

Fifth Session - Thirty-Ninth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Crown Corporations

Chairperson
Mr. Tom Nevakshonoff
Constituency of Interlake

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON CROWN CORPORATIONS

Tuesday, May 24, 2011

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Tom Nevakshonoff
(Interlake)**

**VICE-CHAIRPERSON – Mr. Mohinder Saran
(The Maples)**

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Ms. Marcelino, Hon. Mr. Swan

*Messrs. Borotsik, Cullen, Dewar, Graydon,
Martindale, Nevakshonoff, Saran, Mrs. Taillieu,
Mr. Whitehead*

APPEARING:

*Ms. Marilyn McLaren, President and Chief
Executive Officer, Manitoba Public Insurance*

MATTERS UNDER CONSIDERATION:

*Annual Report of the Manitoba Public Insurance
Corporation for the fiscal year ending February
29, 2008*

*Annual Report of the Manitoba Public Insurance
Corporation for the fiscal year ending February
28, 2009*

*Annual Report of the Manitoba Public Insurance
Corporation for the fiscal year ending February
28, 2010*

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Clerk Assistant (Ms. Monique Grenier): Good evening. Will the Standing Committee on Crown Corporations please come to order.

Before the committee can proceed with the business before it, it must elect a new Chairperson. Are there any nominations for this position?

Mr. Doug Martindale (Burrows): I nominate Mr. Nevakshonoff.

Clerk Assistant: Mr. Nevakshonoff has been nominated. Are there any other nominations?

Hearing no other nominations, Mr. Nevakshonoff, will you please take the Chair.

Mr. Chairperson: Our next item of business is the election of a Vice-Chairperson. Are there any nominations?

Mr. Martindale: I nominate Mr. Saran.

Mr. Chairperson: Mr. Saran has been nominated. Are there any other nominations?

Hearing no other nominations, Mr. Saran is elected Vice-Chairperson.

This meeting has been called to consider the annual reports of the Manitoba Public Insurance Corporation for the fiscal years ending February 29th, 2008; February 28th, 2009; and February 28th, 2010.

Before we get started, are there any suggestions from the committee as to how long we should sit this evening?

Mr. Martindale: I recommend that we sit until 8 p.m. or adjourn earlier if we've already passed two or three reports by then.

Mr. Chairperson: Mr. Martindale has said. What's the will of the committee?

Some Honourable Members: Agreed.

Mrs. Mavis Taillieu (Morris): I would like to suggest that we sit till eight and then reassess at that time as to whether we need to carry on further and assess how long at that time.

Mr. Chairperson: Agreed? *[Agreed]*

It has been agreed that the committee will sit till 8 p.m. and then we will reassess and move on from there.

Are there any suggestions as to the order in which we should consider the reports?

Mrs. Taillieu: I think that we would like to consider them all in a global manner, as we have in past, if that would be acceptable.

Mr. Chairperson: Would that be acceptable? *[Agreed]*

It is agreed that we will consider reports in a global manner.

Okay, does the honourable minister wish to make an opening statement, and would he please introduce the officials in attendance?

Hon. Andrew Swan (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Yes, I will do that, Mr. Chair.

As minister responsible for Manitoba Public Insurance, I am pleased to present, for the approval of the committee, the annual reports of Manitoba Public Insurance for the fiscal years ended February 29, 2008; February 28, 2009; and February 28, 2010.

Joining me tonight are several members of the corporation's board and executive, including chairperson, Jake Janzen; president and chief executive officer, Marilyn McLaren; vice-president, Finance, and chief financial officer, Don Palmer; general counsel and corporate secretary, Kathy Kalinowsky; vice-president, Community and Corporate Relation, MaryAnn Kempe; vice-president, Strategy and Innovation, Dan Guimond; and vice-president, Claims Control and Safety Operations, Ted Hlynsky.

I thank you for the opportunity to provide some general comments relating to these reports and the operations of Manitoba Public Insurance. I am looking forward to a positive and informative discussion about MPI this evening.

I am proud to state that this Crown corporation continues to provide efficient customer service and affordable auto insurance for Manitobans. Rate stability continues to be a priority for MPI and Manitobans. MPI has held or reduced rates for 12 of the past 13 years. I'm proud to say that Manitoba vehicle owners have enjoyed more than a decade of stability.

On May 10, 2011, as most people in this room are aware, more than 500,000 rebate cheques were put into the mail. This rebate totalled \$350 million. The average rebate returned to Manitoba vehicle owners was \$450. This is the 5th rebate paid out in 11 years to Manitobans, totalling more than \$550 million. I think, Mr. Chairperson, it's fair to say that no other auto insurer in the entire world can make that statement.

Clearly, Manitobans continue to benefit from a public auto insurance system. Recently, a \$40-million enhancement to MPI's Personal Injury Protection Plan was made. These enhancements will extend additional coverage to injured claimants. For

example, there will be enhanced coverage for extraordinary expenses for leisure and recreational activities. For example, MPI will now pay for a specialized sport wheelchair to allow a paraplegic claimant to continue to be active in sports, travel and accommodation for extraordinary expenses to continue pre-accident activities. A quadriplegic claimant may want to continue a pre-accident routine of visiting out-of-town relatives. The claimant's hotel accommodations and expenses will now be covered if where they previously stayed is no longer accessible. Even before these enhancements, MPI's Personal Injury Protection Plan, or PIPP, was considered one of the best in the world, and these enhancements will improve its status further.

As of March 1 of this year, long-time safe drivers, those who achieve level 15, begin to enjoy greater auto insurance discounts. It's 33 per cent now, up from the previous maximum of 25 per cent. In addition, the driver's safety rating, or DSR vehicle premium discount, is now in full implementation with levels 11 to 14 providing discounts of 27 to 30 per cent respectively.

As well, MPI talks to Manitobans. This month MPI is holding road safety public consultations throughout our province asking Manitobans about their road safety concerns and looking for their input as to how MPI can best direct resources to further reducing auto crashes and injuries.

Manitobans believe in MPI. A recent customer survey reported that a great majority of Manitobans support the corporation. Most customers, in fact, 92 per cent are satisfied with the service provided to them at the MPI locations and broker agencies; 90 per cent of all customers state that they are served either faster or within their expected completion time.

Manitobans are also impressed with MPI's coverage for vehicle damage. A substantial majority say that MPI provides good coverage to Manitobans. Manitobans also say that, if they could choose their coverage, they would choose the most complete coverage over simply the lowest price, but I'm happy to say that Manitobans enjoy both. Manitoba Public Insurance manages to provide rates which are among the lowest in Canada, while still providing the most comprehensive coverage.

Ms. McLaren, the president and CEO of Manitoba Public Insurance, and I are now ready for any questions that the committee may have.

Mr. Chairperson: We thank the honourable minister.

Does the critic for the official opposition have an opening statement?

Mrs. Taillieu: And I just want to thank the officials from MPI for rescheduling this hearing, as it was rescheduled from a few weeks ago when I was unable to attend because I was out surveying some of the issues with flood in my area, that being mostly from Portage la Prairie down to Headingley. So that was a short-notice arrangement, and I just want to thank you for that, and that's all.

Mr. Chairperson: Thank you, Mrs. Taillieu.

Mrs. or Ms. McLaren, would you like to make an opening statement?

Ms. Marilyn McLaren (President and Chief Executive Officer, Manitoba Public Insurance): No, thank you.

Mr. Chairperson: Thank you for that, and I mean that with the most respect.

Does the representative from the Manitoba Public Insurance Corporation wish to make an opening statement? Or? Sorry, I missed the or; excuse me, committee.

Thank you. The floor is now open for questions.

* (18:10)

Mrs. Taillieu: Okay. I just want to start by talking a little bit about corporate mission, corporate values. And I know that from the annual report—and it's similar, I think, in every year where MPI states their corporate values based on relationships of respect, fairness, honesty, integrity, and safeguard the confidentiality of information or personal privacy.

Then, later on in the report, it talks about corporate service vision: The corporation is developing a new corporate service vision and philosophy for MPI, and I'm wondering what this new corporate service philosophy is.

Is it different, then, from respect, fairness, honesty and integrity? How could you improve on that? Like, can you explain?

Mr. Chairperson: Whoever wants the floor has to raise their hand to—Ms. McLaren.

Ms. McLaren: No, the new service vision will certainly not do anything to reduce the emphasis on the values that you talked about. We don't expect this

to drive a change in our corporate values, but the time has really come for us to really have a hard look at how we deliver service: emerging technology, different expectations of our customers, ever younger customer base. We think there are likely more things we can do that would satisfy customers, if we could use some online services in certain ways, by reaching out to customers, you know, in a more technologically advanced way.

A few years ago, I can tell you, that Saskatchewan government introduced—Saskatchewan Government Insurance—introduced an online claims reporting service for their customers, and probably between—somewhere between 10 and 20 per cent of all their claims now are received by claimants sitting down on their computers and filing the report in the comfort of their own home. We haven't done that yet. That will likely be something that is moved to—a commitment and a project to move towards for Manitoba Public Insurance.

I think there are things that we can do—in a community, in a province that has growing numbers of new Canadians—I think there are things that we can do to reach out more effectively to people who are new to the community to help them understand what MPI is all about, how do they access our services.

And I think there's probably some things that we can do in some of the more remote areas of the province to really improve service, again, perhaps using technology, perhaps using some other ways to really continue to make sure that we are aligning our services with the changing expectations of Manitobans.

Mrs. Taillieu: And further it says: this will further guide our staff and business partners. Who are your business partners?

Ms. McLaren: The most frequent business partners, in terms of Manitobans' contact with them, would be insurance brokers and body shop owners and staff. But there are many, many others. When it comes to the people in our community that help people recover from automobile injuries, whether they're doctors, chiropractors, other kinds of health-care professionals like that; we work collaboratively with the police in a number of different ways. But, in terms of the primary, most frequent kinds of contact Manitobans would have in terms of our business partners, I would identify brokers and body shop owners and staff.

Mrs. Taillieu: The body shop owners are a bit concern that they have been—or are getting some off-loading from Manitoba Public Insurance that they have to do on their site, which was previously done, which has increased the need for them to get computerization, and they're feeling the pinch in their bottom line. Is this part of the plan, then?

Ms. McLaren: No, not—certainly not the way that you've characterized hearing from some of those folks. I think the first thing that can say, a little over—I guess it's probably a little over a year ago now that we signed, for the first time, a four-year agreement with the Manitoba Motor Dealers Association and the Manitoba automotive trades association, a four-year deal on not only labour rates and supply rates that we will pay for repairs and funded by MPI, but also we have initiated a system where we will be investing in tools for apprentices and an incentive salary addition for apprentices. We're working very closely with both those organizations.

Do we think that there's some things that we can do to make the entire repair process more efficient? Absolutely. But are we simply going to take work that we do today and ask them to do it for no trade-off in compensation? No, I mean, we haven't done that historically with any partners and we certainly wouldn't plan to do that with the body shops.

We haven't made any changes yet. You know, we have been talking to them. We know we all have to find ways to continue to be more efficient. I think the issue of safe vehicle repairs is going to be one of the things that are probably in the top five on our radar over the next decade or two, as vehicles get more and more complicated. As many, many different kinds of materials are used in the construction of vehicles, it is critically important that we work effectively with them to make sure that they have viable businesses, that we are all involved in high-quality, safe repairs.

Mrs. Taillieu: Thank you, and just not to be drawn off topic, I want to stick where I am here. Further in the corporate service vision, it says, success in this endeavour will mean a pervasive cultural change within the organization, which sounds to me like the characteristics—respect, fairness, honesty and integrity, now there has to be a pervasive, cultural change within the organization enabled by a significant leader and employee participation and ultimately employee ownership.

Can you explain that?

Ms. McLaren: Yes. Again, we're certainly not trenching at all on the core values that you referenced again, but what this—the pervasive change in culture is really founded—what we mean when we wrote that section in the report was really trying to highlight the fact that in a world where things continue to be more complex, and employees continue to be expected to really understand and meet customers' needs, that we really need to move from a culture of employees who are somewhat simply compliant to the business roles and the policies and procedures, and move into a culture where employees really understand that every single customer may, in fact, find themselves in a slightly different situation. And it's their job to really understand what they need and find a way to either escalate the issue within the organization or find a way to have the authority to be flexible to deal with them appropriately.

We've had conversations here before about the growing need to have very, very clear and higher test in terms of the rules for proving identity before documents can be issued. It's not the same as it was 20 or 30 years ago. But if someone comes to one of our staff and simply doesn't have one of the elements that are required, we don't want employees simply saying, oh, no, you don't have that last item, can't help you. We want them to act and to do their best to find an alternative way of helping customers. So that's the cultural change that we're talking about.

Mrs. Taillieu: Well, I guess I'm just having a hard time understanding why it is that this would just be happening now. I mean, I would think that over the period of lifetime of MPI that this would have been the focus, customer service would have been the ultimate and you would be adapting all the time as to the needs that were changing. But just discovering it now doesn't seem—it seems rather strange to me that you'd have to change now. I understand the need to adapt, but I don't understand why it is you've just discovered you need to do that.

But I want you to explain to me what ultimate employee ownership means.

Ms. McLaren: The example I would give is the one I mentioned a few minutes ago, that people on the front lines, working to serve Manitobans, feel that it's their responsibility to conclude the issue to the satisfaction of the customer, even if it means getting their boss involved or their manager involved, and it's not a simple matter of following rules.

* (18:20)

And I suspect if you talked to most MPI employees, they would tell you that probably since about the mid-'80s, it's felt like we've done nothing but change and evolve and grow and make significant changes to how they do their work, and what services we're offering, and how we work with Manitobans. So it's certainly not a new awakening. It's certainly not an idea that simply occurred to us for the first time in 40 years. It is absolutely an evolution, but I think there's a convergence of a few things. Part of it is the growing complexity of the rules that our staff are expected to follow according to national and sometimes international requirements. There are opportunities through technology that did not exist before, and we have a changing workforce, as well, given the fact that many of our employees have retired. And we have more new employees in the corporation than we had for the past decade or so.

Mrs. Taillieu: Yes, it is interesting that you've had such a large turnover in staff over the number of years. Is this then—are you phasing out people that have been there a long time that you feel that aren't capable of learning this new change then or—are you're bringing in new people? Is there a new qualification, then, for employment at MPI?

Ms. McLaren: The vast majority of people that we phase out are because they've decided to retire. We have—now, I'm not going to get the numbers exactly right, but we have a recognition program in the corporation, as one example, to recognize people who've been with us for at least 30 years, and there's getting close to 200 people in that club, and about 150 of them are still working.

So MPI is an organization that employees value as their employer for their career. Many, many people are very long-service employees, and when you start to lose people with 30, 35, 37 years of experience, you don't do it without some concerted effort to backstop the knowledge and the skill that they take when they go.

But, absolutely, there is no concerted plan to have people leave. The majority of our staff retire after many years of service.

Mrs. Taillieu: Can you just confirm, then, that when you say employee ownership, that this does not mean that there will be stakeholder people, employees, that own part of MPI, that they can't buy part of the—when you say ownership, you're implying that it's—well, you say employee ownership.

Ms. McLaren: I could certainly confirm that. There was no intention to have anyone own MPI other than the people of Manitoba, and even if we thought that was a brilliant idea inside MPI, we wouldn't have the power to do it. It's by statute, and I think that the fact that it's by statute serves Manitobans very, very well. Clearly, the extent of ownership is related to the content and the quality of the service that our staff provide.

Mrs. Taillieu: In terms of employees, can you explain why the number of managers has increased by about 18 per cent when the number of supervisors, technical and clerical staff has increased by 8 per cent? Is this a top-heavy organization, then, that you need more managers than workers?

Ms. McLaren: No, I think by most measures we would certainly not be considered to be a top-heavy organization. The last time I looked at it, which was within the last few months, maximum, 10 per cent of our employees would be non-unionized management employees. So the—and the ratios to managers and supervisors to staff compares very well against other similar organizations. In no way, shape or form would it be considered to be top heavy.

I think, though, the fact that when you go through a number of retirements of very, very long-service employees, it is sometimes very wise, as a risk mitigation strategy, to break down the organization somewhat into slightly smaller groups so that newer managers would have a somewhat smaller span of control.

But for the most part, it is really just a reflection of the evolving complexity of our business, and I'm very comfortable with the—our—the way we compare to other similar organizations in terms of management-to-staff ratios.

Mrs. Taillieu: I just would like to ask some questions in regard to—

Mr. Chairperson: Sorry, Mrs. Taillieu, I had to recognize you again for the—

Mrs. Taillieu: Test. Okay, the microphone is on, okay.

I just want to ask some questions in terms of the new service centres. I just—I know I did ask some questions about this last year but just want some updates on that. Just in terms of the conversion to the service centres from the—what were they called before? They weren't—

Floor Comment: Claim centres.

Mrs. Taillieu:—claim centres. Conversion to service centres from claim centres, and we know that this was a necessary thing that had to happen because of the off-loading of the DVL to MPI from the government. So the MPI was left with no option but to do this at a further cost to Manitobans. What is the now cost of—in total of the conversion to these full service centres? What was the initial budget and what is the cost now?

Ms. McLaren: First, I think it's important to point out that the decision to move from claim centres to service centres was really taken by the corporation to find ways to really maximize the opportunities for Manitoba to improve service to Manitobans. Similar mergers of the licensing operation with the public insurer have occurred in other parts of this country, specifically British Columbia and Saskatchewan, and they haven't taken the same course at all. People can still go to one office to get their driver licence and have to go to another place to have their claim handled. So it was certainly not required, but it was something the corporation felt was an important opportunity to really improve service for Manitobans.

And if you talk about the conversion of claim centres into service centres, that would have been approximately—you know, I'm going to have someone check that for me. I'm not sure I can remember well enough to guess on the record. So someone will check, and I will report back to you on that. But there's a couple of different components. So we did modify buildings in Thompson, in Dauphin, in Brandon, four of them here in the city of Winnipeg and some other parts of the province like that. But that's separate from the construction of the new buildings. And maybe just on a point of clarification, were you interested in both of those or just the conversion of existing facilities?

Mrs. Taillieu: Well, I think in total, because all of this was necessitated by the downloading of the DVL to MPI, so you had to convert and you had to build these new claim centres. It became a necessity to perform the function that you didn't have to perform before, which is an additional cost to Manitobans.

So I guess in total what I'm looking for is that—what has it cost you in terms of renovating and building these super service centres that would not have been necessary if this had not been downloaded to you? What is the total cost? What was the budget and what's the total cost?

Ms. McLaren: Again, it was absolutely not necessary other than to fulfill a vision that the corporation had to really improve service for Manitobans.

We could have continued to do the responsibilities, the driver and vehicle licensing operation, out of the provincial government office in Brandon, out of the office that—in Dauphin and other parts—1075 Portage. You know, we ended up selling 1075 Portage at a nice increase over what we paid the government for it, quite frankly. And so all of this has made perfect sense and it has helped to improve service.

But in terms of the cost, I can tell you that the renovations and all of the system—computer system changes and a number of other aspects of the project that all were tied under the umbrella of service centre implementation and expansion, total cost was about \$25 million, and we're saving about \$5 million a year for having done it. We're not renting space in the provincial buildings any more. We are not operating 1075 Portage any more. So there's a list of things that have led to the \$5 million per year saving, and the project cost \$25 million.

In terms of the three new buildings here in the city, they each were budgeted at about ten or eleven million dollars. They all came in on time, on budget, and we had not built a new claim centre in the city of Winnipeg since 1985. It was high time and has improved service.

*(18:30)

It has significantly reduced the carbon footprint of the corporation because Manitobans are driving significantly shorter distances to get to these new service centres than where they had to go. So they are spending less money on gas. They are putting fewer CFCs into the atmosphere, and that was high time for us too. Those would have happened whether or not the merger with DVL happened as well.

But the \$25-million project I talked about as well as those three construction projects all came in on time, on budget, and some very direct savings from the expansion of the service centres.

Mrs. Taillieu: Okay, so approximately \$25 million to build the new super centres. Approximately, I think it was—I think we discussed last year about \$80-some-million to take over the drivers' licensing vehicle. What I'm trying to say is the government was paying you \$21 million a year for that, but the

costs were considerably higher than that. So there's a large expenditure there.

Where is this money coming from then? Are you—where are you getting this money from?

Ms. McLaren: The investment to improve the service, the \$25 million to convert the old claim centres into service centres and the other initiatives that were done as part of the amalgamation and service-improvement initiatives all came from excess retained earnings from our competitive lines of business.

The project money was set aside by the corporation to fund these opportunities to improve service, and the costs of—the day-to-day costs of running the DVL operation are largely—have been largely covered by the money that comes from the Province to do that. There has been a shortfall every year for a number of reasons. But, for all intents and purposes, the key investments to improve the service came from excess retained earnings in our competitive lines of business.

Mrs. Taillieu: It just becomes a little bit problematic and it's something that you're well aware of with the Public Utilities Board and their feeling that because all the financials are commingled at MPI and they only have purview over basic, that they are really not able to get a real good financial handle on the full financial picture, I guess, of MPI, because they're only allowed to see a certain part of it.

But, when you talk about the money coming from competitive lines, if you didn't have to use that money to offset the cost of this DVL, would that money not, then, have been available to either return to Manitobans or lower premiums or provide road safety or whatever else could have been provided?

Like, isn't that the mandate of Manitoba Public Insurance? You're a non-profit organization. You're not there to do anything but break even over time. So why, then, would you not look at your customers first and take the profits and put it into services to the people of Manitoba, because, obviously, you've taken on a function from the government, and it's—you're not being able to cover that, and so you're going—you're having to cover it with money that you should have been able to give back to Manitobans.

Ms. McLaren: I may have misheard you or misunderstood you, but what I think I heard you ask is why didn't you put your customers—put Manitobans first? Why didn't you take those profits and put it back into services for them? That's exactly

what we've done. That's what exactly what we've done. And we know—we know what Manitobans value and they value service; they value quality of service; they value comprehensive coverage.

They are not interested in the absolute lowest cost they can possibly pay to get their vehicle on the road. They are not driven by a need to have every last penny squeezed out of MPI operations at the expense of service and at the expense of coverage.

Manitobans that I talk to are just thrilled with the changes that we've made, that were created because of the merger. The Driver Safety Rating program, people think, is really effective and understandable in ways that the old system wasn't. They believe this new renewal system, where four years out of five it's just like paying a bill, if they choose to go to a broker. And they don't even have to go to a broker; they can pay it online, like all of their other bills. They are really, really pleased with the changes that we've made. They think it makes perfect sense. They love the services that are all available in one place at the service centres. And we think we got exceedingly good value from the money that we've invested to improve service for Manitobans.

If we understood that Manitobans were motivated for nothing other than lowest cost, we would behave differently. But we think we strike an appropriate balance, based on the spectrum of expectations that they have of us.

Mrs. Taillieu: Well, I can certainly say that we're not talking to the same people. I certainly think there are people that are happy, but there are people that are not very happy. And I don't know if you're not hearing from those people, but we certainly are. So, I just want to just make the point that not—there's not 100 per cent happy campers in Manitoba with MPI.

Just in terms—you did mention this five-year renewal. Some of the people in the broker industry are a little concerned about that. I think initially they may have bought into this idea, but now halfway into it there seems to be a recognition that they may be getting phased out of some benefits and commissions. And whether or not these new super centres are going to phase out the independent brokers over time, in that they move into a neighbourhood and all the small people are just going to be run over, I guess, so to speak—is there a plan, I guess, to eventually have everything then, taken in under the super centres and phase out independent brokers or, at least, put them at such a disadvantage that they actually just have to fold?

Ms. McLaren: No. The commitment that we have to continue to work with the independent insurance brokers in this province is very strong. It's not threatened. As we have moved to the service centre concept, we have worked with brokers every step of the way. They were certainly nervous about that in the early days, and we went to great lengths to monitor customer behaviour very carefully with them, we share that information with them. We took steps to commit to them that if people migrated from their offices to our service centres, we would reimburse the commission for them. And that was never necessary.

We ran a pilot in Winkler for almost two years before we opened another service centre, to test customer behaviour, to ensure brokers were comfortable with it, and after two years in Winkler we moved beyond that. But having said that, I know brokers are somewhat concerned about their commission, and I also know that they're talking to us directly about that. They have a strong executive group of the brokers association. They work directly with the executive of Manitoba Public Insurance, and we made a commitment to them in terms of—sort of a base dollar amount that the decreased, excuse me, that the decreased commission on basic Autopac premiums would never fall below a certain amount, and would likely be higher. And we're certainly not at that lower amount but, quite frankly, when we negotiated with them we weren't expecting to have, you know, for example, a 4 per cent rate decrease that Manitobans are enjoying this year.

So, when your premiums fall, because we can afford to pass decreases and savings onto Manitobans, that affects brokers' commissions. And we have meetings scheduled with them to deal with them. The relationship is important to us. We will continue to work with them, and, while there may be the odd exception, I know the formal leadership of the association trusts that. They trust us and they trust that we will continue to work collaboratively with them.

* (18:40)

Mr. Cliff Cullen (Turtle Mountain): And thank you very much for your response to that.

Could you share with the committee in any detail in terms of where the discussions are now with the brokers? I know you had mentioned about sort of minimum levels that you're looking at, and there could be a possible realignment in terms of that compensation. Can you give us an idea of where

that's at and where your discussions are with the brokers?

Ms. McLaren: I believe we have several meetings scheduled, actually, for the executives of both organizations to meet formally to start talking about this and deciding if changes need to be made, that they're scheduled already. They'll happen before summer.

Mr. Cullen: So, in the original contract that was signed, this probably goes back two or three years, and you can correct me on that point, there was a minimum expectation that the brokers would be making in terms of compensation, is that correct? And, just as a follow-up to that, then, if the compensation isn't at that minimum level, then there's an onus on MPI to have another look at that?

Ms. McLaren: That's basically true, yes. I believe the commitment that we made is the actual hard cash in their doors. Commissions from MPI would not fall below 2007 levels. And, remembering, we're talking about a decreasing in a world where as much as 70 to 80 per cent of their work related to renewals will be disappearing as well. So it was intended to reflect the decreased workload, but that's basically the conversation and the commitment that we made to them. If it fell below that, absolutely, we would be obligated to deal with that.

But, even beyond that hard formal agreement, as I said to Ms. Taillieu, you know, we were not anticipating rate decreases that affect brokers' commissions as well. And that's the basis of some of the conversations we'll have with them as well.

Mr. Cullen: Could you indicate to the committee what percentage of basic Autopac, then, you're dealing with directly?

Ms. McLaren: Mr. Chairperson, 4 or 5 per cent, perhaps. Well, over 90 per cent of all Autopac transactions occur in brokers' offices. That has not changed for many years.

Mr. Cullen: And that percentage, then, is that on a dollar figure, or is that on the actual number of—

Ms. McLaren: It really doesn't matter how you slice it and dice it, but we've always looked at that in terms of the actual transactions, the traffic that comes to brokers.

Mr. Rick Borotsik (Brandon West): Welcome to Mr. Janzen. It's, I think, the first time before the committee, Mr. Janzen.

Floor Comment: Second.

Mr. Borotsik: Second time, I must have missed the first meeting then. It's nice to have you here, a good Brandon representative, certainly, on the MPI board. Thank you, Jake.

Ms. McLaren, the minister had indicated in his opening that there was a rebate cheque of some \$350 million that were issued. The minister had indicated that. I—looking at some financials, that number seems to be \$321 million. Can you just give me the real number, what the correct number is?

Ms. McLaren: Yes, it is closer to \$320 million.

Mr. Borotsik: I just wanted to correct that or clarify it, certainly, for the record. It is \$321 million as shown on the financials.

The, I guess, Ms. McLaren, would you say that the MPI, Manitoba Public Insurance, is in excellent financial position at this point in time?

Ms. McLaren: We're in a strong financial position. "Excellent" might be an okay descriptor. I think that borders on almost too rosy, and I don't think our financial situation is too rosy, but I think we're certainly in a strong financial position.

Mr. Borotsik: Certainly, the Public Utilities Board believes that it is in a very rosy position, and the fact that they did indicate that there was \$321 million to be returned to the ratepayers—if I can, currently, in this fiscal year there's \$1.4 billion in provisions for unpaid claims. Previously, in 2010, that was \$1.6 billion as a provision for unpaid claims. I have read the notes as to unpaid claims, and what it is it's paid out over an annual basis.

Would you say that \$1.6 billion is the right number for the provision—liability provision for unpaid claims?

Ms. McLaren: Well, I think what you said is the number right now is \$1.4 billion, and I think you're basing that on the quarterly financial statement that was released just around the same time as the PUB ordered the rebate. So it's, you know, it's—and the PUB thought we were in an excellent shape and recognized that we would still be in a strong financial shape once the rebate was paid. I mean, like, the 320 is gone. Probably 90 per cent of it has already been cashed. So I think the \$1.4 billion is what's known in the business as a best estimate of the future cost of those claims.

Mr. Borotsik: Does the Public Utilities Board share that best estimate? I see that in the Public Utilities Board hearings that they do, in fact, suggest that maybe your forecasts have been, and are continue to be, a little off as to where you originally forecast. For example, in fiscal year 2006, it was off by \$38 million; this is on your IBNR adjustments. They have indicated that they are a little concerned that your forecasts perhaps aren't quite as consistent as they should be. Do they still share that concern?

Ms. McLaren: I think I'm obligated to start by saying that they absolutely must believe that the \$1.4 million is the right number because—

An Honourable Member: Billion.

Ms. McLaren: The \$1.4 billion is the right number based on the fact that they ordered the rebate that they ordered. If they had been uncertain about the reliability of the actuarial study that we undertook, that we had our external appointed actuary conduct, that our external auditors also reviewed, and then PUB in a very short hearing decided that now was the time to give back that full amount of the excess, they must believe that it's the right number.

Now, everybody—there was nobody arguing that that money did not belong to ratepayers. Everybody, I mean, the corporation, the PUB, the interveners have been clear for 10 years that anytime there's excess money, it belongs to ratepayers. So there's no debate about that. The debate was about the potential timing and what, if any, testing the PUB may have wanted to do with respect to the change of the forecasted—the future—the expected cost of those future claims.

So I think what you're referring to, for the past few years, and there was not—I think the point that the PUB made, and that we acknowledged regularly through the PUB process, is that there was some regular overestimating of the claims compared to what they actually came in. So we weren't out by \$38 million to the good and out by \$32 million to the bad the next year. It was consistently—the claims were lower than we thought they were going to be.

But we need to put that in context too. And I know there's brief mention of this in the quarterly report, which, at this point, is all you have to work with. But way back in 2005 we made a change to the actuarial methodology that we had with respect to forecasting the future cost of those claims, and we discussed that with PUB, and for the five intervening years, they understood that this is all—the

overbudgeting and under actuals was really tied back to this change that we made. And nobody was in a hurry to fully reflect that 2005 change until we could really validate it with some consistent, predictable Manitoba experience. And that was the change that the actuaries made a few months ago that led to the release of \$250 million, that led to the total overage in the rate stabilization reserve of 320 and led to the PUB's rebate.

* (18:50)

Mr. Borotsik: So it took you from 2005 with the methodology until 2010 fiscal year-end to actually decide exactly that your forecasting was a bit off. As a matter of fact, I'd like to quote—Mr. Lane is the chairman of the Public Utilities Board—and the quote goes: Unfortunately, MPI has a lengthy record of providing forecasts for 'incurred'—incurred claims, net income, unpaid claim liability and rate stabilization reserve balances that later prove materially inaccurate.

After 2005, when you did your methodology, for the next—effectively six years, did you not at that point in time try to come up with an accurate claims forecast? This boggles my mind that it takes that long to come up with an accurate claims forecast. Can you tell me why it took six years?

Ms. McLaren: Someone relying on 20-20 hindsight might decide that that was an abundance of caution. We know, again, that Manitobans value stability. We were not the only players involved in this. You need to remember that we spent days and days and hours and hours in front of the Public Utilities Board over the intervening five years talking about these things. We don't make our own decisions about the value of the claims that are already on our books. Our appointed actuary does that. Our appointed external auditor validates the work of the appointed actuary. So there's two international accounting firms, actuarial firms that have vetted and confirmed this work, as well as the PUB, who has their own actuary and their own accounting adviser.

So it's easy, I think now, to look back and say, my goodness, why did it take five years. Maybe we could have made a bigger change in—after three years. But if that's the criticism that's levelled at the corporation and its external advisers that we were a little cautious on this one, I can handle that.

That's not a bad criticism for the corporation to have because, again, Manitobans value stability, they value predictability of their rates. And if there is,

some might choose to call it a correction that happened this year, it will flow through future years, and we know that we have a solid foundation. We know we have a methodology that has proven to be an accurate reflection of the costs of injury claims here in Manitoba, and I think it works for Manitobans.

Mr. Borotsik: Yes, and I would just like to say that the Public Utilities Board is not an adviser, it's a watchdog. We have a watchdog there when there's a monopoly in the province of Manitoba, and that watchdog is there to make sure that ratepayers are paying the proper rate on an annual basis. That's why we have the Public Utilities Board.

As a matter of fact, the Public Utilities Board, as well, went on to say that some might find it reasonable to suspect MPI became aware earlier than February the 3rd of 2011 that Mr. Christie was finding that MPI was holding a major excess of claims reserves, and that that excess was, to put it mildly, very material. And then if you didn't know that at that point in time, you became upon it very quickly. The Public Utilities Board certainly would like, would have liked to have known that MPI was aware of that excess, in fact, material excess in the reserve funds.

Again, I go back to why was it that the Public Utilities Board was not made aware of that earlier, and why were these savings not passed on to the ratepayers prior to the rebate that was issued just recently?

Ms. McLaren: First of all, for the record, I am abundantly clear that the Public Utilities Board has legislated authority for reviewing and approving basic Autopac rates. I understand that. The advisers that I referenced, I was not calling PUB itself, the board, some sort of adviser. They have their own paid actuarial expert advisers. They have their own paid expert accounting advisers. Those are the advisers that I was referring to. They are advisers of the board, funded by the applicant and whose work is directed by the board. Those are the advisers I was referring to.

Now there's a couple of different components to the question that you asked. First of all, why wasn't the money returned earlier? The money was returned at the very first opportunity the Public Utilities Board had and that we had to raise the issue with them. There was not another opportunity—this money was not sitting as reserves when we were in front of the Public Utilities Board last October.

We were looking at actuarial reports; we were looking at actuarial reports that had been prepared and signed off on by our external appointed actuary. In October of last year, we were looking at actuarial reports that he had completed in October of '09 and at February of 2010, and that's what this information was based on. There was many days spent talking about the forecasting of the corporation when it comes to the future cost of injury claims. There were many days spent talking about whether or not the approach was consistently too pessimistic, based on now that we had.

When we were sitting there in October last year, we had five years of results to compare against the change we made in '05 and, clearly, the message that we left—the October hearings in front of the Public Utilities Board—the message was that it was time for us to take a hard look at the change that we made in '05, to discuss this with our appointed actuary and see if the appointed actuary was prepared to reflect that experience in his estimate of future costs. That's his job, of the external-appointed actuary. He decides what he believes those liabilities should be valued. It's not something the corporation has discretion on. It is an appointed actuary's job, and that work that he did, based on the last five years, now, of credible consistent experience happened well after the PUB process ended.

So we flagged this according to the—the PUB's own order ordered a rebate of \$70 million, pending submission of further information from the corporation. The corporation filed that information. The PUB held a half-day hearing and ordered that the rebate be increased to the \$320 million. At the very first opportunity, it went back to the hands of Manitobans where everyone, everyone knew it would be going and knew where it belonged. There's no argument about that whatsoever.

Now, if the chair of PUB has concerns about when after the 2011 general rate application process ended did we become aware that there was an excess, and were there opportunities for us to tell him earlier, I'm sure he'll talk to us about that when we go back in June of this year to file the 2012 rate application.

Mr. Borotsik: I'm sure they will talk to you, and I do recognize that you had an emergency meeting with the Public Utilities Board to expand the rebate program. As a matter of fact, at that time the same chairman of the Public Utilities Board said, and I quote: "The common goal should be, and hopefully

is, to serve the public interest, a goal this board"—meaning the Public Utilities Board—"has been finding most difficult to successfully achieve under the current approach preferred by MPI, which appears to include 'sitting on' extremely important information and not bringing the board into play until the last possible minute." That doesn't sound like transparency and accountability to me.

Could you comment on that particular quote where the utilities board chairman is saying that MPI has been sitting on this information, they're not terribly transparent, they're not terribly forthcoming until the eleventh hour? Could you explain that?

Ms. McLaren: No, I can't explain his perceptions or his comments. I can tell you that we shared the information as soon as it was practically possible for us to do so, and it certainly was in line with the specifics of the order that he gave in December of 2010, and it certainly was in time for the hearing to be held for the cheques to be prepared and mailed to Manitobans.

Mr. Borotsik: I'm sure there will be some comments at the next hearing, I'm sure, before the Public Utilities Board, and it seems to me Mr. Graham does have some concerns about, certainly, the transparency and the forthcomingness—the forthcoming information from MPI.

A question with respect to, well, competitive lines. First of all, the competitive lines retained earnings. I take it that competitive lines is that insurance that's being sold outside of the basic insurance that's required by all Manitobans to buy from MPI. Is that correct?

Ms. McLaren: Yes, that's right. It is optional. Manitobans don't have to buy it and they can choose from which company they buy it.

Mr. Borotsik: I've noticed that there's a \$65-million charge to retained earnings, actually, and I apologize, but it is the unaudited statement, so maybe I am wrong, but there's a \$65-million charge to that transferred to information technology or optimization fund. The minister did talk about it how updated computerization is very important, certainly, to your operation, and I agree with that. But can you explain just the transfer, or information technology optimization fund?

Ms. McLaren: What the corporation has done over the last few months is establish a fund of \$75 million, 65 of which, based on our standard published approved cost-allocation policies,

65 would be paid by basic, and \$10 million would be paid by the competitive lines. But it is really an effort to refurbish and replace some of our infrastructure.

* (19:00)

One of the things the corporation does exceedingly well, has a very, very strong track record, is to successfully implement IT projects. We have never had a significant IT project failure. We've never written off funds because we tried to do an IT project and just gave up and had to expense the money. That's never happened. Generally, in the business world, the statistics continue to be something like 40 per cent of all big IT projects are failures. They either significantly fail to achieve all their objectives, or they simply are shut down and never implemented. We've never had one of those.

But what we do need to do, which we have not done quite enough of in the last little while, is to make sure that, for lack of a better word, that the plumbing is in good shape. Some of you might remember, about, I guess it was maybe a little over a year ago now, we had a system failure. Then the brokers were unable to operate. The systems were out for them. They were out for about a day or so and then really kind of compromised for over a week. And we need to do some work on the plumbing, on the infrastructure to make sure that those don't happen again, that we can eliminate all the single points of failure in our IT infrastructure, and that we can really position ourselves so that our IT is in a position to respond to whatever comes out of the physical damage re-engineering and the service visioning work that we're doing right now.

Mr. Borotsik: And that's good business, and I congratulate you on that. There's no question. We all run on computer systems. Of the \$75 million, is the program started at the present time and have you entered into an agreement with a consultant to assist on this? I know you don't have—I suspect you don't have the internal ability to do it yourselves, so you have to go outside in order to find the necessary contractors. Do you have a contract that's been let for the \$75 million?

Ms. McLaren: No, we don't. With—some of the work is under way on our own with our staff. We have a couple—we have contracted a couple of minor contracts to help us sort out what needs to be done when: the staging and the timing and the actual content of the exercise. But, to actually seriously start to spend the bulk of that money, we have not let that work at this point, but we will.

Mr. Borotsik: What's the timeline for the project itself?

Ms. McLaren: It'll run over the next two years. It'll be completed pretty much at the end of two years.

Mr. Borotsik: Once you get the—your baseline in place, will you be calling for proposals at that point in time? Will there be a request for proposal or do you have any other method of letting those contracts?

Ms. McLaren: Definitely. Definitely, we will be looking to do that. In terms of the management and the intellectual piece of this and the professional advice as to how we should go about some of this, we will certainly be contracting, sort of, with an RFP process for that. A good amount of this money will simply also be spent on hardware. You know, it is related to new servers, new storage, new communications and things like that, which, for the most part, the corporation has never done anything other than, you know, issue RFPs for the purchase that, you know, go to the lowest bidder. I mean, it's hardware.

Mr. Borotsik: I'm still a little confused. As I said, there's been a transfer to the technology optimization fund, the \$65 million. It's over a two-year period. You do have fairly substantial retained earnings or net income over the last numbers of years. Why could you not pay for that out of cash flow? Why the process of putting into a reserve fund at this point in time and not just paying it over a two- or three-year period out of cash flow?

Ms. McLaren: We could have done that, but when we look at the issue of the IT infrastructure and the fact that this is basically—we have taken \$65 million from basic retained earnings, because we believe that the investment will help to lower costs and improve service for basic ratepayers into the future. So that it makes sense to us to do it that way.

Mr. Vice-Chairperson in the Chair

We could have made it a budget item and expensed it over time, but it really makes better sense for us to do it this way, given the fact that we really believe that it is consistent with our capital policies to do this. We think—it's very similar, in some ways, to what we did with the immobilizer incentive fund. Set up money aside that otherwise would be a drain on your income statement over the next few years. The money is there. Set it up now so it's not a drain on your income statement going forward, and the benefits accrue going forward.

Mr. Borotsik: Just one other question that doesn't relate to the finances—and, as I said, I think your finances are in excellent shape, even with the \$321 million that have been given back to ratepayers. I won't say, forced to be given back to ratepayers, because that's not the case, however, given back to ratepayers nonetheless. But you did mention in one of the responses to the questions that everybody in Manitoba is absolutely gaga about MPI, that they are so happy to have public insurance here in Manitoba, that they are so happy to have stability, they are so happy to, in fact, have, in your views, not only stable rates but reasonable rates.

Would you say that that's the case with those people who own motorcycles and require insurance for their motorcycles?

Ms. McLaren: For the most part, I think that's certainly true of the Manitobans who have motorcycles and have claims. Absolutely, we have an issue with the rates that motorcyclists pay. They are not a happy lot when it comes to that. They have spent a great deal of time communicating that with MPI. We communicate with them; we meet with them regularly. And, you know, they've had a number of wins in terms of how their claims costs ought to be allocated in terms of the Public Utilities Board. They've had a couple of meaningful wins from the Public Utilities Board that helps reduce their expected cost of claims.

They certainly understand that when, you know, 80 to 90 per cent of all their claims costs are injury claims, largely because of the vulnerability on motorcycles compared to those of us in private passenger vehicles—they understand that, and they are looking as creatively as they can when they talk to us about other ways that we might work together to deal with some of this from a road safety perspective. But, at the end of the day, they know full well that they have a very comprehensive injury compensation system. They also know that too many of them use it because it is—they are certainly overrepresented when it comes to catastrophic claims, and they understand that that's the cost to provide the coverage.

I think they're pretty happy when it comes to their optional insurance. They purchase optional coverage for their motorcycles to a significant extent from MPI. They're very pleased with some of the changes that we've made to the coverage, to the products that are available, and I think they're pleased with the extent to which we have shown a

real willingness to work with them on the road safety front.

And, quite frankly, I can tell you that, when you have the kind of adjustment to our expected cost of existing claims that we've had over the last year, that will translate to—it has to translate to an expectation that future claims will cost less as well. And, when 90 per cent of your claims costs are injury claims, you can expect motorcyclists will probably see some sort of rate reduction going forward because of the actuarial adjustment that was made.

Mr. Borotsik: Last question. You don't talk—well, you do—I take that back—I'm sure you talk to those people who own motorcycles as much as I do, but I can assure you, everyone that I know of who owns a motorcycle, the first question that I get is, why is it that MPI has to make all of their net earnings off of the backs of the motorcycle owners?

You say that there's substantially more claims with respect to motorcycle injury. Of the \$1.4–41-billion that's there for provision for unpaid claims, what would the percentage of that be from motorcyclists compared to owners of automobiles?

* (19:10)

Ms. McLaren: A higher percentage than the number of motorcycles represents of the entire pool of vehicles in the province, and a higher percentage of the premiums that motorcyclists pay compared to the premiums that others pay. I mean, it's a small percentage because there's about 10,000 motorcycles in Manitoba.

I can tell you that there are more motorcycles that there—than there have been for many years. Some of the things that motorcyclists say is that, you know, we're driving them off the roads. I can tell you that that's not true. They—there are more motorcycles registered than there used to be. There are more very, very expensive motorcycles registered than there ever used to be.

It is, from the perspective of MPI, when we look at the date in terms of how many bikes are there, where are they being used, and what kind of bikes are there and what are the value of them, this is a recreational activity that's doing pretty well in a province that really only has about four or five months of consistently good motorcycling weather.

Mrs. Taillieu: I think that in terms of the most recent rebates to Manitobans, people were quite happy with that. Of course, they would be.

But I think that, from what I have heard, a lot of people think that it would have been preferable not to have been overcharged in the first place. And if the rates have set accordingly, then it wouldn't have accumulated such and they wouldn't have had to have certainly the administrative costs of mailing out these cheques. And, certainly, as we know, it doesn't always get to the people that pay the premiums.

So can you tell me how many MPI rebate cheques have gone uncashed since 2000?

Ms. McLaren: Not off the top of my head, but we will get that probably fairly quickly. It's a very small number, and it's largely been a, you know, it decreased. I mean it's really only the—oh, excuse me.

Mr. Chairperson in the Chair

In 2006 we issued 543,309 rebate cheques and 12,445 were not cashed, and what we end up doing with that is we keep a very clear record of it. And anyone can still, you know, five years later show up at any time and identify themselves, and we will give them that money. But in 2007 we issued 3,000 more cheques than we did in '06, and we had only 11,000 cheques that were not cashed. In '08 we issued 3,000 more cheques than in '07 and had 10,700 cheques that were not cashed.

Mrs. Taillieu: On those sheets, do you happen to have the full value of all the unclaimed, uncashed cheques that MPI still has?

Ms. McLaren: Yes. Out of a total rebate value of \$180,158,000, we have \$2,163,000 that were not cashed.

Mrs. Taillieu: So what happens to these cheques, this money?

Ms. McLaren: It basically ends up back in the bank accounts of the corporation. But we have a record of every person who did not cash their cheque and the value of the cheque. And as I say, anyone can show up at any time, identify themselves as one of those people who never got their cheque, and we'll issue one for them.

Mrs. Taillieu: So you know the names of the people who's money you have, but you haven't issued them a new cheque. You're just waiting for them to come. Is that what I'm understanding you to say?

Ms. McLaren: These are all cheques that were returned to us. These are people who—we don't know where to find them. I don't think Manitobans would want us to be searching for them. But we're clearly

holding it and have identified—can easily identify how to give it to them as soon as they show up. But these are, everyone of them was a cheque that was returned by the post office as undeliverable.

Mrs. Taillieu: Well, thank you very much. I think it just kind of illustrates to—makes a point that it's preferable not to take it from people in the first place so that these kinds of things don't happen, that certainly it's harder to find people to rebate money, and they don't always get what they paid in, as we've heard from this last go around.

Can you just tell me—we were talking about the computer systems a while ago, and I know that you did have an untendered contract from EDS. And can you just tell me the amount of money that's been paid out to EDS as a consultant for computer systems with MPI?

Ms. McLaren: Over what period of time?

Mrs. Taillieu: The last 10 years.

Ms. McLaren: We can get that, maybe as quickly as I got the last information for you.

Mrs. Taillieu: How many external consultants, companies has MPI employed over the last six years?

Ms. McLaren: Quite a few. I don't have a number off the top of my head, but there's been quite a few for different projects, for different purposes. We have definitely—HP, EDS is the company that we have used primarily, but there have been a number of other companies that have worked with us over the last several years.

Mrs. Taillieu: Would it be fair to say that EDS is the lion's share of that, though, that anything else would be just smaller companies and it's majorly EDS that you've been employing as a consultant?

Ms. McLaren: Our relationship with HP, which was EDS, which was Systemhouse, has really lasted for a long time, and they're not—they certainly have—lion's share might be fair. They do have the bulk of it, but it's not so much that they are consultants that work with us, but we contract with them to bring into MPI skill sets and capabilities that we don't have with our own staff. And these skill sets and capabilities change, based on the work that we have to do at any given time.

So I wouldn't want anyone to think that we were, you know, spending the kind of money that we spend on HP for consultants to give us advice. They work

alongside MPI employees; they work with our own staff; they lead some projects; they are resources on other projects. They provide significant resources to enhance the corporation's ability to make the kinds of systems changes that we've made over the years.

Mrs. Taillieu: Well, can you confirm that MPI spent about \$16 million just on external consultants for three projects alone: the enhanced identification card, driver safety rating and one-piece driver's licence?

Ms. McLaren: Yes, that sounds about right.

Mrs. Taillieu: What is the total cost, then, of the enhanced driver's licence, the enhanced identification card, the one-piece driver's licence, the driver's safety rating, then, if you spent \$16 million on consultants—what is the total cost, then, of the entire program?

Ms. McLaren: I can speak about some of those just in a general ballpark sort of way, but we've talked about here, at least for the last couple of times—the start-up cost for the enhanced ID card program and, for the most part, the enhanced driver licence, as well, was a little over \$13 million.

So that was the start-up costs, and the costs for the driver safety rating development was about, I believe, \$7 million to \$9 million. The one-part driver licence was far less expensive. I think it was maybe between \$1 million and \$3 million, but we can—we'll confirm those for you.

Mrs. Taillieu: So, roughly around \$35 million to consultants for this?

Ms. McLaren: No, the project costs are all in. Those—some of that would be hardware, some of that would be consultants, some of that would be our own staff time. It could be communications and advertising. Advertising is not the best word to use when you're talking about MPI, but communication and educating the public, specifically for something like the driver safety rating. It's very important for us to spend a lot of effort and resources making sure Manitobans understood the changes that were coming.

* (19:20)

So those are project costs that are all in, everything—not just consultants. You had the numbers there earlier yourself for the actual consultant's share of those project costs.

Mrs. Taillieu: Can you tell me right now what—how many enhanced driver's licences have been issued to Manitobans?

Ms. McLaren: A couple or a few thousand more than there was a year ago. It's probably still a bit less than 20,000.

Mrs. Taillieu: Are you saying that that's driver's licence? I'm not talking about the identification card. I'm talking about the enhanced driver's licence. So is that the correct number?

Ms. McLaren: Sorry, I tend to roll the two together. In terms of enhanced documents, I put the two together, but the majority of documents that we've issued are enhanced identification cards. The driver licences are a very small percentage of the total. So there may be between 2,000 and 5,000 if the total is somewhere between 15,000 and 20,000.

Mrs. Taillieu: So there's between 2,000 and 5,000 enhanced driver's licence been issued. What was the projected number taken to the board when this first started as to the uptake in terms of the enhanced driver's licence? What was the projection?

Ms. McLaren: Well, as we've talked about here previously, we really didn't have a projection. What we were looking at is what is the potential maximum that Manitobans might be looking for. And everything else that we did in terms of scaling up our staff to handle applications was based on a decision to make sure that if there was a huge demand, we could handle it.

So it's not—I know maybe I'm putting too fine a point on it perhaps, but we did not assume or project that we would have, you know, 100,000 or more. We just understood that if the numbers were that high we needed to be able to handle it. We could not be the barrier between Manitobans getting their border crossing documents or not.

Mrs. Taillieu: Well, it doesn't really sound like a good business practice to just prepare if something is going to happen and spend millions of dollars, and then it doesn't. So you should have or perhaps you did, done some studies or consulting to see what Manitobans wanted.

Otherwise, if you have an uptake of 2,000 to 5,000 and you—your potential maximum was what—750,000 drivers in the province. Were you expecting that many people to come? That's a major difference from 2,000 to 5,000. So you would normally plan for

what the expectation would be, not just what if. What if they all come? What if they all don't?

Mr. Swan: Yes, Ms. McLaren will answer the question in more detail. But I think it's important to remember that the enhanced ID cards, the enhanced driver's licences were a decision to try and, I suppose, push back against some of the thickening of the border. And a number of provinces across Canada, as well as a number of border states, decided that the fact that only passports were going to be available for people crossing the border, was going to be a problem for citizens on both sides of the border.

So I think it's important to remember that Manitoba, like many other jurisdictions, decided it would be a good thing to have another option available for Manitobans. As the member should know, of course, a passport is obviously satisfactory for crossing the border. We know that anybody who has a passport doesn't need an enhanced driver's licence or enhanced ID card to cross the border. Many Manitobans, even if they rarely cross the border by car, would already have a passport for international travel. We knew right from the start that the pool of potential Manitobans was less than the total number of drivers.

But like many other jurisdictions, including Minnesota who just recently declared they're going forward with a similar project, we thought it was good to make sure that there's one additional choice provided to Manitobans who do want to run across the border for a day, for a week, but that don't want a passport. If anybody wants a passport, we can't argue with them, and that's why Passport Canada exists. But this is the availability of a lower cost option for Manitobans who want to cross the border but don't think they need a passport.

So I'll hand it over to Ms. McLaren for more detail.

Ms. McLaren: We had information, market research that was done by ourselves but also others, Canada Border Services Agency, who we worked very closely with, along with the other provinces, to introduce this program that potentially upwards of 20 per cent of Canadians would be interested—20 per cent of Manitobans would be interested in this option. There are over 900,000 Manitobans that have a driver licence; 20 per cent of them is close to 200,000 people, and even if you assume half of them will change their mind, you're still looking close to 100,000.

So this was a very, very nebulous initiative to work on. We work very closely with Ontario, Québec, British Columbia to provide an option that, as the minister said, other provinces decided was an important thing to do. We were there as well.

Mrs. Taillieu: Well, it just seems odd that you would make an assumption that was based on—basically, just an assumption, a hope, I guess, that maybe Manitobans were going to take on this driver's licence and spend 16-or-so-odd million dollars on doing so, largely with consultants who were needed to do the training and the technology required for this. Right now, does MPI also provide funds to EDS for maintenance and upgrades to its claim system and broker system, and what is the cost of that work annually?

Ms. McLaren: Generally, on an annual basis, the support contract for the regular maintenance of existing systems is anywhere between one and three million dollars. Most of the work that we do with HP and the money that we spend is related to change initiatives, to development work, to make changes to benefit Manitobans. The ongoing maintenance is a small percentage.

Mrs. Taillieu: How many consultants did you have working at MPI that were actually from EDS during the time frame 2005 to 2010?

Ms. McLaren: From 2005 to 2010 was an incredibly active time for Manitoba Public Insurance in terms of building new systems, changing systems, expanding the functions and the services that we and our systems were capable of providing. Easily, I would say, that while it would change depending on the different projects or the different stages that these projects were on, I would say, easily, we probably averaged about a hundred people or so from HP per year over those years.

Mrs. Taillieu: And was this done on contract, and was it tendered every year?

Ms. McLaren: No, this is same contract you referred to at the beginning as a continuation of an untendered contract?

Mrs. Taillieu: How long has the contract been untendered?

Ms. McLaren: Currently, we are in the last year of a 10-year contract.

Mrs. Taillieu: So at no time during that 10 years was there additional request for proposal for this work? It was just left to the one company, then?

Ms. McLaren: The specific work that was conducted under the provisions of that contract—that's right—went to HP. As we talked about earlier, in the last few minutes, we have also had a number of other consultants, another—a number of other companies working on our behalf on some of these same initiatives, but the work that we're talking about that was done under the contract that we have with HP is—we are now in the last year of a 10-year contract.

Mrs. Taillieu: Were those other contracts tendered?

* (19:30)

Ms. McLaren: Yes, I can say confidently, virtually without exception.

Mrs. Taillieu: Were they also 10-year contracts?

Ms. McLaren: No, they were much shorter term, much more specific in terms of the work that was done and the work that we knew needed to be done in a particular time frame in a very requirements-bound way.

The contract with HP, as I mentioned, really is—it's a sort of a legacy, historic contract that we have that was first established at MPI back in the early 1990s. And we continued to work with Systemhouse, which became EDS, which became HP, because that was the company that really developed Autopac online and our claims administration system, and we continued to work with them because they had the history and the background of having built those systems with us and for us.

Mrs. Taillieu: How many of these consultants were from Manitoba, and how many had to travel to Winnipeg to do this project?

Ms. McLaren: In terms of the HP consultants, the vast, vast majority would be Manitoba residents. HP is a company that has deep, deep roots in Manitoba in the IT industry. We use them, as I've said, to complement our own staff resources, but, having said that, one of the benefits of contracting with a firm like HP is that they have a world-wide organization that can bring people here to provide advice on a particular issue that maybe no one in the Manitoba market has. But those are exceptions. It is part of the real value that we get from contracting with an international firm like they are and have been, even in their earlier iterations. But those would be exceptions. The vast majority of people are Manitoba residents.

Mrs. Taillieu: The people that were flown in from Alberta and spent the week here and then back for the weekend and back for here for the week and back to Alberta for the weekend, what did that cost and—in terms of their travel and their expenses?

Ms. McLaren: The kinds of arrangements we make and the contracts that we have are that we would cover, you know, regular economy air travel that, when people are here, we would be paying their expenses pretty much on the same per diem that MPI employees are entitled to. So I think the fact that when people have to come from out of town to work on a particular assignment, the client, in this case MPI, is really obligated to ensure that they have the opportunity to go back home to their families during the weekends. And this is very, very standard provisions that we would make sure that they are not any more generous or any richer than any other standard firm that many organizations use.

Mrs. Taillieu: Do you have any indication of what the total costs, then, were for bringing in consultants from out of province to do the work here at MPI that, I guess, you couldn't find in Manitoba or that the employees at MPI were not able to do?

Ms. McLaren: I can tell you with confidence, though, that that's the only time we would be hiring and contracting with people to come from outside Manitoba, is when they have something to bring to the table that we do not have local access to. And I think it's probably fair to say that we've done a little bit more of that on some of the other initiatives unrelated to HP.

We've talked a little bit before about the fact that we have a new computer management system for helping our injury case managers, that is, an Irish system, actually. The company's name is FINEOS. We pay people to come here for several weeks at a time. They didn't get to go home every weekend, but some of them came from Dublin. This is a world-class organization that we're very, very pleased to be one of their clients. It's in a—a system that is really proving its value; it's only been in place for less than a year now. But that's the nature of the business. When you have a need that these very sophisticated international companies can bring to bear, there is additional costs of having their staff come here and provide the support for you.

Mrs. Taillieu: Is that a two-way street? Do you get to go and travel to all these places as well?

Ms. McLaren: I haven't found a reason to go to Dublin yet, no. I wish. No, occasionally, occasionally executives will travel to visit some of these companies that we do work with, that have contracts with, but I can assure you they are very, very focused; they're very specific. We have a very, very clear agenda, and it's been considered and determined that the most appropriate cost-effective way would be for us to come them—to go to them. It doesn't happen that often.

Mrs. Taillieu: Can you—I think you said earlier that MPI sold the building at 1075 Portage. Can you indicate what you sold the building for?

Ms. McLaren: In just a few seconds I'll be able to—\$3.6 million.

Mrs. Taillieu: And you paid 1.7, I believe.

Ms. McLaren: Yes.

Mrs. Taillieu: So then, when you realize a profit like that, what is the obligation to—what do you do with the profit that you would get from selling a building like that?

Ms. McLaren: Just goes into the retained earnings of the corporation. The asset moves from the building asset to a cash asset or an investment.

Mrs. Taillieu: Why did you purchase the building in the first place from government?

Ms. McLaren: Because when we first took over responsibility for the administering The Drivers and Vehicles Act, there were 300 people working there that needed to continue working there until we had a way to re-engineer and redesign the work.

Mrs. Taillieu: What buildings do you now use for staff space, whether it's owned buildings or rental buildings? Not the super service centres but the other corporate—sorry.

Ms. McLaren: We own cityplace and most of our administrative staff are located there. We have some rental space on Kennedy Street here in Winnipeg. We have a rental building that we have staff working out of on Ellice. Of course, we have the Physical Damage Centre out on Plessis Road that we own that has a number of people working out there. And I think that is it except for service centres across the province and, in addition to the service centre that we have on First Street in Brandon, is our administrative office and our special risk extension staff in the building on First Street in Brandon, which we own as well. And we have another

building that we have a long-term lease on, actually, just across the street from that on First Street in Brandon where we have staff working as well.

Mrs. Taillieu: You indicated that you were renting space at—on Kennedy Street to house staff. Is that because it's an overflow from cityplace?

Ms. McLaren: Sort of. That was project space initially that when, you know, when you have these additional staff, like we talked about from FINEOS and HP and our own staff out of their regular jobs and working on project, we need space to house the project team. That's what we did with the Kennedy space initially. And now we have some of our administrative staff work out of that facility, and there's still some project staff there now as well, actually.

Mrs. Taillieu: So you have to acquire more space because you have more bureaucracy, I guess, or executive positions or office space. So you—how many more people have you acquired to—that you needed this space for?

* (19:40)

Ms. McLaren: Well, first of all, we don't have any more executives. We have an executive team of seven, when throughout most of the corporation's 40-year history we've had eight. So we actually have broader responsibilities and a smaller executive team. Renting space like we've done on Ellice and Kennedy really allows us some flexibility to scale up and to scale back down. We need to be careful about not over committing.

We also have a number of tenants in cityplace that are paying us rent at standard, very healthy commercial rates for the space that they're renting from us. So it certainly wouldn't make any sense to us to, you know, take over more space there. But we're really confident that the space we have is well used, that we have more space today, in some ways, but you also have to remember that we don't have 300 people at 1075 Portage anymore. We don't have people in the provincial buildings across the province, where our staff have now been incorporated into the service centres. So I don't think there's any real basis to say that there's somehow been a growth in the bureaucracy.

Mrs. Taillieu: Can you confirm that the number of employees working at MPI has increased by about 200, or just short of 2,000 over the last couple of years?

Ms. McLaren: That's probably about the highest. I think it's probably a bit lower than that now. And, I think, again, you know, we geared up because of the project work, because of the initiatives that we've been working on, and we're probably more like about 1,700 right about now, 1,700–1,800.

Mrs. Taillieu: Just going back to the rental space on Kennedy, what departments are housed there and how many people work there?

Ms. McLaren: I don't know, off the top of my head. I'd have to have that—I know there is one project team that is working there and there are some staff who work on the basic Autopac program in terms of helping the organization to get ready to implement initiatives, such as the minister mentioned with the expansion, the enhancements to the PIPP coverage. So there are staff there who are responsible for administering and implementing change on the basic program and there's also a few project staff. I don't have the exact numbers right now.

Mrs. Taillieu: And those are new hires, then?

Ms. McLaren: No, not at all. Not at all. These staff who work on the basic Autopac program would have moved from space in cityplace and—as would the project team. The project team would be people who have come together as a team to implement a specific project, who normally have jobs in finance and other departments and human resources and areas like that. So they, certainly, have come from other parts of the corporation. There wouldn't be anybody other than the odd exceptional person who would be a new hire. But there's certainly not departments full of new hires.

Mrs. Taillieu: Did the corporation undertake a recent employee opinion survey?

Ms. McLaren: We do that every once in a while. I think, probably, lately, we did some—I think it was a mini-survey to just touch bases with staff, but it's probably been a couple of years since we did the last large survey. A few years ago, before that, we would have done another one. It's been part of how we work with our staff for probably a couple of decades.

Mrs. Taillieu: Are these staff opinion surveys public information?

Ms. McLaren: No.

Mrs. Taillieu: Is there a reason for that?

Ms. McLaren: I think our staff give us the feedback because they expect us to use it in working with

them, not that it's something that's going to be a news story. You know, I mean, I think people are committed to working with us to improve the work environment in the corporation. I think there is pretty general consensus that it's pretty positive as it is, but there's always room and opportunities to improve. I don't think staff would be very comfortable at all if they thought that somehow their responses to the survey would be public or some sort of news story.

Mrs. Taillieu: I guess the obvious question is, would it be a news story?

Ms. McLaren: Sometimes I can still be surprised at what constitutes a news story.

Mr. Cullen: Mr. Chair, interested in Ms. McLaren's comments about improving service. We are always interested in having better service for the ratepayers of MPI. And we had a discussion last fall about driver testing, and at the time, you know, that was just after the realignment we had in—primarily rural Manitoba, in terms of driver testing, and at the time you were quite confident that it was working. You believed there was more access. You believed that in some of the smaller communities there were wait times at that time of the year—again, that was in the fall. I can tell you we're having the same issues this spring as we had last fall in terms of access to driver testing. And a lot of the new drivers are just completing their driver course, their driver's course, so they're eager to get their driver testing done as soon as possible, especially in rural Manitoba where a lot of these kids have to—or want to drive to their new jobs.

So I'm getting reports here just over the last couple of weeks that people can't get their kids tested. In fact, they're waiting until at least August before there—any tests are available in southern Manitoba, and that includes Brandon as well. So there's just no accommodations for the driver testing. Have you heard any concerns about that?

Ms. McLaren: No, honestly, I haven't for quite a long time. I would be really surprised to find out that there's just not a test available anywhere in southwestern Manitoba before August. That's not okay, clearly. And, if you want to follow up with us off line, we'll do that. That just doesn't make sense to me. That is something that is constantly a moving target. I think the—you're right, I mean, you know, when the class, the high school driver ed class lets out and now, all of a sudden, in a fairly small community there's, you know, 20 or 30 kids needing their test, that can pose a problem. But when—if

you're suggesting that that kind of a backlog extends throughout the summer through the major centres that—that's not okay, and it's not my expectation of what should happen. So we could follow up.

Mr. Cullen: I would appreciate that. You know, the comments are that you have to make the reservation within 60 days, so the time period isn't beyond 60 days. So, basically, those first 60 days were all full, and that was the comment that was made. And, obviously, there's an issue there.

And you're looking at changes as well in terms of accessing the driver testing. I understand it's going back to the brokers—where now the brokers are being asked to find testing slots for the drivers.

Ms. McLaren: Yes, we're actually pretty excited about it, and so are the brokers in terms of, sort of the formal opportunity to provide another service to their customers and to work with us in a way that gives them another opportunity to serve their clients. I don't think it's—it's certainly not intended to be quite as onerous as it sounded. The way you described it, they have to search for appointments.

We've really—we're really pleased about the way this has come together. Not only do brokers have the opportunity to register people for their road test and, you know, take the payment and everything and streamline that process, but brokers will also be registering kids for high school driver ed. And kids and their parents will be able to see in the broker's office which classes still have availability, what other classes—what other schools in the larger centres are allowed to go to if their class is full in their school. We think it's going to work really, really well. It's only been in place for the last couple of weeks, but we think it's going to work really well. And it's going to help. Brokers have another opportunity to serve, and it will be enhanced access for the kids and their parents as well.

*(19:50)

Mr. Cullen: Well, that's interesting. I will follow up, certainly, on the timing issues in terms of the allocations for driver testing.

There's a reference in the 2009 annual report under claims costs, and it states: Customer service improvement initiatives, including road safety expenditures, contributed to an increase in claims costs of \$4.5 million. Can you explain what's involved there?

Ms. McLaren: The loss prevention initiatives such as the immobilizer incentive program are reported in the claims category, so that would be part of claims expenses. It certainly doesn't add to the cost of claims themselves, the actual injuries or vehicle damage and so on. But, in terms of the overall reporting category, the cost to install immobilizers is in that claims side of the ledger as opposed to the premium side of the ledger.

Mr. Cullen: Yes, on the claims side, then, and it goes back to your comments about acting in the public interest and looking after our customers, what—I'm thinking about road conditions here. When an adjuster looks at a situation, accident that's happened, how does he assess whether or not road conditions play a factor in an accident? Obviously, he's got to make a judgment call at the end of the day whether that particular individual was 50 per cent or more at fault. How does he go about doing that, and how do the road conditions factor into his evaluation?

Ms. McLaren: One of the opportunities that we have, because we are the monopoly insurer in this province and we have a centralized process for taking claim reports, is that it's fairly easy for us to identify a situation that will, in all likelihood, lead to a finding of road conditions as a contributing factor, and not the individual.

Someone told me just a few weeks ago that they had driven into a massive pothole somewhere in the province, and by the time they got to work and phoned in the claim, our staff had already identified that they were the third or fourth person who were on exactly the same street and had phoned, and so it's there and it's known. So that's one of the advantages that we have is that we can readily identify them because we see all the claims; we have staff in the same physical space handling the claims and it—the information is shared relatively quickly.

But what adjusters are expected to do as well, though, in terms of, you know, following the requirements of The Highway Traffic Act—but they also search for whether it's media reports, whether it is City of Winnipeg flags issues like this on its own website. There is a growing opportunity to find information about these things that will help to resolve it in the customer's favour, if there are contributing factors that should be considered. Having said that, you know, the City—and I'm sure other cities and municipalities in the province have, you know, carved out a fairly solid line for

themselves with respect to what they're accountable for and what they're not. And it comes to, you know, did they have a legitimate opportunity to know? Did they put signage up, so on and so forth? So it often doesn't work out the way the claimants would like, but we do our best to look out for their interests and find any evidence that we can that there are other contributing factors.

Mr. Cullen: Yes, and you've probably been reading in the paper we're having quite an issue with roads in rural Manitoba this spring. And, in fact, I had a situation, and I sent the minister a letter on this particular situation. We had three rollovers on exactly the same spot on a rural piece of road; this goes back before Christmas. But I know for a fact at least one of the three has been assessed more than 50 per cent responsible. And there was no markings; the highways department had not marked that particular road. And it's pretty clear all three of them were locals so they should have known the road, but, anyway, this particular situation caught them all by surprise.

My problem is in the recourse. Once the adjuster had decided that you are at fault more than 50 per cent—one of these was a novice driver, so automatically he loses his merit rating; he's surcharged on his driver's licence, so, then—said to the adjuster, what about the appeal process? Well, yes, there is an appeal process where you have to go to the Rates Appeal Board where they only will look at—and you'll know this better than I will—but they're only looking at the extra dollar figure and not actually looking at the merit rating. And, if you want to look at the merit rating, you have to go to small claims court to get that merit rating reviewed. So—and, also, you're charged \$10 to go to the rates appeal board and then another \$25 if you are not successful, and it's only in this case with a \$55 increase in the fine—or, pardon me, in the licence fee.

So, you know, once a person has been assessed that, it's pretty hard to get the train back on the rails to correct that. It really—to me, it's a mistake. The adjuster should have the onus to correct that at the start because the follow-up procedure is pretty cumbersome.

Ms. McLaren: I think the first step needs to be appealing the liability decision—right?—which is not—I mean, that's where you can go to small claims court, or we have an appeal process where we have some retired judges who will review these decisions of

liability, because the adjusters themselves make a decision based on the best information that they have, based on their understanding of The Highway Traffic Act. It's an administrative decision that has no real force of law. It can be appealed at least two places, through small claims court and the retired judges. That's the key, and that's really appealing the liability decision.

Once the liability decision is final and stands, then your placement on the DSR scale is not appealable. You're right. But, again, they can go to the Rates Appeal Board for the cost of that placement, but the place where people really need to start is with the liability assessment and particularly in a situation where someone may know that a couple of their neighbours had a crash in exactly the same spot and they weren't found 50 per cent at fault. I mean, the adjusters should be tuned to hearing that information from customers and doing a little bit more work and sorting it out.

There certainly can be different circumstances. Maybe it's entirely appropriate that one would be 50 per cent and the others would be not at all, but I think that the situation deserves the research to really be clear about it.

Mr. Cullen: Just to close on that, I did send a letter to the minister on that particular issue, so I hope there will be some undertaking to investigate that situation.

Mrs. Taillieu: Can you tell me how many Manitoba children enrol in MPI's driver education program?

Ms. McLaren: Hopefully, in a few seconds, I'll be able to tell you.

Oh, that's frustrating. I used to know that. Sorry.

It's about twelve to fourteen thousand a year.

Mrs. Taillieu: Can you explain why there's been a 300 per cent increase in complaints filed by these kids against driver education instructors for inappropriate behaviour?

Ms. McLaren: I hope it's because we have better reporting mechanisms in place now. I don't know that—I mean, I think the numbers of kids in high school have grown somewhat. I know the use of the high school driver ed program has certainly grown through time. It's a very popular program. I mean, we charge kids \$50. It costs us about \$300 per kid to administer the program. It's highly subsidized.

We continue to work much more closely and much more intensively with the driver's ed instructors in terms of what our expectations are of them, and I think there's a lot going on in schools today, giving kids an understanding of when it's appropriate to file complaints.

Mrs. Taillieu: Well, it certainly seems a serious situation to me where a child, a 16-year-old, would be in a car, confined space, with an instructor, and there's inappropriate behaviour going on.

A 300 per cent increase in complaints, that's pretty significant. I'm wondering what you have done to inform parents of this and to find out exactly the nature of the complaints.

* (20:00)

Ms. McLaren: Maybe you have the numbers there rather than just the percentages. That might help inform the conversation a little bit, because I know there have been—and even one is too many, and I know there have been more than we would certainly ever want to see, but I still believe the numbers are quite small. And when you're dealing with small numbers, you also know the numbers are pretty volatile. They move around a lot when the numbers are small.

Mr. Chairperson: Okay, we've now reached 8 o'clock, the order of the day. We agreed to revisit at this point, so—suggestions?

Mr. Martindale: I think we should stay here until the Canucks game is over and then re-evaluate. Or maybe, more realistically, 9 o'clock and then re-evaluate.

Mr. Chairperson: Mr. Martindale proposes we stay till 9 o'clock and then re-evaluate. Is that agreeable to the committee? *[Agreed]*

Agreed that we will sit until 9 o'clock and then revisit once again, unless we finish sooner.

The floor is once again open for questions.

Mrs. Taillieu: Well, the information I have is that—average of 16 over the last two years, in absolute numbers, which still—16 is still a significant number. And I'm wondering what you've done to correct this problem. Have parents been involved in this? Do they know what has happened? What is the nature of this? What's been done to monitor the situation to ensure it's not happening anymore?

Ms. McLaren: Well, I mean, 16 over the last two years out of about 25,000 kids. Clearly, 16 is 16 too many; nobody would ever argue with that.

I can tell you that parents are more involved in high school driver ed than they ever have been. They will continue to be more involved in the future if some of our ideas move forward and see the light of day. The first thing that we do when kids sign up for high school driver ed is ask the parents to come to a meeting to establish expectations.

One of the things I can tell you, as well, is that kids are not supposed to be alone in the car with the instructor. There is usually two, sometimes three kids in the car at the same time. They take turns driving.

So those are things that help to mitigate the risk going forward, is to keep the parents informed, establish expectations with the parents, and to make sure the kids are not alone.

Mrs. Taillieu: Can you tell me what an M3 test is?

Ms. McLaren: I believe that that is a driver's test for medical conditions. Someone may have a medical condition that someone has identified may compromise their ability to drive. And there's more than one kind of medical test, but M3 is one of them.

Mrs. Taillieu: How does it differ from the others, and what are the others, actually, the medical tests?

Ms. McLaren: That would take a bit of research, and that's something that we can maybe provide further detail for you offline.

Mrs. Taillieu: Well, is the M3 test—is it a more stringent test, or what exactly is it for?

Ms. McLaren: Off the top of my head, I really can't tell you. There are some—a number of different kinds of tests where people have medical conditions that may compromise their ability to drive, and this is just one of them. I don't have any more information than that in terms of the specifics right now.

Mrs. Taillieu: I'm looking for a document, and I can't seem to find it here, but I did send in a freedom of information request in terms of, there is M1, M2, M3, M4, M5, M6—I believe, because I'm going from memory now—and I asked about all these tests and I got the information back on all of them except the M3 test, so that's why I'm curious as to why it would have been left out. And I'm sorry I cannot locate that freedom of information document, but I did get information on all the others and not that.

Ms. McLaren: In terms of information, do you mean the definition of what exactly it is?

Mrs. Taillieu: That would be a good start, yes.

Ms. McLaren: I can tell you that the M3 test involves individuals who have been diagnosed with sleep apnea, and the test involves a very long road test to make sure that they can stay awake while they're driving.

Mrs. Taillieu: Well, that's curious. So if someone is called in for an M3 test and they don't have sleep apnea, what—so it's only for sleep apnea?

Ms. McLaren: Yes.

Mrs. Taillieu: That's very interesting. Okay.

Mr. Borotsik: While my colleague is looking for her FIPPA, I do have a couple of other questions.

On the financial statement, there's a part of an expense and it's called premium taxes. It's identified in the financials on page 3, I believe it is, as provincial. It's identified as provincial premium taxes paid by Manitoba Public Insurance in the amount of \$27.5 million.

Can you explain to me what the provincial premium taxes paid by the Manitoba Public Insurance is?

Ms. McLaren: It is a provincial tax charged to insurers whereby they pay a certain percentage of the premium that they collect for the policies that they sell.

In Manitoba, the premium tax related to auto insurance policies is 3 per cent. It's been like that for many, many years. It is certainly not new by a long stretch. I think there's always been a premium tax, and I honestly can't remember; it's been certainly more than a decade since it's changed in any way.

Mr. Borotsik: No, I appreciate that and I just wanted to know what the definition was. But you're saying 3 per cent of the total premiums is collected and paid to the Province of Manitoba. Is that correct?

Ms. McLaren: Yes, that's right.

Mr. Borotsik: You had indicated 10 years. I haven't been here that long and I don't know if you've been around MPI that long, has there always been a premium tax and has it always been 3 per cent or has there been any increases to that?

Ms. McLaren: I can't say for certain that it was in force in 1971 when MPI was created. But it is—it's

every—as far as I know, every province in this country and lots of countries have the same idea. The provinces certainly do.

I think the last time the rate changed in Manitoba was probably some time within the last 10 to 20 years, but certainly not within the last 10, more than 10 years ago. So it's been 3 per cent for a long time, and I honestly don't know whether it existed in '71, but it's been around for a very long time.

Mr. Borotsik: Also in the financials, you don't have a line item for staffing costs. You simply have expenses that's called operating. Can you tell me what your staffing costs are for MPI?

Ms. McLaren: Salaries, benefits, pension contributions, health-care premiums, their office space, their computers or—no, just—

Mr. Borotsik: No, just simply what your payroll would be at MPI.

Ms. McLaren: Yes, in a few seconds I will be able to give you that, I'm quite sure.

For the fiscal year ending February 2010, it is \$133.1 million.

* (20:10)

Mr. Borotsik: Mr. Chairperson, \$133.1 million, then, I'm at a bit of a loss. When looking at the Statement of Operations, the operating expenses is \$104 million. Can you identify where your staffing expenses come into that financial?

Ms. McLaren: Two things make the \$133 million the total number. First of all, what you have there could very well be the basic insurance, which is not the whole corporation. That might be basic's share. I don't know what it is you're looking at. Is that the quarterly—the corporate quarterly that was issued back in—*[interjection]*

Mr. Chairperson: Sorry. Mr. Borotsik.

Mr. Borotsik: Sorry, Mr. Chairman.

This is the year ending February 28th, 2010. It gives you the statement of operations. I would assume that all of the premiums, premiums written for revenues would have been in there, therefore, all the expenses would have been in there. You say there's \$133 million in staffing costs, yet, I can't find that in the expense side.

Ms. McLaren: For financial reporting we are obligated to split our staffing costs into two different categories. The operating expenses would have the

staff related to, you know, administrative services, the broker support staff, some of the executive salaries, so on and so forth. But claims expenses have all our claims' staff. So a portion of claims' expenses and a portion of operating expenses would total the \$133 million.

Mr. Borotsik: Yes, I agree. Well, I don't agree. I didn't know how your reporting system was, to be perfectly honest, but you do have claims costs current year of 2010 of \$653 million. So you're telling me all of the claims' staffing costs are included in that \$653 million for claims costs current year. Of that, what would the breakdown be for your claims' cost in that particular line item?

Ms. McLaren: If you—financial statement, statement of operations, years ended February 28, 2010, claims costs, you said \$653 million. Okay. So that's the claims incurred. That's the money that goes out the door to body shops, injuries and so on.

If you go further down, it says claims expense. A portion of the \$97,448,000 would contribute to the \$133-million staffing costs. And then further down on the operating expense line, which is, as you said, 104, a portion of that would also make up the 133. So claims expense and operating expense is where our salaries are reported.

Mr. Borotsik: Perfect. Thank you very much.

Can you tell me what that breakdown is? What the—what part of \$97 million is made up of staffing costs and what part of the \$104 million is made up of staffing costs in the operating expense?

Ms. McLaren: How about if I send you a letter on that?

Mr. Borotsik: Yes, and then that would be fine. And the reason for the question, we have a \$133 million in staffing costs. I would like to know the allocation of those costs, whether they be claims costs or whether they be from the operating side.

Now, as I said, there's no line item here. It'd be very nice to be able to go through the line items and see what actual costs are identified in operating, what costs are identified in the claims costs, but a simple breakdown of what the staffing percentages of those costs would suffice, no question.

One last question and I will turn it back over to my colleague.

On page 74 of the financials, year-end 2010, it does indicate the vehicle registration fees of

\$127 million, drivers' licencing fees of \$20 million, for a total of \$147 million returned to the Province of Manitoba.

You had indicated earlier that you have never heard any complaints. Everybody is so happy with MPI that they're just gaga. Have you ever heard any complaints of the fact that, perhaps, the registration fees are a little bit too high in Manitoba, the vehicle registration fees?

Ms. McLaren: I really have to call you on putting words into my mouth. We work really hard at making sure a significant majority of Manitobans believe we're doing things the right way and we're headed on the right track. I don't think words like "gaga" ever passed my lips, and I certainly know people have issues and we can't please everybody, you know, and we're also human and we make mistakes.

So I don't—I think Manitobans may occasionally call our call centre to talk about registration fees, but our staff are really good at explaining to them that that is—that that's not something we deal with. So we don't have any real evidence that they think they're too high. I don't know how they compare with other jurisdictions. It's not something we track because it really isn't our responsibility. It is a straight pass-through.

And the other thing that I need to maybe just go back to, in terms of the staff costs for a minute, there are some people at MPI who it's very, very clear where their salary should be allocated and it's a direct assignment. If we have people handling injury claims, those are clearly claims expenses and if they're handling injury claims—PIPP claims—they are basic because we don't, you know, the competitive lines of business don't have anything to do with PIPP.

But lots of people at MPI also their time is sort of allocated in more than one way, right. Part of my salary will be paid by special risk extension. Some of it will be assigned to claims costs because I have oversight of the claims operation. Some of it will be in operating expenses. So you'll find part of my salary in operating expenses and some of it in claims expenses. So we will give you, you know, sort of the breakdown that you're looking for. But it is—some of it is directly assigned and we can talk to you about, you know, staffing counts in different parts of the corporation and so on. But many of us have parts of our salaries allocated by approved formulas because we do more than one thing.

Mr. Borotsik: Yes. First of all I do apologize; I was being a bit facetious with the language. However, you did give the impression that everybody seems to be so happy with Manitoba Public Insurance. I can assure you that phone calls that I receive may not extend that happiness to the corporation. But you're right, that wasn't a word that you used. But perhaps it's other words that have been used by some of my other constituents.

I do understand allocation of salaries and I do appreciate the fact that your allocation will be in a certain number of directions because of your responsibilities as other members of your staff, with HR and the likes.

What I'm trying to get at is the staffing levels and where those costs are being associated to, whether it be claims or whether it be operations. I was—I have to admit—somewhat shocked to hear that there were 2,000 employees. If you can give me the exact number of those employees at MPI, I would also appreciate that. There is somewhere in the neighbourhood of \$200 million with claims and operations. Somewhere in there you've got salaries of \$133 million and it would be nice to know just exactly where those people fit in.

Do you have any contract employees at MPI? We have a substantial number of—and I'm not talking about contracts with computers contracts. I'm not talking about contracts with some other type of services provided. I'm talking about an employee specifically under Manitoba Hydro's employ that's a contract employee. Do you have any of those?

Ms. McLaren: You know, I can think of one or two people who work for us on a contract basis and we wouldn't use the term "contract employee" because employees, to us, mean people on the payroll, people who are part of our staff establishment. So I'm not clear on what that term "contract employee" means. But there are probably, oh, absolutely fewer than 10, probably fewer than five people who work for MPI on a contract basis as individuals and not through a larger company. But they are known to be contractors. They—everyone knows them to not be employees. So they're kind of two worlds for us; there's contractors and there's employees.

Mr. Borotsik: What kind of a job function would they perform, these contractors, not so much contract employees, but what kind of a job function?

Ms. McLaren: The ones that I'm thinking of would be analysts, either business analysts or IT analysts.

*(20:20)

Mrs. Taillieu: I just want to correct the record here because I did find some information when I was speaking about the number of children that had complaints in regard to inappropriate behaviour because we did file a freedom of information request and the actual numbers are—I'll just state what this says—from January 1st, 2008, to April 11th of 2011, MPI recorded the following number of critical incident reports for both complaints and concerns related to inappropriate conduct by a driver education instructor. There were five in 2008, 19 in 2009, 13 in 2010 and three in 2011, as of April 11th, for a total of 40 relating to concern or complaint brought forward about a practice or inappropriate behaviour exhibited. Then we were told that this would—there were 300 files that would need a manual review, and so we did not get all of the information that we were looking for, because it was going to cost us money, which we don't have to pay for freedom of information requests.

So it—I'm just wondering why—I mean, this is a pretty important issue. I would think that you would want to know, even if we didn't. And, you know, I'm sure that you have looked into it since the request. And I'm sure you have the information now, or if you don't, it would seem to me that you would want to get it. So I'm asking if we could get this information with a waiver of the cost.

Ms. McLaren: I would have to go back to look at the specific request to be—before I would make a commitment to do it with a waiver of cost. It's not clear from just me listening to you exactly what it is you're looking for and whether we can commit to do it.

I don't disagree at all that, you know, 19 complaints in one year and 13 in another year are not okay. Absolutely, it's a concern. And I think we are continuing to figure out what can we do to raise—you know, but I mean, often when organizations do what I've told you that we're doing in terms of raising the profile, heightening the concerns and flagging the issue for people, you may very well see an increase as opposed to a decrease. You know, once it's on people's radar, it makes people more willing to come forward, and that's a good thing. If there are people uncomfortable with anything that's happening, it's good for them to come forward. And I think we have to learn more from the instances and from the briefings that we do with parents and so on to learn more about it.

So, you know, I hope I haven't said anything here that lets you mistakenly assume I don't take it very seriously. But if we can take it off-line and go back and revisit the specific request, we can give you a yes or no on the waiving of cost. But right this minute, I can't really do that.

Mrs. Taillieu: Thank you. Well, it appears that you gave us the information. We asked for the information from 2000 to 2010, and you gave us the information from 2008 but you weren't going to give us the information prior to that, which was going to cost the money.

So I guess what we're looking for is there's a trend downward or a trend upward just to see what has happened. But, certainly, it looked to me as in 2009 and 2010 with 19 and 13, that was a significant increase. But if we had the numbers all the way back, you could say either it was or it wasn't. But, certainly, there's a number of complaints that constitute inappropriate behaviour, and I think that those would certainly have been looked into to see what the problem was.

Ms. McLaren: I can tell you, as, you know, as CEO, my preference would be to spend little time looking into what the numbers that may or may not have occurred between 2000 and 2007. I think where we need to focus our attention on is on the critical incident reports that came up in '09 and '10. That's where I would spend my time, is understanding better about exactly what happened in those two years. Where did it happen? What happened? What's happened differently? What have we done in terms of following up? That would be my preference, to spend the attention on that as opposed to going back to 2000-2007.

Mrs. Taillieu: Well, thanks for that, and I do agree. I just felt that the information probably was available, but—fine. I hear what you're saying.

Can you tell me, there was a fraudulent ring operating with—now, let me get this straight. It was rolling back odometers, I believe, and claiming through—anyway, it was a fraudulent organization that was claiming and did get a lot of claims from MPI, and I think I asked the question once before, but I'm going to ask it again because I have a concern.

There was an internal investigation done, and I know you have an investigation unit within, but you also would, I think, employ a—the police department to investigate, and I'm wondering if there was a

police investigation done to determine whether there were any inside employees working at MPI or agents that were involved in this ring.

Ms. McLaren: The—within MPI, we first became suspicious that something was going on. I think it ended up being called operation rollback, something like that. *[interjection]* Yes. And our special investigations unit did the research, did as much work as they could, and then they handed the entire file to the police and to the Crown, and that's where more work took place, and eventually there was sort of a large public announcement about the scope of this operation and the fact that charges had been laid and so on.

And at the point that it was handed from MPI to the Crown and to the police, the work done by internal MPI would have been redone. More work would have happened, and I have no choice other than to be confident that because the police and the Crown took that forward and were—had absolutely no evidence of any inside support or inside operation to support this fraud, that there wasn't any. I mean, it was not simply an internal MPI review.

Having said that, I think we've learned some things from that process, that there may be some things that we can do on the front end of when vehicles are registered and so on to tighten things up and make it less likely that such a fraud could happen again in the future.

But, based on the work of non-MPI people, I'm confident in saying that there was no fraudulent participation on the part of agents or MPI.

Mrs. Taillieu: The reason I brought that up is because it was reported in one newspaper that one of the people arrested was a customer service agent. That doesn't necessarily mean it was an MPI customer service agent, but they just said customer service agent. So I thought it was worth asking the question.

Can the CEO explain how directors, executive directors, vice-presidents and herself receive salary increases?

Ms. McLaren: In two ways: There is a process where out-of-scope economic increases are requested by management of the board of directors, and the board may approve, or not, economic increases that would apply to all executives, managers, directors, out-of-scope staff, because unlike the in-scope staff, there is no bargaining agent for out-of-scope employees, and all employees at MPI are—their

particular position is placed on a salary scale, and when you're first promoted to a particular position, generally you are placed at the lower end of the scale, and it would increase through time based on performance.

So there's two—just like—it's a very, very traditional employment compensation system, much like unionized employees, much like a very, very traditional compensation system, economic increases along with some performance-based increments up until you're at the top of your scale, and then you get only the economic.

Mrs. Taillieu: And these increases have to be approved by the board?

* (20:30)

Ms. McLaren: The economic increases are approved by the board of directors, and any—which rarely happens—any sort of change to the scale that has the annual increments would be as well.

Mrs. Taillieu: So these economic increases, are they outside of general wage increases or regularly scheduled increments then?

Ms. McLaren: The regular increments are separate from the economic increases, yes. The economic increases generally happen once a year on the 1st of April—I think, yes, the 1st of April. And it is usually tightly aligned with the economic increases negotiated with our employees through the MGEU.

The increments would happen on the employee's anniversary date or performance review date, which used to be scattered all through the year; more recently, we've moved to an annual review date for out-of-scope employees' performance review. So they're separate processes.

Mrs. Taillieu: So did executive director, vice-presidents and yourself receive economic increases, then, this year?

Ms. McLaren: Yes, same as the unionized staff did. It was 2.9 per cent.

Mrs. Taillieu: Can you confirm that the MPI board did not approve any increases to any executive director, vice-president or the CEO outside the general wage increase and regularly scheduled increments?

Ms. McLaren: I don't think we've had any changes to the pay scales. I'm not sure. But, in terms of the economic increases, it was the 2.9 per cent. That was it.

Mrs. Taillieu: In the—which one is it—it's the 2009 annual report on page 42, under whistle-blower report. A report was made through the whistle-blower hotline to the chair of the audit committee of the board of directors that, in their opinion, the corporation's executive exceeded the financial authority given to it by the board of directors and purposely tried to hide this from the board of directors. What does that refer to?

Ms. McLaren: I'm not sure I understand the question.

Mrs. Taillieu: It was a whistle-blower's report. And it says that in August 21st, 2009, a report was made through the whistle-blower hotline. And it says the corporation's executive exceeded the financial authority given to it by the board of directors and purposely tried to hide this from the board of directors.

I'm assuming that you know about the whistle-blower's report. I'm just wondering what it's referring to.

Ms. McLaren: I'm not sure what I can say other than to paraphrase what you've just read from our annual report. It was a situation where, you know, a whistle-blower, who is protected—the confidentiality is protected through the whole whistle-blower reporting process, thought they had information that the executive had exceeded the authority provided by the board.

The board went to significant lengths to fully investigate the situation, got external assistance in fully investigating the situation and found that the concern was not validated.

Mrs. Taillieu: Okay. So this really doesn't have anything to do then with the CEO, when she was appointed to her position, had a number of renovations completed to her office, and then there was a freedom of information request filed for the information by CBC?

Ms. McLaren: No. It has absolutely nothing to do with that. I was appointed to the position back in '04. I paid to have a shower installed in my office, in the washroom that's in my office. That's what you're talking about. This had—I paid for it out of my own pocket. This, certainly, the whistle-blower complaint, had nothing—nothing to do with any of that.

Mrs. Taillieu: Why did you have to pay for it out of your own pocket?

Ms. McLaren: Because it seemed like a good idea. You know, because—in all honesty, because it, to many Manitobans, that would be perceived as a luxury and I think it's pretty nice to have as well, and I just happen to, you know, use my bike to get to work, back and forth, for a good part of the year. To have an office that even has a washroom with enough extra space in it to put in a shower, I thought was—that in itself was pretty much a luxury. I was more than willing to pay for it to eliminate any public perception of excess on the part of MPI executives.

Mrs. Taillieu: Can the CEO advise the committee if she paid for the work before or after she learned of a freedom of information request from the CBC?

Ms. McLaren: Before. I paid for the shower before they bought it and I paid for the installation after because they weren't sure exactly what that would cost until after it was done.

Mrs. Taillieu: Is it normal for executives to have to pay for their own renovations?

Ms. McLaren: I explained this one. It's the only one that I think anyone has ever paid for. I'm—I think it was appropriate. I'm not uncomfortable with it. It made perfect sense. I still think it does, and I think any other kinds of renovations that we've done to the offices since then—we've moved the boardroom, we've changed some of the executives' offices, we've, you know, added or expanded closets—none of that was paid for by the executives, but this is a particular situation that I felt was appropriate and the board supported me on it.

Mrs. Taillieu: I assume there's a record, then, of the filing date of the freedom of information request logged with the company and I'm assuming she knows the exact date she paid for the renovations, so I'm wondering if she would undertake to determine those dates and provide them to me when she can, when she has them.

Ms. McLaren: I certainly don't know the dates anymore. It was closing in on seven years ago. I'm not sure what you'd want me to look for.

Mrs. Taillieu: Well, it just seems peculiar that there was a freedom of information request put in by the CBC, and they obviously were given some information to actually go and put the request in. I don't know exactly what the request was, because it wasn't me that put it in, but then the information that I was given suggested perhaps that the CEO was then apprised of having to pay for this herself instead of

having it done by the company. Can you indicate what the cost was for the renovations for your office then?

Ms. McLaren: The shower itself, I think, was maybe a thousand dollars, and the installation was a horrendous \$4,000. Commercial rates, you know? You can get them into your basement a lot cheaper than that.

Mrs. Taillieu: If seniors over 65 get into an accident, are they eligible for benefits, income replacement benefits, even if they're working?

Ms. McLaren: Absolutely, if they're working. The way the program is specified in the legislation that the—it would scale down through time on the objective information that few people work well beyond the normal retirement age, but if they are working, they certainly qualify for benefits at that point, and there is a method in the legislation to transition them over several years from income replacement onto the retirement income benefit.

* (20:40)

Mrs. Taillieu: The CTV put in a freedom of information request for benefits paid to convicted car thieves between 2005 and 2010, and it was determined that it cost \$1,500 for this information. Why would it cost that much money? Was that—why would you not waive the fee for that? You charged them \$1,500. Then we put in a freedom of information request, looking for the number of car thieves between 1994 and 2004 that were paid out benefits, and we were denied, saying it would cost us \$1,700.

I'm just wondering why you would not provide that information, and would you consider waiving the fees and giving us that information?

Ms. McLaren: I think the short answer to why we wouldn't have provided it, is that we work very hard to comply with the spirit and the intent and the letter of the legislation. So, if there's a provision for a certain number of hours of work for free, so to speak, but if there is also extended research required, and the provision in the legislation to charge, that's what we do. We try to follow the intent and the letter of the law.

I don't remember those requests, specifically, but I know there's been other and maybe more recent requests, where we've provided information on some of the same kinds of questions with respect to benefits for thieves. And I know the government has

introduced legislation to make changes to those provisions for benefits. But, again, you know, off-line, if you have a specific request that you want to follow-up on, I don't feel comfortable making a commitment to that right now, but it's something that we can take, based on a clear understanding of what you're looking for, off-line.

Mrs. Taillieu: I'm asking a lot of questions here that I get asked, or people give me information. And so, there's—I guess you can understand that there's a lot of people that aren't particularly very happy, and they have a lot of questions. So these will be sort of one-off questions, but, if you have an accident with one of your fleet vehicles, and you have 10 vehicles in a fleet, does that affect your rates for your whole fleet or for one vehicle?

Ms. McLaren: People who have 10 or more vehicles insured for the equivalent of a full year for each vehicle, are part of the fleet rebate and surcharge program. It's legislated; it's in The MPIC Act. And the way that program works is that we look at the claims experience for the entire fleet. So if you have one accident on one vehicle, it will affect the rebate or surcharge that would be calculated for you on the entire fleet at the end of the year. So one claim on one vehicle can affect your rebate or your surcharge on your whole fleet.

Mrs. Taillieu: So an accident with one driver and one vehicle can reflect the rates of the rest of your fleet? So—

Ms. McLaren: The fleet program is a retrospective program. That means we look backwards in time. Unlike the DSR and the individual program that, you know, that we all use as owners, for the most part, of one or two vehicles, it looks at your history and says, okay, well, based on that history, what shall we charge you going forward?

The fleet program doesn't work like that, because we found that, because most of the fleets in Manitoba are smaller fleets, we needed a way so that they could have some enhanced cost predictability. And it works better for the fleets to do it on a 20-20 hindsight, retrospective basis.

So they know exactly what their premiums will be. They pay their premiums for the full year and then, I think it's something like 80 per cent of all the fleets in the province qualify for rebates every year. Very few of them are surcharged. But then, based on their claims experience through that year, we look back and say, did they have very low cost claims or

very few claims? Can we give them some money back? Or did they have really high cost claims, in relation to the premiums paid, and do we need a bit more premium from them?

So it is, by definition, a program where we can look at the owner's entire insured fleet. So, definitely, one incident can affect the rebate or a surcharge that they would have to pay at the end of the year.

Mrs. Taillieu: Okay. Just—I want to just jump back to one more question in regard to this M3 test I am talking about that I—if a person gets a letter saying they are to take an M3 test, and they do not have sleep apnea, how can they appeal that so that they don't have to take that test?

Ms. McLaren: The first step would be to contact our staff in the medical assessment area and, likely, what I would expect the staff to do would be to say, go back and get this sorted out with your doctor. We will, you know, suspend the requirement that you be tested while you get this sorted out, and let us know as soon as you have better information from your doctor. And we would—if someone stood there and said, you know, usually the—this information comes from people's doctors. So, then, we might contact them and say, based on a report from your doctor we need you to do this. And, if they said, I don't know, I don't have any idea what that's about, I don't even have that, we would send them back to the doctor and we wouldn't act on it.

Mr. Cullen: And I just—reflecting back on last fall's committee, we had a discussion about motorcycle rates and coverages, and I know MPI had undertaken a comparison with other jurisdictions in terms of motorcycle rates. And at the time you'd promised to send us the results of those comparisons and, to date, we don't think we've received that yet. I wondered if Ms. McLaren could undertake to provide us that.

Ms. McLaren: In all honesty, I don't think we have updated that comparison. But, yes, I will again undertake, and I promise we will deliver this time.

Mr. Cullen: I'd also like to get your opinion on another issue—and I know I forwarded to the minister for his—for him to take a look at it—and it deals with immobilizers and bringing vehicles from outside of the province into the province.

And the particular case that I had, it was a vehicle that was used for a emergency service response vehicle for a fire department. So, in essence, it was a three-quarter ton truck that is being used as a fire truck, in essence, and a first-response

vehicle. And because they brought the vehicle from outside of the province, they were forced by MPI to put an immobilizer in. We're having—asking for a second look at that particular situation. But is that the premise: any vehicle that comes from outside of the province brought into Manitoba requires an immobilizer?

Ms. McLaren: If it's on the most at-risk list, absolutely. It's just another piece of the efforts to really stem the incidents of theft. So, regardless of where you are in the province, if you've a vehicle that comes in, is on the most at-risk list, it does need to be immobilized.

Mr. Cullen: Do fire trucks, emergency response vehicles, are they at high risk of theft in your experience?

Ms. McLaren: Sorry, can you repeat the question?

Mr. Cullen: Are emergency vehicles, fire trucks, have they been at high risk for theft in your experience?

Ms. McLaren: Three-quarter ton, half-tons, particularly General Motors' products, absolutely are, and I think that's what you said this vehicle was, is a three-quarter ton. They're absolutely at high risk of theft. And, you know, regardless of how it's used, it doesn't take long to steal them. And if it's on the most at-risk list, I think we've seen nothing but positive results from this program in Manitoba.

And, you know, the inconvenience of bringing it in and having it immobilized, I think is well worth it.

Mr. Cullen: Well, I'm thinking specifically of vehicles that are registered as emergency response vehicles, or fire apparatus. I wonder if maybe you could check the numbers for me in the province, or if you know of situations that have occurred.

Ms. McLaren: Some of us might remember a fairly high-profile case in Winnipeg where one of their brand new, really big, really fancy fire trucks was stolen. We didn't insure that one, but we don't insure them. But, absolutely, it happened. I mean there's been cases where all kinds of emergency—not all kinds—there have been situations where one or two of several different kinds of emergency response vehicles have, in fact, been stolen.

* (20:50)

Mr. Cullen: Well, I'll just throw one last comment in here too.

And there is some standards developed over the years which are North American standards under the National Fire Protection Association, and part of those standards talk about fire apparatus. And one of them is having the ignition switch left in the driving compartment at all times. So we're in a bit of a conflict here with what, you know, the codes are telling us and what MPI is asking us to do as well. And I'm just thinking that's something that, you know, you're going to have to have a look at. I know the minister has that information, and, hopefully, your staff will review it, because there's a certain conflict there.

Ms. McLaren: If you've written them, I'm sure that we may, in fact, have a chance to look at it and consult with the minister.

Ms. Taillieu, fortunately but also unfortunately, I do have to correct myself on the M3 test. It is typically used for assessing drivers who have had mild strokes, not sleep apnea. Does that make more sense? It's an oral test and then a shortened road test for people with those kinds of medical conditions.

Mr. Borotsik: Just two very short questions. How often is it, or do you at all, meet with the minister?

Ms. McLaren: Enough to have my very own photo ID for the Legislature.

It—honestly, fairly frequently, but it's highly dependent on what is happening in respect to initiatives that MPI is working on, but more particularly, often related to potential or pending legislative changes. You know, we've had quite a few meetings because there's more than one bill before the House this session that affects MPI or The MPIC Act or The Drivers and Vehicles Act. But it's highly dependent on what is going on.

And I can say, I mean, since '05, it's been a steady stream of changes to, you know, to coverage, to service delivery, to driver safety rating, all kinds of things that—we've had changes of legislation or regulations that we've needed to respond to.

Mr. Borotsik: Prior to the Public Utilities Board directive to issue a rebate, did you and the minister have any discussions with respect to that rebate, how much it should be and when it should be issued?

Ms. McLaren: No, because, as I said earlier, you know, I mean, since—for the last 10 years where we've been periodically in the situation where the Rate Stabilization Reserve is full and there is money to be rebated, there's never been a question that this

money belongs to ratepayers and it should go back in the form of a rebate. And the timing and the amount of any is within PUB authority and that's kind of a given, has been for many years.

Mr. Martindale: I was one of many MPI customers who got a very generous rebate. I think it was about \$498. So thank you to MPI for that.

I have a question about auto thefts, but before I ask my question I'd like to add some information to the record. At a previous meeting, I asked about auto thefts and I mentioned that I had had my vehicle stolen four times and I noticed the reaction of Ms. McLaren. And I just wanted to point out that that was previous to 1999, in the 1990s. And I know that the opposition critic said there were no auto thefts during the 1990s, so I thought it was important for two reasons that I add that to the record.

But I'd be interested in knowing if auto thefts are continuing the trend downwards and if you have any stats to share with us tonight, either year over year or any other information you'd like to share.

Mr. Swan: Well, certainly, and, of course, auto theft has been a problem in Manitoba. It—auto theft began to expand greatly in—around 1992, 1993. We're glad we've rolled that back. MPI has been a major partner in bringing down auto thefts. We're happy that auto theft is now less than it's been at any time since 1992 or so. Auto theft is down around 80 per cent from where it was in 2004, 2005. I do get an update from MPI once in a while, and I see this year we're looking at being down about another 20 per cent, 22 per cent over those results. And April 2011 seemed extremely good. The decrease in auto theft in Winnipeg was 45 per cent lower than in April of 2010.

Now, you've got to be careful, because sometimes if there's different weather conditions, that may have an impact, but it seems we continue to move in the right direction at combating auto theft, and MPI plays a big role in that. The immobilizer program and various support they've given to the police and to our other partners has really made a big difference in fighting auto theft.

Mrs. Taillieu: When did MPI first become aware that they had this extra \$230 million?

Ms. McLaren: We knew for certain that the external appointed actuary was releasing that money from the claims reserves when he finalized that October 31st report in early February. Clearly, we'd had conversations with him before that—for, you know,

several weeks before that. But in terms of really truly knowing what the results of that October 31 review would be and what he was finalizing and signing off on those liabilities, it was in early February, the date that he signed the report and submitted it to the corporation.

Mrs. Taillieu: And when did you meet with the minister after that in early February?

Ms. McLaren: I'd have to go back to my calendar and check specific dates. I don't know for sure.

Mrs. Taillieu: Why would it be shared earlier than—like, okay, let me rephrase that—why didn't the Public Utilities Board be apprised of this before the special hearing?

Ms. McLaren: Well, they did get the information somewhat before the special hearing. It wasn't until March. It was a very few days before they called the special hearing, I understand that.

But this wasn't the only piece of information we had for them. You know, we also had to give them the draft unfinished, unfinal but draft, you know, that they had been looking for of a quarterly report. They couldn't just deal with this one document. They had asked us for a number of things, and we did our best to pull it together and give it to them as a cohesive package as soon as we had it, but that was into March, largely because that was when this draft, unfinal quarterly was ready.

Mrs. Taillieu: I'm just reading from the—from that—from the Public Utilities Board hearing, and it says that some might find it reasonable to suspect MPI became aware earlier than February 3rd of 2011, that Mr. Christie was finding that MPI was holding a major excessive claims reserves, and the excess was, to put it mildly, very material. If not, some amazingly quick work must have occurred to allow for the decision to again increase retroactive basic benefits for some catastrophic, and so on.

So, at the hearing in December, the Public Utilities Board did not have any indication of these excesses, and yet, by March, there was substantial excesses. So where did that money come from in those three months?

* (21:00)

Ms. McLaren: First of all, there was no hearing with the Public Utilities Board in December. We—the hearings into the 2011 rates concluded in October. Sometime into December, the external appointed actuary started his work on the claims reserves as at

October 31st. So—and, you know, I mean, keeping in mind that we're always—you know, like it's a rolling cycle that we're always going through. And sometimes when it comes to the Public Utilities Board, we are working, sort of, well out in the future, and sometimes we're working with historic information.

I mean, the actuarial—the appointed actuary's reports that we were discussing in October of 2010 were prepared and submitted by the actuary. One of them would have been in January or February or so of 2010 and then the other one would have been in April of 2010, that we would then have only had them for a couple of months, and we would have filed them with PUB in June of 2010. So now we are repeating that process.

We have the October 31st review that he finished and dated in early February, and I'm not sure if, even today, I guess probably today, we have the February 28th review that he would've signed off sometime in March or April, and we will give those to the PUB, on the public record, in June of this year. So it's a continuous cycle.

We clearly knew that after five years of consistent, one directional differences in our forecast, compared to actual, it was time for us to tell the external-appointed actuary that, in our mind, it was time to really go back and review the extent to which he was prepared to reflect that new experience in the reserves. He did his work; he made his own decisions.

It is—you know, in this insurance world it is incredibly important to have an independent external-appointed actuary. That's what they do. They are not to be, it's like auditors, they are not to be influenced by management. And so he did that work, and he completed that process.

The PUB, for any number of reasons that I'm not aware of, the first time in this last order in December, said we're ordering a \$70-million rebate, pending disclosure of further information from MPI. Every other time there's been a rebate, it's been final in December. We knew exactly what we were dealing with. This time it could very well be because of the emerging body of data that we had five continuous years of differences, and maybe there would be a change.

Maybe the board was concerned that there would be a deterioration of the financials. I don't know. They didn't put that in the order. They didn't say why exactly they were holding out this opportunity to change the size of the rebate, but they did. And in their order they said, we need you to give us, you know, sort of a heads up on your year end through this quarterly. And the actuarial review and I think there might have been something else that they had asked for, but they asked for it by April 15th and clearly, the chairman's language indicates that he really would have liked it much sooner, but he asked for it no later than April 15th. We gave it to him on March 24th. We did the best we could do with the time we had to work with and the multiple number of things that were going on that time. And clearly it was sufficient time for him to act, for the board to act, provide the ruling for us to implement the ruling.

We issued this rebate probably earlier than any other rebate we've issued. So, you know, it apparently is not exactly the way he would have chosen to see it. But I'm not uncomfortable with the way the corporation responded in the spirit and the letter of the order that the board issued in December. And, you know, apparently the GDP will positively be affected by this rebate and Manitobans have cashed it and spring is here and it's all good. And I'm sure the chairman and I will talk about what we did when and why we didn't do it differently when we get to the hearings this year.

Mr. Chairperson: Order. It is now 9 o'clock we—or past 9 o'clock.

We agreed to revisit at this point in time. What is the will of the committee?

Some Honourable Members: Pass.

Some Honourable Members: Rise.

Mr. Chairperson: I need some guidance.

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise?

An Honourable Member: Yes.

Mr. Chairperson: So be it. It's the will of the committee. We will rise at 9:05.

COMMITTEE ROSE AT: 9:05 p.m.

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