Winnipeg Police Pension Plan
File GU-3.10 (Vol. 7)

8. The Executive Policy Committee has been advised that on November 3, 2000, the Winnipeg Police Association wrote to the City stating that they would be prepared to agree to having the City take a contribution holiday effective January 1, 2001, if the City agreed to the allocation of the same amount, at the same time, to the Supplementary Pension Benefits Account (SPBA) to assist in funding the cost of living adjustments.

On December 18, 2000, the former City Treasurer, R. Keith Dowdall, replied concurring in the position subject to a number of conditions in addition to the approval of City Council. On February 13, 2001, the Winnipeg Police Association proposed an "interim agreement" to the pension surplus matter. On March 21, 2001, Council adopted the recommendation of the Executive Policy Committee to cease contributions to the Winnipeg Police Pension Fund for the first ten pay periods of 2001.

In January, 2002, the City and the Winnipeg Police Association agreed to recommend that the interim agreement be extended to 2002. Based on this, the City's budget was adjusted for the appropriate amount. Subsequently the Winnipeg Police Association communicated that they wished to withdraw their agreement.

The matter of the disposition of actuarial surpluses was determined by by-law up until January 1, 1995, when the subsection that governed the sharing of surplus expired. Under Subsection 5(5) of By-law No. 6253/93, the surplus emerging before that date was to be divided into two portions, one part allocated to the plan members through the SPBA and the other to the City to be used to lower its contribution requirement to a matching level for the following three year period, with the balance allocated to a contingency reserve which could also be used by the City at its discretion for contribution support, at least to a matching level. Therefore, when the City matches employee contributions the surplus would normally be divided 50/50 under the previous formula. Due to the expiry of subsection 5(5) there is no formula at the present time for surplus allocation and a by-law amendment is required.

Since the expiry of the subsection, the Police Pension Board has obtained a legal opinion, subsequently disputed by the WPA and WPSOA, that all emerging surplus is available to the City to take contribution holidays. It is the City's view that such a use of the surplus by the City could be considered fair, given the City is fully responsible to cover unfunded liabilities that emerge under the plan.

The recommendation to cease contributions for ten pay periods is consistent with what would be required under the Income Tax Act. In addition, the recommendation is consistent with the expected 2002 budgetary savings for reduced contribution holidays to the Police Pension Plan, which results in a savings of approximately $2 million.

Report of the Executive Policy Committee dated July 10, 2002

The proposed interim agreement does not put either party at a disadvantage during current negotiations. The Winnipeg Police Association, while they had agreed to the holiday, subsequently indicated they wished to withdraw agreement. As the holiday was agreed to, and formed part of the 2002 budget and disadvantages neither party, it is being recommended the holiday be taken and an equivalent amount be transferred to the Supplementary Pension Benefits Account.

In order to implement the foregoing By-law No. 6253/93 requires amendment.

The Executive Policy Committee recommends:

I. That the City cease contributions to the Winnipeg Police Pension Fund for ten pay periods in 2002 commencing as soon as possible after Council's approval.

II. That the City Solicitor/Manager of Legal Services, be requested to prepare the necessary By-law to amend By-law No. 6253/93 so that an equal benefit be provided to the Plan Members through a transfer from the Regular Account to the Supplementary Pension Benefits Account (SPBA), an account established to fund cost-of-living adjustments for 2001 and 2002.

III. That the Proper Officers of the City be authorized to do all things necessary to implement the foregoing.