

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

Chairperson
Mr. Daryl Reid
Constituency of Transcona

Vol. LX No. 3 - 6 p.m., Wednesday, December 12, 2007

ISSN 1708-6604

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

Member	Constituency	Political Affiliation
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.
BLADY, Sharon	Kirkfield Park	N.D.P.
BOROTSIK, Rick	Brandon West	P.C.
BRAUN, Erna	Rossmere	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
BRIESE, Stuart	Ste. Rose	P.C.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
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.
GRAYDON, Cliff	Emerson	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
HOWARD, Jennifer	Fort Rouge	N.D.P.
IRVIN-ROSS, Kerri, Hon.	Fort Garry	N.D.P.
JENNISSON, 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.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARCELINO, Flor	Wellington	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McFADYEN, Hugh	Fort Whyte	P.C.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PEDERSEN, Blaine	Carman	P.C.
REID, Daryl	Transcona	N.D.P.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
ROWAT, Leanne	Minnedosa	P.C.
SARAN, Mohinder	The Maples	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELBY, Erin	Southdale	N.D.P.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON CROWN CORPORATIONS

Wednesday, December 12, 2007

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Daryl Reid (Transcona)

VICE-CHAIRPERSON – Ms. Flor Marcelino (Wellington)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Ms. Allan

Mr. Dewar, Mrs. Driedger, Ms. Howard, Mr. Maguire, Ms. Marcelino, Messrs. Martindale, Reid, Saran, Mrs. Stefanson, Mrs. Taillieu

APPEARING:

Hon. Dave Chomiak, MLA for Kildonan

Mr. Tom Farrell, Chairperson, Workers Compensation Board

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

MATTERS UNDER CONSIDERATION:

The Annual Report of the Workers Compensation Board for the year ended December 31, 2004

The Annual Report of the Workers Compensation Board for the year ended December 31, 2005

The Annual Report of the Workers Compensation Board for the year ended December 31, 2006

The Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2004

The Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2005

The Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2006

The Five Year Operating Plan for the Workers Compensation Board for the years 2004-2008

The Five Year Operating Plan for the Workers Compensation Board for the years 2005-2009

The Five Year Operating Plan for the Workers Compensation Board for the years 2006-2010

The Five Year Operating Plan for the Workers Compensation Board for the years 2007-2011

* * *

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

This meeting has been called to consider the following reports: the Annual Report of the Workers Compensation Board for the year ended December 31, 2004; the Annual Report of the Workers Compensation Board for the year ended December 31, 2005; the Annual Report of the Workers Compensation Board for the year ended December 31, 2006; the Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2004; the Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2005; the Annual Report of the Appeal Commission and Medical Review Panel for the year ended December 31, 2006; the Five Year Operating Plan for the Workers Compensation Board for the years 2004-2008; the Five Year Operating Plan for the Workers Compensation Board for the years 2005-2009; the Five Year Operating Plan for the Workers Compensation Board for the years 2006-2010; the Five Year Operating Plan for the Workers Compensation Board for the years 2007-2011.

Before we get started, are there any suggestions from this committee as to how long they wish to sit this evening?

Mrs. Mavis Taillieu (Morris): Well, I have a number of questions, quite a number of questions actually, so I'd like to be able to get through most of them, or all of them. I think that it's going to depend on how the time flows, how the answers flow. If there are a lot of lengthy answers, it's going to take a

lot longer. I'd suggest that we sit till 9 and review from there.

Mr. Chairperson: It has been suggested to this committee that we sit until 9 p.m. and then review sitting time at that point. Is that in agreement to the committee? *[Agreed]*

Hon. Dave Chomiak (Minister of Justice and Attorney General): I just think that makes sense, if there can be a discipline on the part of the questioner and responder. Then it all can probably be dealt with in one evening.

Mr. Chairperson: It sounds like there's agreement to the committee then. We'll sit till 9 p.m. and then we'll review our sitting at that point in time. Thanks to members of the committee for that agreement.

Are there any suggestions from committee members in order of preference for the reports here this evening? How do we wish that consideration to occur?

Mrs. Taillieu: If the committee's in agreement, I think we'd like to approach it in a global manner.

Mr. Chairperson: Is there an agreement to the committee that we'll review the annual reports in a global manner? *[Agreed]* Thank you.

Then we'll proceed. Does the honourable minister responsible for the Workers Compensation Board have an opening statement?

Hon. Nancy Allan (Minister charged with the administration of The Workers Compensation Act): Yes, I do. I'll keep my comments brief so that we can get to the questioning and the dialogue this evening and get to passing some reports. I appreciate the critic's comments in regard to the time line.

I would like to welcome the Chair of the Workers Compensation Board, Tom Farrell, and the President and CEO, Doug Sexsmith. I'd also like to introduce the members of the WCB executive and staff who will be appearing before you today at the standing committee: Dave Scott is the Vice-President of Rehabilitation and Compensation Services; Alice Sayant is the Vice-President of Prevention, Assessments and Customer Service; Lori Sain is the General Counsel and Corporate Secretary; Warren Preece is the Director of Communications; Lorena Trann is the Director of Finance; Peter Wiebe is the Registrar of the Appeal Commission; and Lynne McCarthy is the Director of Investments.

I am pleased to review the Compensation Board's activities from '04-06 this evening. We're very proud the WCB has sustained a solid financial performance and reinforced its commitment to injury prevention through ongoing efforts in co-operation with my department, the Workplace Safety and Health division. Staff can come sit, if they'd like, up here. You're more than welcome.

The WCB's financial status included operating surpluses in '04, '05 and '06 and has a funding ratio of 130 percent at the end of '06. In '05 the WC's investment performance produced some of the highest returns of Canadian WCBs, and in 2006 the above-average investment performance continued. Above-average investment results have helped the WCB keep assessment rates low, and we were very pleased this year to be able to announce a 4.8 percent drop in the average assessment rate for 2008.

The WCB continues to focus on strengthening service and quality. Staff strive to deliver service that is efficient, caring, right and clear in keeping with the WCB's statement of service excellence. An electronic file has been introduced into the claims management area and is allowing for more efficient and consistent service to injured workers. Staff work hard to support continuous quality improvement at the WCB, and customer satisfaction measures continue to show steady improvement.

In '05, the unanimous passing of Bill 25 by the Legislature ushered in a modernized workers compensation system to Manitoba. The act provides improved benefits and more coverage for injured workers. For example, permanent impairment awards have been increased, and there is no longer a reduction in wage loss benefits after 24 months. We continue to show leadership in providing improvements for firefighters. The amended act expanded firefighters' cancer presumptions and also strengthened WCB's mandate for injury prevention. The amendments to the act were the result of the first extensive public review of Workers Comp here in Manitoba in 20 years.

The WCB was ready for these amendments and the transition to working under the new legislation in 2006 was smooth. The amended act coupled with modernized Workplace Safety and Health Act and regulations lays a firm foundation for our two agencies to work together to provide safer and healthier workplaces in Manitoba.

The WCB and Workplace Safety and Health division also carried on their Comprehensive Injury

Prevention program under the SAFE Work banner. It is the primary tool used to raise awareness of the need for safety and to change people's behaviour. More than eight in 10 Manitobans are aware of the SAFE Work campaign and private-sector partners have invested in the public awareness campaign. The joint prevention activities of the WCB and the Workplace Safety and Health division have shown significant results. The time-loss injury rate is now 4.5, a reduction of 22 percent since 2000 when the rate was 5.8 injuries per 100 workers.

Plans are in place to make sure the downward trend in the injury rate continues. Our government will be adding 20 new workplace safety and health officers across the province over the next two years to further protect the health and safety of working Manitobans.

The WCB has much to be proud of with these considerable accomplishments, and I'd like to take this opportunity to thank the board of directors and the hardworking senior management team at WCB that I have the privilege working with. Yesterday was the 90th anniversary and the WCB had two events yesterday that I was privileged to attend. It really is a credit to all of the staff at WCB in regard to the successes that we have seen in this Crown corporation.

* (18:10)

Mr. Chairperson: We thank the minister for the opening statement. Does the critic for the official opposition have an opening statement?

Mrs. Taillieu: I'm not going to make an opening statement. I prefer to just get into questions, but I do want to welcome Mr. Farrell, Mr. Sexsmith, and the members of the WCB that are here tonight. Thank you for coming and also do recognize that there is a lot of good work that is done through the Workers Compensation Board for the benefit of both employers and employees.

I think that I would prefer just to get into the questions and start the evening rolling.

Mr. Chairperson: I thank the critic for the official opposition for the opening statement. The floor is now open for questions.

Mrs. Taillieu: Again, good evening, Mr. Farrell, Mr. Sexsmith. I'm not sure who will be answering the questions tonight or whether you'll be taking turns or just who feels it's an appropriate person to respond.

Can you tell me, at present, how often the CEO and board chair or members of the board meet with the minister?

Mr. Chairperson: Before we start, I usually have a caution at the beginning. For the benefit of the *Hansard* folks that are sitting behind the Chair here, if all members of the committee would pull their microphones close when they are asking questions or giving answers, I would appreciate that, and, also, then wait until the Chair recognizes individuals to allow the folks to record the appropriate name.

Mr. Farrell, did you wish to answer the question, sir?

Mr. Tom Farrell (Chairperson, Workers Compensation Board): Yes. We meet with the minister probably six times a year. That would be the extent of our meeting. Then, from time to time, such as yesterday, where we had the 90th anniversary celebration, we met twice in the same day, but, on average, it's a briefing session about once every two months.

Mrs. Taillieu: Other than the occasional meeting as of yesterday being the 90th anniversary, when was the last time that you would have met with the minister?

Mr. Farrell: I met with the minister approximately two weeks ago.

Mrs. Taillieu: During the meeting, was there any discussion as to the meeting that would take place tonight?

Mr. Farrell: There was brief discussion on direction that questioning might follow and, actually, updating me on the last time we had met and what some of the issues were.

Mrs. Taillieu: Was there any direction given from the minister as to what form answers would take in relation to the questions that came forward at the committee?

Mr. Farrell: No, there wasn't. As a matter of fact, it was probably led by Doug and me as to what we expected and what we were doing and what the bulk of the meeting had to do with what is currently taking place at the board.

Mrs. Taillieu: If there is someone in the organization that brings concerns to either of you, what is the process to follow then if an employee is concerned about something that's going on at the Workers Compensation Board?

Mr. Farrell: We have a policy to—and you're talking about something like a whistleblower process. We have put in place a policy to address that. That policy comes through Doug if it's related to somebody on the board, in other words, myself or one of the other nine board members. They would go to Doug if it was about me. Doug would speak to the chair of the Audit Committee. If it's about other members of the board, it would be left with me to address.

I might just turn this over to Doug to address in some detail the process for the people working in the organization.

Mr. Doug Sexsmith (President and Chief Executive Officer, Workers Compensation Board): Thanks very much, Tom. You know, insofar as anyone having a concern, I guess it would depend on what kind of concern it was. Certainly, we strive at the WCB to have an open organization so that people can bring issues forward.

We have implemented the whistleblower legislation and conducted training, so, as Tom said, certainly, anyone who has a concern like that can bring it forward. Our director of internal audit is the contact person through the whistleblower legislation, and, certainly, we have a very approachable HR director who can deal with any issues. As I mentioned, we have an internal audit in place so we—and, you know, we have respectful workplace policies in place. We have conducted a number of training sessions. We have worked on building trust sessions within the organization. So we have been striving to build the kind of workplace where people feel they can come forward and operate in a very positive environment.

Mrs. Taillieu: If a person feels they cannot go to anyone within the organization, if a person then decides to go to someone else, I do not think that they're protected under whistleblower legislation. Is that correct?

Mr. Sexsmith: Certainly, someone can approach the Ombudsman, it's my understanding, if they wish to.

Mrs. Taillieu: If someone was to approach a member of the opposition, they would not be protected under whistleblower legislation?

Mr. Sexsmith: Yes, the answer is no.

Mrs. Taillieu: I just want to clarify that you said no to that question.

Mr. Sexsmith: Yes, that's correct.

Mrs. Taillieu: Does the board, or the chairman, CEO, meet with any other ministers of the government?

Mr. Sexsmith: I'm trying to recall. I haven't had occasion to meet with other ministers of the government recently that I can recall. Certainly, our regular contact within the government is the Minister of Labour and Immigration (Ms. Allan).

Mrs. Taillieu: Do any of the board, or CEO, or members of the board meet with the Premier (Mr. Doer), or any person designated from the Premier's Office, or any member designated from the Minister of Labour's office?

Mr. Sexsmith: I have occasion quite regularly, actually, to meet with the deputy minister of Labour and occasionally have contact back and forth with members of the minister's office around any questions or issues they may have. I've never had occasion to meet with the Premier.

Mrs. Taillieu: Thank you.

What is the nature of the meeting with the deputy minister of the Department of Labour?

Mr. Sexsmith: We meet senior staff, and at least one senior staff and I meet with the deputy minister and his assistant deputy minister of Workplace Safety and Health on a quarterly basis to talk about joint activities, activities around injury prevention, and how things are going around injury prevention, and those types of issues.

Mrs. Taillieu: I'd just like to talk a bit about the structure of the board and board governance. I understand that the board is comprised of two members employer representatives, two members employee representatives, and two members representing the public interest. Maybe I'll just ask the question: Who chooses the board members?

Ms. Allan: The WCB is a very unique board. It is a tripartite board, which means that it is representative of the employers, labour and public interest, and three of each of those stakeholders. I have a list of those individuals for the member, if she would like it.

The employer representatives are appointed by the employer stakeholders. I consult with the employer stakeholders, all of them. Letters go out to them when there is an appointment that is to be made, and we consult with the employer rep in regard to who should be appointed. The same process is followed with the labour community. The

public-interest reps, it's a little bit different because there isn't really anybody to consult with in regard to who represents, in a structured way, the public interest.

* (18:20)

But, since we've made all of the governance changes, since Bill 25, we've been doing a lot of work. The board has been doing a lot of work in regard to strengthening their governance, and they've actually been working with David Brown, who is with the Conference Board of Canada. One of the things that we wanted to make sure that we did in regard to our governance structure and our board members is make sure that we had the expertise that we needed at the board level. So we've actually done—the board has done a lot of work in regard to the matrix of skills that would be required at the board level.

So, when we look at the public-interest reps, I consult with Doug and Tom and we talk about, well, you know, what do we need here? Do we need somebody with financial expertise? Do we need someone with perhaps board governance expertise? We look at that matrix of skills, and we try to determine what we might be missing in the make-up of the individuals that we already have at the board level. Then, prior to usually making that appointment, because I have a really open and, I guess, terrific relationship with Bill Gardner, I always give him a shout and just let him know that we are going to be appointing so-and-so as the public-interest rep. I give him a little bit of a rundown about why we're doing it and what the expertise of that individual is. Probably the last individual that we appointed to the public-interest rep would be Ken Sutherland, and it was because the board really wanted somebody with financial background and Ken is a chartered accountant. So that's a little bit of the summary.

Mrs. Taillieu: With the Workers Compensation Board, you can certainly see why you want to have representatives from employer groups and employee groups, but the public interest is a little bit nebulous as to who these people are and who specifically chooses them and how they get to become board members. I know that the minister did say they pick for specific areas of expertise, but that leads me to believe, then, that they would be changed quite frequently if they're picked for a certain area.

I'm just curious because it appears that the public-interest board members and employer board

members are changed more frequently than the employee members.

Ms. Allan: No, that's not the case. Actually, the board appointments in 2007 have been staggered, and that was some of the work that we did around our governance model. They have been staggered for two, three and four years so that no more than one-third of the board is eligible for re-appointment in any given year, so that we have continuity. Staggered appointments balance the board's need for continuity with the benefits of renewal.

Mrs. Taillieu: Just one second, I'm looking for something.

Mr. Chairperson: Proceed, Mrs. Taillieu.

Mrs. Taillieu: Thank you. Do the board members do any travelling?

Mr. Farrell: Usually, one member from each of the caucuses will attend either the board learning session—I shouldn't say the board. The WCBs across Canada have a conference every other year, and three of the nine board members would attend that, and in the opposing year there is a learning session, and usually three board members representing each of the caucuses will attend that. The only other travel involved would be if we, for instance, this fall, had a day-and-a-half planning seminar in Gimli. That was about the extent of the travel.

Mrs. Taillieu: Do the members that travel to other jurisdictions take staff or spouse or anyone from the minister's office with them?

Mr. Farrell: No. They may well take their spouse; the travel of their partner is theirs to look after. The board covers the individual's travel and the individual's accommodation and the individual's meals.

Mrs. Taillieu: Are there any members of the government that travel, whether that be elected or staff, that go to these meetings?

Ms. Allan: Well, as the MLA knows from our conversations around travel in Estimates, this is a very touchy topic for me because I never get to go anywhere, and frankly, for the fourth year in a row, I've had the lowest amount of travel expenses of any Cabinet minister. So, once again, the answer to that question is no, but definitely anytime they want to take me, I'd be more than happy.

Mrs. Taillieu: I just want to go back to the public interest a bit. You know, I can see that with the

employer groups there is a body, a group of people that would look at who they would think that would best represent them and, certainly, the same from the employer group, but the public interest is, as I say, a bit nebulous. So I'd like to just know who actually brings forward the names. Who is the public-interest group that brings forward names that the minister chooses from?

Ms. Allan: Well, first of all, and Doug or Tom may have to help me with this statistic, but I believe this board format was put in place—does anybody recall what year the tripartite board was put in place?

Mr. Sexsmith: 1990.

Mr. Farrell: I believe it went in place, there were changes made either in 1989 or 1990 that we went to a fully tripartite board with three, three and three representatives. So that's been there since that point in time.

Ms. Allan: Yes. I guess the change to that board structure was made under the previous government, which was the Tories. It is in legislation around the public interest that I have to consult and I do consult. I consult with the board in regard to what the matrix is and what we need, and that is good governance. And we've spent a lot of time talking about this particular area, the public-interest area, because we want to make sure that we have a really, really good board that can meet the needs of workers, employers and, quite frankly, those individuals that are neither, which are the public interest. So, the consultation around who gets appointed to the public interest, we believe we've put a process in place that we're very, very comfortable with if we link to the expertise that the board requires.

Mrs. Taillieu: The members of the board that are currently the public-interest representatives, what is their previous background?

Ms. Allan: Well, I've already talked about Ken Sutherland. When Ken was appointed, Ken was appointed because we had a discussion about what was missing on the board, and we decided that we would want somebody on the board who had financial expertise, and Ken was a chartered accountant in the business community.

Crystal Laborero had an interesting background. At that time we had someone coming off the board who had some management experience, was Aboriginal and was a woman, and Crystal actually fit the bill quite nicely in regard to those expertise because she actually worked for the Chamber of

Commerce and did their Aboriginal programming, and she'd also been the former chair of the Manitoba Women's Advisory Council. So we had a discussion about whether or not we thought Crystal at the time would be a good fit on the board. Doug and I and Tom, the people I talked to and consult with about the WCB, the CEO of the WCB and the chair of the board—[interjection] Oh, yes, right, thank you so much, sorry—and Ilana Warner. One of the struggles that we're having in regard to getting our injury reductions down, well, I'm sorry, we're getting them down, we've gotten them down 22 percent since 2000. But one of the areas that we're having difficulty in is the health-care sector. We were looking at that whole area and Ilana Warner is someone who is very familiar with workplace safety and health. She was on the Workplace Safety and Health Advisory Committee and she also is from the health-care sector. So those are the reasons why those particular people are there as public-interest reps.

* (18:30)

Mrs. Taillieu: I'm looking at the 2006 annual return, and I notice that the public-sector people are different than that. So I'm assuming those are the ones that are there presently right now, the ones you mentioned.

Ms. Allan: That is correct.

Mr. Chairperson: Mrs. Taillieu, proceed.

Mrs. Taillieu: Thank you. With the Policy, Planning and Governance Committee, are these members appointed by the minister as well, or are there members of the board that get appointed by the CEO and the chair?

Ms. Allan: I think you're asking about a committee framework.

Mrs. Taillieu: Yes, I'm asking about the Policy, Planning and Governance Committee.

Ms. Allan: Well, because of the governance work that the board has done, effective January 1, a new committee framework was put into place. The new committees are Audit; Investment and Finance; Policy, Planning and Governance; and Service and Human Resources.

Mrs. Taillieu: I notice on the Policy, Planning and Governance Committee, other than the CEO and the chairperson, there are two public-interest persons, an employer person and a worker representative. Why are there two public-interest people on a committee

when you were talking about tripartite? To me, it sounds like there should be one employer, one employee and one public interest, but there are two public interest on this committee.

Mr. Sexsmith: That's just a function of the timing. One went to April 2006 and one was after April 2006. So that was just a term expiry.

Mrs. Taillieu: Are any of the public-interest appointments recommended by the Manitoba Federation of Labour?

Ms. Allan: No.

Mrs. Taillieu: In the Auditor General's report, the Auditor General suggested that the Manitoba Federation of Labour had a significant influence with the NDP over appointment of public-sector board appointments. The Auditor General also said that public and employer board members were replaced more frequently than the labour reps. That's in the Auditor General's report, and I think you just contradicted that a little while ago by saying that they weren't.

Mr. Farrell: They have not. As a matter of fact, the labour reps on the board, today, are relatively new. Wendy Sol is the longest-serving labour rep on our board right now, and Wendy joined the board just a year and a half ago. We have two appointments that were in 2007. We have Rob Labossiere, who's the secretary-treasurer of the United Fire Fighters, and we have Bob Dewar, who is the chief of staff for the MGEU. So they're new to the board as of this year.

Mrs. Taillieu: I just note, though, that the Auditor General's report did say that the Manitoba Federation of Labour had significant influence with the NDP over appointments of public-sector board appointments, and the minister just said no, that she didn't appoint from there.

Ms. Allan: Well, the Auditor General's report, I want to remind the member, is an old report. The Auditor General's report is from '04. The board has done a lot of work in regard to governance. We believe that what was stated in the report is no longer an issue, and, because the board has done so much work with David Brown from the Conference Board of Canada and really spent a lot of time focussing on their governance model, this is no longer true or an issue.

Mrs. Taillieu: Well, it still is an issue, I think, because it's still on the report, and we still have some concerns over that.

With the Service and Human Resources Committee, the ones that decide the community initiatives and research program grants, the people that sit on the board, they're the ones that decide, I'm assuming, they're the ones that decide who gets those grants. So do they have to declare some kind of conflict of interest? I should ask, all board members should be required to declare conflicts of interest in writing and that should be publicly available. I guess I'll just ask the question if that is, in fact, the case for all board members.

Mr. Farrell: Yes. It is. I and the balance of the board sign an annual declaration indicating any conflicts we may have. On the specific point you alluded to, should a member of the board have a specific conflict with anything that comes before the board, they are expected to declare interest, and have. For instance, with the Community Initiatives Program, one board member absented himself from the hearings simply because he had involvement with this as part of his working life. So he did not take part.

Mrs. Taillieu: Can you tell me who the board member was and what the grant was?

Mr. Farrell: No.

Mr. Sexsmith: This actually comes up from time to time that, when the Service and HR Committee is discussing these things, I can't point to a specific grant. All I can tell you from memory is that Tom is correct and that it does occasionally come up. There have been various board members in my experience who have had conflicts, usually because they have some involvement with the group who's making an application for a grant. So that does come up from time to time.

Mrs. Taillieu: Well, you know, we have seen in past where there's been an overlap of board members with Crocus Investment Fund, with Workers Compensation Board, with the teachers' retirement fund. So, certainly, you know, these kinds of things, when you say, oh, yes, we did have a board member that did have a conflict, it certainly should be made public, and I'm sure he's declared that. But would you be able to provide us with the information as to what the conflict was and who the board member was?

Mr. Farrell: Well, I would have to take that under advisement just because of the right of the individual, but it's part of our minutes if a conflict is declared. It's minuted that, in fact, an individual has

stated they have a conflict. So, if I could take that under advisement, I will get that for you.

Mrs. Taillieu: Well, I thank you for that. Are the minutes of the board meetings then public information?

Mr. Sexsmith: Yes. The minutes of the board meeting are public information.

Mrs. Taillieu: Where are they publicly available?

Mr. Sexsmith: They would be made publicly available upon request. I should also clarify as well, though, that there are certain sections of the minutes that may be done in camera, but the general minutes of the board meeting are available.

Mrs. Taillieu: Thank you. I just want to talk a little bit about the investment and finance.

Just give me a moment here. First of all, may I ask, the 2006 annual report that I have, this would be the last one. It's the most current one, correct?

* (18:40)

Mr. Sexsmith: That's correct.

Mrs. Taillieu: On page 20, it talks about revenues have increased. Actually, the premium revenues have increased, but the investment income percentage-wise, or dollar-figure-wise actually fell. It decreased. So is there an explanation as to why the investment portion of the WCB revenues fell?

Mr. Sexsmith: The revenues from investments will vary from year to year depending on realized gains and unrealized gains and whatnot, so they will, in fact, vary from year to year. The return on our investment portfolio in 2006 in real terms was 13.9 percent; it was 12 percent-plus in 2005.

Mrs. Taillieu: Was that on just the investment or is that—I'm sorry, would you just clarify that again?

Mr. Sexsmith: Yes. The return on our investment portfolio in 2006 was, I believe, 13.9 percent; in 2005, it was approximately 12-plus percent.

Mrs. Taillieu: Well, in 2005, it looks like the revenue from investment was \$63.4 million and, in 2006, it fell to \$59.6 million.

Mr. Sexsmith: Yes, the returns that I was quoting you, if you take the investment portfolio in and of itself, which is approximately a billion dollars and you look at the return on it, both income through dividends and interest-plus realized gains, that's what

I'm quoting you when I say 13.9 percent and 12.4 percent, I believe it was, in 2005.

What's recorded as income will vary from year to year depending on what our managers may choose to sell at any particular time or not, and so you will see the income fluctuate up and down from year to year. I would add as well that the—and we've mentioned this a number of times at past committees, I believe, that we should emphasize that the WCB's bottom line can be quite volatile because of accounting changes, actually, that came into place in about 2004, which require us to record our investments at market value as opposed to a smoothing method that we used to use, which smoothed the income into our statements over time.

So you will see some volatility in what we record as income here, mainly because of changes in value for realized and unrealized gains in equities.

Mrs. Taillieu: I'm not a financial analyst, but, from what you've just told me, that signifies to me that you have a lot of high-risk investments, then, if you're getting some volatility like that, because you wouldn't get that if you had all low-risk investments. What kind of a mix do you have, portfolio mix, is there then in terms of low- or high-risk investments?

Mr. Sexsmith: Actually, we have quite a conservatively run, well-diversified portfolio, which is approximately 50 percent equities, 12.5 percent real estate. The rest would be fixed income, which would be mainly bonds.

Mrs. Taillieu: With the 12.5 percent that's real estate, does that refer to the WCB Realty Limited holdings?

Mr. Sexsmith: The direct real estate holdings are held through WCB Realty Limited.

Mrs. Taillieu: Can you tell me what the direct holdings are then of the WCB Realty Limited, which is actually owned by the WCB?

Mr. Sexsmith: I can give you some examples. I don't have a complete list at my fingertips, but I can certainly provide you with a list if you would like one.

The list is Ontario Power Generation, CentreWest in Edmonton, 1551 Church Avenue in Winnipeg, Energy Square in Edmonton, Transcona Square in Winnipeg, 177 Lombard in Winnipeg, Henri-Bourassa Park in Montréal, Brentwood Village Mall in Thunder Bay, Keystone Village

Shopping Centre in Brandon and the Morden Mall in Morden.

Mrs. Taillieu: May I have that?

Mr. Sexsmith: Actually, this is an internal memo, but I'd be pleased to provide you with the list.

Mrs. Taillieu: There are a significant number of out-of-province holdings. Is that a change, say, over the last year?

Mr. Sexsmith: My apologies. I was reminded that I forgot a couple that were on the other side of the page. There was also an apartment building in Grande Prairie, Sheffield 99 in Edmonton, and South Point holding in Surrey, B.C.

Your other question was: Is the fact that they're outside of Manitoba a change in the last year? No, we actually have quite a well-diversified portfolio by geography.

Mrs. Taillieu: You mentioned 177 Lombard. What building is that?

Mr. Sexsmith: That's the building—gosh, I can't remember the name of the street, but it's directly behind the Richardson Building. It used to have the Liberty Grill restaurant on the bottom floor, if you recall that? Right on the corner there. At one time it was the Great-West Life head office, if you go back to quite a few years ago.

Mrs. Taillieu: What is that building used for now? Is that rented to anybody?

Mr. Sexsmith: Yes, it is. It's commercial property. It's office space.

Mrs. Taillieu: Who is in that building? I'm curious.

Mr. Sexsmith: We used to have a restaurant on the ground floor. If you go back far enough, the Conservatory of Music and arts was on the second floor; they've now moved. There's a radio or media channel on one of the floors. You know, off the top of my head, those are the best examples I can give you.

Mrs. Taillieu: I'm going to come back to that in a minute, but I just want to move on so that we get through a lot of the things I want to cover.

I'm just going to move on to something else. I just want to move on to something and ask about the rates, the WCB rates. I don't want to spend a lot of time on the minister having to say how wonderful the rates are and how low they are, because I like to dispute that just a little. The assessment rates, if I

look at a comparison, I guess, across the provinces, where you look at maximum assessment earnings, minimum yearly assessments, lowest assessment rates, highest assessment rates, I see that Manitoba has a highest assessment rate of \$41.95. There doesn't appear to be any other province that even comes close to that. Newfoundland has the next highest assessment rate at \$27.50. Can you explain that \$41.95?

I'll just clarify, too, because it does say on this sheet that the source is the Association of Workers' Compensation Boards of Canada from March of 2007. Extreme caution should be exercised in how these figures are used, as they are not strictly comparable. So it's really not right to compare and say that we have lowest or highest or whatever rates across the country because they're not strictly comparable.

* (18:50)

I want to know why this—it seems out of whack with any other province, being at \$41.95 as opposed to most of them being around the—oh, well, one is as low as \$5.83. Some are around the \$8 or \$13 or \$16 and then there's one, Québec at \$25, Newfoundland at \$27 and then Manitoba at \$41. Can you explain what that means?

Mr. Sexsmith: I haven't had a chance to look at the document that you're looking at there, but what you're quoting there would not be the average rates across the province. There are various rate models in place in the various provinces, and I believe what you are looking at there would be the highest rate that any firm in that province would have, and so that would, of course, vary by the rate models that are in place. So, if anyone in Manitoba has a rate of \$41 per \$100, they have a very bad record. What the rate model does is it looks at their experience, and, when their experience is negative, their rates go up.

So that generally is what's happening there. If you compare the average rate across the provinces, we are the second-lowest in the country in 2007.

Mrs. Taillieu: Yes, and I'll just read you from a national resource on workers compensation that, comparison of average assessment rates can be very misleading and are influenced by the various methods adopted by WCBs for developing those averages. For example, waging of individual rates by payroll or by industry can significantly impact the average rate. The mix of industry, the varying benefit levels and earning ceilings, extent of industry

coverage and the degree of funding of liability can also result in distorted comparisons of average assessment rates by jurisdiction. Extreme caution should therefore be used in how average WCB assessment rates are used.

So I think when we talk about the averages and we look at the averages and, certainly, we can say we're low in the averages, but there is a caution here in saying that caution should be exercised in how these figures are used as they are not strictly comparable.

So, when we're talking about Manitoba having the lowest average rates and then we look at the highest assessment rate of \$41.95, it's quite misleading to say that we have the lowest rates because as taken from these two sources it says you have to use caution when you compare them. So I am again wondering. We have \$41.95 which, to me, if that's the highest assessment rate across the country, then what's wrong? Like what does that signify?

Ms. Allan: Well, I thank the member for raising the question in regard to a high assessment rate. I think the CEO of the WCB has tried to clarify with the member that what that high rate shows is that is an employer that obviously has a bad record in regard to injury rates. That is probably the most serious statistic that you have just read out to us tonight, and that's one of the reasons why we have worked in partnership with the WCB. When we came into power, we had one of the highest injury rates of any jurisdiction in Canada. We don't want to see those kinds of high rates. We don't want to see employers with those kinds of high rates.

What we want to do is we want to continue in regard to our injury prevention strategy, and we want to make sure that we have in our communities, employers who get those rates down. The 22 percent reduction in injury rates, we believe, has a cost savings of \$10 million, not just to the WCB, but, as well, to employers and that's very, very important. Our whole injury prevention strategy is critically important.

Mrs. Taillieu: Well, I do agree it's a call to action because, in fact, in the annual report it does say that it's a call to action because the time-loss injury decreased 19 percent since 2000, but has stabilized over the past four years which indicates that there has been not the progress occurring in the last four years.

Ms. Allan: That is true and that's why when the CEO of WCB talked about the partnership and the meetings that he was having on a quarterly basis with the deputy minister and the assistant deputy minister responsible for Workplace Safety and Health, there is obviously much more work to be done. That is another reason why we made a commitment during the election campaign to hire 20 more workplace safety and health officers so that we can really get at this issue.

I'm pleased to see that the member is so supportive of getting the injury rates down because before she was elected her government voted against the workplace safety and health legislation.

Mrs. Taillieu: Again, the source is Association of Workers Compensation Boards of Canada. Injury frequency per hundred workers of assessable employers, Manitoba was quite high with a number of 4.75 which is quite higher than any place else. I really don't know how to interpret this. That's why I just have a question mark on this page. So can you tell me what that means?

Mr. Sexsmith: Well, again, I haven't had a chance to look at that document, but I can tell you generally what it means. When we talk about injury rates across the various provinces, we're talking about how many time-loss injuries we have per hundred workers. Manitoba's rate is one of the higher ones in the country.

Again, though, as you said, I would caution everybody to be very careful how they make these comparisons. As the minister said, we're actually down 22 percent over the last few years. When you look at the injury rates across the provinces, those statistics vary, and there's a great deal of debate about what is the correct number because you have various levels of coverage, for example, across the country. Some provinces cover industries where the risk of injury is higher than others do.

So all of those things have to be considered and that's why, you know, you're right to be very cautious in quoting comparisons.

Mrs. Taillieu: Well, thank you for that, and I think by the same token, then, we should be very cautious in saying that we have the lowest average rates across the country because it's the same comparisons, then, when we say we have one of the lowest assessment rates. Again, we use caution with that as well.

Mr. Sexsmith: Yes, I would agree that those numbers should be used with caution. However, I would also add that the industries covered in Manitoba tend to be at the higher end of the risk scale. So, in comparison with other provinces, I would argue—and this is open for debate, of course—that our injury rate would be lower and our average rate would be lower if we were covering other industries.

Mrs. Taillieu: I know that the assessment rates went down, but the maximum assessable earnings were raised. So this means, to me, that you should be collecting more revenue because, even though the assessment rates went down for an employer, the assessable earnings went up. So an employer is going to be paying more for workers compensation.

I guess, then, can you tell me, since the rates went down and the maximum assessable earnings went up, how much more revenue the Workers Compensation Board has gained?

Mr. Sexsmith: You're correct to say that when the maximum assessable rate goes up then an employer who has employees whose salaries are higher than the previous rate would pay more. But there are a number of factors that come into play here. It's how many employees they may have compared to the previous year, what their injury record has been compared to the previous years. There are a number of factors that work into the model. But you are correct. If the maximum assessable rate goes up then they will pay on more dollars of salary.

Mrs. Taillieu: What is the experience of the Workers Compensation Board then in terms of increased revenue resulting from these changes?

Mr. Sexsmith: When the ceiling on maximum earnings was lifted under the legislation that came into effect in 2006, we've estimated that the impact on revenue was between \$1 million and \$2 million, closer to \$2 million, probably.

* (19:00)

Mrs. Taillieu: Then, by the same token, because you have higher assessable earnings, that would mean that people on compensation would be paid more. So what were the increased expenses then?

Mr. Sexsmith: The increased expenses were approximately a million dollars.

Mrs. Taillieu: So this is not revenue-neutral then. To me, it sounds like it should be a revenue-neutral exercise, where you decrease the rates and increase

the assessable earnings to balance off the money that you need, but, in this case, you're earning more from this exercise than paying out. So is there then going to be a move to decrease the rates further?

Mr. Sexsmith: Well, we would love to decrease the rates further, but it just depends. Every year we have to have a look at what we think our expenses are going to be and what our revenue requirements are. As I mentioned, we also have to take into consideration expected revenue from our investments, which can be volatile. So we are rather conservative in our overall approach to this issue.

I guess I would also state that being within half a million dollars or so in a complex calculation like this, where very many factors come into place that affect the experience over a year, and in a billion-dollar organization, we try to be very precise, but that is reasonably precise, actually, under the circumstances.

You're right. We do try to be neutral in that way as much as we can.

Mrs. Taillieu: Well, I don't think most people would think half a million dollars was sort of pocket change to be, oh, well, if we miss the mark, half a million here, half a million there. To me, it sounds like it should be more precise than that.

Mr. Farrell: One serious injury, one serious disabling injury can cost in excess of a half million dollars. So that's the range we work in.

When this program changed, there was concern about the cost rising, that somehow we would see a significant change. We have sheltered, to a degree, employers who have significant numbers of their workers in above what had been the capped earning level prior to removing the cap, and to this point in time we have not, for instance, assessed them at 100 percent. We're at—what number? Seventy—

Mr. Sexsmith: We're now at about \$77,000, up from \$58,000 prior to the legislation.

Mrs. Taillieu: Thank you. I think that when you're striving to decrease workplace injuries you would be striving to get those numbers down, rather than have to save them up for catastrophic events. I do recognize that catastrophic events do occur, but that's the nature of the business you're in. We've just heard, you're talking about decreasing the injury rate 19 percent over four years and then levelling off for the last four years. Certainly, that is the trend to try and increase safety in the workplace rather than deal

with events that are very debilitating. So, when you're striving to decrease injuries and yet building up the money to pay for them, it seems kind of conflicting.

Mr. Farrell: The sort of calculations that have gone forward to generate the numbers that Doug just talked about were very detailed. Probably the real good news story behind that is that in fact we did not have the number of disabling, serious injuries over the past two years that might have been expected. Those types of injuries are decreasing. That's a credit not to anything we're doing; it's a credit to employers who are moving forward with accident prevention programs and things of that nature. So that's taking place.

Mrs. Taillieu: I'd just like to switch gears a little bit. We'll maybe come back to this. But just talking about injuries, what arrangements at the present time does the WCB have with the Pan Am Clinic, the Maples Surgical Centre and the Western Surgery Centre?

Mr. Sexsmith: We have a contract in place with the Pan Am Clinic, which provides for MRIs. We have a surgical fee schedule in place which provides for fees to be paid for various surgeries that are done. That fee schedule provides differing fees for surgeries done on various time lines.

Mrs. Taillieu: Could you explain that then if there are different fees depending on the length of time required to get a specific test or procedure or surgery done or to see a specific doctor? There are different payments made then, depending on the time?

Mr. Sexsmith: Yes, that's correct. For surgical procedures—I should clarify that we have a fee schedule and the various procedures are all outlined in that fee schedule. But we vary that fee schedule depending on the timing of the service provided. If it takes more than eight weeks for a surgery, for example, we pay the basic rate. If it takes four to eight weeks, we pay the basic rate plus 30 percent. If it takes four weeks or less, we pay the basic rate plus 55 percent.

Mrs. Taillieu: So the shorter the wait time, the more money is paid for the service?

Mr. Sexsmith: That's correct.

Mrs. Taillieu: Who's that money paid to? Is that to the clinic or is there a portion of that that goes to the attending physician?

Mr. Sexsmith: That money is paid to the clinic.

Mrs. Taillieu: Does the Workers Compensation Board, then, own any of the pieces of equipment in any of those three clinics?

Mr. Sexsmith: No.

Mrs. Taillieu: Have any interest in any of the equipment such as an MRI machine or a CAT scan or anything?

Mr. Sexsmith: The only arrangement we have is the lease arrangement that we have with Pan Am Clinic.

Mrs. Taillieu: What is that?

Mr. Sexsmith: We have an eight-year contract with the Pan Am Clinic, for which we pay about \$15,000 a month and that is for them to provide MRI services for injured workers.

Mrs. Taillieu: This is at the Pan Am Clinic, which is a publicly owned facility. So the Workers Compensation Board, then, can take services in the public domain on a queue-jumping basis by the sounds of it, which actually would take away from other people wanting to use that service, that public service available?

Mr. Sexsmith: Actually I'm probably the wrong person to talk about how they make arrangements for who gets service in what order at the Pan Am Clinic. We have left that side of the equation entirely to the Pan Am Clinic and the Winnipeg Regional Health Authority.

* (19:10)

Mrs. Taillieu: Does the Winnipeg Regional Health Authority pay a rental service fee for services?

Mr. Sexsmith: I'm not familiar with what the financial arrangement is between the health authority and the Pan Am Clinic.

Mrs. Taillieu: Just so I'm clear, the Workers Compensation Board pays \$15,000 a month to the Pan Am Clinic so the Pan Am Clinic will provide services to their people on a preferential basis.

Mr. Sexsmith: No, that's not exactly the way it works. We have entered into an eight-year contract with them where we pay a lease amount for them to provide services to our injured workers, and it's up to them to decide how soon that person gets the service.

Ms. Allan: I'd just like to add something here that might help clarify this. My understanding is that Manitobans have first priority in our health-care system, and that the WCB buys blocks of time from the Pan Am Clinic that are over and above the

regular capacity. There are no patients in the public health-care system that are bumped. These are slates that are booked for the WCB.

Mrs. Taillieu: Well, I'd prefer to have the answer from the people from the WCB because I need to have that backed up. It sounds to me, though, that what you are saying is it depends how fast you can get the service. Now, it seems that, you know, if the Pan Am Clinic decides they want to make some money, they can give you faster service.

Mr. Sexsmith: You know, it's entirely up to the Pan Am Clinic to manage that, and I have heard the management of the Pan Am Clinic answering these very questions publicly. He has provided assurance that the public is not disadvantaged in any way, and that he fits his WCB patients in, as the minister said, without inconveniencing or without bumping the public.

Mrs. Taillieu: Is there any other particular group that can go and get preferential treatment at the Pan Am Clinic or any other public clinic?

Mr. Sexsmith: I'm not familiar with them. There are other groups in society who are outside the regular system. I believe perhaps the military is, but I have no knowledge of any arrangements.

Mrs. Taillieu: It just sounds like the more you want to pay, the faster the service you'll get depends on the Pan Am, but if the Pan Am is in need of money, if the health-care system is in need of money and would prefer to make more money, they would naturally put the Workers Compensation people ahead faster because they make more money as they put them ahead faster. They don't fit them in at the end because they make less money that way.

So what is your experience? Where do your people get the fastest service? How many people get service under the four weeks, the four to eight weeks, and after the eight weeks? Can you give me those statistics?

Mr. Sexsmith: I'll have to provide the member with that information. We don't have those details here.

Mrs. Taillieu: When would you be able to provide those details because then—okay, you do have that information though, correct?

Mr. Sexsmith: We should be able to find that information, so we may have to dig it out of some of our statistics.

Mrs. Taillieu: Just to be clear, what I'm asking for is the number of patients that would fit within the preferred area, which would be the fastest, and then the middle area and then the longest wait time, just so that we could have a look at who's fast-tracking where.

Mr. Sexsmith: Sure.

Mrs. Taillieu: Can you tell me what the new fee contracts with the Manitoba Medical Association and the Manitoba branch of the Canadian Physiotherapy Association are?

Mr. Sexsmith: We negotiate fee schedules with the Manitoba Medical Association and with physiotherapists from time to time when they expire.

Mrs. Taillieu: Are those fee schedules the same for people within Workers Compensation as to any other Manitoban?

Mr. Sexsmith: The general fees paid, if you go to visit your doctor, we pay the same fee as someone else would pay.

Mrs. Taillieu: Okay. Is that the whole fee, or is that a portion of the fee?

Mr. Sexsmith: The main discussions, for example, with the MMA would be around reporting fees because the WCB requires certain reports on injured workers in order to be able to do adjudication processes and whatnot.

Mrs. Taillieu: What are the fees paid right now for an MRI?

Mr. Sexsmith: The fees paid for an MRI are—bear with me for a second while I look it up—it's \$625 if it's completed within 10 days of referral.

Mrs. Taillieu: Is that at the Pan Am Clinic?

Mr. Sexsmith: That's the same at the Pan Am Clinic and at the Maples.

Mrs. Taillieu: And at St. Boniface Hospital?

Mr. Sexsmith: At St. Boniface Hospital we pay a slightly higher fee, which is in the range of \$707.

Mrs. Taillieu: Is that within a 10-day time frame?

Mr. Sexsmith: No, there's no time frame attached.

Mrs. Taillieu: Okay, so you can get the MRI at Pan Am considerably cheaper in a very shorter time.

Mr. Sexsmith: Yes, the fee for the MRI is lower at the Pan Am Clinic, but we also pay a lease payment as well.

Mrs. Taillieu: Okay, so the \$15,000 a month is in addition? Is that what you're saying?

Mr. Sexsmith: Yes, it is.

Mrs. Taillieu: Do you have a lease agreement with the Maples Surgical Centre?

Mr. Sexsmith: No, we don't.

Mrs. Taillieu: With Western Surgery Centre?

Mr. Sexsmith: No, we don't.

Mrs. Taillieu: So you only have a leasing agreement with the Pan Am Clinic. Have you explored leasing agreements with the other two, the Maples Surgical Centre or the Western Surgery Centre?

Mr. Sexsmith: No, we haven't explored leasing agreements, but we are certainly getting service to the extent that the Maples can provide MRI service under our current arrangements.

Mrs. Taillieu: Okay, what do you mean by current arrangements? To confirm, then, you are receiving services from the Maples Surgical Centre?

Mr. Sexsmith: Yes, we are.

Mrs. Taillieu: What are the service arrangements?

Mr. Sexsmith: The Maples does do some MRIs for us. They don't have the same kinds of machines so they can't do various types of MRIs. I'm not very technically inclined here, but they can't do, I believe, anything that involves a full body, et cetera. It's not as sophisticated machines.

* (19:20)

Ms. Allan: I think what would be important to this dialogue, in regard to services for injured workers here in Manitoba, and in regard to who purchases those services and what the cost is, I think it's important to remember that the WCB doesn't tell anybody where to go to get those services. That's the one critical piece that I think we haven't mentioned yet this evening. The doctors, in consultation with the injured worker and in regard to what that particular injury is and what might be the best services provided, make that decision independent of the WCB.

Mrs. Taillieu: Is the worker, then, in given the opportunity to make the decision, are they specifically given the time frames? For example, if you go to St. Boniface Hospital, you'll have to wait three weeks, but, if you go to the Pan Am Clinic, you can get it done in 10 days?

Mr. Sexsmith: The arrangements would vary depending on the patient or the injured worker in the circumstances. So I can't tell you that, you know, this is said to this injured worker, and that may be said to another one. Certainly, we don't direct people, but our doctors are back and forth with them, as they are in general in any event on what's happening with the treatment.

Mrs. Taillieu: But would they be given the options available to them, and that being, one place is faster than the other?

Mr. Sexsmith: Again, you know, that may very well come up in the conversation. I can't tell you in all honesty, whether we say, you know, you can get it quicker here or quicker there. Those discussions may very well happen between the doctors at the time.

Mrs. Taillieu: I see the minister coaching you from the side here, but I prefer if you would just answer the questions as asked.

Mr. Chairperson: Order, please. Through the Chair, please.

Mrs. Taillieu: Sorry, Mr. Chair.

Can you give me an example then of how many MRIs would be done at, for example, the Pan Am Clinic? And let's just take a month time frame. That's probably how it'd be calculated. How many are done at the Pan Am? How many are done at Maples surgery? How many are done at Western Surgery? How many are done at St. Boniface, or another health centre?

Ms. Allan: I just want to comment that I don't need to coach anybody at the WCB in regard to their responses. I do want to remind the member opposite that the most important thing that the WCB can do is enter into contracts with service providers so that we can provide services to the most vulnerable workers in Manitoba, injured workers. I think we're forgetting that when we're taking the line of questioning that you're taking. That is the WCB's responsibility: to get injured workers back to work as quickly as possible, because that helps the employers—Manitoba employers, right?—who pay their assessment fees that pay the fees so that their injured workers get services and they are not sued. This is a very important system, right? And they can get their workers back to work as quickly as possible.

I was shaking my head because—I was more shaking my head at you, not coaching the CEO,

because I was concerned that we were forgetting that particular piece in this line of questioning.

Mr. Chairperson: I remind all members of the committee please to address your comments through the Chair if you would, please. It would help us facilitate a smooth flow of the proceedings here this evening.

Mrs. Taillieu: Thank you very much, Mr. Chair, and I specifically did see the minister shaking her head and looking at both members at the table, perhaps to give them the eye as to say: no. And that's fairly evident. Certainly, I do understand what Workers Compensation Board is all about. I do understand the need to get employers and employees back to work. Of course, that's the mandate, and, of course, that's what we want to see. But we also recognize that the public at large has also the right to know what's going on and hence the questioning. They also have the right to fair and timely access to publicly funded services, when you're using public facilities like the Pan Am Clinic.

So I think that, when we put these questions to the committee and to the members of the Workers Compensation Board, we certainly know that these members are quite capable of making the answers and do not need to be coached by the minister.

Ms. Allan: The WCB is not publicly funded. It's funded by employers. Their revenue comes from the employers. I know that at one time the ratio of revenue to the WC was about 66 percent employer revenue and about 33 percent investment revenue, and it fluctuates back and forth about 5 percent to 6 percent, somewhere along those lines. But it is not publicly funded.

Mrs. Taillieu: The health-care system is publicly funded, as is the Pan Am Clinic, which the NDP government decided that they needed to purchase, another bricks-and-mortar to sink money into that should be used for care of patients. Instead, they decided to sink it into bricks-and-mortar and purchase a clinic. So that is in the public system.

It's certainly recognized and certainly evident that the Workers Compensation Board is funded by employers' money and investment. That's well recognized, but, having said that, we still need to look at the methods that the Workers Compensation Board is using when it uses public facilities for preferential treatment. Certainly, we recognize that it's very valuable to get workers back to work. Of course it is, but that also has to be balanced against

the needs of the general public. So that's the intent in questioning, just to get that kind of information.

Certainly, we have learned today that public facilities are charging more money for preferential treatment and giving faster service for more money. So I think that does raise some concerns in the general public that perhaps they would not be able to access it the same way.

I think I did ask—well, we did get a little off track here. I'm sorry for that. I apologize to Mr. Farrell and Mr. Sexsmith, but I think I did ask for monthly figures as to the number of MRIs that are done at each of the facilities.

Mr. Sexsmith: I can give you an annual figure. How's that?

Mrs. Taillieu: Could you do that, please?

Mr. Sexsmith: In 2006, we did 986 MRIs at the Pan Am Clinic, 68 at the Maples clinic and 349 in hospitals.

Mrs. Taillieu: Just to clarify, you didn't do any at the Western Surgical Centre, then?

Mr. Sexsmith: No, I don't believe they have that capacity there.

Mrs. Taillieu: Okay.

Mrs. Myrna Driedger (Charleswood): A question related to the fee schedules. You had indicated the fee schedules for surgeries were based on time lines. Is there also a similar fee schedule based on time lines for MRIs?

Mr. Sexsmith: There is a fee schedule based on time lines for MRIs. It is \$625 if done within 10 days of referral and \$525 if done longer than 10 days from referral.

* (19:30)

Mrs. Driedger: We were having I think some of this similar discussion back in February of 2004, I recall, when we were talking about the leasing of an MRI that was going to come to the Pan Am Clinic. As you had indicated, you have an eight-year lease period, I believe, at \$15,000 a month which adds up to \$1.3 million, which, coincidentally was the same cost as building the second floor of the Pan Am which was part of, I understand, the earlier discussions, that WCB was going to do that, following a lot of these discussions that seems to have been derailed. But, instead of building the floor, I see that WCB got into the lease aspect of it.

Is the lease aspect, then, something very similar to a facility fee? Is that generally what it would be viewed as?

Mr. Sexsmith: Well, first of all, I don't recall any discussions about building a second floor, although I do remember the discussion at committee a couple of years ago. We subsequently provided you with a copy of the contract that we signed as well. So members certainly have that to look at if they would like to do so.

I'm not sure what to say about comparing it, the two fees you quoted. Certainly, the arrangement we have is lease arrangement that from our point of view helped the Pan Am Clinic to increase its capacity to make sure that they had—certainly in our discussions with them, that's where they were headed. They were looking at a partnership that helped both sides and helped them to increase their capacity to make sure they had more services available to the general public as well.

Mrs. Driedger: Can Mr. Sexsmith clarify what he means when he says the \$15,000 a month helps to increase capacity, helps Pan Am increase their capacity? In what way?

Mr. Sexsmith: Well, when they were acquiring the MRI, certainly they were—part of the deal in acquiring the MRI was, as I understand, a partnership with us to provide the lease payment.

Mr. Chairperson: Mrs. Driedger, if you could move your mike a bit closer, it would be helpful, please. Please proceed with questions when you're ready.

Mrs. Driedger: What would have happened if WCB hadn't put forward the \$15,000 a month?

Mr. Sexsmith: Well, I don't know. They would have had to go ahead and finance the MRI without us.

Mrs. Driedger: Mr. Sexsmith, can you indicate why—and I noticed you gave the numbers for Pan Am, Maples and the hospitals in terms of the number of MRIs.

Can you or is there any sense of why in 2006 there is such a low number for the Maples? I know we had been looking—in '04 there were about 800, I think, MRIs. Was it 800 MRIs per year in 2004? Then '06 we were looking at quite a significant jump in MRIs. I guess that would be quite a huge jump, but I am wondering why the Maples Surgical Centre—and I'm just curious, I guess—considering they can put through patients pretty quickly, why

there is such a low number of MRIs being done there by WCB.

Mr. Sexsmith: Well, I think we're speculating a little bit there. First of all, though, you are right. There are fewer done there, but as I mentioned before, they don't have the same kind of capacity as the Pan Am, and, certainly, as the minister said earlier, we don't direct people. So it may be the relationship with their doctor. That would be my assumption.

Mrs. Driedger: Is WCB aware of something we've heard of that there's a top-up fee given per patient to doctors at the Pan Am Clinic who see WCB cases and that is the reason that more cases are going to the Pan Am is because doctors are getting a fairly significant top-up fee? Now, what I was told is the top-up fee of \$1,000 per patient by Pan Am. They're giving it to their doctors doing WCB MRI and surgical procedures. So that would be a lot of incentive, I think, for patients to be seen at the Pan Am, would certainly help to put the Maples maybe I wouldn't say out of business, but give them a pretty rough ride. Not fair in terms of you know, a sharing of opportunity out there, that's for sure.

Is WCB aware of those types of arrangements? Have you heard of the same thing I've heard of?

Mr. Sexsmith: I'm not aware of any such fee.

Mrs. Driedger: I could take it a little further. That was part of what I heard from a fairly reliable source. I have also more recently heard that there's a \$1,000 dollar-top-up fee if cases are done in four weeks; an \$800 dollar top-up fee if it's done in four to six; or \$400 fee if it is done over six weeks.

If that practice is happening out there, it would be certainly creating a real unfair playing field, if, in fact, the Pan Am Clinic is out there doing this and providing top-up dollars for services if patients are treated there. That would certainly cause us some concern, but I guess, you know, it could be very likely that WCB, I mean, would be out of the loop on that one, but certainly disconcerting for us to have heard that kind of a, you know, statements being made out there.

Mr. Sexsmith: Well, I'm not aware of any such fee. Certainly, if there was such a fee, it would be in excess of the fees that we pay for MRIs.

Mr. Chairperson: Any further questions, committee members?

Mrs. Driedger: Does WCB have a number of the—I guess an annual number of the number of surgeries

that are done every year and a breakdown as to where those surgeries might be taking place?

Mr. Sexsmith: We covered 497 surgeries at Pan Am in 2006; 229 at the Maples and 496 in hospitals, both in-patient and out-patient.

Mrs. Driedger: When patients go to hospitals, are they on the same kind of a waiting list as the rest of the public would be in terms of having to wait for a specialist to do surgery?

Mr. Sexsmith: Yes.

Mrs. Driedger: Would the same be true of having to wait at the Pan Am Clinic? Would they be waiting in line there along with the rest of the public?

Mr. Sexsmith: My assumption is that they're waiting with the rest of the public, but, you know, I can't speak to the scheduling at Pan Am.

Mrs. Driedger: How about at the Maples?

Mr. Sexsmith: Same thing there. I assume that they're dealt with as soon as they have the capacity to deal with them.

* (19:40)

Mrs. Driedger: It would seem to me that at the Maples there wouldn't be such a problem because that's not part of the public system, so that patients could probably get in there fairly quickly as they're a private clinic, and they don't have the huge, you know, waiting lists and queues that they do, particularly in orthopedics. I guess it's true that they would have to certainly be looking at the capacity that they have in order to be able to do it, and the physicians and anesthetists and nurses that they have there to be able to accommodate providing those services.

I think that's all the questions I have for just the moment.

Mrs. Heather Stefanson (Tuxedo): Just a couple of quick questions. We covered off fee schedules for surgical procedures and for MRIs. Is there a fee schedule for office assessments as well?

Mr. Sexsmith: Yes. I believe there is.

Mrs. Stefanson: And what are those?

Mr. Sexsmith: No. I'll have to provide that to the member because I don't have that detail in front of me here.

Mrs. Stefanson: Are there any other fee schedules for anything else that we might be missing here?

Mr. Sexsmith: You know, I'm just looking around here. There are various fee schedules for various services. I mentioned reporting fees earlier. There are various reporting fees provided, and that's an important, actually, piece of the pie in this whole thing because we need reports. So we negotiate fees around reporting fees.

Mrs. Stefanson: Is the agreement with the Pan Am Clinic and with Maples Surgical and Western Surgical, but particularly, I guess, with the Pan Am and Maples, are those agreements signed with the Workers Compensation Board and—like directly with the Pan Am Clinic?

Mr. Sexsmith: The agreement with Pan Am is actually a signed agreement with the Winnipeg Regional Health Authority, and there is no similar agreement with the Maples. I mean, we provide the same level, we provide the same payments for the same service at the Maples as we do at Pan Am, but we don't have a signed agreement with the Maples.

Mrs. Stefanson: And is it possible to get a copy of the agreement? Oh, I guess it's not signed by you, though; it's with the Regional Health Authority.

Mr. Sexsmith: Yes. You can have a copy of the agreement, and, yes, it is signed by me. We did provide you with a copy of it in November of '05. I'd be pleased to provide you with another one if you would like.

Mrs. Taillieu: Just a clarification. When the Member for Charleswood was asking a question if there was no lease payments, then you said that then you wouldn't be financing the MRI. So those lease payments are actually financing the MRI equipment?

Mr. Sexsmith: You know, you're actually asking me to speculate there which is something that I shouldn't do. We signed an agreement with the Pan Am Clinic, and we signed a lease agreement, and we made a deal for access to the MRI. So that's really, I guess, all I can say.

Mrs. Taillieu: I guess I'm just wondering why you need this lease agreement for the \$15,000 a month. To me, that means that you have this agreement so that you can get better, preferred service. If you didn't have this agreement, would you not get the same service?

Mr. Sexsmith: We think that our service has improved as a result of having the agreement in place. The kinds of comments and discussions that went on at the time were that we were looking for

partnership. We actually look for partnerships in a number of the aspects of our business. In this case, we had an opportunity to partner with the Winnipeg Regional Health Authority to be of assistance to them and to be of assistance to injured workers to try and help them return to health as quickly as possible. That was our motivation.

Mrs. Taillieu: Do you partner with any of the other regional health authorities?

Mr. Sexsmith: This is the only arrangement that we have in place at the moment, but we certainly would look at partnerships if we had the opportunity, or if someone approached us, or it looked like there was an opportunity to provide better service.

Mrs. Driedger: Just to follow up with that, because you're paying \$15,000 a month at Pan Am for MRIs, but you can still go out and have 300 and some MRIs done at the hospital, if you were paying the hospitals \$15,000 a month, would that give you better service then, or better access to the hospital's MRI? Why do you have to pay \$15,000 a month to access the MRI at the Pan Am when you don't have to pay \$15,000 a month at Maples or \$15,000 a month at hospitals? Why are you having to spend that kind of money, which is adding up to over a million dollars over eight years, when you're still getting access in these other places for not having to pay that kind of money?

What benefit is it to WCB and to all these businesses that, obviously, it's their money that's going into this? What benefit do you get from the \$15,000 a month that you wouldn't get? If there was no \$15,000 a month, they wouldn't tell you, you can't send your patients for an MRI, would they? What's the benefit of paying that kind of money?

Mr. Sexsmith: One of the things that employers regularly raise with me when I'm meeting with them is their concern around timeliness. Employers like to see their workers back to health and back to work as soon as possible. So, from sort of that side of the ledger, that's one of the things that, when we're listening to employers and what they want and need, that's what we try to do. We look for arrangements across the board to try to do things in a more timely way. So that's really what the motivation was here, to try and get injured workers back to health as soon as possible.

Mrs. Driedger: I fully appreciate that. Of course, that makes sense. So does that mean, then, that patients who need to have an MRI get it done more

quickly at the Pan Am than those 68 who have to go to the Maples or those 349 who have to go—however many it was—to hospitals? Does that mean that patients who need an MRI get it done more quickly at the Pan Am than they would in those other places? Is that what \$15,000 buys them?

Mr. Sexsmith: Well, the \$15,000 also buys us a cheaper MRI. So it's 700-and-some dollars at a hospital, and it's 600 or 500 at the Pan Am, or at the Maples.

But I guess I would just go back to the comments that I made earlier, and that is that our motivation in doing this was to set up a partnership with the Winnipeg Regional Health Authority that benefited both them and us.

Mrs. Taillieu: How many MRI machines does the Pan Am Clinic have?

Mr. Sexsmith: As far as I know, just one.

Mr. Larry Maguire (Arthur-Virden): Yes, just a follow-up question, if I may, and that's in regard to—what caught my attention was your differentiation between the costs of an MRI in the various facilities. You mentioned an agreement with the RHA. Is it an agreement to do a certain number of MRIs through the hospital system, or what would be the limiting factor in increasing that to the clinics?

* (19:50)

Mr. Sexsmith: There's no guaranteed volume or anything like that. It's just whatever arises, I guess, whatever the need is.

Mr. Maguire: Would the clinics be maxed out then in the amount that they could do at the present time?

Mr. Sexsmith: You know what? I can't answer that. I'm not sure whether they're totally full or not.

Mr. Maguire: I appreciate that. When there's a \$100 or \$200 difference—and I understand the complexity of that, as far as the cost savings, but I wondered if there was a situation where you've looked at trying to offer more people to go to the MRIs in those clinics where it's a little cheaper. I'm absolutely sure there'd be no difference in the quality of the outcome of the MRI. Maybe you could clarify both of those things for me.

Mr. Sexsmith: Well, as we said earlier, we actually don't direct patients. We will accept billings from either Pan Am or the Maples or from the hospital to cover the MRI service. So the patient can go where

they choose or where their doctor directs them or whatever is best for their care.

Mrs. Taillieu: Again, it's really difficult to understand why you would pay \$15,000 a month when you can get MRIs at the St. Boniface Hospital. It sounds like it costs a little bit more, but not \$1 million a year more.

Mr. Sexsmith: I'm not sure if I detected a question there. I just wonder if the member concluded her remarks.

Mrs. Taillieu: Okay. I guess I'll just ask the question: Why would you pay \$15,000 a month so that you can get an MRI at \$680, or you can get it at St. Boniface for 700-and-some-odd dollars? It doesn't really seem that it's cost-effective.

Mr. Sexsmith: Actually, the difference is \$625 versus \$700-plus. But, when we looked at this, I might add that we certainly looked at the business case, and, in negotiating the deal with Pan Am, we looked at all the costs that you're quoting. We came to the conclusion that there, in fact, was a good solid business case for the WCB and for employers to make the deal with Pan Am, based on all of the figures that we had available to us at the time. So you're asking about the motivation. Why would we do it? That was why. We were looking at it as a business deal.

Mrs. Taillieu: Well, then, if you were looking at it as a business plan, you must have had a targeted number of people that were going to be going to the Pan Am Clinic. So, if all the people chose not to go to the Pan Am Clinic, which you say you don't direct people there, then you wouldn't have much of a business case. So I guess what you're telling me is that there was a plan to direct people to the Pan Am Clinic because you would have to recover that \$15,000 a month.

Mr. Sexsmith: No, actually, that's not what I'm telling you. I'm not telling you that there was a plan to direct people to the Pan Am Clinic. We left the managing of the health facilities up to the Winnipeg Regional Health Authority. What we looked at was we made some assumptions about how many there would be, and, as I recall, it was in the 700-to-800-MRIs-a-year range. It's probably the discussion we had at the time, and the business case was there with those types of numbers.

Mr. Maguire: If I may, certainly, there would've been, there was a surplus of cases versus the

facilities that were available in the hospitals at that particular time. Is that the case?

Mr. Sexsmith: I believe that to be true. Yes.

Mr. Maguire: Just to follow up. Would the Workers Compensation Board enter into any kinds of discussions with the College of Physicians and Surgeons in regard to how we're going to handle the overages, and would that be where some of the plan—obviously, you needed to find other answers to have more MRIs done, which is, of course, getting us into the private clinics, and that's a benefit to the workers that are injured. But would there be any discussions of that nature?

Mr. Sexsmith: We haven't had those specific discussions with the college, but I would just like to clarify that the fee schedule for MRIs is also available to the Maples. We made the same fee schedule available to them, as what we use at the Pan Am.

Mrs. Driedger: Back in 2004, according to an article in the *Winnipeg Free Press*, it says WCB spokesman Warren Preece said that WCB is still studying a lease arrangement to get preferred access to a new MRI scanner that is being installed at Pan Am this year. But it does, I guess, beg the question, how is it possible to get preferred access to an MRI in the public health-care system?

Mr. Sexsmith: Well, again, you're asking me to answer questions on behalf of the health system, I think. But all I can tell you again is the motivation that we had in setting up the agreement with Pan Am, and that was to listen to what employers were telling us. They want us to make partnerships, such as the Pan Am one, to get workers back to health more quickly, or at least as quickly as possible. As I said before, the various discussions that we had with the Winnipeg Regional Health Authority at the time was that entering into an agreement like this was beneficial to both sides.

Mrs. Driedger: I would indicate that it was a WCB spokesperson that was making these comments that basically indicated that this lease arrangement that was going to be set up would allow—and this is WCB saying this—WCB to get preferred access in the public health-care system. So it seems that if you paid the money, \$15,000 a month, it seems to have bought queue jumping in the public health-care system, is basically what this is.

That's preferred access. Preferred access to MRI in the public health-care system means queue

jumping. That is the WCB's spokesperson who did work here in government so would know of what he spoke at the time.

I can't fault WCB. I mean, that's the job of WCB, is to go out there and do what you can to get your injured workers back to work. So I'm not faulting WCB in what I'm asking. Basically, though, what this has shown is that there is queue jumping in the public health-care system. Money talks. Money has allowed that to happen. I mean, it's pretty obvious from all of this. Then, when we've got fee schedules, I guess, now on top of it, that says you'll get more money if you see us sooner; that's obviously perpetuating the queue jumping even further.

Again, I suppose from WCB's perspective that's smart business. You're doing your job. It's just showing, though, the hypocrisy that there is within the system, because it's obvious and very apparent that what is happening right now and what everybody thinks is a single-tier system is very, very far from it. I mean, this just makes a pretty solid case for the fact that there is queue jumping.

Ms. Allan: Well, I think the members opposite should save this kind of rhetoric for the House. I think that the senior management team at WCB, under the direction of a tripartite board that does have employers on it, want programs and services for their injured workers. I think the CEO has made it very clear that he receives direction from a board that has asked him to go out and get services at facilities here in Manitoba, whether they be public or private, and make those arrangements in a best business-case scenario as possible in regard to what is best for the WCB. You know, if you want to make those kinds of comments, I think they're totally inappropriate, and I think you should save them for the House. We'd be more than glad to deal with it in the House at any time.

* (20:00)

Mrs. Taillieu: I'm sure we will be dealing with it in the House in due course, as we have in the past. Actually, we've got a lot of questions here, so I'd like to, again, go on to something else. We can always come back to this as time permits.

I do want to, again, just talk about—wait till I find it. I'm going back to the annual return again and I'm looking at the financial statements and I'm actually on page 31 of the 2006 annual report. I notice that, and it's probably in the five-year plan, the target

balance for the accident reserve fund was \$181 million at the end of 2006, but it only reached \$1 million. Why is that? There was a target of 181, which seems quite aggressive, but then they only reached \$100 million. So can you explain what that accident reserve fund is and why the shortfall?

Mr. Sexsmith: The accident reserve fund is part of the board's funding policy, and what the board does is determine, through a number of formulas and targets, actually, how much money should be on hand or in reserve, if you will, to guard against negative years, unforeseen circumstances, any changes that would affect the board's financial position negatively.

Now, the accident reserve fund was at about \$100 million which has been improving year over year. The target was \$180 million, so when we reached \$180 million under that funding policy, we would consider ourselves to be meeting our full reserve requirement. You will find, if we do another one of our unofficial comparisons across the country, that the WCB of Manitoba's funding position is one of the more positive, if not the most positive one in the country.

Having reserves simply means that your assets or your income has exceeded your expenses over a period of time, and it allows you to grow a reserve to have on hand for, as I said, any negative consequences that might come up. The reason why it's at \$100 million versus the target of \$181 million is simply that it hasn't reached \$181 million yet, but it has been growing because of our positive financial position.

Mrs. Taillieu: It says on that page that that was the balance for the end of 2006, but then in the five-year projection, it's only projected at \$143 million by the end of 2011, so there's a bit of a discrepancy. Has that been revised then?

Mr. Sexsmith: I'm sorry. I'm not sure what you were looking at in terms of the five years.

Mrs. Taillieu: The Workers Compensation Board of Manitoba 2007-2011 Five Year Plan and on page 9 it says the accident reserve fund projection by the end of 2011 is \$143 million. So that's quite less aggressive than \$186 million at the end of 2006. That doesn't even become the target then for 2011, so what's changed in the accident reserve fund?

Mr. Sexsmith: Well, the change over that period, as we projected in the five-year plan, is an improvement of \$43 million in the accident reserve fund over that

five-year period so that's a 43 percent improvement actually in the reserve fund which is good progress toward a reserve target.

Mrs. Taillieu: But your target was 186, so you can look at it as you didn't make it. You got halfway there and so therefore it's really good, which it is, but why was the target 186 for the end of 2006 and then it doesn't even become—there's no target anywhere near that for the end of 2011? Something changed in that accident reserve fund, no?

Mr. Sexsmith: The accident reserve fund is based on formulas and specific provisions, and it actually changes over time, depending on the size of the WCB, the size of the liabilities and the size of the balance sheet, actually.

What you'll find is that reserves of the nature that the WCB has is a very strong, a very positive financial position. Having reserves simply means that we're in a good position and can weather the bad circumstances as I said. How much would we ideally like to have? The target here was about \$180 million, as you said. So what that means is that we would consider ourselves to be at our reserve targets at 180, obviously. At \$100 million in the Accident Fund Reserve, we were over 130 percent funded which is a very positive—I'm not sure if I'm answering your question, but I'm just trying to explain the approach to reserves there.

Mrs. Taillieu: What do you do with the reserves? Are they invested or do you lend them to anybody? Are they available to anybody else?

Mr. Sexsmith: No, they're not available to anybody else. The reserves are simply the assets that we have on hand that are in excess of our needs.

Mrs. Taillieu: Are they invested?

Mr. Sexsmith: All of the money that we have on hand, other than what we require for operating, is invested.

Mrs. Taillieu: Does this signify a loss in investment then?

Mr. Sexsmith: No.

Mrs. Taillieu: Was there any money from the accident reserve fund invested with the Crocus Investment Fund?

Mr. Sexsmith: The WCB—well, let me clarify first. We don't segment the accident reserve fund. We have an investment portfolio which did have an investment in the Crocus Fund of just over \$500,000.

Mrs. Taillieu: So, part of the accident reserve fund was part of the portfolio that was—part of that money was invested with the Crocus Investment Fund. You say \$500,000. So that money is not recovered, correct?

Mr. Sexsmith: The investment in Crocus is not recovered, no.

Mrs. Taillieu: What other investments, then, would the accident reserve fund—what portfolios then would be—where would it be invested?

Mr. Sexsmith: Sorry, can I interrupt?

The accident reserve fund is a book entry, and it represents the surplus funds that have been on hand as a result of operating surpluses. The investment portfolio is invested in a diversified set of investments, which I mentioned earlier. It constitutes equities, bonds, real estate.

Mrs. Taillieu: The accident reserve fund is invested separately, then, from the other investment portfolio?

Mr. Sexsmith: No, it isn't.

Mrs. Taillieu: So it's part of that portfolio?

Mr. Sexsmith: Yes.

Mrs. Taillieu: So that's where that particular portion of the money is invested with the number of things you read off earlier?

Mr. Sexsmith: Yes, in fact, any assets, any liquid assets—well, I shouldn't call them liquid assets—any assets that we have above what we need to operate are invested in the portfolio.

Mrs. Taillieu: I lost my train of thought. Just give me a minute. *[interjection]* So the accident reserve fund, then, is actually part of the WCB Realty Limited.

Mr. Sexsmith: WCB Realty Limited is simply a subsidiary of the WCB which we use to make real estate investments. There is no segregated pot of money that I could point to you that is specifically the Accident Fund Reserve. Those reserves are a book entry as a result of surpluses built up over the years. So, if I could liken it to a bank account, it's funds that we have in a bank account, but we also have all of our other funds in that bank account and they are all invested.

Mrs. Taillieu: Just the very nature of this fund, called the accident reserve fund, sounds to me—and I'm sure it is—that it's there for accidents, so therefore

it would have to be fairly accessible and you just said something about liquidity.

So how accessible is this fund and is it invested in such investments that should you need that, and it needed to be liquidated, that you would not have to lose any money on liquidating that investment?

Mr. Sexsmith: Well, it's invested in the same instruments that the rest of the portfolio is invested in, and we do make draw-downs on our investments from time to time as we need cash. We manage that accordingly to make sure that we're managing our money in a prudent manner so that we're not causing losses to the fund.

Mrs. Taillieu: The properties that you mentioned, the ones that are owned by the WCB Realty Limited, some of those sound maybe like they're holdings and others maybe like rental properties. Do you have specific management groups, specifically for the ones out of province, that would manage those holdings?

* (20:10)

Mr. Sexsmith: We have a real estate manager who looks after our real estate portfolio for us, yes.

Mrs. Taillieu: Who is the real estate manager and is that person on the board or who are they?

Mr. Sexsmith: His name is Dan Burton. His company is D.R. Burton & Associates. He's an experienced real estate person and he lives in Winnipeg. We have an arrangement with him in the same manner that we have arrangements with a number of managers who manage our equity portfolio, for example.

Mrs. Taillieu: Seeing as this is an investment portfolio basically, the realty, would it not be more prudent to be under the board rather than a single other agent? It sounds to me like this is money that belongs to the Workers Compensation Board and should be managed under the auspices of the Finance Committee of the board rather than someone else appointed or selected in some way that isn't tied to the board and therefore is not accountable.

Mr. Sexsmith: The real estate investments, this manager and all of the managers that manage money on behalf of the WCB are all under the auspices of all under the oversight of the Investment and Finance Committee.

Mrs. Taillieu: Is Mr. Burton on the Finance Committee?

Mr. Sexsmith: No, he is not a member of the board. He's a real estate manager in the same way that a number of companies that we engage across the country, actually, are equity managers or bond managers in the same way.

Mrs. Taillieu: Does he get paid by commission, then, or is he paid by the board?

Mr. Sexsmith: His payments involve a combination. He's paid so much on the basis of the amount of money that he manages.

Mrs. Taillieu: Usually, money managers get paid on the basis of buying, selling, and they have a vested interest in doing that so they can make money. It sounds curious to me why there'd be a person that's really not on the board, but has sort of control over the investment portfolio. Who directs this person or are they directing themselves?

Mr. Sexsmith: Actually, it's not curious at all. It's standard procedure for this type of arrangement. He doesn't get paid on the basis of how much he buys and sells. You're thinking of a broker situation, which is, simply, if you go to buy an equity, you pay a commission. These are institutional managers that we use and it's not that type of arrangement.

Mrs. Taillieu: How was Mr. Burton selected?

Mr. Sexsmith: Mr. Burton's relationship with the WCB goes back quite a number of years, so how he was selected, I think, he had started doing work for the board quite some number of years ago. So it's not a recent selection, I guess I would say.

Mrs. Taillieu: But that really doesn't answer my question. I'm wondering why he was chosen, and if it was a competition or someone was just selected.

Mr. Sexsmith: It goes back quite a few years. The Investment Committee of the WCB hired him to manage real estate for the board. I think they'd had some dealings with him through various other investment matters. He had real estate expertise, and so they hired him at that time. That's the best history I can give you, I think.

Mrs. Taillieu: If he was hired then, it was done through a competitive process?

Mr. Sexsmith: I don't think it was done through a competitive process at the time. It would have been a long-standing relationship, I think, through various financial dealings with him and his expertise in real estate. I would add that it's quite hard to find people with real estate expertise.

However, I would also add that investment managers are hired and fired by the board regularly based on their performance. So, had his performance not been very good—in fact, our real estate returns were 20 percent in 2006—you can be assured that he would have been fired in the same way that we let go other investment managers who underperform.

Mrs. Taillieu: Who does he report to?

Mr. Sexsmith: He has a relationship with our chief investment officer, actually.

Mrs. Taillieu: He has a relationship with your—could you clarify what that means?

Mr. Sexsmith: Well, that's the way I would describe it. You see, when the Investment Committee hires managers, they don't have an employee reporting relationship the way normal employees would. They're hired to manage a portfolio on behalf of the board. So the relationship is that they get paid to hire that portfolio, and part of their payment is based on how successful they are, but it's not an employer-employee relationship. The most often, the interaction with the board would be with the chief investment officer or the chief financial officer.

Mrs. Taillieu: Is this this person's sole job or are they employed in another way as well?

Mr. Sexsmith: No, this is his sole job.

Mrs. Taillieu: Okay. I mean, he wasn't hired competitively. He was selected. He has a relationship with the chief financial officer. He's selected, not hired by competition. He has an arrangement with the CEO of the finance board.

Is he required to declare conflicts of interest as well, and has he done that?

* (20:20)

Mr. Sexsmith: Yes, he does. He is required to report any conflicts of interest.

I guess I would just add, again, that there's nothing unusual about his relationship. We have a number of managers who run various pieces of our portfolio. They all are required to report to the Investment and Finance Committee. They provide reports on their investment activities, what successes they're having, et cetera. He is the same way. He's required to perform, quite frankly.

Mrs. Taillieu: Did I understand you correctly to say that there are a number of other people doing similar investments with—

Mr. Sexsmith: Absolutely, yes.

Floor Comment: But not in real estate.

Mr. Sexsmith: Not in real estate, no. But there are other people specializing in various other assets that we have. Earlier I mentioned that we have investments in equities, in bonds, et cetera, and we have managers in all of those areas.

Mrs. Taillieu: Who are they?

Mr. Sexsmith: You know, again, I'd have to provide you with a list of who they are. I can give you some examples. We use people like the firm Jarislowsky Fraser, in the Canadian equity area. We use a couple of U.S. managers. We use a firm called Co-operators to hire bonds. We also use the CSSB to handle some bonds, another firm called Montrusco, and down the list. We generally have at least two managers by each in most of the equity classes.

Mrs. Taillieu: So those sound more like they're actual firms that are hired, rather than individuals. Is that correct?

Mr. Sexsmith: Well, yes, they are firms, as is D. R. Burton and Associates.

Mrs. Taillieu: Okay, thank you.

You mention a number of investments and real estate investments, both inside of the province and outside of the province. I'm wondering, specifically in terms of other organizations within the province, whether or not you invested any money into the community development corporation, in specifically the one—and I may have got the name of that wrong, but it's specifically in conjunction with the North End Housing Project, Spence Street. It's the overarching company that overviews a number of housing projects.

Mr. Sexsmith: No, we have no investment there.

Mrs. Taillieu: Thank you.

On page 34 in the annual report you talk about line of credit. Why is it necessary to establish a line of credit?

Mr. Sexsmith: We have a line of credit. It's simply available to smooth out our cash needs. You had asked a question earlier about, I forget exactly, not wanting to sell something and lose money. So we simply use that to smooth out our cash flow so that we can time any movements from our investment portfolio into cash in the most advantageous way possible.

Mrs. Taillieu: Who's your principal banker?

Mr. Sexsmith: I'm sorry. If you're referring to the line of credit, the line of credit is with the Province.

Mrs. Taillieu: It says the WCB has established an operating line of credit with its principal banker in the amount of \$3 million. Advances of the line of credit bear interest at the bank's prime interest rate. The WCB has also established a revolving credit facility with the Province of Manitoba in the amount of \$40 million. Both credit facilities are unsecured.

Mr. Sexsmith: I'm sorry, I should have been more careful with the terminology. The line of credit that you're referring to is with the Royal Bank. The revolving line, I'm not sure I've got the right wording there, is with the Province.

Mrs. Taillieu: Could you explain the revolving credit, what that means?

Mr. Sexsmith: As I mentioned earlier, that's credit that's available to us to smooth out our cash-flow needs.

Mrs. Taillieu: So, when you fund the Workplace Safety and Health division and you give money to the Province to do that, how much does that cost you in a year to fund the Workplace Safety and Health division?

Mr. Sexsmith: I'm sorry, just bear with me for a minute and I'll look up the number for you.

I'm sorry, it was \$6.2 million in 2006.

Mrs. Taillieu: \$6.2 million to fund the Workplace Safety and Health division at the Department of Labour, correct?

Mr. Sexsmith: That's correct. It was a total of \$7.1 million if you include the Worker Advisor Office, which is also under funding.

Mrs. Taillieu: Thank you very much; I was going to ask about that at some point. So it's a total of \$7.1 million. Now, is this derived on some formula yearly or does it vary every year according to direct costs?

Mr. Sexsmith: It varies year by year, but it's laid out in the legislation that we will provide funding for the Workplace Safety and Health division and the Worker Advisor Office.

Mrs. Taillieu: If, for example, there were some workplace safety and health officers budgeted for, but not being paid because the positions weren't filled, would you still be paying, would Workers

Compensation Board still be paying for that, or is that specifically—is it itemized to that level?

Mr. Sexsmith: We would never pay more than what the actual costs were.

Mrs. Taillieu: So I guess the regular arrangement would be a bill. Then you would pay the bill and the bill would be itemized as to what the items were billed for.

Mr. Sexsmith: The arrangement is that we make periodic payments to the Province, but we don't, for example, if they only spent \$6.5 million instead of the \$7.1 million, we would only pay \$6.5 million, yes.

Mrs. Taillieu: Okay, you pay quarterly then, did you say? You pay quarterly?

Mr. Sexsmith: Yes, we do provide instalments.

Mrs. Taillieu: So you're paying by instalments. So you're actually paying based on a formula, or sort of an estimate then.

When the Department of Labour provides you with the itemized statement of the expenses for Workplace Safety and Health, how itemized in detail is that?

Mr. Sexsmith: They provide us with a reasonably itemized bill. It's several pages long, I understand, of information.

* (20:30)

Mrs. Taillieu: Well, when you say reasonably itemized, are you absolutely assured, then, that the money that you are paying the Department of Labour to run the WCB-funded Workplace Safety and Health division, that it is the actual amount that is spent? Or is there any money that is sort of, you know, above and beyond, that is not accounted for? How specific is the accounting?

Mr. Sexsmith: The accounting is quite specific. The Workplace Safety and Health division has to go through the Estimates process that the Province goes through. So their Estimates are broken out quite specifically, and they do provide us with an itemized bill. I haven't reviewed the bill myself in detail. It's certainly our financial people who look after it.

Mrs. Taillieu: So there is a review to ensure that the money that's paid is being paid specifically for the services that are stated. When you're talking about instalments, it sounds like sometimes when instalments happen you overpay, you underpay. It

has to be a reconciliation at some point to be specific, to see that, okay, we overpaid maybe \$100,000. So, you know, if that is the case, what steps are taken to recover that money, or vice versa?

Ms. Allan: I just wanted to jump in here.

Mrs. Taillieu: He hasn't answered the question yet.

An Honourable Member: He'll get the chance.

Ms. Allan: I can get to speak once in a while. Sorry, about that.

The Province of Manitoba departments have chief financial officers, and the chief financial officers work with our departments in regard to our Estimates process. Our Estimates process, as you well know, also goes through Treasury Board. So our financial officer and our deputy minister work with the WCB to ensure that there is accounting in regard to the money that is provided by WCB to our Workplace Safety and Health division. This is a practice that every other jurisdiction in Canada, the practice is the same in every other jurisdiction.

I think that the member mentioned at one point that she seemed to be concerned about workplace safety and health officer positions that were empty. That does occur from time to time. We do have positions throughout our whole civil service where people retire; they leave the job because they decide to go to some other job. There is a process in place in regard to bulletining the positions. Sometimes, you know, they may want to move from one position to another. So, sometimes, those positions basically are vacant because we're in the process of filling them.

Mr. Sexsmith: I think the answer I was looking for was, yes, we do a reconciliation, so we make sure that we don't overpay based on payments that we make through the years. We do receive an itemized bill to make sure. We also receive information from the Public Accounts so we can do the reconciliation against that too, to make sure that we're paying for the right things.

Mrs. Taillieu: Thank you. I was just specifically wondering about the 20 new workplace safety and health officers that are to be hired. It would appear that there are not, as of yet, 20 new health and safety officers. But would that be part of the budgeting process that you would allow for, and would you be paying therefore on speculation that these people would be hired, so when you're paying on your instalments you would be paying for this?

Mr. Sexsmith: Certainly, no. I mean, we would set up our payments based on an estimated amount that is going to be spent. The 20 safety and health officers certainly haven't been hired yet, and obviously don't appear in any of the expenditures that we have to this point. I'm not sure if that answers your question.

Mrs. Taillieu: There was the recommendation of the working for tomorrow, the February 2005 report, recommending that the costs of the enforcement of WCB as undertaken by the Workplace Safety and Health division should be borne from general revenues of the Province rather than employer-funded. So, of course, that's why I'm asking these questions because that was a recommendation that came out of that review, that Workplace Safety and Health division be funded by general revenues.

Can you give me an opinion as to what you feel about this? I mean, you're obviously paying \$6.8 million or \$7.1 million to fund Workplace Safety and Health. There's been a recommendation that this be funded by general revenue. What does Workers Compensation Board recommend?

Mr. Sexsmith: Well, I'll give you my own personal opinion. I can't necessarily speak for everybody, but I can tell you that there's no better investment in Workplace Safety and Health than enforcement officers. I think the research will show you that that's, if not the most important factor, certainly one of the most important factors in reducing injuries.

So, from a WCB perspective, I'm delighted to see the Province hiring 20 new officers; and, if the WCB pays for it, it certainly would be a good investment.

Mrs. Taillieu: I'm not disputing the fact that workplace safety and health officers are necessary and do a good job, certainly not disputing that at all, just reiterating the recommendation from that report which was that it should be funded through general revenue, and, certainly, it would be a saving to the Workers Compensation Board.

Has the board had no discussions on this since it has been a recommendation brought forward and certainly would be a savings for the board? Have you had no discussions on this?

Mr. Sexsmith: Certainly, the board has had some discussions on this issue, and I think I can say on behalf of the board that they're delighted to see 20 new workplace safety and health officers. Of course, the board always likes to see its costs be as low as

they can. However, if we're going to be funding safety and health officers, it's right up the board's alley in terms of the kinds of things that we want to see happen going forward in terms of preventing injuries. Nobody is interested in seeing the costs, both human and financial, of injuries come down any more than the board is.

So we're delighted to see the 20 new safety and health officers hired and I think the board would see it as a good, positive investment.

Mrs. Taillieu: Again, I'm certainly not disputing the hiring of safety and health officers because I don't think that anybody would be opposed to that. But, again, I think it's the funding that is the core of the issue, like, who pays, not that they should or shouldn't be hired or should or shouldn't be doing the job in Workplace Safety and Health, but who should be paying.

I would think that that would be a significant issue, a \$7-million issue, for the board. I think it would be significant. Has your board discussed it? Are there any resolutions that you have on this?

Mr. Farrell: It has been discussed at the board, and I think, in fairness to the employer reps on the board, from time to time that has been made. The reality is that if we were to go down that, we'd be the only jurisdiction of 13 that did so. All the other jurisdictions across the country pay for workplace safety and health activities through board funding, and it's applied to employers.

* (20:40)

In another life I led a long time ago we were very concerned from the employer end. In the mining industry we were paying twice. We still didn't disagree with it because we viewed these people to be, quite frankly, part of what we did. So, no, it's not been a major issue at the board level. It was part of this report. It comes up, and it comes up in every jurisdiction across the country from time to time on that issue; it has over my time in government here come up. But the reality is that it's a service to employers and I think 90 percent of the employers probably look at it as being a valued service. There are still a few out there who don't necessarily agree with that view. But that's where the funding has been, that's where it rests, and probably that's where it should be.

Mrs. Taillieu: I guess that you're not going to be pursuing that recommendation then?

Mr. Farrell: No.

Mrs. Taillieu: What do you mean just "no" just like that?

Mr. Chairperson: Do you wish Mr. Maguire to go for a few moments?

Mrs. Taillieu: Okay, sure.

Mr. Maguire: Just to follow up on that, how soon would you see the 20 being hired and where would they be located?

Ms. Allan: Well, first of all, as the CEO said, there are no workplace safety and health officers being hired at this time. We're going through our Estimates process right now. The commitment was made to hire them, but as a government, we're all going through the Estimates process for our next budget year, which is '08-09. But certainly, if you were to ask me where you thought we should put them, I think in consultation with the board we would talk, because one of the responsibilities of the workplace safety and health officers is to get our injury rates down.

There's no question we've got some industries where we're having some serious problems: construction, manufacturing, agriculture. We've put a specialized person in the Department of Agriculture and also the health-care sector because of, I'll never say the word, musculoskeletal injuries, repetitive strain injuries. The WCB claims, I understand, 50 percent of those claims are repetitive strain injuries and those are very apparent in the health-care system. That's something that we're going to look at very seriously in regard to exactly where those resources would go.

Also, the other thing that I think we'll want to look at is also geographically where they should go. Tom mentioned the mining industry in the north; that's his background. Those are industries that have serious injury rates. So we want to have a look at that and put them where they can best help us in regard to getting those injury rates down.

Mrs. Taillieu: I can't find where the Rate Stabilization Fund falls on the financial statement. Is there still a Rate Stabilization Fund or has that been rolled into something else?

Mr. Sexsmith: I'm sorry. I'm not sure what you're referring to there by the Rate Stabilization Fund. Certainly, if you're looking for something, we'd be—I think what you're talking about there are reserves. So we had—actually I'm just coming back now—we used

to divide our reserves into two funds, I think the accident fund and the Rate Stabilization Fund. We just rolled them together.

Mrs. Taillieu: Yes, that's what I thought. It sounds like just the name Rate Stabilization Fund, sounds like it should be something that is there to stabilize the rates that employers pay. The accident reserve fund sounds like it's a fund to fund the accidents that employees have, or whatever happens.

Now the two have been rolled together, and it's now just called the accident reserve fund, I believe. So there's no fund, then, that would be specifically to stabilize rates for employers then anymore?

Mr. Sexsmith: Actually, you know, the Rate Stabilization Fund and the accident reserve fund, I don't blame you for asking that question. It's a little bit confusing having those two reserves there named that way and that's why we rolled them together. They really do serve the same purpose. Reserves are available to cushion the board from, as I said earlier, any negative impacts should injuries go up or should the investment portfolios be weak. The purpose of those reserves is so that we aren't in a particularly negative natural position in any year, which would mean that we would have to raise rates, for example, so we can rely on those reserves instead of raising rates.

So the two reserves really serve the same purpose. From an accounting point of view, there really wasn't any difference between the two of them. So we rolled them together simply to simplify the statements.

Mrs. Driedger: What percentage did the rates go up last year?

Mr. Sexsmith: The rates stayed the same last year. I'll look back at my records. They've been \$1.68 for several years.

Mrs. Taillieu: It just bears clarification because it sounded like two funds for two different purposes. Now it's one fund for one purpose—*[interjection]*—for both purposes.

Mr. Sexsmith: Yes, essentially they serve the same purpose. One was given a name, Rate Stabilization, and the other was the Accident Fund Reserve, but they're both really the same. They're both a pot of money, as you said, that are available to both stabilize the rates and cushion the board from any impact of negative financial issues.

Mrs. Taillieu: Okay. I'll go on to something else. Can you tell me what recommendations you have made or members have made in terms of expansion of coverage of employees?

Mr. Farrell: You're asking me, and I believe very strongly that Manitoba has the lowest coverage in the country. About 21 years ago I was involved representing business and industry in recommending that we go to at least 90 percent at that time. We never did get there. It's been through several governments over the years, but I believe the number has to be increased and that will be dependent on going forward with it. We are going to be talking to the minister about this. I have talked to my board briefly about it, but to consult with employer groups on increasing the coverage. We are, as I say, the lowest in the country.

Mrs. Taillieu: I'm assuming then that you're going through a consultative process. Would that be with all of the groups that belong to the WCB?

Mr. Farrell: We would be consulting with them, but it would be focussed more on those who are not currently covered. They would be the people we would be in consultation with.

Mrs. Taillieu: Yes, thank you, of course, the ones that aren't included yet. So is there a time frame that you're working with here?

Mr. Farrell: We have not set a time frame as yet, but, if given my preference, and this isn't one that we would move into without board consultation, but my preference would be to commence it early in 2009, or 2008. I'm jumping ahead here now.

Mrs. Taillieu: Sorry, when you say commence, do you mean commence consultation?

* (20:50)

Mr. Farrell: Commence consultation.

Mrs. Taillieu: In the spring of 2008?

Mr. Farrell: Yes. I'm sorry, Mr. Chair.

Mrs. Taillieu: Okay. We're getting there.

You have run a number of successful advertising campaigns like SAFE Work, Workers of Tomorrow, Work Shouldn't Hurt, those kinds of things. We have questioned you along this line before, but we have not been to this committee for two years. So I feel the need to ask some similar questions about the advertising. And there's the—excuse me, I can't remember what it's called, but it's a school program.

An Honourable Member: Workers for tomorrow.

Mrs. Taillieu: It's workers for tomorrow, but it's another one. Okay. Maybe it's workers for tomorrow. I know, at one time, and I can't speak specifically for that one, but I know the Work Shouldn't Hurt campaign at one time was initiated, I'm assuming, by the Workers Compensation Board and paid for by the Workers Compensation Board but did bear the Province of Manitoba logo as well, indicating or suggesting that it was partially paid for and provided by the Province or Department of Labour. Is that still the practice?

Mr. Sexsmith: Yes. In fact, that is still the practice. I would just add that, yes, the Workers Compensation Board pays for the advertising campaign. But the Workplace Safety and Health division in the Department of Labour and Immigration is a very important partner in all of our work and planning around prevention activities. They're involved in reviewing the ads; they're involved in the development of the ads and the ideas. So we treat them as a full partner.

Mrs. Taillieu: When this literature is distributed in the schools, I know at one time there was a practice, when the pamphlets were given out to the students in the schools, that it was accompanied by a Manitoba Federation of Labour pamphlet. Is that still the practice?

Mr. Sexsmith: You're speaking of the SAFE Workers of Tomorrow program which the board is one of the funders of that program, and that issue was raised a couple of years ago. I can't tell you exactly what material the SAFE Workers of Tomorrow distributes each time that they're out. I can tell you, however, though, that we consider the overall program to be a very strong one because it reaches school-age people. It gets them thinking about prevention and the realities of injuries in the workplace at a young age. At the board we're very supportive of the program because we've a great deal of positive feedback from them. But I haven't asked them recently if they've put a union brochure or anything like that in any of the materials that they give out.

Ms. Allan: I just want to clarify. This issue was raised by Cummings in 2004 when we were in committee, and it is not a union brochure. It was a SAFE Workers of Tomorrow pamphlet, but it had a union logo on it, which, I think, is an important clarification. It was simply a partnership between SAFE Workers of Tomorrow and the Manitoba

Federation of Labour to help them produce the pamphlet, but it was not a union brochure or anything like that. It was simply a partnership. I think one of the neat things about the SAFE Work campaign is how it's been accepted in the community by the private and the public sector, and how the SAFE Work logo is now seen everywhere. We have, you know, private-sector people that are part of the campaign as well, and we have many of the construction stakeholders that are involved in doing work as well in regard to the campaign. So I think it's a very exciting program in regard to getting our injuries down.

Mrs. Taillieu: Does the information that's provided to schoolchildren still contain the logo from the Manitoba Federation of Labour?

Ms. Allan: I don't know. They're an independent organization. SAFE Workers of Tomorrow is a nonprofit organization. It's not a WCB organization. So I don't know what they're producing or what they're doing.

Mr. Sexsmith: It would only have the MFL logo on it if it was an item that the MFL paid for, which they do provide some support to the SAFE Workers of Tomorrow from time to time. That's how it ended up having the MFL logo on it, I understand.

Mrs. Taillieu: Who funds SAFE Workers of Tomorrow?

Mr. Sexsmith: The WCB is one of the funders of SAFE Workers of Tomorrow, but they do receive funding from a number of other sources.

Mrs. Taillieu: The other sources are?

Mr. Sexsmith: There are a number of employers who contribute funding to them. The Province of Manitoba contributes some funding, I believe. They also do some fundraising, and there are various donations.

Mrs. Taillieu: Thank you.

Do they receive any grants under the CIRP program?

Mr. Sexsmith: It actually has been through the CIRP program that the SAFE Workers of Tomorrow has been funded through the WCB. That has been the source of the funding, certainly through the period of the annual reports that we're talking about here.

Mrs. Taillieu: Just to clarify then, when you say they're funded through the WCB, it's through that

program, or they receive funding from the WCB and the program?

Mr. Sexsmith: The funding that we provide to them is provided through the CIRP program.

Mrs. Taillieu: Thank you.

The people you use to do the advertising campaigns, is it still ChangeMakers?

Mr. Sexsmith: Yes, it is.

Mrs. Taillieu: Do you have a contract with them?

Mr. Sexsmith: Yes, we do.

Mrs. Taillieu: Was it a tendered contract, and were they the lowest bidder?

Mr. Sexsmith: Yes, it was a tendered contract, and, yes, they were the lowest bidder. Although, I would say that—you're familiar with the tendering process—we wouldn't necessarily take the lowest bidder, but in this case I understand they were the lowest bidder, yes.

Mrs. Taillieu: How long is the contract?

Mr. Sexsmith: The contract is a five-year contract.

Mrs. Taillieu: When was it first negotiated, and how much is it worth?

Mr. Sexsmith: The contract itself provides for approximately \$65,000 a year for ChangeMakers to provide various services to the WCB, but they also run our media campaign for us. The media campaign, well, I guess I would say it's run through them.

Mrs. Taillieu: When was the contract signed, and so the period of time the contract covers, what years?

Mr. Sexsmith: The contract was done about one year ago. I believe it was done in late 2006.

Mrs. Taillieu: It has just been signed, so it's going to go until 2011.

Mr. Sexsmith: No, it was a year ago. Late 2006, I believe. Yes.

Mrs. Taillieu: The \$65,000 a year, is that a retainer, then the additional services when you do advertising, or is \$65,000 it?

* (21:00)

Mr. Sexsmith: There's a slate of services that is provided for \$65,000 and various supports to our media work. Then there are other services that they provide to us above and beyond that.

Mr. Chairperson: The hour being 9 p.m., the committee agreed that we would review the sitting this evening. What's the will of committee?

Mrs. Taillieu: I still have a few questions. I wonder if we could go maybe half an hour more, and perhaps less.

Mr. Martindale: I would agree with continuing in order to try and pass some reports.

Mr. Chairperson: It sounds like there's agreement of the committee to continue with questioning. Did the committee wish to continue till 9:30 and then review at that time? *[Agreed]*

Then we'll continue with the questioning.

Mrs. Taillieu: I don't have that much more, but I did want to get through the questions.

I just wanted to clarify, the \$65,000 was a base line then, and there would be further payments to ChangeMakers depending on the ad campaigns that were run.

Mr. Sexsmith: That's correct.

Mrs. Taillieu: Does WCB still do polling to determine how well the campaigns are working?

Mr. Sexsmith: Yes, we do.

Mrs. Taillieu: Are you still using Viewpoints as your polling company?

Mr. Sexsmith: The research that's done to determine how well the ad campaign is working is actually done for us by ChangeMakers, and they outsource it.

Mrs. Taillieu: Well, who do they outsource it to? Because I know ChangeMakers and Viewpoints are often associated together in most of the work they do.

Mr. Sexsmith: They often do use Viewpoints, yes, but my understanding is they do not have an exclusive arrangement with Viewpoints to do that work.

Mrs. Taillieu: So two years ago I believe that you said that you were using Viewpoints and you had a five-year contract with them. So is their contract finished?

Mr. Sexsmith: Yes, I believe that's correct, but the contract that we had with Viewpoints was around doing surveys for us on our client satisfaction work.

Mrs. Taillieu: Do you no longer do surveys on client satisfaction work?

Mr. Sexsmith: No, we still do that. We still have a contract in place with Viewpoints to do that.

Mrs. Taillieu: Okay. Just to clarify. You have a continued contract with Viewpoints to do client satisfaction surveys. You also have a contract with ChangeMakers who seconds, or what's the word, who subcontracts to Viewpoints to do polling, correct?

Mr. Sexsmith: That is correct, yes. Not on the same items, however.

Mrs. Taillieu: What items are Viewpoints employed to do in polling under ChangeMakers?

Mr. Sexsmith: Well, when they use Viewpoints, they are doing the surveys to determine the impact of the media campaign.

Mrs. Taillieu: Okay. So there's no point in asking whether it was tendered or whether it was the lowest price because it was subcontracted from ChangeMakers. So you contract with ChangeMakers and then they contract with Viewpoints. So it's difficult to see exactly how much money is going to Viewpoints, and under what contractual arrangements.

The nature of the polling that is done through ChangeMakers, through Viewpoints, you say it's to determine how well the media campaigns are working. Are the questions specifically, then, about the media campaign, or are there any other questions asked in the polling?

Mr. Sexsmith: The questions are about the media campaign.

Mrs. Taillieu: I'm getting there. I've just got a few more things here.

I just need to ask about the Manitoba Property Fund. Is that fund still in existence?

Mr. Sexsmith: No, it isn't.

Mrs. Taillieu: The term "private placement," could you define that, what that specifically means in terms of investment?

Mr. Sexsmith: "Private placement" would generally be a term that would be used to describe investments which are not traded on an exchange. For example, it would be an investment in a non-public company. If you have a large company like the Royal Bank, they'll trade on the Toronto Stock Exchange, but if you invest in a private company it wouldn't trade on

an exchange, necessarily. That's what we're talking about.

Mrs. Taillieu: Do you have current private placements then?

Mr. Sexsmith: We do have some private placements, yes.

Mrs. Taillieu: What are they?

Mr. Sexsmith: Bear with me and I'll find you some examples here.

We have a number of private placements. For example, CentreStone Ventures, investments in ENSIS, Frontier Capital Partners, Manitoba Capital Fund, RFG Private Equity Partners. Those are some examples.

Mrs. Taillieu: How much do you have in the CentreStone Ventures?

Mr. Sexsmith: We had invested approximately \$1.4 million.

Mrs. Taillieu: In regard to the CIRP awards, are there established criteria, then, for people applying for these grants, and who makes a decision—okay, I won't ask who, because I know that. Are there specific criteria used to evaluate who should get these grants?

Mr. Sexsmith: Yes, there are. What I would say is the board determines priorities every year for what types of things they'll accept applications for. For example, the key priorities over the last couple of years have been projects that would forward our objectives around prevention and also around recovery, which we call helping workers return to health and work.

Mrs. Taillieu: There is a board that makes those decisions. It was a policy board, or no?

Mr. Sexsmith: Those decisions are, well, most of the detail work is done by the Service and HR Committee of the board. Then the full board, however, approves the committee's recommendations.

Mrs. Taillieu: Is there any direction given as to who should get any specific awards, any direction from the minister or her staff as to which organizations should get grants?

Mr. Sexsmith: No, none whatsoever.

Mrs. Taillieu: What accountability structure is in place to determine when a grant is given to an

organization? Say it's \$200,000 or \$100,000, what is required then to provide assurances to WCB that that money was actually used for the intended purpose?

* (21:10)

Mr. Sexsmith: We actually have a very rigorous process in place. At the front end, we sign contracts with everybody who receives a grant, and it lays out all the terms depending on the grant, what sort of reporting is appropriate and what's required. We have regular reports from every grant recipient as they go through the process to make sure that they're making good progress. We release the money based on progress reports.

Mrs. Taillieu: Is it customary, then, to have people like regional health authorities receive grants from Workers Compensation Board?

Mr. Sexsmith: That does happen from time to time, yes. Regional health authorities, if they have a good project, we might fund a project from them, sure.

Mrs. Taillieu: So, then, again, we've got a scenario where Workers Compensation Board is funding a publicly taxpayer-funded organization like a regional health authority with private funding.

Mr. Sexsmith: Well, sure, we treat them like any other applicant for the grant. Some of the grant recipients are public organizations. Some of them are private organizations. Certainly, within the health-care system, as you know, hospitals may receive private funding, et cetera.

We're there to further the objectives of the WCB through this grant program, so we'll look at good ideas if we can help partner with somebody from whatever sector they may come from.

Mrs. Taillieu: I don't dispute the work that's undertaken and the good ideas and the outcomes of that. It's just curious to me that an organization that's funded by taxpayers' money would have to apply for a grant from the Workers Compensation Board. I look at other things like the Crane Awareness Course which seems to be more in keeping with what would be the mandate, I guess, for lack of a better word, under Workers Compensation Board.

We look at things like—there are a couple of ones like Aboriginal Women and Youth in Safety. Then we go to Brandon Regional Health Authority and we talk about a crane awareness program and then we go to another one which is Manitoba Federation of Labour Occupational Health Centre.

Again, it just seems strange. Some of these—oh, yes, and I see SAFE Workers of Tomorrow is one of the award winners as well. I see Minerva SAFE Manitoba which is Manitoba Labour and Immigration, a Workplace Safety and Health division.

Again, you already fund that organization and you give them another grant. It just seems that maybe you already fund them, so perhaps the grant is more useful in another place.

Mr. Sexsmith: Well, I hear what you're saying. Certainly, there's a rigorous program that's gone through to determine who receives the grant, and when we're looking at the grants, we don't look at who's applying for them. We look at them in terms of what we hope to get out of them.

Certainly, if you're talking about the health-care sector, that's an area where we would like to see some improvement made. There are an awful lot of musculoskeletal injuries in the health-care sector, and we certainly would like to work with the health-care sector to bring those injuries down.

Those are the kinds of criteria that we're looking at. We really want to make some good things happen out there in the community, and the CIRP program is one tool. We understand that there's funding provided to health authorities. Hospitals raise money in a number of ways, as you know. There are private donations. There's fundraising. There are all kinds of things.

So, when we're looking at a project, we try to look at is it a good project and do we think it will have some useful outcomes.

Mrs. Taillieu: I think I have one more question if I can find it. Maybe not. What is Safety Services Manitoba?

Mr. Farrell: That is what was the Manitoba Safety Council. It has changed its name and become Safety Services Manitoba, hasn't it?

Mrs. Taillieu: Okay, I'm just not sure exactly, how are they funded?

Mr. Farrell: The bulk of their income comes from monies they earned through putting on various courses, various things that are there. They provide services within the industry and significant monies from MPI in relation to the road safety programs and things of that nature. They've expanded out into a lot of industrial training. For instance, the bulk of the

forklift training is being done now by the Safety Services or Manitoba Safety Council.

Mrs. Taillieu: Is this the same organization that funds Operation Red Nose?

Mr. Farrell: Yes, it is.

Mrs. Taillieu: So the Operation Red Nose is—I thought that was an initiative of the Manitoba Liquor Control board, Control Commission, but it's also funded by the Workers Compensation Board?

Mr. Farrell: Not to the best of my knowledge. We don't provide, though they might—I don't think it's the Liquor Control Commission that funds them. I believe it's MPI who provides funding to them, and, of course, it actually does generate some income to them. It's provided by volunteers. I think it started out in Manitoba with the Manta Swim Club who started it, and then it moved on and became too big.

Mr. Chairperson: Any other questions?

Mrs. Taillieu: No, I think I've asked all my questions. I probably have more, but I think we're done.

I want to thank you very much for being forthcoming with your answers to a lot of my questions. I am a new critic. We have not met as a board like this for two years and a lot has happened in the last two years. So I did have a lot of questions. Thank you for taking the time to answer them.

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

Floor Comment: Are we passing any reports?

Mr. Chairperson: Seeing no further questions, then we'll proceed with the questions before the committee.

The Annual Report of the Workers Compensation Board for the year ended December 31, 2004—pass.

Shall the Annual Report of the Workers Compensation Board for the year ended December 31, 2005 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: The report is not passed.

Shall the Annual Report of the Workers Compensation Board for the year ended December 31, 2006 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: I hear a no, so the report is not passed.

The Annual Report of the Appeals Commission and Medical Review Panel for the year ended December 31, 2004—pass.

Shall the Annual Report of the Appeals Commission and Medical Review Panel for the year ended December 31, 2005 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: I hear a no. The report is not passed.

Shall the Annual Report of the Appeals Commission and Medical Review Panel for the year ended December 31, 2006 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: I hear a no. The report is not passed.

The Five Year Operating Plan for the Workers Compensation Board for the years 2004 to 2008—pass.

Shall the Five Year Operating Plan for the Workers Compensation Board for the years 2005 to 2009 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: I hear a no. The report is not passed.

Shall the Five Year Operating Plan for the Workers Compensation Board for the years 2006 to 2010 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: I hear a no, so the report is not passed.

Shall the Five Year Operating Plan for the Workers Compensation Board for the years 2007 to 2011 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: I hear a no. The report is not passed.

The hour being 9:20 p.m., what's the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Thank you to members of the Workers Compensation Board of Manitoba for your participation here this evening.

If members of the committee would leave their reports behind for subsequent committee meetings, we would appreciate that. Thank you to members of the committee for your co-operation here this evening. The committee is adjourned.

COMMITTEE ROSE AT: 9:20 p.m.

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.gov.mb.ca/legislature/hansard/index.html>