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of the  
Legislative Assembly of Manitoba**

**STANDING COMMITTEE  
ON  
PUBLIC UTILITIES  
AND NATURAL RESOURCES**

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The Honourable Harry E. Graham  
Speaker*



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**TUESDAY, 13 MAY, 1980, 10:00 a.m.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty - First Legislature**

**Members, Constituencies and Political Affiliation**

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Name	Constituency	Party
<b>ADAM, A. R. (Pete)</b>	Ste. Rose	NDP
<b>ANDERSON, Bob</b>	Springfield	PC
<b>BANMAN, Hon. Robert (Bob)</b>	La Verendrye	PC
<b>BARROW, Tom</b>	Flin Flon	NDP
<b>BLAKE, David</b>	Minnedosa	PC
<b>BOSTROM, Harvey</b>	Rupertslnd	NDP
<b>BOYCE, J. R. (Bud)</b>	Winnipeg Centre	NDP
<b>BROWN, Arnold</b>	Rhineland	PC
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<b>DESJARDINS, Laurent L.</b>	St. Boniface	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOMINO, Len</b>	St. Matthews	PC
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<b>ENNS, Hon. Harry J.</b>	Lakeside	PC
<b>EVANS, Leonard S.</b>	Brandon East	NDP
<b>FERGUSON, James R.</b>	Gladstone	PC
<b>FILMON, Gary</b>	River Heights	PC
<b>FOX, Peter</b>	Kildonan	NDP
<b>GALBRAITH, Jim</b>	Dauphin	PC
<b>GOURLAY, Hon. Doug</b>	Swan River	PC
<b>GRAHAM, Hon. Harry E.</b>	Birtle-Russell	PC
<b>GREEN, Q.C., Sidney</b>	Inkster	Ind
<b>HANUSCHAK, Ben</b>	Burrows	NDP
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<b>JENKINS, William</b>	Logan	NDP
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<b>USKIW, Samuel</b>	Lac du Bonnet	NDP
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<b>WESTBURY, June</b>	Fort Rouge	Lib
<b>WILSON, Robert G.</b>	Wolseley	PC

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES**

**Tuesday, 13 May, 1980**

**Time — 10:00 a.m.**

**CHAIRMAN — Mr. Arnold Brown (Rhineland).**

**MR. CHAIRMAN:** We will call this meeting to order. When we adjourned the last meeting, the Member for St. George had the floor. Do you have any further questions?

**AUTOPAC**

**MR. BILLIE URUSKI:** Mr. Chairman, just several questions that I had with respect to the committee report, to the committee that was doing the study on the insurance review. Mr. Chairman, there were investigations done by his predecessor, and I presume that he's aware of them, about the alleged conflict of interest that one of the members of the board had, while he was serving in the study he was an active agent of the corporation. Could the Minister indicate what the result of his investigations were with respect to Mr. Cox?

**MR. CHAIRMAN:** The Minister.

**HON. HARRY J. ENNS (Lakeside):** Mr. Chairman, I have not that information available to me. I would remind the honourable member that the responsibility of Autopac was not mine during that period of time and I can certainly undertake to find that information or provide the honourable member with that information, but aside from what general discussion took place at the time and carried in the media reports, I'm not personally apprised of that information.

**MR. URUSKI:** Thank you, Mr. Chairman. The Minister indicates that he's not apprised, well, can he indicate to me whether he would feel it would be his opinion that an active agent of the corporation would be doing an investigation on the corporation that he actually worked for; would he consider that a conflict of interest?

**MR. ENNS:** Mr. Chairman, the honourable member is asking for a personal opinion. I really can't say whether that, in itself, would be a conflict of interest. I suppose it could be inasmuch as a report of this nature is meant to be a matter of internal information to the government, to the Minister of the day. I suppose the area of conflict of interest might arise that it could be construed to be a person with an ongoing association of the corporation, you know, could perhaps be conceived of being biased in favour of that corporation that he's doing business with. I don't have a strong feeling about it either way.

**MR. URUSKI:** Mr. Chairman, the Minister may not have a strong feeling with it. We had his predecessor indicate that a member of the committee was an agent of the Corporation and subsequently we were

advised that he sold his agency in, I think it was in 1977, if I'm correct. Prior, of course, to this study and I wanted to know the government's view with respect to whether or not it considered his involvement in the study as a direct conflict of interest; him selling insurance on behalf of the Corporation and then doing work in terms of the study, reviewing whether the Corporation shall remain an entity or not within the province of Manitoba.

**MR. ENNS:** Mr. Chairman, in terms of having a group looking at the operations of Autopac, Autopac deals with some 358 agents and Autopac relationship is of substantial concern to the Corporation. I don't accept the initial premise. In fact, there would have been as much reason, in my judgement, to have sought out an active agent of Autopac to be part and parcel of this review commission inasmuch as some 80 percent, 74, or 70 to 80 percent of the business transacted by Autopac is through agents. The ongoing relationship between agents and the Corporation is one of constant concern to management and I don't accept the premise that there is in fact a conflict of interest there. I think any serious look at the operations of the Corporation, and one that does not touch on the agents relationship to that Corporation, is perhaps falling short of part of its mandate to review the Corporation. I appreciate the particular situation inasmuch as that the particular person referred to was, I believe, represented as not having a business relationship with the Corporation or not being an active agent. I am informed in fact that is the case. The agency was not under his name although it would appear that later information indicated that there was a continuing association, I think, by his son. I'd ask the Chairman to comment on that further but I just want to make this point. In dealing with some 350 agents, a very substantial upwards to, I believe the figure is in the 80 percent of the insurance sold. I do not perceive an active agent's input into this review as representing a conflict of interest. The agent in himself does not affect the premium structure; does not affect his personal commissions involved, they are set by the Corporation and cover all agents. I just make those comments in general, that I don't regard that, Mr. Chairman, as representing a conflict of interest in the usual way that term is used.

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** I think, Mr. Chairman, the committee should realize that the Autopac agencies are in the name of individuals only, the contract. It cannot be in the name of a Limited company, Credit Union, or anyone else and I am quite sure, I think I recall at the time that there was a lot of discussion about this, that Mr. Cox did not have an agency in his own name. He may have had some interest, I have no way of knowing whether he would have

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some agreement, of course, with another individual but insofar as the Corporation is concerned he was not an agent. I'm sure committee members are aware that many people believe they are dealing with a well-known brokerage firm when they are buying their Autopac contract from them when, in fact, that, on our records, goes through an individual employee of that organization. That's the way the law is written here. But then I'd imagine that individual then has some form of a contract with the brokerage that he's working for. There may have been a contract, I have no reason to suspect that there was but I'm saying that possibility exists, but I'm quite sure that he did not have a contract with the Corporation at the time that this matter was raised.

**MR. CHAIRMAN:** The Member for St. George.

**MR. URUSKI:** Mr. Chairman, I'm pleased that the Minister indicates that he would have had no problem in appointing an active Autopac agent to review the Corporation. I think the Autopac Agents Association made their views quite clear to the committee as to what they could see if the Corporation were to be opened up to competition and what they saw in terms of how the claims would be handled and their livelihood. But, Mr. Chairman, the Minister should recall his Premier's words that the committee that was being appointed was going to be a complete fresh and independent view. An independent view of people not, I would assume not directly, associated with the insurance industry within the province of Manitoba or directly or indirectly connected to the Corporation. Now the Minister says he had no difficulty with it but I would simply point out to him that he is speaking exactly the opposite to what his Premier was saying when he appointed the committee. —(Interjection)— The Minister says, What else is new? We've certainly seen that in the last few days that he doesn't necessarily end up at the same point as his leader, but his leader certainly indicated that his appointments were to be an independent review and he doesn't feel it's any less.

I would like to advise the Minister and Mr. Dutton that whether there is a licence or not in the name of Mr. Cox on record within the Corporation, I think it should be noted that he, in fact, still is connected in the selling of Autopac and has been even in the 1980 renewal year. For whom he is doing the work is probably a debatable point and I cannot answer that but certainly he has been renewing Autopac 1980 renewals in February of this year so there definitely has been a connection with respect to the selling and processing of Autopac, contrary to what this Minister's predecessor said and contrary to what he has said that certainly there was no conflict of interest.

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Mr. Chairman, I expressed and I suppose I sometimes get into trouble for expressing personal observations but allow me to set the record very clear and read the following from the legal counsel to the Ministerial Review Commission on record, from Pitblado Hoskins who were acting as legal counsel to the Ministerial Review Commission: I have interviewed Mr. James Cox

relative to possible conflict of interest resulting from his position as a member of the Ministerial Insurance Review Commission and any recommendations arising therefrom. I have also conducted certain other searches. My understanding of the situation as set out by Mr. Cox and my research is that after many years in the general insurance business, Cox sold his insurance agency in October 1977. At that time, Mr. Cox entered into an agreement with the purchasers for the sale of his entire insurance business including amongst other things, buildings, fixtures, client lists, any general insurance agency contracts with the underwriters, his Autopac agency appointment, all renewal premiums, documents and endorsements, from October 1st, 1977, his goodwill and the use of the company names, James F. Cox Agency.

I think therein lies perhaps some of the problems. The firm under the name of J.F. Cox Agency, which is not an unusual business practice, carries on in a sense that it employs the goodwill of that firm. Mr. Cox retained no ownership in the business. The agreement required that he continue in an advisory capacity for a minimum of two years for which he was paid a modest monthly fee. Since October of 1977, Mr. Cox has neither received nor been entitled to any income by commission from MPIC or any other insurance company in the general insurance industry whatsoever. In fact, his agreement precludes him from doing so. While I'm satisfied the entire insurance business and the operating names were sold to the new owners, a limited company of a similar name, James F. Cox Agency Limited, was retained by Mr. Cox. There is nothing more than a holding company and has nothing whatsoever to do with the continuance of the insurance business under its new ownership. It is my opinion as a result of the sale of his business and as a result of his withdrawal, in total, from receipt of any benefits in the way of commissions from any insurance company including the sale or renewal of Autopac policies. And as a result that his retirement will be complete by October 1, 1979, Mr. Cox should be able to sit on the committee, without prejudice, and without conflict of interest.

**MR. CHAIRMAN:** The Member for St. George.

**MR. URUSKI:** Tell me, could I ask the Minister how he would react if I were to tell him that Mr. Cox was renewing 1980 Autopac renewals?

**MR. FILMON:** As a salesman?

**MR. URUSKI:** As a salesman.

**MR. ENNS:** Mr. Chairman, I have not, nor would hope it become part of the government of any day to pursue the individual employment practices of any citizens of Manitoba. He has clearly put on the record and I've read into the record that he has a agent no connection with MPIC whatsoever.

**MR. URUSKI:** Mr. Chairman, clearly I don't ever want to argue the point that he has likely sold out his agency but, on the other hand, there is no doubt in my mind, and I will give the Minister the date and the time and the place that the gentleman in question

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was renewing Autopac renewals. I don't blame the corporation. I don't think the corporation themselves can monitor where anyone or everyone works. But to make a declaration that he is no longer in the insurance industry certainly does not lead one to take lightly the commentary that there was no conflict of interest. I want to tell the Minister that on Wednesday, February 13 of 1980 at AEI Telecommunications on 419 Notre Dame Avenue, Mr. Cox went into that firm and was renewing Autopac renewals for employees of that firm. Now whose name he was operating under, Mr. Chairman, that I cannot give you. But certainly if one were to contact the employees at that firm on that date, that could be substantiated as to whether there would be a stamp or firm name that the gentleman in question.

So certainly there was, I believe, not a very clear understanding and investigation done by the Minister and his predecessor and there wasn't the clear-cut unbiased committee that the Premier and your predecessor led Manitobans to believe. Certainly it's at variance with the information that the Minister has presented to us today with respect to the legal opinion that his predecessor received from the lawyers, from the legal firm that the committee looked at. So I'm wondering whether there should have been a further investigation done in this respect. Was the man involved or wasn't he involved? The Minister has taken quite lightly that he didn't care one way or another and that's fine from the Minister's point of view. But certainly his leader came out to Manitobans, the Premier of this province said to Manitobans that this review that we promised in the 1977 election campaign will be done by an independent review body.

We know the background of Mr. Burns, Mr. Chairman, of where he comes from. We know that he was a part of the Fraser Institute who sole mandate is to prop up and further the goals of private enterprise in terms of expansion in the country. We know also that he was involved, a director with IBM computers.

**MR. ENNS:** A terrible thing.

**MR. URUSKI:** No, I say not, Mr. Chairman, but what I have said previously and I've made it and I will make it again, Mr. Chairman, who set up the computer system in the corporation of British Columbia and who may have had some involvement in it? We know the problems that ICBC had for a number of years with respect to the computer system in terms of how it operated, as well with the cost of the computer system. Whether the Minister wants to take it very lightly as to the gentleman being terrible or not, we know for a fact how the system that his firm set up in British Columbia operated for a number of years and the tales of woe that came out of B.C., and also in terms of costs of setting up the system which was at least, if I am not mistaken, 10 times the cost of the Manitoba system and the number of vehicles and motorists in British Columbia some three times.

So the Minister can take it as lightly as he wants to. We do know that this committee had to be hand-picked and the Minister can slough it off if he likes, but the fact of the matter remains that the committee was set up strictly to do a hatchet job on

behalf of the Tories, only the hatchet job backfired and the Minister has had to back-pedal to date, Mr. Chairman. The Minister, while he may take it as lightly as he wants, the fact of the matter is, that there was a conflict of interest and the government's record certainly is not clear in this respect, despite the statements that the Premier of this province has made.

**MR. CHAIRMAN:** The Member for River Heights.

**MR. GARY FILMON:** Thank you, Mr. Chairman. I'm not exactly sure what the intent of the questioning on behalf of the Member for St. George is, but it seems to me that he's attempting to, by picking away at minor parts of a whole picture, throw discredit on the entire concept. It's a tactic that's often used by lawyers in courtrooms and I think that it should be addressed, because it seems to me that he's missing the forest for want of finding a few trees. And the whole object in this exercise, it would seem to me, is to suggest that there should never be any scrutiny of any government operation. I take great exception to that. It seems to me that when anything, when any corporation operates in a monopoly situation, there is an absolute necessity to review it from time to time, and certainly at least every five to ten years. When that operation is in the public domain, when it's owned and operated by the government in effect, there is an even greater necessity to review it from time to time because there is always a suspicion that there's political interference or manipulation that would cause that operation to have some advantages over what the private sector involvement may have. It seems to me that a review of the type that has been set up by this government and carried out was absolutely essential to allow Autopac, if it were to continue to operate, to operate without the fear of suspicion, to remove the cloud that hangs over its head, and to allow it to go forward and operate under some reasonable circumstance in full public view.

It seems to me that the Member for St. George and the Leader of the Opposition are scrambling to try and cover up and hide any numbers of different things and I don't know what they are, because the review apparently didn't turn up too many things that Autopac should be ashamed of. In fact, I think that the review was a very positive thing. This concentration on conflict of interest — I think the definition of conflict of interest is when somebody has something to gain personally from involvement in the situation. Mr. Cox, even if he were an agent or even as a salesman for an agency, stands to gain or benefit nothing from it. He can't set the rates; he can't change his income from the situation by any of the recommendations that were made in the Ministerial Review and, therefore, he simply does not have a conflict of interest. It's as simple as that. If you're going to carry it to that extreme, what's the conflict of interest of the former Minister who sits across the table, what's his conflict of interest when he had a part in Cabinet in setting the Autopac rates and he and his immediate family are automobile owners? Is that a conflict of interest? If you want to carry it to ridiculous extremes, you could suggest so. Heavens, there's no greater conflict of interest than a member of any government sitting and voting on an

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increase in his own salary as a member of government and that happens all the time at all levels of government, so let's not get carried away with suggestions that somebody is disqualified from sitting on a committee because he is formerly an agent and therefore has some knowledge of the situation. What better recommendation than to have somebody who has a bit of information and knowledge of the situation which he's sitting down to review?

It seems to me, Mr. Chairman, that the whole object of this exercise is to throw discredit on the very obvious need to review Autopac as there is a need to review any government operation or any private operation from time to time if it's in a monopoly situation. The review has proved useful in many respects, it produced a number of recommendations, I think 110 in total, and obviously some of the major ones were to give the government an opportunity to review just what involvement it felt Autopac should have in the whole insurance industry in this province. The recommendations provided alternatives that the government could consider for altering drastically the operation of the company. Because of the fact that the government chose not to alter drastically the method of operation of the company in the marketplace, I think that strengthens Autopac's hands. I think that's a vote of confidence in many things it does. But as well, there were many other recommendations that have been carried out. I understand something in the range of half the recommendations have been carried out or are in the process of being carried out. Now those may well have been matters that the Corporation had under review on its own. In fact, I know that in many cases they had made those recommendations to the previous government and to our government, but the fact that it was identified in a review and study that was conducted by objective people from the outside who were able to focus attention on it, hastened the decision-making and in fact strengthened the Corporation's position in being able to accomplish some of the goals that it set out for itself.

At the same time, Mr. Chairman, that type of exercise indicates that nobody is free of suspicion, nobody should be free of review. Good corporations do it all the time and hopefully the people who do it are as objective as possible, and having people who are not involved within the Corporation, having people who have some knowledge of the industry from the outside, is a good place to start for an objective review. In this case, they presented recommendations, as I say, half of them probably will be carried out to the benefit of the Corporation and indeed to the benefit of all policyholders on their Autopac, and I think that's a very positive thing for it.

At the same time, major recommendations that were presented gave the government an opportunity to review from its perspective what the public wanted and whether or not the public would best be served by changing, altering drastically, the operation of Autopac within the marketplace, and it chose not to, again, a vote of confidence in what's going on. I don't see what the purpose of this whole sort of questioning is and I hope that members opposite can elucidate for me.

**MR. CHAIRMAN:** The Member for St. George.

**MR. URUSKI:** I certainly appreciate the comments of the Member for River Heights, at least I think I've gotten through to him. If he doesn't recall the words of his Premier wherein he indicated that the committee would be totally open and unbiased and conduct an independent review, it certainly has shown out that the review has not been independent. At least it's gotten through to the member, Mr. Chairman. —(Interjection)— Mr. Chairman, I'll deal with that at a later time before I wind up.

Mr. Chairman, could I ask the general manager, with respect to this year's premium increase, how much revenue does the Corporation hope to take in with respect to this premium increase, on an annual amount?

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** The question is on this year?

**MR. URUSKI:** The increase that was announced for 1980.

**MR. DUTTON:** For this year coming up.

**MR. URUSKI:** What is the annual . . . ?

**MR. DUTTON:** 130 million.

**MR. URUSKI:** Will be the revenue that the Corporation will take in?

**MR. DUTTON:** Under Autopac.

**MR. URUSKI:** The premium increase, how many percent was that, 9 percent? Yes. How much money will that bring in one year?

**MR. DUTTON:** The question is, what will 9 percent derive. That 9 percent is on the basic, not on all Autopac.

**MR. URUSKI:** Right.

**MR. DUTTON:** About 9 million.

**MR. URUSKI:** About 9 million. Will there be any additional revenues that the Corporation will derive during the year from changes in coverage and the like? What is estimated in additional revenue over and above the increase that the Corporation will take in from insurant changes and the like?

**MR. DUTTON:** There are no additional sources of revenue, Mr. Chairman. Usually the small amount of money that we take in with upgrading of vehicles, people trading off old cars and getting a more expensive type, and therefore more premium, but there are no additional sources.

**MR. URUSKI:** I realize that there are no additional sources. Will the changing of vehicles and upgrading and the like bring in extra revenue to the Corporation during the year? Is that say, more than 1 million or less than 1 million?

**MR. DUTTON:** There has been over the years a norm of about 5 percent that we worked on. However, we're not so sure that this will be the case

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this year. I'm sure we're all aware of the news releases in connection with the perhaps increase in costs and gasoline and so on, that people are not necessarily buying as many new cars or the big type of car, so that 5 percent may not hold true but we'll use it as a yardstick.

**MR. URUSKI:** That 5 percent that you mention, is that of total premium income from all sources or is that 5 percent on the basic amount?

**MR. DUTTON:** That 5 percent will be on the total of all sources pretty well, although obviously it is on the basic, but we do get about, on the extension coverage, about 90 percent of the people that are buying them so I think you can fairly well consider it about 5 percent of all sources, upwards of 5.

**MR. URUSKI:** So the premium income of the Corporation for a year would rise this year possibly by about 13 million? Would I be far out?

**MR. DUTTON:** I'm just consulting with the financial people over here and they agree with your figure.

**MR. URUSKI:** Mr. Chairman, of the increased benefits that were announced with respect to the no-fault benefit, what is the projected cost for a year of the no-fault benefits on an annual basis as it exists? What does the corporation feel the cost of the benefit program will be?

**MR. DUTTON:** There are two areas of cost here. There's the first one of about 3.5 million, that is to liberate all previous recipients of the body injury payment; and then there's an ongoing cost we feel, starting off at about 3 million. So this year coming up, we had anticipated that it would cost us about 6.5 million.

**MR. URUSKI:** Okay, there's an increased cost. So the ongoing costs would, although the one-time cost would be 3.5 million to upgrade the present people on benefits and then an ongoing cost of roughly 3 million. That's in Year One and the projection — for what kind of an increase because your premiums obviously have taken into account more than that, more than just the increase in benefits.

**MR. DUTTON:** Almost certainly, I'm glad to answer to that. We have this worked out actuarially, too, not only by our own underwriter but by the firm of actuaries that the cost would indeed be about 3 million a year. But of major concern to us is the cost in repairing automobiles and that's what we're talking about. It doesn't receive much publicity because the way it is done is a large cost in parts. The costs have gone up something like 26 percent — I believe the figures are right; it's over last year — in replacing such things as fenders, hoods, bumpers, you name it and this is a big cost to us because about half of the payments that we make to body shops, it covers parts. Our payments to body shops will run, as I mentioned the other day, a substantial sum of money in a year. So this is why we have to increase the rates in a year with two factors that are involved. One is the number of claims which consistently go up and; secondly, the

cost per claim which is tied into, again, two factors that the charge-out rates of body shops which increase, plus the fact that the parts are increasing so rapidly. That, added to the increase in benefits, did make us come up with a minimum of around a 9 percent increase on the basic rate only, which frankly I can't see doing any more for us than having a break-even year because of the other factors that I have just enumerated.

**MR. URUSKI:** Mr. Chairman, the general manager has indicated that the bodily injury cost this year would be roughly 6.5 million, 3.5 million of which is a one-time, one-shot cost to upgrade the other policies, an increased cost of 2.6 million in administration costs which would bring up the figure to approximately the 9 million, the revenue that he has received and the other revenue would take into account the increased costs of repairs and body shops. Am I reading those figures accurately? Mr. Chairman, had the corporation been able to retain the gasoline insurance premium, a revenue of approximately 6 to 7, million or what was the revenue to the corporation in the last full year of gasoline tax that the corporation had access to it?

**MR. DUTTON:** It was slightly in excess of 7 million.

**MR. URUSKI:** Mr. Chairman, at a 9 percent increase brought in by the necessity of increased benefits which were approximately one-third of the cost, or this one-time deal, and the increased administrative costs, the 9 percent increase could have been likely cut to — if one wanted to use the same figures — to less than 5 percent to achieve the same results had the gasoline revenues stayed in place? Would that be a fair estimate?

**MR. DUTTON:** Mr. Chairman, it's a matter of arithmetic. If we receive 7 million from one source, it would not require 7 million from another to break even.

**MR. URUSKI:** I'd like to ask the corporation whether they have received any direction from the government to remove the driver's licence fee, driver's licence insurance fee, as a policy of the present government.

**MR. DUTTON:** No, they received no such direction. We're still charging under the driver's licence as we have in the past.

**MR. URUSKI:** Could I ask the Minister then, Mr. Chairman, is it the intent of his administration to remove the insurance premium from the driver's licence?

**MR. ENNS:** Mr. Chairman, no, there is no such intent by this government, nor has it been considered. Mr. Chairman, while I have the floor, let me just simply indicate to the honourable member that the 7 million referred to by the honourable member as a possible savings to the purchasers of Autopac premiums, of course, would have had to been paid by the same motorists, the same set of million dollars at the gas pump. So, let's not leave it

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on the table as though there was a potential 7-million saving there.

**MR. URUSKI:** Mr. Chairman, I'd like to ask Mr. Dutton whether or not the corporation has been involved in any suits, legal actions, dealing with the use or non-use of seat belts in the reduction of benefits that might be paid to motorists by the failure to use seat belts.

**MR. DUTTON:** Our legal department, I mean the firms that we use in litigation, have been asked to view this possibility on the basis that if there is a wrongdoer and the person wasn't wearing seat belts and received injuries that would not have been received had they been wearing seat belts, if you could prove this point, that they contributed to their own injuries to a degree and therefore they would contribute to any award to whatever degree the courts would say. Certainly, this is a form of defence that perhaps will be used more and more, and the fact . . . sight is that in many instances when there's a head-on collision, it doesn't have to be that fast because obviously if two cars are going at 70 miles an hour, no one is coming out of it and the only thing a seat belt does is help you find the body. But if there is a much slower speed, a person, unless they are restrained somehow will continue to go forward and their face hits the windshield and there's some serious cuts that have to be repaired and maybe head injuries and certainly much dental work in this type of an injury and in many instances it can be defined. Another type of an injury, of course, that a seat belt, I think, may help and that is the throwing of people out of a car in case of a rollover and again, of course, the amount of speed involved here, as to whether it's going to help you or not but certainly in a simple rollover, if a seat belt is done up it will keep you in the car.

**MR. CHAIRMAN:** The Member for St. George.

**MR. URUSKI:** Mr. Chairman, has the Corporation in viewing some of the suits that have been — I gather there was a suit in British Columbia wherein a motorists claim was reduced, I don't know by thousands of dollars, on the basis that it was determined that seat belts would have lessened the extent of injuries. Is the industry in Canada moving along these lines to defend or reduce claims paid to claimants on the basis that their injuries may have been reduced had they worn seat belts, is that a move that is gaining momentum in this country and could you comment on that?

**MR. DUTTON:** Yes, I think, to agree, that is a move. It is very difficult, you know, most of these cases come up as you well know maybe two or three years after the accident occurs and sometimes there's some difficulty in bringing all this evidence forward, but certainly where there's clear-cut evidence that had the use of a seat belt . . . and seat belts are in cars and had they used a seat belt it would have reduced the injury. I think it is reasonable too, therefore, that the person is the author partially of his own misfortune and certainly can't blame it on the other party simply because there was a safety device available to him and he did

not use it. And the answer to your question is that I think that is the situation in this country, that they are reviewing this type of thing and using it as a defence or looking at it as a possible defence or partial defence against some of the claims. I don't think the reason being that they're necessarily trying to cut down the amount of their loss, they're trying to establish what a true loss really ought to be if a person takes every precaution — as they ought to.

**MR. URUSKI:** Thank you, Mr. Chairman. I appreciate the commentary on that. Has the Corporation been directly involved in any actions of this nature?

**MR. DUTTON:** I cannot tell you of any changes in awards that have come about because this is fairly recent, and as I mentioned earlier, when a person has suffered serious injury, that of necessity it doesn't come to the courts for a couple of years because, first of all, you don't establish how badly a person is injured perhaps before that period of time. But I can tell you, although I don't know of any court awards offhand, I can tell you that our legal department has taken this under consideration and will certainly use it if it becomes obvious to us that a person ought to have been using a seat belt and would have substantially reduced his injuries had he been doing so — he or she.

**MR. URUSKI:** Can I ask the Minister or Mr. Dutton, what moves are there being made, is there any thought in terms of driver safety, any areas which the Corporation may be becoming actively involved in in terms of promotion and the like of safety. What is the Corporation's direction in this area?

**MR. DUTTON:** We are quite concerned, as a matter of fact we are somewhat remiss, in my view, we should have been involved in safety many years ago, almost from the inception of the Corporation. However, many other problems have been before us that had to be solved and this was not given a high priority. But it is our intention to have a safety department in the office, starting off with a safety officer and we budgeted a sum of money for that starting this year. We intend to promote, if you will, on a voluntary basis because we certainly are not a law making body, this is very obvious, the use of seat belts by the use of what we call a seat belt convincer. We intend to have the safety officer do promotion. We do have two films that we made a couple of years ago that are being shown in high schools and so on and so forth that we will make much greater use of in the future too. These films, one of them deals, and a very good one, deals with drinking and driving and which is the most common cause of all accidents, but we intend to be a little more aggressive in this area and as I say, in my view, we ought to be too.

**MR. CHAIRMAN:** The Leader of the Opposition.

**MR. HOWARD PAWLEY:** Mr. Chairman, I would like to ask Mr. Dutton whether or not the review which he announced would take place, I think it was last year or the year before, pertaining to the no-fault in Quebec. How that has progressed.

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**MR. DUTTON:** We have reviewed the Quebec plan on no-fault in Quebec and keeping a watching brief on this situation. The Quebec plan doesn't deal, of course, with a damaged automobile so therefore becomes somewhat more of an easy venture to put on stream than what ours was. It deals simply with injury to the individual and again there are no lawyers involved in these cases because everyone is paid for their injuries received regardless of fault. It's simply a matter of establishing in the province of Quebec whether you have been a) injured by an automobile, and then b) the extent of that injury. They pay on their no-fault benefits similar to what we are now paying under ours. I'd like to state that our plan is better than theirs, sir, because in addition to the no-fault benefits, you can sue in our courts, you can sue the wrongdoer for such things as pain and suffering that doesn't show in the Quebec plan, while the benefits that you do receive for any injuries the compensation for being out of work is equal to theirs. I understand that their plan is running at a surplus, I believe they have three ways of getting their premiums, one is through the driver's licence and through their vehicle registration similar to what we do, but in addition I believe they get so much per gallon of gasoline sold in the province.

**MR. PAWLEY:** I wonder if I could ask you, Mr. Dutton, if, leaving aside the question of our plan having no-fault payments plus tort liability and theirs the no-fault payments only, if the better plan would not be for a program that would provide for no-fault payments on a better scale than either the Quebec or Manitoba plan, without tort liability, a plan that would ensure that there was full compensation for all cash loss rather than one which would only provide for partial cash loss.

**MR. DUTTON:** Yes, certainly, Mr. Chairman, if one adopts the idea that a person ought to be compensated if he is injured in an automobile accident, which I do, I feel quite strongly that a person injured in an automobile accident ought to be compensated, then the most direct method of doing this is the most economic. It is much cheaper for us to make payments on a no-fault basis than to make payments after a lengthy delay through litigation and through the courts. I am sure we are all aware that the legal profession doesn't work for nothing and you add these costs to what payment a person ought to receive.

The problem at the time that this came about, and certainly, sir, I am sure you will recognize that recommendations came through the administration as to what we ought to do with our Part II payments. You are also aware that of course there must be Cabinet involvement because it requires an Order-in-Council to change our regulations, and of course the Part II payments are part of the regulations, therefore, there has to be, of necessity, some political involvement. But it was our view that — we didn't feel in trying to increase this and put payment before the motoring public here on a no-fault basis that we would be able to sell at this time, without a great deal of opposition, a complete no-fault plan and abolition of the tort system.

**MR. PAWLEY:** So in answering my question, the problem as you see it is one of selling it to the public rather than in the superior advantages of such a program?

**MR. DUTTON:** Yes, that is right.

**MR. PAWLEY:** Has the Corporation undertaken any cost analysis as to the costs of such a program as compared to the costs of the present mix of a partial no-fault and tort system?

**MR. DUTTON:** We have no analysis to put forward from the Manitoba experience as yet. We will probably be able to capture more in the way of figures, because it is only recently that we have been paying up to 70 percent of a person's salary, which is tax free, which isn't a bad arrangement. We can point out, however, that the plan in Quebec appears to be less costly to operate than our plan, but you must compare apples and apples, and it is not exactly that easy to do.

As I mentioned earlier, some of their income is derived without any expense to them from the sale of gasoline; and secondly, they do not use an agency force as we do, sir. They make a small charge and you can renew your regie plates down there through the credit unions, Caisse Populaires as they are called, therefore they don't pay the commissions that we would pay, which is a good part of our cost.

Secondly, sir, they do not pay the hospitalization as pointed out the other day as we have to pay in the case of a wrongdoer. So the return per dollar under a pure Quebec type of plan, if one had wanted to implement the same thing here, for injuries, would be less than what it is costing us in Manitoba. I would assume that would be the case.

**MR. PAWLEY:** To the Minister. Can the Minister advise whether or not the Burns Commission undertook any cost analysis of no-fault program, as that was one of the terms of reference that the Burns Commission was operating under?

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Mr. Chairman, I believe that in the recommendations dealing with the increased bodily injury portion of the plan reference was made to the abolition of the tort system or court liability. I don't know whether it was specifically stated as a recommendation, but I believe the court dealt with it in that section of the report. We chose to carry on with the practice as has been the case since inception of the Corporation by leaving court liability remain in the plan.

Mr. Chairman, if I may just add a few further comments to the questions asked by the Leader of the Opposition to the Chairman. I think when we announced the increased bodily injury program we made it reasonably clear that we will be monitoring the effects that these increased benefits have on the system.

The Burns Report also indicates that the litigation costs or the involvement of the courts should be monitored. It is our belief, and the Chairman can speak for himself, it is our belief that the benefits at the present levels will substantially reduce the

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litigation costs of the claims that will go to litigation. However, we will need a year or two of background information to support that claim, but that is certainly the feeling of the Corporation at this time.

Perhaps the one other item in terms of the total replacement of cash loss, we are very close to that now, by going 70 percent to actual income earnings of an injured person and remembering that that is tax free, that 70 percent in effect comes very close to the full replacement of the net earnings of that person.

There is also some concern expressed, I don't raise it, but there is some raised by members within the insurance industry and within the Corporation that there needs to be some concern about having some — I wouldn't want to suggest that it be a substantial portion — but some incentive for rehabilitation of the injured person to encourage him to, when medically capable, to return to a normal order of life, return to his job, which I suppose one could argue that if there was a very full or even an excessive compensation for loss of income, could be considered to impede that rehabilitation process.

**MR. PAWLEY:** Further to Mr. Dutton, dealing with another area of concern, the Statute of Limitations. Does he have any opinion as to the worthwhileness of the continuation of a Statute of Limitations pertaining to the commencement of actions rising from negligence on the highways? Surely if the statute was abolished, then the delay in proceeding with a suit would certainly jeopardize the plaintiff in any event, memories would fade, etc. The present situation appears to be that injustices are occurring from time to time, sometimes even though lawyers are involved and lawyers are sued and they don't have funds to pay, by the continuation of a Statute Limitation period. I know it was extended from one to two years three, four years ago.

I am just questioning the worthwhileness and the need for a Statute of Limitation period when the courts can take into consideration a witness's memory, a witness's credibility relating to a number of different factors. Outside of the administrative neatness for insurance companies, including Autopac, is there any advantage in the continuation of a Statute of Limitations?

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** Well, I don't know how else I can answer that outside of defending the neatness of administration for a Statute of Limitation. I believe there ought to be a Statute of Limitation and certainly two years for any legal advice that an injured person may seek, two years is sufficient time for a statement of claim for that legal firm. I can't see where you can be extended forever and a day.

There is obviously a situation wherein the Corporation must capture all the information it can to make sure that all claims are legitimate claims, and by legitimate claims I don't necessarily mean that an accident did occur, but that the severity of the injury is established. We do not, incidentally, hide behind, if that is a proper word, the Statute of Limitation, the two years' limitation for an individual who has not realized the importance of getting legal advice, and has not been advised by our adjusters

that perhaps they ought to do so, or not been warned of the Statute of Limitation. This is done in all instances and if there is an event that a person has gone past the two year period, through their own ignorance of the situation, then we waive the Statute of Limitations.

But we do not believe that if a person has gone seeking legal aid that we can or should or ought to waive it at all. After all, they have gone to people who are trained in this area, the lawyers, who ought to know, I am sure they do, the Insurance Act as it applies to Autopac, and ought to advise their clients accordingly. It is also my understanding, sir, that to make sure that the public is protected that every member of the Bar here has what is termed Errors and Omissions coverage through a private insurance company, just to protect the client in case there is an error or an omission made by that lawyer, and there is a proper source for that individual then to obtain their money if through an error of their legal adviser it has gone past a two-year period, and that is from the insurance that lawyer carries himself to protect him from his own mistakes. I think after a period of two years, which again I state in my view is ample time for a person to file a Statement of Claim, he doesn't have to go to court as I understand it by that time, then to keep the matter open, I think two years is sufficient.

I would certainly as administrator of Autopac very much oppose any lifting of that two year limitation, I think it would be just a bit too much. That is my personal view, sir.

**MR. PAWLEY:** Mr. Chairman, I fail to really see, leaving aside the administrative tidiness, as to what the difference is insofar as the action if it is commenced two days after the expiry than two days before, if, in fact, the Insurance Corporation has not been prejudiced by the delay. If there has been prejudice brought about from the delay, then I say to the chairman that that ought to be a matter by law that could be dealt with within the court, leaving aside the question of the expiry or non-expiry of the two year date, prejudice surely is a matter that the court could examine, prejudice introduced by delay in prosecuting the action, disappearance of witnesses, fading of memory, etc.

My unhappiness with the Chairman's response is that it is indicated that the insured can take action against the lawyer involved with the incumbent additional costs that are involved there to the insured, the delay in time can stretch into a year, two years, three years, more, and the uncertainty even then of recovery under the Error and Omission policy of the Law Society, and I just do not see outside of neatness that the Insurance Corporation can set aside so many cases and say, well, they are dead now, because they have expired the limitation date. I don't see, Mr. Chairman, any advantages in wishing to continue an age-old law that I think has lost its relevancy.

**MR. DUTTON:** There are a number of points here I would like to respond to. Number one is, we do not set aside certain claims as such. I would suggest the opposite is true, that it is incompetence perhaps of a legal firm that sets that claim aside. Secondly, sir, even if we are dealing with lawyers, the adjusters are

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advised and do — even though the lawyer ought to know that there is a statute of limitations — we do advise them that that limitation period is running out and advise them of the date and advise them that they ought to take some action prior to that time.

If there ought not to be a Statute of Limitations, of course, then there ought not to be an errors and omission coverage from the lawyers, that's what it's there for, and there ought not to be any problems from them making a claim against their insurer for errors and omissions. There is a case that I am aware of at the present time, that at the legal end of it the lawyers are arguing that they cannot claim against their errors and omissions insurer. And what is the reason they can't claim against the errors and omissions insurer? Simply that they didn't file a claim within a prescribed period of time.

It's the same situation, and that insurance company that is carrying the errors and omission coverage, there were two of them involved, ought to be made to pay, and certainly in this case, and not Autopac. I believe that they are protecting themselves. If the Law Society realized that it must have this type of errors and omission coverage, they must recognize that there are going to be situations when the legal firms will err, and they do, and they are protected from that eventuality.

**MR. CHAIRMAN:** The Leader of the Opposition.

**MR. PAWLEY:** Mr. Chairman, I think insofar as the errors and omissions policy, there is no prescribed time period. There is a requirement that the report be made promptly to the insurer, then there is a question as to what is a reasonable period of time for notice, so indeed, in that case they don't have a Statute of Limitation period as exists under The Insurance Act, which I believe, Mr. Chairman, really flows towards the arguments that I am presenting, that there should be freedom within the court to determine whether or not there has been a reasonable period of time pass. If due to a lawyer's negligence a key witness has disappeared, but the lawyer had commenced his action within a reasonable period of time, the opportunity would have been there for the presentation of that witness's evidence, then indeed in those circumstances there could still be negligence action brought against the lawyer. But not because some rule is chiseled in stone that says that if you sue one day after two years, that's too bad for you, Charlie; if you sue one day before the two-year period then that's fine, you're within the law.

Mr. Chairman, I don't like laws that are so chiseled in stone that we can't re-examine them as to the relevancy of the present period.

I have some questions for the Minister, I'm not expecting Mr. Dutton to respond because we may have to share some reservation as to opinion but I do have a question I would like to pose to the Minister and that deals with public opinion poll that was done by the Burns Commission. What was the cost of that poll to the government?

**MR. CHAIRMAN:** Mr. Minister.

**MR. ENNS:** Mr. Chairman, that would have to be pulled out of the general costs that the review

committee compiled in the collection of that data. I would invite the Honourable Leader of the Opposition to perhaps ask for an Order for Return for that information. I haven't got it available for me as set out as a separate item of cost but I'm sure it's available.

**MR. PAWLEY:** Mr. Chairman, I would assume that the Minister would be sufficiently conscious of the expenditure of public funds on a public opinion poll that he would surely have some idea as to how much public moneys were consumed in this public opinion poll, that was very very extensive, by the Burns Commission. Surely the Minister must have some idea. Surely the Minister must have made some enquiry.

**MR. ENNS:** Mr. Chairman, if the Honourable Leader of the Opposition is suggesting that I monitored or approved of the day to day costs that the review committee incurred, he is absolutely wrong. We have indicated the overall general costs of the committee. The operations of the committee were entirely separate and distinct from government and in addition to that of course I particularly and personally was not the Minister immediately charged with the responsibility in commissioning that report. It was, as the member is aware, commissioned by my predecessor in that portfolio. I assumed the responsibility for Autopac just at a time when the report was in fact next to complete.

Mr. Chairman, I'm not trying to avoid the question that the leader is asking. I've agreed to supply him with information. He is as good a judge as I am as to what the costs of these kinds of public opinion polls cost in the province of Manitoba. I'm sure that he has had an involvement in a political sense from time to time, to call for polling to be done. I could estimate figures but that's all that they would be.

But, Mr. Chairman, I would have no problem in undertaking to break out that price for him at some later date.

**MR. PAWLEY:** Mr. Chairman, we will be filing an Order for Return. I'm just wondering if the Minister could get that information for this committee prior to its adjournment. If it's broken out I'm sure the Minister could obtain that information.

**MR. ENNS:** Mr. Chairman, I think if the honourable members wish to ascertain as to how the costs were compiled in that report, the next question will be the amount of travel involved by individual commission members, or the amount of hotel and meal costs that were incurred in their travels to other jurisdictions which they did in gathering their report. Mr. Chairman, I'm simply indicating that an amount of money was set aside, not in the estimates of my department that I have responsibility for, to carry out this review and I believe the appropriate way, Mr. Chairman, for this kind of information to be made available to members of the opposition, aside from the general way that it already is available to them, is for a request through the Legislature for an Order for Return.

**MR. PAWLEY:** Well, Mr. Chairman, if we were wanting information pertaining to meals or hotels we

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would be asking for that information now. We are only asking in respect to the cost of one particular item, a public opinion poll. I strongly suspect that the Minister if he wished could obtain that information within an a half hour period and return with that information to the committee. I don't think the Minister is all that anxious to provide that information readily at this point. He would prefer to see it go by way of an Order for Return and the months and months that we've experienced previously in awaiting information when we file Orders for Return would unfortunately, Mr. Chairman, I think, suit the Minister just fine but it doesn't really provide the public with information that I think the public can reasonably expect. The Minister, as I say, could get that information very quickly if he wished to.

**MR. ENNS:** Mr. Chairman, just on the matter that's raised, I think I indicated this to members of the committee earlier through questioning by the Honourable Member for St. George, that it's my understanding and my aide just confirms that, that the costs occurred and paid for the report were done through the Department of Finance. The Minister of Finance may well be in a better position to, off the top of his head, have the kind of information available to him, but I wish to assure the Honourable Leader of the Opposition that it is not a matter of a stalling tactic on my part. I simply don't have that information nor did I have reason to request that kind of information. It is available; it's available for public knowledge directly from the Department of Finance. An Order for Return requesting that kind of information, I should also indicate to the honourable member would have to be directed to the Department and to the Minister who is charged with the responsibility for paying or meeting the costs of that report.

**MR. PAWLEY:** Mr. Chairman, does the Minister have the raw material that was provided from the polling agency?

**MR. ENNS:** Mr. Chairman, to the best of my knowledge that material has never been made available to us.

**MR. PAWLEY:** Mr. Chairman, I assume that the Minister of Finance then is what the Minister is indicating has the material since the polling was done under the auspices of the Ministry of Finance.

**MR. ENNS:** Mr. Chairman, the review commission obviously felt that that was helpful in reaching the determinations that they were seeking. It is part of the internal documents that they felt or costs that they felt were applicable to the writing of the report, but the Leader of the Opposition is certainly free to ask the Minister of Finance that question, although to the best of my knowledge we asked for a ministerial review report and the members have it in the form that the government received it.

**MR. PAWLEY:** Mr. Chairman, I want to simply indicate by way of conclusion that though we don't know the exact sum that was spent in doing this public opinion poll, the amount expended by a poll of

this nature, involving over a thousand interviews would certainly be in the five figures.

Mr. Chairman, I fail to see the basis by which Burns felt that he had the go ahead for a public opinion poll. It's very interesting that he felt a public opinion was necessary in view of the fact that he or other members of his commission snubbed or ignored some of the hearings that they called. There were a number of hearings that Burns did not attend. There were hearings that other members of this commission did not attend to hear members of the public express their views to the commission as to what they felt should be the eventual recommendations by this commission pertaining to Autopac. That was the forum that Burns' commission had legitimately to them, to ascertain public opinion, public views, recommendations.

It seemed throughout the entire proceedings that Burns and his cohorts on the committee had very little interest in the formal proceedings as to whether or not the implementation of his recommendations or any other recommendations were politic or not, that was a decision to be arrived at by the government of the day and not through the tabulating of information from a public opinion poll that could in turn be referred to the political people so as to better advise them as to the politics of the situation, because that's the only reason to go outside the public forums is to give the Minister and the government some idea as to the politics of the situation. Public moneys were spent. Taxpayers' moneys were spent on a public opinion poll, Mr. Chairman, that I think served no necessity.

Had the Conservative Party of Manitoba wanted to know whether or not the public would support the abandoning of Autopac, then the Conservative Party of Manitoba should have taken the moneys from their own coffers and developed a public opinion poll so they could advise the government as to whether it made good politics or not; not through the Burns' Commission Report, behind the skirts of the Burns commission report. So I want to emphasize just as strongly as I can on behalf of the Opposition that we feel that public moneys ought not to have been spent for a public opinion poll. It stretched the terms of reference and it was most inconsistent with the near snubbing of the members of the public and if the Minister challenges my statement there is a whole file of reports as to lack of notice, lack of attendance by commission members and other unfortunate occurrences during the process of the hearings. Burns wasn't all that interested in the politics of the situation in a public opinion poll, and again the moneys for that should have come from the Conservative Party of Manitoba, not from the government of Manitoba for that purpose.

**MR. CHAIRMAN:** Page by page. Page 1—pass; Page 2—pass; Page 3—pass; Page 4—pass; Page 5—pass; Page 6—pass — the Member for St. George.

**MR. URUSKI:** Mr. Chairman, on Page 6, I guess I can get it out of Note 3, on this year's premium income that has arrived in 1980, how has the investment been handled? Is it primarily most of the moneys have gone into short-term or have

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investments been made into long-term right off the bat in the beginning, March 1st, 1980?

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** Primarily in short term at this time. The money will be earmarked later on this year to go into long term, but at this stage primarily in short term.

**MR. URUSKI:** Is there a rough estimate of how much money has gone into short-term investment at the beginning of the licence year?

**MR. DUTTON:** About 7 million in short term, but we will have about 20 million earmarked for long term before the year is out.

**MR. URUSKI:** Mr. Chairman, to Mr. Dutton, a lot more money than 27 million comes in during the month of the licence renewal year. Do not the majority of those funds go into a short-term investment, and that's the figure that I am talking about?

**MR. DUTTON:** Certainly, most of it goes. Yes, as of March 31st, a little over 64 million.

**MR. CHAIRMAN:** (Pages 6 to 14 were read and passed.) Page 15 — the Member for St. George.

**MR. URUSKI:** There was a recommendation or at least a statement in the Burns Report that the funds have been managed by the Provincial Government Department of Finance, and that no fees have been charged. Had this function been performed internally or by a money management firm, we estimate the cost to be .25 or 1/4 of 1 percent, it appears, of assets managed annually, and this generates a subsidy of 783,000, Mr. Chairman. Could the General Manager comment on that, as to the Corporation's reaction to that?

**MR. DUTTON:** I think since Square One, Mr. Chairman, it has been made clear that the management of the Corporation would certainly like to see the Act changed to enable us to do our own investments, and we are quite prepared to take over that responsibility at any time in the event legislation is changed. It is my view we would not need an increase in the staff, and although I can't answer for the Treasury Department, I can't see where we have created any problems for them by allocating this money for them to invest, nor do I see where there has been any additional cost to them.

I guess the easiest way to answer that question is if there was any doubt at all that there is a hidden subsidy in this faction, that if the Act were changed to permit us to handle our own investment we are of the view that it would be no additional cost to us.

**MR. URUSKI:** Mr. Chairman, there was also statements made by the Corporation — at least not by the Corporation, by the Burns Report — in line with the premium fees collected, and it appears in the statements that were made throughout the report that somehow the Corporation in its analysis of premiums paid for insurance by motorists, in comparisons made for premiums paid by Manitoba

motorists versus other provinces, that somehow the Corporation was hiding figures. For example, the driver's licence fees. For example, the gasoline tax were not included in any rate comparison. Those kinds of statements were made. It appears in my mind, to indicate that somehow the true costs of the insurance rates that motorists pay in Manitoba were not made public by the Corporation.

**MR. DUTTON:** At any time that we have been asked to give comparative costs, Mr. Chairman, we have always included the amount of money we receive under the driver's licence, and at that time any funds received for gasoline tax. We have never tried to hide the true costs and I know of no instance where we have simply said your cost is so much simply because what you pay under your vehicle registration; we have always added in a sum of money for the driver's licence and for gasoline. It is important that we do so too, because often there is a comparison asked between ourselves and the Saskatchewan plan, or the B.C. plan.

At the present time we should point out that Saskatchewan gets 3 cents a gallon, so it is important as to what they show, and British Columbia doesn't have to pay the premium tax, it is important what they show. So all these factors must be brought into equal level if you are going to compare rates, and we have always done that.

**MR. CHAIRMAN:** (Pages 15 to 19 were read and passed.) Page 20 — the Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. Before we approve the final passage of this report, I just have a few comments to make with respect to this year in the operations of the Manitoba Public Insurance Corporation and the attack that has been foisted on it by this government and this Minister in particular, who now wants to go around and make us believe that he is the great saviour and friend of public insurance in the province of Manitoba.

We have had a Committee report, whose, I believe, sole purpose was set up by the government to bring about the privatization of MPIC. We have the words of the Premier of this province and his ideas as to how the Insurance Corporation could best be operated in this province, going back many years, Mr. Chairman, indicating his preference for a privatized system, and that would be his goal, although he did back off and state that it would be his government's intention to run it efficiently and on a sound actuarial basis, at least as far back as 1977.

Mr. Chairman, none of those statement have in effect been carried out. We have what one could best describe as a witch hunt on the Corporation by the Ministerial Review Committee. We have had the Premier giving his statements that he prefers a Quebec style of insurance and that he, as I stated, prefers competition.

Well what has really come out in this report, Mr. Chairman, in this year? Two main recommendations were (1), to style an insurance plan along the style of Quebec, and we have had the blueprint set out in this report of how to privatize MPIC. All the other recommendations, one can put them in the category of window dressing at best. There has been no analysis of the financial operations of the

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corporations. An analysis where one could only compare this Corporation to the private sector as this analysis has done, this was totally missed out. The private sector's yardstick primarily is by a financial management comparison. This was totally eliminated in this report, because there was only one premise behind this report as how to best achieve the privatization of MPIC.

Mr. Chairman, this study was, I believe, a government hatchet job, but it turned out that the government didn't know how to handle that hatchet after it was handed back to them. That's really what came about.

Lyon, the Premier of this province, has indicated that he wanted to make Autopac run efficiently. Well, let's see how he has accomplished that since 1977, since the Conservatives were elected in Manitoba.

First of all, we had the freeze on hiring. We had a total freeze on the hiring in the Corporation. So what happened? We had poorer service. We had lineups at the Claims Centres. We had people bitching and complaining about the service that was being handled in this province. We had the General Insurance Division totally frozen out until we pressured and hammered away at the government until they finally made up their mind that they were going to allow the General Insurance Division to compete, but for two years they let it flounder, Mr. Chairman; that's to be most kind to the government that they let it flounder, they would have liked to have choked it to death, Mr. Chairman, that was really the intent of the government.

Let's go a little further as to how well they wanted to run the Insurance Corporation. We had the government move in immediately upon election and transfer 7 million of gasoline premiums, which the Minister says, well, the motorists — let members on this side not try to equate the 7 million gasoline premium to the premiums that have been charged in the increase this year. We know that the 7 million went for one express purpose. The motorists are still paying that 2 cent gasoline premium, Mr. Chairman. Those premiums were not reduced. They were originally put on there for one purpose only, Mr. Chairman, to raise insurance premiums. They were not diverted from general revenues by the former administration, they were put on specifically. Instead of raising a general premium increase, we indicated that we would increase premiums on the basis of how much motorists were to drive, Mr. Chairman, how many miles that they were going to drive, and that clearly was put on.

Now that wasn't removed when the Conservatives came in, because they made a pledge to a small group of people in this province that they would do away with estate and gift taxes, because people were moving out of this province to die elsewhere, Mr. Chairman. That was really the thrust of the Conservative opposition in 1977. They were moving their estates because they couldn't afford to die in the province of Manitoba. So we had to give a great gift to those people who were very poor in this province of Manitoba, who were so poor that they couldn't pay the half-a-million estates that they had, that they wanted to bequeath to their children in this province, so that we had to give them a gift of 7 million.

So what did we do, Mr. Chairman? The Minister has said that the motorists will pay anyway. Mr. Chairman, the motorists have been double charged by this efficient Conservative Government. They are not only paying the 2 cents that were taken away from them to put into General Revenues to pay for the estate tax but, Mr. Chairman, we have had a nine percent increase in premiums, and it was just borne out today, Mr. Chairman, by the general manager.

Mr. Chairman, had that 7 million not been removed from the corporation there need not have been any premium increase in 1980 on the basis of the figures that were given to us. We had what? We had 6.5 million in increased injury benefit costs which were more than covered by the gasoline tax. Now we have the internal bickering that was brought out and the internal efficiency kick and the income transfer measures that have been brought about by the Minister of Finance and the Minister of Highways, 2.6 million that now the corporation has had to budget for to make the province's revenues and their budgetary position look better. And it was certainly borne out by the Minister of Highways in his remarks here that he definitely wants that kind of money.

Those costs, had they been allowed to remain, taking away those moneys, no premium increase would have been necessary in Manitoba in this last year, let alone, Mr. Chairman, the statement that, well look, we had this increase in benefits to motorists so we've had to pay them by increased premiums; that would have not had to occur.

And then the other efficiency measure, Mr. Chairman, we've had a doubling of accounting costs. A very efficient move, Mr. Chairman, by transferring the accounting measures from the Provincial Auditor to private accounting firms, which has virtually doubled the accounting costs to the corporation; a great efficiency move in terms of saving public dollars, along with the study. Mr. Chairman, that is how the Conservatives have run the corporation efficiently.

Mr. Chairman, we on this side are very concerned that the stage has been set by the Conservatives. This report, as I've said, has showed only one thing, how to get rid of Autopac. The main recommendations that have been made in this report, the Conservatives don't even want to talk about; they don't even want to talk about. They want to deny that they will do anything about these recommendations. Knowing the Premier of this province desires to privatize public corporations, and the government actions in other areas in the last couple of years, I believe that the Conservatives will be hard pressed to justify that they will not do anything to this corporation. This last year the corporation and its staff have been subjected to, I believe, the most vicious and unwarranted attack by the Conservatives' hatchet men, and I think the staff of the corporation have done a remarkable job in withstanding this, what I would say, the first onslaught. The attack has been external and internal, as I have mentioned, internal by the Minister of Finance and the Minister of Highways in terms of attempting to force negotiations and continue them to the detriment of the financial position of the corporation . . .

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**MR. CHAIRMAN:** The Minister of Highways on a point of order.

**MR. ORCHARD:** Mr. Chairman, the Member for St. George has continued to use the allegation that we have forced negotiation on MPIC of a new cost-sharing formula. It was adequately pointed out several days ago that that was a directive that I believe the Member for St. George, when he was Minister responsible for MPIC was to undertake, or whoever was Minister of that day. Whether it would be him or not — they probably removed him from that job because he didn't know what was going on, but that was a directive that had occurred under Premier Schreyer's administration to the Minister responsible. It was not forced upon MPIC as he would like to have the record show.

**MR. CHAIRMAN:** The Minister of Highways did not have a point of order. If he would like me to put his name on, I'll put his name on. The Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. The Minister can squirm and squeal all he likes, Mr. Chairman, the fact of the matter is, he is the Minister and he told us directly in this Committee that he is directly in charge of the negotiations and he has determined how the province should receive 2.6 million more of revenue from Autopac. He told us that at the last meeting, Mr. Chairman. That's what is very clear to myself and to the people of this province. So the attack has been from both sides, Mr. Chairman, there has been an internal attack and there's been an external attack by this Burns-Brown Report in terms of how to privatize a corporation.

What we will see, Mr. Chairman, and I believe the people of Manitoba, they will judge the Conservatives, not what they say, Mr. Chairman, but by their actions, and they, Mr. Chairman, will have their say probably sooner than many of us realize and they will present their verdict very well to the Conservatives.

**MR. CHAIRMAN:** The Member for River Heights.

**MR. GARY FILMON:** Mr. Chairman, I don't think that we ought to let the review of the corporation end on that very negative, sour note. It seems to me that the members opposite have not learned lessons very well. It seems that they, rather than want to strengthen the corporation, want to continue to weaken it by hiding it from scrutiny of the public. There is no question that the public has stated that it is in favour of universal coverage under Autopac for automobile insurance, and there's no question, Mr. Chairman, that the public also has indicated that they don't want cross subsidization. They don't want artificial propping up, they want the user to pay for what he's getting and that's the only way that they're going to be satisfied that the corporation is strong and doing a good job.

Instead the members opposite want to argue that we should reinstitute all of the things that cause some public concern about Autopac, some cloud to hang over it, because there was a suggestion there was cross subsidization by virtue of the gasoline tax; that they were getting some unfair advantage through the cost-sharing deal by the Motor Vehicles

Branch. They were suggesting that they were getting other kinds of advantages. And really what it boils down to is, that the only way to make the corporation strong is by removing these artificial subsidies, by removing the crutches that were propped under it by the previous administration for purely political reasons. Now that those are removed and the corporation can continue to operate strongly, it is on a better footing, but the members opposite want to again put it under the suspicion, the cloud, that was hanging over it before. The review has taken place. The government has made its decision based on the review and now Autopac can go forward without any suspicion, and if the members opposite want to continue arguing to put it back, they're going to just defeat their own purpose and weaken the corporation.

**MR. CHAIRMAN:** The Member for Roblin.

**MR.J. WALLY McKENZIE:** Mr. Chairman, I'm alarmed at the tunnel vision of the Member for St. George. He is supposed to be a knowledgeable person. He was the Minister of this corporation at one time, and I'm really alarmed, is he out to destroy the industry, or to make it function better, or to make sure that it's ready for public scrutiny at any time, on any occasion, and will meet the challenge of the insurance industry across this country and across North America, as he is a Minister and sat in the office there pulling strings.

We well understand it was a political insurance corporation that was functioning in this province, with him sitting in the chair and directing the strings. That was one reason why the industry was under public scrutiny. May I suggest to the honourable member of the committee, I was an insurance agent in this province, and I still am, for 48 years. For some reason Autopac — I was never allowed to be an agent. In fact I never even got my transition, and I've got no feedback. Autopac saw fit because of their own bias or whatever it was, or was it conflict of interest because I was a politician.

Another member of the Legislature got phased out the same as I did. Do you not think that I have a right to ask for public scrutiny of a corporation run by a Minister of a political party, and I'm sitting on the outside, not allowed even to this day to be an agent? Now there are people like myself, people that are concerned, my friend, and deserve to be concerned because of the way — I have no quarrel with Autopac. It's doing an excellent job, excellent management. They've met all the challenges that have come across and they're available now for any scrutiny from the public, that will come from any quarter because it's hopefully getting out of the political realm where it should never have been in the first place. It should be able to stand on its two feet without political judgement, hiding it in the back room. And if the honourable member is concerned that we bring in a study every three or four or five or ten years, what up, and check this corporation again in the public interest, then I suggest that he'd better take another look. If you are going to be in the business, let's be in it fair and square, everything above board and no politics. I am sure that MPIC doesn't want to have a political coat on their backs when they're sitting behind their desks. They want to

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be out in the open, meet the challenge of the industry all across this world. I think we are on the right track; they have the ability here, they have the plan, and they have the rates that will meet those challenges. I'm all for Autopac even though I'm not an agent today. I say here, they're doing a good job, and I wish them well.

**MR. CHAIRMAN:** The Member for St. George.

**MR. URUSKI:** Mr. Chairman, I'd like to ask the Member for Roblin, since he's indicated that he was an agent of insurance, he never was an agent, Mr. Chairman. He should read the legislation. I would want him to at least indicate whether he filled or was able to qualify under the criteria to become an autopac agent, because if he understands or has read the legislation at all he would have been protected by law. I believe if he sold 25 percent or more of his entire business in the insurance field was automobile insurance, he would have automatically qualified for a licence, regardless of what the politicians in the government of the day would have said about it, because he was protected by law. I think he wants to throw a red herring into the issue, and that is what he is famous for.

Mr. Chairman, I want to comment on the statements of the Member for River Heights, because he indicated that the public has been in favour of public insurance and that's how this study has borne out. Mr. Chairman, the study did not — (Interjection) — Well, Mr. Chairman, who bore it out then, where did it come out? Mr. Chairman, this decision of the government was only sustained, was only kept up on the basis of what? The one public opinion poll, because had that public opinion poll not been done, I venture to say that this report would have been implemented. Because the commission chairman, Mr. Burns, came out publicly and said, even though Manitobans like what they've got, they don't know how poorly it's operated. He came on television — and how poorly it's operated was supposed to be documented in this report, Mr. Chairman.

The Member for River Heights has said, now we want to scrutinize this corporation. We want to operate this corporation with no propping up. Mr. Chairman, who has alleged that this corporation was propped up, other than the members of the Conservative Party? — (Interjection) — no, the members of the Conservative Party. Mr. Chairman, who indicated that the gasoline tax was unfair? And, Mr. Chairman, who did anything about it, now that we've removed the crutches? The crutches were not removed since this report, Mr. Chairman. The Conservatives removed the so-called crutch which he alluded to the gasoline tax, was removed long before this report was commissioned, Mr. Chairman, because of ideological differences, not for any other reason, before the report was even started. — (Interjection) — Well, Mr. Chairman, the member didn't refer to the report. Then he agrees with me that the report was really a red herring. The report was really, in terms of doing anything constructive, was nothing but detrimental to the corporation. Now he at least admits that the report was detrimental to the operations of the corporation.

Mr. Chairman, half of the recommendations — six recommendations of ongoing projects that the corporation had going back many years were accepted, nothing else, Mr. Chairman. Nothing else was accepted, Mr. Chairman. —(Interjection)— The Member for Minnedosa says, get up to date. I believe that members on the government side have not read this report. If they have read this report they certainly couldn't have comprehended it. The Member for Roblin certainly didn't read this report, Mr. Chairman, and it appears that they . . .

**MR. MCKENZIE:** The Honourable Member says I didn't read that report. I'll ask him to withdraw that remark.

**MR. CHAIRMAN:** It's a point well taken. The Member for St. George.

**MR. URUSKI:** Mr. Chairman, in view of the statements today made by the Member for Roblin, it appears that he doesn't know the legislation in effect, and I believe in my own mind that he has not read the report, in view of the statements that he has made to this committee. And certainly, Mr. Chairman, the Conservatives, while they now want to put themselves as lily white saviours of public insurance of Manitoba, they have an albatross around their neck that they don't know how to deal with.

**MR. CHAIRMAN:** The Minister of Highways.

**MR. ORCHARD:** Thank you, Mr. Chairman. There seems to be a lot of discussion, as there has been over the past three days in this meeting, about the Burns Report and its motives, and in the net results of that report. I think what the Member for St. George doesn't want to recognize is that when you have a monopoly situation, which Autopac does enjoy in the insurance field in Manitoba, that regardless of what your political stripe is, whether you are a member of a Conservative administration or a member of a Socialist administration, that because of the monopoly position, and because there are questions being asked, legitimate questions being asked of the Corporation, I think it is a matter of just good government that upon occasion a study be undertaken to assure that some of the concerns and questions regarding the monopoly position — now this can apply not only to MPIC. It can apply to MTS. It can apply to Manitoba Hydro. It can apply to any Crown corporation, which has a monopoly position. — that periodically those corporations should be reviewed with an objective mind to find out, in fact, if they are functioning properly, to find out if there are means for change that can be implemented to better the service offered by that corporation. That is what has happened in the Burns Report, and as a result of the Burns Reports a number of important changes have been made. Increase in benefits and several others to name a few.

Incidentally, Mr. Chairman, those are changes that were recommended by the previous administration, but for some unforeseen reason they failed to implement them.

If the members opposite are so deathly afraid of a review of a public Crown corporation or of a Crown

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corporation to determine whether in fact allegations made by the general public, made by people users, etc., etc., to determine whether those allegations are in fact true or false, then, Mr. Chairman, I am afraid that they are hiding in fear that their creation may not be operating as well as they would like it to perceive to be operating. That is wrong, Mr. Chairman. If they were in power, they should have undertaken a review of MPIC to assure themselves, in the interests of good government, that MPIC was functioning efficiently, effectively, and for the betterment of the user public, but, Mr. Chairman, they would not have done that, because they do not want to find out those answers right or wrong.

I think the classic example of this has to be a comparison between MPIC, Manitoba, and Saskatchewan Government Insurance in Saskatchewan. I think right that now a Burns type report would be very beneficial to the Saskatchewan Government to determine whether in fact there government monopoly insurance, auto insurance company, is operating as efficiently, let's say, as ours is. I think that if they made some comparisons as to staff numbers for the number of people, etc., etc., they might find out that the Saskatchewan Government should indeed commission a study into their own government insurance organization. What for? Not to satisfy any political ideology, Mr. Chairman, but I maintain to assure that the public, who is paying the entire costs of MPIC, is receiving value for their dollar, and if that is not a legitimate aim of any responsible government elected by the people, then, Mr. Chairman, I don't know what governments are to be here for. Failing to undertake those kinds of studies to assure that the public, the user-paying public, is receiving the best value for their dollar, that should be a prime objective of any government of any political stripe.

I am saddened to hear that members in the NDP opposition do not believe that that is a proper undertaking for government and would thereby fail in future years, God forbid that they become government, to ever undertake a study of any corporation that is under their purview and their control for fear that they might find some inefficiencies that they would have to correct. That is a total failure on the part of their party, and it is not a failure that we on this side of the House subscribe to, because we believe that if a corporation is doing its proper job it can stand up to any kind of a review by anybody.

**MR. CHAIRMAN:** The Member for St. George.

**MR. URUSKI:** Mr. Chairman, I just have one statement or recommendation to make to the Minister of Highways, the Member for Roblin, the Member for River Heights. Please read your report. In view of the statement that you have made this morning and the recommendations contained in this Report, read it.

**MR. CHAIRMAN:** The Minister in charge of MPIC.

**MR. ENNS:** Mr. Chairman, without adding to the good debate that we have had on the subject matter of the Manitoba Public Insurance Corporation, allow me to express my thanks to all members of the

Committee in their participation in this debate. I believe it is informative and useful to senior management of any Crown corporation to go through these annual reviews. It does give them a understanding in their daily tasks as to the kind of form that we operate under.

Let me also indicate to the Honourable Member for St. George that the policy of this government will continue to be set by the 33 caucus and Cabinet members that comprise of the government. This government will, in its normal course of activities, from time to time seek outside assistance or comment on the various functions of government. That has always been the case, it has been the case with this government and with other administrations. We will continue to do so, but let me make it very clear, the policies that this government will pursue and follow are established not by review commissions, but by the 33 members that comprise of this government. I am satisfied, Mr. Chairman, that those policies will stand the test whenever that comes, and I, like the Minister for St. George, look forward to it.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** The 1979 Annual Report of the Manitoba Public Insurance Corporation—pass. Committee rise.