Public Hearing: **Saskatchewan Teachers' Superannuation Plan**

MR. CHAIRMAN: — First of all, I want to welcome Mr. Muller who's joined us as of . . I think this is your first meeting today, or perhaps yesterday. Welcome to the committee. We're pleased to have you and look forward to working with you. We're proud of the work we do throughout the year. I think we handle our affairs in a fairly expeditious fashion. I welcome you to that.

I should also welcome our two representatives from the Saskatchewan Teachers' Superannuation, but I'm stuck. Oh, here we go. I should have known Lois Herback, executive secretary of the Teachers' Superannuation Commission; Arleen Copeman, administrative officer of the Teachers' Superannuation Commission.

MR. KATZMAN: — Where is Mr. Sawchuk? Is he retired?

MRS. COPEMAN: — He's probably in San Diego.

MR. KATZMAN: — He's retired.

MR. CHAIRMAN: — He's not on a fact-finding mission that he might have taken some of us along, is he?

I guess one of the questions I have is whether or not you were surprised by the size of the liabilities, or was it about what you expected?

MRS. HERBACK: — Mr. Chairman, that's approximately what was anticipated in 1982 when, I believe, Mr. Sawchuk addressed the committee.

MR. CHAIRMAN: — Under actuarial liabilities you have $849 million for liabilities for pension, and this plan, as I understand it, is now closed. There are no more teachers going into this plan.

MRS. HERBACK: — That is correct.

MR. CHAIRMAN: — And the date it was closed was as of . .

MRS. HERBACK: — It was July 1, 1980. But any teacher who has taught prior to July 1, 1980 and returns to teaching comes back under the formula, under the old plan.

MR. KATZMAN: — Choice?

MRS. HERBACK: — It's automatic to come back under the formula plan.

MR. CHAIRMAN: — They'd have to be modestly daft not to go back, as this one is so much richer.

MRS. HERBACK: — The option is available for them to transfer from the formula to the annuity, however — whatever their choice is in that matter.

MR. CHAIRMAN: — And then there's another paltry sum here of 16 million for pre-retirement death benefits. That's funeral expenses and so on for someone who dies before they retire, is it? What is pre-retirement death benefits?

MRS. HERBACK: — If an active member dies while they're teaching, before they've retired, then there are certain benefits that are available to them. Their surviving spouse may be eligible for a dependant's allowance based on 60 per cent of whatever they would have received, whatever they were eligible for, or what they would receive at the point that they did become eligible for an allowance.

MR. CHAIRMAN: — All right. And the termination benefits: what's that?

MRS. HERBACK: — That's refunds to members leaving the plan.

MR. CHAIRMAN: — How many people are there in this plan? What's the membership, the number of teachers involved in all of this?

MRS. HERBACK: — The actuarial evaluation is based on active members of 12,956 people as of June 30, 1983. There are inactive members of 4,415 individuals at that same date. And we consider our superannuates and their spouses and dependants also part of the plan. And there's a total of 4,453.

MR. CHAIRMAN: — So there's 4,453 all told?

MRS. HERBACK: — For superannuates and spouses and dependants.

MR. CHAIRMAN: — Right.

MR. KATZMAN: — On page 14, Ned, of the report, is that the number you're talking about? No, 14 shows number of members, 12,956.

MRS. HERBACK: — That's right.

MR. CHAIRMAN: — You did say 44,000, not 4,400?

MRS. HERBACK: — 4,400. Page 13 talks about the active members' statistics at the bottom of the page, the $12,956.

MR. CHAIRMAN: — The bottom of page 6 you said?

MRS. HERBACK: — No, page 13, the bottom of page 13. This is all the details on the membership data. Okay? As compared with active members of 13,681, June 30, 1979, the date of the previous valuation. Page 14 gives a breakdown of the active members by age and contributory service, and by average earnings by age.

MR. KATZMAN: — Okay. Now with that in mind, I believe Mr. Sawchuk's comments, where we get into on December 1, 1982, where Mr. Glauser started suggesting we're looking at a billion dollar shortage and so forth, and before we were done it even got higher. Now Mercer's report doesn't seem to indicate that we're at the 2 billion. We go along and it seems to say 1 now.

MRS. HERBACK: — Mercer's gives us a total unfunded liability as of June 30, 1983, of 1,346,720,000 as compared with a total unfunded liability for the previous valuation of 1.224 billion.

MR. KATZMAN: — Except, that all aside, that an unfunded liability (and I'm only going on my understanding so correct me if I'm wrong before I get off on the wrong tangent here), is if we put that much money in tomorrow, the fund would be solvent. Because we are not putting that money in tomorrow though, the meter on interest will continue to go because you're not putting money in there to gain interest. Therefore when 1.3 is what we're short tomorrow, if we had to pay everybody out, or, sorry, on that date the actuarial was done, but because of what the plan will do and because the amount being put in by contributors and because there is no interest on the money that should be there, the $1 billion, the fund will keep going further and further in the hole until the people in the 25 to 29, 30 to 34, all the way up to the age 44 grouping, maybe even to the 49 grouping, are really out of the plan. Because these are the people that are going to put the big drain on the plan, and then let's not put them on the plan for another 20 years, some of them. And that's when you're really going to get socked to. And general revenue of the government has to pay for it.

So the 1 billion is if we threw the money in tomorrow so that it could gain interest. But because it's not there, and not gaining interest, and of course the meter is going on the escalation of the pension plan because of inflation, we are probably a lot higher than 1 billion but we just don't know it.

MR. MORIN: — If you look on page 5, Ralph, you'll find that they deal with that problem, and it's 3.3 billion.

MR. KATZMAN: — That's the number I've been looking for.

MR. MORIN: — Up at the top.

MR. KATZMAN: — Okay. So we're 3.35 — no, that's million.

MRS. HERBACK: — I'd like to elaborate on that 3.35 million. That refers to if there were no money set aside at all — if there was not a separate fund established for member contributions and for government funding to go into and there was no interest-generating potential. That is what we would need at this point in time to address the unfunded liability as it's presented to us.

MR. KATZMAN: — One more time.

MRS. HERBACK: — Okay. This is if the teachers' plan was operating on the similar basis to the public employees benefits plan which does not have established a separate fund, and there were no interest generated on moneys in the fund, then we would need $3.3 million adjusted for inflation. It doesn't recognize any earning potential whatsoever. So that would compare with the 1.4 billion that we're currently talking about as an unfunded liability for the teachers' plan.

MR. CHAIRMAN: — Well, Lois, can I just have a run at this? If you wanted to deposit a sum in the fund tomorrow morning which would make the fund fully funded, what would that cheque be?

MR. KATZMAN: — Make it June 30, 1983.

MR. CHAIRMAN: — Okay. June 30, 1983.

MRS. HERBACK: — You would put in $1.4 billion. Well . .

MR. KATZMAN: — 1.34670.

MRS. HERBACK: — Yes. Right. That's the amount. You'd have to deposit that amount tomorrow — or June 30th.

MR. KATZMAN: — But because — and that would be if we were shutting that plan down that day and not allowing the teachers on that plan to stay there anymore, and just holding that reserve to pay them out. But because we're not doing that, they are getting benefits, as the system goes on, much above what their contribution and the government's contribution is. Now since 1979, the government, for the first time, has been putting their money and the government share into some reserve. I'm correct?

MRS. HERBACK: — Well their money has always gone . . The teachers' money has always been in a separate fund.

MR. KATZMAN: — But the government portion has never gone in.

MRS. HERBACK: — But the government has commenced matching contributions July 1, 1980.

MR. KATZMAN: — Okay. So because of all the years that we didn't pay our share, we operated on the basis of what the teachers were paying in and we were paying it out. So there was no shortfall until it's just starting to hit us.

MRS. HERBACK: — Well legislation, as it's in The Teachers' Superannuation Act, has two stipulations which basically outlines the level of government funding to the plan. One is that the government guarantees payroll regardless. And the second one is that the government shall match contributions. And that guaranteed payroll is all we spend.

MR. KATZMAN: — But because the guaranteed payroll was there, the matching funds has not been there, if truth be known. So the fact is they have borrowed by not putting their share in. They've used it for other purposes, I assume. Okay, with that assumption in mind, to get it sound, a government would have to throw $1,346 billion blank, blank into the fund tomorrow. That would be their gaining revenue. When I say revenue, I mean interest. And by the year 2040 or something, by the time everybody is deceased and off the plan, the plan should break even. That's the assumption of an actuary states, I believe. Okay. With that in mind . .

MR. MORIN: — . . (inaudible) . . continue to make matching contributions.

MR. KATZMAN: — No, no. And they got to continue to match the contributions from now until the last person paid in — you stop paying in. All that in mind, I am of the opinion that this figure is much like the Saskatoon actuary when they did the city of Saskatoon's employees.

The difference between us and the city of Saskatoon is the city of Saskatoon is forced to put the money into the account, where the Government of Saskatchewan is not forced to put the money in an account. The city of Saskatoon got to put the money in over 20 years to make up the unfunded liability, plus the interest the money would have accrued, so that the plan was not short — same basic type of formula plan.

What I'm trying to say here is that the 1 billion is not true because we don't have the . . It's not going to be in the account drawing interest. So I think that the bottom line here is: how many billion? Is it $3,351 billion that we are short, when we look at the interest we're losing when the whole game's over?

In other words, if you toss the money in today it's going to cost you a billion three. If you don't toss it in today, by the time you're done paying it all along, it's going to cost us $3,351 billion that we were short in the old teachers' plan.

I may need the comptroller or the auditor to give us some help on . . (inaudible) . .

MR. CHAIRMAN: — I think you're going to need all the king's horses and all the king's men.

MRS. HERBACK: — The comment that I would like to make on that, if I could, is that you're really talking about two things. You're talking about the actuarial liability that has been identified as the dollar requirement as of a given date. There is also the cash flow which is a separate issue altogether — what has to be done in terms of funding, not necessarily government funding, what solution we're going to use to address it. And that cash flow would take into recognition the fact whether the money is there, whether it's not, whether it's earning interest. So that's an additional question or additional item of concern.

MR. KATZMAN: — I agree with you totally on that comment because what you were saying to me is if you have the billion three in there, it affects your cash flow very much differently than if it's provincial revenue has to give you the money as you start to have a larger pay-out than an incoming pay-out. And that of course, from what I gather, would start to affect us in about 20-some years, by your number of people dropping out who were in the plan when the big load comes off. After you get past the group of 45 — about 45, you know, the grouping of 20 to 24 is 19 people, and they can't carry the actual fund in due course. You will find when you hit the 25-29 or even the 30-34 grouping, by then the amount of money they pay in will never carry a load and you have to go into reserves. And that's what you're talking about your cash flow system. I assume you want to go into that so we don't get thrown into the grievance.

MRS. HERBACK: — Well the cash flow has just been completed — the cash flow study has just been completed by William M. Mercer as well, and it will be provided and is in the process of being provided to our minister and to the Minister of Finance. So I would prefer to not discuss this at this point in time, until it's . .

MR. CHAIRMAN: — I've got to recognize the member from Saskatoon Mayfair. I want to get back to that comment you just made. Go ahead.

MR. GLAUSER: — Well, I was questioning the fact with those numbers as well, and I don't think you can get a complete understanding of that until you understand the cash flow.

MRS. HERBACK: — Correct.

MR. MORIN: — Again, at the bottom of page 5, continuing along the same vein, is that if all future payments were discounted for the effects of inflation only, or basically 1983 and at present value, thus yielding present values expressed in 1983 dollars, the value of benefits would exceed the value of future matching contributions by about $2.6 billion in 1983 dollars. I think that that's the question that Mr. Katzman was raising. If we continue along the way we're going, and we don't allow for a world with inflation, we're going to be looking at $2.6 billion, and if we allow for the actuary's assumed rate of inflation, which is probably conservative, we're looking at $3.3 billion. Am I correct on both of those statements?

MRS. HERBACK: — The 2.6 million is referring to the future payments. And again it's along the same basis. If you don't have the moneys in the fund, then this is what we'll be looking at.

MR. MORIN: — Yes. Not allowing for inflation.

MRS. HERBACK: — Not allowing for interest, because we have no interest earnings. It's present . . (inaudible) . . so it's been discounted for inflation.

MR. CHAIRMAN: — Is that accurate, then? If you don't put in any money, but just kick it in as you need it to meet the claims, the total sums that you will kick in over the period of time is 2.62 billion.

MR. KATZMAN: — Mr. Comptroller, are you saying I have the 1 billion plus the 2 billion 6?

MR. KRAUS: — As I understand from page 6 here, it says that the government would have to pay additional amounts, having a present value for past service of about a billion and 80 million, I guess that is. And then for future service, the government will have to match the members' contributions plus pay additional amounts out, having a present value of 268. So if you're trying to put it into today's dollars, the government is going to have to put up, at this point anyway, 1.3 billion, in today's dollars.

MR. MORIN: — That would be their payment today to bring it up to date.

MR. KRAUS: — Or the amount that they would have to contribute over the years in today's dollars, yes.

MR. CHAIRMAN: — Is that extra? If they want to pay it year by year, they'd still only have to put in 1.3?

MR. KRAUS: — 1.3 billion in terms of today's dollars. That's what they would have to put in over the years. Is that not correct?

MRS. HERBACK: — Yes.

MR. CHAIRMAN: — Well, I got lost then somewhere down the line . .

MR. KATZMAN: — No, no, no. They'd have to pay them the $1.3 billion plus the interest on that amount of money that wasn't placed in, that would have earned. So you've got to pay the interest that would have been earned as well.

MR. CHAIRMAN: — Whether fish or fowl, the payment of 1.3 billion assumes that you're going to earn interest on that over the next X number of years. If you pay it year by year, you earn no interest, therefore you've surely got to pay a larger sum. That's what I thought the 2.6 billion was.

MR. KATZMAN: — No, that's where the 3 billion, 300 million comes in. Well, that assumes inflation as well.

MR. CHAIRMAN: — I don't understand where the $3 billion figure comes from.

MR. KATZMAN: — It's the top of page 5. But you can put in 2 billion 620 million; that would do what you want. But to come for the interest that it would have made, you've got to have 3 billion 301 million.

MR. MORIN: — Then on the bottom of that page, Ned, they talk about 2.6 and that's discounted for inflation.

MR. KATZMAN: — For inflation you need 3 billion. For without inflation you need 2 billion 6. You're talking the inflation because remember the pension plan is a basic plan of years service, last salary for X amount of years, times years service — is it minus one? — and then your average salary type stuff. It's one of those . . The formula for the pension.

MRS. HERBACK: — Two per cent for each year of service, to a maximum of 35 years.

MR. KATZMAN: — You'd lose the first year?

MRS. HERBACK: — No.

MR. KATZMAN: — So a maximum of 35 years, 2 per cent pension . .

MRS. HERBACK: — Right.

MR. KATZMAN: — And your best last six, or last . .

MRS. HERBACK: — On the last five.

MR. KATZMAN: — Last five. So, of course, inflation is . .

MR. MORIN: — 70 per cent of the average of the last five years.

MR. KATZMAN: — Right. And so inflation, of course, will eat you very heavily because you're going to be at your highest rate of salary when you're packing it up. Now what happens to the fellow that goes out with this plan . .

MR. CHAIRMAN: — Sorry, can I just back up a little? Go back to the last page. What is . . If 3.3 billion is the total sums of all you'd have to pay, and you pay it year by year and earn no interest, what then does that figure of 2.62 million, billion, represent? I can't understand the difference between those two figures. I don't know what one is and what the other isn't.

MR. KATZMAN: — Inflation. If there's no inflation, Ned, you need 2.6. Read the second line.

MR. CHAIRMAN: — That isn't what that says. If all future payments were discounted for the effects of inflation only, so they're discounting for inflation . .

MR. KATZMAN: — That's right. Then you need 2.6. That covers you . .

MR. MORIN: — That allows for growth in interest but not . .

MR. KATZMAN: — Not inflation. If you include interest and everything else, then you need 3.351 billion.

MR. CHAIRMAN: — I'm going to get an answer from the witnesses here because I'm . .

MRS. HERBACK: — The actuarial liabilities for service after June 30, 1983, there is $268,000,171, which is the present value of benefits for future service to be covered by payments. That is our shortfall right now, isn't it? Right here. This figure. The 268.

A MEMBER: — Yes, that's government . .

MRS. HERBACK: — That's our shortfall for future service. That's saying that we have interest-earning potentials. If we don't have any . . the money set aside, and it's not earning interest, then the value of benefits would exceed the value of future matching contributions by about $2.6 million. That's what we would need then. Instead of the 268 million . .

MR. CHAIRMAN: — I'm sorry to be so thick-skulled, Lois. You've lost me already . . (inaudible interjection) . . No, I want to get an answer from the witnesses actually, if I might.

MRS. HERBACK: — All right. The $268 million . .

MR. CHAIRMAN: — Where'd you . . Now where'd you get that figure from?

MRS. HERBACK: — Okay. It's on page 5, on page 2, whatever . . (inaudible interjection) . . Page 2 is the summary, but page 5 is where they go through, and they develop the present value for benefits for future service for active members.

MR. CHAIRMAN: — Right. Check.

MRS. HERBACK: — They go through and they say it's a billion dollars, less value of future contributions for . . And then the difference there is what we call the unfunded actuarial liability at this point in time. Okay. The $268 million. Okay?

MR. CHAIRMAN: — Right.

MRS. HERBACK: — . . (inaudible interjection) . . Yes— (inaudible interjection) . . Pardon?

MR. KATZMAN: — You're using equals three. Correct?

MRS. HERBACK: — Yes, equals three. The $268 million

MR. CHAIRMAN: — Sorry. Let the witness finish with the . . I'm getting confused, and it's the fact that everyone's trying to get in helping you, isn't helping me very much.

MRS. HERBACK: — Okay. But the 268 million is our shortfall as of June 30, '83, in recognition of future benefits. But that's assuming that the moneys are available and they are earning interest, as Mr. Katzman has said. If those moneys are not set aside, if they're not there, it's going to translate, instead of the $268 million actuarial liability at this point in time, it's going to come in at $2,620,000,000. Okay, that's the bottom line on page 5.

MR. KATZMAN: — If you don't worry about inflation.

MRS. HERBACK: — Yes. Well, they're discounted. If all future payments were discounted for the effects of inflation, they're talking in terms of fixed 1983 dollars. So it is recognizing inflation.

MR. CHAIRMAN: — Right. So assuming there's inflation, but assuming there's no interest.

MRS. HERBACK: — We haven't got any moneys to earn interest on.

MR. CHAIRMAN: — Right.

MRS. HERBACK: — Okay.

MR. CHAIRMAN: — What then is the figure of 3.3 billion? I thought that was also assuming inflation but no interest.

MRS. HERBACK: — No. That's giving a hypothetical situation. You can compare it with the public employees benefits plan. That's saying . . We've broken the service down into two categories. There's the service prior to June 30, 1983, which is known as the past service. That's history. Then there's the future service subsequent to June 30 of '83.

We've been talking about the $2.6 million, the bottom line here, assuming no interest-earning potential for future service. The 3.3 million at the top of the page — yes, page 5 — is making reference to past service. That's if we had no separate fund set aside, and it isn't relevant in that it's just attempting to give you a comparison figure with the public employees' plan.

If the teachers' was operating on the same basis as the public employees' plan, this is the unfunded liability that we would be faced with, expressed in 1983 dollars at this point in time. But it doesn't matter because it isn't the case.

MR. CHAIRMAN: — I was doing just fine, but that last sentence . . All right. Are you saying that in order to make up for future claims, both those that were not paid for in the past and those that will not be paid for in the future, because the matching contributions aren't equal to the benefits, the total of all of that is $3.3 billion if there's no interest earned?

MRS. HERBACK: — That's for the past. We have total actuarial liabilities identified, 1.079, on page 4, the unfunded actuarial liability.

MR. CHAIRMAN: — Right.

MR. KATZMAN: — 1.4.

MRS. HERBACK: — No.

MR. KATZMAN: — Not that many?

MR. CHAIRMAN: — No, 1.079 billion.

MRS. HERBACK: — We do have some assets to cover. This is the unfunded portion.

MR. CHAIRMAN: — Right.

MRS. HERBACK: — That's based on the assumption we have . . Well, it's based on recognition of the fact that we have a separate fund with interest-earning potential. Okay?

MR. CHAIRMAN: — Right, okay. So the one . .

MRS. HERBACK: — Page 5 . .

MR. CHAIRMAN: — Can I just ask you a question here? The 1.079 assumes that after June '83, matching contributions with equal claims made, would equal benefits paid out.

MRS. HERBACK: — No.

MR. CHAIRMAN: — Well, then, what does the figure of 1.079 million, or billion represent?

MRS. HERBACK: — It's based on a number of assumptions on what we would need if we cashed in June 30 of '83.

MR. CHAIRMAN: — Okay . . (inaudible interjection) . . No. How do you mean if you cashed in?

MRS. HERBACK: — If the plan terminated and we paid out and we sold off all the assets and paid out all the claims.

MR. CHAIRMAN: — Okay. All right. So the . . All right. I'm back to page 5 then. What then, is the . . If there is no, nothing is paid until the claim is made, so that there's no interest earned, you just pay it as you need to? You just cover your cash flow?

MRS. HERBACK: — Right.

MR. CHAIRMAN: — What is the total of all sums that will be payable, that will be paid?

MRS. HERBACK: — For past service, there would be 3.351 million which would compare to your 1,079,549. That's the comparable figure there. The comparable figure for future service, after June 30 of '83, is 2.6 million as compared . .

MR. KATZMAN: — No, that's billion, isn't it?

MRS. HERBACK: — Yes, 2.6 as compared to 268 million. So if you added them together, you would be talking, instead of an unfunded actuarial liability which has been presented to you of 1 billion 346 million, which is what we've been making reference to, you would add the 2.6 million and 3.3.

MR. CHAIRMAN: — So the grand total of all payments that will be made is 5.9. That's the sum total of all payments that'll be made if you don't pay it until you have to.

MRS. HERBACK: — But the only problem with that, and what I'm trying to clarify, is although you could use that assumption for the 2.6 million identified at the bottom of page 5 . .

MR. CHAIRMAN: — Although I could use what assumption?

MRS. HERBACK: — That there is no separate funds established with interest-earning potential. That doesn't hold for the 3.3. That's a hypothetical because there is a fund in existence with an investment portfolio earning interest.

MR. CHAIRMAN: — Okay.

MRS. HERBACK: — This is for interest only.

MR. CHAIRMAN: — Okay. So I go back to the question then, what would be the total of all payments that would have to be made if they were to simply cover a cash flow and no interest was earned? I gather it's not the sum of 3.3 and 2.6.

MRS. HERBACK: — It would be 1.079549, which is identified as . . (inaudible interjection) . . On, sorry, page 4. Back to the unfunded actuarial liability of 1 . .

MR. CHAIRMAN: — Is the sum of 1.079 plus 2.6?

MRS. HERBACK: — That's if you move to that approach.

MR. CHAIRMAN: — So the grand total then of all cheques to be written by the provincial treasurer, by the Minister of Finance if we carry on as is, is estimated to be in the neighbourhood of 3.93699.

MRS. HERBACK: — Excuse me, Mr. Chairman — no, not really. If we carry on the way we are with the contributions going in and the matching, the projected unfunded liability based on past and future benefits is 1.079 plus the 268 million, for a total of 1.3.

MR. GLAUSER: — That 268, that's at the bottom of page 5. It would be that figure plus the 1.079.

MR. KATZMAN: — But that was 1.2 billion 649.

MRS. HERBACK: — No, it's millions.

MR. CHAIRMAN: — You say then the total of all payments of all sums to be paid by the Minster of Finance would be the sum of 1.79 billion and 0.268 billion . .

MR. KATZMAN: — That's million.

MR. CHAIRMAN: — Well, okay, 268 million if you like, for a total of — whatever it's a total of — 1.3 something. In that case, what does the 2.6 billion represent at the bottom then?

MRS. HERBACK: — The 2.6 billion represents the liability for future service past June 30th of '83 if you don't have a reserve — if you don't have any separate funding with interest-earning potential.

MR. CHAIRMAN: — Okay. And the 268 million does not assume that that money is paid here and now and left in a fund to earn interest.

MRS. HERBACK: — Yes, it does. It does. It recognizes the interest-earning potential.

MR. CHAIRMAN: — Well then I go back to my question: if the Minister of Finance does not put the fund aside now but simply makes payments to the fund as needed to meet claims, what's the total of the amount? What's the total of all those cheques written over all those years? Or do you have that figure?

MRS. HERBACK: — It would be 2.6 million.

MR. CHAIRMAN: — Billion.

MRS. HERBACK: — Bottom of page 5, plus that portion for the past service of 1.079.

MR. CHAIRMAN: — Right. So the total then of all cheques to be written . . This is degenerating into utter confusion. Do you know, Gerry? Can you give us any help?

MR. KRAUS: — I must say I have to ask some questions myself now. I wouldn't want to . .

MR. KATZMAN: — I only have one question: what about the 3.351 — because that one takes inflation in? It depends if you want to take inflation or not. That's the question I'm asking you.

MRS. HERBACK: — 3.351 is for past services. If you can separate present and past service, and keep them in the two distinct compartments, past service has already been established at 1.079 billion, and there's no problem with that. It's the future service.

MR. MORIN: — Okay. I think that that's why I've been trying to get in here, because that does seem to have been the problem. We've been confusing past and present. To make sure that I have this thing clear then, if you're going to look after everything prior to the date of the report, June 30th, it would take $1.08 billion to look after history.

The $268 million figure — tell me if I'm correct or not — is, if the government wrote a cheque to look after all future liabilities today, that would be $268 million. If we neglected to do that and let things go on as they were, just for the future portion, the value of benefits would exceed the value of future matching contributions by 2.6 million. So that again is ignoring the past, but only from this on toward the future, that's the incremental liability we would incur in 1983 dollars.

So if we want to come up with, assuming that we continue the way we're going, what this thing would cost, we would take that $2.6 billion figure, add the $1.08 billion figure, come up with $3.7 billion, assuming no changes.

MRS. HERBACK: — No. When you're . . 0.6, okay.

MR. MORIN: — Okay. The $3,351 billion figure is simply presuming that we do nothing with the past. Is that correct?

MRS. HERBACK: — No. It's causing a lot of confusion and I'd be happy if it wasn't in here. What it's really saying, it's giving you a hypothetical situation that if you didn't have any fund with interest-earning potential this is what you would have to put in.

MR. MORIN: — Okay. That's the total value of the fund somewhere off in the future.

MRS. HERBACK: — No. It's saying if we were operating with no matching of government contributions and there was no guaranteeing of payroll, that pensions were just paid out of member contributions, revenue coming in, but there was not set aside . . Operating much in the same fashion as the public employees benefits plan. Then our present liabilities that we would be faced with under that scenario would be 3.3 million. That's not the case.

MR. MORIN: — We would be better off to just ignore that figure . .

MRS. HERBACK: — Ignore it, it doesn't mean anything . .

MR. MORIN: — Because we know the past, we know the future, and we know that we're looking at a total of $3.7 billion if there are no changes

MRS. HERBACK: — That's right.

MR. MORIN: — Okay. I agree with that. Now that I have that . .

MR. KATZMAN: — That's correct, that's what she's saying.

MR. MORIN: — Well, yes, regardless. Now that I have that established and the numbers straightened out, can you tell me how long the plan has been in effect, and how long it has been running without any funding from the government, prior to 1980? How many years back does it go?

MRS. HERBACK: — The plan has been in effect since July 1, 1930. There's been 50 years without matching. And at all times though, there has been a guarantee of payroll.

MR. MORIN: — And at all times there has been a guarantee of payroll, you say?

MRS. HERBACK: — Of pension payments.

MR. MORIN: — Was there ever any matching by the government?

MRS. HERBACK: — July 1, 1980.

MR. MORIN: — Prior to that, nothing?

MRS. HERBACK: — Apparently not.

MR. MORIN: — Apparently never, eh?

MRS. HERBACK: — That's something though, that we could verify.

MR. CHAIRMAN: — I think that's accurate. If I may interrupt, I was minister and that was the case. In fact, what happened each March or February — March — the provincial treasury wrote a cheque for the amount needed to meet the claims for the next year. They took it and away they went.

MR. KATZMAN: — And that's part of the problem.

MR. CHAIRMAN: — That was the system, yes. It was also not a serious problem until the '70s because the rate of inflation was much lower. In the '70s, we started to increase teachers' salaries by 15, 20 per cent a year, and then the pension fund became wholly inadequate. It had been based on assumptions about 2, 3, and 4 per cent inflation rate. It was during the early '70s I think we got ourselves into trouble on this one, because of the very high inflation rates. I guess we don't have actually here, as I see it, we don't really have the sums of everything the provincial treasurer, the Minister of Finance, would have to pay. We don't have that figure here. Perhaps it's not relevant. Perhaps in one sense it isn't relevant. Anyway, go ahead. Miles, you had . .

MR. MORIN: — No, that's fine. I just wanted to found out how long the situation had been going on. And I imagine we go through this exercise every year, do we? You come here; we say: how big is the liability? Then we spend some time trying to figure out what the numbers mean.

MR. CHAIRMAN: — No. A couple of years ago they were here, Miles. They indicated then that they were doing this actuarial study, and we now have the actuarial study, and this is the first time we've had figures backed up by some . . (inaudible) . . I think this is the first year you've been here that this study . .

MR. KATZMAN: — The facts that I understand from Mr. Sawchuk, at the time, that was the first time they'd ever been called for public accounts, was his indication at that time.

MR. GLAUSER: — But there was an actuarial study done and I think five years ago, is that not correct?

A MEMBER: — Every three years?

MRS. HERBACK: — There was one in 1979, '76, and '73.

MR. MORIN: — If I could kind of continue then, there was one in '75, '76, and '73. Is that . .

MRS. HERBACK: — No, there's '73, '76 and '79 and then '83.

MR. MORIN: — And they weren't . . After those actuarial studies, they were not called to the Public Accounts Committee?

MRS. HERBACK: — I don't know. That's something I would have to find out.

A MEMBER: — I've been here since '75, and they've never been called.

MR. CHAIRMAN: — It seems to me I do remember Mr. Sawchuk saying that that was the first time they've been called to public accounts. I do seem to remember that.

MR. KATZMAN: — Both them and the university were a little struck to be called because they'd never been called here before. I remember that one.

MR. MORIN: — Well, I have no further questions other than to comment that I think it's incredible that this has obviously been going on for some time — longer than any of us have been here, I would suggest. It's amazing to me that we could build up $3 billion worth of debt and not even have a thing called to Public Accounts Committee in the last 10 years. But I have no further questions.

MR. GLAUSER: — That liability: is that arrived at, it would seem to me, by the economic assumptions on page 31? Were those the assumptions used?

MRS. HERBACK: — The assumptions that are detailed in the appendices are the ones that have been, you know, are the basis for the evaluation, and they go into detail on the assumptions that have been used. There's the economic assumptions which were common to the evaluations that were done for both this plan, the MLA plan, I believe, and the public service plan, assuming given inflation rates, and interest rates, and salary increases. And then the other assumptions are specific to this plan in terms of mortality, and retirement ages, and cessation of active membership, rates of disability.

MR. KATZMAN: — I can't resist. Don't answer, because it's not fair that this question be put to you. You made the comment about "the MLA plan." We're fortunate for "Grit Heaven," because people like Davey Steuart, and Malone and those boys who went to judges, will never draw out of that plan and their money will help the rest of us who will never be judges. That was a nasty comment but I couldn't resist that one. Now back to the topic.

A MEMBER: — Dave Steuart never became a judge.

A MEMBER: — He's a senator.

MR. KATZMAN: — Senators are on a federal plan. We don't have to pay for them. Seriously though, basically I think we've got down to the bottom line that we are roughly three million in hock. In 1981 we assumed we were going to be around two million over the long haul in hock.

Now we seem to be, when the study is finished, we look like we're almost, almost four if you want to be technical — well on to the four, I should say.

MR. CHAIRMAN: — I have no idea of where you're getting those figures from, Ralph.

MR. KATZMAN: — Well it's the 3 point . .

MR. CHAIRMAN: — Oh yeah, but that . .

MR. KATZMAN: — The 2.6 plus the . .

MR. CHAIRMAN: — But that's value, that's the present value of all future benefits. That's not the amount we're in hock.

MR. KATZMAN: — We're in hock, by what we have been told . .

MR. CHAIRMAN: — 1.3 billion. One billion to date and another 3 billion, another 300 million cropping up in the future.

MR. KATZMAN: — No, we're 1.079 billion today.

MR. CHAIRMAN: — Today, yes.

MR. KATZMAN: — And if we don't toss the dollars in, and with the growth and with the unfunded, we must also add this two hundred . .

MR. CHAIRMAN: — Yes, $268 billion.

MR. KATZMAN: — 2.620 billion.

MR. CHAIRMAN: — No.

MR. KATZMAN: — Yes.

MR. CHAIRMAN: — That figure assumes that no teacher . . That's the present value of all benefits; that's not the shortfall.

MR. GLAUSER: — No. The 3.7 . .

MR. CHAIRMAN: — I'm wrong, am I?

A MEMBER: — Yes, you're wrong.

MR. KATZMAN: — 3.699 is the final bill.

MR. MORIN: — The 268 would look after the future portion if you paid it all up front today. If you were going to fund this plan fully today you need $268 million plus 1.08 billion, and then you could walk away and forget about it, and, come whenever, it would all be looked after.

MR. CHAIRMAN: — But if you pay it in drips and drops it comes to 2.6?

MR. KATZMAN: — That's right.

MR. MORIN: — For the future portion, but 1.8 billion for the past?

MRS. HERBACK: — I'd like to modify that just a little bit if I may. The actuarial liability at this point in time is $1.3 billion total. The value by which benefits would exceed future matching contributions, which is stated on the bottom of page 5, of $2.6 million, is valid only if there is no interest accruing — if we just put in enough money each year to meet the payroll or to meet whatever our requirements are — that there is no interest accruing on the fund. That is what would happen.

But legislation does say that the government shall match, the government shall guarantee payroll. So therefore, the relevant figure, for all intents and purposes for us, is the $268 million, plus that amount for past for a total of 1.3 billion.

MR. KATZMAN: — Right. I don't argue with you. I agree with you if the government put its $2.6 million in tomorrow and from now on matched regularly and interest was gained, you're 100 per cent correct. If the government does not match, which it just started to in 1980,1 believe . . If it does not match and it kept running the way it used to, you have the other number.

So, what you have is if the government matches from today on and puts in the 1 billion, seven, nine, five, four, nine, plus the 260-some million, you'd be okay. But you need all three numbers to work. If those all three numbers do not work, then you're at three billion six hundred and ninety-nine. So, it's subject to which way the thing rolls and, of course, we haven't asked the obvious question: what did Mercer use for inflation? What did he use for average?

A MEMBER: — It tells you in there.

MR. KATZMAN: — The back end? Does it have it there?

A MEMBER: — It goes into the details.

MR. KATZMAN: — And Mercer is normally in the industry considered as a moderate. He has always underestimated both earnings and expenses. That's his history, and where the boys out of Toronto seem to be the reverse. So, it's just a matter of which one you hire.

So, I guess we can say, Mr. Chairman, we are . . Now, since '80 the government has decided to match. Unfortunately, the government only matches once a year. That gives you a problem, because by matching at the time of the employee putting in . . (inaudible) . . interest every month, and because the government only matches at the end of the year as you indicated earlier, which I believe is correct still . .

MR. CHAIRMAN: — I think the witness here is going to . .

MR. KATZMAN: — Have they matched monthly, finally?

MRS. HERBACK: — They match monthly.

MR. KATZMAN: — Okay. So, that changes it drastically, too.

MRS. HERBACK: — I'm told that they always have.

MR. KATZMAN: — Well, Ned just said the reverse.

MR. CHAIRMAN: — No. I said that was before 1980.

MRS. HERBACK: — There was no matching prior to that.

MR. CHAIRMAN: — There was no matching at all prior to 1980.

MR. KATZMAN: — Oh, you just wrote the cheques. I follow you now. Okay. So, they match

So, we're definitely 1 billion, seven, nine, five, four, nine. We are definitely requiring $268,171,000. We add those two numbers together — just give me a second and I'll do that. Today, if we were to write a cheque for $1,347,720,000, the account would be . . It would be self-sustaining from then on. But that's what we'd have to throw in there in one whack.

MRS. HERBACK: — Well, that's present-day dollars. You could also do it over a continuing . .

MR. KATZMAN: — Oh, but then we started to jump that to . . Then we have to go to that big number into the . . Then you've got to go into the billion dollars. But if you were to make it sound in 1983, the date of this actuary thing, we would need $1,347,720,000, and the account would look after itself, because we'd be matching, the pensioner would be matching, and both moneys would be . . they'd be putting in whatever it prescribed, we'd be matching, and both would be gaining interest at the same time. Plus the fund would have that amount of money gaining interest. So the fund would look after itself, right? I'm getting nods yes. Okay, I quit. Now that I've got it all worked out, I quit.

MR. CHAIRMAN: — Does anyone have any other questions? I have a couple, but they are from modestly different directions. So if there's any clarification needed here, fire away. No one needs to be particularly embarrassed if they don't understand every nuance of this thing.

So with respect to cash flow, what amount do you expect will have to be paid in for the 1984-85 year to meet the shortfall?

MRS. HERBACK: — Well, the 1984-85 blue book approved figure is $58 million for government funding of the teachers' superannuation.

MR. CHAIRMAN: — Okay. And that figure . . I know this cash flow study is in the minister's office, but that figure is expected to increase over the next period of time, isn't it? That 58 million is expected to escalate for some period of time, is it not?

MRS. HERBACK: — 58 million is the 1984-85.

MR. CHAIRMAN: — It was 25 million while I was minister.

MR. WEIMAN: — The introduction of the 30 and out clause — that would have a big impact on that, wouldn't it?

MRS. HERBACK: — It has substantial.

MR. WEIMAN: — For the increase, because now you have all of those teachers who do have that 30 — where you have five years, I don't want to say a grace period, but you'd have five more years to count on — who are opting for the 30 and out. So that should catch itself up at the other end all but two.

MRS. HERBACK: — Well, only if the . . I'm not sure that that would necessarily follow.

MR. WEIMAN: — Mhmm, but you would say that that 30 and out clause would have had an impact on that going up?

MRS. HERBACK: — It did have an impact.

MR. CHAIRMAN: — Is that . . Well, I wonder if that's accurate, Lois? They get their pensions earlier, so they don't get as high a pension, but they get it for longer. I thought if you took the 30 and out, the actuary tried to make the calculation such that you got just about . . You took about the same amount out of the pot as if you went later. You got less, but you got it for longer. Am I wrong?

MRS. HERBACK: — On page 6 of the actuarial evaluation, it does a reconciliation with the unfunded liability established for June 30th '79, and it identifies the difference of $69,000 — or $69 million, pardon me — due to pensioner increases in excess of expected. Now part of that would be unreduced pensions after 30 years of service which you've made reference to. And the cost of these improvements it notes was estimated to be — oh, I'm on the wrong one, I'm sorry — is estimated to be 19 million. I'm sorry, I should be referring to the cost of planned improvements made, 19 million.

MR. CHAIRMAN: — 19 million.

MR. WEIMAN: — Can I ask another one, Mr. Chairman ?

MR. CHAIRMAN: — Yes, you may.

MR. WEIMAN: — I'm not sure of the correct terminology for it, but there are now two distinct pension plans within the teaching profession: what I call the old plan where everything is matched, and the annuity buying program. That's not the right word, is it? Purchase program.

MRS. HERBACK: — Money purchase program, defined benefits.

MR. WEIMAN: — Right. Is there a projection on when that bubble will pass through and all of those under the old plan will be finished with, and eventually you are going to wind up with nothing but people on the purchase program? That purchase pay program has been in effect now for what, about five or six years, or seven years?

MRS. HERBACK: — 1980.

MR. WEIMAN: — So if we have the 30 and out, we're looking at 25 years, roughly 24 years, before the bubble works its way through, everything being equal. You know, the last teacher on the old plan should bubble through in about 24 or 25 years, should they not?

MRS. HERBACK: — Well, I think our figures have been about between 2015, 2010, somewhere in there.

MR. WEIMAN: — Now the reason I bring that up, my understanding — correct me if I'm wrong — is the money purchase program, all those teachers are on that. There is no problem with unfunded liability there at all. The only problem with unfunded liability is the teachers on the old plan.

MR. CHAIRMAN: — Yes, that's right.

MR. WEIMAN: — Could I make a statement, please? Interject whether I'm right or wrong. When you talk about $1.36 billion, or I'm sorry, $1,346 billion unfunded liability, and I don't want to make it sound more dire than it actually is, that is under the supposition that every teacher who is now teaching who could qualify for pension retired tomorrow. Is that correct?

MRS. HERBACK: — That's the cost associated with cashing out.

MR. WEIMAN: — Yes, if all at once just for some reason they all retired tomorrow.

MRS. HERBACK: — Yes.

MR. WEIMAN: — At 30 years or at the level they are at right now?

MRS. HERBACK: — It reflects the 30 years.

MR. WEIMAN: — It reflects the 30 years.

MRS. HERBACK: — And the evaluation, though, is based on given assumptions: average age of retirement 57, and the whole thing.

MR. WEIMAN: — Yes, I realize that. I guess what I'm wondering is that, you know, we use these figures based on that assumption that all those teachers will teach till they're 30 years old. We projected forward and then we look back in hindsight and say this is how much we're short.

What would be the actual unfunded liability, or do you have such a figure — and I guess maybe, Ned, you asked that already — if only those teachers who are there now retired? Is there a great shortfall there?

MRS. HERBACK: — It was in . . I want to back up to the other, the assumption that everyone was with 30 years. In this report somewhere, when I was reading through it, it gave the average age of the individual, assumed age of the individual retiring. It was 57, and I think it was with . .

MR. WEIMAN: — Well I'll put it in a different way. When I ask you that question, there's the assumption that if everyone retired tomorrow we'd be down 1.3 billion; we'd be short 1.3 billion. If everybody did retire tomorrow — and there's some teachers who have just started teaching in their first year, and there's some at their 29th year — I suspect the true unfunded payment that would have to be made in that hypothetical situation would come nowhere near that 1.3 billion. Would that be a true assessment?

MRS. HERBACK: — I don't know.

MR. WEIMAN: — Or your considered opinion on that, then. See, I sometimes think that we do these things with these figures and . .

MR. CHAIRMAN: — I think maybe the witness is telling you she doesn't have a considered opinion on that.

A MEMBER: — She's not alone.

MR. CHAIRMAN: — The questions are a matter of great difficulty.

MR. WEIMAN: — Well it's not a matter of . . (inaudible) . . It seems that if you have teachers, if that happened tomorrow, that hypothetical situation, it really wouldn't be 1.3 billion. If, for some reason, everybody left teaching tomorrow, absolutely everybody left teaching tomorrow and we had to make, we had to honour the pensions at where they were, you know, whether they had one year of experience, 17 years experience, 29 years experience . . And I would suggest that, once it was all put together, it would not come anywhere near the $1.3 billion.

MRS. HERBACK: — It may not, if it . . We're assuming that the average retirement age then would be somewhat different, and that's what you're telling me. So it may not be. But that's something that I'd like to . .

MR. WEIMAN: — That's all. It's just that I want to get the point across that it's not as ominous as it sounds sometimes.

A MEMBER: — No, I don't think it is.

MR. KATZMAN: — Mr. Chairman, may I?

MR. CHAIRMAN: — You may.

MR. KATZMAN: — The fact of the plan, when they make the assumption of the unfunded actuary liability, is exactly that toss, Ned. I mean, Dwain. That's part of an actuary. He assumed that they have to pay it all tomorrow on what you've earned. That's exactly the assumption he uses when he does it. And that's how he gets that 1 billion, 79.

That gives it . . That's exactly, because when I was chairman of the city employees' pension plan, that's exactly how they explained it to us. That's the one that's 20 million behind it, that the city had to kick in $20 million for the same reason.

MR. KRAUS: — One billion and 80 million is . . I've always thought that that was exactly what you owed, what the . . (inaudible interjection) . . Yes, every . . That's what they've earned to date, that hasn't been funded, yes.

MR. CHAIRMAN: — Okay. Any further questions of this . .

A MEMBER: — No.

MR. CHAIRMAN: — . . with these witnesses?

MR. KATZMAN: — I have one, and I thank you for bringing us the report. You don't always have to shoot the carrier of bad news, and sometimes I think the people at that end of the table feel that's what . . But at least we now have an idea of where we are because in 1982 we had your plan plus another plan that was shaking this committee pretty hard . . (inaudible) . . how many X billions we were in debt. And we thank you for getting us this when you did. And who knows what's going to happen? The governments for the next 30 years are going to be feeling the pinches. They have to pay the debt.

MR. GLAUSER: — I just have one quick question: what is the reduction on early retirement by years?

MR. WEIMAN: — It's 2 per cent per year by the amount of years you've taught, Cal.

MRS. HERBACK: — It's the 30, the . . (inaudible) . . 30, as they call it. When it came in, it removed any reduction that was . .

MR. WEIMAN: — There's no penalty or anything like that. Thirty and out basically means you get two times 30, which is 60 per cent of your best five years — 60 per cent of your best five for pension. The other way it was 70 per cent if you went to 35 years. That was the point Ned was trying to make.

MR. CHAIRMAN: — Well, I want to thank you for coming and dealing with an enormously difficult subject which is in part outside your area of expertise, although you handled it very, very well considering what you're dealing with.

The cash flow study is at your minister's office. Members of the committee might like to see that, although if we do, we'll let you know. But for now, thank you very much for coming.

MRS. HERBACK: — It is being provided to the minister's office.

MR. CHAIRMAN: — It is not there yet?

MRS. HERBACK: — It is not there.

MR. CHAIRMAN: — I see. Okay, seventh-inning stretch.

Moved by the member from Rosthern, that we ask the Clerk to give us a report on the actuarial study being done on the government employees' superannuation plan and to let us know by memo when he has that information and when it will be done, if it isn't done now.

Public Hearing: **Legislative Library — Services to Members**

MR. CHAIRMAN: — Okay. I want to welcome Marian Powell to our committee. I have to say to the committee that it was suggested yesterday that we might just have her circulate a letter. As it unfolded, it appeared that that was going to be rather difficult to do, and I took it upon myself to ask her to come to the committee because I felt it would be difficult to explain in a letter. So I take responsibility for improving upon the motion that was passed at the last meeting. Marian, I'll turn it over to you.

MRS. POWELL: — Okay. Thank you, Mr. Chairman. I'm very pleased to come today and to certainly answer any questions. But to briefly outline the current services available to members and to committees from the legislative library, I should begin by making a bit of a distinction between terms. One that's talked about a great deal is research. One that we use in the library is reference, and just for the benefit of members, I'd like to distinguish between then. Currently the legislative library offers advanced reference service to members and to committees, and by this, we indicate that we pull together existing information, copies of government publications, books, articles from journals and magazines, newspapers, and other sources available to us such as the on-line computerized bibliographic data bases we currently access.

In terms of research, which this committee has been discussing, my use of the term would entail taking that material from the various published and publicly accessible sources, and having that subsequently digested, analysed, and reshaped into usable information for the committee or for members.

The role of the library at the present time is the first part of that process. We will pull together what we can find, published and publicly accessible. We do not, at present, have the appropriate staff and facilities to analyse and digest this information. And I'm wondering if this may be a basis for questions from this group.

MR. CHAIRMAN: — I'm not sure that I know, Marian, if I can go back a step.

MRS. POWELL: — Sure.

MR. CHAIRMAN: — I'm not sure I know exactly what you can do.

MRS. POWELL: — Perhaps I can give you an example. This might help. We have done four other committees. For example, a specific instance where, more often for investigative committees than for standing ones, but there will be a particular question arise. In the past it has traditionally come to us mostly through the Clerk of the committee, but sometimes from private members. They'll come and say, "Now, I'd like to know how this particular information is handled in other jurisdictions. What kind of current discussion is on the particular topic?" And so the library will take this, and we'll scan statutes, for example, pulling appropriate legislation from other jurisdictions where this is desired. We'll go to our statistical sources, such as our Statistics Canada material. We'll pull appropriate statistics from there. We'll go to our on-line terminal, and we'll look and see what someone has written on this particular subject in journals, and we'll go through our collection and others to find books and materials on it.

If it happens that the subject at hand requires government department information, we'll contact the department. And we'll pull together this information. But that's where we stop. We provide that to the member or to the committee Clerk. We do not at this stage sift through it, put it into a more digested and easily visible form for the member. And that's the research function that we don't presently perform.

MR. CHAIRMAN: — If we go to the library and we say, "We presently have before us a question concerning the unfunded liability in the government employees' superannuation plan. Can you tell us what the situation is in other provinces and at the dominion level?" Can you do that, and sort of whip it back to us?

MRS. POWELL: — We can find the facts that are published, yes. And we would certainly do that. There's no question about it.

MR. CHAIRMAN: — But you can't provide an analysis of it.

MRS. POWELL: — That's right.

MR. KATZMAN: — For that kind of information, now that you have the new computer system in there, you would probably just go straight to the data bank in the Parliament Buildings and it would probably kick back that kind of information, because that's the kind of thing . .

MRS. POWELL: — No, not necessarily. If I can clarify the computer services a bit, the ones that are available are basically bibliographic. They list articles in journals, articles in magazines, newspapers. They don't, in most respects, give us data. Statistics Canada is the one exception. We can go in and manipulate data from Statistics Canada.

You will also find that the bulk of commercially accessible data bases are not strong on Canadian content, so the kinds of questions that immediately require attention by Saskatchewan members, or by this committee, may not be listed on these computer bibliographic data bases. In fact, our most important Canadian sources are not computerized at all.

MR. WEIMAN: — What you're really saying, then, is you provide the menu; I determine what I'm going to eat.

MRS. POWELL: — That's right.

MR. WEIMAN: — It's as simple as that. It's a computer comment. What she's really saying is library service presents a menu to us. You determine what you're going to order and what you're going to eat. That's really what it comes down to.

MR. GLAUSER: — What kind of a package would you put together? Would it be a photocopy . .

MRS. POWELL: — Basically, yes. It would be photocopies of appropriate items. If the question involved statutes from other provinces, we would photocopy the appropriate statutes. If the committee requested a current listing of new articles on comprehensive auditing, for example, we would provide as the committee or the member wished either the references to this material so they could select, or the material. It doesn't matter. Again it's up to the member and what he wishes to see and what kind of paper overload he wishes to avoid.

MR. GLAUSER: — I think, Mr. Chairman, that that pretty well satisfies, in essence, what you were wanting in the first place.

MR. CHAIRMAN: — No, it doesn't. No, it doesn't. I believe, and continue to believe, that the work of this committee would be considerably improved if we had research people who had the time not only to pull the facts together, but to analyse them as well and provide us with an analysis of them. I continue to take that position. I know it's somewhat academic at this point in time, because we've travelled that ground. I think the work of this committee would be so improved. Anyway, any other questions of Marian Powell? Thank you very much for coming. We appreciate your coming.

Canadian Council of Public Accounts Committees — Annual Meeting — 1986

MR. CHAIRMAN: — The next item involves Mr. Lutz. The two members who would know the background on this aren't here, so let me run over it quickly. At the Charlottetown meeting, the location of the next two conferences of public accounts committees was discussed. The next one is in Whitehorse. The next one after that, in 1986, would normally have been in Regina.

In a way kind of putting the cart before the horse, they then sort of nominated me as vice-chairman, because that's the rotational system you've assumed — the vice-chairmanship ex officio, actually — when your turn is next, when you're one away, so that you get a chance to see how the others do. Then you assume the chairman's position when it's actually here. After then choosing the officers, they then got to actually going through the formality of where they're going to have the conferences.

Bill Reid from B.C. indicated that because 1986 was the year of the Expo in B.C., they would like to have it in B.C. That was acceded to, I think, by all concerned. Well, there's some confusion about that. There are those who believe that it was acceded to. I called Tony Penikett, who was the chairman, who says that his understanding was we would do that "if it could be arranged." But it seems impossible to get the minutes out of anyone. So we're guessing at what they actually understood.

The problem with going to B.C. is not my vice-chairmanship. That is not a problem. The problem with going to B.C. is that the auditors apparently are steaming ahead with a Regina location, and I, for one, feel there's some benefit for both auditors and public accounts committees if we can meet jointly. I also, and this is purely a personal view, I also have come sympathy with Mr. Reid's request that the public accounts meet in B.C. When you have an international trade show, you like to have all the groups in the province that, you can entice. It sort of adds to the affair. And I have no compunction at all with complying with that and extending that courtesy. I guess the question is whether or not the auditors' convention can be adjusted to B.C. It would be my assumption that, if we gave up the '86 slot, we'd get the '87 slot. So we'd have it here in '87, one year later. I know that you can't make that decision.

MR. LUTZ: — Perhaps I could respond, Mr. Chairman, if that's what you're asking me to do.

MR. CHAIRMAN: — Yes, that's what I'm asking to do.

MR. LUTZ: — About 1975, which was the fourth year, I believe, that the legislative auditors had met, the discussion arose as to how best the auditors might learn to understand their employers, namely the politicians, and conversely how best to maybe get the politicians to understand the auditors. At that meeting, there was a motion . . I believe I made the bloody motion — strike bloody. As a matter of fact, it might be beneficial if each year the legislative auditors could entertain the chairmen of public accounts committees at their annual conference at least for part thereof. As a logical offshoot of that particular motion, I think by 1976 or '77 — and my memory does get a little hazy — it was determined that it would be beneficial if chairmen and vice-chairmen or public account committees could attend the auditors' conferences for at least one-half day. And that occurred in Newfoundland . . Winnipeg . . It goes back quite a ways now.

Now that brings us up to date. In July, in Prince Edward Island, a motion was moved and carried at that meeting that the 1986 auditors' conference would be held in Regina. I think the same inference is there that it would be beneficial to all if the chairmen and vice-chairmen of PACs could attend that meeting. There was also some very brief discussion about the fact that British Columbia has already held this thing something like twice in five years, and I think the way it's sitting now, especially in view of the fact that we have made some fair strides in the preparations for '86, I rather think the auditors' conference will be held in Regina. I think the philosophy will also prevail. We would be delighted to have the chairmen and vice-chairmen of PACs join us for a half day.

MR. CHAIRMAN: — The question I have is whether or not, 15 months in advance, your plans can be altered. I know you can't make that decision, but is it something you could discuss with the rest of the executive of the auditors, and perhaps we could discuss it in March? Perhaps I could invite comments from the members. I would like to extend this courtesy to B.C., given the fact it has Expo, but I may be the only one who feels that way.

I do feel strongly that our conferences should be held at the same time in the same city. I think it's mutually beneficial. If we go to B.C., and you go to Regina, we're going to get out of step and it will be hard to get them back together again.

MR. GLAUSER: — I can understand how the auditors could feel on this, because the 1982 conference was held in Victoria. We were out there at that time. I think that was '82.

MR. LUTZ: — And also, I believe, it was something like '78 or '79.

MR. GLAUSER: — But I don't know how strongly they would feel about it, but I would certainly support the chairman in going to you, to your group, and trying to get them to consider the change, anyway.

MR. LUTZ: — Mr. Chairman, in response to your suggestion, I will certainly poll the legislative auditors relative to this subject. If it is their wish that the 1986 meeting be held in Vancouver or Victoria, wherever, I don't have a big problem with that.

MR. CHAIRMAN: — We would then have '87, I'd suspect.

MR. LUTZ: — No. I don't believe I'd be prepared to host '87 at all. I'm in the clear as far as I'm concerned. I've done my part for '86, and I don't have this problem. It's a pain in the ass to put this thing on, you know.

A MEMBER: — The record is going to be interesting there. I thought I just made mistakes like that.

MR. LUTZ: — That wasn't a mistake. I'm sorry, Mr. Katzman. That was quite deliberate.

MR. CHAIRMAN: — Any other comments about this rather colourful subject?

MR. LUTZ: — Mr. Chairman, I will contact each of my colleagues across the land and, as soon as possible, try to get their views. I will hopefully have the letter out before Christmas, and we should know by January.

MR. CHAIRMAN: — Why don't you just hang . . Oh, I see. Okay.

MR. KATZMAN: — Mr. Chairman, if I may. I think that, first of all, we had better make sure that we have an either formal or informal commitment to try and have ours in Vancouver. If that is the case, then we would have to ask Mr. Lutz's group. They seem to have a formal decision that it is Regina — already done. Then it would be a matter of our president or chairman of public accounts committees and the chairman of the auditor's people. For the two — whoever's their president now and the president on both sides, to maybe let them chat and see if there's a mutual working system. If not, we've got a problem. Let's see if we can, by good old compromise, maybe there is a solution. And if there isn't, then we'll have to deal with that pain where Mr. Lutz doesn't have sun shining.

MR. LUTZ: — Well, if I don't host this conference ever, that doesn't mean I have a cloud. That is sunshine, Believe me. That's not bad. If you don't host this thing, that's just fine . . I'm not killed by that at all. We also hate the word, "compromise." If you could find another one, I'd appreciate it.

A MEMBER: — Consensus.

MR. LUTZ: — Okay. We'll see what they say. I don't mind.

MR. CHAIRMAN: — Okay. Why don't we do that. I will contact Mr. Reid in the meantime. My understanding is that they would like to have it, but they're not getting pushy about it. My understanding is that Reid feels the same way as Penikett does, and that is he'd like to have it if it could be arranged. If it can't be arranged, he's not going to make them or break them.

MR. KATZMAN: — My one concern is that I'd be saying on the record if it's anything like a lot of these other major functions, you'd better be booking rooms and spaces now because, from what I am told about Expo '86, they're just about full for most of the major places that you can have handle your convention.

MR. CHAIRMAN: — Yes, that decision should be, I suppose, made pretty soon. Okay, we'll do that and . .

MR. LUTZ: — Mr. Chairman, is there a possibility that this committee won't meet each day for a while, or how do I best get back to you? I better maybe advise Craig as soon as I find out instead of waiting for the next meeting.

MR. CHAIRMAN: — Why don't you just contact me directly?

MR. LUTZ: — All right, I can do that, Mr. Chairman.

MR. KATZMAN: — Mr. Chairman, my assumption is that this committee will not meet again until the auditor's report comes down now, unless we are getting the actuary account for the public service. Other than that, we have no purpose to meet until we get the auditor's report.

MR. CHAIRMAN: — One other thing I would mention is that I had a discussion with the Clerk about the Yukon conference. He has graciously undertaken to provide a list of the topics which might be the subject of discussion, and we might develop one of them and present them. So I've asked him to do that, and we can probably fine tune that in March when we meet, but do some preparatory work now. And I also am told that the claims budget is referred to the Board of Internal Economy, through Mr. Speaker, and will be dealt with tomorrow morning, December 13, 1984. Anything else for the good and welfare before we adjourn *sine die*?

MR. KATZMAN: — Well, for the good and welfare, Merry Christmas, Happy New Year and let's get a new . . (inaudible) . .

The meeting adjourned at 10:35 a.m.