

MPI pulls back hiring plan amid public, political outcry

By: Dan Lett

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Manitoba Public Insurance has backed away from a plan to hire 300 new full-time employees, after being warned by the Progressive Conservative government its operating budget for the next fiscal year may not be approved, the *Free Press* has



learned.

News of a pared-back human resource blueprint for next year (which has not yet been made public, pending Treasury Board approval) comes in the wake of public and political outcry — and a stern rebuke from the Public Utilities Board — over a MPI proposal to increase its headcount by more than 20 per cent from pre-pandemic levels.

Justice Minister Kelvin Goertzen, who is also the minister responsible for MPI, confirmed in an interview with the *Free Press* the PC government was concerned about MPI hiring plans, which were tabled in a draft budget in October.

Before year's end, Goertzen said he told MPI to go back to the drawing board and come up with a new plan, adding a warning the Crown auto insurer's operating budget, as it stood then, may not get government approval.



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Crown corporations must submit a draft operating budget for Treasury Board approval by October of each year, giving government time to vet spending plans in advance of the provincial budget, usually tabled the following March.

“In my discussions with MPI late last year, they came forward with a number of 250,” Goertzen said, referring to additional staff the Crown insurer wanted to add in the next fiscal year. “That immediately struck me as significantly too high. They committed to go back.

“I think the number that they’ll come back with will be significantly lower.”

The new hiring target cannot be publicly disclosed, Goertzen added, because it and the 2023-24 operating budget have not been approved.

In its last rate application to the PUB, which involved public hearings last October and November, MPI said it planned to increase its headcount to 2,348 employees — a jump of 22 per cent (or more than 400 full-time positions) from pre-COVID-19 pandemic levels.

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—Justice Minister Kelvin Goertzen

Although Goertzen described the plan as involving 250 new hires next year, PUB filings show MPI sought to add 300 of those full-time positions in 2023-24.

On Jan. 11, MPI was soundly rebuked by the PUB for its hiring plans, which come at the same time as it is managing an information technology initiative (Project No. 100) that has grown in cost to \$290 million (from just over \$100 million).



The regulator said MPI had failed to justify the additional hires and lacked “management control” over its IT initiative.

The PUB ultimately approved a 1.54 per cent Autopac rate increase, linked to ballooning overhead and Project Nova costs. Intervenors to the regulatory hearings expressed alarm about the increase in overall operating expenses, which come at a time when MPI is handling fewer insurance claims.

Goertzen said in addition to asking MPI to review its hiring plans, he has told its officials they must complete Project Nova within the revised \$290-million budget. “Government is not expecting there to be an ask for more money for this project. Nor is government open to providing more funding for this project.”

News MPI had drafted a new staffing plan in the face of government budget concerns came somewhat as a shock to opposition critics and intervenors.



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NDP Leader Wab Kinew said Goertzen's comments and actions seem to be almost too little and definitely too late.

"I'm very skeptical about the timing of all this — given the PCs' record when it comes to messing around with Crown corporations. This whole mess has clearly gotten away from them."

Kinew said the lack of oversight on the MPI file has resulted in negative consequences for Autopac customers. "Bad governance... is costing Manitobans money. We've gone from what should have been a rate decrease to a rate increase."

The Consumers Coalition, an umbrella group of Manitoba organizations, said there may be a case to ask the PUB to take another look at whether a rate increase is warranted for next year.

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"MPI's failure to exercise prudent management controls at a time of extremely high inflation does a disservice to hard-pressed Manitoba consumers," said Byron Williams, a lawyer representing the coalition.

"If MPI reconsiders this unjustified jump in staffing levels, there is a strong argument to be made that the currently approved rates for 2023-24 are too high."

Government first found out about MPI's plan to add 300 new employees in October,



when its 2023-24 draft operating budget was submitted to Treasury Board. (Goertzen was unable to explain why he nor another minister did not express concerns at that time.)

The details also figured prominently in PUB hearings in October and November. That means the Jan. 11 decision to approve a 1.54 per cent rate increase was based on the plan to add 300 new employees.

Despite all this forewarning, Goertzen waited until late December to raise the issue of headcount with MPI.

The veteran Steinbach MLA and former acting premier was also unable to explain why neither he nor senior MPI officials who were interviewed in January about the PUB decision did not mention a more modest hiring plan was forthcoming.

The *Free Press* interviewed MPI chief financial officer Mark Giesbrecht on Jan. 12 and he made no mention of a revised hiring plan.

Crown corporation operations can have a huge impact on whether a government reports a surplus or a deficit in its summary budget.

dan.lett@freepress.mb.ca

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Dan Lett
Columnist

Born and raised in and around Toronto, Dan Lett came to Winnipeg in 1986, less than a year out of journalism school with a lifelong dream to be a newspaper reporter.

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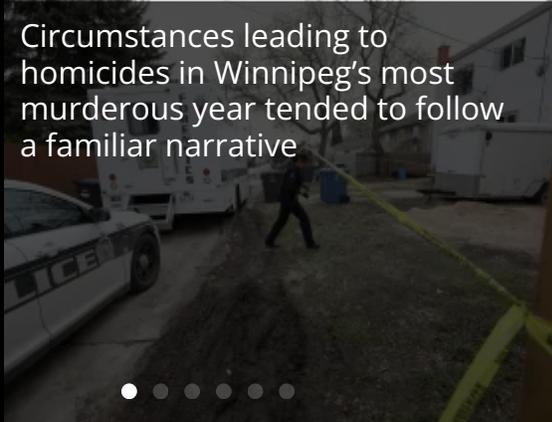


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