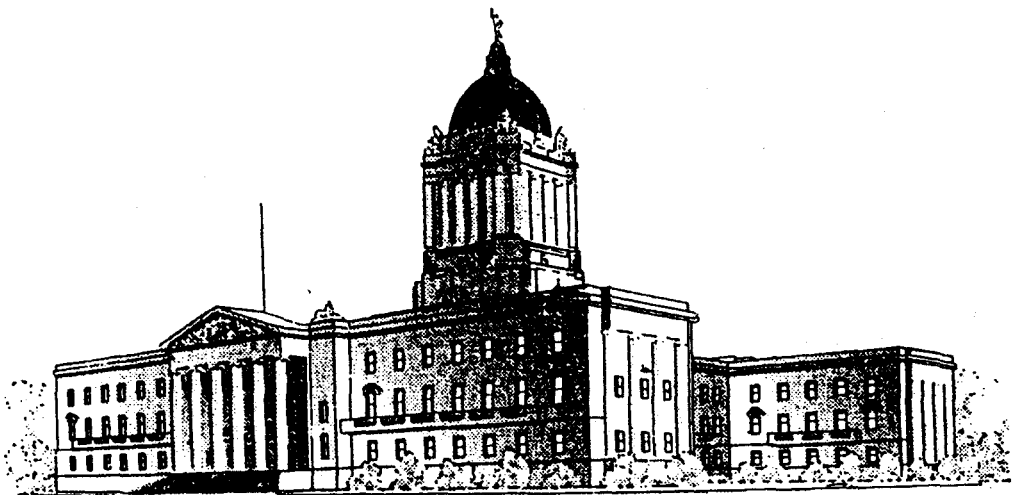




Sixth Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

**Standing Committee
on
Public Utilities and
Natural Resources**

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



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

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

Tuesday, January 24, 1995

TIME -- 10 a.m.

Committee Substitutions

LOCATION -- Winnipeg, Manitoba

**CHAIRPERSON -- Mr. Marcel Laurendeau
 (St. Norbert)**

ATTENDANCE - 11 -- QUORUM - 6

Members of the Committee present:

Hon. Mr. Praznik

Mr. Ashton, Mrs. Dacquay, Messrs. Gaudry,
 Laurendeau, Ms. McCormick, Messrs. Penner,
 Reid, Reimer, Mrs. Render, Mr. Rose

Substitutions:

Mr. Lamoureux for Mr. Gaudry
 Hon. Mr. Cummings for Hon. Mr. Praznik
 Mr. McAlpine for Mr. Reimer
 Hon. Mr. Ernst for Mr. Rose
 Mr. Sveinson for Mr. Penner
 Mr. Leonard Evans for Mr. Ashton

APPEARING:

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

MATTERS UNDER DISCUSSION:

Annual Report of the Manitoba Public
 Insurance Corporation for the fiscal year ended
 October 31, 1993.

* * *

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

This morning, the committee will be considering
 the October 31, 1993, Annual Report of the
 Manitoba Public Insurance Corporation.

Mr. Chairperson: Just prior to commencing
 consideration of this report, I have a number of
 committee substitutions to deal with. I have
 before me the resignation of Mr. Gaudry as a
 member of the committee, effective immediately.
 Are there any nominations to replace Mr. Gaudry?

Mr. Daryl Reid (Transcona): Yes, I would like
 to nominate Mr. Lamoureux from Inkster, please.

Mr. Chairperson: Mr. Lamoureux has been
 nominated to replace Mr. Gaudry as a member of
 the committee. Is it agreed? [agreed]

I have before me the resignation of the
 Honourable Mr. Praznik as a member of the
 committee, effective immediately. Are there any
 nominations to replace Mr. Praznik?

Mrs. Louise Dacquay (Seine River): Yes, I will
 nominate the Honourable Glen Cummings.

Mr. Chairperson: Mr. Cummings has been
 nominated to replace the honourable Mr. Praznik
 as a member of the committee. Is it agreed?
 [agreed]

I have before me the resignation of Mr. Reimer as
 a member of the committee, effective immediately.
 Are there any nominations to replace Mr. Reimer?

Mrs. Dacquay: Yes, I nominate Gerry McAlpine
 to replace Jack Reimer.

Mr. Chairperson: Mr. McAlpine has been
 nominated to replace Mr. Reimer as a member of
 the committee. Is it agreed? [agreed]

I have before me the resignation of Mr. Rose as

a member of the committee, effective immediately. Are there any nominations to replace Mr. Rose?

Mrs. Dacquay: Yes, I move that the Honourable Jim Ernst, the member for Charleswood, replace Bob Rose, the member for Turtle Mountain.

Mr. Chairperson: Mr. Ernst has been nominated to replace Mr. Rose as a member for the committee. Is it agreed? [agreed]

I have before me the resignation of Mr. Penner as a member of the committee, effective immediately. Are there any nominations to replace Mr. Penner?

Mrs. Dacquay: Yes, I move that Ben Sveinson, the member for La Verendrye, replace Jack Penner, the member for Emerson.

Mr. Chairperson: Mr. Sveinson has been nominated to replace Mr. Penner as a member of the committee. Is it agreed? [agreed]

Are there any resignations to be dealt—hold on. I have before me the resignation of Mr. Ashton as a member of the committee, effective immediately. Are there any nominations to replace Mr. Ashton?

Mr. Reid: I would like to nominate Mr. Evans, the member for Brandon East, to replace Mr. Ashton from Thompson.

Mr. Chairperson: Mr. Evans has been nominated to replace Mr. Ashton as a member of the committee. Is it agreed? [agreed]

* * *

Mr. Chairperson: Did the minister responsible have an opening statement? And would he introduce the officials in attendance for the Manitoba Public Insurance Corporation?

Hon. Glen Cummings (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Mr. Chairperson, as the minister responsible for the Manitoba Public Insurance Corporation, I am pleased to be here to review the '93 report. I do not have a

printed copy of my statement for my critics, but it is extremely brief. So you are not missing much.

I am accompanied by several corporate officials who will assist in answering questions this morning. Immediately beside me is Mr. Zacharias, President and General Manager. We have a group of the corporate officials with us; I would just ask if they would indicate—raise their hands or whatever so that the members of the committee will know whom we are referring to: Mr. John Broere, Assistant General Manager and Vice-President of Claims; Mr. Barry Galenzoski, Vice-President of Financial and Corporate Information Systems; Mr. Peter Dyck, Corporate Comptroller; Mr. Dave Kidd, Corporation Vice-President of Insurance Operations; Mr. Kevin McCullogh, General Counsel and Corporate Secretary; and Mr. Grahame Newton, Corporation Vice-President of Community and Customer Relations. We may from time to time ask them to assist with questions depending on the depth of information that we are being asked to supply.

Mr. Chairperson, the annual report is here to provide details on significant financial and operational highlights for the fiscal year running from November 1 to October 31. With your permission, I would like to invite committee members to direct any questions on that report to myself. I will also be calling on Mr. Zacharias or possibly other representatives to assist in answering the questions. I would be proposing that at the end of this morning that if the committee agrees we would pass the '93 report.

Mr. Chairperson: We thank the minister. Did the critic from the official opposition party have an opening statement?

* (1010)

Mr. Leonard Evans (Brandon East): Yes. Very briefly, I want to say that there are a number of issues that we would like to raise, and I just might briefly touch upon them now, as more or less giving notice to people. We would like to have some discussion on the workings of the no-

fault system, including the appeal process. We have had a few comments and calls about this from Manitobans. We would like to talk about the developments in your safety program. Another area of some interest is car thefts and the implications of that. Another topic, the one we ended off with actually last time, is driver education and where that is heading.

Another area of great interest, of course, is rate increases or rate changes. I notice that you have a new rating system based on actual claims through a VICC basis, and so makes that things a little more complicated in a way to understand, I suppose.

Then there is the new system of renewals that you are attempting to bring in, plus some other general items on adjustment processes and so on. So those are some of the topics that we are interested in.

I would also like to observe—I believe that, when we were last in committee, which was May of 1994, the President of MPIC was Mr. Bardua. I am pleased to note—sorry to see Mr. Bardua go; nevertheless, I am pleased to see Mr. Zacharias. I want to congratulate him on his appointment. A good man from Brandon. I notice that there are other people here in the corporation from Brandon as well at some point, so I want to congratulate him and wish him well in his responsibilities heading a very important Crown corporation.

Mr. Chairperson: I thank the member for that statement. Did the critic from the Second Opposition, Mr. Lamoureux, have an opening statement?

Mr. Kevin Lamoureux (Inkster): Yes, very briefly, Mr. Chairperson. In essence we are hoping to be able to cover some of the policies with respect to no-fault and some of the things that have occurred over the last year, year and a half, with respect to that, and also to comment and ask some questions with respect to staggered registration that the government now is looking into putting into place. I have some questions with respect to advertising and so forth. Having said that, we are quite content to move along.

Mr. Chairperson: Thank you, Mr. Lamoureux. How did the committee wish to proceed this morning? Shall the report be considered in its entirety or page by page?

Mr. Leonard Evans: In its entirety.

Mr. Chairperson: In its entirety, okay. Did the committee wish to indicate what hours it might consider sitting today?

Mr. Leonard Evans: When we are finished. It will take, I think, a good part of the morning, but I would think that would be about it.

Mr. Chairperson: So we will not tie it to any specific time. We will leave it open.

Let us go ahead with the questioning.

Mr. Leonard Evans: Maybe we could begin where we left off. I am not raising this in order of priority or of interest. They are all of interest and they all have some priority, but I just raise this now because this is where we left off, if you may recall, Mr. Chairperson, Mr. Minister, and that is the state of the driver education program. As you recall, there was considerable concern in the community about changes that MPIC had been proposing. Of course, there was a subsequent reversal of MPIC's position, and that is to keep the driver ed system more or less intact. But we appreciate there were difficulties and there were problems. One of the big challenges was to get enough cars, enough trainer cars for the instructors.

At any rate, as I read here, there was a committee set up to review the situation, and I do not believe we have heard, or at least the committee has heard, a report on the findings of the committee and some of the decisions following their prompts. I am just wondering whether Mr. Minister, yourself, or the president or whoever could give us an update on that.

Mr. Cummings: Yes, I will ask Mr. Zacharias in a moment to give you some of the details, but the program has gone through some changes,

obviously, and the recognition of the importance of the program was never at issue. I think, in the process that has been embarked upon in the last six to eight months, it has been to make sure that all of those who are affected by the program have a better understanding of the problems. The main challenge we were all faced with, and I know it was supported by the opposition, was trying to get an opportunity to impact on more of the new drivers and a higher percentage of them. I will let Jack expand on what they have been doing.

Mr. Jack Zacharias (President and General Manager, Manitoba Public Insurance Corporation): An awful lot of work has gone into the High School Driver Ed Program over the last year and a half.

The first step was to consult people involved with the program, school boards, students, instructors, dealerships. Basically anybody who the program touched, we got in touch with and set up a committee to review and receive their input. We got tremendous input, and as a result of reviewing the input we got, the whole program basically needed an overhaul. The curriculum, much of the course material and supports had been outdated and were getting old. That whole curriculum has been reviewed, new material introduced, new guidelines on instructing it—that will be piloted very shortly in a couple of programs and a further assessment and fine tuning made, and we expect that to be in place at the start of next year.

As regards instructors for the program, in many cases people were hired to do the program and not a great deal of evaluation had been done on their skills as far as instructors go. For new people being hired into the program, we do have basically a qualifying school that is going on in conjunction with Red River Community College where the instructors will be taught more effective ways of instructing and to make sure that the instructors are actually qualified to teach.

With respect to vehicles, the availability of vehicles was a big concern. Dealerships at one point in time got incentives from manufacturers to supply vehicles for the program. Manufacturers

have basically pulled back from that incentive. When dealers supply vehicles, we will pay the dealer the interest costs on having that vehicle in his stock or inventory for the extra time that it is in the driver ed program, so we have still carried on with that program.

What we have done is increased some of the fees paid to private driving schools so that private training schools are now a big player in the program and, in many cases, have taken up the slack with respect to dealer vehicles that may not be available. On a few occasions, as need arises, we have made corporate vehicles available in places where cars—you just could not get cars. So the total number of people taking the program this year will be equal to what have taken it in previous years, but as we renew the instruction, the curriculum, the course material and prompts we think that we will have a much better program in place. It is improving at present with some of the changes already being made and as new programs go.

In addition to that, do not lose sight of all the people that are impacted by driver ed programs. We have maintained liaison committees and also publish a very detailed quarterly newsletter to anyone who cares to read it—it has wide circulation—to keep everybody up to date on what changes have occurred, what is being contemplated, the results of various reviews and surveys that have been undertaken. So we think it is a very healthy operation at this point in time and getting better.

Mr. Leonard Evans: Mr. Chairperson, I think the one element of the controversy was using private training schools versus using driver ed instructors in a system that had been operating for years either by the school board or, I would guess, by MPIC directly. I was wondering, are you telling us that there is now more training through the private training schools now as compared to last year or the year before?

Mr. Zacharias: Yes, there is. The number of training schools that are now assisting with the driver ed program and actually providing

instruction to the driver ed program with the students has increased. They have taken up some of the slack that was left when dealer vehicles were no longer available. We have some of the past people, those who formerly were instructors in the program, that were finding it difficult to put in hours because vehicles were not being available, setting themselves up as a self-employed driving school and actually now bringing cars to the program as well as their instructing expertise.

Mr. Leonard Evans: Has there been much turnover in the driver ed instructors that were retained by MPIC?

Mr. Zacharias: The instructors that were previously in the program still have the option to stay in the program. New instructors coming in have to qualify with the training and to make sure that they meet the standards through a training program that is now developed, but the old instructors had been grandfathered. So many of the instructors, as I said, have been retained where there are still dealer vehicles available, others have opted to supply their own cars.

Nothing we have done has kicked a bunch of people out of the program or forced new ones in. It has all been voluntary.

Mr. Leonard Evans: Well, Mr. Zacharias put his finger on one of the key problems and that is the availability of vehicles. I appreciate the fact that the corporations, the automobile manufacturers, have changed their policies, so it is more difficult to obtain. At least my understanding is it has been more difficult to obtain vehicles for this purpose.

We had wondered then and I guess we are still wondering whether the corporation could change its policy towards the auto dealers. It may mean some money, but nevertheless there may be some merit in providing some greater incentive to the dealers to make more cars available than they have been to date.

You know, a part of this, Mr. Chairperson, was I recall when we had the controversy a year or so

ago we were told that a large part of it had to do with the person running the program who had great—he was well received by the automobile dealers and he went around and he sold the program and he was able to get the cars from them. The name of the gentleman escapes my mind, but he was the senior person in charge of this element of the program. Maybe you can remember his name but regardless—[interjection] Yes, Mr. Carlson. I do not know him personally, but apparently he was very successful in getting the dealers to co-operate in making cars available. Of course, he retired or resigned or whatever. He left the scene and some people had said that it is partly because Mr. Carlson had this ability, you know, to get automobiles. We do not seem to have—it is a matter of sort of PR with the auto dealers. It is a matter of making them appreciate the program and so on to bring them onside to make more vehicles available now.

* (1020)

Mr. Zacharias: When Mr. Carlson was running the program, the manufacturer incentives were still in place. In trying to rejuvenate the program, the Motor Dealers' Association has had a very prominent role in the steering committee, if you want to call it that, to renew the program. They have been a good advocate for us in getting dealers involved. We now have, as I say, an adequate supply of vehicles between driving schools and dealers to cover the student need at this point in time with the training schools involved.

The question of how much do you pay dealers or how far should that incentive go, I guess the ultimate is if we leased all those vehicles and the cost of doing that would be rather prohibitive or at least put a very heavy drain on the program. If you keep increasing the incentives to the point where dealers do not voluntarily participate, or it could very well move much closer to a leased-cars type of situation or the cost being almost equal to that. We have concentrated on trying to get more people involved in the program to try and make it more of a community effort rather than simply our initiative. We are seeing a fair bit of support of that.

We are going to do everything we can to make sure that the student needs are met and at this point in time in a few places where students have expressed an interest and cars were not available, we have made a car available. So I think at this point in time we are meeting the need, and depending on how enrolment goes, we will continue to meet that need by whatever means needs to be put in place.

Mr. Leonard Evans: I am glad to hear that because it is a very fundamental, a very important program. One of the concerns we had a year or so ago was the whole question of affordability, if you went to private training school, that it may become relatively more costly for a lot of people. I do not have any numbers or anything, but that was a principle stated and that therefore it would discourage people from being able to actually take the in-car portion of the training. I guess the in-classroom portion was to be free and so on, but, in fact, the argument was made, well, it was going to be too expensive for a lot of people to afford the private schools, training schools, and therefore there would be a falloff possibly of in-car instruction.

Mr. Zacharias: The fee structure at \$100 a student has been stable. We do not plan on moving that fee in the near term. We think that we need to make sure that the curriculum has been fully revisited and that the program has been revamped. To start playing with the fee structure in the middle of that process, we do not think it is appropriate, and we are still paying a little over 50 percent of the costs of the entire program. Certainly once the curriculum has been updated and the instructors' training is in place, we will have to revisit that issue, but at this point in time, I am not really prepared to predict whether it will go up, down or sideways.

The one variable that was being introduced or looked at last time, does everybody need the same number of in-car hours in the training program? Some people do learn faster or may have some other experience more so than people who rely on that as their sole driving experience. Some variables in that aspect of it could mean some

difference in how much everybody pays, the people whose parents or other people may take them out to also provide them with some in-car hours compared to someone who does not have that access and may need more than the eight hours that is provided. Now, the fees may have to be somewhat reflective of that variable, but at this point in time, no decision has been made, and no change in cost is anticipated until the program has been fully reviewed, implemented and tested.

Mr. Leonard Evans: Just one specific question then: What would it cost usually for a person to take this course now using the private training school? On average, what would the student or his or her family be paying?

Mr. Zacharias: There is no difference in the fees paid for a student irrespective of whether we are using a dealer vehicle, one of our cars or a driving school. The driving school would be less, but the students' fees do not vary at all.

Mr. Leonard Evans: So it does not matter whether you are using the driver ed through the school or a private training school instructor, the cost is the same to the student.

Mr. Zacharias: That is correct.

Mr. Leonard Evans: I think that has met one of the major concerns that has been raised. I know the minister was involved in meeting with people as well, and that was one of the concerns that was raised.

Mr. Cummings: I think this is one of the things that was always misunderstood in the earlier discussion, and that was that the involvement of private instructors also allowed the acquisition of vehicles. Therefore the impact on the student should not have changed, and the corporation has been able to accommodate that.

* (1030)

Mr. Leonard Evans: The bottom line is that the students are being trained and no one is being deprived, within reasonable limits, of obtaining

this instruction if that family or that student wants to take the instruction. Nobody is being denied that for reasons of additional financial burden. You are telling me that there is not that additional financial burden, so therefore no one is really being denied that opportunity.

Mr. Zacharias: That is correct.

Mr. Leonard Evans: What I would like to do is to go on to another topic, namely the no-fault system which has just been introduced this past year, and ask a number of questions about that if we could, unless the minister had anything further to say about driver ed.

I guess every MLA can be described as a walking ombudsman, ombudsperson. All the MLAs around this table have the experience of being phoned about everything under the sun.

Now we are starting to get some calls about no-fault and problems that people have perceived themselves to have.

At any rate, I wonder, first of all, could the minister or the president give us just an overview of how they think the no-fault system is working, in general terms? Is it meeting your expectations or are there some singular failures that you see that were not perceived when the legislation was drafted, or just are you satisfied with the functioning of the new system?

Mr. Cummings: I will provide some general comments, first of all from the point of view of the minister responsible or as an MLA.

The number of calls and concerns that have come directly through my office has been quite low. It is certainly a lot lower than I might have anticipated. With the introduction of any new program, there are always calls and concerns that go on.

I would suggest that the majority of claims are being settled quickly and satisfactorily, and I will ask Jack to address some of the details for you in a sec, but I think that when we introduced this act, the opposition and ourselves agreed that there

should be a review after there had been some experience in the program. Nothing has changed in that respect, but we have not yet completed a year. There may still be some things that we have not anticipated, but I would have to provide considerable credit to the members of the corporation who piloted this through.

Part of it, I suppose, is the fact that we recognized early on that we do not necessarily have to reinvent the wheel, that we were able to look at other systems that were functioning and functioning reasonably well and then change them so that they were appropriate for the Manitoba situation.

As I said, the number of concerns on the street, in my office--or, I believe, were certainly redirected through my office to the corporation--has been very low, which in itself is a positive. The number of appeals has been low. The internal appeal mechanism appears to be working appropriately inasmuch as there is not a backlog in that respect.

Perhaps Jack could provide some details on how many claims we have had and the number of appeals.

Mr. Zacharias: We are very pleased with the PIPP program and how it has gone to this point in time. Some of the biggest battles we have fought, if they really have been big battles, are with people's misunderstanding of the program, but prior to implementation, we met with about 150 different community groups, whether it be Shriners, Jaycees, and any place we can get our foot in the door to speak to people.

The general feedback, once they understood the program, has been very positive. The public acceptance has been much better than I had anticipated. I thought we would get some more pockets of resistance, but as long as people understand what the issues are, it has gone very smoothly.

There are a few bumps that have come up--I guess more so on principle rather than actual claims, cases, or experiences. The issue of seniors

feeling that the program may not provide adequate compensation to them has been heard at the Public Utilities Board. We have met with the Manitoba Society of Seniors and asked them for their input or suggestions as to what changes they would like to see made in the benefits that might make them feel better about the program. At this point in time, those discussions have been preliminary, and we have not had any concrete proposals from them.

Aside from that, we feel that things are running smoothly. The number of soft tissue injuries that we are getting, commonly called whiplash claims, has dropped rather significantly. The numbers is in the third to 40 percent, compared to what we were receiving before. These would be minor, where people were complaining of sore necks and ending up with a settlement under tort of some money, even though they might not be out of pocket any money.

At this point in time, internally, we have had 44 people who have gone for the internal review process to have their claim looked at for further interpretation or to see if they are entitled to something more. Twenty-seven of those cases have been resolved, and there has been a split in decisions, roughly 60-40 maintaining the position. In about 40 percent of cases, there has been some modification of the stand taken, and 17 cases are pending cases.

All cases are being addressed rather quickly. I do not believe there is anybody waiting more than a month, and the cases are moving pretty much as we would have anticipated.

Mr. Leonard Evans: Going on, I know it is under a different minister but, nevertheless, you would be aware of people going to the Automobile Insurance Compensation Commission, I believe headed by Mr. Reeh Taylor, a well-known lawyer, and I am just wondering, have any gone to that stage?

Mr. Zacharias: At this point in time, we have one case that has gone beyond the internal appeal and is being heard by the external appeal

commission.

Mr. Leonard Evans: That is surprising, but it is good news, in a sense, because I think it is indicative, generally, that the system is working.

I think that one concern we would have is the whole process of informing claimants, when you are dealing with so many people out there with so many backgrounds, some who have a better understanding or a lesser understanding of regulations and so on, for the person involved to know how to go about having some kind of internal review and a person dealing with an adjuster.

I spoke to a young--I do not know whether she is young or old, younger than me--lady last night for some time, who contacted me as the MPIC critic. Someone referred her to me. At any rate, this is in process, and I do not want to really discuss it in detail. That can be dealt with by staff at some point. The staff have been very good at trouble shooting, I must say, and I appreciate that, so that can be dealt with, but I am using this as an illustration.

Apparently, this person did not realize that there was even an internal review process, and she was involved--the last accident was in August '94. She had one before no-fault, but this one after the no-fault system came into being, and she was not at fault. Unfortunately for her, she was not working at the time. She claims that she is a nurse's aide and was going on to become a nurse at Red River College. She was taking some training there and that was interrupted.

* (1040)

What bothered me about it all, from what she described to me--and I am only telling you what she has told me, and I know there are always two sides to a story--was not the treatment part of it so much but the income compensation. The problem here is that she was not working at the time, but she said she was ready and able to work and therefore felt that she was losing income, but yet she has not received any income. In fact, she is on

welfare, apparently.

There is in your regulations that you have made available to the public—and I am just reading from this document. It is a photocopy of a document that has been released to the public to explain the program, Your Guide to Manitoba's Personal Injury Protection Plan, your PIPP, I guess you could call it, and there is reference there of nonearners capable of employment, being eligible, possibly, for some income compensation.

Presumably, this person would fall into that category, but what I am concerned about is she did not know that she could appeal the adjuster's ruling on it or decision on it, so how do you go about—I guess an adjuster or anyone who is dealing with a claim is not anxious to say, well, if you do not like what I am saying, go to the internal review process.

How do you handle it? How do you make sure that people know that after reasonable discussion and so on, and there is a bit of a stalemate, that there is another level for review?

Mr. Zacharias: There are several processes in place. One, yes, it is the adjuster's duty to tell people that there is an appeal mechanism. They have the forms available, and anybody who disagrees with what the adjuster is saying or expresses that disagreement can be provided with a form, and the appeal process will be very much explained to them.

Decisions that the adjuster makes on a file have to be provided to the individual in writing, and those decisions, again, when we provide them in writing, inform the customer that this is our decision, but if you disagree with that, there is an appeal process available.

In the office of each of our claim centres, we have a list of brochures, and one of them is entitled Appeals and explains to individuals what the appeal processes are available within the organization and how they go about accessing them. Anybody who has a question or concern about what we are doing is again entitled to call

our customer services division, and they will explain that to individuals.

So we have the letters that we send people explaining that there is an appeal from the formal decisions that we make, the adjuster talking to the people, brochures set out in our offices. The public information that we put out contains all of that, and our customer inquiries department is there to inform people.

That is not to say that somebody may not be aware, but I am not sure what more we can do beyond that to try and make people aware of it. Certainly, we are not trying to hide that fact.

Mr. Leonard Evans: Well, that is good. It is very important, really, so people know their rights. Hopefully, they do not have to go to that review, but nevertheless, they should know about it.

On the related question then of nonearners capable of employment, this is a really difficult area, it would seem to me, and we discussed this when the legislation was being formulated. We discussed it in the committee amendments. In fact, there were presentations made to the legislative committee dealing with the legislation, with the bill, from many people on the whole question of fairness to workers.

How do you deal with this question of nonearners capable of employment? I do not want to get into the details of a case, but a person is a nursing aide apparently, and she says she is able and willing to work and can get a job, but because of some back injury, she cannot at the moment.

Mr. Zacharias: Depending on the period of disability, if an individual has a job offer and the employer will back that up in writing and say, yes, this individual would have been working for me effective whatever date but was unable to take that employment because of the injury, then we will pay compensation based on whatever that job would have paid.

We recognized that people, while temporarily out of work, may not be out of work forever.

Consequently, if their disability went beyond six months, even if there were no formal job prospects, if the disability went beyond six months, we would deem them to be working in a position for which they would reasonably have the skill—in this case, as a nurse's aide, if that was appropriate, with the appropriate salary attached to that job—and then we would start paying disability benefits or lost income benefits based on the average wage for that occupation in the province.

So we are dealing with a timing issue. At the start of a disability, most disabilities are for short periods of time, and if people are unemployed, whether they are going to secure a job in the next three, four, five weeks, whatever they are disabled, if there is written confirmation that they had a job offer they could not go to, we will use that. But in the absence of anything of that nature, and they are simply hoping to get employment at some point in the future, if their injuries keep them from doing that for a six-month period, then we will actually deem them into a position, taking account of their skill and ability, and pay them an income replacement based on the salary for that job.

Mr. Leonard Evans: That is good to know. I guess there was something about this, now that you are talking, when we discussed this originally, setting up the legislation. That, I think, is a relatively fair approach. It is again a matter of judgment and getting the data and getting the facts and being able to make a fair assessment and a fair judgment.

I guess the other area is the whole question of unpaid labour in family-owned enterprises. There, again, it is a bit of a sticky wicket because small businesses, in particular, may not pay out to an individual what he or she could really earn if they did that job in some other enterprise, but they are taking less because it is their family business, and for whatever reason they are prepared to take less on that account. So how would you calculate the income compensation in that case?

Mr. Zacharias: There is provision where if you are employed in the family business and contributing, even though you may not be drawing

out, and you are unable to work, the benefits will pay you the cost of hiring someone else to do that job. Where it may not be viable to pay a full salary to someone else, if a family member is involved and they are doing that work for less, so that the business is not harmed, we will pay the cost of hiring somebody to replace the work that individual was doing if they are totally disabled.

Mr. Leonard Evans: So you pay the enterprise that amount of money.

Mr. Zacharias: I would have to check whether the money actually goes to the individual we have hired. Certainly, the enterprise would be in charge of whom they hire. Whether the cheque is made payable to the newly hired employee or whether it is paid to the enterprise to pass on to the newly hired employee, I would have to double-check.

But, certainly, the intent is to not adversely impact that business and to make sure that the manpower is available that was available prior to the accident.

Mr. Leonard Evans: More or less related to this, there was a recent article in the Inner City Voice paper which comes out every other week, I believe, entitled: Autopac's no-fault a problem for self-employed: Lost wages leaves local contractor bitter after accident.

This was dated January 19, just a couple of days ago.

I do not know the individual. I do not know any more about the case than what we see in the paper, and that is not always a complete story, but I am just quoting from this article, Mr. Chairperson: But if you are self-employed and have not been in business long enough to establish an annual salary or even long enough to have records of last April's tax return, you are entitled to very little.

This gentleman, apparently, was actually a pedestrian and was hit by a car which jumped the curb, I guess, and he was injured for a short time. At any rate, I guess he is getting a bit of therapy or whatever. This is a Mr. Morris that it refers to, a

Mr. Loren Morris: This is Morris' situation. He received only 11 cents a kilometre—I guess for transportation—and the cost of his physiotherapy. It says: He cannot hire a lawyer to help him claim for pain and suffering, and, quote: What they have done in my case is eliminate any possibility of insurance, and after all, they are an insurance company.

At any rate, there is reference to his only avenue for complaint, and this is where you sometimes wonder about public statements, information in the press. It says: His only avenue for complaint is to make an appearance in front of the Public Utilities Board.

Well, that is not correct, but at any rate, that is what the story says, that this was going to cost him time and money, he reckoned.

At any rate, this is a problem, the sort of gray areas here where people may be in a business or may be self-employed but have not been around long enough to be able to give you documentation to more or less prove that this was their income flow or this was their contribution to the business. At any rate, I gather he is back at work doing whatever, and there has been some negative impact on the business that he was associated with.

I wondered if Mr. Zacharias would like to comment on that.

* (1050)

Mr. Zacharias: Yes, we were very disturbed by the article. We spent a lot of time with the reporter and provided a lot of information only to find out that the story that was published in the end has many inaccuracies in it.

People who are recently self-employed are entitled to wages—all self-employed people are—for their lost income. The fact that this individual had just started a business is not a problem. Normally, we would go with the 12-month earnings. There are several criteria that we can use for earnings for people who have been established for a while, and when they have some good years

and some bad years, we take the average over a period of time or the last year, whatever is more advantageous for the individual.

If an individual has just recently started a business, we can have the income based on their income during the period that they have been so employed, so that if you have only been employed for a six-month period, we can take his average during those six months and extend those. If he might have just started the business in the last two or three days and does not really have an income pattern yet, we would revert to the normal income for that type of employment and what, I guess, statistically would be the average income for an individual employed in that field, and we would pay him based on those benefits.

So determining the income for an individual, whether they are self-employed or not, there are provisions to do that, and this individual would have certainly been accommodated on that type of basis; in addition to that, medical expense payments and things of that nature which everybody receives, as well. So the story depicted in the article is not reality.

Mr. Leonard Evans: I gather he is back at work, and if you are working, you are not losing income. I think, though, that there may—and again, I do not recall all the details of this article, but I guess this gets back to a bit of a sore point that we had raised before and, actually, I proposed by way of amendment in this December session of the Legislature an amendment to the existing no-fault insurance plan, and that is that we remove the one-week waiting period.

I can see some administrative reasons for wanting to have a week's waiting period. You can make some administrative arguments, but on the other hand, especially if a person had an accident—whether you are at fault or not at fault, nobody wants to have an accident—and, say, you are not at fault, and you are disabled and cannot work for whatever period of time, then you lose money right off the bat, or you are losing the one week, and I can see a lot of people saying, well, this is not fair. Why should I—I did not create the accident. It

happened, and nobody wanted the accident, but here I am laid up. I cannot work, but I am deprived of one week's income.

This point was made before the committee, and I made it again by proposing this amendment. So I would ask: Is there any consideration being given, Mr. Minister or Mr. President, about changing that aspect of it, because it seems to me a bit harsh for some people? It could be very harsh for some people to lose a week's pay because they had an accident.

Mr. Cummings: Yes, I can respond probably quite directly to what the member is suggesting. As I said earlier, we have not yet had a year's experience, No. 1. Number two, when we introduced the no-fault Personal Injury Protection plan, we indicated that it would undoubtedly be considered harsh in the eyes of some because of what was mentioned earlier in your reference to that article, that the person was saying they could not sue for pain and suffering. That has always been a No. 1 issue around this, but no-fault does not provide for that. It provides for real out-of-pocket losses.

The waiting period is not inconsistent with a number of plans. I know that there are plans that fall on both sides of that issue, but the experience up till now has not indicated that this is something that has caused a great deal of anguish among those who need the help and support. I guess that the self-employed area was always one that there was some difficulty in people appreciating what their benefits may or may not have been, including the agricultural community which I come from. I would have to say that the experience of any of the claims that I have followed up to this point, the majority of them have been more than satisfied with the support that they have received when there is indeed a traumatic accident. The dramatic and traumatic injuries suffered by either a driver or any citizen of the province—in fact, that is another portion of this coverage that is very important and very often overlooked.

If you are a citizen of this province but involved in an automobile accident, whether it be as a

pedestrian, even a pedestrian who is at fault in a situation, you are given the full benefits of the plan, basically, at no cost under those circumstances. It is meant to provide a wide range of support for those who have severe difficulties as a result of accidents, but it does not cover pain and suffering. I would suggest that we would not be, as a province, regardless of whether it is myself as minister or—look at it in a broader sense. I do not think piecemealing—there was at first a fairly significant amount of consideration that went into the establishment of the program, including the commitment to review all the things such as you are now bringing forward. I would not suggest that piecemealing any adjustments, unless they can be proven to be totally out of line, would provide very much of actuarial defence when we appear before the Public Utilities Board to in fact justify what impacts there might be as a result of changes.

The bottom line is that we have indicated a willingness to review and keep track of concerns that might be raised, and certainly I would think the track record in terms of appeals up till now has indicated that the corporation and their clients have been able to reach a pretty good understanding when you consider the percentage of appeals that have arisen. I guess I am up till now pretty satisfied in the way the appeals have been handled and the degree of agreement or disagreement over the resulting conclusion.

Mr. Leonard Evans: I was not making the case for the corporation to begin paying for pain and suffering. I appreciate that. This is a problem that was occurring previously in the old system, and I do appreciate the fact that pedestrians are covered. A lot of people do not understand this. I think that is a very attractive feature of the no-fault system, that a person, even if he or she does not have, never mind a car, even a driver's licence, still is covered because he or she is a citizen of Manitoba and has walked across a red light absent-mindedly in Miami, Florida, and is covered by this plan. That is excellent. It is sort of a move toward something of a universal accident-sickness program which is good and which I would like to see some day come into being at some point. But, at any rate, to go back to my specific concern, and

that is the one-week waiting period, it just seems to be unfair. I guess you could argue that we will not make any changes now because we want to look at the actuarial experience and then decide, let us say, next year, whatever. Nevertheless, I think that is an area of some injustice in the scheme.

* (1100)

There is another area and that is--well, we had concerns generally with some of the benefits outlined in the legislation; and, as the minister knows, I made proposals in my amendments to improve these benefits to make them more generous. We felt there were some areas that spouses for deceased victims, for instance, could have better treatment under this plan, as well as improved benefits for those requiring personal home assistance.

Another area, and you did mention the seniors, is this whole question of discrimination against seniors. I wonder whether the minister or the president could comment on this. I note that Saskatchewan, since Manitoba brought in its no-fault system, has gone to a no-fault system as well, and I believe I read somewhere, if I can find it here, that they do not discriminate against people because of age. Maybe Mr. Zacharias is aware of this.

Reduction in income replacement benefits due to age. In Manitoba there is a continued 25 percent reduction in the income replacement benefits each year after the victim reaches 64 years of age. The result is, of course, that benefits cease after four years; they are finished. Whereas in Saskatchewan--and this is a plan they brought in just after the minister brought in his--there was no reduction in benefits due to age and the victim is entitled to an income replacement benefit for life.

It seems to me it would please the MSOS considerably. At any rate, there is always the question, it seems to me, whether a person who is in more advanced years is capable of working and therefore having suffered an accident is deprived of working in his or her profession or calling. There are more and more people today that are working

as doctors, lawyers, or technicians or whatever they are doing, as farmers, well beyond 65, so the question is again of fairness and how you ensure that you are not discriminating against people just because they happen to be in an age bracket and are quite willing and able and are earning income, but, suddenly, they have an accident and therefore they are phased out within the four-year period.

Mr. Cummings: I think there are a number of aspects to this. What is very often overlooked for those who criticize the Manitoba plan, and that is that a person can be 70 years of age and working and will receive income replacement subject to the four years that you indicated. So it does not just end at 65. It does, in fact, begin at the time of the accident. But I would ask the member the rhetorical question, I suppose: Do you believe that if someone who receives full income replacement to the max at \$50,000 a year, is there any plan, is he telling me that he believes a plan should be developed that that person would receive \$50,000 or \$48,000 a year, whatever their eligibility was, until their death?

I do not think there are very many actuarial demonstrations of where that--we have plans in Canada or in other jurisdictions that, in fact, follow that, because the plan does accommodate all their other associated expenses. If they in fact need care, that is taken care of--Manitoba's trade-off, to some extent. You look at the plan that was in Ontario and the argument that arose there about whether or not the benefits for those who are dramatically injured were sufficient, and they had a cap on that. Manitoba does not. So there are, in fact, benefits that accrue to this plan, regardless of age, that are not capped in any way and they do continue for life. Mr. Zacharias has indicated, and I fully support his thoughts, that we are open to suggestions from anyone who would want to provide those suggestions as to what would be a reasonable amendment if that were ever contemplated. But, if the only suggestion is that this is an income replacement that would continue for life, then I would have to ask for some demonstration of other jurisdictions and the actuarial balance that goes with that because of the nature of the other benefits that we have.

Manitoba's plan, unless something has changed recently, is, in fact, the most generous. Certainly, when it was introduced, it was the most generous that I was aware of in terms of protecting those who are dramatically injured and covering their costs, their personal care costs. I guess if you want to look at it in a philosophical and caring way, what is more important in terms of where the dollars are assigned? Certainly, if a young person—and a majority of our severely injured customers, I believe, the high-speed accidents resulting in spinal injuries, et cetera, fall in the younger age bracket. The total number of dollars that someone injured in that manner would receive during their normal life expectancy is far higher than I have ever seen demonstrated in the tort system or in any other system. So, while there is certainly some interest in the question of how benefits are rated according to age, if there is a traumatic injury, age has nothing to do with it, and it is a very important asset that goes with this plan.

Mr. Leonard Evans: Mr. Chairperson, I am not criticizing the system. We supported that 100 percent. What we are talking about are details of administration, details of benefits and so on, and what we want to do is make the system fairer and more generous. I appreciate your limits because what we get we pay for ultimately. I appreciate that. But, when you refer to this question of discrimination against age, I have a document sent to us by the minister responsible for the Saskatchewan Government Insurance corporation. In his letter to us, he says, and I am quoting: Saskatchewan's income replacement benefits are paid for life with no reduction for age. Then there is a table attached comparing reduction in income replacement benefit due to age, and it refers to the reduction in Manitoba so that you are eliminated after four years. Likewise in Quebec, because our plan is a copy of Quebec's. In Saskatchewan it states categorically, the victim is entitled to an income replacement benefit for life.

Mr. Cummings: I will keep my comment very brief because this is the opposition's opportunity to raise questions, not mine to debate, but very clearly the Manitoba plan has significant benefits that are not included in other plans. The position

that we have taken is that we are interested in suggestions from MSOS and others as to how they would see a modification.

(Mr. Ben Sveinson, Acting Chairperson, in the Chair)

But, again, I raise the question under tort system, it has been very obvious over the years that the tort system modifies any settlement to recognize the declining activity in the workforce by the individual who is seeking compensation. Sometimes they reduce it very dramatically, much more than this plan would. So compared to where we have come from we are a long ways ahead. That is why I am not at all troubled by this debate. We have come a long way, and we are prepared to continue that debate.

Mr. Leonard Evans: Well, I pass that information on to you, that there is no benefit reduction due to age, and there are other features. Some elements in the Manitoba plan are richer than the Saskatchewan one, and then it is reversed, too. For example, for insured benefits for permanent impairment, the limit is \$100,000 in Manitoba, and in Saskatchewan it is \$125,000. On the other hand, for insured benefits for rehabilitation, Saskatchewan has a limit of \$500,000, and Manitoba has no limit.

On the other very important area, the right to sue, this is a very touchy situation. We provide no right to sue except, I guess, you can go to the Court of Appeal, or is it Queen's Bench, on matters of procedure more than on the content of the offer. In other words, you cannot sue on the amount of compensation that you should or should not be entitled to. In Saskatchewan, apparently they have retained the right to sue for actual income loss and expenses suffered by the victim or the dependent of the deceased victim in excess of the insured benefits provided.

* (1110)

I was wondering whether Mr. Zacharias or the minister would like to comment on that. Somehow or other, they have come up with a system that

allows for some claim to the courts. We had suggested that there could be a broader basis for appeal.

In my amendment proposed last December, I suggested there could be a broadening of the basis for appeal to the Court of Appeal, which under existing legislation is limited to questions of law or jurisdiction only, but this legislation is still on the books. It has yet to be debated, to be decided upon, but here you have a sister province which has seen fit to—again, it is more limited than the previous system. It is more limited, but nevertheless, it does provide for that appeal. I wondered if Mr. Zacharias or the minister would want to comment on that.

Mr. Cummings: Certainly, this is the same discussion we had in the introduction of the legislation. Nothing has changed in that respect.

The history of any type of no-fault system that we have been able to track where there are threshold allowances for referral to the courts, there has been no ability to have predictable costs as a result. I think it took about two years in Ontario before they were back into a situation almost the same as they were prior to the introduction of their brand of no-fault legislation. The threshold very quickly eroded.

That is still, in my view, a legitimate argument to maintain the program, bearing in mind that the program is designed to, in part, and this is not the reason of the design, but, in fact, the design does go a long way to making sure that those who are the most dramatically injured have full and complete protection. The other end of the spectrum was the whiplash which was referred to earlier, soft tissue injury.

So I am quite comfortable with the process that is in place today, and I am sure that as we have the legislated review that is going with this program, that debate will continue. But to this point, I have not received any evidence that would indicate that this is something we should be modifying right now. I would also suggest that by the time we have our review, if Saskatchewan's program is

operating, that will give us another window on how that, in fact, operates.

Historically, when we introduced this program, we looked across North America for what was the most successful plan in operation and one that was providing adequate coverage for the citizens of the jurisdiction, and the Quebec plan pretty much leaped out as being the one that was a good model.

It is a pure no-fault model. It is not a modified or combination program, and I guess to that extent, you would have to say Saskatchewan's is not a pure no-fault. It is a modified version, and I see some heads nodding around the table in that respect. If Mr. Zacharias has some information he might like to add, I would certainly invite him to do so.

Mr. Zacharias: I think that was a very good synopsis of what has happened. Any kind of threshold system, and basically what Saskatchewan is looking at is, these are the basic benefits and sue beyond that.

I am not aware of any jurisdiction around the world that has had that type of system where the threshold basically has not eroded over periods of time, and people find more and more things to sue for and more and more ways of getting around it. Consequently, the costs of those plans continue to rise, and the control on costs that these plans are designed to have does not materialize, and you again are faced with having to continually increase premiums to keep the pot level.

Mr. Leonard Evans: I am going to just conclude here because I believe—I have just one little point here—Mr. Lamoureux has some time problems, and he would like to ask a couple of questions.

Just more or less to conclude what I have to say about it is, what we were proposing in here by broadening the basis for appeal to the Court of Appeal was not sort of just opening the door wide. I mean, it was still pretty restricted, but it nevertheless gives a person the satisfaction of knowing that he or she can go beyond the income compensation—it is a long title—Reeh Taylor's

income replacement commission, that if you really are still unsatisfied, that you can go to the Court of Appeal, but that it would be much more restricted and limited than that which existed before this system was set up, so that at least people would feel that they still had their day in court, having gone through all these steps. I would think the people going to court thereafter would be pretty limited anyway, assuming the system, and I think we should, is working pretty good up to that point.

I will just yield the floor to Mr. Lamoureux, because he has a couple of questions. He has to get away, I understand.

Mr. Lamoureux: I did have a couple of questions which I had outlined at the very beginning that I was wanting to enter into. The Chair indicated the number of appeals, and I appreciate that, because that was part of what I was wanting to get into.

The party, in particular our Leader (Mr. Edwards) and former critic, has put a considerable amount of time in putting on the record what the party's position is on the whole no-fault scheme. My interest this morning is to concentrate some efforts on the appeal process.

From what I understand, the individual goes in, an adjudicator makes a decision. If the claimant is not pleased with that, then it goes to the internal review, and if you are not pleased with the internal review, then you go to the appeal board—not too far off of Workers Compensation.

First of all, I guess I would ask, is that correct?

Mr. Zacharias: That is basically the process.

Mr. Lamoureux: You had indicated that there were approximately 44 internal reviews in which 27 of them have been resolved, basically a 60-40 split.

I am curious as to whether you are pleased with that sort of a split ratio at the review appeal or at the first appeal level.

Mr. Zacharias: Yes, I think it reflects a couple

of things. If every internal review resulted in a change in decision, it would tell me that our adjusters on the front line are having difficulty understanding the plan or are certainly not serving the customers well.

If they understand the coverages and are properly explaining it to the people, there should not be that many issues that come out of that. The decisions that have been changed is not that one position taken previously was clearly wrong. It could be a modification—it should be an extra \$10, been a wrong calculation, or something else should have been considered in calculating the weekly disability benefit, or the amount of mileage being paid to go for medical attention is reasonable or unreasonable, so there can be some modifications to decisions. Simply the fact that some of the decisions have been reversed on internal review or changed on internal review does not mean that we are wrong 40 percent of the time.

So between the number of positions that are upheld, the modifications that have taken place and some rulings that have been changed, I think that is about what you would expect out of this type of review process.

Mr. Lamoureux: A major selling point to no-fault was the fact that you are going to be taking lawyers out of the process to a certain degree, and I know through Workers Compensation, something in which I have had a number of years of experience, that lawyers were in many cases brought into the process in order to ensure that there is better representation going to the appeal board.

I am wondering if you can indicate whether or not, in terms of this first level of appeal, is it strictly one of a paper appeal from the claimant, or do you have lawyers getting involved at that stage?

Mr. Zacharias: No, it is not simply a paper review. The individual does get to meet with the internal review people. They can speak to them, present their case, present further evidence if they feel that they have something that will further support their thoughts. They have the option of

having somebody in to represent them, whether it be a lawyer or friend or someone who they think can better put forth their position than they have; that is their choice. They can have that representation both at the internal review and the external review that takes place as well.

* (1120)

Mr. Lamoureux: One of the questions that I have asked the Workers Compensation Board is that out of those cases you would have had, let us say, 40 percent which would have been overturned, out of those, are those with representations? I guess, ultimately what I am looking for is to try to ensure that the claimant has just as good of a chance at being successful by representing themselves before the internal appeal mechanism.

(Mr. Chairperson in the Chair)

What I am looking for is to see whether or not out of, let us say, the 27, how many of them would have had representation? The ones that did have representation, did they have a better chance of getting the decision of the adjudicator overturned?

Mr. Zacharias: The 27 that have been resolved to date with 11 where the decision was modified, none of those 27 had been represented by legal counsel at the internal review process.

Mr. Lamoureux: I would ask the Chair if in fact MPIC has received complaints with respect to the injured bodies. Like, these are just complaints that go through the appeal process, but are there other complaints that MPIC has been receiving with respect to no-fault? Do you keep track of the individual that phones in a complaint because they no longer can claim for this, that sort of a complaint? Is there anything that registers those?

Mr. Zacharias: People that have simply phoned up and said they did not like the PIPP program or things of that nature, certainly any inquiry calls we get are logged. I do not know if they are categorized exactly like that, but I know several months ago when we were maybe four months into

the program we asked, you know, what kind of public response are we getting. At that point I think we had somewhere in the area of 20 calls that had come in, which was a very, very low number of people questioning the program. We had information calls on the program; but people phoning in to strongly voice concerns, we have not had that. The latest numbers that I have, out of 806 people that were phoning in on the complaint side of the ledger, five of them were related to the topic you are talking about.

Mr. Lamoureux: Have there been any matters that have proceeded to the court at all with respect to the interpretation of the act?

Mr. Zacharias: There has only been one action along those lines that has been registered to this point in time and that is dealing with whether or not the program is constitutional. It is in its very preliminary stages at this point in time.

Mr. Lamoureux: Mr. Chairperson, is it an appropriate thing to ask in terms of who would have launched that action?

Mr. Zacharias: I am not sure of the plaintiff's name or who the solicitor is. It is a claim that came out of Swan River that is now in the Constitutional branch of the Attorney General's department. I do not have the details of it here. I believe it was a rather minor claim, but it is a principle that they want to test.

Mr. Lamoureux: Finally, on the no-fault, no doubt MPIC had a certain number of staff years allocated for legal advisers, possibly lawyers on retainer. Has the shift over to the no-fault resulted in redeployment of individuals? Maybe the Chair can comment with respect to the employment of MPIC staffpeople or staff years as a result of the shift.

Mr. Zacharias: On the claims side of the ledger with the number of claims decreasing and the handling of most claims being more straightforward, we have seen some decrease in the number of adjusters that we need, and we will see some further decrease.

At the time the switch was made, we had a little over 20,000 tort claims in the system, and we have to settle those tort claims or work through those tort claims, and that is proceeding pretty much as scheduled, and as we close out those files, the rate at which PIPP claims are coming in is a slower rate, and therefore we have made a staff adjustment of roughly seven positions previously, and we have probably another 20 that will be impacted as a result of that program, six, twelve months down the road.

In addition to that, in our legal department, where we have had in-house lawyers defending the tort claims, as that backlog of files gets settled, we will not require the number of lawyers that we have today, and there will either have to be some redeployment or job changes on that side of the ledger, as well.

Mr. Lamoureux: Can the Chair provide some sort of indication of the actual number of tort claims that would be left outstanding at this point?

Mr. Zacharias: We started off with a little over 20,000. I believe we are in the 11,000 to 12,000 range at present.

Mr. Lamoureux: I want to move on again to another area, because I do have to step out for a bit, and ask with respect to the staggered registration.

No doubt, many Manitobans have not necessarily heard about what the government is going to be doing. This is something that we believe is very positive, something we have been talking about doing. I can recall a former colleague, John Angus, being a very strong advocate for this sort of staggered registration and was quite pleased to see that the government has finally acted upon it.

One might want to read into it in terms of the actual timing of bringing this into being, but having said that, I think it is legitimate to ask MPIC, can you indicate to the committee what is it that you are going to be doing to ensure that drivers know exactly what is going to be happening?

My concern is that with the staggered process, some individuals might be receiving rather smaller Autopac bills in order to register their vehicles because it is being staggered. Are you including a brochure, a very nonpolitical brochure, in the mail that would no doubt be going out for renewals?

Mr. Cummings: Well, I will leave the corporation to respond with the details, but I could not resist the last comment, particularly in light of what you said in your earlier questioning about how we had indicated that this was somehow to exclude lawyers from the system.

That was not the premise. The premise was that the process had to be unencumbered, and I think the 20,000 tort claims that they were dealing with was an example of why people waited for years for their settlements and now are able to achieve settlements within literally days, if not weeks, of the time in which they have an outstanding claim.

The cyclical renewals are, in fact, about to begin, and I will ask Mr. Zacharias to respond in detail.

Mr. Zacharias: Yes, we are very pleased that this year will mark the last mass renewal that will take place, and we will move into a much more cyclical program.

Since the staggering is tied to birthday with an offset, many people have been speculating how it will impact them. To put out a monster chart that everybody has to try and follow would be a little mind-boggling. Therefore, the brochure that accompanies every registration is tailor-made to the individual that is getting that renewal, so that if your birthday falls in a certain month, the brochure that you get says this is for people that have a birthday in April or a birthday in May or whatever the month may be. So you get a very tailor-made brochure that explains exactly how your dates will move, at what point in time, for what periods, and how you will go about into the process of being staggered and where you will end up.

* (1130)

In addition to the individualized brochure that goes with every registration, there will be

extensive radio/print advertising; some of it, transit. We have, again, invited a number of interest groups to come and meet with us. Those meetings will take place in the next couple of days where we can explain the process so that those organizations in turn can provide that information to their members. There is extensive agent training going on, our broker training going on for those people, so that we think probably in the next 10 days there should not be a Manitoban out there who will not have a very good idea of how this staggering will impact them.

Mr. Lamoureux: That is actually going to be happening in a very short while, next 10 days, you figure.

Mr. Zacharias: The mailing of the renewals will be happening very shortly; and, as the people start receiving those in the mail, the advertising will be there to support it.

Mr. Lamoureux: Can Chair indicate in terms of advertising—actually, I was quite pleased to see the advertisement on television with respect to the auto theft. I think a lot of people were quite impressed with the manner in which this particular ad was done. But I would ask in terms of what other advertising MPIC might be entering into in the next quarter.

Mr. Zacharias: In the next quarter all publicity that we generate will basically be aimed at the renewal process. On our safety programs we do have three initiatives that we target, being speed, seat belts and drinking and driving. Following the renewal process, we will be looking at another speed campaign, the nature of which is not fully formalized at this point in time, but we do not want a lot of campaigns going at the same time where you start putting out too many different messages at the same time. We are starting to relate them. Our concentration in the next quarter will be the renewal process, the staggering and the changes associated with that.

Mr. Reid: Mr. Chairperson, I have a few comments, but before I move into that I just want to pick up on the comments that were made by Mr.

Lamoureux with respect to some of the advertising. Indeed, the advertising that has been done, both the electronic media and the billboard advertising, I think, has been effective. It has been very hard hitting, very straight to the point; sometimes, some people might say a bit blunt in the message that has been used to try and make the point. I think it will be effective, or at least I am hopeful that it will be effective, in making people aware of the consequences of their own actions and the actions of others. So I think there are some congratulations due to the MPIC for that type of message they have been trying to get across.

I want to switch, Mr. Chairperson, and become a bit more parochial in some of my questions here. I look at the annual report that we have here in front of us for 1993, and I guess I should start off by asking a question with respect to some of the figures that MPIC has or may have with regard to the number of claims that are brought in by motorists, particularly in Winnipeg. I would like to know if MPIC keeps any statistical information relating to claims by regions of the city or by communities of the city of Winnipeg where the number of claims may come from based on the area of residence.

Mr. Zacharias: We do not break down our claims that way. What we do is to utilize to a certain degree the report put out by the City of Winnipeg Police who track accidents by intersection and by type. But, as far as where our claimants live, by their postal code or accident location, we currently do not track that inside, but we do look at the City of Winnipeg Police data.

Mr. Reid: I was hoping that there would have been some statistical data to give me some insight on where the number of claims is coming from within the city of Winnipeg. I look at the annual report, and it references Autopac claims by location and the number of offices that MPIC has within the city of Winnipeg. They have Winnipeg north, Winnipeg west, Winnipeg south, Winnipeg south central, Winnipeg north central, and Winnipeg commercial. I do not see anything in there that would lend any kind of service

convenience to the motoring public in their dealings with people who may have claims, particularly in the Winnipeg east region. It has been that way for a number of years. I know that MPIC has its commercial claims centre on Plessis Road, which is, I guess, legally in the community or R.M. of Springfield, but it borders on the community of Transcona, as well.

I am wondering why MPIC has never put together any statistical data to determine whether or not there is a need to have that type of service for the public in the eastern quadrant of the city of Winnipeg, and whether or not the Winnipeg Commercial Claim Centre has been anticipated to be enhanced or open to general claims for the motoring public.

Mr. Zacharias: Maybe just a point of clarification. When we talked about where accidents occur, we do not track that; we rely on the City of Winnipeg. Where people live who have had accidents, we do track—have access to that by postal code and by looking at the number of people in various parts of the city who have had accidents, to use those kinds of numbers to try to set up claim services, something we have certainly done. Most of the people in the eastern part of the city basically use St. Mary's Road or King Street at present.

When the claim centres were originally built, there was anticipation that we might move to various parts of the city. The volume of claims that we can put through our existing facilities is adequate for the total volume in Winnipeg. The facilities that we have at Plessis Road are not intended to be full claim centre facilities. It is a specialized yard that we have out there.

If we were building another claim centre, I believe east would probably be the area that we would look at. The last centre that we built was a number of years ago, which was North Centre. That was basically because our St. James offices and King Street were really backing up, and that was where the service demands were at that particular point in time.

The number of claims has been stable and, in fact, has been decreasing. At one point in time, I believe we had in the area of 227,000 claims a year, and we were looking at requiring more facilities. Since that time, the number of claims has dropped back to the 171,000-185,000 area. Therefore, the demand for more facilities, basically, dwindled. With the demand not increasing, the need for a new building has not been there as far as total capacity needed. Therefore, no new initiatives with respect to building claim centres has been undertaken in the last few years.

Mr. Reid: I can appreciate that MPIC wants to keep its costs under control, but I also believe that MPIC is a service-oriented corporation and that it wants to provide the best level of service for its customers. It seems, looking at the way the corporation has laid out its claim centres within the city of Winnipeg, that it has essentially serviced every other quadrant of the city of Winnipeg except the Winnipeg east region, essentially forcing those customers that have claims to travel to the south Winnipeg, the west Winnipeg or the north Winnipeg regions to have their service needs met.

It seems unreasonable to me, as an individual who represents the community but also lives in that area, to have to travel to those other areas of the city of Winnipeg, not that it is a great distance, but it is an inconvenience for many people to have to travel to those areas to receive their claims' adjudications, and, of course, any appeals that may go with that.

* (1140)

What I would like to know is that, if you have information relating to postal code breakdown where claims are originating from, I would be interested in that information as a comparison for the city of Winnipeg, so that I can have a greater appreciation on the volumes of claims that MPIC has, so that I can determine for myself whether or not the Winnipeg east region would be in a comparable situation to other regions of the city of

Winnipeg and have the same level of service provided to them.

Mr. Cummings: Before Mr. Zacharias responds with the detail he may have available, I would only point out that the member can join a fairly long line of MLAs who have lined up proposing claim centres in their areas.

There is an economic benefit and a tax benefit to the areas where they are located—there is no question about that—but that area is not the only area that has been requesting service.

Mr. Zacharias: A breakdown by postal code, I certainly do not have it here today. We can undertake to provide a copy of that to you.

Mr. Reid: I would appreciate that; and, if that postal code breakdown that MPIC has would be for communities or areas of Winnipeg other than the Winnipeg east region, I would appreciate that as well, so that I would have that overall comparison to see where the claims are originating from.

I think it is important that MPIC provide some level of service to the Winnipeg east region, not that the claim centre should be originating or should be situated within the community of Transcona. It just seemed to make some sense to me that since MPIC had some facilities on Plessis Road, there may be some possibility of further expansion in the near future of that operation to allow the residents in the Winnipeg east region reasonable access to a claim centre, and it seemed to me that would be a logical location to look at expansion. Possibly Mr. Zacharias could comment on that.

Mr. Zacharias: At present, with no increase in claims volume, expansion of claims facilities is not something that we are really concentrating on as a high priority. I think that people anywhere in town are 20, 25 minutes from a claims centre, and there are certainly many areas of the province where people would love to be that close.

But to say that we cannot improve upon or that

rearranging some of the locations would not improve upon that, that may well be, but there is certainly a cost involved in doing so as well.

Mr. Reid: Well, 20 or 25 minutes if your vehicle is not written off and you can drive it in to the claim centre, I guess, is not unreasonable, but there are some cases where vehicles are written off and it takes a bit more time if an individual has to take a bus from their community to go to those claim centres to process the claim.

I will look forward, Mr. Chairperson, to that information coming from MPIC with respect to the breakdown.

I want to ask another question and switch a bit here to claims that MPIC would encounter in northern communities. We have many northern communities that are serviced by what we might call gravel roads. Some cases are not even considered to be gravel roads. It has been an issue of late.

I would like to know, does MPIC keep any statistical data on the number of vehicle damage claims, whether it would be windshield damage or other, for some of the remote, isolated communities in the province?

Mr. Zacharias: Again, by postal code or location, we track both the number and types of claims that we do receive. At each of our claims branches, we have a breakdown of the various types of claims that flow through that claims branch.

Mr. Reid: Would it be possible then to get some of that data from MPIC relating to the claims, breaking it down either by postal code or by community, whether it be—and I will give you an example of a couple of communities that I am thinking of here, Cross Lake or Norway House, which are rural communities and other communities in northern Manitoba which, in a sense, would be isolated but still serviced by some road systems.

I would like to know the impact on the costs for

MPIC of those types of vehicle damage claims.

Mr. Zacharias: We do have breakdowns, for instance, in our Thompson claims office. We know what mix of claims they deal with.

Whether we could extend that into the postal code for Norway House or some of the other locations, I am not totally sure, but we could have a look at that, certainly.

Mr. Cummings: I would hate to imply Machiavellian thoughts to my colleague inquiring about the damages on gravel roads, but I am curious why he would not inquire about my region.

Mr. Gary Kowalski (The Maples): Yes, I see in the report that the special investigations unit saved the corporation \$2 million in funds through claims that were rejected as a result of their investigation. Is that an increase over the previous year?

Mr. Zacharias: A slight increase. A million dollars has been the norm for a while. That has been creeping up. It is now hitting the \$2-million mark. That is on direct savings, actual live files that they have found some activity on. The deterrent value, I think, goes far beyond that.

Mr. Kowalski: Has there been an increase in the size of that unit in the past year?

Mr. Zacharias: There were two positions added roughly a year ago.

Mr. Kowalski: So I can make some correlation between the increase in the number of investigators and the increase in recovery? Would that be a reasonable assumption to make?

Mr. Zacharias: Not directly, in that, previously, our internal investigation unit concentrated largely on physical damage claims, burnt cars, stolen cars, stolen stereos, things of that nature, and the amount of work that they did on injury claims was somewhat limited, and we used some independent surveillance firms to deal with injury claims.

We have moved more of that injury work in-house, so it is not a direct that we hired more people and they found more money. It represents a movement of some of the work that was being done out of house before to being done in-house at present.

Mr. Kowalski: The manager of that unit, I believe it is Wayne King, I understand that he is leaving. Has a replacement been selected?

Mr. Zacharias: Wayne has certainly made his intentions known that he will be leaving us. Some interviewing has been done with respect to a replacement. At this point in time, a replacement has not yet been announced or, I do not believe, finalized.

Mr. Kowalski: Just to change subjects, with regard to the Autopac claims and the reporting, the report made by members of the public to the Autopac claim adjuster, the statement portion, and many of the details are identical to what the police take under the requirements of The Highway Traffic Act requiring them to report the accident within seven days to a police officer. This seems to be a huge duplication of effort by both the police and the Autopac adjusters, keeping many police officers off the street. Have there been any studies or any committees struck to look at coordinating the accident reports so that the public would only have to make one accident report as opposed to two accident reports?

* (1150)

Mr. Zacharias: That has been a tough subject of thought, if not a lot of discussion, for many years. The purpose of the investigations and the information gathering was quite different in that the police were looking at criminal charges and whether criminal charges should be laid in a case and whether The Highway Traffic Act or some other act had been intervened. The focus of our investigation or of our statements was the case of negligence and who should be held responsible for the accident. So there was a different focus and different purpose for the two statements, and they concentrate on some different things, although they

had a lot of duplication in them.

We were left with this: if we took the statements and turned them over to the police, then would our people be in charge of determining who got charged and who did not? Or would the police have that information and they make that determination, but they had not taken the statement? So, if they had to go to court to testify about the information upon which they were going to lay charges, it created some complications. Consequently, if they took the statements and we did not, and we were under the tort system, would they be the ones that would continually be appearing in court on civil cases because their information would be the only information available? So there were a lot of operational problems that came out of trying to blend those two reporting methods together.

Now, with the pure no-fault, the issues have changed somewhat since there will not be as many tort actions. There have been some exploratory discussions with the police with respect to the type of forms that we are using—can we not use the same form?—and some greater sharing of that information to move totally to report only once or to one or the other. I do not think we are at that stage yet, but there certainly has been some further exploratory discussion on how we can leverage what we are both doing or cut some of the duplication out of there.

Mr. Kowalski: Just so I understand correctly, is there a committee that has been struck with the police and the RCMP and the corporation to study this problem or to come up with recommendations, and is there a time line for them to come up with some recommendations?

Mr. Zacharias: No, at this point it is not that formal. There have been some preliminary discussions, if you want to call it that, to see whether it is worthwhile to revisit this issue at this point in time, but there is no formal program in place. We are doing that right now.

Mr. Kowalski: I understand many of the issues involved and the difficulties. For members of the

public, it is hard for them to understand making almost identical statements, identical information, to two different parties. It seems like, if many of these issues are resolvable—they are, and I would like to put a high priority on that issue because it might be a way of freeing up resources both for the corporation and for the police. So I think I would like to see a high priority put on that issue.

Mr. Zacharias: Certainly some of the issues I talked about previously, if we take statements and the police are going to lay charges on those, who is going to appear in court is an issue that is not easy and not easily resolved. In the past, certainly, the police forces were not willing to abandon that area and still be held accountable for whatever charges are laid and for enforcement of The Highway Traffic Act. So they are not easy solutions, and, you know, how far we can or cannot go on that front goes way beyond our needs and the police's needs. Certainly the Attorney General and the enforcement of law as a whole would have a stake in what the outcome might be or what the possibilities might be.

Mr. Reid: Mr. Chairperson, I have a few more questions, but just to recall a few moments ago when the minister made a comment with reference to some of the vehicle claims for his own constituency, I just want to assure the minister that we place a high priority on his constituency, and, of course, I know that the MPIC officials will return with statistical data on those types of claims for his constituency, as well. We want to ensure that the minister's constituents are going to receive a level of service which other Manitobans would receive, as well, so they are treated no differently. We would be interested in those figures, as well.

I want to switch my questioning to some of the investments, and I must profess that this is news to me, that MPIC invests into the various hospitals and schools in the province. I am not saying it is bad. In fact, I think it is good that if you have monies to invest, you are doing it within the province, but I even see it within my own school division. Transcona-Springfield School Division received some \$8.4 million, I believe it is, in investments.

I would like to inquire as to what--[interjection] Quite possibly, if the minister is offering, I would be more than willing to present the cheque, and since he is making that offer, I thank him for that opportunity. If we can have that done before the month of March, it would be more pleasant.

I would like to inquire as to the types of investments and what types of arrangements MPIC has and what types of investments they make within the various school divisions of the province and what criteria are attached to this.

Mr. Zacharias: Our investments are currently administered through the Department of Finance, and our funds go to them. They invest them then to various municipal bonds.

Nearly all the municipal types of investments are at a fixed rate of interest for a period of time. We do not direct how the school board is spending the money.

Mr. Reid: I am not quite clear on that, Mr. Chairperson. If the Department of Finance for the province, in a sense, provides some guidance for MPIC or does the actual investments--it is a surprise to me that they are doing it, and I am happy that they are doing it for the various school divisions of the province, but I am wondering, is MPIC informed on the types of investments? Does it go into Capital programs for the various school divisions? Does it go into programming? What type of investment is this?

Mr. Zacharias: Yes, we are the largest funder, if you want to call it that, of school construction in Manitoba, and the Department of Finance invests these funds based on what is available, what municipality, school division, hospital, et cetera, is in need of funds. That is administered through the Department of Finance, and we end up with the bonds at a fixed rate of interest.

Mr. Reid: So I take it then, Capital construction projects is the only area, that the MPIC monies are invested by the Department of Finance into the various school divisions and that there are bonds that are issued by the various school divisions or

the Department of Finance to MPIC.

Mr. Zacharias: Construction would be the prime item, but if the Department of Finance and the municipalities are prepared to issue bonds for the expenditure and the Department of Finance approves it, the money would go there. It is not exclusively construction, but that has certainly been the bulk of the use of the funds.

Mr. Reid: Then outside of construction, which you say would be the bulk of the funds, what other areas would the Department of Finance invest MPIC's monies into in the school divisions?

Mr. Zacharias: I am thinking of things like refinancing and maybe even some equipment purchases, but the detail behind those funds is--the Department of Finance and the respective municipal agency it is dealing with, they would have that type of discussion. In the end, we would be involved if the Department of Finance saw the security there, that they would actually accept a bond for that expenditure.

Mr. Reid: So then, if I understand correctly, MPIC relinquishes authority to the Department of Finance for the investment of the funds, and MPIC accepts the assurances of the Department of Finance that these are secure or wise investments and that it is, essentially, totally in the hands of the Department of Finance then.

Mr. Zacharias: That is correct.

* (1200)

Mr. Reid: I want to ask questions with respect to the MPIC inspection program which was, in a sense, supposed to have been phased out, I believe, last year with the coming on stream of the private vehicle inspection points throughout the province.

It is my understanding that there has been some delay in the implementation of the government's proposal to move to the private vehicle inspection programs. Can the minister or Mr. Zacharias give us some indication on when we might expect this

program to be up and running and what the reasons are for the delays?

Mr. Cummings: I can provide a general overview of the--this is sort of a three-cornered game of ping pong as we try to move from one system to the other. We have MPIC who has had a partial responsibility in the area. We have DDVL, the Department of Highways designing a program and preparing to implement a program that will have, in the end, a far higher percentage of vehicles being inspected.

One of the things the Department of Highways is attempting to do is set the standards and guidelines for the inspection and make sure that we have the appropriately licensed vendors, if you will, for lack of a better word, in place. That transition has taken a little longer than everyone had anticipated. Nevertheless, in the interim, if a vehicle is presented for inspection and needs inspection, we can point them to an appropriate place to have that done. I believe we still have some capability at one of the claim centres in the city.

I am quite pleased in the long run. Being a rural Manitoba resident, we used to see the roving inspection, as it were. The spot inspection team would come to the area, but even at the peak of their activity, they did not get a high degree of regularity nor was there a high percentage of the vehicles actually being called in for inspection.

Under this program, we will see probably 10 times as many vehicles being inspected during the year. The key to the success of the program, in my view, is that we are able to stipulate and enforce appropriate penalties if the private system somehow breaks down, because the quality of the private system, I have every confidence, will be there, but there is always the question raised by the public, if it is not a public facility, if there is something else motivating the inspection.

So the standard of inspection and the requirements that are placed on those who will be licensed to do the inspection is very important. This also means that vehicles being presented for registration will have to have appropriate safeties,

and we have now an awful lot of vehicles being presented for registration that do not come from dealerships where, in fact, a safety is required.

We now have a uniformity of requirement for vehicles being presented for inspection. I only need to look around my own yard to know that if I were to sell one or two vehicles that I no longer have licences on, they could well under the old system be presented for registration and would need to have appropriate work done on them to qualify for safety. My home operation is not any different from hundreds of others out there. So we have, I think, an opportunity for a system here that is going to have a significant impact.

Frankly, it is as much a consumer issue as it is a safety issue, because a consumer does not always buy from a dealership that provides a safety, and now that issue will be dealt with. There will be uniformity so that the consumer will not have to be left to their own devices; or, if they know they are going to be left to their own devices, that is, in fact, part and parcel of the sale. In other words, if a safety is not provided, they will know that they have to get one before they present it for registration.

So I am very pleased with the changes that are being made. I am expecting that there will be--I think by providing a bit of a delay at this time we have a smoother transition because the Department of Highways had some significant amount of work that they had to accomplish in getting the private sector appropriately licensed to do the work.

Mr. Reid: I am not sure if Mr. Zacharias had anything to add to that before I ask my next question on that.

Mr. Cummings: One word I think I was misusing--it will be a certification of those who will be doing the registration.

Mr. Reid: The question here--and the minister referenced it himself with respect to the vehicles that he may have on his own property site and if he was to re-register them or sell them. Now, of course, they would not necessarily fall under the

inspection program. Under the new program I understand that they will be.

The problem here is, though, and I will use my own case as an example here. An individual buys a vehicle and keeps that vehicle for an extended period of time. It could be 10 years, it could be 15 years, it could be 20 years. Under the new system you are bringing in, a vehicle essentially would never fall under any type of an inspection program, and those vehicles could be travelling on the road, never subject to any inspections and therefore could pose a serious safety risk to the travelling public and to pedestrians as well. In the sense that this program will not cover that inspection process that MPIC is currently undertaking and if MPIC were to enlarge on their mandate of the vehicle inspection program—and I am not sure if anybody wanted to come in with voluntary inspections now, whether MPIC would be able to handle that if there were any type of a volume. It is my understanding that you only have one inspection point left and that you have certain public service vehicles that are mandated to go through that facility on a regular basis and would therefore take up and consume all of the inspection time necessary that you have available. Perhaps the minister could comment on that.

Mr. Cummings: Yes, No. 1, I think we would all be kidding ourselves if we thought there was going to be a high presentation of vehicles for voluntary inspection. That is just not the nature of the business. I have no indication that we are unable to handle what is being presented now, but further to that we know that the turnover in Manitoba is probably five to seven years on vehicles. The exception that the member points to is probably the same exception that never got scooped up in the random inspection system that was in place before because seasonal vehicles or those who chose to make their vehicles seasonal for their own selfish reasons to avoid the inspection season did not get inspected either.

I mean, there were definite gaps in the old system, that those who wanted to avoid it were able to employ this system. In terms of the number of cars that are going to be required to be

inspected annually in the province, it is extremely high compared to what we were able to do before. The only way that I could see that you would have a much higher number would be to do a lot more in terms of inspections.

One of the things that is happening in that respect as well is trucks. While we are moving, again, not as fast as we originally anticipated, trucks certainly are inspected at a far higher rate now than they were five years ago because of changes and requirements that have been put in place there. Those are pretty good examples of vehicles that, in fact, may be low mileage but of a higher age, and they will now be picked up under other regulations. The bigger trucks are now required to go in to be resafetied.

Mr. Reid: Well, since the MPIC is moving out of the vehicle inspection program, perhaps you can tell me then what has happened with the employees that were in that inspection program. Have they been redeployed within MPIC? Have they been laid off? What has actually happened to those employees?

* (1210)

Mr. Zacharias: The corporation at this point in time is out of the inspection program. We were doing some work on basically taxis and vehicles referred through from the police. The private facilities are in place to do that and in greater numbers than we were able to do it at the one location, so that program has moved over.

The staff that we had associated with that were given an option of moving with the program or being redeployed within our organization. There were no staff reductions as a result of that initiative. I believe there were approximately five people—in terms of magnitude, roughly five employees, three that stayed and two that transferred out—something of that nature.

Mr. Reid: So we have three to five employees remaining in the program on the remaining inspection point. Can you tell me when the termination date is for that remaining inspection

point, and when we might expect a new program to start functioning to replace what had been the MPIC inspection program? What audit processes are we going to have in place to make sure that the vehicles are going to move through the inspection, private vehicles, are fulfilling their mandate according to legislation?

Mr. Cummings: Yes, I do not want to mislead the member by my previous comments. This is going under DDVL, and that is where the control mechanisms will be. I am only attempting to demonstrate how we are moving it smoothly from this corporation into a different management.

In the interim as well, we can refer vehicles that need inspection to those who are already certified to do the inspection within the system. So there is no shortfall in capability. There will, however, have to be a dramatic increase in capability when the regulation kicks in, so the tracking—I do not think any of us can adequately respond to the tracking, but I know that is one of the things that DDVL is preparing to take over. Therefore, I am not sure that Mr. Zacharias can respond to where the staff has gone.

We are moving to a user-pay system. That is what it comes down to. As I understand it, the expertise that we have had within the corporation is being used. Some of them have gone over to DDVL. As to the exact numbers, I will let Jack respond.

Mr. Zacharias: Yes, the program change came into effect on January 3. DDVL has certified some private facilities to handle the work. Their capabilities are beyond what we were actually doing prior to that. We had five employees that remained with the program through to the end. There had been some previously shifted over to DDVL. Of the five that remained at the end of the last calendar year, three moved with the program to carry on with DDVL, and two were redeployed within our organization.

Mr. Leonard Evans: Mr. Chairperson, I do not like to get into individual cases, but this raises a rather interesting one. It was reported in the

newspaper, I guess, the Free Press, a few months ago. The title is Clip Autopac adjusters' wings, Appeal Court tells Legislature. This is a Justice Huband in the Manitoba Court of Appeal criticizing the corporation for not paying, I think, something in the order of \$27,000 to a Mr. MacDonald who apparently had paid up his premiums each year but somehow or other failed to take out a Manitoba driver's licence when he moved here in '89. I gather he previously was a resident of California and had a California licence, and I guess did not understand that a Manitoba licence did cover some insurance.

I just wondered whether Mr. Zacharias or someone would like to comment on why it was that he was denied—this is history now—his claim of \$27,000, even though he had paid the insurance premiums, but he had failed to pay \$89 or whatever it was for his licence, his particular driver's licence—[interjection]

Well, this is the question. The driver's licence in Manitoba includes part of your insurance coverage, so maybe this individual did not understand this, but at any rate, Mr. Justice Charles Huband wrote a 12-page decision on the matter and felt that the corporation was not being fair or did not treat this person properly.

Mr. Zacharias: I am reluctant to discuss details of an individual case because, again, what is reported in the paper compared to actual facts, there is a wide gap, and I do not know if the individual involved would appreciate some of the personal details that went into the decision affecting him, but there was a much larger issue that the case dealt with.

Mr. Leonard Evans: It is a larger issue. I do not want to really discuss this gentlemen's—I do not mean to interrupt, Mr. Chairperson. It is the larger issue we want to discuss.

Mr. Zacharias: One of the general principles that the courts have applied over the years is that if, within a regulation or an act, there is a provision for relief from forfeiture where there is imperfect compliance or something of that nature,

then grey areas or areas that actually fall outside the regulations should be dealt with through the relief-from-forfeiture provision that is built into the act.

The MPIC Act has such a provision. In about 1985, a case went to court—I believe it was *Bonne Irving*—where a claim was denied to an individual, and the court said yes, the corporation is correct in denying this claim, but the court then saw fit to say, while the corporation is correct in denying the claim, we would like to see this individual paid anyway. The court, at that point in time, took liberty and said, we will not go by the relief-from-forfeiture regulations within The MPIC Act, but they applied some general principles, that the court has some discretion, and provided coverage to that individual. We took exception to that and went to the Court of Appeal and lost the case.

In the current case, a very similar type of situation, the Court of Appeal this time said, since there is a provision within The MPIC Act to provide relief from forfeiture, the court should not interfere but leave it to the relief-from-forfeiture provision within the act, which is what we have been arguing since 1986. But he then went on to say, I do not think that it is appropriate that this is taken out of the court's hands, and consequently made the comment that people within our organization may have too much authority that should actually come through the courts.

In actual fact, adjusters do not have that type of authority individually. Whether or not relief should be granted on an individual file, that authority is reserved for very few individuals within our organization so consistency can be applied. Basically, if we are dealing with a technical breach, imperfect compliance, our position has been that we would provide coverage.

If the individual has done something deliberately to not pay the correct premium, has avoided premiums deliberately, made false declarations to try and hide facts, those cases would be treated much more harshly than innocent mistakes, if you want to call it that.

Mr. Leonard Evans: Well, on the generality, I gather from this article that the person did not receive the compensation because he failed to buy a driver's licence for \$40. In Manitoba the driver's licence does cover some of your insurance.

The question then arises whether—and I do not know—an individual such as this gentleman was advised that when you come to Manitoba part of your insurance is covered by your driver's licence, so you must get your driver's licence as well as the plate, and whether the auto agents who are selling this are advising people who move in from Ontario and Saskatchewan or North Dakota or wherever they come from, that you have to—I mean, everyone has to get a local driver's licence at some point, but there is usually a time lapse before you get the licence in that particular jurisdiction. That happens all the time that, whenever people move around, there is usually a bit of a time lapse. So how do we ensure that somebody like this gentleman who was told categorically, you must have a Manitoba driver's licence in order to be fully covered, because I gather that is the reason why he did not receive his compensation?

* (1220)

Mr. Cummings: I appreciate the speaking on general principles, but we are getting dangerously close to discussing the individual case. As long as the member appreciates that, I do not mind. We are not exposing ourselves to anything—we are not afraid to talk about anything the corporation has done in this respect, but this is obviously a case with some hard feelings because the person pursued it for a number of years. I would advise some caution and the member can put on the record whatever he chooses, but we might be a little reluctant to stick corporate necks out and create continued hard feelings with the individual.

Mr. Leonard Evans: I do not want to discuss this case; I do not want to make any further reference to it. I am just asking a general question whether the corporation and/or the agents make an effort to tell people who move into Manitoba: Yes, it is fine, you take out your plates, you are paying your premium, but you must also remember

you must immediately take out your driver's licence because that is another portion of the insurance package. That is the question because I do not know anything about this individual. I have never heard of him before, and I do not know what communication there was there, but it raises that as a problem.

Mr. Zacharias: Anytime an individual moves into the province we would not know he was here until he arrived at an agent's office, but if he is at an agent's office inquiring about changing insurance and things of that nature, one of the rating factors on our insurance is your driving record, and whether or not you qualify for a merit discount or not and it can be a substantial amount of your premium. In order to get a merit discount, you need a Manitoba driving record. So there is a very tight tie there that anytime you are going into switch a vehicle registration from something else to Manitoba the driver's licence is actually a Manitoba licence and a record of that is needed to determine whether or not you qualify for the premium discounts or not. Most of our rural agents, so many of our rural agents are also representatives of DDVL and can handle driver's licences.

So there is a tight tie when you are talking to an agent, and it would be almost inconceivable that you would go through that process without being advised. Again, we have the policy guides and the many brochures that are available for new residents explaining our coverage that are all provided to those people which, again, contain provisions that refer to what the requirements are.

Mr. Leonard Evans: On a different topic, you released a news statement on September 14, saying an increase in car theft claims affects Manitoba Public Insurance financial results. Apparently there was a lot of money lost through the claims on theft, and I gather there were some initiatives taken to cope with this unfortunate phenomenon, an increasing phenomenon. One of them, I believe, was the CAT Program. Was MPIC directly tied in with that, or was it another department as well?

Mr. Zacharias: The corporation and the police

were involved in the Combat Auto Theft Program. We provide some funding, brochures, information, and the police are doing the registering of the vehicles, tracking of them, stopping of the vehicles at night and things of that nature.

Mr. Leonard Evans: In view of its being a serious problem, is the corporation prepared to take other initiatives? I know one thing that you were looking at, again reported in the media, is some kind of an incentive to people who would put in some kind of an antitheft device, therefore eliminating the possibility or reducing the possibility of theft, and that if you did that you would have more people doing this and, hopefully, fewer claims for theft.

It can be complicated. I realize there are some other ramifications, but I wondered if Mr. Zacharias would comment on that.

Mr. Zacharias: Incentives were certainly something we spent a lot of time looking at. I might say that, aside from Combat Auto Theft, we have had a number of joint ventures with the police, targeting areas, targeting vehicles, decoy vehicles or things of that nature to attack the theft problem. It has not been simply a one-stop item.

When we looked at incentives, several factors dissuaded us from doing that. If we could decrease our theft costs, there might be room to provide the incentive, because, basically, we are at a break-even financial situation, and you either have to put through a general rate increase to get more money so that you can afford to give some back, or you have to reduce the number of theft claims in order to save that money and use that as a pool.

If five people at this table put antitheft devices in their vehicles and I as a car thief come walking down the street, simply the fact that I pick one of those cars that have an antitheft device does not mean that I am going to go to the bus stop and hop on a bus. I am just going to carry on down the line of cars until I find one that I can take.

So, at the end of the evening, whether or not we would have the same number of cars stolen, it may

be different cars, but we could not see that there would be a big downturn in the number of cars stolen and the actual costs incurred, and that therefore we do not have a lot of premium to give back.

Secondly, the amount of premium out of the total premium that is attributable to strictly theft would be in the area of \$20 or so, \$20-\$25, maybe a little more, per plate. Knowing that we are not going to eliminate theft, you can only shave a portion of that as a refund legitimately, and, again, that is not going to create a big enough incentive for people to take a lot of action.

The other thing we are finding is that stolen cars that are ending up in our compound have after-market anti-theft devices locked in the trunk, where the owner spent the money and the device is there, but it has not been activated or it was not used. Consequently, you are going to be providing discounts to people because they spend money buying something, not because they protected their car--and, again, how to differentiate? After you give a discount, if that car is still stolen because he bought an inadequate device, do you then apply a deductible, deny his claim? You know, you cannot turn around and give back money without some offsetting feature.

So the logistics of trying to do something on the basis that it was going to make a big difference did not seem possible, and we elected to spend the money on educational campaigns and enforcement campaigns, rather than on discounts at this point in time.

Mr. Leonard Evans: So the big effort, the most recent effort has been the CAT Program.

Mr. Zacharias: The CAT Program plus the advertising and the public education that is going on right now with the campaign operating at present.

Mr. Leonard Evans: There was an instance where a particular car dealer had a lot of car thefts, and I guess you cut him off because of the number of claims he has had or devalued claims; again, it

is public information: dealer's insurance cut after car thefts. I was just wondering, what would an individual do if he could not get coverage from MPIC?

Can this individual or can any individual who has cars on a lot get coverage from another company for loss of vehicles, for theft of the vehicle, or has he just no insurance?

Mr. Zacharias: The coverage in that particular case is part of the optional coverage that is offered by many insurers. They can buy it from us; they can buy it from whoever wants to sell it in the marketplace.

Unfortunately, people often see us as the insurer of last resort. When everybody else refuses them, then they are upset if we do likewise; but, if we want to be competitive on any of our products and make sure that Manitobans have access to that insurance at affordable rates, we have to do some selection of whom we insure.

Mr. Leonard Evans: I guess the main thing is, as long as the person had an option, which he obviously has, but some people reading this would think that he would not have an option, that you either have to take MPIC for this insurance or you do not have any insurance, you know.

* (1230)

Mr. Chairperson: The hour being 12:30, what is the will of the committee?

Mr. Leonard Evans: Well, Mr. Chairperson, we were hoping to wrap it up this morning. If we could carry on for a few more minutes we can maybe wrap it up, unless others--but otherwise we come back at 1:30 or whatever.

Mr. Chairperson: Carry it on? Okay, we will carry on.

Mr. Leonard Evans: I have another thousand questions here. [interjection] Yes, my colleague here, the member for Transcona (Mr. Reid) has reminded me, there is no time limit on committees.

I may not meet again for a long time if there are no time limits.

I just want to pass on here to another big area, a big subject that people are going to be concerned about in Manitoba, and that is rate changes. It is going to be confusing this year because as I gather, Mr. Chairperson, there is a general overall freeze on rates under the old system. But two things are happening. One, you are moving to a cycle renewal procedure based on your birthday plus four months, and you are also going to a different basis as VICC, which is a different basis for establishing premiums. So there is going to be some confusion out there. Are the bulk of Manitobans still going to get a rate freeze, or are the bulk of Manitobans going to get a rate increase, or the bulk of Manitobans going to get a rate decrease? If so, what is the nature of this?

Mr. Cummings: Well, I am concerned that the member is using the term rate freeze, because that sort of indicates some type of an arbitrary decision regardless of experience in cost. The corporation has to appear in front of the PUB to justify any changes that it makes in its rates. You will recall that the PUB in fact raised the rates above what the corporation had proposed a couple of years ago. This past rate presentation was accepted as the corporation had proposed. I am pleased that the member would suggest that it appears that there is a freeze in place, but let us not imply that there is any kind of an unqualified, arbitrary decision being made by anybody within the corporation or anywhere else.

(Mr. Ben Sveinson, Acting Chairperson, in the Chair)

The process will still be the same one that has been employed. That means any rate change up or down that the corporation might put in place will have to be reviewed by the PUB. I would suggest it is a little unfair to ask the corporation where the rates are going to be a year from now. We have not even gone into the next year. We have not finished the current year from the point of view of insurance year. The report that we are reviewing is the fiscal year. It is not the insurance year. The

member knows very well the two are not necessarily the same, although the fiscal year is reflective of the financial position of the corporation at that point, but the rates are decided on the fiscal renewal year. Now, if the next part of the member's question is, how does the corporation intend to anticipate structuring its rate application based on cyclical changes, then I think that is a more legitimate approach. In other words, how will they justify any changes in front of the PUB. You never want to back away from the principle that ultimately the PUB will review what they do.

Mr. Leonard Evans: Well, I am just going by the statements that have been put out by the corporation where there has been reference to the fact that the majority of drivers are to escape rate hikes, because based on the PUB decision—I am talking about a decision made by the PUB—and it says that the 1995 rates which were made public by MPIC in June will have the premiums unchanged for 480,000 motorists, while 116,000 motorists have decreases of between \$1 and \$100, and so on. I will not go through all of this, but it goes on to refer to the fact that a new classification system is coming in.

So I understood that would be coming in this year, as well, so that for the average motorist, while he or she may read this, that he or she may be one of the lucky 480,000 motorists who may be rather unlucky if the VICC base system clicks in and they find that they have an increase. So I just wanted to get a clarification therefore, what impact this VICC is going to have on the average premium policy holder.

Mr. Zacharias: A rate application is approved by the Public Utilities Board which kicks in on March 1. Of on-road vehicles, 67.4 percent of those will see no change in rates, 16.3 percent of the vehicle owners will receive some increases, and 16 percent will receive actual decreases.

The increases that are going to be seen in most cases are going to be \$10 or less, and 1.9 percent of the people will see increases in the \$10 to \$30 range and half of 1 percent will see increases

above \$30. That is total. So the majority of people are going to either have the same rate or a little lower rate and the increases will be very modest.

Increases are actually generated from a couple of items. There is an experience rating that we look at by the various classes, and if a particular group of vehicles has had a very bad experience during the past year, we make an experience adjustment to that group. Those adjustments can go plus-8 or minus-8 percent in the last application based on the experience of that particular group.

Over all, we were looking for a 0.6 percent decrease in total revenues required, but if you combine some of the experience rating and the VICC ratings, that could generate a total increase beyond \$30 for a very small number of people.

As a result of VICC itself, we will have 29,000 vehicles that will see a decrease in their rate generated from there and 6,000 vehicles that will see an increase as a result of the implementation of the experience-based rating system.

Mr. Cummings: Could I just add to that. From the point of view of an MLA representing constituents, what very often becomes puzzling at renewal time is that if people have a claims adjustment, if they have a bad record and lose their discounts, they will phone up and say, you said this was going down; what is going on? Well, in fact, there are 700,000 or whatever individual cases out there, and some will be driven by factors outside of the rate itself.

Mr. Leonard Evans: What is going to make it even more difficult for people to make comparisons is the fact that you are going onto this new renewal date, so people are going to be renewed over the period of a year based on their birthdays, so it is going to be really confusing for some people.

At any rate, I want to ask a very simple question, and that is, why did you select the birthday and four months? I do not understand the rationale.

Mr. Zacharias: Two reasons. We did not want the car insurance and the driver's licence falling due on the same day. Some people pay substantially on their driver's licence for accident surcharges, demerit points, and to have both bills come due on the same day could be a little straining for them.

Another important reason was that, particularly in the rural areas, some of our agents have handled photo-driver licences and driver licence renewal. Other agents do not. If we have the driver's licence and insurance coming due the same day, the guess is that the people would only go to one spot to do those renewals, and consequently anybody who did not have access to both facilities within their establishments would be out of business or at least their business would be very adversely impacted. Consequently, there is a split which provides an advantage to both the customer, in that he does not have to pay both premiums on the same day, and, secondly, the administration with respect to our broker force.

* (1240)

Mr. Leonard Evans: I can see the reasoning, but why four months? Why not three months or six months or five months, why four?

Mr. Zacharias: It could have been any one. In fact we could have done a random computer selection and put everybody's name in a big drum and pulled them out one day at a time. It does not matter to us. What we need to do is split people up on a 1/365th kind of split and whether we did that with random selection, birthdays, birthdays plus one, birthdays plus 10, it did not make any difference. There is no rationale behind that, other than we saw an advantage to not having a birthday as the fixed date. Anything else than that, including a random selection, would have been adequate.

Mr. Leonard Evans: So beginning this new year now, we are going to be on this new system that you have just been describing, so people will not be getting a lot of, well, compared to previous years, it will only be a fraction of people getting

renewal notices come—or will everybody get a renewal notice but everyone will be treated differently because there are different birth dates and so forth?

Mr. Zacharias: We are into a transition stage right now; 100 percent of the people will get a renewal for March 1. That renewal will be from six to 12 months, and that is basically to start the first level split.

What we need to do is get those March 1 renewals in, processed. We will switch data bases onto our new computer system and then in August we will start handling renewals. While this is the first split and all those policies will be like six or 12 months, expend at the end of the month, when you renew after that, you will then be put onto your cycle based on your driver's licence plus four months, or your birthday plus four months, to stagger everybody onto 1/365. We cannot do that right on March 1, because you would have some policies coming due March 2, March 3, March 4, and we need some time to get everybody into the system, get them processed, so we basically moved them all out from six to 12 months. They will come back to us at various times. We can start smoothing it out. The second level of that distribution is to put everybody onto their exact days.

Mr. Cummings: The other thing that I think is important from the point of view of customer services, it was an issue for a number of years, about the rebating of outstanding premiums. If *someone* walked in to cancel, and the exact date of renewal now being one out of 365 means that also the administration of that can be more beneficial to the customer.

Mr. Leonard Evans: So as of March, everybody—I just want to get this clear in my mind—will be making a half-year minimum.

Mr. Zacharias: When you get your renewal on March 1, it will be for either six months, seven months, eight months, nine months, 10 months or 12 months, different people will be split for different times. So at the end of six months, all

those people that got a six-month renewal, when they go in at the end of six months to renew, we will now put them onto their exact cycle with respect to their birthday and move them from that day to their birthday. At the end of seven months another group of people will come back to us and we will split them on too, this is a two-stage transition from where we are today to where they will be.

(Mr. Chairperson in the Chair)

Mr. Leonard Evans: Very complicated. Yes, yes. Well, good luck and I hope your computer does not break down.

A different topic. We could spend a lot of time on this, but we will just pass on to one other topic that I have raised previously and that is to help contain costs, and that is the whole question of estimates for damages. Some places you are asked to get more than one estimate, and I was wondering whether the corporation had given any further consideration to this question of just not being satisfied with one estimate, but we want two estimates, or maybe three estimates, but at least two, to have a comparison of whether you are getting the lowest possible price for the work that is supposed to be done.

Mr. Zacharias: There is no major insurer in North America that relies on estimates systems any more the way that we used to know. Uncompetitive pricing. First of all, the fraud that goes on in those systems is remarkable. I have got some studies that have been done on that system. If the customer came in for an estimate and it was a private job compared to an insurance job, there was a 32 percent difference in price. If it was a male to a female, there was a 28 percent difference in price. Basically, the games that are played under that system were: yes, I had the lowest quote, so the car comes to my shop, but once the car is here I find all this additional damage that needs to be done, so that the end price ends up higher than the other estimates. It is just an unworkable system.

What has happened within the whole industry is a move towards getting quality repairs at a fair

price. We have got the body-shop accreditation program in place with respect to standards for body shops, quality of work, reinspection programs to make sure the work is done right. We negotiate on labour rates, we negotiate on parts prices and used parts, so that we have control under our system that is the envy of most insurance companies that we can ever talk to, but the going straight to competitive prices would be a nightmare.

Mr. Leonard Evans: What about recycling of parts by MPIC to keep the costs down? This was something that was considered some years ago, I know. Has any further thought been given to that? Saskatchewan apparently is doing that.

Mr. Zacharias: Over the years, several studies have been completed on whether we should be dismantling ourselves or not. We have looked at the Saskatchewan operation, we have looked at private operators, and if we went to that type of mode and basically to the exclusion of other autowreckers or salvage yards or recyclers—first of all, the return that we could get after the labour of dismantling would be less than we are getting today by selling the whole hulks, and consequently the insurance industry as a whole uses roughly 7 percent used parts. We are running 14, 15 percent, so we are saving almost double the Canadian average with respect to used parts versus new parts. We are getting great return on our hulks. In fact, the fact that we are using more and more used parts provides us with a greater return on our salvage value for the vehicles we do sell. The net result in return is much more beneficial to us than if we got into the recycling business ourselves based on the three or four studies we have done over the years.

Mr. Leonard Evans: Some of the questions that I was going to ask previously, as I indicated, have been asked by some others, so I will just be satisfied with those. We could spend a great deal of time going into further detail and spend a lot more time today.

I will just conclude on one area that is outside of automobile insurance and that is back in the

general insurance. Because I just want to remind people, while the MPIC did get out of it, we objected to it. We felt that changes could be made in that you could remain in it and be successful in the long run, and that it provided a social benefit as well to many kinds of companies that would have difficulty getting private insurance and also in many parts of the province, remote areas and so on, and indeed, even in Winnipeg.

There was a matter raised in the fall of 1994 about the matter of people in the inner city not being able to get property insurance, and that this was providing a real problem, that in older areas of the city there are difficulties. People are experiencing difficulties, and I just say that this is unfortunate, and I am not suggesting that MPIC has to take all the bad cases, the high risks, at all. I would have thought that when you are in the business you take a mixture. At least MPIC was there and also had the ability to keep rates low. I think it was common knowledge in the industry because MPIC was in general insurance that a lot of the private insurers had to keep their rates very low to be competitive with MPIC, and there was a value to everybody on that basis whether you actually took out an MPIC policy or not.

I guess the question is whether MPIC would—or maybe I should address this to the minister—consider getting back into the general insurance business in order to provide the social benefits and the economic benefits that I just outlined, economic benefits in terms of keeping the rates lower than they would otherwise be?

* (1250)

Mr. Cummings: The short answer is no, but there is a rationale which I am sure the member would be more than glad to debate with me, but when he referenced cost and being able to acquire business, essentially what he described to some degree was an insurer of last resort. That is not really a very good possibility. The corporation, I think I would have to seek some further supporting information from the corporation, but as I recall, at the time that we divested MPIC general business there had been a demonstrated increase in the

amount of business that MPI was doing, but what followed that was a demonstrated volume of losses associated with having had other insurance companies dump some fairly high risk costs, were able to dump it and have it picked up by MPI. In the front end it looked like a good—filling all of the social mandate and price stabilization. In the long run we ended up with a corporation—that arm of the corporation did not have as good a bottom line as it should have had in order to support the costs it was being faced with.

If you want detail as to what has happened since we have proceeded with the divestiture, you will probably see where there are some years, one or two years, where the corporation has in fact showed a profit even after the divestiture and the runoff of some of the risks. I suppose nothing reflects—I would ask Mr. Zacharias to comment, but I believe that primarily represents wise budgeting on the part of the corporate officials in reserving for losses and being able to reserve on the right side.

There is also a split between the MPIC general and, of course, insurance assumed in the reinsurance which is entirely a different matter. I would assume the member is not even advocating that business be picked up. If you would like more detail on what has happened since we have divested the general arm, perhaps Mr. Zacharias can—

Mr. Zacharias: We were left with the wind-down on the claims that existed at the point where we got out of that business, and that wind-down has been proceeding on an orderly basis to the point where I think we have a little over a hundred files left.

Currently, they are in litigation with the staff, and an associate with that department had disappeared, and it is basically on its very hind legs and will be totally wrapped up in the next short while.

Mr. Leonard Evans: Well, in some ways it is very regrettable, that there are people, there are sections of our community in Manitoba, the Manitoba community, that are not able to get insurance.

I cannot quantify that. You go more or less by hearsay and statements, such as this story on CJOB a couple of months ago regarding this, in November. It was an interview with a local insurance broker, and I guess the bottom line is that people are really concerned. They are going to have to continue to make their voices heard and get to the various MLAs and to their elected representatives.

I just want to wind it up here, but I have one question, and then I want to just make a couple of wind-up comments if I could.

My colleague has reminded me about the item of reserve. Does the corporation have any objective that you are trying to aim for in terms of the amount of money you want to have in reserves?

Mr. Cummings: I would like Mr. Zacharias to respond to that, but there is one—in light of what you said earlier, I would remind the member that there was a review committee put in place during the transition period following the sale, where anyone who had been a customer of MPI general who felt they were being unfairly treated by the private industry as a result of MPI coming out of the competitive business where they could appeal and have it reviewed and possibly reinstated ultimately if that were the issue, and there was not one appeal that came forward during that period of time.

Mr. Leonard Evans: Reinstated with MPI.

Mr. Cummings: Well, reinstated with the company that purchased MPI, because they were the only ones who were still operating. We did not during that period of time—and I stand to be refreshed on what that period of time was. Was it two, three years? [interjection] I believe it was two years now.

During that period of time, there were not any appeals brought forward. That is not to say that there are not people who are today having trouble acquiring insurance. It has to be related to the risk associate. I am sorry to interrupt, but that was something I thought was not very well publicized.

Mr. Zacharias: Yes, our target for a rate stabilization reserve is 15 percent of earned premiums. That target has been in place now for several years. We have been able to put some surplus into that fund each of the last several years. Our total surplus now is roughly in the 7 to 8 percent range, so we are continuing to look at rebuilding that reserve on a regular or gradual basis until we achieve the 15 percent.

Mr. Leonard Evans: At the rate you are going, how many years will this take? Who knows, eh?

Mr. Zacharias: Yes, if I had that one, I would buy a 649 ticket, as well, I think, but we are projecting to have a modest surplus in our next year and hopefully the year after that and to gradually move toward that target. In four years, we would like to be there.

Mr. Leonard Evans: Okay, just one, two comments, just to wind up.

I think there have been a lot of developments in the corporation this past year, proposed—the rate changes, not only the date of renewal but also the fact that you are using the VICC as basis and some other developments which we approve of.

We would like to see the efforts you are making on safety. It is extremely important, and it is in the interest of MPIC, but it is in the interest of all of us to do whatever we can to improve safety, do everything we can to reduce car thefts.

These are big areas, and I know they go beyond MPIC, MPI and its mandate, but nevertheless it has a very important impact on MPI.

We are going to continue to honour the no-fault. We think it was the right move to be made. We had advocated it for many years, as the minister knows. I think at one point he was saying, over his dead body would he bring in no-fault, but anyway, they brought it. I have something in Hansard somewhere, but at any rate, I think the challenge remains, Mr. Chairperson, to do what we can to improve the system and hopefully make it as equitable as possible.

I know it is very difficult and there are trade-offs, and it is a matter of using judgment and being fair to everyone, but we still think we have to take a harder look at ways and means of removing discrimination against seniors, and secondly, we think, especially, that there is some injustice in claimants, legitimate claimants, who are going to lose a week's income, because unfortunately, they were involved in an accident. We also believe that there is a basis for improving some of the benefits paid out.

I appreciate what the minister said earlier, that some of the benefits are the best in the country, and that is good, but some of the benefits are not, and I think we should be alert to being able to improve benefits as much as we possibly can within the revenue received by the corporation.

Also, we want it to continue to monitor the appeals and see whether there is any need for opening up appeals further. We had proposed in our amendment to the bill last December that there was a basis for appeal to the Court of Appeal beyond limited questions of law and jurisdiction, but time will tell. Time will answer a lot of these questions.

Nevertheless, I just want to say I think MPIC is an excellent corporation. It has done a fair job protecting Manitobans for many years, and I am very, very pleased with the no-fault system. We are going to have problems, we are going to be criticized, but I think if we approach this rationally we can deal with some of these problems and make adjustments and changes as required. Thank you.

Mr. Chairperson: Shall the October 31, 1993, Annual Report of the Manitoba Public Insurance Corporation pass--pass.

The time is now one o'clock. What is the will of the committee?

An Honourable Member: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 1 p.m.