



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FIFTH LEGISLATURE

Bill 414
(1998, chapter 2)

**An Act respecting the negotiation of
agreements concerning the reduction of
labour costs in the municipal sector**

**Introduced 12 March 1998
Passage in principle 12 March 1998
Passage 12 March 1998
Assented to 12 March 1998**

**Québec Official Publisher
1998**

EXPLANATORY NOTES

This bill establishes mechanisms for the settlement of disagreements between municipal bodies and associations representing their employees concerning the cutback measures that the municipal bodies could take to reduce labour costs by not more than 6%. It also provides for the reduction of the remuneration of elected municipal officers and for a reduction in labour costs related to management personnel and other employees of the municipal bodies.

The provisions of the bill will be applicable to municipal bodies that adopt a resolution to avail themselves of those provisions within the prescribed time.

The bill provides that, where a resolution is adopted, any disagreement between the municipal body and an association certified to represent its employees is to be referred to a mediator-arbitrator appointed by the Minister of Labour. Under the bill, the parties are required to make a final proposal concerning cutback measures. The measures proposed may relate to changes to the conditions of employment provided for in a collective agreement, but may not alter wage rates or salary scales. As regards pension plans, a proposal may concern the allocation of surplus assets to the payment of contributions or changes to the provisions relating to contributions.

If the parties fail to reach an agreement within the allotted time, the mediator-arbitrator will proceed with arbitration, and choose, without amending it, the proposal that is in conformity with the law and appears to the mediator-arbitrator to be the more likely to ensure that the objective fixed is achieved, giving proper consideration to equity.

The bill contains specific provisions and amending provisions that reflect the agreements entered into on the reduction of labour costs as regards the use of the actuarial gains of the pension plans of the city of Montréal and the pension plan of the city of Québec.

The bill also contains various technical provisions as well as provisions for concordance.

Bill 414

AN ACT RESPECTING THE NEGOTIATION OF AGREEMENTS CONCERNING THE REDUCTION OF LABOUR COSTS IN THE MUNICIPAL SECTOR

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

DIVISION I

OBJECT AND APPLICATION

1. The object of this Act is to ensure that municipal sector employees, elected municipal officers and members of municipal bodies make an equitable contribution to the collective effort to reduce public expenditure.

2. For the purposes of this Act, the following bodies are municipal bodies :

(1) municipalities ;

(2) bodies declared by law to be mandataries or agents of a municipality and bodies whose boards of directors are composed in the majority of members of the council of a municipality and whose budget is adopted by the council of the municipality ;

(3) urban communities, intermunicipal boards, intermunicipal transit corporations, intermunicipal boards of transport, any other public bodies whose boards of directors are composed in the majority of elected municipal officers and any councils or commissions designated as supramunicipal bodies under section 19 of the Act respecting the Pension Plan of Elected Municipal Officers (R.S.Q., chapter R-9.3).

3. This Act does not apply in respect of employees governed by a new collective agreement entered into by the parties after 25 March 1997. However, the Act applies in respect of employees governed by such a collective agreement if an agreement in principle was reached on its stipulations before that date, if the parties have agreed in writing on subsequent negotiations on a reduction of labour costs or if such a collective agreement expired before 1 January 1998.

Furthermore, this Act does not apply in respect of employees governed by an agreement on the reduction of labour costs entered into since the said date between the association of employees representing the employees and the municipal body.

DIVISION II

OPTION

4. A municipal body other than Ville de Montréal may, by a resolution adopted not later than 19 March 1998, avail itself of the provisions of this Act in respect of a group of employees represented by an association of employees certified under the Labour Code (R.S.Q., chapter C-27) identified in the resolution or in respect of a group of employees determined in the resolution from among those who are not represented by such an association. For the purposes of this section, one employee may constitute a group of employees.

A municipal body all or part of whose territory was, owing to the ice storm that occurred between 5 and 9 January 1998, without electricity for at least seven days may adopt a resolution under the first paragraph not later than 2 April 1998.

A municipal body may adopt a resolution under the first paragraph not later than 2 April 1998 in respect of the following groups of employees :

(1) a group governed by an agreement in principle on the reduction of labour costs that is entered into but not ratified before 19 March 1998 ;

(2) a group concerned by a disagreement that is under mediation on 11 March 1998 following the appointment of a mediator by the Minister of Labour.

5. The resolution shall fix for each of the groups of employees concerned a labour cost reduction objective that the municipal body intends to pursue from the fiscal year 1998.

The objective shall be expressed as a percentage of the total annual expenditures relating to remuneration and employment benefits of the nature of the expenditures listed in the schedule and provided for in the budget of the municipal body for the fiscal year 1997. The percentage may not exceed 6%. In the case of Ville de Québec, the percentage may not exceed 4.5% in respect of the members of the Régime de retraite de la Ville de Québec registered with the Régie des rentes du Québec under number 24450, having regard to the reduction in expenditures pursuant to section 306.1 of the Supplemental Pension Plans Act (R.S.Q., chapter R-15.1) and to section 42 of this Act.

6. The resolution suspends, from the date following the date of adoption of the resolution, the exercise of the right to strike or the right to declare a lock-out in relation to the conclusion, renewal or revision of a collective agreement until the parties reach an agreement on the reduction of labour costs or until an arbitration award is rendered under this Act. Any strike or lock-out in progress must cease on the date following the date of adoption of the resolution. As of that time, the conditions of employment applicable to the employees shall be those that are to continue to apply pursuant to section 59 of the Labour Code.

The arbitration of a dispute relating to the conclusion, renewal or revision of a collective agreement is suspended for the same period.

DIVISION III

SETTLEMENT OF DISAGREEMENTS WITH CERTIFIED ASSOCIATIONS OF EMPLOYEES UNDER THE LABOUR CODE

§1. — Final proposal of the municipal body

7. A municipal body that adopts a resolution under section 4 shall, at the same sitting, establish by resolution a final proposal, to be made to each of the certified associations of employees concerned, setting out the cutback measures to be taken to achieve the reduction objective fixed.

8. The proposal shall first indicate the amount of any savings anticipated by the municipal body in the course of the fiscal year 1998 as a result of the staff reduction that the municipal body may achieve unilaterally through attrition.

Any staff reduction already projected for that fiscal year, under an agreement entered into with the association of employees, shall not be taken into account in the calculation of the staff reduction under the first paragraph.

9. The proposal shall also set out the other cutback measures enabling, together with the cutback measures referred to in the first paragraph of section 8, a reduction in expenditures, equivalent to the reduction set out in the resolution, to be achieved.

Such cutback measures must have a recurrent effect and may relate only to the following matters :

(1) changes to the conditions of employment provided for in the collective agreement in force or applicable to the employees under section 59 of the Labour Code or under an expired collective agreement, other than the wage rates and salary scales applicable to the employees who are in the employ of the municipal body at that time ;

(2) in respect of a pension plan, the allocation of the surplus assets of the pension plan to the payment of contributions or the amendment of provisions relating to contributions or the method for calculating contributions.

10. In addition to a description of the cutback measures, the proposal must include

(1) a statement of the annual amount of the reduction represented by the percentage fixed pursuant to section 5 ;

(2) the method of calculation of the savings projected and the items taken into account to arrive at the proposed amount.

11. The proposal may also include temporary cutback measures pertaining to matters referred to in the second paragraph of section 9 to make up any amount of the reduction objective fixed in the resolution that is not attained between 1 January 1998 and the date on which the proposed measures become effective.

12. A proposal may provide for the allocation of surplus assets of a pension plan to the payment of employer contributions only if no amount is payable in relation to an unfunded actuarial liability or to an amount referred to in subparagraph 4 of the second paragraph of section 137 of the Supplemental Pension Plans Act and only if the latest actuarial valuation of the entire pension plan, the report of which was transmitted to the Régie des rentes du Québec, enabled a surplus of assets to be determined according to both the funding method and the solvency method, in accordance with Chapter X of that Act.

In addition, the maximum amount of surplus assets that, pursuant to a resolution, may be allocated to the payment of employer contributions is the lesser of the surplus determined according to the funding method and the surplus determined according to the solvency method at the time the actuarial valuation under the first paragraph was made, reduced by the value of additional obligations arising from an amendment to the pension plan that was made after the date of that actuarial valuation and did not give rise to the determination of an improvement unfunded actuarial liability referred to in Chapter X of the said Act.

13. The municipal body shall transmit the resolution adopted under section 4 and its proposal to each certified association of employees concerned, and shall transmit a copy to the Minister of Labour.

§2. — *Final proposal of a certified association*

14. Within seven days after receipt of the proposal of the municipal body, a certified association may transmit to the municipal body a final proposal, a copy of which is sent to the Minister of Labour, setting out cutback measures enabling the reduction objective fixed under section 5 to be achieved.

The proposal of the certified association may relate only to matters that may be the subject of a proposal of the municipal body. The proposal must include the particulars mentioned in section 10.

The cutback measures proposed may not operate to reduce the level of service provided to the population by the municipal body below the previous level of service or below the level that would result from the application of the proposal of the municipal body.

§3. — *Mediation and arbitration*

15. After the transmission of the proposal of the certified association or, if no such proposal is transmitted, at the expiry of the period provided for in section 14, the Minister of Labour shall, if there is no agreement, appoint a mediator-arbitrator.

16. The mediator-arbitrator must, before proceeding to arbitration, attempt to bring the parties to an agreement.

If the parties have not reached an agreement within seven days after the appointment of the mediator-arbitrator, the mediator-arbitrator shall proceed with the arbitration of the disagreement and shall notify the parties thereof.

17. Section 76, the first paragraph of section 80, sections 81 to 87, 89, 91, 91.1 and 139 to 140 of the Labour Code, adapted as required, apply to the arbitration.

18. Within five days after transmission of a notice under section 16, the parties may transmit written observations to the mediator-arbitrator.

19. The mediator-arbitrator shall proceed with the arbitration on examination of the record. If the mediator-arbitrator considers it necessary, the mediator-arbitrator may hold a hearing.

20. The parties may, at any time, come to an agreement on the subject of the disagreement.

21. The mediator-arbitrator shall, while taking equity into account, choose between the two final proposals the proposal that appears to the mediator-arbitrator to be the more likely to ensure that the reduction objective fixed pursuant to section 5 is achieved. The arbitration award must reproduce the content of the proposal.

If the mediator-arbitrator is seized of only one final proposal or if only one proposal is in conformity with this Act, the mediator-arbitrator shall render an award that reproduces the content of that proposal.

22. The mediator-arbitrator may not amend a final proposal, except to correct an error in spelling or in calculation or any other clerical error. The mediator-arbitrator may also, if necessary, make adjustments to a measure contained in a final proposal to accurately reflect the true intent of the party having made the proposal or to incorporate a measure into the collective agreement.

23. The mediator-arbitrator's award must be rendered within 10 days after the transmission of the notice provided for in section 16.

Where, in the opinion of the Minister of Labour, exceptional circumstances so warrant, the Minister may, at the request of the mediator-arbitrator, grant an extension for the period determined by the Minister.

24. The arbitration award must be in writing and be signed by the mediator-arbitrator. It need not contain reasons before it becomes effective.

If, however, a party so requests upon receipt of the award, the mediator-arbitrator must give reasons in writing for the decision.

If the arbitration award contains a provision relating to a pension plan, the mediator-arbitrator must transmit a copy of the award to the administrator of the plan and to the Régie des rentes du Québec. The Régie shall register the award and notify the administrator of the plan.

25. The arbitration award is binding on the parties.

If a collective agreement is in force, the award operates as an amendment to the collective agreement. If negotiations are in progress to renew the collective agreement, the measures set out in the award are, from the date the arbitration award becomes effective, deemed to form part of the latest collective agreement. If negotiations are in progress in respect of a first collective agreement, the measures set out in the arbitration award change the conditions of employment that are applicable.

26. The provisions of an agreement reached after the adoption of a resolution under section 4 or the provisions of an arbitration award under section 25 that relate to a pension plan operate to amend the pension plan, and bind, without any condition, time limit or formality, every person or body having rights or obligations under the pension plan.

The allocation of surplus assets of a pension plan to the payment of contributions pursuant to such an agreement or arbitration award shall cease on the date of any actuarial valuation of the pension plan establishing that the conditions provided in the first paragraph of section 12 are no longer satisfied or that the balance of the surplus amount referred to in the second paragraph of that section has become inadequate.

27. An arbitrator or mediator-arbitrator assigned, under the Labour Code, to arbitration proceedings that have been suspended pursuant to section 6 is bound by an agreement reached after the adoption of a resolution under section 4 or by an arbitration award rendered under this division. The arbitrator or mediator-arbitrator must, in rendering the award in respect of the dispute, ensure that full effect is given to the reduction of labour costs resulting from this Act.

28. The Minister of Labour shall determine the remuneration and costs to which a mediator-arbitrator is entitled. The remuneration and costs shall be borne by the municipal body, and are deemed to be paid to the mediator-arbitrator pursuant to a contractual obligation of the municipal body.

DIVISION IV

PROVISIONS RELATING TO THE UTILIZATION OF THE ACTUARIAL GAINS OF PENSION PLANS OF THE EMPLOYEES OF VILLE DE MONTRÉAL

29. The purpose of this division is to reduce the labour costs of Ville de Montréal through the utilization of the actuarial gains of the following pension plans :

(1) the Régime de retraite des contremaîtres de la Ville de Montréal, registered under number 27693 ;

(2) the Régime de retraite des employés manuels de la Ville de Montréal, registered under number 27494 ;

(3) the Régime de retraite des fonctionnaires de la Ville de Montréal, registered under number 27543 ;

(4) the Régime de retraite des pompiers de la Ville de Montréal, registered under number 22503 ;

(5) the Régime de retraite des professionnels de la Ville de Montréal, registered under number 28739.

This division also applies to the Régime de retraite des cadres de la Ville de Montréal, registered with the Régie des rentes du Québec under number 27542.

Each such pension plan shall include the agreement referred to in section 3 or 4 of the Act respecting the city of Montréal (1984, chapter 75) that relates to that pension plan.

30. Notwithstanding any contrary provision, any pension plan referred to in section 29 shall be the subject of an actuarial valuation of the entire pension plan as at 31 December 1997. The actuary shall, not later than 31 August 1998, or within any additional period granted by the Régie, transmit to the Régie, to the administrator of the pension plan, to the city and to the association of employees concerned the report relating to that valuation.

Until a report under the first paragraph is transmitted to the Régie, the city must pay a monthly contribution equal to the contribution determined in the report of the latest actuarial valuation of the entire pension plan transmitted to the Régie, reduced by the following amounts :

(1) an amount corresponding to the amount otherwise required to be paid to amortize any technical unfunded actuarial liability or improvement unfunded actuarial liability referred to in Chapter X of the Supplemental Pension Plans Act ;

(2) an amount corresponding to not more than 50% of the amount otherwise required to be paid to amortize any initial unfunded actuarial liability within the meaning of that Act.

31. Upon receipt of the report provided for in section 30, the city must, where required, pay into the pension fund any additional amount that it should have paid from 1 January 1998 pursuant to the Supplemental Pension Plans Act; interest, computed according to the rate of return of the pension fund during the period concerned, shall be paid into the fund by the city in respect of any insufficient contribution.

Where the contributions paid by the city from 1 January 1998 are greater than the contributions required under the Supplemental Pension Plans Act, the city may reduce the contributions that it is required to pay thereafter until it is compensated for the overpayments it has made.

32. An amount of \$1,166,667,000 determined as at 31 December 1997 and corresponding to the value of the actuarial gains to be determined in the actuarial valuation prepared for that date, or up to that amount in future valuations, must be used to reduce the amortization amounts relating to certain unfunded liabilities or to improve the benefits of the members or beneficiaries of the pension plan in the manner provided in sections 306.2 to 306.5 of the Supplemental Pension Plans Act. The amount shall be apportioned between the pensions plans referred to in section 29 in the following proportions:

(1) the pension plan referred to in subparagraph 1 of the first paragraph: 2.5774% ;

(2) the pension plan referred to in subparagraph 2 of that paragraph: 31.1318% ;

(3) the pension plan referred to in subparagraph 3 of that paragraph: 31.5081% ;

(4) the pension plan referred to in subparagraph 4 of that paragraph: 17.7105% ;

(5) the pension plan referred to in subparagraph 5 of that paragraph: 7.6546% ;

(6) the pension plan referred to in the second paragraph: 9.4176%.

For the purposes of this section, the actuarial gain is the positive difference between, on the one hand, the value of the assets of the plan, increased by the value of the amortization amounts remaining to be paid in relation to one or more unfunded actuarial liabilities, and, on the other hand, the value of the obligations arising out of the pension plan, having regard to the service credited to the members. The gain shall be measured according to the funding method provided for in Chapter X of the Supplemental Pension Plans Act.

DIVISION V

MISCELLANEOUS PROVISIONS

33. The remuneration, fixed in accordance with the Act respecting the remuneration of elected municipal officers (R.S.Q., chapter T-11.001) and applicable on 1 January 1998 in the case of a municipality that adopts a resolution under section 4, shall be reduced, from the adoption of such a resolution, by a percentage equal to the percentage fixed in the resolution as the reduction objective or, if more than one percentage is fixed, equal to a percentage corresponding to the average of the percentages fixed. In the case of Ville de Montréal and Ville de Québec, that remuneration shall be reduced by 6% from the same date.

The same applies in respect of any other form of remuneration attached to the functions of member of the council or of a committee or commission of a municipal body.

Those reductions may not, however, operate to lower the remuneration to a level that is below the minimum level of remuneration provided for in section 16 of the said Act.

This section applies in respect of elected municipal officers whose annual remuneration was reduced after 25 March 1997 only to the extent required to achieve a reduction corresponding to a percentage equal to or greater than the percentage that would result from the application of the first paragraph.

34. A municipal body that has adopted a resolution under section 4 may take, in respect of those of its employees who are not represented by an association of employees certified under the Labour Code, cutback measures enabling the reduction objective fixed in the resolution to be achieved without reduction in the wage rates and salary scales applicable to the employees in the employ of the municipal body at that time. It may take, in respect of the members of the council or of a committee or commission of the municipal body who are not elected municipal officers, cutback measures enabling a labour cost reduction of not more than 6% to be achieved.

Subject to the same restriction, Ville de Montréal may, in respect of such employees, take cutback measures enabling a labour cost reduction of not more than 6% to be achieved, except if such a reduction was achieved after 25 March 1997.

No remedy under sections 72 to 73 of the Cities and Towns Act (R.S.Q., chapter C-19), under articles 181 and 267.0.1 of the Municipal Code of Québec (R.S.Q., chapter C-27.1), under sections 71 and 169.9 of the Act respecting the Communauté urbaine de l'Outaouais (R.S.Q., chapter C-37.1), under sections 107 and 281 of the Act respecting the Communauté urbaine de Montréal (R.S.Q., chapter C-37.2), under sections 76 and 187.24 of the Act respecting the Communauté urbaine de Québec (R.S.Q., chapter C-37.3), under section 61 of the Act respecting municipal courts (R.S.Q., chapter

C-72.01), under section 20 of the Act respecting municipal taxation (R.S.Q., chapter F-2.1) or under section 79 of the Police Act (R.S.Q., chapter P-13) may be exercised against any measure taken under this section that operates to reduce the remuneration received by an employee. Notwithstanding any contrary provision of a statute or statutory instrument, a decision pertaining to such a measure may be made, at a sitting of the council of the municipal body, by a vote for which the required majority is the majority applicable for the adoption of a resolution under section 4.

35. For the purposes of sections 4 and 7, a special sitting of the council of a regional county municipality may be called by a notice calling a meeting of the council given to the members at least two days before the date fixed for the sitting.

36. For the purposes of sections 9 and 14, a proposal that relates to a pension plan whose members are represented by more than one certified association must

(1) in the case of a proposal of a municipal body, be made to all certified associations concerned;

(2) in the case of a union proposal, be made by all certified associations concerned.

37. Any document required to be transmitted to the Minister of Labour under this Act shall be transmitted, to the attention of the Minister, to the arbitration service of the Ministère du Travail in the city of Québec.

38. A staff reduction by attrition resulting from the application of this Act does not require the authorization of the Minister of Public Security provided for in the third paragraph of section 64.0.1 of the Police Act.

39. This Act does not apply to Northern, Cree or Naskapi villages, to the parish of Notre-Dame-des-Anges, to the municipality of Saint-Benoît-du-Lac or to the parish of Saint-Louis-de-Gonzague-du-Cap-Tourmente.

DIVISION VI

AMENDING AND FINAL PROVISIONS

40. The Supplemental Pension Plans Act (R.S.Q., chapter R-15.1) is amended by inserting, after section 135, the following:

“§3. — *Special provisions applicable to certain pension plans in the municipal sector*

“**135.1.** This subdivision applies in respect of the following pension plans:

(1) the Régime de retraite des cadres de la Ville de Montréal, registered under number 27542;

(2) the Régime de retraite des contremaîtres de la Ville de Montréal, registered under number 27693;

(3) the Régime de retraite des employés manuels de la Ville de Montréal, registered under number 27494;

(4) the Régime de retraite des fonctionnaires de la Ville de Montréal, registered under number 27543;

(5) the Régime de retraite des pompiers de la Ville de Montréal, registered under number 22503;

(6) the Régime de retraite des professionnels de la Ville de Montréal, registered under number 28739.

“135.2. The provisions of section 133 do not apply to a pension plan subject to this subdivision except as required for the purposes of section 134.

The reduction authorized under section 134 does not apply to the amortization of an initial unfunded actuarial liability or improvement unfunded actuarial liability affecting such a plan.

The reductions authorized under section 134 in relation to the other amounts and unfunded actuarial liabilities to which it applies are, in the case of such a plan, mandatory.

“135.3. Notwithstanding section 132, the amortization amounts payable in respect of any initial unfunded actuarial liability or any improvement unfunded actuarial liability may be reduced only to the extent provided for in section 135.4.

Moreover, the amortization amounts payable in respect of any initial unfunded actuarial liability which affects a pension plan subject to this subdivision and for which the amortization period originally fixed by law exceeds 15 years may be increased only to the extent required by section 135.5.

However, no reduction in amortization amounts authorized by this section may be made that would cause an amount payable to be determined pursuant to subparagraph 4 of the second paragraph of section 137 or to be higher than it would have been without the reduction.

“135.4. If a balance of the surplus amount referred to in the first paragraph of section 134 remains after the reductions made mandatory pursuant to section 135.2, all or part of the surplus may be utilized to reduce proportionately each of the amortization amounts remaining to be paid to amortize one or more unfunded actuarial liabilities referred to in section 135.3

or to shorten the amortization period of such unfunded actuarial liabilities, without, in the latter case, increasing the amounts remaining to be paid. In the case of a plan referred to in paragraphs 2 to 6 of section 135.1, such a utilization may be authorized only if the city and the employees' associations representing the majority of the members of the plan agree thereto in writing. A copy of every agreement must be transmitted to the Régie together with the report on the actuarial valuation outlining the result of the agreement.

“135.5. Any report of the actuarial valuation of a pension plan subject to this subdivision must include a projection of the level of the pension fund for a period of at least 15 years, without extending beyond the amortization period of an unfunded actuarial liability referred to in the second paragraph of section 135.3. The Régie may fix all the conditions that it considers appropriate for the determination of the actuarial assumptions and methods to be used for that purpose.

Where such a projection indicates that the assets will become inadequate in the course of that period to pay as required the refunds and pension benefits provided by the plan, the actuary shall include, in his or her report, a recommendation concerning corrective measures, including increases, that must be taken in respect of the amortization amounts to ensure that the assets are adequate at all times during that period. The recommendation must be approved by the Régie; if approved, the recommendation is binding on the administrator of the plan and on the parties. If the recommendation is not approved, the Régie may order any remedial measure it determines.”

41. The said Act is amended by inserting, after section 306, the following :

“306.1. As concerns the Régime de retraite de la Ville de Québec registered under number 24450, the amortization amounts remaining to be paid as at 30 December 1997 for any initial unfunded actuarial liability which affects the pension plan and for which the amortization period originally fixed by law exceeds 15 years must correspond to the amounts that were identified in the report of the latest actuarial valuation of the entire pension plan transmitted to the Régie before 12 March 1998.

Notwithstanding section 134, the reduction in the amortization amounts remaining to be paid in relation to the unfunded liability referred to in the first paragraph shall be effected last, the other reductions under that section being otherwise mandatory. The balance of the surplus, if any, may thereafter be used to reduce proportionately each of the amounts remaining to be paid to amortize the unfunded liability.

Section 135.5, adapted as required, applies to the pension plan as regards the initial unfunded actuarial liability referred to in the first paragraph.

The provisions of this section apply to any actuarial valuation of the plan the report of which is transmitted to the Régie after 12 March 1998. Such provisions shall prevail over any contrary provision.

“306.2. As concerns the pension plans referred to in section 135.1, the amortization amounts remaining to be paid as at 30 December 1997 for any unfunded actuarial liability referred to in the second paragraph of section 135.3 shall be modified from that date to ensure that

(1) the same amount is paid in the course of each year occurring between 1 January 1998 and 31 December 2003 ;

(2) an amount corresponding to 170% of the amount referred to in subparagraph 1 is paid in the course of the year 2004 ;

(3) an amount corresponding to 106% of the amount to be paid for the preceding year is paid in the course of each year occurring between 1 January 2005 and 31 December 2015 ;

(4) an amount identical to the amount required to be paid for the year 2015 in accordance with subparagraph 3 is paid in the course of each year occurring between 1 January 2016 and 31 December 2045 ;

(5) no amount is paid after 31 December 2045.

The amount referred to in subparagraph 1 of the first paragraph must be determined in such a manner that, as at 30 December 1997, the value of all the amounts referred to in that paragraph is the same as the value of the amortization amounts that remained to be paid after that date and that had been identified in the report of the latest actuarial valuation of the entire pension plan transmitted to the Régie before 12 March 1998. The values must be calculated using the same interest assumption as that used for the valuation. The amounts referred to in the first paragraph may not be modified after 30 December 1997 except in accordance with subdivision 3 of Division II of Chapter X and with sections 306.3 to 306.5.

“306.3. As long as the value, as at 31 December 1997, of the reduction in amortization amounts effected up to or after that date, pursuant to the third paragraph of section 135.2 and to this section, is less than nine fourteenth of the portion of gain determined in respect of the pension plan pursuant to the first paragraph of section 32 of the Act respecting the negotiation of agreements concerning the reduction of labour costs in the municipal sector (1998, chapter 2), the balance of the surplus referred to in section 135.4 shall be used in the following manner and order :

(1) to reduce proportionately each of the amortization amounts remaining to be paid to amortize any improvement unfunded actuarial liability or technical unfunded actuarial liability identified in the report of the latest actuarial valuation of the entire pension plan transmitted to the Régie before 12 March 1998, from the oldest to the most recent, if there is more than one ;

(2) to reduce proportionately each of the amortization amounts remaining to be paid after 31 December 2003 to amortize any unfunded actuarial liability referred to in the second paragraph of section 135.3.

“306.4. Where the ceiling provided for in section 306.3 is reached but the value, as at 31 December 1997, of the reduction in amortization amounts effected up to or after that date, pursuant to this section, is less than the portion of gain determined in respect of the pension plan pursuant to the first paragraph of section 32 of the Act respecting the negotiation of agreements concerning the reduction of labour costs in the municipal sector, the balance of the surplus referred to in section 135.4 shall be used

(1) to reduce proportionately each of the amortization amounts remaining to be paid after 31 December 2003 to amortize the unfunded actuarial liability referred to in the second paragraph of section 135.3;

(2) to eliminate all amortization amounts remaining to be paid to amortize an improvement unfunded actuarial liability resulting from the improvement of the benefits of the members or beneficiaries of the plan.

In the case of a plan referred to in paragraphs 2 to 6 of section 135.1, the balance of the surplus amount may be used in a proportion greater than 60% in accordance with subparagraph 1 of the first paragraph only if the city and the employee’s associations representing the majority of the members of the plan agree thereto in writing. A copy of the agreement must be transmitted to the Régie together with an application for registration of the amendment to the pension plan.

In the case of the plan referred to in paragraph 1 of section 135.1, the proportion of the balance used in accordance with subparagraph 1 of the first paragraph shall be at least 60%.

If, once the amortization amounts referred to in subparagraph 1 of the first paragraph are eliminated, a residual amount which may be used pursuant to this section is remaining on the balance of the surplus, the amount must be used for the purposes of subparagraph 2 of the first paragraph, in a proportion of 40%.

“306.5. The value as at 31 December 1997 of the reductions referred in sections 306.3 and 306.4 must be calculated using the same interest assumption as that used for the actuarial valuation of the pension plan effected as at 31 December 1997. However, the city and the employees’ associations representing the majority of the members of the plan may agree in writing that the value of the reductions be calculated according to the interest assumption utilized in any valuation effected as at a later date; in such a case the plan must be amended to provide for the method of calculation of that value. Moreover, no reduction may be made that would cause an amount payable to be determined pursuant to subparagraph 4 of the second paragraph of section 137 or to be higher than it would have been without the reduction.

The amounts payable according to subparagraph 1 of the first paragraph of section 306.2 may not be reduced except in a proportionate manner and through the utilization of the gain determined in the actuarial valuation under section 30 of the Act respecting the negotiation of agreements concerning the

reduction of labour costs in the municipal sector. In addition, the amount referred to in subparagraph 2 of the first paragraph of section 306.2 shall be adjusted as at 31 December 1997 in such a manner that, after the application of paragraph 2 of section 306.3 or of subparagraph 1 of the first paragraph of section 306.4, the present value as at that date of the reduction of the amortization amounts that had been identified in the report referred to in the second paragraph of section 306.2 and that, according to that report, were required to be paid from that date until 31 December 2007 becomes equal to 50% of the value of the reduction of all the amortization amounts relating to the unfunded actuarial liability referred to in the second paragraph of section 135.3.

“306.6. The provisions of subdivision 3 of Division II of Chapter X and of sections 306.2 to 306.5 apply to any actuarial valuation of a pension plan referred to in section 135.1 the report of which is transmitted to the Régie after 12 March 1998. Such provisions shall prevail over any contrary provision.”

42. Article 172 of the Charter of the city of Montréal (1959-60, chapter 102) is amended by inserting, after the second paragraph, the following :

“However, the recommendation provided for in the second paragraph may be made, in respect of a by-law effecting the amendment referred to in subparagraph 2 of the first paragraph of section 306.4 of the Supplemental Pension Plans Act, only by the majority of the members designated among the plan members.”

43. Section 162*b* of the Charter of the city of Québec (1929, chapter 95) is replaced by the following :

“162*b*. A by-law adopted under section 162*a* is subject to the Supplemental Pension Plans Act (R.S.Q., chapter R-15.1).

The amount of all the contributions that the city must pay into the fund of its pension plan pursuant to that Act shall not, for each year occurring between 1 January 1998 and 31 December 2010, be less than 13% of the total payroll of the members.”

44. Notwithstanding section 3, Division IV and sections 40 to 43 bind, without any condition, time limit or formality, every person or body having rights or obligations under a pension plan to which they apply.

45. The Minister of Municipal Affairs is responsible for the administration of this Act, except sections 15 to 28 which are under the administration of the Minister of Labour.

46. Section 43 has effect from 1 January 1998.

47. This Act comes into force on 12 March 1998.
SCHEDULE

EXPENDITURE USED FOR THE CALCULATION OF THE
REDUCTION OBJECTIVE
(Section 5)

— wages and salaries, bonuses, allowances and salary and wage replacement indemnities ;

— employer contributions made by the municipal body to pension and group insurance plans and to public plans such as health insurance, employment insurance and the Québec Pension Plan ;

— contributions paid to the Commission de la santé et de la sécurité du travail and to the Commission des normes du travail ;

— other employment benefits such as repayment of sick-leave days, vacation bonuses, moving expenses and free room and board.