

Third Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Human Resources

Chairperson
Ms. Marilyn Brick
Constituency of St. Norbert

Vol. LVI No. 4 - 9:30 a.m., Tuesday, June 7, 2005

ISSN 1708-6655

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON HUMAN RESOURCES

Tuesday, June 7, 2005

TIME – 9:30 a.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Ms. Marilyn Brick
(St. Norbert)**

**VICE-CHAIRPERSON – Mr. Bidhu Jha
(Radisson)**

ATTENDANCE – 11 QUORUM - 6

Members of the Committee present:

Hon. Mses. Allan, McGifford

Ms. Brick, Messrs. Cullen, Jha, Ms. Korzeniowski, Messrs. Maloway, Martindale, Penner, Mrs. Rowat, Mr. Schuler

Substitutions:

Mr. Altemeyer for Hon. Ms. Allan
Mr. Swan for Mr. Maloway
Mr. Schellenberg for Hon. Ms. McGifford
Hon. Mr. Bjornson for Mr. Martindale
Mrs. Stefanson for Mr. Cullen
Mrs. Driedger for Mrs. Rowat
Mr. Dyck for Mr. Schuler

APPEARING:

Mr. Kevin Lamoureux, MLA for Inkster

WITNESSES:

Mr. David McDowell, Private Citizen
Ms. Margaret (Rita) Warran, Private Citizen
Mr. Terence Clifford, Private Citizen
Mr. Arnold Ross, Private Citizen
Ms. Lorraine Forrest, Private Citizen
Ms. Anne Monk, Private Citizen
Ms. DeeDee Rizzo, President, Retired Teachers' Association of Manitoba
Mr. Brian Arden, President, Manitoba Teachers' Society
Ms. Peggy Prendergast, Private Citizen
Ms. Kai Arnot, Private Citizen
Ms. Norma Lacroix-Gagné, Présidente, ÉMR – Éducatrices et éducateurs manitobains à la retraite
Ms. Anne Monk for Mr. Wayne Hughes, Private Citizen

MATTERS UNDER CONSIDERATION:

Bill 48–The Teachers' Pensions Amendment Act

Madam Chairperson: Good morning. Will the Standing Committee on Human Resources please come to order.

This meeting has been called to consider Bill 48, The Teachers' Pensions Amendment Act. The bill was considered last night in the other committee room by the Standing Committee on Legislative Affairs. We are continuing that consideration in this committee this morning.

Committee Substitutions

Ms. Bonnie Korzeniowski (St. James): Madam Chair, with the unanimous consent of the committee, I would like to make the following membership substitutions effective immediately for the Standing Committee on Human Resources: Altemeyer for Allan; Swan for Maloway; Schellenberg for McGifford; and Bjornson for Martindale.

Madam Chairperson: Thank you very much. Just before we proceed, is there consent from the committee for the substitutions? *[Agreed]*

Mr. Jack Penner (Emerson): Madam Chairperson, to the people sitting here waiting, I think what you are seeing here today is a demonstration of how disorganized this government is in its application of the process. I think, clearly, we need more of these public forums to clearly indicate–

An Honourable Member: Stop talking about it.

Mr. Penner: Well, is it not true?

An Honourable Member: You are wasting more time.

Mr. Penner: You could not even organize a committee.

Madam Chairperson: Mr. Penner, did you have substitutions?

Mr. Penner: With leave of the committee, I would like to make the following membership substitutions effective immediately for the Standing Committee on Human Resources. Madam Chairperson, I would like to ask that we appoint Tuxedo, Stefanson, for Cullen; Driedger for Rowat; and Dyck for Schuler.

Madam Chairperson: Is there consent from the committee for the substitutions? *[Agreed]*

* * *

Madam Chairperson: We have a number of presenters registered to speak this morning which you will find noted on the presenters' list before you. We have also posted the lists at the entrance of the room.

Before we proceed with these presentations, we do have a small number of other items and points of information to consider. First of all, a further meeting has been called, if necessary, to hear any presenters which we may not get to this morning. This meeting will be held in this same room, 254, this evening, Tuesday, June 7, at 6:30 p.m.

Second, if there is anyone else in the audience who would like to make a presentation this morning, please register with staff at the entrance of the room.

Also, for the information of all presenters, while written versions of presentations are not required, if you are going to accompany your presentation with written materials, we ask that you provide 20 copies. If you need help with photocopying, please speak with our staff.

As well, I would like to inform presenters that, in accordance with our rules, a time limit of 10 minutes has been allotted for presentations, with another 5 minutes allowed for questions from committee members.

Also, in accordance with our rules, if a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list. If a presenter is not in attendance when their name is called a second time, they will be removed from the presenters' list.

On the topic of determining the order of public presentations, I will note that we do have a number of out-of-town presenters in attendance, marked with an asterisk on the list. At the previous meeting considering this bill, members had agreed to hear out-of-town presenters first.

Is it the will of the committee to continue this practice? *[Agreed]*

How late does the committee wish to sit this morning?

Ms. Korzeniowski: I would suggest we sit until noon today.

Madam Chairperson: Is it the will of the committee to sit until noon? *[Agreed]*

Prior to proceeding with public presentations, I would like to advise members of the public regarding the process for speaking in committee. The proceedings of our meetings are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or presenter, I have to first say the person's name. This is the signal for the Hansard recorder to turn the mikes on and off.

Thank you for your patience.

Bill 48—The Teachers' Pensions Amendment Act

Madam Chairperson: We will now proceed with public presentations.

In keeping with the practice of this committee, I will now call out-of-town presenters: David McDowell, private citizen.

Floor comment: Good morning.

Madam Chairperson: Just a moment, Mr. McDowell. You just have to be recognized first.

Did you have copies you wanted to distribute?

Mr. David McDowell (Private Citizen): I have copies, but I am not an out-of-towner, so I would yield to those who are.

Madam Chairperson: Okay. Thank you very much. We will call you later then.

John Zubatiuk, private citizen. One more time, John Zubatiuk, private citizen.

Margaret Warrian, private citizen.

Ms. Warrian, did you have copies of a presentation you wanted to distribute?

You can proceed, Ms. Warrian, whenever you are ready.

* (09:50)

Ms. Margaret (Rita) Warrian (Private Citizen): Good morning, Madam Chair, members of the committee.

My name is Rita Warrian, also known as Margaret Warrian, and I live in Dauphin, Manitoba. I have come here today to make a presentation on behalf of a subgroup of retired teachers.

You have heard how all retired teachers' pensions are being eroded. The lack of contribution increases has resulted in the lack of any significant cost of living adjustment in recent years. The details of that were presented last night by speakers and will be presented again this morning to this group, which is significantly different from last night's group, but you will also hear it, so I am not going to go into that.

There is a group who are particularly vulnerable to this erosion, and that is the group at the lowest end of the pension scale, women who taught in rural schools. We know from the charts, and you have one attached to my presentation, that were prepared by the Teachers' Retirement Allowances Fund that women in general receive on average significantly less pension than men do. There are many historical reasons for that. It is just a fact, but rural women, because of a variety of factors of being both rural and women, earn the lowest of all.

I have lived and taught in rural Manitoba since 1967, and I have experienced first-hand some of the conditions which created this situation. Also, I belong to the Dauphin-Ochre chapter of the Retired Teachers of Manitoba. We meet once a month, and our members frequently speak of their growing concern about the lack of cost of living adjustment and its effect on their already low pensions, and therefore on their ability to provide basic necessities for themselves. When you are living near the poverty

line, every 2% drop, which is what we will have this year and what we had last year, is painful.

When you are receiving \$998 a month, which one woman said she was after 27.5 years of full-time teaching, you cannot afford to drive a car, and in a rural area that is a real disadvantage. While I am speaking of the poverty line, statistics show us that there is a correlation between poverty and cost to the health care system. People who cannot afford to eat well, pay for prescriptions, or for exercise programs, are less healthy than those who can. So this is a matter of shifting funds from one place to another place, rather than new money, but that was in the side. You will hear the statistics, the facts.

I would like to put for you a human face on this situation. I did not grow up in Manitoba and my own story may not be typical, so I have asked a member of DORTA, the Dauphin-Ochre Retired Teachers' Association, to allow me to share her story with you, since her pension reflects many of the factors retired women in Parkland experienced. Here is how an energetic, creative, hardworking person retired after a lifetime in the classroom with a pension, before deductions, of \$1,300 a month.

First is the extra cost of post-secondary education for rural students, resulting in decreased levels of education among rural teachers in the past. This woman was born in 1939 on a farm on the east side of Lake Dauphin and, even in a family which valued education, at the end of the thirties there was not enough money to send all five children to university. Even if they could have afforded the tuition, there was the extra cost to rural students of room, board and transportation. So, like many bright kids of her time, she went to normal school for one year.

There is also the matter of lower pay scales in rural divisions. On graduation she got a job in a rural school where the pay scale was below that of larger divisions, and that pattern still exists in Manitoba. Pension contributions are based on salary. The higher your salary, the higher your pension. Therefore, teachers who were employed by rural divisions are likely to have lower pensions.

Third, there was forced resignation or no maternity leave in many districts for a long time. Like many women, this woman was forced to resign when she was pregnant with each of her three

children. Therefore, the maternity-leave payback provisions do not apply to her. She tells me she was very disappointed when she tried to get information, how much it would cost her to buy back the time that she lost from having the three children, and was told it does not apply because, strictly speaking, she did not get leave. She resigned and then waited to be hired back. This reduced her years of pensionable service, the other factor that is used in calculating pension. It also meant that she did not have a guaranteed job to return to.

Fourth, there is the extra cost and effort needed to improve qualifications if you live a long way from Dauphin or from Winnipeg or Brandon. Within a school division, salaries are based on salary classes, which are related to years of post-secondary education and years of experience. If you live in Parkland, going from Class 1, normal school, to Class 3, three-year Bachelor of Teaching, or Class 4 which would be a university degree and one year, involves countless trips to Dauphin in the evening, Brandon on Saturdays and Winnipeg for summer school, rural roads, winter driving, and on top of a full teaching load.

Now, had she lived in Thompson, this would have been even more difficult, but she made it to Class 3 before giving in. When she went back to work, she got into the part-time and substitute teacher trap. Like many rural teachers, she married someone who was self-employed and when he died suddenly, and, hopefully it is not typical, she found that being self-employed meant he had no pension and she was now the sole earner. She moved to Dauphin with her youngest son who was still at home and started there into what women call the "part-time job that will not grow into full time" trap.

Rural divisions know that women provide an excellent pool of part-time labour and that keeping a teacher part time allows flexibility in timetabling. These part-time people were generally women. In the mid-eighties, I discovered that there were three teachers in the Dauphin Regional School who were teaching seven out of the eight required sections. I was receiving seven-eighths salary which then impacted on my pension, and the other two were being paid full time. I want to know how many of you would tolerate that situation. When I questioned it, I was told that the other two were men and that men will not work part time and therefore were given full-time contracts. The other two were offered jobs

supervising in the gym to make up the extra time because they knew I was going to make a fuss about it. I was not offered that. Married to someone with a business in Dauphin, I was unlikely, like many women, to quit and move somewhere else.

Those parts of years were not always calculated to the teachers' advantage. For example, decimals would get rounded off to the lower full number, and part-time teachers would discover, if they were lucky enough to find out, that they were not being paid for preparation time. People do not like to talk about how much or how little they make, and teachers like to think that someone is watching out for their rights. I guess all of us like to think someone is watching out for our rights—two minutes—and so even these small percentages add up.

All of you know these women—I am going on because I am running out of time—especially those of you who represent rural ridings. They volunteer for everything in the community from little theatre to door-to-door canvassing, from providing food for church suppers to working on election campaigns. They are concerned, and they vote in large numbers. They do not expect that government will correct past inequities. They do not want something for nothing. When they worked they paid a portion of their salaries to provide a COLA for their pensions so they would not have to watch their buying power whittle away when they are past employable age. They ask only that you protect what they have managed to provide for themselves by hard work and determination, and 1.1 percent will not do it. Madam Chairperson.

* (10:00)

Madam Chairperson: Thank you very much. Are there questions for Ms. Warrian?

Mrs. Myrna Driedger (Charleswood): Just a comment to thank you for bringing your unique perspective to this situation, you know, in terms of the problems this is creating for people who have given a lot of time and effort, and living in rural Manitoba. So I certainly appreciate the perspective that you have been able to add to this issue. Thank you.

Madam Chairperson: Thank you very much for your presentation.

We will now revert to presenters coming from Winnipeg.

Terence Clifford, private citizen.

Mr. Clifford, you are circulating information.

Mr. Terence Clifford (Private Citizen): Yes, that has been given out.

Madam Chairperson: Okay. You can proceed, Mr. Clifford.

Mr. Clifford: Thank you. Before I start, I have a question and then a statement, before I begin a formal presentation.

There are different people sitting around this table this morning than there was last night. I do not know if they have been given or have access to the briefs that were handed in. My wife presented a brief yesterday. It was handed in. I do not know if you have got a current copy of that. If you do, it is Gayle Robertson, and in paragraph 2 there is an error: 200 is written; it should be \$2,000.

The second point is that I think the committee should be aware of my background with regard to the Teachers' Retirement Allowances Fund. I am a ministerial appointment to that committee, and I want to clear the air with regard to any possibilities of conflict of interest.

Madam Chairperson: Just before you proceed, Mr. Clifford. You are presenting as a private citizen.

Mr. Clifford: I am presenting as a private citizen, and I want to make that clear that I do not perceive myself in a conflict of interest situation. My suggestions would be an enhancement to the plan, if they were followed through, which would benefit all participants in the plan, both active and retired teachers. So, as such, I see myself not in that conflict situation.

Madam Chairperson: Okay. We will accept your presentation as a private citizen, Mr. Clifford. Please proceed.

Mr. Clifford: Thank you, Chair, and I do thank you for being able to make this presentation to the hearings on Bill 48.

There are two main aspects to the Teachers' Pension Fund. The first is Account A. The other is the Pension Adjustment Account. The former provides a basic pension, and the latter for increases to existing pensions to compensate for inflation factors.

I do commend the government for proposing an increase in the contribution rates for active teachers. It is a change that has been needed for some years now, and these increases primarily address concerns for Account A, not totally, but five sixths of it roughly.

The proposed bill appears to address the long-term needs of Account A. Simply put, if the contribution rate does not increase, then the long-term viability under the current formula would be in doubt. Existing benefits to the basic pension would have to be reduced. For example, increasing the retirement age from 55 to 60, or the sum of age and experience, which is currently 80, would need to be 85. Or, if some of these benefits did not change, then the unfunded liability to government would increase. I leave it to actuaries and to others to say if the increase of 1.1 percent is adequate.

Of greater concern to me, as a retired teacher, is a seemingly total ignoring of my pension needs in this bill. It is unfortunate that the proposed changes are simply inadequate for the demands of the pension fund. It may be adequate for Account A, from which a basic pension is paid, but that is all. A far more comprehensive examination of the financial concerns of the plan needs to occur than appears to have happened.

I retired in June, 1997, eight years of happy retirement, I may add. I received my first pension cheque at the end of July, 1997, and in buying power it is the largest of all the cheques that I have or, indeed, will receive. The purchasing power of all subsequent cheques has steadily decreased.

Both the Canada Pension Plan annually and Old Age Security quarterly are fully indexed. My teacher's pension is not. The projection is that I will receive annual adjustments between one quarter and one third of the actual cost of living increase. I am getting progressively poorer. This concern has to be addressed through factors involved in the Pension Adjustment Account. The monies in that fund need to be increased.

There are changes which could be made to alleviate the situation, and it would appear that none have been considered, or indeed if considered, dismissed.

The first possibility is an increase in the contribution rate. There has been, I know, some discussion of raising active teacher contribution rates by about 1 percent. Active teachers could not benefit immediately, but would benefit when they retired. I, as one of those who has retired, certainly would benefit, and it is acknowledged that retirees would benefit without having contributed an adequate amount when they were active. Now this is not precedent setting, but increased benefits have been given in the past. The retirees have been given those increased benefits, though they may not have contributed. That is one suggestion.

The second suggestion is changes in the disposition of surpluses. Currently, the pension plan is working its way out of a serious deficit situation. It will, in the near future, start showing a surplus, and there is no legislation as to the disposition of that surplus. In fact, it has to go through the Legislature, I believe. That surplus is generated from plan investments. As a pensioner, my contributions have already been made to the plan, but my contributions currently help generate that surplus. In fact, close on half of any surplus is based on retirees' money in that fund.

The first claim on the surplus is to fill any deficits in the plan, for example, the current underfunding by active teachers. As a retiree, I have subsidized the current funding deficit by active teachers. I, with my \$30,000 pension, am subsidizing the pension contribution of the president and the general secretary of the Teachers' Society, whose salaries are in the area of six digits. I add, by the way, Chair, that the average pension of retired teachers is \$22,000. That is average, so you can imagine, as the previous speaker said, what some of the lower sums are. A defined quantity of the surpluses, actuarially based, should be placed in the Pension Adjustment Account. That would assist in alleviating my steady move to reduced income.

A third suggestion is payment on the investment returns to the Pension Adjustment Account. In July each year, any increase to my pension is paid out of the Pension Adjustment Account. Monies, about \$1 of every contributed \$6 from active teachers, is paid

into that account, and the account gains interest. The main account, Account A, for pension payments, gains interest from investments from fixed-income sources and other investments.

Now, when the PAA was first established, the interest paid into the PAA was based on fixed-income returns, and, at that time, fixed-income sources gave a higher rate of return. At that time, this method was considered the best "for the foreseeable future." Times change and, longer term, the fixed-income sources have provided less interest. It would be better if the PAA to were receive investment interest, as does Account A, and, not following the words that are printed here but just to give you an example, at the moment the rate of return projected for fixed incomes is roughly half the projected or anticipated returns of the total investment, so that the money going into PAA is roughly have the consideration of other funds. That I find strange. By the way, I would add that the current rate of return last year was approximately three times, so even that adjustment would perhaps double my increase due in July.

Part of the concerns that retired teachers have is that they have such a minimal input into any discussions that have occurred in the Pension Task Force. A retired teacher is present as a grace and favour position through MTS. Retired teachers do not have a totally independent voice in these discussions. The interests of retired teachers are not always the same as active teachers, a lot of the time, yes, but not totally. As a retired teacher, I have been told that the concerns that I have will largely be resolved in 30 years. In 30 years, Chair, I suspect that all of my problems will have been resolved.

*(10:10)

Retired teachers need full, unfettered representation on any task force or committees established relating to pensions. It would be better, I suggest, if the Retired Teachers' Association, the only, I stress that, only group that can claim to represent retired teachers, be named such persons.

In summary, Chair, for active teachers and Account A, the government has made a progressive move. For retired teachers and the Pension Adjustment Account and inflation factors, it is a wasteland. It is strange. Pensions, I thought, were designed for retired persons.

If you look on the final page, there is some pension data there. It is my own. Figures are approximately correct. You will note that, over the eight years that I have been retired, my actual increase is in the order of 9 percent. The actual increase in the cost of living is in the order of 15 percent. I have lost, overall in those years, about \$6,400. My increase this year will be the grand sum of \$122. That will be my increase. That works out to be 33 cents a day, and that is in pre-tax pennies. If I save up for about three weeks, I will be able to go to Tim Horton's and get a half decent cup of coffee. That is what it means in reality.

Thank you, Chair. That is my presentation. If there are any questions?

Madam Chairperson: Thank you very much, Mr. Clifford. Are there questions?

Mrs. Driedger: Thank you, Mr. Clifford. We have certainly heard from a number of people last night that were asking for, as you have indicated, unfettered representation on any task force or committees. Certainly, in the past we have been very supportive of trying to get a retired teacher on the TRAF board, and the member from Tuxedo certainly brought forward a private member's bill in the past to do that. We do note that bill was rejected, but the government did appoint somebody following that to the TRAF board from the retired teachers. The number of presentations requesting, also, "on any task force" certainly seems to make some sense. It seems to be a reasonable position to take in that the retired teachers know and can reasonably present their own issues and fight for their own issues with a voice of understanding. So that seems to be a reasonable request.

Do you have any sense of why that request might not be being listened to, and why do you think that the COLA was not addressed in this legislation?

Mr. Clifford: On the first one, I have private opinions, and I think they should stay as private opinions, because I would be making unfounded-in-reality statements.

I do acknowledge the difficulty that any government, independent of political stripe, is going to face, because that which I am requesting is going to cost money. However, there are two sides to the coin. You do not have any money as government;

you have my money to redistribute. I think it is reasonable if there is some of that in some fair manner.

There is a secondary effect I think that you should consider. The major resource in this province is people. Educated people are important. If you accept that, and I think everybody would, then those people need a good education. That means that they need good teachers. It is a competitive market. You have to attract good teachers. If you do not, they will go elsewhere; everybody will suffer. It is in everybody's interests to suffer, financially, to some extent, but, overall, even George Bush in the States is acknowledging early childhood education as being critical. Jeb Bush in Florida is doing things. Education is important. You have to attract high-calibre people. Those are the factors, bottom line, you need to look to.

Madam Chairperson: Thank you, Mr. Clifford.

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): I would just like to take this opportunity to thank you for your presentation today, Mr. Clifford.

Mr. Clifford: Thank you.

Madam Chairperson: Thank you very much, Mr. Clifford.

Mr. Clifford: Thank you, Chair.

Madam Chairperson: Our next presenter is Arnold Ross, a private citizen.

Good morning, Mr. Ross. Do you have copies of a presentation you would like to circulate?

Mr. Arnold Ross (Private Citizen): I have no copies.

Madam Chairperson: Okay. You can proceed.

Mr. Ross: I come with no facts or figures. Some thoughts, though.

I would like you all to think about your own teachers that you have had in the past.

I paid my dues as a teacher for 34 years. I served two years as a consultant, and I had a sabbatical one

year. I had classes of 44 students. I had four years where I had eight classes a day. I had three years where I had 1100 students in a two-week cycle, different students. I paid my dues, no doubt about it.

I retired four years ago at 61. I am now 65. I come with no facts or figures. I do not know yet how my dollar is going to look, but I do know that my wife who is 61, her mother is 90, her family live a long life, and I expect she will as well. I paid dearly to take the pension plan that I did take. There was a choice of seven, and I chose to take one that would continue fully if I am gone and she survives, but if she lives for another 29 years to 90, certainly, that amount that she is receiving today will not cover what she needs to cover, even 20 years from now, maybe even 10 years from now. People are living longer, and there are fewer teachers paying for our pension now.

It is funny how I prepared what I wanted to say in a certain sequence, and I have not kept my sequence whatsoever. My memory is also going.

I did want to say that the year I started teaching was 1966, and that was the year that the Canada Pension was introduced. I thank all governments for continuing it and introducing it. I think it is amazing. We live in a country that is like no other. Not only do I have the CPP, but I have my TRAF, which is not quite as generous as the previous speaker, however. That, and I cut into my Old Age Pension this year. So, with three pensions, you would think I would be a rich man. I am not, but I am living pretty much like I lived as a full-time working teacher. So right now it is not too bad, but for my colleagues I hear that seven, eight, nine years after retirement it is not quite the same, and I am sure you have heard that already.

Probably that is all I have to say, because I forget the other things, but I think it is important that Bill 48 be doctored to the point where it actually is going to be meaningful, where it is going to say that the teachers are going to receive something on a yearly basis that at least is close to the cost of living. So thank you.

Madam Chairperson: Thank you, Mr. Ross. Are there any questions for the presenter? Seeing no questions, we thank you very much for your presentation.

Mr. Ross: Thank you.

Madam Chairperson: Lorraine Forrest, private citizen. You may proceed, Ms. Forrest.

Ms. Lorraine Forrest (Private Citizen): Good morning, Chair, and the committee.

My name is Lorraine Forrest. I taught in the River East School Division for 25 years. I served on the executive of the local teachers' association for 10 years, serving as the River East Teachers' Association president for one year. For the last six years of my teaching career I was appointed by Manitoba Teachers' Society as the metro regional bargaining co-ordinator for the City of Winnipeg.

* (10:20)

My involvement with both the local and provincial professional organizations taught me that MTS and many teachers throughout the province work diligently to provide active teachers with benefits to help them do their jobs more effectively.

When I retired four years ago, I joined the Retired Teachers' Association of Manitoba. I began to live life on a teacher's pension. Financial reality set in. My pension is exactly one half of my former earnings. To supplement my pension, I work at the University of Manitoba as a faculty adviser with Education students. I also have a 20-day term contract substituting for an MTS executive member.

In the past four years, I have watched the cost of living increase and my pension remain the same. I worry what the future holds if improvements in the COLA are not made. Will I need to continue supplementing my pension for many more years as the cost of living increases?

I was pleased to see that discussions have occurred between MTS and the government regarding pensions, resulting in Bill 48. However, the amendments in this bill are limited. I support the Retired Teachers' Association of Manitoba's position that Bill 48 does not address pension concerns of retired teachers. It is very important that the COLA issue be dealt with so retired teachers do not continue to fall further and further behind financially. Teachers provide a valuable service educating the youth of Manitoba. When teachers

retire they should be able to look ahead to a pension that provides a reasonable cost of living adjustment.

Bill 48 is a beginning to addressing pension issues of both active and retired teachers. Much more work needs to be done by both government and MTS to ensure that retired teachers have a more stable financial future. Thank you.

Madam Chairperson: Thank you very much. Are there questions for the presenter?

Mrs. Driedger: Thank you, Ms. Forrest. Do you expect the government to make any amendments to this legislation before it passes so that it would be addressing the COLA?

Ms. Forrest: If this was my wish list and I could make a wish list on this bill, I would like to see that the amount that active teachers are paying be increased, and I would like to see some change made to address the cost of living adjustment for retired teachers.

Mr. Bjornson: Thank you for your presentation. I appreciate you acknowledging that this is a beginning.

Again, our commitment as a government has been very clear with four times opening up the act. You asked that we continue to work with our stakeholders, and we will continue to work with our stakeholders. The bill that we have before us today is a result of consultations with the stakeholders, and this is an agreement that has been reached as far as increasing the contributions. Having said that, though, we have opened the act four times in six years and will continue to look at ways to improve the pension.

Madam Chairperson: Thank you very much.

Anne Monk, private citizen. You can proceed, Ms. Monk.

Ms. Anne Monk (Private Citizen): Thank you. Good morning. Chairperson, minister, committee members, I am pleased to have the opportunity to present my comments on Bill 48.

I am a retired teacher and an RTAM board member. As well, for 10 years, from 1987 to 1997, I was a teacher representative on the TRAF board,

during which term I served as vice-chairperson, investment committee member and, for a period of 14 months served as acting chairperson of the board and of the investment committee.

Members of the committee, I feel as if we have been in a game of musical chairs. Who got the chairs when the music stopped? The government got one chair and the Manitoba Teachers' Society and its active teachers got another chair. Even though there are long-standing pensioner cost of living adjustment funding issues of prime importance to retired teachers, left standing with no chair are retired teachers.

It was 18 years ago, when I was sitting on the TRAF board, that its actuary in the 1987 triennial actuarial valuation, first flagged the development problem of the adequacy of future cost of living adjustment funding, should the consumer price index increases return to the high levels of the early 1980s.

Since 1987, inflation continued to moderate, and the fund was able to support a full, or almost a full, COLA until 1998, but the basic unsustainability continued to exist. However, in 1999, even in a period of modest inflation, a downward spiral of COLA grants began so that the fund in 2005 can only support a 0.4% CPI COLA or 19 percent of actual 2004 CPI, which may be the lowest or among the very lowest COLA protection of provincial teacher pension plans. How bad is the funding status of the Pension Adjustment Account which finances COLA payments? RTAM's independent actuary says he could not recommend a COLA grant.

This 18 years of inaction is an important fact to understand. What can one make of it when most members of the plan wrongly thought their affairs were being looked after? It is not that the parties involved, both the government and the Manitoba Teachers' Society, had no knowledge of this red flag for the actuarial reports are sent to both and subsequent actuarial valuations continued to flag this issue.

One can only conclude that this 18 years of imprudent inaction is now resulting in a reduction in the standard of living of retired teachers and a deepening of the funding problem making it more costly to solve. One can only conclude that the Province has been in a catatonic state when it comes to the interests of retired teachers. This inaction

continues for this is the fourth time this government has opened The Teachers' Pensions Act for amendment. Still the government and the Manitoba Teachers' Society have continued to be unable to conclude an agreement to resolve the COLA funding issue. It is a disgrace.

Retired teachers are owed an explanation. Accordingly, I pose four questions. Question 1, where is our COLA? I have paid a portion of my pension contributions in recent years, 16.5 percent of contributions, much higher than the civil servants at only 10.2 percent, expecting to get, now that I am on a fixed income, a reasonable COLA to maintain my standard of living. I contend that I have contributed under false pretences. In effect, I believe I am facing a reduction in benefits.

Question 2, based on the actuary's current assumptions, what will be our COLA in 2006, 2007, 2008 and so on? Provide us with this information. In the recent Pension Task Force discussions, there was actuarial modelling suited to the interests of the government and active teachers. The process carried out in virtual secrecy was dismissive of the interests of retired teachers. We want due and proper consideration given to our interests. That is an actuarial analysis and forecasting for long-term planning related to our issues. Failure to do this is showing us no respect.

Question 3, what are the long-term ramifications of a 1.1% contribution rate increase to Account A? This limited contribution rate increase with no material funding for the PAA and insufficient funding to eliminate the contribution shortfall of new entrants has apparently been propelled by your government's need to limit its liabilities, such limitations causing your officials to say that it is the prudent thing to do to finance the base pension. Apparently, by allowing for a contribution rate increase that is less than actuarially required to properly fund the base pensions, your government finds prudence negotiable.

* (10:30)

This deficient contribution rate increase has long-term implications for active teachers and short- and long-term implications for retired teachers. Your desire to limit your liabilities should not be made at the expense of retired teachers. Other provinces, by and large, have managed to provide adequate COLA

protection for their teachers. Why can Manitoba not? Manitobans do not accept being at the bottom of the pack. What are your government's intentions?

Question 4, when is the Province, as plan sponsor, going to fulfil its responsibility? I would submit that as our plan is under an act of this Legislature, the Province is plan sponsor, and as plan sponsor you have the duty to do the following:

(a) You have an obligation to be fair and even-handed in your dealing with the members of the plan. To date, you apparently have only seen your obligation to 15 000 active teachers, but continue to ignore your obligation to 9500 retired teachers.

(b) You have an obligation to ensure retired teachers have an adequate COLA. I contend the act intends a provision of an adequate COLA. The deal that teachers struck in 1977 establishing COLA and the history of COLA payments from 1977 to 1998 make it legitimate for retired teachers on a fixed income to expect COLA protection. Your moral obligations are clear.

(c) You have a duty of stewardship. Your approach, as government, to limit your liabilities puts you in a conflict of interest with your duties as plan sponsor. If you need suggestions to move matters along, here are a couple: (1) allow for regular transfers from Account A to the Pension Adjustment Account; or (2) scrap the PAA. Make COLA payments an obligation of the plan by paying for them from Account A, as many other provinces do. Then retired teachers might be agreeable to a reasonable COLA limitation.

Finally, Minister, it is time this dysfunctional system is fixed. It is time the financial integrity of the PAA is restored. Minister, I am sure you do not want your legacy to be clouded by being regarded as the un-COLA Education Minister in an un-COLA government. I urge you to act to remedy this travesty. Similarly, as our plan is under an act of this Legislature, I would contend that all members of this Legislative Assembly have a duty of stewardship to the teachers in their care. Governments in civil societies respect and perform to their commitments. Thank you.

Madam Chairperson: Thank you very much. Are there questions from the committee?

Mrs. Driedger: Thank you, Ms. Monk. You make some very compelling comments in your presentation. One of the questions that was running through my head as you were talking, you have answered it a bit on the last page, but I just wonder if you can expound on that a little bit. You talk about scrapping the PAA and making COLA payments an obligation of the plan by paying for them out of Account A as many other provinces do. Are the majority of provinces in that position where COLA is funded out of Account A?

Ms. Monk: Yes. It is my understanding they are. I believe eight of them are doing it that way.

Mrs. Driedger: Do you know how long that that might have been in place where the COLA was paid out of Account A? Have provinces moved more toward that lately, or have they been there longer than that?

Ms. Monk: I do not know that.

Mr. Jack Penner (Emerson): Madam Chairperson, if memory serves me correctly, the NDP government, before they were elected, when they were in opposition, made it very clear that they were in full support of COLA for teachers. I think they called it "equality in pension funding" and providing for, adequately, COLA representation, or "COLA" being used as the terminology, I believe, for adequate pension funding.

When you talk about the un-COLA as being clouded, what would you recommend to this government now that they have been in power for five years and have not been able to meet the commitment that they originally made when they first ran for government and were first elected? What would you recommend to them today?

Ms. Monk: I think what retired teachers want is a commitment from this government. Now the minister has said this government supports the principle of COLA. He has made several comments. He made a comment this morning about commitment. He made a comment last night about commitment. I know he has made a comment about commitment to our president of our Retired Teachers' Association, and so far I see this as political rhetoric.

What we want is a commitment, a real meaningful commitment that once this particular

bill is passed, that this government will proceed to deal with the issues of retired teachers, and that is the funding of their Pension Adjustment Account to support an adequate COLA payment. How we achieve that, I do not know. I think all of you sitting here, I have made the point, have an obligation to the teachers because we are under an act of this Legislature.

I think you can understand the distrust that teachers have after 18 years of inaction about whether or not this is going to be dealt with. Simply, there is going to have to be money put in, otherwise there is going to have to be a reduction of benefits. This government continues to use the argument of economic reality, balanced budget legislation, commitments to a variety of pension plans, and without dealing with the COLA issue, they continue to do things at the expense of retired teachers. I am arguing that there is an obligation to retired teachers and I have laid it out in my brief.

Mr. Penner: So you are basically saying to this government that it was your view that the commitment had been made to treat you in a same fashion that the civil service is being treated, in other words, ensuring that cost of living calculations would be done adequately to provide you with the kind of pension that you are entitled to?

Madam Chairperson: Ms. Monk, you have only 30 seconds.

Ms. Monk: Okay. No, we are not asking to be treated the same as civil servants. Let me make that clear, but I am arguing in terms of the origins of the Pension Adjustment Account and its intent. The history of COLA payments in the way the act is worded, there is an intent of an adequate COLA being paid by the act. That is my argument that there is a commitment there that should be acted upon.

Mr. Bjornson: Unfortunately, the clock has run out on the presentation, so I would just like to thank you for your presentation today, and I appreciate your time and efforts.

Madam Chairperson: The committee calls DeeDee Rizzo, Retired Teachers' Association of Manitoba.

Ms. Rizzo, you can proceed.

Ms. DeeDee Rizzo (President, Retired Teachers' Association of Manitoba): Before I begin my

formal presentation, I would like to make a few comments about the process that I have had to endure. I find this process—

Madam Chairperson: Just a moment, okay?

Is it the will of the committee before the presentation before we begin to allow, is it the will or is it part of the time? I just have to seek clarification, I apologize. *[Agreed]*

We will have to limit your comments to two and a half minutes.

Ms. Rizzo: They will be very brief.

Madam Chairperson: Okay. Please proceed.

* (10:40)

Ms. Rizzo: I simply want to say that I have found this process insulting and a total disregard for the presenters. When I arrived last night and looked at the list, there were three different bills listed and 60 presenters. These are presenters that had already registered, 37 alone for Bill 48, more than sufficient for one evening for this bill alone.

There were not even enough chairs set up for the people who were presenters. If it were not for the kindness of the deputy minister, I would have spent six and a half hours last night standing at the back.

I do not feel that this gives proper respect to those of us who have taken the time and the effort to bring presentations. I am also concerned that, as I look around this table, I see many people who were not at the hearing last night, so we are having to do presentations to a new committee. I commend the decision, by the way, to split. Unfortunately, we were not notified about this ahead of time. Many of us expected Bill 33 to be continuing this morning and did not expect to even be on the docket until later. I would hope that this experience will change what happens in future. Thank you.

Madam Chairperson: Thank you very much for your comments. We will consider that in the future. You can proceed with your presentation.

Ms. Rizzo: My name is DeeDee Rizzo. I am the president of the Retired Teachers' Association. We welcome the opportunity to present our views

regarding the proposed legislation in Bill 48. RTAM was established 16 years ago and, as was mentioned yesterday, it is a voluntary organization and it currently has 5700 members. It is the only organization that can legitimately claim to understand and represent the interests of the over 9500 retired teachers in Manitoba.

At our AGM in May of this year, a motion was passed unanimously which stated, "That this assembly supports the general direction and actions of the RTAM board in working toward increased funding for the PAA, or Pension Adjustment Account, and an improved COLA grant." RTAM finds it unacceptable that issues related to the interests of active teachers are being addressed in the proposed amendment, while the issues related to the interests of retired teachers are being ignored. Retired teachers, after years in the classroom, after years of treating students with fairness and equity, expect a balance and even-handedness in addressing the issues of active and retired teachers.

Thirty-five years ago, in 1970, the then-government recognized that retired teachers deserved protection from inflation and undertook to pay 100 percent of a full cost of living adjustment, or COLA, to all retired teachers retroactively to the time they had retired. Six years later, they made a pension deal with the Manitoba Teachers' Society so that the costs of COLA would be shared 50-50. For a number of years, the PAA account was able to provide an adequate COLA, but those days are past. As early as 1987, and Anne Monk referred to this at length, the TRAF actuary flagged this as a potential problem. In the 18 years since it was first identified as a problem, nothing has been done to solve it. Failure to deal with this issue has resulted in retired teachers in Manitoba receiving one of the lowest COLAs in Canada. We find that totally unacceptable.

Minister Bjornson has repeatedly said that in the last 17 out of 28 years the PAA has been able to pay out 96 percent or more of CPI. That may be very interesting information from a historical perspective, but that historical perspective cannot be reconciled with what is, and what will be, my reality and the reality of my fellow retirees. Last year, our COLA was 0.54 percent. This year it will be 0.4 percent, with CPI being in excess of 2 percent each of these years. The actuaries are telling us that, unless the funding of the PAA account is dealt with, this will only continue to deteriorate.

Using information provided by TRAF and a historical summary of the CPI index, I would like to present the following information. An individual who retired in '95 has received cost of living adjustments that are 52 percent of CPI. An individual who retired in '99, and I am one of those individuals, has received cost-of-living adjustments that are 36 percent of CPI, and an individual who retired in 2001 has received cost-of-living adjustments that are 25 percent of CPI. I think the trend is evident. Our buying power continues to be eroded at an ever-increasing rate.

When the pension deal was made in '76 between government and MTS, active teachers gave up a benefit. They agreed to remove long-term disability from the pension plan and fund it separately. They also agreed to higher contributions in order to have an adequate COLA. That was the deal, and this was the expectation of all of us who worked during those years and contributed to the PAA so that the then current retired teachers would have inflation protection. Now we are retired. So where is the COLA for us?

In the last few months I, with members of the RTAM Pension Advisory Committee, have been travelling around the province talking with retired teachers about the COLA problem. They are angry and upset. Retired teachers expect that the funding issues related to their COLA payments will be fixed. The government has a responsibility to live up to the pension deal made in the mid-seventies. Neglect and inaction for the past 18 years is not an excuse.

We realize that there are two problems in this plan. The other problem is the under contribution of active teachers. We acknowledge that this issue needs to be addressed, but not at the expense of retired teachers. We demand fairness. There has to be efforts made to deal with both issues but not at the expense of any one group. Retired teachers are already feeling the impact of the lack of action of the government in addressing the problems of the plan. The effects of the under contributions, while important, will not be felt until well into the future. Retired teachers cannot afford the luxury of waiting for a possible solution sometime in the future. We are experiencing the effects of an inadequate COLA now, and every year that the COLA problem is not solved, it further erodes our buying power.

The current legislation being proposed, a 1.1% increase in pension contributions to Account A,

which funds the basic pension, does not solve either problem. It is an inadequate amount to solve the contribution shortfall of active teachers, and it provides an insignificant amount to the PAA account. According to statutory provisions in The Teachers' Pensions Act, 16.5 percent of all teacher contributions flow through to the PAA. The additional amount that this 1.1 percent would provide to the PAA would not significantly affect our COLA payment.

In a letter from the Minister of Education in June of 2004, he said, "The government supports the principle of providing retired teachers with cost of living adjustments to their pensions," and further, "Government will continue to work with the Manitoba Teachers' Society to ensure the long-term capacity of the PAA to provide reasonable cost of living adjustments for retired teachers." Minister Bjornson said almost exactly the same thing in his speech at the MTS AGM on May 26 of this year. While we applaud the sentiment, sentiment does not pay our bills. We need to see something a lot more tangible than words.

For the past year, in our four meetings with the minister we have stressed that COLA is our top priority, and as a stakeholder in the pension plan, we want to be independently represented at any table where pension issues are being discussed. The current process of meetings with the Pension Task Force, which is made up of representatives of government and MTS, does not give us an independent voice or an opportunity to review materials in advance. We have one representative invited by MTS to attend these meetings, but she is not supposed to present an opposing view to MTS when the meetings with government occur.

*(10:50)

The present round of discussions took place over a two-week period after an absence of meetings for two years. These pension issues are complicated and require thorough actuarial modeling to understand the full scope of the problems and examine all possible solutions. Only then can we have meaningful discussions. We are tired of sitting on the sidelines and seeing hastily developed and ill-thought-out proposals. We are frustrated at being excluded from participating in any meaningful way in the discussions, and we are fed up with the fact that once again our main concern of inadequate COLA is being ignored.

If the government in 1970 recognized that teachers who have dedicated their life to the education of the young people of our province deserved adequate inflation protection and did something about it, what has changed? We have become tired of listening to assurances that are issues that were important. We want action. Let us see some tangible commitment to fund our COLA now. Thank you.

Madam Chairperson: Thank you very much. Are there questions for the presenter?

Mrs. Driedger: Thank you, Ms. Rizzo. I have some concerns, I guess, around the issue where the Pension Task Force meets and there is a retired teacher that is invited as a guest to be part of that, but is not allowed to present opposing views when meeting with the government.

I guess that sort of, you know, it almost seems like tokenism, then, that a retired teacher is on there, but just does not say anything. What is the reason given, or is there one for why the retired teachers are basically gagged?

Ms. Rizzo: I share your concern. I cannot comment as to why. Perhaps that question should be addressed to the minister. We have repeatedly asked for independent representation. There should be several of us there taking part in the process, having full input in the process and being able to make suggestions that are taken into consideration when discussions occur.

Mr. Penner: Madam Chairperson, just a comment on the procedure that you outlined or voiced some concern about at your initial comments. I sat on this committee last night and we heard the people who were supposed to appear before this committee. We concluded our hearings at about nine, just shortly after nine o'clock. I walked into the other committee and sat there till about 11:30 and listened to the proceedings when you and your organization started, or I remember the organization started making presentations to the committee.

At no time as a member of this committee were we informed that this committee would be sitting this morning. At no time were we as committee members apprised even this morning of the fact that we would be sitting this morning till around nine o'clock. I talk about organization of this government and the unorganized way they function. That is

typical of how they have dealt with almost everything including the Crocus Fund. Thanks.

Madam Chairperson: You did not have a question though, Mr. Penner. Is that correct? Thank you very much.

Mr. Bjornson: Yes, thank you, Ms. Rizzo, for your presentation. As you did acknowledge in your presentation, RTAM has been meeting with myself and have committed to continue to do so, and that, of course, was the result of the presentation at the committee hearings last year. This is not a question. It is by way of comment that this has been unprecedented access to the minister's table, and I will continue to provide that access. As we have committed to continue to work with teachers on teacher pension issues, I am affirming that commitment today that we will continue to work with teachers on pension issues.

Madam Chairperson: Did you want to respond? Feel free you have a minute.

Ms. Rizzo: Yes, I would like a response, Mr. Minister. I am delighted to hear that we will continue meeting with you. I hope, however, that, as a result of the meetings, I will be standing before a committee before the end of the next session complimenting the government on the legislation being presented at the time dealing with our concerns.

Madam Chairperson: Thank you very much for your presentation.

The committee calls Brian Ardern, President of the Manitoba Teachers' Society.

Mr. Ardern, you can proceed.

Mr. Brian Ardern (President, Manitoba Teachers' Society): I would like to make one very brief comment before I start. Under normal circumstances we would have asked the local association—

Madam Chairperson: Just a moment. Is there leave for Mr. Ardern to make a comment before he begins his presentation? *[Agreed]* If you could keep it short, though, Mr. Ardern, please.

Mr. Ardern: Very short. Under normal circumstances we would have contacted local association presidents, and we would have encouraged a lot of

teachers to be here today to discuss this. We decided not to do that. We will basically have just a single presentation on this, and this will be it.

Madam Chairperson: Thank you, Mr. Ardern. Just so that you are aware, you could also have people give written submissions that the committee would receive. So you could make that information known.

Please proceed with your presentation, Mr. Ardern.

Mr. Ardern: I want to thank you for the opportunity to be here today. The active and retired teachers of Manitoba are vitally concerned about pension issues. We are supportive of this legislation and we want to thank all three parties for ensuring that it is being dealt with expeditiously.

The current structures of our pension plan were placed in legislation in 1980. At that time, the premiums paid by teachers were set at their current levels of 5.7 percent and 7.3 percent above and below the YMPE. The plan provides for a basic defined benefit to be paid out of Account A. In addition, 16.5 percent of teacher premiums are directed into an account called the Pension Adjustment Account, or PAA, which was set up to provide cost of living increases. Since that time, teachers have continued to fund their portion of their pensions on an ongoing basis while government pays its share to retirees on a pay as you go basis. That means that the money being administered by the Teachers' Retirement Allowances Fund, TRAF, roughly about \$2.5 billion, is made up almost exclusively of teacher money.

Since 1980, there have been improvements in the plan, including allowing for early retirement without penalty. Twenty-five years ago, teachers routinely retired in their mid-sixties. The average retirement age is now 57 and it continues to drop. Combined with the fact that everyone is living longer, teachers are now contributing into their pension plan for fewer years and receiving a pension longer. It is not uncommon now for teachers to pay into their plan for 30 years and collect from it for 30 or more years. This means that the cost per teacher to pay benefits has risen considerably.

Another important difference between now and 1980 is the shifting demographics of Manitoba's teaching population. Today, the single biggest cohort

of teachers is at or near retirement age. This is reflected in the radical change in the ratio of active to retired teachers that has occurred. In 1980, there were about seven active teachers for every retired teacher. The current ratio is about 1.4 active teachers for every retired teacher and it continues to drop.

Coupled with improvements to the plan that have already been mentioned, there have been other changes to the plan, such as moving from seven-year to five-year averaging and recognizing maternity leave as pensionable service. It is against this backdrop that the plan has sat without a single premium increase for the last 25 years.

Although much has changed since 1980, in many important ways our pension plan has not. In addition to premiums that have never been adjusted, our plan continues to be an act of the Legislature. The plan has no flexibility to adapt with the times. Instead, a bill must be passed each time plan amendments become necessary. This impediment to change has been a major factor in our current difficulties.

The last three-year valuation of TRAF was completed as of January 1, 2004. It found that the plan had dropped from an actuarial surplus of 4 percent in the previous valuation to an actuarial deficit of 5 percent. Actuarial deficits are being faced by teacher pension plans across the country. They are the result of what has been termed by some as a perfect storm. There are three major factors which impact the health of a pension plan, two of which are beyond control.

*(11:00)

The first of these is what markets and interest rates do. For the last two decades, pension funds benefited from very high interest rates. In the late nineties, they profited from sky-high equity markets, but these conditions could not continue. In fact, the plan's current return assumption is 6.75 percent, but it was 8.75 percent, a full two percentage points higher, in 1980.

Although its impact should be predictable, the second factor beyond control is demographics. People are living longer. This is placing a tremendous strain on pension plans all over the world, and we have not been immune to those pressures here in Manitoba.

The third factor affecting pension plans over which there is some measure of control is the level of pension benefits and premiums. The teachers of Manitoba have a defined benefit pension plan which spells out the benefits they will receive when they retire. They will not tolerate a cut in those benefits, but they do understand that the cost of those benefits has risen. They are well aware that new teachers coming into the profession are not contributing enough for their pension. Since October of 2002, the Manitoba Teachers' Society has been asking government to increase premiums to ensure that our share of the pensions teachers receive is covered.

Bill 48 is the start of what we hope will be an ongoing process to update our pensions. Based on the average teaching salary, it will cost each active teacher approximately \$600 annually and provide an additional \$9 million approximately yearly toward the pension benefit. This is about a 17% increase in premiums for active teachers in order to maintain the same benefit. Of this, about 16.5 percent will go to the Pension Adjustment Account. This means about an 18% increase in the money available in the Pension Adjustment Account or about \$1.5 million a year.

In and of itself, an increase of 1.1 percent will not solve the problems our plan faces. New teachers will still not be contributing enough for the pension they will receive, and retired teachers are going to receive cost of living increases that are woefully inadequate. We will have to wait until the next valuation to know exactly where the plan is in actuarial terms, but a 1.1% increase will make some difference. What is clear is that a sustainable pension plan is in the best interests of not only active and retired teachers, but government as well.

It is obvious that we have a lot of work ahead of us. Manitoba teachers have been paying among the lowest pension premiums in Canada for some time, and only Québec currently has lower levels. In the 1990s, we went for a full decade without any changes in our pension plan at all. While we are pleased the current government has put forward legislation a number of times to deal with important concerns, basic structural issues desperately need to be addressed. Chief among these is the issue of the cost of living adjustment. Bill 48 does not address long-term COLA issues. This year, retired teachers will receive a cost of living adjustment of about four

tenths of 1 percent. Even if the money in the Pension Adjustment Account were to be doubled, it would still provide for an increase that is well below inflation levels. Like pension plans everywhere, this is a difficult problem, but it is one that we remain committed to addressing. The Manitoba Teachers' Society will continue to work toward providing a reasonable COLA for retired teachers.

Across Canada, cost of living adjustments are under attack, and we need to be aware of the emerging intergenerational conflicts. Retired teachers have real fears about the lack of an adequate COLA eroding their income over long retirements. Younger teachers are resentful at incurring the risk, liability and increased premiums necessary to pay a COLA for people who enjoyed low premiums during their careers. We can argue about who is responsible for all this. Some will insist that it is important that we assign blame to someone. This will accomplish little.

Mr. Vice-Chairperson in the Chair

The bottom line is that it has taken more than two decades for us to arrive at this situation, and the solutions will not come quickly or easily.

I want to thank government for introducing Bill 48, and I want to thank all the parties for ensuring that it is being dealt with quickly. Increasing pension premiums for active teachers by 1.1 percent is an important step for all Manitoba teachers, active and retired, but it is only a first step. We want a strong, healthy pension plan, and we look forward to continuing the discussion with government. Thank you for this opportunity.

Madam Chairperson in the Chair

Madam Chairperson: Thank you very much.

Mrs. Driedger: Thank you, Mr. Ardern. When the bill was being discussed and, I guess, drafted earlier on, were you led to believe that this bill was going to pass this session?

Floor comment: It was our—

Madam Chairperson: Mr. Ardern.

Mr. Ardern: I swore I would not do that this time.

That was our understanding.

Mrs. Driedger: Certainly, you know, in how the government has rolled out this bill, there was not a commitment on their part to see this bill pass this session. In fact, that comment had been made to us, that they were not expecting this bill to pass this session. There had also been a comment from a couple of ministers who said, "Well, teachers know who their friends are, so they will know what to expect from us," and they did not think that teachers would be that upset if it did not pass before the summer break.

But, when the minister handed out a spreadsheet for us, he did indicate there that if the increase in contributions is delayed by six months, it is estimated that there would be \$750,000 less into the PAA and \$3.25 million into the main fund. When I saw that, I was certainly concerned that the government was not moving more aggressively forward in getting this bill dealt with this session and, especially with those numbers, they seemed to, again, would have set everything back.

So I just wanted to express my concerns to you about that, and also to ask you, because I do not want to put you on the spot by asking anything awkward, but do you have a majority support from active teachers in moving this legislation forward?

Mr. Ardern: Well, I will comment on the procedural part first, and I cannot pretend to understand how procedure here works, but I do want to say that we need this legislation passed, and we are very pleased that all parties are working to make that happen. We are very appreciative of that. We need this bill to come into effect September 1. Frankly, we needed legislation like this 15 years ago. It would have been a lot better. So we are very pleased to see all the parties working to make sure that it is passed expeditiously.

On the issue of talking to teachers about this increase, we have been working very hard over the last two years trying to make sure that teachers in the province were aware of our position and why we were taking it, and I think we have been successful. I think we have done a very good job of explaining our position and gathering support.

Having said that, there is resistance. We have many teachers coming into the profession now, and

what they are saying to us is, "Look, my CPP costs are through the roof; my insurances are through the roof; my dental plan is through the roof, and now you want to add another increase," and we have had teachers tell us flat out, "Why should I pay more into a pension plan for exactly the same benefit?" They have said, "I do not mind paying into the Pension Adjustment Account the same percentage that has been paid for all these years, but I do not believe I should have to pay more."

So I mentioned in my presentation, what I referred to is the intergenerational conflict that is there, and it does exist, and we are working very hard to make sure that young teachers have a broader perspective.

Mrs. Driedger: Do you expect that the government will pass this bill in third reading this session?

Mr. Ardern: I sure hope so.

Mrs. Heather Stefanson (Tuxedo): You have stated that you are expecting this bill to pass. Are you aware of the fact that the bill, if it is passed, does not necessarily come into force right away and, in fact, the bill says that this act comes into force on a day to be fixed upon proclamation, which is a day that is not, you know, we do not know when that day is? Does that concern you? It could be a year from now. We have no idea when that may be.

Madam Chairperson: Mr. Ardern, you only have about 20 seconds.

Mr. Ardern: The teachers of Manitoba put a lot of effort into this, this year. There have been thousands of cards and letters and e-mail. People have made a real effort and, I will be honest with you, I think teachers are going to be pretty angry if we have a piece of legislation that everybody agrees should go forward, and I hear all parties saying it should, that if, somehow, procedurally, people cannot work things out. We need this legislation passed. We need it to come into effect September 1, because before or after creates technical problems.

Madam Chairperson: Conclude your remarks.

Mr. Ardern: We need it passed.

Madam Chairperson: Thank you.

* (11:10)

Mr. Bjornson: Well, once again, the clock has run out on the presentation, so I would simply like to thank you very much for your presentation. Indeed, you have identified that this is a situation that has been a long time that needs to be addressed, and we will continue to work with teachers to improve our pensions.

Madam Chairperson: Thank you very much for your presentation, Mr. Ardern.

For the information of the committee, the next presenter, Norma Lacroix-Gagné, No. 7 on the list, has requested to make her presentation in French. We have made arrangements for consecutive translation where our translator would take a seat at the table and translate as the presenter is speaking.

Is there unanimous consent of the committee to allow this process? *[Agreed]*

Before we proceed with Ms. Lacroix-Gagné's presentation, we are awaiting the translator who has not appeared yet, so when the translator comes we will then move her into our scheduled rotation. Is that acceptable to the committee? *[Agreed]*

So we will call you as soon as our translator appears, okay? Thank you very much for your patience.

JoAnne Irving, private citizen.

Floor comment: She is not here.

Madam Chairperson: Okay. JoAnne Irving will be dropped to the bottom of the list to be called later.

Peggy Prendergast, private citizen.

Ms. Prendergast, do you have something you would like to circulate?

Ms. Peggy Prendergast (Private Citizen): Yes, I do.

Madam Chairperson: You can proceed with your presentation, Ms. Prendergast.

Ms. Prendergast: Good morning.

Madam Chairperson: Excuse me. Just a moment. Thank you very much. From the committee, our presenter is going to proceed. Please proceed.

Ms. Prendergast: My name is Peggy Prendergast. I am a retiree. I am a member of the board of the Retired Teachers' Association and have been involved for the last eight years.

Thank you for this opportunity to present my personal view on Bill 48, The Teachers' Pensions Amendment Act.

"Life is difficult." This is the opening sentence of a book written by M. Scott Peck, *The Road Less Travelled*. He goes on to state, "Life is a series of problems." He then asks the question, "Do we want to moan about them or solve them?"

We sit on either side of a problem that was first flagged in 1987. This problem is not of our making. You, the government, have inherited from your predecessors a large, unfunded pension liability and balanced budget legislation. We, on our part, are now living with the problem of COLA where the rubber has hit the road. There is not enough money in the Pension Adjustment Account to pay retirees a reasonable cost of living adjustment. In my opinion, the 0.4 percent I am told I will receive on July 1, 2005, is not a reasonable COLA.

Account A, the main funding account of our pension, is in a \$126-million deficit position. New teachers to the profession are only contributing 85 percent of monies needed for their end pension. It appears obvious what has to be done. The deficit needs to be corrected. The current underfunding of the new entrant to teaching, a large problem for Account A, must be corrected. This bill is a start toward solving these two problems, but 1.1% contribution raise is not enough money.

The retired teacher problem, COLA, is not addressed in Bill 48. The issue of COLA for the retired teacher must and can be solved, not by continually ignoring the actuaries' warnings and avoiding the problem, but by government and retired teachers working together with the resolve to find a solution both for now and into the future.

As I have stated before, the COLA I am going to receive this year is not a fair or reasonable COLA. I

was a teacher in 1977 when the pension deal was struck. I heard George Strang, a former MTS staff officer involved with pensions often say, "I was not promised a full COLA." I do know the deal MTS and the government of the day struck, which is the Teachers' Pension Plan. It was meant to pay a better COLA than we have received the past two years.

I do know the objective of the teachers of the day was to pay a higher contribution rate than other government employees to receive a higher COLA. Teachers even agreed to fund their disability pensions separately so as to focus on COLA. In the year 2000, when it appeared we would receive no COLA, Murray Smith, now deceased, a retired teacher known to many of you, and I visited over 25 MLAs personally and spoke to the major caucuses of the day to inform you of RTAM's concerns. You responded by granting a 2% COLA, 77 percent of the then 2.58 consumer price index on which COLA is based.

I was encouraged by your recognition of the problem and your endeavours to correct this unfairness. However, this is a one-time fix. Monies from Account A, the main pension account used to supply the solution, could be said to come from surplus. It can also be said that monies used from Account A to shore up the underfunding of the new entrants also came from surplus. The monies used for retired teachers was \$17.6 million. The monies used for the new entrants were over \$155 million. This is an unfair distribution of funds in my opinion.

There needs to be a policy for the use of any surplus monies in the future. In fairness, I would further suggest that retired teachers' COLA be the priority for those funds, if and when they appear again.

Why am I saying this is an issue of fairness? Everyone knows life is both unfair at times as well as difficult. I want to address the issue of fairness because over my lifetime, by doing this, situations have changed. The most recent example is the maternity pension buyback for retired teachers. When active teachers were awarded this benefit, I asked the question, why not retired teachers? We had no maternity benefits in our generation.

After fighting for benefits for women all my life, this was the last straw. I had a recently retired friend, Yvette Spence, come to me very upset by the

unfairness of her situation. Yvette had a friend the same age as her. Her friend, the actor teacher could buy her maternity leave as pensionable service. Yvette could not. This unfairness and our frustration provided the motivation for us to pursue acquiring this benefit for retired teachers.

As you know, after persisting for four years, we were successful and are grateful to the government for finally correcting this unfairness, although again, in my opinion, only partially. There are hundreds of teachers now retired who were told they had to resign when they became pregnant. They received nothing.

Over the years dealing with issues of unfairness, particularly related to women, I have found that once the unfairness has been clearly stated and the problem isolated so as to be solvable, people focus on the solvable part of the problem, and over time, something usually happens. Gender issues are still alive and well in our society, but there has been a resolve to overcome the barriers. I am one of the statistics I used to talk about. I am a widow and a senior. Seniors are a whole new front of issues and that includes pensions.

Bill 8, The Manitoba Council on Aging Act, received second reading yesterday, June 8, 2005. You, as a government, have begun to listen to the concerns of seniors more actively. I am encouraged by that.

*(11:20)

To be retired is to be old, often unemployed, and, certainly, in my case, getting poorer. I taught for 41 years, 14 years part-time when my children were young, with the Winnipeg School Division with the understanding I would have a reasonably indexed pension. Here I am facing another year with a less than adequate COLA. My standard of living is being affected. I have been retired for nine years. I cannot buy today what I could then with my pension dollars. Every aspect of my life has increased in cost, and the COLA has not come close to helping the situation. The situation is getting steadily worse.

When I ask myself what can I do to help myself, I consider my options. Employment is very limited to someone who is 72 years of age. As you can see from the pension statistics I have provided, which is an addendum at the back of this presentation, I fall

into a class of teachers, women over 70, who appear to have to look forward to less and less income. If you refer to the sheet entitled "Inflation Protection in Teachers' Pension Plan," you will notice the percentage amount of a teacher's pension that related to COLA as that teacher ages on pension. Can you imagine my concern and anxiety?

From the years 1977 to '99, it is my understanding that COLA averaged approximately 80 percent. Since then that has dropped dramatically, and the prognosis is dreadful. Bill 48 does not address the COLA problem. With this amendment, there is miniscule improvement to the Pension Adjustment Account. If the 1.1 contribution rate increase suggested in Bill 48 was in effect for July, there would be an increase of 0.12 to my COLA, for a total of 0.52 percent, still less than last year and still not reasonable and definitely unfair.

As I said at the beginning, some of the problem has to do with the past. The government of the day chose a pay-as-you-go approach to pensions, and the result is now the disaster this government faces. Each government along the way, I am sure, was hoping they could pass the problem to someone else. This is a drastic problem. It requires a drastic solution. Money needs to come from somewhere to infuse the Pension Adjustment Account, or this generation of older retirees will be poor very quickly.

I am one of this present generation of retirees that volunteer many hours in the community, support their children and their parents with countless hours of caregiving that saves the system millions of dollars, volunteers who have lived with much smaller salaries, thus smaller pensions. I deserve to be treated fairly. I deserve a reasonable COLA. Yes, life is difficult. Yes, COLA is a problem. Let us not moan about the COLA difficulty any longer. Let us find a solution to the problem this year.

Madam Chairperson: Thank you very much for your presentation.

Are there questions from the committee?

Mr. Bjornson: It is actually more of a comment. As I now have some time in the process, I have been pressed for time in the last couple of presentations and, certainly, I would like to assuage any concerns that members of the gallery might have with respect

to the passing of this legislation, as it has been stressed that it is very important that we do so.

I appreciate the concerns around the 1.1% contribution, but, indeed, it is a part of that solution that you are looking for. Once the bill is passed, it is ministerial prerogative to make the declaration of the effective date, and we have had a lot of discussions with MTS and partners around this issue. We intend to move forward, and members have, many people have brought forward concerns that this is something that we should act on soon. Again the 1.1 percent, as you said, in your opinion, is not adequate, but it is a part of that solution, and we are committed to improving the pension.

Ms. Prendergast: Yes, it is a start, but I would hope, as other speakers have said, that you would continue the discussions. There is a lot that needs to happen before we will have an adequate COLA.

Mr. Bjornson: Again, I would like to reiterate our commitment, as we have in our six years in government opened the pension act four times, and we will continue to work to improve the pension.

Madam Chairperson: Thank you very much for your presentation.

The committee calls Kai Arnot, private citizen.

You can proceed whenever you are ready, Ms. Arnot.

Ms. Kai Arnot (Private Citizen): Thank you. Good morning. I notice some of you from yesterday or this morning. Recently, while reading about the Crocus situation in the newspapers, I realized some of the similarities between that situation and what I perceive to be the ongoing dilemma within the Pension Adjustment Account of the teachers' retirement act.

In reviewing current proceedings at the Legislature, I noticed that there was a motion to amend the teachers' pensions. As a retired teacher, it obviously caught my eye. However, in reading the amendment, I was again disappointed and frustrated to note that, although there was going to be an increase in active teachers' contributions to the pension fund, nowhere did I see that any of that increase was going to be dedicated to the Pension Adjustment Account. Once again, it was earmarked for Account A, and, once again, I was going to be

denied any real inflation protection within my pension.

I started teaching in Manitoba in January 1969 and retired in June 2003. In 1977, the Pension Adjustment Account was established to finance COLA payments. In order to achieve this for my retirement, I, as a teacher of the teaching profession, gave up disability benefits within the plan and paid for them outside of the plan through a separate salary continuance plan. I also agreed to higher pension-contribution rates in order to ensure a reasonable COLA. This is what we were told would guarantee a reasonable increase based on the cost of living.

During the time that I was active in the profession and on the executive, including being president of the Winnipeg Teachers' Association, I had no real concerns since this promise was enforced by the Pension Adjustment Account paying full or almost full COLA grants. However, since 1999, the ability of the PAA to support COLA grants has steadily declined so that I got approximately \$10 a month net increase during the first year I was eligible. Whoopee.

Considering I have been informed that my rent will increase 5.6 percent, even though government claims to have rent control guidelines, my health insurance has increased by 10 percent this year, and we have been informed that we should get used to such an increase. Hydro and gas rates have increased substantially and the CPI increased by 2 percent. My pension is definitely not worth close to what I started with, let alone keeping up with escalating costs.

Hearing that I should expect only 0.4% increase in pension, in other words, \$1 for every \$5 of increase, distresses me even more. In sharp contrast is the situation that a good friend of mine who lives in Ontario has. He retired a year earlier than I did. This January, he received his third pension adjustment cheque, a net increase of \$48 per month. The Province of Ontario guarantees their retired teachers CPI to 8 percent, with carry forward of excess or loss. Why can our Province not?

I also noted in Friday's issue of the *Winnipeg Free Press* that the River East teachers and the River East Transcona School Division have reached a tentative deal covering the period from July 2002 to June 2006. I quote from this article: "The River East teachers would get the higher wages of the

Transcona teachers retroactive to 2002, and the entire bargaining unit would then receive annual increases of 3 percent a year." I would love 3 percent.

Perhaps I would not be so upset if I did not feel that I had paid for a reasonable COLA. However, as with the Crocus Fund, despite warnings since 1987, the government of the day has chosen to ignore the problems within the PAA. It was not just a single flagging of the problem, but every single subsequent actuarial valuation reinforced the need for the government to act on behalf of the retired teachers within the province to find a solution.

* (11:30)

Rather than showing any concern for the people who had worked hard within the profession and felt that they had paid their dues, the government's emphasis has been on taking care of the active teachers. There have been planned improvements over the years, such as early retirement provisions which have not been funded by a contribution increase, but rather through the assets within the plan.

In addition, new entrants to the plan have not been contributing at a rate sufficient to fund their promised pension benefits, so new entrants have been subsidized through plan assets allowing them to keep their costs down while the retired teachers on fixed incomes, with the exception of one special allocation transfer in 2001, have seen their buying power dwindle and their costs go up.

Perhaps part of the dilemma is due to the make-up of the Pension Task Force. At the present time, it consists of the general secretary of the Manitoba Teachers' Society, the president of the Manitoba Teachers' Society, the vice-president of the Manitoba Teachers' Society, two staff officers of the Manitoba Teachers' Society, the chair of the Group Benefits Committee (Manitoba Teachers' Society), two government representatives, and one member of the Retired Teachers' Association of Manitoba, who is an observer and, when needed, a representative of TRAF. This means six voting members on the task force representing approximately 12 000 active teachers.

The Manitoba Teachers' Society's mandate is to negotiate for its members. Since active teachers are

compelled to pay dues to the MTS, their priority in dealing with government is to better the status of its own members. Although at one time retired teachers were associate members of MTS, they no longer are. Thus, when Manitoba Teachers' Society entered negotiations for this year's amendment, its opening position was 2 percent; 1 percent to Account A, 1 percent to the Pension Adjustment Account. However, as negotiations took place, the end result was 1.1 increase going strictly into Account A.

Under the present legislation concerning the structure of the Pension Task Force, MTS is in a position of supposedly representing two distinct groups whose concerns are not always compatible, but when push comes to shove, the MTS agrees to a position that is favourable for their members, the active teachers. Therefore, I believe that, when it comes to pension issues, the MTS has a conflict of interest.

Considering that retired teachers' group now numbers 9575, of which 5700 roughly are RTAM members, the voting members of the Pension Task Force reflect less than 60 percent of the stakeholders involved in TRAF, so, then, how can the government justify that only one person who has no real input into the process, and thus the recommendations can represent the number of people on issues which concern them?

The government should take immediate steps to change the structure of the Pension Task Force to better reflect the organization to which I pay fees, which I believe is better qualified to determine my needs and those of retired teachers. Retired teachers opt into RTAM so that they can have a voice. When will this voice be heard?

Therefore, in closing, I would like to see the following occur:

That Bill 48 be amended to allow a part of the increase in contributions to be dedicated to both the PAA and Account A.

That the government address the new entrance shortfall.

That any solution to the long-standing problems within the plan are not made at the expense of the retired teachers.

That there be ongoing transfers from Account A to PAA.

That RTAM be the spokesperson for the retired teachers, with full voting rights and representation on the Pension Task Force.

That there be ongoing consultation between the government and RTAM on all issues that affect retired teachers.

Lastly, that retired teachers receive a reasonable COLA. Thank you.

Mr. Penner: We thank you for the presentation. I think you have made some very clear points on what your views are and what the representation of the retired teachers is on the board.

I just want to ask whether you are aware that this act, even though—let me just comment on this. I believe that this government, when they introduced this act, really had very little intention of passing this act. Now the opposition has acceded to quickly bring this into committee, and they are going to have to deal with this one way or the other. However, at the end of this bill, it clearly states that, "This act comes into force on a day to be fixed by proclamation." That simply means that this bill might never come off the shelf. It could remain on the shelf forever until the Premier (Mr. Doer) or the minister or whoever or Cabinet decides that they will take it off the shelf and actually make it law.

Floor comment: I am well aware of that.

Madam Chairperson: Sorry, I have to recognize you. Ms. Arnot, did you want to respond?

Ms. Arnot: Yes, I am well aware of that. I taught law.

Mr. Bjornson: Once again, I would like to assuage any concerns. The suggestion that we will not proclaim this is not, indeed, accurate. As I said, once the legislation is passed, and there seems to be a commitment from the committee that heard from all parties that we will do so, it is my prerogative as minister to declare it and bring it into effect. We certainly understand the implications of not doing so by September 1 of this year.

There are a couple of other things that you have raised in your presentation, and I would like to advise you of the seven points that you have raised, that the government does address the new entrance shortfall, that we have been doing that. With respect to ongoing consultation between government and RTAM and all issues that affect retired teachers, last year's presentation resulted in unprecedented access where I have been meeting and I am committed to meet quarterly with RTAM. I have done so this past year, and I will continue to do so as minister. They have been meeting with me regularly and will continue to do so. So two of the seven that you have raised are being addressed. The other issues that you raised, again, I will reiterate our commitment that we continue to work with teachers to improve pensions.

Ms. Arnot: I appreciate the fact that you meet with RTAM executive. Unfortunately, I am also aware of the fact that decisions do not get made in those meetings. The decisions get made at the task force level, and until there is representation on that task force, and appropriate representation, including numbers, we will not be heard.

* (11:40)

Madam Chairperson: Thank you very much. Seeing no other questions, we appreciate your presentation. Thank you.

For the information of the committee, our translator is now here. What I am asking is leave from the committee to allow the presentation to extend beyond the 10-minute mark, in light of the fact that we are having translations done at the mike. Is there leave? *[Agreed]*

Norma Lacroix-Gagné, president of the ÉMR, French chapter, and John Statham, translator. You can proceed.

Ms. Norma Lacroix-Gagné (Présidente, ÉMR – Éducatrices et éducateurs manitobains à la retraite): Madame la présidente, Monsieur le ministre et membres du comité, je m'appelle Norma Lacroix-Gagné. J'aimerais me présenter à vous et parler un peu de moi-même. J'ai reçu mon diplôme du Manitoba Teachers' College le 19 juin 1958, et me suis mariée la semaine suivante. Dans ces années-là, les divisions scolaires n'embauchaient pas les nouvelles mariées. J'ai donc fait une année de suppléance dans les écoles de Norwood, suivie de 12 ans comme mère à plein temps avec mes quatre enfants.

J'ai débuté ma carrière d'enseignante en 1971, suppléante pendant trois ans dans les écoles de Saint-Boniface, puis enseignante pionnière dans le nouveau programme d'immersion française, d'abord à Saint-Boniface, ensuite à Saint-Norbert, et enfin dans la division River East à East Kildonan. J'ai beaucoup aimé mes 23 ans d'enseignement en immersion française. En cours du route, j'ai aussi complété des études universitaires: un B.Ed en 1980, un B.A. en 1985 et je suis à la retraite depuis juin 1997.

Je suis présidente de l'organisme des Éducatrices et éducateurs manitobains à la retraite, connu sous le nom de ÉMR. Nous sommes la section française de la Retired Teachers' Association of Manitoba, la RTAM. Les ÉMR comptent présentement 118 membres. Je parle aujourd'hui au nom de ces 118 membres. Cela me fait plaisir d'ajouter que deux de mes enfants sont enseignants, et je me permets de parler en leur nom, car ils seront la prochaine génération à la retraite.

J'aimerais vous faire part des inquiétudes graves qu'ont les ÉMR au sujet du Projet de loi 48, qui vise à modifier la Loi sur la pension de retraite des enseignants. Ce Projet de loi 48 ne tient pas compte des besoins des enseignantes et enseignants à la retraite. Nous sommes inquiets du faible niveau de l'indemnité de vie chère que nous recevons depuis quelques années. Nous sommes inquiets que le TRAF ne pourra pas nous fournir une indemnité de vie chère raisonnable dans le futur.

En 1977, le compte de redressement des pensions a été créé justement comme protection contre l'inflation. Depuis 1977 et jusqu'au jour de notre retraite, nous avons bien voulu payer un taux plus élevé de contributions vers notre régime de pension, afin de nous offrir une protection future contre l'inflation et afin que nous recevions une indemnité de vie chère raisonnable à notre retraite.

Qu'est-il arrivé à ces argents? Qu'est-il arrivé à notre indemnité de vie chère? Le problème existe depuis de nombreuses années. Il y a 18 ans l'actuaire du conseil de direction du Teachers' Retirement Allowances Fund déclarait qu'un problème existait. Et la situation n'a fait que détériorer. En 2003, nous avons reçu une indemnité de vie chère de 43 pourcent de l'indice des prix à la consommation. Et en 2004, nous avons reçu une indemnité de vie chère de seulement 27 pourcent de l'indice des prix à la consommation.

Aujourd'hui, les enseignantes et les enseignants retraités du Manitoba sont parmi les moins protégés contre l'inflation au Canada. Depuis 10 ans, les contributions au régime de pension des nouveaux arrivés dans l'enseignement ne fournissent pas les fonds nécessaires pour payer les bénéficiaires de pension qu'on leur promet pour leur retraite. Le gouvernement propose une augmentation de 1,1 pourcent aux contributions du régime de pension des enseignantes et des enseignants actifs. Ceci aidera à stabiliser le compte A, d'où proviennent les bénéficiaires de base, mais ce n'est pas une solution aux problèmes de financement du compte de redressement des pensions. Le 16,5 pourcent de ce 1,1 pourcent qui ira au compte de redressement des pensions ne va pas améliorer le pouvoir d'achat des enseignantes et des enseignants retraités.

Les ÉMR appuient pleinement la RTAM dans ses efforts pour améliorer la situation des enseignantes et des enseignants à la retraite. Les ÉMR sont d'accord avec la RTAM que le Projet de loi 48 ne répond pas aux besoins des enseignantes et des enseignants à la retraite.

* (11:50)

Si vous considérez notre historique, vous devez certainement être d'accord avec nous que les enseignantes et les enseignants retraités ont en fait des attentes légitimes à ce que le compte de redressement de pensions puisse leur fournir un rajustement de vie chère raisonnable.

Je remercie le comité de m'avoir fourni cette occasion de présenter nos inquiétudes. Merci de votre attention et de votre écoute.

Translation

Madam Chairperson, Mr. Minister and members of the committee, my name is Norma Lacroix-Gagné. I would like to introduce myself and tell you a little bit about myself. I received my diploma from the Manitoba Teachers College on June 19, 1958, and I was married the following week. In those years, school divisions did not hire newly married women, so I did a year of substituting in the schools of Norwood, followed by 12 years as a full-time mother with my four children.

I began my teaching career in 1971 as a substitute for three years in the schools of St. Boniface, then as

a pioneer teacher in the new French Immersion program, initially in St. Boniface, then in St. Norbert, and lastly in East Kildonan, in the River East School Division. I very much enjoyed my 23 years of teaching in French Immersion. During that time, I also completed university studies: a Bachelor of Education in 1980, a B.A. in 1985, and I have been retired since June 1997.

I am the president of the organization known as the ÉMR. We are the French section of the Retired Teachers' Association of Manitoba, or RTAM. Today, the ÉMR has 118 members, and I am speaking today on behalf of those 118 members. I am pleased to add that two of my children are also teachers, and I am speaking on their behalf, because they will be the next generation to retire.

I would like to share with you the serious concerns of the ÉMR concerning Bill 48, which is intended to amend The Teachers' Pensions Act. Bill 48 does not take into account the needs of retired teachers. We are concerned about the low level of the cost of living allowance that we have been receiving for a number of years. We are concerned that the Teachers' Retirement Allowances Fund will not be able to provide us with a reasonable cost of living adjustment in the future.

In 1977, the Pension Adjustment Account was created specifically as a protection against inflation. From 1977 to our retirement date, we willingly made a higher level of contributions toward our pension plan, in order to have future protection against inflation, and in order to receive a reasonable cost of living allowance upon retirement.

What has happened to this money? What has happened to our cost of living allowance? The problem has existed for many years. Already, 18 years ago, the actuary for the board of directors of the Teachers' Retirement Allowances Fund was saying that there was a problem. And the situation has only deteriorated. In 2003, we received a cost of living allowance equal to 43 percent of the consumer price index, and, in 2004, we received a cost of living allowance equal to only 27 percent of the consumer price index.

Today, retired Manitoba teachers are among those who have the least protection against inflation across Canada. For 10 years now, the pension plan contributions of new arrivals to the teaching profession are not providing the funds necessary to pay the

pension benefits promised to them upon retirement. The government is proposing an increase of 1.1 percent to contributions to the pension plan of active teachers. This will help to stabilize Account A, from which the basic benefits come, but it is not a solution to the problems of financing the Pension Adjustment Account. The 16.5 percent of this 1.1 percent that will go to the Pension Adjustment Account is not going to improve the purchasing power of retired teachers.

We, the ÉMRs, fully support the Retired Teachers' Association of Manitoba in its efforts to improve the situation of retired teachers. The ÉMRs agree with RTAM that Bill 48 does not meet the needs of retired teachers.

If you consider our history, you must certainly agree with us that retired teachers have, in fact, a legitimate expectation that the Pension Adjustment Account will be able to provide them with a reasonable cost of living adjustment.

I thank the committee for having provided me this opportunity to present our concerns. Thank you for your attention and for hearing me.

Madam Chairperson: Merci. Are there questions for the presenter?

Mr. Bjornson: Merci beaucoup pour votre présentation. J'ai compris un peu et je parle un peu aussi, mais cet été je pense que je voudrais étudier le français.

Translation

Thank you very much for your presentation. I understood a little, and I speak a little also, but I think I would like to study French this summer.

English

I was just saying, I think I was just saying that I speak a bit and I understand a bit. I was saying that I was hoping to study French this summer so we could have this conversation, perhaps, en français at some other time as well. Merci beaucoup.

Ms. Lacroix-Gagné: Merci.

Madam Chairperson: Thank you very much for your presentation, and we also thank you for your willingness to allow us to do it in this fashion.

Is there leave to sit just past noon so we can hear one more presenter? *[Agreed]*

Wayne Hughes, private citizen.

Floor comment: Mr. Hughes was present last evening and unable to be—

Madam Chairperson: Excuse me. I am sorry. What is your name?

Ms. Monk: Anne Monk.

Madam Chairperson: Anne Monk, just a moment. Go ahead.

Ms. Anne Monk for Mr. Wayne Hughes (Private Citizen): Mr. Hughes was present last evening and unable to be present this morning. He left his presentation with me.

Madam Chairperson: Did you want to present it on his behalf? Is that what you are asking?

Ms. Monk: I would like to, if I could.

Madam Chairperson: I will have to ask for leave from the committee. Is there leave from the committee to allow Ms. Monk to present Mr. Hughes's presentation? *[Agreed]*

Ms. Monk: It is not a long one.

Madam Chairperson: You can proceed. Ms. Monk, presenting on behalf of Mr. Hughes.

Ms. Monk: "Let me start by briefly introducing myself. I am currently completing my second year as a retired teacher. I was fortunate to be in the education business for 34 years as a teacher and school counsellor at the elementary, middle and senior years.

"Teaching is a very demanding and rewarding career in so many ways, and I am always promoting the choice of teaching as a career. My wife and I are particularly proud that both our children have chosen teaching as their career, so I come to this committee as a former teacher who has lived through many of the pension issues since 1968, and as the father of two children, of two teachers whose futures will be affected by the decisions made with respect to current and future issues related to teacher pensions.

"On Tuesday, May 24, Bill 48 was given first reading, and the Minister of Education, Citizenship and Youth (Mr. Bjornson) stated, quote: 'I am pleased to introduce Bill 48, an amendment to The

Teachers' Pensions Act. This amendment is part of the progress this government has made on teachers pension legislation. In consultation with stakeholders, I am pleased to say that Bill 48 is a step towards ensuring the long-time viability of teachers' pensions.'

"While this statement may be true for active teachers by increasing their contribution rates, the proposed amendments ignore the problems related to COLA payments for retired teachers. I fully support the position of the Retired Teachers' Association of Manitoba, which has also made a presentation to this committee. I would suggest that any COLA provision that has inadequate funding provisions, as evidenced by recent COLA adjustments, is effectively not a COLA provision at all.

"Agreements and provisions are being made for other sectors. When are retired teachers going to be heard? This very question raises the concern of who represents retired teachers. As I understand it, the TRAF board consists of seven appointed members, three of whom come from a list given by the Manitoba Teachers' Society. I would suggest these members do represent the wishes and concerns of active teachers but have no duty to represent the concerns of retired teachers. In fact, they may even be perceived as being in a conflict of interest position, since some decisions may result in an additional cost for MTS members and, consequently, cause these representatives to vote against the decision.

"I believe retired teachers deserve to be represented by people who truly are concerned with the situation of retired teachers. The only organization that seems to meet this requirement is RTAM. Consequently, I believe an additional amendment should be made to The Teachers' Pensions Act to formalize the status of retired teachers on the TRAF board.

"In conclusion, as a recently retired teacher, I believe retired teachers deserve an adequate COLA funding provision. Since this problem has been repeatedly identified over the past 18 years, it is time a suitable provision is adopted and instituted. Throughout my 34-year career, I was told part of my pension contribution was for inflation protection. Now that I am retired, I am told, 'Oops. We have a problem funding a COLA.

"I believe it is the duty of this government to fix the problem so that retired teachers receive an adequate COLA. I also believe that the time has come to ensure retired teachers truly become an active stakeholder to assist with the long-term viability of teachers' pensions." Thank you.

Madam Chairperson: Thank you very much for making your presentation. Rather than asking questions to you, because you are not the person who put the presentation together, I will allow committee members to make comments, if they wish, but it would not be questions to you.

Mrs. Stefanson: Just one comment with respect to the comment on adding a retired teacher to the board of TRAF, we actually did bring an amendment forward the last time this act was opened. Unfortunately, it was defeated by the government at that time, so we felt that that was an unfortunate thing. We feel that the retired teachers do deserve to have a seat at that board.

Mr. Bjornson: Just as a matter to clarify for the member from Tuxedo that we actually did appoint a retired teacher to the board.

Mr. Kevin Lamoureux (Inkster): Just to add further clarification to the issue, I think what the retired teachers want to be able to see, my understanding is that it is a formal appointment through legislation as opposed to the government of the day at whatever whim deciding to make the appointment.

Madam Chairperson: We thank the members for their comments. Thank you very much for your presentation on behalf of Mr. Hughes.

The time now is 11:58 a.m. Before we rise, I would like to remind all in attendance that a further meeting has been called to hear any presenters which we did not get to this morning. This meeting will be held in this same room, 254, this evening, Tuesday, June 7, at 6:30 p.m.

What is the will of the committee?

Some Honourable Members: Committee rise.

Madam Chairperson: Committee rise. Thank you, committee. We will see you this evening. Thank you, presenters, for your patience.

COMMITTEE ROSE AT: 11:59 a.m.

