

[Acting Chairman: Mr. Campbell]

[2:04 p.m.]

MR. ACTING CHAIRMAN: We'll start off with the agendas. Here we have the agendas just being passed out.

MS BARRETT: Motion to approve.

MR. ACTING CHAIRMAN: Do you approve?

MS BARRETT: I do.

MR. ACTING CHAIRMAN: Okay.
Nick? Thank you, kind sir.

MR. TAYLOR: Yeah, we might put something on about returning visitors or -- what the hell do you call them, returning MLAs?

MR. ACTING CHAIRMAN: We've got that done already. You mean ...

MR. TAYLOR: Yeah, except that what had come out wasn't what I thought we'd passed, but maybe I was asleep.

MS BARRETT: What's he talking about?

DR. McNEIL: The program to provide trips for ex-MLAs.

MR. TAYLOR: The grant for ex-MLAs for three trips a year.

MS BARRETT: Two.

MR. TAYLOR: Two trips.

MR. ACTING CHAIRMAN: Two trips, to a maximum of a five-day visit.

MR. TAYLOR: Yeah.

MR. ACTING CHAIRMAN: From the border.

MR. TAYLOR: My understanding was that that was only if we invited them. But the way I read the thing now is that they can just decide they want to go to Edmonton for five days.

MS BARRETT: Oh, no. Let me tell you what happened here, okay? It's worth this delay.

MR. TAYLOR: Okay.

MS BARRETT: You weren't there for the final decision; Bob, your assistant, was there. I had recommended that it be by invitation of an MLA or the Speaker or the Legislative Assembly for anything, right? And it was counterproposed that we just leave it open. I asked Bob, "Would Nick agree to this?" because I felt uncomfortable. He said yes. So I said okay, but only for a one-year trial, right?

MR. TAYLOR: He didn't seem to know that either. Well, it doesn't say a one-year trial either. What areas have been ...

MS BARRETT: No, but I moved then that we review it after one year to see to what use the occasions were put and how

much the overall cost was. So we do get to review it a year from now.

MR. ACTING CHAIRMAN: I'll tell you that in order to keep to our agenda, maybe we should start off and just have a call to order and approve the agenda and approve the subcommittee meeting. Then we'll get into the business arising from the minutes and discuss that at that particular time. Okay?

MS BARRETT: Sure.

MR. ACTING CHAIRMAN: Well, I'll tell you that the chairman will be a little bit late. Hopefully when he arrives, he'll come right up. We have the approval of the agenda; it was moved by Pam and seconded by Nick. Has anybody any errors or omissions on the members' benefits subcommittee meeting?

MR. TAYLOR: Two thousand dollars, where Miss Kvist, on the -- "\$2,000 multiplied by the number of years ..." Is that the full pension?

MR. ACTING CHAIRMAN: I think that's a re-establishment allowance. I think, if you look back, that was approved, and the fact was that it was the ...

MR. TAYLOR: Oh, I see now. The retiring allowance, then, is the re-establishment allowance.

DR. McNEIL: We'll get into that on the agenda, too, so it'll come up again.

MS BARRETT: As far as I can see, the minutes are complete and accurate, and I move approval.

MR. ACTING CHAIRMAN: Okay, so moved. All in favour? Very good.

Business Arising from the Minutes. Do you want to maybe get into that discussion a little more with regard to trips back to the Legislature?

MR. TAYLOR: Yeah. Let's see, the way you have it in the minutes here, it says:

Ms. Barrett suggested that some restrictions needed to be developed, such as having former Members attend functions by invitation of the Legislative Assembly.

Agreement was reached to raise this recommendation with members of the Special Standing Committee on Members' Services.

That's us, isn't it?

MS BARRETT: No; the real committee, the full committee.

MR. TAYLOR: The full committee. That's right. We're the subcommittee. That full committee considered it ...

MS BARRETT: I raised it.

MR. TAYLOR: I see. And it was decided to try it on a year thing.

MS BARRETT: That's right.

MR. TAYLOR: Okay. Because I had some complaints on the thing. That's why I ...

MR. ACTING CHAIRMAN: Yeah, David.

MR. TAYLOR: But for a year it's not going to make much difference.

MR. ACTING CHAIRMAN: Then Pam.

MS BARRETT: David first. Go ahead.

DR. McNEIL: Mr. Chairman, there's just one incident that I'm aware of, where an ex-member visited the Speaker's office on his way to . . . I think he was in town purchasing a new car or something and received this letter and decided to go into the Speaker's office and put in a claim for five days for his mileage because he was going to be in town. So I think that sort of raises the potential of abuse of the policy.

MR. TAYLOR: This is why I thought it should only be by invitation.

MR. ACTING CHAIRMAN: Okay, Pam.

MS BARRETT: Well, what I did in the Members' Services Committee itself was raise my concern, and on your behalf as well, Nick, given your absence. Your executive assistant was there when the discussion switched to consider trying it for a year with no specific guidelines about the invitation or purposes of the visit. Your EA did say he thought you would agree to that, so I went along with it, with the caveat that one year later it would have to be approved. But now if we're in a situation where we already can detect potential abuse, I think it's certainly within our power to -- there's nothing to prevent us from recommending to Members' Services later this week that we incorporate some guidelines with respect to the nature of the travel.

MR. ACTING CHAIRMAN: I think that's an excellent idea, particularly if we're going to run into this situation. I think it would be only fair that it be raised in the full committee, because certainly that wasn't even part of the thought that that was going to happen or how it was going to happen. Of course, mind you, I guess we go through these deliberations thinking that everything is going to work very smoothly, but there are these other wrinkles that come into it. So I would suggest that, yes, that should be raised in the full committee.

MS BARRETT: Do you want to discuss it here, Mr. Chairman, later on today and see if we can come up with an idea or two for guidelines to recommend to the Members' Services Committee?

MR. ACTING CHAIRMAN: Sure. Yeah.

MS BARRETT: So we could put a separate item at the end of it.

MR. ACTING CHAIRMAN: Yeah, I think that would be a good idea, Pam.

Okay, is there any other business arising out of the minutes?

MR. TAYLOR: There was the question of Miss Kvist's definition of "retiring allowance." Is that the official term we've decided to come up with now, Miss Kvist?

MR. ACTING CHAIRMAN: I think it was a re-establishment

allowance.

MR. TAYLOR: Yeah. Well, that's what I was just wondering. The minutes should reflect it, because the income tax people are pretty huffy about this. The re-establishment I don't think is taxable, whereas a retirement allowance is.

MS BARRETT: You're right.

MR. ACTING CHAIRMAN: Okay, how do we want to handle this?

MR. TAYLOR: I think it is. You would know more about that.

MR. ACTING CHAIRMAN: Where does this come up in the agenda, Cheryl, under Retiring Allowance?

MISS KVIST: I propose we look at it under Business Arising From the Minutes: Retiring Allowance.

MR. ACTING CHAIRMAN: Okay.

MS BARRETT: So far, though, Mr. Chairman, our Members' Services Committee does call it a re-establishment. That is what it is sanctified as, so this is really just cleaning up here.

MR. ACTING CHAIRMAN: That's how I've referred to it.

MS BARRETT: Yes it is. That phrase is contained within the motions that we approved in that regard.

MISS KVIST: Okay. We need to clarify that, because when we looked it up in the order, it's called a resettlement allowance.

DR. McNEIL: The order says resettlement.

MS BARRETT: Oh, resettlement.

MISS KVIST: It's a resettlement allowance.

MS BARRETT: Sorry. Not re-establishment; resettlement. It's the same thing.

MISS KVIST: Anyway, resulting from last time's discussion, we had an interpretation of the resettlement allowance and how it's going to be handled from an administrative point of view. That's what's outlined on this 10-point piece of paper.

Basically, the allowance is intended to compensate members for their career and the interruption of their remuneration as a result of them ending their political term, and the intent of the wording is interpreted not to cover specifically expenses only. Okay? Even though the allowance is calculated based on taking the member's combined indemnity and their tax-free allowance, and using this formula to calculate an amount of money that they're going to receive, it's still considered an allowance, not an expense. It's not designed to cover only expenses; it's a compensation for members no longer being active in the political environment in the provincial government.

What they do with that money in terms of going and having a vacation or putting it towards getting set up again or whether it goes specifically to expenses only of getting set up is their prerogative. It's an allowance is how it's interpreted.

Based on that interpretation, then, it falls under the category,

as far as tax purposes, of a retiring allowance. Thus you can take advantage of all of those offerings of a retirement allowance.

MR. ACTING CHAIRMAN: So what are we saying here, Cheryl? Now, you take that as your tax-free, and this is combined... No? Yes.

MISS KVIST: Okay, the first question resulted from: is it a taxable benefit or is it a nontaxable benefit? We're saying it is a taxable benefit. It's considered an allowance. Thus, it is a retiring type of allowance. Thus, it is taxable.

MR. TAYLOR: Yeah, but that's where I have a bit of a disagreement with you. You know, this is what the income tax people love to do to you so often. They set the definition, and then they say, "Of course, if we accept that, then this is taxable." But I don't accept the fact that it's intended to compensate members for their career. I mean, this is what you say:

The resettlement allowance (as per advice from parliamentary counsel) is an allowance which is intended to compensate Members for their career...

We never said that. It's an allowance to help members establish a new career. And the longer they've been away from it, the more it's going to take.

So I agree that if you take this as compensating for their career, it's got -- I mean, as soon as you say you're compensating anybody, it's taxable. Salaries, bonuses, cars, free trips to Hawaii: anything that compensates you is taxable. But anything that costs you is not taxable. And this is why -- we have trouble with our Parliamentary Counsel. Maybe what we should do is send back to him and ask him what name he would like to see called something that was a package of money to help somebody get started again. Maybe there's an old Latin word we don't know about that would make him happy. Because to me, resettlement...

DR. McNEIL: There are two factors here. This allowance was based on Ontario's experience, and the formula is the same as Ontario's. This is the way Ontario's allowance has been treated, based on their tax advice.

MR. TAYLOR: What do they call it, though?

DR. McNEIL: They call it a severance allowance.

MR. TAYLOR: Yeah. Well, severance pay is always taxable; there's no question about that. I just went through putting some companies into bankruptcy and some into receivership. When I told them the expenses to establish a career, they're putting them in nontaxable. If it's a reward for past effort, it's taxable. I mean, it's that simple. What I don't like is the -- I'm having trouble, I think. I'm battering my way through here. We keep going back, certainly. I mean, all the rest of this, Cheryl, you don't have to -- it doesn't matter. As soon as the Parliamentary Counsel says an allowance was intended to compensate, the very word "compensate" means it's taxable. You can't get anything in this world to compensate you for anything if it isn't taxable. But if it's given to you to establish a new career, then it's questionable because it implies an expense.

This is all I wanted to know. See, we're defining the damn thing in such a way that they're bound to get ruled as being taxable. But I say: can't we find out from the tax people if there is

another type of thing that isn't taxable?

MISS KVIST: The advice we received with respect to benefits that are considered nontaxable...

MR. TAYLOR: But, Cheryl -- I'm sorry for butting in -- you say a "benefit." This is not a bloody benefit.

MISS KVIST: Okay, let me rephrase that.

MR. TAYLOR: As soon as you say it's a benefit, it's taxable.

MISS KVIST: One problem we have in managing this, first off, is that the moneys you are given, depending on what each individual chooses to do with those, may in the taxation's eyes be deemed to be specifically for an expense or maybe not specifically for an expense. The other thing that is difficult in managing this if it's nontaxable is that depending on the kind of expense, there are different regulations as to what is completely nontaxable and what is partially nontaxable. And until you could come up with specific definitions as to exactly what that money was going towards, then and only then, as I understand it, would the tax people be able to come back and say, "For this year this is what we deem to be taxable and nontaxable." And it doesn't mean that next year they may not change the regulations. So I understand what you're saying.

MR. TAYLOR: Yeah. This is why I want to call it a resettlement allowance.

DR. McNEIL: The employer cannot define that allowance as an expense. The individual who receives the money -- I won't call it an allowance -- has to define that, as to whether or not it's an expense, in terms of its final use.

MR. TAYLOR: Possession is nine points of the law, though, and if your pay office subtracts income tax, you've got to really wrestle to get it back.

DR. McNEIL: And our advice is that the only way we can avoid deducting income tax on this is to have it transferred into an RRSP directly, based on the number of years of service the individual has. So that's the escape clause.

MR. ACTING CHAIRMAN: So what you're taking a look at -- you're saying the maximum can be \$2,000 times years.

DR. McNEIL: Per year.

MISS KVIST: Yes.

MR. TAYLOR: Per year. Well, what's the resettlement allowance anyhow? How much money are we talking about?

MISS KVIST: That depends on your number of years' service times your highest annual indemnity and tax-free allowance monthly.

MR. TAYLOR: Did it come out to more?

DR. McNEIL: It's a minimum of six months and a maximum of 12. It's one month's indemnity and expense allowance per year of service as a member, with a minimum of six and a maximum

of 12.

MR. TAYLOR: Oh. So you wouldn't be that much over \$2,000 anyhow, would you?

MS BARRETT: Oh, yeah, you bet. Lots.

DR. McNEIL: Oh, yes. You'd be significantly over.

MR. TAYLOR: Per year?

MR. ACTING CHAIRMAN: Yeah.

MS BARRETT: Oh, yes. Nick, figure it out. I mean, if you're getting -- I don't know -- close to \$3,000 a month right now and you continue to get that for six months minimum, that's close to \$18,000, of which you can deduct, apparently, only about \$2,000 or so. And, remember, the maximum you can contribute to RRSP anyway is -- what? -- \$3,500 in a year.

MR. TAYLOR: Yeah, I see.

MR. ACTING CHAIRMAN: Yeah, and you're just about shot on that with your pension.

MS BARRETT: That's right. So, boy, you've got to . . .

DR. McNEIL: The minimum anybody would get would be a little over \$22,000, which is half of the . . .

MS BARRETT: Why \$22,000?

DR. McNEIL: Well, the indemnity plus the expense allowance is \$44,000 and something, so six months is half of that.

MS BARRETT: Oh, right.

MR. TAYLOR: Well, it just seems to me, though, that in this whole tax procedure, where we already are used to the idea of getting X dollars that we pay taxes on and X dollars as an expense allowance, surely to God we can word this resettlement thing as being part of the expense allowance rather than part of the income allowance.

DR. McNEIL: But, you see, it's not. It's just the formula by which it's calculated. I'm just saying that the formula is so many months times the total of the expense allowance plus the indemnity.

MR. TAYLOR: I would use the argument that the longer you're out of the marketplace, the more tough it is to establish . . .

MR. ACTING CHAIRMAN: Pam.

MS BARRETT: You know, possibly Nick is onto something. Possibly it is worth looking into, seeing if calling it a resettlement . . .

DR. McNEIL: No; that's what it's called now.

MS BARRETT: Or another word: re-establishment. What do you call it? What's the word I'm looking for? It's probably

right here in front of me. Expense allowance. So that you actually use the word "expense" in there.

DR. McNEIL: As soon as you say "allowance" . . . Well, not necessarily.

MR. TAYLOR: Could you leave it with me? I know a few tax lawyers, and I'll go at it the other way. You see, you people tackle it from the other end.

MR. ACTING CHAIRMAN: Yeah, sure.

MR. TAYLOR: I mean, Parliamentary Counsel is going to say everything's taxable, to be on the safe side, and he . . .

DR. McNEIL: Well, yeah. And he indicates that he's not a tax lawyer either, to be fair to him.

MR. TAYLOR: Yeah, that's right. And his business, out of an abundance of caution, is to make sure that you're not in problems. However, it's going to be very hard.

What I'd like to do is talk to a few tax lawyers I know in the private sphere and ask them if it's possible to give a name to the damn thing -- you know, 'subcompusmentis' or whatever the hell they call the damn things. You know, these tax people are great for traditions. And maybe I can't do anything, but I've got to . . .

MR. ACTING CHAIRMAN: I think it's very well worth the effort.

MR. TAYLOR: My own experience through the years is that if you call a donkey a mule, the tax people are happy, or call it a cat or a dog. I mean, it's what you call things that's so important.

MR. ACTING CHAIRMAN: Okay. How long do you think it would take you to make a connection with somebody like that?

MR. TAYLOR: Oh, just a few days. Two or three days.

MR. ACTING CHAIRMAN: Okay. Well, maybe we could bring this particular item back up when we have a full committee.

MR. TAYLOR: Sure.

MS BARRETT: Why not? Yeah.

MR. TAYLOR: I'll just be asking them what name they would use that would minimize tax, that's all. There's never any guarantee, because as you say, sure, next year they can blow you right out of the water.

MR. ACTING CHAIRMAN: Cheryl.

MISS KVIST: Two items.

You mentioned the limit on how much you can contribute to an RRSP. A retiring allowance is over and above or exempt from that limit.

MS BARRETT: Oh, that's interesting.

MISS KVIST: So this is something completely different.

Secondly, in terms of if it is deemed to be an expense or if it can be worded that way, perhaps administratively the alternative might be where you are allowed up to X number of dollars for expense purposes, but the expense claims or the bills or the actual receipts to prove may need to be processed through this office for payment. So instead of money up front, saying, "Here, go do with it, and we trust that it's going to be for expenses," maybe we would say, "You have X number of dollars to be paid towards expenses, and you send us your bills."

MR. TAYLOR: Maybe he'll file a form or something like that, like I went to Hawaii five times looking for a job.

MR. ACTING CHAIRMAN: Okay. I think this probably gives us a good insight into some of the difficulties that would be experienced. So with that, Nick, I think if you could get a definition from your tax lawyers just to see if there's some way this particular thing, whether it be wording or however . . .

MR. TAYLOR: You see, it may well be that you have to take it into tax and then have to try to reclaim it. And at least calling it a resettlement may be a start in the right direction in the fight to get it back. As you were saying, we might be able to file for it. I'll check with that.

MR. ACTING CHAIRMAN: Okay, fine. That takes care of that item on the agenda. We'll put this on the agenda for our full meeting of Members' Services and see if there's some way that we can work through this. Okay?

Now, Extended Health Care Coverage - Mutual Life vs. Blue Cross. Would you like to lead in this, Cheryl, or David?

DR. McNEIL: Cheryl's done all the work, so she should lead.

MR. ACTING CHAIRMAN: Oh, okay.

MISS KVIST: The proposal in front of you is as a result of January 1. Our extended health care package is up for renewal, and because the premium increase is so considerable, we've gone back and had MacPherson & Associates take a look at Mutual Life's proposal versus one that we've received from Blue Cross. So what I'd like to do is just follow sequentially through the information here and try and take you through it.

Just in terms of background, the MLAs were originally covered under Blue Cross previous to 1987. It was at that time that you switched over to Mutual Life for your extended health care coverage. In January 1988 you incurred a 30 percent increase in premium charges, and then again this year there was a large projected increase in the premium charges. So that's why we are discussing this today.

In terms of a summary of what's gone on over the past year with Mutual Life and your claims, your claims have been significantly higher than the premiums you've paid into the program. That's why Mutual Life has a major concern. The plan you have is specifically based on your group's experience or the number of claims that you have and the amount. According to their calculations they would require a 204 percent increase in order to cover projected costs for the upcoming year.

Now, one of the significant factors in that increase has been as a result of claims from one member. So what Mutual Life has agreed to do is remove 50 percent of this particular employee's claims from the plan's experience. Even at that, in terms of

number 2, Mutual Life's 1989 Proposal, they would require an increase of 114 percent on premium rates. There would be no change in terms of the coverage you presently have. The chart under item 2 indicates the new premium rates in comparison to last year's premium rates: over double. Okay?

Now, in comparison to Blue Cross' proposal that they've put forward, first off, the proposal is identical to what you're receiving right now with Mutual Life. Part of the problem in previous years is that Blue Cross could not match the coverage that you were getting. Now they have.

As well, item (c) under 3 talks about an important feature in Blue Cross' plan, known as stop-loss protection: "Any claims experience exceeding premiums by 120% will not be included in the plan's experience."

In addition, Blue Cross is prepared to offer a direct billing option, if you choose to take advantage of that. The direct billing would enable members to be issued with prescription credit cards. However, the premium rate would be slightly higher. It's important to note that provincial government employees do not have that option.

MR. TAYLOR: Could you explain that a little more, Cheryl, maybe before you go on? Prescription credit cards: you mean you . . .

MISS KVIST: Presently what happens is that as you incur charges under your extended health program, you pay up front and submit your receipts along with a claim form. The difference with direct billing is you get a little credit card. You would just give that to the pharmacist, and they would bill it.

MR. TAYLOR: The dentist or the doctor or . . .

MISS KVIST: This is for extended health only.

MS BARRETT: Yeah, it's basically drugstores.

MISS KVIST: So prescription, primarily.

MS BARRETT: Then you pay 20 percent in cash.

MR. TAYLOR: What's the dental care, then?

MISS KVIST: Dental is a completely different plan. This is extended health care, which is your prescriptions, your added hospitalization coverage, and extended medical coverage: nursing, equipment . . .

MS BARRETT: But it's an option anyway.

MR. TAYLOR: Yeah, I knew it was an option, but I was just trying to figure what the heck it did. It allows you -- instead of collecting the prescriptions and sending them in, you can just pay them.

What else is on extended health care? If you go to hospital, a private room, I suppose, versus a ward; that's extended. What else is extended? X-rays, I suppose, eh?

MISS KVIST: And your major medical costs.

DR. McNEIL: Home nursing care, any wheelchairs or things like that that you need, aids to daily living: those kinds of things.

MR. TAYLOR: That's an extra \$2 or \$3 a month, isn't it? Seven dollars a month, yeah.

MR. ACTING CHAIRMAN: I thought David had mentioned a point that would catch you, Nick.

MR. TAYLOR: What's that?

MR. ACTING CHAIRMAN: Wheelchairs and everything.

MR. TAYLOR: Wheelchairs, yeah. I want a mechanized one. I'm looking forward to a nursing home when somebody complains.

MISS KVIST: The coverage that you have right now, which is all those things that David referred to, would be exactly the same with Blue Cross, except that Blue Cross is giving you two options. You can get all the basic which you have right now for a basic premium charge, or if you choose to take advantage of the direct billing option, you could have your prescriptions paid and your Blue Cross paid direct by Blue Cross instead of you paying it out of pocket and getting reimbursed. But it costs you more money for that option.

MR. TAYLOR: I know. It's about \$100 a year.

DR. McNEIL: Just a point on that issue. The experience on those kind of direct-bill plans is that the cost -- the usage of those plans goes up as a result of the ease with which the direct billing takes place.

MS BARRETT: That's right.

DR. McNEIL: That's something to be aware of.

MS BARRETT: Yes.

MR. TAYLOR: That's why it's \$100 more a year in premiums, eh?

MS BARRETT: Well, I think . . . Can I hop in here?

MR. ACTING CHAIRMAN: Sure, Pam.

MS BARRETT: I've read through the whole document, and I agree with the recommendation. I think we can recommend the Blue Cross to Members' Services and leave the option for the direct bill up to individual MLAs and advise them that in fact their likelihood of increasing the use of prescriptions is greater with that direct-bill option.

MR. ACTING CHAIRMAN: Yes, Cheryl.

MISS KVIST: With the plan you don't have the option. If you go with Blue Cross, you don't have the choice of individual members to say, "I want the basic" or "I want the optional." It's "You guys either take all one or all the other."

DR. McNEIL: It's a group decision.

MS BARRETT: Yes, it's a group decision. I recommend that we go with the cheaper option then. I mean, we're used to the refund system. Most people have to put up with it. I had a plan

once that gave me that handy little credit card that meant that I only put 20 percent out of my pocket. But you pay so much more for it and you use the system so much more, I don't think it's a good idea. I think we should recommend to Members' Services going with the basic Blue Cross.

MR. ACTING CHAIRMAN: That would be with Blue Cross.

MS BARRETT: Yes.

MR. ACTING CHAIRMAN: Okay.

DR. McNEIL: Mr. Chairman, I would suggest we just put this decision item in as it is, then, for the Members' Services Committee.

MR. ACTING CHAIRMAN: Yeah, I would suggest so. We'll raise that and get a decision out of them which way they feel it should go; however, with the recommendation that we feel it should be adopted with the basic plan.

MS BARRETT: Yeah. Can I add one thing, Jack?

MR. ACTING CHAIRMAN: Yeah.

MS BARRETT: Can I recommend also that this be photocopied and circulated to all Members' Services in advance of the meeting where it comes up, so that they get a chance to read it so we don't spend hours on it?

MR. ACTING CHAIRMAN: Yeah, good idea. I was going to have a secretary copy this material and get it to the members that we have.

MS BARRETT: I can do the same.

MR. ACTING CHAIRMAN: Yeah.

MS BARRETT: It's just me and Gordon. Nick's on his own. Okay. We'll just undertake it for our own caucuses then.

MR. ACTING CHAIRMAN: Yes.

DR. McNEIL: We'll put it in the binder, anyway, for Members' Services.

MS BARRETT: Oh, okay.

MR. ACTING CHAIRMAN: That would be a very good idea. That way you'd make sure it's . . .

DR. McNEIL: It should be in the report. Hopefully you'll get the binder before the meeting, assuming we have the staff at some point to put them together.

MRS. MacKENZIE: I'm going to be snowed in tomorrow.

MS BARRETT: If you'll pay me overtime, I'll come and do it.

MRS. MacKENZIE: I can do it when the meeting's over.

MR. ACTING CHAIRMAN: Okay. Are we agreed on that, that we'll make that recommendation?

MR. TAYLOR: Before you move off it, Mr. Chairman, we've indicated:

willing to provide extended health care coverage to retiring Members for a fixed period . . .

MS BARRETT: That's the next item.

MR. ACTING CHAIRMAN: That's the next item on the agenda.

MR. TAYLOR: Oh, I'm sorry. I thought it was . . . It's found somewhere else, is it?

MISS KVIST: It's referenced in there. We can get on to it in the next item before us.

MR. TAYLOR: Sure. Okay.

MR. ACTING CHAIRMAN: The reason why this was put on the agenda previous to this is that this is part of the decision of number 6. Okay?

MR. TAYLOR: Okay.

MR. ACTING CHAIRMAN: Would you like to go through this, Cheryl?

MISS KVIST: Okay. As a result of our last discussions, we went back and came up with a proposal with respect to the possibility and the administrative consequences of extending benefits to members who choose to retire. This program that's being proposed is designed very closely to what was offered to government employees during the early retirement incentive program, and basically, in terms of a few limiting criteria, first off it would be available to retiring members for a maximum of five years or until age 65. Continuation of the benefits once they have retired is optional. They don't have to, but they can.

Premiums can be paid either through a monthly deduction from the member's pension, if they draw one at that time, or through prepayment of premiums. A member could choose to discontinue the coverage at any time throughout that five-year period. However, once they choose to discontinue, their choice is irreversible. The premiums that we're referring to here are this year's premiums, so they would be subject to yearly adjustments.

In terms of what it means for the plan, we would propose that the Alberta health care coverage continue as it presently is being administered. Right now the government is paying 50 percent; the members are paying 50 percent. That could very easily continue just as that for as long as the member chose coverage.

The same with dental coverage. In terms of the basic dental we could continue to run the dental plan. Present premiums are all employer paid, so the employer could continue to pay them. The employee or the member would continue to pay any of the optional coverage that they have right now. That may continue.

Group life insurance is one where we would have to go to group life and get their approval prior to our implementing this decision. However, as the plan is what they call an "experience-rated plan," the employer incurs all the excess claims. Last time we went to them for the government employees, there was no problem. We don't anticipate a problem this time either, in terms of them allowing us to extend, just

as long as we pay the premiums. For the extended health program or your proposed Blue Cross, again coverage could continue just as you were paying it as a member. We've already tentatively talked to Blue Cross; they would be willing to offer extended coverage to retiring members.

So those would be the four programs that we could continue for up to five years or until age 65.

MS BARRETT: Whichever comes first.

MISS KVIST: Whichever comes first, yes.

In terms of the costs, the costs that are proposed here are based on family rates just for estimate purposes, based on 1989 rates, and they portray only the basic coverage. Right now any optional coverage is being picked up by the members at their expense. That would continue to be.

We've put forward three scenarios. Scenario 1 breaks down and gives you the cost per member per year if contributions were to continue as they are presently, with the cost sharing set out as it is right now. Scenario 2 would assume that the employer and the member or retiring member would split all the basic costs equally. Scenario 3 assumes that the member would be paying all of the premium charges, both the employer and member rates.

Now, to summarize all that, on the last page is a comparison in terms of scenario 1, which is the existing or the present; scenario 2, a 50-50 cost share; and 3, where the member would pay all. Those are the costs we're looking at. The bottom half of the page just takes that and breaks it down in terms of if there were 10 members to retire per year, an approximate of what we'd be looking at if they all chose to extend all of the benefits. Scenario 1 reflects approximately what you're paying right now, approximately what we're paying right now.

MR. ACTING CHAIRMAN: Okay. Any comments?

MS BARRETT: Was there a recommendation here for one of the scenarios?

MISS KVIST: From an administrative point of view the one that would be the easiest would be to continue with scenario 1, the existing cost share. From a financial point of view, from the employer's perspective it would be cheaper for us to go with scenario 2, but it would cost the member more.

MR. TAYLOR: Good job here, Cheryl. Did you negotiate with him, twist his or her knee, or . . .

MS BARRETT: I have another question.

MISS KVIST: Uh huh.

MS BARRETT: With the package that was offered to public employees for early retirement, did theirs continue on what they had previously, or did the financial arrangement between the two contributing parties change?

MISS KVIST: Theirs was based on what was at the time they retired, yes.

MS BARRETT: What was. Yes, okay.

MR. ACTING CHAIRMAN: So this scenario 1 would be in

line with what the senior civil servants would get.
David.

DR. McNEIL: In our discussion, Cheryl and I concluded that we would recommend scenario 1, all things considered, just to be consistent with what had happened with the public servants in terms of administrative ease.

MR. TAYLOR: I'll move that we recommend scenario 1 to the main committee, then.

MR. ACTING CHAIRMAN: Okay. Moved by Nick that we recommend, then, that . . .

MR. TAYLOR: That's a good deal for them.

MR. ACTING CHAIRMAN: I'm sorry; David.

DR. McNEIL: Mr. Chairman, what would you like to have us present to the committee?

MR. TAYLOR: I think just the one.

MR. ACTING CHAIRMAN: Just scenario 1, I would say.

DR. McNEIL: Well, we'll put it in a decision format, then.

MR. ACTING CHAIRMAN: Yeah.

MS BARRETT: Yeah.

MR. ACTING CHAIRMAN: I guess if I tell you that in order to be fair, of course this information will be in their hands, and we can make our recommendation. However, they . . .

MS BARRETT: I agree, and then if they want to look it up and see what we compared it to . . . But we can describe that orally.

MR. ACTING CHAIRMAN: Yeah. So, you know, with the information you provided, we'll forward it to our other members. However, I'll tell you that with the recommendation from the subcommittee scenario 1 is the one we would pursue. Is that clear? Is everybody clear on that?

MS BARRETT: Yeah.

MR. ACTING CHAIRMAN: Okay, New Business. Any new business?

MS BARRETT: Yeah. Remember the former member travel guidelines? That was the one that we had to . . .

MR. ACTING CHAIRMAN: Oh yeah. I guess in that particular case maybe we should make a discussion of that at our next full meeting and bring forward the concerns that were raised in regards to somebody taking advantage of this particular program.

MR. TAYLOR: Can't we recommend something here and just leave it at that? Personally, I think the only ones who should get paid are those who are invited.

MR. ACTING CHAIRMAN: An invitation from the

Legislature?

MR. TAYLOR: And the Speaker.

MS BARRETT: Can I hop in here? I don't think we have to spend all afternoon on this. But what I had recommended, because there were certain circumstances related to either a member or an ex-member -- for instance, maybe a funeral or a wedding, for all we know -- was that when we originally discussed the possibility of having guidelines, it was considered a little too onerous on one person, i.e. the Speaker, to be responsible for all preapproved invitations. But if an MLA, for instance, knows about a particular function that would be of interest to a former MLA, then all you have to do is go to the Speaker's office and get approval for the invitation to go out so that the former member can make a claim. That way the Speaker doesn't have to be thinking of everything all the time; he doesn't have to be responsible. But he can accommodate MLA requests. I mean, government requests can go through MLAs; opposition requests can go through MLAs. It just seems to me that that would be the obvious thing.

You know, if a former MLA hears about something that might be going on that's of interest, they can always contact one of us and say: "Will you invite me? I've heard about such and such. Do you think I would qualify?"

MR. ACTING CHAIRMAN: You know, in looking at this, I guess probably from one experience, I would suggest that in the past the members that I can remember wanting to come back or coming back -- it's been very limited, really and truly, when you take a look at how many people have had the opportunity. But whether this particular program would maybe increase that would be another time of day. I don't really know. It's very difficult to give it a good reading on one particular experience. However, I guess, that's for us to build in in order that we should safeguard that particular program.

MR. TAYLOR: Well, I think you get too complicated if you go the way you're talking, Pam. I think the only place that we should be paying for retired MLAs is for a big formal function: the 75th anniversary, the visit of the Queen, or a stay of execution for the Premier or something like that that everybody wants to get in on.

[Mr. Hyland in the Chair]

MS BARRETT: Okay. That's fair enough, but let me just counter with the one that was raised with us in Members' Services. The one instance that I think you clearly have to agree to is for the funeral of a former colleague, a former MLA.

MR. TAYLOR: Yes, but you'd invite the whole House at that time, all the MLAs that served with him.

MS BARRETT: Okay.

MR. CAMPBELL: How do you feel about this: rather than us making a recommendation on this, let's go to the full committee and get some more input of what people feel, you know, on the committee, if they have some particular concerns. But we can raise the concern that we have and then say: "You know, we're going to have some problems with it. Is there some way that we could correct it?" Then have our discussion of it and maybe

come out with a solution to it.

MS BARRETT: Sure.

MR. CAMPBELL: We've got our chairman here now.

MR. CHAIRMAN: Finally.

MS BARRETT: We're just about to adjourn.

MR. TAYLOR: Hallelujah.

Mr. Chairman, did you bring in the dessert?

MR. CHAIRMAN: No.

MR. CAMPBELL: He's brought in at great expense . . .

MR. TAYLOR: I didn't know. Was this behind me all the time?

DR. McNEIL: Yes.

MS BARRETT: It sure was, dollink.

MR. CHAIRMAN: It's actually not bad: \$47 worth.

MR. CAMPBELL: Is that right?

MS BARRETT: You need eyes in the back of your head.

MR. TAYLOR: Or a mouth.

MR. CAMPBELL: Okay, could we leave it at that?

Now, for the sake of the chairman, we've gone through the agenda, and we're actually going back to this retiring allowance. Nick is going to take a look at it from probably an income tax lawyer's point of view. The fact is -- and it's been discussed here, and you'll certainly have some material covering it -- we're having some difficulties with that money and what the tax problems would be with it. So Nick is going to get from his people or some people he knows, a tax lawyer, and maybe see if there is some way we can weave through this.

The second thing brought to our attention by Cheryl is the fact that Mutual Life and Blue Cross versus Blue Cross and Mutual Life are looking at probably an increase of 200 and some percent.

MR. CHAIRMAN: What's that in dollars?

MR. CAMPBELL: That would be . . .

MR. CHAIRMAN: Is this it here?

DR. McNEIL: Per member is . . .

MR. CHAIRMAN: Nineteen hundred and four thousand, right here, per member?

DR. McNEIL: No, that's monthly cost, so \$48,000 versus about \$24,000 per year.

MR. CHAIRMAN: Yeah, monthly cost.

MR. CAMPBELL: Two hundred and four percent yet.

MR. CHAIRMAN: Blue Cross' proposal?

MR. CAMPBELL: It's based on this formula, that the "increase in rates is required to cover costs for the upcoming year."

The recommendation coming out of here is probably that we should get back in with Blue Cross, and we'll be recommending that to the full committee.

MR. CHAIRMAN: Is that direct billing or paying the money now?

MR. CAMPBELL: No, we're not. We're at just the basic, not the direct billing.

MR. CHAIRMAN: That direct billing is quite a bit more for the same thing, isn't it?

MS BARRETT: Al, if I can also mention that not only do you pay a lot more for it, but, as is quite well known, I think, in the business, when you have that handy-dandy little prescription card where you just toss it over the desk, you tend to use it a lot more. So, you know, I think the fair and probably healthier thing to do is to discourage it.

MR. CHAIRMAN: Jeez, that's just about 50 percent more for that direct-pay card for the same benefits.

MS BARRETT: Yeah.

MR. TAYLOR: About a hundred dollars a year you're paying for being able to direct bill. It makes you very popular with the street folk. You can get your Valium, whatever it is. You get the mix right there.

MS BARRETT: Yeah, right.

MR. TAYLOR: Better than a bottle of Chinese wine.

MR. CAMPBELL: So that's your recommendation that's on there, that we go to Blue Cross and not the direct billing.

We discussed the extended benefits option for retiring members and are going to make a recommendation to the full committee that we go with scenario 1, which is consistent with the way the civil servants are being treated. It's pointed out that that was recommended by the subcommittee and also from the Clerk's staff that probably that would be the simplest way to go, where it's probably more expensive.

MR. CHAIRMAN: So I better read this by Thursday so I can report on it.

MR. CAMPBELL: Yeah.

MISS KVIST: May I make a clarification? Provincial government employees were offered the early retirement incentive program, and that extended benefits only for the period of December 1986 to March of 1988. So presently they do not have any retiring extended coverage when they retire. That was a one-time.

MR. TAYLOR: It was one time only, was it?

MS BARRETT: But it is nonetheless similar to the Ontario policy for the Ontario Legislative Assembly.

MR. CAMPBELL: So that brings us down to -- we discussed the new business -- Date of Next Meeting, Mr. Chairman.

MS BARRETT: Do we need another meeting?

MR. CHAIRMAN: How about if we go through these next -- what have we got? Thursday, Friday, Monday, Tuesday: Members' Services. We'll see what goes through in business. How about judging it then?

MS BARRETT: Okay, sure. We have Members' Services on Monday, eh?

MR. CHAIRMAN: Yeah, Monday at 1:30 and Tuesday, don't we?

MS BARRETT: Yeah, Tuesday at 9?

MR. CHAIRMAN: 9:30 I've got.

DR. McNEIL: Yeah, 9 or 9:30.

MR. TAYLOR: I'll see if it conflicts with the Busby community league white elephant sale.

DR. McNEIL: That's just a red herring.

MR. CHAIRMAN: Yeah. We can't meet Wednesday, can we, Jack?

MS BARRETT: Is it 1 or 1:30 on Thursday? Gordon says it's 1:30, but mine says 1 o'clock.

MR. CHAIRMAN: I've got 1 o'clock.

MR. TAYLOR: I've got 1:30.

MR. CHAIRMAN: I've got 1:30, Thursday.

MR. CAMPBELL: I think it's 1:30 for me too.

MS BARRETT: Okay, 1:30 is fine with me; I don't care.

MR. CHAIRMAN: Who was right, Gordon or you?

MS BARRETT: Gordon is right this time. If all you folks have 1:30 ...

DR. McNEIL: Nora will get the notice.

MS BARRETT: No, if everybody agrees, it's 1:30. That's fine

with me.

MR. CHAIRMAN: Yeah, but we're only half the committee. It's 1:30, Pam.

MS BARRETT: Good. Gee, by my watch it's almost 3 o'clock. So are we ready for a motion to adjourn?

MR. CHAIRMAN: Sounds like it.

MS BARRETT: Yippee. I so move.

MR. CHAIRMAN: All in favour?

Do you have something to say, or were you moving adjournment?

DR. McNEIL: No. I was just going to say that under the sub-committee report, then, for the Members' Services agenda we'll put the four items: the retiring allowance, the extended health care coverage, the extended benefits, and the former members' trips issue.

MR. CHAIRMAN: Okay.

If we've got two scenarios, why don't we just put the one scenario and keep the other in case there are questions? Why the extra paper?

MS BARRETT: Hey, you read our minds.

MR. CAMPBELL: Yeah, that's what we were thinking.

MR. CHAIRMAN: Or did you guys decide that already?

MS BARRETT: Telepathic. Were you listening outside the door before you came in?

MR. CHAIRMAN: No, I wasn't.

MR. TAYLOR: He never listens.

MR. CAMPBELL: We'll just go with the one scenario.

MS BARRETT: No. Jack had already recommended that we keep the stuff available but that we actually just run the one recommendation.

MR. CHAIRMAN: Okay. We voted on that, didn't we?

HON. MEMBERS: Yes.

MR. CHAIRMAN: Adjourned.

[The committee adjourned at 2:59 p.m.]