



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 Medicine Hat

Wednesday, June 25, 2014  
6:01 p.m.

Transcript No. 28-2-19

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

**Standing Committee on Alberta's Economic Future**

Amery, Moe, Calgary-East (PC), Chair  
Fox, Rodney M., Lacombe-Ponoka (W), Deputy Chair  
Eggen, David, Edmonton-Calder (ND)  
Hehr, Kent, Calgary-Buffalo (AL)  
Kennedy-Glans, Donna, QC, Calgary-Varsity (Ind)  
Kubinec, Maureen, Barrhead-Morinville-Westlock (PC)  
Lemke, Ken, Stony Plain (PC)  
Luan, Jason, Calgary-Hawkwood (PC)  
McDonald, Everett, Grande Prairie-Smoky (PC)  
Pastoor, Bridget Brennan, Lethbridge-East (PC)  
Quadri, Sohail, Edmonton-Mill Woods (PC)  
Rogers, George, Leduc-Beaumont (PC)  
Rowe, Bruce, Olds-Didsbury-Three Hills (W)  
Sarich, Janice, Edmonton-Decore (PC)  
Stier, Pat, Livingstone-Macleod (W)

**Also in Attendance**

Barnes, Drew, Cypress-Medicine Hat (W)  
Pedersen, Blake, Medicine Hat (W)

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## Standing Committee on Alberta's Economic Future

### Participants

Anna Mast .....	EF-789
Janice Romanuck .....	EF-791
Melanie Metcalf .....	EF-792
Mike Durbeniuk .....	EF-793
Lorraine Smith .....	EF-795
Sara Walker .....	EF-796
Glen Scott .....	EF-797
John Marchi .....	EF-798
Jack Coleman .....	EF-799
Shauna Jobagy .....	EF-799



6:01 p.m.

Wednesday, June 25, 2014

[Mr. Amery in the chair]

**Location: Medicine Hat**

**The Chair:** Good evening, ladies and gentlemen. I would like to welcome all members, staff, and guests in attendance at today's 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. If there is any member attending as a substitute for a committee member, please indicate so in your introduction.

I'm Moe Amery, MLA for 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 Wildrose Official Opposition.

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

**Mr. McDonald:** Good evening. Everett McDonald, MLA, Grande Prairie-Smoky.

**Ms Kubinec:** I'm Maureen Kubinec, MLA for Barrhead-Morinville-Westlock.

**Mr. Rowe:** I'm Bruce Rowe, MLA for Olds-Didsbury-Three Hills and also a member of the Wildrose opposition.

**Mr. Stier:** Hi. Good evening. I'm Pat Stier, MLA for Livingstone-Macleod, and I also am a member of the Wildrose Official Opposition.

**Ms Pastoor:** Hi. Bridget Pastoor. Good evening. I'm the MLA for Lethbridge-East, and, no, I'm not a Wildroser.

**Mr. Barnes:** Well said, Bridget.

Drew Barnes, Wildrose MLA for Cypress-Medicine Hat.

**The Chair:** Thank you.

**Mr. Hehr:** Kent Hehr, MLA, Calgary-Buffalo. I'm with the Alberta Liberals.

**Mr. Rogers:** George Rogers, MLA, Leduc-Beaumont.

**Mr. Quadri:** Good evening. Sohail Quadri. I think this an all-party committee, so I'm the MLA for Edmonton-Mill Woods.

**Mr. Luan:** Good evening. Welcome to you all. Jason Luan, MLA, Calgary-Hawkwood.

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

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

**The Chair:** Well, thank you all very much.

Just a few housekeeping items to address before we turn to the business at hand. All microphones are operated by the *Hansard* staff over there. Please turn off or mute all cellphones, iPhones, BlackBerrys. The audio of committee proceedings is streamed live on the Internet and recorded by *Hansard*.

Ladies and gentlemen, it's so nice to be in Medicine Hat. Thank you for your hospitality and for welcoming us here this evening.

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 9 p.m. or earlier depending on the number of presenters we hear from this evening.

Before we start with the presentations, just a few housekeeping items. Each presenter will have a maximum of five minutes to make their presentation, and 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 the committee's 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 begin to listen to our presenters, I would like to give you a few brief comments about this committee and the role 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 content of the bills and to seek further information in regard to the points laid out in these two bills. That is what we are here today to do. We are here to listen to the citizens of Alberta, to get their perspective on the content 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 that, we will start with our first presenter. I would like to call on Anna Mast, please, and I understand that your presentation has been handed out to all the committee members.

**Mrs. Mast:** Yes, that's correct.

**The Chair:** Yes. Go ahead, please. You have five minutes.

**Anna Mast**

**Mrs. Mast:** Committee members, my name is Anna Mast. I will not only be speaking for myself but also on behalf of my husband and our family. I have been married 19 years to my husband, Murray, and we have two children, aged 16 and 13. I am a peace officer employed by a rural municipal government, and my husband, Murray, is a paramedic employed by Alberta Health Services. Currently both of us are members of LAPP, and we each

have 24 years of dedicated service to our employers and community.

Long before we were married, we started planning for our future by furthering our education and choosing careers that would serve the public. Along with those came the promise of a defined pension plan. We waited until we had full-time, permanent employment and owned a house before we decided to have children. As well, as part of our long-term financial planning we have been contributing to RSPs, tax-free savings accounts, and RESPs for our children's education. So it's safe to say that we have been planners of our future forever.

Since our first day of employment in the public sector, 24 years ago, we have worked towards a goal of retiring together in 2025. We both will be 56 and will have met our current LAPP 85 factor and therefore will be entitled to our earned pensions. With the government's proposed move to change the factor to 60 and 90, it will mean that we will be forced to work an extra four years in professions that are considered public safety occupations. Forcing us to work front-line and physically and mentally demanding jobs until we are 60 is not only a disservice to the public, but it also puts our health in jeopardy. Simply put, age does matter when it comes to physical capabilities and the requirements of a job.

#### 6:10

I understand that the Alberta government is planning on accommodating public safety workers such as paramedics, firefighters, and corrections officers. If it does pass legislation, then because my husband is a paramedic, his plans for retirement in 2025 will remain the same, but mine won't. As his wife I'm elated to see his profession recognized as a public safety occupation; however, I'm also saddened because we will not be able to retire together as financially planned. If the rumours about accommodating public safety officers are just that, then we will be back to retiring together but not when we planned.

We understand perfectly that we can leave the public sector and work in the private sector to get a higher paying job and therefore contribute to more RSPs and still retire as planned, but that is not what we chose to do 24 years ago, nor is it something we choose to do now. In fact, we could have done that years ago, but we were and still are very passionate about making a difference in our community and serving the public.

Even the Alberta government itself promotes our passion and dedication. Their own website for job opportunities clearly states:

Employees share a common vision of proudly working together to build a stronger province and make a positive and lasting difference in the lives of Albertans.

and

We are looking for people who are as passionate about that commitment as we are.

Words the province also uses for job recruitment are "respect," "accountability," "integrity." Are these just words on a website, or does the Alberta government actually stand behind those words?

If the government means what they say, they will not steal our pensions, as promised, away from us. Right now that's exactly how it feels. If bills 9 and 10 pass with the legislation as is, we will have been robbed by our own government. No one likes a thief.

The public sector's recruitment and retention benefit is a pension plan. We were promised a defined pension plan with requirements on how to meet those retirement goals. To have those requirements stripped away from us after 24 years in the program is, quite frankly, an insult and very disheartening to us. We see our pensions as our reward for serving the public.

We can support changes to LAPP if the plan is unstable and not financially viable. However, proof from an independent source must be provided. If changes are needed to sustain viability, we are certain that there must be more effective solutions than what the government has proposed in bills 9 and 10. [Mrs. Mast's speaking time expired] I just have about one more minute.

**The Chair:** Mrs. Sarich.

**Mrs. Sarich:** Go ahead, Anna.

**Mrs. Mast:** Okay. Thank you.

My husband and I would support an increase in our portion of pension contributions. We would much rather pay more now to reach our goal of 55 and 85 than be forced to work until we reach 60 and 90 factor.

Before I conclude, I would like to mention that I listened online to the sessions held in Calgary and Lethbridge these past two evenings. I would like to address a couple of the issues from those sessions, briefly. As I am not a member of a union, I feel the need to say thank you to all the unions fighting these proposed bills. I believe that without their tenacity, advertising, and lobbying to spread awareness of these pension changes, we nonunion pension members would not have had a chance against this government. So while the unions get paid to fight for their own members, they have also been fighting on behalf of the little people, and for that I say thank you.

The pension estimator is a useful tool but does not provide any numbers as to how our contribution rates will change to get that monthly pension figure. The CAO of the rural municipality I am employed with contacted LAPP and asked what the contribution rates would be for the employer and employee under the new changes. LAPP could not give an answer. Our own pension advisers can't tell us figures, so it's no wonder that people are upset, scared, and emotional about this. People want plans, numbers, and figures in layman's terms as to what the future will look like.

Thank you to the committee and the Alberta government for allowing me this opportunity to speak on this important matter. Our retirement future is in your hands. We hope that our collective voices will be heard and acted upon as we have expressed.

**The Chair:** Thank you very much. Let's start with Mrs. Sarich.

**Mrs. Sarich:** Thank you very much, Anna. I read your submission with interest, and I thank you for your presentation. The question I do have is something that I've been asking throughout our travels, in different spots throughout Alberta. You're with the LAPP. That particular group, the LAPP, has been in dialogue with the government for some time now, and I just want to know what your level of awareness is from that pension provider. Because you're a member of the LAPP, had the LAPP informed you about any of the information that they exchanged with the government or any proposals that they may have put forward for you as a member of the LAPP?

**Mrs. Mast:** In terms of bills 9 and 10 coming forward?

**Mrs. Sarich:** No. They've been at the table in a dialogue with the government, and I just want to explore what your level of awareness is about those activities. Have they informed you in any formal way, sent you things at home so that you can understand what presentations they have done over the last number of years on your behalf?

**Mrs. Mast:** No. I have not been made aware of that.

**Mrs. Sarich:** Okay. Thank you.

**The Chair:** Thank you, Mrs. Sarich.

**Mr. Eggen:** Thank you so much for your presentation. It was very thoughtful and well constructed. I'm wondering. You've been contributing to your pension for quite a number of years, and your contributions: have they gone up and down at different times? Have you been following that?

**Mrs. Mast:** They've gone up significantly in the last few years, yes.

**Mr. Eggen:** Yeah. But you're okay with that, making those increased contributions?

**Mrs. Mast:** Yes, I am. Yes.

**Mr. Eggen:** We had a very interesting presentation in Calgary a couple of nights ago, if you were listening, from a gentleman who said that there's no better place to put your savings for retirement than in a defined pension plan, right? It gives you the best return. It's the most stable, safest, and dependable.

**Mrs. Mast:** Yes. I remember that that was the second-last speaker in Calgary, and he was an investment person.

**Mr. Eggen:** Yeah. That's the one.

**Mrs. Mast:** Yes. I do recall that. It came to mind that, in fact, a few years ago my husband and I went to our banker and said, "When we retire, what are we going to need?" and the words that came out of her mouth were: "LAPP is one the best pensions in Alberta. You guys are on track."

**Mr. Eggen:** Thank you.

**The Chair:** Any other questions? Mr. Stier.

**Mr. Stier:** Yes. Good evening, and thank you very much for your presentation. I'm a former municipal councillor, so I was listening clearly to what you were having to say. I just wondered: through the municipality and through your CAO at any time did you folks receive any information from the provincial government with regard to possible changes to how you were going to be paid in this regard?

**Mrs. Mast:** No. I know that you guys have been asking people that sort of question, so I went looking to see if I'd missed anything or if there were e-mails or anything like that, and I was unable to find anything. We don't have that.

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

Well, before I call our next presenter, I would like to welcome our colleague Blake Pedersen, the MLA for Medicine Hat. Thanks for coming.

Our next presenter is Janice Romanuck. Please excuse me. I'm bad with names.

**Janice Romanuck**

**Mrs. Romanuck:** That's fine. Thank you, and thank you for that warm welcome. Thank you all for being here, and I hope you get to enjoy Medicine Hat a little bit while you're here, not just stuck in a room with all of us.

Five minutes really isn't enough time to expand on all the areas of Bill 9 that I have. I have read some of the transcripts from Grande Prairie online, and I identify with what other members have been saying about cost of living, the age factor, and for those reasons I do not support Bill 9.

**6:20**

But more than anything I wanted to say that I do not support Bill 9 because of the supposed governance, how it would be changing and going under solely the control of the Minister of Finance. He has a lot of control right now. Silencing our LAPP board – they haven't been able to share with us what their recommendations were to the Minister of Finance and were not involved in any of what recommendations were made to him that haven't been shared with the LAPP board – is not transparent. It's not what I would expect from a Minister of Finance.

The process to get to this point, having a voice on how my money is going to be managed, took a lot of hard work and effort by a lot of people. I'm glad that the government is finally listening that this is my money, this is my pension, this is my financial security. It's just not my financial security; it's my husband's and my family's.

We do meet with our financial adviser, and he has said to us: this is kind of great. It's created anxiety and insecurity for me because I don't know what's going to happen. It doesn't look too bad, maybe, that pension estimator. You really can't foresee what's going to happen in – I'm supposed to retire in 15 years, while I might be retiring in 17 and a half years. But a lot of governments, like a lot of ministers of Finance, can come and go in that time. That creates my anxiety and insecurity because, quite frankly, I do not trust the Minister of Finance. I feel that they are hiding things. They're not being transparent with me. They're not giving me the information.

Even asking me to speak about Bill 9: I have no idea if I'm actually even interpreting the bill correctly. But my interpretation of it is that it gives the Minister of Finance absolute control over our LAPP pension, my pension, without any of the liability. The liability still stays with the contributors, the real legal owners of the pension.

I just want to ask, because I know that not everybody can speak publicly, that if anybody agrees with me, would you please raise your hand right now? I just added their voices to what I just said.

Thank you very much.

**The Chair:** Thank you. Thank you for your presentation.

Do we have any questions?

**Mr. Eggen:** Well, thank you for your presentation. That was very provocative and passionate. I think, if I can just share my analysis of that part of the bill, that that's the part that we found to be the most onerous as well and really started us on trying to fight and go on a filibuster on Bill 9, the transfer of power of decision-making to ministerial control. That was our analysis, too.

**Mr. Luan:** Very quickly, thank you very much for raising your concerns. My question is: how do you recommend that either the House, our Assembly, or the government needs to consider on a moving-forward basis a process that can get your messages across about your concerns, where you want to see the changes happening for your pension, for your money?

**Mrs. Romanuck:** Well, from my understanding now, because the stock markets have changed, there is no crisis with the liabilities of our pension. However, there was a plan – I don't what it is because the board hasn't been able to share that plan. I read that

there was a plan, that there's a 10-year plan in place to have this LAPP fund fully funded within the next 10 years. I haven't looked at that plan. I don't know if that's true or not. I do want it to be true.

I have read Fred Horne's letter to the public and heard that he's not going to turn a blind eye to these pensions. I don't know why he thinks that we would expect him to turn a blind eye or what he's turning a blind eye to. I don't know what he's referencing. Perhaps he's referencing that the pensions are a liability to the pensioners, but we are aware of that. I am aware that in the last four years my contributions went from 9.6 per cent to 13-point-something per cent up to 14 per cent next year. I'm aware of that. We're all aware of that. We're all informed of that as pensioners. We pay close attention to what is happening to our money.

**Mr. Luan:** Okay. The one suggestion I have is that in order to have the public really get their opinion involved, whether in a process like online questionnaires or online input, you can have your voice raised through the system.

I think I understand your question. I also share your concern. Even for me, sitting on this side of the table, hearing from experts and different stakeholder groups presenting their views, pensions are a very complicated subject. You're saying that you don't quite understand some of the terminology and so forth. Many of us don't. The experts sometimes say that perhaps you don't want to have too much political, government involvement in it. At other times you need to have a way of protecting the public interest versus purely the technical piece taking place.

**Mrs. Romanuck:** Well, maybe I'm naive, but is that not what the banking industry is there for, to protect the people and make sure that there aren't people siphoning our money off into separate funds? Isn't that what our banking industry is for?

**Mr. Luan:** Well, I certainly know that when Wall Street had their mistakes, we all got affected by that, so I think that's a good point.

**Mrs. Romanuck:** Thank you.

**The Chair:** Thank you very much. Just a small correction for the benefit of *Hansard*. You meant Doug Horner instead of Fred Horne.

**Mrs. Romanuck:** Oh, sorry. Is that the Minister of Finance?

**The Chair:** Yes. Doug Horner instead of Fred Horne.

**Mrs. Romanuck:** And four years ago it was Lloyd somebody, and in 2007 it was Iris Evans.

**The Chair:** Actually, the names are too close to each other, and they do look alike, too.

**Mrs. Romanuck:** Thank you.

**The Chair:** Any other questions? Mrs. Sarich.

**Mrs. Sarich:** Thank you very much for your presentation. My question was because you had mentioned in your presentation something about the governance, how you would like a different governance structure. I would like to know if you had any thoughts about the sponsor board that's referred to in Bill 9.

**Mrs. Romanuck:** I can't answer that because I don't have enough information about that, and I really don't understand what it means in Bill 9.

**Mrs. Sarich:** Okay. Fair enough. I just thought I'd ask because the theme of governing and how the LAPP should be governed is something that has been brought through other people's presentations, and I was just curious about what that looked like.

**Mrs. Romanuck:** I do know that LAPP governance has been looked at since the late 1990s, and we would like it changed.

**Mrs. Sarich:** Yeah. One of the proposals is a sponsor board. I was just curious what you knew about that.

**Mrs. Romanuck:** I don't know what that means.

**Mrs. Sarich:** Okay. Thank you very much.

**Mrs. Romanuck:** Thanks.

**The Chair:** Thank you, Janice. I appreciate that.

### Melanie Metcalf

**Ms Metcalf:** Thank you for allowing me to speak to this all-party Standing Committee on Alberta's Economic Future. I am grateful to finally have the opportunity to voice concerns I have with Bill 9, the Public Sector Pension Plans Amendment Act, 2014. My name is Melanie Metcalf, and I am chair of local 006 of the Alberta Union of Provincial Employees. I represent 3,000 social service workers, who are Albertans that provide services to Alberta's most vulnerable, be that children and their families, the disabled, or seniors. I personally am a child intervention services caseworker who has committed 26 years to front-line service, believing that I had a contract with my employer that would provide me with a modest and steady income in my senior years.

6:30

I and many other local 006 members are now faced with the scary prospect of reduced and fluctuating pensions as proposed by Bill 9. It is my understanding that the Finance minister tried to convince members of the PSPP board to embrace his proposed changes, but the board was reluctant to do so. They simply didn't agree with the minister's characterization of the problem, and they didn't think his solutions were appropriate, so they refused to make the recommendations he was looking for. Instead of accepting that the PSPP board might actually know a thing or two about our pension, the minister opted to change the rules and ignored their input.

When all the changes are initiated as outlined in Bill 9 and I retire and as my health deteriorates, I'm not sure how I'll be able to stay in my home. How will I pay to have the lawn mowed or the snow shovelled? I likely will not be able to afford to keep my vehicle and enjoy my retirement life. More of my worries are: how will I afford nutritional food, and as my health deteriorates, how will I pay for my health care?

The changes are reckless and irresponsible. Public service pensions are not tax-funded giveaways, nor are they gold plated. The changes proposed will transform a pension that is modest and adequate today into a pension that will make it difficult for government pensioners to maintain a reasonable standard of living. How can we be expected to plan for retirement being unable to know what monthly income may or may not be coming in from our pension plan?

The government has failed to present evidence for the need of Bill 9, and I'm afraid of the repercussions should this amendment be enacted. I've been told by many, both young and seasoned throughout all government services, that they are leaving their employment prior to December 31, 2015, ironically for what is a



more stable and higher paid private sector. I believe this will also impact hiring practices as choosing a lower paid public-sector job with a secure pension benefit was a choice made by many local 006 members.

Should Bill 9 be passed, the resulting breach of the pension promise may cause distrust that lasts a lifetime. This all seems so unnecessary when there is no real reason for this to be occurring, no support from the pension board or the general public, and the prospect of so many employees being harmed not only in my local but all public service members and current pension recipients. I have never witnessed my local being as engaged and enraged by any action by this government to date, and this analysis leads me to suggest that the minister's pursuit of this bill is about politics, public service bashing, and not sound fiscal management.

As a long-time public servant I, for one, am weary of being the first to sacrifice my income during periods of alleged fiscal restraint. This is singularly the most serious incursion into the pockets of middle-class Albertans employed by the Alberta government.

In closing, I would like to remind the committee that pensioners with a steady, reliable income spend money in their communities, and that is good for the economy. On behalf of local 006 past, present, and future government employees I ask this panel to please keep your hands off our pensions and recommend that Bill 9 be withdrawn.

Thank you and good night.

**The Chair:** Thank you.

Do we have any questions? Mr. Luan.

**Mr. Luan:** Thank you, Mr. Chair. Melanie, thank you so much for advocating for social workers and other professionals. I feel compelled to say that because I have 20-plus years of social work background before getting into this role. I share lots of what you've said. Particularly, you know, when you have entered a profession and that was part of the compensation or compensation package and then things change, it really bothers people.

I'll let you know that for the first three days we were hearing experts' opinions. That means that the government of Alberta is only one among a dozen or 20 others. I can't help but observe that lots of them are saying that if you don't do anything, given the change in aging population, the life expectancy change, and the rate of return being much lower in the last decade than in the '70s and '80s – you probably all remember that in the '70s and '80s interest rates were in the double digits. They are all cautioning, including the Auditor General, saying that if you don't do anything, you cannot fulfill your promise.

I'm concerned about that, if we do nothing. Yes, our current pension design is good, but it was designed 50 years ago, and we cannot fulfill that. It's like promising the moon. You'll never be able to get it. I feel that will be equally detrimental to our profession, to our young people, to our next generation. I'm asking you, you know, not from any governmental or nongovernmental perspective but from protecting our own pension, protecting our own profession, protecting our own future: what are the things we need to do together? Hearing from people, opening up this process, I absolutely welcome that, but I want to see more. The door is open. Let's grab the opportunity. What else can we do?

**Ms Metcalf:** You know, I don't believe that proper consultation was ever done with members, and I don't think that this government has provided us with the documentation that would say that any of what they're telling us is true. Now, all of us who

have been saving for our retirement years, and the majority in local 006, I'm sure, started in their 20s, when they first came in. They're investing wisely. They also got hit in the downturns of the market. So we're trying to recover from that, and then we're getting dinged with this pension business, right? But I do not believe what I've got, the information that I've received – we did independent actuarial reports that disagree. We have been paying 25 per cent of every one of our paycheques every two weeks to pay back this unfunded liability. I believe we've been doing our share, and I don't believe that I've heard from our members that we were whiny about that.

I'm not sure where this is coming from, but I just don't see the evidence that says that I should change my position on this. I think that it's a political movement. I'm struggling to change that.

**Mr. Luan:** Chair, do I have more time to quickly follow up?

**The Chair:** Briefly.

**Mr. Luan:** Thank you very much.

That report that says to do nothing, is that the one the Alberta Labour Federation sponsored, by George & Bell?

**Ms Metcalf:** I believe it was a coalition. It could have been the AFL. I'm not certain.

**Mr. Luan:** Okay. Just so you know, I struggled in my mind with that question at the time. That was the one that said that in 12 years it will balance itself. I followed up with the question on that day to say: what's the difference between your estimate and those other so-called experts? Where I get to is that for the rate of return for the next decade, the estimate, there's a difference. One says 3.7 – given the low-interest environment, they predict we'll be having that – and the other is close to 5 per cent. Then I asked the question and said: who do we believe about this? All the experts said that nobody has a crystal ball, that what we have is based on what our best knowledge is today. They don't foresee . . .

**The Chair:** Question.

**Mr. Luan:** Thank you.

I just wanted to ask you: beyond that report, did you take the time to examine those other expert views, whether or not that one report really stands to be the only one to be trustworthy, or are there others that need to be considered?

**Ms Metcalf:** With all due respect to whatever reports you're referring to – because, of course, I did not – what I did rely on were the experts that we have at our disposal who belong to the PSPP and advise those boards. I'm going to put my faith in the PSPP boards who have been juggling our money for years. I'm going to believe that they know what is right for me because that's where I started and that's where I'm going to finish. I believe they are the experts I want to follow.

**Mr. Luan:** That's fair. Thanks.

6:40

**The Chair:** Thank you, Melanie. You're done. Thank you.

Our next presenter is Mike Durbeniuk.

**Mike Durbeniuk**

**Mr. Durbeniuk:** Thank you. I believe you have my presentation. It's two pages.

**The Chair:** Yes. It's being distributed right now.

**Mr. Durbeniuk:** I thought about the trees, so I double-sided it and saved some money there. I'm probably not going to read the whole thing because I think we're all literate enough to read. I'd just like to highlight a few things.

I'm currently a faculty member at the Medicine Hat College and have been for 17 years. Prior to that I was a policeman for 25 years on the special forces pension plan. Our formal response, obviously, to these issues for Bill 9 will come from ACIFA, our provincial organization, in August. We have been very involved with LAPP and the planning through Doug and others, so we're very cognizant of a lot of the things.

I'm very familiar with actuaries. I had a lot of dealings with them as I was involved in the formation of the special forces pension plan. I'll just highlight this for a minute. When we went to bring in the special forces pension plan, which is for police officers in this province, we wound up dealing with the employers, we dealt with the government, and then we had the police associations. We engaged three different actuaries, and in reality it wound up being four. The province engaged their own plus another, we engaged Mercer and company, and the municipalities engaged one. When it came to the costing of what the plan would take – no surprise – the employer's actuary said that it would be between 9 and 10 per cent. The government actuary said that it would be between 11 and 12. Our actuary said that it should be 17 to 18. The government then engaged another actuary, and he said: let's saw it off at 14. Well, it wasn't very long, and we had to go to 17 or 18 to fund it.

I guess that we all work from the same tables, but it just depends on how good your crystal ball is, and that for us is a problem. I think that we're very aware of the possible impact from the changes that we're going to have and on our families as well. We have seen a steady increase in pension premiums in order to sustain the benefits. For those who have been long term like myself, we're very aware of the significance of the benefit changes.

Since these discussions have started, our membership has expressed a great deal of concern and frustration. Many are frustrated about the process and specifically the perceived breaking of what they were promised from the plan. To say the least, I personally and others have had numerous meetings with our members and provincial counterparts about these changes. One of the constant issues – and it's a concern to me – is the lack of trust of government. Many perceive that the government is forcing or bullying the changes through. We have seen certain proposals presented and then subsequently some concessions and then the legislation presented and now we have the standing committee.

We are supportive of any type of true consultation in the process. I am sure that you will have heard many of these same issues at previous sessions, and I did read the minutes of several of them. Some of the same arguments will be detailed in the formal presentations.

What I'd like to highlight are a couple of my personal concerns, and these are concerns that other members have as well. The first one is governance, and we've talked a little bit about it today. This is, in my mind, a significant issue. If we move to a governance model in which the employees and employers are responsible for managing the plan, it has to be a true governance model with proper protections in place to ensure that all have some fair representation at the table. Further, that model should allow them to set and manage the contribution rates and benefits.

As per the previous point, the contribution rates and the potential cap, we're fearful that if a cap is put in place and it is too low, it is just the back door method to reduce benefits. The cap, if

one is put in place, must be sufficiently high to allow for changing economic situations and demographics, and we believe that a fixed cap may not be the best option.

In regard to the 55-85 factor this, again, obviously, can have a significant impact on people's ability to retire. Tied to this is the ability to continue contributing to the plan after the age of 65. Personally – and this is a personal comment – I am somewhat concerned that if we keep pushing this off, pushing retirement off, people may stay in the job to the detriment of their health because they need to try and get the pension dollars that they would have had based on our existing model. Further to this, I'm somewhat concerned these changes will restrict the ability of the younger people to enter the workplace and then have a decent pension because if you just push that off, so if somebody stays till 70 or 75, that's another five or 10 years before those people get into the marketplace, which will just delay things for them as well.

Opting out. We have concerns of the ability of people and employers to opt out of the plan. There needs to be sufficient checks and balances in place to ensure that current and future members of the plan do not have to heavily subsidize these groups if they pull out. We have had a number of our members discuss with us and various financial planners the option of opting out prior to the proposed January changes. This could have potential significant costs to the plan for these members and themselves and for the employers as in many areas it is difficult to recruit. [Mr. Durbeniuk's speaking time expired]

**The Chair:** Thank you, sir.

**Mr. Durbeniuk:** I have about one minute.

**The Chair:** Deputy Fox.

**Mr. Fox:** Thank you very much. I would love to hear the rest of your comments.

**Mr. Durbeniuk:** Okay. You wish me to finish?

**Mr. Fox:** Yes.

**Mr. Durbeniuk:** Okay. It won't take long.

Cost of living. Currently we get a percentage of the cost-of-living benefits. Our plan is not fully indexed, and it eroded over time due to this. But reducing the current existing provisions will pose a significant hardship for those going on pension, and the early retirement subsidy, 3 per cent to the proposed 5, again, will have some impact.

I'm not going to read through all of the other stuff, but, you know, we have a genuine concern. We need some level of security and trust by the stakeholders, all of the stakeholders, and when people are fearful or panicky, they often make changes or decisions that may be ill informed or poor. What we are trying to protect here are not just the current retirees or current plan members but our future members and our children.

Thank you very much.

**The Chair:** Thank you.

I have a question from Mr. Rogers, followed by Mr. Hehr.

**Mr. Rogers:** Thank you, Mr. Chairman. Mr. Durbeniuk, thank you so much for taking the time to come and share with us your thoughts this evening. It's very obvious from what I've heard from you and other presenters before you tonight and others throughout these hearings – we've been at a number of stops across the province – that most of the people we've heard from are not in favour of the package of reforms that essentially is Bill 9 today.

It's my opinion and, certainly, any input that I would have in this process going forward – I firmly believe that anything we do should enhance the sustainability of the plan so that you can rely on a reasonable retirement income at some point, you and the other members that are here, at some point in the future. So my question to you is this, if you could provide us one piece of advice. We've heard from you, your disappointment with what's in the package today. But if you could leave us with one piece of advice as to how we could better enhance that sustainability of your pension, what might that be?

**Mr. Durbeniuk:** It's a good question, but I think the quickest thing that comes to my mind, and I guess I might as well speak it, is that we actually do the proper research and look at it and make a decision based on the true facts and have a chance to assess it, and we need to be open about it. We need to have all of the facts in place and not just rumours or innuendoes.

**Mr. Rogers:** Thank you for that.

**Mr. Hehr:** Well, full disclosure, Mr. Chair. Mike's my third cousin twice removed from down here in Medicine Hat.

**Mr. Durbeniuk:** I thought it was three times removed.

**Mr. Hehr:** Well, then, there you go. Great to see you, Mike. I'm wondering. Changes to the pension plan as you see them: do you see them as being able to provide any predictability to your retirement in terms of benefits or any ability to make up in a down investment year and the like to see pension stability for retirees going forward?

6:50

**Mr. Durbeniuk:** I think it's going to a difficult thing, Kent. You know, I think I'm pretty good with money. My wife's an accountant and a financial planner, so she keeps me on a tight leash. But I think we've all been hit by the crash of the markets, and this has occurred more than once. Sustainability and to have the security requires maybe being willing to give and pay a little more. If we have to give up and pay a little more, our members are quite prepared to do that because we need to have some guarantees. I realize this. You know, when the pension plans came into effect, the average life expectancy was much shorter, so I guess this demographic stuff is going to drive some of the change, but we need to have the facts, and we need to not panic about it.

**Mr. Hehr:** Thanks, Mike.

**Mr. Durbeniuk:** Thanks, Kent.

**The Chair:** Thank you, Mr. Hehr.  
Mr. Quadri.

**Mr. Quadri:** Thank you. Great presentation, Mike. You know, you have talked about a lack of trust. What can we do to improve the level of trust?

**Mr. Durbeniuk:** Level of trust? Is that what you're talking about?

**Mr. Quadri:** Yes.

**Mr. Durbeniuk:** Ha. Oh, boy. Well, I'm an ex-cop, so I guess we could put everybody on the polygraph, but I'm not sure that would go over well. Saying that, I have been put on the polygraph before in the past.

Trust takes time, and it takes an openness and an honesty and an ability to listen, to accept the other's point of view. I think that

that's an important thing. Does trust get built in one day? No. When you do something to destroy people's trust, it takes a long time to build it back, and we need time.

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

**Mr. Durbeniuk:** Thank you very much.

**The Chair:** A good presentation. Thank you.

**Lorraine Smith**

**Mrs. Smith:** Good evening.

**The Chair:** Good evening to you, too.

**Mrs. Smith:** My name is Lorraine "Reni" Smith. I am employed at Medicine Hat College library services. I'm an administrative assistant and have been employed there for 22 and a half years. The library is the academic heart of the college. It fosters excitement in the process of discovering by challenging lifelong learners to think critically, practice social responsibility, improve their lives, and change the world. We have young people who are coming up, and they will change the world.

I accepted my position 22 and a half years ago because I was promised a pension.

You'll have to excuse me.

I'm a single parent, and I accepted a lower-paying job because I was promised a pension, and you're going to take it away. At least, our government is. Personally, it is very important to me. My pension will give me the ability to pay the basics. When I say basics, I mean minimum basics. If my pension is compromised, I will not be able to afford my home. I definitely don't plan on driving. How am I going to pay for my prescriptions? How am I going to buy food? I am going to become a burden to society, and I don't know how many people are willing to admit what dire straits taking this pension away from us is going to mean.

I do not plan on leaving my employer; however, no position comes with a guarantee. The possibility of gaining new employment with a pension plan at my age is not favourable. Let's face it; it isn't. When we leave the pension plan and we don't have enough, that means we're going to be out looking for another job, which means we're going to take jobs away from our younger people.

My children do not pay into a pension plan. They do not have the opportunity to. They would love to pay into a pension plan, but they know that they're not going to have the choice. Therefore, they have to make their own decisions and make their own plans. However, not all children are as fortunate as mine, who have received education and are making their way in their lives.

It is possible right now that if enough people leave their employment and start collecting their pensions, the sustainability of the pension plan is going to be very questionable. I think that the government is helping make it questionable if Bill 9 goes through.

I believe that I deserve to have the 85 factor and early retirement protected as that is what was agreed to when I started paying into this plan. It's a defined plan. I was told that no way would it be put at risk. Premiums have continually gone up, and I feel like the plan is continually being put at risk, not because of financial instability but because of government interference.

Not everyone has come. Not everyone will speak up against this. I am the chair of our chapter at Medicine Hat College, and

many colleagues who pay into this plan have said: what can we do about it? A lot of them are in the same situation that I might be in.

Thank you.

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

I have a question from Mr. Barnes.

**Mr. Barnes:** Mr. Chair, thank you very much, and, Reni, thank you very, very much for your passion here tonight, and thanks to all that spoke. I believe a promise is a promise, and that's why in the Legislature and some of our committee meetings I was especially interested in what the Auditor General had to say about the contribution limit fatigue and about what some deputy ministers said about noncore promises. So I'd like to ask you about those. I've heard from two or three of the earlier speakers that there isn't contribution fatigue, that members may be willing to pay a bit more for the guarantee of a higher pension. Do you feel that way? Do you think most of your associates feel that way?

**Mrs. Smith:** I would think so because when the plan was first started, it wasn't as high as it is now. Our contribution now as a member – and this is for the people that earn under \$52,500 a year – is at 10.39 per cent. That's quite a chunk, and the employer has to pay 1 per cent higher than that. With what the government is suggesting right now, I will be getting less than what was paid into monthly, and I will most likely not collect as long as I've worked.

**Mr. Barnes:** Okay. Thank you.

As a follow-up, I believe it was one of the deputy ministers at a Treasury Board committee meeting or Finance who was talking about the sustainability that these changes would make, and it seemed that the value of the change revolved around the fact that they weren't affecting what he called noncore benefits. The noncore benefits are the 55-85 factor and the cost-of-living allowances. You spoke quite passionately about how important those noncore benefits were to you. Could you speak about the distinction between core benefits and noncore as you see that, please?

7:00

**Mrs. Smith:** Not really. But what I do know is that the different groups, the LAPP pension board, as far as the information that they've been able to give us, have told us that if our contributions continue the way they are, in two years from now it's sustainable. That's why I have a concern that if Bill 9 gets passed, you're going to see a lot of people leaving the plan before it will affect them, and therefore it will become unsustainable because people will no longer be contributing.

**Mr. Barnes:** Okay. Thank you very much.

**Mrs. Smith:** Thanks.

**The Chair:** Thank you, Mr. Barnes.

**Mrs. Smith:** Any others?  
Thank you.

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

**Sara Walker**

**Mrs. Walker:** Hello. Thank you for this opportunity to address you on this important topic this evening. My name is Sara Walker, and I am a 42-year-old married mother of five, and I'm angry. I'm angry enough to make the time in my busy schedule to address

this panel this evening. I'm angry enough to sign petitions, to organize rallies, and to meet one on one with my MLA. But, most importantly, I'm angry enough to change my vote in the next provincial election.

I'm employed by Alberta Health Services, and I work at the Medicine Hat regional hospital as a unit clerk in an administrative support role for the front-line team of doctors and nurses, et cetera. As a new employee many years ago I enrolled in the LAPP as an additional way to prepare for my retirement and to add another tool to my retirement kit, to take the necessary steps to ensure that my husband and I have a healthy and happy retirement that is not dependent nor causes undue hardship on our children or our community. To say that I am outraged by the proposed changes being made by our provincial government would be an understatement. Although this is not a platinum-plated plan by any stretch of the imagination, it does play an important role in my planning and the retirement planning of my co-workers.

As many of you know, health care is a physically and mentally exhausting profession that takes its toll on its workers. Whether it is the physical demands of lifting and transferring patients, the effects of shift work on the body, or the sheer responsibility for the welfare and care of others, it is not the type of job that one can do on a full-time basis, year after year, for the full length of one's career. I know that my co-workers and I took comfort in the knowledge that there was an 85 factor in the LAPP and an opportunity for early retirement. However, the provincial government's plan to change the 85 factor is just one piece of this puzzle.

The government is now planning on making sweeping changes to our existing LAPP under the guise of managing our underfunded pension liability. However, those who have taken the time to educate themselves know this statement to be untrue. The LAPP is a stable and sustainable plan that has already made the necessary adjustments to compensate for and to correct the temporary situation of underfunding that was caused by the recent financial crisis.

The government also proposes a cap to our contribution rates going forward. That measure would handcuff the LAPP and would make it impossible to mount an appropriate response in the future when faced with a similar crisis in the financial world. Without the ability to adjust contribution rates when needed, the plan is left with no other response than to reduce benefits to those members who have already retired and are drawing on the plan. How could we download these types of problems on retirees and expect them to make adjustments when they are there on a fixed income? I don't ever want to be on the receiving end of such a decision, forced to decide whether or not to spend my remaining reduced retirement dollars on my necessary medications, my food, or even my accommodations.

How do we prevent a mass exodus of frightened LAPP members who are very near to retirement and are hearing of these proposed changes? How do I convince my co-workers not to stampe out the door in an attempt to protect what is left of their retirement plan and, instead, to keep working?

Staying the current course is what is needed for both the future and success of not only health care but the sustainability of the LAPP. What we need going forward is for bills 9 and 10 to be immediately scrapped in their entirety. We need to implement independent joint governance that prevents the LAPP from being used as a political football. We need this government to stop this nonsense and to start truly listening to Albertans and the citizens of this province. The time, effort, and money that has been spent by this government in an attempt to systematically water down the

LAPP would have been much better spent on coming up with a solution for the 70 per cent of Albertans in this province who do not have any form of pension plan for their retirement.

Thank you.

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

**Mrs. Walker:** Thank you.

**The Chair:** Do we have any questions from the committee members? Mrs. Sarich.

**Mrs. Sarich:** Good evening. I wanted to thank you for your presentation. I asked this question a little bit earlier to another individual who was part of the LAPP. In Bill 9 it talks about – you've raised the issue of governance – the sponsor board. Do you have an awareness of what that is? Did the LAPP explain that to you as somebody who's a member of LAPP? The LAPP has been in dialogue with the government for some time now. I'm just wondering, and it would be very helpful for all of us on the standing committee to understand your, you know . . .

**Mrs. Walker:** Certainly. I'm well aware that the LAPP has had ongoing dialogue about the problem. My understanding is that the LAPP speaks and the government doesn't listen. This is not an issue of communication; it's a political problem. Until the government starts listening to LAPP and, better yet, steps out of our pension plan and the governance and leaves it to our employers and the members, the people who are invested in that, the sooner they step away and stop mucking around and meddling with our pension plan, the better off we'll be. But this is not a communication problem, and this is not a lack of our people understanding what's going on. It is a problem with our government not listening to us.

**The Chair:** Are you done?

**Mrs. Sarich:** Yeah.

**The Chair:** Thank you, Mrs. Sarich.

**Mr. Eggen:** Thanks for your presentation. I was interested that you sort of ended with the issue of 70 per cent of Albertans not having a pension at all, right? I'm learning over these last couple of weeks that that's the real pension crisis. Did you know that the provinces met to reform the Canada pension plan and the only dissenting vote was from Alberta?

**Mrs. Walker:** It doesn't surprise me.

**The Chair:** Are you done?

**Mr. Eggen:** Yeah. Thanks.

**The Chair:** Okay. Thank you very much.

**Mrs. Walker:** Thank you.

**The Chair:** Our final presenter for this evening is Glen Scott. Before you start, Glen, we're way ahead of our schedule. If anybody in the audience would like to make a presentation after Glen, you are welcome to do so. We will allow three or four presentations, so if you're going to prepare yourself while Glen is speaking, be our guests.

## Glen Scott

**Mr. Scott:** Okay. I'll try to talk really slowly so that people have time to write something up. Anyway, you know, I've been sitting here, and I've been listening to all the submissions. Obviously, people are extremely passionate about their feelings around this pension issue because having shelter and food and those kinds of things is very important to people when they are no longer able to work.

Alberta's Economic Future, the standing committee: I find even the name of this committee, Alberta's Economic Future, a little insulting. The implication about people that actually work and are responsible and take things into their own hands and try to ensure that they're not a burden to their family or to taxpayers when they retire, I find that a bit misleading.

Anyway, that being said, my name is Glen Scott. I'm an LPN with Alberta Health Services. I've been doing that for about 20 years. I'm speaking on behalf of a lot of health care workers, front-line workers. My children's mother works for Alberta Health Services. My father is a retired Alberta government employee. Working in health care is tough on your body. I don't plan on retiring. I guess that under the current system I could retire just before my 57th birthday. I don't plan on retiring at 57, but if, you know, my body breaks down and I'm no longer able to work, it's nice to know that I won't be a burden to my family or to the taxpayers.

I feel the proposed changes are irresponsible of the government. I find them to be short-sighted, and I feel that they are politically motivated. If the government creates a situation where thousands more Albertans may be left with inadequate income security, who's going to be left holding the bag? It's going to be the taxpayers. I'm a taxpayer.

**7:10**

Working for Alberta Health Services over those 20 years, as it was said earlier, my pension plan was part of my compensation package. That was the deal. When we went to the bargaining table to negotiate a collective agreement, which is something we're still allowed to do in this province, that was always part of the equation. You know, at the back of the employer's mind that was part of our total compensation package that was negotiated, so to have that pulled out from under us is dirty pool.

Many times I was approached during my working life by other employers in the private sector. Before I got into health care, I worked in the oil patch. There were people always whispering to me, "Glen, why are you doing this? There is no money in it. You can make a lot more money. I can set you up. You can start work on Monday." I came very close several times to taking those jobs. The only thing that kept me in that job was my pension plan at the end of the day. That was the determining factor. Otherwise, you would have lost a very experienced 20-year LPN.

You know, I try to be practical. I tried to look at all the facts. There are two sides to every story. I tried to figure out what the government's motivation really was because a lot of the information I was getting – and I have spoken to experts – wasn't jibing with what I was hearing from MLAs from the government, from their TV commercials, which I found unusual, that a government would spend my money advertising their ideas that were supposed to be good, but they had to buy television commercials to advertise that. I found that strange.

You know, in trying to determine what the motivation was, I also went to the Elections Alberta website, and I also noticed there, because I'm politically engaged, that a lot of the banks, actually all the big banks, had made political donations to the

current government in the last provincial election, which made some sense to me when I started to think about that.

I think that these proposed changes not only put the people in these pension plans at risk; they put our communities at risk. When these people start to retire and they have no income security, what happens to these communities? What happens to the economy of these communities? What happens when these people can no longer afford to live in these communities and they have to move out of these communities and property values start to crash? Things like these are things that have not been thought out.

What happens when people start to pull out of the pension plans early? I know we talked about that putting the pension plan at risk. It does put the pension plan at risk. Not only does it put the pension plan at risk, but it also puts the workforce at risk because we are going to lose all our experienced staff, the people that we rely on to be leaders on our worksites and to be mentors to our younger workers. They're going to take the money and run. I don't blame them.

So not only does it put us at risk; it also puts the communities at risk. We know that between 20 and 30 per cent of the people enrolled in these pension plans by January 1, 2016, can pull out. I mean, that's going to create a vacuum not only on contributions but on the workforce. I just think that not only will these proposed changes put communities at risk; I just want you to know as politicians, especially if you're part of the current government, that these proposed changes could put your financial future at risk after the next election. So that's something to keep in mind.

Thank you very much.

**The Chair:** Thank you, Glen.

**Mr. Hehr:** Well, thank you very much for your presentation, and I totally agree with a lot of what you said, in particular that these were negotiated settlements, negotiated pension plans that you entered into. I am just wondering if you could just highlight for us sort of what you contributed in terms of percentage of salary into the pension plan over your various 20 years, the different ranges.

**Mr. Scott:** Well, obviously, it has fluctuated over the years because of, you know, fluctuations in the market. We've had to make up shortfalls. I know that when a new year would come and our pension contributions would increase, yeah, it was a tough pill to swallow, but I think that everybody I've ever spoken to would gladly take on their share of the liability to fund those pension plans than not to have those.

**Mr. Hehr:** Just to follow up, so you understood when you were making those contributions that that was to maintain the current pensioners who were out there, under the guise that you were going to have the same protection when you retire?

**Mr. Scott:** Absolutely. I know that there was some other discussion around, you know, the increased liability because of people living longer. A lot of it is because of baby boomers, too. I don't think that some people realize that the baby boomers are going to peak at one time. In the next 20, 25 years we're going to actually see the elderly population start to go down. Panicking and being short-sighted and rushing to make quick decisions like this is just something that I don't think is healthy.

**The Chair:** Thank you, Mr. Hehr.  
Any other questions? Mr. Barnes.

**Mr. Barnes:** Thank you again, Mr. Chair. Glen, thank you also for your presentation. I think I've heard loud and clear tonight from everybody that, first of all, it's important to get the true numbers and numbers that we all agree are accurate and where exactly the pension is at. I think I heard, secondly, that the right governance model is very, very important.

I also understand, though, that Saskatchewan in 1977, because a promise is a promise, grandfathered everyone that was in the current plan and, going forward, had a new plan for all new hires. Would something like that work in Alberta? Do you have any appetite for something like that?

**Mr. Scott:** I think that kind of plan actually puts the plan at risk. You actually age the pension plan a lot quicker than it should because now you have a top-heavy pension plan that's paying out, and you have people that are coming into it and either are not paying into it or are not paying as much into it. Like I said, it ages the pension plan. It speeds up the aging of the plan and puts it at risk.

**Mr. Barnes:** Okay. Thank you for your answer.

**Mr. Scott:** Thank you.

**The Chair:** Thank you.

Ladies and gentlemen, as I mentioned earlier, we have some time left. If any one of you would like to make a presentation, please take the chair.

Please state your name for the record.

**John Marchi**

**Mr. Marchi:** Good evening. My name is John Marchi. I'm not directly affected by what the government is wanting to do to these pension plans, but I'm a little curious. I'm retired. I've got a lot of time on my hands, and I've been reading a lot and listening to a lot of people about what's going on. The previous presenter was wondering what was really the reason behind all this. I'm kind of surprised that I haven't heard anybody suggest that what's going on here is nothing more than a money grab by the provincial government to help cover up the inefficiencies of that provincial government and the financial mess that they have this province in.

That's it.

**Mr. Hehr:** I wouldn't disagree with you.

**The Chair:** Are you done, sir?

**Mr. Marchi:** Yeah.

**The Chair:** Any questions?

**Mr. Luan:** I wouldn't disagree with you, but I was just wanting to sort of ask you: are you aware, on pensions alone, on this subject, that across all developed nations, countries, across all jurisdictions this design of defined pensions shares one common problem, the sustainability? Are you aware of that?

**Mr. Marchi:** What is the common problem?

**Mr. Luan:** Like I said, I don't want to debate with you. I don't want to argue with your point of view. I was just asking if you are aware of that, because I certainly heard it through those expert presentations for the first three days. It's all here, and you can check it out on your own through the *Hansard*.

The point I see is that the design of defined pensions was based on the early '30s and the '50s, based on the parameters of life expectancy, the financial return, and so on and so forth. That calculation is severely, severely insufficient today. So when your supply and demand shift, somewhere you need to adjust. How do you adjust that? That is where I see there is so much disagreement.

7:20

People are saying: "The rate of return will come back. Don't you worry. It will be balanced." Others are saying: "I don't foresee the same high rate of return as during the '70s and '80s." They're talking about double-digit returns. Even for me it was a great learning experience to know that the pension experts, the actuaries, used the average rate of return on a conservative basis to predict the pension rate of return versus using the stock market, going very high and low all the time.

I asked this question. I said: what's your prediction for the next decade and so on? The answer was that it's going to be in the low percentage points, in that environment. The double-digit time is not what they're foreseeing. This is where I struggle. If you put aside all the sort of political debates and so on and so forth and look at this as a subject, as an issue, perhaps from a science and management point of view, how best can we do this? I have a hard time getting anybody to convince me at this point that doing nothing is responsible.

**Mr. Marchi:** Whoa. That was a question.

Mr. Hehr asked a question earlier about trust. How did you put it?

**Mr. Hehr:** I don't know if it was me, but I'll take credit for it if it was good.

**Mr. Marchi:** I think it was along the lines of: how do we trust the government? Wow. We don't. I mean, look at what they've done with the province. Look at what they've done with the money that comes into this province. And you want us to trust the Minister of Finance? Give me a break.

**The Chair:** Thank you, sir. Thank you.

Anybody else? Please come forward and introduce yourself for the record.

**Jack Coleman**

**Mr. Coleman:** Thank you. My name is Jack Coleman. I'm a former city worker, retired after 33 and a half years with the city. I negotiated contracts as the president of CUPE 46 for 21 years.

First of all, I want to point out, just sitting here listening to what's going on, that I've been through a lot of battles. I've been around the block a number of times and am wearing a few scars. Everybody in here, I realize, is an employee of you guys. They're employees of the province, whether it be through the municipality, through the hospitals, through the provincial workers. They're employees of you guys. So how do they feel when the employer comes down and slaps the whip at them?

Every contract in this province that's with, I believe, the provincial employees, with CUPE, I know, and with the nurses and the general staff of the hospitals has that in the collective agreements. When this was going on, I thought: "How can they do this? How can they go out to the general public on this when we've got this written in our collective agreements?" It's an agreement that is part of the wage, as a person before me alluded to, part of the negotiations, a costing to the membership. It wasn't bucks going into your pocket. It was bucks going in this direction,

just no different than your health, your dental, you know, different kinds of programs they have within, plus your wages. It was in the negotiation.

I'm thinking: how can they do this? How can they exempt some groups? I understand the teachers and the police force. How can they exempt them? To me, that's quite prejudiced. It's just not fair to go and hit the lowest income people in the province – it's basically what you're doing – not the highest ones. I've been around to see a lot of MLAs that left the Alberta Legislature that are making a hundred thousand a year in pension. A hundred thousand a year in pension.

**Mr. Rogers:** None of us will today, sir.

**Mr. Coleman:** Well, I'm just saying that I've seen it, and I can name some names if you want. But so be it. Great for them. They did a good job for the province. They spent a lot of time there. They gave up a life that could probably have paid more to them. That's what I hear all the time, that you've got to treat these people because they could be out in private life making more money.

The point is that I have a son that works for the city, I have a daughter that's a nurse, and I have a wife that's a nurse. She's about ready to retire. This is affecting their lives. They're your employees that you're dealing with here.

We have a plan. The question by the lady – what's your name? Janice, is it? – is asked all the time. This committee you're talking about: we put our trust in the LAPP for years. They're our spokespeople that go to the government and that we thought were negotiating and taking care of our deal. We get messages from them on what's going on currently, what they can say is going on. They can go into meetings and you yourself know that you go into meetings where a lot of stuff is shot across the table. It doesn't mean anything until it's written down and brought back. We relied on the LAPP to deal with our money, to do it in the best interests of our pensions.

That's who we are backing. We have members on there. We have retiree members, as you know, who are on the board. To take their control or their opinions or their experience over the years and just shove them aside – I know guys that have been on that board for years that know all about pensions, have negotiated contracts.

I thank you for your time. These are your employees that you're dealing with.

**The Chair:** Thank you, sir. Thank you.

Anybody else? We'll take one more. Go ahead, please, and state your name for the record.

**Shauna Jobagy**

**Ms Jobagy:** Good evening. My name is Shauna Jobagy. I've been a member with the Alberta government at Alberta Justice for over 33 years. I'm very busy, so to tell you the truth, I haven't had an opportunity to see what's been happening throughout the province, to follow up on any of the live meetings or the transcripts, so there'll be no questions afterwards. I'm also a member of the Alberta Union of Provincial Employees, and I work for the Court of Queen's Bench here in Medicine Hat. I'm very passionate about my job. I love my job. I love serving Albertans and providing access to justice. I'm hoping the leadership and my passion follow through and will be evidence today of my commitment to this province.

When I signed up in 1981, I was 19 years old, and I signed on the dotted line. Today I feel that that dotted line has been broken.

Don't expect me to give an educated answer. I'm just saying from my heart that I don't know what the answer is, but I feel somebody missed the boat. The union is telling us that the government has lots of money. The government is telling us that they're broke. Hopefully, this panel is getting the real figures because we are not. I don't trust the figures I see. Hopefully, you're getting from somebody independent what the actual figures are, and I put my trust in you with those figures.

I feel that we who have been here for a long period of time should not be penalized. If we're in a problem, the new people who are being brought onboard should have a different pension schedule than the rest of us, but it should have been identified when there was a problem, 10 years ago. I feel that we're not proactive; we're being reactive.

In my 33 years we have made many sacrifices already for this government: hiring freezes, wage freezes, no overtime, a 5 per cent cutback. I work off the side of my desk to keep this government going. I love my job. I lay in bed at night and do work in preparation for my meetings and projects the next day because I'm passionate and believe in serving the government. Now it's time for them to believe in us.

That's all I have to say. Thank you.

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

7:30

**Mr. Rogers:** Thank you, ma'am. No, please don't run away. I think that I'd like to respond – I don't know that I necessarily have a question for you – to the gentleman before you and to yourself and the fact that he referenced that most of the people here are public servants in some fashion, be they provincial, municipal, the health services, or what have you. I agree with that. We are in this together, and despite all the rhetoric that's been spoken here tonight, be it from this side to you and vice versa, the bottom line is that reasonable people work together to find solutions for the greater good and for the good of your program, your pension, your retirement. That's what this is all about, that's why you're all here tonight, and that's why you've been so passionate, and power to you.

So I will not leave here tonight accepting that this is a part of a group that's been out to – I could use some other words, but I won't – sock it to you, so to speak. I believe that we can work together, and that's why we've travelled around the province. We have another stop tomorrow night in Red Deer. We are listening to you, and we will take back what we have heard to the Legislature, and I am expecting that we as your representatives, the people that serve you as you serve us, will work to find something that's going to be reasonable.

Ladies and gentlemen, let's be realistic. We are not going to solve this in a fashion that's going to please everyone, be it us or

the other taxpayers that come at us for a whole bunch of other reasons. I think we can be reasonable, and that's what I'm going to take away from this meeting. We are not trying to do something to you. We firmly believe, those of us around this table, that if we're going to do something, it's going to be something for the better.

I'm going to leave you with that commitment as one member of this committee, and I believe that goes for all my colleagues as well.

Thank you.

**Ms Jobagy:** Thank you.

**The Chair:** Well, thank you.

Thank you very, very much, ladies and gentlemen. It has been a great meeting, great thoughts, and great presentations.

I would like to take this opportunity to thank all committee members who came here tonight and in particular our committee clerk – as I always say, she's the backbone of this committee – our security staff, and *Hansard* staff. They're not behind the scene; they're beside the scene. What is really sitting behind the scene is my assistant, Zack. Where are you Zack? Come on, let me see you. I can't see you. Stand up, Zack. It has been such a long day for them, and they still have to travel to Red Deer, I think, tonight. Good luck on your travel.

To you, ladies and gentlemen, thank you very, very much for being here and for hosting us here in the great city of Medicine Hat. I know that you have been sitting here for the last two or two and a half hours. I know that you have been sitting here for a reason, and that reason is what we call pension. Pension is a very important issue. It's an emotional issue. It's something that we all cherish. It's something that we all look forward to to help us during our golden years.

The purpose of this committee is to listen to you, and I'll tell you on behalf of all of this committee that we have heard you. We have heard what you've said. This is an all-party committee, and as I said earlier, again, we did not come here with any predetermined ideas or outcome. Our report will reflect exactly what we've heard from each and every one of you, what we have heard during the three full days of professionals, experts, and stakeholders and also during the six public hearings. We have one more to conclude. That's tomorrow in Red Deer.

I want to thank you all from the bottom of my heart for being here, and I would also like to thank the local MLAs who came and joined us tonight here, Drew Barnes and Blake Pedersen. Thank you, gentlemen.

That will conclude our public hearing for tonight. Thank you, all, and have a safe drive home. Thank you.

[The committee adjourned at 7:35 p.m.]





