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**DVA Fees**

Is MPI able to provide what DVA fees taxis avoid or avoided as a result of the \$60 million dollars being put in the DVA pot?

**RESPONSE:**

Representatives of MPI and the Taxi Coalition met and discussed at a high level the assumptions to be included, from which MPI later developed three hypothetical scenarios. Each scenario shows different fees and amounts that taxis might have paid had MPI not transferred \$60m from its Extension line of business to its DVA line of business in March 2020.

In all three scenarios, MPI made the following assumptions:

1. For fiscal years 2021/22 through 2025/26, revenues and expenses are based on the Financial Model utilized for the October, 2021 rate update;
2. For fiscal years 2026/27 through 2028/29, pro forma statements of operations are based on:
  - a) Flat service fees and other revenue and payment for the administration of the DVA program;
  - b) Operating expenses based on the previous 4-year average increase (2.2%) plus the projected Nova & other project costs;
3. The \$60 million transfer from Extension to DVA would be reversed effective March 31, 2022;
4. The proposed \$53 million transfer would not occur;

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5. Starting 2022/23, investment income projected in the pro forma statements of operations would be reduced to an amount comparable to levels before 2021/22 due to #3 and #4 above;
6. Any increase in fees would be implemented effective April 1, 2022, would remain in place for at least 7 years and, following 2028/29, the need for same would be reassessed;
7. The number of drivers is based on the General Rate Application (GRA) – Earned Driver Unit Growth Forecast in REV-20;
  - a) For 2026/27 onward, the increase from 2025/26 of 1.35% per year is used;
8. The number of vehicles registered is based on actual from 2020/21 and increased using the GRA - Volume Factor Forecast in Figure REV-4;
  - a) For 2026/27 onward, the increase from 2025/26 of 1.06% is used;
9. All funds associated with the increase in fees would flow back from the Government of Manitoba to MPI in the form of increased base funding – the same funding arrangement currently in place; and
10. The \$60 million transfer would instead be directed from Extension to Basic, resulting in an additional rebate of \$41 per taxi registration as set out in Undertaking #10.

**Scenario 1** - \$17 increase to vehicle registration fee

This scenario would result in an increased cost to taxis for vehicle registrations of \$119 per taxicab over the 7 years.

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**Scenario 2** - \$9 increase to vehicle registration fee; \$9 increase to driver fee; \$10 increase for Knowledge Tests and \$20 increase for all Road Tests noted below:

- Class 1 Road Test (Semi-Trucks)
- Class 2 Road Test (Buses)
- Class 3 Road Test (Heavy and Multi-Axle Trucks and Trailers)
- Class 4 Road Test (Emergency Vehicles)
- Class 5 Road Test (Passenger Vehicles, Light Trucks, Mopeds)
- Class 6 Road Test (Motorcycles)

This scenario would result in an increased cost to taxis (assuming passed knowledge tests and road tests) of \$63 for vehicle registration and \$63 for driver fees over the 7 years (\$126 total).

**Scenario 3** - \$22 increase to driver fee; \$10 increase for Knowledge Tests and \$20 increase for all Road Tests noted above.

This scenario would result in an increased cost to taxi drivers of \$154 in driver fees over the 7 years.