

MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
GENERAL RATE APPLICATION
2014/15

Before Board Panel:

Karen Botting - Chair
Regis Gosselin - Board Chair
The Hon. Anita Neville - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
October 3, 2013
Pages 1051 to 1255



“When You Talk - We Listen!”



1 APPEARANCES

2 Candace Grammond) Board Counsel

3

4 Kathy Kalinowsky) MPI

5

6 Byron Williams) CAC (Manitoba) Inc.

7

8 Raymond Oakes) CMMG

9

10 Liz Peters) CAA

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

	TABLE OF CONTENTS	
		Page No.
1		
2		
3	List of Exhibits	1054
4	List of Undertakings	1055
5		
6	MPI PANEL, RESUMED:	
7	MARILYN MCLAREN, Resumed	
8	HEATHER REICHERT, Resumed	
9	LUKE JOHNSTON, Resumed	
10	Cross-examination by Mr. Raymond Oakes	1058
11	Continued Cross-examination	
12	by Mr. Byron Williams	1132
13	Continued Cross-examination	
14	by Ms. Candace Grammond	1218
15		
16	Certificate of Transcript	1255
17		
18		
19		
20		
21		
22		
23		
24		
25		

1	LIST OF EXHIBITS		
2	EXHIBIT NO.	DESCRIPTION	PAGE NO.
3	MPI-27	Response to Undertaking 7	1057
4	MPI-28	Response to undertaking of	
5		September 26, 2013, at page	
6		442 of the transcript	1058
7	CMMG/MPI-4	CMMG IR reference booklet	1059
8	CAC-8	Document entitled, "Follow-up	
9		to Undertakings"	1188
10	CAC-9	Document entitled, "Ratio of	
11		Fatal Victim Type"	1188
12	MPI-29	Response to Undertaking 1	1218
13	MPI-30	Response to Undertaking 5	1218
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

	LIST OF UNDERTAKINGS		
2	NO.	DESCRIPTION	PAGE NO.
3	28	MPI to provide the actual loss	
4		ratios for private passenger for	
5		the years 2004 to 2012, inclusive	1098
6	29	MPI to restate the motorcycle	
7		serious loss frequency to be	
8		frequency per one thousand (1,000)	
9		registered motorcycles in the table	
10		in CAC/Lake Winnipeg-2-1A	1100
11	30	MPI to confirm whether CMMG/MPI-2-2	
12		has been prepared previously for	
13		the Corporation's use	1102
14	31	MPI to determine whether there are	
15		safety initiatives that might be	
16		implemented and describe what use	
17		the Corporation might make in	
18		designing safety initiatives, as	
19		well as provide a list of	
20		intersections designated as number	
21		5s and number 4s	1105
22	32	MPI to advise of the name of the	
23		Canadian insurer offering	
24		transferrable plates	1119
25			

1	LIST OF UNDERTAKINGS (Con't)		
2	NO.	DESCRIPTION	PAGE NO.
3	33	MPI to provide a collision hot map	
4		for accidents involving cyclists and	
5		motor vehicles; and if not, create	
6		one if it's not too onerous	1126
7	34	MPI to quantify the savings from	
8		bringing payroll in-house,	
9		specifically as it relates to the	
10		availability of funds by not having	
11		to send them to an outside payroll	
12		processor in advance of when MPI	
13		would actually have to pay	
14		individuals	1143
15	35	MPI to provide, if possible, an	
16		executive summary of the exit	
17		survey referred to at page 94 of	
18		CAC Exhibit number 5	1157
19	36	MPI to, in relation to pedestrian	
20		fatalities from 2006 through to	
21		2012, provide a demographic	
22		breakdown consistent with what	
23		it does in its traffic collision	
24		reports	1200
25			

1 --- Upon commencing at 9:34 a.m.

2

3 THE CHAIRPERSON: Good morning,
4 everyone. We're going to begin the hearings now. And
5 I would like to first call upon Ms. Kalinowsky to
6 mention her new exhibits.

7 MS. KATHY KALINOWSKY: Good morning,
8 and thank you. I'd like to provide two (2)
9 undertakings. The first undertaking is Undertaking
10 number 7, and that should be marked as MPI Exhibit
11 number 27, and that's in -- within respect of the Ward
12 Group.

13 So that's Undertaking 7; should be MPI
14 Exhibit number 27.

15

16 --- EXHIBIT NO. MPI-27: Response to Undertaking 7

17

18 MS. KATHY KALINOWSKY: The next
19 undertaking actually didn't have a undertaking number
20 in the transcript but it's found at four four two
21 (442) of the transcript, and it relates to the
22 historical level of sponsorship contributions, which
23 was a question asked by Mr. Gosselin.

24 And so we've set it down as undertaking
25 of September 26, 2013, at page 442 of the transcript.

1 And that one should be marked as MPI Exhibit number
2 28. Thank you very much.

3

4 --- EXHIBIT NO. MPI-28: Response to undertaking of
5 September 26, 2013, at
6 page 442 of the transcript

7

8 THE CHAIRPERSON: Thank you, Ms.
9 Kalinowsky. Now I'd like to call upon Mr. Oakes.

10 Mr. Oakes, do you want to mention your
11 reference? Mr. Oake is -- Oakes is from CMMG, and
12 he's going to be presenting now.

13

14 MPI PANEL, RESUMED:

15 MARILYN MCLAREN, Resumed

16 HEATHER REICHERT, Resumed

17 LUKE JOHNSTON, Resumed

18

19 CROSS-EXAMINATION BY MR. RAYMOND OAKES:

20 MR. RAYMOND OAKES: Thank you, madam
21 chairperson. You're quite right. This morning I've
22 disseminated a CMMG IR reference booklet. None of
23 this is new evidence. This is merely the CMMG IRs
24 that we'll be referring to in order that I'll be
25 reviewing them, together with one other document, CAC-

1 MPI pre-ask 2. It's been marked as Exhibit -- or is
2 being marked this morning as Exhibit CMMG-MPI number
3 4, and just for that purpose.

4

5 --- EXHIBIT NO. CMMG/MPI-4:

6 CMMG IR reference booklet

7

8 MR. RAYMOND OAKES: As I promised Mr.
9 Johnston, we would get into arm wrestling right off
10 the hop. I would ask him to confirm whether he's
11 heard previously in Board hearings the criticism that
12 the Corporation's forecasting is overly conservative
13 at times in certain instances?

14 MR. LUKE JOHNSTON: Yes, we have that
15 -- had that discussion on a few occasions.

16 MR. RAYMOND OAKES: And I'm going to
17 continue in that somewhat adversarial vein and suggest
18 that you heard it -- the Corporation heard it most
19 vociferously in a period of time that is somewhat less
20 than a shining example. And on March 18th, 2011, the
21 Corporation produced a news release indicating that
22 the value of its outstanding claims liability was
23 reduced by \$250 million, or 20 percent.

24 Do you recall that period in time?

25 MR. LUKE JOHNSTON: Yes, I do.

1 MR. RAYMOND OAKES: And, of course,
2 that resulted in a special hearing before this Board,
3 dated March 30th, 2011. And the ultimate result was
4 that instead of a \$250 million surplus, the -- this
5 Board went on to order a rebate of some three hundred
6 and twenty-one million six hundred and seventy-eight
7 thousand dollars (\$312,678,000).

8 Do you recall that, sir?

9 MR. LUKE JOHNSTON: Yes, I do. I'll -
10 - subject to check, but I believe those numbers are
11 correct.

12 MR. RAYMOND OAKES: And the inference
13 in the Board in ordering a rebate of that magnitude,
14 which is some \$71 million more than what MPI had
15 presented as being the surplus -- surplus of 250
16 million, was that they didn't necessarily believe that
17 the amount was 250 million. They thought that perha -
18 - perhaps that number was again being overly
19 conservative.

20 Would you agree with that?

21

22 (BRIEF PAUSE)

23

24 MR. LUKE JOHNSTON: So you're --
25 you're correct in the -- the piece about the large

1 reduction in claim liabilities of approximately \$250
2 million. Also correct that the actual rebate was in -
3 - the number you quoted, over 300 million. My
4 understanding is, obviously, the main contributor to
5 the excess retained earnings we had was the -- the
6 \$250 million reduction in claim liabilities. But the
7 Corporation also had additional funds in excess of the
8 Board's target at -- at that time, which was not
9 specifically to the release in that year, but from net
10 income in prior years.

11 MR. RAYMOND OAKES: I'm going to move
12 to the first IR in the booklet, which is CMMG/MPI-1.1,
13 Mr. Johnston, and I just want to review with you there
14 some of the Corporation's forecasts. And we could
15 start with the first year indicated in the table
16 produced by the Corporation in response.

17 And that shows in 2004 projected total
18 losses of seven million nine hundred and forty-six
19 thousand and four (7,946,004). The actual losses in
20 that year were three million five hundred and fifty-
21 one thousand nine hundred and one (3,551,901).

22 Do you agree with me that's less than
23 half?

24 MR. LUKE JOHNSTON: Yes, I agree.

25 MR. RAYMOND OAKES: And then we'll

1 look at the next year. Projected total losses, eleven
2 million five and fifty-nine thousand four hundred and
3 thirty four (11,559,434). You see the actual losses,
4 six million one hundred and thirty-eight thousand six
5 hundred and sixty-seven (6,138,667).

6 Again, we're close to that half number,
7 Mr. Johnston?

8 MR. LUKE JOHNSTON: Yep, close is
9 fair. We're a little -- little more than half, yeah.

10 MR. RAYMOND OAKES: And then we have a
11 run of years, 2007 to 2009 and -- where we have
12 losses: 2007, over 10 million forecasted; 2008, over
13 12 million forecasted; 2009, 12 million in excess of
14 that forecasted; whereas the actual losses are
15 considerably less under 7 1/2 million.

16 Is that correct?

17 MR. LUKE JOHNSTON: Correct.

18 MR. RAYMOND OAKES: Looking at the
19 most recent examples. 2011 we have forecast losses
20 twelve million two hundred and forty-five thousand
21 nine hundred and fourteen (12,245,914). It comes in
22 at less than half of that again, or about half: six
23 million one hundred and eighty-five thousand nine
24 hundred and ten (6,185,910).

25 Do you see that, sir?

1 MR. LUKE JOHNSTON: Yes, I do.

2 MR. RAYMOND OAKES: And then the same
3 experience the next year, 2012. We have nine million
4 three hundred and forty-seven thousand three sixty-one
5 (9,347,361). Again, way less than half of the actual
6 losses, are four million two hundred and eighteen
7 thousand three twenty-three (4,218,323).

8 Is that correct, sir?

9 MR. LUKE JOHNSTON: Less than half is
10 correct.

11 MR. RAYMOND OAKES: So when you look
12 at this table, and I'm as -- not asking you to do the
13 calculations in a hurried fashion, but would you be
14 able to agree with me that in two-thirds (2/3s) of
15 those years the projected total losses are
16 significantly more than the actual losses?

17 MR. LUKE JOHNSTON: Like, I'll -- I'll
18 say, actually, a -- few things about this. I -- as
19 you've just gone through, you've noted that in -- in
20 several of these years that the actual losses were
21 less than -- than what was forecasted. I -- I agree,
22 whether it's two-thirds (2/3) or something close to
23 that is -- is reasonable.

24 The -- one (1) thing you'll -- you'll
25 notice about total losses for motorcycles in this

1 table is that they are very difficult to predict.
2 There's not much stability in the actual loss history
3 ranging from 3 million to \$12 million in a particular
4 year. I believe about 55 percent of motorcycle losses
5 are just from serious incidents, on average.
6 Sometimes there's no serious losses in a year;
7 sometimes there's several.

8 The -- so that's one (1) of the reasons
9 why we do this ten (10) year approach, to make sure
10 that we -- we don't give too much weight to one (1)
11 bad year; don't give too much weight to a -- a really
12 good year.

13 The -- the other -- the other piece
14 that you'll note in the second column that says,
15 "Projected Total Losses," Mr. Oakes spoke about the --
16 the large liability review that was done and the --
17 and the subsequent release and rebate, in the 2012
18 rating year you'll see that the projected total losses
19 for motorcycles dropped substantially from 12 million
20 to approximately 9.3 million. And this is really the
21 -- the effect of the restatement of those assumptions,
22 a -- a revised forecast.

23 The -- in -- in approximate terms, the
24 effect of the liability review was to bring down our -
25 - our PIPP forecast by about 25 percent. So this

1 obviously flowed through into motorcycles with a --
2 given that about 85 percent of their losses are for
3 PIPP.

4 MR. RAYMOND OAKES: That's a very
5 interesting point, Mr. Johnston. The numbers shown as
6 projected total losses then, going back from 2011,
7 going back for the purpose of your rate making this
8 year, have these all been restated and reduced by 25
9 percent?

10

11 (BRIEF PAUSE)

12

13 MR. LUKE JOHNSTON: No, they haven't.
14 This is a -- a -- the Corporation's projected losses
15 and premium at the time that those rate applications
16 were -- were presented.

17 MR. RAYMOND OAKES: But how about then
18 for the actual rate making for next year as opposed to
19 this table?

20

21 (BRIEF PAUSE)

22

23 MR. LUKE JOHNSTON: The -- maybe I'll
24 ask for some clarification to make sure I'm answering
25 the right question. I think the question is: Does

1 the current year's rate app. reflect the new PIPP
2 forecast that we've done, particularly, just talked
3 about the 2012 year?

4 Is that correct?

5 MR. RAYMOND OAKES: No, that's a far
6 more general question. What I am asking, and I'll put
7 it in context, the Corporation uses, I believe, ten
8 (10) years of previous years loss costs.

9 Is that correct?

10 MR. LUKE JOHNSTON: Yes, that's
11 correct.

12 MR. RAYMOND OAKES: And I guess the
13 short answer would be there'd have to be no
14 restatement because it's using the actual loss costs
15 instead of using forecasts?

16 MR. LUKE JOHNSTON: Okay. Yeah, I
17 apologize. You're -- yes, the actual total loss costs
18 are used. And if we had used -- if we had looked at a
19 table similar to this, say three (3) or four (4) years
20 ago, the actual losses would have reflected a higher
21 PIPP estimate, which would then have been brought down
22 when the be -- the -- liability review was done in
23 2010.

24 So the actual loss history has -- has
25 been adjusted down, and now -- is now reflective over

1 the whole ten (10) year period, and that -- that's
2 what's used for rate-setting.

3 MR. RAYMOND OAKES: All right. So on
4 the basis of this table, it appears that there's two
5 (2) years of the -- of the eight (8) shown where the
6 actual total losses were higher than projected and the
7 other six (6) are all less than projected.

8 Would you agree with that?

9

10 (BRIEF PAUSE)

11

12 MR. LUKE JOHNSTON: Yes.

13 MR. RAYMOND OAKES: And in
14 considerably -- a considerable number of those, it's
15 the actual total losses are less than half of what was
16 projected; I think you've indicated that previously?

17 MR. LUKE JOHNSTON: Yeah, I -- I
18 accepted that I think you had quoted approximately
19 two-thirds (2/3s). That's a reasonable estimate.

20

21 (BRIEF PAUSE)

22

23 MR. RAYMOND OAKES: And even with your
24 considerable actuarial expertise, which I have a great
25 amount of respect for, you can't tell us, in 2014,

1 whether the actual loss costs are going to be 3 1/2 or
2 \$4 million like we saw in 2004 or 2012, or some other
3 number, such as your forecast number, can you?

4 MR. LUKE JOHNSTON: We can of course
5 forecast and estimate this, but as -- as we discussed,
6 there is a very significant volatility in these
7 numbers, and that is the -- the -- really the main
8 reason we spread motorcycle injury losses over -- over
9 a decade. Because, you're -- you're absolutely right,
10 if we put this on a short-term rating scheme or
11 design. or only dealing with two (2) or three (3)
12 years of history, you'd have -- the rate indication
13 would change dramatically. So this is what we use to
14 -- to create more stability in those numbers.

15 MR. RAYMOND OAKES: And I don't know
16 if you have it ready at hand, I don't, but what is the
17 projected total losses that you're estimating for
18 2014?

19

20 (BRIEF PAUSE)

21

22 MR. LUKE JOHNSTON: Just give me a
23 moment. It shouldn't take -- take long.

24

25 (BRIEF PAUSE)

1 MR. LUKE JOHNSTON: Thank you for --
2 for waiting. The projection for the 2014 year is 9.2
3 million. And the -- that also reflects -- we also
4 have to consider there's more units that occurred
5 through the history here though, as well.

6 MR. RAYMOND OAKES: Okay. I have some
7 questions relative to that extra units. But in
8 looking at this table of 1.1 then, your projected
9 total loss cost for 2014, you're estimating to be
10 close to what 2012 was. Your estimate is going to be
11 \$9.2 million. In 2012, it was nine point three-fifty
12 (9.350), and in that year the actual total losses were
13 four million two hundred and eighteen thousand
14 (4,218,000).

15 Mr. Johnston, you can't tell us
16 whether, in estimating that similar amount as you did
17 in 2012, whether the actual will be some \$4.2 million
18 like it was in 2012?

19 MR. LUKE JOHNSTON: No, I can't tell
20 you with certainty what the actual results will be.

21 MR. RAYMOND OAKES: And you spoke
22 about the increase in units, and you spoke last
23 Wednesday in these hearings about the fact that in
24 2012 there was 8 percent increase in the motorcycle
25 vehicle population with no appreciable increase in

1 premiums, with your words.

2 Is that correct?

3 MR. LUKE JOHNSTON: Yes, that -- to a
4 large extent that was one of the -- the reasons
5 motorcycles were -- were able to receive -- or the
6 class, at least, to receive a 6 percent decrease. We
7 got a very substantial increase in units, which allows
8 obviously extra premium, with continued, at least in
9 the last few years, favourable riding experience.

10 So definitely, if we add more
11 favourable experience to the -- the ten (10) year
12 rating calculation it will continue to produce
13 positive, or -- or rate decreases for motorcyclists.

14 THE CHAIRPERSON: Excuse me, Ms.
15 Neville has a question for you.

16 MS. ANITA NEVILLE: Mr. Johnston, how
17 do you estimate this? What -- what is the process of
18 -- of estimating what the -- what the costs might be?

19

20 (BRIEF PAUSE)

21

22 MR. LUKE JOHNSTON: So I -- I talked
23 about this a little bit, but I'll -- I'll go into it
24 in a little more detail.

25 The -- so motor -- motorcyclists, I

1 mentioned, are about -- about 55 percent of their loss
2 experience is from serious loss claims. So when you
3 look at the actual loss history here, you're -- we're
4 talking 6 million, 11 million, as low as 3 million; a
5 single claim -- a single motorcycle serious loss claim
6 could -- could be \$2 million, \$3 million. I -- I
7 think our average catastrophic injury claim is about
8 2.2 million.

9 So in a lot of these years it's true
10 that average motorcycle experience for everything
11 other than serious losses probably hasn't changed that
12 sig -- significantly, but the occurrence of one (1) or
13 two (2) major losses drives the higher number.

14 So recognizing, as -- as Mr. Oakes
15 pointed out, the difficulty in forecasting single year
16 estimates, we do use -- use a ten (10) -- ten (10)
17 years of experience. And we look at it -- this is
18 showing the total, but of course we consider losses
19 per -- per motorcycle, and -- and the -- and the
20 premium we get from that.

21 We -- we believe that the ten (10) --
22 the ten (10) year is definitely an appropriate
23 timeline for doing this, because the -- the
24 instability of rates that you would create from using
25 a shorter -- shorter-term period would be significant.

1 Just let's say we have three (3), four (4) years where
2 we just happened to not have a serious loss, that
3 would show a -- a significant rate indication --
4 decrease, right. But the reality is there are serious
5 losses in the history.

6 So unless we think that there's some
7 kind of fundamental change in motorcycle riding
8 behaviour, or loss experience, we don't see any reason
9 to, you know, to bring this to a shorter period. We
10 think the ten (10) year average is very appropriate,
11 and -- and the best thing to keep motorcycle rate --
12 rates stable now that -- now that we've -- we believe
13 we've reached our rate requirement today.

14 Does that -- does that help?

15 MS. ANITA NEVILLE: Somewhat. But I'm
16 going to come back to this, because at some level it
17 almost looks like this and pulling it out of the air,
18 to be perfectly blunt, and I'd like a little more
19 detail. But I'll come back to it. Thank you.

20 MR. LUKE JOHNSTON: I -- I do --
21 anytime you have some, you know, incredible
22 variability like this, I agree, it can -- it can look
23 that way. And what I was discussing with Mr. -- Mr.
24 Oakes, the -- the loss is projected historically,
25 those were on a -- a very different PIPP forecast that

1 we've since revised significantly, which -- which
2 resulted in a rebate in -- in 2010.

3 So, correct, it's not -- on a
4 historical basis it's not a good comparison. We've
5 made very significant changes to those loss estimates
6 since -- since that time, but those were the estimates
7 we had that year.

8 MS. ANITA NEVILLE: Thank you.

9

10 CONTINUED BY MR. RAYMOND OAKES:

11 MR. RAYMOND OAKES: Mr. Johnston, just
12 further -- further to that, you've indicated the
13 Corporation believes it's met its rate requirement.
14 You're aware, of course, that the motorcyclists say
15 that the Corporation is grossly exceeding its rate
16 requirement.

17 Do you understand that, sir?

18 MR. LUKE JOHNSTON: Is the question
19 that the -- whether the Corporation is charging too --
20 too high of rates for motorcycle? Is that -- can you
21 -- maybe you can rephrase it for me.

22 MR. RAYMOND OAKES: Certainly. Are
23 you aware that the perception of motorcyclists is that
24 the Corporation is collecting far more premium revenue
25 than its rate requirement?

1 MR. LUKE JOHNSTON: I -- I can't
2 comment on the perception of motorcyclists. What I
3 can say though is our -- our rate-setting procedures
4 are transparent and -- and fairly standardized over
5 the years to -- through the rate setting process. So
6 we're -- we're using actual historical motorcycle
7 experience over a ten (10) year period, projecting
8 that forward based on the overall trends and -- and
9 vol -- or the fleet growth that we're expecting, and
10 that's producing the required rate.

11 So it's not that we're using a -- a
12 specific methodology. It's not Luke Johnston having a
13 hunch about what motorcycle losses are going to be
14 next year; it is a very prescribed methodology that we
15 use for all vehicles. Motorcycles just happen to have
16 a longer period that we look back.

17 MS. MARILYN MCLAREN: Maybe more
18 specifically if we could talk about this issue and --
19 and in part address Ms. Neville's question. If -- if
20 I could ask folks to turn to the Corporation's
21 response to CMMG-1-4. And there's a number of tables
22 in there, but I'd ask you to page -- turn to page 4 of
23 CMMG-1-4.

24

25

(BRIEF PAUSE)

1 MS. MARILYN MCLAREN: So CMMG-1-4,
2 page 4. Page 4 of that attachment. It -- it's
3 entitled, "Motorcycle Claims Loss Data." And over on
4 the left at the top it said, "Accident Benefits
5 Incurred."

6

7 (BRIEF PAUSE)

8

9 MS. MARILYN MCLAREN: I -- I don't
10 mind continuing to talk to fill the dead air space, so
11 -- while we wait for a copy of the attachment. I feel
12 the need to do a little bit of a defence of actuarial
13 science. I -- I learned a lot about how the actuaries
14 work, because I have absolutely no background in it
15 whatsoever -- ever, Ms. Neville. And it's something
16 I've had to learn a lot about.

17 And in all honesty, the -- the --
18 probably the best word to describe what I've learned
19 about the work that they do, to basically, you know,
20 predict future costs is it's really quite elegant.
21 And I would say it -- it's -- nothing could be further
22 than -- from my view, as in terms of kind of just
23 plucking it out of the air. I mean, it -- it's
24 possible that we might have a year in Manitoba where
25 there's not one (1) motorcycle crash or -- or nobody

1 badly hurt. But it's not probable.

2 And the best indication we have of what
3 will our future costs be, is historic costs. And
4 that's everything that we do in trying to assess rates
5 for motorcycles and every other class. Like Mr.
6 Johnston said, it's the same methodology. It's to
7 really understand as much as we can about historic
8 costs and figure out what that might mean to the
9 future.

10 So if you have this in front of you
11 now, you can see that this is just the last five (5)
12 years of actual accident benefits incurred for
13 motorcycles. And if you look at the very bottom, the
14 grand total across the bottom, the number of
15 incidents, you know, ranges from a low of a hundred
16 and fifty-eight (158) to a high of a hundred and
17 seventy-seven (177). Not a lot of variability. The
18 number of incidents is really quite stable.

19 But look at the differences in loss
20 costs. The 2010 year, with almost \$11 million; the
21 2012 year, with just over 3 million. We'd -- that's
22 terrific, but it's very, very variable. And as Mr.
23 Johnston was saying, if we somehow just wanted to base
24 the 2014 rates on the 2012 experience, then they'd get
25 a great -- bigger decrease than what we're suggesting.

1 But if this Board wants us to take a shorter-term view
2 of motorcycle losses in predicting future costs, then
3 this Board really needs to be comfortable with
4 introducing significantly more volatility in what
5 motorcyclists would pay. We couldn't have, sort of a
6 -- a cap of 15 percent on increases or decreases year
7 to year. You -- we would have to have significantly
8 more volatility.

9 We don't have another category of
10 vehicle where so much of their claims costs are injury
11 costs. And, to Mr. Johnston's point, serious injury
12 costs. It's a tiny fraction of what our rates
13 contribute to for our private passenger vehicles.
14 When it comes to motorcycles, they're really almost
15 solely driven by injury costs and significantly driven
16 by serious injury costs. And that means there will be
17 some volatility.

18 So that's why we look over a ten (10)
19 year period. I -- I think the -- the overall rate-
20 making methodology, by saying -- and I don't really
21 know how you guys come at this. It seems a little bit
22 like you're kind of plucking it out of the air. To
23 me, how we come at it is that page I keep talking
24 about that's my very favourite page, that rate-making
25 methodology that shows how we do our best to figure

1 out all of those different puts and takes into the
2 revenue rate and the rate requirement for all the
3 individual classes.

4 When it comes to motorcycles, you can
5 see with this one (1) page how changeable it can be
6 from year to year. And I would really argue that, you
7 know, I mean, think about our conversation back to
8 interest rates. I mean, you could look at these five
9 (5) years and say, Well, let's lop off the highest.
10 And that doesn't work. When it comes to really
11 understanding claims costs, you -- you can't do
12 something like that.

13 And the years before this that are not
14 on this page, there was other \$10 million years. You
15 know, so you average it over a period of time. But,
16 clearly, if this kind of experience for motorcycles
17 really does hold, they will absolutely get the benefit
18 and their rates will continue to decrease. But just
19 because they've had a good -- you know, they've had
20 one (1) really bad year, one (1) really good year, and
21 three (3) medium years in this five (5) years doesn't
22 -- doesn't tell us that we should start really
23 assuming that they're going to have \$3 million years,
24 right.

25 In the year that we had -- in -- in the

1 2011 year we had one (1) claim that cost about as
2 much. You see that -- there in the 2011 year you can
3 see at the bottom that \$2.9 million claim. That's one
4 (1) instance that cost as much as all the claims that
5 we had in the 2012 year. That's -- that's the reality
6 of motorcycle claims costs.

7 That's -- I've probably gone on long
8 enough now.

9

10 CONTINUED BY MR. RAYMOND OAKES:

11 MR. RAYMOND OAKES: Actually, you
12 haven't gone on long enough, Ms. McLaren. I
13 appreciate you jumping into the fray. And I also
14 appreciate you indicating that you can look at what's
15 happening from this one (1) page of accident benefits
16 because if you look at that one (1) page, the five (5)
17 years, if you add up the grand total of all of those
18 losses and divide by five (5), you've got about a \$6
19 million in actual claims losses.

20 Would you like to quickly just double-
21 check that and tell us whether you agree?

22 MS. MARILYN MCLAREN: I'd say it's
23 probably close enough.

24 MR. RAYMOND OAKES: Show --

25 MR. LUKE JOHNSTON: Oh, sorry. I can

1 -- I can comment on that. The -- the -- we do -- we
2 don't -- our -- we don't do our actuarial ultimate
3 estimates on a claim-by-claim basis. So these are the
4 reported amounts to date for all these particular
5 claims.

6 In our actuarial review we do a review
7 of the personal injury protection plan estimates on a
8 overall basis. And these amounts -- like it amounts
9 for every other PIPP claim have to be grossed up to
10 their -- their ultimate value.

11 So even the 2012 year, although it does
12 -- it does look like a good year at this point, these
13 are very initial reserves, right. They're still --
14 there's -- more reserves will be added as claims are
15 further assessed, but it looks like there's no serious
16 losses right now. But that's the reason for the
17 difference.

18 MR. RAYMOND OAKES: Well, in argument,
19 I'll suggest that they're very similar to the tables
20 we've just gone through. But we'll jump ahead to look
21 at this a different way to CMMG-2-1. It's one (1),
22 two (2), three (3), four (4) pages into my little
23 booklet.

24 And if you have that there, Mr.
25 Johnston, before the last segue we were talking about

1 the perception of motorcyclists that the Corporation
2 is collecting far too much premium. And we're going
3 to look at the last couple of years of the loss ratio
4 change, if we might.

5 Do you have that, sir?

6 MR. LUKE JOHNSTON: Yes.

7 MR. RAYMOND OAKES: And I'd -- in 2011
8 and 2012, the loss ratios are some 48 percent and 32
9 percent. Do you see that, sir?

10 MR. LUKE JOHNSTON: Yes, I do.

11 MR. RAYMOND OAKES: And those
12 represent, in 2011, a 52.75 percent reduction from the
13 previous year's loss ratio. And then, in 2012,
14 there's a 32 percent loss ratio change, negative lo --
15 a reduction in the loss ratio.

16 Do you see that, sir?

17 MR. LUKE JOHNSTON: Yes, I do.

18 MR. RAYMOND OAKES: And then if you go
19 to the right of that column, while the Corporation's
20 enjoying a 52 percent reduction in the loss rate and a
21 32 percent reduction in the loss rate, we see that in
22 the year of the 52 percent reduction in the loss ratio
23 that the Corporation asked for a 1.62 percent increase
24 in its premium.

25 Is that correct?

1 MR. LUKE JOHNSTON: Ye -- yes, that's
2 correct. I'll let proceed, but we -- we'll talk about
3 the timing of that perhaps at the end of your -- your
4 questions.

5 MR. RAYMOND OAKES: Thank you, sir.
6 And, similarly, the next year, although the
7 Corporation enjoyed a 32 percent reduction in the loss
8 ratio, the decrease was only a 10 percent, or 10.33
9 percent, decrease in the rate.

10 Do you see that, sir?

11 MR. LUKE JOHNSTON: Yes, I do.

12 MR. RAYMOND OAKES: And apart from the
13 fact that I'm here, would you agree that that may give
14 motorcyclists rise to be concerned that they're not
15 getting the reductions that the recent experience
16 shows?

17 MR. LUKE JOHNSTON: Before I respond
18 to that question, I -- I'd just like to talk about
19 this table at a bit of a higher level.

20 MR. REGIS GOSSELIN: I just want to
21 make I've got the right table. Could -- could you
22 give me the reference again, please?

23 MR. RAYMOND OAKES: Certainly. It's
24 CMMG/MPI-2-1.

25

1 (BRIEF PAUSE)

2

3 MR. RAYMOND OAKES: It's seven (7)
4 pages in on my little booklet. Next year we'll num --
5 renumber each of those pages.

6 MR. REGIS GOSSELIN: Okay.

7 MR. LUKE JOHNSTON: Okay. So we
8 talked about -- I already talked about how there is a
9 big adjustment to our PIPP estimates in 2010.
10 If you look at prior to that adjustment
11 occurring, you see the rate requirement for
12 motorcycles in the second column from 2004 to 2011/'12
13 running at about eleven hundred (1,100) to twelve
14 hundred dollar (\$1,200) range. That's the
15 requirement. That's not what was necessarily approved
16 in rate.

17 But you can see on the -- on the far
18 right side that that was a period where there were
19 significant motorcycle rate increases happening to get
20 to this indi -- indicated rate. You'll note that the
21 rate is actually very stable, and that is reflective
22 of the methodology used, the ten (10) -- the ten (10)
23 year average methodology.

24 You go to the '12/'13 year, that's the
25 first year where we restated our entire history based

1 on the PIPP -- the -- the \$250 million PIPP release.
2 So absolutely as soon as that happened, the
3 Corporation applied for the rate to fall from one
4 thousand, one hundred and thirty (1,130) to nine
5 hundred and seventeen (917). So that's the big driver
6 of that.

7 The -- the following year,
8 incorporating -- the '13/'14 year, we would have had
9 the 2011/2012 motorcycle experience; we would -- would
10 have known about that at that point. So that would
11 have -- given that the loss ratio is fairly low, the
12 loss costs in general were -- were lower. You'd
13 expect that to bring down the rate a little bit using
14 the ten (10) year average.

15 Again, '14/'15, now you've got another
16 really -- what appears to be a really good year for
17 motorcycles coming in, being the '12/'13 year. That
18 goes into the ten (10) year average as well. Rate
19 falls to eight (8) -- or, sorry, the proposed rate
20 falls to eight forty-six (846).

21 So in terms of -- getting back to your
22 -- your question, Mr. Oakes, I -- if you showed
23 motorcyclists one (1) year of losses and premiums and
24 said, This is what MPI charged you and this what you
25 cost the Corporation this year, it -- it would look in

1 the 2012 year that we charged more than we needed.

2

3 But looking how -- you know, how we do
4 things over the ten (10) year period that's not true.
5 Again, we -- we're using the -- a similar methodology
6 that we used for all vehicles. What is positive for
7 motorcyclists here is that obviously we've revised our
8 PIPP estimates, which improved their rates
9 significantly, but also that their recent experience
10 has been very good.

11 And the -- it's quite apparent that the
12 Corporation is including that in their revised rates
13 at, of course, a slightly slower rate because we're
14 using a ten (10) year average.

15

16 CONTINUED BY MR. RAYMOND OAKES:

17 MR. RAYMOND OAKES: Just want to ask
18 some questions following on those comments. So the
19 difference in 2011/'12 of the rate requirement of
20 eleven hundred and thirty (1,130) odd dollars to 2012
21 dropping down to nine seventeen (917) is mostly
22 because of your revised PIPP estimates, the -- the
23 fact that the previous methodology was -- was
24 incorrect.

25 MR. LUKE JOHNSTON: It is mostly the

1 result of the revised estimates. I'll -- I'll leave
2 it at that.

3 MR. RAYMOND OAKES: No doubt I won't.
4 So in all of those prior years then, had the
5 Corporation had the correct methodology those people
6 in the years prior to 2011/'12 would have paid a
7 couple of hundred dollars less for their insurance
8 each year?

9 MR. LUKE JOHNSTON: I -- I don't have
10 those calculations at -- at this time, or I haven't
11 done them. The -- a couple things to note, if you
12 flip -- if you're still on CMMG-2-1, there -- if you
13 look at the increase approved in the far right column,
14 there's a -- a long period of time where motorcycles
15 were much below the indicated rate we -- we had at the
16 time.

17 So there was still going to be a period
18 where motor -- motorcycles had to reach the overall
19 required rate, whether that's eleven hundred (1,100),
20 or -- or nine seventeen (917), or today's number. So
21 much of those rate increases would have still been
22 required.

23 If you go back to CMMG-1-1, which is
24 the second page in Mr. Oakes's handout, the actual
25 loss ratio over this period is an average of 71.84

1 percent, which is ad -- admittedly on the -- on the
2 lower end. This loss ratio, we would subsequently add
3 claims expenses. We also have a pool cost, like ev --
4 every -- as a result of our loss transfer hearing we
5 have to add additional monies for -- there's --
6 there's amounts that every vehicle has to pay for pool
7 costs.

8

9

(BRIEF PAUSE)

10

11

MR. LUKE JOHNSTON: So adding those
12 items in -- well, I would suspect; I don't want to put
13 any kind of absolute on this, this -- we'd be close to
14 our 85 percent goal, returning 85 percent in the form
15 of claims benefits. The other thing that's not in
16 these figures is in several of these years there are
17 also premium rebates given. So we don't calculate the
18 loss ratio net of premium rebates, but that would also
19 -- if -- if you did so, that would show that there's
20 additional monies returned to motorcyclists as well.

21

MR. RAYMOND OAKES: Now, Mr. Johnston,
22 in that statement you're talking about averages.
23 Certainly in the last two (2) years you're not trying
24 to tell us that when you add the pool expenses we get
25 anywhere close to 85 percent?

1 MR. LUKE JOHNSTON: No, I'm not.

2 MR. RAYMOND OAKES: And then just
3 going back to the -- the two point one (2.1) that we
4 were previously looking at, and you mention the fact
5 of the rebates, and the rebel -- rebates, I'm sure you
6 would say, help to address the overpayment that
7 resulted from the incorrect methodology.

8 I -- you'd probably state it
9 differently, but would you agree with that?

10

11 (BRIEF PAUSE)

12

13 MR. LUKE JOHNSTON: So as -- yes, as
14 you know, the -- pardon me, I'll retract my 'yes', in
15 -- in the first comment. As you know, the way the
16 Basic program is -- is designed, in the case where we
17 have a favourable adjustment to claim liabilities is
18 the example you're referring to. Favourable
19 investment income would be another example. When the
20 Corporation has retained earnings in excess of the
21 PUB's targets, the -- the history is that those
22 amounts have been rebated.

23 So while I agree with re -- Mr. Oakes
24 that in this particular case loss ratio on a -- on a
25 nine (9) or ten (10) year average is a little bit low.

1 After considering the substantial rebates that
2 customers received, I think we're -- we're very close,
3 if not exceeding, our -- our 85 percent or more goal.

4 MR. RAYMOND OAKES: Okay. So just
5 taking you back to the most recent years before the
6 change in methodology, I'll use a less contentious
7 description. Those people who were paying likely a
8 couple of hundred dollars more than they were, there's
9 no way that you can ascertain whether they were the
10 same ones that later got the massive rebate.

11 Isn't that correct?

12 MR. LUKE JOHNSTON: I suppose we could
13 investigate the policy holders that we had over this
14 period, but there's not any rule that they have to be
15 the same -- same people, if that's what you're -- what
16 you're asking.

17 MR. RAYMOND OAKES: And so one (1) of
18 these -- or several of these riders that were paying a
19 couple of hundred dollars too much because of the need
20 to have a restated PIPP estimate, could have left
21 motorcycling because they couldn't afford the premiums
22 and weren't, then, registered in later years to
23 receive the rebates. Is that a possibility?

24

25

(BRIEF PAUSE)

1 MR. LUKE JOHNSTON: I sup -- I suppose
2 -- I suppose that that's possible, but I -- I can't
3 really comment any further on -- on that.

4 MR. RAYMOND OAKES: Well, I wonder if
5 you can agree with me that, in your terminology, the
6 extra sums collected in, say, 2009 to 2011, the driver
7 of those additional sums was a methodology that later
8 proved to be incorrect?

9

10 (BRIEF PAUSE)

11

12 MR. LUKE JOHNSTON: Rate making, as
13 you know, for this application and -- and all previous
14 ones is perspective and we are relying on -- on
15 forecasts that we have available at this time. And
16 those forecasts, of course, are -- are reviewed
17 thoroughly by -- by the Board and Intervenors. At the
18 time that -- in those particular years, those were our
19 -- our PIPP forecasts. Subsequently, they -- they
20 were revised and in this particular case,
21 significantly, which produced a new -- a new rate
22 indication.

23 There is -- there is many instances
24 where, of course, our forecast didn't turn out as we
25 thought. And -- but those, again, it's -- we're --

1 we're rating on the future and that -- that is -- that
2 is -- that is going to occur. So we're not going to
3 go back and adjust and -- and rebate every --
4 everyone's rates.

5 For this particular case, although I
6 acknowledge Mr. Oakes's concern that some of those
7 motorcyclists that were paying those rates at the time
8 may not have got a rebate a year or two (2) later, I -
9 - I agree. But to the extent that our results turn
10 out more favourable we do rebate and, to a large
11 extent, those are -- those are the same policy holders
12 in -- in general, but -- but not -- not always. I
13 agree with that.

14 MR. RAYMOND OAKES: I would suggest to
15 you that when the Corporation was forced to restate
16 its assumptions following the liability review, its
17 existing methodology didn't look too elegant at that
18 time.

19

20 (BRIEF PAUSE)

21

22 MR. LUKE JOHNSTON: I don't believe
23 there's any issues with the rate making methodology.
24 I think that methodology has stood the test of time
25 here. The issue, in this case, was with the liability

1 review and the difficulty in estimating the costs of
2 long-term PIPP claimants. And between the period of
3 2005 and 2010, we made quite significant, internal
4 changes to how we reserve and estimate those claims.
5 And in -- in 2010, we revised our actuarial report.

6 I don't think that that is -- raises
7 any concerns with the -- the basic rate making
8 framework. It is -- it is more of a -- an actuarial
9 issue. And, again, on that -- on CMMG-2-1, you -- you
10 can see the stability in the rates, up to and
11 including the year that that change was made. So I
12 think -- I -- I think the rate making methodology for
13 motorcycles was working fairly effectively. It was
14 just this big change that -- that caused the -- the
15 necessary reduction in motorcycle rates.

16 MS. MARILYN MCLAREN: Maybe just a
17 little bit of history for some of the new panel
18 members. Back in 1994, when legislation was passed to
19 change the way injuries -- automobile injuries are
20 compensated, Manitoba moved to the pure no fault
21 system. We knew -- every one in these proceedings
22 knew that it would take a significantly long period of
23 time to really understand what the impact on that
24 would be on rates, what the long-term cost outlook of
25 that no fault program would really be.

1 We are still not at a steady state
2 where we have as many injury claims closing as we do
3 new ones opening and -- and estimate that it could
4 easily take another twenty (20) to thirty (30) years
5 before that happens. So we are still really learning
6 about how -- you know, what -- what is sort of the
7 long-term steady state cost of no fault benefits for
8 automobiles here in Manitoba.

9 We had policies and -- and protocols
10 for assessing the long-term costs of these injury
11 claims that were discussed in these proceedings. It
12 was sort of monitored from year to year. And in 2005,
13 we made a significant change based on, at that point,
14 basically ten (10) years of data that we had available
15 to us.

16 And that change indicated that we would
17 need less money than we had thought we would over the
18 first ten (10) years; but we were not prepared in 2005
19 to just assume that we're putting all our eggs in this
20 new methodology basket, we're going to cut all -- cut
21 all our long-term costs. We waited over a five (5)
22 year period to see if those indications in 2005 were
23 really going to hold and we watched that, and we
24 watched that, and we talked about it here.

25 Some of it got more attention than

1 others. Parts of that did not get, you know, really
2 deep scrutiny here, so I don't want to overstate that
3 part of it, but we looked at that. And then in, I
4 guess it was the 2000 -- 2010 proceedings for the 2011
5 rate application we really just -- it became clear
6 that it was now time to really truly recognize what
7 had been indicated since 2005 and there was a comfort
8 level with accepting that.

9 Some chief actuaries and external,
10 appointed actuaries may have argued to recognize it
11 sooner; ours didn't. We took that long to do it. We
12 are cautious about things like this. Stability is
13 really important to us and, so, when we did decide to
14 reflect that, it flowed through that year-end. We had
15 this big \$300 million release of our reserves and
16 everything has been restated from that point forward.

17 Through that entire time, since 1994,
18 nobody has argued for us to do any of this
19 differently. We have worked openly, transparently in
20 these proceedings. No one has had a better idea for
21 us, whether it was our external, appointed actuary;
22 whether it's something that surfaced through these
23 proceedings. It -- everything we've done is -- is
24 consistent with actuarial practice. It is consistent
25 with, sort of a, regulatory framework of -- of not

1 jumping too soon and -- and trying to protect
2 stability.

3 And that's the history of what happened
4 in the spring of 2011: to have that big adjustment
5 create that difference on 2-1 that we've been talking
6 about. And, you know, I mean, there's not that many
7 businesses that totally just have to figure out what
8 their costs are going to be in the future. Right?

9 If you're manufacturing something, you
10 know a big chunk of -- you might not know all your
11 marketing and sale -- you know, whatever, but
12 actuarial science is about predicting the future. And
13 using language like 'incorrect' is really not
14 appropriate in -- in that context because everything
15 we're doing is trying to use the best tools and
16 techniques we have to predict the future costs.

17 And given that this is a public auto
18 insurance system and a people are in the system for
19 years and years and years, usually from the time they
20 get a licence until they're not driving anymore, we
21 have an opportunity to self-correct through time by
22 taking a long-term stable view.

23 And I -- 20/20 hindsight, maybe I would
24 have taken a position to say, Well, maybe we should
25 rel -- reflect this a year earlier than we did. It

1 certainly wouldn't have been three (3) years;
2 certainly wouldn't have been five (5) years earlier
3 than we did.

4 And no one else has come forward to say
5 that, given hindsight, they think we should have done
6 something differently. So we understand exactly what
7 we did. We're confident that it was appropriate, what
8 we did. And we think we have a framework here in this
9 PUB process to behave appropriately when you have new
10 information and you move forward in as consistent way
11 as you can.

12 MR. RAYMOND OAKES: I wonder, Ms.
13 McLaren, whether I can refresh your memory, if you
14 would accept that during those years when MPI was
15 using the previous methodology, the CMMG and its hired
16 guns, such as the late Dr. Hickson and I, each year
17 put forward the assertion that the reserves were
18 unduly inflated.

19 That the use of inflated PFADs, and the
20 number of new, what CMMG referred to as padding the
21 reserves, resulted in a methodology that was bloated
22 and didn't reflect the Corporation's actual costs; and
23 I would suggest to you that that was even commented on
24 by Graham Lane, the previous chairman, that we were a
25 voice in the wilderness during that period.

1 Do you recall any of that?

2 MS. MARILYN MCLAREN: I do. I don't
3 believe we've made substantive changes to some of
4 those things like PFADs and so on that you did raise
5 during those times.

6 I think some of that -- in all honestly
7 the challenge of the reserves and challenge of the
8 underlying loss costs was, as we've seen here again,
9 honestly, a little bit of cherry picking on CMMG's
10 part. Looking at the years when we had \$3 million of
11 costs and not looking so much at the years when we had
12 \$10 million of costs.

13 So overall the -- the theme that the
14 CMMG put forward, I agree with what you've said, but
15 the specificity of it and the relationship, the actual
16 methodologies that we used, not so much.

17 MR. RAYMOND OAKES: Going to move to a
18 less contentious area for a short bit, but before I do
19 I'd ask the Corporation whether it would provide a
20 undertaking to provide the actual loss ratios for
21 private passenger for the years 2004 to 2012,
22 inclusive. Would you be able to do that?

23 MR. LUKE JOHNSTON: Yes, we can.

24 MR. RAYMOND OAKES: Thank you for
25 that.

1 --- UNDERTAKING NO. 28: MPI to provide the actual
2 loss ratios for private
3 passenger for the years
4 2004 to 2012, inclusive
5

6 CONTINUED BY MR. RAYMOND OAKES:

7 MR. RAYMOND OAKES: Moving then to the
8 third page in, if you count the title page. This is a
9 inter -- Information Request from CAC/Bike
10 Winnipeg/MPI-2-1 Attachment A, if you have that.

11 MR. LUKE JOHNSTON: Yes, I do.

12 MR. RAYMOND OAKES: And I just want
13 to, for a brief time, look at frequency and I'm going
14 to ask you to look at the frequency between -- and
15 compare motorcycle and mopeds to the other road users.

16 And what comment would you make after
17 your review of this table?
18

19 (BRIEF PAUSE)
20

21 MR. LUKE JOHNSTON: I'm just going to
22 pull the -- the full response to the question. Just
23 give me one (1) second.
24

25 (BRIEF PAUSE)

1 MR. LUKE JOHNSTON: I -- I apologize
2 for the delay. Just looking at the response, I -- I
3 was trying to understand. It appears that the
4 frequency here are -- or is just relevant to the
5 overall number of registered vehicles. And for
6 motorcycles that -- that's not particularly helpful.
7 You'd pro -- you'd want to divide by the number of
8 motorcycles to get a better -- a better understanding
9 of their particular frequency.

10 So my comment is that I can't really
11 say anything particular about motorcycles here. What
12 we can do is get that calculation and then I could --
13 I could provide a better assessment of motorcycle
14 frequency of serious injuries relative to passenger
15 vehicles, for example.

16 MR. RAYMOND OAKES: I'll accept that
17 as an undertaking then.

18 MR. LUKE JOHNSTON: Thanks.

19

20 (BRIEF PAUSE)

21

22 MR. RAYMOND OAKES: Our honoured court
23 reporter is asking for a verification of the
24 undertaking, Mr. Johnston. Perhaps you can give that.

25 MR. LUKE JOHNSTON: So the table in

1 CAC/Lake Winnipeg-2-1A, the Corporation is going to
2 restate the motorcycle serious loss frequency to be
3 frequency per one thousand (1,000) registered
4 motorcycles.

5
6 --- UNDERTAKING NO. 29: MPI to restate the
7 motorcycle serious loss
8 frequency to be frequency
9 per one thousand (1,000)
10 registered motorcycles in
11 the table in CAC/Lake
12 Winnipeg-2-1A

13
14 MR. REGIS GOSSELIN: I'm sorry,
15 frequency per one thousand (1,000)?

16 MR. LUKE JOHNSTON: Registered
17 motorcycles rather than the whole fleet, which isn't a
18 terribly useful calculation, yeah.

19 MR. RAYMOND OAKES: Madam Chairperson,
20 I'm moving to the topic of road safety if the Board
21 was inclined to order a respite this might be an
22 appropriate time. I leave that to your discretion.

23 THE CHAIRPERSON: Thank you very much,
24 Mr. Oakes. I think this would be a -- an excellent
25 time to take a break. And we will reconvene at five

1 (5) to 11:00. Thank you.

2

3 --- Upon recessing at 10:40 a.m.

4 --- Upon resuming at 10:59 a.m.

5

6 THE CHAIRPERSON: Okay. Thank you
7 very much and I will call upon Mr. Oakes to continue
8 his cross-exam.

9 MR. RAYMOND OAKES: Thank you, Madam
10 Chairperson.

11

12 CONTINUED BY MR. RAYMOND OAKES:

13 MR. RAYMOND OAKES: I'm not sure who
14 the witness is for the Corporation dealing with road
15 safety. I'd like to look at CMMG/MPI-2-2, which is
16 about halfway through that booklet.

17

18 (BRIEF PAUSE)

19

20 MS. MARILYN MCLAREN: I have that. I
21 hope we gave it to you in colour when we filed it.
22 It's a little hard to follow.

23 MR. RAYMOND OAKES: Yes, you did and
24 than -- thank you for that. It still is difficult to
25 read even in colour, but I'd ask the Corporation

1 whether this is something that they ordinarily prepare
2 and look at internally?

3 MS. MARILYN MCLAREN: I do not know.
4 I would have to double check that.

5 MR. RAYMOND OAKES: If you could
6 advise. Now, Ms. --

7 MS. MARILYN MCLAREN: Yes, I'll --
8 I'll find out whether this has been prepared
9 previously for the Corporation's use and I'll read the
10 answer into the record.

11

12 --- UNDERTAKING NO. 30: MPI to confirm whether
13 CMMG/MPI-2-2 has been
14 prepared previously for
15 the Corporation's use

16

17 CONTINUED BY MR. RAYMOND OAKES:

18 MR. RAYMOND OAKES: Ms. McLaren, you
19 and I have had discussions in previous years' GRAs
20 about the concern that CMMG believes that MPI doesn't
21 have much in the way of research into motorcycle
22 safety as an ongoing part of their road safety.

23 Can you tell me what the Corporation
24 does with respect to research into motorcycle safety
25 on a annual basis?

1 MS. MARILYN MCLAREN: It's not
2 something that we are directly involved in, ourselves,
3 in any significant extent. We do, through CMMG --
4 CCMTA, Canadian Council of Motor Trans -- Adminis --
5 Motor Transport Administrators, which is a national
6 group of provincial and territorial registrars of
7 motor vehicles, for the most part, and other
8 organizations like that, but we do not do significant
9 research ourselves.

10 MR. RAYMOND OAKES: Would you have
11 employees that have that responsibility at all in your
12 Corporation?

13 MS. MARILYN MCLAREN: Part of the
14 responsibility of our different road safety
15 specialists, you know, we have someone responsible for
16 vulnerable road use strategies, drinking and driving,
17 and so on. Part of their responsibilities would be to
18 not undertake research specifically, but to look for
19 and be aware of others' research.

20 MR. RAYMOND OAKES: Would the
21 Corporation have more than one (1) person engaged in
22 or reviewing that research?

23 MS. MARILYN MCLAREN: When these
24 individuals find something they believe to be
25 noteworthy, or -- or important, their responsibility

1 would be to bring it forward to a larger group for
2 discussion.

3 MR. RAYMOND OAKES: And you may or may
4 not be able to answer this based on the hot mapping
5 attachment to CMMG-2, plus -- 2-2, but what type of
6 use would the Corporation make of this in -- in
7 designing safety initiatives?

8 Is there something that flows from this
9 type of hot mapping?

10 MS. MARILYN MCLAREN: Sorry, can you
11 repeat the question?

12 MR. RAYMOND OAKES: The last part of
13 the question is, in looking at a hot mapping chart
14 like this, are there safety initiatives that might be
15 implemented? Can you describe what use the
16 Corporation might make in designing safety
17 initiatives, looking at this type of a chart?

18 MS. MARILYN MCLAREN: Well, I think --
19 assuming that something could be gleaned from an
20 analysis like this that really showed that there was
21 particular areas where some sort of intervention could
22 make a -- a real difference, this is some -- we could
23 potentially share this with the people from the city,
24 in this case, who are responsible for the roadways.
25 It may potentially form part of an enhanced awareness

1 and enforcement effort that the Corporation would do
2 in partnership with the police. It could even form
3 some sort of communication directly to motorcycles,
4 potentially.

5 MR. RAYMOND OAKES: And can you check
6 with your road safety department to see if, in fact,
7 that's been done in the past?

8 MS. MARILYN MCLAREN: Sure; if I find
9 that they have created this for their own purposes.
10 If they have not, they really wouldn't have time,
11 since this was created, to do that.

12

13 --- UNDERTAKING NO. 31: MPI to determine whether
14 there are safety
15 initiatives that might be
16 implemented and describe
17 what use the Corporation
18 might make in designing
19 safety initiatives, as
20 well as provide a list of
21 intersections designated
22 as number 5s and number 4s

23

24 MR. RAYMOND OAKES: And just one (1)
25 further undertaking: If you could provide a list of

1 the intersections that have the unfortunate experience
2 of being number 5s and number 4s, if I could just get
3 those in a text format, those list of those
4 intersections, please.

5 MS. MARILYN MCLAREN: Yes, I'm quite
6 sure we should be able to do that and that'll be --
7 that'll form part of the original undertaking.

8

9 CONTINUED BY MR. RAYMOND OAKES:

10 MR. RAYMOND OAKES: Now, Ms. McLaren,
11 the interrogatories reveal that the Corporation, for
12 the forthcoming insurance year, is going to spend
13 about two hundred and twenty-seven thousand dollars
14 (\$227,000) on motorcycle-specific initiatives.

15 Is that correct?

16 MS. MARILYN MCLAREN: Yes, that sounds
17 about right.

18 MR. RAYMOND OAKES: And the majority
19 of that would be on rider training. Is that correct?

20 MS. MARILYN MCLAREN: Do you have a
21 reference?

22

23 (BRIEF PAUSE)

24

25 MR. RAYMOND OAKES: I don't have one

1 (1) handy; I might later. I believe that the -- I do
2 have some materials ready that show that, with respect
3 to overall road safety, about 40 percent is spent on
4 driver training.

5 MS. MARILYN MCLAREN: Yes. That's the
6 high school driver ed program primarily, for sure.
7 But we can -- we can come back with something subject
8 to check if -- if it's different than what you said.

9

10 (BRIEF PAUSE)

11

12 MR. RAYMOND OAKES: And the amount
13 spent, the two hundred and twenty-seven thousand
14 (227,000) on motorcycle-specific initiatives, that's
15 been a relatively flat amount. It hasn't increased
16 dramatically in the last two (2) or three (3) years at
17 all, has it?

18 MS. MARILYN MCLAREN: That's probably
19 fair.

20

21 (BRIEF PAUSE)

22

23 MR. RAYMOND OAKES: Ms. McLaren,
24 again, about halfway through the material there's
25 CCMG/MPI-16 dealing with wildlife collisions.

1 (BRIEF PAUSE)

2

3 MR. RAYMOND OAKES: And there's just
4 the attachment. It follows right after the hot
5 mapping.

6 MS. MARILYN MCLAREN: Yes, I have it.

7 MR. RAYMOND OAKES: And what the table
8 produced in response to CMMG-1-6 indicates is that
9 we've experienced four (4) fatalities between the
10 years 2005 and 2012.

11 Do you see that?

12 MS. MARILYN MCLAREN: Yes.

13 MR. RAYMOND OAKES: So about -- that's
14 some eight (8) years. About every two (2) years
15 Manitobans are experiencing a fatality and a collision
16 with wildlife.

17 MS. MARILYN MCLAREN: Sure, on an
18 averaged basis.

19 MR. RAYMOND OAKES: And I understand
20 that, again, this year or for the forthcoming
21 insurance year, MPI has no road safety initiatives
22 related to wildlife.

23 Is that correct?

24 MS. MARILYN MCLAREN: No, we have the
25 same initiatives that we've been doing for a while.

1 We do create the hot mapping. We issue news release.
2 We do awareness activities. But what we're not doing
3 is repeating that specific wildlife pilot that we did
4 in the southwest part of the city, I guess, two (2)
5 years ago, now.

6 MR. RAYMOND OAKES: Okay. And I
7 appreciate your correction of that statement. You
8 would agree with me that there's no new initiatives
9 forthcoming?

10 MS. MARILYN MCLAREN: Yes.

11 MR. RAYMOND OAKES: And when we look
12 at CMMG-1-17 that follows, we see that in 2012 we had
13 total claims costs related to wildlife and livestock
14 of thirty-two million, three hundred and fourteen
15 thousand, four hundred and twenty-eight dollars
16 (\$32,314,428).

17 Do you see that, Ms. McLaren?

18 MS. MARILYN MCLAREN: I do.

19 MR. RAYMOND OAKES: And so with a
20 problem of this magnitude, can you provide us any
21 comfort relative to the fact that MPI has no init --
22 new initiatives to deal with this loss? I'm -- I've
23 got to admit I'm a little bewildered by the fact that
24 there aren't new initiatives to deal with reducing the
25 losses.

1 MS. MARILYN MCLAREN: Well, as we've
2 talked about here before, what this really comes down
3 to is how widely spread across the province these
4 losses are and how incredibly expensive it would be
5 to, somehow, attempt to blanket the entire province
6 with some sort of a strategy to reduce these losses.

7 If there were particular areas that
8 were true, large hot spots in terms of frequency of
9 these kinds of crashes, that may be something that we
10 would look at. And it's -- it's not just MPI that has
11 not been able to come up with any other strategies.
12 Again, CCMTA, others that we have spoken with. You
13 know, I think Ms. Johnson said in -- in her
14 information, she -- she doesn't have any better ideas
15 either necessarily.

16 It's not that we're not preta --
17 prepared to spend money on this. If someone can help
18 us find a specifically appropriate, potentially cost
19 effective, way of dealing with crashes that can happen
20 absolutely anywhere in this province, we're certainly
21 open to that.

22 MR. RAYMOND OAKES: Now, Ms. McLaren,
23 this is a difficult area, obviously. When we look at
24 the Attachment 1-6 we see the costs of a fatality and
25 for all of them except for one, which seems to be an

1 aberration, we see costs of around a hundred and fifty
2 thousand dollars (\$150,000).

3 Is that your conclusion?

4 MS. MARILYN MCLAREN: Yes.

5 MR. RAYMOND OAKES: And I -- I know
6 that on a serious loss claim they'd be over five
7 hundred thousand (500,000), so the cost to the
8 Corporation is quite a bit smaller on a fatality than
9 on a serious injury, but, no doubt, the Corporation is
10 very concerned about any fatality on its roadways.

11 Would you agree?

12 MS. MARILYN MCLAREN: Certainly.

13 MR. RAYMOND OAKES: And, so, we've
14 heard in previous years' GRAs that, say, to fence the
15 area surrounding Birds Hill Park, rough estimates were
16 about seven hundred thousand (700,000). Would you --
17 do you recall that?

18 MS. MARILYN MCLAREN: Per kilometre?
19 I -- I don't think that was the total of that entire,
20 large area as -- of seven hundred thousand (700,000).
21 We have to go back but I -- I'm confident in saying it
22 was not seven hundred thousand dollars (\$700,000) to
23 fence Birds Hill Park.

24 Seven hundred thousand (700,000) per
25 kilometre, I'm not sure.

1 MR. RAYMOND OAKES: I think it was
2 less than that. I think it was the area along Highway
3 59 perhaps, not the whole park, but we can wait for
4 some confirmation on that.

5 I guess the question I would have, you
6 know, recognizing the Corporation's deep commitment to
7 reduce fatalities in Manitoba, at what point does it
8 become cost effective to provide barriers on a area
9 that has a significant amount of wildlife interaction
10 like the Birds Hill Park?

11 For instance, is it worth spending a
12 million dollars to try and reduce one (1) fatality?

13 MS. MARILYN MCLAREN: It doesn't make
14 any sense to me that we would choose one (1) spot to
15 do something like fencing without a solid argument
16 that somehow that truly has that effect.

17 In an area like Birds Hill Park, my
18 understanding is, to be truly effective, you would
19 have to be creating animal overpasses or underpasses,
20 not just fences, and it would be extremely easy if you
21 just put a fence up for the animals to just go a
22 little bit further north, a little bit further south.

23 The only place I'm aware of in this
24 country where they've done significant fencing and
25 millions of dollars of overpasses and underpasses is

1 through Banff National Park. They haven't seen fit or
2 -- or afforded to do that in most of the other parks
3 in that very same area.

4 The other thing that they do in that
5 area is they drop the speed limit during the times of
6 the year the ani -- the animals are more mobile. They
7 drop the speed limit to 70 kilometres an hour. You're
8 not going to drop every speed limit across this
9 province to 70 kilometres an hour. It's not going to
10 happen.

11 So we -- this is an area that many
12 other jurisdictions are dealing with. Insurers are
13 dealing with it. There is no ready solution because
14 there are deer everywhere.

15 MR. RAYMOND OAKES: I appreciate the
16 difficulty. Can you advise whether the Corporation
17 has worked with the province with respect to it's
18 plans to make the Highway Number 1 the -- the area
19 through Manitoba to make it double lane?

20 Have you worked at all with the
21 province in any initiatives regarding the construction
22 of that new double-lane highway to the eastern
23 Manitoban border at all?

24 MS. MARILYN MCLAREN: No, not at all.

25 MR. RAYMOND OAKES: And would -- would

1 you see that as an important initiative in the future
2 to work with them to design wildlife corridors or
3 something through the Whiteshell, given the fact that
4 that's an area with considerable wildlife interaction?

5 MS. MARILYN MCLAREN: No. That kind
6 of discussion about constructing infrastructure is --
7 is not part of our role. It's been reinforced lately
8 that that's not part of our role. I don't know that
9 we would have any information available to us that we
10 could bring to the table to those kinds of
11 discussions. If the government thought that there was
12 something we knew that they didn't, we would certainly
13 be -- be glad to share it.

14 But in terms of participating in
15 analysis and -- and potential discussion of options,
16 that -- that wouldn't be our role, I don't think.

17 MR. RAYMOND OAKES: And the
18 Corporation doesn't have any employees or consultants
19 that are expert in wildlife collisions?

20 MS. MARILYN MCLAREN: No.

21 MR. RAYMOND OAKES: And you mentioned
22 the experience in -- in Banff. You're aware that
23 there's considerable wildlife fencing, barriers, and
24 underpasses along the Coquihalla Highway in BC?

25 MS. MARILYN MCLAREN: Only marginally

1 familiar.

2

3

(BRIEF PAUSE)

4

5

MR. RAYMOND OAKES: Now, Ms. McLaren,
6 I -- I had a lot of questions designed around the
7 effectiveness of safety training, but I'm going to
8 defer those questions because they have been covered
9 by other Intervenors. And I do want to congratulate
10 the Corporation on the design for the more experienced
11 rider safety program.

12

So I -- I do commend the Corporation on
13 looking at new initiatives in that area. The one (1)
14 question I do have remaining in that area though is
15 would the Corporation not consider an incentive -- a
16 financial incentive by way of reduction of the cost of
17 insurance for motorcyclists that take these advanced
18 safety training courses?

19

MS. MARILYN MCLAREN: That has never
20 been our practice. Some insurers give discounts to
21 new drivers that take new driver training programs.
22 May very well do the same thing for some of their
23 motorcyclist customers. We've always taken the
24 approach of significantly funding, to the extent we
25 can, the actual training itself. There's no guarantee

1 that people use the training.

2 Providing a discount on insurance
3 because you've taken the training, we believe, is --
4 is less effective and less appropriate from a rating
5 perspective than simply doing our best to fund access
6 to the training through subsidy of the actual tuition
7 costs.

8 MR. RAYMOND OAKES: Ms. McLaren, did
9 you read at all in the newspaper the last week about
10 the City of Winnipeg introducing the digital fare
11 boxes in its busses?

12 MS. MARILYN MCLAREN: I did.

13 MR. RAYMOND OAKES: And just their
14 marketing tool to get the public to utilize these new
15 smart cards is that they will sell you a five dollar
16 (\$5) smart card. And in effect, it becomes free.
17 They give you the five dollars (\$5) of bus riding when
18 you purchase the card in order to provide an
19 incentive.

20 Do you recall anything about that?

21 MS. MARILYN MCLAREN: Yes.

22 MR. RAYMOND OAKES: And I wonder
23 whether the same logic wouldn't apply to get greater
24 uptake in the -- in the rider programs that the
25 Corporation offers.

1 Would you not agree that the same logic
2 would prevail and more people would take the courses
3 if there was a -- a rebate of the cost of them?

4 MS. MARILYN MCLAREN: I -- I have to
5 believe that registration and attendance would be more
6 directly affected by subsidizing the actual cost of
7 the tuition.

8 MR. RAYMOND OAKES: But certainly
9 there'd be nothing to prevent the Corporation from
10 providing a rebate in addition to great -- get greater
11 uptake of their safety training courses?

12 MS. MARILYN MCLAREN: To do both, pay
13 for the tuition and give them a discount on their
14 insurance.

15 MR. RAYMOND OAKES: Well, again,
16 recognizing that what we're spending on motorcycle
17 training is less than what we're spending on training
18 private passenger operators?

19 MS. MARILYN MCLAREN: I'm sorry, could
20 you repeat that?

21 MR. RAYMOND OAKES: I asked you to
22 take into account that what the Corporation spends on
23 private passenger training is greater than with
24 respect to motorcycle training.

25 MS. MARILYN MCLAREN: On a per capita

1 basis for all of the regular drivers and all the
2 motorcycle drivers, I -- I don't know for sure. But,
3 certainly, we spend a lot of money subsidizing high
4 school driver ed. Is there room for heavier subsidiza -
5 - subsidization on motorcycle -- motorcycle training
6 courses? Are there things, perhaps, we could do
7 differently to encourage higher registration? We're
8 certainly open to those ideas, for sure.

9 I -- I am not naturally inclined to the
10 discounting on insurance. I'm -- I'm really not. But
11 in terms of increasing interest from motorcyclists in
12 some of these enhanced safety programs, we're
13 certainly willing to -- to see if there's more we can
14 do.

15 MR. RAYMOND OAKES: I appreciate that.
16 The interrogatory CMMG-2-7 talked about a
17 transferrable plate. That's something that the
18 Corporation indicated as well that it's not very keen
19 to explore.

20 MS. MARILYN MCLAREN: Yes, that's
21 right. It's right near the end of your package here,
22 2-7.

23 MR. RAYMOND OAKES: Right. And the
24 Corporation's response indicates it would take a -- it
25 would require a legislative amendment.

1 Can you elaborate on that, what
2 specifically would have to be changed before the
3 Corporation could offer transferrable plates?

4 MS. MARILYN MCLAREN: It would be a
5 change to the Highway Traffic Act, and the Drivers and
6 Vehicles Act, or one (1) of those two (2), if not
7 both.

8 MR. RAYMOND OAKES: And the following
9 interrogatory indicates that the Corporation is aware
10 of another Canadian insurer in -- offering
11 transferrable plates.

12 Can you indicate which insurer that
13 would be?

14

15 (BRIEF PAUSE)

16

17 MS. MARILYN MCLAREN: No, not off the
18 top of my head. I do not know.

19 MR. RAYMOND OAKES: If by way of
20 undertaking, you could advise?

21 MS. MARILYN MCLAREN: Sure.

22

23 --- UNDERTAKING NO. 32: MPI to advise of the name
24 of the Canadian insurer
25 offering transferrable

1 plates

2

3 CONTINUED BY MR. RAYMOND OAKES:

4 MR. RAYMOND OAKES: And, Ms. McLaren,
5 I -- I ask the questions because at CMMG meetings, I
6 invariably have someone who comes to me and says, How
7 is it that I'm paying for motorcycle insurance, I'm
8 paying for my truck which I have to have in inclement
9 weather and to move things, and I may have another
10 vehicle, and I can only drive one (1) at a time.
11 Certainly you have heard the same thing.

12 Can you see the equity at all in that,
13 where there's a reduced exposure for those particular
14 vehicles where the vehicle owner has several and only
15 drives one (1) at a time?

16 MS. MARILYN MCLAREN: I mean, taking
17 it to a new level with the use of the word 'several'
18 as opposed to someone with a motorcycle and a truck, I
19 guess that becomes a hobby at some point, depending on
20 the several. I mean, there's very few people, and
21 we've asked people these questions. You know, there -
22 - there are people who have more vehicles than drivers
23 in their household.

24 When you push the point and say, Are
25 you truly saying that no one else -- that you do not

1 need to have anyone else ever even have access to that
2 other vehicle, that you truly are the only other
3 driver, the answer tends to be, Well, no, not really;
4 you know, my daughter uses it. Something else
5 happens.

6 So to actually have something like -- I
7 mean, there's any number of reasons. People have a
8 vehicle and they take the bus to work. You know, so
9 that vehicle isn't used at that point. I mean,
10 there's all differing amounts different people use
11 their vehicle. So at this point we haven't really
12 tried to address that through the way the -- or the
13 government hasn't, through things like the HTA and the
14 DVA.

15 We haven't, through the rating system,
16 because it tends to be just the reality of the way
17 people use their vehicles. We have a classification
18 system that encumber -- that covers insurance use and
19 so on. You're not going to find very many private
20 passenger vehicles that are used as much as a taxi.
21 You know, they're pay -- or used 7/24. Maybe there is
22 one (1) or two (2). Maybe there's a family that, you
23 know, somebody comes home, somebody hands over the
24 keys, someone else gets in the car. But it's rare.

25 So I think to specifically look at

1 motorcyclists and say, Well, because they can only use
2 one (1) vehicle at a time they somehow need something
3 specific for them, there's any number of people who
4 have vehicles that are not using them as frequently as
5 their neighbour might.

6 MR. RAYMOND OAKES: And, of course, if
7 they only had one (1) plate, they could only use one
8 (1) at a time, and whether the -- the daughter wished
9 to drive really wouldn't enter into it.

10 Isn't that correct?

11 MS. MARILYN MCLAREN: That's correct.

12 MR. RAYMOND OAKES: Subject to any
13 answers coming out of the undertakings, that concludes
14 my cross-examination this morning.

15 THE CHAIRPERSON: Thank you very much.
16 I'll just check for questions.

17 MR. REGIS GOSSELIN: I have some --
18 some general interest questions and -- and some
19 specific questions that flow from -- from the -- the
20 questions that were ma -- addressed by Mr. Oakes.

21

22 I guess I'm wondering with respect to
23 those BRC three (3) wheeled vehicles that we see
24 increasing on the roads, are they pa -- they paying
25 the same rate as a regular motorcycle?

1 (BRIEF PAUSE)

2

3 MS. MARILYN MCLAREN: They're --
4 they're currently rated as touring motorcycles but
5 otherwise treated the same way as -- as other
6 motorcycles are.

7 MR. REGIS GOSSELIN: Do you have any
8 data, or does MPIC have any data, with respect to the
9 collisions involving motorcyclists who are not wearing
10 helmets?

11

12 (BRIEF PAUSE)

13

14 MS. MARILYN MCLAREN: We may be able
15 to get at that through digging through some of our
16 motorcycle injury claim files. But I can tell you
17 that that has no -- unlike, I would say, more than a
18 decade ago, it has not surfaced as an issue for us.
19 It's not something our injury case managers have come
20 across on -- on the kind of frequency that they would
21 -- they would raise it for discussion. That -- they
22 did years ago, but -- but no so much in the last
23 number of years.

24 MR. REGIS GOSSELIN: But it is still
25 possible for motorcyclists to get a certificate from a

1 doctor indicating that he or she doesn't need to wear
2 a helmet -- pardon me, he or she is not able to wear a
3 helmet?

4 MS. MARILYN MCLAREN: That's true. I
5 -- and -- and we can get more specific information if
6 you... My understanding is that no doctor has issued
7 one (1) of those for many years. Not -- it is still
8 in legislation. Nothing has caused any revisiting of
9 the ones that have been issued, but they have -- no
10 new ones have been issued for a long time.

11 MR. REGIS GOSSELIN: In one (1) of
12 your responses you indicated that you do not have a
13 research unit that is available to MPIC to address
14 issues.

15 And I -- I'm wondering, to what extent
16 does Ma -- MPIC perform data mining of the data it has
17 available to discover patterns or issues that could be
18 addressed by initiatives that might reduce collisions
19 or save lives and so on.

20 MS. MARILYN MCLAREN: Our ability to
21 do true data mining is -- is growing from year to
22 year. We've had a data warehouse for a long period of
23 time. But in terms of having a real corporate data --
24 sort of an enterprise data warehouse with -- with more
25 significantly sophisticated tools that we can do that,

1 it -- it is continuing to grow.

2 When it comes to groups like
3 motorcycles, it's particularly true that, you know,
4 with a hundred and fifty (150) incidents a year that
5 we were looking at, the numbers are so small and the
6 dispersion of activity is -- it tends to be so broad.

7 I can tell you, I think we had a
8 conversation last year about sort of the traffic --
9 the collision report.

10 If you look at the City of Winnipeg
11 where we have, you know, a few hundred million dollars
12 of claims costs in a year, there's not one (1) single
13 incident that accounts for 2 million, you know. So
14 it's a very -- this is very -- not particularly
15 population dense city. It's very spread out.

16 So it -- we have some limitations as to
17 what we can learn in this huge popu -- in this huge
18 province with a population of, you know, 1.2 million
19 people. But we're -- we're getting better knowledge,
20 better tools and techniques to do those kinds of
21 things, and we continue to try to build our
22 relationships with others who can help us with that
23 and -- and provide other insight, as well.

24 MR. REGIS GOSSELIN: In respect of the
25 hot mapping that was available for motorcycle

1 collisions, do you have a similar map for cyclists?

2 MS. MARILYN MCLAREN: I don't believe
3 we've created one but I can check. That's an
4 undertaking. We will see if we have a collision hot
5 map for cycling -- accidents involving cyclists and
6 motor vehicles; and if we don't, we will create one if
7 it's not too onerous.

8

9 --- UNDERTAKING NO. 33: MPI to provide a collision
10 hot map for accidents
11 involving cyclists and
12 motor vehicles; and if
13 not, create one if it's
14 not too onerous

15

16 MS. ANITA NEVILLE: Thank you. Just a
17 quick question for Mr. Oakes. Do you have any figures
18 or any information on the number of people who do not
19 renew their licence because of cost?

20 MR. RAYMOND OAKES: Only anecdotal,
21 not any data.

22

23 (BRIEF PAUSE)

24

25 MS. ANITA NEVILLE: My question to

1 you, Ms. McLaren, is the whole issue of wildlife.
2 We're talking about wildlife in terms of the context
3 of motorcycles. I don't know whether there have been
4 many wildlife collisions with cars. If we have the
5 data for it, I haven't seen it.

6 But I'm -- I'm just conscious from my
7 own personal experience this summer of the increasing
8 wildlife in places that it's not been before, and the
9 number of times I've seen the -- them cro -- the deer
10 crossing the road.

11 And I -- I'm wondering what thought the
12 Corporation is giving to wildlife information -- yeah,
13 public information, public education?

14 MS. MARILYN MCLAREN: Yeah. We're --
15 we're just moving into the time of year when they tend
16 to be most active, and this is the time of year when
17 we try to get information out there.

18 The media are always very interested in
19 our wildlife collision maps, and -- and they -- they
20 help us spread the word. We issue news release. We
21 try to get as much awareness as we can through our --
22 you know, the calendar of road safety events that
23 we've talked about here before.

24 But you're absolutely right, they are
25 in all kinds of places where they haven't used to have

1 been. It -- it's -- you know, the -- the city has
2 talked about, you know, are they -- do they need to
3 try to, you know, catch and move some of them that are
4 in, you know, the forest in -- in Charleswood around
5 Assiniboine Park. I mean, they're -- they're
6 everywhere, for sure.

7 The issue of wildlife collisions is
8 sort of on an overall basis. I think it's fair to say
9 it's less of an issue for motorcycles than it is for
10 private passenger vehicles, but it's an issue that the
11 CMMG has taken an interest in.

12 This information that we talked about
13 here at CMMG-1-17, the \$32 million of claims costs a
14 year, that is for the Basic AutoPac program. The
15 vast, vast majority of that is for cars and light
16 trucks, private passenger vehicles. Because
17 motorcycles tend to be -- probably more than anything
18 else tend to be a bit more manoeuvrable, they are not
19 as often involved in wildlife crashes as private
20 passenger vehicles.

21 MS. ANITA NEVILLE: Are you aware of
22 education programs, or -- that are -- that are
23 happening on other provinces, and I guess I'm thinking
24 of Newfoundland, particularly in terms of wildlife
25 awareness.

1 And do you -- or do you feel it's your
2 responsibility to provide some guidance or information
3 to drivers on how to react or what to do if they
4 encounter wildlife on the -- on the road.

5

6 (BRIEF PAUSE)

7

8 MS. MARILYN MCLAREN: Excuse me.
9 Certainly it is part of our broader responsibilities
10 for education and awareness. There is conversation at
11 the high -- in the high school driver ed. program
12 about these kinds of issues. Sorry, just a second,
13 please.

14

15 (BRIEF PAUSE)

16

17 MS. MARILYN MCLAREN: This -- this --
18 your comment about Newfoundland, it -- it was a --
19 became an -- an issue for conversation. They spent
20 money on fencing, they spent money on awareness and
21 things like that, but at the end of the day they have
22 pulled back on a lot of that, particularly the
23 infrastructure things, because it was too wide-spread,
24 costing too much; they weren't seeing the benefits
25 from it.

1 But I think -- you know, I'm sure we
2 have a 60 Second Driver that talks about, you know, if
3 -- sometimes it's not necessarily the best idea to
4 avoid a wildlife collision, right. I mean, if you're
5 travelling at a high rate of speed and a deer runs
6 out, we probably have as many people seriously injured
7 by swerving too hard at too high a speed, than they
8 would have -- and -- and hurt more badly than if they
9 had hit it.

10 So certainly we do our best to inform
11 and educate. But it -- it seems to be a reality, in
12 most parts of this country they're -- you know,
13 they're struggling with what to do with an
14 overabundance, particularly of deer, I would say.

15 MS. ANITA NEVILLE: I'm struck by the
16 fact that much of the focus when you talk about road
17 safety is on the driver education and on the young
18 driver. And I don't want to un -- not emphasize the
19 importance of that, but to my mind, equally important,
20 is the education and information that's disseminated
21 to the older driver, however one might describe that
22 person. And I'm wondering what you are, or -- are
23 doing, or are contemplating doing?

24 MS. MARILYN MCLAREN: No, that --
25 that's fair. I guess I would say that, you know,

1 education awareness, advertising, public information,
2 has margib -- marginal benefit if it happens on its
3 own.

4 One (1) of the reasons we do focus so
5 much on the high school driver education program is we
6 have a little bit of a captive audience. We are
7 heavily subsidizing it, almost -- almost every kid
8 who, you know, gets their licence in -- in the high
9 school system when they're sixteen (16) goes through
10 our program.

11 I'm not aware of any jurisdiction
12 anywhere that says, you know, When everybody hits, you
13 know, fifty (50) or fifty-five (55), or is, you know,
14 periodically all of the experienced drivers regardless
15 of the driving record have to come in and -- because
16 then you would, you know, potentially get that
17 attention. When you put enforcement together with
18 education, you get better results as well.

19 But we do an awful lot. We can -- if
20 you have some time to just sort of peruse our website
21 in terms of the road safety here, there's a lot of
22 stuff there that is information, but I don't know how
23 many average Manitobans pull it up and look for tips
24 on a regular basis. We do things like the -- the Free
25 Press safety tips on a regular basis, the 60 Second

1 Driver; we try to be where people are more -- most
2 likely to pay attention to us. But it's a really
3 media busy world out there in the extent to which our
4 information is truly absorbed and used, I -- I can
5 never be sure.

6 MS. ANITA NEVILLE: I guess I'm
7 thinking of it in terms of wildlife collisions, both
8 with motorcyclists and drivers. And we're talking
9 about the increasing population of deer, particularly,
10 and I would say the increasing population of an older
11 driver as well. And it strikes me that some thought
12 has to be given to how one addresses that combination.

13 MS. MARILYN MCLAREN: That's fair.
14 And -- and, you know, we always do our best to
15 revisit, and enhance, and improve, and we will
16 certainly consider those comments as well.

17 THE CHAIRPERSON: Okay. Thank you
18 very much. I think now we'll -- we've got twenty (20)
19 minutes till around lunchtime, so we'll turn over the
20 mic to Mr. Williams, who will continue his cross-exam.

21

22 CONTINUED CROSS-EXAMINATION BY MR. BYRON WILLIAMS:

23 MR. BYRON WILLIAMS: Yes, and good
24 morning. I -- I do have three (3) different areas
25 that I'll -- I'll cover during the day. I probably

1 have ten (10) to fifteen (15) minutes clean up from
2 yesterday for Mr. Johnston and Ms. Reichert. So I --
3 with Ms. Kalinowsky's per -- permission, I'm going to
4 give Ms. Reichert a couple of pages of transcript that
5 she can refer to. I -- I'm going to start with Mr.
6 Johnston, but I thought you could look at it while I'm
7 -- while I'm preparing.

8

9

(BRIEF PAUSE)

10

11

MR. BYRON WILLIAMS: Yeah. I'm just
12 back to CAC Exhibit 7, and in particular to page 69.
13 So CAC Exhibit 7 would be the book of documents
14 distributed yesterday. It should have the date
15 October 2nd, 2013 on the front.

16

17

(BRIEF PAUSE)

18

19

MR. BYRON WILLIAMS: Mr. Johnston, I
20 believe when we left off yesterday we were talking
21 about -- a little bit about the uncertainties and the
22 reserving pro -- process related to accident benefits
23 week -- weekly indemnity, or WI, and accident benefits
24 other, and -- and the consequential methodological
25 change of Manitoba Public Insurance in -- in using the

1 higher BF incurred and BF paid for the most recent
2 five (5) years, instead of the most recent three (3)
3 years.

4 Do you recall that discussion?

5 MR. LUKE JOHNSTON: Yes, I do.

6 MR. BYRON WILLIAMS: And as you
7 confirmed yesterday, the increase in meth --
8 methodology led to an -- a change, a upward increase
9 in the -- or an increase in the -- the unpaid claims
10 liability of about \$30 million, sir, agreed?

11 MR. LUKE JOHNSTON: Extending the
12 methodology an additional two (2) years to the fourth
13 and fifth year, impact of -- was approximately 30
14 million, correct.

15 MR. BYRON WILLIAMS: And when the
16 Corporation made those adjustments to its IBNR it did
17 so in contemplation of a -- of a future review of the
18 reserving practices that was planned for the Spring of
19 2013, agreed?

20 MR. LUKE JOHNSTON: Yes, the issue was
21 noted at the -- in the October 31st, 2012, actuarial
22 review. And one (1) of the action items from that was
23 to address what appeared to be a case reserving issue
24 in the -- the near future, which was -- which was
25 completed in March 2013.

1 MR. BYRON WILLIAMS: And so in March
2 you went back in and you strengthened the reserves to
3 address some of the reserving practices that -- that
4 had caused concern, agreed?

5 MR. LUKE JOHNSTON: The --

6 MR. BYRON WILLIAMS: I know there were
7 other changes for other reasons. I'll get to those in
8 a second.

9 MR. LUKE JOHNSTON: Yes, the reserves
10 strengthened increase -- the reserves were increased,
11 and all that was asked is that all reserves be
12 reserved per reserving guidelines, not direction to
13 strengthen or anything; just to follow existing
14 practices, and that's what we were doing there.

15 MR. BYRON WILLIAMS: Thank you for
16 that. So you -- you went in in March, and so they --
17 they were adjusted to reflect the -- the guidelines.

18 Fair enough?

19 MR. LUKE JOHNSTON: Fair enough.

20 MR. BYRON WILLIAMS: In addition to
21 that, you also responded to unexpected development on
22 certain claims such as the reversal of prior decisions
23 of the entitlement of claimants.

24 Would that be fair?

25 MR. LUKE JOHNSTON: Yes, there -- not

1 necessarily sure those hap -- had to happen in March,
2 but those -- those occur in other years as well, and
3 they -- they may be included in -- in some of -- in
4 any of these years. For example, like an older year
5 there could have been a decision overturned and a
6 reserve updated.

7 MR. BYRON WILLIAMS: And you're
8 pointing to a document, and I didn't bring that to the
9 Board's attention, so that would be the -- Mr.
10 Johnston, you were referring to page 69 of CAC Exhibit
11 number 7, sir?

12 MR. LUKE JOHNSTON: That's correct.
13 With my -- with my point being is that, like, a good
14 example would be 1999. I -- I don't have the
15 specifics of -- of why that particular year was higher
16 than expected, but we wouldn't expect that that year
17 has anything to do with the recent reserving issues
18 that we had so -- prior years do occasionally get up
19 and down development from changes and claim and
20 condition decisions, et cetera.

21 MR. BYRON WILLIAMS: And, Mr. Johnson,
22 just -- we'll just use 1999 as an example, looking to
23 weekly indemnity. If we go across the variance for
24 weekly indemnity from budget to actual was about 1.8
25 million, agreed?

1 MR. LUKE JOHNSTON: Agreed.

2 MR. BYRON WILLIAMS: And what you're
3 telling us is you would not think that that was a
4 reaction to just going back to the reserving
5 guidelines, but that would be a change in the
6 development in the file, whether it was a reversal of
7 a prior de -- decision or a relapse, something like
8 that?

9 MR. LUKE JOHNSTON: Yeah. I can't
10 confirm that, but I don't see why that would be
11 related to reserving under the -- the new system.

12 MR. BYRON WILLIAMS: Now, Mr.
13 Johnston, if we go to the bottom line of this table,
14 for accident benefits weekly indemnity we see that, as
15 compared to budget, there's been revisions of about
16 \$19.8 million, correct?

17 MR. LUKE JOHNSTON: Correct.

18 MR. BYRON WILLIAMS: And for accident
19 benefit other indexed, there were revisions of \$7.6
20 million, agreed?

21 MR. LUKE JOHNSTON: Agreed.

22 MR. BYRON WILLIAMS: And is this
23 reflective primarily of the review that took place in
24 March, recognizing there's different sources?

25 MR. LUKE JOHNSTON: Primarily, yes,

1 there -- again, there's development -- regular
2 development that occurs anyways, but primarily, yeah.

3 MR. BYRON WILLIAMS: So going back,
4 you increased the IBNR in anticipation of the review
5 that was going to be taking place in March, agreed?

6 MR. LUKE JOHNSTON: We -- we increased
7 the IBNR because, from our opinion, the paid
8 information was more reliable than the incurred,
9 which, of course, includes the case reserves. Out
10 until the -- to the five (5) year period we believe we
11 had an issue with case reserving.

12 So the -- the question that we'll have
13 to address in the next review is, now that the losses
14 have been re -- restated and there's been a very
15 formal review done, now we can look at the incurred
16 again. And perhaps the -- the case may be that, in
17 fact, the estimates from the paid and the incurred are
18 now converging and they're -- they're more similar,
19 which would be preferred, obviously, from -- from my
20 perspective.

21 But, you know, we ha -- we haven't done
22 the review yet, so I don't want to suggest I know what
23 the results will be at.

24 MR. BYRON WILLIAMS: Yes. And -- and
25 thank you for that. And just so I can bifurcate the -

1 - the answer, the one (1) step was the increasing of
2 the re -- the IBNR prior to the reserves, agreed?

3 MR. LUKE JOHNSTON: Correct.

4 MR. BYRON WILLIAMS: And then you
5 conducted the res -- the review and increased the
6 reserves, step 2?

7 MR. LUKE JOHNSTON: Yes, we -- yeah,
8 increased the reserves, and -- and as you see in the
9 table, at least to this point, more than when we
10 thought, actually.

11 MR. BYRON WILLIAMS: But that \$30
12 million adjustment to the IBNR still remains, agreed?

13 MR. LUKE JOHNSTON: The -- as soon as
14 the \$30 million increase in IBNR was put into our
15 ultimates, that then flowed forward into the forecast.
16 And you would expect that, given that, especially in
17 some of the -- the fourth and fifth year, the
18 expectation would be that almost all or a significant
19 portion of that IBNR would convert into reported
20 losses in the next year. In other words, the
21 reserving would be at -- would be done.

22 And so in that sense, the IBNR was put
23 in and, to a large extent, is soon to be taken out
24 when the reserve review was completed.

25 MR. BYRON WILLIAMS: But it's still in

1 the forecast?

2 MR. LUKE JOHNSTON: The forecasted
3 ultimates include the effect of that adjustment, if
4 that's the question, correct.

5 MR. BYRON WILLIAMS: Ms. Reichert,
6 just a couple of small questions for you. And to the
7 members of the panel, I -- I don't think there's any
8 need to refer to the transcript from last Thursday,
9 from My Friend Ms. Grammond's examination of MPI, but
10 I -- I just have a couple of questions of --
11 'cleanup's' not the right word, but follow-up from Ms.
12 Grammond's question.

13 Mr. Reichert, at page 455 of the
14 transcript from last Thursday, you talked about -- you
15 were talking about licensing fees relating to -- to
16 purchasing -- purchased software.

17 You recall that conversation?

18 MS. HEATHER REICHERT: Yes, I do.

19 MR. BYRON WILLIAMS: And there's no
20 doubt that those licensing fees can be quite costly?

21 MS. HEATHER REICHERT: Yes, I would
22 agree.

23 MR. BYRON WILLIAMS: And in terms of
24 the licensing and update agreements, could you explain
25 to -- to my client how they're -- they're managed?

1 Does MPI do that internally through use of an -- a
2 licensing expert, or is -- is it managed by IT
3 consultants? How is that done?

4 MS. MARILYN MCLAREN: Are you talking
5 about the specific negotiations with a particular
6 vendor for a particular licence? Are you talking --
7 if you could reword, or -- or maybe repeat? I'm not
8 sure -- what you think is best.

9 MR. BYRON WILLIAMS: Yes. And I
10 apologize for the imprecision of the question.

11 Are there -- how does -- how does MPI
12 exercise control over who uses the software?
13 Presumably, there's additional costs for the more
14 people that use it. What kind of management
15 techniques does MPI employ, and -- and who's doing it:
16 internal staff or -- or consultants?

17 MS. MARILYN MCLAREN: If -- we -- we
18 would not bring in a consultant specifically to help
19 us manage licensing costs. As we've talked many
20 times, we have a combination of our own staff and
21 mostly HP resources that work collaboratively on our
22 different systems. So if it's a consultant, it is
23 only as much as that particular job on that particular
24 time is -- is done by a HP person and not an MPI
25 person.

1 But, where possible, we try to
2 negotiate enterprise-wide licences, which means we're
3 not subject to controls on the number of users. But
4 that's probably a minority. Most times it would be
5 driven by the number of licences, number of users.
6 And so what we do is we have a process whereby we make
7 sure it is driven by a business need, and those would
8 be more -- where those are particularly important are
9 -- they are more specialized kinds of software
10 licences.

11 But the bulk of our licensing costs
12 would be driven by costs related to licences that the
13 majority of MPI employees need, whether it is
14 particularly related to Microsoft, whether it's
15 Windows, whether it's Office, Outlook, so on and so
16 forth.

17 MR. BYRON WILLIAMS: Okay. Thank you.
18 Ms. Reichert, at page 468 of the transcript you
19 discussed the -- some benefits flowing to the
20 Corporation from the new payroll through HRMS, and
21 enabling the Corporation to meet payroll in-house
22 rather than providing it to a payroll company.

23 Do you recall that discussion?

24 MS. HEATHER REICHERT: Yes.

25 MR. BYRON WILLIAMS: And in the course

1 of that conversation you estimated that the -- that
2 MPI would be saving about one hundred thousand dollars
3 (\$100,000) a month by having the payroll in-house,
4 agreed?

5 MS. HEATHER REICHERT: Yes. That was
6 a very high-level estimate I had in my head.

7 MR. BYRON WILLIAMS: Yes, fair enough.
8 And we'd like you to take that high-level estimate and
9 -- and put some numbers behind it. So I was wondering
10 if you could undertake to provide a little more
11 refined estimate of the monthly savings to MPI by
12 having the new payroll system in house; and -- and in
13 providing that estimate if you would provide the
14 sources for your calculation?

15 MS. HEATHER REICHERT: Yes, I can take
16 that as an undertaking, that I will quantify the
17 savings from bringing payroll in-house, specifically
18 as it relates to the availability of funds by not
19 having to send them to -- to an outside payroll
20 processor in advance of when we would actually have to
21 pay individuals. So that was specifically what I was
22 referencing in my savings and I will undertake to
23 provide that calculation.

24

25 --- UNDERTAKING NO. 34: MPI to quantify the

1 savings from bringing
2 payroll in-house,
3 specifically as it relates
4 to the availability of
5 funds by not having to
6 send them to an outside
7 payroll processor in
8 advance of when MPI would
9 actually have to pay
10 individuals

11

12 MR. BYRON WILLIAMS: Thank you. And,
13 Madam Chair, just noting the time, and that's that
14 particular area, so if -- if it's sat -- is approp --
15 if the Board will accept that, I'd suggest we stand
16 down.

17 THE CHAIRPERSON: Okay. Thank you
18 very much. We will now take our lunch break and we'll
19 return at one o'clock.

20

21 --- Upon recessing at 11:57 a.m.

22 --- Upon resuming at 1:01 p.m.

23

24 THE CHAIRPERSON: Good afternoon. I
25 hope you enjoyed lunch, and we're ready to hear Mr.

1 Williams's continuation of his cross-exam.

2

3 CONTINUED BY MR. BYRON WILLIAMS:

4 MR. BYRON WILLIAMS: So to the members
5 of the panel, I -- I believe subject to undertakings
6 I'm putting away CAC Exhibit 7. I am going to pull
7 back up Exhibits 5 and 6, CAC Exhibit 5, which was the
8 book of documents from September 26, 2013.

9 MS. MARILYN MCLAREN: Sorry, could you
10 repeat that?

11 MR. BYRON WILLIAMS: Yes, Ms. McLaren.
12 CAC Exhibit 5, which is the book of documents from
13 September 26, 2013, of CAC, or -- and also CAC Exhibit
14 6, which is the teen drive safety document.

15 MS. MARILYN MCLAREN: I haven't seen
16 those for a few days. We'll dig --

17 MR. BYRON WILLIAMS: Yeah.

18 MS. MARILYN MCLAREN: -- that up.

19 Thank you.

20

21 (BRIEF PAUSE)

22

23 MR. BYRON WILLIAMS: Ms. McLaren, just
24 let me know when you have them.

25 MS. MARILYN MCLAREN: I'm good to go,

1 thank you.

2 MR. BYRON WILLIAMS: And perhaps we're
3 not going to refer to it right away, but the panel, in
4 terms of CAC Exhibit 5, might want to have -- turn to
5 page 84 in the top right-hand corner. And we'll --
6 we'll come to that in due course.

7

8 (BRIEF PAUSE)

9

10 MR. BYRON WILLIAMS: And, Ms. McLaren,
11 just -- I'll ask a few background questions first.
12 But just on page 84 you'll see the -- the cover page
13 for -- or the first page for the high school driver
14 education formative evaluation project, agreed?

15 MS. MARILYN MCLAREN: Yes.

16 MR. BYRON WILLIAMS: Just as general
17 background to high school educa -- your programming,
18 Ms. McLaren, and some of this is already on the
19 record, but just to put it in context, am I correct in
20 suggesting that -- that the -- the fee for students is
21 fifty dollars (\$50) for that program?

22 MS. MARILYN MCLAREN: Yes.

23 MR. BYRON WILLIAMS: And it's
24 delivered, in terms -- in terms of program delivery,
25 by a bit over two hundred (200) instructors in

1 different locations across Manitoba?

2 MS. MARILYN MCLAREN: Yes, sounds
3 about right.

4 MR. BYRON WILLIAMS: Two twenty-five
5 (225) might be even more right, but that'll do. And
6 as I understand it, these instructors are not MPI
7 employees, but independent contractors?

8 MS. MARILYN MCLAREN: That's right.

9 MR. BYRON WILLIAMS: And most are part
10 -- part time?

11 MS. MARILYN MCLAREN: Absolutely.

12 MR. BYRON WILLIAMS: And it would be
13 fair to say that the program is available to high
14 school students in nearly all areas of the province?

15 MS. MARILYN MCLAREN: Yes.

16 MR. BYRON WILLIAMS: But there would
17 be some remote areas where it -- it is not currently
18 available?

19 MS. MARILYN MCLAREN: Yes, I expect
20 that's true.

21 MR. BYRON WILLIAMS: Are you able to
22 tell us where -- where some of those communities are
23 that it's not currently available?

24 MS. MARILYN MCLAREN: No.

25 MR. BYRON WILLIAMS: Is it a -- Ms.

1 McLaren, is it a lot of communities? Is it First
2 Nation communities? Any sense of where it's not
3 currently available?

4 MS. MARILYN MCLAREN: You know, I have
5 a very rudimentary understanding of this, but I
6 understand that there are some smaller remote
7 communities where they don't have high school. The
8 kids have to leave to attend high school. So the
9 places where there is high school and not high school
10 driver ed I would expect to be pretty few and far
11 between.

12 MR. BYRON WILLIAMS: Would I be
13 correct in suggesting to you that about two (2) out of
14 every three (3) grade 10 students enroll in high
15 school driver education? Page 11 of your rep -- this
16 report, if you want...

17 MS. MARILYN MCLAREN: Okay. I'll
18 accept that.

19 MR. BYRON WILLIAMS: So the good news
20 is that 67 percent take the program. I guess if we
21 back out the math, roughly 30 percent or a bit more do
22 not take driver's ed?

23 MS. MARILYN MCLAREN: That would work,
24 yes.

25 MR. BYRON WILLIAMS: And I take it MPI

1 has surveyed the non-attenders to try and determine
2 why they don't take it?

3 MS. MARILYN MCLAREN: I'm not sure.

4 MR. BYRON WILLIAMS: Any sense why
5 enrollment's not higher?

6 MS. MARILYN MCLAREN: No, I wouldn't
7 want to speculate on that. And it would be
8 speculation.

9 MR. BYRON WILLIAMS: If you want to
10 turn to page 86 in the top right-hand corner of CAC
11 Exhibit 5, Ms. McLaren, and we're still in the -- the
12 Northport Evaluation. And I'm going to direct your
13 attention -- so we're at page 86 under letter 'D' on
14 that page. You'll see a statement from Northport
15 that:

16 "Recruiting qualified instructor
17 applicants has been a major
18 challenge for the high school driver
19 education program."

20 So, first of all, Ms. McLaren, at the
21 time the report was wri -- written, would that have
22 been your view as well that it was a -- a challenge in
23 recruiting qualified instructor applicants?

24 MS. MARILYN MCLAREN: I think that's
25 fair. There's a -- a fair bit of turnover. It --

1 there's a -- probably some percentage of people that
2 do this year after year for many years. But there's
3 also a fair bit of turnover.

4 MR. BYRON WILLIAMS: And if -- if you
5 just flipped back one (1) page to the bottom of the
6 previous page, which would be 85 in the top right-hand
7 corner, you'll see at the very bottom of that page a
8 suggestion by -- that -- by Northport that instructors
9 were in short supply in cer -- certain rural areas.

10 MS. MARILYN MCLAREN: Yes.

11 MR. BYRON WILLIAMS: So in terms of
12 the -- the -- what was at the time a short supply of
13 instructors in rural areas, I guess was it exclusively
14 a rural issue or -- or are there urban overtones as
15 well in terms of the challenge in instructors, Ms.
16 McLaren?

17 MS. MARILYN MCLAREN: There are some -
18 - it's probably a bit more turnover than we would like
19 in -- in the urban areas, but we don't have the same
20 difficulty finding newer instructors.

21 MR. BYRON WILLIAMS: And I note from
22 this report that there was some success of MPI in
23 recruiting new instructors. But is -- in your view,
24 is the rural recruitment issue solved, or is it
25 ongoing?

1 MS. MARILYN MCLAREN: I have not
2 reviewed this report. I would only be talking from my
3 own experience. And I would say that I would expect
4 that to be more of an ongoing issue.

5 MR. BYRON WILLIAMS: Now, Ms. McLaren,
6 when you said you -- you've not reviewed the report
7 recently, was -- you've reviewed it at some point in
8 time, I would assume.

9 MS. MARILYN MCLAREN: Only so much as
10 a few minutes here and there since you've made it part
11 of your exhibit.

12 MR. BYRON WILLIAMS: So I have made
13 some modest contribution to -- the process. I see
14 you're not answering that question, Ms. --

15 MS. MARILYN MCLAREN: Yes, you have.

16 MR. BYRON WILLIAMS: That may be the
17 only concession in -- in all our years dialoguing with
18 each other. Just turning to page 87, and I'll direct
19 your attention to Section 6 in terms of instructional -
20 - instructional processes, and specifically 'B'.

21 And would it be fair to say that in
22 terms of in-car curriculum delivery, Northport was
23 singling out or -- or raising issues with -- with
24 certain instructors who, for example, were simply
25 driving a straight highway for their rural in-car

1 lessons?

2

3

(BRIEF PAUSE)

4

5 - MS. MARILYN MCLAREN: If it's saying
6 that, I don't think they're saying it very precisely.
7 For example, instructors simply driving a straight
8 highway for their rural in-car lessons or shortening
9 driving lessons with breaks would be important items
10 to be aware of and address. If we knew that was
11 happening, it would be important for us to address it.
12 I don't know that this actually says that it was
13 happening.

14 MR. BYRON WILLIAMS: That's certainly
15 the inference, but I guess we're -- we're both reading
16 the document.

17 Are -- are you aware whether or not
18 Northport raised concern -- concerns in terms of the
19 in-car curriculum del -- delivery?

20 MS. MARILYN MCLAREN: No, I'm not
21 aware, other than looking at the language of this
22 section of the report.

23 MR. BYRON WILLIAMS: And you know what
24 --

25 MS. MARILYN MCLAREN: Your know, I

1 think in -- if you look just up at 'A' in the in-class
2 curriculum the final sentence in that says:

3 "Several initiatives were identified
4 as requiring attention."

5 It seems to be much more direct in
6 their findings and suggestions than the language in
7 'B'.

8 MR. BYRON WILLIAMS: And we'll probab
9 -- perhaps come at this a different way a bit later in
10 the -- in the document.

11 Just turning to page 88 at the top
12 right-hand corner, Northport did flag professional
13 development as an area for improvement?

14 MS. MARILYN MCLAREN: Yes.

15 MR. BYRON WILLIAMS: And that was
16 especially the case for remote re -- regions where
17 candidates may have less access to related experience.

18 Agreed?

19 MS. MARILYN MCLAREN: Yes.

20 MR. BYRON WILLIAMS: Ms. McLaren, I
21 want you to turn to page 90 in the top right-hand
22 corner. And I apologize for the small font, but
23 hopefully I've marked the spot with a -- with a -- a
24 pen -- pen on the right-hand side of it.

25 Ms. McLaren, you'll see a statement in

1 ter -- under "Year 4 Activities." I just want -- do
2 you -- do you have the...

3 MS. MARILYN MCLAREN: Yes, I have it.

4 MR. BYRON WILLIAMS: Sorry, I'm --
5 sorry, Ms. McLaren, I was just making sure the Board
6 members had it.

7

8 (BRIEF PAUSE)

9

10 MR. BYRON WILLIAMS: You'll see a
11 reference under "Year 4 Activities" suggesting:

12 "Due to staff changes and program
13 priorities, the work plan was not
14 finalized until February 2011, thus
15 shortening the formative evaluation
16 cycle."

17 You -- you see that, Ms. McLaren?

18 MS. MARILYN MCLAREN: I do.

19 MR. BYRON WILLIAMS: And are you aware
20 whether the staff changes were Northport staff changes
21 or MPI staff changes, Ms. McLaren?

22 MS. MARILYN MCLAREN: Speculating a
23 little bit, I think they may have been MPI. We had
24 some leadership change in the high school driver ed
25 area internal to MPI around that time.

1 MR. BYRON WILLIAMS: Okay. Thank you.
2 There was a similar reference at page 93, but I as --
3 I assume the -- the answer would be the same, Ms.
4 McLaren. But if you could turn to page 93 in the top
5 right corner.

6

7 (BRIEF PAUSE)

8

9 MR. BYRON WILLIAMS: And you'll see on
10 the extreme right-hand side in the third box the first
11 bullet says:

12 "Postpone strategic planning
13 sessions due to major program
14 changes."

15 You see that?

16 MS. MARILYN MCLAREN: Yes.

17 MR. BYRON WILLIAMS: Now, were the
18 major program changes, those -- presumably those were
19 major changes to -- to driver's education?

20 MS. MARILYN MCLAREN: Presumably.

21 MR. BYRON WILLIAMS: And can you
22 detail what those changes were, Ms. McLaren?

23 MS. MARILYN MCLAREN: No. I was just
24 flipping back a couple of pages to check the years on
25 this. I -- I mean, we are now in the middle of trying

1 to establish a strategic development plan for high
2 school driver ed. I can't honestly say that that was
3 widely underway two (2) years ago. So I'm not exactly
4 sure what this would refer to.

5 It -- it may very well have referred to
6 the road safety consultation that was absolutely
7 underway at this time. So there may have been some
8 impact from that.

9 MR. BYRON WILLIAMS: Now, at page 4 in
10 the top -- excuse me, page 94. I don't want you
11 flipping all the way back to page 4.

12 On page 94 you'll see reference to a
13 student exit survey, Ms. McLaren?

14 MS. MARILYN MCLAREN: I see that, yes.

15 MR. BYRON WILLIAMS: And apparently it
16 was conducted between March and June of 2012, correct?

17 MS. MARILYN MCLAREN: Yes.

18 MR. BYRON WILLIAMS: And the -- this
19 report says that the findings from this exit survey
20 can be found in Appendix 4. You see that, Ms.
21 McLaren?

22 MS. MARILYN MCLAREN: I do.

23 MR. BYRON WILLIAMS: Sadly, Appendix 4
24 wasn't attached to the document. And, Ms. McLaren,
25 would it be possible to get an executive summary of

1 the -- the results from the student exit survey?

2 MS. MARILYN MCLAREN: We will do our
3 best.

4 MR. BYRON WILLIAMS: Okay. And by way
5 of undertaking, MPI will examine whether they can
6 provide an executive summary of the student ex -- exit
7 survey referred to at page 94 of CAC Exhibit number 5.
8 And if they can get it, they will provide it for the
9 record, agreed?

10 MS. MARILYN MCLAREN: Yes.

11

12 --- UNDERTAKING NO. 35: MPI to provide, if
13 possible, an executive
14 summary of the exit survey
15 referred to at page 94 of
16 CAC Exhibit number 5

17

18 CONTINUED BY MR. BYRON WILLIAMS:

19 MR. BYRON WILLIAMS: Ms. McLaren, if
20 you flip over one (1) page to page 95 in the top
21 right-hand corner, you're going to see on this page
22 Northport summarizing both some of the strengths of
23 the program and some of the weaknesses or -- or
24 challenges.

25 And, Ms. McLaren, I'll certainly leave

1 it open to you to talk about the -- some of the
2 strengths. You understand part -- you know, as part
3 of the nature of this process I'm going to flag a
4 couple of the -- the weaknesses and get your -- your
5 responses, okay?

6 MS. MARILYN MCLAREN: Sure.

7 MR. BYRON WILLIAMS: Now, at the
8 bottom of this page, the -- the first bullet -- and,
9 again, the intro to this is:

10 "Found a number of specific issues
11 within the -- the current program
12 that require improvement."

13 And one (1) of the ones they flag is:

14 "Staffing levels, R & D -- R & D,
15 and program development capability
16 limited compared to high quality
17 private driver education."

18 Do you see that reference, Ms. McLaren?

19 MS. MARILYN MCLAREN: I see that.

20 MR. BYRON WILLIAMS: And does -- does
21 MPI agree with that conclusion?

22 MS. MARILYN MCLAREN: I can't speak to
23 high quality priver -- private driver education, and
24 so I really wouldn't speak to that particular
25 identified weakness other than to say I -- I believe

1 we have limited research development -- and program
2 development capability for sure.

3 MR. BYRON WILLIAMS: Just flipping to
4 the next page. The fifth bullet down you see the
5 bullet suggesting that:

6 "An -- an issue that requires
7 improvement is widely variable
8 instructor capabilities."

9 And does MPI agree with that
10 conclusion?

11 MS. MARILYN MCLAREN: I wouldn't have
12 any basis to disagree with it.

13 MR. BYRON WILLIAMS: Another one that
14 caught my eye, Ms. McLaren, was the very last bullet:

15 "Extreme price sensitivity on the
16 behalf of stakeholders."

17 So that program is one (1) of the least
18 expensive anywhere. So you see that reference, Ms.
19 McLaren?

20 MS. MARILYN MCLAREN: I do.

21 MR. BYRON WILLIAMS: Before we get
22 into whether this is a weakness or not, Ms. McLaren, I
23 -- I do represent the Consumers' Association, but I
24 take it you're not disagreeing with the
25 characterization of extreme price sensitivity?

1 MS. MARILYN MCLAREN: No, I'm not.

2 MR. BYRON WILLIAMS: Did you explore
3 or did Manitoba Public Insurance explore with
4 Northport why they considered this to be a weakness?

5 MS. MARILYN MCLAREN: I certainly
6 haven't. I don't know if anyone else has.

7 MR. BYRON WILLIAMS: Is that aspect of
8 the driver education program, namely the pricing, an
9 issue that -- that MPI is -- is anxious to explore?

10 MS. MARILYN MCLAREN: No, unless we
11 had information that the very, very low price was
12 somehow indicative of a really weak commitment to the
13 program on the part of kids tha -- that would either -
14 - you know, if we had a lot of people failing to
15 complete and just believing, you know, their parents
16 would come up with another fifty dollars (\$50) next
17 time, that might cause us to really have a look at it.
18 But other than that, we -- we do not have concerns
19 about having it as one (1) of the least expensive
20 anywhere.

21 MR. BYRON WILLIAMS: Turning to page
22 98 in the top right-hand corner. The very first
23 sentence, Ms. McLaren, reads:

24 "Relative to the stated goals of
25 improving young driver safety

1 probably all public programs are far
2 from strong enough to have the
3 desired impact."

4 Would that be a statement that MPI
5 agrees with?

6 MS. MARILYN MCLAREN: Again, I don't
7 have any basis to disagree with it.

8 MR. BYRON WILLIAMS: Ms. McLaren, we -
9 - we don't prob -- I did put an excerpt from this
10 document into the record but I don't think we need to
11 turn to it.

12 You'll recall that Northport did
13 earlier in the past decade between 2001 and 2005 a
14 longitudinal assessment of outcomes for graduates of
15 Manitoba driver education program versus those who did
16 not participate in the driver education program?

17 MS. MARILYN MCLAREN: Yes, I do
18 remember.

19 MR. BYRON WILLIAMS: And again, I can
20 port -- point you to the reference but would it be
21 fair to say that the conclusion of that report was
22 that the Manitoba driver's education program shows
23 promising effects on the attitudes and driving of its
24 graduate, but there does not appear to be a difference
25 in accident risk in favour of driver education

1 graduates?

2 MS. MARILYN MCLAREN: That's what I
3 remember, yes.

4 MR. BYRON WILLIAMS: Ms. McLaren, just
5 for a moment or two (2) I'd like you to turn to CAC
6 Exhibit 6. That's the dri -- teen driver safety, and
7 specifically to page 15. And I'm -- I'm probably
8 going to be asking you to confirm something you've
9 actually already said today but -- that's page -- page
10 15 at the bottom of the teen drive -- drivers safety
11 document.

12 In the -- the third paragraph of that -
13 - that page you'll see the author of the teen driver
14 safety report reviewing the work of an Australian
15 researcher, Christie. And you'll see the -- the first
16 three (3) lines noting that Christie also addressed
17 public information and advertising programs for road
18 safety, and he concluded that they too are ineffective
19 except as adjuncts to legislative and enforcement
20 programs. And Christie sugge -- so let's stop here.

21 Ms. McLaren, would that be consistent
22 with your views, as well?

23 MS. MARILYN MCLAREN: Absolutely.
24 Anytime you can combine the education and enforcement,
25 it's going to be much more effective than if one (1)

1 is done alone.

2 MR. BYRON WILLIAMS: Going onto the --
3 the next sentence where Christie is suggesting that
4 other kinds of programs, including graduated licensing
5 enforcement, crash-worthy vehicles, and black spot
6 roadway hazard correction, should be given -- given
7 priority.

8 Ms. McLaren, you can break it down one
9 (1) by one (1) if you wish but generally is that a
10 statement you agree with?

11 MS. MARILYN MCLAREN: I wouldn't
12 disagree with that, sure.

13

14 (BRIEF PAUSE)

15

16 MR. BYRON WILLIAMS: And then the
17 question becomes: Who is going to pay?

18 MS. MARILYN MCLAREN: I'm sorry?

19 MR. BYRON WILLIAMS: And then the
20 question becomes: Who is going to pay for those type
21 of programs?

22 MS. MARILYN MCLAREN: Or whose
23 responsibility they are, right? I mean, since
24 Christie I believe -- I'm not exactly sure of the
25 days, but I believe since Christie did this work in

1 2002 Manitoba has introduced a graduated licensing
2 program. That's -- you know, 1995, 1998, 1994, 2002,
3 there's some pretty old work being referenced here.

4 MR. BYRON WILLIAMS: Now, the primary
5 author of this report is Laurence, and I'm going to
6 spell it L-O-N-E-R-O, agreed?

7 MS. MARILYN MCLAREN: Loner, I
8 believe, yes.

9 MR. BYRON WILLIAMS: And Mr. Loner
10 has had extensive involvement with MPI dating back to
11 the 2001 longitudinal study of drivers education,
12 correct?

13 MS. MARILYN MCLAREN: Yes.

14 MR. BYRON WILLIAMS: And he is
15 certainly well regarded as one of the foremost
16 researchers on road safety in North America?

17 MS. MARILYN MCLAREN: I -- I think
18 that's probably more specifically related to education
19 -- driver education but I'm not 100 percent sure of
20 that. But I am not disagreeing.

21 MR. BYRON WILLIAMS: Okay. And, Ms.
22 McLaren, if -- if you don't have knowledge we -- we
23 won't go any further but if you -- if you go down just
24 to the fourth paragraph of this same page you'll see
25 the reference to the present authors having concluded

1 from re -- reviewing the full range of safety programs
2 aimed at road user behaviour.

3 But you're not in a position to comment
4 on whether Lonero -- Lonero's expertise goes beyond
5 driver safety education?

6 MS. MARILYN MCLAREN: I'm sorry,
7 where's that reference? The fourth paragraph?

8 MR. BYRON WILLIAMS: Yes, and line 4:
9 "As the present authors have
10 concluded from reviewing the full
11 range of safety programs aimed at
12 road user behaviour."

13 That's on page 15, Ms. McLaren.

14 MS. MARILYN MCLAREN: That -- that's
15 fair.

16 MR. BYRON WILLIAMS: Has MPI given any
17 consideration to asking Lonero to review their entire
18 portfolio of programming? In other words, going
19 beyond driver education?

20 MS. MARILYN MCLAREN: No.

21 MR. BYRON WILLIAMS: Ms. McLaren, I'm
22 going to flip back to CAC Exhibit 5, and specifically
23 pages 99 and 100.

24

25 (BRIEF PAUSE)

1 MS. MARILYN MCLAREN: I have it.

2 MR. BYRON WILLIAMS: And Ms. -- Ms.
3 McLaren, you'll agree that this is a response to CAC
4 Information Request First Round 48, agreed?

5 MS. MARILYN MCLAREN: Yes.

6 MR. BYRON WILLIAMS: And in Part H of
7 that response, the Corporation was asked to identify a
8 few of the partner agencies involved in road safety
9 and auto crime, agreed?

10 MS. MARILYN MCLAREN: Well, there's a
11 big long list here. I don't know if you asked us to
12 identify only a few, but I guess we did --

13 MR. BYRON WILLIAMS: No, I'm just --
14 I'm teasing -- I'm teasing you, Ms. McLaren. It is a
15 long list and -- and it would be fair to say that
16 there -- that there is an extensive list of partners
17 and agencies inrol -- involved in issues related to
18 road safety and automobile crime in Manitoba, agreed?

19 MS. MARILYN MCLAREN: Yes.

20 MR. BYRON WILLIAMS: One (1)
21 organization that I couldn't identify on this list,
22 Ms. McLaren, was Workers' Compensation.

23 And -- but would I be fair in -- in
24 assuming that given the potential impact on claims for
25 those who drive for a living that Workers'

1 Compensation is a close partner of MPI as well?

2 MS. MARILYN MCLAREN: There are some
3 coordinated activities. I -- I -- in the road safety
4 space I wouldn't necessarily say a 'close partner'.
5 There's probably many others on here I wouldn't say
6 are 'close partners'. But we certainly work with them
7 often, along with the Heavy Construction Association,
8 and -- and other groups like that.

9 MR. BYRON WILLIAMS: Have you looked
10 at what is done in other jurisdictions by -- in terms
11 of cooperation in terms of road safety, such as
12 Alberta and BC between insurers and Workers'
13 Compensation?

14 MS. MARILYN MCLAREN: To a certain
15 extent. My understanding, it -- it is really related
16 to those kinds of things, whether it is construction
17 workers and workers who do drive for a living, there
18 is some coordinated activity for sure.

19

20 (BRIEF PAUSE)

21

22 MR. BYRON WILLIAMS: Are you in the
23 position to comment on whether they have a more
24 extensive interaction in those jurisdictions than we
25 do in Manitoba?

1 MS. MARILYN MCLAREN: No, I'm not.
2 It's possible because we do not have an extensive
3 working relationship here in Manitoba on the safety
4 front.

5 MR. BYRON WILLIAMS: Ms. McLaren, I
6 want to stay with Workers' Compensation for a moment,
7 but move away from the level of collaboration. At a
8 high level, are you aware of the efforts of the
9 Workers' Compensation and Workplace Safety and Health,
10 and -- and their private sector par -- partners under
11 the Safe Work Program?

12 MS. MARILYN MCLAREN: Yes, and we are
13 involved in some of that with them.

14 MR. BYRON WILLIAMS: And it would be -
15 - given -- to the extent of your knowledge it would be
16 fair to say that there'd be -- there -- there has been
17 a fairly extensive collaboration between Workers' Comp
18 and -- and others, including Workplace Safety and
19 Health, in terms of attempting to reduce the economic
20 and social cost of workplace accidents?

21 MS. MARILYN MCLAREN: Yes.

22 MR. BYRON WILLIAMS: And have you
23 explored their collaborative model, Ms. McLaren, for
24 insight into other steps Manitoba Public Insurance and
25 the province might consider taking, in terms of

1 reducing the tragic economic and social costs of motor
2 vehicle accidents?

3 MS. MARILYN MCLAREN: We have. And
4 their safe work as it relates to roadways is something
5 that we are working more closely with them on than we
6 have in the past, but it's -- it's a different
7 environment. They have a significantly enhanced
8 ability to target their efforts, target their
9 messages, and target their practices in different
10 workplaces as opposed to close to a million drivers
11 across the whole province.

12 MR. BYRON WILLIAMS: And let's accept
13 that response, Ms. McLaren. To the extent of your
14 knowledge, would it be fair to say that they also have
15 a more detailed collaboration with the provincial
16 government department, i.e., Workplace Safety and
17 Health?

18 MS. MARILYN MCLAREN: That may be
19 true. I don't know that for sure.

20 MR. BYRON WILLIAMS: Have you explored
21 whether they have set a target for reduced workplace
22 injuries and, if so, whether they have made strides
23 towards achieving it?

24 MS. MARILYN MCLAREN: I don't know
25 that for sure.

1 (BRIEF PAUSE)

2

3 MR. BYRON WILLIAMS: Ms. McLaren, if
4 you could turn to page 103 of CAC Exhibit 5. Ms.
5 McLaren, you'll agree that this is a document that
6 you're familiar with, being an excerpt from the MPI
7 results of public consultation report on safer roads,
8 sa -- saving lives and preventing injuries?

9 MS. MARILYN MCLAREN: Yes.

10 MR. BYRON WILLIAMS: And under, "Road
11 safety leadership," Ms. McLaren, you'll see, first of
12 all, in the very first paragraph, the very first
13 sentence, a suggestion that stakeholders and the
14 public alike view Manitoba Public Insurance as a
15 leader in road safety and believe the Corporation
16 should be more active in this area?

17 MS. MARILYN MCLAREN: That's -- yes,
18 that's what it says.

19 MR. BYRON WILLIAMS: And that would be
20 an appropriate reflection of the sentiment MPI
21 gathered in -- in the course of its consultation
22 report?

23 MS. MARILYN MCLAREN: Yes.

24 MR. BYRON WILLIAMS: Directing your
25 attention to the -- the second paragraph, the one

1 immediately underneath the paragraph we were just
2 referring to, Ms. McLaren. And I'll give you a second
3 just to -- to look at that paragraph.

4

5 (BRIEF PAUSE)

6

7 MS. MARILYN MCLAREN: Okay.

8 MR. BYRON WILLIAMS: Do you see a
9 suggestion from, among others, TIRF and Northport
10 Associates providing evidence that:

11 "There is a substantial body of
12 knowledge across the world on -- on
13 aspects of road safety that, in
14 general, is not being used
15 effectively in any jurisdictions."

16 Do you see that, Ms. McLaren?

17 MS. MARILYN MCLAREN: Yes, I see that.

18 MR. BYRON WILLIAMS: And -- and TIRF
19 and -- T-I-R-F -- and Northport Associates go on to
20 say that, in their view, this is largely because, in
21 most jurisdictions, government funding is constrained
22 and many individual groups undertake their own ra --
23 road safety initiatives without the benefit of multi-
24 disciplinary consultation and collaboration.

25 Agreed?

1 MS. MARILYN MCLAREN: Yes.

2 MR. BYRON WILLIAMS: That's what they
3 say?

4 MS. MARILYN MCLAREN: Yes.

5 MR. BYRON WILLIAMS: And in terms of
6 that specific statement, Ms. McLaren, are some of
7 those observations reflective of -- of Manitoba, as
8 well?

9 MS. MARILYN MCLAREN: I'm -- I expect
10 that they would not have been excluding Manitoba in
11 their views.

12 MR. BYRON WILLIAMS: Ms. McLaren, if -
13 - if you want to flip to the next page, being 104, and
14 direct your attention to under "Partnerships."

15 MS. MARILYN MCLAREN: Sure, but I -- I
16 really don't want to do that without looking at the
17 very last paragraph, the one you circled and didn't
18 mention.

19 MR. BYRON WILLIAMS: Oh, I was going
20 to come back to it, Ms. McLaren --

21 MS. MARILYN MCLAREN: Okay.

22 MR. BYRON WILLIAMS: -- but no --
23 well, Ms. McLaren, lead on, McDuff. Go ahead.

24 MS. MARILYN MCLAREN: Well, you know,
25 this is -- I think I said earlier in the proceedings,

1 this is not an area without its frustrations for the
2 organization, for -- for me, for the -- for the
3 leadership team of MPI.

4 You know, there is -- there's a body of
5 knowledge that's not being used. But at the end of
6 the day -- and we see this again in the high school
7 driver ed report, right -- there are precious few best
8 practices out there to chose from. And I don't have
9 any clear sense as to what we should be thinking about
10 as an organization, in terms of spending money on
11 emerging and promising strategies.

12 So I think it -- it is extremely true
13 and -- and difficult to deal with the fact that in
14 this entire road safety area, effective strategies are
15 often difficult to fund and execute - to identify, in
16 most cases, right. As a result, best practices are
17 rarely identifiable, and that's a real issue.

18 MR. BYRON WILLIAMS: No, I -- I think
19 you might have misread that, Ms. McLaren. You -- I
20 think you said our best practice are rarely
21 identifiable.

22 Would I be correct in suggesting to you
23 that the language used is best practices are rarely
24 followed?

25 MS. MARILYN MCLAREN: And it closes by

1 saying in some cases there is no readily identifiable
2 best practice --

3 MR. BYRON WILLIAMS: Right, but I -- I
4 just want to be --

5 MS. MARILYN MCLAREN: -- and --

6 MR. BYRON WILLIAMS: -- be clear --

7 MS. MARILYN MCLAREN: -- no, for sure,
8 that's -- absolutely.

9 MR. BYRON WILLIAMS: Right. So you --
10 you --

11 MS. MARILYN MCLAREN: But --

12 MR. BYRON WILLIAMS: -- weren't
13 suggesting that best practices are rarely
14 identifiable. What you were suggesting is that in
15 some cases they're not identifiable.

16 MS. MARILYN MCLAREN: Which is what is
17 here in this report, but in a broader sense. And as
18 we did see in the high school driver ed, there are
19 precious few best practices compared to the number of
20 promising and emerging.

21 MR. BYRON WILLIAMS: And, of course,
22 you're not sug -- you can stay on this page. You --
23 you brought it up, Ms. McLaren, so I'll come back to
24 it. But you can stay on this page for a moment.

25 Going back to organizations such as

1 TIRF and Northport, you're not suggesting that they
2 are pessimists in terms of the potential for safety
3 investments? They're pessimists perhaps in the
4 execution of that potential, the realization of it,
5 but not in its potential.

6 MS. MARILYN MCLAREN: No, that's fair
7 but I think it's also worth pointing out that -- that
8 often the potential that they include are some sort of
9 changes to individuals' behaviours in -- in no small -
10 - no small part often changes to legislation that, as
11 far as I know, you know, jurisdictions in North
12 America have not seen fit to model.

13 I think -- you know, zero blood alcohol
14 all the time in every situation is something that
15 you'll find in some parts of the world. Groups like
16 this would probably argue for something like that.
17 Very, very stringent licensing provisions for new
18 drivers and all kinds of other drivers.

19 The -- it's a part of, I think, what
20 they -- if they were to be characterized as
21 pessimistic in the execution, it would probably in no
22 small part tie back to that.

23 MR. BYRON WILLIAMS: And -- and going
24 to that second-last paragraph, just while we're on
25 that page, isn't the thrust of that paragraph that --

1 that a major weakness in terms of the execution of
2 good programs and best practices is the absence or --
3 of multi disciplinary consultation and collaboration?

4 MS. MARILYN MCLAREN: Yes, that is
5 there, for sure.

6 MR. BYRON WILLIAMS: If we could turn
7 to page 104 under the heading "Partnerships." And,
8 Ms. McLaren, if you review the first two (2) sentences
9 under that section, you'll see first of all that,
10 coming as no surprise to you, that there were -- there
11 is a suggestion that there are many groups,
12 organizations, and experts currently working in the
13 area of road safety.

14 Agreed?

15 MS. MARILYN MCLAREN: Yes.

16 MR. BYRON WILLIAMS: And what MPI was
17 told in the course of its consultation project was
18 that many of these groups and individuals felt they
19 could be much more effective if they worked in a
20 coordinated way rather than in silos.

21 Agreed?

22 MS. MARILYN MCLAREN: Yes.

23 MR. BYRON WILLIAMS: And, Ms. McLaren,
24 in terms of that observation of -- of silos, has --
25 has MPI had occasion to observe that as well in its

1 review of road safety programming in Manitoba?

2 MS. MARILYN MCLAREN: Sure, that's
3 fair.

4

5 (BRIEF PAUSE)

6

7 MR. BYRON WILLIAMS: Ms. McLaren, in
8 one (1) of the Information Requests of CAC (Manitoba),
9 I believe it's earlier in -- in this same 1-48 that we
10 looked at just a couple pag -- pages ago. We asked
11 whether there was a report considering the
12 effectiveness in which MPI and other partners
13 currently operate and integrate their loss prevention
14 programs.

15 Do you recall that?

16 MS. MARILYN MCLAREN: Somewhat.

17 MR. BYRON WILLIAMS: Okay. Would it
18 be fair to say -- and -- and we might have chosen
19 imprecise language by saying, "loss prevention
20 program," so I'm going to try and ask the question
21 better this time. But would it be fair to say that
22 there's no overarching report or analysis considering
23 the effectiveness in which MPI and other players in
24 the road safety endeavour in Manitoba currently
25 operate and integrate their loss -- their road safety

1 programming?

2 MS. MARILYN MCLAREN: Yep, that's
3 fair.

4 MR. BYRON WILLIAMS: There's really no
5 overall evaluation of how all the partners are playing
6 or how they -- or analysis of how they should be
7 playing.

8 Agreed?

9 MS. MARILYN MCLAREN: Right.

10 MR. BYRON WILLIAMS: And could we
11 agree that it is possible that dollars could be spent
12 more effectively in an environment where there was
13 coordination, strategic supp -- and strategic support?

14 MS. MARILYN MCLAREN: Conceptually,
15 sure.

16 MR. BYRON WILLIAMS: You might get
17 more bang for your road safety dollar if collectively
18 in our province we were coordinating things better.

19 Agreed?

20 MS. MARILYN MCLAREN: There -- sure,
21 there's always that potential.

22

23 (BRIEF PAUSE)

24

25 MR. BYRON WILLIAMS: Ms. McLaren, this

1 might be a question for Mr. Johnston, who I've sadly
2 ignored, but the very -- I think the last page of CAC
3 Exhibit 5 -- or at least I've got page 107. I --
4 sorry, it should be 107, the top right-hand corner.
5 It's the second-last page, I guess. Mr. Johnston, I
6 see a lot of numbers, so I'm assuming it's either you
7 or Ms. Reichert.

8 But this is an excerpt from a response
9 of the Corporation to PUB-1-47, sir. Agreed?

10 MR. LUKE JOHNSTON: Agreed.

11

12 (BRIEF PAUSE)

13

14 MR. BYRON WILLIAMS: I'll just let you
15 get to your background document.

16

17 (BRIEF PAUSE)

18

19 MR. LUKE JOHNSTON: Thanks.

20

21 MR. BYRON WILLIAMS: Mr. Johnston,
22 I'll get to a -- a discussion of this document in a --
23 in a -- or this page in a second. But apropos of our
24 discussion yesterday about fiscal years and accident
25 years, are -- are -- is this a -- would this
presentation of number of claims and severity be for a

1 -- on a fiscal year basis, or an accident year?

2

3

(BRIEF PAUSE)

4

5

MR. BYRON WILLIAMS: And, Mr.

6 Johnston, you can just get back to me if you need to.

7 Why don't -- we're not going to take an undertaking.

8 We'll just have your diligent back row let you -- let

9 you know what it is and we can just go on with our

10 discussion.

11

MR. LUKE JOHNSTON: Yes. My only

12 comment was the -- my expectation on this -- I just

13 want to make sure I understand where it's collected

14 from. Typically, the reporting of a injury occurs

15 very close to the date of the accident. But in some

16 cases if an injury is reported late, like, discovered

17 later on it may come into this report later. So I

18 just want to make sure it's based on the accident date

19 and not the reported date of the injury.

20

21

(BRIEF PAUSE)

22

23

MR. LUKE JOHNSTON: I can get -- it's

24 probably best I get back to you on that. But it

25 should be very close to the accident date, and I'll --

1 if it is the reported date I'll let you know.

2 MR. BYRON WILLIAMS: So there is no
3 undertaking, just if it's -- we're -- we're assuming
4 right now it's -- that this is taken as very close to
5 the accident date?

6 MR. LUKE JOHNSTON: Yes, the cl --
7 date of loss, the year that that occurs in.

8 MR. BYRON WILLIAMS: Now, Mr.
9 Johnston, just in -- in understanding this table, what
10 it presents for any particular year is at the top half
11 of the table it looks at the number of claims for
12 particip -- for different types of injuries, whether
13 they're amputations or broken bones. That's at the
14 top of the page.

15 Is that right, sir?

16 MR. LUKE JOHNSTON: Correct.

17 MR. BYRON WILLIAMS: And at the bottom
18 of the page we see a -- an explana -- an explanation
19 for that particular year in terms of the severity of
20 that particular type of injury, at that particular
21 point in time, agreed?

22 MR. LUKE JOHNSTON: Agreed.

23 MR. BYRON WILLIAMS: So just as an
24 example for the -- if we take 2012/'13 year and we
25 went to "Fatal," what this table would tell us, Mr.

1 Johnston, is that there were a hundred and thirty
2 (130) claims related to fatalities in 2013.

3 Would that be correct, sir?

4 MR. LUKE JOHNSTON: Yes, with the one
5 (1) confirmation being what I stated, but the fatals
6 should be relatively clear. Yeah.

7 MR. BYRON WILLIAMS: Now, we shouldn't
8 read that to suggest that was the number of fatalities
9 in the year, but that would be the number of claims in
10 that -- in that particular year associated with a
11 fatality?

12 MR. LUKE JOHNSTON: There should be a
13 separate claim for each fatality. So if there was
14 multiple fatalities in one (1) accident, each would
15 have their own claim.

16 MR. BYRON WILLIAMS: So this would be
17 one hundred and thirty (130) fatalities, then, Mr.
18 Johnston?

19 MR. LUKE JOHNSTON: That's right.

20 MR. BYRON WILLIAMS: And if we look at
21 the severity under fatal, and we see the figure of
22 seventy-one thousand six hundred and eighty-five
23 (71,685), Mr. -- you see that figure, Mr. Johnston?

24 MR. LUKE JOHNSTON: Yes, I do.

25 MR. BYRON WILLIAMS: And is that a

1 calculation of the severity per incident?

2 MR. LUKE JOHNSTON: Per claimant.

3 Yeah.

4 MR. BYRON WILLIAMS: Sorry, my
5 language is -- was imprecise. So if I was looking for
6 kind of a -- a picture at -- at this point in time in
7 terms of fatalities, the cost to the Corporation for
8 2013, I would multiply the one hundred and thirty
9 (130) fatalities by the seventy-one thousand six
10 hundred and eighty-five (71,685) severity figure.

11 Is that correct, sir?

12 MR. LUKE JOHNSTON: Correct. And that
13 would be -- I wouldn't expect these to be on an
14 ultimate basis but the -- again, the losses reported
15 so far. And for fatals, again, it should be
16 relatively clear. There should be no further
17 development. So, correct.

18 MR. BYRON WILLIAMS: When we get into
19 -- if we were to get into things like quadriplegia --
20 or that what you're telling us is that what's reported
21 at this kind of point in time may not be reflective of
22 the entire ultimate development of the claim, agreed?

23 MR. LUKE JOHNSTON: Agreed, especially
24 in the early stages of the claim. Yeah.

25 MR. BYRON WILLIAMS: So just with

1 severity for a second, sir, subject to check. We can
2 look at -- at a cost of in excess of \$9 million for
3 those fatalities in -- in that particular year, which
4 we derive by multiplying the one thirty (130) by the
5 seventy-one thousand (71,000), 9.3 million?

6 MR. LUKE JOHNSTON: That's reasonable,
7 yeah, correct.

8 MR. BYRON WILLIAMS: Just one (1) more
9 example of this -- this table, Mr. Johnston. You'll
10 see above, under "Number of Claims," claims associated
11 with brain damage.

12 Do you see that, sir?

13 MR. LUKE JOHNSTON: Yes, I do.

14 MR. BYRON WILLIAMS: And you'll see
15 two hundred and forty-six (246) claims in this
16 particular year, correct?

17 MR. LUKE JOHNSTON: Correct.

18 MR. BYRON WILLIAMS: And I should be
19 clear, I -- I think you probably expanded your
20 definition of 'brain damage' a little bit in this year
21 to also include incidents such as concussions.

22 Would that be correct, sir?

23 MR. LUKE JOHNSTON: Yes, I'll -- I'll
24 -- on the back of that page, I'll just read in note 2.
25 I will say that this not -- the quoting of injury

1 incidence is not my area of expertise, per se, but I
2 do understand the -- the information.

3 On the -- on the back page note 2
4 states:

5 "Under ICD 10, brain injury now
6 includes concussions and loss of
7 consciousness which were not
8 included in previous years' claim
9 counts in this category."

10 End quote.

11 MR. BYRON WILLIAMS: And, so that --
12 that note was not included in the attachment, so I --
13 I thank you for that, Mr. Johnston.

14 Again just looking at the brain damage
15 category, in terms of severity we see a severity of
16 seventy-four thousand five hundred and twenty-two
17 (74,522), agreed?

18 MR. LUKE JOHNSTON: Agreed, and you
19 can see how that kind of -- that dropped when we
20 started including concussions in -- in that category.

21 MR. BYRON WILLIAMS: Even that being
22 said though, Mr. Johnston, if we took these two
23 hundred and forty-six (246) claims and multiplied it
24 by that severity cost, we'd have a cost to the
25 Corporation in excess of \$18 million.

1 Agreed, subject to check.

2 MR. LUKE JOHNSTON: Agreed.

3 MR. BYRON WILLIAMS: And just one (1)
4 more example, Mr. Johnston. I -- I want to look at
5 sprains and strains. And you'll see that the
6 Corporation, on the top half of this table for the
7 2013 year, identifies four thousand eight hundred and
8 twenty-one (4,821) claims related to sprains and
9 strains, agreed?

10 MR. LUKE JOHNSTON: Agreed, and I'll -
11 - I'll read in the note for that one, as well. Next
12 to that label there it says, "Note 3." I don't know
13 if you have the -- the other side of the page, but I
14 can read it in. Note 3, quote:

15 "Prior to 2011 sprains and strains
16 were included in whiplash."

17 End quote.

18 MR. BYRON WILLIAMS: And if we look to
19 the severity for sprains and strains, we'll see it's a
20 bit over three thousand dollars (\$3,000) in 2013, sir?

21 MR. LUKE JOHNSTON: Yes.

22 MR. BYRON WILLIAMS: And so taking
23 those forty-eight hundred (4,800) or so claims and
24 multiplying it by the severity of three thousand
25 (3,000), you get about \$15 million in claims flowing

1 from strains.

2 MR. LUKE JOHNSTON: Correct.

3 MR. BYRON WILLIAMS: That's kind of
4 rhyming. I'm pretty impressed with that.

5 Mr. Johnston, just by comparison, I'm
6 not meaning to diminish the -- the personal impact,
7 but for the Corporation if you compare the costs
8 associated with the brain damage claims for only two
9 hundred and forty-six (246), it -- it's actually
10 higher than the cost for over three thousand (3,000)
11 strains and sprains, agreed?

12 We're comparing 18 million to 15
13 million, Mr. Johnston, roughly.

14

15 (BRIEF PAUSE)

16

17 MR. LUKE JOHNSTON: Probably should've
18 wrote those down but, yes, that's correct.

19 MR. BYRON WILLIAMS: Madam Chair, I
20 have a couple of new exhibits to hand out which I -- I
21 just have some follow-up from the undertakings, which
22 should finish me off.

23 Just for -- I wonder if we might take
24 just five (5) minutes to make sure that they're
25 distributed, and then -- and then we can -- I can

1 carry on, if that's...

2 THE CHAIRPERSON: Yes, thank you, Mr.
3 Williams. We'll take a five (5) minute recess while
4 he distributes his new exhibits.

5

6 --- Upon recessing at 1:55 p.m.

7 --- Upon resuming at 2:00 p.m.

8

9 THE CHAIRPERSON: Okay. Thank you
10 very much. Mr. Williams, do you want to mention your
11 exhibit, please?

12 MR. BYRON WILLIAMS: I'm going to
13 recommend that the document titled 'Follow-up to
14 Undertakings' be marked as CAC Exhibit 8.

15

16 --- EXHIBIT NO. CAC-8: Document entitled,
17 "Follow-up to
18 Undertakings"

19

20 MR. BYRON WILLIAMS: And that the
21 document 'Ratio of Fatal Victim Type' be marked as CAC
22 Exhibit 9, please.

23

24 --- EXHIBIT NO. CAC-9: Document entitled, "Ratio
25 of Fatal Victim Type"

1 THE CHAIRPERSON: Thank you very much.

2

3 CONTINUED BY MR. BYRON WILLIAMS:

4 MR. BYRON WILLIAMS: Ms. McLaren, on
5 behalf of CAC (Manitoba), I did want to thank you for
6 your prompt response to the many undertakings that --
7 that we put you through last week, it's appreciated.

8 In terms of CAC Exhibit 8, I'd ask you,
9 first of all, to pa -- turn to the second -- second
10 page, which should say, "Undertaking 12," at the top,
11 page 2, Undertaking 12.

12

13 (BRIEF PAUSE)

14

15 MR. BYRON WILLIAMS: Yes, the next
16 page there, Ms. McLaren.

17 MS. MARILYN MCLAREN: I have it.

18 MR. BYRON WILLIAMS: Excuse me. And
19 in this response, MPI was asked to provide the -- the
20 average percentage of person -- people killed in
21 traffic collisions who were re -- recorded as not
22 wearing or using the available safety equipment,
23 correct?

24 MS. MARILYN MCLAREN: Yes.

25 MR. BYRON WILLIAMS: And on average,

1 the Corporation found that approximately 46 percent of
2 fatally injured collision vehicle victims were not
3 wearing or using available safety equipment at the
4 time of the collision, agreed?

5 MS. MARILYN MCLAREN: Yes.

6 MR. BYRON WILLIAMS: Ms. McLaren, if
7 we turn to the next page, page 3, Manitoba Public
8 Insurance has gone through its traffic accident report
9 database and examined of the total victims, in -- in
10 other words, all people killed and injured combined,
11 what percentage was -- were identified as wearing seat
12 -- wear -- wear -- excuse me, what percentage was
13 identified using seatbelt and safety equipment and
14 what percentage was not

15 Agreed?

16 MS. MARILYN MCLAREN: Yes.

17 MR. BYRON WILLIAMS: And you also di -
18 - did my client the courtesy of breaking this down by
19 rural and urban, as well, correct?

20 MS. MARILYN MCLAREN: Yes.

21 MR. BYRON WILLIAMS: And -- and, Ms.
22 Mc -- Ms. McLaren, if we start with the urban and
23 focus on those -- either incidents where people were
24 killed or injured where seatbelts and safety equipment
25 were not in use, we'll see that the -- in -- in --

1 between the years 2006 and 2011 the highest percentage
2 was 2.9 percent, agreed?

3 MS. MARILYN MCLAREN: Yes.

4 MR. BYRON WILLIAMS: And that would --
5 and the lowest percentage in the 2011 year, focussing
6 on urban, was one point five (1.5), agreed?

7 MS. MARILYN MCLAREN: Yes.

8 MR. BYRON WILLIAMS: If we focus now,
9 Ms. McLaren, on those in rural Manitoba, either killed
10 or injured, we can see that, in terms of seatbelts or
11 safety equipment not in use, the lowest number would
12 be the 6.1 percent, agreed?

13 MS. MARILYN MCLAREN: Yes.

14 MR. BYRON WILLIAMS: And the highest
15 number would be in excess of 10 percent, correct?

16 MS. MARILYN MCLAREN: Yes.

17 MR. BYRON WILLIAMS: And again, thi --
18 this comes as no surprise, Ms. McLaren, but it -- it
19 highlights the -- the disproportionate non-usage of
20 seatbelts and safety equipment in rural areas, agreed?

21 MS. MARILYN MCLAREN: Yes. The only
22 other thing I'd say is, unlike in the urban area where
23 the number -- the percentage bounces around a lot,
24 there does seem to be a bit more of an indication of a
25 possible improvement trend in the rural areas.

1 MR. BYRON WILLIAMS: I'll have to ask
2 for this one next year, Ms. McLaren, just to see where
3 -- see where we are.

4 Those are still considerably higher
5 than the urban areas, agreed?

6 MS. MARILYN MCLAREN: Definitely.

7 MR. BYRON WILLIAMS: Flipping to the
8 next page, page 4, and it's a sad page, but the
9 Corporation reports seven (7) cycling deaths from
10 traffic collisions in the calender year 2012, agreed?

11 MS. MARILYN MCLAREN: Yes.

12 MR. BYRON WILLIAMS: And, Ms. McLaren,
13 if you turn to the next page, page 5 in the top right-
14 hand corner, you'll agree with me that what we see
15 here is a heading, "MPI fatalities, counts of claims
16 for insurance year," and -- and it's covering the full
17 insurance years from 2000 to 2012 and part of the 2013
18 year.

19 Agreed?

20 MS. MARILYN MCLAREN: Yes.

21 MR. BYRON WILLIAMS: And can we agree,
22 Ms. McLaren, that what this table tries to do is to
23 break down or disaggregate the information related to
24 fatalities into different categories including
25 drivers, passengers, motorcycles, pedestrians, and

1 cyclists.

2 Agreed?

3 MS. MARILYN MCLAREN: Yes.

4 MR. BYRON WILLIAMS: And it provides
5 the individual numbers for any particular year. And
6 then it also does a comparison by percentage of MPI
7 fatalities associated with motor vehicle users and MPI
8 fatalities associated with vulnerable road users.

9 Agreed?

10 MS. MARILYN MCLAREN: Yes.

11 MR. BYRON WILLIAMS: So, Ms. McLaren,
12 let's -- let's just start with the 2012 year and go
13 under the column "Driver." So that's the second-last
14 line and then the third column in, "Driver." MPI
15 reports for that year fifty-one (51) drivers -- driver
16 fatality claims.

17 Agreed?

18 MS. MARILYN MCLAREN: Yes.

19 MR. BYRON WILLIAMS: And then for
20 passengers it reports twenty-five (25) passenger
21 fatality claims for the 2012 year.

22 Agreed?

23 MS. MARILYN MCLAREN: Yes.

24 MR. BYRON WILLIAMS: And that totals
25 for the motor vehicle group seventy-six (76) fatality

1 claims, correct?

2 MS. MARILYN MCLAREN: Yes.

3 MR. BYRON WILLIAMS: If we move over
4 to vulnerable road users we'll see that in that
5 particular year, Ms. McLaren, MPI reports that five
6 (5) fatality claims associated with motorcycles and
7 mopeds.

8 Agreed?

9 MS. MARILYN MCLAREN: Yes.

10 MR. BYRON WILLIAMS: And nineteen (19)
11 associated with pedestrian fatality claims, correct?

12 MS. MARILYN MCLAREN: Yes.

13 MR. BYRON WILLIAMS: And for cyclists,
14 seven (7) in that particular year, claims associated
15 with fatalities, correct?

16 MS. MARILYN MCLAREN: Yes.

17 MR. BYRON WILLIAMS: For a total of 31
18 percent -- excuse me, thirty-one (31)?

19 MS. MARILYN MCLAREN: Yes.

20 MR. BYRON WILLIAMS: Now, going over
21 to the Ratio MV:All, what this table -- or act -- act
22 -- what this column is doing is looking at the
23 percentage of fatality claims in a particular year
24 associated with motor vehicles, correct?

25 MR. LUKE JOHNSTON: I can talk to this

1 one. Correct.

2 MR. BYRON WILLIAMS: And if we go over
3 one (1) more column, the "Ratio VRU:All," what this is
4 portraying is the percentage of fatalities associated
5 with vulnerable yoad -- road user claims as compared
6 to the entire population for that particular year?

7 MR. LUKE JOHNSTON: Yes, and -- and
8 the reason I jumped is, as you know, these -- these
9 exhibits are fairly new to this -- to this year's
10 hearing. In reviewing them I noticed that there was
11 quite a substantial increase in the percentage of
12 fatalities to vulnerable road users, which I found a
13 little bit surprising.

14 They're -- on reviewing it more there
15 appears to be that we're better classifying or
16 labelling our data as time -- as time passes. For
17 example, in the year 2000, thirty-three (33) of the
18 fatalities have an unknown, what we call 'party roll'
19 (phonetic) associated, so they don't fall into any of
20 these categories. By the time you get to 2006 that
21 falls to about twenty-three (23) unknowns. And by the
22 time you get to 2012 that falls to about only thirteen
23 (13) unknown, where they don't get labelled in these
24 categories.

25 So that's the only thing I wanted to

1 mention. The -- the most recent years are probably
2 the most relevant to your comparison. I did ask our
3 data analytics department if they could give me some
4 examples of some of the claims that might have been
5 labelled 'unknown' in the earlier years. That's all.
6 That's -- I just wanted to say that.

7 MR. BYRON WILLIAMS: Okay. So let's
8 just -- in terms of -- of what you're telling me, what
9 you're noting is, for example, for the 2012 year, if I
10 totalled the number of motor vehicle fatality claims
11 of seventy-six (76), with the number of vulnerable
12 road user fatality claims of thirty-one (31), I would
13 -- I would get a number of a hundred and seven (107.

14 Agreed?

15 MR. LUKE JOHNSTON: Agreed.

16 MR. BYRON WILLIAMS: And if I compared
17 that to the all fatalities on the left-hand side,
18 second column in, of one hundred and twenty (120), I
19 would note that there are thirteen (13) within that
20 population that haven't been assigned to motor vehicle
21 or to vulnerable road user.

22 Would -- is that what you're telling
23 me, Mr. Johnston?

24 MR. LUKE JOHNSTON: That's right. And
25 that's why you've got the rather strange phenomenon of

1 both percentage categories increasing over time, which
2 doesn't -- wouldn't make any sense if there was
3 balancing to a hundred.

4 MR. BYRON WILLIAMS: Now, Mr.
5 Johnston, in terms of the information that we have
6 here, let's focus on the 2012 year for one (1) -- one
7 (1) moment. What -- what that's telling us is with --
8 with a few of the fatal claims missing, that over 25
9 percent of the fatality claims in that particular year
10 were associated with vulnerable road users, agreed?

11 MR. LUKE JOHNSTON: Agreed.

12

13 (BRIEF PAUSE)

14

15 MR. BYRON WILLIAMS: And we can be
16 confident that of the fatal claims in 2012, thirty-one
17 (31) of them were associated with the vulnerable road
18 users group.

19 That we can be confident of?

20 MR. LUKE JOHNSTON: Yes, there -- as -
21 - as mentioned there -- there's a lot more -- the
22 recent data is a lot more credible, so that -- let's
23 say 25 percent and thirty-one (31) are -- are more
24 accurate numbers based on the history there.

25 MR. BYRON WILLIAMS: And

1 notwithstanding the data challenges, we can look, for
2 example, at the pedestrian deaths and -- and note that
3 since 2006, the lowest number for pedestrian deaths
4 associated with an automobile injur -- accident in
5 Manitoba, is fifteen (15), agreed?

6 MR. LUKE JOHNSTON: Agreed.

7 MR. BYRON WILLIAMS: So there's a -- a
8 -- going back the last six (6) years at least and --
9 and, sir, perhaps longer, there's a -- a significant
10 number of pedestrian deaths in each of those
11 particular years, correct?

12 MR. LUKE JOHNSTON: Correct.

13 MR. BYRON WILLIAMS: And, Mr.
14 Johnston, in terms of the cyclist deaths, or fatal
15 claims, this -- from the 2012 year of seven (7),
16 there's no disputing that number either, is there,
17 sir?

18 MR. LUKE JOHNSTON: No, there's not.
19 The only thing that could happen to it would be to
20 increase.

21 MR. BYRON WILLIAMS: So we know
22 there's the seven (7), we're not sure if there's more
23 in there?

24 MR. LUKE JOHNSTON: There's thirteen
25 (13) unidentified claims, and we don't -- at this time

1 we don't know if they are cyclists or a -- a different
2 role.

3 MR. BYRON WILLIAMS: And to Mr.
4 Johnston or Ms. McLaren, in terms of the pedestrian
5 population, I'm mindful of a question that Board
6 member Neville asked previously about rep -- over --
7 or issues related to seniors.

8 And does the Corporation track, in
9 terms of pedestrian fatalities for example, how many -
10 - does it break it down by age groups?

11 MS. MARILYN MCLAREN: Apparently, yes,
12 we do.

13 MR. BYRON WILLIAMS: And we might have
14 set this question up, Ms. McLaren.

15 For the 2010 year, would I be correct
16 in suggesting to you that over half the pedestrian
17 fatalities involved persons over the age of sixty-five
18 (65)?

19 MS. MARILYN MCLAREN: I would agree
20 with that, yes.

21 MR. BYRON WILLIAMS: I promised myself
22 I was going to try and restrict my undertakings for
23 you, Ms. McLaren, but I have one (1).

24 I wonder if you could look back at the
25 pedestrian fatalities from 2006 through 2012, and flag

1 the percentage in each year involving those -- perhaps
2 provide a demographic breakdown for -- for each of
3 those years, assuming that that information --

4 MS. MARILYN MCLAREN: Yeah, we'll --
5 we'll accept that undertaking.

6 MR. BYRON WILLIAMS: And I'll just ask
7 it better because I didn't do a very good job of that.
8 But in terms of the pedestrian fatalities from 2006 to
9 -- through 2012 if the Corporation could provide a
10 demographic breakdown consistent with what it does in
11 its traffic collision reports?

12 MS. MARILYN MCLAREN: Yes.

13

14 --- UNDERTAKING NO. 36: MPI to, in relation to
15 pedestrian fatalities from
16 2006 through to 2012,
17 provide a demographic
18 breakdown consistent with
19 what it does in its
20 traffic collision reports

21

22 CONTINUED BY MR. BYRON WILLIAMS:

23 MR. BYRON WILLIAMS: Now, perhaps we
24 can turn to CAC Exhibit 9 for just one (1) second.
25 And one (1) of the -- the issues the Corporation has

1 flagged -- let me back up.

2 What this -- this figure presents is
3 the -- the information from the same -- the -- the
4 document we were just looking at, MPI fatalities count
5 of claim, but in a -- in a beautiful coloured bar
6 characterization of it.

7 Agreed?

8 MS. MARILYN MCLAREN: Agreed.

9 MR. BYRON WILLIAMS: And just for the
10 benefit of -- of the Board, there may be a few
11 rounding issues. We -- for example, for the 2012 year
12 where the -- the percentage reported in the -- in the
13 table is 25.83 percent. You'll agree with me, Ms.
14 McLaren, that we rounded it off to 26 percent in the -
15 - in the depiction in CAC Exhibit 9.

16 Agreed?

17 MS. MARILYN MCLAREN: Yes.

18 MR. BYRON WILLIAMS: And in -- in red
19 across this presentation are the -- that depicts the -
20 - the percentage related to vehicle fatal victims that
21 were identified by MPI?

22 MS. MARILYN MCLAREN: Yes.

23 MR. BYRON WILLIAMS: Eleven (11) --
24 excuse me, blue captures the unknowns in terms of
25 being -- that -- that are still in the MPI

1 information, agreed?

2 MS. MARILYN MCLAREN: Yes.

3 MR. BYRON WILLIAMS: And then I'm
4 going to call it 'green'. I'm not sure if green is
5 the right colour. If you have a better one -- olive
6 captures the vulnerable road use fatal victims,
7 agreed?

8 MS. MARILYN MCLAREN: Yes.

9 MR. BYRON WILLIAMS: Mr. Johnston, in
10 terms of when MPI started to achieve better results in
11 tracking its information, are you suggesting that it's
12 around 2008?

13 MR. LUKE JOHNSTON: I don't -- I don't
14 know the -- the underlying reasons for the change but
15 even 2000 -- from 2000 to 2005 we seem to be running
16 in the mid-20 percent or so. And then in 2006 and
17 after we seem -- there's almost a break there where
18 you -- we all -- immediately dropped down to the 15
19 percent range. And then it seems like there's further
20 improvements in recent years.

21 So maybe even just more stress on the
22 importance of this data and -- and record-keeping over
23 time. But I have -- I have asked our analysts -- our
24 analytics department to -- to explain that for me.

25 MR. BYRON WILLIAMS: Okay. So you've

1 got more confi -- you see a break starting around 2006
2 and that's when you've identified a reduction in the
3 number of unknowns.

4 MR. LUKE JOHNSTON: It appears that
5 way, yes.

6 MR. BYRON WILLIAMS: And in any event,
7 what we can agree upon is that when we focus on the
8 2012 year, for example, the percentage of vulnerable
9 road user fatal victims at 26 percent, that's the
10 minimum. It -- it may indeed grow higher.

11 MR. LUKE JOHNSTON: Yes, the 11
12 percent -- I -- I -- it has to go somewhere, right,
13 and -- and I don't know that if it's half to one (1)
14 pool and half to the other, or all to one (1) pool,
15 but you're right it can only go up.

16 MR. BYRON WILLIAMS: Okay. Thank you
17 for that. Excuse me. Ms. McLaren, just over to page
18 6 of -- of CAC Exhibit number 8, you'll see a similar
19 table to the fatalities table but looking at MPI
20 serious injuries as in terms of the count of claims.

21 Agreed?

22 MS. MARILYN MCLAREN: Yes.

23 MR. BYRON WILLIAMS: And again, this
24 information is broken down into individual categories,
25 such as driver, passenger, motorcycle and mopeds,

1 pedestrians, and cyclists.

2 Agreed?

3 MS. MARILYN MCLAREN: Yes.

4 MR. BYRON WILLIAMS: As well, there's
5 an aggregation towards the right side of the table in
6 terms of the percentage of motor vehicles as part of
7 the total and the percentage of vulnerable road users
8 as part of the table, agreed?

9 MS. MARILYN MCLAREN: Yes.

10 MR. BYRON WILLIAMS: And, Ms. McLaren,
11 I'm doing these numbers off the top of my head. But
12 if we -- we look at the -- let's say for the -- the
13 2012 year of -- if we take the 69 percent associated
14 with motor vehicle users and the 23 percent associated
15 with vulnerable road users were over 92 percent, in
16 which the Corporation's been able to categorize as
17 either one or the other?

18 MS. MARILYN MCLAREN: Yes.

19 MR. BYRON WILLIAMS: So the 'unknown'
20 problem would appear to be, at least in these recent
21 years, a bit lower in terms of the MPI serious
22 injuries as compared to the fatalities?

23 MS. MARILYN MCLAREN: Yes.

24 MR. BYRON WILLIAMS: And if we focus,
25 Ms. McLaren, let's -- we're -- we're just going to

1 just focus on that ratio for the 2010, 2011, and 2012
2 years. So starting at 2010, if we look at the ratio
3 of vulnerable road users -- percentage of -- of
4 vulnerable road users having serious injury claims as
5 compared to the -- the total of those having serious
6 injury co -- co -- claims, it's between 22 and 23
7 percent.

8 Agreed?

9 MS. MARILYN MCLAREN: Twenty-one and
10 three quarters (21 3/4) and 23 percent.

11 MR. BYRON WILLIAMS: Ms. McLaren, I
12 may have been -- I'm looking at the 2010 year. And
13 22.68 percent of the serious injury claims were by
14 vulnerable road users.

15 Agreed?

16 MS. MARILYN MCLAREN: Yes. I thought
17 you were looking at the results of '10, '11, and '12
18 overall.

19 MR. BYRON WILLIAMS: You were doing
20 the averaging on the -- that's pretty good. And 2011,
21 again, close to 22 percent of the serious injury
22 claims involved vulnerable road users, correct?

23 MS. MARILYN MCLAREN: Yes.

24 MR. BYRON WILLIAMS: And 23 percent in
25 the year 2012 involved vulnerable road users, agreed?

1 MS. MARILYN MCLAREN: Yes.

2 MR. BYRON WILLIAMS: So there we see,
3 at least for those three (3) most recent years of
4 information, that vulnerable road user population
5 staying above the 20 percent of all serious injury
6 claims.

7 Agreed?

8 MS. MARILYN MCLAREN: Yes.

9 MR. BYRON WILLIAMS: And, Ms. McLaren,
10 if you could -- or, Mr. Johnston, if you could turn to
11 MPI serious injury -- page 9, which is "MPI Serious
12 Injuries Cost: Ultimate Value."

13

14 (BRIEF PAUSE)

15

16 MS. MARILYN MCLAREN: Okay.

17 MR. BYRON WILLIAMS: And again, this
18 is a -- Ms. McLaren, a similar table in format to the
19 other two (2)?

20 MS. MARILYN MCLAREN: Yes.

21 MR. BYRON WILLIAMS: And again just
22 focussing -- what this pre -- represents is the -- in
23 -- the perc -- excuse me, let me back up. If we go to
24 the extreme right-hand column, what we're looking at
25 there is the percentage of serious injury cost

1 ultimate values that are associated with vulnerable
2 road users.

3 Agreed?

4 MS. MARILYN MCLAREN: Yes.

5 MR. BYRON WILLIAMS: And if we look at
6 the 2010 year, that percentage is 22 percent.

7 Agreed?

8 MS. MARILYN MCLAREN: Yes, almost
9 twenty-two-and a half (22 1/2).

10 MR. BYRON WILLIAMS: Okay. Let's
11 focus on 2012 for just a second. And if we go across
12 the line to 2012 we'll see that in terms of serious
13 injuries at their estimated ultimate value there was
14 about \$6 million associated with pedestrians.

15 Agreed?

16 MS. MARILYN MCLAREN: Yes.

17 MR. BYRON WILLIAMS: And for cyclists
18 there was over 5 million associated with cyclists,
19 correct?

20 MS. MARILYN MCLAREN: Yes.

21 MR. BYRON WILLIAMS: Obviously a -- a
22 tough year for vulnerable road users. Close to 30
23 percent of the estimated ultimate value of serious
24 injuries was associated with vulnerable road users.

25 Agreed?

1 MS. MARILYN MCLAREN: Yes.

2

3 (BRIEF PAUSE)

4

5 MR. BYRON WILLIAMS: Ms. McLaren, if
6 we just flip over one (1) page. Actually -- I'm
7 actually going to ask you to flip over a number of
8 pages to page 21.

9

10 (BRIEF PAUSE)

11

12 MR. BYRON WILLIAMS: Ms. McLaren, this
13 is the Corporation's response to CAC under -- a
14 request by the CAC. And it -- it was looking for a
15 breakdown of the -- where the increase of two hundred
16 and fifty thousand (250,000) in Road Watch went and
17 how much of it went to the RCMP.

18 Agreed?

19 MS. MARILYN MCLAREN: Yes.

20 MR. BYRON WILLIAMS: And of that two
21 hundred and fifty thousand (250,000), we can agree
22 that roughly 66 percent went to the RCMP, correct?

23 MS. MARILYN MCLAREN: Yes.

24 MR. BYRON WILLIAMS: And of that one
25 hundred and sixty-five thousand (165,000), about

1 thirty thousand (30,000) was allocated to enhance
2 monitoring of winter and ice roads.

3 Agreed?

4 MS. MARILYN MCLAREN: Yes.

5 MR. BYRON WILLIAMS: Just flipping to
6 the next page, page 22 in the right -- to right-hand
7 corner, we see the Corporation's response to
8 Undertaking 18, which provides an estimated breakdown
9 -- well, actually, it provides the budget allocations
10 for the 2013/'14 year in terms of Road Watch by police
11 service.

12 Agreed?

13 MS. MARILYN MCLAREN: Yes.

14 MR. BYRON WILLIAMS: And what it shows
15 is a contribution of 25 percent to the Winnipeg Police
16 Service, correct?

17 MS. MARILYN MCLAREN: Yes.

18 MR. BYRON WILLIAMS: And about 50
19 percent of the budget in '13/'14 went to the RCMP.

20 Agreed?

21 MS. MARILYN MCLAREN: Yes.

22

23 (BRIEF PAUSE)

24

25 MR. BYRON WILLIAMS: Ms. McLaren, just

1 to page 23 for a moment. You'll see the CAC
2 (Manitoba) asking the Corporation whether it had
3 reviewed the most recent Ontario coroner's Cycling
4 Death Review documentation.

5 Agreed?

6 MS. MARILYN MCLAREN: Yes.

7 MR. BYRON WILLIAMS: And the
8 Corporation indicated that it had re -- reviewed both
9 reports. That's your understanding, Ms. McLaren?

10 MS. MARILYN MCLAREN: Yes.

11 MR. BYRON WILLIAMS: And just at page
12 25, Ms. McLaren, you'll agree that I've given you a --
13 just a -- a small excerpt from the -- from the Cycling
14 Death Review undertaken by the Office of the Chief
15 Coroner.

16 Agreed?

17 MS. MARILYN MCLAREN: I'll certainly
18 take your word for that. All I can really see on this
19 one (1) page is that it says, "Cycling Death Review,"
20 at the bottom in very pale letters.

21 MR. BYRON WILLIAMS: And if you flip
22 just back one (1) page. I hope I put the cover page,
23 but I think you can trust my --

24 MS. MARILYN MCLAREN: Yes, got it.

25 MR. BYRON WILLIAMS: -- word this --

1 MS. MARILYN MCLAREN: Right.

2 MR. BYRON WILLIAMS: -- time, Ms.
3 McLaren.

4 MS. MARILYN MCLAREN: Already was
5 prepared to trust your word.

6 MR. BYRON WILLIAMS: I have to take
7 off my glasses to read bring this small, Ms, McLaren,
8 but you see there's a number of recommendations from
9 the off -- the Chief Coroner's office. And I haven't
10 included all of them, but if you go to the fourth
11 bullet from the bottom under, "Our recommendations
12 include," you see the recommendation from the
13 coroner's office that there be an establishment of a 1
14 metre rule for vehicles when passing cyclists.

15 Agreed?

16 MS. MARILYN MCLAREN: I see that, yes.

17 MR. BYRON WILLIAMS: And, Ms. McLaren,
18 I'm not representing Bikes Winnipeg in -- in this
19 hearing, but I -- I've been trying to follow the
20 dialogue in terms of the communication of -- of road
21 safety.

22 And what -- what I'm -- in terms of the
23 messaging of Manitoba Public Insurance, what is there
24 that prevents the Corporation from, in its road safety
25 advertising, recommending a 1 metre diff -- distance -

1 - a 1 metre rule for vehicles? And if we don't use
2 the word 'rule', Ms. McLaren, what is it that prevents
3 the Corporation from recommending a 1 metre gap? Take
4 out the word 'rule'. Is there something that prevents
5 you from doing that?

6 MS. MARILYN MCLAREN: Well, what we
7 would consider our responsibilities to do would be to
8 find an appropriate balance between what might be
9 considered advantageous practices and what the laws of
10 Manitoba say. We do not have a 1 metre rule in
11 Manitoba. We would not support anyone suggesting we
12 have communications that talks as if there was. And
13 so it's finding the balance in that situation.

14 MR. BYRON WILLIAMS: Has -- has the
15 Corporation reviewed the literature in terms of what
16 is the recommended safe passing distance? But let me
17 put it another way.

18 Do you dispute the advice that a safe
19 passing distance should be at least 1 metre from
20 cyclists?

21 MS. MARILYN MCLAREN: No, I wouldn't
22 dispute that.

23 MR. BYRON WILLIAMS: And, Ms. McLaren,
24 if the -- if the legislation currently provides an
25 obligation to have a safe passing distance, and you

1 don't dispute the recommended distance, I'm -- I'm
2 failing to understand what prevents you from
3 recommending a metre diff -- distance. So that was a
4 statement, but I'll turn it into a question.

5

6 (BRIEF PAUSE)

7

8 MS. MARILYN MCLAREN: Sorry, I was
9 waiting for you to turn it into a question.

10 MR. BYRON WILLIAMS: Sorry. Ms.
11 McLaren, you -- you've indicated that you -- you do --
12 do not dispute the -- the advice that a metre is a
13 safe passing distance.

14 Given that the legislation speaks of a
15 safe passing distance, what is there that prevents you
16 from saying -- recommending a 1 metre passing gap?

17 MS. MARILYN MCLAREN: Nothing. And if
18 -- if you don't mind I'll just maybe quote from a page
19 on our website that talks about when motorists are
20 passing a cyclist. It said:

21 "Motorists should pass a cyclist
22 only when it's safe to do so.
23 Experienced cyclists recommend
24 providing at least 1 metre
25 bracket] (3 feet) of clearance, so

1 this may require motorists to change
2 lanes to pass safely."

3 MR. BYRON WILLIAMS: Fair enough. And
4 -- but when we look at the Corporation's advertising,
5 when we look at your billboards, or documentation like
6 that, do we see that '1 metre' in it?

7 Or is it only on the website?

8 MS. MARILYN MCLAREN: No, I think this
9 has been evolving. This is probably newer than the
10 Share the Road billboard and bus board campaign that
11 we took just a little while ago in full consultation
12 with Bike Winnipeg.

13 MR. BYRON WILLIAMS: And might we
14 expect, if there's future Share the Road initiatives,
15 that that 1 metre message will be prominent in the
16 Corporation's messaging?

17 MS. MARILYN MCLAREN: I would expect
18 that we would continue to use this kind of language,
19 yeah.

20 MR. BYRON WILLIAMS: You -- the -- Mr.
21 Gosselin asked you earlier about mapping cyclist
22 fatalities. Ms. McLaren, can we addr -- agree that,
23 numerically, pedestrian fatalities are also a -- a
24 serious injury -- issue for the Corporation?

25 MS. MARILYN MCLAREN: Yes.

1 MR. BYRON WILLIAMS: And we -- and we
2 can also agree that pedestrian injuries are
3 disproportionately an urban issue in terms of the
4 fatalities in -- agreed?

5 MS. MARILYN MCLAREN: Yes.

6 MR. BYRON WILLIAMS: And does the
7 Corporation conduct any sort of mapping activity for
8 pedestrian fatalities?

9 MS. MARILYN MCLAREN: I'm a little
10 more confident in saying now that -- that we have not
11 mapped cyclist injuries or deaths, or probably have
12 not done pedestrians, and that we did the motorcycles
13 in response to that IR. We had not done that earlier,
14 as well.

15 MR. BYRON WILLIAMS: Do you see any
16 advantage from the road safety perspective of mapping
17 where pedestrian serious injuries and fatalities are
18 occurring in the urban environment?

19 MS. MARILYN MCLAREN: You'd have to
20 map them to know the answer to that. So, yes, I think
21 there is value in doing it to see if there's anything
22 you can learn from it.

23 MR. BYRON WILLIAMS: And is the
24 Corporation planning to do that, Ms. McLaren?

25 MS. MARILYN MCLAREN: We are now.

1 MR. BYRON WILLIAMS: Madam chair, I --
2 I thank the Board for its patience. Before I do
3 conclude, my client has not been able to be here as
4 often as she -- she would have liked just because of
5 some critical matters at CAC, but she did want to
6 express her appreciation to the Board, also to Bike
7 Winnipeg for the opportunity to collaborate with them
8 for -- to some degree. And our client asked me to
9 specifically flag the Board advisors and legal
10 counsel, truly some outstanding cross-examination and
11 Information Requests.

12 And also our client extends its
13 appreciation to MPI. The technical conference that
14 took place in, I believe, April -- it seems so long
15 ago. Our client was very impressed by the candour and
16 the openness with which Manitoba Public Insurance
17 approached that discussion, and certainly looks
18 forward to future opportunities.

19 With that, subject to a few small
20 undertakings, I close my cross-examination.

21 THE CHAIRPERSON: Thank you very much,
22 Mr. Williams. And I believe it's sort of an
23 appropriate time now for us to take a short break,
24 fifteen (15) minutes. And then I think we'll return
25 and Ms. Grammond will be continuing with her cross-

1 examination.

2 MS. CANDACE GRAMMOND: Yes, I have
3 some questions on IFRS. They'll probably only take
4 half an hour to forty-five (45) minutes but -- oh, and
5 it looks like Ms. Kalinowsky has some exhibits. But,
6 yeah, why don't we take maybe a ten (10) minute break
7 --

8 THE CHAIRPERSON: Okay, ten (10)
9 minute break --

10 MS. CANDACE GRAMMOND: -- because it's
11 probably not going to be a full day.

12 THE CHAIRPERSON: Okay, good. Thank
13 you. Did you want to speak now --

14 MS. KATHY KALINOWSKY: Sure

15 THE CHAIRPERSON: -- or -- okay, go
16 ahead, Ms. Kalinowsky.

17 MS. KATHY KALINOWSKY: I also have two
18 (2) undertakings that I can file, and I've passed them
19 out to the Board secretary, and they're behind Ms.
20 Grammond's left shoulder there at the end of the
21 table.

22 But they are Undertaking number 1 and
23 Undertaking number 5, which respectively should be
24 marked as MPI Exhibit number 29 and 30. So
25 Undertaking number 1 should be marked as MPI Exhibit

1 number 29.

2

3 --- EXHIBIT NO. MPI-29: Response to Undertaking 1

4

5 MS. KATHY KALINOWSKY: And Undertaking
6 number 5 as MPI Exhibit number 30.

7

8

9 --- EXHIBIT NO. MPI-30: Response to Undertaking 5

10

11 THE CHAIRPERSON: Thank you very much,
12 Ms. Kalinowsky.

13

14 --- Upon recessing at 2:39 p.m.

15 --- Upon resuming at 2:51 p.m.

16

17 THE CHAIRPERSON: Okay. We're ready
18 to go. Ms. Grammond, you'll begin.

19 MS. CANDACE GRAMMOND: Yes, thank you,
20 Madam Chair.

21

22 CONTINUED CROSS-EXAMINATION BY MS. CANDACE GRAMMOND:

23 MS. CANDACE GRAMMOND: So I have some
24 questions for the panel relative to IFRS, or
25 International Financial Reporting Standards.

1 In particular, I would ask that the
2 panel of the Board and the Corporation turn to MPI
3 Exhibit 10. It's the colour package comprising the
4 Deloitte reports. MPI Exhibit 10. It's got the
5 coloured Deloitte report on top.

6

7 (BRIEF PAUSE)

8

9 MS. CANDACE GRAMMOND: So we see on
10 the very first page of Exhibit 10, and I appreciate
11 that the panel gave evidence about the order in which
12 these documents appear but we'll just deal with them
13 in the order that -- that they were filed. The very
14 first report deals with the impact of International
15 Accounting Standard 19R.

16 Is that right?

17 MS. HEATHER REICHERT: Yes, it is.

18 MS. CANDACE GRAMMOND: And that
19 particular standard governs accounting for employee
20 future benefits under IFRS?

21 MS. HEATHER REICHERT: Yes, it does.

22 MS. CANDACE GRAMMOND: And this report
23 that's in evidence was prepared by Deloitte and speaks
24 to the impact of this new standard.

25 Is that right?

1 MS. HEATHER REICHERT: Yes, the actual
2 report was done about a year ago when the Corporation
3 was contemplating possibly early adopting the
4 standard. So that's why the -- the report itself is
5 dated last year, I believe; yes, May 15th, 2012.

6 Right after that report is a letter
7 dated September 9th, 2013, that updates the work that
8 they did on the basis of early adoption to give their
9 view of what it -- what it means to MPI on the basis
10 of adopting it on the regular basis, the regular
11 timing.

12 MS. CANDACE GRAMMOND: Thank you.
13 Now, if we look at the executive summary of the
14 report, which is the 3rd page in, it's entitled, "1.0
15 - Executive Summary."

16 MS. HEATHER REICHERT: Yes.

17 MS. CANDACE GRAMMOND: We see that
18 under the -- the section entitled, "Background," that
19 Deloitte has indicated that the largest change -- or
20 one (1) of the largest changes with this new standard
21 is how the components of the annual pension expense
22 flow through the financial statements.

23 Is that right?

24 MS. HEATHER REICHERT: Yes, it is.

25 MS. CANDACE GRAMMOND: Now, currently,

1 if I understand it correctly, all changes in actuarial
2 evaluations related to current service costs,
3 interest, and actuarial gains and losses flow through
4 net income?

5 MS. HEATHER REICHERT: Yes.

6 MS. CANDACE GRAMMOND: And the new
7 proposed standard requires that actuarial gains and
8 losses be reflected in other comprehensive income
9 rather than net income?

10 MS. HEATHER REICHERT: Correct.

11 MS. CANDACE GRAMMOND: Now, I
12 understand -- and I believe this is referenced on the
13 second page, so page 2 of the report -- that MPI has a
14 choice under the new standard to either show any
15 reclassification of actuarial gains and losses within
16 equity within the RSR, retained earnings, or the
17 accumulated actuarial gains and losses could be
18 reclassified from retained earnings and disclosed
19 separately as a separate component of equity within
20 accumulated other comprehensive income.

21 Is that right?

22 MS. HEATHER REICHERT: Can you just
23 point me exactly to where you're reading on that page,
24 sorry.

25 MS. CANDACE GRAMMOND: Sure. The

1 reference is near the top of the page where you see
2 the two (2) asterisks. I wasn't actually reading from
3 it, I was sort of paraphrasing it. But that is where
4 that information is found.

5

6 (BRIEF PAUSE)

7

8 MS. HEATHER REICHERT: Yes.

9 MS. CANDACE GRAMMOND: Now, we
10 understand that MPI has decided to reclassify retained
11 earnings for these actuarial gains and losses.

12 Can you confirm why that is?

13 MS. HEATHER REICHERT: My
14 understanding is that when we implement this standard
15 and show the changes in -- in pension valuations
16 through OCI, which we have to do for the current
17 fiscal year, in implementing that, we need to then
18 restate the prior retained -- prior year's retained
19 earnings on the same basis that we are using in the
20 current fiscal year.

21 So that would result in restating
22 retained earnings, increasing it, as per the cover
23 letter from -- from Deloitte stated in September, by
24 approximately \$91 million. So we would increase
25 retained earnings by that amount, representing the

1 prior year's losses on the valuation of our pension
2 plan.

3 So because it was reflected as an
4 expense in the prior year, when we restate that, it
5 will increase our retained earnings and -- and be
6 moved into accumulated other comprehensive income as
7 accumulated loss at that point in time.

8 I'm - I'm not sure if I -- I would -- I
9 think I went beyond what you were asking, but just...

10 MS. CANDACE GRAMMOND: That's okay. I
11 was going to come to the 1.9 million anyways.

12

13 (BRIEF PAUSE)

14

15 MS. CANDACE GRAMMOND: Now, Ms.
16 Reichert, in your opening comments under this line of
17 questioning you commented about the fact that there
18 was an early adoption available with respect to this
19 standard, which ultimately MPI decided not to do.

20 So I understand that this standard is
21 now being implemented in the current year, the
22 2013/'14 year?

23 MS. HEATHER REICHERT: Yes, it is.

24

25 (BRIEF PAUSE)

1 MS. CANDACE GRAMMOND: Can you comment
2 on what the implications would have been if MPI had
3 elected for the early adoption?

4 MS. HEATHER REICHERT: I would need to
5 do a bit more research with respect to -- with respect
6 to that. I -- I can't recall if it was actually
7 quantified within this -- this report; it might have
8 been. But the same typical general effect would have
9 been as it is now when we're implementing it. If we
10 implemented it early and reflected any actuarial gains
11 and losses in the '12/'13 year through OCI, then we
12 would have had to restate the prior year's retained
13 earnings to remove any losses that had been reflected
14 in the '11/'12 fiscal year through net income. And we
15 would have to restate the retained earnings, similar
16 to what I'm suggesting we will be doing for this year.

17 MS. CANDACE GRAMMOND: So the number
18 might be something other than 9.1 million, but it
19 would be similar?

20 MS. HEATHER REICHERT: Yes, it would
21 be something other than 9 million, but it would be
22 similar in that it would increase retained earnings.

23 MS. CANDACE GRAMMOND: So if the early
24 adoption had been taken, there would have been, you
25 expect, an increase to the RSR for last year, for the

1 2012/'13 year?

2 MS. HEATHER REICHERT: Yes, I believe
3 that would have been the case.

4 MS. CANDACE GRAMMOND: Now, I
5 understand that this adjustment that we're speaking
6 about represents two (2) years of accumulation of
7 remeasurement, or actuarial adjustments.

8 Is that right?

9 MS. HEATHER REICHERT: The 9 million?

10 MS. CANDACE GRAMMOND: Yeah.

11 MS. HEATHER REICHERT: The 9 million
12 would be last year's adjustment of the pension
13 liability.

14

15 (BRIEF PAUSE)

16

17 MS. CANDACE GRAMMOND: Ms. Reichert,
18 just flowing on that I do have a -- a follow-up
19 question. On page 14 of this IAS-19 report we see
20 under the section, "Analysis of Recognition of
21 Actuarial Gains and Losses," some commentary by
22 Deloitte. And if we look on the right-hand side of
23 the table there with the blue bar, it's entitled,
24 "Implications." And the very last box on that table,
25 about halfway through says:

1 "A disclosure stating that the
2 balance and accumulated other
3 comprehensive income is two (2)
4 years of remeasurements will be
5 required."

6 I'm not sure that that's quite
7 grammatically correct, but you probably know what that
8 means. Can you comment on the -- the two (2) years
9 that's referenced there with your earlier answer about
10 it just being a one (1) year period?

11 MS. HEATHER REICHERT: I believe that
12 when they're talking here about two (2) years, I
13 believe what they are referring to is the year of
14 implementation being one (1) year and then the year --
15 the -- the -- immediately pre -- preceding year being
16 the second year, the restatement year.

17 MS. CANDACE GRAMMOND: Thank you.
18 Now, when we talk about the \$9.1 million adjustment
19 for the current year, just to confirm that that is not
20 referenced in the filing of the GRA in -- in, I guess
21 it would be PF-3, which is the retained earnings
22 piece?

23 MS. HEATHER REICHERT: That is
24 correct.

25 MS. CANDACE GRAMMOND: Can you comment

1 on why not?

2 MS. HEATHER REICHERT: No particular
3 reason. Similarly, we don't forecast the future
4 anticipated pension valuation adjustments in our
5 forecast, which we've commented on in these hearings,
6 I believe, already. So we don't have either the -- we
7 -- we didn't identify the impact on previous years,
8 nor have we in -- identified or tried to quantify the
9 impact on future years of pension and -- and employee
10 benefit valuations.

11 MS. CANDACE GRAMMOND: Thank you.
12 Now, another matter that Deloitte has identified is
13 that the Canadian Institute of Actuaries 2011
14 educational note requires a review of the discount
15 rate.

16 Can you comment on your understanding
17 of how changes in the discount rate are determined?

18 MS. HEATHER REICHERT: Currently, when
19 we value our pension liability with our external
20 pension actuary, different from our external property
21 and casualty actuary, the -- the guidance from the --
22 the actuarial area is -- I believe it -- it is the --
23 to use the AA corporate bond rate that aligns with the
24 duration of the pension liability. So that is what we
25 have done in the past, working with our external

1 actuary to quantify what an appropriate discount rate
2 should be.

3 MS. CANDACE GRAMMOND: And how is the
4 -- the discount rate reflected in the current
5 valuation of employee benefit obligations?

6 MS. HEATHER REICHERT: That -- that's
7 what we use to discount the pension -- the pension
8 liability. So that's what resulted last year, because
9 that discount rate decreased, that's what resulted in
10 us incurring the \$9.1 million valuation adjustment
11 that increased our expense.

12 MS. CANDACE GRAMMOND: So was the
13 change for the discount rate adopted last year?

14 MS. HEATHER REICHERT: No, we've used
15 that method of determining the discount rate for at
16 least two (2) years, if not more than that.

17

18 (BRIEF PAUSE)

19

20 MS. CANDACE GRAMMOND: Can you
21 comment, then, on why it was flagged in the Deloitte
22 report if it's not a change?

23 MR. REGIS GOSSELIN: Could you repeat
24 the question, please?

25

1 CONTINUED BY MS. CANDACE GRAMMOND:

2 MS. CANDACE GRAMMOND: Sure. The
3 question was, if Ms. Reichert can comment on why this
4 issue was mentioned in the Deloitte report if it's not
5 a change that's being undertaken. And it's on --
6 sorry. It's on page 3 of the report, under the
7 heading, "Other Matters to Consider."

8

9 (BRIEF PAUSE)

10

11 MS. HEATHER REICHERT: Well, I -- I will
12 comment. I don't know. I mean, we've been using it -
13 - this says:

14 "An educational note published by
15 the Canadian Institute of Actuaries
16 in 2011."

17 So when it was published in 2011, we
18 would have used that in our 2011/'12 fiscal year and
19 our 2012/'13 fiscal year, which are the two (2) years
20 that I know for sure we were using that educational
21 note for -- for determining our discount rate. So
22 they mention it, but it was already something that was
23 an educational note and was in use by the Corporation
24 in 2011/'12.

25

1 (BRIEF PAUSE)

2

3 MS. CANDACE GRAMMOND: Thank you.
4 Those are my questions with respect to the report on
5 IAS-19. So I'm going to ask everyone to turn over
6 through the package to the second report which is
7 called "Impact of IFRS 4 Phase II Insurance
8 Contracts." So this is the second report in the
9 package. The page numbering starts back at 1 again.

10 Now, I understand that the
11 implementation of IFRS 4 Phase II is something that
12 would have an impact beyond the test year that we're
13 dealing with here of 2014/'15 and the subsequent year
14 of 2015/'16. Is that your understanding as well?

15 MS. HEATHER REICHERT: Yes, it is, if
16 not longer.

17 MS. CANDACE GRAMMOND: I note in the
18 preface section of the report, which is actually page
19 number 1, it's referenced in the third bullet that the
20 -- this standard is not likely to be effective until
21 at least periods beginning on or after January 1st,
22 2017.

23 So that's your understanding as well?

24 MS. HEATHER REICHERT: Yes, it is.
25 And further in the document Deloitte indicates in --

1 in their view, and that's only their view, they view
2 that it is unlikely to be January 2017.

3 They think it may be, at the earliest,
4 January 1st, 2018, which for MPI would mean we
5 wouldn't be implementing anything with respect to this
6 until our year beginning March 1st, 2018.

7 MS. CANDACE GRAMMOND: And IFRS 4
8 Phase II is at present based on an exposure draft that
9 ultimately can change.

10 MS. HEATHER REICHERT: Yes, and this
11 particular exposure draft actually had been recalled
12 and issued a second time. So while we think that this
13 one may actually eventually get to the standard, there
14 is really no guarantee because this -- this particular
15 exposure draft has been in -- not this particular one
16 but this particular issue has been in exposure drafts
17 more than once.

18 MS. CANDACE GRAMMOND: And with that
19 in mind, I'm still going to ask some questions about
20 the content of what's there now, knowing that -- that
21 it can change.

22 So I understand that as currently
23 drafted, pursuant to the -- the IFRS 4 Phase II that's
24 available, that changes in claims liabilities would be
25 based on a discount rate representative of the

1 attributes of the claims liabilities rather than the
2 investments to meet the obligations.

3 Is that right?

4 MS. HEATHER REICHERT: That sounds --
5 that sounds right. Because this is so far into the
6 future, and because -- and you'll see in -- in all the
7 -- the pre-phase and all of the disclaimers within
8 this particular report from Deloitte, they are quite
9 anxious about how things will eventually be inter --
10 interpreted if -- if and when this becomes the
11 standard.

12 So -- so, yes, I will say that that is
13 a reasonable interpretation of what -- what this
14 exposure draft standard is -- is proposing. What
15 actually ends up being made into the standard is not
16 known.

17

18 (BRIEF PAUSE)

19

20 MR. LUKE JOHNSTON: I can add to that
21 maybe just a little bit. The -- we've talked about --
22 a little bit about this in -- in current and past DCAT
23 reports that, again admitting that we don't know
24 exactly what it -- the outcome of this IFRS is -- is
25 going to be, but one (1) thing we did do is we -- we

1 rese -- we put in the DCAT what our restated discount
2 rate would exp -- be expected to be if we were simply
3 to go to, say, a risk-free rate based on the duration
4 of our claim liabilities rather than matching to the
5 Corporation's fixed income portfolio.

6 So our -- our expectation was that
7 given that our current portfolio is fairly similar
8 duration and most of it is in government bonds
9 anyways, which is essentially a risk-free rate, there
10 would be a downward adjustment, but I -- I don't have
11 the number in front of me but it wasn't -- it didn't
12 qualify as a top scenario.

13

14 (BRIEF PAUSE)

15

16 MR. REGIS GOSSELIN: There would be a
17 downward adjustment because...? Can you walk me
18 through that?

19 MR. LUKE JOHNSTON: Yeah, we -- in the
20 DCAT what we assumed was that if we took just a risk-
21 free rate for -- and matched essentially to all
22 liabilities the -- the rate would have to come down a
23 little bit because we have the MUSH bonds that get
24 higher yields, we have some corporate bonds, but the
25 majority of our bonds are already in government of

1 Canada, which we assumed was essentially what a risk-
2 free rate would be anyways.

3 MR. REGIS GOSSELIN: Okay.

4 MR. LUKE JOHNSTON: So -- so we -- we
5 also noted in there that if you went to a risk-free
6 rate you'd also have to reconsider some of your other
7 things, like your interest rate provision, and like
8 what do you have it for if you're at risk, you know --
9 so those things, as well, might even be offsetting.

10

11 (BRIEF PAUSE)

12

13 CONTINUED BY MS. CANDACE GRAMMOND:

14 MS. CANDACE GRAMMOND: Thank you.

15 Now, I understand that -- and this is referenced on
16 page 4 of this report -- that the policy liabilities
17 valuation impact of changes in discount rates would
18 flow through other comprehensive income rather than
19 net income.

20 Is that right?

21 MS. HEATHER REICHERT: Yes.

22 MS. CANDACE GRAMMOND: And as well,
23 the accumulation of the valuation impact, changes in
24 discount rates, would be separated in accumulated
25 other comprehensive income?

1 MS. HEATHER REICHERT: Yes.

2 MS. CANDACE GRAMMOND: Can you also
3 confirm that the accumulated impact of prior period
4 discount rate changes that are currently reflected in
5 retained earnings would be reclassified to AOCI, or
6 accumulated other comprehensive income?

7 MS. HEATHER REICHERT: This is one (1)
8 of the areas where the interpretation of how this
9 particular standard might be implemented was unclear.
10 So what we're not, at this point, clear on is how far
11 back we would need to go to restate prior claims
12 adjustments as a result of changing discount rates,
13 whether it's going one (1) year back, similar to what
14 we just talked about with the pension valuation, or
15 whether or not we would need to go back multiple
16 years.

17

18 (BRIEF PAUSE)

19

20 MS. CANDACE GRAMMOND: Now, is the --
21 the impact -- or -- or this potential impact on
22 retained earnings disclosed separately in the Deloitte
23 report? Because we don't see it here, I don't think,
24 on pages 4 and 5.

25

1 (BRIEF PAUSE)

2

3 MS. HEATHER REICHERT: Again, because
4 of a lot of the uncertainty with respect to
5 interpretation, they did -- they did attempt to
6 quantify it based on 2012/2013 reported, what the
7 change would be with respect to that year. But given
8 all of the other uncertainty, they -- there is --
9 you're -- you're correct in that there is nothing in
10 here that I am aware of that tries to quantify what
11 the restatement of prior years might be, given that we
12 don't know how far back that would have been.

13 And when we do need to implement this
14 standard it is going to be an extreme amount of work,
15 depending on that interpretation of that parti --
16 ticular aspect. If we do have to go back to the
17 beginning of time practically or when -- to the
18 beginning of when any claims are still outstanding
19 from, right now for MPI that would mean going back to
20 1994 and having to restate this.

21 So you could appreciate that Deloitte,
22 in doing this technical paper, we did not want them to
23 be spending time going and trying to quantify that at
24 -- at this juncture.

25 MS. CANDACE GRAMMOND: Has there been

1 any opportunity at this point to make a transitional
2 election or to even discuss that, or is it too early?

3 MS. HEATHER REICHERT: It's way too
4 early.

5 MS. CANDACE GRAMMOND: Now, if this
6 change that we've been talking about, which I
7 appreciate is still uncertain, if it is implemented,
8 would it be the case that policy liabilities would
9 become much less intra-sensitive than they are today?

10 MS. HEATHER REICHERT: The policy
11 liabilities themselves would still be -- would still be
12 sensitive to changes in interest rates depending on
13 how the matching is accounted for that we currently
14 have been talking about, the matching of our assets
15 with those liabilities.

16 If -- if the implementation of this
17 particular standard resulted only in removing the
18 impact of changing discount rates to the liabilities,
19 removing that from net income and placing into OCI,
20 then we would still have changes in interest rates
21 impacting on our assets that would create volatility
22 for the organization. But as I know we're going to
23 get to, the next IFRS report is on the valuation of
24 the -- the bond asset and where that may be recorded
25 in the future in conjunction with this IFRS number 4.

1 MS. CANDACE GRAMMOND: Just so that
2 we're clear, I -- I meant to ask about the policy
3 liabilities with respect to interest rate change
4 sensitivity.

5

6 (BRIEF PAUSE)

7

8 MS. HEATHER REICHERT: No, it -- it is
9 still our understanding that the valuation of the
10 claims liability would shift with interest rate
11 changes that impact that risk-free yield. So changing
12 interest rates will impact on the risk -- the -- what
13 they're qualifying as the risk -- risk-free yield
14 curve.

15 So it likely will be less impacted, but
16 there will still be impacts to changing discount
17 rates, is our understanding. But again, there is a
18 lot that is still unknown with respect to this
19 particular exposure draft.

20

21 (BRIEF PAUSE)

22

23 MS. CANDACE GRAMMOND: Ms. Reichert,
24 we're just trying to understand the evidence that
25 you're giving. Maybe I'll phrase it a different way

1 and we'll see if -- if we can understand a little bit
2 better.

3 If under this proposed scheme, the
4 effect of a change in interest rate would flow through
5 OCI, would that not make the policy liabilities less
6 sensitive to interest rate changes?

7 MS. HEATHER REICHERT: It would make
8 net income less sensitive to changes in the interest
9 rates. The claim liabilities themselves, they would
10 still be subject to volatility with respect to
11 fluctuations in the discount rate. It's just that
12 that fluctuation that impacts the balance sheet would
13 now flow through OCI as opposed to net income. So net
14 income wouldn't be impacted by the changes in the
15 discount rates that impact the claims liabilities.

16 But claims liabilities would still be
17 impacted by changes in discount rates. Does that
18 help?

19 MR. REGIS GOSSELIN: But there would
20 be -- your pension liabilities are based on -- I'm
21 sorry, your claims liabilities are based on the risk-
22 free rate, but your -- the valuation of your -- of
23 your asset portfolio is based on whatever rate's in
24 the portfolio going forward. So there'd be more
25 volatility this way, right?

1 I mean, you've got your pension lia --
2 you've got your -- your claims liabilities floating
3 this way and they've got the other stuff floating
4 based on your investment record?

5 MS. HEATHER REICHERT: Correct. They
6 would both be fluctuating based on different --

7 MR. REGIS GOSSELIN: Different --

8 MS. HEATHER REICHERT: -- fluctuations
9 in --

10 MR. REGIS GOSSELIN: Yes.

11 MS. HEATHER REICHERT: -- in the -- in
12 the discount or in -- in the interest rate. That is
13 true. But that's going to be fluctuations on the
14 balance sheet. And as we're going to get to, the
15 changes in the bond -- the value of your bond
16 portfolio, the proposals are that -- that those would
17 also flow through OCI and not, as we are doing today,
18 net income.

19

20 (BRIEF PAUSE)

21

22 CONTINUED BY MS. CANDACE GRAMMOND:

23 MS. CANDACE GRAMMOND: And I
24 understand as well that under this exposure draft, the
25 Corporation would also have the opportune --

1 opportunity to elect designating its marketable bonds
2 as fair value through other comprehensive income if
3 the applicable criteria are met.

4 MS. HEATHER REICHERT: Yes, that is my
5 understanding. There's a separate standard on -- on
6 evaluation of financial instruments. And with respect
7 to bonds that are used for matching with insurance
8 liabilities we would have that election capability,
9 yes.

10 MS. CANDACE GRAMMOND: And in that
11 instance, any future changes in the value of the bonds
12 due to changes in interest rates would be realized in
13 other comprehensive income rather than net income.

14 MS. HEATHER REICHERT: Correct.

15 MS. CANDACE GRAMMOND: And has the
16 Corporation determined whether it would qualify to
17 reclassify its marketable bond portfolio as discussed?

18 MS. HEATHER REICHERT: Based on the
19 preliminary investigation done on our behalf by
20 Deloitte, we believe that, yes, we would qualify to be
21 able to make that election. We would definitely be
22 looking to do that.

23 MS. CANDACE GRAMMOND: Thank you.
24 Now, is it the case any prior change in the value of
25 marketable bonds attributable to interest rates that

1 have been accumulated in retained earnings would be
2 reclassified to AOCI?

3 MS. HEATHER REICHERT: Upon
4 implementation of IFRS-9, again, my understanding is
5 that when we implement that we would need to restate
6 the prior year's retained earnings and at that point
7 in time would be reclassifying. Again I'm not sure
8 how far back we would be required to go to restate.
9 We would have to go back at least the year -- the --
10 the comparative year. So one (1) year of change in
11 valuation of bonds would need to be used to restate
12 the retained earnings in the year that we implement
13 the standard.

14 MS. CANDACE GRAMMOND: Now, I
15 understand that in that scenario the changes in claims
16 liabilities would be offset by the changes in the
17 investment portfolio, all in other comprehensive
18 income, not net income.

19 MS. HEATHER REICHERT: Yes.

20 MS. CANDACE GRAMMOND: And assuming no
21 change in MPI's approach to its mandate of breaking
22 even, this should mean that the forecasting of net
23 income will become easier and more accurate?

24 MS. HEATHER REICHERT: Yes.

25 MS. CANDACE GRAMMOND: Thank you.

1 (BRIEF PAUSE)

2

3 MS. CANDACE GRAMMOND: Has the
4 Corporation determined what the current adjustment to
5 retained earnings would be from the claims liability
6 and marketable bond designation?

7 MS. HEATHER REICHERT: No. I think I
8 mentioned before, no, we haven't. It's too subject to
9 interpretation on how far back we would need to go and
10 it is a lot of work until we know exactly what the --
11 what the interpretation is.

12 MS. CANDACE GRAMMOND: Thank you.
13 Now, if we go to the appendix to this particular
14 report, we see -- and there -- the appendix is several
15 pages. It starts on page 16.

16 We see that Deloitte has provided an
17 indication of the changes relating to IFRS 4 Phase II
18 on MPI's forecast in the Application years and in the
19 outlook period.

20 MS. HEATHER REICHERT: Yes.

21 MS. CANDACE GRAMMOND: And
22 particularly Table 1.1, which we see on page 16, where
23 Deloitte has taken the Application forecast as
24 presented by the Corporation and then over the page,
25 page 17, Table 1.2, has reflected the impact upon the

1 current Application if the standard that we've been
2 discussing is, in fact, utilized?

3 MS. HEATHER REICHERT: Yes, they made
4 an attempt to determine what they believe might be the
5 impact going forward, with a lot of provisos that
6 interpretations are still unknown and lots of
7 uncertainty is -- is contained within these
8 projections.

9 MS. CANDACE GRAMMOND: And we
10 understand the -- the caveat. But if we look at Table
11 1.2, we see for the current year net income increases
12 from 5 1/2 million in the application to forty-six
13 (46) -- am I -- oh. Sorry. For the current year the
14 loss actually -- there is a loss put forward for the
15 current year, whereas the Corporation in its
16 application is projecting income. But for the year of
17 the application we see a net income of 26.6 million,
18 compared with a loss put forward by the Corporation of
19 about 7 1/2 million.

20 Is that right?

21 MS. HEATHER REICHERT: Yes, that is
22 what this schedule shows.

23 MS. CANDACE GRAMMOND: And then
24 similarly for 2015/'16, we see an improvement to \$40.4
25 million income, and that's improved from a \$2.1

1 million income in the application.

2 MS. HEATHER REICHERT: Yes, and I just
3 feel it necessary to again reiterate that I personally
4 do not put a whole lot of confidence in this projected
5 statement of operations, given all of the assumptions
6 that Deloitte was required to make with the exposure
7 draft that has not been fully interpreted and is not
8 yet the standard.

9

10 (BRIEF PAUSE)

11

12 MS. CANDACE GRAMMOND: Is it fair to
13 say, Ms. Reichert, that what Deloitte has calculated
14 for the purposes of preparing Table 1.2 and these
15 revised projections is a -- a change from removing the
16 changes of interest -- or, pardon me -- removing the
17 impact of changes in interest rates to other
18 comprehensive income?

19 MS. HEATHER REICHERT: The -- the
20 changes in interest rates, the changes in the proposed
21 risk-free discount rate, changes in the handling of
22 realized gains on equities, a multitude of things are
23 happening in this restated projection.

24 MS. CANDACE GRAMMOND: Now, can you
25 comment on whether the reduced interest rate

1 sensitivity of net income under this scenario really
2 translates into a reduced risk profile for the
3 Corporation?

4 MS. HEATHER REICHERT: When and if the
5 standard is implemented, I do believe that that will
6 reduce the risk to the Corporation of fluctuations in
7 interest rates, yes.

8 MS. CANDACE GRAMMOND: So obviously
9 interest rates are still going to change over time,
10 it's just that the impact under this scenario would
11 mostly flow to AOCI, rather than net income?

12 MS. HEATHER REICHERT: Yes, that's my
13 understanding.

14 MS. CANDACE GRAMMOND: And under this
15 scenario, would the exclusion of AOCI for rate-setting
16 purposes still be appropriate?

17 MS. HEATHER REICHERT: That is
18 something that we would need to look at, and look at
19 carefully. At this juncture, I believe that -- that
20 we would still have the position to exclude AOCI from
21 RSR calculations. But this is a long way out and it
22 will be reviewed at that time.

23

24 (BRIEF PAUSE)

25

1 MS. CANDACE GRAMMOND: Can you comment
2 on how the Corporation expects this accounting
3 standard change to impact the DCAT and the RSR target?

4

5 (BRIEF PAUSE)

6

7 MR. LUKE JOHNSTON: The -- as I
8 mentioned earlier, we -- in the current DCAT we just -
9 - we have some fairly high level comments on IFRS.
10 The DCAT will immediately respond to any changes
11 resulting from IFRS with, I'm anticipating, improved
12 assumptions as time passes.

13 And, of course, if -- if the impacts
14 from interest rates, for example, change, that would
15 be reflected in -- in revised DCAT scenarios. As you
16 also know, the DCAT starting next year will also have
17 balance sheets and we'll be able to consider things
18 such as other comprehensive income and determine
19 whether that's relevant at least for surcharge and
20 rebate purposes.

21

22 (BRIEF PAUSE)

23

24 MS. CANDACE GRAMMOND: Thank you.

25 Those are my questions with respect to that second

1 report regarding IFRS 4 Phase II. So we'll turn then
2 to the third and last report, which is the impact of
3 IFRS-9. So it's found at the very end of the package,
4 or this exhibit.

5 Now, I understand that this standard,
6 IFRS-9, deals with how financial instruments are
7 measured and classified and could result in
8 differences where gains or losses are recorded?

9 MS. HEATHER REICHERT: Yes.

10 MS. CANDACE GRAMMOND: And again, it's
11 uncertain whether IFRS-9 will impact next year's GRA
12 or will be deferred until after 2017?

13 MS. HEATHER REICHERT: Correct.

14 MS. CANDACE GRAMMOND: Although it is
15 currently slated for 2015?

16 MS. HEATHER REICHERT: Yes, that's
17 correct. And again, it's because they're looking at
18 this particular standard in conjunction with the IFRS
19 number 4 standard that we just looked at. And because
20 of the impact of moving claims -- the -- the impact of
21 dis -- changing discount rates on claims into OCI,
22 they are looking at deferring the aspect of the -- the
23 valuation of bond assets to move them at the same
24 time.

25 MS. CANDACE GRAMMOND: Thank you.

1 Now, we see on page 4 of this report a section
2 entitled "Recording Changes in Equity Values through
3 Net Income," quote, "Above the line," end -- end
4 quote. And then lower down towards the bottom of the
5 page we see "Recording changes in equity values
6 through OCI," quote, "Below the line," end quote.

7 Can you comment on what Deloitte has
8 reflected here on page 4?

9

10 (BRIEF PAUSE)

11

12 MS. HEATHER REICHERT: My
13 understanding is that there is the -- the ability to
14 elect how -- now, this is with respect to realized
15 gains and losses and unrealized gains and losses on
16 equity. So we're talking about equity valuation on
17 this particular table.

18 So my understanding is that there wou -
19 - would be an opportunity to -- to do an election on
20 whether or not you reflect those gains and losses
21 through the profit and loss statement or through OCI.
22 So this is showing the impact to MPI depending on
23 which of those -- what election that we would make.

24 MS. CANDACE GRAMMOND: Now, currently
25 MPI's equity investments are classified as available

1 for sale. Is that right?

2 MS. HEATHER REICHERT: Yes, they are.

3 And so that means that unrealized gains and losses on
4 equities are currently reflected in OCI.

5 MS. CANDACE GRAMMOND: And pursuant to
6 the standard, there would be two (2) classification
7 options for equity investments. One (1) is fair value
8 through profit and loss, and the other is fair value
9 through other comprehensive income?

10 MS. HEATHER REICHERT: Correct.

11 MS. CANDACE GRAMMOND: And if the
12 investments can -- we classified as FVTPL, or fair
13 value through profit and loss, they would be
14 recognized -- or sorry, the unrealized gains and
15 losses would be recognized in net income?

16 MS. HEATHER REICHERT: Correct.

17 MS. CANDACE GRAMMOND: And if they
18 were alternatively classified as fair value through
19 other comprehensive income, as the name indicates, any
20 changes in value would be the -- in the -- below the
21 line through AOCI section?

22 MS. HEATHER REICHERT: That's correct.

23 MS. CANDACE GRAMMOND: Now --

24 MS. HEATHER REICHERT: As we currently
25 do.

1 MS. CANDACE GRAMMOND: And would it be
2 fair to say that making this classification the fair
3 value through other comprehensive income for equities
4 would avoid income volatility?

5 In other words, unrealized gains would
6 not have to be recognized through profit and loss as
7 you said?

8 MS. HEATHER REICHERT: Which is, of
9 course, what we do today. So it wouldn't change the
10 accounting for our unrealized gains and losses from
11 what we do today.

12 MS. CANDACE GRAMMOND: But it would be
13 the less volatile option?

14 MS. HEATHER REICHERT: My
15 understanding is if we make the election to have
16 equity unrealized gains and losses reflected through
17 OCI, also what happens is realized equity gains and
18 losses also are reflected through OCI.

19 Currently today any realized gains and
20 losses on our equities are reflected through our net
21 income statement. So there would be an impact to MPI
22 to the extent that we actually realize gains and
23 losses on equities, because they would now, instead of
24 going through net income, they would flow through OCI.
25

1 And that's reflected at the top of page
2 5 where they're -- where they're indicating what that
3 would look like if equity -- sorry, realized gains are
4 reflected through OCI. They show that impact at the
5 top of page 5.

6 MS. CANDACE GRAMMOND: Thank you.
7 Now, on page 6, just the next page over there's a
8 section entitled "Effective Transition on Rate
9 Stabilization Reserve," or RSR. And in essence, the
10 way that -- that we read this is that Deloitte is
11 saying that if the equities are reclassified to fair
12 value through profit and loss, there would in the
13 result be a transfer of unrealized gains and losses in
14 AOCI -- sorry, from AOCI to the RSR at the transition
15 date. And that would be whatever the balance is at
16 the end of the current fiscal year.

17 What Deloitte has referenced in the
18 second paragraph is 69.9 million. That's as at
19 February 28th, 2013. Is that right?

20 MS. HEATHER REICHERT: That is what
21 they are discussing in this particular -- in this
22 particular paragraph would be if this were implemented
23 January 1st and if we did show -- excuse me, if we did
24 show our equities as through profit and loss, then
25 there would be an impact on our retained earnings on

1 our RSR.

2 MS. CANDACE GRAMMOND: Thank you.

3 Now, as we've been discussing, Ms. Reichert, this is
4 still in the future. It's not in place at this time.

5 Can you confirm that the Corporation
6 will provide the -- the PUB with an indication of the
7 options that it's considering and the elections and
8 implications on ratepayers in advance?

9 MS. HEATHER REICHERT: Definitely.

10 And we will reflect them in a -- on future forecasts
11 when -- when they would have that impact.

12 MS. CANDACE GRAMMOND: Thank you,
13 Madam Chair. Those are my questions on IFRS. So I
14 had indicated the last time I was on the mic that I
15 would have these questions, that I may also have some
16 questions on some undertakings or pre-asks. Those may
17 still be coming next week. So other than that I'm --
18 I'm done for the moment.

19 I would just comment about two (2)
20 things. One (1) is that we reconvene on Wednesday.
21 So the last couple weeks we've been sitting Tuesday to
22 Thursday. Next week it's Wednesday to Friday, so
23 we're back here on the 9th and Ms. Dubois has
24 confirmed that the room is not being used in -- in
25 between so we can leave things if people wish, and

1 they shouldn't be disturbed between now and Wednesday.

2 And those are my comments. Thank you.

3 THE CHAIRPERSON: Thank you very much.

4 I'm just going to check if there's any questions.

5

6 (BRIEF PAUSE)

7

8 THE CHAIRPERSON: Okay. Thank you
9 very much. As you indicated, we'll be reconvening on
10 October 9th. And I believe Gary Gibson from the
11 Department of Finance is scheduled for about a half
12 day?

13 MS. CANDACE GRAMMOND: Yes, that's the
14 plan, Madam Chair, that Mr. Gibson will be here at
15 9:30, that he should be here for about half of a day.
16 So what we'll do, I think, is use that afternoon for
17 any follow-up cross that either I have or that Mr.
18 Williams has on undertakings, pre-asks, and so forth.
19 And we may end up finishing a bit early, depending.

20 And then, of course, Thursday the 10th
21 and Friday the 11th, we're expecting the road safety
22 witnesses, so those will probably be full days.

23 THE CHAIRPERSON: Okay. Thank you
24 very much. So we will be reconvening on Wednesday,
25 October 9th at 9:30. So I know some of you will be

1 working tomorrow, and please have a good weekend.

2

3

(PANEL STANDS DOWN)

4

5 --- Upon adjourning at 3:43 p.m.

6

7 Certified correct,

8

9

10

11 _____

12 Cheryl Lavigne, Ms.

13

14

15

16

17

18

19

20

21

22

23

24

25