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THE HONOURABLE DARRYL PLECAS, SPEAKER

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We've canvassed this issue with PWC, and they have assured us that there are firewalls between any individual that may be working on this report and anybody that's involved in the auditing process at ICBC. They have their own reputation to look out for as well. We do not have concerns about the fact that they are both financial auditor and doing the business review.

I agree with the member. It would be ideal if there were no pre-existing relationship, but given the fact that ICBC has had eight such reviews in the last five years, it is a challenge to identify a firm that provides these kinds of services that doesn't have some sort of pre-existing relationship with the corporation.

[3:55 p.m.]

**J. Yap:** As the minister said, ICBC lost half a billion dollars last year. How much is it projected to lose this year and next year?

**Hon. D. Eby:** This underlines the importance of the work that we're doing. ICBC is projected to lose \$364 million this fiscal year, '17-18. For '18-19, per the service plan, \$302 million. I can advise the member that this is not an acceptable rate of loss for our government, and we will be taking steps to reduce losses and implementing them in the weeks and months and years ahead to get this under control to ensure that ICBC is not losing money at this rate. And I hope to have a much better number for '18-19 to report to the member when we're doing this process at that time.

**J. Yap:** On page 89 of the minister's party's election platform, it said that the NDP will stop ICBC rate increases, yet a rate increase of 6.4 percent was just announced. How does the minister explain this broken promise?

**Hon. D. Eby:** We're just finding a number for the member. It will just take a second.

[4:00 p.m.]

Before the election, the public had some information about the state of ICBC's challenges. The projection was for a 15-month period, because the previous government changed the fiscal year for ICBC to a 15-month period. For a 15-month period — basically '16-17, plus an additional three months — the projection was minus \$11 million. The actual loss for ICBC in that 15-month period was \$913 million. That figure was about 90 times higher than what was available to the public before the election.

The member asks why we didn't freeze ICBC rates. Well, I can advise the member that when you come in thinking that there's an \$11 million loss and it's actually a \$913 million loss, you'd better start acting quickly to turn the boat around.

I'm going to be blunt: 8 percent is nowhere near what it should have been. The fact is what was recommended was a 20 percent rate increase on basic to begin to get ICBC back on firm fiscal footing. That was something that our government would absolutely not tolerate. We did the 8 percent

quite grudgingly, frankly, because we had no idea, and the public had no idea, about the true state of ICBC's finances. They should have had an idea about it.

I can tell the member that the \$364 million loss projected for '17-18 is more than double what was in the service plan for the government.

Now, I think that you can make a case that accidents were increasing at a rate that the government wasn't anticipating. You can make the case that represented claims were increasing at a rate the government wasn't anticipating. But to be so far off, Mr. Chair, in terms of the state of a Crown corporation is difficult for me to understand.

**J. Yap:** I know I was asked, and I assume that the minister was asked, during the last election, but I would like to get his answer on the record here. Does the minister have any plans to bring in no-fault insurance?

[4:05 p.m.]

**Hon. D. Eby:** The report that was commissioned by the previous government... One of the options that was presented was a no-fault model for British Columbia. It is not a direction that we're going. We are not implementing no-fault in British Columbia, and I can advise the member that that remains the case.

With that said, legal expenses are driving a huge amount of the rate increases that we're seeing, so we're having difficult but important conversations with groups like the Trial Lawyers Association of British Columbia and others involved in the legal system — medical experts, and so on — to make sure that we're driving down those legal costs. I am very hopeful that we will be able to make some announcements to that end very soon, because we have to. We have to get ICBC's finances under control.

**J. Yap:** Will the government consider capping payouts for specific injuries?

**Hon. D. Eby:** Short of a no-fault system, I can certainly advise the member that we are willing to look at, really, any well-thought-out recommendations for how we can get costs down. The member is aware that the report that was commissioned by the previous government — the Ernst and Young report, as it's known — does recommend caps on certain types of minor injuries, soft tissue injuries, pain and suffering awards.

I've been very clear in the media, and I will be clear with the member here, that we are looking at options like that. I can also advise the member that that is not the extent of what we're looking at. We're looking at the escalating rate of material damage claims, the autobody repair costs that ICBC is facing. We're asking ICBC front-line staff if they have suggestions about areas where they've identified potential cost savings.

We're running a pilot project at ICBC, where they have identified telemetric technology through a call for tenders

that could potentially drive down accident costs, especially among a new driver population that might be inclined to use their cell phones, or where we could track sudden braking, acceleration and sharp turns, as some other jurisdictions have done. I look very much forward to rolling out those kinds of initiatives, in partnership with ICBC, to make our roads safer for British Columbians and help drive down costs.

There are other initiatives related to.... For example, new-model cars have increased safety mechanisms that prevent rear-end collisions through automatic braking and distance sensors, and so on. Are there opportunities for us to encourage drivers to adopt those sooner in British Columbia? I believe there are.

There are all kinds of opportunities for us, in partnership with ICBC, to drive costs down. The key to all of it, though, is recognizing, first of all, that ICBC is in financial trouble, and there's some urgency around this. I think that's something that was missing, for some reason, under the previous administration.

The second is the willingness to have the difficult conversations with stakeholders, whether it's the medical experts or the lawyers, the autobody repair firms or whatever. They're not comfortable conversations. People are comfortable with the system as it stands. But the system as it stands is not sustainable for British Columbians. They cannot continue to subsidize the system as it stands, through their auto insurance rates, because we are not going to increase rates the 20 percent or 30 percent that would be required to maintain the existing system.

Some changes will have to be made, and we will make those changes.

**J. Yap:** Thanks to the minister for that. I would like to harken back to the PWC report. The minister, in his answer, mentioned that there were some additional timelines. He referred to them. He's offered to make that available to us. I would like to take him up on that, if he could, in terms of the awarding of the contract to PWC. So if he could confirm that he will provide that to us. Also, that report, when it is released in January.... I heard the minister say January — that it would be made public.

**Hon. D. Eby:** To the first question, yes. We'll provide the member with that information about the tendering process for the PWC contract.

[4:10 p.m.]

For the second aspect, the intention of the PWC contract is to make it public so that people understand that we're taking action, what we're planning on doing and why we're doing it. Part of the PWC terms of reference is to look at all of these previous reports that have been done, look at ICBC, make recommendations, and so on, and identify initiatives that are still relevant and should be implemented. Those are all public reports.

The member should know that when I took over respons-

ibility for the insurer, the Ernst and Young report was on my desk. One of my first actions was to ask ICBC to make that report public, because I felt that people really needed to know the state of the insurer and the options that we were looking at. It may be that the report would have sensitive human resources information or some other information that is restricted from being released by B.C. privacy laws.

Other than that, I can't think of any possible information that would be in that report that we wouldn't, in fact, actively encourage the public to read and look at if they were interested in auto insurance in British Columbia.

**J. Thornthwaite:** I've got a couple of questions with regards to ICBC as well.

The first question is: what work is being done in the ministry with regards to insurance for ride-sharing?

**Hon. D. Eby:** I can advise the member that we're doing policy work internally to support the Minister of Transportation's review that has been discussed in some detail, both in and outside the Legislature. We are supporting that review process by providing information as required.

**J. Thornthwaite:** My other question is about the ICBC headquarters in North Vancouver. Are there any plans for the ministry to sell that building? If so, is there a schedule, and is there a cost?

**Hon. D. Eby:** There are no plans currently to sell the building, but I certainly wouldn't want the member to take that to be some sort of an edict that the building would never be sold.

The issue around the sale of the building, to my mind, was that the sale of the building was identified as a way to drive down the, in my opinion again, appearance of the size of the losses at ICBC. It felt a little bit like selling the silverware to pay the bills to keep the lights on.

We need to do structural reforms at ICBC to get them back on track financially to provide low insurance rates to British Columbia. And selling the headquarters does not even come fractionally close to covering one year's losses for ICBC.

Now, with respect to the building generally and the property, I imagine there are a huge number of people and organizations interested in the fate of that building, not the least of which would be a significant number of developers because it's a very developable property on the North Shore. But there are all kinds of other groups. There are the employees at ICBC. There is the city itself that has a vision for the development of their city and their waterfront that may well include having people working in that area.

It is a much larger conversation. I can advise the member that in terms of the urgent matters facing ICBC, selling the headquarters, at this stage, is not the priority. The priority is getting ICBC back on track financially and in a sustainable way.