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Official Report of
DEBATES OF THE LEGISLATIVE ASSEMBLY
(Hansard)

MONDAY, APRIL 28, 1975

Afternoon Sitting

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The House met at 2 p.m.

Prayers.

HON. L.T. NIMSICK (Minister of Mines and Petroleum Resources): Mr. Speaker, I would like to draw the attention of the Legislature today to a gentleman in the gallery who hails from Kimberley. I don't know whether

you will give him a welcome or not, but he was the one who caused it all; he nominated me back in 1949 to run for the Legislature: Mr. Ed Johnson.

MR. G.S. WALLACE (Oak Bay): Mr. Speaker, we have two young gentlemen visiting us from Alberta who are Members of the Young Progressive Conservative Association in Alberta, Mr. Tim Woolstencroft and Mr. Robert Woolstencroft. And I would ask the House to give them a welcome.

HON. J. RADFORD (Minister of Recreation and Conservation): Mr. Speaker, I would ask the House to welcome here today students from David Thompson high school in South Vancouver. They are accompanied by their teachers: Mr. Ellis, Mr. McCoy and Mr. Young.

Oral questions.

DISCUSSIONS WITH SHELL ON PROPOSED OIL REFINERY

MR. W.R. BENNETT (Leader of the Opposition): To the Premier. As three jets from Shell International were in Victoria over the weekend and the president of Shell Oil was here, I wonder if the Premier could advise the House whether any agreement with Shell Oil was reached in regard to the proposed oil refinery.

HON. D. BARRETT (Premier): No.

MR. BENNETT: Then would the Premier advise if discussions are still going on between the government and Shell Oil?

HON. MR. BARRETT: Discussions are going on, Mr. Speaker, with unnamed oil interests.

MR. BENNETT: Was Shell Oil, with their three jets from the States, just here to compare air forces with the Government of British Columbia? (Laughter.)

HON. MR. BARRETT: There was no announced invasion that I was aware of, and I have no knowledge of three jets from Shell Oil. I find it interesting that the Leader of the Opposition would ask.

Interjection.

HON. MR. BARRETT: I thought, according to him, that our government had driven all business out of the province. They're rushing to get in — in jets.

APPOINTMENT OF COMMISSIONER FOR COLUMBIA RIVER INQUIRY

MR. D.A. ANDERSON (Victoria): To the Minister of Lands, Forests and Water Resources: may I ask the Minister whether his inquiry commissioner has been appointed and whether he is ready to make the name public at the present time of the inquiry commissioner on the Columbia River treaty?

HON. R.A. WILLIAMS (Minister of Lands, Forests and Water Resources): The answer is no, Mr. Speaker.

FURTHER MEETINGS WITH FEDERAL ENERGY MINISTER

MR. WALLACE: I would like to ask the Premier and Minister of Finance: in the light of last week's meeting in Ottawa between the federal government and American officials regarding the export price of natural gas, has the Premier been in touch with the federal Minister of Energy, Mines and Resources (Hon. Mr. Macdonald) since these

talks?

HON. MR. BARRETT: No, Mr. Speaker. I don't expect the federal government to back down on its pledge to the Province of British Columbia made in public in front of all Canadians.

MR. WALLACE: A supplementary, Mr. Speaker. I guess the Minister anticipated the supplementary. I was going to ask if the Minister has any evidence to indicate that there has been any softening or changing of position, as far as he can determine, in the commitment made by Donald Macdonald to the public of Canada at the energy meeting in the light of his discussions with the Americans last week.

HON. MR. BARRETT: No, Mr. Speaker, nor have I asked. I do not believe that any federal government, once having given its commitment in public, would ever renege on that commitment to not only the people of British Columbia but to all of Canada, including the municipalities.

MR. WALLACE: Just a final quick supplementary. Has the Minister set up any arrangements for the next meeting with the federal authority to deal with the subject of the continuing decisions about the price of natural gas?

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HON. MR. BARRETT: Mr. Member, we are told that perhaps sometime in July the federal government will either announce a new price for oil on its own or we might be summoned together again. In terms of natural gas, to my knowledge there is no backing down by the federal government for the commitment to have a price increase on August 1.

BILINGUAL PLAQUES IN ROTUNDA

MRS. D. WEBSTER (Vancouver-South): Mr. Speaker, a question to the Provincial Secretary. I was disturbed this weekend when I read in The *Vancouver Sun* that some of the beautiful bronze plaques in the rotunda over here will be removed because the federal government has made the decision that all the plaques here have to be bilingual. What control has the federal government over this building? Are these plaques to be replaced with bilingual plaques?

HON. E. HALL (Provincial Secretary): I am afraid I don't have the answer to that question.

Interjections.

MR. SPEAKER: May I point out to the Hon. Members that I don't intend to do as the Speaker in Ottawa did — incur the wrath of a lady Member for not acknowledging her in question period?

HON. MR. HALL: I intend to find out what is going on, Madam Member, but I have no correspondence. Of course, I am not the only person who has some responsibility for this building. The Speaker has the majority of the responsibility.

PURCHASE OF BEACON BODY SHOP

MR. D.M. PHILLIPS (South Peace River): I would like to direct my question to the Minister of Transport and Communications and president of the Insurance Corp. of B.C. Would the Minister advise if the government has purchased Beacon Body Shop?

HON. R.M. STRACHAN (Minister of Transport and Communications): Yes.

MR. PHILLIPS: Would the Minister advise the House what price was paid for Beacon Body Shop?

HON. MR. STRACHAN: It is my understanding \$422,000.

MR. PHILLIPS: Would the Minister advise the House what method of appraisal was used to determine the value of over \$400,000 for this body shop, in view of its recent value being less than that?

HON. MR. STRACHAN: Normal business practices.

AN HON. MEMBER: Normal for who?

MUNICIPAL ASSESSMENT CHARGES

MR. P.L. McGEER (Vancouver–Point Grey): Mr. Speaker, for the Minister of Finance. Opposition is growing around the province to the new policy of the government with regard to assessment charges. Some municipalities are being charged six times what it previously cost them to carry out the assessment. I wonder if the Minister of Finance would detail why the costs have gone up so much, for the benefit of the cities and municipalities who are opposed to this policy.

HON. MR. BARRETT: Yes, I find it difficult to understand the reaction, Mr. Member, since all Members of this House voted in favour of establishing the authority. Then the UBCM submitted the list of people they wanted on the authority. However, I will check, take the question as notice and file the detailed cost. But after they endorsed the programme in the House and by the UBCM, now they are critical. I just don't understand politics sometimes, Mr. Speaker. I don't understand it; I get confused sometimes.

ALLOCATION FOR MARGUERITE REFIT

MR. H.A. CURTIS (Saanich and the Islands): To the Minister of Lands, Forests and Water Resources. I wonder if the Minister will now indicate to the House, and therefore to the people of British Columbia who pay the bill, the budgetary amount which has been allocated for renovation and refit of the Princess Marguerite for the 1975 season.

HON. R.A. WILLIAMS: Mr. Speaker, it will be necessary to form a new Crown corporation with respect to this operation. We anticipate the name will be the British Columbia Steamship Co. We will put the legislation before the House in terms of a vote and then we can see how Her Majesty's official opposition feels about this matter.

MR. CURTIS: A supplementary, Mr. Speaker. I thank the Minister for that piece of information at any rate, but has a budget been determined? The work is ongoing right now in preparation for next month's season, I think.

HON. R.A. WILLIAMS: A tentative budget is available, but details will be brought to the House at a later stage.

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MR. PHILLIPS: How much?

MR. CURTIS: Mr. Speaker, a supplementary to the same Minister and in connection with the same vessel and the Crown corporation. What connection and interchange will there be between this new Crown corporation for one vessel and existing B.C. ferry personnel, shore side staff and full....

HON. R.A. WILLIAMS: There will be full discussion among all the parties. There is full cooperation among all the various Crown entities these days. It is not the way it used to be.

STATISTICIANS, LIBRARIANS IN CONSUMER SERVICES OFFICES

HON. P.F. YOUNG (Minister of Consumer Services): Mr. Speaker, on Thursday last, I took as notice a question from the Hon. Member for South Peace River (Mr. Phillips). He asked if there are statisticians and

librarians in the various storefront offices of the Department of Consumer Services.

My reply was that such personnel were only in Victoria. They are actually in the department located in Victoria, not in the storefront office.

On a supplementary the Hon. Member said he had been advised that there is a statistician and a librarian in the Prince George office. To me, Mr. Speaker, a statistician is a person who has a degree in economics, accounting or the related mathematical sciences. A librarian is one who has a degree in library science.

Mrs. Linser, who has held herself out to be a statistician and a librarian to the Hon. Member, is employed as a clerk 2 in the Prince George office. She has no degrees in any of those disciplines. She is required to keep records of phone calls, visits, numbers of complaints and to check books in and out of our small library in that office as they are borrowed by interested consumers. In view of Mrs. Linser's recent actions, I feel some clarification is necessary. She commenced employment with the department on January 9 of this year as a clerk 2. On February 18 she applied for the position of Consumer Services officer in the Prince George office, as did Mr. Rick Clements, the trade practice....

MR. SPEAKER: Order, please. I wonder if the Hon. Minister could give the biography by tabling the document, or something of the sort.

HON. MS. YOUNG: I can do that, Mr. Speaker, but I would just like to comment that she has made some rather serious allegations, and they may result in legal action. I want the House to be aware of the background of the matter.

MR. PHILLIPS: I would just like to ask the Minister if she doesn't feel that she moved hastily and brutally in taking political revenge against this employee. Should she not have given her a medal for standing up and telling the truth? And due to the sloppy operation of that office, should not the manager of the office have been fired instead of the employee?

HON. MS. YOUNG: No, I most certainly do not, Mr. Speaker. In fact, I was the one who ordered that she be relieved of her duties.

MR. PHILLIPS: On what grounds?

Interjections.

AN HON. MEMBER: Political firing!

MR. SPEAKER: Order, please. The Hon. Member asked the question; why not hear the answer?

HON. MS. YOUNG: Thank you, very much, Mr. Speaker, for drawing that to the Member's attention. I would like to point out that she submitted her resignation on April 15 to become effective April 30. She is on the payroll and will remain on the payroll until such date. However, there are matters of confidentiality in our department dealing with debtors, creditors, businesses, consumers, consumer complaints, and inasmuch as there is a section in the Trade Practices Act that requires confidentiality of all people of the department, I felt that her actions were jeopardizing the confidentiality of a great many people and that she should be relieved of her duties.

MR. PHILLIPS: Mr. Speaker, would the Minister just confirm....

MR. SPEAKER: Order, please. I'm not inviting speeches. Do you have a question?

MR. PHILLIPS: Yes. I'd like to ask the Minister: does she not believe that this is political interference in firing a person who does not hold an NDP card?

MR. D.E. LEWIS (Shuswap): Shame! Shame!

HOUSTON COMMUNITY RESOURCES BOARD

MR. R.H. McCLELLAND (Langley): Mr. Speaker, a question to the Minister of Health. I wonder if the Minister could confirm that he, or at least a government source, has ordered an election for a community resources board in Houston on June 26. Is that correct?

HON. D.G. COCKE (Minister of Health): I guess you got a phone call from the mayor of Houston this

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morning, didn't you? (Laughter.)

I was in Houston on the weekend. I found the town completely divided over a question of when the election should be. I found some of the opposite Member's people making political hay out of what I consider to be a very serious matter. There was no question but what there was going to be an election. As a matter of fact, all they asked in Houston was that it be delayed until November. When I saw the kind of thing that was going on up there, I felt that there was no reason for a delay because there was an unfortunate situation where the Houston clinic couldn't work under the present circumstances, in my view. Therefore, I've set up a situation where they're going to have an election on June 23, yes.

MR. McCLELLAND: A supplementary, Mr. Speaker. Is it true that the new community resources board, when it's elected on June 23, will replace the present hospital board elected by the hospital society?

HON. MR. COCKE: Mr. Speaker, the Community Health Centre in Houston no longer is a hospital. In this province in the past, in order to facilitate doctor services within some communities, we've set up non-bedded hospitals with a hospital society. The area in Houston no longer requires a hospital society. They, along with the other four community health centres, are being asked to set up a new board under an entirely different circumstance, because now it encompasses other services.

Why they asked for the moratorium I'm not quite sure. But I suggest to you that I felt there was no reason for a moratorium, particularly going up there and finding that a hospital society wasn't presently serving the community, to the best of my knowledge, when I had a good look at it.

MR. SPEAKER: The Hon. Member....

HON. MR. COCKE: There's nothing particularly disadvantageous here.

MR. McCLELLAND: Mr. Speaker, aren't we allowed to have supplementaries? I've only asked one.

MR. SPEAKER: Well, you've had two questions.

MR. McCLELLAND: No, I haven't.

MR. SPEAKER: There are two other Members who are desperately seeking the floor who haven't been heard yet. The Hon. Member for North Vancouver-Capilano seeks the floor.

MR. McCLELLAND: What do we get? Do we get two now? Two? Is that what we get?

SOME HON. MEMBERS: Oh, oh!

MR. SPEAKER: It's a matter of discretion. One has to use discretion; that's all one can do.

MR. McCLELLAND: Oh, I see. Okay.

MR. SPEAKER: The Hon. Member for North Vancouver-Capilano, please. I'll come back to you if there's time. (Laughter.)

B.C. INTERVENTION IN
CTC HEARINGS ON PWA

MR. G.F. GIBSON (North Vancouver-Capilano): Mr. Speaker, a question for the Premier. Has the government had any conversations with Ottawa with respect to intervening in the proposed Canadian Transport Commission hearings into the takeover of PWA by Alberta?

HON. MR. BARRETT: I'll take that as notice, Mr. Member.

Orders of the day.

The House in Committee of Supply; Mr. Dent in the chair.

ESTIMATES: DEPARTMENT OF
TRANSPORT AND COMMUNICATIONS

On vote 250: Minister's office, \$131,898.

MR. D.M. PHILLIPS (South Peace River): Did the Minister wish to make an opening statement?

MR. W.R. BENNETT (South Okanagan): All his statements are deficit.

MR. PHILLIPS: Maybe the Minister considers that devastating statement he tabled in the Legislature on Friday his statement. I'd just like to ask the Minister, in view of the enormous deficit which the Insurance Corp. of British Columbia has run up during the first year, how he is ever going to keep his election promise of \$25 car insurance if he can't do it with the rates he has been charging.

I'd also like to ask the Minister how he's going to keep his promise that the Insurance Corp. of British Columbia is going to stand up on its own two feet and not be subsidized by the taxpayers of British Columbia.

Mr. Chairman, I'd like to ask the Minister if it is true that in the fall of 1973, before Autoplan actually began, ICBC's insurance personnel, aided by actuarial advice, proposed a break-even rating schedule. Were there, indeed, two schedules, one recommending a 10

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per cent increase in the rates over the existing rates of those of private insurance companies and another rate schedule which recommended that the existing rates be carried on, which would have brought in either a break-even position at the end of the first year or the second one showing a slight profit?

Is it true, Mr. Chairman, that the decision to use a lower rate structure was a political decision of a caucus committee of the New Democratic Party? Was this a political decision to lower the rates and to bring in a rate structure which would run up this huge deficit in the first year of operation? Was this a political decision without any regard whatsoever to business principles, without any regard for inflation or other cost-increase factors?

Was the decision to decrease the rates by 10 per cent as recommended by the actuaries a political decision of caucus, and did the now Minister of Agriculture (Hon. Mr. Stupich), who was a chartered accountant, speak out against this rate structure?

Mr. Chairman, this was a politically foolish act of mismanagement that guaranteed this whopping deficit that the Insurance Corp. of British Columbia has run up during its first year of operation.

I'd like to ask the Minister if there is a plan to go to more realistic rates, or will the taxpayers of British Columbia be subsidizing the Insurance Corp. not only this past year but maybe twice that much in the year that we're in at the present time? I'd also like to ask the Minister if he's holding back on a rate increase until after the next

election.

I'd like to ask the Minister how many vehicles owned by the government are insured by the Insurance Corp. of British Columbia. I'd like to ask what rates the government is paying, and in view of the fact that the government was paying only approximately \$25 per car to have their cars insured or to pay for damage to their vehicles, does not the Minister consider this a subsidy to the Insurance Corp. of British Columbia by the taxpayers?

What rate is B.C. Hydro paying to have their vehicles insured? What rate is the British Columbia Railway paying? Are Hydro now insuring their electric trolley buses, which they were not insuring before? Is the insuring of these buses part of the huge operating deficit of B.C. Hydro that was not prevalent before? Is this why the Hydro has lost \$17 million in the operation of transit in the lower mainland?

Mr. Chairman, on page 8 of the report we see where 26,000 motorists were refunded approximately \$835,000. I would like to ask the Minister where in this report that \$835,000 shows up. Were the refunds paid out of the insurance corporation funds, or are they going to be paid by the Government of British Columbia out of consolidated revenue? The decision to give a refund to anybody who paid more insurance through ICBC than through a private source was a political decision, and it was made without consultation with the management of the Insurance Corp. of British Columbia.

Who ordered it? Was there a survey done before it was ordered, before it was announced by the Premier? Did the management team of the insurance corporation realize that the Premier was going to make this announcement when he made it? Was there a study done to determine how much money this was going to cost the insurance corporation? No, Mr. Chairman. The answer is no.

Did the auditors recommend that this had to be paid by the government and should not be an operating deficit of the insurance corporation because it was a political decision? I would like to know who is going to pay, and why. Is there going to be a supplementary report sent out to advise the public exactly how much money is going to have to be paid? There is not only the \$835,000, Mr. Chairman, that shows up in the report, but there is no figure estimated as to how much it costs to administer the refund.

Was there a special department set up? Were there special personnel hired? Who paid those personnel? Will there be another subsidy from the government to look after this particular phase of the operation that was a political decision?

Mr. Chairman, this is the problem with the Insurance Corp. of British Columbia — political interference. That's why the taxpayers of this province are faced with a whopping \$34,179,000 deficit in the first year of this operation.

AN HON. MEMBER: Who pays?

MR. PHILLIPS: Who pays? The taxpayers pay.

Was there a commitment, Mr. Chairman, through you to the Minister, from the Premier and Minister of Finance to pay this \$835,000 refund? Was there a commitment from the Minister of Finance? He's the man who made the decision. I would like to ask the Minister what would have happened had the refund been \$5 million. Was there any study done at all?

Mr. Chairman, I would like to ask the Minister how many consultants and how many consulting firms were hired during the past year and during the amount of time until February 28. How many consultants and how many consulting firms were hired by the Insurance Corp. of British Columbia to do surveys when anomalies appeared in the operation of the corporation? What fees were involved? Where were the consulting firms from? Were any consultants hired to analyse the reports of consultants?

Can the Minister supply a complete accounting of fees and expenses paid to cabinet Ministers who serve as directors on the Insurance Corp. of British Columbia? Were they paid any fees for any of their meetings, Mr.

Chairman? What expenses were cabinet

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Ministers allowed to collect from the Insurance Corp. of British Columbia for attending board meetings?

What were the other directors who are not cabinet Ministers? What schedule of fees do they have for the services they perform for the Insurance Corp. of British Columbia? How much are these directors who are not cabinet Ministers paid per meeting for attending directors' meetings?

Mr. Chairman, I'd like the Minister to advise me if David Korbin, a director of the Insurance Corp. of British Columbia and president of the B.C. Development Corp., engineered the purchase of land for the Insurance Corp. of British Columbia near Vernon which is to be used as a salvage yard. I'd like to ask the Minister how much per acre was paid for this land. What realty firm was involved and who carried out the appraisal on the land to determine the price?

Mr. Chairman, I'd like to move on to another area in the Insurance Corp. of British Columbia. I'd like to ask the Minister why the top personnel in the management team of the Insurance Corp. of British Columbia are from Regina. How many of the top management team in the Insurance Corp. of British Columbia are from B.C.? If the majority of them are from Regina, I'd like to ask the Minister if he has no faith in the insurance personnel in British Columbia.

MR. D.E. LEWIS (Shuswap): They're all Canadians.

MR. PHILLIPS: Mr. Chairman, there seems to be a very high turnover in the top management of the insurance corporation, and I read in the report that the morale is high. Well, if the morale is high in the insurance corporation, how come the high turnover and deterioration of employee relations? Do we have in the insurance corporation management by confrontation? Of the 14 original directors, how many are still there? What is the percentage of turnover? Maybe we should call the top management in the insurance corporation the Regina Roughriders because they're all from Regina, and it appears to me that they ride roughshod over the rest of the employees and the rest of the management.

I'd like to ask the Minister where the management meetings of the insurance corporation are held. Were any of these top management meetings held on yachts? Were any of these top management meetings held in the Hotel Vancouver? Were any of the top management meetings held in the Hyatt Regency? Were any of the top management meetings held at Harrison Hot Springs? Of these meetings, I'd like to ask the Minister who was invited to attend these meetings and if their expenses were paid, other than those who work for the insurance corporation.

I'd like to ask the Minister if Dunsky Advertising organized a meeting held in the Hyatt Regency on or about August 13, 1974, at which Pat Rose and his group of singers entertained about 100 of the top management of the Insurance Corp. of British Columbia. Was this meeting organized by Dunsky Advertising? Who paid for the entertainment? Who paid the booze bill? Who paid for the dinner, Mr. Chairman?

AN HON. MEMBER: The taxpayers of British Columbia — who else?

MR. PHILLIPS: Mr. Chairman, is that the reason for the huge deficit? Is this some of the deficit money that the taxpayers are going to have to pick up? I'd like the Minister to answer me.

Interjections.

MR. PHILLIPS: Yes, that's right, Mr. Chairman. Is 10 cents a gallon of gasoline going to pay for this meeting? Is entertainment necessary at these management meetings or is this to improve the morale of management? We don't seem to have too much competition in the Insurance Corp. of British Columbia. You wouldn't think it was necessary to entertain the top management to keep their morale up when they have no competition. I'd like to know what...

MR. N.R. MORRISON (Victoria): A farewell party.

MR. PHILLIPS: Yes, maybe it was a firing party, a farewell party for those who were going. Maybe it was a party to encourage new management into the top echelon.

I'd like the Minister to advise me what tenant improvements were made on the 33rd floor where the insurance corporation has its offices. I'd like the Minister to tell me how much it cost to redecorate and renovate the general manager's office on the 33rd floor and the other executive quarters on the 33rd floor.

I'd like to ask the Minister: was the 33rd floor under the original lease-purchase with the Royal Bank? Or was it taken out as an afterthought?

I'd like to know how many times the 33rd floor executive suites were redecorated and what the costs are. I understand that the boardroom table in the executive suite on the 33rd floor is large enough to be used for a log barge.

AN HON. MEMBER: Even bigger than Levi's desk.

MR. PHILLIPS: Yes, far bigger and far more impressive and expensive than the desk of the Minister of Human Resources (Hon. Mr. Levi). I'm given to understand that this meeting table is 30 feet

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long. Maybe the Minister would advise me, while he's at it, how much this table cost and why it was manufactured in Calgary, Alberta. Were there no plant facilities large enough in the Province of British Columbia to manufacture a 30-foot-long boardroom table?

AN HON. MEMBER: We're short of timber here.

MR. PHILLIPS: I understand that the table is made from British Columbia wood, but it had to be shipped in eight pieces from Calgary. How much was the extra cost for this 33rd floor? What did it cost to install the full kitchen facilities on the 33rd floor in the general manager's suite of offices?

MR. D.E. SMITH (North Peace River): What are they for?

MR. PHILLIPS: When we're suffering a deficit position and the taxpayers are going to have to subsidize this insurance corporation, don't you think that the lavish furnishings are just a little bit too much for the taxpayers of British Columbia?

I'd like to ask the Minister in charge of the insurance corporation if they've ever had a champagne party on the 33rd floor. If they have, who supplied the champagne? Was it paid for by the Insurance Corp. of British Columbia? If it was donated, who donated it?

I'd like also to find out from the Minister in charge of the insurance corporation if they're going to take these lavish furnishings and the kitchen with them when they move, in three short years, to New Westminster. It must have cost thousands of dollars to redo this 33rd floor, and now we're going to have to leave all of these kitchen facilities and catering facilities behind. Is the Royal Bank going to reimburse the Insurance Corp. of British Columbia for these facilities? What is in the agreement? "Leasehold improvements." Will the taxpayers of this province be reimbursed?

I'd like to ask the Minister if there have been any problems with internal theft from the Surrey salvage yard. If so, what security measures have been taken to see that there is no recurrence of this? Were these thefts external or internal? While you're at it, Mr. Chairman, I'd like to ask the Minister why the security officer for the Surrey salvage yard recently quit. Is there any accounting to determine that the same accessories are on an automobile when it's sold as were on it when it went in there as a wrecked vehicle?

I'd like to ask the Minister what the total employee population of the Insurance Corp. of British Columbia is today. What is the total number of people employed, including temporary staff? And I'd like the Minister to advise me if the number of people employed in the insurance corporation today is greater than it was a year ago. If so, why, when you needed extra personnel on start-up, are there more people employed today than there were a year ago?

Mr. Chairman, I'd like the Minister to advise me of the complete cost of the computer installation in the Insurance Corp. of British Columbia? Was it in excess of \$10 million? And if it was in excess of \$10 million, how come it is not fully functional now that we're into our second year of operation? Is it not true that due to the inefficiency, the rating structure of premiums and losses will not be available from the computer in time for the 1976-77 fiscal year, and this information will have to be developed by an outside computer?

Who made the deal for the computer in the first place? Who set it up? And if we paid over \$10 million, why is it not fully operational now? Why can we not get all of the information out of the computer that we'd like to have?

I'd like the Minister to advise me if any of the directors of the Insurance Corp. of British Columbia have arranged employment for any of their friends at the insurance corporation. If so, has the Minister condoned these actions?

I'd like to ask the Minister what Dunskey Advertising billings were for the first year. For the year reported, what is the total amount of Dunskey Advertising's billings to the Insurance Corp. of British Columbia?

I would like the Minister to answer me, while he is at it: did Dunskey Advertising perform any service for the Insurance Corp., apart from advertising? Did Dunskey Advertising have any charge to the Insurance Corp. of British Columbia for advice to the top management of the Insurance Corp. In dealing with the media? Was there any charge for this service?

Were Dunskey Advertising charges reasonable and can the public be assured that the costs and profits were reasonable? What method is used by the insurance corporation to ascertain that the costs and profits of Dunskey Advertising are not out of line with those which would be charged by another advertising agency?

I might ask the Minister, while I am at it, whether there was any competition for the account. Was there a competitive bid? Did anybody else bid? Did the advertising firm supply copies of their material so they could be scrutinized? I'd like to know how the decision was made. How did they reach the conclusion that Dunskey Advertising should have the Insurance Corp of B.C. account?

While we are at it, Mr. Chairman, I would like the Minister to advise me of the complete and total cost of "operation turnaround" — where we had the full page ads in all the daily and weekly newspapers in British Columbia. It was a campaign which was meant to change the image of the Insurance Corp. of British

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Columbia for the taxpayers of this province. These were the ads, Mr. Chairman; you will recall them well: "This Is Your Insurance Company." What was the total cost of that campaign? And, mainly, could the Minister advise me if the campaign was a success? Was the campaign a success? Did that million or so dollars paid to Dunskey Advertising for that campaign change the image? Did it make the taxpayers of British Columbia really feel that the insurance corporation is owned by them?

I would like the Minister to tell me if he, personally, is satisfied with the performance of Dunskey Advertising. Or are the Minister's hands tied due to the fact that the Premier has affiliations with Dunskey Advertising? Maybe he made the recommendation that Dunskey Advertising have the account for the Insurance Corp. of British Columbia. Does the Premier thank Dunskey Advertising for winning the election in 1972? Is that why Dunskey Advertising has the insurance corporation account? I'd like the Minister to advise me if he personally is happy.

Did Dunskey Advertising, on behalf of the Insurance Corp. of British Columbia or the government or on its own, retain any outside research firms to carry out opinion surveys to determine public attitudes toward the

Insurance Corp. of British Columbia or Autoplan? I would like to ask the Minister, also, if he would file with the House the results of these surveys...

MR. R.H. McCLELLAND (Langley): Hear, hear!

MR. PHILLIPS: ...so that the Members of the Legislature can look at these surveys and determine whether the people of British Columbia feel that the insurance corporation is being well run. Or, Mr. Chairman, were there political questions in this survey? Were there questions in this survey with regard to the performance of the government, with regard to the public's attitude about the New Democratic...the northern depression party — I mean the no-deficit party or no-debate party? I think the Members of this Legislature have a right to see these surveys.

[Mr. Kelly in the chair]

It would be very interesting. Are these surveys still going on? Are they being carried on by Dunsky? Are they being carried on by a firm hired by Dunsky, or are they being carried on now by an independent firm? If the surveys that are being carried on are not under the rule and thumb of Dunsky, how come? I understand Dunsky did the first surveys. It would be interesting to see the results of these surveys so that we would know how many were done and what questions were asked. I would like to have the Minister advise me who Dunsky Advertising is responsible to.

MR. CHAIRMAN: Hon. Member, the green light is on.

MR. PHILLIPS: Yes, I have no trouble with colours either.

Who is Dunsky Advertising really responsible to — to the top management of the Insurance Corp. of British Columbia, or are they responsible directly to the Premier of this province? Are they responsible to the directors who are cabinet Ministers? Are they responsible to the cabinet, or are they responsible to that caucus committee that put their political fingers in and made the political decision on the rate structure? To whom is Dunsky Advertising really responsible?

I hope the Minister will be frank and candid in answering these questions I have posed this afternoon. I hope that he will endeavour to assure the taxpayers of British Columbia who are going to have to subsidize this huge deficit on which the Minister said there would be no deficit. I would like to remind the Minister in closing, Mr. Chairman, of his remarks that the Insurance Corp. of British Columbia will stand on its own two feet and that there will be no subsidization of the insurance corporation. I hope that the Minister will be able to assure the taxpayers of British Columbia that the Insurance Corp. of British Columbia is being well run, that there is no waste, that all of the costs involved in redoing the 33rd floor will be returned, that the millions of dollars being spent in advertising and public relations surveys are doing the job.

It amazes me, Mr. Chairman, when we have an insurance corporation with no competition whatsoever, that we would have to spend these huge amounts of taxpayers' money and huge amounts of the motoring public's money on advertising to sell them their own company.

AN HON. MEMBER: Right on.

HON. R.M. STRACHAN (Minister of Transport and Communications): I want to thank the Member for that interesting dissertation extended over a considerable period of time, asking many questions that I have already answered in the House on a number of occasions.

SOME HON. MEMBERS: Oh, oh!

HON. MR. STRACHAN: Could I have some order, please, Mr. Chairman?

AN HON. MEMBER: Let's get some answers out of you.

HON. MR. STRACHAN: Well, look, I just got out of my seat. I listened to him very carefully and didn't say a word.

AN HON. MEMBER: Nobody is bothering you.

HON. MR. STRACHAN: You've just been babbling from the minute I stood up.

AN HON. MEMBER: Oh!

HON. MR. STRACHAN: You've been making a lot of statements.

MR. CHAIRMAN: Order! The Minister has the floor.

HON. MR. STRACHAN: The Member who just sat down has been making a lot of statements, many of them absolutely false....

Interjection.

HON. MR. STRACHAN: I listened to him without interruption; I demand the same thing. Many of them were due to the kind of rumour that is going around; many of them were due to the fact that that Member didn't read this report.

There is a significant line in this report that has never before appeared in any financial statement put forward by any insurance company in the Province of British Columbia. I refer you, first of all, to the auditor's statement which says that this report....

MRS. P.J. JORDAN (North Okanagan): What page?

HON. MR. STRACHAN: Page 14.

"The financial statement indicates the financial position for the year" — when it then ended — "in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period, after revision of the financial statement for that period explained in note 2."

Then I want you to turn to note 2, "The Basis of Reporting," on page 20. I want the Member for Vancouver-Point Grey to remember that a few years ago I gave him a copy of an article that appeared in the *Harvard Business Review* commenting on the need for standard accounting practices and reporting. That note 2 points out that last year the Canadian Institute of Chartered Accountants decided that there should be a standard form of accounting procedure and reporting. This is the first time that has been available for any insurance company accepting that standard reporting practice of any insurance company anywhere in Canada. I think that is significant and is a measure of the figures that are in here.

With regard to the questions the Member asked, insofar as the rates were concerned they were decided by the directors of the corporation based on the information and decisions they made and the situations they saw at that time.

Is there a plan to go back to more realistic rates? You have my press statement of the other day. I warned that unless there was an improvement in the accident rate, we would certainly have to consider an increase in the rates.

How many vehicles insured by government are owned by the government? The figure is 9,642.

AN HON. MEMBER: Whew!

HON. MR. STRACHAN: The government has always had lots of vehicles. They are paying the same rate as anyone else. The B.C. Hydro rates are the same as anyone else's. You are turning around there. If you are saying that the fact that they are paying for insurance is the cause for the deficit, it's indicating that the insurance is no costlier

than previously.

As far as the \$25 figure is concerned, I've explained that to you previously. That was a figure that was presented to this House on the basis of a report made by the previous administration. We didn't know, and we were never told when we were in opposition, that on top of that there were all the Attorney-General's costs and a series of costs, and that individual civil servants involved in accidents found themselves involved in court cases because of that procedure. I will not leave any civil servant in this province without protection and have him hauled into court for something he's done while he was working for the people of this province. You were quite prepared to do that; I am not. That is why every government vehicle carries insurance in the same way as any other vehicle.

As far as consultants are concerned, naturally when you start up a major operation you have to have consultants. There were a number of consultant firms retained for a variety of reasons, and every one of them did a first-class job in helping us get that large organization on the road.

You talked about turnover in directors. There have only been two or three people in the senior group who have left the organization, and that is public knowledge.

Top management meetings have been held in a number of places. There was a meeting of the directors at Harrison Hot Springs.

What improvements were made on the 33rd floor? Yes, it was in the original lease, and the former Attorney-General of this province, Mr. Peterson, who drew up the terms of that lease for the owner, said that we had received an exceptionally good

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agreement.

You are completely wrong about that fancy kitchen. It is a standard kitchen. (Laughter.)

Interjections.

HON. MR. STRACHAN: I listened to you. I listened to your phony, false accusations in quietness. I expect the same treatment. But you don't want the answers. You're great at asking questions, but you are not very good at taking the answers.

Interjections.

HON. MR. STRACHAN: Do you want any answers to questions, or don't you? If you want me to shut up, I'll shut up and sit down. But don't go out of here and say I don't answer questions.

MRS. JORDAN: Tell us about the yacht.

HON. MR. STRACHAN: There has never been a meeting of the directors on a yacht.

AN HON. MEMBER: Why not?

HON. MR. STRACHAN: Somebody says: "Why not?" I don't know why not. The Member for North Vancouver-Capilano (Mr. Gibson) didn't invite us to have a meeting on his yacht. That's why. Otherwise we might have had one.

MRS. JORDAN: He pays for his own tub.

HON. MR. STRACHAN: I pay for my own too. Do you want answers or don't you about this 33rd floor?

It's an extremely good rate. We had people going without their lunch period, working at night in order to get

this show on the road. That kitchen was there to provide them with sandwiches and that sort of thing so that they could do the job for the people of this province. Yes, we can take the kitchen with us when we go.

MR. L.A. WILLIAMS (West Vancouver–Howe Sound): How soon will you go, Bob?

HON. MR. STRACHAN: I announced the fact that the new headquarters office would be in the City of New Westminster at the end of the present lease, which is the end of 1978.

As far as the so-called table you made a fuss about, when you have an organization that size you must have an adequate room and an adequate table for them to sit around when they are discussing the affairs and the problems that any organization of that size faces.

Theft from Surrey goods yards, internal-external. There have been thefts from the Surrey yards, yes, as there have been from every yard in the province, publicly or privately owned. Theft is something that happens every day, whether it is public or private. But we certainly have some security checking into that.

There are 2,300 employees.

The computer didn't cost \$10 million. In our first year of operation the lease fees are \$2,600,000.

MR. PHILLIPS: How much was the start-up cost?

HON. MR. STRACHAN: Dunsky Advertising. We had submissions from a variety of public relations firms. I want to remind you that under my jurisdiction there are three operations that utilize public relations firms. In each case submissions were asked for and received from a variety of companies in that field. Three different companies have the individual public relations business for the different operations.

As far as a survey is concerned, yes, there is a survey being made. But it is not being made by Dunsky. How do you like that?

MR. PHILLIPS: That's what I asked you!

HON. MR. STRACHAN: Oh, but all the inferences, all the rigmarole that surrounded the questions....

AN HON. MEMBER: Who paid for it?

HON. MR. STRACHAN: Regional Marketing Surveys are doing it.

MR. PHILLIPS: Market?

HON. MR. STRACHAN: Yes, we do marketing because it's a marketing survey to find out....

Interjection.

HON. MR. STRACHAN: Certainly. We're providing a service to the people and we want to determine in what areas the people think our service is inadequate, where they have complaints and that sort of thing. Any operation of any size worth its salt that is providing a service to the people does just that.

MR. AN. FRASER (Cariboo): If you read your mail, you'll find out what they think.

HON. MR. STRACHAN: Yes, I should have brought it in here. It would be stacked that high with people who like the service that ICBC is giving.

Interjection.

HON. MR. STRACHAN: Right. Let me tell you, you had better check the surveys, fella. You had better check them.

MR. PHILLIPS: Well, I asked you to table them.

HON. MR. STRACHAN: Check them.

MR. PHILLIPS: Table them. I asked you to table them.

HON. MR. STRACHAN: I tell you, my mail shows very clearly....

MR. CHAIRMAN: Hon. Members, I'd like you to address the Chair, please.

AN HON. MEMBER: Right on.

MR. PHILLIPS: Yes, Mr. Chairman, I'd just like to ask him if he's going to table those surveys so we can determine what questions were asked.

MR. CHAIRMAN: Order!

HON. MR. STRACHAN: I want to assure you that it's a straightforward commercial survey — nothing whatever to do with politics. It's to help us better serve the people of the Province of British Columbia.

With regard to the deficit, I would like to make a few remarks about that. First of all, I want to point out to you what is happening in the insurance field and what has been happening. First of all, in April of this year, there's a report from the *Colonist* about insurance firms withdrawing from Canada — from Canada — because of the state of the insurance market today.

I want to quote to you the Royal Insurance Co. Ltd. report as published in *The Globe and Mail*, April 4:

"The underwriting loss of \$14.9 million was the largest in Royal's history in Canada. The principal cause of this highly unsatisfactory result was the continued acceleration in the rate of inflation and the market's totally inadequate pairing of some major lines of business.

"Payments on behalf of policy holders, including adjustment costs, average about half-a-million dollars for every working day of the year. Inflationary pressures were also mainly responsible for the jump in administrative expenses, the operating ratio, the salaries and so on."

So what happened to us happened all over the insurance field.

Interjection.

HON. MR. STRACHAN: There are a number of things involved in the operation of the Insurance Corp. of British Columbia, which the opposition has chosen to ignore, that were not part of the previous insurance operations in the Province of British Columbia.

First of all, we're involved in a driver-training programme to encourage young people to take driver training. We pay \$50 of the fees for taking a professional course from a professional driver trainer. There's \$600,000.

MR. CHABOT: That's not new.

HON. MR. STRACHAN: Yes, it is.

There was included in this report the interim plan support, paid for by the drivers of this province. The minute we became government, before we had even said what we were going to do or when we were going into the business, some members of the private industry withdrew from the automobile insurance field. In fairness to the people of this province, through the B.C. Automobile Association we had to support that market.

Next, we had to assume the accidents that happened after November 10 and for the ensuing four months before we carry into ICBC because the private field had withdrawn from that period. There were some rate changes on the basis of further information; there was an increase in the auto body rates; there was an increase in the payments to agents at their request as of January a year ago because they said: "Well, we didn't know whether to fill out this form, that form or some other form." That's one of the factors.

Drivers' certificates brought in \$3 million less than we had anticipated. Obviously, there are some people who are just not buying the driver's certificate insurance.

I want to point out, insofar as efficiency is concerned, the very low expense ratio that's involved with this corporation. Insofar as the accident rate.... When you go back over the accident record, you'll find that January — for instance, in 1972 and 1973 — was a month of low accidents. In 1973, January was 50 per cent less than the worst month of the year. In our year of operation, January was 50 per cent more than the previous worst month of the year. If it had followed the 1973 trend, our January costs for accidents would have been \$10 million instead of having been \$30 million. In one month, just \$20 million difference between the....

MR. PHILLIPS: That only happens in monopoly.

HON. MR. STRACHAN: No, no, no, no, no. No,

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no. I've been back over the years and I find that there is a variation in years.

Interjection.

HON. MR. STRACHAN: No, no, no. That's what 1973 shows.

AN HON. MEMBER: Oh, come on!

HON. MR. STRACHAN: 1973 shows that January was the second lowest....

MR. CHAIRMAN: Order! Order, Hon. Members. Let the Minister speak; he has the floor.

HON. MR. STRACHAN: I listened to you. I'm just showing you what happens in this business, that's all.

Interjection.

HON. MR. STRACHAN: Sure, that's right. But I make no apologies because I want to remind you that there's a social concept to ICBC that didn't exist before. We're bringing....

Interjections.

HON. MR. STRACHAN: You were rarely here when I read that section. If you'd stay and hear.... Are you questioning the accuracy of that statement? Are you questioning the accuracy of that annual report?

Interjections.

HON. MR. STRACHAN: No, you'd better not.

MR. CHAIRMAN: Order!

MR. PHILLIPS: Tell the whole truth.

HON. MR. STRACHAN: Here we go. You listen, and then they bark.

MR. PHILLIPS: You are just telling half the truth.

HON. MR. STRACHAN: We have a lower expense ratio; we're giving better service than we've ever provided before. We've moved to bring equality into the rate structure in the Province of British Columbia. We've maintained the rates at the 1972 rate, when all across the country they've been increased by 40 and 50 per cent. We're bringing in the territorial equalization.

MR. MORRISON: Take it out of gasoline.

HON. MR. STRACHAN: We give grants for training teachers for driver training in schools. Added to that is the fact that the cash flow left capital in the Province of British Columbia that used to disappear out of this province all over the world. It provided many jobs in the Province of British Columbia.

Interjections.

HON. MR. STRACHAN: All right, all right. They don't want to listen.

It provided many jobs in that head office that were not available previously to people in the Province of British Columbia. They were siphoned off all over the world in a variety of cities.

MR. BENNETT: How much is Dunsky costing?

HON. MR. STRACHAN: As a matter of fact, again, this Member asks how much Dunsky costs. He doesn't know how public relations firms work. When they place ads in a paper....

Interjections.

MR. PHILLIPS: How much did you spend on advertising?

MRS. JORDAN: How much commission did Dunsky get off the advertising?

HON. MR. STRACHAN: Dunsky does not get his commission from ICBC; he gets it from the newspapers in which he places the ads. That's the standard procedure, and I wish you'd get that through your head.

MR! PHILLIPS: How much did operation turnaround cost?

HON. MR. STRACHAN: Autoplan.... It was \$471,486....

Interjection.

HON. MR. STRACHAN: Well, do you want the answers, or don't you?

MR. PHILLIPS: Yes.

HON. MR. STRACHAN: Well, if you do, shut up and...

SOME HON. MEMBERS: Oh, oh!

HON. MR. STRACHAN: ...let me answer.

MR. PHILLIPS: Well, answer. You've been on

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your feet for 20 minutes.

HON. MR. STRACHAN: You were on your feet for half an hour and said nothing.

Interjections.

HON. MR. STRACHAN: And that's a vast improvement on any record you've had in this House, my friend. I can tell you that.

Autoplan, \$471,486. The rest of his work was related to brochures and booklets, employee recruitment, legal notices, signs.

MR. MORRISON: How much was that?

MR. PHILLIPS: What was the total cost of operation turnaround, I asked you.

HON. MR. STRACHAN: What do you mean, operation turnaround?

MR. PHILLIPS: That big campaign you had. You know very well what I'm talking about. Those big full-page ads trying to...

HON. MR. STRACHAN: His total Autoplan thing, I have told you, was \$471,486....

MR. PHILLIPS: What was your total advertising bill?

HON. MR. STRACHAN: If you'd be quiet, I'd tell you. You make it very difficult. I'm trying to answer your questions.

MR. PHILLIPS: About time, too.

HON. MR. STRACHAN: The total for radio, newspaper, magazines, signs, legal notices, employee recruitment, brochures and booklets, Autoplan and general insurance was \$731,000. I think that answers most of your questions.

MR. PHILLIPS: Just a minute. Who's going to pay back department R — the refund. You didn't answer that question.

HON. MR. STRACHAN: Department R is part of the operations of the whole Autoplan.

MR. PHILLIPS: Is it paid by ICBC or by the government?

HON. MR. STRACHAN: It's paid by the people of this province, as everything related to automobile insurance is. Everything related to automobile insurance is in a separate fund. Read the report.

MR. PHILLIPS: Is that \$835,000 shown as a deficit in here?

HON. MR. STRACHAN: Yes, it's part of.... No, it's instead of.

MR. PHILLIPS: Aha! Who's going to pay it? It's not in here.

HON. MR. STRACHAN: Well, it all comes from the public of the Province of British Columbia. If you don't know that....

MR. PHILLIPS: It's in addition to this lot. Another \$835,000. Plus another \$835,000....

HON. MR. STRACHAN: It says in there that start-up costs are amortized over a five-year period.

MR. G.B. GARDOM (Vancouver–Point Grey): The remarks from the Member for South Peace River (Mr. Phillips) were extremely interesting, and without any question of a doubt they established the need for an auditor-general in the Province of British Columbia, because the Member gave specific illustrations of this government not only not giving value, but also committing absolutely wanton and shameful waste. That just can't go on. The public is not getting a proper deal; they are being ripped off.

The Minister talked a lot about answering questions. I still see on the order paper some six questions that are unanswered. One I notice, dealing with the capital cost expenditures contemplated and had for ICBC, has been on the order paper for better part of a year and is still unanswered.

The Minister referred to a standard form of accounting. Well, it seems, in taking a look at his balance sheet — which he is, oddly enough, proud of — that there's another \$8 million of cost allocated to start-up one year after ICBC started up. Is it ever in a process of not starting up? According to the way I read the balance sheet — we find \$19.8 million for unamortized start-up costs for 1975 and, for 1974, \$11.6 million. Unless I'm incorrect, this came into being, didn't it, well over a year ago? Does this mean we are going to continue to have costs allocated to start-up, or should they properly be in administration and operation costs? I pose that question to the Hon. Minister.

The point that was made by the Member for South Peace River today is that the public has not received value. And there is absolutely nothing in these statements to indicate that the public has received value. I would ask the Hon. Minister if he is prepared to furnish complete working papers in order that a breakdown of these figures can be obtained and the Members of this Legislature and the general public can properly scrutinize this statement.

We all remember, Mr. Chairman, that the Premier

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was very roundly criticized by the press for not making this Member his Minister of Finance. Well, we find that this Member has produced a deficit of \$36.2 million, which is more than the combined estimates of Consumer Services, Economic Development, Mines and Petroleum Resources, Travel Industry, the Minister Without Portfolio — even the Premier's office and the cost of running this Legislature. I'd say that we're very fortunate, indeed, in this case that the Premier did not appoint this Minister the Minister of Finance.

But then again, how does this Minister's deficit reflect into the budget that the Premier presented to this House? We can all remember that he talked about a \$600,000 surplus. "Pretty thin," said the opposition. "Pretty thin," said everybody. But when we take a look at this \$36.2 million deficit here, we find we've got \$600,000 to take care of it. You have put the Province of British Columbia in the position of deficit financing, make no mistake of that already, and the Premier's budget speech isn't worth the paper it's written on.

Deficit has been created, and they knew it was coming, Mr. Chairman; they knew it was coming. They had that information; they had that material. In the Premier's budget speech, which he carefully did not read in this Legislature when he was standing up, there was a reference to the fact that the Insurance Corp. of British Columbia would have to receive funds from consolidated revenue. That's printed, but it wasn't read in this House when the television cameras were on. Was that oversight? Remarkable coincidence, if it was.

As the result of this \$36.2 million, according to the Premier's budgeting, his cupboard is bare. And that's what ICBC has produced. This was supposed to be the jewel in the Crown of NDP. I tell you, Mr. Chairman, that it's the fallen idol. ICBC was supposed to be the NDP-promised money maker, and it's turned into a loser; and but for taxpayers' subsidies, it is bust. It is unable to meet its obligations but for taxpayers' subsidies, and but for taxpayers' subsidies this corporation would be having a meeting with the corporate undertaker known as the receiver. If this was in the private sector, this company would be placed into receivership. That's the way it stands today in the Province of British Columbia. What a tribute for a new plan. What a tribute to the executive. What a tribute to the administrators. Didn't they know what was happening? Can we put it down to ignorance, or did they know? And that's even worse.

But you know, Mr. Chairman, they said it was going to make its own way; it was going to stand on its own two feet. Witness the Hon. Minister who wishes us to take his statements at face value: *Hansard*, March 5, 1973, page 1001: "The plan will be self-sustaining. Payment of all losses and expense of administration will be made from the plan funds." April 11, 1973, *Hansard*, page 2536 — and he was talking about this: "...the pledge I made that no public money be used to operate this corporation."

We take a look also, Mr. Chairman, at his written report that was given to Members of this Legislature, to the

press and to the general public when these bills were introduced. I refer to page 2: "The premiums, to be set by regulation later, will not be subsidized by any tax dollars and will be based on actuarial principles."

Then carrying on with Hansard on April 11, 1973, at the same page, 2536, he says this: "Every penny expended in that corporation gets charged to that corporation and not to the public treasury through the accounts of this province."

MR. MORRISON: He said that, eh?

MR. GARDOM: April 18, 1973, *Hansard*, page 3022: "I want to repeat what I said when I introduced this bill for second reading: the plan will be self-sustaining." The Hon. Minister of Transport is speaking as, I believe he was then, the Minister of Highways. The Hon. Robert M. Strachan:

...the plan will be self-sustaining; all services rendered by any department of government or otherwise will be paid for from moneys belonging to the plan — payment of all losses and expenses of administration will be made from plan funds. I repeat that and I guarantee it will be carried out.

What was the worth of that promise? What was the price of that guarantee?

Now all of this points to either complete incompetence or misleading the public, or a combination of both, at both the administrative and executive levels.

AN HON. MEMBER: You wouldn't buy a muffler from a guy that gave that kind of guarantee. (Laughter.)

MR. PHILLIPS: The Midas touch.

MR. GARDOM: It's even more serious than that, Mr. Chairman. Why has no one levelled with the people at either the executive level or at the administrative level on what happened with this insurance corporation? Why didn't they give a proper account of what was going on?

Whenever anybody, be they legislators, or trained, experienced people in the industry, or columnists or hotliners or editorialists said: "There's trouble in River City" — Red River City it would be — "the plan isn't working; your rates are haywire; your administrative costs are out of whack; can we really afford to build a bunch of expensive claims centres?

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— you've been wanton; you've been wasteful;" was there ever any criticism or, even worse, any request for information?

What was the response for requests for information when we asked what the start-up costs are? How many employees are there in there? What is the amount of the payroll? What have been the capital cost expenditures since this corporation was started, and how much more is contemplated? What claims are contemplated and projected over a given period, and at what cost? What is the projection for bodily injury claims? What's the projection for property damage? What sort of premium income is contemplated? Well, we got one figure, and I notice this current report is very, very careful not to forecast anything. But in the last one there was a premium income of \$207 million anticipated. It didn't even come close to that. What went wrong?

What type of interest income was contemplated? Why were paraplegics not receiving their settlements? Why were people representing them told the money wasn't there? Well, I guess they were told that the money wasn't there because it wasn't there. It's pretty simple.

How much was paid for the advertising? We had an answer here this afternoon. Is that going to continue? Why, indeed, Hon. Members, do you have to advertise the only game in town? Shouldn't its own advertisement be performance in doing the proper kind of a public job? That's what it should be.

But open government they talked about, and they said: "Let the sunshine in." But I'll tell you one thing, Mr. Chairman, in response to the questions that we've received in this House: the assumption that we have got to make on this side of the House is that obtaining information about ICBC is much like trying to hold a public inquiry into the inner workings of NKVD. If the socialists wish to use the Insurance Corp. of British Columbia as their Linus blanket, well, I say let them pay for it themselves. Failing that, they've got to level with the public as to just how it is being operated. Boy, oh boy, oh boy, do we ever need an auditor-general!

From the moment of its conception, Mr. Chairman, it has never been really truly represented. We've got to get back to the beginning, before the 1972 general election. Twenty-five dollar car insurance was inferred in the NDP material. The Member for Langley (Mr. McClelland) made a very excellent speech in the House last year on that particular point, dealing, if I recall, with the Members for Vancouver East. There was no mention by the NDP when they went to the people of this province that the plan they were going to bring in would be, by law, the only game in town. Oh, no, it would be like the other provinces, Manitoba and Saskatchewan, where the private sector could compete. Now wasn't that misleading?

Then, when you brought in these two bills in 1973, you made it illegal in British Columbia for a lawful, nonpolluting, taxpaying organization to carry on business. I'd say that with all of the art and the subtlety of a fireplug you expropriated the automobile insurance industry without trial, without hearing, without appeal and without compensation.

HON. MR. STRACHAN: Point of order. That matter is now before the courts.

MR. GARDOM: You closed the doors and said it's illegal to carry on business in the province of B.C. Did anyone say that to the general public when they ran for office in 1972? No way! Was that misleading? You bet your darn boots it was. But the Waffle Manifestoes in that socialist party over there, Mr. Chairman, had control, and so did all of their great subscribers: the Hon. Premier (Hon. Mr. Barrett) and the Deputy Premier (Hon. Mrs. Dailly) and the Attorney-General (Hon. Mr. Macdonald), the Minister of Municipal Affairs (Hon. Mr. Lorimer) and the Speaker (Hon. Mr. Dowding). They had control, and they Waffle-manifestoed this organization right into existence by expropriative measures — make no mistake of that. They denied that; they denied they expropriated the industry. Wasn't that misleading? Wasn't that misleading when they denied that they expropriated the industry? I say it certainly was misleading, Mr. Chairman.

Then they spent thousands and thousands and thousands of dollars on advertising, which we talked about earlier today. They talked about the buck stopping here, how the buck was working for ICBC and it was going to be paying its own way. Well, that's pretty misleading. I don't know how you can really work with the bucks when you owe \$36 million-odd.

Then the next thing they absolutely swore and committed themselves and avowed and solemnly guaranteed was that it would never ever have to be publicly transfused. Wasn't that misleading, Mr. Chairman?

MR. McCLELLAND: Not one penny.

MR. GARDOM: I would suggest to you it was indeed misleading.

There are lots of ways to prime that pump. They've got more than one way. Out of the gas tank — that's publicly known. They can also do it out of the electric light bulb by setting the premiums in B.C. Hydro. How much does it cost to insure a dam? I'm pretty low in my revenues.

It's a manipulative process, Mr. Chairman, but why should the consolidated revenue fund of this province be siphoned to subsidize the motoring public to make it cheaper for those people with cars, who usually are in better circumstances than those people without

cars? Where is there any kind of fairness there?

Can we possibly say that there are not more pressing needs and economic requirements for health, hospitals, education, extended care, intermediate care, roads, aid for the underprivileged? Is it wrong to ask the consumer of automobile services to pay his own way? Why anyone less fortunate should be put in the position of subsidizing him I cannot understand.

I think that concept, Mr. Chairman, has been goofy from the start. The state interest is taking care of the welfare of people. Fine and dandy. Provide assistance for injuries, for the loss of their blood and their bones but, for goodness' sake, the province doesn't have any place in straightening the Detroit-made fenders of people who drive in this province. What have the fenders got to do with taxation policies? It is quite beyond me.

Then they indicated to us throughout that ICBC was doing fine — oh, just fine. It's the best thing that ever happened to the province. There weren't any problems. The dollars were rolling in and it was all the rosy-glow stuff. Wasn't that misleading, Mr. Chairman, when they knew or must have known that it was in red ink right up to its armpits? The dollars were rolling, all right, but they just made a 180 degree error in direction. They weren't rolling in; they were rolling right out.

Then, in the fall of last year, anyone who suggested to the Minister of Transport and Communications that ICBC was in serious financial circumstances was essentially accused of fabrication. Yet, at just about the same time, the Premier confessed to its floundering to the extent of \$18.5 million. We find it is \$36.2 million. In what kind of light does that put the Hon. Minister of Transport and Communications? He was completely and categorically wrong. In what sort of light does this put the Premier? Well, he is out close to 100 per cent.

AN HON. MEMBER: A terrible situation.

MR. GARDOM: Didn't he know, Mr. Chairman? If he did not, surely there must have been incompetence along the line. Or did he know? That is indeed worse.

Have they got a computer down there, Mr. Chairman, or have they got a Tinker-toy? Have they got administrators or what have they got? Do these people know what they are doing?

AN HON. MEMBER: No.

MR. GARDOM: On March 5, 1973, in *Hansard*, page 1001, the Hon. Minister was talking about revenues from Autoplan. He called them a "virtual tax" and said it wouldn't be exploited for private profit. Well, there wasn't any private profit, so we don't have to be concerned about that. He carried on and said nothing would be "squandered in wasteful administrative costs," yet the taxpayers of this province had to foot the great bill, I believe of about \$52,000 — I've got the precise figure here — because the chief administrative officer of ICBC happened to have a philosophical difference with Mr. R.W. Adams. Mr. R.W. Adams, according to a letter from Mr. N. Bortnick to Mr. Adams of October 24, 1973, was paid at the rate of \$35,000 a year, from October 24, 1973, to April 19, 1975, for not turning a finger.

[Mr. Dent in the chair.]

I am really unaware of the philosophical renown of either of these gentlemen or whether their philosophical differences are worth this kind of money. But I do know one thing, Mr. Chairman: this has no business at all coming out of the public funds.

I have to ask the Minister: did Mr. Adams proffer advice that was not accepted? Was his advice correct? Did it prove out? Did Mr. Bortnick, did the administration, did the Minister, did the government refuse to accept Mr. Adams' professional expertise as to when the computer could properly come down the line and do a job? Was Mr. Adams dismissed for cause? If so, why was he paid, if he was dismissed for cause? If there wasn't any legal cause for his removal, which appears to be the case, according to the information that the public has received, why wasn't he kept on or permitted to quit if he so chose — but without this kind of a boondoggle?

A monthly salary of \$2,916.67. Is that correct? Is that what Mr. Adams received from October, 1973, to April,

1975, for not working? That's pretty good welfare. But this isn't supposed to be a welfare organization. If this isn't a squandering of money and a wasteful administration, to use the Hon. Minister's words, then, indeed, what is it?

This organization, Mr. Chairman, is a government monopoly. It's a government combine. It has every resource at its disposal. It promised a profit. It rejected subsidies and it denied losses. Yet with all of those powers and all of those resources, it comes out with this kind of a sorry account. Can anyone say that that is a tribute to good husbandry? It seems to blame everyone but itself — world conditions, the private carriers, the traffic victims' indemnity fund, the weather — the fact that we have winters and that we have summers in the Province of British Columbia — the fact that there are cars on the road and motorists are driving them, that safety programmes are not up to scratch, and all sorts of faults.

But what happened to its capacity to function and forecast? Surely it must have a monthly, if not weekly or daily, experience of premium income, of interest income, of claims, of administrative expense and of rating variations. But it seems to me, from the

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results that are in this catalogue of ineptitude, that the words "forecast" or "projection" or "estimates" are not in their lexicon. What's happened? That's what insurance is supposed to be all about — prepaid funds, paid in trust, to pay for the unexpected based on experience, and probable expectations over a given period of time. That's what we are supposed to see.

There's been a lot of talk, Mr. Chairman, about level of rates. Why were they wrong? Why didn't the premium income reflect the amount it should? It is conceivably the biggest insurance corporation in the world. It's had unlimited resources to work with and it's produced dismal results. That's not good. Premiums? They talk about premiums of \$187.6 million. They forecast, as I said, last year \$207 million — pretty badly out in their forecast. Well, how many premiums did that consist of, I would ask the Minister, and what was the average premium?

Dealing with expenses, under the auto side, they record claims and adjusting of \$214.5 million. I would ask the Hon. Minister how many of those claims are bodily injuries. How many of those claims are fenders and motor vehicle damage and how much is property damage? Also, why is adjusting expense related into claims when you are the only game in town conceivably which, would fall within the operational expense? What expense is there allocated to adjusting in this \$214.5 million? Why is that not included essentially as an expense in administration?

Administration is referred to as \$16.4 million.

Conceivably, that would be talking about salaries, I guess, and rent. Would anyone think that would be incorrect? Yet according to figures that the Minister furnished in the House, which were incomplete the last time I asked him...and he promised to have them complete today and I hope that he had, on the salary payroll which only went up to \$17,000. You said you would look into it and get better understanding of the question. My recollection is that that indicated a monthly salary payroll of over \$2 million. So we are going to look to \$24 million at today's rates for salaries over the coming period, not \$16.4 million.

Is it true, Mr. Minister, that the employees of the Insurance Corp. of British Columbia have been promised by the chief administrative officer and/or yourself salary increases retroactive to last year, when they received their increases? If so, to what date? The 10 per cent salary increase that is shown in your statement is interim only. Are there any reserves set in this statement? I have been unable to find them, but I am not an accountant, and I could be misreading it. Are there any reserves established for the salary increases that are now under negotiations?

If so, how much?

Then let's take a look at the general side. We find \$5.1 million revenue, which is up from \$252,000 for the previous five-month period. That's a revenue increase of 20 times and a loss — I'll be darned, it increases, too. You find losses of \$2.2 million up from \$505,000, and the loss increases four times. So the revenues under general insurance are up 20 times as much — 2,000 per cent — and the losses under general insurance are up four times as

much at 400 per cent. That's ghastly underwriting. It must be just absolutely ghastly underwriting.

Look at the differences in administrative costs: under the automobile side of your balance sheet you show \$214 million for premiums, and so forth, \$16.4 million in administrative costs. But under the general, for \$5.1 million revenues, you show \$2.3 million of administrative costs. So in round figures you're talking about 8 per cent, which is not correct in my assessment of this for administrative expense on the auto side because it doesn't take into account the start-up costs and other factors that I've been mentioning. But under the general side you find that the administration is 40 per cent of the income. Well, I'll tell you, there's not a company in creation that could carry on on that basis. If this were a private company, the superintendent of insurance would be knocking at their door.

AN HON. MEMBER: Kaput.

MR. GARDOM: "Kaput," says the Hon. Member. Fair words. The creditors would be there. It could be put into receivership. But the total direct loss to the B.C. taxpayer for socialistic, subsidized insurance in his statement is \$36.4 million. And there is every single solitary indication that that figure for the next period is going to be up, up, up, up, up. Make absolutely no mistake of that fact whatsoever. The indicators are everywhere. At the present time \$3 million-plus a month is going down the drain. Over \$100,000 a day is the loss — about \$4,000 an hour. It's going to get worse because it's conceivably going to need more capital costs; the costs of co-insurance are going to increase, and where the specifics of the costs of co-insurance.... Is the Hon. Minister able to satisfy his House that co-insurance is necessary? Remember all the promises, Mr. Chairman? "The buck stops here." How much money went out of the country into co-insurance? Is that needful?

MR. CHAIRMAN: The green light is on.

MR. GARDOM: Wages are going up and up, as I have indicated. The amounts of awards are going up and up. Mr. Chairman, I ask the Minister again: what is the salary schedule in the Insurance Corp. of B.C., from top to bottom? I asked him that all last year. I'd ask him what the Insurance Corp. of B.C. claims about projection is for 1975-76. There is not an insurance company operating today that doesn't have those kinds of figures available.

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I'd ask him the Insurance Corp. administrative expense projection for the period 1975-76. I'd ask him on the capital cost expenditures that have been spent to date: where they have been spent? How have they been spent? Has the public received value? The Hon. Member for South Peace River (Mr. Phillips) indicated that they have not. How much more is being set aside or allocated for capital cost expenditures?

How much money has been set aside and estimated for salary increases which are coming down the line? Are those going to be retroactive? I'd ask the Minister before sitting down finally: what is the projection of the insurance corporation for its net for 1975-76? How much worse shape is it going to be in? How much more will the taxpayer of B.C. have to carry on his back?

HON. MR. STRACHAN: Mr. Chairman, again I listened with interest.

Interjections

HON. MR. STRACHAN: Look, if you don't want to listen, move out. Again, this Member, unfortunately, moves from a pre-established position and talks from a pre-established position. He knows who he speaks for: a very select group in the Province of British Columbia — the private insurance companies. I speak for the people of British Columbia. That Member....

Interjection.

HON. MR. STRACHAN: They ask questions; they don't like the answers.

AN HON. MEMBER: Hokum!

HON. MR. STRACHAN: All right. See — I sat and I listened — that Member went through the old record again. I'd like him to listen. He went through the old record about Mr. Adams — how he couldn't get information. I want to remind that Member that last October he got up playing that old record about how he's asked for information for a month and hadn't got it. I had to finally get up and tell him that I had tabled it last June.

MR. GARDOM: The final day of the House.

HON. MR. STRACHAN: It was four or five months earlier, but he didn't know. But there he was going around the province, rattling that old record — completely false, completely wrong. The information was there, but you didn't know it. You don't do your job. You speak from that pre-established position; you speak for the insurance companies of British Columbia. You always have and you always will.

Unfortunately, Mr. Chairman, I went through the same thing again today. He gets up and he complains that we haven't provided the full schedule. I provided a schedule here a month or so ago, as it was provided to me. He got up in the House and he asked a question. I had some difficulty in knowing exactly what he was asking, but he repeated it later. I said I had got the question. Fine, good.

Mr. Chairman, he is up here complaining that the answer I gave was only partial. Mr. Chairman, I tabled that last week.

MR. GARDOM: When?

HON. MR. STRACHAN: Last week. I don't know — on Thursday, Friday.

MR. GARDOM: Why didn't you send a copy to...?

HON. MR. STRACHAN: In the House. For Pete's sake, that's why we print *Votes and Proceedings*. Downright incompetence! He doesn't care what he says. He gets up and speaks these canards, time after time after time without having done his homework. Absolute incompetence!

MR. GARDOM: That's what you did last year.

HON. MR. STRACHAN: Read the record. Go and look at it. You get up here and shout at me. Mr. Chairman, through you to that Member, he thinks because he represents the insurance people, because he represents Point Grey, because he has been to university, because he has a law degree, because he is twice as big as me, that he can bully me. Well, he can't! I refuse to be bullied by you or anyone else.

Interjections.

HON. MR. STRACHAN: All right. He asked me a question and I told him I filed it last week.

Interjections.

HON. MR. STRACHAN: Come on, you listen to me. I had to take his guff and his guff. Now let me answer the questions in a forthright manner, without interruption, please.

One year after — ICBC start-up costs. I don't know how often you have to explain these facts that the Autoplan is a separate fund. Part of the start-up costs were incurred prior to the beginning of the operation of Autoplan. Naturally, in good accounting procedure, they are charged to where they should be charged: to Autoplan. That is why they are all in there.

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The public has not received value. Well, I'll argue that with you.

The Member over here talked about property in Vernon. Yes, we purchased property in Vernon. The property

was zoned light industrial. It was appraised in late April of 1973, I guess, by General Appraisal of Canada Ltd. for a market value of \$120,000. We were advised at that time that today's appraised value is \$140,000. An independent appraisal commissioned by Johnson Associates Management Ltd. at the end of December, 1973, placed the value of this land at \$157,000. The total price paid was \$140,000.

Interjection.

HON. MR. STRACHAN: Oh, I don't know. I don't know. But anyway, there were two appraisals made. That was the question he asked me, and what we paid for it. Two appraisals. We got it for less than one of the appraisals indicated it was worth. As far as the information we have indicates, yes, value was received for the money expended in this and in a multitude of other cases. But he asked me about that specific case.

As far as any funds required for the future: as you know, this House provided legislative authority. What that requirement will be I don't know, but we have brought in a territory equalization system which brings some equality into the whole field.

The question re capital, et cetera, costs are answered in this report I tabled the other day. That's where it is supposed to be answered: at the end of the year when we have the total costs and the total expenditures. That's when you answer questions on capital expenditure and all the rest of it.

Why were paraplegics not receiving payment? I'll tell you why they were not receiving payment. The private insurance companies wouldn't accept the responsibility they had been paid to accept. But part of the costs in this deficit are payments made by ICBC for responsibilities that properly and truly belong to private insurance companies. Rather than see them go without, we paid them from ICBC. You stand up there and talk about deficits. Because the insurance companies didn't do their job and we accept that responsibility, that's part of that deficit. Are you opposed to it?

Interjections.

HON. MR. STRACHAN: Let me answer these questions. Come on now.

AN HON. MEMBER: Don't shout now.

HON. MR. STRACHAN: I'll do that when I'm angry at you, but I am not going to get angry.

Why should anyone subsidize motorists? You asked me that question. I've been hearing for months that every time a motorist drives up to the gas pumps he is paying for his insurance. Now you are saying that that's not true, that when they drive up to the gas pumps they are not paying for insurance. You are going to have to make up your minds. You can't go out and say one thing one day and something else the next about where that money is coming from.

Interjection.

HON. MR. STRACHAN: That's all right. That was before territory equalization.

Wasteful administrative costs. I challenge you to show any other insurance company with administrative costs of 8 per cent. I challenge you. You won't find them.

The matter of Mr. Adams. I've explained this before, but evidently the Member seems to have a fixation on this. When the corporation was starting up, in order to get the first key personnel, there were, I think, two contracts provided. I think there were two in order to get the very start-up personnel. These men were involved in pretty major jobs in the industry; we wanted them to leave these jobs. They asked for some basic security, and on that basis they left their well-paid jobs and came to ICBC. Only two of the executive were in that position.

You asked me a lot of questions as to why he left the employ of the company. He had an agreement. But then you want to know all the details. Now, Mr. Member, there's something involved here — you say public money.

There's also the matter of...how will I put it? You may not understand this as a concept or as a belief, but I think we have to approach such matters with at least some semblance of humanity, because....

Interjection.

HON. MR. STRACHAN: Now just a minute and you can stutter all you want to. You stuttered all Saturday night on that broadcast. It was terrible. However, let me say this.

Interjections.

HON. MR. STRACHAN: Now I'm about to talk to my friend about his fixation on Mr. Adams. Here is a man who left a good job, a man with competence; otherwise he wouldn't have been in the job he had. Oh, he's not listening, but the others may.

Any time there comes a parting of the ways in a position of that kind, to go into the reasons why the parting of the way came, I think the onus on whether or not that is to take place belongs to the individual. A matter of confidentiality. If he wants to go to the public and say that this happened or that happened

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or something else happened, then I'm quite prepared to make my position clear. But as long as that individual does not wish to engage in that kind of debate or discussion...it's bound to do damage to the individual, and I'm not prepared to embark on that kind of situation.

MR. MORRISON: Are you suggesting he should be fired?

HON. MR. STRACHAN: No, no. Now look, when people part company there can be a variety of reasons. I certainly never claimed perfection for myself or any group with whom I've worked, but I want to tell you that that's my feeling. If he'd wanted to go to the press, or anything like that, and lodge a complaint, then I would have been prepared to say.

MR. MORRISON: Is that a policy of your government?

HON. MR. STRACHAN: This is a matter of how you treat human beings. You may have some difficulty understanding that, but, as far as I'm concerned, I'm not going to go into any detail about the difference of opinion we had with Mr. Adams unless he himself pursues it in the public press. I just don't think that's the way you treat people, and that's all I'm going to say.

Interjections.

MR. CHAIRMAN: Order, please. I would ask the Hon. Member not to speak from his seat but wait until he gets the floor.

Interjections.

HON. MR. STRACHAN: Your criticism of the general insurance sector....

Interjections.

HON. MR. STRACHAN: No, no. The Member just finished speaking and he seemed most urgently to want an answer to this question, so I want to be sure he is listening.

He was critical of the general insurance sector of the ICBC and the ratio of cost to the business done. Well, you have to have staff to do all the multiple number of things that are required in an insurance business even before you start to do business. Through the year, as your business increases, you're only allowed to take a portion of the premium into income for that particular year. We file our reports to the superintendent of insurance in the normal

way.

You talked about co-insurance; I think you meant reinsurance. Yes, I thought that was what you meant. Yes, you said co-insurance twice or three times but I was quite sure you meant reinsurance.

Actually, the amount ceded to reinsurance in the Autoplan, out of the gross vehicle premiums written of \$201 million, was \$1.24 million. In other words, about 0.5 per cent — about half of a cent of every dollar of premium — is all that went anywhere else but co-insurance. Now I answered that question previously in the House during question period, about a year ago.

Interjection.

HON. MR. STRACHAN: Well, as you know, there have been some pretty big awards made, and it's for anything over a certain amount, a fairly high figure.

AN HON. MEMBER: How much?

HON. MR. STRACHAN: It's \$300,000.

Interjection.

MR. CHAIRMAN: Order, please. I would like the Hon. Member...

HON. MR. STRACHAN: There'd be no loss to the province, no loss.

MR. CHAIRMAN: Order, please. I would ask the Second Member for Vancouver–Point Grey (Mr. Gardom) to respect the rules of the House and not speak from his seat.

Interjection.

MR. CHAIRMAN: Order, please. Before we proceed, I think it's proper that we should proceed with some semblance of order. There are reasons, obviously, for these rules, not the least of which is that nothing is recorded on *Hansard* when the Member speaks from his seat. Therefore I would ask them to wait until the Minister has completed his remarks and then get up and ask further questions. I would be pleased to recognize them at that time.

HON. MR. STRACHAN: I'll try and answer the questions. Any cost of \$300,000 is not met by Autoplan. The other factor as to why we should have that in operation is because, in the case of any major disaster such as an earthquake or anything like that which just could envelope thousands and thousands of vehicles in one fell swoop, it gives us that kind of protection also.

You repeated the question about the public receiving value. I think the public have received value. A comparison of what it costs the drivers in this province with what it costs drivers in other parts of

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the country indicated the kind of value that the public of this province have received for the job ICBC is doing. Just in case you've forgotten the figures, I would like to give you the figures on some of the comparable rates.

For instance, in a 1973 Mustang in Victoria, driven to and from work, the cost would be \$115; in Prince George, \$182; in Edmonton, \$204; in Moncton, \$252; and in St. John's, Newfoundland, \$304. The same car occasionally used by an under-25 driver: in Victoria, \$125; in Vancouver, \$169; in Nanaimo, \$161; in Chilliwack, \$171; in Kelowna, \$171; in Prince George, \$232; in Edmonton, \$337; in Toronto, \$375; in Montreal, \$534; in Moncton, \$432; in Halifax, \$379, in Charlottetown, \$429; and in St. John's, Newfoundland, \$504. For what it costs the Victoria driver — \$125. I would suggest that the public are getting exceptionally good value for the money that is being spent in ICBC.

[Mr. D'Arcy in the chair.]

MR. G.S. WALLACE (Oak Bay): This certainly has to be high noon for the Minister of Transport and Communications. Regardless of the figures, I think any objective person reading that report or any person coming into Canada in a completely unprejudiced position and expecting to agree with the overall conclusion that the Minister has just mentioned in that it is an excellent programme and that people are getting value for their money.... To make that statement in the light of the figures has to be nothing less than an insult. How anyone can suggest that a programme which was brought in with such noise and such promise as to what it would accomplish and how we could have all the assurances we had.....

I won't bore the House by repeating all the quotations. I think the best one is the notes which we all received as MLAs on the day this bill was introduced in the House. On page 2 the Minister says: "The premiums, to be set by regulation later, will not be subsidized by any tax dollars and will be based on actuarial principles." The other quote was the one that the Second Member for Vancouver–Point Grey (Mr. Gardom) mentioned on page 100, *Hansard*, March 5: "The plan will be self-sustaining. All services rendered by any department of government or otherwise will be paid for from moneys belonging to the plan." We don't need to go into any great detail on that. The evidence is there unquestionably that the plan was to pay the cost.

I say that anybody who reads this report in an objective way and remembers the tremendous ballyhoo that accompanied its introduction and the very sober and serious commitment made to the people of British Columbia that the plan would pay for itself.... To turn around today in the face of a deficit of \$36.4 million and say that this plan has been a great success really has to make one question the use of the word "success."

I think that basically it is 100 times more clear now than it was in the 1972 election that this government has chosen to use this particular issue, regardless of its elements, regardless of its cost and regardless of almost every other financial factor, as the clearest political tool of any issue, perhaps, in any election before or since the 1972 election.

We have the headline from *The Province*, eight days before election day: "B.C. Drivers Would Save 20 per cent — Barrett."

Interjection.

MR. WALLACE: Regarding the question of figures, in saying that they're saving 40 per cent, when every citizen in the province is contributing towards a \$34 million deficit, I just can't equate these two statements either. The fact is that Autoplan on its own is \$34 million in the hole.

One of the reasons I think that this report is somewhat insulting is that the Minister makes the statement in the report and brags about the refund programme. Because some people claimed they were paying more and were shown to have paid more, they received a refund. If that isn't an admission of guilt right there that the people drawing up the premiums didn't even know what the rate being paid was at the present time...and they submitted premium notices to certain owners in excess of existing rates, and then the government had to set up a cumbersome and costly refund plan. Surely the fact that that refund plan had to be implemented was an admission of mistakes of a substantial order by Autoplan in setting up the premiums in the first place. I keep making the point that it wasn't a commitment just to keep premiums the same as the Minister keeps repeating; it was a commitment, as Premier Barrett said on August 22, 1972, to reduce premiums.

Be that as it may — and we obviously disagree on the interpretation of that — I think the fact that the refund programme was necessary showed there were some substantial mistakes. I forget how many thousands of people the Minister mentions in the report....

Interjections.

MR. CHAIRMAN: Order, please. There's a persistent buzz on my left.

MR. WALLACE: At any rate, I just want to make one particular point in regard to the ideology of this whole subject, and that is that I have to think that this government has its priorities sadly mixed up. We not only have a deficit of \$34 million on a subject

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involved with automobiles, but we have many areas of serious human need in our society where \$34 million would go a very long way to look after some people in this province who are not only not getting the kind of help and medical care they need, but not eating as well as they should.

This government believes in running a \$34 million loss on cars — metal and rubber and steel — which are not essential to many people, and then has the gall and the contradiction to suggest that that money would come from gasoline revenue and that at least it would be motorists that would pay the deficit, and then we have this bland statement somewhere in the report that it was not considered appropriate to close the deficit by adjusting rates. What ridiculous farce is this?

MR. GARDOM: Political hokum — that's what it is.

MR. WALLACE: Page 5 of the report: "In the coming year, an increase in automobile premium rates of the magnitude necessary to absorb claims and administration expense increases was not considered to be a satisfactory means of balancing the Automobile Insurance Act fund." Well, I'd like to ask the Minister what is considered a satisfactory method. Or is the interest of this \$34 million just being carried into next year to further increase the deficit for next year? You don't have to be a financial wizard to know that the cost of a \$34 million deficit has to be entered somewhere in the books.

I shall ask another question. The Minister so blandly put it in the report, as a footnote almost, that of course legislation exists whereby the government may take money from gasoline and motor fuel funds to neutralize this kind of deficit. This report, as I said a moment ago, not only tends to gloss over a very substantial deficit, but it leaves the public completely uninformed on several very fundamental points.

First of all, how is this government going to deal with the \$34 million deficit? Secondly, the statement is left hanging in the air that the government may take money from motor fuel and gasoline tax. Then we have this other bland statement. The most obvious way in which this matter should be solved is to make the premium rates realistic to the costs. That would be the third way in which this deficit could either be closed, or a deficit in next year's budget obviated. So there are three very fundamental questions, none of which are answered in this report.

As I think a former speaker said this afternoon, let's be reasonable and let's be fair to the people of British Columbia. If any private or public company or government brings in a plan with a great deal of promise and noise and claims of instant success and finishes up with this kind of financial deficit after one year, surely the people of British Columbia are entitled to ask how the deficit is to be wiped out. There are at least these three methods: (1) take the money out of the gas tax; or (2) take the money from every citizen, which I presume is what's happening at the present time, to pay for the debt charges and carry the \$34 million; or (3) bring the premiums up to a realistic level to meet the cost of the claims.

As I say, it seems a very simple question and I am sure one of these three answers has to be the one, or, I suppose tragically, the fourth option would be just to let things continue the way they are and carry the deficit and have the cost of that paid for by every citizen in the province, whether he owns a car or drives a car or never even gets into a car. Surely we are not going to subsidize a cost of this nature, incurred through one particular government programme — namely, in relation to automobiles — and have it subsidized in part by every citizen who pays taxes in the province whether he ever even gets into a motor car. This would have to be the most unfair way to deal with the problem.

As far as we are concerned, surely the straightforward and logical and reasonable way to solve this sorry financial mess is to take the kind of actuarial figures and advice which I presume are available. The Minister said that he took actuarial advice in the first instance in setting the rates to begin with. So in trying to get the proper rates,

I would suggest that he take different advice the next time. At least this would seem to make sense in terms of vindicating the promise the government made when they brought in the plan that it would be self-sustaining and that they would be able to do so much better.

Another interesting comment in the report which makes it a bit insulting is the fact that the Minister brags that Autoplan invests capital throughout the year and made 10 per cent on their money, which was something the private companies never did. That may well be so. But to come out with that boast and at the same time lose \$34 million when they had been able to make \$10 million off investment makes you realize how very much better in the business world the private enterprise guys must be if this Minister had an extra \$10 million from investment income which the private companies never had, or never put towards the cost of premiums, and this company still manages to lose \$34 million. It seems to me that time and time again this report just insults the basic intelligence of anybody who takes a realistic look at it.

MR. LEWIS: Look at private industry rates.

MR. WALLACE: The private industry rates are a lot more realistic in relation to the cost.

The trouble with this government is that it thinks that all it has to do is to get into business and

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somehow or other, even if it makes a loss, being government, there is always another pocket out of which it can take the money. And they are right.

That pocket is your pocket and my pocket and the pocket of every taxpayer in the province. All this mud that has been thrown at the private companies and the way this government can do things so much better and cheaper and faster and everything else certainly has to be the most colossal failure of all the much-vaunted programmes this government said it would bring in when it fought in the 1972 election.

I don't want to leave the very essential point, as far as I see it from our side of the House, Mr. Chairman: regardless of the financial mess they are in, I just want it very clearly on record from our part of the House that we do not see it necessary now or in the future that government revenue from whatever source — because it comes from the taxpayer in the first place — should be used to subsidize automobile insurance, period. There are so many areas of genuine human need far more important than paying your car insurance premium that I could list for the people of this House, and they have been mentioned many times in previous debates. I am talking about the human factor — the health, the education, the human resources that are needed in this province. We are sitting with a \$34 million deficit on car insurance when the Minister of Health (Hon. Mr. Cocke) told me a week or two ago: "Oh, my goodness, we couldn't afford intermediate care." When I said we could do a great deal with \$20 million, "Oh," he said, "that wouldn't be nearly enough." It would be a very respectable, substantial start to looking after the real human health care needs of many people in this province of all age groups!

It really burns me to stand here and think that we are pouring \$34 million down the drain on a car insurance subsidy. It just doesn't make sense. I wish this government that is supposed to be the people's government would get its priorities straightened out for a start. That has to be the No. 1 mistake they are making in their priorities.

They can't even be consistent, Mr. Chairman. On the one direction, we have the Premier of this province saying that he is putting 2 cents on every gallon of gas. When we say that this is inflationary and makes life more expensive for the consumer, he says: "Well, we want to get them out of their cars and on to the buses." With the next breath, we find the government subsidizing car insurance to the tune of \$34 million to make it cheaper for people to drive their cars. If that isn't running in opposite directions at the same time, I just don't know what is.

It is a sad debate and it is an unfortunate situation. I really think that for a Minister who in opposition gave so much to this province and who worked for many years as a tireless leader of the opposition to have found himself in government landed with this job reflects...and I personally feel sorry for this Minister for that reason.

He has been stuck with a job he never deserved to have. It was an ideological charade, the whole business, and he was landed with this job because probably the Premier himself saw the kind of mess that was down the road and didn't want to be associated with it as the present leader. But it seemed like a sorry and unfair task to land on the shoulders of the former leader.

Be that as it may, this government is in one of the biggest boondoggles it could be in by financial mistakes and bad planning of this particular scheme. Then they don't even have the common decency, when they're in the hole to \$34 million, to at least come up clean to the public of British Columbia and explain that they've made some mistakes and say that in the light of these mistakes, the logical, honest thing to do is put up the premiums to meet the realistic costs of the plan. Oh, no! Instead of that we get every kind of excuse under the sun — from bad weather in the winter to advice from the accountants who want to include unclaimed costs as a certain percentage.

I find on inquiry that even at that you haven't included the standard amount of 10 per cent of claims that are paid. That \$11 million in this report, which is apologized for somewhere in this report. The auditors thought it would be prudent to put X million dollars aside. I find that the average percentage is 10 per cent of the claims. So 10 per cent of \$214 million, which is what the claims are recorded as, would be \$21 million, not \$11 million. So if you still want to get picky about the figures, we could even ask whether or not the advice the auditors gave is absolutely on target. If not, tell me, or show us, or tell the House what other similar companies put aside 5 per cent as the figure representing anticipated claims still unpaid.

So instead of getting a clean breast of this whole situation, which I'm sure would have helped the province and certainly built a measure of confidence back into this government, by some people at least, oh, no, we get this report which leaves so many questions unanswered and, which as I say, has the one central, pathetic feature that when we have so many areas in which money might be well spent on behalf of the people of the province, we have this tragic mismanagement of funds related to the automobile, which this government and this Premier and many other Ministers have said is so much a scourge in society, that it's a polluter and it kills people. These are all true.

Even there the Minister, somewhere in the report, complains about the increasing number of road accidents — we would all agree with that — and the increasing number of deaths. But when the population is increasing at 3 per cent and, presumably, the vehicles on the road are increasing by

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a substantial percentage every year, what kind of dummies does the Minister think we are to sit and read this report and not realize that a lot of these factors are inevitable? More people — more cars, more accidents, more deaths.

I just say time and time again that this report is full of rather weak-kneed excuses when the facts and the figures and the changing world around us explain many of these sad and sorry figures in relation to human mortality and morbidity.

I think it would have served this Minister a better purpose to come right out in this report and make it plain that one basic reason they're in a financial mess is that the premiums are too low; they're not related to the realistic cost of the plan. I think that for the year ahead to have left it hanging in mid-air saying, "We may do this and we may do that and we may do the next thing," is just another example of evasion.

I think, as I said a moment ago, that I find it rather tragic in this Minister, who sweated blood for years in opposition for the people of this province, to have developed what can only be described as a somewhat evasive response to much of the criticism and questioning which he has been subjected to right through the history of this whole sorry Autoplan business.

I would like to ask him some specific questions on some of the costs — the \$7 million which is to be considered as earned premium. Was the manner in which that was decided any different from the usual procedures? The \$7 million figure for unearned premiums. I'd like to ask why there isn't, specifically, a balance sheet for the Automobile Insurance Act fund. The page has no statement of assets and liabilities. It simply has.... There's no specific breakdown, for example, of some of the costs which we've all heard debated before.

Even in the House today the whole question of advertising and adjusting costs and claims costs — everything is lumped in in large ballpark figures with no kind of breakdown. Surely when we heard over the months repeated criticism of advertising about the people's plan and the one-page ads saying, "thank you for the wonderful job the people did in setting up the plan," and all....

Interjection.

MR. WALLACE: I'm glad the Minister of Labour (Hon. Mr. King) applauds that move, because I suppose it has some spin-off of producing employment for some of the people involved in the advertising industry. But I think the cost-benefit ratio might open people's eyes.

Although this is not included in a breakdown in the report, I wonder if the Minister could tell us in total, in one year, what has been the total cost of advertising. We won't even ask for the breakdown on different....

HON. MR. STRACHAN: I gave that.

MR. WALLACE: When did you give that?

Interjection.

MR. WALLACE: Well, I'm sorry if I was out of the House when you gave that figure. With the kind of costs that are described on page 16 of the report — revenue and claims and adjustment costs — it seems to me that we're entitled to some kind of a breakdown of figures of that dimension. Surely advertising would have been one.

I wonder if the Minister could tell me, in regard to the heading, "Claims Incurred and Adjustment Costs," which are put together as \$4.8 million....

Interjections.

MR. WALLACE: On page 16: "Claims Incurred and Adjustment Costs."

Interjection.

MR. WALLACE: Why would this not be given separately? Why is there no breakdown on that large ballpark figure? Administrative costs: \$2.229 million. Does it not seem reasonable that the opposition should ask how some of these very large figures are compiled and not just have the simple, all-inclusive statement for such a large sum of money?

I touched on another point earlier. Has the Minister or the cabinet decided how the \$34 million deficit is to be handled? I mentioned the three or four options that perhaps present themselves.

I'd like to know at the present time whether there is available a schedule of costs for lands and buildings. There again, on another page in the report, this is just put in as one large ballpark figure. I know that one of the speakers this afternoon asked the Minister about a specific piece of land. But doesn't the Minister feel that, there again, dealing with millions and millions of dollars, it would be a fair way in which this opposition could function to have a schedule showing the breakdown in the report of all the different lands and buildings involved in these costs?

What about the agricultural land that was bought for a claims centre and could not meet zoning requirements? Could you tell us what was the ultimate history of that piece of land? Was it resold to the Land Commission, or what happened?

We would also like to ask how many square feet of space is leased by ICBC.

Interjection.

MR. WALLACE: How many square feet of space are leased by ICBC from month to month from the B.C. government? Does it lease any space from the B.C. government or any of its agencies?

Interjection.

MR. WALLACE: Well, there's certainly a lot of it around the country that could be occupied if there's any more needed. What is the current monthly rate of expense for leasing property and equipment? I notice somewhere in the report that there are figures projected for the next four years on property and equipment leased for periods of more than one year. In 1976, I notice, \$3.3 million is scheduled to be paid on property and equipment leased....

MR. CHAIRMAN: I'll have to interrupt the Member to remind him that his green light is on. No longer forever amber.

MR. WALLACE: There are so many other questions, it's difficult to know which one to leave with the Minister.

Can the Minister make a commitment at this point either to increase or not to increase premiums? I think this is the most essential question that the people of British Columbia want answered. The report leaves things unsettled. The government may take money from the gasoline fund or you might have to review premiums. There are several other "I might's."

Is the Minister in a position to tell the House which way this deficit is going to be handled? I think perhaps we can get back to him later on.

HON. MR. STRACHAN: The Member made reference to the statement, as others have, which I made about two years ago. As this book shows, we have not yet received a single penny of tax dollars. I want to make that very clear. There are people going around saying that we have a \$30 to \$40 million deficit on top of \$120 million received from general revenue. That is and has been said by people who should know better. I want to make that clear: not one penny has come to ICBC from the Government of British Columbia.

MR. CHAIRMAN: I would like to interrupt the Minister for a minute. It has been brought to my attention that neither the present speaker nor the previous one was addressing the Chair.

HON. MR. STRACHAN: I am sorry, Mr. Chairman. I will speak to you.

Well, that's as I pointed out to you; I don't know whether you were in the House. There was legislation passed which allows it.

The Member made reference to the refund plan.

Interjections.

HON. MR. STRACHAN: A little order, please. A little order.

Interjections.

HON. MR. STRACHAN: There were 200 companies in operation in the province. It was impossible to know what every one of them was charging for a given coverage, especially in view of the fact that very often an individual agent would give special consideration to one of the old-time customers. They would end up with different rates. That's one of the things we faced: the sheer impossibility of knowing what every company had been charging. I think the minority of people who have made application indicate that.

I can understand the Member's high dudgeon about all this money, \$200-odd million, going for — what was his phrase? — "cars, metal and rubber." But one of the reasons that people take automobile insurance is to protect themselves against bodily injury. As a matter of fact, because of the rapid settlement in cases of bodily injury and death, we are giving you much better service to overcome that than was ever provided previously. Very substantial

sums go for that. Bodily injury, \$38 million; death benefits, \$3.2 million; others, \$7 million. That would be the paraplegics in there. So when you talk about that, remember. The other is protection for the individual as a human being.

Interjection.

HON. MR. STRACHAN: Okay. I'm not going to argue with you. I just want to point out that a very large portion of this money goes to help individuals who have had bodily injury or who have been....

[Mr. Dent in the chair.]

Interjections.

MR. CHAIRMAN: Would the Hon. Minister address the Chair?

HON. MR. STRACHAN: No questions answered in this report? Well, this is a report of what has happened. It is not a report about....

Interjection.

HON. MR. STRACHAN: All right.

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MR. CHAIRMAN: Order, please. Would the Hon. Minister address the Chair, please? I would ask the other Hon. Members not to speak....

HON. MR. STRACHAN: How is the deficit to be wiped out? Well, there are a number of ways. The situation might improve. There are territorial equalization grants. There is legislation there. We will just wait and see what happens.

Oh, the \$11 million that you referred to was based on our own experience. You see, there are only two other provinces.... That is related to the driver's certificate insurance which is not part of it. No private insurance company has that. This is based on our experience, that \$7 million. The \$11 million is for unreported claims, and that is based on our experience. Probably because the feed-in to our operation is much more rapid than it was with the private companies, they had a longer period to allow for a larger backlog over a period of time than is our case where we're right here in the headquarters and everything. Almost the next day we know when an accident has happened and it is fed into our system. So that's what that \$11 million is. It is based on our experience of what is required.

Oh, yes, the \$7 million drivers' premium. No other province has that. The fund is no balanced fund.

On page 17, you will find the item there, which is outlined on the other pages. Receivable from the Automobile Insurance Act fund: \$34.179 million. That is the shortage referred to.

Scheduled costs for land payments. It seems to me I've answered a lot. I thought I had in the past tabled or filed or done something with a list of properties that had been acquired by the insurance corporation. I have fed so much information to this House in the past two years that it is difficult for me to remember it all. Perhaps that is why the Member over there has some difficulty in catching up with it all — there has been so much information.

However, the agricultural land in Richmond to which he referred — I've told that story in the House. We bought it on the basis of a letter from the planner of Richmond that it was the intention of the municipality to rezone that land. That information is on the record, too, because it was asked in a question....

MR. WALLACE: Where is it at right now?

HON. MR. STRACHAN: It's in Richmond. Where is it at right now? It still belongs to the Insurance Corp.

of British Columbia, and it is being used by the Department of Agriculture to bring health and help to those people who are unfortunate enough to live in apartment buildings. It is being used for allotments by the Department of Agriculture, which is a good, social purpose. A very good social purpose. So that's what's happened to that.

Does the ICBC lease any space from the government? No.

MR. WALLACE: From Public Works?

HON. MR. STRACHAN: No.

MR. WALLACE: None?

HON. MR. STRACHAN: To the best of my knowledge...we haven't got it on a list anyway. We do lease a number of properties around the province for our...

Interjection.

HON. MR. STRACHAN: The mumbler's at it again; he mumbled all through that programme Sunday night. It was pretty pathetic. He doesn't know it, Mr. Chairman, but even the Socreds up in my constituency are beginning to think they've got a liability for a leader.

MR. CHAIRMAN: Order, please. I would ask the Hon. Minister to speak to the vote, please.

HON. MR. STRACHAN: That's by the way — that's what they say in my constituency.

MR. WALLACE: How are you going to close the \$34 million gap?

HON. MR. STRACHAN: Well, the legislation is there; we will wait and see what happens. That's it.

MR. H.W. SCHROEDER (Chilliwack): I think that perhaps a good summary of the fiasco which is Autoplan in British Columbia could likely be summarized in the words of the writer of old when he said: "That which we feared has fallen upon us."

MR. WALLACE: Is that Leviticus?

MR. SCHROEDER: Yes. The question, which is undoubtedly upon the minds of all the individuals who no longer believe in the myth of the \$121 insurance premium that the Minister just cited a few minutes ago, is: who is going to pay the \$34 million?

It is not a matter of projection. It is a matter of costs already incurred. Part of the costs have been provided for in reserves. Those reserves are listed on the balance sheet. That doesn't alleviate the problem one little bit in the fact that the costs have been incurred. They must be paid. Even if we shut the whole business down this afternoon, we would be liable for the \$34 million. There is no sense discussing here in the House what could better have been done

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with the \$34 million. That fact is that it is spent; it is gone.

This administration is going to have to come up with \$34 million in Autoplan alone to pay the costs that have been incurred, and there are not too many alternatives as to the source of the \$34 million. You can't avoid the expenditure. There is just no way you can open up an account, call it "accounts payable" and hope that somehow the responsibility will evaporate. You can do that if you have an inventory type of business. You can set it aside in accounts payable and hope that you will be able to sell some more of your inventory, gain enough dollars to pay the costs incurred. But there is no inventory here. The costs are for real. There is only one alternative — perhaps two. If I stretch my imagination, maybe I can come up with three. But there is only one area from which this money can come, and that is that you are going to have to borrow it from next year's premiums.

Insurance, by the nature of its business, can lead you into the trap into which this Minister has fallen. You collect all your premiums on day 1; you've got in all your money for that year's operation. You only earn that premium as the months go by. The rest must stay in reserve or you put it into investment. However, the costs keep on coming — the operational costs about which he is so proud because they are only 17 per cent of the total. But those operational costs are irreversible and month by month they occur. If those Autoplan costs are uncontrolled, as they have been, undoubtedly, then month by month you must be aware of the fact that your costs, even at 17 per cent, are higher than your earned premiums after you take into consideration the claims that must be paid.

But by the nature of the insurance business, not only does your revenue come in all at once, or nearly all at once — it's a relative thing — but also the costs are incurred over the entire year.

Another truth is that those costs lag the income by something like six or seven months. At the end of the year, even though you may believe that you have earned all your premium, if you consider only the cash flow, and your expenditures have been those paid up and those allowed for in reserves, the truth is that you will not have to pay out of cash flow those debts or those expenditures incurred until perhaps the sixth month of the second year. So where are you going to get your \$34 million? Mr. Minister, you have to pay it, through you, Mr. Chairman; it has to be paid.

To say that we can borrow the \$34 million from the premium for the second year which you have already collected is to fall into the second trap. But I'm wondering, Mr. Chairman, whether or not this administration doesn't hope that they can continue to utilize next year's premiums on this year's expenditures and ride this horse with its broken leg through the race of the next election, hoping they can dupe the people into believing that they're still getting \$121 premiums. In fact, the very same people who pay the premiums are the same people who have to pay the \$34 million. The premium isn't \$121 as the Minister stated; it's \$121 plus \$34 million divided by the number of vehicles that are insured. He's trying to mislead us. That's not the first time, Mr. Chairman.

I happen to have here the same press release that the Minister read from not too long ago when he talked about the report of Royal Insurance reporting the profit and loss on their Canadian operations. He referred to one tiny little paragraph, smack dab in the middle of the report, talking about how much the underwriting loss was — \$14.9 million he said, if he read it as accurately as it's written. "\$14.9 million was the largest in Royal's history in Canada."

What the Minister failed to read, and which is also in the report, is that the \$14.9 million was the loss towards which was applied \$16.4 million of investment income. The net loss was not a net loss at all, Mr. Minister. The net loss all of a sudden mysteriously turns into a net profit of \$1.5 million. He tried to have this House and the people of British Columbia believe that this loss was excusable by virtue of the fact that one of the larger underwriters in Canada also incurred a loss. But his report clearly includes the investment returns as revenues.

As a result, another one of the mismanagement facets of this Minister comes clearly into focus. It is this: Royal Insurance — bless their socks — knew in advance that the expenses in this next year were going to be 17.6 per cent higher than they were the previous year and, as a result, increased their premiums by 17.6 per cent.

This Minister and his consultant, who also already knew that there was no way they could break even, failed to understand that they would need 17.6 per cent greater revenue in this next year in order to break even. They shut their eyes to it, hoping that somehow or other they'd be able to explain themselves. They wanted the people of British Columbia to believe that they were getting something for nothing.

Isn't it strange that the increase — I don't want you to miss this — which was foreseen by Royal was 17.6 per cent and that the loss that was incurred by this Minister was also 17 per cent? Had this Minister presented a balanced budget in his own concern, he would have had to increase his premium income by 17 per cent and he could have broken even.

My question is this: did the Minister with all of his help and all of his consultants not know what Royal Insurance already knew, or was he willing to mislead the people of British Columbia? That's my question. I can't say he misled them, Mr. Chairman. I believe he

did, but I have to seriously ask the question: was he trying to mislead the public as he was trying to mislead this House just a moment ago.

If this were the only instance, I'd say let's excuse him. But I have listened and read and watched in the last few days the reports of the Minister saying to read through the actual report of ICBC for the year 1974-75; and there are some things in the report that are open to question. I think this Minister needs to answer here this afternoon whether he wants us to believe the facts or whether he wants us to believe the myth.

He said in this House that part of the losses — get this now — of the Autoplan in this report were incurred because the insurance companies did not accept a responsibility which was theirs and for which they were paid. They had left it as an unpaid responsibility and this government wished through Autoplan to pick up these responsibilities, and that was the reason for the extra losses.

Let's examine it. Let's examine what has actually happened. If this Minister is referring to the Traffic Victims Indemnity Fund, then it must also be clearly understood that any payments of the Traffic Victims Indemnity Fund are not chargeable to this year, because those payments have not been made.

As a matter of fact, I have communication from the office of ICBC which says, in effect, to a person I am representing that the first payment under the Traffic Victims Indemnity Fund is going to be paid at a date still hence. Therefore, Mr. Minister, there is no way you can charge a payment still be made to the losses of the previous year. You may be able to explain it, but the question is here; the question is in the minds of the people.

In the light of some of these other statements you have made, we wonder what the real facts are. We wonder. It sounds a little shaky.

[Mr. Lockstead in the chair.]

For instance, here's another area where we were establishing the premiums for the first year's operation. The premiums were established at a rate comparable to the rates which private industry was charging to drivers who had a five-year clear record. On a given instance, in the City of Vancouver, a premium resulted in a net fee of \$183. A comparable fee under ICBC, which was suggested to the corporation, was \$181. But it wasn't politically expedient to come in with a premium only \$2 less than what private industry had offered, so the actuaries were asked to reduce it by some other sum, and the driver's certificate came in — a further reduction of \$10. Lo and behold, the net premium quoted is \$171. However, when that premium was represented, it was never represented as being \$171 plus \$10 — comparisons were always made on the basis of net, net, net premium as compared with gross premium under the previous process of underwriting. This is another clear example. You wonder: is the Minister really wishing us to believe the myth or is he willing to come out with the facts?

There are some other areas I must question. For instance, the Member for Oak Bay (Mr. Wallace) has already alluded to the \$7 million of the \$25 million collected for drivers' certificates that was deemed to be unearned. That's fine. But in addition to this there is another \$3 million in projected driver premiums that did not materialize, so said the Minister, because it was decided during 1974 to begin phasing out the basic \$10 charge for fewer than six demerit points.

Listen, Mr. Minister, there is no way you can charge a \$3 million additional loss for a loss in premiums that did not begin to take effect until after this fiscal year was closed. We did not begin to go into the refund of the driver's certificate premium until March 1 and, if my eyes serve me right, this thing closes on February 28. So there is another \$3 million that comes out of some mythical mirage for which the Minister would like to blame the losses that have totalled to \$34 million-odd. No way. No way.

Interjection.

MR. SCHROEDER: The Minister is quoted as having said that his original estimate of Autoplan income, from what was actually turned in, was off by some \$10 million or approximately 2 per cent. Two per cent of what? Ten million dollars certainly isn't 2 per cent of your premium income, which was some \$214 million. A \$10 million

dollar error on a \$200 million base sounds like 5 per cent to me. But he wished to make it sound good. He still wanted the people to believe the myth that they were getting something for nothing and that he was actually doing better than he was.

I also wanted to stress for the second time the importance of paying out responsibilities under the Traffic Victims Indemnity Fund.

Interjection.

MR. SCHROEDER: That's right. I must have the same letter. What I don't like about the reference to the Traffic Victims Indemnity Fund is that the Minister considers this fund to have been inequitable. I'd like the Minister to answer: in what way has it been inequitable?

The fund paid out millions of dollars to innocent victims of uninsured motorists and hit-and-run drivers. So we need to know in what way the fund was inequitable. I believe that the only reason the Minister carries a chip on his shoulder when it comes to the Traffic Victims Indemnity Fund is because the

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Minister has had to assume responsibility for payments still due under the Traffic Victims Indemnity Fund when the private insurance companies were turfed out of this province by a very hard-nosed administration.

HON. MR. STRACHAN: Would you send me that letter, Harvey? I'd like to read it.

MR. SCHROEDER: About the what?

HON. MR. STRACHAN: I'd like you to send me over that letter you've got about TVIF not being paid.

MR. SCHROEDER: Let me consider it, okay?

Interjection.

MR. SCHROEDER: Then there was the other reference in which the Minister talked about the gouging insurance exchange facility. I'd like the Minister to explain to the House today under which terms he believes the exchange facility to have been gouging.

In the first place, the exchange and the facility are two different things. The facility was the pool established as a reinsurance plan, whereby an insurer could transfer, say, an undesirable non-preferred policy to the pool. It was an area whereby people in the province could get insurance even though they couldn't find a private company to insure them; it was a facility for reinsurance. The exchange was a mechanism for the allocation of such policies so that they would be distributed equitably among the various insurers. So, first of all, we'd like the Minister to explain how he understands the exchange facility. Then, why was it a gouge?

How did it compare, for instance, to the undesirable driver or the non-preferred driver who now is paying, because he has 20 points on his licence, his basic insurance premium plus \$410? Do you also call that gouging? What do you call that — responsibility?

The fact that this particular pool was not a gouging establishment is borne out simply by taking a look at the payouts made by this pool in percentage factors. In 1969, they paid out 102.7 per cent. In 1970, 89.9 per cent; in 1971, 77.2 per cent; in 1972, they paid out 96.7 per cent of their total income to claims. Does that sound like gouging to you?

Interjection.

MR. SCHROEDER: Does that sound like gouging to you? Answer the question.

Interjection.

MR. SCHROEDER: The fact is, Mr. Chairman, that when Autoplan was born, it didn't have a ghost of a chance of breaking even. It was established on the basis of unrealistic premiums, and it was designed not by actuaries but it was designed because a group of politicians got together and believed that they had to keep a promise which they had made in an election. I want you to know, Mr. Chairman, that I believe they want to ride this hobby horse right through the next election, having people still believing that they can get something without paying for it. There is no way.

I had to laugh when the Minister answered just a few minutes ago the question: "How are you going to relieve this loss position for the next year?" He said: "Well, things might improve." I want you to know how they are designing these things to improve. They're going to guarantee that they have increased premiums income by cancelling the \$10 drivers' certificates. Think that one through, Mr. Member.

Not only that, but I'm sure most of you have already paid your premium for the year 1975. Did you not have a discount on your renewal form? Did you not pay less in your premium this year than you did last year? If last year's end result was a \$34 million deficit, then, Mr. Minister, I want you to tell this House and the British Columbians who are listening what the projected loss for the next year will be. You are in a position to know; you have the responsibility to tell us.

The fact is that you knew a year ago that you were going to have at least a \$34 million loss as of today. Tell us: what is the loss going to be for next year? Where, oh, where is the revenue going to come from to absorb the deficit you have designed? You have led the people of British Columbia blindly into this deficit, knowing full well that they are the only people who are going to pay this deficit. It doesn't matter whether you take it out of taxation or whether you take it out of gallons of gasoline or whether you take it off somebody's Mincome income. Somebody has to pay the deficit.

Far better that the premiums be established at a realistic level. I call on you, Mr. Minister: establish the premiums at actual level. Admit that your \$25 projection on insurance was a boondoggle; admit that you got bad advice from Saskatchewan. Admit that you'll never make the thing pay until you have the realistic insurance premium levels. You can't give the people something for nothing. Have you not heard? there ain't no free lunch today.

AN HON. MEMBER: It's the lunch buckets of this province that are paying the bill.

MR. SCHROEDER: There is no free lunch today. Establish the levels at realistic levels; make ICBC function so that it can function in pride. Make it

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function on a competitive level and let British Columbians know whether or not we've got a good insurance underwriter, or whether or not we've got just another political boondoggle. Thank you very much.

MR. P.L. McGEER (Vancouver–Point Grey): Mr. Chairman, I want to ask the....

HON. MR. BARRETT: Are you going to join with that bunch?

MR. McGEER: Boy, aren't you scared! (Laughter.)

HON. MR. BARRETT: I hope you join them. You belong right where the right-wingers are.

MR. McGEER: Mr. Chairman, I want to ask some questions rather quickly because other Members want an opportunity to speak. Many Members have drawn attention this afternoon to the disastrous report of ICBC. The loss of \$34 million, I think, probably shocked many British Columbians who weren't aware of the magnitude of the financial ineptitude of the Minister and the corporation. But some Members and the general public may recall the

confidential paper that was obtained by the afternoon press promising, or recommending, as an election gimmick that premiums for ICBC be reduced in order to gain votes in the next election. That policy, those recommendations, went to the cabinet and it appears as though the recommendations have been followed through, because premium reductions have been introduced this year for ICBC despite the fact that the premium income has fallen far short of the accident claims.

The Member for Chilliwack (Mr. Schroeder) drew attention to the fact that this loss is not recoverable except by future profit or some kind of a subsidy. What bothers me, Mr. Chairman, is that the \$34 million loss is just a mild taste of what's in store unless something is done to restore the revenues of the corporation, because there's been a 24 per cent increase already in the amount of money being paid to repair shops. There is also a 24 per cent increase in the number of claims being processed. The Minister says I'm wrong but I'm merely reading from his press release of Friday.

There's been a 24 per cent increase in the last seven months in the number of daily claims. There's something wrong out there, I would suggest to the Minister, because that kind of increase in claims can't be reflecting a comparable increase in accidents. People just didn't suddenly lose control of their automobiles and begin smashing them up when they didn't do that before. What's happening, it appears to me, is that people are claiming for every trivial scratch, and those claims are being honoured. It's an increase in utilization, not an increase in the accident rate.

The implication of it all is that with the present rate structure ICBC is going to lose, at a minimum, \$90 million next year that's on top of the \$34 million it lost this year and the losses could well exceed \$ 100 million. For that reason the government has no choice but to do something about the financial status of ICBC.

My question to the Minister is simply this: when are you going to increase the rates, and by how much? It's simply ridiculous to suppose that losses of the magnitude that are now taking place — we're into a new year — can possibly continue. It's probably running about a third of a million dollars a day.

Something has to be done, Mr. Chairman, politics aside. If it was the policy of your party to try and cash in on reduced premiums before an election, for heaven's sake call the election now so people can get back to some common sense management of Crown corporations. Otherwise, begin to run the corporations properly yourself.

I would like to ask the Minister as well how it can be in general insurance that with \$8.4 million worth of premiums written, the administrative cost can be \$2,229,000 and the losses \$2,199,000.

HON. MR. STRACHAN: I already answered that when you were out.

MR. McGEER: I'm sorry. I hope the answer was satisfactory, because it is very puzzling to me.

Mr. Chairman, nobody has asked the Minister about another corporation he runs. This is the B.C. Ferries. As I read the figures that have been tabled in the House, the B.C. Ferries are going to lose \$35 million this year, exclusive of any capital expenditures. Mr. Chairman, I would like to ask how this can be. In view of the mounting losses in so many aspects of the government's departments, how long can we continue to sustain those losses? When are we going to have an increase in the fares on our B.C. ferries?

Projected this year are salary increases from \$25 million to \$46.5 million. The Provincial Secretary (Hon. Mr. Hall) in tabling salary increases in this House in the government service, said they average 17 per cent. We don't know how those figures were arrived at. That increase in the ferries is 86 per cent. That is without the \$5 million that was included in salary contingencies. I know that some of that 86 per cent increase in labour costs in the ferries is going to go to increased traffic.

HON. MR. STRACHAN: An extra ship.

MR. McGEER: An extra ship. But there is an

amount of money in there that simply cannot be reasonably sustained without the additional cost being passed on to the public. In addition to the 86 per cent increase in salaries to ferry employees...I am not saying they don't deserve that, Mr. Chairman. I am saying that it is much more than admitted by the Provincial Secretary when he tabled figures in the House.

HON. MR. HALL: Oh, come on now.

MR. McGEER: You say, "No, no, come on now," but, Mr. Member, it has gone from \$25 million to \$46.5 million, and that is a very substantial increase.

Interjection.

MR. McGEER: Well, operation and services to vessels this year are up 76 per cent. The fares are the same but the losses just have to come from somewhere, Mr. Chairman. The losses you project are \$35 million. I suspect that the figures in this budget don't tell the whole tale of what it is going to cost to operate these ferries during this fiscal year.

What I am saying, Mr. Chairman, is that you can't hide these costs forever. If tremendous increases must be given to the salaries of those who run the ferries, then that has to be paid for by the users of the ferries. It means inevitably, it seems to me, an increase in what ferry users are going to have to pay to travel on those ships.

My question to the Minister once more is: when will the increase come and how much does he expect it will be? If the answer to those questions is "no increase" and "never," how on earth does he expect to finance losses of this magnitude in the future?

MR. CHAIRMAN: I recognize the Hon. First Member for Victoria.

SOME HON. MEMBERS: No way! No way!

MR. N.R. MORRISON (Victoria): If you would like to answer, I'll be happy to sit down.

AN HON. MEMBER: You're waiting for 6 o'clock.

MR. MORRISON: I'll give way.

AN HON. MEMBER: You go ahead.

MR. MORRISON: Thank you, Mr. Chairman. Through you, I would like to ask the Minister, while he is doing some of that waiting for the runner to come back with the answers he is waiting for from the previous one, if he would care to ask....

MR. BENNETT: He's just waiting for the time limit to run out — that's what he's doing.

AN HON. MEMBER: Oh, don't be so grumpy. Touchy, touchy, touchy!

MR. BENNETT: You're just waiting for the time limit to run out!

MR. CHAIRMAN: Order, please.

MR. MORRISON: One of the subjects we have not covered this afternoon is the subject of the reinsurance from the ICBC. How much of the premium income is used for reinsurance? Where does that money go?

He loves to talk in this House about the fact that all the money from ICBC stays in the Province of British Columbia.

HON. MR. STRACHAN: That question has been asked and answered.

MR. MORRISON: I'm sorry, I missed it.

HON. MR. STRACHAN: It was on the order paper a year ago.

MR. MORRISON: And you didn't answer it then, either! I'd like to know that amount. I would like to know where it goes and who got it, and I would like you to quit telling the public that all the premium money stays in the Province of British Columbia, because it does not stay in the province. You know it, and the public ought to know it.

HON. MR. STRACHAN: This House was told a year ago.

MR. MORRISON: Tell the truth.

HON. MR. STRACHAN: Why don't you do your homework?

Interjections.

MR. CHAIRMAN: Order! Hon. Members, please let the speaker finish his questions.

MR. CHABOT: Control that Minister!

MR. MORRISON: I would also like to know what contingencies are allowed in the ICBC budget for labour rate increases to the body shops. Many of the body shops in the Vancouver-lower mainland area and in Victoria are experiencing heavy losses, and they are not happy about it.

He has a letter on his desk, I know, because I have a copy of it, from one of the larger body shops which

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has given a detailed analysis of its losses for last year. I notice that they were able to put in a contingency fund for allowances for salary increases to your own employees, but you didn't anywhere show in the statement allowances for increases to the body shops to meet their labour rates and their increased costs, both to labour and to material costs.

One item which I have discussed with the Minister a number of times, and haven't yet had an answer on, is what happens to people who have older automobiles which are perhaps not collector's items, but getting close to it. I want to cite an example which I have given the Minister about a 1954 Corvette, which has a value on the market of somewhere between \$10,000 and \$15,000; yet the insurance for that particular car is \$97 a year. I am curious to know what happens if there is an accident with that vehicle. Who decides what the value is? How do you protect yourself in case of it? Previously you had some allowance whereby you could pay an extra amount on a declared value, but that no longer exists.

I understand there are many unhappy people in the province who have not had what they considered satisfactory adjustments to their claims. They are curious as to how they protect themselves. Many of them are prepared to pay extra premiums, if that is necessary, but they want to be sure that if they have an accident they are not going to suffer for it.

I'd like to talk briefly now about towing charges. I'd like to know what signed agreements ICBC has with towing companies. I'd like to know how much towing companies are being paid. Is it a uniform charge throughout the province? Are all towing companies paid the same amount for the same distances, or are there some variations in the contracts? I'd like to know if there are areas that do not have signed agreements. Are they, at the moment, arranging to have some kind of agreement with them?

Another item I would like to bring up with the Minister concerning the City of Victoria is that I understand the ICBC Victoria office has a prepared list of approved body shops. Apparently, in order to be on the approved list all that is necessary is in the past not to have charged a surcharge. I realize that there is no such thing as surcharges any more, but that prepared list is still being circulated and the rates which are shown on those are the approved

rates. But the current list which is being circulated — and I have a copy of it here in front of me — is given to people to advise them where they take their vehicle. It is strange to note on this particular list that practically every body shop on the approved list is a non-union shop.

It is also strange to note that all new-car dealers who operate union shops are not on the list. There is not a single new-car dealer who is operating a body shop who is on the approved list. Yet we have legislation which requires the provincial government to do business with union shops. An obvious example is here, where B.C. Hydro purchased printing from a local union print shop at nearly double the price they had in a bid from a non-union shop. Yet on this approved list which is being circulated.... A customer gave me a copy of the list because it was given to him, and there it is.

I phoned personally all the body shops on the list that I could find. I talked to every single one that I could find. There were a couple, incidentally, on the list which aren't in business any more. But all the ones that I was able to get — and there were only four on the list that I was not able to get — admitted that they were not union shops, never had been union shops and were quite surprised to find that they were the ones that were on the approved list. I'd like the Minister to answer that one, because it seems like a strange way to do business.

Another question I'd like to ask, and I am not sure if it comes under this particular Minister's department, is why the need for a new Crown corporation to handle the new ferry. I understand that Lands and Forests is going to announce a new corporation. An announcement was made today. I realize that this Minister had some problems in the ferry department and I wonder why they are taking the new one away from him. Are all the new ones going to be taken away from him? It is not a new ferry, but it is a new departure.

Referring again to ICBC, in the Minister's report, which he tabled with us conveniently just a day or two before we got onto his estimates, some of the items he talks about are the new attractive and functional claims centres where they take their vehicles to be repaired. We've commented in the past that they appear to be an extremely costly design on very costly property. There is a great area, much of it unnecessary and not used at the moment, and he takes a great deal of pride in the fact that it is a drive-in system and it is most efficient and economical. I want to ask him for whom. The customer certainly doesn't seem to think it's very efficient or economical, particularly if you listen to the complaints and letters that I get from people who've waited a long time to get their vehicles repaired. They have to take time off from their work for which they're not reimbursed because the claims centres are only open during working hours. They're not very happy about it. If the vehicle is driveable and then they get their claim settled, it's their responsibility to find a body shop that will do the work and do it at their convenience — make their own appointments.

The body shops aren't very happy about it because the customer arrives with his claim and in many cases they have a number of phone calls back to the claims adjuster for hidden damage or improper estimates or

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any number of items.

The only people who seem to be happy about it are those people who have had a major accident where the vehicle isn't driveable. The towing companies are happy because they get three tow bills. They get paid for the time they pick the car up on the road and tow it to their own yard, if it happens to be after 5 o'clock at night and they have to take it to their own yard at night. Then they get paid a tow bill from their yard to the claims centre in the morning. Then they get paid a time charge if they have to wait more than 15 minutes. Then they get a third towing charge from the claims centre to the body shop which repairs the car. They seem to be reasonably happy about it, but nobody else does. It's a very expensive and hidden charge, again to the customer who unfortunately has an accident.

In this estimating, we're finding problems with low estimates and hidden damage which has to be reported after the vehicle has been checked and the body work started on it. This involves many phone calls to the adjusters. They'll call and the adjuster is out or doing something and has to call back, and so forth. There are many calls. The customer again objects strenuously on having to take time off from his work and waste it in order to get his vehicle repaired. He has to complain too about delivering his car to the dealer and arranging to have it picked up.

That's bad enough in areas like Victoria and Vancouver and the lower mainland area where those claims centres are close. But when you take it to an area where a man has to drive perhaps 100 miles or wait until the adjuster comes to his area on his rounds, it gets even more complicated.

I'll leave ICBC at the moment because I think most other speakers have covered it reasonably well. I'd like to talk about another subject which has to do with British Columbia government aircraft.

Just a few days ago I received a brochure called the *Carrier*, a staff magazine of the B.C. Department of Transport and Communications, Vol. 1, No. 1, Spring, 1975. The new symbol is on the front. On page 4 there's a list of government aircraft, timetable — air services branch.

A few days prior to this being issued, the Minister was asked in the House how many aircraft the B.C. government has. He said he thought we had nine. He wasn't sure whether it was eight or nine. According to the publication, on page 4, it says we have 10 aircraft. Now I think there's either an error in what the Minister said or what the publication says. I am unable to find that 10th aircraft, and the logs certainly were not filed in the House for the 10th aircraft. Perhaps the cat is out of the bag. Are we buying another airplane, are we buying another jet, or what has happened? Perhaps the Minister could advise us on that score.

[Mr. D'Arcy in the chair.]

Page 4 really covers mostly the fact that the B.C. government now has a service on a regular basis to and from Vancouver. There appear to be five flights daily, the first one leaving at 7:45 in the morning for Vancouver, at 9 a.m., 12:45, 4:30 and 5:30 p.m. The flights depart from No. 1 hangar at Victoria airport. They leave Vancouver, returning at 8:15, 9:30, 1:15, 5 p.m. and 6 p.m. There are five flights a day.

I've asked in the House a number of times who the people are who have the right to use those flights. I'd like to know: does the government require any form of licence to set up a scheduled airline? That is basically what they're doing. They are competing with Pacific Western and with Air Canada and with the charter operators who are paying their fees on the field and have licences to operate the same kind of service. Yet here we are, the B.C. government, obviously in competition to them.

I also noticed with interest, when I was comparing the 1974 annual report and the air section of that report, the utilization of the aircraft. I commend anyone who is interested in that report to read it. That particular report, which was filed recently but is over a year old, lists only five aircraft. Page K18 of the 1974 annual report that was filed just a little while ago gives the utilization of the various aircraft.

Interjection.

MR. MORRISON: Well, now you get it. It's really kind of fascinating.

AN HON. MEMBER: Very good at turning out wrong information.

MR. MORRISON: I'll skip the details, but when you get to the totals they talk about a column of trip seats available. They had 16,612 trip seats available for the period that is known. I assume that's the total number of seats multiplied by the number of trips. But the passengers who utilized that were only 6,624, which indicates that about one in three trips either went empty or the load factor was about one-third. I commend anyone who is interested to study that very carefully.

I would like the Minister, also, if he could — although it may not be in his department — to tell us the utilization of the hangars at the Victoria airport. I understand we now own four hangars — the one that they use themselves for most of the aircraft, and recently we have apparently, acquired a hanger, I believe, from the Flying Firemen. I would like the Minister to give us the price we paid for that hangar and why we bought it.

I understand it is being leased back, or at least a portion of it is, to the Flying Firemen. I wonder if he

could file the agreement which the government has with them.

On Friday I happened to be in that hangar for a few minutes and I found two aircraft in that hangar — the old Beechcraft Expeditors that are still listed on our list, I assume, among that nine or 10 aircraft we own. The utilization of those aircraft, I gather, is extremely low. Even this list, which is a year old, indicates that those two aircraft...one flew a total of 164 hours in that year, the other one about 292 hours.

HON. MR. STRACHAN: What are their numbers?

MR. MORRISON: BCB and BCC. We have apparently given one aircraft to a school for their use. I wonder if they have received it yet and are using it.

HON. MR. STRACHAN: Did you say BCB or BCD as in David?

MR. MORRISON: B as in bravo.

MR. GARDOM: D as in deficit.

MR. MORRISON: Yes. And C as in Charlie.

MR. LEWIS: D as in dynamic.

MR. MORRISON: I asked in the House some time ago if the government receives any income from any source for use of B.C. government aircraft. I gave an example of a federal government use of the aircraft, and he has not yet answered. I wonder if he could. Would he also advise us if he required any kind of special licence to use that particular aircraft? Did we receive any remuneration for its use, and, if we did not, why not?

We talked some time ago about the dispatch of aircraft. In this same government list, on page 4, there is a picture of a man of many phones; he is the air service dispatcher, H.F. "Speed" Norman who handles the dispatch on aircraft. I understand, and I hope that I am correct, that he is no longer with the company and has retired. I wonder if the Minister could advise us who has replaced him, if anyone. Or are the pilots doing their own dispatching? If so, who advises them where to go and when and how? Because there appears to be a number of cases where the aircraft arrived and the expected Minister was not there — he didn't know he was expected and they didn't know where to find him.

I also asked the Minister some time ago what insurance company carries the insurance on B.C. government aircraft. He did give us the name of the company, and I appreciate his answer. But I would like to know if he would file that with the House, because I'd like to know the limits of liability that are carried on the government aircraft. I would also like to know what hull values are declared on each aircraft. I would also like to know if there are insurance limitations on emergency trips which might be carried by those aircraft.

The last thing I am going to ask him about aircraft is with reference to the letter he very kindly sent me some time ago — June, 1974 — when we were discussing the flight simulator that had been purchased. In that letter he said that they anticipated that the flight simulator would be delivered in late 1974 and would be ready for service in January, 1975. I wonder if he could advise us if that is now installed and what the final cost of that might be and if that is available for rental or use by individuals other than B.C. government employees, and where it's located.

We also have a very large radio communications amount in the budget. I assume that it is for much more than just aircraft communications. The amount is rather sizable; it appears to be quite a complete addition to the former communications branch. I would like a rather detailed explanation, if I could, as to what that's all about.

HON. MR. STRACHAN: What what's all about?

MR. MORRISON: The communications branch. You have a radio system of \$2.7 million; you have an

additional communications system of a quarter of a million dollars; grants, subsidies, assistance to communications development, \$900,000; engineering services of \$400,000; research and development of \$250,000 — none of those were in the budget previously, so obviously we have a new department and a research and planning department, all of which I'd like some explanation on.

HON. MR. STRACHAN: Well, I would say that probably three-quarters of them, had they been put on the order paper, could have been answered some time ago.

AN HON. MEMBER: I keep trying.

HON. MR. STRACHAN: You keep trying? Well, you don't Mr. Member.

Interjections.

HON. MR. STRACHAN: About 150 picky little questions that require intimate detail, the sort of questions that you could have put on the order paper.

As an example, you asked me about insurance. The question you asked me was.... Here it is, a question addressed to the Minister of Transport and Communications: could he advise the House what insurance company carries the insurance on

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government aircraft fleets? Now that was his question.

MR. MORRISON: And you took it as notice.

HON. MR. STRACHAN: I took it as notice.

MR. MORRISON: But you wouldn't let me get the rest of the questions out.

HON. MR. STRACHAN: I didn't stop you. No way I stopped you.

MR. MORRISON: The Speaker did.

HON. MR. STRACHAN: You asked a question and I answered you. I answered the question.

Interjections.

HON. MR. STRACHAN: I want to be sure at the time he asked the question. I want to draw attention to the kind of questioning. He didn't want to know that. There were a whole lot of other things he wanted.

MR. MORRISON: Well, sure. I want to know the rest of it.

HON. MR. STRACHAN: Well, okay. As I said, there were a large number of questions there.

AN HON. MEMBER: You were saved by the bell.

HON. MR. STRACHAN: If you'll shut up, I can answer the question.

SOME HON. MEMBERS: Oh, oh!

HON. MR. STRACHAN: If you'll shut up, I can answer the question.

MR. CHAIRMAN: Order, please! Perhaps if the Hon. Members would cast some attention to the Chair when they speak.

HON. MR. STRACHAN: Well, if you'll be quiet, I'll answer the question. You've been taking snap shots at me; now I want to give you a few back.

SOME HON. MEMBERS: Oh, oh!

HON. MR. STRACHAN: Now if I can get my road fixed — question No. 1.

Interjection.

HON. MR. STRACHAN: All right, Madam Member.

AN HON. MEMBER: Forty-eight he gets.

HON. MR. STRACHAN: If you'll be quiet, I'll answer the question.

AN HON. MEMBER: Go ahead.

HON. MR. STRACHAN: Well, you be quiet. You be quiet. If you be quiet I'll start answering the questions.

MR. GARDOM: You're making Hartley look good. (Laughter.)

HON. MR. STRACHAN: You're wasting time. You're wasting time, friends.

Continental Insurance Co. — I answered that.

MR. MORRISON: I appreciate that....

HON. MR. STRACHAN: Entire premium for the entire fleet: \$34,000

MR. MORRISON: I didn't ask the premium.

HON. MR. STRACHAN: Coverages. Oh, yes, you did. Anyway, if you didn't you asked something about the money.

MR. MORRISON: The liabilities.

HON. MR. STRACHAN: No liability. The two Beech Kingairs, \$1.1 million each; three Citation jets, \$750,000 each; one Beech turbo, \$300,000; one Beech piston, \$100,000; one Otter, \$100,000; one Beaver, nil; two Beech piston, nil. Liability: \$10 million, including passenger liability. The others: \$5 million, including passenger liability. The Beaver: \$2 million with limit of \$312,500 on passenger. Two Beech piston, nil. Two million dollars, but no passenger liability because they're not being used. I think those were all the questions about that particular aspect.

With regard to the aircraft hangars: No. 1 is used by Transport and Communications; No. 2 is used by the department and the RCMP; No. 3 is used by the Flying Firemen, the Forest Service, and for storage. No. That was just bought during 1974 by the Department of Public Works for \$150,000. You wanted to know how much it cost. The fourth one: storage for Recreation and Conservation and Sidney aircraft.

The aircraft we have: we have 10. Three Cessnas, two Kingairs, two Beech, one Otter, one Beaver and one turbo. Right.

You asked about use by the federal government —

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whether they paid, and this and that. Certainly, as I've indicated very, very clearly to this House many times, we believe in cooperation with the federal government, with the RCMP or any other public service group.

MR. MORRISON: It wasn't RCMP....

HON. MR. STRACHAN: Just a minute. With reference to the question asked regarding use of our aircraft to test an inertial navigation system, the answer is yes.

MR. MORRISON: Did you get paid for it?

HON. MR. STRACHAN: We were asked to cooperate by the federal Department of Environment. We were interested in the capability of these systems and were prepared to assist with the tests. They required one power outlet on one of the air photo Beechcraft and we cooperated. We didn't charge them for it because we were interested in it and we believe in cooperation with the federal authorities. We'll get some information out of that.

Passengers carried by the government aircraft for the launch which you mention. Number of passengers carried on the government aircraft from April 1, 1974 to March 31, 1975: 12,977. Number of passengers who were Ministers: 638. So 4.9 per cent of the passengers were Ministers. Total number of passenger miles from April 1 to March 31, 1975: 1.921 million. Portion travelled by Ministers: 100,166 — 5.2 per cent.

So, as this makes obvious, as far as distance is concerned and numbers of passengers are concerned, 95 per cent of the plane use is by public servants of the Province of British Columbia. That's why they're there and that's why we bought the new planes.

Interjections.

HON. MR. STRACHAN: What?

MR. MORRISON: What about the Victoria, Vancouver...?

HON. MR. STRACHAN: We're not in competition with any airline. We're simply making it more feasible and easier for the public servants of this province to move back and forth.

MR. MORRISON: What aircraft do you use on that run?

HON. MR. STRACHAN: I think there was some other question about aircraft. No, you asked me about ferries.

Interjections.

HON. MR. STRACHAN: You asked about communications, radio systems. Somebody asked about radio systems.

MR. MORRISON: What's that all about?

HON. MR. STRACHAN: Radio systems...what is it?

MR. MORRISON: It's \$2,700,000.

HON. MR. STRACHAN: The system is now in the design stage, using consultants. Partial implementation is taking place funded by...and in order to meet the requirements of the sheriff's service and the emergency medical services — this has to do with the emergency medical services and the sheriff's services, ambulances — full implementation of the service is necessary if these services are to function. The estimate is based on construction of 50 base stations and mobile radio use.

MR. MORRISON: Will you file that?

HON. MR. STRACHAN: No, I've given you the information.

MR. MORRISON: Well, read it.

HON. MR. STRACHAN: I read it to you.

MR. MORRISON: I'll never read that out of *Hansard*. Read it properly or file it.

HON. MR. STRACHAN: This is information, notes on which I can answer your questions as you are asking them now. I'm answering them now.

MR. MORRISON: Could you read it properly? Because I can't make sense out of what you have said.

HON. MR. STRACHAN: All right. Well, read the *Hansard*.

MR. MORRISON: Well, that won't make sense in *Hansard*.

HON. MR. STRACHAN: Just a minute. How much of premiums is ceded? It's about 0.6 per cent.

MR. MORRISON: Less than 1 per cent?

HON. MR. STRACHAN: Oh, yes. It actually works out to about 0.5 per cent.

MR. MORRISON: Where did it go?

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HON. MR. STRACHAN: It went to different companies which we ceded all over the world.

MR. MORRISON: You're sure it's less than 1 per cent?

HON. MR. STRACHAN: Oh, yes. I gave the exact figures. If you check *Hansard*, you'll find the exact monetary figures in there.

Old cars. We pay the market value of the car, but I'm looking at that premium thing. Right now, it's on a declared-value or a fixed-value basis, and we're looking at that. But the individual is protected, which is our main concern always — to see the individual is protected.

MR. MORRISON: Yes, but a lot of them are unhappy with the way settlements have gone because of evaluation.

HON. MR. STRACHAN: Well, last year it was different; last year you could walk in with a declared valuation. If you walked in with a car that was worth \$10,000 but declared it at a value of \$5,000, then you were in trouble when you went to make a claim.

MR. MORRISON: But you can't even do that.

HON. MR. STRACHAN: No, I know you can't. But then you were talking about what's happened this year. Now you're taking us back to last year. Last year was different. I know that many people who had a valuable car walked in, made a low-value declaration, paid the premium on that, then complained if they didn't get that value when....

MR. MORRISON: I'm talking about this year.

HON. MR. STRACHAN: Then you took me back to last year.

MR. MORRISON: I know, but you changed it. I'm talking about this year. How does a fellow protect himself this year?

HON. MR. STRACHAN: Nobody can be unhappy this year.

MR. MORRISON: Oh, sure they are. All kinds of them are unhappy this year.

MR. GARDOM: Seventy-five per cent of the public are unhappy with you!

Interjections.

HON. MR. STRACHAN: The *Marguerite*. The Minister explained the *Marguerite*, the separate ferry system. There are perfectly sound economic advancement reasons for that.

More area for claims centres than required...I'm trying to answer all the questions. More area for claims centres than required: I agree there are some areas where we didn't need as much space, but the local municipalities are asking us to be sure and take extra space so we can do some landscaping and meet the requirements of the municipalities, in order to meet their aesthetic requirements for such a building. That's the way it is.

MRS. JORDAN: Is that what happened in Kamloops?

MR. MORRISON: That sounds great, but....

HON. MR. STRACHAN: Well, I'm telling you. If you don't want to accept the answer, don't accept the answer.

MR. MORRISON: I may not agree with you, but I am listening.

HON. MR. STRACHAN: Okay, that's the answer; there's no other answer I can give you. That's the answer.

Interjections.

HON. MR. STRACHAN: The First Member for Vancouver–Point Grey (Mr. McGeer) talked about the ferries: when are rates going to be increased and how much? I don't know. Certainly it's a problem. No, it was premiums he was talking about. That was premiums.

I mentioned in my press release the other day that unless there's a change the rates will have to go up. I said that. I pointed that out in a press release I made the other day.

Interjections.

HON. MR. STRACHAN: I said that in my press release.

MR. CHAIRMAN: Order, please. Would the Hon. Minister address the Chair in answering questions?

Interjections.

HON. MR. STRACHAN: B.C. Ferries — hold it, I want to answer that one. On the 86 per cent increase, I think that was the figure you used, the First Member for Vancouver–Point Grey — I think you used the figure of an 87 per cent increase in the ferry-operating wage structure or something.

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Interjection.

HON. MR. STRACHAN: Yes. Well, the \$25 million was last year's estimate, but in actual fact, the cost was \$37.5 million. I'm sorry, Mr. Chairman. It was \$37.5 million which means, of course, that the estimate this year from last year is not up the amount that last year's estimates.... It's much closer than... well, from \$37 million to \$45 million would be \$7.5 million, which is about 18 per cent — a rough mental calculation.

HON. MR. STRACHAN: I'm trying to answer as many questions ... Just let me answer the questions.

As far as ferry fare increases, I wouldn't rule it out. It's never ruled out. We're certainly looking at the whole situation very carefully.

Speaking of the ferries, we had some problems with getting the kind of reservation system I had in mind last year. I'm still hoping and hopeful that we can get a reservation system, perhaps less complicated than the one which was originally intended. In my trip to Sweden I looked at some of them. They just couldn't work in with what we have here but we're still....

Interjection.

HON. MR. STRACHAN: Oh, tow trucks. Any signed agreements? No, we have a standard rate for the whole province; rates are the same throughout the province.

Yes, the Victoria claims centre issued a list of approved body shops, all non-union. Does that include new cars? That was the question.

AN HON. MEMBER: Yes, how come?

HON. MR. STRACHAN: We have no idea what the list.... There was a list put out that didn't include those who were making surcharges. I don't know if that list is still extant. There was such a list because people were wanting to know where they should go. There were objections to the surcharges, so that was it.

MR. MORRISON: This was after the surcharge, though.

HON. MR. STRACHAN: There was another question related to the communications aspect of it. Datum teleprinter systems: \$125,000. The requirement for this system is to co-ordinate existing systems, provide additional facilities where required, provide a central message centre, provide a message distribution facility and operate the system where necessary to provide adequate service. Provision is made for exchange service for approximately 70 teleprinter machines, including toll charges and message distribution in the Victoria area. Provision of lines for data service is allowed for in the telephone.

Under the previous administration, several of these teleprinter systems that didn't gybe with each other and were purely for one department were installed. We're trying to bring them all together through a centre so that in any given government building every department can send a message from that particular government building through this centre into any other provincial building.

Interjection.

HON. MR. STRACHAN: Yes, Telex versus TWX. This is to bring them together so that they could go from this department through one type of machine and through another type of machine into the other department. It's a correlation.

Interjection.

HON. MR. STRACHAN: Is there anything I haven't answered?

SOME HON. MEMBERS: Yes!

HON. MR. STRACHAN: All right. Then I move the committee rise, report progress and ask leave to sit again.

SOME HON. MEMBERS: Ohhh!

MRS. JORDAN: A point of order, Mr. Chairman. I have some letters here from senior citizens and widows

who...

MR. CHAIRMAN: It's not a point of order on this particular motion.

MRS. JORDAN: ...are concerned about the actions of ICBC, the way they're being ripped off. I'd like to discuss the matter with the....

MR. CHAIRMAN: Order, please.

MRS. JORDAN: Is the Minister prepared to...?

Interjections.

MRS. JORDAN: Is he withdrawing his motion?

MR. CHAIRMAN: With leave of the House, the Minister may answer the question.

Interjections.

MRS. JORDAN: I can give you the answer, Mr.

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Minister. I have a letter here following the questions I asked in the House from....

MR. CHAIRMAN: Order! Order, please. The committee cannot suspend the rules. We will have to deal with the motion.

Interjections.

MR. CHAIRMAN: Order, please.

The House resumed; Mr. Speaker in the chair.

MR. CHAIRMAN: The committee reports progress and asks leave to sit again.

Leave granted.

HON. E.E. DAILLY (Minister of Education): Mr. Speaker, I move the House at its rising do stand adjourned until 2 p.m. tomorrow.

Interjections.

MR. SPEAKER: Order, please! Could we deal with the motion? Then, if you have any extemporaneous requests, you can make them after the motion.

Interjections.

MR. SPEAKER: There are two motions that have to be made traditionally. Let's get the first one over.

Then if you have any questions....

Motion approved on the following division:

YEAS — 22

Hall Dailly Strachan

Nimsick	Stupich	Calder
Brown	Sanford	D'Arcy
Lorimer	Cocke	King
Lea	Nunweiler	Gabelmann
Lockstead	Gorst	Barnes
Steves	Kelly	Webster
	Lewis	

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Jordan	Smith	Bennett
Phillips	Chabot	Fraser
McClelland	Curtis	Morrison
McGeer	Williams, L.A.	Gardom
Gibson	Wallace	

Division ordered to be recorded in the *Journals* of the House.

Hon. Mrs. Dailly moves adjournment of the House.

Motion approved.

The House adjourned at 6:05 p.m.

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