physicians in the province, which I think is very good. It, of course, includes chiropractors; it includes physiotherapists, not just medical doctors.

Ms. Jacobsen: I just wanted to add a point in terms of the role of the board doctors. I think we have been very, very pleased in terms of the recruitment over the last few years, which our Chairperson has referenced. We have been able to recruit doctors who, I think, in terms of their medical expertise can give us a very, very strong and neutral assessment in terms of aiding the adjudicative process.

By leaving them to do some work in the community, it also keeps a balance and keeps their relationships external and internal. We believe that we are now quite well served by the team of doctors that we do have, and by having them still have some roots in the community it leaves them with this dual relationship in terms of both the board and the community.

Mr. Reid: Well, I will not argue the point that the board is comfortable with the relationship that they have with their doctors; I have never doubted that. I guess what I have, and I go back to the comments that the minister made with respect to a conflict of interest, and I guess I should have prefaced that comment by saying the perception of conflict of interest, because those are comments that have come to me and continue to come to me about the role between the two.

My doctor, and I have a case here—I wish I could find it in my files here—referencing claimants who have gone to chiropractors and have received good services. They are happy, they have recovered, and they have been able to go back to work after a period of time, but not comfortable because there are disputes between chiropractors and doctors. It is an ongoing feud. It is no secret in this province that there is little recognition between chiropractors and doctors. Chiropractors are trying to get their foot in the door, so to speak, with respect to recognition in the medical community, and that is an ongoing battle.

So that is why I referenced that there are some problems, at least in perception, on the part of the claimants with respect to the role that the doctors play at the Compensation Board versus the opinions that come from the private practice doctors. It happens in cases where claims are denied that the opinions of the doctors in private

practice do not carry the same weight that they would with respect to the board doctors.

*(1050)

One case I just heard about this past week was, well, your doctor is a GP and the Compensation Board doctor that is giving an opinion on this is a specialist. I understand there is a pecking order in the medical community. One perhaps has more training and experience, but again the perception is that the opinion was discounted because the person does not have the skill level that a Compensation Board doctor has because the person is a private practice doctor and the board doctors are making the opinion on it. So I am just referencing for your information again what I am hearing from some claimants. I am not saying all, but some claimants are telling me this.

With respect to the changes in the policy at the board, is any discussion ongoing right now with respect to the establishment of an occupational disease panel? I know the board has had some involvement, had set aside some funds from prior years' surplus, dealing with the Federal Pioneer employees and for the widows restoration of that benefit. I want to know if there is any discussion ongoing in the board with respect to the establishment of an occupational disease panel. I had asked this question under the Ministry of Labour Estimates but do not seem to see any progress in that regard, and I want to know if there is any policy development or discussion taking place behind the scenes perhaps.

Mr. Radcliffe: Before Mr. Fox-Decent responds to my honourable colleague's question, I wanted to comment on my honourable colleague's remarks.

I am glad that he elaborated on his issue of conflict of interest and criticism of the medical staff at the Workers Compensation Board because I thought that his remarks and his line of questioning—he left the impression and again talking about perception which is so very important in all sorts of public administration, my honourable colleague, I can say on the record, certainly left the impression with me that he was criticizing the quality of the standards of

practice of the Compensation Board doctors and was implying, if not openly stating, that in his opinion there was a conflict of interest. He now had moderated that position to say that in fact this is a perception that has been voiced to him from some of the claimants who have shared their experiences with him, so I thank him for elaborating on that remark.

I would now turn to Mr. Fox-Decent or Ms. Jacobsen with response to his last question.

Mr. Fox-Decent: The answer to the question about occupational disease panel in any policy development is no. It is not under active consideration at this time by the board and has not come up as an issue in our board planning symposia over the period of the last two or three years.

Mr. Reid: Another issue that I have raised in the past and I do not know if it has come under discussion, but the policy at the board with respect to hearing loss, I think, if I recall correctly, you have to have hearing loss in both ears comparable to 35 DB hearing loss. Other jurisdictions, to my understanding, have some consideration given for hearing loss in a single ear or one ear. I wonder if there is any discussion with respect to change of policy with respect to hearing loss.

Mr. Fox-Decent: Mr. Chair, the matter of hearing loss is under very active consideration, and there are policy proposals that will go to the policy committee over the next months related to hearing loss issues and the provision of services to those who have hearing loss through workplace exposure, so I can assure you, Sir, that it is a very active issue at the moment.

Mr. Reid: Other jurisdictions have moved to 80 percent net. Is any consideration or discussion occurring at the board with respect to reduction to match other jurisdictions in Canada, since this Compensation Board reps attend a national body and they have discussions with respect to compensation issues across Canada?

Mr. Fox-Decent: I think it is fair to say that all aspects of our policy on hearing loss are under consideration.

Mr. Reid: That includes the move to 80 percent net?

Mr. Fox-Decent: There certainly is not at this stage any resolution to our discussion. In fact, the discussion will not begin for about another week or two. It is on an agenda of the policy committee coming up in the next two weeks. [interjection] I am sorry, are you still on hearing loss?

Mr. Reid: Perhaps I should have clarified my last question there. Because you had answered my question with respect to hearing loss, having further discussion at the policy committee of the board, I accepted that and I had moved on to my next question which was dealing with is there policy discussion with respect to the issue of matching other jurisdictions that have moved from 90 percent net down to 85 and 80 percent net, since this board is a part of a larger group or committee of people across Canada that meet on a fairly frequent basis to talk about common issues involving workers compensation systems.

Mr. Fox-Decent: The matter of the 90 percent of net or otherwise, of course, is legislative. It is not a matter of policy for the board, but I can assure you that there is no discussion at the board at all relative to changing the 90 percent of net situation.

Mr. Reid: Well, I understand it is legislative, but the board also, as they have in the past, boards have provided advice for the ministry, so I am looking to see if there is any policy direction or discussion that is occurring in that regard.

Mr. Fox-Decent: I want to assure you there is none.

Mr. Reid: There have been some pressures being applied by certain members of the business community with respect to waiting periods before the commencement of wage loss benefits, et cetera. Has any discussion been occurring internal to the board's operation, any advice passed on back to the minister with respect to changing the waiting periods? Some have suggested a three-day waiting period for commencement of benefits. I am wondering if that discussion is ongoing.

Mr. Fox-Decent: Again, as Mr. Reid would well know, that is a legislative issue, but I again can assure him there has been no discussion whatsoever at the board level about the introduction of a waiting period.

Mr. Reid: I want to turn, Mr. Chairperson, if I might, with respect to some of the issues. I go back to prior years, and I am a bit hesitant to raise this because it does go back to prior years, but it is an issue that continues to cross my mind, and I am at a loss to comprehend. I look at the reports, the press releases that come out of the Compensation Board from time to time dealing with changes that are occurring, and you reference in these documents, these press releases, that the board has retired the debt.

I guess I am trying to get an understanding of your description of debt versus the term "unfunded liability." Can you tell me, because, I mean, it is not a secret that the board was having some financial difficulties with respect to long-term claims, I believe is the appropriate term. How do you choose your language when you put your press releases out? Perhaps you can give me your definition of what you mean by unfunded liability and your definition with respect to debt and deficit.

Ms. Jacobsen: I will answer initially, and then if there are further questions, our chief financial officer has gone to get the other number. In terms of the use of the word "debt" versus "unfunded liability," we have used them interchangeably. What we count as an unfunded liability is those areas where our current and projected liabilities are greater than our current and projected revenues. We do not include in our unfunded liability our long latency reserves or our rate stabilization fund.

* (1100)

Mr. Reid: So, if I understand correctly, the board's operations in prior years, and I am going back 10 years here now, beginning of this decade, we had long-term liability with respect to pension costs, et cetera. Is my understanding of that accurate? Is that how we arrived at the \$200-and-some-million position that the board has used as a figure?

Mr. Fox-Decent: I do not know what the current-year situation may have been 10 years ago, that is to say, whether there was a deficit on operations in any particular year, but certainly a significant portion of the debt or the unfunded liability would be related to just that, liabilities that had been incurred on behalf of claimants, but which had not been funded by the board. By the principles of some sort of mysterious art called accounting, in an insurance environment, you are supposed to have your liabilities funded.

Mr. Reid: So can you describe for me what those liabilities would include?

Mr. Fox-Decent: I can start. If our chief financial officer would arrive, I would very happily pass the baton to him. They would include, for example, a long latency reserve relative to occupational disease. They would include reserves that would be required to cover the continuing costs of claims that we have taken and accepted over the course of a period of years.

That would include some obligations under the old act, as it is described, the act before it was changed in 1992. The unfunded liability is, in fact, driven by the actuarial firm that is appointed to determine what our liabilities are on an annual basis.

Mr. Reid: So, if I understand correctly then, it is your long-term costs relating to permanent partial impairments or total temporary disability of an individual. Is my understanding of that correct, or is this something different than what my understanding of that is here? I am trying to get an understanding here of what you mean by the term "unfunded liability" and how we arrive at that point and whether or not—perhaps we need to have further discussion about the use of the term "unfunded liability" versus the term "debt deficit."

Ms. Jacobsen: Included in the liabilities is a list of things. They would include such items as permanent impairment awards and pensions. They also include a projection of current and future claims' costs, and that is quite an extensive actuarial review that includes looking at trends historically, looking at the demographics of the province and the nature of

the workforce. So it is a projection of not just the pensions and the permanent impairment awards, but the whole claims' costs as they would be projected to be over the next five years.

Mr. Reid: So then the actual debt, the monies that were owed are projections down the road. They are an actuarial projection down the road that someone has done some wizardry in accounting for which I do not profess to be an expert, coming up, arriving at a figure based on certain risks, et cetera, and that is how they have determined what the dollar value is going to be at some point down the road. Is my understanding correct on that?

Ms. Jacobsen: You are correct with half of it. The other half is there is a similar projection of revenues, both the revenue streams from investment and the revenue streams from the employer assessments. The unfunded liability or the debt, so to speak, is the gap between the two, which we no longer have, which is where your revenue projections are, in fact, less than your liability projections.

Mr. Reid: Well, I am just trying to get an understanding here of how the board is able to interchange the two terms "debt" and "deficit" versus "unfunded liability."

You have exchanged the use of that language quite freely and readily throughout the press releases over a number of years now, in fact for the better part of this decade, and I am trying to get an understanding of—I mean, if we compare this to the government's operations and if we do not take the teachers' and the public servants' pensions into consideration, we do not have a debt or deficit in this province. If we take that into consideration, we have a future unfunded liability. It is in the books now, just recently, but for the better part of this decade and prior, there has been no consideration.

So I am trying to get an understanding here how the board gives consideration to your future costs and how you describe that as a debt when it is your future costs down the road that you are estimating here. In essence, it is not a debt as we might consider is in the real term or definition used by the government in its operations.

Mr. Fox-Decent: I think that you are quite right, Mr. Reid. The proper terminology is "unfunded liability." In my simple mind trying to understand the concept, it was explained to me that if the corporation were to be wound up today, the unfunded liability is the expected obligations of the corporation into the future that have to be honoured.

Mr. Reid: That part I understand with respect to current and future costs, but I draw to your attention that you have used the term interchangeably between the two as if they are one and the same, and from my understanding of those two terms, there is a distinct difference between them.

Current debt is something different than future liabilities, and when you have used in your press releases the terms "debt" and "unfunded liability," you have described the \$232 million as a debt. I am trying to understand how you arrived at that as a debt if that is your future costs.

Mr. Fox-Decent: I will pass to our chief financial officer, Mr. Black.

Mr. Alfred Black (Vice-President, Financial Services and Administration, Workers Compensation Board): It can be viewed as a debt. In fact, all the liabilities can be viewed as a debt. They are a commitment that the board has made to make payments in the current year and also in future years to all claims and claimants that have come forward. Offsetting that liability or debt are assets, and where the liability or debt exceeds the assets, then you have an unfunded liability.

Some people speak about the unfunded liability, in effect, as an unsecured debt because it is not secured by the assets that the corporation has or had. So in the era when there was a \$232-million unfunded liability, that represented a difference between the assets that we had, largely invested, and the current and future liabilities of the corporation. Today, there is not an unfunded liability. The assets of the corporation are in excess of the liabilities.

Mr. Reid: With respect to accounting, I know generally accepted rules of accounting I think is

the standard which accountants follow. I do not profess to understand them. That is something that you would probably have to take many years of training to understand. But I am just a simple person; I have worked with my hands most of my life, and I am trying to understand how we can describe your future costs.

* (1110)

I take it, if you have current claims that are in place, pre- and post-'92 legislative changes, of course, the "pre" would have some pension costs that would be associated with that, but you do not pay those monies out today. You have to pay those monies out down the road. Yes, you have to ensure that you have those monies available down the road to make those payments, but I am trying to understand how we describe those as a current debt today.

Mr. Black: You are right. There are standard accounting rules and actuarial rules. What they say to us is that to be fully funded, you have to have sufficient funds on hand today so that you can pay all of the future costs of those claims though those sums could earn interest and that is taken into account. As Wally said, the premise in the accounting and in the actuarial discipline is that the company, the WCB, could be wound down at any point in time, and if it were wound down, it would not have the capacity to continue to raise revenue.

So you have to at that point have enough money in the bank, so to speak, so when it earns interest over time and as you make payments from it, it can pay for all of those claims until extinguishment. That applies to future pensions, as you said. The pensions are we make a commitment to pay them for the life of the pensioner, but the actuaries also tell us that if you make short-term payments this year to someone who is not going to receive long-term payments, in any event they still might receive payments next year and the year after. For example, if they are receiving time-loss payments this year, they may be receiving rehabilitation payments next year, and they may be receiving medical aid payments only for a few years after that. All of those sums have to be saved for this year and set aside.

Mr. Reid: I understand when you say that they have to be set aside. That is under the provision changes, I think, that came about in Bill 59 in the structures that have been set up to have accounting of those monies now; correct me if I am wrong. That is my understanding of the process and when that change occurred. I look back in the annual reports dealing with the unfunded liability, because that was the term that was used in the beginning and now we have moved to the position of describing it as debt and deficit. I am wondering: How does the board view it? What would be the most appropriate term to use in regard to those monies? That \$232 million, is it a debt and deficit, or do we have an unfunded liability which is two totally distinct and separate things?

Ms. Jacobsen: We have used the term "debt" in our press releases as a more commonplace term. In an insurance term, we always call it an unfunded liability. The only place you will see that term appear is in our press releases which are in more common language because the general public does not understand the term "unfunded liability." But as an insurer, we use the term "unfunded liability."

Mr. Reid: Well, I beg to differ with you. I am just a simple person. I come from a community. I am much the same way as everybody else in my community; I work with my hands. I understand the concept differences between unfunded liability and debt and deficit. So by the board utilizing or interchanging those two, there are two different connotations as a result of the use of that word and that phrase that you are using there.

I look back to the statement that was made in one of your annual reports. It is not in discussion here today, but I will reference the quote from it: the board's financial position and prospects have improved significantly as a result of the proclamation of Bill 59. The financial effects of the bill were to reduce the expectations as to future costs attributed to past and future claims.

I guess one of the first questions that comes to my mind is: what were the financial implications as a result of Bill 59? Has the board done any calculations on the cost benefit,

the cost savings to the board's operations as a result of Bill 59?

Mr. Radcliffe: Before I ask my colleagues to respond to my honourable colleague's question, I would like to respond for purposes of the record that I note that Mr. Reid has come before committee this morning in a very contrite and humble fashion because he has acknowledged on about four different occasions that he is a very simple fellow, and I would take issue with his designation because I do not find anything about Mr. Reid to be simple at all. I think that, although he may once have earned his living with his hands, in fact, today he does understand a lot of the subtle differences in terminology, and I would point out that I believe my colleagues have very appropriately explained the differences on the record for members of the public of the terminology used.

I would now ask my colleagues to respond to the specific question that was raised.

Mr. Fox-Decent: I guess the question is Bill 59 and any information that there might be around comparisons. I know of no such information. I have not seen any, nor do I know that any has been prepared. I do not know what might have occurred around the time frame of '91-92 when Bill 59 was under active consideration.

Mr. Reid: Perhaps I will make the request then. Since it has been referenced in more than one annual report that Bill 59 had certain financial implications to the board's operations, I would like to have a clear understanding of what that means in dollar terms to the board's operations because, if you look in some of the other reports that are available, it references changes in pensions because the government has moved through Bill 59 to eliminate pensions of claimants of the board.

I would like to know if you have a breakdown with respect to the change in the policy that eliminated the pensions from future claims, in other words, from January 1, 1992, on? What is the financial impact of that legislative change to the board's operations so that I might have a clearer understanding of what it means in real dollar terms? I understand the human impact because I am getting enough of

the calls on that, but I want to know in dollar terms what that means to the board's operations.

Mr. Radcliffe: Certainly we can so undertake to provide that information.

Mr. Reid: I look forward to receiving that information, and I would like to ask questions with respect to going back to your press releases. Going back to 1996, the board talks about the deficit being completely retired, and it talks about a 5 percent premium reduction that was contemplated to be applied every year for three years. Of course, that is changed. It was 5 percent in the first, 8 percent in the second, and 20 percent in the third.

When I have done some calculations on this, I have a hard time comprehending how you came up with the final dollar amount in the end, and I would like to know the numbers that you are using. In the first year, what numbers are you using to calculate your 5 percent, in other words, your global revenue numbers, that I expect it would be based on or some other formula that you are using, so that I might have a clear understanding on how you arrived at your dollar values, so that I might be able to make those calculations as well and perhaps use my calculator here today?

Mr. Fox-Decent: While we are reading, Mr. Reid, I will at least start a response to you. The original policy of five plus five plus five over three years rate reduction was accompanied by two other programs.

We have what we called in simple terms the three-pronged initiative. One was the reduction of assessment rates to employers to a level that would enable us to continue to sustain a positive accident fund balance. So we clearly wanted to make a reduction that would turn some money back, but not in sufficient measure to drive us back into an unfunded liability, to choose my words carefully, as opposed to using debt or deficit.

* (1120)

The second part of the program was some enrichment of program, enrichment in the sense of the kinds of things we would do to enhance

what we did for our claimants. One of the programs I already mentioned, and that was to add another five physicians to the team so that we could have much more access on a person-to-person basis of our claimants with our medical department.

The third initiative was to add to our reserve funds, especially to a fund that we call the Rate Stabilization Fund, so that is why the five plus five plus five. In fact, it was not just five plus five plus five, there was also a rate rebate in the second year, 8 percent, I think, if I am not mistaken, or was it three on top?

Mr. Black: There was a rate rebate of \$8.6 million that constituted the equivalent of the 6.1 percent nonrecurring rate reduction in the second year.

Mr. Fox-Decent: Just to be accurate with you, Sir, it was a 5 percent assessment reduction in the first year; a 5 percent assessment reduction in the second year, plus a rate rebate, which went back to employers, of 6 percent; and then in the third year, it was another 5 percent premium or rate reduction.

Now, this last year, of course, it was 20 percent, and that really was a policy that is part of Ms. Jacobsen's watch as the CEO. I would ask her to comment on that, if you were asking about the 20 percent. I am not sure whether you were.

Ms. Jacobsen: The decision in terms of the 20 percent reduction, which was the basic five that was committed earlier and then the additional 15, was based on the projections for the year in terms of the revenues and the liabilities and that we felt that the rates could be lowered to this level and still be sustainable over the long term.

Mr. Reid: Well, I do not doubt that the board has done certain calculations and has, through its staff accounting, provided advice to the board to make the decision with respect to the rates, the rebates and the premium reductions, but I am looking here for, because there have been certain claims made with respect to dollar values and I am trying to get a clearer understanding here of what the dollar values are and what figures you used to start at those points, I would like to

figure out the big picture here of how you arrived at those dollars.

Mr. Black: I understand from the press release, the news release of September 20, 1996, is the one that you are looking at, Mr. Reid. You are looking at a point which talks about a 5 percent reduction in '97, another one in '98 and another one in '99, and these were accumulating. It says the combined return to employers will total \$40 million, and you are asking about how those percentages lead to the \$40 million. Is that right? Okay. Let us go through this in stages.

The assessment revenue at the board in 1996 was about \$140 million, round about. Five percent of that is \$7 million, so the effect of the reduction in 1997 was \$7 million. The next year there was an additional 5 percent, so that means you had the savings from the first year of \$7 million; now you have an additional 5 percent, and that amounts to about \$6 million because the total has fallen from 140 to 133 in the meantime. So now that is a saving of \$13 million in that year.

Now we turn to 1999, the third year. So we had the savings from the first two years, which is \$13 million essentially, plus an additional \$7 million, representing the 5 percent in that year. So what we have is a \$7-million reduction in 1997, \$13 million in 1998, and \$20 million in 1999. If you add those up, then an aggregate over the three-year period, you get a total of \$40 million approximately. That was the calculation that was used to drive the \$40-million figure.

It was an accumulation in steps. The first step was worth \$7 million, and that continues for the three years; the second step on top of it and then the third step, and if you add up the quantity in all those steps, it becomes \$40 million.

Mr. Reid: If I look at my calculator here, which I trust, it says you started with a \$140-million premise as your revenues for that particular year.

You have reduced it by 5 percent to get to \$7 million, for that year \$133 million, and in the second year you said you got \$13 million, but my calculator tells me 6.65 at 5 percent. Now, how do you add the other—

Mr. Black: Because the \$7 million, Mr. Reid, continues across each of the years. If you think about it, you have the 5 percent reduction in 1997 which continues into 1998 and continues into 1999, as representing revenue foregone by the board in each of those years.

So it accumulates. So that first year has a \$21-million effect. The second year, you are right, is six and a half or so. That continues for two years. Then the third year was just the third year alone. Now, that reduction that you come out of the third year with would continue into the future as a rate reduction, unless there were other rate changes after that.

Mr. Reid: So it is a cumulative total of reduction over the years, and that is how you arrived at your figure of \$40 million. Now, I want to get a clearer picture here with respect to the years beyond the first year which was 5 percent, because there have been other numbers that have been thrown about with respect to what that means in your dollar values as well.

Again, in 1996, you talk about \$40 million in your press releases, and your numbers change, of course, in successive years. You have 8 percent that was announced in '97, I believe it was, the end of '97, so I am trying to get an understanding here on what numbers you base it on. Is it the \$133 million, 8 percent of that, to get at your numbers?

I am trying to get an understanding here because you are using 5 percent, 5 percent, 5 percent to get at the \$40 million, but I am trying to get an understanding here of what the total return to employers is with respect to the dollar value. I want to look at the global number and how we arrive at it.

Mr. Black: I do not have a global value here, but the formula, the approach that you are speaking about, Mr. Reid, is the approach. We would then apply the 8 percent in the second year against \$133 million, but we already have a 5 percent carry-over from the year before. The same would apply with the 20 percent in the third year.

I believe at the end of the period, we are forecasting for 1999 assessment revenues of

around \$110 million or so, is my recollection, so the effect of these rate decreases over the three-year period would be to reduce our assessment revenue from \$140 million to about \$110 million. Now, that is not the cumulative. That is the step effect from the beginning of the period to the end of the period. The \$8 million was larger than the \$5 million because, frankly, our investment returns have been better than we had expected, and that became clear as we began to go through the period.

Mr Gerry McAlpine, Acting Chairperson, in the Chair

Mr. Reid: I will get into the issue dealing with the investments in a moment here, but I am just trying to get a clearer picture here of the overall, the global dollar value, of the return to employers.

* (1130)

You have referenced at the 5 percent level that had been announced in '96, we would have had an accumulated total of \$40 million return to employers. Using the revenue that you have indicated to me, the \$133 million and the \$120 million, because we had 3 percent in addition to the 5 percent in '97, we had a 15 percent in addition to the 5 percent last year. I want to know what that means in dollar values to the employers. I would like to know how the calculation that you have used there and what that dollar is because I am trying to get a clearer understanding of the big picture of the overall dollar return to the employers.

Ms. Jacobsen: We are going to take a moment and calculate what the member would like.

While Mr. Black is calculating what Mr. Reid wants, we can close the loop on the medical costs question that we were asked. For 1998, the admin costs were \$748,000, and the professional salaries were \$2.593 million, totalling \$3.341 million in terms of the health care costs.

Mr. Black: The approximate answer that you are looking for, Mr. Reid, I believe is about \$65 million, plus the \$8.6 million in rebates that were made in 1997.

Mr. Reid: So then the overall return to employers, as a result of the policy direction with respect to rebates, has been approximately \$74 million. Am I clear or accurate on that?

Ms. Jacobsen: I think it is very important we not use the word "rebates" in terms of the actual difference as differentiated from rate "reductions." I assume that your question is really the total reduction, and not necessarily just the rebates, which was only one year.

Mr. Reid: Yes, I stand corrected on that. It was because we are having some discussions here about the use of wording. I would not want to put the wrong word on the record. [interjection] Yes, it is, and if I am asking the board to address the issue with respect to unfunded liability and the use of the words and terms "debt" and "deficit," I would expect that I should follow the same rules that I am preaching here today.

So the overall rebate and premium reduction to employers is approximately \$74 million then over the three years.

Mr. Black: Yes.

Mr. Reid: The annual reports talked about impairment costs declined substantially, and the decline reflects the replacement of the earlier pension system with the legislated lump-sum settlement approach to impairments which came into effect in 1992. I am not sure if we have that information here.

Perhaps it is an extension of the question that I had asked previously with respect to the effects of that, but I would like to know, because you have referenced it in your annual reports, and I go back to the 1995 report which you may not have here today, and it indicates in there that there has been some impact as a result of the legislative changes. I reference that as a clause for the minister's information and for the board, as well, as the reason why I am asking for that information.

Mr. Chairperson in the Chair

So if you do not have that information here today, I would appreciate that information being forwarded to us in a relatively short period of

time so we might have an understanding of what the changes in the pension, the elimination of the pensions at the Compensation Board have meant to the claimants.

We know that the employers have now received \$74 million back in premium reductions and outright rebates, so I am trying to have an understanding here of what the legislative changes are on the claimant side with respect to the loss of pensions as a result of the legislative changes in Bill 59. So if you can provide that information for me, I would appreciate that being forwarded to me at an early opportunity.

Mr. Radcliffe: Certainly.

Mr. Reid: Dealing with the issue that I had raised last committee hearings dealing with disability management, the Compensation Board—and perhaps I should back up for a moment, Mr. Chairperson. If the board could provide me with a breakdown of their calculations on paper so that I might see clearly the numbers that they are using and the way they arrived at their calculations, I would appreciate receiving that information, too, since I know there has to be some allowance here for calculations here today, but if you can provide that for me in a hard copy, how you arrived at that and the numbers that you used in your calculations, your methods that were used, not just the final numbers, then I would appreciate seeing that breakdown as well.

To go back to my earlier point dealing with the board's involvement with disability management, it is my understanding that the board meets on a frequent basis with other workers compensation systems in Canada.

What role does this Compensation Board play in the NIDMAR process? Are you actively involved in that, and can you tell me more about that or perhaps provide me with a description of that particular body?

Ms. Jacobsen: Yes, the Manitoba board is involved in that initiative, as are most of the other Workers Compensation Boards. The details of that I would have to follow up in terms of where the actual discussions are, but we are

part of the joint initiative in terms of disability management with NIDMAR.

Mr. Reid: Well, I am just trying to get a clearer understanding here because it is my understanding that, I think it is Mr. Wright of Ontario's Workers Compensation Board, if I have the name correct, is one of the driving forces behind this. Of course they have moved into the realm of allowing private disability insurers into the process, and I want to know what participation, what role we play in this particular group, since it looks like we are moving in the direction of blending some of our programs across the country and the role that NIDMAR would play in this.

* (1140)

Ms. Jacobsen: NIDMAR's role is actually to set standards for training for disability management. It is a training and staff development initiative. That is the orientation of the NIDMAR initiative.

Mr. Reid: If I understand correctly and correct me if I am wrong, we send people from our board to attend these meetings dealing with disability management. I take it then we send staff from the board. Do we ever involve the other stakeholders from the board to participate or see or take part in any of the discussion involved in the function or to understand more clearly NIDMAR? Do we involve our stakeholders in this process as well?

Ms. Jacobsen: Yes, in fact we do. One of our Labour Board members, Margaret Day, is involved in that initiative and has given considerable feedback to NIDMAR in terms of their development.

Mr. Reid: No further questions on that point. I do have a question with respect to the lost time injuries at the board. In your five-year plan, it talks about and it gives comparisons on your graph and chart, and I will give you the page number: 11. Dealing with the graph itself, it gives an interprovincial comparison of the overall injury rates for Workers Compensation Boards covered workforce in the provinces, in over a number of years here, a couple of years at least, '96 and '97. It references that Manitoba in

'96 has the highest number of overall injury rates in Canada. We had another jump in that in 1997. In both of those years we were higher than in any other province in Canada. I am trying to get an understanding here of why, at least from this graph or this chart, we are doing so badly in comparison to other compensation systems and other lost time accidents in Canada. Why is this reflection of the position we are in here, at least, by this graph?

Ms. Jacobsen: One of the issues in terms of the interjurisdictional comparison depends on the base that you look at. We have approximately 60 percent of the workforce covered, so we have a smaller base than most of the provinces. What we are seeing in our jurisdiction is a growth in injuries in the manufacturing and in the construction sectors, which usually tract to a period of economic growth. We have, for example, a 28 percent rise in manufacturing injuries and an 11 percent rise in construction. Those are directly attributable to the growth in the Manitoba economy. What we have been tracking particularly is the relative issues around young workers and new entrants to the workforce.

Mr. Reid: If you say its new entrants into the workforce, our young people, it goes back to my earlier point with the minister with respect to education of our young people and our school system. Under the Workplace Safety and Health operations, it goes back to the board's involvement in education of our young people entering the workforce on how we provide that preparation prior to young people entering the workforce. I am talking prior to the age of 16, because the minister's department issues 500 or over underage work permits in a year, so I think we would have to start with underage workers as well, and the incorporation of some training programs.

What role does the Compensation Board have in participating or developing those particular training programs? Is the Compensation Board working in conjunction with the ministry and Workplace Safety and Health and the Manitoba Association of School Trustees or the Department of Education curriculum development to incorporate any education prevention programs into our school

systems to attack the problem head on, to go directly at where a lot of the accidents are happening, which you have indicated here today, involves young workers, people just entering the workforce? I want to know what education programs you are involved in there, your budgetary process, monies that have been set aside and other activities you are involved in.

Mr. Fox-Decent: Mr. Chair, through you, this is only part of the answer, but we have been happy for four years to participate in the Workers of Tomorrow program, which is sponsored by the Manitoba Federation of Labour, which goes into all the high schools and now increasingly into the junior high schools in the province or the middle schools, whatever the current terminology is relative to that body that is not high school.

It is a program that has been led by Ellen Olfert and has, I think, been a very successful joint venture with us, to the extent that we provide the funding through our grants program; and, secondly, she uses video material which we provide, including a video that is specially made for school presentation. So there has been, I think, a great interest on our part and we have seen it as best delivered on a day-to-day basis over the last four years by this Young Workers of Tomorrow program.

Mr. Reid: I understand that Ms. Olfert is involved and that the Occupational Health Centre is involved in providing some instruction. I know that there have been videotapes that have been made and the people involved in those operations have gone into some of the schools here, but I am looking for an overall understanding here. It is not an issue that we can just focus on in one year. Because as our youth continue to progress through the school system, of course, you almost have to be repetitive in your instructions, yes, keeping in date with current methodologies, et cetera, and language and information, but also the fact that we need to do this on a continual basis and not just be selective in the schools in which we go into.

Do we have a blanket involvement in all of the high schools and the junior highs so that we would take the preventative steps in educating our youth prior to them entering into the

workforce or in their very early years in the workforce?

Mr. Fox-Decent: This program, Young Workers for Tomorrow, is really a blanket program. It began as a pilot four years ago and now has essentially come to cover all of the high schools in the province. I cannot speak for the middle schools. Certainly, there is some coverage there, but I do not know that it is complete. That program is year after year now. It is in its fourth year, and I would see the board continuing to provide support for this program into the foreseeable future.

The issue of schools and preventative education, Mr. Reid, I guess gets us a little bit into the fact that we are very interested in prevention as a board; in fact, it is an obsession in a way because prevention, obviously, leads to the reduction in workplace injury and accident. We have a partner, of course. The partner is Workplace Safety and Health, and you would be very familiar. What we look for are increasing opportunities to co-operate with Workplace Safety and Health in programs such as what you are describing, and that is the young worker, whether it is the young worker in school or whether it is the young worker coming into the workforce.

One of the things that the new CEO has been proactive in engaging and developing is a very positive and close relationship with Workplace Safety and Health, and she may want to add to my comments.

Ms. Jacobsen: I think Mr. Reid, you might see in the board's five-year plan that had the unanimous support of the entire board, a particular thrust around prevention and that we are in fact having more extensive conversations with Workplace Safety and Health and with other major stakeholders on how we could have an even stronger impact in the prevention area.

* (1150)

Mr. Reid: It is not the first time I have raised this. I am not 100 percent certain on what the best vehicle is to educate our youth with respect to prevention of workplace injuries, whether it is the Workplace Safety and Health or the

Compensation Board. Perhaps in a joint function, with respect, the Compensation Board obviously has a vested interest in the preventing accidents, and therefore, perhaps should be a financial participant. Perhaps Workplace Safety and Health, through its various stakeholder groups, including the Occupational Health Centre, should play a larger role.

I can only think back to discussions I have had with my own children. One is in high school. I ask questions: are you receiving any instruction with respect to Workplace Safety and Health? To this point in time the answer is no. My child is in Grade 10, already entered into the workforce. That is why I asked the question: how many schools are we going into and can we play a larger role in prevention with respect to instruction in the schools and making the children, our youth, aware of their rights under The Workplace Safety and Health Act?

For me it is easy. I can relate that information to my children and their friends, their colleagues. But for other children that perhaps are not aware of it or families that are not aware of it, I look to the board and to the Workplace Safety and Health to play that greater role in prevention instruction. If you have information with respect to your budgetary processes, to the money that you have, any schools, any programs you have, I would appreciate receiving that information so I may become aware of that.

With respect to the other issue that you had raised that we have seen an increase in accidents in manufacturing, if that is the case, I look to the report that came out. The update from last fall on manufacturing, what you said is we had seen a significant increase in the number of accidents; they have received a 22 percent reduction in their premiums. So I am trying to understand how you do the comparison there.

If we have such a spiking increase on the graph showing that we are the worst performing province in the Canada with respect to lost time injuries, and then we are giving premium rebates to an area that is one of the offending groups here, I am trying to understand the logic that is involved in making those decisions.

Ms. Jacobsen: These are in fact not rebates in terms of their performance, but they are rate reductions and that is because with the growth in manufacturing, you have quite a growth in assessable payroll. Therefore, the projections were that the payroll was going to outstrip the claims pressures on that payroll and that is why you see that kind of reduction in terms of manufacturing. That would be very broadly across all sectors. What you would find in that is those firms whose accident experience is not good would, in fact, not get the kind of rate reduction that is the norm for the others.

Mr. Reid: With respect to this graph on page 11 of the five-year plan, do you have actual numbers in comparison so I might see interprovincially—this graph gives me a general ball park but do you have the numbers, so that I might see more clearly what those comparisons are interprovincially for the last three years?

Ms. Jacobsen: Yes, we do. We would be happy to provide those. What I assume you are looking for is the actual numbers that are back of the graph. I would be happy to provide those.

Mr. Reid: Then I take it that this graph is an accurate depiction or comparison from the various provinces?

Ms. Jacobsen: Yes, it is. It is drawn from the numbers that are reported from each of the boards.

Mr. Reid: We are comparing apples to apples here, and there are no other extenuating issues or items that might skew this comparison?

Ms. Jacobsen: No. In fact, there is an item which I mentioned before which is we cover 60 percent of the population, whereas many of the other boards cover a substantially higher, and some in fact cover 100 percent of the workforce, so that would account for some variations in terms of which sectors are covered.

Mr. Reid: Is there any way to filter out, so we might have an accurate comparison between the two?

Ms. Jacobsen: No. For example, in terms of Saskatchewan, they cover the banking industry

and financial institutions and virtually all of the sectors, so that includes a number of much lower risk industries.

Mr. Reid: In respect to fatalities—this goes back to prevention again, too—the five-year plan indicates that Manitoba incurred a ratio of 8.9 deaths per 100,000 workers, just slightly ahead of the national average. That is disturbing, not only to read that information but to know that we have deaths in the province to start with, but in addition to that, we are above the national average. It goes back to my point about prevention, and this is where Workplace Safety and Health come in as well. Why is it that we are above the national average with respect to fatalities?

Ms. Jacobsen: We share very much your concern in terms of fatalities, the whole board and certainly the staff of the board and Workplace Safety and Health. We are right now undergoing an extensive review in terms of what is at the root of the fatalities, and what are the initiatives that we could be doing that reduces them and not just the injury losses but the fatalities.

Mr. Reid: I do hope you develop some concrete plans to deal with that. I would like to eliminate fatalities and injuries totally. I am sure that is the objective of the board and Workplace Safety, but it is alarming to see that we are above the national average in overall injury rates, and we are above the national average in deaths per 100,000 workers. That in itself are two alarming statistics that I hoped that we would be able to deal with, and it goes back to the minister's department again of Labour, Workplace Safety and Health and the role that those field officers and inspectors play in the prevention.

The Compensation Board is the reactive body and the Workplace Safety and Health is the preventative and educational body, so I would expect. That is why I continue to harp on the role and how much aggression we show with our field operations, our inspections, which are the prevention arm. I cannot stress strongly enough the importance of that particular function. The minister knows because I have raised this in committee of Labour, department Estimates.

With respect to the change in the role, and I know in looking at the NIDMAR activities, there was some talk about amalgamating services between the insurance companies like the Insurance Corporation of British Columbia. Can you tell me, are we contemplating changes or involvement with the Manitoba Public Insurance Corporation here, and if so, what activities are we contemplating sharing?

Ms. Jacobsen: We have no specific actual plans to share any operations, but we are as a board looking at various operations that have gone through similar technological changes as we have. As part of that process, we have looked at MPI's dial-a-claim and some of their service initiatives to see if there are either some lessons or even some resource ability. We also jointly work with MPI around education of the general practitioners and run an ongoing continuing medical education program with them for general practitioners.

Mr. Reid: One last point. I know that time is growing short here, Mr. Chairperson. With respect to regional services, it has been talked about. It has been referenced in prior years, five-year plans, with respect to regional services. Is the board in the process of setting up or having further discussions? What plans are in place to provide regional services that the Compensation Board would provide more strictly to Winnipeg and Brandon but I am talking in rural and northern Manitoba?

Mr. Fox-Decent: One of the strategic initiatives for the board this year is the matter of regional services, and it is therefore under very active consideration. There has not yet been a detailed discussion at the board level, but certainly within the administration there is discussion toward the board having some meaningful discussion and making some decisions on taking services out of Winnipeg and into the province.

Mr. Chairperson: The hour being twelve, is it the will of the committee to pass the reports?

Some Honourable Members: Pass.

An Honourable Member: Not at this point.

Mr. David Faurshou (Portage la Prairie): If I can ask: are we looking at all reports at this time or can we possibly pass 1988 reports and focus our questioning?

An Honourable Member: 1998.

Mr. Faurshou: Pardon me. Did I say '88? Pardon me, 1998 reports.

Mr. Chairperson: Is there the will of the committee to pass the 1998 report?

Mr. Reid: Mr. Chairperson, if it gives me the opportunity to ask questions with respect to that report. I know the committee has been very free in answering questions and, if I have that continuing commitment to ask questions with respect to that report, I have no problems in passing the '98 report which is dated. Most of my comments have been related to the five-year plan and most likely will continue in that vein.

Mr. Chairperson: So it is the will of the committee then to—Annual Report of the Workers Compensation Board for the year ended December 31, 1998—pass. Shall the 1998 Five Year Operating Plan pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: The report is not passed. The December 31, 1998, Report of Appeal Commission—pass. Shall the 1999 Five Year Operating Plan of the Workers Compensation Board—

An Honourable Member: I want to keep both of them open.

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: The report is accordingly not passed. The hour being 12 noon, committee rise.

COMMITTEE ROSE AT: 12 p.m.