

Manitoba Employee Pensions and Other Costs

**Annual Report**  
**2007 - 2008**



His Honour the Honourable John Harvard, P.C., O.M.  
Lieutenant Governor of Manitoba  
Room 235, Legislative Building  
Winnipeg, Manitoba  
R3C 0V8

May it Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report covering Manitoba Employee Pensions and Other Costs for the fiscal year ending March 31, 2008.

Respectfully submitted,

Honourable Greg Selinger  
Minister of Finance





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# Introduction

## Report Structure

The Annual Report is organized in accordance with the departmental appropriation structure, which reflects the department's authorized vote approved by the Legislative Assembly. The report includes information at the main and sub-appropriation levels, including program descriptions, financial performance and variances, as well as a five-year historical table detailing departmental expenditures.

## Overview

The benefits administration program area of Labour Relations Services, Treasury Board Secretariat, is responsible for providing central administrative services to government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and personnel policies. Negotiated plans include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drug and Long Term Disability plans as well as the Health Spending Account. The branch manages the payment and recovery of Workers Compensation from government departments and certain agencies and compiles financial information for statutory benefit and insurance programs including the Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance, Employment Insurance and the Levy for Health and Post-Secondary Education.

There are two benefit categories:

- 1) Non-Recoverable, including Superannuation, Workers Compensation (central costs) and other salary related benefits; and
- 2) Recoverable, including Canada Pension Plan, Employment Insurance, Civil Service Group Life Insurance, Workers Compensation (departmental costs), Dental, Long Term Disability, Ambulance and Hospital Semi-Private, Vision Care and Prescription Drug Plans and the Health Spending Account, as well as the Levy for Health and Post-Secondary Education and Pension Liability for New Employees. All costs for recoverable benefits incurred by Employee Pensions and Other Costs are recovered from departments based on either actual salaries paid to employees or on the actual benefit premium paid. Within the recoverable category, benefits can also be divided into two classifications: external, premium-based and self-insured.



**PART I**  
**Employee Pensions and Other Costs**





# Employee Pensions and Other Costs

## A. Non-Recoverable Benefits

### Civil Service Superannuation Plan

The Civil Service Superannuation Plan provides funding for the employer's share (50%) of pensions paid to retired civil servants in 2007/08, including the annual cost of living increase. Costs consist of payments that were made to 9,436 pensioners.

In addition to this funding, the province has allocated funds in its annual Budget to reduce the annual accumulated pension liability by matching the annual pension contribution for all civil servants hired from April 1, 2000 onward and allocating a portion of a legislated provision for debt/pension repayment toward the accumulated pension liability related to existing employees. In 2007/08, \$85.5 million of the \$110.5 million deposited to the debt retirement fund was allocated for the purpose of reducing the government's pension liability. This additional funding is not included in the Estimates of Expenditure for the Operating Fund but is recorded as a transfer from the Debt Retirement Fund. Effective October 1, 2002, the employer's cost of matching pension contributions for new employees hired is the responsibility of the employing department as noted under "Pension Liability for New Employees" outlined on page 10.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate* 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1a Civil Service Superannuation Plan	83,611.1	80,711.9	2,899.2	

\* The 2007/08 Estimate includes an allocation of \$1,366.8 from Appropriation 26-5, Internal Reform, Workforce Adjustment and General Salary Increases, to provide for unbudgeted costs associated with increased level of retirements, terminations, reciprocal transfers, marital breakdowns and employee deaths.

### Other Salary Related Benefits

This sub-appropriation provides funding for recording of the annual increase/decrease in the liabilities for severance, vacation and overtime entitlements for employees who have met the service requirements stated in the collective agreement and are still members of the civil service. Beginning in the 2004/05 fiscal year, the liability associated with employees receiving long term disability and workers compensation benefits has also been recorded.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate* 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1b Other Salary Related Benefits	10,966.5	10,966.5	0.0	

\* The 2007/08 Estimate includes an allocation of \$2,103.3 from Appropriation 26-5, Internal Reform, Workforce Adjustment and General Salary Increases, to provide for unbudgeted costs associated with the liabilities.

## Workers Compensation Board

The Workers Compensation Board (WCB) provides funding for the annual payments to government employees injured at work as assessed by the WCB as well as fees paid to WCB for administration of the compensation plan. The annual payments are recovered from other departments in respect of their employees.

The province is self-insured with respect to Workers Compensation payments, although the WCB provides administrative and assessment services.

<b>Expenditures by Sub-Appropriation</b>	<b>Actual 2007/08 \$(000s)</b>	<b>Estimate 2007/08 \$(000s)</b>	<b>Variance Over/ (Under) \$(000s)</b>	<b>Expl. No.</b>
06-1c Workers Compensation Board				
(1) Assessments	4,363.9	3,852.5	511.4	
(2) Less: Recoveries	(4,363.7)	(3,837.5)	(526.2)	
<b>Total Sub-Appropriation</b>	<b>0.2</b>	<b>15.0</b>	<b>(14.8)</b>	

## B. Recoverable Benefits

### Canada Pension Plan

This sub-appropriation provides for the employer's matching contribution as required under *The Canada Pension Plan Act* for all eligible civil servants.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1d Canada Pension Plan	29,835.4	31,265.3	(1,429.9)	

### Employment Insurance Plan

The Employment Insurance (EI) Plan provides for the employer's share of premiums as required under *The Employment Insurance Act* for all civil servants.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1e Employment Insurance Plan	14,609.8	15,406.2	(796.4)	

### Civil Service Group Life Insurance

The Civil Service Group Life Insurance plan provides for the government's share (one-third) of payments under *The Public Servants Insurance Act* which includes basic insurance coverage, as well as group life and accidental death and disablement insurance, for all eligible civil servants.

Life insurance is provided to employees at a rate of up to five times their annual salary, to a maximum of \$1 million. The employer contribution is 27.5% of the first four multiples only (employee funds 100% of the fifth multiple). Accidental death and disablement insurance is 100% employer paid and is based on the employee's annual salary multiplied by class (1 to 5), as selected under the life insurance plan, up to a specified maximum.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1f Civil Service Group Life Insurance	1,934.5	1,950.5	(16.0)	

## Dental Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Dental Plan provides coverage for basic and major restorative dentistry to all eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

The plan pays for eligible dental care expenses, to a specified maximum, for both full-time and part-time employees. The annual maximum for basic dentistry is \$1,475.00 and the orthodontic lifetime maximum is \$1,675.00 for full-time employees. Coverage for part-time employees is based on 50% of the coverage amounts applicable for full-time employees and up to 50% of the maximum.

<b>Expenditures by Sub-Appropriation</b>	<b>Actual 2007/08 \$(000s)</b>	<b>Estimate 2007/08 \$(000s)</b>	<b>Variance Over/ (Under) \$(000s)</b>	<b>Expl. No.</b>
06-1g Dental Plan	7,442.3	7,895.0	(452.7)	1

1. *Costs associated with Dental Plan were below budget due to lower than anticipated costs associated with claims activity.*

## Vision Care

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Vision Care Plan provides coverage for prescription lenses and eye examinations for eligible civil servants and their dependants, where applicable. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

Full-time employees are reimbursed 80% for eligible vision care expenses, to a maximum of \$225.00 while part-time employees are reimbursed 80% for eligible expenses, to a maximum of \$112.50 every twenty-four month period from the previous actual purchase date.

<b>Expenditures by Sub-Appropriation</b>	<b>Actual 2007/08 \$(000s)</b>	<b>Estimate 2007/08 \$(000s)</b>	<b>Variance Over/ (Under) \$(000s)</b>	<b>Expl. No.</b>
06-1h Vision Care	1,238.2	1,413.0	(174.8)	1

1. *Costs associated with Vision Care were below budget due to lower than anticipated costs associated with claims activity.*

## Prescription Drug Plan

As negotiated through collective bargaining agreements or as provided in the regulations under *The Civil Service Act*, the Prescription Drug Plan provides coverage for eligible drugs or medicines including serums, injectibles, and insulin, which are sold on the written prescription of a medical practitioner and dispensed by a licensed pharmacist for eligible civil servants and their families. The province is self-insured with the plan carrier (Manitoba Blue Cross) being reimbursed for payments made to government employees under the plan as well as an administrative fee.

Full-time employees are reimbursed 80% for eligible expenses, to a maximum of \$650.00 per family per calendar year, while part-time employees are reimbursed 80% for eligible expenses, to a maximum of \$325.00 per family per calendar year.

<b>Expenditures by Sub-Appropriation</b>	<b>Actual 2007/08 \$(000s)</b>	<b>Estimate 2007/08 \$(000s)</b>	<b>Variance Over/ (Under) \$(000s)</b>	<b>Expl. No.</b>
06-1i Prescription Drug Plan	3,075.5	3,754.4	(678.9)	1

1. *Costs associated with the Prescription Drug Plan were below budget mainly due to fewer claims and associated costs.*

## Ambulance and Hospital Semi-Private Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the Supplementary Health Plan provides for an Ambulance and Hospital Semi-Private Plan to all eligible civil servants. Premium payments to the plan carrier (Manitoba Blue Cross) are made, based on the number of eligible employees. Full-time employees and part-time employees are eligible for coverage, although part-time employees are eligible for single coverage only. Premium payments to the plan carrier are 100% employer paid. Part-time employees may elect to increase their coverage to include family members by paying the difference between the family premium and single premium through voluntary payroll deductions. The premium rates for 2007 are unchanged from January 2006, remaining at \$9.10 for single coverage and \$19.24 for family coverage.

<b>Expenditures by Sub-Appropriation</b>	<b>Actual 2007/08 \$(000s)</b>	<b>Estimate 2007/08 \$(000s)</b>	<b>Variance Over/ (Under) \$(000s)</b>	<b>Expl. No.</b>
06-1j Ambulance and Hospital Semi-Private Plan	200.9	195.4	5.5	

## Long Term Disability (LTD) Plan

As negotiated under various collective agreements or as provided in the regulations under *The Civil Service Act*, the LTD Plan provides partial income protection to eligible full-time and part-time employees. The province is self-insured with the plan carrier (Great-West Life) being reimbursed for payments made to government employees under the plan as well as administrative fees and expenses.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1k Long Term Disability Plan	4,632.1	5,704.8	(1,072.7)	1

1. *Costs associated with the Long Term Disability Plan were below budget mainly due to fewer claims and associated costs.*

## Levy for Health and Post-Secondary Education

This sub-appropriation provides for the province's payment as required by *The Health and Post-Secondary Education Tax Levy Act*.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1l Levy for Health and Post-Secondary Education	18,314.4	18,173.7	140.7	

## Pension Liability for New Employees

To address the accumulated pension liability, the Province established a sub-appropriation in 2002/03 to record the employer's cost of matching pension contributions made by civil servants hired on or after October 1, 2002. Costs are the responsibility of the hiring department and, similar to recoverable benefits, are ultimately reflected in the employing department.

Expenditures by Sub-Appropriation	Actual 2007/08 \$(000s)	Estimate 2007/08 \$(000s)	Variance Over/ (Under) \$(000s)	Expl. No.
06-1m Pension Liability for New Employees	9,102.6	10,002.7	(900.1)	1

1. *Costs associated with the Pension Liability for New Employees were below budget as fewer than expected new government employees were hired between April 1, 2007 and March 31, 2008.*

## Health Spending Account

The Health Spending Account provides for a new benefit plan negotiated as part of the Manitoba Government Employees Union agreement settlement. Effective January 1, 2007, the plan allows employees to claim costs up to \$300.00 for full-time employees and \$150.00 for part-time employees per year (per family) where the annual maximum claim limit associated with other benefit plans has been exceeded. This plan is 100% employer funded.

<b>Expenditures by Sub-Appropriation</b>	<b>Actual 2007/08 \$(000s)</b>	<b>Estimate 2007/08 \$(000s)</b>	<b>Variance Over/ (Under) \$(000s)</b>	<b>Expl. No.</b>
06-1n Health Spending Account	2,007.0	1,403.7	603.3	1

1. *Costs associated with the Health Spending Account were over budget mainly due to more claims and associated costs than expected.*



### **C. Recovery from Other Appropriations**

This account provides for the recovery of the cost of the various employee benefits plans and related overhead charges from other departments, as described in Section B – Recoverable Benefits.

<b>Expenditures by Sub-Appropriation</b>	<b>Actual 2007/08 \$(000s)</b>	<b>Estimate 2007/08 \$(000s)</b>	<b>Variance Over/ (Under) \$(000s)</b>	<b>Expl. No.</b>
06-1o Recoverable from Other Appropriations	(95,277.1)	(97,164.7)	1,887.6	

**PART II**  
**Financial Information**

**Part A - Operating Expenditure  
Employee Pensions and Other Costs  
Reconciliation Statement**

\$(000s)

DETAILS	2007-08 ESTIMATES
2007-08 MAIN ESTIMATES	\$ 88,223.3
MAIN ESTIMATES AUTHORITY TRANSFERRED FROM: - Enabling Appropriations: <ul style="list-style-type: none"> <li>• 26-5 Internal Reform, Workforce Adjustment and General Salary Increases</li> </ul>	3,470.1
2007-08 ESTIMATE	\$ 91,693.4

**Employee Pensions and Other Costs  
Expenditure Summary**  
for the fiscal year ended March 31, 2008 with comparative figures for the previous fiscal year  
\$(000s)

Estimate* 2007-08	Sub-Appropriation	Actual 2007-08	Actual 2006-07	Increase / (Decrease)	Expl. No.
\$ 80,711.9	06-1a Civil Service Superannuation Plan	\$ 83,611.1	\$ 76,070.4	\$ 7,540.7	1
10,966.5	06-1b Other Salary Related Benefits	10,966.5	3,284.1	7,682.4	2
	06-1c Workers Compensation Board				
3,852.5	(1) Assessments	4,363.9	3,919.8	444.1	
(3,837.5)	(2) Less: Recoveries	(4,363.7)	(3,919.5)	(444.2)	
\$ 15.0	<b>Subtotal (c)</b>	\$ 0.2	\$ 0.3	\$ (0.1)	
31,265.3	06-1d Canada Pension Plan	29,835.4	28,938.2	897.2	
15,406.2	06-1e Employment Insurance Plan	14,609.8	15,293.5	(683.7)	
1,950.5	06-1f Civil Service Group Life Insurance	1,934.5	1,854.8	79.7	
7,895.0	06-1g Dental Plan	7,442.3	7,122.0	320.3	
1,413.0	06-1h Vision Care	1,238.2	1,267.9	(29.7)	
3,754.4	06-1i Prescription Drug Plan	3,075.5	3,003.3	72.2	
195.4	06-1j Ambulance & Hospital Semi-Private Plan	200.9	200.5	0.4	
5,704.8	06-1k Long Term Disability Plan	4,632.1	4,436.5	195.6	
18,173.7	06-1l Levy for Health & Post-Secondary Education	18,314.4	17,406.3	908.1	
10,002.7	06-1m Pension Liability for New Employees	9,102.6	6,904.3	2,198.3	3
1,403.7	06-1n Health Spending Account	2,007.0	1,850.8	156.2	
\$ 97,164.7	<b>Subtotal (d) to (n)</b>	\$ 92,392.7	\$ 88,278.1	\$ 4,114.6	
(97,164.7)	06-1o Recoverable from Other Appropriations	(95,277.1)	(90,899.4)	(4,377.7)	4
<b>\$ 91,693.4</b>	<b>06 TOTALS</b>	<b>\$ 91,693.4</b>	<b>\$ 76,733.5</b>	<b>\$ 14,959.9</b>	

\* The 2007/08 Estimate includes an allocation of \$3,470.1 from Appropriation 26-5, Internal Reform, Workforce Adjustment and General Salary Increases, to provide for unbudgeted costs associated with increased level of retirements, terminations, reciprocal transfers, marital breakdowns, employee deaths and other salary related benefits.

**Explanations:**

1. The variance for Civil Service Superannuation Plan reflects increased pension benefits paid in 2007/08 for retirements, terminating employees, marital breakdowns, reciprocal transfers and employee deaths, including the annual cost of living increase.
2. The increase in Other Salary Benefits in 2007/08 mainly reflects the results of a one time adjustment made in the Long Term Disability Liability in 2006/07 as the result of an actuarial valuation.

**Employee Pensions and Other Costs  
Expenditures by Sub-Appropriation  
for the fiscal year ended March 31, 2008**

**Explanations: (continued)**

3. The Pension Liability for New Employees reflects departments' contributions, which represent the employer's cost of matching pension contributions made by civil servants hired on or after October 1, 2002. The variance reflects more new civil servants being hired replacing long-term employees as they retire or resign.
4. The increase in Recoverable from Other Appropriations from 2006/07 is primarily the net of higher payroll benefit costs than the prior year.

**PART III**  
**Historical Information**



**Employee Pensions and Other Costs**  
**Five Year Expenditure Summary**  
For the fiscal years ending March 31, 2004 to March 31, 2008  
\$(000s)

<b>Benefit Plan</b>	<b>Actual 2003/04</b>	<b>Actual 2004/05</b>	<b>Actual 2005/06</b>	<b>Actual 2006/07</b>	<b>Actual 2007/08</b>
06-1a Civil Service Superannuation Plan	59,353.0	62,815.9	69,380.3	76,070.4	83,611.1
06-1b Other Salary Related Benefits	7,634.6	5,517.8	8,472.9	3,284.1	10,966.5
06-1c Workers Compensation Board	4.2	1.7	0.1	0.3	0.2
06-1d Canada Pension Plan	26,468.0	26,723.8	27,399.3	28,938.2	29,835.4
06-1e Employment Insurance Plan	16,151.4	15,373.4	15,121.5	15,293.5	14,609.8
06-1f Civil Service Group Life Insurance	1,676.3	1,785.9	1,814.7	1,854.8	1,934.5
06-1g Dental Plan	6,354.5	6,937.2	7,176.7	7,122.0	7,442.3
06-1h Vision Care	1,108.7	1,251.8	1,242.4	1,267.9	1,238.2
06-1i Prescription Drug Plan	2,244.5	2,714.2	2,903.9	3,003.3	3,075.5
06-1j Ambulance & Hospital Semi-Private Plan	192.6	198.0	179.0	200.5	200.9
06-1k Long Term Disability Plan	4,917.7	4,813.8	4,649.3	4,436.5	4,632.1
06-1l Levy for Health & Post-Secondary Education	15,466.0	16,218.4	16,764.9	17,406.3	18,314.4
06-1m Pension Liability for New Employees	1,151.2	3,497.8	5,342.4	6,904.3	9,102.6
06-1n Health Spending Account	-	21.8	955.9	1,850.8	2,007.0
<b>Subtotal (d) to (n)</b>	<b>75,730.9</b>	<b>79,536.1</b>	<b>83,550.0</b>	<b>88,278.1</b>	<b>92,392.7</b>
06-1o Recoverable from Other Appropriations	(75,854.2)	(84,049.9)	(86,863.7)	(90,899.4)	(95,277.1)
<b>06 TOTALS</b>	<b>66,868.5</b>	<b>63,821.6</b>	<b>74,539.6</b>	<b>76,733.5</b>	<b>91,693.4</b>

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