MANITOBA PUBLIC INSURANCE

2024 GENERAL RATE APPLICATION

Round 2 Information Requests

September 6, 2023

Public Utilities Board (PUB)

MANITOBA PUBLIC INSURANCE

PUB (MPI) 2-1

Part and Chapter:	**PUB (MPI) 1-1(b) Appendix 2** **Part I Application**	**Page No.:**	
PUB Approved Issue No:	**1. Projected claims, expenses, and vehicle counts, based on accepted actuarial practice in Canada** **10. Cost of operations and cost containment measures** **8. Capital management plan** **21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova**		
Topic:			
Sub Topic:			

Preamble to IR:

Question:

Please file a copy of the 2023/24 Capital Budget Report provided to the Audit and Finance Committee.

Rationale for Question:

To understand capital spending requirements of MPI.

RESPONSE:

Please find attached hereto as *Appendix 1 – 2.1 Final Capital Budget* a copy of the final 2023/24 Capital Budget Report and the accompanying presentation, which is attached as *Appendix 2 – 2.1.1 Capital Budget Revised Sep 15 2022 - Redacted*. The Audit and Finance Committee of the Board of Directors received each of the attached documents for its September 29, 2022 meeting.

Agenda 2.1
Page 1 of 1
September 29, 2022

SUBMISSION TO THE AUDIT & FINANCE COMMITTEE OF THE BOARD OF DIRECTORS OF MANITOBA PUBLIC INSURANCE

SUBJECT: 2023/24 Final Capital Budget

RECOMMENDATION: That the Members recommend that the Board of Directors approve the 2023 / 24 Capital Budget Report and budget request of $127.3M.

KEY MESSAGES: The Capital Budget consists of:

a. Lean Portfolio Management Initiatives which are broken into focus area and represent a total of $24.4M;

b. Buildings/cityplace/Premises of $19.0M; and

c. Nova Project $83.9M (which has attained previous Board approval and included for information for the 2023/24 impacts).

SUMMARY: This submission is intended to inform the Members and to get feedback on the assumptions that are being used to update the 2023/24 budget process.

The detailed Capital Budget is presented separately, and includes the Buildings/cityplace, Nova, and LPM projects, respectively. Please see Agenda Item 2.1.1.


Agenda 2.1.1
September 29, 2022
AFC – Capital Budget
Presented by: Finance
Presented to: AFC
Date: September 29th, 2022
MANITOBA
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Agenda

1 **Overall Capital Budget**

Capital Budget Key Build ups

Overall Budget Request

2 **Capital Budget - LPM**

Agile Methodologies & Governance

Key Focus Areas

3 **Capital Budget – Buildings/CP**

cityplace

Buildings and Improvements

4 **Recommendations & Questions**

Capital Budget key build ups

- Our Capital Budget consists of three key inputs:
    - ***Lean Portfolio Management Projects*** that help us focus on growing and transforming MPI
    - ***Buildings and Improvements and cityplace*** that help us run our operations
    - ***Nova Project*** that help us Transform the enterprise to get us ready for serving our customers and building a world-class operation that helps us transcend into MPI 2.0
- In our budget build up we have considered the key transformational elements in helping our business progress with a transformational mindset.
- Below we see industry advice in how the cost allocations for an ideal transformational enterprise shall be allocated between; running the enterprise, growing the enterprise, and transforming the enterprise.

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2023/24 Summary of Capital Budget Request

($M's)	Initiative DEFERRED DEVELOPMENT budget	Initiative EXPENSE budget	Total Initiative Budget (DEF DEV + EXP)
Lean Portfolio Management (LPM):			
Security Technology Risk Management	-	4.5	**4.5**
Agile Initiatives	-	19.9	**19.9**
Sub-total LPM Initiatives	**-**	**24.4**	**24.4**
Nova Project			
Nova Project (Implementation costs)	57.2	7.3	**64.5**
Nova – Ongoing Ops	-	19.4	**19.4**
Sub-total Nova Project	**57.2**	**26.7**	**83.9**

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2023/24 Summary of Capital Budget Request [con't]

($M's)	Initiative DEFERRED DEVELOPMENT budget	Initiative EXPENSE budget	Total Initiative Budget (DEF DEV + EXP)
Buildings/cityplace & Other			
Cityplace (including Space Plan)	13.5	-	13.5
Other Buildings/Land/Other	3.9	-	3.9
Other (CCTV, Card Access, Demountable Walls, Systems Furniture, Fleet & IT Data Processing)	**1.6**	-	**1.6**
Sub-total Buildings and citylace & Other	**19.0**	-	**19.0**
Total for Capital Budget Request	**76.2**	**51.1**	**127.3**

Initiatives Capital Requirements – LPM

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SAFe Agile & Alignment to Capital Budgets

- For Initiatives we are following Agile Budgeting Methodologies to ensure we can proactively align and be responsive to our business demands. Key elements of the Agile methodology are:
  - **Value Streams & Agile best practice:**
    1. Teams organized around value streams
    2. Teams deliver changes following a certain cadence that is more flexible within annual business cycle. Focus on priorities based on value, capacity, etc.
    3. Organize capital funding according to value streams
  - **Benefits of alignment**:
    1. Breaks down silos
    2. Aligns expectations of the customer with the output of the team
    3. Builds internal capabilities and reduce need on external
    4. Provides the basis for Lean Budgets and value stream funding
- Budget for our Initiatives are broken into key focus areas that help us drive business

Initiatives Governance

- **There is a defined governance framework that is working well to ensure Initiatives are properly governed.**
  - **Management Internal Governance:**
    - Regular monthly LPM Committee meeting to review the portfolio of initiatives
    - Business cases require LPM approval to access board approved capital funds
    - Value Management Office due diligence and benefits tracking on business cases
    - LPM manages intake based on merit and sets the priorities based on strategic alignment/value
    - Connected to Enterprise Architecture to understand the future state and technical enablers
    - Financial tracking on initiatives
    - Financial reporting on capital budgets
  - **Board Governance**
    - ARFC provides annual approval on capital budgets
    - Receives quarterly reporting on portfolio performance

2023/24 New Initiative Budget Focus Areas

($M's)	2023/24 Improvement Initiative Budget EXPENSE items
Digital Culture (MS365 & remote work)	2.8
Data & Analytics	3.1
Innovation Funding	3.5
Cloud Adoption	0.3
Enterprise Content Management	1.7
Partners & Customers Experience	4.0
HR & Finance	3.5
Government insertions of work	1.0
Total 2023/24 Budget - Agile Initiatives	**19.9**

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AreasDescription of Focus Areas

Focus Area	Initiative Budget (M's)	Description
Digital Culture (MS365 & remote work)	2.8	Digital culture is an important focus for the corporation in 22/23. Initiatives in this area will continue to build upon the MS 365 technology suite to continue to support MPIs digital workforce. Other technologies will also be assessed related to virtual PCs, phone and print centre changes.
Data & Analytics	3.1	Investment in Data and Analytics is essential to understanding customer behaviour and interactions. Building on works that started in 22/23, initiatives will implement tooling for data management such as data warehousing, AI, predictive analytics, and more.
Innovation Funding	3.5	Initiatives driven by the business related to MPIs strategic objectives.
Enterprise Content Management	1.7	Investment into evolution of this capability into a new platform. Current platform reaching end-of-life support in April 2023.

Areas Description of Focus Areas

Focus Area	Initiative Budget (M's)	Description
Cloud Adoption	0.3	MPI will be shifting on prem infrastructure to cloud. This will remove inflexibility and provided a stronger technological footprint for MPI to more effectively respond to changes. Building on 22/23 Cloud adoption roadmap, target to be out of the data centre by 24/25.
Government Insertions	1.0	New initiatives and enhancements that are mandated by the government
Partners & Customers Experiences	4.0	Initiatives that focus on new and improved products and service offerings to significantly improve partners and customers experience
HR & Finance	3.5	Initiatives to modernize HR, Talent & Finance Information Systems, Rate modelling, International Financial Reporting Standard compliance (IFRS17)
Security & Technology Risk Management	4.5	Investment into evolution of these platforms (licensing will be determine as the technology is evaluated)

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Buildings and Cityplace

- Buildings and cityplace budget are the focus areas on our Property requirements to run our operations.
- We need to invest in our buildings to ensure that the assets are maintained in good-standing, and address/evaluate cost requirements for same.
- **Key Items to note**
  - MPI has developed a multi-year retail strategy to be implemented in three construction phases to protect/enhance cityplace. The strategy includes future tenant deals/negotiations continue.
  - As deals come to fruition, further approvals will be sought from the Board with appropriate backup to support recommendations. TBS/Board approval has been met.
  - We continue to explore options for cityplace, and the intent is to divest of the asset as we maximize the potential capitalization rates for the asset to increase future proceeds.

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[redacted]

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Buildings Summary

[redacted]

Recommendation

The Members recommend that the Board of Directors approve the 2023/24 Fiscal Year Capital Budget a request as follows:

- Lean Portfolio Management Approvals - $24.4M
- Buildings and cityplace - $19M
- Nova Project – $83.9M [already approved overall by TBS/GoM/Board].

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Questions

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PUB (MPI) 2-2

Part and Chapter:	PUB (MPI) 1-1(d) Appendix 4 - Redacted	Page No.:	
PUB Approved Issue No:	1. Projected claims, expenses, and vehicle counts, based on accepted actuarial practice in Canada 10. Cost of operations and cost containment measures 8. Capital management plan 21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova		
Topic:			
Sub Topic:			

Preamble to IR:

The BI3 upgrade moved from on-premises to the cloud, using the SaaS cloud platform in an initiative to leverage the Corporation's plan on digital transformation.

Question:

Please file a copy of the agreement with Fineos for SaaS BI3.

Rationale for Question:

To understand the cost implications of BI3 agreement.

RESPONSE:

The agreement has not been signed yet. On August 10, 2023, the Board of Directors authorized MPI to finalize negotiations with Fineos to upgrade the existing version of the software by changing to a cloud-based model, subject to Ministerial approval; as previously approved by the Technology Committee on April 21, 2022. As of the date of this writing, MPI has yet to receive Ministerial approval.

PUB (MPI) 2-3

Part and Chapter:	**PUB (MPI) 1-3** **Part VII - Ratemaking**	**Page No.:**	**2**
PUB Approved Issue No:	**1. Projected claims, expenses, and vehicle counts, based on accepted actuarial practice in Canada**		
Topic:	**Claims Expense**		
Sub Topic:			

Preamble to IR:

In PUB (MPI) 1-3(a), MPI indicated that:

The ratios specified above use Claims Expense to Total Claims Incurred from

PF-1 which is Incurred ULAE to Incurred Claims. The Total Claims Incurred from PF-1 also includes time value of money and risk adjustment, which may materially understate the ULAE ratio.

Further, the incurred claims are driven by movement in provisions that may vary considerably year over year. MPI believes that using the Paid-to-Paid method provides a more consistent and comparable basis year over year.

Question:

a) Please provide, for each of 2023 through 2028, the following amounts in a table, and in Excel:

   i. Paid claims incurred
   ii. Change in case reserves
   iii. Change in undiscounted IBNR
   iv. Change in discount
   v. Change in Risk Adjustment on claims incurred
   vi. Total of a-e, which should equal Claims Incurred on line 14 of PF-1

b) Please calculate the undiscounted claims incurred, the sum of a to c above, for each of 2023 through 2028.

c) Please provide, for each of 2023 through 2028:

   i. Paid claims expense
   ii. Change in claims expense case reserve
   iii. Change in undiscounted claims expense IBNR reserve
   iv. Change in discount
   v. Change in Risk Adjustment on claims expense
   vi. Total of a-e, which should equal Claims Expense on line 18 of PF-1

d) Please calculate the undiscounted claims expense incurred, the sum of a to c above, for each of 2023 through 2028.

e) Please calculate the ratio of the undiscounted claims expense to the undiscounted claims incurred for each of 2023 through 2028.

f) Please calculate an alternative Claims Expense per unit for Figure RI-10 based on an average of the ratio calculated above for 2025 and 2026.

g) Please provide an alternative Figure RI-10 based on the above Claims Expense per unit. Assuming that the indicated rate change is implemented, please provide an alternative PF-1, PF-2 and PF-3.

h) Please provide alternative Figures RI-10, PF-1, PF-2, and PF-3, based on the above claims expense and the new money yield from PUB (MPI) 1-6.

Rationale for Question:

To continue the exploration on claims expense begun in PUB (MPI) 1-3.

RESPONSE:

MPI provides Excel workbooks along with Information requests responses replicating its figures.

a) Please see *Figure 1* below:

Figure 1 Claims Incurred

Line No.	Fiscal Year (Ending March 31) ($000)	2023	2024	2025	2026	2027	2028
1	**Paid Claims**	819,411	883,108	892,175	920,008	950,181	983,111
2	**Change in Case reserve**	49,181	(34,556)	(2,432)	2,668	7,240	10,212
3	**Change in IBNR**	47,146	(12,573)	9,419	9,816	9,689	9,527
4	**Change in Unpaid ULAE**	6,737	(3,578)	2,321	3,732	4,193	4,461
5	**Inflation Impact**	76,853	72,700	49,221	49,402	52,157	55,854
6	**Unwinding**	70,760	87,798	88,108	90,668	94,475	98,357
7	**Change of Yield Curve**	(122,455)	7,177	(4,531)	(11,152)	(11,511)	(12,182)
8	**Discounting impact of cash flow change**	(139,975)	(103,537)	(106,406)	(113,329)	(120,637)	(128,355)
9	**RA Change**	(1,848)	1,209	2,654	2,229	2,517	2,675
10	**Claims Incurred Expense**	31,958	32,325	34,319	37,433	38,452	39,098
11	**Total Claims Incurred**	837,769	930,071	964,848	991,476	1,026,755	1,062,759

Please note that the Claims Incurred Expenses in Line No. 10 are the non-proportional ULAE expenses. Please refer to Part IV Appendix 2 for a breakdown of these expenses.

b) Please see *Figure 2* below:

Figure 2 Undiscounted Claims Incurred

Line No.	Fiscal Year (Ending March 31) ($000)	2023	2024	2025	2026	2027	2028
1	**Paid Claims**	819,411	883,108	892,175	920,008	950,181	983,111
2	**Change in Case reserve**	49,181	(34,556)	(2,432)	2,668	7,240	10,212
3	**Change in IBNR**	47,146	(12,573)	9,419	9,816	9,689	9,527
4	**Undiscounted Claims Incurred**	915,738	835,978	899,161	932,492	967,110	1,002,849

c) Claims Expense on Line 18 of PF-1 only includes Paid ULAE. Unpaid ULAE is built into Claims Incurred (part a), and the impact of discounting, risk adjustment cannot be split up.

d) Please see *Figure 3* below:

Figure 3 Undiscounted Claims Expenses

Line No.	Fiscal Year (Ending March 31) ($000)	2023	2024	2025	2026	2027	2028
1	Paid Claims Expenses	146,265	155,922	146,435	147,569	140,760	140,545
2	Change in Unpaid ULAE*	6,737	(3,578)	2,321	3,732	4,193	4,461
3	Undiscounted Claims Expense	153,002	152,344	148,756	151,301	144,953	145,006

Notes
*Change in Unpaid ULAE taken from part a)

e) Please see *Figure 4* below:

Figure 4 Ratio of Claims Expenses to Claims Incurred

Line No.	Fiscal Year (Ending March 31) ($000)	2023	2024	2025	2026	2027	2028
1	Undiscounted Claims Expenses	153,002	152,344	148,756	151,301	144,953	145,006
2	Undiscounted Claims Incurred	915,738	835,978	899,161	932,492	967,110	1,002,849
3	Ratio	16.71%	18.22%	16.54%	16.23%	14.99%	14.46%

f) The average ratios for Fiscal Year ending in 2025 (16.54%) and 2026 (16.23%) is calculated to be 16.38%. This leads to a claim expense of $111.22 per unit. Please note the claims expenses incurred also includes changes in the ULAE provision, which may not be appropriate for projection of claims expenses paid. Also, for projection of rating year claims expenses, the use of average of the next two years may not be appropriate as claims run off for the year 2024 may take several years.

As stated in PUB 1-3 (a), MPI uses the classic paid-to-paid method to determine the ULAE ratio. The use of claims incurred may not be appropriate for use as claims incurred include liability provisions from several past years and not for one rating year. Whereas for pricing, expenses related to a single rating is considered and the claims run off may take several years. The selected ULAE ratio from the March 2023 Actuary Report is 18.50%. For ratemaking, MPI reduced this amount to 18.00% due to steady claims expenses and increase in claims cost.

g) Please see *Figure 5* below:

Figure 5 Rating Year 2024/25 Major Classification Applied for Rate Change

Line No.	Coverage	Overall	Private Pass.	Comm.	Public	Motor-cycles	Trailers	ORV's
1	**24/25 Units**	1,280,333	863,331	49,070	13,089	19,322	244,888	90,633
2	**Claims**	710.18	953.28	738.91	1,888.37	665.64	49.09	4.51
3	**Claims Expense**	111.22	149.29	115.72	295.74	104.25	7.69	0.71
4	**Road Safety**	9.47	12.83	12.83	12.83	12.83	0.00	0.00
5	**Operating Expense**	53.65	72.70	72.70	72.70	72.70	0.00	0.00
6	**Regulatory/Appeal**	3.35	4.53	4.53	4.53	4.53	0.00	0.00
7	**Commission: Vehicle**	38.01	50.50	44.70	109.28	34.56	3.09	0.23
8	**Prem Tax: Vehicle**	27.54	36.59	32.39	79.19	25.04	2.24	0.17
9	**Comm & Prem Tax: Driver**	2.84	3.85	3.85	3.85	3.85	0.00	0.00
10	**Commission Flat Fee**	5.68	7.70	7.70	7.70	7.70	0.00	0.00
11	**Reins: Casualty**	2.01	2.72	2.72	2.72	2.72	0.00	0.00
12	**Reins: Catastrophe**	11.38	12.45	12.45	12.45	0.00	12.45	0.00
13	**Fleet Rebates**	15.31	11.52	130.25	249.26	0.00	0.00	0.00
14	**Anti-Theft Discount**	0.56	0.83	0.00	0.00	0.00	0.00	0.00
15	**Driver Prem**	51.69	70.05	70.05	70.05	70.05	0.00	0.00
16	**Service Fees**	21.41	29.02	29.02	29.02	29.02	0.00	0.00
17	**Req Rate**	918.09	1,219.74	1,079.69	2,639.54	834.76	74.54	5.62
18	**Adj. Req Rate**	899.25	1,194.71	1,057.53	2,585.37	817.62	73.01	5.50
19	**23/24 Average Rate**	870.37	1,150.24	908.29	2,252.53	882.92	62.24	5.69
20	**Major Class Drift**	4.8%	6.0%	4.6%	1.2%	-0.1%	7.3%	0.0%
21	**24/25 Average Rate**							
22	**Without Rate Change**	912.02	1,218.86	949.64	2,279.87	882.12	66.81	5.69
23	**Full Cred Req Change**	-1.4%	-2.0%	11.4%	13.4%	-7.3%	9.3%	-3.3%
24	**Applied for Change**	0.0%	-0.6%	12.9%	15.0%	-6.0%	10.8%	-1.9%
25	**Credibility**		99.3%	89.1%	68.6%	76.3%	97.6%	93.8%
26	**Cred Wtd Change**		-0.6%	11.5%	10.3%	-4.6%	10.6%	-1.8%
27	**Cred Wtd Req Rate**	910.60	1,211.73	1,059.16	2,514.53	841.77	73.88	5.59
28	**Cred Wtd Req Rate (Bal)**	912.02	1,213.62	1,060.82	2,518.46	843.09	73.99	5.60
29	**Cred Wtd Change (Bal)**	0.0%	-0.4%	11.7%	10.5%	-4.4%	10.8%	-1.7%

The alternative PF-1, PF-2 and PF-3 based on the assumption of a -1.40% Rate indication are as follows:

Figure 6 PF-1 Statement of Operations with -1.40% Rate Indication:

Multi-year - Statement of Operations

Line	*2024 GRA Base with -1.4% Rate Indication*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*
No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*					
1		2023A	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**						
3	Motor Vehicles	1,121,811	1,112,046	1,131,735	1,168,097	1,203,063	1,240,825
	Capital Release Provision	(57,026)	-	-	-	-	-
4	Drivers	59,085	62,520	64,822	66,634	67,982	70,043
5	Reinsurance Ceded	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
6	**Total Net Premiums Written**	**1,107,478**	**1,158,180**	**1,179,679**	**1,217,347**	**1,253,139**	**1,292,425**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,103,695	1,119,108	1,122,017	1,150,149	1,185,805	1,222,187
9	Capital Release Provision	(65,568)	(28,558)	-	-	-	-
10	Drivers	59,896	61,180	63,693	65,745	67,321	69,032
11	Reinsurance Ceded	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
12	**Total Net Premiums Earned**	**1,081,631**	**1,135,344**	**1,168,832**	**1,198,510**	**1,235,220**	**1,272,776**
13	Service Fees & Other Revenues	26,689	26,904	27,120	27,704	28,333	28,997
14	**Total Earned Revenues**	**1,108,320**	**1,162,248**	**1,195,952**	**1,226,214**	**1,263,553**	**1,301,773**
15	Claims Incurred	960,224	922,894	969,379	1,002,628	1,038,266	1,074,941
16	DPAC \ Premium Deficiency Adjustment	-	-	-	-	-	-
17	(a) Claims Incurred - Interest Rate Impact	(122,455)	7,177	(4,531)	(11,152)	(11,511)	(12,182)
18	**Total Claims Incurred**	**837,769**	**930,071**	**964,848**	**991,476**	**1,026,755**	**1,062,759**
19	Claims Expense	146,265	155,922	146,435	147,569	140,760	140,542
20	Road Safety/Loss Prevention	10,530	14,461	12,127	12,109	12,184	12,333
21	**Total Claims Costs**	**994,564**	**1,100,454**	**1,123,410**	**1,151,154**	**1,179,699**	**1,215,634**
22	**Expenses**						
23	Operating	86,526	98,357	93,404	94,830	91,441	91,296
24	Commissions	48,483	50,817	55,603	55,393	55,621	55,900
25	Premium Taxes	33,716	35,239	35,898	37,044	38,133	39,328
26	Regulatory/Appeal	4,769	4,637	4,239	4,328	4,346	4,366
27	**Total Expenses**	**173,494**	**189,050**	**189,144**	**191,595**	**189,541**	**190,890**
28	**Underwriting Income (Loss)**	**(59,738)**	**(127,256)**	**(116,602)**	**(116,535)**	**(105,687)**	**(104,751)**
29	**Investment Income**	98,194	125,102	126,995	131,165	136,597	144,859
30	(b) Investment Income - Interest Rate Impact	(115,602)	496	-	-	-	-
31	**Net Investment Income**	**(17,408)**	**125,598**	**126,995**	**131,165**	**136,597**	**144,859**
32	**Gain (Loss) on Sale of Property**	112	-	-	-	-	-
33	**Net Income (Loss) from Annual Operations**	**(77,034)**	**(1,658)**	**10,393**	**14,630**	**30,910**	**40,108**
34	Total net Impact due to interest rate change (b) - (a	6,853	(6,681)	4,531	11,152	11,511	12,182
35	**Net Income (Loss) from Annual Operations**	**(77,034)**	**(1,658)**	**10,393**	**14,630**	**30,910**	**40,108**
36	Adjust for Initiative Expenses (BO 12.1 d)		(29,195)	(26,142)	(26,609)	(10,735)	(3,634)
37	**Net Income (Loss) for for Rate Setting Purpos**	**(77,034)**	**27,537**	**36,535**	**41,239**	**41,645**	**43,742**

Figure 7 PF2 Statement of Financial Position with -1.40% Rate Indication

Multi-year - Statement of Financial Position

Line No.	2024 GRA Base with -1.4% Rate Indication (C$ 000s, rounding may affect totals)	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
		As at March 31,					
1		2023A	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**						
3	**Assets**						
4	Cash and cash equivalents	102,396	2,090	4,906	7,713	10,850	14,496
5	Investments	2,786,044	2,918,650	2,965,777	3,048,586	3,186,101	3,343,626
6	Investment property	5,759	5,604	5,449	5,295	5,140	4,985
7	Due from other insurance companies	28	-	-	-	-	-
8	Accounts receivable	367,603	378,985	385,695	398,087	410,004	422,873
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	-	-	-	-	-	-
11	Reinsurers' share of unearned premiu	-	-	-	-	-	-
12	Reinsurers' share of unpaid claims	4,657	-	-	-	-	-
13	Property and Equipment	124,238	133,543	144,396	167,842	168,994	170,146
14	Deferred development costs	28,271	33,972	36,422	34,057	27,862	21,971
15	**Total Assets**	**3,418,996**	**3,472,844**	**3,542,645**	**3,661,580**	**3,808,951**	**3,978,097**
16	**Liabilities**						
17	Due to other insurance companies	363	320	320	320	320	320
18	Accounts payable and accrued liabiliti	58,748	69,113	66,045	64,557	61,937	61,529
19	Financing lease obligation	5,308	5,276	5,153	5,031	4,908	4,785
20	Unearned premiums and fees	580,335	604,656	616,873	637,184	656,692	678,055
21	Provision for employee current benefi	19,784	20,670	21,347	22,024	22,701	23,378
22	Provision for employee future benefits	328,847	340,182	351,515	362,847	374,180	385,513
23	Provision for unpaid claims	1,990,570	2,005,209	2,043,562	2,077,596	2,115,717	2,156,267
24	**Total Liabilities**	**2,983,955**	**3,045,426**	**3,104,815**	**3,169,559**	**3,236,455**	**3,309,847**
25	**Equity**						
26	Retained Earnings	378,246	417,467	427,882	482,071	562,546	658,300
27	Accumulated Other Comprehensive Ir	56,793	9,947	9,947	9,947	9,947	9,947
28	**Total Equity**	**435,039**	**427,414**	**437,829**	**492,018**	**572,493**	**668,247**
29	**Total Liabilities & Equity**	**3,418,994**	**3,472,840**	**3,542,644**	**3,661,577**	**3,808,948**	**3,978,094**

Figure 8 PF3 Statement of Changes in Equity with -1.40% Rate Indication

Multi-year - Statement of Changes in Equity

Line No.	*2024 GRA Base with -1.4% Rate Indication* (C$ 000s, except where noted)	*IFRS 17* 2023A	*IFRS 17* 2024BF	*IFRS 17* 2025F	*IFRS 17* 2026F	*IFRS 17* 2027F	*IFRS 17* 2028F
		For the Years Ended March 31,					
	BASIC						
1	**Total Equity**						
2	**Retained Earnings**						
3	Beginning Balance	359,335	378,246	417,467	427,882	482,071	562,546
4	Restatement of AOCI on AFS Assets (IFRS 9)		46,845	0	-	-	0
5	Restatement of MUSH Assets to FVTPL (IFRS 9)		(5,966)	-	-	-	-
6	Restatement of Claims Discount Rate (IFRS 17)	86,273	-	-	-	-	-
7	Restatement of Risk Adjustment (IFRS 17)	13,345	-	-	-	-	-
8	Restatement of DPAC (IFRS 17)	(37,673)	-	-	-	-	-
9	Net Income (Loss) from annual operations	(77,034)	(1,658)	10,393	14,630	30,910	40,108
10	Rebate to Policyholders	-	-	-	-	-	-
11	Transfer (to) / from Non-Basic Retained Earnings	34,000	-	22	39,559	49,565	55,646
12	**Total Retained Earnings**	**378,246**	**417,467**	**427,882**	**482,071**	**562,546**	**658,300**
13	**Total Accumulated Other Comprehensive Income**						
14	Beginning Balance	51,428	56,793	9,947	9,947	9,947	9,947
15	Other Comprehensive Income on Available for Sale Assets	(31,291)	(1)	0	-	-	-
16	Restatement of AOCI on AFS Assets (IFRS 9)		(46,845)	(0)	-	-	(0)
17	Change in Remeasurement of Employee Future Benefits	36,656	-	-	-	-	-
18	**Total Accumulated Other Comprehensive Income**	56,793	9,947	9,947	9,947	9,947	9,947
19	**Total Accumulated Other Comprehensive Income Balance**						
20	**Employee Future Benefits Portfolio**						
21	Available for Sale Assets	30,889	0	0	0	0	0
22	Employee Future Benefits Liabilities	9,946	9,946	9,946	9,946	9,946	9,946
23	**Rate Stabilization Reserve Portfolio**						
24	Available for Sale Assets	15,957	0	0	0	0	0
25	**Total Accumulated Other Comprehensive Income Balance**	56,793	9,947	9,947	9,947	9,947	9,947
26	**Total Equity Balance**	**435,039**	**427,414**	**437,829**	**492,018**	**572,493**	**668,247**
27	**MINIMUM CAPITAL TEST (C$ 000s)**						
28	Total Equity Balance	435,037	427,414	437,829	492,018	572,493	668,247
29	Less: Assets Requiring 100% Capital	28,366	33,972	36,422	34,057	27,862	21,971
30	Capital Available	406,671	393,442	401,407	457,961	544,631	646,276
31	Minimum Capital Required (100% MCT)	351,373	430,421	448,096	466,198	489,372	515,041
32	**MCT Ratio % (Line 32) / (Line 33)**	**115.8%**	**91.4%**	**89.6%**	**98.2%**	**111.3%**	**125.5%**

h) Please see *Figure 9* below (note: MPI assumes PUB is referring to the new money yield from PUB 1-7 (b) of 4.26%):

Figure 9 Rating Year 2024/25 Major Classification Applied for Rate Change

Line No.	Coverage	Overall	Private Pass.	Comm.	Public	Motor-cycles	Trailers	ORV's
1	24/25 Units	1,280,333	863,331	49,070	13,089	19,322	244,888	90,633
2	Claims	709.82	952.82	738.44	1,887.41	664.41	49.08	4.51
3	Claims Expense	111.17	149.22	115.65	295.59	104.05	7.69	0.71
4	Road Safety	9.47	12.83	12.83	12.83	12.83	0.00	0.00
5	Operating Expense	53.65	72.71	72.71	72.71	72.71	0.00	0.00
6	Regulatory/Appeal	3.35	4.53	4.53	4.53	4.53	0.00	0.00
7	Commission: Vehicle	37.99	50.47	44.67	109.23	34.50	3.09	0.23
8	Prem Tax: Vehicle	27.53	36.57	32.37	79.15	25.00	2.24	0.17
9	Comm & Prem Tax: Driver	2.84	3.85	3.85	3.85	3.85	0.00	0.00
10	Commission Flat Fee	5.68	7.70	7.70	7.70	7.70	0.00	0.00
11	Reins: Casualty	2.01	2.72	2.72	2.72	2.72	0.00	0.00
12	Reins: Catastrophe	11.38	12.45	12.45	12.45	0.00	12.45	0.00
13	Fleet Rebates	15.31	11.52	130.23	249.21	0.00	0.00	0.00
14	Anti-Theft Discount	0.56	0.84	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	51.70	70.06	70.06	70.06	70.06	0.00	0.00
16	Service Fees	21.41	29.02	29.02	29.02	29.02	0.00	0.00
17	Req Rate	917.64	1,219.17	1,079.08	2,638.30	833.22	74.54	5.61
18	Adj. Req Rate	898.64	1,193.92	1,056.73	2,583.66	815.96	72.99	5.50
19	23/24 Average Rate	870.37	1,150.24	908.29	2,252.53	882.92	62.24	5.69
20	Major Class Drift	4.8%	6.0%	4.6%	1.2%	-0.1%	7.3%	0.0%
21	24/25 Average Rate							
22	Without Rate Change	912.02	1,218.86	949.64	2,279.87	882.12	66.81	5.69
23	Full Cred Req Change	-1.5%	-2.0%	11.3%	13.3%	-7.5%	9.3%	-3.4%
24	Applied for Change	0.0%	-0.6%	12.9%	15.0%	-6.1%	10.9%	-2.0%
25	Credibility		99.3%	89.1%	68.6%	76.3%	97.6%	93.8%
26	Cred Wtd Change		-0.6%	11.5%	10.3%	-4.7%	10.6%	-1.9%
27	Cred Wtd Req Rate	910.60	1,211.75	1,059.09	2,514.56	840.91	73.91	5.59
28	Cred Wtd Req Rate (Bal)	912.02	1,213.64	1,060.74	2,518.48	842.22	74.02	5.60
29	Cred Wtd Change (Bal)	0.0%	-0.4%	11.7%	10.5%	-4.5%	10.8%	-1.7%

The alternative PF-1, PF-2 and PF-3 based on the assumption of a -1.47% Rate indication are as follows:

Figure 10 PF-1 Statement of Operations with -1.47% Rate Indication

Multi-year - Statement of Operations

Line No.	2024 GRA Base with -1.47% Rate indication (C$ 000s, rounding may affect totals)	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
		For the Years Ended March 31,					
1		2023A	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**						
3	Motor Vehicles	1,121,811	1,112,046	1,130,917	1,167,253	1,202,194	1,239,929
	Capital Release Provision	(57,026)	-	-	-	-	-
4	Drivers	59,085	62,520	64,822	66,634	67,982	70,043
5	Reinsurance Ceded	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
6	**Total Net Premiums Written**	**1,107,478**	**1,158,180**	**1,178,861**	**1,216,503**	**1,252,270**	**1,291,529**
7	**Net Premiums Earned**						
8	Motor Vehicles	1,103,695	1,119,108	1,121,603	1,149,318	1,184,948	1,221,304
9	Capital Release Provision	(65,568)	(28,558)	-	-	-	-
10	Drivers	59,896	61,180	63,693	65,745	67,321	69,032
11	Reinsurance Ceded	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
12	**Total Net Premiums Earned**	**1,081,631**	**1,135,344**	**1,168,418**	**1,197,679**	**1,234,363**	**1,271,893**
13	Service Fees & Other Revenues	26,689	26,904	27,120	27,704	28,332	28,996
14	**Total Earned Revenues**	**1,108,320**	**1,162,248**	**1,195,538**	**1,225,383**	**1,262,695**	**1,300,889**
15	Claims Incurred	960,224	922,894	969,379	1,002,628	1,038,266	1,074,941
16	DPAC \ Premium Deficiency Adjustment	-	-	-	-	-	-
17	(a) Claims Incurred - Interest Rate Impact	(122,455)	7,177	(4,531)	(11,152)	(11,511)	(12,182)
18	**Total Claims Incurred**	**837,769**	**930,071**	**964,848**	**991,476**	**1,026,755**	**1,062,759**
19	Claims Expense	146,265	155,922	146,435	147,569	140,760	140,542
20	Road Safety/Loss Prevention	10,530	14,461	12,127	12,109	12,184	12,333
21	**Total Claims Costs**	**994,564**	**1,100,454**	**1,123,410**	**1,151,154**	**1,179,699**	**1,215,634**
22	**Expenses**						
23	Operating	86,526	98,357	93,404	94,830	91,441	91,296
24	Commissions	48,483	50,817	55,569	55,359	55,587	55,865
25	Premium Taxes	33,716	35,239	35,874	37,018	38,107	39,301
26	Regulatory/Appeal	4,769	4,637	4,239	4,328	4,346	4,366
27	**Total Expenses**	**173,494**	**189,050**	**189,086**	**191,535**	**189,481**	**190,828**
28	**Underwriting Income (Loss)**	**(59,738)**	**(127,256)**	**(116,958)**	**(117,306)**	**(106,485)**	**(105,573)**
29	**Investment Income**	98,194	125,102	126,987	131,127	136,517	144,742
30	(b) Investment Income - Interest Rate Impact	(115,602)	496	-	-	-	-
31	**Net Investment Income**	**(17,408)**	**125,598**	**126,987**	**131,127**	**136,517**	**144,742**
32	**Gain (Loss) on Sale of Property**	112	-	-	-	-	-
33	**Net Income (Loss) from Annual Operations**	**(77,034)**	**(1,658)**	**10,029**	**13,821**	**30,032**	**39,169**
34	Total net Impact due to interest rate change (b) - (a)	6,853	(6,681)	4,531	11,152	11,511	12,182
35	**Net Income (Loss) from Annual Operations**	**(77,034)**	**(1,658)**	**10,029**	**13,821**	**30,032**	**39,169**
36	Adjust for Initiative Expenses (BO 12.1 d)		(29,195)	(26,142)	(26,609)	(10,735)	(3,634)
37	**Net Income (Loss) for for Rate Setting Purposes**	**(77,034)**	**27,537**	**36,171**	**40,430**	**40,767**	**42,803**

Figure 11 PF2 Statement of Financial Position with -1.47% Rate Indication

Multi-year - Statement of Financial Position

Line No.	2024 GRA Base with -1.47% Rate Indication (C$ 000s, rounding may affect totals)	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
				As at March 31,			
1		2023A	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**						
3	**Assets**						
4	Cash and cash equivalents	102,396	2,090	4,906	7,708	10,840	14,482
5	Investments	2,786,044	2,918,650	2,965,288	3,047,289	3,183,929	3,340,514
6	Investment property	5,759	5,604	5,449	5,295	5,140	4,985
7	Due from other insurance companies	28	-	-	-	-	-
8	Accounts receivable	367,603	378,985	385,417	397,800	409,708	422,568
9	Prepaid expenses	-	-	-	-	-	-
10	Deferred policy acquisition costs	-	-	-	-	-	-
11	Reinsurers' share of unearned premiu	-	-	-	-	-	-
12	Reinsurers' share of unpaid claims	4,657	-	-	-	-	-
13	Property and Equipment	124,238	133,543	144,396	167,842	168,994	170,146
14	Deferred development costs	28,271	33,972	36,422	34,057	27,862	21,971
15	**Total Assets**	**3,418,996**	**3,472,844**	**3,541,878**	**3,659,991**	**3,806,473**	**3,974,666**
16	**Liabilities**						
17	Due to other insurance companies	363	320	320	320	320	320
18	Accounts payable and accrued liabilitie	58,748	69,113	66,045	64,557	61,937	61,529
19	Financing lease obligation	5,308	5,276	5,153	5,031	4,908	4,785
20	Unearned premiums and fees	580,335	604,656	616,469	636,767	656,263	677,612
21	Provision for employee current benefit	19,784	20,670	21,347	22,024	22,701	23,378
22	Provision for employee future benefits	328,847	340,182	351,515	362,847	374,180	385,513
23	Provision for unpaid claims	1,990,570	2,005,209	2,043,562	2,077,596	2,115,717	2,156,267
24	**Total Liabilities**	**2,983,955**	**3,045,426**	**3,104,411**	**3,169,142**	**3,236,026**	**3,309,404**
25	**Equity**						
26	Retained Earnings	378,246	417,467	427,518	480,898	560,495	655,310
27	Accumulated Other Comprehensive Ir	56,793	9,947	9,947	9,947	9,947	9,947
28	**Total Equity**	**435,039**	**427,414**	**437,465**	**490,845**	**570,442**	**665,257**
29	**Total Liabilities & Equity**	**3,418,994**	**3,472,840**	**3,541,876**	**3,659,987**	**3,806,468**	**3,974,661**

Figure 12 PF3 Statement of Changes in Equity with -1.47% Rate Indication

Multi-year - Statement of Changes in Equity

Line No.	*2024 GRA Base with -1.47% Rate Indication* (C$ 000s, except where noted)	IFRS 17 2023A	IFRS 17 2024BF	IFRS 17 2025F	IFRS 17 2026F	IFRS 17 2027F	IFRS 17 2028F
		For the Years Ended March 31,					
	BASIC						
1	**Total Equity**						
2	**Retained Earnings**						
3	Beginning Balance	359,335	378,246	417,467	427,518	480,898	560,495
4	Restatement of AOCI on AFS Assets (IFRS 9)		46,845	0	-	(0)	-
5	Restatement of MUSH Assets to FVTPL (IFRS 9)		(5,966)	-	-	-	-
6	Restatement of Claims Discount Rate (IFRS 17)	86,273	-	-	-	-	-
7	Restatement of Risk Adjustment (IFRS 17)	13,345	-	-	-	-	-
8	Restatement of DPAC (IFRS 17)	(37,673)	-	-	-	-	-
9	Net Income (Loss) from annual operations	(77,034)	(1,658)	10,029	13,821	30,032	39,169
10	Rebate to Policyholders	-	-	-	-	-	-
11	Transfer (to) / from Non-Basic Retained Earnings	34,000	-	22	39,559	49,565	55,646
12	**Total Retained Earnings**	**378,246**	**417,467**	**427,518**	**480,898**	**560,495**	**655,310**
13	**Total Accumulated Other Comprehensive Income**						
14	Beginning Balance	51,428	56,793	9,947	9,947	9,947	9,947
15	Other Comprehensive Income on Available for Sale Assets	(31,291)	(1)	0	-	-	-
16	Restatement of AOCI on AFS Assets (IFRS 9)		(46,845)	(0)	-	0	-
17	Change in Remeasurement of Employee Future Benefits	36,656	-	-	-	-	-
18	**Total Accumulated Other Comprehensive Income**	56,793	9,947	9,947	9,947	9,947	9,947
19	**Total Accumulated Other Comprehensive Income Balance**						
20	**Employee Future Benefits Portfolio**						
21	Available for Sale Assets	30,889	0	0	0	0	0
22	Employee Future Benefits Liabilities	9,946	9,946	9,946	9,946	9,946	9,946
23	**Rate Stabilization Reserve Portfolio**						
24	Available for Sale Assets	15,957	0	0	0	0	0
25	**Total Accumulated Other Comprehensive Income Balance**	56,793	9,947	9,947	9,947	9,947	9,947
26	**Total Equity Balance**	**435,039**	**427,414**	**437,465**	**490,845**	**570,442**	**665,257**
27	**MINIMUM CAPITAL TEST (C$ 000s)**						
28	Total Equity Balance	435,037	427,414	437,465	490,845	570,442	665,257
29	Less: Assets Requiring 100% Capital	28,366	33,972	36,422	34,057	27,862	21,971
30	Capital Available	406,671	393,442	401,043	456,788	542,580	643,286
31	Minimum Capital Required (100% MCT)	351,373	430,421	448,094	466,134	489,352	515,069
32	**MCT Ratio % (Line 32) / (Line 33)**	**115.8%**	**91.4%**	**89.5%**	**98.0%**	**110.9%**	**124.9%**

PUB (MPI) 2-4

Part and Chapter:	**PUB (MPI) 1-3** **Part VII - Ratemaking**	**Page No.:**	**4, 5**
PUB Approved Issue No:	**1. Projected claims, expenses, and vehicle counts, based on accepted actuarial practice in Canada**		
Topic:	**Claims Expense**		
Sub Topic:			

Preamble to IR:

PUB (MPI) 1-3(c) indicates that using an alternative Claims expense in line 3 of $102.03, versus the claims expense as filed of $122.19, resulted in a full credibility required change of -2.46%.

The alternative PF-1 line 34, Net Income (Loss) for Rate Setting Purposes showed a net income of $31.0 million, $28.9 million, $28.4 million, and $29.4 million for 2025 through 2028 respectively.

Figure RI-10 in the 2024 GRA showed an Adjusted Required Rate of $910.81, and a 2024/25 Average Rate without Rate change of $912.02, a rate indication of -0.13%.

Question:

a) Please confirm that, with a $20.16 decrease in the claims expense provision for ratemaking:

   i. The rate indication decreased by -2.33% (-2.46% - -0.13%); and

   ii. The Corporation still showed a consistent profit for Basic for ratemaking purposes of close to $30 million for all forecast years.

b) Please indicate what the Corporation expects should be the expected annual net income for Ratemaking purposes, given break-even pricing, and taking into consideration expected return on the RSR reserves.

Rationale for Question:

To continue the exploration on claims expense begun in PUB (MPI) 1-3.

RESPONSE:

a)

i. Confirmed.

ii. Confirmed. Please note that the change in claims expense decreased the Underwriting Income (Loss), on line 29, and Net Income (Loss) for Rate Setting Purposes compared to PF-1 in the GRA submission (using a 0% applied for rate change).

b) MPI targets a zero net profit for its rate indication on a rating year basis. The financial year results combine two adjacent rating years. Any update to the assumptions may result in a profit/loss from the prior rating year in the financial projections. Moreover, the financials also contain the impact of movement in reserves, including the effect of investment yield on the reserves. Therefore, the financials and their projections, including annual net income, may show a profit/loss even when the rating year is expected to yield a zero profit/loss.

PUB (MPI) 2-5

Part and Chapter:	**PUB (MPI) 1-5** **Part XI - Investments**	**Page No.:**	**Figure INV-3, INV-14, INV-15**
PUB Approved Issue No:	**3. Projected new money yield based on existing methodology** **19. Interest rate forecast**		
Topic:	**Interest rates**		
Sub Topic:			

Preamble to IR:

Question:

a) Please provide the yield curve and implied yield at August 31, 2023, and compare with that included at March 31, 2023.

b) Please provide a plot of the March 31, 2023 yield curve and August 31, 2023.

c) Please file an update to the claims discount rate determination and Marketable Bond Yield as of August 31, 2023.

Rationale for Question:

To monitor the impact on the rate requirements of changing market interest rates.

RESPONSE:

a) MPI will provide the yield curve and implied yield as at August 31, 2023 as *Appendix 1* in September.

b) The graph comparing the March 31 2023 IFRS 17 yield curve and the August 31, 2023 IFRS 17 yield curve will be included in the October update.

c) To update the Marketable bond yield to August 31st the Debt Market Indices report is required from FTSE Russell. This report is normally distributed on the 5th business day of the month (September 8th). MPI will provide an updated INV-3 in the October update.

Appendix 1:
Yield curve and implied yield as at Aug 31, 2023

The response will be available in September 2023.

Appendix 2:
Plot of the Aug 31 yield curve

The response will be available in September.

PUB (MPI) 2-6

Part and Chapter:	PUB (MPI) 1-6 Part XI – Investments	Page No.:	7
PUB Approved Issue No:	3. Projected new money yield based on existing methodology		
Topic:	Investment Management Fees		
Sub Topic:			

Preamble to IR:

Figure 2 in PUB (MPI) 1-6(b) provides the investment expense ratio for the 2024 GRA, totalling 0.124%.

PUB (MPI) 1-6(c) confirms that 0.07% was the assumed investment expense ratio in the 2023 GRA.

Question:

Please provide an equivalent Figure 2 for the 2023 GRA, with three decimal places for the percentages, consistent with that provided in PUB (MPI) 1-6.

Rationale for Question:

To continue the exploration into investment management fees.

RESPONSE:

Please see *Appendix 1 – Portfolio Asset Values Three Decimals*.

Investment Portfolio Asset Values for the Basic Line of Business

Line No.	Reference Section #	2017/18 Actual*	2018/19 Actual*	2019/20 Actual*	2020/21 Actual	2021/22 Actual	2022/23 Actual**	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
1	*Ending Asset Values (C$ 000,000's)*												
2	**Cash/Short Term Investments**	75.954	165.983	186.755	138.600	153.129	44.453	2.090	4.906	7.894	11.139	14.984	19.649
3	**Provincial Bonds**	984.454	1,111.210	1,198.973	1,230.483	1,036.223	1,180.600	857.451	882.612	916.574	980.949	1,034.933	1,093.006
4	**Corporate Bonds**	98.877	98.686	477.833	616.924	576.116	584.298	635.332	652.705	671.531	714.869	740.767	776.111
5	**MUSH**	527.008	490.808	519.853	493.809	467.971	448.716	374.476	348.320	322.253	299.659	279.286	257.913
6	**Private Debt**	0.000	0.000	78.925	115.070	136.857	134.955	187.752	195.284	214.170	231.423	262.300	284.916
7	**Canadian Equities**	225.808	267.142	56.273	109.554	117.874	81.092	119.049	125.931	137.949	149.288	167.922	182.447
8	**US/Global Equities**	123.502	133.043	106.863	146.294	139.260	67.980	82.196	86.971	95.184	102.958	115.610	125.538
9	**Global LV Equities**	0.000	0.000	54.058	82.053	78.195	62.290	82.074	86.582	94.495	101.932	114.206	123.712
10	**Real Estate Investments**	259.138	285.660	96.865	85.855	129.359	136.395	334.380	353.397	379.760	405.264	441.069	472.003
11	**Infrastructure & Venture Capital**	86.561	96.264	76.588	73.401	74.102	98.935	152.025	159.472	171.591	182.902	200.861	215.010
12	**Commercial Mortgages**							100.038	100.766	101.388	101.919	102.374	102.762
13	**Total Assets**	**2,381.302**	**2,648.796**	**2,852.986**	**3,092.042**	**2,909.085**	**2,839.714**	**2,926.863**	**2,996.947**	**3,112.788**	**3,282.301**	**3,474.312**	**3,653.068**
14	*Ending Rebalanced Allocations (%)*												
15	**Cash/Short Term Investments**	3.190%	6.266%	6.546%	4.500%	5.264%	1.565%	0.071%	0.164%	0.254%	0.339%	0.431%	0.538%
16	**Provincial Bonds**	41.341%	41.952%	42.025%	39.700%	35.620%	41.575%	29.296%	29.450%	29.445%	29.886%	29.788%	29.920%
17	**Corporate Bonds**	4.152%	3.726%	16.749%	19.900%	19.804%	20.576%	21.707%	21.779%	21.573%	21.780%	21.321%	21.245%
18	**MUSH**	22.131%	18.529%	18.221%	16.000%	16.087%	15.801%	12.794%	11.623%	10.353%	9.130%	8.039%	7.060%
19	**Private Debt**	0.000%	0.000%	2.766%	3.700%	4.704%	4.752%	6.415%	6.516%	6.880%	7.051%	7.550%	7.799%
20	**Canadian Equities**	9.483%	10.085%	1.972%	3.600%	4.052%	2.856%	4.067%	4.202%	4.432%	4.548%	4.833%	4.994%
21	**US/Global Equities**	5.186%	5.023%	3.746%	4.700%	4.787%	2.394%	2.808%	2.902%	3.058%	3.137%	3.328%	3.437%
22	**Global LV Equities**	0.000%	0.000%	1.895%	2.700%	2.688%	2.194%	2.804%	2.889%	3.036%	3.105%	3.287%	3.387%
23	**Real Estate Investments**	10.882%	10.785%	3.395%	2.777%	4.447%	4.803%	11.425%	11.792%	12.200%	12.347%	12.695%	12.921%
24	**Infrastructure & Venture Capital**	3.635%	3.634%	2.684%	2.400%	2.547%	3.484%	5.194%	5.321%	5.512%	5.572%	5.781%	5.886%
25	**Commercial Mortgages**							3.418%	3.443%	3.464%	3.482%	3.498%	3.511%
26	**Total Assets**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**	**100.000%**

27 * Actual (2014/15 - 2018/19) based on long-term basic line of business allocation applied to the entire portfolio

28 * 2019/20 and thereafter basic line of business has a segregated allocation and based on Basic Claims, RSR and pro-rata EFB asset values.

29 ** Investment balances reflect March 31, 2022 actuals.

PUB (MPI) 2-7

Part and Chapter:	**PUB (MPI) 1-7** **Part XI - Investments**	**Page No.:**	**3, 4**
PUB Approved Issue No:	**3. Projected new money yield based on existing methodology**		
Topic:	**Interest rates**		
Sub Topic:			

Preamble to IR:

PUB (MPI) 1-7 requested an alternative PF-1, based on the indicated rate change using the new money yield of 4.26%, net of investment expense ratio, provided in PUB (MPI) 1-7(c).

The alternative RI-10 (Figure 3 of PUB (MPI) 1-7(c) shows an Adjusted Required Rate of $910.20, and a 2024/25 Average Rate without Rate change of $912.02, a rate indication of -0.20%.

PF-1 line 34 Net Income for Rate Setting Purposes shows the following, comparing the 2024 GRA to PUB (MPI) 1-7:

Basis	**2024BF**	**2025F**	**2026F**	**2027F**	**2028F**
2024 GRA	27,537	43,812	57,437	59,247	62,742
PUB (MPI) 1-7	26,627	41,806	54,111	55,692	59,068
Change	**-910**	**-2,066**	**-3,326**	**-3,555**	**-3,674**

Question:

a) Please confirm that the sensitivity of using the new money yield as articulated in PUB (MPI) 1-7 is to move the yield from 4.22% to 4.26%, or 4 basis points, and the rate indication from -0.13% to -0.20%, a decrease of -0.07%.

b) Please explain why the 2024BF net income changed, as the rates do not take effect until 2025F.

c) Please explain why a -0.20% rate change, applied to premiums of about $1.15 – 1.2 billion, or about a $2.4 million reduction in annual written premiums, only half of which would have earned in 2025, resulted in net income reducing by $2 million in 2025 and over $3 million for 2026 and thereafter.

d) If there was an error in the PF-1 provided in PUB (MPI) 1-7(c), please provide the corrected PF-1, PF-2, and PF-3.

Rationale for Question:

To understand the impact of the new money yield.

RESPONSE:

a) Confirmed.

b) The alternate scenario requested in *PUB (MPI) 1-7* results in a change in fixed income yields, which impacts the investment income forecast beginning in 2023/24 and throughout the remainder of the forecast period.

c) Net income is lower due to lower investment income as explained in part b).

d) No change in the pro-formas is required.

PUB (MPI) 2-8

Part and Chapter:	**PUB (MPI) 1-7 Part XI - Investments**	**Page No.:**	**2-6**
PUB Approved Issue No:	**3. Projected new money yield based on existing methodology**		
Topic:	**Interest rates**		
Sub Topic:			

Preamble to IR:

PUB (MPI) 1-7 requested an alternative PF-1, based on the indicated rate change using the new money yield of 4.26%, net of investment expense ratio, provided in PUB (MPI) 1-7(c).

Question:

Please update PUB (MPI) 1-7 based on August 31, 2023 market yields.

Rationale for Question:

To understand the change in the new money yield.

RESPONSE:

In order to update *PUB (MPI) 1-7* as of August 31, 2023 the FTSE Russell Debt Market Indices for August is required. This report is normally available on the 5th business day of the month (September 8th). In addition, one day will be required after receipt of the interest rates to update the pro-forma financial statements. This information will be provided with the October rate update.

<u>**PUB (MPI) 2-9**</u>

Part and Chapter:	**PUB (MPI) 1-3 and PUB (MPI) 1-7 Part VII - Ratemaking**	**Page No.:**	**4-7 3**
PUB Approved Issue No:	**1. Projected claims, expenses, and vehicle counts, based on accepted actuarial practice in Canada**		
Topic:	**Rate indication**		
Sub Topic:			

Preamble to IR:

PUB (MPI) 1-3 provided a rate indication base on an alternative claims expense.

PUB (MPI) 1-7 provided a rate indication based on a new money yield based on the expected investment portfolio supporting the claims liabilities, net of investment expense.

Question:

Please provide an alternative RI-10, PF-1, PF-2, and PF-3, based on the claims expense from PUB (MPI) 1-3 and the new money yield from PUB (MPI) 1-7.

Rationale for Question:

To determine the compound impact of PUB (MPI) 1-3 and PUB (MPI) 1-7.

RESPONSE:

Figure RI-10 using the claims expense from PUB (MPI) 1-3 (15.03%) and the new money yield from PUB (MPI) 1-7 (4.26% net of investment expenses) along with PF-1, PF-2 and PF-3 are provided below.

Figure 1 Rating Year 2024/25 Major Classification Applied for Rate Change

Line No.	Coverage	Overall	Private Pass.	Comm.	Public	Motor-cycles	Trailers	ORV's
1	24/25 Units	1,280,333	863,331	49,070	13,089	19,322	244,888	90,633
2	Claims	709.82	952.82	738.44	1,887.41	664.41	49.08	4.51
3	Claims Expense	101.97	136.89	106.09	271.15	95.45	7.05	0.65
4	Road Safety	9.47	12.83	12.83	12.83	12.83	0.00	0.00
5	Operating Expense	53.65	72.71	72.71	72.71	72.71	0.00	0.00
6	Regulatory/Appeal	3.35	4.53	4.53	4.53	4.53	0.00	0.00
7	Commission: Vehicle	37.58	49.92	44.25	108.14	34.11	3.06	0.23
8	Prem Tax: Vehicle	27.23	36.18	32.06	78.36	24.72	2.22	0.17
9	Comm & Prem Tax: Driver	2.84	3.85	3.85	3.85	3.85	0.00	0.00
10	Commission Flat Fee	5.68	7.70	7.70	7.70	7.70	0.00	0.00
11	Reins: Casualty	2.01	2.72	2.72	2.72	2.72	0.00	0.00
12	Reins: Catastrophe	11.38	12.45	12.45	12.45	0.00	12.45	0.00
13	Fleet Rebates	15.31	11.52	130.23	249.21	0.00	0.00	0.00
14	Anti-Theft Discount	0.56	0.84	0.00	0.00	0.00	0.00	0.00
15	Driver Prem	51.70	70.06	70.06	70.06	70.06	0.00	0.00
16	Service Fees	21.41	29.02	29.02	29.02	29.02	0.00	0.00
17	Req Rate	907.75	1,205.88	1,068.78	2,611.98	823.95	73.85	5.55
18	Adj. Req Rate	888.95	1,180.91	1,046.65	2,557.89	806.89	72.32	5.44
19	23/24 Average Rate	870.37	1,150.24	908.29	2,252.53	882.92	62.24	5.69
20	Major Class Drift	4.8%	6.0%	4.6%	1.2%	-0.1%	7.3%	0.0%
21	24/25 Average Rate							
22	Without Rate Change	912.02	1,218.86	949.64	2,279.87	882.12	66.81	5.69
23	Full Cred Req Change	-2.5%	-3.1%	10.2%	12.2%	-8.5%	8.3%	-4.5%
24	Applied for Change	0.0%	-0.6%	13.1%	15.1%	-6.2%	11.1%	-2.0%
25	Credibility		99.3%	89.1%	68.6%	76.3%	97.6%	93.8%
26	Cred Wtd Change		-0.6%	11.7%	10.4%	-4.7%	10.8%	-1.9%
27	Cred Wtd Req Rate	910.59	1,211.61	1,060.29	2,516.04	840.70	74.02	5.58
28	Cred Wtd Req Rate (Bal)	912.02	1,213.52	1,061.96	2,519.99	842.02	74.14	5.59
29	Cred Wtd Change (Bal)	0.0%	-0.4%	11.8%	10.5%	-4.5%	11.0%	-1.8%

Figure 2 PF- 1 Statement of Operations: PUB 1-7 with-2.5% Basic Rate Change

Line	*PUB 1-7 with -2.5% Rate Indication*	*IFRS 4*		*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*	*IFRS 17*
No.	*(C$ 000s, rounding may affect totals)*	*For the Years Ended March 31,*							
1		2023A	IFRS 17 Adj.	2023BF	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**								
3	Motor Vehicles	1,121,811	-	1,121,811	1,112,046	1,118,885	1,154,836	1,189,406	1,226,741
	Capital Release Provision	(57,026)	-	(57,026)	-	-	-	-	-
4	Drivers	59,085	-	59,085	62,520	64,822	66,634	67,982	70,043
5	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
6	**Total Net Premiums Written**	**1,107,478**	**-**	**1,107,478**	**1,158,180**	**1,166,829**	**1,204,086**	**1,239,482**	**1,278,341**
7	**Net Premiums Earned**								
8	Motor Vehicles	1,103,695	-	1,103,695	1,119,108	1,115,509	1,137,091	1,172,343	1,208,313
	Capital Release Provision	(65,568)	-	(65,568)	(28,558)	-	-	-	-
9	Drivers	59,896	-	59,896	61,180	63,693	65,745	67,321	69,032
10	Reinsurance Ceded	(16,392)	-	(16,392)	(16,386)	(16,878)	(17,384)	(17,906)	(18,443)
11	**Total Net Premiums Earned**	**1,081,631**	**-**	**1,081,631**	**1,135,344**	**1,162,324**	**1,185,452**	**1,221,758**	**1,258,902**
12	Service Fees & Other Revenues	27,277	(588)	26,689	26,904	27,120	27,703	28,330	28,993
13	**Total Earned Revenues**	**1,108,908**	**(588)**	**1,108,320**	**1,162,248**	**1,189,444**	**1,213,155**	**1,250,088**	**1,287,895**
14	Claims Incurred	903,129	57,095	960,224	922,894	969,379	1,002,628	1,038,266	1,074,941
15	DPAC \ Premium Deficiency Adjustment	-	-	-	-	-	-	-	-
16	(a) Claims Incurred - Interest Rate Impact	(101,437)	(21,018)	(122,455)	7,177	(4,531)	(11,152)	(11,511)	(12,182)
17	**Total Claims Incurred**	**801,692**	**36,077**	**837,769**	**930,071**	**964,848**	**991,476**	**1,026,755**	**1,062,759**
18	Claims Expense	146,265	-	146,265	155,922	146,435	147,569	140,760	140,545
19	Road Safety/Loss Prevention	10,530	-	10,530	14,461	12,127	12,109	12,184	12,333
20	**Total Claims Costs**	**958,487**	**36,077**	**994,564**	**1,100,454**	**1,123,410**	**1,151,154**	**1,179,699**	**1,215,637**
21	**Expenses**								
22	Operating	86,526	-	86,526	98,357	93,404	94,830	91,441	91,296
23	Commissions	47,548	935	48,483	50,817	55,071	54,855	55,079	55,353
24	Premium Taxes	32,941	775	33,716	35,239	35,513	36,646	37,723	38,905
25	Regulatory/Appeal	4,769	-	4,769	4,637	4,239	4,328	4,346	4,366
26	**Total Expenses**	**171,784**	**1,710**	**173,494**	**189,050**	**188,227**	**190,659**	**188,589**	**189,920**
27	**Underwriting Income (Loss)**	**(21,363)**	**(38,375)**	**(59,738)**	**(127,256)**	**(122,193)**	**(128,658)**	**(118,200)**	**(117,662)**
28	**Investment Income**	98,194	-	98,194	124,265	125,904	129,583	134,350	141,935
29	(b) Investment Income - Interest Rate Impact	(115,602)	-	(115,602)	423	-	-	-	-
30	**Net Investment Income**	**(17,408)**	**-**	**(17,408)**	**124,688**	**125,904**	**129,583**	**134,350**	**141,935**
31	**Gain (Loss) on Sale of Property**	112	-	112	-	-	-	-	-
32	**Net Income (Loss) from Annual Operations**	**(38,659)**	**(38,375)**	**(77,034)**	**(2,568)**	**3,711**	**925**	**16,150**	**24,273**
35	Total net Impact due to interest rate change (b) - (a)	(14,165)	21,018	6,853	(6,754)	4,531	11,152	11,511	12,182
32	**Net Income (Loss) from Annual Operations**				**(2,568)**	**3,711**	**925**	**16,150**	**24,273**
33	Adjust for Initiative Expenses (BO 12.1 d)				(29,195)	(26,142)	(26,609)	(10,735)	(3,634)
34	**Net Income (Loss) for for Rate Setting Purposes**				**26,627**	**29,853**	**27,534**	**26,885**	**27,907**

Figure 3 PF- 2 Statement of Financial Position: PUB 1-7 with -2.5% Basic Rate Change

Line No.	*PUB 1-7 with -2.5% Rate Indication* (C$ 000s, rounding may affect totals)	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17	IFRS 17
		As at March 31,					
1		2023BF	2024BF	2025F	2026F	2027F	2028F
2	**BASIC**						
3	**Assets**						
4	Cash and cash equivalents	102,396	2,091	4,907	7,645	10,538	13,919
5	Investments	2,786,044	2,917,738	2,956,199	3,025,333	3,148,271	3,290,157
6	Investment property	5,759	5,604	5,449	5,295	5,140	4,985
7	Accounts receivable	-	-	-	-	-	-
8	Reinsurance asset	4,322	-	-	-	-	-
9	Property and Equipment	124,238	133,543	144,396	167,842	168,994	170,146
10	Deferred development costs	28,271	33,972	36,422	34,057	27,862	21,971
11	**Total Assets**	**3,051,030**	**3,092,948**	**3,147,373**	**3,240,172**	**3,360,805**	**3,501,178**
12	**Liabilities**						
13	Due to other insurance companies						
14	Accounts payable and accrued liabilities	58,748	69,113	66,045	64,557	61,937	61,529
15	Reinsurance Liability	-	320	320	320	320	320
16	Lease obligation	5,308	5,276	5,153	5,031	4,908	4,785
17	Insurance contract liability	2,203,302	2,230,879	2,272,776	2,314,666	2,360,319	2,409,297
18	Provision for employee current benefits	19,784	20,670	21,347	22,024	22,701	23,378
19	Provision for employee future benefits	328,847	340,182	351,515	362,847	374,180	385,513
20	**Total Liabilities**	**2,615,989**	**2,666,440**	**2,717,156**	**2,769,445**	**2,824,365**	**2,884,822**
21	**Equity**						
22	Retained Earnings	378,246	416,557	420,268	460,774	526,488	606,404
23	Accumulated Other Comprehensive Income	56,793	9,947	9,947	9,947	9,947	9,947
24	**Total Equity**	**435,039**	**426,504**	**430,215**	**470,721**	**536,435**	**616,351**
25	**Total Liabilities & Equity**	**3,051,029**	**3,092,945**	**3,147,371**	**3,240,166**	**3,360,800**	**3,501,173**

Figure 4 PF- 3 Statement of Changes in Equity: PUB 1-7 with-2.5% Basic Rate Change

Line No.	*PUB 1-7 with -2.5% Rate Indication* (C$ 000s, except where noted)	*IFRS 4* 2023A	IFRS 17 Adj.	*IFRS 17* 2023BF	*IFRS 17* 2024F	*IFRS 17* 2025F	*IFRS 17* 2026F	*IFRS 17* 2027F	*IFRS 17* 2028F
		For the Years Ended March 31,							
	BASIC								
1	**Total Equity**								
2	**Retained Earnings**								
3	Beginning Balance	359,335		378,246	378,246	416,557	420,268	460,774	526,488
4	Restatement of AOCI on AFS Assets (IFRS 9)				46,845	0	0	0	-
5	Restatement of MUSH Assets to FVTPL (IFRS 9)				(5,966)	-	-	-	-
6	Restatement of Claims Discount Rate (IFRS 17)	-	86,273		-	-	-	-	-
7	Restatement of Risk Adjustment (IFRS 17)	-	13,345		-	-	-	-	-
8	Restatement of DPAC (IFRS 17)	-	(37,673)		-	-	-	-	-
9	Net Income (Loss) from annual operations	(38,659)	(38,375)		(2,568)	3,711	925	16,150	24,273
10	Rebate to Policyholders	-	-		-	-	-	-	-
11	Transfer (to) / from Non-Basic Retained Earnings	34,000	-		-	-	39,581	49,564	55,643
12	**Total Retained Earnings**	**354,676**	**23,570**	**378,246**	**416,557**	**420,268**	**460,774**	**526,488**	**606,404**
13	**Total Accumulated Other Comprehensive Income**								
14	Beginning Balance	51,428		51,428	56,793	9,947	9,947	9,947	9,947
15	Other Comprehensive Income on Available for Sale Assets	(31,291)		(31,291)	(1)	0	0	-	-
16	Restatement of AOCI on AFS Assets (IFRS 9)				(46,845)	(0)	(0)	(0)	-
17	Change in Remeasurement of Employee Future Benefits	36,656		36,656	-	-	-	-	-
18	**Total Accumulated Other Comprehensive Income**	56,793	-	56,793	9,947	9,947	9,947	9,947	9,947
19	**Total Accumulated Other Comprehensive Income Balance**								
20	**Employee Future Benefits Portfolio**								
21	Available for Sale Assets	30,889		30,889	0	0	0	0	0
22	Employee Future Benefits Liabilities	9,946		9,946	9,946	9,946	9,946	9,946	9,946
23	**Rate Stabilization Reserve Portfolio**								
24	Available for Sale Assets	15,957		15,957	0	0	0	0	0
25	**Total Accumulated Other Comprehensive Income Balance**	56,793		56,793	9,947	9,947	9,947	9,947	9,947
26	**Total Equity Balance**	**411,469**	**23,570**	**435,039**	**426,504**	**430,215**	**470,721**	**536,435**	**616,351**
27	**MINIMUM CAPITAL TEST (C$ 000s)**								
28	Total Equity Balance	411,467	23,570	435,037	426,504	430,215	470,721	536,435	616,351
29	Less: Assets Requiring 100% Capital	28,366		28,366	33,972	36,422	34,057	27,862	21,971
30	Capital Available	383,101	23,570	406,671	392,532	393,793	436,664	508,573	594,380
31	Minimum Capital Required (100% MCT)	345,847	5,526	351,373	438,112	455,160	470,392	488,261	513,972
32	**MCT Ratio %** (Line 30) / (Line 31)	**110.8%**	5.0%	**115.8%**	**89.6%**	**86.5%**	**92.8%**	**104.2%**	**115.7%**

PUB (MPI) 2-10

Part and Chapter:	PUB (MPI) 1-9 Part VII - Ratemaking	Page No.:	3
PUB Approved Issue No:	4b. Compliance with Order 4/23, Directive 12.6		
Topic:	Fleet Rebate Allocation		
Sub Topic:			

Preamble to IR:

In response c) to PUB (MPI) 1-9, MPI indicated that it does not currently project Fleet Rebates at the level of insurance use and territory.

Question:

a) Please provide the actual historical fleet rebates for each of the last ten years (if a rebate has not yet been determined for a given year, please indicate “NA”) by Major Class and at a more granular level by insurance use and territory.

b) Please provide the actual DSR discounts for each of the last ten years by Major Class, and at a more granular level by insurance use and territory.

c) Given the driver premium is charged to driver and not to vehicle, it is assumed that it is not possible to allocate this to insurance use and territory, or even to Major Class. If otherwise, please provide for each of the last ten years by Major Class, and at a more granular level by insurance use and territory.

d) Please calculate the historical ratio of the fleet rebates to the annual premium, and the ratio of the DSR discounts to the annual premium, by Major Class, and at a more granular insurance use and territory.

e) Please combine the historical fleet rebate ratio and the DSR discount ratio by Major Class, and at a more granular level by insurance use and territory.

f) Please provide commentary on how MPI could incorporate the combined impact of the fleet rebate ratio and the DSR discount ratio on the minimum bias rate indication by insurance use and territory within each Major Class.

g) The overall rate indication does reflect the impact of changes to the DSR discount by Major Class. Does it also reflect the average DSR discount being provided to each Major Class? If not, please comment on this discrepancy.

Rationale for Question:

To continue the line of exploration of PUB (MPI) 1-9.

RESPONSE:

a) The rebates/surcharge percentage is determined at the level of the fleet based on the overall loss ratio of the fleet and the amounts of rebate/surcharge are not stored at the level of vehicles. MPI is, therefore, unable to provide the rebate/surcharges for Major Classes, Territories and Insurance uses.

   Moreover, a fleet may have vehicles across multiple Major Classes, Territories and Insurance uses. Allocation of rebate/surcharge at this level may not necessarily represent the true loss experience of the underlying Major Class, Territories and insurance uses. For example a fleet may be subject to a surcharge due to adverse experience for one Major Class. However, when the overall recharge is allocated to all other vehicles proportionately, it may appear that all major classes within the fleet had an adverse experience. This analysis therefore may lead to inappropriate conclusions regarding the loss experience at the level of Major Class, Territory and Insurance use.

b) Due to the labour interruption, MPI is unable to provide a complete response to this information request on September 6, 2023. MPI is committed to providing this as *Appendix 1* to this response, when conditions of work normalize, and with updates to the PUB and interveners as required.

c) MPI confirms that PUB’s assumption is correct.

d) and e)
Please refer to (a) and (b).

f) Please note that MPI’s current minimum bias model determines the relativities based on the loss cost for each rating factor. MPI believes that it may not be appropriate to incorporate rebate/surcharge into relativities calculation as this is based on loss experience of a group of vehicles.

MPI understands that fixing cost causation can not be achieved solely by recalibrating the rebate/recharge scale. MPI has commenced a more comprehensive analysis of its fleet program. The intention of this review is a more thorough examination of the product features, impact on pricing and a possible calibration of the rebate/surcharge scale.

g) MPI confirms that the impact of changes to the DSR discount by major class reflects the average DSR discount provided in each major class. MPI allocates the impact of changes to the DSR discounts based on the proportion of actual discounts for each major class per the rate model (i.e. if a major class has a higher average DSR discount, this will be reflected in the allocation).

Appendix 1: Actual DSR discounts for each of the last ten years by Major Class

The response will be filed once conditions of work normalize.

PUB (MPI) 2-11

Part and Chapter:	**PUB (MPI) 1-13 Part IX Forecasting**	**Page No.:**	
PUB Approved Issue No:	**5. Financial forecast: c. Impact of IFRS 9, 14, and 17;**		
Topic:	**Impact of the change to Risk Adjustment**		
Sub Topic:			

Preamble to IR:

The Risk Adjustment moved from unfavorable to favorable for the following reasons:

- Underlying data in the risk adjustment model was updated from March 2021 (used in the 2023 GRA) to March 2022.
- Updated the yield curve in the risk adjustment model from March 2021 to March 2022.
- Updated the model to allow for inflation to vary by year; in the 2023 GRA the inflation was flat.
- Updated selected payment patterns from March 2021 valuation to March 2022 valuation.

Question:

a) Please provide the quantum of each noted change to the risk adjustment and the impact on claims incurred.

b) Please indicate when MPI next plans to change its risk adjustment.

Rationale for Question:

To understand changes to the Risk Adjustment.

RESPONSE:

a) Risk adjustment to non-financial risks is modelled as two components: the portion that directly relate to the underlying best-estimated reserves and the portion that represents the present value of future uncertainty. The former portion generally moves proportional to the movement of the best-estimate reserves, and the latter reflect the present value of risks and therefore the quantification is sensitive to discount rates.

The respective impact from the movements are:

- **$13.4M increase** from underlying data in the risk adjustment model was updated from March 2021 (used in the 2023 GRA) to March 2022.
- **$6.3M increase** from updating the model to allow for inflation to vary by year; in the 2023 GRA the inflation was flat.
- **$41M decrease** due to updating the yield curve in the risk adjustment model from March 2021 to March 2022.
- **$8.4M decrease** from updating selected payment patterns from March 2021 valuation to March 2022 valuation.
- **0.4M decrease** due to rounding

Please note that the risk adjustment is still preliminary (as it was in the 2023 GRA), and is still subject to further changes and refinements.

Figure 1 IFRS 17 Risk Adjustment Transition Impact

Line No.		Risk Adjustment
1	**March 2021 Opening**	194,871
2	**Data Update - March 2022**	13,421
3	**Variable Inflation Impact - March 2022**	6,302
4	**Yield Curve Change - March 2022**	(40,997)
5	**Payment Pattern Update - March 2022**	(8,374)
6	**Rounding**	(412)
7	**Total - March 2022**	164,810
8	**Claims Development PfAD (March 2022)**	178,155
9	**Transition amount**	(13,345)

b) MPI next plans to change its risk adjustment for March 2024 as updating the risk adjustment would be an annual exercise

PUB (MPI) 2-12

Part and Chapter:	PUB (MPI) 1-14 Part II Overview	Page No.:	4
PUB Approved Issue No:	5. Financial forecast: c. Impact of IFRS 9, 14, and 17		
Topic:	Compliance with Order		
Sub Topic:			

Preamble to IR:

MPI sought an opinion from PWC on this matter, which has been declined due to conflict. There is another request for an external opinion underway that MPI expects to file in 2024 GRA.

IFRS 14. Paragraph 13 states:

> *An entity shall not change its accounting policies in order to start to recognise regulatory deferral account balances. An entity may only change its accounting policies for the recognition, measurement, impairment, and derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable, or more reliable and no less relevant to those needs. An entity shall judge relevance and reliability using the criteria in paragraph 10 of IAS 8.*

IAS 8 paragraph 10 states:

> *In the absence of an IFRS that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is:*
>
> *a) relevant to the economic decision-making needs of users; and*
> *b) reliable, in that the financial statements:*

(i) represent faithfully the financial position, financial performance and cash flows of the entity;

(ii) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;

(iii) are neutral, i.e. free from bias;

(iv) are prudent; and

(v) are complete in all material respects.

Question:

a) Who has been selected to provide the opinion?

b) Please advise on the expected filing date of the opinion.

c) Please file a copy of the RFP for the opinion.

d) Please provide alternative PF-1, PF2 and PF3 reflecting compliance with IFRS 14 (include the schedule of net movement of regulatory deferral accounts).

Rationale for Question:

To understand the financial impact of compliance with the Board Directive and progress towards implementation.

RESPONSE:

MPI provides the following additional context, namely:

IFRS 14. Paragraph 6:

> *Entities which are eligible to apply IFRS 14 are not required to do so, and so can choose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. The election to adopt IFRS 14 <u>is only available on the initial adoption of IFRSs</u>, meaning an entity cannot apply IFRS 14 for the first time in financial statements subsequent to those prepared on*

> *the initial adoption of IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements.*

MPI has interpreted the foregoing "… *only available on the initial adoption of IFRS* … "as a primary reason why IFRS 14 is not available and applicable to MPI at this time. That said, MPI looks to Deloitte and will follow their interpretation and guidance thereon with respect to the applicability of IFRS 14.

In addition, IFRS 14 paragraph 13 states:

> *Entities are permitted to change their accounting policies for regulatory deferral account balances in accordance with IAS 8, but only if the change makes the financial statements more relevant and no less reliable, or more reliable and not less relevant, to the economic decision-making needs of users of the entity's financial statements. However, an entity is not permitted to change accounting policies to start to recognize regulatory deferral account balances.*

MPI has interpreted the foregoing "… an entity is not permitted to change accounting policies to start to recognize regulatory deferral account balances … "as a secondary consideration why IFRS 14 is not available and applicable to MPI at this time. That said, MPI looks to Deloitte and will follow their interpretation and guidance thereon with respect to the applicability of IFRS 14.

Please see below MPI responses:

a) See response to c), below.

b) Please see *Attachment A* for the opinion, which MPI will file later in September.

c) There was no RFP for this service. Instead, MPI awarded the services directly to Deloitte, who could accommodate the PUB time requirements for a response. Please refer to the engagement letter enclosed herewith as *Appendix 1 - Redacted*.

d) MPI provides the financial information equivalent to that required by IFRS 14 in its General Rate Applications. The impact of regulatory deferral account balances is separately presented in an entity's financial statements. These requirements apply regardless of the entity's previous presentation policies in respect of regulatory deferral balance accounts under its previous GAAP.

Accordingly:

- Separate line items are presented in the statement of financial position for the total of all regulatory deferral account debit balances, and all regulatory deferral account credit balances (required by IFRS 14.20, included in Proformas Chapter, PF-1 lines 37 to 39);
- Regulatory deferral account balances are not classified between current and non-current, but are separately disclosed using subtotals (as per IFRS 14.21, provided in Expenses Appendix 16);
- The net movement in regulatory deferral account balances are separately presented in the statement of profit or loss and other comprehensive income using subtotals (required by IFRS 14.22-23, provided in Expenses Appendices 17 and 18).

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204)-944-3601
Fax: (204)-947-9390
www.deloitte.ca

August 10, 2023

Private and confidential

Manitoba Public Insurance
Ryan Kolaski, Vice President and Chief Financial Officer
820-234 Donald Street
Winnipeg MB R3C 4A4

Re: Applicability of IFRS 14

Dear Mr. Kolaski,

This letter confirms the engagement of Deloitte LLP (“Deloitte” or “we” or “us”) by Manitoba Public Insurance (“MPI” or the “Company”) to provide an objective evaluation on the application of International Financial Reporting Standards (“IFRS”). Deloitte will perform this engagement subject to the terms and conditions set forth herein and in the accompanying appendices.

Scope of services
Deloitte will provide an opinion in accordance with Section 7600, *Reports on the Application of Accounting Principles* of the Canadian Audit Standards with respect to the application of IFRS 14 – *Regulatory Deferral Accounts*, all of which is set forth in more detail in Appendix A (collectively, the “Services”).

Engagement team

Name	Role

[redacted]

[redacted]

[redacted]

[redacted]

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[redacted]	[redacted]
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Other matters
This engagement letter, including the appendices A through D attached hereto and made a part hereof, constitutes the entire agreement between the Company and Deloitte with respect to this engagement and supersedes all other prior and contemporaneous representations, understandings, or agreements between the parties, whether written or oral, relating to this engagement and may not be amended except by mutual written agreement of the Company and Deloitte.

If the above terms are acceptable to you and the Services described are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

Deloitte LLP

Chartered Professional Accountants

Enclosure

***

The services and terms set forth in this letter are accepted and agreed to by Manitoba Public Insurance management:

Ryan Kolaski
____
Signature

Ryan Kolaski
____
Name

Vice President & Chief Financial Officer
____
Title

August 8, 2023
____
Date

Appendix A
Description of services

Manitoba Public Insurance
August 10, 2023

Deloitte will provide an opinion on the applicability of IFRS 14 – *Regulatory Deferral Accounts* in accordance with Section 7600, Reports on the Application of Accounting Principles. As part of the engagement, Deloitte will provide services in assisting in identifying, reading, interpreting or analyzing financial information and other data, as provided by the Company, related to the accounting matters raised in order to form our opinion on whether the Company is within the scope of IFRS 14.

This opinion will be provided at the request of MPI and will be used for a regulatory filing with the Manitoba Public Utilities Board. The report will not be used for any other purpose without our prior written consent.

The specific procedures to be performed by Deloitte will be established based on discussions with MPI and additional information that is obtained during the course of the engagement.

We will require access to:

- The Company’s financial statements for the years ended March 31, 2023.
- The Company’s internal assessment of the applicability of IFRS 14.
- Any communications from PUB relating to the applicability of IFRS 14 for the Company.
- Company personnel to provide information to our inquiries around the scoping criteria within IFRS 14.
- Permission to consult with the Company’s auditor to confirm key facts and considerations.

MPI will cooperate in expediting the work of Deloitte with a view to allowing Deloitte to render its report on the application of IFRS by MPI.

The report provided will be based on the current version of IFRS 14 as of July 31, 2023. Any futures changes or modifications to the IFRS 14 standard may impacts our accounting analysis/opinion provided.

Appendix B

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Appendix D | [redacted]
Manitoba Public Insurance
August 10, 2023
Page D - 8

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Attachment A:
IFRS 14 Opinion

The response will be filed in September.

PUB (MPI) 2-13

Part and Chapter:	**PUB (MPI) 1-15, PUB (MPI) 1-41 pg. 3 Part IX – Financial Forecasting**	**Page No.:**	**EPF-1**
PUB Approved Issue No:	**5. Financial Forecast** **8. Capital Management Plan (a) Transfers of Extension excess capital**		
Topic:	**Extension transfers**		
Sub Topic:			

Preamble to IR:

Question:

a) Please explain the decline in service fees and other revenues from what was forecast last year for each of the years 2023/24, 2024/25 & 2025/26.

b) Please explain the factors behind the 12.46% increase in claims incurred in 2024/25 and 11.57% increase in 2025/26 from what was forecast at the 2023 GRA.

c) Please provide a comparison of Total Extension Operating Expense for the years 2023/24,2024/25 and 2025/26 with that forecast for those years at the 2023 GRA and explain the changes.

Rationale for Question:

To continue the exploration of PUB (MPI) 1-15 regarding the reduction in anticipated transfers from Extension to Basic.

RESPONSE:

a) The main driver of this change is due to IFRS 17 recognition of service fees tied to insurance contracts. As mentioned in *CAC (MPI) 1-57, part a)*, while preparing for the IFRS transition, MPI undertook a review of each specific service fee. MPI reviewed if the fee was policy or non-policy related (IFRS component) and reviewed the line of business allocations of the particular fee. Due to this review of service fee allocations, MPI made many allocation changes which impacted all lines of business. These allocation changes result in an unfavourable impact to Extension of approximate $3 to $4 million, annually.

b) The primary driver of changes in Claims Incurred for Extension is an updated ultimate loss forecast. Many of the same forecasting enhancements made to Basic have also been applied to Extension, such as:

- Assess COVID-19 and working-from-home (WFH) impact by fitting mobility data (*CF.2.2*);
- Data used for trending analysis is from the Appointed Actuary Report (AAR) dated October 2022 (*Part X External Actuary Review EAR Attachment A – Appointed Actuary Report Oct 2022)*;
- Improvement in estimating Compulsory and Extension Revision Project (CERP) adjustments (*CF.2.3*);
- Select past and future trends (*CF.4*);
- Apply a Hail loading factor (*CF.11.1*); and
- Revised coverage groupings to align with coverage groupings in AAR and to align with industry best practice.

These changes resulted in higher loss cost and ultimate loss estimates when compared to the 2023 GRA, leading to a higher Claims Incurred forecast. For more information on changes to forecasting methodology, refer to *Part VI Claims Forecasting*; assumptions in the Extension claims forecast are given in *Part VI Claims Forecasting Chapter Appendix 6*.

c) A comparison of Total Extension to Corporate Operating Expense for the years 2023/24,2024/25 and 2025/26 with that forecast for those years at the 2023 GRA has been provided *2024 GRA PUB 1-45 part a) Figure 2*. In 2023/24, overall forecasted Extension expenses are expected to be about $3 million higher in the 2024 GRA versus the 2023 GRA. This is mainly due to higher data processing costs related to improvement initiatives. In 2024/25 and 2025/26 expenses are forecasted to be similar to 2023 GRA levels.

PUB (MPI) 2-14

Part and Chapter:	**PUB (MPI) 1-16 Part IX - REV Appendix 3**	**Page No.:**	
PUB Approved Issue No:	**5. Financial Forecasts**		
Topic:	**Extension Financial Forecast**		
Sub Topic:	**Extension Profit Margin**		

Preamble to IR:

Question:

Please provide an update to the Extension's historical five-year actual underwriting profit margin and net income profit margin to include the Extension indicated overall rate change and the actual overall rate change.

Rationale for Question:

To assess reasonableness of Extension forecasts.

RESPONSE:

Please refer to the *Part IX EPF-1 Extension Statement of Operations* in the GRA application for actual financials of the Extension line of business.

MPI has maintained favorable underwriting income throughout the last 5 years. The premium volume was fairly stable between 2018/19 to 2020/21. The volumes increased significantly in 2021/22, largely due to effect of the product change in the rating year 2021. The year 2023 saw a moderate increase in the premium volume. The underwriting income declined during 2023 due to higher claims than the previous years. However, the profitability remains at a fairly comfortable level with net financial year loss ratio of just above 50%.

Please refer to *Part IX Appendix 3 – 10 - Year Summary Basic Total Expenses by Category* for Ten-Year history of extension overall Average Rate Level Change Indication for a 10 year history of the rate indication and the corresponding target profit margin. A snapshot of the exhibit is attached below for easy reference.

Figure 1 Overall Average Rate Level Change

Line No.	Rating Year	Overall Profit Target [a]	Indicated Overall Rate Change	Actual Overall Rate Change
1	**2014**	19.10%	0.00%	-0.30%
2	**2015**	25.00%	1.01%	1.01%
3	**2016**	29.00%	1.07%	1.08%
4	**2017**	25.00%	0.00%	0.03%
5	**2018**	32.10%	0.30%	0.03%
6	**2019**	27.85%	-6.49%	-6.37%
7	**2020**	28.29%	0.01%	0.27%
8	**2021 [b]**	15.48%	8.10%	8.20%
9	**2022**	20.83%	0.02%	0.32%
10	**2023**	21.70%	0.00%	-0.10%

11 Notes:
12 * indicates where profit target/rate change calculated on a product level (not overall)
13 [a] For 2021/22 and after, the profit target is based on Underwriting Income; all prior
14 years based on Net Income.
15 [b] The 8.20% overall rate change is due to product changes which significantly
16 increased claims costs for Extension. Excluding these product changes, the
17 overall rate change would be -7.50% i.e. the product changes resulted in a
18 15.7% required revenue increase to cover the increased claims costs.

PUB (MPI) 2-15

Part and Chapter:	**PUB (MPI) 1-16 Part IX – REV Appendix 3**	**Page No.:**	**1-2**
PUB Approved Issue No:	**5. Financial Forecasts**		
Topic:	**Extension Financial Forecast**		
Sub Topic:	**Extension Profit Margin**		

Preamble to IR:

In PUB (MPI) 1-16, the Corporation provided the anticipated Extension profit margin for 2023/24 through 2026/27.

Question:

a) What is the Corporation's current market share of the Extension lines? Please provide supporting documentation.

b) Given the Corporation has consistently maintained a market share of well over 90% for this line of business, please explain why the Corporation decided to reduce its underwriting profit margin significantly over the period from 2021 to 2024.

Rationale for Question:

To better understand the drop in extension profit and the associated transfers to Basic.

RESPONSE:

a) MPI is unable to provide a measure of Extension market share without access to competitor sales data. However, MPI can confirm that approximately 95% of Basic customers purchased at least one Extension product, which translates to about

80% of eligible policies with an extension product. This information is based on the inforce policies as of Nov 1, 2022.

b) MPI operates in a competitive market for Extension products. Stable rates have been maintained for this line of business over time, whilst retaining adequate profitability. The profit margins, capital adequacy, and rate stability are reviewed annually and MPI is of the view that these are currently acceptable, even with the reduced profitability. However, the rates for extension products are under review and may be subject to an increase for the 2024 rating year.

PUB (MPI) 2-16

Part and Chapter:	**PUB (MPI) 1-17** **PUB (MPI) 1-79** **Part IX – Forecasting – PF Pro Formas** **Part X – EAR Attachment B**	**Page No.:**	**4** **2**
PUB Approved Issue No:	**5. Financial Forecast** **16. Run-off of prior year claims during 2022/23**		
Topic:	**Claims reserving accuracy**		
Sub Topic:			

Preamble to IR:

Figure 1 of PUB (MPI) 1-17, which represents the change from the October update of the 2023 GRA to the 2024 GRA, shows that Net Claims Incurred for 2022/23 experienced significant changes by coverage, with the following large impacts:

a) Inflation +$54.7 million
b) Collision +$40.4 million
c) Comprehensive + $16 million
d) PIPP - $125.5 million

PUB (MPI) 1-79 indicated that the Appointed Actuary estimates of March 31, 2023 were booked in the General Ledger as of March 31, 2023. Based on MPI Exhibit 6 Part X EAR Attachment B, section 10, comparison to prior year estimates, there was favorable development of $5.3 million for Accident Benefits – Weekly Indemnity, $12.7 million for Accident Benefits – Other, offset by unfavorable development of $20.6 million for Collision.

The magnitude of the changes in the Claims Incurred from the October update of the 2023 GRA to the 2024 GRA is far greater than the changes indicated by the Appointed Actuary March 31, 2023 report.

Question:

Please explain and reconcile the differences. With respect to the $54.7 million inflation impact, please break it down by coverage.

Rationale for Question:

To understand the large movements from August 2022 to March 2023 in forecast claims incurred.

RESPONSE:

The comparison between these impacts is subject to some notable limitations that cause differences between those listed in PUB (MPI) 1-17 and the Appointed Actuary Report (AAR), which should not be expected to align:

- The impacts referenced in the AAR report are the changes in the ultimate loss estimates for prior accident years (i.e. excludes accident year 2022/23) while the Net Claims Incurred for 2022/23 includes the 2022/23 accident year.

- The ultimate loss estimates used to calculate run-off in the AAR are undiscounted, while Net Claims Incurred is on a discounted basis and include the impact of future inflation. The ultimate losses in the AAR are also indexed to March 31, 2023 benefit levels, but exclude the impact of future inflation.

- The GRA impacts listed compare the 2023 GRA update to the 2024 GRA, (October 2022 to March 2023), while the Apointed Actuary Report compares the March 2022 valuation results to the March 2023 valuation.

The $54.7 million inflation impact only impacts the PIPP coverages – Weekly Indemnity and ABO-Indexed. Please note that the $54.7 million would have been included with the PIPP coverages in the 2023 GRA and was recently split out as of March 2023.

PUB (MPI) 2-17

Part and Chapter:	**PUB (MPI) 1-17** **PUB (MPI) 1-79** **Part IX – Forecasting – PF Pro Formas** **MPI Exhibit 37 (2022 GRA)** **2023 GRA** **MPI Exhibit 58 (2023 GRA)**	**Page No.:**	**4** **2**
PUB Approved Issue No:	**5. Financial Forecast** **16. Run-off of prior year claims during 2022/23**		
Topic:	**Claims reserving accuracy**		
Sub Topic:			

Preamble to IR:

In the last several GRAs, there has been an October update, in which Claims Incurred estimates for the current fiscal year have been updated. In the following GRA, these values are again updated.

The following table shows the changes from the 2022 GRA to the 2021 October update, and to the 2023 GRA for the 2021/22 year, using amounts from MPI Exhibit 37 of the 2022 GRA for the October update.

	2021/22 Change from 2022 GRA	
Change	**2021 October Update**	**2023 GRA**
Interest Rate Impact	+24,617	-145,242
COVID-19 Adjustment	-71,517	
Collision	+7,869	-4,483
Comprehensive	-21,626	-15,578
PIPP and Liability	-545	+11,204
Property Damage	+22	-1,863
Allowance for Subro Accounts		-3,609
ILAE	-2,192	+11,875
Non-Proportional ULAE		+1,094
DPAC	-3,432	-3,433
Total Excluding Interest Rate Impact	-91,420	-4,792

The following table shows the changes from the 2023 GRA to the 2022 October update, and to the 2024 GRA for the 2022/23 year, using amounts from MPI Exhibit 58 of the 2023 GRA for the October update.

	2022/23 Change from 2023 GRA	
Change	**2022 October Update**	**2024 GRA**
Interest Rate Impact	-131,718	-98,892
Inflation Adjustment		+54,719
Collision	-48,956	-8,543
Comprehensive	+4,605	+20,750
PIPP and Liability	+78,194	-44,349
Property Damage	-3,104	-509
Allowance for Subro Accounts		-3,558
ILAE	+8,238	-202
Non-Proportional ULAE	-754	-702
Total Excluding Interest Rate Impact	+38,313	+17,605

Question:

a) For each of the above tables, please allocate the respective COVID-19 adjustment, inflation adjustment, and the allowance for subrogated accounts, by coverage, in two revised tables.

b) Please confirm that a Naïve forecast of no movement in the Claims Incurred for the current fiscal year, excluding the interest rate impact, would have been a better forecast for total Claims Incurred in each of the last two years.

c) Please explain why updating the Claims Incurred for the current fiscal year in the October update results in a better estimate for the fiscal year.

Rationale for Question:

To understand the value of updating the current fiscal year Claims Incurred in the October update.

RESPONSE:

a) The referenced COVID-19 Impact and Inflation Impact can be seen below:

Figure 1 COVID-19 Adjustment and Inflation Impact by Coverage

Line No.	Coverage	COVID-19 Adjustment	Inflation Impact
1	*($000)*		
2	PIPP	($20,219)	$54,719
3	Collision	($47,128)	$0
4	Property Damage	($4,169)	$0
5	Total	($71,517)	$54,719

Allowance for subrogated accounts only exists on the aggregate level for basic and cannot be split up by coverage.

Note that COVID-19 adjustment is applicable to GRA 2023 only and that inflation was split out in the 2024 GRA as a separate account was setup in the general ledger at March 31, 2023 whereas previously the inflation would have been included in the PIPP coverages.

b) Confirmed; based on the two tables in the preamble, it can be seen that the differences from the initial submission for the 2022 GRA and 2023 GRA (before the October update) are closer to the estimates in the following GRA (12 months later - in the 2023 GRA the difference was -4,792 vs -91,420 in the October 2021 rate update and in the 2024 GRA the difference was +17,605 vs +38,313 from the October rate update in 2022).

c) Based on part b), updating the Claims Incurred for the current fiscal year in the October update did not result in a better estimate. In last year’s rate update, the loss experience for the current accident year was updated based on emerging experience which affected collision, comprehensive and property damage. Further to this, the inflation assumption, the claims discount rate and the increased LVAA costs were also updated.

The coverages that experienced the largest differences when updating assumptions for the 2022 October rate update were PIPP, Collision, and Comprehensive. The main drivers of the differences are as follows:

- PIPP: Firstly, there is a presentational difference between the October update and the 2024 GRA with respect to inflation. In the 2024 GRA, the impact of inflation is shown on a separate line item whereas in prior GRAs, the impact was not shown separately – thus being included under PIPP. As such, to compare the 2024 GRA with the prior version, it would be more appropriate to add the Inflation Adjustment to PIPP claims for this comparison (yielding +10,370 for the 2024 GRA). In the October update, MPI's inflation estimates were uncapped, with 7.9% inflation estimated for 2023/24. For the 2024 GRA, inflation has been capped at 6% in response to high inflation, causing the large difference between forecast claims incurred for PIPP.

- Collision: In the October update, emerging collision experience and a backlog of claims saw significant and unforeseen changes in development in the first 3 months. As a result, MPI adjusted the accident year 2022 ultimate loss estimate to account for the emerging experience ($471M to $423M). By year end (March 2023), the ultimate loss estimates for all accident years were updated to reflect the most up to date experience. This results in an estimate of $451M for accident year 2022, or a $20M reduction compared to the 2023 GRA. This amount would be partially offset by prior year development, which was not reflected in the October Update (as we did not change our prior year ultimate estimates).

- Comprehensive: The large change in the forecast is primarily driven by poor loss experience in accident year 2022. It is of note that for this coverage, the October update was closer to the 2024 GRA than our 2023 GRA forecast was.

For this iteration of the October rate update, the expected changes are:

- Update unpaid amounts as the net claims incurred are updated based on actual losses as of July 31, 2023. Accident year ultimate loss estimates will not be updated which means the total expected cost by accident year remains the same as presented in the 2024 GRA even though there will be some changes in paid, case, IBNR and ULAE. On an undiscounted basis, this affects the balance sheet unpaid losses.

- Update the yield curve which will affect the discounted claims and risk adjustment amounts. The yield curve will be as of August 31, 2023.

PUB (MPI) 2-18

Part and Chapter:	**PUB (MPI) 1-17 Part IX Forecasting PF Pro Formas**	**Page No.:**	**4**
PUB Approved Issue No:	**5. Financial Forecast**		
Topic:	**Investment Performance**		
Sub Topic:			

Preamble to IR:

Figure 1 of PUB (MPI) 1-17 shows the following changes to investments or interest rate impacts:

a) Claims incurred – interest rate impact +$32.8 million increase to claims incurred;

b) Investment income – interest rate impact +8.8 million increase to total investment income; and

c) Investment income -$27.5 million decrease to investment income.

Question:

a) Please explain what portion of the -$27.5 million decrease to investment income is related to the Basic claims portfolio, and what is related to EFB or RSR?

b) To the extent that the interest rate impact was unfavourable ($32.8 – $8.8 million, plus any investment income impacts), please explain how asset liability management did not manage to mitigate this.

Rationale for Question:

To better understand the performance of the ALM strategy.

RESPONSE:

a) The comparative explanation in Figure 1 of PUB (MPI) 1-17 on page 4 of 18 for Investment Income between the 2023 GRA October update and the 2024 GRA shows that a substantially large proportion of the -$27.5 million decrease in investment income is attributed to the write-off of corporate bonds and private debt (approximately $19 million) within the RSR and EFB portfolios. The remainder is attributable to either equity or alternative investment variances. These investments are not part of the Basic Claims Investment portfolio. Approximately half of the interest income and most of the amortization differences are related to the Basic Claims Investment portfolio.

b) The *projected* net impact due to interest rates decreased from $9.8M at the October 2022 update to an actual impact of ($14.2M) as at March 31, 2023, which was a net change of ($24.0M). This unfavourable interest rate impact as at March 31, 2023 was caused by a combination of factors:

   i. In November 2022, $70.0M was transferred from operations to the Basic Claims portfolio and was used to purchase Provincial bonds (increasing the weight of Provincial bonds by 1.7%) which reduced the weighted average yield of the Basic Claims portfolio.

   ii. In December 2022, the purchase of $84.4M of real return bonds (RRBs) reduced the weighted average yield of the Basic Claims portfolio.

   iii. In December 2022, trading within the corporate bond portfolio resulted in a slightly lower proportion of BBB-rated corporate bonds, which reduced the weighted average yield of the Basic Claims portfolio.

   These three actions were completed for asset management purposes; they also reduced the yield of the investment portfolio, which reduced the discount rate and increased the present value of the claims liabilities. The ALM strategy is meant to provide protection from changes in the market level of interest rates, which it has done; changes to the asset mix of the Basic Claims portfolio have an effect on the yield of the portfolio but this does not mean that the ALM strategy is not working.

PUB (MPI) 2-19

Part and Chapter:	**PUB (MPI) 1-19** **Part IX Expenses**	**Page No.:**	**29**
PUB Approved Issue No:	**5. Financial Forecast** **10. Cost of operations and cost containment measures**		
Topic:	**Operating Expenses**		
Sub Topic:			

Preamble to IR:

Question:

a) Please provided the work from home policy and describe the arrangements available to employees.

b) Please explain how MPI is monitoring productivity under the work from home arrangements.

Rationale for Question:

To further understand operating expense related to work from home policy.

RESPONSE:

a) Please see Appendix 1 for the MPI Corporate Directive pertaining to its flexible work program. Staff may be designated in one of the following three flexible work arrangement work types:
   - Remote Work Type – required to attend in-office as needed (on a schedule or when asked by manager, or for a specific task).
   - Hybrid Work Type – required to attend in-office on average three days per week and 60% of the time per month. Employees can decide which days to attend in-office based on requirements of their role, in consultation with their leader.

- On Site Work Type – required to attend in-office 100%.

b) Management is responsible for ensuring regular performance touchpoints are scheduled, productivity and performance measures are in place, and reviewing and addressing any changes or decreases in performance and/or productivity. Management may end or modify a flexible work arrangement if there are performance or productivity related concerns.

DIRECTIVE NO. P.39
Effective Date .... May 3, 2023
Review Date.............................. May 3, 2023
Replaces Directive No. P.39
Dated .... October 18, 2021

CORPORATE DIRECTIVES

FLEXIBLE WORK ARRANGEMENT

PURPOSE:

Manitoba Public Insurance strives to be a rewarding and progressive place to work, promoting trust, empowerment, choice, and flexibility. The Flexible Work Arrangement is designed to:

a) Promote and enable a culture that fosters creativity, trust, and excellence.
b) Provide flexibility in where work is performed while maintaining a safe, secure, healthy, and productive work environment.
c) Support operational efficiency and effectiveness while maintaining or improving quality, levels of service and productivity.
d) Support work-life balance and adapt to evolving service and workforce needs while continuing to provide a high level of service to Manitobans.

This directive enables management to consider flexible work requests from employees, provided they are consistent with the guiding principles and will not impact service or program delivery. Employees are enabled to request approval to participate in a flexible work arrangement.

RESPONSIBILITY OF:

Management and HR Business Partnership

KEY CONTACT:

Human Resource (HR) Business Partner

POLICY:

The Flexible Work Arrangement enables employees to choose the best location to perform their work while adhering to MPI security and privacy directives, policies, and standards. Employees will have the flexibility to determine when they work remotely or in the office based on the nature of the work that they are performing, and their designated work type, for example, focused work verses collaborative work, subject to operational requirements. For clarity on work types please refer to Flexible Work Arrangement Work Types.

Flexible work arrangement may be requested by an employee and approved by their manager. Management will review and approve flexible work arrangements based on suitability of the job, operational requirements, and employee performance. Flexible work arrangements will not alter the employee's terms and conditions of employment, including the overall number of hours worked by the employee or the nature of the employee's work responsibilities.

The following guidelines determine eligibility for flexible work arrangements

Position

- The nature of the work is suitable to be performed productively at home.
- Information security and privacy requirements can be adhered to.
- The work can be performed at home without unreasonable modification.
- Coaching, training, and supervision can be conducted remotely.

Operational Requirements

- Performance and productivity measures are in place for the position.
- Working flexibly does not interfere with operational requirements.
- Resources to support a flexible work arrangement are available (for example, technology tools and physical space).

Performance

- The employee's performance meets expectations in terms of productivity, ability to work independently, quality of work, attendance, and conduct.

Management may end or modify flexible work arrangements for any reason with fourteen (14) days' notice, except that a flexible work arrangement may be terminated by the Corporation immediately if information security and privacy requirements can no longer be met, or based on changes to the job, performance/conduct/productivity concerns, and/or operational requirements as determined by MPI in its sole discretion. Similarly, employees are able to request ending their flexible work arrangement at any time.

The key to a successful flexible work arrangement is open, ongoing communication about performance, objectives, workplace environment, scheduling changes, training, and technology.

Employees who are approved to work in a flexible work arrangement will be required to review and sign the Flexible Work Arrangement Agreement outlining all of the terms and conditions associated with a flexible work arrangement along with the Employee IT Asset Agreement and the Virtual Workspace Safety Checklist.

SCOPE:

This Directive applies to all employees.

This document is not intended to override or contradict existing Corporate Directives, but rather, its intent is to complement same and to provide additional information. Governing articles for unionized employees found in the collective agreement apply if they differ from the expectations outlined in this directive.

RIGHTS AND RESPONSIBILITIES:

Individuals will:

- **Submit their request for a flexible work arrangement to their manager for approval** and once approved, will review, acknowledge, and adhere to the agreement outlining all terms and conditions of the flexible work agreement.
- **Dedicate their attention to their work during working hours** and advise their responsible leader of any anticipated deviations.
- **Choose effective work locations for the work to be performed, whether a virtual environment or an MPI location**, subject to scheduling and operational requirements determined by the responsible leader.
- **Maintain productivity and performance** and ensure that the work performed complies with MPI directives, policies, and collective agreement.
- **Maintain regular contact**, be available and communicate with their leader, colleagues, and customers to effectively complete their job responsibilities.
- **Be available to attend the office as required**, at times with short notice.
- **Respect all terms and conditions of employment**, corporate directives, policies, and the collective agreement, if applicable, while working in the virtual workspace.

Leaders will:

- **Approve/deny flexible work arrangements (including assign designated work type),** with recommendations from their supervisors, ensuring that decisions are in adherence with the guidelines in this directive.
- **Ensure decisions are fairly and consistently applied** and when required provide rationale for their decisions.
- **Ensure regular performance touch points are scheduled** with their staff in addition to ensuring productivity and performance measures are in place and that these are adhered to consistently. Changes or decreases in performance and productivity should be carefully reviewed to determine impacts.
- **Regularly monitor any changes that may impact the continuation of the flexible work arrangement**, including, changes to position, productivity, performance, conduct, operational requirements, and any other situation that may arise.
- **Ensure that measures are in place to protect confidentiality and information security** as required by legislation and take immediate action and advise their HR Business Partner when they suspect or are informed of a potential breach.
- **Track and administer all aspects of the flexible work program**, including, correspondence regarding the requests, rationale for approval and denial, and ensuring a clear understanding of where their employee is working from at any given time within their area of responsibility.
- **Communicate in a timely manner with impacted internal stakeholders**, including Human Resources, Information & Technology (IT), and Premises & Administrative

Services to ensure services are provided to successfully coordinate the flexible work arrangement, for example, adequate time is allotted for procurement of equipment, space allocation, etc.

- **Ensure employees are fully knowledgeable about the requirements** in this Directive prior to approving the flexible work arrangement and ensuring the agreement is signed.

Human Resources will:

- **Provide program support**, including, ensuring tools, training, processes, and guidelines are available to enable flexible work arrangements.
- **Provide guidance and support to assist management when making decisions** regarding flexible work arrangements, as required.
- **Collaborate with safety** to ensure ergonomic and safety resources are available for all employees.
- **Follow appropriate protocols** in response to any circumstances involving the contravention of this directive.

CONSEQUENCES OF NON-COMPLIANCE:

Contravention of the Flexible Work Arrangement Directive may result in appropriate corrective action. This action may include immediate termination of the flexible work arrangement, disciplinary action, up to and including immediate termination of employment for just cause. All alleged violations of this Directive will be investigated. Additionally, depending on the nature of the violation, individuals may be subject to legal action resulting in civil and/or criminal liability.

For further information, please review *P.22 Criminal Misconduct Policy, P.35 Progressive Discipline, P.13 Code of Ethics and Business Conduct.*

DEFINITIONS:

Flexible Work Arrangement: An agreement between MPI and an employee to adjust the employee's location of work, on a reoccurring or on-going basis. Work time will be split between MPI work location and non-MPI location.

Virtual Work Space: Non-MPI location where an employee works under a flexible work arrangement in accordance with a **Flexible Work Arrangement Agreement**, **Virtual Workspace Safety Checklist**, and **Employee IT Asset Agreement**.

In-office Work Space: MPI work location or the primary location available to the employee to perform their work. It is not a virtual location or residential address. Management determines the location of the designated worksite associated with each position. In-office encompasses other terms such as "on-site", "MPI work location" and "workplace".

CONCLUSION:

A flexible work arrangement can provide many benefits to our organization, including supporting employees through work-life balance. This directive supports our commitment to continue to be a rewarding and progressive workplace for our employees.

Requests for flexible work arrangements will be handled in a fair and consistent manner. All individuals are expected to be familiar and aware of all corporate directives identified and ensure that they comply.

All employees are expected to review and complete both the **Virtual Workspace Safety Checklist** and the **Employee IT Asset Agreement**.

Other policies and directives to review:

- Acceptable Use Policy
- All Persons Policy Clauses Policy
- Clear Desk and Clear Screen Policy
- Employee IT Asset Agreement
- Flexible Work Arrangement Agreement
- G.20: Cyber and Information Security
- G.27: Confidentiality Of Personal Information And Personal Health Information
- P.32: Workplace Safety
- Virtual Workspace Safety Checklist

PUB (MPI) 2-20

Part and Chapter:	**PUB (MPI) 1-20** **Expense Appendix 18** **Part IX Expenses Appendix 13**	**Page No.:**	
PUB Approved Issue No:	**6. Changes if any to integrated cost allocation methodology since the 2023 GRA**		
Topic:	**ICAM**		
Sub Topic:	**Project Nova - Cost Allocation**		

Preamble to IR:

Question:

a) Please indicate what was delivered in Releases 1 & 2 related to the Basic program supporting the actual spending in 2020/21, 2021/22 and 2022/23 with respect to Project Nova.

b) Please explain what Project Nova deferred development costs are being amortized in 2024/25 and 2025/26.

c) Please indicate if the initiative expenses in (b) have been excluded for rate-setting purposes, if not, please provide alternative RI-10, PF-1, PF-2 and PF-3.

Rationale for Question:

To understand changes to the ICAM.

RESPONSE:

a) Product RFPs, planning, leadership, nPMO, training, and Duck Creek licensing costs are included in the actual spending.

b) In 2024/25, the Program Nova Release 1 and 2 costs are being amortized.

In 2025/26, Program Nova Release 1 and 2 costs will continue to be amortized, along with the Release 3 costs.

c) Please refer to IR Response PUB (MPI) 1-54. In part (c) of this response MPI explained that "*implementation expenses are excluded from the rates sought in this GRA*". This includes all implementation expenses (including ongoing expenses and amortization expenses) for initiatives for 2022/23, 2023/24, and 2024/25. Also, refer to IR Response *CAC (MPI) 1-10* which includes details of the Basic Implementation Expenses Deferred for Rate Setting Purposes.

PUB (MPI) 2-21

Part and Chapter:	PUB (MPI) 1-21 Part IX Expenses Appendix 13	Page No.:	44
PUB Approved Issue No:	6. Changes if any to integrated cost allocation methodology since the 2023 GRA		
Topic:	ICAM		
Sub Topic:	Cost Categories		

Preamble to IR:

Question:

a) For each of the incremental accounting accounts established, please indicate the related staff complement (FTE).

b) Please elaborate on the KPIs being developed and monitored.

Rationale for Question:

To understand changes to the ICAM.

RESPONSE:

a) Please see table below.

Accounting Unit	Name	Incremental Costs / Cost Re-allocation	Related Staff Complement (FTE)
434	Business Insights & Analytics	Incremental	5
435	Driver Testing Operations	Re-allocation	1
436	Financial Planning & Analysis	Incremental	1
437	Finance Transformation	Incremental	1
438	Transformation Delivery & Business Support	Incremental	-
440	Continuous Improvement	Incremental	2
441	Business Readiness	Re-allocation	1
442	Employee Relations & Wellbeing	Re-allocation	4
443	Talent Management	Re-allocation	-

b) MPI continues to mature the focus on Key Performance Indicators (KPI’s). A challenge is gathering and reporting on information with existing systems that are changing, as well as setting definable targets.

PUB (MPI) 2-22

Part and Chapter:	**PUB (MPI) 1-22 Part IX Expenses Fig. EXP-5 and Fig. EXP-32**	**Page No.:**	
PUB Approved Issue No:	**6. Changes if any to integrated cost allocation methodology since the 2023 GRA**		
Topic:	**Operating Expenses**		
Sub Topic:			

Preamble to IR:

Question:

Please provide the detail of initiative expenses for Corporate, Extension and DVA in the same level of detail as Figure EXP App 2-2.

Rationale for Question:

To understand the impact of changes to the ICAM.

RESPONSE:

Please see Figures 1 to 9 below.

Figure 1 Normal Operations - Corporate

5 Year Summary of Corporate Expenses by Category - Normal Operations Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	77,870	78,749	84,764	85,607	89,187	59,347	67,049	78,621	79,404	82,725	1,763	1,857	1,929	1,948	2,030
3	Compensation - Overtime	1,260	1,516	1,315	1,226	1,251	613	859	828	774	788	13	3	5	6	5
4	Compensation - Benefits	19,387	18,992	20,320	19,849	20,246	14,910	16,705	19,119	18,674	19,047	389	374	384	375	384
5	Compensation - H & E Tax	1,739	1,760	1,939	2,027	2,035	1,338	1,546	1,824	1,906	1,912	34	35	37	38	38
6	**Subtotal - Compensation**	**100,256**	**101,017**	**108,338**	**108,709**	**112,719**	**76,208**	**86,159**	**100,392**	**100,758**	**104,472**	**2,199**	**2,269**	**2,355**	**2,367**	**2,457**
7	Data Processing	23,694	27,022	28,226	26,393	25,381	10,736	14,804	15,660	14,642	14,082	-	-	-	-	-
8	Special Services	8,381	9,748	7,684	5,272	5,272	4,004	6,959	9,481	6,504	6,504	83	106	330	227	227
9	Building Expenses	5,473	5,387	5,305	4,438	4,527	3,238	3,328	3,255	2,723	2,778	69	72	88	74	75
10	Safety/Loss Prevention Programs	588	550	595	544	541	-	-	-	-	-	2,218	2,854	5,475	5,010	4,969
11	Telephone/Telecommunications	1,176	1,038	1,020	949	969	662	667	675	630	640	-	-	-	-	-
12	Public Information/Advertising	3	12	15	9	9	189	160	385	349	349	2,718	2,152	3,138	1,664	1,663
13	Printing, Stationery, Supplies	778	884	503	461	463	3,757	4,172	3,647	3,342	3,358	23	18	27	24	24
14	Postage	411	1	1	1	1	5,017	5,449	4,812	4,812	4,812	-	-	-	-	-
15	Regulatory/Appeal	11	-	-	-	-	30	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	462	664	995	954	973	212	459	948	910	929	22	22	32	31	31
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,563	3,714	5,476	5,476	5,675
18	Grants in Lieu of Taxes	1,158	1,120	1,185	1,185	1,208	684	697	727	728	742	15	15	20	20	20
19	Furniture & Equipment	1,286	1,207	953	709	713	901	991	961	713	718	-	-	-	-	-
20	Merchant Fees & Bank Charges	10	-	-	-	-	10,459	10,036	10,119	10,584	10,583	-	-	-	-	-
21	Other	946	1,239	1,918	1,681	1,695	5,954	6,364	5,924	5,708	5,778	61	78	117	109	113
22	**Subtotal - Other Expenses**	**44,377**	**48,872**	**48,400**	**42,596**	**41,752**	**45,843**	**54,086**	**56,594**	**51,645**	**51,273**	**8,772**	**9,031**	**14,703**	**12,635**	**12,797**
23	Depreciation-Capital Assets	3,699	3,493	4,085	4,657	5,324	2,122	2,108	2,490	2,837	3,245	129	104	85	96	110
24	Amortization-Deferred Development	9,088	4,726	4,213	4,006	3,051	3,321	2,446	6,113	7,575	7,015	817	817	817	154	-
25	**Total**	**157,420**	**158,108**	**165,036**	**159,968**	**162,846**	**127,494**	**144,799**	**165,589**	**162,815**	**166,005**	**11,917**	**12,221**	**17,960**	**15,252**	**15,364**
26	*Rounding may affect totals															

Normal Operations - Corporate *(cont'd)*

Line No.	Expense	Regulatory Appeal 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	Total 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	($000's, except where noted)										
28	Compensation - Salaries	243	280	394	398	414	139,223	147,935	165,708	167,357	174,356
29	Compensation - Overtime	2	8	3	3	3	1,888	2,386	2,151	2,009	2,047
30	Compensation - Benefits	49	57	92	90	92	34,735	36,128	39,915	38,988	39,769
31	Compensation - H & E Tax	4	5	9	9	9	3,115	3,346	3,809	3,980	3,994
32	**Subtotal - Compensation**	**298**	**350**	**498**	**500**	**518**	**178,961**	**189,795**	**211,583**	**212,334**	**220,166**
33	Data Processing	-	-	-	-	-	34,430	41,826	43,886	41,035	39,463
34	Special Services	1	-	-	-	-	12,469	16,813	17,495	12,003	12,003
35	Building Expenses	5	5	-	-	-	8,785	8,792	8,648	7,235	7,380
36	Safety/Loss Prevention Programs	-	-	-	-	-	2,806	3,404	6,070	5,554	5,510
37	Telephone/Telecommunications	-	-	-	-	-	1,838	1,705	1,695	1,579	1,609
38	Public Information/Advertising	-	-	-	-	-	2,910	2,324	3,538	2,022	2,021
39	Printing, Stationery, Supplies	-	-	-	-	1	4,558	5,074	4,177	3,827	3,846
40	Postage	-	-	-	-	-	5,428	5,450	4,813	4,813	4,813
41	Regulatory/Appeal	4,255	4,408	4,137	3,737	3,807	4,296	4,408	4,137	3,737	3,807
42	Travel and Vehicle Expense	-	1	1	1	1	696	1,146	1,976	1,896	1,934
43	Driver Education Program	-	-	-	-	-	3,563	3,714	5,476	5,476	5,675
44	Grants in Lieu of Taxes	1	1	-	-	-	1,858	1,833	1,932	1,933	1,970
45	Furniture & Equipment	-	-	-	-	-	2,187	2,198	1,914	1,422	1,431
46	Merchant Fees & Bank Charges	-	-	-	-	-	10,469	10,036	10,119	10,584	10,583
47	Other	-	1	1	1	1	6,961	7,682	7,960	7,499	7,587
48	**Subtotal - Other Expenses**	**4,262**	**4,416**	**4,139**	**3,739**	**3,810**	**103,254**	**116,405**	**123,836**	**110,615**	**109,632**
49	Depreciation-Capital Assets	3	3	-	-	-	5,953	5,708	6,660	7,590	8,679
50	Amortization-Deferred Development	-	-	-	-	-	13,226	7,989	11,143	11,735	10,066
51	**Total**	**4,563**	**4,769**	**4,637**	**4,239**	**4,328**	**301,394**	**319,897**	**353,222**	**342,274**	**348,543**
52	*Rounding may affect totals										

Figure 2 Improvement Initiatives - Corporate

5 Year Summary of Corporate Expenses by Category - Initiative Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	524	603	2,077	(174)	(9,497)	1,011	741	1,869	270	(3,420)	-	-	-	-	-
3	Compensation - Overtime	4	29	-	-	-	6	36	-	-	-	-	-	-	-	-
4	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Subtotal - Compensation**	**528**	**632**	**2,077**	**(174)**	**(9,497)**	**1,017**	**777**	**1,869**	**270**	**(3,420)**	**-**	**-**	**-**	**-**	**-**
7	Data Processing	8,382	15,482	27,413	27,141	26,325	15,667	20,716	32,085	29,692	24,394	-	-	-	-	-
8	Special Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Building Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Public Information/Advertising	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-
13	Printing, Stationery, Supplies	13	-	8	-	-	8	-	-	-	-	-	-	-	-	-
14	Postage	-	-	-	(105)	(287)	-	-	-	(50)	(110)	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	2	3	3	4	2	4	3	3	2	-	-	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Furniture & Equipment	60	447	-	-	-	37	317	-	-	-	-	-	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Other	141	50	29	(457)	(508)	85	34	30	(355)	(351)	-	-	-	-	-
22	**Subtotal - Other Expenses**	**8,598**	**15,982**	**27,456**	**26,583**	**25,532**	**15,801**	**21,070**	**32,118**	**29,289**	**23,933**	**-**	**-**	**-**	**-**	**-**
23	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Amortization-Deferred Development	-	-	-	-	1,668	-	-	-	-	2,513	-	-	-	-	-
25	**Total**	**9,126**	**16,614**	**29,533**	**26,409**	**17,703**	**16,818**	**21,847**	**33,987**	**29,559**	**23,026**	**-**	**-**	**-**	**-**	**-**
26	*Rounding may affect totals															

Improvement Initiatives - Corporate *(cont'd)*

Line No.	Expense	Regulatory Appeal 2021/22A	Regulatory Appeal 2022/23A	Regulatory Appeal 2023/24BF	Regulatory Appeal 2024/25F	Regulatory Appeal 2025/26F	Total 2021/22A	Total 2022/23A	Total 2023/24BF	Total 2024/25F	Total 2025/26F
27	($000's, except where noted)										
28	Compensation - Salaries	-	-	-	-	-	1,535	1,344	3,946	96	(12,917)
29	Compensation - Overtime	-	-	-	-	-	10	65	-	-	-
30	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-
31	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-
32	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**1,545**	**1,409**	**3,946**	**96**	**(12,917)**
33	Data Processing	-	-	-	-	-	24,049	36,198	59,498	56,833	50,719
34	Special Services	-	-	-	-	-	-	-	-	-	-
35	Building Expenses	-	-	-	-	-	-	-	-	-	-
36	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-
37	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-
38	Public Information/Advertising	-	-	-	-	-	-	-	3	-	-
39	Printing, Stationery, Supplies	-	-	-	-	-	21	-	8	-	-
40	Postage	-	-	-	-	-	-	-	-	(155)	(397)
41	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-
42	Travel and Vehicle Expense	-	-	-	-	-	6	6	6	6	2
43	Driver Education Program	-	-	-	-	-	-	-	-	-	-
44	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
45	Furniture & Equipment	-	-	-	-	-	97	764	-	-	-
46	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-
47	Other	-	-	-	-	-	226	84	59	(812)	(859)
48	**Subtotal - Other Expenses**	**-**	**-**	**-**	**-**	**-**	**24,399**	**37,052**	**59,574**	**55,872**	**49,465**
49	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-
50	Amortization-Deferred Development	-	-	-	-	-	-	-	-	-	4,181
51	**Total**	**-**	**-**	**-**	**-**	**-**	**25,944**	**38,461**	**63,520**	**55,968**	**40,729**
52	*Rounding may affect totals										

Figure 3 Total - Corporate

5 Year Summary of Corporate Expenses by Category - Total Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	78,394	79,352	86,841	85,433	79,690	60,358	67,790	80,490	79,674	79,305	1,763	1,857	1,929	1,948	2,030
3	Compensation - Overtime	1,264	1,545	1,315	1,226	1,251	619	895	828	774	788	13	3	5	6	5
4	Compensation - Benefits	19,387	18,992	20,320	19,849	20,246	14,910	16,705	19,119	18,674	19,047	389	374	384	375	384
5	Compensation - H & E Tax	1,739	1,760	1,939	2,027	2,035	1,338	1,546	1,824	1,906	1,912	34	35	37	38	38
6	**Subtotal - Compensation**	**100,784**	**101,649**	**110,415**	**108,535**	**103,222**	**77,225**	**86,936**	**102,261**	**101,028**	**101,052**	**2,199**	**2,269**	**2,355**	**2,367**	**2,457**
7	Data Processing	32,076	42,504	55,639	53,534	51,706	26,403	35,520	47,745	44,334	38,476	-	-	-	-	-
8	Special Services	8,381	9,748	7,684	5,272	5,272	4,004	6,959	9,481	6,504	6,504	83	106	330	227	227
9	Building Expenses	5,473	5,387	5,305	4,438	4,527	3,238	3,328	3,255	2,723	2,778	69	72	88	74	75
10	Safety/Loss Prevention Programs	588	550	595	544	541	-	-	-	-	-	2,218	2,854	5,475	5,010	4,969
11	Telephone/Telecommunications	1,176	1,038	1,020	949	969	662	667	675	630	640	-	-	-	-	-
12	Public Information/Advertising	3	12	18	9	9	189	160	385	349	349	2,718	2,152	3,138	1,664	1,663
13	Printing, Stationery, Supplies	791	884	511	461	463	3,765	4,172	3,647	3,342	3,358	23	18	27	24	24
14	Postage	411	1	1	(104)	(286)	5,017	5,449	4,812	4,762	4,702	-	-	-	-	-
15	Regulatory/Appeal	11	-	-	-	-	30	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	464	667	998	958	975	216	462	951	912	929	22	22	32	31	31
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	3,563	3,714	5,476	5,476	5,675
18	Grants in Lieu of Taxes	1,158	1,120	1,185	1,185	1,208	684	697	727	728	742	15	15	20	20	20
19	Furniture & Equipment	1,346	1,654	953	709	713	938	1,308	961	713	718	-	-	-	-	-
20	Merchant Fees & Bank Charges	10	-	-	-	-	10,459	10,036	10,119	10,584	10,583	-	-	-	-	-
21	Other	1,087	1,289	1,947	1,224	1,187	6,039	6,398	5,954	5,353	5,427	61	78	117	109	113
22	**Subtotal - Other Expenses**	**52,975**	**64,854**	**75,856**	**69,179**	**67,284**	**61,644**	**75,156**	**88,712**	**80,934**	**75,206**	**8,772**	**9,031**	**14,703**	**12,635**	**12,797**
23	Depreciation-Capital Assets	3,699	3,493	4,085	4,657	5,324	2,122	2,108	2,490	2,837	3,245	129	104	85	96	110
24	Amortization-Deferred Development	9,088	4,726	4,213	4,006	4,719	3,321	2,446	6,113	7,575	9,528	817	817	817	154	-
25	**Total**	**166,546**	**174,722**	**194,569**	**186,377**	**180,549**	**144,312**	**166,646**	**199,576**	**192,374**	**189,031**	**11,917**	**12,221**	**17,960**	**15,252**	**15,364**
26	*Rounding may affect totals															

Total - Corporate*(cont'd)*

Line		Regulatory Appeal					Total				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	*($000's, except where noted)*										
28	Compensation - Salaries	243	280	394	398	414	140,758	149,279	169,654	167,453	161,439
29	Compensation - Overtime	2	8	3	3	3	1,898	2,451	2,151	2,009	2,047
30	Compensation - Benefits	49	57	92	90	92	34,735	36,128	39,915	38,988	39,769
31	Compensation - H & E Tax	4	5	9	9	9	3,115	3,346	3,809	3,980	3,994
32	**Subtotal - Compensation**	**298**	**350**	**498**	**500**	**518**	**180,506**	**191,204**	**215,529**	**212,430**	**207,249**
33	Data Processing	-	-	-	-	-	58,479	78,024	103,384	97,868	90,182
34	Special Services	1	-	-	-	-	12,469	16,813	17,495	12,003	12,003
35	Building Expenses	5	5	-	-	-	8,785	8,792	8,648	7,235	7,380
36	Safety/Loss Prevention Programs	-	-	-	-	-	2,806	3,404	6,070	5,554	5,510
37	Telephone/Telecommunications	-	-	-	-	-	1,838	1,705	1,695	1,579	1,609
38	Public Information/Advertising	-	-	-	-	-	2,910	2,324	3,541	2,022	2,021
39	Printing, Stationery, Supplies	-	-	-	-	1	4,579	5,074	4,185	3,827	3,846
40	Postage	-	-	-	-	-	5,428	5,450	4,813	4,658	4,416
41	Regulatory/Appeal	4,255	4,408	4,137	3,737	3,807	4,296	4,408	4,137	3,737	3,807
42	Travel and Vehicle Expense	-	1	1	1	1	702	1,152	1,982	1,902	1,936
43	Driver Education Program	-	-	-	-	-	3,563	3,714	5,476	5,476	5,675
44	Grants in Lieu of Taxes	1	1	-	-	-	1,858	1,833	1,932	1,933	1,970
45	Furniture & Equipment	-	-	-	-	-	2,284	2,962	1,914	1,422	1,431
46	Merchant Fees & Bank Charges	-	-	-	-	-	10,469	10,036	10,119	10,584	10,583
47	Other	-	1	1	1	1	7,187	7,766	8,019	6,687	6,728
48	**Subtotal - Other Expenses**	**4,262**	**4,416**	**4,139**	**3,739**	**3,810**	**127,653**	**153,457**	**183,410**	**166,487**	**159,097**
49	Depreciation-Capital Assets	3	3	-	-	-	5,953	5,708	6,660	7,590	8,679
50	Amortization-Deferred Development	-	-	-	-	-	13,226	7,989	11,143	11,735	14,247
51	**Total**	**4,563**	**4,769**	**4,637**	**4,239**	**4,328**	**327,338**	**358,358**	**416,742**	**398,242**	**389,272**
52	*Rounding may affect totals										

Figure 4 Normal Operations - Extension

5 Year Summary of Extension Expenses by Category - Normal Operations Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	5,537	5,672	7,019	7,555	8,187	2,419	2,848	3,803	4,078	4,414	124	132	157	169	183
3	Compensation - Overtime	89	109	108	108	114	21	32	34	34	36	1	-	-	1	-
4	Compensation - Benefits	1,378	1,368	1,676	1,741	1,845	609	717	932	964	1,020	27	27	31	33	35
5	Compensation - H & E Tax	124	127	160	178	185	55	66	89	98	102	2	2	3	3	3
6	**Subtotal - Compensation**	**7,128**	**7,276**	**8,963**	**9,582**	**10,331**	**3,104**	**3,663**	**4,858**	**5,174**	**5,572**	**154**	**161**	**191**	**206**	**221**
7	Data Processing	1,668	1,922	2,302	2,291	2,292	577	811	1,001	995	996	-	-	-	-	-
8	Special Services	591	636	637	463	480	224	1,166	630	459	477	6	8	27	20	20
9	Building Expenses	387	386	434	387	411	135	141	142	127	135	5	5	7	6	7
10	Safety/Loss Prevention Programs	41	39	49	47	49	-	-	-	-	-	156	203	446	434	448
11	Telephone/Telecommunications	83	74	83	82	87	36	37	43	43	45	-	-	-	-	-
12	Public Information/Advertising	-	1	1	1	1	15	32	40	21	21	225	152	462	144	150
13	Printing, Stationery, Supplies	55	63	41	40	42	29	35	27	26	27	2	1	2	2	2
14	Postage	29	-	-	-	-	250	267	286	304	316	-	-	-	-	-
15	Regulatory/Appeal	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	33	47	82	83	88	7	19	45	46	49	2	2	3	3	3
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	251	264	446	474	511
18	Grants in Lieu of Taxes	82	80	97	103	110	28	30	32	34	36	1	1	2	2	2
19	Furniture & Equipment	90	86	78	61	64	50	56	64	50	53	-	-	-	-	-
20	Merchant Fees & Bank Charges	1	-	-	-	-	2,625	2,489	2,589	2,712	2,714	-	-	-	-	-
21	Other	67	88	155	144	151	362	385	397	408	431	4	6	9	9	10
22	**Subtotal - Other Expenses**	**3,128**	**3,422**	**3,959**	**3,702**	**3,775**	**4,338**	**5,468**	**5,296**	**5,225**	**5,300**	**652**	**642**	**1,404**	**1,094**	**1,153**
23	Depreciation-Capital Assets	261	250	334	406	483	89	89	114	138	164	9	7	7	8	10
24	Amortization-Deferred Development	659	343	347	349	275	142	120	170	186	154	57	58	67	13	-
25	**Total**	**11,176**	**11,291**	**13,603**	**14,039**	**14,864**	**7,673**	**9,340**	**10,438**	**10,723**	**11,190**	**872**	**868**	**1,669**	**1,321**	**1,384**
26	*Rounding may affect totals															

Normal Operations - Extension *(cont'd)*

Line No.	Expense	Regulatory Appeal 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	Total 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	($000's, except where noted)										
28	Compensation - Salaries	-	-	-	-	-	8,080	8,652	10,979	11,802	12,784
29	Compensation - Overtime	-	-	-	-	-	111	141	142	143	150
30	Compensation - Benefits	-	-	-	-	-	2,014	2,112	2,639	2,738	2,900
31	Compensation - H & E Tax	-	-	-	-	-	181	195	252	279	290
32	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**10,386**	**11,100**	**14,012**	**14,962**	**16,124**
33	Data Processing	-	-	-	-	-	2,245	2,733	3,303	3,286	3,288
34	Special Services	-	-	-	-	-	821	1,810	1,294	942	977
35	Building Expenses	-	-	-	-	-	527	532	583	520	553
36	Safety/Loss Prevention Programs	-	-	-	-	-	197	242	495	481	497
37	Telephone/Telecommunications	-	-	-	-	-	119	111	126	125	132
38	Public Information/Advertising	-	-	-	-	-	240	185	503	166	172
39	Printing, Stationery, Supplies	-	-	-	-	-	86	99	70	68	71
40	Postage	-	-	-	-	-	279	267	286	304	316
41	Regulatory/Appeal	18	-	-	-	-	19	-	-	-	-
42	Travel and Vehicle Expense	-	-	-	-	-	42	68	130	132	140
43	Driver Education Program	-	-	-	-	-	251	264	446	474	511
44	Grants in Lieu of Taxes	-	-	-	-	-	111	111	131	139	148
45	Furniture & Equipment	-	-	-	-	-	140	142	142	111	117
46	Merchant Fees & Bank Charges	-	-	-	-	-	2,626	2,489	2,589	2,712	2,714
47	Other	-	-	-	-	-	433	479	561	561	592
48	**Subtotal - Other Expenses**	**18**	**-**	**-**	**-**	**-**	**8,136**	**9,532**	**10,659**	**10,021**	**10,228**
49	Depreciation-Capital Assets	-	-	-	-	-	359	346	455	552	657
50	Amortization-Deferred Development	-	-	-	-	-	858	521	584	548	429
51	**Total**	**18**	**-**	**-**	**-**	**-**	**19,739**	**21,499**	**25,710**	**26,083**	**27,438**
52	*Rounding may affect totals										

Figure 5 Improvement Initiatives - Extension

5 Year Summary of Extension Expenses by Category - Initiative Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	37	122	243	(257)	(2,386)	18	63	145	(49)	(677)	-	-	-	-	-
3	Compensation - Overtime	-	6	-	-	-	-	3	-	-	-	-	-	-	-	-
4	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Subtotal - Compensation**	**37**	**128**	**243**	**(257)**	**(2,386)**	**18**	**66**	**145**	**(49)**	**(677)**	**-**	**-**	**-**	**-**	**-**
7	Data Processing	589	2,579	4,871	5,198	4,635	280	1,366	2,760	2,739	2,558	-	-	-	-	-
8	Special Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Building Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Printing, Stationery, Supplies	1	-	1	-	-	1	-	-	-	-	-	-	-	-	-
14	Postage	-	-	-	(25)	(69)	-	-	-	(8)	(20)	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	-	1	1	1	-	-	-	-	-	-	-	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Furniture & Equipment	4	32	-	-	-	2	17	-	-	-	-	-	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Other	10	11	9	(109)	(121)	5	7	5	(38)	(41)	-	-	-	-	-
22	**Subtotal - Other Expenses**	**604**	**2,623**	**4,882**	**5,065**	**4,445**	**288**	**1,390**	**2,765**	**2,693**	**2,497**	**-**	**-**	**-**	**-**	**-**
23	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Amortization-Deferred Development	-	-	-	-	761	-	-	-	-	436	-	-	-	-	-
25	**Total**	**641**	**2,751**	**5,125**	**4,808**	**2,820**	**306**	**1,456**	**2,910**	**2,644**	**2,256**	**-**	**-**	**-**	**-**	**-**
26	*Rounding may affect totals															

Improvement Initiatives - Extension *(cont'd)*

Line No.	Expense	Regulatory Appeal 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	Total 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	($000's, except where noted)										
28	Compensation - Salaries	-	-	-	-	-	55	185	388	(306)	(3,063)
29	Compensation - Overtime	-	-	-	-	-	-	9	-	-	-
30	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-
31	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-
32	Subtotal - Compensation	-	-	-	-	-	55	194	388	(306)	(3,063)
33	Data Processing	-	-	-	-	-	869	3,945	7,631	7,937	7,193
34	Special Services	-	-	-	-	-	-	-	-	-	-
35	Building Expenses	-	-	-	-	-	-	-	-	-	-
36	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-
37	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-
38	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-
39	Printing, Stationery, Supplies	-	-	-	-	-	2	-	1	-	-
40	Postage	-	-	-	-	-	-	-	-	(33)	(89)
41	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-
42	Travel and Vehicle Expense	-	-	-	-	-	-	1	1	1	-
43	Driver Education Program	-	-	-	-	-	-	-	-	-	-
44	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
45	Furniture & Equipment	-	-	-	-	-	6	49	-	-	-
46	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-
47	Other	-	-	-	-	-	15	18	14	(147)	(162)
48	Subtotal - Other Expenses	-	-	-	-	-	892	4,013	7,647	7,758	6,942
49	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-
50	Amortization-Deferred Development	-	-	-	-	-	-	-	-	-	1,197
51	Total	-	-	-	-	-	947	4,207	8,035	7,452	5,076
52	*Rounding may affect totals										

Figure 6 Total - Extension

5 Year Summary of Extension Expenses by Category - Total Expenses

Line No.	Expense	Claims 2021/22A	Claims 2022/23A	Claims 2023/24BF	Claims 2024/25F	Claims 2025/26F	Operating 2021/22A	Operating 2022/23A	Operating 2023/24BF	Operating 2024/25F	Operating 2025/26F	Road Safety 2021/22A	Road Safety 2022/23A	Road Safety 2023/24BF	Road Safety 2024/25F	Road Safety 2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	5,574	5,794	7,262	7,298	5,801	2,437	2,911	3,948	4,029	3,737	124	132	157	169	183
3	Compensation - Overtime	89	115	108	108	114	21	35	34	34	36	1	-	-	1	-
4	Compensation - Benefits	1,378	1,368	1,676	1,741	1,845	609	717	932	964	1,020	27	27	31	33	35
5	Compensation - H & E Tax	124	127	160	178	185	55	66	89	98	102	2	2	3	3	3
6	**Subtotal - Compensation**	**7,165**	**7,404**	**9,206**	**9,325**	**7,945**	**3,122**	**3,729**	**5,003**	**5,125**	**4,895**	**154**	**161**	**191**	**206**	**221**
7	Data Processing	2,257	4,501	7,173	7,489	6,927	857	2,177	3,761	3,734	3,554	-	-	-	-	-
8	Special Services	591	636	637	463	480	224	1,166	630	459	477	6	8	27	20	20
9	Building Expenses	387	386	434	387	411	135	141	142	127	135	5	5	7	6	7
10	Safety/Loss Prevention Programs	41	39	49	47	49	-	-	-	-	-	156	203	446	434	448
11	Telephone/Telecommunications	83	74	83	82	87	36	37	43	43	45	-	-	-	-	-
12	Public Information/Advertising	-	1	1	1	1	15	32	40	21	21	225	152	462	144	150
13	Printing, Stationery, Supplies	56	63	42	40	42	30	35	27	26	27	2	1	2	2	2
14	Postage	29	-	-	(25)	(69)	250	267	286	296	296	-	-	-	-	-
15	Regulatory/Appeal	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	33	48	83	84	88	7	19	45	46	49	2	2	3	3	3
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	251	264	446	474	511
18	Grants in Lieu of Taxes	82	80	97	103	110	28	30	32	34	36	1	1	2	2	2
19	Furniture & Equipment	94	118	78	61	64	52	73	64	50	53	-	-	-	-	-
20	Merchant Fees & Bank Charges	1	-	-	-	-	2,625	2,489	2,589	2,712	2,714	-	-	-	-	-
21	Other	77	99	164	35	30	367	392	402	370	390	4	6	9	9	10
22	**Subtotal - Other Expenses**	**3,732**	**6,045**	**8,841**	**8,767**	**8,220**	**4,626**	**6,858**	**8,061**	**7,918**	**7,797**	**652**	**642**	**1,404**	**1,094**	**1,153**
23	Depreciation-Capital Assets	261	250	334	406	483	89	89	114	138	164	9	7	7	8	10
24	Amortization-Deferred Development	659	343	347	349	1,036	142	120	170	186	590	57	58	67	13	-
25	**Total**	**11,817**	**14,042**	**18,728**	**18,847**	**17,684**	**7,979**	**10,796**	**13,348**	**13,367**	**13,446**	**872**	**868**	**1,669**	**1,321**	**1,384**
26	*Rounding may affect totals															

Total - Extension*(cont'd)*

Line		Regulatory Appeal					Total				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	*($000's, except where noted)*										
28	Compensation - Salaries	-	-	-	-	-	8,135	8,837	11,367	11,496	9,721
29	Compensation - Overtime	-	-	-	-	-	111	150	142	143	150
30	Compensation - Benefits	-	-	-	-	-	2,014	2,112	2,639	2,738	2,900
31	Compensation - H & E Tax	-	-	-	-	-	181	195	252	279	290
32	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**10,441**	**11,294**	**14,400**	**14,656**	**13,061**
33	Data Processing	-	-	-	-	-	3,114	6,678	10,934	11,223	10,481
34	Special Services	-	-	-	-	-	821	1,810	1,294	942	977
35	Building Expenses	-	-	-	-	-	527	532	583	520	553
36	Safety/Loss Prevention Programs	-	-	-	-	-	197	242	495	481	497
37	Telephone/Telecommunications	-	-	-	-	-	119	111	126	125	132
38	Public Information/Advertising	-	-	-	-	-	240	185	503	166	172
39	Printing, Stationery, Supplies	-	-	-	-	-	88	99	71	68	71
40	Postage	-	-	-	-	-	279	267	286	271	227
41	Regulatory/Appeal	18	-	-	-	-	19	-	-	-	-
42	Travel and Vehicle Expense	-	-	-	-	-	42	69	131	133	140
43	Driver Education Program	-	-	-	-	-	251	264	446	474	511
44	Grants in Lieu of Taxes	-	-	-	-	-	111	111	131	139	148
45	Furniture & Equipment	-	-	-	-	-	146	191	142	111	117
46	Merchant Fees & Bank Charges	-	-	-	-	-	2,626	2,489	2,589	2,712	2,714
47	Other	-	-	-	-	-	448	497	575	414	430
48	**Subtotal - Other Expenses**	**18**	**-**	**-**	**-**	**-**	**9,028**	**13,545**	**18,306**	**17,779**	**17,170**
49	Depreciation-Capital Assets	-	-	-	-	-	359	346	455	552	657
50	Amortization-Deferred Development	-	-	-	-	-	858	521	584	548	1,626
51	**Total**	**18**	**-**	**-**	**-**	**-**	**20,686**	**25,706**	**33,745**	**33,535**	**32,514**
52	*Rounding may affect totals										

Figure 7 Normal Operations - DVA

5 Year Summary of DVA Expenses by Category - Normal Operations Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	-	-	-	-	-	20,335	21,911	25,369	25,621	26,693	-	-	-	-	-
3	Compensation - Overtime	-	-	-	-	-	226	349	349	326	332	-	-	-	-	-
4	Compensation - Benefits	-	-	-	-	-	5,090	5,311	6,097	5,955	6,074	-	-	-	-	-
5	Compensation - H & E Tax	-	-	-	-	-	457	492	582	608	610	-	-	-	-	-
6	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**26,108**	**28,063**	**32,397**	**32,510**	**33,709**	**-**	**-**	**-**	**-**	**-**
7	Data Processing	-	-	-	-	-	2,519	3,398	3,363	3,144	3,024	-	-	-	-	-
8	Special Services	-	-	-	-	-	697	885	1,052	721	721	-	-	-	-	-
9	Building Expenses	-	-	-	-	-	1,071	1,099	1,276	1,068	1,089	-	-	-	-	-
10	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	-	-	-	-	-	153	151	143	134	136	-	-	-	-	-
12	Public Information/Advertising	-	-	-	-	-	126	96	173	112	112	-	-	-	-	-
13	Printing, Stationery, Supplies	-	-	-	-	-	3,106	3,418	3,067	2,811	2,824	-	-	-	-	-
14	Postage	-	-	-	-	-	1,456	1,693	1,300	1,300	1,300	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	26	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	-	-	-	-	-	102	177	326	313	320	-	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	-	-	-	-	-	230	231	285	285	291	-	-	-	-	-
19	Furniture & Equipment	-	-	-	-	-	184	198	166	123	124	-	-	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	62	63	61	63	63	-	-	-	-	-
21	Other	-	-	-	-	-	752	946	947	892	900	-	-	-	-	-
22	**Subtotal - Other Expenses**	**-**	**-**	**-**	**-**	**-**	**10,484**	**12,355**	**12,159**	**10,966**	**10,904**	**-**	**-**	**-**	**-**	**-**
23	Depreciation-Capital Assets	-	-	-	-	-	712	710	942	1,074	1,228	-	-	-	-	-
24	Amortization-Deferred Development	-	-	-	-	-	1,303	497	2,407	3,809	3,690	-	-	-	-	-
25	**Total**	**-**	**-**	**-**	**-**	**-**	**38,607**	**41,625**	**47,905**	**48,359**	**49,531**	**-**	**-**	**-**	**-**	**-**
26	*Rounding may affect totals															

Normal Operations - DVA *(cont'd)*

Line No.	Expense	Regulatory Appeal 2021/22A	Regulatory Appeal 2022/23A	Regulatory Appeal 2023/24BF	Regulatory Appeal 2024/25F	Regulatory Appeal 2025/26F	Total 2021/22A	Total 2022/23A	Total 2023/24BF	Total 2024/25F	Total 2025/26F
27	($000's, except where noted)										
28	Compensation - Salaries	-	-	-	-	-	20,335	21,911	25,369	25,621	26,693
29	Compensation - Overtime	-	-	-	-	-	226	349	349	326	332
30	Compensation - Benefits	-	-	-	-	-	5,090	5,311	6,097	5,955	6,074
31	Compensation - H & E Tax	-	-	-	-	-	457	492	582	608	610
32	Subtotal - Compensation	-	-	-	-	-	26,108	28,063	32,397	32,510	33,709
33	Data Processing	-	-	-	-	-	2,519	3,398	3,363	3,144	3,024
34	Special Services	-	-	-	-	-	697	885	1,052	721	721
35	Building Expenses	-	-	-	-	-	1,071	1,099	1,276	1,068	1,089
36	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-
37	Telephone/Telecommunications	-	-	-	-	-	153	151	143	134	136
38	Public Information/Advertising	-	-	-	-	-	126	96	173	112	112
39	Printing, Stationery, Supplies	-	-	-	-	-	3,106	3,418	3,067	2,811	2,824
40	Postage	-	-	-	-	-	1,456	1,693	1,300	1,300	1,300
41	Regulatory/Appeal	-	-	-	-	-	26	-	-	-	-
42	Travel and Vehicle Expense	-	-	-	-	-	102	177	326	313	320
43	Driver Education Program	-	-	-	-	-	-	-	-	-	-
44	Grants in Lieu of Taxes	-	-	-	-	-	230	231	285	285	291
45	Furniture & Equipment	-	-	-	-	-	184	198	166	123	124
46	Merchant Fees & Bank Charges	-	-	-	-	-	62	63	61	63	63
47	Other	-	-	-	-	-	752	946	947	892	900
48	Subtotal - Other Expenses	-	-	-	-	-	10,484	12,355	12,159	10,966	10,904
49	Depreciation-Capital Assets	-	-	-	-	-	712	710	942	1,074	1,228
50	Amortization-Deferred Development	-	-	-	-	-	1,303	497	2,407	3,809	3,690
51	Total	-	-	-	-	-	38,607	41,625	47,905	48,359	49,531
52	*Rounding may affect totals										

Figure 8 Improvement Initiatives - DVA

5 Year Summary of DVA Expenses by Category - Initiative Expenses

Line		Claims					Operating					Road Safety				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	-	-	-	-	-	752	427	653	(38)	(854)	-	-	-	-	-
3	Compensation - Overtime	-	-	-	-	-	4	21	-	-	-	-	-	-	-	-
4	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**756**	**448**	**653**	**(38)**	**(854)**	**-**	**-**	**-**	**-**	**-**
7	Data Processing	-	-	-	-	-	11,636	12,470	17,143	15,141	9,719	-	-	-	-	-
8	Special Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Building Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Printing, Stationery, Supplies	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
14	Postage	-	-	-	-	-	-	-	-	(17)	(27)	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	-	-	-	-	-	3	2	2	1	-	-	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Furniture & Equipment	-	-	-	-	-	8	72	-	-	-	-	-	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Other	-	-	-	-	-	18	6	12	(195)	(176)	-	-	-	-	-
22	**Subtotal - Other Expenses**	**-**	**-**	**-**	**-**	**-**	**11,667**	**12,550**	**17,157**	**14,930**	**9,516**	**-**	**-**	**-**	**-**	**-**
23	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Amortization-Deferred Development	-	-	-	-	-	-	-	-	-	1,557	-	-	-	-	-
25	**Total**	**-**	**-**	**-**	**-**	**-**	**12,423**	**12,998**	**17,810**	**14,892**	**10,219**	**-**	**-**	**-**	**-**	**-**
26	*Rounding may affect totals															

Improvement Initiatives - DVA *(cont'd)*

Line No.	Expense	Regulatory Appeal 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	Total 2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	($000's, except where noted)										
28	Compensation - Salaries	-	-	-	-	-	752	427	653	(38)	(854)
29	Compensation - Overtime	-	-	-	-	-	4	21	-	-	-
30	Compensation - Benefits	-	-	-	-	-	-	-	-	-	-
31	Compensation - H & E Tax	-	-	-	-	-	-	-	-	-	-
32	Subtotal - Compensation	-	-	-	-	-	756	448	653	(38)	(854)
33	Data Processing	-	-	-	-	-	11,636	12,470	17,143	15,141	9,719
34	Special Services	-	-	-	-	-	-	-	-	-	-
35	Building Expenses	-	-	-	-	-	-	-	-	-	-
36	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-
37	Telephone/Telecommunications	-	-	-	-	-	-	-	-	-	-
38	Public Information/Advertising	-	-	-	-	-	-	-	-	-	-
39	Printing, Stationery, Supplies	-	-	-	-	-	2	-	-	-	-
40	Postage	-	-	-	-	-	-	-	-	(17)	(27)
41	Regulatory/Appeal	-	-	-	-	-	-	-	-	-	-
42	Travel and Vehicle Expense	-	-	-	-	-	3	2	2	1	-
43	Driver Education Program	-	-	-	-	-	-	-	-	-	-
44	Grants in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-
45	Furniture & Equipment	-	-	-	-	-	8	72	-	-	-
46	Merchant Fees & Bank Charges	-	-	-	-	-	-	-	-	-	-
47	Other	-	-	-	-	-	18	6	12	(195)	(176)
48	Subtotal - Other Expenses	-	-	-	-	-	11,667	12,550	17,157	14,930	9,516
49	Depreciation-Capital Assets	-	-	-	-	-	-	-	-	-	-
50	Amortization-Deferred Development	-	-	-	-	-	-	-	-	-	1,557
51	Total	-	-	-	-	-	12,423	12,998	17,810	14,892	10,219
52	*Rounding may affect totals										

Figure 9 Total - DVA

5 Year Summary of DVA Expenses by Category - Total Expenses

Line No.	Expense	Claims 2021/22A	Claims 2022/23A	Claims 2023/24BF	Claims 2024/25F	Claims 2025/26F	Operating 2021/22A	Operating 2022/23A	Operating 2023/24BF	Operating 2024/25F	Operating 2025/26F	Road Safety 2021/22A	Road Safety 2022/23A	Road Safety 2023/24BF	Road Safety 2024/25F	Road Safety 2025/26F
1	*($000's, except where noted)*															
2	Compensation - Salaries	-	-	-	-	-	21,087	22,338	26,022	25,583	25,839	-	-	-	-	-
3	Compensation - Overtime	-	-	-	-	-	230	370	349	326	332	-	-	-	-	-
4	Compensation - Benefits	-	-	-	-	-	5,090	5,311	6,097	5,955	6,074	-	-	-	-	-
5	Compensation - H & E Tax	-	-	-	-	-	457	492	582	608	610	-	-	-	-	-
6	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**26,864**	**28,511**	**33,050**	**32,472**	**32,855**	**-**	**-**	**-**	**-**	**-**
7	Data Processing	-	-	-	-	-	14,155	15,868	20,506	18,285	12,743	-	-	-	-	-
8	Special Services	-	-	-	-	-	697	885	1,052	721	721	-	-	-	-	-
9	Building Expenses	-	-	-	-	-	1,071	1,099	1,276	1,068	1,089	-	-	-	-	-
10	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Telephone/Telecommunications	-	-	-	-	-	153	151	143	134	136	-	-	-	-	-
12	Public Information/Advertising	-	-	-	-	-	126	96	173	112	112	-	-	-	-	-
13	Printing, Stationery, Supplies	-	-	-	-	-	3,108	3,418	3,067	2,811	2,824	-	-	-	-	-
14	Postage	-	-	-	-	-	1,456	1,693	1,300	1,283	1,273	-	-	-	-	-
15	Regulatory/Appeal	-	-	-	-	-	26	-	-	-	-	-	-	-	-	-
16	Travel and Vehicle Expense	-	-	-	-	-	105	179	328	314	320	-	-	-	-	-
17	Driver Education Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Grants in Lieu of Taxes	-	-	-	-	-	230	231	285	285	291	-	-	-	-	-
19	Furniture & Equipment	-	-	-	-	-	192	270	166	123	124	-	-	-	-	-
20	Merchant Fees & Bank Charges	-	-	-	-	-	62	63	61	63	63	-	-	-	-	-
21	Other	-	-	-	-	-	770	952	959	697	724	-	-	-	-	-
22	**Subtotal - Other Expenses**	**-**	**-**	**-**	**-**	**-**	**22,151**	**24,905**	**29,316**	**25,896**	**20,420**	**-**	**-**	**-**	**-**	**-**
23	Depreciation-Capital Assets	-	-	-	-	-	712	710	942	1,074	1,228	-	-	-	-	-
24	Amortization-Deferred Development	-	-	-	-	-	1,303	497	2,407	3,809	5,247	-	-	-	-	-
25	**Total**	**-**	**-**	**-**	**-**	**-**	**51,030**	**54,623**	**65,715**	**63,251**	**59,750**	**-**	**-**	**-**	**-**	**-**
26	*Rounding may affect totals															

Total - DVA*(cont'd)*

Line		Regulatory Appeal					Total				
No.	Expense	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F	2021/22A	2022/23A	2023/24BF	2024/25F	2025/26F
27	*($000's, except where noted)*										
28	Compensation - Salaries	-	-	-	-	-	21,087	22,338	26,022	25,583	25,839
29	Compensation - Overtime	-	-	-	-	-	230	370	349	326	332
30	Compensation - Benefits	-	-	-	-	-	5,090	5,311	6,097	5,955	6,074
31	Compensation - H & E Tax	-	-	-	-	-	457	492	582	608	610
32	**Subtotal - Compensation**	**-**	**-**	**-**	**-**	**-**	**26,864**	**28,511**	**33,050**	**32,472**	**32,855**
33	Data Processing	-	-	-	-	-	14,155	15,868	20,506	18,285	12,743
34	Special Services	-	-	-	-	-	697	885	1,052	721	721
35	Building Expenses	-	-	-	-	-	1,071	1,099	1,276	1,068	1,089
36	Safety/Loss Prevention Programs	-	-	-	-	-	-	-	-	-	-
37	Telephone/Telecommunications	-	-	-	-	-	153	151	143	134	136
38	Public Information/Advertising	-	-	-	-	-	126	96	173	112	112
39	Printing, Stationery, Supplies	-	-	-	-	-	3,108	3,418	3,067	2,811	2,824
40	Postage	-	-	-	-	-	1,456	1,693	1,300	1,283	1,273
41	Regulatory/Appeal	-	-	-	-	-	26	-	-	-	-
42	Travel and Vehicle Expense	-	-	-	-	-	105	179	328	314	320
43	Driver Education Program	-	-	-	-	-	-	-	-	-	-
44	Grants in Lieu of Taxes	-	-	-	-	-	230	231	285	285	291
45	Furniture & Equipment	-	-	-	-	-	192	270	166	123	124
46	Merchant Fees & Bank Charges	-	-	-	-	-	62	63	61	63	63
47	Other	-	-	-	-	-	770	952	959	697	724
48	**Subtotal - Other Expenses**	**-**	**-**	**-**	**-**	**-**	**22,151**	**24,905**	**29,316**	**25,896**	**20,420**
49	Depreciation-Capital Assets	-	-	-	-	-	712	710	942	1,074	1,228
50	Amortization-Deferred Development	-	-	-	-	-	1,303	497	2,407	3,809	5,247
51	**Total**	**-**	**-**	**-**	**-**	**-**	**51,030**	**54,623**	**65,715**	**63,251**	**59,750**
52	*Rounding may affect totals										

PUB (MPI) 2-23

Part and Chapter:	**PUB (MPI) 1-25** **Part IX Expenses Fig. EXP -35**	**Page No.:**	**48**
PUB Approved Issue No:	**6. Changes if any to integrated cost allocation methodology since the 2023 GRA**		
Topic:	**ICAM**		
Sub Topic:	**AGILE Project Management Office**		

Preamble to IR:

The Agile Project Management Office (APMO) is responsible for overseeing corporate initiatives, excluding Project Nova.

Question:

a) Please describe the composition of the APMO/Business Transformation Office (BTO).

b) Please explain why the APMO/BTO does not include the management of Project Nova.

c) Please describe the composition of the team managing Project Nova.

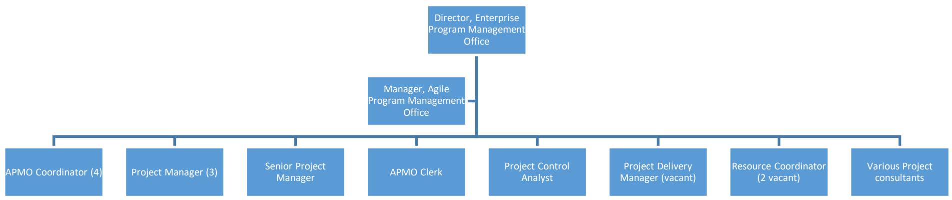
d) Please provide the determination of the APMO/BTO allocator for 2021/22A 2022/23A and 2023/24B.

Rationale for Question:

To understand the increase in APMO costs.

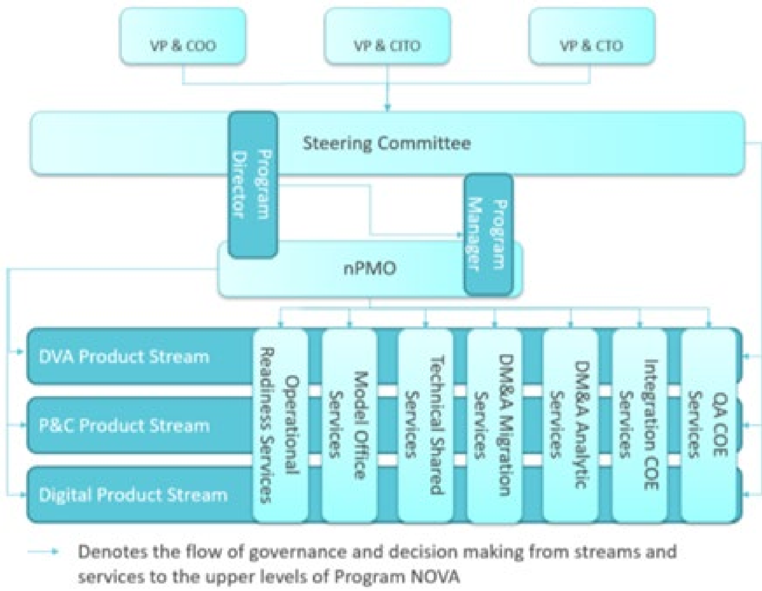
RESPONSE:

a) The EPMO organizational composition can be found below:



b) The complexities of a transformation program like Nova require a robust governance approach with dedicated leadership oversight. BTO/APMO are setup as Project Management Offices with the ability and capacity to oversee multiple small, medium and large projects in parallel. Nova is a very large and complex program requiring a Program Management Office to oversee the overall program and all its inter-dependencies. This includes management of the business case through a centralized governance model that encompasses budget management, resource management, contract management, program delivery management, risk and process management. The Program is made up of 12 distinct project teams focused on delivering individual objectives to achieve an overall program objective. Including internal resources, consultants and system integrator resources, there are over 500 resources in the program. These are the reasons for requiring a dedicated Program Management Office for Nova.

c) Below is the composition of the management team for Project Nova:



The following management resources are active Steering Committee participants supporting the oversight of Nova:

Voting Members include:

Role
Chief Information & Technology Officer
Digital & Transformation VP & CTO
Chief Operations Officer
Nova Program Delivery Director (Chair)
Nova Technical Solutions Director
Nova R1A Solution Architecture
Enterprise Architecture Director
Nova Operational Readiness Director
Commercial Lines Director/Business Owner
Service Delivery and Broker Operations Director/Business Owner
Finance Corporate Controller/Business Owner
Digital Workplace and Service Management Director/Business Owner
Director, Software Development & Operations
Director, Data Migration and Analytics
Director, Customer Experience
Director, Product Management
Cyber & Information Security Officer
Solutions Architect (Release 2)

d) Please see *Figure 1* below:

Figure 1 EXP Detailed Calculations of APMO/BTO Allocator

Line No.		2021/22		2022/23		2023/24	
1	**Operating**		%				%
2	Basic	4,345,607.03	25.37%	5,525,125.91	26.33%	7,187,733.00	29.47%
3	Extension	330,634.89	1.93%	455,355.99	2.17%	624,384.00	2.56%
4	SRE	280,873.34	1.64%	432,273.43	2.06%	692,676.00	2.84%
5	TOTAL	4,957,115.26	28.94%	6,412,755.33	30.56%	8,504,793.00	34.87%
6							
7	**Claims**		%				%
8	Basic	8,574,934.47	50.05%	10,846,705.58	51.69%	11,399,886.00	46.74%
9	Extension	693,068.84	4.05%	896,023.08	4.27%	990,234.00	4.06%
10	SRE	587,913.57	3.43%	847,759.54	4.04%	1,099,989.00	4.51%
11	TOTAL	9,855,916.88	57.53%	12,590,488.20	60.00%	13,490,109.00	55.31%
12							
13	**DVA**		%		%		%
14	DVL	2,318,484.86	13.53%	1,980,903.48	9.44%	2,395,098.00	9.82%
15							
16	TOTAL	17,131,517.00	100%	20,984,147.01	100%	24,390,000.00	100%
17							
18	**Total**		**2021/22**		**2022/23**		**2023/24**
19	Basic		75.42%		78.02%		76.21%
20	Extension		5.98%		6.44%		6.62%
21	SRE		5.07%		6.10%		7.35%
22	DVA		13.53%		9.44%		9.82%
23	TOTAL		100%		100%		100%

PUB (MPI) 2-24

Part and Chapter:	**PUB (MPI) 1-28** **XIV Reporting & Publications** **MPI Annual Business Plan** **EXP Appendix 16**	**Page No.:**	
PUB Approved Issue No:	**7. Annual Business Plan** **10. Cost of operations and cost containment measures**		
Topic:	**Capital Expenditures**		
Sub Topic:			

Preamble to IR:

Question:

a) Please explain the increase in implementation expenses in 2023/24 versus what was forecast last year.

b) Please explain the reduction in deferred development expenses from that forecast last year for 2022/23 and 2023/24.

Rationale for Question:

To understand the Corporation's capital expenses.

RESPONSE:

a) and b)

Please refer to response to *PUB (MPI) 1-54*. In part (b) of this response is an explanation for the increase in implementation expenses and the reduction in deferred development expenses.

PUB (MPI) 2-25

Part and Chapter:	**PUB (MPI) 1-30(a) Appendix 1 Part XI Investments Figure INV-1**	**Page No.:**	
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Basic Line of Business Investment Income**		
Sub Topic:	**Investment Income**		

Preamble to IR:

Question:

Please file an update to the response with the forecast years reflecting this year's October update.

Rationale for Question:

To review changes to investment income.

RESPONSE:

An updated *Part XI Investments Chapter Figure INV-1* will be filed along with the rate update on October 4, 2023.

PUB (MPI) 2-26

Part and Chapter:	**PUB (MPI) 1-30 (b)** **Part XI Investments Figure INV-1** **PUB (MPI) 1-31(a) (2023 GRA)**	**Page No.:**	**4**
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Investment Income**		
Sub Topic:			

Preamble to IR:

PUB (MPI) 1-30 (b) Appendix 2 Figure 4 shows a Summary of EFB Investment Income. Line 40 shows the total Basic LOB Investment Income (after accounting for Pension expense on line 36) of $12.8 million for 2023/24, $11.9 million for 2024/25, and $13.2 million for 2025/26.

Question:

Please explain why the investment income on the EFB related to Basic is significantly greater than the pension expense.

Rationale for Question:

To better understand the impact of EFB on Basic.

RESPONSE:

The pension expense is the employer portion of pension contributions required to meet the future liability of pension payouts. The rate is set annually by the external actuary for MPI. Investment income for each asset is calculated by multiplying the total market value of each asset by the expected return for that respective asset. The total investment income is the sum of investment income for all asset classes. The goal is for investment income on the EFB portfolio to match or exceed the pension expense.

PUB (MPI) 2-27

Part and Chapter:	**PUB (MPI) 1-33 (c)** **PUB (MPI) 1-128** **Part IX Investment Inv Appendix 11**	**Page No.:**	
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Investment Income Benchmarking**		
Sub Topic:	**Return comparison with Shadow Portfolios**		

Preamble to IR:

The Bond Overlay Strategy is not being implemented in order to improve the returns of the Basic Claims investment portfolio; it is a hedging strategy and as such it must be evaluated in conjunction with the associated liabilities. The Bond Overlay Strategy is designed to hedge the inflation risk associated with the Basic Claims liabilities. Therefore, to accurately assess the performance of the strategy the liabilities must be included in the analysis.

Question:

a) Please provide the framework MPI has to evaluate the performance of the Bond Overlay hedging strategy.

b) To the extent the strategy has been deployed, please provide the analysis that demonstrates the effectiveness of the strategy.

c) Please provide an update on the RFP process for assistance in selecting investment managers.

Rationale for Question:

To understand the effectiveness of the inflation hedging strategy.

RESPONSE:

a) Please see the response to PUB (MPI) 2-28, part b).

b) The strategy has not been deployed, therefore the effectiveness of the strategy cannot be assessed.

c) The request for proposal (RFP) for the investment manager search consultant was issued on July 7, responses were received on July 31 and are currently being evaluated. MPI provides an approximate timeline in response to part b) of PUB (MPI) 2-28.

PUB (MPI) 2-28

Part and Chapter:	**PUB (MPI) 1-34** **PUB (MPI) 1-128** **Part XI Investments InV.11.1.9**	**Page No.:**	**55**
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Inflation Overlay Strategy**		
Sub Topic:			

Preamble to IR:

Question:

a) Please indicate the extent to which the current forecast incorporates the fees for the overlay strategy.

b) Please indicate when the Corporation expects to formulate its Inflation Hedging Policy and implement the strategy.

c) Please file a copy of the Inflation Hedging Policy.

d) Please file any analysis prepared by the Investment Committee Working Group, other MPI staff, or consultants related to the Inflation hedging strategy.

Rationale for Question:

To understand the inflation protection from the overlay strategy.

RESPONSE:

a) All fees related to the bond overlay strategy are included in the forecast based on an allocation of $710 million to the strategy. See *Part XI Investments Chapter INV.11.1.9* for details.

b) The bond overlay strategy will be implemented once a manager is selected. MPI anticipates the selection process to start in September and to take 3-6 months to complete; during that time the Inflation Hedging Policy will be developed, which will include a framework to evaluate the performance of the strategy.

c) As per the response to b) above, the Inflation Hedging Policy has yet to be developed.

d) All reports related to the Inflation Hedging strategy have been filed. See *Part XI, Investments Appendices 13 – Investment Committee Meeting Material and* Investments Appendix 14 – Bond Overlay Strategy*.*

PUB (MPI) 2-29

Part and Chapter:	**PUB (MPI) 1-34** **Part XI Investments INV.11.1.9**	**Page No.:**	**55**
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Inflation Overlay Strategy**		
Sub Topic:			

Preamble to IR:

Question:

a) Please file a table of data points for the break-even inflation graph.

b) Please file an update to the table in part (a) reflecting the October 2023 update.

Rationale for Question:

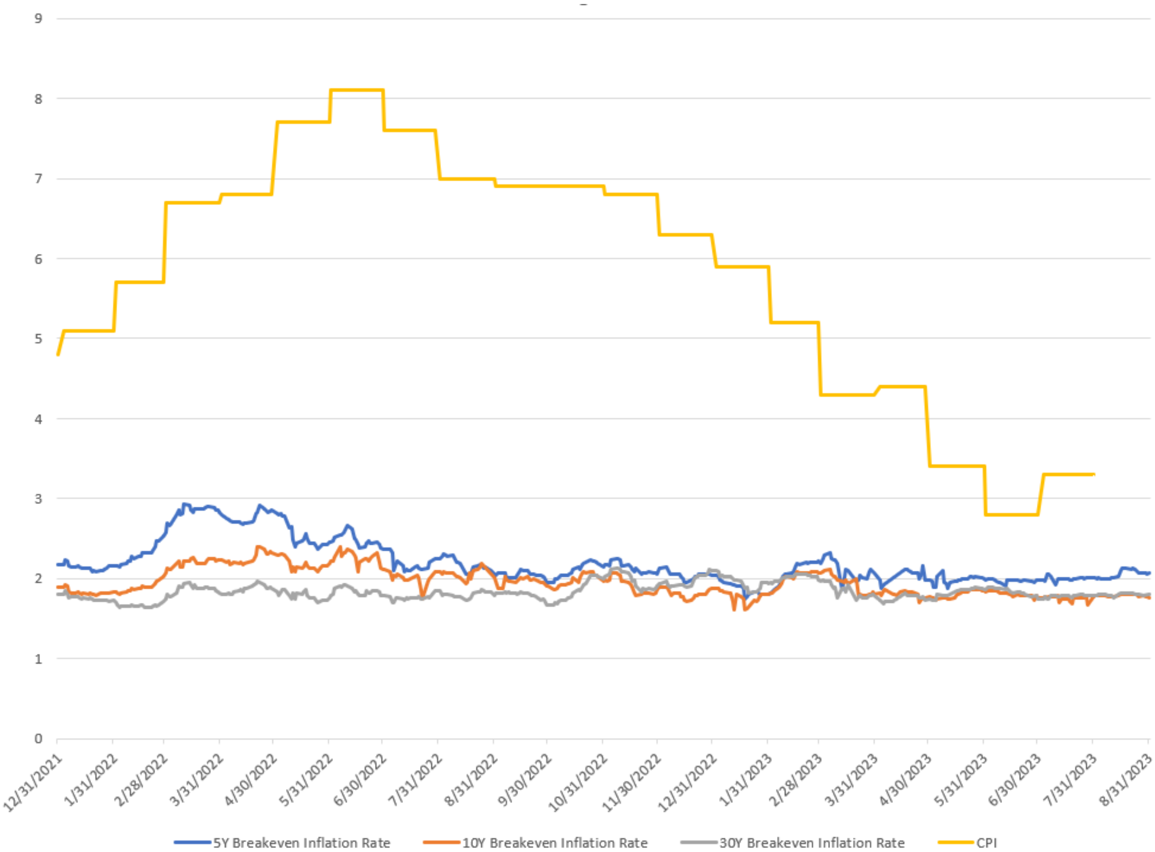
To understand the inflation protection from the overlay strategy

RESPONSE:

a) Please refer to Appendix 1 that includes a table of data points for the break-even inflation graph.

b) Please refer to graph below, that has been updated with August 31st data:

Breakeven Inflation Graph through August 31, 2023



Appendix 1

Date	Breakeven Inflation Rate			CPI
	5 year	10 year	30 year	
6/30/2023	1.99	1.77	1.74	2.8
6/29/2023	1.98	1.79	1.79	2.8
6/28/2023	1.96	1.72	#N/A	2.8
6/27/2023	1.96	1.79	1.78	2.8
6/26/2023	1.97	1.80	1.77	2.8
6/23/2023	1.98	1.79	1.80	2.8
6/22/2023	1.98	1.79	1.82	2.8
6/21/2023	1.97	1.79	1.82	2.8
6/20/2023	1.97	1.78	1.83	2.8
6/19/2023	1.98	1.80	1.84	2.8
6/16/2023	1.98	1.77	1.83	2.8
6/15/2023	1.98	1.80	1.84	2.8
6/14/2023	1.98	1.80	1.85	2.8
6/13/2023	1.99	1.82	1.87	2.8
6/12/2023	1.91	1.81	1.87	2.8
6/9/2023	1.95	1.82	1.87	2.8
6/8/2023	1.96	1.83	1.87	2.8
6/7/2023	1.97	1.86	1.88	2.8
6/6/2023	1.99	1.84	1.89	2.8
6/5/2023	2.00	1.84	1.89	2.8
6/2/2023	2.00	1.84	1.89	2.8
6/1/2023	1.99	1.84	1.87	2.8
5/31/2023	2.00	1.84	1.86	3.4
5/30/2023	2.01	1.86	1.88	3.4
5/29/2023	2.02	1.87	1.88	3.4
5/26/2023	2.02	1.86	1.89	3.4
5/25/2023	2.02	1.87	1.88	3.4
5/24/2023	2.03	1.86	1.88	3.4
5/23/2023	2.03	1.87	1.87	3.4
5/22/2023	1.99	1.83	1.87	3.4
5/19/2023	1.99	1.83	1.87	3.4
5/18/2023	1.98	1.82	1.87	3.4
5/17/2023	1.98	1.81	1.85	3.4
5/16/2023	1.96	1.81	1.86	3.4
5/15/2023	1.97	1.76	1.83	3.4
5/12/2023	1.95	1.75	1.80	3.4
5/11/2023	1.88	1.74	1.79	3.4
5/10/2023	1.93	1.75	1.78	3.4
5/9/2023	1.96	1.77	1.79	3.4
5/8/2023	2.10	1.77	1.79	3.4
5/5/2023	2.03	1.75	1.81	3.4
5/4/2023	1.90	1.73	1.73	3.4
5/3/2023	1.90	1.76	1.73	3.4
5/2/2023	1.97	1.75	1.73	3.4
5/1/2023	1.99	1.77	1.74	3.4

Appendix 1

Date	Breakeven Inflation Rate 5 year	Breakeven Inflation Rate 10 year	Breakeven Inflation Rate 30 year	CPI
4/28/2023	1.98	#N/A	1.73	4.4
4/27/2023	2.17	#N/A	1.77	4.4
4/26/2023	2.06	1.75	1.77	4.4
4/25/2023	2.00	1.70	1.76	4.4
4/24/2023	2.08	1.81	1.78	4.4
4/21/2023	2.08	1.83	1.79	4.4
4/20/2023	2.09	1.84	1.79	4.4
4/19/2023	2.10	1.84	1.79	4.4
4/18/2023	2.11	1.84	1.79	4.4
4/17/2023	2.12	1.84	1.81	4.4
4/14/2023	#N/A	1.83	1.78	4.4
4/13/2023	#N/A	1.81	1.76	4.4
4/12/2023	#N/A	1.79	1.74	4.4
4/11/2023	#N/A	1.80	1.72	4.4
4/10/2023	#N/A	1.80	1.72	4.4
4/6/2023	#N/A	1.86	1.71	4.4
4/5/2023	1.92	1.85	1.69	4.4
4/4/2023	1.88	1.79	1.71	4.4
4/3/2023	1.98	1.82	1.73	4.4
3/31/2023	2.08	1.81	1.79	4.3
3/30/2023	2.09	1.83	1.80	4.3
3/29/2023	2.12	1.79	1.79	4.3
3/28/2023	2.09	1.80	1.79	4.3
3/27/2023	2.00	1.79	1.76	4.3
3/24/2023	2.02	1.79	1.75	4.3
3/23/2023	2.04	1.80	1.79	4.3
3/22/2023	1.99	1.78	1.78	4.3
3/21/2023	1.97	1.99	1.73	4.3
3/16/2023	2.11	1.94	1.93	4.3
3/15/2023	2.12	1.98	1.84	4.3
3/14/2023	2.01	1.96	1.87	4.3
3/13/2023	1.87	1.96	1.88	4.3
3/10/2023	2.19	1.99	1.77	4.3
3/9/2023	2.23	2.02	1.89	4.3
3/8/2023	2.23	2.03	1.87	4.3
3/7/2023	2.25	2.06	1.93	4.3
3/6/2023	2.32	2.11	1.97	4.3
3/3/2023	2.29	2.10	1.97	4.3
3/2/2023	2.25	2.09	1.98	4.3
3/1/2023	2.19	2.07	1.97	4.3

Appendix 1

Date	Breakeven Inflation Rate 5 year	Breakeven Inflation Rate 10 year	Breakeven Inflation Rate 30 year	CPI
2/28/2023	2.21	2.07	1.99	5.2
2/27/2023	2.21	2.08	2.02	5.2
2/24/2023	2.20	2.08	2.03	5.2
2/23/2023	2.20	2.07	2.04	5.2
2/22/2023	2.19	2.07	2.04	5.2
2/21/2023	2.20	2.08	2.05	5.2
2/17/2023	2.17	2.07	2.05	5.2
2/16/2023	2.19	2.09	2.06	5.2
2/15/2023	2.16	2.06	2.05	5.2
2/14/2023	2.09	2.00	2.02	5.2
2/13/2023	2.08	2.01	2.03	5.2
2/10/2023	2.06	2.02	2.03	5.2
2/9/2023	2.06	2.03	2.01	5.2
2/8/2023	2.02	1.99	2.01	5.2
2/7/2023	1.98	1.94	1.99	5.2
2/6/2023	1.91	1.89	1.96	5.2
2/3/2023	1.87	1.85	1.96	5.2
2/2/2023	1.83	1.82	1.94	5.2
2/1/2023	1.82	1.82	1.95	5.2
1/31/2023	1.80	1.80	1.94	5.9
1/30/2023	1.81	1.81	1.95	5.9
1/27/2023	1.81	1.81	1.96	5.9
1/26/2023	1.79	1.79	1.88	5.9
1/25/2023	1.84	1.73	1.85	5.9
1/24/2023	1.83	1.71	1.84	5.9
1/23/2023	1.83	1.73	1.84	5.9
1/20/2023	1.81	#N/A	1.82	5.9
1/19/2023	1.77	1.63	1.89	5.9
1/18/2023	1.74	1.61	1.88	5.9
1/17/2023	1.88	1.75	1.91	5.9
1/16/2023	1.91	1.78	1.97	5.9
1/13/2023	1.92	1.80	1.99	5.9
1/12/2023	1.92	1.61	1.98	5.9
1/11/2023	1.92	1.72	1.99	5.9
1/10/2023	1.94	1.83	2.03	5.9
1/9/2023	1.94	1.83	2.03	5.9
1/6/2023	1.96	1.83	2.03	5.9
1/5/2023	1.96	1.84	2.04	5.9
1/4/2023	1.99	1.85	2.03	5.9
1/3/2023	2.02	1.88	2.09	5.9
1/2/2023	2.04	1.88	2.11	5.9

Appendix 1

Date	Breakeven Inflation Rate 5 year	10 year	30 year	CPI
12/30/2022	2.04	1.88	2.11	6.3
12/29/2022	2.05	1.86	2.12	6.3
12/28/2022	2.06	1.85	2.08	6.3
12/27/2022	2.05	1.80	2.05	6.3
12/26/2022	2.05	1.80	2.05	6.3
12/23/2022	2.05	1.80	2.05	6.3
12/22/2022	2.03	1.80	2.03	6.3
12/21/2022	2.03	1.79	2.01	6.3
12/20/2022	2.00	1.76	1.98	6.3
12/19/2022	#N/A	1.74	1.91	6.3
12/16/2022	1.96	1.72	1.90	6.3
12/15/2022	1.95	1.73	1.90	6.3
12/14/2022	1.99	1.78	1.92	6.3
12/13/2022	2.03	1.77	1.93	6.3
12/12/2022	2.05	1.82	1.92	6.3
12/9/2022	2.05	1.82	1.91	6.3
12/8/2022	2.06	1.79	1.91	6.3
12/7/2022	2.06	1.82	1.89	6.3
12/6/2022	2.11	1.88	1.92	6.3
12/5/2022	2.14	1.90	1.96	6.3
12/2/2022	2.13	1.89	1.94	6.3
12/1/2022	2.12	1.89	1.93	6.3
11/30/2022	2.06	1.86	1.90	6.8
11/29/2022	2.07	1.82	1.87	6.8
11/28/2022	2.07	1.81	1.87	6.8
11/25/2022	2.08	1.82	1.87	6.8
11/24/2022	2.07	1.82	1.87	6.8
11/23/2022	2.07	1.82	1.87	6.8
11/22/2022	2.07	1.82	1.88	6.8
11/21/2022	2.06	1.80	1.84	6.8
11/18/2022	2.13	1.79	1.91	6.8
11/17/2022	2.09	1.83	1.98	6.8
11/16/2022	2.12	1.89	1.97	6.8
11/15/2022	2.15	1.93	2.03	6.8
11/14/2022	2.18	1.96	2.07	6.8
11/11/2022	2.17	1.97	2.08	6.8
11/10/2022	2.17	1.97	2.08	6.8
11/9/2022	2.24	2.04	2.12	6.8
11/8/2022	2.25	2.06	2.13	6.8
11/7/2022	2.26	2.08	2.12	6.8
11/4/2022	2.23	2.06	2.11	6.8
11/3/2022	2.16	1.98	2.06	6.8
11/2/2022	2.17	1.97	2.04	6.8
11/1/2022	2.18	1.98	2.02	6.8

Appendix 1

Date	Breakeven Inflation Rate 5 year	10 year	30 year	CPI
10/31/2022	2.14	1.96	1.99	6.9
10/28/2022	2.20	2.03	2.03	6.9
10/27/2022	2.20	2.04	2.05	6.9
10/26/2022	2.22	2.04	2.04	6.9
10/25/2022	2.22	2.08	2.05	6.9
10/24/2022	2.24	2.09	2.04	6.9
10/21/2022	2.20	2.07	1.93	6.9
10/20/2022	2.19	2.09	1.92	6.9
10/19/2022	2.17	2.07	1.90	6.9
10/18/2022	2.12	2.01	1.84	6.9
10/17/2022	2.14	1.95	1.86	6.9
10/14/2022	2.11	2.01	1.82	6.9
10/13/2022	2.08	1.95	1.78	6.9
10/12/2022	2.05	1.94	1.76	6.9
10/11/2022	2.04	1.93	1.75	6.9
10/10/2022	2.03	1.93	1.73	6.9
10/7/2022	2.03	1.93	1.73	6.9
10/6/2022	2.01	1.91	1.71	6.9
10/5/2022	2.00	1.88	1.69	6.9
10/4/2022	1.99	1.87	1.69	6.9
10/3/2022	1.95	1.86	1.67	6.9
9/30/2022	1.96	1.91	1.67	6.9
9/29/2022	1.96	1.91	1.67	6.9
9/28/2022	2.01	1.93	1.73	6.9
9/27/2022	2.02	1.95	1.75	6.9
9/26/2022	2.04	1.95	1.74	6.9
9/23/2022	2.04	1.98	1.77	6.9
9/22/2022	2.06	1.99	1.79	6.9
9/21/2022	2.06	1.98	1.79	6.9
9/20/2022	2.05	1.98	1.80	6.9
9/19/2022	2.09	2.02	1.81	6.9
9/16/2022	2.10	1.99	1.81	6.9
9/15/2022	2.12	2.01	1.83	6.9
9/14/2022	2.09	1.99	1.82	6.9
9/13/2022	2.04	1.97	1.81	6.9
9/12/2022	2.01	1.95	1.82	6.9
9/9/2022	2.01	1.97	1.82	6.9
9/8/2022	2.01	1.97	1.83	6.9
9/7/2022	2.01	1.99	1.82	6.9
9/6/2022	2.07	2.02	1.84	6.9
9/5/2022	2.07	1.88	1.83	6.9
9/2/2022	2.07	1.88	1.83	6.9
9/1/2022	2.03	1.97	1.82	6.9

Appendix 1

Date	Breakeven Inflation Rate 5 year	10 year	30 year	CPI
8/31/2022	2.06	2.02	1.79	7
8/30/2022	2.09	#N/A	1.82	7
8/29/2022	2.11	#N/A	1.83	7
8/26/2022	2.15	#N/A	1.84	7
8/25/2022	2.13	#N/A	1.85	7
8/24/2022	2.18	2.19	1.86	7
8/23/2022	2.17	2.14	1.84	7
8/22/2022	2.15	2.11	1.83	7
8/19/2022	2.14	2.10	1.82	7
8/18/2022	2.06	2.00	1.76	7
8/17/2022	2.05	2.07	1.74	7
8/16/2022	2.05	1.95	1.73	7
8/15/2022	2.05	1.93	1.73	7
8/12/2022	2.18	2.02	1.77	7
8/11/2022	2.20	2.03	1.77	7
8/10/2022	2.21	2.02	1.78	7
8/9/2022	2.27	2.05	1.78	7
8/8/2022	2.29	2.07	1.80	7
8/5/2022	2.28	2.07	1.80	7
8/4/2022	2.29	2.07	1.80	7
8/3/2022	2.30	2.09	1.81	7
8/2/2022	2.27	2.06	1.80	7
8/1/2022	2.25	2.09	1.85	7
7/29/2022	2.25	2.09	1.85	7.6
7/26/2022	2.20	2.00	1.75	7.6
7/25/2022	2.13	1.97	1.78	7.6
7/22/2022	2.12	1.75	1.75	7.6
7/21/2022	2.11	1.87	1.74	7.6
7/20/2022	2.14	2.01	1.77	7.6
7/19/2022	2.16	2.04	1.76	7.6
7/18/2022	2.15	2.03	1.76	7.6
7/15/2022	2.10	2.00	1.76	7.6
7/14/2022	2.09	1.98	1.74	7.6
7/13/2022	2.11	1.98	1.76	7.6
7/12/2022	2.08	1.98	1.73	7.6
7/11/2022	2.16	2.02	1.75	7.6
7/8/2022	2.21	2.05	1.76	7.6
7/7/2022	2.19	2.02	1.75	7.6
7/6/2022	2.10	2.04	1.71	7.6
7/5/2022	2.32	1.99	1.71	7.6
7/4/2022	2.37	2.08	1.78	7.6
7/1/2022	2.36	2.12	1.79	7.6

Appendix 1

Date	Breakeven Inflation Rate 5 year	10 year	30 year	CPI
6/30/2022	2.36	2.12	1.79	8.1
6/29/2022	2.38	2.13	1.80	8.1
6/28/2022	2.43	2.21	1.83	8.1
6/27/2022	2.45	2.33	1.85	8.1
6/24/2022	2.45	2.28	1.84	8.1
6/23/2022	2.45	2.25	1.82	8.1
6/22/2022	2.47	2.23	1.82	8.1
6/21/2022	2.44	2.25	1.84	8.1
6/20/2022	2.40	2.25	1.79	8.1
6/17/2022	2.38	2.20	1.79	8.1
6/16/2022	2.42	2.09	1.81	8.1
6/15/2022	2.48	2.26	1.85	8.1
6/14/2022	2.51	2.29	1.84	8.1
6/13/2022	2.63	2.34	1.88	8.1
6/10/2022	2.66	2.37	1.91	8.1
6/9/2022	2.60	2.33	1.92	8.1
6/8/2022	2.58	2.32	1.92	8.1
6/7/2022	2.54	2.28	1.90	8.1
6/6/2022	2.55	2.40	1.91	8.1
6/3/2022	2.52	2.26	1.87	8.1
6/2/2022	2.48	2.22	1.81	8.1
6/1/2022	2.46	2.22	1.79	8.1
5/31/2022	2.46	2.19	1.76	7.7
5/30/2022	2.42	2.16	1.73	7.7
5/27/2022	2.42	2.16	1.73	7.7
5/26/2022	2.39	2.13	1.72	7.7
5/25/2022	2.37	2.09	1.70	7.7
5/24/2022	2.40	2.10	1.72	7.7
5/23/2022	2.44	2.13	1.75	7.7
5/20/2022	2.44	2.13	1.75	7.7
5/19/2022	2.50	2.16	1.79	7.7
5/18/2022	2.56	2.21	1.86	7.7
5/17/2022	2.48	2.14	1.83	7.7
5/16/2022	2.47	2.13	1.81	7.7
5/13/2022	2.45	2.15	1.82	7.7
5/12/2022	2.39	2.09	1.74	7.7
5/11/2022	2.48	2.15	1.82	7.7
5/10/2022	2.64	2.09	1.75	7.7
5/9/2022	2.63	2.21	1.79	7.7
5/6/2022	2.78	2.29	1.86	7.7
5/5/2022	2.78	2.30	1.86	7.7
5/4/2022	2.81	2.31	1.84	7.7
5/3/2022	2.80	2.29	1.80	7.7
5/2/2022	2.81	2.29	1.83	7.7

Appendix 1

Date	Breakeven Inflation Rate 5 year	10 year	30 year	CPI
4/29/2022	2.85	2.33	1.87	6.8
4/28/2022	2.85	2.34	1.89	6.8
4/27/2022	2.83	2.30	1.88	6.8
4/26/2022	2.84	2.31	1.88	6.8
4/25/2022	2.87	2.36	1.93	6.8
4/22/2022	2.91	2.39	1.96	6.8
4/21/2022	2.83	2.40	1.97	6.8
4/20/2022	2.81	2.29	1.94	6.8
4/19/2022	2.73	2.23	1.92	6.8
4/18/2022	2.71	2.21	1.90	6.8
4/15/2022	2.69	#N/A	1.88	6.8
4/14/2022	2.69	2.20	1.88	6.8
4/13/2022	2.68	2.18	1.84	6.8
4/12/2022	2.70	2.20	1.87	6.8
4/11/2022	2.71	2.19	1.86	6.8
4/8/2022	2.71	2.20	1.84	6.8
4/7/2022	2.71	2.19	1.81	6.8
4/6/2022	2.72	2.18	1.80	6.8
4/5/2022	2.73	2.22	1.82	6.8
4/4/2022	2.76	2.21	1.80	6.8
4/1/2022	2.80	2.23	1.80	6.8
3/31/2022	2.82	2.23	1.81	6.7
3/30/2022	2.86	2.23	1.83	6.7
3/29/2022	2.86	2.22	1.85	6.7
3/28/2022	2.89	2.25	1.87	6.7
3/25/2022	2.90	2.25	1.88	6.7
3/24/2022	2.89	2.24	1.89	6.7
3/23/2022	2.88	2.19	1.89	6.7
3/22/2022	2.87	2.18	1.88	6.7
3/21/2022	2.88	2.19	1.87	6.7
3/18/2022	2.87	2.19	1.88	6.7
3/17/2022	2.87	#N/A	1.93	6.7
3/16/2022	2.83	2.26	1.88	6.7
3/15/2022	2.86	2.25	1.93	6.7
3/14/2022	2.91	2.22	1.96	6.7
3/11/2022	2.93	2.22	1.94	6.7
3/10/2022	2.81	2.14	1.90	6.7
3/9/2022	2.80	2.15	1.89	6.7
3/8/2022	2.85	2.22	1.91	6.7
3/7/2022	2.80	2.18	1.82	6.7
3/4/2022	2.69	2.11	1.78	6.7
3/3/2022	2.66	2.11	1.77	6.7
3/2/2022	2.69	2.13	1.80	6.7
3/1/2022	2.57	2.08	1.75	6.7

Appendix 1

Date	Breakeven Inflation Rate 5 year	10 year	30 year	CPI
2/28/2022	2.53	2.03	1.72	5.7
2/25/2022	2.47	1.98	1.67	5.7
2/24/2022	2.47	1.97	1.66	5.7
2/23/2022	2.40	1.94	1.67	5.7
2/22/2022	2.36	1.91	1.65	5.7
2/21/2022	2.32	1.89	1.64	5.7
2/18/2022	2.32	1.89	1.64	5.7
2/17/2022	2.32	1.90	1.65	5.7
2/16/2022	2.33	1.90	1.67	5.7
2/15/2022	2.28	1.88	1.67	5.7
2/14/2022	2.28	1.87	1.66	5.7
2/11/2022	2.25	1.87	1.65	5.7
2/10/2022	2.28	1.88	1.66	5.7
2/9/2022	2.22	1.85	1.66	5.7
2/8/2022	2.22	1.85	1.66	5.7
2/7/2022	2.20	1.84	1.65	5.7
2/4/2022	2.17	1.82	1.66	5.7
2/3/2022	2.15	1.80	1.65	5.7
2/2/2022	2.17	1.83	1.68	5.7
2/1/2022	2.16	1.83	1.70	5.7
1/31/2022	2.17	1.84	1.73	5.1
1/28/2022	2.16	1.82	1.72	5.1
1/27/2022	2.12	1.82	1.72	5.1
1/26/2022	2.12	1.82	1.73	5.1
1/25/2022	2.11	1.81	1.73	5.1
1/24/2022	2.10	1.82	1.73	5.1
1/21/2022	2.09	1.80	1.73	5.1
1/20/2022	2.10	1.80	1.73	5.1
1/19/2022	2.08	1.80	1.74	5.1
1/18/2022	2.12	1.82	1.76	5.1
1/17/2022	2.13	1.81	1.75	5.1
1/14/2022	2.12	1.81	1.75	5.1
1/13/2022	2.12	1.81	1.75	5.1
1/12/2022	2.15	1.82	1.76	5.1
1/11/2022	2.16	1.83	1.78	5.1
1/10/2022	2.14	1.81	1.77	5.1
1/7/2022	2.14	1.82	1.77	5.1
1/6/2022	2.15	1.84	1.76	5.1
1/5/2022	2.21	1.91	1.81	5.1
1/4/2022	2.23	1.92	1.85	5.1
1/3/2022	2.17	1.89	1.81	5.1
12/31/2021	2.17	1.89	1.81	4.8

PUB (MPI) 2-30

Part and Chapter:	**PUB (MPI) 1-35** **Part XI Investments Capital Reserves and Risk Management – INV Investments**	**Page No.:**	
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Pension expense**		
Sub Topic:			

Preamble to IR:

Question:

Please provide a table updating the response reflecting August 31, 2023 results. Include in the table the prior rate, the new rate, the change in rate, and the impact on total equity and the MCT.

Rationale for Question:

To understand impact of interest rate change on pension expense.

RESPONSE:

MPI relies on external data to provide the required update. The information will be available after Round 2 Information Requests are due. MPI will provide the table as *Appendix 1*, on September 14.

Appendix 1:
Interest Rate Change as of Aug 31, 2023

The response will be filed by September 14.

PUB (MPI) 2-31

Part and Chapter:	**PUB (MPI) 1-36** **Part XI Investments Figures INV 45-49**	**Page No.:**	**2**
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Investment Portfolio**		
Sub Topic:			

Preamble to IR:

Figure INV-46 of PUB (MPI) 1-36 shows, for Basic Claims, the percentage allocated to cash/short term, provincial bonds, corporate bonds, MUSH, real estate investments, and commercial mortgages.

The percentages allocated for 2024/25 through 2027/28 are different from the target allocations, as shown in the 2024 GRA Figure INV-11.

Question:

Please explain why the projected investment allocations are different from the asset allocation targets.

Rationale for Question:

To better understand the investment strategy.

RESPONSE:

The weights provided in 2024 GRA *Part XI Investments Chapter Figure INV-11* are target weights. Each asset class within the portfolio has a minimum and maximum weight, as shown in 2024 GRA *Part XI Investments Chapter* Figure INV-33. Each asset class also has a projected return, and the portfolios are only rebalanced when they exceed the minimum or maximum weight, so it is not uncommon for the weights within the portfolios to drift from the target, but they are rebalanced to ensure that they remain within the minimum and maximum weights.

PUB (MPI) 2-32

Part and Chapter:	**PUB (MPI) 1-38 (f) & (g)** **Part XI Investments Figure INV-1**	**Page No.:**	**58**
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Investment Income**		
Sub Topic:	**Investment Impairment**		

Preamble to IR:

Question:

a) Please provide an update to Figure 1, reflecting the market value as of August 31, 2023, and comment on any material changes.

b) Please provide the monthly impairment analysis as at August 31, 2023.

Rationale for Question:

To understand changes in Basic investment portfolio.

RESPONSE:

a) MPI will provide the response to this IR on September 14, 2023 as *Appendix 1*.

b) As noted in *PUB (MPI) 1-38(e)*, as part of the adoption of IFRS 9, all financial investments are reported as fair value through profit and loss and therefore, no impairments were assessed beginning April 1, 2023.

   Changes in the market value are now recorded as unrealized gains or losses in the Statement of Operations at the time of reporting each month.

Appendix 1:
Market Value as of Aug 31, 2023

The response will be filed by September 14.

PUB (MPI) 2-33

Part and Chapter:	**PUB (MPI) 1-40 (a) Part XI Investments Figure INV-31, INV-32 INV Appendix 9**	**Page No.:**	**60**
PUB Approved Issue No:	**9. Performance of the investment portfolio and the composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis (e.g. asset mix)**		
Topic:	**Investment Portfolios**		
Sub Topic:	**Investment Returns vs. Benchmarks**		

Preamble to IR:

Question:

Please update and file the comparison when the information is available.

Rationale for Question:

To understand factors affecting investment portfolio returns.

RESPONSE:

The annual investment performance for ICBC for 2023 is not yet publicly available. The performance information for ICBC is expected to be publicly available in September, when MPI will file this as *Appendix 1*.

The figures below show the performance of MPI and other public auto insurance companies; the returns for SGI as of March 2023 have been added to the figures.

Figure 1 Fiscal Year Gross Annual Returns

Line No.	Year-end Period	ICBC 31-Mar	SGI 31-Mar	MPI 31-Dec	MPI 31-Mar
1	**2018**	1.7%	-	4.9%	-
2	**2019**	5.3%	5.6%	8.8%	6.5%
3	**2020**	1.4%	0.4%	7.9%	1.5%
4	**2021**	11.2%	18.4%	3.1%	8.9%
5	**2022**	2.9%	3.5%	-9.2%	0.6%
6	**2023**	-	2.7%	-	-0.8%
7	**Annualized Return**				
8	**over the 5 year perioc**	4.4%	5.9%	* 4.4% / 3.3%	
9	**MPI Value Added**	0.0%	-2.6%		
10	* 4.4% : Comparative return to ICBC, 3.3% : Comparative return to SGI.				

Figure 2 Fiscal Year Gross Annual Returns - Adjusted

Line No.	Year-end Period	ICBC 31-Mar	SGI 31-Mar	MPI 31-Dec	MPI 31-Mar
1	**2018**	2.6%	-	4.1%	-
2	**2019**	5.1%	5.8%	8.8%	6.5%
3	**2020**	2.0%	3.7%	7.9%	1.5%
4	**2021**	8.8%	9.8%	3.1%	8.9%
5	**2022**	2.4%	1.0%	-9.2%	0.6%
6	**2023**	-	2.1%	-	-0.8%
7	**Annualized Return**				
8	**over the 5 year period**	4.1%	4.4%	* 4.4% / 3.3%	
9	**MPI Value Added**	0.3%	-1.1%		
10	* 4.4% : Comparative return to ICBC, 3.3% : Comparative return to SGI.				

In 2023, the investment portfolio of MPI underperformed SGI by 3.5%. Over the last five years, MPI matched ICBC but underperformed SGI by 2.6% (see *Figure 1*).

The asset allocation of these funds is different from MPI's asset allocation. When the asset allocation of other funds was adjusted to match MPI's asset allocation, MPI outperformed ICBC by 0.3% but underperformed SGI by 1.1% over the last five years (see *Figure 2*).

Ellement's detailed report on the performance of MPI's investment portfolios over the 12 months ended at March 31, 2023 can be found at *Attachment A*. This report includes percentile rankings of MPI’s performance relative to peer groups. Below are descriptions of the peer universes provided by Ellement:

MPI Custom Universe – Custom universe of 25 Canadian managers with a 70% Bond Fund allocation, 10% Canadian Equity Fund allocation, 5% U.S. Equity Fund Allocation (if that manager has a dedicated strategy), 10% IPD Real Estate Index, 5% CPI allocation. The custom universe is used as the peer group for the corporate level returns as MPI’s asset mix is different than the traditional balanced fund and hence using a balanced fund peer universe is not the best comparable.

Balanced Universe – Universe of 65 Canadian balanced Funds. Balanced is typically a 60% equity/40% fixed income mix but will vary manager to manager.

The balanced universe includes Canadian balanced funds (such as the Mawer Balanced Fund, the Beutel Goodman Balanced Fund, the Letko Balanced Fund, etc.). We compare MPI’s corporate returns to this universe, but only in the Total Portfolio Analytic Report (see pages 8 - 11 of *Attachment A*). Its not an ideal comparison as Balanced Funds have a much higher equity allocation than the MPI’s corporate aggregated portfolio, which is why MPI ranks at the 100th percentile over the longer term.

Canadian Fixed Income – Universe of 78 Canadian Fixed Income Funds.

Canadian Equity – Universe of 115 Canadian Equity Funds

Canadian Large Cap Equity – Universe of 137 Canadian Large Cap equity managers.

Canadian Small Cap Equity – Universe of 128 Canadian Small Cap Funds

Global Equity – Universe of 53 Global Equity Funds

Real Estate – Universe of 8 Canadian Real Estate managers

Appendix 1:
Annual Investment Performance ICBC

The response will be filed once available.

Risk and Investment Analytic Report

For Manitoba Public Insurance

As of March 31, 2023

Ellement
Pensions | Benefits | Investments

Ellement

Pensions | Benefits | Investments

Executive Summary

Executive Summary

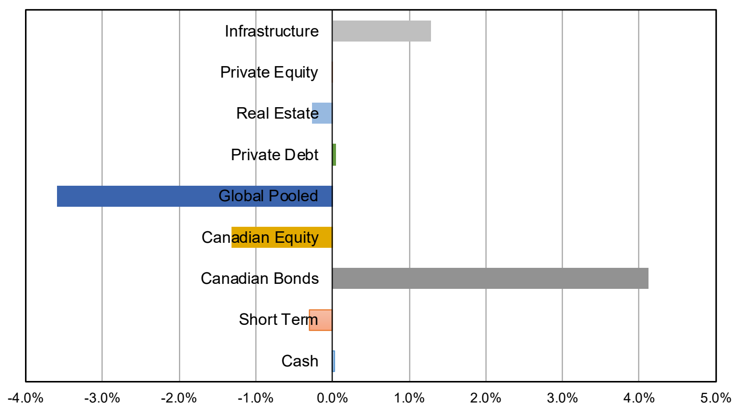
Manitoba Public Insurance

As of 3/31/2023

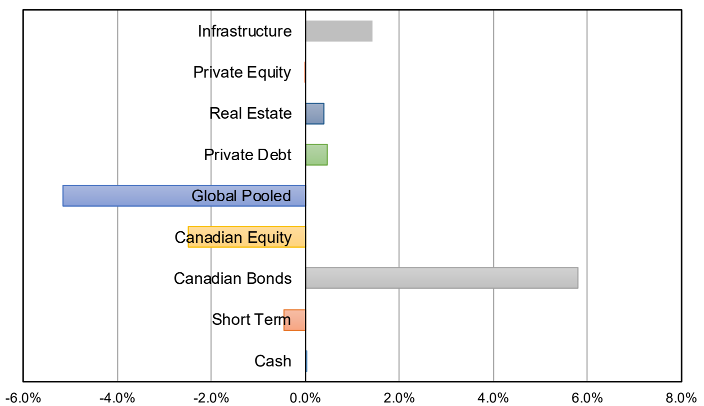
Asset Class		January Opening Value		Net Activity		Investment Gain and Loss		March Ending Value	Weight %
Cash	$	7,254	$	719,803	$	68,494	$	795,551	0.0%
Short Term	$	77,835,188		(8,222,391)		713,105	$	70,325,902	2.1%
Canadian Bonds	$	2,191,193,714		140,174,014		78,045,399	$	2,409,413,127	70.3%
International Bonds									
Mortgages									
Canadian Equity	$	157,567,256		(47,086,429)		7,683,910	$	118,164,737	3.4%
US Equity									
International Equity									
Emerging Markets									
Global Pooled	$	306,880,884		(131,446,852)		19,140,875	$	194,574,907	5.7%
Pooled Fund									
Private Debt	$	241,071,945				9,895,255	$	250,967,200	7.3%
Real Estate	$	220,725,641		(195,194)		(1,012,282)	$	219,518,165	6.4%
Private Equity	$	286,824				(166,100)	$	120,724	0.0%
Hedge Funds									
Infrastructure	$	114,285,564		51,512,330		(3,685,392)	$	162,112,502	4.7%
Other									
Total	**$**	**3,309,854,270**	**$**	**5,455,281**	**$**	**110,683,264**	**$**	**3,425,992,815**	100.0%

Net Contributions		
Transfers	$	5,513,304
Investment Mgmt Fees	$	58,023
Administrative Fees		
Other Expenses		
Balancing Correction		
Net Cont (Current Quarter)	$	5,455,281
Net Cont (Fiscal YTD)	$	3,416,110

Asset Mix % Change over Current Quarter



Asset Mix % Change over One Year
Market Value as at March 31, 2022: $3,467,992,554



Fund Review

Total Fund (Custom Universe)

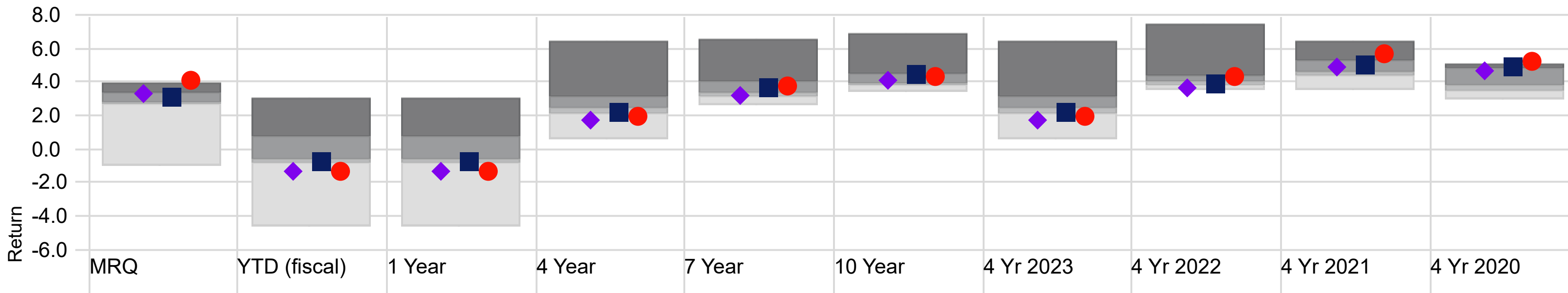
Manitoba Public Insurance

As of 3/31/2023

Returns

Trailing Performance

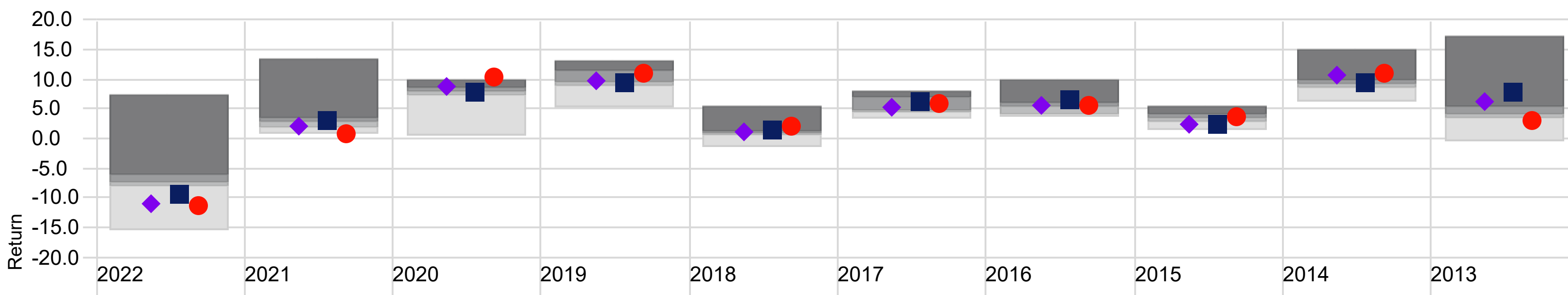
Peer Group (5-95%): MPI Custom Universe



	MRQ		YTD (fiscal)		1 Year		4 Year		7 Year		10 Year		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
Total Fund	3.14	**27**	-0.75	**53**	-0.75	**53**	2.22	**68**	3.74	**32**	4.51	**27**	2.22	**68**	3.98	**52**	5.04	**34**	4.99	**14**
Total w/ Imp MV	3.34	**27**	-1.34	**84**	-1.34	**84**	1.80	**84**	3.28	**53**	4.12	**42**	1.80	**84**	3.73	**85**	4.94	**38**	4.68	**32**
Custom Benchmark	4.13	**1**	-1.30	**84**	-1.30	**84**	2.01	**84**	3.77	**32**	4.34	**27**	2.01	**84**	4.44	**19**	5.72	**10**	5.28	**1**
Median	2.83		-0.62		-0.62		2.43		3.33		3.97		2.43		4.04		4.58		3.83	

Calendar Year Performance

Peer Group (5-95%): MPI Custom Universe



	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Total Fund	-9.24	**85**	3.08	**43**	8.04	**43**	9.70	**41**	1.59	**18**	6.25	**31**	6.68	**21**	2.58	**88**	9.55	**36**	7.99	**24**
Total w/ Imp MV	-10.80	**85**	2.22	**67**	8.78	**19**	9.89	**37**	1.36	**26**	5.47	**31**	5.85	**34**	2.63	**88**	10.75	**20**	6.22	**24**
Custom Benchmark	-11.19	**85**	1.03	**95**	10.65	**1**	11.06	**28**	2.08	**9**	6.04	**31**	5.82	**34**	3.67	**40**	10.98	**20**	3.18	**80**
Median	-7.34		2.80		7.94		9.41		0.91		4.86		5.30		3.57		9.15		4.24	

■ Total Fund ◆ Total w/ Imp MV ● Custom Benchmark

Total Fund (Custom Universe)

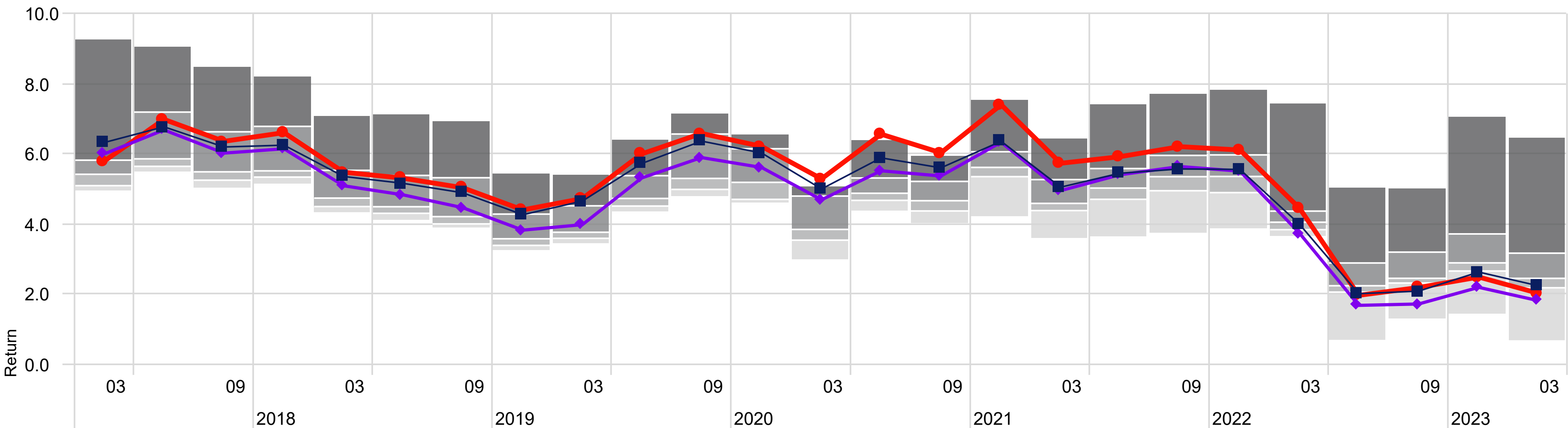
Manitoba Public Insurance

As of 3/31/2023

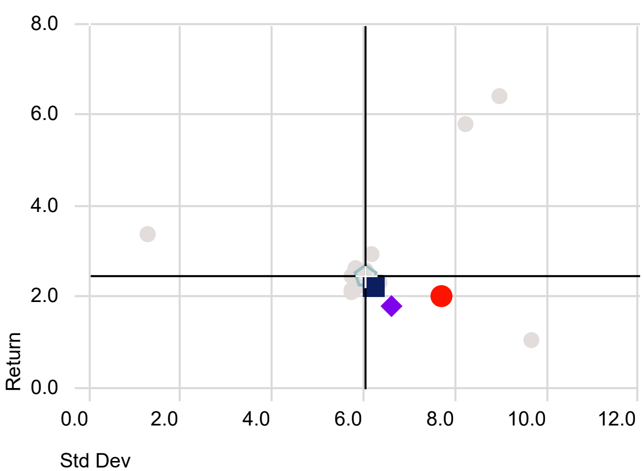
Four Year Rolling Returns & Risk vs Reward

Rolling Returns

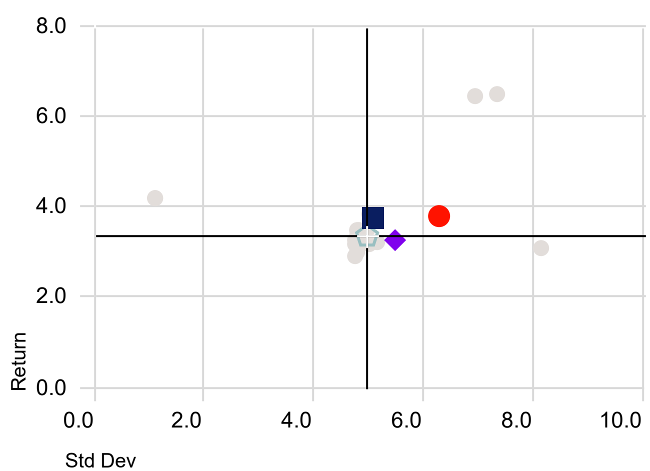
Rolling Window: 4 Years 3 Months shift



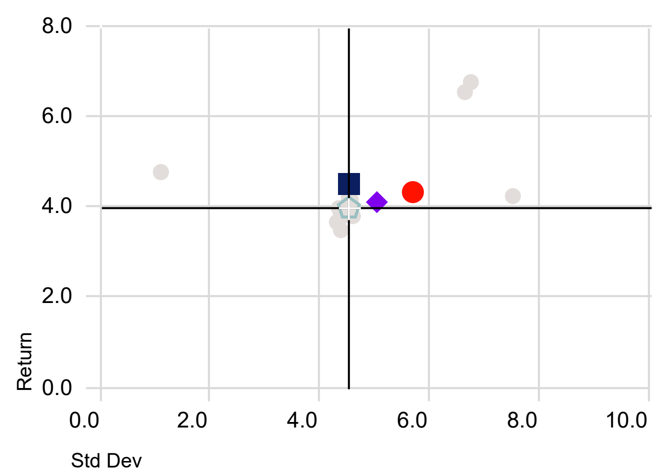
Risk-Reward 4-Year



Risk-Reward 7-Year



Risk-Reward 10-Year



■ Total Fund ◆ Total w/ Imp MV ● Custom Benchmark

Total Fund (Custom Universe)

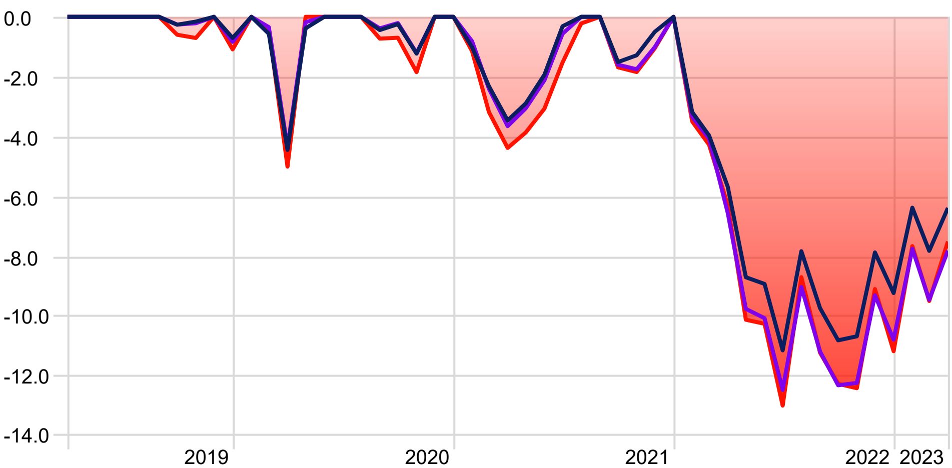
Manitoba Public Insurance

As of 3/31/2023

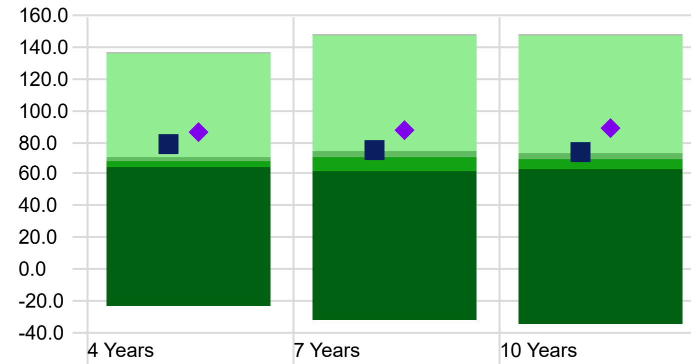
Market Statistics

Drawdown

Time Period: 4/1/2019 to 3/31/2023



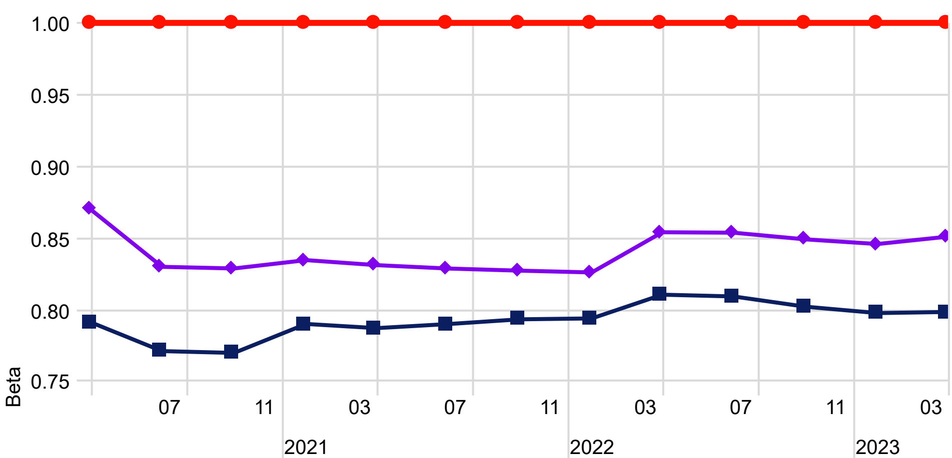
Down Capture



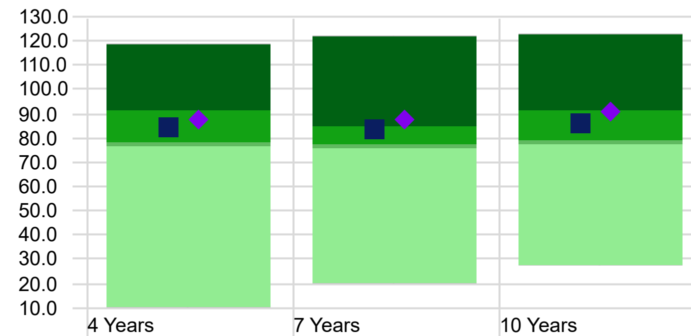
	4 Years		7 Years		10 Years	
Total Fund	79.08	**84**	75.96	**84**	73.77	**79**
Total w/ Imp MV	87.44	**84**	88.61	**84**	89.15	**84**
Median	68.43		70.02		69.92	

Beta

Rolling Window: 4 Years 3 Months shift



Up Capture



	4 Years		7 Years		10 Years	
Total Fund	84.32	**32**	84.16	**27**	86.76	**32**
Total w/ Imp MV	87.63	**32**	87.94	**27**	91.63	**27**
Median	78.42		77.19		79.30	

■ Total Fund ◆ Total w/ Imp MV ● Custom Benchmark

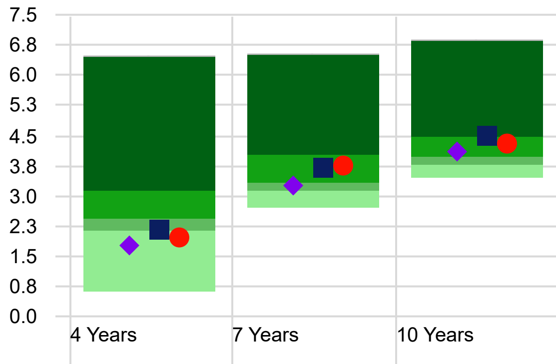
Total Fund (Custom Universe)

Manitoba Public Insurance

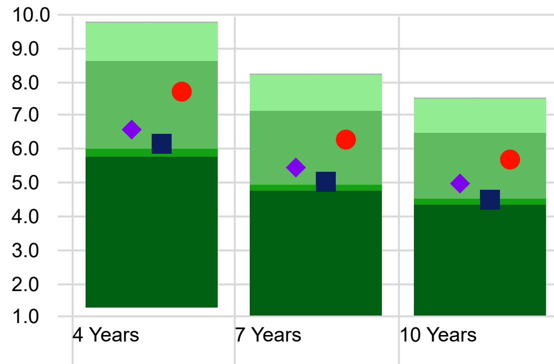
As of 3/31/2023

Fund Statistics

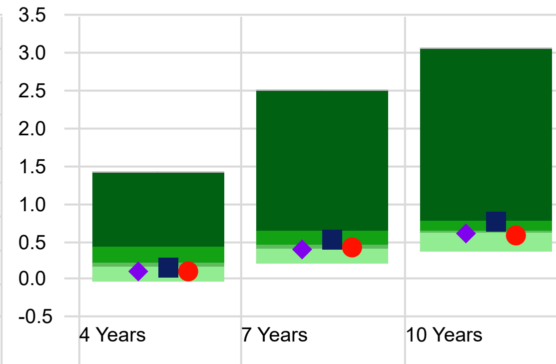
Return



Standard Deviation

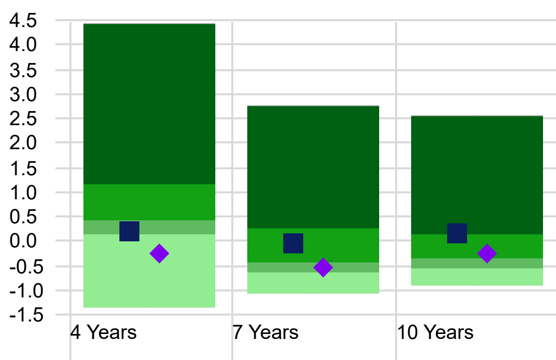


Sharpe Ratio

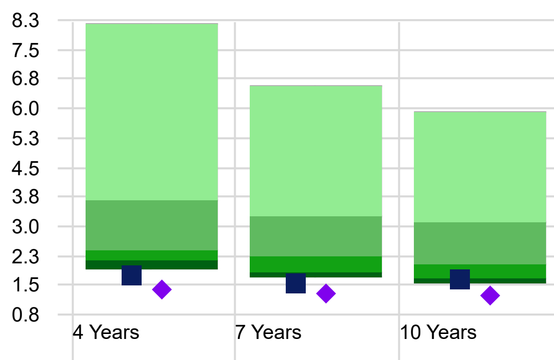


	Return 4 Years		Return 7 Years		Return 10 Years		Std Dev 4 Years		Std Dev 7 Years		Std Dev 10 Years		Sharpe 4 Years		Sharpe 7 Years		Sharpe 10 Years	
Total Fund	2.22	**68**	3.74	**32**	4.51	**27**	6.21	**63**	5.07	**63**	4.53	**58**	0.18	**73**	0.53	**32**	0.77	**27**
Total w/ Imp MV	1.80	**84**	3.28	**53**	4.12	**42**	6.62	**68**	5.49	**68**	5.03	**68**	0.11	**84**	0.41	**73**	0.62	**68**
Custom Benchmark	2.01	**84**	3.77	**32**	4.34	**27**	7.72	**68**	6.29	**68**	5.71	**68**	0.13	**84**	0.44	**58**	0.59	**79**
Median	2.43		3.33		3.97		6.03		4.98		4.51		0.22		0.47		0.66	

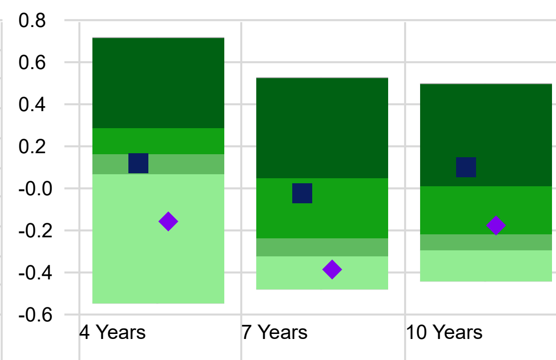
Excess Return



Tracking Error



Information Ratio



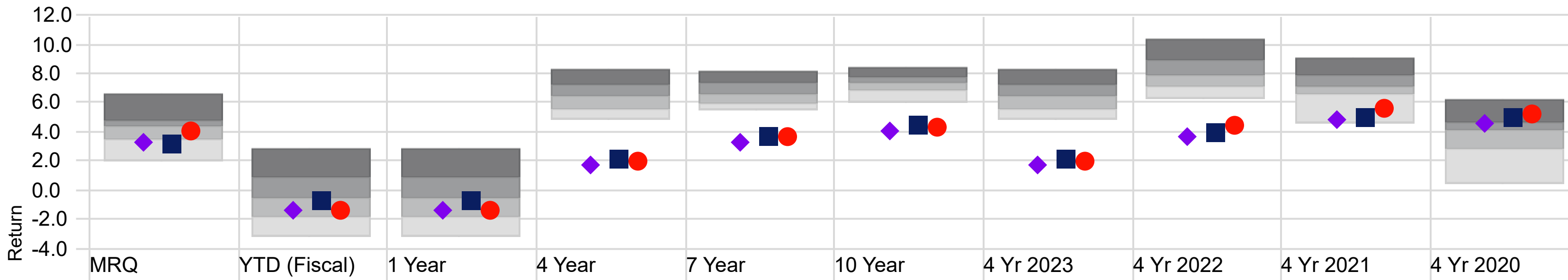
	Excess Return 4 Years		Excess Return 7 Years		Excess Return 10 Years		Tracking Error 4 Years		Tracking Error 7 Years		Tracking Error 10 Years		Info Ratio 4 Years		Info Ratio 7 Years		Info Ratio 10 Years	
Total Fund	0.21	**68**	-0.03	**32**	0.17	**27**	1.75	**1**	1.56	**1**	1.67	**21**	0.12	**63**	-0.02	**32**	0.10	**16**
Total w/ Imp MV	-0.21	**84**	-0.49	**53**	-0.22	**42**	1.42	**1**	1.32	**1**	1.27	**1**	-0.15	**84**	-0.38	**79**	-0.17	**42**
Median	0.42		-0.44		-0.37		2.37		2.22		2.02		0.17		-0.24		-0.22	

■ Total Fund ◆ Total w/ Imp MV ● Custom Benchmark

Returns

Trailing Performance

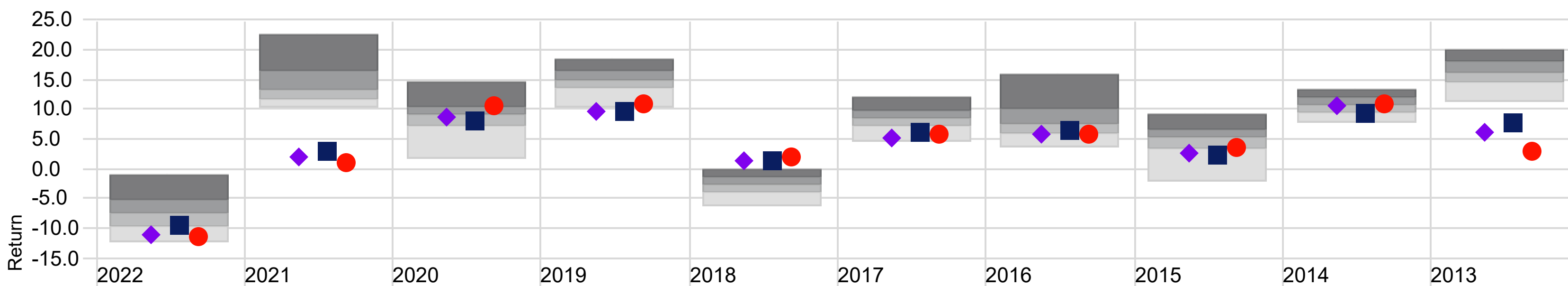
Peer Group (5-95%): Universe - Balanced



	MRQ		YTD (Fiscal)		1 Year		4 Year		7 Year		10 Year		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
Total Fund	3.14	**81**	-0.75	**51**	-0.75	**51**	2.22	**100**	3.74	**100**	4.51	**100**	2.22	**100**	3.98	**100**	5.04	**91**	4.99	**21**
Total w/ Imp MV	3.34	**79**	-1.34	**66**	-1.34	**66**	1.80	**100**	3.28	**100**	4.12	**100**	1.80	**100**	3.73	**100**	4.94	**91**	4.68	**24**
Custom Benchmark	4.13	**58**	-1.30	**64**	-1.30	**64**	2.01	**100**	3.77	**100**	4.34	**100**	2.01	**100**	4.44	**100**	5.72	**85**	5.28	**16**
Median	4.39		-0.57		-0.57		6.44		6.55		7.39		6.44		7.82		7.10		4.10	

Calendar Year Performance

Peer Group (5-95%): Universe - Balanced



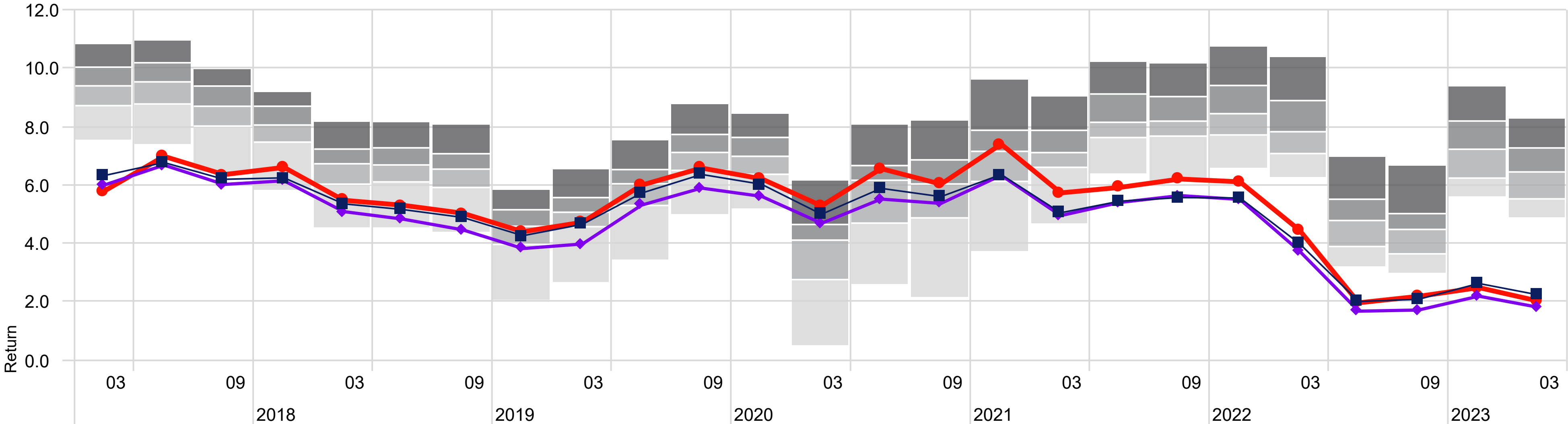
	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Total Fund	-9.24	**70**	3.08	**100**	8.04	**67**	9.70	**98**	1.59	**2**	6.25	**83**	6.68	**69**	2.58	**76**	9.55	**73**	7.99	**100**
Total w/ Imp MV	-10.80	**85**	2.22	**100**	8.78	**58**	9.89	**98**	1.36	**2**	5.47	**89**	5.85	**78**	2.63	**76**	10.75	**48**	6.22	**100**
Custom Benchmark	-11.19	**89**	1.03	**100**	10.65	**20**	11.06	**89**	2.08	**2**	6.04	**86**	5.82	**78**	3.67	**71**	10.98	**43**	3.18	**100**
Median	-7.53		13.27		9.12		14.95		-2.50		8.43		7.67		5.33		10.67		16.00	

■ Total Fund ◆ Total w/ Imp MV ● Custom Benchmark

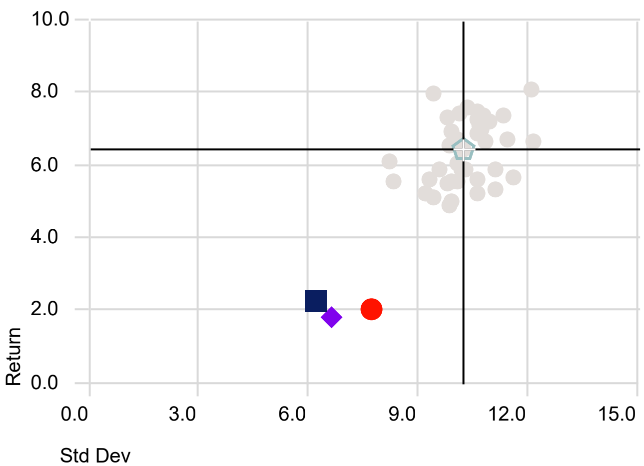
Four Year Rolling Returns & Risk vs Reward

Rolling Returns

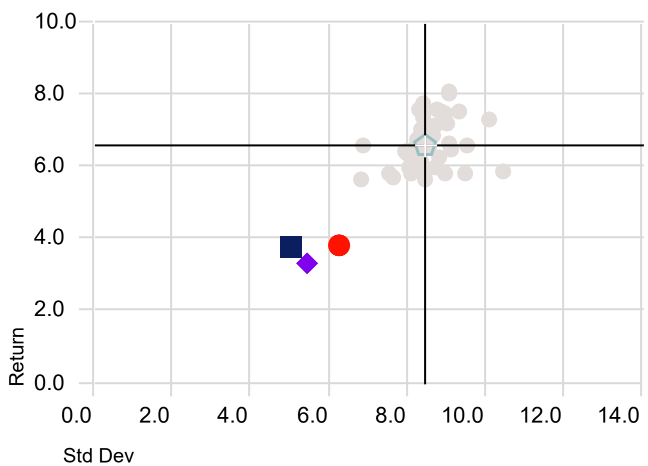
Rolling Window: 4 Years 3 Months shift



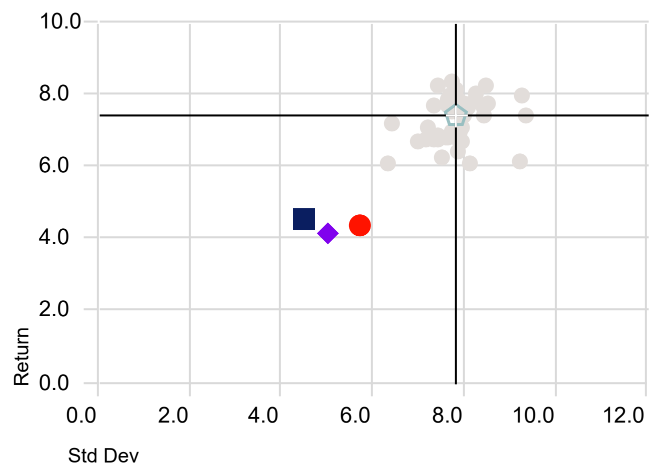
Risk-Reward 4-Year



Risk-Reward 7-Year



Risk-Reward 10-Year

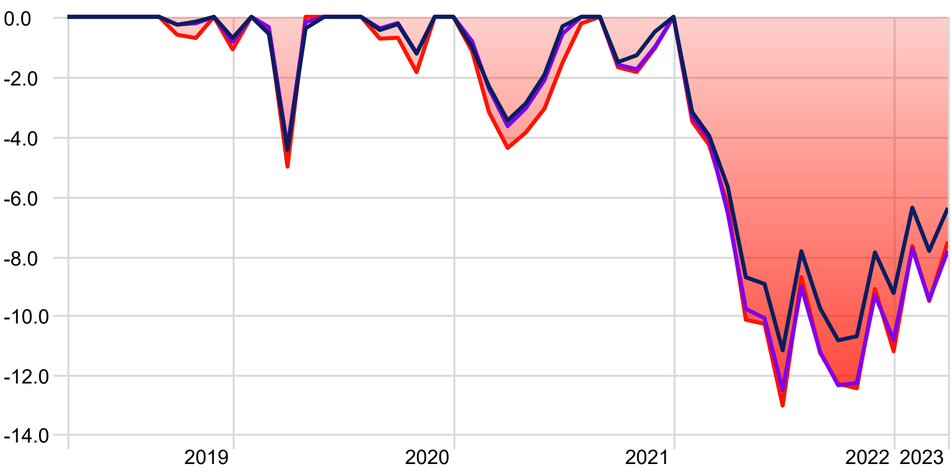


Total Fund   Total w/ Imp MV   Custom Benchmark

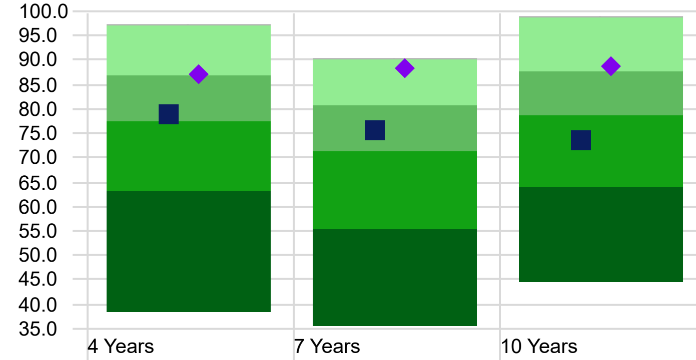
Market Statistics

Drawdown

Time Period: 4/1/2019 to 3/31/2023



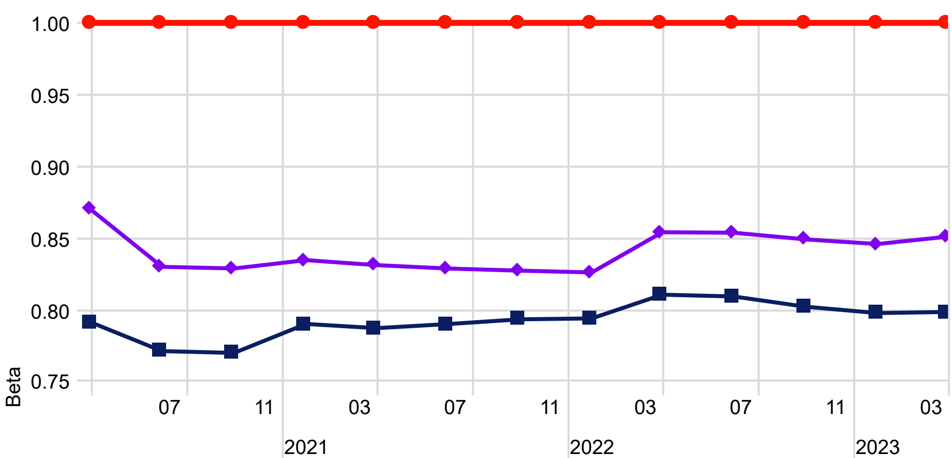
Down Capture



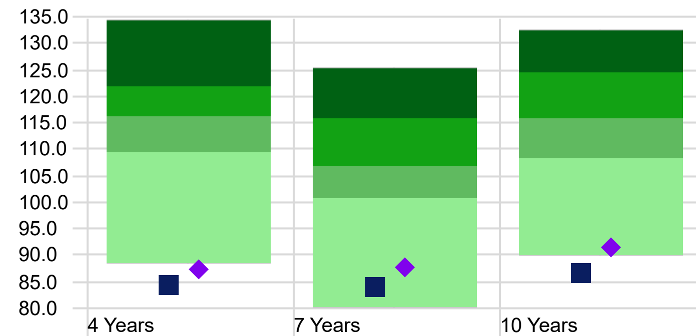
	4 Years		7 Years		10 Years	
Total Fund	79.08	**53**	75.96	**57**	73.77	**42**
Total w/ Imp MV	87.44	**77**	88.61	**94**	89.15	**81**
Median	77.61		71.16		78.69	

Beta

Rolling Window: 4 Years 3 Months shift



Up Capture



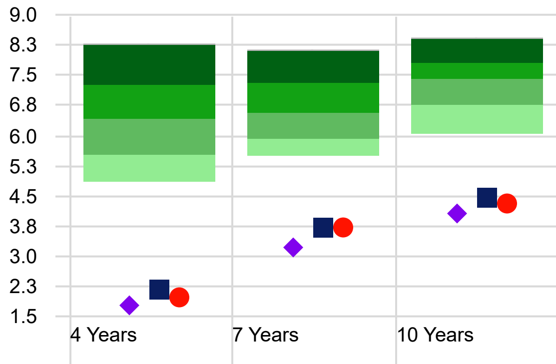
	4 Years		7 Years		10 Years	
Total Fund	84.32	**96**	84.16	**90**	86.76	**96**
Total w/ Imp MV	87.63	**94**	87.94	**90**	91.63	**92**
Median	115.97		106.82		115.85	

■ Total Fund ◆ Total w/ Imp MV ● Custom Benchmark

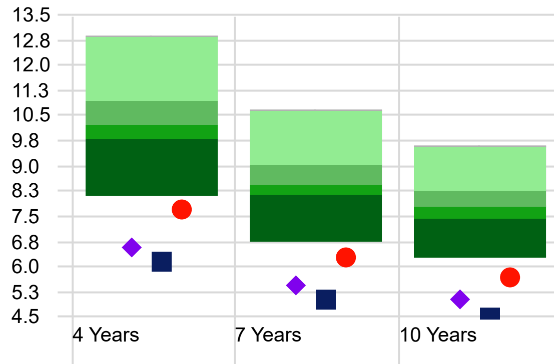
Total Fund

Fund Statistics

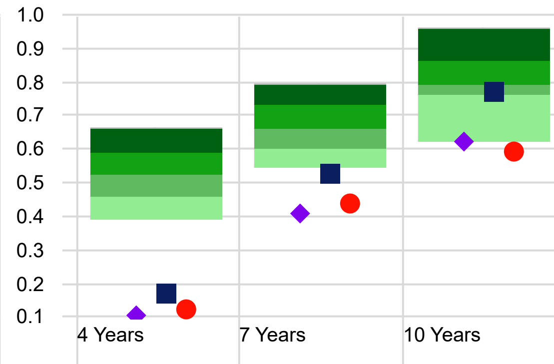
Return



Standard Deviation

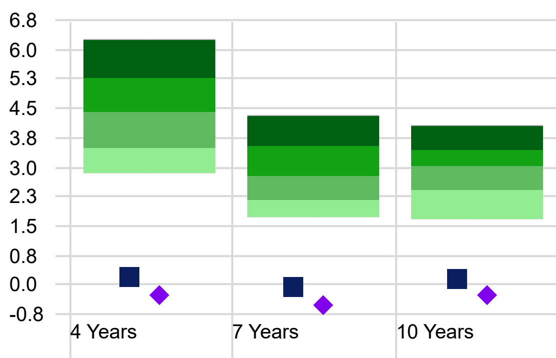


Sharpe Ratio

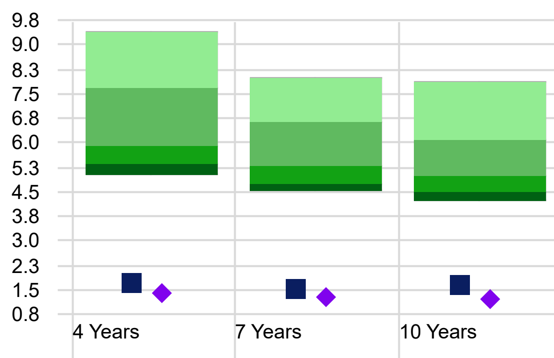


	Return 4 Years		Return 7 Years		Return 10 Years		Std Dev 4 Years		Std Dev 7 Years		Std Dev 10 Years		Sharpe 4 Years		Sharpe 7 Years		Sharpe 10 Years	
Total Fund	2.22	**100**	3.74	**100**	4.51	**100**	6.21	**2**	5.07	**1**	4.53	**1**	0.18	**100**	0.53	**96**	0.77	**64**
Total w/ Imp MV	1.80	**100**	3.28	**100**	4.12	**100**	6.62	**2**	5.49	**2**	5.03	**1**	0.11	**100**	0.41	**100**	0.62	**94**
Custom Benchmark	2.01	**100**	3.77	**100**	4.34	**100**	7.72	**2**	6.29	**2**	5.71	**2**	0.13	**100**	0.44	**100**	0.59	**96**
Median	6.44		6.55		7.39		10.21		8.46		7.81		0.53		0.66		0.79	

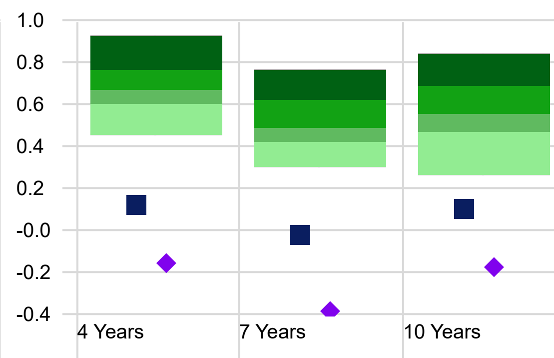
Excess Return



Tracking Error



Information Ratio



	Excess Return 4 Years		Excess Return 7 Years		Excess Return 10 Years		Tracking Error 4 Years		Tracking Error 7 Years		Tracking Error 10 Years		Info Ratio 4 Years		Info Ratio 7 Years		Info Ratio 10 Years	
Total Fund	0.21	**100**	-0.03	**100**	0.17	**100**	1.75	**1**	1.56	**1**	1.67	**1**	0.12	**100**	-0.02	**100**	0.10	**100**
Total w/ Imp MV	-0.21	**100**	-0.49	**100**	-0.22	**100**	1.42	**1**	1.32	**1**	1.27	**1**	-0.15	**100**	-0.38	**100**	-0.17	**100**
Median	4.43		2.78		3.05		5.91		5.29		4.96		0.67		0.49		0.55	

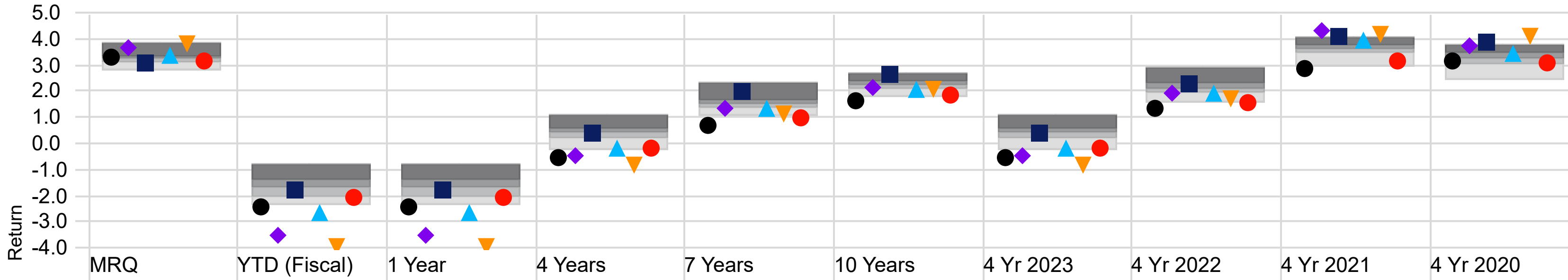
■ Total Fund ◆ Total w/ Imp MV ● Custom Benchmark

Total Fixed Income

Returns

Trailing Performance

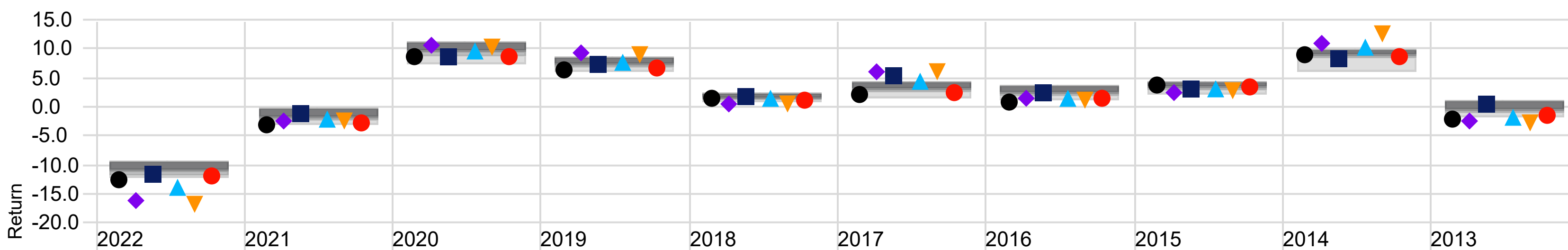
Peer Group (5-95%): Universe - Canadian Fixed Income



	MRQ		YTD (Fiscal)		1 Year		4 Years		7 Years		10 Years		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
Total Fixed Income	3.12	**69**	-1.74	**56**	-1.74	**56**	0.46	**43**	2.00	**8**	2.66	**6**	0.46	**43**	2.31	**25**	4.13	**5**	3.89	**2**
Total Fixed Income w/Imp	3.40	**21**	-2.62	**98**	-2.62	**98**	-0.14	**91**	1.38	**79**	2.14	**69**	-0.14	**91**	1.96	**72**	3.99	**15**	3.49	**24**
Marketable	3.74	**6**	-3.50	**100**	-3.50	**100**	-0.45	**100**	1.38	**79**	2.15	**67**	-0.45	**100**	1.97	**72**	4.33	**3**	3.77	**6**
Mkt Gov	3.87	**6**	-3.92	**100**	-3.92	**100**	-0.81	**100**	1.17	**91**	2.14	**69**	-0.81	**100**	1.74	**85**	4.18	**3**	4.15	**1**
FTSE Canada All Government Bond	3.37	**27**	-2.40	**98**	-2.40	**98**	-0.53	**100**	0.70	**100**	1.66	**97**	-0.53	**100**	1.41	**98**	2.91	**94**	3.18	**66**
FTSE Canada Universe Bond	3.22	**60**	-2.01	**75**	-2.01	**75**	-0.17	**92**	1.05	**94**	1.88	**91**	-0.17	**92**	1.63	**89**	3.16	**88**	3.13	**66**
Median	3.25		-1.68		-1.68		0.41		1.55		2.23		0.41		2.11		3.64		3.27	

Calendar Year Performance

Peer Group (5-95%): Universe - Canadian Fixed Income



	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Total Fixed Income	-11.50	**64**	-0.84	**11**	8.71	**82**	7.55	**30**	1.86	**12**	5.53	**2**	2.49	**34**	3.21	**63**	8.51	**60**	0.58	**8**
Total Fixed Income w/Imp	-13.71	**100**	-1.90	**39**	9.69	**39**	7.85	**16**	1.54	**32**	4.44	**5**	1.53	**93**	3.30	**61**	10.31	**1**	-1.65	**96**
Marketable	-16.03	**100**	-2.15	**64**	10.75	**12**	9.46	**2**	0.57	**97**	6.11	**1**	1.53	**93**	2.54	**89**	11.22	**1**	-2.21	**98**
Mkt Gov	-16.78	**100**	-2.18	**64**	10.54	**16**	9.00	**3**	0.61	**97**	6.19	**1**	1.41	**95**	3.04	**74**	12.78	**1**	-2.70	**100**
FTSE Canada All Government Bond	-12.34	**95**	-2.97	**97**	8.69	**82**	6.42	**90**	1.53	**32**	2.18	**90**	0.89	**97**	3.84	**14**	9.29	**13**	-2.00	**97**
FTSE Canada Universe Bond	-11.69	**77**	-2.54	**89**	8.68	**82**	6.87	**70**	1.41	**53**	2.52	**78**	1.66	**87**	3.52	**40**	8.79	**44**	-1.19	**80**
Median	-11.25		-2.02		9.49		7.24		1.44		2.83		2.36		3.37		8.73		-0.67	

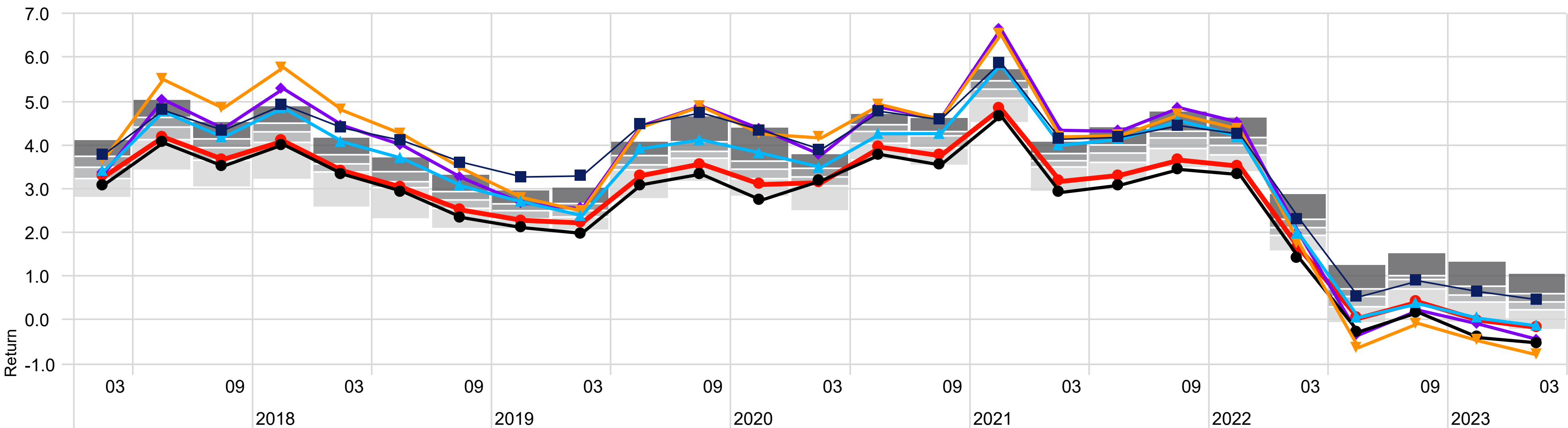
■ Total Fixed Income ▲ Total Fixed Income w/Imp ◆ Marketable ▼ Mkt Gov ● FTSE Canada All Government Bond
● FTSE Canada Universe Bond

Total Fixed Income

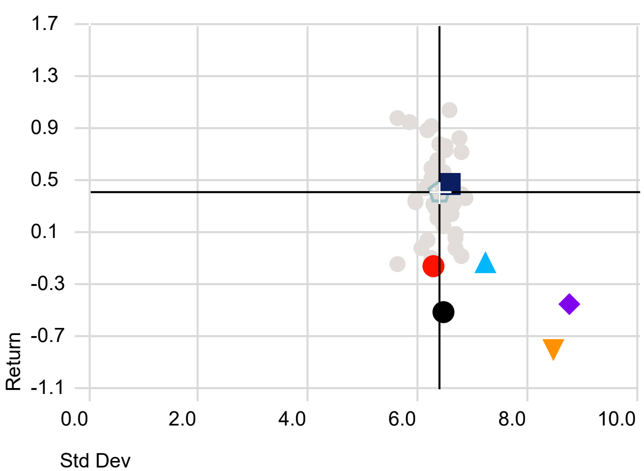
Four Year Rolling Returns & Risk vs Reward

Rolling Returns

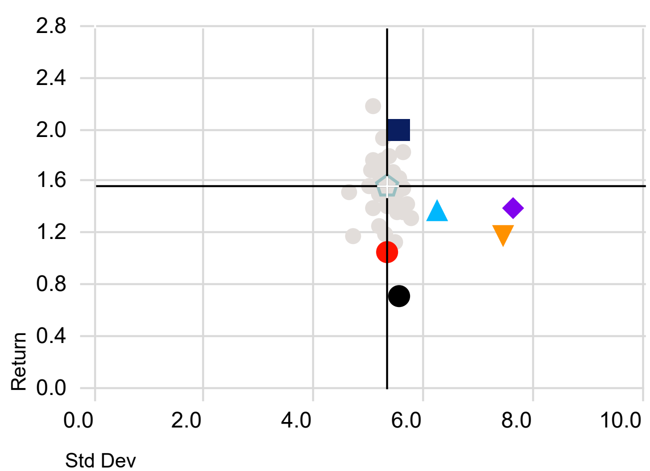
Rolling Window: 4 Years 3 Months shift



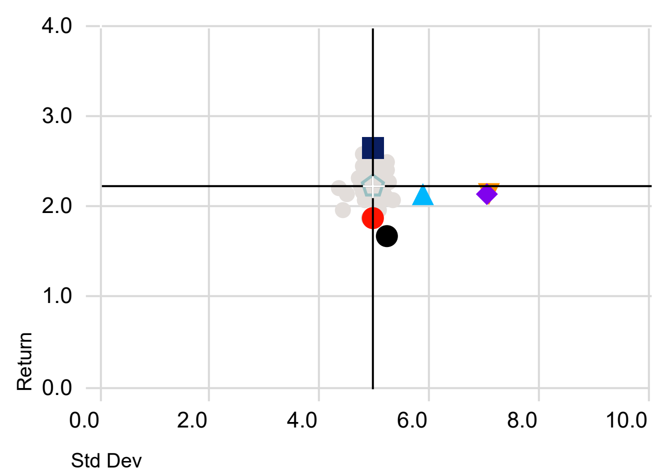
Risk-Reward 4-Year



Risk-Reward 7-Year



Risk-Reward 10-Year



■ Total Fixed Income ▲ Total Fixed Income w/Imp ◆ Marketable ▼ Mkt Gov ● FTSE Canada All Government Bond
● FTSE Canada Universe Bond

Total Fixed Income

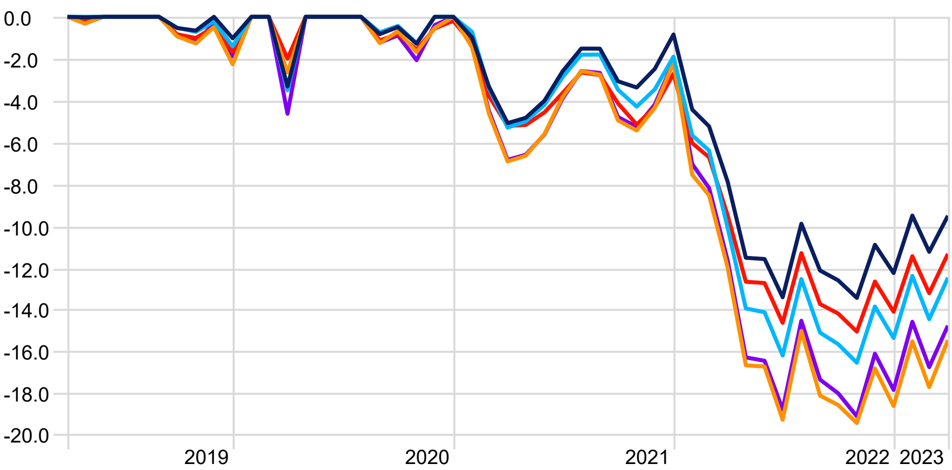
Manitoba Public Insurance

As of 3/31/2023

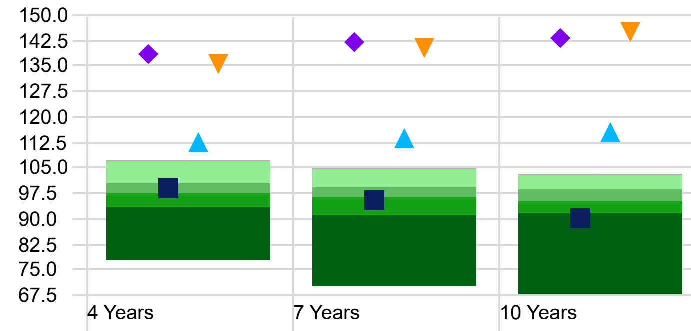
Market Statistics

Drawdown

Time Period: 4/1/2019 to 3/31/2023



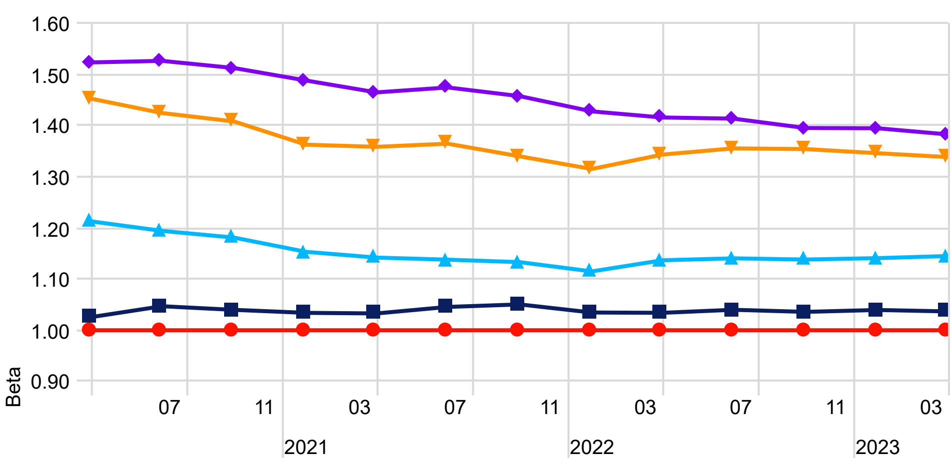
Down Capture



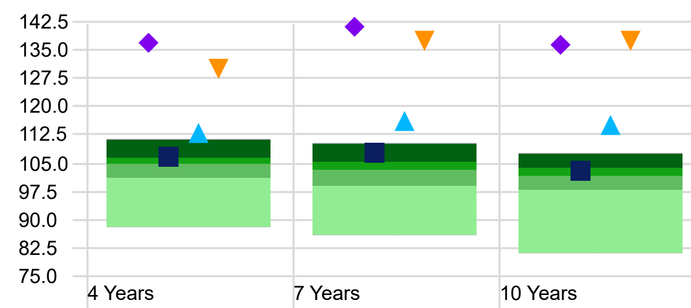
	4 Years		7 Years		10 Years	
Total Fixed Income	99.53	**69**	95.60	**44**	90.73	**22**
Total Fixed Income w/Imp	112.66	**100**	114.14	**100**	115.98	**100**
Marketable	138.76	**100**	142.27	**100**	143.75	**100**
Mkt Gov	136.06	**100**	140.79	**100**	145.06	**100**
Median	97.44		96.13		95.35	

Beta

Rolling Window: 4 Years 3 Months shift



Up Capture



	4 Years		7 Years		10 Years	
Total Fixed Income	106.92	**24**	108.20	**11**	103.00	**41**
Total Fixed Income w/Imp	113.52	**3**	116.61	**1**	115.52	**1**
Marketable	137.05	**1**	141.58	**1**	136.90	**1**
Mkt Gov	130.03	**1**	137.61	**1**	137.82	**1**
Median	104.69		102.90		101.72	

■ Total Fixed Income ▲ Total Fixed Income w/Imp ◆ Marketable ▼ Mkt Gov ● FTSE Canada Universe Bond

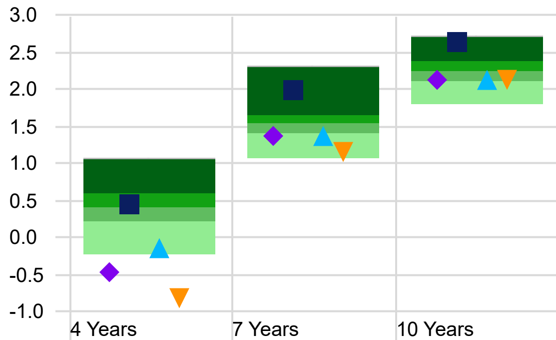
Total Fixed Income

Manitoba Public Insurance

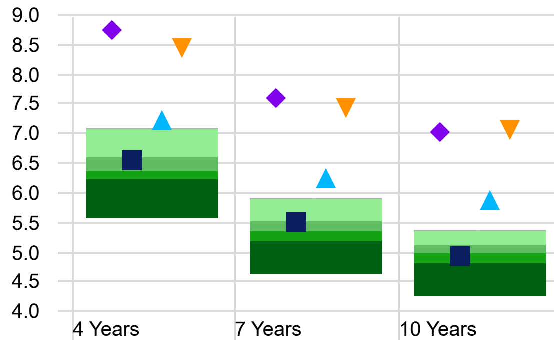
As of 3/31/2023

Fund Statistics

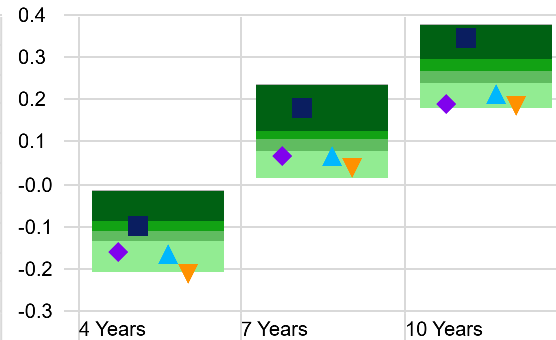
Return



Standard Deviation

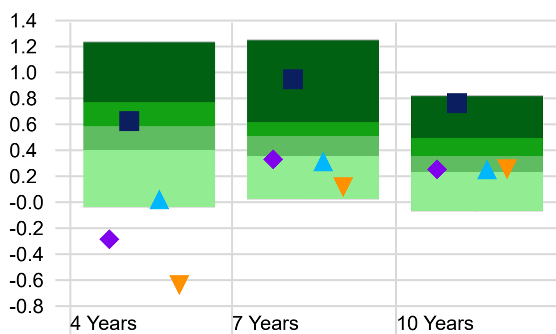


Sharpe Ratio

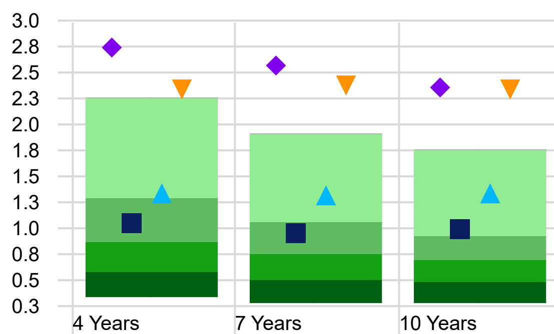


Total Fixed Income	0.46	**43**	2.00	**8**	2.66	**6**	6.57	**72**	5.54	**75**	4.96	**49**	-0.10	**35**	0.18	**8**	0.35	**8**
Total Fixed Income w/Imp	-0.14	**91**	1.38	**79**	2.14	**69**	7.23	**98**	6.25	**98**	5.89	**98**	-0.16	**83**	0.07	**79**	0.21	**86**
Marketable	-0.45	**100**	1.38	**79**	2.15	**67**	8.75	**98**	7.61	**100**	7.05	**100**	-0.16	**83**	0.07	**79**	0.19	**94**
Mkt Gov	-0.81	**100**	1.17	**91**	2.14	**69**	8.45	**98**	7.44	**100**	7.09	**100**	-0.21	**95**	0.04	**89**	0.19	**94**
FTSE Canada Universe Bond	-0.17	**92**	1.05	**94**	1.88	**91**	6.28	**34**	5.31	**40**	4.97	**53**	-0.20	**94**	0.01	**94**	0.19	**92**
Median	0.41		1.55		2.23		6.38		5.35		4.97		-0.11		0.11		0.27	

Excess Return



Tracking Error



Information Ratio

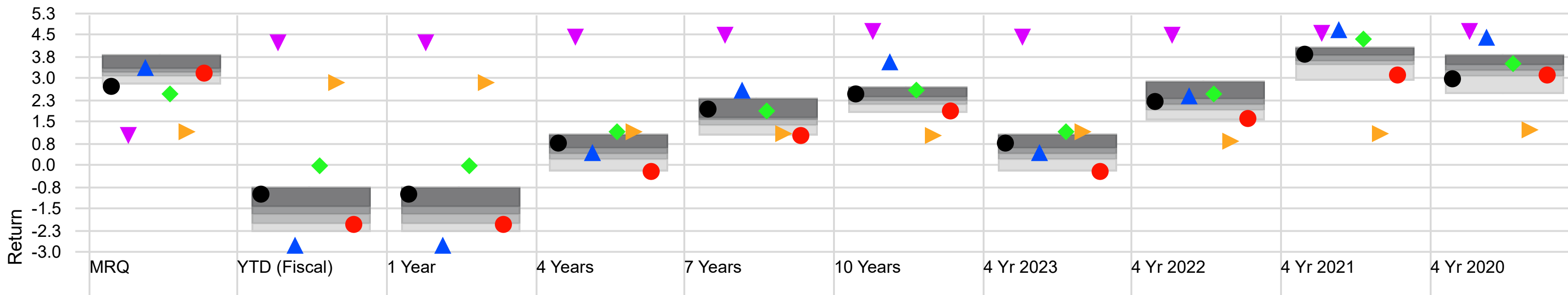
Total Fixed Income	0.63	**43**	0.95	**8**	0.77	**6**	1.05	**66**	0.96	**67**	1.00	**81**	0.60	**49**	1.00	**21**	0.77	**24**
Total Fixed Income w/Imp	0.03	**91**	0.33	**79**	0.26	**69**	1.34	**78**	1.33	**85**	1.34	**88**	0.02	**92**	0.25	**85**	0.19	**81**
Marketable	-0.28	**100**	0.34	**79**	0.26	**67**	2.76	**97**	2.58	**97**	2.36	**95**	-0.10	**95**	0.13	**92**	0.11	**85**
Mkt Gov	-0.63	**100**	0.13	**91**	0.26	**69**	2.35	**95**	2.38	**95**	2.35	**95**	-0.27	**97**	0.05	**94**	0.11	**85**
Median	0.58		0.51		0.35		0.86		0.76		0.68		0.58		0.67		0.50	

■ Total Fixed Income ▲ Total Fixed Income w/Imp ◆ Marketable ▼ Mkt Gov ● FTSE Canada Universe Bond

Returns

Trailing Performance

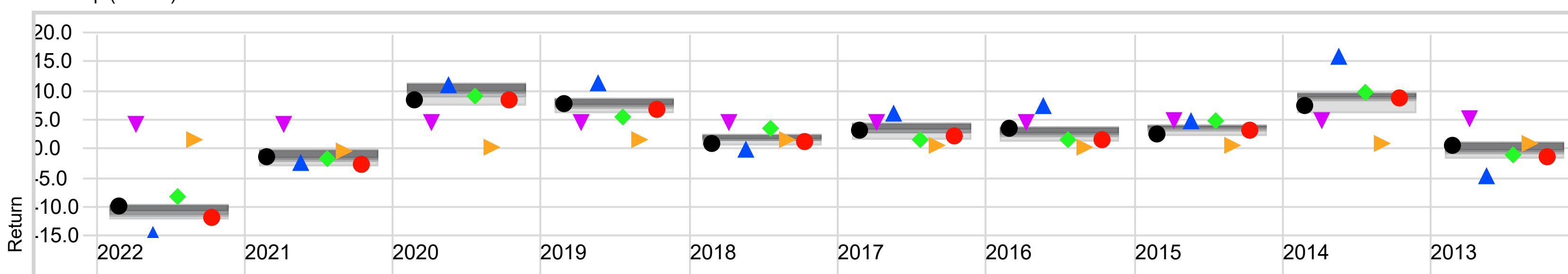
Peer Group (5-95%): Universe - Canadian Fixed Income



	MRQ		YTD (Fiscal)		1 Year		4 Years		7 Years		10 Years		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
Mkt Corp	3.44	**18**	-2.70	**98**	-2.70	**98**	0.49	**38**	2.65	**2**	3.61	**2**	0.49	**38**	2.42	**15**	4.74	**2**	4.43	**1**
Non Mkt Imp	2.48	**97**	0.04	**2**	0.04	**2**	1.21	**3**	1.88	**9**	2.61	**9**	1.21	**3**	2.51	**13**	4.41	**3**	3.55	**13**
Non Mkt Book	1.04	**100**	4.29	**1**	4.29	**1**	4.43	**1**	4.53	**1**	4.68	**1**	4.43	**1**	4.51	**2**	4.57	**3**	4.64	**1**
Callable Short Term	1.22	**100**	2.88	**1**	2.88	**1**	1.17	**3**	1.13	**94**	1.03	**100**	1.17	**3**	0.87	**100**	1.10	**100**	1.25	**100**
FTSE Canada All Corp Bond	2.79	**95**	-0.97	**12**	-0.97	**12**	0.80	**15**	1.98	**8**	2.48	**17**	0.80	**15**	2.25	**31**	3.87	**21**	3.00	**84**
FTSE Canada Universe Bond	3.22	**60**	-2.01	**75**	-2.01	**75**	-0.17	**92**	1.05	**94**	1.88	**91**	-0.17	**92**	1.63	**89**	3.16	**88**	3.13	**66**
Median	3.25		-1.68		-1.68		0.41		1.55		2.23		0.41		2.11		3.64		3.27	

Calendar Year Performance

Peer Group (5-95%): Universe - Canadian Fixed Income



	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Mkt Corp	-14.56	**100**	-2.06	**54**	11.18	**5**	11.43	**1**	0.07	**98**	6.23	**1**	7.64	**2**	4.99	**1**	16.28	**1**	-4.34	**100**
Non Mkt Imp	-8.04	**2**	-1.43	**19**	9.15	**68**	5.68	**97**	3.55	**1**	1.72	**94**	1.79	**86**	4.91	**1**	9.86	**4**	-0.80	**58**
Non Mkt Book	4.31	**1**	4.40	**2**	4.52	**98**	4.56	**98**	4.61	**1**	4.67	**2**	4.81	**2**	4.91	**1**	5.07	**98**	5.23	**2**
Callable Short Term	1.67	**1**	-0.11	**5**	0.54	**100**	1.79	**100**	1.59	**28**	0.78	**100**	0.55	**98**	0.70	**98**	0.91	**100**	0.93	**6**
FTSE Canada All Corp Bond	-9.87	**8**	-1.34	**16**	8.74	**82**	8.05	**12**	1.10	**87**	3.38	**17**	3.73	**6**	2.71	**82**	7.58	**88**	0.84	**7**
FTSE Canada Universe Bond	-11.69	**77**	-2.54	**89**	8.68	**82**	6.87	**70**	1.41	**53**	2.52	**78**	1.66	**87**	3.52	**40**	8.79	**44**	-1.19	**80**
Median	-11.25		-2.02		9.49		7.24		1.44		2.83		2.36		3.37		8.73		-0.67	

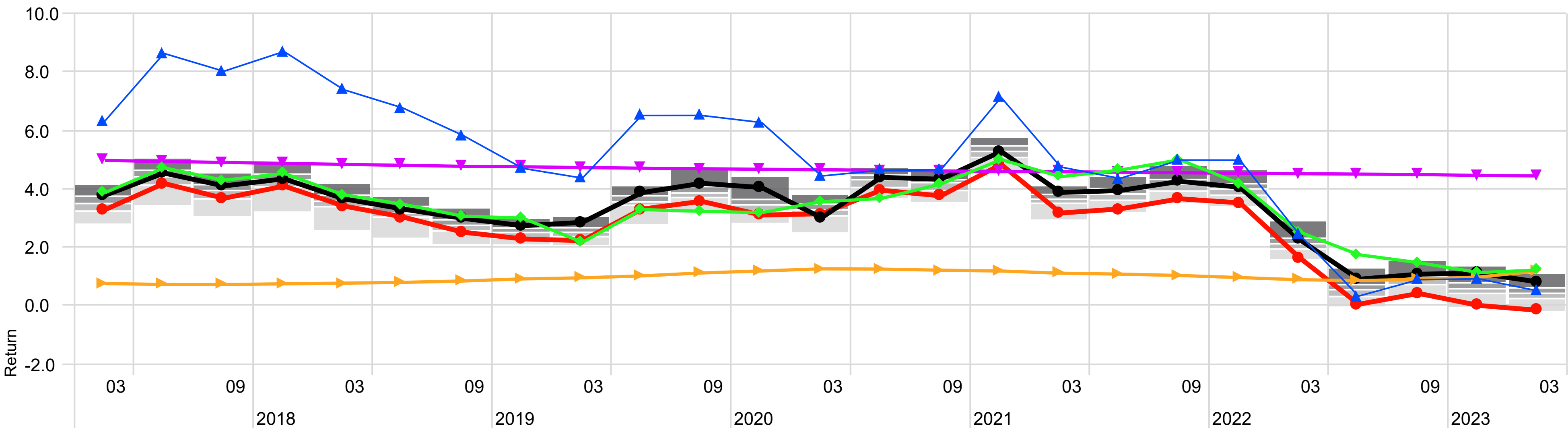
▲ Mkt Corp ◆ Non Mkt Imp ▼ Non Mkt Book
▶ Callable Short Term ● FTSE Canada All Corp Bond ● FTSE Canada Universe Bond

Total Fixed Income

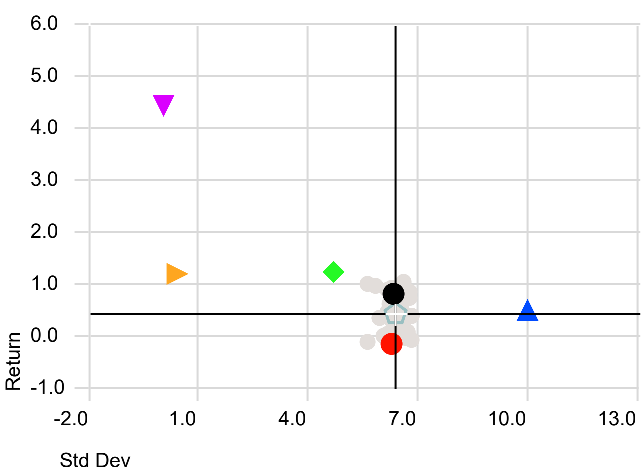
Four Year Rolling Returns & Risk vs Reward

Rolling Returns

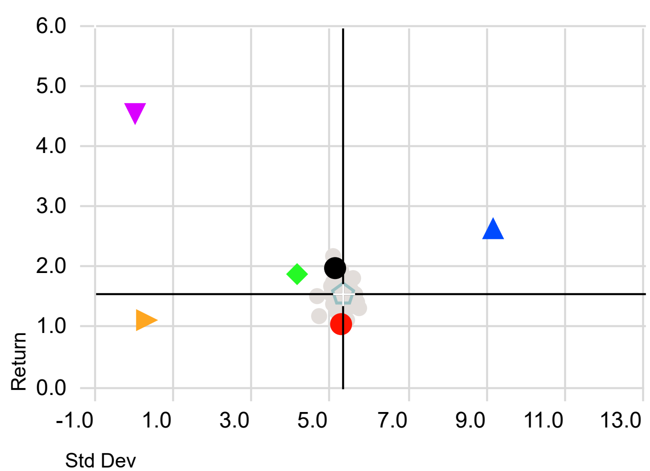
Rolling Window: 4 Years 3 Months shift



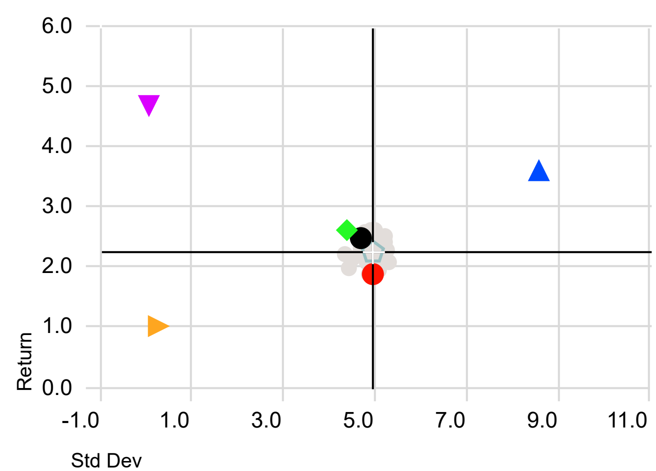
Risk-Reward 4-Year



Risk-Reward 7-Year



Risk-Reward 10-Year



▲ Mkt Corp
▶ Callable Short Term
◆ Non Mkt Imp
● FTSE Canada All Corp Bond
▼ Non Mkt Book
● FTSE Canada Universe Bond

Total Fixed Income

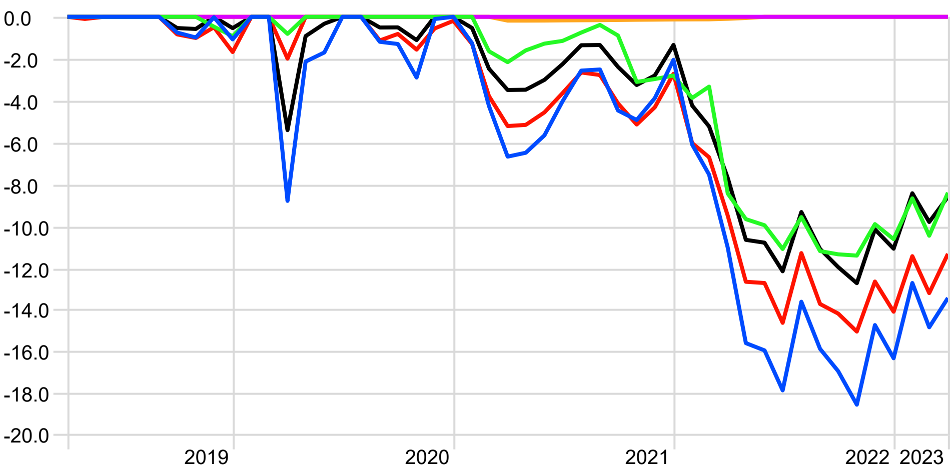
Manitoba Public Insurance

As of 3/31/2023

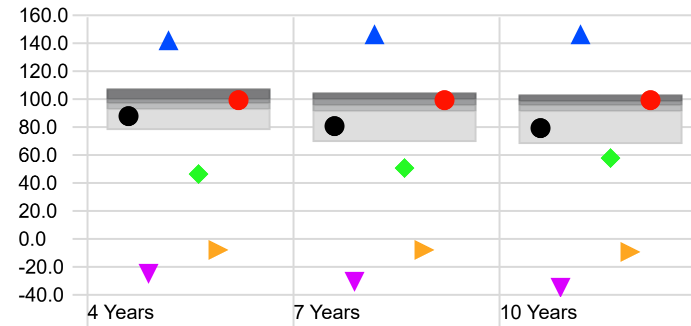
Market Statistics

Drawdown

Time Period: 4/1/2019 to 3/31/2023



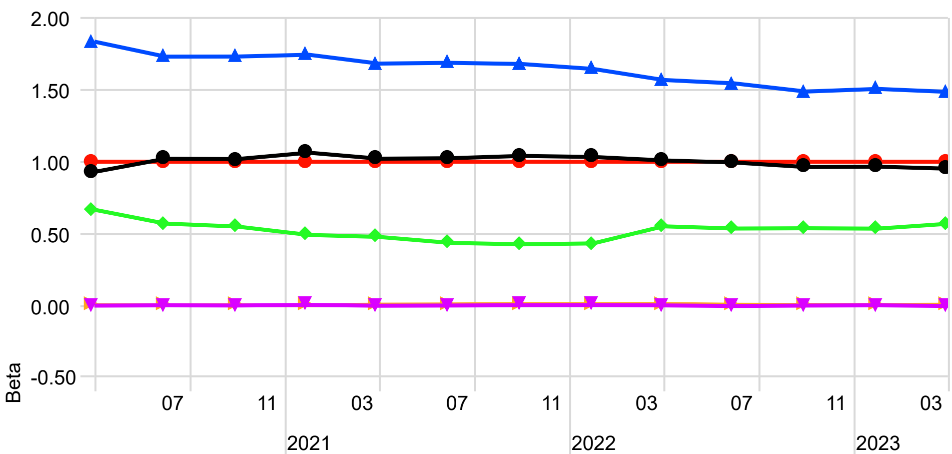
Down Capture



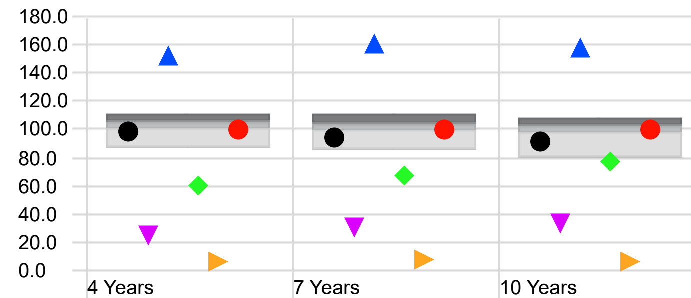
Mkt Corp	143.58	**100**	146.54	**100**	147.11	**100**
Non Mkt Imp	46.71	**2**	51.07	**3**	59.07	**3**
Non Mkt Book	-24.79	**1**	-29.59	**1**	-34.73	**1**
Callable Short Term	-6.33	**1**	-7.39	**1**	-7.92	**1**
FTSE Canada All Corp Bond	88.57	**14**	80.88	**9**	79.76	**9**
FTSE Canada Universe Bond	100.00	**72**	100.00	**78**	100.00	**81**
Median	97.44		96.13		95.35	

Beta

Rolling Window: 4 Years 3 Months shift



Up Capture



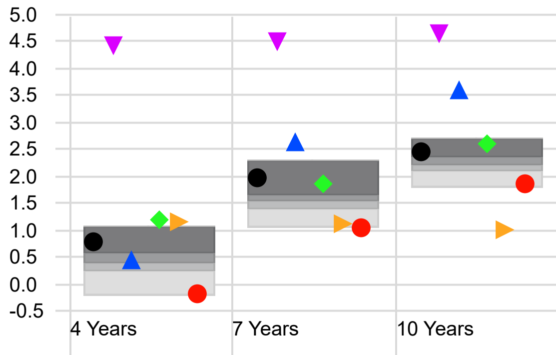
Mkt Corp	153.22	**1**	161.43	**1**	158.49	**1**
Non Mkt Imp	61.28	**98**	67.81	**98**	78.38	**95**
Non Mkt Book	25.33	**100**	31.00	**100**	34.31	**100**
Callable Short Term	7.13	**100**	7.91	**100**	7.58	**100**
FTSE Canada All Corp Bond	99.53	**81**	95.00	**83**	92.37	**85**
FTSE Canada Universe Bond	100.00	**78**	100.00	**66**	100.00	**62**
Median	104.69		102.90		101.72	

▲ Mkt Corp
◆ Non Mkt Imp
▼ Non Mkt Book
▶ Callable Short Term
● FTSE Canada All Corp Bond
● FTSE Canada Universe Bond

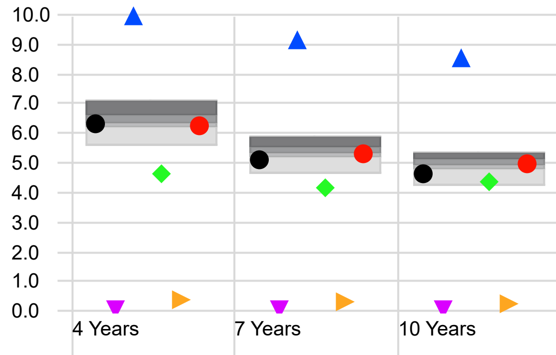
Total Fixed Income

Fund Statistics

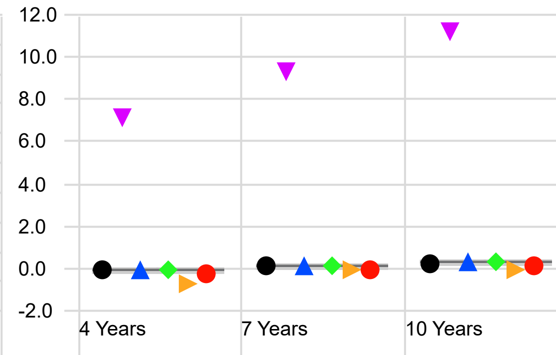
Return



Standard Deviation

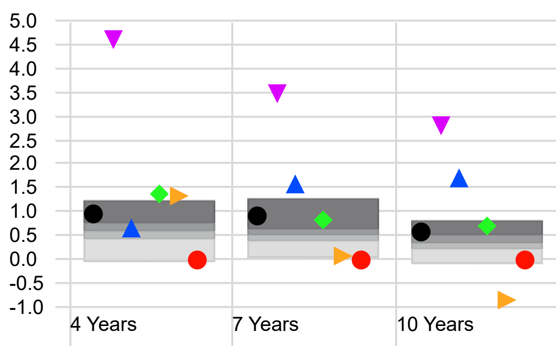


Sharpe Ratio

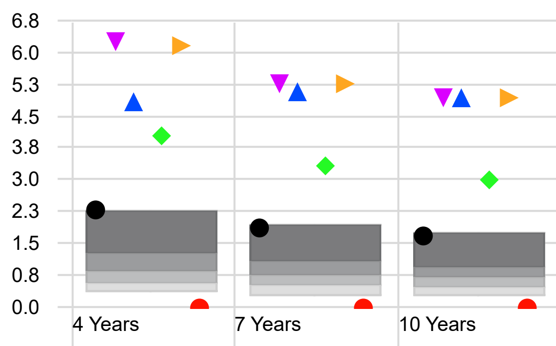


	Return 4 Years		Return 7 Years		Return 10 Years		Std Dev 4 Years		Std Dev 7 Years		Std Dev 10 Years		Sharpe 4 Years		Sharpe 7 Years		Sharpe 10 Years	
Mkt Corp	0.49	**38**	2.65	**2**	3.61	**2**	10.00	**100**	9.16	**100**	8.59	**100**	-0.03	**8**	0.21	**8**	0.34	**12**
Non Mkt Imp	1.21	**3**	1.88	**9**	2.61	**9**	4.68	**2**	4.17	**3**	4.39	**9**	0.00	**5**	0.20	**8**	0.38	**6**
Non Mkt Book	4.43	**1**	4.53	**1**	4.68	**1**	0.05	**1**	0.06	**1**	0.09	**1**	7.14	**1**	9.39	**1**	11.26	**1**
Callable Short Term	1.17	**3**	1.13	**94**	1.03	**100**	0.44	**1**	0.35	**1**	0.30	**1**	-0.62	**100**	-0.02	**98**	-0.03	**100**
FTSE Canada All Corp Bond	0.80	**15**	1.98	**8**	2.48	**17**	6.35	**46**	5.16	**21**	4.69	**14**	-0.05	**14**	0.19	**8**	0.33	**14**
FTSE Canada Universe Bond	-0.17	**92**	1.05	**94**	1.88	**91**	6.28	**34**	5.31	**40**	4.97	**53**	-0.20	**94**	0.01	**94**	0.19	**92**
Median	0.41		1.55		2.23		6.38		5.35		4.97		-0.11		0.11		0.27	

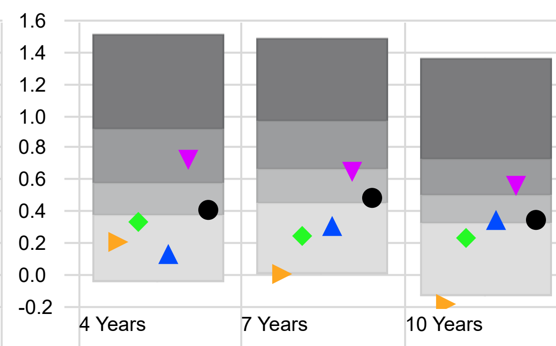
Excess Return



Tracking Error



Information Ratio



	Excess Return 4 Years		Excess Return 7 Years		Excess Return 10 Years		Tracking Error 4 Years		Tracking Error 7 Years		Tracking Error 10 Years		Info Ratio 4 Years		Info Ratio 7 Years		Info Ratio 10 Years	
Mkt Corp	0.66	**38**	1.61	**2**	1.73	**2**	4.87	**98**	5.09	**98**	4.97	**98**	0.14	**88**	0.32	**81**	0.35	**67**
Non Mkt Imp	1.38	**3**	0.84	**9**	0.73	**9**	4.04	**97**	3.33	**97**	3.01	**97**	0.34	**75**	0.25	**83**	0.24	**79**
Non Mkt Book	4.61	**1**	3.49	**1**	2.80	**1**	6.27	**98**	5.31	**98**	4.96	**98**	0.73	**41**	0.66	**50**	0.56	**38**
Callable Short Term	1.35	**3**	0.08	**94**	-0.85	**100**	6.20	**98**	5.26	**98**	4.94	**98**	0.22	**86**	0.02	**94**	-0.17	**95**
FTSE Canada All Corp Bond	0.97	**15**	0.93	**8**	0.60	**17**	2.31	**95**	1.90	**92**	1.72	**92**	0.42	**67**	0.49	**65**	0.35	**66**
FTSE Canada Universe Bond	0.00	**92**	0.00	**94**	0.00	**91**	0.00	**1**	0.00	**1**	0.00	**1**	—	**—**	—	**—**	—	**—**
Median	0.58		0.51		0.35		0.86		0.76		0.68		0.58		0.67		0.50	

▲ Mkt Corp
◆ Non Mkt Imp
▼ Non Mkt Book
► Callable Short Term
● FTSE Canada All Corp Bond
● FTSE Canada Universe Bond

Canadian Equity

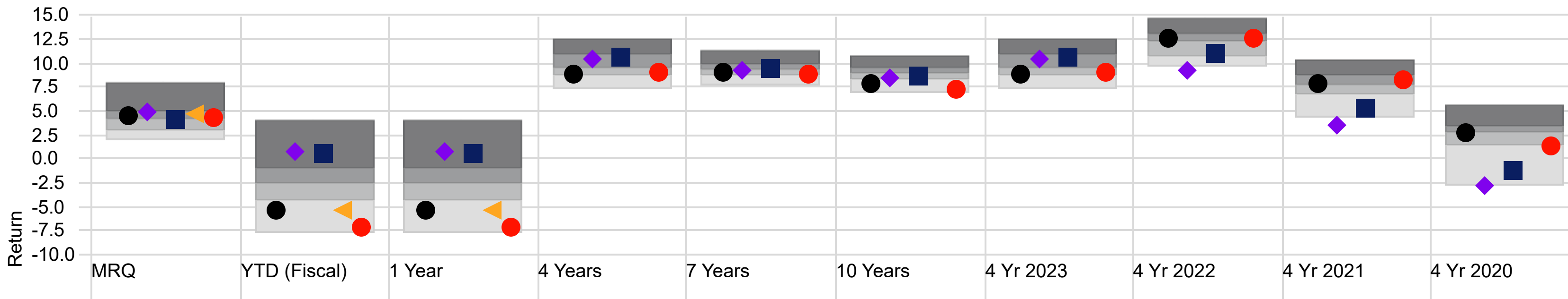
Manitoba Public Insurance

As of 3/31/2023

Returns

Trailing Performance

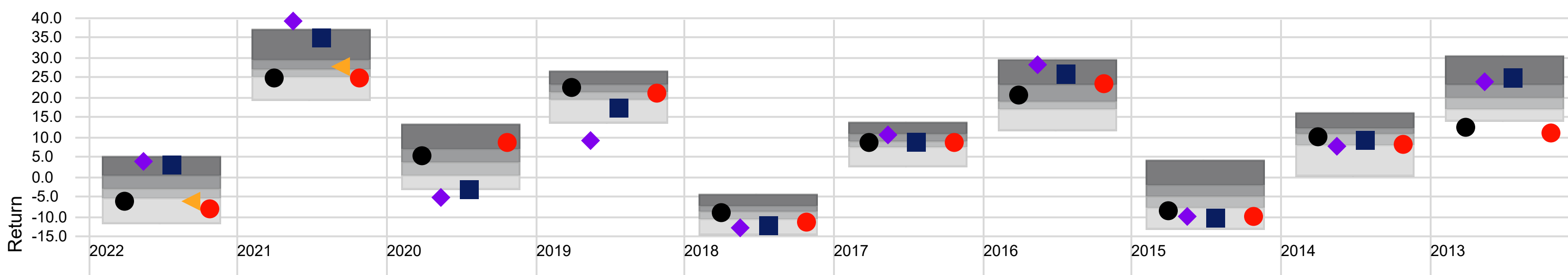
Peer Group (5-95%): Universe - Canadian Equity



	MRQ		YTD (Fiscal)		1 Year		4 Years		7 Years		10 Years		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
Canadian Equity	4.22	**49**	0.65	**14**	0.65	**14**	10.66	**26**	9.49	**39**	8.81	**52**	10.66	**26**	11.12	**72**	5.36	**88**	-1.19	**90**
FGP Canadian Equity	4.91	**22**	0.92	**11**	0.92	**11**	10.50	**29**	9.24	**51**	8.47	**66**	10.50	**29**	9.28	**95**	3.69	**98**	-2.62	**94**
S&P/TSX 60 ETF	4.76	**32**	-5.26	**89**	-5.26	**89**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
S&P/TSX Capped Comp.	4.55	**39**	-5.17	**87**	-5.17	**87**	8.98	**64**	9.10	**57**	7.86	**87**	8.98	**64**	12.61	**37**	8.01	**34**	2.85	**48**
Custom CNEQ Bmk	4.44	**40**	-7.08	**92**	-7.08	**92**	9.07	**61**	8.99	**62**	7.39	**93**	9.07	**61**	12.75	**32**	8.27	**31**	1.45	**76**
Median	4.18		-2.51		-2.51		9.50		9.27		8.88		9.50		12.22		7.65		2.76	

Calendar Year Performance

Peer Group (5-95%): Universe - Canadian Equity



	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Canadian Equity	3.26	**9**	35.12	**8**	-2.93	**94**	17.42	**84**	-12.18	**85**	9.12	**52**	25.99	**17**	-10.04	**89**	9.25	**67**	25.14	**18**
FGP Canadian Equity	4.13	**7**	39.39	**3**	-5.06	**98**	9.36	**98**	-12.46	**89**	10.83	**21**	28.64	**7**	-9.63	**87**	8.03	**78**	24.08	**20**
S&P/TSX 60 ETF	-6.00	**84**	27.89	**38**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
S&P/TSX Capped Comp.	-5.84	**84**	25.09	**72**	5.60	**37**	22.88	**30**	-8.89	**55**	9.10	**52**	21.08	**40**	-8.32	**79**	10.55	**55**	12.99	**97**
Custom CNEQ Bmk	-7.51	**90**	24.97	**75**	9.11	**13**	21.46	**49**	-10.89	**81**	8.93	**53**	23.94	**19**	-9.55	**87**	8.57	**72**	11.13	**98**
Median	-2.82		27.01		3.52		21.43		-8.75		9.18		18.86		-4.97		10.85		20.09	

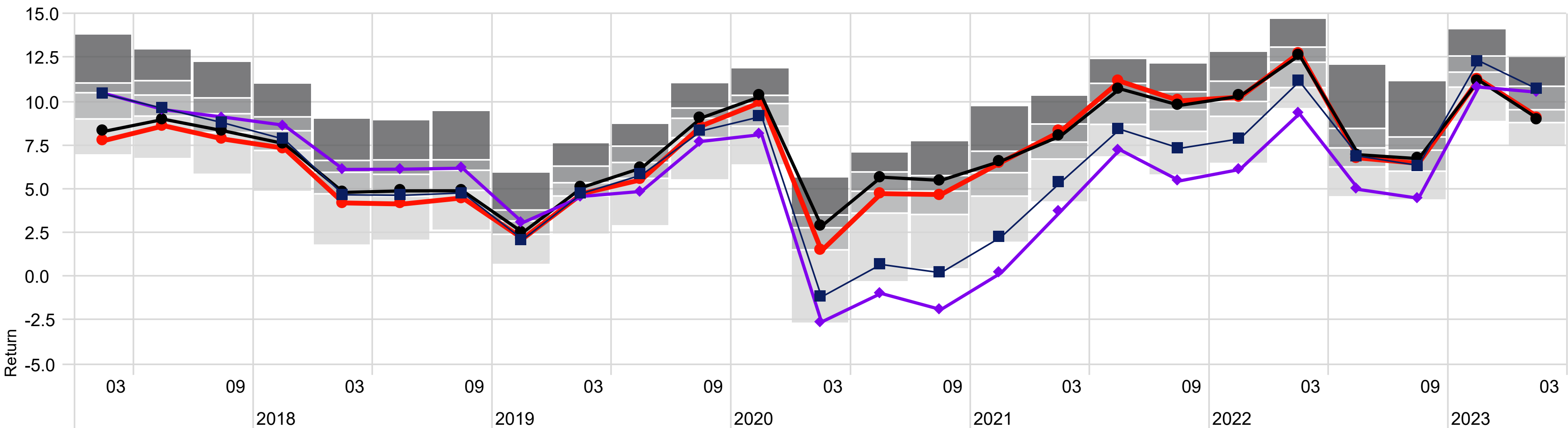
■ Canadian Equity ◆ FGP Canadian Equity ◀ S&P/TSX 60 ETF ● S&P/TSX Capped Comp. ● Custom CNEQ Bmk

Canadian Equity

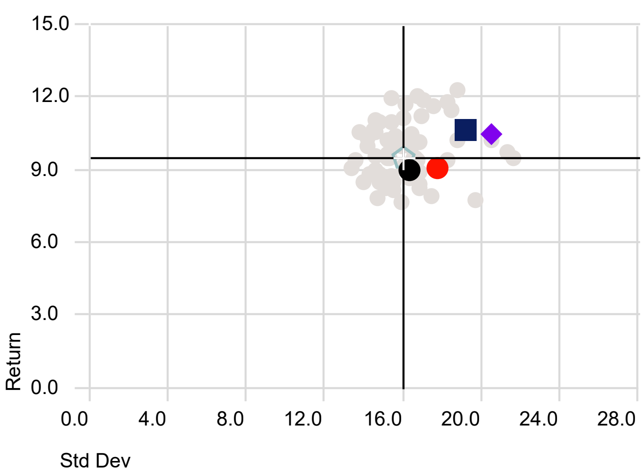
Four Year Rolling Returns & Risk vs Reward

Rolling Returns

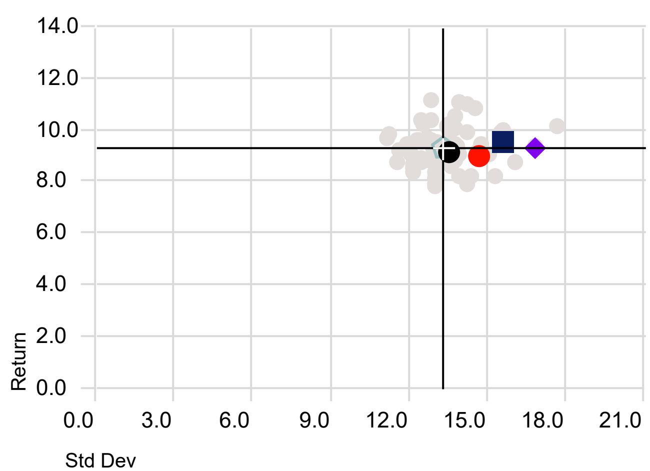
Rolling Window: 4 Years 3 Months shift



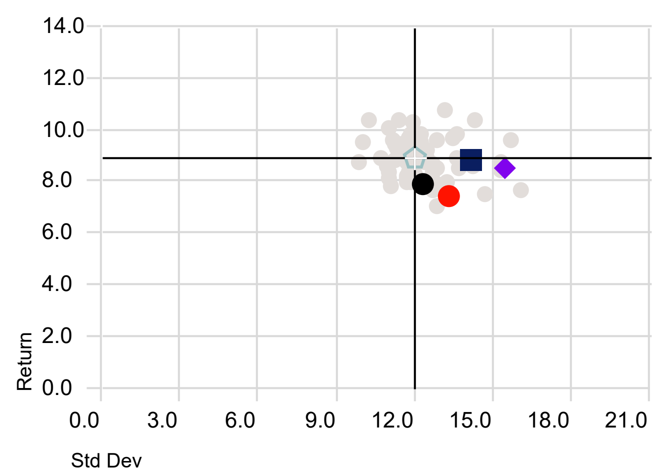
Risk-Reward 4-Year



Risk-Reward 7-Year



Risk-Reward 10-Year



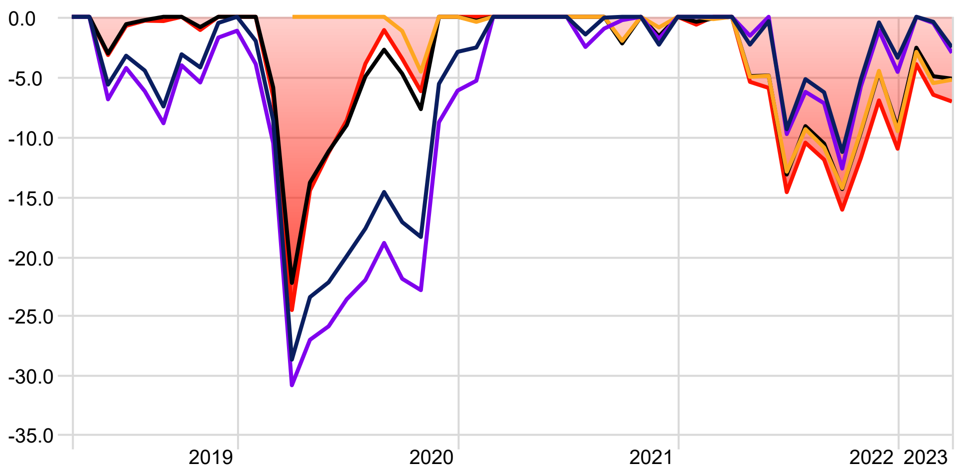
Canadian Equity
FGP Canadian Equity
S&P/TSX 60 ETF
S&P/TSX Capped Comp.
Custom CNEQ Bmk

Canadian Equity

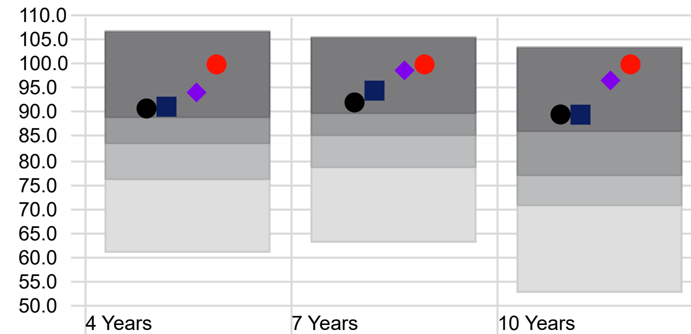
Market Statistics

Drawdown

Time Period: 4/1/2019 to 3/31/2023



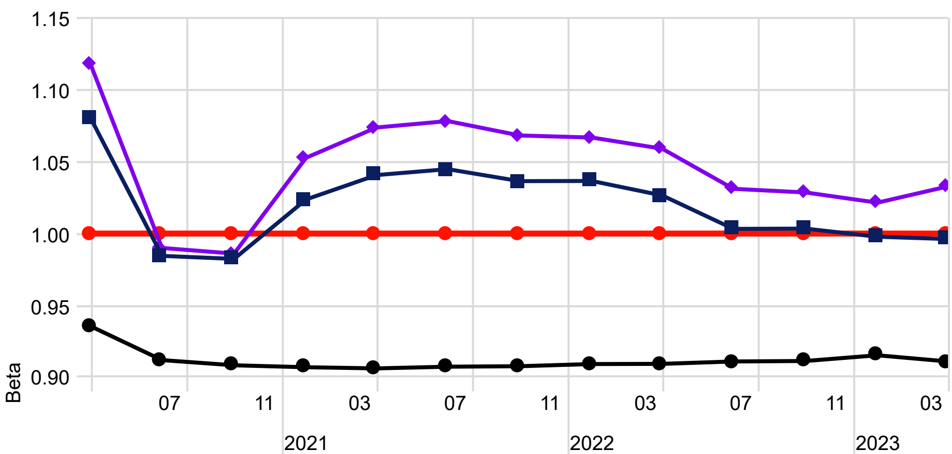
Down Capture



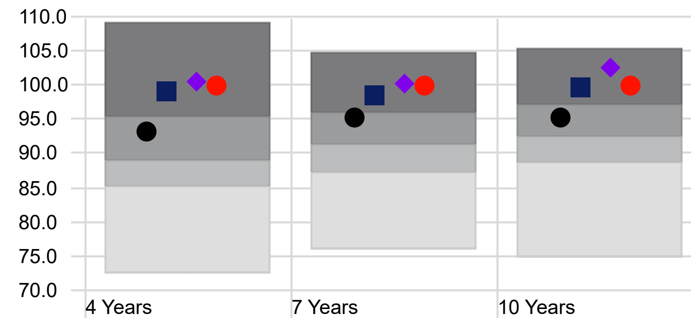
	4 Years		7 Years		10 Years	
Canadian Equity	91.27	**83**	94.50	**85**	89.90	**82**
FGP Canadian Equity	94.13	**87**	98.95	**90**	96.65	**91**
S&P/TSX 60 ETF	—	**—**	—	**—**	—	**—**
S&P/TSX Capped Comp.	90.87	**81**	92.09	**81**	89.94	**82**
Custom CNEQ Bmk	100.00	**91**	100.00	**91**	100.00	**93**
Median	83.53		85.14		76.82	

Beta

Rolling Window: 4 Years 3 Months shift



Up Capture



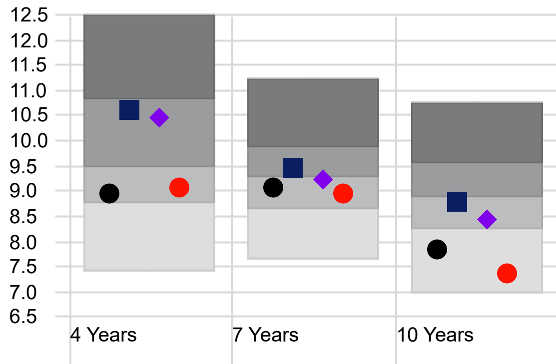
	4 Years		7 Years		10 Years	
Canadian Equity	99.32	**14**	98.64	**15**	99.86	**14**
FGP Canadian Equity	100.78	**11**	100.40	**11**	102.78	**9**
S&P/TSX 60 ETF	—	**—**	—	**—**	—	**—**
S&P/TSX Capped Comp.	93.27	**34**	95.49	**29**	95.51	**34**
Custom CNEQ Bmk	100.00	**14**	100.00	**13**	100.00	**14**
Median	89.06		91.40		92.53	

■ Canadian Equity ◆ FGP Canadian Equity ◀ S&P/TSX 60 ETF ● S&P/TSX Capped Comp. ● Custom CNEQ Bmk

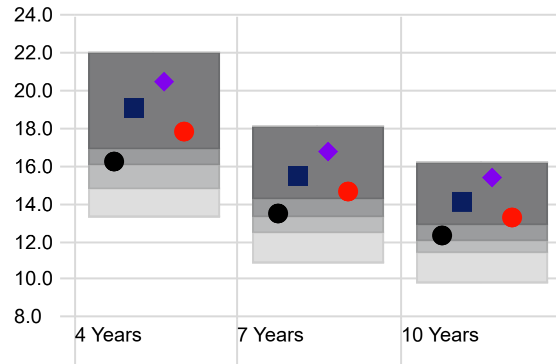
Canadian Equity

Fund Statistics

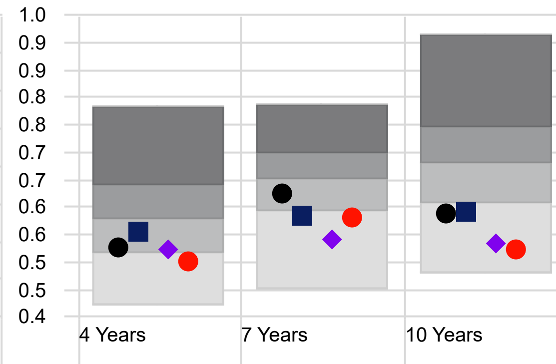
Return



Standard Deviation

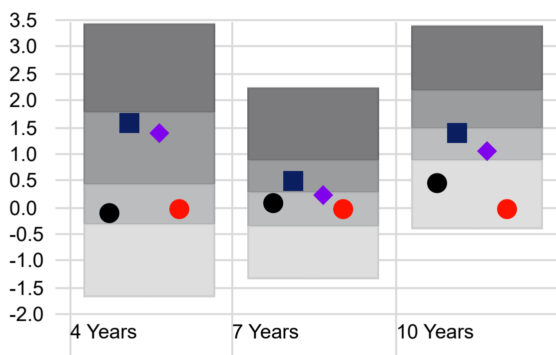


Sharpe Ratio

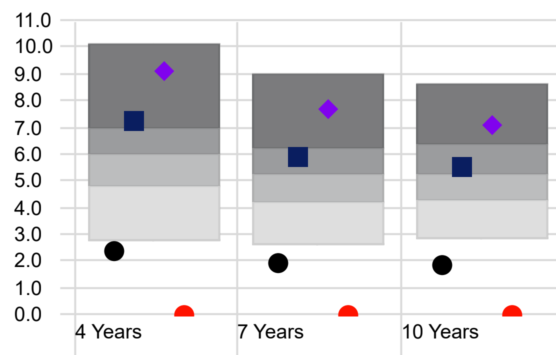


	Return 4 Years	Rank	Return 7 Years	Rank	Return 10 Years	Rank	Std Dev 4 Years	Rank	Std Dev 7 Years	Rank	Std Dev 10 Years	Rank	Sharpe 4 Years	Rank	Sharpe 7 Years	Rank	Sharpe 10 Years	Rank
Canadian Equity	10.66	**26**	9.49	**39**	8.81	**52**	19.16	**89**	15.60	**87**	14.15	**85**	0.56	**57**	0.59	**77**	0.60	**78**
FGP Canadian Equity	10.50	**29**	9.24	**51**	8.47	**66**	20.51	**90**	16.85	**91**	15.43	**92**	0.53	**71**	0.54	**87**	0.54	**87**
S&P/TSX 60 ETF	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
S&P/TSX Capped Comp.	8.98	**64**	9.10	**57**	7.86	**87**	16.33	**56**	13.57	**55**	12.33	**56**	0.53	**69**	0.63	**63**	0.59	**78**
Custom CNEQ Bmk	9.07	**61**	8.99	**62**	7.39	**93**	17.82	**81**	14.66	**80**	13.35	**78**	0.50	**81**	0.58	**77**	0.52	**88**
Median	9.50		9.27		8.88		16.04		13.30		12.04		0.58		0.65		0.68	

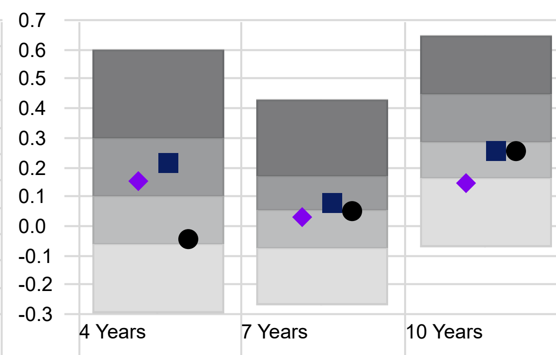
Excess Return



Tracking Error



Information Ratio



	Excess Return 4 Years	Rank	Excess Return 7 Years	Rank	Excess Return 10 Years	Rank	Tracking Error 4 Years	Rank	Tracking Error 7 Years	Rank	Tracking Error 10 Years	Rank	Info Ratio 4 Years	Rank	Info Ratio 7 Years	Rank	Info Ratio 10 Years	Rank
Canadian Equity	1.58	**26**	0.50	**39**	1.42	**52**	7.28	**80**	5.88	**66**	5.51	**59**	0.22	**36**	0.08	**43**	0.26	**56**
FGP Canadian Equity	1.42	**29**	0.25	**51**	1.08	**66**	9.14	**90**	7.68	**90**	7.09	**87**	0.16	**44**	0.03	**52**	0.15	**76**
S&P/TSX 60 ETF	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
S&P/TSX Capped Comp.	-0.10	**64**	0.11	**57**	0.48	**87**	2.37	**1**	1.96	**1**	1.86	**1**	-0.04	**69**	0.05	**49**	0.26	**56**
Custom CNEQ Bmk	0.00	**61**	0.00	**62**	0.00	**93**	0.00	**1**	0.00	**1**	0.00	**1**	—	**—**	—	**—**	—	**—**
Median	0.43		0.28		1.49		5.95		5.24		5.25		0.10		0.05		0.28	

■ Canadian Equity ◆ FGP Canadian Equity ◀ S&P/TSX 60 ETF ● S&P/TSX Capped Comp. ● Custom CNEQ Bmk

Canadian Large Cap

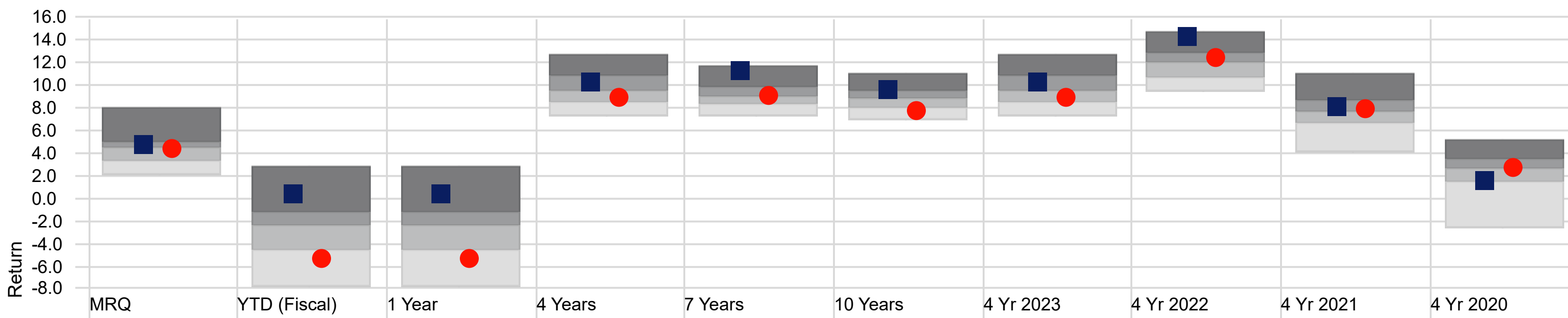
Manitoba Public Insurance

As of 3/31/2023

Returns

Trailing Performance

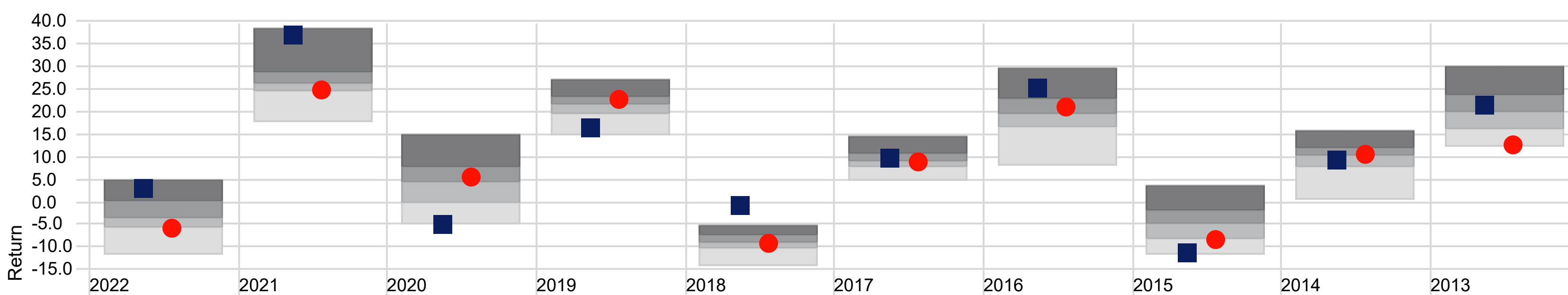
Peer Group (5-95%): Universe - Canadian Large Cap Equity



	MRQ		YTD (Fiscal)		1 Year		4 Years		7 Years		10 Years		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020
Canadian Large Cap	4.88	**29**	0.44	**13**	0.44	**13**	10.43	**32**	11.34	**7**	9.75	**16**	10.43	**32**	14.46	**8**	8.13	**33**	1.69
S&P/TSX Capped Comp.	4.55	**37**	-5.17	**84**	-5.17	**84**	8.98	**64**	9.10	**49**	7.86	**83**	8.98	**64**	12.61	**34**	8.01	**38**	2.85
Median	4.42		-2.39		-2.39		9.48		9.08		8.77		9.48		12.03		7.60		2.64

Calendar Year Performance

Peer Group (5-95%): Universe - Canadian Large Cap Equity



	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Canadian Large Cap	3.17	**12**	37.14	**8**	-4.72	**93**	16.57	**91**	-0.62	**1**	9.83	**39**	25.29	**19**	-11.30	**94**	9.54	**59**	21.58	**39**
S&P/TSX Capped Comp.	-5.84	**77**	25.09	**67**	5.60	**38**	22.88	**34**	-8.89	**51**	9.10	**51**	21.08	**35**	-8.32	**78**	10.55	**44**	12.99	**90**
Median	-3.47		26.46		4.34		21.76		-8.86		9.10		19.59		-4.70		10.33		19.81	

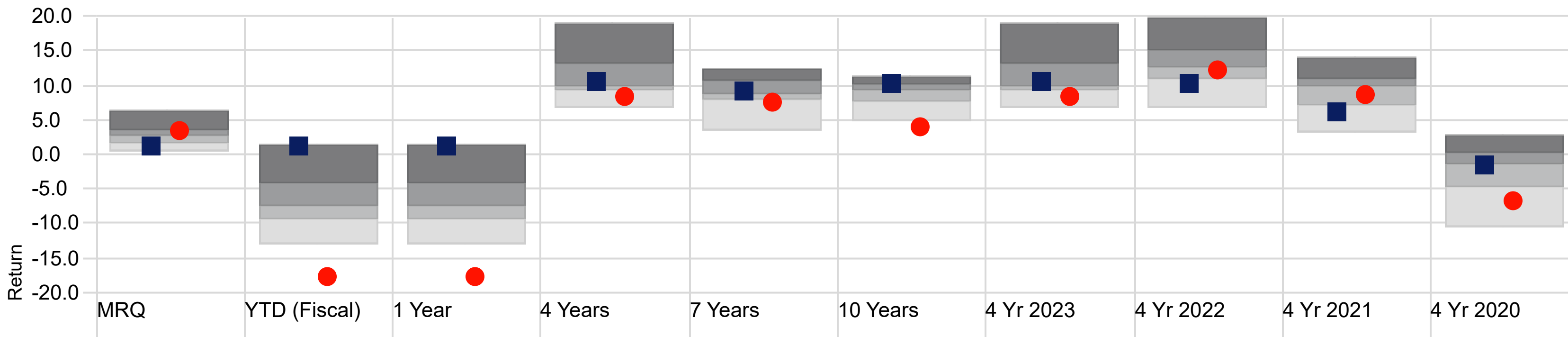
■ Canadian Large Cap ● S&P/TSX Capped Comp.

Canadian Small Cap

Returns

Trailing Performance

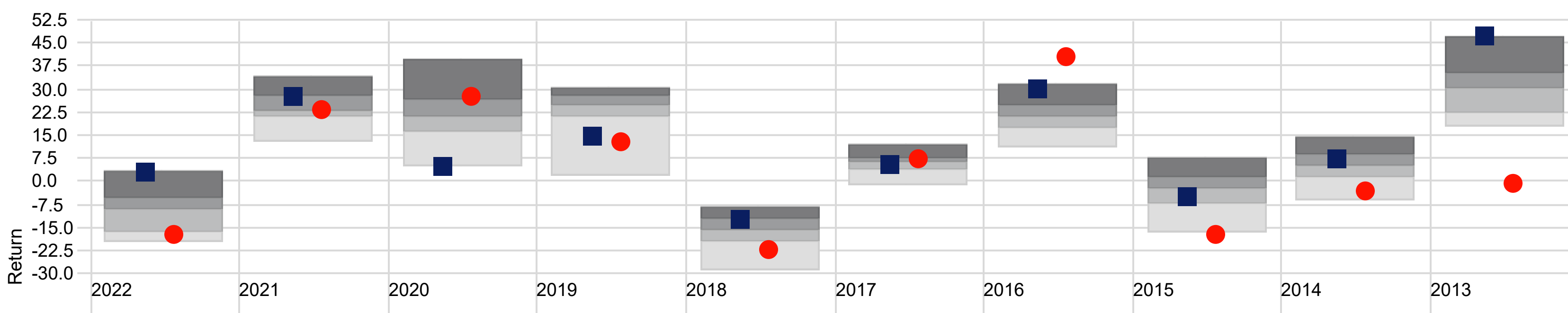
Peer Group (5-95%): Universe - Canadian Small Cap Equity



	MRQ		YTD (Fiscal)		1 Year		4 Years		7 Years		10 Years		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
QV Small Cap CNEQ	1.43	**76**	1.35	**5**	1.35	**5**	10.82	**38**	9.29	**34**	10.36	**24**	10.82	**38**	10.53	**82**	6.25	**86**	-1.44	**54**
BMO Small Cap Blended (UW)	3.70	**24**	-17.55	**100**	-17.55	**100**	8.50	**85**	7.62	**76**	4.06	**95**	8.50	**85**	12.44	**55**	8.72	**59**	-6.72	**87**
Median	2.67		-7.30		-7.30		9.99		8.71		9.20		9.99		12.70		9.75		-1.39	

Calendar Year Performance

Peer Group (5-95%): Universe - Canadian Small Cap Equity



	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
QV Small Cap CNEQ	3.61	**10**	27.60	**32**	5.26	**95**	15.07	**88**	-12.16	**28**	5.88	**50**	30.04	**8**	-4.41	**68**	7.62	**29**	47.49	**8**
BMO Small Cap Blended (UW)	-16.72	**82**	23.70	**41**	27.76	**19**	13.26	**88**	-21.68	**84**	7.85	**23**	40.57	**4**	-16.63	**92**	-2.53	**85**	-0.46	**96**
Median	-9.07		23.16		20.85		24.67		-15.88		6.28		21.28		-1.90		5.28		30.35	

■ QV Small Cap CNEQ ● BMO Small Cap Blended (UW)

Global Equity

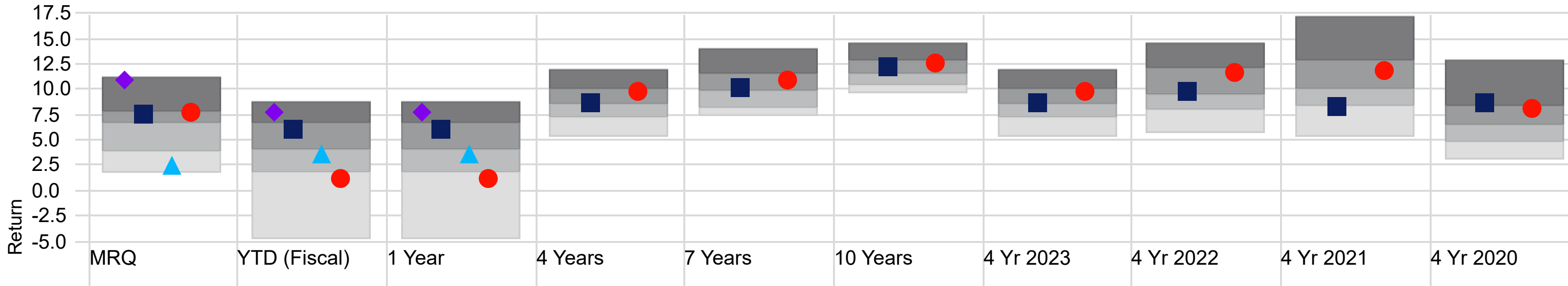
Manitoba Public Insurance

As of 3/31/2023

Returns

Trailing Performance

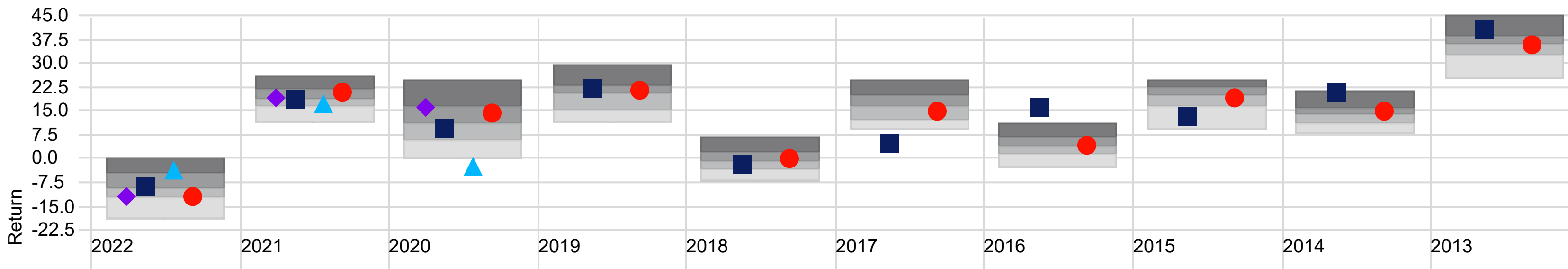
Peer Group (5-95%): Universe - Global Equity



	MRQ		YTD (Fiscal)		1 Year		4 Years		7 Years		10 Years		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
Global Equity	7.65	**29**	6.21	**29**	6.21	**29**	8.75	**49**	10.29	**45**	12.38	**35**	8.75	**49**	9.91	**42**	8.42	**72**	8.83	**22**
Acadian Global Equity	2.56	**89**	3.73	**58**	3.73	**58**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
Guardian Global Equity	10.93	**7**	7.82	**16**	7.82	**16**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
MSCI World (C$)	7.75	**29**	1.27	**80**	1.27	**80**	9.93	**34**	11.03	**31**	12.62	**33**	9.93	**34**	11.82	**27**	11.94	**33**	8.14	**26**
Median	6.69		4.13		4.13		8.61		9.84		11.51		8.61		9.44		10.06		6.55	

Calendar Year Performance

Peer Group (5-95%): Universe - Global Equity



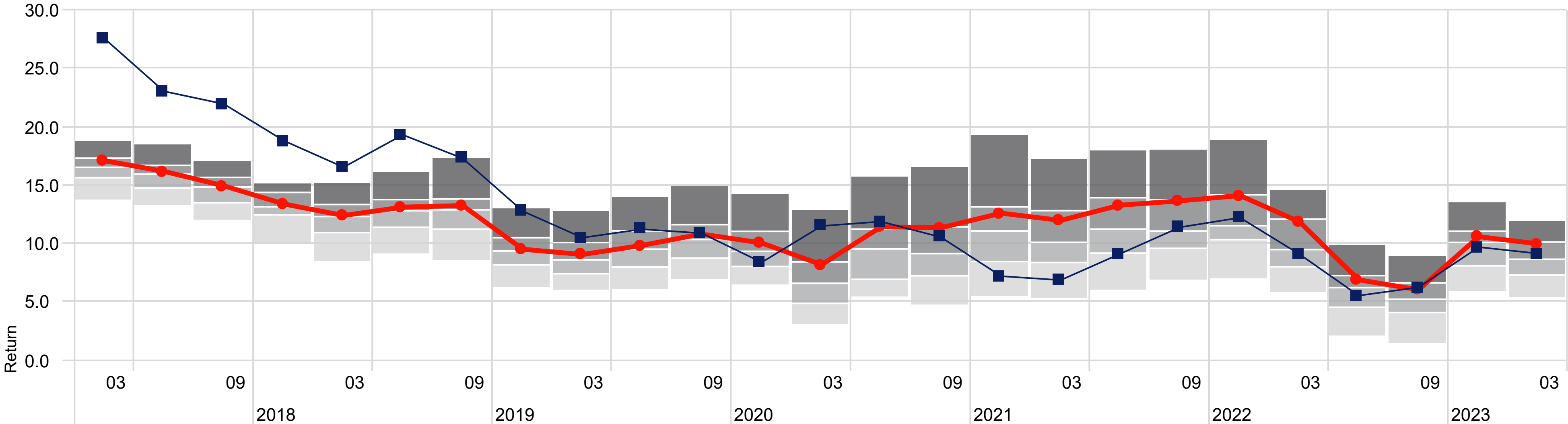
	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Global Equity	-8.57	**47**	18.72	**50**	9.62	**55**	22.46	**28**	-1.44	**56**	4.90	**100**	16.58	**1**	13.63	**90**	21.43	**7**	41.06	**14**
Acadian Global Equity	-3.04	**23**	17.54	**65**	-2.33	**97**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
Guardian Global Equity	-11.69	**67**	19.34	**46**	16.53	**28**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**
MSCI World (C$)	-11.75	**69**	21.31	**28**	14.45	**36**	21.91	**33**	0.06	**44**	14.99	**58**	4.41	**45**	19.55	**53**	15.01	**38**	35.91	**51**
Median	-9.41		18.74		11.21		20.36		-0.62		16.25		3.57		19.76		14.00		35.95	

■ Global Equity ▲ Acadian Global Equity ◆ Guardian Global Equity ● MSCI World (C$)

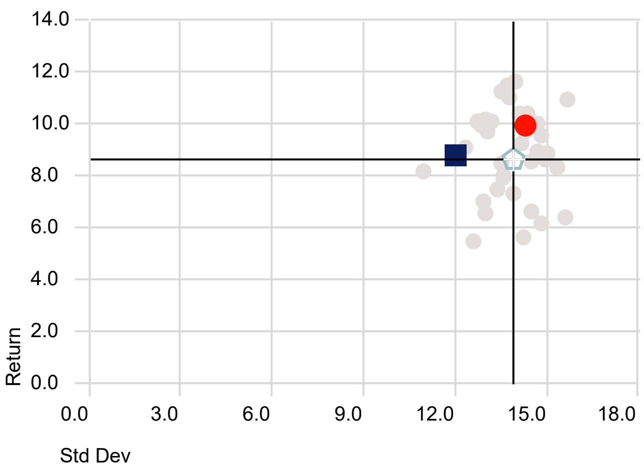
Four Year Rolling Returns & Risk vs Reward

Rolling Returns

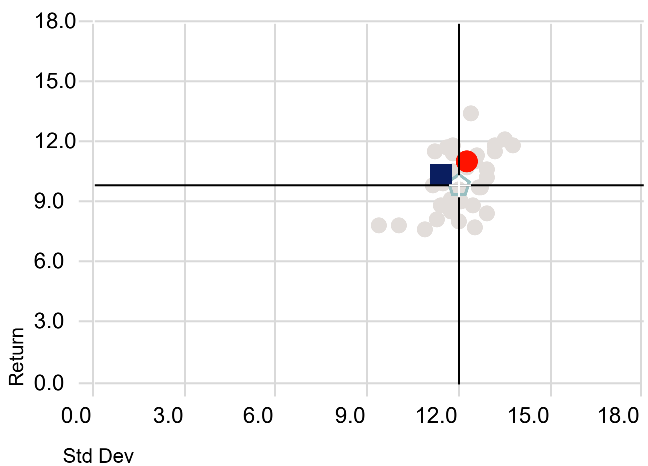
Rolling Window: 4 Years 3 Months shift



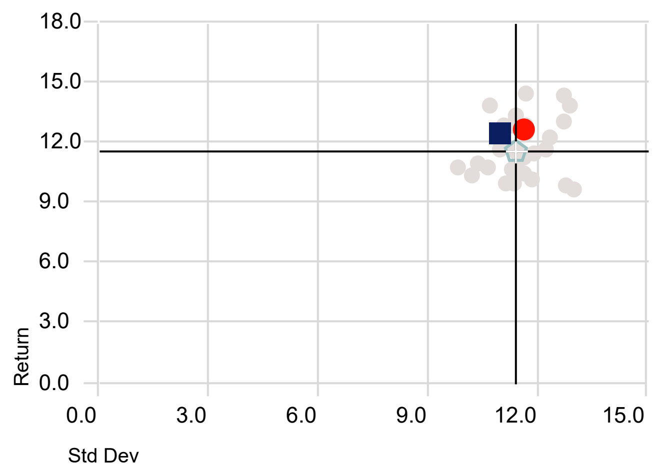
Risk-Reward 4-Year



Risk-Reward 7-Year



Risk-Reward 10-Year

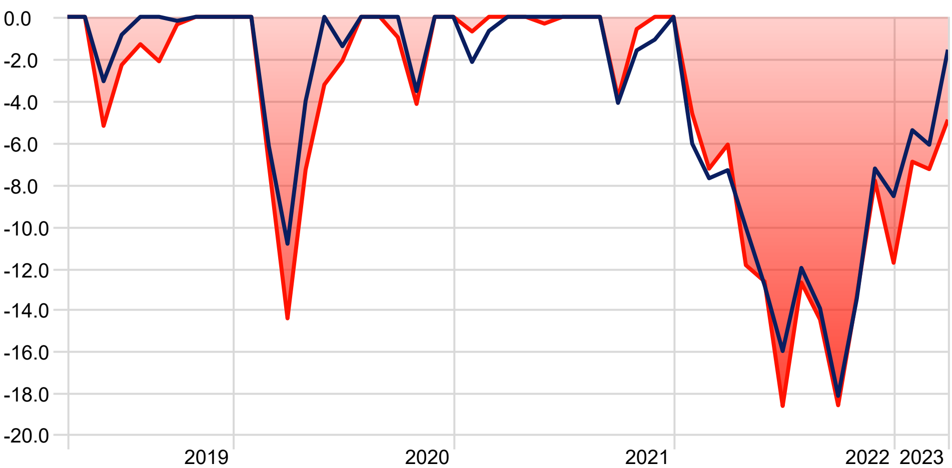


Global Equity MSCI World (C$)

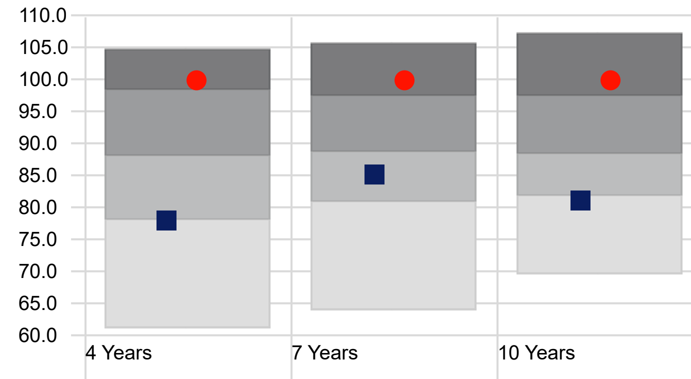
Market Statistics

Drawdown

Time Period: 4/1/2019 to 3/31/2023



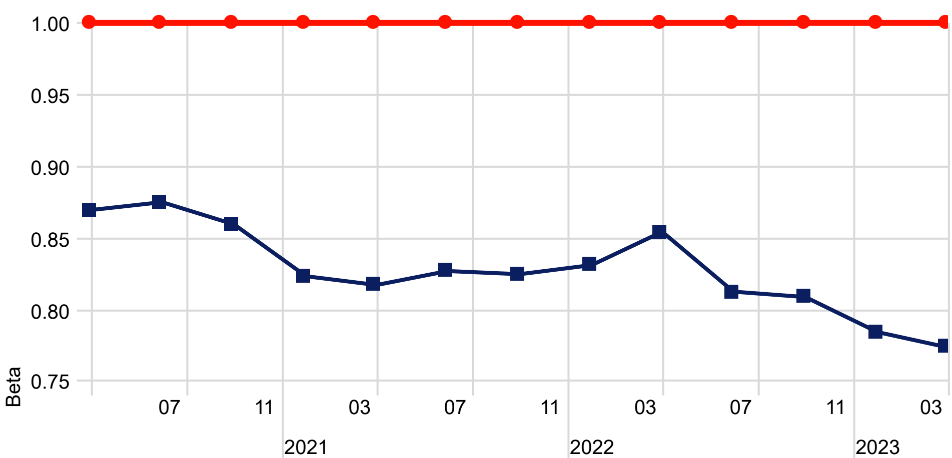
Down Capture



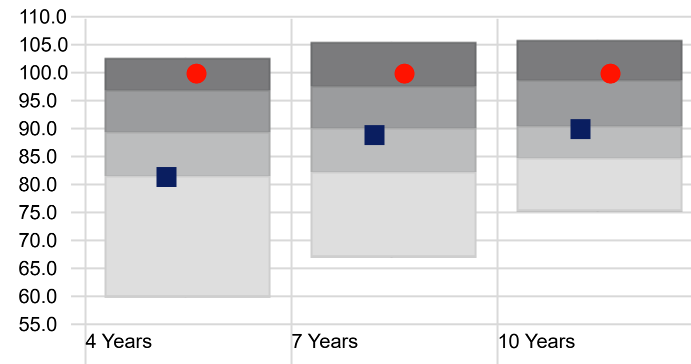
	4 Years		7 Years		10 Years	
Global Equity	60.00	**16**	72.40	**51**	78.67	**62**
Median	78.23		72.20		76.14	

Beta

Rolling Window: 4 Years 3 Months shift



Up Capture



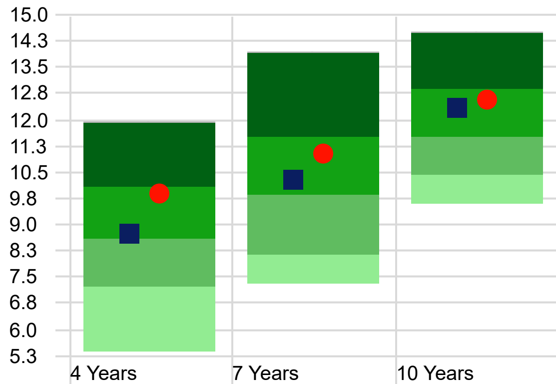
	4 Years		7 Years		10 Years	
Global Equity	74.95	**86**	86.00	**45**	90.46	**30**
Median	89.66		84.55		86.68	

■ Global Equity ● MSCI World (C$)

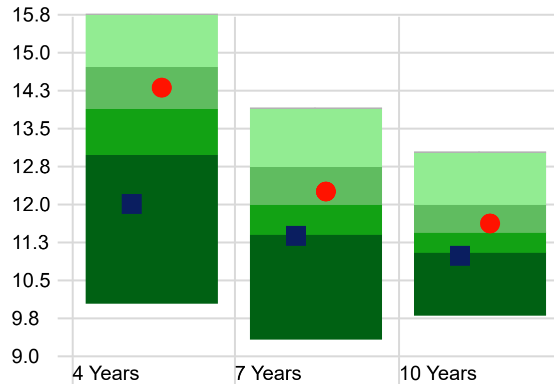
Global Equity

Fund Statistics

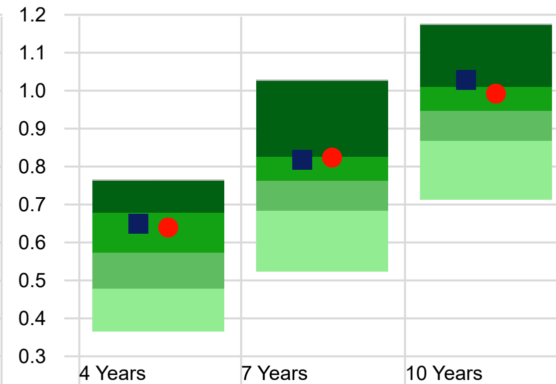
Return



Standard Deviation

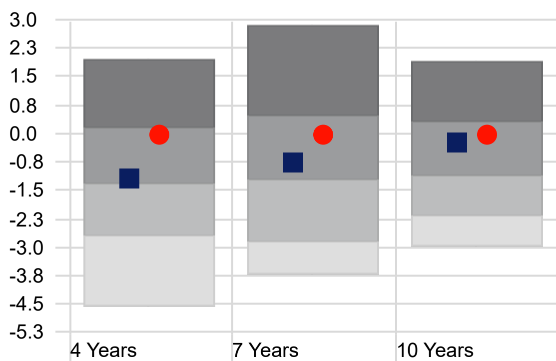


Sharpe Ratio

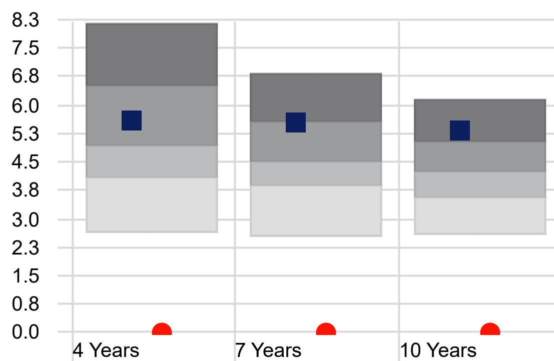


	Return 4 Years	Rank	Return 7 Years	Rank	Return 10 Years	Rank	Std Dev 4 Years	Rank	Std Dev 7 Years	Rank	Std Dev 10 Years	Rank	Sharpe 4 Years	Rank	Sharpe 7 Years	Rank	Sharpe 10 Years	Rank
Global Equity	8.75	**49**	10.29	**45**	12.38	**35**	12.01	**12**	11.38	**23**	10.98	**20**	0.65	**40**	0.82	**31**	1.03	**23**
MSCI World (C$)	9.93	**34**	11.03	**31**	12.62	**33**	14.31	**64**	12.27	**56**	11.62	**55**	0.64	**40**	0.82	**29**	1.00	**30**
Median	8.61		9.84		11.51		13.89		12.01		11.42		0.57		0.76		0.95	

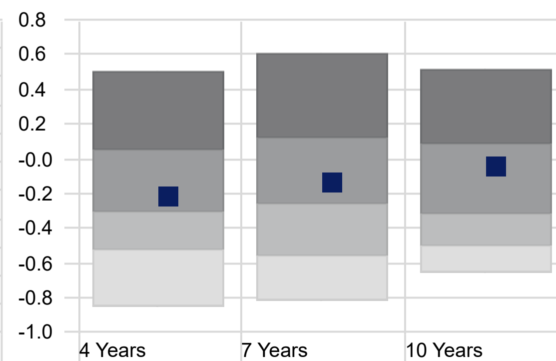
Excess Return



Tracking Error



Information Ratio



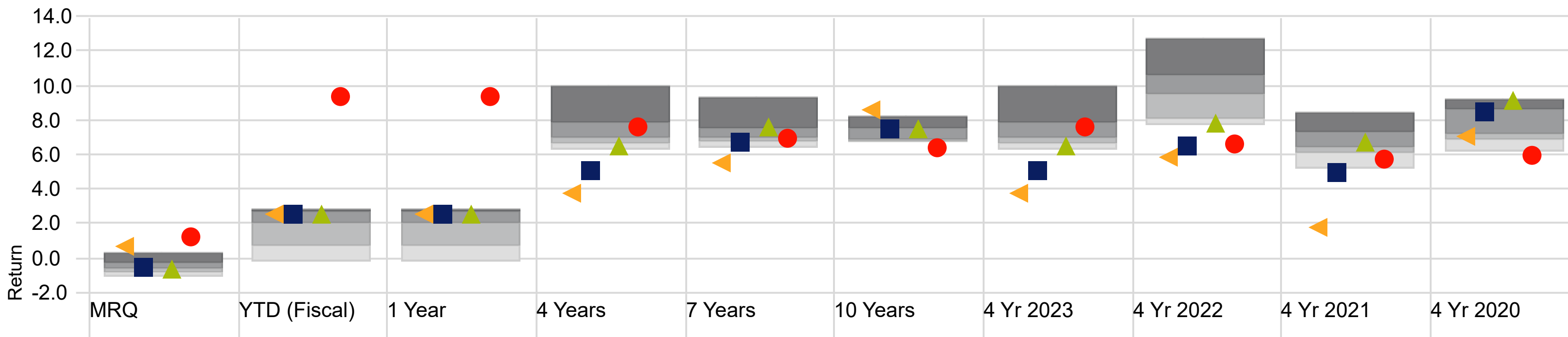
	Excess Return 4 Years	Rank	Excess Return 7 Years	Rank	Excess Return 10 Years	Rank	Tracking Error 4 Years	Rank	Tracking Error 7 Years	Rank	Tracking Error 10 Years	Rank	Info Ratio 4 Years	Rank	Info Ratio 7 Years	Rank	Info Ratio 10 Years	Rank
Global Equity	-1.19	**49**	-0.74	**45**	-0.24	**35**	9.54	**80**	7.23	**53**	6.09	**25**	0.09	**53**	0.10	**45**	0.07	**35**
MSCI World (C$)	0.00	**34**	0.00	**31**	0.00	**33**	7.48		7.15		6.61		0.10		0.04		-0.08	
Median	-1.32		-1.20		-1.11													

■ Global Equity ● MSCI World (C$)

Returns

Trailing Performance

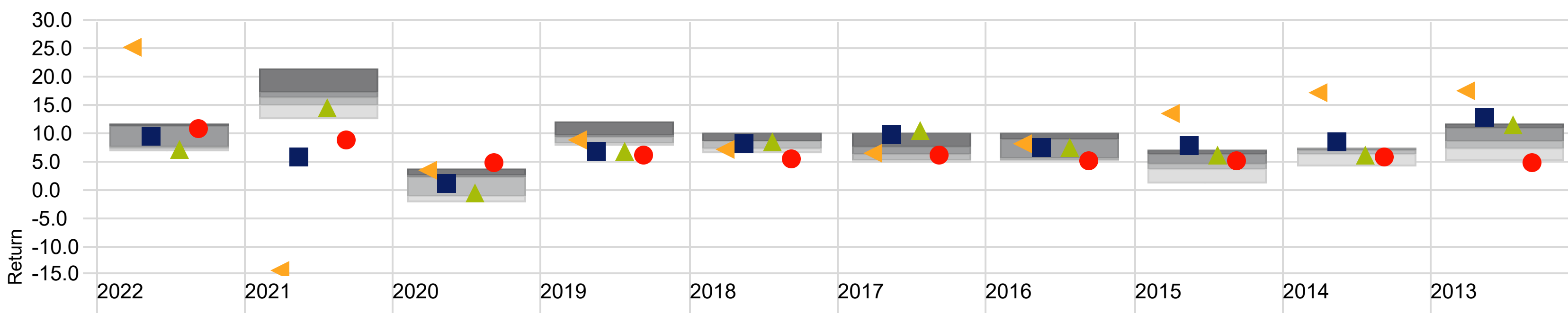
Peer Group (5-95%): Universe - Real Estate



	MRQ		YTD (Fiscal)		1 Year		4 Years		7 Years		10 Years		4 Yr 2023		4 Yr 2022		4 Yr 2021		4 Yr 2020	
Real Estate	-0.46	**34**	2.56	**50**	2.56	**50**	5.15	**100**	6.74	**67**	7.49	**40**	5.15	**100**	6.57	**100**	5.06	**85**	8.53	**29**
TD Greystone Real Estate	-0.62	**34**	2.58	**50**	2.58	**50**	6.55	**83**	7.69	**34**	7.58	**40**	6.55	**83**	7.84	**85**	6.72	**43**	9.17	**29**
MPI Real Estate	0.74	**1**	2.55	**50**	2.55	**50**	3.84	**100**	5.57	**100**	8.61	**1**	3.84	**100**	5.86	**100**	1.81	**100**	7.14	**57**
CAN CPI + 4.00%	1.30	**1**	9.45	**1**	9.45	**1**	7.67	**34**	6.94	**50**	6.43	**100**	7.67	**34**	6.70	**100**	5.80	**71**	6.05	**85**
Median	-0.62		2.09		2.09		6.99		7.00		6.86		6.99		9.46		6.44		7.24	

Calendar Year Performance

Peer Group (5-95%): Universe - Real Estate



	2022		2021		2020		2019		2018		2017		2016		2015		2014		2013	
Real Estate	9.47	**38**	5.86	**100**	1.08	**62**	6.94	**100**	8.38	**57**	9.80	**15**	7.75	**29**	7.94	**1**	8.74	**1**	12.97	**1**
TD Greystone Real Estate	7.41	**50**	14.60	**87**	-0.40	**62**	7.04	**100**	8.66	**29**	10.64	**15**	7.72	**43**	6.33	**29**	6.29	**57**	11.69	**1**
MPI Real Estate	25.49	**1**	-14.15	**100**	3.66	**13**	9.06	**57**	7.25	**71**	6.68	**29**	8.14	**29**	13.49	**1**	17.27	**1**	17.51	**1**
CAN CPI + 4.00%	11.06	**38**	8.91	**100**	5.00	**1**	6.26	**100**	5.76	**100**	6.18	**57**	5.23	**100**	5.41	**43**	6.03	**71**	4.94	**80**
Median	7.54		16.34		2.23		9.12		8.60		6.32		5.61		4.65		6.93		8.55	

■ Real Estate ▲ TD Greystone Real Estate ◀ MPI Real Estate ● CAN CPI + 4.00%

Alternatives

Trailing Performance

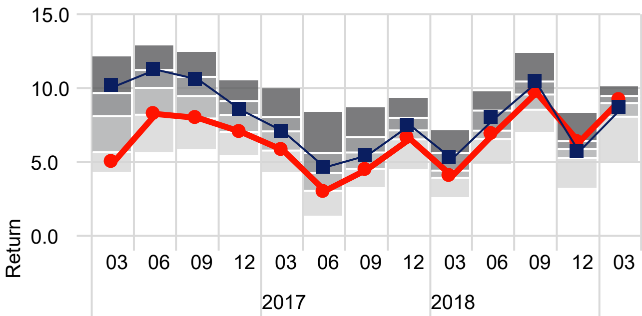
	MRQ	YTD (Fiscal)	1 Year	4 Year	7 Year	10 Year	4 Yr 2023	4 Yr 2022	4 Yr 2021	4 Yr 2020
Infrastructure	-3.89	-1.20	-1.20	4.56	6.64	7.30	4.56	8.33	9.89	10.07
Private Debt	4.10	-0.77	-0.77	—	—	—	—	—	—	—
Private Equity	-57.91	-57.91	-57.91	-24.80	-15.04	-14.88	-24.80	-9.29	16.53	-1.96
CAN CPI + 5.00%	1.54	10.50	10.50	8.70	7.97	7.46	8.70	7.73	6.82	7.08
FTSE Canada All Corp Bond	2.79	-0.97	-0.97	0.80	1.98	2.48	0.80	2.25	3.87	3.00

Calendar Year Performance

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Infrastructure	2.61	5.35	8.13	10.24	19.84	1.72	1.23	13.75	5.23	16.27
Private Debt	-13.13	-1.60	11.51	—	—	—	—	—	—	—
Private Equity	-57.28	92.42	-7.58	-27.25	10.84	25.85	-14.11	-28.91	0.42	-3.95
CAN CPI + 5.00%	12.13	9.95	6.01	7.28	6.76	7.22	6.31	6.42	7.04	5.94
FTSE Canada All Corp Bond	-9.87	-1.34	8.74	8.05	1.10	3.38	3.73	2.71	7.58	0.84

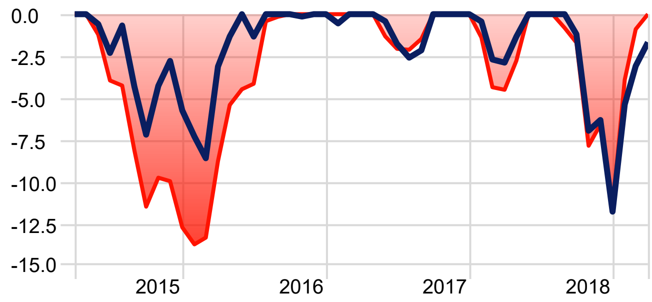
Graph Glossary

Graph Glossary



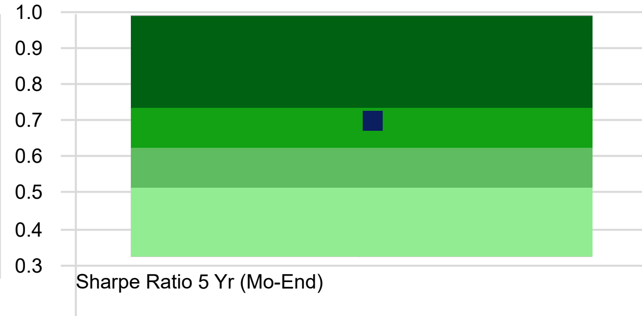
Rolling Returns (4 Years 3 Mo Shift)

This graph shows annualized 4-year rolling returns with a 3-month shift shown by the investment marker connected by a thin line. An investor would like to see their investment above the benchmark which will always be shown by a thick red line. The graph also shows where the investment plotted relative to its peers, shown by the quartile blocks. This graph will also be used to show Beta on the market statistics page over the same time period, but will not show the peer ranking.



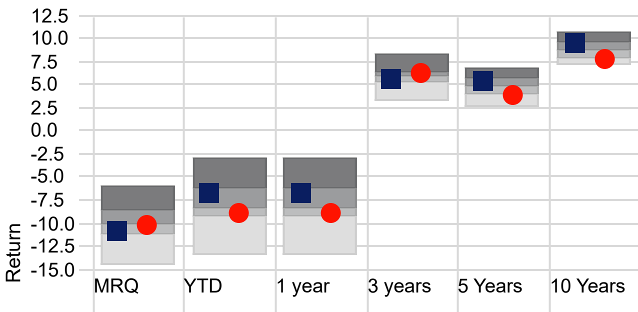
Drawdown

This graph shows the drawdown of each investment and the benchmark. The graph begins at 0 and shows whenever the investment has periods of negative returns, it then shows the amount of time the fund takes to return to the position before the negative returns began. All negative returns are shown in this graph however positive returns are only shown when the investment is in a period of drawdown from its previous high point.



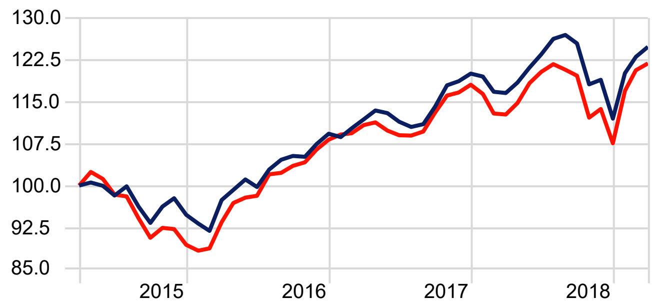
MPT Statistics

These graphs show both the investments' and benchmark's performance relative to their applicable peer group. The different colours in the graph show the different quartiles of the peer group. We utilize eight different data indicator for these graphs: standard deviation, return, excess return, information ratio, tracking error, down capture, up capture and the sharpe ratio. Investment Managers would like to see their fund plot in the darkest shade of green which represents the top performing quartile.



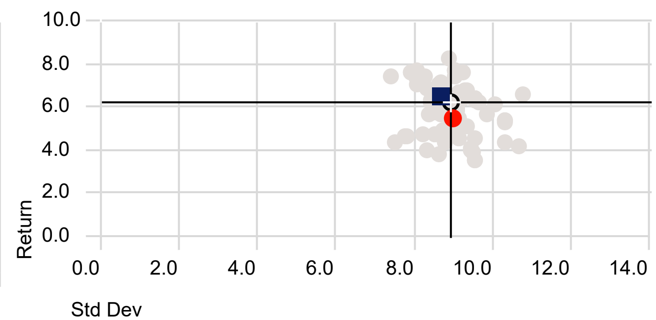
Trailing/Calendar Year Returns

This graph shows the trailing/calendar year returns of the investments and the benchmark up to the as at date for the indicated periods of time. Each time period indicated also contains a quartile box that shows the results of the relative peer group separated into four quartiles. It is most preferable for the investments to be in the top quartile and above the benchmark in this graph. The table below indicated the investments' and benchmark's actual rank within the peer group (out of 100).



Growth of a Dollar

The graph is shown in the total fund summary and shows the growth of a one dollar investment made 5 years ago to the end of the most recent quarter. Comparison of a one dollar investment in your portfolio is relative to the peer group median and the appropiate benchmark.



Risk - Reward

This graph shows the risk-return characteristics for the investments, the benchmark and the peer group. The perpendicular lines meet at the peer group median. The strongest investments will be located in the upper left quadrant as these investments have higher returns and lower risk versus their peers. The weakest performing investments will be in the bottom-right quadrant as these investments have lower returns and higher risk versus their peers. Peer group is shown by the faded dots.

Glossary of Terms

Glossary of Terms

Active Return: the percentage gain or loss of an investment relative to the investment's benchmark. An active return is the difference between the benchmark and the actual return.

Active Share: percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

Allocation Effect: value added by investing in certain sectors or countries within the portfolio

Alpha: measures the difference between an investment's actual returns and its expected returns given its level of risk as measured by Beta. A positive alpha figure of 1 indicates the fund has outperformed its benchmark index by 1%. A negative alpha of 1 would indicate underperformance of 1%. Alpha is often seen as a measure of the value added, or subtracted by a portfolio manager.

Asset Allocation Effect: is the value added by under-weighting asset classes with low returns relative to the benchmark, and over-weighting asset classes with high returns, thus adding more value to the portfolio.

Asset Mix – Actual: The current asset mix of the portfolio as of date.

Asset Mix – Passive: The current asset mix assigned to each class in the Statement of Investment Policies and Procedures.

Asset Mix Range: The asset mix range assigned to each class in the Statement of Investment Policies and Procedures (see definition below). In order to be in compliance with the SIPP, the portion of each asset class must fall in between the assigned range designated in the SIPP.

Attribution Effect: an evaluation tool used that accesses the abilities of the portfolio or fund manager, and the impact of their decisions with regard to overall investment policy, asset allocation, security selection and activity. A fund or portfolio's returns are compared to a benchmark in order to determine whether a manager is skillfully earning high returns relative to the benchmark, or is just getting lucky based on unrealized gains.

Balanced Fund: a fund that combines equities, fixed income, and money market securities into one fund. A hybrid fund that generally sticks to a fixed asset mix, either moderate (more equity) or conservative (more fixed-income). Generally classified as a large blend style.

Beta: is a measure of an investment's systematic risk, or sensitivity in comparison to the market as a whole or the benchmark it is being compared to. A portfolio with beta = 1 indicates that the portfolio's price will move with the market. A portfolio with beta > 1, is more volatile than the market (benchmark) offering the possibility of earning a higher rate of return, but also posing more risk. A portfolio with beta < 1 means that the portfolio will be less volatile than the market.

Calendar Returns: the 1-year period that begins on January 1 and ends on December 31 for the year identified. All returns are presented as total returns.

Constituents: a single member of an index. Typically a stock or company that is part of a larger index such as the S&P 500. The aggregate of all the constituents make up the index, and generally each index has to meet certain eligibility requirements to be included in the index. These requirements include market cap, market exposure, liquidity etc.

Correlation: measures how two securities move in relation to each other. The correlation coefficient ranges between -1 and +1. Perfect positive correlation (+1) implies that as one security moves either up or down, the other security will move in the same direction. Perfect negative correlation means that as one security moves up or down, the other security will move in the opposite direction. For purposes of diversification, portfolio managers tend to look for securities and funds that have no correlation, and are considered to be completely random from one another (correlation = 0).

Credit Breakdown: also known as 'investment grade'. A rating that indicates the chance of default for a bond. Bond rating firms such as the Standard & Poors use different designations consisting of upper and lower case letters. AAA and AA are considered to have high credit quality, A & BBB are considered to be medium credit quality, and anything lower than BB are considered low credit quality and are commonly referred to as 'junk bonds' or 'high-yield bonds'. Government bonds, or treasuries, are not subject to credit quality ratings. They are considered to have the highest credit quality, with minimal to no chance of default. Risk-adverse investors would not be in junk bonds, though some studies have shown that investing in junk bonds can actually reduce risk in one's portfolio.

Cumulative Return: the aggregate amount that an investment has gained or lost over time, independent of the period of time involved. It is the current price of a security less the original price of the security, divided by the original price of the security. Investors should confirm whether interest and/or dividends are included in the cumulative return; such payouts may be assumed to be re-invested. The performance calculation should be clearly stated when a company presents its data in the footnotes.

Currency: unless otherwise specified, the currency used for data in this report is in Canadian Dollars.

Defined Benefit (DB): an employer-sponsored retirement plan where employee benefits are sorted out based on a formula using factors such as salary history and duration of employment. Investment risk and portfolio management are entirely under the control of the company. Employers will need to dip into the companies' earnings in the event that the returns from the investments devoted to funding the employee's retirement result in a funding shortfall. The payouts made to returning employees participating in DB plans are determined by more personalized factors, like length of employment.

Defined Contribution (DC): a retirement plan in which a certain percentage of money is set aside each year by a company for the benefit of the employee. There are restrictions as to when and how you can withdraw these funds without penalties. There is no way to know how much the plan will ultimately give the employee upon retiring. The amount contributed is fixed, but the benefit is not.

Downside Capture Ratio: a measure of the manager's historical performance in down-markets (markets where the benchmark index has performed negatively during the month). The ratio is calculated by dividing the manager's return by the return of the index and multipllying that factor by 100. The resulting percentage is the amount of the down market captured by the manager. If the ratio is above 100 the manager underperforms in down markets, if the ratio is below 100 the manager outperforms in down markets.

Glossary of Terms

Drawdown: the peak-to-trough decline during a specific record period of an investment, fund or commodity. Quoted as the percentage between the peak and the trough. Helps determine an investment's financial risk by comparing risk-reward.

Equity Sector Exposure: the percentage of a portfolio invested in a particular type of market sector or industry, which is usually expressed as a percentage of total portfolio holdings. The greater the exposure in a sector, the higher the risk derived from that sector will be.

Excess Return: investment returns from a security or portfolio that exceed a benchmark or index with a similar level of risk. It is widely used as a measure of the value added by the portfolio or investment manager, or the manager's ability to "beat the market". Also known as Alpha.

Exchange Rates: The price of a nation's currency in terms of another currency. An exchange rate thus has two components, the domestic currency and a foreign currency, and can be quoted either directly or indirectly. In a direct quotation, the price of a unit of foreign currency is expressed in terms of the domestic currency. In an indirect quotation, the price of a unit of domestic currency is expressed in terms of the foreign currency. An exchange rate that does not have the domestic currency as one of the two currency components is known as a cross currency, or cross rate.

Gain/Loss Ratio: An increase in the value of a capital asset (investment or real estate) that gives it a higher worth than the purchase price. The gain is not realized until the asset is sold. A capital gain may be short term (one year or less) or long term (more than one year) and must be claimed on income taxes. A capital loss is incurred when there is a decrease in the capital asset value compared to an asset's purchase price.

Gross Domestic Product (GDP): The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all private and public consumption in a nation's economy, total government spending, total country's business spending on capital, and the total of a nation's exports less imports (Net Exports).

Growth Manager: a strategy employed by the fund manager to seek out stocks that they believe to have good growth potential. A manager who believes earnings are expected to grow at an above-average rate compared to its industry or the overall market.

Growth Rate of Real GDP: a measure of economic growth from one period to another expressed as a percentage and adjusted for inflation (i.e.: expressed in real as opposed to nominal terms). It is a more accurate look at the real rate of economic growth because it is not distorted by the effects of extreme inflation.

Holdings-Based Style: is a "bottom-up" approach in which the characteristics of a fund over a period of time are derived from the characteristics of the securities it contains at various points in time over the period. Quantitative style characteristics such as size and value/growth orientation of each individual security need to be calculated then aggregated to the portfolio level.

Inflation: The rate at which the general level of prices for goods and services is rising, and purchasing power is falling. Central Banks aim to sustain an inflation rate of 2-3%.

Information Ratio: measures a manger's ability to consistently add value relative to the selected benchmark. The ratio is composed of excess return and tracking error. The higher the information ratio, the better, as this indicates a large excess return against a small tracking error. The information ratio measures the consistency with which a manager delivers Alpha.

Interaction Effects: captures the value added that is not attributable solely to asset allocation and stock selection decisions. It is positive when outperformance is overweight and when underperformance is underweighted.

Investment Growth: graphical representation on how much one's investment has grown over time. It is the most fundamental objective of all investor's, to make their money 'grow'.

Kurtosis: a statistical measure used to describe the distribution of observed data around the mean.

Maturity Breakdown: A held to maturity security is a debt or equity security that is purchased with the intention of holding the investment to maturity. This type of security is reported at amortized cost on a company's financial statements and is usually in the form of a debt security with a specific maturity date. The maturity breakdown schedule shows the investor a graphical representation on when the investment will mature (x-axis is maturity dates).

Max: the highest value of a statistic for a given set of data.

Min: the lowest value of a statistic for a given set of data.

Number of Observations: this figure indicates the number of investments included in the time period observed.

Over/Under Weighting: the percentage an asset class is overvalued/undervalued based on a passive asset mix target stated in the Statement of Investment Policies and Procedures.

Passive Return: the returns of the benchmark for an investor's total portfolio. The benchmark is given in the Statement of Investment Policies and Procedures (i.e.: 30% S&P/TSX, 30% S&P 500, 25% FTSE Canada Universe Bond, 15% MSCI EAFE).

Glossary of Terms

Peer Group: refers to companies that operate in the same industry sector, and are of similar size. Separate Accounts peer groups are used throughout this report.

Performance Quartile: visually depicts the category percentile rank of the investment's annual return, with the top quartile being those ranks from 1-25%.

Price/Book (P/B): a ratio used to compare a stock's market value to its book value. It is calculated by dividing the closing price of the stock by total assets less intangible assets and liabilities (book value per share of the latest evaluation period). Also known as the 'price/equity ratio'.

Price/Cash Flow (P/C): The ratio of a stock's price to its cash flow per share. The price-to-cash-flow ratio is an indicator of a stock's valuation. Although there is no single figure to indicate an optimal price-to-cash-flow ratio, a ratio in the low single digits may indicate the stock is undervalued, while a higher ratio may suggest potential overvaluation. The ratio takes into consideration a stock's operating cash flow, which adds non-cash earnings such as depreciation and amortization to net income. It is especially useful for valuing stocks that have positive cash flow but are not profitable because of large non-cash charges.

Price/Earnings (P/E): A valuation ratio of a company's current share price compared to its per-share earnings. A high P/E suggests that investors are expecting higher earnings growth in the future. It is advised to check P/E ratios of one company to other companies in the industry, as comparing amongst different industries would not be ideal due to different growth prospects in different industries.

Price/Sales (P/S): A valuation ratio that compares a company's stock price to its revenues. The price-to-sales ratio is an indicator of the value placed on each dollar of a company's sales or revenues. It can be calculated either by dividing the company's market capitalization by its total sales over a 12-month period, or on a per-share basis by dividing the stock price by sales per share for a 12-month period. Like all ratios, the price-to-sales ratio is most relevant when used to compare companies in the same sector. A low ratio may indicate possible undervaluation, while a ratio that is significantly above the average may suggest overvaluation.

R2: reflects the % of an investment's movements that are explained by movements in the benchmark, showing the degree of correlation between the investment and the benchmark. A score of 100 means that the investment exactly tracked the benchmark's movement. This figure is also helpful in assessing how likely it is that Alpha and Beta are statistically significant.

Rank %: percentile rank is a standardized way of ranking investment returns within the same universe. The observation with the largest numerical value is ranked one; the observation with the smallest numerical value is ranked 100.

Return +/- Benchmark: returns relative to the benchmark are calculated by subtracting the benchmark's return from the subject investment's return.

Selection Effect: is the value added by decisions within each sector of the portfolio.

Separate Account: a privately managed investment account opened through a brokerage or financial advisor that uses pooled money to buy individual assets. These accounts differ from a mutual fund because the investor directly owns the securities instead of owning a share in a pool of securities.

Sharpe Ratio: is calculated by taking the investment's average monthly excess return over the user defined risk free rate and dividing by the monthly standard deviation of excess returns to determine reward per unit of risk. A higher Sharpe ratio reflects better historical risk-adjusted performance.

Skewness: describes asymmetry from the normal distribution in a set of statistical data. Negative skewness describes data points which are skewed to the left, while positive skewness is data points screwed to the right of the data average. By knowing which way a distribution is skewed, an investor can better estimate whether a given or future data point will be more or less than the mean. Sets of data commonly analyzed in regards to skewness, are stock prices and asset returns.

Sortino Ratio: is similar to Sharpe ratio except that it uses downside risk (downside deviation) in the denominator. Because upside variability is not necessarily a bad thing, the Sortino ratio is sometimes preferable to the Sharpe ratio. It measures the annualized rate of return for a given level of downside risk.

Standard Deviation: is a statistical measurement of dispersion about an average, which, for an investment, depicts how widely the returns varied over the time period indicated. MorningStar computes standard deviation using the trailing monthly total returns for the time period. All of the monthly standard deviations are then annualized.

Statement of Investment Policies and Procedures: The purpose of this Policy is to formulate those investment principles, guidelines and monitoring procedures which are appropriate to the needs and objectives of the Plan, in a manner conforming to the applicable rules in the (Province) Employment Pension Plans Act and the Regulations thereto (the "Act"). This Policy is supplementary to the rules contained in the Act. The assets held are allocated by the Board of Managers/Trustees/Pension Committee.

Summary of Cash Flows: part of the financial statements issued by a business, and describes those cash flows into and out of the business. It accounts for the types of activities that create and use cash. Starting at the beginning market value of the last statement, all purchases (contributions) less sales (distributions) of all operating, investing and financing activities are calculated to reach the Net Cash Flow (NCF). All investment income is then added/subtracted to reach ending market value (less any benefits, expenses/fees in the transactional account).

Glossary of Terms

Systematic Risk: also known as ‘undiversifiable risk’, ‘volatility’, or ‘market risk’. It is the risk in the overall market that cannot be ignored, and more importantly, cannot be completely avoided. Systematic risk is decreased through hedging or using an appropriate asset allocation strategy. For example, allocating a higher % of the portfolio to bonds rather than to stocks due to an interest rate shift that makes bonds more desirable. Interest rate changes, inflation, recessions and war are all examples of systematic risk, because they affect the entire market.

Target Date: A mutual fund in the hybrid category that automatically resets the asset mix of stocks, bonds and cash equivalents in its portfolio according to a selected time frame that is appropriate for a particular investor. A target-date fund is similar to a life-cycle fund except that a target-date fund is structured to address some date in the future, such as retirement. Its returns are not guaranteed, but depend on how the market performs. Someone older looking to retire in 2020 per instance would invest in a target date 2020 fund more heavily weighted in bonds and cash equivalents than stocks, as this fund is less volatile and more likely to contain assets the investor needs to begin making withdrawals in 2020. A younger person just starting off would inversely invest in a target date 2050 fund, which is more heavily weighted in stocks, over a longer time horizon. The target date funds adjust appropriately on an annual basis.

Total Effect: is the sum of the selection effect, attribution effect, and interaction effect.

Total Return: is the actual rate of return of an investment or a pool of investments over a given time period. Total return includes interest, capital gains, dividends, and distributions realized over a given time period. It therefore accounts for two areas of return: income (interest paid, distributions & dividends) and capital appreciation (change in market price of an asset).

Tracking Error: the divergence between the price behavior of an investment, and the price behavior of a benchmark. It is reported as a standard deviation % difference.

Trailing Returns: is the return of an investment over a given time period. A twelve month period as of March 31st, 2010, would evaluate performance from March 31st, 2009 to March 31st, 2010. Expressed in percentage terms, it is calculated by taking the change in net asset value (NAV), reinvesting all income and capital-gains distributions during the period, and dividing by the starting net asset value. Reinvestments are made using the actual reinvestment NAV, and daily payoffs are reinvested monthly. Total returns are not adjusted for sales charges (i.e.: deferred loans). The returns do account for management, administrative and other costs taken out of investment assets. Total returns for periods longer than one year are expressed in terms of compounded average annual returns (geometric total returns).

Up Capture Ratio: a measure of manager's historical performance in up-markets (markets where the benchmark index has performed positively during the month). The ratio is calculated by dividing the manager's returns by the return of the index and multiplying that factor by 100. The resulting percentage is the amount of the up market captured by the manager. If the ratio is above 100 the manager outperforms in up markets, if the ratio is under 100 the manager underperfomrs in up markets

Value Manager: a manager who invests in equity funds that primarily hold stocks that are deemed to be undervalued in price and that are likely to pay dividends. One of three main types of mutual fund managers (value, blend, growth).

Benchmark: a standard against which the performance of a security, pooled fund, separate account, mutual fund, or investment manager can be measured. It is important to select the appropriate benchmark when evaluating the performance of any investment. There are hundreds of indexes that analysts can use to gauge the performance of any given investment.

S&P/TSX Composite: is the headline index for the Canadian equity market. It is the broadest in the S&P/TSX family and is the basis for multiple sub-indices including but not limited to equity indices, Income Trust Indices, Capped Indices, GICS Indices and market cap based indices. The Toronto Stock Exchange (TSX) serves as the distributor of both real-time and historical data for this index.

S&P 500: widely regarded as the best single gauge of large cap U.S. equities. It includes the 500 leading companies and captures approximately 80% coverage of available market capitalization.

MSCI EAFE (net): The MSCI EAFE Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises the MSCI country indices that represent developed markets outside of North America: Europe, Australasia and the Far East.

MSCI EM: The MSCI Emerging Markets Index captures large and mid-cap representation across 23 Emerging Markets (EM) countries. With 823 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

FTSE Canada Universe Bond: a broad measure of the Canadian investment-grade fixed income market (federal, provincial, municipal & corporate). Must hold a credit rating of BBB or higher to be eligible for inclusion in the index.

Consumer Price Index: the inflation rate +4% is utilized to benchmark against the real estate asset class.

Glossary of Terms

Global Industry Classification Standard (GICS®)

Communication Services Sector: The Communication Services Sector includes companies that facilitate communication and offer related content and information through various mediums. It includes telecom and media & entertainment companies including producers of interactive gaming products and companies engaged in content and information creation or distribution through proprietary platforms.

Energy Sector: The Energy Sector comprises companies engaged in exploration & production, refining & marketing and storage & transportation of oil & gas and coal & consumable fuels. It also includes companies that offer oil & gas equipment and services.

Materials Sector: The Materials Sector includes companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, and metals, minerals and mining companies, including producers of steel.

Industrials Sector: The Industrials Sector includes manufacturers and distributors of capital goods such as aerospace & defense, building products, electrical equipment and machinery and companies that offer construction & engineering services. It also includes providers of commercial & professional services including printing, environmental and facilities services, office services & supplies, security & alarm services, human resource & employment services, research & consulting services. It also includes companies that provide transportation services.

Consumer Discretionary Sector: The Consumer Discretionary Sector encompasses those businesses that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automotive, household durable goods, leisure equipment and textiles & apparel. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services.

Consumer Staples Sector: The Consumer Staples Sector comprises companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes food & drug retailing companies as well as hypermarkets and consumer super centers.

Health Care Sector: The Health Care Sector includes health care providers & services, companies that manufacture and distribute health care equipments & supplies and health care technology companies. It also includes companies involved in the research, development, production and marketing of pharmaceuticals and biotechnology products.

Financials Sector: The Financials Sector contains companies involved in banking, thrifts & mortgage finance, specialized finance, consumer finance, asset management and custody banks, investment banking and brokerage and insurance. This Sector also includes real estate companies and REITs.

Information Technology Sector: The Information Technology Sector comprises companies that offer software and information technology services, manufacturers and distributors of technology hardware & equipment such as communications equipment, cellular phones, computers & peripherals, electronic equipment and related instruments and semiconductors.

Utilities Sector: The Utilities Sector comprises utility companies such as electric, gas and water utilities. It also includes independent power producers & energy traders and companies that engage in generation and distribution of electricity using renewable sources.

Real Estate Sector: The Real Estate Sector contains companies engaged in real estate development and operation. It also includes companies offering real estate related services and Equity Real Estate Investment Trusts (REITs).

Disclaimer

Disclaimer

1. The rates of return used in this Report are not necessarily a prediction of possible future experience.
2. The rates of return used in this Report are believed to be accurate, complete and timely. Rounding issues may arise.
3. Reliance for data has been made primarily on the custodial statements of the Plan, Morningstar Direct, eVestment, the Bank of Canada, Ellement Performance Measurement Proprietary System and the Canadian Institute of Actuaries publications on Economic Statistics in the preparation of this Report. Additional information provided from investment managers has been of assistance from time to time.
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5. Careful deliberation, perhaps with supplementary information, may be required before investment managers are hired, continued or terminated, or before an asset class mix change is directed.

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TF: 888.840.1045
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contact.us@ellement.ca
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PUB (MPI) 2-34

Part and Chapter:	**PUB (MPI) 1-41 Part IX Expenses Figure EXP-2 Figure EXP-5 EXP Appendix 5 EXP Appendix 6a**	**Page No.:**	
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Financial Forecasts**		
Sub Topic:	**Corporate Expenses**		

Preamble to IR:

Question:

Please explain the disparity in the 2019/20 to 2022/23 4-year growth rate in salaries for Extension 1.39% versus DVA of 8.36% and Basic of .89%.

Rationale for Question:

To assess reasonableness of forecasts.

RESPONSE:

As per *PUB (MPI) 1-41,* the average annual growth for Corporate salaries from 2019/20 to 2022/23 is 3.51%. The growth is primarily driven by full-time equivalent (FTE) counts, economic and step in scale increases. The line of business increases are driven by the allocation process and initiative expenses. The *Driver & Vehicle Administration (DVA)* growth rate is considerably higher than both Basic and Extension. This is due to an increase in the allocated and direct initiative expenses as well as an increase in the normal operations allocators related to the DVA line of business.

Please see *Part IX Expenses EXP Appendix 7.1*, which shows the change in corporate compensation/salary allocations in the 2021 to 2024 GRAs. Overall, the Basic line of business went from having 76% of total corporate expenses (i.e., normal operations plus initiatives) allocated to Basic in 2019/20 to 69% in 2022/23. Most of this decrease in corporate allocation results from the shift to the DVA line of business, which is the primary contributor to the average annual growth in salaries of 8.36% from 2019/20 to 2022/23.

PUB (MPI) 2-35

Part and Chapter:	**PUB (MPI) 1-42 Appendix 1 Part IX CIC Appendix 2**	**Page No.:**	
PUB Approved Issue No:	**10. Cost of operations and cost containment measures; 11. Claims forecasting, including but not limited to PIPP and changes or enhancements to claims forecasting design**		
Topic:	**Claims Incurred**		
Sub Topic:	**Claims Incurred Expenses**		

Preamble to IR:

Question:

a) Please explain the increase in medical consultants expenses.

b) Please explain the relative changes in actual and forecast related to payments to the Manitoba Health Services Commission.

Rationale for Question:

To better understand forecast.

RESPONSE:

a) The medical consultants expenses have been updated to reflect the contracts in place with the Health Care Services medical professionals that support the administration of PIPP claims. Prior to this year the majority of contracts reflected minimal wage increases and a reduction of hours due to Covid. This forecast reflects the current state which better aligns with the health care industry.

b) The relative changes in the actual and forecast related to payments in MHSC will be impacted by the forecasted HTA Earned Vehicle Units, the Manitoba CPI inflation, the Health Costs Index (HCI) inflation, and injury benefit claims frequency. The amounts for these factors are recalculated at fiscal year-end to reflect the actual cost and an adjustment payment will be made between MPI and Manitoba Health for the difference between the forecasted and actual cost. The difference between the projected cost and actual cost for 2022/23 was driven by:

i. Actual earned HTA vehicle was **lower** than projected (1.6% lower)
ii. MB CPI was **higher** than projected (projected 4.2% but landed at 7.9% by end of year)
iii. Number of injury benefit claims was **lower** than projected (projected 15,403 and end of year was 12,185)

PUB (MPI) 2-36

Part and Chapter:	**PUB (MPI) 1-43 Part IX Expenses EXP.3.2.3, Fig. EXP-18 Appendix 7 Fig. EXP-7-1, EXP-7-2**	**Page No.:**	**27**
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Operating Expenses**		
Sub Topic:	**Data Processing**		

Preamble to IR:

Question:

a) Please explain the variation in the external labour expense in data processing including the major increase in 2023/24 and the forecast changes in 2024/25 and 2025/26.

b) Please provide the related FTEs associated to the external labour in (a).

c) Please provide the detail of licence charges by vendor.

d) Please provide an update to the table (Figure 1) and the response to (a) & (b) for Basic.

Rationale for Question:

To understand forecast change in operating expense by line of business.

RESPONSE:

a) The major increase in external labour in 2023/24 forecast relates to Initiatives under the Nova Program. The Nova increase is due to the bubble staff costs being transferred from Normal Operations to Nova Program. Under Initiatives in 2024/25 and 2025/26 external labour are forecasted to decrease as these bubble staff costs that are only expected to be incurred as the program is in development and then expected to decrease as the programs are implemented.

Under Normal Operation the approach is to be less focused on consultant and be more self-sufficient and create reliance on MPI staff. For 2023/24 forecast, the reduction in external labour is due to less work required on legacy system. The decrease in 2024/25 and 2025/26 forecast is due to the anticipation of decommissioning some of the legacy system leading to reduce requirement in consultants support.

b) Please refer to 2024 GRA submission *Part 05 02 IT 02 Appendix 05 External Labour Measures* regarding external labour update.

c) Please refer to *Appendix 1 for licence spend by vendor for 2022/23* which is filed confidentially.

d) Please see *Figure 1* table below. The table shows the external labour costs allocated to Basic increased from 2022/23 actual to 2023/24 forecast and then forecasted to decrease in 2024/25 and 2025/26. This is consistent with the changes in the forecast under total corporate external labour.

Figure 1 Total Data Processing Expenses - Basic

Line No.	Data Processing Category	2022/23A	2023/24FB	2024/25F	2025/26F
1	*($C 000s, except where noted)*				
2	Licence Charges	17,346	24,496	27,827	30,122
3	Computer Maintenance	930	1,256	1,132	1,124
4	Software	337	674	216	242
5	IBM Data Centre	9,949	10,528	10,265	10,379
6	IBM Security Operations Centre	431	445	434	439
7	External Labour	15,132	22,185	15,283	14,397
8	Deferred Development Impairment	969	-	-	-
9	Cloud Service Environments	177	278	-	-
10	Microfilm/Microfiche	-	-	-	-
11	Computer Costs	-	155	85	23
12	**Total Data Processing - Basic**	**45,271**	**60,017**	**55,242**	**56,725**

Appendix 1:
Details of licence charges by Vendor

1 This material is the subject of a confidential motion.

PUB (MPI) 2-37

Part and Chapter:	**PUB (MPI) 1-44 Part IX Expenses EXP.3.2.4 Special Services Figure EXP -19**	**Page No.:**	**28, 29**
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Operating Expenses**		
Sub Topic:	**Special Services Expense**		

Preamble to IR:

Question:

a) Please provide details of and explain the forecast spending for Corporate Controller and Executive committee in 2023/24.

b) Please explain the increases in Corporate controller in 2022/23 and 2023/24.

c) Please explain the major expenses on vendor management in 2021/22 & 2022/23 and reason for the forecast reduction in vendor management costs in 2023/24.

d) Please explain the expenditures on the Centre for Change Enablement.

Rationale for Question:

To understand forecast changes in Special Services expenses.

RESPONSE:

a) The Corporate Controller 2023/24 forecast of $1.0M under special services - other relates to transformational impact requiring new ERP and IFRS 17 additional scope. The Executive Committee 2023/24 forecast of $2.5M under special services - other relates to the organizational review.

b) The Corporate Controller 2022/23 actual spend increased for auditor fees due to additional scope related to IFRS 17. The 2023/24 forecast for internal audit fees is set for additional scope and number of audits. The 2022/23 actual spend for special services - other increased due to IFRS 17 related work. The increase in 2023/24 forecast for special services - other relates to transformational impact requiring new Enterprise Resource Planning (ERP) and IFRS 17 additional scope.

c) The Vendor Management Special Services budget in FY 2021/22 had spending in four areas, consulting services for CIO advisory in developing an IT roadmap, IT directorate structure reviews ($125k), an enterprise architecture review focused on NOVA architecture and the IT roadmap ($355k), an increase in Gartner licences to support the additional IT directorates for a total spending including the benchmarking services of $798k, and IBM / Kyndryl services to support the data centre for out of scope projects ($372k).

For FY 2022/23 the 2 major expenses were Kyndryl additional services ($497k) and the continuation of Garner services with additional licences for Digital and Transformation (total spend of $876k).

As MPI transitions to cloud services there is a forecast reduction of the Kyndryl additional services in 2023/24.

d) The expenditures on the Centre for Change Enablement are the costs associated with the Change Management cost centre. This includes continuing to build the capacity for healthy change across the organization and coordinating enterprise changes, and assisting with standing up Centres of Excellence in IT for integrations, testing and digital.

PUB (MPI) 2-38

Part and Chapter:	PUB (MPI) 1-49 c Part IX Expenses Fig. EXP-5, Fig. EXP-9 Fig. EXP-12 Exp Appendix 12	Page No.:	14
PUB Approved Issue No:	10. Cost of operations and cost containment measures		
Topic:	Operating Expenses		
Sub Topic:	Compensation Expense		

Preamble to IR:

Question:

a) Please provide the formula used for the determination of the turnover rate.

b) Please provide a table of the number of FTEs leaving and joining each year related to the turnover rates and explain the reason for the increase in turnover in 2022/23.

c) Please provide the current turnover percentage (annualized) as of August 31, 2023 and the number of FTEs.

d) Please compare the turnover rate in (b) with the average turnover rate of the last five years.

Rationale for Question:

To understand forecasted compensation expense.

RESPONSE:

a) The formula used to determine turnover rate is the total number of voluntary and involuntary departures of permanent employees divided by the total average headcount multiplied by 100. This excludes retirees.

b) The table below depicts the number of employees that have joined or departed the organization for the past 5 fiscal years.

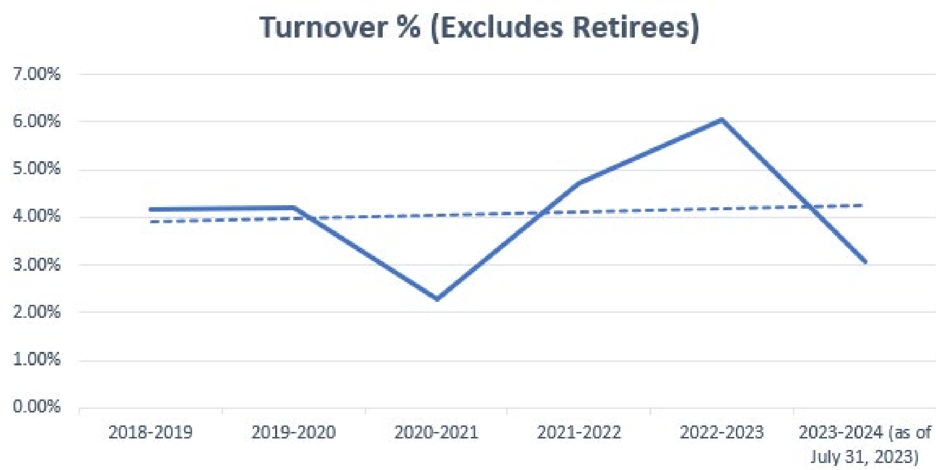
Fiscal Year	Average Head Count	# of Arrivals (Perm & Term)	# of Voluntary Departures (Perm, excludes retirees)	# of Involuntary Departures (Perm, excludes retirees)	Total Departures (Perm, excludes retirees)	Turnover % (Perm, excludes retirees)
2018-2019	1771.7	139	48	26	74	4.18%
2019-2020	1782.6	261	48	27	75	4.21%
2020-2021	1783.3	113	31	10	41	2.30%
2021-2022	1802.2	292	71	14	85	4.72%
2022-2023	1881.3	301	98	16	114	6.06%

The increase in turnover in 2022/23 is the result of a variety of factors including individuals leaving for a new job experience/challenge, opportunity for individuals to advance their career outside of MPI, dissatisfaction with work (stress/heavy workload), dissatisfaction with compensation (ability to earn more elsewhere) as well as for personal reasons.

c) August 2023 data is not yet available therefore, the current turnover percentage (annualized) as of July 31, 2023 is 9.21%. For the period of April 1, 2023 to July 31, 2023, there were:

- 45 voluntary departures (perm excluding retirees)
- 14 involuntary departures (perm excluding retirees)

d) The 5-year average turnover rate (excluding Retirees) is 4.29% and has been compared to the turnover rates provided in (b) as per the graph below.


Turnover % (Excludes Retirees)
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
2018-2019
2019-2020
2020-2021
2021-2022
2022-2023
2023-2024 (as of July 31, 2023)

PUB (MPI) 2-39

Part and Chapter:	**PUB (MPI) 1-49 (f) Part IX Expenses Fig. EXP-5, Fig. EXP-9, Fig. EXP-12 Exp Appendix 12**	**Page No.:**	**14**
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Operating Expenses**		
Sub Topic:	**Compensation Expense**		

Preamble to IR:

Question:

a) Please provide an updated Figure 4 detail of Other salary adjustments, including the last five fiscal years.

b) Please explain the reason for the forecast $5.5 million expenditure in 2023/24 break out the amount by retirement versus severance and the number of individuals representative of each of the two costs.

c) Please describe and explain the rationale for retirement allowance and retirement pay-out.

Rationale for Question:

To understand forecasted compensation expense.

RESPONSE:

a) Please see *Figure 1* below:

Figure 1 Other Salary Adjustment

Line No.	Other Salary Adjustment	2018/19A	2019/20A	2020/21A	2021/22A	2022/23A	2023/24FB
1	*(C$000s, except where noted)*						
2	Salaries-Vacation Buy Out	55	47	23	9	18	40
3	Salaries-Severance/Retirement Pay-Out	4,307	2,789	1,973	2,813	2,682	5,541
4	Salaries-Sick Leave	559	482	(920)	(409)	-	100
5	Salaries-Banked Vacation	(140)	423	663	382	301	335
6	Salaries-Downtown Allowance	551	720	586	582	176	84
7	Salaries-Flex Spending	241	280	209	235	867	805
8	Salaries-Work from Home Allowance	-	-	-	2,500	(365)	-
9	Salaries-Retirement Allow Prov	(1,151)	315	1,242	(829)	(665)	(1,413)
10	Salaries-Accrued Vacation	48	553	1,333	425	601	431
11	**Total Other Salary Adjustment**	**4,470**	**5,609**	**5,109**	**5,708**	**3,615**	**5,923**

b) While the line reads "Severance/Retirement Pay-Out", retiring allowances are considered Severance by the Canada Revenue Agency, which is why the line reads "Severance/Retiring Allowance" even though it contains only retirement allowances. The $5.5 million amount reflects an estimated 108 retirements in the fiscal year 2023/24, with an average payout of $51,301.42 per retirement.

c) A retiring allowance is paid to employees in recognition of long service. All employees covered by the collective agreement will have their retiring allowance administered (as per the collective agreement) based on what is in effect on the date of their retirement.

Currently, in-scope employees with 10 or more years of corporate service who retire, die, or are unable to continue their employment due to a permanent disability (as deemed by Workers Compensation Board), are entitled to a retiring allowance equal to 1 weeks' pay for each year of accrued service (or prorated portion thereof). Retirement allowance is calculated based on the rate of pay in effect at the time of retirement or death and is paid on an employee's final pay.

Out-of-scope employees with 10 or more years of corporate service who retire, die or are unable to continue their employment due to a permanent disability (as deemed by Workers Compensation Board), are entitled to a retiring allowance equal to 1 weeks' pay for each year of accrued service (or prorated portion thereof). Retirement allowance is calculated based on the rate of pay that is in effect at the time of retirement or death and is paid on an employee's final pay.

PUB (MPI) 2-41

Part and Chapter:	PUB (MPI) 1-51(b) Part IX Expenses, Fig. EXP-4 EXP Appendix 12	Page No.:	12
PUB Approved Issue No:	10. Cost of operations and cost containment measures		
Topic:	Compensation		
Sub Topic:			

Preamble to IR:

In looking at actual total cash relative to comparable jobs within a blended market of Canadian Insurance, Canadian Public, and Canadian Private sectors, 51% of MPI's out-of-scope jobs are below market (<10% of the 50th percentile of the market).

Question:

a) Please file the study or analysis in support of the assertion.

b) Please explain the strategies employed to retain out-of-scope staff and indicate the turnover of out-of-scope staff and the reason for turnover voluntary, non-voluntary, and retirements.

Rationale for Question:

To understand the change in forecast assumptions related to compensation.

RESPONSE:

a) For clarity, in looking at actual total cash relative to comparable jobs within a blended market of Canadian Insurance, Canadian Public, and Canadian Private sectors, 51% of MPI's out-of-scope jobs are below market which is **<90%** of the 50th percentile of the market. Please refer to the analysis provided in *Appendix 1.*

MPI has filed Errors & Omissions filing as MPI Exhibit #29 to correctly file CAC (MPI) 1-90.

b) MPI has employed a number of initiatives to assist in mitigating turnover. This includes, but is not limited to:

- External market benchmarking to ensure market competitive pay offering.
- Increased reward for spot recognition of top performance through the Thanks to You employee recognition program.
- Transitioned from a 4-point to a 5-point performance rating scale to better differentiate, recognize and reward top performance.
- Provided flexible work options through the flexible work program.
- Enhanced belonging and inclusion through:
    - Pride parade sponsorship and participation.
    - Crowd sourcing of new corporate culture values.
    - Four seasons of reconciliation indigenous awareness program.
- Leadership development through Leadership Agility program and continued monthly collaborative ‘grow’ sessions.
- Established people leadership goals that include:
    - Requesting and actioning employee feedback to drive leadership effectiveness.
    - Ensuring individual development plans are in place for all team members.
    - Regularly assessing and reviewing talent pools and identifying and growing emerging leaders.

In addition to the initiatives above, there are a number of initiatives planned for the coming year that will support on-going retention efforts. This includes:

- Development and implementation of an employee well-being strategy.
- Implementation of a corporate DEI strategy with on-going education and learning.
- Continued succession planning and talent mapping for all leadership roles.
- Implementation of employee listening strategy.
- Creation of a learning and development strategy to support career pathing and long-term employee development.

The chart below depicts the number of voluntary departures, involuntary departures, and retirements for out-of-scope staff.

Fiscal Year	# of Out-of-Scope Voluntary Departures	# of Out-of-Scope Involuntary Departures	# of Out-of-scope Retirements	Turnover as a % of total headcount (Perm, excludes retirees)	Turnover as a % of out-of-scope headcount (Perm, excludes retirees)
2022-2023	33	10	8	2.29%	11.05%
2023-2024 (YTD)	13	5	6	0.94%	4.8%

The voluntary turnover of out-of-scope staff is the result of a variety of factors including individuals leaving for a new job experience/challenge, opportunity for individuals to advance their career outside of MPI, dissatisfaction with work (stress/heavy workload), dissatisfaction with compensation (ability to earn more elsewhere) as well as personal reasons.

Appendix 1

The below analysis outlines the out-of-scope jobs benchmarked against actual total cash (base + incentives) relative to the blended market at the 50th percentile and identified as below market (<90% of the 50th percentile of the market).

		ACTUAL TOTAL CASH COMPARISON		
Position Title	**Category**	**P50 Blend (Base + Incentives)**	**MPI Range Midpoint**	**MPI Range Midpont as % of P50 Blend (Base + Incentives)**
Automation COE Lead	Team Leader (Professional)	$ 114	$ 95	83%
Communications Advisor	Senior Professional	$ 91	$ 75	83%
Corporate Business Continuity Officer	Specialist Professional	$ 116	$ 95	82%
Corporate Controller	Senior Manager	$ 197	$ 138	70%
Customer Value Proposition Lead	Specialist Professional	$ 109	$ 95	87%
Cyber & Information Security Officer	Senior Manager	$ 195	$ 156	80%
Cybersecurity & IT Risk and Compliance Analyst	Senior Professional	$ 98	$ 84	86%
Digital Forensic Specialist	Senior Professional	$ 98	$ 84	86%
Director, ALM & Investment Management	Senior Manager	$ 219	$ 138	63%
Director, Business Architecture	Senior Manager	$ 172	$ 138	80%
Director, Change & Knowledge Management	Senior Manager	$ 166	$ 138	83%
Director, Customer Experience	Senior Manager	$ 159	$ 138	87%
Director, Customer Value Proposition	Senior Manager	$ 191	$ 138	72%
Director, Data Management & Analytics	Senior Manager	$ 177	$ 156	88%
Director, Digital Workplace & Service Management	Senior Manager	$ 167	$ 138	83%
Director, Enterprise Architecture	Senior Manager	$ 183	$ 138	76%
Director, HR Service Delivery	Senior Manager	$ 158	$ 138	87%
Director, Platform Engineering & Infrastructure	Senior Manager	$ 179	$ 138	77%
Director, Pricing	Senior Manager	$ 198	$ 156	79%
Director, Software Development & Operations	Senior Manager	$ 179	$ 156	87%
Director, Strategic Sourcing & Vendor Management	Senior Manager	$ 191	$ 138	73%
Director, Strategy	Senior Manager	$ 191	$ 138	72%
Director, Talent Management and Learning & Development	Senior Manager	$ 172	$ 138	80%
Director, Total Rewards & Talent Acquisition	Senior Manager	$ 195	$ 138	71%
Director, Valuation & Capital Management	Senior Manager	$ 198	$ 138	70%
Enterprise Architect	Expert Professional	$ 143	$ 121	85%
Government Relations Officer	Senior Professional	$ 108	$ 95	88%
HR Administrative Supervisor	Specialist Professional	$ 105	$ 75	71%
Information Security Officer	Specialist Professional	$ 113	$ 84	75%
IT Risk and Compliance Management Specialist	Specialist Professional	$ 113	$ 95	84%
Legal Counsel 1	Experienced Professional	$ 120	$ 84	70%
Legal Counsel 2	Experienced Professional	$ 120	$ 95	79%
Legal Counsel 3	Senior Professional	$ 134	$ 107	79%
Legal Counsel 4	Specialist Professional	$ 144	$ 121	84%
Manager, Application Architecture, Development & Integration	Manager	$ 138	$ 121	88%
Manager, Business Architecture	Manager	$ 138	$ 121	88%
Manager, Capital Management	Manager	$ 145	$ 121	84%
Manager, COE Quality	Manager	$ 140	$ 121	87%
Manager, Community Relations	Manager	$ 138	$ 107	77%
Manager, Customer Insights & Analytics	Manager	$ 131	$ 107	82%
Manager, Cybersecurity & IT GRC	Manager	$ 144	$ 121	84%
Manager, Data Science & Operations	Manager	$ 141	$ 121	86%
Manager, Digital Experience	Manager	$ 133	$ 107	80%
Manager, Employee Experience & Talent Management	Manager	$ 132	$ 107	81%
Manager, Enterprise Risk Management	Manager	$ 145	$ 121	84%
Manager, HR Systems & Support	Manager	$ 133	$ 107	80%
Manager, KMS Instructional Design	Manager	$ 126	$ 107	85%
Manager, KMS Projects	Manager	$ 126	$ 107	85%
Manager, Organizational Change Management	Manager	$ 126	$ 107	85%
Manager, Premises & Administrative Services	Manager	$ 125	$ 107	85%
Manager, Pricing	Manager	$ 145	$ 121	84%
Manager, Product Ownership	Manager	$ 138	$ 121	88%
Manager, Product Planning & Delivery	Manager	$ 138	$ 121	88%
Manager, Safety, Security & Environment	Manager	$ 145	$ 107	74%
Manager, Security Operations Centre	Manager	$ 149	$ 121	82%
Manager, Strategic Sourcing & Vendor Management	Manager	$ 128	$ 107	84%
Manager, System Operations	Manager	$ 140	$ 121	86%
Manager, Systems Architecture	Manager	$ 141	$ 121	86%
Manager, Total Rewards	Manager	$ 139	$ 121	87%
Manager, Valuation	Manager	$ 145	$ 121	84%
Occupational Therapist	Senior Professional	$ 121	$ 75	62%
Safety & Security Administrator	Experienced Para Professional	$ 66	$ 48	71%
Service Delivery Manager	Expert Professional	$ 139	$ 107	77%
Solutions Architect	Specialist Professional	$ 123	$ 107	87%

Appendix 1

The below analysis outlines the out-of-scope jobs benchmarked against actual total cash (base + incentives) relative to the blended market at the 50th percentile and identified as below market (<90% of the 50th percentile of the market).

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		ACTUAL TOTAL CASH COMPARISON		
Position Title	Category	P50 Blend (Base + Incentives)	MPI Range Midpoint	MPI Range Midpont as % of P50 Blend (Base + Incentives)
Sr Application Services Technical Advisor	Specialist Professional	$ 129	$ 107	**83%**
Sr HRMS Analyst	Specialist Professional	$ 108	$ 84	**79%**
Sr Information Security Analyst	Senior Professional	$ 98	$ 75	**76%**
Supervisor, Platform Services	Team Leader (Professional)	$ 125	$ 95	**76%**
Talent Development Partner	Senior Professional	$ 95	$ 84	**89%**
Vulnerability & Penetration Testing Specialist	Specialist Professional	$ 116	$ 84	**73%**
Workplace Safety Advisor	Senior Professional	$ 95	$ 84	**89%**

PUB (MPI) 2-43

Part and Chapter:	**PUB (MPI) 1-54 Part IX Expenses Fig. EXP-41 EXP Appendix 16 Fig. EXP App 16-1 EXP Appendix 17**	**Page No.:**	
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Basic Capital Expenditures**		
Sub Topic:	**Project Cost Comparisons**		

Preamble to IR:

Question:

Please file the Corporation's General Capitalization policy.

Rationale for Question:

To understand MPI’s capitalization policy and the impact on expenses.

RESPONSE:

Please refer to *Appendix 1 - Policy for Capitalization of Assets*.

AGENDA E

SUBMISSION TO THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF MANITOBA PUBLIC INSURANCE

SUBJECT: Policy for Capitalization of Assets

RECOMMENDATION: That the members approve the updated policy for capitalization of assets effective March 1, 2009 as follows:

- Furniture and Equipment will be recorded as a capital asset if the cost of the individual asset (including taxes) equals or exceeds $5,000.
- Computer equipment including monitors, CPU's, servers, memory, laptops, fax machines, printers, etc. will be recorded as a capital asset if the cost of the individual asset (including taxes) equals or exceeds $5,000.
- Land, Land Improvements, Buildings, Leasehold Improvements, Vehicles and Systems Furniture will be recorded as capital assets.

This change in policy will be applied on purchases made effective March 1, 2009.

BACKGROUND: The current policy for capitalizing assets has been in place since November 1, 1998. The following items fall within this policy:

- Furniture and Equipment will be recorded as a capital asset if the cost (including taxes) equals or exceeds $500.
- Data Processing Equipment (now referred to as Computer Equipment) such as monitors, CPU's and server upgrades will be recorded as capital assets. All other data processing equipment will be recorded as a capital asset if the cost (including taxes) equals or exceeds $500.
- Land, Land Improvements, Buildings, Leasehold Improvements, Vehicles and Systems Furniture will be recorded as capital assets.

The policy for capitalization of assets requires updating for the following reasons:

- In comparison with similar organizations, MPI's current materiality level is significantly lower that the majority of these organizations.
- A significant portion of furniture and equipment, computer equipment and systems furniture are what would now be considered, low value items.
- Using a defined dollar amount is:
  - Objective
  - Determinable
  - Definite
  - Not subject to opinion or interpretation.
- Using a dollar amount that is not material (i.e. $5,000) is in accordance with Canadian Generally Accepted Accounting Principles and International Financial Reporting Standards.

The following proposed updated policy for capitalization of assets is intended to eliminate relatively low value items from being administered in the asset management ledger.

- Furniture and Equipment will be recorded as a capital asset if the cost of the individual asset (including taxes) equals or exceeds $5,000.
- Computer equipment including monitors, CPU's, servers, memory, laptops, fax machines, printers, etc. will be recorded as a capital asset if the cost of the individual asset (including taxes) equals or exceeds $5,000.
- Land, Land Improvements, Buildings, Leasehold Improvements, Vehicles and Systems Furniture will be recorded as capital assets.

IMPACT:

The following items will be expensed, effective March 1, 2009, under the updated policy for capitalization of assets:

- Desktop & laptop computers
- Most printers, fax machines & scanners
- Computer storage & cables
- Bookcases, tables & chairs
- Fridges, microwaves & snowblowers.

The updated policy will have no impact on Land, Land Improvements, Buildings, Leasehold Improvements, Vehicles and Systems Furniture.

Based on items purchased between March 1, 2009 and December 31, 2009 valued at less than $5,000 that would be expensed in the 2009/10 fiscal year are:

- Computer equipment - $1,119,314
- Furniture & equipment - $227,230.

The final total for the 2009/10 adjustment will be determined at the end of the fiscal year. The average for the items purchased for the three years 2006/07 to 2008/09 that are valued at less than $5,000 are $1.7 million for computers and $340,000 for furniture and equipment.

PUB (MPI) 2-44

Part and Chapter:	PUB (MPI) 1-55 Part IX Expenses Fig. EXP-23 EXP App-5	Page No.:	32
PUB Approved Issue No:	10. Cost of operations and cost containment measures		
Topic:	Operating Expenses		
Sub Topic:			

Preamble to IR:

Question:

a) When does the Corporation expect to be able to implement the bank-to-bank transfers post-design phase?

b) What is the estimated cost to implement?

Rationale for Question:

To understand change in postal expenses due to service delivery changes.

RESPONSE:

a) Bank to bank functionality will be introduced as part of Program Nova Release 3. Release 3 is presently in the planning stages and Discovery activities are planned to begin early 2024. During the Discovery phase, further details will be developed in terms of when and how MPI will introduce this functionality.

b) Cost estimates for bank to bank transfers will be determined during Release 3 Discovery.

PUB (MPI) 2-45

Part and Chapter:	PUB (MPI) 1-57 Part IX Expenses Fig. EXP-42 Exp Appendix 18, Fig. EXP APP 18-1	Page No.:	58
PUB Approved Issue No:	10. Cost of operations and cost containment measures		
Topic:	Operating Expenses		
Sub Topic:	Basic Deferred Development Costs		

Preamble to IR:

Question:

a) Please reconcile the budgeted Project Nova Basic costs with that presented in the Nova program update.

b) Please file a similar schedule for Corporate Capital Expenditures by Project.

c) Please explain the difference between Project Nova and Project Nova ongoing operations expense.

d) Please indicate the extent to which the expense in Project Nova or Project Nova-ongoing ops are being deferred per the Board directive for rate-setting purposes.

Rationale for Question:

To understand changes in Basic capital expenditure forecast.

RESPONSE:

a) The amounts presented in the Nova program update represent the Rebaseline 2022 budget, while the amounts reported in Part IX Expenses Fig. EXP-42 and Exp

Appendix 18, Fig. EXP APP 18-1 represent the updated forecasted amounts at March 31, 2023.

Please refer to PUB (MPI) 1-20 and PUB (MPI) 1-57 for a comparison between the amounts presented by Part IX Expenses to those presented by Part V Nova. MPI provided the breakdown of the Nova Costs by Line of Business in part (b) of PUB (MPI) 1-20. Comparing the Basic costs reported in this table to PUB (MPI) 1-57 (which is a re-file of the table in Figure EXP-42), you will see that the amounts reported align, with no variances.

b) Please refer to *Appendix 1*.

c) Within the Nova One-Time Costs Program budget there are expense costs including Product RFPs, planning, leadership, nPMO, training, and Duck Creek licensing costs as part of the overall framework in support of the Nova implementation teams. The Nova ongoing costs are the expenses incurred for the normal operational day-to-day cost as a result of implementation of Nova products, post go-live.

d) Please refer to IR Response PUB (MPI) 1-54. In part (c) of this response MPI explained that "*implementation expenses are excluded from the rates sought in this GRA*." This includes all implementation expenses (including ongoing expenses and amortization expenses) for initiatives for 2022/23, 2023/24, and 2024/25. Also, refer to Exhibit# 24, which was filed on August 22nd, for CAC (MPI) 1-1 Blackline clean version which includes details of the Basic Implementation Expenses Deferred for Rate Setting Purposes.

Appendix 1
Corporate Capital Expenditures by Project
(previously filed as Part IX Expenses Chapter Figure EXP-42)

Line No.	Project	LTD Actual*	2017/18A	2018/19A	2019/20A	2020/21A	2021/22A	2022/23A	2023/24F	2024/25F	2025/26F	2026/27F	2027/28F	Total
1	*(C$000s, except where noted)*													
2	Deferred Development	-	-	-	-	13,024	42,242	36,200	43,994	20,729	6,367	-	-	162,556
3	Capital Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Expense	-	-	136	3,254	5,831	12,171	16,202	13,777	11,231	4,746	1,303	1,916	70,567
5	**Nova**	**-**	**-**	**136**	**3,254**	**18,855**	**54,413**	**52,402**	**57,771**	**31,960**	**11,113**	**1,303**	**1,916**	**233,123**
6	Deferred Development	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Capital Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Expense	-	-	-	-	457	9,026	9,818	25,353	25,098	13,085	-	-	82,837
9	**Nova - ongoing ops**	**-**	**-**	**-**	**-**	**457**	**9,026**	**9,818**	**25,353**	**25,098**	**13,085**	**-**	**-**	**82,837**
10	Deferred Development	-	-	-	701	1,285	95	1	-	-	-	-	-	2,082
11	Capital Depreciation	-	-	-	-	-	-		-	-	-	-	-	-
12	Expense	-	-	-	1,312	582	40	-	-	-	-	-	-	1,934
13	**Technology Risk Management - 2019**	**-**	**-**	**-**	**2,013**	**1,867**	**135**	**1**	**-**	**-**	**-**	**-**	**-**	**4,016**
14	Deferred Development	-	-	-	1	1,445	736	(652)	-	-	-	-	-	1,530
15	Capital Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Expense	-	-	-	-	745	380	891	-	-	-	-	-	2,016
17	**Technology Risk Management - 2020**	**-**	**-**	**-**	**1**	**2,190**	**1,116**	**239**	**-**	**-**	**-**	**-**	**-**	**3,546**
18	Deferred Development	-					352	(352)	-	-	-	-	-	-
19	Capital Depreciation	-					-	-	-	-	-	-	-	-
20	Expense	-					1,062	1,401	593	-	-	-	-	3,056
21	**Technology Risk Management - 2021**	**-**	**-**	**-**	**-**	**-**	**1,414**	**1,049**	**593**	**-**	**-**	**-**	**-**	**3,056**
22	Deferred Development	-						-	-	-	-	-	-	-
23	Capital Depreciation	-						-	-	-	-	-	-	-
24	Expense	-						1,721	987	-	-	-	-	2,708
25	**Technology Risk Management - 2022**	**-**						**1,721**	**987**	**-**	**-**	**-**	**-**	**2,708**
26	Deferred Development	-							-	-	-	-	-	-
27	Capital Depreciation	-							-	-	-	-	-	-
28	Expense	-							2,920	-	-	-	-	2,920
29	**Technology Risk Management - 2023**	**-**							**2,920**	**-**	**-**	**-**	**-**	**2,920**
30	Deferred Development	-							-	-	-	-	-	-
31	Capital Depreciation	-							-	-	-	-	-	-
32	Expense	-							-	3,855	-	-	-	3,855
33	**Technology Risk Management - 2024**	**-**							**-**	**3,855**	**-**	**-**	**-**	**3,855**
34	Deferred Development	-							-	-	-	-	-	-
35	Capital Depreciation	-							-	-	-	-	-	-
36	Expense	-							-	-	4,500	-	-	4,500
37	**Technology Risk Management - 2025**	**-**							**-**	**-**	**4,500**	**-**	**-**	**4,500**

Line No.	Project	LTD Actual*	2017/18A	2018/19A	2019/20A	2020/21A	2021/22A	2022/23A	2023/24F	2024/25F	2025/26F	2026/27F	2027/28F	Total
38	*(C$000s, except where noted)*													
39	Deferred Development	-							-	-	-	-	-	-
40	Capital Depreciation	-							-	-	-	-	-	-
41	Expense	-							-	-	-	4,500	-	4,500
42	**Technology Risk Management - 2026**	**-**							**-**	**-**	**-**	**4,500**	**-**	**4,500**
43	Deferred Development	-			373	1,156	1,604	893	-	-	-	-	-	4,026
44	Capital Depreciation	-			-	-	-	-	-	-	-	-	-	-
45	Expense	-			246	632	220	155	-	-	-	-	-	1,253
46	**Information Security Maturity**	**-**	**-**	**-**	**619**	**1,788**	**1,824**	**1,048**	**-**	**-**	**-**	**-**	**-**	**5,279**
47	Deferred Development	-			854	1,300	7		-	-	-	-	-	2,161
48	Capital Depreciation	-			-	-	-		-	-	-	-	-	-
49	Expense	-			-	-	-		-	-	-	-	-	-
50	**Finance Re-Engineering Initiative**	**-**	**-**	**-**	**854**	**1,300**	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**2,161**
51	Deferred Development	-				895	1,146	(59)	-	-	-	-	-	1,982
52	Capital Depreciation	-				-	-	-	-	-	-	-	-	-
53	Expense	-				-	769	-	-	-	-	-	-	769
54	**Microsoft 365**	**-**				**895**	**1,915**	**(59)**	**-**	**-**	**-**	**-**	**-**	**2,751**
55	Deferred Development	-				65	(65)	-	-	-	-	-	-	-
56	Capital Depreciation	-				-		-	-	-	-	-	-	-
57	Expense	-				-	143	269	70	-	-	-	-	482
58	**HRMS Optimization - Phase 1**	**-**				**65**	**78**	**269**	**70**	**-**	**-**	**-**	**-**	**482**
59	Deferred Development	-			-	-	-	-	-	-	-	-	-	-
60	Capital Depreciation	-			-	-	-	-	-	-	-	-	-	-
61	Expense	-			64	4	8	2	29	-	-	-	-	107
62	**Claims Dispute Tribunal**	**-**			**64**	**4**	**8**	**2**	**29**	**-**	**-**	**-**	**-**	**107**
63	Deferred Development	-					-	-	-	-	-	-	-	-
64	Capital Depreciation	-					-	-	-	-	-	-	-	-
65	Expense	-					120	207	-	-	-	-	-	327
66	**eTransfer Capability**	**-**					**120**	**207**	**-**	**-**	**-**	**-**	**-**	**327**
67	Deferred Development	-					-	-	-	-	-	-	-	-
68	Capital Depreciation	-					-	-	-	-	-	-	-	-
69	Expense	-					56	508	2,800	2,399	2,800	-	-	8,563
70	**Digital Culture (M365 & Remote work)**	**-**					**56**	**508**	**2,800**	**2,399**	**2,800**	**-**	**-**	**8,563**
71	Deferred Development	-					-	-	-	-	-	-	-	-
72	Capital Depreciation	-					-	-	-	-	-	-	-	-
73	Expense	-					-	599	3,140	2,690	3,140	-	-	9,569
74	**Data & Analytics**	**-**					**-**	**599**	**3,140**	**2,690**	**3,140**	**-**	**-**	**9,569**
75	Deferred Development	-						-	-	-	-	-	-	-
76	Capital Depreciation	-						-	-	-	-	-	-	-
77	Expense	-						1,370	3,553	257	300	-	-	5,480
78	**Cloud Adoption**	**-**						**1,370**	**3,553**	**257**	**300**	**-**	**-**	**5,480**

Line No.	Project	LTD Actual*	2017/18A	2018/19A	2019/20A	2020/21A	2021/22A	2022/23A	2023/24F	2024/25F	2025/26F	2026/27F	2027/28F	Total
79	*(C$000s, except where noted)*													
80	Deferred Development	-					-	-	-	-	-	-	-	-
81	Capital Depreciation	-					-	-	-	-	-	-	-	-
82	Expense	-					84	1,795	-	-	-	-	-	1,879
83	**Knowledge Platforms and Content Management**	**-**					**84**	**1,795**	**-**	**-**	**-**	**-**	**-**	**1,879**
84	Deferred Development	-							-	-	-	-	-	-
85	Capital Depreciation	-							-	-	-	-	-	-
86	Expense	-							1,700	1,456	1,700	-	-	4,856
87	**Enterprise Content Management**	**-**							**1,700**	**1,456**	**1,700**	**-**	**-**	**4,856**
88	Deferred Development	-							-	-	-	-	-	-
89	Capital Depreciation	-							-	-	-	-	-	-
90	Expense	-							3,950	3,384	3,950	-	-	11,284
91	**Partners & Customers Experience**	**-**							**3,950**	**3,384**	**3,950**	**-**	**-**	**11,284**
92	Deferred Development	-							-	-	-	-	-	-
93	Capital Depreciation	-							-	-	-	-	-	-
94	Expense	-							127	450	3,450	-	-	4,027
95	**HR and Finance New Technology**	**-**							**127**	**450**	**3,450**	**-**	**-**	**4,027**
96	Deferred Development	-					-	-	-	-	-	-	-	-
97	Capital Depreciation	-					-	-	-	-	-	-	-	-
98	Expense	-					319	728	-	-	-	-	-	1,047
99	**eSignature**	**-**					**319**	**728**	**-**	**-**	**-**	**-**	**-**	**1,047**
100	Deferred Development	-					-	-	-	-	-	-	-	-
101	Capital Depreciation	-					-	-	-	-	-	-	-	-
102	Expense	-					46	2	-	-	-	-	-	48
103	**eCash Payment Capability and Direct Deposit**	**-**					**46**	**2**	**-**	**-**	**-**	**-**	**-**	**48**
104	Deferred Development	-					-	-	-	-	-	-	-	-
105	Capital Depreciation	-					-	-	-	-	-	-	-	-
106	Expense	-					1,008	1,176	3,471	2,999	3,500	-	-	12,154
107	**Innovation Funding**	**-**					**1,008**	**1,176**	**3,471**	**2,999**	**3,500**	**-**	**-**	**12,154**
108														
109	Deferred Development	-							-	-	-	-	-	-
110	Capital Depreciation	-							-	-	-	-	-	-
111	Expense	13,059	657	2,726	2,314	64			-	-	-	-	-	18,820
112	**Insertions of Work**	**13,059**	**657**	**2,726**	**2,314**	**64**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18,820**
113	Deferred Development	-		-					-	-	-	-	-	-
114	Capital Depreciation	-		-					-	-	-	-	-	-
115	Expense	-							1,050	900	1,050	-	-	3,000
116	**Government Insertions**	**-**						**-**	**1,050**	**900**	**1,050**	**-**	**-**	**3,000**
117	**Total SPM / NOVA Project Costs**	**13,059**	**657**	**2,862**	**9,119**	**27,485**	**71,569**	**72,875**	**107,814**	**75,448**	**48,588**	**5,803**	**1,916**	**436,895**
118	**LTD actual are expenditures from 2013/14 to 2016/17 for Insertions of Work*													

PUB (MPI) 2-46

Part and Chapter:	**PUB (MPI) 1-59 Part IX Expenses Fig. EXP-45**	**Page No.:**	**664**
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Operating Expenses**		
Sub Topic:	**Broker Commissions**		

Preamble to IR:

Question:

Please supplement the schedule (Figure 1) to indicate the assumed period and Basic rates in effect for each of the fiscal years.

Rationale for Question:

To understand changes in broker expenses.

RESPONSE:

Please refer to the updated Figure 1 below which incorporates the updates requested above. The update is based on corrected Exhibit #26.

Figure 1 **Comparison of Broker Commissions Written - 2024 GRA vs 2023 GRA *(updated Part IX Expenses Chapter Figure EXP-45)***

Line No.	2024 GRA Products/Transactions	2022/23A	2023/24BF	2024/25F	2025/26F	2026/27F	2027/28F
1	*($000's, except where noted)*						
2	**Basic**	40,412	43,263	49,154	49,762	50,159	50,621
3	**Extension**	32,329	33,771	33,738	32,627	32,716	33,207
4	**Basic Transactions / flat fees**	7,248	7,555	7,126	6,316	6,153	5,975
5	**Extension Transactions / flat fees**	759	847	802	705	681	655
6	**DVA Transactions / flat fees**	2,067	2,230	2,120	1,865	1,801	1,734
7	**Total Commission Written**	**82,816**	**87,665**	**92,940**	**91,275**	**91,509**	**92,192**
8	Assumed Period	April 1, 2022 - March 31, 2023	April 1, 2023 - March 31, 2024	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026	April 1, 2026 - March 31, 2027	April 1, 2027 - March 31, 2028
9	Basic Rates in Effect	3.75% - In Person	3.75% - In Person	4.3% - In Person 2.4% - Online	4.5% - In Person 2.4% - Online	4.5% - In Person 2.4% - Online	4.5% - In Person 2.4% - Online

Line No.	2023 GRA Products/Transactions	2022/23FB	2023/24BF	2024/25F	2025/26F	2026/27F	2027/28F
1	*($000's, except where noted)*						
2	**Basic**	41,647	51,745	54,447	52,431	53,121	
3	**Extension**	32,774	33,819	33,584	32,210	32,766	
4	**Basic Transactions / flat fees**	7,364	5,459	5,289	4,548	4,393	
5	**Extension Transactions / flat fees**	719	746	725	623	602	
6	**DVA Transactions / flat fees**	1,986	4,217	4,091	3,517	3,398	
7	**Total Commission Written**	**84,489**	**95,986**	**98,135**	**93,330**	**94,280**	**n/a**
8	Assumed Period	April 1, 2022 - March 31, 2023	April 1, 2023 - March 31, 2024	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026	April 1, 2026 - March 31, 2027	n/a
9	Basic Rates in Effect	3.75% - In Person	4.3% - In Person 2.4% - Online	4.5% - In Person 2.4% - Online	4.5% - In Person 2.4% - Online	4.5% - In Person 2.4% - Online	

Line No.	Difference (2024 GRA vs 2023 GRA) Products/Transactions	2022/23A	2023/24BF	2024/25F	2025/26F	2026/27F	2027/28F
1	*($000's, except where noted)*						
2	**Basic**	(1,235)	(8,482)	(5,293)	(2,670)	(2,962)	
3	**Extension**	(445)	(48)	154	417	(50)	
4	**Basic Transactions / flat fees**	(116)	2,096	1,838	1,768	1,760	
5	**Extension Transactions / flat fees**	41	101	77	82	79	
6	**DVA Transactions / flat fees**	81	(1,987)	(1,971)	(1,652)	(1,597)	
7	**Total Commission Written**	**(1,673)**	**(8,321)**	**(5,195)**	**(2,055)**	**(2,770)**	**n/a**

PUB (MPI) 2-47

Part and Chapter:	**PUB (MPI) 1-62 Part IX Expenses EXP Appendix 22**	**Page No.:**	
PUB Approved Issue No:	**10. Cost of operations and cost containment measures**		
Topic:	**Claims Costs**		
Sub Topic:	**Light Vehicle Accreditation Agreement (LVAA)**		

Preamble to IR:

Question:

Please file a copy of the third-party review of northern rates.

Rationale for Question:

To understand changes in LVAA compensation.

RESPONSE:

Please refer to *Appendix 1* for a copy of the report.

Study of Market Cost Differentials between Northern and Southern Manitoba

MPI / MMDA / ATA
December 2022

Prepared by MNP

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List of Tables

Executive Summary

MPI, in conjunction with the Manitoba Motor Dealers Association (MMDA) and the Automotive Trades Association of Manitoba (ATA), engaged MNP to conduct a study on the reasonableness of MPI's northern compensation rates and to identify market differentials between northern and southern Manitoba. MPI's northern Manitoba region consists of six (6) accredited repair shops in Thompson, The Pas, and Flin Flon.

The objectives of this study are to determine the income required to recruit and retain qualified technicians in the north, an acceptable range of profitability to maintain a viable industry in the north, the cost drivers in the north that would impact MPI's compensation rate, and aspects of the northern market that would be considered MPI's obligation to address.

MPI has a four-year compensation rate schedule in effect from March 2021 to June 2025. The current schedule provides a northern premium of 20% on all types of autobody and mechanical labour. The northern premium for materials varies based on the material type, ranging from a 10% premium on toxic waste to a 41% premium on shop materials and tempered glass shop materials.

Representatives from five of the six northern shops were consulted for their opinions on cost pressures in the north, compensation rates, recruitment and retention and other challenges. Shop representatives unanimously listed the cost and availability of labour as the most defining difference between the north and south. Shops have tried novel recruiting and retention methods to attract skilled employees, including the recruitment of foreign workers, granting exceptional wage increases, and offering new benefits. Representatives also identified technician training and travel costs, freight costs on parts, construction costs, and fuel and propane costs as being higher in the north.

A comparative economic analysis of northern and southern Manitoba indicated the following:

- The median employment income for full-time workers in 2020 was on average 24% higher in the north.
- The median housing value in the north in 2021 was on average 53% lower than in Winnipeg.
- Labour participation rates and unemployment rates are relatively consistent between the north and south

A cost-of-living analysis was conducted to compare the prices of consumer goods and services between the north and south. Most consumer cost categories have a slightly higher cost in the north, with the cost of transportation having the greatest cost differential between the two regions. However, shelter costs and homeowner's replacement costs are significantly *less* expensive, which cause the overall cost of living comparison to be relatively equal between both regions. That is, an individual's total annual purchasing power does not significantly differ whether they live in Thompson, The Pas, Flin Flon, or Winnipeg, but the cost of goods they purchase within certain consumer categories may differ. The result of this finding indicates that, on balance, cost of living is not a significant factor that would influence a northern rate premium.

Table 1 summarizes the results of the differential cost of living analysis.

Table 1: Net Cost of Living Differentials by Region

	Annual Weighted Cost Differential	
	Thompson to Winnipeg	The Pas/Flin Flon to Winnipeg
Excluding homeowner's replacement cost	1.93%	1.41%
Including homeowner's replacement cost	0.40%	(0.44%)

Shop owners in the north indicated that higher wages are needed to attract and retain skilled labour in the north. MNP analyzed reported northern autobody wages to postings indicating southern autobody wages. Wages for multiple skill and qualification levels were collected from the northern shops and compared to job postings for the same skill levels in the south. The average wage in the north was compared to the midpoint of the wage ranges provided in southern market job listings. The findings listed in Table 2 found that on average Red Seal technicians in the north are earning 7.7% less than the midpoint of job postings for Red Seal technicians in the south. Apprentices are the only category that earn consistently higher wages in the north across all wage ranges. This is reflective of the efforts to recruit apprentices to enable succession of established journeymen.

Table 2: North to South Autobody Wage Differentials by Skill Level

Position	Low	Average/Mid	High
Red Seal	111.5%	92.3%	85.3%
Apprentices	170.9%	136.9%	117.2%
Shop Assistants	93.3%	112.6%	138.9%

Shops also identified pressure from resource industry wage rates in the north as a factor in what is expected to attract skilled labour. Table 3 compares the wages paid to autobody workers in the north to other major employers in the northern market, including Vale, HudBay, Manitoba Hydro, and The City of Thompson. Wages for these employers were collected from collective agreements. Comparisons to autobody skill levels were based on the assumed relative rank in the union wage schedules. The comparative results show that the autobody shops are paying lower wages in nearly every rank, with only I-CAR designated staff earning on-par with mid-rank unionized employees. The results show that skilled Red Seal autobody technicians and apprentices earn on average 9% to 17% less than they could in comparable roles with other major northern employers. The wage differentials for non-designated staff and shop assistants are consistent with the northern shop representatives' comments about low-experienced workers being able to start a higher paying job with the major employers rather than starting a career in autobody.

Table 3: Northern Autobody to Other Northern Industries Wage Differentials

	Low	Average	High
Red Seal	87%	84%	89%
I-CAR Designated	103%	101%	103%
Apprentices	91%	84%	83%
Non-designated	92%	85%	84%
Shop Assistants	68%	77%	95%

Postings for the autobody repair positions in the south indicated that employee benefits are being offered to help attract employees. These included share purchase plans, signing bonuses, fitness subsidies, part-time study programs, and flexible work schedules among standard health benefits. Major employers in the north offer a range of extended health, drug, dental, and leave benefits. Of note, several employers in the north offer a travel benefit that provides additional time off for employees to cover the additional travel time needed to reach a major city centre from the north.

The second most significant labour market barrier identified for northern shops is sending staff and apprentices to Winnipeg for training. Northern shops pay for travel costs for staff to travel south for mandatory I-CAR training courses which are not available in the north. For apprentices, in-class training can range from four to ten weeks per year during the four-year autobody apprenticeship. Some shops support apprentices through paying course fees and travel costs. Apprentices may delay their training progression if they cannot afford to travel south for training, which further limits the number of new journeypersons in the north.

A higher rate of profit is reasonably necessary to attract a buyer for a shop in the north due to the relatively higher market risk profile, and quality of life differences compared to owning a shop in the south. Autobody industry profitability metrics were examined to provide a benchmark for an appropriate range for northern shop profitability. The average net profit margin for shops in Manitoba in 2019 was 7.1%, with purchases and materials accounting for 44.2% of sales and wages and benefits accounting for 29.1% of sales. However, shop profitability is highly correlated with shop size and complicates the use of the average as a benchmark for the northern shops. The margin within the labour rate is also increased by any premium for northern market differential and is estimated to provide an equivalent improvement in profitability as the labour premium and further measures should not be required.

This review has indicated that cost of living differences between the north and the south, on balance, are not significant. The market differential between northern and southern autobody shops appears primarily related to the wage premium necessary to attract employees to the north. Competitive wage rates for the north are strongly influenced by other northern employers and the impact on the labour market can be reasonably approximated by the difference in median income between the markets.

Introduction

Background

MPI establishes standard compensation rates for autobody repairs that are applicable to all of Manitoba. MPI provides a northern premium on labour rates and some material categories to autobody repair shops in the north. However, advocates for the industry in the north have stated that the existing northern premiums are insufficient and have requested that the insurer provide more support to the north to account for the prevailing market differences between the north and south.

MPI, in conjunction with the Manitoba Motor Dealers Association (MMDA) and the Automotive Trades Association of Manitoba (ATA), engaged MNP to conduct a study on the reasonableness of existing compensation rates for northern Manitoba autobody repair shops, and to identify market differentials between the northern and southern Manitoba markets. This includes identifying the income required to recruit and retain qualified technicians, and what impacts the ability to recruit and retain skilled, qualified technicians. MNP is to identify the differences between northern and southern Manitoba and the cost drivers and pressures in the north and associated outcomes that would impact rates paid by MPI.

The Northern Market

MPI has separated Manitoba into two regions for determining vehicle repair compensation: northern Manitoba and southern Manitoba. The northern Manitoba region consists of all vehicle repair shops north of and including The Pas. There are currently 6 accredited autobody repair shops in the northern region:

- 3 in Thompson
- 2 in The Pas
- 1 in Flin Flon.

The labour market in the north is significantly different from the south, with a handful of large employers in the north recruiting from a smaller pool of qualified labour. Competitors for labour in the north include the resource industry, Manitoba Hydro, the public sector, and other related agencies with collective agreements. Many job training programs are not offered north of Winnipeg, requiring northern employers to incur high costs for travel for staff to attend training.

Certain elements of the cost of living tend to be higher in northern Manitoba than in southern Manitoba due to additional freight, less economies of scale, and lower selection variety. This study performs a comparative cost of living index between Winnipeg and the three northern towns with accredited repair shops to estimate the cost differential associated with living in northern Manitoba.

Methodology

Objectives

The specific objectives of this study include:

i. To determine what income is required to recruit and retain qualified technicians in the north, and have a viable industry in the north;

ii. To determine the market differences between northern and southern Manitoba and their current and future state;

iii. To determine the cost drivers in the north and associated outcomes that would impact shop compensation rates paid by MPI;

iv. To provide assumptions regarding the range of acceptable profitability to operate an autobody shop in the north;

v. To identify and assess factors impacting a shop's ability to recruit and retain skilled and qualified technicians;

vi. To provide examples of how other industries have come up with solutions for recruitment and retention in the north or similar regions; and

vii. To identify what aspects would be considered MPI's obligation to address, and what role MPI may have for broader market considerations.

It was determined upon consultation with the northern shops that a high level of labour market competitiveness in the north is the primary issue affecting shops. An additional objective was added to conduct a quantitative analysis of wages in other industries in the north for a north-to-north labour cost comparison in addition to the original north-to-south labour cost comparison.

Approach

The following analysis has been undertaken to satisfy the study objectives:

- **Current State Analysis:** An objective review of the existing compensation rates paid by MPI to develop an understanding of the current northern premium and the differential between autobody and mechanic compensation rates. The current state analysis also includes consultation with northern shops and MPI management to develop an understanding of their specific points of view on the situation.
- **Economic Analysis**: Research to understand the economic differences between the north and south, including:
  - An analysis of current and historical income, housing, and population statistics.
  - The development of a custom cost of living index comparing Winnipeg with Thompson, The

Pas, and Flin Flon.
    - Research surrounding the level of competitiveness in the north and south labour markets.
- **Northern Shop Costs**: Data collection and analysis of the costs associated with operating an MPI accredited autobody shop in the north, including:
    - Business occupancy costs, including lease, maintenance, utilities, etc.
    - Labour costs by skill level
- **Market Differential Index**: All findings from the economic analysis and northern shop costs will be combined to determine an appropriate market differential between the north and south.
- **Recommendations:** A recommended approach to determining a fair northern premium will be provided.

Data Collection

The following sources were used to gather data to support this study:

- **MPI Vehicle Repair Compensation Schedules:** MPI provided current shop compensation rates, and their underlying assumptions and drivers
- **Autobody Repair Shop Interviews:** Interviews were conducted with representatives from all six[1] of the autobody repair shops. The goal of these interviews was to identify the cost pressures in the northern environment, and other data indicators of the cost pressures that may exist (either market or private data).
- **MPI Interview:** An interview was held with three managers at MPI. This interview helped to explain the claims process and the current policies, procedures, and practices in place. MPI was able to share their perspective on cost drivers and current issues in the industry.
- **Northern Shop Business Costs:** MPI identified business occupancy costs and labour costs as two key cost drivers to be included in the analysis. Business costs have been collected from four of the six northern shops.
- **Northern Shop Labour Data:** Northern shops were asked to provide the compensation rates and skill levels of their current employees. Four of the six shops provided their labour data.
- **Statistics Canada Data:** Where possible, the most recent data was gathered for each market from Statistics Canada. Data was collected for the three northern cities (Thompson, The Pas, Flin Flon), as well as Winnipeg to use as a baseline comparator. Other various online sources were used when needed, such as job search sites, collective agreements online, and general market research.
- **Public Job Postings**: A sample of job postings for the autobody industry in Winnipeg with listed compensation ranges were used for comparative purposes.

[1] There are six shops in the study, with five different representatives (i.e., one individual is responsible for two of the shops).

- **Other Online Research:** Other research related to labour market competitiveness, major employers, and union agreements has been pulled from online sources. Where applicable, these sources are noted in the footnotes.

Current State Analysis

Current Compensation Rates

Shop compensation rates for labour and materials are supplied by MPI. Current rates are in force for a four-year period, as follows:

- Year 1: March 16, 2021 – June 13, 2022
- Year 2: June 14, 2022 – June 13, 2023
- Year 3: June 14, 2023 – June 13, 2024
- Year 4: June 14, 2024 – June 13, 2025

The compensation schedule was developed to start March 16, 2021, and to be in effect for four years. On August 22, 2022, an adjusted compensation schedule was released by MPI stating that they recognized the current challenges the repair industry was facing, including the recent price increase for materials. Increased rates for various materials[2] and a new compensation rate (the windshield shop material rate) was introduced to be effective as of July 1, 2022. An additional compensation rate, the mechanical specialty rate, was created to take effect September 1, 2022. This specialty rate is higher than the mechanical rate, and covers specific engine, transmission, transfer case, differential, and trans-axle repairs.

Table 4 outlines the current compensation rates for labour and materials in effect for Year 2, June 14, 2022, to June 13, 2023. Shops in northern Manitoba receive a higher rate for most labour and materials categories, known as the "northern premium". The table shows the northern premium to be 20% across all hourly labour rates and a variable rate ranging between 0% to 41% in the materials categories. A breakdown of the full 4-year compensation rate schedule is provided in Appendix A. Annual rate increases are scheduled in both the north and south, but the northern premium is scheduled to remain consistent in each category from years 2 to 4.

[2] Paint material rate, physical damage shop material rate, tempered glass shop material rate and physical damage and glass urethane allowance rate.

Table 4: Comparison of North and South Compensation Rates, Schedule Year 2

	Units	South	North	Northern Premium ($)	Northern Premium (%)
Labour					
Body / Refinish / Glass	Per Hour	$78.50	$94.20	$15.70	20%
Frame	Per Hour	$87.00	$104.40	$17.40	20%
Mechanical	Per Hour	$92.00	$110.40	$18.40	20%
Mechanical Specialty	Per Hour	$125.00	$150.00	$25.00	20%
Materials					
Paint Material	Per Hour	$51.70	$62.04	$10.34	20%
Shop Material	Per Hour	$7.05	$9.91	$2.86	41%
Toxic Waste	Per Paint Estimate	$4.97	$5.46	$0.49	10%
Windshield Glass Shop Material	Per Hour	$4.00	$4.80	$0.80	20%
Tempered Glass Shop Material	Per Hour	$7.05	$9.91	$2.86	41%
Glass Urethane Allowance	Per Item	$33.60	$33.60	$0.00	0%
National Auto Glass Standards (NAGS) Discount	N/A	25%	0%	N/A	N/A

Consultation

MNP interviewed four representatives from 5 of the 6 identified shops in the north (one individual representing two shops). This section outlines what was heard and includes the unverified perceptions of interviewees. Statements made by the interviewees were used to guide MNP's objective research and analysis throughout this study. Interview results have been grouped into the following categories: cost pressures in the north, compensation rates, recruitment and retention, other challenges, and welcome improvements.

Cost Pressures in the North

- **Labour** - The interviewees unanimously identified elements associated with the labour market as one of the defining cost differences between the north and south. A dearth of skilled and qualified technicians in the northern labour market has led to shops trying different methods to fill positions, including:

- **The recruitment of foreign workers.** Several interviewees stated that they actively recruit through the foreign worker program or assist in the immigration process for qualified technicians from other countries, going as far as paying the legal and administrative costs associated with immigration.
- **Granting exceptional wage increases.** Interviewees stated that they have been approving more frequent raises at higher rates than historically, partly due to the recent inflationary landscape, but primarily due to qualified technicians in the north having greater individual bargaining power within the local industry. Shops have approved wage increases in recent years to keep employees happy, because management knows they could not fill the role if the employee were to leave.
- **Increases in other benefits provided to employees or recruits**. Due to the lack of a local supply of qualified labour, shops have had to extend other benefits to experienced technicians to keep them or return them to the north. For example, paying for a technician's moving costs to move from the south, and paying for a technician's rent costs to live in Thompson during weekdays so that they can travel south to their family on the weekend.
- **Labour costs for other positions.** Shops in the north must pay higher rates to non-technical roles such as Customer Service Representatives to stay competitive in the northern labour market.

Labour was a significant point of discussion in all interviews and is further summarized in the recruitment and retention subsection.

- **Parts Sourcing** – The effect of the COVID pandemic on the global supply chain has hindered parts availability in the north. Generally, it requires an extra day to get a part delivered to the north than it would in Winnipeg. The delay can hinder a shop's process flow and requires additional planning to ensure other jobs can be completed while waiting for parts.

  Shops are responsible for paying the freight on aftermarket and recycled parts, which has been increasing in recent months. In some cases, MPI will not reimburse freight on OEM price matches. For example, if Honda price matches their OEM part to an aftermarket part, MPI will not pay the freight because the aftermarket with freight included may be a better deal even if it's not as economical for the repair. The same policy is applicable to shops in the south, but the northern shops are paying more for freight, reducing relative northern shop profitability. Shops were asked to produce examples of this occurring, but no job documents or receipts were provided for the study, thus the north-south freight differential could not be determined.

- **Shop Operating Costs** – Shop operating costs that were identified as being higher in the north include:
  - **Freight** – Shops expressed frustration with the additional fuel surcharges that have been increasingly applied without notice by shipping companies in recent months. With no regulation on fuel surcharges, shipping companies may apply fuel surcharges in multiple places on an invoice which can confuse shop staff as well as MPI. Multiple interviewees expressed being at the mercy of Gardewine in particular, which is a primary ground transportation provider to the north. Gardewine may delay delivery of auto parts to make room for more

profitable and in demand products, such as food.

  - **Repairs & Maintenance (or Capital Renovations)** – The cost of construction and renovation is higher in the north.
  - **Fuel & Propane** – Costs are believed to be higher in the north.

- **Capital Machinery Costs** – The proliferation of electric vehicles and electronics in vehicles has added a layer of complexity to the industry. There is an increasing need for specific equipment for calibration that shops in the north might not have the capital to invest in. Northern shops are lacking in new 3D scanning technology and other calibration equipment required for certain brands. The investment required to keep up with equipment improvements can be a barrier for shops, although some interviewees noted that this is not likely specific to the north, aside from having higher shipping and installation costs on the equipment.
- **Technician Training Costs** – Interviewees generally agreed that the certification requirements are fair and necessary to maintain high quality in the industry. However, interviewees unanimously identified difficulties with the high cost of sending staff to Winnipeg to complete ICAR courses. Shops in the north must send technicians to Winnipeg for days at a time to complete courses which require the business to pay for flights or mileage, accommodations, and other travel expenses in addition to the course registration cost. There is also an increased risk that a shop may invest tens of thousands in getting a new technician trained and certified who will then quit to migrate south.

  It was identified that ICAR used to send trainers to the north, but the issue now is there's not much demand, and it would require having multiple people trained on the same course at the same time to make it economical for ICAR. A potential solution offered could be to have multiple courses offered in a single week based on training needs in the north to get them all done at once.
- **Cost of Living** – Several interviewees identified a higher cost of living in the north contributing to increased shop operating costs and labour costs. In particular, the cost of travelling south for goods and services is not being factored into existing cost of living statistics in the north. Travelling south to Winnipeg for goods and services is a fact of life for most people living in northern Manitoba. For example, a lack of doctors in the north means certain healthcare procedures require a trip to Winnipeg or another city centre for specialist appointments. A true cost comparison of the north to the south must account for the time and expense related to travelling to other cities to access these specialized services.

Compensation Rates

- **Labour Compensation Rates** – Most interviewees noted the significant gap between the labour compensation rate for autobody technicians versus mechanical. Several interviewees noted that this is a nation and industry wide issue, but it is still a major factor in the shops' difficulties with labour costs and recruitment. It was stated that pushing the autobody rate to the mechanical level could help improve the labour shortage. It was also noted that comparing the north to Saskatchewan, as has been done in the past, will not provide a reliable measure since cities in northern Saskatchewan are larger, closer together, and have more diversified labour markets. A more comparable market would be northern Alberta, where it was mentioned that some shops charge $200 per hour near Fort McMurray.

- **Administration Fee** – The compensation of an $18 administration fee on completed repairs was identified as being insufficient for the volume of administrative labour required on MPI claims. An interviewee stated they used to be paid $80 per estimate for administration but MPI changed this rate. Having an in shop trained estimator could help reduce the administrative cost on the shop, but this is not realistic given the current lack of available labour in the north. Shops expressed frustration with the minutiae required on MPI claims, noting that warranty claims for manufacturers require a fraction of the administration that MPI requires. Interviewees stated that there could be more streamlining of claims with MPI for frequent repairs.
- **Missing Northern Compensation Rates on Claims** – Several interviewees stated that MPI does not seem to automatically apply all the eligible amounts to northern claims. Shops are finding on claim review that they will typically add an additional $100 - $400 in eligible amounts that are not being automatically added by MPI. This may include newer items such as the $60 utility rate for northern refinishing, which estimators in Winnipeg who are unfamiliar with the northern rates may miss in error. Reviewing claims to catch these errors creates additional administrative work for shops in the north.
- **Labour Rate Profitability** – Shops aim to generate approximately 2/3 of the hourly labour rate as operating margin, with technicians earning 1/3 of the stated hourly rate. With recent labour market changes forcing shops to increase wages, northern technicians are making more than the targeted 1/3 which is uncomfortable for the shops. Recent rate increases from MPI have primarily gone to technicians to keep them employed and engaged. There is a general belief amongst multiple shops that that MPI would like 100% of the labour rate to go to staff which would be unsustainable for the industry.

Recruitment and Retention

All interviewees indicated a belief that other industries in the north present a unique competitive challenge that southern counterparts do not contend with. Winnipeg is a large city with a diversified labour market. In northern Manitoba, there are several major employers that dominate the labour landscape. These include Vale (mining), Manitoba Hydro (energy), and the northern Regional Health Authority (NRHA). Further analysis of these companies and their impact on the northern labour market is provided in the Labour Market Competitiveness section.

Interviewees stated that these major employers pay significantly higher wages than other service-oriented businesses in the north, causing shops to continuously raise wages to try to compete and keep existing staff engaged and motivated. Several interviewees identified this as the most pervasive issue in their business, going as far as stating that comparing the north to the south is a flawed premise for this study as the labour market in each region is not comparable.

Additional issues identified related to recruitment and retention in the north include:

- The COVID-19 pandemic exacerbated the labour issue as shops had to lay off staff to stay viable in the early months of the pandemic when business slowed. Volume has increased now that Manitobans are driving more, and the shops have been unable to upstaff to pre-pandemic levels, as many employees found employment in other industries or moved south.
- Advertising online does not generate any interest, and shops have generally given up on spending

hundreds of dollars on online job postings and recruiters as they were not receiving any applications.

- Experienced technicians are aging and there is a lack of young people entering the industry. Shops are trying to hire young people out of high school, but they aren't journeypersons and require significant supervision to meet MPI's quality control needs.
- MPI's administrative requirements and the rate of change in administrative procedures are creating burnout among older technicians. Some would prefer to just retire early than deal with the hassle of learning new claims processes.
- Most shops have hired or attempted to hire foreign workers. However, the process generally takes at least a year to get a foreign worker on the shop floor, and it's a gamble in terms of the quality and level of experience of the worker being received. There are also risks with the process including applications being delayed or denied, or that foreign workers will use the opportunity to establish residency in Canada and then move away from northern Manitoba.
- The downturn in the nickel industry and recent rise in crime in the north was specifically mentioned by multiple interviewees as being a factor in some employees' decisions to move south.
- Multiple interviewees stated that the staffing issues discussed are resulting in them turning customers away or booking repairs two to three months in advance because they don't have the staff available to process jobs in a timely basis.

Potential solutions offered by interviewees to help solve the labour shortage in the north included:

- Have MPI assist with recruiting and advertising. It was noted that while this may not be directly within MPI's mandate, if the industry dissolves in the north, then it will significantly increase costs for automobile owners living in the north.
- Have Apprenticeship Manitoba put a greater focus on promoting the autobody industry. It was mentioned that Apprenticeship Manitoba currently puts a significant amount of effort into promoting certain trades while other trades are being left behind.
- Have The University College of the north (UCN) more involved in attracting students from the north into the industry.
- Encourage the local high schools to offer an autobody course.

Other Challenges

Several other challenges with operating in the north were identified by interviewees that do not fall within the scope of this cost analysis study but have been documented here as potentially relevant information for all parties:

- **MPI Estimation Process** – Feedback was divided on MPI's northern estimator, with some interviewees stating that they were satisfied with the service and others stating that the service is hindering their business. It seemed that a shop's satisfaction with estimation services was highly dependant on their relationship with the estimator rather than receiving a consistent, objective service from MPI. Specific issues identified with the estimation process that may be increasing shop costs include:

   - There is only one estimator in Thompson which creates consistency and timeliness issues. Appointments are being booked several weeks out when there is an influx of claims. An interviewee stated a preference to return to the global system of checking estimates where an estimator in Winnipeg receives claims based on a queue so that there is always someone available.
   - The number of pictures required for claims sent to Winnipeg can be overwhelming, especially for older staff who are not as technologically inclined. It was stated technicians now need to "have a camera in one hand and a hammer in the other".
- **Succession Planning –** Independent shops are at risk of extinction in the north as there is no interest from the younger generations in becoming owner operators in the northern environment. Several interviewees made comments about trying to sell their shop, but they cannot get any interest from private buyers or consolidators. It is possible that shops may just close when the owners retire, which could exacerbate the existing poor service delivery to northern customers.

Welcome Improvements

Interviewees also had some positive feedback for recent changes in MPI policies and processes, including:

- The paint materials rate increase was unexpected and helpful to counteract the recent rise in paint prices.
- The northern utility rate premium was welcome and helps offset the higher cost of hydro and propane required for paint jobs.
- The Shop Relationship Advisor (SRA) position has helped improve communication between MPI and the northern shops.

Economic Analysis

To compare the economic differences between the north and south, various metrics were gathered from Statistics Canada's Census Profiles for the three northern municipalities and Winnipeg. Data reported from 2019 to 2021 is from the Statistics Canada's Census Profile 2021 Census of Population[3]. Data reported in 2015 and 2016 is from the Census Profile 2016 Census[4]. Where available, data from the 2011 Census has been used to compile a longer historical trend.

Population

Table 5 outlines the population in the four assessed markets between 2011 to 2021. Winnipeg saw the largest percentage increase in population in the last decade, with an increase of 13% over the period (1.3% annualized). In the same period, the population in the northern Manitoba markets was stagnant or declined. The population of Flin Flon decreased by 9%; the largest decrease of the reviewed municipalities. Both Thompson and The Pas had relatively consistent populations, with Thompson decreasing 1% over the 10-year period, and The Pas increasing by 2%.

Table 5: Population Counts from 2011 to 2021

	Thompson	The Pas	Flin Flon	Winnipeg
Population in 2011	13,123	5,513	5,405	663,617
Population in 2016	13,678	5,369	4,991	705,244
Population in 2021	13,035	5,639	4,940	749,607
% change from 2011 to 2021	*-0.7%*	*2.3%*	*-8.6%*	*13.0%*

The 2021 population by age breakdown in Table 6 shows all four municipalities are relatively comparable in the 15-to-64-year age group, or the labour age range, with each municipality falling between 63.9% to 66.7%. Thompson and The Pas had more young people in their population, with 26% and 21% of their population being 14 years or younger. Flin Flon and Winnipeg both had very similar rates of younger and older (65 years or older) population.

[3] Statistics Canada. 2022. (table). Census Profile. 2021 Census of Population. Statistics Canada Catalogue no. 98-316-X2021001. Ottawa. Released September 21, 2022. https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E (accessed October 6, 2022).

[4] Statistics Canada. 2017. Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29, 2017. http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E

Table 6: Distribution of the Population by Age Group, 2021

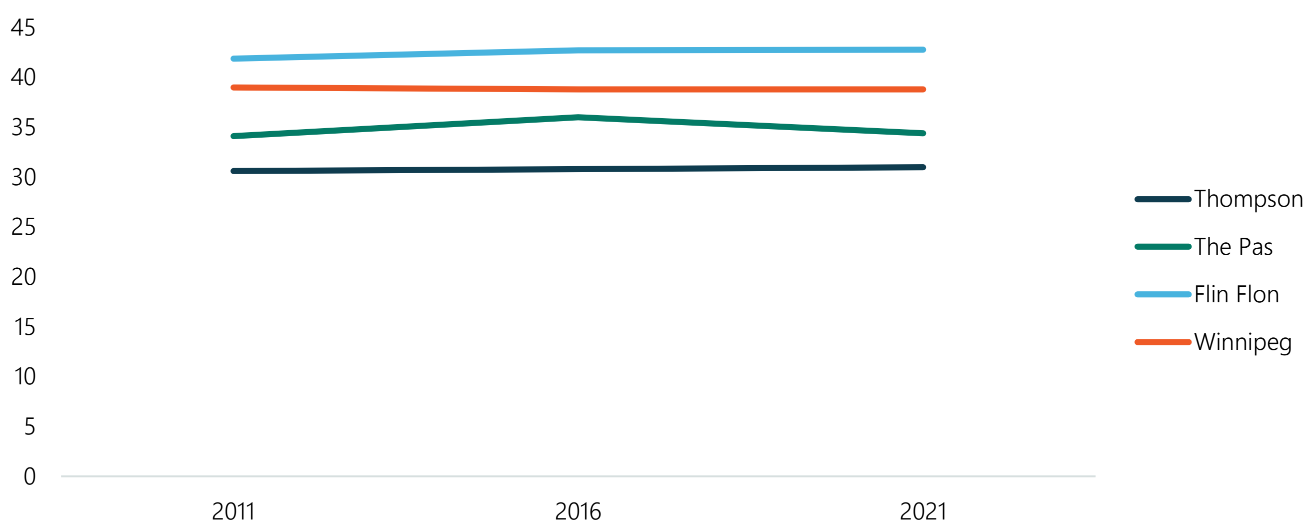
	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
0 to 14 years	25.8	20.9	17.4	21.4	16.6	29%
15 to 64 years	66.7	65.5	63.9	65.4	66.4	-2%
65 years and over	7.4	13.7	18.8	13.3	17.0	-22%

The median ages in 2021 ranged from 31 years in Thompson, to 43 in Flin Flon. The median age has stayed relatively consistent over the last 10 years. Overall, the population in the north is on average 7% younger than in Winnipeg.

Table 7: Median Age of Population, 2021

Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
31.0	34.4	42.8	36.1	38.8	-7%

Figure 1: Median Age of Population, 2011 - 2021



Income

Winnipeg has recorded a lower median income than all three of the northern cities in the last decade, with Flin Flon reporting the highest median income in 2019, and Flin Flon and Thompson both showing the highest median income in 2020. The average north to south Variance in the three years analyzed was 18% and ranges from 11% in The Pas to 23% in Thompson and Flin Flon.

Table 8: Median Employment Income among Recipients, 2019 ($)

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
2015	45,063	37,555	44,885	42,501	34,795	22%
2019	42,800	38,400	43,200	41,467	36,800	13%
2020	44,800	40,400	44,800	43,333	36,400	19%

Median employment income for full time workers in 2020 ranged from $58,000 in Winnipeg to $76,000 in Flin Flon. The northern average for median full-time employment income was $72,137, a 24% premium over full-time workers in Winnipeg.

Table 9: Median Employment Income for Full-Year, Full-Time Workers, 2020 ($)

Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
73,000	67,500	76,000	72,167	58,000	24%

The census profile income comparison provides evidence to the claim that prevailing wages in the north overall are higher. The difference ranges from 16.4% in The Pas to 25.9% in Thompson and 31% in Flin Flon.

Employment

In 2021 the average participation rate in the north was the same as the participation rate in Winnipeg (65.7%). The employment rates across the four comparator cities were also similar, ranging from 57.4% (Flin Flon) and 62.2% (Thompson). Flin Flon also saw the lowest unemployment rate of 6.7%, while The Pas had the highest unemployment rate of 9.8%.

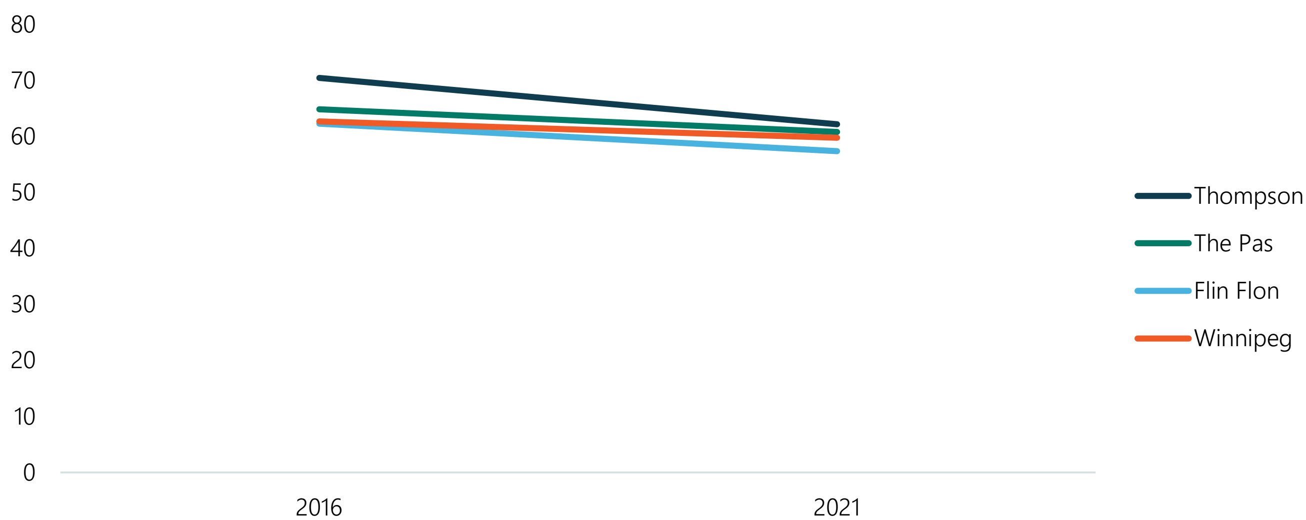
Table 10: Labour Force Status, 2021 (%)

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North to South Variance
Participation rate	68.3	67.4	61.4	65.7	65.7	0%
Employment rate	62.2	60.8	57.4	60.1	59.8	1%
Unemployment rate	8.9	9.8	6.7	8.5	8.9	-5%

While The Pas and Winnipeg had relatively consistent participation rates between 2016 and 2021, both Thompson and Flin Flon saw a notable decrease in their participation rates in 2021 compared to 2016. The employment rates followed a similar pattern to participation rates. While all four cities saw a decrease in their employment rates, Thompson saw the largest decrease of 8.3%.

The decreases in participation rates have been seen all throughout the country and are largely attributed to the aging population as baby boomers are retiring at a higher rate than the working-age population is growing. A recent update by Statistics Canada showed between September 2019 and 2022, the number of Canadians 65 years and older has increased by 11.6%, while the working-age population only grew by 3.5%[5].

Figure 2: Employment Rates in 2016 and 2021 (%)

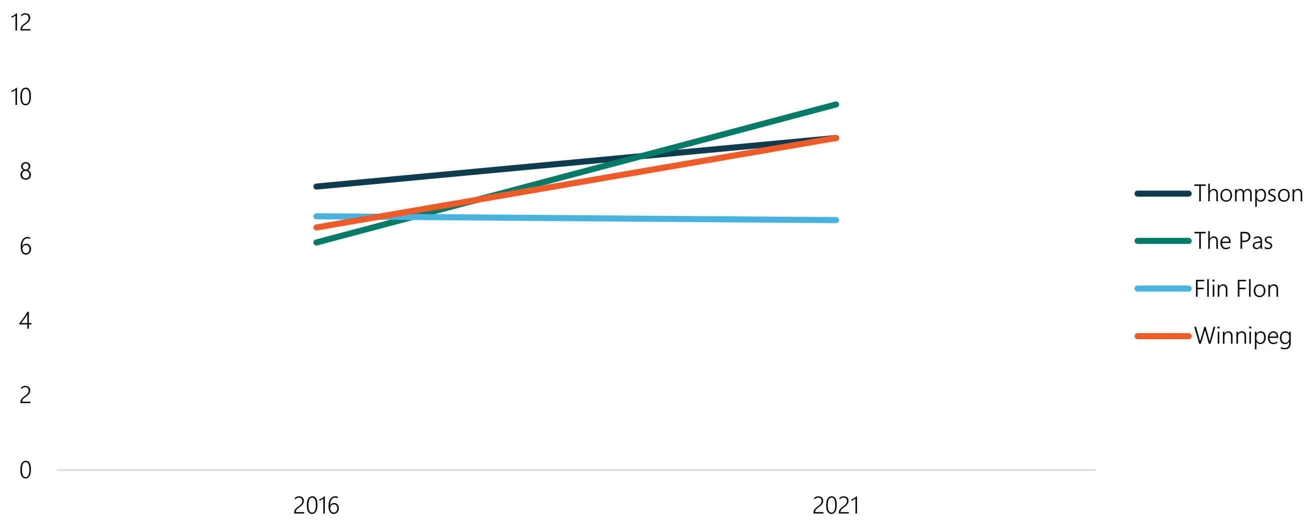


Unemployment rates increased in three of the four cities, with The Pas seeing the highest increase in their rate (3.7% in 2021 compared to 2016). Flin Flon stayed the most consistent over the five-year period, seeing only a 0.1% decrease in 2021. A significant reason for the increase in unemployment rates in 2021 across the province was due to the pandemic, as a large portion of the economy was impacted by continued lockdowns and other prevention measures throughout the year. However, reductions between 2016 to 2020 in northern mining operations also account for a portion of the increase in unemployment, such as Vale laying off 430 workers in 2018.[6]

[5] https://www150.statcan.gc.ca/n1/daily-quotidien/221007/dq221007a-eng.htm

[6] https://www.thompsoncitizen.net/local-news/vale-ends-2018-with-roughly-400-fewer-thompson-employees-than-a-year-ago-4291869#

Figure 3: Unemployment Rates in 2016 and 2021 (%)



Recent data from the Government of Canada job market bulletin[7] states that the unemployment rate in Manitoba fell to 4.4% in September 2022. Additional reports of labour shortages in the media[8] and from the interviewees in the consultation phase of this study would suggest that the current unemployment rate in each municipality is lower than the 2021 Census results.

Housing

Housing values are notably higher in Winnipeg, on average valued at double the northern average in 2021 per Table 11.

Table 11: Median Value of Dwellings in 2021

Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
$200,000	$174,000	$110,000	$161,333	$340,000	-53%

Winnipeg was the only market that experienced growth in housing values between 2016 to 2021 (Figure 4). Both The Pas and Flin Flon remained flat, and Thompson saw a 6% decrease in housing values over the 5-year period.

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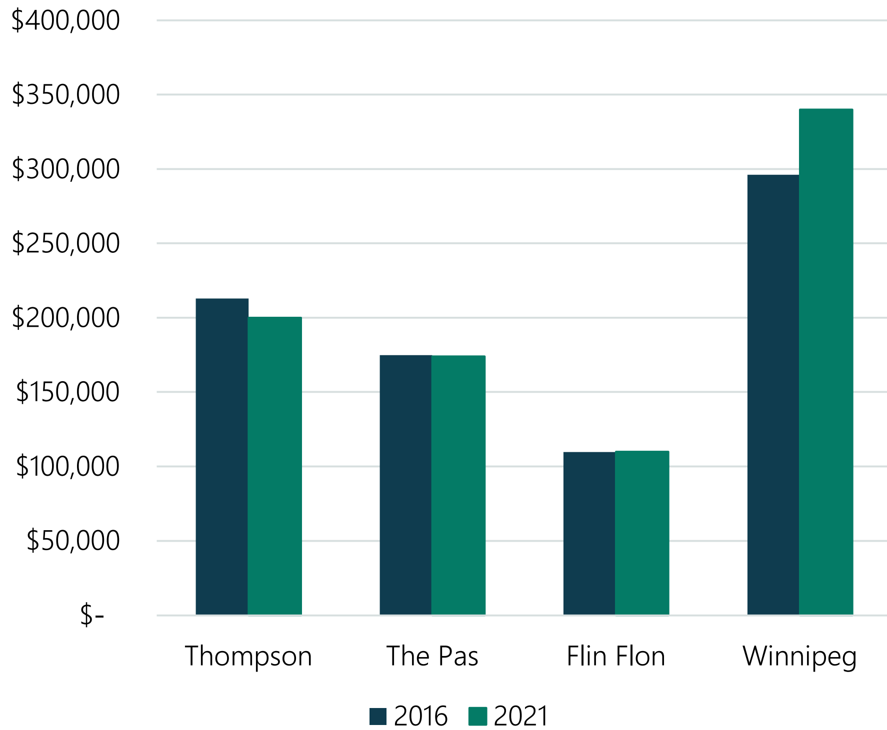
[7] https://www.jobbank.gc.ca/trend-analysis/job-market-reports/manitoba/bulletin

[8] https://www.thompsoncitizen.net/local-news/finding-workers-a-challenge-for-thompson-businesses-and-chamber-of-commerce-says-faster-immigration-could-help-5671545

Figure 4: Median Value of Dwellings in 2016 and 2021 ($)



Most people in all municipalities indicated that they owned their place of residence, opposed to renting, in 2021. Thompson showed the most renters, with 53% owning, and 47% renting. Flin Flon had the highest percent of ownership at 68%, and Winnipeg had the second highest at 63%.

Table 12: Private Households by Tenure, 2021

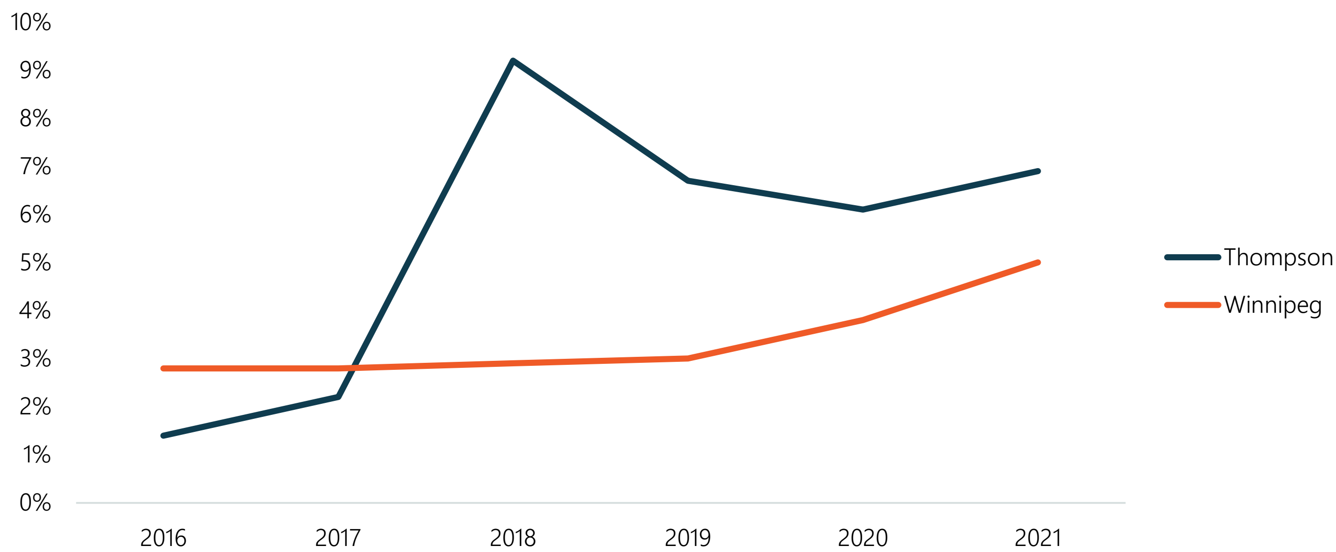
	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
Owner	53.4%	59.3%	68.0%	60.2%	63.1%	-5%
Renter	46.6%	40.9%	31.8%	39.8%	36.9%	8%

Within the rental market, the percentage of vacant rental units[9] in Winnipeg has increased since 2016. Between 2016 and 2019 the rate was slowly increasing (0.1% per year), but 2020 and 2021 saw a more noticeable increase in vacant units (3.8% and 5.0%). Thompson also had a higher percentage of vacant rental units in 2021 compared to 2016. Between 2016 and 2018 there was a large increase in vacancy rates (1.4% in 2016 to 9.2% in 2018). Vacancy rates decreased until 2020, and then increased to 6.9% in 2021. Thompson's rental vacancy rate

[9] Includes bachelor, 1 bedroom, 2 bedroom and 3-bedroom apartments

peak in 2018 aligns with Vale laying off one-third of the staff in its Thompson operations in 2018. Thompson's relatively higher vacancy rate suggests there should be ample choice for rental units in the local market. No reliable market data was available for The Pas or Flin Flon[10]

Figure 5: Rental Vacancy Rates for Apartments



Looking at the monthly shelter costs in 2021 for owned dwellings, Flin Flon reported the lowest median costs at $760 a month. Thompson reported the highest monthly costs ($1,280), while Winnipeg was closely behind ($1,240). The average monthly shelter costs again were found in Flin Flon, at $905 a month. Winnipeg had the highest average monthly costs ($1,326) followed closely by Thompson ($1,302). These costs include mortgage payments, so the higher average cost in Winnipeg is consistent with higher valued property, and thus higher mortgage balances.

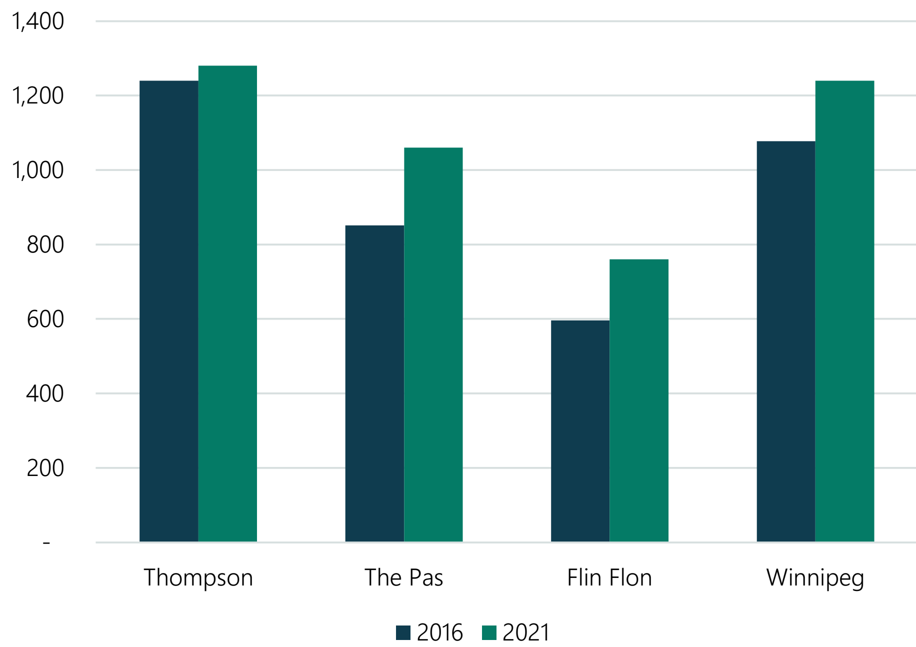
Table 13: Median Monthly Shelter Costs for Owned Dwellings, 2021

Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
$1,280	$1,060	$760	$1,033	$1,240	-17%

The monthly shelter costs for owned dwellings in Thompson were relatively consistent over the 5-year period. The Pas, Flin Flon and Winnipeg all saw notable increases for the owned dwelling costs.

Figure 6: Median Monthly Shelter Costs for Owned Dwellings in 2016 and 2021 ($)

[10] CMHC Rental Market Survey



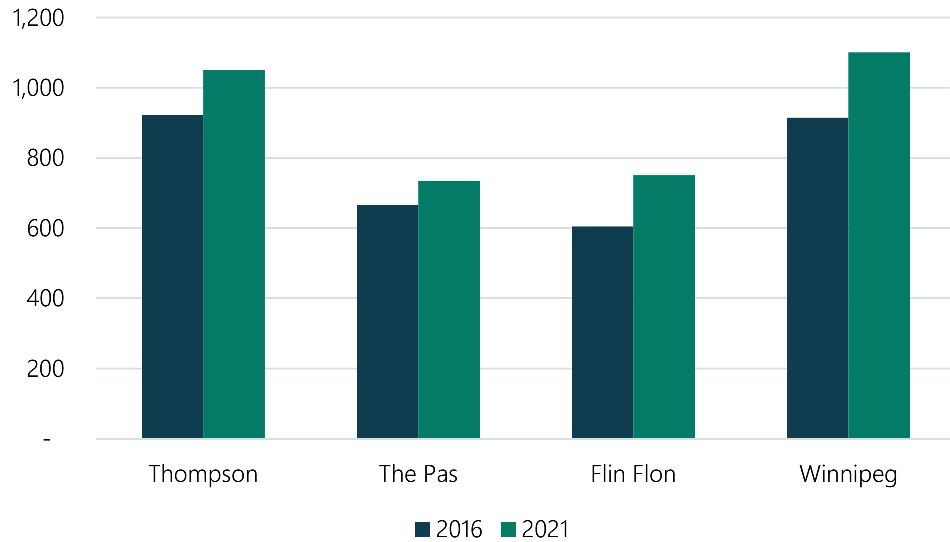
The monthly shelter costs for rented dwellings in 2021 followed a similar pattern to the owned dwellings. The lowest median monthly costs were seen in The Pas at $735 a month, followed by Flin Flon at $750 a month. The highest median monthly costs were seen in Winnipeg at $1,100, followed by Thompson at $1,050. The average monthly costs followed a similar pattern with Flin Flon and The Pas having the lowest average costs ($768 and $802) and Winnipeg and Thompson having the highest costs ($1,137 and $1,115).

Table 14: Median Monthly Shelter Costs for Rented Dwellings, 2021

Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
$1,050	$735	$750	$845	$1,100	-23%

All four of the cities saw increases in the monthly costs for rented dwellings over the 5 years. The costs in Thompson and Winnipeg stayed closely aligned, as did the costs in The Pas and Flin Flon.

Figure 7: Median Monthly Shelter Costs for Rented Dwellings in 2016 and 2021 ($)



Suitability of Housing

Three of the four cities reported over 90% of their houses were considered to have suitable living accommodations[11]. Thompson reported the lowest number of suitable houses at 88.9%.

Table 15: Housing Suitability, 2021

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
Suitable	88.9%	94.2%	95.2%	92.7%	92.0%	0.8%
Not suitable	11.1%	5.6%	4.8%	7.2%	8.0%	-10.7%

All four cities have at least 60% of their houses constructed in 1980 or earlier. The construction rates in Thompson and The Pas have been decreasing since then. Flin Flon has also seen a decrease in rates since 1981,

[11] Housing suitability refers to whether a private household is living in suitable accommodations according to the National Occupancy Standard (NOS); that is whether the dwelling has enough bedrooms for the size and composition of the household. A household is deemed to be living in suitable accommodations if its dwelling has enough bedrooms as calculated using the NOS.
'Housing suitability' assesses the required number of bedrooms for a household based on the age sex and relationships among household members.
Housing suitability and the National Occupancy Standard (NOS) on which it is based were developed by Canada Mortgage and Housing Corporation (CMHC) through consultations with provincial housing agencies.

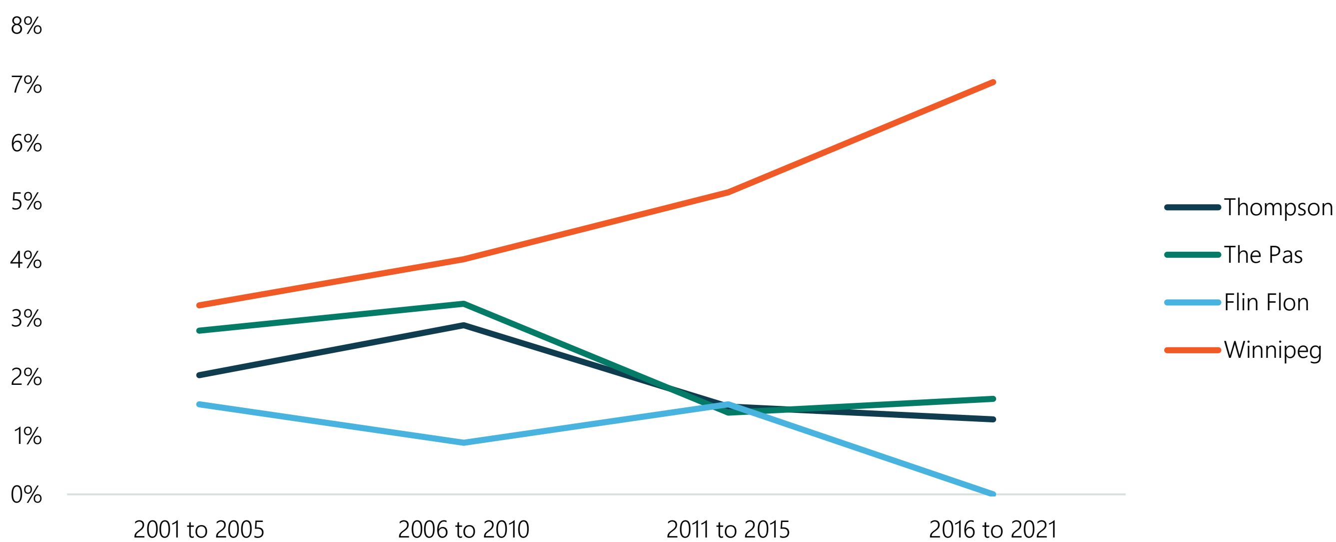
with a slight increase between 2001 and 2010. Winnipeg had a different trend that the northern cities, with construction rates steadily increasing since 1991.

Table 16: Occupied Private Dwellings by Period of Construction

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
1960 or before	11.1%	22.6%	57.0%	30.2%	31.3%	-3.4%
1961 to 1980	62.5%	45.8%	28.5%	45.6%	30.8%	48.2%
1981 to 1990	10.6%	16.5%	8.8%	12.0%	12.2%	-1.8%
1991 to 2000	8.3%	6.5%	1.8%	5.5%	6.3%	-12.6%
2001 to 2010	4.9%	6.0%	2.4%	4.5%	7.2%	-38.4%
2011 to 2021	2.8%	3.0%	1.5%	2.4%	12.2%	-79.9%

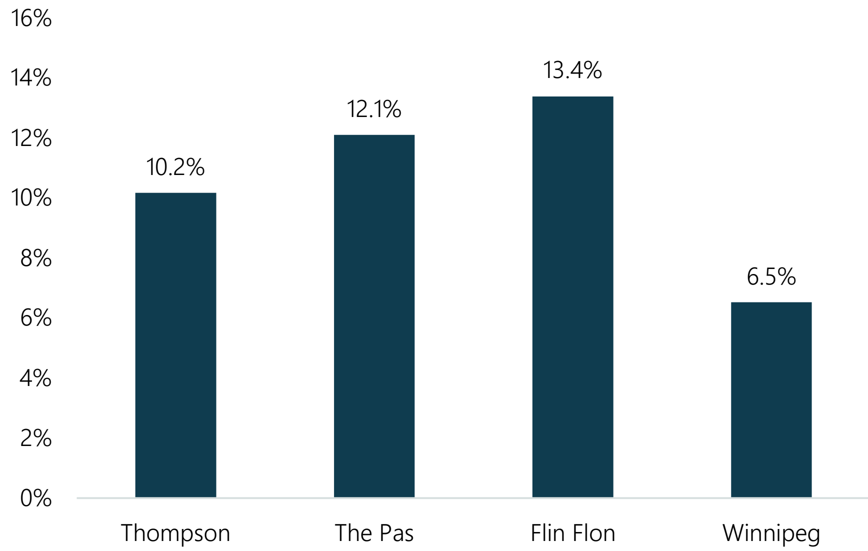
Thompson, The Pas and Flin Flon all reported less than 2% of their occupied dwellings were constructed between 2016 and 2021, whereas Winnipeg reported 7% constructed within the same period. Figure 8 shows the visible slow-down in new housing in the north over the last 20 years compared to the growing new home market in Winnipeg.

Figure 8: Occupied Private Dwellings by Period of Construction, 2001 - 2021



In 2021 Flin Flon had the highest proportion of houses requiring major repairs (13.4%). The Pas was closely behind with 12.1% of houses requiring major repairs. The higher rates of houses requiring major work may be attributed to the fact that the northern locations tended to have older homes. Winnipeg had the lowest proportion of houses requiring major repairs with only 6.5%.

Figure 9: Dwelling Condition: Major Repairs Needed



Statistical Data Conclusions

Higher relative northern pay, coupled with a relatively younger population, may support the shops' claims that workers in their prime labour years will temporarily relocate to the north to earn a higher income than they could in the south, before choosing to migrate to larger cities in the south for a higher quality of life.

The lack of new housing construction in the north combined with a shrinking population point to a stagnant housing market in the north. The rental vacancy rate is higher in Thompson than Winnipeg, which suggests that it is not difficult for workers to obtain shelter in Thompson. However, the suitability of housing is lower in Thompson, so while there are more vacant properties, they may not be of a high enough quality for workers to maintain the same quality of life that they would in the south.

Additional statistical data analyzed for this study is included in Appendix B.

Cost of Living Analysis

The Consumer Price Index (CPI) measures the changes in prices experienced by Canadian consumers over a fixed period. As the CPI does not separate results between northern and southern Manitoba, this study has developed an independent cost of living index to compare Winnipeg to Thompson, The Pas and Flin Flon[12] using the CPI's basket of goods methodology as a template. This resulted in nine primary categories in the basket of goods as per Table 17.

[12] A shared index was created for The Pas and Flin Flon

Table 17: Cost of Living Index Primary Categories and Weighting

Category	Weighting
Shelter	21.80%
Transportation	18.10%
Food	15.90%
Household operations, furnishings, and equipment	15.70%
Recreation, education and reading	10.10%
Alcoholic beverages, tobacco products and recreational cannabis	5.30%
Health and personal care	5.00%
Clothing and footwear	4.50%
Homeowner's replacement cost	3.70%
	100%

Within these 9 categories, a total of 128 items were identified to be included in the basket. While the CPI was used as a starting point, changes have been made based on data availability and to better reflect the purpose of the basket within this study.

Each individual item in the basket of goods was assigned a weight based on the percentage of total household spending the category represents. For example, Statistics Canada estimates the average Canadian consumer spends 16% of their budget on food and 19% on transportation, etc.[13]). The price of each individual item was then collected in Winnipeg, Thompson and either The Pas or Flin Flon. Pricing information for all categories could not found in both The Pas and Flin Flon, thus the two municipalities were combined into one region based on their relative geography. The differential between the northern regions and Winnipeg was calculated for each category using a weighted average.

Cost of Living Comparison – Winnipeg and Thompson

Table 18 provides the comparative cost of living analysis between Thompson and Winnipeg. Thompson's prices for most consumer goods were found to be only slightly higher than Winnipeg. The low price differential in consumer goods categories such as food, health and personal care, and clothing and footwear can be explained due to the presence of big box stores such as Walmart and Canadian Tire in Thompson. Major retailers generally have regional pricing strategies, and in this case most goods available at the big box stores in

[13] https://www.statcan.gc.ca/en/subjects-start/prices_and_price_indexes/consumer_price_indexes/faq

Thompson were listed for the same price as in Winnipeg.

The largest price differential was found in transportation, where consumers in Thompson pay on average 10.3% more than in Winnipeg. The transportation differential is primarily due to more expensive air transportation, more expensive vehicle purchase costs, and more kilometres travelled. Consultation with the northern shops revealed that most northerners will travel south at least once a year for goods and services. The comparative index includes the cost of one trip by car to Winnipeg from the respective northern town.

Shelter costs were based on the average dwelling costs from the 2021 Census. Owners and renters in Thompson on average pay just under 2% less than their Winnipeg counterparts.

Homeowner's replacement cost is significantly different due to the contrast between the residential real estate markets in Winnipeg and Thompson, with the average purchase price of a house in Thompson being 40% lower than in Winnipeg. Due to the material difference in a category that does not impact all consumers on an annual basis, the cost of living results have been split into two totals: a subtotal that only includes annual consumer expenditures, and a total that considers all categories, including homeowner's replacement cost. The subtotal may be considered a better measure of the difference in cost of living as it more accurately represents a consumer's spending habits in a typical year.

The weighted subtotal for annual expenditures shows a 1.93% difference between Winnipeg and Thompson. That is, the average consumer's cost of living in Thompson in a typical year is 1.93% higher than the average consumer living in Winnipeg. When including homeowner's replacement cost, the cost of living in Thompson is only 0.40% higher than in Winnipeg due to the less expensive housing market in Thompson.

Table 18: Comparing the Cost of Living from Thompson to Winnipeg

	Thompson to Winnipeg Variance	Weighting	Weighted Thompson to Winnipeg Variance
Shelter	-1.86%	21.83%	-0.41%
Transportation	10.26%	18.08%	1.85%
Food	0.73%	15.92%	0.12%
Household operations, furnishings and equipment	1.30%	15.69%	0.20%
Recreation, education and reading	0.81%	10.06%	0.08%
Alcoholic beverages, tobacco products and recreational cannabis	0.31%	5.28%	0.02%
Health and personal care	0.53%	4.96%	0.03%
Clothing and footwear	0.89%	4.48%	0.04%

	Thompson to Winnipeg Variance	Weighting	Weighted Thompson to Winnipeg Variance
Subtotal – Annual expenses			**1.93%**
Homeowner's replacement cost	-41.43%	3.70%	-1.53%
Total		100.00%	**0.40%**

Cost of Living Comparison – Winnipeg and The Pas/Flin Flon

Table 19 provides the comparative cost of living analysis between Winnipeg and the combined The Pas/Flin Flon region. Contrary to the finding with Thompson, many of the consumer goods categories are noticeably higher in The Pas and Flin Flon than in Winnipeg. This is due in part to the absence of major big box retailers. The Pas and Flin Flon have more mid-size retailers where prices vary by location, such as Family Foods and Co-Op.

The largest price differential was found in shelter costs where individuals living in The Pas and Flin Flon spend approximately 20% less than individuals living in Winnipeg. Shelter and homeowner's replacement cost are the only categories that are lower for The Pas and Flin Flon than Winnipeg.

On a weighted basis, the premium paid for the consumer goods categories is largely offset by the shelter costs, resulting in a weighted subtotal for annual expenditures of 1.41%. That is, the average consumer's cost of living in The Pas and Flin Flon in a typical year is 1.41% higher than the average consumer living in Winnipeg. When including homeowner's replacement cost, the cost of living in The Pas and Flin Flon is lower than Winnipeg at only -0.44% to the region's less expensive housing market.

Table 19: Comparing the Cost of Living from The Pas and Flin Flon to Winnipeg

	The Pas/Flin Flon to Winnipeg Variance	Weighting	Weighted The Pas/Flin Flon to Winnipeg Variance
Shelter	-19.94%	21.83%	-4.35%
Transportation	10.77%	18.08%	1.95%
Food	8.75%	15.92%	1.39%
Household operations, furnishings and equipment	4.37%	15.69%	0.69%
Recreation, education and reading	6.04%	10.06%	0.61%
Alcoholic beverages, tobacco products and recreational cannabis	0.31%	5.28%	0.02%

	The Pas/Flin Flon to Winnipeg Variance	Weighting	Weighted The Pas/Flin Flon to Winnipeg Variance
Health and personal care	15.26%	4.96%	0.76%
Clothing and footwear	7.69%	4.48%	0.34%
Subtotal			**1.41%**
Homeowner's replacement cost	-50.11%	3.70%	-1.85%
Total Variance		100.00%	**-0.44%**

Cost of Living Analysis Conclusions

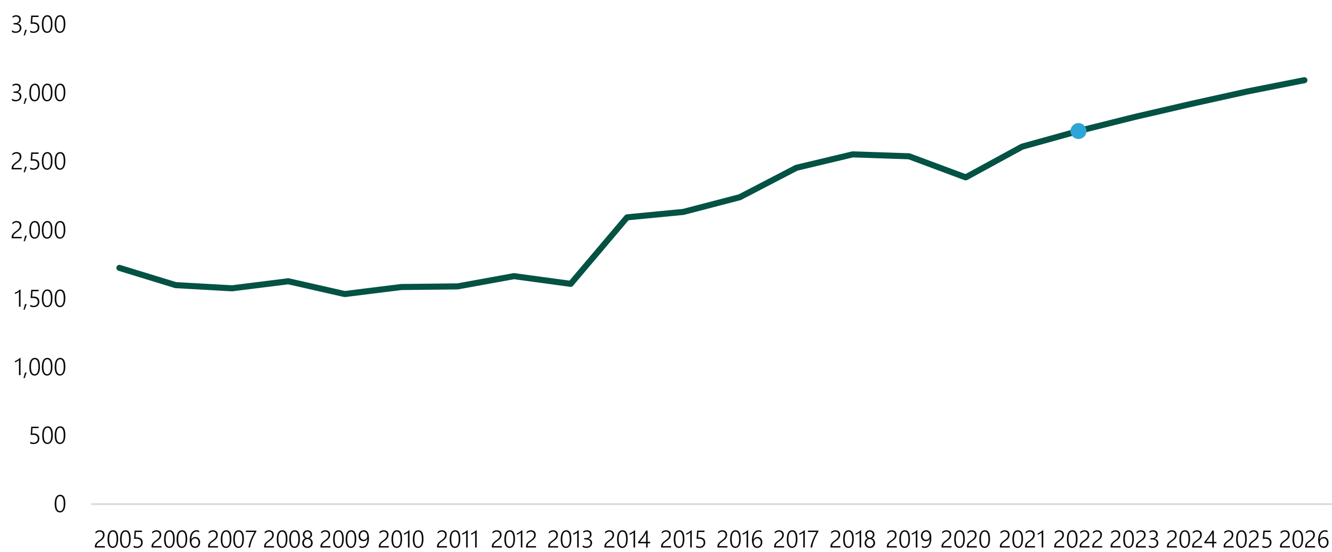
The results of the cost of living analysis appear to dispel the notion that it costs more to live in the three northern communities evaluated in this study. While most consumer categories are marginally more expensive in the north, individuals are paying less on average for their shelter and housing costs. Thompson, The Pas, and Flin Flon may be considered northern Manitoba for MPI's purposes, but each has a relatively typical North American consumer economy with sufficient road access for the transportation of a large variety of goods. As such, the cost of living characteristics of these municipalities is closer to those of Winnipeg in the south than that of Churchill in the north.

Labour Market Competitiveness

The labour market in northern Manitoba is impacted by multiple factors. This study reviews the impact on the market from education, competition from other northern industries, and competition from southern repair shops.

Figure 10 shows the historic count of individuals employed in the autobody industry in Manitoba, and the projections for the next four years[14]. There was a noticeable decrease of employees in the industry in 2020 due to the pandemic, but the number of employees has since increased above its 2019 level.

Figure 10: Number of Individuals Employed in the Autobody Shop Industry in Manitoba; Actuals 2005-2022, Projected 2023-2026



Education and Training Programs

Apprenticeship

Apprenticeship Manitoba offers a variety of programs to promote a career within the autobody industry. An apprenticeship is a work based post-secondary training program that results in a certificate of qualification in a specific trade. Most of the programs offered take somewhere between two to four years to complete, with a combination of paid on-the-job training (roughly 80% of the program) combined with technical training (20%). At the end of the program, students must pass a final exam to achieve their journeyperson status[15].

[14] Car Body Shops in Manitoba, Canada Industry Provincial Report MB81112CA, IBISWorld, September 2022

[15] https://www.gov.mb.ca/aesi/apprenticeship/discover/index.html

Apprenticeship Manitoba offers three programs related to this industry. The automotive painter is a designated trade, with a two-year apprenticeship of two levels[16] and both the motor vehicle body repairer and automotive service technician are four-year apprenticeships with four levels. For each of the three listed programs, a level consists of a minimum of 12 months and includes 1,800 hours of technical training and practical experience. The final examination is a written interprovincial (or Red Seal) exam[17][18]. Individuals who complete Red River College's Collision Repair and Refinishing Course (per the following section) can use the course as the first level of training for the apprenticeship program.

Education

Red River College (RRC) was identified to be the main education source for Automotive Collision Repair and Refinishing trades programs in Manitoba. Other post-secondary programs in Manitoba, such as UCN and MITT offer an Automotive Technician program but do not appear to offer autobody courses. Consultation with the northern shops indicated that these smaller programs have not made an impact on the autobody industry in the north.

The two main offerings from RRC are Automotive Technician (which can be completed as a certificate or a diploma), and Collision Repair and Refinishing. The Automotive Technician certificate is a one-year program, with an additional year to complete the diploma. The Collision Repair program is a one-year certificate.

Table 20: Graduate Satisfaction and Employment Survey Results

	2017-18	2018-19	2019-20
Number of Graduates			
Automotive Tech. - Cert.	21	14	24
Automotive Tech. - Diploma	121	138	131
Collision Repair and Refinishing	28	28	29
% of Employed Respondents			
Automotive Tech. - Cert.	100%	100%	100%
Automotive Tech. - Diploma	90%	86%	84%
Collision Repair and Refinishing	88%	100%	80%

16 https://web2.gov.mb.ca/laws/regs/current/_pdf-regs.php?reg=170/2011
17 https://web2.gov.mb.ca/laws/regs/current/_pdf-regs.php?reg=166/2011
18 https://web2.gov.mb.ca/laws/regs/current/_pdf-regs.php?reg=6/2011

Based on the Graduate Satisfaction and Employment Report for 2019/2020 Graduates[19], each of the programs have had a relatively consistent number of graduates in the programs over the last 3 years. The Collision Repair and Refinishing program had 100% of its 2018-19 graduates find employment. The pandemic had an influence on the numbers dropping in 2019-20, as students would have been finishing their academic year while mandated lockdowns were in place.

I-CAR Training

The Inter-Industry Conference on Auto Collision Repair (I-CAR) is an international, not-for-profit organization dedicated to providing the information, knowledge and skills required to perform complete, safe, and quality repairs[20]. I-CAR has a professional development program (PDP), which includes training to allow individuals and collision repair centers to achieve Platinum and Gold Class recognition, welding training and certification, and career and technical school programs.

Platinum recognition is received when the individual completes all three levels of training offered by I-CAR, known as ProLevel 1, 2 and 3. There are annual training courses required to keep their recognition current. For a collision repair business to quality for the Gold Class Professionals designation, they are required to have a Platinum individual in each of the four roles: refinish technician, steel structural technician, non-structural technician, and estimator[21]. The welding training and certification consists of three in-shop courses, which are followed by a final test. This certification is valid for three years. The career and technical schools work to recruit new talent to the industry and provide training. This includes high schools, colleges and technical schools that provide collision repair programs.

The courses released by the PDP provide collision repair with a guide to build their knowledge and skills. The PDP also provides guidance to allow individuals to stay current with their knowledge and skills to produce proper repairs, improve business performance and reduce risks. Courses are delivered by a variety of methods, included live, online, virtual, and in-shop hands on.

In person I-CAR training programs are only offered in Winnipeg, which creates an additional cost for northern shops having to frequently send their technicians south for training.

Impact on Northern Labour Market

There is a smaller pool of apprentices looking for work in northern Manitoba. Some shops have shifted their focus to identifying young people in high school who may have an interest in the autobody repair trade and providing them with employment as a shop assistant until eventually entering the apprenticeship program. The barrier for northern shops comes from having to send apprentices to Winnipeg for training, which can range from 4 to 10 weeks per year for the duration of the apprenticeship program. Shops in Winnipeg do not need to

[19] https://www.rrc.ca/numbers/wp-content/uploads/sites/23/2022/08/Graduate-Satisfaction-Employment-Report-2019-2020-v2.pdf
[20] https://info.i-car.com/
[21] https://mpipartners.ca/LightVehicles/Training/ICARTraining.html

pay for travel costs and accommodation for their apprentices attending school in their town of principal residence. Northern shops trying to attract and retain apprentices may incur travel costs between $4,500 to $11,000 per year to send a single apprentice south for in-class training if travel is offered as a benefit to apprentices. It should be noted that some shops in the south not located in Winnipeg will encounter the same barrier, but travel and accommodation costs are generally less as many students will still be able to commute home daily or on weekends.

I-CAR training programs create a significant travel cost for northern shops. Overall travel and training costs in the last year averaged 6.8% of total labour costs for northern shops (see

Autobody Industry Profitability Drivers section), with shops paying up to $60,000 per year in combined travel and training costs, and travel costs consisting of approximately 64% of the total training and travel cost category.

Wage Analysis

This section details the wages paid to autobody workers in the north and compares them to autobody workers in the south and other industries in the north.

Variable Wages

Autobody shops commonly pay technicians on a flat rate, or an established amount per labour hour of the estimate. Generally, autobody shops with higher volumes can attract technicians with the increased potential for higher pay based on the technician's own productivity. Shops with lower volumes may not have enough jobs to enable a technician to fully recognize the benefit – i.e., if the job can be completed in less time, but there is not another job to do, the technician will not be able to earn more by completing the first job faster. Consultation with the northern shops indicated that there is a surplus of demand and months long waiting lists, so shops in the north would have a similar opportunity for technicians to increase their earnings as they would in high throughput shops in the south.

Northern Autobody Wages by Skill Level

Red Seal

The four shops reported a total of 12 individuals with a Red Seal certification. On average, employees with their Red Seal had an average of 9.2 years of experience in the industry. Total annual compensation for Red Seal staff (excluding owners) ranged from $87,021 to $115,005, with an average gross compensation of $97,593. Gross compensation includes salary, bonus, and benefits and is considered the total annual cost of the employee to the shop, excluding payroll taxes. The shop with the least Red Seal staff had the lowest average Red Seal compensation and did not identify any bonuses paid to shop staff.

Red Seal estimators may be paid on a commission basis. Excluding commission-based staff, the base hourly rate for Red Seal journeymen ranged from $34.00 - $41.00 per hour, with an average rate of $36.25 per hour. An individual's labour specialty does not appear to play a significant role in earnings, with Red Seal painters earning a $35.00 per hour base rate and Red Seal technicians earning $36.79 per hour on average.

ICAR Recognition

The four shops reported a total of 17 individuals with ICAR recognition including specific designations for Structural Technician, Non-Structural Technician, Refinish Technician, and Estimators. Some shops identified Platinum ICAR status but did not break down the specific designation types for all staff. All Red Seal journeymen also have ICAR recognition, but not all individuals with ICAR recognition are Red Seal journeymen.

Gross annual compensation for ICAR designated staff, excluding owners, managers, and estimators, ranged from $70,827 to $115,005, with an average gross annual compensation of $96,198. The base hourly rate for an individual with ICAR recognition ranged from $30.75 to $41.00 per hour, with an average rate of $34.72. Excluding Red Seals, the high point for gross compensation falls to $109,938 with an average compensation of $91,082. The base hourly rate for individuals with only their ICAR certification ranged from $30.75 to $37.00 per hour, with an average rate of $33.92.

No Designation

Shops reported a total of 12 staff members working on the shop floor without a Red Seal or ICAR designation. These positions include shop assistants, non-designated helpers, and designated apprentices. The base wages for shop assistants ranged from $14 to $18 per hour, non-designated staff ranged from $19 to $22 per hour, and designated apprentices ranged from $27 to $30 per hour. Total compensation for these positions was more variable, with some shops paying bonuses to staff with more years of experience, ranging from $1,500 for shop assistants to $5,000 for apprentices.

Office Staff

Some shops shared wages paid to administrative and office staff. However, some shops share their administrative labour and costs with related enterprises (auto sales and mechanic shop), so there is an insufficient sample of office staff directly related to autobody shops. There is a larger variability in administrative compensation, with some shops paying efficiency bonuses or commission to their Office and Parts Managers. The average total compensation for an Office or Parts Manager is $86,165. Non-management office roles, including clerical support and parts support, averaged total compensation of $55,528.

Summary

Table 21 summarizes the base hourly wages for each level of experience in the four sampled northern shops.

Table 21: Northern Manitoba Autobody Base Hourly wages

Labour Type	Low	Average	High
Red Seal Certified	$34.00	$36.25	$41.00
ICAR Designated	$30.75	$33.92	$37.00
Apprentices	$27.00	$28.33	$30.00
Non-designated	$19.00	$20.50	$22.00
Shop Assistants	$14.00	$18.58	$25.00

Table 22 summarizes the range of gross annual compensation, which includes bonus and benefits.

Table 22: Northern Manitoba Autobody Gross Annual Compensation

Labour Type	Low	Average	High
Red Seal Certified	$87,021	$98,137	$115,005
ICAR Designated	$70,827	$91,082	$109,938
Apprentices	$63,830	$66,923	$73,100
Non-designated	$42,560	$48,670	$54,780
Shop Assistants	$31,920	$45,827	$60,840

Southern Labour Market

The listing of autobody related job postings reviewed for comparative purposes is included in Appendix C. A sample of 17 job postings with posted wages from southern Manitoba shops was used to determine the average wage range for multiple levels of experience. Wage ranges vary depending on the company as well as an individual's designations, level of experience, union status, and negotiating skill. Additionally, some larger shops pay technicians based on their efficiency. If a technician can do a job faster than the quoted labour time it may increase their total pay.

Determining an accurate compensation range for each experience and certification level received would require a broad survey of the southern autobody shops. In lieu of a survey, this study uses an aggregate of the wage ranges observed in the job postings in Appendix C. An average of the observed base hourly pay ranges for Red

Seal / Journeyman, Apprentice, and Shop Assistant positions is listed in Table 23. Note that upper and lower limits represent the average of all observed limits to provide a better picture of the overall southern market. For example, a Red Seal technician in Winnipeg may earn more than $48.08 per hour, but this is on average the high-end rate based on available local job postings.

Table 23: Average Observed Pay Scale for Autobody Jobs, Winnipeg

	Average Base Hourly Rate		
Labour Type	Low	Mid	High
Red Seal / Journeyman	$30.50	$39.29	$48.08
Apprentice	$15.80	$20.70	$25.60
Shop Assistant	$15.00	$16.50	$18.00

Table 24 provides the annualized base salary based on multiplying the base hourly rates from Table 23 by a standard full-time 2,080-hour work year.

Table 24: Annualized Base Salaries for Autobody Jobs, Winnipeg

	Average Annual Base Salary		
Labour Type	Low	Mid	High
Red Seal / Journeyman	$63,440	$81,723	$100,006
Apprentice	$32,864	$43,056	$53,248
Shop Assistant	$31,200	$34,320	$37,440

Autobody Wages in the North Compared to the South

For employees with a Red Seal certification, the north tended to have a higher starting wage. However, the midpoint of the posted wage ranges for a Red Seal employee was nearly 8% higher in the south than the average in the north, and the hourly wage for a more experienced employee was 15% higher in the south. It must be noted that the $36.25 average in the north represents the average of the actual base wage for the current Red Seal technicians in the north, whereas the $39.29 base wage for southern shops represents the midpoint between the low and high wage ranges from job postings. Determining the actual average for Red Seal technicians in the south would require a labour force survey of southern shops.

Table 25: Wages for Red Seal Certified Employees in the North and South

	Low	Average / Mid	High
Northern Shops	$34.00	$36.25	$41.00
Southern Shops	$30.50	$39.29	$48.08
Northern Variance	111.5%	92.3%	85.3%

Apprentices in the north had significantly higher starting wages compared to those in the south. And while the north consistently had higher wages for all experience levels, as the experience level increased, the difference between the north and south decreased. For the highest level of experience, the north had only a 17% premium compared to the south.

Table 26: Wages for Apprentices in the North and South

	Low	Average / Mid	High
Northern Shops	$27.00	$28.33	$30.00
Southern Shops	$15.80	$20.70	$25.60
North as % of South	170.9%	136.9%	117.2%

The starting wage for a shop assistant[22] was similar between jobs in the north and the south. As the experience level increased, so did the premium that was offered in the north.

Table 27: Wages for Shop Assistants in the North and South

	Low	Average / Mid	High
Northern Shops	$14.00	$18.58	$25.00
Southern Shops	$15.00	$16.50	$18.00
North as % of South	93.3%	12.6%	38.9%

Northern Labour Market

Labour Pool

Statistics from the Employment section have been used to estimate the gross labour pool (the number of employable workers) in each town in Table 28. This is a simplified estimate of the labour pool as it does not include consideration for non-local workers commuting in, or locals commuting out for work.

[22] In the north, this includes administrative assistant, parts and shop support, reception/office support, receptionist, shop assistant and wash bay

Table 28: Northern Labour Pool by Town, 2021

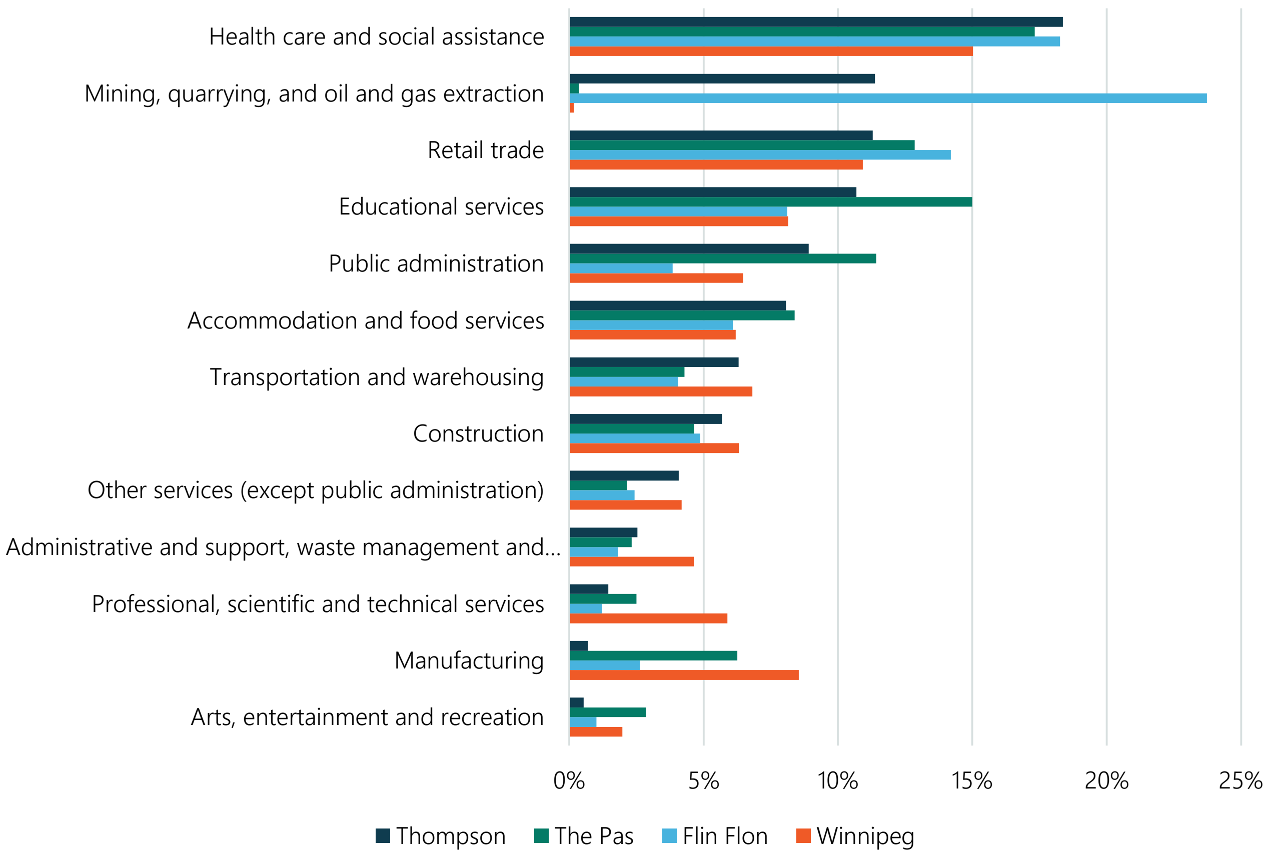
	Thompson	The Pas	Flin Flon
Population in 2021	13,035	5,639	4,940
Percent of population - 15 to 64 years	66.7%	65.5%	63.9%
Employable population	**8,694**	**3,694**	**3,157**
Labour participation rate	76.3%	69%	66.9%
Labour Pool	**6,634**	**2,549**	**2,112**

Results show a relatively small labour pool that employers must compete for from each town. These results also show the impact that a major employer can have on any of these towns. For example, Vale employs approximately 900 people in its Thompson operations, meaning it accounts for 13.6% of the local labour pool.

Figure 11 shows the main industries[23] in each of the four comparator cities. The main industry in Thompson, The Pas and Winnipeg was health care and social assistance. Flin Flon's most popular industry was mining, quarrying and oil and gas extraction – this was also the second most common industry in Thompson. Both Flin Flon and Thompson have a large mining employer in their cities, with Vale having a mine near Thompson, and HudBay having a mine near Flin Flon. The mining industry had less than 1% of the population in The Pas and Winnipeg. Autobody shops fall under the other services category, which ranked near the middle of the 20 categories (9th in Thompson, 10th in Flin Flon, 11th in Winnipeg and 12th in The Pas).

[23] There are 20 industries in total, with Figure 10 highlighting 13 of the most common

Figure 11: Labour Force Aged 15 years and over by Industry - North American Industry Classification System (NAICS), 2017



General Labour

A sample of non-autobody industry job postings was analyzed for comparative purposes (see Appendix D for the job listing and details). There was a variety of positions that the municipalities were hiring for, with a range of educational or experience requirements. Of the jobs sampled, the most common requirement was a grade 12 education coupled with an additional certification or some previous experience in the industry. However there were also multiple positions where the only requirement was a grade 12 education, with a wide offering of starting wages (see Table 29 on page 42).

Like the southern labour market, determining an accurate compensation range for each job opportunity and experience level would require extensively detailed information from a large variety of employers in all three cities. This study uses an aggregate of the wage ranges observed in the job postings in Appendix D. General labour positions, where job postings only require a grade 12 education. An average of the observed base hourly pay ranges for positions requiring only a grade 12 education is listed in Table 61.

Table 29: Average Observed Pay Scale for Non-Autobody Jobs requiring only a Grade 12 Education, Northern Manitoba

Average Base Hourly Rate		
Low	Mid	High
$14.77	$19.47	$25.75

Table 30 provides the annualized base salary based on multiplying the base hourly rates from Table 29 by a standard full-time 2,080-hour work year.

Table 30: Annualized Base Salaries for Non-Autobody Jobs requiring only a Grade 12 Education, Northern Manitoba

Average Annual Base Salary		
Low	Mid	High
$30,722	$40,498	$53,560

A relatively inexperienced or uneducated individual appears to have ample opportunity to earn above $40,000 per year in a starting level or general labour position. Multiple job postings indicated they would remain open until a suitable applicant is found or had the start date listed as "as soon as possible", which could imply difficulty finding suitable candidates and an eagerness to have the roles filled. The job postings did not provide much additional detail regarding additional compensation or benefits with the postings, but a benefits package was noted for most jobs.

Northern Manitoba Employers with Collective Agreements

This section highlights what some of the competitors with collective agreements are offering unionized employees in the north. Collective agreement information has been gathered from the following major employers to compare what other major employers are offering in terms of wages, benefits, and time off in comparison to the autobody industry.

- Vale
- Manitoba Hydro – CUPE
- Manitoba Hydro – Electric Workers
- City of Thompson
- City of Thompson Firefighters
- HudBay

Detailed collective agreement information for each employer is provided in Appendix E. A summary of wages paid at multiple seniority levels for each employer is listed in Table 31. The "full performance" wage range represents the wage an employee can obtain once they have completed all necessary training for their role and/or obtained the highest rate based on their level of seniority. For example, an employee starting at Vale at the lowest ranked job would receive $22.32 per hour. Once they were fully trained at performing at the required level, they would be making $27.87 per hour. An employee coming in at the highest ranked position would have a starting wage of $40.38, and after fully developing in their role would receive $50.45. Note that the City of Thompson (Firefighters) and HudBay did not provide a range based on experience, and the number reported is the stated wage for the lowest ranked position and the highest ranked position.

Table 31: Summary of Hourly Wages for Select Collective Agreements in the North

	Entry		Midpoint		Full Performance	
	Lowest rank	Highest rank	Lowest rank	Highest rank	Lowest rank	Highest rank
Vale	$22.32	$40.38	$25.10	$45.42	$27.87	$50.45
Manitoba Hydro - CUPE	$15.52	$37.97	$18.42	$45.14	$21.31	$52.31
Manitoba Hydro - Electric Workers	$16.14	$47.98	$19.10	$50.67	$22.06	$53.36
City of Thompson (USW - Office & Technical)	$23.85	$33.12	$26.92	$36.20	$29.98	$39.27
City of Thompson (USW - Trades & Labour)	$25.50	$35.24	$28.39	$38.12	$31.27	$40.99
City of Thompson (Firefighters)			$27.16	$42.73		
HudBay			$26.86	$43.32		
Average	**$20.67**	**$38.94**	**$24.14**	**$42.91**	**$26.22**	**$45.88**

The average median employment income for full-time workers in the north was $72,167 as reported by Statistics Canada. Results from the analysis of collective agreements confirms this result within a reasonable range, as the average of the midpoint in Table 32 is $70,356. For those starting with a company in a higher ranked position, their starting salaries exceed the Statistics Canada of northern median.

Table 32: Summary of Annual Wages for Select Collective Agreements in the North

	Entry		Midpoint		Full Performance	
	Lowest rank	Highest rank	Lowest rank	Highest rank	Lowest rank	Highest rank
Vale	$46,426	$83,990	$52,208	$94,474	$57,970	$104,936
Manitoba Hydro - CUPE	$32,282	$78,978	$38,314	$93,891	$44,325	$108,805
Manitoba Hydro - Electric Workers	$33,571	$99,798	$39,728	$105,394	$45,885	$110,989
City of Thompson (USW - Office & Technical)	$49,608	$68,890	$55,994	$75,296	$62,358	$81,682

	Entry		Midpoint		Full Performance	
City of Thompson (USW - Trades & Labour)	$53,040	$73,299	$59,051	$79,290	$65,042	$85,259
City of Thompson (Firefighters)			$56,493	$88,878		
HudBay			$55,869	$90,106		
Average	**$42,985**	**$80,991**	**$51,094**	**$89,618**	**$55,116**	**$98,334**

Autobody Wages in the North Compared to Other Northern Industries

Table 33 provides a comparison of the wages for unionized employees in the north to autobody wages in the north. Jobs have been compared based on skill level to relative union rank; Red Seal technicians have been compared to a highest rank, ICAR designated technicians and apprentices have been compared to the midpoint of low and high ranks, and non-designated technicians and shop assistants have been compared to the lowest rank.

- Red Seal technicians on average earn between 11% to 16% less than the highest rank employees in unionized roles.
- ICAR designated technicians are near equal with their relatively comparable union counterparts, earning 1% to 3% more on average. However, this could also be due to under-ranking ICAR designated technicians. If compared to the highest union ranks, ICAR designated technicians would be earning approximately 20% less on average.
- Apprentices earn between 9% to 17% less than the middle-ranked union roles. Apprentices must complete their training and proceed to higher skill levels to surpass what a mid-level unionized employee with the major employers can earn in the north.
- Non-designated staff and shop assistants earn less than the entry level union employees in all categories, indicating that shops may need to raise their expected labour costs to attract entry level employees.

Table 33: Comparison of Union Wages in the North to Northern Autobody Wages

Labour Type	Low	Mid	High
Red Seal Certified	$34.00	$36.25	$41.00
Northern Union Average – Highest Rank	$38.94	$42.91	$45.88
Autobody as % of Union	87%	84%	89%
Labour Type	**Low**	**Mid**	**High**
ICAR Designated	$30.75	$33.92	$37.00
Northern Union Average – Midpoint of Highest and Lowest Rank	$29.81	$33.53	$36.05
Autobody as % of Union	103%	101%	103%
Labour Type	**Low**	**Mid**	**High**
Apprentices	$27.00	$28.33	$30.00
Northern Union Average – Midpoint of Highest and Lowest Rank	$29.81	$33.53	$36.05
Autobody as % of Union	91%	84%	83%
Labour Type	**Low**	**Mid**	**High**
Non-designated	$19.00	$20.50	$22.00
Northern Union Average – Lowest Rank	$20.67	$24.14	$26.22
Autobody as % of Union	92%	85%	84%
Labour Type	**Low**	**Mid**	**High**
Shop Assistants	$14.00	$18.58	$25.00
Northern Union Average - Entry	$20.67	$24.14	$26.22
Autobody as % of Union	68%	77%	95%

Wage Analysis Conclusions

Northern autobody shops pay relatively competitive wages when measured against one another, with a standard deviation of $5,573 in gross annual compensation. Shop representatives stated that they aim to pay 1/3 of the hourly labour rate to staff. Table 34 outlines the actual ratio that an average Red Seal technician working 2,080 hours per year earns in comparison to the current northern MPI labour rate. The ratio ranges from 45% to 50% depending on the job type.

Table 34: Red Seal Gross Hourly Rate as a Percentage of the MPI Northern Labour Rate

	MPI Year 2 Rate	Red Seal Gross Hourly Rate	Ratio
Body / Refinish / Glass	$94.20	$47.18	50.1%
Frame	$104.40	$47.18	45.2%

Most shops listed shop assistants or lot helpers in their staff, but there are minimal apprentices or other shop floor staff working towards their designations. The lack of staff at the apprentice or intermediate level shows that shops are having a difficult time attracting new skilled talent into the industry and points to an imminent crisis in succession for journeypersons.

The labour shortage of experienced autobody technicians is also apparent in the southern market. Job postings are frequently unspecific; they are seeking individuals with any skill level and are offering signing bonuses. Most job postings list that a Red Seal or Journeyman is preferred but also encourage apprentices or other applicants with any experience in the industry to apply.

Job Benefits Analysis

Southern Labour Market

Other forms of compensation and benefits that were noted in job postings for the southern market included:

- Company pension plan or RRSP matching
- Employee share purchase plan
- Performance incentive bonuses
- Signing bonuses
- Shop discounts
- Annual fitness subsidy
- Part-time study programs
- Flexible work environment

The modern nature of job postings meant that most of these benefits did not have a value listed, but nevertheless this list provides examples of benefits that the northern industry would need to offer to be competitive, if they are not already.

Northern Labour Market

Vacation days for unionized employees tend to start from 10 to 15 days annually (Table 35). Over the course of a career with a company, an employee may gain an additional 10 to 16 vacation days. On average, an employee in the north can earn up to 27.2 vacation days per year (5.4 weeks) by their 25th year of employment.

Table 35: Number of Vacation Days based on Anniversary Year

	Year 1	Year 5	Year 10	Year 15	Year 20	Year 25
Vale	15	20	20	25	25	30
Manitoba Hydro – CUPE	10	15	20	20	25	25
Manitoba Hydro - Electric Workers	10	15	20	20	25	25
City of Thompson (USW)	15	20	22	25	30	31
City of Thompson (Firefighters)	15	20	23	24	27	27
HudBay	10	15	17	21	22	25
Average	**12.5**	**17.5**	**20.3**	**22.5**	**25.7**	**27.2**

The benefits offered by the employers with a collective agreement were similar across the agreements. Dental is offered to all, and health and drug coverage was offered in almost all agreements. Some form of compensation for sickness was offered in all agreements, either by STD/LTD or Accident and Sickness insurance.

Table 36 outlines the benefits offered by the employers with a collective agreement.

The travel benefit is a unique benefit in the north offered by HubBay and Manitoba Hydro. The benefit provides employees with additional time off to be added to their vacation to help compensate for the additional travel that is required when staying in the north versus staying in a major city. Travel days were also available to those who needed to travel out of their current location for medical appointments or to accompany a dependent in their travels. For employees residing in Snow Lake, HudBay reimburses up to two trips per person per year for optometrist appointments in The Pas or Flin Flon, at a rate of $0.40 per kilometer. They also reimburse all dentists trips to the same locations. If the employee is seeking care in Thompson, the reimbursement rate is the same as the bus fare. If an individual has a medical referral to the above listed locations, HudBay will subsidize the travel at the difference between $0.40 per kilometer and the amount paid by the Northern Patient Transportation Program. At Manitoba Hydro, employees receive an additional two days (one workday prior to and one day following their designated annual vacation) as travel time at their basic rate of pay to compensate for the northern location. For medical and dentist appointments, the employee may be granted a maximum of two days leave at their basic rate of pay to use as travel time for appointments.

Table 36: Summary of Employee Benefits by Northern Employer

	Vale	MB Hydro[24]	City of Thompson (USW)	City of Thompson (Firefighters)	HudBay
(Extended) Health	X	X	X	X	X
HSA		X			
Drug		X	X	X	X
Dental	X	X	X	X	X
Vision			X	X	
STD/LTD	X	X			X
Accident and Sickness			X	X	
Life			X	X	X
Accidental death and dismemberment	X		X	X	X
Travel		X			X

Job Benefits Analysis Conclusions

Benefits northern shops may need to offer to be competitive with other northern employers, include:

- **Extended Health Plans** – Extended health benefits, drug and dental plans are commonly offered by referenced northern employers.
- **Signing bonuses** – Shops looking to attract apprentices or skilled workers could provide signing bonuses. To reduce risk to the shop, the signing bonus should be depreciable. That is, employees are required to work a certain amount of time to reduce a clawback on their signing bonus should they leave before a specified period.
- **Relocation expenses** – One northern shop identified that they've paid relocation expenses for a skilled employee to move north from the south. To compete in the whole provincial market, northern shops could advertise in southern labour markets and offer relocation expenses for skilled employees. Southern employees may be enticed by higher wage offerings in the north and having their relocation expenses paid helps remove a barrier moving north.

  Travel benefits – As noted above with Manitoba Hydro and HudBay, these employers provide additional time and and/or pay to help compensate for the additional travel they incur for appointments due to the northern location. In general, the benefit is used to get employees from more remote locations to town centers such as Flin Flon, The Pas, or Thompson. However, the inconvenience

[24] Includes CUPE and Electric Workers

of travelling south for appointments was mentioned on several instances during northern shop consultation. Similar to having additional travel requirements for medical appointments, when those individuals in the north travel for vacation, their travel time required is longer than those residing in a major city center. Manitoba Hydro helps to compensate for this by adding an additional two days to the northern employees' vacation, with one day prior to their vacation and one day after their vacation. This helps to compensate for the extra travel time required.

Autobody Industry Profitability Drivers

This section provides an analysis of profitability for a typical autobody repair shop in Canada and Manitoba. The purpose of examining overall industry profitability is to determine an appropriate profitability benchmark for northern shops. Further comparisons of shop costs between the north and south will determine the profitability differential that would make it worthwhile for a business owner in the north.

Industry Standards

Key External Drivers[25]

There are five identified key drivers that impact annual growth in the autobody industry:

1. **Consumer spending** saw a 1.2% increase nationwide from 2016 to 2021. While vehicles get damaged, not all damaged vehicles get repaired. Consumers may choose to postpone non-essential repairs or services when income growth is low. When the consumer spending increases, consumers may opt to spend more on services such as minor bodywork and paintwork.
2. **The number of businesses in the industry** increased by 0.5% nationwide from 2016 to 2021. This driver represents the number of private employer businesses within the country. Businesses regularly repair and maintain their vehicles, which in turn increases the demand for autobody shops.
3. **New vehicle sales** saw a 3.3% decrease from 2016 to 2021. These sales tend to move in line with the economy. As more new vehicles are sold, the demand for autobody shop services grows, as there are more vehicles that require service. However, an increase in the rate of new vehicle purchases can also decrease the demand for services required for existing vehicles.
4. **Total vehicle-kilometers** decreased 1.3% from 2016 to 2021. As the kilometers driven increases, so does the likelihood of accidents which increases the demand for industry services. Concerns around the environment and fuel prices, as well as changes in commuting patterns and an increase in remote work during the pandemic have driven a decrease in the average number of kilometers vehicles are driven.
5. **The number of vehicles registered** increased by 1.8% from 2016 to 2021. More vehicles on the road increases the chances of an accident, which increases the demand for repair services.

Shops in northern Manitoba will be similarly impacted by macro-economic external drivers, such as consumer spending, new vehicle sales, and the number of vehicles registered. However, the number of businesses in northern Manitoba has remained constant in recent years. Consultation with the northern shops indicated there is a probable reduction in the number of shops within the next five years, which will drive an increase in demand to other northern shops who already do not have sufficient capacity.

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[25] https://my.ibisworld.com/download/ca/en/industry/1694/1/0/pdf

Cost Drivers[26]

Table 37 outlines the breakdown of costs for the autobody industry in Manitoba in 2019. Data from 2019 was used as it represents the last "normal" year of operations prior to the pandemic.

Table 37: Average Cost Driver by Percentage of Sales, Manitoba autobody shops <$5 million in sales, 2019[27]

Line Item	Percentage of Sales
Purchases, materials, and sub-contracts	44.2
Wages and benefits	29.1
Repairs and maintenance	1.1
Utilities	2.1
Rent	2.4
Insurance	1.5
Amortization	2.4
Other expenses	10.1
Total Expenses	**92.9**
Net Profit	**7.1**

Purchases (44.2%) and wages (29.1%) combined account for nearly three-quarters of revenue. There has been an increase in the uptake of purchasing aftermarket parts for a lower cost. However, as has been experienced in northern Manitoba, operators located further away from distribution centers may not see the same savings from aftermarket parts as operators located nearby.

Labour costs are significant, as shops rely on highly experienced and specialized individuals to complete jobs. The labour percentage of sales of 29.1% for all of Manitoba provides a benchmark for comparing labour costs in the north and is considered in the following section on Northern Business Costs.

Other expenses of 10.1% include interest and debt servicing costs, professional fees, advertising and promotion, shipping costs, and other overhead expenses.

Profitability [28]

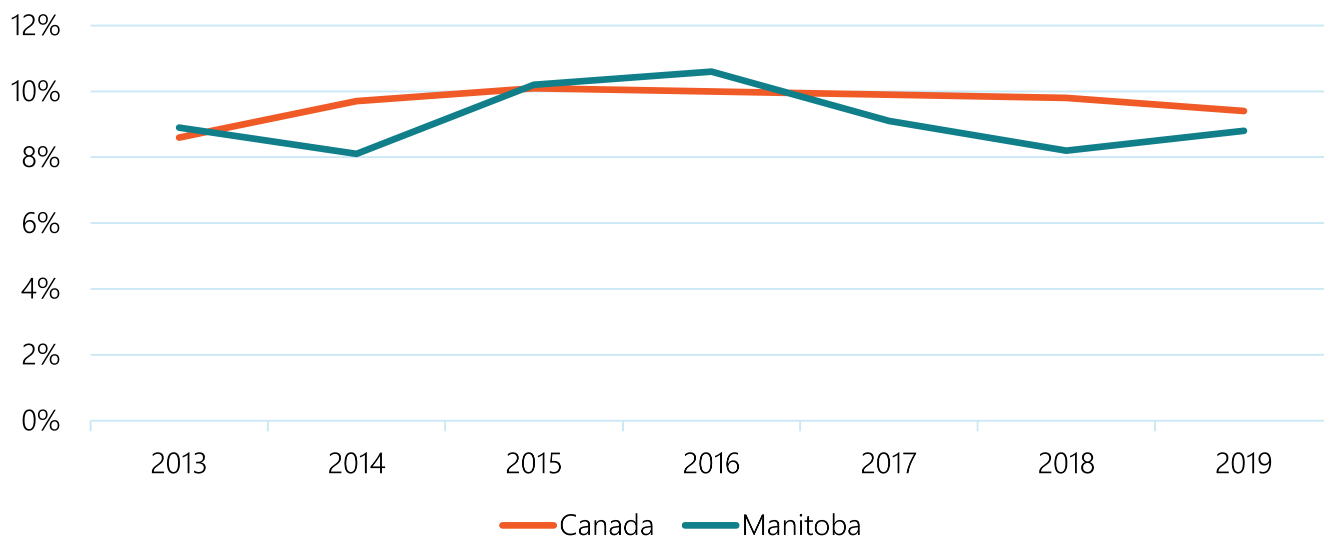
Historically, the autobody business has been a profitable industry in Manitoba. Between 2013 and 2015 they averaged two to three percentage points over other industries, then dropping more in line with other industries from 2016 to 2019. Manitoba has historically had a higher ratio of repair shops to the number of registered

[26] https://my.ibisworld.com/download/ca/en/industry/1694/1/0/pdf
[27] Manitoba Industry (NAICS) Report 81112CA – Car Body Shops in Manitoba
[28] Government of Canada. https://www.ic.gc.ca/eic/site/pp-pp.nsf/eng/home

vehicles than all other provinces. This in turn leads to Manitoba having a smaller number of registered vehicles per shop on average.

The average EBITDA margin for autobody repair shops in Manitoba has varied around the Canadian average since 2017, with Manitoba and Canada averaging 8.8% and 9.4%, respectively, in 2019. However, shop profitability varies depending on the size of the shop. On average, larger shops were closer to a 14% EBITDA margin, and smaller shops closer to a 2% EBITDA margin.

Figure 12: Average EBITDA Margin for Manitoba Autobody Shops <$5 million in Sales, 2019



Northern Shop Cost Comparison

Northern shops were asked to share data pertaining to the following key cost drivers:

- Business occupancy costs, including the cost of building construction (if owned), lease costs, utilities, building maintenance, and other significant costs identified by the business
- Labour costs, including hourly wages, benefits, and bonuses for all staff
- Skill levels of current technicians, including ICAR designation(s) and Red Seal certification

Four of the six northern shops provided cost data, with one shop opting not to participate and no response from another. Full financial results, including financial statements, were not provided, thus a direct comparison of northern profitability to southern or industry profitability could not be conducted. However, training and transportation costs were identified as a significant cash cost impacting shops in the north that is not a material cost for shops in the south.

On average, northern shops paid $16,500 for training and $31,640 for transportation in the last year. The combined value of $48,138 accounts for approximately 6.8% of the average total labour cost for shops in the north ($705,665 per year). Training and transportation costs were not broken out of the 2019 industry profitability analysis. However, detailed industry data from 2011 showed training costs were 0.2% of industry revenue, and transportation costs were negligible. Assuming this has not changed for the south, the equivalent training cost as a percentage of wages would be 0.7% (0.2% divided by the 29.1% labour margin). This shows a 6.1% differential between the north and south for the cost of training and transportation as a percentage of labour.

Acceptable Range of Profitability

An objective of this study is to determine an acceptable range of profitability for a shop to operate in the north. The average net profit margin in Manitoba of 7.1% for the autobody industry, however the average has been shown to differ significantly when shop size is considered as a factor.

While there is no significant net difference in cost of living in the north, the same argument regarding quality of life may hold for shop owners.

Succession is a fundamental consideration in ensuring autobody repair is a sustainable service in the north. A higher return on investment (or profitability) may be needed in the north to encourage a new buyer to choose the north. Since profit is highly subject to other factors, such as shop size and management practices, aiming for a target margin may be problematic. As there are built-in margins in the respective rates, a labour rate premium for the north will also provide a similar adjustment in margin available for profit.

Conclusions

Summary of Results

Table 38 and Table 39 outline the quantitative variances observed that are assumed to be materially relevant to determining the northern shop compensation premium.

Table 38: Summary of Quantitative Market Differentials

Market Factor	North to South Variance	Source; Notes
Median Income from Full Time Employment	24%	StatsCan; Average differential of the three northern municipalities [The Pas – 16.4%; Thompson 25.9%; Flin Flon 31%]
Dwelling Value	(53%)	StatsCan
Cost of Living – Excluding Home Replacement Cost	1.67%	MNP research; Average of northern markets
Cost of Living – Including Home Replacement Cost	(0.04%)	
Wages – Red Seal	92.3%	Average wages as reported by northern shops vs midpoint of wage ranges in southern postings
Wages – Apprentice	136.9%	
Wages – Shop Assistants	112.6%	
Training & Travel Costs	6.1% of total labour costs	

Table 39: Northern Autobody to Other Northern Industries Wage Differentials

	Low	Mid	High
Red Seal	87%	84%	89%
ICAR Designated	103%	101%	103%
Apprentices	91%	84%	83%
Non-designated	92%	85%	84%
Shop Assistants	68%	77%	95%

Summary Analysis - Northern Differential

Labour Rate

A complex index to determine the net northern labour differential could be completed through an aggregation of the above results. Such an index would require frequent adjustments to ensure the index reflects prevailing market factors. This does not appear to be warranted by the minimal difference in cost of living. The following factors are indicated as the most relevant to northern shop competitiveness and are relatively easy to track.

Market Factor	Differential	Rationale
Median Market Income	24%	Median full-time income is publicly available information published every five years with the census. The current average differential of 24% may be considered to represent the labour market competitive difference between Winnipeg and the northern municipalities.
Training and Travel Costs	6.1% of wage costs	Both the consultation and cost analysis indicated that training and travel costs are a significant factor for northern shops. Training and travel expense may be calculated as a percentage of total wage expense, or may be considered as a direct, actual expense.

Table 40 outlines the impact on the current northern labour rates if they were to be adjusted for both the median market income and the training and travel cost differentials. The formula used to determine the adjusted northern rate is:

$$\begin{aligned} Northern\ Rate = {} & Southern\ Rate\ x\ (1 + Median\ Market\ Income\ Differential \\ & + Training\ and\ Travel\ Cost\ Differential\ x\ Industry\ Average\ Wage\ Margin) \end{aligned}$$

For example, the adjusted northern body rate would increase to $98.73:

$$Adjusted\ Northern\ Body\ Rate = \$78.50\ x\ (1 + 24\% + 6.1\%\ x\ 29.1\%) = \$98.73$$

Table 40: Northern Labour Rate (MPI Year 2), Adjusted for Market Differential

	Units	South	Existing Northern Rate	Adjusted Northern Rate to market median	Adjusted to include training
Body / Refinish / Glass	Per Hour	$78.50	$94.20	$97.34	$98.73
Frame	Per Hour	$87.00	$104.40	$107.88	$109.42

Alternatively, MPI could reimburse actual, direct extraordinary travel or related expenses required for northern technicians to attend training rather than paying a premium through the shop labour rate. Additional lost profitability for travel time could similarly be considered. This method would incentivize actual use and application to extraordinary training expenses. Under this option, the median market income differential alone would be the most applicable northern premium.

Materials Rates

No significant findings were made that would indicate the existing northern premium paid on materials costs is insufficient for the northern shops. Consultation revealed that freight surcharges are the main issue that the northern shops feel are not being properly compensated. However, no shops presented evidence of excess freight charges when requested. A review of freight policy in the context of shop concerns of when freight is / is not paid may be worth consideration.

Shop Profitability

The labour rate includes a margin for overhead and profitability. As overhead is not affected by an increase in the labour rate, the balance not taken up by direct wage increases is available for profit. The labour market differential of 24% (excluding training) is a difference of $18.84 per hour for Body/Refinish/Glass and $20.88 per hour for Frame labour. The comparison to northern industry wages indicated a need to increase wages by approximately $5-7 per hour. Apprentices are currently being compensated at approximately $7-8 more per hour than in the south, for a total differential of $12-13. With associated benefits (at 20%) this means approximately $10-15 per hour of the labour rate increase would be required for the wage adjustments. The difference of $4-5 per hour (or more for journeypersons), or 5% of the south labour rate, would be available to improve the profit margin. With labour rates representing approximately 35% of a claim value (MNP, 2021), this would increase profit margin by 2%, which at the industry average of 8% would be an increase of 25%, or a similar premium on profitability as the difference in median income.

MPI Responsibility

MPI places direct obligations on shops related to required training and technician qualifications to perform MPI repairs. The ability to attract, retain and train skilled labour is a significant factor in availability of autobody repair services in a particular market. Northern shops are encountering significant succession concerns. If new labour cannot be attracted to the north, the industry risks destabilization, which could impact MPI's objective to ensure the accessibility of auto repair services to Manitobans in the north.

Market differentials on costs associated with attraction, retention and training are reasonable to consider in rates for these markets. Other differences in direct costs, such as freight expenses, are also reasonable to consider on a 'substantive equality' basis. Information was not available to quantify any impacts related to freight.

A move towards direct reimbursement of shop incurred travel costs related to training would be a departure from MPI's existing shop compensation protocol. However, it may be the optimal solution for ensuring each shop across Manitoba has an equal opportunity to maintain a highly skilled and certified workforce. Direct reimbursement would reduce the risk to both parties:

- Northern shops would be reimbursed for their extraordinary costs directly; they would not have to manage these costs out of the margin on their labour rate.
- MPI would only reimburse shops for actual extraordinary costs incurred, reducing the risk of over or underpayment of labour compensation premiums to northern shops and encouraging industry participation in training programs.

Other Considerations

1. Overall, the average wage cost for autobody repair as a percentage of revenue is 29%. Revenue includes all forms of compensation, including parts, materials, etc. which in past studies is approximately 35% of total revenue. While it is reasonable for a shop to seek an industry-average recovery on labour, it is not reasonable to seek this recovery from the labour rate alone, as suggested in northern shop interviews.
2. Concerns were expressed that northern premiums are not consistently applied to northern claims. MPI should review its internal quality assurance mechanisms on northern claims to provide information on both frequency of error and methods to prevent such errors. This will prevent excess administrative work on both sides as shop managers will not need to process claim adjustments for amounts that should have been automatically added by MPI.

Report Assumptions and Limitations

The collective agreements used for the market labour analysis were collected online. While the most recent available collective agreement was used for analysis, some may be expired, or are in the process of negotiations.

Compensation for autobody workers in the south has been estimated based on a sample of recent job postings in Winnipeg. Determining actual market compensation would require a survey of businesses or workers which is outside the scope of this engagement.

A direct comparison of shop costs to the industry average would require collecting full financial statements from the northern shops. For this study, shops were only asked to provide cost data.

Appendix A: MPI Rate Comparison by Year

Comparison of MPI Rates: North vs South

Autobody / Refinish / Glass Hourly Labour Rates

The northern rates for autobody, refinish and glass labour are consistently 20% higher than the southern rates. Both the north and south have annual increases between 2-3%.

Table 41: Autobody/Refinish/Glass Hourly Labour Rates

	South	North	Northern Premium	Northern Premium (%)
Year 1	$77.00	$92.40	$15.40	20.0%
Year 2	$78.50	$94.20	$15.70	20.0%
Year 3	$80.00	$96.00	$16.00	20.0%
Year 4	$82.00	$98.40	$16.40	20.0%

Frame Hourly Labour Rates

The frame labour rates for the north are 20% higher than the southern rates, and consistently have a 2% increase over the four years.

Table 42: Frame Hourly Labour Rates

	South	North	Northern Premium	Northern Premium (%)
Year 1	$85.00	$102.00	$17.00	20.0%
Year 2	$87.00	$104.40	$17.40	20.0%
Year 3	$88.50	$106.20	$17.70	20.0%
Year 4	$90.00	$108.00	$18.00	20.0%

Mechanical Hourly Labour Rates

The hourly labour rates for mechanical work are consistently 20% higher in the north compared to the south. The rates increase by 2% each year.

Table 43: Mechanical Hourly Labour Rates

	South	North	Northern Premium	Northern Premium (%)
Year 1	$90.00	$108.00	$18.00	20.0%
Year 2	$92.00	$110.40	$18.40	20.0%
Year 3	$94.00	$112.80	$18.80	20.0%
Year 4	$96.00	$115.20	$19.20	20.0%

Mechanical Specialty Hourly Labour Rates

The mechanical specialty rates mimic the mechanical hourly rates, with a 20% premium in the north, and 2% annual increases.

Table 44: Mechanical Specialty Hourly Labour Rates

	South	North	Northern Premium	Northern Premium (%)
Year 1	N/A	N/A	N/A	N/A
Year 2	$125.00	$150.00	$25.00	20.0%
Year 3	$127.71	$153.26	$25.55	20.0%
Year 4	$130.43	$156.52	$26.09	20.0%

Comparison of MPI Rates: Materials

Paint Material (hourly rate)

The north has a 20% premium compared to the south for paint materials. The annual increases vary with a 10% increase after year 1, and a 3-4% increase for the next two years.

Table 45: Paint Material Hourly Rates

	South	North	Northern Premium ($)	Northern Premium (%)
Year 1	$47.00	$56.40	$9.40	20.0%
Year 2	$51.70	$62.04	$10.34	20.0%
Year 3	$53.46	$64.15	$10.69	20.0%

	South	North	Northern Premium ($)	Northern Premium (%)
Year 4	$55.81	$66.97	$11.16	20.0%

Shop Material (hourly rate)

Compared to the south, the north has a premium ranging from 41-48% through the four years. The hourly rate in the north is consistent for the four years, and the south has a 5% increase after year 1.

Table 46: Shop Material Hourly Rates

	South	North	Northern Premium	Northern Premium (%)
Year 1	$6.71	$9.91	$3.20	47.7%
Year 2	$7.05	$9.91	$2.86	40.6%
Year 3	$7.05	$9.91	$2.86	40.6%
Year 4	$7.05	$9.91	$2.86	40.6%

Toxic Waste (per paint estimate)

There is a 10% premium given to the shops in the north, and the rate stays consistent over the four years.

Table 47: Toxic Waste per Paint Estimate

	South	North	Northern Premium	Northern Premium (%)
Year 1	$4.97	$5.46	$0.49	9.9%
Year 2	$4.97	$5.46	$0.49	9.9%
Year 3	$4.97	$5.46	$0.49	9.9%
Year 4	$4.97	$5.46	$0.49	9.9%

Windshield Glass Shop Material (hourly rate)

Compared to the south, the north has a 20% premium given for windshield glass shop material per hour. The rates stay consistent over the three years. Note that this allowance came into effect July 1, 2022 (year 2).

Table 48: Windshield Glass Shop Material Hourly Rate

	South	North	Northern Premium	Northern Premium (%)
Year 1	N/A	N/A	N/A	N/A
Year 2	$4.00	$4.80	$0.80	20.0%
Year 3	$4.00	$4.80	$0.80	20.0%
Year 4	$4.00	$4.80	$0.80	20.0%

Tempered Glass Shop Material (hourly rate)

The north has a 48% premium compared to the south for the first year, and a 41% premium for the remaining three years. The south has a 5% increase in their rate after year one, and the rates in the north are consistent through the four years.

Table 49: Tempered Glass Shop Material Hourly Rate

	South	North	Northern Premium	Northern Premium (%)
Year 1	$6.71	$9.91	$3.20	47.7%
Year 2	$7.05	$9.91	$2.86	40.6%
Year 3	$7.05	$9.91	$2.86	40.6%
Year 4	$7.05	$9.91	$2.86	40.6%

Glass Urethane Allowance (per item)

There is no premium for the north for the allowance allocated for glass urethane. Both the south and the north have a 5% increase in the rate after year one, and the remaining three years are consistent.

Table 50: Glass Urethane Allowance Per Item

	South	North
Year 1	$32.00	$32.00
Year 2	$33.60	$33.60
Year 3	$33.60	$33.60
Year 4	$33.60	$33.60

National Auto Glass Standards (NAGS) Discount

The NAGS discount is only given to the south and is the same for all four years.

Table 51: NAGS Discount Rates

	South	North
Year 1	25%	0%
Year 2	25%	0%
Year 3	25%	0%
Year 4	25%	0%

Appendix B: Additional Census Data

For private dwellings occupied by usual residents in 2021, the 4 cities indicated numbers ranging from 85% to 95%. Thompson had the lowest rate of 85%, while Winnipeg had the highest at 95%.

Table 52: Private Dwellings Occupied by Usual Residents, 2021

Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
85.9%	90.9%	90.0%	88.9%	95.2%	-6.6%

Based on the reporting occupied private dwellings in 2021, all cities showed a single-detached house was the most common structural type. Flin Flon had the highest percentage (78%), while Winnipeg, Thompson and The Pas had numbers ranging from 49% to 61%. Apartment units in buildings that were less than 5 storeys were the second most popular, taking up 14% to 25% of dwellings. All other structural types accounted for less than 10% of living spaces.

Table 53: Occupied Private Dwellings by Structural Type, 2021

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
Single-detached house	49.2%	55.1%	77.6%	60.6%	57.5%	5%
Semi-detached house	3.5%	7.2%	0.2%	3.7%	4.0%	-9%
Row house	9.4%	4.7%	2.2%	5.4%	3.9%	39%
Apartment or flat in a duplex	0.1%	0.5%	5.7%	2.1%	1.8%	14%
Apartment in a building that has fewer than five storeys	25.2%	25.3%	13.6%	21.4%	18.8%	14%
Apartment in a building that has five or more storeys	3.2%	0.2%	0.0%	1.1%	13.7%	-92%
Other single-attached house	0.1%	0.2%	0.2%	0.2%	0.1%	96%
Movable dwelling	9.3%	7.0%	0.2%	5.5%	0.2%	2385%

The number of persons in each private household in 2021 shows either 1 or 2 persons per household was the most common. The Pas reported 1 person being slightly more common over 2 persons (33% compared to 29%), while Winnipeg, Thompson and Flin Flon saw 2 persons per household more commonly. The average household size ranged from 2.1 (Flin Flon) to 2.8 (Thompson), with both Winnipeg and The Pas having an average household size of 2.5 persons.

Table 54: Private Households by Household Size and Average Size of Household, 2021

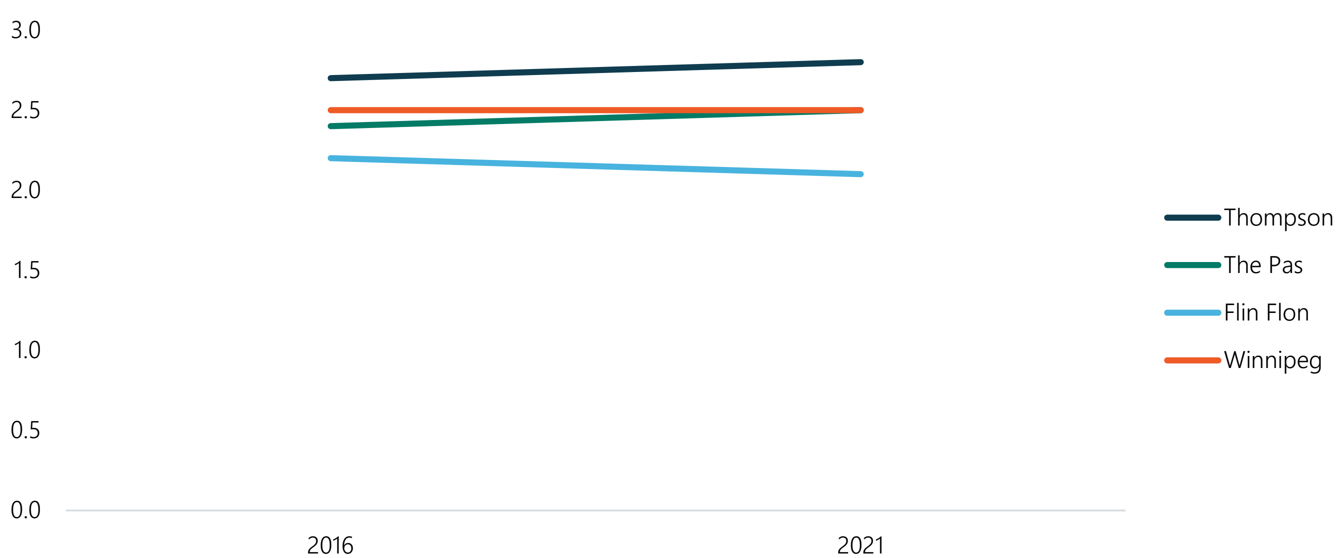
	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
1 person	24.9%	32.6%	36.6%	31.4%	30.2%	4%
2 persons	28.2%	29.3%	37.1%	31.5%	32.0%	-1%
3 persons	17.9%	14.4%	11.4%	14.6%	15.1%	-4%
4 persons	15.6%	13.3%	9.9%	12.9%	13.6%	-5%
5 or more persons	13.4%	10.7%	5.5%	9.8%	9.1%	8%

Table 55: Average Household Size, 2021

Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
2.8	2.5	2.1	2.5	2.5	0.0

Household sizes over the last 5 years for the four cities have remained relatively consistent. Thompson and The Pas saw a slight increase. Winnipeg's average household size has stayed the same, and Flin Flon's average household side had a slight decrease.

Figure 13: Average Household Size in 2016 and 2021



Looking at the size of census families in private households in 2021, Flin Flon tended to report more smaller families than the other 3 comparator cities, with 78% of families having 3 persons or less, and 32% of families having 4 or more individuals Thompson, The Pas and Winnipeg all reported somewhere between 40% to 45% of families having 4 or more persons.

Table 56: Census Families in Private Households by Family Size, 2021

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
2 persons	42.5%	47.5%	60.8%	50.2%	49.0%	3%
3 persons	25.0%	21.4%	17.3%	21.2%	22.0%	-4%
4 persons	20.3%	18.9%	15.1%	18.1%	19.9%	-9%
5 or more persons	12.3%	12.1%	7.2%	10.5%	9.1%	15%

Flin Flon had the smallest average census family size, with an average of 2.7 people. The largest average family size was in Thompson, with 3.1 people. When looking at families who had children, the average number of children in families was quite similar across all four regions. Winnipeg and Flin Flon had the lowest average number of children with 1.8, and The Pas reported the highest average number of children, with 2 reported per family.

Looking at the highest level of certificate, diploma or degree received by those aged 25 to 64 years in 2016 showed those in Winnipeg were more likely to pursue some level of secondary education. Only 10% of those in Winnipeg reported having no certificate, diploma, or degree, while Thompson had the highest level of 21% reporting no certificate. All four comparator regions reported similar rates of secondary school diplomas as the highest level achieved, ranging from 27% (Winnipeg) to 32% (Flin Flon).

Table 57: Highest Certificate, Diploma or Degree for the Population Aged 25 to 64 years, 2016

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
No certificate; diploma or degree	20.7%	14.6%	14.8%	16.7%	10.1%	65%
Secondary (high) school diploma or equivalency certificate	27.7%	28.9%	32.0%	29.6%	26.5%	11%
Postsecondary certificate; diploma or degree	51.5%	56.7%	53.2%	53.8%	63.4%	-15%

Diving deeper into the highest level of postsecondary education, apprenticeships or trade certificates were most seen in the northern regions, ranging from 17% in The Pas to 25% in Flin Flon. Winnipeg reported the highest level of university certificates at the bachelor level or above, with 51%. The second highest rate belonged to Thompson at 36%.

Table 58: Highest Level of Postsecondary Certificate, Diploma or Degree for the Population aged 25 to 64 years, 2016

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
Apprenticeship or trades certificate or diploma	19.7%	17.3%	24.7%	20.6%	10.7%	92%
Trades certificate or diploma other than Certificate of Apprenticeship or Certificate of Qualification	33.6%	38.5%	25.7%	32.6%	52.2%	-38%
Certificate of Apprenticeship or Certificate of Qualification	66.4%	61.5%	74.3%	67.4%	47.8%	41%
College; CEGEP or other non-university certificate or diploma	36.5%	41.7%	47.5%	41.9%	32.9%	27%
University certificate or diploma below bachelor level	7.7%	7.7%	3.3%	6.2%	4.9%	27%
University certificate; diploma or degree at bachelor level or above	36.0%	33.0%	24.4%	31.1%	51.4%	-39%
Bachelor's degree	75.5%	62.6%	86.3%	74.8%	71.2%	5%
University certificate or diploma above bachelor level	6.2%	6.1%	5.5%	5.9%	7.1%	-16%
Degree in medicine; dentistry; veterinary medicine or optometry	1.1%	4.0%	2.7%	2.6%	3.1%	-16%
Master's degree	16.1%	23.2%	6.8%	15.4%	15.8%	-2%
Earned doctorate	0.7%	3.0%	0.0%	1.3%	2.9%	-56%

In 2016, the majority of those employed in the labour force commuted within their census subdivision (CSD)[29] of residence for work. While most cities had a very small percentage leaving to a different province or territory to

[29] Census subdivision (CSD) is the general term for municipalities or areas treated as municipal equivalents for statistical purposes. On reserve population is a derived census variable that is captured by using the census subdivision (CSD) type according to criteria established by Indigenous and Northern Affairs Canada. On reserve population includes people living in any of the six CSD types legally affiliated with First Nations or Indian bands).

work (0% to 0.4%), 13% of those employed and living in Flin Flon indicated they commuted to a different province or territory.

Table 59: Commuting Destination for the Employed Labour Force, 2016

	Thompson	The Pas	Flin Flon	Northern Average	Winnipeg	North Average to South Variance
Commute within CSD of residence	93.2%	91.4%	83.4%	89.3%	94.2%	-5%
Commute to a different (CSD) within census division (CD)[30] of residence	5.0%	6.9%	3.1%	5.0%	0.5%	835%
Commute to a different (CSD) and (CD) within province or territory of residence	1.6%	1.5%	0.9%	1.3%	4.9%	-72%
Commute to a different province or territory	0.2%	0.0%	12.6%	4.2%	0.4%	988%

Table 60: Labour Force Aged 15 years and Over by Industry, 2017

	Thompson	The Pas	Flin Flon	Winnipeg
Total	**6,505**	**2,800**	**2,465**	**402,365**
Industry - not applicable	2.2%	2.0%	2.2%	2.4%
All industries	97.8%	98.0%	97.8%	97.6%
Agriculture, forestry, fishing, and hunting	0.5%	1.3%	0.0%	0.6%
Mining, quarrying, and oil and gas extraction	11.4%	0.4%	23.7%	0.2%
Utilities	1.7%	0.9%	0.0%	0.9%
Construction	5.7%	4.6%	4.9%	6.3%
Manufacturing	0.7%	6.3%	2.6%	8.5%
Wholesale trade	1.5%	0.7%	1.4%	2.8%

[30] Census division (CD) is a group of neighboring municipalities joined together for the purposes of regional planning and managing common services. These groupings are established under laws in effect in certain provinces of Canada. CD is the general term for provincially legislated areas or their equivalents. In other provinces and the territories where laws do not provide for such areas, Statistics Canada defines equivalent areas for statistical reporting purposes in cooperation with these provinces and territories. Census divisions are intermediate geographic areas between the province/territory level and the municipality (census subdivision).

	Thompson	The Pas	Flin Flon	Winnipeg
Retail trade	11.3%	12.9%	14.2%	10.9%
Transportation and warehousing	6.3%	4.3%	4.1%	6.8%
Information and cultural industries	0.5%	1.8%	1.2%	1.8%
Finance and insurance	2.2%	2.0%	1.8%	4.6%
Real estate and rental and leasing	1.2%	0.9%	1.0%	1.5%
Professional, scientific, and technical services	1.5%	2.5%	1.2%	5.9%
Management of companies and enterprises	0.2%	0.0%	0.0%	0.2%
Administrative and support, waste management and remediation services	2.5%	2.3%	1.8%	4.6%
Educational services	10.7%	15.0%	8.1%	8.1%
Health care and social assistance	18.4%	17.3%	18.3%	15.0%
Arts, entertainment, and recreation	0.5%	2.9%	1.0%	2.0%
Accommodation and food services	8.1%	8.4%	6.1%	6.2%
Other services (except public administration)	4.1%	2.1%	2.4%	4.2%
Public administration	8.9%	11.4%	3.9%	6.5%

Appendix C: Southern Labour Market Job Postings

The below table provides a sample of industry job postings with publicly listed wages in Winnipeg.

Job	Location	Experience	License / Credentials	Min Hourly Wage	Max Hourly Wage
Auto Body Technician	Champion Collision Centre Ltd	Autobody technician: 3 years (preferred)	Journeyman (preferred) Motor Vehicle Body Repairer Drivers License (Required)	$19.23	$48.08
Auto Body Technician	Champion Collision Centre Ltd	Autobody repair: 2 years (preferred)	Red Seal license (preferred)	$19.23	$52.77
Auto Body Technician	Winnipeg Automotive	Autobody repair: 1 year (preferred)	Red Seal license	$20.00	$35.00
Auto Body Technician	Platinum auto sales	Auto Body Repair: 1 year (preferred)	Red Seal license (preferred)	$16.50	$26.00
Auto Body Technician	Jim Gauthier Chevrolet Collision Center	Autobody repair: 2 years (preferred)	Red Seal license (preferred) Drivers license (required)	$18.00	$32.00
Auto Body Technician	Eastside Collision Repairs	Autobody repair: 2 years (preferred)	Red Seal license (required) Motor Vehicle Body Repairer	$38.46	$57.69
Auto Glass Technician	Inland Glass	Autobody repair: 1 year (preferred)	Drivers licence (required)	$16.00	$30.00
Auto Body Prepper	Town Autobody and Car Sales	Autobody prep: 1 year (preferred)		$13.00	$19.00
Automotive Painter	Champion Collision Centre Ltd	Refinishing: 2 years (preferred)	Journeyman (preferred) Drivers license (Required)	$25.00	$35.00

Job	Location	Experience	License / Credentials	Min Hourly Wage	Max Hourly Wage
Automotive Mechanic	Team Auto Parts	Vehicle & engine maintenance & repair occupations: 2 years (preferred)		$20.00	$23.00
Auto Body Apprentice	Waverly Chrysler Dodge Jeep Ram	All Applicants with equal amounts of autobody experience are considered.	All levels are encouraged to apply for body shop position.	$18.00	$26.00
Auto Body Technician / Apprentice	M Power Collision Centre	All Applicants with autobody experience are considered.	Red Seal (preferred)	$18.00	$38.00
Auto Body Prepper / Apprentice	M Power Collision Centre	Autobody repair: 1 year (preferred)	Red Seal (preferred)	$13.00	$20.00
Apprentice Level Autobody Technician	River City Collision	Autobody experience preferred but not mandatory		$17.00	$25.00
Shop Assistant	Collision Kings			$16.00	$17.00
Shop Assistant	Winnipeg Car Lab			$13.00	$17.00
Shop Maintenance Assistant	Vickar Community Chevrolet			$16.00	$20.00

Appendix D: Northern Labour Market Job Postings

The below table provides a sample of job postings with publicly listed wages in Thompson, The Pas and Flin Flon. If a range was listed in the job posted, the average was used in the calculation (*).

Location	Position	Education Requirements	Wage
Thompson	Cashier	Grade 12	$15.79
Thompson	Receptionist/Typist	Grade 12	$25.75
Thompson	Utility Clerk	Grade 12 Accounting course	$26.36
Thompson	Equipment Operator	Grade 12 Air brake endorsement	$28.32
Thompson	Health and Safety Coordinator	Certification in Safety and Health 3 years experience	$34.78*
Thompson	Purchasing Agent	Bachelor's degree 3 years experience	$35.88*
The Pas	PT Facility Monitor	Grade 12 Certified to teach fitness	$18.86
The Pas	PT Cleaning Attendant	Grade 12	$19.72
The Pas	Instructor/Guard	Grade 12, Bronze cross	$22.99
The Pas	General Labourer	Grade 12 Experience with carpentry	$24.32
The Pas	Operator III	Grade 12 Experience with heavy equipment	$26.21
The Pas	Assistant Municipal Superintendent	Technical degree/diploma/certificate	$32.46*
Flin Flon	Meter Reader	Grade 12	$19.21
Flin Flon	Jr Financial Analyst (Hudbay)	CPA student	$42.79*

Appendix E: Major Northern Employer Analysis

Vale

The Collective Agreement*: between Vale Canada Ltd and United Steelworkers Local 2020-05* is active from April 1, 2021, to September 30, 2025. The headquarters of Vale's Manitoba Operations is in Thompson. The Thompson location has approximately 900 workers[31].

Vale's pay structure includes 9 different levels of pay, with each level having 4 different wages based on experience in their role. Entry level wages range from $22.32 to $40.38. Once an employee reaches the 4th level they are considered to be at full performance, and these wages range from $27.87 to $50.45.

Annual vacation is granted based on years of employment as follows: 1 to less than 5 years entitles the worker to 3 weeks, 5 to less than 15 years entitles the worker to 4 weeks, 15 to less than 25 years entitles the worker to 5 weeks, 25 to less than 30 years entitles the worker to 6 weeks.

The benefits outlined in the agreement include prescription drug, dental and vision care, major medical service, semi-private hospitalization, accidental death and dismemberment and long-term disability.

Table 61: Regular Wages for Vale Employees, Effective January 1, 2021 ($)

Grade	Entry	Developing	Acceptable	Full Performance
C	22.32	23.97	25.66	27.87
D	24.30	26.12	27.94	30.37
E	26.54	28.55	30.54	33.17
F	28.68	30.83	32.97	35.83
G	30.73	33.03	35.34	38.43
H	33.65	36.16	38.69	42.07
I	35.96	38.66	41.35	44.96
J	38.01	40.87	43.72	47.53
K	40.38	43.40	46.39	50.45

There are annual increases that take effect on January 1 of the next four years:

[31] http://www.vale.com/canada/EN/people/imagine-yourself-here/living-where-you-work/life-in-thompson/Pages/default.aspx

- January 1, 2022: the wage in effect on December 31, 2021, will be increased by 1.5%
- January 1, 2023: the wage in effect on December 31, 2022, will be increased by 1.5%
- January 1, 2024: the wage in effect on December 31, 2023, will be increased by 1.5%
- January 1, 2025: the wage in effect on December 31, 2024, will be increased by 2%

Manitoba Hydro – CUPE

The Collective Agreement: *between Manitoba Hydro and Canadian Union of Public Employees, Local 998* is marked to be effective from January 1, 2017, until December 31, 2020. The union consists of almost 3,000 members and represents employees in Gillam and Snow Lake.[32]

CUPE 998 has 10 different levels of pay. The minimum hourly wages range from $15.52 per hour to $37.91. The maximum wages range from $21.31 to $52.31.

Trainees have a starting wage dependent on their field and receive an increase at every 6 months interval until 36 months. Commerce trainees start at $26.44, and at 36 months receive $32.14. Information technology trainees start at $25.18, and after 36 months receive $33.74.

The agreement also specifies details for a northern allowance for individuals assigned north of the 53rd parallel. The allowance includes reimbursement for meals and accommodations. This also includes an allowance if the employee maintains a home up north, as well as an additional dependent allowance if the family resides with them. If a doctor or dentist isn't near, or the local doctor has referred them to another location, the employee may be granted up to 2 days leave as travel time. There is also reimbursement for travel costs associated with travel for vacation, emergencies and leave of absences.

Annual vacation is granted based on years of employment as follows: less than 3 years entitles the employee to 10 vacation days, 3 years to less than 10 entitles the employee to 15 days, 10 years to less than 20 entitles the employee to 20 days, and 20 years or more entitles the employee to 25 days. Employees may also receive up to 2 additional days to account for vacation travel time. Each employee is also allowed 5 benefit credit days, regardless of their years of service.

The benefits outlined in the agreement include extended health, prescription drug, travel coverage, a health spending account, and a dental plan.

Table 62: Regular Wages for CUPE 998 Employees, Effective January 1, 2017 ($)

Pay Grade	Minimum Wage	Maximum Wage
11	15.52	21.31
12	16.95	23.65

[32] https://www.ibew2034.com/?zone=/unionactive/view_page.cfm&page=About20US

Pay Grade	Minimum Wage	Maximum Wage
13	18.82	26.25
14	22.26	29.15
21	24.25	32.34
22	26.44	35.9
23	28.85	39.9
24	31.43	43.49
25	34.27	47.43
31	37.91	52.31

Table 63: Regular Wages for Commerce Trainees, Effective January 1, 2017 ($)

Length of Employment	Wage
Start	26.44
6 Months	27.76
12 Months	29.15
24 Months	30.61
36 Months	32.14

Table 64: Regular Wages for Information Technology Trainees, Effective January 1, 2021 ($)

Length of Employment	Wage
Start	25.18
6 Months	26.44
12 Months	27.76
18 Months	29.15
24 Months	30.61
30 Months	32.14
36 Months	33.74

Manitoba Hydro - Electric Workers

The Collective Agreement: *between The Manitoba Hydro-Electric Board and Local Union 2034 of the International Brotherhood of Electrical Workers* is to be effective from January 1, 2016, until December 31, 2018. CUPE Local 998 represents approximately 900 clerical and technical staff at Manitoba Hydro.[33]

The minimum hourly wages in the agreement range from $16.14 to $47.98, and maximum wages range from $22.06 to $53.36. Individuals who are assigned to work north of the 53rd parallel will either receive living allowances and or/free room and board. If the employee isn't receiving these premiums, they will be paid an addition to their basic wage. A dependent northern allowance will be paid to an employee who is supporting a spouse and/or dependents and who maintain a home, and family members live in the home. The employee may also be eligible for reimbursement on northern transportation costs for them and their family.

Annual vacation is granted based on years of employment as follows: less than 3 years entitles the employee to 10 vacation days, 3 years to less than 10 entitles the employee to 15 days, 10 years to less than 20 entitles the employee to 20 days, and 20 years or more entitles the employee to 25 days. Employees may also receive up to 2 additional days to account for vacation travel time. Each employee is also allowed 5 benefit credit days, regardless of their years of service.

The benefits outlined in the agreement include extended health, prescription drug, travel coverage, a health spending account, and a dental plan.

City of Thompson

The Collective Agreement: *City of Thompson and United Steelworkers, Local 8223* is marked to be active until February 2024. This Local represents nearly 100 employees in a variety of fields, including recreation, public safety, public works, and city planning.[34]

For both office and technical workers, and trades and labour workers, wages are defined for the following months of service: starting, 18 months, 36 months, 48 months, 60 months, 72 months, 78 months. For office and technical workers, starting wages range from $23.85 an hour to $33.12 an hour, with the 78 months wages ranging from $29.98 per hour to $39.27. For trades and labour workers, starting wages range from $25.50 per hour to $35.24. After 78 months of service these hourly wages range from $31.27 to $40.99. There are additional shift premiums for hours worked outside of normal working hours.

Annual vacation is granted based on years of employment, starting from 1 year, with the maximum amount of vacation days being granted to those working 22 year or more. Vacation granted for 1 year of employment is 15 days, and increases by 1-2 days, every or every other year. The vacations days max out at 22 years of service, with a total of 31 vacation days. There are also an additional 2 workdays to be added as vacation travel time.

The agreement outlines the group insurance plan, which includes the following group benefits: life, accidental

[33] https://998.cupe.ca/about-us/

[34] https://thompsononline.ca/the-thompson-local-news/577792

death and dismemberment, accident and sickness, prescription drug, dental and optical. There is also extended health care benefits and coverage for hearing aids.

Table 65: Regular Wages for Office and Technical Workers, Effective June 18, 2021 ($)

Job Class	Starting	18 Months	36 Months	48 Months	60 Months	72 Months	78 Months
0	23.85	24.47	25.09	26.33	27.55	28.76	29.98
1	24.42	25.05	25.68	26.91	28.14	29.36	30.59
2	25.01	25.63	26.27	27.47	28.7	29.92	31.15
3	25.59	26.21	26.83	28.07	29.3	30.52	31.77
4	26.16	26.78	27.41	28.63	29.86	31.08	32.32
5	26.73	27.38	27.98	29.21	30.44	31.67	32.9
6	27.35	27.95	28.57	29.8	31.01	32.24	33.48
7	27.92	28.54	29.14	30.38	31.59	32.81	34.06
8	28.51	29.11	29.73	30.95	32.17	33.42	34.65
9	29.08	29.69	30.29	31.52	32.75	33.99	35.22
10	29.64	30.26	30.87	32.1	33.33	34.57	35.8
11	30.23	30.83	31.45	32.68	33.91	35.15	36.37
12	30.8	31.41	32.03	33.26	34.49	35.72	36.95
12A	31.41	32.03	33.26	34.5	35.72	36.96	38.18
13	37.37	37.96	38.6	39.82	41.05	42.28	43.51
14	31.96	32.58	33.19	34.41	35.66	36.87	38.1
15	32.53	33.16	33.76	34.99	36.23	37.46	38.68
16	33.12	33.72	34.21	35.56	36.8	38.04	39.27

Table 66: Regular Wages for Trades and Labour, Effective March 1, 2021 ($)

Job Class	Starting	18 Months	36 Months	48 Months	60 Months	72 Months	78 Months
1	25.5	26.07	26.65	27.8	28.95	30.11	31.27
1	29.12	29.69	30.26	31.4	32.55	33.7	34.85
2	25.76	26.34	26.9	28.05	29.2	30.36	31.49
3	25.98	26.56	27.13	28.27	29.42	30.57	31.73

Job Class	Starting	18 Months	36 Months	48 Months	60 Months	72 Months	78 Months
4	26.23	26.81	27.38	28.53	29.68	30.82	31.97
5	26.47	27.04	27.62	28.75	29.9	31.05	32.19
6	26.67	27.24	27.83	28.99	30.14	31.29	32.44
7	26.94	27.5	28.08	29.24	30.39	31.52	32.67
8	27.15	27.73	28.3	29.44	30.6	31.77	32.9
9	27.4	27.98	28.55	29.7	30.84	31.99	33.15
10	27.63	28.19	28.76	29.91	31.06	32.21	33.36
11	27.91	28.48	29.08	30.23	31.38	32.53	33.67
12	28.11	28.68	29.26	30.41	31.54	32.69	33.85
13	28.32	28.89	29.48	30.63	31.79	32.93	34.08
14	28.57	29.15	29.72	30.86	32.02	33.17	34.31
15	28.78	29.36	29.93	31.08	32.23	33.38	34.55
15	32.37	32.96	33.53	34.68	35.83	36.97	38.11
16	29.05	29.61	30.18	31.33	32.48	33.62	34.77
17	35.24	35.82	36.38	37.53	38.68	39.84	40.99

City of Thompson Firefighters

The Collective Agreement: *The City of Thompson and the Thompson Professional Firefighters Association, Local 2200*is for the period of January 1, 2022, to December 31, 2024. The Thompson Professional Firefighters Association consists of 24 career firefighter/paramedics and 5 career dispatchers.[35]

Hourly wages range from $27.16 to $42.73 per hour. Wages have an additional 1% for having specialized certifications. Wages are increased based on the class / level the employee is in. Employees move up a class level after a specified number of months worked (ranging from 6 months to 4 years) and may require the employee to pass an exam.

Annual vacation is granted based on years of employment as follows: 1-4 years entitles employee to 15 workdays, 5-9 years entitles employee to 20 workdays, 10-14 entitles employee to 23 workdays, 15-19 entitles employee to 24 workdays, and 20 or more years entitles employee to 27 workdays of vacation. There are also an additional 2 workdays to be added, as vacation travel time.

[35] https://mpffa.ca/locals/

The agreement grants firefighters the same group insurance plan benefits as the City of Thompson employees.

Table 67: Regular Wages for Thompson Professional Firefighters Association, Effective January 1, 2022

Classification	Hourly Rate
1	27.16
2	28.96
3	30.78
4	30.78
5	32.05
6	32.05
7	32.58
8	32.95
9	34.4
10	36.21
11	36.57
12	37.11
13	37.48
14	39.47
15	39.86
16	42.37
17	42.73

HudBay

The Collective Agreement: *HudBay and United Steelworkers, Local Union No. 7106* is marked to be effective as of January 1, 2015. The United Steelworkers Local Union 7106 has over 1,200 members.[36]

The collective agreement outlined wages for each 2015, 2016 and 2017 with wages in 2017 ranging from $26.86 to $43.32. It also notes there is an additional $1.00 per hour for a Northern Travel Benefit. The agreement sets

[36] https://usw7106.ca/

out criteria that would trigger a cost-of-living allowance, should the cost of living increase more than a specified amount. Every employee who has at least one year of seniority will also receive a service premium of $0.30 to their basic rate.

Annual vacation is granted based on years of employment, starting from 1 year, with the maximum amount of vacation days being granted to those working 23 years or more. Vacation granted at 1 year of employment is 10 days, and increases by 1 or 2 days, roughly every or every other year. The vacation days max out at 23 years of service, with a total of 25 vacation days.

The agreement outlines the benefit plan, which includes the following benefits: pension plan, group life insurance, short- and long-term disability, health, dental and drug plans, ambulance/stretcher service coverage, vision. There's also reimbursement for accommodation and transportation if referrals or services require the employee to go to another location. If the employee or dependent is hospitalized, accommodation will be covered for one family member.

Table 68: Regular Wages for USW at HudBay, Effective January 1, 2015

Job Class	January 1, 2015	January 1, 2016	January 1, 2017
1	$23.86	$25.61	$26.86
2	$24.28	$26.03	$27.28
3	$24.70	$26.45	$27.70
4	$25.12	$26.87	$28.12
5	$25.55	$27.30	$28.55
6	$25.97	$27.72	$28.97
7	$26.39	$28.14	$29.39
8	$26.81	$28.56	$29.81
9	$27.24	$28.99	$30.24
10	$27.66	$29.41	$30.66
11	$28.08	$29.83	$31.08
12	$28.50	$30.26	$31.51
13	$28.92	$30.68	$31.93
14	$29.35	$31.10	$32.35
15	$29.78	$31.53	$32.78
16	$30.20	$31.95	$33.20
17	$30.62	$32.37	$33.62

Job Class	January 1, 2015	January 1, 2016	January 1, 2017
18	$31.05	$32.80	$34.05
19	$31.47	$33.22	$34.47
20	$31.89	$33.64	$34.89
21	$32.32	$34.07	$35.32
22	$32.74	$34.49	$35.74
23	$33.15	$34.91	$36.16
24	$33.58	$35.33	$36.58
25	$34.00	$35.75	$37.00
26	$34.43	$36.18	$37.43
27	$34.85	$36.60	$37.85
28	$37.02	$37.02	$38.27
29	$37.45	$37.45	$38.70
30	$37.87	$37.87	$39.12
31	$38.29	$38.29	$39.54
32	$38.71	$38.71	$39.96
33	$39.13	$39.13	$40.38
34	$39.55	$39.55	$40.80
35	$39.97	$39.97	$41.22
36	$40.40	$40.40	$41.65
37	$40.81	$40.81	$42.06
38	$41.24	$41.24	$42.49
39	$41.65	$41.65	$42.90
40	$42.07	$42.07	$43.32

PUB (MPI) 2-48

Part and Chapter:	**PUB (MPI) 1-71 (Redacted) Part VIII VFH**	**Page No.:**	**22-24**
PUB Approved Issue No:	**12. Vehicles for Hire (VFH)**		
Topic:	**Ratemaking**		
Sub Topic:	**VFH Program Changes**		

Preamble to IR:

Question:

Please explain the rate zones for per KM rates in BC and explain why MPI did not consider differentiated rates geographically.

Rationale for Question:

To better understand ratemaking for VFH.

RESPONSE:

Differing rate zones, or territories, are established to reflect differences in risk exposure and claims experience. Varying conditions in different territories can lead to differentiated rates.

MPI did not consider differentiated per KM rates geographically, because the vast majority of potential TNC blanket policyholders are based in and operating out of Territory 1, specifically Winnipeg.

Given the operational behaviour of TNCs, the rate is primarily determined by the customer’s pickup location. Even in situations where a passenger may be transported to a different territory, the pickup location (Winnipeg) would be the rate determinant.

MPI is proposing the decision to use a single rate for the primary territory along with the rebate/ surcharge mechanism, which is able to capture any significant deviations in loss experience. This approach allows for a rate that is reflective of the current risk and straightforward for TNCs to understand and apply. If there is an observed shift in TNC operations, or a notable emergence of rural operators, MPI is open to revisiting rates differentiated geographically.

PUB (MPI) 2-49

Part and Chapter:	**PUB (MPI) 1-71** **Part VIII VFH**	**Page No.:**	**3**
PUB Approved Issue No:	**12. Vehicles for Hire**		
Topic:	**Ratemaking**		
Sub Topic:	**VFH Program Changes**		

Preamble to IR:

The response to PUB (MPI) 1-71 stated that an external rate indication was provided using PVFH earned premiums and claims experience and reviewed by MPI.

Question:

Please provide the external rate indication, in its entirety, with all calculations shown.

Rationale for Question:

Evidence needs to be provided to support MPI's proposed rate for the blanket policy.

RESPONSE:

Please see *Appendix 1 – External Passenger Vehicle for Hire Rate Indication* for the external rate indication. [Provided electronically only]

PUB (MPI) 2-50

Part and Chapter:	**PUB (MPI) 1-73 (b) CAC (MPI) 1-55(a)(b) Appendix 1 Part IX Rev Appendix 1**	**Page No.:**	
PUB Approved Issue No:	**13. Driver Safety Rating (DSR)**		
Topic:	**DSR Scale**		
Sub Topic:			

Preamble to IR:

Question:

a) Please compare the actuarial versus indicated discount by levels in 2024, 2025 and 2026.

b) Please provide the relative number of drivers by level for each of the years.

c) Please provide the format in PUB (MPI) 1-72 assuming no change in the average premium in the determination.

d) Please provide the Driver and Vehicle Written revenue forecast for 2024/25, 2025/26 and 2026/27 in the same format as CAC (MPI) 1-55 (a) (b) Appendix 1 Including the vehicle premium revenue for all DSR (merit and demerit) levels.

Rationale for Question:

To understand the implications of moving the DSR scale towards actuarially indicated rates.

RESPONSE:

a) The *Figure 1* below provides a comparison of the indicated and anticipated discounts for the years 2024, 2025, and 2026.

Figure 1 Indicated and Anticipated DSR Discounts

	Vehicle Premium Discount				
Line No.	DSR Level	Rounded Indicated Discount	Anticipated Discount 2024	2025	2026
1	20	73%	n/a	n/a	66%
2	19	69%	n/a	56%	62%
3	18	66%	48%	54%	60%
4	17	62%	45%	50%	56%
5	16	58%	44%	48%	53%
6	15	55%	43%	47%	51%
7	14	51%	38%	42%	46%
8	13	48%	36%	40%	44%
9	12	44%	35%	38%	41%
10	11	40%	33%	35%	37%
11	10	37%	31%	33%	35%
12	9	33%	28%	29%	31%
13	8	29%	26%	26%	27%
14	7	26%	26%	26%	26%
15	6	22%	21%	21%	21%
16	5	18%	16%	16%	17%
17	4	15%	16%	16%	16%
18	3	11%	11%	11%	11%
19	2	7%	10%	9%	8%
20	1	4%	5%	5%	5%
21	0	0%	0%	0%	0%
22	-1 to -20	0%	0%	0%	0%

b) Please refer to *Appendix 1 – Driver Written Premium and Vehicle Premium Forecasts*.

c) MPI assumes that PUB is referring to no change in the average discounted premium. *Figure 2* below applies an off-balance factor to the base rate to ensure revenue neutral.

Figure 2 Current Versus Indicated Rates by DSR Level

Line No.	DSR	Current Discount	Indicated Discount	Merit Eligible Vehicles	Current Discounted Prem	Indicated Discounted Prem	Indicated Discounted Prem Adjusted for Rev Neutral	$ Difference	% Difference
1	**20**				--	--		--	--
2	**19**				--	--		--	--
3	**18**	-	66%	-	$0	$0	$0	$0	$0
4	**17**	40%	62%	-	$0	$0	$0	$0	$0
5	**16**	40%	58%	201,539	$889.20	$622.44	$710.49	-$178.70	-20.10%
6	**15**	40%	55%	166,633	$897.52	$673.14	$768.37	-$129.15	-14.39%
7	**14**	34%	51%	29,703	$1,034.98	$768.40	$877.10	-$157.88	-15.25%
8	**13**	33%	48%	37,845	$1,048.65	$813.88	$929.02	-$119.63	-11.41%
9	**12**	32%	44%	30,174	$1,080.58	$889.89	$1,015.78	-$64.80	-6.00%
10	**11**	31%	40%	28,777	$1,100.73	$957.15	$1,092.56	-$8.17	-0.74%
11	**10**	29%	37%	33,831	$1,136.67	$1,008.59	$1,151.28	$14.61	1.29%
12	**9**	27%	33%	23,924	$1,190.78	$1,092.91	$1,247.52	$56.74	4.77%
13	**8**	26%	29%	22,311	$1,214.64	$1,165.40	$1,330.27	$115.63	9.52%
14	**7**	26%	26%	23,932	$1,215.51	$1,215.51	$1,387.46	$171.96	14.15%
15	**6**	21%	22%	21,988	$1,299.76	$1,283.31	$1,464.86	$165.10	12.70%
16	**5**	16%	18%	21,878	$1,387.24	$1,354.21	$1,545.79	$158.55	11.43%
17	**4**	16%	15%	23,088	$1,392.77	$1,409.35	$1,608.73	$215.96	15.51%
18	**3**	11%	11%	23,346	$1,483.12	$1,483.12	$1,692.94	$209.82	14.15%
19	**2**	10%	7%	23,797	$1,502.54	$1,552.62	$1,772.27	$269.73	17.95%
20	**1**	5%	4%	23,316	$1,593.64	$1,610.41	$1,838.24	$244.60	15.35%
21	**0**	0%	0%	92,862	$1,631.76	$1,631.76	$1,862.61	$230.84	14.15%
22	**-1 to -20**	0%	0%	42,377	$1,643.91	$1,643.91	$1,876.47	$232.56	14.15%
23	**Weighted Average**				**$1,155.05**	**$1,011.90**	**$1,155.05**	**$0.00**	**0.00%**

d) Please refer again to *Appendix 1 – Driver Written Premium and Vehicle Premium Forecasts*.

Driver Written Premium

Drivers Written Premium	DSR Level	Policy Year Earned Drivers by DSR Level			Driver License Premium			Driver License Premium after Appeals Adjustment			Written Driver License Premium by DSR Level		
		2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
	20			217,531			$15			$15			$3,262,971
	19		233,312	19,925		$15	$15		$15	$15		$3,499,674	$298,872
	18	250,391	21,234	36,784	$15	$15	$15	$15	$15	$15	$3,755,866	$318,503	$551,760
	17	22,651	35,034	26,495	$15	$15	$15	$15	$15	$15	$339,769	$525,515	$397,426
	16	32,821	27,936	20,306	$15	$15	$15	$15	$15	$15	$492,314	$419,033	$304,591
	15	29,469	20,815	44,718	$15	$15	$15	$15	$15	$15	$442,034	$312,224	$670,770
	14	22,227	42,038	27,198	$20	$20	$20	$20	$20	$20	$444,550	$840,768	$543,959
	13	38,601	28,980	21,724	$20	$20	$20	$20	$20	$20	$772,027	$579,607	$434,474
	12	31,382	22,592	23,913	$20	$20	$20	$20	$20	$20	$627,647	$451,842	$478,253
	11	22,981	24,304	25,148	$20	$20	$20	$20	$20	$20	$459,622	$486,087	$502,950
	10	25,468	27,096	24,915	$20	$20	$20	$20	$20	$20	$509,359	$541,927	$498,301
Merits	9	28,026	25,511	27,557	$25	$25	$25	$25	$25	$25	$700,651	$637,782	$688,926
	8	26,616	28,378	29,332	$30	$30	$30	$30	$30	$30	$798,487	$851,330	$879,972
	7	29,775	31,242	29,966	$30	$30	$30	$30	$30	$30	$893,261	$937,253	$898,969
	6	32,599	31,546	30,875	$30	$30	$30	$30	$30	$30	$977,959	$946,377	$926,237
	5	33,866	32,953	34,707	$30	$30	$30	$30	$30	$30	$1,015,965	$988,589	$1,041,203
	4	35,564	37,615	42,422	$30	$30	$30	$30	$30	$30	$1,066,931	$1,128,446	$1,272,673
	3	40,716	46,811	43,413	$35	$35	$35	$35	$35	$35	$1,425,049	$1,638,370	$1,519,468
	2	52,801	48,214	47,784	$35	$35	$35	$35	$35	$35	$1,848,040	$1,687,488	$1,672,425
	1	54,200	53,653	54,952	$40	$40	$40	$40	$40	$40	$2,168,003	$2,146,117	$2,198,093
Base	**0**	**76,762**	**78,507**	**79,553**	**$45**	**$45**	**$45**	**$46**	**$46**	**$46**	**$3,531,045**	**$3,611,340**	**$3,659,438**
	-1	13,344	13,594	13,665	$200	$200	$200	$200	$200	$200	$2,668,796	$2,718,865	$2,733,027
	-2	11,195	11,152	11,648	$200	$200	$200	$199	$199	$199	$2,227,770	$2,219,192	$2,317,939
	-3	7,391	8,056	7,958	$300	$300	$300	$298	$298	$298	$2,202,626	$2,400,556	$2,371,581
	-4	9,859	9,785	9,980	$400	$400	$400	$398	$398	$398	$3,924,007	$3,894,346	$3,972,170
	-5	6,669	6,835	7,020	$450	$450	$450	$443	$443	$443	$2,954,191	$3,028,004	$3,109,756
	-6	4,151	4,329	4,381	$500	$500	$500	$500	$500	$500	$2,075,540	$2,164,516	$2,190,549
	-7	3,866	4,001	4,132	$650	$650	$650	$647	$647	$647	$2,501,366	$2,588,905	$2,673,333
	-8	2,671	2,833	2,936	$800	$800	$800	$793	$793	$793	$2,118,473	$2,246,504	$2,327,965
	-9	2,367	2,474	2,519	$900	$900	$900	$892	$892	$892	$2,110,962	$2,206,703	$2,246,679
Demerits	-10	2,266	2,304	2,381	$1,000	$1,000	$1,000	$992	$992	$992	$2,247,651	$2,285,123	$2,361,666
	-11	1,276	1,348	1,392	$1,200	$1,200	$1,200	$1,192	$1,192	$1,192	$1,521,380	$1,606,441	$1,658,882
	-12	1,311	1,367	1,410	$1,400	$1,400	$1,400	$1,377	$1,377	$1,377	$1,805,055	$1,882,815	$1,941,898
	-13	1,530	1,605	1,672	$1,600	$1,600	$1,600	$1,590	$1,590	$1,590	$2,433,388	$2,551,945	$2,658,461
	-14	690	730	752	$1,800	$1,800	$1,800	$1,767	$1,767	$1,767	$1,218,655	$1,289,100	$1,329,209
	-15	680	705	728	$2,000	$2,000	$2,000	$1,977	$1,977	$1,977	$1,343,546	$1,393,925	$1,439,047
	-16	625	656	679	$2,200	$2,200	$2,200	$2,153	$2,153	$2,153	$1,345,555	$1,411,585	$1,462,021
	-17	382	400	413	$2,400	$2,400	$2,400	$2,346	$2,346	$2,346	$895,979	$937,373	$969,550
	-18	344	360	376	$2,600	$2,600	$2,600	$2,526	$2,526	$2,526	$868,670	$909,748	$949,269
	-19	253	266	276	$2,800	$2,800	$2,800	$2,709	$2,709	$2,709	$685,003	$720,736	$748,023
	-20	1,855	1,932	1,997	$3,000	$3,000	$3,000	$2,914	$2,914	$2,914	$5,404,901	$5,628,699	$5,819,646

Vehicle Premium

Vehicle Premium	DSR Level	Merit Eligible Vehicle per Driver by DSR Level			2024 Vehicle Premium Discount (Proposed)			Average Merit Eligible Vehicle Premium with Proposed Discount			Written Vehicle Premium by DSR Level		
		2024	2025	2026	2024	2025	2026	2024	2025	2026	2024	2025	2026
	20			1.21			66%			$556			$146,785,320
	19		1.21	1.21		56%	62%		$719	$621		$203,737,420	$15,026,537
	18	1.21	1.21	1.21	48%	54%	60%	$850	$752	$654	$258,406,788	$19,384,815	$29,201,217
	17	1.21	1.21	1.21	45%	50%	56%	$899	$817	$719	$24,725,054	$34,765,269	$23,136,605
	16	1.21	1.21	1.21	44%	48%	53%	$915	$850	$768	$36,477,107	$28,829,840	$18,941,139
	15	1.14	1.14	1.14	43%	47%	51%	$932	$866	$801	$31,302,944	$20,558,790	$40,834,292
	14	1.14	1.14	1.14	38%	42%	46%	$1,013	$948	$883	$25,662,199	$45,403,133	$27,349,025
	13	1.14	1.14	1.14	36%	40%	44%	$1,046	$981	$915	$46,053,935	$32,414,513	$22,678,077
	12	1.06	1.06	1.06	35%	38%	41%	$1,062	$1,013	$964	$35,460,088	$24,349,475	$24,525,636
	11	1.04	1.04	1.04	33%	35%	37%	$1,095	$1,062	$1,030	$26,271,537	$26,954,853	$27,031,828
	10	1.04	1.04	1.04	31%	33%	35%	$1,128	$1,095	$1,062	$29,818,451	$30,805,441	$27,480,040
Merits	9	0.93	0.93	0.93	28%	29%	31%	$1,177	$1,160	$1,128	$30,702,789	$27,559,680	$28,931,116
	8	0.89	0.89	0.89	26%	26%	27%	$1,209	$1,209	$1,193	$28,765,398	$30,669,085	$31,272,509
	7	0.84	0.84	0.84	26%	26%	26%	$1,209	$1,209	$1,209	$30,293,993	$31,785,942	$30,487,600
	6	0.77	0.77	0.77	21%	21%	21%	$1,291	$1,291	$1,291	$32,342,961	$31,298,504	$30,632,439
	5	0.72	0.72	0.72	16%	16%	17%	$1,373	$1,373	$1,357	$33,703,988	$32,795,786	$34,130,010
	4	0.69	0.69	0.69	16%	16%	16%	$1,373	$1,373	$1,373	$33,589,629	$35,526,278	$40,066,919
	3	0.62	0.62	0.62	11%	11%	11%	$1,455	$1,455	$1,455	$36,653,923	$42,140,801	$39,082,495
	2	0.59	0.59	0.59	10%	9%	8%	$1,471	$1,487	$1,504	$46,208,221	$42,662,622	$42,746,424
	1	0.53	0.53	0.53	5%	5%	5%	$1,553	$1,553	$1,553	$44,224,684	$43,778,223	$44,838,471
Base	**0**	**0.34**	**0.34**	**0.34**	**0%**	**0%**	**0%**	**$1,634**	**$1,634**	**$1,634**	**$42,698,631**	**$43,669,584**	**$44,251,197**
	-1	0.70	0.70	0.70	0%	0%	0%	$1,634	$1,634	$1,634	$15,347,003	$15,634,927	$15,716,366
	-2	0.73	0.73	0.73	0%	0%	0%	$1,634	$1,634	$1,634	$13,405,358	$13,353,744	$13,947,945
	-3	0.71	0.71	0.71	0%	0%	0%	$1,634	$1,634	$1,634	$8,605,284	$9,378,562	$9,265,363
	-4	0.72	0.72	0.72	0%	0%	0%	$1,634	$1,634	$1,634	$11,663,384	$11,575,224	$11,806,542
	-5	0.70	0.70	0.70	0%	0%	0%	$1,634	$1,634	$1,634	$7,583,920	$7,773,411	$7,983,283
	-6	0.74	0.74	0.74	0%	0%	0%	$1,634	$1,634	$1,634	$5,050,955	$5,267,485	$5,330,838
	-7	0.79	0.79	0.79	0%	0%	0%	$1,634	$1,634	$1,634	$4,972,471	$5,146,490	$5,314,325
	-8	0.78	0.78	0.78	0%	0%	0%	$1,634	$1,634	$1,634	$3,393,971	$3,599,087	$3,729,596
	-9	0.73	0.73	0.73	0%	0%	0%	$1,634	$1,634	$1,634	$2,811,421	$2,938,930	$2,992,171
Demerits	-10	0.78	0.78	0.78	0%	0%	0%	$1,634	$1,634	$1,634	$2,884,856	$2,932,951	$3,031,194
	-11	0.78	0.78	0.78	0%	0%	0%	$1,634	$1,634	$1,634	$1,618,229	$1,708,704	$1,764,484
	-12	0.75	0.75	0.75	0%	0%	0%	$1,634	$1,634	$1,634	$1,612,033	$1,681,477	$1,734,242
	-13	0.79	0.79	0.79	0%	0%	0%	$1,634	$1,634	$1,634	$1,971,307	$2,067,351	$2,153,641
	-14	0.78	0.78	0.78	0%	0%	0%	$1,634	$1,634	$1,634	$879,128	$929,947	$958,881
	-15	0.83	0.83	0.83	0%	0%	0%	$1,634	$1,634	$1,634	$919,595	$954,077	$984,961
	-16	0.66	0.66	0.66	0%	0%	0%	$1,634	$1,634	$1,634	$670,832	$703,752	$728,897
	-17	0.75	0.75	0.75	0%	0%	0%	$1,634	$1,634	$1,634	$470,257	$491,983	$508,871
	-18	0.77	0.77	0.77	0%	0%	0%	$1,634	$1,634	$1,634	$434,822	$455,384	$475,167
	-19	0.70	0.70	0.70	0%	0%	0%	$1,634	$1,634	$1,634	$290,488	$305,641	$317,213
	-20	0.78	0.78	0.78	0%	0%	0%	$1,634	$1,634	$1,634	$2,357,778	$2,455,406	$2,538,702

PUB (MPI) 2-52

Part and Chapter:	**PUB (MPI) 1-80(b) Appendix 2 – Redacted Part XII Risk Management Framework RMF Appendix 1 RMF Appendix 3**	**Page No.:**	**10 of 81**
PUB Approved Issue No:	**17. Risk Assessment and Risk Management**		
Topic:	**Corporate Risk Assessment**		
Sub Topic:			

Preamble to IR:

Question:

Please update the comparison table to include the residual risk rating and colour.

Rationale for Question:

To understand the analysis of corporate risks.

RESPONSE:

Please see the updated comparison table for residual risk rating and colour in *Appendix 1* (redacted).

Appendix 1
Updated Comparison of Top Corporate Risks

Risk Name	Risk Description	Top Corporate Risk at Q1FY23/24?	Top Corporate Risk at Q1FY22/23?	Residual Risk at Q1FY23/24	Residual Risk at Q1FY22/23
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Change/Transformation Execution Failure - Nova Program	Failure to successfully plan and deliver change from Nova program into the operational environment	Yes	Yes	High	High
Inadequate Capacity	Inadequate capacity planning and recruitment, leading to low productivity, limited ability to execute	Yes	Yes	High	High
Inability to Attract & Retain Talent	Inability to attract and retain the top talent for key roles	Yes	Yes	High	Critical
Inadequate Capability	Inadequate skills, leading to low productivity, limited ability to execute	Yes	Yes	High	High
Corporate Image & Branding	The possibility of damaging to the organizations reputation and/or erosion of its trademark or brand, which could stem from changing societal expectations or interest group pressures and which can sway governmental attitudes toward established business practices, policies and purposes, which in turn may lead to legislative or regulatory intervention that may affect both existing and proposed operations	Yes	No	High	Medium
Inflation Risk	Inflation risk refers to the reduction in real returns arising because of falling purchasing power of cash. Long term fixed dollar amount cash flows are most vulnerable to inflation. Unanticipated inflation need not be a major source of risk, if cash flows move in proportion, maintaining the real returns. The problem arises when net incoming cash flows are fixed in dollar terms, so that the impact of inflation reduces the value and therefore the real return.	No	Yes	High	High
Reserve Risk	The risk of financial losses related to policies for which premiums already have been earned (fully or partly), i.e. risk related to claims that has already incurred but which might be unsettled, reopened or even not yet known to the insurance company. This risk relates to uncertainty in both the amounts paid and the timing of these amounts.	No	Yes	High	High

PUB (MPI) 2-53

Part and Chapter:	PUB (MPI) 1-77 Part V IT Attachment A and B	Page No.:	1
PUB Approved Issue No:	15. Information Technology (IT) benchmarking and value management		
Topic:	IT Benchmarking		
Sub Topic:			

Preamble to IR:

Question:

a) Please outline the summary of the Gartner List of Improvements Opportunities status of MPI's review, acceptance/decline and implementation of a recommendation (if accepted by MPI), and the timeframe to be implemented.

b) Please outline any improvements or observations that MPI may have on the implemented recommendation, if any.

Rationale for Question:

To review IT Benchmarking.

RESPONSE:

a) MPI has reviewed and accepted the Detailed Recommendations contained on pages 62 – 66.

The first recommendation, to develop a complete view of MPI’s project portfolio, supported by centralized governance and documented PPM processes and standards has been accepted. MPI has established the foundational elements of PPM including a clear view of all enterprise-wide projects and initiatives and work is in progress to complete a formalized PPM[1] charter in 2024.

The second recommendation to map initiatives and processes to measure business impacts, prioritization of efforts based on organization strategy has been accepted. Work to align project metrics with business goals and measurement of the benefits realized is 75% complete and will be finalized in 2024. The facilitation of prioritization guided by organizational strategy in in progress with completion in 2024. Technology Roadmaps have been complete.

The third recommendation is to enable self-service reporting and automation are in alignment with MPI's Data Management (DM) roadmap. A time-phased plan to gradually mature current state DM functional areas to a desired future state is being developed. Next steps will be the implementation of the initial phase of this plan for the remaining fiscal year. Implementation will be centered around key MPI priority business areas and corporate projects.

The fourth recommendation, to apply best practices to attract and retain hires, evaluate critical skill gaps, and staff process against a workforce plan is accepted. MPI has an initiative to provide training regarding the skills necessary to support MPI's cloud initiatives, cyber security, and software development and operations. There is a focus on attracting new hires with the skills required for the cloud environment and associated initiatives.

The final recommendation to formalize and document vendor risk management and supplier management framework has been accepted, and initiatives are currently under way. MPI is currently deploying tools to manage enterprise and IT risks to standardize and formalize the process for compliance with the existing Enterprise Risk policies and standards to replace the use of spreadsheets to track and manage risks related to vendor. MPI is working on the documentation to clearly define roles and responsibilities across the various stakeholders.

[1] PPM standards and process documentation as well as implementing a risk based project review is in progress with estimate completion in 2024.

b) There are no improvements or observations to the Gartner recommendations that MPI has identified as of this filing.

PUB (MPI) 2-54

Part and Chapter:	PUB (MPI) 1-81	Page No.:	
PUB Approved Issue No:	20. Project Nova		
Topic:	Project Nova Update		
Sub Topic:			

Preamble to IR:

> *MPI states:*
>
> *"Changing the program name from Legacy Systems Modernization to Project Nova was simply rebranding to emphasize that the program was more than just a technology replacement project" (1-81 (a)).*
>
> *"For Project Nova scope is defined as our ability to deliver working software that enables our existing lines of business to fully deliver existing services utilizing the new technical solutions. Delivering this scope will allow us to completely decommission our existing legacy systems."* (1-81 (c).

Question:

Please reconcile the statements noting the program was "more than just a technology replacement project" with answer in 1-81 (c) which states scope is delivering working software to decommission existing legacy systems.

Rationale for Question:

To understand the growth of Nova, budget context.

RESPONSE:

The statement "*more than just a technology replacement project"* is meant to highlight the impact to teams and key activities over and above the replacement of technologies needed for successful program execution. This includes business users, organizational change management and customer experience (to name a few).

Rebranding the program to Project Nova ensured that focus was across all critical areas, not just technology. The foundation of Project Nova is system modernization and with that, one of the main objectives is the decommissioning of existing legacy systems.

PUB (MPI) 2-55

Part and Chapter:	**PUB (MPI) 1-84 (c)** **Part V Nova**	**Page No.:**	**10**
PUB Approved Issue No:	**20. Project Nova**		
Topic:	**Project Nova Update**		
Sub Topic:	**McKinsey Assessment**		

Preamble to IR:

Question:

a) Please file a copy of MNP's statement of work.

b) Please provide the budget estimate for the governance services by year.

c) Please provide a copy of any reports or analyses prepared by MNP.

Rationale for Question:

To understand Project Nova project management.

RESPONSE:

a) The MNP Statement of Work is in the final negotiation stages and estimated to be executed in early September. It can be shared once signed.

b) Please see *Appendix 1 – Governance Vendor Budget Re-baseline 2022 - Confidential*

c) As the service has not started there are no reports to share currently.

Appendix 1:
Governance Vendor Budget Rebaseline 2022

This material is the subject of a confidential motion.

PUB (MPI) 2-56

Part and Chapter:	PUB (MPI) 1-87	Page No.:	
PUB Approved Issue No:	20. Project Nova		
Topic:	Project Nova Update		
Sub Topic:	Program Status		

Preamble to IR:

MPI has provided a Wikipedia definition of minimum viable product (MVP). MPI has provided MVP definition as it pertains to Project Nova.

Question:

a) Please indicate and explain whether the MVP for Project Nova will produce a product with "just enough features to be useable by early customers" or whether Project Nova releases are more advanced than the Wikipedia definition of MVP.

b) Please explain upon delivery of MVP software of Project Nova future whether further product development of the delivered Project Nova software will be required to achieve fully completed software state.

Rationale for Question:

To further understand Nova delivery strategy as compared to projected budgets.

RESPONSE:

a) In addition to Minimum Viable Product (MVP), there is the overarching business case scope. The business case scope calls for achieving a fully completed software state that would allow existing lines of business to fully deliver services to MPI customers through the new software with no reliance on existing legacy software.

Achieving this scope allows the legacy software to be decommissioned. MVP breaks down the overarching scope into multiple software releases. For Release 1, that included 1 MVP software release to achieve the full scope. The subsequent releases are planned to have multiple MVP software releases. As an example, Release 3 is planned to have up to 6 MVP software releases to achieve the full scope.

b) As per the response to a), Project Nova's objective is to achieve a fully completed software state to support MPI's existing lines of business with existing end to end business processes.

PUB (MPI) 2-57

Part and Chapter:	PUB (MPI) 1-88	Page No.:	
PUB Approved Issue No:	20. Project Nova		
Topic:	Project Nova Update		
Sub Topic:	Nova Release Schedule		

Preamble to IR:

PUB (MPI) 1-88 (d), MPI indicates business team integration is within Project Nova budget.

Question:

a) Please provide estimates and actual costs (where available) allocated for Business Team resource supporting testing across all completed and planned Project Nova releases.

b) Please provide a list of business units and, where applicable, business unit lead roles who have participated and will be participating in business testing for Project Nova throughout the entire project.

Rationale for Question:

To understand Project Nova methodology as applied to project budgets.

RESPONSE:

a) The majority of Business Team resources supporting testing across all completed and planned Project Nova releases are assumed to be non-incremental (at no cost) to the program.

Due to the limited team size and impact to operations, the below two resources were backfilled and paid for during Release 1.

Business Team Resources		Actual Hours	Estimate Actuals (based on blended rate)
Commercial Lines	Supervisor, Underwriting	3270	$ 196,200
	Senior Underwriter	3112	$ 186,720
	Total	**6382**	**$ 382,920**

*Costs are estimated actuals based on overall Nova Program incremental avg blended rate

b) The following business units and roles have been, and/or will be, participating in business testing for Project Nova:

Business Unit (Directorate)	MPI Role
Commercial Lines	Supervisor, Underwriting
	Senior Underwriter
	Senior Underwriter
Corporate Controller	Assistant Manager, Financial Operations
	Sr Accounting Clerk
	Accountant
	Supervisor, Accounting
	Supervisor, Subrogation Accounts
	Assistant Manager, Financial Operations
Customer Service Delivery & Distribution	Broker Services Administrator
	Administration Coordinator
	Supervisor, Accounts Receivable
	Broker Services Administrator
Legal and Legislative Services	Legal Counsel 3
	Legal Counsel 3
Physical Damage Management	Vehicle Safety Support Clerk
	Supervisor, Vehicle Safety Programs
	Supervisor, Vehicle Safety
Service Centre Operations	Supervisor, Customer Service Centre
	Customer Service Controller
	Service Centre Representative
Service Delivery & Broker Operations	Supervisor, Identity Management
	Supervisor, Medical Assessment

	Customer Care Lead
	IRP Prorate Officer
	Sr Driver Records Processing Clerk
	Supervisor, COE Digital Solutions
Vehicle & Fleets	Identify Verification Administrator
Vehicle Administration	Driver Licensing Liaison Officer
	Manager, Licensing Services
	Supervisor, Driver Records

PUB (MPI) 2-58

Part and Chapter:	PUB (MPI) 1-89	Page No.:	
PUB Approved Issue No:	20. Project Nova		
Topic:	Project Nova Update		
Sub Topic:	R2 Gating Progression		

Preamble to IR:

MPI has noted several mitigation steps to achieve completion of Release 2A-90 Code Freeze 1 milestone and additional funding was required.

Question:

Please indicate the amount of additional funding which was required as noted in PUB (MPI) 1-89 (d).

Rationale for Question:

To understand Project Nova budget usage.

RESPONSE:

At this time, Release 2 delivery schedule has shifted to Jan/24 and currently is forecasting to be within overall program budget, but requiring up to $10.5M of contingency funding. Negotiations with vendors are in progress to reduce this impact as much as possible.

PUB (MPI) 2-59

Part and Chapter:	PUB (MPI) 1-90 (d)	Page No.:	
PUB Approved Issue No:	20. Project Nova		
Topic:	Project Nova Update		
Sub Topic:	R3 Progress		

Preamble to IR:

MPI has noted in 1-90 (d) that Release 3 Discovery is planned to start in early 2024.

Question:

a) Please indicate reasons contributing to delay for Release 3 Discovery.

b) Please indicate budget affect associated to delay for Release 3 Discovery.

c) Please indicate whether Project Nova completion timeline is at risk due to delay of Release 3 Discovery.

Rationale for Question:

To understand the delivery cycle for Project Nova.

RESPONSE:

a) The primary reason for the delay of R3 Discovery is the delay with R2 Go-live. A primary driver for the 2022 Re-baseline flattened delivery schedule was to reduce overlapping activities that introduced significant organization constraints around capacity and divided focus. To avoid reintroducing these constraints, updating the R3 schedule to reflect the R2 delays was necessary. There are also six (6) critical activities that must be completed in preparation for the start of R3 Discovery.

1. Implementing an improved requirements process
2. Documenting R3 Discovery requirements
3. Selecting R3 System Integrators through the RFSO process
4. Implementing the enterprise SDLC process
5. Implementing the enterprise data domains and conceptual models
6. Completing a billing architecture assessment

b) There is currently no significant budget impact from delaying the R3 Discovery activity. The reason for this is because MPI has not yet signed System Integrator contracts for R3 and has not yet onboarded the additional resources required for R3. The budgeted amount for R3 and R4 is $126.3M (including contingency). For R3, budgeted spend as at July 31, 2023 is $23.5M. MPI is currently $18.3M under this budget due to the schedule delays.

c) One of the objectives of the Discovery Phase of R3 is to validate delivery timelines. Discovery will need to be completed to determine whether MPI expects there to be any impacts to current completion timeline for Project Nova.

PUB (MPI) 2-60

Part and Chapter:	PUB (MPI) 1-94	Page No.:	
PUB Approved Issue No:	20. Project Nova		
Topic:	Project Nova Update		
Sub Topic:	Continuous Improvement		

Preamble to IR:

Question:

a) Please indicate the costs expended and, if applicable, projected costs to establish and implement the strategic services catalog.

b) Please indicate the Project Nova business objective(s) for which establishment of the RFSO is related to and provide rationale for answer.

Rationale for Question:

To understand Project Nova costs.

RESPONSE:

a) As a continual improvement objective there were no additional costs expended to establish and implement the strategic services catalog. This initiative was led by the Director, Nova Program Delivery and the Nova Program Administrator based on their extensive experience in leading Vendor Management departments in the past for MPI and other organizations. They leveraged support from the existing vendor management team as well as the legal counsel team and organizational directors to document all requirements and objectives for the Request for Standing Offer (RFSO). Selection of top-ranked vendors and negotiation of agreements to complete the service catalog is being executed by MPI's Vendor Management department as part of normal operations. This service catalog will not just benefit Nova but the entire organization.

b) Nova's objectives for leveraging the RFSO are focused around the following areas:

1. Duck Creek System Integrator for R3 (Discovery and Implementation services);

2. Microsoft D365 System Integrator for R3 (Discovery and Implementation services);

3. Release 3 Solution Management services;

4. Nova Billing Architecture Assessment (in preparation for R3 Discovery); and

5. Additional services to mitigate capacity and capability gaps to remain on budget and on schedule. Decisions for additional services will be made in the future as risks or issues arise.

   An overarching objective is to de-risk the program by identifying areas that rely on individual consultants and pivoting to contracting for services that are focused on deliverables and payment milestones based on successful completion of deliverables is a key step in de-risking the program.

PUB (MPI) 2-61

Part and Chapter:	**PUB (MPI) 1-111 Part V IT Appendix 2**	**Page No.:**	**15, 16**
PUB Approved Issue No:	**21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova**		
Topic:	**Strategy**		
Sub Topic:	**Cost Reduction**		

Preamble to IR:

Question:

Please indicate the current number of external resources (FTE) used for data centre support and the annual cost of those resources for 2021/22, 2023/24, 2024/25 and 2025/26.

Rationale for Question:

To understand the future looking view around staffing and consultant resourcing costs.

RESPONSE:

The current datacentres are a Managed Service and the external resources to manage the datacentre operations are included in the Managed Service contract and not a separate cost.

PUB (MPI) 2-62

Part and Chapter:	PUB (MPI) 1-112	Page No.:	
PUB Approved Issue No:	21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova		
Topic:	Guiding Principles		
Sub Topic:	Business Plan		

Preamble to IR:

MPI has filed IT Strategy and related Business plan for current GRA.

Filed within GRA 2020, MPI provided a table included with the IT Strategy, listing MPI business capabilities along with Project Nova impact on the noted business capabilities (2020 General Rate Application, Part IV – IT Appendix 1, pages 15-16).

Question:

a) Please file the updated table of business capabilities referenced on page 15.

b) Please file an updated table of business capabilities affected by Project Nova referenced on page 16.

c) Please provide a table outlining indicating the business capabilities affected for each Project Nova release.

d) Please indicate whether the maturity level for each column referenced has increased since the original analysis via the advancement of Project Nova and provide rationale for the answer.

Rationale for Question:

To understand ongoing effect of Project Nova on the organization.

RESPONSE:

a) Please see *Appendix 1 – Part A* for the current version of MPI's business capability model.

b) Please see *Appendix 1 – Part B* for the capabilities impacted by Project Nova. Capabilities highlighted in red are the fundamentally scope of Nova. The gold items are impacted by the Nova change. The impact is typically resolved by updating the data feeds between systems. For example, Re-insurance for Autopac claims is not being changed with Project Nova. When physical damage claims are moved from CARS to Duck Creek Claims, re-insurance will need to change their source of claims data.

c) Please see *Appendix 1 – R1 Heatmap to R4 Heatmap* for a view of each Nova Release.

d) The maturity for the R1 commercial insurance capabilities will improve now that we have moved from manual processes to digital processes with workflow automation. The introduction of a Customer Relationship Management (CRM) tool for standardized customer interactions will also lead to improved processes.

   MPI expects the capability to further improve as the R1 stabilization period occurs over the upcoming year and as technology maturity continues into future years. MPI expects to see a similar improvement in the capabilities impacted by the new systems and technologies for other remaining Nova Releases.

Property & Casualty Administration				Driver & Vehicle Administration				Shared & Corporate Services								Enterprise Services										
Bodily Injury Claims Management	Physical Damage Claims Management	Re-Insurance	Vehicle Insurance	Driver Licence Administration	Driver Licence Compliance & Driver Safety	Driver Record Maintenance	Vehicle Registration	Customer Management	Document Management	Inventory Management	Partner Management	Permit Management	Product Management	Revenue & Billing Management	Shared Services	Actuarial, Investments & Risk (AIR)	BI & Analytics Management	Corporate Services Management	Enterprise Risk, Remediation and Resiliency Management	External relations, Legal & Compliance Management	Finance and Controlling	Human Resource Management	IT Operating Platform	IT Services	Strategy & Portfolio Management	Transformation, Change & Knowledge
First Notice of Loss	First Notice of Loss (FNOL)	Loss Reserve Management	Policy Management	Driver Safety Rating (DSR)	Medical Compliance	Violation Ticket Process and Disputes	Vehicle Registration Issuance	Identification Management	Document Intake Management	Procurement Management	Partner Establishment Planning	Permit Assessment	Product Portfolio Management	Customer Credits Management	Location Management	Risk Rating and Pricing Management	Data Collection Management	Manage Procurement	Enterprise Risk Governance	Board of Directors Management	General Accounting & Reporting	Information & Analytics Management	Architecture and Engineering development	IT Users Relationship Management	Corporate Strategic Planning	Business Architecture Management
PIPP Support Services	Claim Segmentation/ Triage	Facultative	Policy Information Sharing	Driver's Licence Issuance	Driver Improvement & Control	Licence Suspension	International Registration Plan (IRP)	Customer Information Management	Document Assessment	Inventory Control Management	Partner Performance Management	Permit Administration	Product Lifecycle Management	Billing/Invoicing Management	Enquiry Management	Reinsurance Risk Management	BI & Storytelling Management	Logistics Management	Enterprise Risk Management	Government & Regulatory Bodies Management	Planning and Accounting Management	Compensation & Benefits Management	Operating Models and Processes Management	IT Strategy and Governance	Business Plans and Roadmaps Development	Digital Transformation
Bodily Injury Assessment	Claims Case Planning & Monitoring	Treaty		Driver's Licence Surrender	Driver Training History	Driving Record Information Sharing	Vehicle Ownership	Customer Experience Management	Document Control Management		Partner Fee & Commission Management			Manage Delinquencies		Financial and Strategic Investment Risk Management	BI & Analytics Development	Facilities Management	Operational Risk Management	Public Relationships Management	Payables Management	Workforce Management	Environment and Platforms Management	IT Resilience, Security and Risks Management	Strategic Initiatives Management	Business Agility Management
Health Care Services	Claims Subrogation / Recoveries	Bordereau Reporting (Risk Management)		Road and Knowledge Test	Driver Education		Vehicle Registration Record Information Sharing	Appointment Management	Document Categorization		Partner Relationship Management			Refunds Management		Asset-Liability Matching Management	BI Storytelling Management	Asset Management	Remediation Management	Legal Management	Banking Management	Training & Development Management	Solutions and Systems development, integration and deployment	IT Support Management	Project Management	Continuous Improvement Management
Serious and Long Term Case Management	Claim Investigation				Road Safety Programming		License Plate Management	Queue Management	Document Security Management					Funds Balance/Transfer Management		Enterprise Investment Management		Administrative Services Management	Business Continuity and Resiliency Management	Compliance Management	Manage Treasury Operations	Employee Relations Management	New Technologies Monitor, Assess and Source	IT Vendors and Outsourced Services Management	Lean Portfolio Management	Research & Development Management
Rehabilitation Management	Claims Adjudication / Evaluation															Regulatory Risk Capital Management			Enterprise Health, Safety and Environment Management		Controlling Management	HR Strategy & Planning Management		IT Project Management		Innovation Management
Out-Of-Province Claim Administration	Claims Benefits Administrating & Payment															Financial Modeling and Forecasting			Enterprise Fraud Management			Redeploy and Retire Management				Change Management
	Claim Dispute Resolution Management															Insurance Liabilities Valuation			Enterprise Security Management			Recruitment and Hiring Management				Knowledge Management
	Claim Quality Management															Underwriting Strategy and Policy Development										
	Claim Fraud Management																									
	Claim Reserve Management																									
	Claim Damage/Loss Estimating																									
	Salvage Management																									
	Physical Loss Recovery																									
	Repair Research & Training																									

Property & Casualty Administration

Bodily Injury Claims Management	Physical Damage Claims Management	Re-Insurance	Vehicle Insurance
First Notice of Loss	First Notice of Loss (FNOL)	Loss Reserve Management	Policy Management
PIPP Support Services	Claim Segmentation/ Triage	Facultative	Policy Information Sharing
Bodily Injury Assessment	Claims Case Planning & Monitoring	Treaty	
Health Care Services	Claims Subrogation / Recoveries	Bordereau Reporting (Risk Management)	
Serious and Long Term Case Management	Claim Investigation		
Rehabilitation Management	Claims Adjudication / Evaluation		
Out-Of-Province Claim Administration	Claims Benefits Administrating & Payment		
	Claim Dispute Resolution Management		
	Claim Quality Management		
	Claim Fraud Management		
	Claim Reserve Management		
	Claim Damage/Loss Estimating		
	Salvage Management		
	Physical Loss Recovery		
	Repair Research & Training		

Driver & Vehicle Administration

Driver Licence Administration	Driver Licence Compliance & Driver Safety	Driver Record Maintenance	Vehicle Registration
Driver Safety Rating (DSR)	Medical Compliance	Violation Ticket Process and Disputes	Vehicle Registration Issuance
Driver's Licence Issuance	Driver Improvement & Control	Licence Suspension	International Registration Plan (IRP)
Driver's Licence Surrender	Driver Training History	Driving Record Information Sharing	Vehicle Ownership
Road and Knowledge Test	Driver Education		Vehicle Registration Record Information Sharing
	Road Safety Programming		License Plate Management

Shared & Corporate Services

Customer Management	Document Management	Inventory Management	Partner Management	Permit Management	Product Management	Revenue & Billing Management	Shared Services
Identification Management	Document Intake Management	Procurement Management	Partner Establishment Planning	Permit Assessment	Product Portfolio Management	Customer Credits Management	Location Management
Customer Information Management	Document Assessment	Inventory Control Management	Partner Performance Management	Permit Administration	Product Lifecycle Management	Billing/Invoicing Management	Enquiry Management
Customer Experience Management	Document Control Management		Partner Fee & Commission Management			Manage Delinquencies	
Appointment Management	Document Categorization		Partner Relationship Management			Refunds Management	
Queue Management	Document Security Management					Funds Balance/Transfer Management	

Enterprise Services

Actuarial, Investments & Risk (AIR)	BI & Analytics Management	Corporate Services Management	Enterprise Risk, Remediation and Resiliency Management	External relations, Legal & Compliance Management	Finance and Controlling	Human Resource Management	IT Operating Platform	IT Services	Strategy & Portfolio Management	Transformation, Change & Knowledge
Risk Rating and Pricing Management	Data Collection Management	Manage Procurement	Enterprise Risk Governance	Board of Directors Management	General Accounting & Reporting	Information & Analytics Management	Architecture and Engineering development	IT Users Relationship Management	Corporate Strategic Planning	Business Architecture Management
Reinsurance Risk Management	BI & Storytelling Management	Logistics Management	Enterprise Risk Management	Government & Regulatory Bodies Management	Planning and Accounting Management	Compensation & Benefits Management	Operating Models and Processes Management	IT Strategy and Governance	Business Plans and Roadmaps Development	Digital Transformation
Financial and Strategic Investment Risk Management	BI & Analytics Development	Facilities Management	Operational Risk Management	Public Relationships Management	Payables Management	Workforce Management	Environment and Platforms Management	IT Resilience, Security and Risks Management	Strategic Initiatives Management	Business Agility Management
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Regulatory Risk Capital Management			Enterprise Health, Safety and Environment Management		Controlling Management	HR Strategy & Planning Management		IT Project Management		Innovation Management
Financial Modeling and Forecasting			Enterprise Fraud Management			Redeploy and Retire Management				Change Management
Insurance Liabilities Valuation			Enterprise Security Management			Recruitment and Hiring Management				Knowledge Management
Underwriting Strategy and Policy Development										

Property & Casualty Administration				Driver & Vehicle Administration				Shared & Corporate Services								Enterprise Services										
Bodily Injury Claims Management	Physical Damage Claims Management	Re-Insurance	Vehicle Insurance	Driver Licence Administration	Driver Licence Compliance & Driver Safety	Driver Record Maintenance	Vehicle Registration	Customer Management	Document Management	Inventory Management	Partner Management	Permit Management	Product Management	Revenue & Billing Management	Shared Services	Actuarial, Investments & Risk (AIR)	BI & Analytics Management	Corporate Services Management	Enterprise Risk, Remediation and Resiliency Management	External relations, Legal & Compliance Management	Finance and Controlling	Human Resource Management	IT Operating Platform	IT Services	Strategy & Portfolio Management	Transformation, Change & Knowledge
First Notice of Loss	First Notice of Loss (FNOL)	Loss Reserve Management	Policy Management	Driver Safety Rating (DSR)	Medical Compliance	Violation Ticket Process and Disputes	Vehicle Registration Issuance	Identification Management	Document Intake Management	Procurement Management	Partner Establishment Planning	Permit Assessment	Product Portfolio Management	Customer Credits Management	Location Management	Risk Rating and Pricing Management	Data Collection Management	Manage Procurement	Enterprise Risk Governance	Board of Directors Management	General Accounting & Reporting	Information & Analytics Management	Architecture and Engineering development	IT Users Relationship Management	Corporate Strategic Planning	Business Architecture Management
PIPP Support Services	Claim Segmentation/ Triage	Facultative	Policy Information Sharing	Driver's Licence Issuance	Driver Improvement & Control	Licence Suspension	International Registration Plan (IRP)	Customer Information Management	Document Assessment	Inventory Control Management	Partner Performance Management	Permit Administration	Product Lifecycle Management	Billing/Invoicing Management	Enquiry Management	Reinsurance Risk Management	BI & Storytelling Management	Logistics Management	Enterprise Risk Management	Government & Regulatory Bodies Management	Planning and Accounting Management	Compensation & Benefits Management	Operating Models and Processes Management	IT Strategy and Governance	Business Plans and Roadmaps Development	Digital Transformation
Bodily Injury Assessment	Claims Case Planning & Monitoring	Treaty		Driver's Licence Surrender	Driver Training History	Driving Record Information Sharing	Vehicle Ownership	Customer Experience Management	Document Control Management		Partner Fee & Commission Management			Manage Delinquencies		Financial and Strategic Investment Risk Management	BI & Analytics Development	Facilities Management	Operational Risk Management	Public Relationships Management	Payables Management	Workforce Management	Environment and Platforms Management	IT Resilience, Security and Risks Management	Strategic Initiatives Management	Business Agility Management
Health Care Services	Claims Subrogation / Recoveries	Bordereau Reporting (Risk Management)		Road and Knowledge Test	Driver Education		Vehicle Registration Record Information Sharing	Appointment Management	Document Categorization		Partner Relationship Management			Refunds Management		Asset-Liability Matching Management	BI Storytelling Management	Asset Management	Remediation Management	Legal Management	Banking Management	Training & Development Management	Solutions and Systems development, integration and deployment	IT Support Management	Project Management	Continuous Improvement Management
Serious and Long Term Case Management	Claim Investigation				Road Safety Programming		License Plate Management	Queue Management	Document Security Management					Funds Balance/Transfer Management		Enterprise Investment Management		Administrative Services Management	Business Continuity and Resiliency Management	Compliance Management	Manage Treasury Operations	Employee Relations Management	New Technologies Monitor, Assess and Source	IT Vendors and Outsourced Services Management	Lean Portfolio Management	Research & Development Management
Rehabilitation Management	Claims Adjudication / Evaluation															Regulatory Risk Capital Management			Enterprise Health, Safety and Environment Management		Controlling Management	HR Strategy & Planning Management		IT Project Management		Innovation Management
Out-Of-Province Claim Administration	Claims Benefits Administrating & Payment															Financial Modeling and Forecasting			Enterprise Fraud Management			Redeploy and Retire Management				Change Management
	Claim Dispute Resolution Management															Insurance Liabilities Valuation			Enterprise Security Management			Recruitment and Hiring Management				Knowledge Management
	Claim Quality Management															Underwriting Strategy and Policy Development										
	Claim Fraud Management																									
	Claim Reserve Management																									
	Claim Damage/Loss Estimating																									
	Salvage Management																									
	Physical Loss Recovery																									
	Repair Research & Training																									

Property & Casualty Administration

Bodily Injury Claims Management	Physical Damage Claims Management	Re-Insurance	Vehicle Insurance
First Notice of Loss	First Notice of Loss (FNOL)	Loss Reserve Management	Policy Management
PIPP Support Services	Claim Segmentation/ Triage	Facultative	Policy Information Sharing
Bodily Injury Assessment	Claims Case Planning & Monitoring	Treaty	
Health Care Services	Claims Subrogation / Recoveries	Bordereau Reporting (Risk Management)	
Serious and Long Term Case Management	Claim Investigation		
Rehabilitation Management	Claims Adjudication / Evaluation		
Out-Of-Province Claim Administration	Claims Benefits Administrating & Payment		
	Claim Dispute Resolution Management		
	Claim Quality Management		
	Claim Fraud Management		
	Claim Reserve Management		
	Claim Damage/Loss Estimating		
	Salvage Management		
	Physical Loss Recovery		
	Repair Research & Training		

Driver & Vehicle Administration

Driver Licence Administration	Driver Licence Compliance & Driver Safety	Driver Record Maintenance	Vehicle Registration
Driver Safety Rating (DSR)	Medical Compliance	Violation Ticket Process and Disputes	Vehicle Registration Issuance
Driver's Licence Issuance	Driver Improvement & Control	Licence Suspension	International Registration Plan (IRP)
Driver's Licence Surrender	Driver Training History	Driving Record Information Sharing	Vehicle Ownership
Road and Knowledge Test	Driver Education		Vehicle Registration Record Information Sharing
	Road Safety Programming		License Plate Management

Shared & Corporate Services

Customer Management	Document Management	Inventory Management	Partner Management	Permit Management	Product Management	Revenue & Billing Management	Shared Services
Identification Management	Document Intake Management	Procurement Management	Partner Establishment Planning	Permit Assessment	Product Portfolio Management	Customer Credits Management	Location Management
Customer Information Management	Document Assessment	Inventory Control Management	Partner Performance Management	Permit Administration	Product Lifecycle Management	Billing/Invoicing Management	Enquiry Management
Customer Experience Management	Document Control Management		Partner Fee & Commission Management			Manage Delinquencies	
Appointment Management	Document Categorization		Partner Relationship Management			Refunds Management	
Queue Management	Document Security Management					Funds Balance/Transfer Management	

Enterprise Services

Actuarial, Investments & Risk (AIR)	BI & Analytics Management	Corporate Services Management	Enterprise Risk, Remediation and Resiliency Management	External relations, Legal & Compliance Management	Finance and Controlling	Human Resource Management	IT Operating Platform	IT Services	Strategy & Portfolio Management	Transformation, Change & Knowledge
Risk Rating and Pricing Management	Data Collection Management	Manage Procurement	Enterprise Risk Governance	Board of Directors Management	General Accounting & Reporting	Information & Analytics Management	Architecture and Engineering development	IT Users Relationship Management	Corporate Strategic Planning	Business Architecture Management
Reinsurance Risk Management	BI & Storytelling Management	Logistics Management	Enterprise Risk Management	Government & Regulatory Bodies Management	Planning and Accounting Management	Compensation & Benefits Management	Operating Models and Processes Management	IT Strategy and Governance	Business Plans and Roadmaps Development	Digital Transformation
Financial and Strategic Investment Risk Management	BI & Analytics Development	Facilities Management	Operational Risk Management	Public Relationships Management	Payables Management	Workforce Management	Environment and Platforms Management	IT Resilience, Security and Risks Management	Strategic Initiatives Management	Business Agility Management
Asset-Liability Matching Management	BI Storytelling Management	Asset Management	Remediation Management	Legal Management	Banking Management	Training & Development Management	Solutions and Systems development, integration and deployment	IT Support Management	Project Management	Continuous Improvement Management
Enterprise Investment Management		Administrative Services Management	Business Continuity and Resiliency Management	Compliance Management	Manage Treasury Operations	Employee Relations Management	New Technologies Monitor, Assess and Source	IT Vendors and Outsourced Services Management	Lean Portfolio Management	Research & Development Management
Regulatory Risk Capital Management			Enterprise Health, Safety and Environment Management		Controlling Management	HR Strategy & Planning Management		IT Project Management		Innovation Management
Financial Modeling and Forecasting			Enterprise Fraud Management			Redeploy and Retire Management				Change Management
Insurance Liabilities Valuation			Enterprise Security Management			Recruitment and Hiring Management				Knowledge Management
Underwriting Strategy and Policy Development										

Property & Casualty Administration			
Bodily Injury Claims Management	Physical Damage Claims Management	Re-Insurance	Vehicle Insurance
First Notice of Loss	First Notice of Loss (FNOL)	Loss Reserve Management	Policy Management
PIPP Support Services	Claim Segmentation/ Triage	Facultative	Policy Information Sharing
Bodily Injury Assessment	Claims Case Planning & Monitoring	Treaty	
Health Care Services	Claims Subrogation / Recoveries	Bordereau Reporting (Risk Management)	
Serious and Long Term Case Management	Claim Investigation		
Rehabilitation Management	Claims Adjudication / Evaluation		
Out-Of-Province Claim Administration	Claims Benefits Administrating & Payment		
	Claim Dispute Resolution Management		
	Claim Quality Management		
	Claim Fraud Management		
	Claim Reserve Management		
	Claim Damage/Loss Estimating		
	Salvage Management		
	Physical Loss Recovery		
	Repair Research & Training		

Driver & Vehicle Administration			
Driver Licence Administration	Driver Licence Compliance & Driver Safety	Driver Record Maintenance	Vehicle Registration
Driver Safety Rating (DSR)	Medical Compliance	Violation Ticket Process and Disputes	Vehicle Registration Issuance
Driver's Licence Issuance	Driver Improvement & Control	Licence Suspension	International Registration Plan (IRP)
Driver's Licence Surrender	Driver Training History	Driving Record Information Sharing	Vehicle Ownership
Road and Knowledge Test	Driver Education		Vehicle Registration Record Information Sharing
	Road Safety Programming		License Plate Management

Shared & Corporate Services								
Customer Management	Document Management	Inventory Management	Partner Management	Permit Management	Product Management	Revenue & Billing Management	Shared Services	
Identification Management	Document Intake Management	Procurement Management	Partner Establishment Planning	Permit Assessment	Product Portfolio Management	Customer Credits Management	Location Management	
Customer Information Management	Document Assessment	Inventory Control Management	Partner Performance Management	Permit Administration	Product Lifecycle Management	Billing/Invoicing Management	Enquiry Management	
Customer Experience Management	Document Control Management		Partner Fee & Commission Management			Manage Delinquencies		
Appointment Management	Document Categorization		Partner Relationship Management			Refunds Management		
Queue Management	Document Security Management					Funds Balance/Transfer Management		

Enterprise Services										
Actuarial, Investments & Risk (AIR)	BI & Analytics Management	Corporate Services Management	Enterprise Risk, Remediation and Resiliency Management	External relations, Legal & Compliance Management	Finance and Controlling	Human Resource Management	IT Operating Platform	IT Services	Strategy & Portfolio Management	Transformation, Change & Knowledge
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Asset-Liability Matching Management	BI Storytelling Management	Asset Management	Remediation Management	Legal Management	Banking Management	Training & Development Management	Solutions and Systems development, integration and deployment	IT Support Management	Project Management	Continuous Improvement Management
Enterprise Investment Management		Administrative Services Management	Business Continuity and Resiliency Management	Compliance Management	Manage Treasury Operations	Employee Relations Management	New Technologies Monitor, Assess and Source	IT Vendors and Outsourced Services Management	Lean Portfolio Management	Research & Development Management
Regulatory Risk Capital Management			Enterprise Health, Safety and Environment Management		Controlling Management	HR Strategy & Planning Management		IT Project Management		Innovation Management
Financial Modeling and Forecasting			Enterprise Fraud Management			Redeploy and Retire Management				Change Management
Insurance Liabilities Valuation			Enterprise Security Management			Recruitment and Hiring Management				Knowledge Management
Underwriting Strategy and Policy Development										

Property & Casualty Administration				Driver & Vehicle Administration				Shared & Corporate Services								Enterprise Services										
Bodily Injury Claims Management	Physical Damage Claims Management	Re-Insurance	Vehicle Insurance	Driver Licence Administration	Driver Licence Compliance & Driver Safety	Driver Record Maintenance	Vehicle Registration	Customer Management	Document Management	Inventory Management	Partner Management	Permit Management	Product Management	Revenue & Billing Management	Shared Services	Actuarial, Investments & Risk (AIR)	BI & Analytics Management	Corporate Services Management	Enterprise Risk, Remediation and Resiliency Management	External relations, Legal & Compliance Management	Finance and Controlling	Human Resource Management	IT Operating Platform	IT Services	Strategy & Portfolio Management	Transformation, Change & Knowledge
First Notice of Loss	First Notice of Loss (FNOL)	Loss Reserve Management	Policy Management	Driver Safety Rating (DSR)	Medical Compliance	Violation Ticket Process and Disputes	Vehicle Registration Issuance	Identification Management	Document Intake Management	Procurement Management	Partner Establishment Planning	Permit Assessment	Product Portfolio Management	Customer Credits Management	Location Management	Risk Rating and Pricing Management	Data Collection Management	Manage Procurement	Enterprise Risk Governance	Board of Directors Management	General Accounting & Reporting	Information & Analytics Management	Architecture and Engineering development	IT Users Relationship Management	Corporate Strategic Planning	Business Architecture Management
PIPP Support Services	Claim Segmentation/ Triage	Facultative	Policy Information Sharing	Driver's Licence Issuance	Driver Improvement & Control	Licence Suspension	International Registration Plan (IRP)	Customer Information Management	Document Assessment	Inventory Control Management	Partner Performance Management	Permit Administration	Product Lifecycle Management	Billing/Invoicing Management	Enquiry Management	Reinsurance Risk Management	BI & Storytelling Management	Logistics Management	Enterprise Risk Management	Government & Regulatory Bodies Management	Planning and Accounting Management	Compensation & Benefits Management	Operating Models and Processes Management	IT Strategy and Governance	Business Plans and Roadmaps Development	Digital Transformation
Bodily Injury Assessment	Claims Case Planning & Monitoring	Treaty		Driver's Licence Surrender	Driver Training History	Driving Record Information Sharing	Vehicle Ownership	Customer Experience Management	Document Control Management		Partner Fee & Commission Management			Manage Delinquencies		Financial and Strategic Investment Risk Management	BI & Analytics Development	Facilities Management	Operational Risk Management	Public Relationships Management	Payables Management	Workforce Management	Environment and Platforms Management	IT Resilience, Security and Risks Management	Strategic Initiatives Management	Business Agility Management
Health Care Services	Claims Subrogation / Recoveries	Bordereau Reporting (Risk Management)		Road and Knowledge Test	Driver Education		Vehicle Registration Record Information Sharing	Appointment Management	Document Categorization		Partner Relationship Management			Refunds Management		Asset-Liability Matching Management	BI Storytelling Management	Asset Management	Remediation Management	Legal Management	Banking Management	Training & Development Management	Solutions and Systems development, integration and deployment	IT Support Management	Project Management	Continuous Improvement Management
Serious and Long Term Case Management	Claim Investigation				Road Safety Programming		License Plate Management	Queue Management	Document Security Management					Funds Balance/Transfer Management		Enterprise Investment Management		Administrative Services Management	Business Continuity and Resiliency Management	Compliance Management	Manage Treasury Operations	Employee Relations Management	New Technologies Monitor, Assess and Source	IT Vendors and Outsourced Services Management	Lean Portfolio Management	Research & Development Management
Rehabilitation Management	Claims Adjudication / Evaluation															Regulatory Risk Capital Management			Enterprise Health, Safety and Environment Management		Controlling Management	HR Strategy & Planning Management		IT Project Management		Innovation Management
Out-Of-Province Claim Administration	Claims Benefits Administrating & Payment															Financial Modeling and Forecasting			Enterprise Fraud Management			Redeploy and Retire Management				Change Management
	Claim Dispute Resolution Management															Insurance Liabilities Valuation			Enterprise Security Management			Recruitment and Hiring Management				Knowledge Management
	Claim Quality Management															Underwriting Strategy and Policy Development										
	Claim Fraud Management																									
	Claim Reserve Management																									
	Claim Damage/Loss Estimating																									
	Salvage Management																									
	Physical Loss Recovery																									
	Repair Research & Training																									

PUB (MPI) 2-63

Part and Chapter:	**PUB (MPI) 1-118 (a)(g)**	**Page No.:**	
PUB Approved Issue No:	**21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova**		
Topic:	**IT Project Status**		
Sub Topic:	**Reallocation Process**		

Preamble to IR:

In PUB (MPI) 1-118 (a), MPI states:

"Criteria used to reassess funding reallocation is based on what is priority (strategically) and resource availability to complete the epic/project."

In PUB (MPI) 1-118 (g), MPI states:

"Contingency is used to develop funding requests for epics/projects with 15% contingency cost included in the estimated cost of the project."

Question:

a) Please provide a flowchart describing the decision process, inclusive of decision-making stakeholders, used to reassess funding reallocation which uses priority (strategically) and resource availability to complete each epic/project.

b) Please provide a flowchart describing the decision process, inclusive of decision-making stakeholders, used to reassess funding reallocation which uses priority (strategically) and resource availability to complete each epic/project for the epic/project reallocation noted in the current GRA.

c) Please clarify whether 15% contingency cost is used for budget estimates for all epics/project regardless of size.

d) Please indicate, if contingency can change from the stated 15% value for a single epic/project, how is contingency determined.

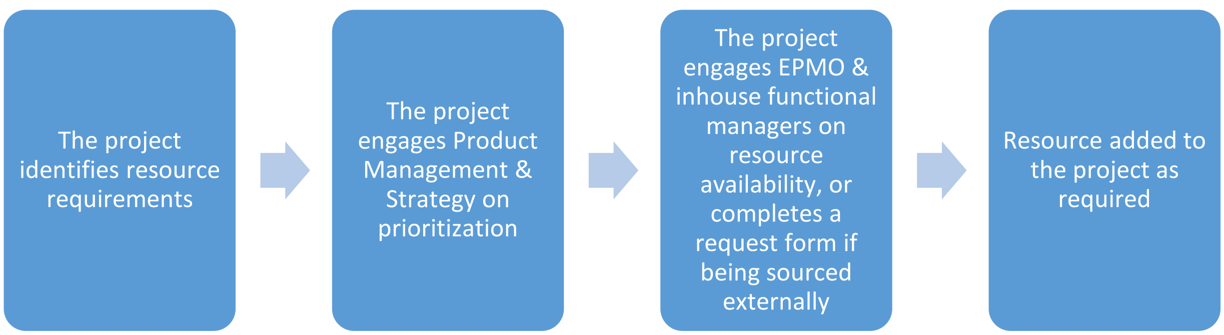
Rationale for Question:

To understand ongoing management of Project Nova budget.

RESPONSE:

Parts a) and b)

Please refer to the flowchart below:



The funding reallocation for PUB (MPI) 1-118 is centered on funding reallocation across focus areas. This is for scenarios where a new initiative needs to be completed within a focus area that has its original budget allocation already allocated to other epics/budget within the focus area and needs additional funds to embark on the new initiative. In that case, the process flowchart above is followed. For priority and to confirm that the initiative aligns with strategic objectives, the strategy office is engaged to confirm through the LPM weekly alignment meeting. Resource discussions are also held with inhouse functional managers to confirm resource availability; and for external resources, a request form is completed by the requesting manager for resource to be sourced externally, if no allocation available with current external resources.

c) Yes, the baseline amount for contingency included across all epics/project is 15%.

d) Pending development of a framework which takes into consideration risk exposure and level of estimate uncertainty, relative to each project/epic, the 15% contingency is being used across board.

PUB (MPI) 2-64

Part and Chapter:	**PUB (MPI) 1-119**	**Page No.:**	
PUB Approved Issue No:	**21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova**		
Topic:	**GRA Reported Projects**		
Sub Topic:			

Preamble to IR:

MPI has provided Figure 1 GRA Reported Projects that Reflects Updates to Part Value Assurance Chapter Figure VA-1.

Question:

a) Please provide the following information for each project Focus Area related Project:

i. Initial date in which Project entered the MPI LPM process funnel;
ii. Does an Epic Hypothesis Statement Exist (Yes/No);
iii. Lean Business Case Submission Date; and
iv. Does Project require funding post FY 2023/24 (Yes/No).

Rationale for Question:

To understand Project Nova costs.

RESPONSE:

Please refer to *Appendix 1 redacted* for the Focus Area related Projects for FY 2022/23 and FY 2023/24.

Appendix 1
2022/23 - Capital Master Summary (CMS) Focus Area Funds

Focus Area/Funding Envelope	Epic/Project Name	2022/23 Approved Budget (000's)	Initial Funnel Entry Date	Epic Hypothesis Statement (Y/N)	Lean Business Case Submission Date	Funding Required Post FY - 2023/24
Digital & Culture	Desktop as a Service (DaaS)	393	Nov, 2021	Y	Nov, 2021	None
Knowledge, Platforms and Content Management	Enterprise Content Management (ECM) Collaboration Migration	987	Dec, 2021	Y	Dec, 2021	None
Knowledge, Platforms and Content Management	Intranet 2.0	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cloud Adoption	BI3 - Upgrade on Fineos Cloud Solution	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Government Insertions	Taxi Telematics Pilot	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Public Website and Partner Website	Enterprise Content Management (ECM) Public Website	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Innovation Funding	Enterprise Change Management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
No Focus Area - Overbudget Item	STRM (Protect) Enterprise Monitoring (NOCaaS)	670	Mar, 2022	Y	Mar, 2022	None
Innovation Funding	Vehicle for Hire	60	Feb, 2022	Y	Feb, 2022	None
Knowledge, Platforms and Content Management	Enterprise Content Management (ECM) Project Oversight	100	Apr, 2022	Y	Sep, 2022	None
22/23 STRM	STRM - Governance Risk Compliance (GRC) Framework	500	May, 2022	Y	May, 2022	None
Innovation Funding	Business Process Management & Lean CoE 2.0	650	May, 2022	Y	May, 2022	None
Knowledge, Platforms and Content Management	ECM Program Oversight	75	May, 2022	Y	Sep, 2022	None
22/23 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Innovation Funding	e-Transfer (Total Loss)	175	Apr, 2022	Y	Apr, 2022	None
22/23 STRM	IBM Refresh Windows 2012	466	n/a - carryforward Year 2 project costs			None
Innovation Funding	Automated DX Scoring	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Innovation Funding	Culture 2.0	1218	Jul, 2022	Y	Jul, 2022	None
22/23 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
22/23 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Data & Analytics	Enterprise Data Architect Funding (DMA)	150	Aug, 2022	Y	None	None
Data & Analytics	Power BI Rollout Phase 2	410	Jun, 2022	Y	Jun, 2022	None
Information Security Maturity	ISM - Information Security Management (ISO) Program Management	390	n/a - carryforward from prior year 2021/22			None
Information Security Maturity	ISM - Network Access Control	116	n/a - carryforward from prior year 2021/22			None
Information Security Maturity	ISM - Application Security Profiling	78	n/a - carryforward from prior year 2021/22			None
Data & Analytics	DMA Duck Insights Data Mart Enhancement	150	Jun, 2022	Y	Jun, 2022	None
Government Insertions	Taxi Telematics Pilot	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cloud Adoption	Cloud Migration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Knowledge, Platforms and Content Management	ECM Knowledge Platforms	1002	Aug, 2022	Y	Aug, 2022	None
Digital & Culture	Unified Endpoint Management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Public Website and Partner Website	Content Architecture Project	100	Nov, 2022	Y	Nov, 2022	None
Data & Analytics	DMA - Data Governance Tool Implementation - Phase 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Data & Analytics	DMA - Data Modelling Tool	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Data & Analytics	Data 2.0 Detailed Solution Architecture	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total Approved Funding	16,947				
	Rounding may affect totals					

Appendix 1
2023/24 -Capital Master Summary (CMS) Focus Area Funds

Focus Area/Funding Envelope	Epic/Project Name	2023/24 Approved Budget (000's)	Initial Funnel Entry Date	Epic Hypothesis Statement (Y/N)	Lean Business Case Submission Date	Funding Required Post FY - 2023/24
Data and Analytics	**DMA Master Data Agreement**	310	Feb, 2023	Y	Feb, 2023	Project was cancelled - June 2023
Data and Analytics	**DMA BI Report Rationalization Project**	286	Feb, 2023	Y	Feb, 2023	Project was cancelled - June 2023
23/24 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
23/24 STRM	**STRM Configuration Hardening Enhancements**	170	Feb, 2023	Y	Feb, 2023	Current year funding
23/24 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Partners & Customer Experience	**Content Architecture Phase 2**	250	Feb, 2023	Y	Feb, 2023	Current year funding
Partners & Customer Experience	**EFM CX Data Collection**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total Approved Funding	**2,722**				
	Rounding may affect totals					

PUB (MPI) 2-65

Part and Chapter:	PUB (MPI) 1-122 (c)	Page No.:	
PUB Approved Issue No:	21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova		
Topic:	Capital Master Summary		
Sub Topic:			

Preamble to IR:

PUB (MPI) 1-122 (c) requested a new table representing 2022/23 fiscal year.

MPI has provided Appendix 1 Capital Master Summary (CMS) Focus Area Funds indicating 2023/24 fiscal year.

Column in provided table notes 2022/23 Approved budget however title of table is 2023/24 – Capital Master Summary (CMS) Focus Area Funds.

Question:

a) Please file table as requested in 1-122 (c) for the 2022/23 and 2023/24 fiscal years.

b) Please expand Appendix 1 to include the following items for each Epic/Project in both redacted and unredacted formats.

   i. Initial date in which Project entered the MPI LPM process funnel;
   ii. Epic Hypothesis Statement Supplied (Yes/No);
   iii. Lean Business Case Submission Date;
   iv. Epic/Project require funding post FY 2023/24 (Yes/No);
   v. Please add a '20XX/XX Requested Budget (000's)' column preceding the '20XX/XX Approved Budget (000's)';

vi. Funding Requested Date;

vii. Funding Approval Date; and

viii. 2023/24 Project Status (Not Started, In Progress, Cancelled, Completed).

Rationale for Question:

To understand the overarching roadmap of the IT Strategy.

RESPONSE:

a) and b)

Please refer to *Appendix 1- redacted* for the Capital Master Summary and related Projects for FY 2022/23 and FY 2023/24.

Appendix 1
2022/23 -Capital Master Summary (CMS) Focus Area Funds

Focus Area/Funding Envelope	Epic/Project Name	2022/23 Approved Budget (000's)	Initial Funnel Entry Date	Epic Hypothesis Statement (Y/N)	Lean Business Case Submission Date	Funding Required Post FY - 2023/24	2022/23 Requested Budget	2022/23 Approved Budget Budget	Funding Requested Date	Funding Approval Date	2023/24 Project Status (Not Started, In Progress, Cancelled, Completed)
Digital & Culture	Desktop as a Service (DaaS)	393	Nov, 2021	Y	Nov, 2021	None	393	393	8-Dec-21	8-Dec-21	Completed
Knowledge, Platforms and Content Management	Enterprise Content Management (ECM) Collaboration Migration	987	Dec, 2021	Y	Dec, 2021	None	987	987	9-Feb-22	9-Feb-22	In Progress
Knowledge, Platforms and Content Management	Intranet 2.0	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cloud Adoption	BI3 - Upgrade on Fineos Cloud Solution	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Government Insertions	Taxi Telematics Pilot	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Public Website and Partner Website	Enterprise Content Management (ECM) Public Website	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Innovation Funding	Enterprise Change Management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
No Focus Area - Overbudget Item	STRM (Protect) Enterprise Monitoring (NOCaaS)	670	Mar, 2022	Y	Mar, 2022	None	670	670	13-Apr-22	13-Apr-22	Cancelled
Innovation Funding	Vehicle for Hire	60	Feb, 2022	Y	Feb, 2022	None	60	60	11-Apr-22	11-Apr-22	Cancelled
Knowledge, Platforms and Content Management	Enterprise Content Management (ECM) Project Oversight	100	Apr, 2022		Apr, 2022	None	100	100	11-Apr-22	11-Apr-22	Completed
22/23 STRM	STRM - Governance Risk Compliance (GRC) Framework	500	May, 2022	Y	May, 2022	None	500	500	11-May-22	11-May-22	Completed
Innovation Funding	Business Process Management & Lean CoE 2.0	650	May, 2022	Y	May, 2022	None	650	650	8-Jun-22	8-Jun-22	In Progress
Knowledge, Platforms and Content Management	ECM Program Oversight	75	May, 2022		May, 2022	None	75	75	8-Jun-22	8-Jun-22	Completed
22/23 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Innovation Funding	e-Transfer (Total Loss)	175	Apr, 2022	Y	Apr, 2022	None	175	175	13-Jul-22	13-Jul-22	In Progress
22/23 STRM	IBM Refresh Windows 2012	466	n/a - carryforward Year 2 project costs		n/a - carryforward Year 2 project costs	None	466	466	13-Jul-22	13-Jul-22	Completed
Innovation Funding	Automated DX Scoring	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Innovation Funding	Culture 2.0	1218	Jul, 2022	Y	Jul, 2022	None	1218	1218	17-Aug-22	17-Aug-22	Completed - transitioned to Operations
22/23 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
22/23 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Data & Analytics	Enterprise Data Architect Funding (DMA)	150	Aug, 2022	Y	Aug, 2022	None	150	150	17-Aug-22	17-Aug-22	Completed
Data & Analytics	Power BI Rollout Phase 2	410	Jun, 2022	Y	Jun, 2022	None	410	410	17-Aug-22	17-Aug-22	Completed
Information Security Maturity	ISM - Information Security Management (ISO) Program Management	390	n/a - carryforward from prior year 2021/22		n/a - carryforward from prior year 2021/22	None	390	390	12-Sep-22	12-Sep-22	Completed
Information Security Maturity	ISM - Network Access Control	116	n/a - carryforward from prior year 2021/22		n/a - carryforward from prior year 2021/22	None	116	116	12-Sep-22	12-Sep-22	On hold
Information Security Maturity	ISM - Application Security Profiling	78	n/a - carryforward from prior year 2021/22		n/a - carryforward from prior year 2021/22	None	78	78	12-Sep-22	12-Sep-22	Cancelled
Data & Analytics	DMA Duck Insights Data Mart Enhancement	150	Jun, 2022	Y	Jun, 2022	None	150	150	14-Sep-22	14-Sep-22	Completed
Government Insertions	Taxi Telematics Pilot	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cloud Adoption	Cloud Migration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Knowledge, Platforms and Content Management	ECM Knowledge Platforms	1002	Aug, 2022	Y	Aug, 2022	None	1002	1002	14-Sep-22	14-Sep-22	In Progress
Digital & Culture	Unified Endpoint Management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Public Website and Partner Website	Content Architecture Project	100	Nov, 2022	Y	Nov, 2022	None	100	100	9-Nov-22	9-Nov-22	Completed
Data & Analytics	DMA - Data Governance Tool Implementation - Phase 1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Data & Analytics	DMA - Data Modelling Tool	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Data & Analytics	Data 2.0 Detailed Solution Architecture	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Total Approved Funding	**16,947**					**16,947**	**16,947**			
	Rounding may affect totals										

Appendix 1
2023/24 -Capital Master Summary (CMS) Focus Area Funds

Focus Area/Funding Envelope	Epic/Project Name	2023/24 Approved Budget (000's)	Initial Funnel Entry Date	Epic Hypothesis Statement (Y/N)	Lean Business Case Submission Date	Funding Required Post FY - 2023/24	2023/24 Requested Budget	2023/24 Approved Budget	Funding Requested Date	Funding Approval Date	2023/24 Project Status (Not Started, In Progress, Cancelled, Completed)
Data and Analytics	**DMA Master Data Agreement**	310	Feb, 2023	Y	Feb, 2023	Project was cancelled - June 30, 2023	310	310	15-Mar-23	15-Mar-23	Cancelled - June 30, 2023
Data and Analytics	**DMA BI Report Rationalization Project**	286	Feb, 2023	Y	Feb, 2023	Project was cancelled - June 30, 2023	286	286	15-Mar-23	15-Mar-23	Cancelled - June 30, 2023
23/24 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED	[REDACTED]
23/24 STRM	**STRM Configuration Hardening Enhancements**	170	Feb, 2023	Y	Feb, 2023	Current year funding	170	170	15-Mar-23	15-Mar-23	In Progress
23/24 STRM	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED	[REDACTED]
Partners & Customer Experience	**Content Architecture Phase 2**	250	Feb, 2023	Y	Feb, 2023	Current year funding	250	250	15-Mar-23	22-Mar-23	Not Started as at July 31, 2023
Partners & Customer Experience	**EFM CX Data Collection**	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED	[REDACTED]
	Total Approved Funding	**2,722**									
	Rounding may affect totals										

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Part and Chapter:	**PUB (MPI) 1-122 Part V – VA Appendix 1a – Redacted Part V – VA Appendix 24a – Redacted**	**Page No.:**	**1-14 1-12**
PUB Approved Issue No:	**21. IT Strategic Plan and IT Expenses and Projects planned for or ongoing in the rating years, other than Nova**		
Topic:	**Capital Master Summary**		
Sub Topic:			

Preamble to IR:

IR 1-122 requested new tables for the 2022/23 and 2022/24 Capital Master Summary.

The 2024 GRA provided Epic Hypothesis, Lean Business Cases, and LPM Funding Decisions, as applicable per project.

Requests are made for LPM funding, with statements regarding future year license or operating costs.

Question:

a) Please describe funding allocation process for Epic/Projects which will require funding in subsequent fiscal years to complete initiative. For illustration purposes:

   i. Epic/Project requires license costs for current and future fiscal years such as “EHS – [Redacted] Enterprise Change Management License”.

   ii. Epic/Project commences in current fiscal year but is not expected to be completed in current fiscal year such as “Automate Driver Examiner Scoring – Auto DX Scoring”.

b) Please describe how Funding Envelope yearly budgeting accounts for projects which have been approved in prior year funding cycle but did not complete in prior year funding cycle (planned or unplanned).

c) Please indicate why the Year 2 $26,474 license cost for the ‘EHS – [Redacted] Enterprise Change Management License’ does not appear in the 2023/24 Capital Master Summary (CMS) Focus Area Funds table that was updated per IR1-122.

Rationale for Question:

To understand the overarching IT funding planning process.

RESPONSE:

a) Any project needing funding in subsequent fiscal years to complete the initiative requires a Change Request to be able to draw funds from the next year’s budget.

b) Discussions with the Business Owners is intended to take into consideration continuing projects. In FY23/24, the cost for continuing projects was not expressly factored into the overall funds. Change Request process was utilized to seek the approval to proceed to utilise funds for those in that category.

c) The approval request to the LPM was for Year 1 to be funded by the LPM funds. For Year 2 through Year 4, remaining license costs to be spread over three additional fiscal years to be funded operationally.

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Part and Chapter:	Part XIV Appendix 1 Annual Report	Page No.:	27
PUB Approved Issue No:	5. Financial Forecast c) impact of IFRS 9, 14 and 17		
Topic:	IFRS 17		
Sub Topic:			

Preamble to IR:

IFRS 17 provides some choices in applying the PAA. The Corporation has selected the following choices:

- Recognize insurance acquisition cash flows as expense when incurred rather than deferring and amortizing these charges. Under this election, the balance of deferred acquisition costs reported at April 1, 2022 will be written down and charged against equity;
- Not adjust the LRC for the time value of money and the effect of financial risk for groups of contracts measured under the PAA, because the policies have a coverage period of one year or less; and
- Electing to not adjust the Liability for Incurred Claims ("LIC") for the time value of money and the effect of financial risk for contracts measured under the PAA when the cash flows are expected to be settled within one year or less from the date the claim is incurred.

Question:

a) Please indicate why the election was made to not adjust the LIC for the time value of money when the cash flows are expected to be settled within one year or less from the date the claim is incurred.

b) Please indicate when the election was made to not adjust the LIC for the time value of money when the cash flows are expected to be settled within one year or less from the date the claim is incurred.

c) Please indicate where the Corporation describes this election with regards to LIC in the position papers in the 2024 GRA. If any of the position papers in the 2024 GRA are out of date, please provide the updated versions.

d) Please provide a table showing by coverage for each of the forecast years, the outstanding claims amounts that fall under this election, and those that would not. Please include the undiscounted amounts, the amount of the discount, and the amount of the risk adjustment for each of these amounts.

e) Please indicate whether all claims are discounted in the financial forecast filed in the GRA, if not, please file a PF1, PF2 and PF3, and EPF 1, EPF 2 and EPF 3.

Rationale for Question:

To better understand the IFRS 17 elections.

RESPONSE:

a) The election under PAA under IFRS 17, to not adjust the liability for incurred claims (LIC) for the time value of money when the cash flows are expected to be settled within one year or less from the date the claim is incurred, provides relief from applying a discount rate and risk adjustment for claims that can be identified as expected to settle within one year.

   The claim duration for underlying product categories reported by MPI extends beyond one year and therefore this election is not applicable to values included in the LIC reported by MPI. Although the election is not relevant to claims activities at MPI at time of adoption, the election was identified as taken rather than risking foregoing the ability to apply this relief in the future if instances arise where claims activities are expected to conclude within a 12-month period.

b) The election to not adjust the LIC for the time value of money and the effect of financial risk when the cash flows are expected to be settled within one year or less, was included when compiling the accounting policies based on the position papers, including the position paper Premium Allocation Approach for the adoption of IFRS 17.

The position paper does not specifically state whether the election is taken or not; the paper states the claims duration for underlying product categories extends beyond one year and therefore, consistent with the approach taken under IFRS 4, the liability for incurred claims will be discounted under IFRS 17. The position paper concludes that discounting will apply when calculating LIC under IFRS 17 but does not state whether the election is taken if situations arise where claims cash flows are expected to settle within one year or less. In writing the policy, it was considered prudent to take the election to allow MPI to apply it expediently, if applicable in the future.

c) The position paper IFRS 17 Premium Allocation Approach provides the summary of the elections offered under the PAA under IFRS 17. Within section 2.3 of that paper, the choice for discounting the Liability for Incurred Claims (LIC) is presented as "the claim duration for underlying product categories are greater than one year; therefore consistent with current practice and to ensure fair representation, it is appropriate to discount the liability for incurred claims." As such, the paper concludes that because the claim duration extends beyond one year, the LIC will be discounted under IFRS 17, consistent with the approach applied under IFRS 4. The paper does not clarify whether the election would be applied if the claim duration falls within a 12-month period. Because the election provides relief from applying discount rates and risk adjustments to claims cash flows occurring within a 12-month period, it was considered reasonable to declare the election as taken rather than forego that opportunity for relief if applicable. The election is not applicable at time of adoption of IFRS 17 and may not be relevant to MPI in the future, it is taken to avail of the relief offered if appliable in the future.

d) The claim duration for underlying product categories reported by MPI is greater than one year and therefore the amounts reported in Liabilities for Incurred Claims are not eligible to apply this election. The election is not applicable at time of adoption or for forecasted activity. There are no outstanding claims amounts that fall under this election.

e) The election to not adjust the LIC for the time value of money and the effect of financial risk when the cash flows are expected to be settled within one year or less, was not applied to the financial forecast filed in the GRA because the claims duration for all products reported by MPI extend beyond one year and therefore there are no amounts reported within LIC that are eligible to apply this election. This election was not applied to claims reported in the financial forecast filed in the GRA.

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Part and Chapter:	**Part IX Pro Formas**	**Page No.:**	
PUB Approved Issue No:	**5. Financial forecast**		
Topic:	**Financial Forecast**		
Sub Topic:			

Preamble to IR:

Question:

Please file an EPF-2 Statement of Financial Position for Extension.

Rationale for Question:

To understand the changes in financial strength.

RESPONSE:

Please refer to Figure 1 below:

Figure 1 Statement of Financial Position - Extension

Manitoba Public Insurance
Multi-year - Statement of Financial Position

Line No.	*2024 GRA Base* *(C$ 000s, rounding may affect totals)*	IFRS 17 2023BF	IFRS 17 2024BF	IFRS 17 2025F	IFRS 17 2026F	IFRS 17 2027F	IFRS 17 2028F
1	**EXTENSION**						
2	**Assets**						
3	Cash and cash equivalents	6,658	26,707	47,270	41,344	40,044	36,117
4	Investments	141,701	132,927	139,569	149,030	154,613	164,901
5	Investment property	1,893	1,842	1,792	1,741	1,690	1,639
6	Accounts receivable	63,957	63,941	66,132	68,374	70,681	73,063
7	Prepaid expenses	193	-	-	-	-	-
8	Reinsurance asset	68	-	-	-	-	-
9	Property and Equipment	10,120	10,956	11,998	14,110	14,375	14,640
10	Deferred development costs	18,126	29,088	36,020	36,974	33,720	30,509
11	**Total Assets**	**242,716**	**265,461**	**302,781**	**311,573**	**315,123**	**320,869**
12	**Liabilities**						
13	Accounts payable and accrued liabilities	51,638	48,846	46,678	45,627	43,774	43,486
14	Reinsurance liability	-	44	44	44	44	44
15	Lease obligation	435	435	425	415	405	395
16	Insurance contract liability	93,249	90,029	92,596	95,353	98,381	101,568
17	Provision for employee current benefits	1,660	1,779	1,837	1,895	1,954	2,012
18	Provision for employee future benefits	27,596	28,546	29,497	30,448	31,398	32,349
19	**Total Liabilities**	**174,578**	**169,679**	**171,077**	**173,782**	**175,956**	**179,854**
20	**Equity**						
21	Retained Earnings	58,256	94,949	130,870	136,956	138,333	140,182
22	Accumulated Other Comprehensive Income	9,883	834	834	834	834	834
23	**Total Equity**	**68,139**	**95,783**	**131,704**	**137,790**	**139,167**	**141,016**
24	**Total Liabilities & Equity**	**242,717**	**265,462**	**302,781**	**311,572**	**315,123**	**320,870**

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Part and Chapter:	Part XIV AR Appendix 3	Page No.:	12
PUB Approved Issue No:	22. Asset Liability Management Study (in accordance with Directives 11.19 and 11.20 of Order 134/21), including implementation.		
Topic:	ALM Implementation		
Sub Topic:			

Preamble to IR:

Question:

a) Please provide a table for the last five fiscal years indicating claims discount rate, change in the discount rate, the Corporate ALM – interest rate impact on investment income, net claims incurred and net income.

b) Please provide a similar table to (a) including an additional line related to impairments in the determination of the impact on net income.

c) Please provide a similar analysis as in parts a and b for Basic.

Rationale for Question:

To understand the impact of changes in interest rates on MPI.

RESPONSE:

The claims discount rate is calculated for each line of business; as such there is no corporate claims discount rate. Please *Appendix 1* for the information requested in parts a), b) and c).

Line No.	Corporate Information	Fiscal Year Ended At 28-Feb-19	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23
1	Claims Discount Rate (CDR)	n/a	n/a	n/a	n/a	n/a
2	Change in CDR	n/a	n/a	n/a	n/a	n/a
3	Corporate ALM - Interest Rate Impact on:					
4	Investment Income	16.5	47.4	1.4	(133.4)	(119.6)
5	Net Claims Incurred	40.9	34.5	45.2	(137.6)	(104.2)
6	Net Income	(24.4)	12.9	(43.8)	4.2	(15.4)
7	Recovery(Impairment) of invesments impact to Net Income	-	(67.8)	13.4	(29.2)	(26.1)
8						

9		Fiscal Year Ended At				
10	**Basic Information**	**28-Feb-19**	**31-Mar-20**	**31-Mar-21**	**31-Mar-22**	**31-Mar-23**
11	Claims Discount Rate (CDR)	3.26%	3.09%	2.88%	3.54%	4.09%
12	Change in CDR	-0.21%	-0.17%	-0.21%	0.66%	0.55%
13	Basic ALM - Interest Rate Impact on:					
	Investment Income	14.2	46.3	0.7	(127.0)	(115.6)
14	Net Claims Incurred	40.9	34.5	44.2	(132.8)	(101.4)
15	Net Income	(26.7)	11.8	(43.5)	5.8	(14.2)
16	Recovery(Impairment) of invesments impact to Net Income	-	(42.7)	10.0	(22.0)	(18.8)

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Part and Chapter:	**Part XIV AR Appendix 3**	**Page No.:**	**52**
PUB Approved Issue No:	**20. Project Nova**		
Topic:	**Implementation Expense**		
Sub Topic:			

Preamble to IR:

Question:

Please provide details on the deferred development impairment of $1.242 million at March 31, 2023.

Rationale for Question:

To understand the impairment.

RESPONSE:

Please refer to Appendix 1 & 2 for impairments that were done last year.

Impairment Documentation

Date: May 16, 2022

Project Name: Privileged Access Management (Enterprise Environment)

Project Number: 2917

Rationale for impairment:

[REDACTED]

The project started gathering requirements for an RFP and in September 2021 and issued an RFP. A vendor has since been selected and a contract is being developed.

Capitalization criteria not being met:

GAAP:	Analysis:	Conclusion:
IAS 38 - Intangible Assets		
Research phase **54** No intangible asset arising from research (or from the research phase of an internal project) shall be recognised. Expenditure on research (or on the research phase of an internal project) shall be recognised as an expense when it is incurred. **55** In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred.	**Met** - The discovery work performed to gather requirements for the new RFP is considered research.	As the costs incurred to prepare the RFP are considered research, no intangible asset can be recognized and the costs incurred must be expensed.
Development phase **57** An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following: **(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.** **(b) its intention to complete the intangible asset and use or sell it.** **(c) its ability to use or sell the intangible asset.** (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset. (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.	**Not Met** - There is no intention to complete the development work performed by the original vendor, as it did not meet MPI requirements. MPI is unable to use the work performed by the initial vendor due to it not being able to implement IBM's Secret Service Solution.	As the criteria for deferring development costs under IAS 38 have not been met, the work performed on the PAM solution cannot be capitalized and must be expensed.

Timelines:

Processing of the impairment journal entry should be completed in May 2022 after all parties have reviewed and signed off on this adjustment to an expense amount.

Amount of Impairment including forecast summary:

Full amount of Project 2917 – Privileged Access Management to be impaired (current life to date amount at April 30, 2022) is $889,346.62. A journal entry will be done in May 2022 moving all deferred development costs into the impairment account.

Any additional project costs occurring after April 30, 2022 will be manually transferred to the impairment account.

Once development begins with the new vendor, the costs will be tracked under new project code 3038. A revised forecast will be prepared once the RFP process is complete to assess if the development work under project 3038 meets the requirements for deferral.

Reporting Period End Date: 31-Mar-22
Project Name: Privileged Access Management
Project Code Number: 2917

Project Costs	Board Approved Budget	Actuals to Date	Estimate for 2022/23	Project Estimate at Completion as at 31-Mar-22	Variance Amount to Original Budget	Approved Cost	Adjusted Variances
DEFERRED DEVELOPMENT	1,230,070	889,347	392,622	1,281,968	51,898	-	
External Resources	1,166,344	841,645	148,450	990,095	(176,249)		
MPI Resources (Incremental)	63,726	-	2,882	2,882	(60,844)		
Employees Travel/Parking		-	-	-	-		
IBM RFS		47,702	6,290	53,992	53,992		
RFS 189: Placeholder: Technology Replacement		3,710	6,290	10,000	10,000		
RFS 148		43,992	-	43,992	43,992		
SOW		-	235,000	235,000	235,000		
SOW 1 - Cloud Vendor		-	235,000	235,000	235,000		
SW/HW		-	-	-	-		
Forecasting to budget amount		-	-	-	-		
Contingency - 10%		-	-	-	-		
Total Incremental Deferred Development	1,230,070	889,347	392,622	1,281,968	51,898	1,160,154	121,814
Total Incremental Capital	-	-	-	-	-	-	
Total Incremental Expense	-	-	-	-	-	-	
Total Project Cost	1,230,070	889,347	392,622	1,281,968	51,898	1,160,154	121,814

```
Activity Group : MPI            CAPITAL MASTER SUMMARY              CAN
Activity       : 2917           Privileged Access Management   Level: 001-0004-0002-2917      Cur: CAN
```

Account Category	Prior Period	Period to Date	Year to Date	Life to Date
1001 DEF - External Labour - Flextr	25,336.66	25,818.47	334,420.70	841,645.01
1005 DEF - External Labour - IBM	0.00	3,710.00	9,992.48	47,701.61
Activity Totals: 2917	25,336.66	29,528.47	344,413.18	889,346.62
Act Grp Totals : MPI	25,336.66	29,528.47	344,413.18	889,346.62
Report Totals	25,336.66	29,528.47	344,413.18	889,346.62

Relevant Account Codes

Current deferred development costs applied to GL code 300-190410. Impairment will move these costs from deferred development to an impairment expense account (to be set up) per the following form:

							Activation		
(GL00.1) Summary Account	FC (A or C)	(GL20.1) Acct Unit	(GL00.3) Major Account	Sub Acct	Description (30 Spaces)	Field # Desc (12) Status (14)	(GL20.2) Account Status (Yes or No)	(GL20.1) A/U Dept	(GL00.3) Chart Summary
DATA PROC	A	223	502156	17	Impairmt of Def Dev - PAM	14	Yes		

Review Log:

Resource	Action	Date of action

Lynne Onofreychuk, Assistant Manager, Budgeting and Project Accounting	Initiator	May 16, 2022
Sandra MacLennan, Program Manager, STRM	Reviewer / Contributor	May 17, 2022
Diane Hopkins, Manager, Financial Reporting	Reviewer / Contributor	June 23, 2022
Grant Gaudry, Manager, Budgeting & Project Accounting	Approver	June 23, 2022
Michael Gandhi, Corporate Controller	Approver	June 23, 2022

Impairment Documentation

Date: April 28, 2022

Project Name: Enterprise Monitoring

Project Number: 3064

Rationale for impairment:

[REDACTED]

MPI will not derive future economic benefit from the work performed on the on-prem enterprise monitoring solution; as such, the deferred costs must be impaired and expensed.

Capitalization criteria not being met:

IAS 38 - Intangible Assets		
Research phase **54** No intangible asset arising from research (or from the research phase of an internal project) shall be recognised. Expenditure on research (or on the research phase of an internal project) shall be recognised as an expense when it is incurred. **55** In the research phase of an internal project, an entity cannot demonstrate that an intangible asset exists that will generate probable future economic benefits. Therefore, this expenditure is recognised as an expense when it is incurred.	**Met** - The work performed on the on-prem enterprise monitoring solution is considered research, as it involved the research and planning activities which resulted in a search for an alternative solution (NOCaaS).	As the costs to date are considered research, no intangible asset can be recognized and the costs incurred must be expensed.
Development phase **57** An intangible asset arising from development (or from the development phase of an internal project) shall be recognised if, and only if, an entity can demonstrate all of the following: (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale. **(b) its intention to complete the intangible asset and use or sell it.** (c) its ability to use or sell the intangible asset. (d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset. (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.	**Not Met** - With the pivot to NOCaaS, there is no intention to complete and use the on-prem enterprise monitoring solution.	As the criteria for deferring development costs under IAS 38 have not been met, the work performed on the on-prem enterprise monitoring solution cannot be capitalized and must be expensed.

Timelines:

Processing of the impairment journal entry should be completed in April 2022 after all parties have reviewed and signed off on this adjustment to an expense amount.

Amount of Impairment including forecast summary:

Full amount of Project 3064 - Enterprise Solution to be impaired (current life to date amount at March 31 2022) is $351,990. A journal entry will be done in April 2022 moving all deferred development costs into the impairment account.

Any additional project costs occurring between March 31 and April 14, 2022 (project close date) will be manually transferred to the impairment account.

Reporting Period End Date: 31-Mar-22
Project Name: Enterprise Monitoring
Project Code Number: 3064

Project Costs	Board Approved Budget	Actuals to Date	Estimate for 2021/22	Estimate for 2022/23	Project Estimate at Completion as at 31-Mar-22	Variance Amount to Original Budget
DEFERRED DEVELOPMENT	2,000,000	351,990	-	1,433,350	1,785,340	(214,660)
External Resources	350,000	351,990	-	183,350	535,340	185,340
Consultants Travel/Parking	25,000	-	-	-	-	(25,000)
MPI Resources (Incremental)		-	-	-	-	-
Employees Travel/Parking		-	-	-	-	-
IBM RFS		-	-	-	-	-
SOW		-	-	-	-	-
SW/HW	1,250,000	-	-	1,250,000	1,250,000	-
Unallocated Budget		-	-	-	-	-
Forecasting to Budget		-	-	-	-	-
Contingency 23%	375,000	-	-	-	-	(375,000)
Total Incremental Deferred Development	2,000,000	351,990	-	1,433,350	1,785,340	(214,660)
Total Incremental Capital	-	-	-	-	-	-
Total Incremental Expense	-	-	-	-	-	-
Total Project Cost	2,000,000	351,990	-	1,433,350	1,785,340	(214,660)

Activity Group : MPI CAPITAL MASTER SUMMARY CAN
Activity : 3064 Enterprise Monitoring Level: 001-0005-0001-3064 Cur: CAN

Account Category	Prior Period	Period to Date	Year to Date	Life to Date
1001 DEF - External Labour - Flextr	20,842.66	23,652.35	351,990.33	351,990.33
Activity Totals: 3064	20,842.66	23,652.35	351,990.33	351,990.33

Relevant Account Codes

Current deferred development costs applied to GL code 300-190410

Impairment will move these costs from deferred development to an impairment expense account (to be set up) per the following form:

(GL00.1) Summary Account	FC (A or C)	(GL20.1) Acct Unit	(GL00.3) Major Account	Sub Acct	Description (30 Spaces)
DATA PROC	A	223	502156	16	Impairmt of Def Dev - EntMonit

Review Log:

Resource	Action	Date of action
Lynne Onofreychuk, Assistant Manager, Budgeting and Project Accounting	Initiator	April 28, 2022
Sandra MacLennan, Program Manager, STRM	Reviewer / Contributor	April 29, 2022
Diane Hopkins, Manager, Financial Reporting	Reviewer / Contributor	April 29, 2022
Joe Riel, Sr. Value Management Specialist	Approver	April 29, 2022
Michael Gandhi, Corporate Controller (in lieu of Manager, Budgeting)	Approver	May 3, 2022
Stephen Ramchander, Director BTO	Approver	May 2, 2022

PUB (MPI) 2-71

Part and Chapter:	**CAC (MPI) 1-11 Part IX Expenses**	**Page No.:**	**7 of 68**
PUB Approved Issue No:	**10. Cost of Operations**		
Topic:	**Government directed organizational review**		
Sub Topic:			

Preamble to IR:

Question:

Please file a copy of the executed EY contract and any work product prepared under the contract to date.

Rationale for Question:

To understand progress and scope of organizational review.

RESPONSE:

A draft agreement has been completed and sent to the Government of Manitoba to review to ensure it meets the expectations of the Order in Council, MPI has not received a response as of August 25, 2023, but will share the final agreement once it is fully executed.

PUB (MPI) 2-73

Part and Chapter:	CAC (MPI) 1-23 Part IX Expenses	Page No.:	51 and 61 of 68
PUB Approved Issue No:	10. Cost of operations		
Topic:	Depreciation and Amortization		
Sub Topic:			

Preamble to IR:

Question:

Please explain why Nova Digital Costs are being amortized to Basic in 2023/24 and whether these costs form part of Initiative expenses directed in to be deferred in Order 4/23.

Rationale for Question:

To understand implementation of Order 4/23.

RESPONSE:

Amortization of Nova deferred development costs is forecasted to begin the month following the release implementation. The timing of the amortization for the costs of Nova Digital Releases 1 and 2 aligns to the expected implementation date for Release 2 in 2023/24.

Please refer to *PUB (MPI) 1-54(c)*. In part (c) of this response the explanation reads: "implementation expenses are excluded from the rates sought in this GRA", meaning these costs form part of the initiative expenses being deferred under Order 4/23.

PUB (MPI) 2-75

Part and Chapter:	TC (MPI) 1-4 Part VII Ratemaking RC Appendix 11	Page No.:	1
PUB Approved Issue No:	1. Projected claims 12. Vehicle for Hire		
Topic:	TNC Blanket Policy		
Sub Topic:	Methodology		

Preamble to IR:

TC(MPI) 1-4 indicates that full credibility was given to Passenger Vehicle for hire experience based on a standard of 1,082 claims.

The standard of 1,082 claims credibility typically assumes a normal probability distribution of claims, and a severity distribution coefficient of variation of 0.

Question:

Please indicate what severity distribution coefficient of variation was used in the determination of the appropriateness of 1,082 claims for full credibility for a loss cost indication?

Rationale for Question:

To understand VFH ratemaking.

RESPONSE:

A severity distribution coefficient of variation of 0 was assumed for the credibility standard.

PUB (MPI) 2-76

Part and Chapter:	TC (MPI) 1-16 Part VII RC Appendix 11	Page No.:	2
PUB Approved Issue No:	12. Vehicle for Hire		
Topic:	Calibration of the Rebate and Surcharge Scale		
Sub Topic:			

Preamble to IR:

Response (b) of TC (MPI) 1-16 indicates that the calculation of the 7.72% of expected excess losses to capped losses using PVFH claims data from 2018 to 2022.

The Board has previously given direction on reflecting the potential for large losses, when there are no actual large loss experience.

Question:

a) Please indicate how the lack of historical serious losses, but the possibility of future serious losses, was appropriately considered in the calculation of the 7.72%.

b) Please calculate a % that would reflect the amount of large losses allocated in the minimum bias analysis by insurance use and territory.

Rationale for Question:

To understand VFH ratemaking.

RESPONSE:

a) The 7.72% excess loss loading calculation was to reflect a loss loading for total incident losses that exceed $50,000. MPI applied a trend/inflation factor to the historic data to allow for future emergence of the trend. Given the uniqueness of the VFH business model, the historic large losses experiences of other insurance uses may not be entirely relevant to the TNC policyholders. The historic losses are considered indicative of the future expected losses. However, MPI would continue to review/recalibrate the loading based on the future experience.

b) Using the data from *Part VII – RC Appendix 3 – Credibility-weighted Serious Loss Loading*, the amount of serious losses in Territory 1 for the relevant insurance uses and loss years from 2018 to 2022 was determined as follows:

- Passenger Vehicle-for-Hire (Passenger Vehicle): $670,559
- Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW): $6,860

For a combined total of $677,418.76 of serious losses.

Using the data from *Part VII – RC Appendix 3 – Table 5 – Reported Loss and ALAE with Hail and Actual Serious Losses*, the amount of Reported Loss and ALAE in Territory 1 for the relevant insurance uses and loss years from 2018 to 2022 was:

- Passenger Vehicle-for-Hire (Passenger Vehicle): $10,196,965
- Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW): $41,957

For a combined total of $10,238,922 of reported loss and ALAE, excluding hail and actual serious losses.

The resulting % that reflects the amount of large losses allocated in the minimum bias analysis by insurance use and territory is:

$$\frac{\$677{,}418.76}{\$10{,}238{,}922} = 6.62\%$$

This 6.62% represents the serious losses (defined as greater than $500,000) allocated in the minimum bias analysis by insurance use and territory.

PUB (MPI) 2-77

Part and Chapter:	**TC (MPI) 1-17 Part VII RC Appendix 11**	**Page No.:**	**5**
PUB Approved Issue No:	**12. Vehicle for hire**		
Topic:	**Calibration of the Rebate and Surcharge Scale**		
Sub Topic:	**Cost due to loss transfer between classes**		

Preamble to IR:

Response c) indicates that the average difference of the discrepancy with regards to fault allocation from 2018 to 2022 was analyzed and it was calculated to be 12.5% of premium.

Question:

a) Please confirm that the 12.5% was the $ of claims for which no one was effectively considered to be at fault, divided by the amount of premium.

b) Given the relatively low level of claims during the pandemic, how has the 12.5% of premium for these losses been adjusted for normal levels of mobility? If it has not, please indicate an appropriate adjustment to this amount.

c) Is this the same % used for the calibration of the fleet rebate scale, or is there a different calculation? If different, please provide details or indicate where it is fully described in the 2024 GRA.

Rationale for Question:

To continue this line of exploration.

RESPONSE:

a) No, the 12.5% does not represent the $ of claims for which no one was effectively considered to be at fault divided by the amount of premium.

The 12.5% represents the average discrepancy in claim dollars between the following, relative to premium:

- First party claims $ incurred by Passenger Vehicle-for-Hire 4 (PVFH 4) regardless of fault.
- The total first party and third party claims $ for all incidents involving a PVFH 4 vehicle, allocated to PVFH 4 based on percentage of fault.

This is due to the loss ratio used in the calculation of the rebate or surcharge being based on claims $ incurred by TNC Blanket Policy affiliated vehicles by percentage of fault, while claims are allocated to the overall TNC experience on a first party basis.

b) The 12.5% of premium for these losses has not been adjusted for normal levels of mobility.

Assuming that fault allocation is independent of mobility levels, an appropriate adjustment to this amount would be to consider the average difference of the discrepancy as a ratio to first party claims incurred rather than earned premium. From 2018 to 2022 this average ratio is calculated as 17.04% of first party claims incurred.

c) This is not the same % used for the calibration of the fleet rebate scale. The fleet rebate scale was determined historically and has not been adjusted. The fleet program and associated rebate scale is under review.