

HEPATITIS C
CLASS ACTION SETTLEMENT
1986-1990

YEAR 19

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2018

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January 1, 1986 to July 1, 1990

HEPATITIS C CLASS ACTION SETTLEMENT

YEAR 19

ANNUAL REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2018

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Annual Report – YEAR 19 (2018)

January 1, 1986 – July 1, 1990 Hepatitis C Class Action Settlement

EXECUTIVE SUMMARY

1. The 1986-1990 Hepatitis C Settlement (the “**Settlement**”) completed its nineteenth year of operations on December 31, 2018.
2. In 2018, the Administrator received 157 new claims¹ under the Transfused HCV Plan and the Hemophiliac HCV Plan (collectively, the “**Regular Benefit Plans**”) as follows:
 - 33 Primarily Infected Transfused Claims
 - 97 Family Member Transfused Claims
 - 27 Family Member Hemophiliac Claims
3. As of December 31, 2018, the Administrator also approved 6 new claims under the Recent HCV Diagnosis court approved protocol exception to the First Claim Deadline of June 30, 2010 (“**First Claim Deadline**”) and 1 new claim under the other court approved protocol exception to the First Claim Deadline.
4. In 2018, the Administrator paid about \$39.8 million in claims under the Regular Benefit Plans.²
5. In 2018, the Administrator paid about \$5.2 million in Special Distribution Benefits.³ Additional claims for retroactive Special Distribution Benefits were also approved but had not been paid due to difficulty in locating claimants, executors or their successors. Efforts continue to be made by the Administrator to

In 2018, the Settlement paid approximately:

***\$39.8 million** under
the Regular Benefit
Plans*

***\$5.2 million** in
Special Distribution
Benefits*

¹ In 2017, 191 new claims were received. In 2016, 98 new claims were received.

² In 2017, the Administrator paid about \$39.5 million in claims under the Regular Benefit Plans. In 2016, about \$42.2 million was paid.

³ The Courts issued orders/judgments in February 2017 and December 2017 allocating about \$152.8 million in 2013 excess capital of the 1986-1990 Hepatitis C Trust Fund (the “**Trust Fund**”) in favour of class members to fund certain special distribution benefits (the “**Special Distribution Benefits**”).³

locate claimants and identify successors so that these approved retroactive payments can be made as intended.

6. In December 2017, the Courts approved an HCV Late Claims Benefit Plan for class members who did not make a claim prior to the First Claim Deadline and who do not fall within the existing court approved protocols that provide exceptions to the June 30, 2010 deadline of the Regular Benefit Plans ("**Late Claims Benefit Plan**"). As of December 31, 2018:

- the Administrator had received 640 late claim requests;
- Referees had approved 422 requests and denied 56 requests to submit a late claim;
- the Administrator received 57 claims from those permitted by the Referees to submit a late claim; and
- no late claims were processed due to administrative delays.

7. In summary, the Administrator paid a total of approximately \$45.1 million in payments to claimants in 2018.⁴

8. Since the inception of this Settlement in 1999, the Administrator has paid out a total of approximately \$1.086 billion⁵ in benefits in response to approximately 14,620 approved claims.

*Since inception, about
\$1.086 billion in benefits
has been paid to **14,620**
approved claims.*

9. Financial Statements of the Trust Fund attached at **Schedule A** indicate that, as at December 31, 2018, the Trustee held assets of about \$1.010 billion and there was a total unpaid liability of the provincial and territorial governments of about \$100.6 million (including interest) for a total of about \$1.110 billion available to satisfy class members' claims.

⁴ In 2017, the Administrator paid out about \$122.5 million, including approximately \$83 million in retroactive Special Distribution Benefits. In 2016, it paid out approximately \$42.2 million.

⁵ This amount includes payments of about \$21.4 million to HIV secondarily infected claimants.

10. In 2018, there was a negative return of 0.55% on the invested assets held by the Trustee, which was a decrease over the prior year.⁶ This was mainly due to a similar negative return on the Government of Canada real return bonds that comprise most of the invested assets. The invested assets decreased by about \$43.2 million or 4.1% net of payments out.⁷
11. The expenses incurred to administer the Settlement in 2018 totaled approximately \$4.2 million for all service providers, which is an increase of about 4.7% over the previous year.⁸

⁶ In 2017, the overall return on invested assets was 2.38%. In 2016, the overall return was 4.51%.

⁷ In 2017, the invested assets decreased by about 7.8% net of payments out. In 2016, the invested assets decreased by about 2.1% net of payments out.

⁸ In 2017, the administration expenses totaled approximately \$4.1 million. In 2016, the administration expenses totaled approximately \$4.7 million.

OVERVIEW

12. This is the nineteenth 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 Settlement and its administration.
13. In 2018, the Joint Committee was comprised of J.J. Camp, Q.C., Michel Savonitto, Harvey T. Strosberg, Q.C., and Kathryn Podrebarac. Mr. Camp was appointed by Order of the Supreme Court of British Columbia.⁹ Mr. Savonitto was appointed by the Order of the Superior Court of Quebec. Mr. Strosberg was appointed by Order of the Superior Court of Justice for Ontario. Ms. Podrebarac was appointed by Orders of each of the Courts.
14. In December 2017, the Courts established three accounts of the Trust Fund: The Regular HCV Benefits Account, the Special Distribution Benefits Account and the HCV Late Claims Benefit Account. The work performed and expenses incurred by service providers are categorized and charged to the applicable account. The provincial and territorial governments do not contribute to claims or expenses paid from the Special Distribution Benefits Account or the HCV Late Claims Benefit Account.
15. The activities of the service providers to the Settlement under each of the three categories are discussed under the appropriate headings below and/or in their attached reports. Their fees and disbursements are reconciled to their court approved budgets, where applicable.

2018 EXPENSES

16. The budgeting process for 2018 commenced in late 2017. Annual budget approval orders were obtained from the Courts in March and June 2018. A revised, increased budget for TD Asset Management was approved by the Courts in September and October 2018 to address increased costs associated with a change to the Trust’s Investment Policy approved by the Courts, which implemented a low volatility strategy for the equities portion of the investment portfolio.
17. The actual 2018 fees and disbursements of each service provider for each category of work are set out below. All amounts are rounded to the nearest dollar.

⁹ By Order dated May 6, 2019, Deborah Armour, Q.C. was appointed to replace Mr. Camp, who retired from the Joint Committee.

A. Regular Benefit Plans Work

18. The total expenses of the service providers supervised by the Joint Committee for work relating to the Regular Benefit Plans in 2018 was \$1,758,732 (plus taxes). Service providers were generally at or under budget.
19. The following chart summarizes the budget versus actual expenses for 2018 for the service providers supervised by the Joint Committee for Regular Benefit Plans work (plus taxes).

Service Provider	2018 Budget	2018 Actual	Variance from Budget	Note
Crawford Class Action Services				See paras 35-41 and Schedules B and C
Administration Contract	\$528,167	\$528,167	0	
Activity Level Adjustment	As incurred	0	-	
Third Party Expenses	As incurred	\$407	-	
Appeal Expenses	As incurred	\$3,359	-	
Special Projects	\$50,000	\$2,250	(\$47,750)	
Deloitte LLP				See paras. 31-33 and Schedule A
Audit, financial statements (exclusive of travel expenses)	not to exceed \$100,000 ¹⁰	\$85,000 ¹²	_ ¹³	
Special Projects	\$25,000 ¹¹	\$9,750	_ ¹⁴	

¹⁰ The Courts approved a global budget of not more than \$100,000 for completing the audit and preparing financial statements for all three accounts of the Trust.

¹¹ The Courts approved a global budget for special projects for Deloitte of \$25,000.

¹² This is the amount attributable to Deloitte's work in respect of the Regular Benefits Account.

¹³ We have not noted the variance from Deloitte's global budget here. The amounts attributable to the two other accounts are shown in the charts that follow. Deloitte's fees for all accounts in 2018 were on budget, totalling \$100,000.

¹⁴ We have not noted the variance from Deloitte's global special projects budget here. Fees for special projects were also incurred in relation to Special Distribution Benefits and the Late Claims Benefit Plan, as noted in the charts that follow. Deloitte's fees for all special projects work totalled \$15,000, which was \$10,000 under its global special projects budget.

Service Provider	2018 Budget	2018 Actual	Variance from Budget	Note
RBC Investor & Treasury Services Trustee Services	\$125,000	\$107,119	(\$17,881)	See paras. 45-46 and Schedule D
TD Asset Management Inc. Investment Services	\$462,000 ¹⁵	\$243,762	(\$218,238)	See paras. 48-50 and Schedules E and F
Eckler Ltd. Actuarial Services & Investment Review	\$50,000	\$42,640	(\$7,360)	See paras. 57-60 and Schedules G and H
Special Projects	\$25,000	\$33,685	\$8,685	
PriceWaterhouseCoopers LLP Income Loss annual computer programming update	\$10,000	\$8,118	(\$1,882)	See paras. 51-52
Paula Frederick/ Cohen Hamilton Steger Inc. Specialized Income Loss analysis	\$40,000	0	(\$40,000)	See paras. 53-54
Joint Committee Regular administration and supervision work				See paras. 64-65, 69 and Schedules I and J
Fees	\$400,000	\$671,375	\$271,375	
Disbursements	\$50,000	\$23,100	(\$26,900)	

¹⁵ The Courts approved a budget for TDAM for 2018 of \$215,000 plus taxes. That budget was later increased to \$462,000.

20. The following service providers, who are not supervised by the Joint Committee, also provided services in 2018 relating to the Regular Benefit Plans. They were paid the following amounts (exclusive of taxes) pursuant to applicable orders or the tariff approved by the Courts.

Service Provider	Actual 2018	Note
Fund Counsel Fees Disbursements	 \$63,106 \$1,272	See paras 70-73 and Schedule K
Arbitrators and Referees Fees Disbursements	 \$10,635 \$1,766	See paras. 75-77 and Schedule L
Court Monitor Fees Disbursements	 \$18,240 \$1,181	See paras. 78-79

B. Financial Sufficiency Work

21. Section 10.01(1)(i) of the Settlement Agreement requires the financial sufficiency of the Trust Fund to be assessed every three years.
22. In 2018, the following service providers performed services in connection with the financial sufficiency review triggered on December 31, 2016 (the “**2016 Financial Sufficiency Review**”). All service providers were under their budgets.
23. The services provided included completion of the actuarial work and delivery of Eckler’s report on the 2016 Financial Sufficiency Review, input and oversight by the Joint Committee, review of the actuarial report of Canada’s actuary, and negotiating the orders regarding the results of the 2016 Financial Sufficiency Review and the status of the three accounts of the Trust as at December 31, 2016.

Service Provider	Budget 2018	Actual 2018	Variance from Budget	Note
Eckler Ltd.				See para. 61
Fees	\$536,000	\$410,624	(\$125,376)	
Disbursements	\$15,000	\$765	(\$14,235)	
Joint Committee				See para. 66 and Schedules I and J
Fees	\$420,000	\$201,124	(\$218,876)	
Disbursements	\$50,000	\$12,639	(\$37,361)	

C. Special Distribution Benefits Work

24. In February 2017, the Courts issued orders/a judgment directing payment of certain Special Distribution Benefits to class members from excess capital of the Trust Fund. In December 2017, two additional special distribution benefits were approved by the Courts.
25. The Courts approved budgets for the following service providers in connection with Special Distribution Benefits. Their actual fees and disbursements (exclusive of taxes) are indicated below. Service providers who had a budget for their work in 2018 were over or under budget.

Service Provider	Budget 2018	Actual 2018	Variance from Budget	Note
Deloitte				See para. 32-33
Fees	¹⁶	\$10,000	-	
Special Projects	¹⁷	\$1,500	-	

¹⁶ See note 10 above.

¹⁷ See note 11 above.

Service Provider	Budget 2018	Actual 2018	Variance from Budget	Note
Crawford	\$5,000 ¹⁸			See para. 39 and Schedule C
Fees	¹⁹	\$5,000	-	
Fees for Retroactive Payments	-	\$11,938	-	
Disbursements		\$149	-	
Joint Committee				See para. 67 and Schedules I and J
Fees	\$50,000	\$16,242	(\$33,758)	
Disbursements	\$10,000	\$25	(\$9,975)	
Eckler Ltd.				See para. 62
Fees	\$25,000	\$10,474	(\$14,526)	

D. Late Claims Benefits Work

26. In December 2017, the Courts approved a Late Claims Benefit Plan prepared by the Joint Committee in consultation with the federal, provincial and territorial governments, as well as a comprehensive notice plan to inform class members about the Late Claims Benefit Plan. The notice plan included an active national television, public relations and social media campaign in Phase 1 with a budget of \$987,000 plus taxes. A more passive two-year post-campaign notice program in Phase 2 was also approved, with a budget of \$37,000 plus taxes per year.
27. The success of Phase 1 of the notice program exceeded expectations, as described in the Summary of the Joint Committee's Work, appended at Schedule I. Phase 2 of the campaign also got underway in 2018, and it was also successful.

¹⁸ The Administrator charges a flat fee of \$5,000 per year to administer Special Distribution Benefits payments on a *go forward* basis.

¹⁹ The Administrator's fees for making *retroactive* Special Distribution Benefits payments are based on a prior court approved fee schedule.

28. The Courts approved budgets for the following service providers in connection with Late Claims Benefits. Their actual fees and disbursements (exclusive of taxes) are indicated below. Service providers were over and under budget.

Service Provider	Budget 2018	Actual 2018	Variance from Budget	Note
Deloitte				See para. 32-33
Fees	²⁰	\$5,000	-	
Special Projects	²¹	\$3,750	-	
Crawford				See para. 40, 42
Fees	-	\$95,151	-	
Disbursements	-	\$27,004	-	
Joint Committee				See para. 68 and Schedules I and J
Fees	\$125,000	\$263,891	\$138,891	
Disbursements	\$10,000	\$5,105	(\$4,895)	
Eckler Ltd.				See para 63
Fees	\$25,000	\$3,242	(\$21,758)	

29. In 2018, the fees billed by the late claim referees amounted to \$69,721. The referee for Canadian francophones and Quebec claimants submitted his account for work performed in 2018 in 2019, which amounted to \$45,178 in fees.

DELOITTE LLP

30. Deloitte LLP (“**Deloitte**”) was appointed auditor of the Trust Fund pursuant to orders of the Courts.
31. In addition to the audit of the Trust Fund, Deloitte prepares the financial statements on behalf of the Joint Committee. Attached as **Schedule A** is a copy of the

²⁰ See note 10 above.

²¹ See note 11 above.

Financial Statements prepared and audited by Deloitte for the year ended December 31, 2018.

32. The Courts approved a 2018 budget for Deloitte for the audit and for preparation of the financial reports not to exceed \$100,000 plus travel expenses and taxes for 2018. The total amount invoiced by Deloitte for these services exclusive of taxes was \$100,000, comprised of \$85,000 for the Regular Benefits work, \$10,000 for the additional work, planning and financial reporting relating to Special Distribution Benefits, and \$5,000 for the additional work associated with the Late Claims Benefits.
33. The Courts also approved a special projects budget of \$25,000 plus taxes for Deloitte. The total amount invoiced exclusive of taxes was \$15,000, comprised of \$9,750 for Regular Benefits work, \$1,500 for Special Distribution Benefits work, and \$3,750 for Late Claims Benefits. The work involved interim testing and planning, which the Joint Committee requested to be performed in December 2018 in anticipation of the appointment of a new Administrator as of January 1, 2019.

CRAWFORD CLASS ACTION SERVICES

34. Crawford Class Action Services (“**Crawford**”) was appointed Administrator by orders of the Courts in March 2000. In their 2017 budget approval orders, the Courts approved a two-year extension of Crawford’s appointment to December 31, 2018.
35. The Report of the Administrator is attached as **Schedule B**.
36. The budget for Crawford provides for a flat administration fee subject to adjustment if certain activity levels increase or decrease by more than 10% per annum, as applicable. In addition to the flat fee subject to adjustments, there is a flow-through of certain out-of-pocket expenditures incurred by the Administrator relating to appeals and expert reports.
37. A special projects budget of \$50,000 was also approved for the Administrator for 2018.
38. **Schedule C** is the Payment Reconciliation for Crawford for 2018. It reflects payments to Crawford in accordance with its budget of \$528,167 relating to the administration of the Regular Benefit Plans as well as additional charges for third party expenditures of \$407 (plus taxes) and appeal expenses of \$3,359 (plus taxes).
39. Crawford’s 2018 budget for administering Special Distribution Benefits on a go forward basis was \$5,000. Its fees for making retroactive Special Distribution Benefits payments

are based on a prior court approved fee schedule. Crawford's fees for administering these benefits in 2018 were \$17,086 (plus taxes), comprised of the \$5,000 flat fee and \$12,086 in fees and expenses for retroactive benefits. The Joint Committee recommends approval of these payments.

40. Crawford's fee schedule for administering Late Claim Benefits was approved by the Courts in 2017, when the Late Claims Benefit Plan was approved. Crawford's fees in 2018 were \$95,151 (plus taxes) and it incurred expenses of \$27,004 (plus taxes) for translation and IT services for the creation of the late claims website. The Joint Committee recommends approval of these amounts.
41. Concerning special projects, Crawford incurred a disbursement of \$2,250 in 2018 for retaining a third party to provide updated contact information for approved claimants in the administration database. The Joint Committee recommends approval of this disbursement.
42. Unfortunately, Crawford's performance issues described in the 2017 Annual Report continued into 2018. This significantly impacted its administration of the Late Claims Benefit Plan and its pursuit of locating claimants entitled to receive Special Distribution Benefits, who could not be located due to outdated contact information. In June 2018, Crawford sold its class actions business to Epiq Systems Canada ULC. In September 2018, the Joint Committee delivered to Crawford a formal notice of breach, identifying performance issues and requested that they be immediately addressed. The Joint Committee also gave notice that it would not seek to renew Crawford's appointment as Administrator when it expired on December 31, 2018.
43. After the Joint Committee prepared a request for proposal seeking competitive bids from experienced settlement administrators, the Joint Committee entered into extensive contract negotiations with Epiq Class Action Services Canada Inc. ("**Epiq**"). Following those negotiations, the Joint Committee recommended, and the Courts approved, the appointment of Epiq as Administrator of the settlement for a two-year term, commencing January 1, 2019.

RBC INVESTOR & TREASURY SERVICES

44. In 2005, RBC Investor & Treasury Services ("**RBC**") 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.

- 45. Attached as **Schedule D** is a Report from RBC of its Custodial Trustee activities in the year ended December 31, 2018.
- 46. The Courts approved a budget for RBC for 2018 of \$125,000 plus taxes. The actual fees charged by RBC for 2018 were \$107,119 plus taxes, which were paid pursuant to the 2018 budget approval orders.

TD ASSET MANAGEMENT INC.

- 47. TD Asset Management Inc. ("**TDAM**") was appointed Investment Manager of the Trust Fund pursuant to the Orders of the Courts.
- 48. Attached as **Schedule E** is the Confirmation that TDAM has complied with the court approved Investment Guidelines.
- 49. The Courts approved a budget for TDAM for 2018 of \$215,000 plus taxes. That budget was later increased to \$462,000 to cover additional management fees associated with approved changes to the Trust's investment guidelines to permit the implementation of a low volatility strategy for its equities portfolio. The total fees charged by TDAM in 2018 were \$243,762 plus taxes. That amount was paid pursuant to the 2018 budget approval orders, as amended.
- 50. Attached as **Schedule F** is the Portfolio Review of the Trust Fund assets.

PRICEWATERHOUSECOOPERS LLP

- 51. 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 respect to both types of software.
- 52. The budget approved by the Courts for PriceWaterhouseCoopers LLP for 2018 was \$10,000 plus taxes. The actual amount charged to the Trust Fund by PriceWaterhouseCoopers LLP was \$8,118 plus taxes. It was paid on approval of the Joint Committee pursuant to the 2018 budget approval orders.

COHEN HAMILTON STEGER & CO. INC. – Paula Frederick

- 53. Cohen Hamilton Steger & Co. Inc. was retained by the Administrator to provide expert accounting services in respect of complex loss of income claims and appeals. Paula Frederick is responsible for this work.
- 54. The budget approved for Ms. Frederick's services in 2018 was \$40,000. No fees were incurred in 2018.

ECKLER LTD.

- 55. Eckler Ltd. ("**Eckler**") was retained initially by Class Counsel and subsequently by the Joint Committee to provide actuarial advice in respect of the Trust Fund.
- 56. Eckler has also provided an annual investment review and advice to the Joint Committee in respect of investments on an as needed basis since the resignation of the Investment Consultants in 2005.
- 57. Attached as **Schedule G** is the Report of Eckler regarding its activities during 2018.
- 58. Attached as **Schedule H** is an Investment Summary provided by Eckler.
- 59. The Courts approved an annual budget for Eckler's actuarial and investment review services of \$50,000 plus disbursements and taxes for 2018. Eckler's actual charges for these services were \$42,640 plus taxes, which were paid on approval of the Joint Committee pursuant to the 2018 budget approval orders.
- 60. The Courts also approved a special projects budget of \$25,000. Eckler's actual charges were \$33,685. The overage occurred as a result of a duration matching review that Eckler performed of the expected liabilities of the settlement compared to the maturity dates of the Trust's invested assets (primarily real return bonds) following the 2016 financial sufficiency review. This review was performed in accordance with the changes to the investment guidelines the Courts approved in the fourth quarter of 2018. The Joint Committee recommends approval and payment of this overage.
- 61. For 2018, the Courts approved a financial sufficiency budget for Eckler of \$536,000 for fees plus \$15,000.00 in disbursements and taxes. Eckler's actual accounts for financial sufficiency work in 2018 were \$410,624 plus taxes in fees and \$761 in disbursements, both of which were under budget.

62. Eckler's 2018 budget for Special Distribution Benefits was \$25,000 plus taxes. Its actual fees were \$10,474 plus taxes, which was under budget.
63. Eckler's 2018 Budget for the Late Claims Benefit Plan was \$25,000 plus taxes. Its actual fees were \$3,242, which was under budget.

JOINT COMMITTEE

64. A Summary Report of the work of the Joint Committee in 2018 is set out in **Schedule I**. As described below, the Joint Committee receives separate budgets for each category of work performed.
65. The 2018 budget for the Joint Committee for administration and supervision services work relating to the Regular Benefit Plans was \$400,000 for fees and \$50,000 for disbursements, exclusive of taxes. The Joint Committee's actual fees in 2018 for this work were \$671,375 plus taxes, which was over budget by \$271,375, and its actual disbursements were \$23,100 plus taxes, which was under budget by \$27,375. The overage was due to the substantial time that the Joint Committee was required to spend to actively monitor and oversee Crawford's administration of the Settlement in light of Crawford's ongoing performance issues, discussions and correspondence with senior management about these issues, preparing a request for proposal for a new administrator, extensive contract negotiations with Epiq, and planning and overseeing the transition in administrators, including coordinating with other service providers, such as Deloitte, to request additional interim testing, and addressing privacy, staffing and transition issues.
66. Concerning financial sufficiency, the Courts approved a 2018 financial sufficiency budget for the Joint Committee of \$420,000 plus taxes and disbursements of \$50,000 plus taxes. The Joint Committee's actual fees for financial sufficiency for 2018 were \$201,124 plus taxes, which was under budget by \$218,876, and its actual disbursements were \$12,639, which was under budget by \$37,361.
67. The Joint Committee's 2018 budget for Special Distribution Benefits was \$50,000 plus taxes for fees. Its actual fees were \$16,242 plus taxes, which was under budget by \$33,758.
68. The Joint Committee's 2018 budget for the HCV Late Claims Benefit Plan was \$125,000 plus taxes and \$10,000 plus taxes in disbursements. Its actual fees were \$333,417, an overage of \$208,417 plus taxes, and \$5,105 plus taxes in disbursements, which was under

budget by \$4,895. The overage related to its greater than expected involvement in the notice campaign and associated media interviews as well as monitoring and addressing the Administrator's ongoing delays in implementing the programming changes required to the CLASS settlement administration software and the claims forms necessary for this plan. The Joint Committee eventually undertook to draft these forms to permit the administration to move forward.

69. All accounts of the Joint Committee are submitted to the Courts or, in the case of British Columbia, the Attorney General for Canada before being paid. A detailed summary by jurisdiction of all fees and disbursements incurred by the Joint Committee is set out in **Schedule J**.

FUND COUNSEL

70. John Callaghan and Belinda Bain were appointed as Fund Counsel in the Ontario Class Actions by Orders of the Superior Court of Justice for Ontario. Mason Poplaw was appointed Fund Counsel in Quebec Class Actions by Order of the Quebec Superior Court. In 2014, Gordon Kehler was appointed Fund Counsel in the B.C. Class Actions by Order of the Supreme Court of British Columbia.
71. Attached as **Schedule K** is the Report of Fund Counsel on their activities and their fees incurred in 2018.
72. In 2018, the following appeals were dealt with in each jurisdiction:

2018 Appeal Status Report	ON ²²	BC	QUE	Total
Appeals received	0	0	0	0
Appeals completed	1	0	0	1
Appeals withdrawn	1	0	0	1
Denials rescinded	0	0	0	0
Appeals mediated	0	0	0	0
Requests for Judicial confirmation	0	1	0	0
Judicial decisions	0	0	0	0
Appeals pending (including appeals sent back to Referees)	11	2	1	14

²² Ontario covers all provinces and territories other than Quebec and British Columbia.

73. In 2018, Fund Counsel fees were \$63,106 and disbursements were \$1,272, all exclusive of taxes. All accounts for Fund Counsel were submitted to the appropriate Court for approval before payment.

REFEREES AND ARBITRATORS

74. Referees and Arbitrators were appointed for each jurisdiction by Court orders.
75. A Summary Report of the work of the Referees and Arbitrators as well as the fees incurred for 2018 is set out in **Schedule L**.
76. In 2018, the fees and disbursements charged for Arbitrators and Referees were:
- (a) \$10,635 in fees and \$1,766 in disbursements, all exclusive of taxes, for work in respect of the Regular Benefit Plans; and
 - (b) \$ 69,721 in fees (plus taxes) and no disbursements for work in respect of the Late Claims Benefit Plan.

Accounts for the Arbitrators and Referees are paid based upon the tariff set by the Courts.

77. While appeals under the Regular Benefit Plans have decreased in recent years, including in 2018, it is anticipated that the activity level will increase substantially in 2019 under the Late Claims Benefit Plan.

THE MONITOR

78. Luisa Ritacca of Stockwoods was appointed as Monitor by order of the Ontario Superior Court in 2013 and by order of the Supreme Court of British Columbia in 2014.
79. In 2018, the fees of the Monitor were \$18,240 and the disbursements were \$1,181, all exclusive of taxes.

CANADIAN BLOOD SERVICES

80. The efficient and effective conduct of tracebacks is a crucial component of the administration of the Plans. Canadian Blood Services (“**CBS**”) provides the tracebacks required under the Plans in all provinces but Quebec.

81. In the last several years, the demand for and costs of such tracebacks has reduced significantly. A budget was not sought for CBS for traceback services for 2018 and CBS has not invoiced for any expenses that were incurred. Similarly, the Joint Committee did not seek a budget for CBS for 2019. The Joint Committee anticipates that the volume of traceback requests will increase in 2019 due to claims made under the Late Claims Benefit Plan, so CBS may request reimbursement of costs for these services.

HÉMA-QUÉBEC

82. Héma-Québec provides the tracebacks required under the Plans in Quebec. No budget was sought for Héma-Québec for 2018 as it advised that due to the limited number of traceback requests expected it would in the first instance finance the cost and seek reimbursement at year end if the costs incurred were significantly higher than anticipated. Similarly, the Joint Committee did not seek a budget for Héma-Québec for 2019. The Joint Committee anticipates that the volume of traceback requests will increase in 2019 due to claims made under the Late Claims Benefit Plan, so Héma-Québec may request reimbursement of costs for these services.
83. Héma-Québec has advised that it does not seek reimbursement for the services provided in 2018.

2019 BUDGETS

84. The chart that follows compares the approved budgets for service providers in 2019 to their 2018 budgets.

	2018 Budget ²³	2019 Budget	Payment Methodology
EPIQ			
General administration of the Regular Benefit Plans and EAP2 (subject to adjustment for appeal and third-party expenses and increase or decrease of certain measurable activities by more than 10% per annum)	\$528,167	\$530,000	\$44,166.67 monthly
HCV Special Distribution Benefits Administration	\$5,000 plus for prospective payments Retroactive payments in accordance with a fee schedule	\$5,000 for prospective payments Retroactive payments in accordance with a fee schedule	All subject to approval by the Joint Committee
Special Projects	\$50,000	\$50,000	
HCV Late Claims Benefit Plan	In accordance with a fee schedule	In accordance with a fee schedule	
Deloitte			
Audit and financial statements (exclusive of travel expenses)	not to exceed \$100,000	not to exceed \$100,000	All subject to approval by the Joint Committee
Additional Interim Audit	-	\$20,000	
Special Projects	\$25,000	\$25,000	
RBC Investor & Treasury Services			
Trustee Services	\$125,000	\$125,000	up to \$10,416.67 monthly
TDAM			
Investment Services	\$462,000	\$380,000	up to \$31,666.67 monthly
RRB portfolio rebalancing	n/a	2 basis points	

²³ For comparison purposes, we have included the 2018 Budget figures for Crawford in the column relating to EPIQ.

	2018 Budget ²³	2019 Budget	Payment Methodology
Eckler Ltd.			
General actuarial services and investment review work, not related to sufficiency (exclusive of disbursements)	\$50,000	\$50,000	All subject to approval by the Joint Committee
Special Projects	\$25,000	\$25,000	
Special Distribution Benefits	\$25,000	\$25,000	
HCV Late Claims Benefit Plan	\$25,000	\$25,000	
2019 Sufficiency Review – (Phase 1 and Phase 2 work)	\$700,000 fees and \$15,000 disbursements for the 2016 Financial Sufficiency Review	\$727,000 fees and \$20,000 disbursements for the 2019 Financial Sufficiency Review	
Dr. Murray Krahn and Medical Modelling Working Group			
Updated medical model and medical modelling report for 2019 Financial Sufficiency Review	\$201,824 for 2016 Financial Sufficiency Review	\$212,000	Subject to approval by the Joint Committee
PWC			
Income Loss-annual computer programming update	\$10,000	\$10,000	Subject to approval by the Joint Committee
Paula Frederick / Cohen Hamilton Steger			
Specialized Income Loss analysis	\$40,000	\$40,000	Subject to approval by the Joint Committee

	2018 Budget ²³	2019 Budget	Payment Methodology
Joint Committee			
Regular administration and supervision work	\$400,000 fees and \$50,000 disbursements	\$700,000 fees and \$75,000 disbursements	All subject to Court order
Special Distribution Benefits	\$50,000 fees and \$10,000 disbursements	\$30,000 fees and \$5,000 disbursements	
HCV Late Claims Benefit Plan	\$125,000 fees and \$10,000 disbursements	\$125,000 fees and \$25,000 disbursements	
Financial sufficiency review work for calendar year 2019	\$420,000 fees and \$50,000 disbursements	\$200,000 fees and \$35,000 disbursements	
Special Projects	\$25,000	-	

Dated this 9th day of July, 2019



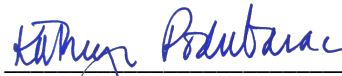
Kathryn Podrebarac
Podrebarac Barristers Professional Corporation



for Deborah Armour, Q.C.
Camp Fiorante Matthews Mogerman



for Michel Savonitto
Savonitto & Ass. Inc.



for Harvey T. Strosberg, Q.C.
Strosberg Sasso Sutts LLP

Financial statements of
États financiers du
The 1986 - 1990 Hepatitis C Fund
Fonds Hépatite C 1986 - 1990

December 31, 2018
31 décembre 2018

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Statement of cash flows	6	État des flux de trésorerie
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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the 1986-1990 Hepatitis Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and of cash flows for the year then ended, and a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Rapport de l'auditeur indépendant

Au comité mixte du
Fonds Hépatite C 1986 - 1990

Opinion

Nous avons effectué l'audit des états financiers du Fonds Hépatite C 1986 - 1990 (le « Fonds »), qui comprennent l'état de la situation financière au 31 décembre 2018, et les états des résultats et des flux de trésorerie de l'exercice clos à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives (collectivement les « états financiers »).

À notre avis, les états financiers ci-joints donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière du Fonds au 31 décembre 2018, ainsi que des résultats de ses activités et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux Normes comptables canadiennes pour les organismes sans but lucratif.

Fondement de l'opinion

Nous avons effectué notre audit conformément aux normes d'audit généralement reconnues (NAGR) du Canada. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des états financiers » du présent rapport. Nous sommes indépendants du Fonds conformément aux règles de déontologie qui s'appliquent à l'audit des états financiers au Canada et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Responsabilité de la direction et des responsables de la gouvernance à l'égard des états financiers

La direction est responsable de la préparation et de la présentation fidèle des états financiers conformément aux normes comptables canadiennes pour les organismes sans but lucratif, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Lors de la préparation des états financiers, c'est à la direction qu'il incombe d'évaluer la capacité du Fonds à poursuivre son exploitation, de communiquer, le cas échéant, les questions relatives à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la direction a l'intention de liquider le Fonds ou de cesser son activité ou si aucune autre solution réaliste ne s'offre à elle.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière du Fonds.

Responsabilités de l'auditeur à l'égard de l'audit des états financiers

Nos objectifs sont d'obtenir l'assurance raisonnable que les états financiers pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, et de délivrer un rapport de l'auditeur contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux NAGR du Canada permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influencer sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux NAGR du Canada, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit. En outre :

- Nous identifions et évaluons les risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne.
- Nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne du Fonds.
- Nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que des informations y afférentes fournies par cette dernière.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Nous tirons une conclusion quant au caractère approprié de l'utilisation par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du Fonds à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener le Fonds à cesser son exploitation.
- Nous évaluons la présentation d'ensemble, la structure et le contenu des états financiers, y compris les informations fournies dans les notes, et apprécions si les états financiers représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

Deloitte LLP / S.E.N.C.R.L. / S.R.L.

Chartered Professional Accountants
Licensed Public Accountants
March 26, 2019

Comptables professionnels agréés
Experts-comptables autorisés
Le 26 mars 2019

The 1986 - 1990 Hepatitis C Fund**Statement of financial position**

as at December 31, 2018

(in thousands of dollars)

Fonds Hépatite C 1986 - 1990**État de la situation financière**



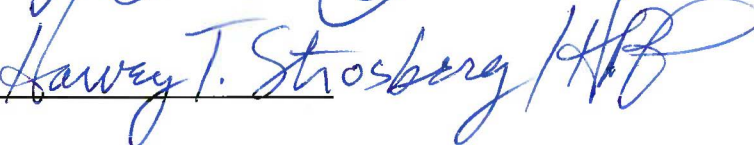
au 31 décembre 2018

(en milliers de dollars)

	2018 \$	2017 \$	
Assets			Actif
Current assets			Actif à court terme
Cash	4,728	4,739	Encaisse
Investments (note 3)	1,002,879	1,046,119	Placements (note 3)
Contributions receivable	2,038	2,222	Apports à recevoir
	1,009,645	1,053,080	
Liabilities			Passif
Current liabilities			Passif à court terme
Accounts payable and accrued liabilities	5,888	7,053	Créditeurs et charges à payer
Accrued claims in process of payment	7,626	7,587	Demandes accumulées en cours de paiement
Funding held for future expenses (note 4)			Financement pour charges futures (note 4)
Regular	851,519	886,006	Régulier
Late claims benefits	47,389	49,193	Réclamations tardives
Special distribution benefits	97,223	103,241	Indemnités de distribution spéciale
	1,009,645	1,053,080	

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 operations**

year ended December 31, 2018
(in thousands of dollars)

Fonds Hépatite C 1986 - 1990**État des résultats**

de l'exercice clos le 31 décembre 2018
(en milliers de dollars)

	2018	2017	
	\$	\$	
Expenses			Dépenses
Claims (note 5)	45,112	123,292	Demandes (note 5)
Operating (note 6)	4,243	4,052	Frais d'exploitation (note 6)
	49,355	127,344	
Revenue	49,355	127,344	Revenus
Excess of revenue over expenses	—	—	Excédent des revenus sur les dépenses

The 1986 - 1990 Hepatitis C Fund**Statement of cash flows**

year ended December 31, 2018

(in thousands of dollars)

Fonds Hépatite C 1986 - 1990**État des flux de trésorerie**

de l'exercice clos le 31 décembre 2018

(en milliers de dollars)

	2018	2017	
	\$	\$	
Operating activities			Activités d'exploitation
Excess of revenue over expenses	—	—	Excédent des revenus sur les dépenses
Items not affecting cash			Éléments sans incidence sur l'encaisse
Realized gains on investments	(45,127)	(19,295)	Gains réalisés sur placements
Change in unrealized gains and losses on investments	66,828	20,417	Variation des gains et pertes non réalisés sur placements
	21,701	1,122	
Changes in non-cash operating working capital items			Variation nette des éléments hors caisse du fonds de roulement d'exploitation
Contributions receivable	184	(106)	Apports à recevoir
Accounts payable and accrued liabilities	(1,165)	6,339	Créditeurs et charges à payer
Accrued claims in process of payment	39	815	Demandes accumulées en cours de paiement
Funding held for future expenses	(42,309)	(90,927)	Financement pour charges futures
	(21,550)	(82,757)	
Investing activities			Activités d'investissement
Purchase of investments	(276,010)	(121,887)	Acquisition de placements
Proceeds on sale of investments	297,549	209,307	Produits de la vente de placements
	21,539	87,420	
Net cash inflow (outflow)	(11)	4,663	Augmentation (diminution) de l'encaisse
Cash, beginning of year	4,739	76	Encaisse au début
Cash, end of year	4,728	4,739	Encaisse à la fin

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

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.

As at December 31, 2018, the provinces and territories prepaid contributions total \$12 000 (\$12,000 in 2017). 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, 2018, those obligations including interest are estimated to be \$100,627,000 (\$110,838,000 in 2017).

In 2017, from the excess capital, the Courts approved funding for a Late Claims Benefit Plan and Special Distribution Benefits. Additional information is disclosed in note 4.

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*.

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.

Au 31 décembre 2018, les apports des provinces et territoires versés à l'avance totalisent 12 000 \$ (12 000 \$ en 2017). 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 2018, ces obligations, intérêts compris, sont estimées à 100 627 000 \$ (110 838 000 \$ en 2017).

En 2017, les Tribunaux ont approuvé l'allocation de capital excédentaire pour un régime distinct pour les réclamations tardives et pour les Indemnités de distribution spéciale. Des informations additionnelles sont divulguées à la note 4.

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

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

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

2. Significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial instruments

Financial instruments include cash, contributions receivable, investments and accounts payable and accrued liabilities and claims payable.

All financial assets and liabilities are initially recognized at fair value and subsequently they are measured at amortized cost with the exception of cash and investments, which are measured at fair value.

Transaction costs

Transaction costs are expensed as incurred.

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.

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:

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

2. Principales méthodes comptables

Méthode de présentation

Les états financiers ont été dressés conformément aux Normes comptables canadiennes pour les organismes sans but lucratif et tiennent compte des principales méthodes comptables suivantes :

Instruments financiers

Les instruments financiers comprennent l'encaisse, les apports à recevoir, les placements, créditeurs et charges à payer et les demandes accumulées en cours de paiement.

Les actifs et passifs financiers sont comptabilisés initialement à la juste valeur et sont ensuite comptabilisés au coût amorti à l'exception de l'encaisse et des placements qui sont comptabilisés à la juste valeur.

Coûts de transaction

Les coûts de transaction sont comptabilisés comme dépenses lorsqu'ils sont encourus.

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.

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 :

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

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

2. Significant accounting policies (continued)

Revenue recognition (continued)

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.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. Significant estimates include the fair value of investments and the amount of accrued liabilities. 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.

2. Principales méthodes comptables (suite)

Constatation des revenus (suite)

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 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.

Utilisation d'estimations

Dans le cadre de la préparation des états financiers, conformément aux Normes comptables canadiennes pour les organismes sans but lucratif, 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 estimations importantes comprennent la juste valeur des placements et le montant des charges à payer. 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.

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

3. Investments

Investments are summarized as follows:

	Fair value	2018		
	Juste valeur	Cost		
	\$	\$		
Investment earnings receivable and cash	1,499	1,499		
Fixed income				
Government of Canada	779,240	621,891		
Corporate	-	-		
Provinces of Canada	-	-		
Fixed income pooled funds	59,830	54,659		
	839,070	676,550		
Equities - Pooled Funds				
Canadian	162,310	160,041		
Foreign				
U.S.	-	-		
International	-	-		
	162,310	160,041		
	1,002,879	838,090		

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, 2018, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 15.6 years (16.8 years in 2017).

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

3. Placements

Les placements se résument ainsi :

	Fair value	2017		
	Juste valeur	Cost		
	\$	\$		
Revenus de placement à recevoir et encaisse	2,049	2,049		
Titres à revenu fixe				
Gouvernement du Canada	820,301	639,608		
Sociétés	8,203	8,323		
Provinces du Canada	4,847	4,936		
Fonds communs à revenu fixe	60,859	54,660		
	894,210	707,527		
Actions - Fonds communs				
Canadiens	76,106	58,302		
Étrangers				
Américains	37,451	18,484		
Internationaux	36,303	28,140		
	149,860	104,926		
	1,046,119	814,502		

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 2018, la durée moyenne des obligations et des débentures du portefeuille, pondérée selon la juste valeur, était de 15,6 ans (16,8 ans en 2017).

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

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

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Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

3. Investments (continued)

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.

a) Foreign currency risk

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

	2018	2017	
	\$	\$	
Equities - Pooled Funds			Actions - Fonds communs
U.S.	—	37,451	Américains
International	—	36,303	Internationaux
	—	73,754	

3. Placements (suite)

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, dans les taux de conversion de devises et dans le marché boursier, national et international 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.

a) 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 :

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

3. Investments (continued)

Investment risk (continued)

b) 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:

3. Placements (suite)

Risque de placement (suite)

b) 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 :

	2018		2017		
	Fair value		Fair value		
	Juste valeur		Juste valeur		
	\$	%	\$	%	
Investment earnings receivable and cash	1,499	—	2,049	—	Revenus de placement à recevoir et encaisse
Fixed income					Titres à revenue fixe
Government of Canada	779,240	80	820,301	78	Gouvernement du Canada
Corporate	—	—	8,203	1	Sociétés
Provinces of Canada	—	—	4,847	1	Provinces du Canada
Fixed income pooled funds	59,830	6	60,859	6	Fonds communs à revenu fixe
	839,070	86	894,210	86	
Equities - Pooled Funds					Actions - Fonds communs
Canadian	162,310	14	76,106	7	Canadiens
Foreign					Étrangers
U.S.	—	—	37,451	4	Américains
International	—	—	36,303	3	Internationaux
	162,310	14	149,860	14	
	1,002,879	100	1,046,119	100	

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

4. Funding held for future expenses

4. Financement pour charges futures

				2018	
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations Tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Balance, beginning of year	886,006	49,193	103,241	1,038,440	Solde au début
Changes during the year					Variations au cours de l'exercice
Investment earnings (losses)	(3,810)	(234)	(414)	(4,458)	Revenus (pertes) de placement
Amounts recognized as revenue	(30,677)	(1,570)	(5,604)	(37,851)	Montants constatés comme revenus
Balance, end of year	851,519	47,389	97,223	996,131	Solde à la fin
2017					
	Regular	Late claims benefits fund	Special distribution benefits fund	Total	
	Régulier	Réclamations Tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Balance, beginning of year	1,129,498	(46)	(85)	1,129,367	Solde au début
Changes during the year					Variations au cours de l'exercice
Transfer of excess capital (note 7)	(234,323)	48,573	185,750	-	Transfert du capital excédentaire (note 7)
Investment earnings	21,384	1,189	2,384	24,957	Revenus de placement
Amounts recognized as revenue	(30,553)	(523)	(84,808)	(115,884)	Montants constatés comme revenus
Balance, end of year	886,006	49,193	103,241	1,038,440	Solde à la fin

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

5. Claims

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

5. Demandes

Les demandes comptabilisées dans les charges du Fonds au cours de l'exercice comprennent ce qui suit :

		2018				
	Regular	Late claims benefits	Special distribution benefits	Total		
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total		
	\$	\$	\$	\$		
Approved by the Administrator of the Fund						Demandes approuvées par l'Administrateur du Fonds
Disbursed	39,828	—	5,245	45,073		Décaissements
Net change in accrued claims in process of payments	(392)	—	431	39		Variation nette des demandes accumulées en cours de paiement
	39,436	—	5,676	45,112		
		2017				
	Regular	Late claims benefits	Special distribution benefits	Total		
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total		
	\$	\$	\$	\$		
Approved by the Administrator of the Fund						Demandes approuvées par l'Administrateur du Fonds
Disbursed	39,461	—	83,016	122,477		Décaissements
Net change in accrued claims in process of payments	(39)	—	854	815		Variation nette des demandes accumulées en cours de paiement
	39,422	—	83,870	123,292		

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

6. Operating expenses

6. Frais d'exploitation

				2018	
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations Tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Administrator	525	138	(133)	530	Administrateur
Advertising	-	1,023	-	1,023	Publicité
Legal (claims' appeal costs, Fund counsel)	187	79	-	266	Frais juridiques (frais de demandes en appel, avocats du Fonds)
Joint committee - Administration	786	305	18	1,109	Comité mixte - Administration
Joint committee - Sufficiency review	242	-	-	242	Comité mixte - Réévaluation de la suffisance
Investment management	275	-	-	275	Gestion des placements
Audit and related services	108	10	12	130	Honoraires d'audit et de services connexes
Custodial trustee	121	-	-	121	Frais de garde
Actuarial - General	80	15	31	126	Honoraires d'actuariat
Actuarial - Sufficiency review	412	-	-	412	Honoraires d'actuariat - Réévaluation de la suffisance
Medical and other consulting	9	-	-	9	Frais médicaux et autres frais de consultation
	2,745	1,570	(72)	4,243	

The 1986 - 1990 Hepatitis C Fund
Notes to the financial statements

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990
Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

6. Operating expenses (continued)
6. Frais d'exploitation (suite)

	2017				
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Administrator	816	—	609	1,425	Administrateur
Advertising	—	102	—	102	Publicité
Legal (claims' appeal costs, Fund counsel)	167	—	—	167	Frais juridiques (frais de demandes en appel, avocats du Fonds)
Joint committee - Administration	472	388	219	1,079	Comité mixte - Administration
Joint committee - Sufficiency review	45	—	—	45	Comité mixte - Réévaluation de la suffisance
Investment management	228	—	—	228	Gestion des placements
Audit and related services	110	2	24	136	Honoraires d'audit et de services connexes
Custodial trustee	129	—	—	129	Frais de garde
Actuarial - General	65	31	86	182	Honoraires d'actuariat
Actuarial - Sufficiency review	404	—	—	404	Honoraires d'actuariat - Réévaluation de la suffisance
Medical and other consulting	155	—	—	155	Frais médicaux et autres frais de consultation
	<u>2,591</u>	<u>523</u>	<u>938</u>	<u>4,052</u>	

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2018

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Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

7. Transfer of excess capital

Subsequent to the decisions of the Courts on the applications to allocate excess capital which were released in August 2016, the Court Orders in Ontario and British Columbia were finalized and approved by all parties and the Courts in January 2017. A further judgment was rendered by the Quebec Court in February 2017, which added orders to its earlier judgement. In November and December 2017, the Courts established three accounts of the trust: the HCV Regular Benefit Account, the HCV Late Claims Benefits Account and the HCV Special Distribution Benefits Account and ordered further special distribution benefits for certain alive permanently disabled Approved Dependents and for alive co-infected hemophiliacs.

The Courts approved the following amounts for the Late Claims Benefits and Special Distribution Benefits:

7. Transfert du capital excédentaire

Suite aux décisions des Tribunaux rendues en août 2016 concernant les requêtes pour allouer le capital excédentaire, les ordonnances d'Ontario et de la Colombie-Britannique ont été finalisées et approuvées par toutes les parties et les Tribunaux en janvier 2017. Un jugement additionnel a été rendu en février 2017 par le Tribunal du Québec ajoutant des ordonnances à son jugement précédent. En novembre et décembre 2017, les Tribunaux ont rendu des ordonnances additionnelles établissant trois compte dans la fiducie : le compte pour les Indemnités régulières, le compte pour les Réclamations tardives et le compte pour les Indemnités de distribution spéciale et approuvant des Indemnités de distribution spéciale en faveur de certaines personnes reconnues à charge et invalides et de certains hémophiles co-infectés survivants.

Les Tribunaux ont approuvés les montants suivants pour le régime des Réclamations tardives et pour les Indemnités de distribution spéciale :

		2017	
	Late claims benefits	Special distribution benefits	
	Réclamations tardives	Indemnités de distribution spéciale	
	\$	\$	
Excess capital	32,450	130,970	Capital excédentaire
Administrative cost	51	61	Frais d'administration
Required capital	7,411	12,199	Capital requis
Excess capital -			Capital excédentaire -
Disabled Dependents	—	3,900	personnes à charges invalides
Required capital -			Capital requis -
Disabled Dependents	—	400	personnes à charges invalides
Excess capital -			Capital excédentaire -
Co-infected hemophiliacs	—	4,600	hémophiles co-infectés
Required capital -			Capital requis -
Co-infected hemophiliacs	—	500	hémophiles co-infectés
Net investment earnings from			Revenu de placement net entre le
January 1, 2014 to December 31, 2016	8,661	33,120	1 ^{er} janvier 2014 et le 31 décembre 2016
	48,573	185,750	

The 1986 - 1990 Hepatitis C Fund**Notes to the financial statements**

December 31, 2018

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990**Notes complémentaires**

31 décembre 2018

(montants dans les tableaux en milliers de dollars)

8. Comparative figures

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

8. Chiffres comparatifs

Les chiffres de l'exercice précédent ont été reclassés afin de rendre leur présentation conforme à celle des états financiers de l'exercice en cours.

**1986-1990 Hepatitis C Claims Centre
Annual Report for the Period Ending December 31, 2018**

Appointment

Crawford and Company Canada Inc. has been administering the 1986-1990 Hepatitis C Class Action Settlement since our appointment by the Courts March 9, 2000.

Activities of Year 19

1. Complied with all Administrator duties as outlined in Article Five of the Settlement Agreement.
2. Worked in collaboration with the auditors from Deloitte to complete the year-end audit process.
3. Continued to work with the Joint Committee to implement the decisions of the courts to allocate excess capital to Class Members in the form of Special Distributions.
4. Initiated administration of the Late Claims Benefit Plan – Help Desk, Website, Claim Form and Database development.
5. Met with the Joint Committee in March; provided and discussed updated claim statistics.
6. Continued to work in collaboration with Canadian Blood Services, Héma-Québec, provincial hepatitis c programs, and medical experts.
7. Updated the www.hepc8690.ca as needed.
8. Prepared files for Fund Counsel, Referees, and Arbitrators and attended two (2) appeal hearings.

Key Claims Evaluation Statistics as of December 31, 2018

Funds disbursed – HCV Regular Benefit Account	\$996,336,795.71
Funds disbursed – HCV Special Distribution Benefit Account	\$89,537,297.33
Claims received	17,890
Claims approved	14,620
Claims denied	3,166
Claims in progress	104
Appeals	487
Decisions Rendered	354
Mediated/Withdrawn/Rescinded/Archived	119
Traceback requests initiated	5,048

Crawford continues to meet or exceed all service performance criteria.

CCAS HEP C 86 - 90 Reconciliation 2018

Balance owing December 31 2017	\$ 648,125.78
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2018 Budgeted Amounts

HEP C	\$ 528,167.00
GST / HST	\$ 68,661.71

Total Budget Year 2018	\$ 596,828.71
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Activity Adjustment	\$ -
HST 13%	\$ -

Third Party Expenses	\$ 407.10
HST 13%	\$ 52.92

Appeals Cost	\$ 3,359.49
HST 13%	\$ 436.73

Special Distribution Benefits	\$ 17,086.90
HST 13%	\$ 2,221.30

Late Claims Benefit Plan	\$ 122,155.75
HST 13%	\$ 15,880.25

Special Projects (Claimant Locator)	\$ 2,250.00
HST 13%	\$ 292.50

Total Activity, 3rd Party, Appeals, SDB, LCBP, Special Projects & Taxes	\$ 164,142.94
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Payments made in 2018

Re Budget Year 2017	\$ 648,125.78
Re Budget Year 2018	\$ 547,093.03

Total Paid in 2018	\$ 1,195,218.81
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**Balance owing from HEP C Settlement Fund
at December 31 2018 re 2018**

\$ 213,878.62

Note:

Dec 31, 2018 Balance

HEP C Budget	3235804-1	\$49,735.73	Paid Jan 11, 2019
Activity Adjustment, etc		<u>\$164,142.94</u>	

Information Brief

**RBC Investor & Treasury Services
Trustee and Custodian
Hepatitis C Trust Fund**

FOR THE 12 MONTHS ENDING
DECEMBER 31, 2018

Prepared for:
The Joint Committee of the Hepatitis C Trust Fund

Prepared by:
Sunil Dundee, Associate, Service Assurance
RBC Investor & Treasury Services



**RBC Investor &
Treasury Services**

About the Trustee and Custodian

RBC Investor & Treasury Services (RBC I&TS) was appointed Trustee and Custodian of the Hepatitis C Trust Fund by the Superior Courts of British Columbia, Ontario and Quebec on June 15, 1999.

About RBC Investor & Treasury Services

RBC Investor & Treasury Services is a specialist provider of asset services, custody, payments and treasury and market services for financial and other institutional investors worldwide, with over 4,500 employees in 17 countries across North America, Europe, Asia and Australia. We deliver services which safeguard client assets, underpinned by client-centric digital solutions which continue to be enhanced and evolved in line with our clients' changing needs. Trusted with \$4.1 trillion in client assets under administration⁽¹⁾, RBC I&TS has been rated by our clients as the #1 global custodian for eight consecutive years⁽²⁾ and is a financially strong partner with among the highest credit ratings globally⁽³⁾.

Clients benefit from our long-standing experience and specialized expertise:

- A worldwide network of offices across four continents, with operational centres of excellence providing service support across the globe
- Part of Royal Bank of Canada, one of the strongest banks in the world⁽³⁾ and one of the top 15 banks globally based on market capitalization⁽⁴⁾
- A focus on delivering digitally enabled products and services that transform clients' access to data and provide them with valuable insights into their businesses
- Offshore provider with centres of excellence in Luxembourg and Dublin and 30 years' UCITS expertise
- Award-winning fund accounting and transfer agency services⁽⁵⁾

- Foreign exchange expertise and currency hedging solutions designed to support clients
- Canadian leader in cash management, correspondent banking and trade finance for financial institutions⁽⁶⁾
- Securities lending and finance services focused on efficiently enhancing client returns
- Custody services across 87 global markets
- Fund administration services in 11 global markets
- Leading voice in industry regulation and market best practices
- 100+ years of history in providing investor and treasury services
- Global industry recognition with top ratings for client service in industry client satisfaction surveys⁽²⁾

Products and Services

RBC I&TS' product and service offering includes custody, fund/investment administration, shareholder services, performance measurement and compliance monitoring, distribution, transaction banking (including trade finance, insourced solutions and services to broker dealers), and treasury and market services (including cash/liquidity management, foreign exchange services and global securities lending).

(1) RBC quarterly results released February 22, 2019 (2) Global Custody Survey, Global Investor ISF, 2011 to 2018, unweighted (3) Standard & Poor's (AA-) and Moody's (Aa2) legacy senior long-term debt ratings of Royal Bank of Canada as of February 22, 2019 (4) Bloomberg as at February 22, 2019 (5) R&M Fund Accounting and Administration Survey 2013-2018 (6) Payments Canada 2018 & Global Finance 2019

NOTE: All currencies are in Canadian dollars

Responsibilities of the Trustee and Custodian

A service team comprising administration and operations managers is responsible for the day-to-day activities of the Hepatitis C Trust Fund, providing a range of specialized services.

Custody and safekeeping of securities

RBC I&TS holds in trust the cash and securities of the Trust Fund. The assets of the Trust Fund are administered by RBC I&TS strictly in accordance with the directions of the Joint Committee or the investment manager appointed by the courts. RBC I&TS ensures the safe custody of the assets and reconciles the securities positions in its books daily using the services of the Canadian Depository for Securities Limited (CDS).

Processing of investment transactions

RBC I&TS completes all securities investment transactions based on authorized instructions received from the investment manager.

Collection of income

RBC I&TS collects and accounts for all items of principal and income. Stock dividends and bond interest are credited to the account on the day they are payable regardless of whether RBC I&TS actually receives the funds. RBC I&TS tracks stock dividends and splits, bond maturities and redemptions. For cash balances held in the fund, interest is automatically credited. Interest is calculated daily and paid to accounts on the last business day of the month.

Contributions

RBC I&TS receives all contributions flowing into the Trust Fund. RBC I&TS credits receipts of those contributions to the appropriate accounts.

Plan disbursements

All plan disbursements are processed in a timely manner in accordance with the terms of our appointment and/or court order. Payments to service providers are made pursuant to the applicable court order.

Maintenance of records

RBC I&TS maintains accurate records with respect to the assets of the Trust Fund and provides timely reports to various parties including:

- **Monthly investment statements:** These statements provide the financial picture of the Trust Fund including cash reconciliation, investment activity, receipts and disbursements for the reporting period. The reports also provide a list of assets held at a certain date including book value, market value and accrued income. Day-to-day activity is reported in chronological order.
- **Quarterly notional reports:** RBC I&TS maintains notional accounts for each of the provincial and territorial governments. These accounts are maintained on the basis of the sharing percentage provided by the federal government. The report records the governments' proportionate contributions, proportionate interest amount and proportionate disbursements. It also indicates when payments are due and when they are actually received.
- **Monthly financial summary:** This report summarizes, at a high level, the market value of the Trust Fund, the investment income earned, payouts to claimants and service providers, and recoveries from the provinces and territories for those payouts since the inception of the Trust Fund.

Summary of Trust Fund Activity

The following is a summary of Hepatitis C Trust Fund activity for the 12 months ended December 31, 2018, the Trust Fund's 19th year of operation:

Payments to the Trust Fund

Contributions from provincial and territorial governments	\$11,709,950.54
Earnings (including investment income, realized and unrealized capital gains and losses)	\$62,349,781.91

Payments from the Trust Fund

Disbursements to the administrator for claimants	\$45,073,785.81
Disbursements to service providers for fees and expenses (including RBC I&TS' trustee and custodial fees)	\$5,397,236.67
Total	\$50,471,022.48

Closing Market Value of the Trust Fund

At December 31, 2018	\$1,002,878,911.16
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Trustee and Custodial Fees

Budget approved by the courts	\$125,000.00
Actual charge to the Trust Fund	\$123,299.26
Fees by year	
For 2017	\$21,191.69
For 2018	\$87,922.70
Taxes (GST/HST)	\$14,184.87
Total	\$123,299.26
Fees by type	
Custody of assets under administration	\$60,364.45
Transaction fees	\$14,349.90
Plan/reporting/accounting charges	\$30,900.00
Special reports	\$3,500.04
Taxes (GST/HST)	\$14,184.87
Total	\$123,299.26

RBC Investor & Treasury Services™ is a global brand name and is part of Royal Bank of Canada. RBC Investor & Treasury Services is a specialist provider of asset services, custody, payments and treasury services for financial and other institutional investors worldwide. RBC Investor & Treasury Services operates primarily through the following companies: Royal Bank of Canada, RBC Investor Services Trust and RBC Investor Services Bank S.A., and their branches and affiliates. These materials are provided by RBC Investor & Treasury Services for general information purposes only. RBC Investor & Treasury Services makes no representation or warranties and accepts no responsibility or liability of any kind for their accuracy, reliability or completeness or for any action taken, or results obtained, from the use of the materials. Readers should be aware that the content of these materials should not be regarded as legal, accounting, investment, financial, or other professional advice, nor is it intended for such use. ® / ™ Trademarks of Royal Bank of Canada. Used under licence.



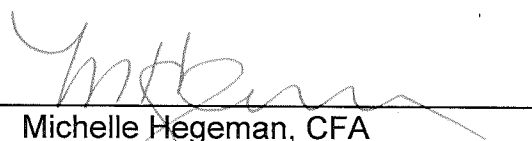
1986-1990 Hepatitis C Settlement Trust Fund

CERTIFICAT ANNUEL DE CONFORMITÉ

Pour l'année se terminant le: 31 décembre 2018

Au meilleur de notre connaissance, nous nous sommes conformés à votre politique d'investissement.

Vérifié par :


Michelle Hegeman, CFA
Vice-Présidente et Directrice
Gestion de portefeuilles

en date du: 15 janvier 2019

TD Asset Management

1986 - 1990 Hepatitis C Settlement Trust Fund

For Year ending December 31, 2018



1986 - 1990 Hepatitis C Settlement Trust Fund

Investment mandates



Mandate	TDAM Fund	Benchmark	Inception Date	Market Value
Short Term	TD <i>Emerald</i> Canadian Short Term Investment Fund	FTSE Canada 91 Day T-Bill Index	October 26, 2018	\$24,671,300
Long Term	Segregated Real Return Bonds (buy-and-hold)	N/A	February 29, 2000	\$780,628,489
	TD <i>Emerald</i> Canadian Bond Index Fund	FTSE Canada Universe Bond Index	February 29, 2000	\$59,828,626
	TD <i>Emerald</i> Low Volatility All World Equity PFT	MSCI All Country World Index ND (C\$)	October 25, 2018	\$130,623,491
Total¹				\$995,751,906

¹Does not include cash assets of \$50
As of December 31, 2018. PFT = Pooled Fund Trust.

1986 - 1990 Hepatitis C Settlement Trust Fund

Account Performance



Mandate	Account Performance			Hep C Target	
	1 Year	4 Years	Account Inception ¹		
TD <i>Emerald</i> Canadian Short Term Investment Fund	-	-	0.40%	N/A	
FTSE Canada 91 Day T-Bill Index	-	-	0.35%		
Added Value	-	-	0.05%		
Segregated Real Return Bonds (buy-and-hold)	-0.58%	1.45%	6.35%	N/A	

Mandate	Account Performance			Hep C Target Tracking Error (%)	
	1 Year	4 Years	Account Inception ¹	1 Year	4 Year
TD <i>Emerald</i> Canadian Bond Index Fund	1.39%	2.21%	5.27%	± 0.20	± 0.10
FTSE Canada Universe Bond Index	1.41%	2.27%	5.34%		
Difference	-0.02%	-0.06%	-0.07%		

Mandate	Account Performance			Volatility ²	Down Market Capture ²	Sharpe Ratio ²	Beta ²
	1 Year	4 Years	Account Inception ¹				
TD <i>Emerald</i> Low Volatility All World Equity PFT	-	-	1.68%	-	-	-	-
MSCI All Country World Index ND (C\$)	-	-	-0.82%	-	-	-	-
Difference	-	-	2.50%	-	-	-	-
Hep C Targets over 4 Years				70% of index or lower	80% of index or lower	greater than index	70% or lower
Total Return³	-0.55%	2.24%					

¹ Inception date for Segregated RRBs & Canadian Bond Index Fund are: February 29, 2000. Inception date for Short Term Investment Fund is Oct 26, 2018. Inception date for Low Volatility All World Equity PFT is Oct 25, 2018. ² To be provided when 4 year data history is available. ³ Corresponds to 1 & 4 Years Total Performance of all of the accounts together. Source: TDAM, Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund (Revised 2018). Returns for periods over one year are annualized. Data as at December 31, 2018.

1986 - 1990 Hepatitis C Settlement Trust Fund

Mandates - performance as at December 31, 2018















Funds	3 months	1 Year	3 Years	4 Years	5 Years	10 Years	Account Inception
Segregated Real Return Bonds	-1.57%	-0.58%	1.24%	1.45%	4.14%	4.97%	6.35%
TD <i>Emerald</i> Canadian Short Term Investment Fund	-	-	-	-	-	-	0.40%
FTSE Canada 91 Day T-Bill Index	-	-	-	-	-	-	0.35%
Added Value	-	-	-	-	-	-	0.05%
TD <i>Emerald</i> Canadian Bond Index Fund	1.81%	1.39%	1.78%	2.21%	3.48%	4.05%	5.27%
FTSE Canada Universe Bond Index	1.76%	1.41%	1.86%	2.27%	3.54%	4.16%	5.34%
Difference	0.05%	-0.02%	-0.08%	-0.06%	-0.06%	-0.11%	-0.07%
TD <i>Emerald</i> Low Volatility All World Equity PFT	-	-	-	-	-	-	1.68%
MSCI All Country World Index ND (C\$)	-	-	-	-	-	-	-0.82%
Difference	-	-	-	-	-	-	2.50%

Inception date for Segregated RRBs & Canadian Bond Index Fund are: February 29, 2000. Inception date for Short Term Investment Fund is Oct 26, 2018. Inception date for Low Volatility All World Equity PFT is Oct 25, 2018. Source: TDAM, FTSE Global Debt Capital Markets Inc. Data as at December 31, 2018. Note: Returns are net of expenses; numbers may not add due to rounding; returns for periods over one year are annualized.

Universe Bond Market Update



As of December 31, 2018

Sector	Weight (%)	Quarter Return (%)	1 Year Return (%)
Federal	36.33	 2.54	 2.39
Provincial	34.04	 1.69	 0.66
Municipal	1.91	 1.57	 0.87
All Corporates ¹	27.72	 0.86	 1.10
Corporate BBB	10.57	 0.44	 1.00
FTSE Canada Universe Bond Index		 1.76	 1.41

3-Month Commentary

- The FTSE Canada Universe Bond Index (the “Index”) returned 1.76% over the fourth quarter of 2018. Mid-term bonds posted the strongest gains. The FTSE Canada Mid Term Bond Index returned 2.42% over the period, followed by FTSE Canada Long Term Bond Index, which gained 1.87%. The FTSE Canada Short Term Bond Index returned 1.36%.
- Government of Canada bonds posted the strongest gain within the government sector, returning 2.82%. Among corporate bonds, Infrastructure and Real Estate bonds posted the strongest returns. Within the corporate sector, higher-quality bonds delivered the strongest performance. AAA/AA-rated bonds rose 1.30%, followed by A-rated bonds, which gained 0.97%. BBB-rated bonds returned 0.44%. Investment-grade credit spreads widened from 1.13% to 1.50% over the period.
- At the end of the period, the Index’s yield was 2.72%, falling from 2.91% at the start of the period. Government-related bond yields declined from 2.69% to 2.44%, while corporate bond yields were unchanged at 3.44%.

¹ Including BBB Corporates.

Sources: TDAM, FTSE Global Debt Capital Markets Inc.

All Country World Equity Market Update



As of December 31, 2018

Region	Weight (%)	Quarter Return (%)		1 Year Return (%)	
North America	57.15	-9.02			2.73
Europe	19.49	-7.79		-7.10	
Pacific	11.48	-7.24		-3.93	
Asia	8.66	-4.18		-7.60	
Mediterranean/ Africa/ Middle East	1.69		1.68	-7.44	
Latin America	1.53		5.24	-0.32	
MSCI AC World Index ND (C\$)¹		-7.81		-1.26	

3-Month Commentary

- Global equities posted negative returns over the quarter, in Canadian dollar terms, with the MSCI AC World Index ND (C\$)¹ declining 7.82%.
- Investors dumped stocks over the quarter with the selling intensifying in December amid concerns of an economic slowdown and fears that the U.S. Federal Reserve might be making a monetary policy mistake. Additionally, concern over ongoing trade negotiations between China and the U.S. pressured stocks over the quarter.
- Major developed markets fell hard alongside American peers during the quarter. In Europe, the U.K.'s FTSE 100 Index ended the quarter with a -7.60% return. Britain's blue-chip index, dominated by multinationals selling in U.S. dollars, was compromised early in the quarter by hopes of an imminent trade deal on Brexit, which lifted the pound and therefore hurt earnings potential. This negative correlation has weakened, however, as broad political concern saps overall appetite for risk. Range-bound trading through much of November was interrupted by choppiness in December, as the market weighed conflicting signals: sliding oil prices on one side; and the growing possibility of a Brexit reversal on the other.
- In Asia, Japan's Nikkei 225 Stock Average returned -9.55% in the fourth quarter as trade tensions roiled the export-dependent economy. On December 20, the Bank of Japan (BoJ) Policy Board voted to maintain its ultra-loose monetary policy. In its policy statement, the BoJ said the economy was expanding modestly, despite market volatility, and noted that earnings estimates in the U.S., Japan and Europe remain healthy

¹ From MSCI Inc.

Sources: TDAM, FactSet.

Note: Performance in C\$ terms. Total returns net of withholding taxes.

TD Asset Management

Appendix



TD *Emerald* Pooled Funds

Performance as at December 31, 2018



TD <i>Emerald</i> Funds	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception	Fund Inception Date	AUM as at 12/31/2018 (billion)
TD <i>Emerald</i> Canadian Short Term Investment Fund	0.53%	1.84%	1.27%	1.20%	1.14%	3.60%	July 4, 1991	\$2.2
FTSE Canada 91 Day T-Bill Index	0.45%	1.38%	0.81%	0.80%	0.82%	3.17%		
Added Value	0.08%	0.47%	0.45%	0.40%	0.32%	0.43%		
TD <i>Emerald</i> Canadian Bond Index Fund	1.81%	1.39%	1.78%	3.48%	4.05%	6.73%	August 7, 1991	\$4.2
FTSE Canada Universe Bond Index	1.76%	1.41%	1.86%	3.54%	4.16%	6.78%		
Difference	0.05%	-0.02%	-0.08%	-0.06%	-0.11%	-0.04%		
TD <i>Emerald</i> Low Volatility All World Equity	-3.74%	1.52%	6.97%	11.14%	N/A	12.72%	May 9, 2011	\$2.5
MSCI All Country World Index ND (C\$)	-7.81%	-1.26%	6.00%	9.63%	N/A	10.65%		
Difference	4.07%	2.78%	0.97%	1.52%	N/A	2.07%		

Sources: TDAM, FTSE Global Debt Capital Markets Inc., TSX Group Inc., Standard & Poor's, MSCI. Data as at December 31, 2018.

Note: Returns are net of expenses; numbers may not add due to rounding. Returns for periods over one year are annualized.

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Please read the fund facts and prospectus, which contain detailed investment information, before investing. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unit holder that would have reduced returns. Management fees and expenses may all be associated with these mutual fund investments. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. Mutual fund strategies and current holdings are subject to change.

All products contain risk. Important information about the pooled fund trusts is contained in their offering circular, which we encourage you to read before investing. Please obtain a copy. The indicated rates of return are the historical annual compounded total returns of the funds including changes in unit value and reinvestment of all distributions. Yields, investment returns and unit values will fluctuate for all funds. All performance data represent past returns and are not necessarily indicative of future performance. Pooled Fund units are not deposits as defined by the Canada Deposit Insurance Corporation or any other government deposit insurer and are not guaranteed by The Toronto-Dominion Bank. Mutual fund strategies and current holdings are subject to change. TD *Emerald* Funds are managed by TD Asset Management Inc.

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REPORT OF ECKLER LTD. ACTIVITIES

The firm of Eckler Ltd. was engaged to provide the Trust with continuing actuarial advice during the period from January to December 2018. During this fiscal year Eckler carried out extensive work in connection with the assessment of the financial sufficiency of the Trust as at December 31, 2016. This included assessment of the Regular Benefit Account, Special Distribution Benefit Account and the Late Claims Benefit Account. In addition, Eckler provided advice on potential changes to the investment policy, including the management of the short term fund, approach to monitoring of the equity strategy and the structuring of the Real Return Bond holdings. Eckler also assisted in the administration of the Special Distribution Benefits payments and Late Claims Benefit Plan. Eckler provided continuing assistance to the Joint Committee on a number of issues including: review of TDAM asset reports; review of RBC asset statements; checking RBC quarterly interest calculations/allocations; reconciling various asset statements; reviewing/updating investment results; preparation of investment summary for the Joint Committee; updating payment amounts for the change in the Pension Index for 2019; various discussions with counsel; and other miscellaneous items.



HEPATITIS C SETTLEMENT TRUST FUND

Investment Summary
as at December 31, 2018

MARCH 22, 2019

Overview



- Total assets consist of two main components:
 - An Investible Trust 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 (short term investment fund effective October 2018)
 - A Notional Fund, consisting of amounts owed by the provincial and territorial 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.
- 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.

Overview continued...

- In 2017, the Courts approved a number of special distribution benefits and a late claims protocol to be funded out of the Excess Capital established as at December 31, 2013
- As a result, the trust fund was divided into three accounts:
 - Regular Benefits Account
 - Special Distribution Benefits Account
 - Late Claims Benefit Account
- Each account shares proportionately in the invested assets of the trust
- The investment income arising from the total invested assets is allocated monthly

Overview continued...

- The Investment Guidelines were updated in 2018 to make the following changes:
 - Implement a low volatility equity investment strategy
 - Restructure the short term fund as a pooled investment in an appropriate money market product
 - Change the name of the relevant bond benchmark indices and to recognise court orders approving payments from excess capital of the Trust Fund
- The above changes were implemented in October 2018

Asset Summary

(\$,000's)



Fund	Portfolio	Strategy	2018 Bench mark	Dec-18			2017 Bench mark	Dec-17		
				Value	Asset Alloc	Fund Alloc		Value	Asset Alloc	Fund Alloc
Long term	Real Return Bonds	Passive	80.0%	780,438	79.8%		80.0%	809,971	79.3%	
	Universe Bonds	Index	6.0%	59,829	6.1%		6.0%	60,859	6.0%	
	Canadian Equity	Index					7.0%	76,106	7.5%	
	US Equity	Index					3.5%	37,451	3.7%	
	EAFE Equity	Index					3.5%	36,303	3.6%	
	World Equity	Low Volatility	14.0%	137,639	14.1%					
	Cash		0.0%	206	0.0%		0.0%	382	0.0%	
			100.0%	978,112	100.0%	88.5%	100.0%	1,021,073	100.0%	88.0%
Short Term	Short Term Bonds	Index						25,590		
	Short Term Investment Fund	Index		24,671						
	Cash			96				449		
				24,767		2.2%		26,039		2.2%
Total Invested Assets *				1,002,879		90.7%		1,047,112		90.3%
Provinces/Territories' Notional Assets (net of prepayments, including outstanding payments)				102,665		9.3%		113,059		9.7%
Total Assets				1,105,543		100.0%		1,160,171		100.0%

* Total Invested Assets includes prepayments from Yukon; Totals may not add due to rounding

Asset Summary – cont'd

(\$,000's)

Split of Invested Assets between:	Dec-18	Dec-17
Long Term Fund	97.5%	97.5%
Short Term Fund	2.5%	2.5%
Total Invested Assets	100.0%	100.0%

Comments on Asset Summary

As of December 31, 2018:

- Weighting for real return bonds is currently 0.2% below their benchmark of 80% of the Long Term Fund
 - A decrease in the underweight from December 31, 2017 (0.7% below benchmark)
- Weighting for universe bonds is 6.1%, slightly over their benchmark of 6%
 - An increase in the weighting from December 31, 2017 of 6.0%
- Equities are above their benchmark by 0.1% (change to Low Volatility World Equity in October 2018)
 - At December 31, 2017 they were 0.8% above their benchmark of 14%
- Provinces/Territories' ("PT") Notional Assets are net of prepayments by Yukon
 - See further detail on page 8
- As a percentage of the Invested Assets, the Long Term Fund stayed at 97.5%, while the Short Term Fund stayed at 2.5% at the fiscal year end

Asset Development (\$,000's)



		Invested Assets ¹				Provinces/ Territories' Notional Assets ¹	Total Assets
		Real Return Bond Fund	Other Long Term Funds	Short Term Fund	Total Invested Assets		
Initial, at December 31, 2017		810,290	210,783	26,039	1,047,112	113,059	1,160,171
Investment income (realized and unrealized)		(4,612)	(980)	120	(5,472)	1,315	(4,157)
Inflow:	Recoveries from Provinces	-	-	11,710	11,710	(11,710)	-
	Additional Prepayments	-	-	-	-	-	-
Outflow:	Benefit Payments	-	-	(45,074)	(45,074)	-	(45,074)
	Expenses	-	-	(5,397)	(5,397)	-	(5,397)
Transfers between funds		(25,130)	(12,240)	37,370	-	-	-
Closing, at December 31, 2018		780,548 ²	197,563 ²	24,767	1,002,879	102,665	1,105,543

1. Invested Assets include PT prepayments; PT Notional Assets are net of prepayments and include outstanding payments
2. These figures differ slightly from those on page 5 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 Provinces/Territories' Notional Assets) have decreased since December 31, 2017 by \$44.2m
 - As a result of the "federal" 8/11ths share of the Regular Benefit Account payments, the total Special Distribution Benefit Account payouts and the negative investment returns
- The Provinces/Territories' Notional Assets have decreased by \$10.4m
 - As a result of their 3/11ths share of the Regular Benefit Account payout exceeding interest credits at T-bill rates
- Total assets (i.e. including Provinces/Territories' Notional Assets) have decreased by \$54.6m
- Benefits are paid from the Short Term Fund
- From June 2002 onwards all recoveries from the provinces were allocated to the Short Term Fund
- TD Asset Management made net transfers from the Long Term Fund to the Short Term Fund of \$37.4m
 - \$25.1m from real return bonds in June, October and December 2018
 - \$12.2m from other long term funds - spread over the period

Provinces/Territories' Notional Assets (\$,000's)

	Gross Province/ Territories' Notional Assets	Less Yukon Prepayments	Net Provinces/ Territories' Notional Assets
Initial, at December 31, 2017	113,072	12	113,059
Interest credits	1,315	-	1,315
Additional prepayments	-	-	-
3/11 th share of benefits/expenses	(11,710)	(1)	(11,710)
Closing, at December 31, 2018	102,677	12	102,665

Totals may appear not add due to rounding

Investment Returns

Fund	Portfolio	Fiscal Year Ending				Quarterly Returns Fiscal Dec 2018			
		Dec-15	Dec-16	Dec-17	Dec-18	Mar-18	Jun-18	Sep-18	Dec-18
Long Term	Real Return Bonds	2.1%	3.9%	0.5%	-0.6%	1.5%	2.2%	-2.7%	-1.6%
	Universe Bonds	3.5%	1.5%	2.5%	1.4%	0.1%	0.5%	-1.0%	1.8%
	Canadian Equity	-8.3%	21.0%	9.1%	n/a	-4.5%	6.8%	-0.6%	n/a
	US Equity	21.2%	7.7%	13.4%	n/a	2.1%	5.4%	5.7%	n/a
	EAFE Equity	19.1%	-2.4%	16.8%	n/a	1.2%	1.0%	-0.4%	n/a
	Low Volatility World Equity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-3.7%
	Total	2.7%	4.7%	2.4%	-0.6%	0.9%	2.6%	-2.0%	-2.0%
Short Term	Short Term Bonds/Investment Fund	2.6%	1.0%	0.3%	1.1%	0.2%	0.4%	0.1%	0.4%
Total Invested Assets		2.6%	4.5%	2.4%	-0.6%	0.9%	2.5%	-2.0%	-2.0%
Notional PT Assets		0.6%	0.5%	0.7%	1.2%	0.3%	0.3%	0.3%	0.4%
Total Assets		2.4%	4.1%	2.3%	-0.4%	0.9%	2.3%	-1.8%	-1.8%

1. The 2015, 2016, 2017 and 2018 annual and quarterly returns for the component portfolios are as reported by TD Asset Management in their investment reports. Eckler has not independently verified these.
2. 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.
3. 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 negative 0.4% for the 2018 calendar year is the result of -0.6% for invested assets and +1.2% for notional PT assets.
- Universe Bonds produced a positive return of 1.4% in 2018.
- The 2018 return for the new low volatility world equity is not available since it was implemented in October 2018, however, the overall return for equities combining the previous equity holdings and the new low volatility fund was -1.1%.
- The 2018 return of 1.1% for the short term fund includes the return of the new money market pooled fund in the November and December 2018.
- The Provinces/Territories' Notional Assets increase with interest at the 3-month T-bill rate; in 2018, these rates were higher than the returns on the invested assets

Tracking Error



		Fiscal Year Ending				4 years to Dec 2018	Target Tracking Error	
		Dec-15	Dec-16	Dec-17	Dec-18		1 year	4 years
Universe Bonds	Actual	3.5%	1.5%	2.5%	1.4%	2.2%		
	Index	3.5%	1.7%	2.5%	1.4%	2.3%		
	t/e	0.0%	-0.2%	0.0%	0.0%	-0.1%	0.20%	0.10%

- Universe Bonds met their tracking error target over both one and four years for 2018
- Short term fund was restructured as a pooled investment in a money market product in October 2018. The tracking error against the new benchmark will be developed from 2019
- Tracking errors for Canadian Equity, US Equity and EAFE Equity are no longer required with the implementation of a low volatility equity investment strategy in October 2018

Risk metrics for Low Volatility Equity Portfolio

Metric	Fund	Index	Ratio of Fund to Index	Performance Objective	Comment
Standard Deviation	7.31%	9.57%	0.76	<0.7	Slightly above objective
Down Market Capture	34%	100%	0.34	<0.8	Better than expectations
Sharp Ratio	1.62	1.02	1.59	>1	Significantly higher risk-adjusted return
Beta	0.62	1.0	0.62	<0.7	Consistent with expectations

- Fund and Index metrics are as reported by TD Asset Management based on returns from fund inception of May 9, 2011 to December 31, 2018

Benefit Accounts



	Regular Benefit Account	Special Distribution Benefit Account	Late Claims Benefit Account	Total Invested Assets	Provinces/ Territories Notional Assets	Total Assets
Initial, at December 31, 2017	892,743	104,635	49,734	1,047,112	113,059	1,160,171
Investment Income	(4,681)	(504)	(287)	(5,472)	1,315	(4,157)
Inflow: Recoveries from PT	11,710	-	-	11,710	(11,710)	-
Additional prepayments	-	-	-	-	-	
Outflow: Benefit Payments	(39,829)	(5,245)	-	(45,074)	-	(45,074)
Expenses	(3,018)	(2,299)	(17)	(5,397)	-	(5,397)
Closing, at December 31, 2018	856,863	96,586	49,430	1,002,879	102,665	1,015,543
Gross investment return	-0.6%	-0.6%	-0.6%	-0.6%	1.2%	-0.4%

SUMMARY OF JOINT COMMITTEE WORK DURING NINETEENTH YEAR OF OPERATIONS (2018)

Executive Summary

1. The Joint Committee has a mandate to:
 - implement the 1986-1990 Hepatitis C Settlement Agreement and the following Plans:
 - the Transfused HCV Plan and the Hemophiliac HCV Plan (the “**Regular Benefits Plans**”)
 - the HCV Late Claims Benefit Plan (“**Late Claims Benefit Plan**”)
 - supervise the ongoing administration of claims under the Plans
 - supervise the administration and payment of Special Distribution Benefits
 - oversee the performance of the investment portfolio of the Hepatitis C 1986-1990 Trust Fund (the “**Trust Fund**”)
 - oversee certain services providers,¹ including making recommendations to the Courts regarding their appointment, negotiating their budgets, obtaining budget approval orders, and instructing, receiving and assessing their advice and reports
 - undertake the triennial fund sufficiency review in respect of the Regular Benefits Plans and the Late Claims Benefit Plan.
2. The numbers in this report have been rounded. Totals may not add due to this rounding.
3. In 2018, approximately \$45.1 million was paid to claimants as follows:
 - \$39.8 million under the Regular Benefits Plans

¹ These responsibilities apply to the following service providers: the administrator, the trustee, the investment managers and advisors, the auditors, the Joint Committee’s actuaries and physicians who assist in medical modelling.

- \$5.2 million in Special Distribution Benefits

The total amount paid for claims over the life of the settlement now totals approximately \$1.086 billion in response to 14,620 claims.

4. Operating expenses of administration and all service providers in 2018 were approximately \$4.2 million, which is an increase of about 4.7% over the previous year.
5. In 2018, there was a negative 0.55 % return on the total invested assets. The invested assets decreased by about \$43.2 million (net of payments out).
6. As at December 31, 2018, the Trust Fund held assets of approximately \$1.010 billion. The unpaid liability of the provincial and territorial governments was approximately \$100.6 million. This unpaid liability combined with the Trust Fund's assets totals approximately \$1.110 billion available to satisfy the claims of class members.

The Trust Fund

7. The governments' maximum obligation to the Trust Fund established as at January 10, 2000 was \$1.203 billion, shared between the Government of Canada (72.7273%) and the governments of the provinces and territories (27.2727%). The Government of Canada contributed its obligation at the outset. The provincial and territorial governments contribute their respective obligations mostly on a "pay-as-you-go" basis, with interest at the 3 month Treasury Bill rate.

8. As at December 31, 2018:

- The Trust held assets of about \$1.010 billion
- The obligation of the provinces and territories which fund on a pay-as-you go basis was estimated to be about \$100.6 million.

*As at December 31, 2018, there was **\$1.110 billion** available to satisfy class members' claims*

9. In December 2017 the Courts established three accounts of the Trust Fund:

- the Regular HCV Benefits Account
- the Special Distribution Benefits Account
- the HCV Late Claims Benefit Account.

The work performed, and expenses incurred by service providers are categorized and charged to the applicable account. The provincial and territorial governments do not contribute to claims or expenses paid from the Special Distribution Benefits Account or the HCV Late Claims Benefit Account.

10. The funding, investment earnings, claims paid and expenses relating to each of the Trust Fund's three accounts are reported in notes 4 - 7 of the Audited Financial Statements at Schedule A of the Annual Report.

Payments to Claimants

11. In 2018, approximately \$39.8 million in claims were paid under the Regular Benefits Plans, which is about 1% less than what was paid out in the previous year.²
12. Approximately \$5.2 million in Special Distribution Benefits were paid. Efforts continue to be made to locate claimants and identify successors so that previously approved retroactive payments can be made as intended.
13. No payments were made under the Late Claims Benefit Plan in 2018 due to delays in the administration of this Plan.

Operating Expenses

14. A total of approximately \$4.2 million in administration and service provider expenses were paid in 2018, which is about a 4.7% increase in expenses from the previous year.³

Portfolio Oversight

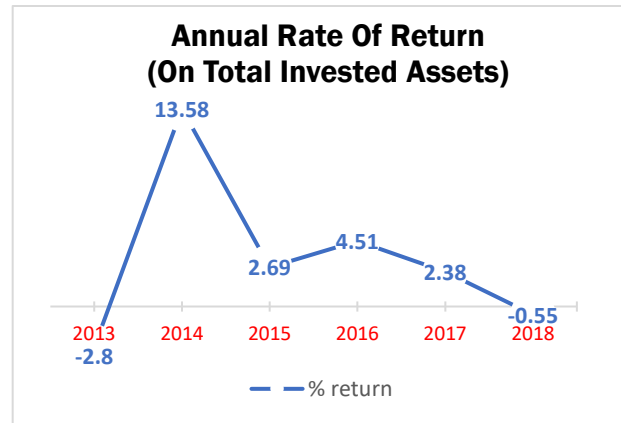
15. In 2018, the invested portion of the Trust Fund closed at about \$1.003 billion, which was down approximately \$43.2 million from the previous year (net of payments out).
16. The investment portfolio is largely in fixed income instruments, with the greatest portion of the fixed income instruments being real return bonds. A small portion is held in equities.
17. In September and October 2018, the Courts approved changes to the Investment Guidelines for the Trust, which included the implementation of a low volatility strategy for the equities portion of the portfolio and a restructuring of the Short Term Fund. The results reported below reflect these changes to the investment portfolio and the returns as at December 31, 2018.

² In 2017, approximately \$39.5 million was paid. In 2016, approximately \$42.2 million was paid.

³ In 2017, the operating expenses were approximately \$4.1 million. In 2016, the operating expenses were about \$4.7 million.

18. Overall, there was a negative 0.55% return on the total invested assets in 2018, which was a decrease over the prior year.⁴

19. Most of the assets (about \$780.6 million) are invested in Government of Canada Real Return Bonds, which produced a negative return of 0.58% in 2018. This was a decrease over the previous year.⁵ The return on these bonds since inception is 6.35%.



20. The short term investment fund (comprising about \$24.7 million), introduced as part of the changes to the investment guidelines, produced a return of 0.40% since its inception on October 26, 2018. The return on the short term bonds they replaced was 0.74% up until that date.⁶

21. The “other” invested assets include bond funds and equities.

- The return on the Canadian bond fund (comprising about \$59.8 million) was 1.39%, which was a decrease over the previous year.⁷ The return on Canadian bonds since inception is 5.27%
- The return on the low volatility all world equity portfolio (comprising about \$130.6 million) was 1.68% since its inception on October 25, 2018. The overall return on the portfolio’s equities in 2018 was -1.1%. Prior to the date the low volatility strategy was implemented, the rates of return on each of the equities funds was as follows:

⁴ In 2017, the overall return on invested assets was 2.38%. In 2016, the overall return on invested assets was 4.51%.

⁵ In 2017, the return on real return bonds was 0.50%. In 2016, the return on real return bonds was 3.86%.

⁶ In 2017, the return on short term bonds was 0.28%. In 2016, the return on short term bonds was 1.03%.

⁷ In 2017, the return on Canadian bonds was 2.46%. In 2016, the return on Canadian bonds was 1.49%.

- -5.65% on Canadian equities⁸
 - 7.06% on US equities⁹
 - -6.68% on international equities.¹⁰
22. The Canadian Bond Fund met the one year and four-year tracking ranges set in the Investment Guidelines for the Trust Fund. The tracking error against the new benchmark will be developed for the short term fund introduced in October 2018. Tracking errors for Canadian, US and Foreign equities are no longer required with the implementation of the low volatility investment strategy.

Summary of Joint Committee Work in 2018

23. The most time-consuming work for members of the Joint Committee in 2018 related to the Late Claims Benefit Plan, monitoring and addressing the Administrator's ongoing performance issues and work related to the appointment for a new Administrator. This included:
- working closely with the advertising agency to develop the different components of the notice campaign, including the TV advertisement, radio messages, social media messages and a new dedicated website
 - developing content for the new website
 - working with the public relations firm to prepare press releases, identify relevant associations and groups to include in PR contact lists, and training for and participating in several media interviews

⁸ In 2017, the return on Canadian equities was 9.09%. In 2016, the return on Canadian equities was 21.01%. In 2015, the return on Canadian equities was -8.27%.

⁹ In 2017, the return on US equities was 13.43%. In 2016, the return on US equities was 7.65%.

¹⁰ In 2017, the return on international equities was 16.83%. In 2016, the return on international equities was -2.42%.

- working with the Administrator to set-up a live call centre with a dedicated help-line to process the anticipated increase of incoming phone calls and developing with the Administrator the call centre script, guide and reference documents
- monitoring on a regular basis with the agency and the Administrator the daily activities generated on social media and in the call centre by the notice campaign aired from January 31 to March 31 and providing responses and directions upon request
- proceeding with a thorough review and substantial modifications to the settlement's standard claims package to simplify each form and tailor it to the type of claimant so that the claims process is easier and less time-consuming for claimants to complete
- supervising the new late claim request process governed by Appendix E of the Late Claims Benefit Plan and coordinating with the Referees, the Administrator and the Court Monitor
- monitoring and addressing several ongoing performance issues at the Claims Centre to resolve the problems and escalating them to Crawford senior management
- discussing and corresponding with Crawford senior management about Crawford's required adherence to the performance and quality standards under the administration contract
- drafting a request for proposal and preparing a package of supporting documents in anticipation of having a tender process for the administration contract for a term starting January 1, 2019 and identifying possible contenders
- identifying requirements for a successful transition and knowledge transfer, including coordinating interim testing with the auditor, documenting processes and procedures and CLASS software licensing and technical support issues
- discussing and meeting with senior management of Epiq regarding its proposal to become Administrator
- reviewing and negotiating the terms of Epiq's administration proposal for the 2019-2020 administration of the Settlement, including budgets
- negotiating new terms of appointment with Epiq Canada and Epiq US

- drafting applications with supporting evidence for obtaining the Courts' approval of the new terms of appointment appointing Epiq as Administrator for the period of 2019-2020 and approval of the related budget proposals
- engaging both stakeholders (Crawford and Epiq) in a step-by-step process to allow for maximum knowledge transfer before the expiration of Crawford's appointment
- negotiating an extension of the transition/collaboration period of Crawford beyond December 31, 2018 until the transition could be completed successfully.

24. The Joint Committee also worked on the following in 2018:

- preparing and filing supplemental evidence and material regarding its proposed 2018 financial sufficiency budget and participating in related case conferences
- working with the actuarial experts to finalize the material regarding the financial sufficiency review triggered as at December 31, 2016
- drafting applications and supporting affidavits seeking approval of:
 - the financial sufficiency of the Trust Fund as of December 31, 2016, and the financial status of the three accounts of the Trust
 - the Revised Investment Guidelines to implement the changes in investment strategy and to the short term fund proposed by the Investment Manager
- negotiating the terms of the draft orders for the above-noted applications with the federal, provincial and territorial governments
- preparing the applications and material for court approval of the 2017 Annual Report and Financial Statements
- preparing the applications and supporting material for approval of the 2019 annual budgets
- following up with the Trustee regarding separate reporting for the three accounts of the Trust
- negotiating with the federal government to achieve consensus on the pending applications regarding compensable HCV drug therapy and modifications to the protocol on medical evidence to include treatment with Direct Acting Antiviral Agents

- working with the Administrator on a class member tracing project to obtain updated contact information so that outstanding retroactive Special Distribution Benefits can be paid
- working with the Investment manager to implement the Low Volatility strategy of the equities portfolio and to implement a plan for rebalancing the real return bond portfolio as a result of the duration matching review conducted by the Investment consultant
- responding to numerous telephone and email communication from class members and family class members
- providing directions regarding various policy issues raised by the Administrator for the Joint Committee.

Late Claims Notice Campaign

25. In November 2017, the Courts approved a two phase notice campaign for the Late Claims Benefit Plan, an active notice phase with a budget of \$987,400 (plus applicable taxes) and a more passive post-campaign notice program for two years budgeted at \$37,000 (plus applicable taxes) per year.
26. The performance of the active notice phase, which took place between January 31 and April 30, 2018, was beyond expectations. According to the agency's report,¹¹ over 80% of all Canadians aged 27 and older were reached a little more than twelve (12) times through the Media campaign whereas the initial objective was set at eight(8) times.
27. The TV campaign included broad national coverage in both English and French with an emphasis on the News environment. The commercial was aired equally on conventional and specialty networks for the first two weeks with the subsequent 2 weeks supported with specialty network only (including one during the Super Bowl).
28. The audio news release broadcast in local radio stations helped reach different audiences including those living in remote regions. Radio interviews were secured with Joint Committee members in key markets including Winnipeg, Vancouver, Toronto and Montreal.
29. The public relations efforts including interviews of Joint Committee members by prominent journalists on CTV Toronto and TVA/LCN was an important factor in securing

¹¹ Hep-C Class Action – Performance Report (January – April 2018) by BRAD, July 2018

national coverage for the campaign despite the concurrent *Bell Let's Talk* campaign launched during the same period.

30. According to the PR agency, the active notice campaign reached an MPR Quality score of 91.89% which is based on four quality ratings measured against the coverage, including:
a) company/brand mention, b) photo/logo/image, c) spokesperson quote, and d) key messages.
31. The success of this short but intense active campaign translated into a lot of activity, generating:
 - 1,025,994 clicks and interactions (clicks to website, post interactions, comments, likes, shares, etc.)
 - 206,030 visits to the dedicated website from mobile devices, tablets and desktops from 172,734 unique users which helped move the website position up in search results with many search terms in the search engines
 - 3,101 calls at the call centre.
32. The post-campaign notice program on the social media was launched in October 2018 and will continue for a period of two years as planned. The evolution is monitored, and reports are provided by the agency. Allocation adjustments between the different options within the approved budget are possible, if needed.
33. As of December 31, 2018:
 - the Administrator had received 640 late claim requests
 - Referees had approved 422 requests and denied 56 requests to submit a late claim
 - the Administrator had received 57 claims from those permitted by the Referees to submit a late claim.

YEAR 19 JC FEES

**Joint Committee Fees and Disbursements Incurred in the Period from
January 1, 2018 to December 31, 2018**

Regular Benefit Plans

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Fees	\$ 151,944.00	\$ 163,403.00	\$ 213,488.34	\$ 142,540.00	\$ 671,375.34
Disbursements	\$ 8,869.50	\$ 6,039.80	\$ 2,355.62	\$ 5,835.12	\$ 23,100.04
GST	\$ 8,024.31	\$ 8,470.91	-	-	\$ 16,495.22
PST	\$ 10,829.94	\$ 16,899.50	-	-	\$ 27,729.44
HST	-	-	\$ 28,059.73	19 288.77	\$ 47,348.50
Total	\$ 179,667.75	\$ 194,813.21	\$ 243,903.69	\$ 167,663.89	\$ 786,048.54

Financial Sufficiency

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Fees	\$ 48,256.00	\$ 30,813.50	\$ 46,340.00	\$ 75,714.50	\$ 201,124.00
Disbursements	\$ 2,811.22	\$ 5,173.89	\$ 3,828.23	\$ 825.50	\$ 12,638.84
GST	\$ 2,549.38	\$ 1,797.52	-	-	\$ 4,346.90
PST	\$ 3,469.25	\$ 3,586.01	-	-	\$ 7,055.26
HST	-	-	\$ 6,521.87	\$ 9,950.20	\$ 16,472.07
Total	\$ 57,085.85	\$ 41,370.92	\$ 56,690.10	\$ 86,490.20	\$ 241,637.07

Special Distribution Benefits

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Fees	\$ 1,960.00	\$ 3,617.00	\$ 7,910.00	\$ 2,755.00	\$ 16,242.00
Disbursements	\$ 11.00	-	\$ 3.90	\$ 10.50	\$ 25.40
GST	\$ 98.57	\$ 180.86	-	-	\$ 279.43
PST	\$ 137.99	\$ 360.79	-	-	\$ 498.78
HST	-	-	\$ 1,028.81	\$ 359.51	\$ 1,388.32
Total	\$ 2,207.56	\$ 4,158.65	\$ 8,942.71	\$ 3,125.01	\$ 18,433.93

Late Claims Plan

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Fees	\$ 19,755.50	\$ 84,445.50	\$ 86,940.00	\$ 72,750.00	\$ 263,891.00
Disbursements	\$ 292.28	\$ 243.60	\$ 1,219.91	\$ 3,349.02	\$ 5,104.81
GST	\$ 1,002.39	\$ 4,223.12	-	-	\$ 5,225.51
PST	\$ 1,403.27	\$ 8,425.08	-	-	\$ 9,828.35
HST	-	-	\$ 11,460.80	\$ 9,892.86	\$ 21,353.66
Total	\$ 22,453.44	\$ 97,337.30	\$99,620.71	\$ 85,991.88	\$ 305,403.33

TOTAL FEES AND DISBURSEMENTS

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Fees	\$ 221,915.50	\$ 282,279.00	\$ 354,678.34	\$293,759.50	\$ 1,152,632.34
Disbursements	\$ 11,984.00	\$ 11,457.29	\$ 7,407.66	\$10,020.14	\$ 40,869.09
GST	\$ 11,674.65	\$ 14,672.41	-	-	\$ 26,347.06
PST	\$ 15,840.45	\$ 29,271.38	-	-	\$ 45,111.83
HST	-	-	\$ 47,071.21	\$ 39,491.34	\$86,562.55
Total	\$ 261,414.60	\$ 337,680.08	\$ 409,157.21	\$ 343,270.98	\$ 1,351,522.87

REPORT OF FUND COUNSEL (FOR 2018 YEAR END)

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. Gordon J. Kehler was appointed Fund Counsel for the British Columbia Class Actions by Order of the British Columbia Supreme Court, replacing William A. Ferguson.
3. During the fiscal period **January 1, 2018 to December 31, 2018**, 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, 2018	333
Number of appeals received from January 1, 2018 to December 31, 2018	0
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2018	241
Number of completed appeals (decisions rendered) from January 1, 2018 to December 31, 2018	1
Number of total withdrawals from the beginning to December 31, 2018	49
Number of withdrawals from January 1, 2018 to December 31, 2018	0
Number of total rescissions of denial from the beginning to December 31, 2018	22
Number of rescissions of denial from January 1, 2018 to December 31, 2018	0
Number of total Mediated Appeals from January 1, 2018 to December 1, 2018	7
Number of Mediated appeals from January 1, 2018 to December 31, 2018	0
Number of Archived Appeals	2
Number of pending Appeals as of December 31, 2018	11
Number of total requests for judicial confirmation from the beginning to December 31, 2018	56
Number of requests for judicial confirmation from January 1, 2018 to December 31, 2018	0
Number of total judicial decisions from the beginning to December 31, 2018	50
Number of judicial decisions from January 1, 2017 to December 31, 2018	0
Number of Appeals Justice Winkler sent back to Referee up to December 31, 2018	4

Number of Appeals that have been sent back that are concluded	3
Number of Appeals sent back by Justice Winkler that have been withdrawn by claimant up to December 31, 2018	1
Total Number of pending Appeals as of December 31, 2018	11

***Archived** – 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.*

8. Ontario Fund Counsel incurred fees of **\$38,688.50** plus GST/HST. Ontario Fund Counsel incurred disbursements in the amount of **\$1,107.97** plus GST/HST. The total amount of taxes incurred on fees and expenses was **\$5,163.78**. No expert witness expenses were incurred. With taxes, the total amount of fees and disbursements incurred is **\$44,960.25**.

(b) Quebec Fund Counsel

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2018:	80
Number of appeals received from January 1, 2018 to December 31, 2018:	0
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2018:	63
Number of completed appeals (decisions rendered) from January 1, 2018 to December 31, 2018:	0
Number of total withdrawals from the beginning to December 31, 2018:	10
Number of withdrawals from January 1, 2018 to December 31, 2018:	0
Number of total mediated appeals from the beginning to December 31, 2018:	1
Number of mediated appeals from January 1, 2018 to December 31, 2018:	0
Number of total rescissions of denial from the beginning to December 31, 2018:	5
Number of rescissions of denial from January 1, 2018 to December 31, 2018:	0
Number of pending appeals as of December 31, 2018:	1
Number of total requests for Judicial confirmation from the beginning to December 31,	22

2018:	
Number of requests for Judicial confirmation from January 1, 2018 to December 31, 2018	0
Number of total Judicial decisions from the beginning to December 31, 2018:	20
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2018	1
Number of judicial decisions from January 1, 2017 to December 31, 2018:	0

Quebec Fund Counsel incurred fees of **\$17,915.00** plus tax. Quebec Fund Counsel incurred disbursements in the amount of **\$108.50** plus tax. The total amount of taxes incurred on fees and expenses is **\$2,343.06**. As per Quebec Fund Counsel, disbursements related to general expenditure and bailiff fees. With taxes, the total amount of fees and disbursements incurred in Quebec is **\$20,366.56**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2018:	74
Number of appeals received from January 1, 2018 to December 31, 2018:	0
Number of total completed appeals (dec rendered) from the beginning to December 31, 2018:	50
Number of completed appeals (dec rendered) from January 1, 2018 to December 31, 2018:	0
Number of total withdrawals from the beginning to December 31, 2018:	17
Number of withdrawals from January 1, 2018 to December 31, 2018:	0
Number of total rescissions from the beginning to December 31, 2018:	0
Number of rescissions from January 1, 2018 to December 31, 2018:	0
Number of total mediated appeals from the beginning to December 31, 2018:	1
Number of mediated appeals from January 1, 2018 to December 31, 2018:	0

Number of Archived Appeals	4
Number of Archived Appeals from January 1, 2018 to December 31, 2018	0
Number of pending appeals as of December 31, 2018:	2
Number of total request for judicial confirmation from the beginning to December 31, 2018:	20
Number of requests for judicial confirmation from January 1, 2018 to December 31, 2018:	0
Number of total judicial decisions from the beginning to December 31, 2018:	19
Number of judicial decisions from January 1, 2018 to December 31, 2018:	0

B.C. Fund Counsel incurred fees in the amount of **\$6,502.50** plus tax. B.C. Fund Counsel incurred disbursements in the amount of **\$55.80** plus tax. The total amount of taxes incurred on fees and expenses is **\$783.12** (GST was paid in the amount of \$782.03 and PST in the amount of \$1,084.39). There were no costs incurred with respect to expert fees or travel expenses. With taxes, the total amount of fees and disbursements incurred in B.C. is **\$7,331.42**.

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.

9. 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.

Annual Report 2018

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 13 active Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia and Quebec, two in British Columbia and 6 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 new appeals assigned to Arbitrators and Referees remained low in 2018.

Late Claim Benefit Plan

5. The HCV Late Claim Benefit Plan was launched in January 2018 and allows individuals who missed the first claims deadline to request approval to file a late claim. The Courts approved guidelines for approval, directing that requests should be allowed where the claimant did not have timely notice of the first claim deadline, failed to meet the deadline for reasons beyond their control or where they provide another reasonable explanation for their delay. Two arbitrators were assigned to review the late claim requests and provide written reasons for allowing or denying them, one in Quebec and one in Ontario. As of December 31, 2018, 168 requests had been submitted in Quebec and 445 throughout the rest of Canada.

Financial Activity to December 31, 2018

6. 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:	\$220.00	\$0.00	\$10,415.50
Disbursements:	\$45.00	\$0.00	\$ 1,721.30
Taxes:	\$31.80	\$0.00	\$ 1,258.13
TOTALS	\$296.80	\$0.00	\$ 13,394.93

In the past fiscal year, no cases were approved for payment in excess of the tariff rate.

The fees and disbursements for the Late Claim Arbitrators in 2018 were as follows:

	<u>Quebec</u>	<u>Ontario (and remaining provinces)</u>
Fees:	\$0	\$69,721.25
Disbursements:	\$0	\$0
HST:	\$0	\$ 9,063.76
TOTALS:	\$0	\$80,479.01

Proposed Budget

7. As in previous years, the number and complexity of appeals will determine the fiscal needs of Appeal administration. This year, the large number of Late Claim requests approved in 2018 should be taken into account when setting the budget for 2019. There will inevitably be more claims for the Administrator to review in 2019 than there has been for the past several years, with a corresponding increase in the volume of appeals. As well, many of the underlying facts giving rise to these claims occurred roughly 30 years ago, further adding to the complexity of hearing these matters.

In light of the likely increase in volume and complexity of requests for review following implementation of the Late Claim Benefit Plan, I would recommend that the budget be set at a higher level than costs incurred in 2018. I would recommend that the budget for Arbitrators and Referees be set at \$50,000 for 2019.

8. The volume of requests to file Late Claims began to taper off in the latter part of 2018 and is very likely to continue to diminish throughout 2019. The Quebec Arbitrator, however, incurred fees of roughly \$35,000 attributable to work done in 2018 that were not billed until early 2019. Therefore, I would recommend that the budget to administer the review of Late Claim requests by the Arbitrators be set at \$75,000.00 to account for the work performed by the Quebec Arbitrator in 2018 and any further fees for work in 2019.