

**First Session - Fortieth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Crown Corporations**

*Chairperson*  
*Mr. Bidhu Jha*  
*Constituency of Radisson*

**Vol. LXIV No. 4 - 6 p.m., Wednesday, April 18, 2012**

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Fortieth Legislature**

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**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON CROWN CORPORATIONS**

**Wednesday, April 18, 2012**

**TIME – 6 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Bidhu Jha (Radisson)**

**VICE-CHAIRPERSON – Mr. Drew Caldwell  
(Brandon East)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

*Hon. Ms. Marcelino, Hon. Mr. Swan*

*Messrs. Caldwell, Dewar, Gaudreau, Graydon,  
Helwer, Jha, Pedersen, Saran, Schuler*

**APPEARING:**

*Hon. Jon Gerrard, MLA for River Heights*

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

*Mr. Jake Janzen, Chairperson of the Board,  
Manitoba Public Insurance Corporation*

**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*

*Annual Report of the Manitoba Public Insurance  
Corporation for the fiscal year ending  
February 28, 2011*

\* \* \*

**Mr. Chairperson:** The Standing Committee on Crown Corporations, please come to order.

First item of the business is election of the Vice-Chairperson. Are there any nominations?

**Mr. Gregory Dewar (Selkirk):** I nominate Mr. Caldwell.

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

Having no other nominations, Mr. Caldwell is elected Vice-Chairperson.

The meeting has been called to consider the following reports: the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year February 29th, 2008; Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending February 28th, 2009; Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending February 28th, 2010; Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending February 28th, 2011.

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

**Mr. Ron Schuler (St. Paul):** You know, if it please the committee, how about we sit until midnight and then reassess on how our time goes from there.

**Mr. Chairperson:** Is Mr. Schuler's proposal accepted? *[Agreed]*

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

**Mr. Schuler:** Would it please the committee if we would go through them on a global basis first?

**Mr. Chairperson:** Is this agreeable to the committee, Mr. Schuler's proposal? *[Agreed]*

Does the honourable minister wish to make an opening statement, and would you kindly like to introduce the officials in attendance.

**Hon. Andrew Swan (Minister charged with the administration of The Manitoba Public Insurance Corporation Act):** So thank you, Mr. Chairperson, and members of the committee. As Minister responsible for Manitoba Public Insurance, I'm pleased to present for your approval today the annual reports of Manitoba Public Insurance for the fiscal years ended February, 2008, 2009, 2010, and the most recent published report, February 2011.

Joining me today are several members of the corporation's board and executive including, to make sure we have as much of a Brandon flavour as possible, our chairperson, Jake Janzen; the president and chief executive officer, Marilyn McLaren;

vice-president, finance and chief financial officer, Heather Reichert; general counsel and corporate secretary, Kathy Kalinowsky; vice-president, community and corporate relations, MaryAnn Kempe; vice-president of claims controls and safety operations, Ted Hlynsky; and vice-president, service operations, Christine Martin.

So I thank you, Mr. Chairperson, for the opportunity to provide some general comments relating to these reports and the operations of Manitoba Public Insurance. At last year's meeting, I believe, saw a good and a productive dialogue. In reviewing *Hansard*, I note I was able to go for very, very long stretches without actually intervening, and I think we can all agree that that probably made for a good hearing. So I'll try and do the best and hopefully we can have an equally productive meeting tonight. And I do welcome the new critic for Manitoba Public Insurance, Mr. Helwer. I think we'll have a very good and a very positive meeting tonight.

I'm proud to state that MPI continues to provide efficient customer service and affordable auto insurance for all Manitobans. This once again confirms the public auto insurance model can be highly efficient while still providing gold-standard service to its customers.

Many other provinces, notably the Maritimes and Ontario, continue to experience auto insurance rate hikes and reduced injury benefits, while at the same time Manitobans enjoy what I think we can all agree is outstanding rate stability, good customer service, enhanced benefits and a 12 per cent reduction—a further reduction—in premiums in just the last two years.

All Manitoba residents injured in motor vehicle accidents are entitled to benefits within MPI's Personal Injury Protection Plan. This comprehensive plan is ever-evolving, and I'm proud to state that significant enhancements to catastrophically injured Manitobans were implemented last year, which we discussed in some detail with this committee at our last meeting.

Customer service remains a priority for MPI. Last summer, the Automobile Injury Mediation Office was opened to assist injured Manitobans who may have an injury—an issue involving coverage. This is a two-year pilot project, which will be reviewed to determine its success. Motorists who appeal MPI decisions about compensation for injuries sustained in automobile accidents are able to

appeal to a mediator from this office. Mediators are—mediations are conducted by independent qualified mediators. We're optimistic that this new program will prove to be another readily accessible feature of Manitoba's public auto insurance system.

MPI takes its responsibility to communicate with Manitobans very seriously. Last May, MPI held a number of road safety public consultations throughout our province asking Manitobans about their road safety concerns and looking for their input as to how MPI can direct its resources in reducing auto crashes and injuries.

Last month, the corporation provided \$120,000 in funding to three police agencies, the Brandon Police Service, Winnipeg Police Service and the RCMP, for dedicated roadside enforcement relating to texting drivers. I'm told the month-long project was a tremendous success. It certainly raised motorists' awareness that texting and driving is against the law and there are consequences, of course. At the very least the prospect of a substantial fine; at worse, of course, the possibility of very serious accidents, which have in many unfortunate cases resulted in injury and even death. And I think we all around this table share a desire to move to a place where no one texts and drives, and MPI acknowledges its responsibility to help us get there.

The corporation's road safety department will continue to be proactive as it relates to reducing collisions, building partnerships with road-safety partners and staying current with the modern technology, which is now available to drivers.

In February, I attended a Manitoba Public Insurance media event focused on the dangers of texting and driving I mentioned a few moments ago. We were actually very privileged to have a young man named Dustin Vernie, who was severely injured due to texting and driving, who presented to a large assembly of high-school students. Dustin is rebuilding his life. He delivered a powerful message to more than 200 students in attendance.

Along the same theme, the corporation's "Friends for Life" speaker series touches on various subjects such as drinking and driving, speeding, texting and driving, and that program continues to grow. This coming year, more than 50 schools and tens of thousands of students will be visited by special guest speakers, many of them young people who may be able to get their message across to their peers, arranged for by the Manitoba Public Insurance.

Manitobans believe in MPI. A recent survey indicates that seven in 10 Manitobans support the corporation. Eight in 10 Manitobans say they have good experiences dealing with MPI. Manitobans have a generally good impression of MPI's coverage for vehicle damage, and a large majority say that their public insurance system provides good coverage. Manitobans say if they could choose their coverage they would choose the most complete coverage over the lowest price. But, indeed, Mr. Chairperson, Manitobans have the best of both worlds. Manitoba Public Insurance's rates are among the lowest in Canada while still providing the most comprehensive coverage in the country.

So, again, I will certainly be available, if necessary, but Marilyn McLaren, who is the president and CEO of MPI—we stand ready for any questions that you may have.

Thank you.

*Mr. Vice-Chairperson in the Chair*

**Mr. Vice-Chairperson:** Thank you to the minister. Does the official opposition critic have an opening statement?

**Mr. Reg Helwer (Brandon West):** Very brief, I thank you for everyone coming this evening. It's a bit of a new venture for me, obviously. So it's a learning curve here. You all know very well what you're able to do, but I have some questions that may seem to be a little strange to you at times. But please bear with me that I'm learning here. So thank you.

**Mr. Vice-Chairperson:** Thank you. We thank the member.

Do the representatives from the Manitoba Public Insurance Corporation wish to make an opening statement?

**Floor Comment:** No, thank you.

**Mr. Vice-Chairperson:** Okay, seeing none, the floor is now open for questions.

\* (18:10)

**Mr. Helwer:** Probably through you to the CEO, I would imagine, obviously we've seen in the budget this year some changes to fee increases in MPI and the first one is the vehicle registration fee that is going up by \$35.

Since '99 these registration fees have risen from \$48 to \$154 for a 220 per cent increase, and I'm just wondering if MPI was notified of this increase prior

to this. Was there discussion at the board or at the executive level?

**Mr. Swan:** Well, thank you, and the—

**An Honourable Member:** Oh, I've stepped in it right away.

**Mr. Swan:** Well, we're going to move on.

The vehicle registration fee, just to clarify, I mean, it will be collected by the brokers across the province that are partners with MPI, but, indeed, the vehicle registration fee is not a fee that goes to Manitoba Public Insurance, so that was a decision made by government.

And, as you heard the Minister for Infrastructure and Transportation, Minister Ashton, say today, every dollar that's collected from that increased vehicle registration fee is going to be reinvested in Manitoba's highways, bridges, to make sure that our highway system continues to improve for the benefit of all Manitobans.

*Mr. Chairperson in the Chair*

**Mr. Chairperson:** Thank you. Now the floor is open for questions.

**Mr. Helwer:** Through you, to I guess whichever audience is going to answer it but, again on the fee, what types of vehicles is this going to apply for, is it—apply to? Is it all licensed vehicles, trailers, snowmobiles, ATVs? Is there anything that's limited or not—not going to apply to?

**Mr. Swan:** What I'll tell the member is that if it's anything other than \$35 for each vehicle, we will certainly let you know, very quickly.

**Mr. Helwer:** So you don't have—through you, we don't have a list of particular licences that this is going to apply to?

**Mr. Swan:** Again, Manitoba Public Insurance will be collecting this fee, but it's not a fee that's imposed by Manitoba Public Insurance. So, again, I've undertaken to provide more detailed information to you.

**Mr. Helwer:** Through you, Mr. Chair, which particular vehicles in Manitoba—I mean, Manitobans are looking at this new fee and they're wondering if it's going to apply to them. Is it going to apply to their motor vehicle, to their truck, to their commercial vehicle, to their trailer, to the commercial trailer, to the ATV, to the snowmobile? Which of these will it—this apply to?

**Mr. Swan:** Again, I can tell you it'll apply to passenger vehicles. It'll apply to commercial vehicles with respect to the other classes of vehicles, as well as trailers. I don't want to put anything incorrect on the record, so again, as quickly as possible I will get that information to you.

**Mr. Helwer:** And I guess a follow-up to that one, if, in providing that information, if you get us—could give us a breakdown on how many vehicles are registered in Manitoba by particular category—passenger vehicles, commercial vehicles and such—that would be useful as well.

But I guess in a question there, is when will this fee, in fact, take effect?

**Mr. Swan:** Well, again, the budget was read yesterday, and I will get to you with more details on when that will take effect. It's important to be aware that any change in whether it's the MPI rates or any other fees which brokers partner with MPI collect, that starts to roll out over the course of a year because vehicles are renewed over a 12-month period, so it will take some time for this to work all the way through. So, again, I'm going to undertake to provide more detail to the member.

**Mr. Helwer:** Through you, is there a particular start date than this? Is this today? Is this yesterday? Is it the beginning of the year? When does this actually start?

**Mr. Swan:** Again, I'll undertake to provide that detail.

**Mr. Helwer:** I'm just wondering if—when we could expect to hear that. And Manitobans heard this in the budget and, you know, it's a big concern for them. We're getting phone calls about it and I'm sure you are as well and they want to know when it happens. So when can we expect to hear when this is going to start?

**Mr. Swan:** Well, we certainly are hearing from Manitobans who are very pleased that this government's continuing to invest in its highway program. Of course, we've had record investments in our highways and our highway budget now which has tripled from where it was in 1999.

The member's question is a reasonable one, and I will make the enquiries and I'll provide that information to him.

**Mr. Helwer:** All right, well, we'll move on then since we don't seem to be getting any answers in that regard. We'll move on to the next thing that was

announced, I guess, in the budget, and that happened to be a bit of a merging together of a low utilities type of idea by the government.

And again, does—is this something that came to the board or the executive of MPI, or is it something that is, we're yet to decide how it's going to apply?

**Mr. Swan:** Yes, I think what you're talking about is the commitment which is initially made in the Throne Speech, which is that we are going to ensure that Manitobans continue to pay the lowest costs in the country for their hydro costs, for their heating costs and for their auto insurance. And we committed to that in the budget, so that will be rolled out in due course. But it won't be Manitoba Public Insurance coming forward on that. That will be something our government will bring on.

**Mr. Helwer:** Mr. Chair, through you, is this something that would have to go to the Public Utilities Board for approval, or is this just a broader kind of catch-all? How do you anticipate this rolling out?

**Mr. Swan:** Well, again, those details are yet to be released.

**Mr. Helwer:** Mr. Chair, again, on that, is there anything that needs to be changed in MPI's legislation for—allow this to happen or, again, is it outside of their parameters? Have they not discussed it at the board level?

**Mr. Swan:** Well, again, I'm not really at liberty to discuss that. We have a—again, a commitment in the Throne Speech. We've had the budget speech, which refers to the fact that we intend not just to continue to offer Manitobans the best possible value for automobile insurance and hydro and heating costs. We're prepared to take some further steps to make sure that continues to happen in the province of Manitoba.

So I'm afraid the member will just have to wait for more details on that.

**Mr. Helwer:** Well, I guess one thing that we've heard a great deal about from people is concern about sole-source contracts and tendering, and the Auditor General and Public Utilities Board has commented on various departments' tendering process.

Can you tell me, from MPI through you, Mr. Chair, what type of policies are in place with respect to sole sourcing contracts versus RFPs or tendering?

**Ms. Marilyn McLaren (President and Chief Executive Officer, Manitoba Public Insurance Corporation):** The corporation has a number of very comprehensive policies with respect to tendering guidelines if there comes a time when we occasionally believe we need to sole source some piece of work and levels of authority within all of that structure to make sure that Manitobans have confidence that we're spending their money wisely, that we are going through a due diligence process. By far, sole-source contracts would be the exception and virtually all of them would come across my own desk. So that—that's not something that happens throughout the organization.

The policy is that we seek bids or issue requests for proposals, issue tenders so that we have the best possible confidence that we're getting the skills that we need for the best price.

**Mr. Swan:** Well, I promised to get information quickly, and I'm very glad I'm able to do that. So, if I can just put on the record now—the member asked when the increased vehicle registration fee would take effect. That'll be May the 1st.

I think it's important to remember again that there will then be a 12-month cycle of vehicles being renewed. So it will only be those vehicles renewed immediately after May 1st that'll be impacted immediately. But over the course of the year every vehicle will then be—every vehicle that's included will then be impacted. So I just wanted to make sure we got that on the record as quickly as possible.

**Mr. Helwer:** Through you, Mr. Chair, to the minister, thank you for that prompt response. That's—if we can get everything that quickly, life would be very good, wouldn't it?

Anyway, going back to the sole source and tendering, over what dollar limit do we have to go—does MPI have to go to the tendering process?

\* (18:20)

**Ms. McLaren:** I don't have that information off the top of my head. I expect someone will—may very well be able to get it while we're meeting here this evening. But it—there's levels of approval authorities, and the administrative services manager would have a certain level of authority to authorize, and, you know, it would be a very small amount, probably less than \$10,000. But—and each incremental value would have to have a higher level of authority. And I don't want to guess at the actual details, but it's a structured protocol for seeking approval based on

dollar amount and based on position within the company.

**Mr. Helwer:** Through you, Mr. Chair, so is that something that we could provide—you could provide us with some detail on, and what these break points are, and the various levels of the—

**Mr. Chairperson:** Ms. McLaren.

**Ms. McLaren:** Yes, and if possible we can put it on the record tonight; otherwise, we'll follow up.

**Mr. Helwer:** Thank you. Mr. Chair, through you again, on tendering process. Are projects ever broken up into smaller segments so that they would fall under some of those tendering limits?

**Ms. McLaren:** Specifically for that purpose? No, absolutely not. We have a really, really rigorous and, if I can, a really successful project protocol at Manitoba Public Insurance. Unlike what we understand to be the norm, for example, with technology projects, the technology literature says that often, as many—as much as 40 per cent of high-value technology projects fail, either fail completely and are shut down, or have just been completed but fail to deliver the benefits that they were supposed to deliver. We have not had a technology project failure of any scope whatsoever in all the years that I've been with the corporation. We have really rigorous protocols in place to manage projects, to make sure our staff are ready for the changes, to spend the money wisely, to make sure that we get the benefits that we are expecting to get. We would never structure a project to stay within some sort of tendering limit, absolutely not.

**Mr. Helwer:** Mr. Chair, through you, in writing, or crafting an RFP, are they written—ever written in such a way that a particular vendor would be favoured, or so that only a particular vendor would be able to fulfill that RFP?

**Ms. McLaren:** No, again, absolutely not. In fact, quite the opposite. If we've ever had a vendor or a service provider help us develop our criteria and develop our specifications for RFP purposes in terms of what we're trying to accomplish, what we're trying to build for the future, that particular vendor would be precluded from even bidding on the RFP itself. So we go to great lengths to make sure that there is not any sort of manipulation like that. We believe that would be highly counterproductive. We really need to make sure that we're very clear with what our requirements are, and then we cast as wide a net as

we can to make sure that we're getting the best responses we can.

**Mr. Helwer:** Thank you for that response.

Through you, Mr. Chair, is it possible that we could obtain a list of projects and contracts over the last five years that were sole sourced, or that were tendered, or that the tender was cancelled for?

**Ms. McLaren:** Likely something very close to that. We would need to make sure that we were not breaching any sort of confidentiality. Often people who respond to RFP's, and so on, do not expect that, necessarily, to be made public. But quite a bit of that information has probably been put on the public record before, either through the Public Utilities Board process or at previous meetings of this committee. So we would certainly have a look at what we can provide, and provide as much as we can.

**Mr. Helwer:** I guess, just to follow up to that question, Mr. Chair, if we could set a timeline for when some of that material might be available.

**Ms. McLaren:** I—we should be able to put something together like that in less than a month, for sure, probably a couple of weeks. And, if I can, I can speak to the approval authorities for waiving tender and things like that as well. I can tell you that line department managers, like our premises manager or our administrative services manager can waive tender with documented rationale up to \$25,000. Executives—other executives, other than myself, can waive tender up to \$50,000, again, with documented rationale. My authority goes up to \$200,000, and the board of directors is required to approve anything over \$200,000. And these are in waiver of tender situations.

**Mr. Helwer:** Through you, Mr. Chair, so I guess in some of that information that, hopefully, you'll be able to apply it—to supply to us, you can let us know where you would have been able to waive particular tenders and make them sole source contracts essentially.

**Ms. McLaren:** Yes, and maybe if you can help me a little bit, sort of, define the requirements of what you're looking for. *[interjection]*

Sure, yes, and we can do that because I don't imagine you're looking for every single contract we've awarded. So we will work on that and we will get you the information.

**Mr. Helwer:** Still staying on the tendering process, I understand that you did issue a RFP for a disk storage infrastructure that a number of companies replied to, and responded to, made presentations, and then this RFP was cancelled. Can you perhaps tell me a little bit more about that process?

**Ms. McLaren:** It's actually a very standard part of our process, where every RFP we issue has some very clear conditions within, or documentation of, the corporation's right to cancel, change, select any one they choose, as part of our standard request for proposal process.

So the fact that we went through a process like that and then cancelled the RFP is not something that happens very frequently, but it is certainly a legitimate documented part of our process and does need to happen on occasion, where, you know, these are—can be fairly complex and fairly lengthy processes and sometimes in the midst of the request process, business needs change, business direction changes.

So that did happen in the case that you're talking about. It was cancelled for legitimate reasons, and it was something that all the proponents understood could very well happen before they chose to respond to it.

**Mr. Helwer:** Mr. Chair, through you, can you tell me then what happened to this contract? It was obviously awarded to somebody, and who was it awarded to?

**Ms. McLaren:** No, we did not award a contract for storage at all. What we have decided to do is to negotiate an agreement with IBM. I think there's been a little bit of discussion about that, a little bit of media coverage about that too. It's a managed services agreement that we are working now to put in place with them, where they would be responsible for creating our data centre optimization initiative and data centres for us and manage them for us, so that we would not be in a position to buy storage ourselves at all. So that's what happened in the interim of that process.

**Mr. Helwer:** Mr. Chair, through you then, so IBM has this contract. Is this a data centre that is going to be located in Manitoba or do you expect it to be located elsewhere, and will it replace current structures within MPI?

**Ms. McLaren:** I'll do my best to keep all those questions in my mind, but let me—it's—I need to take a step back a couple of years and talk about how we

came to be in believing that this is absolutely, at this point anyway, the best solution for Manitobans.

A couple of years ago we issued a request for proposal for companies who can provide IT services—all kinds of different services, whether it's—some might be consulting, some might be maintaining and modifying our applications, some of it may be more technical hardware kinds of services like we're talking about here. So we issued that request for proposal, and not only did we send it directly to a number of organizations we know are directly involved in this kind of work, we made it available on our website through the public process. We ended up awarding through the RFP process. We also made it clear that we could contract with more than one respondent if that worked to the best advantage for MPI. HP won that contract. They really—many facets of their proposal and IBM's proposals were very similar, but HP won it on price. So we put in at this master services agreement with HP. It will—may very well—it is good for six years with an option to renew for another five, and under that agreement each year we create a statement of work and that is really the contract that has financial value each year.

\*(18:30)

So the master services agreement itself has no financial guarantees, no financial commitment, but each year, under the master services agreement we have the opportunity to put our—a contract in place for the work we want done for the next period of time.

After we had that in place, we decided it would be also advantageous to do the—exactly the same thing with IBM. We did that, so now we have master services agreements with both of those organizations which were awarded through a very structured, robust tendering process. And then we began to talk to IBM about the extent to which they could meet our needs with respect to managing our data centres. So that's the managed services thing that we're talking about right now.

Many, many organizations in Canada, many organizations in Manitoba—the Manitoba government for decades has had its data services, data centres, and then had a backup system through IBM in Ontario. Now, the key difference that we have chosen is that both data centres will be at two special purpose-built facilities in Ontario that are geographically separate enough from each other and are on separate power grids so that they provide

significant redundancy and security and stability for our data and for our operating systems.

Because, since 1995, we've been operating online real-time systems that brokers rely on, claims services rely on, and I—you know, we're all very committed at Manitoba Public Insurance, and we care a great deal about the work we do. But we also know that it's not—you know, we're not emergency responders, and it's not necessarily critical incident work that we're handling on a day-to-day basis. But we've learned over the last few years that if the MPI systems are not available, there's a lot of notice gets into that. And if people can't get their claim confirmed, if they can't get their driver licence renewed, there's a huge public expectation that our systems be dependable and reliable and there when they need them.

So we've decided that what we really need to do is to have our data centres set up in a redundant kind of way so that every time, if I go in and renew my driver's licence, it is a process where it hits both of these databases right at the same time. So if anything happens at this one—one of the servers or the disk storage or something fails—it's right there over there at the same time, and this one can handle all the work until this one gets repaired again.

So it really significantly changes the requirements for disaster recovery. It is a business continuity strategy more than a disaster recovery strategy. And right now in Canada IBM is the only organization that can provide that kind of service in that kind of quick response back here to Manitoba and with the kind of redundancy and stability that we've decided that we need.

If that didn't exist or if, in fact, we can't negotiate a satisfactory contract for that service with IBM which is not in place itself for this specific service, we have other options. But right now, we really believe this is the most cost-effective option, because to create that ourselves, to have that kind of redundancy, to have to have staff so up to speed and so understanding of this emerging, rapidly-changing area would be far more expensive and far more complex for us if we could not find a way to do it with IBM.

So we've worked really hard on this. We've seriously looked at options. We know we have three legitimate options, but the IBM option is by far the quickest to implement, gives us the most security and redundancy, and will be the lowest cost.

But, having said that, it has to be a good deal for us, for Manitobans, and if we can't negotiate something that is to our satisfaction with IBM, we do have two other options.

Did I cover most of what you asked?

**Mr. Chairperson:** Mr. Helwer, now, could I request the members here to, before you answer or criss-cross, kindly raise your hand, both sides, so that it can properly be addressed.

**Mr. Helwer:** Mr. Chair, through you, so IBM has—is being negotiated with to be the recipient of this contract, and I've seen recent announcements in the media that they are planning to build a couple of data centres in Ontario to presumably fulfill this contract. Is there a reason that one or more of those data centres could not have been built in Manitoba?

**Ms. McLaren:** Yes. First of all, there—there's a fairly small zone within which the data centres cannot be further apart from each other. They can't be really more than about a hundred kilometres or so apart from each other, and for the security and stability reasons they can't be too close to each other. So you can't really do this sort of redundant, double operationally, viable-at-the-same-time data centre design unless they are less than a hundred kilometres apart from each other. And what we are doing is we are using a small percentage of the space and the resources and the capacity that IBM is building in these two centres, which they are also—have already and will continue to sell and market to other people.

That's part of the cost efficiency that we get through a system like this, is because we're not the only users. So IBM will be doing this with their highly skilled resources for a number of companies, and we get the efficiency and cost savings from that approach. So we couldn't really have had one in Manitoba, no.

**Mr. Helwer:** Through you, Mr. Chair, so then this—you are not the major tenant, shall we say, of these data centres, is that correct?

**Ms. McLaren:** Yes, that's correct.

**Mr. Helwer:** Through you, Mr. Chair, obviously, there were staff that were involved in this type of a thing that you must've run within MPI previously and some of them may be relocated when you move all this data off to IBM. What will happen to those staff?

**Ms. McLaren:** There's a small number of—we have over a hundred people working in our IT services

division, and there's, I would say, at most, a dozen that are actively involved in the hardware, the machinery part of the data centres. Their work will change in the new environment. No one will be laid off. We have a really good track record at MPI with having work change and people being able to deal with that change and play very valuable roles in a new environment. Most people who use the data itself will continue to do it just like they do today but, you know, they'll be sitting at their work stations in our offices in Winnipeg and they'll be connected to the data centres that IBM has.

**Mr. Helwer:** Through you, Mr. Chair: So then we have staff that are going to be doing a different job and they may have been trained to be data centre managers and that, as I understand it, in the IT world is one of the things that you aspire to, and there is a great deal of course work involved in that and in training. These people don't often transfer well to supporting PCs, and is that the type of environment that you see that they're going to move to, the 24 or so people that you've talked about, or is it something that you're going to have to retrain?

**Ms. McLaren:** I really—with what we know today, we believe that most people will not do their work very much differently. For those whose work, as they know it today, will not be done at MPI anymore, will have a personalized, customized determination as to what else they are interested in, what they are likely to do and what the corporation will need to do to help them succeed in whatever next path they choose. You know, there are other things may happen as well. Some of them may be approaching retirement.

For those that absolutely want to stay working in the IT area at MPI, I'm very confident that we will be able to work with them, individually, one at a time, to find something that suits them, that they're excited about and that they'll succeed at.

**Mr. Helwer:** Through you, Mr. Chair, what specific type of data is going to be moved to these data centres with IBM once you negotiate the contract? Driver's licence data, collisions, claims, anything you can tell us about that?

**Ms. McLaren:** Mostly the things that you've mentioned. And it's important for us to be able to make sure, again, you know, through the negotiation, through the contracts and through the oversight that we have to provide, that that data is well secured, is highly confidential. Those are contractual things we do with every organization that we work with today.

\* (18:40)

The fact that it is sitting in MPI specific sections of these data centres in Ontario doesn't make it any more potentially risky than if it's sitting in MPI offices and we have other employees from other contractors working with us in our own offices.

So, contractually, we deal with issues like that and through the systemic design of the data security itself, we deal with things like that, but it is the kinds of data that we use to run the business is the data that will be sitting in the data centres, for sure.

**Mr. Helwer:** So we have redundancy in these two data centres that the data is going to be in. Is there an intent to move to cloud computing in the future or do you perceive that this is such a thing?

**Ms. McLaren:** No, this specifically is not such a thing, but I think very likely, over time, there will be some opportunities to do that. But it's something that we have to be really careful of. We have to make sure that we fully understand the implications.

I think there are some significant cost efficiencies available in the emerging IT world with things like cloud computing, but I think like anything we—we're pretty cautious, we're pretty prudent and we work hard to stay on top of potential opportunities, but I don't—we have not made any decisions today as to what really might work or work better for us.

**Mr. Helwer:** So I guess what I've heard you say is that we will not be seeing any cost savings from MPI with this type of thing, or do you anticipate that there will be some?

**Ms. McLaren:** Definitely. But, again, I think we have to take a step back and realize that one of the things that we had to do no matter how we created, you know, as I said, we knew we have three legitimate options to create new data centres.

The important point there is that we do need new data centres, that we need to position ourselves to continue to provide service into the future. None of this technology lasts forever. We have not really re-engineered our data services for a very long time. So I expect the IBM solution, if it works out, will be the most cost-effective of the three that we have available, which means it will be less costly. There will be cost savings compared to the other two.

I'm not necessarily sure that it will be less costly than what we're doing today, which is growing to be

inadequate and outdated and not particularly viable anymore over the long term.

So, compared to the other options, absolutely cost savings. Compared to what we do today, it may be a little bit more expensive, but not significantly. It gives us a really good baseline of what we need to do for the next decade or more for Manitobans in our transaction processing.

**Mr. Helwer:** I think just maybe one more question on this and then I'll pass it along and probably come back to some more questions later.

But can you give us an idea of what the total anticipated cost or the contract might be for this if you go with the IBM?

**Ms. McLaren:** Ballpark over 10 years, if in fact we—what we're anticipating right now is that it would be a five-year contract with an opportunity to renew for another five years. If it went for the whole 10, it would probably be somewhere between 75 and 90 million dollars in total over the 10 years.

**Mr. Cliff Graydon (Emerson):** It's intriguing this IBM contract—can you tell me what precipitated this type of initiative?

**Ms. McLaren:** We decided well over a year ago that we really had some work to do, to not only deal with an aging information technology infrastructure, but we also needed to position ourselves to be able to continue to serve Manitobans and meet their needs for service over the future.

As we have continued to change our services fairly significantly over the last six or seven years, in part, but not solely due to the merger with DVL, we have been focused on the front end of our business and services and things that have been through brokers, and new service centres and things like that, that it really became clear to us, in part because of the outages that I think we talked about here last year, maybe even the year before. Our system was starting to have some unanticipated down time and some failure to be available when brokers and our staff needed it.

So that really set us on the course of really doing some in-depth research as to the state of our systems. We got some help with that, understanding where we were at in terms of best practices of information technology management today. From that we decided we needed to undertake an IT optimization initiative to really improve the state of our IT infrastructure, and that's really what led to the

decision and the understanding of the possibility and then the decision to take the solution to have these two redundant data centres.

**Mr. Graydon:** For the record, can you tell me what year that you took over the responsibility of licensing and registration?

**Ms. McLaren:** Yes, October 1st, 2004.

**Mr. Graydon:** At that time, did you—do you know what the government was paying you to do that?

**Ms. McLaren:** Yes. It was \$20.9 million a year, generally rounded to \$21 million.

**Mr. Graydon:** The actual cost of that collection and that service that you provided was what?

**Ms. McLaren:** Well, that depends on how you calculate it and what you want to include in that, because the \$21 million was the cost of—the cost to government of running the functions and services and the 300 people that were transferred in October of 2004 to MPI.

Because there are some different accounting systems, the way we account for pensions, the fact that a lot of human resource functions are centralized in government, then the DVL area didn't have their own human resources, so just for those simple differences as to how you calculate it, it probably cost us maybe in the first couple of years \$25 million or so compared to the 21 that we received from government to provide those services.

But, when the merger happened, the government established some objectives for the merger, and the board of directors of Manitoba Public Insurance decided to spend some excess retained earnings from the competitive lines of business to really maximize the opportunities of that merger, to really invest in enhanced services and processes and buildings and facilities and a new driver licence system and all of those things to really maximize the opportunities that we now had because we were one integrated organization.

So, if you count, in addition to the operational costs, which is maybe \$25 million or so, maybe a little bit more for three years with inflation, and then on top of that you want to 'encount' the additional capital that was not required but was a choice of the corporation to provide enhanced services and benefits to Manitobans. The 25 in some years would have increased to as much as 40, but that extra 15 that we're talking about was funded very

purposefully from excess retained earnings from the competitive lines.

**Mr. Graydon:** Just so I understand, you were being paid 20.9, 21 and it was costing you roughly 25. And if I remember correctly, a number of years ago you said that that would not be a problem because of the efficiencies that you were building in to the upgrades of your database that was being built into that, and you wouldn't have to worry about it. Your database would be fine for a number of years going into the future. And we're not a number of years away from that statement.

I'm just a little bit perplexed at the amount of money that we're talking about now and you're talking about again into the future. Has MPI's business grown that much?

\* (18:50)

**Ms. McLaren:** I apologize if I've said something that caused you to think the services and the costs of providing the DVL's services and the improvements that we've made are somehow tied to the data centre initiative we're talking about now. They're not the same thing.

If we had never been asked to take over the DVL functions, we still would need to be doing the work that we're doing now in terms of the data centres. We still have our Autopac online, our broker transaction process and responsibilities. We have a quarter of a million claims a year that we have to handle and process for Manitobans. That's still our core business, and we would still need to be improving our ability to manage our data centre requirements, regardless of whether DVL had come along.

I think what I intended, what I meant to say a few years ago, that the fact that we were not breaking even on the \$21 million was for a number of reasons. We believed that we would get some efficiencies from the investments that we were making, and it is absolutely trending in that direction, because the 21—we knew through just the growth in the number—you know, the population is growing. We are—we have many more drivers in the system. We are doing more driver tests than we ever did, for all kinds of reasons like that.

We understood that we would need more like \$28 million to break even on the DVL process, and about a year ago the government increased that 21 to become \$28 million, and we're well on track to cover the costs of doing that work for government with the money that they're paying us to do. We have found

the efficiencies. We have radically improved the services, and it's working out the way we expected, for sure.

**Mr. Graydon:** Then what I'm understanding is that you are now breaking even with a \$28-million cheque from the government for the service, but it has taken from 2004 to 2012 to break even on that. In the meantime, you upgraded the system, and if I heard you right, you said that you took money from a retained earnings in the competitive line. So, and because I'm not a financial genius, I don't know how to follow that from the competitive line in your financial report where that would be transferred into your basic insurance.

**Ms. McLaren:** No, no, this has nothing to do with the basic compulsory insurance, not at all. Do you have the 2010 annual report in front of you? Okay, so, if you look on page 50, six lines up from the bottom, there's a line that says Extension Development Fund.

That is the fund that was established by the board of directors from excess retained earnings in competitive lines of insurance to fund the improvements in service that the company wanted to do to maximize the benefits of the merger. And you can see how that number has changed. If you look through the other reports, you'll see that, you know, the number's changed through time. But that was, you know, based on good business practices and running those two competitive lines profitably in competition with other insurers.

We have a little bit more money in retained earnings than we know we need to provide good financial stability for those lines of business, and the corporation, the board of directors, chose to do some things that were not necessarily required but were absolutely to the advantage of Manitobans because of the merger.

Quite a few years ago, the government of British Columbia gave responsibility to ICBC to do the same kinds of things, driver licensing and testing and things like that, and they've really run it very, very similarly as has been run for 10 or 20 years. You know, Manitoba's the only jurisdiction that I know where people can renew their driver licence and their vehicle registration, both of which have insurance, all in one step. They're not separate processes. If they move, they don't have to tell an insurer and then tell the driver licence people and then tell the vehicle registration people. It's one step.

We never would have been able to do the new driver safety rating system with better integration of discounts and better ability to assess the risk of higher risk drivers if we didn't have the whole DVL and MPI functions. So we really, truly found ways to turn our claim centres into full service centres, radically expand the number of outlets where people can go to have a driver test in this city and across the province. All of that cost money, and the Extension Development Fund was used to make changes to the buildings and to make changes to our systems and our processes, to really provide an enhanced experience for Manitobans.

So that's what we did with the money. It was purposeful on the part of the board of directors, and we've had nothing but positive feedback from Manitobans thinking that it worked out pretty well; they're pretty happy with it.

**Mr. Graydon:** Not only am I not a financial genius, I am not an IT genius either. And so you have two competitive lines that you run. I'm understanding that, right? And that's what you need this new computer system for that you're talking about with IBM, or am I mixed up?

**Ms. McLaren:** A little bit. We need the two data centres that we're trying to put in place right now with IBM for all of the corporation's data needs, everything; basic Autopac, extension, special risk extension, driver licensing. Everything we do will be managed today, you know, through the data centres we have. Hopefully, in the future, if this all works out, it will be managed with IBM providing those managed services for us. It's everything.

So all I'm saying is that we took some excess retained earnings from the competitive lines of business. They made a bit of profit, more than we need, to manage those lines really effectively and said, let's spend some of that money, turning the Winkler claim centre into a full service centre. Let's, you know, change the inside. Well, we didn't make it any bigger on the outside at all, but we changed the inside, moved some walls around and changed it, so that people now can come there. If you drive up to that building in Winkler, you'll see there's a line at the garage that says driver testing and the other one is for claims, damage, estimating. So we turned it into a full service building compared to just a claim centre.

We created a new method of serving Manitobans. We created a new facility that does much more for them out of that building in Winkler.

That cost money; we used this excess profit from the competitive lines. That's how we funded that money. We didn't fund it from the \$28 million from government. We certainly didn't fund it from basic, compulsory ratepayers. But it was from a bit of extra money we had on the competitive lines of our business.

**Mr. Graydon:** So, if I understand correctly, we're looking at a new computer system to handle the whole thing. And so when I buy my licence, of course, there's an insurance on it. That is going to automatically just pop into the right hole in that computer, and the other drops into another hole, which doesn't go into the basic insurance. So, to put this whole system together, you're not going to use the basic insurance to do that. You're not going to use the profits from that to do that. What you've done is, you've subsidized the basic insurance from the competitive lines in order to make this transition in Winkler or in Brandon, in your claim centres. And contrary—because you and I are going to disagree on whether you've improved a service or you haven't improved a service as far as the testing goes, because we have people that are lined up to test and they have to drive hundred miles and wait two or three hours and don't get tested—I'm not going into that. But you—what you've said tonight is that you've used this money, from the competitive line, or from—yes, from the competitive lines, to subsidize also the basic insurance as well, when you set up these facilities.

**Ms. McLaren:** No, what I'm trying to say is that for basic compulsory ratepayers, people who have to buy basic Autopac, in order to legally, you know, register and use their vehicle on the roads of Manitoba, if the Winkler service centre is a service centre where someone's child can go for a road test or not, if all that person is, is a basic Autopac ratepayer customer, they don't care if it's a service centre or a claim centre, so they didn't pay any of that. It doesn't help them at all.

\* (19:00)

I mean, the reality is that Manitobans, in the broadest sense, they tend to be driver licence holders and basic Autopac ratepayers and most of them buy some extension insurance and—you know, so it tends to be the same person we're talking about as if they're all different people. But we have to have structured processes inside MPI to make sure the right line of business pays for the right things. So we would say that in that purest financial sense of it,

basic compulsory ratepayers didn't get any benefit of turning that Winkler building into a full-service centre. So therefore they didn't pay anything from that, so basic wasn't subsidized.

The licensing users did get a subsidy, if you want to call it that, from the excess retained earnings. But the—those excess retained earnings are legitimate profit, earned in competition with other insurers, and corporation made a decision to enhance the service provided to the licensing customers that we have. So especially when basic comes into play—because it's compulsory, people don't have a choice—we have to be really sure that they are not being subsidized nor, probably even more importantly, are they subsidizing. Right. It has to be as pure as we can make it, in terms of basic rates and the cost of basic insurance.

**Mr. Graydon:** Transparency is something that I really—I believe in. And—so this—you're saying they're legitimate earnings, and I certainly believe that they are legitimate earnings. After all, you're not out running a bookie operation for goodness' sakes. So they are legitimate earnings in the competitive lines. But, because PUB sets the rates for one, but they aren't able to look at your books with the competitive lines, are they?

**Ms. McLaren:** Absolutely. I mean, these annual reports cover all the lines of business, and they're public documents. It's absolutely public information and we do as much as we can to make PUB aware of the public information that does exist that they have access to.

**Mr. Graydon:** Ms. McLaren, you know quite well what I'm saying because of what you'd said before, is it's very complicated and there's only certain things that I can say. That's what you said earlier and I understand that. That's what's only—the only thing that you're going to see is what's in here.

But, if the PUB needs to separate what's going on at a claims centre and they don't know what's coming out of here, only your word, and I know that what you're taking out of here is legitimate. I just don't know and I'm not confident that your system even knows that office that's sitting there, that person, whether they're doing basic insurance or whether they're doing a competitive line, and whether Mary Jane is sick that day and Jack fills in, I don't know those kind of things and the PUB doesn't know those things either. And I believe what I said when I said you were subsidizing it. I believe that's

exactly what's happening. There was a lot of money in basic insurance, but the PUB said just before an election we're going to send back a bunch of money. And then—oh, man—it was amazing; the closer we got to election, you found some more. Why wouldn't they have found that the first time?

**Ms. McLaren:** As difficult as it is for some to believe, perhaps, when it comes to rate-making and basic insurance and the Public Utilities Board process, MPI and the PUB often tend to get quite caught up in the annual cyclical process that we have, with respect to applying for and investigating and ultimately approving basic insurance rates. And there's often not a lot of—there's been no discussion, no thinking, that I've seen and certainly no consideration at MPI, for the many, many years I've been there, with respect to election cycles. It honestly doesn't work that way.

Now, I think last year we had a lot of conversation about the large rebate that happened and, we—you know, we can—I remember most of that conversation. We can have it again if that works in terms of, you know, why some of those changes—*[interjection]* Apparently, we're here to midnight, so, you know, I can talk, you know, I love to talk about MPI. You know me well enough for that.

But, when it comes down to really understanding what work gets done at MPI and what line of business should pay for it, it is not simple. Absolutely, I agree with that completely, but MPI isn't unique in the world.

You know, I mean, whether you're talking about federally regulated industries, whether you're talking about auto insurance in anywhere else in Canada, every auto insurer in this country in some form or another has to go to some sort of a government review board to get their compulsory auto insurance rates approved. And every one of those insurers runs all—they run life insurance, homeowners insurance, commercial insurance—they too, have to have ways to allocate, how does the CEO spend their time? How much do they spend on auto insurance? How much do they spend on other things? That whole world of how do you figure that out is called allocation policies. And what we did because we wanted to make sure we had really, really legitimate allocation policies, now that we're all integrated with DVL, we hired a consultant two, maybe three, years ago now, who provided a report to PUB and we gave PUB every bit of information we had as to what were

the costs for each line of business so that they could see the methodology, they could understand how it applied.

And we shared that, because, absolutely, we agree, if we're asking them to adopt a new form to allocate costs for basic rate-making purposes, they have to understand how it would work in real life, and we disclosed every cost we had in every line of business. We did not keep that from them. Our point in talking to them is that level of detail.

Once they understand the methodology, once they have a comfort level that they believe it to be appropriate and they're prepared to approve its use for basic rate-making, then that kind of disclosure on a going-forward basis is not in the best interests of those competitive lines, because they are in a competitive marketplace.

So, in terms of really understanding if somebody's doing pure basic Autopac work at MPI, or whether they're not, it's not simple. Some of it is simple.

We know everybody who's working in our injury claims area is a hundred per cent basic, because the injury claims area is a basic coverage. And that's how it's funded, and it's very straightforward.

If somebody comes to report an address change, it is a driver licence record, it's a driver licence premium record, it's a Autopac record and it's a vehicle registration record. Then it gets a little bit more complicated as to how do you share that out.

But that's what the consultant did for us. We made the proposals to PUB and we fully understand that they have a fiduciary duty, not just a right, but they have a duty and an obligation to see more detail when we're asking them to approve something like that, than they would in normal circumstances. We gave it to them.

**Mr. Graydon:** Well, because I am a simple layman, and you've convinced me that you're just doing the right thing, but the PUB wasn't convinced and, you're right, they are the governing body. So I—even though it's easy to convince me, it wasn't easy to convince them, and there has to be a reason for that.

So, whether we go into it or we don't go into it, I guess we'll agree to that the PUB didn't get all the information that they wanted.

One of the things you said was, it's got nothing to do with elections, and well, you're probably right. It doesn't have anything to do with elections. It's just

been a coincidence that before every election there's been a big refund. That's a coincidence, but—and that's a fact. We don't have to argue over it. We can go back to the records and find it, or I could ask you to go back to the records and tell me the years that there were refunds, and we'll find that those were the same years as there were elections. So there's really no point of going into that either.

What I'm wondering is this: this new system that you're building for the future—well, first of all, before I go there, I'm going to back up a little bit. That 28,000 is now covering everything—does that cover the enhanced ID cards?

\* (19:10)

**Ms. McLaren:** Yes, the costs of issuing the enhanced ID cards are really fully covered now with the \$25 fee that people pay to go through that process.

So, and again I think we've talked about this in previous years here that we had the start-up costs to get everything up and running, and now we can easily fully cover our costs to handle the interview process, the documents and issue the card with the \$25 fee.

**Mr. Graydon:** Was the initial start-up cost ever paid back—that was 13, 14 million dollars?

**Ms. McLaren:** Not yet, but we expect it will be. I think we're getting closer to the point, as I talked earlier about the fact that, you know, we will very well break even or maybe even a little bit better than break even. And, effectively, anything we do that's better than break-even is kept by the corporation to pay back those start-up costs.

**Mr. Graydon:** Thank you for that because you did say at \$25 that you were breaking even, but now you think you might be able to break even a little bit more. And so the way that you get paid back is just by your efficiencies. It's not that—the government brought this, the ID card, in. They said to you, as a Crown corporation, you're going to administer this, and you agreed to do that on a—I think we're going to get paid back some place down the road. And that's good management?

**Ms. McLaren:** I'm pretty confident that that's good management. Yes, because I think you always have to remember that the funds that we used to fund the start-up costs on the front end were funds that the corporation had available through the excess retained earnings. This, you know, the corporation's been here

for 40 years. I have every expectation it will be here for more than the next 40 years. Nobody, you know, nobody is going anywhere.

This was something that was important for the government of the day to do, and when I talked about breaking even, I apologize for having quite an unclear context of what I said first of all. The enhanced cards themselves, for \$25, we can cover the costs of some—of having to deal with the application, handle the interview and everything that we need to do to issue enhanced cards for somebody is fully funded with the \$25 they pay for each of those cards.

Separate from that, now think of all the other functions that we do to administer the DVL, with respect to driver testing, monitoring higher risk drivers, dealing with the medical fitness for people to drive, all of the commercial vehicle registration, everything that we do for the \$28 million. That's what I talked about. We are very, very close to breaking even on the \$28 million or doing a little bit better than breaking even. And anything that we—if we can run the DVL operation for anything less than the \$28 million, the government is still going to give us the full 28 until the start-up costs are paid back.

So there are no losses on the ongoing administration of the enhanced cards, and we are managing the full, broad DVL operation for very close to, or a little bit less than, the \$28 million government gives us. And they will keep giving us 28 until the start-up costs are paid back to MPI. I hope that's clearer.

**Mr. Graydon:** It's a lot like it was in the flood—muddy, very muddy water. It's not clear to me. The \$14 million came out of retained earnings, and so I would say they came out of the competitive lines then. Is that where the retained earning is that they came out of?

**Ms. McLaren:** Yes, that's the Extension Development Fund that we were talking about earlier there in the financial statements, yes.

**Mr. Graydon:** And we are going to pay that back out of the DVL over a period of time. So, basically, what happened then, and I just want to know if this is clear now in my mind. The government of Manitoba said that we want you to deal with the enhanced ID cards. We want you to administer that. It's going to cost \$14 million, whatever it was. I believe that was the cost that was bantered around at the time.

So then you borrowed your own money, you spent your own money out of retained earnings. You financed the government's wishes, and it's clear that it's not easy to keep it separate when you're taking this back over a period of—you got \$28,000—or \$28 million, and you think that you're breaking even with it, and that's what you said to begin with, but now you think you can make a little bit of money in there to start paying back what you here—had here.

And when I said I didn't think it was good management, if you're—think you're paying it back, and it isn't making you what you were making on any of your other investments, then it's not good management. And now you're talking about building a system, an IT system, that's going to handle two different systems, if I understood right, that you can keep them basic—separate. Is that right?

**Mr. Chairperson:** Ms. McLaren.

**Ms. McLaren:** [*interjection*] I hope so. Let me—

**Mr. Chairperson:** I'd like to take a moment to remind all members again, please ask your questions and answer through the Chair. Thank you.

**Ms. McLaren:** First, with respect to the EDL and the start-up costs and how we account for that. It—it's really not—I mean, I'm talking to you tonight in generalities in terms of I think we're very close to breaking even. I think we're doing well with—in relation to the \$28 million because we're just in the process now of closing our year-end that ended February 29th of 2012. So I don't have one of these yet for the year that just ended, so I can't be specific. It hasn't been audited. But it—it's—that's the only reason I'm talking in generalities and saying things like "I think." You know, I mean, that's—this is very specific. It's very clear. The numbers will be documented very clearly in here and, I mean, that's why we have accountants, right? I mean, it's not guess work and it's not just assumptions and speculation.

We will know exactly what it costs to run DVL for the last year. We will know exactly the extent to which we came in over or under the \$28 million. You will see, if I'm right and if we do a little bit better than the \$28 million, you'll see in here, next year, a note to the fact that the corporation administered the DVL functions for \$22 million and received \$28 million; therefore, they took \$6 million, put it back in their competitive lines retained earnings because that is a payback for the start-up

costs of the program. It'll be that transparent. So that's the EDL start-up cost issue.

With respect to the two systems, what we're really—the systems, when we talk about systems at MPI, we talk about Autopac online, the computer programs that brokers use and our staff use to do their work. If you think about the data, the information that those systems use, the data itself sits in a data centre. What we're building, ideally, with this IBM proposal, are two identical data centres. So all of our systems will have to change somewhat, but that's not the complex part of this.

We will have two identical data centres running all the time, all day long. And if I come in to tell my broker that I have moved and she puts that information into Autopac online, it goes in and it hits both data centres at the same time, and it's there, it's current, it's real. So, if this one—you know, the power fails or the disk doesn't work, it's all still here. So if—the odds of ever having both of them go down are so remote that we know we don't have to have very complicated procedures. I mean, you've been paying attention to MPI and broker services long enough that you know when our systems do go down, for the most part, brokers sometimes have to pull out a pen and paper and start doing things manually. That won't happen anymore.

So it's not two systems, and they're not different in any way. It's building two identical, mirrored versions of all the data that we have. And that gives us the opportunity to provide more security, more stability, more redundancy. If there's, you know, a lightning storm in one part of Ontario, it was not going to hurt at all. We had, you know, the whole incident of a couple of years ago where Autopac online system went down, and it took a couple of weeks to really get back to a highly functioning state. It started because of an unplanned power failure in cityplace. That won't be a problem for us anymore. So it's really not systems we're building; it's just creating warehouses, two identical warehouses that are updated instantaneously, simultaneously, for all of our data, all of our information.

\* (19:20)

**Mr. Graydon:** Thank you for that. I think I have a little better understanding of—I was under the impression there were two systems.

Just on the enhanced ID cards, how many of them are there now?

**Ms. McLaren:** It hasn't changed too much. We're still—I think we were approaching 20,000 the last time we talked about it, and we're probably still maybe between 20, 25,000, somewhere around there. And I was talking about a \$25 fee for applying for the enhanced card, so I want to correct the record that it's \$30, not 25.

**Mr. Graydon:** Ms. McLaren, you have to understand why I was questioning when you were saying, I think, we're close, because we don't get to committee very often and we don't get the opportunity to ask the questions very often; and, as you heard as we started this committee tonight, there's been some announcements that have been going on for some time now, some back as far as the Throne Speech, and the minister can't answer the questions. So it makes us very skeptical, then, that when we hear a budget come down and says we're going to do this, this, and this, and the minister says: Well, my goodness, I can't tell you right now, and I'm not sure when I can tell you. It'll be soon; as soon as I can, I will.

That's not what the committee's about. And I'm sorry, Mr. Minister, but I would say this to you: That you've made this announcement, you made it public to all of Manitoba, did you not have any input into this? Did you not have discussions with the people that are going to collect it? Did you not have discussions with the dual billing? Were there no discussions?

**Mr. Swan:** I'm not really sure what the member is getting at tonight. I will step back in. I was enjoying an hour without intervening, but I guess I've been brought back into it. As the member's probably aware, we brought down a budget yesterday, and as part of that budget there's a series of rollouts. Some of those things happen in the first couple of days of the budget; some items in the budget don't get rolled out for several months after. So the member should know that this is nothing unusual.

**Mr. Graydon:** The member's quite well aware that it does take time to roll things out, but I'm surprised that the minister doesn't know what that process is. That was my question. Did you not have some discussion of when you expect to roll this out? Everybody's licences and insurances renewed at a certain date that's in the system of MPI—they're responsible to roll that out. So then are you—did you not have that kind of a discussion that, well, maybe you're going to do this other at the same time, or were you not involved in the process?

**Mr. Swan:** You know the budget that was brought down yesterday was the product of our government's work, and it sets our course for the next year. And, again, as I explained to Mr. Helwer at the start, the item which I believe you're talking about is a fee which will be collected by brokers who are partners with MPI. It's not a fee that's levied by Manitoba Public Insurance. So, if you're unhappy with that answer, this is an MPI standing committee and Ms. McLaren and I are ready to answer questions you have about MPI. If you're not satisfied with questions that really aren't appropriate for this committee, you've got some other avenues to get there. I've given you the best possible answer. The question was asked. I got an answer back to you, I think within the first 10 minutes. I think it's a fair question if you're suggesting that somehow it's inappropriate for me to pause and make sure I put the right information on the record.

I'm sorry about that, Mr. Graydon, but I think it's important that we put the correct information on there. I don't want to mislead anybody, but I think, on your part, you need to understand how the budgeting process works and that we're here to talk about Manitoba Public Insurance. We've got four reports before the committee. There's been some reluctance to pass past reports. We're going through this globally, and I think we have the real capacity to have a very good discussion. And I think there's a lot of operational issues that you and your colleagues are certainly able to explore. I think you know that Ms. McLaren is quite prepared to answer any operational questions you wish. If you want to ask political questions, you'll get political answers and we probably won't proceed as far as we'd like to. So I would like us to get back to asking questions that will actually move us forward.

**Mr. Graydon:** And just a comment on that political answer.

We are here to deal with MPI, and I'm fully aware of that and those are the questions and the answers that we're looking for. And you have said that this is an—not a government—this is being done by MPI. You're asking them to do it, to do the collections. That's part of their operation and, obviously, you don't have the answers for it so that's hard for me to expect Ms. McLaren to have the answers for it. But, to tie it together and a reason that it's important for us to know at this time, is because you're building a system. Now, I understand the system. I understand what Ms. McLaren said that this system for running your insurance and—is that

also going to run? That the whole system is being put before you now. Is that going to be able to separate any of the other bills and still keep your competitive lines separate? Is that system going to be that large, then? And then, who's bearing that cost? Is that coming out of the retained owning—or retained earnings, out of the competitive lines?

**Ms. McLaren:** If you're talking about the currently estimated cost of a 10-year agreement with IBM, that I talked about being potentially between 75 and 90 million dollars, that is the cost to have IBM provide these managed data centres for us over 10 years, and that would be, in rough terms, between 7.5 and 9 million dollars per year. And, the allocation policies that I told you about, the allocation methodology that we have, will determine how much of that 7.5 to 9 million dollars is paid by basic, how much is paid by the other lines of insurance, how much is paid by the driver vehicle administration function. So four lines of business, each will pay a share of that \$7.5 million per year. And it's all laid out. If, you know, if I needed to, I would be able to, sort of, you know, get the document and step through it and explain to you how that \$7.5 million is shared between those four lines of business.

**Mr. Graydon:** I'll pass it on to my colleague for now. I'll save some questions for later.

**Mr. Schuler:** Yes, I think we move between two different things, and one is the vehicle licensing and one is the enhanced driver's licences. And my question is about the, I guess, we call the EDL. And initial project was launched—it was a \$13-million initial cost. Is that correct?

**Ms. McLaren:** That—13 to 14 million dollars in the initial start-up costs, yes.

**Mr. Schuler:** And during the discussion there was talk about a break-even point. Insofar as the EDL is concerned, are we close to a break-even point?

**Ms. McLaren:** A decision was made very early on in the development of the enhanced cards. There's two kinds of enhanced cards. You can get an enhanced driver licence, the EDL, or you can have a separate enhanced card, an enhanced identity card. If you choose, you can keep your enhanced card and your driver licence itself separate or you can have it all in one. So there's two forms of enhanced cards.

But because the government made a decision to make this enhanced option available to Manitobans and because there was huge uncertainty about what

the demand would be, the decision was taken very early to separate all the start-up costs from the ongoing costs of providing the service, once we had changed all the systems, implemented all the security features that were required of Citizenship and Immigration Canada and the Canada Border Services Agency and all the things that really drove fairly high start-up costs of 13 to 14 million dollars.

\* (19:30)

So from day one, we just really had to make sure that the \$30 fee, that was charged to people who want an enhanced card and which is retained by MPI, would be sufficient to cover all of our costs of issuing each individual card. So we are definitely breaking even on each and every enhanced card we sell; have been from the beginning.

Because the decision was made that the users of the enhanced card process were not going to have to fund the start-up cost, government would fund it itself through the recovery of transfers to MPI. So, yes, we're breaking even, have been breaking even on providing the service to Manitobans for the \$30 we get for each and every enhanced card we issue.

**Mr. Schuler:** So, for instance, in 2010, and I don't think we have an exact number how many were sold in 2010, they would—whatever that number is, they would cover for all the staff, all the product and everything else, so it's a pure break-even for the EDL.

**Ms. McLaren:** Yes, that's right.

**Mr. Schuler:** And I didn't quite understand your terminology. You said it was a recovery from transfers from the government. Could you put that in layman's terms?

**Ms. McLaren:** There has always been the expectation that we will be able to administer DVL functions once we get the enhancements and the efficiencies, the investments into our systems, and everything made, that the twenty—you know, for some period of time, until inflation takes over, you know, it's sometime into the future, we will get to a point where we can run the DVL functions for less than the \$28 million the government is paying us each year now to run those functions. Every penny that we have in excess of our costs will go towards repaying those start-up costs.

So, for example, if, you know, this—over the last year let's just say for the sake of argument, it cost us \$22 million to run the DVL function, well, the

government paid us 28. So you'll see, very transparently, in the next annual report, if these numbers that I'm speculating about, you know, prove that we have taken the excess that we needed, we only needed 22 they gave us 28. We have \$6 million extra to give back to our competitive lines to repay the \$14 million the competitive lines loaned for the start-up of the EDL. So, at the end of the day, the expectation is that our competitive lines will get their \$14 million back and that the corporation will be able to provide the service to Manitobans for the 30 bucks it gets to do the work.

**Mr. Schuler:** But so far the \$14 million, none of it's been paid back?

**Ms. McLaren:** That's right, and there was no expectation that it would be paid back yet.

**Mr. Schuler:** So, until this point in time, that the full \$28 million that you speak of, none of that's been paid back either, which would include the 14, I take it.

**Ms. McLaren:** No, since 2004 until 2010, the government gave us \$21 million a year to cover the costs of doing the DVL work they started to give us in 2004. In 2011, that increased to 28, and every year for the foreseeable future we will get \$28 million from them. So, there's nothing to pay back when it comes to—this is sort of a fee for service.

**Mr. Schuler:** The government went from 21 to 28. Was there a point in time when it was costing more just without the costs, the set-up costs, just to run the programs?

Was there a point in time when it was losing money and has that added on to the \$28 million? Is that factored in there, like, did it actually lose money for the first year or two, and is that also, then, part of the money that has to be paid back?

**Ms. McLaren:** Yes, for the first few years it cost us more than \$21 million, but for the most part, that was because of different accounting treatments between the government and MPI's accounting policies. But we did know, that because of a growing population and a growing number of drivers and a growing number of driver tests, and so on, that the 21 was not going to remain sufficient, and that's why it was recast to be 28, beginning a year ago.

**Mr. Blaine Pedersen (Midland):** On page 65—hold it, hold it, 67 of the 2010 annual report, there is property and equipment, the very last item on that first group there is construction in progress, and from

the asterisk it says: Corporations in the process, building a new service centre in Selkirk and restoring the parkade in cityplace. Can you divide up those assets between the service centre in Selkirk and the parkade in cityplace?

**Ms. McLaren:** Not right this minute, but in all likelihood before we leave here this evening and if not, we'll get it to you quickly thereafter.

**Mr. Pedersen:** Okay, thank you. Now, there is a—MPI holds a number of properties, I believe, in what's called the SHED area in Winnipeg, and that is the Sports, Hospitality and Entertainment District known as the SHED, S-H-E-D, 11-block area between MTS Centre, Winnipeg Convention Centre and there is, as I understand, a number of properties. Can you provide me with a list of all the properties owned by MPI, the value of the properties owned by MTI and that is not currently being developed, such as parking lots?

**Ms. McLaren:** Yes. We own the cityplace building, which is directly south of the MTS Centre. Inside the cityplace building there is two parkades; there is one in the basement and one on the third and fourth floors. It would be the one on the third and fourth floors that's being remediated right now with respect to that note you just referenced in the annual report.

We also own an outdoor parkade, often referred to as the old Eaton's parkade, which is directly west of the MTS Centre, and we own a surface parking lot, that's often called the Carlton property. It is most of, but not all, the city block between Graham and St. Mary, and Hargrave and Carlton. And another much smaller surface parking lot, the Donald property, which runs between St. Mary and halfway down towards York, with an entrance on Donald. We bought all of those, as a package deal, I guess, close to three years ago now, for a—\$80 million, it might have been 83. Someone here will get the specific amount for me, shortly.

*Mr. Vice-Chairperson in the Chair*

And, I believe we have had the separate properties, at least some of them, revalued since that time. They've all appreciated. I don't have the exact amounts, though, but it's all, certainly, worth more than what we were able to buy it for three years ago. The main purpose of buying those properties three years ago was to secure our head office facility. We had been renting there since about 1981. It looked as though we may not be able to renegotiate a satisfactory extension of the lease. We started to look

at other opportunities to move the head office, and then we found ourselves with an opportunity to buy it outright, and it worked out really well for us. Every year we save \$3 million just by paying rent to ourselves instead of to someone else, and the properties themselves are appreciating.

**Mr. Pedersen:** Just refresh my memory. In terms of the head office, you're talking about cityplace, then? *[interjection]*

**Mr. Vice-Chairperson:** Ms. McLaren. Yes.

**Mr. Pedersen:** Thank you, Mr. Chairman. That was a yes. It is cityplace, just for our good staff at Hansard, so they know.

Now, are there plans to develop these other, and I'm particularly talking about—because you are doing some enhancement in the cityplace parkade, is there plans for these other—you mention three others—the Eaton's—we'll just call them the Eaton's parkade, the Carlton property, Donald property. Is there plans to redevelop those?

\* (19:40)

**Ms. McLaren:** We've done a little bit of remediation to the old Eaton's parkade, and we don't have any plans to do anything with that other than to run it as a parking lot. And the, you know, the money that we earn on that is—forms part of our investment income. Our investment income helps keep Autopac rates low. We don't plan to do anything else with that facility in the near term.

The two surface lots, we did issue a request for proposals from developers who may be interested in doing, you know, building something on those lots. We're very cognizant of our—in our responsibilities as a, you know, downtown Winnipeg corporate citizen. We understand the desire to reduce the number of surface parking lots and we're certainly willing to consider other opportunities. So we issued a request for proposals on the two lots, the Carlton lot that is west of our building and the Donald lot that is just south of our building, basically saying that we are looking to recover or to earn more than we currently are. I mean, this is—would be a fairly large endeavour to look at a development on those properties, and our position on that is that we need to do, you know, fairly significantly better than what we're earning on the surface parking lots today, so that was kind of the benchmark.

We told—in the document we said that we would expect people to respond in a manner consistent with the direction established by SHED with respect to

the kinds of things that they're looking at. They have their own vision and goals for the area, so we tied back to that. We had the request for proposal out for quite some time. It closed at the end of February, and we are just barely scratching the surface in terms of really having a good hard look at the proposals that came in. We got a good number of proposals. They're all from very credible developers, and we'll have to see what we think will make sense for Autopac ratepayers, because that's really what it's about. You know, we're trying to do what is appropriate as owners in the downtown area but, first and foremost, it is an investment property that helps keep Autopac rates low, and then we have to see what we can do to maximize that in a low-risk, highly satisfactory way that Manitobans will support.

**Mr. Pedersen:** So how specific was the RFPs? Was it to sell the land, develop the land for a potential tenant, both of them or—like, how specific was this RFP on these properties?

**Ms. McLaren:** Our intention would not be to sell it because we think that that is a really short-term approach. We think that this land can provide significant value to our customers for years and years to come. We certainly would not be looking at developing it for a tenant. That's not our business. That's not something that we have expertise in. It's possible that we could just receive rent from someone else who wanted to do the develop—do the development and pay us rent for the rest of time to use our property. It's also conceivable that some sort of co-partnering—you know we may partner in a development with somebody, but is really in the early stages. I don't think selling is in our best interests. Developing for a tenant is completely out of our area of expertise and wouldn't have any attraction for us at all. But, potentially, a long-term rental agreement for the land or some sort of partnership development, I think, are legitimate possibilities, but it's really too soon to say what will happen at this point.

**Mr. Pedersen:** Does the Convention Centre need any land for future development that would be affected by MPI properties in the areas?

**Ms. McLaren:** I don't believe so. No one has had that conversation with me.

*Mr. Chairperson in the Chair*

**Mr. Pedersen:** Okay, I'm just going to leave that one for a moment. I just want to—one small—it's in—regarding MPI and We Day sponsorship. MPI and—

Mr. Chairman, I believe I still have the floor. It's MPI and We Day sponsorship. MPI was a We Day sponsor last fall, and how much did the MPI spend on this and how does this sponsorship fit within MPI's mandate?

**Ms. McLaren:** I don't have the amount of the sponsorship off the top of my head, but I'm pretty confident we will get it before we leave here this evening given that we still have more than four hours.

**Mr. Pedersen:** We're very patient. We have no problem with that time.

Now the other one that actually a constituent of mine brought to my attention. The Scotties curling ladies playoff in Portage this past spring—two months ago there was—MPI was one of the sponsors there. Can you tell me how much that sponsorship—it's basically the same question—how much did MPI spend on it and how does this sponsorship fit within MPI's mandate?

**Ms. McLaren:** Again, we will get the actual dollar value of that sponsorship, and our contributions to these kinds of events fall into a few different categories. When it's something like the curling event or, you know, we—that would really fall into a category of road safety advertising—we look for opportunities where people gather in those kinds of atmospheres, often, you know, where alcohol is served as well, and we really believe that those are prime opportunities for us to communicate our responsible driving—don't drink and drive kinds of messages. That's why we are—we have, you know, sponsored some of the younger athlete hockey tournaments. We have sponsored the Goldeyes, Bombers for years. We sponsored the Moose. We are sponsoring the Jets. It's not sort of community sponsorships, they're road safety advertising, and the curling would fall into that because it's a prime opportunity for us to speak to a demographic that we really need to connect with—primarily related to drinking and driving but other road safety messages.

With respect to the youth, the We Day, that is a little bit of a broader mandate. We believe we have a responsibility to do the kinds of supporting worthwhile community endeavours like any other major corporation would, whether it's a Wawanesa, whether it is any other number of other companies, insurance companies, businesses, support things like that because it is a credible organization and we all believe we have a stake in fostering the health and well-being and the development of the next

generation. So that speaks to that, and I'm sure we have people searching for the amounts of those sponsorships as I speak. And while I'm waiting for that I can tell you that cityplace and the other properties we paid \$81.5 million. That's the exact dollar.

**Mr. Pedersen:** Well, just going back to the Scotties in Portage, you had signs up in the arena, you had—I would take it you probably had logos on the ice and that. So how—other than having the signs up, how was the message out there delivered to the audience, to the participants—you talking about drinking and—getting that message about drinking and driving and the dangers of it. How was that message actually put out there to the people who were there?

**Ms. McLaren:** It's sometimes different in each situation, but I'm—from experience what we would do is in a situation like that if we don't have the opportunity for very direct road safety messaging, you know, it is unlikely that it would simply just be an MPI logo; it would probably have something to do with don't drink and drive. If it didn't I'm very sure that the, you know, the published program, you know, the magazine that goes along with that event would have a page of MPI advertising—things like that. Things like the Goldeyes—we absolutely have seatbelt advertising on, you know, the boards in the ball park. We also make a point of using our access to tickets that goes with our sponsorship of Goldeyes to support and promote school patrols and that drivers be aware of school patrols and drivers be aware of children near school crossings and respect the work that school patrols do.

\* (19:50)

So we tie all of these things in as best we can to a road safety message. You know, like anything else, sometimes a little more successfully than others, but when it comes to the sporting activities, it really is about an opportunity to communicate road safety.

The We Day that was held last November 23rd; our contribution was \$25,000. The Scotties was a much smaller amount; it was less than \$5,000.

**Mr. Pedersen:** Speaking of sporting events, does MPI purchase Goldeye tickets and Jets tickets, or Jets tickets?

**Ms. McLaren:** What we've done with both of those, and the Bombers as well, is to purchase, sort of, like, a road safety advertising package. And with all three of those, with what they do as part of their corporate package is that they put together, you know, there's a

number of features to it, like, what we do with all three of them and the Jets, that power band that goes around between the second and third tier has our drinking and driving messages and things like that on it. And with all of those, they always provide some level of tickets that go with the advertising package. We don't outright purchase any seats beyond what would be part of a—the advertising package.

**Mr. Pedersen:** So does the Minister of Justice (Mr. Swan) enjoy his tickets that he gets?

**Mr. Swan:** I enjoy going to Jet games and Bomber games and Goldeyes games on my own nickel. I did receive four tickets from MPI this season for the Jets and the Avalanche, and I paid for those tickets.

**Mr. Pedersen:** I was being somewhat facetious on that.

But what I was really wondering, though, is what happens to these tickets? Like, who does get these tickets and what kind of corporate responsibility do you have in dispersing these tickets?

I understand you'll get tickets as part of your package, the advertising package—that's normal business practice. But what happens to those tickets?

**Ms. McLaren:** Maybe I can talk most specifically about the Jets because that's been pretty much the highest profile in Winnipeg lately.

So I think we had a couple of different things. I think we had four pairs of tickets as part of our advertising sponsorship and we also had an opportunity to have the use of, I think, one of the boxes for two other games. So for both of those, the use of the boxes—one of them went to United Way partners that we work with—you know, not executives, not staff, United Way partners. The other ones went to school patrols—a group of school patrols who used those.

The other eight pairs or four—I guess four pairs that we have for every game all season, the bulk of those, we went and got a licence to run a raffle, which you had to get the approval of both of the charitable raffle people and the Jets, and we raffled them to our staff. And then we donated the money that was raised to charity, and then we left a very small number of pairs for the—each executive to have responsibility for using as recognition of exceptional performance by people in their divisions. And those tickets were allocated by—you know, the person with the largest number of staff in her division had more

pairs of tickets than somebody with the smallest division. That's what we did with them.

**Mr. Schuler:** I just want to be really clear. You've got four pairs of tickets to the Jets. That would be eight tickets. These are season tickets, I take it. Is that correct?

**Ms. McLaren:** Yes.

**Mr. Schuler:** You also have as part of your advertising—benefit of your advertising budget, I think you said it was two corporate—access to the corporate box twice or was it three times? There seems to be some noise in here.

**Ms. McLaren:** No. I'm pretty sure it was just twice. I think I said twice because once were used by—we gave to school patrols that we'd been working with and once we gave to a United Way agency we were working with.

**Mr. Schuler:** Would you be agreeable to give us a list of everybody who attended outside of a raffle, outside of a charity group? That means minister or minister's office, board or staff of the corporation. Would you be prepared to give us a list outside of those that were raffled off?

**Ms. McLaren:** We had a very robust process in place to—you know, that the executives used to recognize staff in those areas. I don't see any—you know, I would be more comfortable actually with not giving you the names of people, because, I mean, if somebody is working at MPI in a, you know, relatively junior position, I'd—you know, and they did something really noteworthy from a customer-service perspective, I don't feel comfortable with having their name have to show up on a list for that.

I would certainly put the classification or the department and classification that that person works in, so I can certainly work through something like that to give you. I would be more comfortable with that than actually, you know, sharing names.

**Mr. Schuler:** I mean, what we're trying to do here—and I'm sure you appreciate—opposition is not the most favourite position to have in this Legislature, but it is a something that's—it's a duty that's been given to us by the electorate, and one of our jobs is to make sure that there's an accountability process. Hence this committee, and I think it's a very valuable process, and, I think, in the public interest, these kinds of things are important to be as transparent and open about.

I don't think we're necessarily that hung up on junior staff, if there was a rationale for why they got tickets, but with classifications. And again, if we so choose, I guess we can always—if there's something that concerns us, we can FOI it, and then if you deny, we could appeal it. But, if you would do that, give us certainly the positions.

Insofar as senior staff, board members, I think in the spirit of an open process, we certainly would like to know who they are, including family members.

And I wasn't too clear if the minister had gotten tickets as well from this pool. Could—anyway, if you could sort of address those questions.

**Ms. McLaren:** I—that's fair. I think we can do that, and I wouldn't expect—my understanding of what you've asked for, given that the minister said that he had four tickets but paid for them, I wouldn't expect him to be on the list. So, you're not looking for—even though the case is that someone actually reimbursed for the tickets, that's not what you're looking for. You're looking for free use of the tickets, I'm assuming.

**Mr. Schuler:** That and, in the case of the minister, and I wasn't clear if he had went out and bought four of his own tickets or if they were from this pool. If they're from this pool, certainly we would like to know if he bought tickets out of this pool, what he paid for them, and I'd—I think, you know, it just makes it transparent. There's no guesswork involved in this, and I'm sure the minister would probably want that anyway, that, you know, these were tickets he got, he paid for them within a week's period or however he did it, and it just makes it very transparent.

**Mr. Swan:** I'll just get this out of the way. It was four tickets from MPI's pool for the Jets—smoked the Avalanche—on February the 20th, and my cost was \$470 to MPI.

**Mr. Schuler:** And then, just to be very clear to the minister, he paid the corporation soon after. It was within a week or upon receipt of the tickets, he paid the \$470 by cheque or charge card or whatever.

**Mr. Swan:** Cheque dated February 21st.

**Mr. Schuler:** I understand the corporation also advertises with the Winnipeg Blue Bombers, with the team itself.

**Ms. McLaren:** I'm not sure what you mean, with the team itself.

**Mr. Schuler:** The way it's set up, I—if I understand correctly, there's the Winnipeg Blue Bombers Club and then is the Canad fields or Investors Group Field—there are two separate fields right now—that the Bombers are evidently going to be playing on. Are you a sponsor of the Winnipeg Blue Bombers?

\* (20:00)

**Ms. McLaren:** We have a road safety advertising agreement with the club, with the Bombers.

**Mr. Schuler:** Are you also contributing any funds to Canad Inns stadiums at this point in time?

**Ms. McLaren:** No.

**Mr. Schuler:** Are you at all a participant in the Investors Group Field insofar as sponsorship advertising, any kind of involvement with the Investors Group Field?

**Ms. McLaren:** No.

**Mr. Schuler:** And how much is the corporation paying the Blue Bombers this coming season for advertising?

**Ms. McLaren:** I'll have to get that information for you.

**Mr. Schuler:** While we're waiting for that information to come forward, are there season tickets that come along with that advertising package?

**Ms. McLaren:** I believe so, but I'll confirm that for you as well.

**Mr. Schuler:** Could you also confirm how many tickets there are, and does that involve access to corporate booth?

**Ms. McLaren:** I'll check all of that, yes.

**Mr. Schuler:** In the last season, could you also give us a list of who had access to those tickets? Again, we are fine, I think, as a committee, if those that are used as an auction or for school patrols. I mean, if—that can all be lumped together for children from schoolbook patrol program—that isn't where the committee would have a concern. It would have more to do with staff and, again, if you could list staff by position, and could you also name any senior management or any senior staff, including the minister and their families?

**Ms. McLaren:** Yes, certainly. I expect I should be able to do that and will.

**Mr. Schuler:** To the minister: Did the minister avail himself of any of the corporations' Blue Bomber tickets in the last season?

**Mr. Swan:** No. I was going to suggest that Mr. Goertzen can always keep tabs on me at the stadium as he sits about six rows up behind me. So, he can vouch for the fact that I was in my own season ticket seats.

**Mr. Schuler:** Yes, and I can vouch for Mr. Goertzen. He pays for his own tickets as well, so, but to the minister: Has any of his family used the Bomber tickets?

**Mr. Swan:** No.

**Mr. Schuler:** So, as we wait for the—how much is the sponsorship/advertising for the Bombers and, I take it, just like with the Jets tickets, the Bomber tickets—who got them and so and so forth, who made themselves available to them? That would be forthcoming when?

**Ms. McLaren:** I'm not sure. I don't think anything that we've talked about tonight should take more than a couple of weeks or so. In all honesty, it is possible that we have a fairly significantly more rigorous documented process for the Jets tickets because it was new and we knew that it was such a hot item for the people. So we may have a little bit more rigorous documentation and structure around that, but we'll give you what we can.

**Mr. Schuler:** Further to this, while we're waiting for other information, is the corporation a sponsor advertiser with the Winnipeg Goldeyes?

**Ms. McLaren:** Yes, we are.

**Mr. Schuler:** Do tickets come with that sponsorship/advertising? If so, how many?

**Ms. McLaren:** I don't know that season tickets come. I will find out. That will be part of the information we provide. I do know that there is a special school patrol day that we receive many, many, tickets that go to recognizing the school patrol of the year, who gets to help broadcast the game, and a whole bunch of things around that. I'm not sure what else that we would receive that would not be part of that particular package, but we'll find out and we'll provide what we can.

**Mr. Schuler:** And I should make sure I declare a conflict of interest here. There's a chance one of my children might be one of those school patrols. So I don't think the committee has a problem with school

patrols. We're okay with that, but—[interjection] Yes, we love school patrols. And it's a great program, and we think that's a good place for corporations to be encouraging children, certainly, to not just be safe but be leaders in safety.

Could you also, then, as part of the information that is sent to us, if there are tickets that came with the Goldeyes package, again, any staff, if they're junior staff, just a position and how many tickets they availed themselves of and then senior management, board members, minister and minister's office staff—again, anybody outside of children, we could have a list who might have had access to those tickets, assuming there are some. Is that possible?

**Ms. McLaren:** Yes, and I do have further information on the Bombers right now. We—we've just begun a three-year agreement with the Bombers for \$110,000 per year. With that advertising agreement, we get two game day programs, which mean we have two games where there's a road safety theme. We get a few tickets associated with that, but it would be directly associated with the road safety theme and would probably be given to road safety partners, not MPI staff.

With the advertising agreement, we do get 25 season tickets. More than 20 of those tickets go to charitable organizations that we do that through and with the Bombers. There is—so fewer than five would be kept for employee recognition. So what I can do is I can tell you how many of those went to anybody who was in a management position or higher, but other than that, I mean, we're looking at really small numbers when it comes to the Bombers.

**Mr. Schuler:** Again, as part of the information that you send us, could you just confirm for us which organizations would have gotten those? I think Ronald Reagan had a great one with Mr. Gorbachev. He said, trust, but verify. And if we could just have that, I'd—again, it doesn't have to be a big exposé, just, you know, which organizations would have had access to those tickets.

I have one more question. Other than the Jets, the Bombers and the Goldeyes, is the corporation a sponsorship of any other semi-professional, professional sports team?

**Ms. McLaren:** Wheat Kings. And I apologize. I don't—there is a junior hockey league in smaller towns across the province; the name of the league escapes me, I apologize. But we do some and mostly that involves rink board advertising and working

with some of the players to actually do some road safety promotion in the communities. So we can get you the same details on those as well.

**Mr. Schuler:** I suspect with those advertising packages, you don't get very many tickets with them. I'm—I also advertise in some sportsplexes, and, yes, it's—I pay and that's the only part of the relationship that exists.

With the Wheat Kings, are there any tickets that come with them?

**Ms. McLaren:** I don't know, but we'll find out and make it part of the package.

**Mr. Schuler:** Perhaps you could tell us if the member for Brandon East (Mr. Caldwell) has availed himself of any of those tickets. If that would be possible and if that could go to our critic, the member for Brandon West (Mr. Helwer), that information, I would appreciate that.

**Mr. Pedersen:** I'm just going to move it away from the reports into a constituent issue that I have, and it's been a pretty difficult one for us to handle, and I'm not—I do have the authorization from the people involved, but basically what happened is back in January the—a single person was killed—single—a person was killed, single-vehicle accident. MPI has told the father of the deceased that it will be six months before a blood alcohol level can be determined because if, as I'm understanding, and correct me if I'm wrong, if the blood alcohol level is over .08, there's no coverage on the vehicle. If it's under .08, there would be coverage on the vehicle.

\* (20:10)

Now it seems to be the RCMP have long since finished their investigation of this accident. In the meantime, the father was paying for the compound fees for this vehicle in the local compound, but he moved it out to a yard out in the country away from his family. This is a really difficult one. And he came into my office shortly after this happened and sat down and explained this to me. And I, for the life of me, cannot understand why it takes six months to get a blood alcohol level from this particular case.

Now I did contact the minister's office. I did talk to his special assistant many times. We got more information release forms, suitable to MPI, signed by the father. At one point they were asking the father to go out to the vehicle and get the Autopac claim number off this vehicle, which to me was just totally, totally bad business.

I talked to the fellow this afternoon. He has not heard anything from MPI. He is angry, and I don't blame him for being angry, and this is just really tough on his family. I have to phone him on his cellphone so that I don't phone his house so that his wife—because she doesn't want to talk about this. And can you explain to me why it would take six months to get a blood alcohol level so that you can determine—even at one point an Autopac adjuster told him, well, just get rid of the vehicle and we'll decide on a value, if there is a value later.

And listen, this guy wasn't born last night. He knows better than to do that. You have to have the vehicle there in order to get a salvage. If it's salvage value or if it's a claim against the vehicle, like, can you explain to me what has gone wrong in this. And I—the minister's office has the information release. Obviously, I'm not using his name here tonight on record. But tell me what's gone wrong on this one and what I can do expedite this so that I can phone him and say: Listen, I've—I can get this thing done for you.

**Ms. McLaren:** I don't have any idea what's gone wrong. It doesn't make much sense to me. I'm very sorry for the frustration that your constituent's had. I understand the frustration. If the police is done with it, I don't know where else we think we would be getting a blood alcohol reading, if not from the police. And, you know, it's, you know, the police would have to talk to and work with the coroner, I presume, you know.

I mean, I don't understand myself off the top of what you've said. So clearly, at the end of this—maybe tomorrow, we will get in touch ourselves with the minister's special assistant. We'll get the information and the releases that they have and we'll follow up at the executive level. We'll have our—my vice-president of Service Operations follow through and we'll get back to you.

**Mr. Pedersen:** Well, I would appreciate that. And you will—I ask you to contact me first. I do have the information release from him, so I can deal with it. And obviously, I'm not training to gain any points with this person. I just want this thing solved, and we need to find out what's going on here.

And it's been—again, it's just been the frustration of not getting any answers either from myself, through the minister's SA or through MPI themselves. So I would appreciate your prompt response back on this.

**Ms. McLaren:** We'll follow up tomorrow.

**Mr. Helwer:** Thank you, Mr. Chair, through you. While we're getting into the personal side of things, I'll go from the personal to the broad.

We have four children that have gone through the graduated licensing program. We're on the last one now that's going through it, and it's been an interesting process. And it came to my attention, as we were registering our last—the son that we have going through that, with some of his friends and acquaintances—that something has changed fundamentally in this process.

It used to be a pretty simple process that we would go in with our son or daughter, and our friends would go in their son or daughter into the broker and go through the registration process. Pretty simple, one time, everything's done, away you go.

It took us five visits with the last one. It took several of our acquaintances many more visits with their child in the same period of time. Can you tell me what has changed to make this so onerous, because it is the broker that bears the brunt of this, and the cost, every time I go in? They're not making any more money to register my son or daughter. They're having to deal with the same process over and over and over again.

**Ms. McLaren:** Are you speaking about the identity verification process, and the process involved in setting up the beginner's driver licence?

**Mr. Helwer:** I would assume that that's the process that we're having difficulty with. We have—I had to go through the same thing with all four and, as I said, with the last one, and with all of our friends' children it took not one visit but several. And the frustration level that I get—most of these are my friends, and friends expect much more of you, as an MLA, than any other constituent, so I hear much more about it. So something has fundamentally changed in your system to make this much more difficult for the public.

**Ms. McLaren:** I'm trying to think back—it is about—

**Mr. Chairperson:** Mr. Helwer.

**Mr. Helwer:** Mr. Chair, yes, sorry, it would be within the last two years that something critical has changed to make this impact, because that was the difference in the—we had an—have an 18-year-old, and we have a 15-year-old. So somewhere in that two to three years there's been a problem.

**Ms. McLaren:** Okay, well about five years ago, the requirements to prove identity became much, much more rigorous. So the 18-year-old really should have gone through that process as well, because it really was longer ago than just two or three years ago. Very recently, we've introduced a process where kids can register for high school driver ed at the brokers' offices, and that should not require anybody to come back four or five times. So, again, I mean, it might be a little bit more helpful if we could follow up on some of the specifics that you and your friends have encountered, because that's not the norm.

We did have some real educational challenges getting the public to understand that it just wasn't as simple anymore to sign up for driver licence as it was historically. It caused a lot of aggravation for people, but that really has, you know, the kinks have kind of been worked out of that over the last few years, and we've had a lot of positive feedback from these—you know, the process now where brokers can schedule kids into high school driver education. The schools like the process, the—high—you know, the instructors like it, parents like it, kids like it, so that part's working. So, if it comes back to the identity—the verification, for the life of me, I'm not sure why people, who, I'm guessing, have spent their whole lives in Manitoba, should have that much aggravation without thinking maybe a little bit of the responsibility might fall to the broker as well for not communicating more clearly what you need to come back, because that is the job that they do. You're right. They don't like having to get you to come back that many times; they don't make any more money. But they are expected to be the facilitators, to make it work right the first time as well.

So it might be helpful for me, if you're willing to share a little more of the specifics, off-line, so we can understand that a bit better, because it doesn't sound—I mean, we heard a lot of the frustration in the early days of these higher identity verification standards, not so much anymore. So I would appreciate hearing a little bit more, if you're good with that.

**Mr. Helwer:** Okay, I'll continue that one off-line then. It's just something I've heard a great deal about.

Going back to the insurance brokers, you did enter into an agreement in 2008, which dealt with their compensation, and I've run a lot of sales organizations, so you are an odd bit of an anomaly that you're an insurance company that doesn't really own the sales side, but you facilitate through

independent brokers, so not too different from normal insurance companies, I suppose.

But, in my experience, when the percentages paid to the sales side start to diminish, often the results that show up in the corporation decline as well. And I'm concerned that, in the compensation with the brokers, we've been seeing a squeeze on what they're paid and there's been continuing diminishing returns to them.

Can you comment on that?

\* (20:20)

**Ms. McLaren:** Yes, and I can again shortly, either this evening or very shortly thereafter, I can get you some specifics.

Broker—the percentage that we are paying on the basic compulsory insurance has decreased somewhat. It was planned to decrease with the change to the streamlined renewal process, however, before that decrease happened there was a significant increase on the competitive Autopac extension part of the business.

I can tell you that, unlike most Manitoba wage earners, salaried people—their income has increased far faster than the rate of inflation and far faster than the Manitoba norms, so it has increased more than we thought it would when we entered that agreement with them. There was an expectation of how their income would flow through the next few years. It has done better than that. It has not done worse than that. Yes, the percentage paid on basic commissions has decreased and we know that this is a very important relationship to Manitoba Public Insurance. The lines of communication are continuously open. We work very closely with IBAM, their leadership.

But no, they are not receiving diminishing returns from the corporation and, in fact, compared to most income earners in Manitoba, they're doing pretty well. That doesn't mean that we haven't had to make some adjustments along the way.

When we entered that agreement with them a few years back, we certainly had no expectation that we would have a 4 per cent and 8 per cent Autopac rate decrease that flows directly into their income, and we were able to take steps and ask the government to mitigate and basically eliminate that effect on their commission income. So we changed the amount that the—we stopped a decrease in order to make sure that we dealt with the unexpected decrease in Autopac rates that would have flowed

through to them, and we continue to work as closely as we can with them to make sure that this arrangement works for all parties concerned. They are a key, key distributor of our products. But, no, I think diminishing compensation is not at all the way I'd characterize broker commissions.

**Mr. Swan:** I was just going to comment on the last item, that I think, as Ms. McLaren said, when the deal was struck, at the time that we were moving towards a five-year driver's licence, which it was hoped would then reduce the amount of work for brokers. I think it is fair to say that nobody anticipated the results to be as rosy as they have been for MPI and, as Ms. McLaren has said, of course, the commissions are based on a certain percentage of the premiums, because we've had a 4 per cent and 8 per cent reduction in those average premiums, that of itself has created a little bit of an unexpected challenge for brokers. So we've been working with them to mitigate that.

It wasn't the intention of MPI to actually reduce the total amount of money going out to brokers and we've been able to get somewhere and we still have a bit more work to do with brokers to make sure we get there, but we have a good relationship with the insurance brokers of Manitoba and we have a few more discussions to have before we can say it's resolved.

**Mr. Helwer:** Are there additional capital requirements the brokers have had to undertake recently for new equipment?

**Ms. McLaren:** No, in fact the corporation is working with brokers right now to provide new equipment to them.

**Mr. Helwer:** Sorry, so this will be at MPI's cost, not at the broker's cost?

**Ms. McLaren:** Yes, exactly, yes. And I can tell you, actually, just from this 2010 annual report on the statement of operations, page 48, if you look at that, halfway down the page, page 48, halfway down the page where it says expenses, commissions is the very first line there. You can see that, in 2011, it was \$78.5 million, which was more than \$6 million, which is, you know, reasonably getting close to 10 per cent increase over one year. Went from 72.4 in 2010 to 78.5 in 2011. So they're doing okay.

**Mr. Helwer:** I guess moving along into what we've heard from some body shops in Manitoba, I understand, we use a I-CAR method of certification, where this company administers the courses that

body shop individuals have to take and they have to have so many certifications in order to get a certain shop rate. Can you comment on that organization and how long we've had an agreement with them?

**Ms. McLaren:** I'm not sure that we specifically have, sort of, a contract or legal agreement with I-CAR. But, we have really adopted the I-CAR standards, in partnership with the Motor Dealers and the Automotive Trades associations for many years.

Manitoba has more gold-class certified I-CAR repair shops than any other province in Canada. When you think about how much smaller we are than many other provinces, I think that's to the credit of the trade overall.

As an organization, it is primarily a US-created and US-led organization. They have had, periodically, waxing and waning interest in Canada. There has been some issues in terms of how the I-CAR US has tended to govern I-CAR.

There has been, occasionally, dissatisfaction amongst some of the professional repair firms about the extent to which I-CAR is really staying on top of emerging vehicle construction and emerging complexity of vehicle repair techniques. But we do our best to stay on top of that as well. We work with other organizations to try to stay as best we can and to work with I-CAR and to work with the Automotive Trades Association.

So we really believe that we have an effective working relationship with the Motor Dealers Association. About half of the automotive dealers—new car dealers—in this province, also have body shops and then there's many, many Automotive Trades Association shops as well. And we work with them to really figure out how can we all be assured that vehicle repairs will continue to be done very safely at a very high quality. So part of that is through I-CAR but not exclusively.

**Mr. Helwer:** So is an autobody shop allowed to take certification through more traditional means, such as some of the suppliers, and have those courses used as credit towards their shop certification?

**Ms. McLaren:** We work hard on some of those things and I don't know exactly off the top of my head if each and every one that a particular shop might want to have, sort of, reciprocal credit recognized, that we would necessarily recognize that. But we do know that it's an area that's changing and changing quite rapidly. We know that different manufacturers have very different levels of interest in providing that kind of training. So it's a bit of a

moving target. We know we have to do what works. We know that Manitobans expect us to be really certifying the integrity of every repair that we pay for, and so, exactly how we do that, is certainly going to morph a little bit through time. And I can't tell you right now whether each and every one, that someone might want, sort of, a reciprocal credit for, is necessarily given, but we know it's something that needs a lot of attention in the short term over the next little while.

**Mr. Helwer:** Mr. Chair, some of these courses that I-CAR administers are delivered by MPI staff. Are those staff members paid by I-CAR? Is MPI paid for their time or how does that compensation program work?

**Ms. McLaren:** My understanding of—most of that is done, as—basically, as a part-time job by our staff on their time. They travel weekends to different places to lead these courses. I-CAR pays them and it's sort of handled as a separate line of work for those staff.

**Mr. Helwer:** Mr. Chair, so you don't see that as a conflict of interest for some of the staff?

**Ms. McLaren:** No—no, not at all. And if I'm missing something, I'd certainly, you know, be prepared to be enlightened, but we work closely with the trade. No one has ever approached me from either the major trade associations to say that they think it's any sort of conflict. Our staff take a lot of pride in really being on top of the automotive repair emerging standards and quality standards. They work really hard at that. We get a benefit from that. The shops get a benefit from that. Any potential conflict of interest is kind of hidden from me at this point.

\* (20:30)

**Mr. Helwer:** I understand there was a report out, findings of the Manitoba collision repair industry were made public, and it referred to various sizes of shops in terms of what they're allowed—what they thought they could invest in terms of training and such. I've heard from several shops that I-CAR costs them 8 to 12 thousand dollars a person annually and that is a substantial investment, but they do have to make it in order to keep up their shop rate, I understand. So can you tell me what steps have been taken to address some of the issues that were raised in that report?

**Ms. McLaren:** Oh, we've had ongoing conversations with both the MMDA and the ATA about that. As a matter of fact, right now we are working with them to update the financial information in that study. We believe that the study itself will really form the basis

of identifying some key ways that we can modify our business practices as well as theirs to help everybody be more efficient, and, you know, we're always working very hard to control the cost of claims. We think we can do that in partnership with the trade. They know where there is some opportunities for efficiency. They don't like to do things that they believe have low value. They want to work with us to really refine the processes and so on.

We are working hard to kind of create an initiative to really re-engineer a lot of how we handle physical damage claims. We've done a lot of re-engineering throughout MPI over the last several years and the physical damage—the car-damaged claims area is really one of the last to really be brought into, sort of, the next generation of state-of-the-art processes, best-in-class processes, and we believe that this collision repair study that we've done and are now about to update will form the basis that will work with the trade to figure out how best to do these things.

**Mr. Helwer:** Mr. Chair, through you again, I guess continuing on the claims side, that's another one area—of the areas that I receive a lot of phone calls on, and some of them quite regular, as I'm sure you can understand. They probably call your adjusters regularly as well and, obviously, the stories can be very compelling. The major difficulty that I seem to extract out of these particular calls that are fairly consistent is difficulties with adjusters, difficulties moving on to an adjuster—a different adjuster when you're having a conflict—and difficulties with the medical side of the claims where there doesn't seem to be a trust in the medical side of the case that the accident victim presents to MPI. Indeed, MPI wants to use their own medical staff apparently and not necessarily take the reports from the individual doctors, physiotherapists that the injured victim has been dealing with.

Can you comment on any of those type of thing? I know it's very broad but, as I say, these are the majority of the calls that I get from people. I can't push a button and fix things and I know you can't push a button and fix things either, but somewhere between the two we have to find a balance.

**Ms. McLaren:** On the injury side, it really—it sometimes doesn't take too much for the relationship to really sour. You know, you're dealing with people who have been hurt themselves or someone they care deeply about has been hurt and they're trying to step into the breach for them. The kinds of circumstances

you've talked about, though, in terms of really not accepting, sort of, the recovery plan that the person's own doctor really has in mind often comes down to the fact that general practitioners do not necessarily always know very much about optimal recovery expectations or approaches for auto injuries. You know, in their span of practice they will see maybe a few a year, you know. I mean, if we have generally about 15,000 injury claims a year, most of them are extremely minor injury claims. So if you kind of spread that through the towns and the doctors and so on, most see very few. We have expert specialists in this field, and we have learned enough through our years of administering benefits for injury claimants to have some expectations of—you know, generally it takes about this long. And if it's not taking about that long, then we need to learn more.

So it is—if our staff don't always communicate that in the best way, it comes across maybe sounding, not even the words spoken, but sounding like, well, we don't believe your doctor, come and see ours. But it's more, really, from the position of—we're getting a bit concerned that, you know, you're not recovering the way we thought you might. Let's see what else we can do; let's see who else may have an idea.

We're working really hard on that injury side of things. We implemented a new system about a year and a half ago, and a whole bunch of organizational changes and training changes and skills and responsibilities, to really clearly put our staff in a position where they can put the claimants first and speak in a way to the claimants that really helps them understand that we do have their interests at heart, that is not intended to be a confrontational relationship. We are there to work with them.

It doesn't always happen perfectly and when it goes off the rails on the injury side, it often goes really far off really quickly and, sometimes, that's what it comes down to is getting a fresh start with a different case manager. But I know I see far, far fewer letters of concern—complaints—coming on the injury side of things than I did even four or five years ago. So I think we're heading in the right direction. It is difficult situation for people, certainly, and we're trying our best to conduct ourselves in a way that clearly demonstrates that we have empathy, we understand and we are there to help, not the opposite.

**Mr. Helwer:** Thank you for that commentary, and I truly do recognize that there's often three sides to the story, you know, yours, mine and, somewhere in

between, the truth. So how we get there is always a challenge, but do you have any guidance for me, or for MLAs that receive these calls, on how to proceed? And I know that not every one of them is a cookie-cutter result. But I have had success with other organizations saying, this is what's happening, is a way—is there a way that we can deal with it for your best interest and for the individual's best interest? Because in the end of the day, we're looking for results. We're not looking to embarrass people; we're looking for everything to work out.

**Ms. McLaren:** The first step for the claimants, themselves, is they really believe that they've hit the wall with their case manager or their adjuster, is to ask to speak to the supervisor. And if they don't believe they can make that work for them, if they are having someone like their MLA get involved, we've asked that people do what Mr. Pedersen has done in terms of going through the minister's office. And we have a customer relations—a fair practices—office that works very closely with the minister's special assistant, gets right into the files, talks to these people directly sometimes. Sometimes we'll feed the information back through the MLA, but often that's just the connection we need to go directly to the claimant and do our best to sort it out. You know, there are some people who are simply not going to be satisfied but they're tiny, tiny percentage of the people that have concerns.

**Mr. Helwer:** I guess, continuing on from that, you have customer-satisfaction surveys that you complete in terms of exit surveys when you deal with the adjusters or with the—you go in through your claim centres. Is that type of information available to us, or can you give us an idea of what you see in it? And I guess you also have—well, maybe I'll leave it at there and I'll go on with the next one after.

\* (20:40)

**Ms. McLaren:** I just wanted to check my notes here for a second.

Actually, again, if we can go back to the 2010 annual report. And on page 9, I believe, we have some information in there about some of the customer-service improvements that we've done and so on. But I can also tell you—I guess the short answer is that, yes, that information is available. In some annual reports more than others we communicate some of the results of those surveys. I can tell you that 97 per cent of the people who visit a service centre tell us they're satisfied with the service there. Ninety-two per cent who complete an Autopac

or driver licence transaction at a broker's office are satisfied with that service. We survey people, not just exit interviews, not just the ones they can pick up if they choose, but we call them and we know that they've just done their Autopac renewal lately. So we do communicate that information back to staff because it is vastly, vastly, positive like those kinds of stats that I shared with you, and I can find reference to other material that we have published and will put on the public record and can share that with you for sure.

**Mr. Helwer:** Mr. Chair, well, through you, continuing on that, I guess I do have in past history a great deal of experience in market research, and I have to think, I do believe at one time I did even do some research for MPI years and years past. It's no longer a conflict because I'm not involved. But—so I do know how to read the reports and the tables and that type of thing, and that would be the information I'd be more interested in that I'm sure is not probably readily available. You don't generally release the tables because not most people ask to them or know how to interpret them, but is that type of information available to us? More on the market research surveys?

**Ms. McLaren:** I'll have to check, but we'll give you what we can.

**Mr. Helwer:** I think I've got one more just for now and then I'll pass it along because I know there's more questions here.

But in dealing with individuals that have to go in—I've forgotten the exact title, but I understand that between you and the RHA there are simulators that are used to retest individuals, and some—they are all in Winnipeg, as I understand, or one is in Winnipeg, maybe the only one that exists. And I've had some question about whether there ever would be in—one in Brandon because they have to travel here to do that test, and, of course, they don't have a driver's licence to do so. And I'm told by the RHA that they may—they weren't sure if they exactly got told that they had to put one in, but they were concerned about the expense of setting aside a room for the simulator and where that money was coming from, and if it came from you or from the RHA and how do you set the room aside? Can you expand on that whole side of driver testing?

**Ms. McLaren:** Well, only to a certain extent. But—and—the issue of access to that kind of cognitive testing which is often related to aging drivers, but not exclusively, is something that our own board of

directors has been very concerned about. We have been talking to the RHAs about it. They understand themselves that the service levels in the Winnipeg operation has to change. We've been trying to work together to see what we can do to take off some of the pressure of the volumes from them so that maybe they can expand outside of Winnipeg and provide more services because they won't have to do it as often because we've taken some of the workload from them. But that really is just in the project stage. The minister might want to talk a little bit about that. I mean it's something that I think he and the Minister of Health (Ms. Oswald) made an announcement that they do understand it's something that does need to be improved through time, that we don't have anything that's really ready to hit the ground at this point.

**Mr. Swan:** Yes, and I do thank the member for raising this.

Of course, a physician has the right to remove somebody's licence if there's a concern about their safety and the safety of everybody else on the roads. And the question being asked is: Is the process to be tested to either get the licence back or have it confirmed the person has a cognitive deficit that wouldn't make giving the licence back appropriate? And, frankly, last year the wait times to have that happen weren't something we thought were acceptable.

In the short term, together with the Minister of Health, we've—we put some steps in place to shorten those time frames. At the same time, we accept the need to expand exactly where those kinds of tests are being offered to make sure we—that we make it more accessible to people across the province, and we still have a bit more work to do before that's ready.

**Mr. Helwer:** Well, I guess that's opened up a couple more questions. Sorry, but through you to the minister, what is then the wait time that you find is unacceptable in terms of putting a facility like that in place elsewhere? What would be the capital cost and the ongoing operating cost of something like that?

**Mr. Swan:** Well, anecdotally, the waits last year, as I understand it, could be as long as six to eight months, and we didn't think that was acceptable for Manitobans to wait. Anecdotally, I've heard that that has been reduced to a matter of weeks, as opposed to a matter of months. We want to make sure whatever we do is sustainable, so we're looking at the best way to deliver that so that it can be both timely, that it can be delivered in a reasonable number of sites around

the province, and also that it's going to be a system that gives people confidence.

Obviously, it's very upsetting for people towards the end of their driving career when they're told they can no longer drive. Some of those people should not be driving for the safety of all of us; some, though, still can be safe drivers.

So we've got a bit more work to do, so I can't really give you a fixed number on the cost to do that, but simply to say that we realize we've got some more work to do and it's a valid point.

**Mr. Helwer:** Through you, probably to Ms. McLaren—while I've got this open here and something underlined: it's a question I've been asking in other committees.

I see you are changing your accounting standards, on page 59. Can you tell me some of the background, as you understand it, for going through that change and the costs involved? And will you have to restate your past financial statements in order to be able to measure change now?

**Ms. McLaren:** With respect to the move to international financial reporting standards, the good news is, contrary to what all the consultants were talking about four, five years ago, it really has proven to be largely affecting the finance department only, so it is not a wholesale impact on the corporation at all.

It has not really cost much at all. We can get that if you want, but we had a consultant work with us to really understand the accounting rules, to understand where we had choices to make at implementation, understand the impact of where there were no choices to make. And that work really ended over a year ago, where we had made all our IFRS implementation decisions. We implemented with our first quarter report this last year under IFRS and we're now working—we—staff in the finance department—are working very, very hard to get their first IFRS-compliant annual report done. The impact, you know, just anecdotally, is in here. I think we've got about 21 pages of notes. We'll be looking at probably 60 under IFRS.

And yes, we will have to restate last year under IFRS rules for comparative purposes. And we're thinking at this point that it may take us a bit longer than normal to go through that year-end process because of the conversion. But it's helped enormously to have to do it each of the last three quarters. So not a huge, significant impact, and I'm

thinking that the—you know, the consulting contract might have been maybe a quarter of a million dollars with a—maybe another quarter of that amount for our own system changes, so it was not material at all in terms of the actual outlay of costs.

But, in terms of the impact on our accounting staff and the effort to really understand what we're doing and make the decisions and then just go through a much more laborious documentation process, it's significant for a small group of people within MPI.

**Mr. Helwer:** I guess, following on that, Mr. Chair, who is the consultant that provided that service unto you, and are—is it the same consultant that has done it for other Crowns and other areas of the government?

**Ms. McLaren:** I—it was Deloitte, the local Deloitte office, who also brought in their insurance expertise from across the country to help us with the IFRS policy decisions. They certainly made a credible case through the RFP process where we selected Deloitte, that they did have the expertise and had provided this kind of guidance to other companies. I don't know that they've done it—I don't know exactly who all—I believe Hydro used a different consulting firm, but I don't know who the others or the government themselves—the government is not converting to IFRS, I don't think so. We were satisfied with the experience that Deloitte had but didn't necessarily have local, additional—we were probably some of the earlier planners and preparers for this as well. So I think we were ahead of most other organizations locally, as well.

\* (20:50)

**Mr. Graydon:** Just want to step back a little bit, and two quick questions on the EDLs. How much has it cost MPI to run that program since its inception?

**Ms. McLaren:** There's no additional cost of running the program. We just incur costs to go through and issue the card for people who come through the application process. So people who come through the application process since its inception have each paid \$30, and in each and every case we have covered our costs with that \$30 that we receive.

**Mr. Graydon:** The question is: How much has it cost MPI—the EDL program, how much has it cost MPI since its inception?

**Ms. McLaren:** We really have to talk in two categories. What did it cost for the start-up? And we've spent \$14 million of our money to get all of

our systems and processes and buildings in place for that start-up, and we expect the government will pay that \$14 million back. And now the next question then, is, okay, separate from start-up costs, what has it cost us to issue EDLs to Manitobans who want them since we started? And the answer to that is if you take the 23,000, approximately, that we've issued, times it by the \$30, that's the revenue, that's the cost.

We set the \$30 fee to recover our costs. So the first thing that we did when we first talked to the government is to say, here's what we think we need in terms of staff time, the cost of the plastic card with the chip in it, the cost of the interface to the Vital Statistics branch, the cost to send the information to the Canada Border Services Agency, all in, those costs are all about \$30 per card. So if you give us \$30 per card of the application fee that Manitobans pay, we'll net some gain; we're even. So that's what's happened.

**Mr. Graydon:** Thank you for that. Do you expect to collect any interest on the \$14 million?

**Ms. McLaren:** That's a conversation that has not been held. I have no expectation at this point.

**Mr. Graydon:** I find it odd that you wouldn't have a conversation like that but, at any rate, if you haven't had it I guess the next question will be: Does MPI—do they remain convinced that the EDL program provides good value for its money?

**Mr. Swan:** You know, I mean, the—MPI is the agent that provides the enhanced driver's licences. I mean, it makes sense as the agency that provides licensing services, that when the decision was made to move with the EDL, that it made sense MPI do it.

As Ms. McLaren has said there was a fixed cost with setting up the program. There's now a variable cost with each new application which gets covered by the fee that's charged. So the real question is: Is there good value for the program generally? Seventy-eight per cent of Canadians now have the ability, if they believe it's worthwhile, to go and get an enhanced driver's licence. If people know they're going to be travelling by plane, if they know they're going to travel, whether by plane or any other means, to any country other than the United States, they require a passport, and we've always known that, and if people say, well, I need a passport, we tell them to go get a passport.

For individuals who want to travel by car into the United States, this is one option that's available.

British Columbia, Ontario and Québec also offer that option. A number of border states, including Michigan, including New York, including Washington state and, as I understand it, as of this year Minnesota are also offering the equivalent of an enhanced driver's licence.

So Manitobans have the option to take that up. We thought it made sense to try and keep the border as fluid as possible. Lots of Manitobans like going to Minnesota; Minnesotans love coming up to Manitoba as a walk through the parking lot of the Winnipeg Folk Festival will tell you very quickly. It was something that our government thought was a good thing for the people of Manitoba. I know for Mr. Graydon, it's a lot of people in your riding, close to the American border, that have made the most advantage of it. Of course, before the border was thickened, many people enjoyed travelling across the border to North Dakota or Minnesota. This is one option; it's there.

We think it was a good thing for Manitobans. Most Canadians have the same opportunity Manitobans do. Not every province has agreed with that.

**Mr. Graydon:** And the question wasn't to the minister on what he thought. The question was to MPI—what they thought.

Now, it was given to MPI to do. They don't know whether they're charging interest or not on \$14 million. So is the minister—is he directing MPI on how to run their business?

The question was to MPI, do you think you're getting—providing—the program provides a good value for the money? That was what the question was to the—MPI, not to the minister.

**Mr. Swan:** Well, you know, I've answered the question. Do we think this program has value? We think it does. Over 20,000 Manitobans believe that the enhanced driver's licence is something that meets their needs. Many other Manitobans apply for a passport and I'm not going to criticize any Manitoban who goes and gets a passport because they think the EDL may not meet their needs.

Again, I'm not sure which entity other than MPI should have taken on the enhanced driver's licence process. As Ms. McLaren's told us many times tonight, there was a fixed cost whether we have one person that gets an EDL or 100,000 people that gets EDL. That fixed cost for developing the card, which was done in consultation with the federal

government based on requirements that our neighbour to the south and our federal government have been dealing with, we think that's a—that was a good thing to do.

For the ongoing use of the enhanced driver's licences there is no judgment, I suppose, one way or the other. Manitoba Public Insurance charges an appropriate amount for the card, which allows them to recover their cost. And as Ms. McLaren has said tonight, it now appears they're able to even reduce those costs and as she said several times, they're now going to start using some of those efficiencies to effectively repay the \$14 million to the profits on the comparative lines of insurance.

**Mr. Graydon:** And the question to the minister is then, since he's directing MPI, is he going to direct them also to collect an interest on the \$14 million equal to any of the other investments they've had over the last eight years?

**Mr. Swan:** No, the direction that was given to MPI was to bring the enhanced IDs and enhanced driver's licence into effect.

If the member knows of a better entity in Manitoba to do that, I'd be interested to hear what it would be.

**Mr. Graydon:** The minister could've taken a—the lead from Saskatchewan and not bothered with the program and not bothered burdening MPI with it, but at the same time, I'll change gears because we're not going to get the answer that we—we aren't going to get an answer, period.

So going into—obviously MPI has many, many claims that there's controversy involved and we've heard that tonight. And some go off the rail very quickly; some take some time to go off the rail; other ones get resolved satisfactorily.

How does MPI—what tactics do MPI use to find out if they are being defrauded?

\* (21:00)

**Ms. McLaren:** A wide variety, given the wide variety of the kind of claims we handle. Most, just on a sheer numbers basis, most of the attempted fraud that we see is on the vehicle damage side. People will say that their car was stolen and it'll turn up wrecked and through investigation we'll find out that it was really a vehicle that couldn't be stolen because it has a factory-approved immobilizer, and through a little bit more research, we might find out that, you know, the person stopped making their loan

payments five months ago or something or—so I mean, I think it comes down to our highly skilled estimators having a pretty good idea as to whether the damage that they're looking at is likely to be caused the way the customer says it was caused. It comes down to adjusters understanding enough about the business that the story someone is telling about the circumstances of the claim just generally do not happen that way.

We also, in all honesty, get a lot of feedback from other Manitobans. You know, Manitobans understand that what they pay for Autopac is directly related to how much we pay out in claims. And people will tell us if they think someone is off work for no legitimate reason. You know, if they—you know, sometimes we have found evidence, like most other organizations these days, on people's Facebook sometimes, you know, just like any—there's all kinds of stories that businesses are reporting now, on any number of fronts, where, you know, someone will put on their Facebook page that they phoned in sick and went to the Caribbean for a vacation. And those employers end up firing those employees.

So Manitobans are very interested in helping us with the fright—with the fight against fraud. But on the other side of that, we are not like other insurance companies who are sometimes very motivated to find reasons not to pay claims. We are here to provide a compulsory product. We are here to provide guaranteed access. The test is different, you know. I mean, I think, for most insurance companies, the test would be more of a civil test, and sort of on a balance of probabilities.

Manitobans want to be quite sure that someone is actually legally, criminally, defrauding us before we refuse to pay claims. So we work very hard to root out fraud and make sure that we are doing everything we can to fight fraud. But we don't deny claims just because we kind of think maybe there's something fishy. We just don't work like that.

**Mr. Graydon:** Yes, and I'm not suggesting that you do deny claims for that reason, but I understand there are soft muscle issues, different health issues. I'm not—as far as a car being burned or five payments back, that's basically fundamental. That's—you do that on any of the checks, and so you should. We certainly appreciate that type of due diligence.

What I'm looking at more specifically is, do you hire outside individuals to follow up on, say, a soft muscle issue that—how do you first determine that this soft muscle is not a legitimate claim? You

haven't cut it off, I understand that. But you've made an assumption that you've been taken to the cleaners and somebody's swinging a lead here. And so then you've made that—somebody has made that determination. So do you do in-house investigation, or do you farm that out to individuals?

**Ms. McLaren:** In the absence of someone phoning us to say my neighbour is defrauding you, what normally happens is that the adjuster, the case manager begins to be concerned that the recovery is just not happening as expected. And maybe sometimes there will be some discrepancies in what the claimant is telling the case manager.

If the case manager really starts to suspect fraud, they have to document their rationale for thinking that, and then they bring it forward to a committee of senior managers who either decide that the case manager is on to something or they send them back to just manage the file.

If they decide they're on to something, then often—and remember this is sort of a broad group of senior people, then often the decision is to hire surveillance, to hire private investigators who don't work for the company but they're on contract, who, you know, whether they find someone who says they can't carry a bag of groceries bench-pressing two hundred pounds at the gym or whatever they find. Often they find nothing; there's nothing there. We go back and say to the case manager, manage the case.

But, you know, if it comes down to something that is just a little bit nebulous, these managers believe that the case manager has made a good case, we will hire investigators to see if we can find any evidence of fraud.

**Mr. Graydon:** Do you prescribe any of the tactics that are used, then, in this, or the investigators are on their own and they're not—all they—they either provide you with some proof or they'll say that we have found nothing. How long would this investigation go on, and what are the tactics that you would either prescribe or sanction?

**Ms. McLaren:** I can't speak to the specifics off the top of my head, but I can tell you that we have been getting much more rigorous at specifying their parameters within which they do their work. That's not something that we did very rigorously several years ago, but it's gotten more and more rigorous all the time. We have some very specific standards of practice. We have some expectations of how they do

and do not do their work and we are very serious about following up on that, and if people fall outside those guidelines they don't work for us again.

It is—it's important that this kind of work be done in exactly the same spirit of everything else that we do. We are here for the best interests of Manitobans. We are here to find objective evidence. We're not here to harass people. We are not here to make life difficult and we are very clear in the more recent future of making sure that these investigators follow those expectations so—that we have established on a contractual basis and we're pretty strict with it.

**Mr. Graydon:** So, if the investigators bungle a case somehow, who's responsible? Where does the buck stop? Have you ever been—well, I guess what I'm asking is: Have you ever been sued because your people or your investigators did something wrong?

**Ms. McLaren:** I can't give you a definitive no on that, but it—certainly if it's ever happened it's extremely rare.

If—you know, sometimes, like any business, right? Sometimes unanticipated and improper things can happen. You know, like I—it's possible that at one time someone ended up following the wrong person, as an example, that could have caused enormous difficulty in that person's life. It—and if someone had done that under our direction and had caused grief to that person, we would do our best to try to make it right and we wouldn't expect them to take us to court. We would do as best we can to make it right.

Nothing is ever perfect all the time, you know, but if any of that is ever brought to our attention we would do our best to try to undo the harm that was done for somebody.

**Mr. Graydon:** So let's suggest that someone was followed, wrongly followed, like suggest it was my brother because you were after me. But you ended up following my brother, intimidating him with two cars, two investigators, and he finally panicked and phoned the police and these two investigators were taken in for questioning. Would you be made aware of that without my brother calling you?

**Ms. McLaren:** I can't say for sure. I mean, if the police brought those investigators in for questioning, the police may have done nothing else with that. Right? I mean, they may not have charged them with anything, they may not have filed an official report, there may have been no way for me to find out about that. I'm not sure how to—how else to answer that.

\* (21:10)

**Mr. Graydon:** Let me go a little further with this question, because it's important. My brother has an obligation then to let you know that his family's been photographed for a number of days.

What do you do to make it right, then? Do you obtain those photographs? Do you explain to him how long this has been going on, blah blah blah, and do you make that right with his family? And with everybody that was on his property?

**Ms. McLaren:** Anything like that is situation-specific. I can't talk in meaningful specifics about a situation that is either hypothetical or only partially evolved.

So if—absolutely, if someone believes that someone paid in anyway by MPI is improperly following them, they need to let us know. And, you know, a call like that would be forwarded appropriately if it hit the regular call centre. People have access to our fair practices and customer relations offices.

If it came through an MLA, right, we would deal with that. We would have to talk to that person to try to find out as much as we can about, you know, who was following them and, therefore, who they thought they were following and wrongly followed this person.

I mean, you have to unwind it and you have to understand it. And it—you know, we have on occasion, two occasions I can probably think of in all my years with the corporation, is that we have formally put something in letter—a letter to—you know, signed by a very senior person, if not me, someone senior saying, you know, the corporation apologizes for this and this and this that it did mistakenly or inappropriately. So, I mean, the person has something tangible that they can deal with as they see fit.

So it, I mean, it's—that's an example of how we would try to make it right. Clarify for them in a documented form that they were not the target and it shouldn't have happened. You know, like it's—we're talking 'hypothetics.' I hope that's helpful, but I don't know what else I can say—

**Mr. Graydon:** It's not 'hypothetic' and I'll—hypothetical and I will get you the proper information, but I don't want to mislead you at all; it was not my brother. But it was a young lady that was

scared bloody stiff. So I will get you that information going forward.

I just—switching gears a little, there's—what's the process when someone's involved in an accident and [*inaudible*] a concussion? They've been 40 minutes in a car before an ambulance can get there, blah blah blah, they're unconscious. And then does a caseworker follow up with this and tell these people what their options are, or does that individual supposed to know what their options are going forward? They go to the doctor, they go and take therapy for an elbow issue and maybe a hip issue because of a head-on collision; you get different things happen to you.

Whose responsibility is that to tell that individuals that were involved what their options are and follow up on this. Or is it just automatic that you should know that?

**Ms. McLaren:** No, I think the good news is that most of us will live our lives without ever being injured in a car crash. I said earlier that we have, you know, generally about a quarter of a million claims a year—250,000 claims. Maybe 15,000 of those are injury claims and the majority of those would be very, very minor.

So most people don't spend a significant part of every week or month or year reading the MPI website, figuring out what to do in case they get injured in a car crash, but the system itself is intended to give them the information when they need it.

And the system I'm talking about—if somebody's hurt badly enough that, you know, their car is damaged—everybody knows if your car gets damaged, you've got to phone MPI, get it estimated. Everybody that calls the cars—call centre with a damaged vehicle is asked the question: Was anybody hurt?

If it's a more serious crash, maybe police attend. Police will make sure that they understand, you know, that they should get in touch with us.

Hospitals—sometimes hospitals will call and inform us if someone is seriously injured and can't even do it themselves. They will sometimes tell the family members, you know, like, here's how to get in touch with MPI. We have good relationships with the casualty hospital infrastructure that they direct people to us.

If none of that works, the doctors that you know, the general practitioner that someone goes to see that says, you know, I've got this headache, I can't get rid of it. The doctor says, did anything happen? You said, yes, I crashed my car. I hit my head. He'd say, well, you should call MPI.

So people aren't expected to just know that all of the people around them in the car-crash chain are there encouraging people to get in touch with us or sometimes we'll get us in touch with them, if it's a really serious crash.

**Mr. Graydon:** I'm not sure where this particular incident would go and I don't want to talk about a particular incident—it's still in the process, but it just got fired up after 14 months. So I will follow it up with my constituent later. But I just wanted to know what that process was because I felt that it was—that somebody had fallen through the cracks, where he says: Nobody talked to me; I told my doctor that I can't get up in the morning, I have to sit on the edge of the bed; if I stand up, I fall into the wall; I keep telling him that, these types of things, and the doctor hasn't done anything.

So I just wanted to know what this process was because all of a sudden he gets a cheque in the mail and the claim is done. A guy came out from—you guys sent somebody out that takes pictures. He took the pictures of the scars on his head and on his legs and on his hip and on his elbow, and you sent him a cheque for \$7,000.

He said, what on earth is this? He said, I'm afraid to cash it; they probably want it back. I don't know what it's for, nobody explained it to me.

That's the issue that I'm trying to raise. And I'm—I don't want to be on a particular case as this one, it just fell through the cracks. He phoned the claims centre then or he phoned to find out what to do and he said they won't answer me. So I drove to his place. I made the phone call. I said, look, my name is Andrew Swan and I'm the Minister responsible for MPI. That's a lie; I said I was Cliff Graydon and that I was the MLA for Emerson and right away I got through. But I sat there when he made that call and he didn't get through. So there's something falling through the cracks someplace, and if it works now you'll never hear about it. But it just seems strange to me that—and so that's why I asked the question.

I understand that my colleague—no, he's not a colleague; he's the guy that sits next to me—I understand that the Liberal Party is here tonight in

full force to ask a question, so I'll pass it down to whoever's down the way here.

**Mr. Chairperson:** *[interjection]* Kindly address your question through the Chair.

**Hon. Jon Gerrard (River Heights):** Yes, first of all, you're in the process of moving the data to centres which are, you know, approximately 100 kilometres apart or something like that. Where are those located?

**Ms. McLaren:** Markham, Ontario, and Barrie, Ontario. Yes.

**Mr. Chairperson:** *[interjection]* Dr. Gerrard, kindly ask through the Chair, please.

**Mr. Gerrard:** All right, Mr. Chair. Are there any differences in the laws in Ontario that would raise any issues or concerns?

**Ms. McLaren:** No. No, and we would be very prescriptive with respect to our own FIPPA and PHIA laws, with respect to security and encryption and protection of that data, according to the laws that we are bound by and are responsible for administering here in Manitoba.

**Mr. Gerrard:** What sort of guarantees would you have in terms of the privacy concerns that might arise?

**Ms. McLaren:** Contractual guarantees, certainly, for what they're worth, and I think it's systemic guarantees as well is that this is really the business of IBM and virtually every one of their clients has the same kind of concerns, maybe slightly different legislative responsibilities and legislative requirements, depending on where they are based. But this is IBM's business and they know it would be destroyed if they were not able to protect and guarantee the protection of the security of their clients' data. We are a small player of their large base of clients, all on the same kinds of concerns.

\* (21:20)

**Mr. Gerrard:** One of the issues which comes up periodically is the rates charged to motorcycle riders in Manitoba compared to other provinces. I wonder if you would comment.

**Ms. McLaren:** The most common comparison from motorcyclists who are unhappy with the rates that

they pay here in Manitoba is almost always related to Alberta, and the issue there is really a comparison of the rate that you're paying in relation to the coverage that you get. It's a significant difference in Alberta because many, many motorcyclists buy the minimum coverage that they have to by law, which is—they have to buy \$200,000 of third-party liability, and they have to buy some extremely minimal accident benefits. For example, they would be limited to no more than \$10,000 a year of income replacement if they were injured so badly they couldn't work, and that would only be payable for two years.

So, when we have the opportunity to truly have a conversation with a motorcyclist who's concerned about what the differences are based on, it—it's usually a pretty reasonable conversation. And the Coalition of Manitoba Motorcycle Groups have been very active at the Public Utilities Board and have a good working relationship with MPI. Some of our senior people go there at least twice a year to their big, wide-open forum meetings and talk about issues related to motorcycle insurance. They understand the quality of the coverage, and they understand they all have friends who have used it and who have been hurt, and they want to make sure that motorcyclists are getting every opportunity to have costs allocated differently so it would lower their rate. They—and that's what they do through the PUB process.

But our rates are very comparable. Next door in Ontario, where they have some fairly similar no-fault benefits—not so much anymore because they've just passed legislation that really reduces the mandatory benefits that are available. Saskatchewan has very similar benefits, and they have said that their rates are significantly deficient, and they are looking for big rate increases in the motorcycle category.

So, overall, because of the fact that 90 per cent of our motorcycle claims costs are injury costs—unlike with cars, it's about 30, 35 per cent—it's driven by the benefits. The motorcyclists understand that, and we're not uncomfortable with that.

Now, with the changes that we've had over the last year or so with really kind of re-baselining our expected injury claims costs, which led to the reduction in our reserves and the big rebate that happened last year, because motorcycle rates are so dependent on injury claims costs, unlike cars and trucks, when everyone with cars and trucks is just now, beginning as of March 1 of this year, starting to

get an 8 per cent decrease, motorcyclists are well into the double digits of a rate decrease.

So the rates are coming down, proportionally more for motorcycles, because our expected costs of injury claims is lower, and that's what drives their claims costs, are injury costs.

**Mr. Gerrard:** One of the explanations that was given to me earlier on was that the—a large proportion of the motorcycle accidents are single-vehicle accidents.

**Ms. McLaren:** Well, that—that's—in comparison to four-wheel vehicles, that's absolutely true. They do have more single-vehicle accidents.

**Mr. Gerrard:** Now, one of the arguments that has been put forward is that sometimes those single-vehicle accidents occur because a car driver sort of gets in the way and a motorcycle driver doesn't want to get in an accident with a car driver and ends up with a single-vehicle accident, although it may have been the car driver's fault that the problem arose in the first place, because a motorcycle rider was sort of driven off the road as it were.

**Ms. McLaren:** You know, to a certain extent, I'm sure that that happens. I am not sure what we would do about that from a rating perspective. You know, at one point the motorcyclists suggested, I think, to the Public Utilities Board that maybe they could just assume that half of the single-vehicle accidents were really caused by cars and they could just put those claims costs into the car category, but nobody thought that that would be an appropriate approach.

At the end of the day, there's something inherently different about motorcycles, you know, and that happens with cars sometimes, too, right? I mean, if you think some—on a highway someone's coming towards you, you may very well choose to bail for the ditch as opposed to risk a head-on crash. If you're in a car, very different story than if you head for the ditch in a motorcycle.

So, to this point in time anyway, we have made a number of substantive and some not so substantive changes to the rating methodology through the PUB process that has helped motorcyclists, but I think they're still within the framework of actuarially sound rate-making that the PUB has supported, and that's pretty much where we are today.

**Mr. Gerrard:** Have you made an attempt to understand what proportion of single-vehicle

motorcycle accidents may be caused by, you know, a car or another vehicle driver?

**Ms. McLaren:** As much as we're able to communicate with our claimants, communicate with our customers, you know, I mean, I don't think there's any way to really systemically understand what is likely to happen and predict that forward on a year-over-year basis. We know that it probably is likely to happen. It happens with cars as well. I don't think it happens any more or less. I think the consequences are greater.

**Mr. Gerrard:** In the 2010 annual report on page 49, there's a provision for unpaid claims. Now, is that for claims for which there is already a value, that these are future payouts that will be made or is that an estimate or where does that come from?

**Ms. McLaren:** Page number again, please?

That is the amount that we have set aside for claims that we know about. There—a portion of that would be a provision for claims that we know about that may very well get worse than we think right now, and there's also a provision for claims that have happened that we don't know about. But the big majority of that are for claims that we are aware of, that our case managers are working on and the money is in the bank, so to speak.

**Mr. Gerrard:** So a claim where somebody is to be paid so much a year because of a—is that included in that as unpaid because it will be paid and it's a known amount in future years?

**Ms. McLaren:** Yes, and we also reserve the expected changes in that amount. So it's never a fixed amount. If someone is expected to have an income replacement indemnity for the rest of their life, every year that amount will increase by the consumer price index, if nothing else. So that is all built into that provision that's there in that category of liabilities.

**Mr. Gerrard:** Under liabilities there's also a category, unearned premiums. Can you explain what that means?

**Ms. McLaren:** Yes. Some people—fewer all the time, actually—but some people pay their full year, their 12 months of premium, up front at the beginning of their policy term. And so each year—each month, one month of the—let's say if their annual premium is \$1,200, so in the beginning, we would put a hundred dollars into earned premium and \$1,100 into unearned. The next month another

hundred would come out into earned and then you'd be down to a thousand in unearned. So it's for people who pay ahead of time. It moves through time on an individual policy basis from unearned into earned.

Most customers now are paying us monthly. So, years and years ago, I think the unearned premium would have been higher.

\* (21:30)

**Mr. Gerrard:** Yes, on the 2008 annual report on page 31, there's a reference here to the fact that, in 2006, the combined total and attempted theft numbers for auto thefts peaked in Winnipeg. Now, the numbers are given for 2008 and 2007, but they're not given for 2006. Do you have the numbers for 2006, presumably?

**Ms. McLaren:** We certainly do, but not here right this moment. We'll have it certainly before we leave here tonight.

I can tell you, you know, that at its height, we were looking at, in terms of total theft, where the vehicles stolen, more than 10,000 claims a year. And what we actually expect next year is about 2,100, so we're, like, down by about 80 per cent.

**Mr. Gerrard:** Yes, one of the items that was discussed earlier on, was the physician reports. Now, perhaps you could tell us a little bit about the physicians that you used. You have physicians in-house, or a specific number of physicians who served as consultants for MPIC, or just how does it work?

**Ms. McLaren:** We have no physicians on staff. We do have a number of physicians who work for us on contract on a percentage of their time. None of them are full time with us. And we have a number of different specialities. We would have a dentist, we would have a psychologist and physiotherapist, chiropractor and, you know, psychiatrists and other doctors who are well known and regarded in this community for really being experts at injury recovery.

**Mr. Gerrard:** Yes, in some of your comments earlier on, you appeared very dismissive of physicians who are not part of your consultant group and their opinions.

**Ms. McLaren:** No, not at all.

And most of the time, where we ask someone to see a specialist, you know, they choose the specialist. And my comments earlier on, are that, for many

general practitioners, recovery from automobile crashes is not a big part of their practice. It's not something that they see a lot of and they're often very, very glad to have somebody to consult with and some further expertise to discuss that with.

I certainly am not at all dismissive of anybody who's not in our small group of consulting doctors. There's lots of amazing expertise in the medical community in this province.

**Mr. Gerrard:** Yes, well I'm glad we clarified that because one of the problems that I hear is that, you know, you may have a disagreement between a specialist who've got part of your in-house group of consultants and a specialist who is not part of that group.

And how do you resolve differences when you've got different specialist opinions?

**Ms. McLaren:** Probably most of the time it's pretty difficult for a case manager to resolve those kinds of differences; they're not medical experts. But we—within the legislation, you know, like with most decisions that we make at MPI, but it's particularly critical in terms of injury management. We're not the be all and end all, right? I mean, if somebody—if a case manager decides that they have more confidence in our consultant's opinion and they make a decision on the claimant's file based on that, they are obligated, under the law, to write a decision letter that says, I've decided to end your benefits because of these reasons. You have 60 days to file a request for an internal review of that decision, which goes off to a completely different division of the corporation where somebody independent can ask for more specialists' medical reports or meet with the claimant, or do whatever they need to do. And, if that doesn't resolve it to the claimant's satisfaction, they have the Autopac—the automobile injury compensation commission as a completely—completely outside of MPI arm's-length administrative tribunal which, again, has the authority to order medical reports and make its own decisions as it sees fit. So it's—when it gets to that level of sort of differing opinions by medical experts, it would rarely be a case manager who tries to resolve that.

**Mr. Gerrard:** Just to go over the attempt, to make sure that people are treated fairly under circumstances where you've got different specialist opinions, because, I mean, that, you know, you dealing with somebody who's suffering because of an

injury, and you want to make sure that they are treated fairly. How do you do that?

**Ms. McLaren:** The first thing is really, truly sort of a governance requirement within the corporation that we are here to pay claims, not to deny claims; that's the first.

And it is only—the other premise that we expect our staff to use in their decision making is one of objective determination. If it—if there's, you know, two medical reports that are written in the language, while I am of the opinion and I happen to think, that's really tough for us. And nine times out of 10, the expectation would be to send both of them back to the source and say, can you please try to redo this in a—in more objective language. Like what—does have a person have an issue with range of motion? Does the person have an issue with sitting at a desk for five days in a row? Does, you know, like, what is the objective evidence of the injury that we're asking you to deal with? It's not about opinion as much as what can you tangibly, objectively tell us about this person's condition and expected recovery.

You know, when it comes to things like head injuries, extremely difficult and extremely significant impact on people's lives. We're not going to jump to a conclusion on something like that just because we have a couple of, you know, different opinions early in the case.

Where it gets a lot more challenging is something that is soft tissue. Someone looks and appears fine and says, well, I just can't ever work again. And, you know, nine out of other 10 people with a similar injury are back working and functioning. That gets more difficult. But we have to make sure that we have processes in place where people are not—their benefits are not discontinued without a second level of review. That our expectation of our staff is to be as objective, as I just described to you, that we ask the doctors to be. And we also always have the understanding that we can be wrong, and that when we're wrong we need to recognize it and try to make it right.

**Mr. Schuler:** And back to page 49 of the 2010 annual report, provision for unpaid claims, what happens to any surplus that is accumulated there?

**Ms. McLaren:** Well, another way to talk—because this is a balance sheet that we're looking at, the top and the bottom always need to balance, right? Okay, so looking through here, if we can, you see the difference between 2010 and 2011, right? It was

\$1.6 million and it was \$1.4 million. So I—if that's what you mean in terms of a surplus, that was the period of time when we went through the external appointed actuary, reviewed all of our outstanding claims the methodology of determining what that provision should be and decided there was enough conservatism in the 2010 numbers that he reduced the expectation of what those unpaid claims would cost. And that's where the large rebate came from last year.

\* (21:40)

So that's what happens to surpluses in the MPI world, and unlike, you know, if this was another kind of insurance company and if they ended up with a big unexpected profit, they would give it to shareholders or they'd use it for bonuses or something or other, but here it turns into a rebate to ratepayers.

**Mr. Schuler:** So, besides the Rate Stabilization Reserve, there's actually another reserve that gets built up and that's the unpaid claims, a provision for unpaid claims. Is there now some kind of mechanism to make sure that that doesn't just keep building up, because, in the end, what you're doing is you're taking money from people which you shouldn't and then giving it back to them. It would seem to make way more sense to not take so much money from people and then you don't always have to keep giving back money to them, or is this just one of those things that accumulates and then every fourth year there's a payout?

**Ms. McLaren:** No, it's not one of those things that every four years there's a payout. That number needs to increase. Nine times out of 10 it will just continue to grow, and it will continue to grow because every year—I mean it—with the pure no-fault compensation system we have here in Manitoba, claims stay open, you know, very—claims for very, very seriously injured people will stay open as long as that person continues to need benefits. So if a four-year-old child is catastrophically brain injured and they live to 70, that claim will be open for 66 years. So every year—we've only been in the no-fault business for less than 20 years right now and every year we have a few more of those catastrophically injured claims that will be around for 20 to 30 to 60 years. So that number, all else being equal, will grow every year because we need it to pay for claims that are real, that we have names attached to every—each and every one of them, and we know we need to pay that money out.

There's also some uncertainty—has been some uncertainty and, you know, we have been criticized, but I will defend it as long as I'm in this job to defend it, that if you have to choose between being a little bit conservative in terms of believing how much you need to pay future claims, or being a little bit more willing to take on risk and assuming they just won't cost that much, I'll go for the conservative solution every time. So what we had last year was kind of just a re-baselining after 16, 17 years of administering PIPP, finally coming to terms with the fact that it—these claims are not likely to cost quite as much. Now, you know, in—on an annual basis, \$320 million is a big amount of money for MPI, but it's a relatively smaller percentage of \$1.6 million. So, we changed our expectation and now it has been reduced significantly, but for the next few years you'll probably see that it will continue to grow slowly as more long-term claims come into the system and stay in the system for a long time.

**Mr. Schuler:** Well, and I think you'll find that this side of the committee would agree with you, that you can never have enough conservative—we—we're totally there with you on that one.

I think you know the point we're trying to make, is that somehow the point that it grows and gets to the point where, you know, perhaps—and I don't believe in the notion that you can be too conservative, but if, however, there comes a time when the fund grew larger than the payouts could ever conceivably be, that somehow that moment in time always seems to, you know, cross the matrix of right before an election.

And so, if we're a little bit suspect or a little bit jaded on that one, or we feel that there just always seems to be this congruence of those two points on a matrix, you know, forgive us for that. But there is a certain amount of skepticism on that point. And I think everybody around this table appreciates the skepticism on that one. So, we do appreciate, however, that the corporation over many, many years has been run conservatively, and that isn't what we're quibbling about. So.

And then, I do want to move on to the—to my next question and that has to do with a point that I raised earlier on, and I don't know if I was completely thorough with the question that I was asking, so I just want to, you know, go back. And it had to do with the Wheat Kings, with the sponsorship or advertising dollars. Besides tickets, is there a corporate box that comes along with that?

**Mr. Swan:** Just to clarify something from before—just to correct the record, because I think Mr. Schuler is misleading us.

In fact, there's been five occasions that a rebate's been paid: in 2001, there was a rebate of 16.6 per cent of premiums paid, which returned \$80,000 to motorists; 2006, there was a 10 per cent rebate which was equal to \$58 million for Manitoba motorists; 2007, 10 million—or 10 per cent rebate, equal to \$60 million; 2008, after we won our third majority, there was a 10 per cent rebate for \$63 million; and, of course, the largest one, based on the evidence of the international accounting firm, which was 45 per cent of premiums paid for \$336 million that went into the pockets of Manitoba drivers, into people that live in this province. It didn't go to shareholders in New York or Chicago or Paris or London or anywhere else—money that remained in Manitoba.

So I know that my friend believes there's a four-year cycle. He couldn't be more wrong, and we're very pleased that we've got an insurance program that, when we do have positive claims experience, when we get the expert advice, we're able to return the money to Manitobans.

**Mr. Schuler:** I asked a question to the corporation about the Wheat Kings.

**Ms. McLaren:** Was it about season tickets? Was it—what?

**An Honourable Member:** A box.

**Ms. McLaren:** We absolutely do not get a box for the Wheat Kings. We are a game day sponsor once a season and get a small number of presenter tickets. I'm—if I—if what I'm about to say is wrong, we'll correct it when we do all the rest of it, but I believe a small number of those tickets go to our staff that work in the Brandon Service Centre, and we also get a number of tickets for Operation Red Nose volunteers. That's all we get in terms of tickets out of the Wheat Kings.

**Mr. Schuler:** Is the corporation a sponsor or advertiser with the Royal Winnipeg Ballet?

**Ms. McLaren:** We certainly have been. I believe we are now this year, but we have been, yes.

**Mr. Schuler:** Do any tickets to the Royal Winnipeg Ballet come along with that sponsorship or advertising campaign?

**Ms. McLaren:** I would have to find out, and we'll put that with the rest of the information that you've asked for.

**Mr. Schuler:** Is the corporation a sponsor of the Winnipeg Symphony Orchestra?

**Ms. McLaren:** Yes. Don't know about the tickets—we'll put it with the rest of your information.

**Mr. Schuler:** I don't know if the Hansard picked up the answer, so I'll ask and then the answer can be put on the record. This is a very systematic process that has to be gone through so there's a proper record.

Mr. Chairperson, the question is: With the advertising/sponsorship, are there tickets that come along with it?

And in the case of the Winnipeg ballet and the symphony, and if there are any tickets, could we get a list of who got them, assuming, if there's a junior staff or it was for a—guides or something like that—you know, a volunteer group—we—that's all we needed to know—not individuals, but if it was senior staff of the corporation and their families, minister's staff or the minister himself, we would just want those listed out.

**Ms. McLaren:** We will find out and provide that information.

**Mr. Schuler:** Moving on, earlier in spring—it would be in March—we received several FIPAs from the corporation, regards to towing contracts, and I understand that Dr. Hook received a towing contract—initial contract was July 1st, 2009. Can—the corporation tell us who actually negotiated that contract?

**Ms. McLaren:** In terms of which member of the corporation staff?

(21:50)

**Mr. Schuler:** Yes, perhaps I'll rephrase my question.

I understand that the contract has been renewed for another three-year term, until 2015, which means it was just renewed. Who would have been in the process of renewing that contract with Dr. Hook?

**Ms. McLaren:** Again, are you looking for the names of somebody who works at MPI, in terms of who's involved?

**Mr. Schuler:** Yes, please.

**Ms. McLaren:** I—sure, I—we should be able to do that.

**Mr. Schuler:** And when the corporation initially went to offer this contract, was there a request for proposals done in 2009 with the original contract?

**Ms. McLaren:** Yes, there would have been a request for proposals, and we would have ended up signing a contract that would be for, by the sounds of things, four years or three years with an extension for another three. The total value of that contract, given the amount of towing we do in this city, would have been significant, would have had to have been approved by the board of directors. And because the total value of that contract would have formed an approval by the board, there would have been no requirement to go back to get approval for the second term. The approvals would have been in the first.

So that's how we tend to do things. If we set up a contract with the opportunity to renew that forms—that adds to the total value the contract, we assume that we will do that extension so that we're not hiding the total value of a commitment that we're asking the board to approve from them. So it's transparent and understood.

So at that point if, you know, assuming that board approval back in '09, the decision to extend would have been a fairly operational decision, as long as everything was—the work that Dr. Hook was conducting, was in line with the contract. There was no issues with adherence to the contract, and we were already knew we would be satisfied with the rates for the extension that would have been approved at an operational level, because the authority had been provided at an earlier stage.

**Mr. Schuler:** So the renewal of the contract was never put out again for new proposals. It was just granted to Dr. Hook.

**Ms. McLaren:** That would have been the basis—the first RFP. The RFP would have said that we're looking for a long-term contract for X amount of years with an option to renew for another X amount of years. So it would not have been granted as an extension without everybody who participated in the initial RFP knowing about that. They all would have priced it on that basis.

**Mr. Schuler:** I take it there was some hesitancy about the July 1st, 2009. Perhaps if the corporation could just check to make sure there was a call for proposals in 2009 in the—is it possible that a critic could get the number of how many applied or gave in proposals in 2009? Again, I take it we probably wouldn't be entitled to know who it was but we

certainly would like to know how many. And is it possible to get a list of who put in a proposal for the contract? And, again, that would have to be vetted through your processes.

**Ms. McLaren:** Yes, we should be able to do that.

**Mr. Schuler:** Also, Accel Towing was given a contract in March of 2009, which covers Brandon and surrounding area. I take it the corporation was satisfied with the contract and they've consequently have renewed it for three years. Is that fair?

**Ms. McLaren:** Yes, that's exactly right.

**Mr. Schuler:** So the corporation has two contracts: one with Dr. Hook Towing in the city of Winnipeg and one with Accel Towing in Brandon. And then there is another way of towing, and that's the non-contract towing.

From the FOI requests that we got, the vice-president for this division is Mr. Ted Hlynsky. And could the corporation tell us—I mean, I'm not under the impression that Mr. Hlynsky actually calls towing companies and has them pick up a truck from somewhere or whatever else. I suspect there would be other individuals. Is it possible to get a list of who would be responsible in that office for the non-contract towing? Clearly, somebody has to have authorization to call different towing companies, has to have a Rolodex and that kind of thing. Is it possible to get list of which employees work in that particular division?

**Ms. McLaren:** Sure, but what you will get is a list of adjusters and estimators outside of Winnipeg and Brandon. I mean, as the adjusters are handling a claim where, you know, the vehicle was damaged up near Dauphin and the person lives in Portage, something like that, that's the kind of—I mean it's not—if you're looking for a small group of people who may be assigning this non-contract work out and trying to get a handle on who's giving work to who, getting the list of names of people who use non-contract towers won't do that for you.

**Mr. Schuler:** And I thank the corporation for that answer. I will refine my question. For the city of Winnipeg, the non-contract towing, who in the office in the city of Winnipeg would be responsible for that kind of work?

**Ms. McLaren:** I'm not sure there's any non-contract towing in the city of Winnipeg. So what we could probably do would be to give us—give you some information with respect to the non-contract towers

and how that work was shared out amongst the non-contract towers, and you'll see that these are, you know, they're outside of Winnipeg and Brandon, right? I mean, towing is expected to be done on a contract basis inside the two large urban centres.

**Mr. Schuler:** I think there's some confusion on this. There's an accident on a—on the Perimeter Highway. Whoever is available would usually pick up the vehicles and tow them. I think the contract towing is for moving vehicles back and forth. It's not necessarily you have to wait on the Perimeter until Dr. Hook can get around to towing it. So non-contract towing would be—like, there's a request for a towing company on the Perimeter Highway; like, how is that decided? How is that dispatched?

**Ms. McLaren:** We expect—I mean, the contract for—the contract towing contract specifies response times. We expect Dr. Hook to come and get that truck, get that vehicle off the Perimeter, absolutely. And the, you know, the police in Winnipeg have a contract tower as well, and there—there's built-in response times. It's not a free-for-all so that anybody who gets there first can take the vehicle and tow it off to our compound. They have to have, and they have to convince us through the RFP process that they have, sufficient trucks, sufficient quality, you know, trucks and drivers and so on, that they can meet service levels.

So, no, it's not simply—they don't just tow the trucks from the compound to the customer's body shop of choice. Not at all.

**Mr. Schuler:** The contract for the city of Winnipeg, how far outside of the Winnipeg—how far outside of Winnipeg do they cover?

**Ms. McLaren:** I'll have to find that out.

\* (22:00)

**Mr. Schuler:** My question basically is—and this is a concern that's been raised—is there are, on the highways around Winnipeg and the Perimeter, often rollovers and that—those kinds of accidents. And trucks are nearby, or happen to be going by, and help out and it's—there's some confusion with those on-site, how that's supposed to work.

So I take it some information has been forthcoming, so I'll wait for the answer to see what the parameter is of the contract.

**Ms. McLaren:** Dr. Hook is expected to deal with vehicles 16 kilometres outside the Winnipeg—and I'm assuming that's 16 kilometres outside the Perimeter.

I mean, there are cases, you're right, where, you know, the RCMP who patrol the Perimeter will call anybody who can get there quick. There is a known expectation that Dr. Hook is the contract tower for MPI. If they can't respond, RCMP certainly will call somebody else to get there quick and haul it away. But that tends to be the exception.

**Mr. Schuler:** The contract that was signed with Dr. Hook, is that for small vehicles or does that also include a commercial or large vehicles?

**Ms. McLaren:** We'll double-check, but I believe they have to have, you know, a small number of large vehicles as well.

**Mr. Schuler:** Yes, that was not an answer.

The question is very clear. I have the floor.

The question is very clear: Does the contract cover small vehicles as well as all commercial or large vehicles within a 16-kilometre radius of the city of Winnipeg including the city?

**Ms. McLaren:** I'm just going to qualify your use of "all" when it comes to the commercial, because like with the small vehicles, there's an expectation that sometimes the RCMP, or whoever, is going to call whoever they can to get something taken care of quickly.

But the contract with Dr. Hook includes a requirement for them to deal with all vehicles of all sizes within the 16 kilometres. That doesn't mean they necessarily have to get every single big one and every single small one, right? I mean, we talked about that earlier.

So, generally, the requirement is for them to have the ability, the capacity, the skills to do it, but sometimes RCMP and others will call other trucks to the scene and that's okay.

**Mr. Schuler:** Can I get that confirmed? Could the committee get that confirmed, that, in fact, commercial and large vehicle towing is included in the contract? If the corporation would do that.

There are far too numerous reports of substantial or catastrophic accidents of large vehicles in and around the city of Winnipeg where another towing company either happened to be close by or was called in and a Dr. Hook truck shows up and they are told to disconnect and leave the scene—it's their towing.

What is the view of the corporation on that?

**Ms. McLaren:** We will do a detailed review of the contract, answer these questions and get the information to you.

**Mr. Schuler:** Could that information be sent to our critic?

**Ms. McLaren:** Certainly.

**Mr. Schuler:** So the decision to go with Dr. Hook Towing would've—the contract obviously would have written in conjunction with the legal department. But whose responsibility would it be to choose the company and whose responsibility would it be to have oversight over Dr. Hook Towing?

**Ms. McLaren:** The review and selection of the responses to the request for proposal would have done by a small committee. The line department, the people responsible for managing the towing contract are people that work at the Physical Damage Centre out on Plessis, out in Springfield, and also participating in that process is the administrative services manager because he's responsible for the integrity of the RFP process.

So you have line people who know what they need and you have the admin services manager responsible for the integrity of the bidding process. They would make a recommendation to the respective vice-presidents and because of the size of a contract like this, it would require board approval. The operational oversight of the contract would be the responsibility of the line people who work out at the physical damage centre.

**Mr. Schuler:** Okay, I'm sorry, I think the committee finds that a little too vague, and maybe it's just the way I'm stating the question. So I'll—that can sometimes be the problem, so I'll restate the question.

For Dr. Hook to be given another three-year contract, there had to be some—I hope that there was some kind of assessment done. There had to be some—something had to be done. I think the committee is under the impression that it wasn't just automatically granted. What would have been the process that would have seen Dr. Hook Towing get another three-year contract? What had to be satisfied and to whom did that have to be satisfied for them to get another three-year contract?

And, perhaps, for the committee, you know, we're not talking chump change. This is a \$2,129,982.66 contract. That was for 2010. And on top of that, Dr. Hook Towing had, as well, extra

towing charges of about \$130,000 on top of that, and we'll be getting into that a little bit later on. So these towing contracts are substantial. Like over and above the contract that Dr. Hook Towing has for 2009—just for the committee so that we're all very clear—it's approximately another \$3 million for other towing throughout the province. So it's a substantial amount of money that the corporation pays out.

So what did Dr. Hook Towing have to satisfy for the corporation to get another three-year extension on the contract?

**Ms. McLaren:** They had to meet the terms of the contract in a highly satisfactory way in each of the previous three years. We had to have no concern about the integrity or operation, the service standards, their billing practices, anything. Everything that's specified in the contract had to be satisfactory or we would have gone back to RFP.

This was—I just want to reiterate that everybody who bid on the work back in '09 understood that it would be a three-year contract with the potential for another three-year contract. They all understood that, and the prices were set back through the RFP process in '09. So everybody—whatever the terms of that, the results of that RFP process, led us to believe that we were getting the best value for the money spent by going with Dr. Hook and we gave them a three-year contract. And then they were—they met—satisfactorily met the terms of the contract during that three years and therefore were given another three-year contract without tender for the prices they had specified more than three years ago, as everybody had who participated in that process.

**Mr. Schuler:** The CEO of the corporation said they had to meet the terms of the contract, and she went on to say that led—they led us to believe that they had fulfilled the terms of the contract. Who? Was it—is it the CEO that, you know, did the CEO rifle through the invoices and, you know, the invoicing seemed to be good? Like, somebody has to be responsible, and I feel like we're trying to nail jelly onto a wall. It's actually a very simple question. Who has oversight over this contract?

Like, it's a substantial corporation and we all got a flowchart and the flowchart is substantial. There's a lot of individuals, starting with Mr. Ted Hlynsky. Is it—does it come under his purview? But there's a flowchart that goes on for pages and pages on individuals who could be held responsible for oversight, and like, I could take the committee's time. We have all night, and I could read—there's reams

and reams of individuals. But, clearly, somebody has to have oversight and the CEO says that, you know, we, you know, led us to believe that the contract had been fulfilled, and we're not questioning that, and that they met the terms of the contract. And what we're asking is, and who would have had oversight over that?

\* (22:10)

**Ms. McLaren:** I apologize if I'm frustrating you somewhat. I have been coming to these meetings for a long, long time now, and I'm struggling a bit with your emphasis on names. That's never happened before and I'm really trying to struggle to find the right balance between giving you the information you're looking for and understanding the context that you're looking for and trying to figure out how best to do that with, who, who, who, names of people.

Now, clearly, you've already talked about this contract. You've got a FIPPA in front of you. You know the vice-president for Claims Control is Ted Hlynsky. Absolutely, it falls under his area. You started this whole line of questioning with that. This all falls within the Claims Control.

There is another division at MPI called Service Operations, who is responsible for administering, handling all the claims, all the adjusting, all the estimating.

So those two vice-presidents are responsible for ensuring that the corporation's needs are met and the contractual obligations of their selected contractor are adhered to. You've already got Ted's name as the VP of Claims Control. Christine Martin is the VP of Service Operations. Is that what you're looking for?

**Mr. Schuler:** Well, whether you've been—whether individuals at this table have just come to their first committee meeting or if individuals have been coming for some time, one of the roles of an opposition is to be satisfied, because we're supposed to be part of the—Her Majesty's watchdog. I mean, that's what—we're supposed to be satisfied on behalf of the public that everything's going well, and that's what we do.

As we've had other discussions, my colleague here from Emerson found out, you know, other policy directives, I mean, clearly are political directives and we understand that. There is a relationship between a Crown corporation and government. We understand that there's a relationship and often there has to be a close relationship because governments use Crown

corporations to drive certain policies within the province. We understand that. That's how governments achieve some of their means.

Our job as an opposition is to make sure that what is done is done as transparently, is done as openly, is above board. That's our job.

And, you know, I don't mean to offend anybody. However, if you're a vice-president of a corporation this size, yes, your name's out there and that's by virtue of it being public, because that's just one of those things.

And, yes, I think it's well within the purview of this committee to say, and who has oversight? It's a simple question, and I would say that the more hesitancy, the more concern there is, then, on behalf of the committee. Because it's a straight-up question: Who's responsible for signing substantial contracts on behalf of the corporation? It's straight-up question. Is it Ms. Martin and Mr. Hlynsky who would have been the ones who have had oversight over this contract and they would have recommended to the board that this was something that should be done, there was proper invoicing, the job was done as best as possible—*[interjection]*—due diligence.

We would like to know, as a committee, is—who had oversight over the contract to extend it for another three years?

**Ms. McLaren:** Not the board, because the board would have authorized the full expenditure of the full six-year value of the contract up front, and I've given you the names of the two VPs. So they are—third VP as well. The person responsible for the integrity of the purchasing process, the VP responsible for purchasing is part of that equation as well.

So, this is not an issue of me being uncomfortable with sharing names with you. I'm not clear that this has satisfactory, completely answered the question that you—the information that you were seeking.

So who made the decision to extend that contract for three years? MaryAnn Kempe, VP of corporate and community relations; Ted Hlynsky, VP, Claims Control; Christine Martin, VP, Service Operations. We have pictures in the annual report as well as the names. We're not hiding.

**Mr. Schuler:** And they are very nice pictures; I give you credit for that. You said the VP of purchasing—who would that be?

**Ms. McLaren:** VP of corporate and community relations, MaryAnn Kempe. Purchasing function, administrative services function falls in her portfolio.

**Mr. Schuler:** So it would have been these three individuals who would have done due diligence over the contract and recommended it to senior management who would have taken it to the board.

**Ms. McLaren:** They would have done that in 2009 based on the RFP process, and in—as part of our protocol to ensure full disclosure, they would have given the board the details that they wanted them to award the contract to Dr. Hook for three years with the possibility of another three years for a grand total of approximately—\$2 million times six would be \$12 million. All of that would have been disclosed to the board, and the board would have approved it in '09. The extension of three years would not have gone to the board earlier this year.

**Mr. Schuler:** I stand corrected. The chief executive officer did make that very clear, so it would have been the three individuals, Mr. Hlynsky, Ms. Martin, and Ms. Kempe, who would have done the review and would have recommended it to senior management and it would have been approved.

**Ms. McLaren:** They're senior management. Except for me, they would have done it. I wouldn't have had to sign off on that.

**Mr. Schuler:** In March of—March 26, 2012, notice to all tow account holders by Director Kroll of Physical Damage Management at MPI announced: That non-contract towing rates are set to rise April 1, 2012, after review of economic factors involving the towing industry.

Question to the corporation is: Are the findings of this review publicly accessible?

**Ms. McLaren:** Not at this moment. They are not on the public record. I don't know why we wouldn't share that. We will look into that.

**Mr. Schuler:** And who is the party that was responsible for undertaking that review?

**Ms. McLaren:** The person responsible for leading the review would have been the individual that you named, Mr. Kroll. But, when it comes to reviewing economic factors, we would have input from our Pricing and Economics department, our Finance

department, operational line department information about the state of non-contract towing and so forth, so we—in almost all endeavours like that, whether it comes to forecasting next year's claims or understanding the economic environment to do something like this, we take a collaborative multi-divisional approach.

**Mr. Schuler:** And why are the increases of—the recommended increases of 2012 of that review, so much greater than the increases from 2008?

**Ms. McLaren:** I don't have the economic review in front of me, and that will probably answer the questions for you.

**Mr. Schuler:** I thank the committee. That sort of finishes my questions, and I will pass it back to my colleagues who might have further questions.

**Mr. Helwer:** All right. Well, we'll carry on with a few other questions here.

One of the questions and concerns that I run into is from police, and since we've moved to the five-year renewal of licences, they've had some concerns about unlicensed vehicles, people that register their vehicle, cancel the registration, and continue to drive.

Is there a way that MPI is able to track the number of unlicensed vehicles on the road?

\* (22:20)

**Ms. McLaren:** The best indication we have is how much premium we're collecting. Excuse me. And there's been absolutely no decrease, no increase that was less than expected. We have no indication that there's any significant number of people doing that whatsoever. We've also done another couple of things in working with the police, is some of—for a number of reasons, for their crime fighting, and vehicle highway traffic act oversight, stolen vehicles, they have had an interest in using some of this automated plate reader technology. We have helped fund some of those. The evidence that we have from the use of those is that we have miniscule numbers of unregistered vehicles. The other thing that we know is that when the police do their selective traffic enforcement programs, the roadside traffic stops, they're checking for everything. Unlicensed drivers and unregistered vehicles also bubble up through that process. Again, tiny, tiny percentages of the overall convictions, and tiny percentages of the vehicles that are stopped are not registered or insured.

The opportunity became greater with the move to streamlined renewals, but people easily could have renewed the very same day, and then cancelled for a year. Now it's five years, it's magnified. But all the metrics that we have, all of the tools that we use to monitor behaviour of customers, we also make sure that we don't have an unusual spike in cancellations and refund cheques going out. We have a number of metrics like that to keep our eye on whether customer behaviour is changing, and we have no indication that any of that has happened.

Actually, quite the opposite. What we found through the streamlined renewals is some indication that because people don't have to remember now to renew their driver licence, we're getting a little bit more driver licence premium, because nobody's paying their driver licence late like they used to. So we look like—it's really solid at this point.

**Mr. Helwer:** Mr. Chair, through you, what's the cost of an automated licence plate reader, and how many have we helped—you helped to fund, and where?

**Ms. McLaren:** We'll get that information for you. We've bought a small number, like, I think, probably less than a dozen: Winnipeg, Brandon and RCMP. I don't know the specific numbers but we can get some of that information.

**Mr. Helwer:** Mr. Chair, through you, is this something, then, you are interested in continuing to fund, or do you see an end to this program, or is there a limit how many we're going to buy?

**Ms. McLaren:** Well, it was a pilot, for sure. The police have said to us, that, you know, there have been times in their past where they see a new technology, that they want to use it, and then they end up not using it as much as they thought. So this was clearly a pilot. We are tracking it with them. We work very closely with the Manitoba Association of Chiefs of Police. If, in fact, that it proves viable, that it's something that they're interested in, we are very willing to buy more of them. You know, we're not going to need dozens and dozens of them, but it's certainly something that we could do more of, if they see value, and they can demonstrate to us that there's value for us as well.

**Mr. Helwer:** Mr. Chair, through you to Ms. McLaren, so this isn't something that every police vehicle needs to have?

**Ms. McLaren:** No, not at all. We really believe that we have a responsibility to make sure that the insurance system has integrity. And of all the metrics

that I talked about, so far, we continue to watch those, if we ever thought we really had an issue. You know, there are places in the US, and even to some extent in Ontario, there's estimates says over 20 per cent of vehicles on the road are uninsured, higher in some parts of the US. If we ever thought we had anywhere near 5 per cent, we might start thinking about whether every second police car needs one, but we're nowhere near that.

I can tell you that each automated licence plate reader costs \$30,000. Winnipeg Police Service has two; the RCMP have two; and Brandon has one—and it is a pilot.

**Mr. Helwer:** Through you, Mr. Chair, I guess another issue that's been brought to our attention by the police is something that's a little sensitive, because I don't want to see this go away. You do issue temporary permits when someone buys a vehicle, and often we see someone buy a vehicle in one jurisdiction and want to license it in another where their broker of record may be, for instance. And I know that you can go into any broker and register it. But we do still have, well, loyalty, shall we say.

So one of the issues that has come to our attention is that people tend—no, some people have been seen to renew these temporary permits and, so, drive without a licence on the vehicle for the purpose of evading redlight cameras and the other speed cameras in Winnipeg. Is this an issue that has been brought to your attention?

**Ms. McLaren:** It is an issue that we've heard about. We have been talking to the traffic committee. We work very closely with the traffic committee, the Manitoba Association of Chiefs of Police. We've also done a lot of analysis of our own data and we've worked with the police to really identify the fact that there are some pretty small numbers of, you know, the—basically the way that the red-light camera system works is they send the plate number to our system and our system sends back the registered own name. There's very few failure to hit when it comes to our system, so that tells us it's not a huge problem. But we're working with them and thinking through whether or not there may be other ways to approach the issue.

We also have the ability to control the sales of them. It is not possible for somebody to buy multiple temporary permits on the same vehicle. There are restrictions in our operating system against that. They really are intended as a short-term solution. So

we have a number of levers that we can use to control the use of them and we're working with the police to either clearly get some consensus that we have an issue or that we don't. So we're working with them.

**Mr. Helwer:** Through you, Mr. Chair. So is there a limitation on how many times someone can renew a temporary permit?

*Mr. Vice-Chairperson in the Chair*

**Ms. McLaren:** Yes, off the top of my head, I don't know what that is. I don't think you can buy more than two, but I can confirm that.

**Mr. Helwer:** I'm just wondering, Mr. Chair, if Ms. McLaren needs a small break or if she's just ready to go, and—

**Ms. McLaren:** Let's get 'er done so far, but I thank you for the offer.

**Mr. Helwer:** There—lots of media attention to the Winnipeg police helicopter when it was talked about and when it started being used and there were some suggestions that MPI should be a sponsor or a funder, and does MPI provide any funding for that?

**Ms. McLaren:** Absolutely none.

**Mr. Helwer:** Was it asked for and do you anticipate ever doing this?

**Ms. McLaren:** They've never requested. I don't have any anticipation at this point that they will.

**Mr. Helwer:** All right, thank you. I have here in this lovely little document, of course we have the staff levels and I'm sure, you know, you've seen an increase over time. If we look back 10 years, we can see that MPI has basically taken their staff and had a 50 per cent increase to the current date.

Can you comment on that in lights—in light of the revenues of the corporation and the vehicles registered?

**Ms. McLaren:** Sure. First of all, we—there is a big spike in '04 because that's when the people from DVL joined the organization 300 overnight. We also—because of the significant re-engineering of our products and services that we've been doing, we have significantly more people on project work than we used to and we also really work hard to try to find that right balance between staffing costs, the need to provide good quality service on claims, and so on, and to try to find that balance.

Like the minister said at the beginning, people tell us through their purchasing and tell us through surveys that they do not want the lowest cost insurance product. They want the best coverage. We work hard to find the best rate, but we also know they care a lot about service and access to service so we try to find that sweet spot where it all works for them. We know that people's expectations change through time and we work hard to try to continue to meet those expectations. We know that we have to continue to change. We can't do things the way we did in 1995. We had to introduce monthly payments and credit card payments in 2000 because you don't ever want to be on a leading edge of service changes when you're a Crown corporation administering the kinds of products and services that we do, but you don't want to be too far behind the curve either.

\* (22:30)

We know that we have more requirements for some head office kinds of staff that we didn't used to have. I can think of just in, for example, the human resources department, 10 years ago we didn't have a diversity co-ordinator, a health and wellness co-ordinator. You know I can list a number of—you know we have a nurse on staff to help people who are reintegrating after they've been ill. You know I could—there's probably 10 people doing functions that didn't exist 10 years ago, that's 10 FTE's, and that happens across the corporation in many different ways and different functions.

We are about to embark on sort of the last phase of really, truly re-engineering how we do the work at MPI, which is the vehicle damage that we talked about a little while ago. And if that stabilizes over the next four to five years, and we—there won't be any near time to kind of start at the bottom and repeat that process again, the numbers are likely to come down somewhat, you know. But, I mean, not more than a hundred. So I mean we really try to find that balance between what people expect of us in terms of price and in terms of quality service. They have very clear expectations of the public sector, and we work hard to meet them.

They also don't want to be overserved, you know. I mean we found at a point we had a very high standard of service in the call centre. And it was a negative for people; if we answered too quickly they thought we weren't busy enough, you know. So we try to find the proper balance, and we work pretty hard at that.

*Mr. Chairperson in the Chair*

**Mr. Helwer:** The Chair is back. Mr. Chair, through you to Ms. McLaren.

Online reporting was something you've discussed in past committee, and other areas have used this. Is it something that you can see MPI moving towards, especially with your new data centres, or is that something that's quite a ways down the road?

**Ms. McLaren:** Online claims reporting? Absolutely, that is something that will be part of this vehicle damage re-engineering that we're talking about. It's something that Saskatchewan Government Insurance did quite a number of years ago.

We like what they've done, and we believe that there's a certain segment of the population that would like nothing better to tell their own story, on their own time, through the process that they would choose to use. I think it is something that we have to find a way to really do intelligently and to leverage opportunities as much as possible. And by waiting until some of the other technology comes to fruition, you can do a number of things with it.

For example, not only could someone, you know, sit at home in an evening and file their claim online. If they've got a smart phone or an iPhone they can send us the damage pictures, and they may not even need to come to see us to have the damage estimated. We may—you know, so there's a lot can do if you do it really cohesively in a really integrated fashion. So that's absolutely something that we would want to do in the next few years.

**Mr. Helwer:** Mr. Chair, Mr. Janzen's been sitting here patiently, and I don't want to leave him out. I'd like to get him as part of the record here.

So I understand that you have been on a number of boards. I know that you've performed admirably in several of them. And can you give me a—

**Floor Comment:** And a dapper man too.

**Mr. Helwer:** —well, absolutely. And can you tell me a bit about your chairmanship of this board and how you see it in comparison to what you've done elsewhere?

**Mr. Jake Janzen (Chairperson of the Board, Manitoba Public Insurance Corporation):** Well, yes, this is way past my bedtime, Reg.

Well, I would have to say that one aspect of being chair of the board of MPI is that it involves this process, which no other board that I have been

on is one that appears before a standing committee and accounts for its decisions to a standing committee of the Legislature.

So that's a really interesting aspect to this, of being on the MPI board.

**Mr. Helwer:** Mr. Chair, through you to Mr. Janzen again.

You have a number of board members and—are there any vacant positions and how does one get appointed to the MPI board? *[interjection]*

Mr. Chair, through you to Mr. Janzen.

This may not be your question. It might have to be to the minister. There's a new budget, of course, and do you see any budget or any changes to the board structure or size because of the provincial budget?

**Mr. Swan:** I can advise you that there's no changes to the board structure—the size of the board being contemplated.

**Mr. Helwer:** All right, thank you, Mr. Chair. Through you probably to Mr. Janzen, I imagine there is a stipend or an honorarium, I would imagine, for board chair, for vice-chair and for being on the board.

Can you advise this committee what those amounts are?

**Mr. Janzen:** Sorry, I don't have that information at my fingertips. We can certainly provide that information to you.

**Mr. Helwer:** We had this discussion at Hydro, and, you know, it was interesting as well.

I guess in terms of the new board appointees or anything of that nature, when you come on the board, what sort of training is involved from MPI? Is there any board responsibilities that you're informed of, or do you go through a training process?

**Mr. Janzen:** Yes, I'll have Ms. McLaren address that question.

**Ms. McLaren:** The first step in the on boarding process for new board members is to take the members through a comprehensive briefing process about the corporation and its operations, the structure of the organization and the board organization itself, the board responsibility, bylaws, policies, an entire briefing of the corporation and the responsibilities of

a board member. And then through the governance committee the board members are provided with educational opportunities that align with their assignments with respect to different committees of the board. And, based on their ability to participate in the educational opportunities and their particular needs which differ, based on their own personal backgrounds, they take advantage of those opportunities.

In more recent times, the Crown Corporations Council here in Manitoba has also been providing briefing and educational opportunities for all boards here in Manitoba, and members are provided with those opportunities as well.

**Mr. Helwer:** I guess—just something to clean up a little bit, and the honourable member from Brandon East mentioned Brandon and the things we like to see out there and western Manitoba.

I—in my previous roles in running companies that employed a number of class 3 and class 1 drivers, we always had difficulty in scheduling appointments in Brandon for rural areas outside of there to get that testing done. And it was always a challenge trying to find the correct mix with our seasonal staff and the availability of spots in Brandon.

So you can help me with how we might improve this situation? And is there testing outside of Brandon and outside of Winnipeg and outside of Morden—I would believe—for this type of thing?

**Ms. McLaren:** We have made some changes. First of all, really making some changes from a safety perspective to make sure that, unlike the situation that had been happening for some time, is that these tests are conducted in areas with sufficient infrastructure to truly give a robust, comprehensive assessment of the person's ability to operate these large vehicles—some of them containing very precious children—in complex urban environments. And, by doing that and by shifting some of the other access to regular class testing in some of the other smaller communities, we've been able to provide significantly more access. So, as we implemented some of those challenges, we had a few bugs to work out, and we had to make sure that we communicated to people properly. But when we've been doing that now for, oh, I guess, getting close to two years, and we have provided an increased number of testing slot capacity, and I think it's working much, much better than it was previous to that.

**Mr. Helwer:** Just along with that, so are there—is there any testing outside of Brandon, Morden and Winnipeg for class testing, or do they—everybody have to travel to those places or elsewhere for that particular testing?

\* (22:40)

**Ms. McLaren:** No. Certainly, Dauphin, Thompson, I believe—clearly Thompson. I think Steinbach, Selkirk—you know, so there's a good number of communities that have the infrastructure to do a good class 1 and class 3 test.

**Mr. Helwer:** I guess with the changes that we're seeing in southwestern Manitoba with the oil patch and the demand there for truck drivers, do you anticipate any increased testing in that type of environment with Virden or Waskada or that type of an area?

**Ms. McLaren:** Not unless the communities themselves fundamentally change through a really, you know, building boom and more infrastructure. I mean, we think it's really critical that there be, you know, sufficient traffic lights, yielding lanes, you know. Like, there's a set criteria that we would believe are absolutely critical, that, you know, maybe aren't necessarily deal breakers for a class 5 regular passenger vehicle, but for school buses and big tandem trucks, we really think they're critical. So until those smaller communities build up the infrastructure, I don't see putting those tests there.

**Mr. Graydon:** Since the government brought in the legislation to make cellphones illegal, I see that MPI put \$120,000 towards a dedicated enforcement campaign. Was that a direction from the minister to become involved, and what was that \$120,000—what was it used for? Can you be specific?

**Ms. McLaren:** Yes. Certainly, it wasn't directed by the government. It was—it came up through our participation with the traffic committee of the Manitoba Association of Chiefs of Police. We worked very closely with the police on selective traffic enforcement campaigns, primarily focused at drinking and driving, but the police were very interested in doing extra. That's what the STEP, the select traffic enforcement programs—the STEP programs are about, additional targeted enforcement. They were interested in doing that with talking on cellphones and texting while driving, and the money was used to fund police officer overtime so they could do additional enforcement with respect to that legislation.

**Mr. Graydon:** So this was basically a reward for the wanted poster?

**Ms. McLaren:** I'm sorry. I don't understand the question.

**Mr. Graydon:** Okay, we invested \$120,000 to pay for someone's overtime. How do you gauge the effectiveness?

**Ms. McLaren:** Before we agree to give them the money, they agree to give us very specific information about exactly where they had the additional enforcement, how many officers were there, how many vehicles were stopped. So we get reports back. We get agreement upfront to get reports back so we can have an assessment as to how effectively our money was used.

We believe there's a role to play as the public auto insurer. As the provider of mandatory insurance, there's a role to play in helping people understand traffic laws and adhere to traffic laws. We know, from all the research that we've done and research that we've reviewed from other jurisdictions, that the single most effective way to get people to improve their driving behaviour is to increase their perceived risk, that if they don't, they'll get caught. And anything we can do to help reduce risky behaviour on the roads, everybody wins.

Now, having said that, we also know that Manitobans have different expectations of what we should do and how we should spend their money. They may not be as strongly supportive if we funded additional, I don't know, I mean, seat belt oversight or speeding. You know, I'm just guessing here. But we did this, the texting and the cellphone use as a bit of a test case. The police were looking for an opportunity to do more enforcement. We know the public, there's virtually not a Manitoban who believes we should not help work with the police to deal with drinking and driving, and we suspected they may feel as strongly about texting and cellphone use. This was a bit of a pilot and we really had no criticism whatsoever from anybody in the media, from customers writing, from any source. Everybody thought that this was a legitimate, reasonable thing for MPI to be doing. So, chances are, we'll do a little bit more of it.

Like we work with the police in terms of drinking and driving. Manitobans won't support us funding police to do just anything under the sun. But we think we've got two that they really expect us to do.

**Mr. Graydon:** I just need to understand this better. The police are on the road every day. They're there for an eight-hour shift or whatever their shift happens to be, and if the cellphone and the texting is an issue, they are going to take down a number of people every day. What you're suggesting is that you need to hire police to do more of that or to try and find more people.

Now, I just wonder if it is that big of an issue then, if they can't get enough people in the eight-hour shift, is it that big a issue to have to hire more people?

And then where does the money go when a person is caught? I—there seems that there's a fine for that. Where does that go?

**Ms. McLaren:** Not to MPI. I have no idea. I guess it goes to the municipality as far as I know, but I don't know the specifics of that.

And it's not so much a case of they didn't find enough in eight hours. I think there is a lot of awareness that police have many responsibilities other than just traffic enforcement. This gives additional resources through the use, primarily of overtime, of extra traffic enforcement so that the police can do more of something that they believe is valuable in a targeted way outside the broad range of responsibilities they have during their normal shifts.

**Mr. Graydon:** I don't know that—and I'm not—don't get me wrong, I think it is dangerous to be texting and talking on a cellphone when you're driving and probably not because I haven't done it, but at the same time, I don't think it's MPI's responsibility to be hiring police. I believe that's a municipality's responsibility. That's the responsibility of the government to see that our highways are safe. I don't think that is your responsibility.

**Mr. Swan:** Maybe I can help out. You know, and I mentioned at the outset of this meeting the event that we had with Dustin Vernie who's the young man who was seriously and permanently disabled because of texting and driving.

The evidence that I've seen, that MPI has provided, is that someone is 17 times more likely to be involved in a collision if they're texting and driving than if they're not. Of course, MPI is, at its fundamental base, an insurance company, and MPI wants to do what it can to manage its risks.

If we have fewer people texting and driving, we're going to have fewer people involved in

collisions. There's going to be fewer claims that MPI is going to have to pay and it's going to continue to result in lower claims costs and lower premiums for all of us. So, it is a decision that MPI takes if they believe that it's the right project, to try and reduce its costs, which means better results for all Manitobans.

Impaired driving is certainly another example. Seatbelt campaigns would be another example. Thankfully, because of the law and because of society, most Manitobans wear their seatbelts. Unfortunately, too many people still drink and drive and too many people, especially young people, are texting and driving while distracted.

So there actually is a valid insurance reason for MPI to be involved, above and beyond avoiding the suffering, the damage on our streets.

**Mr. Graydon:** I don't really want to dwell on this, but at the same time, the comment that I say—said at the beginning that this was a reward, it's like you've hired the police to be a headhunter on overtime. That's what you're doing, that's what you said to us here, that this is to help facilitate their overtime and so then they have a specific target at that point. They have to justify why they're getting this extra money, just to target one thing. And they're not out there then to do the rest of it and if they don't do that, like, you tell—you're telling me how you gauge this is by their reports and so you're specifically targeting this.

\* (22:50)

Now you can tell me that it's 17 per cent more and I—or 17 times more and I certainly won't argue with that, but I just wonder how many more times it is when you've got a Starbucks in your left hand or a Tim Hortons in your left hand and you're driving. And don't tell me that that doesn't happen. I see it every day around here. I can pull in here and see people get out of their car every day and they're carrying a coffee cup. It's in their hand. But we're targeting and you're paying to target one thing, and you're paying to get the results in a report that you wanted.

I'm not saying that the outcome is wrong but I just don't think this is the right approach. I think the government has a responsibility. I think the municipalities have a responsibility to enforce the law. That's what I think. And I don't know that you're getting an accurate feedback from the way that it's gauged but perhaps you are. If you're comfortable with it, I guess you're going to go ahead and do it whether I agree or I don't agree.

I'm going to go on to a different one, the unregistered vehicles and unlicensed drivers in the province. How does MPI track the number of unregistered vehicles in the province?

**Floor Comment:** We asked that.

**Mr. Graydon:** Did you? Well, I didn't hear the answer, so now I want to hear it.

**Ms. McLaren:** The first thing we pay attention to is whether we're collecting the revenue that we expect to collect. So if we had a significant gap between what we expected to collect and what we actually collected, we would start looking for reasons. We also pay a lot of attention to just the natural patterns, the historical patterns of customer behaviour. If we saw significant numbers of customers cancelling their registration insurance shortly after they renewed it, we would look into that further. When we do fund selective traffic enforcement programs with the police, largely until now focused on drinking and driving, but when they pull people over, they're checking everything. So the numbers of people that we find through normal police check stops or STEP programs where there are unlicensed drivers or unregistered vehicles are extremely small. We get all the revenue we expect to get. We see no changes in customer behaviour. All of those things are used to monitor whether or not somehow people are manipulating the system and driving without insurance. We do not have that issue here in Manitoba, unlike many other jurisdictions.

**Mr. Schuler:** My question is through you. Mr. Janzen, what board expenses are covered by the corporation?

**Mr. Janzen:** Yes—the all the expenses that are paid or covered by the corporation are direct out-of-pocket expenses related to attending board functions or related to board training and orientation.

**Mr. Schuler:** Would that also include the board going to conferences?

**Mr. Janzen:** Yes, that would.

**Mr. Schuler:** In the past year, how many conferences have you attended?

**Mr. Janzen:** I believe, one.

**Mr. Schuler:** And to the minister, will the freeze on all travel also apply to corporations?

**Mr. Swan:** You know, I don't believe it will. I don't think so. I mean MPI, as a Crown corporation, I mean, it has its own rules for reimbursing the actual

expenses of its board members and I don't believe there'll be any change.

**Mr. Schuler:** Just to be very clear, I meant travel out of province not travel within the province. So to be very clear, the corporation board members are still free to travel outside of the province?

**Mr. Janzen:** Yes. And further, the one conference I did attend that I recall this past year was in province. It was not out of province.

**Mr. Schuler:** To Mr. Janzen, how are board expenses approved?

**Mr. Janzen:** There—the board's—each board member submits invoices for expenses incurred. Those—that submission is reviewed at a number of levels, including myself.

**Mr. Schuler:** Through you, Mr. Chair, other than Mr. Janzen, could he tell us what other levels would have to approve board expenses, including his?

Through you, Mr. Chair, I take it the board chair doesn't approve his own expenses. So what other mechanism is there for his expenses to be approved?

**Mr. Janzen:** Yes, I'll have Ms. McLaren answer that.

**Ms. McLaren:** According to the board's policy, the chair of the audit committee approves the chairman's expenses. And, in terms of the checks and balances to the rest of the system for board member expense approvals, the first thing that happens is one of our executive assistants goes through the expenses to make sure that they all adhere to policy. That is then, sort of, put on the corporate form that's submitted to me for my approval and then on to the chairman. And, as I said earlier, the chairman's are approved by the audit committee chair.

**Mr. Schuler:** And the chair of the audit committee is who?

**Ms. McLaren:** Kerry Bittner.

**Mr. Schuler:** Is there a policy in place for the kind of expenses that can be incurred by board members, or is it something that board members submit for and then are either approved or denied?

**Ms. McLaren:** No, there's policy with respect to—like, for example, out-of-town board members. If they have to fly, it is the same policy that would apply to staff; it should be the lowest cost of the available flights to get you to the meeting and back

appropriately. For those who have to drive into the city—we don't pay mileage for people who live in the city. People who live outside the city are paid mileage at the same rate as MPI employees are paid. So there are guidelines and policies around those kinds of reimbursements.

**Mr. Schuler:** And I know the question has been asked, and I was wondering if Ms. McLaren would have the information. What is the remuneration for the board chair and board members?

**Mr. Janzen:** Yes, that question was asked earlier. I now have that information. The chair, being myself, I receive an annual stipend of \$35,000, and each board member receives an annual stipend of \$7,500. And those amounts have remained unchanged for some 15 years, as I understand.

**Mr. Schuler:** Is there any additional stipend for attending meetings or anything else, or is that—that's it?

**Mr. Janzen:** Until tonight, no. After tonight—

**Mr. Schuler:** Does the corporation have a succession plan for board members?

**An Honourable Member:** Do you have ambitions there, Ron?

**Mr. Schuler:** I'm here because I have no ambitions. Thank you.

**Ms. McLaren:** No, not specifically a succession plan because the board does not appoint its own members. What the board does have, though, is sort of an understanding of the skills and experience required to participate on the varied—on the different committees of the board and offers the educational opportunities based on that. So it has the training and development opportunities, and the board member educational development, not a succession plan.

**Mr. Schuler:** That is actually quite surprising that there is no succession plan.

Are specific skills identified by the corporation and those then relayed to the minister?

\* (23:00)

**Ms. McLaren:** In terms of the skills that would be helpful to have added to the board member group as it exists—yes, for sure. The corporation does have the opportunity to share its needs in that regard with the minister.

**Mr. Schuler:** And how many committees are there in the corporation board level?

**Ms. McLaren:** Six—if—just give me a minute and I'll double-check that.

**Mr. Schuler:** And where would we find a listing of those committees? Are they listed somewhere in the annual report?

**Ms. McLaren:** No, I don't believe they are, but there's an audit committee, there's an investment committee, there's a budgeting and operations committee, human resource committee, governance committee and executive committee.

**Mr. Schuler:** And those are all staffed by board members.

**Ms. McLaren:** Yes.

**Mr. Schuler:** Does the corporation have a succession plan for senior management?

**Ms. McLaren:** Yes.

**Mr. Schuler:** Is that plan reviewed with the minister regularly or periodically or—

**Mr. Chairperson:** Ms. McLaren?

**Ms. McLaren:** Yes.

**Mr. Schuler:** And how often does the CO and—I'm going to try to get my grammar correct.

How often do the chair and CO meet with the minister?

**Ms. McLaren:** I meet with the minister on an as-needed basis, probably averaging monthly, sometimes a bit more, sometimes a bit less.

**Mr. Schuler:** Does the chair of the board or the board or the CO—do you meet with any other members of Cabinet, including the Premier (Mr. Selinger)?

**Ms. McLaren:** Only rarely.

**Mr. Schuler:** When would be the last time that would've occurred?

**Ms. McLaren:** Any other Cabinet minister or the Premier? Anything specific that you want to direct that to? I'm not sure what you're looking for.

**Mr. Schuler:** Outside of the minister responsible, when's the last time that a member of the board or the senior management met with the Premier or any other Cabinet minister outside of the minister responsible?

**Ms. McLaren:** Approximately a month ago.

**Mr. Schuler:** And who was that with?

**Ms. McLaren:** Minister of Finance (Mr. Struthers) along with the Minister responsible for Manitoba Public Insurance.

**Mr. Schuler:** Did the Minister of Finance (Mr. Struthers) at that time give any policy directions to the individuals from the corporation?

**Ms. McLaren:** No.

**Mr. Schuler:** Does the minister responsible give policy directions to the corporation?

**Ms. McLaren:** Sure, with respect to certain issues, certain times.

I just want to go back to the Minister of Finance for a minute. Under The MPIC Act, the Minister of Finance is responsible for all of the corporation's investments. The corporation participates with officials of the Department of Finance and the board has an investment committee that performs an oversight role, but the legislative accountability for all MPI's investments has always, since 1971, been with the Minister of Finance.

So there is an ongoing relationship between the corporation and the Minister of Finance for that reason.

**Mr. Schuler:** I take it that members of the board, as they are appointed, sign a conflict of interest guideline of some kind.

**Ms. McLaren:** Yes. Unfortunately, our general counsel had children that had to be put to bed and if she had to leave—but—and—on the specifics are escaping me at the moment, but clearly there is a responsibility to disclose conflicts. Members are expected to recuse themselves either from the room or from any discussion any time there's any potential perception of conflict or real conflict, and that is absolutely expected of MPI employees as well as board members.

**Mr. Schuler:** Are there any board members who have had to recuse themselves and declare a conflict of interest in the last year?

**Ms. McLaren:** Yes. It was not a declared conflict of interest, it was—likely could be stated as a concern about any potential perception of conflict.

**Mr. Schuler:** And I take it all senior management also has to sign a conflict of interest document?

**Ms. McLaren:** I think it's fair to say that that's not quite the way we do it. We have corporate directives that specify our obligations to report conflicts. We

are bound by the corporate directives. We also have an obligation. Each and every employee, every year, goes through, sort of, an online, computer-based training that tests their knowledge of things like FIPPA and PHIA and conflict of interest requirements and respectful workplace requirements—the gamut of expectations of employees. Everybody, including myself, have to go through that process, pass the test every year. So it's not quite like signing a declaration. We do it a somewhat different way.

**Mr. Schuler:** And all employees of the corporation go online and do this once a year?

**Ms. McLaren:** Yes, with some pretty rigorous follow-up if you don't do it on time.

**Mr. Schuler:** Thank you. That takes care of my questions.

**Mr. Pedersen:** Thank you, Mr. Chairman, and it's unfortunate the chairman of the board feels put out by having to be here late, but this is our—this is the—really the only time we have to ask questions about the corporation, and I think it's the public's right to be here, late in the evening, so—

There's—a short while ago I did ask a couple of questions, though, about MPI and cityplace, your corporate headquarters, and is there—what is the current vacancy rate at cityplace?

**Ms. McLaren:** I don't have the actual percentage off the top of my head. It's somewhat lower than it was when we took over ownership of the building. The office space is fully, fully used on every floor. There is a little bit of vacant retail space on the second floor. That's about it right now.

**Mr. Pedersen:** So in a follow-up, you can relay specific information to the critic, then, about vacancy rates and percentage and occupancy rates?

**Ms. McLaren:** Yes, we can.

**Mr. Pedersen:** And also who is occupying those offices? No, you may not be—[*interjection*]

**Mr. Chairperson:** Mr. Helwer.

**Mr. Helwer:** I guess the interesting thing to us would probably be non-MPI occupancy, as opposed to what percentage you occupy. What percentage is leased out to other corporations, or—

**Mr. Chairperson:** Ms. McLaren.

**Ms. McLaren:** We could certainly give you that. You're not looking for the actual names of—[*interjection*]

**Mr. Chairperson:** Mr. Pedersen.

**Mr. Pedersen:** And who is currently managing the property?

**Ms. McLaren:** Redcliff Realty Management.

**Mr. Pedersen:** And does this company also do the management of the parking lot—parking lots?

**Ms. McLaren:** I believe that has been contracted to Impark.

**Mr. Pedersen:** Thank you. You'll just confirm that. If it's different you will confirm that with the critic?

**Ms. McLaren:** I can confirm right now that it's Impark.

**Mr. Pedersen:** And just about a year ago there was a news report saying that True North was looking to set up some VLTs. There was space inside cityplace, was one of the options being examined. Is the minister or Ms. McLaren prepared to comment whether VLTs will be going into cityplace?

\* (23:10)

**Ms. McLaren:** No. Maybe, if the answers get shorter. I guess I still have the floor.

Redcliff is really responsible for doing their best to lease out all the available space in cityplace. If in fact they did that, if in fact there was, you know, a contract to lease space that included anything like you're suggesting, it would really be the new tenant's responsibility to make an announcement about that, so there's nothing I am in a position to say about any of that.

**Mr. Pedersen:** But as owner of the building you would still accrue a portion of the profits from any VLTs set up there.

**Ms. McLaren:** I guess what I'm saying is that, you know, there is some vacant space. There is a number of conversations and agreements going on, you know, to try to fully occupy all that space. At this time there's nothing I can say publicly about any of those efforts.

**Mr. Schuler:** To the corporation—and again, we have to be very sensitive about individual cases—there is an individual out of Oakbank who drives a four-wheeled vehicle and—I should probably know what the name of it is. It's one of these, kind of, open cab things, and he had a condition whereby he personally is not that mobile. So he drives this little car around, and for several years MPI would insure it. And then they revoked his insurance. And I have

sent the case to either the corporation or the minister. So, in either case, he was very shaken up about this because it's basically his only way that he can get around. He has great difficulty getting in and out of a car. Basically he needs help. He can't—and it's one of these—it's not a quad, but it looks like a bigger quad.

**Floor Comment:** Side-by-side.

**Mr. Schuler:** It's something like that, yes. You know what, I don't own one and I—you know, I should know what the name of this vehicle is, but, in either case, I mean he was very distressed about it because initially it had been permitted and then for some reason it was revoked. He has a valid driver's licence. It's just that because of his condition, getting in and out of a car.

Is it possible that we could have the corporation have another look at it? And I will make sure we forward that on, whether it's to the minister's EA, to you, and we'll make sure that his name stays off the record. But if I could pass it on.

**Ms. McLaren:** Yes, certainly we can look into that. You know that there may be some restrictions with the town of Oakbank as well, in terms of what kind of vehicles can be operated on the roadway. I mean, if it's something that qualified as a mobility vehicle, I guess potentially someone eventually could have had a look at it and said: Oh my goodness, no; that doesn't qualify as a mobility vehicle. But certainly we'll look into it.

**Mr. Helwer:** Mr. Chair, through you to Ms. McLaren: When you met with the Minister of Finance, was there any message of restraint in expenditures or travel or anything of that nature that came across?

**Ms. McLaren:** No.

**Mr. Helwer:** Through you to Ms. McLaren: Number of vehicles, I imagine, that MPI owns. Can you give us an idea of how many, what they're used for, who they're used by?

**Ms. McLaren:** No, not off the top of my head. If anyone's still able to, they will be rapidly trying to answer that for us. But for the most part they are pool vehicles that are used by staff who have to travel for business to go somewhere else. It is—the Administrative Services Department, the manager, which is overseen by Ms. Kempe, vice-president, Corporate Community Relations, is responsible for making sure that the pool is used appropriately, that there's not vehicles sitting around

not being used. We also buy a whole bunch of vehicles, and actually we have been buying hybrids the last few years to support the high school driver education program. There has been a decreasing interest on the part of motor vehicle dealers to provide new cars and then sell them as gently used cars, so we've been buying them. That's been very cost-effective and working for us. So it's all related to things like that. Our estimators out in the rural areas have a little bit bigger, somewhat heavier, they're actually driving Ford Escape hybrids now that they have to go out on the road there because they're all-wheel drive vehicles to estimate vehicles in some a little bit more remote locations. So they're all—their purpose chosen mileage is tracked and recorded and all kinds of things, and we know if we have more than we need or not enough. But we'll get you the number.

**Mr. Helwer:** Through you, Mr. Chair, to Ms. McLaren, I guess continuing on that. You mention purchase, so are most of these vehicles owned by MPI or some of them leased or is there a mixture?

**Ms. McLaren:** The vast majority are owned.

**Mr. Helwer:** Through you to Ms. McLaren then. So, for individuals that are travelling with their own vehicle, I imagine you have an allowance for how much you're allowed to travel and what the mileage is paid. And what does MPI pay for its employees for mileage?

**Ms. McLaren:** I believe it's the same as the government rate, but I'll have to double check that and get that for you as well.

**Mr. Helwer:** All right. I just have a couple more questions.

You brought up, through you, Mr. Chair, a 60-day appeal, and I've heard this from people that have called me. One of them did bring up the issue that this individual was in treatment when they first received the letter of the 60-day notice. They'd just started their treatment and their treatment did actually go past that 60 days, so they didn't feel right appealing that ruling that their treatment was to end, and indeed the treatment was to continue was the recommendation but they had passed the 60-day appeal. Is there a way that that could be revisited or what would you suggest there? I'm maybe not very clear on that.

**Ms. McLaren:** There's any number of times during a year where we waive the 60-day requirement, for sure.

**Mr. Helwer:** Mr. Chair, just I think probably just one more question for you and we'll see where this one goes. But in terms of the financial reports there's a lot of things that companies and organizations do to make them look pretty, obviously with pictures of, you know, fine-looking people and charts and all that type of thing. But in terms of the numbers, is there—are there things in terms of asset valuation that MPI has done to make the picture look better?

**Ms. McLaren:** No.

**Mr. Chairperson:** Order, please. Please address the questions and answers through the Chair. *[interjection]*

Mr. Minister.

**Mr. Swan:** Yes, thank you. I mean I just want to put on the record, you know, so I was trying to provide information as quickly as we could, I misspoke myself. The increased registration fees will take effect July 1st and not May 1st of 2012. So thank you for the opportunity just to clarify that.

**Mr. Helwer:** Mr. Chair, I'd like to thank Minister Swan for spending time with us, as Mr. Janzen as well. I know he enjoys Winnipeg so much and looking forward to get back to Brandon no doubt.

Ms. McLaren, you've done a very good job tonight, and I really appreciate the staff being as long as they did and giving you the answers as quickly as they did. So thank you very much.

**Mr. Chairperson:** Thank the member.

Now, if there is no more questions, Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending February 29, 2008—pass.

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

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Mr. Chairperson:** The report is not passed.

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

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Mr. Chairperson:** The report is not passed.

Shall the Annual Report of Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2011 pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Mr. Chairperson:** The report is not passed.

Please leave the reports of the years that have not been passed on the table.

The hour being 11:20, what is the will of the committee? Shall we rise?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Thank you very much. Committee rises.

**COMMITTEE ROSE AT: 11:20 p.m.**

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