



**MINISTER
OF Crown Services**

**Room 314
Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8**

April 24, 2019

Dr. Michael Sullivan, Chair
Manitoba Public Insurance
P. O. Box 6300
192 – 234 Donald Street
Winnipeg MB R3C 4A4

Dear Dr. Sullivan:

Manitobans have elected a government that is committed to improving the province of Manitoba. Our priorities include restoring prudent fiscal management, creating jobs, improving health care and education, improving our partnerships and relationships with business, communities and indigenous Manitobans, and increasing openness and transparency of our government. We are focused on achieving results on behalf of all Manitobans.

The Government of Manitoba has entrusted you and your Board to oversee the strategic operation of Manitoba Public Insurance. This letter is an update to a previous letter and serves to set out our expectations for you.

First and foremost, Manitoba Crown corporations are part of our government family, and must align with our government's mandate to fix our finances, repair our services and rebuild our economy. As referenced in our Ministerial mandates, the old way of doing things, where government just got bigger and more expensive is over.

Crown corporations finances are consolidated in Government's summary statements and we are moving towards a "whole of government" approach to budget processes. Fluctuations in your net income impact our net income on a dollar-for-dollar basis, and thus help or hinder our efforts to move towards balance. All Manitobans expect that you deliver your important services in a fiscally sustainable, predictable, transparent and reliable manner.

In the coming year, we will be taking more steps to fully integrate Crown corporations into our summary budget process. This may affect the timing of budget processes and other financial

matters. I am seeking your support in ensuring accurate, timely financial reporting to government, in particular your vigilance in providing clear and early notice of significant variances to budgets, or changes to your medium and long term forecasts. Please continue to work with Crown Services Secretariat and Treasury Board Secretariat to strengthen alignment with government overall.

The province's efforts to achieve fiscal sustainability requires all of us to work together. In the past, our Crown corporations have struggled to properly manage their costs and strayed outside of their mandates. We expect you to scrupulously manage all operating costs, defer all non-critical capital projects without a clear return on investment, and carefully examine business plans for opportunities to achieve improved financial results. We also expect the Board to carefully examine overall staffing efficiencies. Centrally, we have reduced overall management by over 15%, conducted a "spans and layers" review of management structures, and reduced overall headcount by 8%. We expect you to work towards the same, or more.

In addition, we ask you to review all compensation agreements, including executive compensation practices and interchange agreements to ensure alignment with government policies and practices. The expectation is that compensation practices will reflect the principles of responsible fiscal management and protect the sustainability of services to customers and ratepayers.

We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanisms.

We ask that you limit advertising to responsible mandate focused advertising considered essential for you to successfully perform your core business and continue to work with Government on the alignment of all sponsorship activities with central government.

We also ask that you assume ownership and leadership in respect of our following priorities for you:

- Deliver better automobile insurance services to Manitobans at the lowest possible cost.
- Modernize public automobile insurance regulations, policies and procedures, with the goal of achieving better value for ratepayers.
- Engage with the Public Utilities Board to implement a Capital Management Plan that includes:
 - A minimum rate stabilization reserve of 100% Minimum Capital Test (MCT) for Basic;
 - A minimum reserve of 200% MCT for Extension;
 - A minimum reserve of 300% MCT for Special Risk Extension;
 - A rate setting structure that is driven to MCT ratios; and
 - Bringing extension insurance under the oversight of PUB.
- Continue efforts to reduce risk and volatility in MPI's investment portfolio and divest assets that are not aligned with MPI's mission or financial interests.
- Continue efforts to reduce volatility and enhance stability to MPI's reserves through increased re-insurance.

- Government understands the value that brokers bring to both the consumer and MPI in assisting with the sale, delivery and service of MPI products. MPI will develop a comprehensive plan in partnership with the broker community to modernize service delivery, including on-line services. Manitobans must retain access to professional advice from the broker network to help them understand insurance options, manage risks and make the right choices.

Government is committed to advancing reconciliation with Indigenous Manitobans through the renewal of its consultation framework to ensure respectful and productive consultations. All government organizations are expected to contribute to reconciliation in their interactions with Indigenous communities and individuals.

I have also been tasked to achieve more open government through increased transparency in tendering and procurement practices. All Crown corporations should ensure their procurement practices reflect this priority and are aligned with the requirements of trade agreements to which Manitoba is a signatory. In Government, we are centralizing our procurement practices and we urge you to pro-actively join us in this process so that we can shop smarter for all Manitobans.

Government is committed to ensuring all employees are treated with dignity and respect. Respectful workplace policies need to be reviewed and updated to ensure employees have safe and effective pathways to report disrespectful or harassing behaviour without fear of repercussion.

It is my expectation these priorities and initiatives, in addition to those included in your business plan, will be reported on in your 2019/20 Annual Report.

I know you and your colleagues on the Board understand that it is an important responsibility to guide and oversee Manitoba's publicly owned corporations. I know I can count on your hard work and dedication to fulfill your Board's duties and responsibilities. I look forward to hearing your advice and recommendations and to working together on achieving results that will make Manitoba the Most Improved Province and I sincerely thank you for taking on this role and for your dedication and efforts.

Respectfully,

Colleen Mayer
Minister