



Legislative Assembly of Manitoba

STANDING COMMITTEE

ON

PUBLIC UTILITIES AND NATURAL RESOURCES

Chairman

**Mr. Warren Steen
Constituency of Crescentwood**



Wednesday, April 11, 1979 10:00 A.M.

**Hearing Of The Standing Committee
On
Public Utilities**

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Time: 10:00 a.m.

THE MANITOBA PUBLIC INSURANCE CORPORATION ACT

CHAIRMAN: Mr. Warren Steen.

THE MANITOBA PUBLIC INSURANCE CORPORATION ACT

R. CHAIRMAN: Mr. Pawley.

R. HOWARD PAWLEY: I would like to, for just a few moments, explore with Mr. Dutton the rates and structure. It's my understanding that the rating of various motor vehicles, varies according to the value of that particular car. Is that correct?

R. J. O. DUTTON: Yes, Mr. Chairman, that's partially true, not entirely correct on the straight values. It has a bearing on the rate of course, the value.

R. PAWLEY: I think Mr. Dutton was proceeding to elaborate on this.

R. DUTTON: Well, I think one of the problems we have in rating. You're talking about the damage to the automobile itself. That's what we're talking about, the damage to the automobile as opposed

R. PAWLEY: I'm referring to rating for premium purposes.

R. DUTTON: Yes, premium purposes for damage . . . that portion of the premium attributed

R. PAWLEY: That's correct.

R. DUTTON: . . . for the damage to the . . . All right. When it comes to values, there's two problems here. If we were to simply take the value of a vehicle and say, so many dollars ought to be charged in replacing that vehicle if it's a total loss is one thing, and that would be a very simple matter. But what is in fact happening is that there are about 4 percent of the vehicles are either a total loss. The remainders have to be repaired. And the charge out rate from body shops per hour, is the same whether that car is four-five years old, whether it is a very expensive model vehicle. The parts may vary to some degree, but the number of hours worked on an older vehicle, may be more than on the newer vehicle because of the condition that the vehicle is in — putting parts on it. So it's not just as cut and dried as it may at first appear, that if a car gets older it perhaps ought to have a lower rate, or a more expensive car. Now, I know there is an inequity in our system and that we haven't got the truly expensive cars lined up properly, and that one of the reasons for that is because it, and has been from square one, the highly automated system that we have. For instance, we know, I believe there were two Rolls-Royce if I'm right, I think there were two, and they're worth around \$80,000 or thereabouts. We did not build anything into the system to take care of two vehicles out of some 500,000. Maybe what we ought to do is opt line a portion of it and to make charges in that fashion, which would simply mean in those cases, of course, that they have to be handled manually and make sure that everyone got their renewal notice,

R. PAWLEY: Mr. Dutton, if I could just pursue that further. You mention two Rolls-Royce. I gather that the same inequity exists insofar as other, newer, higher-priced cars, such as Buicks, Cadillacs,

etc.

MR. DUTTON: There is an inequity in the system, yes, Mr. Chairman, there's still an inequity the system. We still get the number of categories as we had from the beginning. This has been subject to review, but we had hoped to make some changes a year ago, but about that time, think it's around a year ago, about that time they were coming out with the smaller model vehicle. Apparently, a Cadillac is not the same huge vehicle that it once was, nor is some of the more expensive cars like the 98s and so on. We have not had a complete review made and I'm sure you're quite aware that it takes a tremendous amount of lead time to make change in a computer system to make sure that there's no bugs in it and we don't foul the whole thing up.

MR. PAWLEY: Well, if I could just further elaborate on that. What really you're saying, Mr. Dutton, if I'm interpreting your remarks correctly, that, in practice, we have a situation now where Buick Cadillacs, higher priced cars, that when there is a rate increase, that rate increase is zero, is zero compared to a rate increase for a smaller, less valued car where the rate increase will reflect the 5.5 percent or whatever is the increase during the year, the general rate increase.

MR. DUTTON: Well, the rate increase of course was 5.5 percent for all vehicles, but the point you're making that in dollars probably it should have been far greater in the more expensive vehicle and if that's what you are inferring, Sir, I would agree with you.

MR. PAWLEY: Am I correct then in concluding that the rate increase on a Buick dollar-wise exactly the same rate increase as for a Chev or a Ford, dollar-wise?

MR. DUTTON: If they're at the top group, Group 9, yes that would be the case.

MR. PAWLEY: Now, what's concerning me, Mr. Dutton, is you indicate that a certain amount of lead time is required, how much lead time do you suggest is required in order to eliminate the inequity from within the system?

MR. DUTTON: Well, I think the lead time requires a change in the system, pretty well, and that is what we have been hesitating to do. I'm sure you'll recall, Sir, that we had tremendous problems initially to develop a computerized system for Autopac, and it took a few years to overcome that problem. The system is running very smoothly at the time, but this inequity does exist and I think the change that would be required would take about six months, would be my thought on the subject. Six months to a year. Mr. Hillier is in charge of that department so I asked him.

MR. PAWLEY: Well, you know I certainly don't wish to appear to be carping towards you Mr. Dutton or to your staff. I have the fullest respect for the competency exhibited by you and by your staff but let me just put it this way to you. Can we be assured, or do I have to re-direct this question to the minister, that the inequities which presently exist by which Buicks, Cadillacs, Mercedes-Benz receive proportionately small increases in rates will be resolved so there's an equitable increase in rates insofar as those vehicles are concerned in relationship to the average man's car. I'm referring to the Chev, the Ford, the Volks, just the simple average car that exist in Manitoba. Will these inequities, since a 6 month period is required, will they be resolved for next year's billings?

MR. DUTTON: If I may answer that, it really is an administrative problem that's why I am suggesting that it is the problem that we must come to grips with, and I assure you it will be done. Of course it means an increase in rates for those people with their heavier cars and the larger, more expensive vehicles. But as you point out, there is an inequity at the present time and I agree, I certainly agree it ought to be done, and we will get the administrative problems corrected.

MR. PAWLEY: So that I can then gather from your remarks that it will be corrected for the 1981 billing?

MR. DUTTON: I will make a pledge that it will be corrected for the next renewal, yes.

MR. PAWLEY: Now, if I could further pursue the question of billings' the rate increase this year was 5 percent?

MR. DUTTON: 5.5 percent.

R. PAWLEY: 5.5 percent. Could I ask, insofar as the rates set for the new cars, if I could just take an average model, a 4-door Chev., the average model and compare the rate increase insofar as that vehicle is concerned with the rate for that same model of Chev., 1978, could Mr. Dutton indicate whether the increase would be as well, in that case, only a 5.5 percent increase?

R. DUTTON: A vehicle of that type would have gone up one step, the newer type of vehicle, as the 5.5. One of the problems, if I may point out, again, I make it quite clear that it's an administrative problem. No one is directing us to run it this way. And the problem is that the computer system was set up the same as it was when you were Chairman, and it hasn't changed at all, and we have come to the end of the steps that we can go. We have to increase the number of ranges and this would not make any difference, I assure you, to a person with a standard Chevrolet as what his rate increase would be. When the steps are changed, and we do this for next year, means that the people with the more expensive cars are going to have a fairly substantial jump in their premiums that will be charged. And the reason it hasn't been done is because the system that we have, the computerized system, cannot accommodate it at this time.

R. PAWLEY: Yes, Mr. Dutton, I am aware of the fact that the computer system was set up this way — Autopac was established in 1971, 1972 and 1973 — but it was foreseen, I believe, even then, that eventually these inequities would occur and that preventive steps would have to be undertaken at some point to avoid the inequities. So if I express a disappointment it's only to the effect that the preventative steps have not taken place in order to avoid this point that we have reached today where we are inequitably billing. And I believe that situation really has accelerated over the years and has particularly been quite noticeable last year and this year insofar as the inequity is concerned, there was an inequity that was beginning to creep in for some time. Is that correct?

R. DUTTON: I agree. It has been inequitable, really, from square one, that there has been a certain amount of it, but I agree that the gap has increased since we've run to the top of the number codes that we have. As I say, I agree with you, it is inequitable and I agree it ought to be changed and I have just made a pledge to you that we'll make the changes for next renewal.

R. PAWLEY: Now the reason inequity is much greater now than ever before is that you've reached the top — what is it, the 8th rating? — and you've nowhere else to go.

R. DUTTON: There's not . . . well on number 9, yes, 0 to 9, 0 to 9 and we've reached the top 9. Now we've got to change this, make changes in the system.

R. PAWLEY: But certain cars, certain models have reached number 9 and they've been there for the past 2 years and they have nowhere to go, there isn't a number 10 so basically that's the problem. So when you answered me earlier, Mr. Dutton, to the effect that there were vehicles in that which had reached, new models moving up automatically into a higher level, that's only the case if it's an averaged price vehicle. If it's a more expensive than vehicle, that vehicle will have already reached number 9 and has nowhere to go; is that not correct?

R. DUTTON: I agree with that.

R. PAWLEY: So that we have insofar as that is concerned even further inequity insofar as new models arriving on the scene, is that correct?

R. DUTTON: Yes, the inequity exists with the new models arriving on the scene if they are in top number 9.

R. PAWLEY: So again, in answer to the earlier question which you indicated that this would be dealt with prior to next year, this problem would be resolved too insofar as the issuing of the new rates involving brand new models is that correct?

R. DUTTON: It has to be resolved.

R. PAWLEY: So that you are . . .

R. DUTTON: I will issue instructions that they come up with the answers for it. Of course I realize that I'm asking my assistants, people to make a change without my consulting with them as to

what their problem work load is right now, but they'll be instructed to give it top priority and come up with answers for me.

MR. PAWLEY: Well, I would imagine that no one is wishing to weight certain vehicles with a disproportionate premium, but it would be a fact that unless this is done, there are many vehicles that would be paying a higher premium than they ought to pay due to the fact there are certain other higher priced vehicles that are not paying their proper dollar increase.

MR. DUTTON: One could argue that but I would suggest that if you compare the rates of those vehicles for what is being paid in other provinces, you'll find that they're not being charged an excessive premium.

MR. PAWLEY: Well, Mr. Dutton, when you referred earlier to one of two cars, which is the extreme situation of it, I think you'd have to agree with me that there are hundreds of cars that are involved in this inequity right now, Buicks, Cadillacs, Mercedes-Benz, Rolls Royces, but you referred to two Rolls Royces, \$80,000 value, you would agree with me that the premium that's being paid there certainly is not sufficient in order to properly repair a Rolls Royce that might be a total or complete write-off as a result of an accident at the present time.

MR. DUTTON: I agree absolutely on that point.

MR. PAWLEY: That's all the questions I have.

MR. CHAIRMAN: The Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman. I'd like to ask the Chairman what steps, what progress has been made with respect to implementing a comprehensive driver education system in our high schools, along the lines of possibly offering the driver education course as an optional credit high schools through the Department of Education and the Motor Vehicle Branch? Is the corporation putting any funds into driver education in this province?

MR. DUTTON: The corporation is quite prepared to put funds into driver education and I'm sure you're aware we do at the present time put in a certain amount of money in driver education goes to the Safety Council. However, dealing with high school driver education, we have been prepared for some years to spend what I would consider to be a substantial sum of money to assist in driver education in the high schools.

I am sure you will understand, though, that we have no control over what the Department of Education wants to see taught in the high schools. We can only say that certain sums of money will be made available, should you deem it wise to take this type of training in high school. As soon as it comes to other departments of government, like Mr. Dygala's department, you will have to ask him just what plans they have, but we're quite prepared to subsidize any plans for driver education that they can come up with.

MR. URUSKI: Yes, Mr. Chairman, I would like to ask the Minister, there were discussions and would just like to bring him up to date, between MPIC, the Department of Education and the Motor Vehicles Branch, the Branch that supplied the instructors to the schools, there were some problems that had to be worked out with respect to the numbers of cars and the numbers of instructors that had to be supplied. That's going back several years.

It just seems that although everyone agrees that the idea is a good one, that it should be put into practice, that one course, the one course that teaches our youth and our future drivers to improve their abilities and their skills and the area where many of our younger drivers lose their lives or become injured, we just take a kind of a nonchalant attitude in terms of providing them with the necessary skills in terms of preparing them for future years on the highway. We teach them everything else, but yet more than, I would say, almost 100 percent of our youth are involved on the highway and are going to require driving skills for the rest of their lives, and yet we, as a society, are not prepared to put some comprehensive program to teach them that life-skill, when if we look at the Statistics of deaths and injuries on our highway, is just ever increasing in terms of dollar amounts and the loss of lives.

I would implore the Minister and ask him whether he would convene a Committee of the Ministers of Education and the Minister of Highways, and himself, and rekindle that process, the corporation is prepared to put funds into driver education. We know that probably at today's costs we're looking at probably somewhere in the neighbourhood of \$1.5 million, maybe \$2 million would be required.

Public Utilities
Wednesday, April 11, 1979

annually to put it into motion. But at least I would ask him whether he would pull some figures together and be prepared to report to the Legislature, say in two or three months, as to where his program, whether the government gives this program any priorities, whether they are prepared to look at it, and whether they are prepared to move on it. We did start something and unfortunately have to say that my colleagues and even myself probably dragged their heels on it somewhat. We started the ball rolling and it dropped.

I am asking the present Minister whether he would be prepared to take up the cause and move it. The corporation, the Chairman has indicated, they are prepared to put more funds in. Can we take up his offer and see what we can do from here?

MR. CHAIRMAN: Mr. McGill, the Honourable Minister.

ION. EDWARD MCGILL, Minister reporting for the Manitoba Public Insurance Corporation: Mr. Chairman, to the Member for St. George, he asked, among other things, if I would be prepared to rekindle the interest. I would assure him that rekindling is not necessary, that there is a very active interest on the part of this government and of MPIC and of the Driver Licensing Agency to achieve a plan that will make driver education courses more attractive to the students in our schools, so that the interest which he has continues and I would think perhaps is gaining some intensity. There have been two or three suggested programs presented — two, I think — to government and we're looking at those with a great deal of interest. We very much want to find the best plan to attract more and more students into a course of driver education, and that matter being examined very carefully.

Mr. Dygala has mentioned and has made certain suggestions and these have been referred to and some consultation has been held with MPIC, who are familiar with incentive plans in other jurisdictions.

So, Mr. Chairman, to assure the member, this is a very active consideration on the part of the government. We are looking for what we could develop as the best way of attracting more students to a course of driver education.

It seems, Mr. Chairman, that there is a tendency, perhaps, for some students to feel that taking such a course is a recognition that they really don't know a lot about driving cars and many young people, of course, have a great deal of confidence and feel that perhaps they don't need any such additional instruction. But we feel there are way, perhaps, by some incentive reductions in the cost of licences, or in other ways, to attract more people into taking these courses. Certainly I am advised that the statistics indicate that those who do take driver education have a better accident record than those who have not taken those courses. Now, I am not able to quote any specific figures in that direction but I think it's generally held by both the Licensing Bureau and MPIC that there indeed an advantage to be achieved by promoting and encouraging more students in Manitoba and more people in Manitoba to take driver education.

MR. CHAIRMAN: The Member for St. Vital.

MR. D. JAMES WALDING: Mr. Chairman, on a point of order. Mr. Chairman, I bring to your attention that there appears not to be a quorum in this Committee.

MR. CHAIRMAN: To the Member for St. Vital, we have usually followed the rule that we carry on with the business of the Committee providing there was a quorum when we started. If a member raises the question as you have, and wishes that the Committee be disbanded until we can find a quorum, then we will have to follow those instructions.

MR. WALDING: I believe the rules require members to bring to the attention of the Speaker or Committee Chairman when there is not a quorum, and I observe three members of the Committee present.

MR. CHAIRMAN: And is it your wish that we don't carry on with a smaller than regular committee?

MR. WALDING: Well, Mr. Chairman, you are the Chairman of this, and as such, are supposed to uphold the rules. The rules require that there be six members . . .

MR. CHAIRMAN: Yes, yes to the Member for St. Vital, and we will stop the proceedings until we have a quorum. —(Interjection)— We need six.

A MEMBER: You see, Billie and I are not on the Committee.

MR. CHAIRMAN: And Mr. McGill is a member of the Committee.

MR. EDWARD MCGILL: Yes. I replaced Mr. Ransom.

MR. CHAIRMAN: Back to Public Utilities Committee and the Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman, I appreciate the comments from the Minister, Mr. Chairman, but while he indicates that there's very active interest and support, he neglected to mention the key element in this area, and that is the Department of Education, whether their position has somewhat moved and become less rigid, I recall, from about three years ago, in terms of the position of the Teachers' Society, in the teaching of these courses, and what is the position of the Department of Education or is the Minister and the government intending to go some other route. If they are I'd like to hear some of his comments.

MR. CHAIRMAN: The Honourable Minister.

MR. MCGILL: Mr. Chairman, the government is examining some recommendations and some comments that have been made on a proposal by the Licensing Board, and when some consensus is achieved on what may be the best program to encourage participation in this, certainly we will invite the comments and the concurrence of the Department of Education because, of course, as you point out, this is an area in which it's most important to have complete support. But, at the stage we are examining what has been proposed to us and consulting with MPIC, examining what is being done in other jurisdictions and when we have a plan which, we feel, achieves and provides the best opportunity for greater participation in this, certainly the concurrence and the support of the Department of Education will be a necessary part.

MR. URUSKI: Could the minister indicate what kind of a time-frame is he working on in this area. Is he talking a year, six months, what is he really talking about, that he's examining and discussing because in our discussions of last meeting on this, he has been quite vague in his answers to me about certain specifics? Could the minister indicate what time-frame he is looking at in terms of having some program put together that there will be some move ahead?

MR. MCGILL: No, Mr. Chairman, I could not be specific in terms of a time-frame. This matter and others will be matters of review in respect to the general operations of MPIC, and would proceed along concurrently with that review.

MR. URUSKI: Am I given to understand that the Driver Education System is also part of the overall review of MPIC operations?

MR. MCGILL: Well, Mr. Chairman, since these matters are coming under act of consideration at the same time as it is contemplated to provide for a general review, we feel that these matters are related and should be done concurrently.

MR. URUSKI: Well, is the minister also indicating that since these matters overlap into the Motor Vehicle Branch and the Department of Education, whether those departments will be part of the review process? Will they be involved in the review?

MR. MCGILL: Well, Mr. Chairman, in respect to this particular phase of the general review, the comments of the Motor Vehicle Branch and of the Department of Education would certainly be an appropriate part of that review.

MR. URUSKI: Yes, Mr. Chairman. I'd like to ask the Chairman of the Board as to . . . We have heard statements by the Premier of this Province indicating that he favours the no-fault system of the Quebec plan. First of all, has the government given your corporation and your board the reasons for not proceeding with the increase in no-fault benefits in the fall of 1977?

MR. CHAIRMAN: Mr. Dutton, are you in a position to answer that?

MR. DUTTON: No, I never at any time discussed that situation. As you're aware the increase in no-fault benefits were passed by the board prior to the provincial election and were submitted

believe, by the then-Minister to the Cabinet. I assume that's the case but I haven't followed it p since then.

IR. URUSKI: Could you indicate, since there's been some suggestion that a Quebec style of public insurance would be favourable to some in this government, could you indicate how the Quebec plan would effect the Manitoba system, if it was put into place here onto your system now? How would it effect your program?

IR. DUTTON: One has to establish just what is meant by the Quebec plan. If you're talking about the entire system as an operation in Quebec as opposed to something incorporated in the plan put through with the Regie with the abolition of the tort and so on and we have two separate questions. I'm of the opinion that we ought to be looking at increase in no-fault payments and benefits and that perhaps the Quebec government had come up with a good idea, in the abolition of Tort, insofar as injuries to people are concerned. Just how this would apply in Manitoba remains to be seen, or if you can apply it. And having said that, believing that that part of it is a good idea, I think that if we increased of course the operations of Autopac to incorporate the no-fault benefits in place of what you might call a partial no-fault system that we have which pays certain benefits under Part 2 of the Act for no-fault and allows people to go to court for any increase in limits. The reason I make this statement, I'm of the view that the courts seem to lean over backwards to make awards to an injured person. This seems to be a society that's saying that people ought to be compensated if they're injured in automobile accidents, and if that is indeed the case, then why take up the time of the courts to make sure that they are compensated.

R. URUSKI: I fully subscribe to that belief but I want to go a bit further because it's been suggested that there be implemented into the Manitoba system a freedom of choice in terms of purchasing automobile physical damage collision coverage from the private sector. What impact would that have on the Manitoba system in terms of revenues and the like?

R. DUTTON: Mr. Chairman, I don't think I should speculate on that type of thing what may be in the minds of elected officials. I'd think that is not my position at all. I don't know what is planned, I have not been told that this would necessarily be the case and I would imagine that when the study goes on we would have ample time to be able to look at that and find out just how it would affect the corporation. I wouldn't want to answer it right now because the matter told us or told me that what you're suggesting is going to come about.

R. URUSKI: Mr. Chairman, no one has said anything other than vague comments in the Press, could you tell me if you were to give up your collision portion of your insurance portfolio, what change in revenue would that have on your corporation? How much revenue would have to be lifted?

R. DUTTON: If you're changing the question around to ask me how much revenue we attribute injury to an individual and to collision, I could probably give you an answer to that.

R. URUSKI: That's what I'm asking.

R. DUTTON: Well, I would think that about 60 to 65 percent is attributable to repairing the damaged vehicle.

R. URUSKI: So that means about two-thirds of your entire revenue would be collision coverage?

R. DUTTON: Two-thirds; roughly, roughly. Yes. Again, without getting right down to details of it at it is and maybe that percentage will change when I get the Cadillacs to change the rates.

R. URUSKI: That will likely increase then, Mr. Chairman, if the rates come into being. If that's the case, can you indicate what role you see Autopac playing in terms of the no-fault injuries portion of the insurance portfolio?

R. DUTTON: Well, we have now 100 percent of the whole role is ours, and when it comes to rease to an individual here, with the exception of — that's not quite true, I maybe should change that a bit — under the present system we have Part 2 payments, as you know; the no-fault payments

Public Utilities
Wednesday, April 11, 1979

on which a premium is paid only to Autopac and no one else, and that we get protection up to \$50,000 third party coverage, only to Autopac, to no one else. But in excess of that, it can be purchased from any other source and I sometimes wonder whether the committee is aware or anyone really realizes that Autopac has not got strictly a stranglehold on everything; that everything is mandatory and must come to us and therefore we just have to show up in the morning and we get all the premiums. That's not true. There is some \$35 million in premiums out of our riding that is in competition with the private sector. What the change would be would, I would suggest, if we adopt the Quebec plan, then we would get 100 percent of the premiums relative to injuries to the individual.

MR. CHAIRMAN: Before the Member for St. George continues on, I might mention that we are again under the requirement of six members of the committee. —(Interjection)— Well, is it all right with the members of the committee that we carry on or do they want me to adhere to the rule?

MR. GREEN: Well, our rule was, Mr. Chairman, that we have a choice. When there is no quorum we can't proceed.

A MEMBER: It never happened before.

MR. GREEN: If you hadn't noticed it, I wouldn't say anything.

MR. CHAIRMAN: We're back to six now.

MR. GREEN: Well, when you notice it, you can't carry on and that's it.

MR. CHAIRMAN: Okay. We have a quorum again. The Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman. I'd like to ask whether or not the corporation still continues its investigation branch in investigating frauds against the corporation?

MR. DUTTON: Mr. Chairman, the answer is in the affirmative.

MR. URUSKI: Could the Chairman indicate whether there has been an increase in fraud over the last year or so against the corporation and what types of claims the fraud claims are being perpetrated against the corporation? Is there any innovative things happening in the insurance field in fraud matters?

MR. DUTTON: Mr. Chairman, I don't think there is an increase in the number of fraud claims and some of the type of claims I do not necessarily start out with the intention of defrauding the corporation. One of the things that does occur is that a person has an accident, usually a single car accident, hits a post, maybe clips a parked car and suddenly realizes that he's perhaps over .08, in his own mind and particularly if a person has had a few drinks, maybe thinks a little different than he would when he is completely sober, decides he'd better get away from the scene of the accident, if he is going to be picked up for .08 and so they leave and then they try to figure out a way around this and then they say: "I'm going back to my apartment or my house, or whatever and I'll phone the police and tell them the car was stolen". If he does, the police will recover the car some hours later and phone the fellow up and say we've recovered your car in a damaged condition.

These are always a highly suspicious type of claims when they come in and the special investigation people make quite a detailed study. They will go so far as to check the type of damage to the car or if it has hit a post, if there's any wood chips. They take the statement to the type of claim this fellow says, when it was stolen; they'll find out just where he was, who was with him, many other questions. And as a result in many instances the person realizes it was a very foolish move on their part to make a report such as that and they're charged with fraud or public mischief, or whatever. But initially, I don't think they intended to start that, a lot of people, they just get themselves in that type of corner without realizing it. I think a lot of people are realizing now that they can't get away with that. The special investigators, as you know, there are six of them. They are ex-policemen, all of them, and they are trained in this form of investigation.

MR. URUSKI: Could the Chairman indicate what numbers of attempts and investigations go

Public Utilities
Wednesday, April 11, 1979

on an annual basis of attempted frauds? You know, you have reported somewhere around 200,000 claims a year. Of what number of those claims would be investigated?

MR. DUTTON: Yes, I will get all the detailed information because that data has just crossed my desk. There are, as you know, in excess of maybe 225,000 claims and the number that is investigated is very small indeed, but I will get you the correct number and let you have the number of cases where the police lay charges of fraud, or whatever.

MR. URUSKI: Mr. Chairman, has the corporation changed its auditors for the following year, to audit their books? Or is that a better question for the Minister to answer?

MR. DUTTON: Yes, I think it might be because there has been a change in our Act.

MR. CHAIRMAN: The Minister, Mr. McGill.

MR. MCGILL: Well, Mr. Chairman, I believe that there has been no change up to this point in the assignment of auditors for MPIC. The legislation, as Mr. Dutton points out, may have to be examined in that respect but at the moment the situation remains as formerly. That's my understanding now.

MR. URUSKI: Could the Minister indicate whether the legislation would have to be changed before any change in the auditing system be undertaken of who the auditors might be? Is that the impression that he has?

MR. MCGILL: Mr. Chairman, I'd have to research the Act but perhaps the Minister of Finance, who is here, might comment on that.

MR. CHAIRMAN: The Minister of Finance.

MR. DONALD W. CRAIK (Riel): Mr. Chairman, MPIC, like a number of the other cases where external auditors have been. . . it has been indicated that they will be brought in, a number of them, including MPIC, are done officially by the Provincial Auditor and if they were to be done by Order-in-Council the Act would require changing. It was indicated in the announcement of the number of auditors that would be brought in, external auditors, that MPIC would be included, but the final assignment has not been made at this point.

MR. URUSKI: Mr. Chairman, I'd like to ask the Minister, now that they have possibly made a . . .

MR. CHAIRMAN: To which Minister? Would the Member for St. George . . . ?

MR. URUSKI: The Minister responsible. I can't question, I don't think, the Minister of Finance. The Minister responsible for MPIC, whether the announcement was an illegal announcement, in terms of, as the Minister of Finance pointed out, the assignment of auditors. How was the assignment of auditors arrived at?

MR. MCGILL: Well, Mr. Chairman, I think any announcements with respect to the general policy of the appointment of external audit operations has been made by the Minister of Finance. I wouldn't care to comment on that question immediately unless the Minister himself has some further observation to make on that.

MR. URUSKI: Mr. Chairman, I would like to ask the Minister responsible, does he know what the impact will be, financially or otherwise, on the corporation in the shift of auditors that has been announced by the government? Was there any study done in terms of the cost involved? How were they arrived at as to who will do the auditing, what expertise they have? I mean, there has been an assignment. The Minister of Finance tells us that. You are the Minister responsible for that corporation. Have you just gone ahead and blandly accepted what your colleague says, we're signing this firm, without questioning what the cost will be, what the expertise in that firm is in terms of auditing? What criteria did you use in accepting the firm that you got, or which firm is the firm that will be auditing MPIC?

MR. MCGILL: Well, Mr. Chairman, the Member for St. George knows, through his experience, that

these general policy decisions in respect to the appointment of outside auditing firms is a policy of government and applies to all such outside appointments and, as such, is part of the policy which we support.

MR. URUSKI: Well, Mr. Chairman, I am pleased that the Minister responsible supports the public announcement that was made illegally by the Minister of Finance, because the Act is very specific in the Manitoba Public Insurance Corporation Act, Section 11, subsection (3), which indicates that the books and the accounts of the corporation shall be examined, checked and audited from time to time, and at least annually, by the Provincial Auditor, and the cost of the audit shall be paid by the corporation. Is the Minister now indicating that the announcement that was made by the government was legal and, notwithstanding the legislation, they are proceeding with it?

MR. MCGILL: Well, Mr. Chairman, of course there is nothing illegal about the statement, the announcement by the government that certain changes will be made, and the technical requirements with respect to amendments of course would necessarily follow?

MR. URUSKI: Mr. Chairman, in the announcement, if I recall the announcement, there were specific announcements made as to which Crown agencies would be audited by private firms. There was no statement in the announcement made by the Minister of Finance that any changes in legislation would be made or would be brought forward to make that coincidental with the announcement. We don't know whether the changes will be accepted by the Legislature, that the Minister of Finance has indicated that. Has the Provincial Auditor indicated. . . has he talked to the firms whether they have the expertise necessary to complete these audits? What criteria have you used? Have you gotten advice from MPIC as to whether the firm that's been selected, and could he tell us which firm has been selected to audit the books of the corporation?

MR. CHAIRMAN: The Minister of Finance.

MR. CRAIK: Mr. Chairman, the legislation the member reads is correct, of course, and the same is true of a number of the other cases where the assignment was made by Order-in-Council that was recognized. There are two areas of the total of 13 that are made by the shareholder and I think the remaining six are similar to MPIC, where the Provincial Auditor is assigned the responsibility of the audit, but the Provincial Auditor, in turn, has the right to engage others and, in this particular case, we worked in concert with him in the allocation of the assignment of the audits, and that's what has been done in this case, but by virtue of the fact that MPIC has a year-end that is not in fall, October 31, there hasn't been any haste and the announcement that was made was subject to approval of the fee structure from the audit company, and all of these things have not yet been completed.

MR. URUSKI: Well, Mr. Chairman, I'd like to find out who is going to approve the fee structure of the audit for the Corporation and I would like to ask the Minister, has this firm been in touch with him or the Corporation, this firm that has been selected?

MR. CRAIK: I'll have to answer the first part of that again. The indication was given at the time of the assignment of external audits that all of them would be subject to approval of the Treasury Board.

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

MR. URUSKI: Can the Minister of Finance indicate what criteria the Treasury Board is in use for approving or disapproving the Estimates or the costs to be submitted in terms of determining the costs of auditing for the Crown agencies.

MR. CRAIK: A number of criteria, Mr. Chairman, and in this particular case with Autopac there is a record that the provincial auditor has of his costs of operation or his direct costs, at least, and that is used to some extent. The auditors in question in all cases have had discussions with the provincial auditor to discuss whether there are any changes or whether there is anything unusual or different that has to be done in the audit and the Treasury Board takes into account in all cases the recommendations of the provincial auditor with regard to the final fee as well. But I repeat that in this particular case, with the year end coming October 31, that this particular one has been dealt with in the final stages.

Public Utilities
Wednesday, April 11, 1979

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. SIDNEY GREEN: Mr. Speaker, I think the Minister is trying to slough off in a rather cavalier fashion the provisions of legislation by which his government is bound. The Cabinet is bound by the law and cannot merely ignore the law and say that it is going to appoint auditors to examine Crown corporations in defiance of the legislation. And if we will look at the announcement you see that the Minister announced that it would be government policy that there are certain accounts that were previously done by the provincial auditor, were going to be farmed out to private firms. And he named the firm. I believe it is named in the announcement, which one would be doing the Public Insurance Corporation. And I would venture to say that that auditor has already been down to The Public Insurance Corporation, is looking at their books and dealing with them. And I rather suspect that that is what is happening in complete defiance of the legislation and in contempt of the Legislature because the law cannot be changed by the Cabinet. It requires the consent of the Legislature including the backbenchers who are also being held in contempt. The books and the accounts of the corporation shall be examined, checked and audited from time to time and at least annually by the provincial auditor. And the cost of the audit shall be paid by the corporation.

Now even the greatest Philadelphia lawyers cannot make that read, the books and audits of the corporation shall not be examined, checked and audited from time to time by the provincial auditor but shall be checked and audited by an auditor appointed by the Cabinet. There's nobody who make that type of transposition. And the Minister now comes faced with this defiance, faced with this contempt of the Legislature, he says: "Well, we are perpetrating a subterfuge. What we are doing is saying that the provincial auditor is doing it but the provincial auditor is hiring a private auditor." Well, Mr. Chairman, that's contempt again of the Legislature because the provincial auditor is not subject to the control of the government. He is subject ultimately to control of the Legislature and can only be dismissed by a two-thirds vote of the Legislature. And I suggest that what has happened here is not that the provincial auditor has hired private accountants but that the government has told the provincial auditor that he is no longer going to be there, that the corporation will have private accountants. But in the meantime in order to maintain the subterfuge that is being committed by the provincial government we will continue to use your name until we dispose of you. And, Mr. Chairman, that is not a proper use of the office of the Provincial Auditor nor is it a proper use of the Legislature Assembly of the Province of Manitoba, nor is it a proper use of the Cabinet. And I suggest, Mr. Chairman, that the Minister immediately announce that the Provincial Auditor, and not his private auditor, continues to be the auditor in accordance with the legislation and the private auditor will not be assigned until the law permits him to be assigned.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CRAIK: Mr. Chairman, the Member for Inkster has gone a little bit further than he ought to have gone with the facts. But that's not unusual. He talks about contempt of the Act and if that's the case, Mr. Chairman, as I pointed out in the House, the majority of these firms that are being engaged as external auditors were already, in one form or another over the past few years during the former government as well, doing audits either for the provincial government or for some of the corporations coming under the government. —(Interjections)—

R. CHAIRMAN: The Honourable Minister of Finance. Let him finish.

R. CRAIK: Let me finish, Mr. Chairman. The announcements on these audits was pointed out very clearly at the time they were announced. As a matter of fact, the Provincial Auditor was with me when the announcement was made. And he was consulted on these and was part of the announcement. And it was pointed out exactly what audits, by virtue of Order-in-Council, were signed by Order-in-Council, which ones were shareholder and which ones were ones that came under the Provincial Auditor directly, such as the MPIC does under its Act. And this was pointed out very clearly and he recognized and it was indicated to the public generally that in those particular cases that the assignment was done with the approval of the Provincial Auditor and the actual assignment was made by the Provincial Auditor. Now in due course that will be changed in the Act, itself, so that the power will be there for the LG and C to make the assignment which is a perfectly normal procedure.

Now I would ask you, Mr. Chairman, to recognize the contradiction in the arguments being presented across the way, that there were assignments made of external audits. How they were made, whether they were made by the Provincial provincial government . . . well, let me recall one Venture Manitoba Tours was one.

I. GREEN: It wasn't required by the Act to be done by the Provincial Auditor.

MR. CRAIK: The one, Coopers and Lyband, they were so concerned about, it was done in 1976 Coopers and Lyband were assigned by the government or the Provincial Auditor, I don't know which one or the other to do an external audit. There also, Mr. Chairman, go back — one of their own agencies, McKenzie Seeds has been done for how long by way of external audit? As I pointed out in the Legislature, out of the total number of a dozen audits, ten of them or so were done by external audit over the same period of time as the former government was there.

And, Mr. Chairman, let me also point out on the former question — how were these assigned? Well they are assigned by first of all looking at the capabilities of the firms and the larger firm: I indicated the background to it. The Provincial Auditor was checked with and he said I have no reason to believe in any of these cases that there is any doubt about their capability of undertaking the assignment and with the changes coming on in the Provincial Auditor Act, his own plate is going to be more than full looking after the expanded responsibilities that he'll have.

MR. GREEN: Mr. Chairman, I am astounded that the Minister has raised example which I must gather he believes to be comparable. Venture Tours, McKenzie Seeds, do not have legislation which says, "the books and accounts of the corporation should be examined, checked and audited from time to time and at least annually by the Provincial Auditor", and to say that other agencies: McKenzie Seeds was a company that was operating for many years with its own appointed auditor and I can tell the Minister that if he wants me to acknowledge, which I will, that under the Manitoba Development Corporation Act some of the corporations, and I think Venture Tours was one of them had the Provincial Auditor and then changed to another auditor at the request of the Board of Directors. Because there was a problem in how much they were having to pay the Provincial Auditor and whether that was really necessary that that was done.

And I am not suggesting that we only hired the Provincial Auditor. But that's quite a difference Mr. Chairman, from saying that the Manitoba Public Insurance Corporation, which has legislative directed who is to be the provincial auditor, is in a similar position. And my understanding of the Provincial Auditor's statement, both at the Press conference and at Public Accounts, was that I did not ask for this change and that this change will reduce his staff. This change was a government directive. And all I am saying, Mr. Chairman, is that it was a government directive in defiance of the law, in contempt of the Legislature, and as a direction to the Provincial Auditor which should not have been made. And if it was made during the period when the New Democratic Party government in power there would be screams of anguish about how the government was stepping on the Provincial Auditor. And they would not only come from the Opposition but they would be joined by all of the media people who were coming to the defence of the Provincial Auditor on all occasions, every time there happened to be a disagreement or a supposed disagreement between the Provincial Auditor and the government.

So, Mr. Chairman, I suggest what we need from the Corporation and from the Minister is statement that the books and audits of the corporation are going to be examined, checked and audited by the Provincial Auditor. And I would like to know from the Provincial Auditor and I will write him a letter as was done under the previous administration and I will expect an honest answer — did he request or does he approve of the fact that he is being removed from auditing the books of The Manitoba Public Corporation? And I wonder what his answer will be. Did he make the request? Does he agree with it? Or did he simply accept a directive because it is government policy that he hire new auditors to do this. Because certainly at Public Accounts he said he had nothing to do with that decision. It was something that he did not argue with because it was the government who made it. But to now suggest that the Provincial Auditor was a party to this decision is something Mr. Chairman, which I will ask the Provincial Auditor and I will expect an honest answer.

MR. CRAIK: Mr. Chairman, I can assure the member from my experience that he'll get an honest answer from the Provincial Auditor as well.

MR. GREEN: Fine.

MR. CRAIK: But I'll tell him that all the questions that he wants to pose to the Provincial Auditor have already been posed to him. Not by himself perhaps but other members of the Legislature and by the media, etc. —(Interjection)— The answer, Mr. Chairman, here and you know the great difficulty with the Member for Inkster is to keep him from taking things completely out of context. I said that the Provincial Auditor was consulted with on the matter and the Provincial Auditor has the power to make the assignment of the audits as he has done in the past and continue to do so as he sees fit. That is a regular type of procedure that he can follow by virtue of the fact that it was brought about by the initiation of the government to bring in external audits. But with consultation with the Provincial Auditor is quite different from the Member for Inkster's

Public Utilities
Wednesday, April 11, 1979

rants to narrowly pick out his clauses in an Act. There is also another Act, the Provincial Auditor's Act, in addition to this Act that allows this procedure to be followed. And this was, Mr. Chairman, repeat for whatever time it is, fifth time or sixth time. This was done and pointed out at the time that out of the total number of audits exactly which ones were Order-in-Council, which ones were shareholder and which ones were done with the blessing of the Provincial Auditor.

And, Mr. Chairman, to finally cap it off the intention will be to change the Legislation in those particular cases so that there is no question on the matter.

R. GREEN: Well, Mr. Chairman, what my honourable friend says confirms everything that I have said, that the government in due course will try to change the legislation to make their illegal acts comply with the legislation. And, you know, the question as to whether such legislation is passed something which my honourable friend will have to learn he cannot take for granted.

I was involved in a case with the banks, Mr. Chairman, where the banks came to the courts and said "The government is going to change the legislation, and all three parties are in favour of it." There is no more government, and there is no more legislature, and The Bank Act remains as it was when the bank said that this legislation will be changed, and what you now say are illegal acts will be legalized. Mr. Chairman, I repeat that a government cannot proceed to behave in complete defiance of the legislation, and the suggestion that the Provincial Auditor was consulted - I know what kind of consultation that was, because we heard it in the House.

The First Minister said, "We are going to see to it that these things are done by private auditors." And that's about the length of the consultation that the Provincial Auditor had. He was told, "We want this work to be done by private auditors." And that's the answer in substance that he gave public accounts, and that was dealt with when the changes were made, that it was a question not of consultation but of government policy.

Mr. Chairman, I would like to deal with another question, and I will get in touch with the Provincial Auditor to find out whether he approved of, was asked whether he wanted to do this, or whether what was done was a matter of government policy. If my honourable friend wants to talk on — want the floor for another question, but if he wants to talk on this question, I will yield to him.

R. CHAIRMAN: I was yielding to the Minister of Finance answering questions on the auditing on behalf of the Minister responsible for Manitoba Public Insurance, so . . .

R. GREEN: I didn't ask a question. I didn't ask a question.

R. CHAIRMAN: The Minister of Finance.

R. CRAIK: Mr. Chairman, I want to remind yourself and the committee that if the legislation were to be changed, it is not of any great consequence in the matter of the engagement of external auditors, provided the Provincial Auditor agrees with it. And I think that that point ought to be driven home again. The engagement of the external auditors is not contingent upon the change of any legislation. Engagement of external auditors is based in those cases where it is exclusively assigned to the Provincial Auditor, on his willingness to have the external auditors brought in.

And I want to point out, finally, on this matter, that the changes that will be made are done more to bring The Manitoba Act in line with The Federal Act, and with the past practice prior to the former government, where the engagement of external auditors is a matter of course, and where the auditing practices have proven to be, in the federal scene, far more flexible and in the best interests of the public than they have been in Manitoba.

R. CHAIRMAN: The Member for Inkster.

R. GREEN: Mr. Chairman, I'm glad I yielded the floor, because the Minister has now confirmed the position. He says you don't have to change the legislation if the Provincial Auditor agrees. But he's going to change the legislation. If the Provincial Auditor agrees, why is he changing the legislation? He's got the agreement. What he has indicated, Mr. Chairman, has nothing to do with the Provincial Auditor agreement, and that what was done is that the government, as a matter of policy, wanted these to be done by private auditors. And that's exactly what they announced, and they were very proud of it, until they now see that they have been in breach of the legislation. But if, as he says — and I strongly disagree, Mr. Chairman it is a subterfuge — if he says that you don't have to do this, that the Provincial Auditor can hire some private auditor to do it, and that it is completely in accordance with the Act, then why is he changing the Act? If that is completely in line with the Act as it now stands, why are we going through this exercise of bringing in an amendment to the Act and changing it?

There is a reason, Mr. Chairman. The reason is that the Provincial Auditor did not initiate that change, didn't ask for it, I suggest doesn't agree with it, but is merely accepting the dictates which my honourable friend refers to as consultation, that the government's policy is that this will be done by external auditors, private auditors, who are in need of assistance, who are really in very bad shape, who are the people in the Province of Manitoba who need social assistance in such a way that they can continue to survive and be well-fed and housed and clothed; that these are the people who have priority from the First Minister, from the Minister of Finance, completely in line with what I suggest, in substance at least, waiving of estate taxes to certain people because he feels that these people are the most people in need and therefore their estate taxes have to be waived. Their accountants have to be looked after. The corporations have to be looked after. And it doesn't matter if the law says that it shouldn't be done that way; that the government uses any device, in this case a subterfuge, in the other case, a ministerial directive rather than a Cabinet Order-in-Council, to see to it that those very poor needy people are looked after by this government.

MR. CRAIK: Did you say greedy or needy?

MR. GREEN: The needy, needy.

MR. CHAIRMAN: The Minister of Finance.

MR. CRAIK: It seems somewhat difficult to put this rather useless debate to rest, because I keep digging up other facets of it. But the changes will be made for two reasons; one is for what we consider to be a change to normality, what seems to be a normally accepted procedure in many jurisdictions where a government doesn't have the blinders on to contributions that the combination of private sector and public sector involvement can do together, and the second reason is that there are anomalies in the legislation now where a large number of the assignments, namely one-half of the assignments that we are now making on external audits are done without the Provincial Auditor, and the other half are under his jurisdiction.

Now if the member's argument had any complete logic to it at all, and he had this great concern you know, during his eight years, and if it was such a matter of great concern to him, why did he not change it so nobody except the Provincial Auditor on any account of the provincial government, Crown Corporation, or anything else . . .

MR. GREEN: Because I never agreed with it.

MR. CRAIK: Well, Mr. Chairman, I'm trying to tell you, it seems very difficult to pin the member down once he gets his blinkers on, that in fact, there are anomalies in the legislation now that must be evident, even to the most elementary mind . . .

MR. GREEN: Hold on a minute. . . . to your elementary mind, yes — your elementary mind. Why let him not talk about elementary minds . . .

MR. CRAIK: . . . out of the 13 that are assigned . . .

MR. CHAIRMAN: The Minister of Finance has the floor.

MR. CRAIK: Of the 13 external audits that . . .

MR. GREEN: He started this .

MR. CRAIK: . . . are to be engaged, seven of them — seven of them — are done either Order-in-Council, or by the official shareholder for the particular corporation.

Now the member's question was, and I simply bring it back to him, his question was "Why the government changing?" It's obvious why it's changing it. But what's obvious to him isn't obvious to some one else. But the reason is that what is going to be done, is that we're going to return to a more normal condition, where by Order-in-Council particular external assignments can be done, but The Provincial Auditors Act is also being changed, Mr. Chairman which is long overdue, that will give the Provincial Auditor the overview of the entire public interest but will provide within that for the engagement of audits external to the government and what I'm sure we'll find is in the best interests of Manitoba and finds the full agreement of the Provincial Auditor. But if he doesn't, he'll have the full right to speak out against it.

MR. CHAIRMAN: The Member for Inkster.

MR. GREEN: Mr. Chairman, I want the record to note, and look at the discussion that preceded the remark, and who are the people that behave in an insulting way on this committee.

Now, Mr. Chairman, I agree that it is useless to argue with those who have elementary minds, and therefore it is of no value for me to continue this argument with the Honourable the Minister of Finance, and I will go to another point and we will deal with the question when the legislation comes before the House.

Mr. Chairman, I believe that I am a friend of the concept of public automobile insurance. I do not believe that I have to, sort of, register my credentials in this respect. I think that what is happening in this committee room, what has happened over the last eight years with regard to the people of this province, showing that they had prior to 1972 the capacity to handle what the insurance agent said was mystical and magical and cannot be done by a public. I believe that that has been well proven, and I have absolutely no argument with the concept. And furthermore, I feel that the kind of discussion that we are having today, other than the last 20 minutes of it, indicates that with the public underwriting their own insurance, they have an input as to how it's handled, in a way which cannot be compared in any respect with what happens in the private sector when they permit the private sector to do it.

Now, having said that, Mr. Chairman, although I wish to indicate that I am a friend of the concept of public automobile insurance, I am also going to indicate, and I say this without the least bit of offence to the Chairman of the Corporation, that bureaucracy scares me more in the public sector, only slightly more, than it does in the private sector, and there is bureaucracy in both sectors.

The difference is that when bureaucracy is in the public sector, that the elected representatives do something about it, when it's in the private sector, they can do very little about it. And compare the bureaucracy that existed under private insurance and that which exists under public insurance. And I say that there has been a definite improvement.

But improvement, Mr. Chairman, doesn't mean that it is perfect. And, as a matter of fact, what I'm going to say in a few moments is going to be very critical, in the hope that I can prove that public bureaucracy can be dealt with in a way which is much more meaningful than private bureaucracy. And I'm going to deal, Mr. Chairman, with two personal experiences that I had with Stopac, and I having had them, I believe that every citizen of the Province of Manitoba has to go through this process. And I am now talking from the point of the citizen who has to go through

They deal with the making of a claim, the going to a Claim Centre, and the filing of a claim and getting paid. Now, I can tell you that from the point of the claim being accepted, to the point of being satisfied, that there is absolutely no problem whatsoever; that I perceived that it was an excellent system. From the point of having the accident and being able to get the claim finalized, I believe that although there has been improvement over the private sector, that there is much more to be desired, particularly where they relate to small accidents and very small damages. And I'm going to give the kind that I'm referring to.

One is the theft of a tape deck in an automobile, which is worth maybe \$75 - \$80.00. They go up to higher figures than that, but that's only for people who have great solicitude from the provincial government for the fact that they've inherited half-a-million dollars and are in bad shape with that account, or private auditors. The other is the scrape of a door — \$120 in body damages, and that there is almost nothing that can be damaged now that doesn't cost \$100 to fix — it's very rare.

So, you first of all find that no matter what the complaint is, the only person who the Claim Centre will talk to is the owner of the vehicle. Now in the one case, it was my daughter who was in the vehicle when it was damaged and she wanted to go down to the Claim Centre and go through the procedure without my presence, and I was told that I would have to be there. And the same thing was true of the tape deck. It wasn't me, it was my wife who . . . now, I guess really what she was complaining about is that I had to go there, even though they were minor things, and it seems to me that the information could have been obtained from somebody other than the registered owner. But I was told that it had to be the registered owner. So being a dutiful citizen, I drove down to the Claim Centre on Pembina Highway. There were, I would estimate, maybe a dozen cars in front of me. I did not know at that point what was supposed to happen. I stood in a line behind a series of cars. I asked my daughter to run in and find out what we are supposed to do, and she did, and of course she came out with the bad news that you stay in this line and wait, and then you find out. I stood in that line for approximately one hour, waiting to get to be the first car to where those doors open. I mean, it was almost like opening the gates to paradise when I got to that door, after sitting for an hour and waiting. Nobody said a word

to me. Nobody told me what I was waiting for; nobody told me approximately how long I am going to have to wait. Nobody paid any attention to me whatsoever.

When I got in, Mr. Chairman, I thought that I had entered paradise. But no. I was taken from the garage into a waiting room where, Mr. Chairman — I hope I'm not going to exaggerate — I had to wait for another three-quarters to one hour after walking up to a desk and being asked my name and address and then again I wasn't told what was happening or what would be the case. I sat there, and then I noticed, Mr. Chairman, I did not notice a smile in that office from anybody. Now maybe I'm overreacting, but I can tell the Minister that I'm a citizen, that I did not notice anybody smile through the entire three-quarters of an hour. What I did notice is that a young official-looking man or woman from time to time would walk out and shout "Minaker, Ferguson" and that means that you can come up to them and they take you into another room where you go to the adjuster and make the claim, and at that stage, you feel at least that you are doing something.

Now, Mr. Chairman, I believe that the procedure is probably well considered and is considered to be necessary. I am not sure that it's necessary. I'm not sure that there is not a better way of handling small claims which can be filed by affidavit or some other way, because I sat for two hours in that Claim Centre, most of the time doing absolutely nothing. But let us assume for the moment that everything that occurred to me is absolutely necessary and there is no way out of it. Which I don't accept. I believe that with imagination, there are ways of dealing with these claims, and in some way reducing the amount of waiting. But let us assume that you have to do those things. Why is there not some attempt to make the citizen who is, after all, the consumer, who is our most somewhat more at ease with what has occurred. When he gets into the line, why does he not see somebody giving him an information sheet? Saying that the following steps are being taken and it takes approximately ten minutes a car. You can count how long you're going to have to wait. Why indeed, Mr. Chairman, is there not a clip board with much of the information that is being requested inside, give it to each car owner as they drive up, telling them to fill it in with a little map, detailing the accident. Now I know what the answer is. The bureaucrats will say, "They need to fill it in properly." That's what they'll say. But at least they're doing something, and you know, so of them may fill it in properly. What have you lost? The paper? We're in Churchill Forest Industries, the paper helps us if they use the paper. But what have you lost if you gave each one of the car owners who is sitting for most of the time doing nothing to put in his name, his address, phone number, his driver's license and with a map and a short description of the accident. They may then walk into the adjuster; the adjuster can read it. He can fill in perhaps a blank or one that has been left out, or he can say, and I hope he would say it with a smile, "I'm sorry, isn't exactly right. Let's try again."

But the fact is, it may be done properly, and at least it gives the citizen something to do. I believe, indeed, Mr. Chairman, do we not have what I've seen, and I'll give full marks to the private sector that certain people do things with waiting rooms. A magazine is the obvious. There are no magazines in the waiting room. There is nothing. It is a cold, spartan waiting room where people are treated as — I'm going to say as numbers, but I wish they did use numbers rather than names. Why indeed? Why should a citizen not have some anonymity in a waiting room? Instead of saying, "Mr. Minaker" why don't they give you a number and say, "Number six"? Then you walk up and say it with a smile, not "Number six!" Mr. Chairman, these are small things, but they are very important things to the citizen. Why are there not, perhaps — I'm going to be perhaps outrageous — checkers in the waiting room? Why, when the person is in the car is there not perhaps doodads or something to — well, Mr. Chairman, I have been in restaurants where they give you little puzzles to fill out while you are waiting for your meals, and I find that the service is much better in those restaurants. Not because it comes quicker, but because you are not waiting. You are being entertained while this is happening.

Now, Mr. Chairman, these are non-costly items. They can fit into that budget with almost no expense and they mean a great deal to the service, and furthermore, and perhaps what is most important, the person who is doing this becomes aware that these people are not thieves who are coming, they are people who are your bosses, and you are their civil servants, and they are to be treated nicely. They are to be treated courteously and they are to have everything done for them. It is possible to make them comfortable. Now, Mr. Chairman, I regret to say and I tell the Minister this with all friendliness to what we are doing, that it is not that way. I believe, and I cannot vouch for this, but I believe you can check it, that when the employees in that place take their after

reak, everybody takes the afternoon break. So that the people in the lobby are sitting there and there's nobody working inside. And I don't care — it may be logical that it's just as well that they take it then as now, but when there are thirty people waiting in a waiting room and nobody is working inside, it is aggravating.

Mr. Chairman, I am not certain of the last point, although I looked and saw the break being taken during this waiting period, and there was nobody working inside. I peeked, Mr. Chairman. Maybe I'm wrong about that, but I believe that they all take — they're entitled to an afternoon break. I mean, it's not like the Hansard employees who have to work for six hours with no break. I don't believe — that. I believe that they're entitled to an afternoon break. But I think that the citizen should not feel that there is a — or why don't they say to the citizen, "Afternoon break. Go out and have a cup of coffee." There's no place at the Pembina one, where it's close to have a cup of coffee, but if you had a number and you were number 15 and you were aware that it takes approximately 10 minutes, you would know that you were going to be a half hour. You should be able to walk out with that number, have a cup of coffee and come back. Now I don't know whether they do that.

Mr. Chairman, I can't remember everything that happened to me there. I cannot remember everything, but I do remember the feeling. Which is the important thing. We see the bottom line, the gut feeling. And the gut feeling was that these people don't care very much about me. They are grudgingly going through the procedure of handling my claim. They are doing absolutely nothing to try to facilitate it being done easier. They are doing absolutely nothing to accommodate the fact that perhaps for a \$75 claim, I'm going to have to be sitting out there for two hours, and it can be two hours, don't tell me it can't, because I've been there for two hours, and on a relatively small claim. And, Mr. Chairman, I don't mind saying that my time, I charge for much more than that when I have a paying client, that it would be a loss if I had a client at that particular time. And I don't know why I had to be down there in the first place. Why could not I have sent a surrogate? I still have — this will show some of my colonialism — there are still children of mine who will be that type of thing for me. I mean, it might not last very long, but there is still that situation. And I am not permitted to do that. I phoned. I asked them, could I send somebody down.

Mr. Chairman, I believe that the Autopac procedure can be improved immeasurably at no cost, at virtually no cost, merely upon people considering that they are dealing with their employers and that they want that person to walk out feeling that he has been well served. I say with the deepest regret that that is not now the situation, and I say that from personal experience.

CHAIRMAN: The Member for Inkster, could Mr. Dutton perhaps try to answer some of your concerns from the first hour of your two-hour experience at the Autopac claim.

DUTTON: Well, I am quite aware, Mr. Chairman, that what was said was said in all sincerity, and I know it's meant to be a constructive criticism. A criticism it certainly is, no question about that. It is not the policy of the Corporation to treat any claimants in that fashion. If they're being treated in that fashion and — well, you've just stated the case — you have drawn a number of problems to my mind, one is that the PR office staff is not good. They don't smile at you; it costs nothing to smile, and I think they ought to and we'll see what we can do to crack that. When it comes to going there for a minor claim, I agree with you, and I could advise you that the system has been broken on, and we've had a Task Force working on this, including a member of the public who was a claimant to assist us, to try to get an outside view and what we're going to call Dial-A-Claim, which will not be necessary for the type of claim that you mentioned to even go to Autopac. Now the holdup here is — to say it can be done instantaneously is one thing, but why it can't be done immediately is that we do need bigger switchboards, that we find that the switchboards we have at our claim centres will not then take all the claims. Now what we do, we transfer an irate claimant from a claim centre to one that couldn't get through on the phone and say, "Big joke". We don't got such a thing as Dial-A-Claim, but these are on order and will be coming up for our

view that could take care of a good deal of the problems. There are other areas that we are working on; I believe I detected the claim centre that you were at, and I believe that our problems are greater in that particular centre than the others, and really why, I'm not sure as yet. But we are trying to keep abreast of it. We have just recently instructed them, incidentally, to put in coffee machines. They have put in phones — they've got them on the outside, but they're putting pay phones on the inside. We have just recently spent a fairly substantial sum of money to try to brighten

the place up, to make it look a little more presentable.

Now with your point about all the staff going for coffee breaks, I assure you, Sir, it just seem like that. That is not the case, they do not all go at once. They get 15 minutes coffee break in the morning and 15 minute coffee break. . . and that's the union agreement, because they're entitle to it. It's up to the manager to make sure that they are properly assigned to their coffee period. And I'll look into that point too, to make sure that that is correct. I think it would be terrible, of course, if they all went out for coffee and left people sitting there.

Now the point with the numbered system I think is a good one too. Even if they're calling you by name, surely everyone should be called Mr. or Miss or Mrs. I wouldn't want them to say, "He Jones".

MR. GREEN: They may have said Mr. I don't want . . .

MR. DUTTON: Again, too, with the delay, there has been an unusual delay this winter. We've had more claims than should — this last year have been increasing substantially all the time, and the problem is, you put people on staff, they're just bodies, it takes a year to pretty well train an adjuster so they can do meaningful work. They have to know a bit about the various components of a car; they have to know a bit about The Highway Traffic Act; they have to know a little bit about law; they have to know a little bit about injuries to the individual, to find out what the problem is, why they're worth; so we just can't pick someone off the street, and say, now you are an adjuster. It takes time.

But it might be argued that the planning is wrong, and that we do not properly project the number of claims we're going to have next winter — well, it's pretty difficult to do, and one of the things we don't want to do is to be overstaffed and again, costing more money to the motorists who have their claims settled.

But your comments, Mr. Green . . . I'm only sorry that my Director of Claims wasn't here when he could have heard them . . . but I will get Hansard, and I'll see that it gets good distribution.

MR. GREEN: Well, Mr. Chairman, although I dealt with some of the other things which are tolerated which you've mentioned, the big problem is the wait in ignorance . . .

MR. DUTTON: Without telling you what's going on.

MR. GREEN: Yes, when you drive up, the wait in ignorance — not knowing what happens when you get under that door — and then not knowing what happens after you go through; the other things possibly become magnified by the irritation that you've had with the wait. And that's why some of the other things . . . but the other things can be corrected too.

MR. DUTTON: Yes, of course they can.

MR. GREEN: Mr. Chairman, I do not think that they smile. That was my opinion. I also, Mr. Chairman, say that this could be well handled if Autopac set up a very very small branch; a very very small department called Customer Relations.

MR. DUTTON: We have one.

MR. GREEN: Well, you have one. What do you call it, by the way? Customer Relations? Is that what it's called?

MR. DUTTON: Yes, I think that is what it's called, Customer Relations — Customer Service, I think it is. It's in the phone book, the yellow pages.

MR. GREEN: Customer Services? Well, Mr. Chairman, I would think that there should be a Customer Services and Relations, because once you put the name to it, the person who is doing it is directed, has his attention directed, that his job and in his terms of reference, to make the customer entirely comfortable about his claims procedure. Now if you eliminate the Small Claims by Dial-a-Claim, you will go a long way to improving this situation, because immediately even when a customer comes in with a big claim which can't be handled by Dial-a-Claim, he will come there will be two cars instead of twelve, because ten of those cars will be eliminated by Dial-a-Claim, and that could make a big change.

But I don't really care, even if a person is waiting for ten minutes, there is no reason why Auto

could not know that there's a man there sitting in his car waiting, and how can we deal with his wait to make it as painless as possible? Nothing, Mr. Chairman, I repeat, nothing, has been done that regard. You can't tell me that they do anything for the waiting motorist, nor for the brightening of the room of the wait — I suppose that's a good thing, but I would prefer even a spartan room I had something to do. You know, a deck of cards to play solitaire — something — it is irritating ending 45 minutes just waiting.

MEMBER: Take out a subscription to Hansard.

3. DUTTON: No, I appreciate your problems in that area.

3. CHAIRMAN: The Member for St. James.

3. MINAKER: Well, Mr. Chairman, I listened with much interest to Mr. Green with his concern about the problems at Autopac. I wasn't here during the Autopac debate, but I listened with interest about the beaches at Grand Beach, because we thought at that time the then government would fall, and I might have to get involved in running for the Progressiveservatives at that time. So I listened with interest.

But I'm just wondering, Mr. Chairman, if the honourable member would have given the same kind of speech then as he did today, because it seems almost, Mr. Chairman, that the Honourable Member Green for Inkster is becoming a capitalist and is being affected by some of his socialist dreams, because really what he is describing happens to everybody every day of the week. I've received many phone calls and complaints about having to stand in lines, whether they are big claims or little claims, and the complaint being that I'm subsidizing Autopac; that my time is worth money. And I'm sure that Mr. Green has indicated that now that he's no longer government and has some time to look after his practice . . . I know any good practicing lawyers probably earning \$30,000, \$40,000 a year, that obviously his time is worth a lot of money; that what he is talking about is that it affects me, so I'm not friendly to the system any more, we have to change it. Because that was his opening remarks, that I'm a friend of Autopac, but . . .

So, Mr. Chairman, I kind of listened with great interest because really what he's reciting we've heard from many of my constituents; that if we institute what Mr. Green suggests, that we have nobody there to receive us as a receptionist; to have more bodies so that we don't stand in line or have an office to cut down the line, then we're looking at higher costs, higher rates. And in the old days, in the other system, the auto accident occurred and your adjuster came out and visited you, and you didn't waste your time; but now all of a sudden, Mr. Chairman, now because it was personally affected, that it cost him his own pocket money and time to sit around, that is trying to imply that they can improve the bureaucrats.

Well, Mr. Chairman, I suggest it's built into the system. They laid it out; they as a government laid out the system that we have; we have to stand in line when we have the accident; and I might say that I'm fortunate — and I'll touch wood — that the name Minaker has only been called out since Autopac went through. It wasn't very long ago, when I sat in line, but even the Honourable Member for Inkster would have them call out a number, not a name — a number would be quite adequate, but not a name — and then he would have us put in pool tables or card games or something so that we could forget about the cost that is affecting the private individual or the companies; because it's built into the system, Mr. Chairman. I don't know what we can do about

We can suggest, like Mr. Green has suggested, that we get more bodies, but then the next day he would be complaining about would be the high cost, that we were increasing it.

GREEN: I never suggested more bodies.

MINAKER: He suggested that we have somebody that would let them know what happens when you get through those two big magnificent doors, let them know what's happening inside the building. And it seems, Mr. Chairman, that Mr. Green was all for Autopac and all for what they've said for and everything's fine, until he personally gets affected, and all of a sudden that \$30,000, \$40,000 a year, that two hours mean a lot of money to him. It didn't matter that much when he was Minister responsible for the government, because he could go down there in Public Works, his car was fixed, but when it individually affects a person or a company, and it's out of his pocket, something's wrong with the bureaucrats. They don't smile. I'll have you know, Mr. Chairman, to be a friend of Autopac, when I did have that accident and I had to go down, I waited some time, an hour, but when I went in they were friendly to me. They seemed to smile; were quite friendly; the people who interviewed me for the accident were quite friendly. So, maybe Mr. Green hit

Public Utilities
Wednesday, April 11, 1979

them on Friday afternoon, or Thursday afternoon — I don't know — but the attitude of the people who were working in there, they seemed to be overworked, the ones that I saw running around and when I went in there it was about 10:00 o'clock in the morning, and I stood in line for I guess about half an hour.

It wasn't the bureaucrats that were creating the problem, it was the system, and I never thought that I would hear the honourable member across the way start to complain about certain things that he helped institute.

MR. DUTTON: Mr. Chairman, to the Member for Inkster, I have a list that I . . .

MR. GREEN: Mr. Chairman, I would like to answer as you gave the Minister of Finance the opportunity to answer . . .

MR. CHAIRMAN: Well, the Minister of Finance was given an opportunity to answer on behalf of the Corporation, and the questions that were being asked about . . . can the Member assure me that he can give a short answer, so we can get on with this report?

MR. GREEN: Yes, I can give a very short answer.

MR. CHAIRMAN: The Member for Inkster.

MR. GREEN: Mr. Chairman, there is nothing that I said that would cost money; secondly, I gave my criticisms of what I see in the present system, and I did it in an effort to try to improve it and I say that I couldn't have done this in the private sector. If I was to now give my criticisms of the bureaucracy that existed under private insurance before the public took over, it would take me two hours; it would be scathing, Mr. Chairman; it would be scathing . . . well, I am going to criticize the bureaucracy, Mr. Chairman, I am going to criticize . . .

MR. CHAIRMAN: The Member for Inkster has been recognized.

MR. GREEN: I'm going to criticize - - on behalf of the Corporation which we set up I'm going to say that the bureaucracy that existed in the private sector was intolerable — intolerable - - that the amount of time that was wasted, that the number of lawyers that you had to see, that the number of garages that you had to take your car to, that the number of lines that you had to wait in in the adjuster's offices or other places, was absolutely intolerable, so intolerable that people wouldn't tolerate it, and I would not tolerate it. And I'm suggesting, Mr. Chairman, that some of the problems that exist with the new system can be corrected, and the reason that they should be corrected is that the public, of which I am one, aren't in control, and if my honourable friends says that the only reason I'm doing this is because it happened to me personally, he's absolutely incorrect. I'm doing this because it affects the citizens of the Province of Manitoba. I know it affects them. It has happened to me personally so that those who have spoken to me about it do have to convince me, and I'm bringing it to the attention of the Chairman. He has indicated that it is a point well taken. I believe it is. I believe that we now have the power to correct it, and we have the power for that. We didn't have the power to correct it when my honourable friends were in charge.

MR. CHAIRMAN: The Minister of Labour.

MR. MacMASTER: Yes, Mr. Chairman, I just want to for the record clear up what I think is an insinuation by the Member for Inkster' when he was talking about the people at Autopac taking a coffee break like the poor people at Hansard could not. This is absolutely incorrect. The people at Autopac have a defined, specific time in which they take a coffee break; the people for Hansard do not have a timed, specific, defined period when they can have a coffee break but they do, in fact, have their coffee breaks.

MR. GREEN: They do not. They are permitted to drink coffee between tapes, but there is no coffee break and it's contained in their own literature.

MR. CHAIRMAN: The Member for Elmwood is the next person on my list, and hopefully he will get back to the Public Insurance Corporation's Annual Report. The Member for Elmwood.

MR. RUSSELL DOERN: Mr. Chairman, I wanted to comment on the suggestions of the Member

or Inkster because I think his attempts to make some positive suggestions were well taken, and think that what he's proposed is not something that will result in more staff man years, etc., etc.

I recall being at the North End Drive-in Claims Centre. Is it on King? And I have to go on memory, but I believe there are some large printing and signs which tell you what to do, etc., etc., and I assume that that sort of thing might be looked at. That may be one way of explaining to people what they are getting into and maybe more of that, or embellishments of that would be helpful. The thing that occurs to me is, rather than hiring somebody to go and — you know, how do you solve the problem put by the Member for Inkster? Well, one way would be to have pamphlets printed, and a person going from car to car as each car pulls up. That means another person. That means considerable expenditure. But if you had explanatory pamphlets and a box or a "Take One" type situation when you first roll on to the property or at a particular point, that would solve that particular problem.

The other thing is that I hope the Chairman isn't going to direct his staff to smile incessantly as we're confronted with a whole score of sickly grins or toothy grins and greater work for the odontologic professions. Everybody has great big capped teeth. The obvious solution is politeness and pleasant dealings with the public, and I would say to the Chairman something that he knows already, and to the Minister in particular, and that is that I think the public is quicker to condemn a government corporation compared to the private corporation. I believe that if they've received equal treatment from the private sector and the public sector, they will bitch and complain about treatment in the public sector and they may not utter a word against a private corporation. I believe that's the way it is, partly because there's a certain attitude towards government and in this particular case, there is a feeling or a thought that it is their own corporation and that maybe they deserve better treatment or that they expect more because they own it; it's their own company.

So I just think that some of the discussion this morning, I think, simply to underline that point to the Minister and to the Chairman, that I think there has to be a constant examination and examination of how they are dealing with the public — for want of a better expression "public relations point of view" — and to make sure that people are treated in as good a manner as can be expected.

I. CHAIRMAN: Pass — the Honourable Minister of Finance.

I. CRAIK: Going back onto the topic of Autopac, Mr. Chairman. I was hoping the Member for Inkster was going to be here because I was going to tell him I also had an experience at the Pembina Film Centre, that there is a way around his problem but it's rather a painful way around and that you have your car damaged so badly, you can't drive it in, which I can relate to him brings about a very rapid service because you don't have to stand in line; you walk in and deal with the problem.

I. CHAIRMAN: The Honourable Member for St. George.

I. URUSKI: Thank you, Mr. Chairman. The Minister of Finance was answering questions with respect to the auditing of the Public Insurance Corporation to the Member for Inkster, he indicated that it was with the concurrence of the Provincial Auditor that the changes are being made. Am I correct in that assumption, essentially?

I. CRAIK: Yes.

I. URUSKI: Well, Mr. Chairman, on February 2nd during the Public Accounts Committee, the Provincial Auditor, upon being questioned about the auditing being distributed by the government, he was asked whose decision was it that the audit — and specifically of the Liquor Control Commission — will be as you say, contracted out? The answer was that it was the government's decision for contracting. And the follow-up question was, it was from Mr. Cherniack, "Mr. Ziprick, read the Act, and the Act, Section 28, subsection 3 says: 'The books and records of the Commission are at all times subject to the examination and audit by the Provincial Auditor.' Does that mean then that you have been requested, or may I say instructed, is that the wrong term used — that in the case of the Liquor Control Commission, you should contract the work to private enterprise?" "That's right", was the answer by Mr. Ziprick. And the follow-up question "And that decision then is not your decision." "That's not my decision, Mr. Chairman". The Provincial Auditor has already stated to the Public Accounts Committee that it was not his decision but it was the government's intent, not as the Minister of Finance has stated to this committee, that it was on agreement of the Provincial Auditor that it is with his concurrence, he

has no involvement in it. He has indicated to this committee on February 2nd of this year that it was the government's decision and he had no part in that decision in terms of the auditing of the Crown corporations that are by legislation to be audited by the Provincial Auditor and not as the Minister of Finance has indicated.

So I would like to also know from the Minister responsible as to what the criteria will be in terms of the costing, how they will establish the costs and what the costs will be under the private firms. How will they come up with the criteria and how effective . . . who will measure whether they are getting their money's worth?

MR. CHAIRMAN: The Minister responsible for Public Insurance.

MR. MCGILL: Mr. Chairman, there were some comments made earlier by the Member for St. George about whether it was the decision of the Provincial Auditor or concurrence. I would point out to him there is quite a difference in the two terms, and the Provincial Auditor quite correctly says he doesn't make that decision, but the Minister of Finance, of course, has pointed out that essentially concurrence was established in this general change. As to the appointment of specific auditors and their fees to be charged, that is a matter still to be determined by the Treasury Board and that will be discussed in due course.

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

MR. URUSKI: Can the Minister indicate to me whether they will be paying or accept costing that is higher than the Provincial Auditor?

MR. MCGILL: Well, Mr. Chairman, that's a question that cannot be approached until we know specifically what the charges that will be established work out in terms of the total cost.

MR. URUSKI: Mr. Chairman, I am going to make the assumption that the Provincial Auditor's costs were very high. Are you prepared to indicate now that you will accept equal or higher costs under the private sector?

MR. MCGILL: Well, that is a decision of government and we don't know as yet what those costs will be.

MR. URUSKI: Mr. Chairman, certainly you don't know what the costs will be, but I am asking whether you will accept costs that will be higher than the costs of the Provincial Auditor? I am saying that the costs of the Provincial Auditor are high, that his fees are fairly high in terms of the auditing, and I'm using that assumption. Are you telling me that you are not concerned about the costs of auditing?

MR. MCGILL: Mr. Chairman, of course we're concerned about the costs and what fee schedules are proposed, and what fee schedules are accepted will be related of course to what the present costs are.

MR. URUSKI: Well, I want the Minister to tell me whether they will accept costs that are higher including in those costs the normal costs of inflation, whether they will accept those costs for the private firms; if they are higher than last year and built in to that additional cost will be normal cost of increases of salaries and the like, whether they will go even above that that is being charged by the Provincial Auditor.

MR. MCGILL: Well, to make a comparison of costs, Mr. Chairman, will necessarily involve examination of the extent of the service being provided by the contractors and to compare the costs and the extent of the service presently provided, so that it's not entirely a matter of comparing numbers in this whole area; whether there will be any extension of auditor services and above that which is now being provided would be a factor.

MR. URUSKI: Mr. Chairman, is the Minister indicating now that there is a change in the system of auditing that they are proposing to undertake or are they doing an annual audit that would normally be done with the normal checks and balances of an audit of a corporation of that size? Is the Minister now telling this committee that the audit procedures are being changed even before review that he has indicated has been undertaken? Are we into a new ball game of auditing now saying that the entire system is changing even before his so-called study that he has

is reviewing? Because that is what he is telling us.

MR. MCGILL: No, Mr. Chairman, I am not suggesting that, but I say that to compare the costs of the present auditor service and that which is contemplated from the private contractor, is not imply a matter of comparing dollars.

MR. URUSKI: Can the Minister tell me whether he believes that there have been any shortcomings in the present auditing of the corporation that would require additional areas of auditing that have not been undertaken over the last seven years?

MR. MCGILL: No, Mr. Chairman, I am not suggesting that there have been shortcomings. I am not ruling out the possibility that there may be additional information that can be helpful to the corporation generally.

MR. URUSKI: Well, Mr. Chairman, there is no doubt that the corporation has its own internal audit system that does its own on-going auditing and the Provincial Auditor or any auditor that would come in would test the reliability of those systems that are in place internally. I am asking the Minister to explain what he really is talking about when he says that there may be additional auditing that may be employed when the new firm comes in. I would like some elaboration on that.

MR. MCGILL: Well, Mr. Chairman, I'm really trying to respond to the question earlier put by the member that he wonders whether a certain dollar figure which is established as the cost of the present audit, would be exceeded by the proposed fee for a private contractor, and I'm suggesting to him that there may be other factors involved other than simply the total dollars.

MR. URUSKI: Then, Mr. Chairman, if there are other factors, could the Minister give us the other factors that may be involved since we don't know, for example, what criteria was used in selecting external auditors. All we have is a statement from the Minister of Finance who indicates: Well, these are international firms and because we borrow money on the international market, and these firms have international reputations, we should accept that they are good and that's it. We have no other selection or criteria that the government has established. We have had even no tendering system of the nature that we've had in the Department of Agriculture where there has been the type of bidding and reserve bidding that has been put out on the quotes. We have had no quotes in terms of the allowing of the auditing to go out, not even a request for tender but having the firms at least put in proposals on the tender. We have not even had that process. All we have had is a selection of government saying that firms will do it and these are the firms, and the Provincial Auditor decided that that is the government's decision irrespective of what the Minister of Finance had said that it was with his concurrence. I can just imagine how that concurrence was arrived at, that you will do it and here are your terms of reference. Let the Minister explain what government intentions are in this case.

MR. MCGILL: Mr. Chairman, I think the Minister of Finance is adequate when he explained the reasons behind the government decision to place more of the workload in external audit and private contractor audit firms. I think there is little to be gained by going over the general comments and responses that were made in that respect.

CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, for the record I'd like to ask Mr. Dutton how much the corporation paid in auditing fees to the Provincial Auditor for the financial year ended October 31st, 1978?

MR. DUTTON: I know the answer to that; I'm pretty sure I've got the figure. No, no, we received the bill from them the other day. I'm quite sure that the figure of \$35,000 that was presented across my desk. Is that not so? It would be a case of not being paid either and perhaps it would be far under what we're talking about in here, but it would certainly be set up for the amount of fees from October 31st, that's 1977, — —(Interjection)— that's what you actually paid well, don't know what the total amount is. But at the end of October 31st, 1977, it would be around \$35,000. Well, my figure is roughly right, we can get the figures for you, but I think around \$35,000 is an annual cost to us. I stand corrected, but I'm just speaking from memory; I've seen the bill go through.

MR. CHAIRMAN: The Member for St. Vital.

MR. WALDING: I'd like to ask Mr. Dutton if he is satisfied that the audit was done in a proper and adequate manner.

MR. DUTTON: The Provincial Auditor? I think the Provincial Auditor certainly is doing an adequate job. There can be no question in my mind that he looked into every facet of our business.

MR. WALDING: Mr. Chairman, we asked a few questions of Mr. Dutton last week and he said that he would get the answers to those questions. Does he have them now?

MR. DUTTON: No, what we do with answers to any questions —and if I am wrong, he can correct me otherwise, but I can get Hansard and make sure that we understand every portion of that question that was asked before the answer in writing is returned.

MR. WALDING: You write the individual members who asked the questions?

MR. DUTTON: Yes, and it goes to the individual members.

MR. WALDING: I did ask Mr. Dutton if MPIC had bid on insurance for the Public Housing Authority. I wonder if he has those answers now?

MR. DUTTON: No, I haven't, but that's one of the questions that we're going to answer. I'm sure you'll realize that this covers a rather broad area —if my memory serves me right, you incorporate two or three questions in one, and this is one of the areas of course, that if you had last year's premiums, whether public tendered or elected blanket coverage on sight— there were a number of questions that came in here.

MR. WALDING: Right.

MR. DUTTON: If you don't mind, wait for Hansard, because I give you an answer in writing. If it isn't exactly what you asked, then you've got every right to criticize me.

MR. WALDING: Mr. Chairman, I'd like to ask Mr. Dutton if the corporation writes any marine insurance.

MR. DUTTON: Wet marine insurance? A very small amount.

MR. WALDING: Did MPIC cover the insurance on the Lord Selkirk II when it was owned by the government?

MR. DUTTON: No, we've never at any time had insurance on Lord Selkirk II.

MR. WALDING: The corporation was never asked to bid on it?

MR. DUTTON: No, I'm quite sure that's the case.

MR. WALDING: No further questions.

MR. CHAIRMAN: Is it the wish of the committee that perhaps, we could now proceed page by page through the report? Page 1—pass; Page 2—pass; Page 3—pass; Page 4—pass; Page 5—pass; Page 6—pass; Page 7—pass; Page 8—pass; Page 9—pass; Page 10—pass; Page 11—pass; Page 12—pass; Page 13—pass; the Member for St. George.

MR. URUSKI: Yes, Mr. Chairman, I had a couple of questions with respect to agents and the deal with agents where there have been errors and suspensions. I believe last time, when the committee met, Mr. Dutton indicated that there were three or four suspensions. Am I correct in that assumption last year of agents who, for one reason or another, were suspended because of . . . ?

MR. DUTTON: Suspended, yes.

MR. URUSKI: There were some suspended.

R. DUTTON: Yes, I believe that's correct.

R. URUSKI: Could you indicate whether any were cancelled as a result of initial suspension? Autopac agents, I'm referring to.

R. DUTTON: In my recollection, your Autopac agents of last year, the suspensions were all lifted after we had our sessions with them.

R. URUSKI: Was there a length of time of suspension meted out, say one week, two week or is the suspension primarily pending a hearing and the outcome of the hearing?

R. DUTTON: They have quite a lot of protection really, an Autopac agent, and he cannot be cancelled unless he is guilty of some misdemeanour. And that procedure is set out I believe, in the regulations or the Act, I'm not sure which it is now, that I have to cite the reasons for suspending the agents and then give them five days to show cause why that should not be made permanent, and they appear, of course, within that period of time and state their case.

MR. CHAIRMAN: Page 14—pass; Page 15—pass; Page 16—pass; Page 17—pass; Page 18—pass; Page 19—pass; Page 20—pass; Page 21 and the final page—pass. That concludes 1978 Annual Report on the Manitoba Public Insurance Corporation. Committee rise.