

Second Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Crown Corporations

Chairperson
Mr. Doug Martindale
Constituency of Burrows

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON CROWN CORPORATIONS

Friday, February 27, 2004

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Doug Martindale (Burrows)

VICE-CHAIRPERSON – Ms. Theresa Oswald (Seine River)

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Mackintosh

Messrs. Eichler, Jha, Loewen, Maloway, Martindale, Ms. Oswald, Mr. Schellenberg

Substitutions:

Mr. Tweed for Mr. Fauschou
Mr. Maguire for Mr. Cummings
Ms. Irvin-Ross for Ms. Korzeniowski

APPEARING:

Mr. Jack Zacharias, President and Chief Executive Officer, Manitoba Public Insurance

Ms. Shari Decter Hirst, Chairperson of the Board, Manitoba Public Insurance

MATTERS UNDER CONSIDERATION:

Annual Report of the Manitoba Public Insurance Corporation for the year ended February 28, 2001

Annual Report of the Manitoba Public Insurance Corporation for the year ended February 28, 2002

Annual Report of the Manitoba Public Insurance Corporation for the year ended February 28, 2003

* * *

Mr. Chairperson: Good morning. Will the Standing Committee on Crown Corporations please come to order.

Before we proceed with other business, we need to deal with some committee resignations and substitutions.

Committee Substitutions

Mr. Chairperson: I have before me the resignation of Mr. Fauschou from this committee, effective immediately. Are there any nominations to replace Mr. Fauschou?

Mr. Ralph Eichler (Lakeside): I nominate Mr. Tweed.

Mr. Chairperson: Mr. Tweed has been nominated. Agreed? *[Agreed]*

I have before me the resignation of Mr. Cummings from this committee, effective immediately. Are there any nominations to replace Mr. Cummings?

Mr. Eichler: I nominate Mr. Maguire.

Mr. Chairperson: Mr. Maguire has been nominated. Agreed? *[Agreed]*

I have before me the resignation of Ms. Korzeniowski from this committee, effective immediately. Are there any nominations to replace Ms. Korzeniowski?

Mr. Harry Schellenberg (Rossmere): I nominate Kerri Irvin-Ross.

Mr. Chairperson: Ms. Irvin-Ross has been nominated. Is that agreed? *[Agreed]*

Thank you for your co-operation.

* * *

Mr. Chairperson: This meeting has been called to consider the Annual Reports of the Manitoba Public

Insurance Corporation for the years ended February 28, 2001, 2002 and 2003.

Are there any suggestions from the committee as to how long we should sit this morning?

Mr. Jim Maloway (Elmwood): Mr. Chairman, I would suggest we sit until noon and revisit the issue at that time.

Mr. Chairperson: It has been suggested we sit until noon and revisit the question. Is that agreed?
[Agreed]

Are there any suggestions as to the order in which we should consider the reports?

Mr. Mervin Tweed (Turtle Mountain): Mr. Chairperson, I would like to ask that we be able to review in general terms all of the reports and look at maybe passing some of them at the end of the conversation.

Mr. Chairperson: It has been suggested that we have a general discussion about all reports and consider passing some at the end. Is that agreed?
[Agreed]

Opening statements were made at the meeting held on February 20. We would ask the minister to please introduce the officials from MPI in attendance today.

Hon. Gord Mackintosh (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): I know in conversation with Mr. Faurschou at the last committee meeting he said that there may be some further questions. I know when we rose last Mr. Lamoureux had some questions. I think we have an interest in trying to catch these committees up and not just this one. I look forward to any questions and answers today.

Joining me today are several members of the corporation's board and the executive: Chairperson Shari Decter Hirst at the table; President and Chief Executive Officer Jack Zacharias at the table; Vice-President of Corporate Claims, Wilf Bedard; Vice-President, Corporate Legal General Counsel and Corporate Secretary, Kevin McCulloch; John Douglas, Vice-President of Corporate Public Affairs; and Peter Dyck, Finance and Corporate Comptroller, I understand.

Mr. Chairperson: We thank the minister. The floor is now open for questions.

Mr. Tweed: I have not had a great opportunity to review the most recent meeting and if some of my questions are repetitive I apologize for that.

I am wondering if the minister or the chairperson or president could advise us how communications are conducted between the minister's office and the Crown.

Mr. Mackintosh: Maybe the member could tailor his question a bit more in terms of is there some particular area, or is it just in general, like a general overview in terms of how communications take place between the Government and the board, or the minister and the chair specifically. I am just not sure what he is seeking here.

Mr. Tweed: I think what I am asking is, obviously the Crown reports directly to the minister in some fashion. I suspect that the minister has, through himself or through his office, some direct communication with either the chairperson or the president. Is it done by phone, is it done in personal contacts, is it done by letter? I am just trying to get a relationship as to how the communications process from the minister's office is done with the Crown itself.

Mr. Mackintosh: I think I can give some examples of how I have seen communications unfold.

First of all, if there are questions that come in on particular claims from claimants or from MLAs, which is not unusual, that would usually go to the EA responsible for MPI affairs for triaging for an answer from the corporation. Whether the answer comes from me just depends on the circumstances.

If it is a policy issue, in terms of legislation, I would most likely sign the letter and the drafts would be provided to me up through the EA. My understanding is that the EA has contact into the corporation, and they discover what officers are best suited to drafting the reply.

In terms of board matters, if there is a question about a matter, I might phone the chair. I do not think that has happened all that often, but there may be some occasions when I have asked a question to clarify a matter before the board.

* (10:10)

Then there is a third class, and that is where there has been a request for an outcome from MPI in terms of a decision that the board would make. The practice there would be usually to draft a letter, write a letter to the chair of the board. For example, we recently had a request from a police service for some assistance in an issue. So I would relay that question to the chair of the board for the board's consideration. I think that has been generally the practice.

There is a fourth class of communications, and that is the rate adjustments. That is an interesting area that perhaps should be visited at some point in terms of the governance structure, but after PUB makes a ruling MPI drafts an outline of the decision of PUB for consideration in principle by the Cabinet.

That is an outstanding question as to should Cabinet continue to have decision-making ability. Politically, obviously, that is an important question for Cabinet as to whether a Cabinet would ever override a PUB decision. I can tell you that has never happened, when I have been minister at least. I do not know if it has ever happened. That is followed up then by the detailed regulations as presented again to Cabinet which become Order-in-Council.

Mr. Tweed: A comment before my next question, certainly the Premier (Mr. Doer) is on record as challenging the Public Utilities Board in some of the decisions that they have made and has made no bones about it and certainly made it public that he wants to either revisit the structure of the PUB or their mandate. I will ask this question: Does the minister agree with the Premier that PUB should be reviewed based on not getting the direct results that the Government wants?

Mr. Mackintosh: I think the president may want to take part in this discussion, but there is only one area of ongoing concern, I would call it, as between MPI and PUB. That is the amount that should be set aside for the Rate Stabilization Reserve. That is an ongoing issue. Should that be a matter determined by the Legislature by way of amendment to the act or should we simply allow this debate to continue before PUB? So far the decision has been made that we should just allow the debate to continue before PUB, but perhaps Mr. Zacharias can comment further on it, because I know it is an issue of concern

given that MPI's assessment has been different than PUB's. PUB, of course, governs the outcome.

Mr. Tweed: Again, the Premier is on record as saying that the Public Utilities Board, I think he is suggesting that it is not working properly simply because it is not agreeing with what the Government is suggesting, or the corporations. I would ask the minister again: Does he agree with the Premier's position that the Public Utilities Board should be reviewed or revised, and, if he does agree, in what ways does he see that the review or the process would be made better by having more government intervention?

Mr. Mackintosh: I think that generally the experience before PUB has been one that is, you know, it is a process that is not cheap, but at the same time it has an important oversight role in the public interest. There certainly has been no move by this minister to change PUB oversight of MPI. I can clearly state that quite frankly I would have no interest in seeing any change in that relationship. The only issue is one of difference of opinion, and so be it.

Mr. Tweed: Then I am to assume that the minister disagrees with the Premier (Mr. Doer) on the policy of the Public Utilities Board and the review of it because he is not getting the correct results that he wants from the Public Utilities Board. I mean, am I understanding that the minister will advise the Premier that the changes that he has suggested to the Public Utilities Board are not necessary and the fact that the Public Utilities Board is actually working to the benefit of the people of Manitoba?

Mr. Mackintosh: I cannot speak for the Premier on this because I am not sure of the interpretation that the member brings to the committee. There was a newspaper report, I understand, and then there were questions in the House, but the Premier is the one who can speak to his views on PUB and concerns. My experience so far as Minister responsible for MPI has been that PUB regularly does disagree with MPI submission. It disagreed this year, it disagreed last year.

This last year, it decreased the rate application; this year it increased the rate application. Is there some move or some view that PUB should change as a result of that? Absolutely not. MPI will continue to put vigorously forth its views and its analysis to ensure its continued long-term financial strength. But

in terms of what the Premier has said or not said, I know the member will have interpretations of that and I cannot speak to what the interpretations might be from the member.

Mr. Tweed: While I do not think my interpretation is any different than the rest of Manitoba, the Premier clearly stated that he was unhappy with the decisions made by the Public Utilities Board, and that perhaps changes should be made within that board to actually reflect the requests of Crown corporations.

If the minister is saying publicly today that he disagrees with that position—which I think he is saying, because he is suggesting that he is happy with the process and satisfied with the results of the Public Utilities Board—I would ask him if he would be prepared to make those recommendations to the Premier (Mr. Doer) that the Premier do not interfere or tamper or adjust if the Public Utilities Board is a government appointed board.

So, obviously, the Premier has the ability to change the players. I am suggesting, will the minister recommend to the Premier that he not change the process or the ratepayers of the province of Manitoba? I think he is saying that, but I am looking for clarification that he will make that very clear to the Premier that MPI does not want to see that process changed.

Mr. Mackintosh: I just want to clarify that I am not aware, and I am the House Leader as well, but I am not aware of any proposals afoot to change the role or structure of the PUB. If there was such a proposal put forward by the responsible minister or the Premier, I would take part in those discussions, and my view is stated on the record.

Mr. Tweed: I hear what the minister is saying, but actually the Government's responses have been different lately. I mean, they have made some changes at the Public Utilities Board, and I guess I would suggest that is a reflection of government policy and that the fact that there is a change afoot. We have certainly noticed in the last couple of days that the Government has announced a review of the Workers Compensation Board, and the fear out there is that it is being changed and being reviewed more to satisfy the Government's desire to access some of those Crown corporation funds. I would ask the minister again that he would lobby the Premier not to change the process of the Crown corporations, particularly

the MPI which he is responsible for, would suggest to the Premier and ask the Premier not to change the process of the Public Utilities Board.

Mr. Mackintosh: Well, I understand the member's position and, as I say, there has been no position advanced from this minister for changing the PUB process whatsoever. So we may disagree, we may be dissatisfied with outcomes from time to time, but so be it. Each corporation and board has a role to play, but there is no move afoot, as I understand, from any quarters to change the role of the PUB.

Mr. Tweed: Then just to confirm that the minister is saying that MPI and his responsibility to that Crown will not be suggesting or asking for any changes in the Public Utilities Board.

* (10:20)

Mr. Mackintosh: As far as I can see into the future, I am not aware of any reason to take such a position at this time. I can say that any changes that I would be pursuing would be in The Manitoba Public Insurance Corporation Act and, of course, if there were any such changes, they would be introduced in the usual course through legislative notice and bills. There are three such pieces of legislation currently before the House, but that is the extent of my role.

Mr. Tweed: The minister mentioned in his comments that he does communicate with the chairperson. Is it a fair question he suggested that sometimes it is a phone call, sometimes it is a letter, is that on an annual or a regular basis? Does he talk to the chairperson on a monthly basis, a weekly basis? Is there any process of communication where he would communicate on a regular basis with the chairperson?

Mr. Mackintosh: Well, there are communications after board meetings and I think there is the Crown Corporations Council that actually has it as a requirement. So there are communications that way and as well through my executive assistant. The MLA on the board, Daryl Reid, of course, has regularized contact. That is part of that function. I think that is maybe where the member's question is directed.

Mr. Tweed: So the minister is suggesting that most of his information would come from Mr. Reid after attending a board meeting.

Mr. Mackintosh: There is a role for the chair to report to the minister. Aside from that, there are, as I said earlier, letters from time to time requesting consideration of a subject matter by the board. I say there has been, not terribly common practice, but from time to time there will be a telephone conversation seeking clarification usually. I think the pattern has been clarification sought by telephone on matters. If there are matters that I would like to see considered by the board it would usually be by a letter to the chair.

Mr. Tweed: I will become a little more direct then. Can the minister tell this committee how many times he has spoken to the chairperson in the last 12 months, either phone, through personal contact or through letters?

Mr. Mackintosh: This is without going through any records that I might have, maybe two or three times a month. I think that would be a fair answer to that.

Mr. Tweed: I thank the minister for the frankness. We know government agencies or Crowns are certainly whom they report to. I would ask the minister if he can tell me if he has any direct contact with the president or the chief executive officer of the company and, if so, how many times in the last year.

Mr. Mackintosh: That is much more infrequent but perhaps I could say maybe two or three times a year. Perhaps there may be a meeting on an issue. Perhaps I can defer to the president.

I might want to just add one more thing. If there are public matters that may require comment, I need information on what MPI has done on a particular matter, the usual communication is from my special assistant to Mr. Douglas and an advisory note would come back detailing the information.

Mr. Zacharias might be able to speak to the number of contacts with my office.

Mr. Jack Zacharias (President and Chief Executive Officer, Manitoba Public Insurance): The corporation has some very clear governance with respect to communications between the CEO, board chair and minister responsible, where my communications go through the board chair. I report to the board of directors. Normally that is where most of my contact would be. The minister contacts the chair and provides certainly information to the board of directors.

There is a requirement that following each board meeting the board chair debrief the minister with respect to board meetings. There are occasions where we have had collective meetings. The minister, the board chair and myself meet in the neighbourhood of three or four times over the course of the year, often at our request with respect to whatever the issue of the day might be, or it could be, for expedience sake, for the board chair to bring us together.

We do have a very clear government structure which says I report to the board chair; the board chair deals with the minister; the minister deals with the board chair. Certainly our executive assistants, if there is information that is required, we have people that will supply that, but I am talking about the formal matters of business that would come before the corporation.

Mr. Tweed: Two questions. One, I would ask: Are these meetings diarized or is there any documentation that follows those meetings? In the minister's comments he mentioned that much of his communication is done with the vice-president of corporate public affairs. I would ask the same question: How often is that and is it something that is documented?

Mr. Mackintosh: The usual communication with Mr. Douglas's office would be documented by way of the response, the advisory note that would come back. It would usually be on statistical information, for example. I could think back on some different issues. One, there has been some public interest or some concern for motorcyclists, for example, about their rates. That has been an issue where I think we have had two or three or four advisory notes come back from the corporation to me, to provide background information in terms of what position MPI has taken before PUB and what the PUB has ruled. So it is that sort of factual information. Those are advisory notes to them, the minister, as I get from the Justice Department on issues.

* (10:30)

In terms of the other communications, well, the written correspondence to the chair is something that we have, as a result of discussions between us, thought were important to document. The communications should be from me to the chair, and so we have regularized that. As I say, those requests are now being made in writing so that the chair has a clear idea of what request for consideration is. There

obviously is a record of that. The response to any request then would be in the minutes of the board and would be more commonly, as well, described to me then by the chair after board meetings.

Mr. Tweed: I am assuming, and I hesitate to do that, I guess what the minister is saying is that conversations and phone calls and things, as such, with people of the MPI then are actually documented at some point in time in the process.

Mr. Mackintosh: Well, except for the telephone conversations, whether they are recorded or not, I do not know. I guess there is technology to trace times of phone calls. I do not know about that. Certainly, the requests to the corporation that consideration be given on a topic, there would a record of that.

Mr. Tweed: How often does the board meet?

Mr. Zacharias: Ten times a year.

Mr. Tweed: Are there any other times when the board would meet collectively? Pardon me if I do not understand the act, but is that a mandated number of meetings, and are there any outside meetings held with the board outside of those 10 meetings?

Mr. Zacharias: There would be 10 board meetings. In conjunction with one of those board meetings, we usually hold an annual strategic planning session, and then, also, in addition to the main board meetings on a quarterly basis, the board committee meetings would be held. There may be one special board meeting, which could be, based on timing, when we seek approval to file our application with the Public Utilities Board. We are usually dealing with some pretty tight time frames with closing off year end and filing the next application; and, on occasion, based on the timing of those matters, we have held a special board meeting on the one item.

No, the committees meet quarterly, and the full board about 10 times a year, and then we have a planning session. We usually try and host at least one of those board meetings each year outside of Winnipeg.

Mr. Tweed: Has the minister ever made a presentation or made—well, I guess "presentation" is the word—to the board as a complete board?

Mr. Mackintosh: I met with the board at least twice, and those were not on particular topics. *[interjection]* I am advised that it was not at a board meeting. Actually, I have never attended a board meeting. I think there was a board development workshop or something, so I came and sort of introduced myself, thanked the board members. It was not on a particular topic, as I recall.

Mr. Tweed: So, in essence, then, the minister has never met with the board as a board, as a functioning board. It may have been at a planning session or something for new board members. I suspect that is just to educate them as to their roles and responsibilities. So the minister has never met directly with the entire board?

Mr. Mackintosh: No, never.

Mr. Tweed: I want to ask the minister a little bit about the advertising expenses of MPI. I notice whenever MPI does public advertising, and I would have to say that, in most cases I think the ads are well done, there is always a question about advertising a product when you have a monopoly on it. But in the same breath I think your safety and your ads are directed at the general consumer, and I think that is good. Something that has been brought to my attention, and I do notice it now because it has been brought to my attention, in every MPI ad we see a tag for the Province of Manitoba, and I just wondered: Does the Province cost-share any of those program expenses, advertising expenses?

Mr. Zacharias: No. We do three major ad campaigns, roughly, each year on different topics, is what we normally budget. The ads carry only our tag. There have only been two ads with exceptions, one where we worked with the division of driver licensing on graduated licensing in that we are involved with the High School Driver Ed Program and we had to do a lot of sharing with the DDVL with respect to that particular campaign.

Another one involved car theft, and that was where we partnered with Justice on trying to make sure the public was well aware that, if they got caught stealing cars, or were involved in—I think impaired driving was part of that too, just what the laws and consequences were with respect to those types of actions.

Mr. Tweed: Knowing that, I guess, then, the question I will repeat is: Does the Province pay any portion of that advertising, basically, for the tag-ons that they get? I guess what I would like to think is that if the Province is making that direction to MPI to do that and tagging on to the promotional, is there a cost to the Province or to the Justice Department or whichever department may recommend those campaigns?

Mr. Zacharias: With both of those campaigns, there was a considerable sharing of those expenses in that the development, design, creativity, production was done by the Province, and the media buy was done by MPI, so that the cost of producing and getting those ads to air, there was certainly a contribution from both sides. Some of the development and creative is done in-house on occasions, but it was certainly utilization of a lot of provincial resources for both of those ads, in addition to our involvement.

Mr. Tweed: Would you have a breakdown as to percentage? Having my previous life, I understand what production costs are involved in getting an ad to air. Is there a percentage or an actual dollar amount that is allocated, or is it done up and billed to one source and then off-billed to the other parts of government, or is there a definition of how we can break that down?

Mr. Zacharias: I would have to, I guess, take that to do a little research on it, because I know the creative, production and design were done utilizing provincial resources. As to what value they would put that on, whether they had some supplemental help from the outside, I do not know.

As the development was done and we were working with them on the frequency and where it was going to air, we would be looking after the buy part of it and they would be looking after the development part, but we would have to go back and double-check to see what information they could provide us with respect to their actual costs, whether they be in-house or out-of-house.

Mr. Tweed: I guess, then, my question would be to the minister: Would he be prepared to provide this committee with the actual input costs of government to prepare and process and get these ads ready for public consumption?

Mr. Mackintosh: I think this was a couple of years ago, or three years ago. I think the Opposition may

actually have the answers to that question. I think there was a FIPPA request a couple of years ago on that, but we can discover that information, certainly.

* (10:40)

I just want to add that when that campaign was unveiled we were very proud that the information resources division of the Province of Manitoba had really used excellent creative efforts on that campaign. I think it is the kind of partnership that we have to build on, making sure there is a strong message, working with MPI on some of these messages, but we will get that information then to the member. He may have that information already. We will certainly provide it, if it is available. It is not difficult to retrieve.

Mr. Tweed: Mr. Zacharias in his comments, correct me if I am saying it wrong, suggested that the Province would pay or share some of the costs of the process; you would do the ad buys. Is any of that out-sourced, or is that all done in-house within the Province of Manitoba?

Obviously, Manitoba has production companies. Do you deal with a specific company, or do you have your own in-house operations that look after that type of work?

Mr. Mackintosh: I can only speak to one particular product, the "You Lose" campaign. My understanding is it was done by IRD. That was a great source of pride for people there. I remember them all at the unveiling.

Mr. Zacharias may speak to some of the other product.

Mr. Zacharias: With respect to those two campaigns, the same information that the "You Lose" was developed inside using in-house resources by the Province and the GDL one I think had some assistance from an outside agency, that would be a local agency, but again the Province was involved with the development of that.

We would have to go back. I do not know what the bills were or anything of that nature, or who actually did it. On the one program I am led to believe it was all done, the production and creative was all done internally with the Government. The other one the Government used an external resource.

Mr. Tweed: I appreciate the answer on that.

I guess then my question would be to the minister: The one that was out-sourced, graduated drivers' licence campaign, would there be a tendered contract for that or would it be an untendered contract?

Mr. Mackintosh: I think that partnership was with another department. Perhaps Mr. Zacharias has information or could obtain that information.

Mr. Zacharias: I do not know. I would have to go back and check with our advertising people as to who they were dealing with here and trace that back down. I do not have first-hand knowledge of that.

Mr. Tweed: I appreciate that. If you could get that information to the committee, I would certainly appreciate it.

In regard to the graduated drivers' licence and more on the process, you say you do three campaigns a year. Who makes that decision as to what it should be?

Obviously, when graduated drivers' licences were introduced by the Province some of the concerns I heard from constituents and from people throughout the province were that that is government policy. Why would a Crown corporation get involved in the direct promotion and advertising of a government policy as opposed to just advertising the fact of the regulations and that process after the fact?

Government has a large resource to promote their programs and their legislation. It seemed like MPI was used as the promotional arm of it.

How does that relationship get started and who makes that recommendation that you move forward with that type of a promotion?

Mr. Zacharias: When we look at our annual advertising and three major campaigns, those are part of our strategic planning within the organization and we come forward with recommendations. One of the things we have done on several fronts, you may have seen it, is we have actually introduced a significant book, for lack of a better word, on our injury benefits, so that customers can be given a very detailed manual. They can walk through it and see what coverage they have, what they qualify for and what they do not.

Certainly, part of our customer satisfaction is having customers understand their coverage. When we introduced graduated licensing, the ramifications from that were that mom and dad's car might not get paid for if the son or daughter was driving the car outside of the provisions of graduated licensing. So it becomes a real coverage issue and there could have been a lot of surprises for people when, all of a sudden, the rules had changed. It is where heavy influences on the insurance coverage that was available that we had to do some advertising to let people know how this would impact their coverage, and that they better get onside with the program if they are going have their vehicles driven by people in the graduated licensing system.

So we had to do a significant public education campaign on the insurance coverage side. We also changed a lot of the rules around the driver ed program that we provided, and every parent out there was wanting to know what does this mean now and how does this change and what is the impact on me. So, outside of anything the Government might have wanted to do, we had a significant issue in public education with respect to the insurance side. Then, we talked about that and, certainly, I think some general knowledge needed to be out there. It was quite a natural marriage for us to get together with DDVL, rather than everybody running their own separate ways and duplicating that, so that one was a very tight fit with what we were doing. The rules around graduated licensing, those were certainly developed within government and that law was brought into being, but once it was there, the education of the public, because it has such a big impact on the insurance side, we had a major obligation there.

Mr. Tweed: I do appreciate that. I guess, again, I thought some of the advertising was promoting the Government's driver education graduated drivers' licence legislation and, I guess, that was the reason for my questioning as to how much they participated at that level.

Does MPI have an advertising agency that they deal directly with?

Mr. Zacharias: No. The out-of-house work we are doing is tendered.

Mr. Tweed: In the president's comments, he said that when we decided to move forward with

graduated drivers' licensing, more to refresh my memory, was that a recommendation of MPI to the Government to bring in graduated licences, or was it the other way?

Mr. Zacharias: No, that was an initiative of the Government. If I said that, I misspoke. Certainly, once it was there, we had to deal with it and educate the public, but this was a government initiative.

Mr. Tweed: In your comments, you mentioned about getting information to consumers. One of the issues that I am hearing more and more about from the ratepayer and, also, from agencies is in regard to valuations in accidents. Many people are concerned that they are using one book for purchase values and using another book for write-off values. I just wonder if the president or the minister would just put on record, or, just so that we know, what is the process?

Mr. Zacharias: With respect to write-offs which we deal with, last year we had 24 000 total losses. That is a lot of people selling their cars on an involuntary basis when they are not ready to sell, selling them to us. We need to have some pretty strong evaluation methods in place so that we can come up with a fair market value for those cars. Part of that is based on books, part of that is based on vehicle sales, but part of that is also a software system that is very sensitive to mileage, condition, extras that might have been on that vehicle.

*(10:50)

I am pleased to say that of the 24 000 total loss valuations we did last year, only 185, or less than 1 percent, went to arbitration. That is where the customer did not agree with our value and wanted to go to a third party to settle that claim. I think that is a very enviable track record with respect to being able to come up with fair values for those vehicles. If there is public discontent about our evaluation method, it is not showing itself in the total loss figures or how that is coming together. I am not sure what the other part of your question was, but where the second book value comes in, we will access many sources of information to try and get the best information we can with respect to putting that value together.

Mr. Tweed: Not wanting to provoke an argument, but certainly the comments I hear from people all across Manitoba are they are dealing with a

monopoly. They sometimes feel that that monopoly is being exercised on them when it comes to write-off values. I suspect if they had any other avenue to express their displeasure or their ability to assume more value for what they are getting. Less than 1 percent is a good number, but I would suggest that it is perhaps higher than that. Just that people sometimes feel that they are fighting up against a brick wall and perhaps not willing to invest the time or the energy or the resources that are necessary. That is a fear that everybody has when they are dealing with Crown corporations or monopolies. It does not have to be a Crown corporation. It can be any monopoly in the industry. I have certainly heard of experiences where it is take it or leave it or take it or call a lawyer. Sometimes people do not have the resources to deal with that.

What I was asking though is, and I certainly hear and Mr. Maloway mentioned, that when people are unhappy with their results, they do contact their MLAs. I suspect they have contacted him in some instances. What I am hearing is, if you buy a vehicle privately and take it in to pay the PST and the GST on it, it is evaluated at the Autopac agent at a rate, but if you were to come back in the next day with the same write-off, it would be a completely different value. I would ask if you could clarify that. If that is true, why are we charging people a certain rate on values for taxation purposes but using a different book when it comes to write-off values?

Mr. Zacharias: A couple of things. When we deal with total losses and certainly the perception that you are dealing with a monopoly, you have no choice and it is a take it or leave it situation. To try and curb that, one of the things we did a few years ago was introduce advanced payments, so that if I feel your car is worth \$12,000 and you say no, I think it is worth \$20,000, we may want to spend some time working on that to see what we come up with. We will send you a cheque for \$12,000 within a week. We have the ability so that we can get money in your pocket so that you can hopefully get yourself into or at least get started on some other transportation so that you are not starved into a settlement that we may be forcing upon you. Again, the arbitration process is a very simple process where at minimal cost you can take that final decision right out of our hands because the arbitrators did not agree and whatever they agree is binding on both parties. We tried pretty hard to make sure that people were not disadvantaged because of our monopoly situation.

With respect to the sales tax charged on vehicles, and I do not speak for the sales tax people obviously, but what they do is, once you bring in a car to a broker they will look at the gold book wholesale value, I believe it is, which is the value on which you pay tax. That is a one-size-fits-all, if you want to call it that, because with every 2002 Ford or Toyota that comes in with a certain model they look at the book and that is the tax that you pay on it.

When it comes to a total-loss settlement we take it several layers deeper, which includes being sensitive to mileage, being sensitive to whether it is new rubber or old rubber, being sensitive to rust that is on the vehicle and making allowances up or down from that to really try and tailor-make a price, so that you are getting what you have lost. I do not think for our purposes using a one book value fits all goes.

I think if that kind of effort went into trying to establish what price you would pay tax on you would have a whole new bureaucracy on the front end trying to say how do we evaluate this vehicle. Certainly the reference material that is out there is the simplest method now. Where we might spend two or three hours trying to come up with a value, even a preliminary value, on a total loss vehicle, I think it would be impractical to do that on the front end. I am not sure how the sales tax people, unless they wanted to totally do something different than they are today, and how that would ever occur in a broker's office, to give them the same value we might have the next day because we have done a lot more since. Sometimes our value is going to be higher and sometimes it is lower. It is not always that you pay sales tax high and we buy low. Often it goes the other way but you will not hear about those.

Mr. Tweed: I was going to say most of the comments I hear are usually on lower evaluations.

I think perhaps some of the confusion is the fact that people have to go to MPI agencies to get that valuation to pay the taxes. That is where it is done because that is where they are going to register the vehicle and that is where the taxation is collected. I think they get the sense that this is Autopac speaking. Somehow maybe that message has to be made more clear to people, that these agents are representing a different corporation or a different source of government as opposed to MPI itself. That may be in the education side of the public. At the end of the day, some agents are frustrated because they are

being caught in the middle of giving the one price for the retail side and then, when the settlement comes, they go back to them and say, well, you told me it was worth this, so more for clarification.

You mentioned about arbitration results. Can you advise us as to what percentage of arbitration results are set out in favour of the consumer or what percentage of results are in favour of MPI?

Mr. Zacharias: I do not have that with me but I have looked at the numbers before. I can tell you, if we said the car was worth 1000 and you wanted 1300, the arbitration average would be 1100. Arbitrators do not have to pick one value or the other. We have one person representing the corporation and one person representing the customer, and they will then come up with a value. They usually try and find some compromise somewhere. What we have found is that, of the difference that exists between where the customer started and where we were, the arbitrators are moving about a third up on our side and down about two thirds from where the customer was.

Mr. Tweed: Another issue that I hear constantly from people is the fact that when they are involved in an accident, not necessarily a write-off but an accident that involves repairing of the vehicle, many of them, to their dismay, are being charged 50% responsibility for the accident. In a lot of cases the police report ends up showing a charge being made against one person or another for wrongful behaviour, yet the innocent victim is being charged at a 50% responsibility. Do you have a number, or can you provide a number, of the percentages of liability claims that are a 50-50 split? Is it a high number or is it a low number?

I do not know if there is 75%-25% responsibility or how you break it down, but I am hearing mostly on the 50-50 side that, even when they argue their case, charges were laid against the second driver. They are still being charged the deductible. There is still that threat that their rates will go up, and I wonder what percentage of accidents where both drivers are being charged at fault.

* (11:00)

Mr. Zacharias: Yes, 50-50 is actually an adjustor's worst nightmare, because then he has got both people yelling at him. From a practical point of view, if we look at all the multi-vehicle accidents that occurred

in Manitoba last year, and how often 50-50 was used as a settlement, it is less than 2 percent of the time.

If you track all the cases that went to court and what the courts did with those cases, the courts will actually use 50-50 a higher percentage of the time than we do, and 50-50 is a legitimate assessment if both people have contributed to the accident. Again, based on the evidence, you certainly try and determine where the majority of negligence stayed, but sometimes that cannot happen.

Mr. Chair, 50-50, while we have heard about it for many years and we have tracked it and we get supervisors involved in those kinds of files to try to see if there is not something that breaks the dead heat or some way of getting away from the 50-50, in some cases that is the best that is out there. Less than 2 percent of the time it shows up in our files. If you go to court, you would probably get it about 6 percent of the time.

Mr. Tweed: I must have most of that 2 percent living in my constituency because I certainly hear about it all the time.

How does MPI determine responsibility? Do they look at a police report? Is that a factor in any of the decision-making? I am told by some law enforcement people that it is not. Can you clarify that for me?

Mr. Zacharias: Yes, certainly. We look for evidence, wherever we can find that evidence, whether that be statements, whether that be accident reconstructionists that we hire in some cases to determine how the accident might have happened. We look at the damages, we look at police reports and we look at witness statements.

Police reports are less important to us now than they were a few years ago simply because the police attend fewer accidents today than they did a year ago. If an officer was at the scene and has some measurements and has some good documentation with respect to what happened at the accident, we will certainly use that and use it heavily.

If both people went to the police station four days later and reported to the police what happened in the accident, then I do not think their statements there are any better than the statements that they gave us, again, because it was just another record of

what each person had to say. We have records as to what the people each had to say when they talked to us, so I am not sure that we gain a lot from evidence there.

In cases where the police attended the scene, certainly a lot of weight is put on the police reports. Independent witnesses, we will have tracked down. You have seen ads in the paper sometimes where people are looking for witnesses to accidents. A lot of those ads are ours, where we are trying to get information.

So, again, we scour pretty good, including we have people who do a lot of travelling for us. We do not just sit in offices and wait for what is coming to us. We have a lot of people that go out to look at scenes and to get measurements to do reconstruction and try and get the best evidence we can to make that decision.

At the end of the day, once we have all the data, we do have some guidelines based on court precedents that we give our adjustors and say in these types of circumstances: This is how the courts have ruled. If the evidence shows that this is what happened, this should be the logical conclusion.

If we do not have some standard like that, then our chances of getting most of our decisions overturned in court would be kind of high. We want to make sure that we are consistent and it is the courts that have the ultimate authority. We make a decision for administrative purposes to deal with the issue, but the courts have the ultimate authority.

We also have a couple of simple ways for people to express and deal with their frustrations if they think we have made a wrong decision. On the one hand we have a provincial judge or QB judge who is retired but has some time on his hands. If people feel we have made a wrong decision, for \$20 they can have their file sent to the judge. He will review all the information, including their contentions as to why they feel our decision is wrong. The judge will then write an opinion. Whatever that opinion is, we will accept without challenge any further, so that, again, if the customer feels he is wrong we will look after that.

Then there are the courts, Small Claims court which is, again, an easy access for \$38 or whatever it

is. They can go have their case heard and whatever decision comes out of there we will abide by. It is not a forced decision and this is it. They do not like this one. We will try and explain why we reached there. You can have the judge have a look at it, which if you even do not like what his opinion is then go to Small Claims Court and whatever happens there we will accept.

Mr. Tweed: I guess then, again, I would go back to one of my original comments, that this is a single person who, in their mind, is fighting the establishment and never feeling they have anyone defending their position or standing up for them. I do not want to put words in your mouth but I have had and heard of instances where the police have actually charged one driver in an accident, yet MPI has determined there was a 50% fault between both parties. Does the fact that individuals are charged come into Autopac or MPI's decision on liability?

Mr. Zacharias: I guess I will take the weasel words and say maybe. If I am driving down the road and you run into the back of me and I am charged because I let my driver's licence lapse you are still responsible for the accident. The fact that I was charged does not mean that I am responsible for the accident. You still ran into the back of my car.

More so than the charge is the conviction. If I am charged with going through a stop sign and then beat the charge should I be found responsible simply because I was charged, or should I be responsible because I am convicted?

If I can go to court and prove I did not go through the stop sign why should me being charged make me responsible for the accident? That is just one piece of the evidence that we gather. Was there a charge? What was it? Is it relevant to show whose negligence caused the accident?

Once you have all that data then you make your decisions from that. It could have a bearing, it might not. The big thing is whose negligence caused the accident and what do we have to show that. A conviction for going through a red light or a conviction for going through a stop sign certainly is a huge piece of evidence that would, I think, pretty clearly show who is responsible, but there are other convictions that do not show who is responsible.

Mr. Tweed: Well, the few instances I am referring to, one person was charged under The Highway

Traffic Act and paid a fine. Obviously, I guess he is assuming that he was guilty at the time. Yet both parties were charged as being 50 percent liable.

I will ask the question again because I am hearing conflicting answers, not necessarily from you but from people, the fact that they are being told that does not matter, the fact that this person has been charged and convicted. They are being told you are 50 percent liable, pay your fine. They see it, again, as a monopoly dictating to them who is responsible and a way of increasing fees and service charges to the individual who had no culpability in the accident.

Mr. Zacharias: Certainly, the fact of big brother and who we are, what we do and how people perceive that, I have to agree with you. I know we fight hard against that. I can tell you we do the polling of our customers that we do versus the polling in other provinces with respect to, let us take Ontario for instance, where people have a choice. I can tell you that Manitobans are more satisfied with how MPI deals with claims here than the people in Ontario are on how their claims are dealt with there by the private companies.

* (11:10)

We have taken a lot of steps to make sure people are not disadvantaged because we are dealing with a monopoly. Again, with respect to the matter of charges, it is only one piece of evidence. If I am charged with something and I have to go to court to fight it but I do not want to take the time off work because it is going to cost me more in wages than the fine is going to be and I need that day or I cannot appear at that time, I may send in my \$50 fine as a convenience sake. That does not mean I feel I am guilty. That means I took an easy way out maybe.

Again, because people do that or because some of those things happen does not necessarily point to, well, now you are responsible. You have to look at all the available evidence and make the decisions based on that. That is confusing to some people, but if this matter were to appear in front of a judge those are all things that would be argued and considered.

Mr. Tweed: I would suggest to you there are governments in this world that would suggest they get 100% voter turnout and they are all happy with the government too. It is similar to the same type of

situation. When you pay a fine you are actually agreeing to the conviction. It says that clearly on the cheque that you write and the summons that you send in is that you are agreeing that you are guilty.

I do not know how that argument you are putting forward would not change things because innocent people are being forced to pay their deductibles and increased premium rates as the result of an accident through no fault of their own, of which the other individuals are accepting the charges and paying the fines, accepting responsibility, yet these poor innocent people are being either charged on demerits through their licence, being charged an increase in insurance fees, or actually having to pay the cost of repairs to avoid the claim that impacts their cost of insurance throughout the system.

If I were to make a suggestion, I think that should have some validity in how MPI deals with their customers. I think that is what people are asking for. They are saying: Through no fault of my own, and the courts agree, and The Highway Traffic Act and the police agree. Yet here my insurance company that I am dealing with and have no choice to go anywhere else is saying you are liable for 50 percent. Where are you going to go if you do not like it?

Mr. Zacharias: Again, it depends what the conviction is. If you run into the back of my car and I get convicted for having lapsed my driver's licence that is not a determinate of liability.

The people you are speaking to, or speak to you, you can advise them if they are right that we have made a mistake, for zero dollars they can get that reversed. What you do is you pay a \$20 deposit, you ask the judge to review the file and the judge will say those dummies at Autopac made a mistake, you are right, and we will reverse the decision and there will be no impact.

The process is very simple. Anybody who feels they have been wronged does not have to pay surcharge, does not have to pay deductible, does not have to fix the car themselves. For a \$20 deposit they can have it looked at by a judge and if he agrees with them it will be reversed.

Mr. Tweed: I do want to move on but I think the president's example of running into somebody with no licence, obviously, they would be charged too and would accept responsibility and then be 50 percent

liable, or perhaps 100 percent. I do not think that example is a fair example as to determine culpability.

I want to ask in regard to motorcycles, obviously, I think the agency is certainly aware of the distress many of our motorcycle owners are going through. I received a letter recently where a gentleman bought a motorcycle for I think it was \$1,500, and it cost him \$1,700 to insure it. Is the corporation looking at any other form of insurance or administering the insurance? I have heard of other jurisdictions where they base the insurance costs on the driving record of that person. Are there alternative methods that we can make it fair or more reasonable or more acceptable to motorcycle drivers wanting to insure their transportation but create that sense of fairness.

I am sure that the president and probably the minister have had lots of communication from people that are not happy with it. I know there are valid explanations as to why it is so. But is the corporation looking at any alternative ways of insuring these people to make it more fair to them?

Mr. Zacharias: It is a troubling situation. I guess there are two answers. We can either have others, other than motorcyclists, subsidize the cost of motorcycle claims. If you want a \$2, \$5, \$10, \$20 levy on each of your vehicles so that motorcyclists continue to ride at cheap rates, that is one equation.

The other one is to try and reduce the cost of motorcycle accidents. That would be doing things like reducing the size limit of a bike a person can drive unless they have the proper driving experience. Right now you can jump on a big bike and go.

We have explored this issue a number of times, annually for each of the last six years or so with the Public Utilities Board and motorcyclists as interveners. The very clear direction we have from the Public Utilities Board right now is that they do not and will not provide rates for motor vehicles that will subsidize the cost of motorbikes, that they want us to stop the cross-subsidization that has been going on, and they want motorcyclists to pay the full cost of their claims.

So that means that we have to collect enough from motorcyclists to pay their claims. At present we are not doing that. So either the Public Utilities Board direction needs to be changed so that we can

either subsidize them or we have to find a way to reduce the cost of claims. That is basically looking at single vehicle motorcycle accidents and the horrendous damage that people cause to themselves when they fall off their bikes.

I do not believe that we would want to have separate benefit levels or something of that nature where if you are a motorcyclist you only get half the benefit that you get if you were hurt in a car. We have encouraged the motorcycle coalition to support tighter regulation with respect to driving licence restrictions on bikes. They do not support that at present and simply want lower rates, but if they pay less that means somebody else has to pay more. That is contrary to the direction we have today from the Public Utilities Board.

Mr. Tweed: I appreciate the comments.

My question is: Is there any other jurisdiction that is dealing with this in a different way where motorcycle drivers are being dealt with as opposed to the insurance of the vehicle itself?

You just have to look at the numbers and obviously they are declining in the amount of usage of motorcycles. I guess in a real world if we wanted it ideal we would not have motorcycles on the road. That seems to be the direction that the insurance agents, Crown corporation, whether with intent or not, is going.

The motorcycle associations are trying to find alternative ways of providing insurance. I am just asking if the corporation is looking at any alternative ways, other than the way they are doing it now. Obviously the way they are doing it now is forcing people not to buy motorcycles.

Is there another jurisdiction that maybe is doing it differently that we could look at to improve their situation?

Mr. Zacharias: The rate at which new bikes are bought is highest in Manitoba compared to other provinces, according to their own stats last year. The decline they keep talking about is maybe some of the marginal bikes not being registered. What we are seeing today is a lot more middle-aged people buying bikes as their second vehicles, rather than a main piece of transportation.

We have looked. We have looked across Canada. We have looked across the States and other places to try and find solutions. One of the big comparisons that keeps going on is with Saskatchewan. They have a similar plan to us, yet bikes are a lot cheaper to insure there. For many years, SGI in Saskatchewan did not look at bikes as a separate vehicle but treated them all as cars. Over the last few years they have started to look at bikes and keep claims records for bikes separately. What they have found is they are about 300 percent short on the premium they are getting from their bikes compared to their claims costs. So there are some major increases coming through there.

* (11:20)

Bikes in Ontario are generally more expensive to insure than Manitoba. In Alberta bikes are significantly cheaper to insure because you are riding with third-party liability basically only. If you fall off your bike and hurt yourself you do not get anything or very minimal benefits of any kind of the no-fault benefits. The benefits that are available here for injuries of that nature are much greater and much more comprehensive and all-inclusive than what they are getting in Alberta. So, again, if you want a no-coverage policy that can be sold cheaper than what we have today.

It all comes back to the basics. Either you reduce the cost of the dollars that you are paying to those drivers by denying them benefits, or you have to reduce the injury severity and frequency, or you subsidize. Public Utilities Board said, no, they want us to get rid of subsidization. We have actually subsidized driver-motorcycle training, that if you do go to the Manitoba Safety Council and take a \$300 course for riding a motorcycle you can get money back from us for doing that. We are involved with certainly assisting them in moving the bike licence training program throughout the province. It is not just occurring in Winnipeg now. We are trying to get it mobile and work with the association to try to get safer riding going on. At this point, the association themselves, other than saying do not charge me, have done very little to reduce their costs, from my point of view.

Mr. Tweed: I respect your position on that. You mentioned in your comments that the sale of new motorcycles has tripled in the last 10 years but the reality is in the last 10 years, '89 through '98, the

number of registrations has gone down by over 4000. So it tells me that people are either not registering them or are taking them off the road.

While I agree with your position on subsidizing, we do know the Government passed legislation that equalized hydro rates across the province. Many people felt that was a form of subsidization from one rate payer to the other. I do not know if that is true or not but that is certainly a position the Government took.

Having mentioned Alberta and their ability to offer no insurance, I presume that is what it is. Basically, you buy a licence plate. Is that something that has ever been considered?

I am not sure what the outcomes are but obviously motorcycle accidents, according to the numbers I am seeing, are tremendously higher than automobile. I am just saying that I am hearing from motorcycle people who are saying we have to find an alternative way or basically get out of the business. You are saying they are not perhaps doing enough to help themselves, if that is a fair statement. I am just wondering if there is somewhere in the middle that, if they understand what they are buying, is that palatable to the Crown or to the consumer?

Mr. Zacharias: In Alberta when you register a bike today you get third-party liability. You may get up to \$300 a week for lost wages for a maximum of 104 weeks, or something of that nature and I think you get \$10,000 in medical expenses, but the benefits are quite limited compared to what we would get in Manitoba.

Madam Vice-Chairperson in the Chair

Should we have a motorcycle special with reduced coverage for that? I am not so sure that we would want to start having different levels of benefits based on whether you are a worker or a biker. I think that would lead to all kinds of gross unfairness in how we administer the program. Certainly, I think if we have trouble explaining to people now some of the issues that arise that would be a huge confusion.

I do not think taking benefits away is going to do anything other than get a bike on the road and a cheap service price, then later on you look at the quality of what you bought and you can complain for a long time on a cheap service cost. I do not think

that is where we want to go. What we need to do is save more lives and save more bones on motorcyclists. That is driver education, enforcement and some restriction on the size of bikes these people ride.

We have worked with the Manitoba Safety Council and the coalition and have done a lot more. They are actually contributing a lot more dollars toward the driver licence training education side. I have certainly told them I think if their organization got together and started to support some common sense regulations with respect to size of bike and that you need to ride for three or four years before you can get into some of these power units their sport bike costs would go way down. A lot of the people in the organization are dealers who see that as negative impact on their business and do not want to go there, but they cannot have it both ways.

Mr. Tweed: I would suspect these same dealers are finding the negative impact on their business because of the increased rates. Your comments are interesting. Perhaps the minister, who is also the Minister of Justice (Mr. Mackintosh), can use MPI as the arm of identifying our motorcycle gangs, simply because in the next five years it will only be those gangs that will be able to afford the insurance to drive them. Then we will be able to identify them very clearly on a record and will know where they all live.

I want to ask a couple of questions about driver education if I might. Since the introduction of graduated drivers' licences, has there been an increase in funding to the driver education program?

Mr. Zacharias: When people sign up for the driver ed program, the cost of the program is around \$300. They pay \$50, so our cost is about \$250 per kid. Certainly, the number of high school kids registering has gone up, part of that driven by the graduated licensing. What we have also done is taken a lot of time and effort to expand the program to more schools, particularly in the northern and remote areas. We now have programs going in a number of schools, in fact, in a number of different languages to accommodate all residents of the province.

We have seen an increase in costs, but more so because the number of students has gone up. I think we are now at, I am guessing but I think it is about 80% penetration of high school kids who are eligible

to get into the driver ed program that are actually taking advantage of the program.

Mr. Tweed: I think that is good. I guess one of the concerns we expressed when the legislation came forward and the concern that was brought forward to us was access. Do you have a breakdown as to, I know the northern communities it was a concern of one locality? Can you give us a number? Do you have a number? Is the 80 percent across the board or is it just in certain locations within the province? Are more kids, say, in Winnipeg and Brandon signing up, which raises your percentage? Are you seeing that 80 percent, say, in our northern or our rural communities?

Mr. Zacharias: Maybe I can get some advice on that from behind me in a minute. I can tell you that we developed the curriculum in Cree language and some other languages so that we could reach a much greater portion of the province and expanding it through. I do not think there is a high school now in Manitoba that does not have access. The enrolment rates are a little different from some areas to the other. Generally they are high. Let me just see if I can get you a number if we have a city-rural split or something of that nature.

I do not have the exact split between rural and city. What I do know is that we expanded the program in the last 18 months to 27 high schools which did not have it before. We believe now that every high school in the province where we have an interest or where there is a high school, it is open to the students there and we have a program.

We have covered the whole province. The take-up, I know, when you look at school by school is a little different from school to school. Generally, whatever demand there is, we meet because we will put more instructors in if more kids want to sign up for the classes that we have. So all kids do have access. It is a very high level of penetration that covers city and rural and north. I cannot tell you whether it is 75 in Winnipeg and 80 in the North or just what the numbers are. They are high.

* (11:30)

Mr. Tweed: I am certain that you can get those numbers. I would appreciate it if you could.

You talk about access, and, again, that was our concern. I think that is still our concern, although

you say it is an increasing number, and I accept that. I do know of schools that are being offered the service. In some cases it can be 45 minutes away. I suspect in certain communities it can be even more than that. I guess one of the issues we had around the program was the fact that the idea is good but providing access could become very costly, perhaps beneficial, but certainly costly to somebody, be it the corporation or the province.

I do know, or I believe, that the instructors are hard to find. If I am wrong in saying that, please offer, but I know in the rural areas some instructors are travelling that 45, 50 minutes, an hour to provide the service, which I think is good. If that is a correct assessment, is there something that is being done or can be done to enhance that opportunity?

Mr. Zacharias: As the program mushroomed to more schools and more students and a higher number of students, getting the right number of instructors was a full-time job to try and recruit. What we do today is enlist very heavily the support of commercial driving schools so that it is not just us getting high school people or instructors in local areas but taking advantage and doing deals with many of the commercial driving schools that exist throughout the areas.

Mr. Chairperson in the Chair

There are some places where travel is required. I do not know if this is a legitimate kind of scenario. What could happen in Minnedosa, you could have too many kids for the class and not enough in Neepawa, so you want some kids to try and go to the other town or they can wait until the next class comes in. We try and offer them some choices.

There might be a spot where there are not enough kids in Glenboro, so we ask them to go to Killarney or something of that nature. We are trying to accommodate them. We cannot do it all in their backyard, again, balancing accessibility with the cost of the program.

Mr. Tweed: I do understand that. That was the concern that was brought forward was the ability to access. Whenever you bring legislation forward that impacts the entire province, to me part of the consideration would be access to it. We can have a hundred programs but if they are not being made available to certain communities then you lose your impact.

I am only asking for information and perhaps you can provide it to me in writing. I just would like to know what the increase in costs to the corporation is for the graduated licence program in providing those services.

I have a history of being supportive of the driver ed program. In my former life we provided vehicles to the program. I have always been an advocate that education is probably the best way to go with new drivers as opposed to legislation and a hammer at the end of the day.

One of our concerns at that time, I think it still is a concern, is the use of the vehicles and the types of use. I think all dealers that provide the vehicles, I suspect they do it more as a service than anything else and an opportunity to enhance their image within their communities, but at the same time they do it at a cost. The message I hear from the automobile dealers that I associate with and have associated with in the past is if it does cost a little bit more, and graduated licences was sold on the benefits as opposed to the costs, that might be an area where the program could be looked into to provide more opportunity and more access for those communities that do not have access today.

Mr. Zacharias: Thank you for those comments. I think one of the barriers there is in communities that do not have it today is that they are probably gravel road communities. The dealers are not fussy about having their vehicles being driven on gravel roads, so we have had to look at commercial schools and putting together some of our own corporate vehicles into those areas so that we can have some vehicles available for the kids to use. Anything we can do to encourage and keep dealer participation, we are working with the dealers to try and do that.

Mr. Tweed: I certainly appreciate that. I think the dealers are doing it because they believe in the program and understand the benefits of it.

You mentioned in certain areas or some areas that you have to deal on the private side. Do you deal with any areas where private instruction is given as opposed to under the driver ed program as such, for either instructors or vehicles or whatever?

Mr. Zacharias: The classroom instruction is all done under the driver ed program and then the in-car portion, in a number of cases in fact we are a big user

now of commercial driving schools to do the in-car portions.

Mr. Tweed: Just more to ask again and make sure you can and will provide me the numbers as far as the increased costs and the direct costs of the graduated drivers program.

Mr. Zacharias: Yes, we can certainly provide you with the breakdown of our year-over-year cost of support for driver ed.

Mr. Tweed: Yesterday, I believe, there was a report out that suggested the program has been successful in curbing accident claims and I presume personal injury to young people or to new drivers. I almost thought there was a conflicting message there between the minister and the company, the Crown, in the sense that the minister was advising that caution should be taken, that maybe these statistics are too early to make a decision on it.

Can I get your position on what was released and the comments made?

Mr. Zacharias: I do not think I want to comment on the comments made because I am not sure I heard them enough to speak with what they might be, but what I did report here last week at this time was we did have some preliminary numbers that were coming out of the program with respect to driver ed and some of the ongoing tracking we were doing. It was showing there was a downward trend with respect to the number of fatalities and injuries. I think the announcement yesterday dealt with about a 15% reduction, which is certainly in keeping, I think, with what driver ed programs from other jurisdictions are reporting.

There were certainly some reports that were released yesterday of exact numbers of fatalities within that age group. Again, these are early numbers. The program has just been up and running for, I think, less than a year, since January 1, I think, was when the final stages were implemented.

Whether these results are now going to hold each and every month for the next 10 years, I would not go that far. I think these are preliminary peaks that say it is going in the right direction. We did provide a caution though that it is an early number and you would want a longer-term trend to turn around and say this is what our experience is forever.

* (11:40)

Mr. Tweed: Again, I think, when the debate took place with the legislation, our argument on our side of the House was always that education was probably the biggest tool. I am hoping that we are going to see an increase in expenditures on the graduated drivers' licence and driver education side, simply because I think then that would prove the theory that training and educating new drivers is far better than the hammer method at the end of the day. Any time you can reduce accidents and injury to any age group of people, it is obviously a good thing.

I just want to go back to the advertising side for a couple of minutes if I may. You talked about three advertising campaigns that the corporation does throughout the year. Outside of that we certainly see MPI advertised in many locations. It is probably somewhere in front of me but is it a percentage or do you have a number, and how do you determine where and what benefit you are receiving from your advertising dollars that you are putting out?

Mr. Zacharias: Corporate policy is that up to 2 percent of premium can go toward safety promotion in advertising. In addition to that we have also said that our safety programming will basically consist of education. We do not want to do re-engineering of roads and we do not want to push hard on the enforcement side. Certainly we work with the police very, very closely on a number of fronts and initiatives but basically we are dealing with education.

Our primary expenditure on education is the driver ed program. In addition to that we have done things on impaired driving, seat belts and speed, which are three of our main causes of serious claims and injury dollars. So those are areas where we concentrate. In addition to that we also have a grid on which we gauge other requests that come in. Things like Crime Stoppers is a good fit with our car theft program. We do some support of the Crime Stoppers program, but every program we are looking at we are either looking at tying it into the safety messaging or the driver education messaging. We have some strict guidelines on which everything is graded that it has to show it is relevant to the core message we want to do or else we pass on it.

Mr. Tweed: So then we do not see the Crown advertising in arenas or stadiums and things like that.

Mr. Zacharias: Yes, we certainly do. In the Manitoba Junior Hockey League, we work with them, and we actually had the players come into schools and speak to the kids there, sort of the local hero coming in and having a message about safe driving or a message that they present for us. We do the same with some of the Bombers and the Moose. Those are minor sponsorships overall, but we do take advantage of some of these high-profile community groups to help sell our message. Also, if you have been at a Bomber game, messages with respect to cautions about impaired driving and driving safely when you go home are all part of any messaging that we would do there, but they are all related to our safety programming.

Mr. Tweed: So, in exchange for that corporate advertising, there is an agreement made with the Manitoba Junior Hockey League or the Bombers, or exchange of services. Is that a written document, or is that just something that is an agreement in principle?

Mr. Zacharias: No, those kinds of sport promotions are actually a very, very small piece of our budget. On all of those items that we get involved in, we have a signed legal document: Here is what they will do for us, and here is what we will do for them. So that we can gauge at the end of the year: Did we get the value for this promotion or did we not? Do we want to continue with it next year, or do we want to get something that is more relevant?

Mr. Tweed: I just want to touch on the Rate Stabilization fund. It is showing the balance has obviously declined in the last year, if I am correct in reading this. It was \$104 million in 2000, \$143 million in 2001, and it is at \$50 million in 2002. Is that a correct assumption?

Mr. Zacharias: With respect to the Rate Stabilization Reserve, I think those numbers are pretty accurate. We talked a little bit about that last time, but our mandate is to break even over the long term. What we say we want with that is some dollars to cushion against the bad things that might happen to us. We have some of our excess dollars in retained earnings, and we have some of the excess dollars in the Rate Stabilization Reserve.

A few years ago, when those dollars reached a point that was too high, we did the surplus dividend and gave a number of dollars back. What the PUB has said is that they think our reserves are still too

high and that they will actually not give us the rate that we need to keep them at that level. They are more comfortable in the \$50-million to \$80-million range. We still think that we need to have a Rate Stabilization Reserve. What limit does it need to be at, and are we in jeopardy? No, we have more unattached dollars today than we have had for most of our existence. Again, there has been considerable discussion over time as to just how much should be there, but certainly we are not living in the poor house according to our mandate.

Mr. Tweed: Thank you for that. You touched on it, and I think that is that is the ratepayers' greatest fear. We have seen it by the current government that, whenever revenues or the reserve balances in any of our Crown corporations hit a certain level, unfortunately the Government seems to think that it belongs to them, and they try and maneuver the public into believing that it is in their best interests that we take it out.

That gets me right back to the argument of the Public Utilities Board and the Premier's (Mr. Doer) comments about revising it and restructuring it. In my mind, it is a simple fact: Crown corporations are there to provide service to the people at a reasonable cost without huge profits which, at some point, the Government, any government of the day, through legislation or through a decision made in Cabinet can access those funds. I think the public spoke very clearly that they do not want governments to do that. I suspect that with the Public Utilities Board that is one of the fears that they have.

You have suggested that your figure and the Public Utilities Board figure of a reserve fund may not be the same. Does the Crown have a position as to what that reserve should be at on a constant basis?

Mr. Zacharias: Yes, our board of directors has adopted a range of \$80 million to \$100 million that they would like to see in the Rate Stabilization Reserve. The Public Utilities Board has said \$50 million to \$80 million that they think is enough. Crown Corporations Council urges us to go much higher than even what our board would recommend.

I can tell you that our Act is very specific in the fact that the monies that the corporation has have to stay in the corporation. The Government does not have access to them. Also, I can tell you that our board of directors have passed a policy that has also

been on file with the Public Utilities Board saying that if the RSR exceeds the target range that the action we would take would be to have a surplus dividend.

Mr. Tweed: So then, what you are saying, as president of the Crown, is the fact that you disagreed with the Government's opinion that they should access \$30 million from Autopac to use, to spend as they wished. I am assuming that you disagreed with their position.

Mr. Zacharias: I did not say that. What I did say was the legislation, as it is written, says the Government cannot take the money from the corporation and that the board now has a policy with respect to that. I think the corporation's allocations are a different issue.

Mr. Tweed: Well, and as was commented, sort of as it used to be at Hydro, and yet, correct me again if I am wrong, spokespeople for the corporation suggested that it was a good investment to allow the Government to access this \$30 million and spend it on universities' infrastructure. So, I guess I am getting a bit of a conflicting message from what the actual legislation is and what, perhaps, members on your executive and board felt were appropriate.

Was that discussed at a board meeting where the board was advised that they could not do it even though it was recommended and brought forward by the Government as something they were intending to do?

Mr. Zacharias: No, I think what I said is that the Government cannot scoop money out of the corporation. I do not think that was the nature of the discussion that was held at that point in time.

* (11:50)

Mr. John Loewen (Fort Whyte): I do want to thank the executives from MPI for coming down here again. It must be quite a shock to your system to be here two weeks in a row, after not being here for three years. I somehow feel that I should offer a bit of an apology from the entire committee when we were quoted in the press as chastising the minister and the Government for calling committee.

We did not really expect that they would call it within a week and, you know, I should indicate to the minister—

An Honourable Member: Now you are not ready.

Mr. Loewen: Well, we are perfectly ready. I should indicate to the minister that I find it somewhat heavy handed to give two days notice for a meeting of this nature. It is disrespectful, not only, I think, to the executives who are spending their valuable time here with us, but also to the members of the committee who do have to get prepared, who have, obviously, other calls on their time.

Obviously, there are members who had questions last week, both from the Liberal and Conservative parties, who are not able to be here because of your unwillingness to set up a proper schedule of meetings.

At the same time, I would like to indicate to the executives from Manitoba Hydro and the Chairperson that you probably do not have to worry too much, because I do not imagine the Government is going to change its spots, and you may not have to come back for a good deal of time, again.

I do want to touch on a couple of points, one in particular: Can you indicate to the committee, we understand from the paper today that driver's licence fees are going up by \$5 per licence, presumably for road safety initiatives, how much of that \$5 will flow to MPI?

Mr. Zacharias: I think that was an announcement by the department of highways and they do not consult us on what they want to do or not do. I have had no discussion with that minister as to what he might do with the revenue that was raised. He mentioned safety programming from what I see in the paper, but beyond that I have no idea or cannot speak with respect to what the Minister of Transportation (Mr. Lemieux) might be doing.

Mr. Loewen: If I understand from your previous remarks, it is really the insurance corporation that has carried the load with regard to graduated drivers' licence. I know just from experiences with my own children that it is MPI that pays for the brochures that you get when your child goes down and applies for their first process of graduated licensing. Every document I have seen indicates that it is supported by the insurance company as opposed to the Government.

So I am wondering if the minister has not had the courage or the strength to come and talk to you

about what he will do with the \$3 million he is going to raise through the funding. I am wondering what effect that will have on the amount of money the corporation needs to spend on promoting graduated drivers' licensing if the Government is going to, in fact, take this \$3 million and spend it on graduated licensing as they have indicated in the press.

Mr. Zacharias: We deal with the High School Driver Ed Program. That is where we are spending our money. Certainly part of getting a driver's licence now and what we teach in high school driver ed is the new legislation which deals with graduated licensing as well, but some of those promotional brochures, or going down to DDVL to get your learner's, or getting tested and things of that nature, we are not involved with. I do not see us changing our driver ed program. Some of the initiatives that the minister may have in mind I cannot comment on. I do not know.

Mr. Loewen: Would you expect that this \$3 million, it is presumably being dedicated to road safety, would have any effect on the corporation in terms of reducing your need to advertise some of these programs or provide information to young drivers or parents regarding some of these programs?

Mr. Zacharias: Again, I do not want to speculate on that. I do not know. Certainly, I think if you look at the whole road safety programming there are still huge opportunities to do many things to try and make travel upon our highways safer. I do not know where these dollars are earmarked or what they will be used for. For us to be involved with the High School Driver Ed Program, I think the people of Manitoba very clearly told us they want us to be there. They expect us to be there.

In fact, when we at one time looked at maybe not being there we certainly got a very strong message from the public that this was a program they liked, supported, and we see it as a good fit with our organization. I am not sure this is going to have a bearing on our role on high school driver ed.

Mr. Loewen: I appreciate that response. Certainly, we would not anticipate that the driver's ed side of it would go down at all. I am just a little dumbfounded as to why the minister would have had no discussions with officials at MPIC regarding the \$3 million he says he is planning to raise to go to road safety when in fact so many of the programs that deal with

road safety are fully funded or partially funded by the insurance corporation.

You are saying there has been no discussion with the minister at all in terms of the \$3 million that he is going to raise.

Mr. Zacharias: I normally would not have the discussion with the minister of highways. I think I get my direction from our board chair according to our governance. It is not unusual that I would not have that kind of discussion.

Mr. Loewen: I would ask the board chair if she has had any discussion with either the minister she reports to or any other ministers regarding the effect the increase in the drivers' licensing fee will have on programs that MPI is involved in, in terms of driver safety. Has there been any discussion whatsoever?

Ms. Shari Decter Hirst (Chairperson of the Board, Manitoba Public Insurance): Again, to sort of clarify the governance structure, I talk to the Minister responsible for Manitoba Public Insurance. If he has discussions with his cabinet colleagues he passes them through to me. We have not discussed the increase in driver's licence fees.

Mr. Loewen: So, just to clarify, there has been no discussion with the president and CEO of the corporation. There has been no discussion with the chair of the corporation.

I would ask the minister: Has he had any discussions with the Minister of Transportation (Mr. Lemieux) regarding how the extra \$3 million will be applied to road safety programs? Is there any plan? Is there any vision for this, or is it just as it appears, another \$3-million tax grab?

If there are programs, can he give us some specifics at this committee meeting?

Mr. Mackintosh: The increase is the result of a collegial decision of the Government.

In terms of whether monies will flow to MPI from the Government, that is not my understanding. It will deal with priorities in the department of highways and transportation, presumably.

Mr. Loewen: So, just to clarify, the minister can give us no specifics at this time in terms of what intent the Government has in terms of spending this \$3 million to, as it says, improve safety initiatives in the province of Manitoba. You have a plan to raise \$3 million, you just do not have a plan on how you are going to use it effectively. Is that what we are to believe?

Mr. Mackintosh: Well, I can confirm, as the Minister responsible for MPI, that adjustment will have no impact on MPI operations, to my knowledge, at this time.

Mr. Loewen: Thank you. I am not surprised by those answers.

The other question I am a little dumbfounded with is the graduated licensing issue. We asked at committee last week, I believe I asked, regarding whether there were any statistics that were empirical evidence that it was having a positive effect. While I appreciated the answer that there were some preliminary data, I find it somewhat disdainful to this committee that, within five days, all of a sudden there is the Government out with a press release with, in fact, the empirical evidence that I was asking for.

Once again, it is just total disdain by this Government for the process that goes underway. I would ask the president: Was he under instructions from either the chairperson or the minister at the time not to release the information that obviously the corporation had gathered?

Mr. Zacharias: I think my answer at the time was that we were working on some preliminary numbers that showed our results were similar to what was going on in other jurisdictions. I had not seen any numbers at the last meeting. I indicated that there was work under way to do some analysis of that.

* (12:00)

Since that time that has come out and the numbers are still preliminary. It is an early indication of what is happening. They were numbers that I was not familiar with at last Friday's meeting.

Mr. Chairperson: Before I recognize Mr. Loewen, the hour is twelve o'clock. What is the will of the committee?

Mr. Maloway: Mr. Chairman, I think Mr. Tweed has indicated the willingness to pass a report, but I would leave it to him to tell us what he wants to do.

Mr. Tweed: Mr. Chairman, I think because we are discussing the global picture here, I appreciate the Government's willingness to do that, with the thought that we would be able to continue this at our next meeting we are prepared to pass the oldest report on the docket.

Mr. Chairperson: Shall the annual report of the Manitoba Public Insurance Corporation for the year ended February 28, 2001, pass?

Mr. Loewen: Just for clarification once again, I hate to keep raising this but it is just very, very confusing. I have seen lots of financial statements but I have never yet in my experience seen a financial statement that reports February 2001 earnings and calls it a 2000 report. So I just want to know for sure whether we are passing the 2000 report which contains the 2001 financial information, or are we passing the 2001 financial information which is included in the 2002 report? I just want to make sure I am clear on that before I cast my vote, Mr. Chairperson.

Mr. Chairperson: We are voting on the blue one, but if the minister or the CEO would like to clarify, they can. As far as I know it is the blue one. Is it the will of the committee to pass this report?

Mr. Mackintosh: I am just wondering, perhaps the corporation can explain why the year end is at the end of February. Is there a willingness by the committee to continue the questions and answers today

or will we have a break for lunch? I am at the service of the committee. If some people have other arrangements, is there an interest in pairing those people or making some arrangement like that? I am open to that.

Mr. Tweed: I think my discussions with Mr. Maloway on the Chairperson's comments, we are prepared to pass the blue document. I am sure that will read well in the Hansard, but we certainly want to continue the global discussions when this committee reconvenes.

Mr. Chairperson: We will deal with these items one at a time.

Annual Report of MPI for the year ended February 28, 2001—pass.

Is it the will of the committee to continue with questions at this time or to rise?

Some Honourable Members: Committee rise.

Mr. Chairperson: Before we rise, in the interests of reducing waste, I would like to ask you to leave behind any copies of reports we have not yet passed. This will reduce the number of copies required for the next meeting considering these matters. Thank you.

Committee rise.

COMMITTEE ROSE AT: 12:04 p.m.

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