



Meeting OSFI's Strategic Objectives

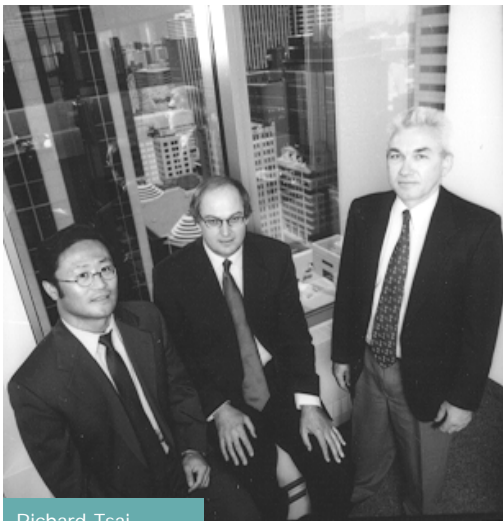
OSFI uses the metaphor of a balance to describe the interplay of its five strategic objectives. On one side of the balance are *Safeguarding from loss* and *Public confidence*; on the other are *Competition* and *Cost effectiveness*. The fulcrum, *Quality*, shows how the quality of OSFI's processes, technology, and most importantly, its people, underpin other objectives so as to strike a balance in the public interest.

Four of the five objectives counter-balance others. Only *Quality* stands unique in

that a greater emphasis on quality counterbalances no other objective, but rather strengthens all. That is why the pursuit of *Quality* is a key commitment of OSFI and its people.

With the other four objectives, choices and trade-offs must sometimes be made. If, as a matter of public policy, the weighting assigned to any of these objectives is increased, the relationship among all of them must shift. For example, if greater emphasis is placed on *Safeguarding from undue loss* by introducing tougher rules for financial institutions or more intrusive supervision, there might be an adverse impact on the

ability of financial institutions to innovate and compete profitably, and the cost of regulation and supervision might grow. Conversely, certain objectives reinforce each other. For example, by taking action to safeguard depositors, policyholders or pension plan members from undue loss, OSFI also contributes to public confidence in the financial system.



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Safeguarding from Undue Loss

WE IDENTIFY INSTITUTION-SPECIFIC RISKS AND TRENDS AND INTERVENE IN A TIMELY MANNER SO AS TO MINIMIZE LOSSES TO POLICYHOLDERS, DEPOSITORS AND PENSION PLAN MEMBERS.

OSFI's supervisory program reviews the operations of institutions, recommends improvements, and where necessary, invokes the Office's considerable legal powers to deal with institutions that are financially unsound or that incur unacceptable levels of risk. For each institution, supervisory activities are coordinated by a Relationship Manager, who acts as the key knowledge and accountability point for OSFI.

To fulfil its safeguarding mandate, OSFI took a number of steps to enhance its supervisory program for financial institutions. As well, progress was made in the supervision of pension plans.

ACCOMPLISHMENTS AND INITIATIVES

ENHANCING THE SUPERVISORY PROCESS

In 1997-98 OSFI reorganized its supervisory activities in response to an increasingly complex financial industry. Most of the changes to the Supervision Sector became effective early in 1998-99. As well, the newly established Specialist Support Sector brought additional expertise to the supervisory process. The reorganization allowed OSFI to better match its supervisory program to developments in the industry and to implement processes and procedures that reflect the best practices of supervisors worldwide.

This new organization structure has greatly facilitated the implementation of OSFI's new Supervisory Framework. (See Box 1: Supervisory Framework). OSFI's methodology has long been risk-based, but the changes outlined in the Framework represent a further evolution in this direction. With this approach, an institution can in principle assume higher risks without attracting supervisory consequences – provided the quality of its risk mitigants, such as internal control procedures, is commensurately enhanced. As a result, OSFI's activities and associated compliance costs to institutions are more directly related to the Office's assessment of net risk levels.


These changes in methodology position OSFI to better deal with the increased complexity in the financial system and to

supervise some of the new entities and corporate structures that are expected to emerge as a result of proposed changes to the regime that governs the financial sector. They foster better risk management and governance processes at regulated institutions, thus contributing to their financial soundness. Risk-focussed supervision also positions OSFI to better carry out its early intervention policy, since problems can often be identified before their consequences show up on the bottom line.

As well, OSFI takes action to mitigate cross-system risks, for example, by



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encouraging institutions to improve risk management practises and enhance their capital and reserves where necessary. To this end, OSFI also issues specific guidance to institutions.

The full deployment and fine-tuning of the risk-based methodology outlined in the Supervisory Framework is a multi-year process. In 1998-99, OSFI addressed two priorities.

The first priority was a comprehensive assessment of the inherent risks associated with the major activities of large institutions, and the quality of risk mitigants like control and governance systems. This assessment allowed OSFI to more clearly identify key areas for further investigation, and it will be further refined as the implementation of the new methodology is phased in over the next few years. In conducting this risk assessment, OSFI's new organizational structure – with groups assigned to supervise large deposit-taking conglomerates, life insurance conglomerates, as well as smaller institutions – allowed better comparisons of individual institutions with their peers. These peer comparisons, supplemented with general feedback to institutions, have proved to be important and effective tools for supervision.

As a result of the greater focus on risks, on-site supervision was reduced for some institutions during the year, with OSFI placing greater reliance on off-site monitoring. As

well, on-site work focussed on more in-depth evaluations of risks in selected business lines or new products.

Once the new methodology outlined in the Supervisory Framework is fully deployed, OSFI will assign ratings to institutions, to the nature of their risks, and to the quality of risk mitigants. These ratings will be developed in consultation with the industry.

The second priority was to take a more proactive stance in dealing with prudential concerns at financial institutions. This meant, for example, that companies with control deficiencies were rated at Stage One or worse, even if their financial condition was acceptable. (See Box 2: How OSFI Rates the Health of Financial Institutions.) In such cases, OSFI's concerns were conveyed forcefully to Boards of Directors and senior management. The Office also set aggressive timetables for certain institutions to begin implementing plans to rectify any deficiencies that had been identified.

While a number of institutions improved their performance this year, the overall number of staged institutions rose. One explanation for this is that as OSFI's supervisors gained experience with the early intervention guidelines, problems requiring staging became more readily identifiable.

There were three detailed system reviews. The first was related to the Year 2000 readiness of financial institutions. (See Box 3: Measures Taken to Foster Year 2000 Readiness at Financial Institutions.)

The second review covered trading risk management at major deposit taking institutions. It built on work done earlier to validate the models used to manage market risks and determine the appropriate capital levels for them. A team drawn from the Specialist Support Sector and Supervision Sector assessed trading risk management processes against nine criteria, provided feedback to institutions on whether they met the criteria,

BOX 1 SUPERVISORY FRAMEWORK

The Supervisory Framework provides a process to assess the safety and soundness of financial institutions. Continuing change in the financial industry — both in Canada and worldwide — led the Office to revise its existing Framework in 1998-99 to ensure it remained effective.

A cornerstone of the revised Framework is an evaluation of the inherent risks associated with an institution's significant activities and the quality of its risk mitigation for those activities. This evaluation allows OSFI to use the work of an institution's internal management and control functions and to then concentrate its own resources on activities that are likely to materially affect the institution's risk profile.

High risk areas are subjected to in-depth reviews with an appropriate level of technical expertise. This risk focused approach will make the supervisory process more cost-effective and maximize the value that the supervisory process can add for stakeholders.

OSFI is currently consulting key stakeholders on the revised Framework and views the development of supervisory practices as a dynamic process. The Office will continue to challenge and refine its practices in response to a rapidly changing environment.



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Chuck Reynolds, Harry Arjoon and Elvia Lam (center) of the Conglomerates Group, Life Insurance, Toronto



BOX 2 HOW OSFI RATES THE HEALTH OF FINANCIAL INSTITUTIONS

To guide OSFI's early intervention policy, financial institutions and pension plans are rated as to their safety and soundness. These ratings place the institutions or plans at one of five stages. They are:

- Stage 0:** No problems identified — normal supervisory monitoring by OSFI.
- Stage 1:** Early Warning — deficiencies are identified, closer than normal supervisory monitoring warranted.
- Stage 2:** Risk to financial viability or solvency — problems exist that while not representing an immediate threat to viability or solvency, could deteriorate if not addressed promptly. OSFI's level of intervention is stepped up.
- Stage 3:** Future financial viability in serious doubt — problems described at Stage 2 have reached the point of threatening viability, unless outside support or other prompt action is taken. OSFI again steps up its level of intervention and prepares a contingency plan for wind-up.
- Stage 4:** Nonviability/insolvency imminent — failure is imminent and/or statutory conditions for taking over exist. OSFI begins the process of taking control and winding-up the institution.



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and indicated areas for improvement. OSFI plans to do more such targeted, in-depth reviews in the future, including the benchmarking of institutions against their peers and international best practices.

The processes for managing these trading risks were tested in the autumn of 1998, as the global financial industry experienced market turmoil and liquidity problems. In general, the value-at-risk methodologies at Canadian banks held up well, losses were within pre-specified limits, and Canadian banks properly managed their exposures to highly leveraged entities.

The third review was a continuation of the Office's ongoing effort to improve the level of general allowances for credit risk and to

enhance the methods for determining the allowances. The Office issued general guidance on this topic during 1998-99, including criteria against which to assess the adequacy of general allowances. At the same time, the focus was shifted from methodology to the adequacy of allowances, and OSFI worked actively with deposit-taking institutions to strengthen their allowances.

In 1999-2000, OSFI plans to focus again on the methodology issues, working on criteria that reflect best practices for determining general allowances. The Office has also emphasized that while it expects such allowances to be built up, it also anticipates they will be drawn down when economic or credit conditions deteriorate. As well, the Office is currently responding to the industry's request for further guidance on how this draw-down should operate.

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Several limited-scope reviews were also conducted in the insurance sectors in 1998-99, looking at interest rate guarantees, MCCSR, and premium offset concerns. A survey of insurers issuing products with interest-rate guarantees revealed that the companies had considered their impact in setting up policy liabilities. Because of the widespread use of such guarantees, the analysis will be expanded to cover all embedded guarantees in insurance products, including those sold internationally. A systemic problem was discovered relating to the treatment of deferred taxes in the MCCSR, leading OSFI to issue a letter to the industry to



Ron Hurban (far left), Christina Voyatzis, and Payal Patel (far right) of the Financial Institutions Group (FIG), Insurance. Charles Lum of FIG Deposit-Taking Institutions.

clarify the issue. Where OSFI staff identified premium offset concerns, they met with company management to seek assurances that the situations were being managed in a prudent manner.

ENHANCING OSFI'S FRAMEWORK AND POWERS FOR SUPERVISING PENSION PLANS

OSFI's risk-based focus is also being applied to the supervision of pension plans under federal jurisdiction. Legislation amending the *Pension Benefits Standards Act, 1985 (PBSA)* was passed in June 1998 and most sections became effective in October. The new amendments provide OSFI with augmented supervisory powers that will allow it to deal more effectively with plans exhibiting solvency or compliance problems. The amendments also impose enhanced governance, funding and investment requirements on plan administrators, and facilitate cooperation between OSFI and the provincial regulators of pension plans.

Most of the 1,157 pension plans regulated by OSFI continue to be well managed and well funded. However, supervisory examinations have identified some plans where administrators had difficulty meeting their responsibilities. As plan administrators are expected to take full responsibility for their plans, OSFI has issued a number of guidelines, discussion papers and memoranda to assist them.

Work on these documents proceeded throughout 1998-99. The *Guideline for*

Governance of Federally Regulated Pension Plans, released in May 1998, highlights issues administrators should consider when developing or reviewing a governance framework for their pension plan. In support of these guidelines, OSFI is working with two national pension associations on a set of self-assessment principles, which are expected to include specific criteria against which pension administrators can gauge proper governance.

As well, a draft paper, *Risk-Based Supervision of Pension Plans*, was issued in May 1998, and gives an overview of the Risk Assessment System (RAS) that OSFI has developed to help identify prudential concerns with pension plans.

PERFORMANCE MEASURES

OSFI has developed four internal performance measures to help it evaluate its effectiveness in safeguarding depositors, policyholders and pension plan members from undue loss. Two of these, the Intervention Effectiveness Measure and the Risk Exposure Index, were introduced in 1998-99, and a process was started to incorporate them in the Office's review mechanisms and business planning.

Level of Intervention Index – OSFI rates the financial health of institutions and pension plans from Stage 0 to Stage 4. (See Box 2 How OSFI Rates the Health of Financial Institutions.) The index tracks the number of institutions at each stage and expresses the



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results as a percentage of the total number of institutions at any given time. Over time, data from this index will track the movement of institutions between stages. As indicated above, there was an increase in the number of staged institutions, in part due to more proactive use of our early intervention mandate, leading to a slight rise in this index.

The stage ratings result from a process that categorizes concerns about financial institutions and pension plans, and that identifies the steps needed to minimize problems and potential losses. OSFI has released a number of documents that formalize these processes and explain them to stakeholders. The first, released as part of a joint initiative with Canada Deposit Insurance Corporation (CDIC) in 1995, was the *Guide to Intervention* for deposit-taking institutions. A year later, OSFI released the *Supervisory Guide Applicable to Federally Regulated Life Insurance Companies*. In 1997, the Office released the *Supervisory Guide to Federally Regulated Pension Plans*.

Risk Exposure Index – This index is closely related to the Level of Intervention Index. It provides a comprehensive measure of the overall health of financial institutions and pension plans by tracking the number of institutions or plans where problems have been identified. The index gives greater weight

to institutions at higher (i.e., worse) staging levels as well as to the value of their assets. As well, the index assigns a weighting according to the institution type, recognizing that the impact on the financial system may be greater when certain types of institution fail. While the weighting system is subjective, movement in the index should suggest changes in the health of the financial industry. Much like the trend noted for the Level of Intervention Index, there has been a similar increase in this index.

Loss Recovery Index – This is a cumulative index, based on data accumulated since 1987 (when OSFI was formed) on completed liquidations, or liquidations where the liquidator is reasonably confident about projecting the ultimate level of recovery. It expresses, as a percentage of the amount owing, the amount that depositors or policyholders can expect to receive, discounting for the time value of money. The calculation does not include any top-up payments made by industry guarantee plans on insured products. The current index is 91 per cent, which represents a slight improvement over the level calculated at the end of the previous year. There were no new failures or liquidations in 1998–99, and



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the loss recovery position was strengthened by the finalization of the recovery from the liquidation of Confederation Life Insurance Company in which policyholders are expected to be fully paid. (See Box 4 Full Recovery for the Policyholders of Confederation Life.)

Intervention Effectiveness Measure (IEM) –

The IEM assesses how well OSFI carries out the actions called for in the Guides to Intervention, with OSFI staff evaluating the results achieved and their impact. IEM reports on individual institutions are a key management tool for decisions on stage ratings and verification that institutions adhere to supervisory recommendations.

In 1998–99 IEM reports were prepared for all institutions at Stage 1 or worse. The reports are used as a management information tool to encapsulate information on key concerns that must be resolved before the rating of an institution can be upgraded and that would further impair its financial health if allowed to worsen.

More generally, IEMs will increasingly allow OSFI to measure supervisory performance and identify supervisory practices that need to be improved. Aggregate information on IEM results was produced during the year

as part of the process of turning IEMs into a detailed performance measure. Eventually, the Office will share aggregate IEM results with stakeholders and IEM assessments will be subject to a quality assurance process. IEM results for individual institutions or pension plans will not be made public.



Bettina Roth, Ed Reid (standing) and Wing-Haan Tam and Anna Tung (seated) of the Financial Institutions Group, Deposit-Taking Institutions, Toronto



Chak Raghunathan, Bruce Rutherford and Barry Davenport (seated) of the Capital Markets Division, Toronto

Box 3: Measures Taken to Foster Year 2000 Readiness at Financial Institutions

Since 1996, OSFI has been working with federally regulated financial institutions to help ensure that they will be Year 2000 (Y2K) ready. In January 1999, the Office issued a letter describing Y2K milestones that institutions must meet. Those milestones are consistent with guidance issued by leading regulators in other jurisdictions, and required internal testing and implementation of critical systems by March 31. Testing of external interfaces, contingency plans and reviews of borrower and counterparty readiness must have been done by June 30. In May, the Office issued additional guidance on liquidity contingency planning.

Almost all federally regulated institutions have reported to OSFI that they were progressing on schedule and had met its milestones. The few outliers (institutions lagging in their Y2K preparations) operate in relatively limited markets, and have been subjected to a more intense supervisory focus.

It is possible that the Y2K issue may give rise to some problems; however, based on the information OSFI has gained to date through its supervisory activities, the Office does not expect significant issues to arise in the Canadian financial services sector.

During the remainder of 1999, the industry is completing any outstanding Year 2000 changes as well as testing and re-testing systems, interfaces and contingency plans to ensure that they are ready. OSFI will continue ongoing monitoring, periodic examinations, and use of appropriate supervisory intervention tools in order to keep institutions focussed on Year 2000 readiness. In this way we can take any appropriate actions in advance of the millennium date change. OSFI itself is finalizing its own contingency plans so it can act if necessary to protect policyholders and depositors, should any serious Y2K problems arise at regulated financial institutions.

OSFI also participates with other international regulatory organizations, such as the Bank for International Settlements Joint Year 2000 Council, to share information on supervisory approaches.



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Box 4: Full Recovery for the Policyholders of Confederation Life

During 1998-99, work continued on the liquidation of the assets of The Confederation Life Insurance Company. In April 1999, the liquidator, KPMG Inc., announced that Canadian policyholders would receive full payment on their policies, with interest. The U.S. rehabilitator is also hopeful of a full recovery for U.S. policyholders. Full recovery by policyholders confirms that the regulatory system worked as intended to minimize losses to policyholders.

Confederation Life has been the largest and one of the most complex insolvencies in North America, involving consolidated assets (including assets under administration) of some \$30 billion. Through a combination of branches and subsidiaries, the company operated in Canada, the United States, the United Kingdom and Bermuda.

Confederation's extensive exposure to commercial real estate and real estate related loans was at the core of its problems. As the company struggled, OSFI, working with other stakeholders, explored options to save it, including a proposed industry-sponsored rescue package. When it became apparent that it was necessary to put the company into liquidation in order to protect policyholders, OSFI acted.

The then-Acting Superintendent was appointed provisional liquidator on August 15, 1994. Because of the size and complexity of the company's operations and prevailing market conditions, the value of the estate could be maximized only by an orderly disposition of assets and businesses over a period of time.

Most of the company's policies were transferred to other insurers during the next two years. Once arrangements for all policyholders had been made and strategies for the effective disposition of assets were in place, the Superintendent stood down as provisional liquidator on September 10, 1997 and was replaced by KPMG, which had previously acted as agent of the Superintendent. KPMG established a business plan with input from the Canadian Life and Health Insurance Compensation Corporation (CompCorp). With this plan in place, and given the advanced stage of the liquidation, the Superintendent's participation was no longer required to ensure that all policyholders and creditors would be treated appropriately.



Public Confidence

WE CONTRIBUTE TO PUBLIC CONFIDENCE BY ENHANCING THE SAFETY AND SOUNDNESS OF THE CANADIAN FINANCIAL SYSTEM. WE EVALUATE SYSTEM-WIDE RISKS AND PROMOTE THE ADOPTION OF SOUND BUSINESS AND FINANCIAL PRACTICES.

In contributing to public confidence in the financial system during 1998-99, OSFI pursued a number of initiatives. Some of these represent ongoing issues, involving rules for regulatory capital or international liaison with other regulators and supervisors. In addition, OSFI had to deal with issues raised by the bank merger proposals and the Report of the Task Force on the Future of the Canadian Financial Services Sector (MacKay Report), recognizing that they too can be expected to affect the public's view of the financial system for years to come.


ACCOMPLISHMENTS AND INITIATIVES

REPORT OF THE TASK FORCE ON THE FUTURE OF THE CANADIAN FINANCIAL SERVICES SECTOR

In September 1998 the MacKay Report was issued, containing 124 recommendations for reforms to the financial services marketplace. As indicated in last year's annual report, OSFI provided information and views on a number of issues to the Task Force. After the release of the report, OSFI worked closely with the Department of Finance, the Canada Deposit Insurance Corporation and the Bank of Canada in developing the government's response. The government's response,

Reforming Canada's Financial Services Sector, was released in June 1999.

OSFI's primary interest, consistent with its mandate, has been in proposals that might increase risk in the financial sector, such as the creation of new holding companies for large financial institutions, changes to ownership policies, and lower capital levels for new entrants. OSFI has stressed on many occasions that some of its strategic objectives counter-balance others. In the case of the government's proposals, some measures to increase competition can be expected to increase risk in the financial system. OSFI recognizes that from a public policy perspective, the potential benefits of these proposals outweigh potential costs. OSFI will use the active implementation of its early intervention policy – coupled with a focus on key risk areas when monitoring institutions and certain regulatory changes proposed by the government – in striving to carry out its mandate of safeguarding policy-holders and depositors in a potentially higher risk environment.



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BANK MERGER PROPOSALS

Last year, four large Canadian banks announced merger proposals. The first proposal (in January) was from the Royal Bank of Canada and the Bank of Montreal. The second (in April) involved the Canadian Imperial Bank of Commerce and the Toronto Dominion Bank. In the course of responding to these proposals, the Minister of Finance sought

OSFI's advice on whether there were any prudential reasons why the mergers should not be considered.

To develop a view on the prudential aspects of the merger proposals, OSFI began with an analysis of the financial condition and risk profile of each of the merging banks. OSFI then considered relevant literature on mergers, consulted with other regulators on their merger experience, and worked with the banks to review the merger proposals, financial forecasts and relevant reports, and to discuss merger strategies and integration plans. The views of several banks and federal government agencies were also sought on issues to be considered in the unlikely event OSFI would have to step in to resolve any serious financial problems at one of the merged banks.

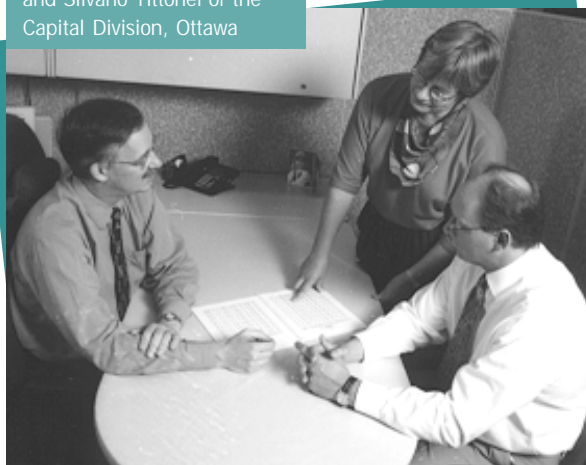
OSFI's findings were conveyed in a December letter to the Minister of Finance. The Minister also sought input on competition matters from the Competition Bureau. Taking into account various public policy considerations and these two reports, the Minister subsequently determined that the merger proposals should not proceed at this time.

CAPITAL INITIATIVES

Capital is the buffer provided by owners of financial institutions to protect against unexpected losses. It is an essential element in the protection of depositors and policyholders. During 1998–99 OSFI undertook a number of initiatives to improve the capital rules while recognizing the need for institutions to compete domestically and internationally. In particular, OSFI launched reviews of capital rules for the life and property and casualty insurance industries.

Industry innovations, global market developments and capital levels internationally led OSFI to suggest that for deposit-taking institutions to be considered strongly capitalized for regulatory purposes, they should have capital ratios of at least seven per cent for Tier 1 capital and 10 per cent for total capital. OSFI

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also raised the maximum level of general allowances eligible for inclusion in Tier 2 capital from 0.625 per cent to 0.750 per cent of risk-weighted assets, and undertook to review this limit in conjunction with the capital treatment of deferred tax assets.

OSFI has also been working with industry associations and others to develop domestic guidance on the implementation of a Basel Committee on Banking Supervision interpretation that would allow banks to include certain innovative securities in Tier 1 capital. A draft set of principles was circulated to the industry in April 1999.

OSFI is an active member of the Basel Committee on Banking Supervision, the Joint Forum on Financial Conglomerates and the International Association of Insurance Supervisors. These organizations are developing sound risk management practices for implementation in member countries.

Throughout 1998–1999 OSFI contributed to the Basel Committee review of the 1988 Capital Accord, which seeks to better correlate regulatory capital requirements to risk and to enhance competitive equality. The proposed framework consists of three pillars: minimum capital requirements, a supervisory review process of bank practices and process, and expanded use of market discipline.

INTERNATIONAL LIAISON ACTIVITIES

The Canadian financial sector is tightly integrated into the world marketplace. Domestic banks source 35 per cent of their income (interest and other) from outside the country. Canadian life insurers write 58 per cent of their premiums abroad. As well, foreign banks and insurers play an important role in the Canadian marketplace, offering an additional measure of choice and competition to consumers. In the property and casualty industry, for example, foreign owned companies accounted for some 67 per cent of net premiums written.

The international financial crisis that started in Asia in 1997 – and that subsequently spread to other continents – has highlighted the importance of strong banking systems and effective banking supervision. Supervisory agencies such as OSFI are increasingly drawn into discussions with finance ministries, central banks, the IMF, the World Bank and others on how to help countries ensure their regulatory and supervisory regimes can withstand the challenges of the global financial marketplace. In 1998, OSFI participated in the G-22 Working Group on Strengthening Financial Systems. This group's recommendations led to the creation of the Financial Stability Forum which now meets

regularly to assess issues and vulnerabilities affecting the global financial system, and identify and oversee the actions needed to address them. The Superintendent is a member of the Forum.

OSFI has also played a key role in the creation of The Toronto International Leadership Centre for Financial Sector Supervision, and continues to participate in its program delivery and governance. Often called the "Toronto Centre," it was created in 1997 in collaboration with the World Bank and the Schulich School of Business at York University, and delivered its first programs for bank supervisors in 1998. It provides a unique forum where senior financial sector supervisors from around the world can share their experiences in handling supervisory challenges – including failures of major financial institutions – and also enhance their skills in implementing effective supervisory regimes. The Toronto Centre, which now also receives support from the Canadian International Development Agency and the International Monetary Fund, is planning to extend its program to securities supervisors in 1999, and to insurance supervisors in the year 2000. It will be collaborating closely with the new BIS Financial Stability Institute as its program expands.

PERFORMANCE MEASURES

OSFI developed and launched three performance measures in 1997-98 to gauge its effectiveness in contributing to public confidence in the financial sector. These measures were a Composite Financial Indicator, a General Population Survey, and an Effectiveness Survey. These surveys are scheduled for two-year intervals, and the results obtained in 1997-98 form a base line for comparison with the surveys to be conducted next year (fall 1999 and spring 2000). The results of these surveys will be summarized in the 1999-2000 Annual Report.



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