

**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES
AND NATURAL RESOURCES**

Tuesday, 29 July, 1986

TIME — 10:00 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. S. Ashton (Thompson)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Bucklaschuk, Cowan, Doer,
Harapiak (The Pas),

Hon. Ms. Hemphill

Messrs. Ashton, Blake, Enns, Manness,
Nordman and Scott

MATTERS UNDER DISCUSSION:

Annual Report of the The Manitoba Public
Insurance Corporation.

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CLERK OF COMMITTEES, Ms. T. Manikel: Good morning. Before we can start this committee meeting, we must elect a Chairman. Are there any nominations? Mr. Harapiak.

HON. H. HARAPIAK: I would nominate Steve Ashton from Thompson.

MADAM CLERK: The Member for Thompson has been nominated. Any further nominations?

Seeing none, Mr. Ashton, will you please take the Chair?

MR. CHAIRMAN: The Minister has an opening statement.

HON. J. BUCKLASCHUK: Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, I'm pleased to have this opportunity to appear before you today to review the Manitoba Public Insurance Corporation's Annual Report for the fiscal year ended October 31, 1985.

I'm sure the members are well aware of recent developments at the corporation with respect to the dismissal of Mr. Carl A. Laufer as President and General Manager on June 13, 1986.

Mr. Laufer's appointment was revoked by Order-in-Council following receipt of a report from the Provincial Auditor which indicated that Mr. Laufer had acted improperly in a number of instances.

Recognizing that MPIC has a unique responsibility to serve the insurance needs of Manitobans from a position of trust and integrity, the Government of Manitoba concluded that the wrongdoing within the

corporation has to be corrected at once. As a result, we moved quickly to deal with the problem and appointed Mr. Robert Silver, Deputy Minister of Crown Investments, as acting President and General Manager of MPIC on June 19, 1986.

Mr. Silver, who has extensive experience in both the public and private sectors served as an ex-officio member of the corporation's board of directors for more than two years, and I'm confident that his skills and strong financial background will contribute immeasurably to the administration of MPIC.

Mr. Silver and other officials of the corporation are here today to assist me in responding to questions from members of the committee and, with the permission of the Chairman, I'd like to take a moment to introduce them, starting with Mr. Dribnenky, the Vice-President of Finance. Sitting next to him is the Comptroller, Mr. Peter Dyck; next is the Vice-President of Administration, Mr. Barry Galenzoski; next is the Vice-President of General Insurance, Mr. Petrishen; and next is the Vice-President of Corporate Services, Mr. David Kidd.

In spite of the difficulties I mentioned earlier, the Annual Report we are about to examine clearly shows that the Manitoba Public Insurance Corporation has continued to build on its well-established record of growth, innovation and service to the public.

A great deal of the credit for these achievements must go to the corporation's board of directors, management and staff, whose leadership, dedication and hard work have enabled MPIC to provide Manitobans with high quality insurance products and services at a reasonable cost.

This is particularly gratifying when one contrasts MPIC's performance with that of insurers in other parts of Canada and the United States, where double-digit increases in automobile insurance rates have not been uncommon.

Here in Manitoba, the financial stability and administrative efficiency, which have characterized our public insurance programs since its establishment in 1971, made it possible to reduce basic Autopac premiums by an average of 2 percent, effective March 1, 1985.

Although falling outside the scope of our review today, the current registration year also brought further benefits to Manitoba motorists, with most basic Autopac premiums remaining unchanged from the previous year and only nominal increases being applied to third party liability coverages.

At the same time, the corporation acted voluntarily to comply with Charter of Rights requirements by removing all remaining discriminatory criteria from its accident benefits and rating schedules, thus completing a process begun in 1971 when MPIC introduced non-discriminatory rating to Manitoba.

Perhaps less noticeable than these direct benefits, but equally important, is the positive role the corporation plays in the development of our economy.

During the fiscal year ended October 31, 1985, for example, MPIC's long-term, Manitoba-based investments, held mainly in the form of provincial, hospital, school and municipal bonds, increased from \$219.2 million to \$241.8 million.

The corporation's investment portfolio, which consists primarily of provisions for unpaid claims and unearned premiums, is important for two major reasons:

First, it ensures that premium revenue and earned surpluses are reinvested in facilities and organizations which benefit all Manitobans, such as nursing homes, hospitals, clinics, school divisions and municipalities.

Secondly, the income from MPIC's investments, which totalled \$39.4 million in the fiscal year under review, is used to reduce the overall cost of insurance to policyholders.

Without this source of income, it is estimated that automobile insurance premiums alone would have to increase by an average of about \$50 to offset the loss in revenue.

The corporation's impact on the provincial economy is perhaps felt most directly at the local level, in the many cities, towns and villages where MPIC and its 394 independent agents carry on business.

During the 1984-85 fiscal year, for example, MPIC's 933 full-time employees reinvested a total payroll of \$27.1 million in their communities.

As well, MPIC paid \$481,000 in grants towards the cost of municipal and school services in 13 locations across the province and \$7.2 million in taxes assessed under The Insurance Corporations Tax Act.

Despite a dramatic increase in claims volume in both the Automobile and General Insurance Divisions, the corporation ended the year with a consolidated net profit of \$4.4 million.

Total earned revenues rose from \$255.0 million to \$277.9 million, while total claims costs increased by 14.6 percent, from \$206.3 million to \$236.5 million.

Total expenses, including administrative costs, commissions and premium taxes, amounted to \$37.0 million, compared with \$34.7 million in the 1983-84 fiscal year.

With the Automobile Insurance Division handling a near-record 224,000 claims in the year under review, the corporation enhanced its level of service to the public by expanding four of its claim centres in Winnipeg and constructing a new centre at 1103 Pacific Avenue.

Combined with larger injury settlement awards and higher repair costs, this significant increase in volume also led to a \$25.1 million increase in automobile claims costs, to a total of \$203.9 million.

Earned revenues in the Automobile Insurance Division rose from \$220.0 million to \$236.1 million, however, and the division recorded a surplus of \$9.3 million for the 1984-85 fiscal year.

Members of the committee are probably aware of the serious difficulties which have plagued the property-casualty insurance industry in North America for the past several years.

Escalating claims costs, continuing problems in the international reinsurance market and inadequate rates have all been identified as major factors contributing to the massive underwriting losses being reported by many insurance companies - underwriting losses which were estimated at \$1.32 billion for the Canadian insurance industry as a whole in 1985.

Unfortunately, Manitoba is not immune to these disturbing trends and MPIC's general insurance division, which operates in the same competitive environment, reported an operating loss of \$4.9 million for the fiscal year under review.

As described in the annual report, however, the corporation has acted to protect the division's financial stability by maintaining a responsible approach to rating and underwriting, streamlining its policy production and management information system and shifting the focus of its assumed reinsurance portfolio away from the volatile international market.

Throughout this difficult period, MPIC has continued to gain greater public acceptance with the number of new policies issued increasing by 27.1 percent during the 1984-85 fiscal year.

Of particular significance is the fact the general insurance division is now the largest commercial liability insurer in Manitoba, providing extensive coverage for such risks as municipalities, commercial trucking operations, day care centres, child welfare agencies and amusement parks.

In view of the so-called crisis in the liability insurance market which has been widely reported in the media, the growth of this book of business provides tangible proof that MPIC's general insurance division continues to offer a valuable and much-needed service to the insurance-buying public.

As Minister responsible for the Manitoba Public Insurance Corporation, I am proud to be associated with this 15-year tradition of success and I am confident the corporation's achievements will continue to generate significant benefits for all Manitobans in the years to come.

Mr. Chairman, members of the committee, that concludes my report on the financial results of the corporation for the '84-85 fiscal year.

MR. CHAIRMAN: What is the will of the committee in proceeding with the report?

Mr. Blake.

MR. D. BLAKE: Well, Mr. Chairman, I thank the Minister for his report.

In the past, we have allowed the committee members to ask general questions. Some of the MLA's have questions maybe of a constituency nature or parochial nature, and we got those questions out of the way and then proceeded to approve the financial statement. At the end of it, it seemed to work out quite satisfactorily. If that would be agreeable to the committee, we could proceed that way because there are other functions the members have to attend to and if they have some particular questions, maybe they can get them out of the way and then they're free to go about some other duties if they have other pressing engagements this morning, if that's agreeable to the committee?

MR. CHAIRMAN: If that's agreeable, we can proceed - Mr. Blake.

MR. D. BLAKE: Well, Mr. Chairman, firstly, the Minister has given us a statement that pretty well follows verbatim the statement he read to us last year. There are one or two questions arising from that I think we

can maybe have the Minister or the Chairman answer and get out of the way.

First of all, Mr. Chairman, when the announcement was provided in the House with regard to Mr. Laufer, possibly the Minister could tell us, is there any litigation pending Mr. Laufer's dismissal? Is there settlement that has been made with him on the termination of his employment?

HON. J. BUCKLASCHUK: There has been no settlement and I'm advised by our legal counsel that Mr. Laufer intends to launch a lawsuit against the province, the corporation and myself.

MR. D. BLAKE: All right. In the announcement where you announced the appointment of Mr. Silver as Acting Chief Executive Officer of the corporation, I gather from an Order-in-Council that was processed later that he has been appointed to that position. Is that correct, or is that still an acting position?

HON. J. BUCKLASCHUK: No, Mr. Silver has been appointed as the Acting General Manager and President of the corporation. The position will be advertised very shortly and we would hope that we can have a permanent position filled within a matter of three-to-four months.

MR. D. BLAKE: In the appointment of yourself as Chairman of the Board, was it considered that that would keep you in closer touch with the corporation or was there no other outside person available to be appointed Chairman of the corporation?

HON. J. BUCKLASCHUK: The appointment of the Minister responsible as a Chairperson is not something unusual. As you are aware, from 1971-73 I think the present Premier was the Minister responsible, was the Chairperson of the Board. From 1974-77 I think the Member for Interlake, the Minister of Agriculture was the Chairperson of the Board.

It was felt that with the appointment of the Minister responsible to the position of Chairperson of the Board that the Minister would have a much better understanding of how the corporation operates and can be in closer contact with the corporation.

MR. D. BLAKE: Yes, in noticing in the financial statements, Mr. Chairman, the general insurance businesses had not a successful year again - and we'll be going into that later when we get into the financial statements. There are a number of questions, I'm sure, that the members will have and I have some on various aspects of the corporation's salvage operations and the service to motorists and most of the complaints coming to my attention are late payment of claims or some disputed claims. So possibly we can get into that.

Last year the Minister had the cost of producing the annual statement at his fingertips. I wonder if he has that again this year.

HON. J. BUCKLASCHUK: Yes, the cost per copy is \$9.73 and this year we've had 2,000 copies published or printed.

MR. D. BLAKE: Mr. Chairman, I wonder if the agreement with the automotive tradespeople has been

concluded, the rate structure; has that agreement been settled.

HON. J. BUCKLASCHUK: Yes, about two weeks ago or so, I believe.

MR. D. BLAKE: What rates did they settle on?

HON. J. BUCKLASCHUK: The settlement reached this year allowed for an increase of \$1.45 an hour for the body shop rates. This represents a 5 percent increase for the city body shops and 5.3 percent in rural Manitoba.

MR. D. BLAKE: What does that bring them up to?

HON. J. BUCKLASCHUK: The settlement then allows for \$30.45 as the rate in Winnipeg and \$29 in rural Manitoba south of the 53rd parallel.

MR. CHAIRMAN: Mr. Enns.

MR. H. ENNS: Mr. Chairman, just getting back to the Minister's opening statements and some of the current difficulties the Minister alludes to in his opening comments with respect to the senior management at Autopac.

Mr. Chairman, I have to say Manitobans, of course, have just recently learned that we, as a result of a wrongful dismissal, are going to have to buy a board appointed by this government, or largely appointed by this government, and it is costing Manitobans in the neighbourhood of \$1 million in the form of a settlement resulting from a wrongful dismissal situation.

We have been served notice, I understand, from the Minister's comments, that the former executive officer of Autopac will be moving legally to challenge the government's dismissal of his position.

On Page 3 of the Minister's report, the Minister goes out of his way to indicate that a great deal of credit for the achievements must go to the corporation's board of directors. I have to question the Minister on precisely what was the role of the board of directors during the period of time. Apparently it was a period of time when discrepancies occurred at the senior management level of such a nature that called for the action the Minister and government finally chose, to remove the executive officer.

In other words, I'm asking a very pointed question as to whether or not, in view of the experience that this government has just experienced in Brandon, and is experiencing in Brandon, it seems to me that the government and this Minister ought to be looking a lot harder at the role and the activities of the board of directors of various corporations - and in this case we're dealing with MPIC - that we appoint.

What was the board of directors doing while obvious wrong, or in the minds of the government or the minds of the Minister - I don't wish to preclude, not being apprised of the details, any actions that Mr. Laufer may wish to undertake - but certainly in the Ministers' minds, they were of serious nature enough to dismiss him from that position and I have yet to hear, and I think this is our first opportunity to hear from the Minister, his feelings, his response as to what the role of the board of directors of MPIC was during this period of time.

What continuing degree of confidence does the Minister have in that board of directors? After all, Mr. Chairman, the board of directors is appointed to direct the affairs of the corporation, hopefully to reflect the wishes of the public and indeed to advise the Minister of the day-to-day operations of the corporation.

I'll ask a specific question: Is the government considering a review of the current board of directors with a view to putting new faces on?

HON. J. BUCKLASCHUK: In response to the latter question, my answer to that is, no. We have every bit of confidence in the competence and qualifications of our directors on the MPIC Board. I think it's appropriate to say that the board of directors is a policy setting body. They are involved in the day-to-day operations of the corporation.

Certainly the type of incidents that were uncovered by the Provincial Auditor's Report would not have been drawn to the attention of the board of directors. There's no way they could have been aware of the specific situations that were alleged, that is not their function. The dismissal was on the basis of the report as provided by the Provincial Auditor, responding to a number of very specific allegations that had been made. So I certainly do not fault the board. They are responsible for the setting of policy and in that respect I think they've done a very commendable job.

MR. H. ENNS: Mr. Chairman, again to the Minister. The Minister also indicated a bit of new information, as far as I'm concerned, on Page 2 of his opening statement.

It indicates that Mr. Silver, who is now the Acting President and General Manager of MPIC, has in fact served as an ex-officio member - to use the Minister's term - of the corporation's board of directors for more than two years. I was not aware of that. I would have to ask the Minister, that ex-officio role of Mr. Silver that he practised for two years with the corporation surely doesn't mean that we are putting somebody at some arm's length into the corporation during this period of review and examination.

Did Mr. Silver, for instance, attend most of the board meetings during the last two years? Was he not aware of any of the wrongdoings that are now being charged at the feet of the former chief executive officer? Are we in fact putting in somebody that has, of his own volition, not seen anything wrong at MPIC for the last two years, as he served as an ex-officio member of the board of directors?

HON. J. BUCKLASCHUK: Perhaps I should just spell out what our government policy has been.

Over the past number of years we have, as a government, included on the membership of board of directors, worker representatives. I believe the first two were appointed to MPIC about two years ago. In addition, the Deputy Minister of Crown Investments has been an ex-officio member on about half a dozen of the Crown corporations. I can't recall if that was done by Order-in-Council - and I don't believe it was - but I don't think was anything unusual. Certainly, from that department's perspective again, it would be a linkage between the Department of Crown Investments

and the Crown so that that department would have a better understanding of what was happening in each of the Crowns. That practice continues on.

I believe at the present time the Acting Executive Director of Corporate Planning has been nominated as a member ex officio of the board of directors of the corporation. But the same would apply to the ex-officio member, as to the other board members, that they are responsible for - certainly not the ex-officio member wouldn't have that authority - but basically a policy setting body rather than being involved in a day-to-day administration of the corporation.

MR. H. ENNS: Mr. Chairman, through you to the Minister, I want to indicate I have no quarrel with the concept of having somebody like Mr. Silver, who in his capacity as Deputy Minister of Crown Investments, acts as a liaison to government in an ex-officio capacity with boards like MPIC.

But then I have to ask the specific question and I'm assuming that role is seen as precisely that, as a liaison to provide additional flow of information, communications between the government and the various Crown corporations that we have in the province.

I have to ask the specific question. During those two years, did Mr. Silver at any time make the Minister or the government aware of any serious wrongdoings on the part of senior management at MPIC?

HON. J. BUCKLASCHUK: Had there been such an occasion, the appropriate person to have done it would have been the chairperson of the board of directors, not an ex-officio member.

MR. H. ENNS: Mr. Chairman, that keeps coming back to me. The point then is that the ex-officio member of the board of directors, specifically appointed by the government to act as a communication liaison, watch dog if you like, putting a more direct communication link from government to a Crown corporation, the chairman of the board of directors, none of the individual members of the board of directors, none of these responsibly dedicated people - and I'm trying to look for the Minister's terms as he describes them on Page 3 - at any time approached the government or the Minister responsible to indicate that there was any serious concern on their part as they viewed their responsibilities with respect to the management affairs of MPIC.

HON. J. BUCKLASCHUK: That would be incorrect to say that no chairperson of the board had brought any concerns to my attention. As a matter of fact, the allegations that led to the Auditor's Report were brought to my attention by the then chairperson of the board, the Minister of Natural Resources. So certainly, in that respect, the board or the chairperson was fulfilling his responsibilities in making me aware of areas of concern.

MR. H. ENNS: Mr. Chairman, I believe the Minister indicated in response to some questioning in the House that the appointment of Mr. Silver was a temporary one, and that a search would be on for a chief executive officer, or is currently on. Can the Minister give us some

indication if that is indeed the fact, and give us some idea as to what time frame the Minister is looking at for filling Mr. Laufer's position with a full-time replacement?

HON. J. BUCKLASCHUK: As indicated previously this morning, Mr. Silver's appointment was on an interim basis. We are in the process now of arranging to have advertising on a national basis for this position, and it would be my hope that we would have a permanent president/CEO of the corporation in place within a matter of three or four months.

MR. H. ENNS: Can the Minister assure me that none of the four or five vice-presidents sitting behind me will not be excluded from having the opportunity to be considered as a new executive officer of MPIC?

HON. J. BUCKLASCHUK: The competition will be wide open, and every . . .

MR. H. ENNS: By the way also, of course the current acting executive officer.

HON. J. BUCKLASCHUK: Yes. The competition will be wide open and every vice-president and the acting general manager have every opportunity to apply for that position.

MR. H. ENNS: Thank you.

MR. D. BLAKE: Mr. Chairman, I wonder if you could provide us with a list of the reinsurance companies that the corporation does business with. Would that be possible?

HON. J. BUCKLASCHUK: I don't have such a list handy. I don't know if it would create any problems for the corporation. I suspect not.

MR. D. BLAKE: If we could have that list, I'd like the ones that are licensed as reinsurers and the ones that are unlicensed as reinsurers - that would probably be helpful - and maybe the amount of business that they're doing with us if that's not confidential information.

Possibly the Minister might also be able to tell us when the Canadian Indemnity Company went out of business, I wonder if you could give us some indication of how much of that portfolio was assumed by the corporation under the general insurance.

HON. J. BUCKLASCHUK: Offhand, I don't have that information, but I certainly do know that I've received correspondence or calls from businesses or individuals who have formerly been covered by CEI approaching MPIC to see if they would pick up that policy.

MR. D. BLAKE: Have you any idea of how much of that business we have written?

HON. J. BUCKLASCHUK: I don't know offhand how much of that business we would have written, but I do know that our volume has increased substantially during the past year. I would anticipate over the next couple

of years, that our volume will again likely double from what it is at the present time.

MR. D. BLAKE: My purpose in asking the question of how much we'd picked up out of that, they lost \$30 million before they went into Receivership. I just wondered if we were picking up a big chunk of that portfolio, whether that might be wise business to pick up or not, maybe there were high-risk coverages that led to some of their problems. But possibly when we get a better idea of how much of that business we have, it might be helpful to us.

One of the complaints coming to members in the Opposition from people being serviced by the corporation are complaints of time delays in payouts and in settling claims. Is this a general complaint with the corporation? Have any steps been taken to maybe speed up settlement of claims?

HON. J. BUCKLASCHUK: Inevitably in excess of 200,000 claims a year, there will be situations where a claimant feels that the delay in receiving a settlement is unacceptable. My understanding is that, where a settlement is reached, the claimant in all likelihood will be paid out in a matter of 14 days or so.

There are at times - and certainly I know from the experience in our office - delays caused for a number of reasons. Medical reports may not be received. Quite often, the second party has not filed a report with the police; and until all this information is available, the corporation may not be in a position to make an assessment of responsibility or liability and for that reason, there will be delays.

MR. D. BLAKE: I suppose the largest problem comes from some of the liability claims, the larger ones where there's been bodily injury. I had one that was brought to the Minister's attention not too long ago of two ladies who had two children while riding bicycles were struck by a car. There was some delay in getting the funds to keep the family supplied with the necessities of life, where the corporation had admitted that there was going to be a fairly large claim and there was some \$22,000 put aside but there was a problem of going through the Public Trustee to get the funds. Was that able to be expedited in some way? I haven't received another call, so I assume that they . . .

HON. J. BUCKLASCHUK: I recall that particular claim, and I believe the matter was reviewed and that the immediate needs of the family were being looked after. I could certainly check on that, but I think it has been resolved for the time being.

MR. CHAIRMAN: Mr. Downey.

MR. J. DOWNEY: Mr. Chairman, the first comment I want to make is - and I maybe missed out any comments dealing with the removal of the previous general manager or president - I want to say, in any constituency problems that I had, I have to say that the individual, as far as working on behalf of the people, who the company put in place, I have to give credit where credit is due. I have to say that there were good responses to any concerns that were put forward to the corporation

dealing with insurance problems, not always to the satisfaction of the individuals, but at least the opportunity to be heard was there and I want that to be on the record. I'm not getting into anything further dealing with that.

I have a question dealing specifically with the liability coverage. It seems that, not only with municipalities but private individuals, because of some of the court settlements, because of some of what are considered to be excessive allocations of funds or responses to claims, has caused, I guess society, but more particularly municipalities, a major concern.

I have one area dealing with a constituent of mine not being able to get any liability coverage for their custom combining operations. I'm asking the question of the Minister and of the corporation as to why they could not look at or implement a program that was introduced by the Saskatchewan Government Corporation, solely owned as this corporation is by the taxpayers, why the corporation hasn't been able to provide some kind of coverage.

The custom combiners that I'm referring to employ considerable numbers of people. They proceed down to the United States each year and work their way back and do the combining in Manitoba to complete their year. But it has really put a strain on them and I think that the combiner that I'm referring to was finally able to obtain some insurance someplace in the States.

I'd like the Minister to explain as to whether or not he has put an effort forward on behalf of these people and to tell me and the committee why he is unable to provide the kind of coverage that they require. Being Manitoba-based, unable to buy it elsewhere, they are in the business to provide service to Manitoba and I'm wondering what are the experiences with custom combinings or why aren't they able to provide that service?

HON. J. BUCKLASCHUK: Well with respect to that specific example, that had not been brought to my attention. I'm sure that could be something we would look at. I don't know what the final outcome would be.

But in respect to the issue of liability insurance, there's nothing magic about it. The one thing that the corporation does when it takes a look at an application, it must take into consideration the risk that's involved. I don't know what the needs are of that particular individual, but in all likelihood the corporation would have to go to the reinsurance market to enable it to accommodate that applicant. I would guess that there is no treaty that would provide for that type coverage or the reinsurance industry is simply not interested in becoming involved.

Now SGI, in all likelihood is in a different situation. One must recall that in Saskatchewan, the Saskatchewan Government Insurance, I think underwrites between 60 percent to 70 percent of the general policies in the province. It has by far larger reserves than MPIC does and in all likelihood it's in a better position to take on a higher degree of risk than MPIC would be.

MR. J. DOWNEY: Well, I'm not satisfied that the Minister has given me the reason why they are unable to cover the custom combiners. If it's the experience, if the

Minister is prepared to provide that information in the near future then I will accept that. But I'm not satisfied that we have Manitoba-based companies that are unable to get the insurance from their corporation when in fact that same insurance is provided in Saskatchewan for their operators. I would like to know if it's the experience that they've had with the liability factor with custom combiners or what it is. I know that the individual that I'm referring to is from Wawanesa and went through severe frustration this spring before he was able to proceed south with his machines and the people that he has hired to carry out the normal work activity of his business. I would just hope that before another year were here for him to go back down again that he would get some favourable consideration from the corporation.

This whole area is one that concerns me and that's in the whole area of liability. I know that the municipalities are extremely concerned about it; some of the problems that they're having. I would ask the Minister if he, being the Minister of Municipal Affairs and the Minister responsible for the Public Insurance Corporation, if he's prepared to put a task force of people together to work with the Union of Municipalities, to work with the insurance company to see what can be done to try and give some security to these municipal corporations that are extremely concerned about it. Has he spent some time; is he prepared to do that; is he prepared to put a task force of people together to try and up with some resolution to the long-term problems that they are facing because what it will virtually do, not only with municipal corporations but some of the other private corporations that have to carry heavy liability insurance, it will force them out of business. I would think that it is incumbent upon him to show some leadership in this field as the Minister responsible.

HON. J. BUCKLASCHUK: On the matter of custom combiners, as I indicated, this had not been previously drawn to my attention. Certainly I would like to review that particular situation; however, I would imagine that it is a matter of a high risk being involved and the corporation - in all likelihood it's unable to obtain reinsurance.

I find these questions, not only today but in the House and otherwise about liability insurance rather interesting. It would appear that MPIC is seen as having an ultimate responsibility where none of the other insurance companies dare to tread. I'd appreciate knowing why the members feel that MPIC has to take on every risk when the private sector is unwilling to do so.

With respect to the Union of Manitoba Municipalities, the corporation has previously provided insurance to a number of municipalities. I recall that about two or three years ago, the corporation took in about \$300,000 in premiums and paid out about \$1.2 million in claims. I think everybody will agree that's not good business sense when you pay out \$4 for every dollar you take in.

I know there is a problem out there but I have sometime ago advised the Union of Manitoba Municipalities that we are prepared to provide whatever assistance we can to their brokers - they are dealing

through brokers - to see if there is some way of assisting them in obtaining appropriate liability insurance. They have talked about forming a pool; the 200-and-something municipalities getting together and putting in a few thousand dollars, whatever it may be, to build a half-million or million-dollar deductible which then might enable the corporation to take a look at their application.

Certainly we're prepared to assist. That doesn't necessarily mean that the corporation is simply going to be providing whatever coverage they want just like that.

MR. DEPUTY CHAIRMAN, D. Scott: Mr. Downey.

MR. J. DOWNEY: Mr. Chairman, I'm not making reference to the fact that I would expect them to move in and blindly offer the kind of coverage that they would expect but I've asked the Minister if he's prepared to ask the Public Insurance Corporation to jointly meet with and sit down with his department and the Union of Municipalities to see what kind of recommendations through a task force committee may be able to be developed. I know suggestions have come forward and, in his capacity as a Minister, I'm sure he's heard it discussed that possibly there should be some consideration on some caps placed on some of these settlements as far as liability is concerned.

I think there's a whole massive question out there in the public mind as to where are we with liability insurance, with some of the things that have happened over the past few years. I think it would be a fair consideration, particularly with the Minister being responsible for both Autopac or Public Insurance Corporation and the Union of Municipalities, the Municipal Governments, to take an in-depth look at it and see what could come out of it jointly that's in the best interests of the municipal corporations and the Public Insurance Corporation and the people of Manitoba.

That's really what the request is, Mr. Chairman, and I would hope the Minister would be prepared to at least give it some reasonable consideration.

HON. J. BUCKLASCHUK: As I indicated a few minutes ago, I've been in correspondence with the Union of Manitoba Municipalities some time ago, and have advised them that we are prepared to sit down with them and assist them in whatever way we can to facilitate their obtaining the kind of insurance that they need. So I assume that the Union of Manitoba Municipalities will take us up on our offer and will do that.

With respect to the matter of liability insurance, that is an issue that is under review at the present time by the Minister of Consumer and Corporate Affairs. The question of a cap on liability insurance, I'm sure, is something that he and his department are considering. I shouldn't say, considering, but certainly I'm sure they're examining that suggestion. There are probably a number of others, but the Minister of Consumer and Corporate, that's within his responsibility.

MR. J. DOWNEY: At least the Minister has indicated that he's made an offer to the Union of Municipalities

to try to come up with some of the solutions. I would hope that, as I indicated him being responsible for the Public Insurance Corporation, possibly there could be some input from them to give some kind of, at least if not guidance, some form of information that would be helpful to those individuals to have a better understanding of the corporation or their needs which may be provided by the insurance industry.

Mr. Chairman, I have one other question, and I won't respond to the Minister's, I guess I'd almost call it a sarcastic response to the demands of the public on the Public Insurance Corporation. They like to hold it out as the best government-involved corporation going. When they put themselves in that position and tout it as such, the public expects service, the provision of service that they continue to talk so highly of.

Mr. Chairman, I have a question that deals with a constituency problem dealing with fleet registrations and coverage under the Public Insurance Corporation. I haven't had a chance to just spend a lot of time at it, but the basic question that came forward from this constituent is: does it seem logical to surcharge fleet operations on comprehensive claims, while individuals are not surcharged on comprehensive claims?

Apparently, there was a regulation change from 1983 to 1984 which substantially increased the cost of the comprehensive insurance on fleet operations, but have excluded the individual operator. Now, could the Minister give us a clarification as to why that has taken place so that I can respond to my constituent in this regard?

HON. J. BUCKLASCHUK: I'll try to respond to about three different questions. Just to give an idea of the difficulties of dealing with the area of liability insurance, I'm advised that - and I believe these figures are about two years old - the Union of Manitoba Municipalities had paid in premiums of somewhere in the neighbourhood of \$234,000, and the loss on that policy is close to \$3 million. So I had understated what the experience was with that particular policy.

I did not mean to be sarcastic when I referenced my - I wouldn't say frustration but, time and time again, it seems that if an applicant needs liability insurance, that individual may shop around through half-a-dozen companies and then it winds up on my desk. Somehow or other, MPIC is to provide a type of coverage that no one else dares touch. MPIC in the liability insurance is in a competitive field. It is not a monopoly. It works in the same environment that any other insurance company has to, and underwriting considerations are taken into account and there are times when the risk is such that the corporation would not be acting responsibly in issuing a policy.

On the matter of the surcharge on comprehensive claims, if the member would provide me with the specifics on that, I'd take a look at that. But I believe that there are rebates provided to the fleet operators, depending on their experience. So what was given was only half the equation. The other half is that, depending on the operator's experience, there may be rebates provided.

MR. J. DOWNEY: I'm not aware of the specifics. I know that the Minister is making reference to the loss-

premium ratio within the Union of Municipalities, the ones covered. I'd have to have a little more opportunity to look at the details of that. Those are the kinds of things that I think could be openly discussed with the Union of Municipalities and something worked out, so that in fact we can solve the problem because we aren't going to solve the problem if everybody puts their head in the sand.

I think we've got to cooperatively work as a society, use the Minister responsible for the Manitoba Public Insurance Corporation, the Union of Municipalities and try to get some firm idea of where we're going or where we're going to end up as a society if in fact there continue to be what are considered unreasonable settlements made on some of these liability claims. That's the bottom-line question. Somebody has to take it in hand and carry it out.

I would be interested to know, just when the Minister makes those references, what is the experience with the Manitoba Association of Registered Nurses? What has been the experience with them in view of the fact that they have backed away from covering them with insurance?

HON. J. BUCKLASCHUK: I want to assure the Member for Arthur that we are not burying our heads in the sand. We are dealing with this almost on a daily basis, and I will have further meetings with the acting manager and senior staff to see what can be done to meet the needs of Manitobans. As I've indicated, I'm finding that almost every day we have an inquiry from some group or some business who is no longer able to purchase liability insurance from the private sector, and look at MPIC as the last resort.

MPIC has been providing liability insurance for public facilities, for public utilities, educational institutions, day care centres, sports organizations, amusement operators. It has been providing professional liability and, with respect to MARN, it is true that over the past number of years there have not been any claims. However, I understand that there is a claim pending at the present time.

As I indicated in the House a few days ago, the Manitoba Association of Registered Nurses has a \$1 million policy with MPIC at the present time, of which half-a-million was purchased by the corporation through a facultative reinsurance policy. We do not have any reinsurance treaties that would provide for the type of coverage they require. I'm told that the Faculty of Reinsurance will not be available either after the year-end, so the corporation would be in a position where it would have to, in a sense, cover the total policy from - I suppose, if we had one of the underwriters here, they could advise us as to what the experience has been in Canada and in North America with respect to persons working in health care facilities. I suspect the risk is fairly high and that is the reason why, at the present time, we appear not to be able to provide the kind of coverage the association is requiring.

MR. J. DOWNEY: Mr. Chairman, if I understood the figures the Minister gave us, that the premiums paid by the Union of Municipalities was in the neighbourhood of \$230,000 or 235,000 and the claim factor was in excess of \$3 million, they're still carrying some liability

insurance. It's still offered to the Union of Municipalities or the municipal corporations, as I understand it, that they have not refused to, yet there seems to be an inconsistency in their policy that now, even though MARN has not had a claim on liability insurance, they're now not going to provide any for them. There seems to be a inconsistency here. I'm not saying they shouldn't carry the municipal corporations, but I just wondered why the inconsistency in policy. Is it totally because of the lack of reinsurance factor? Is that why?

HON. J. BUCKLASCHUK: As I indicated, there is a claim pending, I understand, involving that MARN policy, but the basic difficulty is not being able to obtain part of that coverage through the reinsurance industry. It's just not available to the corporation.

MR. J. DOWNEY: I think the Minister would be well advised to give the committee, or to provide for the committee and members of the Legislature, some of the historical activities dealing with liabilities in all areas. I think there has to be a total picture shown as to where we're at in liability insurance in our society today so that we can, in fact, know where we're at. Until those numbers are brought forward, until those facts are brought forward, the Minister hasn't satisfied me or the committee or the people of Manitoba. It's incumbent upon him to get his act together and do so. That's really where it's at. He can't come here and just pass over this issue lightly and expect the committee to be satisfied, because the public isn't satisfied and we're not satisfied.

HON. J. BUCKLASCHUK: To provide specific information, here it is. In 1980, the corporation earned some \$780,000 in premiums and incurred losses of around 240,000 which gives a ratio of losses to premiums of around 30.9 percent - that's 1981, I'm sorry. In 1982, premiums earned were 890,000, losses 498,000 - the ratio now goes up to 56.0 percent;'83 premiums earned, 1.109 million, losses 650,000 - the ratio now goes up to 58.6; 1984 the loss ratio goes up to 63 percent; 1985 premiums earned, 2.17 million, losses 1.82 million - we're up to 83.8 percent. The ratio of losses to premiums is steadily increasing.

MR. J. DOWNEY: That begs the next question. There's continually an increased pay-out. What is causing that to happen? Just by reading these numbers off still hasn't given us some of the answers to the questions to why is this type of pattern taking place? What are people doing to prevent the kind of liability claims that are being brought down upon them?

HON. J. BUCKLASCHUK: Clearly, some things are totally out of the control of the corporation. The quantum of the court awards is not something the corporation or the industry can have any influence over.

I should just indicate industry-wide - and I've had some figures provided to me - in 1980, the loss ratio in the fourth quarter was 58.1 percent; 1981 the fourth quarter loss ratio was 72 percent; 1982 it's up to 87 percent;'83 it's over 100 percent;'84 it's 108 percent.

So you can see what is happening industry-wide, and as I indicated before, the Manitoba Public Insurance

Corporation operates in the same environment as the private sector in respect to liability insurance, and we face the situation where the risk becomes such that the corporation is not able to responsibly underwrite that policy.

MR. J. DOWNEY: The point I'm trying to make with the Minister - he is in a capacity, as a Minister of the Crown, to try and do something about it in general with the whole question of coverage for those municipal corporations and those organizations that depend on the public corporation for their coverage. There's a trend established that we're seeing an increased demand placed on liability insurance. The costs are going up. Society needs coverage. Where is it going to end? That's the question. Are we going to be able to continue to buy liability insurance at an affordable price? It's getting out of that retrade now.

If that, in fact, takes place, then people will not be covered with liability insurance. That's the option we're apparently looking at. I would like the Minister responsible for Autopac, or whatever his capacity is, to tell us he and his government are prepared to deal with it. That's what his job is, to show some leadership in society. He was elected to do that; he was appointed to do that. We haven't had many answers that are giving us the kind of assurance that society is safe in the hands of the New Democrats with this kind of lack of leadership. That's the bottom line, Mr. Chairman.

HON. J. BUCKLASCHUK: First of all, with respect to the comments on the municipal bodies. I am not aware of a single municipal corporation in Manitoba right now that does not have liability insurance. It can still be purchased whether it be through the corporation or through any other insurance company or whatever arrangements they may make through their broker.

Their concern is the ever-escalating premiums that are involved. I did indicate that the Minister of Consumer and Corporate Affairs is looking at this whole issue of liability insurance. He is not the only Minister in Canada looking at that issue. I'm sure it is a matter of concern to the Federal Government. Interestingly enough, they have not been able to find a solution. The member knows well the situation of the business firm from Brandon that was trying to operate in Riding Mountain Park under the federal jurisdiction and was unable to operate, and the Federal Government was unable to assist them in finding a corporation that would be willing to provide that coverage. Finally, it was the Manitoba Public Insurance Corporation that provided the coverage for that firm and enabled it to stay in business.

We have done that in Manitoba time and time again, providing coverage when that was unavailable anywhere else in the province or in Canada. I think the Manitoba Public Insurance Corporation has taken a very responsible position on this matter and we will be looking at this further.

I know the member realizes there is no simple answer to this problem. We're not able to deal with it nationally and I'd suggest we're unable to deal with the problem internationally.

MR. J. DOWNEY: Mr. Chairman, I won't proceed to carry on. I'll provide the Minister with the file of

correspondence dealing with the comprehensive insurance dealing with the fleet. I think it has gone before the appeal, but I would like him to know the concerns of my constituent. I'll provide a copy of the file for him so that he can review it himself.

As well, I'll expect to get the answers on the reasons for not being able to cover the custom combiners in the near future. I'm not very heartened by the activity and the leadership that's being shown as far as any liability coverage for society under this administration.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNES: Mr. Chairman, I would like to ask the Minister - and some of these questions flow from the discussion that has just been held - I would like to ask the Minister, because it's not provided within the annual report, whether or not one can categorize the liability insurance areas under the General Insurance Division. I'm wondering if that can be done, and whether or not that can be made public.

Furthermore, I would ask the Minister whether or not reductions or removal of certain categories have occurred in the last year. My colleague made reference to the fact that MPIC is considering or has denied liability insurance to the Manitoba Association of Registered Nurses. How many other societies or groups or individuals within the province have been denied insurance that had been provided some level of coverage in the past?

HON. J. BUCKLASCHUK: I'm advised that we can pull that information out, and I'll certainly be prepared to provide the information.

Mr. Chairman, if there is some feeling that the corporation is not acting as a responsible corporate citizen because it has turned down one or two applications, I now do have a list of some of the policies that we have been able to underwrite in the past three or four months. These firms or groups have simply been unable to obtain insurance elsewhere. I notice there are two farm equipment manufacturing firms that are now insured with MPIC, and I would imagine they were unable to obtain the insurance elsewhere; Family Services of Winnipeg; Children's Aid Society; quite a number of amusement ride operators; the Clear Lake Marina that I referred to before; several dozen firms obtaining insurance from the corporation that was, in all likelihood, unavailable elsewhere.

MR. C. MANNES: Mr. Chairman, I then will wait for that information. I would ask the Minister, though, where in these broad categories of coverage did MPIC General Insurance Division realize the greatest losses, amounting in total to 4.86 million within this one specific area? Was it just a general increase in awards throughout all categories, or were there some specific areas that one can attribute this loss directly towards?

HON. J. BUCKLASCHUK: The loss that the Member for Morris refers to is basically as a result of the loss incurred from our reinsurance treaties. As I recall, the recorded loss was in the neighbourhood of about \$4 million last year in the reinsurance area. A good number of these policies are likely anywhere from five to 10

years old, and we're still picking up the losses from those treaties.

MR. C. MANNES: Mr. Chairman, I'll switch my question over to the Automobile Insurance Division, and ask specifically how much money was paid out in injury-related claims in 1984, and a further indication as to whether this number is also increasing.

HON. J. BUCKLASCHUK: I'm sorry, we don't have the 1984 data. We'll have to come back with that information.

MR. C. MANNES: Mr. Chairman, we're in July, 1986. Is the Minister saying it hasn't been compiled, or he just does not have it?

HON. J. BUCKLASCHUK: No, I don't have it here.

MR. C. MANNES: I see. Does he have any year's data?

HON. J. BUCKLASCHUK: I guess the answer to that could be found on Page 13 of the annual report, the bodily injuries expressed as a percentage of the 1984 income. You'll notice that bodily injury is 13.5 percent. 1984 income would probably have been in the neighbourhood of about \$200 million, so you're looking at somewhere around \$27 million to \$30 million.

MR. CHAIRMAN: Just before recognizing Mr. Manness, I would like to remind committee members that we have a rule against smoking . . .

MR. H. ENNS: I'll wait outside then.

MR. CHAIRMAN: Thank you.
Mr. Manness.

MR. C. MANNES: Mr. Chairman, I have been led to believe that, for 1984, the injury-related - and this is total injury, just not those within motor vehicles - has amounted to roughly \$43 million, a significant increase from the 1982-83 figure. That figure does not seem to be available, and I would ask the Minister how this could occur, given that we are now belting ourselves in at the rate of, oh, 50 percent, 60 percent, compared to 1983 when we were at a level of 11 percent. Could the Minister tell us why these injury claims are increasing at such a rapid rate?

HON. J. BUCKLASCHUK: I would imagine there are a number of factors that are involved. I suspect that, as the economy improves, you have a higher mileage being driven. We have, as was indicated previously, a larger number of accidents, and the settlements have been higher. But if one tries to relate that to the quantum of the bodily injury payments and relate that to the introduction of seat belt legislation, I don't think there's a connection. I know that, when Dr. Mulligan comes out with his report later on this year, we will see that.

MR. C. MANNES: Mr. Chairman, I'm not trying to draw any conclusions. I'm just curious as to why MPIC would not have the answer to that kind of question,

that we would not be able to, through some type of analysis, determine specifically why the bodily claims in a global sense continue to rise at such a rapid rate. Now, obviously the settlements are somewhat higher; I can accept that.

I can't accept the Minister's argument that we're driving so many more miles that it is reflected in so many more accidents, although maybe there is quantifiable documentation that allows that conclusion to be reached. All I'm saying is that there people publicly telling us, members of the motoring public, that there are extremely large savings associated with injuries because of the new law - I'd like to believe that with the new seat-belt law - I'd really like to believe that, Mr. Chairman.

But basic Medicare, our Health Services Commission's statistics '83-84 have disproved that and here is another figure that in some sense disproves that. So I suppose I'm asking the Minister whether or not he can shed any more light as to why again this number continues to increase at such a significant fashion, based on the information that I have. If the Minister has other information that can disprove what I have laid on the record, well then I would be glad to accept it.

HON. J. BUCKLASCHUK: Well, I'm advised that part of the major reason is because settlements are higher. I believe we could probably take the number of bodily injury claims and figure out what the average cost per claim would be on a per-year basis and we would see what is happening there. I think that could be filled out. I'll attempt to get that information for you.

MR. C. MANNES: Mr. Chairman, I would request that information and there is certainly no great urgency. So I would be interested in seeing it.

Mr. Chairman, I'd ask the Minister what happens to salvaged cars that are sent out to community colleges. How many of them, where they're of course worked upon in the autobody courses, obviously upgraded? I'd ask the Minister what happens to them after they are fixed. Who maintains the ownership of them? Are they sold and to whom accrue the proceeds?

HON. J. BUCKLASCHUK: I'm advised that Red River Community College buys the salvaged vehicles, I presume as any other individual would, from the Public Auction. What they do with them after they've acquired ownership, I cannot respond to that.

MR. C. MANNES: They have to be proven to be road-worthy in all respects?

HON. J. BUCKLASCHUK: I don't know offhand if they are subject to the same requirements that the motor dealers are but again that's something we could find out for you.

MR. C. MANNES: Another specific question, Mr. Chairman, dealing with towing within the City of Winnipeg. Can the Minister indicate - because from my perspective there seems to be somewhat of a turnover in the different companies handling the towing contracts?

HON. J. BUCKLASCHUK: By tender every two years.

MR. C. MANNES: Can the Minister indicate whether there was one entered into over the last two or three months with a company and the term of that contract?

HON. J. BUCKLASCHUK: Yes, there was a new contract entered into as of July 1, 1986. The contracts are tendered. The successful tenderer this year was Suburban Centre and Auto Service, also known as Highway and Metro Towing Services. It is a 24-month contract from the July 1, 1986, with an option by MPIC to extend the contract for a further 12 months from July 1, 1988, to June 30, 1989.

MR. C. MANNES: Can the Minister tell me how many private companies tendered for this work?

HON. J. BUCKLASCHUK: I'm advised that only two firms tendered for that contract.

MR. C. MANNES: Can the Minister indicate why such a few number; and does it have something to do with the fact that the firms that have contracted with MPIC in the past have not made money as being part of that contract?

HON. J. BUCKLASCHUK: I'm not aware of the reasons why only two firms would have tendered. However, I do recall receiving a letter not too long ago from some smaller operators who wanted us to sit down and discuss this with them and I've committed the corporation to discussing with this in due course. But at the present time we do have a two-year contract with Highway and Metro Towing and that's a legal document. I'm sure the opportunity will be there at a later date for the smaller operators to discuss this matter with the corporation.

MR. C. MANNES: Is the Minister indicating that he would consider to dismantling the policy - not the contract which of course has been entered into - but dismantling the policy whereby towing will be offered to one company within the City of Winnipeg and maybe 10, 15 or 20 miles outside thereof?

HON. J. BUCKLASCHUK: I haven't given it that much thought. As I indicated, we are a few years down the road before we have to review the situation. However, even with the present policy I would imagine there is nothing to prevent a number of small operators banding together to form one business entity and tender on that project. I think they could do that at the present time and they may not have considered it. But over the next few years maybe they will develop some sort of entity so they can apply on an equal basis with some of these larger operators.

MR. C. MANNES: Mr. Chairman, I'm told that the real benefit in gaining one of these contracts is in the heavy towing area - that in the automobile area there's not an awful lot of money to be made - and consequently some would say some cars may end up being abused because of it; not given the care that they should have been given in their moving. Can the Minister indicate

whether or not this has been a problem? Have towing companies in the past, that have secured the contract, delivered automobiles in a fashion that has been somewhat suspect to the corporation?

HON. J. BUCKLASCHUK: I'm not aware that this has been an issue. Staff advise me it hasn't been. I'm sure there may be isolated circumstances but I am quite confident that the corporation would deal with the operator at that time.

MR. H. ENNS: Mr. Chairman, in an effort to offer some constructive advice to the corporation during these hearings, certainly I as an individual MLA, the one area that I have received most complaints about - and I don't receive many complaints about Autopac - but the area that seems to be the major irritant is the situation where an older vehicle is involved in a collision and is written off and then you begin the hassle of what is a fair settlement.

I'm asking the Minister, or through the Minister to any of the executive members of Autopac, whether or not it would not seem reasonable to consider doing away with mandatory collision insurance on, particularly older vehicles. I appreciate an arbitrary year or class may be set and we may argue about that, but it would seem to me to remove this one constant kind of irritant that keeps coming up with the general public in dealing with Autopac. Or failing to do that, then to establish, at the time the insurance is bought, a particular book value for an older vehicle.

I know the trade has books that they call the blue book or other books, but it seems to me that it would make the operations of Autopac a little more acceptable to the general motoring public. I indicated to the Minister, and the Minister seems to acknowledge that this is an area of irritation. It seems to me that it's an area that doesn't serve the corporation well, that in the interests of the corporation's public image, serious thought ought to be considered to addressing this problem of mandatory collision insurance which now is collected on older vehicles which, because today of high repair costs, are automatically written off with even what appears on the surface to be a relatively small accident.

Then of course you have the difference in care that motorists provide older vehicles. We have motorists who care for them, who invest continued repairs in the vehicles and, as such, that individual vehicle may well be worth considerably more than what the corporation can, in fairness, settle for in writing off a claim, because of its age.

It would seem to me just good politics, on the part of the corporation and the part of this government, to reconsider the mandatory collision provisions on older vehicles. My question to the Minister, or indeed to any other members of the executive, the staff, whether or not that would not be an improvement to the service now being provided to the driving public in Manitoba.

HON. J. BUCKLASCHUK: I'm just wondering, did Mr. Blake have comments on the same issue.

MR. D. BLAKE: I was going to go into the salvage deal, but that will take one of my questions away.

HON. J. BUCKLASCHUK: I think that the Member for Lakeside has some valid observations. From our office we experience quite a number of complaints in this area.

I recognize that other jurisdictions, including I think Saskatchewan, now has a \$500 deductible. B.C. is higher than Manitoba. I'll take this matter under review and see where it leads us to, but it is an irritant. There's no question about that, and I think that many vehicle owners, legitimately, feel that their cars are more valuable than they really are; and we talk about \$30 an hour body rates, we talk about the ever-increasing costs of replacement parts and so on. It doesn't take very much for that car to be written off and it is difficult for some claimants to understand. I certainly will take this up with the corporation.

MR. H. ENNS: I just want to deal with a number of these that have come to my attention.

Another area of concern, and it was addressed in part before, going back to the question of liability insurance. I've been informed that the trucking industry in Manitoba has had similar concerns. The provision for carrying specific amounts of insurance are often part and parcel of reciprocity agreements to be able to do business, to travel in other states. Some states certainly require a \$10 million liability contract, whereas I'm advised that in Manitoba the current cap is at the \$3 million range. Has this concern been specifically raised with the corporation by the trucking industry and has the corporation had any opportunity to respond to it?

HON. J. BUCKLASCHUK: I'm not just clear as to what the industry wants. Do they want additional insurance?

MR. H. ENNS: Apparently they're having difficulty getting the limit of insurance that is required by law in some jurisdictions to operate.

HON. J. BUCKLASCHUK: I'm aware that the trucking industry is having some difficulties. We've had a number of inquiries from out-of-province firms, I understand, seeking to buy insurance from MPIC, which we were unable to offer; but with respect to the question as to MPIC not providing the type of coverage required, I'm not aware of it, nor is staff aware of that problem.

MR. H. ENNS: Does the corporation insure any significant number of commercial fleets, out-of-province fleets?

HON. J. BUCKLASCHUK: Yes, we do insure some. I'm not so sure that's significant. Overall, I believe that the corporation has some policies out in Alberta with a number of firms providing fleet coverage, but the parent company is a Manitoba company, Grey Goose Bus Lines, I believe. The head office is located in Winnipeg and we can extend our insurance out of the province in that situation.

MR. H. ENNS: Just on another subject matter, briefly, before we move into the report proper.

The whole question of reinsurance seems to be in turmoil in the world, internationally. Can the corporation

confirm that they have assumed a substantially higher exposure of risk because of failure or inability to get the kind of reinsurance treaties that normally were in place?

My information has it that, in general, the reinsurers have backed away, particularly from auto liability, and that this has resulted in the corporation now being exposed to \$1 million per contract, comparable to something in the range of \$150,000 previously; which seems to me a very significant increase in the exposure of the corporation, resulting from this difficulty or inability to get the kind of reinsurance treaties that used to be in place in the corporation.

HON. J. BUCKLASCHUK: Yes, the member is quite correct in that it is becoming increasingly difficult for the corporation to obtain reinsurance treaties or agreements and, in that respect, I think that there may be a small number of policies where the risk has increased.

I just had a list a few moments ago, but the Member for Lakeside raises the very issue that the Member for Arthur raised with respect to the Manitoba Association of Registered Nurses, that at the present time, the corporation provides the million dollars liability coverage, of which half-a-million was purchased through a facultative process or treaty. That is no longer available and therefore if the corporation is to maintain that policy, it would have to provide full coverage for the million dollars, rather than the half-million dollar exposure it has at the present time.

Insofar as the 20 or so associations or corporations that simply were unable to obtain insurance at any cost, I would think, in Canada, I note the maximum exposure to the corporation is a half million dollars with a number in the quarter million dollar range and some as low as \$150,000, depending on the nature of the business.

Just as an example, Children's Aid I note has \$2 million coverage, and I believe half a million would be the first layer provided by the corporation; the rest would be purchased through reinsurance.

MR. H. ENNS: Mr. Chairman, my specific question was what is the first layer now being provided, the exposure now being provided for auto liability?

HON. J. BUCKLASCHUK: Yes, it's been confirmed the corporation now provides the first million dollars coverage as opposed to a half a million a few years ago and even as low as \$125,000 a few years previous. So there is no question the corporation is taking on more exposure.

MR. H. ENNS: That's, Mr. Chairman, a very substantial increase in risk and exposure, from \$250,000 to a million per risk. I would suggest that ought to be some reason of concern on the part of the corporation.

Mr. Chairman, my colleague, the Member for Minnedosa, had asked earlier for a list of who the corporation was currently using, doing some of their reinsurance - that is what is still available. I just want to reiterate that request to have made available to us, the corporation can make that available to us any way he chooses.

My other question: Who is our Canadian broker with respect to reinsurance matters? It used to be a firm called Carpenters in Toronto, are we still dealing with that gentleman? I appreciate mergers have taken place and changes have taken place.

HON. J. BUCKLASCHUK: Yes, I'm advised we have a number of brokers the corporation deals with.

I should also indicate, I believe, about two years ago as a result of board policy, the corporation has been steering more and more of its reinsurance business to Canadian firms rather than international firms. I believe, at the present time, it's about 85 percent Canadian in terms of volume and 15 percent international.

MR. H. ENNS: Well, Mr. Chairman, I would hope, as much as I applaud the Buy Canada policy, and I assume it's because of the general turmoil in the reinsurance business that has seen rates jump from some 400, the premiums paid by the Manitoba Public Insurance Corporation in '84-'85, for instance, from \$447,000 to \$1,742,000, and this at a time when there have been no claims against that reinsurance. That's a very dramatic increase in the premiums paid by the corporation. I would hope they move which, as I said earlier, I generally applaud the use of Canadian sources rather than international sources in itself hasn't contributed to that very dramatic increase in premiums paid by the corporation.

In other words, if Lloyds of London or somebody else has been doing a good job for the corporation, let's not carry our nationalism too far, particularly in this year of an ecumenical feeling toward open and freer trade.

HON. J. BUCKLASCHUK: Yes, just a couple of comments.

On the reference to the \$1 million first layer of coverages being provided on automobile insurance, I would suggest that is a good reason, I'm sure the members would agree, as to why we have to maintain our reserves at a fairly healthy level. One could get into considerable trouble very quickly with a number of major settlements.

On the matter of reinsurance, I indicated that we have steered our business to Canadian firms rather than international. When that decision was made by the board two years ago, it was not as I recall a decision based on increased premiums, as much as the fact of the losses that the corporation was incurring. I'm not being critical because of the previous administration, because I'm sure that the same experience will fall with the decisions that were made during this administration. The losses in the general section of MPIC are basically as a result of reinsurance losses and the \$4 million we experienced last year, at least a good two-thirds of that loss was as a result of treaties entered into between, let's say '76 to 1980. Of the \$4 million loss this year, I'd say probably a half again are as a result of treaties entered into that five-year or six-year period. The feeling of the board was with that kind of a loss experience, perhaps we should be looking at other areas to place our business rather than staying in the international market. So the decision, as a I recall, more as a result of the unacceptable loss experiences than in respect to what was happening with the rates.

MR. D. BLAKE: I have one or two questions, Mr. Chairman, and then we can maybe do the financial statement.

First of all, I'm maybe going to jump around a bit. I know the Minister is jealously guarding the reserves, but SGIO had substantial more reserves than this corporation has and an independent actuary, or whatever the correct title for him might be, recommended the reserves were far more than adequate and they should rebate \$150 million to the motoring public of Saskatchewan which was a recommendation, a similar one was made in Manitoba that our reserves were exceptionally high for the amount of premiums that were written. I don't have anything against reserves. I want to make that straight, because I think they're quite a necessary thing.

I remember back in the days when the corporation was in its infancy when we were raising those questions about reserves and the stock answers we got from Mr. Bucklaschuk's colleagues in those days was that, well, all the people of Manitoba are behind the corporation, that's our reserve, we don't need a reserve. I'm saying that maybe reserves are substantially higher than they would care to be.

However, having said that, there was a set of dishes that was of some controversy, Mr. Chairman, and there was an article in the paper I noticed this morning that they were going to be donated to charity. I wonder if you could tell me what charity was going to receive them.

HON. J. BUCKLASCHUK: Just on the matter of the reserves. I'm sure the Member for Minnedosa is aware that the report in the Winnipeg Free Press was most erroneous. — (Interjection) — Yes, it was. I was provided with a copy from the consultant to the Winnipeg Free Press asking the Free Press for a retraction of statements that were allegedly made by him which was buried in the second page and our mistake-type thing. Mr. Thibeault never had seen the Manitoba records or the financial statements. He, being a professional person, felt that he was simply not in a position to reflect on the Manitoba situation and took considerable offence at the report in the Winnipeg Free Press.

Furthermore, he did make recommendations to the Saskatchewan Government that their reserves were too high. Again under report, I would suggest, is the fact that the Devine Cabinet countermanded that recommendation and passed an Order-in-Council, December of '84, I believe - or is it '85 - which provided for the corporation maintaining substantial reserves.

Having said that, I can assure the member that, with our loss experience this year in the automobile section, I think we are fortunate our reserves will be there. I would imagine they'll be used to some extent. I have indicated previously that, if we proceed with the prejudgment interest, certainly initially that will be a considerable expense to the corporation. We might look at the reserves to buffer the rate increase necessitated by that legislation. So I think the reserves will be used up over time.

MR. DEPUTY CHAIRMAN, D. Scott: Mr. Blake.

MR. D. BLAKE: There's no consideration being given to hiving off some of the reserves into the heritage fund, is there?

HON. J. BUCKLASCHUK: No.

MR. D. BLAKE: It seems to be the best chance the heritage fund has of getting some funds.

HON. J. BUCKLASCHUK: On the matter of the chinaware, as was reported in today's paper, the corporation has, at the direction of the board of directors, approached I believe two organizations that might be interested or have expressed an interest in being beneficiary of the sale or disposal of the chinaware, glassware. That decision, I think, will be made at the next board meeting and will be publicized at that time.

MR. D. BLAKE: Would one of them be the Arts Club on Bannatyne?

HON. J. BUCKLASCHUK: No, both are in the areas of health.

MR. D. BLAKE: The Auditor recommended that . . . crystal should be sold. I just thought that, seeing as it's corporation funds, possibly it should the money should be returned the source from whence it came.

HON. J. BUCKLASCHUK: The board of directors, I am sure, considered that. The decision has been that the proceeds will go to some charitable organization.

MR. D. BLAKE: The number of reinsurers that we use, we're going to have a list of them I know. I don't want to belabour that. Do we have a set number, or do we shop around? Is that available? Do you have different ones you can go to with negotiations?

HON. J. BUCKLASCHUK: My understanding is that there are something like 187 Canadian treaties in effect, and about 331 - is that correct? My understanding is that the corporation shops around.

MR. D. BLAKE: What firm represents us in the United States, the one that has represented us for a number of terms? It's in the last year's statement - I asked that question. I forget the name. Is it the same one, or we may have changed it? — (Interjection) — Surety.

Has there been any consideration given, Mr. Chairman, to changing the auditors of the corporation in view of the problems that have been experienced?

HON. J. BUCKLASCHUK: To take that question and sort of turn it around, the matter of auditors for Crown corporations is under review at the present time but, with specific reference to the Manitoba Public Insurance Corporation, the review that is being undertaken with respect to auditing firms is in no way related to what has been uncovered through the Provincial Auditor in the last number of months.

MR. D. BLAKE: The Minister mentioned earlier that this year was not going to show the results that we may like to see come from the corporation. Could you give us maybe a little further update, say, to the end of June? What is happening? Is there a reason for it? Is it just the claims increasing that much faster with

the winter driving conditions, or is there a trend showing up?

HON. J. BUCKLASCHUK: I can provide those in a minute, the reasons. I suppose I have to ask one of the staff for that. Certainly, we had a considerable increase in the number of accidents beyond projected last December, January, February. I don't know what the claim costs are relative to what was projected, but I suspect they're meeting the expectations if not exceeding.

The loss by the end of June, I believe, was in the neighbourhood of about \$4.3 million.

MR. D. BLAKE: What's the projection for the end of October? Is that break-even?

HON. J. BUCKLASCHUK: I don't know what the projected loss will be by the year-end. There will certainly be some adjustments. I did some rough calculating a few days ago, and it appears that we're probably running about 1.2 million a month ahead of last year. So I note that last year the profit was in the neighbourhood of around 9.9 million for the Automobile section. If you're running about \$1 million a month, you're probably looking a year-end of \$3 million, \$4 million, \$5 million loss.

I should indicate however that the claims incurred this year as compared to last year, the ratio this year is 95.5 percent as compared to 86.8 percent last year. This doesn't take into account adjustments though.

MR. D. BLAKE: On the salvage operations, that is still handled in the same way? Is the same auctioneer handling it? Could the Minister give us an idea of the total received from salvage auctions or salvage sale last year and the profit to the corporation on that?

HON. J. BUCKLASCHUK: The figures on the sales, I note here that for the year-end of October 31, 1985, \$5.2 million sold by auction in Winnipeg; .9 million in rural Manitoba; .6 million by tender; and some \$70,000 in direct, for a total of \$6.8 million. So the disposal of salvage vehicles is continuing through the public auction route, through the direct sales. However, the process has been tightened up since the last meeting which now requires the approval of a responsible executive member before that sale can be finalized.

MR. D. BLAKE: So that holds roughly the same. Last year there was, in '84, 6.8 million worth of vehicles sold with the profit to the corporation of 6.2 million.

HON. J. BUCKLASCHUK: I'm sorry, I think I did provide some incorrect information. That was the previous year. The current year would be 7.4 million, so it is up roughly about 8 percent or 9 percent.

MR. D. BLAKE: Just to finish off that salvage operation, the Minister is well aware of the articles on the wrecks that get back on the road. We've talked about that before, but is there not a simple way, with the computerization that the corporation has at its disposal now, that registration numbers on write-off vehicles could be run through there? When that vehicle is put

up for registration again, it's automatically kicked out. Is that not something that's fairly simple to do to keep these vehicles off the road?

HON. J. BUCKLASCHUK: I'm advised that, in fact, is exactly what happens. When the corporation disposes of a vehicle, the serial number of that vehicle is forwarded to the Motor Vehicles Branch and, presumably, the computer makes a note of that. Then when the vehicle testing is done in a particular area, that number, I believe, is called up. So in fact there is a check on the quality of the vehicle much sooner than there would be under normal, the random selection that is done for vehicle testing.

MR. D. BLAKE: But I'm thinking of an even tighter control, that that vehicle cannot be registered unless he produces at that registration moment a certificate of road worthiness. That would seem to be the way to do it. I'm not saying some of these vehicles can't be repaired to the point where they're probably quite satisfactory as far as road worthiness goes, but it would seem to me that they should produce that certificate before that vehicle is reregistered after being written off at one time.

HON. J. BUCKLASCHUK: I think that might be something we'd want to take a look at, particularly if someday if we ever get into a situation where we put terminals into the Autopac agents' outlets, it will be very easy to punch the numbers in and find out whether that's a salvage vehicle and then require that applicant to produce a safety certificate, or I suppose we could do a list such as Visa does.

MR. D. BLAKE: Yes, they can catch you when you're overextended.

I think maybe we can, unless some of the members have questions, go into the financial statements.

MR. D. SCOTT: Dave, before you leave here, I've got a couple of questions.

MR. D. BLAKE: Okay, I don't want to run the committee into another day in order to go half an hour on a statement. Maybe then we can wrap it up, because we can't have all this high-priced help sitting around here for two days.

MR. CHAIRMAN: Mr. Scott.

MR. D. SCOTT: Thanks, Mr. Chairman. I'll just take a few minutes.

I've, over the past several years, asked a couple questions in relation to certain classes of vehicles, in particular, that had traditionally been in a loss position with the corporation. I've been assured in the past that the corporation was making adjustments to those rates for those different vehicles or vehicle classes to reduce the amount of losses and thus the need for cross-subsidization from the general vehicle users. They are, in particular, half-ton trucks, motorcycles, four-wheel drives and farm trucks. I'm wondering if you can give, in those four different categories, some idea of whether we're still losing money, if we're breaking even or if

we're finally starting to show some modest net profit on those four classes of vehicles.

HON. J. BUCKLASCHUK: As the Member for Inkster is aware, last year we made minimal increases in the premium rates. However, there was some attempt made to address the problem of high loss ratios. As I recall, I think last year at this time we talked about the loss ratios for motorcycles as being about \$1.80 on a \$1.00. I note that, in 1985, that is down to 152 percent or \$1.52 on a \$1.00. I believe the motorcycles also experienced a rate increase - did they not? - last December? So that hopefully will be further addressed in this year's financial statement.

In terms of trucks, which have been another bothersome area, farm trucks, the loss ratio in 1985 was \$1.29 for every dollar of premiums taken in. That was one area that did experience a 5 percent increase this registration year.

In terms of four-wheel drives, I am advised that no records are kept, because some trucks such as Broncos can be four or two-wheel drives. Also, some cars such as the AMC Eagle can be four or two-wheel drives.

But generally, in the area of trucks and motorcycles, we did address that partially by increasing the rates by about 5 percent last March 1.

MR. D. SCOTT: I encourage the corporation to continue increasing those classes of vehicles that have higher rates of losses than the others, because I don't think that the general ratepayer should be subsidizing particular classes of vehicles. It's not necessarily the driver, but the type of vehicle that is used and the uses that the vehicles are put to. I don't feel that the average family consumer should be paying additional amounts of coverage for areas that we know are high-risk areas, as per vehicle definition.

It doesn't go counter to any of the civil rights or the human rights or any of those issues. It's looked upon as a vehicle class, not as far as any kind of discrimination that one may be able to dig up. It's purely a business venture.

I also am encouraged with the Minister's response earlier to a question by the Member for Lakeside that he's willing to look into the variance of deductibility or collision, the necessity of carrying collision for all vehicles and for giving people an option perhaps to purchase either a higher deductible, although I can see difficulties with that because a lot of the shops, if you have a \$500 deductible, they want their money up front before they start working on a car. So that's going to end up with the customers being quite dissatisfied with the amount of the claim that is - or at least difficulties that they have with the people making repairs in the repair shops will be transferred, and the criticism will come back to the corporation. So that's one possible shortcoming of that, although administrative procedures could perhaps alter that. I don't know, but I wouldn't want to see the corporation be picking up the cost as well if people did not end up fessing up and paying their full deductibility.

In the general area, just to try to cover a couple of comments that have been made, I'm pleased that the corporation is taking a very thorough look at the issue of liability insurance. I do not believe that the

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corporation has a responsibility to insure everyone in Manitoba with liability insurance when you can't get insurance elsewhere. That part of the industry is competitive; that part of the business is competitive; and we should not go out on a limb, necessarily, on our own in the areas where we know the risks are just - well not only are the risks unusually high - the chances of breaking even for the corporation are that much less as well in that part of the operation. I'm hoping to see the general side of the corporation pick up that much more and we're not going to be able to save that part of the corporation or have a positive future for that side of the corporation, if we get into high risk ventures where there's just no chance in breaking even on them.

So I'd like to commend the corporation and I would also like to recommend that you do not move very fast in either area, until there is legislative change; be it through the Government of Canada or within our responsibility of the Province of Manitoba, take it very cautiously. Because with all due respect to members opposite, their support has not been glowing for the general corporation side, and we can fully expect that when they have high losses on the general insurance side, be it through registration of nurses, municipalities, or whatever; when it shows up in the red, the members opposite are going to call for us getting out of that part of the business. — (Interjection) — As the Member for Lakeside says, "The Opposition could have it both ways." I don't believe they can have it both ways and I think it's our responsibility to run the corporation so that they can't have it both ways and that we have both sides of the corporation showing up in the black.

Thank you very much, Mr. Minister, and I encourage the corporation to continue to improve its service to the people of Manitoba.

MR. D. BLAKE: Mr. Chairman, a question came to my mind with the Member for Inkster's remarks however . . . so it couldn't have been that earth shattering. Actually it was and it'll come back to me. I know what it was - the additional coverage, what do you call it on automobile insurance? - the extension coverage was hived over into the general insurance business a couple of years ago to kind of sweeten up the general insurance business. It hasn't appeared to have done that. I understand that there are no companies - or damn few now - writing extension coverage. Is MPIC writing all the extension coverage and what percentage of its business is it?

HON. J. BUCKLASCHUK: Yes, my understanding is that it's writing about 95 percent of extension business in Manitoba.

MR. D. BLAKE: Is it a fairly successful portion of our portfolio?

HON. J. BUCKLASCHUK: Yes. I don't know what the actual profit in that section is but it's over \$1 million.

MR. D. BLAKE: Could the Minister give me any indication as to why the other companies have gone out of it? Is it just too much of a hassle to pick up the crumbs or was there any other reason?

HON. J. BUCKLASCHUK: I'm advised by the Vice-President, Dribnenky, that probably our system is better.

MR. D. BLAKE: One shop stopping (sic) . . .

HON. J. BUCKLASCHUK: I suspect that may well be the reason.

MR. D. BLAKE: Okay, do you want to pass . . .

MR. H. ENNS: The Minister, in his opening statement, referred to a new claims centre being built in the core area of the city, I believe on Pacific Avenue. Just for the benefit of those members interested, what is the total cost and is it under construction at the moment? When is it expected to be in service, completed? Just some general information in that respect.

HON. J. BUCKLASCHUK: I'm glad the Member for Lakeside raises that - and I guess he points out too, a bit of a problem that we're having in terms of having the public better informed that that claim centre is there. In fact that claim centre was opened last fall, I believe, last October or November . . .

MR. H. ENNS: Oh, I'm sorry, I didn't . . .

HON. J. BUCKLASCHUK: . . . and despite the fact that we have billboards on McPhillips and Notre Dame and on buses and so on, I gather a lot of Winnipeg residents are not aware of the new centre.

The centre is shown on Page 7 of your Annual Report. It was built at a cost of \$1.7 million; the land on top of that, about \$350,000 or \$300,000, for a total cost of about \$2.1 million.

MR. H. ENNS: And the Minister says it is not getting the full utilization because of a lack of awareness on the part of residents generally in knowing its location, its presence?

HON. J. BUCKLASCHUK: It's operational, but I believe that it's probably not operating at the level that we anticipated it would. I'm told it's operating at 75 percent of expected level.

MR. H. ENNS: Thank you.

MR. D. BLAKE: Do you want to go through the statement page-by-page or just answer all our questions and pass it at the end? I hope we don't jump around too much, Mr. Chairman.

On Page 18, the Statement of Operations, the Investment Income, as is indicated throughout the report, is going up substantially each year. When we take our premiums written on the income without the Investment Income and deduct all our operating expenses, the picture doesn't look nearly as rosy, having a \$9.3 million profit but actually 35 million in Investment Income. Had we not had that Investment Income to fall back on, we would have to trim our sails pretty drastically in order to break even.

HON. J. BUCKLASCHUK: Or the rates would go up, about \$50 a vehicle owner on the average.

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MR. D. BLAKE: On the Accounts receivable, Note 5 on Page 20 of \$30 million; can the Minister give us any indication of what the aging of these receivables are? As I understand, under The Canada Insurance Act, anything over 90 days is not considered an asset.

MR. H. ENNS: Mr. Chairman, just on that point while the Minister is getting some further information, there appears to be a very substantial increase in the accounts receivable; 1984 being some 17 million jumping up to 27 million in 1985. That's a significant increase in the accounts receivable. Is there any explanation that the corporation has for that particular increase being shown?

HON. J. BUCKLASCHUK: In respect to the question about the accounts receivable, the major areas, one is accrued interest. I notice that last year's figure was \$8.99 million. This year it's \$12.49 million, so we're looking at about \$3.5 million of an increase in that area; and that is, I'm advised, interest that is due the corporation from bonds, debentures or whatever, as part of the investment portfolio.

I note also another figure, owing from the Province of Manitoba, \$2.14 million in 1985; there was no figure in 1984. That, I believe, is a \$6 fee on the registration that accrues to the corporation, I guess in recognition of the — (Interjection) — Pardon me? Yes, for the Motor Vehicles Department, so there we have about \$5 million or \$6 million increase in just those two items.

Others appear to be fairly - nothing very significant.

MR. D. BLAKE: In overdue debts or uncollectables.

HON. J. BUCKLASCHUK: The uncollectables from the agents, I understand that the accounts are receivable within 45 days and I don't know, offhand, what . . .

MR. H. ENNS: Pardon me, the Minister just indicated the arrangement with the Motor Vehicles Branch, the

amount in this figure. Could he just repeat the amount for me?

HON. J. BUCKLASCHUK: Yes, it's \$2,144,000, shown as an accounts receivable. This was as a result of an agreement between the department and the corporation, some equitable sharing of expenses in revenue.

MR. D. BLAKE: Is the corporation happy with that arrangement or do they still think they're getting hornswoggled?

HON. J. BUCKLASCHUK: No, this negotiation took place over a considerable period of time and I think the corporation is satisfied with that end result.

MR. D. BLAKE: So we don't have any problems with accounts receivable then?

That finishes my questions on the financial statement. I think, Mr. Chairman, if you see that all claims are settled promptly this coming year and any constituents of mine that have a problem and I bring it to your attention, if you handle them as promptly as you have in the past . . . Incidentally, the one that I gave you the other day, did you . . .

HON. J. BUCKLASCHUK: Yes, should be getting a response within a day or two.

MR. D. BLAKE: Excellent. That finishes my remarks, Mr. Chairman.

MR. CHAIRMAN: Any further discussion? The report is passed.
Committee rise.

COMMITTEE ROSE AT: 12:20 p.m.