

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

*Chairperson*  
*Mr. Dennis Smook*  
*Constituency of La Verendrye*

**Vol. LXIX No. 2 - 9 a.m., Tuesday, September 20, 2016**

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Forty-First Legislature**

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

**Tuesday, September 20, 2016**

**TIME – 9 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Dennis Smook**  
*(La Verendrye)*

**VICE-CHAIRPERSON – Mr. Blair Yakimoski**  
*(Transcona)*

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

*Hon. Mr. Fletcher*

*Messrs. Altemeyer, Curry, Isleifson,*  
*Ms. Klassen, Messrs. Lindsey, Marcelino,*  
*Martin, Smook, Teitsma, Yakimoski*

**APPEARING:**

*Hon. Ron. Schuler, Minister of Crown Services*

*Mr. Andrew Swan, MLA for Minto*

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

*Mr. Brent VanKoughnet, Chairperson of the*  
*Board, Manitoba Public Insurance*

**MATTERS UNDER CONSIDERATION:**

*Annual Report of the Manitoba Public Insurance*  
*Corporation for the fiscal year ending*  
*February 28, 2014*

*Annual Report of the Manitoba Public Insurance*  
*Corporation for the fiscal year ending*  
*February 28, 2015*

*Annual Financial Statement of the Manitoba*  
*Public Insurance Corporation for the fiscal year*  
*ending February 28, 2015*

*Annual Report of the Manitoba Public Insurance*  
*Corporation for the fiscal year ending*  
*February 29, 2016*

*Annual Financial Statement of the Manitoba*  
*Public Insurance Corporation for the fiscal year*  
*ending February 29, 2016*

\* \* \*

**Mr. Vice-Chairperson:** Good morning. Will the Standing Committee on Crown Corporations please come to order.

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

**Mr. Len Isleifson (Brandon East):** Yes, I'd like to nominate Mr. Smook.

**Mr. Vice-Chairperson:** Mr. Smook has been nominated. Are there any other nominations?

Hearing no other nominations, Mr. Smook, will you please take the Chair.

*Mr. Chairperson in the Chair*

**Mr. Chairperson:** This meeting has been called to consider the following reports: annual reports of the Manitoba Public Insurance Corporation for the fiscal years ending February 28th, 2014, February 28th, 2015, and February 29th, 2016; annual financial statements of the Manitoba Public Insurance Corporation for the fiscal years ending February 28th, 2015, and February 29th, 2016.

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

**An Honourable Member:** Eleven o'clock.

**Mr. Chairperson:** I hear 11 o'clock. Is that all agreed?

**An Honourable Member:** Eleven o'clock or thereafter depending on how long it will take for us to consider all the reports.

**Mr. Chairperson:** We will revisit at 11 o'clock. So we will get started.

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

**Mr. Ted Marcelino (Tyndall Park):** Global.

**Mr. Chairperson:** Global. It has been suggested global. All agreed? *[Agreed]*

We will conduct this committee in a global manner.

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

**Hon. Ron Schuler (Minister of Crown Services):**

Well, thank you very much, Mr. Chairperson, and I'd like to welcome each and every member here today, in particular you as you're starting your new role as Chair of this committee. And a lot of new faces at the table, great to see. A lot of renewal took place in the last election throughout the whole Manitoba Legislature, and nice to see we've got new members sitting here. Welcome to each and every one of you.

As Minister of Crown Services, Manitoba's public auto insurer, Manitoba Public Insurance, falls within my portfolio. I am pleased to present for your approval today the annual reports of Manitoba Public Insurance for the fiscal years 2014, 2015, 2016 as well as the financial statements of 2015 and 2016.

Joining me today are several members of the corporation's board and executive, including our chairperson, Brent VanKoughnet; president and chief executive officer, Dan Guimond; vice-president, Finance, and chief financial officer, Heather Reichert; vice-president, Business Development and Communications and chief product officer, Ward Keith. And we welcome each and one of—each and every one of those to committee here today.

I want to begin by stating that since 1971, Manitoba Public Insurance has provided Manitobans with access to affordable auto insurance rates and driver services, making our roadways safer for Manitobans through standards for drivers and vehicles. Manitobans expect a high quality of service delivered by their public Crown corporation.

Our government has gone on record to state that we intend to allow the professionals of our Crowns to run their business in the best interests of Manitobans, best interests of ratepayers and of taxpayers. It is this government's goal to allow our Crowns to operate more effectively, all for the benefit of Manitobans.

To be very clear, there will be no interference from this government into the Crown corporations. Our government is committed to reducing red tape, providing quality service, strengthening accountability and delivering value for the money, all of which Manitoba Public Insurance is committed to providing as well.

In fact, for the first time in the history of this province, not just did we have a mandate letter that was provided to each and every Cabinet minister made public in a very, very open fashion—it can be

read on websites, it is on numerous websites, it was published—they were published in the media, and the public has full access to the mandate letters that were given to the ministers, including myself, Minister of Crown Services—we went another step further in which we provided framework letters for each and every one of the Crowns, for the boards, for the board of directors, so that they would have some kind of a framework within which to work. We believe that this is a very open and transparent process. Again, when those letters were sent, they were also tabled for all members in the Manitoba Legislature and now can be found on the government website.

We believe that this new openness is important. We believe that we should be indicating to the public what our position is and how we intend to interact with our Crowns. And I'm sure that this is helpful going forward for the Crown corporations. And we believe it is also another way which we protect not just the ratepayers but we also protect the taxpayers of Manitoba.

Commitment to Manitobans in terms of affordability has been confirmed in a recent Deloitte LLP report which showed Manitoba remains one of the most affordable provinces in the country for basic household utilities and auto insurance. This independent report found Manitobans paid an average of \$2,965 for electricity, home heating and auto insurance in the fiscal year ending March 31st, 2015.

Manitoba Public Insurance is cognizant of its responsibility to provide affordable premiums to Manitoba vehicle owners. In fact, in June, the corporation applied for a 2 per cent increase driven by an unprecedented year for comprehensive—that's non-collision claims payout.

\*(09:10)

In addition to an overall 2 per cent premium increase, the corporation has requested that the Public Utilities Board consider introducing an interest rate forecast risk factor effective March 1st, 2017, the form and magnitude of which would be developed through a collaborative process with the board and interveners. If approved, the interest rate forecast risk factor will protect ratepayers from the risk that interest rates do not rise in future years as predicted by the major Canadian banks.

As a responsible corporate citizen, Manitoba Public Insurance continues to be involved in our

province: loss prevention through various initiatives, road safety, driver education, and working closely with other groups who have a vested interest in road safety, such as senior drivers, cycling groups and schools.

Manitoba Public Insurance also has a long history of working collaboratively with MADD, Mothers Against Drunk Driving Canada, and its local Manitoba chapter to educate Manitobans about the dangers and consequences of impaired driving. And, just in the last few days, we see again that for some reason the message still isn't getting through loud enough, and still isn't getting through clear enough that we still see unfortunate incidents where individuals believe that their right is to drink and to drive, and the consequences are catastrophic.

Our government is committed, as I know, so is Manitoba Public Insurance Corporation, to continue to fund and work with organizations that will fight this attitude that we seem to have in society that having too many drinks and getting behind a vehicle seems to be okay. And we will continue to fight this very unfortunate attitude that seems to prevail in the general public.

Recently, I attended the unveiling of the new MADD—or Mothers Against Driving—Drunk Driving Manitoba monument, which is a visual reminder that road safety must remain a priority of Manitoba Public Insurance and other road-safety partners. It was a very touching event in which on the monument those families that would allow their family members names to be put on were placed on. Not all chose to do so, but it allowed families, first of all, some closure. But more importantly, allowed some of the family members to stand up and talk about how they were impacted by individuals who felt they had the right to drink and drive. It was a very, very compelling and a very emotional service, and I was very pleased to be part of it.

In fact, afterwards, in the chapel, they asked all of those present, the family members and the close-knit group around those individuals who had died because of a drunk driver, to stand up and they would ring a bell for each individual that had died because of a drunk driver. And, again, it was one of those very emotional and very telling moments that we must continue to keep challenging this feeling out in society that you can drink and drive, and I was very pleased to be part of that.

Manitoba Public Insurance continues to take steps in providing its already stellar customer

service. Another example of this is the ongoing Physical Damage Re-engineering project, which is a long-term initiative that will leverage emergency technology to address current challenges of vehicle repair, look for cost efficiencies, increase customer convenience and improve communication between repair shops, claimants and the corporation.

Manitoba Public Insurance is engaging its industry partners to create and foster an increased spirit of collaboration and ensure a robust and sustainable repair industry. This is the gold-standard service Manitobans have come to expect from its public auto insurer. In fact, Manitobans continue to say they are very satisfied with Manitoba Public Insurance. According to the most recent annual customer satisfaction result, Manitoba Public Insurance meets or exceeds customer service standards 97 per cent of the time. An impressive 92 per cent of customers are satisfied with the service they receive when processing a drivers licence transaction, and 89 per cent are satisfied with the service they receive when processing a policy transaction.

In closing, Dan Guimond, president and CEO of Manitoba Public Insurance, is now ready to respond to questions relative to the corporation's operations, while the chair of the MPI board and myself will respond to questions of a political nature or that involving government policy.

I thank all members of this committee for being here today. This is a very important process. I have now had the opportunity to sit on both sides of the table, and I respect and I appreciate the roles and duties and responsibilities of all members of this committee, and we look forward to going through this process.

Thank you, Mr. Chair.

**Mr. Chairperson:** I thank the honourable minister for his statement.

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

**Mr. Marcelino:** Thank you. Congratulations on being the Chair, and I know it will be a long while that you will be Chair of this committee. I love it.

Anyway, in response to the statement from the honourable Minister for Crown Services, I think I agree with most of what he said about the reputation, the record, the performance level, and the adherence of the Manitoba Public Insurance to the mandate that

was given to it since 1971. It's been a long time, and the history of MPI, if we took a closer look at what happened prior to it being really what it is now—it's now a \$3.2-billion company.

And I had the honour of serving as a member of the board of MPI with Dan and Kathy, and Ward was also there. And, of course, it was always pleasurable because it's—I always looked forward to attending those meetings because you're fed well, thanks to Dan. Breakfast was always served and, of course, a hot lunch sometimes, you know, and sometimes a sandwich. That's something that, Mr. Chair, you might have missed.

Anyway, I thank the members of the MPI board who were, well, taken out right after the election. I thank them for the service that they performed. I need to make mention of one name, and that's Jake, Jake Janzen. He was a very gold-hearted presider of all the meetings, whether it was in camera or formally during the board meetings that we attended.

And the approach of this corporation, which is standing toe to toe and hand in hand with our Crown corporations which are the Crown jewels of our province, you shine a little bit brighter because of what you have been doing, and I'm referring to Dan. Dan Guimond has dedicated, I don't know, 20 years of your life, roughly, and it is amazing how it is, you know.

The appreciation is not forthcoming right away but maybe because I was there, I saw it. It was a very hard job to perform, but he did it superbly and quite well earned; it's well earned. Every cent that you're paid is well earned. And it's money well spent, including everybody else, including the appraisers and the adjusters and the clerks and the servicemen and those guys who are manning the innovation centre that I think was inaugurated during my time when I was a member of the board. So thank you very much.

And that's my statement, Mr. Chair.

**Mr. Chairperson:** We thank the member for the—for his statement.

Do the representatives from the Manitoba Public Insurance Corporation, Mr. Guimond or Mr. VanKoughnet, wish to make an opening statement?

Mr. Van—sorry—Mr. Guimond.

\* (09:20)

**Mr. Dan Guimond (President and Chief Executive Officer, Manitoba Public Insurance):** No opening statement, but we will make every effort to answer all the questions today.

Thank you very much.

**Mr. Chairperson:** For the information of everyone in attendance this morning, the Legislative Assembly Media Services is filming part of today's proceeding for inclusion in the video, Standing Committees of the Legislative Assembly of Manitoba.

Thank you. The floor is now open for questions.

**Mr. Andrew Swan (Minto):** Mr. Guimond, welcome. I know we worked closely together for a number of years, and it's great to see some other people I call friends from MPI. I haven't had a chance to meet the new board chair, but certainly I welcome you here to the committee and I wish you all the best in the work that you do.

I would like to start with some of the things mentioned by the minister dealing with the upcoming rate application that will be before the Public Utilities Board this fall. And, if I'm correct, the application that was filed by MPI back in June seeks a 2 per cent overall basic insurance rate charge, but, as has been mentioned, an increase or a new charge for what has been called the interest rate forecast risk factor, or IRFRF.

I wonder if Mr. Guimond could just give us an outline of why this is now being requested from the Public Utilities Board.

**Mr. Guimond:** Last year, in the PUB order, under paragraph 10(14), the corporation was ordered to use the interest rate forecasted by the major banks in their forecast. The corporation's position is that by using that forecast we are not provided—we are not providing to the regulator what's called a best estimate—in other words, that that is really what is the amount we should charge for the policies we'll be issuing from March 1, 2017, to February 2018.

We wanted to be very respectful of the order of the Public Utilities Board, and we wanted to be able to somehow be in compliance to the order but at the same time provide the risk to our customers in terms of potential rate shock in the future if we continue to use erroneous forecasts of interest rates, because historically the interest rates have not gone up as projected by the major banks.

In fact, we have a history now of consistently these interest rates not going up, and we believe that

the regulator needs to be able to really assess the situation and decide if they will continue to order us to use those interest rates or not, but they need to understand the risk and the potential rate shock that Manitobans will be facing in the future if that's not addressed.

**Mr. Swan:** I've had a look at the materials that have been filed with the board. And, if I can summarize, then, your point, it's that the actual experience with interest rates is that they've been lower than has been forecast by the number of banks that MPI have relied upon with their numbers.

Is that fair?

**Mr. Guimond:** Correct.

**Mr. Swan:** So, if interest rates are lower than anticipated, I think it's probably fair to say that has a couple of different impacts on the corporation. In some ways, having a lower interest rate would be good, because, for example, the bonds held by the corporation then have a higher value. On the other hand, when there's amounts that are set out for future claims, a low interest rate can be a negative, because you're not expected to earn as much income.

Can you walk us through those different complicated pieces so that we can understand exactly how much MPI thinks is needed to cover this problem, which, I understand, has been ongoing for several years?

**Mr. Guimond:** In terms of the first part of your question, in terms of the complexity of the interest rate movement and volatility in the markets, what's important is, in terms of investment, it's the absolute return on the coupon rate that's causing issues for us. And that means that if this keeps up we're not going to have money to pay our future claims liability. That's the simplest way of explaining it.

In terms of what should be the amount, it's a bit speculation. We're not interest rate forecasters. We're bringing experts at the—in front of the regulator during the hearings in October. We've already had a technical conference. What's important is to work collaboratively with the regulator and really understand the risk that we're facing and then how we want to mitigate that risk. I think the regulator has a big decision to make, and we'll have to make a call in terms of what is appropriate in the future and what is appropriate in terms of dealing with this in a manner that is acceptable to the public and to the corporation because we don't want rate shock. So how do we prevent rate shock and at the same time

deal with this very sensitive issue will be a matter that will be discussed in front of the regulator in October.

**Mr. Swan:** Yes, thank you.

I see from the materials that were filed with the Public Utilities Board that MPI had sought a technical conference, meaning a meeting with the Public Utilities Board as well as the usual interveners that are involved in the Public Utilities Board hearing. I saw earlier documents that said that was promoted for September. Then am I correct that this conference, then, has already occurred?

**Mr. Guimond:** Yes, this conference has already occurred.

**Mr. Swan:** Thank you.

And I see some of the materials that were filed by MPI included an interest rate forecast presentation by an individual from down east, and in that—in those documents there was a suggestion that this interest rate fund should be anywhere from zero to 5 per cent and the number that kept coming up in the materials was 2 per cent. Is it fair to say that an additional 2 per cent for this fund is what MPI is now pursuing for the Public Utilities Board hearing?

**Mr. Guimond:** What the corporation is pursuing is for the regulator to acknowledge that there's a huge risk if we continue to use those interest rates and to reconsider their order. That's objective No. 1. Objective No. 2 is based on the evidence provided by various experts: What is it—what makes sense in mitigation—mitigating the risk? What the amount will be will be determined by the regulator during the hearings, and it's a bit speculative in terms of what the amount will be because we also have to rerun the numbers at the end of the month based on the latest interest rates. So we'll be providing new numbers during the hearings. So what that amount will be is totally speculative.

But in terms of our goals: No. 1, acknowledge that if we continue to use interest rate forecasts, it's a problem for Manitobans—we're going toward rate shocks—consider changing their position on the order and No. 3, how do we mitigate the risk and what makes sense? And we'll determine that during the hearings.

**Mr. Swan:** Thank you, Mr. Guimond.

But I see the documents that were filed with the Public Utilities Board and used all seem to come down to a further 2 per cent increase in addition to

the 2 per cent that's being sought in the rate application. But you're saying that that's not hard and fast; it could be less and it could be more.

**Mr. Guimond:** We have to rerun the numbers, so the range may change, and it could be lower; it could be a little bit higher. But as you know, the regulator needs to make a decision about how the risk will be mitigated. So in terms of the specific amount, that will be up to discussions during the hearing. And so we'll see what happens.

**Mr. Swan:** But, if there is an amount that's granted for this new IRFRF, that will be an additional premium that anybody who registers their vehicle at MPI is going to have to pay in addition to the 2 per cent that's being sought.

**Mr. Guimond:** It's a bit similar to what happened in 2015 when we went with a 3.4 per cent rate increase decided by the regulator.

**Mr. Swan:** And you've made a comment a couple of times, something that I know we discussed many times: MPI tries to avoid what we'd call rate shock, which is a spike in premiums for any one of a number of reasons, whether it would be an extreme weather event, whether it would be a sudden increase in a certain expense. You believe it's part of your mandate as the CEO of the corporation to try to prevent rate shock from happening.

\* (09:30)

**Mr. Guimond:** That is correct. And we—that's why we have been going in front of the regulator after what happened in the '80s to be able to make sure that rate shock never happens.

**Mr. Swan:** Well, just—I'll ask—I expect the answer is going to be a simple one from the chairperson of the board. I presume it's still the intention of the board to do whatever they can to prevent rate shock, a sudden spike in MPI rates.

**Mr. Brent VanKoughnet (Chairperson of the Board, Manitoba Public Insurance):** Absolutely. We want to strengthen the ability of the organization over the long term to be—sustainably provide high level of service at affordable rates to—and it's accessible to all Manitobans.

**Mr. Swan:** Thank you. And just in taking a look at the last year's performance again, in the materials that were filed before the board, there were a number of different factors that played into the request for the regular 2 per cent increase. One of those were some extreme weather events which included

additional hail, which had an impact on the operations which I calculated to be about \$60 million. Is that fair?

**Mr. Guimond:** Yes, we had approximately \$52.6 million in hail, yes.

**Mr. Swan:** And is it fair to say that extreme weather events, which include hail, which is the worst nightmare for MPI adjusters, is that something the corporation is concerned is going to continue to increase over time?

**Mr. Guimond:** When it comes to hail, what we're seeing is not as much as a one-time off, you know, because our—that's why the rate stability reserve exists is for unforeseen events. What we're seeing due to climate change is a increased frequency in hail, and the other thing that's happening to us is that there are a lot of—more little hail claims, which means that from an insurance perspective, based on the deductible we have with the reinsurers, we pay for the hail; we don't recover from the reinsurer. So it's the climate change, and it's—and so what's happening now is that we have to incorporate in our rate-setting process the realization that our typical hail budget is no longer acceptable, that because of weather changes and the higher frequency of hail, that it's not an unforeseen event anymore but it's just a normal pattern of what's happening at MPI—or what we're facing at MPI.

**Mr. Swan:** If I can follow through on your point, Mr. Guimond, if there is one major hailstorm, MPI may be able to take advantage of reinsurance, but if there's a series of smaller hail events over the course of a summer, am I right, then, that that can't be taken advantage—or you can't take advantage of reinsurance and it becomes an actual cost to the corporation? Is that fair?

**Mr. Guimond:** Yes, that's fair; that's the first point. And the second point is that we have to realize that the hail pattern in Manitoba is changing. So in terms of rate forecasting or rate increase, what we're doing there is due to the pattern in change in hail. So it's no longer considered unforeseen events; what we're dealing with is just part of what happens every year in Manitoba now just because of climate change.

**Mr. Swan:** And, of course, MPI, I presume, doesn't have to go it alone. I presume that MPI continues to participate in conferences, to speak to other insurers. Can you let me know, say, for the past year, what efforts has MPI made to familiarize itself with the experience that other insurers are having:

Saskatchewan, Alberta, the American states? What does MPI do to try and determine how much things are changing and what allowances should be made?

**Mr. Guimond:** The jurisdiction in Canada that's really facing always a serious hail issue is Alberta. That's the one we've been paying attention to because it's so severe there that they've come up with ideas on how to mitigate losses, and if you look at Alberta, it really gives you good ideas of what maybe you could do. One of the things that they do, for example is cloud seeding. So, in other words, based on weather patterns and identifying the storms, they actually fly out planes and they seed clouds to make the hail smaller. You've also seen some programs from insurers, for example, especially when it comes to dealerships, like car dealerships with all their cars. You know, we also provide garage policies for a special risk extension where they're offering or they're encouraging, based on a rating perspective to—for them to buy special tents; I'll call them tents; I can't remember the technical word, but they protect their cars against hail.

So those are the fine-thing-types of investigations that we're doing. And then we're going to prepare some strategies, subject to our board approval, in terms of how do we do this from a compulsory perspective, our basic line of business, and then how do we work with our business partners on our competitive lines to be able to minimize the losses that we're facing.

**Mr. Swan:** So cloud seeding, so actually flying up planes to try and prevent larger hail from developing: That's something that you believe is being done in Alberta and something that you're now considering in Manitoba?

**Mr. Guimond:** We're investigating. I'm not sure we're at the point we're considering because we still have to see if the cost benefit is there for Manitoba. Like, it's—we're definitely seeing a different pattern in Manitoba in terms of weather, so are we at the point that this would be cost justifiable? We don't know, but just to answer your first question in terms of what are we looking at, what are we considering, what are we investigating, are we being proactive, the answer is yes, and we're in the process of looking at what makes sense and what doesn't make sense.

**Mr. Swan:** And the other item you raise is how do you keep vehicles safe on a dealership because—and we know that we—when we drive around Manitoba, you see there might be 500 trucks or cars sitting out in the open, which then becomes a major claim if

hail should come. So you're saying that in Alberta there's actually assistance given by insurance companies to help dealerships to protect their vehicles by tents, or what happens?

**Mr. Guimond:** I'm not sure of exactly the incentive level or whether they will deny insurance. So we're looking at the—we're doing more research right now what these insurers are doing. I don't have all the answers, but we are proactively looking at that.

**Mr. Swan:** I thank you for that, Mr. Guimond. Are there other jurisdictions that you've been looking at to see what they're doing with what I think we can all agree is an increased risk of extreme weather events?

**Mr. Guimond:** We've really focused on Alberta. That's, you know, if you look at, you know, if you want to look at hail, I mean, this—these folks have really gone through a lot of serious challenges, and so if you can look at what they're doing, and then you go from there. I think that's the best jurisdiction to look at in terms of the severity in what they've been up against.

**Mr. Swan:** One of the other things that we know—it could have an impact on MPI in future—is the prospect of driverless cars. And I know back when I was minister, we did have some discussions about that. Mr. Guimond, could you kind of give us an update of where you see things moving, how quickly you think that might be happening in Manitoba and what the impact would be on Manitoba Public Insurance?

**Mr. Guimond:** The driverless cars, for any auto insurer, regardless public or private, there's really two trends that you have to pay attention to. The first one, which is nearer term, which is by—we have a game plan by 2020 is to make sure that we have what we call the proper repair. And what we mean by that—and we're very fortunate as a corporation to work collaboratively with the repair industry; we have a lot of support—is that at the rate of change of how cars are manufactured in terms of the computers, lighter materials, different engines and so on to be able to meet fuel emission guidelines, and how they get toward automation is the repair industry and MPI have agreed that a vehicle who is repaired by an MPI-accredited shop, that nobody's going to get killed or injured because that vehicle wasn't properly repaired. So that's our goal. That's what we're putting in place. And, in fact, the new accreditation agreements for the repair industry will be start coming out next year. So we've been able to

solve what we call the proper repair, which is very important to consumers. The—and our customers.

The second thing is, as you know, with all the technology, we can see already a drop in frequency, right, not necessarily severity, but frequency. What I mean by that is with, like, backup cameras and so on, people are not scraping the side of their car when they're parking in underground parkades. In parking lots, for example, at Safeway and so on, collisions are more avoided. You can see line departure singles now are avoidance.

\* (09:40)

There's infrared technology that's coming out now that's going to pretty much solve the wildlife issue because it spots the deer and triangulates the speed where you're going at and prevents the collision with the deer.

So, to answer your second question, we see, on the long term, severity dropping to the point where it off-set the frequency—sorry, to drop to the point where it out-pays severity, which means we will be seeing a reduction in revenue, right, because if you have no claims, then we'll pass on the savings to the customer.

That is a long-term issue. We see this problem manifesting itself by 2030, 2025 to 2030. And the corporation is currently putting in front of its board of directors options on how to deal with this. And we'll be developing a strategic plan to deal with those—that particular challenge.

But the first one has been solved, making sure we have proper repair. And the second one we're putting in front of our board of directors, and we'll be getting direction from our board of directors on how to deal with that. But that's a longer term problem.

**Mr. Swan:** So it sounds like it's really the other changes in technology that are having the biggest impact on the corporation right now, some of the additional features that are added on cars, like the backup cameras and things. The actual driverless cars are still, in your view, well down the line. And most of the changes have been these other improvements that have been made to vehicles. Is that fair?

**Mr. Guimond:** Yes. The latest studies from the industry suggest that the autonomous car, you know, by the time you get in it and it drives you somewhere, you know, maybe by 2040.

As an insurance company, you know, the day that I go into an autonomous car and it drives me somewhere is not really as important as to focus on how we get there, the journey of how we get there and what is the impact on frequency and revenue, right—that's what we have to deal with.

**Mr. Swan:** And as you've said in your comments, and as we can see from the financial material that MPI provided to the Public Utilities Board, to summarize again, the number of crashes has been going down in Manitoba, but the cost of each of those incidents has continued to climb.

**Mr. Guimond:** Yes, for the foreseeable future we see severity going up to fix those cars properly. And severity is going down, and the intersection based on a study made is that the intersection is around 2025, where frequency goes down to the point where it outstrips the severity.

**Mr. Swan:** And, certainly, anything that's done to try to reduce unsafe driving, whether it's impaired driving, whether it's distracted driving, primarily, but not entirely, people looking at their smartphones, other things, those—if we get better results on those, that's actually going to help bend the arc and hopefully get better results. I don't expect anybody's going to disagree with that.

**Mr. Guimond:** That's an entirely other—like, we have the autonomous car like you're mentioning, and then we have also our loss prevention strategies, which also accentuates the issue, if you wish, in terms of lost revenue, but it's a good thing, right, from a consumer—from a public perspective; no accidents is a good thing.

**Mr. Swan:** But even if you have a car with all kinds of new safety enhancements, whether it's infrared to try and prevent wildlife collisions, that still doesn't help if the person behind the wheel is fiddling with their smart phone when they should be watching the road in front of them.

**Mr. Guimond:** Correct. Like, we have serious societal issues right now when it comes to distracted driving that the corporation is continuing implementing loss prevention strategies to deal with those societal issues in terms—and especially the distracted driving is extremely concerning to us because now we have more fatalities as a result of distracted driving than drunk driving.

**Mr. Swan:** I expect my colleagues are going to want to ask more questions about some of the strategies

that MPI wants to employ and some other ideas for how we reduce those issues.

In looking at the financial materials, I understand in the last year MPI was able to transfer \$72.7 million from what's called non-basic or the competitive lines to the Rate Stabilization Reserve. And effectively, if we can sum up, it's money that MPI has made from competitive lines of insurance that had been transferred to try to keep basic interest rates lower. Is that a fair statement?

**Mr. Guimond:** The corporation, again, in trying to prevent rate shock, wanted to prevent having to ask our customers for a rate stability reserve rebuilding fee, so to do that, yes, we did transfer the money that you just mentioned to prevent an RSR rebuilding fee, and we—this was the second time we transferred money, so we avoided a RSR rebuilding fee of the tune of 15 per cent to our customers.

**Mr. Swan:** I'll probably put this question to the chair as well, Mr. Guimond, but I presume that in future, if there continued to be profits from the competitive lines of insurance when MPI is competing against other insurers, that if there are profits, it'll continue to be used as much as possible to reduce or maintain basic auto insurance premiums.

**Mr. Guimond:** We've put before the regulator this year the conditions—the strategy, if you wish—for transferring excess retained earnings. The corporation's position is that we would continue to do this for unforeseen events or things that nobody can think of, but the position of the corporation is we're not in agreement to do so by design. In other words, if the regulator and MPI can't come to a consensus on charging the right rates for Manitobans, like, what is the actual rate, and if we continue to not charge the right rates intentionally, that will be a matter for us to consider in the future and for our board of directors to decide, but from—if you're asking me in terms of unforeseen events and disasters and so on, yes, we've put our strategy in front of the PUB and, yes, we would continue to transfer money on an emergency basis, but not by design.

**Mr. Swan:** And just to put on the record, the NDP caucus doesn't have any difficulty with using the profits from competitive lines of insurance. MPI is a very efficient company, and for a number of reasons it's able to do well on the competitive side. We're very pleased that that money can be used in different ways to help keep basic auto rates low.

Is it fair to say that if things continue with some of the weather events we've had, that it is possible there will be unforeseen events in most if not all years to come?

**Mr. Guimond:** Yes, the corporation will continue to—like it has done in the last 20 years—to, when there is something that is truly unforeseen, that we're not going to go and extract money unnecessarily from our consumer. Yes, so we would continue to do that per the strategy that we've put before the PUB this year, yes.

**Mr. Nic Curry (Kildonan):** Yes, Mr. Guimond, I'd like to address—we were talking about technology before. As a younger member of this Legislature, that is an important thing for us to look at how we're innovating.

I'd like to get to driverless cars. Are you familiar with studies that have been conducted with driverless cars in winter conditions that we experience here in Manitoba, opposed to many tests that we are aware of in, say, places like California that do not have snowy conditions?

**Mr. Guimond:** No. We have extreme weather in Manitoba, and we are putting in front of our board of directors a strategy in terms of—you'll see in Ontario, for example, they've passed some legislation to allow pilots, and this is something that we have put in front of our board of directors. And we actually are going to be proposing a strategy for driverless vehicles in the fall which will include a suggestion of considering doing something similar to Ontario and having pilots like with a Google car, and so on, to really see, in the extreme weather we have here, how they perform.

\* (09:50)

**Mr. Curry:** Yes. So again, touching on driverless cars and our changing weather patterns, many times police will send out notices suggesting to drivers to travel well below the speed limits. Would there be any consideration of how these driverless vehicles can have regulators on them or they could not exceed certain speeds if those directives are given by a police service or RCMP service outside of say major cities? Is that something that MPI would then have to work with these services for how they could find a way to balance, say, someone's ability to manually use their own vehicle with the safety that we all wish to improve on our roadways especially during winter?

**Mr. Guimond:** Yes, you're opening up a—you know, the power of the autonomous car and from a policy perspective, all the things that can be done. Like, for example, autonomous cars know how fast you should be going. You shouldn't be exceeding the speed limit, for example. You can also find people that they're going above the speed limit because you know they're going.

So I think those are all things that are very interesting and have serious privacy and—implications, and also have a lot of policy considerations. So, as we evolve from a—you know, we administer on behalf of the government of Manitoba the MPIC act and the DVA act so how the—under the—how the DVA act will evolve to be able to consider the autonomous car, and what will—what we will do or not do will be subject to serious policy discussions. And the government of the day will have to decide how far they want to go with the technology or how not far to go with technology. So I'm sure the board of directors will have a lot of interesting conversation and be providing recommendations to the government.

**Mr. Curry:** Very good.

And then continue with technology, in terms of distracted drivers. We're familiar in that many vehicles now have technology called Bluetooth where you're able to use your, say, smart phone, as has previously been mentioned or as people of my generation just call phones, and so you can use your phone and connect to the vehicle and you can still carry on with conversations without holding any device in your hand. Now, when I taught military driving in my previous life, this is something where no phone calls were allowed while doing this, and so there are certain ideas where you can still be distracted even though your hands are on the wheel and are still using the stick shift. Yet having a long conversation is something that can still be distracting.

Have there been considerations with that as technology changes? Very easily we can see where the actual holding the phone is not necessary for distracting someone in a vehicle. Is that being considered as we try to make our roads safer?

**Mr. Guimond:** I just want to make sure I understood the question.

So whether you're holding the phone or not is that—just to clarify. I just want to make sure I understand the question, sorry.

**Mr. Curry:** Yes, to clarify, what I mean to say is when you're driving your vehicle, you connect your phone to the vehicle so that the sound system is picking up the conversation and you're having a two-way conversation. Essentially, you're talking to your dashboard, almost, in layman's terms, and your phone is not in your hands; yet the conversation can still be distracting at least in experience as myself as a military driver instructor and then also from experiences just driving myself with friends who have this technology.

My car is not as advanced yet. I'm an old soul. But this technology will soon, I think, overtake almost all vehicles where you cannot have a vehicle without this technology. And I wonder when that standard becomes reality, will there be an investigation if the—again, not holding the phone but still being distracted by your phone, is that going to be investigated?

**Mr. Guimond:** To answer your question, there's a series of things about what is distracted driving. Right now people, you know, we know we have a big problem with the phone. There's people that's saying listening to the radio is a problem, putting your CD is a problem. There's some people saying eating a hamburger and drinking your Coke at the same time you're driving down the highway is distracted driving.

You know, how far do we go that's—and also what will the public accept that was considered safe? So, for example, people now—some manufacturers are preventing programming your navigation system while the vehicle is actually running, right? You have to be stopped.

So I think that what we're going to do is put before our board of directors a strategy of distracted driving, which we're currently in the process of doing, and at the same time, what makes sense to the public and what they're willing to accept and what does the data show, I mean, you know, like, the fact that you're talking to your friend or your spouse on a 14-hour trip to somewhere, is that distracted driving?

So we'll have to continue to look at the research, continue what the data tells us, and then we'll have to make some decisions and recommendations, our board of directors. But to answer specifically your question, nothing is off the table to deal with the problem. And then we'll have to rely on the data, and to answer that question, I don't think there's

sufficient data right now to conclude one way or the other.

**Mr. Curry:** I'd like to cede the floor for now and reserve the right to ask questions later.

**Mr. Marcelino:** This is directed to the minister, and this is more regarding the MPI programs that we have. And one of the most popular ones would be the snow tire program where the corporation lends money at very low interest, and it's—do you as minister have any inkling as to whether this will still continue?

**Mr. Guimond:** So I'll assume you're talking, like, winter tire loans, those kinds of loans that we've done, or—*[interjection]* Yes. Well, in terms of loss prevention, as you know, the legislation allows MPI to provide loans to its consumers when we do efforts, whether it's the antitheft devices or winter tires. So we will continue in our loss-prevention strategies to do the things that we think will help in terms of reducing frequency and severity. And if that means in the future we need to do more loans, we would definitely consider to do that, subject to our board approval.

**Mr. Marcelino:** Thank you for that. The question really relates to whether it was effective, in some sense, in reducing the severity or even the number and frequency and intensity of the claims during the severe winter months. Has it helped?

**Mr. Guimond:** It's early to say. We know that we—to be able to make a difference in terms of severity and frequency that we need to have a certain market penetration in the province. We started at around 18 per cent in Manitoba—of Manitobans having winter tires. Based on the program that we've done, and also by just the awareness, people bought winter tires even though they didn't necessarily use the MPI program, so we're over 50 per cent now of people with winter tires. Okay, so it's been successful from that perspective. We know that in Quebec, where they've had a significant penetration, over 90 per cent, that they've seen a severity drop by 4 per cent.

So it's too early right now to report on that because we just starting to roll that out. We're going to be making some studies, but we do believe if we continue toward this trend that we see no reasons why we wouldn't see a severity drop like we saw in Quebec as time goes by.

**Mr. Marcelino:** Thank you for that.

Let's go to another matter. This is more about the policy of the minister of not being involved with the corporation. Do you, as president of the corporation and CEO, do you find it comfortable that you don't have any direction from the minister?

**Mr. Guimond:** I can say right now that, based on the governance changes, that I report to the chair of the board, in terms of the new governance, and I've had no issues so far with that.

\* (10:00)

**Mr. Marcelino:** And the mandate letter—thank you for that—the mandate letter that was sent to you and to the chair of the board says that you have to limit your functions and your activities to the core mandate of the corporation, which is to provide low-cost, affordable insurance and, of course, taking care of the motor vehicle licensing and, of course, driver licensing.

Now, my question is actually to both minister and to you, Mr. Guimond, you could answer in what order you want, but which part of the Manitoba Public Insurance act are you referring to when you say core functions?

**Mr. Guimond:** So, as president and CEO of MPI, I am responsible to administer on behalf of the government of Manitoba the MPIC act and the DVA act. So it would be in their entirety. So that is core. That is what I would define core, those two acts, because that's what I'm asked as president and CEO to administer on behalf of the government of Manitoba.

**Mr. Marcelino:** Thank you for that.

And that minister has been heard and may be recorded as having said that he wants to have a standoff policy towards all the Crown corporations.

Has he called you at any time?

**Mr. Guimond:** No.

**Mr. Marcelino:** And since the minister has refused to answer any of the questions and has deferred to the president of the corporation, there are some policy questions that I may be able to ask of you.

Number 1: How many former Progressive Conservative candidates presently sit on the board of the MPI?

**Mr. Schuler:** Well, I thank the member for his questions, and committee is an interesting place to ask questions, and I think he might have found that

question asked by a different critic in a different time. And so it might just be in there somewhere that he may have gone through Hansard and pulled out some questions.

And the board of directors that we appointed we are very proud of. We believe that over the years there have been very good men and women appointed to the boards. They have done to the best of their knowledge to the best of their ability.

We have, as the critic mentioned, it's one of the jewels, corporate jewels in Manitoba, and we want to continue with good board governance. We believe that we've got a very good board appointed and we are very supportive of that board and very proud of each and every member that serves with great integrity and is doing just a great job.

**Mr. Marcelino:** Thank you for the answer, Mr. Minister, the honourable minister.

The next one, maybe he will answer it again.

How many former Progressive Conservative Party officials presently serve on the board of MPI?

**Mr. Schuler:** I thank the member for that question. And when individuals were chosen for the boards, they were chosen for what they bring to the board of directors. We are very proud of the strengths that they bring.

I can tell the member that I nor anybody canvassed how they may or may not have voted in any specific election. And if the member so chooses, I guess he could always send a letter to each member on the board and ask them directly. This thing called Manitoba—or Canada Post. There's something called email. He can contact them.

I can tell the member that every member on the board of directors of Manitoba Public Insurance Corporation was chosen for what they bring to a very well-rounded, a very well-thought-out board of directors that will serve Manitoba ratepayers and that will serve Manitoba taxpayers as well. And that's what we think is most important.

When we choose a board of directors that we put in, Manitoba men and women that come from all kinds of different facets in life and bring all kinds of different experiences, and each and every one of them takes their role serious, as, by the way, I believe previous boards did. They come on and they lay aside a lot of other stuff that they bring with them, and they become a board representing men and women who go on with their daily lives and just

want good governance at their board of directors. And I see that happening this time again where the boards are really congealing. They're getting together, they're having good debates, they're challenging each other. They're going to their professionals in the corporation, seeking good advice. As the member said, they might even break bread together, and that's all part of getting together as a group of individuals.

And there are certain things that you have to lay aside when you become a board member and you start to get together and you realize you have to do what's best. And that's what the framework letter was to the board, and I'd point out to the critic, the framework letter was not to the president and CEO. The framework letter was actually to the board chair and the board of directors of the corporation.

And that's what we would like to see coming out of the boards. We have the letter here if the member wants to make himself available to that letter—it is online—and have a good look at it. It talks about governance. That's what we want. We want them to put aside a lot of things that they bring and do their best and bring their life experiences and run a corporation like it should be run by industry standards and what's in the best interests of the ratepayers and the taxpayers of Manitoba.

**Mr. Chairperson:** Mr. Fletcher, were you raising a point of order or did you just want to ask a question?

#### Point of Order

**Hon. Steven Fletcher (Assiniboia):** I have a point of order.

Mr. Chair, notwithstanding what has happened in the past, it does not negate the fact that somebody's political affiliation has nothing to do with the administration of government or the Crown corporation. By all means, question the qualifications of the board, but to suggest that because someone has a certain political belief or is associated with some certain religion or ethnic group or, you know, where does it end? It is irrelevant, and you will find that in Beauchesne and all the other parliamentary procedural citations on this issue that, in fact, questions dealing with political affiliation are out of order. And that goes for all the ones that perhaps the minister asked over the last previous years too. But time has a way of healing.

**Mr. Chairperson:** Does anybody else have a—to add to Mr. Fletcher?

**Mr. Swan:** I'm a little surprised to have this raised as a point of order, but the member is new, so perhaps he isn't aware of the way that Crown Corporations Committee has worked over a number of years. Of course, the minister himself has made sure he pointed out that these have been questions frequently asked, and they've been asked because there actually is no rule that's being violated by asking whether someone who has been appointed to the board by the government of the day happened to be a candidate for that—for the minister's party or whether that individual has been an official in the minister's party.

\*(10:10)

I think we've had a good morning so far. We've got lots of, I think, very good answers to some decent questions. I realize the government members may not like these questions being asked. The minister actually hasn't answered either one, but we may come back to that. But there is no rule that's being breached, and, if anything, the questions that the member for Tyndall Park (Mr. Marcelino) have asked have been right in line with questions that have been asked, which, of course, the minister himself has put on the record this morning, Mr. Chair.

**Mr. Chairperson:** I will allow Mr. Fletcher one more comment to that.

**Mr. Fletcher:** I am new to this committee, but I'm also familiar with what goes on in other parts of the parliamentary world, privy councillor. I know the rules, and asking someone for—or critiquing someone based on some—maybe their political beliefs is not something that is germane to the conversation and should be ruled out of order, and it should have been ruled out of order in the past as well, because it's just—has nothing to do with the objectives that the Crown corporation has been asked to do through statutory legislation.

**Mr. Chairperson:** I don't see it as a point of order because of the fact that we have accepted these questions before, and if the minister's willing to answer the question, I believe it's something that's been done in the past, so I will have to rule that is not a point of order.

\* \* \*

**Mr. Marcelino:** And I thank the honourable minister for the non-answer that he gave.

The question really that begs to be asked is not really about the political affiliation of those newly appointed boards. It's just that I have expressed this

privately and now I am saying it publicly, that in order for the—any government corporation or any Crown corporation or, for that matter, any organization, in order to be able to move quickly from one point to the next, there has to be that institutional memory that is consistent with being there for a little bit longer than a minute or two.

The question is this: What's wrong with the previous board? Why were they all fired?

**Mr. Schuler:** If memory serves me correctly, it was the member's own leader, his premier, who removed him from the board before we became government, so if he wants to know why members of the board were released he should probably start with his former premier, the member for St. Boniface (Mr. Selinger), and ask his former leader why he was ceremoniously dumped from the board.

**Mr. Marcelino:** The—I guess that needs to be answered. I was not dumped from the board. It was a matter of courtesy on my part and the others that we did not continue serving because there was a new government, and the only reason why there was an MLA who was duly elected and appointed to the board of directors was for government to have a—somebody inside that board who could maybe learn and extract some information and report to the minister.

There is some sort of a disconnect now that the board of directors are not reporting to the minister, nor is the president and CEO, so the function, the political function, of the Crown corporation has been severed, cut off, discontinued. And, philosophically, my point is we need a minister who will provide leadership. We need a minister who will say, this is what I want you—as your goal, this is the goalpost that you need to do during the next few years. And when I hear that the minister just stands off, we don't need a minister anymore then. Why become a minister when you do not minister? And it just—it's just the answer that I have.

My question's this: Are any members of the board of MPI recently appointed members of the Progressive Conservative Party? It's a very simple question, yes or no.

**Mr. VanKoughnet:** I would just like to state that I do report to—I do give updates and report to the minister, and the mandate letter gives us broad direction, and the experience and good judgment of our board sets a path in the best interests of Manitoba.

**Mr. Marcelino:** Thank you, Mr. VanKoughnet.

And this question, it really just relates to the substance of what a Crown corporation really is. We pride ourselves of having monopolies, and that's the only reason why, you know, it thrives. MPI, as a monopoly, thrives because, well, it's a non-profit organization. But it's a business organization. It is not geared towards profit, but it's supposed to make profit. And to serve the public interest, I guess, is more the paramount goal of MPI, Hydro or even Lotteries. Now, my first question is this now: Regarding the assets of MPI, how many buildings does MPI own?

**Mr. Schuler:** Well, I'd like to thank the—my critic, the member, for a whole series of questions, and I'm glad that he pointed out that his former premier dropped him from the board as a courtesy. I was under the impression, and I would say to all members of this committee, that each and every member who is appointed to a board is appointed to be a board of directors, to sit at a board and bring life experience, to bring things that they've accumulated and gleaned over the years—wisdom, the knowledge—and that's what they bring to the board. They should not bring a title with them to the board, and that is a direction we would give each and every individual who's an elected official or otherwise, that when they come to the board they are supposed to be members of the board, and they were given a framework letter.

We would like to see our corporations run efficiently. We would like them to run effectively so that they serve the general public as best as possible. I find it interesting that the member, my critic, the member for Tyndall Park (Mr. Marcelino), would suggest that somehow we should be running Manitoba Liquor & Lotteries as a non-profit organization and all the other Crown corporations. I think maybe that explains why some of the corporations are having difficulty right now and why they're struggling is because when the member was in charge, he felt everything should be run like a non-profit corporation.

We would like to see our corporations run in proper corporate fashion, that there be a proper structure, a proper recording—reporting mechanism. The member should avail himself, and perhaps my office should send him some links on proper governance of a corporation. The individual who collects mail, the individual who takes in casework from the public, the individual who works doing whatever in a specific corporation, all the way up to

the CEO and the president, do not work directly for a shareholder. The shareholder's only interaction is with the board chair and the board of directors.

\* (10:20)

And where our Crown corporations have gotten into trouble over the years is where ministers felt they had a right to go into the Crown corporations and start dealing with employees directly. And we don't want to make this too uncomfortable, nor do we want to make this too political, but we had ministers in the member's own political party, in his own government, who got themselves into trouble because they crossed the line. And the member knows exactly what I'm referring to.

And what we are going to do, and what we have started and we're going to continue to do, is to make sure that it is the board chair and the board of directors that report to the minister, de facto the shareholders. And that will be an open process. And it's done through a framework letter that lays it out very clearly, and that it is the board chair and the board to whom the CEO and the corporation report to.

The minister does not have a right to go into the corporation and undermine the CEO or any of the leadership team and start reaching into the corporation and demanding things and requesting things and getting involved in the micromanagement and politically interfering in a corporation.

And let's be very clear, that is how politicians get themselves into trouble. And that's how politicians always get themselves into trouble. And, if the member wants, I can give examples. I can lay out all kinds of examples for him. I don't think we need to. I think everybody here knows what we're talking about.

The best thing we can do is allow a very, very strong board chair and board to deal with the CEO and with the professionals within their corporation who we have great respect for. And we believe, as a government, that within those corporations we have the best of the best advising our boards. And thus the boards who are tasked by a letter a very clear framework that they can avail themselves with in the corporation of the best advice possible, and the corporations should be making decisions in the best interest of the ratepayer and the best interest of the taxpayer.

The government position should be on public policy, and that should be a public process and

not by ministers or political staff going within into the corporation and undermining those very professionals that we hold so high in esteem. That is not the role of a minister, or political staff, or in fact anybody within this building within the Legislature.

We respect, we appreciate, and the member even spoke, and the member for Minto (Mr. Swan) mentioned our CEO, and we hold him in high esteem. And we will respect his professionalism. And we will not have political staff undermine what we believe are the best management teams that we can get. It's not the management's fault if politicians undermine them. So we've made it very clear the way the structure works insofar as what political leaning people have.

Never once—I want to be very clear to committee—never once did I ask anybody that was being appointed, any man or woman, did I ask them ever what their political leaning was, what they voted, what their philosophy was, what religion they were, what anything. What we did is we looked at résumés, and we feel we chose some of the best Manitobans. And that's the role of government, is pick the best Manitobans you can, and get them onto boards and make them, yes, make them accountable. Make them accountable to the ratepayers, make them accountable to the minister. Do the best you can for the people you represent.

And I would say to everybody in this committee, let's never lose sight. Look out the window and there are all kinds of men and women going about their lives, going about doing what they want to do, and they're counting on us here to do the best we can do.

So I want to again make it very clear to members of the Legislature what it is that we are doing in the new approach with our Crown corporations.

Thank you, Mr. Chair.

**Ms. Judy Klassen (Kewatinook):** So bringing it back to all Manitobans, thank you, Minister, for your words. I congratulate, as well, the new board. I have very high hopes and expectations for your organization.

The minister's words regarding MADD: I have been a strong advocate for many years. I am a mother of six children, and so I speak on behalf of all the mothers who have nurtured this child within your womb, you carry this baby, you bring it to life. Day by day, day in and day out, you struggle with this child, and for it to be needlessly lost in a situation

where a selfish person has gotten behind the wheel and taken your child away, I can't imagine that pain.

I am now training my fourth child, who is 16, and I struggle with that, you know, knowing the high incident rates of deaths by drunk drivers. And I also want to include, now that we're seeing an exponential rate in children—teenagers misusing drugs, prescription drug medications, our problems are getting up there in the numbers, and so I implore that somehow that be added into your policies. We're looking at that now. That idea was brought to me from a group from my own First Nation. There is a MADD group out there, and they include the drugs aspect of it all, and so I implore that that be brought up.

So my question: You say that it's in the best interest of Manitobans, so I'm just—MPI includes Manitoba Public Insurance. Why do you include the name Manitoba in your title?

**Mr. Guimond:** The—if I go back—we have to go way, way back now in terms of the green paper, in terms of—that was written when we were created back in 1971, and now I'm going by what I've been taught over the years, right. The knowledge gets transferred over time, but my understanding is that this corporation was built for the—for Manitobans. It was for the interests of Manitobans, and it was to ensure that Manitobans would have affordable auto insurance and they would have good service and that nobody would be denied automobile insurance because there's a direct correlation between having access to an automobile and being able to gain good employment.

And so the way it was described to me is that because of that, we would be called Manitoba Public Insurance, and it's similar to the other provinces, for example, that do have a Crown corporation, like Saskatchewan, right, SGI, Saskatchewan. So it kind of followed that pattern. It's for Manitobans. I want to make that very clear.

**Ms. Klassen:** Thank you for the answer.

My next question is what is the number of Manitobans not regularly serviced by MPI. Would it be advantageous to MPI's bottom line to include every market?

**Mr. Guimond:** Manitoba Public Insurance, like in terms of my role as president and CEO is to administer the MPIC act and the driver vehicle act. So in terms of our—of going back to core what we do and what we're being asked to do, right now is per

those acts, and in terms—if our scope of work was to increase or our mandate to increase, that is a decision that is to be made by the Legislature.

\* (10:30)

So, in terms of doing more things, and I'm not too sure what you have in mind, but those are—you know, if you have a suggestion, we can always take suggestions. I mean, we always listen to our customers or members of the legislation, but, at the end of the day, if we were to do more that would be something to be reviewed by a board of directors and then, ultimately, the Legislature.

**Ms. Klassen:** Thank you for the answer.

How many MPI offices are on a First Nation?

**Mr. Guimond:** We have no—none of our offices on a—if you're a First Nation land, if that's what—that's what the question is, we have none.

**Ms. Klassen:** What's the process to get an MPI office on every First Nation?

**Mr. Guimond:** Well, we'd have to get a request and then we go from there, but in terms of servicing Manitobans, and if you're getting—we have—already we work very closely with elderlies on First Nations and we work very closely to make sure that those communities are well served, and we do have people going on-site; like, we don't have, like, formal offices, but we do have people going on-site and we are actually working on one particular one that we're looking at maybe opening an office there through either a broker or working with that First Nation. I won't say who it is at this point in time because I don't want it to be public.

We also have the—with Hydro we're looking very closely at the road that's being constructed and all the communities that will have access to the roads, and so we can foresee a big demand in terms of—from youth in terms of driver licences and now adults, right, because we do have the driver ed program but now what do we do with all the adults?

So, I can assure you that that is on our radar in terms of serving first—the community, and also we're working with the elders, and we do have a plan on how we're going to serve them. Whether it's a physical building or not, I don't know, but I can assure you that we will serve those communities.

**Ms. Klassen:** Yes, well, there is a company that's bringing Internet to every First Nation, so I foresee even virtual offices. It would add to your bottom

line. I'm sure you—I implore you to do this—cost-benefit analysis.

So, my next question then is, why are there no MPI high school drivers' ed programs in any First Nation?

**Mr. Guimond:** We do provide driver ed programs to First Nations—yes, we do.

**Ms. Klassen:** May I get a list of which high schools on a First Nation have the drivers' ed program?

**Mr. Guimond:** Yes. We'll take that as an undertaking and provide that to you, yes.

**Ms. Klassen:** And then my last question is: How can we get more support for our First Nations that are trying to start up the MADD plus program? And I add the plus because I see that we need to increase the drug component on there where people are driving under the influence of drugs.

**Mr. Guimond:** Your request—we'll take that seriously right now, but I'm also able to tell you that we are working with, like MKO, and so on, to be able to address those issues as we speak, so your point is well-taken and we are looking at it.

**Mr. Chairperson:** Mr. Lindsey? Oh, sorry. Mr. Teitsma, you had your hand up before?

**Mr. James Teitsma (Radisson):** Yes. My first—first time speaking here on this committee, but, like MPI, I also was established in 1971, so, it's been around my whole life.

I did want to commend the work on—you mentioned briefly the drivers' education, but also to adults, the work that's being done with Citizens' Bridge in the North End Community Resource Centre and the work that's being done through IRCOM as well. I'm familiar with both those programs and I commend their continuance and expansion because having a driver's license is really a key to employability.

But I did want to switch gears a little bit and talk about the \$2-billion-plus investment portfolio that we have and the bonds that we have in it and things, and if you could just explain, for my benefit, the process that we go through in terms of selecting investments and the way that that's done.

I'll give you a little background as well. For myself, I write—before becoming a legislator, I write financial planning software, involved in asset allocation, risk versus return, and I can—you have my sympathy in terms of the IRFRF application is—

where, you know, essentially you're at the mercy of these forecasts that have been, well, they've been wrong more years than they've been right. Just wondering what measures also in connection with the way that you select those investments, what measures can be taken to perhaps make our investment portfolio a little bit more higher yielding and/or risk—lower risk. Thank you.

**Mr. Guimond:** Okay. Well, the first thing I need to be able to say about our investment portfolio is it's actually administered by the Minister of Finance (Mr. Friesen), right? That's important in terms of the governance, if you wish, is done through the Minister of Finance. So with that in mind, the first thing that's very important to MPI is from a governance perspective, we have an investment committee that reports to the board of directors. And what's important is to have an investment policy approved by our board of directors, to be able to provide clear direction to management as to what is the purpose of the portfolio. And I can tell you that the priority of the portfolio is to be able to ensure that we have the funds required to pay our future claims liabilities. That is the purpose of this fund, No. 1.

So, once you have the governance in place, the policy approved by your board of directors, then we have an investing committee working group that is chaired by our CFO and the Deputy Minister of Finance. And together there's our exercises that are done to make sure that the portfolio is properly divested in terms of risk mitigation. And also on a regular basis we have external parties that do asset liability studies like you're mentioning. And there's constant risk assessments being done, and there's also measure of the performance through benchmarking indicators and so on.

And so our goal right now in terms of yield long term, because we're in the long-term game, we're looking at a 7.2 per cent return on the long term. And that ensures that we're able to pay our future claims liability. So that's the construct from a governance perspective and how this committee works with the government of Manitoba, like, by having co-chaired the investment committee working group. And then there are recommendations that are made to our investment committee, and then from there, we work together to make sure we'll be able to pay our future claims liability.

**Mr. Teitsma:** And just for clarity there, then that investment policy committee is giving direction that,

effectively, the finance—our Ministry of Finance is putting into effect, so when it comes to choosing individual securities, is that actually done within the Ministry of Finance or is that done by that investment policy committee? *[interjection]*

**Mr. Chairperson:** Mr. Guimond.

**Mr. Guimond:** Sorry. Sorry about that. Historically, the investment committee working group, right, who's co-chaired by the minister, by the Deputy Minister of Finance and MPI, we've worked together, and it's done in a collaborative manner. At the end of the day, from a statutory perspective, the Minister of Finance always has the last decision from a statutory perspective, but we do work collaboratively together, yes.

**Mr. Chairperson:** Mr. Lindsey, you had some questions?

**Mr. Tom Lindsey (Flin Flon):** Thank you. A couple of questions, predominantly focusing on things in the North.

Do you offer the same driver education program in the North that you would, say, in a high school in Winnipeg?

**Mr. Guimond:** From a driver ed perspective, yes, and we also strive to provide all of our services that we provide to Manitobans regardless of where you are in Manitoba. The service level must be on the same par.

**Mr. Lindsey:** Is there any thought perhaps that driving in a rural, northern community is somewhat different than driving in the city of Winnipeg, that maybe there should be some expansion or different training offered for people in different areas while still making sure that somebody that comes from the North has the knowledge to drive in the city as well?

\* (10:40)

**Mr. Guimond:** When it comes to get a driver licence, right, the tests that we do are standardized because when we issue a driver licence, because of reciprocity agreements and so on, I mean, we issue a driver—it doesn't matter if it's in the North or in Winnipeg, you could be driving downtown New York tomorrow legally. So it's very important that from a standard perspective that the driver licence is to a certain level, regardless of where you are in Manitoba.

In terms of road conditions that you were talking about and taking into consideration these kinds of things, then we start to look at our—in terms of our claims, right, mortality, severity. And the trend that we're very concerned about now that we will be addressing under the new driver ed program is gravel road. Gravel road is the very, very serious issue, especially with young people, and we need to do something about that, because if we look at our claims pattern—so to be able to answer your question, I do believe that we need to take into consideration the type of driving our customers are doing, where are we actually getting losses. And right now it's not as much as where you are in the province as the road conditions. And gravel road is something that we're focusing on right now because it is a serious issue that we need to look at, and we'll be continuing to work with this board of directors to see how far we're going to go. So we will be looking at that more closely. I hope that helps.

**Mr. Lindsey:** Thank you for that.

Just a suggestion, perhaps, that look at expanding it from beyond just gravel roads to looking at things like winter roads that are completely different conditions, again, that certainly young people in northern communities, that's where they're going to do their driving and that's how they're going to get to anywhere else. So, if you could look at something like that, that would be appreciated.

Do you offer driver education programs in languages other than English?

**Mr. Guimond:** We do offer them in French as well.

**Mr. Lindsey:** Taking into account that a goodly portion of the people in the North don't speak English or French, perhaps another suggestion, then, is could you look at offering services in languages that are suitable for the community in which the training is going to be offered.

**Mr. Guimond:** I can tell you right now that MPI, in terms of when you write the first test to be able to get your driver licence, the written test for the driver licence, we do that in 27 different languages right now.

Regarding driver ed classes, I'll make a note of your request, and we'll talk about that internally. But you can always—already see, like, how we have expanded the language at least for the driver test.

**Mr. Swan:** Mr. Chair, I'd like to return to some of the financial issues and some of the other things

coming forward for MPI. I did have a chance to read through the overview of the rate application, and I mean it contains a lot of good information despite the doom and gloom that the minister, I think, attempted to paint. We know that MPI has continued to provide great value to Manitobans, and I was happy to see the confirmation that MPI's increases over the past 15 years have been not only below the average insurance costs in Canada but also below the rate of inflation.

I know that one of those pieces has been the Innovation and Cost Containment Committee that I believe we worked together to establish back in 2014. And at page 25 of the application there's a statement that that committee has saved the corporation \$8.5 million in the current year, \$6.5 million of that related to basic.

Could I ask the—could I ask Mr. Guimond for some examples? How did the committee actually manage to save that money for ratepayers?

**Mr. Guimond:** We looked at every aspect of the corporation, whether it was our fleet vehicle, whether it was other expenses in the organization, and so we were able to look at various aspects. And I believe in—I don't have it in front of me, but we itemized it in the rate application. So I want to make sure that whatever's in that rate app is what is in the record. So I don't have it in front of me, but it is highlighted there in terms of what we were able to do in terms at the line items.

**Mr. Swan:** It's kind of a tradition that every MLA asking questions has to ask something about something close to their own area.

I just want to confirm that there's not—MPI is not considering any change to the use of the King Edward Street claim centre in the West End of Winnipeg.

**Mr. Guimond:** At this point, no.

**Mr. Swan:** Further, on the rate application, there is an interesting development that's occurring. At page 34, there's a description of how MPI has been looking at its IT costs and how outsourcing that has not actually been that satisfactory. There's concerns about costs and escalating costs, and MPI has proposed bringing that technology in-house. Can Mr. Guimond tell us a little bit about how he expects that to roll out and what expected savings that would bring to ratepayers?

**Mr. Guimond:** Well, it's important that—I'd like to be able to put a few things on the record.

First, MPI does not outsource IT in terms of its day-to-day running of the organization. What we have done over time is all of our transformation initiatives, because it requires different skill 'sket' and different people at different times, we want—sort of use consultants to help us through the transformation process. It's very important to know that the day-to-day operation of the organization, we can run that with our own IT, and it's the transformation that we hire consultants on, point No. 1.

The reason that we did that in the past is because of the temporary nature of the work of these people and so on; historically, we had a problem retaining them. They come on the payroll, then they leave, and then we start to get into trouble in meeting our strategic initiatives. The PUB has asked us to revisit our thought process regarding our model that we're using on the business transformation. We don't know if bringing in these people will work in terms of retention. We don't know if we're going to be able to meet our strategic objectives by bringing those people in-house. However, in the spirit of collaboration with PUB, we agreed to do a first step to see if that could work or not in terms of reducing costs. So we'll be bringing in some people in; I believe it's around 22 people, I believe, in the rate of—I—and then we'll see what happens with those folks. We'll see if we can retain them or not. We'll see if we can still deliver on our strategic initiative. We'll do a risk assessment, and depending how it goes, we'll see what happens.

**Mr. Swan:** So just to confirm, it's MPI's intention to add 22 positions to the workforce to take on a lot of these tasks which previously would've been contracted with other companies?

**Mr. Guimond:** That's correct, yes. We'll do a sort of a control pilot to see if history will repeat itself or not. We'll see if we can keep those people on board and retain them and be able to meet our strategic initiatives, yes.

**Mr. Swan:** I'd like to turn a bit to the MPI investment portfolio, and I may have the chairperson of the board answering this or Mr. Guimond, whatever is more comfortable.

Page 46 of the application, it talks about MPI's investment portfolio and how that portfolio is currently performing. And I was concerned because

it's been compared with some other public pools of money, for example, the money the Workers Compensation Board holds, the money that other pension funds—public pension funds in Manitoba hold, and there appears to be a big difference in performance in those funds. The MPI information says that in 2015, the average of the other funds was a positive gain of 7.9 per cent while for MPI it was only 2.5 per cent. We know that MPI has to have a different asset allocation because of the nature of how it pays out money, and in the application to the PUB, 2.5 per cent of that difference was explained as a difference in asset allocation, which we can talk about, but is understandable. The other 3 per cent was described as underperformance in the asset classes. So I'd like either Mr. Guimond or Mr. VanKoughnet to address this and talk about what the plan is to—within the asset allocation has to improve MPI's performance and investments.

\*(10:50)

**Mr. Guimond:** It's important when we look at these numbers it's always at a point in time. I mentioned to—previously here that, earlier this morning, that the investment portfolio, its primary objective is to be able to pay our future claims liability and that our long-term return on the portfolio, we're okay with 7.2 per cent. Right now, in terms of our asset allocation methodology and how we're investing and what we're doing, we are meeting those numbers on the long term.

So I think it's—and also when you compare to these other entities, they have different objectives, right, they're running a different business. So it's possible that when you look at a point in time they're doing a little better than us one year or we're doing a little bit less; the next year we'll doing a little bit more, they might be doing a little bit less, but what's important is the long term. And we feel confident that with the investment policy that we have, the risk mitigation strategy we have, how our portfolio is diversified, that we are going to be meeting those targets of 7.2 per cent and we will be able to pay our future claims liability.

And, again, it's important by policy that we're not, by design, using the portfolio to maximize profit. That's not what it's about; it's about having a portfolio that's fairly conservative, that's able to be able to pay its future claims liability. And what we have now does that.

**Mr. Swan:** Well, the numbers that MPI has given to the Public Utilities Board says that the performance

on the fund in 2015 was only 2.5 per cent. And, again, I understand that given the nature of MPI's business, both having to pay out physical claims regularly, but also to have to have sufficient funds to pay out all future claims, including personal injury claims that may extend for 20 or 40 or 60 years, I appreciate the asset allocation is different from those other funds. And MPI, in its submission, says that about 2.5 per cent of that can be explained by that difference.

I am concerned, though, Mr. Guimond, that the MPI's own words is that there's a 3 per cent gap, quote, by underperformance in the asset classes, end quote. That is, I think, something that needs to be looked at.

And I'll ask you, Mr. Guimond, or Mr. VanKoughnet, if you want to step in, do you have anything else you can tell us about what the plan is, going forward, to try to narrow that gap?

**Mr. Guimond:** Because you'll notice, like, in our most recent annual report, in terms of our investment, Alberta has been going through very difficult times, and we did have some impairments in terms of from an investment perspective. So the books have been, with those impairments, are now back. You know, we're sort of been able to deal with those impairments and be able to sort of deal with the—what's happening with Alberta and the investments we had there.

So, on a go-forward basis in terms of what are we doing, by dealing with the impairments on our balance sheet, by being able to take the corrective actions that are required, and, again, based on the diversity of our portfolio, then, on a go-forward basis we're still on track to be able to meet the long-term goal of 7.2 per cent. So we are taking action, including impairments, and dealing with the things that you have to do when the markets get really bad.

**Mr. Swan:** So, by your answer, Mr. Guimond, you're saying this—that this difference in performance was simply a blip, if we can call it, the way that certain assets that MPI held did not perform as well, and you don't think there's any difference in how the corporation is going to deal with things going forward. Is that fair?

**Mr. Guimond:** We're continuing to take corrective action as required in mitigating our risk. And based on our—on how we monitor the different people that invest money for us in terms of making sure they meet their benchmarks and so on, we're continuing to

take action. If we have investors that are not meeting the benchmarks and so on, we take corrective action per our investment policy. So we are constantly taking the necessary steps to ensure that the portfolio meets the goal of paying our future claims liability and gives us a long-term yield of 7.2 per cent. And we are doing that on a regular basis.

**Mr. Swan:** Okay, I thank Mr. Guimond for that.

Later on, on page 52 of the rate application, there's the suggestion that although there's no additional amount being sought for the RSR rebuilding fee for this year, that there's an anticipation that the corporation will be asking for an additional 2 per cent in an RSR rebuilding fee for 2018-2019.

Can Mr. Guimond speak to that?

**Mr. Guimond:** I'm sorry, but we—I've got no knowledge of that. We're not asking for a rebuilding fee.

**Mr. Swan:** Well, I'm reading that from the MPI 2017 rate application that was filed with the Public Utilities Board, and in there, there's—it specifically says that no additional amount for the RSR rebuilding fee is being sought for this year but there is a plan to ask for an additional 2 per cent for 2018-19. And if Mr. Guimond wants to consult with his officials before answering the question, that is perfectly acceptable.

**Mr. Chairperson:** While Mr. Guimond is consulting, the hour is drawing near 11 o'clock. What is the wish of the committee?

**Mr. Marcelino:** With the consent of all the members of the committee and, of course, at the convenience of the Chair, I will request an extra 30 and then revisit, 30 minutes from 11, 11:30 then.

**Mr. Chairperson:** What is the will of the committee? *[Agreed]*

So we'll continue. We will revisit at 11:30.

**Mr. Guimond:** I apologize. None of us have a recollection of asking an RSR rebuilding fee for 2018. That's not our intention. So we'd have—we'll have to go and look at the particular section of the—can take it as an undertaking, if you want to.

I do recall in my first year as being president and CEO that we did ask for a rebuilding fee. Maybe the context is more historical than the future. I'm speculating but we'll have to look at it. But right now

I can tell you that we have no intention of asking for an RSR rebuilding fee.

**Mr. Swan:** Okay, thank you.

Just for clarification, that's page 52 of the rate application that MPI filed with the public insurance board, or rather with the Public Utilities Board in June.

Just to move on, the member for Tyndall Park (Mr. Marcelino) asked a little bit about buildings that MPI owns. I just want to talk about one in particular and that is the building in which MPI's headquarters are located. I know there was a controversy; there were some members then in the opposition who were opposed to MPI purchasing the building.

Can Mr. Guimond give us sort of an indication of how that building and the parking lot are actually performing as part of MPI's assets?

**Mr. Guimond:** In terms of specific numbers, I don't have that at the top of my head, but I can tell you that from an investment perspective—we purchased this as an investment—that we are very satisfied with the rate of return; we are meeting the numbers. I don't have it at the top, not exactly.

We've also—last year, as you know, we sold the Hargrave surface parking lot. So we sort of—so from our perspective as a corporation, it is an investment, and we are having the yields that we are supposed to have from that investment. And then on a go-forward basis, like anything else, it's an investment and our board of directors will have to look at and management will have to look at as to what we do with that investment on the long term.

**Mr. Swan:** And just to continue on that front, there's a couple of ways that it's generating income. I mean the first has really been cost saving that MPI has been able to keep its corporate offices in that downtown building. It's also generated rent from commercial tenants in the cityplace mall, and, as I understand, that there are still some parking lots that are owned that are continuing to generate a decent return for MPI.

Is that a fair statement?

**Mr. Guimond:** Yes, it is.

**Mr. Swan:** I'd just like to ask the minister: As the minister knows some of his colleagues were very upset about the purchase of this building by MPI, does the minister accept that this has actually been a

positive move for MPI and a positive move for the ratepayers in Manitoba?

\* (11:00)

**Mr. Schuler:** Well, I thank the member for the question.

It's great to see that I have two critics in the opposition benches: the member for Tyndall Park and the member for Minto (Mr. Swan).

Manitoba Public Insurance Corporation has acquired assets and has divested of—itself of assets and we believe that we've appointed a very good board of directors that oversee the corporation. They have a very good management team, and we rely on our board of directors and our management to see to it that the ratepayers are protected, that they provide good corporate services. And we haven't always agreed with everything, but in the end we still support a strong Manitoba Public Insurance Corporation, and we want to continue that for those individuals who are outside of this building, going on with their busy lives, and that's what they would like to see.

**Mr. Swan:** Well, I can assure the minister he has far more than two critics. He's certainly got 14, and every time he speaks, there seems to be a few more out there prepared to be critical. But we'll back away from that a little bit.

Does the minister now acknowledge that he has responsibility for road safety in the province of Manitoba?

**Mr. Schuler:** As the member would know, being a member of Cabinet for a few years, road safety falls not just under MPI but other departments, but MPI takes a very active and leadership role when it comes to road safety. It is part of their mandate, and I would say they do a good job of it. We've had some very good announcements recently, and we see that MPI should continue to have a very active role in road safety.

The member from Kewatinook raised the issue not just of drinking and driving but also mentioned drug use, and I know that's on the radar for MPI and for the various departments that are involved, and we appreciate that MPI is taking that serious because they—the member talked about someone in her household who is now starting the whole driver training program. I'm on my third teenager, and we went driving again the other day, and it seems to be I'm the only one in the vehicle who seems to come

back home flustered. It's one of those things; it's parenting, and these are important issues, and we're very pleased that MPI takes such a leadership role when it comes to road safety.

**Mr. Swan:** Two things. I mean, first is that, yes, MPI does play a leadership role, and I think we can be proud of steps that they've taken to address all kinds of risky driving behaviours.

Secondly, I concur with the minister that the MPI driving program that's offered is not only an excellent program but for the cost of \$50 is probably the best deal for driver training in North America. Because the minister and I are of similar vintage, we were going through this at approximately the same time.

But the question I ask the minister is whether he believes that he is responsible for showing leadership on road safety. He's told us a lot about MPI, but he has, in questions in Estimates, in questions in the House and now today, seems to think that as minister, he does not bear any particular responsibility for road safety, and I'd like to give him the chance to clarify that if I've got it wrong.

**Mr. Schuler:** Well, I see I have to spell things out maybe a little bit clearer for the member.

First of all, everybody sitting at this table has a responsibility for road safety. As a legislator, every 57 members of the Legislature—56—have a responsibility, and what we do here insofar as legislation is important. Of course, as the Minister responsible for Manitoba Public Insurance, Manitoba Liquor & Lotteries and Manitoba Hydro, we have a very active role. Each Crown corporation has a different role that it plays. In the case of MPI, as Minister responsible for Manitoba Public Insurance Corporation through the corporation, yes, I have a very active role. Again, we do not get into the minutia of directing. We have a board of directors who are also actively responsible, and they take their responsibility serious.

We as ministers—we are all responsible that the safety of Manitobans should be one of the most important things that we do, and we all want to see our loved ones and our neighbours and our families and our communities come home from driving or from bicycle riding or from being on a school bus or whatever it might be. That is very important.

And the member needs it laid out a little bit clearer. Yes, I take my role very responsibility in all of this. Yes, the minister has a responsibility as the

Minister responsible for Manitoba Public Insurance Corporation and the other two Crowns. Yes, I have a role in all of this, as do all 56 members of the Legislature, again. The Speaker has a different role, but all 56 members of this Legislature have fiduciary responsibility to make sure that our citizens travel and work and play and all the rest of whatever life gives them that they do it safely.

**Mr. Swan:** Again, I'm surprised by the minister's answer. I mean, he seems to think that all 56 members other than the Speaker have responsibility. I look around at the members here. There's only one member that's getting paid \$51,000 a year and getting a fleet vehicle for being the minister for MPI. So, if the minister's position is that he has no greater responsibility than any of the rest of us, that may explain a number of things. I'm surprised by that.

I'm disappointed by the minister's failure to answer what I think was a very simple question. He apparently has a difference of opinion with the Minister of Justice (Mrs. Stefanson), who made it very clear that, in fact, the Minister for Crown Services is responsible for road safety. If he wants to dance around and give, frankly, answers which border on being arrogant, I don't need things spelled out for me. What I really want as a member of this Legislature is a minister that takes road safety seriously. So I'm very disappointed with the minister.

I know that MPI does a good job on road safety. I know that they're engaged, but I also know that the leadership of the minister is very helpful, not only to help the corporation reach its goals but to make it very clear for Manitobans that road safety is a priority. And maybe the minister doesn't care about this, but I've been horrified looking at results this summer, just this past weekend and almost every weekend, unfortunately, where we see an increase in the number of deaths and injuries due to drunk driving. We know that texting and driving continues to be a huge problem, and I'm very disappointed this minister seems prepared to ignore his responsibility.

Does the minister have anything further to add to the non-answer that he's given so far?

**Mr. Schuler:** Well, the member is accurate to point out that there are clearly some issues that have to be addressed after the appalling record of the last 17 years, and the minister in charge currently has his eye on the ball and doesn't spend most of his time trying to get free Jets tickets to games like the

member for Minto (Mr. Swan). The minister is very actively engaged.

Maybe if the member for Minto were to spend less time doing whatever and would have paid some attention, he would have realized there are a lot of initiatives that have been announced and rolled out. One was just a couple of weeks ago about the funding for extra police officers in school zones, pointing out to individuals that there is a 30-kilometre-an-hour school zone now around schools. And, yes, the minister was there, was part of it, and the list goes on and on. And the minister does take it serious. What the minister doesn't do is come to committee and grandstand like the member for Minto. That's his prerogative.

That he's disappointed, I would suggest to him he should go back to April the 19th and see how disappointed Manitobans were in him and his failure at addressing issues, and the member for Minto should take responsibility for his failings and come to committee and grandstand and shamelessly try to use the misfortunes of others and play politics with it is unbecoming of him.

\*(11:10)

We believe that our police forces are doing a good job. We believe that they are working hard and diligently. They are taking it seriously, as is Manitoba Public Insurance Corporation, as is the Department of Justice, as is the Minister of Crown Services, and, yes, we are actively engaged in this process and not actively engaged in how the Jets are doing and making sure that we get free tickets.

So we need no lessons—no lessons—from the member opposite. In fact, if it comes to being ashamed, if there is one individual the minister should be ashamed about, it's himself and his record.

**Mr. Isleifson:** Just—I want to get back to the at hand here with the inner workings of MPI. And some of the work that I've done previously with a number of federal organizations is strategic planning. So through you, Mr. Chair, to Mr. Guimond, I'm looking at the corporate profile, your vision, mission and value statements. And I'm just wondering what process you use internally to ensure that this—these statements remain current.

**Mr. Guimond:** We have every year a strategic planning process that we follow, and we meet with our board of directors on an annual basis through a strategic planning retreat, and the retreat is in the board office; it's not somewhere in Hawaii or

anything like that. And we actually go through this. Like—and we also make sure that we stay in tune with Manitobans in terms of their expectations of us: What are their needs, what's changing in our society that may affect them? And so we have, on an annual basis, a very disciplined process that we follow that gets us to the point to that annual review with our board of directors, and then going back, like, our values, do they still resonate? Our mission, does it still make sense? Expectation of Legislature, are we aligned? And so on. So we do that on an annual basis with our board of directors.

**Mr. Isleifson:** Thank you for the answer there.

Looking at that, when we look at the—you have in here seven corporate goals, strategies and measures. So what process did you use, though, through those annual reviews, that would come up to determine that these are the goals, strategies and measures that should be used?

**Mr. Guimond:** That's a heavy-duty question, but I will answer in the following manner. To be able to achieve the seven corporate goals, we have constant polling with our customers to make sure that we're on track with what we need to do. We have a corporate performance index. We have customer service standards. We also, through our business partners—because a lot of the work that's done for our customers are done through our business partners, whether it's the brokers, whether it's the repair industry, whether it's the medical industry—so we have to work very closely with them to make sure that our customers, like, the way these people interact with our customers, that it resonates with our customers and we meet our corporate goals.

So we have an entire ecosystem and measurements, including benchmarking, that make sure that at the end of the day we can deliver those seven goals.

**Mr. Swan:** I'd like to talk a little bit about road safety and, in particular, trying to keep cyclists safe. We know that over the past years there's more people that are riding their bikes and not just for recreation but also to get to and from work or school. How does this increase of cyclists on the road affect MPI's operations?

**Mr. Guimond:** In terms of affecting our operations, we have been developing a relationship with Bike Winnipeg and other organizations. We have created new road safety committees where organizations are asked to attend those committees, like Bike

Winnipeg. We continue to look at ways in terms of education, awareness, in terms of working with Bike Winnipeg, preparing programs. Also through the schooling we have classes for kids in terms of learning how to go on a bike and what's right.

I cannot tell you that we're also looking at, on the future, considering pilots. There's new technology coming up, helmets with indicators, like on cars, if you're going to go left or right, also with better lights and so on that you can see them better.

So we're also going to be looking at suggesting to our board of directors various potential legislation. For example, you know, the City of Winnipeg was just talking about a bylaw on having helmets mandatory for being on a bike. I mean, those are things I think we're at the point that we need to seriously consider. So there's a series of recommendations that are going to be—we're going to be working on for our board of directors to provide recommendations to the new government, and we'll see where that goes. But it is something we're paying a lot of attention to.

And also, like, not only what we can do, but what can bikers do to help themselves too. I think we need to start, we—if we look at the fatalities, we had quite a few people that weren't following the laws of the roads. Like, we had one going through a red light, for example, and got—unfortunately resulted in a fatality by a vehicle driving over them. So lots of angles, lots of proactive action on our part.

And it's, as a society, too, like, are we at the point that we're going to have to consider—I remember when I was a kid I had to buy a licence for my bike from the City, right; I had to actually have a driver licence if I was—if I wanted to be on the road.

So those are all things I think, because of how society is changing and how bikes are becoming a means of transportation, that we have to really say, okay, like, what is really happening here, what are we going to do about it, and what does it mean from a policy perspective?

**Mr. Swan:** Well, I thank the CEO for that.

And I guess I'll ask, with the way the minister has now outlined his new world, if MPI was to come forward with ideas for legislation, how now is that going to happen? I presume it won't be the CEO and the minister having a conversation. Will that be reported through the board? Would the board then talk to the minister? How will MPI's wishes and ideas be made clear to government?

**Mr. Chairperson:** Mr. Guimond? Oh, Mr. VanKoughnet?

**Mr. VanKoughnet:** Sure. A decision from the board that needs a response or deserves a response from the government will be brought by me to the minister. And that's the line of communication that we understand and believe can serve Manitobans the best.

**Mr. Swan:** So, on cycling, Mr. Guimond, you said that although the board has not made any decisions, some of the things that MPI thinks might be helpful would be enhanced lights, perhaps other enhanced ways for cyclists to signal, perhaps even a City licence of some kind. Does MPI have any position on the value of bicycles generally being licensed by MPI?

**Mr. Guimond:** No, we do not. And at this point in time the work that we're doing on this is very preliminary, and so we're looking at that. And, no, we don't know what the revenue would be, but I assume if there was a licence, it would be, for registration purpose, probably kept by the City of Winnipeg.

I mean, it's more like the idea of how do you get cyclists to abide by the law of the roads. I mean, that is an issue that we need to somehow deal with, and how we're going to deal with that is not—it's still unknown.

**Mr. Swan:** I was a little surprised, just the other day, to read Mr. Smiley's comments that MPI really doesn't keep track of the number of bike accidents or track the cost of claims arising from cyclists being in collision with vehicles. Is that something that MPI plans to change in the future?

\* (11:20)

**Mr. Guimond:** I think what Mr. Smiley was trying to say is that it's impossible for us to know how many accidents there are in the sense that not all accidents are reported to MPI. It's not like an automobile, where, once you have an accident, you go to MPI. There's a lot of stuff going out there that we don't know about.

But I can tell you that when there is a situation where MPI is involved with a cyclist, then we do know the stats. We do know how many fatalities. We do know our severity. We do know, you know, what we're up against from that perspective. But, in terms of its totality, MPI, it's not like the automobile insurance where we know everything that's going on

about automobiles. We're just blind to a lot of things right now, and that goes back to the concept of do we need to register, do we need to think about how we're going to deal with this phenomenon as a mode of transportation.

**Mr. Swan:** You know, the—I guess, the CBC story just the other day maybe wasn't the most helpful. It showed where the most accidents happened. Not surprisingly, they're along the major streets—Portage, Main Street, Notre Dame.

Does MPI do any analysis, though, of where the largest number of serious bike accidents occur, and does MPI have any position on attempting to improve cycling infrastructure across the province?

**Mr. Guimond:** Yes, we do, but when you actually look at the data it's very random. There's not a pattern like where all your fatalities will happen at a particular corner. So, yes, we will have to pay attention to these things, but from a statistical perspective, from an insurer perspective, it's very random as to where these incidents occur. So there's no, from a data perspective, a pattern that you can say, you know, if I was to build a bridge there for bikes, my fatalities would drop by 50 per cent. It's too random.

**Mr. Swan:** I thank you and I appreciate some of the challenges.

A lot of the things that you've talked about are trying to improve what bike riders are doing in terms of their education, in terms of their training, in terms of their safety equipment.

Is there anything new that MPI is undertaking, say, in this fiscal year, to try to enhance the education that's given to vehicle drivers?

**Mr. Guimond:** We are making some efforts in terms of our high school driver education. We're trying to build it in right with the young folks, so now we're really paying attention to the cyclist component and making sure that through high school driver ed that they really get from the get-go an understanding of paying attention and being able to develop driving habits where, for them, anyway, on a go-forward basis, that having cyclists on the road is not uncommon. It becomes part of the norm versus when we grew up where there wasn't a lot of cyclists on the road. So that's one thing we're doing.

We are working with Bike Winnipeg on updating our information, whether it's in a handbook driving or classes for kids that are not going to our

high school driver ed, but smaller young kids and so on. And so those are the kinds of things that we're doing right now.

**Mr. Swan:** What about the rest of us who may be experienced drivers, maybe some more successful than others? Is there anything new being planned by MPI to try to get the word out there to average drivers in Manitoba to watch out for bikes?

**Mr. Guimond:** Yes. We are doing things to communicate to the public at large. I think social media will play a big role in this, you know, like, less and less of us are reading newspapers and so on. We're finding that billboards or newspaper ads and so on are not very effective, so we will be looking at social media to be able to help with more of the mass public or the drivers that you're talking about.

**Mr. Swan:** I was sort of interested in the minister's rant a little while ago about his view of avoiding political interference, and, Mr. Guimond, I'm going to give you an example, and you and I were both there.

You may remember you were acting on behalf of Ms. McLaren, and I called you up one day because we were having trouble with people booking their road tests. People were getting busy signals. Do you remember that conversation?

**Mr. Guimond:** Yes, I do.

**Mr. Swan:** And I raised with you it had come to my attention from Manitobans that they were having trouble getting through and I asked what we could do, and you gave me what I think was the correct answer from the corporation's perspective, that you were having—you were moving functionality from one system to another, and I told you I'd like more people answering more phones on Monday morning.

Do you recall that?

**Mr. Guimond:** Yes, I recall that you were quoted in the paper as saying that Dan would have this resolved by next week.

**Mr. Swan:** And, in fact, the next week he did have more people answering more phones, and people were able to book their appointments and Manitobans were getting better service.

From your perspective, Mr. Guimond, was that political interference by the minister?

**Mr. Guimond:** I don't—like, for me this is a very interesting question but I wouldn't call it—I would just say it's a preference in governance, and so as the

administrator of the MPIC act and the DVA act, I have to be very respectful of how a government would want to implement a governance model. And so that's how I would answer that, that what we're just having here is from a governance perspective, a different approach in terms of how the president and CEO administers on behalf of the government.

**Mr. Chairperson:** I need to interrupt here.

#### Point of Order

**Mr. Chairperson:** Are you on a point of order, Mr. Fletcher?

**Mr. Fletcher:** On a point of order. Again, based on rules and procedures, questions need to be dealt with—need to deal with non-political situations but the witness, in this situation the member's put him in, is not tenable. If it's political interference, he should ask himself that question. It's not a question for a civil servant to answer.

**Mr. Chairperson:** On the point of order, I believe that I'd have to not see it as a point of order. Again, from what's happened previously in committee, the questions that were asked, I believe, have been okay before. If I'm wrong, I mean we will have to check with the clerk to see if there's any previous—  
[interjection]

**An Honourable Member:** I have a point of information. What happened at this committee or in the past does not mean that it is right, is within the rule books or that we should continue doing that, and all I have is the rule book. The big green book in front of me is the only thing that I have to suggest what can and cannot be said, and we are veering off that left, right and centre. So—and with no disrespect to the Chair, I'm just wondering, if we're going to have these committees, we need to have a framework, and just because it happened in the past doesn't make it true today, and we got to get this fixed, as a committee together. I'd like us to discuss that.

**Mr. Chairperson:** On the member's point of clarification, I still feel that this is—it's been a long-standing ruling in this room to allow those questions to the minister. I believe that a discussion should be brought forward to the Rules Committee if the member so wishes to have some of this changed. But I believe it's right now in this particular committee.

I've made my ruling and I think we need to continue on with the committee.

So there is no point of order.

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[interjection]

**Mr. Chairperson:** It's close to the hour of 11:30 now again. What—[interjection]

Okay, Mr. Fletcher is reflecting on the ruling of the Chair—[interjection]—we'll accept that, Mr. Fletcher, that you'll take this further to the Rules Committee, and then we can have further discussion on this.

\* (11:30)

The hour now being 11:30, what does the committee wish?

**Mr. Marcelino:** Ten more minutes, if people will consent to it.

**Mr. Yakimoski:** Are we able to vote on the reports at this time?

**Mr. Chairperson:** As soon as we are done, if the ruling is that we will continue for 10 more minutes, and then vote.

**Mr. Isleifson:** I believe at the beginning we said 11 o'clock as our review period, and we graciously accepted that. Eleven o'clock came, we looked at it, we extended it by 30 minutes.

It would be my recommendation that we stick to that 30-minute timeline and call the meeting at 11:30.

**Mr. Chairperson:** We need to clarify what point we're at right now. If we call this to a vote on the different reports, or—does the committee agree that we will now put the questions on the annual reports to the committee?

**Some Honourable Members:** Agreed.

**An Honourable Member:** No.

**Mr. Chairperson:** I heard a no.

Now that it's past 11:30, as previously agreed, committee rise.

**COMMITTEE ROSE AT: 11:33 a.m.**

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