

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

Chairperson
Mr. Daryl Reid
Constituency of Transcona

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
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DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garry	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa	Seine River	N.D.P.
PENNER, Jack	Emerson	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
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STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON CROWN CORPORATIONS

Friday, February 13, 2004

TIME – 10 a.m.

Annual Report of the Workers Compensation Board for the year ended December 31, 2002

LOCATION – Winnipeg, Manitoba

Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2000

CHAIRPERSON – Mr. Daryl Reid (Transcona)

VICE-CHAIRPERSON – Mr. Rob Altemeyer (Wolseley)

Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2001

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Sale
Messrs. Cummings, Dewar, Mrs. Mitchelson,
Mr. Reid

Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2002

Substitutions:

Mr. Maloway for Hon. Mr. Bjornson
Mr. Martindale for Hon. Ms. Melnick
Hon. Ms. Allan for Hon. Mr. Smith
Mr. Fauschou for Mr. Loewen
Mr. Altemeyer for Mr. Jha
Mr. Eichler for Mr. Tweed

Five Year Operating Plan for the Workers Compensation Board for the years 2001-2005

Five Year Operating Plan for the Workers Compensation Board for the years 2002-2006

Five Year Operating Plan for the Workers Compensation Board for the years 2003-2007

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APPEARING:

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

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

Mr. Doug Sexsmith, President and Chief Executive Officer, Workers Compensation Board

Before we proceed with the matters before us, we need to deal with some committee membership business.

Mr. Harold Dueck, Vice-President, Finance and Administration, Workers Compensation Board

Committee Substitutions

Mr. Alan Scramstad, General Counsel and Corporate Secretary, Workers Compensation Board

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

MATTERS UNDER DISCUSSION:

Annual Report of the Workers Compensation Board for the year ended December 31, 2000

Mr. Gregory Dewar (Selkirk): I nominate Mr. Maloway from Elmwood.

Annual Report of the Workers Compensation Board for the year ended December 31, 2001

Mr. Chairperson: Mr. Maloway has been nominated. Is that agreed? *[Agreed]*

I also have before me, I have received a resignation from this committee from the Honourable Ms. Melnick, effective immediately. Are there any nominations to replace Ms. Melnick?

Mr. Dewar: I nominate Mr. Martindale, MLA for Burrows.

Mr. Chairperson: Mr. Martindale has been nominated. Is that agreed? *[Agreed]*

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

Mr. Dewar: I nominate Ms. Allan, MLA for St. Vital.

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

I have also received the resignation from this committee of Mr. Loewen, effective immediately. Are there any nominations to replace Mr. Loewen?

Mr. Glen Cummings (Ste. Rose): I nominate the Member for Portage la Prairie.

Mr. Chairperson: Mr. Fauschou has been nominated. Is it agreed? *[interjection]* Mr. Fauschou has been nominated. Is it agreed? *[Agreed]*

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

Mr. Dewar: I nominate Mr. Altemeyer from Wolseley.

Mr. Chairperson: Mr. Altemeyer has been nominated. Is it the will of the committee to agree? *[Agreed]*

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

Mrs. Bonnie Mitchelson (River East): Yes, I nominate the Member for Lakeside.

Mr. Chairperson: Mr. Eichler has been nominated. Is the committee agreed? *[Agreed]*

We now have a vacancy in the position of Vice-Chair of this committee. Are there any nominations to fill this position?

Mr. Dewar: Yes, thank you. I nominate Mr. Altemeyer.

Mr. Chairperson: Are there any other nominations? Seeing no further nominations, Mr. Altemeyer is elected as Vice-Chair of this committee.

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Mr. Chairperson: This meeting has been called to consider the following reports: the annual reports of the Workers Compensation Board for the years ended December 31, 2000, 2001, 2002; the annual reports of the Appeal Commission and the Medical Review Panel for the years ended December 31, 2000, 2001 and 2002; and the five year operating plans for the Workers Compensation Board for the years 2001-2005, 2002-2006 and 2003-2007.

Before we get started, are there any suggestions from the committee as to how long we should sit this morning?

Mr. Doug Martindale (Burrows): I recommend that we sit until 12 and at that time we re-evaluate how much longer we need to sit.

Mr. Chairperson: Mr. Martindale has suggested that we sit until noon and then review at that time. Is it the will of the committee? *[Agreed]*

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

Mr. Martindale: Well, I would recommend that we allow questions on any report but have a goal of trying to pass all of them or almost all of them before we adjourn.

Mr. Chairperson: Is it the will of the committee?

Mr. Cummings: I appreciate that we could have a broad discussion, a global discussion on the body of reports that we have here, but I would like to reserve the rights whether or not we would be passing any or all of them until closer to noon hour.

Mr. Chairperson: Is it the will of the committee to review? *[Agreed]*

Okay, thank you. Does the honourable minister wish to make an opening statement? Would she please introduce the officials in attendance here this morning with her, the number that we have.

Hon. Nancy Allan (Minister charged with the administration of The Workers Compensation Act): I would like to begin by welcoming the chair of the Workers Compensation Board, Wally Fox-Decent, and the WCB President and CEO, Doug Sexsmith, who joins me here this morning for the first time in making his first appearance before the committee.

I would like to introduce the members with us this morning: Alfred Black, the Vice-President of Employer Services and Program Development; Lori Sain, Legal Counsel; Harold Dueck, Vice-President of Finance and Administration; Alan Scramstad, our General Counsel; Peter J. Wiebe with the Appeal Commission; and Dave Scott, the Acting Vice-President of Rehabilitation and Compensation Services.

It is my pleasure this morning to review the many accomplishments of the Workers Compensation Board from the years 2000-2002. The year 2000 saw 13 policy areas revamped to ensure workers received the maximum benefits allowed under legislation.

Average assessment rates remained unchanged, administrative costs remained the second lowest across Canada, and the WCB posted a small surplus, a re-orientation of claims management services around industry sectors and the implementation of a new rate model which encouraged prevention by rewarding good claims experience with lower rates and charging more to those employers and industries with higher claim costs.

In 2001, the WCB continued to enhance the rate-setting model that rewards good safety records with reduced assessment rates. A new claim information centre was launched, speeding up accident reporting by allowing workers and employers to report claims by phone. The average assessment rate remained unchanged. A drop in investment revenue resulted in a small operating deficit. The board approved a pilot project to place a WCB office in Thompson.

Wally Fox-Decent led a comprehensive review into workplace safety and health as chair of the

Review Committee on Public Consultations into the workplace safety and health injury prevention strategy.

That takes us into the year 2002. Out of the review on workplace safety and health came many recommendations in early 2002 that are now well on their way to implementation. A key objective is to reduce the workplace time loss injury rate in our province by 25 percent over five years. Our Government embraced both the injury reduction target and the recommendation that the WCB partner with Workplace Safety and Health to lead a sustained initiative to create a strong workplace safety and health culture here in Manitoba.

Safe and healthy workplaces are a critically important goal, not only to the good health of workers themselves, productive workplaces and a growing economy, but also for the well-being of workers' families. Workplace safety and health affects all Manitobans. On May 23, 2002, Manitoba became the first province in Canada to acknowledge a link between exposure to hazards faced by full-time firefighters and certain diseases with the passage of Bill 5, The Workers Compensation Amendment Act.

As well, the Workers Compensation Board commissioned a two-stage study into the effects of exposure to hazards faced by volunteer and part-time firefighters. In 2002, the WCB retained two occupational health researchers from the University of Manitoba Department of Environmental and Occupational Medicine to help frame that research project. Their report was received in December. A request for proposals was issued in 2003 to undertake the cancer study.

Murray M. Finkelstein, a highly credentialed researcher from Toronto, began the study on December 1, 2003. The research will be conducted over a three-year period.

* (10:10)

The WCB maintained the lowest average assessment rate among all provinces and the lowest administration cost per time lost claim. A tool called a scorecard was developed to help employers understand the link between the accident costs and their WCB premium. The scorecard shows employers how their WCB rates would drop if the number and severity of workplace injuries were reduced.

The WCB used technology to improve the efficiency and speed of service to customers. The clearance process, that is the process contractors use to ensure their subcontractors are covered by WCB, was automated, allowing contractors to instantly learn the WCB status of subcontractors.

On-line reporting of accident information was expanded to include more employers. Customer access in northern Manitoba improved with the opening of the regional office in Thompson. A three-year agreement was reached with the Manitoba Medical Association on compensation for completing medical reports on injured workers. The agreement provides financial certainty and stability around these costs. WCB has been building other partners in the community with its community initiatives and research program. From 2000 to 2002, almost \$3 million was earmarked for 25 projects. I would like to ask Mr. Fox-Decent and Mr. Sexsmith to join me at the table this morning. We are pleased to answer any questions members may have.

Mr. Chairperson: We thank the honourable minister for the opening statement. Does the critic for the Official Opposition have an opening statement?

Mr. Cummings: I do not have an opening statement, just to observe on a couple of issues that we would like some further understanding on this morning. One is the problem that an awful lot of people have been experiencing over the last two or three years and that is a drop in investment revenue and what implications that has for WCB; in this myriad of reports and studies that we have in front of us, what some of the recommendations seem to be pointing towards; and, thirdly, I would be interested in how the rolling out of the strategy for injury prevention, which is a laudable goal, what all is involved in and the funding of that process.

With that, Mr. Chairperson, I would like to ask a general question to begin with around the investment revenues that the corporation has significant millions invested. In looking at these reports both in Canada and abroad and locally, I wondered if the management or the minister could provide some comment on where they see that heading. I know no one has a crystal ball, but we have known impacts. Is there possible fallout for rate implications?

Mr. Chairperson: Thank you, Mr. Cummings. Perhaps, Mr. Fox-Decent, if you have any opening

comments, you may wish to make them at this time and then respond to the questions that Mr. Cummings has asked.

Mr. Wally Fox-Decent (Chairperson, Workers Compensation Board): I do not have any opening comments, Mr. Chair, but I certainly would try to respond to Mr. Cummings' questions about our investment situation.

It would be best, if Mr. Cummings agrees, that I talk more about where we are now than try to snapshot where we might have been at a particular moment in the life of these annual reports that have not yet been approved.

Mr. Cummings: I appreciate that. That would be the relevant numbers or comments that we would like to hear.

Mr. Fox-Decent: Mr. Chair, in response to Mr. Cummings, our fund is currently valued at about \$730 million. It is what we describe as a balanced fund. That is to say it is divided between bonds and bond-type instruments all of which, or almost all of which, are Canadian. The other half is equity. The equity side has a small foot in the emerging market or developing world equity investment; a larger piece, but by no means the largest, in international investments that are not in the developing world. In other words, it could be investments in Europe or in Australia, New Zealand, whatever. Then the largest piece of our equity portfolio is also Canadian.

We have had an up-and-down situation as I think has been typical with investment portfolios over the last few years. At one point four or five years ago, one third of our total revenue came from our investment portfolio. Two thirds came from employer assessments and one third came from investment. The tumble-down effect of the deteriorating markets was such that we ended up at a figure of about half that amount, 16 or 17 percent coming from investments. The rest had to be found from the revenues that were provided by employers through assessments. Of course, that has had an impact on our bottom line because we have been trying to recognize that increasing assessments for employers is an increasing of them doing business, and, therefore, you do not just reach out and ask for more. You want to give very careful thought to what is happening in the process.

We have been somewhat fortunate that, in the really good years, we laid aside \$75 million for a rate

cushion and for disaster funding if we had some calamitous event where the normal resources we apply to, claims would not be sufficient. That \$75 million has remained almost entirely intact, so we can go a fair distance in deficit finance before we get to the end of that \$75 million.

That has allowed us to be more prudent or careful relative to what we charge employers, not to say that we have not had to do some rate raising. In fact, last year the rates for 2004 were raised and we are just in the first phase of receiving the revenues on that basis.

I am pleased to tell you that the investment portfolio produced 10.9% revenue profit, whatever you wish to call it, in the year 2003. That is our first time in four years that we have seen anything that would be more than either flat or minus in the portfolio.

I would also, as I finish responding, want to respectfully remind you sir that we smooth our portfolio results over five years. So, therefore, the good years are a little bit muted, the bad years are a little bit muted, and we end up with a figure that is the average of what we get by way of result over a five-year period. That five-year smoothing is being reconsidered by the chartered accountants who ultimately seem to rule our life at the end a year. We are not quite sure what is going to happen to smoothing, but it is still there at this point in time. Of course, the good result of this last year only represents twelve-sixtieths of what the picture is on a five-year, smooth basis.

Mr. Cummings: On the last point, there was actually something that I was looking for some explanation on in the smoothing process. How is that handled other than the way it is recognized in the bookkeeping of the corporation? Is it handled by use of the Rate Stabilization Fund, or is it simply a book number that says you are averaging out your receipts over the years? If you have a good year and you are averaging down, what happens to the extra revenue?

Mr. Fox-Decent: For the sake of getting an accurate answer to a good question, I think I would ask our chief financial officer, or our chief investment officer, whichever, but you need to go up. Mr. Chair, may I call one of them to respond to the question?

Mr. Chairperson: Yes, you may.

* (10:20)

Mr. Cummings: Mr. Chair, we probably do not need to deal a long time with it, but from a layman's perspective averaging makes sense, but my experience with other organizations generally has been that this goes in or out of the stabilization fund. I am just wondering what process the corporation uses.

Mr. Harold Dueck (Vice-President, Finance and Administration, Workers Compensation Board): The Workers Compensation Board recognizes our investment revenue over a course of five years. To the extent that we had gains in the year 2003—as Wally had mentioned, we have returns in excess of 10 percent—those gains will be recognized in our financial statements from 2003 through to 2008, over the course of the five years.

What we will have recorded in 2003 will have been roughly one-fifth of the gains in 2003 and one-fifth of the losses in the bear markets from 2002, 2001 and 2000, and then one-fifth of the numbers from 1999.

Mr. Cummings: That is the clarification that I am seeking. If it is a book figure, which I think is what I just heard you say, how is the actual portfolio handled? Does that mean that you simply do not take the revenue, you do not use your stabilization fund as a cushion in the same way that some other organizations might? I recognize for tax purposes, for management purposes, that you can take a book figure and you can justify doing it. I just wonder what that means in the portfolio. Are you still actively managing your portfolio to do as well as you can, obviously, and on that light, it would seem that the portfolio WCB has seemed to be reacting to a downward trend almost ahead of some of the other RSP-style investments that we see. I wondered if there was anything unique about the portfolio or if I am just misreading that trend.

Mr. Dueck: I would suggest that there is nothing unique about our portfolio. Our portfolio is a balanced portfolio. It is managed by external portfolio managers, it is similar to portfolios that are used in many pension funds and other types of insurance companies. To the extent that the book value or the carrying value of our investments is different than the market value, which is the case at the end of every year because we do not recognize all the gains and losses, some of those are deferred. That

information is shown in the notes to the financial statements and at the end of 2000 there would have been a difference and at that point, at the end of 2000, the market value for the investments was less than the carrying value that we showed on the financial statements.

At the end of 2003, the situation will have been reversed. When this year's financial statements are prepared, the market value for our investments will show higher than the carrying value or book value for the investments. In the case of 2003, those will be gains we will be able to recognize in the future years and those are shown in our five-year plan.

Mr. Cummings: So how do you replenish the Rate Stabilization Fund? Is there an objective or a recommended level? Mr. Chair, \$70-\$75 million seems to be the number that is the objective. Do you then balance that against revenue that you would receive from all sources and try and maintain that level?

Mr. Dueck: The board of directors has passed a funding policy that sets out formulas to establish a target level for both the Rate Stabilization Fund and the accident fund. These are formulas that are meant to take into account the differing size of the organization. As the organization grows, so will the target levels for the Rate Stabilization Fund and the accident fund. At the present time the targets for those two funds is approximately \$120 million and the aggregate of those two reserves at the end of 2002 was roughly \$75 million.

Mr. Cummings: From a layman's perspective, that would indicate that unless you receive a pretty big jump in your investment revenues, that would seem to indicate that we are headed towards some kind of a rate increase to offset that reduction in the rate stabilization targets. So do you attempt to keep that stabilization fund within the targeted area? Does it, then, in circumstances like this, become a significant factor in future rate setting?

Mr. Fox-Decent: I think the answer to that is no. We have a formula for replenishing the fund when we have surpluses to do it, but we have not been in a position for some time of having any significant surplus as a result largely of the investment world and its rather bleak results.

The rates, therefore, are not driven by the size of the reserve, except when the reserve is depleted

entirely, which we would obviously hope is not about to happen. We do not see it happening in the foreseeable future, because we are, in fact, forecasting a position in the black for 2004 and 2005 and 2006 and, indeed, I think 2007, if I am not mistaken. But no employer would see us increasing rates if we remain in the black on current account and we continue to have a reasonable sum of money in the reserve fund.

So it is not a highly formalized process where it triggers a rate increase if the reserve fund falls below X. It has not worked like that. I think it is fair to say that we feel that \$75 million is a comfortable cushion for us. If we had surplus monies, indeed, we would build the size of the reserve fund, as Harold indicated, but we do not see anything in the foreseeable future relative to reserve funding that would cause us to have to increase the assessment to employers.

Since we are forecasting black as opposed to red bottom line in '04, '05, '06, '07, and the further out you go, obviously, the less precise your prophecies are, but because of that situation, I think it is reasonable to say we do not—this is a bit tricky, because you put yourself on record, but I do not think we see ourselves as needing to increase assessments in the foreseeable future.

A disastrous year or two or three in the investment market, again, would obviously unsettle the statements that I just made or could unsettle the statements I just made.

Mr. Cummings: Well, I think you have answered my question in terms of the approach. I am a little surprised that the amount of cushion that is in the Rate Stabilization Fund could be allowed to be depleted.

I take it that must indicate that the history of WCB over the long run, and the figures I think do bear it out from the look that I have seen over the last two to three years, is that you do not have huge blips, or, as the chairman said, disastrous situations that show up very often in your claims side to allow that. That must be what is allowing that swing in that stabilization fund. Other than that, you would be very vulnerable to rate shocks. Is that a correct assumption?

Mr. Fox-Decent: I think that is quite correct, sir.

* (10:30)

Mr. Cummings: While we are dealing with the portfolio, and I recognize this comes as a one-off, but it is related directly to this area, the corporation received some publicity regarding funding to or loans to the local arena. Has that money now been taken up, and what information can you give me about the status of that loan and how it is proceeding? Is it now in play? Does the corporation feel comfortable that this is going to be a strong, participating part of its portfolio?

Mr. Fox-Decent: Mr. Chair, the fund, we loaned the True North enterprise, or we put on standby a sum of money in return for some considerations of course, relative to us getting rent for the money. The money has not been used and we do not anticipate that it will be used, that it will remain in standby, but we can provide you whatever level of detail you wish. The CEO can certainly add to what I am saying, or the chief investment officer, Alfred Black.

Mr. Cummings: Well, the exquisite detail might not be needed at the table at this point, but certainly I think we would take you up on the offer to perhaps have a better insight into what is involved in that loan. One of the reasons it attracts attention is that I am not too sure the public has an appreciation, one way or the other, of how much of a normal practice this is.

Without names, particularly, do we have a history of having other investments in enterprises within our province? I ask that in the background that MPIC, for example, was mandated to take a lot of school division debentures and things of that nature, which, in some ways, limited their portfolio because those were not necessarily highly profitable but very stable investments.

You stated that your investments are handled by professional brokers, but my first question then still stands: Do we have a history of investing in local projects?

Mr. Fox-Decent: Mr. Chair, we have some history of investing in local projects in what you might describe as the private market, that is equity holdings in Manitoba enterprises, but about five years ago the investment committee, which is a bit peculiar, not necessarily its membership, I chair that committee, but perhaps one or more of its members. However,

the fact is that committee does not really answer to our board. It is an independent committee by law and it answers not even to our minister. If we were trying to figure out who really takes responsibility for our investment committee, I think we would have to say the Minister of Finance, although I have not talked to the Minister of Finance in 12 years about our investment issues.

We decided about five years ago we would like to set a target of a minimum of 10 percent of our investments being in Manitoba because we felt that, as good corporate citizens of our province, in the Crown sense, we should be using a portion of our fund to invest in our own province. I guess I say with a certain amount of pride that we just had confirmed within the last two weeks we have now reached our 10% target. Most of that would be in the equity and real estate side of things. We do not have the large holding of provincial bonds, Manitoba provincial bonds, that MPI has, but by a careful look at what is available inside Manitoba we have been able to now become the leader of the public institutions in the province, with the exception of MPI.

I am not sure we probably would ever exceed them as long as they continue to have massive holdings in provincial bonds, but ours are diverse holdings. True North is in that package, some money in various investments that are sponsored locally. We also include in that the holdings of national companies in Manitoba. When you put all of that together, we now have 10 percent. The next level, other than MPI, is probably around three percent, surprisingly, perhaps, but that is the situation. So we have a local investment policy that we have been pursuing with some vigour.

Mrs. Mitchelson: Mr. Chair, I wonder if I could just ask Mr. Fox-Decent—I just need to understand the investment committee: Was that an investment committee that was set up five years ago? Is it something new, or is it something that has always been there?

Mr. Fox-Decent: No. The investment committee was created by a change to The Workers Compensation Act which took effect in 1992. It was, therefore, a change that was brought into place by the previous government. It establishes by law that there will be a committee consisting of ex officio, the Deputy Minister of Finance and one Order-in-Council appointment of a person representing

employers. The chair of the WCB is the chair of the committee.

We have added from time to time expert advisers to help us. They attend meetings but do not vote. The investment committee meets at least once a month. The person who carries out or the authority from the committee to carry out whatever is done through the CEO, through the chief investment officer, Alfred Black, we have two staff internally that do the traffic management, but the \$730 million is massively invested for us by investment management companies that we choose.

Mrs. Mitchelson: The chair indicated, too, that 10 percent of their portfolio is invested in Manitoba. Could I just ask: Besides True North, is there a list of other investments in Manitoba that could be provided?

Mr. Fox-Decent: I am sorry, Mr. Chair. My problem is I am not responding to you, and no disrespect intended.

Mr. Chairperson: No, I understand. Maybe for the benefit of committee members, I have to recognize folks before they speak so that Hansard, when they publish the proceedings of this committee, will be able to identify the speakers, if you can indulge me to allow for the introduction for that purpose.

Mr. Fox-Decent: I understand. We would be very happy to provide you a total list, and very current, because it has been prepared and enabled us to calculate this 10%-plus situation within the last couple of weeks. May we send it to you and you would share it with your colleagues or however, or to Mr. Cummings, whatever.

Just to give you, on the real estate side of it, an example, we own half of 363 Broadway, which is sometimes called the Faneuil building. It is a very large building just on the corner across from us on our side of Broadway.

* (10:40)

We own 177 Lombard, which is the original headquarters of the Great-West Life Assurance Company. We bought that because it is an Exchange District holding. We own a large warehouse in the North End, which houses McMahon carpets at the moment.

We are always looking for other properties. We have money available within our limits that we place on categories to buy more property. We are particularly looking for property that would take us beyond Winnipeg. We have not been successful, but if any honourable members know of any property that is out there that we should look at outside of Winnipeg we would be glad to do it.

Mrs. Mitchelson: Can I just go back to the stabilization fund? I think you indicated at the beginning that there is \$75 million in the stabilization fund. Is that up or down?

I also heard some comments or some figure around \$120 million. Is that the total of the two? We are down to \$75 million right now, combined?

I am not a financial expert, but I heard some numbers tossed around and I am just trying to get some clarification.

Mr. Fox-Decent: It is potentially quite a confusing subject, at least it is for me, but I think I am giving you the straight answer.

It is not really a matter of coming down, it has just never gone up. We set a level about five years ago, six years ago and that level started with an assessment of what surpluses we had and so on. We put together a package that was about \$75 million and that is about where it has stayed.

The \$120-million figure is a target that we would reach over a period of time if we had surplus monies to allocate to the fund. We have not had those kinds of volumes of surplus money for us to be able to add to the account.

Mrs. Mitchelson: Then in this year, when we saw investment income at over 10 percent, would that not indicate a surplus? And would any of that go into the stabilization fund?

Mr. Fox-Decent: I am trying to explain—you answer the question.

Mr. Sexsmith: Okay, I will try. I will just back up a little bit. The \$120 million that you referenced, that is really a policy target set by the board which would be a very nice level to achieve if there are surpluses on a year-to-year basis as we go forward.

We have got as far as \$75 million. At the end of 2002, we were at \$75 million and have been at that level for several years, which actually represents a very strong financial position for the board. The \$120 million is a target by policy. We have not got there yet.

Mr. Cummings: From the point of view of some objectives and strategic initiatives that the board and, indeed, the Government have been expounding on the last while, the accident prevention and the programs that flow around that, I am looking on page 43 of the '02 report, Community Initiatives and Research. Is that where the budget for those types of initiatives would come from?

It is a nice round number of a total of a million dollars and an uncommitted sum of \$137,000. Is that the current program we see in the paper, television and radio?

I am not being critical of the approach or the concept, but very often there is a WCB logo and a Province of Manitoba logo. It raises the question, if I remember correctly, the logos being there as I just described, is that entirely funded out of WCB? And where is that money allocated from, out of operating, or does it come under headings such as this?

Mr. Doug Sexsmith (President and Chief Executive Officer, Workers Compensation Board): I will back up. I think I will catch the first part of your question on the Community Initiatives and Research Program grants. That is a budget that has been in place since 1997 and it is available for innovative research and projects which can contribute to improvements for injured workers. The process there is that community groups can apply to the WCB for a grant. It certainly contributes to prevention; in fact, some 60 percent of the grants money that has been paid out through that program over the years that it has been there have been for projects relevant to prevention, preventing injuries. So it is a component of the work that is being done on prevention but it is not the entire program.

There are also other initiatives. We have a number of initiatives in place working co-operatively with the Workplace Safety and Health Branch from the Department of Labour. You mentioned a couple of them.

We have had some media campaigns in place throughout 2003 drawing attention to injuries. We

have had billboards; we have had radio ads. We are also working behind the scenes to do things at a staff level. We are getting out, outreach I like to call it. We are getting out to see employers to talk about the impact that injuries have on their premium rates and what not.

We have a project called the scorecard project, which illustrates for employers the impact of changes in their injury rates, on their premium rates. I guess the answer to your question in summary is that the Community Initiatives and Research Program is a piece of the overall prevention initiative.

Mr. Cummings: Let me ask, and I know you are giving me a candid answer, the other part of my question more directly then. How much is the initiative costing and where is it funded from, particularly the safety initiative? Given what is happening in Ottawa, the public always has an interest in advertising and promotional items. I am not suggesting that there is anything illegal or immoral, but the number, I think, should be available.

Mr. Sexsmith: First of all, on the Community Initiatives and Research Program grants, there is \$1 million budgeted a year. In some years, it is pretty much all spent; in other years, there is a little bit of it held over to other years, so there is \$1 million there.

In 2003, we spent \$600,000 on the prevention campaign through media advertising and related expenses. That was a joint project with Workplace Safety and Health, and it was really funded out of the line where we provide support to Workplace Safety and Health in our budget.

Mr. Cummings: Did Workplace Safety and Health contribute, or was this entirely borne financially by the WCB?

* (10:50)

Mr. Sexsmith: Well, it is a joint project. The bottom line, though, is it comes out of the money that the WCB contributes to Workplace Safety and Health.

Mr. Cummings: Would I be able to get a better explanation of that last statement? WCB, I understand, funds a few positions with Workplace Safety and Health, so, therefore, there is a line where some money is transferred. Are you saying that it would be in that line, the total advertising costs as well?

Mr. Fox-Decent: We pay for Workplace Safety and Health, the whole division with small exception. The sum in the last calendar year was \$6.6 million. This has been the case with Workplace Safety and Health since that branch was created in 1977, so we do not control their budget. That is a Treasury Board matter, as we understand it, but we supply the money to run the Workplace Safety and Health Division within the Department of Labour.

I am trying to say that in a kindly way because I think we have a great partnership with them. That has not always been the case, but I think it is now. What I would say to you, sir, is that, therefore, the \$600,000 that went to this work safe campaign last year which produced two significant ads that had a run across the province, and, as Doug was saying, there were billboards and so on, that all came from our pocket originally. The money this year is somewhere in the neighbourhood of a million dollars to produce four ads and newspaper advertising and billboards and so on. That million dollars will also come from the same pocket.

Mr. Cummings: I have seen this movie before. What the public would see is that the employers of the province are paying for, within their levies, the funding for the Workplace Safety division, and, therefore, they are paying for the ads. Is the Government responsible for placing the ads or is that managed at WCB? Because once it disappears into Workplace Safety and Health it is part of general revenues in government.

Mr. Sexsmith: We are working jointly with Workplace Safety and Health on doing the background work and developing the ads and whatnot, but we are definitely taking the lead in the work. As Wally said, we are providing the funding. Contractors that we hire and whatnot, we are giving them direction. They are working for us.

Mr. Cummings: That in part answers my next question. Are these tendered advertising contracts?

Mr. Sexsmith: Yes, they are. The company that we have on retainer, we originally hired them through a tendering process. We have renewed it since then, but they were originally hired through a tender.

Mr. Cummings: Just on the last point, they originally won the tender, but it is not tendered annually.

Mr. Sexsmith: It was not tendered in the last year, no. We renewed it on the basis of their performance.

Mr. Cummings: Obviously, you are taking on some additional responsibility, a fairly extensive program. Did this require any additional hiring or direct appointments to manage it?

Mr. Sexsmith: No. We are managing it with our existing complement. We are shuffling some people around a little bit to do some of the background work, but we have not increased the complement to do it.

Mr. Cummings: So are there any responsibilities associated with this, then, as being handled in house without any additional expenses because you contracted out the work? Is that a management function in house, then? Is that the correct way to describe it?

Mr. Sexsmith: Certainly, yes. The day-to-day management of it is an in-house function. We do use the contractor that I mentioned earlier to do some creative work and the like.

Mrs. Mitchelson: Could we just ask: Who was the successful bidder on the contract when it was tendered?

Mr. Sexsmith: It is a company called Change Makers, a local company.

Mrs. Mitchelson: Can I just get some clarification. Compensation funds the entire Workplace Safety and Health Branch of the Department of Labour. The budget number was \$6.6 million. How much of an increase has that been over the years, what percentage increase? Maybe just go back several years and indicate.

Mr. Fox-Decent: We will try to get the last five-year payouts. If we do not have it right now, ma'am, we will send it.

Mrs. Mitchelson: Could I also ask, then, there is around \$1 million in grants that are provided for Workplace Safety and Health initiatives per year. I think you indicated that \$600,000 of that was spent last year. Has the budget been \$1 million per year over the last number of years, or has it increased?

I think you indicated there was going to be \$1 million spent in the upcoming year with four

different ad campaigns that would be running. Was that an increase, or has there been \$1 million available over the last number of years?

Mr. Sexsmith: Actually, that fund has remained at \$1 million since its inception in 1997.

Mrs. Mitchelson: Is that million dollars, then, over and above the \$6.6 million that funds Workplace Safety and Health?

Mr. Sexsmith: Yes, it is.

Mrs. Mitchelson: Could I just ask, I know that all the staff was introduced, but I noticed that one person that was sitting behind the table was not introduced, and that is Warren Preece. I guess, I would just ask, he was overlooked. I was just wondering whether the minister might indicate what his role is with Workers Compensation.

Ms. Allan: That is really hilarious because when I walked in here today I thought he had been left off the list and Doug said, no, he is on the list, so I must have mentally just decided that he was not going to get introduced.

Warren Preece is the director of communications for the WCB.

Mrs. Mitchelson: I know that is a change in role for Warren Preece. I was just wondering if the hiring of Mr. Preece was a bulletined competitive process or was it a direct appointment?

Mr. Sexsmith: Actually, it was not a bulletined position. He was seconded for approximately a year or a year and a half into the position and then, since he performed very well, we have now made him a permanent employee.

Mr. Fox-Decent: He is, by the way, our point person for the work safe campaign, and it is he who liaises with the company that was successful in winning the bid for the first and second year of a program which we think might go, certainly will be no less than three years. We have yet to make a decision whether it will go beyond a three-year period.

If I may just give you the record on the question you asked about the cost of supporting the Workplace Safety and Health Division. We also support a Department of Labour program called the Worker

Advisor Office, which costs us about \$800,000 a year. The Worker Advisor Office is a source of assistance to workers who are having some challenge with their claim.

Including that \$800,000, in '98, the support was \$5.1 million; '99, \$5.1 million; in 2000, \$5.9 million; 2001, \$6.4 million; 2002, \$6.4 million; and 2003, I think I gave you that figure, \$6.6 million in 2003.

* (11:00)

Mr. David Faurchou (Portage la Prairie): I would just like to pick up a little bit further insofar as the questioning on value for dollar. Certainly, we have seen an increase in expenditure within the workplace health and safety area, and additional advertising. As someone who is contributing to Workers Compensation in business, do you have a formula to gauge your investment and return on investment? Have you seen a reduction of a global nature rather than a targeted nature when you had, a number of years ago, 59 firms out of 23 000 being responsible for over 40 percent of your compensation dollars expended in that year. I am really trying to ask you very specifically: Are you able to gauge this investment?

Mr. Sexsmith: I want to make sure I understand your question correctly. You are talking about the money that is spent on the Workplace Safety and Health Division within the Department of Labour. Is that correct?

Mr. Faurchou: That is correct. Yes. We were talking the 6.6–

Mr. Sexsmith: We fund the Workplace Safety and Health Division under a formula that is in the legislation, so there really is no flexibility there. We do a calculation each year and we make payments to them based on that legislated requirement.

Mr. Faurchou: I recognize that and understand that, but within that mandate of actually improving awareness and making strides in a safer workplace, bulletin boards versus someone going to a premise to actually highlight potentially hazardous situations, I am wondering whether or not the Appeal Commission of WCB is actually getting value for dollar, billboards versus somebody on the ground.

Ms. Allan: I would like to thank the MLA from Portage la Prairie for these questions. I think that

what we want to do in Manitoba is create a safer workplace culture. We have to approach it from different avenues. I do not know if the MLA from Portage la Prairie has seen this recent report, *Manitoba Workplace Injury*, which has seen the time-lost injury rates decrease in Manitoba. We have been very effective. We have many employers in this province on board with us in regard to this strategy and this initiative.

This is an investment in our labour force. This is an investment in our economy. We are really appreciative of the stakeholders that have worked with us in regard to creating a safer workplace and a safer workplace culture in Manitoba.

Mr. Faursehou: I appreciate the minister's response, but I am wondering: Is there an active effort to gauge the effectiveness of the program as it exists now, as it was in the past which was more directed to the actual workplace specific rather than billboards and other advertising programs?

Mr. Fox-Decent: It is difficult to calculate direct cause and effect relative to accidents in the workplace. However, having said that, we are very anxious to know whether we are getting value for money.

If I may just take an example, out of this \$1.6 million that we will have spent by the end of this calendar year on this work safe campaign, which is the television ads and the billboards and so on, certainly, the board of directors of WCB has made it very clear that, in whatever way it can be measured and in whatever way it can get close to scientific measurement, we want to know what the cause and effect is relative to spending what is a very considerable sum of money.

We are able to know what happened in other campaigns, some of the things that happened at MPI and what the result was there, but the jury is still out, to use the hackneyed phrase, relative to what is the cause and effect, or the action and the effect, in terms of this part of the campaign.

We do not have a very good accident rate record in Manitoba. We are very anxious to do better, for obvious reasons.

Mr. Chair, we felt after the workplace safety and health review, where there was a very strong

recommendation to see government and Workers Compensation or Workplace Safety and Health and Workers Compensation work toward reducing the accident rate in the province, the prevention issue was probably the underlying single most important recommendation in that report.

We are doing things now in a very proactive way which we hope will have that result, but I do not want to leave you with anything but a view that we think we are spending a very considerable sum of money, unprecedented for us. We are very anxious to see what the results are.

Mr. Faursehou: Just in regard to the budget and the substantive amount of monies now going to a media program versus having troops on the ground, have you had to cut back on the number of individuals that are doing inspections and contact with employers and workplace safety initiatives that were previously done? Have you had to cut back?

Mr. Fox-Decent: I think very clearly the answer is no. I believe that there has been the addition of some resources at Workplace Safety and Health. There has been a concern for years that there has not been enough resource to adequately monitor, inspect, help, educate, all the things that you would hope Workplace Safety and Health would be able to do with regard to workplaces.

I can state categorically, and you may know that I chair the Workplace Safety and Health Advisory Council as well, so I have a bit of a foot on both sides, that this program of ours has not reduced any other program.

Mr. Ralph Eichler (Lakeside): I would like just to get on the record organizations such as PIMA, and with the certification of the ISO programs and the HACCP programs, have you found that that has been an issue, programs that have been beneficial in cutting down on the number of claims in the province?

Mr. Sexsmith: We are very supportive of the associations out there. We think that they do provide a very valuable service, and, in fact, for example, in PIMA's case we do facilitate their gathering of funds to support their activities. So, yes, I guess the short answer to your question is yes, we do find them to be helpful and effective mechanisms.

Mr. Eichler: Is there a dollar amount that the board puts into funding these organizations in any way?

Mr. Sexsmith: We do not contribute funding directly. We facilitate their gathering of fees from their members. But, I am sorry, I do not have a dollar figure handy for how much money we gathered for them.

An Honourable Member: How much what?

Mr. Sexsmith: How much money we gathered for them.

Mr. Chairperson: Are there questions from members of the committee?

Mr. Faurshou: I would like to follow up on what you had mentioned in regard to the Worker Advisor Office and charting of required services from that. Is that office being more fully utilized of late? How is the activity of that office being performed over the last number of years?

* (11:10)

Mr. Fox-Decent: The difficulty, Mr. Chair, is that we are not responsible for that office. We fund it, but we do not have any capacity to direct or to interfere with their work there. They are meant to be an independent body. We certainly watch what they are doing.

We are concerned that they provide a quality of service. They usually come once a year and meet with the committee of the board. We talk about the things they are discovering as they help workers, and so on. I guess, Minister, if I may, I would have to pass it to you because I cannot answer the question.

Mr. Faurshou: Could I expand just a little bit. In the capacity of advisor, you highlighted they have opportunity to see, perhaps, deficiencies or possible improvements within the process of compensation. Feedback is vitally important for improvements to be made.

As well, one wants to assist the workers. That is what one is there for. So the office exists. I fully support their good work, but I do want to know how this office provides statistics and reporting. Is it directly to the minister?

It does not come back to the board directly, even though you fund. There is no requirement for direct

reporting, because I would say the board would be very interested in such reports as to the performance of the actual board year over year.

Mr. Fox-Decent: I describe the situation where we meet annually and spend an afternoon dialoguing with the Worker Advisor Office about what they find about us, some ideas they have from talking to workers about how we might do things better. I think it is also fair to say that individual worker advisors, I am not sure how many, are there seven worker advisors? *[interjection]* They also interact with our case managers on a one-on-one and say, look, we have looked at this; do we really need to go to appeal. Can we not facilitate some kind of solution here?

They sometimes individually will make comments on our process and procedures, which then gets fed up through management for consideration, but there is no requirement for them to report to us in terms of statistical information. We get that material. I am not sure whether it is on a courtesy basis. It is certainly not on the basis of it being a requirement for them to provide it.

Mr. Faurshou: Further to that, that is the whole mandate of the board is to provide a service and to understand fully if there are problems within that.

I want to refer to the situation at the present time where there are a significant number of cases, a couple of dozen, in the hands of the Ombudsman, which are carried forward year over year. The Ombudsman does a pretty fair preliminary investigation to see whether there is substantiation behind the complaint. So the cases that remain pending with the Ombudsman's office have some merit, obviously.

Mr. Chair, I have to draw the attention that I am concerned with the number of cases outstanding, pending action. I am wondering if it is known to you as a board the number of cases outstanding. I would be significantly concerned that there is that number being carried forward year over year in the Office of the Ombudsman. I would very much be interested in your response.

Mr. Fox-Decent: We take, as we obviously should, what is happening at the Ombudsman's office with appropriate interest and concern. I think I would ask our senior counsel, Alan Scramstad, who is our liaison with the Ombudsman's office, if he might

want to add a word or two to this. Allan, would you come forward, please.

Mr. Alan Scramstad (General Counsel and Corporate Secretary, Workers Compensation Board): My interactions with the Ombudsman are where cases have been dealt with after the end of the appeal process. There have been very few cases of that nature with the Ombudsman's office. We generally can provide information and explanations, and I do not believe that the Ombudsman has seen fit to make a recommendation in that area in a great many years, probably predating my involvement in it even.

On a day-to-day basis, concerns by the Ombudsman's office are handled through a different division, but I believe that the relationship with the Ombudsman's office is excellent. I have not had any concerns expressed to me privately or directly about those interactions, but I am sorry I cannot answer on the day-to-day cases. The ones I deal with there have been no recommendations by the Ombudsman on. We are able to resolve them in every situation that I am aware of.

Mr. Faurshou: I just bring it to your attention. When I see the numbers in the Ombudsman's report, these are people out there, they have lives to live. They have had unfortunate incidents occur to them. I think if even one case is being rolled over year after year, I would like to make certain that we have made every effort to address the outstanding issues. If it is still in the hands of the Ombudsman, I know they do a very in-depth preliminary investigation so that cases are disposed of as quickly as possible, so when they are carried forward there must be some merit to their concerns.

I would like at this point to encourage the board to do what is within their abilities to make certain we do not see continued year-over-year carry forward of particular cases. Again, all I am privy to is the Ombudsman's report and a figure. Perhaps I am making more of the figure than I, perhaps, should have, but, in observation, I am concerned.

Mr. Fox-Decent: I think your point is well taken, sir. We do look at what is happening in the Ombudsman's office, but I believe as a result of what you said this morning, we will now make it, perhaps every second month, a regular occurrence on the board agenda so that we see on a continuing basis what is happening in that office.

Mr. Chair, we do get reports on what is happening in the appeal commission. We get reports from various parts of either our organization or associated bodies. I think that your observation about the Ombudsman's office suggests to me as chair that we should be regularly looking at this as opposed to occasionally, and we will do something about it.

Mr. Chairperson: Are there any other questions from committee members?

Mr. Cummings: A question directly to the minister. My colleague was just pointing out we have seen a 25% increase in contributions from WCB to the Workplace Safety branch, and that is in the last five years. I would like to focus on, however, the propriety of taking money that is collected from the—
[interjection]

* (11:20)

I am not talking about the propriety of taking the money. I am talking about the propriety of how it is used. Taking that money and putting it into an advertising program, the program itself I am not objecting to, but WCB has more of an obligation to be somewhat independent from government than almost any other body that government is associated with. Even MPIC probably does not, or very seldom, will you see the Province of Manitoba logo associated with the MPI logo. So I would like the minister's opinion on the propriety of the Manitoba government piggybacking onto that source of revenue to run a program. The objectives may be honourable, but why could it not just be run through WCB? As we all suffer from time to time these days the credibility or the incredulous reaction of the public to something that is government sponsored, in this case, the program laudable, and look at the objectives of the WCB. One of their first strategic initiatives in the five-year plan is minimizing risk, which, obviously, would lead to the thrust of the advertising program.

Mr. Chair, does the minister have any comments on the propriety of running that type of program as a government-WCB joint initiative, or would it not be more appropriate that it be a WCB initiative? Because that is where all the interaction would occur, between the injured worker or the potential for any worker and the employers. The focus of whether it is an accident comes immediately on WCB, not so much into the regulatory aspect of the minister's office.

Ms. Allan: Well, thank you for the question.

First of all, I think there are two separate issues here. The increase in funding to the Department of Labour, to the Workplace Safety and Health Division is in the act, and it is a formula in the act. That is how that money is transferred over to the Department of Labour.

Second of all, in regard to the Workplace Safety and Health and the WCB, this is a partnership in regard to how we can reduce injuries in Manitoba. It is a very, very important partnership. Once again, I would like members to have a look at the report that was issued in January in regard to the reduction in time loss injuries. This is an investment in the Manitoba labour force and an investment for employers.

Mr. Chair, there has been a reduction of \$18.5 million in claims to the WCB because of those injury rates coming down. There has also been a savings to employers in Manitoba, a spin-off savings, we believe, of almost the same amount of money.

So we believe it is really important and that everyone shares in this responsibility in regard to reducing our injury rates. We have a goal. We are going to work together and that is our strategy.

Mr. Cummings: Well, it is, in effect, the strategy that I am questioning. Is a program like this not more appropriately managed in its entirety by WCB?

Ms. Allan: The program is managed by WCB—oh, Workplace Safety and Health. I see. I am sorry. I apologize. I thought you were talking about the advertising campaign—

An Honourable Member: I am.

Ms. Allan: Being managed by—

Mr. Cummings: The management.

Mr. Chairman, I am not going to dwell on this. I just wanted to know if the minister had any sense of the propriety of running a program in the way it is being run, where the money comes out of the corporation into the Government and then it becomes a government co-sponsored program.

The focal point is the workers, their current and future safety. WCB has that responsibility and has

the credibility to put that forward as a program of safety promotion on behalf of the employers and the workers.

Pardon my scepticism, but given some of the revelations that are coming out of Ottawa at this time and situations that have arisen at other times in government-Crown corporation relationships, it seems to me the minister would be well advised to take a look at the position she is putting WCB in and whether or not she is compromising them in any way, or whether or not it is a program that is designed more to put the Government in the appropriate afterglow of a nice feel-good advertising campaign.

Ms. Allan: I think it is not just the Workplace Safety and Health portfolio that is involved in creating a safer workplace. We also have the Department of Agriculture with the appointment of a farm safety co-ordinator. We also have the Department of Education involved in regard to providing safety materials in schools. I hear what you are saying in regard to whether or not you think this is our role, but we believe it is.

Mrs. Mitchelson: If I could just ask then the minister: How much money is the Department of Agriculture and the Department of Education and others putting into the ad campaign, or is it completely funded by Workers Compensation Board?

Ms. Allan: The actual ad campaign is funded by the Workers Compensation Board.

Mrs. Mitchelson: Thanks very much, Mr. Chairperson. That kind of answer makes our point. The reality is, if Workers Compensation, which is a Crown corporation, a Crown entity, is completely funding the ad campaign, can the minister explain to us why the government logo is on that ad campaign?

Ms. Allan: We believe that the ad campaign is just one of the tools and that it is a partnership. It is part of the broader initiative in regard to reducing injuries. That is why our logo is on that campaign.

Mr. Cummings: The minister, I think, is doing herself a disservice in talking about the value of the campaign. Our point is the propriety of the funding and the perceived joint ownership of the program. Ultimately, the employers out there will place their own judgment on this type of an approach.

Ultimately, they will cast their vote appropriately in terms of whether or not they think that they have a better feeling about the political linkage that goes with a joint advertising program.

I am looking, at the moment, I believe this is a five-year plan with the objectives up to 2005. Medical aid costs are based on contractual arrangements. This is from the benefit assumptions. Medical aid costs are based on contractual arrangements in place in the end of 2000. Potential savings from preferred-provider arrangements presently under negotiation are included in these budgets.

I wonder if one of the gentlemen from the corporation could provide some comment on what a preferred provider is and what type of contractual arrangements the corporation may have to provide, I am presuming, medical services.

Mr. Sexsmith: A preferred-provider arrangement would be one where we would make specific arrangements with certain folks that provide a certain kind of service, medical service or otherwise, to sign up and make specific arrangements with them as opposed to the broad constituency out there.

Mr. Cummings: Would this, then, normally be a tendered approach, or are these generally negotiated agreements where you might receive some form of a reduction in cost if you agree to direct whatever volume of clients you might have to that provider?

Mr. Sexsmith: The goal here is to reduce the cost of providing service to the claimants. We have a purchasing area in WCB where we try to take advantage of things like this, whether it be bulk purchasing or through an RFP or a tender process, taking advantage of better prices. One area where we have made some progress, just as an example, is hearing aids, where we are getting them at a cheaper price by tendering the process.

* (11:30)

Mr. Cummings: Does WCB ever make investments in any kind of service to provide some specialized relief for your clients? Would you ever invest in either a mechanical device or any other medical service that could be provided to your clients? Would you ever expect that you might need to invest in a service to make it available, or do we currently invest in any services that we might make available to clients of WCB?

Mr. Fox-Decent: Mr. Chair, it is a very interesting question, because we often find ourselves talking about this in the board of directors. We have over the years, certainly, for the last dozen years, been very careful to preserve freedom of choice for injured workers so they go to the doctor of their choice. The doctor of their choice would recommend a specialist if a specialist is needed, and so on and so on. We have never been in the business of directing traffic—I do not mean to demean our claimants as being traffic—but our injured workers have their choice of where they go for their services.

However, there are some long waits. The bottleneck, as you would expect, is they go to a family doctor, and then when some specialization is required, there is a bottleneck in terms of waiting for service from that individual, getting an appointment in a timely way. So we have, as a board, always tried to keep our mind open to the possibility of getting preferred service which would affect a significant number of claimants, but would never cause them to have to use only that service.

Mr. Chair, we do not have any such arrangement at the moment, but I think it is fair to say, it is not only fair, it is accurate to say that over the last few months, we have been in discussion with some facilities in the province relative to the delivery of that service on a preferred basis. The discussion has evolved around the diagnostic side of what needs to be done. It relates to MRI in part because we heavily use MRI for diagnostic service. Those discussions are ongoing. Although we do not have any arrangement at the moment, I think it is accurate to say that we are considering, and among others the conversation has been with some of the clinics in the Manitoba or Winnipeg area.

Mr. Cummings: One of the reasons that this is the object of our affection is that it is so tempting on the part of government from time to time to download expenses that they might normally be responsible for to a third party who might happen to have deep pockets. I do not care if it is MPI, WCB, we have seen an attempt to Hydro, the three jewels in Manitoba's Crown organizations, if you will.

I appreciate the chairman's candour, because there is a principle at issue here that, 10 years ago, there were people who came to this province and offered to provide medical equipment services provided they were guaranteed a certain number of

clients, no investment on the part of the Province, no hiring on the part of the Province, only directing and paying. Some people would see that as an aberration of the public health system because it was privately owned, but I think there is a great risk that the corporation might be exposed to and that the Government is exposing itself to if it continues with these sorts of discussions, and that is, as the Federation of Independent Business pointed out in one of their communications, this would be very prescriptive on the part of WCB, if in fact you ended up in an arrangement where you directed people.

I understand the laudable objective of reducing waiting lists, but, this question would be as much for the minister as anyone, I worry that this precludes the opportunity for free enterprise private individuals to be competitive for the business of the WCB and perhaps provide equally as quick turnaround if they thought they could have a fair chance to compete for business, in other words, for clients and for the service they provide.

Mr. Fox-Decent: A couple of things, sir. First, the clinic you allude to, I am not sure one needs to name it, but I presume it is a clinic that has been around for the time period you suggest and so therefore it pretty much is identified. They provide extensive service to us. They do. They provide it on the basis that their fee is no greater than the fees we pay for a similar service into the community of hospitals in Manitoba or that we might pay into another clinic. On that basis they have provided us very considerable service over the period since they have been here.

When they first arrived, they wanted us to pay more. We were not prepared to do that. The negotiations with them ultimately were: if you are prepared to meet the cost that we post for an item in the medical cabinet, if I may put it that way, then we will be happy to do service with you.

The other thing I would say to you is, unlike MPI or any of the other Crowns we might want to talk about, we are required by law to pay for our medical services. Therefore, it is obviously a matter of interest to us what those medical services cost and how the costs may be multiplied by one of our injured workers having to remain on claim status and of course on pay status from Workers Comp while that medical service is not immediately available, and "immediately," there is, obviously, an ability to interpret that.

So we think, as the payer of medical costs for our clients, we should be interested in the kind of service we can provide which would, among other things, be timely and may involve some discount pricing on a volume basis.

* (11:40)

Mr. Cummings: I am operating on the assumption then that there are ongoing discussions, and that leads to the obvious question about potential investment. It seems to me potential investment automatically raises what for the Government would be the boogeyman of raiding deep pockets to provide a service that is generally provided by the public system or by the private system and puts the WCB potentially into a new role.

I certainly appreciate competition, availability at appropriate prices. Volume at any time is a valuable leverage for fee for service. Therefore, I guess my question, if the minister would like to answer that is fine, too, because this is a good example of where the minister wants to be closer and closer to the corporation, jointly be involved in programs that might be of benefit. This is a humdinger. Does the minister believe that it would be appropriate for the corporation to perhaps invest in some medical equipment for the benefit of their clients?

Ms. Allan: The WCB obviously has a responsibility to provide services to their clients that get them back to work. They deal with the most vulnerable workers in the province. They have a board of directors and a senior management team that respond to how to get those workers back into the employment of the employers. They deal with a broad range of issues and that is really up to the board of directors in regard to how they would provide those services to their clients. They are certainly not discussions that I am involved in. They are decisions that are made independently by WCB.

Mr. Cummings: Is the minister suggesting that she is unaware of what might be on the table for discussion?

Ms. Allan: That is correct.

Mr. Cummings: I submit that there is a larger policy issue at stake here. I would hope the minister would apprise herself of what the implications of that are because she is certainly going to wear these goat

horns if it is not something that is appreciated by the public or by the employers of this province who ultimately have put the money into the system. Are there examples in other parts of Canada where compensation boards may have made investments?

Ms. Allan: I would just like to respond to the member in regard to the fact that we have every confidence that when those services are provided to the clients at WCB, a best-business case will be investigated and that they will move forward in regard to that.

Mr. Cummings: I cannot let that one pass. They can manage a multimillion-dollar program that this could potentially be, but they cannot manage the advertising program. That makes our case for why we are suspicious about the advertising program.

I believe Mr. Fox-Decent was going to respond on whether or not there are other examples of where boards may have invested or may be considering investing across Canada.

Mr. Fox-Decent: There are other examples, but I want to be careful. If you are talking about investment in equipment, I cannot answer your question.

In British Columbia and Alberta, for example, and this would not be the end of the list, but we are most familiar with what our sisters do in the western part of the country; in those provinces, there have been special arrangements made with medical providers either to hasten service or to price service in a way that would represent some ability of the group to have, I am not sure about exclusive, but nearly exclusive access, relative to providing service to injured workers. So there are other examples.

Mr. Cummings: That would lead me to believe those examples may have been based on using the leverage of a volume as opposed to a direct investment.

Mr. Fox-Decent: Yes, Mr. Chairperson, I think that your observation may very well be correct that it has been a desire to deal with rising medical cost and the responsibility we have as WCB corporations for covering all medical cost that relates to us. Therefore, the endeavour has been to find a way to deal with the cost issue. Certainly, the other challenge is

return to work in a timely way, which may suggest some attempts to accelerate service.

Mrs. Mitchelson: I guess I would just like to ask the minister, because I think it is very important that we do have the opportunity to discuss policy a bit. Given that it is the employers who fund the Workers Compensation Board and provide the support for injured workers with their resources, maybe I could just ask the minister to expand a bit on what the policy would be. Because ultimately if the Workers Compensation Board is in discussions with health facilities on purchase of equipment or maybe involved in expansion of a medical facility in order to facilitate speedier service, is it the policy of this Government then to say that it is a role of the Workers Compensation Board and ultimately then the role of employers in the province of Manitoba to pay for the medical treatment that normally would be paid for by government or a government of the day through the Department of Health?

Is it then the policy of this Government to decide or determine or change the way things are done now and require employers to foot the bill through the Workers Compensation Board for medical equipment and medical facilities?

Ms. Allan: The employers have three representative positions on the board of directors of the WCB. So any decisions in regard to how services are provided to our injured workers in Manitoba, they have input into those decisions at the board level.

Mr. Chairperson: Mr. Fox-Decent, did you wish to add?

Mr. Fox-Decent: I just wanted to add that it would probably be—well, it is inaccurate to describe us as being about to purchase something because we are not. We are talking about how we might assist with the provision of a service which would probably see our people go closer to the head of the line. We do not mind if the service we are providing provides some surplus service that can be used for others, we think that is great, but I just do not want you to be left with a view that we are about to buy whatever. That is really not the case.

Mr. Chair, the employers so far have supported what we are doing because they see it as providing a better service more quickly to our clients, if the end

result is some kind of an arrangement that makes that happen.

Mr. Cummings: When we operate in the public arena it is so important that we are prepared not to be seen as being arbitrary, unfair, or I can think of some other adjectives, but let us leave it at those two in terms of how we might determine to spend money which we have been responsible for. So that leads very quickly to two aspects.

I appreciate this discussion because it does get right to the nubbin of the issue. If a corporation is not considering investing, then it must be considering leveraging, given the volume of clients it represents, how that leveraging is exercised. There is also some question about whether this is the type of process that would have a request for service that might be more appropriate in an RFP rather than a tender, I suppose. But, when it is in the public venue, it has to be seen not to be hand-picked.

We believe there is one clinic in this province that is being favoured for political reasons. If WCB should be considering making a leverage deal in that area it is going to have to be sure that it appears to have been made clearly, independently and with justifiable and defensible reasons, or there will be a firestorm around the policy side of the question, which is where the minister has to be able to answer whether or not the corporation is being put in a position of true independence in choosing how it might wish to move forward. She says she is unaware of this issue. Has she or anybody else made any approaches to board members or others to consider this approach, or any of her colleagues in government that she is aware of made that type of overture in order to attempt to politically direct where WCB might make its next move?

Ms. Allan: I am not aware of anyone giving any direction in regard to this decision.

* (11:50)

Mr. Cummings: I do not want to turn this into a he-said, she-said situation, but I guess I have to ask the chairman and the president if they have had any discussions with people who would be considered political leaders or representatives of political leaders in this province attempting to influence a decision on which way they might go on a project like this.

Mr. Fox-Decent: There has been discussion, Mr. Chair, with the present minister's predecessor in that we always brief our minister about what is happening in the corporation that we think is important. We have not had anyone attempt to lean on us, if I may put it in those terms, to do anything.

The board of directors has approved us discussing possible arrangements with the medical facilities in Manitoba. I am trying to be careful only because these discussions have involved some hospital people, have involved some clinic people, but not just one clinic, if I can put it that way. I believe it is fair to say that the discussions have been ongoing, totally approved and progress or updating taking place at board meetings so that the board is fully informed of what has been happening. The board decisions have been unanimous around authorizing us to discuss better access for our claimants. I would again, if I may, say that there has been no pressure placed on us by any officer of the Government to do anything in particular.

Mr. Cummings: I appreciate that statement coming from the chairman, because he has impeccable credentials in how he handles himself in public life, and I accept his comments.

What obligation is there on the part of the business representatives to engage those that they purport to represent in any kind of information gathering or discussion? They are the appointees of the minister, I believe. Is there any indication to them of their obligations in that area?

Mr. Fox-Decent: All the representatives on the board in the employer category and the employee category, I think you would all recall that the board is three plus three plus three: three employers, three employee representatives and three public interest.

All of the employer and employee representatives are selected on the basis of the minister asking for nomination. So I am not saying they cannot be, because, of course, I suppose the Governor in Council can do as the Governor in Council may wish, but there has been a tradition going back to my beginning 12 or 13 years ago that nominations are asked for relative to the employer community and the labour representatives. There is a bit of a mixed bag with regard to public interest representatives. That is a slightly different issue.

I think there is an obligation on the part of employer reps to go back and talk to their constituency, just as there is on the part of employee reps to do the same thing. I have always felt that those who represent the public interest should be mindful of what is out there by way of general comment and general concern. I believe that, and this is where I think we would have to say quite firmly that the employer reps have indicated to us that anything that can facilitate the return to work more quickly and not deny total choice is something that they would support us considering. But it is not a blank cheque. We do report back to the board on a regular basis of what is happening.

Mr. Cummings: I am sure that Mr. Fox-Decent and Mr. Sexsmith are aware of an open letter. I think it is posted on the Web site too of the Canadian Federation of Independent Business. They are expressing concern about the discussion of whether or not WCB may be being put under some pressure to make investments and expressed their concern that they would view this in the same manner as what they appear to be critical of, the other investment that was discussed earlier, the arena, True North. Of course, it is related to the MPIC possibly funding universities.

There seems to be a bit of a pattern. I think we need to be indulged in pursuing this angle of questioning. I direct this towards the minister. Since 1999, we have seen the attempted raid of MPI for educational purposes. We have seen the successful raid of Hydro for a significant amount of money at the very time when it is suffering losses for other reasons.

I do not think that this Government should consider our Crown corporations as a slush fund or as an alternative financier to some of the services that government is generally responsible for. I have a fair bit of confidence that the board will carefully consider its options, but I hope the minister would provide us with some assurance.

Can she assure me and, through this medium, assure the public that the Government will not be exerting any overt pressure through board members or other means on the corporation to become more financially involved in the delivery of medical services in this province than perhaps they already are?

Ms. Allan: The provision of medical services at the Workers Compensation Board in regard to getting

injured workers back to work on a timely basis is a decision that they will make at the board level. I have every confidence that they will make that decision. They will go through a due-diligence process. There are employers on the board that have been appointed by the employee reps. I have every confidence that they will make good decisions.

Mr. Cummings: That is a good answer, but it is not the question I asked. The question I asked was if the minister would provide some assurance that she or the Government that she represents will not be exerting undue pressure on WCB and/or other Crowns to pick up potential capital costs that may be necessary to improve service in what would normally be a government-provided service.

This is a government that has made it virtually a crime to operate privately in this province in providing medical services. In fact, it is a crime if you try to have an overnight stay in an operating facility. She has a heavy burden to speak on behalf of government right now and say they are unlikely or will not be entering into those types of discussions.

Ms. Allan: I said previously that I knew of absolutely no one that was involved in any direct conversation or any direct pressure with the board, and I will say it again.

* (12:00)

Mr. Cummings: That is not an appropriate answer in the world of politics, Madam Minister, in which you and I both live and breathe every day. If there is no direct answer, the assumption is there is something going on that you do not want to talk about.

So I ask you again: Other than that you do not know, will you give us some assurance that there will not be?

Ms. Allan: I said very clearly that absolutely no one had put any pressure onto the Workers Compensation Board employees or board of directors, and I am quite sure that I can say very clearly and emphatically at this committee meeting that we will not do that.

Mr. Chairperson: The hour being 12 noon, it was the will of the committee to review this matter, the sitting time, and also to give some consideration to the passage of the outstanding reports. What is the will of the committee?

Mr. Cummings: If the Chair and the committee members would indulge us for a few minutes, we would be prepared to rise. When I say a few minutes, I am talking five or six.

Mr. Chairperson: Is it the will of the committee not to see the clock at this time? *[Agreed]*

Mrs. Mitchelson: I just want to thank the committee for that. I am going on a different angle and I do not really need an answer to everything today, but I have been hearing some concerns out there from some of the providers of medical service that they are not getting paid from the Workers Compensation Board on a very timely basis, that they are waiting months and months and months to receive the payments that are due when they have provided the treatment to clients.

So I am hearing that. It is not widespread at this point in time, but I guess I was wondering what the process is. Have you some guidelines on how expeditiously the money would flow? And is there recourse for professionals out there in the system if, in fact, they are finding that it is six or eight or ten months before they are getting paid for clients they have served?

Mr. Sexsmith: Yes, I would say that, in fact, we did run into some administrative and process difficulties in our payment areas over the last year. We have added some staff. We have taken some measures to fix that and we now have that under control. So I am quite satisfied that those types of complaints should have dried up by now.

Mrs. Mitchelson: Can I just ask: Is there a contact within the Workers Compensation Board, a number that we might be able to publicize or share with people if, in fact, they are looking to get some answers in a timely fashion?

Mr. Sexsmith: Yes. In fact, I do not have the number handy, but I can certainly provide a number for you to a contact in our medical aid area.

Mr. Cummings: Mr. Chairman, we would be prepared to pass the reports that relate to '01.

Mr. Chairperson: The Annual Report of the Workers Compensation Board for the year ended December 31, 2000–pass.

The Annual Report of the Workers Compensation Board for the year ended December 31, 2001–pass.

Shall the Annual Report of the Workers Compensation Board for the year ended December 31, 2002 pass?

An Honourable Member: No.

Mr. Chairperson: The report is not passed. What is the will of the committee?

Mr. Dewar: What about the annual reports of the Appeal Commission and the Medical Review Panel and the rest of the reports listed on the Order Paper? Can we deal with those?

Mr. Chairperson: Thank you, Mr. Dewar. We are proceeding to those in a moment if that is okay.

So we will hold the annual report ended December 31, 2002?

An Honourable Member: Hold it.

Mr. Chairperson: Okay. That is the will of the committee.

The Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2000–pass.

The Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2001–pass.

Shall the Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2002 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: Shall we hold that report? *[Agreed]*

We will hold that report for the year ended December 31, 2002.

Shall the Five Year Operating Plan for the Workers Compensation Board for the years 2001 to 2005 pass?

Some Honourable Members: Pass

An Honourable Member: No.

Mr. Cummings: We would ask that the three operating plans not pass at this time.

Mr. Chairperson: Is it the will of the committee to table this report? *[Agreed]*

The report is tabled.

Shall the Five Year Operating Plan for the Workers Compensation Board for the years 2002 to 2006 pass?

Some Honourable Members: Pass

An Honourable Member: No.

Mr. Chairperson: Is it the will of the committee?

Some Honourable Members: No.

Mr. Chairperson: The will of the committee is to table this report, then, for the years 2002 to 2006.

Shall the Five Year Operating Plan for the Workers Compensation Board for the years 2003 to 2007 pass?

Some Honourable Members: Yes.

Some Honourable Members: No.

Mr. Chairperson: We will table that report. Is that the will of the committee? *[Agreed]*

Thank you to members of the committee.

In the interest of reducing the necessity for further reports, if you would not mind leaving behind any copies that we could use for further committee proceedings, we would appreciate that.

An Honourable Member: I might have incriminating notes in here.

Mr. Chairperson: Perhaps, Mr. Cummings, you could take that particular report with you.

I would like to thank the minister and members of the Workers Compensation Board and members of the committee for their attendance and participation at the committee proceedings here this morning and look forward to future meetings.

The hour being 12:06 p.m., committee rise.

COMMITTEE ROSE AT: 12:06 p.m.