

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

Chairperson
Mr. Bidhu Jha
Constituency of Radisson

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MANITOBA LEGISLATIVE ASSEMBLY
Fortieth Legislature

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

Tuesday, September 30, 2014

TIME – 2 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Bidhu Jha (Radisson)

VICE-CHAIRPERSON – Mr. Jim Rondeau (Assiniboia)

ATTENDANCE – 10 **QUORUM** – 6

Members of the Committee present:

Hon. Messrs. Chomiak, Swan

Ms. Crothers, Messrs. Dewar, Eichler, Goertzen, Jha, Pedersen, Rondeau, Wiebe

APPEARING:

Hon. Jon Gerrard, MLA for River Heights

Mr. Dan Guimond, President and Chief Executive Officer, Manitoba Public Insurance Corporation

MATTERS UNDER CONSIDERATION:

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

Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending February 29, 2012

Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2013

Annual Financial Statement of the Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2013

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Clerk Assistant (Mr. Andrea Signorelli): Good afternoon. Will the Standing Committee on Crown Corporations please come to order.

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

Mr. Gregory Dewar (Selkirk): I nominate Mr. Jha.

Clerk Assistant: Mr. Jha has been nominated. Are there any other nominations? Hearing no other nominations, Mr. Jha, will you please take the Chair.

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

Mr. Dewar: Thank you, Mr. Chair. I nominate Mr. Rondeau.

Mr. Chairperson: Mr. Rondeau has been nominated. Any other nominations? Hearing no other nominations, Mr. Jim Rondeau is elected Vice-Chairperson.

The meeting has been called to consider the following reports: Annual Report of Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2011; Annual Report for Manitoba Public Insurance Corporation for the fiscal year ending February 29, 2012; Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2013; and Annual Financial Statement of Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2013.

Are there any suggestions from the committee as to how long we should sit this afternoon?

Mr. Kelvin Goertzen (Steinbach): I think there's a feeling we might end up in three hours, or why don't we try two hours and review?

Mr. Chairperson: So, is it agreeable? [Agreed]

Mr. Goertzen: As continuing with practice, I'd suggest a global review of these reports.

Mr. Chairperson: A global review is recommended. Is it okay with the committee? [Agreed]

Does the honourable minister wish to make an opening statement? And would you please introduce the officials in the attendance.

Hon. Andrew Swan (Minister charged with the administration of The Manitoba Public Insurance Corporation Act): Yes, thank you, Mr. Chairperson, members of the committee. As Minister responsible for Manitoba Public Insurance, I'm pleased to present for your approval today the annual reports of

Manitoba Public Insurance for the fiscal years ended 2011, 2012 and 2013, as well as the Annual Financial Statement for 2013.

Joining me today are several members of the corporation's board and executive, including at the table, chairperson, Jake Janzen; the president and chief executive officer, Dan Guimond; behind him, the vice-president of finance and chief financial officer, Heather Reichert; general counsel and corporate secretary, Kathy Kalinowsky; vice-president of business development and communications and chief product officer, MaryAnn Kempe; vice-president, customer service and chief operating officer, Christine Martin; and vice-president, information, technology and business transformation and chief information officer, Brad Bunko.

I thank you for the opportunity to provide some general comments relating to these reports and the operations of Manitoba Public Insurance. This standing committee is one of the many ways that MPI is accountable to ratepayers and the people of Manitoba, and I do look forward to a good discussion this afternoon. My comments will be brief so we can get right on to questions. I am proud to state this Crown corporation continues to provide efficient customer service and affordable auto insurance for Manitobans. The public auto insurance model which was implemented in Manitoba in 1971 is highly efficient, while providing a high level of service to its customers. Manitoba's auto insurance rates are consistently among the lowest and most stable in all of Canada. Over the last decade, despite collision costs in Manitoba increasing 35 per cent overall, during that same time period, Manitoba Public Insurance has decreased its rates by 14.9 per cent. Despite these contrasting financial outcomes, the corporation has been able to decrease or keep rates flat for nine out of the past 10 years; that's a pretty good track record. There are some things MPI can control, and I welcome discussion of those things this afternoon. Of course, I think everybody agrees MPI can't control the weather, which plays a very large role in contributing to collisions and the claims experienced.

As most of us will remember all too well, it was a miserable winter last year. In fact, it was a record winter for collision claims last year, more than 50,000. This record-setting winter had an overall increase in collision claims and a 13.5 per cent spike in claims costs. This has been the main driver for MPI asking the Public Utilities Board for an overall

rate increase of 3.4 per cent. This increase will result in most MPI policyholders paying an additional premium of \$20 or less per year.

MPI continues to demonstrate its financial and fiscal responsibility to Manitobans. To compare to the west of us, SGI, Saskatchewan Government Insurance, applied for a 5.2 per cent rate increase for 2015-16, while the Insurance Corporation of British Columbia applied to increase rates by nearly 5 per cent. MPI is committed to achieving rate predictability and stability. Most would agree that this is in the best interests of Manitoba ratepayers.

MPI continues to be an involved corporate citizen in our province and, indeed, is a road safety leader in our province, maintaining and fostering strong working partnerships with police agencies throughout our province. The corporation continues to work closely with other groups who have a vested interest in road safety, senior drivers, cycling groups, schools and others. Over the past year, MPI has demonstrated its leadership in road safety. Such partnerships with police agencies across the province have resulted in greater enforcement of impaired driving and distracted driving.

MPI has a long history of working collaboratively with MADD Canada and its local Manitoba chapter to educate Manitobans about the dangers and consequences of impaired driving. These collaborative efforts have included provincial sponsorship of the annual school assembly program as well as implementation of the Report Impaired Drivers or RID 911 program in Brandon and certain other communities policed by the RCMP.

The corporation also works very closely with MADD and Manitoba Justice to continually advance legislative impaired-driving countermeasures. MPI was given the award of distinction at MADD's annual leadership conference just last week. These annual awards are presented to individuals, groups or organizations that have made a major provincial or national contribution to the anti-impaired-driving movement in Canada and left a lasting legacy.

In addition to raising awareness about the dangers of drinking and driving, MPI has implemented a positive, proactive strategy related to distracted driving. The corporation's Your Last Words media campaign has been very valuable in raising awareness about what we can all agree is a very dangerous driving behaviour. MPI has taken its awareness and education efforts to the next level with the distracted-driving simulator. There's an

event-based simulator but also a home version simulator that all members of the Legislature should try.

Road safety is a major priority of MPI, with a goal of reducing collisions, but when someone is injured as a result of an automobile collision, they rely on MPI's Personal Injury Protection Plan. PIPP is continually being enhanced. Recently, government introduced legislation which brings additional value to MPI and improves services for motorists. The new legislation improves benefits that help claimants recover from their injuries and get back to their lives. For example, the new changes will enhance benefits for catastrophically injured persons, recognizing they will not normally be able to secure or hold jobs at the same rate of pay as prior to their injuries. They'll provide temporary replacement income for a temporary worker who's lost their job because of an accident, and, as well, these changes will increase death payments to \$12,000 for non-dependent children and parents of someone killed in an accident, and these payments will be indexed annually.

The legislation will also help MPI to be more proactive in helping prevent accidents that have a cost for all. As well, as you may know, yesterday Manitoba Public Insurance announced it's offering low-interest loans towards the purchase of snow tires.

MPI is making additional strides to improve its customer service. Another example of this is the physical re-engineering project, which is a long-term plan to leverage emerging technology to address current challenges of vehicle repair, look for cost efficiencies, increase customer convenience and improve communication between repair shops, claimants and MPI.

Manitoba Public Insurance is engaging our industry partners to create and foster an increased sense of collaboration and ensure a robust and sustainable repair industry. This is the level of service that Manitobans expect and deserve from their public auto insurer.

So, Dan Guimond, president and CEO of Manitoba Public Insurance, Jake Janzen, board chair, and I are certainly ready for your questions this afternoon.

Thank you, Mr. Chair.

*(14:10)

Mr. Chairperson: We thank the honourable minister.

Does the critic of the official opposition have any opening statement?

Mr. Goertzen: Mr. Chairperson, I want to thank the minister for his opening statement, and I want to welcome President Guimond to the table and to this committee and chairperson Mr. Janzen.

We're ready to proceed with questions, Mr. Chairperson.

Mr. Chairperson: We thank the member.

Does the representative from Manitoba Public Insurance Corporation, Mr. Guimond, do you have any opening statements, sir?

Mr. Dan Guimond (President and Chief Executive Officer, Manitoba Public Insurance Corporation): No, I do not.

Mr. Chairperson: Okay. Now the floor is open for questions.

Mr. Goertzen: Mr. Guimond, the—those of us who have been here for a long time still get that wrong, so don't be intimidated if you fail to wait for the response. But we all try our best, though, to listen to our staff here.

Manitoba Public Insurance went before the PUB to ask for a 3.4 per cent rate hike, and 1 per cent of that was to be placed into the rate stabilization fund. Is that correct? *[interjection]*

Mr. Chairperson: Mr. Guimond, would you kindly address your question through the Chair. Yes, go ahead, please.

Mr. Guimond: That is correct.

Mr. Goertzen: Proving my point—since that time, since the original application there was an announcement that MPI had made \$14.2 million for the first quarter, and that was announced, I think, in July.

Can you reconcile for the public that seemingly contradictory position of needing the rate hike while there was a profit in the first quarter?

Mr. Guimond: Our business is very seasonal. It's very common for Q1, Q2 and even Q3 to have favourable numbers, and then we—when we get into the winter times, that's when we will incur most of our claims. So, from a cash flow perspective, it's

very normal to see positive results in Q1 and Q2, and then by the time you get to the winters you'll see that coming down because we're a break-even business.

Mr. Goertzen: I mean, is that something that from a ratepayer's perspective or an insurance premium payer's perspective that MPI could have waited, perhaps, to see if that would have been the experience again?

Mr. Guimond: The pattern is well known with the regulator, and when we go before the regulator and apply for our rates, the 'actuaries'—actuaries are able to predict the amounts, and from a forecasting perspective. And that's how it works, and it's quite normal to have the positive cash flow at the beginning of the year. So, from a rate-setting perspective, it's predicted, it's known and it's approved by a regulator.

Mr. Goertzen: So MPI and those who are making these calculations are confident in the cost drivers that are causing this particular rate application? I know it hasn't been determined yet, but you're confident that the rate application is based on the cost drivers of the—essentially the winter that we had that's just passed?

Mr. Guimond: The winter that we had in the past was abnormal and the forecasting model takes into consideration—it calculates it based on normal claims. It doesn't take into consideration abnormal patterns, so it is—so that, from a forecasting perspective, the regulator and MPI is assured that the rates that we're asking from ratepayers is correct.

Mr. Goertzen: And just for clarity, though, then—and I think the minister alluded to this in his opening statement, the rate application for the increase, setting aside, perhaps, the 1 per cent which I understand is going to the reserves, but is directly related to the increase of claims in the last winter.

Mr. Guimond: No. The forecasting model does not build in extra claims, if you wish, for abnormal weather. It normalizes the data and ensures that the rates that we're asking for are predicted based on historical trends that have been normalized. It's not something that we—like, if you had an abnormal year, you won't go next year to ask for the rates of a normal year. That's why we have a Rate Stabilization Reserve.

Mr. Goertzen: So, for my clarity, because I think that there's a feeling out there—the feeling's been brought forward by those who speak about MPI publicly that the reason for the rate application

increase is because of the winter, this past winter. Is that not the case?

Mr. Guimond: We have a deficiency in premium right now, and before the regulator we've asked 2.4 per cent. The deficiency in premium has many aspects of it. One of them is because the frequency of claims is going up. Physical damage severity is going up. There's also interest rates. There's also a whole different kind of variables in our forecasting model that are at play, and so the rate increase is not specifically tied just to bad weather.

Mr. Goertzen: Yes, thank you for that clarification.

There are different reserves, though, at Manitoba Public Insurance, is that correct?

Mr. Guimond: I was wondering if you could clarify, by the different reserve, if you mean the RSR for basic.

Mr. Goertzen: Right, I understand that there is the RSR, but does the corporation not hold other funds in reserve as well for unpaid claims and those sorts of things?

Mr. Guimond: We have, for the compulsory line of business, which is basic, we do have reserves to be able to pay future liabilities, and then we also have the RSR to be able to pay for unknown or unforeseen events.

Mr. Goertzen: Would that include the—what's called the competitive insurance RSR?

Mr. Guimond: Not for the basic line of business.

Mr. Goertzen: So, if one were to combine the basic RSR, the competitive insurance RSR and the provisions for unpaid claims reserve, what amount would that be?

Mr. Chairperson: Mr. Guimond, may I suggest when you are ready to answer questions if you just raise hand, then it's easier for me to recognize.

Mr. Guimond: Approximately \$214 million.

Mr. Goertzen: And can you break that down, Mr. Guimond, in terms of what—where they are held?

Mr. Guimond: On the financial statements we have, under equity, basic insurance, the Rate Stabilization Reserve, \$99.8 million. And we have, under nonbasic retained earnings, capital reserves of \$114 million.

Mr. Goertzen: Thank you for that response, Mr. Guimond.

You testified just a little earlier that the rate increase application isn't specific to the winter that we had passed, despite, you know, perhaps other indications, but it's a combination of different sorts of things including interest rates and the projection, perhaps, of where interest rates might end up going. Are the current reserves, those \$200 million, those, you're suggesting, aren't sufficient to deal with any of those cost drivers that are resulting in higher claims?

Mr. Guimond: That is correct.

* (14:20)

Mr. Goertzen: The increase to the PST which happened a year and a bit ago, what impact did that have on the bottom line of the operations of Manitoba Public Insurance? I understand, obviously, that those who are paying premiums will have paid more as a result of that, but the corporation itself, obviously, buys things and has its normal sort of business affairs. What economic impact did the 1 per cent increase have to Manitoba Public Insurance? *[interjection]*

Mr. Chairperson: Mr. Guimond, just kindly raise—

Mr. Guimond: Sorry, we'd have to take that as an undertaking.

Mr. Goertzen: And just—because we're actually both new to this process, being a new critic and the new president, so you will undertake to provide that back to me, sir?

Floor Comment: Yes.

Mr. Goertzen: I thank you for that.

Talk a little bit about the investment income at Manitoba Public Insurance. Other than, I think, maybe, the past two weeks, the market's been pretty good in the last couple years for the Canadian market and for the American market. Have those been strong years for the performance of the investments of Manitoba Public Insurance?

Mr. Guimond: Yes, our investment portfolio has done well.

Mr. Goertzen: And can you quantify that a bit for me? What percentage increase would we have seen in the investment portfolio over the last couple of years?

Mr. Guimond: On a total corporate basis, our investment in 2013, for example, was \$89.3-million investment income, to 2014, \$175 million.

Mr. Goertzen: Now, I mean a lot of that, I suppose, is that what makes up part of the RSR, the basic, is that part of that reserve, or is that a separate holding?

Mr. Guimond: The investment income—what happens is, depending on how the lines—first of all, the investment is allocated to the lines—the various lines of business, and then, depending on the bottom line number for that basic line it would break even. Like, sometimes we'll be a little bit lower in terms of income on the basic, like the last two years we've lost money on the basic line, but the investment income comes in as—it's allocated by line of business. So it will affect the bottom line but it's not just going to the reserve, if that's your question.

Mr. Goertzen: So is that money, because it's a significant portfolio, certainly more than I hold in my portfolio and probably most people around this table—I won't speak for the minister of energy, but for the rest of us I think it's probably more than we hold. Is that—and I know some of that's a paper game because it happens in terms of an increase in what's the market *[inaudible]* and you may not be cashing those on a regular basis, but is that income available to offset the increased application for the rate increase this year?

Mr. Guimond: The primary purpose of our investment portfolio is to pay our future liabilities, and from a fiduciary perspective that's what we try to do with our investment portfolio. Depending on the yield on the portfolio, the returns will be allocated to our lines of business and, just like in 2007, you know, we lost \$100 million in equities, now, you know it varies a lot, but it's allocated across our lines of business and it does help to pay for the premiums that people pay for their auto insurance.

Mr. Goertzen: And is that something that was considered this time around before the rate application went in, that perhaps some of the good returns that you've had over the last couple years on that investment portfolio could have been used to prevent there being an increased application?

Mr. Guimond: The rate forecasting model does take into consideration income from the portfolio in terms of rate setting.

Mr. Goertzen: What's the investment mix that you currently have in terms of what would be considered to be in the market or considered to be a guaranteed investment instrument? *[interjection]*

Mr. Chairperson: Kindly raise your hand, if you don't mind, sir. Mr. Guimond.

Mr. Guimond: Most of our portfolio, the lion's share of our portfolio is in bonds. And then we also diversify the portfolio in equities and also in real estate and other forms of investment. So we—I—know, I can get you the exact ones if you want to, but it's diversified and—but the lion's share, like, we being an insurer, it has to be into bonds, and a certain portion of it we can take more risk with equities to try and maximize the yield of the investment portfolio.

Mr. Goertzen: Sure. If you could undertake to provide the breakdown of that, that would be helpful. You might not know offhand either, so it might be part of the previous undertaking, but do you know what percentage or what amount is held in government of Manitoba bonds?

Mr. Guimond: We'll undertake that.

Mr. Goertzen: And who manages the portfolio? I'm assuming that's outsourced or it's not an investment team within MPI?

Mr. Guimond: The Minister of Finance is the one that manages the portfolio.

Mr. Goertzen: So he provides—or not he directly, but the ministry provides advice in terms of where that allocation should be in terms of what's being invested where?

Mr. Guimond: The corporation, with the Minister of Finance, we have a joint investment committee that we work together. Ultimately, the government of Manitoba, through the Minister of Finance, is responsible for investing the money and has final decision.

Mr. Goertzen: And I think that that was one of the things that came up from a PUB order in 2003 and when they indicated the Province should undertake a process audit of the management of MPI's investment portfolio with a view—quoting now, with a view to clarifying issues surrounding the roles and responsibilities related to MPI's investment portfolio.

So did that happen, and what's sort of the outcome of that?

Mr. Guimond: We're in the process of reviewing how the investments are done and through an asset liability assessment, and we're going to be reviewing how the portfolio is constructed and how it's

diversified, and we're in the middle of doing that right now.

Mr. Goertzen: And is that undertaking also looking at who gives that direction or will it still ultimately be the Department of Finance that is likely to be making that determination in terms of where investments are going?

Mr. Guimond: The—their roles are very clear as to who's responsible for the investments and the final decision; that's with—that lies with the Minister of Finance.

Mr. Goertzen: And do you have an estimation of when that—the review, in terms of the issues surrounding the roles of investment, when that's going to be finalized?

Mr. Guimond: We're hoping by the first quarter of next year.

Mr. Goertzen: And then, just in terms of process, is that something that you report back publicly to the PUB in response to the request?

Mr. Guimond: Yes, we will be providing information to PUB.

Mr. Goertzen: In the GRA application, the most recent one, you talked about, in your submission to the PUB, the interest rates forecast. And I think you expressed—not to put words in your mouth; you'll correct if it's not representative—but you expressed concern about how interest rate forecasts are happening, and I think you used the average of the five large banks in Canada, and you wanted to have some, I think, internal input into that. Why would that be a better indicator than what the average of the five national banks are suggesting on interest rate pressures?

Mr. Guimond: The—we're very concerned about the interest rate assumptions in the forecasting model. And the reason that we're very concerned about it is because the Bank of Canada, the governor of the Bank of Canada, has clearly stated that interest rates will not be going up. The banks continue to make forecasts that the interest rate will go up, and we believe, and we will be respectfully making the point when I go in October, that the regulator should maybe reconsider these forecasts from the banks because for the last several years they have not come true.

* (14:30)

We have evidence now for the last several years that what was being predicted has not occurred and we believe that although the crystal ball is very fuzzy in this economy that the Bank of Canada and the governor of the Bank of Canada should be relied on.

Mr. Goertzen: And what impact would that have if you were to use a more—I guess, a less conservative forecast and suggest that interest rates won't be increasing in the foreseeable future? I think it's—they can probably only go up. The question is whether or not and when that will actually happen. What impact would that have on MPI and the rates, if you're able to change the forecast?

Mr. Guimond: Based on—to give you an idea based on using the bank's forecast, we went in at 2.4 per cent when we submit our rate app in June. We know that if the interest rates don't go up that the rate app could be as high as 4.2. Based on what's happening with the interest rate between when we submitted our rate app to today, like, if we were to redo the numbers as of today based on the actual results of the interest rate, we're now needing an increase of 3.6 per cent in the next year. So it's very, very sensitive—the interest rates are extremely sensitive, so we can—so really the variability is the difference between 4.2 and 2.4, to be specific to your question.

Mr. Goertzen: And for clarification for me, I'm not a financial investor and I think there are others at this table who are, am I to understand that what you're suggesting is if the real experience with interest rates as it exists today as we sit at this committee were to be used, the application for a rate increase would be 3.6 not 2.4?

Mr. Guimond: As of September, correct. And then, as time goes by, it will continue to increase.

Mr. Goertzen: I want to talk a little bit about operational costs and I know there's been a great deal of discussion, certainly at the corporation and outside of the corporation as well, about operational costs, and you referenced it within your GRA and your testimony to the Public Utilities Board earlier this year, Mr. Guimond, and you indicated within that that a committee of senior managers had been formed to look for reductions in discretionary costs. Can you tell me who comprises that committee of senior managers?

Mr. Guimond: I can't tell you all the specific names, but I can tell you that it's—what we have done is put together cross-divisional group of directors and

executive directors—they're senior leaders in the corporation—to be able to look at all aspects of our expenses and to report back on opportunities to reduce operational costs.

Mr. Goertzen: And you can't provide me with the names because you don't have them sort of in front of you or you consider them proprietary?

Mr. Guimond: I don't have them in front of me, and I prefer to keep the names of my employees out of the record. I think if you have the names of the position descriptions and so on, I think that meets the intent of what people are trying to do usually, but if you insist on the names, I mean, we certainly could create a list.

Mr. Goertzen: I'm asking for the names of those members, thank you, sir. And can you talk somewhat about what the mandate, then, of that committee is? How do they go about their work in terms of trying to find those cost savings in terms of operations? How are they going about that important work?

Mr. Guimond: Well, what we do is we try to optimize our processes at all time and so what we're going to be looking for, is there—are there ways that we can tweak our processes and change the way we do things to be able to further optimize how we do business and be able to reduce our costs.

Mr. Goertzen: And so you sort of spoke about it, and sometimes I do this too in terms of using, you know, past tense or present or future tense, you spoke about it as though that would be something that would be happening. Is that already happening or has that already happened?

Mr. Guimond: We continually try to improve the way we do business, and I think that what—the rates that we've been charging the customers and the products and services that we offer to Manitobans in terms of the last 14 years—the rates have decreased over 14 per cent. So this is built right into our DNA in terms of our behaviour.

Mr. Goertzen: And yet those are sort of contradictory statements because on one hand, you say it's built within the DNA as the corporation, yet you formed a committee, so you must know that there are obviously things that can be done or you wouldn't have had to form the committee. But I'm trying to gather is that committee already actively working? Are they meeting? Have they have specific results that you can report to us here?

Mr. Guimond: I just want to clarify that we—this committee is, right now—to answer your question—is currently working and it's been—they have their terms of reference, and they are working on the work that they have at hand. But the corporation has—can always done that. I mean, we've put this one together at this point in time, but if you look at the rate app under value for Manitobans, we've demonstrated that we've put \$60 million to the bottom line in the last several years, and that's because there were just different committees working on different things. But, at the end of the day, we constantly strive to reduce costs and try and beat inflation.

Mr. Goertzen: Fair enough. So the message you're leaving with us is that the corporation, regardless of this committee, is always ensuring that it's using money wisely.

Mr. Guimond: That, and I think what's important to note, too, is that MPI employees with its business partners have found a way to beat inflation in terms of what we charge to our customers. That's huge because not only are we maintaining the lowest rates—that's why we're maintaining the lowest rates across Canada. I mean, it's quite—so it just shows the discipline we have in terms of cost reduction.

Mr. Goertzen: Thank you, Mr. Guimond. You indicated that there was a terms of reference for this committee. Could you provide me with the terms of reference for this committee?

Mr. Guimond: Yes, we can provide the terms of reference.

Mr. Goertzen: And could you provide me, at the same time—you say they've already been working and doing meetings, sort of the outcomes already. There must be some preliminary outcomes in terms of cost savings that they've identified?

Mr. Guimond: Not at this time. We gave them a bit of breathing room. The committee's been recently struck, the terms of reference have been approved, and they haven't reported back to the executive group at this point in time.

Mr. Goertzen: Did you give them some kind of time frame? I understand that it's just—they've been meeting, and they have a terms of reference, but they haven't sort of produced anything from that. Do you have an expectation of when they might be reporting and providing some sort of an update in terms of cost restraints of the corporation?

Mr. Guimond: We're hoping to have some preliminary discussion around November.

Mr. Goertzen: The GRA application—the most recent one—speaks of a hiring freeze. Is that hiring freeze still in place, and is that something that came about from this committee? Or, presumably, from what you're saying, it wouldn't have. It would have happened prior to the committee being struck.

Mr. Guimond: The hiring freeze is very important and does not apply to front-line staff. We will not reduce the service levels that we're providing to our customers or—nor negatively affect the service levels. The hiring freeze applies to all non-front-line staff, and we review each time that a position comes up if it should be replaced or not.

* (14:40)

Mr. Goertzen: And maybe it was my oversight, and I read the GRA. It's fascinating reading. I would encourage all Manitobans to read it. I'm sure they'll—although, you know, it crashes your computer when you download it, but I'll give you that warning. It's a heavy document. But the—to me it looked like, you know, the reference within it was specifically adjusted. There was a straight hiring freeze. I didn't see the delineation between front-line staff and non-front-line staff.

Can you be more specific in terms of how many staff at MPI would be considered front-line staff as opposed to those who would be under the hiring freeze?

Mr. Guimond: I don't have the exact number, but I know it's approximately—out of the 1,900, approximately 1,400, but we'd have to double-check on that, but just to give you an idea.

Mr. Goertzen: Sorry, so just for clarification, the 1,400 are the ones who are under the hiring freeze, they're the non-front-line staff or those are the front-line staff?

Mr. Guimond: I'm sorry, could you repeat that question? I apologize.

Mr. Goertzen: Yes, of course.

You'd mentioned in your response that 14—there was 1,400, but I didn't get the breakdown of whether those 1,400 are the front-line staff or whether those are the non-front-line staff under the hiring freeze.

Mr. Guimond: The lion's share of our staff is front-line staff, so it'd be the bigger number, so

they're not subject to a freeze. And we'll get you the right number; we're working on that right now.

Mr. Goertzen: So then I'm—if I hear you correctly, the lion's share of—the greatest percentage aren't under a hiring freeze?

Mr. Guimond: That is correct.

Mr. Goertzen: Can you provide for me, you know, as recently as you have it, I suppose, the breakdown of permanent employees and term employees that are currently employed at the corporation?

Mr. Guimond: Yes, we'll get that for you.

Mr. Goertzen: Did MPI hire any people outside of the province to deal with claims during this past winter?

Mr. Guimond: Yes, we did.

Mr. Goertzen: Can you be more specific? Who were they? What did they do? I'm sorry, when I say who were they, I don't mean their names; I'm—just sort of their positions and how many they were and the kind of work they did.

Mr. Guimond: Yes, as you know, our business is a bit like when you go to Safeway and there's three cash registers and there's lineups, and you need to add more cash registers. So during the winter when we have bubbles of work, and depending on how many claims and depending on weather patterns, we work very closely with SGI. So, if there's a hail claim or there's bad weather and so on, sometimes we'll send our estimators over there to help them and sometimes they'll send estimators here to help us to catch up with the backlog on claims to be able to meet our service levels with our customers. And, in fact, this year I've talked to the CEO of SGI, and we're going to be working very closely to even formalize the—what we've been doing because it's been working very well to help each other out with the bubbles of work that we can be faced with.

Mr. Goertzen: So the employees, then, were from the Saskatchewan insurance, and how many of them came to Manitoba to assist? I'm assuming they were doing claim work, is that right? They were writing up claims?

Mr. Guimond: That's correct, they do estimates. I don't know the exact number of employees that they sent over, and it will vary depending on the bubble of work that we're faced with. But I can get you the numbers, if you want to, the exact numbers we had this year.

Mr. Goertzen: Yes, I would appreciate you letting me know the number of employees that came from SGI, and then also, I guess, the value of that, what we paid to have them come and do that work here.

Did we, in some way—

Mr. Chairperson: Mr. Guimond.

Mr. Guimond: This year, for SGI, is about six to eight people, \$50,000.

I also have the names—the positions of the people on the cost containment, if you want to have those positions right now. We have the director of corporate services, the executive director of finance, the executive director of strategic planning, the executive director of driver safety, the executive director of human resources, the executive director of communications and community planning, executive director of service centre operations, the executive director of bodily injury and the director of knowledge management.

Mr. Goertzen: I suspect I know the answer, but did we send any people over to Saskatchewan this year to help them with their claims?

Mr. Guimond: I'll have to double-check on that. I think we might have sent some—no, not this fiscal year.

Mr. Goertzen: Although I don't live in Saskatchewan, I visit once in a while, I cheer feverishly against their football team, but they would have suffered the same winter we did, I assume, right? They would have had the same sort of experience.

Mr. Guimond: Not quite. The other thing that's important is Winnipeg—68 per cent of the vehicles we insure are in Winnipeg, so their distribution of their population and geography of their population and how their vehicles are distributed throughout the province compared to us is very different and the experiences can be very different in terms of when you have a bubble of work, so to speak.

Mr. Goertzen: In June of this year, I understand that there was a reorganization of the executive of MPI and that there was a creation of a VP position, a vice-president position, a deputy registrar of motor vehicles plus two more executive director positions. Is that correct or is that information incorrect?

Mr. Guimond: Yes and no. We had a—currently at MPI there's five executives and we have one that we are probably likely filling in the fall and we're going

back to the number we had before, but you're quite right that the other two have been in existence.

Mr. Goertzen: So the vice-presidents and executives, they also, then, obviously aren't under that hiring freeze. They're part of the 1,500 or so who aren't part of a hiring freeze?

Mr. Chairperson: Kindly raise your hand if you don't mind. I don't know when you're finished, when you are starting. So that's the best way, to raise hands so that I know that you are ready to respond. Thank you.

Mr. Guimond: The vice-president—any job that's not front-line staff is subject to the freeze, so I would have to answer that the freeze applies to the executive as well and we would only hire another executive, which we plan on doing in the fall, because it can be justified. If it can't be justified, we wouldn't hire another one.

Mr. Goertzen: I think I'm confused on the definition of a freeze, then, because the—you're indicating that the executives are under the hiring freeze, but there was one hired—at least one or more than one hired in June and there'll be another one hired in fall because it can be justified. So the freeze is only there unless the positions—I'm assuming every position that's hired at MPI is justified, so is there just not really a freeze?

Mr. Guimond: I apologize. It's very important that we used to be six executives. One left; we went down to five. The ones—the new ones that you're talking about, it's only about my replacement. So when I became CEO, there was a vacancy that was created. So we filled that vacancy and now there's—in terms of reorganizational, we want to go from five to six, and we're taking our time with that because we want to make sure that it's really required, and we will be going forward with that.

Mr. Goertzen: Okay, so the freeze doesn't apply to the executive level.

What is this new position? Is this the vice-president position that will be hired, then, in fall?

Mr. Guimond: We intend to hire a vice-president of human resources in the fall.

*(14:50)

Mr. Goertzen: I thank you for that response. So we've sort of dealt with the hiring freeze, and maybe it's less of a freeze and more of a—I'm not sure what

the term would be. There was also an indication in the GRA that travel was now being restricted. I can't remember the exact term.

Can you talk to me a little bit about the restriction on out-of-province travel that was referenced in the rate application?

Mr. Guimond: Maybe just to clarify the freeze, because I really want to—this is my first time here and I really want to make sure that I provide the information that you need. I think the freeze—the best way I could articulate it is that for front-line staff it does not apply. For anything else, if we're going to hire, it needs to be justified, and that applies to everyone. And, if it can be justified, then we will proceed with hiring. So I hope that helps to clarify that.

Regarding the out-of-province travel, we are—put a freeze on the out-of-province travel, but, again, if it's required, we will approve. So think of the freeze as a way to make sure there's a second set of eyes to make sure that the funds that were going to be expensed are very required. And to give you an example of that is that we have some of our customers that have accidents everywhere in North America, especially for our commercial customers, and we'll often deploy some people to go and help them out to do investigations and so on to be able to help our customers out with the claim process.

Mr. Goertzen: Well, then just to return to the freeze for a second, then the way I understand it is if you're a front-line staff, and that would apply to 70 per cent of the staff at MPI, there's not a freeze. If you fall into the other, approximately, 30 per cent, there's a freeze unless there's a need to hire somebody. Can you tell me when MPI would hire somebody when there wasn't a justifiable reason to hire somebody?

Mr. Guimond: If we can find a way to re-engineer the processes of that department, if we can find a way to eliminate the work, if we can find a way to increase synergies between various areas, then we will eliminate the position.

Mr. Goertzen: And you testified earlier, though, that—and I don't want to misquote you—that there is a culture of discipline when it comes to cost restraint, so that's always been happening, I assume, at the corporation. So it sort of seems like business as usual, and it's—I don't want to argue about the freeze, but it seemed like something different in the rate application. But I think we've gone through that a fair bit.

The travel restriction—I won't call it a freeze, then, because it's a restriction out-of-province travel unless it's deemed necessary. In the past, was that not the case? Was that not always the bar that out-of-province travel would have not been allowed unless it was deemed necessary? How is this different than how you've operated in the past?

Mr. Guimond: I think, like—

Mr. Chairperson: Mr. Guimond, go ahead.

Mr. Guimond: I think what's different in terms of articulating the difference in the restriction is that we will make an effort to—especially with all the technology that we've been deploying, is it possible, for example, if you're going to be going on a course, to be able to take it online versus having to go somewhere to a seminar, for example? Are there ways, you know, when we look at different patterns as to why we're travelling and so on, is there a way that we can leverage all the improvements that we've made that you don't have to travel? Is there a way that with the new technology that we have, that we can do more things using the telecommunications that we have?

So those sorts of things, and then be able to make sure that the training and the culture and the awareness is there for staff and really be able to pass that down and change maybe some of the ways we do things, because at the end of the day we constantly have to change the way we do things to be able to make our policies affordable to Manitobans.

So it—so that would be the best way to describe the changes, really, to really look at, with all the changes we've made, is there a way to be able to save even more?

Mr. Goertzen: Can you update me, then, what out-of-province executive travel has happened, then, during this current year, having been approved, if any, as being necessary?

Mr. Guimond: The criteria, if you wish, the best way to explain the out-of-province travel, would be to say, like, let's say we have a commitment in—with enterprises that we deal with in terms of having to attend certain functions, we would authorize the travel.

Mr. Goertzen: And so, just reverting back to the question, where has that criteria been employed, then, in the last nine months since we've entered this current year? What out-of-province executive travel's

been approved using that criteria or what type of criteria? *[interjection]*

Mr. Chairperson: Mr.—

Mr. Guimond: I'm sorry.

There's been a few, but just to make sure that the record is correct, I'd rather take that as a take-away to go back in the last months and really itemize the places and locations specifically for you.

Mr. Goertzen: Can you speak a bit about—you said there's certain commitments, maybe, that the corporation has to attend certain things. What are those? What are those conferences that you have memberships in or that you feel obligated to send people to?

Mr. Guimond: Well, for instance, one of the—to do our bodily injury business we deal with FINEOS, which is a software company that we deal with. But what we've done is that we are working with people from Australia and New Zealand, people in North America, and we chair a committee to be able to try and provide advice to the software company because we have plans that are very similar on the bodily injury side. So to be able to leverage our ability to get what we—what would be in the best interest to save money in terms of software changes for how we process bodily injury claims, we get together, and we're currently chairing those committees.

So, when the conferences occur—and it occurs in different places once a year in the world; last year it was in the United States—we will authorize people to go there to fulfill their commitment on the committees and at the same time participate in the conference.

Mr. Goertzen: What about the RCAR annual conference, is that something that you send people to? *[interjection]*

Mr. Chairperson: Mr.—

Floor Comment: Sorry. I'll get it right by the end of this—

Mr. Chairperson: Please just raise your hand, sir. I'll be—no problem. Thank you. Go ahead, sir.

Mr. Guimond: Yes, we have a seat on RCAR. We represent Canada, and it's—and so we will authorize the vice-president in charge of that area to go to the RCAR conference, and we also send some technical

experts with the vice-president, two of them, to be specific.

Mr. Goertzen: So has there been an RCAR conference in the last nine months, since this travel restriction has taken place? *[interjection]*

Mr. Chairperson: Mr. Guimond, please.

Mr. Guimond: Yes, there has been one.

Mr. Goertzen: And so three people will have gone to that, the vice-president, then, the other two that you indicated in your previous response?

Mr. Guimond: Yes, and the location this year was in Colombia.

Mr. Goertzen: The country of Colombia. Do you have a—do you know when that conference was? Was it—

Mr. Chairperson: Mr. Guimond.

Mr. Guimond: It occurred in September of this year.

Mr. Goertzen: So this month. So the cost savings committee will have already been operating in—at that time. What was the cost of sending three people to Colombia for this conference?

Mr. Guimond: I haven't approved the expenses yet, so I could report that later once it's all tallied up.

Mr. Goertzen: So they haven't gone in terms of you haven't approved the expenses or you just haven't approved the reimbursement?

Mr. Guimond: The reimbursement.

* (15:00)

Mr. Goertzen: Do we know—would there have been people at this conference in Colombia from SGI or ICBC? Do they send representatives as well?

Mr. Guimond: We have the seat representing Canada, and so to the best of my knowledge, no, they don't attend.

Mr. Goertzen: Executive vehicles—can you give me an update on—has there been any changes to the policies in terms of executive vehicles that are provided to MPI vehicles—or MPI executives? I know they lease them and then I think they claim back the costs. Is that committee that's been working—I gather they haven't recommended anything in particular, but has there been any changes as

a result of the cost-cutting or concern about operational costs?

Mr. Guimond: No, there has been no changes on that policy.

Mr. Goertzen: So how many executives that are entitled to lease a vehicle from whatever dealerships they choose?

Mr. Guimond: Each vice-president's entitled to a vehicle.

Mr. Goertzen: So the new vice-president which will be hired—I think you said it was for human resources; I'm sorry, I didn't write it down—they'll be entitled to a vehicle as well?

Mr. Guimond: That is correct.

Mr. Goertzen: And how does that work? Are they given a cost restraint or are they referred to specific dealerships or limited to the type of vehicles? How do they go about sourcing their leased vehicle?

Mr. Guimond: There is a limit in terms of the monthly lease amount. It's part of the compensation package. It's also a taxable benefit.

Mr. Goertzen: And so if there's a scenario—and I think this scenario existed—where there's a new person coming into a position, a new vice-president's position, replacing somebody else, do they inherit the inherent—inheriting the car that the previous vice-president had or do they source out a new one?

Mr. Vice-Chairperson in the Chair

Mr. Guimond: They do not inherit the vehicle.

Mr. Goertzen: So there was a scenario, I understand, where there wasn't a switchover between the vice-president's and the—I won't, you know, sort of name people, but the incoming individual decided that they didn't want the Nissan Murano, I believe it was called, that the previous vice-president had, and so they turned back the lease at a cost of \$11,000 and then sourced out a new car. Are you aware of that scenario?

Mr. Guimond: Yes, I am.

Mr. Goertzen: You know, is that something we were talking earlier about—I think you refer to it as the discipline of the cost savings within the cost control—sorry, my colleague from Midland corrects me—the discipline of cost control. Is that something you'd find consistent with that, or is—there may a different way to do it, discipline of cost control?

Mr. Guimond: I think the issue is that we need to be able to look at these things, if they still make sense or not. At the end of the day, when we recruit the talent that we need at MPI to be able to do the work, the car is part of the compensation package. And I feel very strongly about that because we need to be able to recruit the talent that we need at MPI. Of all the years I've worked at MPI that has happened so many few times that it's not material. I do know that it's—it would appear to be a lot of money, \$11,000, but that doesn't mean the vehicle can't be put in the pool or sold at a profit through our auction. So I think if you're looking at this from a money perspective, we're going to find a way to make sure that we don't lose money out of it.

Mr. Goertzen: So maybe you can explain that to me because I was under the impression—and it may be a false one—that the vehicle was this Nissan Murano was leased and then a new VP came into the position, didn't want the Nissan Murano so it was returned to the dealership and they had to pay the lease out of \$11,000. What pool would this vehicle go back into that would have saved MPI that \$11,000?

Mr. Guimond: What I can say is that usually we—in terms of practice, we purchased—we—the car from the leasing company and then we either put it back in the pool or we sell it at auction, and we make sure we don't lose money. If the car—this one, I'm just being told, that the car was returned to the dealership. So, in that case, yes, it was returned to the dealership and the new VP was able to get the car.

Mr. Goertzen: And would you consider that scenario where the Nissan Murano—I know you referenced it as not, perhaps, a lot of money, but the return of that vehicle and the payment of \$11,000 is—why didn't the new VP get a different vehicle? Would that be consistent with a culture of discipline of cost control?

Mr. Guimond: The way I would answer that is if it has to be done again, I—it's not something that I would do and that I would say that, based on the current times, we would be more stringent on that.

Mr. Goertzen: Thank you and I appreciate that response. I think that's a candid response, and so I'm assuming that that's a policy change that will come forward within MPI?

Mr. Guimond: Yes, it really is very important to me to—and with—to the executive, it was very important to us to be able to put this cost-containment team in

place. And we're not going to leave any rocks unturned and we will reassess everything and make sure that it still—what we do still makes sense.

Mr. Goertzen: Mr. Chair, I want to talk a little bit about sponsorships, and sponsorships that happen through the corporation. Is that something, you know, that you'll be putting through the committee as well in terms of—now, I know that you mentioned that there's always been a discipline of cost control at the corporation, but is that something that this committee will be looking at and possibly changing as well, the amount of sponsorships that are provided by the corporation?

Mr. Guimond: Yes, we are looking at that, and, yes, it will be changing.

Mr. Goertzen: Can you tell me how it will be changing?

Mr. Guimond: What we're doing is that we're not—one example—and I could get the exact approach that we're taking toward changing the way we go about sponsorship, but to give you an example is that if we have multi-year sponsorship we won't increase the amount year over year, we'll keep it the same as last year, for example. And we're also looking at different aspects of how we sponsor. So that's something, it gives you an example, and we do have—we are in the process of doing a write-up, and at this point and time I would prefer to wait until our board of directors approves the suggested changes. We're actually in the process of suggesting some changes to our board of directors, and once that's approved then I think I would be—I would feel more comfortable talking about it, in terms of specific changes.

* (15:10)

Mr. Goertzen: So is the current policy, as it exists, that there's sort of an annual percentage increase to ongoing grants, a 2 or 3 per cent increase, do they just—is there a sort of formula that it increases or do they get reviewed every year, more specifically?

Mr. Guimond: No. There's no built-in formula. But, as you know, people who ask for sponsorship—I mean, they, you know, they face a lot of pressure. They're always trying to increase the amount of money that they're getting from people, so it's not uncommon for people to come year over year with a bigger amount.

Mr. Goertzen: So maybe we can just talk about a few examples, and you can walk me through a bit the rationale and how it maybe would change under an

upcoming policy or how it fits under the discipline of cost control that the corporation's always existed under.

So these come from the application, the GRA, the most recent one, and there was a number of attachments provided to that multi-hundred-page document, and when I was able to keep the computer from crashing, we were able to print out some of them, and I just had some questions about it.

So, under the 2012-2013 sponsorship applications, there was contribution to the Canadian human rights museum, which I know was opened or almost opened or on its way to being opened, I think, of \$200,000. It was referenced as an additional funding contribution. What's the breakdown on the contributions to the human rights museum, and are there further contributions forthcoming?

Mr. Guimond: I can get you the breakdown. I don't have that with me with right now—I'll just double-check—but there are no intentions of doing future contributions.

Mr. Goertzen: So there was also, within that same document, sponsorship to the Health Sciences Centre. It was for capital for surgery-of-the-future initiative, and I don't know what that is. I, perhaps, could've researched that out. That indicates that there's one of four payments, so I'm assuming from that that the—it'll be a \$2-million contribution going forward for the next couple of years. Can you just tell me what that is and how that fits into the sponsorship criteria of MPI?

Mr. Guimond: This is—has to do with research for brain injuries, people who are involved in accidents—automobile—and have brain injuries. They wanted—the idea was to create this operational room where you have an MRI right in the operating room and you're able to do some medical procedures right away. And so we wanted to be able to participate in that, and we wanted to see if the amount of brain injury could be reduced by having instant information on the operating table and see if we could help out these people.

Mr. Swan: If I can just add to that, yes, it's a partnership with the Health Sciences Centre Foundation, and, really, this is just part of creating what has been described by the professionals at the Health Sciences Centre and by the foundation as a world-class research facility. What Mr. Guimond talked about was the possibility of—during brain surgery—of actually being able to get an MRI done to

see whether surgery has been as expected and successful. And, certainly, from MPI's point of view, not only is this a worthy cause, but from MPI's point of view, it's actually a good investment because some of the most difficult, challenging and expensive claims deal with head injuries, and we see this as being a way not only to support the development of this strength in Manitoba; it's also a way of dealing with head injuries and finding ways to reduce those costs over the long term.

Mr. Goertzen: So just for my clarification, so the 200—the \$2 million that'll ultimately be paid—is it to pay for the MRI itself, is that the cost of the MRI?

Mr. Guimond: Okay. Just for clarity purposes, I just want to make sure that the \$2 million, that was for the MRR, but there's also another \$2 million to research some neurosciences research as well, so I just want to make sure which one we're talking about when you're asking questions.

Mr. Goertzen: Well, I guess I don't know. That's a new \$2 million to me. I'm getting lost in the millions of dollars here, but maybe I'll ask you, then. Is there—was there a \$2-million fund to purchase an MRI and then a separate \$2-million fund for research?

Mr. Guimond: Correct.

Mr. Chairperson in the Chair

Mr. Goertzen: So the purchase of the MRI, is that something that would continue under the new sponsorship criteria, which you're not, you know, able to share quite here yet, but is that something that would still continue to be acceptable?

Mr. Guimond: Under the right circumstances, yes. I mean, it's the—if you look at our catastrophically injured customers and all the types of injuries we have, traumatic brain injuries are the biggest concern we have by far. I mean, there's a lot of people that are injured and have brain injuries. There's no question that if looking at these kinds of efforts and research that over the—we think that over the years we could improve the quality of life for these people or we could find a way to—for them to remain functional versus being in an institution the rest of their lives, yes, we would continue to do these kinds of sponsorships.

Mr. Goertzen: So am I correct in assuming—and it's always dangerous to assume these things, but—that the MRI, it's not just used for people who are in automobile accidents? I mean, it can—it's really used in the health-care system and whoever needs it—

can use that MRI. I mean, is that correct, regardless of how they got there, whether it was an auto accident or they came upon this injury some other way?

Mr. Guimond: The way we're looking at this is that all the brain injuries, for whatever reasons these patients find themselves in that operating room, we're hoping that the research that they're going to be able to do will benefit people who are injured in automobile accidents. So that's the way—I mean, it's for all people who are brain injured, and we're hoping that the doctors are able to learn from all of these patients regardless how they got brain injured, and we're hoping in the long run that not just people who are injured in automobile accidents but if it benefits others, then we view that as a good thing.

Mr. Goertzen: Sure, and I suppose, I mean, people get injured in a lot of different ways, not just brain injuries and broken bones and contusions and all sorts of things—I'm not a doctor—and they get injured in automobile accidents that way, and I suppose having access to MRIs or CAT scans or different medical procedures would all, in some ways, benefit the research for those injuries when they are related to car accidents.

So, then, by that logic, you're open to investing in medical equipment in a whole host of different ways, I suppose.

Mr. Swan: Well, look, I think Mr. Guimond and I have both explained that traumatic brain injuries represent a substantial ongoing cost for the corporation, and this is an area where, and Mr. Guimond can follow me on this, but this is an area where it's been determined that a marked improvement in the way that we're able to deal with traumatic brain injury, the ability to have more effective treatments and more effective surgeries not only helps all Manitobans in general but can certainly help MPI in dealing with these claims. So this is an example where it is a sponsorship which, I think, you could equally consider to be an investment by the corporation in trying to improve people's quality of life and, in terms of doing that, by also decreasing some of the exposure that MPI is going to have in future for these catastrophic kinds of injuries.

And I'll turn it back over to Mr. Guimond if he wants to add to that.

* (15:20)

Mr. Guimond: No, there's nothing to add.

Mr. Goertzen: But the list wouldn't be limited to brain injuries. There's a whole host of different medical issues, then, that MPI faces in terms of people who get into car accidents where medical equipment would be beneficial to them. So it's obviously not restricted just to MRIs. It's a little bit like the hiring freeze. If it's necessary and justifiable, then it's something you'd consider doing on other things.

Mr. Guimond: We look at things case by case, and if they make sense then we would consider it.

Mr. Goertzen: Moving from that one to—on the same document, though, that I referenced earlier, there's something, and I—you'll excuse me, because I don't know what the acronyms mean. It's—sometimes 'acrominym's' are—you have to sort of be in the industry to understand them, but the HRMAM golf classic, conference and leadership awards, \$9,200 is provided in sponsorship. Is that something that's sort of seen as a goodwill sort of thing, or what benefit derives to MPI from the golf classic sponsorship?

Mr. Guimond: I think, like, where a company—when we look at sponsorship and events and so on, as you know we do everything we can to promote don't drink and drive, to promote don't text, so when we look at events that happen in different communities where we just look at the opportunity and does it make sense in terms of our messaging and are we able to be able to communicate the key messages that we're trying to do from a road safety perspective. So that's part of how we look at things, and we also have guidelines to approve our sponsorship to make sure that we get a return on our money in terms of these guidelines and make sure that we're able to send our message and that we have the ability to communicate and be able to reach a specific market target, so that's how we look at it.

Mr. Goertzen: So, then, at the golf classic—I wasn't there, not a golfer, full confession—there was some sort of messaging about don't drink and drive, or safe roads at this golf tournament.

Mr. Guimond: I will confirm that, but there was something that we did at the golf within our—the guidelines of our sponsorship, which probably include these things, yes.

Mr. Goertzen: Sure. I'll look forward to that response.

There was one—also on this same document—reference for the Legal Help Centre of Winnipeg. It

was an annual sponsorship of \$25,000. How does that fit within the guidelines of MPI?

Mr. Guimond: Sorry, I missed which one it was for. *[interjection]*

Mr. Chairperson: Mr. Goertzen.

Mr. Goertzen: Sorry, Mr. Chairperson. It's listed as the Legal Help Centre of Winnipeg. It's an annual sponsorship of \$25,000.

Mr. Chairperson: Yes, Mr. Guimond. Go ahead.

Mr. Guimond: We don't have the details here at the sponsorship level in terms of how it qualified for the guidelines, so if you want to go more into details with that, we'll take that away and we'll provide you how it complied to our guidelines and the specific messaging.

Mr. Goertzen: Sure. And I have a few more, and they might be easier to identify. There is an annual—and you may have referenced this as part of your earlier comment about annual sponsorships, but there's a season sponsorship, I guess, for both the orchestra—Winnipeg orchestra and the Royal Winnipeg Ballet, \$15,000 each. Does the corporation receive tickets for that, or what do they derive from that?

Mr. Guimond: We'll get back—just name the ones that you want, and we'll get back to you on all these.

Mr. Goertzen: Sure. And you can let me know what sort of value for dollar they're getting for the \$15,000, but do you know if there are tickets provided for that level of sponsorship? There must be—if there were, you'd probably see them, I guess, somewhere around the corporation.

Mr. Guimond: Yes, we would—I would—we would see them as a particular person in charge of that file, and I'm not sure at this point in time if we do get tickets or not.

Mr. Goertzen: When you check and respond back on that, could you let me know what—where those tickets go, like, who do they—I'm not asking for any. I'm just want to know where they go in terms of where they get distributed to and if you maybe have a list of those over the last couple years, that would be helpful. Can you make that undertaking?

Mr. Guimond: Yes.

Mr. Goertzen: There was also—this is more unusual, I think, there's a capital funding contribution to the Winnipeg Folk Festival of \$100,000. I think that's

been discussed, perhaps, at the committee before. But what—can you just refresh my memory what capital project that was?

Mr. Guimond: We'll get back to you on all the ones that you want some information on.

Mr. Goertzen: There is one referring to—this might be under a different category; let me double-check. I'm sorry; this is a road safety sponsorship, so it's a different category. And maybe you could tell me what would be the difference between a road safety sponsorship and a general sponsorship because they're listed differently on the sheet that you provided to the PUB for the general rate application. Some are listed just as sponsorships, and then there's a separate category for road safety sponsorship. What's the difference?

Mr. Guimond: Yes, just tell us what you'd like to know about all of these different sponsorships, and then we'll provide you with the answers.

Mr. Goertzen: Yes, I'd like to know what the difference between sponsorship is and a road safety sponsorship. You categorize them as differently on the GRA, and I would just like to know what the difference is between those two categories.

Mr. Guimond: Yes. We'll get back to you. *[interjection]*

Mr. Chairperson: Mr. Goertzen.

Mr. Goertzen: Sorry, Mr. Chair. Are you—does any staff know what the difference between a sponsorship is and a road safety sponsorship? You specifically made them separate requests—or, I'm sorry, made them separate itemizations under the GRA. Does anybody know what the difference is in terms of categories? *[interjection]*

Mr. Chairperson: Mr. Guimond, yes.

Mr. Guimond: —on the record, I want to make sure that I give you technically how we have it in our policy, and at this point I don't—I haven't memorized those things at this point in time, and I just want to go back and make sure we have it right.

Mr. Goertzen: Okay, so maybe I can provide some more information. I think this comes from the annual report. There they list them as corporate sponsorships, one category—that's what I think I previously was asking on, and what I was moving to

now was safety sponsorships. Any idea what the difference is between the two of those?

Mr. Guimond: I'd rather go back and get the definitions we have by policy and make sure we give you the right information.

Mr. Goertzen: Okay. There is a contribution made now under the road safety sponsorships of \$13,000 for a mineral resource training program. Now, is—would those sort of training programs be normal for MPI to sponsor, and how do they fit within the culture of cost containment that you were speaking of earlier?

Mr. Guimond: Every sponsorship that we do, we document as to why we provide the sponsorship and how it fits into the guideline. So I'm going to go back to the record that we have on file and the proper documentation, and we'll provide you with the information. I have not memorized these things.

Mr. Goertzen: Presumably, though, you mentioned earlier on that the whole issue of cost containment was critical for the corporation. It's something you said was the highest priority or a high priority—I don't want to misquote you—and you indicated that this has been the case for years and there was a culture of cost containment, but you're not able to provide any details in terms of the criteria for these sponsorships or how they came about or whether they're important or not important. You can't provide any context this afternoon for that?

* (15:30)

Mr. Guimond: I can't provide you context in the sense that the sponsorship is something that we've identified to look at, that we want to do a review of how we qualify or approve sponsorships and the guidelines that we have for sponsorships. At this point in time I'm fairly new to the job and I have not memorized these things so that I can speak with them, like, off the cuff, but I am going to be able to tell you that every sponsorship that has been approved is compliant with certain guidelines, but in the interests of cost containment, it's something that we've identified that needs to be looked at, that needs to be reassessed.

Mr. Goertzen: Are there any staff here that could maybe assist you with that, and it would save time, sort of, you having to go back—I think there's, you know, a dozen or so staff here in the audience and there's others, the minister of—and we might get to him yet because we'll be talking about Jets tickets yet, but I wonder if there are any staff here that could

help with that and so we wouldn't have to wait for that response.

Mr. Guimond: Every sponsorship, the information is stored and documented and we don't have available here.

Mr. Goertzen: When you're providing the list of sponsorships, could you also add to that list the eighth annual Baby & Kids Show sponsored by MPI for \$4,500? I was wondering if those kids are texting and driving or how it fit into the sponsorship criteria of MPI.

There was another one and maybe there will be some reference to it. You list under 2012-2013 sponsorships a repayment by an A. Swan for a Winnipeg Jets ticket purchase of \$470. Could you tell me how many tickets that was for and for which dates?

Mr. Guimond: No, I can't. We don't have the information with us here.

I can—I just was told that the Baby & Kids Show is for car seats.

Mr. Swan: Yes, that was indeed four tickets, the cost of which were repaid by myself, and I think it was, if I remember correctly, it was the Pittsburgh Penguins that were in town. So I did receive tickets and then repaid the full amount of that to MPI.

Mr. Goertzen: There isn't a date on there. Do you know when those tickets were repaid, Mr. Swan?

Mr. Swan: No, I can't recall that.

Mr. Goertzen: Is that something you could provide?

Mr. Swan: I'll see if I still have any records.

Mr. Goertzen: There was also a question regarding was it the face value of the ticket that—MPI, I think, is a season ticket holder. Was it the face value of the ticket that was repaid or what the value of that ticket would have been at the box office had somebody walked up and paid for that? Can—does the minister know what portion he repaid or which value he repaid?

Mr. Swan: Can't recall.

Mr. Goertzen: Could he determine that from—when he goes through his records? I'm sure he would have paid by cheque or something that would have given him some kind of a record and he could determine if he paid the face value of the ticket or what the value would have been had he walked up to the box office and paid for that ticket had they been available.

Mr. Swan: I can see. I should have a record of the cheque.

Mr. Goertzen: The—I'm sure there'll be an answer to this because it's fairly significant. The sponsorship for the Winnipeg Jets hockey club for 2013-2014, so that would have been the previous year, was \$175,000. Is there a similar amount that's being paid to the Jets for a sponsorship this year?

Mr. Guimond: Yes. There will be another sponsorship this year.

Mr. Goertzen: And just in terms of—what do you get for that sponsorship? I think this is separate from tickets. So are they advertisements, or what's the package for that?

Mr. Guimond: We'll get back to you on that.

Mr. Goertzen: The season ticket allocation of \$16,657—that was last year. Is—did the corporation renew those season tickets? I'm assuming they're in a long-term contract as well, although maybe there were—I doubt they were P3s. They might have been. It came up last year. But were they—are those renewed for this coming year?

Mr. Guimond: Just to be able to clarify, we don't purchase tickets. The tickets are part of the—that we get are part of the sponsorship. And, yes, we will be getting more tickets this year as well.

Mr. Goertzen: Okay. So, for my clarification, on the sponsorship sheet that was provided during the GRA process, it breaks down the 2013-2014 sponsorship as \$175,300, and then it says Winnipeg Jets season tickets, \$16,657. Now, that was for, it says, 2012-2013. So did you just separate the value of them out and the sponsorship is really, you know, \$191,000, or do you pay for the—do you really pay for the tickets separately from the sponsorship?

Mr. Guimond: We don't pay for the tickets separately.

Mr. Goertzen: So the corporation pays somewhere a little shy of \$200,000, and then they get tickets as part of that sponsorship package?

Mr. Guimond: That's correct.

Mr. Goertzen: And how many tickets do you get for that level of sponsorship?

Mr. Guimond: For the '13-14 years, it was 180 tickets.

Mr. Goertzen: I'm sorry. I missed that. I was talking to my colleague. I apologize. Could you just repeat that?

Mr. Chairperson: Mr. Guimond. Could you use your, maybe, mic?

An Honourable Member: I think that was more my fault than anything.

Mr. Chairperson: Do you want to repeat the question?

Mr. Goertzen: No, I want a repeat of the answer.

Mr. Chairperson: You have already done. Okay. Go ahead. Kindly answer.

Mr. Guimond: For the '13-14 fiscal year, it was 180 tickets.

Mr. Goertzen: And how are they broken down? Are they—because I know—I've gone through this in painful detail in the Premier's (Mr. Selinger) Estimates when I told him I was part of a group, that I have P4 tickets. We're at the very top of the arena. Not near the top, but the very top. We look down on the scoreboard. In fact, I offered the Premier to come and sit with me sometime if he wanted to see that. He wondered how I got my tickets. I'd make the same offer to Mr. Swan. I know he's probably looking for tickets now. I wouldn't charge him if I didn't have to, but I might have to under the rules. I'm not sure. We could work that out. But the—my tickets are P3s. Are these all lower-bowl tickets, which would be considered P1s or maybe P2s on the ends? Or where—are they not even all together? How are they placed?

Mr. Guimond: I don't know the answer to that. We'll get that for you.

Mr. Goertzen: So 180 tickets per game. So there's 60 pairs of season tickets. Is that—or, sorry, 90 pairs of season tickets—is that right?

* (15:40)

Mr. Guimond: I'll confirm that for you in terms of pairs versus tickets, but I believe it's 126 tickets, which would mean divide by two for the number of pairs, if you want to look at it from a pair perspective. *[interjection]* Yes. It's 90 pairs, if you—like, it's a total of 180 tickets, so it's 90 pairs, if that's what you're asking.

Mr. Goertzen: Thanks for that. So I know in those few games that I get to go at the very top of the arena, they often introduce something called the

Flight Deck. I think that that's a Lotteries program or something where they send sports teams or kids' teams or those sort of things. What does MPI do with their 180 tickets per game?

Mr. Swan: I think there's a misunderstanding here. The member keeps saying 180 tickets per game. It's 180 tickets per year. 90 pairs of tickets, not 90 pairs of season tickets—[*interjection*] Yes, just to clarify that. So we're talking about 100 tickets total for the year—[*interjection*]—180 tickets for the year, 90 pairs of tickets for the year.

Mr. Chairperson: Thank you, Mr. Minister.

Mr. Goertzen: So I'll rephrase the question. Maybe we're all so excited about the year, there's numbers flying around, but there's 180 tickets, however they're delineated—you'll let me know that—per year. How do those tickets get distributed, or how are they used by MPI?

Mr. Guimond: Fifty-four tickets or 30 per cent of the tickets go to charity, and 70 per cent are used for employee recognition.

Mr. Goertzen: And employee recognition, is that people who've—long-service employees or they've done something in particular in the corporation, or how does one fall in line for that? [*interjection*]

Mr. Chairperson: Mr. Guimond.

Mr. Guimond: Sorry. What we've done is we have corporate guidelines that are aligned with Crown Corporations Council because all the Crown corporations got together in terms of how these tickets should be used. The employee recognition guidelines are as follows: The employee must demonstrate commitment, dedication to their work by going the extra mile; demonstrate extraordinary customer service by taking responsibility for addressing customer needs; demonstrate outstanding commitment to teamwork by encouraging others and building morale; demonstrate leadership by modelling integrity, openness and trust. So, in other words, that's how we're identifying the high performers and rewarding—how we recognize our employees.

Mr. Goertzen: The proposed changes to sponsorship criteria that you referenced earlier in this committee meeting—would those changes do anything to impact the season—or the ticket allocations that are provided by the Winnipeg Jets for the sponsorship? Is there anything in terms of the changing of the sponsorship

criteria that would say to you, we're not going to accept these tickets anymore?

Mr. Guimond: Well, the—because with the sponsorship we have, we will be getting the tickets one way or the other—it's part of the sponsorship—what we do with the tickets we may very well look at.

Mr. Goertzen: I don't propose to speak for the Jets, but my guess is if you said to them, we're really not interested in the tickets—maybe there's value in the sponsorship; you'll provide that information as you've committed to in terms of what you get for that sponsorship. But I suspect if you said to this professional sports organization or anyone, we're not really interested in those tickets; you can—you know, there's probably other—there's probably 180 people out there who wouldn't mind purchasing Jets tickets, and they would be okay with that. Is that something that you'd consider in the whole method of cost containment and even just good corporate citizenship, to put those tickets back into the market?

Mr. Guimond: I'm not ready to put an opinion on that at this point in time. I just started the job. I'm looking at everything. I'm assessing everything. In terms of sponsorship and to looking at everything in the corporation, I know that I've looked at the file enough to know that we need to revisit the sponsorships file and we need to look at it. How it's going to turn out—I haven't had time to really think that through yet at this point in time, and I'm not ready to put in this kind of forum what might or might not happen because I'm still assessing.

Mr. Goertzen: Has the corporation made any commitment as part of the bid application that may have happened to sponsor the Grey Cup in Winnipeg?

Mr. Guimond: I'm not aware of that at this point in time. I can look at it.

Mr. Goertzen: You'll take a look, though, and let me know for sure.

Has the corporation made any commitment to sponsor any potential outdoor hockey game that may happen in Winnipeg? Has there been any consideration or discussion about that?

Mr. Guimond: Not to my knowledge, no.

Mr. Goertzen: But you might take a look at that as well and let me know.

Moving on to issues around contracts and contracts that Manitoba Public Insurance enters into, we were provided—and I appreciate the provision of that—a list of contracts that the corporation has entered into over the last couple years, so I just have some questions regarding some of the contracts. There was one in particular that I just couldn't—a lot of them are self-explanatory and the explanation suffices when you see it in terms of what was provided, others just require a degree of more explanation. I'm not trying to value load my feelings about them, I just don't understand what they all refer to.

So there was a contract entered into on February 10th of 2012, I believe, if the dating is as I think it is. Yes, February 10th of 2012, for \$12,000 per year. It's an agreement to provide health risk assessment and on-site wellness services to MPI employees. What does that do? What does that contract fulfill in terms of its work at MPI?

Mr. Guimond: So just to make sure, that was February 10, 2012? *[interjection]*

Mr. Chairperson: Kindly be recognized before you respond. Thank you, Mr. Goertzen.

Mr. Goertzen: I warned the Chair that this would be a problem and not for the president but for me.

The service provider is STRATA Benefits Consulting. It was on February 10th, 2012, and the explanatory note is an agreement to provide health risk assessment and on-site wellness services to MPI employees. And the value of the contract per year is \$12,350.

Mr. Guimond: You know, if we're going to go back to contracts that are two or three years old, I won't be able to have that information at the tip of my fingers in terms of what they were about. But I'm more than willing to take on any of these multi-year-old contracts and whatever information you'd like to have to be able to go get them for you.

Mr. Goertzen: All right, so I've identified that one, and I'll wait for a response along with the many other things that the CEO is committed to providing.

There are a number of contracts and they date at different times going back to March of—March 23rd of 2012 for yoga instruction at MPI, and I think that the description is yoga-at-work program, and they range—and now we've got a number of contracts that range from four to five thousand dollars contracted to places, The Zen Zone, MJK Fitness Consulting,

and they're—I could tell the minister of energy, from his comments, is a big fan of yoga; I confess to not be an expert in the issue of yoga. So, again, I'm not talking about the personal benefits of yoga, I'm really just talking about the issue that the—Mr. Guimond talked about in terms of cost containment and the culture of cost containment.

So, again, there's a number of contracts provided to these different organizations for yoga at work. Can the CEO tell me what that is?

* (15:50)

Mr. Guimond: This one I can provide some insights. As a large employer, we have a wellness program in place, and we did some analysis in terms of what we could do to be able to improve sick time or reduce sick time at work, to be able to reduce the amount of medications that are purchased by our staff and so on and mental health. So a study was done, and we initiated this initiative with our wellness program. We—the analysis that we did when we rolled out the program—it's a five-year duration. In terms of getting results based on the expert advice that we received, we're monitoring the program, and if we're able to see improvements for our staff and be able to reduce our costs, then that's something that we would continue to do. But we are evaluating this wellness program, and so this particular effort is part of the wellness program, and also, it's important to note that staff do pay to attend the classes.

Mr. Goertzen: So the contract is paid for by MPI, but then staff pay back the value of that, and so it's a cost recovery, or how does that work?

Mr. Guimond: It's not 100 per cent recovered. We are investing in some—in the wellness program, and they don't pay 100 per cent back the costs. But we believe, based on the business case that was provided, that over five years we should be ahead of the game and our employees should benefit from it.

Mr. Goertzen: And how many places is the yoga at work offered? Is it offered at all the service centres, or where does one have to go to access yoga?

Mr. Guimond: I don't know all the facilities, but I do believe it's provided throughout the province to—if there's enough students that are—or enough employees that are interested in the program. I—we could find out exactly where, if you wanted to.

Mr. Goertzen: So who did the study to determine the benefits of the yoga program?

Mr. Guimond: It was our HR department with some assistance from research that was done in talking to different colleagues and folks.

Mr. Goertzen: So the HR department talked to people in the fitness industry and in the yoga industry and asked them what the benefit is? Was that—that's how it was done?

Mr. Guimond: There was a research done on wellness and what best practice was and what employers like MPI in terms of standards should be doing for their workforce.

Mr. Goertzen: Do you know if that's happening at other Crown corporations? Does Hydro or Lotteries have yoga at work?

Mr. Guimond: I know they have wellness programs. Whether it's yoga or whatever they do, I know that every employer are doing programs that resonate with their employees, and the idea is to be able to meet the business case, and I'm sure that every employer does different things in terms of how they—how their program works. But the idea is to really focus on mental health, to improve the reduction of sick time and to be able to reduce medical—like antidepressants and so on that are often used. So we'll see if it works. It's something that we started to roll out, I believe, in 2011, and it's a five-year program, and we're actually the—there's a report that's supposed to be coming out for the first preliminary assessment of how we're doing.

Mr. Goertzen: Can you provide me with a copy of the research that started the yoga at work or that recommended the yoga at work program, and then also provide a copy, when it's available, of the outcome of the yoga at work program?

Mr. Guimond: For sure.

Mr. Goertzen: Moving on to another contract, the Marilyn McLaren contract. Is she still on that contract? That's an ongoing contract, I believe. Is that correct?

Mr. Guimond: The contract was for a one-year duration.

Mr. Goertzen: And it was signed in the spring of this year, correct? And so it goes 'til the spring of next year?

Mr. Guimond: That is correct.

Mr. Goertzen: She's not provided a vehicle during the course of her contract, though, is she? She would

have returned her vehicle to MPI when she stopped serving?

Mr. Guimond: That is correct.

Mr. Goertzen: And was that vehicle—was it at the end of its lease or did it have a lease turnback or was it taken by some other executive?

Mr. Guimond: It's still in the corporate fleet.

Mr. Goertzen: Given the cost restraints and the review that's happening now, I mean, would you still consider the entering of that contract with Ms. McLaren to be in keeping with the culture of cost control that you spoke of earlier?

Mr. Guimond: I view Mrs. Marilyn's contract as an insurance policy, and when there's a transition of the CEO, you don't know how the CEO is going to—if it's going to work out. There's also the possibility of the CEO deciding, hey, that wasn't for me, and decide to walk away. And there's also health. I could get sick and so on. So, from a risk mitigation perspective, and that's what this contract is about is risk mitigation, and if I was to leave or get injured or not be able to perform my duties, then the board of directors has an insurance policy, so to speak, that has access to the previous CEO to buy time to find another CEO.

Mr. Goertzen: But that's somewhat of a different explanation than was given before. I think before, the discussion was that she was hired to help with the rate application that went before the PUB, and you're sort of suggesting it was less specific than that. It's more just good to have her around just in case something happens. Is that the case?

Mr. Guimond: From a corporate perspective, there's always an insurance policy. We never deviate from that. I've always talked about it within that context. I think there were some questions that sort of appeared in the paper somehow, but the corporate's point of view, and I've been very consistent with that, it's always been an insurance policy and for the reasons I've articulated previously.

The contract—as the risk goes down over time, the board of directors also constructed the contract that as the risk—because it's a year duration—as the risk drops down, that if we—versus an insurance policy in the sense that I use it or lose it, would we be able to recover the \$50,000 by possibly giving Ms. McLaren some work. So that's how the contract was constructed, and whether that's going to happen or not, we don't know that.

Mr. Goertzen: So what work has she done 'til now under this contract?

Mr. Guimond: None.

Mr. Goertzen: But is she getting paid?

Mr. Guimond: Yes, she is. The—it's an insurance policy that if something was to happen to me as I assume the position, that the board of directors, for risk mitigation purposes, will have access to Marilyn. And the fee that she's getting right now, being a retired individual, is that the board of directors has access to Marilyn within 48 hours of request or otherwise as mutually agreed.

So, in terms of risk mitigation, the board of directors negotiated an agreement with the ex-CEO to say that if I was to pass away or just walk away from the job or so on, that they have access to Ms. McLaren to buy some time. It's purely an insurance policy and it's also proper risk management.

* (16:00)

Mr. Chairperson: After the hour being 4 o'clock, what is the will of the committee? Continue, Mr. Goertzen?

Mr. Goertzen: One more hour, and then we'll conclude.

Mr. Chairperson: One more hour, is it agreed? *[Agreed]*

Go ahead.

Mr. Goertzen: So, Mr. Guimond, you're—you've testified that she received \$488,000 as a severance package which isn't—that's not your testimony. I understand that, but that's a matter of public record. And then she was given this contract of—in the range of \$50,000, I think it was. And she's not done anything?

Mr. Guimond: The—it's very important that in terms of industry norms and best practice for risk mitigation purposes that you—that these kinds of agreements where you have immediate access to somebody to buy you time in case something goes wrong. So I would look at it as an insurance policy; that's always the way we talked about it. The difference it's typically in these kind of contracts is, you're correct, if you don't need the individual they still get paid because, for that money, what they're committing is to show up within 48 hours. That's their commitment and you're paying for that commitment. If you—if typically these contracts, if you don't use it, you still pay the money because of

the guaranteed access and availability, and then you paid for the agreement. What the board of directors has done, which is a little bit different for these typical agreements, is that they've reserved the right that as the risk diminishes over time, that maybe it's a one-year contract, so maybe in the last quarter or the last—later part of the contract when the risk has been diluted or is almost nil, then we have the ability to recover our money by giving work to Marilyn if we decide to do that.

Mr. Goertzen: But this is very different than the discussion that's happened in the public related to this issue. And I know that it was not you that was being quoted in the public, and so I am not holding you responsible for that. But the public discussion from government was that they overrode the rules; they provided in Cabinet an exception to the hiring back of Ms. McLaren, because it was important to have her be working on issues and I believe those specifically related to the GRA. But your view—well, it's not your view. You said she's done nothing. And so there's clearly a contradiction and I'll leave that contradiction stand, and I'll move on to another line of questioning.

Although I'll leave it with one more question: Do you think the public would view hiring somebody for some \$50,000 a year to do nothing after she's been given \$488,000 would be keeping in what you were referring to as a culture of cost-containment?

Mr. Guimond: I think the public would understand why the corporation has done this because they would understand it's proper risk mitigation. I also believe that, if I was to get injured or pass away on the second month or third month on the job, that the corporation, because of the size we are, that we'd be criticized if we hadn't put an insurance policy like that in place.

Mr. Goertzen: But the contract isn't suggesting that, if you passed away—and God forbid you do, and I wish you nothing but good health—that Ms. McLaren would take over and become the CEO of the corporation. I believe, and I believe the contract specifically talks about her doing a specific amount of work during the course of the contract. In fact, I'll read this. This now is the contract that's been provided. At section 3.01 of the contract, under the heading, McLaren's fees, it reads: subject to the following subsections, the Manitoba Public Insurance agrees to pay McLaren \$3,900 per month during the term. In consideration of this fee, McLaren agrees to provide 21.75 hours of services,

three days or six half days, such as the parties may agree, and further guarantees to make herself available to perform the services within 48 hours.

Isn't she in breach of contract by a simple reading of that contract if she's not provided any services?

Mr. Guimond: It's very important to look at article 202 of the contract. It reads that the direction of the chairperson of the board of directors or the new president, throughout the term of the agreement, shall work collaboratively.

So it's a trigger. It's a trigger that at the request of the chairperson, that she works. Now, in terms of the value of—if the trigger is pulled, so to speak, to get access to Ms. McLaren, that she is to make herself available within 48 hours. In addition to that, that she is to commit at least three days per month to be able to help the board deal with a crisis or whatever crisis it might be.

And I can assure you that that was the intent of the corporation and that's how it was constructed.

Mr. Goertzen: That's not actually what you told your employees because there was an internal memo that went out to MPI when this became a public issue that specifically said that Ms. McLaren would be working a small amount of hours per month. It did not say that she was on an insurance policy nor did it say that she would be doing nothing. The internal memo indicated to employees that she would be working a small amount of number of days a month. *[interjection]*

Mr. Chairperson: Mr. Guimond, sorry.

Mr. Guimond: I don't recollect that being the wording. We're going to get the—a copy of that.

Mr. Goertzen: Okay, I'll wait and see if the staff provide something and move on to a different line of question. I just—I mean, I want to say that this is a surprise to me, and I would say that I have a very different view of what the public would feel about this, and I also think it's a different view from what was provided by the government at the time of questions in the Legislature. Nowhere in my recollection, and I acknowledge that as I get a little older, my recollection fails a little bit, but I think I would remember if the Minister responsible for MPI had told me that Ms. McLaren was doing nothing for this contract.

I want to talk a little bit about or ask you a little bit about communication consultants. There were

two contracts that were put out, each for \$150,000, to outside sources. What kind of communication services does MPI require that aren't done in-house from, I'm assuming, the communication team that you employ within MPI?

Mr. Guimond: Again, if you want to talk about a specific contract, I'd like to know which one it is and then we'll go get the information for you. It could be media buy, it could be radio buy. You know, we'll have to get—we'll have to look at it.

Mr. Goertzen: I'm happy to do that.

The contract is—there are two; they're each for \$150,000. One's to Chess Communications. One's to Jones Communication. And they were—I don't think they were tendered. I think they were awarded on July 22nd of 2013. So July 22nd of last year, each to—\$150,000 to Jones Communication, to Chess Communications, and all the explanatory note says is the vendor is to deliver communication consulting services.

Mr. Guimond: Yes, we'll get the information for you.

* (16:10)

Mr. Goertzen: There was a contract that was issued to review human—there were human resources services unit, and I'll find the details of that so it's a little easier for you to source, going through that. It was provided on December 5th of 2013 to Meyers Norris Penny for \$69,000, and the explanatory note says that the consultant is to perform a review of the human resources services unit. Has that been completed, sir?

Mr. Guimond: I'm sorry, I missed the question. I was talking with Heather for a minute.

Mr. Goertzen: Well, now we're even because that happened to me before too so now—find that again here. It was December 5th of 2013, a contract to Meyers Norris and Penny for the amount of \$69,000. The explanatory note is the consultant is to perform a review of human resources services. If you're able to can you explain to me what, in a bit more detail, what that is and when that review will be complete?

Mr. Guimond: I will get you a copy of that, of the contract.

Mr. Goertzen: I thank you for that response. When it comes to issues around promotional items, what is the view of MPI in terms of how it determines what is a valuable expenditure on promotional items and

how it fits within the culture of cost-control that you spoke of earlier?

Mr. Guimond: Everything is tied to either a road safety program or a particular initiative that we're doing to be able to try and accomplish specific business goals, so that's—it's always linked to accomplishing the objectives of a particular effort whether it be road safety or a particular campaign that we're doing.

Mr. Goertzen: So in the last GRA there was a list—I won't go through it exhaustively; it was a long list—of different promotional items that were purchased by MPI, and if you could just tell me how these fit within that goal of road safety I'd appreciate that. There was a total of \$5,268 spent on ladies' and men's jackets. How are—how do those fit into that corporate mandate?

Mr. Guimond: I'll get you the information if you want to get down to that level of detail.

Mr. Goertzen: There was \$5,011 spent on 5,000 thunder sticks. I'm assuming that thunder sticks are those inflatable things that you bang together to make noise.

An Honourable Member: They sound like thunder.

Mr. Goertzen: Pardon me?

An Honourable Member: They sound like thunder.

Mr. Goertzen: Yes, and as the minister of energy says, they sound like thunder. How were those used and how did they fit into the mantra of road safety?

Mr. Guimond: I'll have to go back and find the details for review. I apologize. I really want to be able to provide you with the information that you need today, but we're at the level of weeds here that I was not expecting, so I apologize for that.

Mr. Goertzen: Yoga mats were provided within the context of promotional items. Were those yoga mats for the yoga at work program or are they yoga mats going to people for road safety issues?

Mr. Guimond: We'll have to find out for you. I think it's better for you just to list everything you want to know and we'll get back to you.

Mr. Goertzen: There's \$12,406 spent on shoelace charms. I'm not familiar with what shoelace charms are, but I will trust that they somehow are related to road safety. Can you provide details on that?

Mr. Guimond: Yes, we will.

Mr. Goertzen: Mr. Chairperson, \$7,000 spent on faux fur throws. I don't know if that's a rug or if that's—what exactly that is—or a blanket or something along that line, but if you could provide the details of how that was used and where they went I would appreciate that.

Mr. Guimond: Sure.

Mr. Goertzen: I would test your patience with a few more, sir: \$4,384 spent on PCV watches, so if you could provide the details in terms of how that related to road safety.

Mr. Guimond: PVC.

Mr. Goertzen: If they were PC, I wouldn't have asked.

Mr. Guimond: Yes, we will.

Mr. Goertzen: A few more, sir: \$4,203 spent on USB drives. If you could provide the details on how those related to public safety.

I'll go through a few more, Mr. Chairperson, at the request of the CEO: \$12,431 spent on 275 Bluetooth speakers. I know what those are, but if you could provide the details in terms of how that related to road safety. \$4,544 spent on microfibre cloths, \$1,700 spent on 10 laptop briefcases and \$472 spent on 82 Christmas ornaments. If you could provide me the details in terms of how those 82 Christmas ornaments related to road safety under the promotional expenditures, I would appreciate hearing that, sir.

I have place—questions that relate to cityplace, the mall that is owned by the corporation. It was announced last year that there would be \$3 million of renovations that would be completed, I believe, by summer of this year—mid-summer of this year. Could he provide me a status update on the timing of those renovations and the current costs that have been paid or that are expected to be paid?

Mr. Guimond: Just before I answer the question, I just want to clarify for the record that all these things I mention that you're asking for about these line items, that they're a link either to road safety initiatives or tied to an initiative or an objective that the company is trying to achieve. It's not just road safety. So I just want to clarify that for the record.

Regarding cityplace, all the work is substantially complete. It's on budget and is to be finalized by the end of November of this year.

Mr. Goertzen: Which budget is he referring to—the original budget or the revised budget?

Mr. Guimond: The revised budget.

Mr. Goertzen: And what is the revised budget?

Mr. Guimond: Approximately \$3.6 million.

Mr. Goertzen: Does the CEO know what the occupancy rate of cityplace currently is?

Mr. Guimond: Approximately 90 per cent.

Mr. Chairperson: Mr. Guimond, please repeat.

Mr. Guimond: Approximately 90 per cent.

Mr. Goertzen: I thank you for that response. And of that 90 per cent, how much of that would be MPI space and how much of that would be other private sector space?

Mr. Guimond: I don't know the exact square footage, but the lion's share will be MPI.

Mr. Goertzen: If you could provide those details, that would be helpful.

Is it common for MPI, through cityplace, to provide leasehold improvements to the private or non-MPI entities that are taking space within the mall?

Mr. Guimond: We do provide leasehold improvements with the tenants that are leasing some of the space.

Mr. Goertzen: Can he indicate whether or not there are leasehold improvements provided to the Shark Club, the gaming centre, I think it's called, that's at the MPI—or, sorry, at cityplace?

Mr. Guimond: Yes, there were some leasehold improvements that were provided.

Mr. Goertzen: Can he provide the amount of—the dollar figure in terms of the leasehold improvements that were provided?

Mr. Guimond: We will provide that to you.

Mr. Goertzen: Does he also have the details in terms of how much money will be, or was, expended—sorry—how much money would be paid for within the contract of the lease, what the—whether it's a square footage or however the Shark Club is paying, how much it is per square foot or the overall amount of the lease?

Mr. Guimond: I'd have to—I don't know the answer, but I'd have to verify if we can release that based on the kind of lease that we approved.

* (16:20)

Mr. Goertzen: But he undertakes to provide both of those, the leasehold improvements, and if he could break down how those improvements happened and also the terms of the lease in terms of the amount of money that's being paid either per square foot or collectively.

Mr. Guimond: Subject to that the contract allows us to do that.

Mr. Goertzen: What is the status of the surface parking lot across the street that I understand that MPI owns? There's been a number of—a lot of money spent, I think, on consultants on that. Has MPI come to a conclusion in terms of what it plans to do with that property?

Mr. Guimond: The corporation issued an expression of interest, and there was a successful bidder for that. We have not received a proposal yet from the people that were successful, and that's the status of that file.

Mr. Goertzen: Is there any future consulting that's being considered on that particular property?

Mr. Guimond: No consulting money has been spent by MPI, or no money has been spent on—by MPI on this file yet. Whether we receive a proposal from the people who were successful on the expression of interest has yet to be determined. I mean, it's very possible because the expression of interest is nearing its end, and we believe that right now they're working on something, and we'll see what happens.

Mr. Goertzen: There was some public discourse earlier in the year, or perhaps it was late last year, on a plan by MPI to provide funds for road repair. Maybe that's too general of a comment, but regardless, the—I think MPI was undertaking to provide some funds to government in terms of road repair or pothole repair, but it certainly would have been infrastructure-related.

Was there a consultant that was hired to look at that proposal, or was it—did it never get beyond the level of discussion at MPI?

Mr. Guimond: There was a lot of discussion inside of MPI because our road safety—as you know, by legislation, we do mostly education and enforcement; we don't do infrastructure. BC, insurance British Columbia, the insurance company there, do a lot of

infrastructure programs. And as you know, we are always getting compared and people are always asking questions, so we decided to look at it and see if there was any merit in it.

So to answer your question, yes, a consultant was hired to be able to look at this file, and subsequently the government of Manitoba made a clear decision that MPI was to remain out of infrastructure at this point in time. It was a policy decision made by the government of Manitoba, and accordingly our mandate has not changed; it has remained the same.

Mr. Goertzen: Can you tell me who that consultant was and how much was paid for that consulting service?

Mr. Guimond: It was IBM Canada, but the exact number that we spent we can find out for you.

Mr. Goertzen: Before the expenditure on a consultant, and because it, you know, it changes the mandate pretty dramatically of MPI or at least significantly changes the mandate, it was a departure from what was common practice with—at MPI, would the corporation not have sought out, you know, direction from the government to see if this is even something that would fly or—before they would hire a consultant at—probably not cheap; consultants don't come cheap. And whatever that cost was, is that not some direction ought've been sought out from the government whether they should even go down this road?

Mr. Guimond: Every time you review a file and you might want to make some policy recommendation, it's very hard to be able to make recommendations to your board of directors if you don't do some kind of analysis to see if there's any merits in it or not. So you need to be able to do the research, to do the comparison to be able to see if there's any merit and if it's the right thing to do at this point in time. So that's why the corporation decided that before approaching the government and talking about this, they would do research and be able—to be able to put something on the table.

Mr. Goertzen: So would the board have authorized the research first and, say, we're okay with the research happening and then the consultant is hired?

Mr. Guimond: Yes, the board of directors approves our budgets and we have money and this is something that we would have kept our board of directors informed.

Mr. Goertzen: Is there a government representative on the board of directors?

Mr. Guimond: Yes, there is a member on the board, from the—

Mr. Chairperson: Mr. Goertzen.

Mr. Goertzen: So the government member is on the board, and the government member hears then about the consulting on this particular program. That's what you're testifying here today?

Mr. Guimond: I'm sorry, can you repeat that?

Mr. Goertzen: Just to surmise what you said. You indicated that the board is kept informed of it and they would have been kept informed of that contract and there's a government member that sits on the board.

Mr. Guimond: That's correct.

Mr. Goertzen: My understanding is that that contract was for \$166,000. Is that correct, do you believe?

Mr. Guimond: It resonates with me, but I would have to confirm.

Mr. Goertzen: Well, if it rings a bell, I'll go with that for a little bit. I mean, \$166,000 contract to look at what is a significant change of policy for MPI, you might have assumed with a government member on the board that at the very least there wasn't disapproval, initially, when that contract was on the policy. Is that correct?

Mr. Guimond: I don't think the member on the board—in terms of approval or disapproval, it's like I don't know how there's any member can come to a conclusion as to whether they approve or disapprove or know they were in support or not in support until they had any data in front of them that would allow them to come to a conclusion. I can't get into people's minds, but from my perspective it's very hard to say, I agree, I don't agree or I think it's the right, until you have data. You need to have the research to be able to formulate an opinion.

Mr. Goertzen: I want to return, briefly, to the issue of the Marilyn McLaren contract which you spoke about. In a Winnipeg Free Press article, it quotes the Minister responsible for Public Insurance as repeatedly saying that the experience of Ms. McLaren will be invaluable to MPI in terms of defending the rate application before the Public Utilities Board. Why does there seem to be such a contradiction that exists between what the

government thought the role of Ms. McLaren was and what you believe the role to have been?

Mr. Guimond: I think that the minister was asked an example of what Marilyn could do if the contract was invoked, and I think that the paper reflected an example of what could have happened or how Ms. McLaren's services or expertise could have been used. Certainly, it wasn't to do that for a fact. It was an example. The other thing I would like to clarify for the record is that it seems to me that maybe, and correct me if I'm wrong, that maybe you're under the impression that Marilyn has done nothing for the money that she's receiving. I think it's very important that anybody who's retired, who decides to make themselves available within 48 hours and be able to commit three days a month on demand, I can't—I would be reluctant to say that this money is being paid for nothing.

Mr. Goertzen: Well, that's a debate I'd be happy to have in the public because I would certainly—if anybody wants to pay me \$50,000 to be available within 48 hours, I can fly back from any place in the world to do that, but we don't need to discuss that now. I know that's not really what your role is here. *[interjection]* Oh, and but I hear the minister of energy is in defence of the contract. I'm happy to have that public discussion with him as well.

* (16:30)

The issue of the public safety program, and I know that MPI pays for policing and certain police operations, so specialized operations related to drinking and driving and texting. Does the corporation receive anything back in terms of the revenue that's generated from those tickets? They're paying for the policing, and I know that part of the ticket pays for the costs and that sort of thing, but there's a fine element to every ticket as well, because the corporation is paying for that policing to happen, do they receive anything back in terms of remuneration?

Mr. Chairperson: Mr. Goertzen, are you done—question?

Mr. Goertzen: Didn't sound like a good question to you? Wouldn't be the first time, I know, but—

Mr. Chairperson: You paused, so I wondered if you—

Mr. Goertzen: Yes, I'm done, yes, thank you.

Mr. Guimond: The corporation doesn't receive any money from the proceeds of the tickets.

Mr. Goertzen: I'm going to give the floor over to the member for River Heights (Mr. Gerrard) shortly as I've committed to him to do. I just have a few questions related to truck-driver training in the province, and it's certainly an issue that resonates in my area. Is there standard training for truck drivers in Manitoba that MPI has in place?

Mr. Guimond: There is—for a—to be able to get your licence, and I'm assuming you're talking about the commercial trucks, the class A1—*[interjection]* Yes. So as far as—for somebody to be able to get a class A1, they need to be able to pass a particular road test, and they also need to be able to pass a written exam. Nobody is forced to go school. They—there are people who will just write the exam and so on. But for our commercial drivers, like with our special risk extension, we do have a program that's available, a joint program for training, which includes in-class training and also, after you graduate from the in-class training, to be able to get in-cab training. And that's a joint effort between the employer and MPI.

Mr. Goertzen: How many schools are participating in the training commitment with MPI?

Mr. Guimond: I don't know the number to that, but I know that it's quite a few of them throughout the province.

Mr. Goertzen: Recently, on CJOB, there was—somebody was frustrated. He was an employer, and he was trying to hire somebody to drive professionally, and I think that they wanted to challenge the test or a portion of the test. I think it was the air brakes portion. I should know more about this, having a family who are truck drivers, but I admit, to my shame, I don't.

But I understand that there was a long delay. He indicated on CJOB that it would—it was taking two months for him to get this challenge of this portion of the test to happen. Is—do those delays, are they that long? Are they two months if somebody wants to go from being unemployed, which this person was, and being employed as a truck driver to challenge that kind of a test?

Mr. Guimond: As a corporation, I can assure you that that's not the norm and, as you know, we don't—I'm not at liberty to talk about specific files as to why something may happen, but I can assure you that it's not the norm.

Mr. Goertzen: Is that a case that you looked into? I mean, it sounds like you probably heard about it, and, you know, these things get sent up through the

department and that sort of thing and probably to the Crown corporation as well. I mean, is that something that you were able to look at on that specific case?

Mr. Guimond: The only thing I can say—and I don't want to be seeming avoiding to answer the question, but I'm not at liberty to talk about specific cases. I apologize. But I can assure you that as a corporation, that's not the norm.

Mr. Goertzen: Issues like staff appreciation, social functions happen within corporations. Do you know how much the corporation spent last year on those sorts of things? Social functions, staff appreciations, I know would've fallen to the culture of cost containment. Do you have an estimate on how much that would've been?

Mr. Guimond: I don't have the number at the tip of my fingers, but I do know we have a recognition program that averages about \$30 per employee, in terms of appreciation.

Mr. Goertzen: And so that doesn't mean that every employee gets something valued at \$30 of appreciation every year; it means that overall, the corporation spends, on average, \$30 to recognize employees generally or have social events, those sorts of things.

Mr. Guimond: Not quite. Like, we have an employee recognition program where we recognize employees and it's approximately—I know it's \$30 per employee. The social events that you're talking about are committees and so on, and that's funded through employees. Like, they contribute on their paycheque and they fund the events and then they—like, for Christmas events, for example, there's an employee social fund, and I contribute into the fund and we pay for our own events as employees.

Mr. Goertzen: So what sort of things would fall under staff appreciation, social functions, those sort of things? I mean, what happens within the corporation to recognize employees or to have those events? What sort of things—give me some examples.

Mr. Guimond: It will vary in the sense that we do allow discretion throughout because we're in the various communities and so on, and people like to do things differently. But some people will decide to order food in and have a recognition for the department and be able to do that. Others will decide maybe to go somewhere, do something. So there's no specific template or program. We allow people to do what resonates with them and what feels right for them, but we do limit it at \$30 per employee.

Mr. Chairperson: Mr. Goertzen.

Mr. Guimond: And—

An Honourable Member: Oh, I'm sorry.

Mr. Chairperson: Sorry.

Mr. Guimond: I've got information from 2013 to '14. It was about \$285,000.

Mr. Goertzen: So, \$205,000, and that would encompass the meals and if somebody wanted—I'm not sure what the appreciation would be, but if it's long-term service or birthdays—I don't know what those things would all encompass, but they could go somewhere as long as it's not more than \$30 per person, and then it accumulates to two to three hundred thousand dollars per year. Is that correct?

Mr. Guimond: Mr. Chairperson, \$285,000 for '13-14.

Mr. Goertzen: I mean, I think that those numbers differ a little bit from what has been provided through Freedom of Information, I think. We understood from the response from the department that it was north of \$300,000 for 2012 and slightly south of \$300,000 for 2013. But, you know, we've been talking about millions, so I'm not going to 'quabble' over \$50,000 here at the tail end of this committee.

I think that I—I've committed to 15 minutes for my friend from River Heights and I want to stand by that commitment, but for the next balance of that time, my colleague from Lakeside, I think, has some questions on an issue that's close to his heart.

Mr. Guimond: Yes. I just want to be able to put in the record for the 285 dollars because I know we've been talking about the employee recognition that's at \$30, but the 285 includes service awards, staff functions, wellness initiative, corporate relations, and employee recognition, so just to make—

Mr. Goertzen: So that would include the yoga and that kind of stuff?

Mr. Guimond: Correct.

Mr. Goertzen: Thank you.

Mr. Ralph Eichler (Lakeside): Mr. Chair, in regards to the House this past spring, unanimously in the House we had a Bill 208 that had passed unanimously, and it was to create a Support our Troops plate. I was wondering if we can get an update on that from the department.

Mr. Swan: Yes. I can provide an update on that. The bill was passed as the member knows. The final version that bill provided that upon receipt of a suitable application that we would move ahead. I can tell the member there's been some discussions trying to find the right charitable partner and the right place for that money to go. Those discussions are still continuing, so we don't have a firm agreement on that yet.

One of the other pieces that I raised at the committee was the need to make sure that we could actually use the yellow ribbon and the words "Support our Troops." It seems like that's in pretty good shape. As long as the ultimate charity and as long as the ultimate goal of the money raised is something positive, I don't expect that's going to be a problem, but, of course, we don't have anything firm on that yet.

So it is a work in progress, but certainly we look forward to a positive announcement in the future.

*(16:40)

Mr. Eichler: I appreciate the update on that. Hopefully, it comes sooner than later. We know the good work that all our troops do and we know how important it is, and we certainly want to be able to see that come sooner than later.

I want to go back to the \$2 million that was allocated for the MRI and also the \$2 million for research and development. Does that sponsorship come through just a sponsorship program, or is that paid for through the motorcycle fund? If so, what percentage of that dollar amount will it be?

Mr. Guimond: Okay, I just want to make sure I understand what you mean by the motorcycle fund. Do you mean, like, is it paid from basic or from other lines of business? Just to make sure because I want to make sure I give you the information you're after.

Mr. Eichler: From past questioning in this various committees, I've asked several times in regards to the motorcycle fund. As we know, the way it was established, certain parts of that fund come as a result of accidents, not only charged by a vehicle that struck a motorcycle, that that fund, the motorcycle fund, is then charged for that fund even though it may be a brain injury. So out of the \$2 million, I'm just curious whether or not any of that money came out of the motorcycle fund or if it came out of the sponsorship fund alone.

Mr. Guimond: I can say it doesn't come out of the motorcycle fund.

Mr. Eichler: On the motorcycle fund, the way it's been established, is there any discussions in regards to changing the way the formula has been established and passed, or is it going to stay status quo?

Mr. Guimond: At this point in time in our discussions with the regulator, it seems that it'll be remaining the same for the foreseeable future.

Mr. Swan: If I can just add to that, I mean, we're actually quite pleased that rates for motorcycles have gone down at a rate faster than for the other—the rest of the vehicle fleet. We're pleased—there's a number of reasons why that may be happening. I know that riders, like the member for Lakeside, are, in their wisdom and maturity, are careful drivers. We also know that other motorcycle riders are paying more attention to safety, and that's helpful. I would like to think that the efforts that have been made by the corporation and by motorcycle groups to make other drivers aware of motorcyclists has also played a role in resulting in better claims experience. I think we all agree that if we can reduce the number of collisions involving motorcycles, first of all, that's a good thing for people who like to ride; it's also a good thing because we can then reduce those rates, hopefully, even further than we've been able to lately.

Hon. Jon Gerrard (River Heights): I thank the member for Steinbach (Mr. Goertzen).

In the most recent fiscal year, I note that the cash and investment assets have risen quite substantially from the previous year. In the previous year, they were \$1.551 billion, and at the end of the most recent fiscal year, they're \$1.695 billion, which is an increase of \$144 million. That's quite a sizable increase in one fiscal year. I'm just trying to understand the reason for that increase.

Mr. Guimond: Can we get specifically which two numbers you're comparing in the statement, financial statement? *[interjection]*

Mr. Chairperson: Dr. Gerrard, kindly address through the Chair, please.

Mr. Gerrard: Mr. Chair, thank you. I'm looking at the financial statements, 2014, cash and investments, assets—this is, I believe, page 1 of the statement of financial position—2'14: \$1,695,988,000 for 2'14, and in 2'13, it was \$1,551,879,000.

Mr. Guimond: Can I just—and I'm sorry, I just want to come—don't take this wrong, but are we comparing

the \$1-million increase? I just want to make sure. I heard you say \$100 million, so I just want to make sure the—I got '12-13 here. Are we looking at the financial statement ended February 28th, 2013?

Mr. Gerrard: This is the financial statement ended 2014.

Mr. Swan: Just, I mean, for the record, I mean, that report isn't before the committee, but I think we can all agree that that question can be answered hopefully this afternoon, but it's not technically in one of the reports that we're considering this afternoon.

Mr. Gerrard: While we're waiting for that question, let me ask a question about one of the changes which is in the 2014. It's the same report which, actually, you were referring to earlier on, and that is that there's a separation now in that financial report compared to before of the capital reserve from the other reserve. And I think you quoted the same numbers that are present in this report, that is, that there was the Rate Stabilization Reserve as of the end of, in this case, February 2013 was \$141 million. The capital reserve was \$72 million. In the previous financial report from the end of the year 2013, the capital reserve, I couldn't find it there.

And so I'm just wondering what—you know, this is a reference to the reconciliation in this report of what was done in terms of these two reserves that all of a sudden the capital reserve seemed to come from nowhere.

Mr. Guimond: If you're talking about the RSR, our RSR is actually diminishing year over year. So—and the reason for that is because we've had a net loss on the basic program two years in a row, one for \$35 million—approximately \$35 million, the other one for 40. So as we continue to have losses on the basic line of business, we will continue to deplete the RSR.

Mr. Gerrard: I'll just wait for a moment. I think we're going to get an answer to the earlier question momentarily.

*(16:50)

Mr. Guimond: Okay. I'd like to be able to go back to the questions about the cash and investments in terms of the \$1,551,000 going to 1.6—well, yes, \$1.6 billion, I should say, compared to \$1.5 billion, and the reason is that if we look at the liabilities, the liabilities are going up as well, so we're matching in

terms of the liabilities and the assets. We have to cover the liabilities.

Mr. Gerrard: Yes, and I note that the outstanding case reserves went up from \$1 billion 16 million to \$1 billion 142 million, which is an increase in \$126 million. I mean, that would be very consistent with what you are saying, that there was an increase in liability and that there was more money had to be put into the reserve.

Why was there such a big increase in liability? What change happened?

Mr. Guimond: There's a couple of factors that are affecting the increase in liabilities, one of them being the—when you have losses year over year, like on the bodily injury side, you know, like, the amount of liabilities that we have to put aside for these injuries would keep going up year over year. There's also, in terms of how we're working with the interest rates are also affecting how it's affecting the specific liabilities of bodily injury in the sense that, as the bonds don't go up, the liabilities on the bodily injury will keep going up. So there's also more income on some of the bonds to offset the effect of the interest rate, but, at the end of the day, the bodily injury liabilities will keep rising.

Mr. Gerrard: I'm trying to understand two things: One is you had a big jump in what was put in the reserves for the outstanding cases, which suggests that there was a big jump in what happened in terms of additional cases. Whether that's long-term cases or different types of cases, I don't know. But, obviously, that money had to come from somewhere and you were able to, oh, balance the financial statements as it were, and so I'm trying to understand where that extra money came from, and, second, that this was a one-year, you know, very big increase in what the money that had to be set aside for, you know, outstanding cases.

What's the projection for this year? Are we going to have another big increase, or was that just a one-time event?

Mr. Guimond: Okay, I understand your question now. We—last year we did a review of the bodily injury cases and there was a one-time adjustment to their reserves of BI, so that created a bump that was a one-time issue. And if, in our rate application, when we explain why we have a deficiency in premiums and for the rate that we're asking, you'll see in the application how it goes back to the point that was made previously how—that's why we need

more revenue as well for some of these things that took place last year in terms of how we adjusted. So we don't—so that explains a little part of what's happening here.

Mr. Gerrard: I mean, it would seem to me that if there's a one-time big increase in liabilities—there's a one-time big increase in liabilities because you adjusted for the situation on a one-time basis and you were able to cover off that one-time increase, it suggests to me that, you know, if the revenues are increasing in the same way as they have, that if you don't have that one-time increase in this coming year, that you may not need this rate increase because you're not going to have another one-time increase.

Mr. Guimond: Just to make sure that we're—what I'm going to talk about here is about the reserve for the liabilities of the cases and not the reserves in terms of what we see here in terms under the equity on our—we're just talking about the reserves that we have to pay future liabilities.

So, in our rate application, we clearly said that, for bodily injury, in terms of the adjustments that we needed to, for the bodily injury, and I'm looking at the number here, was \$26 million of adjustments, okay, so that was now factored in into the rate modelling in terms of the increase that we need because we explained in our GRA, in the overview, all the reasons why we had a loss last year and how that's implying. So, to be able to answer your question, I hope that if you look at all the variables of the adjustment of the reserves, the interest rates and so on, so that's why your liabilities are increasing.

Mr. Gerrard: There—the liabilities, in terms of the reserves for outstanding case reserves, if those match what the liabilities really are, which one would presume, then that was an increase of \$126 million, which is far greater even than the bodily injury adjustment that you just mentioned, which suggests to me that there are other components than just the bodily injury adjustment to get to \$160-million increase—\$126-million increase.

Mr. Guimond: There's also, the physical damage side. So we're 'focusing' right now on bodily injury, but there's also the physical damage side. Like, if you look at all of our liabilities, they're all going—they went up, okay. So it's the sum of physical damage, bodily injury and so on that's making that go up, and it's clearly articulated in our GA in the section of the rate application, the overview. And we're broke it down. Like, physical damage, for example, was the

\$24 million. So, when you start to add all that up, it gets pretty fast.

Mr. Gerrard: Thank you. That's my questions.

Mr. Chairperson: Well, hour being close to 5 o'clock, what's the will of the committee?

An Honourable Member: Pass reports.

Mr. Chairperson: Okay. Seeing, no further questions, I will now put the question on each report.

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

Shall the Annual Report of Manitoba Public Insurance Corporation for the fiscal year ending February 29th, 2012 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: Accordingly—

An Honourable Member: No, no.

Mr. Chairperson: The report is not passed.

Shall the Annual Report of Manitoba Public Insurance Corporation for the fiscal year ending February 28, 2013 pass?

Some Honourable Members: Pass.

Some Honourable Members: No.

Mr. Chairperson: The report is not passed.

Shall the Annual Financial Statement of the Manitoba Public Insurance Corporation for the fiscal year ending February 28th, 2013 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Mr. Chairperson: The report is not passed.

If some report doesn't pass, please request that the members leave these copies on the table for future meetings.

The hour being 5, committee—what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Rise. Committee rise.

COMMITTEE ROSE AT: 5:00 p.m.

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