

HEPATITIS C
CLASS ACTION SETTLEMENT
1986 - 1990

YEAR 8

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007

I N D E X

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Hepatitis C Class Action Settlement

1986-1990

OVERVIEW AND SUMMARY

1. The 1986-1990 Hepatitis C Fund (the “Trust Fund”) completed its eighth year of operation on December 31, 2007 (“Year 8”).

2. In Year 8, the Centre received 596 new claims as follows:

100 Primary Infected Transfused

7 Primary Infected Hemophiliac

8 Secondary Infected

73 HCV Personal Representative Claims where deceased died on or after January 1, 1999

6 HCV Personal Representative Claims where deceased died before January 1, 1999

402 Family Member/dependent claims

The Centre paid out approximately \$42 million to all claimants (prior and new) in Year 8.

Since its inception, the Centre has paid out a total of approximately \$550 million in benefits in response to approximately 11,747 claims.

3. The Investment Summary of Eckler Ltd.¹ attached at Schedule G indicates a value of \$914 million held by the Trustee as at December 31, 2007. The total unpaid liability of the provincial governments is approximately \$214 million for a total available to satisfy the claims of class members of approximately \$1.1 billion.

4. The following chart summarizes the budget versus actual expenses for the service providers in the year ended December 31, 2007.

Service Provider	Budget to December 31, 2007	Actual	Variance from Budget	Note
Auditor [Audit Only] Deloitte & Touche	67,200.00	67,200.00	0	
Auditor [Financial Statements] Deloitte & Touche	10,000.00	10,000.00	0	
Auditor [Administrator Cost Review] Deloitte & Touche	13,500.00	0	0	Not requested by Joint Committee
Auditor [Special Projects] Deloitte & Touche	5,000.00	0	0	Not Requested by Joint Committee
Trustee RBC Dexia Investor Services Trust (RBC Dexia)	100,000.00	90,994.00	(9,006.00)	
Investment Manager TD Asset Management Inc.	180,000.00	192,421.78	12,421.78	
Actuarial Services & Investment Review Eckler Ltd.	60,000.00	45,678.00	(14,322.00)	To be credited to Fund on future invoices
Canadian Blood Services	41,972.00	54,879.21	12,907.21	

¹ Eckler Ltd. is the new name of Eckler Partners Ltd. effective January 1, 2007. Accordingly, documents originating from Eckler Ltd. that precede January 1, 2007 bear the name "Eckler Partners Ltd." and documents subsequent to this date bear the new name. All references to Eckler Ltd. in this Annual Report, also refer to Eckler Partners Ltd. where appropriate.

Service Provider	Budget to December 31, 2007	Actual	Variance from Budget	Note
PriceWaterhouseCoopers LLP	20,000.00	10,330.76	(9,669.24)	
Navigant	20,000.00	3,158.80 ²	(16,841.20)	
Héma-Québec	8,035.34	10,796.26	2,760.92	To be offset by credit of \$10,694.77 held by Héma-Québec as at January 1, 2007
Joint Committee [total fees & disbursements]	700,000.00	374,917.92	(325,082.08)	

5. The total net underbudget of all service providers combined is \$346,830.61. This does not include the Administrator whose payment is now subject to a variable fixed fee budget which is discussed below at paragraphs 40 to 53.

6. The chart below summarizes the proposed budgets for service providers in Year 9.

Service Provider	Proposed Budget to December 31, 2008 (excluding GST)	Proposed Monthly Charges (excluding GST)
Auditor [Audit Only] Deloitte & Touche	67,200.00	5,600.00
Auditor [Financial Statements] Deloitte & Touche	10,000.00	
Auditor [Special Projects] Deloitte & Touche	5,000.00	
Trustee RBC Dexia	125,000.00	Up to \$10,417.00
Investment Manager TD Asset Management Inc.	200,000.00	Up to \$16,607.00

² Amount actually paid by Crawford and included in Crawford Adjustment

Service Provider	Proposed Budget to December 31, 2008 (excluding GST)	Proposed Monthly Charges (excluding GST)
Actuarial Services & Investment Review Eckler Ltd.	60,000.00	5,000.00
Crawford	1,200,000.00	100,000.00
Canadian Blood Services	57,291.00	Up to \$4,747.25
PriceWaterhouseCoopers LLP	15,000.00	As invoiced
Navigant	20,000.00	As invoiced
Héma-Québec	See para 69 below	Payments will be subject to court order in Quebec.
Joint Committee Fees	\$500,000.00	Payments will be subject to court order.

7. Fund Counsel incurred fees in the year ending December 31, 2008 of approximately \$326,301 (exclusive of taxes and disbursements). No amounts are paid to Fund Counsel without a specific court order.

8. The Joint Committee had a budget of \$650,000 in respect of fees and \$50,000 in respect of disbursements in Year 8. Total Joint Committee fees incurred in the year ending December 31, 2007 (exclusive of taxes and disbursements) were \$346,643.50. A detailed breakdown of the global Joint Committee fees for Year 8 is provided in Schedule R. No amounts are paid to the Joint Committee without a specific court order.

9. The Courts approved a budget for Crawford for the 21 months ending December 31 2007 on the basis of a fixed price subject to increase or decrease if certain measurable activities increased or decreased by more than 10%. The total adjustment for 2007, as is discussed below in paragraphs 46 and 47 is an increase of \$38,045.53 including \$18,320.50 of flow through expenditures.

10. As discussed in more detail below at paragraphs 48 to 53, the Joint Committee has negotiated an administration contract with Crawford for the calendar years 2008, 2009 and 2010. The terms and conditions are similar to those approved by the Courts for the year 2007.

GENERAL

11. This is the eighth annual report of the Joint Committee to the Supreme Court of British Columbia, the Superior Court of Justice for Ontario, and the Superior Court of Quebec (collectively the “Courts”) on the status of the Trust Fund and the administration of the Hemophiliac HCV Plan and Transfused HCV Plan (collectively the “Plans”).

12. The Joint Committee is comprised of Harvey Strosberg, J.J. Camp, Bonnie Tough and Michel Savonitto. Harvey Strosberg was appointed by Order of the Superior Court of Justice for Ontario. J.J. Camp was appointed by Order of the Supreme Court of British Columbia, and Michel Savonitto was appointed by the Order of the Superior Court of Quebec. Bonnie Tough was appointed by Order of each of the Superior Court of Justice for Ontario, the Supreme Court of British Columbia and the Superior Court of Quebec. This Report is prepared by and on behalf of all members of the Joint Committee.

13. In the year ending December 31, 2007, approximately \$42 million was paid to claimants. Since the inception of the Plans, a total of approximately \$549 million has been paid to claimants.

14. The budget and expenses of each of the service providers are discussed in detail below.

15. The Joint Committee recommends that the budgets of the service providers include payment through to April 1, 2009 in order to provide for a reasonable period of time from December 31, 2008 until April 1, 2009 for the audit and accounting review of the expenses in preparation for a report to the Courts in April 2009.

DELOITTE & TOUCHE

16. Deloitte & Touche was appointed auditor of the Trust Fund pursuant to the Orders of the Courts. The Joint Committee recommends the continuation of this appointment.

17. In addition to the audit of the Trust Fund, the Joint Committee requested the following services from Deloitte & Touche:

- i) The preparation of annual financial statements. Attached as **Schedule A** is a copy of financial statements prepared and audited by Deloitte & Touche.

18. The chart set out below summarizes the work done by Deloitte & Touche in Year 8 in comparison to the Year 8 budget, and the proposed budget for Year 9.

Work	Year 8 Budget	Year 8 Actual	Year 9 Budget
Audit	67,200 + administration and travel costs	67,200 + administration and travel costs	67,200 + administration and travel costs
Financial Statements	10,000 + administration and travel costs	10,000	10,000
Administrator Cost Review	13,500 + administration and travel costs	Not requested.	Not Requested
Special Projects	5,000 + administration and travel costs	Not requested.	5,000

19. The Deloitte & Touche budget numbers are exclusive of travel costs, administration charges and GST. Variances from budget in the final invoices are a result of the addition of travel and administration charges. The costs incurred for the Audit and the Financial Statements are \$77,200 exclusive of an administrative charge of \$4,632 and travel expenses of \$680 for a total of \$82,512.

20. A copy of the invoice for the work of Deloitte & Touche in Year 8 is attached as Schedule B. Deloitte & Touche received payment throughout the year of \$82,200. The Joint Committee recommends approval of Deloitte & Touche's outstanding charges for Year 8 and payment of the amount of \$312.00, plus taxes, for a total of \$327.60.

21. Deloitte & Touche proposes and the Joint Committee recommends that the budget for Deloitte & Touche for the year January 1, 2008 to December 31, 2008 be \$67,200 (Audit), \$10,000 (Financial Statements) and \$5,000 (Special Projects).

RBC DEXIA

22. In Year 6, RBC Dexia was appointed successor Trustee of the Trust Fund pursuant to the Orders of the Courts, on the same terms and conditions under which Royal Trust was originally appointed.

23. Attached as **Schedule C** is a brief description from RBC Dexia of its Custodial Trustee activities in the year ended December 31, 2007.

24. The Courts approved an annual budget for RBC Dexia for Year 8 of \$100,000.00.

25. The actual charge to the Trust Fund by RBC Dexia for the year ended December 31, 2007 was \$90,994.00. No payments have been made to RBC Dexia beyond those expenses actually incurred. The Joint Committee recommends approval of the charges of \$91,713.75 incurred by RBC Dexia in Year 8.

26. RBC Dexia has advised that it proposes to change the basis upon which Custodial Fees are charged from a calculation based on average Book Value to one based on closing Market Value. This will cause an increase in custodial fees of approximately \$15,000 per annum. The Joint Committee has been advised that this change is in line with current industry standards.

27. RBC Dexia also proposed to increase the charge for reports from \$3,000 to \$7,000 per annum. This is the first increase by RBC Dexia since its appointment in 1999.

28. RBC Dexia proposes and the Joint Committee recommends that RBC Dexia's budget for the year January 1, 2008 to December 31, 2008 be \$125,000. RBC Dexia will charge monthly an amount not to exceed \$10,417.00.

TD ASSET MANAGEMENT INC.

29. TD Asset Management Inc. ("TD Asset Management") was appointed Investment Manager of the Trust Fund pursuant to Orders of the Courts. The Joint Committee recommends the continuation of that appointment. Attached as **Schedule D** is confirmation that TD Asset Management has complied with the court approved Investment Guidelines.

30. The Courts approved an annual budget for TD Asset Management of \$180,000 for the year ended December 31, 2007.

31. Total fees charged by TD Asset Management for Year 8 were \$192,421.78. No payments have been made to TD Asset Management beyond those expenses actually incurred. Although slightly over budget, the Joint Committee notes that the charges by TD Asset Management are based on volume of trades in the Fund. Attached as **Schedule E** is the TD Asset Management Report setting out the actual charges for the year ended December 31, 2007. The Joint Committee recommends approval of the charge of \$192,421.78 incurred by TD Asset Management in Year 8.

32. TD Asset Management proposes and the Joint Committee recommends that its budget for the year January 1, 2008 to December 31, 2008 be \$200,000. TD Asset Management will charge an amount not to exceed \$16,667 monthly.

ECKLER LTD.

33. Eckler Ltd. was retained by Class Counsel and subsequently the Joint Committee to provide actuarial advice in respect of the Trust Fund.

34. Eckler Ltd. also provides advice to the Joint Committee in respect of investments on an as needed basis.

35. Attached as **Schedule F** is the Report of Eckler Ltd. regarding its activities during Year 8.

36. Attached as **Schedule G** is an Investment Summary provided by Eckler Ltd.

37. The Courts approved an annual budget for Eckler Ltd.'s actuarial and investment review services of \$60,000.

38. Eckler Ltd. incurred \$45,678 (plus G.S.T.) in charges for the period from January 1, 2007 to December 31, 2007. Eckler Ltd. was paid \$60,000 in instalment payments. For Year 8, there is a positive balance owing by Eckler Ltd. of \$14,322 (plus G.S.T.). Attached as **Schedule H** is the Accounting Summary of Eckler Ltd. The overpayment of \$14,322 (plus G.S.T.) will be credited to the Fund as part of the work to be done by Eckler Ltd. in 2008.

39. Eckler Ltd. has proposed and the Joint Committee recommends that the total budget for both actuarial services and investment review services be \$60,000 for the year ending December 31, 2008 to be paid in monthly instalments.

CRAWFORD:

40. The Annual Report of the Administrator is attached as **Schedule I**.

41. In 2007, the Courts extended the appointment of Crawford as Administrator to December 31, 2007. The Courts also approved a budget for Crawford and amended the terms of appointment of Crawford to, in effect, accord with the new adjustable fixed fee provided for in the budget. Attached at **Schedule J** is a copy of the Crawford Proposal approved by the Courts for the period ending December 31, 2007 (the “2007 Crawford Budget”).

42. The 2007 Crawford Budget provided essentially for payment of a fixed fee subject to adjustment in the event that certain Measurable Activities increased or decreased by more than 10%. Measurable Activities are set out in the 2007 Crawford Budget attached as **Schedule J**.

43. In addition to providing for the adjustable fixed fee, the 2007 Crawford Budget also provided for the flowthrough to the Fund of certain third party expenses relating to appeals and expert reports.

44. The 2007 Crawford Budget covered a period of 21 months, ending December 31, 2007.

45. The flat fee per month which represented a 15% reduction over the prior year, was \$157,057 per month.

46. Adjustments to the flat fee are set out in the attached **Schedule K**. An additional \$38,045.53 which included \$18,320.50 of flowthrough expenditures relating to appeals and expert reports is payable to Crawford.

47. The Joint Committee recommends approval by the Courts of the additional payment of \$38,045.53 to Crawford in accordance with the 2007 Crawford Budget previously approved by the Courts.

48. The Joint Committee continues to believe that the adjustable fixed fee approach to the costs of administration is the preferable method of compensation for Crawford. It allows for increases and decreases in compensation in the event of increases or decreases in certain measurable activities related to the Administration.

49. The Joint Committee also believes that in light of the forthcoming June 30, 2010 class closing date, it is desirable to fix a contract with Crawford for the period from January 1, 2008 until December 31, 2010. Such a contract would have the advantage of certainty and reduce the annual costs of Joint Committee negotiation with Crawford. The adjustable fixed fee approach permits this type of longer term contracting.

50. Attached as **Schedule L**, is a copy of a proposal from Crawford for the administration through to 2010.

51. The proposal includes a 33% decrease in the fixed fee from 2007 to 2008 and a further 15% reduction in each of 2009 and 2010. In part, the reduction in 2008 reflects saving due to the fact that the pre-86 program is also being administered by Crawford.

52. The Joint Committee recommends that the Courts approve the proposed contract with Crawford to December 31, 2010 subject to the annual adjustment pursuant to the adjustable fixed fee contract which adjustment will be included in the annual report for approval by the Courts in each subsequent year. Monthly budget for 2008 would be \$100,000 subject to periodic adjustment.

53. The Joint Committee also asks that the Court extend the Crawford appointment as Administrator to December 31, 2010 in accordance with the terms of appointment of Crawford ordered by the Courts in November of 1999 and as amended by the Courts in Ontario by Order dated March 16, 2007, in British Columbia by Order dated April 5, 2007 and in Quebec by Order dated April 10, 2007.

PRICEWATERHOUSECOOPERS LLP

54. PriceWaterhouseCoopers LLP provides annual updates for tax calculations on software used to calculate income loss, software maintenance for the software used to calculate loss of income claims, and separate software used to calculate and track loss of income payment caps and holdbacks, and advice, assistance and training to the Administrator with respects to both types of software.

55. The total budget approved for PriceWaterhouseCoopers LLP in Year 8 by Court Order was \$20,000 exclusive of GST.

56. Actual billings by PriceWaterhouseCoopers LLP for the year ended December 31, 2007 were \$10,330.76, inclusive of taxes and disbursements. Attached as **Schedule M** is a copy of the outstanding invoice from PriceWaterhouseCoopers LLP.

57. PriceWaterhouseCoopers LLP was under budget by \$9,669.24 in Year 8.

58. There were no monthly billings by PriceWaterhouseCoopers LLP in Year 8. The Joint Committee asks for approval of the actual expenses of PriceWaterhouseCoopers LLP and a direction that PriceWaterhouseCoopers LLP be paid the outstanding amount of \$10,330.76 by RBC Dexia.

59. The Joint Committee recommends that the budget of PriceWaterhouseCoopers LLP for the year January 1, 2008 to December 31, 2008 be \$15,000.

NAVIGANT CONSULTING INC.

60. LECG was retained initially by the Joint Committee and subsequently by the Administrator to provide expert accounting services in respect of a number of complex self-employment loss of income claims and appeals. The Partner responsible, Paula Frederick, who has performed all of LECG's work for the Trust Fund, has moved her practice from LECG to LAC Ltd. carrying on business as Navigant Consulting ("Navigant"). The Joint Committee recommends that the Trust Fund continue to use Ms. Frederick's services at her new firm, Navigant Consulting.

61. The Joint Committee budgeted \$20,000 for the cost of Navigant's services in Year 8.

62. Actual billing by Navigant for services between January 1, 2007 and December 31, 2007 was \$3,158.80 and has been paid by Crawford. The Joint Committee recommends approval of these payments in the total amount of \$3,158.80.

63. The need for these services will continue in Year 9. The Joint Committee is aware that a single large loss of income appeal could result in significant expert accounting expense and accordingly, the Joint Committee recommends a budget of \$20,000 for Navigant for the period of January 1, 2008 to December 31, 2008. All amounts paid or payable to Navigant in Year 9 will be subject to approval by the Courts as in Year 8.

CANADIAN BLOOD SERVICES

64. The total budget approved for Canadian Blood Services ("CBS") in Year 8 was \$41,972 exclusive of taxes. Actual expenses incurred by CBS in Year 7 were \$54,879.21, which was \$12,907.21 over budget. The Joint Committee recommends payment of CBS' over budget of \$12,907.21. The CBS actual versus budget reconciliation is attached as Schedule N.

65. The efficiency and effective conduct of tracebacks is a crucial component of the administration of the Plans. However, in the last few years, the demand for and costs of such tracebacks has been reduced significantly.

66. Attached as Schedule O is a copy of the proposed budget for CBS for the period January 1, 2008 to December 31, 2008. The budgeted amount is \$57,291.00 to be paid in monthly instalments not exceeding \$4,774.25 plus GST.

67. The CBS budget again includes a cost for the continued storage of frozen blood samples obtained in the period from 1986 through 1992. We understand CBS is continuing to review the viability of maintaining these samples.

HÉMA-QUÉBEC

68. The total budget approved for Héma-Québec for the year ended December 31, 2007 was \$8,035.34. Actual expenses incurred by Héma-Québec in Year 8 were \$10,796.26 inclusive of taxes. At the beginning of Year 8, on January 1, 2007, Héma-Québec had a credit balance of \$10,694.67. After deducting actual expenses of \$10,796.26, Héma-Québec has an unpaid balance in the amount of \$101.59 as at the end of Year 8, December 31, 2007 which will be absorbed within its general budget of operations.

69. Due to the limited number of requests received to date, Héma-Québec does not seek any monthly payment for Year 9 and will finance the cost of any additional requests.

70. Héma-Québec will report to the Court at the end of the year and will only seek reimbursement if the total costs incurred are significant.

FUND COUNSEL

71. Belinda Bain and John Callaghan were appointed as Fund Counsel in the Ontario Class Actions by Order of the Ontario Court of Justice for Ontario. Catherine Mandeville was appointed Fund Counsel in Quebec Class Actions by Order of the Quebec Superior Court and Bill Ferguson was appointed Fund Counsel in the B.C. Class Actions by Order of the Supreme Court of British Columbia.

72. In the year ending December 31, 2007, the total Fund Counsel fees were \$326,301 exclusive of taxes and disbursements. No amounts have been or will be paid to Fund Counsel without prior court approval of the fees and disbursements.

73. Fund Counsel estimates that the volume of appeal work in Year 9 will remain the same as or decrease slightly from Year 8.

74. Attached as **Schedule P** is the report of Fund Counsel on their activities and their fees incurred in the nine months ending December 31, 2007.

JOINT COMMITTEE

75. A summary of the work of the Joint Committee in the past year is set out in **Schedule Q**.

76. The total budget for the Joint Committee for the period ending December 31, 2007 was \$650,000 for fees and \$50,000 for disbursements. The total actual fees of the Joint Committee in Year 8 were significantly under budget at \$346,643.50 of which \$50,676 related to work on the sufficiency study. The total actual disbursements of the Joint

Committee in Year 8 were also significantly under budget at \$28,274.42³. A breakdown of these amounts is provided in the following chart.

JOINT COMMITTEE ACTUAL VERSUS BUDGET FOR YEAR 7			
BUDGET ITEM	Year 8 Budget	Year 8 Actual	Variance from Budget
Fees	650,000.00	346,643.50	(303,356.50)
Disbursements	50,000.00	28,274.42	(21,725.58)
TOTALS	700,000.00	374,917.92	(325,082.08)

77. A detailed summary by jurisdiction of the fees and disbursements incurred by the Joint Committee in Year 7 is also set out in **Schedule R**. No amounts have been or will be paid to the Joint Committee without prior court approval of the fees and disbursements.

78. The Joint Committee estimates that the fees and disbursements for the year January 1, 2008 to December 31, 2008 will be \$500,000 (fees) and \$50,000 (disbursements). The Joint Committee has prepared a budget proposal for its fees and disbursements for Year 9 which is detailed in the brief summary attached as **Schedule Q**.

79. The Joint Committee has submitted a separate budget to the Courts for fees and disbursements in respect of the 2008 Sufficiency Study.

³ The \$28,274.42 includes payment of \$9,300 to Deloitte for review of three large loss of income claims.

REFEREES AND ARBITRATORS

80. In the year ending December 31, 2007, the total fees for the Arbitrators and Referees were approximately \$114,088.85 exclusive of taxes and disbursements.

81. A brief summary of the work of the Referees and Arbitrators as well as the fees incurred for the period January 1, 2007 to December 31, 2007 is set out in **Schedule S**.

82. The Joint Committee notes that the number of appeals is declining markedly and if that trend continues the fees of Fund Counsel and of the Arbitrators and Referees in Year 9 will be similar to or less than those incurred in Year 8.

Dated: June 17, 2008

“JJ Camp”

J.J. Camp,
Camp Fiorante Matthews

Dated: June 17, 2008

“Harvey Strosberg”

Harvey Strosberg,
Sutts Strosberg LLP

Dated: June 17, 2008

“Michel Savonitto”

Michel Savonitto,
Marchand Melançon Forget LLP

Dated: June 17, 2008

“Bonnie A. Tough”

Bonnie A. Tough,
Tough & Podrebarac LLP

*Proprietary, personal and financially sensitive information has been excluded from the publicly-disclosed copies of this report.

TAB A

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

*Financial Statements of the
États financiers du*

**THE 1986 - 1990 HEPATITIS C FUND
FONDS HÉPATITE C 1986 - 1990**

*December 31, 2007
31 décembre 2007*

Auditors' Report

To the Joint Committee of the 1986 - 1990 Hepatitis C Fund

We have audited the statement of financial position of the 1986-1990 Hepatitis C Fund as at December 31, 2007 and the statement of expenses and revenue for the year then ended. These financial statements are the responsibility of the Joint Committee of the Fund. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Rapport des vérificateurs

Au comité mixte du Fonds Hépatite C 1986 - 1990

Nous avons vérifié le bilan du Fonds Hépatite C 1986-1990 au 31 décembre 2007 et l'état des résultats de l'exercice terminé à cette date. La responsabilité de ces états financiers incombe au comité mixte du Fonds. Notre responsabilité consiste à exprimer une opinion sur ces états financiers en nous fondant sur notre vérification.

Notre vérification a été effectuée conformément aux normes de vérification généralement reconnues du Canada. Ces normes exigent que la vérification soit planifiée et exécutée de manière à fournir l'assurance raisonnable que les états financiers sont exempts d'inexactitudes importantes. La vérification comprend le contrôle par sondages des éléments probants à l'appui des montants et des autres éléments d'information fournis dans les états financiers. Elle comprend également l'évaluation des principes comptables suivis et des estimations importantes faites par la direction, ainsi qu'une appréciation de la présentation d'ensemble des états financiers.

À notre avis, ces états financiers donnent, à tous les égards importants, une image fidèle de la situation financière du Fonds au 31 décembre 2007 ainsi que des résultats de son exploitation et de ses flux de trésorerie de l'exercice terminé à cette date selon les principes comptables généralement reconnus du Canada.

Deloitte & Touche LLP / s. r. l.

Chartered Accountants
Licensed Public Accountants

March 17, 2008

Comptables agréés
Experts-comptables autorisés

Le 17 mars 2008

THE 1986 - 1990 HEPATITIS C FUND
Financial Statements
December 31, 2007

FONDS HÉPATITE C 1986 - 1990
États financiers
31 décembre 2007

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THE 1986 - 1990 HEPATITIS C FUND
Statement of Financial Position
as at December 31, 2007
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
Bilan
au 31 décembre 2007
(en milliers de dollars)

	<u>2007</u>	<u>2006</u>	
ASSETS			ACTIF
Cash	\$ 57	\$ 54	Encaisse
Investments (note 3)	895,716	919,470	Placements (note 3)
Contributions receivable	466	1,044	Apports à recevoir
Fees and expenses to be reimbursed (note 4)	-	127	Frais et dépenses à rembourser (note 4)
	\$ 896,239	\$ 920,695	
LIABILITIES			PASSIF
Accounts payable and accrued liabilities	\$ 421	\$ 1,034	Créditeurs et charges à payer
Accrued claims in process of payment	1,471	2,667	Demandes accumulées en cours de paiement
Fees and expenses to be reimbursed (note 4)	-	9	Frais et dépenses à rembourser (note 4)
Funding held for future expenses (note 5)	894,347	916,985	Financement pour charges futures (note 5)
	\$ 896,239	\$ 920,695	

APPROVED BY THE JOINT COMMITTEE OF
THE 1986 - 1990 HEPATITIS C FUND

AU NOM DU COMITÉ MIXTE DU FONDS
HÉPATITE C 1986 - 1990

THE 1986 - 1990 HEPATITIS C FUND
Statement of Expenses and Revenue
year ended December 31, 2007
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
État des résultats
de l'exercice terminé le 31 décembre 2007
(en milliers de dollars)

	2007 (12 months) (12 mois)	2006 (9 months) (9 mois)	
EXPENSES			DÉPENSES
Claims (note 6)	\$ 40,693	\$ 27,713	Demandes (note 6)
Operating (note 7)	3,485	3,188	Frais d'exploitation (note 7)
	44,178	30,901	
REVENUE	44,178	30,901	REVENUS
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -	EXCÉDENT DES REVENUS SUR LES DÉPENSES

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2007

1. DESCRIPTION OF THE FUND

The 1986-1990 Hepatitis C Fund (the "Fund") was established to hold and invest funds and administer their payment as compensation to claimants who qualify as class members, all pursuant to the terms of the January 1, 1986 - July 1, 1990 Hepatitis C Settlement Agreement (the "Agreement") made as of June 15, 1999 and the Judgments of the Supreme Court of British Columbia, Superior Court of Justice for Ontario and Superior Court of Quebec (the "Courts").

The maximum obligations to the Fund established as at January 10, 2000 were \$1.203 billion, shared between the Government of Canada (72.7273%) and the governments of the provinces and territories (27.2727%), plus interest accruing thereafter on the unpaid obligations. The Government of Canada has made contributions to the Fund, which totally satisfy its obligation to the Fund. The provincial and territorial governments are required to contribute as and when required for payment of their share of expenses. Provinces and territories may elect to prepay their contributions. To the extent provinces and territories do not prepay their contributions, interest is calculated on their outstanding obligations at treasury bill rates applied quarterly. As at December 31, 2007 those obligations including interest are estimated to be \$214,127,000 (December 31, 2006 - \$215,869,000).

The operations of the Fund are subject to various reviews and approvals by the Courts.

The Fund is a trust that is exempt from income tax under the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Financial Instruments

Effective January 1, 2007, 1986-1990 Hepatitis C Fund adopted the following recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook: Section 3855, *Financial Instruments - Recognition and Measurement*; Section 3865, *Hedges*; Section 3861, *Financial Instruments - Disclosure and Presentation*; and amendments to Section 4400, *Financial Statement Presentation by Not-For-Profit Organizations*. These new Handbook Sections provide comprehensive requirements for the recognition, measurement and disclosure of financial instruments. The amendments to Handbook Section 4400 require certain gains and losses to be recognized initially as direct entries to net assets for the period.

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2007

1. DESCRIPTION DU FONDS

Le Fonds Hépatite C 1986-1990 (le "Fonds") a été constitué dans le but de conserver et d'investir des fonds et de gérer leur versement sous forme d'indemnités aux requérants admissibles comme personnes inscrites au recours collectif, conformément aux modalités de l'entente de règlement relative à l'hépatite C pour la période allant du 1^{er} janvier 1986 au 1^{er} juillet 1990 (l'"entente"), datée du 15 juin 1999, et aux décisions de la Cour suprême de la Colombie-Britannique, de la Cour supérieure de justice de l'Ontario et de la Cour supérieure du Québec (les "tribunaux").

Au 10 janvier 2000, les obligations maximales revenant au Fonds s'élevaient à 1,203 milliards de dollars, et elles étaient partagées entre le gouvernement du Canada (72,7273 %) et les gouvernements provinciaux et territoriaux (27,2727 %), plus les intérêts cumulés par la suite sur les obligations impayées. Le gouvernement du Canada a versé des apports au Fonds, lesquels règlent entièrement son obligation envers le Fonds. Les gouvernements provinciaux et territoriaux sont tenus de verser des apports pour régler leur part des charges au moment où elles deviennent exigibles. Les provinces et les territoires peuvent choisir de verser leurs apports à l'avance. Dans la mesure où ils ne versent pas d'apports à l'avance, l'intérêt est calculé trimestriellement sur les obligations impayées aux taux des bons du Trésor. Au 31 décembre 2007, ces obligations, intérêts compris, sont estimées à 214 127 000 \$ (31 décembre 2006 - 215 869 000 \$).

Les activités du Fonds sont assujetties à divers examens et approbations des tribunaux.

Le Fonds est une fiducie exonérée de l'impôt sur les bénéfices en vertu de la Loi de l'impôt sur le revenu.

2. PRINCIPALES CONVENTIONS COMPTABLES

Les présents états financiers ont été dressés conformément aux principes comptables généralement reconnus du Canada et en fonction des principales conventions comptables suivantes :

Instruments financiers

Le Fonds Hépatite C 1986-1990 a adopté les recommandations suivantes du Manuel de l'ICCA en date du 1^{er} janvier 2007 : chapitre 3855, *Instruments financiers - comptabilisation et évaluation*; chapitre 3865, *Couvertures*; chapitre 3861, *Instruments financiers - information à fournir et présentation*; ainsi que les modifications apportées au chapitre 4400, *Présentation des états financiers des organismes sans but lucratif*. Ces chapitres énoncent des normes compréhensives au niveau de la comptabilisation, de l'évaluation et de la présentation des instruments financiers. Les modifications apportées au chapitre 4400 du Manuel de l'ICCA obligent les organismes sans but lucratif à comptabiliser certains gains et pertes directement à l'actif net de la période.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2007

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The new Handbook Section 3855 provides comprehensive requirements for the recognition and measurement of financial instruments. Financial instruments are initially recognized at fair value with subsequent measurement depending on the classification as described below. These new policies require adoption on a retrospective basis with changes in fair value related to the prior fiscal year presented as an adjustment to the opening net asset balance. There was no impact on the Fund's opening net asset balance as a result of the adoption of these new standards.

All financial assets are classified as either held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale. All financial liabilities are classified as held for trading or other liabilities.

The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Fund's designation of said instruments at the time of initial recognition. Settlement date accounting is used and transaction costs related to investments are expensed as incurred.

Classification:

Cash	Held-for-trading
Investments	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

Held-for-trading

These financial assets are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in interest income.

Loans and receivables

These financial assets are measured at amortized cost using the effective interest method, less any impairment.

Other liabilities

These financial liabilities are recorded at amortized cost using the effective interest method.

Liabilities and funding for future payments

These financial statements do not present liabilities for payments to be made to class members in future years nor the related future funding requirements of provincial and territorial governments.

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2007

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Instruments financiers (suite)

Le nouveau chapitre 3855 du Manuel de l'ICCA présente l'ensemble des normes portant sur la comptabilisation et l'évaluation des instruments financiers. Les actifs financiers et les passifs financiers sont constatés initialement à la juste valeur et leur évaluation subséquente dépend de leur classement, comme il est décrit ci-après. Ces nouvelles conventions doivent être appliquées rétroactivement le 1er janvier 2007 avec l'impact des variations dans la juste valeur de l'exercice précédent étant présenté comme ajustement au solde d'actif net au début de l'exercice. Suite à l'adoption de ces nouvelles normes, il n'y a pas eu d'incidences sur le solde d'ouverture de l'actif net.

Tous les actifs financiers doivent être classifiés comme soit détenus à des fins de transaction, détenus jusqu'à leur échéance, prêts et créances ou disponibles à la vente. Tous les passifs financiers doivent être classifiés comme soit détenus à des fins de transaction ou autres passifs.

Le classement des instruments financiers dépend de l'objet visé lorsque les instruments financiers ont été acquis ou émis, de leurs caractéristiques et de leur désignation le Fonds au moment de leur comptabilisation initiale. La comptabilisation à la date de règlement est utilisée et les coûts de transactions relatifs aux placements sont passés en charge lorsqu'encourus.

Classification :

Encaisse	Détenus à des fins de transaction
Placements	Détenus à des fins de transaction
Débiteurs	Prêts et créances
Créditeurs et frais courus	Autres passifs

Détenus à des fins de transaction

Ces actifs financiers sont comptabilisés à la juste valeur à la date du bilan. Les fluctuations de la juste valeur qui incluent les intérêts gagnés, les intérêts courus, les gains et les pertes réalisés sur cession et les gains et pertes non réalisés sont inclus dans les revenus d'intérêts.

Prêts et créances

Les actifs financiers sont comptabilisés au coût amorti selon la méthode du taux d'intérêt effectif, moins toute dévaluation.

Autres passifs

Les passifs financiers sont comptabilisés au coût amorti selon la méthode du taux d'intérêt effectif.

Obligations et financement pour paiements futurs

Ces états financiers ne présentent aucune obligation pour des paiements futurs devant être faits aux personnes inscrites aux recours collectifs, ni aucune exigence connexe future en matière de financement des gouvernements provinciaux et territoriaux.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

The Fund follows the deferral method of accounting for contributions. Revenue is recognized as expenses are incurred and shares of such expenses are allocated to governments, as set out in the Agreement. To the extent that contributions are paid to the Fund in advance of expenses being incurred and allocated, the contributions and the investment earnings thereon are deferred and recorded as funding held for future expenses. Accordingly, the funding held for future expenses includes:

- a) Funding contributed in payment of the Government of Canada obligation;
- b) Contributions prepaid by provinces and territories, if any; and
- c) Investment earnings for the period.

As expenses are incurred and allocated, amounts are deducted from the balance of the funding held for future expenses and are recognized as revenue.

Where provincial and territorial governments have not prepaid contributions and expenses are allocated to them, such amounts are requisitioned by the Fund and are recognized directly as revenue of the Fund.

Claims

A claim is recognized as an expense in the period in which the claim approval process has been completed.

Operating expenses

Operating expenses are recorded in the period in which they are incurred. Operating expenses are subject to approval by the Courts.

Investments

Investments are recorded at fair value including interest and dividend revenue receivable. Realized and unrealized gains (losses) together with interest and dividend revenue are reported as investment earnings and are deferred, pending their allocation to pay expenses.

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Constatation des revenus

Le Fonds comptabilise les apports selon la méthode du report. Les revenus sont comptabilisés à mesure que les charges sont engagées, et une tranche de ces charges est attribuée aux gouvernements, comme le prévoit l'entente. Lorsque les apports sont versés au Fonds avant que les charges ne soient engagées et réparties, les apports et le revenu de placement en découlant sont reportés et constatés à titre de financement pour charges futures. Par conséquent, le financement pour charges futures comprend ce qui suit :

- a) Apport sous forme de paiement de l'obligation du gouvernement du Canada;
- b) Apports versés à l'avance par les gouvernements provinciaux et territoriaux, le cas échéant;
- c) Revenus de placement de la période.

À mesure que les charges sont engagées et réparties, les montants sont déduits du solde du financement pour charges futures et comptabilisées dans les revenus.

Lorsque que les apports ne sont pas versés à l'avance par les gouvernements provinciaux et territoriaux et que des charges leur sont attribuées, ces montants leur sont demandés par le Fonds puis comptabilisés directement dans les revenus.

Demandes

Les demandes sont constatées à titre de charges dans la période au cours de laquelle le processus d'approbation des demandes a été mené à terme.

Frais d'exploitation

Les frais d'exploitation sont constatés dans la période au cours de laquelle ils sont engagés. Ils sont assujettis à l'approbation des tribunaux.

Placements

Les placements sont comptabilisés à la juste valeur, y compris les intérêts et les revenus de dividendes à recevoir. Les gains et les pertes réalisés et non réalisés ainsi que les intérêts et les revenus de dividendes sont constatés à titre de revenu de placement puis reportés, jusqu'à ce qu'ils soient affectés au paiement des charges.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Foreign currency

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Investments and cash balances denominated in foreign currencies are translated at the rates in effect at year-end. Resulting gains or losses from changes in these rates are included in investment earnings.

Future accounting changes

In December 2006, the CICA issued Section 3862, *Financial Instruments - Disclosures*; Section 3863, *Financial Instruments - Presentation*; and Section 1535, *Capital Disclosures*. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Fund will adopt the new standards for its fiscal year beginning on January 1, 2008. Section 3862 on financial instruments disclosures requires the disclosure information about: a) the significance of financial instruments for the entity's financial position and performance; and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about the entity's objectives, policies and processes for managing capital.

The Fund is currently evaluating the impact of the adoption of these new standards on its financial statements. The Fund does not expect that the adoption of these new Sections will have a material impact on its financial statements.

2. PRINCIPALES CONVENTIONS COMPTABLES (suite)

Utilisation d'estimations

Dans le cadre de la préparation des états financiers, conformément aux principes comptables généralement reconnus du Canada, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des produits d'exploitation et des charges constatés au cours de la période visée par les états financiers. Les résultats réels pourraient varier par rapport à ces estimations.

Devises étrangères

Les opérations libellées en devises étrangères sont converties en dollars canadiens aux taux de change en vigueur aux dates auxquelles les opérations sont effectuées. Les placements et l'encaisse libellés en devises sont convertis aux taux en vigueur à la fin de l'exercice. Les gains ou les pertes de change découlant de la variation de ces taux sont inclus dans le revenu de placement.

Modifications comptables futures

En décembre 2006, l'ICCA a publié le chapitre 3862, intitulé *Instruments financiers - informations à fournir*; le chapitre 3863, intitulé *Instruments financiers - présentation*; et le chapitre 1535, intitulé *Informations à fournir concernant le capital*. Ces trois chapitres s'appliqueront aux états financiers des exercices ouverts à partir du 1^{er} octobre 2007. Par conséquent, le Fonds adoptera ces nouvelles normes au cours de son exercice débutant le 1^{er} janvier 2008. Le chapitre 3862, qui traite des informations à fournir à l'égard des instruments financiers, impose aux entités de fournir des informations au sujet de : a) l'importance des instruments financiers à l'égard de la situation financière et de la performance financière de l'entité; et b) la nature et l'ampleur des risques découlant des instruments financiers auxquels l'entité est exposée au cours de la période et à la date de clôture, ainsi que la façon dont l'entité gère ces risques. Le chapitre 3863 comporte les mêmes exigences en matière de présentation des instruments financiers que le chapitre 3861. Le chapitre 1535 sur les informations à fournir concernant le capital exige la présentation d'informations sur les objectifs, les politiques et les procédés de gestion de capital d'une entité.

Le Fonds évalue présentement l'incidence de l'adoption de ces nouvelles normes sur ses états financiers. Le Fonds ne prévoit pas que l'adoption de ces nouveaux chapitres aura une incidence importante sur ses états financiers.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2007

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2007

3. INVESTMENTS

Investments are summarized as follows:

	<u>2007</u>		<u>2006</u>		
					(in thousands of dollars)
					(en milliers de dollars)
	Cost	Fair Value	Cost	Fair Value	
	<u>Coût</u>	<u>Juste valeur</u>	<u>Coût</u>	<u>Juste valeur</u>	
Cash	\$ 164	\$ 164	\$ 128	\$ 128	Encaisse
Investment earnings receivable	2,331	2,331	2,439	2,439	Revenus de placement à recevoir
Fixed income	559,723	796,588	565,039	810,706	Titres à revenu fixe
Equities	117,521	96,633	112,130	106,197	Actions
	\$ 679,739	\$ 895,716	\$ 679,736	\$ 919,470	

Determination of fair value

Fixed income includes debt obligations of governments and corporate bodies paying interest at rates appropriate to the market at the date of their purchase. Bonds are recorded at prices based upon published bid prices. The fixed income portfolio's sensitivity to a change in market rates is represented by the duration of the portfolio. As at December 31, 2007, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 15.69 years (December 31, 2006 - 16.55 years).

Pooled fund units are valued at prices based on the market value of the underlying securities held by the pooled funds.

Investment risk

Investment in financial instruments renders the Fund subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in equity markets both domestic and foreign. They also include the risks arising from the failure of a counterparty to a financial instrument to discharge an obligation when it is due.

The Fund has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed. The investment practices of the Fund are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk to the Fund is represented by the fair value of the investments.

3. PLACEMENTS

Les placements se résument ainsi :

Détermination de la juste valeur

Les titres à revenu fixe proviennent de titres de créance de gouvernements et de sociétés qui versent des intérêts à des taux conformes à ceux du marché à la date d'achat. Les obligations sont comptabilisées à des prix offerts publiés. La sensibilité du portefeuille de titres à revenu fixe aux variations des taux d'intérêt du marché correspond à la durée du portefeuille. Au 31 décembre 2007, la durée moyenne des obligations et des débetures du portefeuille, pondérée selon la juste valeur, était de 15,69 ans (31 décembre 2006 - 16,55 ans).

Les fonds communs sont évalués selon la valeur marchande des titres sous-jacents détenus par les fonds communs.

Risque de placement

Les placements dans des instruments financiers placent le Fonds face à des risques liés aux placements. Ceux-ci incluent les risques provenant des variations dans les taux d'intérêts ainsi que ceux provenant du danger éventuel qu'une des parties engagées par rapport à un instrument financier ne puisse faire face à ses obligations.

Le Fonds a adopté des politiques, des normes et des méthodes pour contrôler le niveau de risque auquel il s'expose. Les habitudes du Fonds en ce qui concerne les placements ont pour but d'éviter tout risque inutile de perte et d'insuffisance d'actif et de fournir une espérance raisonnable quant à leur juste rendement, étant donné la nature des placements. Le maximum de risque auquel s'expose le Fonds se trouve dans la juste valeur des placements.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2007

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2007

3. INVESTMENTS (continued)

a) Concentration risk

Concentration risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. The relative proportions of the types of investments, in the portfolio are as follows:

	<u>2007</u>	<u>2006</u>
	% of Fair Value	% of Fair Value
	% de la juste valeur	% de la juste valeur
Investment earnings receivable	<u>1</u>	<u>1</u>
Fixed income		
Government of Canada	80	80
Corporate	2	2
Provinces of Canada	1	1
Fixed income pooled fund units	<u>5</u>	<u>4</u>
	<u>89</u>	<u>88</u>
Equities		
Canadian		
Pooled fund units	<u>6</u>	<u>7</u>
Foreign		
U.S. pooled fund units	2	2
International pooled fund units	<u>3</u>	<u>3</u>
	<u>11</u>	<u>12</u>
	<u>100</u>	<u>100</u>

b) Foreign currency risk

Foreign currency exposure arises from the Fund's holdings of non-Canadian denominated investments, as follows:

	<u>2007</u>	<u>2006</u>
	(in thousands of dollars)	(in thousands of dollars)
	(en milliers de dollars)	(en milliers de dollars)
Equities		
U.S. pooled fund units	\$ 17,284	\$ 19,782
International pooled fund units	<u>26,046</u>	<u>28,406</u>
	<u>\$ 43,330</u>	<u>\$ 48,188</u>

3. PLACEMENTS (suite)

a) Risque de concentration

Le risque de concentration existe lorsqu'une part importante du portefeuille est investie dans des titres ayant des caractéristiques semblables ou qui sont soumis à des conditions similaires d'ordre économique, politique ou autre. Les proportions relatives des types de placements du portefeuille sont les suivantes :

Revenus de placement à recevoir
Titres à revenu fixe
Gouvernement du Canada
Sociétés
Provinces du Canada
Parts de fonds communs à revenu fixe
Actions
Canadiennes
Parts de fonds communs
Étrangères
Parts de fonds communs américains
Parts de fonds communs internationaux

b) Risque de change

Le risque de change découle de la possession, par le Fonds, de placements qui ne sont pas libellés en dollars canadiens, comme l'indique le tableau suivant :

Actions
Parts de fonds communs américains
Parts de fonds communs internationaux

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FONDS HÉPATITE C 1986 - 1990
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**4. FEES AND EXPENSES TO BE REIMBURSED BY
THE FEDERAL GOVERNMENT PURSUANT TO
COURT ORDER**

In the year ended March 31, 2006, the Joint Committee, Eckler Partners Ltd., and the Administrator incurred fees and expenses of \$126,881 related to work performed pursuant to Court Order and at the request of the Federal Government. The two Court Orders dated August 17, 2005 and December 28, 2005 directed the Joint Committee, Eckler Partners Ltd. and the Administrator to provide certain non-identifying administrative data and access to medical, actuarial, and administrative agents to the Federal Government, to assist the Federal Government in preparing their responding materials for the sufficiency hearing. The Court Orders state that all costs for and incidental to the exchange of information and data between the agents of the Joint Committee and the Federal Government, including the costs of a representative of the Joint Committee, shall be borne by the Federal Government. Accordingly, those incurred fees and expenses and their reimbursement are not recognized as revenues and expenses of the Fund, although all but \$8,669 was disbursed by the Fund in 2006. The sum of \$126,881 was received by the Fund in January 2007 as reimbursement and the \$8,669 was disbursed.

**4. FRAIS ET DÉPENSES À REMBOURSER PAR LE
GOUVERNEMENT FÉDÉRAL DANS LE CADRE
DE L'ORDONNANCE DU TRIBUNAL**

Au cours de l'exercice terminé le 31 mars 2006, le comité mixte, Eckler Partners Ltd. et l'Administrateur ont encouru des frais et dépenses d'un montant de 126 881 \$ se rapportant au travail effectué dans le cadre de l'ordonnance du tribunal et à la demande du gouvernement fédéral. Les deux ordonnances du tribunal en date du 17 août 2005 et du 28 décembre 2005 ont enjoint le comité mixte, Eckler Partners Ltd. et l'Administrateur à fournir au gouvernement fédéral certaines données administratives à caractère non-nominatif et l'accès aux ressources médicales, actuarielles et administratives, pour aider le gouvernement fédéral à préparer leurs documents de réponse en prévision de l'audition sur la suffisance du Fonds. Les ordonnances du tribunal spécifient que tous les coûts pour et liés à l'échange d'information et de données entre les cadres du comité mixte et le gouvernement fédéral y compris le coût d'un représentant du comité mixte, doivent être payés par le gouvernement fédéral. Par conséquent, ces frais et dépenses encourus ne sont pas constatés comme revenus et dépenses du Fonds, bien que tout le montant, à l'exception de 8 669 \$, ait été décaissé par le Fonds en 2006. Un montant de 126 881 \$ a été reçu par le Fonds en janvier 2007 en tant que remboursement et le montant de 8 669 \$ a été décaissé.

5. FUNDING HELD FOR FUTURE EXPENSES

5. FINANCEMENT POUR CHARGES FUTURES

	2007 (12 months) (12 mois) (in thousands of dollars) (en milliers de dollars)	2006 (9 months) (9 mois)	
Balance, beginning of period	\$ 916,985	\$ 935,765	Solde au début
Changes during the period			Variation au cours de la période
Investment earnings	2,521	2,482	Revenus de placement
Amounts recognized as revenue	(25,303)	(23,262)	Montants constatés comme revenu
Additional funding received	144	2,000	Financement additionnel reçu
Balance, end of period	<u>\$ 894,347</u>	<u>\$ 916,985</u>	Solde à la fin
Comprised of:			Composé de :
Funding contributed by the Government of Canada	\$ 893,108	\$ 914,584	Financement contribué par le gouvernement du Canada
Contributions prepaid by provincial governments	1,239	2,401	Apports versés à l'avance par des gouvernements provinciaux
	<u>\$ 894,347</u>	<u>\$ 916,985</u>	

THE 1986 - 1990 HEPATITIS C FUND
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FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2007

6. CLAIMS

Claims recognized as expenses of the Fund during the current period consist of the following:

	<u>2007</u>	<u>2006</u>
	(12 months)	(9 months)
	(12 mois)	(9 mois)
	(in thousands of dollars)	(en milliers de dollars)
Approved by the Administrator of the Fund		
Disbursed	\$ 41,889	\$ 31,008
Net change in accrued claims in process of payment	(1,196)	(3,295)
	<u>\$ 40,693</u>	<u>\$ 27,713</u>

The claims include payments totalling \$NIL (December 31, 2006 - \$NIL) for HIV secondary claimants.

6. DEMANDES

Les demandes comptabilisées dans les charges du Fonds au cours de la période comprennent ce qui suit :

Demandes approuvées par l'Administrateur du Fonds
Décaissements
Variation nette des demandes accumulées en cours de paiement

Les demandes incluent des paiements au total de nul \$ (31 décembre 2006 - nul \$) pour les requérants infectés indirectement par le VIH.

7. OPERATING EXPENSES

	<u>2007</u>	<u>2006</u>
	(12 months)	(9 months)
	(12 mois)	(9 mois)
	(in thousands of dollars)	(en milliers de dollars)
Administrator	\$ 1,947	\$ 1,618
Legal (claims' appeal costs, fund counsel)	646	549
Joint committee	408	471
Investment management	183	145
Audit and related services	100	99
Custodial trustee	92	69
Actuarial	48	77
Traceback fees	42	31
Medical and other consulting	19	129
	<u>\$ 3,485</u>	<u>\$ 3,188</u>

7. FRAIS D'EXPLOITATION

Administrateur
Frais juridiques (frais des demandes en appel, avocats du fonds)
Comité mixte
Gestion des placements
Honoraires de vérification et de services connexes
Frais de garde
Honoraires d'actuariat
Frais de recherche
Frais médicaux et autres frais de consultation

8. FINANCIAL INSTRUMENTS

The Fund's financial instruments consist of investments, receivables and accounts payable and accrued liabilities. The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these items. The fair value of investments is as disclosed in Note 3.

8. INSTRUMENTS FINANCIERS

Les instruments financiers du Fonds sont composés de placements, de débiteurs et de créiteurs et charges à payer. La juste valeur de l'encaisse, des débiteurs et des créiteurs et charges à payer se rapproche de leur valeur comptable compte tenu du caractère à court terme de ces éléments. La juste valeur des placements est divulguée à la note 3.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2007

9. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared as information relating to cash flows is otherwise adequately disclosed.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice terminé le 31 décembre 2007

9. ÉTAT DES FLUX DE TRÉSORERIE

Aucun état des flux de trésorerie n'a été préparé étant donné que l'information liée aux flux de trésorerie est adéquatement présentée dans ces états financiers.

10. CHIFFRES DE L'EXERCICE PRÉCÉDENT

Certains chiffres de l'exercice précédent ont été reclassés à fin que leur présentation soit conforme à celle adoptée pour l'exercice courant.

TAB D

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**



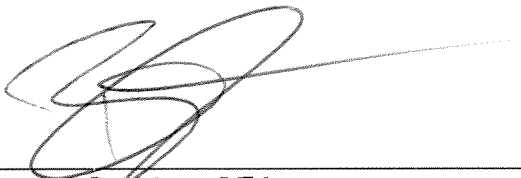
1986-1990 HEPATITIS C SETTLEMENT TRUST FUND

Annual Certificate of Compliance

For the year ending: December 31, 2007

We are in compliance with your Investment Policy Guidelines as set out in Schedule 5 to the Judgment of the Honourable Mr. Justice Warren K. Winkler of October 22, 1999.

Verified by:



Bruce Geddes, CFA
Managing Director
Portfolio Management

Date: February 11, 2008

TAB E

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**



Asset Management

TD Asset Management Inc.
TD Canada Trust Tower
161 Bay Street, 34th Floor
Toronto, Ontario M5J 2T2

February 11, 2008

VIA MAIL

Dawn Kelly-Bertrand
Deloitte & Touche
800-100 Queen Street
Ottawa, Ontario
K1P 5T8

Dear Dawn:

**Re: December 2007 audit of the 1986-1990 Hepatitis C Settlement Trust Fund -
Accounts 45050, 45060, 45065**

Enclosed please find copies of the Portfolio Valuation as at December 31, 2007 for the three 1986-1990 Hepatitis C Settlement Trust Fund accounts.

There were no unsettled trades for the above accounts as at December 31, 2007.

The 2007 audited financial statements for the pooled funds are not available at this time. A copy will be forwarded to you as soon as they become available.

We also confirm that there were no outstanding or unsettled option transactions as at December 31, 2007.

Below is the list of management fees billed for the year ending December 31, 2007 (including tax). For Q4, GST was charged at 5%.

Account Number	Account Name	Mar-07	Jun-07	Sep-07	Dec-07
45050	1986-1990 Hepatitis C Settlement Trust Fund-RRB	\$9,159.05	\$9,197.16	\$9,098.51	\$9,092.69
45060	1986-1990 Hepatitis C Settlement Trust Fund-STF	11,064.99	10,104.41	10,176.59	9,861.76
45065	1986-1990 Hepatitis C Settlement Trust Fund-Other	27,891.29	29,182.48	28,979.17	28,613.68
Total		\$48,115.33	\$48,484.05	\$48,254.27	\$47,568.13

Investments were calculated at mid-market prices as at December 31, 2007.

Investments calculated at Bid prices are not applicable as at December 31, 2006.

Should you require additional information, please contact Arlene Jermacans, Client Service Associate at 416-983-1775 or your Relationship Manager, Debbie Fong at (416) 308-4131.

Sincerely yours,

Shari Fong
Associate, Institutional Client Service

cc: Bonnie Tough
Debbie Fong

Enclosures



TAB F

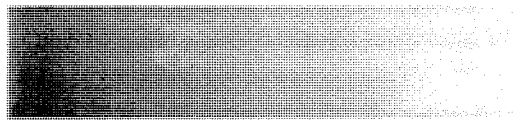
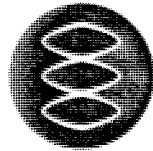
**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

REPORT OF ECKLER LTD. ACTIVITIES

The firm of Eckler Ltd. was engaged to provide the Trust Fund with continuing actuarial advice during the period from January to December, 2007. During this fiscal year Eckler Ltd. provided continuing assistance to the Joint Committee in updating of the interest requirements each month, review TD asset reports; review Royal Trust asset statements, check Royal Trust quarterly interest calculations/allocations, reconcile to asset statements, review/update investment results, update payment amounts for change in Pension Index for 2008, analysis of investment returns, preparation of investment summary for the Joint Committee, various discussions with counsel, other miscellaneous items.

TAB G

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**



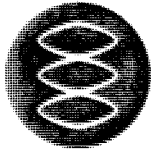
Hepatitis C Settlement Trust Fund

**Investment Summary
as at
December 31, 2007**

May 2, 2008



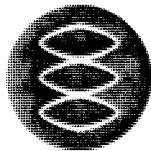
Eckler Ltd.
Consultants and Actuaries



Overview

- Total assets consist of two main components:
 - An Investible Fund, split into two portfolios
 - Long Term Fund investing in real return bonds, equities and other bonds
 - Short Term Fund investing in short term bonds
 - A Notional Fund, consisting of amounts owed by the provincial governments
- Investible assets are managed by TD Asset Management, either passively or on an indexed basis
- RBC Dexia are the custodians of the investible assets
- Our analysis is based on statements provided by both RBC Dexia and TD Asset Management as well as previous performance analyses done by Towers Perrin
- In particular
 - All dollar amounts, including asset values and cashflows, are taken from RBC Dexia accounts
 - Returns are derived from the TD quarterly statements and have not been independently verified
- TD Asset Management is required to certify that it has complied with the investment guidelines specified by the trustees. We have not verified that this has taken place or that the guidelines have been complied with.





Asset Summary

(\$,000's)

Fund	Portfolio	Strategy	Bench- mark	Dec-07			Dec-06		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long term	Real Return Bonds	Passive	80.0%	691,049	81.6%		698,892	81.7%	
	Universe Bonds	Index	6.0%	41,494	4.9%		42,059	4.9%	
	Canadian Equity	Index	7.0%	69,805	8.2%		65,139	7.6%	
	US Equity	Index	3.5%	17,636	2.1%		20,140	2.4%	
	EAFE Equity	Index	3.5%	26,741	3.2%		28,991	3.4%	
	Cash		0.0%	27	0.0%		26	0.0%	
			100.0%	846,752	100.0%	75.1%	855,248	100.0%	74.7%
Short Term									
	Short Term Bonds	Index		66,971			72,374		
	Cash			138			60		
				67,109		5.9%	72,435		6.3%
Total Invested Assets *				913,861		81.0%	927,682		81.0%
Provinces Notional Assets (net of prepayments/include outstanding payments)				214,467		19.0%	216,915		19.0%
Total Assets				1,128,328		100.0%	1,144,597		100.0%

* Total Invested Assets includes prepayments from Alberta and Yukon

Split of Invested Assets between:

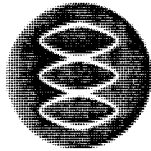
Long Term Fund	92.7%	92.2%
Short Term Fund	7.3%	7.8%
Total Invested Assets	100.0%	100.0%

Totals may not add due to rounding

May 2, 2008



Eckler Ltd.
Consultants and Actuaries



Comments on Asset Summary

As of December 31, 2007

- Weighting for real return bonds is currently 1.6% above their benchmark of 80% of the Long Term Fund
 - This is virtually unchanged from December 31, 2006 (1.7% above benchmark)
- Universe bonds are 1.1% below their benchmark of 6%
 - This is unchanged from December 31, 2006
- Equities are below their benchmark by 0.5%
 - At December 31, 2006 they were 0.6% below their benchmark
- PT Notional Funds are net of prepayments by Alberta and Yukon
 - See further detail on page 7
- As a percentage of the Invested Assets, the Long Term Fund has increased from 92.2% to 92.7%, while the Short Term Fund has decreased from 7.8% to 7.3% during the fiscal year

May 2, 2008



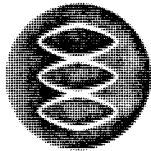
Eckler Ltd.
Consultants and Actuaries



Asset Development (\$,000's)

	Invested Assets ¹			Provinces' Notional Assets ¹	Total Assets
	Real Return Bond Fund	Other Long Term Funds	Short Term Fund	Invested Assets	
Initial, at December 31, 2006	698,910	156,338	72,435	927,682	1,144,597
Investment Income (realized and unrealized)	13,959	4,074	2,634	20,667	29,605
Inflow: Recoveries from Provinces : Additional prepayments	-	-	11,368	11,368	-
	-	-	17	17	-
Outflow: Benefit Payments Expenses	-	-	(41,888)	(41,888)	(41,888)
	-	-	(3,984)	(3,984)	(3,984)
Transfers between funds	(21,801)	(4,727)	26,529	-	-
Closing, at December 31, 2007	691,067	155,685	67,109	913,861	1,128,328

1. Invested Assets include PT prepayments; Provinces' Notional Assets are net of prepayments and include outstanding payments
2. These figures differ slightly from those on page 3 because of allocation of cash balances
3. Based on RBC Dexia statements
4. Totals may not add due to rounding



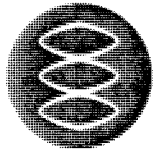
Comments on Asset Development

- Total invested assets (i.e. excluding PT assets) have decreased since December 31, 2006 by \$13.8m
 - As a result of the "federal" 8/11ths share of the total payouts exceeding investment returns
- The notional PT assets have decreased by \$2.4m
 - As a result of their 3/11ths share of the total payout exceeding interest credits at T-bill rates.
- Total assets (i.e. including PT assets) have decreased by \$16.3m
- Benefits are paid from the Short Term Fund
- From June 2002 onwards all recoveries from the provinces were allocated to the Short Term Fund
 - This practice is expected to continue in the future
- TD Asset Management made net transfers from the Long Term Fund to the Short Term Fund of \$27m
 - \$22m from real return bonds in June and December 2007
 - \$5m from other long term funds - spread over the period

May 2, 2008



Eckler Ltd.
Consultants and Actuaries



Expansion of PT Assets (\$,000's)

	Gross PT Assets	Less: prepayments/outstanding payments			Net PT Assets
		Yukon	Alberta	PEI	
Initial, at December 31, 2006	219,314	-	2,493	(94)	216,915
Interest Credits	9,017	-	79	-	8,938
Additional Prepayments/payments	-	17	-	94	(111)
3/11th share of benefits/expenses	<u>(12,499)</u>	<u>(1)</u>	<u>(1,223)</u>	<u>-</u>	<u>(11,275)</u>
Closing, At December 31, 2007	215,832	17	1,349	-	214,467

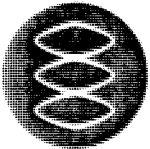
Notes:

Ontario's prepayments were used up by August 2002.

PEI owed an amount of \$94k at 12.31.2006. This represented the difference between payments received from PEI and its share of benefits/expenses.

Totals may not add due to rounding.





Investment Returns

Fund	Portfolio	Fiscal Year ending				9 months to Dec-06	Year ending Dec-07	Quarterly Returns Fiscal Dec 2007			
		Mar-04	Mar-05	Mar-06	Mar-06			Mar-07	Jun-07	Sep-07	Dec-07
Long term	Real Return Bonds	14.6%	10.4%	10.5%	-0.8%		2.0%	1.2%	-2.6%	1.5%	2.0%
	Universe Bonds	10.6%	5.0%	4.9%	4.5%		3.6%	0.9%	-1.6%	1.7%	2.7%
	Canadian Equity	37.5%	13.9%	28.7%	11.1%		10.2%	2.8%	6.0%	2.4%	-1.2%
	US Equity	20.2%	-2.1%	7.4%	10.6%		-10.8%	-0.3%	-2.1%	-4.8%	-4.1%
	EAFE Equity	40.5%	5.9%	20.1%	15.3%		-5.9%	3.1%	-1.9%	-4.6%	-2.4%
	Total	16.4%	9.9%	11.5%	1.0%		2.2%	1.3%	-1.9%	1.2%	1.5%
Short Term	Short Term Bonds	8.1%	3.0%	2.3%	3.5%		4.1%	1.0%	-0.4%	1.8%	1.6%
Total Invested Assets		15.3%	9.1%	10.8%	1.2%		2.3%	1.3%	-1.8%	1.3%	1.5%
Notional IPT Assets		2.9%	2.2%	2.9%	3.1%		4.2%	1.0%	1.0%	1.1%	1.0%
Total Assets		12.4%	7.7%	9.2%	1.5%		2.7%	1.2%	-1.2%	1.2%	1.4%

Notes:

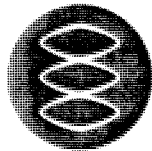
- The 2007 annual and quarterly returns for the component portfolios are as reported by TD Asset Management in their quarterly investment reports. Eckler has not independently verified these.
- Aggregated annual and quarterly returns (Total Long Term, Total Invested Assets and Total Assets) are calculated by Eckler taking into account the relative market values, cashflows and investment returns of the component portfolios.
- Returns for the fiscal years 2004 to 2006 are calculated by Eckler based on the quarterly returns shown above.
- Eckler returns are calculated on an approximate basis, using average cashflows; they may differ slightly from returns calculated by a performance measurement service using daily cashflows.



Comments on Investment Returns

- The overall return of 2.7% for the 2007 calendar year is the result of positive returns from all the component portfolios except US equities (-10.8%) and EAFE equities (-5.9%)
- Canadian equity produced the best returns in 2007 of 10.2%. These were largely offset by the poor returns on US and EAFE equity
- The strengthening of the Canadian dollar contributed to the poor US and EAFE equity returns
- The PT notional fund is charged interest at the 3 month T-bill rate; as in 2006, these rates were higher than the total return on the invested assets.

May 2, 2008



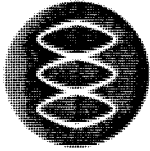
Tracking Error

Fiscal Year ending			9 months to	Year ending	4 years Jan 2004 - Dec 2007		Target tracking error	
	Mar-04	Mar-05	Mar-06	Dec-06	Dec-07		1 year	4 years
Universe Bonds	Actual	10.6%	5.0%	4.9%	4.5%	3.6%		
	Index	10.8%	5.0%	4.9%	4.5%	3.7%		5.3%
	t/e	-0.2%	0.0%	0.0%		-0.1%	0.20%	0.10%
Canadian Equity	Actual	37.5%	13.9%	28.7%	11.1%	10.2%		17.1%
	Index	37.7%	13.9%	28.7%	11.1%	10.2%		17.1%
	t/e	-0.2%	0.00%	0.0%		0.0%	0.30%	0.15%
US Equity	Actual	20.2%	-2.1%	7.4%	10.6%	-10.8%		1.7%
	Index	20.4%	-2.1%	7.4%	10.6%	-10.8%		1.8%
	t/e	-0.2%	0.0%	0.0%		0.0%	0.30%	0.15%
EAFE Equity	Actual	40.5%	5.9%	20.1%	15.3%	-5.9%		10.0%
	Index	40.8%	5.9%	20.0%	15.2%	-5.7%		10.0%
	t/e	-0.3%	0.0%	0.1%		-0.2%	0.60%	0.30%
Short Term Bonds	Actual	8.1%	3.0%	2.3%	3.5%	4.2%		3.9%
	Index	8.3%	2.9%	2.3%	3.5%	4.1%		3.9%
	t/e	-0.2%	0.1%	0.0%		0.1%	0.20%	0.10%

- Actual returns for the fiscal years 2004 - 2006 are calculated by Eckler based on the quarterly returns reported by TD Asset Management

- Index Returns for the fiscal years 2004 - 2006 are calculated by Eckler, based on quarterly index returns reported by TD Asset Management

May 2, 2008



Comments on Tracking Error

- All portfolios meet their tracking error target over both one and four years

May 2, 2008



Eckler Ltd.
Consultants and Actuaries

TAB I

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

1986-1990 Hepatitis C Claims Centre

Annual Report for the Period Ending December 31, 2007

Appointment

On March 9, 2000, the Courts appointed Crawford Canada to act as Administrator of the 1986-1990 Hepatitis C Class Actions Settlement. The administration of this complex class action settlement celebrated its seventh anniversary on March 9, 2007.

Duties of the Administrator

The duties and responsibilities of the Administrator as outlined in the Settlement Agreement include:

- a. establishing and staffing "The 1986-1990 Hepatitis C Claims Centre";
- b. developing, installing and implementing systems and procedures for receiving, processing, evaluating and making decisions respecting Claims including making all necessary inquiries (including consulting medical personnel) to determine the validity of any Claim and requiring any claimant to have a medical examination;
- c. reporting to the Joint Committee and the Courts respecting Claims received and being administered;
- d. providing personnel in such reasonable numbers as are required for the performance of its duties, and training and instructing them;
- e. keeping or causing to be kept accurate accounts of its activities and its administration of the Plans, preparing such financial statements, reports and records as are required by the Joint Committee, Fund Counsel and the Courts, in form and content as directed by the Courts, and submitting them to the Joint Committee, Fund Counsel and the Courts monthly or so often as the Courts direct;
- f. receiving and responding to all enquiries and correspondence respecting Claims, supplying claim forms, reviewing and evaluating all Claims, making decisions in respect of Claims, giving notice of its decision, receiving compensation payments on behalf of the Class Members out of the Trust and forwarding the compensation in accordance with the provisions of the Plans within a reasonable period of time and communicating with a claimant, in either English or French, as the claimant elects;
- g. assisting in the completion of claim forms and attempting to resolve any disputes with claimants;
- h. maintaining a database with all information necessary to permit the Courts to evaluate the financial viability and sufficiency of the Trust Fund from time to time; and
- i. such other duties and responsibilities as the Courts may from time to time by order direct.

Year Eight (January 1st to December 31st, 2007)

Some important tasks in Year Eight included the following:

- ✓ Continued to process “residual claims” and “new claims”.
- ✓ Provided reports and data for fund sufficiency purposes.
- ✓ Processed all claimants’ requests for a disease-level reassessment.
- ✓ Continued our research with respect to HCV associated medical conditions and medications for the purpose of updating the “HCV Medication List”.
- ✓ Prepared files for Fund Counsel, Referees, and Arbitrators and attended the appeal hearings.
- ✓ Continued to work in collaboration with Canadian Blood Services, Héma-Québec, British Columbia Center for Disease Control, provincial programs and medical experts.
- ✓ Worked in collaboration with the auditors from Deloitte to complete the year-end audit process.
- ✓ Updated the www.hepc8690.ca Web site on a regular basis.
- ✓ Reported and met with the Joint Committee on a regular basis.
- ✓ Prepared and submitted various reports to the Joint Committee on a regular basis.

Key Claims Evaluation Statistics as of December 31, 2007

<i>Total Funds Disbursed to Date</i>		\$549,454,300
<i>Claims Received to Date</i>		14,509
<i>Claims Approved to Date</i>		11,747
<i>Claims Denied to Date</i>		2,201
<i>Traceback Requests Initiated</i>		4,499

Summary of Payments by Fiscal Year

	Total Amount Paid
<i>Year 1</i>	\$72,341,110
<i>Year 2</i>	137,263,842
<i>Year 3</i>	91,603,092
<i>Year 4</i>	60,634,359
<i>Year 5</i>	65,060,633
<i>Year 6</i>	50,375,247
<i>Year 7 (9 months)</i>	30,288,044
<i>Year 8</i>	41,887,973
<i>Total</i>	\$549,454,300

Service Performance Criteria / Deliverables

Crawford continues to meet or exceed all service performance criteria as per the Terms of Appointment of the Administrator. Some of these criteria include the following:

- Making a decision on a claim and advising the claimant of the decision no later than 30 days after the receipt of all relevant information;
- Compensating all Class Members within 45 days of the payment being approved;
- Capturing all data accurately for reporting purposes;
- Maintaining historical data.

TAB P

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

REPORT OF FUND COUNSEL

1. The duties and responsibilities of Fund Counsel are defined by Section 7.01 of the January 1, 1986 - July 1, 1990 Hepatitis C Settlement Agreement. These duties and responsibilities include:
 - (a) defending decisions made by the Administrator;
 - (b) defending and advancing the interests of the Trust Fund;
 - (c) receiving financial statements and actuarial and other reports relating to the financial sufficiency of the Trust Fund from time to time;if deemed necessary or desirable by Fund Counsel, making applications to courts pursuant to Section 10.01 of the Settlement Agreement.
2. John Callaghan and Belinda Bain have been appointed as Fund Counsel for the Ontario Class Actions by Order of the Ontario Superior Court of Justice. Mason Poplaw was appointed Fund Counsel for the Quebec Class Actions by Order of the Quebec Superior Court. William Ferguson was appointed Fund Counsel for the British Columbia Class Actions by Order of the British Columbia Supreme Court.
3. During the fiscal period January 1, 2007 to December 31, 2007, Fund Counsel were primarily involved in defending decisions made by the Administrator on appeals instituted by claimants. The appeals are conducted either as References or Arbitrations. Appeals can be conducted in writing or in person. In each case, written submissions are delivered to the claimant and the Referee/Arbitrator in advance of the appeal. When the appeal is conducted in person, Fund Counsel attends the hearing. The hearing is held where the claimant resides.
4. If the appeal is conducted by way of Reference, the Referee's decision is final and binding within 30 days of the release of the decision unless a claimant opposes confirmation within the 30 day period. If confirmation of the Referee's decision is opposed by the claimant, the Referee's decision is reviewed by the Court.
5. In addition to the appeals, Fund Counsel have also handled claims where court approval was necessary for payments involving minors or a mentally incompetent adult.
6. Fund Counsel also receive and review financial statements and other reports relating to the financial sufficiency of the Trust Fund.

7. Below is a report of the activities of each Fund Counsel in relation to the appeals conducted:

(a) **Ontario Fund Counsel**

Ontario Fund Counsel handles appeals from Claimants in Alberta, Manitoba, Ontario, Saskatchewan, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Yukon Territory, The Northwest Territories and Nunavut.

Number of total appeals received from the beginning to Dec 31, 2007	271
Number of appeals received from January 1, 2007 to December 31, 2007	17
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2007	178
Number of completed appeals (decisions rendered) from January 1, 2007 to December 31, 2007	13
Number of total withdrawals from the beginning to December 31, 2007	28
Number of withdrawals from January 1, 2007 to December 31, 2007	2
Number of total rescissions of denial from the beginning to December 31, 2007	17
Number of rescissions of denial from January 1, 2007 to December 31, 2007	2
Number of total Mediated Appeals from January 1, 2007 to December 1, 2007	7
Number of Mediated appeals from January 1, 2007 to December 31, 2007	0
Number of Archived Appeals (represents appeals where the Claimant cannot be located before a decision has been rendered or the Arbitrator or Referee has agreed to an indefinite adjournment).	6
Number of pending Appeals as of December 31, 2007 (subtotal-see below)	35
Number of total requests for judicial confirmation from the beginning to December 31, 2007	46
Number of requests for judicial confirmation from January 1, 2007 to March 31, 2007	4
Number of total judicial decisions from the beginning to December 31,	***31

2007	
Number of judicial decisions from January 1, 2007 to December 31, 2007	***2
Number of Appeals Justice Winkler has sent back to Referee up to December 31, 2007	4
Number of Appeals Justice Winkler has sent back to Referee from January 1, 2007 to December 31, 2007	0
Total Number of pending appeals as of December 31, 2007 including Appeals sent back to Referee by Justice Winkler	38

*** These numbers of the judicial decisions do not include the decisions from Justice Winkler sending them back to the Referee to be reheard.

Because Ontario Fund Counsel is involved in appeals from a number of provinces, there is a significant amount of travel involved in conducting some of the appeals.

Ontario Fund Counsel incurred fees of \$222,839.50 plus GST on fees of \$13,370.37 and disbursements of \$25,496.47, including \$6,559.70 for traveling expenses and \$11,433.00 in connection with expert expenses. With taxes, the total amount of fees and disbursements incurred is \$263,128.85.

(b) **Quebec Fund Counsel**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2007:	72
Number of appeals received from January 1, 2007 to December 31, 2007:	1
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2007:	55
Number of completed appeals (decisions rendered) from January 1, 2007 to December 31, 2007:	2
Number of total withdrawals from the beginning to December 31, 2007:	9
Number of withdrawals from January 1, 2007 to December 31, 2007:	1
Number of total mediated appeals from the beginning to December 31, 2007:	1
Number of mediated appeals from January 1, 2007 to December 31, 2007:	0

Number of total rescissions of denial from the beginning to December 31, 2007:	5
Number of rescissions of denial from January 1, 2007 to December 31, 2007:	1
Number of pending appeals as of December 31, 2007:	2
Number of total requests for Judicial confirmation from the beginning to December 31, 2007:	17
Number of requests for Judicial confirmation from January 1, 2007 to December 31, 2007:	2
Number of total Judicial decisions from the beginning to December 31, 2007:	15
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2007	1
Number of judicial decisions from January 1, 2007 to December 31, 2007:	1

Quebec Fund Counsel has incurred fees of **\$54,659.00** and disbursements of **\$4,742.98** including **\$594.13** for travel expenses and **\$1,520.00** in connection with expert fees. With taxes, the total amount of fees and disbursements incurred in Quebec is **\$62,966.12**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2007:	64
Number of appeals received from January 1, 2007 to December 31, 2007:	0
Number of total completed appeals (dec rendered) from the beginning to December 31, 2007:	44
Number of completed appeals (dec rendered) from January 1, 2007 to December 31, 2007:	3
Number of total withdrawals from the beginning to December 31, 2007:	11
Number of withdrawals from January 1, 2007 to December 31, 2007:	3
Number of total rescissions from the beginning to December 31, 2007:	0

Number of rescissions from January 1, 2007 to December 31, 2007:	0
Number of total mediated appeals from the beginning to December 31, 2007:	1
Number of mediated appeals from January 1, 2007 to December 31, 2007:	1
Number of Archived Appeals:	2
Number of pending appeals as of December 31, 2007:	6
Number of total request for judicial confirmation from the beginning to December 31, 2007:	17
Number of requests for judicial confirmation from January 1, 2007 to December 31, 2007:	2
Number of total judicial decisions from the beginning to December 31, 2007:	17
Number of judicial decisions from January 1, 2007 to December 31, 2007:	3

B.C. Fund Counsel has incurred fees of **\$48,802.50** and disbursements of **\$5,176.69**, including **\$107.83** for travel expenses and no expert expenses. With taxes, the total amount of fees and disbursements incurred in B.C. is **\$60,623.01**.

Appeals that are pending generally fall into one of the following categories:

- (a) Appeals that have been requested but not yet commenced. Some Arbitrators and Referees schedule a pre-appeal conference call before a date for the appeal is set. This can result in the delay in scheduling a date for the appeal. Often, claimants require additional time to collect evidence before commencing the appeal. Fund Counsel generally consent to a reasonable period of delay for the benefit of the claimant.
- (b) Appeals that have been commenced but not yet concluded. Appeals are often adjourned to allow the claimant an opportunity to collect and provide additional evidence. Fund Counsel generally consent to these adjournments. The Referee/Arbitrator usually monitors the adjournment to ensure that the appeal resumes in a reasonable period of time.
- (c) Appeals that have been concluded and the decision from the Arbitrator or Referee is pending.

Pursuant to the Court Approved Protocol for Arbitration/References and subject to the discretion of the Referees and Arbitrators, Fund Counsel endeavour to conduct the appeals in the simplest, least expensive and most expeditious procedure. When practical

and reasonable to do so, evidence from witnesses is introduced in writing or by telephone to eliminate the expense of having the witness testify in person. However, in some appeals, it is preferable to have the witness testify in person and on these occasions the expense is unavoidable.

8. Fund Counsel anticipates that the time required to handle appeals during this fiscal year will either remain the same or decrease slightly. This will depend upon the number of appeals which raise complicated medical and other issues and which might require expert evidence.

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TAB Q

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

BRIEF SUMMARY OF JOINT COMMITTEE WORK DURING EIGHTH YEAR OF OPERATIONS

Overview

1. The Joint Committee ("JC") has a mandate to implement the 1986-1990 Hepatitis C Settlement Agreement and Plans and to supervise the ongoing administration of claims.
2. The JC worked on a regular basis with the Administrator to assist in getting claims processed as efficiently as possible. The JC held meetings with the Administrator either face-to-face or by conference call and liaised monthly with the Administrator to ensure:
 - (a) adequate management and staffing was in place;
 - (b) efficient claim evaluation and payment of claims;
 - (c) proper performance by the administrator;
 - (d) timely claims processing time and claimant satisfaction;
 - (e) appropriate monitoring of complaints; and
 - (f) budget commitments were being monitored and kept.
3. The eighth year is a 12-month year running from January 1, 2007 to December 31, 2007. This creates uniformity with JC reporting and the reporting by all of the other service providers.

Fund Sufficiency

4. The JC continued to closely monitor the sufficiency of the Trust Fund, the performance of the portfolio of assets held by the Trust Fund, and whether the portfolio components are meeting benchmark targets and disbursements out of the Trust Fund. In summary, the overall return was again very substantial with total assets continuing to grow after deducting total disbursements for compensation payments and administrative costs. Total compensation paid to class members amounted to approximately \$550,000,000 at the end of year seven.
5. In the eighth fiscal year, the JC started the work of preparing for the triennial Trust Fund sufficiency hearing. Briefly, this work included: (a) liaison with Dr. Murray Krahn and his associates with respect to medical modeling for the class members; (b) liaison with Dr. Frank Anderson to update medical developments and treatments pertaining to HCV; (c) liaison with Eckler Ltd. to prepare an actuarial assessment of Trust Fund sufficiency; and (d) general planning for the next Trust Fund sufficiency hearing. The JC considered methods to allow for greater efficiency and to cost savings associated with the next fund sufficiency review all of which is outlined in greater detail in the fund sufficiency budget material being put before the Courts at this time.

6. The JC also explored with the Federal, Provincial and Territorial Governments (primarily the Federal Government) the prospect of minimizing or avoiding an adversarial approach to the next Trust Fund sufficiency hearing on the premise that the 2010 Trust Fund sufficiency hearing would be the definitive hearing pertaining to potential surplus and dealing with that potential surplus. This initiative, if successful, will generate substantial cost savings by avoiding, for instance, in person hearings in each of the three jurisdictions.

Pre-1986 HCV Cohort

7. The Federal Minister of Health announced that the Government of Canada had entered into an agreement in principle with respect to financial compensation to people who were infected with hepatitis C through the blood system before January 1, 1986, and after January 1, 1990. The Administrator of 1986-1990 HCV Settlement Agreement was chosen to administer the compensation scheme for those class members who were infected with hepatitis C through the blood system before January 1, 1986, and after January 1, 1990. The JC continues to monitor this settlement and the administration of the settlement to assess the impact on the 1986-1990 class members and on the administration of the Trust Fund.

Administrator

8. Subject to court approval, the JC concluded negotiations with the administrator, Crawford, in respect of the administration contract. The proposed administration contract covers the remaining period until 2010 and provides for remuneration of Crawford on a fixed fee basis subject to adjustment based on certain predetermined volumes.

Prince Edward Island

9. The JC was advised by the Trustee of the Government of Prince Edward Island had failed to make its required remittances to the Trust Fund and was in an overdraft position. No payments to any claimants were delayed however. The JC worked with outside counsel to resolve this problem and obtained the necessary funds from the government of Prince Edward Island without the necessity of the court application.

Liver Transplant

10. A class member had a liver transplant in California and his home province refused to reimburse any of the costs associated with the transplant. The issue for the home province was whether the individual could have received such a transplant in Canada. The JC supported the class member's submissions that such a transplant was not available in Canada. The JC collected information and forwarded it to the home province together with a statement of the JC position that the Province was the "first payer" and that a substantial portion of the cost of the liver transplant should be born by the province. Ultimately, the home province agreed to reimburse the individual thereby saving the Trust Fund approximately \$700,000.

Alternative to Biopsy

11. The JC learned that an unfairness had developed between the Plan for hemophiliacs and the Plan for transfused individuals. Hemophiliacs (as a result of their underlying health issues) are permitted to prove their entitlement to compensation at certain levels without requirement of a liver biopsy. The JC was advised that there were some individuals in the transfused class who had not dissimilar underlying health conditions which resulted in a liver biopsy being contra-indicated. The JC concluded this work in the eighth year by obtaining a Court Approved Protocol to resolve this issue.

Increasing Loss of Income Cap

12. Once it was determined by the courts that there was no insufficiency in the Trust Fund, the JC conferred with Eckler Ltd. and its auditors, Deloitte, to determine if the JC could prudently recommend an increase of the ceiling pertaining to loss of income (LOI). The LOI ceiling was originally set at \$75,000 and later increased by court order to \$300,000. The JC considered that it was not fair that three claimants whose LOI was above the ceiling of \$300,000 should not receive the same treatment as all other claimants. The JC concluded that it could prudently recommend that the LOI ceiling be increased to an amount that captured these three claimants. The JC conferred with the Federal, Provincial and Territorial Governments and secured their agreement not to oppose an application to increase the ceiling pertaining to a LOI. Court orders were sought and granted raising the ceiling on LOI on condition that any future claimants whose LOI exceeded the ceiling of \$300,000 must seek leave of their respective court in an order granting LOI compensation beyond the ceiling of \$300,000. In fiscal year 8 no further such claimants were identified.

Miscellaneous Matters

13. The JC monitored appeal decisions for claimants whose claims were denied by the Administrator. The JC provided guidance to Fund Counsel with respect to difficult and exceptional cases.
14. The JC continued to liaise with Canadian Blood Services and Héma-Québec on trace back issues and obtaining claimants' medical records from hospitals.
15. The JC continued holding conference calls to discuss and resolve administrative and other issues as they arose. These conference calls were reduced from bi-weekly to monthly. The JC also held periodic conference calls with Fund Counsel, the Administrator and Justice Winkler's monitor to discuss and resolve issues as they arose.
16. The JC has also done the following to improve the administration of the Plans:
 - (a) addressed the complaints and inquiries of class members including meetings with class members and representatives of class members;
 - (b) met with physicians/experts to keep abreast of medical science pertaining to HCV; and

- (c) responded to direction from the Courts of Ontario, British Columbia and Quebec with respect to the implementation of the plan and issues pertaining to sufficiency.

- 17. The JC continues to seek orders as necessary for the implementation and administration of the Plans and to report to the Courts on material issues.
- 18. The JC has reported to the courts from time to time pertaining to the trace back program which constitutes one measure of “gate keeping” to ensure, as far as possible, that only eligible class members are compensated under the Plans.

Trace Back Issues

- 19. Trace backs are conducted for Health Canada by Canadian Blood Services (“CBS”) and the sister organization in Quebec, Héma-Québec. During the first few years of the administration of the settlement plan, the available trace back resources of CBS and Héma-Québec were overtaxed and the courts approved interim funding from the settlement funds to provide the trace back services required for the Plans. The annual trace back costs have dropped dramatically and CBS and Héma-Québec have not had any problem in the last few years meeting the demand for trace back services.
- 20. In addition to increasing the resources available to meet the early substantial demand for the trace back services, the courts approved a trace back protocol which also permitted preliminary approval of class members and compensation in the absence of a completed trace back in some cases. For example, claimants who only received blood during the class period and who were under the age of 18 at the time they received transfusions, received preliminary approval through the use of the “yes/no table” included in this trace back protocol. Furthermore, for claimants for whom a trace back was required, there was an arbitrary six month cut off timeframe to complete the trace back procedure required by the Plans. If a trace back procedure was not fully completed in six months, a claimant who was not otherwise disqualified, received preliminary approval as a class member and compensation based upon the incomplete trace back results.
- 21. The JC acknowledged that some class members who received preliminary approval as a result of the application of the “yes/no table” or the arbitrary six-month cut off rule, would subsequently be determined not to be eligible when trace backs were eventually completed under the trace back obligation imposed on Health Canada. At the time of their preliminary approval, those class members were advised that if the administrator received a completed trace back as required by Health Canada at a later date which showed that they received a transfusion of blood contaminated with HCV prior to the class period or that all of the blood they received during the class period was not contaminated with HCV, their preliminary approval as a class member and compensation benefits would be terminated although they would not be required to repay the compensation benefits received up to that time.
- 22. In the vast majority of cases where class members received preliminary approval, the administrator has received trace back results from Health Canada confirming the

infection with HCV through a blood transfusion within the class period. In some cases, the administrator has not received a completed trace back from Health Canada.

23. The JC earlier advised the courts that as of May 31, 2004, 6.7% of preliminary approvals were terminated by the trace backs ultimately concluded by Health Canada. At that time approximately \$4.6 million had been paid to class members on the basis of preliminary approvals out of a total of \$362 million paid to class members, that is about 1.3% of payouts. The JC indicated to the courts at that time that they expected these percentages to decline over time.
24. The number of preliminary approvals that have been terminated by the completed Health Canada trace backs has indeed dramatically declined. During year four, the eligibility of 26 preliminarily approved class members who had received \$1,282,000 in benefits was terminated. During year five, the eligibility of 13 preliminarily approved class members who had received \$840,000 in benefits was terminated. During year six, the eligibility of 3 preliminarily approved class members who had received a total of \$404,000 in benefits was terminated. At the end of year 7, only one preliminarily approved class member who had received a total of \$231,000 in benefits was terminated. At the end of year 7, the total amount paid out to preliminarily approved class members who have had their eligibility as class members terminated amounted to \$5,818,000 out of the total compensation of \$510,000,000 paid to class members or 1.14%. At the end of year eight, the total amount paid out to preliminarily approved class members who have had their eligibility as class members terminated, amounted to \$6,356,000 out of the total compensation of \$551,000,000 paid to class members or 1.15%. The JC expected this number to fall further but the amount paid out to preliminarily approved class members whose approval was negated by a Health Canada negative trace backs amounted to approximately \$538,000 in fiscal year 8. This figure was skewed by a single claimant who had been paid almost \$500,000 and the preliminary approval had been outstanding for almost 6 years before a negative trace back was received. Only three claims in total were negated in the fiscal year 8

Financial Matters and Budgetary Process

25. The JC is responsible for making recommendations to the courts pertaining to the appointments of service providers, negotiating budgets for service providers, obtaining court orders pertaining to approval of their budgets, instructing service providers and receiving and assessing advice and reports from service providers. The service providers to which this description applies include:
 - (a) the trustee;
 - (b) the investment managers;
 - (c) the investment consultants;
 - (d) the auditors;
 - (e) the actuaries;
 - (f) physicians who assist in medical modelling; and

- (g) epidemiologists.
26. The JC has oversight responsibility on both the revenue side and, in particular, on the expense side of the Trust Fund. On the revenue side, the Trust Fund is very robust. On the expense side, the JC has taken great care to discharge its responsibilities as a watchdog. For example, the JC has negotiated the annual budget with the Administrator and has affected savings over time well in excess of \$1,000,000. The JC has closely monitored the budgets and activities of other service providers and the JC has effected further savings wherever possible. Generally speaking, expenses by service providers have declined over time, in some cases quite markedly. Almost all service providers have been on or under budget each year.
27. There are JC costs and services over which it has little control such as:
- (a) political interests which surface from time to time and must be addressed in this highly charged area;
 - (b) press inquiries and other public relations concerns to ensure, as far as possible, that the implementation of the settlement is correctly understood and the judges, as far as possible, are protected from attack and adverse publicity;
 - (c) communication with and correspondence to and from class members regarding concerns about their particular circumstances and requests for assistance;
 - (d) preparation for an attendance at fund sufficiency hearings; and
 - (e) exceptional events such as the overpayment of certain cohort members by the Administrator unearthed by the JC and addressed and resolved by the JC.
28. Since fiscal year 6, the JC has proposed budgets for Joint Committee work. For fiscal year 8 the JC proposed a budget of \$650,000 for fees and \$50,000 for disbursements, exclusive of taxes, for general JC matters. The actual fees incurred by the JC for general matters in fiscal year 8 was under budget at \$352,643.00 and the actual disbursements incurred by the JC was also under budget at \$28,274.42 the largest portion of which was a payment to Deloitte in respect of an audit of three large loss of income claims.
29. Historically speaking:
- (a) the JC fees amounted to approximately \$1,100,000 in the first fiscal year ending March 2001, and were driven by getting the project off the ground, developing forms, standard operating procedures and court-approved protocols and getting the whole administrative apparatus up and running;
 - (b) in the second year of operation ended March 2002, JC fees were substantially reduced to approximately \$775,000. Much of the work that year was driven by ironing out claims matters and dealing with CBS to develop strategies to improve the speed of the trace back process;

- (c) in the third year of operation ended March 2003, JC fees were approximately \$1,100,000. The increase over year two was primarily driven by preparation for the first fund sufficiency hearings;
- (d) in the fourth year of operation ended March 2004, JC fees were again substantially reduced to approximately \$635,000. The JC fees in that fiscal year were largely driven by a mini-review of the cohort size and sufficiency of the Trust Fund to determine whether the remaining restraints pertaining to income loss and loss of services could be prudently lifted;
- (e) in the fifth year of operation ended March 2005, JC fees increased to approximately \$1,000,000 driven largely by a full-scale preparation for fund sufficiency;
- (f) in the sixth year of operation ending March 2006, the JC fees totaled \$1,077,401.01 of which \$424,842.55 was attributable to ongoing Trust Fund sufficiency review matters;
- (g) in the seventh year of operations ending December 31, 2006 (nine months), the JC fees totaled \$516,588.44 of which \$78,087.19 was attributable to Trust Fund sufficiency matters; and
- (h) in the eighth year of operations ending December 31, 2007, the JC fees totaled \$379,830.58 of which \$57,676.50 was attributable to Trust Fund sufficiency matters.

This synopsis of work by the JC is obviously not intended to be comprehensive. For instance, complex areas that have recently required the attention of the JC include cross-border transplantation issues, development of an alternative to liver biopsy and monitoring the financial impact of medical and treatment developments pertaining to HCV.

30. The JC understands that it must rigorously apply the same standards to its own fees and disbursements as the JC applies to other service providers. The JC strives to ensure that its fees are constrained as much as reasonably possible. Some of the ways the JC has achieved fees savings without sacrificing essential JC services include:
 - (a) introducing more junior lawyers/paralegals to perform routine tasks such as minute taking, recordkeeping, charting and other purely administrative tasks, and to conduct legal research and prepare memoranda and motion materials in respect of various legal questions and issues that arise from time to time;
 - (b) having junior lawyers implement policy decisions made by senior JC members;
 - (c) reducing the number of face-to-face JC meetings and the number of JC and JC/FC/Administrator conference calls;

- (d) assigning JC tasks to appropriate individual JC members and ensuring that those tasks are not duplicated by other JC members; and
 - (e) avoiding in-person hearings in court wherever possible and utilizing consent orders wherever possible.
31. The JC proposes a budget for year 9 of \$500,000 in fees and \$50,000 in disbursements for all regular JC work. A separate budget proposal has been submitted to the courts in respect of the JC work in relation to the 2008 sufficiency study.

TAB R

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

YEAR 8 JC FEES

**Joint Committee Fees and Disbursements Incurred in the Period from
January 1, 2007 to December 31, 2007**

REGULAR

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
General Fees	\$61,182.50	\$88,580.00	\$89,902.50	\$56,302.00	\$295,967.00
General Disbursements	\$6,186.32	\$7,089.35	\$11,378.49	\$2,532.92	\$ 27,187.08
Total	\$67,368.82	\$95,669.35	\$101,280.99	\$58,834.92	\$323,154.08

SUFFICIENCY-RELATED

GENERAL	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Sufficiency Fees	\$35,027.50	\$13,899.00	\$1,000.00	\$750.00	\$50,676.50
Sufficiency Disbursements	\$28.01	\$1,059.33	N/A	N/A	\$ 1,087.34
Total	\$35,055.51	\$14,958.33	\$1,000.00	\$750.00	\$51,763.84

TOTAL FEES AND DISBURSEMENTS (REGULAR PLUS SUFFICIENCY-RELATED)

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Fees	\$96,210.00	\$102,479.00	\$90,902.50	\$57,052.00	\$346,643.50
Disbursements	\$6,214.33	\$8,148.68	\$11,378.49	\$2,532.92	\$28,274.42
Total	\$102,424.33	\$110,627.68	\$102,280.99	\$59,584.92	\$374,917.92

TAB S

**TO THE REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2007**

Annual Report 2007

Prepared for:

The Joint Committee of the Hepatitis C 86-90 Trust Fund

Prepared by:

Reva Devins

Associate Chair, Ontario Roster of Arbitrators and Referees

Duties and Responsibilities of Arbitrators and Referees

1. Under the terms of the Court approved settlement, Arbitrators and Referees are responsible for determining all appeals brought by claimants seeking review of the decision of the Administrator. An appeal may proceed by Arbitration or Reference, either by an in person hearing or by review of the written material submitted by the parties. Arbitrators and Referees are to conduct their review using the simplest, least expensive and most expeditious procedure.
2. Upon conclusion of the appeal, the Arbitrator or Referee must release their decision within thirty days of completion of an oral hearing or within thirty days following receipt of final written submissions. Reasons for Decision are released in writing to the individual claimant and to Fund Counsel representing the Administrator. In all decisions, the Arbitrator or Referee must state the facts and conclusion without identifying the claimant; decisions are then posted on the Website.

Roster of Arbitrator/Referees

3. There are currently 16 Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia and Quebec, three in British Columbia, and 7 in Ontario, including a French speaking Arbitrator/Referee who conducts all French language appeals outside of Quebec and British Columbia.

Appeal Activity

4. The number of appeals assigned to Arbitrators and Referees is steadily declining. The remaining appeals, however, continue to be more complex than those initially submitted for review. Arbitrators and Referees consistently report that they are spending considerable time outside the hearing to complete their review.

Financial Activity to December 31, 2007

5. The fees and expenses incurred by the Arbitrators and Referees are summarized below:

	<u>British Columbia</u>	<u>Quebec</u>	<u>Ontario (includes all remaining provinces)</u>
Fees:	\$ 31,410.00	\$ 7,515.00	\$ 75,163.75
Disbursements:	\$ 945.45	\$ 333.72	\$ 8,819.77
Taxes:	\$ 2,804.75	\$ 1,094.95	\$ 4,053.96
TOTALS	\$ 35,160.20	\$ 8,943.67	\$88,037.48

In the past fiscal year, three cases were approved for payment in excess of the tariff rate: 1 in Quebec, 2 in Ontario and none in British Columbia.

Proposed Budget

6. As in previous years, the number and complexity of appeals pursued by claimants will determine the fiscal needs of Appeal administration. Consequently, absent a reliable predictor of incoming Appeals, the proposed budget for Arbitrators and Referees should be based on expenses, fees and related expenses incurred in the preceding year. We would therefore recommend that the 2008 Budget be set at an amount equal to that actually paid in 2007. Any additional amounts, if required, would be subject to Court approval.