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MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE
 GENERAL RATE APPLICATION
 FOR 2007/'08 INSURANCE YEAR

Before Board Panel:

- Graham Lane - Board Chairman
- Eric Jorgensen - Board Member
- Len Evans - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
October 6th, 2006
Pages 650 to 845

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25

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1 --- Upon commencing at 9:09 a.m.

2

3 THE CHAIRPERSON: Good morning, everyone.
4 Nice day. There's just something that we want to say
5 before we get underway this morning.

6 We note the headline story in the Winnipeg
7 Free Press today concerning MPI's testimony at this
8 Hearing commenting on the Winnipeg Police Service effort
9 in reducing auto theft. We note that the Winnipeg Police
10 Service defends its approach rather than acknowledging
11 any of the criticism levied has merit. The Board
12 expresses its continued support for the open and
13 transparency commentary provided by MPI at these
14 Hearings.

15 Auto theft is a blight on this community
16 and the commitment, efforts, and results achieved by the
17 Winnipeg Police Service in that effort is very germane
18 and has been a source of concern to this Board for some
19 time. Let us remember that the Auto Theft Unit funded by
20 MPI through policyholder rates was unable to prevent the
21 unacceptable rate of auto theft for over a decade, prior
22 to MPI's aggressive and appropriate approach launched
23 last year which this Board fully supported.

24 Let us hope that this recent public
25 attention to the Winnipeg Police Services efforts leads

1 to its importance being kept front in mind by the police
2 service in the future.

3 This reminds the Board of two (2) other
4 related matters. Firstly, the question of the
5 appropriateness of MPI spending premium dollars to fund
6 the police department.

7 Well, we have serious reservations about
8 the practice. We do not fault MPI. Faced with the
9 choice of no auto theft unit or paying five hundred and
10 fifty thousand dollars (\$550,000) a year for over a
11 decade the choice made by MPI makes sense.

12 Secondly, all of us in this room and
13 associated with these annual hearings have been dismayed
14 by the continued high levels of accidents and injuries,
15 both in total and with respect to auto theft. The toll
16 is not merely one that can be measured in money.

17 For these reasons the Board cannot
18 emphasize enough it expects the public interest to be met
19 by improved results. Thank you.

20 Mr. Saranchuk...? Ms. Everard...?

21 MS. CANDACE EVERARD: Thank you, Mr.
22 Chairman.

23

24 MPI Panel:

25 BARRY GALENZOSKI, Resumed

1 DON PALMER, Resumed

2 MARILYN MCLAREN, Resumed

3 WILF BEDARD, Resumed

4

5 CONTINUED CROSS-EXAMINATION BY MS. CANDACE EVERARD:

6 MS. CANDACE EVERARD: We'll begin this
7 morning with a brief line of questioning on claims
8 expenses. Perhaps someone from the Panel can begin by
9 clarifying or confirming what it is that claims expenses
10 represent.

11 MR. BARRY GALENZOSKI: Well, there's two
12 (2) types of claims expenses; one (1) that would be paid
13 out of the claim file itself and that's where we -- we
14 end up incurring costs related directly to a particular
15 file or costs associated with operating the overall
16 claims system, for instance the estimating process that
17 we have; that would be charged into the claims incurred
18 line.

19 And then we have another line of claims
20 expenses. Those are the expenses associated with the
21 actual deliverance of the claims service. They would
22 include for instance all the drive-in claims facilities
23 that we have throughout the Province; our salvage
24 facility. Expenditures like that would be included in
25 that category.

1 MS. CANDACE EVERARD: Thank you. And I
2 think it's that latter category that these questions will
3 focus on.

4 If I could direct your attention to
5 Question 41, posed by the Board in the first round, which
6 is not in the book, and in particular, the attachment to
7 that IR. At line 6 of the attachment there's reference
8 to claims expense/claims.

9 Perhaps, you could just explain for the
10 record what the figures on that line represent
11 specifically?

12 MR. BARRY GALENZOSKI: Yes, that's just a
13 simple calculation taking the overall claims expenses and
14 dividing that by the number of claims that we've received
15 and coming up with an average cost per claim.

16 MS. CANDACE EVERARD: So if I'm reading
17 this correctly the -- the upper number on line 6 is the
18 dollar amount and the lower number is the percentage
19 change year over year?

20 MR. BARRY GALENZOSKI: Yes, that's
21 correct.

22 MS. CANDACE EVERARD: So if we look at
23 the figures on line 6, starting at the column relating to
24 2005, it would appear that from 2004 to 2005 there was a
25 5.11 percent decrease in the figure which then increased

1 from 2005 to 2006 by about 10 1/4 percent?

2 MR. BARRY GALENZOSKI: Yes, that's
3 correct. And what influences that number is not only the
4 -- the overall expenditures that you're making for the
5 claims expense but the number of claims that you're
6 receiving. So if you receive more claims in a particular
7 year compared to the previous year then the average is
8 likely to go down unless your expenditures have increased
9 to the point where they're going to drive that number up.

10 Similarly if you receive fewer claims in
11 the following year, then you're likely to see those
12 expenditures rise as a percent.

13 MS. CANDACE EVERARD: I note that the
14 forecast percentage change for the 2007 year over 2006 is
15 an increase of over 23 percent and then the projected
16 figure for the 2008 year is only 1.93 percent.

17 Can you explain those fluctuations?

18 MR. BARRY GALENZOSKI: Well, I'd have to
19 get a little bit more information to explain those. But
20 it is a calculation, as I indicated before, based on the
21 total expected expenditures divided by the number of
22 claims that we're expecting. So I'd have to dig into
23 that to come up with a more specific explanation.

24 MS. CANDACE EVERARD: If you could do
25 that and provide the answer by way of undertaking?

1 MR. BARRY GALENZOSKI: I can do that.

2

3 --- UNDERTAKING NO. 6: MPI to supply Board forecast
4 with reason for fluctuations
5 between the forecast
6 percentage change for the
7 2007 year over 2006, which is
8 an increase of over 23
9 percent, and the projected
10 figure for the 2008 year,
11 which is 1.93 percent.

12

13 CONTINUED BY MS. CANDACE EVERARD:

14 MS. CANDACE EVERARD: Thank you. I take
15 it from the Panel's evidence earlier in the week that the
16 business process review that's being undertaken is not
17 expected to impact the expenses for processing claims?

18 MR. BARRY GALENZOSKI: No. We're not
19 expecting that, no.

20 MS. CANDACE EVERARD: And can you confirm
21 for the record what is the expected impact of the service
22 centres or the one-stop shops with respect to these
23 claims expenses?

24 MR. BARRY GALENZOSKI: Again, they
25 shouldn't impact these expenses at all.

1 MS. CANDACE EVERARD: Okay. I'm going to
2 move then into operating expenses and, in particular, the
3 question and answer to number 44, posed by the Board in
4 the first round, which is at the book of documents, Tab
5 28.

6

7 (BRIEF PAUSE)

8

9 MS. CANDACE EVERARD: So looking at Tab
10 28 and, in particular, the first attachment, I note that
11 this is a breakdown of the special services portion of
12 the operating expenses. There's a line item about
13 halfway down the list entitled, PIPP Studies, or P-I-P-P
14 studies, which appears to reflect an expense of eight
15 hundred and fifty thousand dollars (\$850,000) for the
16 current year and an additional two hundred and fifty
17 thousand (250,000) for the year of the application.

18 Is it the case that these dollar amounts
19 relate to the benchmarking that's being undertaken?

20 MR. BARRY GALENZOSKI: That and some
21 other projects that are being undertaken through that
22 whole series of studies that we're looking at under the
23 PIPP.

24 MS. CANDACE EVERARD: So these figures
25 would represent the total costs related to the PIPP

1 studies?

2 MR. BARRY GALENZOSKI: They relate just
3 to the costs associated with the consultants that have
4 been hired to assist in those studies, not with the costs
5 of implementing any recommendations coming out of those
6 studies.

7 MS. CANDACE EVERARD: Very well. If you
8 can turn to the next page, page 2 of 3, in this answer.
9 This is a listing of the other special services that were
10 reflected on the previous page and I note that the bottom
11 line or the last category on this particular list is also
12 called, other. So it's the other of the other, so to
13 speak.

14 And we've got about a hundred and eighty-
15 eight thousand (188,000) for the current year and two
16 hundred and thirty-two thousand (232,000) for the year of
17 the application.

18 Can you state for the record, roughly,
19 what this line would refer to specifically?

20 MR. BARRY GALENZOSKI: Well specifically,
21 I don't have that level of detail here, but we can get
22 that. It really is just a whole bunch of smaller
23 amounts. We'd be hiring, for instance, somebody to help
24 out in our organization, development staff training area,
25 for some small training programs.

1 It might be four (4) or five thousand
2 dollar (\$5000) contracts; smaller contracts is what's
3 wrapped into here.

4 MS. CANDACE EVERARD: Now, I understand
5 that the Corporation makes some donations and provides
6 some grants in support of certain community projects.

7 Would those expenses be the ones that are
8 recognized on page 3 of 3; the first item on the list
9 being community and corporate relations?

10 MR. BARRY GALENZOSKI: Not generally they
11 -- some of them could be that. We'd have -- I'd have to
12 get the detail on that particular line to give you the
13 exact ones in there, but part of that would be those
14 types of donations.

15 MS. CANDACE EVERARD: If you could
16 confirm that, it would be appreciated by way of
17 undertaking.

18 MR. BARRY GALENZOSKI: I'll do that.

19

20 --- UNDERTAKING NO. 7: MPI to supply Board with
21 information on the
22 Corporations donations and
23 grants in support of certain
24 community projects.

25

1 CONTINUED BY MS. CANDACE EVERARD:

2 MS. CANDACE EVERARD: Perhaps for the
3 record you can indicate, generally, what types of
4 community projects the Corporation supports?

5 MR. BARRY GALENZOSKI: I'd prefer waiting
6 until we had some further detail on this and then I'll
7 get into that.

8 MS. CANDACE EVERARD: Very well. Okay.
9 Moving then into the area of capital expenditures, I'd
10 ask you to reference question 46 posed by the Board in
11 the first round, which is also not in the book.

12

13 (BRIEF PAUSE)

14

15 MS. CANDACE EVERARD: In particular, I'm
16 looking at the schedule that relates to Part D of that
17 question and answer, which is the last page of the
18 answer, and in particular, the last line of the table
19 which is entitled, Deferred Development Costs.

20 It appears to indicate for the current
21 year, the '06/'07 year, an increase over -- from the
22 forecast to the projected figure of just over 6 million,
23 is that correct?

24 MR. BARRY GALENZOSKI: We're looking at -
25 - if you're talking about '06/'07 year here, yeah, we're

1 looking at a forecast of 11.4 million compared to a
2 projection previous to that of \$5.4 million, or a \$6
3 million increase.

4 And that simply relates to just the speed
5 that we're getting at some of the projects and the
6 anticipation that we'd be spending more money in the next
7 year, or in the current year I should say.

8 MS. CANDACE EVERARD: And do those
9 expenses relate to the business process review?

10 MR. BARRY GALENZOSKI: A lot of that
11 would relate to the business process review.

12 MS. CANDACE EVERARD: And would that
13 include internal costs, as well as, the expenses that are
14 being paid to external parties?

15 MR. BARRY GALENZOSKI: No, that only
16 includes external costs; deferred development costs
17 definition in the Corporation does not allow us to defer
18 any internal costs associated with a particular project.

19 MS. CANDACE EVERARD: Can you advise of
20 approximately how much of internal resources have been
21 committed to the BPR?

22 MR. BARRY GALENZOSKI: I'd have to get
23 back to you with that.

24 MS. CANDACE EVERARD: If you could, I'd
25 appreciate it.

1 MR. BARRY GALENZOSKI: Setting a record
2 here for the number of undertakings I'm taking back.

3

4 --- UNDERTAKING NO. 8: MPI to advise Board of
5 approximately how much of
6 internal resources have been
7 committed to the BPR.

8

9 CONTINUED BY MS. CANDACE EVERARD:

10 MS. CANDACE EVERARD: Looking back, still
11 within question and answer 46, to the other attachment
12 which -- which relates to 146(a), I believe that this
13 table reflects a comparison between the projected
14 forecasted and actual capital expenditures over a number
15 of years, is that right?

16 MR. BARRY GALENZOSKI: Yes, that's
17 correct.

18 MS. CANDACE EVERARD: So for example in
19 the 2002/2003 year, which is the far right column, the
20 Corporation was projecting I believe it's 9.8 million in
21 capital expenditures, but the actual turned out to be
22 only 5.8 million, is that right?

23 MR. BARRY GALENZOSKI: That's correct and
24 you can see where the major differences lie; it was both
25 in data processing equipment were less, and the deferred

1 development costs were less.

2 MS. CANDACE EVERARD: And it would appear
3 that in the 2003/2004 year there was a similar trend in
4 that the Corporation had projected and then forecasted an
5 amount over 12 million, but ultimately actually spent
6 only about 5.4 million?

7 MR. BARRY GALENZOSKI: That's correct.
8 And again the major difference there was in deferred
9 development. In the projected numbers for a number of
10 years we were putting in approximately \$8 million a year
11 with the anticipation there was going to be projects
12 identified at a later stage. So those were put in for
13 longer range financial planning purposes at one point in
14 time, and that continued as you can see until we got to
15 '05/'06.

16 MS. CANDACE EVERARD: Yes, in the '04/'05
17 year there was a similar trend and then in '05/'06 the
18 deferred development costs actually began to be incurred?

19 MR. BARRY GALENZOSKI: Yes, that's
20 correct.

21 MS. CANDACE EVERARD: So, would it be
22 fair to say that from the '02/'03 year to the 2004/2005
23 year that rates were overstated given that the Board
24 would have approved rates based on the higher deferred
25 development costs that did not actually materialize?

1 MR. BARRY GALENZOSKI: No, I wouldn't
2 characterize it that way. Keeping in mind that the
3 deferred development costs are amortized over a five (5)
4 year period, so there is that dampening effect with
5 respect to the amortization. And further dampening comes
6 along in that the amortization actually doesn't start
7 until the project is completed.

8 So even though there would have been funds
9 identified, they wouldn't necessarily have actually
10 entered into the cost stream and therefore it wouldn't
11 have hit the rate setting side of it until we actually
12 showed the deferred development being amortized.

13 So there wouldn't have been a -- a
14 significant amount of money that would have been in there
15 that would have caused any -- any change in the rates in
16 my opinion.

17 MS. CANDACE EVERARD: So would it be fair
18 to say then that the budgeting didn't reflect the rate
19 setting until the costs were actually incurred?

20 MR. BARRY GALENZOSKI: Well, there is a
21 bit of a time lag in there where you do have in your
22 forecast some anticipation that costs are going to be
23 hitting the bottom line. But I guess what I -- I want to
24 emphasize is that I don't think that the difference
25 between the actual and the forecast with respect to rate

1 setting would have been that significant to have any
2 major kind of impact on rate setting.

3

4 (BRIEF PAUSE)

5

6 MS. CANDACE EVERARD: So would it be fair
7 to say then that there is some depreciation included in
8 the rate setting for the purposes of the application but
9 that it's just not very significant?

10 MR. BARRY GALENZOSKI: Well, there would
11 be -- there is obviously something in there for
12 depreciation or for amortization on deferred development
13 costs, but we don't spend a lot of money on deferred
14 development costs on an annualized basis that would make
15 any significant impact on rate setting.

16 MS. CANDACE EVERARD: Thank you. Moving
17 then to the area of safety initiatives. It's my
18 understanding that historically the Corporation's three
19 (3) main priorities dealing with safety have been
20 occupant restraint usage or seat belt usage, impaired
21 driving prevention, and unsafe speed issues; is that fair
22 to say?

23 MR. WILF BEDARD: Yes, that's correct.

24 MS. CANDACE EVERARD: If I could refer
25 you then to question 44 posed by the Board in the first

1 round, the question and answer -- just one (1) moment --
2 which appear at Tab 28 of the book of documents. And I'm
3 looking specifically at the attachment to Sub B -- 144
4 Sub B, which I believe sets out basic's share of the
5 dollar amount spent on various aspects of road safety?

6 MR. BARRY GALENZOSKI: That's correct.

7 MS. CANDACE EVERARD: So it would appear
8 that with respect to impaired driving, and this would be
9 the second item, I think, on the list, that in the
10 current year basic's share has been about four hundred
11 and eighty-nine thousand dollars (\$489,000) for speed
12 management.

13 The next line, basic's share in the
14 current year has been three hundred and forty-five
15 thousand (345,000) and with respect to occupant safety
16 basic's share has been two hundred and fifty thousand
17 (250,000) in the current year, is that right?

18 MR. BARRY GALENZOSKI: That's correct.

19 MS. CANDACE EVERARD: And can you advise
20 whether the Corporation has gained any indication of the
21 measure of success of these three (3) initiatives?

22 MR. WILF BEDARD: We believe that these
23 programs do have an impact on -- on what occurs in terms
24 of loss prevention and claims activity within -- within
25 the Province. It's difficult to measure but we remain

1 committed to these programs and certainly feel that there
2 is value to continuing them into the future.

3 MS. MARILYN MCLAREN: To elaborate a
4 little further on Mr. Bedard's response, we don't do any
5 of this alone. We have a particular role to play with
6 respect to road safety and others have different roles,
7 including Winnipeg Police Service, for example, RCMP.
8 And if we can maybe talk about an example of occupant
9 restraint -- the occupant safety education strategies, a
10 few years ago we had some of the lowest seat belt usage
11 rates in the Country and today we have among the highest.

12 So I think that's an indicator of where we
13 have all been very successful. We certainly did not
14 achieve that success because of the education and
15 promotion that Manitoba Public Insurance did on its own.

16 The legislature had a role to play. Their
17 -- the fines for failing to wear a seat belt were
18 increased significantly and demerit points began to be
19 awarded and I think those are probably the two (2) levers
20 that worked most effectively.

21 But clearly, on a more individual program
22 basis, the Corporation has a specific role to play. We
23 define our participation. We dedicate the dollars for
24 that and it -- and we define how we expect our part --
25 participation's success to be measured, and at the end of

1 it we measure to see whether or not we were successful.

2 But we don't track our education and --
3 and public awareness success on overall broad indicators
4 such as seat belt usage that everyone really has a role
5 to play in achieving.

6 MS. CANDACE EVERARD: Continuing to look
7 at the chart at 144(b), it would appear that the largest
8 portion of basic's share for road safety relates to the
9 auto crime prevention strategies which is recorded here
10 as an expense of about 12.3 million?

11 MR. BARRY GALENZOSKI: That's correct.

12 MS. CANDACE EVERARD: And if we take that
13 number out of the total on the chart of 19.5 million, it
14 would appear that everything on this list, other than
15 auto crime prevention, totals about 7.2 million?

16 MR. BARRY GALENZOSKI: That's right.

17 MS. CANDACE EVERARD: And of that 7.2
18 million there's, according to this listing, at the -- the
19 last entry on the list, depart -- departmental expenses
20 for about 2.3 million.

21 Can you confirm what those departmental
22 expenses entail?

23 MR. BARRY GALENZOSKI: That entails the
24 cost for the departmental staff, primarily, as well as
25 their costs for their office space and any expenses they

1 have to operate that particular group of people.

2 MS. CANDACE EVERARD: So it would appear
3 then that if you remove the auto crime prevention
4 strategies of the 12.3 million and the departmental
5 expenses for 2.3 million the result would be about 4.9
6 million that basic is spending on road safety in the
7 current year, is that right?

8 MR. BARRY GALENZOSKI: Yeah. Under the
9 auto crime prevention strategies only about \$11 million
10 of that is related to the immobilizer program and there's
11 -- so there's still another million dollars left in
12 there, so you have to add another million dollars to that
13 overall number.

14 MS. CANDACE EVERARD: So it would be
15 probably closer to \$6 million then, as opposed to four
16 point nine (4.9)?

17 MR. BARRY GALENZOSKI: That's correct.

18 MS. CANDACE EVERARD: And according to
19 this document, the Corporation is expecting these numbers
20 to be roughly similar for the year of the application as
21 they are for the current year?

22 MR. BARRY GALENZOSKI: That's correct.

23 MS. CANDACE EVERARD: All right. Moving
24 to a few further issues. I have a couple of questions
25 relating to inter-provincial trucking and we've had

1 discussions in previous years about the rates
2 subsidization that is apparent for inter-provincial
3 trucks.

4 And my question is: Does MPI agree or has
5 MPI given consideration to the fact that the rate
6 subsidization for inter-provincial trucks is currently
7 being undertaken by MPI ratepayers as opposed to
8 Manitoba taxpayers as a group?

9 Is that something that there's been
10 consideration given to?

11 MS. MARILYN MCLAREN: The subsidization
12 with respect to injury claims costs, yes.

13 MS. CANDACE EVERARD: Okay. And roughly
14 how much of a subsidization is it?

15 MS. MARILYN MCLAREN: We'll check.

16 MS. CANDACE EVERARD: Thank you. So does
17 the Corporation believe then that this subsidization
18 should be borne by the motoring public as opposed to
19 Manitoba taxpayers?

20

21 (BRIEF PAUSE)

22

23 MS. MARILYN MCLAREN: I think it can be
24 argued that it's reasonable for ratepayers to pay those
25 costs. They are part of the costs of providing the

1 universal no-fault accident benefits program that is
2 available to all Manitobans; that's the legislation;
3 that's the framework within which we work.

4 I think this is a particularly challenging
5 dynamic given the circumstances of inter-jurisdictional
6 trucking. I would also say that it's -- you know, this
7 is not -- this is on our radar. It is something that we
8 pay attention to and it's something that we are
9 considering how best to approach. There may be other
10 options to eliminate the subsidization or certainly
11 reduce it and we're pursuing that.

12 But, there's not much more I can say about
13 that, at this time.

14 MS. CANDACE EVERARD: Would one of the
15 options to reduce or eliminate the subsidy be to increase
16 rates for those vehicles?

17 MS. MARILYN MCLAREN: No, I don't think
18 that is an option that has any real workability or equity
19 in it. We eliminated the rate because it was simply
20 incongruous the way that particular industry operates.

21 And when we had a look at who was actually
22 paying rates and who wasn't, bore no relationship
23 whatsoever to who had the ability to claim and drive
24 those costs to the system. So it just was not a good
25 fit. So we need to find other options.

1 MS. CANDACE EVERARD: Can you give us any
2 indication at this stage, of what those other options
3 might be?

4 MS. MARILYN MCLAREN: I think it would be
5 too early for me to do that.

6 MS. CANDACE EVERARD: All right. Moving
7 then to some questions relating to sustainable
8 development issues. I'd ask the Panel to turn to the Tab
9 at 41 in the book of documents which is the last tab,
10 which is question 16 posed by the Board in the second
11 round; that's the general reference for this section.

12 The Corporation has indicated in its
13 response to the question that:

14 "It is not intending to consider
15 external initiatives in the setting of
16 insurance rates. The Corporation has
17 the goal with PUB's agreement to charge
18 rates that are actuarially sound and
19 statistically driven, that is rates are
20 based on the expected value of the cost
21 of the loss transfer. Other
22 considerations unrelated to these
23 expected costs would violate the
24 actuarial soundness of the rates."

25 So my question is: Does the Corporation

1 represent that in order for rates to be actuarially sound
2 and statistically driven, they must be based on the
3 expected value of the cost of the loss transfer?

4 MR. DON PALMER: That's what we have
5 taken the definition of "actuarial sound" to be, so, yes.
6 That's the definition in the Casualty Actuarial Society's
7 Statement of Principles.

8 MS. CANDACE EVERARD: Subject to
9 appropriate loss experience data being available is it
10 not possible that an insurance classification scheme
11 consistent with the objectives of sustainable
12 development, for example, pay-as-you-drive, measuring
13 exposure to loss with miles driven, could be actuarially
14 sound and statistically driven?

15 MR. DON PALMER: With respect to miles
16 driven we don't have the data to -- to confirm or deny
17 that at this -- at this point. The question specifically
18 with fuel efficient data, I think that's a different
19 issue.

20 The -- the jury is still out on -- on pay-
21 as- you-drive. So at this point I think it's -- it's
22 something that will have to be investigated at a later
23 date, but currently we don't have that -- that
24 relationship.

25 MS. MARILYN MCLAREN: And there are some

1 insurers attempting to figure out whether this is
2 possible. There are some pilots and some initiatives
3 underway that look at these kinds of things. But the
4 ones that are underway specifically related to trying to
5 create an appropriate rate are far more sophisticated
6 than anything that has been anecdotally suggested within
7 the context of a miles-based insurance scheme.

8 The -- the name escapes me at the moment
9 but there's one (1) company in Ontario working on this.
10 Norwich Union in England has already done -- begun to do
11 some of this work as well. It's a very sophisticated
12 GPS-driven system that tracks not only -- Aviva is the
13 company in Ontario -- not only how far you drive but
14 where do you drive.

15 Norwich Union in England will charge a
16 greater rate for kilometres driven within certain parts
17 of London as compared to other parts of London. They
18 also track things like the extent to which people
19 accelerate, braking power, and things like that, so it's
20 a very sophisticated method of assessing driver behaviour
21 for rate -- for rating purposes.

22 I think there's -- there's significant
23 potential for something like that well down the road.
24 Again my understanding is a lot of those other features
25 like the extent to which, you know, acceleration force,

1 braking force, things like that are also some pretty good
2 indicators of risky driving behaviour.

3 So, you know, I think there is some
4 potential in the long term for some things like this. We
5 may all find ourselves in some fashion rating somewhat
6 differently twenty (20) years from now than we are today,
7 but this is really, really an emerging area. And there
8 is no valid actuarial basis that we've identified in --
9 in the world for something as simple as someone who
10 drives this many kilometres should pay less than someone
11 who drives that many kilometres.

12 MR. LEN EVANS: I wonder if I could
13 interject a supplementary question.

14 On the question of pay-as-you-drive -- and
15 I appreciate the comments made by the president of MPI.
16 You made some reference to Canadian companies and so on.

17 I was wondering whether you had done any
18 reading or whether the staff had done any reading about
19 Holland, where as I understand there is a company that is
20 full-time -- full scale into pay-as-you-drive insurance
21 and that -- and that they use a very simple method; that
22 is they have an annual odometer check, per year I guess,
23 when you renew the licence or however, but it's an annual
24 odometer check which is the basis for the calculation.

25 And as I understand it, I could be wrong,

1 but my understanding is that it's an ongoing company.
2 It's not an experiment it's -- they're doing it.

3 MS. CANDACE EVERARD: That may -- may
4 very well be true and I'm not familiar with that -- with
5 that particular situation. And, you know, we have
6 committed to do some research through time and we have
7 not done that on that particular company and that's not
8 known to us at this point.

9 The other thing I would just say though
10 for your consideration is -- is that, you know, the
11 Netherlands is a very small geographically compact nation
12 with quite a few people. Not the same issues as Manitoba
13 with this huge, huge landscape and about a million
14 people, most of which live in the city, right.

15 I mean, if it's just simple make the
16 brokers confirm the odometers every time somebody has to
17 renew that's -- I don't -- I don't think that would be
18 actuarially sound. I don't think it would be fair and
19 equitable for people who, you know, drive in rural
20 Manitoba great distances to their job, versus somebody
21 who is going right through the middle of Winnipeg on a
22 daily basis. It needs to be more subtle than that in my
23 view, with what I know right now. But we do have a lot
24 to learn.

25 MR. LEN EVANS: Just as a follow-up.

1 While I can appreciate that comment, my reference to
2 Holland was with regard to the technique of measuring the
3 odometer as opposed to bringing in some more
4 sophisticated electronic equivalent.

5 Are you at all familiar with the situation
6 in Israel and South Africa where I understand also there
7 are companies who offer this, not as an experiment, but
8 offer it. Israel, I think, has some fairly sophisticated
9 electronic equipment, and in South Africa, I don't know
10 the detail, but it's done in a different method. It's
11 not annual odometer checks. It's done in a little more
12 sophisticated way as well.

13 But these are not experiments, as I
14 understand. These are companies that are operating and
15 offering this kind of insurance now. So, I guess my
16 question is just to encourage the Corporation to do some
17 more research; especially, not just North America is fine
18 and experimental situations are fine but why not look at
19 companies that are in the business --

20 MS. MARILYN MCLAREN: No disagreement
21 here, yeah.

22 MR. LEN EVANS: -- and see what their
23 experience -- experiences are. Thank you.

24

25 CONTINUED BY MS. CANDACE EVERARD:

1 MS. CANDACE EVERARD: Ms. McLaren, you
2 mentioned in one of your earlier answers the term GPS.
3 Can you just confirm for the record what that stands for?

4 MS. MARILYN MCLAREN: Global positioning
5 system.

6 MS. CANDACE EVERARD: Thank you. Now,
7 this is probably a question for Mr. Palmer. Can you
8 confirm to what extent time on the road is already built
9 into the rates, i.e., all-purpose versus pleasure class?

10 MR. DON PALMER: There are a few
11 different ways. You mentioned all purpose driving versus
12 pleasure; the assumption being all purpose is used more
13 often in heavier traffic conditions as well, especially
14 in the City of Winnipeg, so mileage is certainly
15 implicitly calculated in that.

16 Things like taxis, I think, is the obvious
17 choice where taxis are on the road all the time. So --
18 and taxis probably have our highest rate or among the
19 highest rates and part of that is just because they're on
20 the road and have many more miles driven. To a certain
21 extent, delivery cars would be the same category as that.
22 Again, that's their job to be on the road and delivering
23 things, so higher mileage.

24 Our commuter rates is another category.
25 Commuter rates are higher than in Winnipeg rate, and part

1 of that is the extent that they -- not only do they drive
2 outside the city more at higher speeds but then also are
3 exposed to the traffic within Winnipeg. So those are a
4 few examples that -- that there is an implicit mileage or
5 amount on the road included within the experience.

6 MS. CANDACE EVERARD: So, in the
7 Corporation's view would it be possible to develop a
8 system that takes into account mileage in all
9 jurisdictions, considering the difference in commuter
10 time for rural versus city vehicles?

11 MR. DON PALMER: Anything's possible
12 given enough time and enough money. But our -- our
13 classifications right now are -- are quite broad and I
14 wouldn't say that that's something that we'd be
15 undertaking in the near future.

16 MS. CANDACE EVERARD: We've had evidence
17 on the record that with respect to the free immobilizer
18 program what MPI is doing is basically cutting edge,
19 brand new.

20 Could the pay-as-you-drive system be
21 something that MPI could pursue in that vein, or is the
22 Corporation saying that it thinks there are
23 insurmountable barriers that stand in the way?

24 MS. MARILYN MCLAREN: With what we know
25 about pay-as-you-drive insurance, as it's been proposed

1 or piloted in other places, and the context of this
2 compulsory insurance program, which was created to
3 provide guaranteed access to automobile insurance, we do
4 not have much of a comfort level with pay-as-you-drive
5 when you put those two (2) together.

6 With what we know about it and the role
7 that this Corporation plays in the lives of motorists in
8 this Province it does not seem to be a particularly good
9 fit on its face.

10 This is about guaranteed access to
11 automobile insurance. When pay-as-you-drive initiatives
12 come forward from people with strong commitment to
13 improving our environment and specifically related to
14 things like climate change it is, as I understand it,
15 based on the premise that there is significant
16 discretionary driving taking place, and that programs
17 like, pay-as-you-drive, can incent someone to make
18 another choice other than to use their automobile.

19 Now, that concept on its face, you know,
20 there's discretionary driving and it's good to have
21 mechanisms to encourage them to do something else is --
22 doesn't fit very well with very guaranteed access to
23 automobile insurance, again.

24 So, first of all, I think we need to
25 understand what do we want Manitoba Public Insurance to

1 do with respect to automobile insurance? That primary
2 goal has never been wavered or never been diverted on the
3 part of the Government or the people of Manitoba; that's
4 one (1) thing.

5 I think the next thing in that regard is
6 like, you know, there's eighteen hundred (1,800) people
7 at Manitoba Public Insurance and we care about the
8 environment as much as other Manitobans do, and as a
9 Corporation, we believe that we need to find an
10 appropriate role for this company in the fight against
11 global warming and other environmental issues. We
12 certainly acknowledge our responsibility to do that.

13 We are just starting to explore how can we
14 best do that. And I think we will all be more successful
15 if, you know, the people who are interested in doing
16 this, the people in the Government who are charged with
17 establishing government policy with respect to these
18 issues, and people in organizations like Manitoba Public
19 Insurance work together to find what is an appropriate
20 role for Manitoba Public Insurance, in this public policy
21 initiative.

22 I think it's much more problematic when we
23 try to force fit our insurance program into a pre-
24 conceived idea as to how to help the environment.

25 MS. CANDACE EVERARD: So would the

1 Corporation consider, or has it considered a voluntary
2 pilot program involving pay-as-you-drive that could be
3 opted into by those individuals who were so inclined?

4 MS. MARILYN MCLAREN: I think that's a
5 problem, you know, I think that's a problem and we put
6 some information on the record with respect to issues
7 like anti-selection and how a voluntary pilot that people
8 who probably already naturally just drive less than the
9 average would opt into, that they may have exactly the
10 same insurance risk as other who drive more.

11 The record will show that the people on a
12 kilometres driven basis, the people who have the fewest
13 accidents, long haul truckers, they're constant -- you
14 know, they're constantly on the road and they have very,
15 very few crashes for kilometres driven.

16 So I -- you know, to just set it up and
17 let's just see how it works out, I -- it doesn't --
18 assuming that what you're going to do is charge them a
19 lower rate while we see that works out, it doesn't make a
20 lot of sense to me.

21 There's no compelling need on the part of
22 the insurance industry. I don't think this a flaw, a
23 short coming in the rating systems of automobile insurers
24 over the last hundred and some odd years, for failing to
25 take note of kilometres driven in a very specific way.

1 I think this is something that needs
2 significantly more work before we just jump into some
3 sort of a voluntary pilot. I think that would -- I'd
4 have a lot of concerns about that.

5 MS. CANDACE EVERARD: Back to the -- the
6 issue of actuarially sound, if there were appropriate
7 data available would it be possible that the insurance
8 classification scheme could be integrated with some
9 measure, a relative measure, of non-insurance costs
10 relating to, for example, fuel efficiency? And I think,
11 Mr. Palmer, you touched on this earlier.

12 MR. DON PALMER: If there is data that --
13 that any classification criteria has a direct influence
14 on claims costs, then it -- it could be considered. I
15 would say that it -- it would have to be on a -- on a
16 global basis -- a global meaning -- sorry, all of
17 Manitoba rather than on a voluntary basis.

18 So if fuel efficient cars are cheaper to
19 fix, if they have less crashes, then there -- there -- if
20 there's data to support that, then sure, the -- the
21 actuarial rating system and classification system could
22 incorporate that, but I don't see that data currently.

23 MS. CANDACE EVERARD: Thank you. Is the
24 Corporation aware of any sustainable development
25 alternatives other than pay-as-you-drive that would be

1 consistent with that area that is an environmental focus
2 but which the Corporation may think are more promising to
3 -- to be implemented?

4 MR. DON PALMER: With respect to a
5 classification system, an insurance system, or otherwise?

6 MS. CANDACE EVERARD: With respect to
7 that as opposed to the initiatives that the Corporation's
8 already undertaken with its buildings and -- and those --
9 the -- the internal sorts of things.

10 MR. DON PALMER: I'm not aware of
11 anything, no.

12 MS. CANDACE EVERARD: And can the
13 Corporation just confirm for the record that in its
14 future consideration of sustainable development
15 initiatives it will be prepared to at least take into
16 account the concepts that have been raised during this
17 hearing process?

18 MS. MARILYN MCLAREN: Yes, I can confirm
19 that, and I also want to state for the record that we
20 will be searching well beyond that to consider
21 specifically and more generally what -- what can Manitoba
22 Public Insurance do to contribute to this initiative in
23 this Province.

24 MS. CANDACE EVERARD: Just --

25 MR. LEN EVANS: Just a brief

1 supplementary question. I was wondering if you could
2 tell us whether in your contacts with other public
3 insurance -- auto insurance companies in Canada, I'm
4 thinking of ICBC, of whether they are in the process of
5 exploring this?

6 I notice that the -- last year that the --
7 the Vancouver City Council passed a resolution asking
8 ICBC to implement -- that was their -- implement pay --
9 pay-as-you-drive insurance. And they were coming at it
10 from environmental concerns and traffic concerns and so
11 on and I think probably impressed by the great deal of
12 activity by environmentalists in the American northwest
13 who are really gung ho on this particular topic, but I
14 just wondered if through your connections and perhaps
15 some odd association with other public insurance
16 officials in BC, whether you'd heard whether they were
17 doing any work in this regard.

18 MS. MARILYN MCLAREN: My understanding
19 that is ICBC has not accepted that recommendation from
20 Vancouver City Council. They'd expressed exactly the
21 same concerns as I have expressed with respect to pay-as-
22 you-drive. They have begun a very small initiative, very
23 targeted, using GPS technology for a very particular
24 segment of their population that responds directly to
25 their concerns about crash rates in that -- in that

1 particular demographic.

2 They have a real issue in the Lower
3 Mainland in British Columbia with for the most part
4 young, quite wealthy males with extremely expensive high-
5 powered vehicles. And they have offered only people that
6 fall within that demographic, particular group of people
7 in that neighbourhood with certain cars to be part of a
8 GPS-based system that will track acceleration,
9 deceleration, some of these other driving behaviour
10 indicators. And really, for the most part, rather than
11 just trying to use it as a rating mechanism they're
12 trying to use it to incent them to behave better on the
13 road.

14 So they've taken a little bit of a flavour
15 of it but put it into a very specific safety program,
16 really, based on their particular circumstances.

17 THE CHAIRPERSON: Ms. Everard, are you
18 going to move to a different area now?

19 MS. CANDACE EVERARD: I have one (1)
20 final area which I think will be quite brief, so we can
21 probably wrap up in about five/ten (5/10) minutes unless
22 you want to take a break now.

23 THE CHAIRPERSON: I think we'll do it
24 now. We've got an administrative matter that's come up
25 that we've got to deal with so we'll take an early break

1 and then return at 10:15. Thank you.

2 MR. DON PALMER: Mr. Chairman...?

3 THE CHAIRPERSON: Yes.

4 MR. DON PALMER: If I -- if I may, just
5 to clear up one (1) matter to save us from an
6 undertaking. The question regarding the long haul
7 trucker and their claims costs, they're about \$1.8
8 million a year; that's over the last five (5) years.

9 THE CHAIRPERSON: Thank you, Mr. Palmer.
10 We're adjourned until 10:15.

11

12 --- Upon recessing at 9:59 a.m.

13 --- Upon resuming at 10:18 a.m.

14

15 THE CHAIRPERSON: Ms. Everard, any time
16 you're ready.

17 MS. CANDACE EVERARD: Thank you,
18 Mr. Chairman.

19

20 CONTINUED BY MS. CANDACE EVERARD:

21 MS. CANDACE EVERARD: The final area for
22 questioning relates to the driver safety rating and, in
23 particular, SM-8.3.5, page 13.

24 We understand that the Corporation is
25 undertaking a process to implement a driver safety rating

1 system to improve the current Bonus/Malus system, that is
2 of rewarding good drivers while penalizing at risk
3 drivers, is that correct?

4 MR. DON PALMER: That's correct.

5 MS. CANDACE EVERARD: And obviously this
6 is to be the subject of a special PUB hearing in May of
7 2007 and will be dealt with in great detail at that time.
8 On page 14 of SM-8.3.5 the Corporation has indicated that
9 the cost of this initiative is to be \$7.4 million with an
10 additional 1.7 million for contingency provided. This
11 was obviously at the time of filing.

12 Do those particular figures still hold
13 today?

14 MR. DON PALMER: They're still valid,
15 yes.

16 MS. CANDACE EVERARD: And I understand
17 that the anticipation is that the driver rating -- or
18 driver safety rating system will be targeted for an
19 implementation date of August 1st, 2008, and for all
20 drivers to occur by July 31st, 2009; does that still
21 hold?

22 MR. DON PALMER: So far, yes.

23 MS. CANDACE EVERARD: And in addition to
24 the information set out in the application, is there any
25 update that the Corporation can provide with respect to

1 its progress on this issue?

2 MR. DON PALMER: No.

3 MS. CANDACE EVERARD: Very well. Thank
4 you.

5 MS. CANDACE EVERARD: Mr. Chairman, I
6 believe that concludes the questions by Mr. Saranchuk and
7 myself; obviously, subject to any further questions that
8 the Panel may have of the MPI representatives.

9 THE CHAIRPERSON: Thank you. Nothing
10 from us at this moment. Thank you.

11 So we'll begin with the Intervenor cross-
12 examination and I think we'll be starting with CAC/MSOS
13 with Ms. Bowman.

14 MS. MYFANWY BOWMAN: Thank you,
15 Mr. Chair.

16

17 CROSS-EXAMINATION BY MS. MYFANWY BOWMAN:

18 MS. MYFANWY BOWMAN: I have a few
19 questions to begin with on the subject of auto theft.
20 And I suspect Ms. McLaren is going to field these, but I
21 leave that to you.

22 Would it be fair to say that MPI feels
23 that there is some benefit to trying to address the
24 causes of auto theft, as well as, sort of the result in
25 terms of the immobilizer program?

1 MS. MARILYN MCLAREN: Yes.

2 MS. MYFANWY BOWMAN: And am I correct in
3 my understanding that the majority of auto thefts in
4 Manitoba are committed by children and youth?

5 MS. MARILYN MCLAREN: Yes. Our recent
6 information is that majority is decreasing somewhat;
7 there have been more adults involved lately. But it is
8 still people, for the most part, between the ages of
9 twelve (12) and seventeen (17), I'd say, yes.

10 MS. MYFANWY BOWMAN: And I understand
11 that there's been a trend in the last little while of,
12 sort of, new kids coming in as it were, children or
13 youth, who are, have not previously been involved in auto
14 theft, but are now getting involved?

15 MS. MARILYN MCLAREN: Yes.

16 MS. MYFANWY BOWMAN: Would it be fair to
17 say that whether they're new to auto theft or old hands
18 perhaps, I'm not sure if that's the appropriate term,
19 either way the majority of these kids, or a significant
20 number of them at least, would be kids who are generally
21 at risk of a number of troublesome behaviours or issues?

22 MS. MARILYN MCLAREN: I think that would
23 be fair.

24 MS. MYFANWY BOWMAN: So it would be fair
25 to describe them as being at risk for other kinds of

1 criminal involvement?

2 MS. MARILYN MCLAREN: I think so. And
3 you know, that is a fair amount of speculation on my part
4 to respond that way.

5 MS. MYFANWY BOWMAN: It would be fair to
6 characterize it as a fairly complex issue?

7 MS. MARILYN MCLAREN: That would be fair.

8 MS. MYFANWY BOWMAN: So ideally an
9 effective way of addressing auto theft might well look at
10 some of the factors that are placing those kids at risk,
11 generally?

12 MS. MARILYN MCLAREN: I think if -- if
13 it's true that the kids involved in theft, are likely to
14 be involved in other high risk and perhaps criminal
15 activities, that would be true. But, I don't think the
16 thread leads back from auto theft to that conclusion.

17 I think if, in fact, there are certain
18 kids at risk that's where society -- broader society as a
19 whole needs to think hard about what to do to reduce the
20 risk, I guess.

21 MS. MYFANWY BOWMAN: Absolutely. And I'm
22 not trying to suggest that this is entirely MPI's
23 responsibility in any way, but it would be fair to say
24 that those are things that MPI wants to think about in
25 its programs to try and reduce auto theft?

1 MS. MARILYN MCLAREN: I'm not sure we can
2 even accept that much responsibility. No, I think we are
3 aware of the larger context. And if you look at
4 somewhere in SM-8, I think the last section of SM-8,
5 there's a large list of programs that we do; either fund
6 or participate in with at risk youth.

7 But, our focus -- and those programs are
8 often much broader than auto theft but, our focus is
9 really related to auto theft.

10 MS. MYFANWY BOWMAN: Would you agree with
11 me that programming to try and reduce auto theft should
12 take into account the -- any special needs or identified
13 issues for the group that you're targeting?

14 MS. MARILYN MCLAREN: That would
15 certainly enhance the chances of success, for sure.

16 MS. MYFANWY BOWMAN: Are you familiar
17 with the term FAS, or fetal alcohol syndrome?

18 MS. MARILYN MCLAREN: Yes.

19 MS. MYFANWY BOWMAN: And is your
20 understanding the same as mine that it's part of a
21 spectrum of disorders; FAS, fetal alcohol syndrome, fetal
22 alcohol syndrome spectrum disorder, alcohol related
23 neural developmental disorder; all of which are related
24 to pre-natal exposure to alcohol?

25 MS. MARILYN MCLAREN: Yes.

1 MS. MYFANWY BOWMAN: And is your
2 understanding the same as mine that the impact of those
3 various disorders flows from pre-natal brain damage?

4 MS. MARILYN MCLAREN: Yes, that's my
5 understanding.

6 MS. MYFANWY BOWMAN: And I appreciate
7 that this is neither your area of expertise nor mine, but
8 you have some general knowledge and the Corporation does.

9 Do you -- are you aware that one (1) of
10 the impacts can be the impairment of the ability to
11 understand cause and effect?

12 MS. MARILYN MCLAREN: Yes, definitely.

13 MS. MYFANWY BOWMAN: Are you aware of
14 anecdotal reports of a significant number of kids
15 involved in auto theft either having a diagnosis or
16 presenting in a manner consistent with FAS or one of that
17 spectrum of disorders?

18 MS. MARILYN MCLAREN: I've heard that
19 anecdotal information related to presenting.

20 MS. MYFANWY BOWMAN: And there are
21 trouble -- there are problems, I understand, in terms of
22 getting large numbers of kids diagnosed; that that's a
23 lengthy process and there are resource problems there?

24 MS. MARILYN MCLAREN: I imagine that
25 would be true.

1 MS. MYFANWY BOWMAN: If those anecdotal
2 reports are correct, would you agree with me that this
3 would have implications for how MPI and society in
4 general wants to program for those kids in terms of
5 trying to address the causes of auto theft and what's
6 getting them involved?

7 MS. MARILYN MCLAREN: I think the
8 specifics of any particular program would certainly need
9 to take that into account if it was true.

10 MS. MYFANWY BOWMAN: Are you aware of
11 whether any of MPI's programs that are in place now
12 address this issue in any way?

13 MS. MARILYN MCLAREN: No, I wouldn't call
14 -- off, you know, the top of my mind, I don't think of
15 any of the programs that we contribute to or fund as
16 really our programs.

17 But I -- and I certainly know though that
18 the Winnipeg Auto Theft Suppression Strategy, the
19 Provincial Auto Theft Task Force and the people involved
20 in the WATSS program are having those conversations,
21 trying to understand the extent to which there might be
22 more than anecdotal information about kids that present
23 with some of these symptoms, and if it were true what
24 would it mean to the administration of that program.

25 MS. MYFANWY BOWMAN: And, again, I'm not

1 trying to suggest that this is entirely MPI's
2 responsibility, but would you agree that this is an area
3 that MPI should be looking into trying to find out more
4 about and exploring possibilities?

5 MS. MARILYN MCLAREN: I think it -- it's
6 an area that we certainly need to be aware of and we need
7 to ask questions and we need to make sure, to the extent
8 that we can, that the programs that we fund and
9 participate in have a reasonable chance of success.

10 So in that context, I think the answer
11 would -- would be yes, but it is well beyond the
12 expertise or the formal responsibility of Manitoba Public
13 Insurance.

14 MS. MYFANWY BOWMAN: Absolutely. But --
15 but what I'm trying to suggest, and hoping you'll agree
16 with me, is that MPI is one player in a larger group and
17 that that group needs to look at this issue; would that
18 be fair?

19 MS. MARILYN MCLAREN: Yeah, that's fair.
20 Absolutely.

21 MS. MYFANWY BOWMAN: Would you also agree
22 with me -- and this is a different topic just so you
23 don't get whiplash, as it were, over the last several
24 years that a number of different strategies have been
25 advanced, not by MPI but, in general, to try and prevent

1 auto theft?

2 And I'm thinking of things like car
3 alarms, clubs, immobilizers, so on and so forth.

4 MS. MARILYN MCLAREN: Sure, that's fair.

5 MS. MYFANWY BOWMAN: And would it also be
6 fair to say that the strategies being advanced are
7 hopefully improving with time?

8 MS. MARILYN MCLAREN: Yes.

9 MS. MYFANWY BOWMAN: It's a field where
10 advances continue to be made?

11 MS. MARILYN MCLAREN: Yes. But I think
12 we're -- the trajectory is flattening, so to speak. I
13 think the fact that all new vehicles, a year from now,
14 will have a national standard immobilizers. I think the
15 fact that we have such a track record with the national
16 standard after market immobilizers. I think clearly the
17 technology needs to stay current. We need to stay on top
18 of it but I think the significant advances with respect
19 to immobilizers probably have -- we have them now.

20 MS. MYFANWY BOWMAN: Now, just dealing
21 with the national standard for immobilizers, is as I
22 understand national standard allows automakers to select
23 one (1) of two (2), sort of, pools as it were.

24 There's the type that IBC has approved and
25 that MPI endorses and there's another type as well, is

1 that right?

2 MS. MARILYN MCLAREN: My understanding is
3 that the national standard with respect to factory
4 installed devices is pretty much one and the same with
5 respect to IBC.

6 IBC though, most recently has, kind of,
7 moved itself out of this arena. We now have the VSIB,
8 that I spoke of the other day, as the Vehicle Security
9 Installation Bureau which is the national body
10 responsible for the standards of the immobilizers
11 themselves. It's the Underwriter Laboratories in Canada
12 that test the devices to make sure that they meet their
13 standards.

14 So there are other players involved. But
15 I think the -- and there are a number of makes and
16 models, both at the factory level and in the after market
17 level that meet the national standard. So I wouldn't
18 characterize it as being IBC or other, particularly.

19 MS. MYFANWY BOWMAN: Perhaps I didn't ask
20 that question clearly. As I understand it, and you'll
21 correct me if I'm wrong, and I don't remember the exact
22 letters and numbers, but there is a ULC standard and then
23 there is a UN standard, is that right?

24 MS. MARILYN MCLAREN: I would have to
25 check on that.

1 MS. MYFANWY BOWMAN: If you would,
2 please.

3

4 --- UNDERTAKING NO. 9: MPI to indicate to CAC/MSOS
5 if there is an ULC standard
6 and an UN standard for
7 immobilizers.

8

9 CONTINUED BY MS. MYFANWY BOWMAN:

10 MS. MYFANWY BOWMAN: It would be fair to
11 say that we have, over time, been getting better at
12 protecting vehicles from theft, we hope?

13 MS. MARILYN MCLAREN: Yes.

14 MS. MYFANWY BOWMAN: Would it also be
15 fair to say that auto thieves have, over time, also
16 gotten somewhat better at getting around some of these
17 strategies?

18 MS. MARILYN MCLAREN: Some auto thieves
19 in certain contexts and certain devices, yes.

20 MS. MYFANWY BOWMAN: It would be fair to
21 say that a club, as an example, would not be a foolproof
22 device; that some auto thieves have learned to circumvent
23 them?

24 MS. MARILYN MCLAREN: Yes. We have quite
25 a number of broken clubs over at the holding compound.

1 MS. MYFANWY BOWMAN: And car alarms are
2 not necessarily an effective deterrent in every instance.

3 MS. MARILYN MCLAREN: We don't think a
4 car alarm is an effective deterrent at all, no.

5 MS. MYFANWY BOWMAN: Fair point. And I
6 understand, in fact, that there have been situations
7 where thieves have managed to circumvent non-approved
8 immobilizers?

9 MS. MARILYN MCLAREN: Yes, definitely.

10 MS. MYFANWY BOWMAN: I also understand
11 that it's very important when installing an approved
12 immobilizer to do so in a particular way because if it's
13 not done correctly it can be less effective and it might
14 potentially be possible to get around it, is that right?

15 MS. MARILYN MCLAREN: That could be true,
16 yes.

17 MS. MYFANWY BOWMAN: I was thinking, as
18 an example, a car with a remote starter. And then that
19 presents issue.

20 MS. MARILYN MCLAREN: They present a
21 particular challenge. But the certified installer --
22 really all -- the remote starter makes the installation
23 more complex and therefore lengthier, but it doesn't
24 present any particular risks or difficulties for a
25 properly trained, certified installer.

1 MS. MYFANWY BOWMAN: I'm not trying to
2 suggest that a car with a remote starter can't have an
3 effective immobilizer installed. What I'm saying is that
4 if it's not done correctly the immobilizer may not be as
5 effective?

6 MS. MARILYN MCLAREN: Absolutely.

7 MS. MYFANWY BOWMAN: Would you agree with
8 me that the possibility exists that at some point down
9 the road car thieves may figure out how to get around
10 approved immobilizers?

11 MS. MARILYN MCLAREN: There's certainly
12 that possibility. We think it's low.

13 MS. MYFANWY BOWMAN: You would also agree
14 with me, I suspect, that if a car thief really wants the
15 car there are other ways to get at it?

16 MS. MARILYN MCLAREN: Yes. You can tow
17 them away, for example. But if it has an immobilizer in
18 it, it's really not worth much to them unless they've got
19 the keys, the chip.

20 MS. MYFANWY BOWMAN: But another
21 alternative, for example, might be to steal the keys?

22 MS. MARILYN MCLAREN: Yes. Absolutely.

23 MS. MYFANWY BOWMAN: Or to steal it while
24 it's running?

25 MS. MARILYN MCLAREN: Yes.

1 MS. MYFANWY BOWMAN: And I understand, in
2 fact, that immobilizers take a period of time to arm and
3 different immobilizers take -- have a different period,
4 but if you can get in there before it's armed that that's
5 also an option?

6 MS. MARILYN MCLAREN: Not -- I don't
7 understand that to be true. No, I mean, it's -- once
8 that chip is just a few feet away from the car, that's
9 it.

10 MS. MYFANWY BOWMAN: I believe I read
11 something, and perhaps it was the MPI website, perhaps
12 not, so you'll tell me if I'm wrong, isn't that one of
13 the differences between the approved and the non-approved
14 immobilizers is that some arm almost immediately and some
15 arm perhaps a few minutes later?

16 MS. MARILYN MCLAREN: If you are
17 suggesting that that might be a weakness of some of the
18 unapproved ones, I wouldn't argue with you, because I
19 know very little about the non-national standard immob --
20 very little about them, other than that they obviously
21 don't work.

22 MS. MYFANWY BOWMAN: That's fair. Does
23 MPI keep any statistics with respect to the number of the
24 cars that are stolen from a person who is known to the
25 thieves, for example, a parent, a guardian or some other

1 relative?

2 MS. MARILYN MCLAREN: No. We certainly
3 could dig that information out of our claim files, but we
4 don't track that separately. It's really, really a
5 small percentage of our theft experience.

6 Years ago, decades ago, that's what
7 joyriding was. And part of our problem in the challenge
8 that we've had that I think we have largely addressed now
9 in changing public attitudes about auto theft, is that
10 that term continued to be used.

11 And because that term had a certain
12 context when, you know, thirty (30) years ago it was
13 assumed that that was the same -- oh well, how hard --
14 you know how seriously do you have to treat this? It's
15 really just joyriding.

16 That kind of means somebody taking dad's
17 car without permission, that's just not what's happening
18 today. It's a tiny, tiny fraction of any theft stats
19 that we would have.

20 MS. MYFANWY BOWMAN: Thank you for
21 indulging me. I'm ready to move on to another area now.

22 I'd like to ask some questions about the
23 change in the accounting policy for pensions. So I
24 suspect I should be directing myself to Mr. Galenzoski,
25 is that fair?

1 MR. BARRY GALENZOSKI: Yes, it is.

2 MS. MYFANWY BOWMAN: Now, I'm not an
3 accountant or an actuary, so I'm going to ask you to use
4 short words and possibly pictures, to answer my
5 questions.

6 MR. BARRY GALENZOSKI: I'll just nod, yes
7 or no.

8 MS. MYFANWY BOWMAN: Even better. Now,
9 as I understand it pension plans can be categorized as
10 defined contribution or defined benefit plans, is that
11 right?

12 MR. BARRY GALENZOSKI: That's right.

13 MS. MYFANWY BOWMAN: And as I understand
14 the difference between those two (2) sorts of plan, a
15 defined contribution plans involves the contributors
16 donating or contributing a defined amount over time and
17 then what you get at the end, depends on how the plan has
18 done?

19 MR. BARRY GALENZOSKI: That's right.

20 MS. MYFANWY BOWMAN: And a defined
21 benefit plan is almost the reverse of that, that there is
22 a determined amount that the employee is going to collect
23 at the end and the employer contributes whatever is
24 determined is necessary to get to that amount?

25 MR. BARRY GALENZOSKI: Yes, there is --

1 usually there's a sharing of those costs between the
2 employee and the employer, and those costs are not
3 necessarily easy to determine throughout the stage of the
4 retire -- or the working life of the employee.

5 MS. MYFANWY BOWMAN: That would be where
6 the actuary comes in.

7 MR. BARRY GALENZOSKI: Yes.

8 MS. MYFANWY BOWMAN: And I understand the
9 MPI has a defined benefits plan, is that right?

10 MR. BARRY GALENZOSKI: That's correct.

11 MS. MYFANWY BOWMAN: And am I correct in
12 understanding that there's no external administrator,
13 that MPI administers its own plan, is that right?

14 MR. BARRY GALENZOSKI: No, that's not
15 correct. Our plan is administered through the Civil
16 Service Superannuation Plan. The Corporation is
17 responsible for contributing its share of the employee
18 contributes their share directly to the Civil Service
19 Superannuation Plan, itself.

20 MS. MYFANWY BOWMAN: Very good. Thank
21 you. Now, I understand that for a defined benefits plan
22 each year, what happens is the actuary will look at the
23 plan and making various economic assumptions, calculate
24 the present value of that future liability?

25 MR. BARRY GALENZOSKI: Generally

1 speaking, that's how it works. The actuary calculates
2 the liability. Generally speaking that happens on a --
3 every three (3) years for normal pension plans. MPI has
4 chosen to do that on an annual basis.

5 The actual economic factors though are
6 selected by management not by the actuary. And then the
7 actuary does the calculation based on the selected
8 factors that management provides.

9 MS. MYFANWY BOWMAN: Now, because I'm a
10 lawyer and I'm not an accountant or an actuary, I'm going
11 to ask you to walk through with me the concept at present
12 value. As I understand it, if I owe you a dollar today,
13 then the value of that liability is a dollar.

14 But, if I owe you a dollar at some point
15 in the future, the value will be different, is that
16 right?

17 MR. BARRY GALENZOSKI: The value today
18 would be different, yes.

19 MS. MYFANWY BOWMAN: Thank you. And the
20 value today of that future liability will depend on
21 interest rates primarily, is that right?

22 MR. BARRY GALENZOSKI: Well, if you're --
23 if you're just talking about -- where you might owe me a
24 dollar, that's true. If you're talking about a pension
25 plan, there's other factors that come into play.

1 They would include things along the lines
2 of inflation, if there's an inflation protection built
3 into that plan. There would be wage increases that you
4 would expect to see going forward. So there's a number
5 of other factors other than just the time value of money.

6 MS. MYFANWY BOWMAN: I think I'm just as
7 glad it's your job not mine. Would it be fair that
8 interest is one of those factors that's quite significant
9 in determining the present value?

10 MR. BARRY GALENZOSKI: Interest is one of
11 the bigger ones. Mortality could enter into it also.

12 MS. MYFANWY BOWMAN: So when an actuary
13 does a present value calculation they use what's called a
14 discount rate that takes those factors, including the
15 interest rate, into account, is that right?

16 MR. BARRY GALENZOSKI: That's correct.
17 That discount rate, in our case, is set by management.

18 MS. MYFANWY BOWMAN: And that discount
19 rate will vary over time depending on interest rates and
20 the other factors that you mentioned?

21 MR. BARRY GALENZOSKI: Yes. It's
22 generally tied to some pool of investments that could be
23 associated with a pension liability.

24 MS. MYFANWY BOWMAN: And with a given
25 level of future pension payments in dollars, if you know

1 at the end of the day how much you expect to have to pay
2 out, it will have a current or present value that varies
3 over time depending on interest and those other factors?

4 MR. BARRY GALENZOSKI: That's right. The
5 only problem is that you don't really know how much
6 you're going to pay out at the end of the day because it
7 depends on when the employee retires. It depends on how
8 long that employee may live. It depends on if the
9 employee has survivors.

10 It depends on whether there's music
11 playing in the background. That's usually the sign that
12 the answer is taking too long. You know, when you're
13 being presented a reward so I will -- I will say thank
14 you to the academy and sit down.

15 THE CHAIRPERSON: We'll just take a five
16 (5) minute break.

17

18 --- Upon recessing at 10:43 a.m.

19 --- Upon resuming at 10:49 a.m.

20

21 THE CHAIRPERSON: Okay, Ms. Bowman...?

22 MS. MYFANWY BOWMAN: Thank you,

23 Mr. Chair.

24

25 CONTINUED BY MS. MYFANWY BOWMAN:

1 MS. MYFANWY BOWMAN: Perhaps, Mr.
2 Galenzoski, you can explain, for the mathematically
3 challenged among us, the concept of actuarial gains and
4 losses in a pension plan?

5 MR. BARRY GALENZOSKI: Sure. At any
6 point in time you have a certain amount of funds set
7 aside for pension liability. This is from the
8 Corporation's point of view now, not the employee's point
9 of view.

10 And as we do our annual calculations --
11 the actuarial calculations using the economic assumptions
12 that have been selected it will determine that you either
13 have more money than you need or less money than you need
14 to satisfy the then known liability.

15 So if you have less money then you have an
16 actuarial loss that you have to then account for it at
17 some point.

18 MS. MYFANWY BOWMAN: So an actuarial loss
19 for a defined benefit plan could be the result of changes
20 in interest rates or in fluctuations in the value of the
21 investments underpinning that plan, is that right?

22 MR. BARRY GALENZOSKI: No, not so much
23 the investments underpinning the plan. It's the -- in
24 our case anyway, it could be for, you know, a plan that
25 has its own assets. We don't actually define the assets

1 that support out pension liability. It's just another
2 one of our many liabilities that we have in the
3 Corporation. So we don't have a segregated investment
4 fund that supports that, so we're not worried too much
5 about the underlying assets.

6 What will change the numbers are the
7 economic assumptions that are made for the interest, the
8 increase in wages, inflation; other factors such as
9 mortality rate. Those types of things will have an
10 impact on the calculation and that's what will determine
11 whether there's a gain or loss on the -- on the actuarial
12 evaluation.

13 MS. MYFANWY BOWMAN: And am I correct in
14 understanding that an actuarial loss is not necessarily
15 money that's being paid out in the particular year by the
16 Corporation, it's more of an accounting issue? It may
17 lead to money being paid out, or it may not?

18 MR. BARRY GALENZOSKI: Yes, it's -- it's
19 I guess an issue of fully recognizing your liability and
20 it isn't going to be paid out immediately because of the
21 long-term nature of the liability associated with
22 pensions.

23 MS. MYFANWY BOWMAN: Now, before I move
24 further down this road, I'm going to ask you to confirm
25 for me that I understand some of the terms that we're

1 going to be using.

2 Now, provision for employee future
3 benefits would be, as I understand it, the present value
4 of that future pension liability?

5 MR. BARRY GALENZOSKI: Well it could be
6 pension liability, but it could also be other benefits
7 that may be accruing to employees after they retire.

8 MS. MYFANWY BOWMAN: Excellent point.
9 Thank you. And current service cost, as I understand it,
10 would be the value of pension credits accrued by ongoing
11 employees during the course of the year, is that right?

12 MR. BARRY GALENZOSKI: Well, it also
13 would include the evaluation that's being made, as we do
14 it on an annual basis for what the Corporation's costs
15 are going to be going forward, as they would change from
16 year to year.

17 We would -- we currently classify it as a
18 current service cost in our current environment.

19 MS. MYFANWY BOWMAN: And an interest cost
20 if I understand it, exists because as time passes, you
21 get closer to the day when you're going to have to pay
22 out those benefits?

23 MR. BARRY GALENZOSKI: No, not really.
24 The interest cost that is recorded is what we impute the
25 value of the interest earned by that fund; that helps

1 reduce the interest -- or the overall pension expense.

2 So some of the costs of a pension are
3 taken from the investment income line and some of the
4 costs of the pension costs are associated with an expense
5 line in the organizations expenses.

6 MS. MYFANWY BOWMAN: Thank you. And
7 benefits paid, as I understand it, would be the amount
8 that are paid out to retired employees during the course
9 of the year?

10 MR. BARRY GALENZOSKI: That's correct.
11 That's administered by the Civil Service Superannuation,
12 in our case, and they would bill us for the dollar
13 amounts that would be associated with the Corporation's
14 share of those benefits.

15 So they administer the fund. They only
16 administer the employee's funds, they don't administer
17 the Corporation's funds. So when they're making a
18 monthly payment to an individual retired employee, they
19 would bill us for our portion of that payment.

20 MS. MYFANWY BOWMAN: Now going back to
21 the issue of actuarial gains and losses, as I understand
22 it, there are -- there's more than one (1) way that they
23 could be treated in terms of the Corporation's record
24 keeping?

25 MR. BARRY GALENZOSKI: Well, there's more

1 than one (1) way that they could treat it globally, but
2 with respect to the way we're dealing with it now,
3 there's only one (1) way that it can be treated right
4 now.

5 MS. MYFANWY BOWMAN: What I'm getting at
6 is, the Corporation has made a selection and having made
7 that, of course, it's --

8 MR. BARRY GALENZOSKI: That's correct.

9 MS. MYFANWY BOWMAN: -- it's going to do
10 that, but, it had some choice at the front end, as it
11 were?

12 MR. BARRY GALENZOSKI: There was some
13 choice available to us and we made a choice, yes.

14 MS. MYFANWY BOWMAN: Now, I understand
15 that one (1) of the available choices is the ability to
16 amortize or spread that -- those gains and losses over
17 time, is that right?

18 MR. BARRY GALENZOSKI: That choice is
19 currently there, although we believe that that window is
20 narrowing as to how long that's going to be available,
21 generally speaking.

22 MS. MYFANWY BOWMAN: Just to make sure
23 that I understand how the amortization process would
24 work, you spread that gain or loss over the expected
25 average remaining service -- life of the employees, is

1 that right?

2 MR. BARRY GALENZOSKI: That's correct.

3 MS. MYFANWY BOWMAN: And that was MPI's
4 practice in the past, is that right?

5 MR. BARRY GALENZOSKI: That's correct.
6 It wasn't until somewhat recently that we actually had a
7 -- we've had gains and losses over time. And for a
8 significant portion of the last number of years, we
9 actually had gains that we were amortizing over the life
10 of the expected remaining service life of the employees.

11 And it's only more recently that we saw
12 losses on that side. So there was a combination of gains
13 and losses that were being amortized over the thirteen
14 and a half (13 1/2) year time period.

15 MS. MYFANWY BOWMAN: And I understand
16 that that practice of amortization complies with
17 generally accepted accounting principles, is that
18 correct?

19 MR. BARRY GALENZOSKI: Yes.

20 MS. MYFANWY BOWMAN: And would it be fair
21 to say that that practice, it can have the effect of
22 making the balance sheet less changeable or less
23 volatile?

24 MR. BARRY GALENZOSKI: Well, the intent
25 is to spread a change over a number of years -- over --

1 in our case it was thirteen and a half (13 1/2) years.
2 The notes to the financial statement still contain the
3 information with regard to the shortfall that may exist
4 or the over-funding that may exist at any point in time.

5 MS. MYFANWY BOWMAN: And to make sure
6 that I understand how amortization works, if you had, as
7 an example, a large actuarial loss of \$10 million in a
8 year, you -- to amortize it you would look at the
9 expected average service life of the employees?

10 MR. BARRY GALENZOSKI: What happens in
11 practice is that every year you would have a gain or a
12 loss of some sort. It was the -- generally it would be
13 relatively small. Let's say it was a million one way or
14 million dollars the other way and each year you begin an
15 amortization process.

16 In our case we were -- the expected life
17 was about thirteen and a half (13 1/2) years. So if in
18 the year 2000 you had -- you had started from absolutely
19 zero, you had no previous gains or losses, you would take
20 that million dollars, and let's say it was a loss, and
21 amortize it for thirteen (13) years.

22 The next year comes along and you have,
23 let's say, another loss of a million dollars. Well, then
24 you start amortizing that for thirteen and a half (13
25 1/2) years. In the meantime, you're still accounting for

1 the prior year's amortization. So after thirteen and a
2 half years (13 1/2) the one year would drop off and it
3 would work its way down the line like that.

4 MS. MYFANWY BOWMAN: And you -- each year
5 you would carry forward the balance from the last year?

6 MR. BARRY GALENZOSKI: That's right.

7 MS. MYFANWY BOWMAN: And that balance
8 would be the un -- the unamortized actuarial gains and
9 losses, is that right?

10 MR. BARRY GALENZOSKI: That's right.

11 MS. MYFANWY BOWMAN: So using that
12 technique it would mean a large loss could potentially
13 stay on the books for a number of years?

14 MR. BARRY GALENZOSKI: It would be
15 amortized over that thirteen and a half (13 1/2) year
16 time period.

17 MS. MYFANWY BOWMAN: But the other
18 possibility is that interest rates and stock markets and
19 so on could go up or down and it may well be that a loss
20 could be offset by a gain in a following year?

21 MR. BARRY GALENZOSKI: Yeah. We're not
22 seeing that in practice, but there is possibilities.
23 These economic function -- or indicators don't change too
24 rapidly over time. But what I have noticed in the last
25 five (5) or six (6) years is that they generally have

1 been degrading rather than getting better.

2 That generally means that you need a
3 higher liability and that there's usually losses of some
4 sort or another depending on how much change there is in
5 those numbers.

6 MS. MYFANWY BOWMAN: And if I understood
7 your evidence earlier, that going back a few years you
8 had quite a number of years where there were a series of
9 gains rather than losses?

10 MR. BARRY GALENZOSKI: At one point we
11 did have more gains than we had losses, yes. So we were
12 amortizing gains over that lifetime.

13 MS. MYFANWY BOWMAN: So I understand that
14 using the amortization process you would take the
15 unamortized actuarial losses at the end of one (1) year,
16 carry them forward to the next year and that would reduce
17 the overall provision from employee future benefits, is
18 that right?

19 MR. BARRY GALENZOSKI: No, it wouldn't
20 reduce the -- the -- can you say that question again
21 about what it would reduce?

22 MS. MYFANWY BOWMAN: It would reduce the
23 overall provision for employee future benefits in that
24 year, is that right?

25 MR. BARRY GALENZOSKI: Not the overall

1 employee future benefits, no. Those are going to
2 continually increase year over year as we go forward,
3 because as you were amortizing them, particularly if
4 you're amortizing a loss, you're basically adding more
5 expense to a given income statement for a particular
6 fiscal year by the amount of the amortization.

7 So that amortization actually then adds to
8 your costs. What you're doing is you're deferring costs
9 to future years. And let's say you had built up in very
10 simply terms a \$13 1/2 million deficit, we'd, in effect,
11 be amortizing about a million dollars a year if nothing
12 else changed going forward.

13 And what that amortization has the effect
14 of is increasing your expense in a given fiscal year by a
15 million dollars. And that falls to the bottom line and
16 means that your earnings are reduced by a million
17 dollars.

18 The liability is ever growing, though,
19 over that time period. The book liability would be
20 growing by a million dollars in that amortization and the
21 unamortized portion would be reducing by a million
22 dollars until you got to the end of the thirteen and a
23 half (13 1/2) year period where the amortization would be
24 zero and the liability would have been increased by that
25 \$13 1/2 million that needed to be amortized.

1 MS. MYFANWY BOWMAN: And experience gains
2 or losses would be another term for those actuarial gains
3 and losses we've been talking about?

4 MR. BARRY GALENZOSKI: That's correct.

5

6 (BRIEF PAUSE)

7

8 MS. MYFANWY BOWMAN: I'm going to ask you
9 to turn to the Corporation's 2006 Annual Report, which is
10 at AI.11.

11

12 (BRIEF PAUSE)

13

14 MS. MYFANWY BOWMAN: And I'm going to
15 give you a section from last year's Annual Report so we
16 can compare the two (2), so I've got copies to
17 distribute.

18

19 (BRIEF PAUSE)

20

21 MS. MYFANWY BOWMAN: Has everyone got
22 their copies?

23

24 I'm going to ask you to look at last
25 year's Annual Report and I'm going to ask you to turn to
page 19, which should be the first page in the package I

1 gave you.

2 MR. BARRY GALENZOSKI: It is and this is
3 with respect to the notes to the universal compulsory
4 automobile insurance financial statements, which covers
5 the basic insurance plan.

6 MS. MYFANWY BOWMAN: Correct. Now, if we
7 look at the experience gains and losses, referred to as
8 the balance year end -- end of year, pardon me -- for
9 2004 the amount was \$10.619 million, is that right?

10 MR. BARRY GALENZOSKI: Yes, that's the
11 accumulated experience gains and losses over all the
12 years prior to that, plus the current year.

13 MS. MYFANWY BOWMAN: And under the
14 previous method that MPI employed that amount -- that ten
15 point six one nine (10.619) would then become the
16 unamortized actuarial losses for the beginning of the
17 following year, so we see that in the 2005 column?

18 MR. BARRY GALENZOSKI: Yes, that's
19 correct.

20 MS. MYFANWY BOWMAN: Are you able to tell
21 us the source of those actuarial losses?

22 MR. BARRY GALENZOSKI: Well, they're
23 based on individual actuarial reports that we've gotten
24 from our actuary -- external actuary that we use on this
25 particular liability, year over year.

1 So at any point in time, there would be an
2 actuary's report that supported that number.

3 MS. MYFANWY BOWMAN: What I'm trying to
4 get at, was that an average number for the Corporation?
5 It seems like a large number to me, was that average or
6 did it reflect a bad year at some point, or do you recall
7 what that was about?

8 MR. BARRY GALENZOSKI: No, it's a -- this
9 is an accumulation as I -- as I indicated to you
10 earlier. At one (1) time we actually had just a gain
11 that we were amortizing and then as the assumptions
12 worsened with respect to particularly the discount
13 factor, the number grew to a loss and this is been --
14 this is an accumulation of the last thirteen and a half
15 (13 1/2) years basically; that's what you're looking at.

16

17 (BRIEF PAUSE)

18

19 MS. MYFANWY BOWMAN: Now, as I understand
20 it, MPI has now changed its practice and in any year an
21 actuarial gain or loss will not be amortized but will be
22 fully recognized in that year?

23 MR. BARRY GALENZOSKI: Yes. That's
24 correct.

25 MS. MYFANWY BOWMAN: And would you agree

1 with me that that would make the provision for employee
2 future benefits more changeable year to year than it was
3 previously?

4 MR. BARRY GALENZOSKI: No, I wouldn't.
5 What make the benefit more changeable you're -- going
6 year to year is the economic assumptions that are -- that
7 are determined and the longer you hang on to economic
8 assumptions that aren't realistic and then you finally
9 recognize that, that's what makes it changeable. In our
10 situation we're not expecting to see great variability
11 going forward, however, that nothing can be guaranteed on
12 that side.

13 I guess one (1) other comment I'll make
14 while you're thinking about your next question is that
15 the variability is exactly the same under both processes.
16 It's just how much it might hit the income statement.

17 It doesn't -- doesn't do away with the
18 fact that there's still a liability hanging over your
19 head at some point in time. It's just how is it going to
20 be funded through the income statement process and how
21 much is going to get charged to any particular year.

22 So the actuarial side isn't changed. The
23 actuary doesn't care how we're handling that when they
24 determine the overall liability. So that that doesn't
25 enter into the equation whatsoever as to how we're doing

1 it on an accounting treatment basis.

2 MS. MYFANWY BOWMAN: So, if I understand
3 you, it's the employee future benefits are not likely --
4 the provision for employee future benefits is not likely
5 to be affected so much as the income statement, is that
6 right?

7 MR. BARRY GALENZOSKI: Well, the income
8 statement is, you know, basically getting cleaned up with
9 respect to recognizing this particular liability. There
10 is now funds available to fund the entire liability.
11 Those funds are earning interest that is going to accrue
12 to the pension and that should stabilize things from that
13 particular point of view with respect to what the impact
14 is going to be on the income statement year over year.

15 MS. MYFANWY BOWMAN: Looking at page 19
16 of last year's annual report, at the beginning of 2004
17 the plan had unamortized actuarial losses of 9.911
18 million; that's right?

19 MR. BARRY GALENZOSKI: That's how the
20 plan started the year, yes.

21 MS. MYFANWY BOWMAN: And then the plan
22 incurred another eight hundred and fifty-one thousand
23 (851,000) in actuarial losses in 2004?

24 MR. BARRY GALENZOSKI: For that year,
25 yes.

1 MS. MYFANWY BOWMAN: And the plan also
2 recognized a two hundred and fifty-four thousand dollar
3 (\$254,000) reduction in the balance based on an
4 amortization of that amount?

5 MR. BARRY GALENZOSKI: That's right.

6 MS. MYFANWY BOWMAN: And then we have an
7 actuarial variance -- pardon me, an allocation variance
8 of a hundred and eleven thousand dollars (\$111,000). Can
9 you tell me what that is?

10

11 (BRIEF PAUSE)

12

13 MR. BARRY GALENZOSKI: It's just an
14 allocation variance by line of business, and it's just to
15 balance it off to the final number.

16

17 (BRIEF PAUSE)

18

19 MS. MYFANWY BOWMAN: So then 2004 ended
20 with an amortized actuarial loss balance of 10.619
21 million?

22 MR. BARRY GALENZOSKI: That's correct.
23 And we began the next year with that number.

24 MS. MYFANWY BOWMAN: You foresaw where I
25 was going. So under the old method the -- of the 10.619

1 only three hundred and seventy-eight thousand (378,000)
2 would have been amortized in 2005?

3 MR. BARRY GALENZOSKI: That's right.

4 MS. MYFANWY BOWMAN: And along with
5 actuarial gains of five hundred and three thousand
6 (503,000) and an allocation variance of ten thousand
7 (10,000), you ended up with a provision for employee
8 future benefits for the pension plan of \$83.952 million.

9 MR. BARRY GALENZOSKI: That's with
10 respect to the basic component only, yes.

11 MS. MYFANWY BOWMAN: And then when you
12 added in the other benefits plans you ended up with a
13 total, if I'm not mistaken of \$102.822, is that --

14 MR. BARRY GALENZOSKI: It would be around
15 that amount, yes, and again that's just for the basis.

16 MS. MYFANWY BOWMAN: Thank you. Now, as
17 I understand MPI's new approach, what MPI has done is
18 instead of carrying forward that balance of 10.619
19 million it's taken that entire amount out of 2004 basic
20 retained earnings, is that right?

21 MR. BARRY GALENZOSKI: Yes, that's
22 correct, that was the required accounting treatment. We
23 had to take it from the prior year and re-state going
24 forward.

25 MS. MYFANWY BOWMAN: And am I correct in

1 understanding that that had an effect -- had an effect on
2 other elements of the financial statement?

3 MR. BARRY GALENZOSKI: Well, with respect
4 to the income statement, it actually reduced the cost on
5 the pension by, I believe, approximately \$1 million a
6 year. And with respect to the balance sheet, there was a
7 trading of dollars between various items within the
8 balance sheet.

9

10 (BRIEF PAUSE)

11

12 MS. MYFANWY BOWMAN: Can you explain, in
13 general terms, for the mathematically challenged, the
14 impact on net income of the amortization approach as
15 opposed to the expensing approach which MPI is now using?

16 MR. BARRY GALENZOSKI: Well, first of
17 all, I explained to you earlier about the allocation
18 between investment income and expense. And as the fund
19 is funded, in this now fully funded, it is now eligible
20 to earn full investment income because the funds are
21 sitting there associated with that particular liability.

22 And that comes off of the investment
23 income line on the income statement and goes directly
24 into the -- into that liability. Then with respect to
25 the expense side, that recognizes the current service

1 costs and any change that may have been left over with
2 respect to the actuarial gains or losses, that might
3 accrue in a particular year.

4 MS. MYFANWY BOWMAN: Would it be fair to
5 say that it's somewhat -- a somewhat complex process?

6 MR. BARRY GALENZOSKI: No, it's not that
7 complex.

8 MS. MYFANWY BOWMAN: As a result of this
9 accounting change, basic has retroactively \$10.6 million
10 less in retained earnings as of February 29, 2004 than it
11 had the year before?

12 MR. BARRY GALENZOSKI: Well, it -- it is
13 now recorded on the books and so that has the impact of
14 doing that, but the liability was still there. It was in
15 the notes to the financial statement.

16 So that money was going to be brought back
17 into, you know, into the income statement at some point
18 in time as an expense and reduce -- if nothing else was
19 changing the retained earnings over time.

20 It just was the timing of that is what's
21 in question, not the amount that's in question.

22 MS. MYFANWY BOWMAN: I'm not suggesting
23 that, but what I'm saying is, that retroactively there
24 are \$10 million less in basic retained earnings than
25 there were before. I'm not saying that they've gone into

1 someone's pocket, I'm saying that they've moved to
2 another area of --

3 MR. BARRY GALENZOSKI: As I've indicated
4 before, reallocation was on -- on the balance sheet, yes.

5 MS. MYFANWY BOWMAN: And if we look at
6 page 19 of last year's Annual Report and compare it to
7 page 20 of this year's Annual Report, which is at AI.11,
8 if you need to find it.

9 You've got it? Okay. And if we look at
10 the year 2005, there are in fact a number of changes as a
11 result of this accounting change, is that right?

12 MR. BARRY GALENZOSKI: Yes, that's
13 correct, we've restated based on our new policy.

14 MS. MYFANWY BOWMAN: So looking at
15 balance beginning of year, it's gone from 86.893 million
16 to seventy-six point two seven four (76.274), is that
17 right?

18

19 (BRIEF PAUSE)

20

21 MR. BARRY GALENZOSKI: Yeah the
22 difference is, is that the prior year adjustment is shown
23 as a separate item of 10.619 million.

24 MS. MYFANWY BOWMAN: That's right. And
25 then the allocation variance has changed as well; is that

1 right? It's gone from eighty-eight (88) to one twenty-
2 one (121)?

3 MR. BARRY GALENZOSKI: Yes, that's
4 correct.

5 MS. MYFANWY BOWMAN: And so the balance
6 end of year has -- bear with me for a second. The
7 provision for employee future benefits has gone from
8 eighty three nine fifty-two (83.952) to ninety-three
9 seven thirty-three (93.753), is that right?

10 MR. BARRY GALENZOSKI: Yes, that
11 recognizes that the \$10 million has moved.

12

13 (BRIEF PAUSE)

14

15 MS. MYFANWY BOWMAN: If we turn to the
16 next page for 2004, that would be page 20 in the 2005
17 report, the excerpt on page 21 of this year's report, the
18 current service costs for 2005 has changed from 3.937
19 million to 4.022 million, is that right?

20 MR. BARRY GALENZOSKI: Yes, that's
21 correct.

22 MS. MYFANWY BOWMAN: And the interest
23 cost has changed from 5.058 million to five point eight
24 three four (5.834)?

25 MR. BARRY GALENZOSKI: Correct.

1 MS. MYFANWY BOWMAN: The amortized
2 actuarial losses pertaining to interest have gone from
3 two forty-eight (248) to five twenty-eight (528)?

4 MR. BARRY GALENZOSKI: That's right.

5 MS. MYFANWY BOWMAN: And pertaining to
6 expense has gone from one thirty (130) to three ten
7 (310)?

8 MR. BARRY GALENZOSKI: Yeah, three ten
9 (310) negative.

10 MS. MYFANWY BOWMAN: Pardon me. You're
11 right. So, it's gone from positive one thirty (130) to
12 negative three ten (310) and to correct the record, for
13 the amortized actuarial losses pertaining to interest
14 they've gone from positive three forty-eight (348) to
15 negative five twenty-eight (528)?

16 MR. BARRY GALENZOSKI: Positive two
17 forty-eight (248) to negative five twenty-eight (528).

18 MS. MYFANWY BOWMAN: Thank you. And so
19 the total at the bottom has gone from nine point three
20 seven three (9.373) to nine point zero one eight (9.018)?

21 MR. BARRY GALENZOSKI: That's correct.

22

23

(BRIEF PAUSE)

24

25 MS. MYFANWY BOWMAN: Now, in one of CAC's

1 interrogatories the Corporation was asked to identify the
2 benefit to ratepayers of making this accounting change
3 and as I understood their response it was that it would
4 reduce future expenses on an ongoing basis by
5 approximately a million dollars per year.

6 Can you explain to me how that comes to
7 be?

8 MR. BARRY GALENZOSKI: Well, that's the
9 amortization we're talking about for the future. If you
10 have \$10 million that you having to amortize over a
11 thirteen (13) year time period you just -- it's a simple
12 calculation of dividing that into the number that you've
13 got to amortize and you're bringing that all forward in -
14 - at one point in time and you won't have to pay that in
15 the future.

16 So we -- what we did was we basically
17 cleaned up the balance sheet here instead of one (1) --
18 one (1) entry.

19 MS. MYFANWY BOWMAN: So there's not an
20 extra million dollars in the ratepayers pockets as a
21 result of this change, am I correct?

22 MR. BARRY GALENZOSKI: No, it's a --
23 timing of recognition of the -- of the expense or the
24 liability, as you might want to put it. And that's all
25 it is. It's just a timing difference.

1 MS. MYFANWY BOWMAN: And --

2 MS. MARILYN MCLAREN: Excuse me, and just
3 on that point, to put it into the rate setting terms, our
4 estimate of the future value of that loss transfer has
5 been reduced by a million dollars a year.

6 There are less dollars in the total
7 expense forecast, a million dollars every year, is lower
8 by that amount.

9 MR. BARRY GALENZOSKI: So that does have
10 a future impact on rates. The -- taking the \$10 million
11 and charging that into the retained earnings section has,
12 in effect, reduced that amount, but you've also now
13 reduced your future ongoing expenses, which has a
14 favourable impact towards rates.

15 MS. MYFANWY BOWMAN: So it's a trade off?

16 MR. BARRY GALENZOSKI: Some trade off
17 there, yes. You're trading, you know, you recognize that
18 liability that was hanging over your head, to speak, and
19 it is has now been dealt with and in the future, if
20 everything else is equal, the rate setting process is
21 benefited going forward.

22

23 (BRIEF PAUSE)

24

25 MS. MYFANWY BOWMAN: You would agree with

1 me that both techniques recognize the liability, the
2 question is simply timing, is that fair?

3 MR. BARRY GALENZOSKI: Yes, timing is a
4 big issue here.

5 MS. MYFANWY BOWMAN: But the Corporation
6 is not suggesting that the old technique didn't recognize
7 the liability?

8 MR. BARRY GALENZOSKI: No, in fact, we
9 were -- we took every step we possibly could to make sure
10 the recognition of the liability was displayed. It was
11 in the notes to the financial statement.

12 It came down to looking at the policy with
13 respect to going forward, as to whether that was a good
14 policy, or not, to follow. And we decided to follow the
15 policy of funding, rather than not funding.

16 MS. MYFANWY BOWMAN: Now, the Corporation
17 has indicated that prior to making this accounting change
18 it conferred with the external auditor, the Provincial
19 Department of Finance, and the Office of the Auditor
20 General, is that right?

21 MR. BARRY GALENZOSKI: Yes, that's
22 correct. Very specifically the Department of Finance
23 has, through our legislation, they have authority over
24 the form and content of our annual report. So we need to
25 get approval from them, with respect to things like this.

1 And I always like to make sure that we've
2 taken the relative authorities that we may have to answer
3 to, at some point in time, and talk to them in advance
4 about any changes that we're making to accounting
5 policies to make sure that they're not going to show up
6 at an audit committee meeting and say, you did the wrong
7 thing folks, okay.

8 MS. MYFANWY BOWMAN: And who, on behalf
9 of MPI would have been responsible for having those
10 discussions?

11 MR. BARRY GALENZOSKI: Myself and Mr.
12 Dyck.

13 MS. MYFANWY BOWMAN: Would that be the
14 gentleman next to you?

15 MR. BARRY GALENZOSKI: That would be my
16 right-hand man on my right-hand side, yes.

17 MS. MYFANWY BOWMAN: Now, I understand as
18 well, that this matter was discussed at the audit
19 committee level and the audit committee then made a
20 recommendation to the Board is that right?

21 MR. BARRY GALENZOSKI: Yes, that's
22 correct. That's how any significant changes in
23 accounting policies would flow through the organization.

24 MS. MYFANWY BOWMAN: And the Board
25 discussed the matter and passed a motion to accept the

1 Audit Committee's recommendation, is that right?

2 MR. BARRY GALENZOSKI: That's correct.

3 MS. MYFANWY BOWMAN: Were there any
4 discussions at board meetings before you and Mr. Dyck met
5 with those external parties, or did that come later?

6 MR. BARRY GALENZOSKI: Oh no, we would
7 also advise our Board that we're heading down this road
8 to make sure that everybody was okay with that also. You
9 know, there's no point in me lining up the ducks outside
10 the board and getting whacked inside the board.

11 So we are pretty careful about things
12 along that line.

13 MS. MYFANWY BOWMAN: And as I recall, in
14 CAC/MSOS II-18, the Corporation was asked to identify the
15 originator of the change and all of the internal
16 communications, minutes of board meetings et cetera.

17 Do you recall that question being asked?

18 MR. BARRY GALENZOSKI: I recall that
19 question and as I recall there wasn't much to be offered,
20 mainly because there wasn't that much put in writing. It
21 was verbally discussed both with our board, as well as
22 with the externals.

23 And we did put together the financial
24 impacts when we finally went to the Board with approvals
25 on this.

1 MS. MYFANWY BOWMAN: So there was some
2 material; right?

3 MR. BARRY GALENZOSKI: There would have
4 been some material that demonstrated the accounting
5 treatment because, you know, as you've indicated, it was
6 a restatement of prior years and so there had to be some
7 information that was provided to them. Whether -- I
8 think I did that through some form of presentation.

9 MS. MYFANWY BOWMAN: As -- as I recall,
10 the response that CAC received to its Interrogatory was
11 one (1) minute of approximately three (3) lines which
12 said, and I quote:

13 "Moved by Mr. Bittner and seconded by
14 Mr. Read that members ratify the
15 decision of the Audit Committee
16 approving the change in accounting
17 policy which fully recognizes actuarial
18 gains and losses as they occur.
19 Carried."

20 Is it your recollection that that was the
21 extent of the response that CAC received?

22 MR. BARRY GALENZOSKI: I believe that was
23 the extent and that's very typical of what -- what
24 happens with respect to board documentation. We don't
25 usually provide the documentation of the board. What we

1 do provide is the board minute and that is the board
2 minute supporting that particular recommendation.

3 MS. MYFANWY BOWMAN: So there's no other
4 documentation, notes, presentation material,
5 correspondence, memoranda, there's nothing else other
6 than a three (3) line minute with reference to a change
7 affecting -- an accounting change affecting retained
8 earnings by \$10 million?

9 MR. KEVIN MCCULLOCH: Mr. Chairman, if I
10 could, I'd like to break in at this point and say that
11 Mr. Galenzoski's previous response was that there was
12 further information provided to the board. He also
13 indicated that the restatement of financial statements
14 that was required as a result of this change was
15 reflected in the annual returns and he's referred to it
16 in his evidence.

17 So the information that was provided in
18 response to CAC/MSOS-2-18(a) reflected the board minute
19 that was passed and that is -- is the minute that was
20 passed at that -- at that meeting.

21 THE CHAIRPERSON: Just by way of
22 background, my understanding of what's gone on is you've
23 indicated you noted before this actuarial difference
24 carried a note to the financial statements. The change
25 is reflective of GAAP. The auditors have provided a

1 clean opinion as has your external actuary. And you've
2 indicated that the annual effect on expenses reflected in
3 rates is actually, if you want to call it, depressing
4 rates to the relative value of a million a year.

5 The present value of that would
6 approximate the \$11 million of -- that you've flipped
7 over; am I correct?

8 MR. BARRY GALENZOSKI: Yes. That's
9 correct.

10 THE CHAIRPERSON: Ms. Bowman, do you have
11 much more on this topic?

12 MS. MYFANWY BOWMAN: If I could have a
13 moment to look at my notes?

14

15 (BRIEF PAUSE)

16

17 MS. MYFANWY BOWMAN: Just a couple of
18 quick questions.

19 THE CHAIRPERSON: Okay.

20

21 CONTINUED BY MS. MYFANWY BOWMAN:

22 MS. MYFANWY BOWMAN: So, there isn't any
23 other written material that MPI is able to produce,
24 whether it's memoranda, letters, presentation material?
25 There's nothing else that MPI can produce?

1 MR. BARRY GALENZOSKI: No. Everything is
2 disclosed in the annual report.

3 MS. MYFANWY BOWMAN: What I'm trying to
4 get at is the discussion and the process that preceded
5 the change?

6 MR. KEVIN MCCULLOCH: Again, Mr.
7 Chairman, there was a request through the -- through the
8 second round and a response was filed. It appears that
9 counsel is now questioning whether that was a full
10 response or not. There clearly was an opportunity
11 outside of this forum to follow up if she felt that the
12 response wasn't sufficient.

13 I can, just for the advice of the board
14 and for counsel, confirm that in previous requests for
15 board background material the Corporation has taken the
16 position that the material provided to the board in their
17 arriving at a decision is not subject to disclosure,
18 although the decision itself and the subsequent financial
19 ramifications are subject to disclosure.

20 MS. MYFANWY BOWMAN: And I'm just trying
21 to confirm for the record that they're -- aside from
22 material provided to the Board, there is nothing in
23 writing with respect to any of the discussions with the
24 external parties, nothing like that?

25 THE CHAIRPERSON: I think Mr. Galenzoski

1 said that. Subject to confirming any advice that we
2 might receive from Board Counsel, I think that we've
3 pretty well surveyed this, Ms. Bowman.

4 MS. MYFANWY BOWMAN: Thank you, Mr.
5 Chairman.

6

7 CONTINUED BY MS. MYFANWY BOWMAN:

8 MS. MYFANWY BOWMAN: My final question
9 in this matter and it doesn't deal with documentation,
10 you'll be pleased to hear, is; as I understand it, the
11 Corporation is not aware of any other publically owned
12 auto insurer that is using this particular approach, is
13 that right?

14 MR. BARRY GALENZOSKI: We haven't checked
15 with them, so we don't know what they're doing on that
16 side.

17 THE CHAIRPERSON: Mr. Galenzoski,
18 presumably your external auditors would be familiar with
19 the industry practice?

20 MR. BARRY GALENZOSKI: They may be
21 familiar with the industry practice. We didn't -- we
22 didn't canvass them on what the industry's doing. They -
23 - we did talk to them about the relative merits of this.

24 We did talk to them about what is the
25 proper treatment if we decided to move this way. And we

1 fully explored that with them, as well as the Auditor
2 General and the Department of Finance.

3 THE CHAIRPERSON: On the surface of it, I
4 think we can understand that the effect of the change has
5 been to depress the retained earnings of basic.

6 Other than that, to be direct, Ms. Bowman,
7 I don't see anything particularly nefarious about it, I
8 just see it as sort of ongoing clean-up as Mr. Galenzoski
9 pointed out, but I leave the interpretation to you.

10 MS. MYFANWY BOWMAN: Thank you, Mr.
11 Chair. I was actually ready to move to something else.

12

13 CONTINUED BY MS. MYFANWY BOWMAN:

14 MS. MYFANWY BOWMAN: I have some
15 questions dealing with operating expenses. Again, should
16 I direct my questions to you, Mr. Galenzoski?

17 MR. BARRY GALENZOSKI: Sure.

18 MS. MYFANWY BOWMAN: I'm reminded however
19 that I've been remiss in entering my handout as an
20 Exhibit. So perhaps -- I can't remember what CAC's last
21 exhibit was, but perhaps we should mark that as the next
22 one.

23 THE CHAIRPERSON: Mr. Singh? It will be
24 Exhibit 5, CAC/MSOS 5.

25 MS. MYFANWY BOWMAN: Thank you.

1 THE CHAIRPERSON: Thank you. Thank you,
2 Mr. Dawson.

3

4 --- EXHIBIT NO. CAC/MSOS-5: Handout produced by Ms.
5 Bowman.

6

7 CONTINUED BY MS. MYFANWY BOWMAN:

8 MS. MYFANWY BOWMAN: Now, can you tell me
9 a little bit, just in general terms about the process for
10 setting the operating expense budget?

11 MR. BARRY GALENZOSKI: Yes, we have a
12 fairly involved process where individual departments are
13 provided with some guidelines with respect to our
14 expectations regarding future expenses for the coming
15 fiscal period.

16 The departments are then requested to
17 prepare a budget based on their status quo and any new
18 initiatives whether they would be to increase or decrease
19 activities within their given range of responsibilities,
20 that is -- goes through a series of approval processes
21 within their division.

22 We then do a budget review process that
23 involves senior people in the organization and then
24 finally that document -- the consolidated budget is sent
25 to our Budget and Operations Committee of our Board of

1 Directors; for their review and approval and if they're
2 in agreement then that is sent to the full Board for
3 their agreement.

4 MS. MYFANWY BOWMAN: And so in terms of
5 the guidelines regarding budgeting expectations that are
6 sent out to the various Departments; would it be fair to
7 say that as a general rule, the Corporation's expectation
8 is to try and keep expenses within approximately the rate
9 of inflation, is that fair?

10 MR. BARRY GALENZOSKI: It depends on the
11 type of expenditure that we're looking at. For instance,
12 there's certain of the expenses that we would already
13 have some pre-determined idea as to what increases we'd
14 be expecting.

15 If we have a negotiated agreement on
16 collective bargaining with respect to salaries and that's
17 in place, then obviously we would have very firm ideas as
18 to what would be required to put into the budget to
19 satisfy that agreement.

20 So that would go in there. And generally
21 speaking, we would look at other individual expense
22 categories and try to determine if they were operating
23 within inflation or not, you know.

24 In some cases, we're looking for no
25 increases on certain expenses, but in other cases if

1 something is happening for a particular reason; let's say
2 it could be with telecommunications or something or
3 property taxes and you know that some activity is
4 happening out there that might lead you to believe it's
5 going to be higher than inflation, well, we have to take
6 a realistic view of the budget. And we do. And we would
7 propose a higher number.

8 MS. MYFANWY BOWMAN: Of course, and
9 obviously if there's new activities that are being
10 undertaken, as an example, a new project or something
11 like that, then that's going to affect it as well.

12 MR. BARRY GALENZOSKI: That wouldn't be
13 in the budget guideline though. The budget guideline
14 helps them and gives them direction with respect to their
15 status quo requirements. Any new initiatives or changes
16 that they want to make has to be justified through a
17 stand-alone process.

18 MS. MYFANWY BOWMAN: And as I understand
19 it for 2006/'07 a budgetary inflation factor of 2.25
20 percent was approved and applied for operating expenses
21 exclusive of new projects and so on; is that right?

22 MR. BARRY GALENZOSKI: I'll take that as
23 from some reference you have within the application.

24 MS. MYFANWY BOWMAN: I'm referring to SM-
25 5.5(c), page 14, if you'd like to take a look at that.

1 THE CHAIRPERSON: While Mr. Galenzoski is
2 searching out the reference, I've just been reminded that
3 we have to have an earlier break today so we're going to
4 stop at 11:45. There's a commitment that has to be
5 attended to. We'll return at 1:30 but we're still got
6 seven (7) minutes.

7 MS. MYFANWY BOWMAN: I'll try to speak
8 quickly.

9 MR. BARRY GALENZOSKI: Yes. That's what
10 we've indicated.

11

12 CONTINUED BY MS. MYFANWY BOWMAN:

13 MS. MYFANWY BOWMAN: And how does the
14 Corporation track its success in staying within those
15 budget guidelines and staying within budgeted amounts?

16 MR. BARRY GALENZOSKI: Well, we have very
17 elaborate tracking mechanism with respect to our expenses
18 that are provided to individual departments who are
19 required to explain any variances to the budget. We
20 track it also from a higher level with respect to overall
21 expenditures by expense category and all of those are
22 reported to the board, to the Audit Committee on a -- on
23 a regular basis every time they meet.

24 So there's a fairly extensive process of
25 being able to track expenditures.

1 MS. MYFANWY BOWMAN: And if expenditures
2 seem to be exceeding the guideline that was previously
3 set or exceeding the budgeted amount, what happens?

4 MR. BARRY GALENZOSKI: We look for
5 explanations. Sometimes there's very good reasons for
6 that to occur and depending on the reasons provided we
7 would either take some corrective action or allow things
8 to proceed the way they're going.

9 MS. MYFANWY BOWMAN: Now, if -- if I
10 understand correctly from SM-5.5.C, operating expenses
11 include employee compensation, data processing,
12 telecommunications, amortization, building expenses and
13 supplies for staff not relating to handling claims; is
14 that right?

15 MR. BARRY GALENZOSKI: Yes. There's a
16 long, long list of potential expenses that you just
17 summarized a few of the major ones. You know, and I
18 guess just to add on to my previous answer with respect
19 to what happens when -- if we look like we're over-
20 expending on a particular expense area in the budget,
21 that generally doesn't occur without somebody realizing
22 that ahead of time in the area that's responsible for it
23 and looking for approval ahead of time.

24 MS. MYFANWY BOWMAN: Thank you.

25 Now, as I understand it, operating

1 expenses would not normally include claims expenses, road
2 safety, regulatory expenses, things like that; is that
3 right?

4 MR. BARRY GALENZOSKI: That's correct.

5 MS. MYFANWY BOWMAN: And it also wouldn't
6 include DVL because those expenses run through extension;
7 is that right?

8 MR. BARRY GALENZOSKI: No. Extension --
9 it -- you know, what you're seeing -- you know, you may
10 see reports that deal specifically with -- with the basic
11 line of business. But generally speaking when we're
12 giving you overall expense numbers they're corporate
13 numbers which would include DVL.

14

15 MS. MYFANWY BOWMAN: That's a fair point.
16 I'm going to ask you to look, at some point, hopefully
17 now, at TI.9B.

18

19 (BRIEF PAUSE)

20

21 MS. MYFANWY BOWMAN: Do you have that?
22 And you make an excellent point. So this page deals
23 exclusively with basics expenses, is that right?

24 MR. BARRY GALENZOSKI: Yes, that's
25 correct. And they're -- they're for all kinds of

1 expenses including the claims, operating, road safety and
2 regulatory expenses.

3 MS. MYFANWY BOWMAN: That's right. And
4 I'm going to focus on the column dealing with operating
5 expenses. And so am I correct in understanding that this
6 column here, the numbers that we're going to talk about,
7 does not include DVL because those expenses run through
8 extension?

9 Am I correct?

10 MR. BARRY GALENZOSKI: That's correct.

11 MS. MYFANWY BOWMAN: Now, if I look at
12 2005/2006 -- I'm sorry, 2004/2005, those expenses have
13 been re-stated, is that right?

14 MR. BARRY GALENZOSKI: Yes, that's with
15 respect to the conversation we've had previously on
16 pension.

17 MS. MYFANWY BOWMAN: That was going to be
18 my next question, that's why it's because it's part of a
19 pension accounting change?

20 MR. BARRY GALENZOSKI: That's right.

21

22 (BRIEF PAUSE)

23

24 MS. MYFANWY BOWMAN: So the re-stated
25 basic operating expenses for '05/'06 are 36.802 million,

1 is that right? I'm sorry it was '04/'05 that was re-
2 stated. So the actual expenses for '05/'06 are thirty-
3 six point eight zero two (36.802)?

4 MR. BARRY GALENZOSKI: That's correct.

5 MS. MYFANWY BOWMAN: And the forecast
6 expenses for '06/'07 are 39.871 million, is that right?

7 MR. BARRY GALENZOSKI: That's right.

8 MS. MYFANWY BOWMAN: And if my math is
9 correct, that would be an 8.34 percent increase from the
10 one (1) year to the next? Always double check my math.

11 MR. BARRY GALENZOSKI: 8.34 percent.

12 MS. MYFANWY BOWMAN: And if we look at
13 forecast expenses -- pardon me -- projected expenses, for
14 '07/'08 they go up to 41.301, is that right?

15 MR. BARRY GALENZOSKI: That's correct.

16 MS. MYFANWY BOWMAN: And if my math is
17 correct again, that would be a 3.59 percent increase from
18 one (1) year to the next?

19 MR. BARRY GALENZOSKI: Yes, three point
20 five nine (3.59) actually.

21 MS. MYFANWY BOWMAN: Thank you. And if
22 I'm correct, as well, inflation in the last little while
23 has been running around 2 to 2 1/4 percent, is that about
24 right?

25 MR. BARRY GALENZOSKI: In that

1 neighbourhood, yes.

2 MS. MYFANWY BOWMAN: Would now be a good
3 time to stop, Mr. Chair?

4 THE CHAIRPERSON: Yes. Thank you very
5 much, Ms. Bowman. We'll see everyone back at 1:30.

6

7 --- Upon recessing at 11:45 a.m.

8 --- Upon resuming at 1:36 p.m.

9

10 THE CHAIRPERSON: Okay. Welcome back,
11 everyone, for Friday afternoon session.

12 Ms. Bowman...?

13

14 CONTINUED BY MS. MYFANWY BOWMAN:

15 MS. MYFANWY BOWMAN: Thank you, Mr.
16 Chair.

17 If we can go back to TI.9B we had just
18 been talking about the increase in basic's share of
19 operating expenses over the last couple of years being I
20 think from '05/'06 to '06/'07 was 8.34 percent and from
21 '06/'07 to '07/'08 was 3.59 percent, is that right?

22 MR. BARRY GALENZOSKI: Yes, I believe
23 that's correct.

24 MS. MYFANWY BOWMAN: And if we look at
25 TI.9B to get a sense of -- of what's driven those

1 increases, it would appear that data processing has
2 increased by about 26 percent, would that be right?

3

4

(BRIEF PAUSE)

5

6

7

MR. BARRY GALENZOSKI: I get it at 33
percent if you're looking at it from '05/'06 to '07/'08
or 6 percent if you're going from the '06/'07 to '07/'08.

8

9

10

MS. MYFANWY BOWMAN: I'm sorry, I was
looking from '05/'06 to '06/'07. So it goes from two
eight four five (2845) to three five eight five (3585).

11

12

MR. BARRY GALENZOSKI: Yeah, we can
confirm that.

13

14

15

16

17

18

MS. MYFANWY BOWMAN: And I'll -- I'll be
talking about the same years for the next couple of
matters as well. Amortization has gone from eight
ninety-seven (897) to one thousand one thirty-two (1,132)
which as I calculate is an increase to 26.2 percent.

19

20

21

22

23

MR. BARRY GALENZOSKI: That's correct.

MS. MYFANWY BOWMAN: Printing,
stationery, and supplies have gone from seven thirteen
(713) to eight fifty-eight (858) which I make out to be
20.34 percent?

24

25

MR. BARRY GALENZOSKI: I'll take that.

MS. MYFANWY BOWMAN: Your math is far

1 faster than mine. Postage has gone from one thousand one
2 forty-five (1,145) to one thousand two-o-four (1,204)
3 which is an increase of 5.51 percent.

4 MR. BARRY GALENZOSKI: Seeing as how
5 you've calculated the first couple correct I'll accept
6 the rest.

7 MS. MYFANWY BOWMAN: And travel and
8 vehicle expenses have increased in that period by 14.81
9 percent?

10 MR. BARRY GALENZOSKI: I'll accept that.

11 MS. MYFANWY BOWMAN: And special services
12 by 70.65 percent?

13 MR. BARRY GALENZOSKI: I'll also accept
14 that.

15 MS. MYFANWY BOWMAN: Now, I'm going to
16 ask you to look at CAC-1-14.

17

18 (BRIEF PAUSE)

19

20 MR. BARRY GALENZOSKI: I have that.

21 MS. MYFANWY BOWMAN: Now, in fairness,
22 we're not comparing exactly apples to apples, because as
23 I understand it, this deals with the Corporation as a
24 whole and not just basic, is that right?

25 MR. BARRY GALENZOSKI: Yes, that's

1 correct.

2 MS. MYFANWY BOWMAN: And it also includes
3 some expenses which I think were not included under
4 operating expenses; for examples, safety and loss
5 prevention, is that right?

6 MR. BARRY GALENZOSKI: Yes, that's
7 correct.

8 MS. MYFANWY BOWMAN: So the numbers will
9 be somewhat different. But, if we look at the budget --
10 this talks about the budget from '05/'06, that was 4.9
11 percent higher than the year before, is that right?

12 MR. BARRY GALENZOSKI: That was the
13 budget guideline was 4.9 percent or \$6.6 million higher,
14 compared to the '04/'05 approved budget.

15 MS. MYFANWY BOWMAN: And the actual was,
16 in fact, 6.4 million or 3.9 percent over the budgeted
17 amount for '05/'06, is that right?

18 MR. BARRY GALENZOSKI: That's correct.

19 MS. MYFANWY BOWMAN: And if my math is
20 correct, that would mean a \$13 million increase from the
21 previous year, is that right? Six point six (6.6) plus
22 six point four (6.4)?

23 MR. BARRY GALENZOSKI: No, you wouldn't
24 add those two (2) together. The -- one (1) is the budget
25 guideline and then the other is just telling you what the

1 actual is, so you have to take them as stand alone.

2 MS. MYFANWY BOWMAN: I see. Thank you.
3 Now, if we look at CAC round 2, number 23, that comments
4 on the variances from budget to actual and basic's share
5 of those expenses, is that...

6 MR. BARRY GALENZOSKI: Was it round 2
7 question?

8 MS. MYFANWY BOWMAN: Yes, round 2, number
9 23.

10 MR. BARRY GALENZOSKI: Yes, that's
11 dealing with basic share of corporate expenses.

12 MS. MYFANWY BOWMAN: As distinct from
13 operating expenses?

14 MR. BARRY GALENZOSKI: Yes it does
15 include safety and loss prevention here.

16 MS. MYFANWY BOWMAN: Just so that we're
17 comparing apples to apples. Now, this IR talks about the
18 differences between budget and actual and it looks like
19 compensation was up by 2.3 million from what was
20 budgeted.

21 And as I understand it, that was primarily
22 due to the pension adjustment that we talked about
23 earlier, is that right?

24 MR. BARRY GALENZOSKI: That's correct.

25 MS. MYFANWY BOWMAN: But, the Corporation

1 didn't actually pay out \$2.3 million out of its pocket to
2 -- like an additional 2.3 million to employees, did it?

3 MR. BARRY GALENZOSKI: No, not with
4 respect to the pension liability, that's just a provision
5 that's set aside for the future expenditure based on the
6 calculation on today's dollars.

7 MS. MYFANWY BOWMAN: Thank you. And the
8 building expenses went up by a hundred and twenty-nine
9 thousand dollars (\$129,000) over the budgeted amount.

10 Do you have any thoughts on why that was?

11 MR. BARRY GALENZOSKI: Well, the
12 information as provided there was due mainly to increased
13 building operating and maintenance costs, such as
14 plumbing, heating and air conditioning costs.

15 Keep in mind that the Corporation has a
16 fair number of locations, and this is all of the building
17 costs put together.

18 MS. MYFANWY BOWMAN: I note that the --
19 although the portion allocated to basic is quite small;
20 it's a hundred and twenty-nine thousand (129,000).
21 Corporation wide the overage was 1.116 million, is that
22 right?

23 MR. BARRY GALENZOSKI: Well this is the
24 building expense increase over the -- the variance in
25 basic's share of Corporate expenses, so it was over and

1 above what was expected for basic, for building expenses.

2

3

(BRIEF PAUSE)

4

5

MS. MYFANWY BOWMAN: And I note as well,
6 that safety and loss prevention for basic -- the basic
7 share of that was 3.3 million over budget and that was
8 due to, primarily the immobilizer program, is that right?

9

MR. BARRY GALENZOSKI: Yes, that's
10 correct.

11

MS. MYFANWY BOWMAN: And those expenses
12 had not been budgeted for that year?

13

MR. BARRY GALENZOSKI: No, we -- we
14 hadn't budgeted those and this -- this expense line is
15 very much subject to the take-up that we have with
16 respect to the immobilizer program as well as the
17 increase in any costs that we see from an administrative
18 side to administer that program.

19

MS. MYFANWY BOWMAN: And so that would
20 also be presumably the extension of -- or the expansion
21 of the program to include free immobilizers as opposed to
22 the discount, right?

23

MR. BARRY GALENZOSKI: That's correct, as
24 well as any volume changes that we may have experienced
25 because of take-up on the immobilizer program.

1 MS. MYFANWY BOWMAN: Going back to CAC
2 round 1, Interrogatory Number 14, if we look at the
3 budget for '06/'07 -- sorry, I'll let you catch up there.
4

5 (BRIEF PAUSE)
6

7 MS. MYFANWY BOWMAN: You got that? The
8 guideline was for an overall increase of 4.7 percent or
9 7.8 million, is that right?

10 MR. BARRY GALENZOSKI: That's correct.

11 MS. MYFANWY BOWMAN: And that's for the
12 Corporation as a whole, not just basic, is that right?

13 MR. BARRY GALENZOSKI: That's right.
14

15 (BRIEF PAUSE)
16

17 MS. MYFANWY BOWMAN: Now, I understand --
18 and I'm looking now at round 2, Number --

19 MR. BARRY GALENZOSKI: I'll make a slight
20 correction to that. The -- if you look at the first page
21 with respect to our response to CAC-1-14 and we look at
22 Item D, it talks about the 2005/'06 budget guideline was
23 4.9 percent or 6.6. It doesn't talk about the guideline
24 for the '06/'07 year.

25 MS. MYFANWY BOWMAN: I think I was

1 looking at 'G'; is that not '06/'07?

2 MR. BARRY GALENZOSKI: Yes, I thought you
3 said though 4.9 percent and that -- this is showing 4.7
4 or 7.8 million for '06/'07.

5 MS. MYFANWY BOWMAN: That was certainly
6 what I intended to say in any event.

7

8 (BRIEF PAUSE)

9

10 MS. MYFANWY BOWMAN: Now, as I understand
11 it, and I'm looking here at round 2, number 24, the
12 '06...

13

14 (BRIEF PAUSE)

15

16 MS. MYFANWY BOWMAN: The '06/'07 budget,
17 and again we're talking about the Corporation as a whole,
18 in fact increased by 14.761 million or 9.11 percent, is
19 that right, over last year?

20 MR. BARRY GALENZOSKI: That's for '06/'07
21 you're talking about?

22 MS. MYFANWY BOWMAN: That's right.

23 MR. BARRY GALENZOSKI: The numbers
24 showing here are -- you're saying please confirm that the
25 -- with respect to basic's share of the 2005/'06 approved

1 expense budget. Basic's share of the '06/'07 approved
2 expense budget in total is increased by \$9.2 million or
3 8.06 percent; that's in your Section B and we confirm
4 that.

5 MS. MYFANWY BOWMAN: I was actually
6 looking at 'A'. So that was the -- for the budget --
7 you're just referring to Basic in 'B'. In 'A' we're
8 talking about the Corporation as a whole, it went up by
9 9.11 percent?

10 MR. BARRY GALENZOSKI: That's right.

11 MS. MYFANWY BOWMAN: Thank you very much.
12 I'm going to stand aside for Mr. Williams who wants to
13 move on to a new area.

14 THE CHAIRPERSON: Thank you, Ms. Bowman.
15 Mr. Williams...?

16

17 CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

18 MR. BYRON WILLIAMS: Yes, good afternoon,
19 Mr. Chairman and members of the Board. Just to let you
20 know in terms of what's left to do in the CAC/MSOS cross,
21 there's probably four (4) areas just to keep your eyes
22 open. We're going to spend a bit of time this afternoon
23 on road safety. Ms. Desorcy is going to be joining us in
24 the next couple of minutes. It's a subject of particular
25 concern to her.

1 Under the loose heading -- I have some
2 clean up on short snappers following from a bit of the
3 Board cross-examination which, hopefully, will also
4 finish this afternoon with luck.

5 Thanks to the very excellent job done by
6 Board Counsel, as usual, we have been able to revise some
7 of our work on some of the big ticket issues like the
8 rate stabilization reserve and the VAR and MCT but we
9 will be visiting those. I expect timewise you'll be
10 looking at that Tuesday morning.

11 And, again, on programs like the IIP and
12 the \$10 million appropriation. I'm not guaranteeing
13 we'll be done Tuesday morning but I'm hoping to -- to
14 move through that as -- as well.

15 For the Board's benefit, and I'm glad
16 Dr. Miller's here, we usually do tend to hand out a big
17 book of documents, and we might even do that on -- on --
18 on Tuesday, but for cost and environmental concerns, we
19 thought we would try and stay, to a certain degree,
20 because, you know I know my clients don't always please
21 Dr. Miller so we'd like to do some things that do work
22 for him. So we are going to try and work off -- off the
23 documents that are already prepared to the degree
24 possible, at least today.

25 And I can just indicate for the Board's

1 reference, and also for the MPI Panel, most of these
2 questions will be for, I suspect, Mr. Bedard, that you'll
3 want to have the CAC/MSOS Interrogatories for both the
4 first and the second round nearby. And the -- there also
5 will be an excerpt -- or I'll be chatting right off the
6 start about Board Order 150/'05 from last year. So you
7 may want to have that nearby as well.

8 Okay, Mr. Bedard?

9 MR. WILF BEDARD: All right.

10 MR. BYRON WILLIAMS: And finally, and
11 I'll, just, to assist the Board, I see some of the Board
12 Members, I'm guessing, are working off of electronic
13 documents and there are a couple -- a couple of documents
14 that are actually on the record but one doesn't have page
15 numbers and another one I'm not sure if the electronic
16 version has a paper copy.

17 So, I'm just going to ask Mr. Singh to
18 hand out -- hand out two (2) documents. One is an
19 excerpt from safer roads, safer communities, Mr. Singh,
20 and the other one is the response to CAC/MSOS first
21 round, Interrogatory 1-27.

22 And I was inadvertently rude. I believe
23 MPI has copies but Board Counsel does not, nor do the --
24 my best friends, the other Intervenors. So, if we could
25 distribute that to them as well, that would be great.

1 (BRIEF PAUSE)

2

3 MR. BYRON WILLIAMS: Mr. Chairman, lest
4 Mr. Dobson leap upon me with -- with unwelcome advice,
5 these are on the -- on the record. You certainly can --
6 can mark them as exhibits if you wish but it's not
7 something that I think is necessary to do.

8 THE CHAIRPERSON: That's fine, Mr.
9 Williams.

10

11 CONTINUED BY MR. BYRON WILLIAMS:

12 MR. BYRON WILLIAMS: And finally,
13 Mr. Chairman, just before starting I know Mr. Galenzoski
14 is just itching to take a shot at me, so I did cut myself
15 shaving. I do want to thank the back row gentlemen and
16 women of MPI for offering to buy me a razor the other
17 day. And it was -- the thought was much appreciated, but
18 I'm trying to anticipate further lines of argument.

19 THE CHAIRPERSON: We're not on CPAC.

20 MR. BARRY GALENZOSKI: That was going to
21 be a one (1) time non-recurring event.

22 MR. BYRON WILLIAMS: We'll see how I look
23 on Tuesday.

24

25 CONTINUED BY MR. BYRON WILLIAMS:

1 MR. BYRON WILLIAMS: Mr. Bedard, I just
2 want to draw your attention to Board Order 150/05 and in
3 particular, pages 44 and 45, just to take a quick look at
4 where we were last year, in terms of the Board's advice.

5 Do you have that Mr. Bedard?

6 MR. KEVIN MCCULLOCH: It's being printed
7 in the back room as we speak.

8 MR. BYRON WILLIAMS: Well, you know what,
9 I wonder if I can summarize this and he can accept it
10 subject to check.

11

12 CONTINUED BY MR. BYRON WILLIAMS:

13 MR. BYRON WILLIAMS: Mr. Bedard, I'm going
14 to try and put you at which I take to be the -- in terms
15 of the Board's comments on road safety from last year,
16 because we all read those religiously, of course.

17 You'll agree with me that one (1) of the
18 points that the Board made was that the incidents and
19 severity of accidents and injuries is far too high in
20 Manitoba, would you agree with that?

21 MR. WILF BEDARD: Yes I would.

22 MR. BYRON WILLIAMS: And the Board almost
23 --also made the point that we would all be better off,
24 from a premium perspective, in the future if the
25 incidents and severity of injuries was reduced.

1 Would you agree with that?

2 MR. WILF BEDARD: Yes, we would be.

3 MR. BYRON WILLIAMS: And that's also what
4 the Board said last year, you'll agree with that?

5 MR. WILF BEDARD: Yes.

6 MR. BYRON WILLIAMS: And you'll also
7 recall that -- and I'll just let Mr. McCulloch get there,
8 so it's at the bottom of page 44, Mr. McCulloch where I'm
9 directly Mr. Bedard's attention.

10 The Board also made the point that -- and
11 I'm referring you to the first paragraph, that benchmarks
12 need to be developed to allow MPI to effectively assess
13 it's road safety actions and plans, you'll agree with
14 that sir?

15 MR. WILF BEDARD: Yes.

16 MR. BYRON WILLIAMS: And referring you to
17 the middle paragraph on page 45, in particular, the Board
18 talked about a recent develop -- with MPI developing an
19 estimate of the annual claims cost associated with
20 impaired driving.

21 Do you see that, sir, and you recall that?

22 MR. WILF BEDARD: Yes.

23 MR. BYRON WILLIAMS: And it also spoke of
24 MPI developing estimates for other -- other big ticket
25 items, such as speeding and occupant restraint, is that

1 correct?

2 MR. WILF BEDARD: Yes.

3 MR. BYRON WILLIAMS: And the point the
4 Board appeared to be making in that -- that excerpt was
5 that MPI -- with such cost estimates MPI will be able to
6 estimate benchmarks to compare against experience as it
7 amends its programs, is that correct, sir?

8 MR. WILF BEDARD: Yes, that's right.

9 MR. BYRON WILLIAMS: And finally, if you
10 direct your eyes towards the bottom of page 45, you'll
11 see that the Board suggested the MPI commission an
12 independent study on a number of subjects; including
13 accident prevention, is that right?

14 MR. WILF BEDARD: Yes, I see that.

15 MR. BYRON WILLIAMS: But, it also noted
16 that MPI had a few other things on the go and that it
17 needed to prioritize its reviews, would that be fair?

18 MR. WILF BEDARD: Yes, that true -- it
19 also -- it also mentioned looking into driver's
20 education, as well.

21 MR. BYRON WILLIAMS: We're going to spend
22 a bit of time on that this afternoon, Mr. Bedard, so
23 we'll get to that.

24 Mr. Bedard and for the Board's assistance,
25 if you could turn in the second round of CAC/MSOS

1 Interrogatories Number 2-33, please

2 And I'd note that -- Mr. Chairman, that
3 Ms. Desorcy is here. She's been following the road
4 safety issues with quite some interest.

5 Do you have that, Mr. Bedard?

6 MR. WILF BEDARD: Yes, I do.

7 MR. BYRON WILLIAMS: And we -- I don't
8 want to get into formal definitions here, because I don't
9 think MPI has them, but I understand that when we look at
10 programs designed to mitigate or reduce the impact of
11 injuries, accidents and fatalities, it has two (2) broad
12 groupings; those being loss prevention and road safety.

13 Would that be fair?

14 MR. WILF BEDARD: It's loss prevention
15 only that deals with reducing claims costs and not the
16 road safety initiatives.

17 MR. BYRON WILLIAMS: Okay, I under -- I
18 understand your point. In terms of -- there are two (2)
19 broad spectrum -- broad spectrums; one is loss prevention
20 which is you expect to have a direct financial impact on
21 the frequency and severity of actions, is that right?

22 MR. WILF BEDARD: Yes, that's true.

23 MR. BYRON WILLIAMS: They're expected to
24 have a direct offset on claims incurred, correct?

25 MR. WILF BEDARD: We believe that the --

1 the costs, frequency, and cost associated with claims
2 reduces as a result of our loss prevention initiatives,
3 yes.

4 MR. BYRON WILLIAMS: And I -- I'm just
5 trying to set a bit of context here, Mr. Bedard. You can
6 certainly make any comments you want, but I'm just trying
7 to get us heading in the right direction.

8 So in terms of road safety the -- although
9 it doesn't have a cor -- formal definition the program
10 would tend to define them as programs that focus on
11 education and increased awareness on particular topics,
12 and they tend to look at behaviours and activities that
13 contribute to the increased likelihood of crashes, is
14 that fair?

15 MR. WILF BEDARD: Yes, that's true.

16 MR. BYRON WILLIAMS: And again, I don't
17 want to go through an exhaustive list, but on the loss
18 prevention kind of side of the Corporation's equation
19 you'll have things like the Auto Thefts Initiative, the
20 Special Investigations Unit, and the secondment of the
21 Crown Prosecutor, would that be right?

22 MR. WILF BEDARD: Yes, those as outlined
23 in CAC/MSOS-2-33. Things of that nature, yes.

24 MR. BYRON WILLIAMS: Yes, and there are
25 others. On -- and I want to focus for most -- most of

1 this afternoon on the road safety side of the equation
2 just so you know where I'm going.

3 On the road safety side of the equation
4 some -- some aspects of your program are -- include
5 driver education, is that correct?

6 MR. WILF BEDARD: Yes, that's true.

7 MR. BYRON WILLIAMS: And included under -
8 - in the Corporation's view under driver education
9 there's the driver education program that we're familiar
10 with and also programs such as Cops as Copilots and the
11 Driver's Ed Challenge; would that be fair, sir?

12 MR. WILF BEDARD: Yes.

13 MR. BYRON WILLIAMS: And I'll move over
14 fairly quickly. There's also programs related to the big
15 3; impaired driving, occupant safety, and speed.

16 Would that be fair?

17 MR. WILF BEDARD: Yes.

18 MR. BYRON WILLIAMS: And I want to spend
19 a bit more time on something that you call "vulnerable
20 road users."

21 And as I understand it the object of this
22 family of programs is to develop and support the delivery
23 of programs that inform and educate and train drivers of
24 high -- higher risk vehicles or road users that may be at
25 greater risk. Would that be fair?

1 MR. WILF BEDARD: Yes, that's aimed at
2 targeting individuals such as mature drivers, children,
3 pedestrians who use the roadway.

4 MR. BYRON WILLIAMS: Okay. And some of
5 those programs, and I -- I want to focus on the ones for
6 mature drivers for just a couple of minutes.

7 One (1) of those programs is the 55 Alive
8 Mature Driving Course, is that right?

9 MR. WILF BEDARD: Yes, that's right.

10 MR. BYRON WILLIAMS: And another one
11 would be the Older and Wiser Driver Initiative, is that
12 fair?

13 MR. WILF BEDARD: Yes.

14 MR. BYRON WILLIAMS: I wonder if you can
15 tell me just at a high level a little bit more about 55
16 Alive, Mr. Bedard. What -- what kind of program is it?

17

18 (BRIEF PAUSE)

19

20 MR. WILF BEDARD: It involves enrollment
21 in a seminar, a two (2) day seminar, where people
22 register to participate and it really highlights for
23 seniors the opportunities that they have to -- to manage
24 risk. It makes them aware of risk, educates them in
25 terms of the things that they should be looking for when

1 on the -- on the roadway, protecting themselves, things
2 of that nature.

3 MR. BYRON WILLIAMS: Now, when I think of
4 -- thank you for that answer -- when I think of 55 Alive
5 I think of the program that was originally developed by
6 the American Association of Retired Persons. Is it
7 modelled after that program or is it similar to that
8 program?

9 MR. WILF BEDARD: Yes, it is similar to
10 that program and the program is operated by the Manitoba
11 Safety Council.

12 MR. BYRON WILLIAMS: And you -- you
13 mentioned in seminars or -- I'm not sure if you said
14 workshops, but something of that, seminars. Is there an
15 active component of this related to actual driving?

16 MR. WILF BEDARD: I don't believe so, no.

17 MR. BYRON WILLIAMS: How long has MPI
18 been offering the 55 Alive Mature Driving Course,
19 roughly? For a number of years?

20 MR. WILF BEDARD: We're not sure of the
21 exact number of years, but it would be close to a decade
22 now.

23 MR. BYRON WILLIAMS: And what would be
24 the annual expenditure on that program? You can -- you
25 can just get back to me on that, Mr. Bedard. I don't

1 want to slow things down.

2 MR. WILF BEDARD: It's not an -- a
3 significant amount of money but we can get back to you
4 with that.

5 MR. BYRON WILLIAMS: That's fine.

6
7 --- UNDERTAKING NO. 10: MPI to indicate to CAC/MSOS
8 the annual expenditures on
9 the 55 Alive Mature Driving
10 Course.

11

12 CONTINUED BY MR. BYRON WILLIAMS:

13 MR. BYRON WILLIAMS: And can you indicate
14 whether or not there's been any recent changes to the
15 curriculum of that program?

16 MR. WILF BEDARD: It was upgraded a
17 couple of years ago by the safety council and I
18 understand it was upgraded again just this past year.

19 MR. BYRON WILLIAMS: And, again, I don't
20 want to delay things too much on this -- this subject,
21 but can you -- does the Corporation have any statistics
22 on who's actually taking this program in terms of the
23 demographics by age, gender?

24 MR. WILF BEDARD: Yes. That information
25 is captured. We don't have that available here today,

1 but yes, that data does exist.

2 MR. BYRON WILLIAMS: And does it capture
3 data related to the driving record of the participants of
4 the program, either before or after taking the program?

5 MR. WILF BEDARD: We have not done that
6 study. I'm aware that ICBC has done something similar to
7 that. We have not undertaken such a practice here.

8 MR. BYRON WILLIAMS: And we'll get to
9 that in a few minutes.

10 Are you familiar with the ICBC study,
11 Mr. Bedard?

12 MR. WILF BEDARD: Yes.

13 MR. BYRON WILLIAMS: Okay. Does Manitoba
14 Public Insurance capture or does it have the ability to
15 capture data relating to the driving record of mature
16 drivers; i.e. those over fifty-five (55)?

17 MR. WILF BEDARD: Yes, we do.

18 MR. BYRON WILLIAMS: Mr. Bedard, I'm --
19 I'm not going to get details right now on the record, in
20 the interests of time, from you on the Vulnerable Road
21 Users Program, but I wonder if -- would it be too much
22 trouble for the Corporation if you could provide me with
23 a brief description of the program and its budget?

24 In the interests of moving things along
25 would you be able to do that?

1 MR. WILF BEDARD: Yes, we can do that.
2 That is recorded as part of our ongoing measurement of
3 the twenty ten (2010) expectation. But, yes, we can
4 provide that to you.

5

6 --- UNDERTAKING NO. 11: MPI to supply CAC/MSOS with
7 description of the Vulnerable
8 Road Users Program.

9

10 CONTINUED BY MR. BYRON WILLIAMS:

11 MR. BYRON WILLIAMS: Just at a very high
12 level, and here is maybe your chance to make a speech if
13 you wish, Mr. Bedard, I take it from the Vulnerable Road
14 Users Program that the Corporation is committed to
15 programming the reduced risks for high risk users, such
16 as seniors; that's -- that would be fair?

17 MR. WILF BEDARD: Yes. That would be
18 fair.

19 MR. BYRON WILLIAMS: And when you look at
20 the rationale for investing in programs such as these,
21 I'll suggest two (2) to you. One (1) is the objective of
22 reducing the social and economic impact of crashes. The
23 other one is to -- a broader social purpose in terms of
24 enabling seniors to feel more comfortable on the road; to
25 maintain their independence. Would that be fair?

1 MR. WILF BEDARD: Sure, that would be
2 part of the objective. Yes.

3 MR. BYRON WILLIAMS: Would the
4 Corporation agree that seniors over the age of seventy-
5 five (75) are a particularly vulnerable group when it
6 comes to driving? Would that be the Corporation's view?

7 MR. WILF BEDARD: Yes, it would.

8 MR. BYRON WILLIAMS: And, in particular,
9 males over that age?

10 MR. WILF BEDARD: Yes, that's correct.

11 MR. BYRON WILLIAMS: Okay. We'll come
12 back to that in a little bit. Staying, Mr. Bedard --
13 we're still on CAC/MSOS-2-33, and in Sub B of that
14 question CAC asked you to talk about how the Corporation
15 assures the -- the efficiency of its spending on safety
16 and loss prevention programs in cases where there's no
17 hard targeted outcomes.

18 And I'm going to suggest to you that the
19 Corporation does so on an annual basis by establishing
20 short-term objectives, primarily process measures for
21 individual road safety programs, would that be correct,
22 sir?

23 MR. WILF BEDARD: Yes, that would be
24 correct.

25 MR. BYRON WILLIAMS: And essentially what

1 you do is, for some of these programs, you'll measure
2 attributes such as reach, message recall and other
3 industry benchmarks, would that be fair?

4 MR. WILF BEDARD: Yes, it would.

5 MR. BYRON WILLIAMS: Over the longer term
6 the Corporation would take the position that the only
7 true international measure for road safety success is the
8 trend line based on deaths per billion vehicle --
9 vehicles -- per billion vehicle kilometres travelled,
10 would that be fair?

11 MR. WILF BEDARD: Yes, that's right.

12 MR. BYRON WILLIAMS: But, it also, in
13 terms of judging its success, in fact the Manitoba's
14 success in road safety initiatives, MPI also looks at
15 factors such as injuries per billion vehicle kilometres
16 travelled; that would be another factor that they look
17 at, is that fair?

18 MR. WILF BEDARD: Along with twenty ten
19 (2010) measures, yes, that would be right.

20 MR. BYRON WILLIAMS: And you and I, and I
21 think perhaps you and someone else or I and someone else
22 from your Panel, got into this discussion in the past, so
23 I don't want to in this case.

24 But, one of the points that MPI has made
25 to me in the past, Mr. Bedard, is that while its goal is

1 to lead road safety initiatives that reduce risk and
2 protect Manitobans, it's only one (1) player in the
3 Manitoba market in terms of road safety, is that fair?

4 MR. WILF BEDARD: Yes, there's a number
5 of organizations, associations and interest groups that
6 have a vested interest in the safety of Manitobans, and
7 we are just one (1) supporting player, if you will in
8 that cause.

9 MR. BYRON WILLIAMS: And some of those
10 players, and we don't need to go into great detail, but
11 it could be Provincial highways, it could be City Police,
12 it could be the City highway or City road's people, as
13 well as, community organizations, would that be fair?

14 MR. WILF BEDARD: Yes, that's true.

15 MR. BYRON WILLIAMS: And a point you've
16 made to me in the past and I'm going to accept it, is
17 that when we're looking at statistics, Manitoba Public
18 Insurance can't take all the credit for the good news,
19 but nor should it be blamed for all the bad news, would
20 that be fair, Mr. Bedard?

21 MR. WILF BEDARD: Yes, I would agree with
22 that.

23 MR. BYRON WILLIAMS: And I think a point
24 that MPI would also make is that public education in and
25 of itself, can't be seen as the silver bullet for

1 reducing the terrible cost, socially and economically, of
2 automobile accidents, would that be fair?

3 MR. WILF BEDARD: There is no silver
4 bullet when it comes to road safety. Everyone that is
5 involved in the fight for safety would agree with that.
6 You have to have education, enforcement and engineering;
7 as we've talked about in this forum in the past.

8 MR. BYRON WILLIAMS: Thanks. See you're
9 getting through to me, Mr. Bedard. I'm learning as we
10 move along.

11 I want to turn to the first round
12 Interrogatory Response, CAC-1-18.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: Do you have that,
17 Mr. Bedard?

18 MR. WILF BEDARD: Yes, I do.

19 MR. BYRON WILLIAMS: And you'll recall
20 that we just discussed that MPI says that when we're
21 looking at the overall success of Manitoba -- in Manitoba
22 road safety initiatives, we should be looking at
23 fatalities per billion kilometre travelled, as well as
24 injuries, is that fair?

25 MR. WILF BEDARD: Yes.

1 now is the most recent information that's available to
2 Manitoba Public Insurance?

3 MR. WILF BEDARD: Yes, that's correct.

4

5 (BRIEF PAUSE)

6

7 MR. BYRON WILLIAMS: If we look at this
8 column just -- or this table, the fatalities which appear
9 on the left-side, you'll agree with me that it covers the
10 years 2000 through to 2004, is that right?

11 MR. WILF BEDARD: Yes, it does.

12 MR. BYRON WILLIAMS: And it deals with
13 both the -- the -- Canada as a whole, as well as the
14 provinces and the three (3) territories including
15 Nunavut, correct?

16 MR. WILF BEDARD: Yes, that's correct.

17 MR. BYRON WILLIAMS: And for Canada as a
18 whole, if we start in 2000 with the figure of nine point
19 four (9.4) fatalities per billion motor vehicle
20 kilometres we see that there's been, with some blips
21 along the way, a slight decline to the 2004 figure of
22 eight point eight (8.8) fatalities per billion motor
23 vehicle kilometres; would that be fair?

24 MR. WILF BEDARD: Yes, that's correct.

25 MR. BYRON WILLIAMS: Now, if we go down

1 to Manitoba we'll see that -- first of all you start
2 above the -- the Canadian figure in the year 2000 being
3 at ten point five (10.5) versus the Canadian average of
4 nine point four (9.4), would that be fair?

5 MR. WILF BEDARD: Yes, that's right.

6 MR. BYRON WILLIAMS: And I -- I think
7 you'll agree with me that in some of the years between
8 2000 to '04 Manitoba's been slightly below the Canadian
9 average, being below being a good thing, with less --
10 less deaths and in some years it's been slightly above
11 the Canadian average, would that be fair?

12 MR. WILF BEDARD: That's right. These
13 members are relatively volatile as -- as you can see.
14 You know, you have to keep in mind that in 2004 we're the
15 fourth lowest in Canada, still as you suggest slightly
16 higher than the Canadian average. But in comparison to
17 the other provinces and territories we're -- you know, as
18 I said fourth lowest within Canada.

19 MR. BYRON WILLIAMS: Right. And so
20 slightly -- just -- when we look at 2004 in particular,
21 you're slightly above the Canadian average but you're --
22 you're in company with most of the other provinces right
23 around the Canadian average with the exception of
24 Ontario, would that be fair?

25 MR. WILF BEDARD: Yes, that's right.

1 MR. BYRON WILLIAMS: And Ontario would be
2 the one (1) jurisdiction that if we -- we look at this in
3 terms of fatalities that starts out in the year 2000 a
4 fair ways below the Canadian average and continues to be
5 a fair ways below the Canadian average through to 2004,
6 would that be fair?

7 MR. WILF BEDARD: Yes, that would be
8 fair.

9 MR. BYRON WILLIAMS: And is there
10 anything you can suggest to us in terms of the situation
11 in Ontario that would -- would account for this? Are
12 there any inquiries that the Corporation has made that
13 would assist us?

14

15 (BRIEF PAUSE)

16

17 MR. WILF BEDARD: Yes, as I understand it
18 Ontario's very proactive in their engineering. Their
19 infrastructure is a lot more sophisticated than you would
20 see in -- in Manitoba -- removed level crossings, you
21 know, that -- that type of thing in high speed traffic
22 areas, as well as they have a much larger population as
23 well. And as -- and as a consequence it leads to greater
24 predictability in terms of outcomes.

25 MR. BYRON WILLIAMS: By that greater

1 predictability, you mean less fluctuation, Mr. Bedard?

2 MR. WILF BEDARD: Yes, that's correct.

3 MR. BYRON WILLIAMS: I want to turn to
4 the -- to the injuries side for a second and you'll see
5 again the Canadian average starting in 2000. There's a
6 slight decline flowing through to 2004, would that be
7 fair, sir?

8 MR. WILF BEDARD: Yes, it would.

9 MR. BYRON WILLIAMS: When we look at the
10 -- the Manitoba experience you'd agree with me starting
11 in 2000 that we're being at eight ninety-four point eight
12 (894.8) injuries per billion motor vehicle kilometres
13 travelled a fair bit away -- ways above the Canadian
14 average, would that be fair, sir?

15 MR. WILF BEDARD: It would be, yes.

16 MR. BYRON WILLIAMS: And if you -- if you
17 look at the -- the -- again accepting that there are some
18 fluctuations you'll see that between 2000, in terms of
19 the Manitoba situation for injuries, and 2004 there's
20 been relatively little movement being eight hundred and
21 ninety point eight (890.8) injuries per billion motor
22 vehicles kilometres travelled, would that be fair, sir?

23 MR. WILF BEDARD: I would agree with
24 that, yes.

25 MR. BYRON WILLIAMS: So there's been no

1 real decline in the trend in Manitoba over those five (5)
2 years, would that be fair?

3

4

(BRIEF PAUSE)

5

6 MR. WILF BEDARD: Yes, I would agree with
7 that. You know, I think what you're -- what you're also
8 dealing with here in terms of these numbers is the
9 differences in the compensation schemes. And given that
10 Manitoba is a no province -- no fault province we end up
11 having a lot more injury claims reported to us. And as a
12 consequence I think that's reflected in these numbers as
13 well.

14

MR. BYRON WILLIAMS: And is Saskatchewan
15 a primarily no-fault province as well?

16

MR. WILF BEDARD: Saskatchewan is, for
17 the most part, yes.

18

MR. BYRON WILLIAMS: And how would you
19 characterize their relative experience in terms of
20 injuries to Manitoba's?

21

MR. WILF BEDARD: You know, that's always
22 been something that has been surprising to me. As long
23 as I've been in this business, and my background is on
24 the injury side of the business and including the era in
25 which we had tort in the province, and throughout time

1 data on its -- its performance in terms of serious
2 injuries compared to that of other jurisdictions?

3 MR. WILF BEDARD: Yes. In 2004 we were
4 down 12.8 percent against the national average of 8.8
5 percent -- reduction of 8.8 percent.

6 Oh, I'm sorry. 5.1 percent nationally --

7 MR. BYRON WILLIAMS: You'll have --
8 you'll have -- for serious injuries you'll have the
9 information for the years 2000 through 2004, for Canada
10 as a whole, and for all the provinces, is that correct,
11 Mr. Bedard?

12 MR. WILF BEDARD: Yes. That's true.

13 MR. BYRON WILLIAMS: And you can provide
14 that to CAC/MSOS as an undertaking?

15 MR. WILF BEDARD: Yes. We could do that.

16

17 MR. BYRON WILLIAMS: Okay. Thank you.

18

19 --- UNDERTAKING NO. 12: MPI to supply CAC/MSOS with
20 MPI data on its performance
21 in terms of serious injuries
22 compared to that of other
23 jurisdictions for the years
24 2000 through 2004.

25

1 CONTINUED BY MR. BYRON WILLIAMS:

2 MR. BYRON WILLIAMS: Mr. Bedard, I'd like
3 you to turn to the -- I -- the excerpt that I've provided
4 to you from a document which I believe was filed on the
5 record at AI -- I'm going off memory here, but AI-23
6 which is entitled, Safer Roads, Safer Communities.

7 Do you have that, Mr. Bedard?

8 MR. WILF BEDARD: Yes. I do.

9 MR. BYRON WILLIAMS: So, for the Board's
10 benefit, it is -- the entire document is on the record
11 and what I have done at lunch is provide a copy of just
12 some select excerpts from it for the Board's information.

13 Mr. Bedard, before we get into the report
14 itself, I just want to ask you a couple of questions
15 about the authors of this report.

16 It was authored by Barry Watson and Cliff
17 Eden (phonetic), is that correct, sir?

18 MR. WILF BEDARD: Yes, that's correct.

19 MR. BYRON WILLIAMS: And they're both
20 employees of Manitoba Public Insurance?

21 MR. WILF BEDARD: Yes, that's true.

22 MR. BYRON WILLIAMS: And as I understand
23 it, Mr. Watson currently is commercial claims manager,
24 but from January of 2004 to May of 2006 he was the head
25 of Road Safety Public Affairs, is that right?

1 MR. WILF BEDARD: Yes, that's right.

2 MR. BYRON WILLIAMS: And prior to that he
3 was the northern regional manager for claims, is that
4 right?

5 MR. WILF BEDARD: Yes.

6 MR. BYRON WILLIAMS: And in terms of Mr.
7 Eden, my understanding is that he's been the manager of
8 road safety for the last -- since May of 2006, is that
9 right?

10 MR. WILF BEDARD: The acting manager for
11 that department, yes.

12 MR. BYRON WILLIAMS: Excuse me, acting
13 manager. And he's worked at MPI since 2000, correct?

14 MR. WILF BEDARD: Yes, that's right.

15 MR. BYRON WILLIAMS: Prior to that he
16 worked for a number of organizations; material
17 distribution agencies, is that correct?

18 MR. WILF BEDARD: Yes.

19 MR. BYRON WILLIAMS: And also, Mr. Evans
20 will be interested in this, he worked with AE McKenzie in
21 Brandon for a little while, as well as, Promar (phonetic)
22 Management Services, is that right?

23 MR. WILF BEDARD: Yes, that's right.

24 MR. BYRON WILLIAMS: Excuse me, I was
25 getting all excited there for a second. Whenever I talk

1 about Brandon that's getting pretty close to Souris, you
2 know.

3 As I understand it, Mr. Eden is -- his
4 area of expertise is in the product marketing field, is
5 that fair?

6 MR. WILF BEDARD: Yes, that and project
7 management, as well.

8 MR. BYRON WILLIAMS: Now, this document
9 that was provided in AI-23, it's got draft document
10 written on it, but my understanding is that this -- a
11 version of this document was shared with the public and
12 with law enforcement officials, is that right?

13 MR. WILF BEDARD: Just with law
14 enforcement.

15 MR. BYRON WILLIAMS: And so, this is a
16 MPI document that it considers to be accurate and
17 reliable to the best of its knowledge?

18 MR. WILF BEDARD: You've been referring
19 to this document as a report; it is a PowerPoint
20 presentation. And really what the purpose of this
21 document was, was to put some context around the concerns
22 that MPI and many other stakeholders had with respect to
23 safe roads and the potential increased risk over time.

24 And as you're aware, the Corporation --
25 representatives of the Corporation over the past year,

1 has been meeting regularly with law enforcement agencies
2 to talk about that. And there was evidence with respect
3 to that issue earlier on in the week.

4 This document was prepared internally and
5 presented to law enforcement agencies, to just get some
6 dialogue going, putting the issue in some form of
7 context, trying to heighten awareness and concern and
8 some commitments in terms of activity to deal with the
9 issues that MPI share and many others do with respect to
10 road safety within -- within Manitoba.

11 So this document is really done
12 internally, strictly to create an environment of dialogue
13 within law enforcement. It's not meant to be a
14 statistically sound, or you know, based on any high, you
15 know, analysis of the research period to try and put the
16 discussion in some context with law enforcement.

17 MR. BYRON WILLIAMS: Well -- and
18 certainly if I called it a report, I'll apologize for
19 that. Certainly in trying to develop some discussion
20 with law enforcement officials you wouldn't -- you would
21 try and provide them with the best information that was
22 available to the Corporation, is that not right?

23 MR. WILF BEDARD: Yes. It's accurate and
24 it's based on provincial reports and the data that we
25 have within MPI.

1 such --

2 MR. WILF BEDARD: No.

3 MR. LEN EVANS: -- in that, yeah. Okay.

4 Thank you.

5

6 CONTINUED BY MR. BYRON WILLIAMS:

7 MR. BYRON WILLIAMS: Thank you, Mr.

8 Bedard. And, Mr. Evans, you're one (1) of my bosses so

9 you can always feel free to interrupt at any time.

10 The -- Mr. Bedard, just going back I -- I
11 believe you said that the purpose of this document was to
12 alert law enforcement issues -- one (1) of the purposes
13 of the potential increase of risk over time, is that
14 fair, sir?

15 MR. WILF BEDARD: Yes, that would be
16 fair.

17 MR. BYRON WILLIAMS: And just to -- to
18 follow up on that and recognizing that this is a -- looks
19 like a PowerPoint presentation not a -- a five thousand
20 (5,000) page study by MPI, going to the -- the second
21 page at the -- at the bottom, the bullet, you warn law
22 enforcement officials that like other provinces
23 Manitoba's safety record is in danger of slipping
24 backwards, is that fair, sir?

25 MR. WILF BEDARD: Yes, that's the basis

1 of -- of twenty ten (2010) and as you know we -- we
2 support and that's what's contained as an alert I suppose
3 within this presentation, yes.

4 MR. BYRON WILLIAMS: And I just want to
5 explore with you a -- a couple of points on why you make
6 those statements, Mr. Bedard.

7 And I guess I'll direct your attention to
8 the backside of -- of that page. I'm assuming you are --
9 two (2) sided copy as well. We have to make Dr. Miller
10 happy.

11 You do note a disturbing trend, namely
12 that after a dip in the mid 1990s collisions are steadily
13 going up, is that fair, sir?

14 MR. WILF BEDARD: Yes, it is.

15 MR. BYRON WILLIAMS: And you suggest that
16 in 1998 collisions were about twenty-seven thousand
17 (27,000) for that year and that in 2004 they were about
18 thirty-eight thousand (38,000), would that be fair?

19 MR. WILF BEDARD: Yes, that's correct.

20 MR. BYRON WILLIAMS: And you can see on
21 the other side the table demonstrating total collisions
22 by year and -- and that's a table produced by Manitoba
23 Public Insurance?

24 MR. WILF BEDARD: Yes, it is.

25 MR. BYRON WILLIAMS: Now, this may be --

1 on the next -- on the flip or the -- the next side behind
2 the table there's another disturbing trend that MPI
3 notes. And there's two (2) points that you make here; 1)
4 that the number of injuries continues to rise and 2) that
5 the severity of these injuries is increasing suggesting
6 behaviour is getting riskier.

7 Can you indicate the source of -- of those
8 statements, Mr. Bedard?

9 MR. WILF BEDARD: Yes, that's just
10 looking at the frequency to which claims are being
11 reported to -- to MPI, injury claims looking at past data
12 as well as our -- our forecasting.

13 And obviously the -- the severity, the
14 incurred on which the financial liabilities with respect
15 to the Corporation on these injuries are tracking we can
16 -- we can see over time an increase year over year as
17 well as our forecasting is predicting that too, to
18 continue as well.

19 MR. BYRON WILLIAMS: So -- so just so I
20 understand this is -- this is not information from
21 billions of kilometres travelled, this is information
22 that was derived internally from MPI from -- from your
23 forecasting and from your review of -- of past files?

24 MR. WILF BEDARD: From our claims data
25 and looking at our forecasting analysis as well, yes.

1 MR. BYRON WILLIAMS: And so is that the
2 material that I would see just in the -- the application?
3 Is this -- the source of these -- or is in the
4 application?

5 MR. WILF BEDARD: Yes, that's right.

6 MR. BYRON WILLIAMS: So MPI accepts the
7 proposition put forward by Mr. Watson and Eden first of
8 all that collisions are increasing, is that right?

9 MR. WILF BEDARD: Yes, that's right.

10 MR. BYRON WILLIAMS: And it supports the
11 proposition put forward or it agrees with the proposition
12 put forward by Mr. Watson and Mr. Eden that the severity
13 of injuries is rising, is that right?

14 MR. WILF BEDARD: Yes.

15 MR. BYRON WILLIAMS: And it also supports
16 the proposition put forward by Mr. Watson and Eden that
17 injuries are as a whole in Manitoba, as a result of motor
18 vehicle accidents, are going up, is that correct?

19 MR. WILF BEDARD: Overall injuries? Yes,
20 that's correct.

21 MR. BYRON WILLIAMS: Okay. Thank you for
22 that. Again we did that without blaming or giving
23 credit; is that -- is that right, Mr. Bedard?

24 MR. WILF BEDARD: Yes. And you should be
25 accredited for that.

1 MR. BYRON WILLIAMS: I'm still on the
2 area of road safety, Mr. Chairman, and Mr. Bedard, where
3 I'm going to move into a bit of a new area. I've got a
4 fair ways to go on this and I don't know when -- I notice
5 the Board was taking breaks at 1:00 or 2:30 often.

6 THE CHAIRPERSON: Take it now.

7 MR. BYRON WILLIAMS: Okay.

8

9 --- Upon recessing at 2:35 p.m.

10 --- Upon resuming at 2:55 p.m.

11

12 THE CHAIRPERSON: Okay, Mr. Williams.

13 Any time.

14

15 (BRIEF PAUSE)

16

17 MR. BYRON WILLIAMS: I am continuing to
18 receive a lot of advice from all -- all corners of the
19 room, Mr. Chairman.

20 I've asked with the -- I believe with the
21 consent of Mr. McCulloch, I've asked Mr. Singh to
22 distribute a document to the room which does not appear
23 on the record. The document is -- on its front page is
24 206.1 BCUC. It's a 55 Alive program evaluation. MPI had
25 previously indicated some familiarity with it so I'd ask

1 that it be marked as CAC number 6, Mr. Chairman?

2 THE CHAIRPERSON: Yes.

3

4 --- EXHIBIT NO. CAC/MSOS-6: 55 Alive program
5 evaluation.

6

7 MR. BYRON WILLIAMS: We're going to come
8 to that in a few minutes, although not right -- not right
9 now.

10

11 CONTINUED BY MR. BYRON WILLIAMS:

12 MR. BYRON WILLIAMS: Mr. Bedard, just, I
13 believe we touched on this very quickly before, but in
14 terms of road safety, leaving aside any loss prevention
15 initiatives, the big 3 for MPI continue to be drinking
16 and driving, speed, and occupant restraint or seatbelt
17 usage, correct?

18 MR. WILF BEDARD: Yes, that's correct.

19 MR. BYRON WILLIAMS: And we went through
20 this earlier as well, but you'll recall from Board Order
21 150/'05 at page 45 the Public Utilities Board was
22 commenting upon the fact that MPI had developed a
23 methodology to estimate the annual claims costs
24 associated with impaired driving, is that right, sir?

25 MR. WILF BEDARD: Yes.

1 MR. BYRON WILLIAMS: And just to refresh
2 the room's memory, including my own, I -- I've given you
3 a copy of the transcript from 2005 which touches briefly
4 upon this, I believe at pages 742 and 743. I don't
5 believe the Board needs to do -- to go there, but if Mr.
6 Bedard doesn't trust me he can always refer to the
7 transcript, okay?

8 You've got that there in front of you?

9 MR. WILF BEDARD: Okay.

10 MR. BYRON WILLIAMS: And my understanding
11 is, that in terms of the methodology that was developed -
12 - that was developed by MPI strategic research, is that
13 right sir?

14 MR. WILF BEDARD: Yes, that's right.

15 MR. BYRON WILLIAMS: And the conclusion
16 of that research was that the alcohol related collision
17 cost to the Corporation, could be estimated at between
18 \$30 and \$35 million annually, is that right?

19 MR. WILF BEDARD: Yes, that's correct.

20 MR. BYRON WILLIAMS: And if you turn to
21 the next page, Mr. Bedard, just to help you out there,
22 the point being made by strategic research in developing
23 this methodology, at least from the perspective of
24 strategic research, was that prior to that MPI had not
25 established a method that provided management with an

1 economic measure of the magnitude of the problem of
2 impaired driving to the Corporation, is that fair?

3 MR. WILF BEDARD: Yes, that would be
4 fair.

5 MR. BYRON WILLIAMS: And so this
6 methodology was being developed and sold both to MPI and
7 to the Board as an economic measure as a -- to be used as
8 a baseline to measure the effectiveness of programs, is
9 that right sir?

10 MR. WILF BEDARD: No, it's to measure the
11 magnitude of the problem.

12 MR. BYRON WILLIAMS: Well, certainly from
13 the perspective of Strategic Research it was to assist
14 the Board in -- assist Manitoba Public Insurance in
15 measuring the effectiveness of its drinking and driving
16 programming; is that not correct, based upon that quote
17 from page 743 of the transcript?

18

19 (BRIEF PAUSE)

20

21 MR. WILF BEDARD: Page 743 states that:

22 "MPI has not established a method that
23 provides management with an economic
24 measure of the magnitude of the problem
25 of impaired driving to the Corporation.

1 The Corporation has no economic measure
2 as a baseline against which to measure
3 the effectiveness of drinking and
4 driving intervention programs."

5 That's cited right on page 743.

6 MR. BYRON WILLIAMS: So this study was
7 designed to measure the effectiveness as -- to serve as a
8 baseline to measure the effectiveness of drinking and
9 driving programs?

10 MR. WILF BEDARD: It's only one (1) data
11 point in measuring the magnitude of the problem.

12 MR. BYRON WILLIAMS: So from the
13 perspective of Manitoba Public Insurance, do you disagree
14 with the position offered by Strategic Research that it
15 could serve to assist in measuring the effectiveness of
16 programming?

17 MR. WILF BEDARD: I would agree with a
18 partial assistance, yes.

19 MR. BYRON WILLIAMS: And that's certainly
20 going back to the Board Order, that's what the Board was
21 talking about, was it not? It was talking about
22 establishing benchmarks to compare against experience, as
23 it amends it's programs, is that correct sir?

24 MR. WILF BEDARD: Again, it's just to
25 measure the order of magnitude; only one (1) data point

1 on the order of magnitude. It certainly does assist.

2 If you're using it as a benchmark, you
3 have to use it as a bench mark to analyse your data
4 against the data in other jurisdictions and that's just
5 not available.

6 MR. BYRON WILLIAMS: Let me try this
7 another way and I don't want to get caught up too much on
8 this, but is it MPI's position then that this estimate of
9 the annual cost of collision costs will not be used in
10 any way to assist it in designing programs, and in terms
11 of measuring their effectiveness, is that your position?

12 MR. WILF BEDARD: It will be used as an
13 assist, yes.

14 MR. BYRON WILLIAMS: That was a little
15 more painful than I expected but, we're -- and we went
16 on, and if you're looking for transcript references, you
17 can go to pages 747 and 746.

18 But, we -- we again discussed developing
19 economic measures of the actual -- of the annual cost of
20 occupant restraint related accidents or lack thereof
21 related accidents to Manitoba Public Insurance, is that
22 right?

23 MR. WILF BEDARD: Yes, I recall that.

24 MR. BYRON WILLIAMS: And Manitoba Public
25 Insurance indicated that it was looking at developing a

1 methodology by 2006 in terms of estimating those costs,
2 is that right, sir?

3 MR. WILF BEDARD: Yes, that's correct.

4 MR. BYRON WILLIAMS: And we also talked
5 about developing estimates for speed after that, is that
6 right, sir?

7 MR. WILF BEDARD: Yes, that's correct.

8 MR. BYRON WILLIAMS: And again, not
9 wanting to get bogged down on this, but one (1) of the
10 purposes of developing these estimates was to assist in
11 the development and measurement of program effectiveness,
12 correct?

13 MR. WILF BEDARD: Yes, that's correct.

14 MR. BYRON WILLIAMS: Just for the Board's
15 reference and yours, Mr. Bedard, I just want to follow up
16 first of all your responses in the first round of CAC
17 first round, number 19, and in the second round your
18 response to CAC/MSOS/MPI-2-26 so if you could have those
19 at hand, please?

20

21 (BRIEF PAUSE)

22

23 MR. BYRON WILLIAMS: Mr. Bedard, just
24 turning you first to CAC/MSOS-1-19, you'll confirm to me
25 that as of yet, at least as of the date of this response

1 being July 31st, 2006, the costing for emerg -- for
2 seatbelts has not been completed, is that right?

3 MR. WILF BEDARD: Yes, that's right.

4 MR. BYRON WILLIAMS: And my understanding
5 based upon this response is that this work was delayed --
6 excuse me, deferred in 2005 for operational reasons, is
7 that right?

8 MR. WILF BEDARD: Yes, that's correct.

9 MR. BYRON WILLIAMS: And MPI is
10 indicating that it will work on the speed costing
11 framework once they finish the seatbelt costing
12 framework, is that right, sir?

13 MR. WILF BEDARD: Yes.

14 MR. BYRON WILLIAMS: And just to be --
15 because of course I'm being abundantly fair this year,
16 CAC/MSOS-2-26, in your response to that you do indicate
17 that you're planning -- that's 2-26 -- that you're
18 planning to complete the seatbelt costing framework later
19 this year, is that right, sir?

20 MR. WILF BEDARD: Yes, that's correct.

21 MR. BYRON WILLIAMS: And can you indi --
22 confirm that that will be filed for the next general --
23 as part of the material for the next General Rate
24 Application?

25 MR. WILF BEDARD: Yes, it will be.

1 MR. BYRON WILLIAMS: Can you explain in
2 terms of the operational reasons for the deferment of
3 doing this study or this -- this research in 2005. Could
4 you elaborate on those a little bit, sir.

5 MR. WILF BEDARD: Well, there's been
6 other priorities and also the -- I guess the most
7 important reason is that the person who was leading the
8 project has left the Corporation. We didn't have another
9 resource to put onto this task. What we're -- we're
10 getting on that now and we will have it completed by the
11 end of the year.

12 MR. BYRON WILLIAMS: Was the person who -
13 - who performed that task, was that the same person who
14 did the cost and estimates for impaired driving?

15 MR. WILF BEDARD: Yes, that is the same
16 person. And I should also tell you that that individual
17 who was on his task and -- and did resign is now back to
18 the Corporation and is back on these tasks. So as I said
19 we will get them completed by -- by the end of the year.

20 MR. BYRON WILLIAMS: And you'll also
21 perhaps -- would you agree to provide an update on the --
22 on the speeding cost estimate program for the next
23 General Rate Application as well, sir?

24 MR. WILF BEDARD: Yes, whatever we have
25 available, certainly.

1 --- UNDERTAKING NO. 13: MPT to provide CAC/MSOS
2 update on the speeding cost
3 estimate program for the next
4 General Rate Application.
5

6 CONTINUED BY MR. BYRON WILLIAMS:

7 MR. BYRON WILLIAMS: Back to the good old
8 impaired driving costing framework, that's been in place
9 since March of 2004, correct?

10 MR. WILF BEDARD: Yes, that's true.

11 MR. BYRON WILLIAMS: And I wonder if you
12 can elaborate for me a little bit on -- on how the
13 Corporation is using it to assist in the design,
14 measurement, and evaluation of its impaired driving
15 programs?
16

17 (BRIEF PAUSE)
18

19 MR. WILF BEDARD: The whole idea was to
20 use a period of time to -- to measure the -- the outcomes
21 and wait for a period of time and measure again and then
22 compare the delta in terms of what you're dealing with.

23 MR. BYRON WILLIAMS: Just so I understand
24 your answer then. You completed an estimate in March of
25 2004; am I right in suggesting then that you're not using

1 that estimate because you're waiting to see if the
2 information is confirmed with further research.

3 Is that right, sir?

4 MR. WILF BEDARD: We are using it. We --
5 it's -- it's still there. We still do look at the data
6 and we will -- we will use it to measure it again at some
7 point in the future. We haven't determined what that
8 point specifically will be as yet.

9 MR. BYRON WILLIAMS: Okay. Let's -- and
10 just so I understand, let's divide this into two (2)
11 separate parts. You indicate that you're using this
12 information; could you elaborate for me how you're using
13 it in the program design, evaluating potential outcomes?

14 Give me some concrete examples of how
15 you're actually using it within the safety programming of
16 Manitoba Public Insurance over the last two (2) years?

17

18 (BRIEF PAUSE)

19

20 MR. WILF BEDARD: Let me try this again.
21 We -- we do use that framework to measure outcomes. It's
22 an -- an outcome measure that we do use. And we would
23 complete that framework, complete that measure, evaluate
24 the data that we had, wait a period of time and then use
25 that same criteria to weigh the more recent data and

1 then, as I said earlier, measure the delta between the
2 two (2).

3 MR. BYRON WILLIAMS: And I mean -- I
4 don't want to go over this for too long. I may be being
5 thick here.

6 Can you identify a specific program that
7 you use this costing measurement to assist you in the
8 design of?

9

10 (BRIEF PAUSE)

11

12 MR. WILF BEDARD: Yes. One (1) example
13 would be the Checkstop Program, both by the Winnipeg
14 Police and the RCMP.

15 MR. BYRON WILLIAMS: So tell me how you
16 used it to assist in -- in that program, sir?

17

18 (BRIEF PAUSE)

19

20 MR. WILF BEDARD: It's used to -- with
21 respect to the Checkstop Program to demonstrate the
22 magnitude of the problem, first of all, and the costing
23 framework associated with it, and the characteristics of
24 -- of their program.

25 MR. BYRON WILLIAMS: And that use will be

1 demonstrated in a written document, Mr. Bedard?

2 MR. WILF BEDARD: I'm not sure.

3 MR. BYRON WILLIAMS: Would you check into
4 that for me and see if there's a written document which
5 shows how you're using, in terms of evaluating the
6 Checkstop Program and -- and, in particular, which has
7 some indication that the -- the economic costing of
8 collisions is being used?

9 Will you do that, sir?

10 MR. WILF BEDARD: We can look into that.
11 Sure.

12

13 --- UNDERTAKING NO. 14: MPI to indicate to CAC/MSOS
14 if there is a written
15 document showing how the
16 economic costing of
17 collisions is being used in
18 terms of evaluating the
19 Checkstop Program.

20

21 CONTINUED BY MR. BYRON WILLIAMS:

22 MR. BYRON WILLIAMS: Just -- we'll move
23 to this document in a second, but in the Corporation's
24 responses to CAC-1-24 you provided to -- to CAC/MSOS and
25 to the public record a list of all your internal

1 evaluations of road safety programming since March 1st,
2 2004, is that right, sir?

3 MR. WILF BEDARD: Yes, that's right.

4 MR. BYRON WILLIAMS: Can you indicate to
5 me within those, I'll suggest to you twenty-nine (29)
6 documents, is there anything that would indicate that
7 you're actually using the costing material in terms of
8 evaluating the success of your drinking and driving
9 initiatives?

10 MR. WILF BEDARD: No, there's nothing
11 within these documents that would contain this
12 information.

13 MR. BYRON WILLIAMS: Are there other
14 internal evaluations that I'm missing that perhaps were
15 not filed that would contain some information about that?

16 MR. WILF BEDARD: No, there's not.

17

18 (BRIEF PAUSE)

19

20 MR. BYRON WILLIAMS: Mr. Chairman, I'm
21 moving to a -- still on road safety, but on a slightly
22 different subject.

23 The two (2) documents I'm going to be
24 referring to, in particular, are the interrogatory
25 response to -- three (3) documents actually, the

1 interrogatory response to CAC, first round, number 1-20,
2 which you'll have in a paper electronic version.

3 You also should have nearby, a paper
4 version of the response to CAC/MSOS-1-27, a two (2) page
5 document and you also should have nearby CAC/MSOS Exhibit
6 number 6.

7 So Mr. Bedard, do you have the two (2)
8 interrogatories, being CAC-1-20 and CAC-1-27, as well as
9 CAC Exhibit 6; do you have that sir?

10 MR. WILF BEDARD: I don't have the
11 exhibit, but I do have --

12 MR. BYRON WILLIAMS: We'll give you a
13 couple of second to acquire that.

14 MR. WILF BEDARD: Yes, I have it now.

15 MR. BYRON WILLIAMS: And just -- I think
16 there may be some confusion, it's 1-20, first round
17 number 20 and number 27, Mr. Galenzoski.

18

19 (BRIEF PAUSE)

20

21 MR. BYRON WILLIAMS: And now that I've
22 thoroughly confused everyone; the other one that you want
23 to have at hand is 1-24. And Mr. Bedard, be patient,
24 I'll tell you when you're moving from one to the other,
25 okay.

1 I'd ask you to first of all, turn to
2 CAC/MSOS, first round, number 20. Do you have that sir?

3 MR. WILF BEDARD: Yes, I do.

4 MR. BYRON WILLIAMS: And I know Ms.
5 Everard went through a bit of expenditure material this
6 morning, so I won't fall -- or walk down her path, but I
7 will be following a slightly different one.

8 Now, what this -- and in particular, Mr.
9 Bedard, I'm going to ask you to turn the attached
10 schedule to this interrogatory, the only attachment to
11 it. And what this details is a history of road safety
12 expenses, basic share from 2001/'02 through to 2005/'06;
13 actual as well as the forecast and projections for
14 '06/'07 and '07/'08 respectively. Is that right, sir?

15 MR. WILF BEDARD: Yes, that's true.

16 MR. BYRON WILLIAMS: And at a very high
17 level, if we go to the bottom line which is total
18 expenses, you'll agree with me that from '01/'02 through
19 to '05 -- excuse me, '04/'05; we would have a relatively
20 modest growth in expenditures from a total expenditure of
21 around \$6.1 million in '01/'02 up to a total expenditure
22 of a bit over \$7.2 million in '04/'05, is that right sir?

23 MR. WILF BEDARD: Yes, expenditure over
24 those four (4) years increased about a million dollars.

25 MR. BYRON WILLIAMS: And if we -- going

1 along that bottom line once again, we see that the first
2 fairly big jump takes place between '04/'05 and '05/'06,
3 is that right?

4 MR. WILF BEDARD: Yes.

5 MR. BYRON WILLIAMS: And you're moving
6 from about 7.2 million to about 11 million, is that
7 right, sir?

8 MR. WILF BEDARD: Yes, that's right.

9 MR. BYRON WILLIAMS: And we'll go into a
10 bit more detail, but the bulk of that increase would be
11 related to auto crime prevention strategies, which are on
12 the fifth line from the top, is that right, sir?

13 MR. WILF BEDARD: Yes, it is.

14 MR. BYRON WILLIAMS: And again we see a
15 significant jump in '06/'07 from about -- excuse me,
16 between '05/'06 actuals in the forecast for '06/'07,
17 moving from 11 million to about 19.5 million, correct,
18 sir?

19 MR. WILF BEDARD: Yes, that's correct.

20

21 (BRIEF PAUSE)

22

23 MR. BYRON WILLIAMS: And just to kind of
24 look at this we -- we -- the years I want you to focus on
25 are from '04/'05 which is about 7.2 million and you'll

1 agree with me that the projected in '07/'08 is about 19.7
2 million approximately, sir?

3 MR. WILF BEDARD: Yes, that's right.

4 MR. BYRON WILLIAMS: And you'll agree
5 with me -- I don't know if you need your calculator, Mr.
6 Galenzoski, but if you do that the growth increase is
7 about -- or twelve million four hundred and fifty-four
8 thousand (12,454,000) approximately?

9 You'll accept that, between '04/'05 and
10 '07/'08?

11 MR. BARRY GALENZOSKI: If it's cumulative
12 you're looking for, yes.

13 MR. BYRON WILLIAMS: And of that if we
14 move up a few lines we'll see that between '04/'05 actual
15 and '07/'08 projected auto crime prevention strategies
16 have gone from about 1.3 million up to about 12.3 million
17 -- million, is that right, Mr. Galenzoski?

18 MR. BARRY GALENZOSKI: Yes, that includes
19 the immobilizer expenditures as we talked earlier with
20 the PUB advisors. There's about \$3.5 million or so in
21 the '05/'06 and about \$11 million in the two (2)
22 forecasts in projected numbers.

23 MR. BYRON WILLIAMS: Yes, I don't want to
24 trench on that ground that you've covered previously. If
25 we're looking for some of the other notable increases

1 between '04/'05 and '07/'08 you'll agree with me, Mr.
2 Bedard or Mr. Galenzoski, that another significant one
3 would be driver education improvement moving from about
4 2.3 million to about 2.8 million, is that right?

5 MR. BARRY GALENZOSKI: Yes, that's
6 correct.

7 MR. BYRON WILLIAMS: And that again
8 subject to check would be about four hundred and sixty-
9 six thousand (466,000) in terms of the increase?

10 MR. BARRY GALENZOSKI: Yes.

11 MR. BYRON WILLIAMS: And another one,
12 it's a smaller increase, but you'll note as well that
13 vulnerable road users education strategies have grown
14 from about eighty-seven thousand (87,000) actual in
15 '04/'05 up to a projected of one sixty-six (166) for
16 '07/'08, is that right?

17 MR. BARRY GALENZOSKI: That's correct.

18 MR. BYRON WILLIAMS: What I want to talk
19 about just for a couple of seconds is the second last
20 line above the total expenses -- expenses which is
21 program evaluation, do you have that?

22 MR. WILF BEDARD: Yes, I do.

23 MR. BYRON WILLIAMS: And you'll agree
24 with me, Mr. Bedard, that it's program evaluation as
25 relatively modest expenditures. For example, in the

1 '03/'04 actual year program evaluation is twenty-eight
2 thousand (28,000), is that right?

3 MR. WILF BEDARD: Yes, it's in modest --
4 modest in comparison to the other figures on -- on this
5 page, yes.

6 MR. BYRON WILLIAMS: And for '04/'05 it's
7 nineteen thousand (19,000) and for '05/'06 the actual was
8 twenty-nine thousand (29,000) approximately, is that
9 right?

10 MR. WILF BEDARD: Yes, that's correct.

11 MR. BYRON WILLIAMS: And your forecasts
12 and projections for '06/'07 and '07/'08 detail some
13 growth to forty-three thousand (43,000) in '06/'07 and
14 forty-four thousand (44,000) in '07/'08, is that right,
15 sir?

16 MR. WILF BEDARD: Yes, that's right.

17 MR. BYRON WILLIAMS: I wonder if you can
18 indicate for me what makes up the program evaluation
19 budget. Let's take a -- let's take the '04/'05 year, for
20 example. What would that nineteen thousand (19,000) be
21 spent upon?

22

23

(BRIEF PAUSE)

24

25 MR. WILF BEDARD: It's largely made up of

1 a commercial evaluation of our advertising.

2 MR. BYRON WILLIAMS: So -- and just so
3 I'm clear, I want to make sure that I'm -- I'm following
4 the right path here.

5 So, for example, in CAC-1-24 there's all
6 those marketing evaluations; the -- those -- those would
7 be paid for out of the program evaluation budget?

8 MR. WILF BEDARD: It would come out of
9 that line, yes.

10 MR. BYRON WILLIAMS: In terms of program
11 evaluation, would there be any other significant
12 expenditures that would be out of that line apart from,
13 kind of, the -- the marketing? And if I'm using the
14 wrong word, certainly suggest the correct word for me,
15 okay?

16 MR. WILF BEDARD: No, that's pretty much
17 it.

18 MR. BYRON WILLIAMS: Now, kind of -- and
19 we'll come to this in a second, but just kind of buried a
20 bit farther back in the response to CAC-1-24 are -- are
21 three (3) documents from Strategic Research which deal
22 with both graduated driver licensing and the COPS
23 program.

24 Would that -- those also flow out of the
25 program evaluation budget?

1 MR. WILF BEDARD: Yes, they would.

2 MR. BYRON WILLIAMS: So essentially
3 that's the -- in terms of internal evaluations, the
4 program evaluation budget for MPI captures that whole --
5 that whole -- whole piece excerpt for -- for special
6 studies like North Port (phonetic) on driver's education,
7 would that be fair?

8 MR. WILF BEDARD: Yes. And -- and staff
9 time if there's any internal evaluations that they're
10 conducting would also fall in this line.

11 MR. BYRON WILLIAMS: So the total in
12 terms of, let's say, '04/'05 then, in terms of both
13 reviewing polling -- or, excuse me, market research
14 information as well as reviewing, kind of, studies, was
15 nineteen thousand, (19,000) that would cover both staff -
16 - that would cover everything in terms spent by the
17 Corporation on evaluation?

18 MR. WILF BEDARD: It would just cover the
19 external polling.

20 MR. BYRON WILLIAMS: Do you have at your
21 fingertips how much, in terms of the staff time, the
22 Corporation has spent on those three (3) internal
23 evaluations found at Attachment 4-1 through 4-3 over the
24 past three (3) years?

25 MR. WILF BEDARD: I'm sorry, that

1 information does not exist.

2

3

(BRIEF PAUSE)

4

5

MR. BYRON WILLIAMS: I wonder if I could
6 turn you now to the Corporation's response to CAC-1-27;
7 do you have that, sir?

8

MR. WILF BEDARD: Yes. I have that.

9

MR. BYRON WILLIAMS: And in Sub A of that
10 information request we asked the Corporation to review a
11 document from a BCUC proceeding and indicate which, if
12 any, of the ICB road safety evaluations completed since
13 June 1st, 2004 were anticipated to be completed in 2005
14 and 2006 are in the possession of MPI; do you see that
15 question, sir?

16

MR. WILF BEDARD: Yes, I do.

17

MR. BYRON WILLIAMS: And do you have the
18 attachment that was made to that question? Do you have
19 that, sir?

20

MR. WILF BEDARD: Yes, your Exhibit 6.

21

MR. BYRON WILLIAMS: Just so I'm clear,
22 and I apologize, there should be a one (1) -- after the
23 Interrogatory response there should be a one (1) page
24 attachment, Mr. Bedard, which is a -- a cite from the
25 2006 BCUC document?

1 Mr. Chairman, hopefully you have it. I
2 have provided it to you. It's just a one (1) page -- two
3 (2) pager from CAC/MSOS-1-27. It should be on your desk
4 somewhere.

5 I'll provide -- I'll get my friend, Ms.
6 Bowman to send one to Mr. Bedard. I'm sorry, I thought
7 that this had been distributed. My apologies.

8

9 (BRIEF PAUSE)

10

11 MR. BYRON WILLIAMS: Now, Mr. Bedard,
12 just so you know, first of all, when we asked you on July
13 31st, 2006 which, if any, of the ICBC road safety
14 evaluations were in the possession of MPI, the
15 Corporation indicated that none of these listed reports
16 are in the possession of Manitoba Public Insurance at
17 this time; is that correct sir?

18 MR. WILF BEDARD: Yes, that's correct.

19 MR. BYRON WILLIAMS: I just want to turn
20 to the second page of that interrogatory in terms of the
21 actual list of studies completed by road safety of ICBC,
22 do you have that Mr. Bedard, now?

23 MR. WILF BEDARD: Yes, I do.

24 MR. BYRON WILLIAMS: And I do apologize
25 for the inconvenience. I think I left it on your

1 counsel's desk but I may not have highlighted that for
2 him.

3 And you'll agree with me and I'll just go
4 through these, that at the top this document identifies
5 four (4) studies completed by ICBC; those included the
6 Community Crash Reduction Challenge Evaluation Report,
7 the 55 Alive Program Evaluation Report, the before and
8 after Safety Evaluation, the Stop Sign Infill Program,
9 and an evaluation of crash mitigation impacts of
10 intersection safety camera.

11 You'll agree with me that those were the -
12 - what is indicated here is the completed studies, sir?

13 MR. WILF BEDARD: Yes, I see that.

14 MR. BYRON WILLIAMS: And you'll also see
15 that there's a number of other studies that ICBC was
16 undertaking. And my understanding, just to confirm, is
17 that as of July 31st, you had none of these studies,
18 either the ones completed -- you had none of these
19 studies in your possession, is that right?

20 MR. WILF BEDARD: Yes, that's correct.

21 MR. BYRON WILLIAMS: If you go back, Mr.
22 Bedard, to the first page of this interrogatory, you'll
23 see question D. We asked you, Manitoba Public Insurance,
24 to compare and contrast the approach of ICBC, MPI and
25 SGI, in assessing the merits of possible road safety and

1 loss prevention programs before they're implemented.

2 Do you see that question, sir?

3 MR. WILF BEDARD: Yes, I do.

4 MR. BYRON WILLIAMS: And you indicated
5 that Manitoba Public Insurance was not in possession of
6 information relating to the approaches used by ICBC or
7 SGI, to assess the merits of new initiatives, is that
8 right?

9 MR. WILF BEDARD: Yes, that's our
10 response to section D of that question.

11 MR. BYRON WILLIAMS: So you weren't in a
12 position to compare and contrast the approaches of these
13 three (3) Crown corporations because you didn't have that
14 material in your possession, is that right?

15 MR. WILF BEDARD: Yes, that's correct.

16 MR. BYRON WILLIAMS: And then you'll see
17 in question E, you were asked to compare and contrast the
18 approaches of ICBC, MPI and SGI, in assessing the merits
19 of road safety and loss prevention programs, after
20 they're implemented.

21 And your answer was that you not in
22 possession of information relating to the approaches of
23 the Crown corporations ICBC and SGI to assess the merits
24 of new initiatives post-implementation, is that right?

25 MR. WILF BEDARD: Yes, that's right.

1 MR. BYRON WILLIAMS: And so you were
2 unable to compare and contrast the approaches of the
3 three (3) Crowns, is that right sir?

4 MR. WILF BEDARD: Yes.

5 MR. BYRON WILLIAMS: Just as a matter of
6 curiosity, going back to the BCUC list, why wouldn't the
7 Corporation just as a matter of course, acquire and
8 obtain these reviews of ICBC programs?

9 MR. WILF BEDARD: That's a very good
10 question. We should have done that and we just did not.

11 MR. BYRON WILLIAMS: It would be
12 something on an ongoing basis that the Corporation would
13 want to do, is to monitor what the other Crown's -- your
14 sister Crowns in Saskatchewan and British Columbia are
15 doing in these areas, is that right sir?

16 MR. WILF BEDARD: Yes, I'd agree with
17 that.

18 MR. BYRON WILLIAMS: So if I ask you this
19 question next year, in terms of comparing and contrasting
20 both how they design their programs and also how they
21 evaluate them, you'll be able to provide a bit more
22 information to me, Mr. Bedard?

23 MR. WILF BEDARD: I don't know if we
24 would spend much time on that -- on that comparison. The
25 scope is different and I'm not sure that we would spend

1 the time to do that.

2 MR. BYRON WILLIAMS: So there's really,
3 from the Corporation's perspective, not that much you can
4 learn from your sister Crowns in terms of road safety
5 program design and evaluation, is that right?

6 MR. WILF BEDARD: Certainly in areas
7 where we have a similar scope to our sister Corporations'
8 programs, we would, but if in fact, we felt that there
9 was nothing to be gained by -- in terms of doing that
10 evaluation we would not.

11 MR. BYRON WILLIAMS: Can we turn, just
12 for a little -- a couple of minutes to CAC/MSOS Exhibit
13 Number 6 which is the 55 Alive Program Evaluation, Mr.
14 Bedard.

15 Do you have that, sir?

16 MR. WILF BEDARD: Yes, I have that one.

17 MR. BYRON WILLIAMS: Next time I'm going
18 to drop even more papers on you just to confuse matters
19 more.

20 And just as a -- just to confirm again
21 this was a study that the Corporation didn't have in its
22 possession as of the first round Information Request but
23 since has acquired and has had an opportunity to review,
24 is that fair?

25 MR. WILF BEDARD: Yes, I took a few

1 minutes at the break to glance through it.

2 MR. BYRON WILLIAMS: And in fact, I think
3 from your answer earlier that you might have had that
4 document since -- prior to just today, is that right,
5 sir?

6 MR. WILF BEDARD: I understand it was in
7 the possession of the Corporation prior to this
8 afternoon, yes.

9 MR. BYRON WILLIAMS: Now, I just want to
10 go through this in not a great deal of detail, but I do
11 want to talk about this program a little bit. And I'll
12 refer you, to start with, to page 205 of the program,
13 Executive Summary.

14 You'll agree with me that 55 Alive is an
15 educational program developed in 1979 by the American
16 Association of Retired Persons, is that right?

17 MR. WILF BEDARD: Yes. I see that
18 outlined in the background section.

19 MR. BYRON WILLIAMS: You'll also see that
20 ICBC is talking about a program that has a two (2) day
21 workshop to educate old -- older drivers on the age-
22 related functional impairments that might affect their
23 driving skills, do you see that, sir?

24 MR. WILF BEDARD: Yes, I do.

25 MR. BYRON WILLIAMS: And it's described

1 as probably the best known driver refresher course
2 tailored specifically for seniors; do you agree with
3 that, sir?

4 MR. WILF BEDARD: That's how they market
5 the program, yes.

6 MR. BYRON WILLIAMS: And is it similar to
7 the program that Manitoba Public Insurance offers?

8 MR. WILF BEDARD: Yes, it is.

9 MR. BYRON WILLIAMS: Is it close to
10 identical?

11 MR. WILF BEDARD: I would say it's close.
12 I wouldn't say it's identical.

13 MR. BYRON WILLIAMS: That's fair. So for
14 Manitoba Public Insurance an evaluation that looked at a
15 program similar in design to one that it -- it offers
16 would certainly be of -- of interest, is that correct,
17 sir?

18 MR. WILF BEDARD: Keep in mind that, I
19 mentioned earlier, that it's the Manitoba Safety
20 Council's program, it's not MPI's program.

21 MR. BYRON WILLIAMS: Are you paying for
22 some of it, sir?

23 MR. WILF BEDARD: A portion of it, yes.

24 MR. BYRON WILLIAMS: A significant
25 portion?

1 increase in the probability of filing a
2 claim for men over age seventy-five
3 (75)."

4 Do you see that, sir?

5 MR. WILF BEDARD: Yes, I do.

6 MR. BYRON WILLIAMS: So whether it's
7 valid or not, what this evaluation is purporting to
8 suggest is that the program doesn't change the claims
9 behaviour of women or younger men, but in terms of older
10 men over the age of seventy-five (75) it's associated
11 with an increase in the probability of filing a claim, is
12 that right, sir?

13 MR. WILF BEDARD: It would suggest that,
14 yes.

15 MR. BYRON WILLIAMS: And the -- the
16 authors of this report suggest, although a clear negative
17 effect -- excuse me, they suggest that there's a clear --
18 going to the next paragraph, a clear negative effect of
19 the 55 Alive program on the claims behaviour of men over
20 age seventy-five (75), is that right, sir?

21 MR. WILF BEDARD: That was the outcome of
22 their findings, yes.

23 MR. BYRON WILLIAMS: And I just want to
24 go down to recommendations. And I want you to
25 understand, Mr. Bedard, that my clients are committed to

1 road safety, just as MPI is, but they want to understand
2 and they want to be sure that the programs that seniors
3 are going to take are benefiting seniors.

4 But, if you go down to the recommendation,
5 this study is described as being significant in being the
6 first to demonstrate a clear effect of a driver education
7 program on the driving behaviours of seniors.

8 Would you agree with the significance of
9 this study, sir?

10 MR. WILF BEDARD: It's quite limited and
11 it doesn't account for exposure variability. It's
12 certainly of interest to us. That's all I'll say on
13 those.

14 MR. BYRON WILLIAMS: Yeah and that's
15 fair, Mr. Bedard, the -- you'll note that the authors of
16 this program can't say what's in program design is
17 leading to the negative outcome from their perspective.

18 You'll agree with that?

19 MR. WILF BEDARD: Yes.

20 MR. BYRON WILLIAMS: So I'm assuming that
21 after this study has been in the possession of the
22 Corporation for some time you've made inquiries of ICBC,
23 in terms of what, if any, comments they have in terms of
24 this study and also in terms of what, if any, changes in
25 program design they may be looking at, would that be

1 fair?

2 MR. WILF BEDARD: My understanding is
3 that they haven't made any program evaluations or
4 changes, at all, they're still looking at what changes,
5 if any, they're going to make with this research paper.

6 MR. BYRON WILLIAMS: I'm going to suggest
7 to you that one (1) of the changes that one (1) might
8 look at is designing driver education programs for
9 seniors, that involves some actual time behind the wheel
10 in a teaching environment.

11 Is that something that the Corporation
12 might or is looking at?

13 MR. WILF BEDARD: Again, I have to remind
14 you that this is a Manitoba Safety Council's program, but
15 you know, to your -- to your question, yes, obviously if
16 in fact, a two (2) day in classroom session is not
17 reaping the results, that may be something that you would
18 look at, in looking at improving the effectiveness of
19 such a program.

20 MR. BYRON WILLIAMS: And do you
21 anticipate reviewing Manitoba Public Insurances -- I
22 understand that it's offered by the Manitoba Safety
23 Council, but do you anticipate altering or let me start
24 again.

25 Do you anticipate any change either in

1 Manitoba Public Insurance support for this program or any
2 effort by Manitoba Public Insurance to evaluate whether
3 this program is actually delivering on what it says it --
4 or what one would hope that it could?

5 MR. WILF BEDARD: This is something that
6 certainly is of interest to us. We will be looking at it
7 and if we feel that there is validity to the outcomes of
8 this research and we feel that there's changes necessary,
9 we would be dealing with the safety council and proposing
10 such changes.

11 MR. BYRON WILLIAMS: Mr. Chairman, I'm
12 moving -- I'm not quite done road safety, I've got a
13 couple more areas, but I'm moving to the response to CAC,
14 first round, Interrogatory Number 24, which is quite a
15 thick pile of paper. So you may want to rest your arms
16 before you try lifting that.

17

18 (BRIEF PAUSE)

19

20 MR. BYRON WILLIAMS: Mr. Bedard, I have
21 no doubt that you've memorized that document, is that
22 right?

23 MR. WILF BEDARD: Not in its entirety,
24 no.

25 MR. BYRON WILLIAMS: Just starting out

1 with some easy ones. The -- you'll confirm that the
2 Corporation has not conducted an independent evaluation
3 of the road safety program of the Corporation since March
4 1st, 2004; speaking exclusively of road safety, is that
5 right sir?

6 MR. WILF BEDARD: Yes, that's right.

7 MR. BYRON WILLIAMS: And we're going to -
8 - it has of course conducted some internal evaluations
9 and those are set out as -- in the response to 1-24(e)
10 and the attachments thereto, is that right, sir?

11 MR. WILF BEDARD: Yes, that's right.

12 MR. BYRON WILLIAMS: We're going to turn
13 to that in just one (1) second, but in CAC/MSOS
14 Interrogatory 1-24 Sub F we asked you list any reports or
15 articles written for or presented to non-MPI journals or
16 organizations prepared in whole or in part by MPI staff
17 since March 1st, 2004, addressing road safety or loss
18 prevention programming or evaluations, and you indicated
19 that there are none, is that right, sir?

20 MR. WILF BEDARD: Yes, that's right.

21 MR. BYRON WILLIAMS: So -- so just so I
22 understand this, are you confirming that MPI staff
23 haven't either prepared reports, made presentations, or
24 written any articles in -- in whole or in part addressing
25 road safety or loss prevention to outside organizations

1 since March 1st, 2004; is that -- is that what you're
2 saying?

3

4 (BRIEF PAUSE)

5

6 MR. BYRON WILLIAMS: Yeah, I -- I agree,
7 Mr. Douglas, I'll try that question again.

8 There's -- to outside organizations on the
9 subject of road safety or loss prevention apart from the
10 -- the PowerPoint presentation to -- to the law
11 enforcement officials, are you indicating that there's
12 been no learned articles or presentations made by MPI
13 staff?

14 MR. WILF BEDARD: If you're making
15 reference to academic papers the answer would be no,
16 there's been none, but if you're asking about just
17 general presentations to interested parties, internal or
18 external of the company, yes, of course, those types of
19 things have gone on.

20 MR. BYRON WILLIAMS: Yeah, and the
21 original question as well as the -- as well as my
22 questions today were quite inelegantly posed so I
23 apologize for that, but we'll confirm that there's been
24 no papers written for academic journals by MPI staff
25 since March 1st, 2004?

1 MR. WILF BEDARD: Yes, that's correct.

2 MR. BYRON WILLIAMS: Would -- would that
3 concern you, Mr. Bedard, in the sense that your staff is
4 not -- hasn't written any articles for learned
5 organizations since March 1st, 2004?

6 MR. WILF BEDARD: No, that doesn't
7 concern me. Certainly it's something we would like to
8 do. They've been busy with -- with other priorities,
9 unfortunately, over the past year. It's something that
10 we will pick up again in the future, but in the past
11 year, no, we just haven't had an opportunity to do that;
12 certainly would like to, but have not had the
13 opportunity.

14 MR. BYRON WILLIAMS: Okay. Fair enough.
15 And we've confirmed this already but the -- the big stack
16 here that you committed to memory is the sum and total of
17 all internal evaluations of road safety programming
18 conducted by MPI since March 1st, 2004, correct?

19 MR. WILF BEDARD: Yes, as far as I'm
20 aware that's true.

21 MR. BYRON WILLIAMS: And not to sound
22 anal on this, but if -- if I suggested to you subject to
23 check that there's twenty-nine (29) different documents
24 here, you know, there's six (6) attachments, but there's
25 -- are more than one (1) document with each attachment,

1 would you accept that there's twenty-nine (29), subject
2 to check?

3 MR. WILF BEDARD: Certainly I'd accept
4 that.

5 MR. BYRON WILLIAMS: And would you also
6 accept, subject to check, that of those twenty-nine (29),
7 twenty-six (26) of those evaluations are what I would
8 call "market survey evaluations"; would that be fair,
9 sir?

10 MR. WILF BEDARD: They are benchmark
11 surveys against national norms, yes.

12 MR. BYRON WILLIAMS: So that's the word I
13 should be using, is "benchmark surveys against national
14 norms."

15 And by that, just as an example, let's go
16 to Attachment 1-1 just so I understand what you're --
17 what you have. And essentially you're testing the
18 campaign recall and recognition of certain advertising
19 claims or advertising campaigns, is that right, sir?

20 MR. WILF BEDARD: Yes, that's correct.

21 MR. BYRON WILLIAMS: And again just --
22 you'll accept, subject to check, that twenty-six (26) of
23 the internal evaluations are such benchmark surveys, is
24 that right, subject to check?

25 MR. WILF BEDARD: Yes.

1 MR. BYRON WILLIAMS: And the other three
2 (3) and we'll get to those in just a couple of minutes,
3 are set out in attachment 4 and they relate to either the
4 graduated studies by MPI's Strategic Research, either of
5 the graduated license program, or of the COPS program, is
6 that right, sir?

7 MR. WILF BEDARD: Yes that's correct.

8 MR. BYRON WILLIAMS: Just for a couple of
9 minutes, I want to turn to Attachment 5-1, 5-1, which is
10 right towards the end of this document, I apologize for
11 the painful turning, and that looks at evaluation of
12 driver education.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: Ms. McLaren, it's
17 Attachment 5-1.

18 And Mr. Bedard, do you have it? The title
19 is, Driver Education Program Awareness, PRA Omnibus June
20 2004, is that right?

21 MR. WILF BEDARD: Yes, that's right, and
22 yes I have it.

23 MR. BYRON WILLIAMS: Compound questions,
24 I apologize for that. And I don't want to spend much
25 time on it, but essentially what you're doing through

1 this benchmark survey against national standards or
2 measures, is testing whether awareness of the program is
3 high, for example; that's one of the things that you're
4 testing, is that right?

5 MR. WILF BEDARD: Yes, it tests awareness
6 of a program, yes.

7 MR. BYRON WILLIAMS: And another thing
8 that you would test through the use of this benchmark
9 survey against national standards, is whose program is
10 it; whether respondents identify MPI as a program
11 sponsor, is that right sir?

12 MR. WILF BEDARD: Yes, that's true. But,
13 again this is not a program evaluation. It's an
14 awareness measure of the program.

15 MR. BYRON WILLIAMS: Yes, it's one (1) of
16 the twenty-nine (29) internal evaluations that you've
17 conducted since March 1st, 2004, is that right sir?

18 MR. WILF BEDARD: Yes.

19 MR. BYRON WILLIAMS: It's part of this
20 awareness evaluation -- on page 2, you look at other
21 questions such as respondents refer to us in different
22 forms, is that one (1) of the questions that you ask?

23 MR. WILF BEDARD: Yes, that's right.

24 MR. BYRON WILLIAMS: And going to your
25 point about awareness on page 3, you check on the

1 awareness of the driver education challenge, that's
2 another thing that you assess in the internal evaluation,
3 is that right sir?

4 MR. WILF BEDARD: Yes that's right.

5 MR. BYRON WILLIAMS: I, just for one (1)
6 more second, want to turn you to Attachment 5-2, which is
7 -- should be just a couple of pages over. And you'll
8 agree with me that this is titled, Driver Education
9 Program Awareness PRA Omnibus 2005, is that right sir?

10 MR. WILF BEDARD: Yes, I see it.

11 MR. BYRON WILLIAMS: That's one (1) year
12 after the first attachment, correct?

13 MR. WILF BEDARD: Correct.

14 MR. BYRON WILLIAMS: And going down to
15 just whose program is it, you'll note the comment by PRA
16 Omnibus that just one quarter of respondents first
17 mention Manitoba Public Insurance as the program sponsor
18 and that this is a notable decrease from the year before,
19 is that right sir?

20 MR. WILF BEDARD: Could you direct my
21 attention to where you're citing that?

22 MR. BYRON WILLIAMS: Yes, I apologize for
23 that. If you go to -- on page one (1), you'll see the
24 heading, Whose Program is It; do you have that sir?

25 MR. WILF BEDARD: Yes, I do.

1 MR. BYRON WILLIAMS: And in testing
2 program awareness, one (1) of the things you're testing
3 here is, in fact, a decrease in program awareness, in
4 that there's been a noticeable decrease from June 2004 to
5 the current omnibus awareness survey, is that right sir?

6 MR. WILF BEDARD: Yes.

7 MR. BYRON WILLIAMS: Okay. Enough of
8 these benchmark surveys. Let's go back to Attachment 4,
9 which should be a few pages previous. And we'll start
10 with Attachment 4 -- 4-1.

11 Do you have that, sir?

12 MR. WILF BEDARD: Still looking.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: The title's -- Mr.
17 Bedard, if you're looking, the Attachment 4-1 is in the
18 top right-hand corner and the title is, Drivers Fifty and
19 a Half (50 1/2) to Eighteen (18) Years Old.

20 Do you see that?

21 MR. WILF BEDARD: Yes, I found it. I
22 have it.

23 MR. BYRON WILLIAMS: And what I want to
24 do just is -- is show or identify what's in these three
25 (3) attachments, Mr. Bedard. I'm really going to focus

1 on two (2) and three (3), but I just wanted to -- to let
2 you know what's here.

3 Attachment 4-1 is prepared by Strategic
4 Research and it looks at the graduated driver's licence
5 program, is that right, sir?

6 MR. WILF BEDARD: Yes.

7 MR. BYRON WILLIAMS: And then if we turn
8 to Attachment 4-2 we'll see that it's titled, An Internal
9 Assessment of Young Drivers in the Graduated Driver
10 Licencing Program.

11 Do you have that, sir?

12 MR. WILF BEDARD: Yes, I do.

13 MR. BYRON WILLIAMS: And this is the --
14 one (1) of the three (3) studies that are not the
15 benchmark surveys against national standards, is that
16 right, sir?

17 MR. WILF BEDARD: Yes, that's correct.

18 MR. BYRON WILLIAMS: And I'll ask you to
19 turn to page 1 of -- of this document. There is a
20 summary of findings which is kind of an executive
21 summary, but I want you to actually turn to page 1 which
22 contains -- which contains the introduction.

23 Do you have that, Mr. Bedard?

24 MR. WILF BEDARD: Yes, I do.

25 MR. BYRON WILLIAMS: I've lost the -- the

1 Board which is a problem. Yeah, we're now on 4-2, Mr.
2 Chairman. I apologize for that.

3 And we're about five (5) pages in but the
4 page at the bottom right which is -- yeah, which is
5 numbered page 1.

6

7 (BRIEF PAUSE)

8

9 MR. BYRON WILLIAMS: Mr. Bedard, just --
10 I -- I want to draw your attention first of all to the --
11 the very top of the introduction which indicates:

12 "This is an internal assessment of
13 young drivers in the graduate driver
14 licencing program and that it is not a
15 full evaluation of the Manitoba GDL
16 program which is being handled through
17 another project."

18 Do -- do you agree with that statement?

19 MR. WILF BEDARD: Yes, I do.

20 MR. BYRON WILLIAMS: And you're going to
21 have to help me out with this. This internal evaluation
22 is -- before the Board is the full study in terms of
23 graduated driver's licencing, is that -- has that -- is
24 that before the Board or has it been put before the
25 Board?

1 for the next General Rate
2 Application.
3

4 MR. BYRON WILLIAMS: Mr. Chairman, I've
5 got about fifteen (15) more minutes, probably fifteen
6 (15) to twenty (20) in this area, and then I'll just have
7 one (1) more driver's -- or one (1) more subject on road
8 safety and then I'll be moving on to other matters.

9 I'm totally -- I'm happy to keep going or
10 I could -- I -- I think I could be done on Tuesday in
11 maybe thirty (30) to thirty-five (35) minutes. I'm
12 totally at your -- the Board's pleasure.

13 THE CHAIRPERSON: We'll wait until
14 Tuesday then. Thank you, Mr. Williams. Thank you all.
15 See you all on Tuesday morning. Have a good
16 Thanksgiving.

17
18 --- Upon adjourning at 3:58 p.m.

19
20 Certified Correct

21
22
23

24 _____
Wendy Warnock

25