



Legislative Assembly of Alberta

The 28th Legislature
Second Session

Standing Committee
on
Alberta's Economic Future

Bill 9, Public Sector Pension Plans Amendment Act, 2014
Bill 10, Employment Pension (Private Sector) Plans Amendment Act, 2014
Public Input Meeting in Calgary

Monday, June 23, 2014
6:10 p.m.

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**Legislative Assembly of Alberta
The 28th Legislature
Second Session**

Standing Committee on Alberta's Economic Future

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Standing Committee on Alberta's Economic Future

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6:10 p.m.

Monday, June 23, 2014

[Mr. Amery in the chair]

Location: Calgary

The Chair: Good evening, ladies and gentlemen. Thank you very much. It is actually 10 after 6, and we must begin our meeting for tonight. I would like to welcome all members, staff, and guests in attendance tonight at the meeting of the Standing Committee on Alberta's Economic Future.

I would like to call this meeting to order and ask that members and committee support staff at the table introduce themselves for the record. I would like to remind members who are substituting for other committee members to indicate so when they're introducing themselves.

I will start. I'm Moe Amery, MLA for this constituency, Calgary-East, and chair of this committee.

Mr. Fox: Good evening. I'm Rod Fox. I'm the MLA for Lacombe-Ponoka, deputy chair of this committee, and member of the Official Opposition.

Mrs. Sarich: Good evening and welcome. I'm Janice Sarich, MLA, Edmonton-Decore.

Mr. Luan: Good evening. Welcome, everybody. Jason Luan, MLA, Calgary-Hawkwood. It's good to see so many constituents here.

Ms Kennedy-Glans: Welcome, everyone. My name is Donna Kennedy-Glans. I'm the MLA for Calgary-Varsity.

Mr. Rowe: Good evening. My name's Bruce Rowe. I'm the MLA for Olds-Didsbury-Three Hills and a member of the Official Opposition.

Ms Pastoor: Good evening, everyone. I'm Bridget Pastoor. I'm the MLA for Lethbridge-East, and I'm on the government side. [interjections]

The Chair: Come on. Please, let's introduce ourselves and start the meeting.

Mr. Stier: Good evening, everyone. My name is Pat Stier. I'm the MLA for Livingstone-Macleod, which is the big area down between Priddis and Crowsnest Pass. I am a member of the Official Opposition.

Ms L. Johnson: My name is Linda Johnson. I'm the MLA for Calgary-Glenmore. I'm a visitor to this committee tonight. Thank you for being here.

Mr. Eggen: My name is David Eggen. I'm the MLA for Edmonton-Calder, from the Alberta New Democrats.

Ms Kubinec: Good evening, everyone. My name is Maureen Kubinec, and I'm the MLA for Barrhead-Morinville-Westlock.

Mr. Quadri: Good evening, everyone. My name is Sohail Quadri, MLA for Edmonton-Mill Woods.

Mr. Cao: Good evening. My name is Wayne Cao, MLA for Calgary-Fort. I'm sitting here on behalf of my colleague Everett McDonald from up north.

The Chair: Thanks, Wayne.

Mrs. Sawchuk: Karen Sawchuk, committee clerk.

The Chair: Ladies and gentlemen, before we start, a presenter scheduled for 9:25 needs to leave early for work purposes. Would someone who is scheduled between 8 and 8:15 be prepared to exchange a time slot with her? Good. We have a hand over there. Great. Thank you very, very much.

Before we start, just a few housekeeping items. All microphones are operated by the *Hansard* staff. Please turn off or mute all cellphones, iPhones, BlackBerrys, iPads.

Ladies and gentlemen, I'd like to welcome all of you here tonight. By way of background, on May 5, 2014, the Legislative Assembly passed motions referring Bill 9, Public Sector Pension Plans Amendment Act, 2014, and Bill 10, Employment Pension (Private Sector) Plans Amendment Act, 2014, to the Standing Committee on Alberta's Economic Future for review. The committee began its review by meeting for three full days with pension experts and stakeholders. The committee is now conducting public meetings in seven locations around the province and has also invited interested Albertans to send in written submissions by August 15, 2014. We look forward to hearing from those who will be presenting this evening.

The meeting will conclude at 10 p.m. or earlier, depending on the number of presenters we hear from this evening.

Before we do that, again, just a few housekeeping items to address. Each presenter will have a maximum of three minutes to make their presentation. We will be using a timer to help us keep to our schedule. Presentation time will be followed by time for questions from the committee members. Should any presenter wish to follow up with additional information regarding his or her presentation, they may follow up in writing through committee offices.

Audio of committee proceedings is streamed live on the Internet and recorded by *Alberta Hansard*. The *Hansard* transcript for this evening's meeting will be available on the Legislative Assembly of Alberta website later this week, and written documents will also be made available to the public.

Before we start, I will give you just a couple of brief remarks about the nature of this committee. The Standing Committee on Alberta's Economic Future is an all-party committee consisting of 15 members of the Legislative Assembly. It may meet to review a bill or to consider an issue referred to it by the Assembly and can also meet on its own initiative to consider issues within its mandate. Bills 9 and 10 have been referred to the committee by the Legislative Assembly to deliberate on the contents of the bills and to seek further information in regard to the points laid out in these two bills.

This is what we are here to do today. We are here to listen to you, to listen to the citizens of Alberta, to get their perspective on the contents of these bills. We have not come here with any predetermined outcomes or ideas. It is our job to try to gain as much information as possible to advise the House on what we have heard from both experts on the subject and the public. As such, I would like to invite you to make your presentations with the comfort that we are genuinely here to listen to you, and we look forward to what you have to say.

With these very few brief comments, I would like to call our first presenter for this evening, James Sullivan, please. Would you like to come to the table here?

James Sullivan

Mr. Sullivan: Good evening.

The Chair: Good evening.

Mr. Sullivan: I would like to thank the committee for allowing me this opportunity to speak to this issue. My name is James Sullivan. I work for Alberta Health Services. I work at the Alberta Children's hospital. I have been there for seven years, and I have been active within my union, AUPE, for five. I currently am the provincial executive, and I represent over 8,000 health-sector workers in Calgary and area.

When Alberta Health Services workers entered into the employment agreement with Alberta Health Services, it was under the understanding of a certain degree of compensation. Now the Alberta government is trying to change that level of compensation midstream without so much as consulting those people.

When it comes time to collect the pension, a limited income on which these people are going to rely, it's not like they're going to take these pensions and put them into offshore tax shelters, okay? These people need this money. If they don't have that money, they may have to rely on family, friends. If they don't have this money, they won't have that money to put into the community and local businesses. Not only those seniors but those families and those local businesses will suffer.

There has been a term bandied about: unfunded liability. Life is an unfunded liability. When you buy a car, it's an unfunded liability. When you get a credit card, unfunded liability. Get a home, unfunded liability. Postsecondary education, unfunded liability. Life is an unfunded liability. It's been used as a scare tactic. The unfunded liability in this case is being successfully managed by the LAPP, and these people have done an excellent job with my money.

These changes are not only unwarranted; they're unfair, unjust, and unnecessary. Thank you for your time.

6:20

The Chair: Thank you. Thank you very much.

We have two minutes for questions from committee members, and I'll start with Ms Kennedy-Glans.

Ms Kennedy-Glans: Thank you. The Alberta Children's hospital is in my constituency, and I've heard a lot of comments. They're very similar to yours, and I'm grateful that you're here today. My question is: how would you recommend that the unions and the government work with you and your members to make sure that you fully understand the impact of changes?

Mr. Sullivan: Well, you're talking about changes as if they're going to happen.

Ms Kennedy-Glans: Well, any discussed changes. I'm not trying to project that. I'm just saying: how do you want your information on pensions in a way that it's something that you can discuss with your own family?

Mr. Sullivan: Sorry. A little clarification, please. Sorry.

Ms Kennedy-Glans: It is a question.

Mr. Sullivan: Okay. Could you clarify the question, please?

Ms Kennedy-Glans: Because there is a lot of uncertainty about the meaning of any proposed changes now or at any time about a pension, how do you recommend that people like yourself get information that you can trust about your own pension?

Mr. Sullivan: Research. You want to talk with your MLAs. You want to talk with the people who are on the board of your local

authorities pension plan or, in my case, the local authorities pension plan. These people are knowledgeable. They are accessible. You can call them. They will talk to you. They will help you understand. You can also talk with your labour organization, and they will help you understand. Research is the foundation for good governance.

The Chair: Okay. Thank you.

Any other questions? No?

Well, thank you very much, sir.

Mr. Sullivan: Thank you very much.

Bob Anderson

Mr. Anderson: Good evening. Thank you very much for inviting me to present to you this evening. Good evening, ladies and gentlemen. Good evening, brothers and sisters. My name is Bob Anderson, president of local 40 of the Canadian Union of Public Employees. I represent 700 maintenance workers, facility operators, grounds workers, truck drivers, cleaners, and storage personnel for the Calgary board of education. I am here to convey to you a message from every single one of those members. We do not agree with your proposed changes, and we ask you to repeal bills 9 and 10. Bills 9 and 10 are unacceptable to us and contrary to what you have been elected to do. We often hear of the concept that government is elected to represent the people of this province, and by proposing these changes to the local authorities pension plan, I believe the government is not acting in the best interests of the people of our province.

Twenty-five years ago I made a choice to work for the Calgary board of education and support education for the next generation. In making that choice, I accepted a slightly lower wage than I could have earned in other fields of work in order to earn other benefits, one of which was the pension plan that would help to support me when I got older. I submit to you that the proposed changes that are before you here would violate the agreement that was made all of those years ago. That agreement was that part of our pay went to support the pension plan for ourselves and the people that we work with. It is my opinion that that agreement, that has been in place for as long as it has been, cannot arbitrarily be changed by one side.

When these changes were announced, I heard the minister say that they had consulted with the stakeholders, but I for one would have never known of that consultation without it having been pointed out to me by a co-worker. When I went to the website to participate, the questionnaire asked me how I wanted a select few changes to be implemented, not whether I agreed with them. We heard from the minister. He said that the justifications for these changes were because people wanted to work longer, so we want to enable them. I must say to you this evening that I know of lots of people that have to work longer – they don't want to work longer – and the reason for that is because our pensions are not overly generous. [Mr. Anderson's speaking time expired]

The Chair: Thank you, Mr. Anderson.

Mrs. Sarich.

Mrs. Sarich: Thank you very much.

It's Bob, right?

Mr. Anderson: Yes.

Mrs. Sarich: Go ahead and finish, and then I'll have a question.

Mr. Anderson: Thank you very much. I appreciate that.

If we had such generous pension plans, we would be getting the two-for-one premium payments that the provincial exempt staff are getting, that were awarded after these changes were announced. We would get the accelerated accumulation of service that is in some management plans, but again we don't get those. What we do get is a set rate of return and a small adjustment for inflation. I don't believe that these plans are unsustainable, nor do I consider them to be overly generous. What we do want is just to be treated fairly and to have something that we have worked for and earned not arbitrarily taken away. That is what these changes will do.

I will also suggest to you, as I said earlier, that these changes will hurt all Albertans because, like with most others in our plan, this is my only retirement fund other than my home. To make these changes to the pension plan as proposed will hurt me when I need it the most, at the point when I am old and unable to work. With the removal of the indexing to inflation, we will have no chance for growth like our money would have in the markets, and it will shrink away, leaving people dependent on the support of government when we should have the ability to care for ourselves. This will definitely hurt the economy of Alberta.

I'm just about done.

The Chair: Thank you. I don't think you have any more time.

Mr. Anderson: Ten seconds. I would like to thank you for the opportunity to participate . . .

The Chair: That's it, Bob.

Mr. Anderson: Ten seconds. I just want to say thank you and ask you to please recommend the repeal of bills 9 and 10.

The Chair: Thank you, Bob.

With this, we will break for about five minutes. They're enlarging the room. They're moving that wall because we have a lot of people standing and a lot of people waiting outside.

[The committee adjourned from 6:28 p.m. to 6:33 p.m.]

The Chair: Ladies and gentlemen, please take your seats. We're calling this meeting to order again.

Gillian Hill

Mrs. Hill: Good evening and thank you for hearing me. I am an RN, I work for Alberta Health Services, and I have 30 years of nursing experience. When I became a full-time regular worker for Alberta Health Services as an RN, I did not have the choice of whether I participated in LAPP or not. I was required to do so. I did it willingly, knowing that at the end of my nursing career I could anticipate a retirement that had a decent pension, to which I had contributed my earnings over that period of time. I now find myself facing the end of my career and the changes to the pension that are proposed.

I'd like to make a few comments about how I perceive this and a couple of questions. The pension boards are composed of employer and employee stakeholders with a highly vested interest in the sustainability of the plans and with a deep working knowledge of the plans and strategies to keep them healthy. If the changes proposed in Bill 9 were truly to the benefit of the plans and the plans' stakeholders, why would the boards themselves not have initiated these changes?

If the pension plan were truly in jeopardy, then it would be the duty of the Alberta government to inform me of that. As a vested stakeholder I deserve to know the government's evidence that

shows that the current plan is in jeopardy. So far the government has not released any actuarial studies or any other form of proof to demonstrate that the plans are in jeopardy or that the proposals will have the desired result of enhancing the sustainability. I take it the proposed plan will have the money invested in the stock market as it is today, so it will be subjected to the same whims of the stock market as the current plan. I have asked my MLA to please provide me with the actual documents, rather than the Minister of Finance's opinion, that show me where the government has drawn their information from and how the proposed changes will provide a more assured outcome of the LAPP sustainability than we already have, but I have not received any such reports to date.

Unidentified Speakers: Shame. Shame.

The Chair: Ladies and gentlemen, the presenter has three minutes. Every time you interrupt with applause or heckling, you eat up some of her time.

There's a question time of two minutes, and we'll allow you to go on.

Mr. Fox: I'd like to hear the rest.

Mrs. Hill: Is the time up? I'm sorry. I don't know where I am.

AIMCo, which is the Alberta Investment Management Corporation, and the five unions involved with LAPP have conducted an actuarial report and looked at the proposed changes. They state that the LAPP is actually healthy and sustainable and improving in its investments to date.

One of my last points. I'm concerned that the government is now splitting the plan so that some of the groups within the plan are to be treated differently to others. Management will have a different set of benefits, and the public safety occupations will have more lenient rules. Thus, as a nurse in a demanding physical job I am forced to work extended years of service to avoid penalty while subsidizing others within the plan who can retire earlier without penalty. How are these equitable to those of us who have been paying in equitably with the same rules and benefits to date? I would ask that you provide the board of LAPP the authority to manage the pension fund without the interference and veto vote of the Minister of Finance.

In summary, the changes proposed to LAPP still remain unfair and the need for them unsubstantiated. They are merely the government wanting to reduce the benefits to employees who contributed to LAPP and avoid their responsibilities themselves.

The Chair: Thank you very much.

Mrs. Hill: Thank you.

The Chair: That's all the time.

Brad Tomlinson

Mr. Tomlinson: Good evening.

The Chair: Good evening.

Mr. Tomlinson: Please bear with me as I'm nervous and I'm not much of a public speaker.

The Chair: You're doing fine so far.

Mr. Tomlinson: Okay. Thank you. I guess I want to talk about several things. I mean, I think one of the things that we're talking about tonight is budgets and money and all of that kind of stuff,

but I'd like us to remember that these decisions affect people's lives. That's the piece that I'd like to talk about for a few minutes.

With regard to the process thus far members have not been consulted in a meaningful way about the changes to the plan, and I'm very gratified that this committee is consulting with folks. I think it's a good step in the right direction, but I do think that ultimately what needs to happen is that the government needs to sit down with all of the unions involved and hammer out an agreement that everybody can deal with. You can't negotiate with all of the people in this room individually, but you can certainly negotiate with the big groups of folks that are involved. I think it would alleviate a lot of people's fears if they felt that, you know, the agreement was hammered out and the unions were prepared to buy into whatever was agreed upon.

6:40

I think one of the things that folks need to remember is that if these pension changes go through, what I'm hearing from young workers on the job site is that they're not going to stay. Young workers are telling me that the only thing that they think is attractive about government service is the pension and that if it's not there, they're going to leave. They're going to come to government work from university to get a few years of experience for their resumé, and off they're going to go.

As for, you know, some of the older folks like myself, I'm very concerned about what these pension changes might mean for my future. I'm of the opinion that if the rate cap goes through, my benefits prior to 2016 could be at risk. I've consulted with my financial adviser, who tells me that he agrees with that. His advice to me as my financial adviser was to quit before I turn 55 and take the commuted value of my pension and go. I don't want to quit. I like what I do. I value government service. I've invested 26 years of my life in it. I'm in a leadership position at work, and I want to continue to mentor young workers and bring people along. I don't want to be forced to do that, and I feel really torn up that that's the advice I received.

I would note that I'm not alone in that opinion. I have a friend who works for the public service pension plan who is the same age as I am, and I point-blank asked him whether or not he was going to follow suit. His comment to me was: yes, indeed, I will; if the pension changes go through, I will quit before I turn 55. He knows a heck of a lot more about this stuff than I do, so that really concerned me.

I agree with a lot of the comments that the earlier speaker made about public service. I made a choice not to go into the private sector. I recognized that particularly in corporate Calgary, where there are a lot of opportunities in oil and gas and so forth, I was sacrificing some salary, but I expected to get a good pension out of it at the end, one that I could count on.

The Chair: Thank you.

Mr. Fox.

Mr. Fox: Thank you, Mr. Chair.

I'd like to hear the rest of your thoughts.

Mr. Tomlinson: Thank you. I'll try and keep it short. I know I've only got two minutes.

The other thing I would like to comment on: if there were people out there who right now were planning on working between age 55 but not up till 60, these changes are going to be a huge disincentive. People are going to say: I'm not going to stay until I'm 58; I'm going to leave now because I'm going to be penalized should the changes go through. We're going to lose a huge amount of knowledge in the organization. We're already

having lots of senior people leaving that I'm aware of. It seems to me that the Minister of Finance, I believe, is on the record as saying that there is no crisis right now. So if that's the case, please, I implore you; let's take this back to the negotiating table and work out a deal with the union that everybody can live with long term and that people feel is fair and equitable.

There apparently are a lot of people in this room who have concerns, and we could alleviate those if we went back to the table and negotiated with folks about trying to find a solution that everybody could live with.

The Chair: Great. Thank you.

Any questions? You've got one minute left, Mr. Luan.

Mr. Luan: Thank you very much. Brad, thank you for the suggestions. I really want to commend you that you named very specific ways that we can work together to preserve the public pension reform. Just a question on what you were saying, that you talked to your financial planner, did a calculation, and the advice was that you take early retirement. Can you somehow forward that detailed information to – I don't know – the committee or to myself? I'm really interested in that.

Mr. Tomlinson: Absolutely. I'm going to be forwarding a written presentation as well. This was just my verbal testimony tonight.

Mr. Luan: Fantastic.

Mr. Tomlinson: I like what I do. I love being a public servant. I want to continue to serve the people of Alberta, but I can't put my future at risk. I don't want to quit.

Mr. Luan: I think that that's not only your view but that of many, many people, including this MLA sitting here, too. Thank you.

The Chair: Thank you very much.

Kendra Ness

Ms Ness: Good evening. My name is Kendra Ness. I've been an employee at AHS for 11 years. Currently my role is with the Calgary brain injury program, where I connect brain injury patients and their families with appropriate services both in the hospital and in the community, making sure that these vulnerable people don't fall through the cracks of our often-disjointed health care system.

Although I am usually a humble person, I am proud to say that I do a damn awesome job at my job. More importantly, I am not the only person who's noticed this. Since working for AHS, I have been headhunted on three different occasions, but after careful considerations of their offer, it always comes down to the deciding factor that they just don't have the pension. In this ever-fluctuating, oil-driven market that we reside in, I just am not willing to take that risk with my and my family's future.

I have been really fortunate to have my union provide education regarding LAPP on more than one occasion by their resident expert, Mr. Larry Murray. In all of the education I have received regarding my pension, it seems that a few things are clear to me. It is a stable and strong investment that guarantees a return on my investment. I need to emphasize that this is my investment.

I have a copy of my pay stub here, and I think you would be surprised to see the percentage that I pay every paycheque into my pension. Not only that, this is in my collective agreement. It is something that my union has bargained for. It is my right. If you want to change it, go through my union.

Here we are. I am 33 years old with 11 years of service at AHS. You can do the math. I will reach my 85 factor when I'm only in my 50s. I have another 30 years easy. I am capable and willing to work at least another 30 years, but where will my next 30 years be? Not with a government that is willing to take this away from me instead of working hard to give it to every other Albertan.

Thank you.

The Chair: Thank you. Thank you very much.
Any questions? Mrs. Sarich.

Mrs. Sarich: Thank you very much. It's Kendra, correct?

Ms Ness: It is, yes.

Mrs. Sarich: Thank for your presentation. I was really pleased to hear that you had your pension representative, Mr. Larry Murray, explain things. I've pretty well asked the same question as the standing committee has gone to various communities. The LAPP group came into a consultation process. Did your pension representative talk about how many years ago they came into the consultation, the dialogue piece? I'm just curious.

Ms Ness: Yeah. Over the years I've been to Larry's presentations on more than one occasion. I think there was a health care sector conference last year. One of the sections I went to was about pensions and future retirement and thinking about those. I don't know all the details. I do know that he did mention that, about the talks happening, and he felt that our pension, regardless of the changes in the market in the past years, was a really great plan, that even though we've had to increase our pension payments, how much I was paying into my pensions, eventually that would come back down, that he was really optimistic, and that we had one of the strongest pensions that he has seen in the country. Yes, he did notify us that they were in consultation.

The Chair: Okay. We have half a minute.
Mr. Eggen. You're sitting way on my left, Mr. Eggen.

Mr. Eggen: That's where I like it.

I'm curious to know: how did the government communicate to you and to your group that they were going to cut the pension, make you work longer, and pay more money?

6:50

Ms Ness: Okay. Well, I'd like to say that I'm a pretty educated individual. I'm on the political action committee of my union. However, had I not been on that committee, I wouldn't have known anything about what was going on. I certainly didn't hear it through AHS. That's for darn sure.

The Chair: Thank you, Kendra. Thank you very much.

Ms Ness: Thank you.

Kevin Watson

Mr. Watson: Good evening. My name is Kevin Watson. I've been a contributing member to the pension plan for seven years with the city of Calgary. Thank you for letting me speak here tonight. I'm going to be short and sweet on this.

Echoing the speakers before me, these changes are unwarranted, unfair, and I don't want to work longer for less. The government is trying to change the rules midstream. I signed on with a defined pension plan in place. If these changes are necessary – I and many of my colleagues, everybody here, believe they are not – bring them in for new people coming into the plan, not for people that

have already been in the plan for long. That's only if they're necessary. We believe that they're not.

I brought these concerns to my MLA back in March but to date haven't heard back from him. I encourage you to listen to all the people of Alberta and the 250,000-plus members of LAPP. To hold your vote in the next election, kill these bills.

The Chair: Are you done?
Any questions?

Ms Kennedy-Glans: Thank you very much for your contribution here. On your comment about new employees coming in – and we're presuming that they're younger. I was going to ask the question of Kendra as well. When you were evaluating, when you made a choice about going into this particular role and knowing that you would have a pension, how did you compare your choices? How did you look at – and I did this a long time ago; I'm much older than you – trying to assess the difference between the value of a pension versus not having a pension? Do you feel that the younger employees that you're talking to do that valuation effectively?

Mr. Watson: I'm not sure if they actually do the valuation effectively or not. What I meant is that new people coming into the plan – of course, if these changes are necessary, which they're not, bring them in for those people. Don't change the rules of the plan midstream.

Ms Kennedy-Glans: I understood your point; it was very clear. What I'm asking is a little bit different. Do you think that when people decide to enter into work like yours, with a pension, they understand how to compare that compensation with other compensation that doesn't include a pension?

Mr. Watson: Do you?

Ms Kennedy-Glans: Well, I've had to do a lot of work to do that. I think it takes an awful lot of work to do that.

Mr. Watson: Yeah. I can't speak for everybody else, but I understand the value of the pension at the end, and that's why I chose to go into the public sector. I knew that there was a defined plan at the end. I was in the private sector for the first 20 years of my working career.

The Chair: Thank you very much, Kevin.

Ms Kennedy-Glans: Thank you.

Hal Griffith

Mr. Griffith: Hi. My name is Hal Griffith. I'm here to present my opinion on Bill 9. Thank you for this opportunity.

I believe that the only change currently required in PSPP governance is to remove political interference from the equation. That a Finance minister can interfere with the administration of the PSPP has a gross appearance of impropriety. It puts a vision into the mind's eye of an eternal series of Finance ministers with their hands tearing through the pockets of hundreds of thousands of present and future pensioners. The current PSP Board did and continues to demonstrate reliable diligence in administering the PSPP.

The recent seemingly transparent attempts at fearmongering may be, on the balance of probabilities, a sad attempt to create an artificial crisis and sow a crack through which to slip the splintery edge of a most deceitful wedge. The majority of civil servants that

I know personally are conscientious guardians. They entered the service out of a respect for the duties they expect to perform. They trade off perks of private-sector employment to fulfill ambitions of public service. A real and meaningful solace that affirms the value of such service to Albertans and indeed stabilizes the service itself is the promise of defined pension benefits. The value of the pensionable service of a career-long civil servant must never suffer from political whim. It would be unconscionable.

My grandparents moved to Alberta from their respective countries and farmed our land and raised children and helped to instill Alberta values in their grandchildren. I moved to Calgary, and I became a city slicker. I learned that my urban Alberta cousins shared values with us rural people. Once I decided that I was going to stay in Calgary, I began looking for the kind of work that my parents would be proud of me for and with the stability and benefits I could plan a family around. Over the last nearly 33 years I've raised my children in the Alberta way, and I hope that I am helping to instill the Alberta way in my granddaughter.

As an Alberta correctional peace officer I've been attacked with fists, feet, and fury. I've been bitten, sprayed in the eyes with chemicals, respired toxic substances, and suffered threats to myself and also to my family. What I have seen I'm not going to ever unsee, and my body has permanent damage, but I did my duty. We had a deal. I earned my pension. Hands off my pension, please.

Thank you very much.

The Chair: Thank you for your presentation.

We have a question from Mr. Rowe.

Mr. Rowe: Thank you, Mr. Chair. Thank you for that presentation. We've heard from a number of people now, and more than one has said that they would like to see the government more hands-off, if not totally off, your pensions. That was given to us by some union leaders. I'm wondering: if you really want that, are you prepared to accept the consequences of doing that? [interjections] Thank you for that. That is a part of it.

If the government gets right out of it, as a politician sitting here making those decisions today, I would want to be assured that 10 years down the road there won't be someone else sitting here listening to somebody to be bailed out of an unfunded liability. That has to be a part of the equation. If you're going to assume responsibility for it totally and have the government's hands off it, that has to come with the territory, I think. By the way, I would be in favour of that.

Mr. Griffith: Yeah. What I've seen from the PSPP so far and the LAPP is demonstrated diligence. They act very accountably. When I contact Larry the pension guy, he gives me straight-up considerations about what's going on with either pension plan, and he relates them to me in a way so that there's no smoke and mirrors. To me, it seems fully transparent. For a little while I feel as if I actually understand what's going on with it. I have a lot of faith in the people that have been sitting on those boards and administering the boards, particularly, like I say, people like Larry, and I am inclined to take their advice and the advice of my union leaders.

Mr. Rowe: Okay. Thank you.

The Chair: Thank you.

Mr. Griffith: Thank you very much.

The Chair: Thank you very much, sir.

Deborah Dean

Ms Dean: Good evening, ladies and gentlemen. I am Deborah Dean, a resident in Calgary-East and a contributing member for 15 years to the public service pension plan. Throughout my working life I have considered the future and taken steps to be self-sustaining and independent in my retirement years. The contributions made by my employer and myself, not taxpayers, to a defined benefit pension plan have been a significant part of my financial planning. After reading Bill 9, I am dismayed to see that the rules that I contributed under and based my expectations upon are being altered.

7:00

It is alarming to me that these changes have been taken to the Legislature without the Public Service Pension Board's agreement. The government's announcement that cost-of-living adjustments on benefits earned after 2015 will be targeted, not guaranteed, at 60 per cent of the Alberta inflation rate undermines the nature of the plan that I was relying on. The premise that the plan is unstable or unsustainable, the key claim that these proposed changes are being based upon, is unsupported. I have found the current plan to be affordable. As such, I must strongly oppose the proposed plan design changes.

The government acknowledges the high quality of service front-line employees provide to Albertans. It is impossible for me to reconcile the unilateral demand to reduce the benefits of my pension after January 1, 2016, with the stated value of my work for the province. I've made career and financial decisions based on the full value of plan benefits being there when I retire. If passed, Bill 9 will reduce the value of my pension and break a promise, the pension promise that I have relied on in making my retirement plans.

The pension boards see no funding crisis and, in fact, have plans in place to address the unfunded liability and gradually reduce contribution rates over a reasonable period of time. There is a crisis in the making, but it has nothing to do with pension sustainability. Despite the rapid increase of Alberta's population, our nation-building economic growth, and the demand for more skilled workers, the government of Alberta intends to embark on pension reforms that will drive away skilled employees from public service jobs, reduce the retirement security of those who remain, hurt workplace morale, and discourage new talent from coming to public service jobs in Alberta. As a long-serving employee . . . [Ms Dean's speaking time expired]

The Chair: Thank you.

Ms. Dean: Thank you.

The Chair: Mrs. Sarich.

Mrs. Sarich: Thank you. It's Deborah, right?

Ms Dean: Yes, Janice. It's Deborah. Thank you.

Mrs. Sarich: It sounded like you had a few more points to share with the standing committee. I'd like to see them go ahead.

Ms Dean: Thank you.

The Chair: Speak a little louder.

Ms Dean: Yes. She asked me to continue. Thanks, Moe.

As a long-serving employee and an alumna of the University of Calgary it has become apparent to me that the pension changes

could have a serious effect on our university's ability to recruit and retain employees and lead to a shortage of support staff should there be a widespread attrition in 2015. I understand that municipalities have voiced their concern to the provincial government, and I draw your attention to statements by Mayor Nenshi in the *Calgary Herald*.

"The reform will create a dangerous incentive for our workforce to either take early retirement before 2016 or enter into the private sector," Nenshi wrote. "It will complicate our labour relations, increase our costs as a city, create risk and uncertainty, and will not help our retirees."

Thank you all very much.

The Chair: Thank you very much.

Steve Hemmerling

Mr. Hemmerling: Good evening.

The Chair: Good evening.

Mr. Hemmerling: I'm a correctional peace officer at Calgary Spy Hill. I started there over seven and a half years ago, and when I started seven and a half years ago, I started with the knowledge that I would be given a defined pension plan. I'm 31 years old today. I was 23 when I joined the service. I'm here because I want to speak out against changes that may affect my future pension. I only have seven and a half years. I'm not looking at the light at the end of the tunnel from five years away. I need to be able to know that my pension is secure, and with the current pension changes being planned as of now, I'm not seeing a current secure pensionable future for myself.

Under the current pension changes, when they come in, I would need to make sure that I have no debt. I'm at a point in my life where I'm being married next year, I'm looking at starting a family, and I want to have a secure future for my future children. Under these changes being proposed, I cannot see having a secure future.

I don't have much more to say on the topic. I'm here to speak on behalf of other members that I work with at my correctional facility who have the same number of years in. I hear the same amongst my co-workers as well. With current pension changes coming in, what incentive is there for me to continue working in a correctional facility and seeing the darkest sides that humanity has to show us?

That's it. Thank you.

The Chair: Thank you. Now we have a question for you.

Mr. Eggen.

Mr. Eggen: Thank you. Thank you so much, Steve. Talking about retention, I think that this is a very important topic that has emerged right across the cities we've been at so far. I don't know if you saw the news yesterday; the Liberal government in Quebec is imposing a change in pensions, and 100 firefighters quit all in one day, you know. I'm wondering if you're hearing that anecdotally at Spy Hill or amongst your fellow workers in other facilities.

Mr. Hemmerling: I can speak even further to that. In the correctional division I also volunteer with the recruitment division. I've visited numerous postsecondary institutions as well as high schools, and I'm always given numerous questions about: what can the government offer me? As well as about a competitive salary they always ask me the question of: well, do you have the same as the RCMP, a 25-year and out? I can't answer that honestly with the Alberta government.

Mr. Eggen: Thank you. Thank you very much.

The Chair: Any other questions?

Thank you very much, sir.

Mr. Hemmerling: Thank you.

The Chair: Thank you.

Dee Lawrence

Mrs. Lawrence: Good evening, panel.

The Chair: Good evening.

Mrs. Lawrence: Good evening, brothers and sisters. My name is Dee Lawrence. I've been a born-and-raised Calgarian, and I've worked with the city of Calgary for 27 years. I was able to buy back five years of my pension. My finance adviser at that time said that he could not match that, so I know the pension is good, another reason why I stayed with the city so long.

You had mentioned, Donna Kennedy-Glans, what the retention is and bringing people on. My brother, my brother-in-law, my niece, myself, my husband, and my father all work for the city. My father passed away a few years ago, and he was always proud of me when I started with the city. So there's your retention right there, pride.

What I wanted to say was that I have worked for them for 27 years, and the reason why I stayed was the pension and the reliability that I would have a retirement and that I didn't have to collect pop bottles when I retired. If you make changes by cutting back on our pension by eliminating the COLA, I'll have to collect bottles. If you take away the 1 per cent premium by the employers, I will have to collect bottles. If you raise the 85 factor to 90, not only will I have to work longer, but I'll have to collect bottles.

My wages are very low, so my pension will be lower anyway because I work at a lower end job with the city, but I'm still proud of what I do. If you make these changes and other drastic changes to my pension and our pensions, I'll have to collect bottles. On every year that I bought back, it made it so that I didn't have to work so long. Now I'll have to work until I'm 68. That's an area in my life that I never, ever thought I would be at.

7:10

Why did the Alberta government lie to me again and again in regard to changes in my pension? When LAPP stepped back and didn't want to make the changes because of the uproar from the LAPP members, the government steps in and says: we'll make the changes ourselves.

My final question is: why don't you place a 10 per cent royalty on the oil companies and get your money that way and leave my pension alone? This way I will not have to collect pop bottles.

Thank you.

The Chair: Thank you, Dee.

Any questions? Mr. Eggen.

Mr. Eggen: Thanks, Dee. That's a memorable presentation. Very, very good. Did you get a sense of where you were at before, and then now that you're at 68, how many years did it jump up there with the proposed changes?

Mrs. Lawrence: When I bought back the five years, instead of the 64 I was able to retire at 58. Now if all the changes are made and my pension goes lower, I won't be able to retire till I am about 68 or 69.

Mr. Eggen: Thanks.

Mrs. Sarich: Thank you very much, Dee, for your presentation. My question this evening is that the LAPP had made some recommendations in terms of governance, and I was wondering if you had any awareness about what that might be. Or do you have any information or were you provided any information from LAPP on . . .

Mrs. Lawrence: On what changes they were bringing in?

Mrs. Sarich: Yeah.

Mrs. Lawrence: They wanted to do the 85 factor to 90. They wanted to change it from 2 per cent that the employer gives in to 1 per cent, which is a third of my pension premiums gone in a heartbeat. They wanted to do a few other things. In regard to that what I did was that I took all the information from LAPP, and I took the information that I got from my union and from the other websites from the government, and I sent out e-mails for those people that I know that are retired as well. I got whiplash back from the LAPP saying: quit lying to everyone. How can I lie when I'm getting the information from their website? They ended up giving me an apology for that because they were actually threatening my job with my employer. They sent me an apology letter. They sent my employer an apology letter, so yeah.

The Chair: Thank you. Thank you, Dee. Thank you very much.

Mrs. Sarich: I appreciate the information. Thank you.

The Chair: Our next presenter is Cheryl Zittlau. Cheryl, can we suggest that you sit at this mike because this is a better mike to use.

Ms Zittlau: Yeah. Okay. Thank you.

The Chair: Thank you.

Cheryl Zittlau

Ms Zittlau: I'm here tonight to speak in regard to my pension. I am a single mom, and I have been since the age of 32, raising three children on my own, and I knew that with a pension at the end of my job I could get on with raising my kids and educating them without having the stress of trying to put money aside for RSPs, which is impossible when you're a single mom with three kids. My children have all gone to university and had no student loans on an LPN's wages. So I know how to budget, and I know how to stretch a dollar, and I know how to mix powdered milk with homo milk so the kids will drink it.

The only pension I would have if I didn't have this pension, a LAPP of \$900 a month, would be Canada pension and old age, which would give me about a whole \$1,800 to live on a month. I would have no dignity and have no independence. One of my children would have to house me, and I don't want that to happen. They have their own children to raise and educate.

If you are going to take away our pensions and change them, I suggest then you build a lot of subsidized housing because you're going to need it. I'll be first in line, and you better make it pet-friendly because my dog comes with me.

I have worked for 40-plus years. I'm turning 70 in October, and I'm still working to make up the extras because our pay up to the year 2000, when the LPNs went on strike for one day, was so poor that my pension only gives me \$900 a month. So I would ask that

you cancel bills 9 and 10 and give back to the workers the dignity that you're trying to take away.

Thank you.

The Chair: Thank you for your presentation. Any questions?

Ms Zittlau: Thank you.

The Chair: I think they're afraid to ask you questions.

Our next presenters are Arnie Stadnick and Bill Solomon. Are you guys going to sing a song or something?

Mr. Solomon: We're going to give you a little different approach. We're here to talk about Bill 10.

Bill Solomon and Arnie Stadnick

Mr. Solomon: Good evening. My name is Bill Solomon, and I'm appearing before you together with my colleague Arnie Stadnick. We are both trustees of the boilermakers national pension plan. This is an Alberta-registered, multi-employer pension plan that provides retirement benefits for approximately 17,000 boilermakers and their beneficiaries across Canada. This includes over 8,000 active participants, the largest number of whom are located here in Alberta. The current assets of this pension plan exceed \$1.3 billion. Arnie is the business manager for local 146 of the boilermakers in Alberta, and I am, and I should whisper this, an actuary resident in – and I should probably whisper this as well – Ontario. We are both trustees of the plan and have been for about three years.

We believe that the purpose of the Alberta Employment Pension Plans Act is to preserve and maintain pension plans, particularly defined benefit pension plans, for those people employed in Alberta. Bill 10 is essential for us for that objective. Bill 10, if enacted by year-end, would remove the requirement for solvency funding for those plans which elect to convert to target benefit plans. We understand that there is a danger that Bill 10 may not be enacted by the year-end, and we are here to say that not passing Bill 10 will create chaos for tens of thousands of pension plan members, both those resident in Alberta and in the rest of Canada. If Bill 10 does not pass by the year-end, scores of Alberta-registered pension plans will be forced into solvency funding, which will cause dramatic reductions in the benefits of both working and retired pension plan members. We firmly believe that Bill 10 must be passed in order to avoid total destruction of pension plans in Alberta.

Pension plans are an important component of total compensation, and good compensation is a key driver to economic success. Many of the pension plans that would be favourably impacted by Bill 10 are in the construction trades. We believe that many major construction projects – for example, those in Fort McMurray – will face skilled labour shortages if skilled workers move out of the construction trades. This would happen when workers lose confidence in their compensation and believe that they will never realize a decent pension, when they contribute tens of thousands of dollars to their plans every year.

In May 2013 the boilermakers national pension plan submitted its thoughts on the regulations to Bill 10. In particular, we were concerned about how some elements of the regulations . . . [Mr. Solomon's speaking time expired]

The Chair: Mrs. Sarich.

Mrs. Sarich: Thank you.

You can proceed. Continue with your information.

7:20

Mr. Solomon: Thank you. We were concerned about how some of the regulations, particularly those concerning the PFAD, would impact on the trustees' ability to improve benefits and that it would create an intergenerational inequity which would not be corrected, holding large reserves now, holding back on benefits now for members, and increasing benefits for later generations when it was found that the PFAD might not be fully required. We are concerned about the apparent lack of co-ordination of the regulations regarding commuted values for members who work in Alberta but live in other provinces. Many of your workers come from other parts of Canada on a regular basis.

Our concerns about the regulations are now dwarfed by the prospect that Bill 10 might not pass. Our plan members have worked hard to make contributions to our pension plan to aid its recovery since 2009. Our recovery plan was created by the trustees with the broad consultation and co-operation of the Alberta superintendent of pensions. Our members have been paying an extra \$3 per hour, on which no benefit has been earned, since 2010. Our members were also faced with possible benefit reductions immediately following the financial crisis. The boilermakers pension plan was not alone in implementing severe measures to overcome financial losses. The delay of Bill 10 puts our plan at risk and will result in a complete lack of confidence in the pension system in the province of Alberta. We ask that you relay our concerns to the legislators since Bill 10 being passed by December 31, 2014, is essential for the security of pension benefits in Alberta.

The Chair: Thank you.

Mrs. Sarich: If there isn't time for the answer, I'd be interested in learning more about the recovery plan implication that you've brought to our attention as the standing committee.

Mr. Solomon: The recovery plan was negotiated with the then superintendent of pensions in Alberta, and it was a multifaceted program which involved cutting back pensions for both active and retirees as well as . . .

The Chair: I hesitate to stop you. Your time has elapsed.

Mr. Solomon: She was asking a question. I was simply trying to answer it.

The Chair: I know. If you have a question, could you please send it to the committee clerk in the form of a written submission?

Mr. Solomon: That will be done.

The Chair: Great. Thank you.

Mr. Solomon: I do have copies of our submission which we made in May of last year, and I don't know who I should leave them with.

The Chair: The clerk. She is coming to you.

Mr. Stadnick: Thank you for your time.

Mr. Solomon: Thank you very much for your time.

The Chair: Thank you very much, gentlemen.

Paul Wozney

Sgt. Wozney: Hello. Thanks for having me. Thank you for allowing me a few minutes to present to the Bill 9 committee on behalf of the

Alberta Federation of Police Associations. We are the main stakeholder of the special forces pension plan. I'm the president of the Alberta Federation of Police Associations, commonly known as the Alberta Fed, and I'm also a working police officer for the Calgary Police Service.

The Alberta Federation of Police Associations is a group of seven municipal police associations composed of Calgary, Edmonton, Medicine Hat, Lethbridge, Camrose, Taber, and Lacombe and represents 4,400 sworn police officers in Alberta, all of whom are contributors to the special forces pension plan.

Since its inception the plan has provided an integral part of the police officers' compensation, comparable to other large municipal police agencies across Canada, and forms a part of our overall compensation package. It currently allows police officers to retire after 25 years of service. Furthermore, police officers contributing into the SFPP contribute 13.44 per cent of our gross wages into the plan and municipalities 14.54 per cent. Those are significant numbers. We've researched other associations across Canada. For instance, RCMP officers contribute under 10 per cent towards their pension, and in Winnipeg it is 8.5 per cent.

Our organization has three messages that we want you to take back to your committee. The first is on governance. We support the governance change to a two-part structure. This would provide the legal framework for the employees and employers to make decisions with a formal voting mechanism. Once again, the government of Alberta is not a stakeholder in our plan as the primary contributors are individual police officers and the municipalities that we work for. Let us be our own trustee to manage our pension monies. After all, unlike the other pensions that the government of Alberta manages, the Alberta government has, for lack of a better term, no skin in the game when it comes to SFPP.

The second point I want to talk about is the uniqueness of law enforcement. Law enforcement is a unique profession. It may sound cliché, but police officers place themselves between our communities and the bad guys that exist in all of our neighbourhoods within Alberta. To do this, police officers work 24-hour shifts, endure an excessively stressful workload, and in some cases see the worst that society has to offer. Extending police pensions to a point where police officers have to work longer, sometimes into their 60s, in the high-paced career of policing is a significant work hazard and one that needs to be considered as changes to the SFPP will have a corresponding effect on the age of police officers. Police officers in their 60s aren't meant to arrest bad guys in their teens and 20s.

The last thing is benefit design. Although Bill 9 provides the contribution cap rate for benefits earned after 2015 and the establishment of a 50-50 cost-sharing . . . [Sgt. Wozney's speaking time expired]

The Chair: Thank you, sir.

Mr. Eggen: Do you just want to finish? That would be great.

Sgt. Wozney: The establishment of a 50-50 cost sharing: the Alberta Fed does not support this. Through a collective bargaining process members have successfully managed to have the employers pay an additional 1.1 per cent, this being done since the plan's inception.

That's all that I have.

Mr. Eggen: I just want to ask – and certainly you are entirely correct in saying that you have a very strenuous job that sometimes involves a lot of physical danger and so forth. The pension bills that we had before us were going to retain that 85

factor for you. Many thousands of other people who also put themselves in harm's way, who work very hard at strenuous jobs, were getting bumped up into this 90 factor. If you could say something that would show some solidarity that they, too, should not be moved from 85 to 90, I think that that would be a very strong message that we would all appreciate very much.

Sgt. Wozney: What I would say to that is that I don't care if you carry a gun on your hip or you push a broom or you work in corrections. First of all, a deal is a deal. We can't call ourselves a union, but we are a union. We're a police association. We have to be called an association, but our defined benefit and the value that it is to us is no different than what it is for LAPP or any of the other pensions.

Mr. Eggen: Thanks a lot.

The Chair: Thank you very much. We appreciate that.

Lawrence Connell

Mr. Connell: My name is Larry Connell. I'd like to thank the committee for this opportunity for all of us to address. They may be rowdy, but this is certainly an enlightened crowd behind me here.

I'm a registered nurse. My wife, Barbara, and I are both registered nurses. Combined, since 1984 we have served the citizens of Alberta by providing health care services for over 60 years. I am proud of the work we have done in caring for the wide variety of people. We have likely looked after you, your family, or someone you know. We have saved some lives, and we have improved the quality of many more lives. Barbara is in the community clinic, keeping kidney patients off dialysis for as long as possible. She saves the Alberta people millions of dollars.

I work in orthopaedics, helping grandmas and grandpas, some my own age, improve their quality of life with new hips and knees. We have literally wiped your noses, wiped your tears, and wiped your bums at risk to our own health. We don't mind. We are trained, and we are professional. We save Albertans; we don't cost them. We only ask that we get treated fairly and that we are given what it is that we have been promised and what we have worked for.

7:30

This pension legislation, these changes, sets out to take away from us as a family what we entrusted to you to protect. If I retire after this legislation takes effect, you drop my annual income by 10 per cent. You're stealing from my family. Why? Why? The actuaries say that the LAPP is sustainable and on solid ground even if we stay the course. The administrators say: leave it alone. What is your agenda? What is your intent here? Do you know more than the actuaries? You want to cap contributions at a certain point. We're not the NHL, and we're not the NBA. Capping contributions does not sustain a fund; it deteriorates it. It's just common sense.

These pensions are not a gift. They're not a golden parachute. They're not a bundle of money at the end of a rainbow. They're certainly not the generous severance packages given to senior bureaucrats or government officials when they leave service or even get fired. They are investments. They have been contributed to over the length of a career, in this case over the length of two careers, and behind me over the length of 300,000 careers.

They are by no means a tax burden. In fact, pension plans are deferred income. They are money that we have already made. These are monies that my wife and I are not receiving throughout our careers, our own money put away and invested soundly with

the money of over 300,000 other participants whose income has also been deferred so that after three decades of hard work you are not a burden on the Alberta taxpayers or your children.

This bill says that we are worth less now and that we will be worth less in the future. The other intention: to make future workers worth even less. I want nurses to get more. They're going to be looking after me.

The Chair: Thank you, Larry.

Mrs. Sarich: Thank you, Larry. I just was wondering if you had anything further to share with us this evening.

Mr. Connell: I do if I may.

Mrs. Sarich: Thank you.

Mr. Connell: It troubles me to witness the level of arrogance with which this legislation is being brought in. I attended the Legislature at the time of the second reading, and I was appalled by the lack of attention and the abundance of arrogance which the government members displayed during this important debate.

I asked the hon. Ken Hughes what was gained by this legislation when the actuaries state that the funds are sustainable. He told me, "Well, there are their actuaries, and then there are the government actuaries." I thanked him very much for that clue. I said, "Where are the government actuaries?" He said – I quote – "I do not know." In the lobby of the Legislature during second reading of this important bill, which affects so many Albertans, he doesn't know, and I suspect he's not alone.

If you want to improve the plans, if you want to make them sustainable into the future if there is an issue with them, give the participating parties governance over the plans without these unnecessary changes and before these changes. That historically makes some sense, and there's evidence to support it.

I thank the two brothers who spoke before about the boilermakers. There are two things that their plan has that we don't, governance and participation and negotiation at the table.

Again, I'd like to thank the committee for this opportunity.

The Chair: Thank you very much.

Patricia Defreitas

Ms Defreitas: Good evening. My name is Patricia Defreitas. I'm proud to say that I'm a nursing attendant. I work in Carewest George Boyack, and I've been there for the past 10 years. As a front-line worker I would like to say this. As a single mom I'm proud to work there, and I'm proud to contribute to my LAPP. With Bill 9 you guys are sending me to a place where I once had been, in a refugee camp, and I don't want that down the road, when the time comes. I see those things happening with my co-workers. They have retired. We visit them.

It's painful because the job takes so much out of us. I've had my back hurt more than three times. With my fingers I cannot carry that jar of water with one hand. I have to carry it with two hands.

If you guys take the LAPP from us, you're sending us somewhere. I don't want to retire to be a homeless lady who is pushing shopping carts downtown. I don't want my kids to look after me. I want to be able to look after myself. By doing those things, you're not doing that to one person or maybe two people but to all of us. We are working there, and we are contributing.

The most important thing is: please kill Bill 9. You're taking our futures away from us. I beg you.

Thank you.

The Chair: Any questions?

Mr. Eggen: Thank you for your very impassioned presentation. My own wife was a nursing attendant and now is an LPN, and I know there are many thousands of people with a physical injury. I'm just wondering: how many people do you know in your own area that actually make it to full retirement, or do they have to leave early because of their physical problem?

Ms Defreitas: They don't make it that far. It's hard for them because the job is so hard for them. They have to retire before their time because their body cannot take it anymore.

Mr. Eggen: Thank you.

Ms Defreitas: Thank you very much.

The Chair: Thank you.

Richard Hansen

Mr. Hansen: Hi. My name is Richard Hansen, and I've been working for the government of Alberta since 2002. I appreciate this opportunity to speak to this committee about the proposed Bill 9 and, specifically, how it affects me and the public service pension plan. Imagine signing a 10-year, fixed-rate mortgage, and then your bank manager phones you up to say: your terms are changing in the fifth year whether you like it or not.

One advantage of working for the government is the security of retirement income for my wife and me. I can predict what that income will be, and it will be there for the rest of our lives. My wife currently is unable to work due to chronic pain issues, so the only retirement income will be from me. I'm almost halfway to 25 years of service, when I would only receive a pension benefit that is about 38 per cent of my highest average salary. This is already very modest, but it is defined, specific, and predictable. The proposed legislation will put this security and ability to plan in jeopardy. Compounded by extra days off and lump-sum payments in lieu of salary increases, I see nothing that improves any of our pension conditions.

I am very aware that my contributions into the plan have increased recently to help cover the unfunded liability not just until December 2015 but for the future. If the rules will change in 2016, why have I been paying to help repair a plan that may be reduced down the road? When I signed on, it was a defined benefit pension plan, and this proposed Bill 9 would change the definition of defined. Not what I agreed to 11 years ago. This alone may constitute bargaining in bad faith or breach of contract. Please keep the plan defined. If the government of the day can change benefits with no accountability, it is not defined. If the cost-of-living adjustment is a target, then it is not defined.

I am a reaching our full potential, ROFP, change champion. I am a believer in the ideals and the concept, but this movement has stalled. Why? Most workers think ROFP is a joke because the Alberta public service, the APS, feels they are not valued. The proposed pension changes on top of recent bills 45 and 46 and the master agreement negotiations all show the APS is not respected by the government leadership.

7:40

For ROFP to work, we must feel it from the top. As a change champion I've seen many colleagues drop out for these reasons. Not too long ago I saw a T-shirt which read: ROFP stands for reducing our future pensions. This is an indication of what many employees feel about their employer right now. All of you on this

committee have an opportunity to change the legacy that these proposed bills have started. You must maintain or, better yet, improve our pension benefits to restore any integrity and trust.

Thank you.

The Chair: Thank you very much. Right on time.

Ms Kennedy-Glans, please.

Ms Kennedy-Glans: Thank you. Richard is a constituent, and I want to take this opportunity to say thank you. It's pretty hard sometimes to talk to your MLA about this. The level of cynicism that is felt and that you've communicated: I feel it. Notwithstanding that, I'm grateful that you did step out and talk to me and talk to others and try to get past the cynicism. I think that if we don't, we're really at an impasse here. As an MLA I am very grateful for your approach and your honesty.

Mr. Hansen: Thank you.

The Chair: Good. Thank you very much.

Mr. Luan: Very quickly, I thank you for providing details of the comparison, in your case, of the changes made to you. That is a different kind of fact than some other people presented. Having those things is very important for us so that we can see where the real numbers lie. At the end of the day, facts speak to facts, so thank you for that.

The Chair: We did get your written submission.

Mr. Hansen: Great.

The Chair: Okay. Great. Thank you very much, Richard.

Gopal Ayre

Mr. Ayre: Good evening to the committee, and thank you for allowing me to speak today. I just have a simple statement.

The Chair: Would you please introduce yourself?

Mr. Ayre: Sorry. My name is Gopal Ayre.

I'm a correctional peace officer at Calgary Correctional Centre. I've worked in corrections for the past 13 years. I started off at the old Edmonton Remand Centre from 2002 to 2009. I currently serve as a member at Calgary Correctional Centre. I have a bachelor of arts degree from Concordia University College of Alberta as well as numerous other certifications from within my department, and I am an emergency medical responder. I have a supportive and loving family comprised of my wife, Laura, and two children: Evangeline, five, and Lochlan, two. My wife and I decided that it would be best if one of us stayed home and raised our children rather than pay someone else to do it for us. Therefore, I am the sole income earner in my household.

It was the pension that drew me to the public service. I'm proud to serve this province and the people of Alberta. As a correctional peace officer I go behind the jail walls each day not knowing if I will go home. I go behind those walls with my sisters and brothers in blue because it is a calling. Not everyone can do the job, but those of us that are called to do so go inside with duty to serve our communities and keep law-abiding people safe. We are the keepers of the keys to the doors that hold your nightmares at bay and keep those that would choose to do you harm locked away. The potential for violence within correctional facilities is very high, as is the exposure to incurable diseases such as hep C and HIV. The probability that I will not go home and see my family at

the end of my shift, become infected with a disease, be assaulted by a prisoner, have bodily fluids thrown on me as a result of an inmate's displeasure with the rules is not only very high but happens every day.

We also have exposure to the trauma of being seriously assaulted, from the grotesque remnants left on the walls after an assault within our walls. So when MLAs of the government I so proudly serve exclude us from preventive coverage for PTSD, offer meagre increases to salary and benefits despite the economic prosperity in this province, say that we are a bunch of hockey hooligans for having the strength of our convictions in regard to occupational health and safety and that if we do not think it's safe enough, we should quit or find a different occupation, I find it insulting and demeaning to me, my family, my occupation, and those I serve with.

When I started with the Alberta government, I was promised a pension at the end of my service. The pension was nothing like the golden handshake that some public servants receive. It was modest but enough to serve my needs, the needs of my wife and I, upon completion of my service to my community. The biggest insult of all is the renegeing on an agreement, that being . . . [Mr. Ayre's speaking time expired] Sorry; I don't have much further.

The Chair: Mrs. Sarich.

Mrs. Sarich: Thank you very much. It's Gopal?

Mr. Ayre: Yes, it is.

Mrs. Sarich: Go ahead and finish, and then I have a question.

Mr. Ayre: Sure. The minister believes that the pension funds are not sustainable despite the pension board having reported that they continue to be viable and sustainable. The Finance minister believes that contribution caps will make the fund sustainable without accounting for the fact that less money would be going into the fund to continue to provide defined benefits to recipients. I surmise that the Finance minister does not have any evidence that these pensions are not sustainable, nor does he care about the public servants that have spent their lives serving the public in this province.

These proposed pension changes have resulted in a severe reduction in workplace morale and have led to the premature separation by many seasoned staff, resulting in the loss of hundreds of years of experience in corrections. In addition, it is increasingly difficult to attract new staff to the occupation due to lack of meaningful increases and reduced pension benefits. These proposed changes will result in a large drop of buying power and will affect the economy of Alberta negatively. I urge this committee to put an end to these bills and sit down with the stakeholders, the unions, the pension boards and have meaningful dialogue regarding pension reform, not this oligarchical method of using legislation to bring about an unknown agenda.

If there is one change that I could support, it's allowing employees and employers true joint governance to remove at least some of the politics of this, and let the experts manage the plan as best they can. That means no strings attached, no contribution cap, no restrictions on adding benefits, and just letting both sides make it work.

That is my statement.

The Chair: Good. Thank you very much.

Mr. Ayre: Thank you.

Heather Walker

Ms Walker: Wow. That's going to be a hard act to follow. I don't have anything nearly as important to say; however, I will do it very nervously.

The Chair: Anything you say is important to the committee.

Ms Walker: I have a question for this standing committee. Does this standing committee have any authority to make a decision, or is that yet another Enbridge pipe dream? I'm just saying that two days after the Enbridge decision, I saw a trainload of pipe going north. Two days. I don't know.

I have three points: the funding of this pension fund, the governance of this pension fund, and the arbitrary realignment of the rules. It's my future, and it's my plan.

The Chair: Can you speak closer the microphone so that people in the back can hear you, please?

Ms Walker: In fact, it's my money. This has already been stated. My pay stub states that I donate \$264 every two weeks to this plan. My employer donates \$288. Oh, wait a minute. My employer is the city of Calgary. It didn't build any pipes. It didn't sell any goods. Where did it get its funds to donate? Oh, they came from me. I'm not complaining because for the first time in my life I've been able to afford to pay my taxes instead of collecting subsidies, as I had to when I was raising my family. So \$547 off this cheque went to this mysterious title of taxes. I am funding both sides of this fund.

7:50

A pension plan governed by decree is not a properly governed pension plan. Proper governance should be fair, representational, open, and independent of any government interference, and this has been proven to be viable. In my opinion, there really was no reason to make these miniscule changes, modifications, to our current agreement, which is a component of my employment agreement and my pay package. I feel that it's only to test the waters, as the Alberta Conservative governments have done time and again. My fear is that the worst is yet to come.

Fact: Alberta, if managed appropriately, has plenty of royalty income to share with its citizens. In my opinion, we can keep giving oil companies royalty rebates so they can build pipelines and elaborate skyscrapers, or we can redistribute that royalty so that each and every Albertan would have a pension benefit or an annual income.

The Chair: Thank you very much.

Any questions?

Ms Walker: Can I continue?

Mrs. Sarich: It's Heather, right?

Ms Walker: Yes.

Mrs. Sarich: Go ahead and continue. Thank you.

Ms Walker: Thank you, Janice.

I am a transit operator. Some of my job requirements would be that I have the patience of a saint, that I be cool, composed, yet gutsy in adverse situations, and that I have the bladder of a racehorse. Alas, time has marched on. I am a grandma, and my uterus is shriveling up, which may or may not turn me from being a patient, nerves-of-steel grandma into a raging granny. Hmm. Not

a bad idea in my off time, but I don't think my city wants a raging granny behind the wheel of a bus.

To close, the 85 or 90 factor doesn't enter into the equation because I raised a family and had a 20-year career in child care, which was not pensioned, before I started driving a bus, so I am at the mercy of the pension plan to maximize any benefit I can obtain.

Thank you very much for listening.

The Chair: Thank you very, very much for your presentation.

I will call on Michael Marchuk. Well, Michael, there's a game changer here right now. Don't be surprised if I'm nice to you because my wife just walked into the room. So I might give you that extra 30 seconds to finish your presentation.

Michael Marchuk

Mr. Marchuk: Thank you. Hello. My name is Michael Marchuk. I'm a paramedic, and I've been serving Albertans for 24 years. I thank you for allowing me to address bills 9 and 10 with you. First, I'd like to speak about these controversial bills that were implemented by the Redford government as part of an unprecedented attack on unionized public-sector workers. We had that Premier step down after disrespecting public money and the retirement plans of hard-working Albertans.

I'd like to talk about some problems with these bills. No evidence has been brought forward to convince plan holders that these changes were necessary in the first place. Our pensions are rated as modest at best should the existing plan be followed. I'm an avid supporter of my union, HSAA, and our provincial and national affiliates have done their own research and have proven to me that the bills in no way benefit me or my family's future. The government has also claimed that the plans were not sustainable and will cost taxpayers money. This is not true. If left alone, our pension plans are totally self-sustainable, and that's been proven.

Truthaboutalbertapensions.ca is a website that has a pension calculator that shows the consequences of the proposed changes and shows without a doubt that the changes are detrimental to my future. At the age that I am now, the proposed changes would push my retirement further away than I might be able to work in my chosen field. While the ruling government has made plans to cut into our pensions, they have been increasing out-of-scope employees' pensions, also giving them huge severance packages, something we in-scope employees will never see.

As I said before, I'm a paramedic, and it has come to light that many will not get to retire in our field due to our extremely high injury rate. The government acknowledged this and stated that persons in high-risk jobs like EMS, police, fire can retain their 85 factor. This initially sounds good; however, the reduction in the cost-of-living adjustment from 60 per cent to 50 per cent and the contribution caps negate that advantage. Sure, I might be able to retire early, but a very weak plan is all the 85 factor gives me. The plan needs to stay intact, as is, for a person to successfully retire with dignity.

Because of the Redford government's attack on unionized public workers it's obvious that bills 9 and 10 are politically motivated and not based on any real facts. They only manage to damage the employer-employee relationship forever. My pension is not to be used as a political chew toy.

I have become a student of Alberta's labour history. I believe the chapters written on bills 9, 10, 45, and 46 will be remembered as a very dark time by the labour movement. The labour movement is not going to forget these blatant attacks.

The Chair: Thank you.

Mr. Eggen: Have you got anything else you want to say?

Mr. Marchuk: Yes. I want these bills thrown out, and compromise is not acceptable on them.

The Chair: Any questions?

Mrs. Sarich: Thank you very much, Michael. On your recommendation of throwing bills 9 and 10 out: what would be the expectation if we had to give a recommendation about starting all over again? You know, what would that look like from your perspective?

Mr. Marchuk: I don't think the labour movement would go for it at all. We want the pension plan to stay as is. I would instruct my union to not compromise if they were to sit down with the government.

Mrs. Sarich: Okay. Thank you.

The Chair: Okay. Thank you.

Derek Fildebrandt

Mr. Fildebrandt: Whoa. I'm in the lion's pit today. Well, thank you, hon. members and everyone else who is here to listen, for the opportunity to present today on behalf of the 84,000 supporters of the Canadian Taxpayers Federation, 14,000 of which are here in Alberta. I have no pension at all. I'm not here representing a special-interest group trying to protect its benefits at the expense of the public. I'm not here to make friends. I'm here to represent taxpayers who . . . [interjections]

The Chair: Please, let's not have any heckling. [interjections] No, no. Please. [interjections] No, no.

Stop the clock, please.

Ladies and gentlemen, he has the right to make his presentation. I mean, he didn't interrupt anybody, okay? I think we owe him the courtesy not to interrupt him. This is democracy. You know, he can have different views from the rest of us. So, please, let's give him the courtesy to finish his presentation. Thank you.

Go ahead, please.

Mr. Fildebrandt: As I said, I'm not here to make friends. I'm here to represent the taxpayers who, if no significant reforms are made to government employee pensions, will be the ones left holding the bag. I understand why some government employees are fighting against the modest progress represented in Bill 9. They are trying to protect a system that has worked well for those working for the government for years.

Unidentified Speakers: Shame, shame, shame.

The Chair: No, no. I'm sorry. [interjections] No, no. [interjections] He has the right to express his views.

Unidentified Speakers: So do we.

8:00

The Chair: You did. We already had over 20 presenters, and none of them were heckled, so please let's respect each other, and let's make sure that this gentleman has the three minutes to present his views. You might not agree with him, and I'm sure that he does not agree with you, but let's hear him, please, ladies and gentlemen.

Mr. Fildebrandt: I would thank people for being civil and allowing me to speak.

Eventually we have to pay the piper. The realities of the market in 2014 are very different from those in 1984. Interest rates are at an all-time low, held there by governments across the developed world in order to service their debts. The global marketplace is just not seeing the kinds of returns that made defined benefit pension plans at least semisustainable 20 years ago. People are living longer. You can't argue with that.

Retirement ages of 65 were set decades ago, when life expectancies were significantly shorter. The combination of longer retirement periods and investment returns below their historical average has left not just Alberta but governments and businesses across the developed world with a clear but curable problem. The math is simple. There just isn't enough money in the bank to meet our pension liabilities as they currently stand. In Alberta . . . [interjections]

The Chair: Ladies and gentlemen, please stop the heckling, or we're going to stop the hearing. [interjections] No. We have other people that would like to present and give us their opinions. We are here to listen to you. Please give him the courtesy to finish his presentation.

Go ahead, sir.

Mr. Fildebrandt: I promise not to heckle anyone.

In Alberta, our total public-sector unfunded pension liability stands at \$10.8 billion. This problem will not get any better soon, as some of the union bosses are insisting. Our total unfunded pension liabilities are projected to increase to \$11.3 billion over just the next two years. We have three options. We can increase contributions, we can reduce benefits, or we can look at wholesale reform to our government employee pension plans, that will involve some combination of the first two options.

Bill 9 takes the route of trying to tinker with benefits in a way that is as little disruptive as possible under the circumstances in order to close the unfunded liability gap while keeping contribution rates from exploding. This is at least a step in the right direction, but it is unlikely to get to the root of the problem. Defined benefit pensions just don't work in the 21st century. [interjections]

The Chair: Order, please. Let's have some decorum and respect for each other here. Ladies and gentlemen, the gentleman has been sitting here for the last two hours. He did not heckle anybody. He listened to all of you with respect, so let's give him the same courtesy. Come on.

Unidentified Speakers: Time.

The Chair: You keep interrupting him, and we keep stopping the clock. Let him finish his three minutes, please. It's only three minutes.

Mr. Fildebrandt: This is fun.

Last year the Canadian Taxpayers Federation submitted a letter to Finance Minister Doug Horner, calling on him to enshrine six principles in his push for pension reform: one, require contribution rates from plan members to be sufficient enough to support on an equal, 50-50 basis with taxpayers the liabilities currently held by defined benefit pension plans; two, reduce contributions to 50-50 or else increase employee contributions to pensions where taxpayers contribute more than 50 per cent to plans such as the management employees pension plan; three, end the accrual of additional benefits under the current defined benefit pension plans

in the near future; four, honour the government's commitment to all benefits currently accrued under the present plans until this time; five, move all members of current defined benefit pension plans to a new defined contribution plan; six, mandate that any lump-sum bailout of pension plans by taxpayers will require an equal, extraordinary contribution from plan members, amortized over a reasonable period. [interjections] I can tell that these guys love it.

Our growing unfunded pension liabilities are a clear and present danger . . .

Unidentified Speakers: Time.

The Chair: Okay. Honestly, ladies and gentlemen, we're timing. He's got 12 seconds, okay? We're timing him. But every time you heckle him and you try to stop him, we stop the clock – okay? – because he's got three minutes.

Unidentified Speakers: Eight, seven, six, five, four, three, two, one.

The Chair: No. I'm sorry. I'm not going to allow this. He's got 12 seconds.

Please finish your 12 seconds. Go ahead, sir.

Mr. Fildebrandt: Our growing unfunded pension liabilities are a clear and present danger to the health of the province's balance sheet and will require continued bailouts by taxpayers if not addressed seriously and quickly. I ask that you not just take this problem down the road and do the easy thing, nothing. I ask that you represent the taxpayers to government employees and not the other way around.

Thank you.

The Chair: Thank you, sir. If you have any additional submissions, please send us submissions in writing, and we will include it in the report. Thank you. Thank you very much. [interjections]

Come on, you guys. We have to accept the other opinion. [interjections] Come on, please, ladies and gentlemen. Ladies and gentlemen, we have to accept the other opinion. It's one dissenting opinion in the room, and we can't accept it? Come on.

Let's take a 10-minute break, and we'll come back to finish our program.

[The committee adjourned from 8:07 p.m. to 8:20 p.m.]

The Chair: Ladies and gentlemen, please take your seats. We'll restart our meeting.

Our next presenter will be Dallas McMillen, please. Is Dallas McMillen here in the room? [interjection] Okay.

Next is Kim Storebo.

Kim Storebo

Ms Storebo: My name is Kim Storebo. I am a public service worker and contribute to a defined benefit pension plan. I have read Mr. Horner's changes to the public pension plans. In my opinion, the changes are so off point that they're almost funny if they weren't so costly.

The government of Alberta is the sole administrator of the local authorities pension plan. It was underfunded because the government spent the money, and employees were forced to contribute more to their pension plan. The government gave assurances that once the plan was again in the black, control would be turned over to those involved in the plan. A promise

broken. Self-governance assures that the plan would be healthy. We would not be forced to invest with a government-regulated company that has underperformed for 10 years.

In some cases 40 per cent of the workforce will be lost on December 31, 2015. If bills 9 and 10 would have passed, the Progressive Conservative government could have been responsible for the collapse of the public and private sectors. To date I have not noticed that the politicians are going to lead by example and take a defined contribution pension, so why should we?

Just a reminder. The Progressive Conservatives are elected by the people to represent the people, not business. The monies that employers deposit into pension plans are negotiated and make up part of our wages. Self-governance to plan administrators ensures that there are no irregularities, so leave our pensions alone.

The Chair: Thank you.
Any questions?

Ms Storebo: Oh, please do.

Mr. Luan: I wouldn't mind just jumping in with a comment. Thank you for expressing your opinion. Just so you know, when I was sitting here on the first day hearing from the experts across the whole nation, those who don't lean any way politically one way or another, purely from a third-party point of view, I want you to know that I heard very loudly that doing nothing is not helpful at all. Some of the factors mentioned by the other speakers I know many of you don't want to hear. I patiently listened to all of that. My thinking is that I'd like to see all of us come with specific suggestions. How do we want to make changes to preserve the public pension versus doing nothing? [interjections]

The Chair: Please. Please. He's asking a question to the presenter.

Mr. Luan: Specific suggestions.

Ms Storebo: My understanding of the LAPP is that it's governed mostly by the government. It is 50-50 plus 1. I have a pension plan. It's a public-sector pension plan, and it's a defined benefit pension plan. I work at Canadian Blood Services, and I'm a proud worker of 25 years. We had our pension plan threatened because of the Krever inquiry. Our employer at the time took money out of that pension plan, and the only reason that they had to commit to paying it back was because they didn't tell the contributors what they did. My suggestion would be that you have a board of trustees so that you can have something that was done by our employer so that we have . . .

Mr. Luan: Thank you for that. Yeah.

Ms Storebo: . . . a defined pension plan that is stable and sustainable.

I listened to you, so please listen to me. Thank you very much.

The Chair: That's good. Thank you very much.

Scott Cush

Mr. Cush: Hi there. My name is Scott Cush. I'm a city of Calgary employee. I'm a 13-year water services employee who has a defined benefit pension plan. I don't have enough time to talk about all the little things about defined benefit pension plans and what has been proposed by the bills, but I do have to just ask a few questions of myself here while I'm at this mike.

The issue that we have to deal with here is: is the defined benefit pension plan even in trouble? We know that there are some deficits here that we have to make up. We don't need to panic about them. That's what the bills are doing; they're panicking about an issue that is supposed to be amortized over a long period of time. These plans last decades. They don't just go away if one year or two years are bad. I'm hoping to have a defined benefit pension plan after this is all said and done, after I'm done my career with the city.

I've chosen to have a career with the city partially because of the benefit structures that are in place. I'm young. I could go into the market. I could make tons of money, but I've decided that I'm going to live a middle-class life. I'd like to have a middle-class life, knowing that I'm putting away a certain amount of my money along with a contractual obligation from my employer to a plan that will pay me something at the end of it, not something that I have to worry about investments in, not something where I have to worry about what the next step is or if it's in jeopardy. I'm worried about: at the end of all of this can I leave and move on? I don't think the plan is in trouble. I think the plan is in trouble because of how it's looked at today. They think that we're going to live forever eventually, and the people who are planning these plans are using factors that are too complex to determine in just a few years' time.

You have to take a step back and say: is there an ideological issue here? Is there a benefit to messing around with a plan that is designed specifically to keep your people, good people, in these jobs because they believe that they don't need to go out and be the richest in the world? They want to live a life, okay?

Three minutes is not enough time to talk about anything seriously. I'm just hoping that when you bring this back to committee, you let it die in committee. This doesn't need to be tackled again. This is something that is not an issue. It will work itself out over time, and that's what people in investment structures are paid to do. That's why I trust in defined benefit pension plans. It's why I think that we should be doubling the CPP and why pensions are not fair for everyone, because not everyone has a pension.

Thank you.

The Chair: Thank you, Scott. I know and I agree with you that three minutes is not a lot of time for you to express your views, your opinions, but if you have anything else to say, please submit a written submission to the committee clerk, and we will consider it in our deliberations in preparation of the report.

Mr. Cush: Thank you.

Mr. Eggen: Thank you so much for your presentation. I don't know if you've thought about this, but I'm just starting to see a bit of a trend here in the cities we come to. This is a reduction in public service pensions. Don't you think it's part of the reduction of the public service as well? If you are not having new hires, if they're reducing the workforce in the public service – those are the ones that are meant to be feeding that pension, so these pension reductions are part of preparations to further privatize and reduce the public service, right?

Mr. Cush: Again, it's an ideological issue. It would take more than a few minutes to discuss.

Mr. Eggen: Yeah. I mean, are they hiring in your section?

Mr. Cush: We're hiring all the time. The issue is retention.

The Chair: Good.

Any other questions?

Mr. Luan: A very quick comment as a PC caucus member. Just so you know, I was in the city of Calgary. I was an AUPE member. The pension: I personally have 20 years into that, so I have a vested interest to see that this happens.

8:30

Just so you know, from my point of view, I don't see, having the benefit of hearing all sides, that there's a disagreement on making the pension plan work in terms of preserving it, to keep the promise. I hear so many people saying that today. What I do see is that how to get there has lots of different suggestions and lots of conflict. That's one of the reasons, you may notice, I'm very interested when people have specific proposals coming to the table, because that is much more helpful to try to energize everybody and work towards the same direction.

The Chair: Thank you, Mr. Luan.

Thank you, sir.

Kevin Barry

Mr. Barry: Thank you for the opportunity. My name is Kevin Barry. I'm not only representing myself, but I'm the chair of local 52 at the University of Calgary, representing almost 4,500 employees from the university. I've been working at the university – shout-out to my AV brother in the audiovisual department – for the past 28 years, and it's been a dedicated service working for the public service.

At the local level we have been educating our members. We put on a number of pension sessions as well as many conversations with lots of people about these pension changes and what that may mean. The University of Calgary is a \$1.2 billion organization and contributes hundreds of millions of dollars to the local and provincial economy. When I hear people at these pension sessions saying, "I'm not going to be able to afford to retire; I'm not going to stick around," and the younger members saying, "I'm not going to stay here," that's a concern for me, not just for the University of Calgary but for all public institutions to have retention and to be able to recruit good employees. It's definitely something that needs to be looked at. With these pension changes you're going to disadvantage public-sector institutions to be able to recruit able employees.

For myself personally, because I started my career at a younger age and have 28 years of service, I now may be penalized for a second time. Both my wife and I are in public service. She's a teacher with the public school board. In 1993, when we were starting out with two young children, with a family, we took a 10 per cent hit to our income with the reduction in our salaries, both of us. It was a 10 per cent family reduction. I've taken a hit once. I don't intend to take a hit a second time. Before I turn 55, am I seriously going to be forced to withdraw from this pension plan, as well as the many other members withdrawing from this pension, to take my services elsewhere? What that will do is seriously harm the stability of the pension plan if we have enough people leaving it. That is a big concern of mine, not just for myself personally but also for the public institutions of this province.

The University of Calgary is trying to get to an Eyes High strategy. By 2016 they want to be a top-five research institute in Canada. If you can't support the research with good employees, there's not a chance that they're going to get to their Eyes High strategy. This is just one public institution in this province.

There's one other piece that hasn't been mentioned, and that's the cost of benefits. When you have employees that have to work till they're 65 years old, there are age-related health issues that will come up, guaranteed, and you will have an increase to the employers' and employees' benefits costs, which haven't even been mentioned at this hearing or even other hearings that I've heard so far. What I would like to leave you with is that if the government truly wants to make changes that make sense, it would be to make a true governance model change, allow the plan members and employees to manage the plan as they both have the most interest in ensuring that the plan is viable.

Thank you.

The Chair: Good. Thank you very much.

Okay. We have a few questions. Ms Kennedy-Glans, please.

Ms Kennedy-Glans: Thank you. I wanted to just comment on the University of Calgary and your work with employees there. There are pockets where there is really good sharing of the issues and deepening of the understanding of the consequences of this proposed legislation, and I commend you for what you've done. I think that it's a best practice that should be shared. Is there any way that you could share with this committee just how you did that? How you set it up? I know that other groups have done similar work. People don't understand, in government and elsewhere, how hard it is to actually make sure that people understand the implications of all these changes. Just with the engagement process itself, I would like to understand in more detail what you have done. I think it would be of value to all of us.

Mr. Barry: What we did was that we put up posters wherever we could as well as send to any e-mails that we do have at the local to tell them that we're going to have a pension session. I think that by word of mouth was probably the fastest way that it travelled. We had two public sessions, and then I did a number of private sessions with specific departments that wanted me to come over. So, I mean, it was just word of mouth and with our communication piece that we have at the university.

Mr. Luan: Very quickly. The government changes that you're referring to: is that where we're talking about joint sponsorship governance model?

Mr. Barry: The best governance would be that I get to choose along with the employer what happens, so it'll be a joint governance plan. Don't ram these things down our throats and then hand it over to the pension plan boards. Have a true governance model, which has been asked for for years and which the government has resisted.

Mr. Luan: Okay. Thank you.

The Chair: Thank you very much.

Peggy Askin

Ms Askin: Good evening.

The Chair: Good evening.

Ms Askin: Many workers have spoken here today about Bill 9 and why they feel it should be scrapped or die on the paper. I am going to speak about Bill 10 and some of its content and implications. Bill 10 would allow employers to retroactively convert defined pension plans into target pension plans. Target

pension plans are a form of defined contribution pensions where the pension benefit is not guaranteed.

Bill 10 says that the government will consult the workers first and will, quote, require significant agreement. All the details about whom it will consult and even if a majority is required are left out of the legislation. They are contained in regulations that would be written behind closed doors by the executive without any legislative or public oversight, and they are subject to change at any time and can be enacted by executive decree.

I am a retiree. I worked 27 years in customer service for one of the major national telecommunication companies, and I receive a guaranteed, fixed monthly amount from a defined benefits pension plan. In our last set of negotiations the company essentially used a form of blackmail to force changes in the pension plans. In Alberta all new hires now have a defined contribution plan.

If Bill 10 passes, employers will be able to retroactively convert defined benefit pension plans into target plans, as I said, meaning that the pensions of all active workers still contributing and retirees are at risk. Creating two-tier arrangements, where the newly hired younger generation does not have defined benefit pension plans, sets the stage to force such agreements by splitting the workforce.

In a defined benefit plan retirees receive a pension according to the formula established in the plan so long as the enterprise does not file for bankruptcy. This proposed legislation, Bill 10, makes it legal for employers to refuse to honour their obligations to retired workers without even going through the fraud of seeking bankruptcy protection.

With Bill 10 retired workers who have defined benefit pension plans face increased insecurity and the possibility of poverty in retirement. In my opinion, instead of passing laws allowing companies to threaten the right to security in retirement, this government should be passing laws forbidding companies from touching the defined benefit pension plans, and this government should be getting on board with plans to expand the CPP. Bill 10, if passed, makes workers the target of the greed of corporations who want to seize more and more of the wealth produced by the working people of this province. To me this is not acceptable, and for this reason alone this legislation should never see the light of day.

8:40

The Chair: Okay. Thank you. You're done, on such a positive note.

Ms Askin: I have just one or two other things to say.

Mrs. Sarich: Good evening, Peggy. You have a little bit more to share with us this evening?

Ms Askin: I do have a little bit more to share.

Mrs. Sarich: Go ahead. Thank you.

Ms Askin: Thank you. In introducing the amendments, Minister Horner, in my opinion, left no doubt that the public authority in this province has been taken over by private interests. He didn't utter a word when speaking about this legislation – and I listened to the entire thing and read *Hansard* – about the rights of workers to security in retirement, a right that the government obviously doesn't recognize.

For quite a few years corporate interests and employers have been talking about the lack of sustainability of their defined pension plans, and Minister Horner said that these employers have expressed a lot of interest in target benefits, so in response to the interest expressed by employers, a policy change is required to

permit retroactive conversion. This is what the minister actually said. He also said and presented kind of a doom-and-gloom scenario that there could be an imminent collapse of pension plans, but the facts show that pension plans in Canada are now considered at the healthiest level in 12 years.

So, I mean, that is, in essence, what I have to say. I think it's very, very serious that defined benefit plans should not be touched and converted to defined contributions. Many workers in this province and across the country saw what happened to people's defined contribution pensions in 2008. It's a very dangerous proposition. I think Canadians have the right to live in security in their retirement, and our pensions should not become part of an austerity agenda to pay the rich.

I can give you a personal example. I live in affordable, nonprofit housing, and our rent has just been increased by \$180 a month because this province won't institute rent control.

The Chair: Thank you very much. Thank you.

Judith Snell

Ms Snell: Good evening, standing committee and all LAPP members, and thank you to Danielle Nadeau McMillan for letting me have her spot. I work in mental health with CBE in a treatment centre for youth 12 to 18 years of age, and I have worked with diagnosed youth for all the 15 years I've been on the board. What I do remember reading and hearing is that our youth are the future for Alberta. As an individual and a CBE Staff Association union member I always want input and to have a voice regarding my pension.

In our staff association there are 3,574 women and 424 men employed by the CBE. I want to bring your attention to the 3,574 women employed. These women are self-supporting singles, parents, or bringing in a second needed household income. A current survey, noted on CBC, said that women in Calgary and Edmonton are the most underemployed – fewer jobs, career opportunities, and lower wages – in Canada. That was recently, in the last two weeks.

I have had to have jobs in addition to my CBE career over the years to supplement my income. I and many staff association members are 10-month employees: no pay at Christmas, spring break, or summer. The hours of employees are 15 to 35 hours a week. I would like you to read our job descriptions. With those job descriptions we work above and beyond to serve the students and the families in our jobs. When you're taking into consideration cutting our pensions, look at that because I'm sure that many of you couldn't do the jobs that we undertake every day and have for years.

I have dedicated above and beyond my required duties for 15 years to support students' education and well-being. I want the government to ensure my pension security and well-being when I am retired. I want my mental health in place.

Women statistically live longer than men – this doesn't seem to be an advantage right now – and thus pensions help them throughout these years. I've worked with lots of women living in poverty, from young women with children up into retirement. If pensions are cut, taxpayers will be paying more towards subsidizing in place of lost pension dollars to pay for retirees' health care, dental, housing, food, all aging care needs while living in poverty in the province of Alberta. [Ms Snell's speaking time expired]

The Chair: Thank you very much.

Mrs. Sarich: Judith, go ahead and finish your words. Thank you.

Ms Snell: Can I? Thank you.

My current pension isn't going to allow me to live in luxury. I'm not going to be flying around the world. Hopefully, it will allow me to pay my bills and to meet my needs. Changes to the pension legislation are one more hit to those who can least afford this burden. Why haven't we seen proof of the statistics, that the government hasn't to date proven, that are the issues regarding financing our pensions? Good, stable defined benefit plans are a major reason the public sector, the CBE are able to attract high-quality professionals that are dedicated to education.

The Chair: Thank you.

Any questions? Mrs. Sarich.

Mrs. Sarich: Yes. Thank you, Judith. Although I've never served with CBE, I'm a former school board trustee with Edmonton Catholic, and I have to say that the 3,574 women and 424 men are valued for what they do to contribute to a strong learning environment for children and youth throughout the system. It's very important what they do. I thank you very much for sharing your perspectives on behalf of all of those workers, because it's very important for the standing committee to appreciate and understand the perspectives that you're bringing forward this evening.

I really don't have any questions, and I would encourage you and others that if there is anything further that you would like to submit to the standing committee, then please do so even if it's those personal stories on the front lines.

Thank you very much.

Ms Snell: I will write another letter, and I did write a first letter initially about my concerns. Thank you.

Mrs. Sarich: Okay. I appreciate it. Thank you.

The Chair: Thank you very much.

Nancy Burton

Ms Burton: Thank you, committee members, for the opportunity. Thank you, brothers and sisters, for listening to me. My name is Nancy Burton, and I sit before you – I was supposed to say “stand” – as one of the 20,000 public servants this government loathes. The proposed pension reforms are one more attack on the working people of the province. We could have chosen higher paying jobs with big bonus packages, but we didn't. We chose to serve the people of Alberta. Our bonus is a modest pension that we pay for and the promise that we will be able to retire when our years of service, usually 25 years, and our age equal 85. Your reforms seek to destroy that security and add one more slap in the face to working people.

8:50

Let me make one thing clear to you, dear committee members. I will not fully benefit from the LAPP. I began my career as an LPN at the age of 46. I will not get 25 years of service unless I work to about 72. But I sit here before you on behalf of those dedicated, professional, hard-working health care workers who have dedicated their professional lives to the service of Albertans, and they are now frightened and afraid that their years of service are going to be taken or that they're going to be forced to add another five years or more in order to preserve their pensions.

The net outcome and what I'm hearing on my unit in my hospital, which is the Foothills neurorehab unit, is that people who are close – and we have a bunch that are very close – are not going

to wait for this to be passed. They are not going to wait for the tinkering, and they're going to go. With them goes their service, the warm bodies, but, more importantly, their leadership, their mentorship, their skills. I can tell you as a very long serving health care worker that we don't have the young blood behind us to replace those people. They're not there. Years of micro- and mismanaging of health care and education have meant that people are staying out of health care. My daughter just graduated from high school, and out of 178 children only one – one – is going into health care, and that's my baby girl. That should terrify all of us.

When I retire, I will have worked for 50 years for not-for-profits, for-profits, and, lastly, with Alberta Health Services. I gave up a job with a very lovely company to go to Alberta Health Services for two reasons. One was to fulfill a dream, and that was becoming an LPN. The second was because AHS offered what my beloved Bethany could not, and that is my pension. We were never afforded the opportunity to pay for a pension with my company. [Ms Burton's speaking time expired]

Mr. Eggen: If you could finish that thought, I would appreciate it.

Ms Burton: Yeah. What I would just like to say is that I along with other professionals have dedicated our lives, sacrificed our health in a lot of ways. Health care is tough, you guys. We work crazy long hours. We stand on our feet. We wear sexy uniforms, I'll grant it, but it's hard work. To ask us or demand that we push past 50 or 55 or 60 not by choice but because we have to I think is cruel and unusual and is setting us up for a megadisaster.

I thank you for your time.

The Chair: Thank you.

Mr. Eggen, you have a question?

Mr. Eggen: Well, I'm just wondering. Certainly, in your health care sector, LPNs, it's mostly women that are doing these jobs, right?

Ms Burton: Yeah. Probably 90 per cent.

Mr. Eggen: You know, it's a double sort of whammy that they're making these proposed cuts – let's not presume that they're going to happen; I hope not – that are attacking professions that are very gender specific.

Ms Burton: That's true. If I may comment, over dinner I was talking to a beloved brother who is in corrections. They are the reverse. So if we say 60-40, they're 60 per cent male, 40 per cent female. They have the right to go early because they have a high-risk job. Ours is exactly the reverse: 60 per cent female, 40 per cent male. Ours is just as high risk. I have as great a risk of being affected by body fluids, abuse, et cetera, et cetera, as they do.

The Chair: Thank you very much.

Ms Burton: You're welcome.

Janice Larway Mckay

Ms Larway Mckay: Hello. I'm Janice Larway Mckay, and I'm a medical laboratory technologist. The point I want to make today is that the provincial employees have already given up their wages and pension benefits to help the Alberta government run this province. I started in 1981 at the Holy Cross hospital, which was privatized in the '90s. Staff were transferred over to the Rockyview as a result. Then the lab services were privatized in Calgary in '97. Numerous co-workers and friends lost their jobs.

This leaves me at 53 years old, with 15 years of service in LAPP, so that's it for me. People in my situation will never get their 85 factor. Changes like that can happen with the stroke of a pen. You, too, can lose out on your LAPP and financial future or, even worse, your career.

Along with privatization, imploding and closing of hospitals, provincial employees' wages were rolled back 5 per cent in the '90s. I feel we have already sacrificed our wages and pension for this government to pay off the debt, and it's time they find some other source. How many times will the Alberta government come back to us and ask – or should I say take – our financial future away?

Yesterday it was losing the membership in LAPP for people like me. Today you all will have to work longer and make less. So what is next?

All of the provincial employees are everyday Albertans with families and bills to pay just like anyone else. We are responsible on a daily basis to do our best at our jobs and our home lives. If the Alberta government can't budget or invest our money wisely, then it's time to get someone in there who knows how. The Alberta government is not being responsible in their duties. It is time to look at the wages and pensions of government workers who are not unionized and are bringing in larger salaries and benefits, including pensions, than those of the front-line workers.

Thank you very much.

The Chair: Any questions?

Thank you very much.

Karen Ferguson

Mrs. Ferguson: Hi. My name is Karen Ferguson. I'm a co-worker of Janice's, and I also started at the Holy Cross hospital in 1981 as a medical laboratory technologist in microbiology. In 1995 I was an employee of Rockyview hospital in the microbiology laboratory. I was contributing to the LAPP and looked forward to a comfortable retirement at age 55 after 30 years of service.

In those years the then Premier, Ralph Klein, was trying to get rid of the provincial debt and to institute something he called the Alberta advantage, all in order to provide some kind of positive environment to bring new business into the province. It was Ralph's way, and he did not blink. He privatized my work, and suddenly I was an employee of Calgary Laboratory Services doing essentially the same work for something close to the same salary. Janice reminded me we had a 5 per cent rollback, but it was pretty well the same. But money was saved because I was no longer part of the public defined benefit pension plan. This happened to many provincial employees. Hospital laundry, dietary, and cleaning services were all privatized. The Alberta Liquor Control Board and the motor vehicle branches were also privatized. Money was saved, and a quick search of the Internet will show that by the time he retired, Alberta's debt was gone. Ralph Klein had achieved his political goals.

Well and good. The debt was gone. Now it is almost two decades since I lost my LAPP, and my financial planner tells me it would be best if I work to age 67. Another quick search of the Internet will show that the Alberta debt is back up to around \$14 billion. Opposition party estimates say that just paying the debt interest in 2016-17 will cost \$820 million a year. Some forecasts put this at \$1.4 billion a year in 2016-17. So the Alberta government will spend more on debt interest than on the whole Department of Justice and Solicitor General.

To conclude, it has been two decades since I lost my LAPP. The Alberta government has paid off the debt and piled up even more

new debt. So if the argument to all of you is that you should give up your pension plan and accept reform in the way of cuts to balance the budget or for the good of the next generation, I'm here to tell you this is not true. Don't believe it. It may help the government of the day to achieve their own political ends, but down the road your pension will be gone or reformed, and the financial problems of our province will still be there.

9:00

The Chair: Thank you. Good timing.

Any questions?

Mr. Cao: I recognize that Karen is my boss, my constituent, really. I think we've heard the message very clearly at the constituency level, and I'm very pleased that you shared that with the committee as well.

Thank you.

Mrs. Ferguson: Thanks, Wayne.

The Chair: Thank you, Karen.

Joanne Maclean

Ms Maclean: Good evening. I'm not a good speaker. I'm Joanne Maclean, and I've been working for Justice and Solicitor General since 1981. I've worked at the Calgary Young Offender Centre since the Youth Criminal Justice Act and the young offender facility that used to be the old Bow River Correctional Centre. It's a 3-designated correctional centre with remand to maximum security for youth 13 to 18 years of age.

My workplace is important because I feel that by the time the youth have reached this point in the justice system, it may be their last chance to learn new ways to empower them to make positive lifestyle changes. My position as a correctional worker affords me the opportunity to try to provide opportunities for education in basic life skills and to refer them to other professionals who have the ability to further their skill base development, with the ultimate goal of a safe province and community for all.

In essence, secure facilities are high stress by nature. It is the human unpredictability, situational insecurity, and vulnerability for both the residents, inmates, and staff which provide constant mental, physical, and occupational health and safety concerns for all. Staff are required to be on call 24/7 while on shift to respond to any emergent situation. As people age, their abilities may start to slow down. The very nature of corrections is highly explosive, requiring adrenaline-pumping, quick, physical and emotional action. If one looks past the 85 factor for retirement, this could potentially put everyone at risk based upon the daily physical and emotional strains and stressors of the job.

Oftentimes focusing, planning, and budgeting, et cetera, for the retirement date provide the motivation to maintain exemplary work for the employer as they aim to attain their goal. Now the rules change. The 85 factor, which allowed employees to retire with an unreduced benefit as early as 55 if they have accumulated 30 years of pensionable service, is now replaced with a 90 factor. To retire five years earlier, at age 60, an employee will now need 30 years of service instead of 25, or government will be arbitrarily able to reduce the amount of income received from pensions due to a contribution cap. If the plan faces another stock market crash, the only option will be to reduce benefits.

My retirement benefit will no longer be defined even if I am forced to continue to pay high contribution rates. COLA indexing of my pension has been adjusted to make up for 60 per cent of increases in the cost of living. Now the COLA index has become

conditional on the financial performance of the pension plans. If the plans do poorly, we could end up with a lower benefit. Bill 9 gives the COLA the power to cut the benefits . . . [Ms Maclean's speaking time expired]

Mr. Fox: I would like to ask you to continue with your presentation.

Ms Maclean: Thanks.

Bill 9 gives the COLA the power to cut the benefits calculated by pre-2015 service, which are presumably guaranteed to not be affected by the proposed change to the plan.

By increasing the penalty for early retirement and reducing pension benefits by about 5 per cent for every year of retirement before the 90 factor is achievable, Bill 9 gives the cabinet the ability to change benefits accrued before December 31, 2015. In essence, the government is putting employees, residents, inmates, employers, families, and ultimately the communities at risk. Why? The employees are asked – forced – to stay at a physical, demanding job longer than is healthy.

The primary focus is on personal well-being, to be able to provide immediate family and/or dependants with the necessities of life after employment. The second is creating unnecessary stress in retirement about when the government will reduce the pension income without recourse, creating financial burdens on those with only one source of income, raised on a promise that if you paid for many years and gave a lot to the fund, you would be creating a pension which would be sustainable after corrections. False promises. It's an insult to employees and degrades the importance of the public-sector careers. These proposed changes will turn public service jobs into a second-tier employment option in the competitive Alberta job market.

I am working with a good number of seniors, not only within the centre but within the community, who are very knowledgeable co-workers, who are considering leaving their employment based on the government's forced proposed changes to this pension plan. I believe that if these employees leave en masse, the basic structure of the facilities – offices, courts, et cetera – and the employer, clients, residents, and inmates will be left with a great number of inexperienced workers and ultimately create a tremendous . . .

The Chair: Thank you very much.

Alex Shevalier

Mr. Shevalier: Hi. My name is Alex Shevalier, and I'm president of the Calgary & District Labour Council. I want to thank you today for listening to me on Bill 9 and Bill 10.

I want to start my presentation today by talking about retiring with dignity. My grandmother retired from the Kamloops/Thompson school district in the mid-1990s. She was a secretary, and she only worked there for 20 years. She had a very modest pension, but it left her with enough money to live her life with dignity. She was able to live in her house, with some help, until the day she died.

Bill 9 concerns me because it represents a threat to current and future retirees. Section 13(1) of the bill creates a contribution cap, and that cap removes the ability of pension administrators to increase contribution rates should there be a downturn in investments. It gives sole authority to the government to determine what the contribution rates will be. No other employer is granted sole authority to determine the contribution rates. They're usually subject to negotiations. Without the ability to increase contribution rates, the boards will have one option left to

them, cutting benefits. This simple change in law threatens the retirement security of tens of thousands of Albertans.

This bill also curtails the COLA formula, making it contingent upon the health of the plan and the caprices of the government. Sole authority is again granted to the government to determine whether or not COLA will be applied that year.

The cumulative effect of these two changes, I would suggest, changes the nature of the plan from a defined benefit plan to a targeted benefit plan. Where does this leave future retirees? Will they be able to count on a government pension in the future? I would suggest that the answer is no. They will not have the stability of a defined benefit pension plan when they need stability the most. I'm concerned that these changes will destabilize pension plans instead of strengthening them.

Bill 10 also concerns me because it allows employers to convert defined benefit pension plans to targeted benefit pension plans, but what I failed to see in the bill was any provision that required consent from the employees for such a change. The bill states that pension plan documents can be amended "to reduce benefits if the circumstances of the plan require reduced benefits." But what's left unclear is who determines what the circumstances are: the employer, the government, or the employees? It's not clear in the law.

When I dug through the *Hansard* transcripts – government officials want to include employee consent provisions in the regulations and not in the legislation. If there is a desire, I would suggest that you include employee consent provisions in the legislation and flesh out the details in the regulations. This would give pension employees assurances that their consent will be required if any changes are made. You should also make the consultations on the employee consent provision public instead of the opaque process that I had to dig through *Hansard* to figure out.

I would suggest that the solution is not to destabilize existing pension plans but to expand pension plans for all Albertans, which our government can do. All you have to do is support the expansion of the Canada pension plan. I would suggest that you should scuttle Bill 9 and think very carefully about the provisions in Bill 10.

To bring my presentation back full circle, would my grandmother have been able to retire with dignity with the changes that your government has proposed?

9:10

The Chair: Thank you. Thank you, sir.

Ms Kennedy-Glans.

Ms Kennedy-Glans: Yes. Thank you. I actually have a question that I've been thinking about here for a long time while listening to many people, including yourself. I'm just going to put it out there for everybody and hope that you will answer it over the course of time. It's about the early retirement risk, the idea that people will leave because they're afraid that the pensions will change. Nancy and Joanne most recently referred to it, but it's come up a lot. People are referring to anecdotal stories in their own environments of people that they work with talking about leaving early because they're afraid of the changes. As a member of this committee I would really like to understand that better. Certainly, we can't name names, but if you could provide something appropriately, comfortably that would give some substance to that, I think that it would help us all. Different groups have spoken to the same issue, and we all know it's a risk, and I want to personally understand that risk a little bit more. That's not a question for you; it's a question for everybody in this room.

Mr. Shevalier: I would suggest that the pension plan changes

create bad incentives for people to leave early because if they don't know what the certainty of their pension plan is going to be, it creates an incentive for them to leave at a time when you're going to be competing with a lot of other firms for talent.

Ms Kennedy-Glans: I just want to get a little bit more granular on that. I actually want to understand what that would mean for individual organizations. How many people do they have in that circumstance, and what would that look like? I don't need the answers today, but it would be nice for this committee to have those answers.

The Chair: Thank you. Thank you very much.

Sir, if you could help us with that, if you could do a written submission to answer Ms Kennedy-Glans' question and send it to the committee clerk, we would be happy to receive it. Thank you.

Our next presenter: Michael Moore, please. Is Michael Moore here? No? Okay.

How about Clark McChesney?

Clark McChesney

Mr. McChesney: Thank you very much. My name is Clark McChesney. I am a member of AUPE. I'm the local chair of correctional services, sheriffs, and many other public service employees.

In regard to why we are here, a couple of years ago I had the privilege of sitting in a convention hall listening to our then Premier tell us how important public service employees were, how we were valued and we were respected. She didn't actually say, you know, paid adequately, but it certainly came out that way.

I've got to say something that's astonished me. This type of behaviour, the bullying type of behaviour that this government is throwing upon us about these pensions, is atrocious. I'm certainly a man that has been comfortable enough speaking in front of people when it comes to defending their honour. I'm tired.

You asked, Mrs. Sarich, if I may: what kind of numbers? What does this look like? Well, I represent roughly 2,800 correctional officers and peace officers in this province. As the chair and the leader of that particular group I received probably over a hundred phone calls or texts speaking directly to the fact that they're anxious to leave, knowing that my Edmonton Remand Centre had lost over 70 employees in the last year, not just because of a strike but because of a pension issue.

There are some very big concerns about public service employees being bullied into, potentially, retiring because they're going to require their money now, sooner than later. At a 90 factor with my particular industry it's not safe. It's not safe now. We've proven that numerous times. As our officers get older, as one of our sisters said earlier, we slow down a little bit, but it doesn't change the pride that we take in what we do. As public service employees in this province, in the greatest province in the country, we've taken an awful lot of pride. We have many members from health care and certainly from government services that are here today discussing this very thing, and we're not sure we're being listened to.

The first time you heard about it was the first time it was mentioned, and nothing happened. The second time you heard about it was when we were told that it was going to happen no matter what the public spoke about, that they were going to ram it down your throat. Well, we're choking here, and if we choke, the rest of the province will choke, too. It's not fair, and we need to be more aware of all that.

I feel that not so much this committee but this government has

made it very clear that you don't understand the fullness of your actions. The fullness of your actions are disabling people who need to retire early, who should have had the opportunity to do so. This takes that opportunity away. I'll have to work roughly six years longer to maximize what I got into this business for, having that security. I've been volunteering for years, bringing lots of people into this business, and saying the right thing. [Mr. McChesney's speaking time expired]

Thirty seconds?

The Chair: You need another 30 seconds?

Mr. McChesney: I do need another 30 seconds.

Mr. Luan: I'll delay my two minutes.

The Chair: Okay, Mr. Luan.

Mr. McChesney: I appreciate that. Thank you.

Truthfully, we can talk about all the numbers, the caps, and all these other things, but it's about emotion, and it's about the people that built this province for years and the people who can continue to build it. We're not being honoured. It's almost an embarrassment at this point. We're no longer the proudest province in this country, and I'm embarrassed.

Thank you.

The Chair: We still have time.

Mr. Cao: Thank you very much for your presentation. I'm sitting here listening and just pondering a bit. We have levels of government: federal, provincial, and municipal, right? Governing the retirement age and pensions and all that: let's just say that the federal government changed some rules for retirement. Now, provinces: I don't know how we can align with all of that stuff. I was wondering. You know, people talk about our Alberta only, but there are things happening on the federal scene that we need to consider, right?

Mr. McChesney: Understandably, you have to consider things, but we're here talking about our province. We're here talking about our seniors. We're here talking about our pension, that is no longer going to be our pension. We need to have more say. We need to have our fingers in this pot, period.

Mr. Cao: Okay. All right. Thank you.

The Chair: Thank you, sir. Thank you very much.

Ted Bradley

Mr. Bradley: Hello. First off, I'd like to thank the committee for letting me speak to you, and I'd like to thank the members of LAPP for showing up here with me today. My name is Ted Bradley. I've been employed by the city of Calgary since 1981. I'm a mechanic at the Calgary Police Service. When younger, I didn't even give a thought about my pension. It's like: "Why is this money here? I want to go to Vegas. I want to take a holiday. I want to go somewhere, you know." But because of the fact that the city came up with this great plan that we're all part of, I'm happy that they took those contributions and took my deferred wages and sent them north to Edmonton, where I thought they were being taken care of. I have two small children at home, that are two and six. I had three years to go. I was looking forward to hanging out with them. It was kind of going to be fun. Not as fun as Vegas, but it was going to be fun.

9:20

You know, someone asked earlier: what do the changes mean? Well, I either have to work longer or do something that my parents taught me never to do, quit. I can just quit after my next year, when I'm 54-11 – I'm sure everybody has heard that term – take the dough, go hang out with my kids or work somewhere else for the three years that I had planned on working, and move forward from there. It's just frustrating that the public is so misinformed, thinking it's their tax dollars when it's my money that I put in there.

You asked: what changes could be done, or what could be done? I wish one of my brilliant brothers or sisters in this room would invent a time machine so we could go back and unprivatize the department of highways, the liquor retail outlets, the motor vehicle depots because then those would all be contributing members into LAPP, and it would be a stronger force. I'm sure it's really worth it for the mom-and-pop liquor outlets that have to stay open for 12 hours so that my neighbour can drive three blocks closer to get a six-pack. The fact that Carmacks, whoever owns that – I don't know – sits in the Bahamas all year while his low-paid workers slave up and down our highways is just frustrating.

I hope that somehow, some way, you know, you can just leave it alone. You came up with changes that I thought were absolutely ridiculous. Why are my retirement years any less valuable than a fireman's or a corrections officer's? I agree wholeheartedly that their jobs are probably a little bit more stressful than me fixing cars. That being said, when it's time to pull the pin and sit back at home, why shouldn't my life be as good as theirs then?

Can I keep going?

The Chair: You have 24 seconds.

Mr. Bradley: Anyway, I hope you all bring it back to your various components and that everybody hopes it dies and that things stay the same. I hope that we as a union front do a better job of informing people, citizens along with the Canadian Taxpayers Federation, that it's my money, not theirs.

The Chair: Right on time.

Any questions? You have two minutes for questions.

Great. Thank you.

Mr. Bradley: Thank you very much.

The Chair: Okay. Ladies and gentlemen, now we have Mr. Charles Withers in place of Mr. George Carnegie.

Charles Withers

Mr. Withers: Hi, I'm Charles Withers. I am part of CUPE local 37. I'm an executive member on their board. I am also a young worker and a vice-president for CUPE Alberta. Therefore, I'm the young blood that's coming up.

I see all these changes, and my first reaction isn't to flip out. It's: let's go look because, you know, maybe something needs to happen. I did my looking. Nothing really needs to happen. We have everything in place to fix the unfunded liability. I don't get why we have to do all these cuts to this. It doesn't make any sense to me.

Not only that, but the job that the Alberta government did of informing everyone was horrible. I'm sorry. It was. I sent off e-mails, and I only got two responses. One was from the Official Opposition, the Wildrose, and from the NDP. Where was the information from my government when I needed it the most? I

want to know: why are you doing this? Hey, that's what we elect you for. That's the whole point.

Not only that, but I also joined the city of Calgary. I joined when I was 18. I'm 24 years old right now. I have six years in. I could have gone to the oil sands, I'm sure. I could have rehabbed my knee, stayed in the military. I decided to come here. I know that my father, who worked for the city of Calgary for 24 years, had a decent benefit plan, a decent pension plan. In looking forward, hey, as much as I like to go party and stuff like that, I will need that money later on.

I don't know. I guess that's it. I'm a pretty easygoing guy, but you made me mad.

The Chair: Great.

Mrs. Sarich.

Mrs. Sarich: Thank you very much. It's Charles, right?

Mr. Withers: Charles or Dustin. Just don't call me late for dinner.

Mrs. Sarich: All right. You said that you tried to put together some information for yourself. I'm just wondering if you went to your pension provider's website to garner any information. Did you happen to try their pension estimator as well, or did you go to the government of Alberta website on this whole pension issue?

Mr. Withers: I went to the truthaboutalbertapensions.ca. That's where I was pointed towards through my union. Being a young worker and not really being up to snuff with all the pension stuff, I didn't even know that LAPP had a website or a pension calculator until I took a pension course through CUPE Alberta. Then they were, like: oh, yeah, by the way, you can go and look right now. I had already done it because basically the truthaboutalbertapensions.ca was the same thing. We figured it out. I did both, and it worked out to the same. If the proposed changes to COLA would happen, I'd be screwed. [interjections] I would be. Technically, I have my 85 factor at 53 years old. I'll be 53, and I can't contribute any more into my pension, which I know isn't COLA. Sorry. I'm kind of flushed. I wasn't prepared to speak. They just told me: by the way, you're young; you're going up.

The Chair: I think that after 9:30 you're not supposed to watch your language. [laughter] Thank you very much, Charles.

Kim Jaedicke

Mrs. Jaedicke: Good evening. My name is Kim Jaedicke. I am a proud city of Calgary employee. I'm in my 25th year. I have been very fortunate in my life. I feel very fortunate that I got my job with the city of Calgary, and I have worked hard for my 25 years. I believe we get paid fairly, and I believe the pension is a good thing.

I am very, very upset with what happened. I'm very upset that our arrogant government – and I'm sorry for you PC people – just thought you could ram this through and not get any feedback. But the good news about what happened is that we united. We united. There were 2,000 of us one Sunday afternoon in Edmonton saying, "Stick it" when it was minus 30, freezing our butts off. We said: "Enough. You can't touch our pensions. They're our money."

We've heard it over and over again here tonight. We've heard it over and over again at all the presentations: "It's our money. I'm a taxpayer. I'm an employee. It's my money. My money." I can't keep saying it. My paycheque says: LAPP. I pay taxes just like everybody else in this room pays taxes.

I'm a proud Calgarian. I'm a proud Albertan. Right now I'm not too proud of the government. However, again, we united. We united. I listened. My husband thinks I'm losing my mind. I ran around the house with my iPad, and I listened that night that the Wildrose and the NDP and the Liberals told the PCs to stick it and said: "You know what? This has to go back." I thank you for doing that.

Now I want a commitment from this government that you're going to listen to the people of Alberta. If this doesn't tell you anything – you're travelling all over this province. There are people like us, but it's not just for union people. Absolutely, we're union people, but it's our money. It's not gold plated. It's not gold plated. If you look at LAPP, \$12,000 to \$14,000 is the average pension. Can you guys live on \$12,000 to \$14,000 in your retirement? I can't. I can't, okay? It's not right. It's just not right, and I really hope you take a real close look at it again.

9:30

I've heard lots of questions this evening. By the way, I've rewritten this about 18 times since I've been here because I've been here all night. The question I keep hearing is: what do you suggest we do? Negotiate. Negotiate. That's what we're all about. I mean, prime example: 2,000 of us, from all different areas, stood freezing our butts off on a Sunday afternoon to tell you to negotiate with us, and we're still saying the same thing. Negotiate, please.

I don't want to get political, but I sometimes think I have to. Please reconsider what the government is proposing. I understand you're doing that, and I appreciate that. Thank you for doing that. Do what's right instead of tearing down something good. That's something that I hear over and over again. We have something good. Let's bring people up, not tear them down.

The Chair: Thank you very much.
Any questions?

Mr. Quadri: I just have a comment. As you say, you know, you listened on your iPad to the parties. I'm not going to repeat it. It truly is because this government cares and listens; that's why they formed this committee, to listen to you.

The Chair: Is our next presenter Maxwell Girvan? Are you in?

Now Danielle Nadeau McMillan. Thank you very, very much for agreeing to exchange the spots with the other lady, who had to go to work. I appreciate that.

Danielle Nadeau McMillan

Mrs. Nadeau McMillan: You're welcome. All right. My name is Danielle Nadeau McMillan. I'm a student adviser at SAIT Polytechnic. I'm also a member of AUPE. I'm on the provincial executive, and I represent our 680 members. I have worked at SAIT for the past eight years.

I changed careers eight years ago, and it was intentional that I chose to work in the public service sector. One of the main reasons was the defined pension benefit, which I'd never had. That was part of the negotiation. That was part of my pay package. I took less money from my day-to-day salary because of the defined pension benefit. I'm 60 years old, and I've been planning and putting in place what I'll be doing once I retire. I have five more years to work.

The changes Bill 9 is proposing will affect a third of my very small pension. One of the reasons I went for a job with defined benefits was exactly so that I could make plans and have a definite amount of money once I retire. You're taking that away. A

contribution cap reneges what I was given as a salary compensation. It is a breach of the contract I have, and it is obvious that if the economy goes down and there's a cap on contributions, the benefits will go down. If there's a shortfall of revenues, you have to cut the expense, and the expense is the benefits. You're cutting us.

I have no problem with the raising of the contributions, which has happened for a little while. The management of the plan saw it and put a plan in action to increase the contributions, and now we're on the downswing, and everything is good. That is the life of a defined plan.

Now, I'm in the earning phase of my career. I don't mind putting in more contributions. I can afford to invest in my guaranteed future income. Having my pension benefits once I retire and not knowing from one year to another what will happen is a big concern to me, my family, and my co-workers, that have been talking about this plan. I would say that there's about a third of our support staff that are in that range of being able to retire with the 85 factor, and now they can't.

The government talks about: we must live within our means and be responsible Albertans. That is what I did, and I planned it, and now Bill 9 is jeopardizing it. I don't understand that. And you're doing it, really, without a reason. Oh, you say that the plan is unsustainable. Have you given us proof that it is?

The Chair: Thank you.
Any questions? Mrs. Sarich.

Mrs. Sarich: Yes. Do you need a little bit more time to finish, or are you done?

Mrs. Nadeau McMillan: I would appreciate that. Thank you.

You say that there may not be enough members contributing to the plan as more people retire. The baby boomers will retire.

I presently work as a student adviser. I work in the call centre, and I advise students online. Eight years ago there were 12 of us. Now there are 23. The number of students at the school has been going up, and the government has been investing money in more infrastructure to accommodate more students. At this rate my position will not be going away, and when I retire, somebody will replace me.

Not only that, but where do you think that retired people end up? They end up requiring more health services, and they eventually go to housing for seniors and extended care programs. There will be an increased need for public service jobs, so I'm very confused about this problem of the pension and that there won't be enough contributions to sustain it if there are going to be all these people working in it.

What is the real agenda of this bill? Is it cutting off the public services? Remember, the students that I am advising today will be the ones making decisions on pension plans and seniors' services when you are all retired.

Thank you.

The Chair: Thank you. We have one question for you.

Mrs. Sarich: Yes. Good evening, Danielle. I wanted to personally thank you for your patience and for making that switch a little bit earlier for somebody else to go a bit earlier.

You had mentioned that you were able to put in a few more dollars, like, in terms of your contribution. We have heard from the young people – and this is one of the other problems or themes emerging here – that if the contributions were raised for them, it's almost a little bit out of their reach. They don't see a benefit. They

may not even come into serving in the public sector at all. Do you have any insight to share with the standing committee?

Mrs. Nadeau McMillan: Actually, in our environment they are aware of it, but they want the guarantee that there will be a defined benefit plan. Right now they're seeing that we were given that guarantee, and it's taken away.

The Chair: Great. Thank you. Thank you very much.

Cody Cote

Mr. Cote: Good evening.

The Chair: Good evening.

Mr. Cote: Thank you for letting me have a chance to speak here. I myself, again, have changed what I wanted to say a couple of times. I think I'm just going to make it personal.

The Chair: Tonight? You changed it tonight?

9:40

Mr. Cote: Yes. Most people here have had really good points. I think I'm going to change it to a personal look.

When I think about the pension for myself, I was 17 years old when I moved up to Fort McMurray and started working for the oil rigs. I was making very good money. I came down to Calgary and met a young lady and basically got a job offer with the city of Calgary. I phoned my mother back home, my dear departed mother, and I asked her what she thought. It was a third of the money I was making. I was thinking that I was doing really well for myself. I was 17 years old. I owned a brand new car. "Could I give all that up, although I like this young lady?" I said to my mother, and she said: "Well, son, if you get yourself a good government servant job, you'll never be rich, but you'll always have a good, stable income. You'll have a good pension behind you, you'll be able to raise a good family, and you'll be home every night." Well, I did take my mother's advice more than once and at that time.

I've been working with the city of Calgary for 33 years. The promise that I was given was that in three years, at the age of 55, I can retire. But if we go to a 90 factor, at the age of 55 with 37 years of service, I won't have enough time to retire. I will have to wait another five years, work 42 years for the city of Calgary. That will maybe be enough to retire. Now, when I did phone the LAPP, they told me: not to worry; you have enough time. Now, when I went with the 90 factor, that's what was given to us at the time. That was one of the numbers thrown out. They told me not to worry, that I would have enough time in, and I can retire, although in 2016 I may have one year on the new plan and the rest of my 34 years on the old plan.

I should be able to sit back and say: hey, I'm okay; who cares about the rest, right? Well, I think about a young man like Mr. Withers who is 24 years old. He should have the same promise that I was given.

The Chair: Thank you.
Ms Johnson.

Ms L. Johnson: Thank you, Mr. Chair.

The Chair: Our visitor from west Calgary.

Ms L. Johnson: Calgary-Glenmore.

Thank you, Cody, for your presentation. Could you help me

with the math here? When you refer to the 85 factor and the 90 factor, to your having to work five more years, since it's a combination of your age and years of service, isn't it two and a half years?

Mr. Cote: One of the things I was told is that – now, again, there were different things thrown out when all of this package came out. If you did not retire before 2016 – I can't because I'm not 55 till 2017 – you would have to work till you were 60. Now, again, I know that that's been changed around a few times, but that was one of the fears of the things put out there.

Ms L. Johnson: The committee will confirm that in their deliberations.

Thank you.

The Chair: Thank you.

Mr. Quadri.

Mr. Quadri: Yeah. You know, I'm still waiting for the moral of the story. What happened to the good lady?

Mr. Cote: Well, she's looking down at you guys right now, so you be careful.

Mr. Quadri: He wanted a question, so I thought: maybe that's a good personal relation.

Mr. Cote: If I could conclude here really quickly?

Mr. Quadri: Yeah. Go ahead.

Mr. Cote: What I'm saying to myself – my young son is now 26. When he was 18, I tried to tell him: "Go to the city. Go to the city. Go to the city." My son right now, who just turned 18, when he came to ask me where he should go, I pointed him off to another direction. You know what? There was a part of me that was ashamed of that.

The Chair: Thank you.

Michelle Ennis

Ms Ennis: Good evening.

The Chair: Good evening.

Ms Ennis: I also would like to just make this a personal story because I think you've heard a lot of information from a lot of people. I came into pensions rather late. I had a late start on my career. I was busy raising a daughter. So when I went to university, I was a bit of a keener, and I was privileged enough to win a millennium scholarship and invited to have lunch with the dean, which was a real treat. There were 10 other students that had lunch with the dean at that time, too. He went around and asked each student at the time what their goals were and what their aspirations were and kind of what they were taking at the time. I remember the first student saying that they had gotten an accounting degree and that they were very excited and that they would make probably \$50,000 their first year out of school. I was a bit shocked. It came to me, and I said: "Well, you know, I'm really pleased with what I'm taking in school, but I don't think I'll be making \$50,000 the first year I'm out. I think I'll be lucky if I make \$28,000."

I wanted to let you know about the degree that I took. I do have a degree, and it's a degree in child studies. The work that I do is with students in this city every day, and it's with some of the very

challenging students. Because I started late, my pension will probably not be great. I don't know if I will ever make the 85 factor, but I do know that I work with some amazing people that deserve the pension. They have not made great money through their careers, but they deserve a pension at the end, and they deserve to retire with dignity. These are the people that have worked their whole careers with the most sensitive of the people that we have in our society.

I still remember to this day how the accounting student was going to have quite a grand annual salary. Not that I felt bad that I wasn't, but I knew that my work was important, and I'm passionate about it. I will continue to do that work. I'm not there for the money, but I do think that people deserve the recognition and the dignity that retirement deserves.

Thank you.

The Chair: Good. Thank you.

Any questions?

Great. Thank you very much.

Susan Slade

Ms Slade: Good evening, and thank you for taking time out of your busy schedule to listen to the concerns of Albertans. My name is Susan Slade, and I'm a 22-year employee of Alberta Health Services. Fifteen of those years I have paid into LAPP. I'm an LPN, and I previously was a health care aide, both of which are physically and emotionally demanding jobs. The ability to retire with your 85 factor allows not only for the health and wellness of the retiree but also of the other staff members who will be impacted by increased injuries and time off work for staff members who are not as capable of working in such physically demanding settings as long-term care, surgery suites, and many other units within the hospital settings but who will be forced to continue to do so because of these proposed changes.

No doubt the committee has heard a lot about the damaging effects that bills 9 and 10 will have on the lives of individual retirees and their families, but I'd also like to point out to the members that these bills will have significant impact on the communities. I live in Claresholm, a town that serves as a regional centre for a large rural area. It is home to a general hospital, several seniors' facilities, a psychiatric facility, and an AADAC addictions treatment centre. The town itself is a major employer, as is the school system. Most of these employees are members of LAPP and are counting on their pension in their retirement years.

Claresholm has a large retirement population, many of whom receive pension income from LAPP and PSPP. The income of pensioners is a significant part of the local economy. If hundreds of our residents are suddenly to see their pension benefits reduced, it will have a negative impact on the entire local economy. Like many in my community, this affects me, and it also affects my children. Both of their parents pay into LAPP. If bills 9 and 10 are passed into law, does this mean our retirement incomes will be reduced and that we'll become financially dependent on our children? My children's father is a firefighter who faces mandatory retirement at age 60, at which time he will only have 28 years of service. The proposed changes to LAPP will further penalize him.

Finally, all I can say is that in my other job I am a vice-president of AUPE, and for the last 11 months all we have done is fight these changes. Of the 85,000 members in AUPE, 74,000 people are affected by these changes. This is not right. You need to stop and kill these bills now.

Thank you.

9:50

The Chair: Thank you.

I have a question from Mr. Luan.

Mr. Luan: Thank you very much, Susan, for sharing your story. By the way, I worked three years in Claresholm, so it brings back some memories.

My question is this. You asked to kill the bill. Then what's next?

Ms Slade: The joint governance model that we have proposed.

Mr. Luan: Thank you for that.

The negotiation/consultation process: do you have anything specific to propose in that way in terms of the government working with unions?

Ms Slade: Yes. We want the government to work with the actual people that are paying into these plans. This is the money that we're taking off our cheques. This is our money. It's 50-50, cost shared with the employer, and we need to be consulted about that as well, not just have it taken away and told: "Sorry. Too bad. See you later."

Mr. Luan: Thank you.

The Chair: Mrs. Sarich and Mr. Eggen. We only have one minute and five seconds.

Mrs. Sarich: Thank you very much for your presentation. You had touched upon the joint governance model, and it has been suggested that that would come first rather than having all the moving parts at the same time. Is that a perspective that you share on that shared governance model, to do that body of work first?

Ms Slade: Well, why not have the input from the people that are impacted first, before it's brought in? That just makes sense.

Mrs. Sarich: What is your understanding of the consultation that has transpired thus far, previous to the standing committee going around the province? What's your understanding of the consultation?

Ms Slade: There was very little consultation. There was no consultation. The bills were brought in. Period.

The Chair: Mr. Eggen, briefly.

Mr. Eggen: Well, maybe we can make a law that would not allow the government to attack our public pensions the next time around.

The Chair: Are you running for the leadership or something?

Mr. Eggen: Absolutely. You got it, brother.

The Chair: Thank you.

Tina Carew

Ms Carew: Hi. Good evening. Thank you for listening to us. I work in neurosciences at the Children's hospital. This is the first time I've done this; I'm a little nervous. I'm here to speak tonight against Bill 9, which would make unneeded changes to the public service pension plan and the local authorities pension plan. We would have to accept a lower pension benefit whenever the market causes a deterioration in plan funding, yet there's no risk for employers, a hard cap on contributions, the end of the 85 factor, increased penalties for early retirement, and the taking away of the

guarantee for cost-of-living allowances. Really? Our cost of living has increased by over 20 per cent just in the last 10 years. How would your government like to live on a percentage of the pay that you were getting 10 years ago in our 2013 economy, let alone 20 years ago?

I'm appalled that this can be done without the input of our government workers. How dare you play with our future and security, a security that we have been paying into? This is our money. We have been paying into our pensions for many years, and for many of us – many of us – who are living paycheque to paycheque, they're our only security that we have when we go into our retirement. In a lot of our positions working for government – in health care, the city, et cetera – are people that are living on single incomes, young parents with children, or those of us that have raised our kids on our own while working to support our economy and our life in Alberta and who have not had the luxury of extra money to put into RRSPs. I've loved my career in health care – I've loved it – but the most important reason I went into it was for me and my children's security and our future. I have a serious issue with this new threat to that security.

What gives you the right to reduce our retirement benefits? I'm betting that most of the people that are working to put this through could finance four or five of us into retirement with their salaries. I wouldn't dream of taking these kinds of measures with someone else's life savings. Why on earth do you think you have the right to do it with mine? We work hard every day of the week for the people, and we deserve to be treated with more respect than what's shown by your government.

Sorry. I'm almost crying.

The Chair: Thank you. Thank you very, very much.

Any questions?

Mr. Cao: Well, first of all, thank you very much for your feeling in your presentation there, which is great. My question probably is just open. I read a statistic that the population of Alberta, the demographic, has more seniors. Every 15 minutes we have one Albertan turn 65 right now. Every 15 minutes. So the population is increasing. Of course, 65 is the age right now when seniors retire and all that. Every 15 minutes there is a person who, you could say, according to the existing formula, retires. So the amount of money that is supporting retiring is also something we need to consider for the long term, right?

Ms Carew: But that's why we go into the positions that we go into, because of the pensions. We work for you. We work hard.

Mr. Cao: Right.

Ms Carew: We raise our children. Like I said, I'm paycheque to paycheque. A lot of us are paycheque to paycheque. There are no RRSPs. We're counting on these pensions.

Mr. Cao: Yeah. I'm just saying: consider that population demographics change.

Ms Carew: I know, but the whole point of going into the government: you get these pensions, right? This is part of that. This is what we work for.

Sorry. I'm passionate.

The Chair: Thank you. Thank you very much.

Jack Ellefson

Mr. Ellefson: Good evening, everyone.

The Chair: Good evening, sir.

Mr. Ellefson: My name is Jack Ellefson. I've put a title on my presentation tonight, and it states: Put Your Annual Retirement Savings Contributions into Your Pension, Not into RRSPs. By the time I get to the bottom, we'll all understand this.

I've been retired 10 years, but I also worked as an investment adviser, a stockbroker, for one of Canada's larger banks. In the course of my career I helped clients invest in RSPs and from time to time converted pension assets to self-directed RSP accounts.

Now, the problem that we have here today, it appears, is right across Canada. Every province is having problems with their defined benefit pension plan. Either the benefits are too large or contributions are too small from maybe both parties. It's also a well-known fact in Canada that traditionally defined benefit pension plans have two-thirds of the annual contribution coming from the employer and one-third coming from the employee. CRA, Canada Revenue, allows 18 per cent of your annual salary as an annual contribution towards your defined benefit pension, your defined contribution pension, and to RRSPs.

I'm going to give you a simple calculation here, and I'm going to use it on a \$100,000 salary because it's easy. Eighteen per cent of \$100,000 is 18,000 bucks a year going into your pension. For an employee with a defined contribution pension it would be \$9,000 each for the employer and the employee, but for a defined benefit pension, both public service and corporate, the employer would contribute two-thirds, or \$12,000, and the employee would contribute \$6,000. But Canada Revenue says that we must have a further deduction of the \$3,000 as a means of equality of tax deductions between taxpayers, and normally those funds would go into an RSP account.

Now, the calculation that I've shown you is consistent with a public service employee expressing concern in the *Calgary Herald* just recently for her small RSP contribution in the amount of \$3,500 when she knows the maximum contribution is \$24,000. It's also consistent with a teacher, a relative of mine, whose T4 shows the term "pension adjustment," which is allowed to determine the amount to contribute to an RSP, some 3,500 bucks.

10:00

Now, I'm suggesting to public service employees and their union leaders that it's better to have this damn good pension that you've got out here, but you might have to pay a larger contribution to get it. Who would want an RSP with investment risk? Why do you want it? Why aren't you complaining about this? Why are you not saying to your unions and why are you not saying to your government, "Increase my contributions so we're half-and-half, and I won't have any right to put money into an RSP"?

I'm also urging the pension committee to work on increasing employee contribution to 50 per cent for all public service employees in Alberta.

My final comment here: if a public service employee can contribute to an RSP, the employee is not paying half the annual cost of his pension, plain and simple. If you're paying half now, maybe what you want to do is go to your employer and say that maybe they should be paying more. [Mr. Ellefson's speaking time expired] There it is.

The Chair: Thank you very much, sir.

Any questions? Mrs. Sarich.

Mrs. Sarich: Yes. You might as well take some more time and finish. Take the time.

Mr. Ellefson: Okay. Just quickly, the back-of-the-envelope economics for Alberta: if 250,000 government employees had their pension contributions increased by \$2,000 per year, you're going to raise 500 million bucks a year to reduce the current pension liability problem.

The Chair: Great. Thank you.
Any questions?
Great. Thank you, sir.

Mrs. Sarich: Thank you.

Mr. Ellefson: Thank you.

The Chair: Our final presenter, Amber Ruddy.

Amber Ruddy

Ms Ruddy: Hi. My name is Amber Ruddy, and I'm a senior policy analyst with the Canadian Federation of Independent Business. We represent 109,000 members across Canada, 10,000 employers here in the province.

I'd like to share some information about the survey work we've done with our membership. When we asked our members in 2012, 80 per cent of the businesses encouraged conducting this review. To start, in the packages that you have in front of you, you'll find five of our pension reports, that focus on fairness and sustainability. Just to be clear, CFIB is not asking to take already earned pension benefits away from current retirees or those nearing retirement. Instead, we are pushing for changes to the current system to ensure that it is viable and sustainable for all.

Most of us save for our own retirement while those lucky enough to work for the government likely enjoy richer benefits than private-sector workers that have employer-sponsored pension plans. Eight out of 10 public-sector employees that retired between 2007 to 2011 did so before the age of 65. That compares to 6 out of 10 in the private sector and only 5 out of 10 for self-employed.

The CFIB recommends eliminating early retirement provisions in the public sector. With life expectancy increasing and demographic trends pointing to future labour shortages, there's no justification for incentives to promote early retirement. We've surveyed our membership on the current changes, including the elimination of the retirement subsidies and the reduction of the cost-of-living adjustments, and three-quarters are in agreement that this must be done immediately.

When we're looking at addressing pension inequality, there are high disparities between the public and private sectors. In Alberta in a comparable public-sector job there is a 10 per cent premium for the same, comparable salary in the private sector. When you add on the salaries and benefits, it's a 28 per cent premium over the private sector. This disrupts local labour markets, and the excessive benefits inflate government spending. Government employers must consider the combined value of wages and benefits, and if you are receiving overly beneficial wages, you shouldn't also be receiving high benefits as well.

Public-sector plans were introduced as a means to address the wage gap between the private and public sectors, and that gap has long been erased. In Canada we're looking at a \$9,000 per capita cost for unfunded pension liabilities, so that's why we recommend implementing compensation systems that better compare to the private sector, enrolling all new hires in defined contribution plans with a 50-50 share in premiums, and fully disclosing all public-sector pension liabilities with the same methodology every year.

Thank you.

The Chair: Thank you very much.
Any questions? Donna Kennedy-Glans.

Ms Kennedy-Glans: Thank you. I appreciate the information. One of your comments about the worth of a private-sector compensation package as contrasted to a public-sector compensation package with a pension is a little bit surprising, very surprising, actually. I think it actually is at the root of a lot of the tension that we feel. I need to understand where your information comes from because it seems really surprising.

I just wonder how we, all of us – and I'm looking at everybody in the room here – can get better information to somebody who is 27 years old and deciding, you know, without his mom's advice whether to take that private-sector job or public-sector job and actually weighing those two options, because I don't feel that in everything I've heard in the last month, I've got a really good sense of that.

Ms Ruddy: Well, that statistic comes from our Wage Watch study, which we do based on StatsCan and census data. It looks at the exact same job that you would do in the public sector versus the private sector. It's broken down by federal-provincial all across – you can see in our Wage Watch report that it does break down like that.

Ms Kennedy-Glans: I'm going to look at it, but I'm really shocked by the analysis.

Ms Ruddy: That's why small-business owners are shocked by having to pay for these kinds of benefits for other people. [interjections] There is a silent majority that has not been able to express itself. I mean, there is a silent majority of people that is paying for these and isn't receiving these lavish benefits, so that has to be noted. [interjections]

The Chair: Please give her the chance to answer the question. Please. Thank you.

Ms Kennedy-Glans: I think she has done a good job of answering the question of: how do we do a comparison? How do I as their mother guide my sons to be able to do a proper evaluation? I think that's really important, and I don't think we've gotten there yet.

Ms Ruddy: Well, I'd also like to congratulate the government for introducing PRPPs and having more pension tools. As a young person – I mean, now we have tax-free savings accounts. We have all sorts of tools and RSPs and everything. We can plan well enough in advance so that we don't have to rely on something that might not be able to afford to pay for me. I'm not confident that those monies will be there, so I'm planning for myself.

The Chair: Thank you very much, Amber. Thank you.
Well, ladies and gentlemen, this has been a great meeting.

Mr. Bailie: Mr. Chairman, since there have been a few people not show up, may I have three minutes? I have some different aspects . . .

The Chair: You know what? Actually, all of the people who registered to show up showed up. I still have a few members here who have to travel to Edmonton.

Mr. Bailie: I'd just take a couple of minutes. Three minutes is all I'm asking.

The Chair: But how many other people would like to take three

more minutes, you know? We have a wait-list of nine other people, sir. You can do a written submission. Do a written submission, send it to us by August 15, and we will be more than happy to include it in our report.

Thank you, all, very much. I'd like to thank the committee members, the committee clerk, the support staff, the security personnel, the research staff, the *Hansard* staff, and also my assistant, Zack. He's hiding somewhere. It has been a long day for all of these people, and they still have to get back to Edmonton.

Ladies and gentlemen, can you hold on for just one minute here? I want to thank you, all, for being here tonight. It has been a long night for each and every one of you. Some of you have been sitting here for four and a half hours because the issue is very important. Pensions are very important. A pension is our security. It's the money that we will depend on in our golden years, and we have to really think, and think carefully, about it.

10:10

This committee is an all-party committee. You see members here from all the parties that exist in the Alberta Legislature right now. We are here to listen to you, to get your views, your input, and as I said earlier, we did not come here with any predetermined ideas or outcome. You know, I always said that our report, this committee's report, the report that we are going to present to the Legislature, will reflect exactly what we've heard from you in the seven public hearings around the province and what we've heard in the three days that we met with professional stakeholders in Edmonton. Our report will exactly address the issues that you presented to us here today.

Thank you very much, and have a great evening.

[The committee adjourned at 10:11 p.m.]

