

TC (MPI) Pre-Ask 3

Part and Chapter:		Page No.:	
PUB Approved Issue No:			
Topic:			
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Preamble to IR:

Question:

Referencing Figure 1 (Appendix 1), please provide details of the -6.3% drift calculation, in the form of RM Appendix 7 or equivalent, and a narrative explanation for the selected drift.

Rationale for Question:

RESPONSE:

Please see Appendix 1 Drift Calculation by Major Class. MPI is projecting a negative drift for the vehicle-for-hire major class for 2021/22 and 2022/23 because the average rate is expected to decrease as a result of the expected strong growth in Passenger VFH units.

Drift Calculation by Major Class

Row	Description	Notes	Overall	Major Class						
				Priv Pass	Comm	Public	Motorcycle	VFH	Trailer	ORV
[1]	2021/22 Written Premiums	[a]	1,054,937,360	955,401,887	40,606,901	17,923,566	16,329,867	8,466,343	15,678,378	530,418
[2]	Number of Vehicles	[a]	1,190,681	823,410	46,950	10,159	18,080	1,937	214,371	75,774
[3]	2021/22 Average Rate	[a]	885.99	1,160.30	864.90	1,764.30	903.20	4,370.85	73.14	7.00
[4]	Projected Volume Growth	[b]		2.78%	1.42%	9.66%	4.94%	22.08%	5.85%	6.29%
[5]	2020/21 Actual Volume Growth	[c]		1.20%	1.35%	-11.14%	3.89%	3.36%	4.02%	5.18%
[6]	2021/22 Selected Volume Growth	[c]		1.16%	0.40%	8.86%	2.26%	12.01%	2.09%	2.03%
[7]	2022/23 Selected Volume Growth	[c]		1.09%	0.45%	5.82%	1.00%	7.50%	2.00%	2.00%
[8]	Number of Vehicles - Adjusted	[d]	1,233,825	846,269	47,618	11,141	18,973	2,365	226,921	80,538
[9]	Projected Drift	[e]	5.17%	6.09%	5.22%	0.93%	0.02%	-6.43%	4.96%	0.00%
[10]	2020/21 Actual Drift	[f]		2.13%	3.22%	-0.17%	-0.68%	-6.05%	2.14%	0.00%
[11]	2021/22 Selected Drift	[f]		2.55%	1.90%	0.50%	0.15%	-2.00%	2.00%	0.00%
[12]	2022/23 Selected Drift	[f]		2.55%	1.90%	0.50%	0.15%	-2.00%	2.00%	0.00%
[13]	2021/22 Average Rate - Adjusted	[g]	931.84	1,231.00	910.02	1,780.75	903.34	4,089.96	76.76	7.00
[14]	2021/22 Written Premiums - Adjusted	[h]	1,149,722,684	1,041,754,929	43,333,413	19,839,314	17,139,004	9,672,752	17,419,507	563,766
[15]	HTA Drift per Revenue Forecast	[i]	6.08%							
[16]	HTA Drift per Rate Model	[j]	5.92%							
[17]	2021/22 Average Rate	[k]	1,153.46							
[18]	2021/22 Average Rate - Adjusted	[l]	1,221.70							
[19]	Adjust to Revenue Forecast	[m]	1.0016							
[20]	Projected Drift - Adjusted	[n]	5.33%	6.26%	5.38%	1.09%	0.17%	-6.28%	4.96%	0.00%
[21]	2021/22 Average Rate - Adjusted	[o]	933.26	1,232.91	911.43	1,783.51	904.74	4,096.31	76.76	7.00
[22]	2021/22 Written Premiums - Adjusted	[p]	1,151,479,230	1,043,371,812	43,400,669	19,870,106	17,165,605	9,687,764	17,419,507	563,766

Notes:

- [a] From the Rate Model; based on the population of vehicles as at November 1, 2020; premiums reflect the approved 2021/22 rates
- [b] = $((1 + [5])^{(5/12)} * (1 + [6]) * (1 + [7])) - 1$; trended from November 1, 2020 to April 1, 2023
- [c] Selected based on historical volume growth for HTA and non-HTA vehicles; See Part V, Revenues
- [d] = $[2] * (1 + [4])$; Overall = Sum of major classes
- [e] = $((1 + [10])^{(5/12)} * (1 + [11]) * (1 + [12])) - 1$; trended from November 1, 2020 to April 1, 2023; Overall = $[13] / [3] - 1$
- [f] Selected based on historical drift for each major class
- [g] = $[3] * (1 + [9])$; Overall = $[14] / [8]$
- [h] = $[8] * [13]$; Overall = Sum of major classes
- [i] = $((1 + 2.27\%)^{(5/12)} * (1 + 2.44\%) * (1 + 2.59\%)) - 1$; See Part V, Revenues
- [j] = $([18] / [17]) - 1$
- [k] = $\text{Sum } [1] / \text{Sum } [2]$ for HTA Units
- [l] = $\text{Sum } [14] / \text{Sum } [8]$ for HTA Units
- [m] = $(1 + [15]) / (1 + [16])$
- [n] = $(1 + [9]) * [19] - 1$ for HTA Units; [9] for non-HTA Units; Overall = $[21] / [3] - 1$
- [o] = $[3] * (1 + [20])$; Overall = $[22] / [8]$
- [p] = $[8] * [21]$; Overall = Sum of major classes