



Legislative Assembly of Alberta

The 30th Legislature
Second Session

Standing Committee
on
Private Bills and Private Members' Public Bills

Bill 203, Pension Protection Act
Stakeholder Presentations

Monday, July 6, 2020
8:30 a.m.

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**Legislative Assembly of Alberta
The 30th Legislature
Second Session**

Standing Committee on Private Bills and Private Members' Public Bills

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Standing Committee on Private Bills and Private Members' Public Bills

Participants

Greg Meeker	PB-168
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8:30 a.m.

Monday, July 6, 2020

[Mr. Ellis in the chair]

The Chair: Good morning, everyone. I'd like to call this meeting of the Standing Committee on Private Bills and Private Members' Public Bills to order and welcome everyone in attendance.

My name is Mike Ellis, and I'm the MLA for Calgary-West and chair of the committee. Before we begin, I would just note that in accordance with the recommendations from Dr. Deena Hinshaw regarding physical distancing, attendees at today's meeting are advised to leave the appropriate distance between themselves and other meeting participants. I'd ask that members and those joining the committee at the table introduce themselves for the record. We will begin to my right.

Mr. Schow: Joseph Schow, Cardston-Siksika.

Mr. Jeremy Nixon: Jeremy Nixon, Calgary-Klein.

Ms Glasgo: Michaela Glasgo, Brooks-Medicine Hat.

Mr. Sigurdson: R.J. Sigurdson, Highwood.

Mr. Jones: Matt Jones, Calgary-South East.

Mr. Stephan: Jason Stephan, Red Deer-South.

Ms Gray: Good morning. Christina Gray, MLA for Edmonton-Mill Woods.

Ms Phillips: Good morning. Shannon Phillips, MLA for Lethbridge-West.

Member Irwin: Good morning. Janis Irwin, Edmonton-Highlands-Norwood.

Ms Pancholi: Good morning. Rakhi Pancholi, Edmonton-Whitemud.

Mr. Nielsen: Good morning, everyone. Chris Nielsen, MLA for Edmonton-Decore.

Mr. Koenig: Good morning. I'm Trafton Koenig with the Parliamentary Counsel office.

Dr. Massolin: Good morning. Philip Massolin, clerk of committees and research services.

Mr. Kulicki: Good morning. Michael Kulicki, committee clerk.

The Chair: All right. For the record I'll note the following substitutions: Matt Jones for Mr. Nathan Neudorf, Ms Shannon Phillips for Ms Lori Sigurdson, and Mr. Jason Stephan for Mr. Nate Horner.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard*. Please set your cellphones and other devices to silent for the duration of the meeting. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and video stream and transcripts of the meetings can be accessed via the Legislative Assembly website.

Next we'll move to item 2. That's the approval of the agenda. Are there any changes or additions to the draft agenda? If not, would someone like to make a motion to approve the agenda?

Mr. Nielsen, go ahead, sir.

Mr. Nielsen: Just a quick clarification with regard to the public submissions that we received. I believe it was, you know, 3,400-ish. I'm not too sure where in our agenda that might be but a discussion around possibly disclosing that list. I know that wasn't something that we've possibly done in the past, but I'll leave it maybe to . . .

The Chair: Maybe we'll ask the clerk to address that.

Mr. Nielsen: . . . the clerk as to where that could be addressed.

Mr. Kulicki: Sure, Mr. Nielsen. I think that item can be brought up under other business.

Mr. Nielsen: Okay. Thank you.

The Chair: Okay. So there'll be a slight amendment to discuss in other business regarding submissions.

Mr. Nielsen: Public submissions.

The Chair: Public submissions.

Any further discussion on that? Okay.

Mr. Nielsen, could I ask you to move this?

Mr. Nielsen: I'd be happy to do that, Mr. Chair.

The Chair: Right. Mr. Nielsen will move that the agenda for the July 6, 2020, meeting of the Standing Committee on Private Bills and Private Members' Public Bills be adopted as amended. All those in favour, say aye. Any opposed? Hearing none, that motion is carried.

All right. Next we'll go to the approval of the minutes. Next we have the draft minutes to review from our meeting on June 23. Are there any errors or omissions to note? If not, would a member like to make a motion to approve the minutes of the June 23 meeting?

Mr. Sigurdson: So moved.

The Chair: Okay. Mr. Sigurdson will move that the minutes of the June 23, 2020, meeting of the Standing Committee on Private Bills and Private Members' Public Bills be approved as distributed. All those in favour, say aye. Any opposed? That motion is carried.

All right. Next we'll move to item 4. That's the review of Bill 203, the Pension Protection Act. We'll talk about stakeholders' presentations. Hon. members, at our last meeting on June 23 the committee agreed to invite stakeholders to provide oral presentations on Bill 203, Pension Protection Act, and to accept written submissions with respect to this bill. The caucuses were requested to submit their list of stakeholders to me by noon last Wednesday. For the record the opposition caucus requested to hear from Mr. Greg Meeker, Mr. Gil McGowan, and Mr. Justin Huseby while the government caucus requested to hear from Mr. Paul Haggis, Mr. Mac Van Wielingen, and Ms Athana Mentzelopoulos. We will be hearing from our stakeholders shortly, but I will note for the record that Mr. Haggis stated that he would be unable to participate in today's meeting and certainly sends his regrets.

Before we hear from our stakeholders, I will also mention for the record that the committee received a very large number of written submissions as part of this review. By Thursday at 4:30 p.m. the committee had received over 3,400 written submissions, which were made available on the committee's internal website. As chair I wish to thank everyone who took the time to provide their feedback with respect to this bill.

Turning now to the stakeholder presentations, the committee has no fixed process with respect to the order in which the committee hears from stakeholders. A list was posted to the committee's

internal website, so I wonder whether members would find this order acceptable or whether members would like to propose any changes to the order. Hearing nobody looking for changes, I'll take it that the order was acceptable. Okay.

Next we'll go to Mr. Meeker. Would you mind coming to the podium, sir?

Mr. Meeker: Good morning.

The Chair: Mr. Meeker, thank you very much for being here.

Mr. Meeker: My pleasure.

The Chair: Yeah. Thank you. You will have five minutes, and then we'll have some deliberations amongst the members to ask you questions afterwards. At this time, sir, you have five minutes. The floor is yours. Thank you.

Greg Meeker

Mr. Meeker: Thank you. Good morning, and thank you for the invitation to address the committee with respect to Bill 203, the Pension Protection Act. My name is Greg Meeker. I'm a physics teacher by training. Over the course of my career I've taught in a private school, Roman Catholic schools, and for the last 23 years with Edmonton public schools, where I'm currently principal of Coronation. The one constant at all the school jurisdictions has been the healthy contributions to my future ATRF pension that have been deducted from my paycheques. What brings me here today is my 12 years on the Alberta teachers' retirement fund board, 10 of those years as board chair. In that role I became well versed on the investment performance and plan design of ATRF and indeed the internationally recognized Canadian pension model.

I have three general themes today. First, Bill 203 is necessary to reverse some of the disastrous and dangerous provisions of Bill 22. Bill 203 is required to ensure that pension plan sponsors and members are consulted about significant decisions related to their plans. In the case of ATRF, the plan has been jointly sponsored since 1939, with the government of Alberta as one sponsor and the Alberta Teachers' Association as the other. The government of Alberta makes about 49 per cent of contributions to the plan, and teachers contribute the other 51 per cent. I wouldn't have thought that you'd need to make a law forcing consultation with the joint partner of 80 years, yet here we sit today.

From the government of Alberta's perspective, one of the benefits of joint governance is that, as has been enshrined in law since 1992, any funding deficiencies are paid off by both parties over a legislated time frame. That's why the plan is referred to as risk shared. It's been driving me crazy the number of people who should know better saying that the government of Alberta guarantees the benefits under this plan. That's not the case. The benefits are guaranteed by the assets of the plan, and they're held in trust. LAPP, SFPP, and PSPP have only recently achieved joint governance status. As true fiduciaries these plan boards are obligated to act in the best interests of the plan members, and they were not consulted either.

The government of Alberta passed Bill 22 with little debate. That made major changes to ATRF. Specifically, it would require the fund to exclusively use AIMCo as the fund's investment manager.

The second area that I'd like to review is cost versus return for investment managers. The pension portion of Bill 22 was put forward based on saving money by reducing duplication and by only having one investment manager. Bill 203 is required so that detailed costs-and-returns studies can be done. As you heard in your last committee meeting, these detailed studies were not done prior

to enacting Bill 22. As I've said so many times and was acknowledged in your last meeting, this work can't be done by grabbing an annual report and pulling out last year's return and comparing. An industry standard method does exist for this kind of comparison. This is important because even if the purported 25 basis cost savings could be achieved – they can't – a lower return by 25 basis points or more would wipe out all savings and start costing the plan money. As an aside, a better estimate of potential savings would be around six basis points.

Often BCIMC, IMCO in Ontario, and Vestcor in New Brunswick are touted as an example of bigger is better for pension investment organizations and that the size will drive lower costs, but rarely is it mentioned that all the component plans, including B.C. teachers, appoint board members and are free to leave their organizations at any time, nor that academic research indicates the ideal fund size seems to be between \$5 billion and \$90 billion.

8:40

My final area relates to fiduciary duty. The boards of jointly sponsored plans have the highest level of duty placed upon them as trustees. They've been given immense responsibility, and their authority has been removed.

The ATRF has conducted a detailed study using the investment policy and asset class weightings from the ATRF and the returns from AIMCo asset classes over the last seven years. This is a method of computing a risk-adjusted rate of return. The result is that ATRF, had it been invested in AIMCo for the last seven years, would be worth \$1.3 billion less today.

Since AIMCo came into being, the ATRF has always been able to use AIMCo as an investment manager but never has. As a result, the ATRF board has taken the position that the provisions of Bill 22 are not in the best interests of the plan. See the ATRF website if you would like more details.

Thank you. I welcome your questions.

The Chair: All right. Well, Mr. Meeker, thank you very much for that presentation.

We are now going to go to questions. We will have 15 minutes for questions from all of our guests. As this is a guest who has been provided by the opposition, we will start with the government members. When we have a guest, of course, from the government members, we will start with the opposition. Who on the government member side has a question? Mr. Stephan.

I'd ask all members, before we start the clock, if we could keep our questions relatively short, with a very quick follow-up. That way, all of our members will have a chance to ask our guest questions.

Okay. Mr. Stephan, go ahead, please.

Mr. Stephan: Thank you, and thank you for coming and taking time out of your schedule to make that presentation. You had mentioned you had been with the ATRF, on the board, for how long?

Mr. Meeker: It was 12 years.

Mr. Stephan: Right. So that would have been around 2008 that you became a member of the board?

Mr. Meeker: That's correct.

Mr. Stephan: Okay. Do you recall what happened the year before you joined?

Mr. Meeker: Absolutely.

Mr. Stephan: Okay. My understanding is – and correct me if I'm wrong – that the Alberta government and taxpayers assumed about \$2.2 billion of unfunded liability for the pension plan. Is that correct?

Mr. Meeker: That is.

Mr. Stephan: Right. So in terms of your assessment that taxpayers have paid only 49 per cent and teachers have paid 51 per cent, if you take into account the \$2.2 billion assumed by taxpayers, is it fair to say that taxpayers have actually paid for more than 50 per cent of the assets of the fund?

Mr. Meeker: Well, there are two things that are important here. First of all, what I'm talking about here is the post-1992 fund. In 1992 this fund was split due to an unfunded liability and due to the fact the government of Alberta, since 1957, had not funded contributions to the plan. So for well over 30 years the government funded benefits and not contributions. That's unfortunate, and it led to the situation we got to in 1992. In 1992 the plans were separated.

To be clear, our investment return in the post-1992 plan refers in no way, does not affect in any way the pre-1992 unfunded liability. We would have to do a more detailed analysis if you're going to conclude that's more than 50 per cent because, like I say, from 1957 until 1992 the contributions weren't made in the government's portion. Instead, they funded benefits, which did not allow the plan to benefit from investment earnings. When we pay a dollar out to a retiree, 75 cents out of that dollar comes from investment earnings, and 25 cents out of that dollar comes from the contributions. Again, roughly half and half.

Mr. Stephan: Do I have one more follow-up?

The Chair: Very brief.

Mr. Stephan: One of the reasons why this change was made is that it climbs a scale. It would save taxpayers and teachers, which share the cost, around \$40 million a year. That's based on the savings, based on the .25 per cent basis point saving. You said that that could not be accomplished. On what basis would you make that assertion?

Mr. Meeker: Well, to start, no detailed study was done of the cost of ATRF or AIMCo. The first part of that assertion is: AIMCo asserts that they can save 25 basis points, when in fact the real cost, by taking our investment costs and subtracting from AIMCo's overall – that number is really 15 basis points, not 25, right? So there's that assertion.

The ongoing costs – the ongoing cost structure of ATRF when I left it, like going ahead years in advance, would be six basis points over LAPP. That would give you a more reasonable basis to suggest the ongoing cost savings would be about six basis points, being strictly related to the differences in the organizations.

The Chair: Okay. Thank you.

We'll go to the Official Opposition. Ms Gray.

Ms Gray: Thank you very much, and thank you, Mr. Meeker, for your presentation. Are you familiar with any other situations across Canada where similar amalgamations or poolings have been done and how that process might be similar or different?

Mr. Meeker: Yeah, I am, as a matter of fact. In fact, Treasury Board and Finance, as part of the business plan, sent me facilitated pool asset management from October 2012, which is the preliminary study that was done before amalgamating some plans in Ontario. The interesting thing about the Ontario situation – again,

they have some plans that are all subbillion dollars. Again, to put this in the right framework, ATRF is about \$20 billion, and AIMCo is about \$120 billion by comparison. They were amalgamating some smaller plans, and what they did is that they hired a pension expert, Bill Morneau, to go and do a study. You might know him. He went around to all the sponsoring organizations and all the different funds and worked with them on their needs, hopes, and aspirations, and out of that, they were able to form the investment management organization of Ontario.

It's interesting to note that on page 10 of this report, that I would say was provided to me by Treasury Board and Finance, he makes it clear that there are also diseconomies of scale in the investment industry. While we generally say that with economies of scale, the investment industry absolutely benefits from them, to quote from Mr. Morneau, he says: "My research suggests the threshold to achieve economies of scale ranges from . . . \$5 billion to \$90 billion in assets under management, depending on the sample. The positive economies of scale associated . . ." and then he goes on to list some of the advantages. That means that what he was doing in Ontario, setting up subbillion-dollar plans to be greater than a billion dollars, would have absolutely guaranteed economies of scale and that once you get into the \$5 billion to \$90 billion range, you're in the sweet spot in terms of the industry.

Ms Gray: Thank you for that.

If I understood you correctly, in developing that report in Ontario, there would have been extensive consultations. He toured around and talked to people, produced a report. As my follow-up: are you aware of who the author was of the business case that the government of Alberta used?

Mr. Meeker: AIMCo was.

Ms Gray: And is there . . .

Mr. Meeker: Massive conflict of interest. Yes. Yeah, absolutely. At the end of the day, in the investment industry executives are paid by – their pay is norm to assets under management. It only make sense that if you have a \$400 billion CPPIB fund, you would pay the chief executive officer more than you would for a billion-dollar fund. By bringing more assets into house, the executive team stands to gain, which is, again, one of the reasons you want to have either a consultant or somebody like the Auditor General, who is familiar with both organizations, do some sort of business case or some sort of analysis.

The Chair: Okay. Thank you.

Mr. Schow: Thank you, Mr. Meeker. Welcome to the committee. I appreciate you taking a moment with us today. You'd mentioned earlier in your remarks that you were a private and Catholic school principal and that now you're in the public system. That's correct?

Mr. Meeker: That is correct.

Mr. Schow: You worked with students and parents. How would you characterize your experience working with them?

Mr. Meeker: Oh, fantastic.

Mr. Schow: So would it be fair to say, then, that you wouldn't characterize them as antigay, antiscience, anti-in-the-lake-of-fire folks who are religious nutbars, like Gil McGowan has done?

Mr. Nielsen: Point of order, Mr. Chair.

The Chair: All right. I appreciate the point of order. I'm going to ask the member to ask questions as they relate to this bill. This is not a committee where we will be attacking anyone here. I'm just going to ask that the member withdraw his comments and that he proceed with asking Mr. Meeker questions. Thank you.

Mr. Schow: Mr. Meeker, you do not have to answer that. I believe the question wasn't mine, Mr. Chair.

The Chair: Should we debate? You want to debate? Okay. The clock is stopped.

Mr. Schow: I will withdraw that question.

The Chair: Okay. Go ahead. You have another question?

Mr. Schow: No. I'm good.

The Chair: Okay. Now we'll head over to the opposition. No other questions from the opposition?

8:50

Ms Phillips: Sure. Yeah.

The Chair: All right. Yeah.

Ms Phillips: I thank you, Mr. Chair.

Mr. Meeker, I also read the report by our current federal Minister of Finance, before a pension expert, and his advice to the government of Ontario on amalgamation of a number of small plans. One of the things that he talks about is his conclusions being based on consultations with over a hundred individuals and stakeholders. Did any of this happen in the context of the conclusions that were drawn by AIMCo in their business case that was prepared for Treasury Board and Finance?

Mr. Meeker: Nope.

Ms Phillips: Mr. Morneau's report talks about putting labour representatives, the working people that have the interest in those smaller plans, on the new board of governance, whatever the convening authority would be for all of the small plans to come together. Has the government of Alberta, Treasury Board and Finance, or AIMCo ever opened up conversations with the ATRF or plan participants on participation on the board of AIMCo as a result of Bill 22?

Mr. Meeker: Not to my knowledge, and this is an important point because, again, if you're going to hold up BCIMC as an example of a successful aggregator of assets – right? – and they are absolutely a successful aggregator. But each of the individual plans appoints members to the board of BCIMC, and none of the individual plans that invest through BCIMC are legislated to use them. With an appropriate notice period, each one of those plans is free to leave BCIMC and set up their own investment manager or leave BCIMC and use other investment managers.

Ms Phillips: Just one more follow-up on the Morneau report. It does talk as well about implementation costs being borne by government. Has the government of Alberta, AIMCo, or Treasury Board and Finance ever communicated with ATRF or any of its members about those implementation costs?

Mr. Meeker: Again, not to my knowledge at all. I was off the board on September 15, last September 15, so some conversation may have gone on. It's not immaterial; it's material in all respects. This isn't like moving a bank account that has \$18 billion over from the

CIBC to the BMO. It is complicated, entangled invested assets with lots of legal complications around them that have to be transferred, never mind front-office and back-office staff. Most people can't imagine a number as large as \$18 billion or \$20 billion. It's complicated, and there will be substantial transition costs involved.

The Chair: Thank you.

We'll now go to the government members. Do we have somebody? Mr. Jones.

Mr. Jones: Can you tell me what defined benefit means to you?

Mr. Meeker: Sure. Defined benefit means that the benefit is enshrined, is part of the plan. It's written in the plan rules among the agreement between the plan sponsors.

Mr. Jones: Have those benefits changed as a result of Bill 22?

Mr. Meeker: No, and that's an important point, and . . .

Mr. Jones: Thank you. Have the contributions changed as a result of Bill 22? [interjection] Well, he answered the question.

Mr. Meeker: Bill 22 is not in force. The assets haven't been transferred. In fact, contributions for teachers next year and the government of Alberta are going down in September, but that's got nothing to do with Bill 22. That has to do with the hard work that's been done by the Alberta teachers' retirement fund over the last seven to 10 years. In fact, this is going to be the third contribution rate reduction since 2016 for the plan.

The Chair: All right, Mr. Jones.

Mr. Jones: Bill 22 required competency-based board appointments; Bill 203 removes that requirement. Can you explain why you don't feel that board members for multibillion-dollar pensions should be competency based?

Mr. Meeker: Well, I think it's possible to have a wider spectrum of people. For instance, I would suggest that how you get movement on executive costs in an organization – right? – would be to have people who end up footing the bill, making contributions, represented on the board. That's only one area, and I think there are lots of other areas as well. I don't think I would have been your traditional choice to be on a board either, yet it worked out. There are people who have a skill set that is appropriate for boards.

Ms Gray: Just a quick time check if you don't mind, Mr. Chair.

The Chair: Two minutes and 40 seconds.

Ms Gray: Two minutes. Okay.

I understand there are two basic pension plan models in Canada, and my question is: would you be able to quickly describe those two models?

Mr. Meeker: Well, certainly. The model that ATRF has been modelled after, which is represented by Ontario Teachers' Pension Plan and would also include OMERS and would also include HOOPP – and these are plans where you have a defined group of employees that contribute to a plan, and both the benefit administration and the investment activities are taken care of underneath that plan. Again, that's where Ontario Teachers', arguably the most successful teachers' plan in Canada, is what Alberta teachers' was modelled after.

There is another model, and it includes IMCO, BCIMC, and Vestcor New Brunswick, where there would be a group of plans

that get together and invest their money under an umbrella. But, again, the devil is in the details with pensions because all of those organizations put members on the investment arm board, and all of them are free to leave those investment arms with some period of notice.

Ms Gray: So what's happening in Alberta would not be considered the norm in Canada or best practice.

You mentioned earlier, around economies of scale and the Ontario report – and just to tie that loop closed, ATRF, \$20 billion; AIMCo, \$120 billion. So those automatic economies of scale and savings would not apply in this situation.

In my final question to you I just wonder: when you were chair of ATRF for 10 years, why did you never choose to use AIMCo as an investment manager?

Mr. Meeker: Yeah. We were free to use AIMCo, and there were a bunch of reasons we didn't through the years. The first is that we need to be a pension manager, not an investment manager. Investment managers, again: sometimes people on the outside would think that they're the exact same thing. They're not. With a pension manager, you're trying to tailor your liabilities to your assets or, in reverse, tailor your assets to your liabilities, because a pension plan involves long-term liabilities that stretch far into the future.

But I would also say that we also had trouble getting references. Any investment manager that we go to has to have strong, solid references, and when we phoned around to other pension plans that were using AIMCo as an investor, we never got a solid reference.

The Chair: Thank you, Mr. Meeker. Thank you very much for your presentation, and thank you to all the members who participated in asking questions of our guest.

We will now move on. Via Skype we have Mr. Mac Van Wielingen. Sir, can you hear the committee?

Mr. Van Wielingen: Yes. Can you hear me?

The Chair: Yes, we can hear you. Okay. Sir, you will have five minutes – we have the clock starting here – to give your presentation, and then we will go into 15 minutes' worth of questions, starting from the Official Opposition. Sir, at this time the floor is yours. Thank you very much for being here.

Mac Van Wielingen

Mr. Van Wielingen: Okay. Well, thank you very much, and it's a real pleasure for me to be here with all of you. I want to be very open and candid, and I want to say by way of introduction that much of the controversy relating to recent pension fund governance issues in Alberta, in my opinion, is misguided and that we're missing the big picture. We're potentially getting dangerously off track relative to the long-term interests of pension plan members and Alberta taxpayers and the interests of all Albertans.

The first specific issue that I wish to speak to is around director competencies, the competency requirements implemented in Bill 22 and which Bill 203 is proposing to revoke. Now, I've been dealing with that issue of director competencies. I dealt with it extensively when I was the chair of AIMCo, and I've been dealing with it extensively on other corporate boards. The essence of the issue is in seeing the need for competency as a function of decision-making authorities. Modern governance is embracing this understanding. When there are decision-making authorities at the board level that are material to the fundamentals and the performance of the entity, then there is a need for related

competencies. The Alberta plan boards have specific authority, the directors have authority for what is the most fundamental driver of performance outcomes. That is approval of asset allocations, the asset mix that reflects the unique liability and risk fundamentals of each plan. Asset allocation, or asset mix strategy, accounts for up to 90 per cent of a portfolio's returns over time. Asset allocation is the most important decision in investment process.

9:00

Alberta pension boards have authority over asset allocation. All directors of these boards, in my opinion, whatever the nominating and approval process might be, should have a high level of competency relating to the theory and practice of portfolio management and asset allocation; otherwise, suboptimal decisions may be made. All stakeholders, I believe, of Alberta pension funds and of AIMCo should be embracing a commitment to director competency qualifications. This is such an important issue that I believe there must be an accountability mechanism to ensure that director qualifications are in place.

At the front end of the investment process the largest driver of long-term investment performance is asset allocation, or asset mix, in the implementation of the asset mix strategy. This is where AIMCo lives and breathes. The largest value creators there are from different sources. It's efficiency and diversification. Ideally, in the investment process you want to be structured to capture the full benefits of intelligent asset allocation policy and efficiency and diversification in the investment implementation phase. Both these fundamentals are only fully optimized through scale, and the importance of extracting the benefits of efficiency and diversification can be appreciated when you look at the narrowness of the dispersion of returns among funds over long periods of time.

Let me give a specific example. Based on the most recent CEM data for a Canadian universe of 77 funds, the 75th percentile performer at the top of the second quartile generated a return of 8.1 per cent over five years. This compared to an average return for the group – an average return – of 7.4 per cent. The difference between being average and first quartile was 70 basis points. To move toward superior performance – sustained, long-term, superior performance relative to average – is a gain of tens of basis points. That's a profound understanding. The long-term outcomes of performance occur within a very narrow band. Long-term, successful, high-performance pension management requires capturing the incremental benefits of efficiency and diversification, which are the advantages of scale.

Canada is a world leader in capturing the advantages of large funds within the public sector. Canadian pension plans are the envy of the world.

The Chair: Okay. Sir, I'm going to have to stop you right there. Thank you very much for that presentation.

We're now going to move into 15 minutes' worth of questions from the members. We're going to start with the Official Opposition, and we will start with Member Gray. Again, we'll try to keep the questions short so that many members can ask questions. Okay.

Ms Gray: Thank you very much to our presenter. You touched on a number of very important things, so I think I'll just quickly touch on, first: it's my understanding that one of the pension best practices in the Canadian system is to have plan representatives on the board of directors of the pension investment manager. This would be the case with BCIMC, CPP, and others. AIMCo does not have representatives from LAPP, as an example, its largest asset. That

seems to be against the Canadian best practices. Would you be able to speak to that?

Mr. Van Wielingen: Yeah. I don't think that it is Canadian best practice. I think the best practice, theoretically and fundamentally, is a group of directors who are absolutely independent from any vested interests. AIMCo does not have any government representatives on its board of directors. It does not have, as you point out, any of the plan representatives on the board of directors. And the concept of AIMCo and the board of directors of AIMCo was to create an absolutely pure, independent, super high quality, focused, competent board of directors who had deep knowledge of governance.

Ms Gray: Thank you very much.

You also touched in your remarks about the importance of asset allocations. My understanding is that for AIMCo clients, the asset allocations, yes, are set, the asset mix, but the clients, the pension plans, don't have good line-of-sight visibility on exactly what those investments are. Just as a comparison, ATRF attends the annual general meetings for teachers and talks about what they are invested in, what bonds, as an example, but with AIMCo as their investment manager, the level of detail that teachers are currently used to seeing would not be available because AIMCo does not disclose that level of detail. Is that correct?

Mr. Van Wielingen: Well, you know, firstly, I just want to say that ATRF will continue to control asset allocation, which is the largest driver of returns, and to the extent that ATRF is generating superior returns, they can maintain that through their asset mix. The actual portion of returns from the investment implementation side is relatively small. In fact, it's quite extraordinary, because there's so much drama, so much arm-waving about it, and it's relatively small. In fact, the most recent number that I've looked at for AIMCo was, in fact, that it was about 10 per cent relative to total returns, total returns about 8 per cent over the last five years, and AIMCo's value-add was 80 basis points over that time frame. That's prior to 2019. ATRF continues to control that.

I think what you're talking about is an issue of communication; it's not an issue of fundamentals and long-term performance. I appreciate the point that you're making, but I think it's an issue of communication.

The Chair: Thank you, sir.

We'll next go to the government members. Mr. Sigurdson, go ahead.

Mr. Sigurdson: Yeah. First of all, thank you for your presentation. I want to touch on a little bit of what you were speaking to there. There is a lot of misinformation that has been passed around. I've heard back from a lot of teachers that they believe that they are losing complete control of their pensions. I'm hoping, like, when you're talking about it, you're talking about asset mix being the key for the pension plan. Can you just build a little bit or comment a little bit more on what ATRF's role would be moving forward? Can you comment if they're going to have full strategic control of this fund? They're going to have the opportunity to invest in any way they see fit through AIMCo. Is that true?

Mr. Van Wielingen: Yes, it is true. I mean, they'll be able to – the planned board will establish its own guidelines as to what the asset mix is, what the proportion of equities are, the corporate credit, fixed income, and then subgroups within each of those major asset categories, including private equity, private markets, infrastructure, global versus domestic. I mean, all of that will remain, in my

understanding, in control of the planned board. Nothing has been taken away. The control is there.

Even with respect to the directors, they're still nominating and appointing their own directors; the government is simply asking to demonstrate qualifications. I mean, what's being taken away is the ATRF's intentions and their hard work and their great work to build investment capacity, their own investment capacity, but that is the issue, though. Because to the extent that pension funds individually are building their own investment capacities, you're going to have duplication, and there's an enormous body of research on this globally, not just in Canada, that that duplication extracts costs and it works against efficiencies, and not just cost efficiencies, actually, the first location optimization. Unless you're larger – and my own view is that it's at least \$50 billion and probably \$100 billion, and I know pension investment managers who will say that it's much more than \$100 billion – you can't access markets that would offer you more diversification and a higher return potential, private markets and international markets.

The Chair: Mr. Van Wielingen, thank you very much.

Mr. Sigurdson, very brief.

9:10

Mr. Sigurdson: Yeah. If you can briefly speak just to the fact that – they've talked about the strength of the fund right now, but strategically, if they continue down that road, they're going to have the availability to do that through AIMCo the same as they have been?

Mr. Van Wielingen: Well, I think in substance, yes. In substance, in terms of what's really material, yes.

The Chair: Okay. Thank you.

Member Gray, go ahead.

Ms Gray: Thank you. Just to close the thought on our last set of questions around asset mix, you mentioned that it was a communications issue that AIMCo does not disclose the details of its investments, and I would suggest that it is more than a communications issue. It's less information that the pension plans will have. My question to you, sir, is that we heard from a previous presenter that ATRF had considered using AIMCo and chosen not to. Do you think that AIMCo is unable to compete against its peers and needs clients legislatively locked in to survive?

Mr. Van Wielingen: No. No, I don't. I'm a bit shocked by the view, quite frankly. When you look at all the independent surveys over many years of AIMCo's performance, AIMCo is consistently top ranked on returns, on risk, and cost. They're a consistent top-quartile performer.

The Chair: Member Gray, a follow-up?

Ms Gray: Thank you. Then my follow-up would be: if that is the case and if the savings are so obvious, why would the government not have prepared a detailed business case, presented that case, sold Albertans on the obvious savings that you are talking about versus having surprised them with no consultation and locked these pensions into using AIMCo going forward in a legislative manner if AIMCo and the government are so confident that the cost savings are apparent, which, I would also mention, do not play out in the apples-to-apples comparison that has been done by the ATRF?

Mr. Van Wielingen: Yeah. I really feel I can't offer an explanation for the government's method of negotiating this and of introducing this legislation and the, arguably unfortunate, lack of consultation.

I feel like I can't offer an explanation, but what I would say is that I would expect they felt so confident. Their confidence was the same confidence I have and that I'm expressing to you here, that all the research, all the global trends, global pension fund managers, experts, appreciate that scale offers the opportunity for both cost efficiencies and expanded diversification, which is of long-term benefit to plan members.

Ms Glasgo: Thank you for your presentation, Mr. Van Wielingen. My question is surrounding accountability mechanisms. You were talking about these being optimized by scale. You talked about long-term superior performance and how that plays into things with competency. Would you agree that removing the competency requirement, as legislated with Bill 22, would have a negative effect on the fund going forward or that there would be an advantage to having competency requirements for accountability's sake?

Mr. Van Wielingen: Well, I think that there are extraordinary advantages to maintaining director competency requirements. I feel it's essential, and they do make a real difference. You know, in AIMCo's work, for example, AIMCo directors are being asked to approve transactions, when I was there as chair, in excess of \$350 million all over the world. To be able to opine on that and make those decisions requires that you have real in-depth project due diligence experience, and it's a very, very specialized experience set. Similarly, there are a lot of nuances and complexities involved in asset allocation. It's very important to at least be deeply conversant, if not an expert, with respect to the fundamentals relating to asset allocation.

The Chair: Okay. Member Glasgo.

Ms Glasgo: Yeah. Thank you, Mr. Chair. Certainly, I agree with you. I don't know how I would, from my own perspective, be able to make those decisions, so I definitely appreciate the work that people from AIMCo do and those who have more knowledge than me. Would you say, Mr. Van Wielingen, that there has been a considerable amount of fearmongering around this topic, and what would you say as to why that has happened?

Mr. Van Wielingen: Well, you know, I did say that the way the controversy has surfaced is – and I'm on record saying that I think it is – in a sense, unnecessary. It's really somewhat hard to understand. I struggle with it, and I do think we're missing the big picture. It's somewhat tragic, actually, that we're having these conversations and there's a level of toxicity around it all, tragic in terms of building a world-class investment manager in Alberta, in Edmonton. People said that we couldn't do it, over and over, and it's there, it's been there, it is here now, and it can prevail long term and make a huge contribution to our pension funds. Yeah. Fearmongering? I don't know. I feel like I don't want to step into that, but there's an unnecessary level of controversy, and it certainly appears to have been elevated beyond what I would judge as being necessary.

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

We'll go to the Official Opposition. Member Phillips, go ahead.

Ms Phillips: Thank you, Mr. Van Wielingen, for your public service and your contributions to our province. I just want to ask you a couple of questions. Just going back on what you indicated about sort of a lamentable level of consultation leading to the place that we are in right now, in your view would some of this have been avoided by a longer period of consultation with ATRF and its

members, and could some of this be now avoided by a commitment to putting an ATRF member on the board of AIMCo?

Mr. Van Wielingen: You know, in terms of the consultation piece, the government had to assess that, and they have their own perspectives. They had their own information and their own reasons for making their decisions. On the surface of it I can understand why it was really difficult for teachers, but I don't really understand the details behind it.

Regarding the idea of having a director on the board, it flies in the face of AIMCo's own governance, and I certainly am not going to indicate that that would be a good idea. I can't say that they shouldn't consider it. I don't know.

Ms Phillips: We have very little time, Mr. Van Wielingen, so I'm just going to ask you for your preliminary thoughts on risk management and executive compensation and if the ability for any pension to leave a large fund would then ensure that executives had the right kind of risk management in place and had the right kind of accountabilities in place to avoid things like, for example, tremendous losses from volatility trading.

Mr. Van Wielingen: You know what? I'm sorry. You were actually breaking up a little bit there, so you're telling the executive . . .

The Chair: I'll tell you what. I will add an extra 30 seconds just because of that, so if you could just . . .

Ms Phillips: Sure. Yeah. I'll just re-ask.

The Chair: Yeah. Re-ask the question, and we'll finish it off with the answer. Go ahead.

Ms Phillips: Sure.

The ability to leave and executive compensation and risk management was what I was trying to drive at there. I'm just wondering your thoughts. Most executive compensation for pension funds is structured around rewards for returns but also ensuring an appropriate risk management. So if a fund can't leave, is that not a disincentive in terms of an appropriate risk management strategy and a signal to executives to keep an eye on things like, for example, risky volatility trading?

Mr. Van Wielingen: Well, you know, it's an interesting question. You're saying that maybe because funds can't leave, the fund manager may be willing to take more risk, in a sense. I certainly have no evidence of that in all my experience. In the 10 years I spent on AIMCo's board, I have no evidence of that whatsoever. It's just not the culture. It wasn't the way. I never had any evidence whatsoever of that kind of a mindset.

9:20

Regarding the problem we're having now, the whole volatility strategy, it's extremely unfortunate and extremely bad timing for everybody because it's suddenly creating another huge distraction, but I appreciate, you know, what you're trying to understand.

The Chair: Okay. Mr. Van Wielingen, thank you very much for your presentation, sir. Thank you for being here.

Thank you to all members for asking our guest questions at this time.

Up next we will go to our third guest. I'd like to ask Mr. Gil McGowan, if you could, to take the podium, please. We will then go into a five-minute presentation by Mr. McGowan, followed by

15 minutes' worth of questions from committee members, beginning with the government members' side.

With that, Mr. McGowan, thank you again for being here, sir, and the floor is yours to begin your presentation. Thank you.

Alberta Federation of Labour

Mr. McGowan: Well, good morning. The UCP members of this committee should be thanking their lucky stars for Christina Gray and her private member's bill. You should be thanking her because by introducing this bill, she is giving you and your caucus colleagues an opportunity to revisit the mistake you made last fall when you passed Bill 22, and she is also giving you an opportunity to forestall the mistake you're on the road to making with CPP.

Let's start with your mistakes on CPP. Your leader says that creating an Alberta pension plan would save us money because we have a younger population. That's the same argument that Quebec made in the 1960s, when they chose to go it alone, but today Quebec is no longer a young province, and their contribution rates are no longer lower than other provinces. Demographics change, sometimes very quickly, and it's going to happen to us. As a result of the crash in our oil and gas sector, we won't be attracting as many young people as we once did, and as a result of this government's cuts to things like advanced education and its controversial policies and positions on many other issues, we're not just repelling people who might once have considered moving to our province; we're actually driving away young people who are already here. The cornerstone of your leader's argument is a mirage. You could put it this way. Jason Kenney is looking in the rear-view mirror while driving the retirement security of Albertans off a cliff.

Not only is the Premier's main rationale faulty, but he doesn't acknowledge the many downsides of leaving CPP. For example, he wants to leave CPP with its low costs, high returns, stable risk pooling, and sterling international reputation for good governance and put the retirement savings of millions of Albertans into the hands of AIMCo, an investment manager that has been making global headlines for its bungling and which doesn't have adequate safeguards in place to insulate it from political interference. But that's not all. If we leave CPP, it's almost certainly going to have negative implications for the mobility of people in and out of our province. It will act as a barrier to interprovincial trade and commerce. It will create a second bureaucracy, which will cost hundreds of millions of dollars to operate each year, costs which workers and businesses in this province will have to cover, costs that simply wouldn't exist if we stayed with CPP. Reduced mobility, trade barriers, increased bureaucracy: these are things I thought you guys opposed.

Now let's talk about the mess you've made with Bill 22 and how Ms Gray's bill can help you clean it up. When it comes to Bill 22, most public attention is focused on the way the bill forces teachers to use AIMCo. But Bill 22 didn't only attack the rights of teachers; it also attacked the rights of 350,000 other Albertans who saved for their retirement month in, month out through the province's other big public-sector pension plans: the local authorities pension plan, the public service pension plan, and the special forces pension plan. Who are these people? They're nurses and educational assistants, firefighters and bus drivers, lab techs and paramedics, cops and forest rangers. They work for municipal governments, school boards, universities, colleges, hospitals, and long-term care homes for our seniors. They are the people who for months now you've been calling front-line heroes, and you've repaid them by shaking their confidence and putting their retirement security at risk.

When it comes to management and governance of pension plans, it is widely understood that best practice is to have decision-making

in the hands of those who pay for the plans and depend on those plans for their benefits. The idea is that those who have the most skin in the game in the pension plans make the best stewards for those plans. This model is called independent joint governance, and it was the model employed in every Canadian province until you took true independence away from Alberta pension plans with Bill 22.

With Bill 22, you stripped away the power to appoint board members from pension stakeholders, the workers on one hand and the employers on the other hand, and you handed it to the minister and cabinet. How can a pension be truly independent if it can't choose its own board members? Even more importantly, Bill 22 stripped LAPP, PSPP, and SFPP of their right to choose their own investment manager and their own pension administrator, establishing government-owned AIMCo and APS as monopoly providers.

The Chair: Okay. Mr. McGowan, thank you very much for your presentation.

We'll move into the next portion, which has 15 minutes' worth of questions and answers to our guest. We will start with the government members' side. Mr. Schow, go ahead.

Mr. Schow: Thank you, Mr. McGowan, for being here today. I just want to start off by saying that I do find your language about us attacking teachers reprehensible. I do want to say that you were a member of the energy diversification advisory committee. You were on former legal standing with the NDP provincial council while your party was in government. Did you raise any of these concerns over the four years that you were in government about AIMCo?

Mr. McGowan: Yes. As a matter of fact, I did. As president of the Federation of Labour and chair of what we call the labour coalition on pensions, we spent three years negotiating with government for what became Bill 27, the joint governance act, that ushered in true independent joint governance for Alberta. It was a top priority for the labour movement.

We were an outlier in Canada when it came to pension governance. We were the only province in the entire country where the Finance minister was the sole trustee for our big pension plans. There was a misalignment of interest between the fiduciary interests of the plans, who were supposed to be administering all this money on behalf of plan members to ensure good retirement – but the decisions were being made by the minister. That was something that we had identified as a fundamental problem for 20 years.

We reached out to employers. They felt the same way. The employers and employees went together to government asking for Alberta to follow the rest of the country by introducing true joint governance, which we finally got, after literally 20 years of lobbying, with Bill 27. Unfortunately, with Bill 22, you've undone that accomplishment by, you know, maintaining the shell of joint governance but not the practice. As I've said, you've stripped the plans, the sponsors in those plans, of their ability to choose their own members to the boards. Bill 22 also introduced the ability for the Finance minister to give directives to AIMCo, which would challenge the leadership and independence of the boards.

The Chair: Thank you, Mr. McGowan. We have lots of questions here.

A follow-up by Mr. Schow?

Mr. Schow: Yeah. You actually answered a question about joint governance. I was referring to pension performance. But if you did have such concerns, then why is the next Alberta . . . [interjection]

It's actually my time. Thank you very much. In Alberta Labour's 12-point Plan for Our Future, you actually suggest in point 12 specifically, "The government should improve retirement security for all Albertans by creating a defined-benefit pension plan for private sector workers . . . managed by . . . AIMCo." Why the flip-flop?

Mr. McGowan: It's not a flip-flop.

Mr. Schow: It is a flip-flop. Why?

Mr. McGowan: My position is actually similar to the one you just heard from Mac Van Wielingen. If AIMCo is truly a world-class investment manager, if they are truly a world-class provider of services, there should be no reason why the government has to legislate a monopoly. AIMCo should be able to stand on its own.

Like, I sit on the board of the LAPP. In fact, I'm the chair of the sponsored board in addition to the many hats that I wear. We never said that we would leave AIMCo if we had the opportunity, but having the ability to exit changes the relationship between the pension plans on one hand and the investment manager on the other. We would argue that that changes it in a very positive way. When there is no chance that AIMCo as the provider will lose the pension plan as a client, there's very little incentive for them to provide good service. This is a basic thing that I think most of you probably understand. By removing that option for exit, you've increased the likelihood that AIMCo will take its clients for granted.

9:30

In fact, this is what we've seen for years. Like, one of the reasons we negotiated with the government, you know, for the five-year window that would open the option for choosing another investment provider was not so that we would actually leave but so that it would change the relationship between the boards on one hand and the pension providers on the other hand. This is exactly what they did in British Columbia, and the results have been very positive both for the pension plans and the funds that they manage but also for the investment provider. There's a much better relationship . . .

The Chair: Okay, sir. I'm going to have to cut you off just because it's five minutes for one question.

Okay. Go ahead, Member Gray.

Ms Gray: Thank you very much, and thank you very much, Mr. McGowan. Just as a note on your last question-and-answer set I would like to note that for Bill 27, which implemented joint governance, the UCP opposition at the time, those opposition members, all voted in favour of that piece of legislation.

My question to you, Mr. McGowan, is that a number of the submissions – and this committee received more than 3,400 written submissions in less than a week for this committee. A number of Albertans are very, very concerned about changes to the Canada pension plan. In fact, when one of our NDP MLAs was at a veterans' event, it was the very first question she heard. Can you speak to what you've heard from your affiliates and workers in the province?

Mr. McGowan: Yeah. As president of the Federation of Labour I represent 29 unions in both the public and private sector, and in that position I have occasion to speak with large groups of ordinary working Albertans. I can tell you that ever since this idea of leaving CPP and creating an Alberta pension plan has been floated, this has been the number one issue raised by our members whenever we gather because CPP is the cornerstone of retirement security for all

Canadians. I mean, when the system was established, there was a very, you know, conscious decision that retirement security for Canadians was like a three-legged stool. One of those legs was CPP, one was workplace pensions, and the other was private savings. That was the conceptual model that was used to develop CPP.

At that time a very significant number of people did actually have workplace pensions. The proportion of the workforce that has access to workplace pensions has gone down, so the importance of CPP has actually gone up in terms of providing security for people in retirement. That's one of the reasons we in the labour movement lobbied to have CPP expanded to cover 30 per cent of employment income as opposed to 25 per cent. That's being implemented right now.

What people are afraid of is that if we move out of CPP, that security that comes from having CPP will be undermined. We'll be trading a known, secure pension plan for one that is unknown and subject to more risk because it's a smaller pool in a more volatile market.

The Chair: Thank you, Mr. McGowan.

Okay. A follow-up, please, Ms Gray. Keep it short, please, and answers short.

Ms Gray: A quick follow-up. You obviously, in your many roles with wearing different hats, have a lot of expertise in the pension world. In your submission you made reference to pension best practices. Can you just highlight how Alberta under Bill 22 may differ from other jurisdictions and pension best practices?

Mr. McGowan: Yeah. First of all, Canada is recognized around the world as a leader in pension governance, and there are three things that I would say about the Canadian experience and what it says about best practice. The first is what I mentioned in my remarks, that it is recognized that joint governance is the best model for running pensions. It's based on this idea that those who pay the freight, those who have the skin in the game, those who will suffer losses if a pension plan is managed poorly are the ones who should be calling the shots, okay? That's where this idea that – you know, the workers on one hand pay half, the employers on the other hand pay the other half, so they should come together and make decisions about the plan.

The second aspect . . .

The Chair: Last point.

Mr. McGowan: What's that?

The Chair: We're trying to get some questions in there. But last point: go ahead.

Mr. McGowan: Well, they need to be truly independent, which you've stripped away with Bill 22 by giving your minister the power to make directives and set mandates and roles for AIMCo, which puts AIMCo in a conflicted position. They're supposed to be fiduciaries for the plan, but they're also supposed to answer to the minister. You can't have two masters, and when they diverge, it's clear that the priorities of government will trump the priorities of the plan. That's a big problem, undermines confidence of our members in these plans under this new regime that you've set up with Bill 22.

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

Mr. Stephan, go ahead, please.

Mr. Stephan: Sure. I've read your submission, Alberta Federation of Labour, and it states that, as you said, it's a mistake that these

pensions go under the Alberta Public Agencies Governance Act. Do you know what section 13 of that statute says?

Mr. McGowan: No. But you can tell me, I'm sure.

Mr. Stephan: Yeah. I'll share it with you. It says:

- (1) The process by . . . member is recruited to [board] public agency must
 - (a) identify any skills, knowledge, experience or attributes required of the member before recruitment begins, and
 - (b) base the selection of a person for appointment as a member on [the] assessment of the extent to which the person possesses the identified skills, knowledge, experience or attributes.

So why would you disagree with a competency requirement as a pension best practice bill?

Mr. McGowan: Well, this is the argument that we heard from the previous speaker, Mr. Van Wielingen. He basically says that you need to have people with certain competencies on corporate boards. The important point that I would make is that a pension board is not a corporate board. It goes back to this whole notion of joint governance as best practice. If we agree that joint governance is best practice because it's important to have people at the table making decisions who have skin in the game, then that by definition means that you have to have working people. You have to have those nurses and paramedics and firefighters. These are not people who will, through the course of events, develop the competencies that you're talking about, so these competency screens – and I use the word “screens” very explicitly – are designed to screen out the people who can actually make a joint governance system work.

The other thing is that, you know, on a corporate board you're thinking about profits, not liabilities. There's no one that's going to be more concerned about meeting the obligations of that pension plan than the people who actually pay into it, okay?

The final thing I'll say on the competency thing is: just look at the results, okay? AIMCo is a competency-based board. They lost \$2.1 billion on a volatility strategy that had been widely condemned. The LAPP board, on the other hand, which is a representative board filled with nurses and firefighters and other people: we saved our pension plan \$2 billion by introducing a downside protection strategy. We don't have to be experts to defend our plan; we hire experts to give us advice.

The Chair: Okay. Mr. McGowan, I'm going to have to cut you off there.

Mr. Stephan, a follow-up, please.

Mr. Stephan: Yeah. It sounds like you're conflating caring and competency. My understanding of pensions: the most important criteria of success are returns for both the members and the taxpayers who are paying into that. Why would you subordinate competency to, you know, expertise in maximizing returns?

Mr. McGowan: Well, first of all, I do want to correct a misstatement: taxpayers do not pay into these pension plans. The employers pay into the pension plan as part of their compensation for their workers. The individual workers: every two weeks, every paycheque, people like all these public-sector workers I just talked about are the ones who pay for that plan. The government does not pay. You guys don't pay in, and you don't carry any of the obligation. Like, in 1995 – seriously. He raises his eyebrows. Like, the level of misinformation around the table is shocking. I know I've heard it from your Premier . . .

Mr. Stephan: It is shocking.

Mr. McGowan: It is shocking.

You do not backstop these plans. The obligations are entirely the responsibility of the pension plans themselves.

9:40

The Chair: Okay. Thank you.

We'll go now to the Official Opposition. Okay. Ms Phillips.

Ms Phillips: Thank you, Mr. Chair. Mr. McGowan, you talked a little bit about undermining confidence and that folks who are paying into LAPP do not feel necessarily confident about being stuck in AIMCo. The ability to leave then increases their confidence because it increases their confidence that risk will be managed appropriately. I want to ask you a little bit about the risk from volatility trading. We saw a least \$2 billion of losses due to a volatility trading strategy AIMCo undertook. It was compared in a Wall Street trade publication to picking up pennies in front of a bulldozer. Another Wall Street trade . . .

The Chair: Ms Phillips, he has 10 seconds to answer.

Ms Phillips: I will get back to it, but I guess what I'm asking you is – we have some of the losses here for the heritage fund, but we don't have the losses for LAPP. I'm wondering if you can tell us about the losses for LAPP.

The Chair: Mr. McGowan, in all fairness, I'll give you a moment to answer the question, but it can only be brief, and then I have to cut you off. I'm sorry, sir.

Mr. McGowan: LAPP's share of the losses associated with the controversial volatility strategy was about \$1 billion. They were offset to a large extent by the downside protection strategy adopted by our board at the opposition of the so-called experts at AIMCo. Our board of nurses and paramedics outperformed the competency-based experts, so-called experts, at AIMCo. That's one of the reasons why the teachers – you know, when they went looking for references for AIMCo, they couldn't find them: I mean, higher costs, disappointing returns, misalignment of priorities, lack of transparency, little say for clients, confusion of roles about who they were serving. AIMCo can be a great investment provider, but I would submit to you that they're more likely to become the great investment provider that Mr. Van Wielingen says that they could be if they're actually forced to provide decent service to their clients as opposed to having their clients served to them under the monopoly provisions imposed by this government.

The Chair: Thank you very much, Mr. McGowan. Thank you so much for your presentation. Thank you to the members for asking questions, and thank you for answers provided by our guest.

Next we will move to Ms Athana Mentzelopoulos. Thank you very much for being here. She's the deputy minister of Treasury Board and Finance. You will have five minutes for your presentation, followed by 15 minutes' worth of questions by our members at the table. Thank you again, and the floor is yours, ma'am.

Treasury Board and Finance

Ms Mentzelopoulos: Thank you. Thanks for having me back. When I was here on the 23rd, I started by underlining that public-sector pensions are paid for by Alberta taxpayers, the skin in the game that we've heard described. This is true either directly or indirectly. It's an important point to keep in mind. It's something

that at Treasury Board and Finance is centre at our mind given that we have a mandate of the responsible stewardship of taxpayer dollars, and in that broader context we work to ensure the most efficient administration of pensions. We do that because it protects pension funds, pensioners, and the government purse. For us, we have a responsibility for all three.

As you all know, Bill 203 would reverse most elements of Bill 22. On June 23 it was repeated several times – and it's happened again here today – that Bill 22 reversed joint governance. I want to be very clear that that is incorrect. Bill 22 does not affect joint governance, which has been implemented; in other words, the sponsor boards continue to exist, members are directly appointed by sponsor organizations, and the boards continue to set contribution rates and make decisions on benefit levels.

Bill 22 was the result of advice from pension professionals in my ministry who sought to address problems that were created by Bill 27 in 2018, aspects of which – I have not been able to ascertain the extent to which they were subject to consultation. Bill 22 was developed to achieve two goals, to improve protection of pension funds through cost savings and to protect taxpayers. In reversing Bill 22 and effectively reinstating Bill 27, Bill 203 would remove controls on administrative costs, including executive compensation. It would remove the requirement for competency-based appointments, and it would reduce representation on the LAPP. There are two boards, it's important to point out, the LAPP Sponsor Board and Corporation.

I will go through the provisions of Bill 203 by theme. First, Bill 203 proposes to reverse efforts to consolidate public investment activities under AIMCo. Prior to Bill 22 and currently LAPP, PSPP, and SFPP investment funds have been managed by AIMCo. For those holding pensions in those plans Bill 22 represents no change. ATRF is required to use AIMCo now as its investment manager by the end of 2021. ATRF will continue to own the teachers' pension fund, and they will set the investment policy for its assets. For folks on the board who have been on the board there's actually no material change. By proposing to reverse this provision, Bill 203 would re-establish conditions for the removal of economies of scale, duplication, and added costs, undermining broad access to additional asset classes and enhanced risk management, and would reduce opportunities for portfolio diversification.

I just want to point out that there were references to Ontario Teachers'. It's worth while pointing out that the fund for Ontario Teachers' stands at approximately \$190 billion at this time.

We've heard from many Albertans with questions about the changes in Bill 22. They are often surprised to learn that their pension plan already uses AIMCo as its manager, that the pension funds are still owned by their plan's board, and that their pension plan's board is still in control of strategic investment direction.

Bill 203 would also undo changes made through Bill 22 that serve to confirm the role and mandate of Alberta Pensions Services, and in so doing, it removed the potential for significant duplication on the pension administration side.

Also, Bill 203 seeks to reverse the improvements made in Bill 22 to the governance of Alberta's major public-sector pensions. Appointments to LAPP, SFPP, and PSPP are nominated by either employer organizations or government and finalized by order in council. Bill 22 preserves the ability of sponsor organizations to nominate directors to the corporate boards, but it does require that the appointments be competency based. Bill 22 also requires the pension management bodies to comply with RABCCA, APAGA, the Financial Administration Act, and the Conflicts of Interest Act. I would like to point out that AIMCo's compensation structure for executives is not linked to the size of assets under AIMCo's

management. It is difficult to ascertain what would be the rationale for reversing these changes.

Finally, Bill 203 seeks to mandate consultation prior to future public service pension plan changes. I just want to address this by providing some insight into the process for developing Bill 22. As part of budget planning government conducted a review of government expenses, including pension plans, to ensure the most effective use of taxpayer dollars. Bill 27 had created conditions for significant redundancies and costs, and when we looked at the very many demands facing government, we felt that those funds could be better used elsewhere.

Thank you.

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

We will now move on to questions from members, beginning with the Official Opposition. I see Member Gray. Go ahead, please.

Ms Gray: Thank you very much, and thank you, Deputy Minister, for returning to this committee again. You previously provided a technical briefing, and of the over 3,400 written submissions so many were very concerned about incorrect information provided during your technical briefing at the last committee meeting. I'll very quickly summarize some of the top concerns because I'd like to hear your response.

We spoke at length about LAPP's value-add targets, and you characterized those targets as a stretch goal. On page 4 of their submission LAPP said, "This is unequivocally false. LAPP's value-add target is an investment performance expectation." The submission then summarizes that, "AIMCo has underperformed . . . The lost value of AIMCO's underperformance versus the benchmarks since its inception is \$1.5 billion" and "LAPP members have paid AIMCo an aggregate \$1.9 billion in investment costs since its inception in return for this underperformance." I really wanted to readdress this because this was a very strong concern for a number of the stakeholders. Can we agree that the value-add targets are not stretch goals?

Ms Mentzelopoulos: Thank you. I've seen that there's been some correspondence between folks about some of my comments. I want to point out that the question that prefaced my response to that intermingled benchmarks with value-add, and I sought and, hopefully, was successful in disaggregating the two, which I think is really important.

9:50

I guess I would also say that there's been some conversation here about the optionality clause, and it's curious that the discussion since Bill 22 has more and more sharply focused on a bit of a battle about comparative returns. Even folks who are experts in this area, who are not just sort of uniformly always complimentary of us and the work we did on Bill 22, have pointed out that that is a very dangerous business, and I think I tried to be very careful to say that doing those kinds of comparisons is really the domain of experts. The real point of my answer when I responded to you was to disaggregate benchmarks from value-add.

Ms Gray: In many of the submissions the simple description presented is that benchmarks are essentially if you did nothing with your investments, if you used indexes, whereas the value-add is the expectation that you would have for active asset management. There are a lot of great submissions that touch on that.

We've started through this meeting really talking about the difference between different pension systems across Canada. Prior to working in Alberta, you had extensive experience in British

Columbia. British Columbia Investment Management Corporation has just over \$150 billion in assets under management; 85 per cent of their clients are pension plans. BCIMC is closer to pension governance best practices. It's my understanding that in B.C. the pension plans are able to change investment managers, and they have seats on the board at BCIMC. Is that correct?

Ms Mentzelopoulos: I actually haven't looked into it. It's been two years – longer – since I've been in British Columbia, so I don't want to present myself as an authority on the governance at BCIMC now. I do know that they do take a pooled approach though.

The Chair: Thank you.

We'll go to the government members. Mr. Jones, go ahead.

Mr. Jones: Thank you. Compared to Canadians in other provinces Albertans are generally younger, work more hours, and earn higher wages. For these reasons Albertans consistently contribute more to the CPP than they receive in benefits. From 2008 to 2017 this mismatch in contributions and benefits received meant that Albertans contributed \$27.8 billion more to the CPP than they received in benefits. Would you agree that an Alberta pension plan could potentially provide the same benefits as the CPP for a lower contribution rate or increased benefits while maintaining the same contribution rate?

Ms Mentzelopoulos: Yes, and TBF has been tasked with the technical study to further explore that fact set.

Mr. Jones: Would Bill 203 prohibit Alberta from pursuing an Alberta pension plan if the study concluded that it was in Albertans' best interests and if Albertans chose the transfer by way of referendum?

Ms Mentzelopoulos: That's my understanding of the provision in the bill. That's my understanding.

Mr. Jones: Thank you.

The Chair: Thank you very much.

We'll go now to Member Gray of the Official Opposition.

Ms Gray: You spoke during your presentation around consultation, and the phrasing you used was roughly – when we were consulting or looking at Bill 22, it sounded like it was a very internal process. My understanding is that ATA, ATRF, LAPP, none of these major stakeholders, who have fiduciary responsibilities and vested interests, were consulted by you or your department in advance of these changes. Since then these stakeholders have all put out very detailed written submissions to this committee as well as public positions, speaking of the ATRF, regarding their ability to get better returns themselves versus AIMCO.

We got into a bit of a discussion at the last committee meeting. ATRF has done an asset class to asset class detailed comparison. Why did the government of Alberta not look at a detailed study when we're talking about billions of dollars of assets and investment returns are so important?

Secondly, the ATRF analysis shows a \$1.3 billion lower return under AIMCO versus ATRF. Does that not seem significant?

Ms Mentzelopoulos: There are a couple of things in there, and I'll try to address them all as quickly as possible. First of all, there's quite a body of history in terms of engagement with stakeholders in the pensions sphere, and what was clear to us is that consistently what had been lobbied for, asked for, recommended was joint

governance. That was implemented in Bill 27. We did not propose, and we have not changed that.

There wasn't, that we could see, any evidence of having consulted. There were other changes that were requested consistently, and we actually did address some of those changes that came from folks like Mr. McGowan, but in terms of optionality we didn't see either where that had been requested or, frankly, the benefits. If you play out the situation – and certainly in the early days when I was talking to some folks in this ecosystem, what they continued to tell me when I asked, "Why optionality?" they would say, "Well, we never intend to use it." That was always the answer that I got: we're never going to use it; we just want it. I think that's an important understanding.

The other thing. I'm always a little leery about quoting, but this does come from somebody who's considered a pension expert. I'm just going to quote this person who, as I said, has not been uniformly complimentary to us so I think is a balanced analyst: "That ATRF analysis is biased and compares apples to oranges. ATRF is a smaller plan. It invests in smaller private equity funds, which have done well in a bull market but are likely to underperform in a much tougher market. Also, it reports its results at the end of the calendar year, not at the end of March like AIMCo."

The Chair: A follow-up.

Ms Gray: Thank you very much. That being said, the ATRF analysis is the only analysis that has been presented to Albertans who have a vested interest in these pension plans. Again, I will state that for a multibillion-dollar financial decision to not have done that analysis work to be able to communicate with the stakeholders the reasons moving forward is very concerning.

You have repeated the assertion that joint governance has not been broken, but I would submit to you that the written submissions from stakeholders have clearly indicated that joint governance is not being allowed to be exercised in that their ability to appoint to the boards has now been impeded through the order in council process, the inability to potentially leave, and a number of other changes. Although you are firm in your belief that joint governance has not been broken, given the fact that the stakeholders and those you are supposed to be in a joint governance relationship with believe that it has been broken, do you not see that as a strong concern and perhaps a need to have more consultation and dialogue with these stakeholders?

Ms Mentzelopoulos: The principles of joint governance were not reversed, and I have a hard time seeing what the policy rationale would be for not requiring competency-based appointments. In fact, on totality, in terms of all the changes we've made, not all of which were, strictly speaking, within the context of Bill 22, even AIMCO is now more independent because the one sort of impinging aspect on AIMCO was the growth mandate, which was put in place by the last government. We've repealed that. I think in totality it's very clear that the efforts that have been made control costs, are consistent with best practice in terms of competency-based appointments, and they've actually reduced government's control over the pension ecosystem notwithstanding the fact that it is taxpayer dollars, ultimately, either as a consequence of the pay for public-sector employees coming from revenue to government or the contributions.

I can give you some examples in terms of the contributions. For LAPP the employer pays about 1 per cent more than members. For PSPP it's split roughly 50-50. Contribution rates for MEPP are 26 per cent of pay, with employers paying 13.2 and members 12.8.

Government pays, as I mentioned when I was here last time, all of the pre-'92 teachers' pension plan benefits, which in 2019 was just shy of half a billion dollars.

The Chair: Thank you.

We'll go to Mr. Sigurdson.

Mr. Sigurdson: First of all, thank you so much for your presentation and for being here again today to talk about this very important issue. We've heard over and over again about this joint governance, how important it is, from the other side and their presenters as well, and how it's important to make sure that all stakeholders are at the table. I want to talk a little bit about what I think is a massive conflict in this bill and the fact that the LAPP pension governance board – can you comment on how many non-union employees are pension holders compared to unionized employees and what changes Bill 203 is making to the representation of those non-union employees on this board?

Ms Mentzelopoulos: One of the conclusions we drew was that the board had lost kind of that fair representation. Through Bill 22 one of the changes that was made was to ensure that non-union employees had a voice on the board.

10:00

The Chair: A follow-up, sir?

Mr. Sigurdson: Yeah. I think that's important because this seems to be a huge conflict, a bit of hypocrisy here in this Bill 203. You're confirming that you're saying that the proportion of – and can you comment on the proportion of how many non-union employees there are and just the fact that you confirm that Bill 203 is actually taking away their employee representation on this board that Bill 22 put on?

Ms Mentzelopoulos: I understand that 25 per cent are non-union representatives. The composition overlap is 25 per cent non-union or management employees.

Can I take the opportunity – because there was a comment made earlier about CPPIB. I would like to clarify that there are no representative members on the CPPIB. Not perfectly in line with your question – I apologize – but I thought it was an opportune time.

The Chair: Okay. Thank you very much.

We'll now go to the Official Opposition. Member Gray.

Ms Gray: Thank you. Just as a comment on that line of questioning, that non-union representative: there is no democratic mechanism for an election of that representative, no protection for that representative to perform their roles on the pension board, and no accountability for that representative to be able to ensure that they're actually representing the body that they are meant to represent, which I think is very, very important.

In my last question I was really trying to raise: isn't there a concern that there is such a disconnect between government and your presentation and all of the stakeholders and the bodies who are in the pension sphere who should have been consulted? Bill 203 is intended to make sure that consultation will always happen, but you continue to say that joint governance is not broken. These groups continue to tell us that, yes, it's been fundamentally damaged in their ability, and now the government deputy minister again is repeating that it is not broken. My question to you is really: when it comes to working with stakeholders and operating for the best interests of all Albertans, do you not see that there is an issue here?

Ms Mentzelopoulos: Joint governance has not changed. It's one aspect of Bill 27 that was not altered by Bill 22 except for the requirement that appointments be competency based, which reflects international best practice. Mr. McGowan pointed out that he continues to be on the LAPP board. I think that if we had changed joint governance in any material way, that composition would probably have changed.

The Chair: Go ahead.

Ms Gray: Thank you. It's clear to me through the written submissions that the key stakeholders in this discussion strongly disagree with you, Deputy Minister. I think that's something that we should all be concerned about because we're talking about some of the basics of making sure that we have good pension governance in our province going forward.

I asked this question of one of our earlier presenters, but do you believe that AIMCo cannot compete for . . .

The Chair: I'll let you finish the question, and I'll let the answer. Go ahead.

Ms Gray: I'll keep it quick.

Do you believe AIMCo cannot compete and its clients need to be legislatively locked in in order to achieve those economies of scale because otherwise the pension plans would not see the value?

Ms Mentzelopoulos: I absolutely do believe AIMCo can compete, and that wasn't at the heart of removing the optionality provision. What was at the heart of the optionality provision was the very real possibility that we would end up with four AIMCos and no AIMCo, especially when you consider that in Bill 27 all controls on executive compensation were removed. If you play out that scenario, in government typically – I'm not complaining about this – you tend not to get too much credit for avoiding a problem. We would have been faced in a few years – and I think this debate about competing returns kind of suggests that this is very real. We would have faced in a few years – I would be standing here answering questions about why so many executives in the ecosystem for pension administration are making very, very, very large salaries.

The Chair: Okay. Thank you, Ms Mentzelopoulos, for your presentation, and thank you to the members for asking questions.

We will now move to our final guest before we take a brief break and then continue with deliberations. Mr. Justin Huseby, I would like you to come to the podium, which you have. Great. Local 52, Alberta Union of Provincial Employees. Thank you, sir, for being here this morning. When you are ready, the floor is yours.

Thank you.

Justin Huseby

Mr. Huseby: Thank you. Good morning, Mr. Chair and committee members. Thank you for allowing me to speak today. My name is Justin Huseby, and I stand before you as a proud member of the public service and a proud Albertan. I'm an employee at the University of Calgary and a member of the public service pension plan. My wife is a grade 2 teacher and a member of the ATRF. Our family is concerned about the outcomes of Bill 22, and that is why I am here today to speak in support of allowing full debate of Bill 203 on the Alberta Legislature floor.

I've met with my MLA on the issue of pensions, and I've been very concerned about the information that's being conveyed and hope to provide a member's context to the committee here today. After 16 years of employment at the university, 13 of them

pensionable, if I left work today, my pension would be just over \$1,200 a month when I turn 65. If I make it through my career serving this province until I'm 65, I may receive just over \$2,700. That's hardly any sort of golden handshake, and my employer and myself pay for it on every paycheque, but it is important to myself and my family, as it is to all plan members. I also note that the average pension out of the LAPP is just over \$1,600 per month.

Our pensions are part of our compensation. They are deferred earnings, money that we contribute for a dignified retirement. PSPP and LAPP members want to see stability and security for the plans, effective governance, and the fiduciary oversight of the boards that put the interests of the plan members first. As part of joint governance we members expect the best value and administration of the plans to achieve a secure retirement income for members at a reasonable cost. We put our own money into the plan every paycheque, and we demand retirement security for reasonable contribution rates.

Bill 22 took a step back from this. Under the Joint Governance of Public Sector Pension Plans Act, Bill 27, the investment manager, AIMCo, and a pension administrator, APS, were accountable to members of the plan. As you know, after five years of enactment the pension plans had the option to replace AIMCo or APS if they failed to demonstrate the value for the pension plans, their clients. It ensured that AIMCo and APS no longer had a monopoly and used market forces to improve value and service to our pensions so those plans could actually properly assess their performance on mutually agreed upon standards. This isn't about replacing AIMCo or APS; it's about ensuring that they're accountable to their clients and maximizing their returns and reducing the costs, because if they can't do it, we should find someone that can. This is what will drive costs down and increase the value of service for their members.

I believe the structure of joint governance has been rolled back because of Bill 22 because it allows the government to dictate the service agreement terms between the pension plan administrators and AIMCo or APS should the parties not agree on the services or costs to be provided. I will also note that by changing the LAPP corporate and sponsor board structures to lose one of the AUPE seats, it decreased the voice of unionized and pension plan members in determining the future of their retirement. That second seat represented part of an organization that advances the interests of all plan members and has no financial gain or interest and takes this role very seriously about ensuring the health of the plans and ensuring all parties are meeting their promises. Further, Bill 22 obstructs AUPE's right to put forward a representative to work on the corporate board without approval of the government first.

The bill brought increased risk to the plans because the corporate board's fiduciary duties to plan members have been hindered. The boards have to manage multiple risks on our behalf, but the risks have increased to the members of the plan because they no longer have the ability to make decisions on the hiring and the services, investment management, compensation, and audit. Simply put, if the governance of the plan is not equitable, there isn't joint governance, and as a plan member this suboptimal level of governance concerns me greatly.

I'm also concerned about the alignment of risk. We rely heavily on the sound investment decisions by the experts made in alignment with the needs of us as the clients. As a plan member I was shocked to see that the LAPP was taking a downside protection strategy whereas AIMCo, the investment manager, had taken the volatility strategy.

When we have pension plans that are fully funded on an actual real basis, this may not be necessary. We need proper oversight of our pension boards, overseeing the assets and the liabilities, and that

cannot be done while handcuffed. I'm concerned about the increased cost to AIMCo with the addition of ATRF and others as that will increase more staff, more compensation as there will be more assets under management. These are all reasons why Bill 203 deserves to be debated in the Legislature.

10:10

In closing, let me say again that I am a proud public servant. I'm proud of what I do for my province, and I hope today that you heard my words and my perspective and that it will factor into your decision. I ask this bill to be moved to the floor to be properly debated.

Thank you.

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

We will now move to questions. We'll start with members on the government side. I see Ms Glasgo. Go ahead, please.

Ms Glasgo: Thank you, Mr. Huseby, for your words and also for your public service. My questions surround your questions of accountability and what you called suboptimal investment. Do you not agree that by taking away a competency requirement, as legislated in Bill 22, you would be subjecting yourself and your fund to suboptimal investment or to a lack of competency? You also talked about wanting to consult the experts. The experts are in AIMCo. They are a world-class organization. I'm just wondering if you could opine on that.

Mr. Huseby: For clarity, I talked about the suboptimal level of governance, not the suboptimal level of investments. I didn't really speak extensively on that. However, what we look for in terms of joint governance is that we're looking at, you know, especially at PSPP, 50 per cent contributing partners in this, so in terms of hindering our ability to put those we wish to represent us. Now, we will put people onto the board with competence. Actually, AUPE has sought to put forth very competent and diverse nominees to the board to contribute, and in many ways they can contribute. They do contribute because they are members of our organization, and they are speaking on our behalf and advancing our interests as plan members to ensure that there is proper performance.

The thing is that when we do add additional diversity under joint governance here, I actually believe better decisions can be made. We take away from things like groupthink and whatnot.

The Chair: A follow-up, please.

Ms Glasgo: Yes. The changes in Bill 22 did not actually impact the benefit package that you were speaking of when you were talking about things like higher premiums and things like that, so why do you suggest that we don't have the same goal, and why would you not agree that at least Bill 22 did not have an impact on pension benefits?

Mr. Huseby: Currently in terms of pension benefits Bill 22 stripped away the joint governance portion, which we fought 25 years to get, and in terms of the salient point that we are able to actually be full contributing partners towards our pensions in that regard.

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

We'll now go to the Official Opposition. Member Gray.

Ms Gray: Thank you very much, and thank you, Mr. Huseby, for your presentation. The LAPP wrote in their submission that "it did witness a markedly improved attitude toward client service from both AIMCo and APS as soon as LAPP was granted that option of future choice." From your role on the AUPE Pension Committee

did you see any change in service levels after the passing of Bill 27, which gave pension plans the right to freely choose service providers, and then has there been any further change since Bill 22, which removed that right of departure?

Mr. Huseby: I'll allow the LAPP submission to speak for itself.

As a member of AUPE on their standing committee on pensions here in the lead-up to Bill 27 we saw marked improvements in terms of responsiveness to both organizations, in particular Alberta Pension Services, in that they wanted to meet with us as clients, as contributing members to the pension plans, and they sought to work and find ways to address pension literacy programs across the province, so to use our leverage as a union to reach our 95,000 members in terms of improving access to understanding their pension and what it is and what it isn't.

The Chair: Member.

Ms Gray: Thank you. So what I've heard you say is that post Bill 27 AIMCo and APS both improved the level of service they were providing to these pension plans. I think that's material.

Regarding the questions you were answering just a little bit earlier, where we were talking about how these changes or investment returns may or may not impact pensions, if there are lower returns, could that not potentially impact benefits or, alternatively, contribution rates if the investment returns are suboptimal?

Mr. Huseby: The answer is yes because what we have here is that when the contribution rates go down both for the employee and the employers, you know, it's because of the health of the pension plan. When they're fully funded here, we do see reductions in contribution on our part as well as our employer portion there, so joint governance for us is a fundamental aspect of overseeing that.

The Chair: Okay. Thank you.

Mr. Schow: Thank you, Mr. Huseby, for being here today. In your opening remarks you said that you and your employer both contribute to your pension. Your employer is the University of Calgary, and the University of Calgary is a government-funded institution. Would you say that that's all correct?

Mr. Huseby: The University of Calgary is a partially funded government institution.

Mr. Schow: A large part.

With that said, given the fact that the taxpayers fund government, how can you logically say that your pension is not funded by taxpayers as well?

Mr. Huseby: The pensions are our deferred earnings in terms of our compensation structure. Many of our members here do not make the salaries that people in the public are led to believe at times. In fact, when I went to go and buy my brand new suit for this meeting today, the member that served me there at the retail store was an LPN who's working her second job to make those ends meet. The pension benefits, as I articulated here, are not substantial, and they do form part of our compensation. It's part of our contract. My contract for the board of governors of the University of Calgary includes that compensation, and this forms a large part of it. It's part of the reason that, as a public service member, I've maintained employment with the University of Calgary for a long period of time, including during the time when there was a substantial boom here in this province. I will note that the thought that it's fully

funded by the taxpayer is incorrect. It is part of what compensation I receive in providing my service.

The Chair: Mr. Schow, a follow-up, please.

Mr. Schow: I think I asked two questions.

The Chair: Oh. Okay. My apologies.

We'll go now to the Official Opposition.

Ms Phillips: Thank you. In part of your involvement with the LAPP you would have had some window on the losses from volatility trading that AIMCo underwent, but Albertans don't have that same window on what they lost in the heritage savings trust fund portion of our losses that AIMCo underwent. I will note that LAPP as well as other Albertans learned about those losses through a leak from the *Globe and Mail* and a trade publication from Wall Street, not from the government itself, and now, subsequent to that, we have a situation where the report on the heritage fund losses from that strategy have been withheld from the Legislature. I have them here – I can't even look at them as an MLA, let alone as a member of the public – those losses from AIMCo.

So that Albertans can know at least what we lost out of LAPP, because the government has broken the Alberta Heritage Savings Trust Fund Act by withholding this information on what they lost out of the heritage fund, can you at least tell us a little bit about what was lost by AIMCo due to the volatility trading that has been described by traders as amateurish and as picking up pennies in front of a bulldozer?

Mr. Huseby: I make reference to Mr. McGowan's remarks there, that it was to the tune of \$1 billion. He is much more of an expert on that, sitting on one of the boards there. As public service members and pension plan members it's really important for us to be able to make sure that our pensions are being both administered in a proper way and also that the investments and whatnot are seeking to meet our needs, both on the asset and the liability sides of the equation. One of the challenges that we always have is that without our ability to actually ensure that our pension boards have that true independence to make those assessments on our behalf, to see that we are actually meeting the agreed-upon terms of the service agreements, without that there, we really don't have joint governance, so we also, then, take away the actual value-add that we as plan members are looking to receive from our partners through that oversight through our pension boards.

The Chair: Member Phillips.

Ms Phillips: Sure. You're looking for confidence and you're looking for risk management. Does it concern you as someone who pays into LAPP that it's possible that that billion dollars is not the end of the story as this volatility trading scheme unravels and that the links that are between the investment losses in the heritage fund, that are being withheld from Albertans right now in contravention of the law, may actually have a knock-on effect for the health of the LAPP? Does that concern you as someone who pays into the local authorities pension plan, that your losses will also come back to you as an Alberta taxpayer and as someone who benefits, as we all do, from the heritage fund?

10:20

Mr. Huseby: I just want to make one clarification. I pay into the PSPP. As a pension committee member for AUPE, we represent the interests of both LAPP and PSPP, so I just want to be clear on that.

I am very concerned about that, and that's part of what I was trying to say. This isn't about trying to replace AIMCo or APS. It's

the ability to make sure that the boards that represent us have the ability to make informed, sound decisions on our behalf. I just don't believe that that can be obtained with the structure that Bill 22 put in place, which essentially removes that five-year window clause and gives the service providers and the investment manager essentially an unfettered monopoly in perpetuity.

Ms Phillips: Just one follow-up if I have a bit of time . . .

The Chair: You've had two. We can always come back to you. We'll go now to the government members' side.

Mr. Jones: Good to see you again.

Mr. Huseby: Hello, Matt.

Mr. Jones: To me, the best investment management arrangements occur when the interests of all the parties are aligned. Would you agree that pension plan members, the government, taxpayers, and even the investment professionals at AIMCo all benefit from the continued success of your pension?

Mr. Huseby: I believe that in terms of AIMCo and – yeah. They would benefit from our success. For us as members, we benefit from the success of the plans, which includes making sure that there's the proper oversight from the boards that we entrust those assets to.

Mr. Jones: Seeing as you come from the postsecondary world, would you agree that students enter postsecondary to gain competence to perform roles that require said competence?

Mr. Huseby: Students enter postsecondary for a number of reasons. I suppose. I'm not sure of the line of questioning that you have.

The Chair: Mr. Jones, we'll now go to the Official Opposition. Okay. Ms Gray.

Ms Gray: Thank you very much. In the submission from AUPE it talks about meaningful consultation in regard to pension plans and legislative changes. How much consultation with AUPE members happened prior to the introduction and passage of Bill 22?

Mr. Huseby: None. That's coming from even the leadership of AUPE.

Ms Gray: Certainly, that's a concern for me, and it seems to have been a concern for the tens of thousands of people who've corresponded with me and my office. As a member of the AUPE pension committee, how has your experience advocating on this issue been for yourself, for other AUPE members, for being able to correspond with your MLA on this issue? Can you talk to us about how you've been busy since Bill 22 was rapidly introduced and passed with no consultation?

Mr. Huseby: One of the things is that it introduced a level of uncertainty that I really, as a representative of those members, actually sought to quell, believe it or not, in that the pension plans were not in trouble. They were actually fully funded on an actuarial basis. It sort of introduced a level of uncertainty for the members in terms of, "Hey, is my pension in trouble?" and whatnot. We ended up answering a lot of those questions there. It was also, really, a good opportunity to make sure that people understood what it was and what it wasn't. What these aren't are golden goose egg pensions and whatnot. And to a large degree, even in my discussions with MLAs and members of the public, just to be able to articulate that,

no, I don't get 75 per cent of my three best years after three years of service and whatnot, some of the misnomers that are out there . . .

The Chair: If you can get your last question in there.

Mr. Jones: Where I was going with that is that I believe that competency is very important on boards tasked with the stewardship of multibillion-dollar pensions, and just as you are likely educated to do what you do, I believe that people should have some experience or education or competence related to pensions or finance or accounting. You're free to comment on that.

Mr. Huseby: At the end of the day, when we look at it in terms of the competency here – when it comes to joint governance, part of that joint governance is for us to send our members to represent ourselves. I do believe that we do have an obligation to make sure that they do have skill sets and can contribute in meaningful ways here, but they also need to bring a set of diversity to the boards to help the boards make sure they are making the best informed and sound decisions and whatnot and not turning it into a long line of groupthink.

The Chair: Great. Thank you very much, sir. Thank you very much for your presentation, and thank you to the members for the questions.

Hon. members, before we turn to the next item on our agenda, which will be the committee's deliberations and recommendations on Bill 203, I'm going to suggest that we take a short break. I'm going to – five minutes is always too short. Let's make it seven minutes. That's usually time for everyone to . . .

Mr. Schow: Make it 10 minutes.

The Chair: No. We'll make it seven minutes. We don't have a lot of time here.

All right. We'll resume in seven minutes. The clock has been set. Thank you very much.

[The committee adjourned from 10:26 a.m. to 10:33 a.m.]

The Chair: Okay. Thank you very much. Welcome back, everyone. Deliberations and recommendations on Bill 203: the committee will begin its deliberations on Bill 203 at this time. The committee must consider its observations, opinions, or recommendations with respect to Bill 203, including whether or not the bill should proceed. The committee's process allows for up to 60 minutes of deliberations on the bill although members may extend this time limit if there is a consensus that additional time is necessary.

Just a reminder to those in the gallery, I ask you to please be silent. If we do not get silence from the gallery, then I will ask security to clear the gallery.

This will be an open and respectful debate on this bill. We have 60 minutes on the clock. This is an opposition member's bill, so we will begin the opening discussion with the government members. The clock can start now.

Members of the government side, do you have an opening comment?

Mr. Schow: Sure. I can go ahead.

The Chair: Okay. Mr. Schow.

Mr. Schow: Bill 203, for me, comes down to a couple of points. The first is that it's really an attempt to open discussion on Bill 22 again, which we've already done and voted on in the Legislature in

2019. I believe that discussions have been had with stakeholders, and we've deliberated sufficiently.

I'm sorry. Was that a comment from the gallery?

The Chair: No. Mr. Schow, just continue.

Mr. Schow: Yeah. We deliberated on that in the Legislature sufficiently, and we voted on it.

What I do have concerns with is some of the conflicting language in the bill, particularly around creating or, rather, blocking an Alberta pension plan but also mandating consultation on future pension changes. This government has been taking recommendations from the Fair Deal Panel regarding things like creating an Alberta pension plan, and we're going to evaluate the merits of that. This bill would effectively block our ability to set up that plan if approved by a referendum, which has been the plan all along. I'm not quite sure what the opposition members or the author of this bill has against direct democracy. It strikes as a bit unusual. But for those reasons, I just couldn't support this bill.

The Chair: Okay. Do we have a member of the Official Opposition? Member Irwin, go ahead.

Member Irwin: Thank you, Mr. Chair, and thank you truly to all of the stakeholders here today. We really appreciate you taking the time and the care to be here.

You know, all of us on this committee, all of us in the Legislature have heard from countless constituents and Albertans from all corners of this province. As a former teacher I've heard from so many teachers, both currently practising teachers and retired as well. This committee alone has received over 3,400 written submissions, as noted earlier. Our caucus has received over 30,000 signatures from Albertans to stop the hijacking of their pensions, and we know that over 25,000 teachers and retired teachers have sent more than 50,000 e-mails to their MLAs – again, to their MLAs – both parties, all over the province.

It's clear that Albertans want this bill to go to the floor of the Legislature, and I think if the sheer volume of correspondence isn't evidence enough, then we need to look at the numbers. The comparison of returns alone is jarring, and I want to return to what Mr. Meeker pointed out at the outset. ATRF's analysis showed that their assets would be approximately \$1.3 billion dollars lower had their assets been under AIMCo management since 2013. Again, it's clear that teachers have a right to be concerned. It's clear that hundreds of thousands of Albertans have a right to be concerned, so I'm urging – urging – the members of this committee to move this bill to the Legislature. You've done it with countless other bills that we've examined to date.

Consultation was not adequate. This is a government that talks a big game about consultation. You've admitted, your stakeholders have admitted that there was inadequate consultation, so let's debate this bill on the floor of the Legislature. Let's do the right thing.

Thank you, Mr. Chair.

The Chair: Okay. We'll go to the government members. I see Mr. Jones.

Mr. Jones: Thank you. I do have a number of concerns with this bill. For one, reversing competency-based appointments for boards tasked with managing multibillion-dollar pensions is concerning. I don't see how this protects anyone's pension as the bill claims to do. Nor does removing the non-union rep, who would be representing the single largest group of plan members from the LAPP sponsored board. Bill 203 would also prohibit Alberta from

ever withdrawing from the CPP by preventing a member of Executive Council from providing the federal minister the required written notice of intent to withdraw as is required under the federal Canada Pension Plan act.

The Fair Deal Panel was established in November 2019 with a mandate to provide recommendations on how best to define and secure a fair deal for Alberta. The panel considered the merits of creating an Alberta pension plan, or APP, and in their final report recommended that government develop a comprehensive plan to create an Alberta pension plan and withdraw from the Canada pension plan, subsequently provide Albertans the opportunity via referendum to vote for or against withdrawing from the CPP and creating the APP. On June 17 Premier Kenney reaffirmed that the APP idea will be studied seriously, and if government finds compelling evidence that Albertans will be better off under an APP, the decision would be put to Albertans in a referendum.

Compared to Canadians in other provinces, Albertans are generally younger, work more hours, and earn higher wages. For these reasons, Albertans consistently contribute more to the CPP than they receive in benefits to the tune of approximately \$3 billion per year. From 2008 to 2017 this mismatch in contributions and benefits received meant that Albertans contributed \$27.8 billion more to the CPP than they received in benefits. An APP could sustainably provide the same benefits as the CPP for a total contribution rate of 5.85 per cent. Right now Albertans must pay a total contribution rate of 9.9 per cent for the same benefits. Lower contribution rates would mean more money in the pockets of ordinary Albertans and a lower effective wage cost for employers, which would encourage hiring.

In short, Albertans and my constituents could benefit substantially from an Alberta pension plan. At a minimum there is a compelling case to warrant further analysis and investigation. If the evidence demonstrated that an Alberta pension plan was indeed in Albertans' interests and if Albertans chose to pursue this transfer by way of a referendum, Bill 203 would prohibit Alberta from fulfilling their wishes. For these reasons, I will not be supporting Bill 203.

10:40

The Chair: Now Member Pancholi.

Ms Pancholi: Thank you, Mr. Chair. Again, thank you to all of the stakeholders as well as those who participated through Skype for being here today and bringing forward their presentations.

I think it's been mentioned before, but it warrants being mentioned again that the number of Albertans that each of our offices, whether you're opposition or government, have heard from, overwhelmingly, with respect to supporting Bill 203 proceeding to the House for debate but largely triggered, of course, because of the debate – I use that term loosely, because I do think that most Albertans would agree that allowing for a day and a half of debate on Bill 22, limitations brought in immediately by government to prevent a fulsome discussion and debate in the Legislature for Bill 22, was what triggered a lot of Albertans' significant concerns.

I believe that one of the reasons we are here today talking about Bill 203 is because of how absolutely shocked and surprised Albertans were when there was nothing in the government's, the UCP's, campaign platform about doing what they did to Albertans' pensions. There was no indication it was coming. I believe that speaks to the fact that there was not in any way meaningful consultation. We've heard that there was perhaps some discussion that happened within the ministry, but that's precisely the point. That discussion about moving teachers' pensions and making the changes that were made in Bill 22 were not held with stakeholders

and were not held with Albertans. Beyond the organizational stakeholders, what I know I've heard and what I've been overwhelmed by are the individual Albertans who work very hard every day to serve this province in various different ways.

We heard examples of the different types of work that Albertans do to serve this province. Part of their compensation is that they're planning for their retirement and their future through their pensions. I think any government knows that when you're going to make changes to pensions, which are complex, which are challenging, you are really affecting individuals' future retirement. It doesn't matter how they voted or who they voted for; they plan for their future on their pensions.

Why we're here today is because there was no consultation. People were simply shocked by what happened, and that is what has triggered the need for this private member's bill today, and that is the purpose of the committee. We've been overwhelmed not just by submissions to this committee but by signatures on petitions calling for a fulsome discussion and debate of the issues, that was completely lacking from Bill 22. I don't even think that government members can say with a straight face that there was proper consultation and that the amount of debate that happened in Bill 22 was sufficient. That's why we are here today, to talk about bringing this bill forward, Bill 203, to the Legislature to have that debate.

Certainly, with respect to some of the comments from the government members about the changes in Bill 203, how that would prevent the possible referendum through the Fair Deal Panel, simply stated, if Bill 203 passes and those changes are made and the Fair Deal Panel goes forward and there is a referendum – and I would want to argue that it would absolutely have to be a fairly worded referendum, and I think that's a significant concern a lot of Albertans have – if that were to be the case, that Albertans were to overwhelmingly decide that they want to create an Alberta pension plan, that would be achieved by changing the legislation. That's all you would have to do. I imagine that any such outcome of a referendum would require legislative changes, absolutely, to operationalize, and one of them would be to, I guess, undo whatever is done by Bill 203. But that is not a reason to prevent this bill going forward to the Legislature for adequate and proper debate, which absolutely did not happen with Bill 22.

For that reason, I think it's very important that we move forward with this bill.

The Chair: Thank you, Member.

We will now go to Member Glasgo.

Ms Glasgo: Thank you, Mr. Chair. I'd just like to start by thanking all of the presenters today for their insight and for coming today and giving us their time to opine on something that's super important to them as well as to us. I've had some questions around Bill 203 since I saw it tabled. I admit I wasn't at the last committee as I was doing work with the Student Transportation Task Force, but upon reading the *Hansard* from that meeting, it's very clear that there are a lot of emotions that are involved with this and there are a lot of very strong opinions revolving around this bill. I do appreciate that as well.

I mean, I think on Thursday it was, before the committee, I wanted to make sure that my mind was fresh. I spoke to quite a few constituents on the phone on my drive around the constituency to talk to them about their opinions on Bill 203. What I found was actually used and totally confirmed by one of the presenters today. There is a lot of misinformation surrounding what is happening with pensions in this province. I think it's quite sad, actually, to see certain groups, specifically some who are with us today,

propagating that kind of fear and division amongst Albertans when this could be objectively a good thing.

I'm opposed to Bill 203 for a variety of reasons. I think we've used this as rationale in other committees, that we can't be putting forward a faulty bill. There are elements of Bill 203 that are in conflict with reality.

I mean, we have, first of all, the joint governance piece of this, which we know to be false. We know that joint governance was not changed by Bill 22, so the whole premise of the first section of Bill 203 would, therefore, not be necessary. I don't understand why we need to pass erroneous legislation. In fact, I think it wastes time in the Assembly to put forward legislation that we know will need to be amended and changed.

Now, we also know that we as a government have a mandate to represent our constituents as well on things involving a fair deal for Albertans. I know that for me and my constituency this is very important, Mr. Chair, so for me, I can't in good conscience put forward or suggest that a bill should go forward that would take away the right to direct democracy for my constituents to vote on something as important as their pension in an Alberta pension plan situation.

You know, I know that there's some conversation around consultation, and I think the best kind of consultation you can get is with voters, which is exactly what happened in April of 2019 when this government was elected on an overwhelming mandate to represent taxpayers, which we know are a major contributor of these pensions. I know it's troubling to the opposition when they hear that we actually won the election, but I would just like to remind them what side of the floor they're sitting on when they make these conversations. When we're also talking about consultation, Mr. Chair, I think it's important to remember the lack of consultation for the largest tax increase in Alberta's history, being the carbon tax.

As well, Bill 6 was a very popular bill – and I say that very facetiously – in my riding. You know, we had people coming out at all hours of the morning, all in conversation around the former government's Bill 6, which took away the rights of landowners and farmers and ranchers to decide how work would be conducted on their farms and ranches. That government, the former NDP government, invoked closure on that bill and time allocated that bill, and I think it was because they knew that this was a horrible situation for Albertans. I mean, in my own debate in the last election the NDP candidate admitted that it was a massive failure. I mean, it's a good step, acknowledging your own failure.

But I do have to say that I'm very concerned with this committee putting forward a faulty piece of legislation that will need to be amended, and I would encourage the committee to vote against it.

The Chair: Thank you.

Mr. Nielsen. Go ahead, please, sir.

Mr. Nielsen: Well, thank you, Mr. Chair. Of course, I would like to say thank you to all the presenters here today, our presenter on Skype as well. I appreciate your time and your thoughts shared with the committee.

I have heard a lot, Mr. Chair. Where to start? Well, let's start off with the comment Ms Glasgo said around winning the election: 57 per cent. Yeah, that was certainly, you know, impressive. I've seen various different polls around Albertans leaving CPP for an Alberta pension plan. The lowest poll that I saw was 64 per cent against. They did not want to leave. So based on your comments around, "We won the election," 64 per cent would be an even bigger mandate with regard to not leaving. I've seen polls as high as in the 70s saying not to leave CPP. Are we going to cherry-pick about

what we're going to follow and what we consider as our mandate? Something to think about.

The one presenter which was invited by the government side was not really offering any explanation about the lack of consultation and why the government chose not to consult because – I don't know – they were so confident. Having confidence is not good enough. You have to have permission from people when it affects their lives. When we're seeing a petition of over 30,000 people saying no, when you see 3,400 submissions saying, "No, this is not the direction I wanted to see. This wasn't campaigned on. This wasn't in the platform," you know, this should cause us to pause, Mr. Chair, in terms of where we're inserting our ideology and what's being directed of us by Albertans.

10:50

The other comment that I had, from one of the presenters that I really keyed in on, was around asking for the joint governance, getting that mandate, and, you know, the people that asked for that saying: well, we don't intend to use it. I buy insurance for my car. I don't intend to use it, but it's there if I need it. If I'm buying that same car, it comes with a warrantee in case something goes wrong. I don't intend to use it. I hope I don't intend to use it.

I guess, coming from the labour movement, you know, something that is constitutionally protected as ordered by the Supreme Court is the ability for a worker to strike. Nobody ever wants to hit a picket line. I know. I've served on them. I've been on my own. It was never my intention ever in my career to want to have to use that, but it's there when the situation degrades to the point where you cannot put up with the conditions. So when we're looking at the ability to change an investment manager: if they're performing, there's not a problem, but if it degrades to such a point that the members decide it's time to go, that option should be there. They don't intend to use it but as long as it's there.

I've heard some comments around how much we're paying into CPP versus what we get back. There's all kinds of conflicting language here around, you know, "We're a younger population," but on the other hand, then, we're saying, "But we're an aging population." So which is it? It kind of feels like you need to pick a lane here. If we're a younger population, of course we're not going to be getting as much back because we're not collecting yet. So that, I think, isn't really a solid argument for us to base our decision on, about whether Bill 203 should pay out.

I know that my colleague Ms Pancholi talked about, you know, legislation being amended. You know, I heard some scoffs over there. I'm going to say Bill 10; when we passed that in the Legislature, we clearly pointed out that there were flaws. There are even court challenges now with regard to it. Were we wasting the Legislature's time with that bill, then?

Time allocation of bills. Yeah. I was in the 29th Legislature, just like yourself, Mr. Chair. I remember the government bringing in time allocation after a certain period of time. I don't remember our government bringing in time allocation before a bill even started to get debated. That was unprecedented.

And, I guess, finally, the comments around joint governance. Again, you have to look at the language of the bill. It allows the government to choose who gets appointed to that board. Let's be honest. I've seen some rather adverse attitudes towards some of the unions that represent their membership, so when you leave that choice solely to the government, that is pretty much, almost like taking it away. So, yes, you have changed the game.

Lots of conflicting language with the presenters here today. I think we would be irresponsible as a committee to not send this back to the Legislature for debate. I'm hoping that my comments

here so far will sway members here on this committee today. Send this back to the Legislature with a recommendation for fulsome debate. The House, of course, still ultimately will decide whether to take that recommendation or not, but we cannot ignore some of the things that we are seeing. That's completely outside of what any of the MLAs in the House have been doing. Like I said, independent polls around CPP: do we want to ignore their own words, a clear mandate from Albertans?

Mr. Chair, I'll leave my comments there for the moment. I would hope that we will send this back with a recommendation to proceed because that's what I'll be voting for.

The Chair: Thank you for your comments, sir.

Mr. Sigurdson, go ahead, please.

Mr. Sigurdson: Thank you, Chair. As well, I want to thank all of the presenters, both here and on Skype, for coming today and providing their information and thoughts on Bill 203. I do want to start off with a couple of comments just to make sure that everyone is aware that we only vote to recommend or not recommend this bill. It does go back to the floor, and the House decides, of course, whether it goes to fulsome debate. It will get its time on the floor; I want to assure that.

I also want to comment on the fact that the comment – I'll keep this brief. I am not recommending this, and I'll explain why. From my review of the language through and through we do not get to choose who goes on this board. Joint governance is still maintained in full. ATRF will still have full control of this pension. There was an admission today multiple times of administrative cost savings.

What I do find problematic with Bill 203 is that it removes controls on setting admin costs. It removes competency of individuals to represent multibillion-dollar pensions. It also removes, which I find disturbing, the ability for a non-union rep to sit on this board, when they represent 25 per cent of the LAPP. It also removes accountability by not requiring the pension to fall under the Reform of Agencies, Boards and Commissions Compensation Act. That is transparency that I think should happen and should not be removed.

As well, the one other issue for me is that voters should have a chance to vote on CPP. I just don't know why you would put that language in to this bill to stop it before even a study has been done and allowing the people of Alberta to be able to make their own decision and go to a referendum.

On that basis, Chair, I can't recommend this bill.

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

Member Pancholi, go ahead, please.

Ms Pancholi: Thank you, Mr. Chair. I'm aware that there are quite a few Albertans right now who are watching this committee meeting online, largely because if they, you know, happened to blink on the one day that Bill 22 was substantively debated in the Legislature, they would've missed the debate. Now they're probably unwilling to miss that again because it is their pensions and it is their future.

Because there are so many Albertans who I know are interested in watching what's going on, I think it's important to clarify for them what the role of this committee is and to clarify some of the comments from the government members. In particular, our role here – and I've heard members indicate that they think that Bill 203 is "faulty" or they disagree, and, obviously, we're having a conversation right now about to some degree the content of the bill. But it should be clarified that that's actually not the role of this committee, to have a minidebate in this room about the merits of the bill; that's actually the role of the Legislative Assembly.

In fact, if we go back to the very first meeting of this committee once it was established, I note that Member Schow, for example, indicated very clearly – and this was on June 4, 2019 – that “the purpose of the committee is to ensure we have greater stakeholder engagement on private members’ bills.” That’s the purpose of this committee.

That’s why we had stakeholders come today and speak to it. It’s why we’ve actually as opposition members always voted in favour of having stakeholders come and speak to us on every private member’s bill that has come before us, because we believe that is the purpose of the committee. That’s what we’re here to do. We’re here to hear stakeholder engagement on this bill. As a private member’s bill it doesn’t have the opportunity that a government member’s bill does, which is developed with the arms of government to assist in doing policy consultation and speaking to stakeholders and doing all the work that government can do. As a private member those functions are not available. That is the purpose of this committee.

We’ve had this engagement. In fact, we’ve had record engagement. We’ve had stakeholders here today, but we’ve had a record number of Albertans indicate that they’re deeply concerned about the content of this bill and what it’s meant to address, which is in Bill 22.

11:00

Therefore, in some respects that is the purpose of our committee. We’ve engaged in some stakeholder consultation on a private member’s bill and had an overwhelming response that Albertans deeply care about this issue. When the members opposite say that, for example, “Oh, we’re not actually stifling debate if we don’t recommend this go forward to the House,” again, for the Albertans who are watching who may not know the intricacies of how the House works, really what would happen is that if this committee recommends against it going forward to the Legislature for debate, there will be a one-hour debate in the Legislative Assembly, not on the merits of the bill, not a full second reading, Committee of the Whole, third reading, which could be hours at a time, which would be a fulsome discussion of the bill, but, rather, it would be a one-hour debate where members can stand up and talk about whether or not the Legislative Assembly should debate this bill. So it’s not a fulsome debate about the bill, and that needs to be very clear for Albertans who are watching right now. And let’s be clear. We obviously know the numbers in the House, and we know how the government will vote. Once again, it will be the government stifling debate on pensions, on pensions that affect hundreds of thousands of Albertans.

It is the role of this committee, not to say, “I disagree with the principles” or “I don’t like it” – that’s the forum of debate in the Legislative Assembly. That is where we go, and you can raise all of the issues that you’ve raised. We’ve heard lots of information from stakeholders today that counter some of the positions you’ve made. It’s clearly a matter of great debate, and that is precisely the point behind this bill.

Bill 22 did not get a fulsome debate in the House, and now it appears the government members are saying that Bill 203 should also not get that debate. Listen, we all know what the numbers are here, okay? If this private member’s bill goes forward, at least give Albertans the opportunity to hear a debate on it. That’s the point of this committee, and I object to the creep that we’re seeing into the scope and the mandate of this committee to say: I don’t like this bill; therefore, I’m not going to recommend it go forward to the House. I’m sorry, but that’s properly the debate in the Legislative Assembly with all members present, all members who have the ability to represent their constituents, and I know every single

member in this House has received hundreds if not thousands of pieces of correspondence on this bill and should have the opportunity to debate and speak to the merits of this bill to represent their constituents.

I insist that we as this committee be very clear about what our role is and what the responsibilities are. If members on the government side don’t like the bill, I’m not surprised to hear that. Bring your debate forward in the Legislative Assembly so that all Albertans can hear it and have their opportunity to have their concerns voiced in that Legislature. That is the role of this committee, and I don’t think it’s appropriate for this committee to take on a bigger scope than that.

The Chair: Thank you.

We’ll go to the government members. Is there anybody? Okay. Mr. Nixon.

Mr. Jeremy Nixon: I find the last argument to be quite interesting, especially considering that this committee had before it at one point in time Bill 207, and I believe that member and all members on that side and members on this side voted against Bill 207 because it was a fundamentally flawed bill.

Here before us now – again emphasizing the purpose of this committee, it is to take a look at bills in front of us and decide on whether or not we recommend they proceed. It will be on the floor, and there will be an opportunity for the House to determine if we made the right recommendations. You can’t pick and choose, you know, when you choose not to recommend one bill and then say that we should push forward bills that require debate. At the end of the day it just doesn’t add up. I’d like to point that out.

I also wanted to point out my concern about the sincerity of the intent of this bill, if it wasn’t to play politics. To include the clause in there that would remove our ability to proceed with the CPP to an APP: at the end of the day if you really wanted to address the consultation around the pensions for public-sector workers, the fact that you even included this, I think, was an indication that this was a political game that was being played. Personally, I trust, and Albertans and our government does as well, something as large as moving the CPP to an APP, and that’s why we will push that forward to a referendum and make sure that we get adequate information in front of Albertans to allow them the opportunity to make that decision as we move forward.

If I remember correctly – and I supported Bill 22; I still support the contents of Bill 22 – as it was debated in the House, I sat there for hours listening and partaking in that debate, and I remember that most of the time we spent debating that bill, we heard complaints about not having enough time to debate the bill and didn’t actually get into a lot of the meat of that bill. If I remember correctly, a good chunk of the time that we spent in there was complaining about the fact that we didn’t have time to discuss this bill. So I’m actually happy to hear a little more merited discussion and debate than we heard in the Chamber during Bill 22 on the actual content of this bill.

I will not be recommending we proceed with this bill, Bill 203, for a variety of reasons. I think we’ve heard a lot of that today, even from a few of the stakeholders that you guys brought forward. I know that Mr. Meeker, for example, did admit that there will be savings. There will be substantial savings, that we’ve seen, and those savings will be reinvested back into these pension funds. How do you not support that and the opportunity to save taxpayer dollars as well as make sure that we’re saving public-sector employees’ dollars?

We heard plenty from Mr. Mac Van Wielingen about the importance of director competency. We actually heard that from a

number of people. I don't know why we would go about reversing the decision to insist upon appropriate competencies to manage multibillion-dollar pension funds. I personally would be the first to admit that I'm probably the least qualified to manage a multibillion-dollar pension fund and would encourage that we have people in place that have the experience and the education to be able to actually manage these funds. So I don't know why I would support a bill that would remove that clause and would emphasize the importance of having people in there that actually know and have been trained to do the work.

We've heard a lot about the economy of scale. We heard about Mr. Morneau's analysis, but we also heard from Mac Van Wielingen that at least \$50 billion – I believe the teachers' pension fund is less than that, so we're going to get economy of scale by combining these funds and thus more value for both the taxpayers as well as for teachers and their pensions.

I think, again dispelling some of the misinformation that we've heard, that the ATRF board still has control over this, and we talked about the importance of that – this bill, Bill 22, didn't change that – making sure that we actually get that information out there to let teachers know that they still have control over this and emphasizing that this bill actually doesn't change the joint governance that was put forward with Bill 27 by the previous government. I want to echo the same concerns that the members opposite – and we heard from stakeholders that, yeah, lots of stakeholders are concerned about joint governance. So I think it's important that we actually – and I invite the opposition members to join us – assure them that their joint governance has not changed as a result of this bill. It is still enforced in there. So please join us in making sure we spread that good news to help alleviate the concern and fear that's been perpetuated over the last couple of months.

I mean, for all those reasons – making sure that we give the decision-making power to Albertans in regard to the CPP, that we're protecting the changes to make sure that we have competent, qualified people that are managing these large pension funds, as well as the cost savings and the economic power that is given in regard to combining these funds – I cannot recommend that we move forward with Bill 203.

The Chair: Thank you, sir.

Member Phillips, go ahead, please.

Ms Phillips: Thank you. I think we should go back to the purpose of the committee and what we are here to deliberate upon today. Some of that purpose of committee has been articulated by the Member for Cardston-Siksika, who indicated some months ago that “the purpose of the committee is to ensure we have greater stakeholder engagement on private members' bills.” I could not agree more. When we had 3,400 submissions to this committee, you'll be shocked to learn – I was, Mr. Chair – that the government members had read them all prior to this meeting. I know I haven't read them all because it is well-nigh impossible to do so. I don't know if the government members can actually say that they've read them all, and that's one of the reasons why this bill should go to the floor of the House, so that members on all sides can have an opportunity to review the correspondence that has been sent to this committee and to MLAs on this topic and draw their conclusions accordingly.

11:10

The next point that I think is important to make, Mr. Chair, is that a more fulsome debate and a more considered analysis of the interventions, evidence, and analysis that has been put forward by stakeholders in a very thoughtful way and that has contained a lot

of hard work and that I'm not convinced that all members of the committee have read, let alone all MLAs – I know I haven't made my way through all of it. The reason why there was so much interest in engaging in this deliberation and in this bill as put forward by the Member for Edmonton-Mill Woods, Ms Gray, is because public confidence had been undermined by the introduction and swift passage of Bill 22. In large part that confidence had been undermined because there was an inadequate consultation.

Now, the business case that is relied upon by government to put forward some of the changes that came about in Bill 22 was not apples-to-apples comparisons. They did not come about that business case as a result of consultation as has happened in other jurisdictions where these sorts of changes have been undertaken. The business case was only prepared by the party that stands to benefit, that is to say AIMCo. How does AIMCo benefit? Well, by expanding the asset pool, executive compensation is therefore increased by the main executive officers of AIMCo. There has been some inadequate decision-making backing up Bill 22, which was of great concern to thousands of stakeholders, some of whom authored the 3,400 interventions to this committee, some of whom authored the tens of thousands of e-mails and other letters that we received in our constituency offices individually and as a group. I know we have. For that reason as well it requires more deliberation on the floor of the House.

The final point I will make, Mr. Chair, is that confidence had been undermined for these thousands of Albertans, not just those who benefit, pay into, and have deferred earnings from a defined-benefit public-sector pension plan but also for Albertans who are seeing the possibility of their CPP being used by the same investment manager that has been now at the receiving end of at least, at a minimum, \$2.1 billion worth of losses, and we haven't seen the end of that story yet. In fact, Albertans are engaging in this topic because they are worried about the kind of risk-management approach that may be taken with respect to their workplace pension, that is to say their Canada pension plan. They are worried about the kinds of losses that have been sustained at the heritage trust fund, the extent of which have been withheld from Albertans. They are worried that their pensions, their retirement security, that is, both through CPP and their public-sector defined-benefit deferred earnings, will in fact be used as some kind of distraction or political game, and Albertans want to give voice to those worries. Now, one might agree or disagree with them, but the fact of the matter is that private members have a right in a Westminster democracy to bring those concerns forward to the floor of a Legislature and to ensure that they get full airing.

As democrats, Mr. Chair, perhaps not New Democrats, but as democrats, which we all are, the foundational value of what led us all to put our name on a ballot in the first place – there is a function to representative democracy, and part of that function is that it is not just Executive Council that may put things before the public for full deliberation, that private members have that right. That right should be sustained by this Legislature as it has been in previous Legislatures, and that is why this bill should move forward.

The Chair: Thank you, ma'am.

Mr. Stephan, go ahead, please.

Mr. Stephan: Thank you, Mr. Chair. As I understand it, Bill 203 really seeks to do three things. It seeks to reverse the oversight under the Alberta Public Agencies Governance Act, it seeks to reverse what had occurred under Bill 22, which was to migrate ATRF pension assets under the management of AIMCo, and it seeks to legislate away the opportunity for Albertans to choose whether or not they feel it is in the interests of Alberta businesses

and workers to migrate away to an Alberta pension plan. I'm going to talk about those three areas briefly.

The Alberta Public Agencies Governance Act is not a statute that our government had brought in. In fact, the NDP hadn't brought it in. It pre-existed any of those governments. Of course, it is really to ensure that the public agencies are serving the public interest. One of those requirements to ensure the public interest is served is a competency requirement in section 13. I was disappointed that the president of the Alberta Federation of Labour, who claimed great depth and experience in pensions, wasn't aware of this section or what it said. But when we're dealing with multibillion-dollar pension assets, competency must be paramount. The Alberta Federation of Labour member, or president, has confused in his presentation the concept of competency versus ownership, and I think that's really important.

I own assets. For example, I own a car. I am not competent to fix my car. I openly admit that. I use a competent mechanic to do that. It's in the public interest for both plan members and for taxpayers to have a competency requirement when we're dealing with multibillion-dollar assets.

The other thing that I found disturbing and somewhat of a conflict of interest, frankly, is that the Alberta Federation of Labour supported removing non-union membership on the board. The NDP Bill 203 proposes to remove this. I guess I would ask: don't they care about them?

As it relates to ATRF to AIMCo, most of Bill 203 has already been debated. This private member's bill seeks to simply recycle debate that already occurred. I'm not sure if this was really the intended purpose of a private member's bill, but this was the private member's prerogative to try and raise.

Mr. Meeker himself made the admission that the movement to AIMCo actually saves money. He did have a question about whether or not it's .25 per cent basis points. I think he said .15 per cent basis points. If I extrapolate that, we're talking about \$41 million a year versus \$28 million a year. In any event, that saves money for both taxpayers and for the members.

The Alberta Federation of Labour union boss seemed to indicate that taxpayers do not pay for pensions. I think he's confused between the difference between a defined contribution plan and a defined benefit plan. We heard that there was a \$2.2 billion contribution by taxpayers to the teachers' pension plan. That occurred, and they do pay in to the plan. So what about them? Do they matter? The change or the migration of the assets is intended to save money for both members and taxpayers and is in the public interest.

Last of all, the CPP. As indicated, Albertan businesses and workers pay premiums of about \$3 billion a year more than what is paid to Alberta retirees. This CPP subsidy is increasing by 20 per cent over the next couple of years and was brought on by the Trudeau Liberals, which the NDP supported, aided, and abetted, and that increase is because of this subsidy disproportionately borne by Alberta businesses and workers.

You know, the last thing that I really find troubling and probably the strongest reason why I won't support this bill is that under the NDP there were tens of thousands fewer private-sector jobs under their tenure, and that brought about a great human cost. You know, it was devastating.

11:20

The opportunity to avoid this multibillion-dollar subsidy every year can reduce contribution rates. It can create a competitive advantage for Albertans, which would lead to higher private-sector employment. I will always support initiatives that explore the

opportunity to restore economic prosperity for Alberta businesses and workers. I know that this is not what the NDP did – in fact, it was probably their greatest failure – but I cannot support anything to further what they did. I cannot support Bill 203. It is not in the public interest and does not merit further consideration.

Thank you.

The Chair: Thank you, Member.

For the record we have 13 minutes left.

Member Pancholi, go ahead, please.

Ms Pancholi: Thank you, Mr. Chair. I simply wanted to reiterate once again that all of the arguments that we've heard from the government members across the way are arguments that should be and rightfully can be made in second reading, Committee of the Whole, and third reading in the House on Bill 203. Again, I've heard the members say repeatedly: I can't support this bill, I can't support this bill, and this is why I don't support this bill. Again, respectfully, Mr. Chair, that is not the goal and the mandate of this committee.

It's not to determine whether or not you as the member for your constituency that you represent support this bill being passed in the Legislature; it's about whether or not we believe that sufficient stakeholder engagement has taken place and that there is an issue that should be going forward to the Legislature for proper debate. This committee represents a small fraction of the Members of the Legislative Assembly, and every member should have an opportunity to speak on behalf of their constituents in debate in the Legislative Assembly on Bill 203. I just simply wanted to state that again for the record, Mr. Chair.

The Chair: Thank you.

Ms Glasgo: I appreciate that. Actually, this is a good segue into my comments because I think the purpose of this committee, which we've now exhausted as far as what that actually means, is to determine whether a bill should go forward or not. In our conversations here today we seem to have a conflict between the opposition and the government – not surprisingly so – on whether this bill should go forward based on its merit. For me, the bill shouldn't go forward because it basically just wants to go over Bill 22 again and take away a democratic right for Albertans to be able to participate in direct democracy. We saw this with Bill 207, where if we thought that a piece of legislation shouldn't go forward, it would be taken out of this committee's purview even though there was stakeholder engagement. We've heard from stakeholders today, I think, from both sides, and we have determined that stakeholder consultation has been done.

And I do applaud the Member for Edmonton-Mill Woods because I know that she's very passionate about this and that she has done a considerable amount of work on this bill. I do have to say that I greatly respect her and her respect for the Chamber as well as how she always speaks from conviction and is very consistent in her arguments. I do have to say that I do definitely respect where this is coming from. From a basis of having to look at what is on the paper, what is on the bill in front of us, on that basis I can't recommend that this bill move forward given that there are so many conflicts, which has already been done. The purpose of the bill is essentially to relitigate, to rehash what has already happened.

Mr. Chair, I might just point out in my closing comments here that if the opposition members' comments are so compelling, the Chamber can vote to move this committee into the Chamber. Even if this committee were to – and I'm not going to presuppose the judgment of this committee – recommend against the bill going

forward in the Chamber, there's still an hour for the opposition to make their case and the prime private members can be convinced. I would encourage the opposition to make those compelling arguments if they are so able.

The Chair: Thank you. And we would never presuppose the outcome of the Assembly either, right?

Ms Glasgo: Absolutely not.

The Chair: We'll go to Mr. Nielsen.

Mr. Nielsen: Well, thank you, Mr. Chair. Just a couple of new pieces of information here. Around this rehashing of Bill 22, I would remind members that that debate went over the course of a day and a half. And let's be honest: we know that we didn't just stay on Bill 22 during that entire day and a half. You know, to send it back with merely 55 minutes – because there's actually, you know, five minutes of other time that's spent on that – to try to convince the floor that this is worth debating I think is a little bit ridiculous considering we weren't able to convince members of the drastic faults that lay in Bill 22, and we're seeing that with the push-back from members of the public and all the different stakeholders.

One of the other things I noticed that we brought up was around the cost savings. I'm certainly not going to argue that there are potential cost savings there, but the one thing that I think we need to take into consideration – here we are; we're going to save ourselves maybe some millions of dollars in terms of costs to manage these things, but we may very well be giving up billions of dollars to the members that hold these different pensions. I've seen a study out there: by moving CPP to an Alberta pension plan over the course of five years, we would be giving up over \$13 billion. To save a few million dollars? Is that really in the interests of Albertans here? That kind of concerns me, especially when we're talking about going out and having a study done around this.

I'm going to remind members around the blue-ribbon panel, about the study that occurred there, where we studied the expenses of the province, but we never looked at the revenues. So I'm having a hard time thinking that this study on CPP is going to be right down the middle, considering all avenues. I have a very big concern around that.

The last point was that we've heard an argument that moving these pensions to AIMCo will essentially give a bigger bang for the dollar. Okay. Then wouldn't moving CPP out to an Alberta pension plan reduce that big bang for the buck? That's conflicting language right there, Mr. Chair. So we need to send this for debate in the House. We need to give it more than 55 minutes, and we certainly need to give it more than a day and a half, assuming that Bill 22 took up that entire time.

The Chair: Thank you, sir.

We'll go to the government members.

Seeing none, we'll go to Member Irwin.

Member Irwin: Okay. You know, we've all shared our points of view on this, and I want to come back to the Member for Calgary-Klein's comments. In fact, I want to share a constituent's remarks. This constituent named Sonia notes that during that member's last town hall,

after listening to a number of constituents, you recognized and publicly stated in that meeting room that your government could have done a better job in consulting with stakeholders about the AIMCo pension takeover. You agreed that stakeholders should have been part of the dialogue before Bill 22 was rushed through . . . with very limited debate.

She says that now is the time for that member to walk his talk. Now is the time to prove to her and to other constituents "that you will stand by what you say." Now is his opportunity to prove that the words that that member spoke that night were true and that he will honour them. She urges him and the rest of the members to "debate Bill 203 in committee, listen to . . . submissions" and send it "to the Legislature for a full debate." She asks that we advocate on behalf of our constituents and that the Member for Calgary-Klein do the same and ask for a full debate in committee. "By [his] own admission stakeholders were not consulted on this pension takeover." She says, "This issue must be discussed thoroughly in committee, with stakeholders, and ultimately in the Legislature."

I urge that member to think about Sonia and to think about all of his constituents who have written to him. She ends by saying: democracy demands it. Again, last chance. Please. We're here for democracy. We're here for our constituents. Let's move this bill to the floor.

The Chair: We'll go to the government members' side.

Go ahead, Mr. Nixon.

Mr. Jeremy Nixon: For sure. Thank you for bringing up Sonia. I've actually had a number of e-mail correspondence, and Sonia and her husband came to my office. We had what I think was a good conversation. I think at the end of the day we agreed to disagree on a number of points, but I certainly appreciate both of their dedication and their passion and their advocacy. You know, I did talk about the time that we could have consulted – since then I've heard from a lot of teachers in my constituency. I've had the opportunity to spend a lot of time on the phone or in person or through correspondence to be able to connect with teachers within my constituency as well as other members of my constituency to talk about this, as they've heard about that. At the time I agree, yeah, we probably could have had a little more time on that. Since then, though, there have been dozens of conversations, including what happened here today, which I think was a robust discussion and hearing from stakeholders. As well, we've seen correspondence throughout this process.

11:30

At this time I do believe we have heard from a lot of stakeholders, and we've heard a very robust discussion around the merits of Bill 22. For the reasons I stated earlier, I cannot support a bill that would undo the great merits and progress that Bill 22 did and the benefits that it will provide both teachers and other public servants, including non-union members, to make sure that they have representation, to make sure that we have the quality and the capacity in the members that are on these boards and actual qualifications. You know, that's what I've heard through consultation and further research since Bill 22 was first presented in the Legislature.

Thank you.

The Chair: Thank you, sir.

Member Phillips, go ahead.

Ms Phillips: Thank you, Mr. Chair. I do want to add one additional point, which is that this committee is undertaking its deliberations on whether this bill should go to the floor of the Legislature in the context of having had information withheld from it. Specifically, what I'm referencing here is the fact that section 16(1) and 16(2) of the Alberta Heritage Savings Trust Fund Act have been breached by the government in that the act indicates:

Soon . . . after the end of each fiscal year, prepare and provide to the Standing Committee [on the heritage fund a] . . . report of the

Heritage Fund, including a financial statement audited by the Auditor General.

Section (2) reads:

Once the Standing Committee has approved the annual report . . . the Standing Committee shall, on or before June 30 . . . furnish copies of [that report] to all members of the Legislative Assembly and to the Clerk of the Legislative Assembly and [then] shall make the report public.

But that report is not public, Mr. Chair, and the reason why this is relevant information is because a lot of the stakeholder reaction to this bill has centred around the appropriate role of AIMCo and the flexibility in choosing them as an investment manager.

Now, this report that I can't read and that you, Mr. Chair, can't read unless you're on the heritage fund committee, which I can't remember, and that no Albertan can read – it's in this sealed envelope here – contains relevant information on AIMCo's investment strategy and the undertaking of highly risky, frowned-upon volatility trading strategies with our public money. There are a number of details, I am told, on that strategy in this annual report, but I haven't read them, and neither has the public. So this bill should go to the floor of the House, giving the standing committee an opportunity to read this annual report, to understand AIMCo's role in these tremendous losses that we only hear through media reports are in the neighbourhood of \$2.1 billion. But we don't have reasons on the record yet for how that all went down and who shared those losses and what was in HSTF, what was in the pension funds. We just don't know. That, again, in contravention of the act, has been withheld from Albertans.

That is why this contravention of the law should be rectified by the heritage fund standing committee so that the Legislature can proceed in its deliberations, in accordance with the law, of how our \$17 billion in the heritage fund, that belongs to each and every one of us, is governed and managed.

The Chair: Thank you very much, Member.

Time for discussion on this bill has now elapsed. We will now go to a possible draft motion to either proceed or not proceed.

Mr. Nielsen: I am prepared to make that motion, that the Standing Committee on Private Bills and Private Members' Public Bills recommend that Bill 203, Pension Protection Act, proceed.

The Chair: Okay. We'll get it up on the screen here. Mr. Nielsen to move that the Standing Committee on Private Bills and Private Members' Public Bills recommend that Bill 203, Pension Protection Act, proceed. All in favour, say aye. All opposed, say no. That motion has been defeated.

Mr. Nielsen: A recorded vote, Mr. Chair.

The Chair: A recorded vote. I'll get my sheet here for the record. I'd remind committee members that the standing orders now permit members to abstain from voting. With this change to the standing orders during a recorded vote I will ask members in the room who are in favour of a motion to raise their hands, and then I will state for the record the names of all those in favour. After recording the names of all those in favour, I will then ask those in the room who are against a motion to raise their hands, and I will state their names for the record. In accordance with the standing orders the minutes of the meeting will show the names of those who are for a motion and those who are against but not the names of those who abstained.

Okay. All those in favour, please raise your hands. Okay. Thank you. Mr. Chris Nielsen, Member Pancholi, Member Irwin, and Member Phillips. All those opposed, raise your hands. Mr. Schow,

Mr. Jeremy Nixon, Ms Michaela Glasgo, Mr. Sigurdson, Mr. Jones, and Mr. Stephan.

Mr. Kulicki: Mr. Chair, I have four members for the motion and six members against.

The Chair: Okay.

That motion has been defeated.

We will now move on. Hon. members, the committee has finished deliberations on Bill 203. The committee should now consider directing research services to prepare a draft report, including the committee's recommendations. Would a member wish to move a motion to direct research services to prepare the committee's draft report?

Mr. Stephan: Mr. Chair, just a quick a clarification. Do we not need to have a motion passed that it not proceed?

The Chair: Nope.

Mr. Stephan: Okay.

The Chair: Okay. I still need somebody to move a possible motion. Okay. Member Glasgo will move that

the Standing Committee on Private Bills and Private Members' Public Bills direct research services to prepare a draft report on the committee's review of Bill 203, Pension Protection Act, in accordance with the committee's recommendations and authorize the chair to approve the committee's final report to the Assembly on or before noon on Wednesday, July 8, 2020.

Ms Pancholi: Just a quick question. Mr. Chair, if we would like to submit a minority report, do you want it included in this motion or as a separate motion?

The Chair: Noon, Wednesday.

Ms Pancholi: Noon, Wednesday.

The Chair: Yeah. Okay? Thank you.

All those in favour, say aye. Any opposed, say no. Okay.

That motion is carried.

We will now move on to other business. I know Mr. Nielsen had discussed other business. Mr. Nielsen, would you like to proceed?

Mr. Nielsen: Thank you, Mr. Chair. Just to make it quick, I'll just move a motion that we can quickly discuss here. I would move that the submissions made to the committee on Bill 203 be made public as an appendix to the final report of the Standing Committee on Private Bills and Private Members' Public Bills on Bill 203, with all identifying information removed for private citizens.

The Chair: Okay. I know a lot of this stuff is uncharted waters here. We'll put that motion up for discussion.

I'd just like to defer to Parliamentary Counsel if I could, please, and maybe they can provide – because I know we've had some other bills that had a lot of input from citizens. Bill 207 appears to come to mind. Have we made that public? Did we make that public as well?

Dr. Massolin: Make which public?

The Chair: Sorry. The motion that Mr. Nielsen is asking . . .

Dr. Massolin: The submissions, you mean.

The Chair: The submissions, yeah.

Dr. Massolin: Not for this committee, no . . .

The Chair: Okay.

Dr. Massolin: . . . but it's up to the committee to do so.

The Chair: Oh, no. Of course. Of course it is. Just for the reflection on history, I was just wondering because I know we'd had a lot of submissions on 207 as well.

I will put that motion up. I do offer any debate on this particular motion. Mr. Nielsen, go ahead.

11:40

Mr. Nielsen: Yeah. I guess, just to get it moving forward, this would at least give the members of the House the ability to see all of the different submissions that were made when the Assembly debates concurrence at the next available time.

The Chair: Yeah. Member Gray, go ahead.

Ms Gray: Thank you very much. Although I'm not a voting member of this committee, I just want to say that I support the idea behind this because I heard from a lot of people: where can I read the submissions that have been made? People are certainly interested in the depth of information that was provided. A lot of organizations put a lot of time and work into these submissions, and I think including that in the public record would be something very welcome by Albertans. I would encourage committee members to support this motion so that when people are looking into this debate, they can see those detailed submissions that both the UCP caucus and the NDP caucus elicited for today's committee meeting.

The Chair: Okay. Thank you.

Mr. Sigurdson: I guess I just have a little bit of concern about this, and I guess it just comes down to: when we approved that people were submitting, they were submitting to the committee only. I would be for this if we had let everybody know that when they were putting the submissions to the committee, it was going to go public. But the fact that they were submitting to the committee only: I find that's not what we explained to the people submitting. I would be against this because they didn't know beforehand when they were submitting, either for or against 203. And even with the submissions of personal details: there's stuff in there. I think it's a concern, so I'm not sure I would be for this at this time.

The Chair: Any rebuttal? Sure. Go ahead.

Mr. Nielsen: Yeah. Hence, that's why we want to remove any information about the private citizens. It would just be down to the comments because I think members need to know what potentially their own constituents have been saying around this. There is a lot. There are 3,400 that I really think members need to take into consideration when we're debating concurrence.

Ms Glasgo: I think that if the purpose is for other members to see the submissions, we all have that ability through our constituency offices to see the submissions that have been given to our office. I know that my office has received submissions, and like I said, as an MLA I have followed up on those submissions and have phoned a large number of people who have contacted my office about this provided they have left their contact information. There have been a lot of phone calls without contact information. I mean, as MLAs that's our job, to be talking to our constituents and to be reviewing those e-mails and making sure that we know what the perspective of our constituents is. I agree with MLA Sigurdson that there is little

point in posting these online, especially when the people who were submitting these in the first place didn't know that that's where they would be going.

Secondly, on Bill 207, we didn't allow this as a committee, so I think we should probably be consistent in our findings and recommendations.

The Chair: Mr. Nielsen, Member Pancholi wants to speak. Go ahead.

Ms Pancholi: I was just going to clarify, Mr. Chair, that MLAs who are not members of the committee would not have had access to these. This is on the internal committee website, so I think Mr. Nielsen's point was for MLAs other than those who are on the committee to have access, too, because we received letters from constituents from all over the province.

As well, I had mentioned, I believe, on Bill 207 that we actually didn't address this. I don't think we voted against it. I don't think we actually addressed this. We appreciate the privacy concerns, which is why we would submit that that identifying information be removed.

Mr. Nielsen: Maybe with Parliamentary Counsel's help here. Any submissions that were made out of the 3,400: I would say that there's no guarantee that they were the same submissions that MLA offices might have gotten.

Dr. Massolin: I really can't speak to that, Mr. Chair.

The Chair: Yeah. I don't think you can answer that question. I don't want to speak for them, but . . .

Mr. Nielsen: Okay. I would suggest that there could be submissions in there that we have not heard from in our own constituency offices.

Mr. Kulicki: I would maybe just add one point to that, Mr. Nielsen. Yeah, it's hard to know an exact balance between how many of the submissions were CCed to other MLAs versus how many just went to the committee individually. From my recollection, you know, a few were CCed to MLAs, but I couldn't provide you with any exact information on the proportion.

Mr. Nielsen: Hence, why we need it.

The Chair: Okay. I have two people on the list here, Mr. Schow and then Member Gray.

Mr. Schow: I don't think that this would be a wise decision, primarily because, as has been stated, people who made these submissions didn't know that they would be released. Given the number of submissions coming in, I don't think it's realistic to think that somebody is going to go through and redact all of the other information in the body of the message, which actually might reveal who it is from or the circumstances surrounding that individual who submitted the letter. I wouldn't feel comfortable opening these letters up to the public. Also, there just is no precedent for this, so I would be against this motion.

The Chair: Member Gray.

Ms Gray: Thank you very much. I just wanted to reiterate that members of the public have already expressed a strong interest in being able to see these submissions, and I've received a number of questions along that line.

As a nonvoting member of this committee I don't believe I can amend things, but I just will put out for the committee's consideration that should this motion not pass, perhaps the committee might consider a motion allowing the submissions from corporations, major stakeholders, and organizations to be made public, particularly as I found the submission from, as an example, LAPP, the largest pension plan, roughly \$50 billion, that is currently managed by AIMCo, very, very pertinent to the discussion. I know that as a corporation the same types of privacy concerns would not apply in that case. That's just a suggestion as the conversation goes on and as this vote takes place.

The Chair: Okay. Thank you.

Just with Parliamentary Counsel: that would be a separate motion, but we're just dealing with this motion here.

Seeing no further discussion, I'll call the question. Moved by Mr. Nielsen that

the written submissions made to the committee on Bill 203 be made public as an appendix to the final report of the committee on Bill 203, with all identifying information removed for private citizens.

All those in favour, say aye. All those opposed, say no. That motion has been defeated.

Mr. Nielsen: Recorded vote.

The Chair: A recorded vote has been requested. The procedure for that recorded vote has already been verbalized into the record.

All those in favour, please raise your hand. Okay. Mr. Nielsen, Ms Pancholi, Member Irwin. Correct? Is that it? Okay. Thank you. Member Phillips. All right. All those opposed, raise your hand, please. Mr. Schow, Mr. Jeremy Nixon, Member Glasgo, Mr. Sigurdson, Mr. Jones, and Mr. Stephan.

The record, please, Mr. Clerk.

Mr. Kulicki: Mr. Chair, I have four members for the motion and six members against.

The Chair: Okay.

That motion has been defeated.

Is there anything else in other business?

Seeing none, okay; we'll go to the date of the next meeting. The date of the next meeting will be at the call of the chair, likely whenever another private member's bill has been introduced.

Can I get a member to adjourn?

Mr. Nielsen: So moved.

The Chair: Okay. Mr. Nielsen moved that we adjourn. All those in favour, say aye. Any opposed? That motion has been approved.

All right. Everybody, have a great rest of the day.

[The committee adjourned at 11:48 a.m.]

