

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

Chairperson
Ms. Marilyn Brick
Constituency of St. Norbert

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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

Thursday, June 25, 2009

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Ms. Marilyn Brick (St. Norbert)

VICE-CHAIRPERSON – Ms. Flor Marcelino (Wellington)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Messrs. Chomiak, Swan

Messrs. Altemeyer, Borotsik, Ms. Brick, Messrs. Faurschou, Graydon, Ms. Marcelino, Messrs. Pedersen, Saran, Ms. Selby

APPEARING:

Hon. Jon Gerrard, MLA for River Heights

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

MATTERS UNDER CONSIDERATION:

Annual Report of the Manitoba Public Insurance Corporation for the year ended February 28, 2006

Annual Report of the Manitoba Public Insurance Corporation for the year ended February 28, 2007

Annual Report of the Manitoba Public Insurance Corporation for the year ended February 29, 2008

* * *

Clerk Assistant (Mr. Rick Yarish): Good evening. Will the Standing Committee on Crown Corporations please come to order.

Your first item of business is the election of a Chairperson. Are there any nominations?

Mr. Rob Altemeyer (Wolseley): I would love to hon-nominate Ms. Marilyn Brick.

Clerk Assistant: Ms. Brick has been nominated. Are there further nominations?

Hearing none, Ms. Brick is elected Chairperson. Will you please take the chair.

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

Mr. Altemeyer: I'd like to, I'd like to nominate Ms. Flor Marcelino.

Madam Chairperson: Ms. Marcelino has been nominated. Are there any other nominations?

Hearing no other nominations, Ms. Marcelino is elected Vice-Chairperson.

This meeting has been called to consider the annual reports of the Manitoba Public Insurance Corporation for the fiscal years ending February 28, 2006, February 28, 2007, and February 29, 2008.

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

Mr. Cliff Graydon (Emerson): Madam Chair, I would like to sit until eight and then review it again at eight, and put—perhaps go till nine if we find that we're making any headway at all. Thank you.

Madam Chairperson: Thank you. Is that agreed by the committee—

Some Honourable Members: Agreed.

Madam Chairperson: —that we will sit till eight and then review it, and we may sit longer at that time?

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

Mr. Graydon: I suggest that we, that we look at the reports globally.

Madam Chairperson: Is that agreed?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed.

Does the honourable mis—minister wish to make an opening statement, and would he please also introduce the officials in attendance.

Hon. Dave Chomiak (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Yes, thank you, Madam Chairperson. I'd like to introduce the very successful

and hardworking group of individuals who are on the board and the executive of Manitoba Public Insurance Corporation who have, over the past 11 years, managed to keep our insurance rates the lowest, if not the second lowest in the country and who have introduced innovative programs that, that return 50 cents on the dollar of a private insurer, and 90 cents on every dollar goes back into the repairs and payments to individuals.

I think it's a success story, and one of the reasons is because of the individuals who work for the corporation, including the chairperson, Shari Decter Hirst; the president and chief executive officer, Marilyn McLaren; vice-president of finance and chief financial officer, Don Palmer; general counsel and corporate secretary, Kathy Kalinowski; vice-president, human resources and public affairs, MaryAnn Kempe; vice-president, claims operations and service delivery, Wilf Bedard—pas aujourd'hui [*not today*]—vice-president, business innovation and insurance operations, Dan Guimond—pas, aussi [*not, also*]—vice-president, information technology and chief information officer, Wayne Wedge.

And insofar as I have—we want to get down to questions and deal with matters. I'm going to not read my prepared text. I just highlighted the strength of the corporation when I introduced the officers and chair of the board, so at that, I'll leave off my comments, Madam Chair.

Madam Chairperson: We thank the honourable minister.

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

Mr. Graydon: Thank you, Madam Chair. I would just like to thank the staff for coming in on a hot night like this and spending their time with us rather than sitting at home and perhaps having a cold glass of Kool-Aid, or whatever you do when you sit at home, so thanks very much for coming, and I thank the minister for having this meeting tonight, or having committee, and would hope that he would call one in the fall. Thank you.

Madam Chairperson: We thank the critic.

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

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

Madam Chairperson: Thank you.

The floor is now open for questions.

Mr. Graydon: Ms. McLaren, I'd like to start off on the enhanced ID cards. That's—could you tell me what we've spent to date on the enhanced ID cards and licences, if that's applicable?

Ms. McLaren: Not precisely, right up to this very date, but we were reasonably close to the budget with respect to \$13 million to \$14 million expected to be spent in start-up costs, to get the program up and running, and the administration for the weeks that we've been running it are in line with what we expected.

But I don't have a total cost of the operations as well as a start-up up till tonight, no.

Mr. Graydon: When we talk about start-up costs, what all does that include?

Ms. McLaren: The start-up costs include the additional staff we needed to prepare the technical infrastructure, to build the computer systems, the software systems. They include the staff that we needed to hire initially to be ready to deliver the program. It would include the training programs that staff and brokers needed to go through to be prepared to deliver the program. It would include creating some special purpose facilities to handle the enhanced identity interviews that are part of the process. There's a number of special purpose facilities that we leased just for that purpose. It would include modification to some other MPI-owned facilities that were modified. It included the cost of modifying those facilities and building in the requirements in the new leased facilities to meet the security requirements of Canada Border Services Agency.

It would be the cost of building the computer system interfaces that we needed to build that would pass information between the corporation and the card producer, between the corporation and Canada Border Services Agency, between the corporation and Manitoba Vital Statistics Agency, all processes that are required to validate the integrity and the veracity of the information provided by applicants.

Those are the largest categories of cost that I can speak to, off the top of my head.

* (18:10)

Mr. Graydon: So, then, would you—you would say that we're very close to being on the original estimated budget of \$13 million for the, for the start-up costs?

Ms. McLaren: Yes.

Mr. Graydon: The last time that we met, you indicated that when a project was done and implemented, we would have these costs audited, and at that time, then we would negotiate with, then we'd negotiate with the Minister of Infrastructure and Transportation (Mr. Lemieux) on a repayment schedule whereby the government will replay—repay MPI for those start-up costs. Are we at that auditing point now?

Ms. McLaren: We're getting close, but we have not begun that point yet, no.

Mr. Graydon: When, when you say we're getting close, could you be more specific on a date?

Ms. McLaren: I would expect that that process would be complete during this fiscal year.

Mr. Graydon: Can we, can we get a copy of that as well? Of that audit?

Mr. Chomiak: I think from the very beginning we outlined what the cost would be, and we indicated that the, the cost would be negotiated back to the government, and that will show itself up in the annual report and the annual statements made by, by the corporations. I don't, I don't think we need a specific—it'll come as a matter of course, and, and if it doesn't, I'm sure the member will remind me during the course of, of the proceedings in the House.

Mr. Graydon: You can rely on that. I would.

Has there, and has there been a repayment schedule negotiated or is this going to be a lump-sum payment?

Mr. Chomiak: I, I think that it's not simply a—it'll be a, a payment over a period of years, I believe. And it just does remind me of some of the, the issues as I, as I was reading the briefing notes regarding EDL about some of the advantages of, of the fact that all auto licences have to go to facial recognition anyway, the fact that we needed in Manitoba some common mechanism for having identification, not having Liquor Control Board, or not having Child and Family having separate—a one-spot, secured and cheap approach to ID was in the benefits of all Manitobans, the fact we wanted to go to one-piece driver's licence.

The fact that the merger of DVL and MPI allowed for that kind of activity to take place means that the investment made by the public in this through MPI, which will be—which we paid back

makes, makes a lot of sense on the—not only from the, from the, from the point of EDL, which is voluntary, but from the overall significant moves that have been made in terms of security arrangements across North America. And I just, I just tack that on to my answers to help us all recognize the importance of the initiative.

Mr. Graydon: What are the ongoing costs of this initiative expected to be?

Ms. McLaren: Separate from the start-up costs, we expect the ongoing costs of administering the program will be covered by the \$30 fee paid by applicants for the enhanced cards.

Mr. Graydon: And when you say the \$30 fee on a, on a participation level, at what level would that be? How many cards are you expecting at the \$30 level?

Ms. McLaren: We really believe that that will be scalable, that we will be able to level the numbers of staff working in the program to meet the demand—not have too few, not have too many—and on that basis, based on the expected productivity of each person per day and what the expected numbers would be, we believe we can cover that with the \$30 fee.

So it's not so much dependent on only if we sell X number per month. We believe that because the, the significant majority of the people hired to work on the enhanced identity card program were hired as temporary employees so that we would be able to modify the staff complement based on demand. The actual—if cost effectiveness of the \$30 is not so much dependent on the precise number of cards sold.

Mr. Graydon: I, I know quite well that, that MPI is, is—runs a pretty tight ship and so they, they must have some budgeted number in mind when they, when they set up the ongoing operated costs. Could you give me an idea of what that number might of been?

Ms. McLaren: Sorry, Mr. Graydon, could you repeat the question? I'm not, I'm not sure exactly what you mean.

Mr. Graydon: The question is that when, when you set up your program and you did the initial start-up, you budgeted about \$13 million, and it's gonna be give or take, we understand that, but on your ongoing operating costs then, of course, you have a budget for that too when you're starting a new program, and because you can't be exact but you at least have a budgeted number, could you tell us what that budgeted number would've been?

Ms. McLaren: We, we, we don't have a, a number like that. Let me explain to you why. We really expected—and there's a number of intervening factors have caused these expectations to have not come true in, in a number of cases, but we expected that there would be what we refer to in the corporation as a bubble of demand, a large demand at the beginning. That's why we have a special purpose facility here in the city of Winnipeg. That's why we have a special use facility in Winkler as well.

So we geared up to, to be able to meet the needs of what we expected Manitobans would be asking for in terms of these cards. So what we budgeted over the long term was to really not have those special facilities. After the, the bubble was over, we do not expect to have those facilities. We expect to have maybe four or five people working in all the different—in Winnipeg anyway—the different MPI service centres which today are claim centres but are about to become full service centres, spending part of their day working on EIC applications.

So it will become a small part of an ongoing operation, and for that reason I don't really have a precise volume or budget count to give you. If the demand stayed far higher than we would expect after whatever bubble materializes, we may need some special purpose facilities, we may need more people, but the extent to which the work effort associated in terms of the people—the big cost driver for the card program, the enhanced card program is the staff time to conduct the interview. Each person has to go through about a half hour interview. That's the cost driver for us.

So, based on one employee being able to handle X number of, easily, 10 interviews a day, which is \$300 of revenue from the cards, that's, that's the equation. So, if we need a few more people to do 10 more interviews a day, we're still paying the \$30 that, that we're still covering our cost with the \$30 per card that the consumers are paying.

Mr. Graydon: So then, if I understand you right, going forward then, MPI will be assuming the ongoing operating costs and that there won't be an ability to recoup these costs from the government?

Ms. McLaren: The \$30 fee paid by people applying for the enhanced cards is—was established in regulation, in consultation with—the government established in consultation with the corporation and the corporation gets that revenue. So if, as we're implementing this program through time, we can show that we cannot cover our cost for the \$30 then

we would expect to have an opportunity to talk to government about raising the fee or finding some other method of offsetting any shortfall that we had, but the \$30 was established in light of the fact that we believe that will cover our costs.

Mr. Graydon: So you expected you would have an opportunity to discuss this with the government. So that discussion hasn't taken place, I assume. However, going forward, if the government says no, what other, what other form do you have to cover that? You said there—you'd have some other way of covering that. How would you do that?

*(18:20)

Mr. Chomiak: I'm not sure if I understand the question for the president, but I—there, there are a couple of factors still at play. The—for example, I'm advised at the Emerson border that, that they're letting people through without the ID, saying, but make sure you have it by September.

We know that the recession and the recent closure of Highway 75 all impacted on, on travel arrangements. We know the Government of Canada is undertaking a significant advertising campaign, and we have the—so it's a bit of a—the events haven't unfolded precisely as, as planned. As the president indicated, they still expect a bubble and then it was sort of business as usual as, as one goes along because you've, you've, you've already dealt with a capacity, and you're only going on an ongoing basis of an administrative task on top of the other tasks that take place.

So I don't know if that answers or helps, but you can ask the question another way again if you'd like. The government obviously—MPI obviously, as you said, runs a tight ship and we'll, we'll make sure that the, that the funds from the, from the public who pay insurance are, are ade—properly utilized.

Mr. Graydon: Thanks for that answer.

I just—perhaps I didn't frame the question well enough, but the ongoing operating costs after the initial costs I understand could possibly be picked up or be covered by the \$30; however, if there's a shortfall, then there could be negotiations with the government—you had mentioned that—or that there was another possible way to recoup that cost.

Now, I understand that the government going forward is looking at a recession and they're looking at places to save money. If they're—if they do not pay the shortfall, if there is a shortfall—and it's a

hypothetical thing, but it could easily happen just by what the minister just said. There is a recession out there. People aren't travelling as much and they're, they're really being pretty cautious and cost-conscious of what they do with their money. So, if there is a shortfall, what other possible way is there to recoup the shortfall if the government says no? That was the question, and you had said that there was another possibility. I'm just asking what that possibility might be.

Mr. Chomiak: I, I guess it's a hard question for the president to answer in a hypothetical sense, saying whether the government would say, would say no. As the minister responsible for MPI, I'd expect that, that we live up to our responsibilities and MPI would live up to their responsibilities and, and that's how we function in the fast-past, I think we'll function in the future.

At this point, at this point things are proceeding along the plans. Albeit the situation changed, the economic situation changed dramatically between—we all know we had a federal election when the economy was supposed to be booming, followed by, and I'm not being critical, a huge incensing in the U.S., a huge understanding that we're going through one of the worst economic recessions. At the same time, Manitoba, to a certain extent, has, has, has done well relative to other jurisdictions and the, the, the uptake and the volume and the impact is still uncertain with respect to the cards, and we'll probably have a better appreciation in about a year from now.

Mr. Graydon: Then I would take it from your answer that, after you've had a good look at this, that you're willing to pick up the tab, if I—and live up to your, your responsibilities. That's what I understood from your answer, and I appreciate that answer. That is the responsibility that you would have. I'm sure you wouldn't, you wouldn't want to not do it.

Mr. Chomiak: Well, put that way, put that way, I, I guess that's a compliment.

An Honourable Member: It was meant to be, by the way.

Madam Chairperson: Mr. Graydon.

Mr. Graydon: In the, in the start-up for, for this process of the enhanced ID cards and enhanced driver's licence project, because they're both, both one and the same—basically, they will dovetail into each other—has MPI paid any money to a company called EDS?

Ms. McLaren: Yes.

Madam Chairperson: Mr. Graydon?

Minister Chomiak.

Mr. Chomiak: EDS has been a, a supplier to a, a service provider at MPI since the earlier '90s on an ongoing basis and developed, I think, the initial, the initial basis of the computer system utilized by MPI. So, both in the past and going forward, EDS provides, provides work to MPI.

I think last year the member for—one of the members asked for information about how much money was paid to EDS, and I—we had a bit of a discussion. I was worried about third-party commercial, et cetera, but I think that information was provided, and if it wasn't provided, I'll make sure that the—that information is provided to the member in terms of how much money is paid to EDS.

I don't know—just from my understanding the situation, I don't know if you could fragmatize the work that EDS provided on the, on the cards, per se, to a definable quan—quantitive basis, because they did provide the backbone in the—starting in the early '90s for the entire computer system and then ongoing development of software, hardware, training, et cetera.

So the overall number, I think, has already been provided to the—or should have been provided, and, if it's not, it'll be provided to members of the opposition.

Mr. Graydon: I appreciate that and I'll be looking forward to a—what is the cost of the, the new facility for EDLs and AICs on Ellice? Is that a rent, a lease, or, or renovations, and, and what are the costs associated with that facility?

Ms. McLaren: We did lease the, the facility. It's a four- or five-year lease with an option to sublet it when we're finished with it. And I honestly don't remember off the top of my head what the annual or total cost of the lease is, but we can, we can provide that.

Mr. Graydon: I would look forward to, to you providing that to me. I didn't expect you to have it on the tip of your tongue, but I'd certainly appreciate that.

The cost of the card to the individuals is \$30 for drivers or \$50 for non-drivers. How much money has been generated in this fee to date?

Ms. McLaren: I can step away from the microphone and ask my CFO to calculate it for me, if you like, based on an approximate number of cards sold. I didn't bring my calculator.

With respect to the cards that have been applied for and issued so far, we're looking at about 4,500 right now, times \$30 each, would be about \$135,000.

Mr. Graydon: The revenues that are generated from the regular drivers' licensing operations are turned over to the Province. Are the revenues that are gonna be generated through the enhanced ID cards turned over to the Province?

Ms. McLaren: The, the—no. The \$30 or the \$50 enhanced ID card fees are retained by the corporation to cover the costs of the program, and, yes, the driver licensing fees and vehicle registration fees are collected by MPI and passed straight through to the Province.

Mr. Graydon: Will the revenue gen—from the new enhanced driver's licences be transferred straight through to the provinces—or to the Province?

* (18:30)

Ms. McLaren: The \$30 enhanced fee will be retained by the corporation, so, if someone has, for example, a driver licence renewal once we are issuing enhanced driver licences and there's a \$30 enhanced fee in there and a \$15 licensing fee and a \$20 insurance premium, the \$30 fee for the enhanced would come to us, the insurance premium would come to us, and the government licensing fee would pass through to the government, just like on a non-enhanced driver licence.

Mr. Graydon: Can you give me an idea of, of what the—the staffing costs for the initiative, initially, up to February was 5.3 million. Can you give me an idea of what it is up till today?

Ms. McLaren: No, I can't right now. Sorry. I'm not sure exactly what period of time the 5 million refers to and, if you're asking what have, what have we spent since the 1st of February until today, we could probably calculate that at some point.

Mr. Graydon: I'm more interested in just the staffing costs of this. There's other costs when you have start-up, but the, the staffing cost is, is one of the issues that I'm interested in and, and none of the, none of the start-up fee is—has been—yeah, we've said in the past, you haven't billed them because it hasn't

been audited, they haven't forwarded you any money, MPI is carrying that as they go forward.

How much has been spent to date advertising the enhanced ID cards on buses, radio, et cetera, newspapers?

Ms. McLaren: Again, excuse me for a minute. I can get some of that information.

Up until the end of May we had spent about \$140,000, and we've committed to spend about another \$80,000 over the next several months.

An Honourable Member: 140—

Ms. McLaren: For the advertising, yes.

An Honourable Member: Till the end of May?

Ms. McLaren: Yes, for the advertising for the enhanced ID program.

Mr. Graydon: Will, will this figure be included in the 13, the 13-million estimated start-up costs?

Ms. McLaren: Yes, I would expect that initial advertising would be part of the start-up.

Mr. Graydon: Then we could expect the government to be paying this back whenever the audit is done?

Ms. McLaren: That's fair.

Mr. Graydon: The next question I had was how many, how many people have applied, but you've basically answered that question at 4,500.

The original projection for the total number of people that would apply for an enhanced ID card was reportedly a hundred thousand. This is what was reported. This is what we talked about earlier. Have you recent—have you revised your, your predictions downward at all?

Ms. McLaren: Yes. When we first—not, not even when we launched the program, but I believe it was when the government announced the legislation in support of the program, which was last spring. We were talking about potentially a hundred thousand or more. That was based on a program that we expected to go live in November of '08, as the minister said, based on different economic circumstances and different start-up protocols at the border. So, certainly, we've—we revised our numbers downward. We expect at this point that we may sell three to four thousand a month over the summer, and we're really going to have to reassess it again in the fall based on

some of the economic circumstances, but based on also the protocols at the U.S. border.

Mr. Graydon: So you, you, you have revised it downward and expecting 24,000 over the summer. Do you believe that to be realistic?

Ms. McLaren: I said three to four thousand per month. Three to four thousand per month over the summer.

Mr. Graydon: Excuse me for that. I, I thought you said 24,000, and I thought you were being very optimistic.

The Ombudsman had cited a number of concerns about the security of this card. I'm not totally sure that I agreed with all of the, of the concerns. However, there have been some, and Manitobans have cited a number of concerns. Do you believe that that is part of the reason also for the, the unexpected low uptake?

Mr. Chomiak: I just, I just wanted to add a couple of comments in this regard. The, the, the number of Manitobans who had passports in the beginning of, of January of this year was about 44 percent. We know that most Manitobans, most Manitobans will go to the United States sometime in the past, during the year, and that—so that equation doesn't change.

The fact that the rules changed at the border, an enhanced ID is required, means one of three things: Manitobans stop crossing the border; Manitobans get a passport or Manitobans get enhanced ID, with a variation insofar as we now know that the U.S. border isn't, isn't—Emerson, for example, isn't strictly enforcing the new protocols to allow for a change-over.

So those dynamics have not changed, and the need and the requirement is still there which is why, you know, provinces like Saskatchewan that, that have pulled back from doing ID, from the comments that I read in Saskatchewan, indicated that they were still looking at it and that—and this gets me to the point, that the ombudsperson in Saskatchewan recommended that they follow the advice of the Ombudsperson in Manitoba in terms of the provisions they put in place when they go forward on, on ID.

So it's very hard to calculate what impact the comments of the Ombudsperson are, except that the cards are voluntary and so the individual voluntarily enters into this arrangement and, secondly, the fact that all of the information and data was shared with

the Ombudsman prior to implementation. Comments were received by the Ombudsperson, so that there was a full disclosure policy.

So to the extent that the ombudspeople everywhere do not like, generally, information—the new federal Criminal Code just—you know the new federal Criminal Code provisions that are coming out on, on personal security, you know that all 12 or 13 ombudspeople in the country are not gonna like it, but you also know every justice minister in the country and every police officer is gonna like it. But we are in an interesting time with respect to information sharing, and we have to be very careful as governments and bodies that hold information that when we do travel into that area of information provision that every possible safeguard is put in place to the extent that we could with getting advice from the Ombudsperson, having individual chip IDs that are only activated for in—for specific limited information and are yet covered by a, by a barrier and aren't triggered through, irrationally, to the, the extent that technology is available and been applied and adhered to.

*(18:40)

There may be some Manitobans who are concerned, but there's probably, short of not having a ID card, there's probably nothing else that could be done to, to persuade those who are concerned that, that their information isn't, isn't at risk.

Certainly the, the, the Ombudsperson did not point out anything, any deficiencies in that regard that MPI hasn't followed as a, as a, as an institution in government.

Mr. Graydon: Thank you for that answer, Mr. Minister.

The, the certain low level of uptake versus the high uptake on passports—and there has been a huge, huge increase in passports issued in Manitoba in the last three, four months—the bubble that you spoke of, that you expected with the enhanced ID cards happened with passports. What do you suppose triggered that?

Mr. Chomiak: I, I'd like to see those numbers because the last numbers I saw—I've heard talk about, about that, but I hadn't seen the, the actual numbers. I'd like to see the numbers, 'cause the numbers I had for January—I had numbers back to January. It would be very interesting to see to what extent there has been an uptake in passports. I know that the federal government actually moved in a, a, a mobile unit into

southern Manitoba to, to deal with passports. I also know there's been some criticism—and I, you know, I, this isn't criticism of the federal government—I think the Ombudsman has criticized the federal government in terms of some of the security arrangements.

So there are problems across—the, the important thing is Manitobans—are that there was a gap and the extent to which representatives—and that happened at a state level and a federal level in the United States too, provincial level, federal level in Canada—the extent to which elected representatives strove to meet the gap—the gap because of needs for this economy and requirements of the population. We are a trading province. We are a—more than—I mean, I think Emerson is the second or the third busiest border spot in the country. Fourth? Even at that, significant. And there was a gap there. As time got closer and closer and closer to the June 1st date, there had to be action, and B.C., Ontario, Québec moved, and we moved, and, I think, regardless of how that gap was filled, it's important for our relations and our economy that that, that border is crossed and continues to be crossed as frequently as it does with the same kind of—to the extent possible, the ease.

So, I'd like to see what the numbers are in passports. It may have worked both ways. As I said earlier on the off remarks, the federal government advertised here in Manitoba for both passports and enhanced IDs, and I think that we reciprocated by saying our ads alerting Manitobans to the fact that June 1st—you know, there was a significant date for, for land—meant that both levels of government were striving to achieve a goal, which is important for all Manitobans in a, in a closely aligned economy and a, a, a significant trading partner and a significant friend vis-à-vis our mutual interests.

So it would be interesting to see what the passport ratios are. The important thing is that Manitobans and people from the United States as well—it has to be reciprocated—know—do not feel that the border's a barrier.

Mr. Graydon: Thank you for that answer, Mr. Minister. I couldn't agree more that, that we, we need to respect the, the amount of commerce that goes across the border on a daily basis and on a weekly and on a monthly basis.

But my question really pertains to the difference in, in the price of the passport. The price of the passports are around \$85, and it's at max, from this particular building until I get back, is one hour with a

seven-day delivery and \$85. And when I look at a \$30 card that requires information that not required with a passport, with a two- or three-month waiting period, I wonder if that isn't part of the reason that the bubble didn't occur with the enhanced ID card.

Now, I wanna keep in mind, or I want the minister to keep in mind that we did support the ID card. We had concerns over the, the security of information. There's no question about that, and that was from the very get-go. But at the same time, we, we certainly didn't hold this up in, in, in the House at all, the discussion. We made sure that that was through in plenty of time. But there seems to be more than just a recession problem with the uptake on a \$30 card versus an \$85 passport. Now we need to know what that is so that we can all enjoy this commerce and, and not hinder the commerce that's running back and forth across the border.

Mr. Chomiak: I, I appreciate the member's comments about the support and I—in some ways it's a bit of a chicken and an egg argument. We might be able to argue that the publicity and the notification to Manitobans surrounding the issuance of the enhanced ID card were the precipitating factor that encouraged Manitobans to, to get passports, because as, as valuable as the enhanced ID cards are, the passport provides you more coverage for flights which is a, which is a significant factor.

But, but—so to me it's sort of a cha—to me, the end goal is the important issue, you know, we wanted to provide a, a—in, in the absence of what appeared to be not a lot of activity on the federal front—and this sounds just like *Lou Dobbs Tonight*, cause it was on *Lou Dobbs Tonight* last—I had to talk to the member, it was on *Lou Dobbs*, about the states all complaining about the U.S. federal government putting in place security measures and then not following up with ID, and the states—the American states all complaining about them ha—you know, we have this traditional federal-provincial, federal-state back and forth.

The important issue was how do we cover off commerce and cover off the, the propriety of our citizens going back and forth, how important it is. So who occupy the field—you occupy the field, you both occupy the field. The, the, the fundamental issue is do people have ID.

It goes a little further because we also we're in the process of having to go to a total facial recognition driver's licence across the country because of new rules that came in effect. We also

knew that we are facing a new era of ID: Liquor Control Commission, Manitoba Child and Family Services, even schools. I mean ID, facial ID, is, is significant now in a post-9/11 era, and it would be convenient to have a one-stop shop for people who don't need a passport but need some other form of ID, and, geez, if we could do it all cause MPI is with DVL now and we have the information, the database, maybe it makes sense for everyone.

So there's a larger picture, no pun intended, and there's a smaller picture that relates to this, but the important thing was the occupation of the field. We did not want to find ourselves in a situation where we came close—nor did the federal government, but there seemed to be, there seemed to be a, a slower cant towards the starting line on this, and that was right across the country. That came as the result of provincial-state, state-provincial, federal-provincial discussions to move on it. The important thing is to have the field occupied, and there's the additional factor that ID and facial ID is now a fact of life, reluc—unfortunately, in this country.

And, in terms of a business factor, let's, let's, let's just take it one step further. Unfortunately, in the future, I suspect, or we suspect, the photo ID will become a norm. The question will then become: What form of photo ID will become the norm? What, what photo ID will everyone carry that'll be recognized everywhere? Will it be the high school picture? Will it be the, the one issued by liquor licensing? It'll have to be something that'll have some accountability attached to it. Not everyone is ever going to get passports, and I don't know if you ever want to be a country that always has passports, because that adds connotations in a negative sense. But IDs for drivers is fairly—covers most areas and then it extends to those individuals who don't drive, who are fairly a large proportion, and individuals who come here, et cetera.

So it's a larger argument. That's, that's all I'm making in this regard.

Mr. Graydon: Well, thank you for that.

The passport is good for, for five years. The enhanced ID card is good for how long?

Ms. McLaren: This first issue is good for a minimum of five years. Many of them will be good for more than that. No one will have to pay the \$30 again for less—in less than five years, and after that they'll be good for five years as well.

Mr. Graydon: Let's suggest that my wife decides that we've been married too long and she wants to change her name. Does that mean that she changes her card?

* (18:50)

Ms. McLaren: Yes, definitely. She would be required to have her legal name show on the card, and she would have to apply for a name change on the card. It would not be the same \$30 again. I think it's a change fee of \$15, something like that.

Mr. Graydon: Can I, can I use my passport as an ID for applying for an enhanced ID card?

Ms. McLaren: The requirements for the program that have been established by Canada Border Services Agency and other federal agencies require us to look, to use what they call source documents, the foundation documents. So it would be a birth certificate. It would be, for someone who is not born here, it would be their citizenship papers. But a passport is a travel document. It's not, in and of itself, proof of citizenship because you needed to provide a birth certificate or something similar in order to receive the passport. So the federal agencies that have set the rules out for this program for us require us to go to those route documents, being the birth certificates and the other that I mentioned.

Mr. Graydon: So the short answer is no?

Mr. Chomiak: That's a very significant point. The Auditor General has, has found some weakness in the, in the processes for passports. And for a while Canadian passports were, like, a problem, and were carried, you know, as a matter of course, by a lot of individuals who shouldn't have been carrying Canadian passports. So the fundamental issue of issuing, issuing information is that it ought to be source document, whether it's the passport or whether it's the enhanced ID. If one is dealing with matters of security and if one is dealing with matters of accuracy, that just makes sense.

Mr. Rick Borotsik (Brandon West): Yeah, just one question on that. Have the feds said that you cannot use a passport to, to back up the, the application for an enhanced ID? Have they said you cannot use a passport?

Ms. McLaren: I don't want to be definitive on that. Those were the conversations that we were having, and I believe that that was the direction we were provided, but I will, I will confirm that off-line for you because the—to the best of my recollection that

was the direction, but I don't want to be the hundred percent definitive on that right here.

Mr. Borotsik: Well, the, the process that you put into place with the enhanced ID was a process that was developed by MPIC itself. You have put in the requirement for an interview which, in fact, I believe there are two interviews that are required for the enhanced ID. The source documents that you talk about, and I just want to confirm this that, in your opinion at this point in time, you do not know whether or not the federal government has said that you cannot use a passport as identification.

Ms. McLaren: A few points of clarification. For the record, in no way did Manitoba Public Insurance come up with the procedures for this program itself, not in any way, shape or form. We are administering this program that has been established by—the program requirements have been established by others. This is a program that was—the requirements of which were specified, first of all, in a memorandum of understanding signed between Canada and the U.S. That document requires anyone who issues enhanced documents to follow the Security and Prosperity Partnership, SPP 113, which specifies the documents suitable for gaining admittance to each others' countries.

Next there was a memorandum of understanding between Canada and Manitoba. Party to that were people from Citizenship and Immigration, Canada Border Services Agency. So there are a number of departments within the Province of Manitoba who were party to this. If anything, any program was ever really developed and the rules established by committee, this was it. This is a complicated initiative where many, many players from two federal governments and many agencies of this Province have had a significant role in deciding how it would be administered. So in no way, shape or form are we administering a program that we figured out how best, on our own, to meet the requirements of others. Every step of the way, it was specified as part of that larger group.

Mr. Borotsik: Fair ball, and this committee structure that you had to put forward this process, you're very knowledgeable on the SSPP 113, but we don't know as to whether we can or cannot use a passport as identification or as a source document for the enhanced driver's licence, but you're going to give me that information and I do appreciate that.

Back to this process. So the interviews for the enhanced ID, the process that is now in place that's

required for Manitobans to go through, that's a process that was developed by someone else somewhere else, you're saying. It was developed by a committee with a number of different arms to it, but surely MPIC had some input as to how that was going to be—how that process was going to work, 'cause you were the ones who were going—are, at this point, going to administer it.

So you must have had some input at some point in time as to what it was that individuals had to go through in order to get an enhanced ID.

Ms. McLaren: Absolutely. We were part of the process, absolutely. The specific rules—the document was called—I believe it was called the business case. It was—and that—the specific intention of Manitoba, not just MPI but of Manitoba as to how it intended to administer the enhanced card program here in Manitoba had to be accepted by the federal government, and then it had to be approved by Customs and Border Protection branch of Homeland Security of the U.S. federal government.

Mr. Borotsik: And do you have that approval from Homeland Security and the federal government?

Ms. McLaren: We got that approval about a year ago, and since then we're working to implement the program based on the protocol that was approved by them.

More recently, the actual card itself passed all the U.S. security steps and is registered on the U.S. federal registry as an acceptable travel document to enter the U.S.

Mr. Borotsik: Last question, if I can; I'll give it back to the critic. MPI is a very sophisticated corporation. You've got lots of very bright people sitting in the room right now, CFOs. I have to admit I'm a little disappointed in the answers with respect to the business plan that went into the document itself, into the enhanced ID. You knew that there was going to be a \$13-million—or approximately \$13 million in start-up costs that was going to be funded from the provincial government.

You had some indication, some idea—you obviously have done some work with respect to the bubble. You anticipated a bubble because obviously there was going to be a time line that you had to try to achieve. You gave us an indication, or there was an indication given eventually, or originally, that there was going to be somewhere in the neighbourhood of 100,000 potential customers for this program. You had to look at some of the

operating costs, the staffing times for that. You had to look—you went out and you leased space for these special purpose facilities.

I'm a little disappointed, you not have—not having, having you not have a better handle on that business plan. You're looking for 3,000 to 4,000 now per month over the summertime, which you didn't achieve the first three or four months that the program was implemented.

I guess the question I have is: Without having full knowledge of that business plan, when do you decide whether the program is working or not working? When do you decide—at which benchmark is there that you say that this an effective program, it should continue, or, in fact, at some point in time, if the business plan's not working, when do you say as a corporation: It's not working and we have to go in some other direction.

Do you have an answer for that one?

Ms. McLaren: Probably not as cut and dried as you might like, but let me explain it from our perspective. When we said we may be faced with as many as 100,000 applications, that was, we know, based on an understanding at that time of how many people had passports, how many people said they expected to travel to the U.S., a huge unknown. We knew that, so we don't have a business case that says this program will succeed or fail based on a certain number.

* (19:00)

And let me tell you why we can approach it in what might be considered by some as a fairly unconventional way. If at the end of the day we can scale our staff complement to deal with whatever volume we have, then we will continue to operate the program. The start-up costs have been spent, and we have an alternative for Manitobans, and the government decided that Manitobans deserved an alternative; they have one. So as long as we can continue to have a staff complement that meets the demand and cover—and were able to cover our costs with the \$30, we'll continue to operate the program.

At some point, if another significant capital investment had to be made, then you'd have to take a step back and say, should we really invest more based on demand and based on what we know about the usage at that point? But that's not likely to happen because I, I can't imagine what would require other significant investments to get the program up and running.

We did lease special purpose facilities and made very sure that we had the option to sublet them because we don't expect to use the facility on Ellice for the full four or five years. We don't. So we have every opportunity to sublet that.

The other thing that we did is when we bought the furniture and computers to put into that facility, we know full well that we will expect not to use them there just about the time that these two brand-new service centres in the city of Winnipeg are, are being constructed right now and will come onto line next year, so we'll take the computers, we'll take the office furniture and so on out of that special facility and put them into the new claim centre, the new service centres. So our, our costs are being mitigated wherever we possibly can.

We believe that we will be able to meet enhanced ID card demands, at whatever level they settle out, in our service centres. We'll have seven MPI service centres instead of the five claim centres we have today in the city of Winnipeg. We'll have others across the province. So we've made sure that the entire program and our expenditures related to the program are, are scaleable based on whatever level of demand we end up with.

Mr. Chomiak: Yes, I appreciate the member said that—I, you know, I appreciate the member was limiting the discussion because it could be a long discussion. I, I just want to make the comment that we know that the majority of Manitobans plan to visit the United States, normal circumstances this year, and the three major places where Ma—where Canadians cross into United States in terms of vehicles are B.C. There's a strong two-way traffic in B.C, there's strong two-way traffic in Manitoba, and there's strong two-way traffic in Ontario.

There's also New Brunswick, but Ontario, B.C. and Manitoba all moved forward on enhanced driver's licence and these are governments of—it's not a partisan issue. These were governments that said commerce and travel are important to the economy; there's a gap—only 44 percent of Manitobans have passports—the border effectively shuts down on June 1st. What does a, what does a responsible government do to ensure that economic commerce and people movement continues? And I think the two options available to Manitobans make a lot of sense: the enhanced driver's licence that was gonna come along at any rate, and/or the passports as, as a, as a means. So I, I think the identification of a

potential hundred thousand dollar—hundred thousand people was a reasonable expectation.

Madam Vice-Chairperson in the Chair

It will be interesting to go back two or three years, to go ahead two or three years and see where two or three years—I suspect there'll be—it'll be interesting to see, based on travel patterns, et cetera, and because of the rules that may change, et cetera, but I think it was a prudent decision. I think it was handled remarkably well by the corporation and other entities. And I travelled to Ontario to talk to the officials in Ontario about their plan to—I specifically met with two or three ministers and their staff in Ontario to talk about their plan, and they were essentially adopting the Manitoba business plan of moving forward.

And, as I said in the House, the Saskatchewan minister phoned me and talked about the initiative and said what's—can we do this? And I said, you have to have legislation. And they were towards the latter part of their session, so I don't want to put any words in the, in the Saskatchewan minister's mouth, but they were towards the latter part of the session, and he was asking about the—how to move quickly on enhanced ID.

I said if you can't get it through your Legislature—we had good support from all parties. We got it through our Legislature. That was one of the, if not the biggest difficulty, and then the privacy commissioner, the ombudsperson. You had to have them onside.

And then Saskatchewan announced that they weren't going forward on theirs, and I don't know if they're gonna go forward on it. I think—but you're right. It could be a discussion on this in many ways. I think if we had to do it over again, all circumstances being equal, we'd do it over again the same way. No one last spring, absolutely no one, saw the, the recession. People started sniffing it in the late summer and the fall, and that has had impact, but we'll see. The future will tell.

Mr. Graydon: In 2004, the Province transferred the responsibility of driver's licence—excuse me—drivers' licensing and vehicle registration to MPI and, at that time, or in our last committee, the Manitoba government, it was said, pre—provides \$21 million every year in perpetuity to help MPI with the cost of performing this function.

Now, in November of 2007 at our, at our committee, the executives had said that they had—

commented that MPI hoped that the implementation of a new driver's licence system and the creation of a full-service MPI service centres would, would be cost savings that they could yet achieve. Has that taken place?

Ms. McLaren: Yes, Mr. Graydon. The—with respect to the driver licence system we have implemented a brand-new driver licence system in the fall of '06, highly integrated with the vehicle registration and insurance system, using Autopac On-Line, that saved about between two and a half and three million dollars a year in operations.

We have not fully implemented the service centre concept across the province. We have in some locations, but not everywhere. So those cos—those savings have not yet been realized, but we're still on track to save about two to two-and-a-half million dollars a year that way.

I can tell you that next Friday the driver testing offices in the city of Winnipeg on Corydon and McPhillips will close their doors for the last time and, on Monday, July the 6th, four claim centres here in the city of Winnipeg, St. Mary's Road, Pembina, King Edward and Pacific, will—Monday morning—start becoming full-service centres where driver testing services will be offered out of those facilities, and we'll continue to move forward on, on that initiative.

So, yes, we do expect those two initiatives to deliver the savings that was initially propo—estimated, and we will continue to look for other forms of synergy and savings as well.

And just before I give up the microphone, if I could, in response to Mr. Alcock's earlier question—

Floor Comments: Who?

Madam Vice-Chairperson: Borotsik.

Ms. McLaren: What? What?

An Honourable Member: Borotsik.

An Honourable Member: It's Mr. Borotsik.

Ms. McLaren: Borotsik. I'm sorry, Borotsik. I'm sorry. I'm sorry. I'm sorry.

An Honourable Member: Take that back.

Ms. McLaren: Lost it. Yeah.

An Honourable Member: That'll make you lose your train of thought.

An Honourable Member: Hey, you've been called worse.

Ms. McLaren: You've been called worse.

An Honourable Member: No. That's a Liberal, first of all, and then it's Alcock. I'm, like, I'm half his size. Leave me alone.

Ms. McLaren: I was in a time warp. I'm sorry. I apologize. Feels like I've been here for years and years. I apologize.

Yes, Mr. Borotsik, my talented and technically competent support team here have confirmed that the government, the Government of Canada has told us that we are not allowed to use a Canadian passport as proof of Canadian citizenship. So, just like when you apply for a passport and you have to come up with birth certificate and so on, you need to give us the same documents for the enhanced card program as you have to give them to get the passport.

Mr. Graydon: Well, thanks for the answer on— to Mr. Alcock and the one to, to the question that I had posed from the 2007 committee meeting.

We, we did a little bit of research, as well, and, and through a FIPPA, the cost of the drivers' licensing operations have actually gone up every year. They haven't—you haven't achieved the saving that you, you thought you were going to achieve. The \$3 million that you had just told me that you had achieved hasn't happened, according to the FIPPA that we've got.

Can you explain the difference between what we have and what you have for a number?

* (19:10)

Ms. McLaren: Yes, definitely. We, we, we have implemented the new driver licence system that is generating those savings, and I can tell you that we are still paying in that budget line for the amortized cost of developing that system. So the costs are still higher than they will be after the cost of the system is amortized. But also please keep in mind that the \$21 million that the government gives us each year for the DVL operation was what they budgeted for that operation in 2003. People do earn more than they did back then, and other costs have, have increased through time.

So the cost of the operation that we inherited has gotten more expensive every year just through inflationary increases and, and compensation increases. So that's why you see the budget go up

every year. As I said, we have not yet obtained the savings related to the service centre project, nor have we obtained some other savings that we think are, are reasonable and legitimate.

So, we're confident that we will be able to manage this program effectively over time. But, no, we are not at the point right now where we've realized all the savings and have driven costs down.

Mr. Graydon: I, I can understand it when, when looking into a crystal ball and, and putting together budgets and what you think it's going to cost going forward. The, the 21 million that MPI get from the government for taking over the drivers' licensing and the ve—vehicle registration in 2004 was a shortfall. We knew that at the time. That came out in a committee meeting here as well. It was a shortfall of \$4 million. However, through the FIPPA of June 8th, 2009, what we find is the actual cost was 27 million in 2005-2006; '06-07 is 31 million; '07-08 is 31.9 million and '08-09 is 36.88 million, which comes to a shortfall of \$43 million. How do you cover that shortfall? Do you get that money from the government?

Ms. McLaren: No, we are funding that shortfall. And the reason that those costs are growing is because we're investing so heavily in the system improvements to get the savings that I've been telling you about. The—that includes the amortized costs of the driver licence system. That includes the costs related to preparing for the service centres that have yet to be implemented and, therefore, have yet to produce any savings. Some of those, because it is the driver licensing line of business, probably the 36 million, some of that'll be related to the start-up costs of the enhanced card program that we've been talking about.

So anything that's related to that line of business is within that budget. We've been investing heavily and are not yet at the point where significant cost reductions are flowing back into the bottom line.

Mr. Chomiak: The, the sp—I don't have the specific FIPPA document the member is referring to. I have, on occasion, noticed in the House that, that FIPPA documents often refer to specific areas that can be generalized into conclusions that are not necessarily accurate. I, I think that's—the—it's just a, a, a—something that I think are significant 'cause FIPPA documents usually refer to specific issues and often they don't contain the context of the question as has been indicated by the president.

So, the member's indicated cost, and I heard the member's talking costs. You, you calculated costs that actually didn't add up to me, in terms of the numbers you were providing, but—and you also inserted a \$4-million number related to another committee meeting. So, I, I'm not sure how that all fits into the overall question. I'd like to see the document. It would probably helpful for the president too.

Mr. Graydon: Initially, when, when MPI took over, it was supposedly a cost of 25 million to provide the service, but there was a shortfall of 4 million, which was a \$21 million every year in perpetuity from the, from the government. That's what came out of the, out of the committee. However, and now it's, it's not 25 million; it's 27, 31, 31.9 and 36.8. That's a considerable difference and I'm wondering—as well as many of the people that are buying the insurance nowadays are wondering—are we subsidizing the general coffers of the government to the point of \$43.2 million?

Mr. Chomiak: Now I recall, having heard this question several times in committee here, the argument of, of the DVL and the MPI—a lot of it's not quanti—quanti—in fact it's—I remember a long time the DVL-MPI merger was talked about, oh, all the way back to the early '80s through various forms of government.

I, I was a minister—a—a—at the time of the merger, I was the minister responsible. I was surprised that it had been achieved because I know it had been talked about for, oh, 20 years, about the, about the, the advantages of merging the operations. So it's been relatively desired by all governments, but somewhat contentious issue, and, of course, when the merger occurred there were concerns.

But I think, I think the—again, the numbers have to be looked at in terms of context and in terms of the volume, in terms of the type of activity, the MPI services that are offered, in terms of the services that are coming on-line, in terms of the investments that will, that will—I mean, we've gone from an MPI that many years ago only offered, you know, licences and renewals, insurance at the, at, at a particular time of the year to, to monthly offerings, to anytime of the year, to on-line now.

Now, how does one quantify the savings or even calculate? I mean, who would've known, in fact, necessarily, seven or eight years ago that, that, that almost everything's going on-line and what advantage or disadvantage that has to the public,

et cetera. So I'm not sure if there's as much a stronger case that can be made, that the members have made and are making for the, for the, for the cost differential and the investments made in order to, to operate a multibillion dollar corporation that, that provides insurance to the lowest or second lowest for the last 11 years across the country, that returns 50 cents, that only costs 50 cents on the dollar compared to private insurance companies and of which 90 cents on the dollar goes back to claimants and others.

There's no insurance company in the world that, that has those kinds of returns to their clientele over the years. So I, I think we're gonna—you know, I think we have a disagreement in terms of those particular cost, cost figures.

Mr. Graydon: I understand that when you're investing in cost-saving measures, that it does take some time to, to realize some of the benefits. Having said that, in private enterprise if you were starting to invest in these cost-saving measures in 2004, you certainly wouldn't want to wait till 2009 to realize the benefits of that cost-saving measure that you are putting forward, especially when we're talking about the amount of dollars that we're talking about.

Madam Chairperson in the Chair

And when we talk about the new, the new claim centres and full service centres, I don't think that the, the cost of those particular centres should all be borne by the drivers' licences and the vehicle registration.

So, having said that, I'm, I'm at a loss as to when, when you would start to see the cost-saving measures and when these will show up in your, your reports, your audited reports. So if you have some crystal ball that you can tell us when you expect, not when it will happen but when you expect it to happen, I would like to hear that.

* (19:20)

Mr. Chomiak: I, I, I do have to emphasize the—again, to the member, that, you know, context is important. Private companies do not, do not operate—private companies operate at a profit margin that MPI returns to its shareholders.

Private companies don't invest a billion dollars in infrastructure and keep the money here in Manitoba. There are a number of factors in terms of the private sector and its return on investment that differs significantly from, from the member's statement. Private companies don't have rate utility

boards that, three years in a row, require them to provide rebates. That, I, I don't, you know, I don't know of many—usually shareholders take out dividends. The dividends, in Manitoba's case, go back to the customer, and, at the same time, offering a comprehensive, low-cost universal program.

There's a reason people make money in the insurance business, but there's also a reason why MPI came into Manitoba and remains in Manitoba and is popular in Manitoba over these—this period of time because of the service and the, the delivery.

I—you know, I was just looking at some figures that said auto insurance rates in Alberta, over the—since 2006—oh, auto rates in Alberta, over seven years, increased by 75 percent, Ontario rates by—increased by 40 percent. We've had rebates on auto insurance costs that were lower than those comparative jurisdictions during the same time with extra coverage. The average Ontario consumer now, I understand, pays a part of their costs for, for auto repairs because it's not totally covered.

So I just want to indicate to the member that there's a context in terms of investments in a Crown corporation that, that, that has to make decisions on behalf of all Manitobans, and, you know, it happens all the time. If you decide to lease a building, you could lease it forever and then, if you find out the lease rates are going to be higher than your actual costs of buying, you decide to make the decision to buy the building and have the asset that will be owned, and you're paying less in, in actual costs for purchase than you would for a lease in a building you've been in for 28 years that has gone to a profit-making company, I think you're doing good for the average taxpayer, and that's a fair, that's a—you know, most companies lease and will try to buy to secure the assets in down—in a downtown location and then use the assets as, as, as part of their investment.

So, I think, you know, I think you have to look at the MPI situation in a context, and I know I've entered one or two other areas of questioning the member may get down to—

An Honourable Member: Just a tad. Just a tad. You're gonna get philosophical now.

Mr. Chomiak: I wasn't getting philosophical. I was only being practical because I do have some numbers here for the member for—the member who definitely is not the member for—

An Honourable Member: He is now.

Mr. Chomiak: What, what did you say—I can't use names. I'll leave it alone.

You know, very few companies that, that I know of have returned, have returned rates to individuals. Very few companies, as a corporate goal, maintain costs at 50 percent of the industry average. Very few companies return 90 cents of every dollar collected in claim payments to those involved in crashes and vehicle repairs. So, not to mention invest a billion dollars in the provin—\$2 billion in the provincial economy—

An Honourable Member: Three billion.

Mr. Chomiak: Well, it depends how, depends what, on what, on how you're measuring that investment.

Thank you, Madam Chairperson.

Mr. Graydon: Thank you for that across-the-board response, Mr. Minister. But you did raise a very good point, and to keep things in context, when we were talking, and, and we were talking about vehicle registration and a licensing and the fact that MPI did take that over and that there has been a \$43-million loss—

Madam Chairperson: Order.

Mr. Graydon: —I'd like to also put in context—

Madam Chairperson: Order. I just wanted to—just excuse me for a moment, Mr. Graydon. I just wanted to remind members if they wish, they can go to the back of the room if they wanted to have private conversations. I know Ms. McLaren is having a little bit of trouble hearing the questions.

So, Mr. Graydon.

Mr. Graydon: Thank you, Madam Chair.

But I, I also want to put in context that the, that the vehicle registration and the drivers' licensing has increased exponentially in the province of Manitoba as compared to any other provinces. We're the highest in Canada. And so when I see that, and then I see that, that providing that service has gone up exponentially, I have to wonder where we are wrong in the context of the questions that we have asked so far. And so I would suggest that there, there is a disconnect someplace if, if it keeps going up and yet the expenses are going up and we're only getting reimbursed \$21 million from the government, I would suggest that we're subsidizing the general revenue.

Now, back in committee in November of 2005, we asked about the capital costs involved with MPI assuming responsibility for the driver's licence operations. MPI executives committed to providing that information in writing at a later date. To date, we have not got that information. MPI offered to provide this information in writing. Is it available now?

Mr. Chomiak: If, if, if the commitment was made to provide it in writing, if it hasn't been done, and I—knowing the efficiency of the corporation I suspect it's been done, it might have been—but I'll undertake to make sure that it is done.

Mr. Graydon: I appreciate that.

And how much has MPI spent on equipment related to drivers' licensing operations? And where in their financial statement would we find that information?

Ms. McLaren: What we've spent on driver licensing equipment, that's a pretty—

An Honourable Member: Driver's licence operations.

Ms. McLaren: Okay. In the annual report, in the financial statements, in the management discussion and analysis, I, I'll find the reference in one of the ones that we're looking at here today.

Actually, I can tell you, Mr. Graydon, that the information that you were referencing that we had given you in response to a FIPPA with respect to the \$16 million this year with a—that information is in the annual report that was just tabled here in the Legislature a few days ago, publicly available information in terms of the split between project costs and ongoing operations. We are looking at page 33 of the—on the '07 annual report, if you look, yeah, this—the bluish toned—

An Honourable Member: Wal-Mart special.

Ms. McLaren: Thank you.

On page 33, in the extension category it talks about the DVL operation and it talks about the \$31.9 million, which I think is, is what you shared with us, also that we had given you in response to the FIPPA, that's the information that's available there.

Does that respond to your question?

Mr. Graydon: No. Actually, the question had pertained to the capital investment requirement when MPI assumed responsibility for driver's licence

operations. You offered to provide that information in writing and it, and it's not available.

The next question was what equipment was purchased and then the equipment related to driver's licence operations, and then in the financial statement where to find that.

Now, we didn't get the commitment, or what was committed for the capital investment requirement for MPI when they took over in 2004.

Ms. McLaren: The capital investment that we required would've been—what we believed we required to prepare for the cost savings to invest in the service improvements and cost-saving initiatives that we've talked about before. We didn't really need any capital investment to run the operation as it was given to us. So, when I talked to you about the, the project costs related to the new driver licence system and the service centre projects and so on, those are things that the minister has said, again, if we haven't given that to you we, we will give it to you, but in terms of the breakdown, but there were no real capital costs required, just to run the operation as we found it.

* (19:30)

Mr. Graydon: I'll turn it over to my, my colleague, Mr.—

An Honourable Member: Who?

Mr. Graydon: —Pedersen.

An Honourable Member: Oh, okay. Go ahead.

An Honourable Member: You wanna go ahead?

An Honourable Member: No, go ahead.

Madam Chairperson: Mr. Pedersen.

An Honourable Member: We've got lots of time; we're here till midnight.

Mr. Blaine Pedersen (Carman): Thank you, Madam Chair.

Could you, Ms. McLaren, could you explain to me what the external review, the process of having external reviews done on cases?

Ms. McLaren: Injury claims?

Mr. Pedersen: Yes, in regards to injury claims.

Ms. McLaren: Sure. The, the corporation is responsible for administering injury claims under the MPIC act, the Personal Injury Protection Plan. It is responsible for making decisions with respect to

claimants' entitlements, what are they eligible to receive under the law. And the follow on from that administrative responsibility is if a claimant disagrees with a decision made by the corporation, they have the opportunity to ask for an internal review, where someone outside of the claims case management function inside the corporation will review the decision and, under the act, they have the authority to confirm, vary or change the decision.

And if, in fact, the claimant is not satisfied with the result of that internal review, they have the opportunity to take their, the decision that they disagree with to the external review body, which is called the Automobile Injury Compensation Appeal Commission, which is set up completely separate from the corporation, administered separately from the corporation, and they can go and, again, under the law, under the act, they can have the, the decision of the internal review officer either confirmed, changed, or replaced with a new decision.

There's no cost to claimants for that process, and there's another body known as the claimants' advisory office. Again, that's fully funded by the corporation but operates completely separate from the corporation, who are there to advise and assist claimants preparing to go before the Automobile Injury Compensation Appeal Commission.

Mr. Pedersen: You, you said there was no cost for the claimant to go to an external review hearing?

Ms. McLaren: Right, or the internal either. There's, there's no charge, or there's no cost associated with it.

Mr. Pedersen: So when a claimant has a personal injury, or, or a personal injury claim from an accident, the—just bear with me as I un—if I understand this process. The, the claims officer makes an assessment on that claim for that person. If the person is not satisfied with the case manager's decision, it goes to an internal review commission, and then if they're not satisfied—pardon me—if they're still not satisfied at that, they can go to an external review process. And who would be representing that person then in both the internal and external review? You, you say there's no cost to them. Do they represent themselves? Who, who is there for, for MPI, to represent them in these, both the internal and the external?

Ms. McLaren: First of all, with respect to the internal review, it, it's designed to be very nonconfrontational and nonadversarial, so no one is

there representing the corporation or the, or the claims, the, the case manager, the claims adjuster. No one is there representing the adjuster that made the decision that the claimant doesn't agree with. The claimant rarely, if they choose, they can have, you know, a family member or anyone else come, come with them. They can hire a lawyer if they want to, but there's no requirement for that, and the vast majority of claimants choose not to. They represent themselves. They come and they meet with the internal review officer.

Sometimes it's done by phone, if that's what the claimant wants. Sometimes it'll be done in person. Sometimes claimants just write their concerns and ask the internal review officer to make a decision based on that. So, it, it's not a two-party system in front of a review officer kind of thing. It's intended very much to be much less confrontational than that.

When you—they get to the AICAC, Automobile Injury Compensation Appeal Commission, A-I-C-A-C, again, the process is intended to be as nonconfrontational as possible. At that point, though, MPI does have someone there to explain to the appeal commission the basis on which MPI made the decision to, to deny the particular coverage or, or request for reimbursement, and some claimants, again, represent themselves, they can have a friend or family members. Some of them, few of them will bring a lawyer, but there is this other claimants advisory office that has claimant advisors employed. The corporation funds the entire cost of that office, and they are there to advise and assist claimants who are going before the appeal commission. So that's a service that's provided at no cost to the claimants. Some claimants make use of the claimant advisory office in their appeal and some don't, but that, that's one of the options they have to get, you know, trained assistance to go with their concern before the appeal commission.

Mr. Pedersen: So I have a constituent who was in a motor vehicle accident in August 2003, permanent damage to back and, and, lungs, on painkillers, et cetera, et cetera. Can you explain, in this world of acronyms, it drives me nuts, but can you tell me what a BFC subsidy is?

Ms. McLaren: I'm sorry. That is not familiar to me at all, nor is it to our general counsel who, who has handled all kinds of internal reviews and appearances before the appeal commission.

Mr. Pedersen: We'll, we'll just let that one go. I'll go back to my constituent and, and perhaps he has the

acronym wrong, or whatever it was, but he said he received a subsidy—a substantial amount in 2006. Since this time, he has had three external review hearings. He has hired a lawyer for each and every one of these to represent him. He has won each and every one of these three external review hearings. They're now waiting on the fourth hearing because MPI refuses to pay an income replacement indemnity.

Now, I realize that there's, you know, there's specifics of the case that you don't have and that, that I obviously don't have all 'em either, but, but what I'm wondering here is, is there a point in time when MPI just says, okay, we're—we have to pay an income replacement indemnity? He's paying his own lawyer on this and yet he continues—MPI keeps stalling on him and he, and he says they're now waiting for a fourth hearing on this at—because MPI refuses to pay an income replacement indemnity.

Ms. McLaren: If your constituent is willing to authorize you to sort of learn more specifically about his, his situation, we can certainly talk more specifically to you off line. We can also deal directly with him if there is things that he is not understanding about the process, but I—my understanding of how these things tend to work, I guess I would say to you that if someone was injured in 2003 and they still, you know, in, in, in their view, have not, you know, returned to their pre-accident health and, and physical condition, the corporation would have made dozens and dozens of decisions that are—would have been subject to internal review or the appeal. I, I don't suspect—I, I would suspect that the four that you're talking about were not all about income replacement indemnity.

* (19:40)

There are dozens of different decisions about chiropractic treatment, or does the person need to be retrained, or if they need income replacement indemnity, exactly how should it be calculated, and when should it have ended. So, each individual issue in a claim—and that's one of the strengths of the Personal Injury Protection Plan is that each small decision and large decision on—it stands on its own and is appealable.

So the fact that they have won three times at the appeal commission and there's still one more outstanding, I, I guess I would suggest that that means the process is working, that, that he has had satisfaction and has had a fair hearing, and, you know, we, we make dozens and dozens of decisions

a year. We have about close to 15,000 injury claims filed with the corporation every year. We're not going to make an absolutely perfect, unquestionable decision on each and every one of them every day.

But we can look into this particular situation further, with your constituent's approval.

Mr. Pedersen: Well, I, I certainly will, but, but it—really the heart of the matter is, is that the external review committees have ruled in favour of my constituent and, yet, MPI continues to challenge those and, and make it go to another external review and, and like I said, we've gone through three of them now. The—MPI is, is wanting to go to a fourth and, and I will, I will take up his case directly.

But the problem with this is that you're almost sounding like the Minister of Health (Ms. Oswald). Whenever there's a serious problem, you take it to the Leg, you go to—and you bring it up in question period, and the Minister of Health says: I'll deal with this on an individual basis.

We can't do that for every one of Manitobans. There's something wrong with this system when, when MPI is being told to pay up and yet they're coming back and, and, and challenging the external review.

Ms. McLaren: I'm really very confident in telling you that it, that it is not a situation where they have been before the appeal commission now for the fourth time on exactly the same issue because we wouldn't implement the appeal commission's decision. That's against the law.

We work really hard to comply with the law. We have no discretion. When the appeal commission rules that the corporation, in the appeal commission's view, was wrong, that it should have paid an IRI of this amount of money from this period of time to this period of time, we go back to the office and we calculate it and we cut a cheque. We have no legal basis to just refuse to do it and drag it back to the appeal commission again.

The three decisions, I'm very confident in saying, would be on three separate matters. They're—whether—maybe the first one was on when should IRI have started. Maybe the second one would be when—how much should the IRI be? Maybe none of those three had anything to do with IRI at all, and maybe they were about chiropractic treatment or homecare or something. But there is no way those three decisions, and now a fourth decision, are being dragged in front of the commission because we've

refused to implement a commission decision. That would be absolutely unheard of and against the law.

Mr. Pedersen: Well, I think that we will find out a lot more about this because I want to know from you now, what is the process?

I will get the author—the authorization. I will get the authorization from my constituent. Mr. Graydon, as critic, already does.

What is the process now for bringing—do, do we make an appointment with you, or where, where am I going with this?

Ms. McLaren: We will put you in touch with the manager of our customer relations department and she will deal directly with you.

Madam Chairperson: Mr. Borotsik, it's your turn.

Mr. Borotsik: It's my turn. Sit back, relax. It's Borotsik, not the other guy, whatever his name was, although from another life I do recall running into him on a rather regular basis.

Floor Comment: Around this table?

Mr. Borotsik: No, not this table. This was a different table actually. Actually, I just saw him a couple of weeks ago.

Anyway, that aside, just as an aside with the member from Carman, the external appeal board, who sits on that external appeal board?

Ms. McLaren: The Chief Commissioner is Mel Myers, and I will be guessing if I tried to guess any of the other names of the commissioners. They are people appointed by the government and serve in either a full-time or part-time capacity.

Mr. Borotsik: Yeah, and that was my point. They are appointed by government. So the external appeal board is appointed by government, and, and all of the required funding for the external appeal board comes from MPI itself. So their budget, then, would be approved by you and, and funded by MPI. Is that correct?

Ms. McLaren: The second half is correct. We fund it. We have no approval over their budgets.

Mr. Borotsik: Blank cheque?

Ms. McLaren: No. They, they report functionally into—I'm not sure off the top of my head which branch of government, and they're, you know, they go through the same due diligence that, that any other agency or branch or board of government

would with respect to their budgets. Someone other than they decide what is, you know, reasonable and appropriate, but the decision of government was that it wouldn't be appropriate for us to hold, you know, the approval of their budgets.

Mr. Borotsik: That's probably one of the best decisions of government. It must have been another administration. Was it? We won't—don't answer that question. It's not necessary.

I, I don't have any experience with the external appeal process as my colleague does. Just for my own curiosity do you, do you know approximately the percentage of the appeals that are in favour of the claimants and the percentage that would be in favour of MPI?

Ms. McLaren: Approximately, yes. Through the last 15 years, 1994 moving forward since the Personal Injury Protection Plan has been in place, the appeal commission has supported the decision of the corporation about half the time, maybe a little bit more than half the time.

Mr. Borotsik: That's, that's a good answer. I'm happy to hear that. It seems that obviously the process works. If it were anything more than that, I would be a bit suspicious, but I, I had a tendency to be a bit suspicious at the best of times.

I have three issues and, and I'm gonna take you up on your offer to the member from Carman. One of, one of the files that I have in front of me right now is a really sad case, but I, I assume it's hap—and I know it's happening in a number of other circumstances not simply with this individual.

I will get a name from you before we leave, a contact person. I do have an authorization form signed, as I always get from my constituents when they come into my office. Just very briefly, and I know that we're probably gonna extend past 8 o'clock, but my colleague from Emerson obviously took an awful lot of time, but that's—well, we'll deal with that.

This particular case has to do with the change in regulations, the Manitoba drivers' licences. It seems now that a dri—Manitoba driver's licence must indicate the full name, middle name of an individual. I don't know if you're aware of this or not.

This particular individual was married in the Dominican Republic. Her marriage certificate, unfortunately, misspelled her middle name. When she went to renew her Manitoba driver's licence in

her new married name, she got it, she got it, it given to her with simply the one initial: L in this particular case. The middle name is Lynn.

She's since gone back to get another renewal of her driver's licence and they now have to use, instead of just the L, her full name, Lynn, and necessarily match up her maiden name with her married name. I understand all that, which is a matched document, which is a marriage certificate.

The marriage certificate, unfortunately, instead of L-y-n-n is L-e-n-n. They will not issue a driver's licence to this individual. She has a passport with Lynn. She has her new social insurance number in her married name with Lynn, L-y-n-n. She has other documentation that has now been transferred to her married name of L-y-n-n, but Manitoba Public Insurance Corporation, through the licensing process, have, have or will refuse to renew her licence unless she gets the marriage document changed and that, that was told that they suggested that perhaps they have to go back to the Dominican Republic to get the, the document changed.

I find that rather onerous for this one individual, and I wonder if you could give me a name so I can sit down with somebody in your department to perhaps not only deal with this file but others of this nature because now, with the change of the middle name, there are others that run into the same situation. Have you heard of any of these issues?

Ms. McLaren: I have and, and there are some difficult and awkward circumstances that we are working our way through. This is new territory for us. The identify verification standards on the driver licensing front in this country have, have escalated.

* (19:50)

There's a new Canadian driver licence agreement that all the ministers of transportation have signed on, onto that raises the bar and certainly it, it, it does create some challenges, and we have to work our way through it. I mean, we can't tell someone they can't drive again because they can't deal with the documentation. And we will give you, again, that the manager of our customer relations department will, will deal with this directly for you.

Mr. Borotsik: I do thank you for that, and I do know that there's some logic that goes into the rules and regulations and the changes of those rules and regulations. And you're absolutely correct, this individual was born in Manitoba, raised in Manitoba,

lives in Manitoba, drives in Manitoba and, ultimately, will not get a driver's licence in Manitoba because of an E instead of a Y, and I find that very difficult to fathom. But I do know that with your good graces that I'll be able to fix that particular file. Now the other two files, perhaps, aren't quite as easy.

I have, just recently, actually, in the last couple of days, received two e-mails, both from individuals who are motorcyclists. Both of them are to the point now where they no longer drive a motorcycle because the insurance rates in Manitoba for a motorcycle are too onerous for them. One is an individual who works, who's a military personnel, actually, who just came back from, from Alberta. He was stationed in Alberta. He's now being stationed in Manitoba, just outside of Brandon in Shilo. A wonderful man. Actually, he trains motorcycle driving. He's a, he's a staff sergeant. He's very, very competent in, in, in, in using a motorcycle, but he says to me that he cannot drive his motorcycle in Manitoba because of the insurance requirements, the costs of the insurance.

Are you—is, is there a policy in Manitoba Public Insurance Corporation to effectively stop Manitobans from driving motorcycles?

Ms. McLaren: No.

Mr. Borotsik: We hear quite often that we have the cheapest insurance rates of anywhere across the country which, in fact, is not the case, but we won't get into that discussion right now. Why is it that, why is it that our insurance on motorcycles is so substantially higher than it is in Alberta and other jurisdictions?

Ms. McLaren: One of the other things that I think is really a, a valuable feature of the Autopac program for Manitobans is that—it is that we have the best relationship between the rate that we charge and the risk that individual drivers and the vehicles that they use present to the system. There's a better alignment of rates paid and risk presented than in most systems that operate, in an often more complicated, usually competitive kinds of environment.

The straightforward answer with respect to motorcycles and the difference between here and Alberta is because there's almost no coverage provided for the motorcycle operator in Alberta. The only required coverage that people have to purchase as—to legally operate a, a ve—a motorcycle or any other vehicle, for the most part, in Alberta is \$200,000 of liability coverage and some very, very

limited no-fault accident benefits in case they injure themselves on the motorcycle.

If you compare motorcycle, which we have done as part of the Public Utilities Board rate application, rate approval process, we've run a number of rate comparisons for motorcycles in other parts of the country. Our rates are very comparable with Ontario where they have a, a, a threshold no-fault injury compensation scheme that, that provides benefits fairly comparable to what we have here—fairly comparable, not quite as good as we have here in Manitoba. Both Saskatchewan and Québec publicly run systems have gone on record as saying they need significant rate increases for motorcycles because they're not even coming close to paying their way.

It's one of the things that has really been imposed on the compulsory insurance program here in Manitoba. For the last 21 years since we've been going to the Public Utilities Board for rate approvals is, is to reduce, to the extent possible, cross-subsidization, and that's why motorcycle rates have increased through time, is because other vehicles were subsidizing the cost of providing the coverage on motorcycles.

At the end of the day, the cost of a basic compulsory premium, the average cost of a basic compulsory premium on a motorcycle in this province is not much more than \$800 a year for the basic compulsory coverage. Many, the vast majority of motorcyclists, tend to buy extra coverage, whether it's theft coverage or extra, you know, lower deductibles and things like that, which increases the cost for them as well. But, you know, there's a lot of fanfare associated with talking about, you know, the, the egregious motorcycle rates but, for the most part, those, those are book rates that don't necessarily reflect what people pay. And the rates that people do pay is getting closer and closer to reflect the costs of providing motorcycle insurance to them, but they're still not quite paying their way.

They, they—this application that we filed just a couple of days ago is that they need another about a 5 percent rate increase overall because they have claims costs that outstrip the premiums they pay.

Mr. Borotsik: And thank you for that very comprehensive answer. The realities are, when you're talking to motorcyclists specifically, is that they see their rates as being very onerous compared to other jurisdictions, and, certainly, compared to rates with respect to a, a four-wheeled motor vehicle. I do not drive a motorcycle, nor will I ever drive a

motorcycle, so I'm fighting this battle, obviously, for others than myself.

Some of the comparisons I have here, and they're anecdotal but they are sent to me in, in e-mail form, say that one half the cost of—or, or, that they—that these individuals, particularly, can receive similar insurance. Now, again, I appreciate apples-to-apples, okay, looking at the types of coverage that they are for that cost, but they're saying that similar coverage in Saskatchewan and in Alberta, and Saskatchewan is mentioned, are about half the price that they are currently in Manitoba. And I appreciate the fact that you don't want to drive motorcyclists out of, out of the opportunity of riding a motorcycle, but the people I talk to who do drive motorcycles are saying it's getting to the point now where they will no longer be able to, nor will they, they want to insure at those levels.

Is there a choice? You say there's a base—there's a basic of \$800, approximately, that gives you the base coverage. They have that choice. Is there any other choice to make something available that would be less coverage for less premium?

Ms. McLaren: First of all, if I can, just for a minute, in terms of saying approximately the same coverage, that's true in Saskatchewan, and Saskatchewan is on record as saying they need significant increases. It's not true in Alberta. The coverage isn't even close.

The reality is that when it comes to crashes involving cars and trucks, about 40 percent of our total claims costs are injury claims and the rest are the vehicles themselves. When it comes to motorcycles, 90 percent of the costs of the claims are injury claims, so we really need to talk about injury coverage when we're talking about motorcycles.

In Alberta, if someone injures themselves and can't work for a month or the rest of their lives, they will never see more from their auto insurer than \$10,000 a year to replace their income. Here it's seventy—\$75,000 a year, based on what they were earning when they were injured. If their home needs to be modified, if they need chiropractic treatment, if they need to be retrained to take on another line of work, the most they'll ever see is \$100,000 out of their private auto insurer. Here, those expenses are unlimited, on a medical and rehabilitative front they are unlimited coverages and we have many, many, many multimillion dollar injury claims on our books because of that unlimited coverage. So when it comes to motorcycles, you gotta talk about injuries and the coverage isn't comparable.

The way the premium is set here in Manitoba with respect to motorcycles, the owner declares—and part of it is based on the size of the engine because we know the bigger, more powerful bikes can, can just cause that much more egregious injuries, but the other aspect of the rating system is that they declare the value of the motorcycle. So they have some flexibility in terms of saying, well, maybe it's only worth \$500 as opposed to \$5,000, but it doesn't save them much because we're not insuring much when it comes to the bike because 90 percent of it is injury costs.

Madam Chairperson: Just prior to recognizing you, Mr. Borotsik, I wanted to ask what the will of the committee is. It's almost 8 o'clock right now.

Mr. Graydon: I would, I would ask leave to go till nine.

Madam Chairperson: Is it agreed from the committee that we would go till 9 o'clock?

Some Honourable Members: Agreed.

Madam Chairperson: Agreed? Okay.

Mr. Borotsik: Nine o'clock.

So far we've—does the driver's record come into play with requests—with respect to the, the insurance schedule itself? If it's a better driving record with no accidents, and I'm talking motorcycles still for the last question, does that play—have a bearing on what the premiums would be for that particular individual?

Ms. McLaren: Yes, definitely. Motorcycles are treated just like other kinds of private passenger vehicles, and, based on the driving record of the owner, they're eligible for as much as a 25 percent discount off the base rate.

Mr. Borotsik: Thank you, and I'm, I'm going to be very happy to send the *Hansard* to the two inquiries that I had on that particular issue, and if there's any other questions, I'm sure that the chairman of the board would be more than happy to answer them.

* (20:00)

An Honourable Member: Or the PUB, or the—

Mr. Borotsik: Wai—I'd like the chairman better, thank you.

My last one, and this is, this is a rather serious issue, and I, as you may not be aware, not being Mr. Alcock, I come from Brandon West. This has to do with Brandon specifically. However, there are other rural areas that are affected by this. It's got to do with

the driving instructors and driving testers. You have a program, a very good program, actually, with driving instructors giving instructions to the high school students subsidized by MPI, very well received, in fact, extremely well received throughout the high schools because they can get their licence a little earlier then.

The driving instructors, there's a regulation in MPI that says that the driving instructor cannot take the students anywhere near or on the testing course. Now we have six to seven, I believe, testing courses in the city of Brandon of which all of them either start or end with the downtown core in the city of Brandon. Now, Brandon's not quite the same size as the city of Winnipeg. We only have one core area. In that core area, it provides specific driving challenges. There are one-way streets, and I'm sure the chairman will agree with me on this. They do certainly have numerous challenges attached to them, but a one-way street system, pedestrians, obviously, crossing a commercial core area, traffic, parking on both sides of the street.

It's an area that an individual, a student, a young person, would probably want to have some experience with prior to taking a drivers' test in that area, but we have identified, or you have identified, an area, and it's the total core area, that disallows the driving instructors of this high school program from taking the students into that area. Now, it was a regulation. It still is a regulation. It was in place for the last 20 years actually.

Unfortunately, in the last six to eight months to 12 months, it's been put into effect. There's been some personnel changes in your department, and this regulation now is gospel, as a matter of fact, to the point where some of the driving instructors who have been doing this function for quite a number of years have been threatened with having their licences taken away. Now, they also have private driving students outside of the high school program, and the, I suppose the real serious problem here is if it's a private lesson, they can take those students into the downtown core and have them practise on a test area. They can do it. If it's a private lesson outside of the high school lessons, they can take that student into the core area and teach them—[interjection] But they can, on a private lesson, I'm told. Well, I'll let you have that answer.

My question is how is a student supposed to get the proper experience if you will not allow them into that core area, and why is it that other jurisdictions

throughout the province of Manitoba are not having that regulation enforced? We have other test areas in Dauphin, Portage la Prairie, Souris, Boissevain, Killarney, Hartney, where the test area, when the tester comes out, has a test area, but the driving instructor of the high school students in those areas is allowed to use the test area to instruct the students. So why is there that, first of all, the inequality of having one area being treated differently than another, and why is it I was told that a private driving instructor outside of your program can use the test areas to help their students drive better?

Ms. McLaren: First of all, I can't speak to the extent to which the regulations under the drivers and vehicle act are being enforced across the province. I suspect, as in many cases, there may be some inconsistency. We don't want inconsistency, and as we continue to spend effort in this area I expect that the inconsistency will reduce significantly.

The regulation under the HTA or the DVA is really with respect to driving instructors, and private driving instructors are licensed through the corporation, as the high school driver ed ones are. The regulation is there for driver instructors. It has really nothing to do with high school driver ed.

But I'll be really honest with you. We, we've got some issues in Brandon. The regulation is really—to paraphrase the regulation, what it says is: Don't teach the test. Don't teach the test. And we've had driver examiners employed by MPI conducting tests in Brandon where the kids—they are mostly kids—are putting their turn signal on and getting ready to turn before the, the examiner tells them to do it. They've been taught the test. That's a problem.

So there's more than two sides to this concern that you've raised. I am quite aware of it, and I can tell you that, actually, this past Monday there was a meeting in Brandon with senior driver testing management and the driver testing people in Brandon meeting with the instructors to hear both sides of the concerns and find a way to resolve this. We can't have people teaching the test, and we also—if, in fact, we have in, I guess, co-opted the entire downtown area, that's likely not appropriate either. But we've put, we've put them together. We've asked them to identify the issues and find some legitimate ways to resolve the concerns from both sides, and I have every expectation they'll be able to do that in short order now that they've actually sat down and had a conversation.

Mr. Borotsik: Thank you, Ms. McLaren. Have you had a report back from that meeting?

Ms. McLaren: I have not yet, no.

Mr. Borotsik: I'm one step ahead. I have, and it's not quite to the level of being resolved just yet, but I do know that there are some attempts to try to come together in, in some way, shape or form.

We know that there's some inconsistencies. If I'm a, if I'm a parent of a 15-and-a-half-year-old who has his driver's licence I can take that child downtown. I teach him to drive, or her to drive in that core area.

When you say you teach to the test, Brandon is not all that large, and we certainly drive up and down every street to make sure that our child—our children are, are well versed in the different types of driving manoeuvres and driving requirements that there are.

As I said earlier, I think there are six to seven tests. To say that the instructors drive that individual to a test and that your signal light is on prior to the test, I find that that would have a crystal ball. The individual would have the crystal ball to see, in fact, which test was going to be given to that specific student at that specific time. So, if your driver instructors are saying they're teaching it to the test, I would question that, too, and, as you said, there's always two sides to every story. So you'd have to—actually, there's three sides to every story. You have to try to find out which side that is.

The inconsistency, again, or the inequality of having a regulation put into place—particularly, I think, it was originally from Winnipeg, and now it's being enforced in Brandon. It wasn't enforced before, but now it is. Okay, now it's being enforced. If it is being enforced—and I don't want to put any, any difficulties with the other communities in my area, whether it be Dauphin or whether it be Boissevain, because I don't think that the rule you have in that regulation is not the right rule.

So I would much prefer to see the regulation being reviewed as opposed to having an enforcement of a bad regulation. Is that a possibility to happen, as opposed to just simply more enforcement on a more uniform basis, or would we look at the regulation and suggest if it's a bad regulation, change the regulation?

Ms. McLaren: We will certainly have a look at the regulation, but I—but the intention is, is absolutely, and, you know, as I've stated, the intention is to

prohibit licensed, paid driving instructors from teaching their students how to pass the test instead of teaching them how to drive safely. If it fails to do that, if there's a problem with it, we would ask the government to consider modifying it. But I think the objective is, is worthwhile. The objective is to prohibit them from teaching the test and encouraging them to teach safe driving.

Mr. Borotsik: I think the majority of the instructors that I've had opportunity to talk to would agree with you a thousand percent. Their job is to teach the student the best that they possibly can to drive and, and as much as you teach some of them the test—if that's what you're saying is happening—it doesn't matter how good of a driver you are, you still aren't gonna pass the test, or how bad of a driver you are, you still aren't going to pass that test.

* (20:10)

So I think they're, they're of the same and like mind as you, that they want to make sure that they provide the best service for those students so that when they leave them after that—I believe it's eight hours—that they will have a much better understanding on how to drive carefully and cautiously than not and I, I think you're both on the same wavelength, but I think there's just an issue here with maybe a, an overzealous bureaucrat, perhaps putting some, some regulation enforcement in place that's not quite necessary.

So, I'll leave it at that, and I would certainly appreciate and I, I do appreciate the fact that you are trying to, to deal with the issue. And I certainly appreciate the fact that I know once it's dealt with, if it's not dealt with in, in, in perhaps the driving instructor's satisfaction, I'll come back to you.

Mr. David Faurshou (Portage la Prairie): Stay on the topic of motor vehicle drivers' licensing, and just to carry off on in regards to comparative studies as to testing: Do you go throughout North America or the world and, and look at various programs in place in other jurisdictions that test the, the driver's abilities and incorporate them into Manitoba testing?

Ms. McLaren: Certainly not around the world, no. Driver testing standards are something that there is a fair bit of dis—there's an association of driver and vehicle licensing authorities, the, the Canadian Council of Motor Transport Administrators, of which the Registrar of Motor Vehicles here in Manitoba, who is a, a senior manager within MPI, is part of that Canadian council. The driver testing standards across

the country is something that gets a fair bit of attention at that council, which is made up of—in addition, I believe, to somebody from Transport Canada, the registrars of motor vehicles from every province and territory in the country.

So, we do, wherever possible, try to align and, and align with other jurisdictions in Canada and to keep apace with what is considered to be best practices. The specifics of what constitute a, a driver test and what constitutes passing a driver's test is something that is—continues to be established by the Province more so than by Manitoba Public Insurance. We administer the program.

Mr. Faurshou: Thank you very much, it was a—one particular item that I, I—that, that comes to the forefront on number of occasions is that Manitoba drivers don't know how to merge. It's—we'll, we'll not point any fingers this evening as to our own prowess in that area, but it is, it is something that has been mentioned, and, and so I, I leave that out—throw that out to you for, for consideration. And I think the corporation has come upon it to, to look at for the best practices because fatalities on the roadways are, are, are just devastating to, to families, and we only have to look to yesterday's newspaper. And so, I, I think we want to try and educate, as best as we can, our motoring public.

Have you ever put forward to the minister consideration that within The Highway Traffic Act that there would be a, a particular citation that would require someone to retest, observation of a number of bad driving techniques, habits, yet they're not really considered of, of imprudent driving or dangerous driving, but obviously, are encumbering not only themselves, but other motoring public, that there might be a citation that would command the, the issuing police officer could, could put to the driver in question?

Ms. McLaren: Police officers have, have every opportunity to contact the Registrar of Motor Vehicles and, and report someone who they believe doesn't have the requisite skills to, you know, to operate the vehicle properly. There are—there's opportunity actually for citizens to do that as well. It, it's not something that we would take lightly. You know, it would require some, some significant investigation. Doctors are, are obligated under the law to report people who believe—who they believe may have a medical condition that would prevent them from operating a vehicle safely, but there, there is an opportunity within the, the HTA and the DVA

to call someone in to be retested if credible information is provided to the registrar that, that says they should be retested.

Mr. Faurshou: I quite appreciate the, the answer because I'm really unaware of, of mechanisms in place because driving Portage Avenue on Tuesday, large Cadillac Seville being operated by a gentleman that had his four-way flashers on, travelling no more than 15 miles an hour on Portage Avenue. It, it begged to wonder as to whether or not this was—*[interjection]*—whether or not it was, it was in the best interests of the motoring public to have the individual operating a motor vehicle. I, I'd like, perhaps, a professional to evaluate.

The other point that I'd like to ask in, in relationship to your communications with other jurisdictions: An occasion, not so long ago, a Manitoba driver had requirement—work requirement to travel to Alberta on numerous occasions to service particular lighting units. The province of Alberta, unlike any other province in Canada, uses the cumulative way of registering the 90 days. Here, in Manitoba, if an Albertan came to Manitoba, stayed a week, went away, came back in, they'd start again at day one. Not in Alberta. You go there for a week, so the seven days is logged, you come back for another 10 days, that's 17, and, consecutively, it doesn't have to be consecutive days.

Have you brought this forward to Alberta, and has the situation changed, because the individual exceeded by one day when his vehicle company truck was stolen and had, by the good graces of MPI, did have coverage, but it was explained quite in detail that under Alberta law you had no obligation to effectively provide coverage?

Ms. McLaren: We have had conversations with the government of Alberta, actually, over the last five years on that issue, and their law is the way they want it to be. They, they're not, they're, they're not that concerned about, you know—I mean, they're in an interesting situation because so many of the people that work there are—do really truly reside somewhere else and they're there to work.

But as you, you know, Manitoba Public Insurance isn't in the business of finding reasons not to pay claims, and we know people are put in some very complicated situations, and what we tend to do is we look at these situations in terms of, you know, by all other sources of evidence, where does a person really live, where do they believe they live, and we pay the claim.

You know, th—th—there's several of those in a year, quite frankly, where people are caught in that position, and they're Manitobans, they're Manitobans. Their family is usually here. Their bank account is here. They pay their taxes here. They work there quite a bit. So that happens fairly frequently that we pay claims like that.

Mr. Faurshou: I appreciate that. Okay. Went around and came back to the spouse, I think the best question to ask to the spouse is to whether the husband still lives there or not, but it is a situation that a couple faced recently that the licence was revoked on the basis medical. The condition was stabilized. The—in every aspect, the physicians, attending physicians said: more than capable of, of operating a motor vehicle. There was no further consideration by—through the health of the individual. The individual was required to come to Winnipeg to a, an assessment, driving assessment at, I believe, the Health Sciences Centre.

* (20:20)

The couple effectively had—avoids Winnipeg at all costs. They do not like driving in the city. They have—they're country-bound folk. They had no other option, other than to drive into Winnipeg and effectively attend to the Health Sciences Centre.

Is there any consideration by the corporation to extend this evaluation into a mobile unit that would be perhaps in Portage la Prairie, Thompson? Because these people were from outside of Portage la Prairie. It's 60 mile drive, but for somebody in The Pas, Flin Flon, Lynn Lake, it's still the same requirement. Is there a consideration by the corporation of providing this type of evaluation at other locations, perhaps on a rotating basis?

Ms. McLaren: There is active consideration of how we might expand that service outside of Winnipeg. We, we pay for that service. It's, it's, it's a contract service provided by, sort of, skilled specialists at the Health Sciences Centre. So it will not be that easy to replicate it across the province.

I think it's also a problem to have it even on, on terms of a rotational basis, you know, because when people need it, they need it. It's a challenge. It's a challenge, but it's, it's absolutely on our radar that having it in Winnipeg only, that that wouldn't serve any service that we provide or, or anything that people need, you know, to do with in relation to Manitoba Public Insurance, to have it only here.

And, and as best as we can, we're, we're trying to figure out what might be legitimate options.

Mr. Faurshou: Harkening back to the reports in front of us, just with the changes that you've outlined here this evening making service centres, closing other points, you still have a substantive projection as far as cost of lease space in your, in your reports. Are you looking to revising those downward with the changes in, in reorganization and, and focus?

Ms. McLaren: The annual reports, this is historic information. It, it is—and some of that will come down with respect to the special purpose EIC facilities that we've talked about, but the main lease that is new on the more recent annual report is related to the new service centre that we're building on Main Street. That, that is not an owned facility; that's a very long-term lease. And that's what most of that capital lease involves is, is the service centre on Main Street.

Mr. Graydon: I'd like to change gears a little bit, and we'll go to MPI advertising. I know, I know you're not going to have these numbers on the tip of your tongue, and what, what I'd like to do is get them passed on to me later, but I request a breakdown of the total advertising dollars regardless of the contact—content, whether that's on responsible driving, messaging, immobilizers or any other kind of advertising and broken down by the media outlet, whether that's radio, mailers, newspapers. And I know that you won't have that on, on, tip of your fingers, but at the same time, if you could provide that to us going forward, I'd really appreciate that.

Ms. McLaren: We can do that. Any particular time frame? Like, the last fiscal year or the last six months or—*[interjection]* The last fiscal year?

Mr. Graydon: Sure.

Ms. McLaren: We could do that.

Mr. Graydon: Going forward at as recently as just a short time ago, the PUB issued an order—earlier this week, actually—amending its—or earlier last week—amending its original order with respect to the new driver's safety rating system, and part of the reason that the PUB amended its decision is because MPI didn't tell the PUB about an upcoming \$90-million investment in catastrophically injured claimants. And to quote the PUB: It is difficult to reconcile the response to a direct question with—

Madam Chairperson: Mr. Graydon. Mr. Graydon. I just wanted to—no, it's okay. That wasn't why I was

interrupting you. I just wanted to find out if there's a way that you can tie this in to one of the reports we have. If it's outside of the bounds of the reports we're considering, if it's recent information, then that's going to be somewhat problematic.

Mr. Graydon: Well, I, I would suggest that, Madam Chair, that, that this definitely is part of our ongoing costs of the PUB—or of, of the MPI, and I'm, I'm wondering how we could overlook 90 million, to begin with, and secondly, if it's going to be retroactive for five years, then we need to go back into every one of these reports. That's, that's part of the, the issue, Madam Chair, and so I would suggest that it is, it is relevant and it will be relevant to the next question as well.

Madam Chairperson: Is it—could you just refer to one of these reports where we would be able to, to tie this into one of the reports, a section in one of these reports?

An Honourable Member: As per the PUB.

Mr. Graydon: Pardon?

An Honourable Member: As per the PUB.

Mr. Graydon: As per the PUB?

Madam Chairperson: Okay, that's fine.

Mr. Graydon: It'll be difficult until we go back to the reports to come up with the \$90 million and how it could be possibly overlooked going forward. And the PUB does set the rates, and if we go back to the PUB, and I will do that then, I'll go back to what the PUB said, back here, and not that terribly long ago, that when they set the rates for 2008—

Madam Chairperson: Perfect, that's perfect.

Mr. Graydon: —they did say, at that time, that the board is experiencing increased difficulty in assuring itself of the corporation's overall financial situation and prospects, and this is largely because the board's mandate is limited to basic compulsory programs, blah, blah, blah.

Madam Chairperson: Okay, that's fine. So you are tying it into the 2008 report. So that's great.

Mr. Graydon: When I go forward, then, and going forward, we need to understand how \$90 million could have been overlooked by the corporation when they were meeting with the board, and so, I, I—the question is, is why did MPI neglect to inform the PUB about this information?

Mr. Chomiak: I'm glad you asked that question and I'll turn it over to the president for the reply.

Ms. McLaren: The corporation overlooked nothing, and with respect to the bit of the quote out of that PUB order 9809, that, that you referenced a few minutes ago, also, now, today, on the public record is my—what is known in the PUB application process—is my prefiled testimony, is also on the public record now with respect to a response to that quote in the PUB order.

What the chairman asked me, back in the April hearing period, and to which I responded, to which the board saw fit, to which the board saw fit to reference in that order to say that they simply couldn't believe, paraphrasing now, how they could reconcile with what I said now with the known facts. So with the help here, I, I will actually share with you my testimony on that matter that I filed with the PUB a few days ago.

You, you, you may note that I was somewhat perturbed at some of the language in that particular challenge they seem to have to reconcile those, the comments.

So, let me say for the record, as from my prefiled testimony, with respect to the comment at page 20 of the PUB order 9809, where they said it's difficult to reconcile the response to the direct question with the now-known facts, regarding comments at page 904, the DSR hearing transcript. I believe it's essential that I take this opportunity to clarify my comments and eliminate any difficulty in reconciling the response. The board chairman asked me: Has there been any subsequent events following the February year-end? He said: Are you not aware of any subsequent event that would affect the DSR by altering the forecast materially?

First, the record clearly shows that the \$90 million was in the '08-09 financial statements of the corporation. So the record clearly shows there was no subsequent event. It was there in our claims incurred in the '08-09 fiscal year. It was there to fund the cost of providing these enhanced PIPP benefits to existing claimants. Again, this provision was booked during the last fiscal year, not subsequent to it. There was no subsequent event. Page 25, that is not being discussed here this evening, page 25 of the corporation's '08 annual report clearly shows that the money was in the '08-09 financial statements of the corporation.

* (20:30)

Second, the cost of the proposed PIPP enhancements had no effect on the DSR, the driver safety rating, because they didn't alter the forecast materially or otherwise. So the updated '09-10 forecast that we presented to the PUB at those DSR hearings included the cost of the PIPP enhancements.

So the forecast for the rating years of 2010 and 2011 that the corporation used to support our DSR application didn't specifically include the ongoing annual cost of \$7 million to provide the enhancements going forward, but neither did those forecasts enclose—include the accelerated savings from theft, which has been far better than we expected, and reductions in the ultimate expected cost of PIPP claims. As—you know, I, I sat there at those hearings, under oath, as the president of the corporation, I testified that all factors considered, the forecasts on which it relied would be materially unchanged from those that it was nearly finished finalizing. So there was no subsequent event. There was no impact on the DSR and there was no material change in the forecasts.

Thank you for the opportunity to share that information with this group tonight.

Mr. Graydon: I—and I, and I appreciate you sharing that with us and I, I hope that by asking the question that I, I didn't get you upset to the same point that the PUB did, and—because I wouldn't want you to have comments on the record that were put there with a bad tone of your voice that you might have used with, with PUB.

However, the—then, I would suggest, from, from what you're saying, the \$90 million was already there. It was in there anticipating, anticipating the claims going back in retrospect for the catastrophically injured. That's what it was there for. Okay. I, I understand that.

Now, when MPI did that, did you consult with the government? Did you consult with any of the catastrophically injured? Were they able to provide any input? When you were talking about the \$90 million retroactive—I'm not talking about going ahead now, I'm talking about PUB, PUB and \$90 million.

Mr. Chomiak: I, I'm not clear of the question, and I, I want to make sure—the member is asking if MPI talked with claimants with respect to their benefits that they've received?

Mr. Graydon: Did—who did MPI consult with when we arrived at a \$90-million back payment

retroactive? That's what the \$90 million is covering, is retroactive. Did they consult with, with the government? Did you consult with any of the catastrophically injured?

Madam Chairperson: Minister Chomiak.

An Honourable Member: Was there any input at that level?

Mr. Chomiak: Thank you, Madam Chairperson. I think the, the, the words utilized by the member are, are not accurate to reflect, to reflect the situation, and words are important with respect to words on the record, the PUB words on the record by the president and, and what the annual reports show.

So the—as the member may recall, there was occasion in the Legislature when the member—one of the other members of the opposition—asked the government about, about dealing with a catastrophe over the PIPP benefits, and, in fact, as I recall, when the PIPP benefits came in under the previous administration, we'd been concerned, as an opposition caucus, about the, the, the actual maximums on, on the PIPP benefits. And I—as I understand, the Premier committed in the Legislature that he would consult with the corporation and ask the corporation to look at the, the benefits provided, which resulted in, subsequently, a bill coming forward that's now before the Legislature dealing with PIPP benefits.

So I, I think that—now, there are, there are various matters dealing with individuals that we can't talk about, and there's other matters before MPI dealing with all kinds of actuarial and all kinds of events that the corporation has to take into mind and, et cetera.

So I think the important thing is that there was a recognition that something ought to be done on a go-forward basis with respect to, to PIPP benefits, and the corporation undertook that and we've brought forward legislation amending—that amends the act dealing with benefits.

Mr. Graydon: I appreciate the response from the minister, and I understand and don't care to discuss the going forward because that will be in another report at another time. And I don't want to muddy the water; I just wanna be able to go back and see who—all was consulted with when we start to look at retroactivity and whether the actuarials were, were actually talked to as well. Were the claimants—how do we arrive at the \$90 million? Going backwards—and, and how do we, perhaps, how do you justify that

going forward with—without doing the—without discussing the, the next report? That's—that was the question that I was trying to, trying to put across. Maybe I did a poor job of it, but you did the same answering it.

Mr. Chomiak: I, I thank the member for the question. It, it—now, it's a valid question. I guess the member's asking: Are, in the go-forward basis, are we sufficiently dealing with the catastrophically injured from the member's perspective? Isn't that what the member's asking?

Mr. Graydon: How—who-all you had consulted with on a going back. And then we can put things in perspective going forward. And then I could phrase the next question going forward, but that would be in another report, and I don't think we want to go there. I don't think that that's—that the Chairperson'll allow that to go there. So I don't think we will get an answer to the question.

Mr. Chomiak: I—the fact that there's a bill before the Legislature that we have yet to debate, the fact that the member's put forward a bill that, that, as I understand, calls for more benefits going forward, which will have to be received from somewhere, and the fact that we don't have that annual report in front of us, makes, makes it a difficulty to talk about that. But I think the issue of coverage of catastrophically injured has been something we've talked about. We've talked about personal—the PIPP plan throughout the night.

So, I mean, I—the significant issue is—and we've talked about the appeals, and we've talked the various provisions of insurance to individuals under various forms, and, and I, I think that the corporation tries to meet the benefits as I said. You know, 90 cents on the dollar is returned to claimants or for repairs, et cetera. Fifty cents; for every dollar that a private insurance company would pay for administration, MPI pays 50 cents.

Those are significant issues for, for all of us as Manitobans to deal with. Issues then go to PUB for scrutiny, examination and review. Recently, the PUB made a decision on—and, and, and it is—I know the member's having difficulty 'cause it's very difficult to keep out of the political area. I remember a member from a—standing up and saying that, that refunds ordered by PUB that were going out when we might have been anticipating an election were somehow a political manipulation even though those payments had gone out every year and we'd have—we would be

foolhardy as a, as a government organization to interfere with that. But those questions come about.

And the PUB makes orders and they make decisions and we try to abide by those orders and decisions. Do we always agree? Does the corporation always agree with PUB decisions? No, there are different facts that are taken in consideration and—it looks after the public interest. The corporation looks at the public interest, and we as legislators make the legislation that, that effectively gives the power to the PUB and gives the power to MPI to proceed on. And I'll, I'll stop at that point.

* (20:40)

Mr. Graydon: Thank you for that answer, Mr. Minister, and I'll try to—I'll try not to be political in any questions from here forward.

I wanna go back a little bit to the motorcycles, and I—if I understood the, the question right from the min—from the member from Brandon West and the answer from Ms. McLaren that the rates actually reflected the costs, the actual costs of, of the accidents and the payouts, and so it was—it's a cost-recovery program. I think that's how you could probably refer to it. And yet, when we, when we talked about the licences and vehicle registrations, they're running a deficit. Can we expect to see an increase in rates for licensing and vehicle registrations?

Ms. McLaren: No, there, there's no relationship between the two. There's no relationship between the two. The cost to the corporation of administering the programs transferred to it by the Province back in 2004, those are ours to administer. We get \$21 million, and the fees that are charged to license vehicles and drivers are collected by the corporation and passed on to the Province.

Mr. Graydon: Well, I, I think the, the relationship is there; it's just not being addressed. The relationship between claimants and, and fees charged for motorcycle riders is a cost recovery, but when we provide a service that was downloaded to MPI for 21 million and you provide that service for \$33 million, there's a shortfall of twelve or thirteen million dollars, it has to be picked up someplace. Now, are you prepared to raise the, the vehicle registration and licences to cover that cost, or do you bill the government for the, for the extra thirteen or twelve million dollars?

And earlier in this, this evening you said, no, we're going to keep looking at cost-saving events,

which haven't transpired. So, in the meantime, there has to be someplace to get that money from, and I'm suggesting that it's going to be coming from the insurance rates.

Mr. Chomiak: I think the, the issue of motorcycle rates has been, has been one that's been a, a, a common theme that's been raised around, around the table. I think, in fact, the actual—the, the PUB has, has been more and more directing that the corporation not cross-subsidize across fields with respect to coverages, and that has come from the PUB, and actual—the, the, the actual costs involved have not been paid to the fullest extent by the, by the motorcycle drivers, in fact, if, if the opinions of some are taken into consideration at the PUB.

Mr. Graydon: I'd like to just ask another question, and I'll turn it over to one of my colleagues, or to one of the other panel members, and I don't expect that you'll have these on the tip of your tongue either, but I would ask you to, to, to provide us with, with these going forward, and that's your future capital projects.

I'd like a current capital projects in development and under construction list. I'd like the budget for the new MPI service centres under construction in Winnipeg and when are they expected to be open. You'll be able to tell me that, and how many staff will be employed in each centre. So, if you could give me that going forward I'd appreciate that, and, and within the next month or so would be fine.

Ms. McLaren: Yes, I expect we'll be able to do that. A lot of the things that you asked for are filed with the PUB actually as, as supporting material with the application for basic compulsory rates.

In rough numbers we would expect probably around 60 people, 60 people in those buildings, in the, the new ones. There's three new buildings under construction here in the city of Winnipeg. We expect two of them, the one at the corner of Bison and Barnes in the south end of the city and the Main Street facility, to come on-line springtime of 2010, and we expect the facility out in the northeast area around Gateway Road and Lexington Park to come on-line in the summer of 2010.

Generally speaking, they are somewhere between twelve to fifteen million dollar projects each, all in, so to speak, and a lot of it that, you know, our, our capital budget for this year, our forecasted capital expenditures for the future years, that, that's all public information in the

Public Utilities Board application. We'll dig out those things and provide 'em for you.

Hon. Jon Gerrard (River Heights): Just a reference to page 26 of the 2007 report. Just like to ask why it is that Prince Edward Island, New Brunswick, and Saskatchewan all had lower rates than Manitoba?

Ms. McLaren: This is a rate comparison of a particular vehicle, particular model year, standard set of coverages, and we, we are not absolutely the lowest in every case, and, as you pointed out in this example, you know, we, we could've dug around and found several examples where we were absolutely the lowest across the country, but this is a representative car. It's something that Manitobans recognize, and, in this particular case, there are some differences. There's very little difference in the rate charged in Saskatchewan versus Manitoba.

The coverage provided by the two programs is very, very similar as well. I can tell you that in Fredericton and Charlottetown the differences in injury coverage provided through the program is substantially less than the pro—than the coverage provided here in Manitoba.

Mr. Gerrard: Now I'm, I'm told that this is for a car. It would be helpful if you could provide a similar comparison for a motorcycle. And it is my understanding that one of the problems in the difference in relatively higher motorcycle coverage in Manitoba compared with many other provinces is reflective of whether you have a fault or a no-fault system, that the, for example, you know, if, if there was, you know, \$100 million in costs, for example, related to motorcycle accidents and, in a no-fault system, it would be assigned \$50 million to the motorcycle and \$50 million to the automobile.

If in a fault system the majority of the fault turned out to be with the cars or the trucks that, for example, if 75 percent of the fault was with the other vehicle and 25 percent of the fault was with the motorcycles, then you would only have a \$25-million liability out of \$100 million on the motorcycles, in that this is one of the things which sort of causes a difference from province to province. Can you comment?

Mr. Chomiak: I, I don't think that the comparison the member makes actually equates into, into coverage in terms of, in terms of fault or no fault, or in terms of the injuries at the time, at the time. Or—I don't think—you cannot make that kind of a quantitative comparison, the example the member

used of, of 100 percent liability, 50 percent liability, et cetera. But I'll let the president answer the—well, I'll let—

Ms. McLaren: With respect to the attribution of costs that you're talking about I, I believe that the context of that is the injury claims cost to attribution method that was ordered a few years ago by the Manitoba Public Utilities Board for the Manitoba context.

* (20:50)

Different no-fault jurisdictions will attribute the cost differently according to, you know, whoever in those jurisdictions decides. It's not the same everywhere, but one of the things that's really important to keep in mind is that, unlike four-wheeled vehicles, motorcycles do tend to have more single vehicle accidents which are, unless extremely unusual circumstances, determined to be the fault of the motorcycle operator. So there's no one else there to share the costs, and because that person is then responsible, at fault for their own injuries, their coverage in a tort system, in a non-no-fault system, is limited to whatever kind of coverage they carry for their own personal injuries. One of the—that's the main reason that claims costs and, therefore, rates are lower in some of these other jurisdictions is 'cause there's appreciably less coverage available to motorcyclists who are seriously injured.

Even in a, a tort situation a minority of vehicle owners across the country carry any more than a million dollars. It's not uncommon for us to spend significantly more than a million dollars to someone who is very seriously injured through our no-fault system.

So part of it might be different attribution methods. A lot of it has to do with what coverage is available when motorcyclists do hurt themselves very badly.

Mr. Gerrard: So, so you will acknowledge that the attribution method can have a significant impact on the extent of coverage and how you calculate, you know, what the dollar, you know, coverage for motorcycle—those who are—have motorcycle insurance will have to pay under a system where you're, you know, trying to cover the costs.

Mr. Chomiak: There, there's a fundamental difference. Insurance companies don't cover flood insurance in Manitoba anymore because there was a flood and they paid out. So it's the question of (a) to what extent you can buy coverage so the insurance

company will pay, and (b) what can be proven at negligence or at fault through that system.

So the attribution is, is of, is, is very difficult to quantify unless you want to assure in a no-fault system that everyone has some form of coverage and everyone has some provision on a fall back, which is one of the reasons we went to no-fault, to have a basic ability to, to receive coverage.

For example, if you're—what was Superman's name?

Floor Comment: Clark Kent.

Mr. Chomiak: No, I know, but as the actor?

Madam Chairperson: Christopher Reid.

Mr. Chomiak: Christopher Reid.

Floor Comments: Reeves.

Mr. Chomiak: Christopher Reeves, who became a quadriplegic and had insurance. It ran out, despite the fact of his income, et cetera. In a no-fault situation with that, that pays out in a place like Manitoba, he would have coverage. He would have had coverage for his entire life. The coverage—so sometimes you can buy coverage in other jurisdictions, where you get limited protection for yourself or for other parts of liability. So you can't—that's a long way of saying you can't compare apples to oranges.

Mr. Gerrard: In essence, when you're calculating that you want to cover the costs, it depends on how you attribute the costs. Period.

Now, let me move on to the next question before you use up all my time.

An Honourable Member: Ninety percent of the costs is personal injuries on a motorcycle.

Mr. Gerrard: It still depends on how you attribute it, right? *[interjection]* Okay. Let me move on to page 34. There was a big jump in claims from 2004 into the years 2005, 2006, 2007, 2008. Why was there such a big jump in claims? Like, from 18,000 to up and above 30,000.

Ms. McLaren: The statistics that we're looking at here on page 34 specifically apply to the special risk extension line of business, which is the corporation's smallest insurance line of business. It's a very specialized insurance, largely for commercial fleets and, and trucking operations and the, the growth in claims incurred is—you know, there's, there's also been a growth in premiums written, that business

through those years grew for Manitoba Public Insurance and not so much that more businesses chose to insure with us, because this is a competitive line of business, but the businesses that have insured with us, generally, for a long time increased the number of units that they were insuring. Their businesses were growing and, and their, their insurance premium payable was also increased.

That line of business also had some higher claims costs often during that period of time related to the increasing value of the units. When we talk about units, we mean the big, expensive tractor-trailer units. And they were increasing the value of those units, increasing the number of units and, therefore, a representative increase in the number of and value of the claims as well.

If you look at the net income through those years, it bounces around a fair bit. It's a fairly small book of business, but the worst we did in 2006 was \$10.9 million, a high of 25.9 in '04. That's really an outlier. So for the most part, it is between the twelve, sixteen, seventeen million dollars. It's a very healthy, profitable book of business, and because the claims increased, we were still doing very well from a net income perspective.

Mr. Gerrard: I'll ask a question and then I will pass. I was asked recently by an individual who had a car worth \$4,000 why he had to pay a premium of \$900 on a \$4,000 car. Can you comment?

Ms. McLaren: Again, as I said earlier, we have—we're very confident in the relationship between the rate paid by that individual and the cost of the insurance that we're providing to that individual. In a given year, not that many vehicles worth \$4,000 actually get written off. And, as many of you will know, through the last many years of fighting the auto theft epidemic, and having really, sort of, brought it into line, the very first group of most likely to be stolen vehicles we had were vehicles probably worth less than \$4,000. They were stolen. They caused unspeakable carnage on the streets, and we generally recovered them, fixed them and put them back on the road. So when you pay that \$900, you're paying for theft coverage, you're paying to get a new windshield, you are paying for injury coverage for yourself and contributing to the injury coverage fund, and even, you know, if the vehicle is written off, we'll pay that person \$4,000, if that's what it's worth.

We pay—we charge, probably, you know, several hundred dollars, maybe around the \$500 mark, to

insure vehicles that are worth almost nothing. Those vehicles, if nothing else, are towed off the road for free when they're crashed, but, again, until that happens, they have a risk of injury claims. They probably get a new windshield put in, and they can very well be stolen too. So there's a lot of components to coverage other than just the base value of the vehicle.

Madam Chairperson: Thank you.

Seeing that we're very close to 9 o'clock, shall the annual report of the Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2006, pass?

Some Honourable Members: Pass.

Madam Chairperson: The report is accordingly passed.

Shall the annual report of the Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2007, pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Madam Chairperson: I heard a no, so the report is not passed.

Shall the annual report of the Manitoba Public Insurance Corporation for the fiscal year ending February 29, 2008, pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Madam Chairperson: I heard a no, so the report is not passed.

Before we rise, it would be appreciated if members would leave behind any unused copies of reports so they may be collected and reused at the next meeting.

The hour being 8:59, what is the will of the committee?

An Honourable Member: Committee rise.

Madam Chairperson: Committee rise. Thank you.

COMMITTEE ROSE AT: 8:59 p.m.

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