



Province of Alberta

The 28th Legislature  
Second Session

# Alberta Hansard

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Issue 22e

The Honourable Gene Zwozdesky, Speaker

# Legislative Assembly of Alberta The 28th Legislature

Second Session

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Progressive Conservative: 58      Wildrose: 17      Alberta Liberal: 5      New Democrat: 4      Independent: 3

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Kubinec	Rowe
Lemke	Sarich
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Brown	Xiao
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## Legislative Assembly of Alberta

7:30 p.m.

Tuesday, April 22, 2014

### Government Bills and Orders Committee of the Whole

[Mrs. Jablonski in the chair]

**The Deputy Chair:** Hon. members, I'd like to call the committee to order.

#### Bill 8 Appropriation Act, 2014

**The Deputy Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Strathcona.

**Ms Notley:** Well, thank you. This is the first time, actually, that I've been able to get up to speak to Bill 8, the Appropriation Act, 2014, so I'm looking forward to offering up my comments regarding it. I'm just fiddling here so that I can find my clock, and in that way I can have some sense of how long I have been talking. I know it will feel like forever for everybody else, but for me I still need to get a sense of what that is. Okay. There we go. Thank you, Madam Chair.

Bill 8 is the Appropriation Act, which, of course, authorizes the government to go ahead with the budget that they have . . .

**The Deputy Chair:** Excuse me, hon. member. Hon. members, the noise level is a little high. If you have conversations, you can take them out into the other room. Otherwise, keep it low so that we can hear the speaker.

Thank you.

**Ms Notley:** Thank you, Madam Chair. I'm doing my best to speak succinctly, but since I can't even pronounce the word, it's probably somewhat indicative of what is to follow.

We're talking about the budget that the government has put forward for all of us to vote on over the course of the next few days. Now, generally speaking, we've offered up comment around this budget to the effect that this government has a revenue problem, and because of that, they are making a number of cuts and, generally speaking, unwise decisions in order to deal with the fact that they are not collecting enough revenue.

There are really, in my view, Madam Chair, two explanations for their revenue problem. First of all, we have a flat tax in the province. You know, it's interesting. That flat tax has been in place now for – I don't know – 12 or 13 years. I'm not exactly sure how long. As much as everyone here threw themselves a little party and conducted a little parade around here to congratulate themselves on introducing this flat tax, it's very interesting because no other jurisdiction has followed suit. The reason no other jurisdiction has followed suit is because it's a really, really bad idea. It's a very unwise way of managing.

As a result, we here in Alberta are in a situation where, you know, if you earn – I can't remember what the figures were – somewhere between \$50,000 and \$70,000 a year, you pay more than the national average in taxes. But, lucky you, if you earn a million dollars a year, you do get away with roughly \$40,000 a year in savings. Now, you know, that \$40,000 a year in savings is pretty awesome, and I'm sure a lot of million-dollar-a-year income earners have invested excellent amounts of that \$40,000 in their third homes in Palm Springs and in, you know, the vineyards

that they visit on vacation, typically not in Alberta, and in all those places where they spend all that disposable cash that people tend to have when they earn a million dollars a year.

The question is: is that really wise? While we are ensuring that those fabulous million-dollar-a-year earners pay \$40,000 a year less in tax than they do in any other province, we are making decisions that impact very important services in this province and the vast majority of Albertans, who, just to be clear, are not earning a million dollars a year.

The other source of our revenue problem, of course, is that we continue to refuse to collect a reasonable share of the resources that we own. I don't want to get into a huge discussion about this, but I will say simply that the measures of what we collect relative to other jurisdictions in a similar situation to ours show that we collect the lowest amount. That says to me that there is room for us to capitalize on our natural resources for the benefit of the people who elected us as opposed to for the benefit of the multinational companies who are extracting that oil and in a fashion that is wiser and more judicious with respect to our resources. But we're not doing that, Madam Chair, and for that reason we are, you know, making cuts, or alternatively we are not caring for the most vulnerable Albertans in this province.

It's really kind of hard to focus in on all the places in this budget where I would want to see different priorities, but I will say, you know, that we've had one very interesting discussion repeatedly over the course of the last three or four weeks around the fact that we essentially have no access to justice in this province and that we can't fund our legal aid system. We have a Solicitor General who claims that his first priority is to ensure I think he calls it equality for taxpayers or something like that and that for that reason we need to sometimes compromise the principle of access to justice. That's disturbing, I have to say, Madam Chair, coming from the Solicitor General of the province.

But the fact of the matter is that I'm of the view that we truly are on the precipice of having our whole legal system collapse upon itself because it truly is an area that only the most wealthy and entitled of Albertans can actually make use of. We're spending many, many dollars to ensure that, you know, Enbridge can have its hundreds of thousands of days in court, but at the same time folks who need the intervention of the courts on family matters, who need the intervention of the courts on basic income security matters, who need the intervention of the courts judiciously and fairly in matters that impact upon their life, liberty, and security cannot get access to the courts in a way that the courts contemplated them getting access, and that is with fair representation. I think that at a certain point we run the risk of really losing public faith in the judicial system.

Of course, that's one area where we are making cuts to justify that \$40,000 a year that our million-dollar-a-year earners can pocket every year. Another one, of course, is the draconian cuts that this government has legislated or attempted to legislate and which find their way into this budget in the form of a salary freeze on public-sector employees in violation of their own legislation and, more importantly, in violation of the Canadian Charter of Rights and Freedoms. These guys aren't just sort of, you know, picking and choosing and going: "Okay, folks. We all need to tighten our belts, and we're all in this together." No. They're ripping up the Constitution in order to go after a certain group of people who earn on average about \$52,000 a year. So it's a question of choices. They earn slightly more every year than those million dollar earners, that this government is so committed to protecting, get to save in taxes in this province and no other. That's who we're picking and choosing. In this government it's all

about choices, and I would suggest that they've really lost their way in terms of understanding who it is that they represent.

Now, when we look at issues in Human Services, which is one of my major areas that I pay attention to, you know, we had a Premier who ran to Albertans on what I would refer to as almost an NDP-light platform, shall we say. That was what she ran on, and in part of that, what she promised was to eliminate child poverty.

**Mr. Hehr:** You guys ran on a Liberal-light platform.

**Ms Notley:** And you guys joined the CPers for about 32 days.

**An Hon. Member:** The CP?

**Ms Notley:** The Communist Party.

Anyway, as we characterize what everybody else was actually representing at the time, the fact of the matter is that the former Premier promised Albertans, among other things, a plan to eliminate child poverty in five years, and she promised Albertans full-day kindergarten. Both of those things are actually not unreasonable commitments to make. The more early intervention we get, the greater the health, the education, and the economic, income-earning outcomes of those kids 15 years later. The studies are incontrovertible that moving to a full-day kindergarten system would have measurable results in the prosperity of all Albertans.

7:40

That was a good promise to make, the whole issue of eliminating child poverty in five years. Well, quite frankly, if we were to use our rather extensive resources and consider the kind of interventions brought in by the Ontario government with respect to the child tax credit, that too could go a long way to eliminating child poverty. Hey, with just a drop in the bucket, this whole notion of having a universal school lunch program, at least we'd be making sure that kids in our province, that everyone likes to claim as being so wealthy, would all actually have a full stomach while they're at school and learning. Yet we are the only province in the country that doesn't have school lunch programs funded by the government.

You know, we're making these decisions all the time to allow the gap between the extremely wealthy and everybody else to grow and grow and grow. That's a very intentional, policy-originated decision, and it is entirely reflected in this budget. This budget is a corporate budget that has long since abandoned the needs of the vast majority of Albertans.

The one thing these folks are doing in this budget is playing around with starting to put a little bit of money into developing their infrastructure although I actually find that kind of amusing because they're out there sort of trying to paint themselves as these great saviours and somehow having the foresight to initiate some investment in infrastructure. They see that that's kind of popular. They do that with themselves being the 43-year-old architects of the crumbling infrastructure that is now in such desperate need. Really, if I were them, I'd be embarrassed every time I talked about building Alberta. Whenever I see a Building Alberta sign or a Building Alberta commercial, I think: building the Alberta we broke. These guys are the ones that sat by for 43 years letting it fall to pieces.

To then turn around and try to convert that into a political plus: I have to say that it takes some political chutzpah. But I'm not convinced that even your 240 communications people are going to make Albertans buy it. Again, we can talk about your 240 communications people as being a whole other question of where

your priorities are as we continue yet another year of not including a school lunch program in the Human Services budget.

What else did we do this year? Well, we made some dramatic cuts to income support programs that would help people who are on income support get off income support and back into either schooling or into the workforce. Of course, the minister says: "Well, you know, we didn't really want to, but we haven't finished negotiating that with the federal government, so we had to make these massive 20, 30, 40 per cent cuts in our budget from what we're spending. But, you know, don't worry. We've kind of got our fingers crossed, and we're hoping that our pals in Ottawa will come through with the money that we think they might." Of course, we don't know if that's true, and we also don't know if what they come through with will actually be what we need.

In any event, the fact of the matter is that this is a province that also got themselves a billion dollar windfall from the federal government this year for health care funding and then chose to only put three-quarters of that into health, putting the other \$250 million windfall into their back pocket to maintain their ability to give that million-dollar-a-year income earner his \$40,000-a-year tax break.

See, I think that that money could have gone to make up for the employment support programs that we are not currently funding. So when we talk about eliminating child poverty, we could have actually done some meaningful stuff to get the parents of those kids who are poor off income support programs, which at this point run at about one-half of the low-income cut-off, which is a level that experts have long since indicated actually represents real poverty.

We are intentionally funding income support programs at about one-half of the poverty rate that we know to be true. We are intentionally having families live in that level of poverty. When we talk about getting those folks off those programs, we are now cutting the programs that would assist in that objective by 20, 30, 40 per cent because it's the federal government's problem, even as we're pocketing another \$250 million that we didn't expect to get, that was supposed to be going to health.

You know, again, it's just another choice. It's a choice about giving tax breaks to your wealthy friends. It's a choice about shovelling money out the door to the oil and gas industry in any one of a number of different subsidies and creative gift-giving strategies that this government has at their disposal when it comes to that particular select group. The difficulty, though, of course, is that Albertans lose in the process, and that's what this budget includes. That is what we are choosing to ignore.

Another area that would assist people in fighting against the trend towards a growing level of poverty and a growing level of inequality, of course, is postsecondary education. As you know, Madam Chair, we have the lowest percentage of people going on to postsecondary education in this province. We have the greatest income gap between men and women in this province, including those who have graduated from postsecondary education. We have the second-highest combined tuition and noninstructional fees in the country. On a per capita basis we're putting less money into postsecondary education. That's the status of that.

Yet, again, we are a province that has the kind of resources that 99 per cent of every other jurisdiction in the world could only begin to dream of. The degree to which we are frittering it away and not investing in genuine ways to diversify our economy, starting with investing in people, investing in our young people, investing in students, and ensuring that we actually could provide a first-class postsecondary education system with access which is affordable – this is something that we could have done in this budget.

We could have undone the truly ridiculous round of cuts that we had last year. Instead, you know, we picked away at a bit to try to make friends with a few political people here and there, but we really did not undo the damage that we imposed upon them through those cuts, nor did we actually invest in this sector in a way to move forward, to deal with the fact that ours is amongst the most expensive postsecondary systems in the country, to deal with the fact that our class sizes are growing, to deal with the fact that our infrastructure is going down, to deal with the fact that we have the lowest number of our high school kids transitioning into postsecondary in the country. Those are all things that we could have done if we could look beyond six months and that could be in this budget, but they're not there either, Madam Chair.

What else could we do to really grow the potential of this province? Well, child care. Every year I hope to see some kind of genuine investment in a truly affordable, accessible, nonprofit, public child care system in this province. The government loves to brag about how many child care spaces we have. Well, you know, we have had an increase in child care spaces. It's still a fraction of what we need, and the vast majority of them are unaffordable for regular Albertans. What that means is that children in Alberta are growing up in a potpourri of frantically sewn-together care arrangements, which undermine their future learning ability, which undermine their social growth, which undermine their sense of security. Of course, that happens the most in our lowest income families, continuing to increase the very gap that people claim we need to eliminate.

A proper child care system, like the one in Quebec, has been shown repeatedly to have measurable differences in outcome in terms of health, in terms of education, in terms of income. Again, it seems like a no-brainer in a province like this, where we have such a great amount of resources. It seems a no-brainer that we would introduce that kind of child care system here to really give an advantage to people who are born and raised in this province, to really have something that Albertans can be proud of, saying: "Yeah. You know what? We're in Alberta. We throw money on the fire when we're cold, but we also have this awesome child care program, and it made such a difference in my life and in my family's life."

You know, it does work that way because in Quebec the minute someone starts talking about taking away that child care program – well, politicians have learned that it's like threatening medicare, which, of course, I know that these guys also try to do but subversively. It's just something that people are proud of and know makes a difference in their lives. It's something that we could also look towards achieving if we had any creativity, if we had any notion of actually building Alberta for Albertans as opposed to a select slice of industrial friends and insiders who currently have this government's ear.

So that's sort of a brief summary of why I'm not keen on this budget and this bill and why I will be voting against it. There are certainly a number of other areas. I could go on at greater length. We haven't restored the funding to PDD. We are continuing to cut that funding through the SIS program, which everybody, depending on what day of the week you ask them, has a different opinion about and a different understanding of as to how it's being used. Either way, we shouldn't be using that to cut that population.

7:50

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak on Bill 8, the Appropriation Act, 2014? The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Well, thank you very much, Madam Chair. It's, as always, a privilege to speak to bills in this House, and I speak to Bill 8 in, no doubt, a similar fashion. It's a bill that I will be speaking against. In my view, this year's budget, like the last number of them, does little if anything to correct Alberta for the long term. I think the hon. member from the fourth party who just spoke touched on a lot of things that I, too, will touch on.

There's no doubt that the reason why we have a budget that doesn't seem to really address fundamental problems that are showing themselves to exist in Alberta is because we have a revenue problem. That has beyond a doubt been stated by former Finance ministers of the Progressive Conservative Party itself as well as economists of all stripes. In fact, it's more than evident when you look at the amount of programs and services and the ability of the government to do day-to-day tasks in this province. It's beyond clear that that is, in fact, the problem.

The hon. member did a good job of pointing out that we have many strange things here in Alberta. You know, you would tend to think that if we had gone to a flat tax in 2001 and if it was such a wise idea, that it brought such prosperity to this province, some other jurisdiction in this country would have followed along and said: "My goodness. Did that not lead to a whole bunch of prosperity? My goodness. Did everything just happen there? That was just amazing." But no. No other province has bothered to even look at it. I think it's because they know full well that it's ridiculous. It's ridiculous because, generally speaking, your middle-class taxpayer ends up paying more in taxes than your wealthiest citizen.

Furthermore, the real thing that it does as well is that it doesn't collect the global amount of revenue that a true progressive tax system would. By bringing in more revenue, of course, we could do some of these things in Alberta that clearly are not being done given the revenue sources that are available to the government under its current fiscal structure. Let's take a look. What are some of those things? I think they're well known, some of them. The school lunch program: we're the only jurisdiction in Canada that doesn't have one. Full-day kindergarten: I believe we're the jurisdiction that is furthest behind on this issue. The hon. member brought up a great thing. Our legal aid programs are in a shambles. Our welfare payments or our Alberta Works payments are the lowest in the land by a country mile. All of these things are nothing to be proud of. Furthermore, given the fact that we apparently need schools and need them fast and we haven't built them in a generation – there's a reason why. We haven't collected any revenue.

I guess the other thing we can look at is not only that we need these things today – there is no doubt in my mind that we need these things today – but as a result of our fiscal structure we have managed to go through the vast majority of nonrenewable resource revenue we have brought in. One has to look back to 1971, when this government took over, and the fact is that we brought in and fundamentally spent virtually all the oil wealth. We've saved \$16 billion, and we brought in close to \$400 billion. Really, where has that money gone? If you look at it, it's tax breaks, okay? It's tax breaks and an inability to collect revenue for things we need.

You know, we can just look at the evidence. Any way you cut it, it's absurd as to where we are, and to have not changed course over the last two years is beyond me. I'm actually interested: how is the current government going to defend, going into the next election, the record of how they have run things? Either way you cut it, simply put, we don't have the services that other provinces seem to have. Now, even without the services, we're heading up

to \$21 billion in debt. Like, any way you look at this, this is just silly.

I would also like to bring up the fact that there are other things in this province that we could use that have been implemented in other provinces. I think the hon. member brought up – and I'm a big believer in this, too – daycare spaces in our communities here in Alberta. Right now if you look across the lay of the land, we don't have enough daycare spaces in Calgary for the number of people that need them. Furthermore, the space for one child in Calgary is between \$1,600 and \$1,700. Clearly, that is unaffordable for many if not most working families. When you see a problem like that out there, you have to look around. You have to look at jurisdictions that are doing things to eliminate a problem. One of those jurisdictions is Quebec, that has had their national child care program now for 15 years. It allows people to have their kids in high-quality learn-through-play programs from the time they're born to the time they're six years old.

Not only are these available; they're actually having tremendous results. You know that we all look to PISA, these international educational studies that are evaluating education systems. If you look at Alberta's scores, we tend to be trending downwards. Actually, so does every jurisdiction in Canada except for Quebec. Wouldn't you know it? That's because they've had 15 years of having an early childhood daycare program where kids learn through play. This is not some government boondoggle. This is something that I think all parties should eventually just support.

You want to know why, Madam Chair? Because it's revenue neutral. You heard me. It's revenue neutral. After you establish it with some initial seed money, inside of five years the Quebec daycare program – and this was done by experts, economists and the like, who say it's revenue neutral. You know why? Because young families and in particular young mothers are out working, having jobs, paying taxes, and then some are not staying at home collecting income support or EI as long as they usually do. They're out working. That should be something that even my right-of-centre friends should be interested in, a revenue-neutral policy that helps kids learn and get ready for grade 1, as is clearly shown by the PISA exams as well as by experts who have looked at the reasons why Quebec is doing better on these tests, and it allows it to be revenue neutral.

Really, it's one of those things that – if you look at a piece of government policy that all parties should adopt because of its revenue neutrality, it's that daycare component. Simply put, the more time we waste on not doing it – it's beyond me, and to be honest it plays into a mindset of not understanding young families and in particular not understanding what women need to succeed in the world today. I think we need to move on that quickly.

8:00

There are a whole host of areas in Alberta where – I guess it's great – most people have a job on Monday morning, but I think that at this venture we have to ask ourselves if this is really working for everyone. Really, is this all there is? We don't have schools in neighbourhoods where kids live. We don't have a social safety net that assists people when they are needing either a lawyer to defend them in court or needing to get social assistance when they find themselves out of work. We're unable to do many of the things that other provinces with reasonable fiscal structures can do.

I'm wondering if that's right. To be honest, I think that at least the PC Party with their platform that they ran on in the last election seemed to have the pulse of the electorate and seemed to understand that and seemed to be heading in that direction. Like the hon. member from the New Democrat Party said, they ran on a

New Democrat light platform, and I pointed out that the New Democrats ran on a Liberal light policy program on that one, just to put that into perspective, you know. There seemed to be a general sense of where our electorate was and where we needed to go and the like, but the fundamental difficulty is that despite this understanding, the government refused to do anything about it.

If they would address the revenue problem even in some small fashion – I brought this up before. There is an \$11 billion gap between our fiscal structure and Saskatchewan's fiscal structure, the second-lowest taxed province. Even if they would have taken back, say, \$4 billion or \$5 billion of that gap, they would have been able to deliver on the entire platform. The entire platform. They would have been able to build the schools, they would have been able to do the roads and the hospitals, provide the care, and start eliminating child poverty. All that stuff was possible if they would have gone in and actually addressed a problem that has been nagging us for a while.

Instead, the brain trust said: "Oh, my God. We can't fix what's broken. We've just got to continue doing what we're doing." Sure enough, that's why I think we're here, you know, at this point in time searching for a new Premier and the like. I have every sense that when you don't keep your promises in an election, it's just not going to happen for you. But that's where we are.

In any event, I was disappointed in the budget for those reasons. It seems like we have not addressed the revenue problem. By not addressing the revenue problem, we may just be destined to continue spending all this oil wealth in one generation. That's what we've done over the last 25 years. If we haven't learned it now, I'm not certain when we're going to learn it, Madam Chair. There is much that needs to be done today as well as tomorrow.

Thank you very much. Take care.

**The Deputy Chair:** Thank you, hon. member.

I'd just like to remind everyone that the noise level is climbing again. Please try to keep it low so that we can hear the speakers.

Are there any other members who would like to comment or question or have amendments on Bill 8? The hon. Member for Calgary-Varsity.

**Ms Kennedy-Glans:** Thank you, Madam Chair. I'd just like to share some feedback on the budget from the Calgary-Varsity constituency. I want to start off with the positives, and there are many. Our constituency was very pleased with the discipline of having a three-year budget vision and alignment to that vision and reporting on that three-year cycle. So kudos to the minister.

Our constituency is largely also in support of borrowing for capital, with a repayment plan clearly marked out. It felt like things got a little bit beyond what was expected, beyond the \$5 billion a year for capital, but there is a sense that the flood costs and the infrastructure costs associated with the flood were a reasonable explanation for that.

Our constituency is also the beneficiary of a lot of third-party funding for infrastructure at the university, at the Children's hospital, at the Foothills hospital. They would like to have the opportunity to do even more of that with greater impact in the future. We understand that the Ministry of Infrastructure is responsible for that, but we would also hope that the Ministry of Finance and Treasury Board would take a leadership role in that as well and set a very clear course. There are decisions we're making now like spending money on big roads.

Highway 63 is a very expensive road that needs to be built in this province, but perhaps we need to have different conversations about infrastructure. Some of the examples I hear from my constituents are: would we rather have more assisted living for



seniors in our constituency, more youth mental health facilities, and some of the billions that are going into highway 63, for example, and other road infrastructure redirected to those kinds of needs instead by being able to attract third-party investors into roads and other infrastructure? I think we see greater potential than is being realized right now.

The results-based budgeting process is viewed very, very positively in Calgary-Varsity because people see it as a process, a policy tool that allows us to test value for money, especially around program spending and around the role of government and better definition. But they're asking for more hard information on the outcomes of that process. They would like to see it, and I think it would be beneficial for all Albertans to understand that with greater detail.

One of the points in the budget that I've heard a lot about in our constituency and a lot of disgruntlement about is the Alberta future fund, the \$2 billion going from the heritage savings trust fund into general revenues for a purpose that is not clearly defined at this point in time. It may just be the way our constituents are wired, but they want to understand why that money is leaving the heritage savings trust fund, which they hold very dearly, into general revenues. They would like to understand that.

That concludes my comments on behalf of Calgary-Varsity. I fully support this budget and will be voting in favour of it. Thank you very much.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Edmonton-Calder.

**Mr. Eggen:** Well, thank you, Madam Chair. I appreciate the opportunity to speak on the appropriation bill here once again. As you can see, in the spirit of equity and equality I deferred to the Member for Calgary-Varsity. I was curious about what she had to say as well. It's somewhat chivalrous but also a little bit Machiavellian. I wanted to see what you were up to back there. Now I know.

You know, it's interesting. I haven't seen these advertisements yet, but I heard word that they switched the building Alberta concept now from sort of signs on the side of the road every half-kilometre or so and in every little nook and cranny in the province. Now they have Building Alberta advertisements for the new budget, apparently.

In the spirit of my own imagination, not having seen these yet, I'm wondering exactly how these advertisements are going to look, right? Do they sweep past the Misericordia hospital, where the nurses today told me when I was there that the air system wasn't working, so the place was at, like, 35 degrees, and where the attendants had to deal with the backup in the sewer again? Or do these advertisements somehow flip over to the postsecondary institutions, our universities, where students are literally not able to afford to go anymore every time you raise tuition so dramatically like it has been done over this last decade? Do you realize that a whole other socioeconomic class of people simply drop out of that institution, regardless of their ability to actually pass and thrive in that postsecondary institution, purely for financial reasons? I'm wondering if these advertisements, this new building Alberta budget, flip over to the fact that while in the midst of an economic growth, almost an unprecedented economic growth, I think, at least regionally, and certainly an unprecedented population growth, all the public service wages are frozen again here in the province of Alberta.

When you look at the very highest inflation rate in Canada here in this province, our entire public service, the very people who actually make this Legislature run here, each of your ministries –

do you think that you can look each of your workers in the eye and say: "Thanks a lot. Here's your budget cut, and by the way we're going after your pensions this year, too?" Do you really think, if you could read their minds, about what you honestly would see inside? That's harder to do in an advertisement, I guess. You can't show what's in people's minds. I guess you could show a little thought cloud, perhaps, or something like that.

8:10

I'm wondering as well, with the budget that we saw this year, if we take into consideration the longer term situation – right? – as they claim to do in this budget. They say that we're taking a three-year cycle. Well, that's great. It's a good idea. I certainly concur with that. But the cycles of three years: you can move them any which way you want. If you move it back two years, then in fact we suffered significant cuts over those three-year periods. In postsecondary while we might have put back \$48 million, last year, not three years ago, not even 12 months ago, we took out \$148 million. Madam Chair, I really have a hard time trying to get my head around this budget.

You know, I would like to support a budget at some point. I mean, it's not an unheard-of thing. If something reasonable and fair and in balance serves the best interests of Albertans, then certainly I would be happy to vote for the budget. But this one, with all of its sort of flashy paint job and new aluminum rims and maybe some fancy headlights and all this kind of thing, is really the same broken-down old thing that we've seen over the last number of years that really doesn't serve the public interests very well at all.

Yes, you can say that we spent a lot of money. There are billions of dollars in this budget, and certainly our economy is hot. But where is the substantial, equitable, sustainable, and socially just policy that would be commensurate with all of that wealth? All of that wealth is a privilege, Madam Chair. It's not as though we just, you know, created it out of dust. It's a privilege based on nonrenewable resource money that simply is a one-time deal. Maybe it lasts over 40-some years, but it still is not renewable unless we figure out a way to make oil out of water. That would be even more ridiculous because the water will become more expensive, in fact, than the oil will. Unless we manage to create some sort of magician's trick, then all of the money and the effort that we're spending on these budgets are nothing but living on borrowed time. We're living on borrowed time just like your mom and dad probably told you when you were a wayward teenager, right? We all were at some point in our lives, Edmonton-Strathcona excluded, I'm sure, straight and narrow as the Peace River as it winds its way through northern Alberta.

Living on borrowed time is a very serious thing, though, right? We only can presume that we earn the good trust and the equity that we earn through our hard work and effort and good intentions. When you spend a good portion of your nonrenewable energy resources to pay for regular budget items, then that's the very opposite of equitable and sustainable and working off the sweat of good policy. Rather, it's a very short-sighted thing.

I mean, we've heard this before, but we will continue to say it again more emphatically than ever because more Albertans are catching on to this idea, Madam Chair. They're catching on that this not a sustainable thing. It's not ethical, but it also isn't working for them and their families so much anymore either. What's happening here in the province is that as we depend more and more heavily on a single economy and a single aspect of that economy, which is taking raw energy resources and trying to export them as raw and as unprocessed and sort of as fixed as possible to other locations to find that value-added in places like

the United States or Asia or elsewhere, as our economy pulls apart like that, polarizes, so does the local economy and all of the different socioeconomic strata that exist in our local economy here in the province.

We hear it so often: the rich get richer. Well, yeah. You know what? We can see a textbook case of that here in the province of Alberta today, and we exacerbate that problem by having a very, very primitive and unethical tax structure which only benefits the very, very wealthiest people in the province.

We know the scale now. I don't have it in front of me, but if you are making a lot of money, more than a million dollars a year, then you are in the very best place in the country to live, for sure, economically. Now, you are in a very awesome place to live if you're not making a million dollars, too. But if you are doing so here, it's like you've won the bonanza. It's like you've won the lottery every single year. You get the equivalent of, you know, a mid-sized luxury car in your tax benefits because you live in Alberta and you're making a million dollars a year here.

There are people that are putting their residences here in Alberta – right? – and working and operating out of other provinces because they make more than a million dollars a year and they can use this place as some kind of a tax haven.

**An Hon. Member:** Maybe they make more money.

**Mr. Eggen:** Really. I mean, that's not only unethical; it's not even reasonable for the people who are doing that here in this province to be doing it in other provinces, ripping them off. On the corporate level we see the same thing, too, where you have lower corporate taxes here in the province of Alberta.

You know what the Americans do? If you are paying a lower corporate tax level than you would pay back in the United States, then they'll just charge you the difference. So for us to have a lower corporate tax level here in the province of Alberta, we are simply subsidizing the United States government, who takes the balance from that same corporation who files their taxes in the United States.

A lot of people don't realize that to be true. We do. Absolutely. But as they start to warm up to the idea, this nagging notion that the promised land here in Alberta is not working out so great for the middle class, for regular working people who don't earn a million dollars – maybe they earn \$70,000 or \$50,000 or \$80,000 or \$40,000—for them that tax structure doesn't work. They're paying more in Alberta than other places.

The affordability issue is really starting to come back and bite us on the backside, Madam Chair. I don't know if anybody noticed that the real estate market in all of our major centres is on fire. Lots of people who, let's say, own houses or multiple houses or invest in real estate probably will say: well, that's great. But for most of us it simply means that we pay a lot more. You pay a lot more when you move, you pay a lot more if you're renting, and you pay a lot more for all of the other goods and services that trickle down through a hot real estate market in any given urban centre.

You know, when I look at the Appropriation Act, Bill 8, it's a reminder that we do very well in this province, that we deal with a very, very strong budget. We can provide lots of strong goods and services here. Of course, we should, and of course we would, and of course we could do a whole lot better if we had the common sense to make investments in key areas that create what I say are value-added human investments – right? – making value-added human investments.

We've heard a lot about it already. I mean, when I go back to the K to 12 schools, I'm absolutely shocked by the class sizes. Again,

another place for your Building Alberta budget advertisements, right? Try passing by a high school with your camera, and you'll see 40 kids in the class. It's difficult to teach kids properly and mark the papers properly and actually run a functional modern education in the classroom when there are simply too many kids to deal with. We've seen it before, but I know, looking at these budget line items, that we don't have to be seeing this again here in this province in 2014.

You know, for all the kids that you don't give the time of day to, where you're not able to learn their situation, their learning styles, maybe some of the challenges they might have, either personally or academically, that contributes again to our low graduation rates and our falling test scores and all of that kind of thing, the lowest graduation rate in the country and, as we've seen, people bemoaning these test scores falling over time. Well, they're not going to go up, Madam Chair, at all over the next five years because – you know what? – the kids that will be writing those tests in the next five years are in these large, overheated classrooms right now.

**8:20**

It's not like there's going to be a miracle happen, right? Human education takes place on a developmental level. At each different time and place, from three years old till 18 years old, different developmental stages are hit. Those sweet spots are either there and you address them with good education, or those kids lose out, and it doesn't come back necessarily. You don't give a student three years in high school classes with 40 kids in a class, and they do sort of mediocre, and then expect that suddenly something miraculous will happen and change it over. I mean, sure, people change over time, but you've given that person a handicap right from the beginning, and that handicap passes right back to this very Chamber, to this very budget and the fact that we're not paying for the goods and services that we are legally legislated to do so here in this Chamber and provide that public interest and provide the funding and the personnel.

I was asked to talk about EMS and hospital wait times again today, you know, meeting the targets, right? I wanted to think about what I was going to talk about here tonight with Bill 8, the Appropriation Act, 2014. You can't blame EMS workers as they run around from place to place looking for an emergency room and active treatment beds that are available to them. Every little space along the way, where they're maybe not staffed up the way they should be in the emergency room or in the wards or in the long-term care facility, coming out the other side, each step of the way, one little piece of that, adds up to a very large problem when you add it all together. That's kind of the sum total of this budget, too. That's the problem that I have with it, quite frankly.

You know, there are ways by which we could fix it, right? Alberta New Democrats know that part of the budget that we don't ever just deal with properly here on this side is the revenue side. We know that there are billions of dollars that are flowing through our economy here right now, and we're simply not capturing them. To me that's irresponsible. It speaks of, again, this very cavalier attitude towards our nonrenewable resources, that we don't put a price tag on them which is commensurate with the value of them not just now but in the future, plus the responsibility we have to those nonrenewable resources in regard to the damage that is done in regard to the environment and in regard to the carbon and so forth. If we do start to capture those resources, have a modest increase in the royalties that we take from our nonrenewable energy resources and invest that in a long-term plan, not just in yearly cost expenditures like we have here but

start to save that money for now and for the future, we would just be so much better off.

As I said before, the flat tax is, again, quite irresponsible. Our corporate tax rate only serves to feed to the bottom here somehow. You know, sometimes I wonder where – like, on a practical level, it seems so obvious – this government gets all of these ideas from. Do they go to some kind of special convention somewhere, where they all talk about all of these things, and say: “Well, yes, we know that your pensions are actually really good here in Alberta. But, listen, we need you to cut them as well because we’re doing it over here in Albania and in Alabama and in wherever. So just for us to look like we’re all normal somehow, that this is the new normal, we need you to cut your defined benefit pensions in Alberta, too, if you don’t mind. Thank you very much?”

I don’t know if there is that kind of convention somewhere, but it’s got to be like that because I don’t see logic and reasonableness. I know there are lots of very logical and reasonable people across the way over there. I quite like some of them, really. They have nice suits, and they seem to laugh at jokes and things like that.

But when it comes to these very fundamental policy issues like progressive taxation or investing in renewable energy by increasing our revenue share of nonrenewable energy resources or investing in preventative health care or putting serious money into K to 12 education or actually having policies that would eradicate child poverty in this province here in the next five years and poverty in general by having a reasonable, common-sense approach to labour, not this antagonistic sort of Fred Flintstone kind of fight-it-out, you know, shoot-it-out and see what happens kind of thing, or giving safety and security to our seniors so that they know now and in the future that there will be some small, reasonable policy in home care and health care and pensions available to them, I mean, all of those things are not like they’re radical ideas, right?

I’ve noticed since I’ve become politically aware that what was probably progressive 20 years ago may be more left-wing thinking now. You know, for New Democrats we sound like a bunch of Lougheed PCers – right? – talking about these things. I guess that’s the way things are. You’ve got to start somewhere. But it must be kind of embarrassing when you go to bed at night to know that over the last 40 years you’ve taken this province so far to the right that it’s difficult to recognize it really.

So I think that we will not vote for this budget. I feel a little bit embarrassed about that, a little bit sad – right? – because we work so hard on these things, but I know that we can do better, too. I think that I can see some change on the horizon coming. I can see that people are not just putting up with the same old thing, where the PC government tells everybody to be quiet and take your medicine, you know, the go back to sleep sort of attitude. We’re becoming a much more sophisticated province than we ever have been. We are more than 4 million people here. We’ve become one of the great economic leaders of Canada, we’re the most urbanized population in the country, and Albertans are smart. They have a very practical sense of not just a tomorrow sort of attitude but long-range planning.

People don’t move to Alberta just on a whim. People move here from other countries with their families and so forth expecting a better future, and a better future isn’t just, you know, a couple of bucks and a flat-screen TV, right? It’s to know that you have the public institutions, that public interest is invested in, and it will continue to be invested in and strengthened for not just tomorrow but for the next generation.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Calgary-Mountain View.

**Dr. Swann:** Thank you, Madam Chair. Well, I’m pleased to rise and speak, my first opportunity also, to Bill 8, the Budget 2014 appropriations. Let me begin with a few questions. What is the role of government? Well, surely, we all are clear in this House that the role of government is to provide leadership through fair laws, services, oversight, and a stable resource base to protect people and the planet for the long term. Those are pretty basic. It’s a pretty basic understanding that I’ve come to after just a few years in this job. Sadly, I haven’t seen a lot of evidence that the government shares the same definition for the role of government; that is, leadership, fair laws, adequate services, oversight, and a stable resource base for people and the environment.

Jumping directly to Budget 2014, does it do this? Does it provide for that fundamental role of government? Alberta Liberals get a resounding no from the people that we consult with. From our constituents there is a clear rejection of this 43-year-old PC government’s attempt to provide a resource base for the next year that will adequately address these fundamental roles of government.

Let’s look at each one of these individually. Providing stewardship of resources and a sustainable energy future. Clearly, this government has been so obsessed with one resource and one type of energy future that we have lost our way in terms of providing cost-effective, environmentally responsible, and sustainable energy for not only our generation but the next generation. Small, late investments in energy efficiency, conservation measures, renewables. Again, I guess it comes down to the question of how this government defines its role in our society. It’s unfortunate to see again the recurring theme of short-term thinking and heavy influence from the private sector.

**8:30**

There’s nothing wrong with the private sector. There’s nothing untenable about their goals and their agendas to create jobs and to create an economy. What is the problem is a government that doesn’t see its role as being the referee between the long-term public interest and the short-term corporate interests and a lack of attention to the longer term public liabilities that many of these developments have created. Many of these industries have put down pennies on the dollar for reclamation, for example, for the largest mining operation on the planet.

If things go south in terms of our oil industry, and there’s reason to believe that it could given alternatives that are emerging and liabilities associated with carbon and our environmental crisis in relation to climate change, it is very foreseeable that our primary resource may become less valuable on the planet than it is today, leaving tremendous stranded assets for us now and in our future to deal with. A few hundred million dollars will barely touch the oil sands in terms of reclamation. If these folks walk away, we and our future generations are stuck. That’s a tremendous contributor to what we are calling intergenerational theft on this side of the House.

Unlike an upstream orphan fund for conventional oil and gas abandonment, we have no downstream oil and gas orphan fund for refineries and sites that are developed for various petrochemical operations and gas station operations, no ability to hold people accountable if they walk away from these, again a huge public liability; a failure to really address what is an appropriate scope and scale of development in our oil and gas sector, again resulting in a total imbalance between resources coming in and the potential liabilities for the future; an almost complete absence of savings for

our future, a wonderful start in the '70s under Peter Lougheed with the heritage fund and almost nothing added since then.

In any other country this would be a scandal. There would be people on the streets. But we are in a petrostate, and with low taxes and an apparent inability to influence the direction of this government, a lot of people have walked away from their civic duty and, unfortunately, have been discouraged about their political role. I think people are reuniting and regalvanizing and re-energizing around the political nature in Alberta and seeing both the short-term and long-term risks of the way we are budgeting and managing.

The second element is a fair revenue system. Again, as has been said by my colleague in Calgary-Buffalo, we are living at the very bottom of the barrel in terms of resource revenues, tax revenues, and the ability to meet our obligations as a government to protect people and the planet. Stable, dependable funding: impossible. Whether it's schools or hospitals or roads or people with disabilities or municipalities and their infrastructure and maintenance needs, we cannot begin to meet those demands with stable funding; a budget that simply looks, again, at the short term and emphasizes the business opportunities in Alberta instead of looking at the responsibility for services and sustainable funding for people and the monitoring of our planet.

A third area, protecting the environment: loss of boreal forests; loss of habitat; threatened species; a loss of wetlands with, clearly, no credible wetlands policy yet in 2014; not recognizing the critical nature of the environmental goods and services that are unconsciously declining and that, indeed, the economy is a subset of the environment and must be recognized as a subset. If we do not take care of the environment, we will have no economy. Unfortunately, we are still acting like this is a frontier with endless opportunities for land and water and squandering those in the name of short-term gain.

A fourth area is providing infrastructure and public services to ensure that every person can reach their potential. Does this budget do that? Well, no, Madam Chair. Again, we see a huge deferred maintenance problem in this province, a lack of school spaces, overcrowding, reduced postsecondary opportunities at a time when we desperately need innovation and investment in our young people in terms of both their futures and their capacity to contribute to the economy. This speaks again to a government that has not really examined its critical role in terms of developing leadership and stable revenue and an honest look at what will serve the long-term public interest.

To quote someone that many in here will recognize, Ken Chapman: we are not going from good to great in Alberta; we are not even serving the greater good. It's clearly time for this government to look at where its priorities are and to recognize that the more Albertans learn about the lack of long-term vision and commitment to a sustainable future, whether it's in terms of our children's care or in terms of a revenue stream and the infrastructure that this province needs or whether it's in terms of our environment and a new energy future that the rest of the planet is moving to – we have not seen evidence that this government with this budget gets it.

There's no question on this side of the House that the Liberal opposition will not be supporting this budget. I dare say that thousands of people across this province will recognize that it's time for change in this coming year as we move towards an election.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak? The hon. Member for Edmonton-Strathcona.

**Ms Notley:** Thank you. I appreciate your indulgence. There were just a few more points that I wanted to make that I didn't get a chance to finish up on when I last spoke. I want to talk just a little bit about some of the things that we would have done or that we thought were important in terms of what should have been included in this budget. I spoke already a little bit about some of the challenges that students in the postsecondary education system face, but I also want to just talk a little bit about the infrastructure maintenance program.

You know, I think it was in their comprehensive institutional plan, that was released in January, that at that time the U of A noted that although there had been a little bit of a reinvestment into their infrastructure maintenance, in order to avoid catastrophic failure – catastrophic failure – of some of their building systems, they needed all of the infrastructure maintenance program funding, which had been cut a couple of years prior to that, to be reinvested. So that's a problem. I mean, it's not technically in my riding, but it's immediately adjacent to my riding. A lot of people that I know attend and work at the U of A, and I am disconcerted by the notion of catastrophic failure of some of their infrastructure. That's something that the government ought to have invested in.

Another thing that I'm concerned about within the budget is the issue of seniors' drug benefits. Now, last year the government announced that it was going to cut, I believe it was, about \$130 million, if anyone wants to correct me, from seniors' drug benefits by restructuring the program. Then after much consultation and then more consultation and additional consultation – it was good that they did that, but perhaps I would have suggested that they do that beforehand – they decided not to move ahead as quickly.

**8:40**

Then in this budget we found a \$120 million budget cut, which they claim can be reached simply by the conversion to generic drugs. I believe that was the explanation for that. I'm a little bit worried that, in fact, what we might really be seeing here is that the government has set a target to reduce the costs or the benefits associated with seniors' drug benefits and that they're going to get to it one way or the other. That's very much a concern of mine, and I'm not happy that that is included in the budget.

You know, I talked a bit about child poverty and poverty reduction, but one thing – and I didn't have the chance to look at my notes – is that we have roughly 400,000 Albertans who live in poverty, Madam Chair. That's 400,000. Some people, some institutions, estimate that that very fact of people living in poverty actually costs roughly \$7 billion a year to the system with the increased demand on our public services. Now, we spend about \$40 billion a year. Imagine if you could eliminate a lot of that poverty and reduce that \$7 billion pressure on our system. There is actually – dare I say it? – a cost-benefit analysis to the notion of reducing poverty, not in a social impact bonds kind of way because those are scary for a whole schvack of other reasons, but generally speaking, in a good governance kind of way, you could see long-term savings by investing in a reduction of the gap between rich and poor in this province.

Another thing that I wanted to just talk about was that I had said that there was a billion dollar Health windfall and that the government was spending \$750 million. I think that it was actually more that there was a \$1.3 billion windfall from the federal Ministry of Health to Alberta and that they'd only allocated \$600 million of those dollars into the health system. We're short about \$600 million or \$700 million that should have also been allocated to the health system.

You know, what would we have done with that to deal with the front-line services in our health system, to improve that? Well, we

could have invested in quality public long-term care beds for our seniors. We know that the absence of properly staffed, high-level care long-term care beds is what is backing up our emergency rooms. That is as true now as it was two years ago as it was four years ago as it was whenever we raised the issue. In fact, we also know that the number of long-term care beds is not only not keeping pace with our population, but that, in fact, they are being reduced and, theoretically, replaced with these notional little supportive living, pay-out-of-your-pocket kinds of scenarios that the government is orchestrating in order to enhance creeping and/or jogging privatization.

That's wrong. Bad management. It will cost taxpayers more. It will make more money for these guys' friends in long-term care or, you know, supportive living, but it certainly overall will not benefit the majority of Albertans. I mean, it's a constant thing. We're all MLAs here. We all have people come and tell us what's wrong. I can't imagine that there's a single MLA here who hasn't heard about the many problems and shortcomings of our long-term care system. I mean, come on. We could have invested some of the money into that.

We could have, as I said, reduced the costs of prescription drugs borne by seniors and low-income Albertans. We could have looked at the issue of providing more resources to mental health care. It's a travesty the way we provide mental health care in this province, and every study that's been undertaken shows that we are probably the most poorly performing province in the country when it comes to providing a well-planned and thoroughly managed system around mental health care.

These are some of the things that that \$600 million is not being allocated to in health care even though it came from the federal government for health care, what it could have gone towards. I think that even at his most offensive the Minister of Health could not avoid admitting that there is a great deal that could be improved in our health care system.

When I ran out of time to speak last time, I was talking about PDD and the community access supports. Of course, that was the area last year that received the \$45 million cut. Then, you know, we saw some of that money go back in this year, but ultimately it hasn't all gone back. I've been meeting with families, I've been meeting with service providers, I've been meeting with service recipients, and what I'm hearing is a very different story than what the government has been telling people.

What I'm hearing is that, you know, the SIS assessments are being applied and that in many cases it's resulting in reduced services. Although the government has said, "Oh, well, no; your SIS can be appealed," they're unable to tell us how many have been appealed and how many have been reviewed and what the outcomes of those appeals are. Why? Because there are no actual appeals going on. Meanwhile I'm hearing from people who have filed 15, 16 appeals, and they still haven't heard back from the government a year afterwards. So the fact of the matter is that "you can appeal" was one of those talking points that was thrown out the door last summer when they were in crisis, but it's not something that they followed up on. That all comes down to cost, and the outcome is that these very, very vulnerable Albertans receive less funding.

**Dr. Swann:** Sounds similar to the children dying in care scenario.

**Ms Notley:** It's very similar to the children dying in care scenario, the Member for Calgary-Mountain View points out.

On the flip side, with respect to the administration of PDD, you know, we have this money that the government is kicking out the door. More power to you. Thank you for doing it. It's good. I

approve of this money that's going out there to help ever so slightly ameliorate the gross wage gap that exists with respect to people that work on the front line and most of these nonprofit agencies providing these important social services. The problem is that we are not consistently auditing whether that money is actually going to the employee.

I asked about this last year, and I was told: "Oh, no, no. We know for sure it's going to the employees." But I have then since spoken with a number of different service providers and then spoke to a different minister about it. In fact, it appears to me that we are not consistently auditing whether the employees are actually getting this money and that that varies from organization to organization to organization whether or not that wage increase actually went to the employees. In fact, the Disability Workers Association did a survey which suggested that almost half of their members did not receive the full increase in their salary that was to have been reflected by that budget increase. While the money being committed to that project is a good thing, the administration and the follow-up does not appear to be happening, and that is a problem.

Madam Chair, this is a matter that I think would be of some interest to you, which is, you know, going back to this issue: what would we spend the money on if we had a proper revenue collection system?

The other issue, of course, is the Michener Centre. We have no business closing Michener Centre right now. We have no business throwing those vulnerable, vulnerable Albertans out on the street or into whatever inappropriate, quasi-long-term care setting may be found for them. We have no business disrupting their lives at this late time in their lives, when they are so incredibly fragile. We have no business breaking the promise that was made originally to the families of these vulnerable, vulnerable Albertans. Yeah, it's going to cost the government a little bit more money to keep the Michener Centre open until everybody has aged out of that centre, but that is the humane thing to do.

The fact that it was the humane thing to do is what underlay the original promise not to force people out. It's the departure and the disconnect between this government's current leadership and the notion of what is the humane thing to do which is driving this decision. That's one of the things that I would absolutely correct if, you know, we were trying to figure out what to do with the money that came from a proper and fair taxation system. Let me tell you: that's something that goes without saying.

Those are a few of the issues and concerns that I have with this budget. It's not exhaustive, but I feel that I have managed to touch on some of those that are most important to my critic areas. I'm certain, of course, that the government will come – well, I guess they can't even procedurally come rushing in with amendments. Anyway, this is another number of points about why I don't think it is in the best interests of Albertans for us to support this budget.

Thank you.

**8:50**

**The Deputy Chair:** Thank you, hon. member.

Are there any other members? The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Well, thank you very much, Madam Chair. I know I'm speaking again on the appropriation bill, Bill 8. While the hon. member was talking, it brought to mind many things that, in my view, Alberta, with a proper revenue stream, could be doing a lot better. Primarily my comments are going to be based around our education system, our K through 12 education system, and where we've seen it go since the baseline year of '08-09, when we

actually had a reckoning of sorts, where we recognized that we would no longer be having predictable, sustainable funding to go forward given our revenue streams.

I'll go back to that time. That was the year we started running deficit budgets. Now we've run six consecutive deficit budgets. Although the government goes to great pains to say that this is a balanced budget, I think anyone who looks at it under the auspices of the old accounting mechanism can clearly see that this is a deficit budget and that fundamentally the province is sinking into debt. That's a direct result of our fiscal structure or lack thereof.

But I'm getting sidetracked a little bit. Let me go back to the comments of what a reasonable fiscal structure would do to support kids in K through 12 education. If you look at the Alberta Teachers' Association, they put out a graph where since '08-09 we have added about 50,000 students to our K through 12 education system – that's just in the last three years – and in that time we have seen only an additional 120 or so teachers be hired into the system. Clearly and in no uncertain terms, if we had kept the same ratio of teachers to students that we had even in '08-09, we would be seeing far greater numbers of teachers hired in our classrooms. This would allow kids to get more help learning their reading, writing, and arithmetic, more time for them to spend being creative and to get the assistance they need, more time to look at problems of the world they're going to be solving or actually work to get them engaged in becoming learners instead of becoming just another number in a classroom.

These are real lives that we're affecting by our refusal to get a handle on our fiscal structure in some form or fashion in this province. It has real outcomes, where you have kids now in classrooms that are bursting at the seams. You know, if you look at the numbers that are coming in, they're going up, up, and up throughout our system. Clearly, this does not lead to optimal learning conditions for our students. That's a direct result of us not getting a handle on our fiscal structure.

The other side of the education front in our K through 12 system is that we have not kept up with the building of schools in this province. Even with the promise of 50 schools and 70 modernizations in the last election, even if that promise were able to be fulfilled, with the addition of students coming into this province, like I've said, at the rate of 50,000 in the past three years – we're going to add 50,000 or more in the next three – with the numbers we come up with, we'd actually need approximately 86 new schools if we were going to keep up with population growth in this province. That's 86 schools from where we were at the last election to where we need to be by 2016. Clearly, although the hon. Infrastructure minister begs to differ with me on this point, I see no possible way that these schools can be built by 2016.

Simply put, here we are at – what is it? – April 2014, and there are no shovels in the ground, in fact, no concrete plans in place, no money transferred to various boards, no finalization of who's going to be building schools, what mechanism the schools are going to be built by, and the like. For us to think in Alberta at this time that schools are going to be built in a year and a half, well, I just don't think so. I just find it . . .

**Dr. Swann:** Are you skeptical?

**Mr. Hehr:** Yeah. I'm more than skeptical. You know, to have these 50 schools built is a virtual impossibility. If we had a reasonable revenue system in this province, we would have been able immediately after the 2012 election to move to building those schools, you know, move to actually getting schools in neighbourhoods where kids live. That would be something. It would eliminate busing times. It would eliminate all sorts of

things. It would encourage kids to be healthier because they wouldn't have to ride on the bus. You'd be dealing with a whole host of problems and a whole host of things that kids and communities need that would make Alberta truly a great place to live. It'd be more than just a place to have a job on Monday morning. It'd be a place where you could have a school in your neighbourhood. Those are real, tangible things that we are missing here at this time.

It's not like we're overtaxed. I pointed out that, you know, by and large, we're the lowest taxed jurisdiction by a country mile. I think at this point in time we should learn that contributing to the public purse allows us to have that sense of community, allows us to have our kids educated in a reasonable fashion, allows our kids to have schools in neighbourhoods where they live. These are real things that are missing in our education system.

I know I brought up earlier another component of that, not having a reasonable fiscal structure. This government wasn't able to follow through on the former Premier's promise of delivering kindergarten. You know, in my view, this is a thing that our children are missing out on as a result of us not having a reasonable, fixed fiscal structure. I'm not even going to get into saving some of this oil wealth for the future. That's important too, but really we've got to get a handle where conservatives in this province understand that a conservative philosophy is paying for what you use in taxes. I for the life of me don't understand how two right-wing parties don't get that, that that is somehow unreasonable. Instead they believe that spending all the oil wealth in one generation is somehow fiscally prudent. It's just fiscal nonsense, Madam Chair. It's the furthest thing – it's folly, and we still haven't learned that at this stage.

By pointing out those examples in our education system, there are real people. We're impacting kids' futures. I've got to keep talking here because I forgot about this. You know, Madam Chair, probably in Red Deer you have a great deal of kids coming to this province, because their parents do jobs in our oil and gas industry, from a great many jurisdictions throughout the world. English is their second language, and over the course of the last three years we've gone from funding kids as English language learners from seven years to five years. This is clearly not in their best interests for the long run.

9:00

As a result of us not being able to follow through on that, on getting kids the ability to best learn English as well as they can at a very difficult time – you know, all the research indicates that it's very difficult to learn a second language when you move past your fourth birthday to a new country and to be able to get up to developing a depth of vocabulary necessary to fully achieve your full potential. The evidence is clear on this, but at least when we had seven years, we were actually trying to do the best we could. I think the move back to five years of funding for English language learning sets us up for a generation now of us having kids, who will then be adults, who will not be succeeding as well as they could be.

**Dr. Swann:** Or contributing.

**Mr. Hehr:** Or contributing. You're right. It's going to have problems later down the line.

Again, thank you, Madam Chair. This allowed me to get up and show, again, what a reasonable fiscal structure would allow us to do. It would allow us to live better today as well as, hopefully, save some oil wealth for the future, when, sure enough, the world has moved on.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Calgary-Mountain View.

**Dr. Swann:** Thanks very much, Madam Chair. I was speaking earlier about the fundamental roles of government, and I skipped over one that I feel badly about because it's a pretty critical one that others have commented on. I commented on the role of government being to provide leadership through fair laws, services, oversight, and a stable resource base, to protect people and the environment for the long term. In doing so, I described stewardship of resources and a longer term energy future. I talked about a fair revenue stream to provide stable, consistent funding for our essential services and vulnerable populations. I talked about protecting the environment, and I talked about infrastructure and public services. I neglected to mention the role of providing a funding situation that deals with the large and growing economic disparity in our province.

It's no news, I don't think, to anybody here that the rich are getting richer and the poor are getting poorer and that this is a recipe for not only increasing problems in our economy because more and more people are not contributing as they could and are actually draining the system, but it creates a failure of our humanity, let me say, a failure to help those who should be reaching their potential, the resources and the opportunities to meet that potential.

I'm speaking to some extent about poverty and child poverty, very specifically. It distresses me to no end that this government is unwilling to define poverty, especially child poverty, and therefore refuses to hold themselves accountable for failing to meet any indicators of progress in reducing child poverty. A sustainable economic plan, a budget that is worthy of the term "budget," a government that's worthy of the term "leadership" would not be ignoring the growing poverty, the income gap, the growing challenges we're seeing in learning problems, social problems, mental health problems in children, many of which are eminently preventable. If there's anything that characterizes this government, it's penny wise, pound foolish. They are not willing to look at the huge costs of ignoring poverty and inequity in this province.

The report a year ago from the poverty reduction strategy in Calgary, called the cost of poverty, very realistically looked at numbers in relation to poverty in general and costed it out at \$7 billion a year. That's about a fifth of our budget, and that is not only economic loss; it is human potential loss. We are condemning families to return to the cycle of poverty. By the lack of vision and the lack of investment in prevention we are contributing to massive future costs and loss of human potential.

The Perry preschool study of 30 years ago. Cheryl Perry was a great child researcher out of the U.S., who followed children, especially disadvantaged children, for 30 years and showed very persuasively that an investment of \$1 in childhood in a disadvantaged family returns \$7 over the course of 30 years in terms of learning disabilities, emotional disabilities, behavioural problems, criminal justice issues, joblessness, employment problems, mental health issues.

It is a travesty of leadership when a government refuses to invest in its children. We continue to see growing numbers of children, up to 91,000 children, now living in poverty and a government that refuses to address it. They made some nominal promises in the 2012 leadership that seem to have fallen by the wayside. No sign of their commitment to child poverty in this budget and a clear default on their commitment to their oft-used phrase of "children first." It's beyond reproachable that this government continues to say that children are first and watch on

the sidelines as growing numbers of children are faced with not only intellectual disabilities but economic loss to our society.

Poverty costs through other dimensions when we don't invest, and this budget itself fails to address prevention in other areas of life as well. I'm most familiar, of course, Madam Chair, with the health care system, where we have made no significant improvements in our investments in prevention and wellness. A particular group, chronic disease prevention, and the wellness foundation proposal that's been on the table for at least two years continues to wither, and this government continues to find ways to ignore what is a fundamental commitment of any advanced government, and that is investment in primary prevention.

We know, for example, that early intervention in mental health challenges in families and in children, in indications of behavioural problems and addictions can yield tremendous, cost-effective results. Basic elements of reducing risk in people involve not only education but community capacity development and recognizing that education is a foundation of prevention, not only formal education but life skills and helping young people and, especially, new Canadians who are struggling with new culture and new challenges and new language and must have a serious investment in their development. Education has to be foundational for that.

Again, as my colleague from Calgary-Buffalo indicated, a sustained investment in English as a second language and work with individuals who are still struggling to find their way in life, their career path, their language skills, whatever it is, is worth so much more when this is clearly a commitment to getting them to a particular level of functioning, where they can become self-sufficient. They can contribute not only in their career but also in their tax contributions.

9:10

Again, it's a surprise that after this many years in government we see an actual default again. With a recognition that with the resources we have and the security we have as a province, now is the time to invest in prevention. There are huge payoffs. Monetary, human potential, tax, long-term community well-being, criminal justice system, mental health issues: all of these things benefit when we bring in the revenues and distribute them in a way that will maximize our human potential.

That's all I needed to add, Madam Chair. This is a budget that really is just holding the line, continuing a tradition of short-term thinking, an emphasis on corporate advantage, minimal savings, and a lack of vision for a future that is going to be very different than the present in terms of energy, in terms of our environmental challenges, and in terms of the lost human potential that we continue to ignore in budgets such as this.

I'll take my seat and let someone else speak to this budget, which I'm sure the government is now seeing is unacceptable and will also vote against themselves.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak? The hon. Member for Edmonton-Beverly-Clareview.

**Mr. Bilous:** Well, thank you very much, Madam Chair. I'm pleased to rise and continue where I left off earlier. I know that all the members of the House were quite disappointed when the bells went at 6 o'clock and I had to finish early. I'm sure they're all very excited to hear what I have to say. Part of what I have to say actually fits with where I was.

With this budget I think it's disappointing for a number of reasons. There's been some talk about some of the programs and services that have been cut, the PC government's inaction on eliminating child poverty, doing next to nothing, nothing in this budget for that. We're already coming up to the halfway point. It just seems like this will be another broken promise, something that we've become too familiar with with this PC government ruling the province.

One of the areas that has been starved for decades, Madam Chair, is the infrastructure around the province. You know, when I talk about infrastructure, I talk about the long-term maintenance, that is often deferred. In fact, in budget estimates the Minister of Infrastructure made a comment about how maintenance is always the first thing that gets taken off the table because you can continually defer it. It's the easiest thing to defer. However, I would argue that you might be able to defer it quite easily in one given year, but you continue to do that, and you're actually paying more in the long run. Our friends over in Edmonton public have forecasted I believe a billion dollar deficit by 2025 – does that sound accurate? – which is absolutely absurd.

Where I was tonight was listening to some very frustrated parents in a situation where they have to accept three school closures in order to get one new school in their mature neighbourhood. [interjection] I'm not quite sure why the member was banging on his desk.

**Mr. Eggen:** He was banging his head against the desk.

**Mr. Bilous:** Ah, okay. I was going to say that the parents aren't necessarily excited about school closures.

But the point of it is that schools should be invested in. They are a hub of the community, and it's quite frustrating that communities are being forced, especially in mature neighbourhoods, to accept closures. I find it quite frustrating.

Of course, everyone loves shiny new schools with the fanciest of equipment. But let me tell you that some of the points that the parents brought up were very, very significant. I mean, the fact that in some of these older schools they already have the Smart boards and the technology, so questions are about: what are the new bells and whistles that will come with the new school? I can tell you, Madam Chair, that some of the most passionate speeches were about the value of small community schools, of parents being able to allow their kids to walk to school, knowing their neighbours, knowing the teachers, knowing all the kids in the school, all of them being on a first-name basis, kids not having to spend hours on a bus every day going to and from their school. The frustration is that – well, let me first say that one of the parents asked: was it the Edmonton public school board that decided that three schools needed to close in order to get one new one? Gladly I responded, and the answer, quite frankly, was: no, it wasn't the school board; this is a decision by this PC government and an arbitrary one at that. I asked the Education minister where the 3 to 1 ratio came from. Why not 1 to 1? Why not 2 to 1? Why 3 to 1? So a very valid question.

Again, going right back to this bill and to this budget, Madam Chair, this year's budget is not increasing as far as Education goes. I mean, it's increasing to cover only population and inflation, and I don't even know if it covers that much. As I pointed out earlier, last month in our fabulous province here the inflation and population numbers – of course, I'm going to struggle to find it right now. The inflation rate in March surged to 3.9 per cent. That's almost double the Canadian inflation rate and the highest of any other province in this country. So a hold-the-

line budget is really a budget that is cutting. It's cutting into core services that Albertans depend upon.

You know, it makes me sad, the thought of any school having to close. I can appreciate looking at creative ways of keeping schools open, but, again, when you defer maintenance for years and years and decades and then claim that Alberta is debt free, I mean, really, all you've done is taken the numbers off your books. Just take a look at the integrity of our schools, our hospitals, our roads, our bridges. I believe it was last fall that the Auditor General did an audit on the integrity of our bridges. It was appalling, Madam Chair, the fact that we don't even know the condition of about a third of our bridges around the province. We don't know how the inspections were done. Most of the inspections were done by inspectors who weren't even licensed. We don't know if they spent two minutes on a bridge or 24 hours.

I mean, this kind of data is crucial if we and Albertans are to have faith and trust that the infrastructure in this province is up to code, is up to standard, and is going to be there for them. We saw what happened in Montreal when one of their bridges collapsed. God forbid that we experience something similar here in Alberta. The scary part, Madam Chair, again, is that as long as we continue to defer maintenance, especially in the crucial areas, it is possible that something like what happened in Montreal could happen here.

You know, my colleague from Edmonton-Calder and I were talking in the past few weeks about the state of many of the seniors' facilities in this province and the fact of the tragedy that struck in Quebec, where a seniors' home went up in flames. Questions we were asking: do our seniors' homes here in Alberta have the appropriate systems in place, and do they have sprinklers? Again, months ago I was assured by a minister that \$31 million last year was earmarked for seniors' homes modernizations. You know, the sad truth, Madam Chair, is that a fraction, a pittance, of that \$31 million actually went toward retrofitting seniors' homes with sprinkler systems. So the outcome is that we have many seniors around this province in unsafe homes should an emergency erupt. I mean, this government should be ashamed, again, living in the province that we do, putting the lives of seniors, the very folks who built this province, at risk and in jeopardy because either this government is too cheap to invest in their lives and their safety or they're just incompetent, you know. Or is it oversight?

**9:20**

In this year's budget we've been calling for dollars earmarked specifically to ensure that our seniors' residences have sprinkler systems. I mean, the NDP was calling for flashing strobes as well should an emergency occur. There are many seniors who are either hard of hearing or cannot hear, so your traditional alarm bells wouldn't actually alert them to an emergency when it's happening.

You know, Madam Chair, it truly is disappointing, especially when you talk to seniors. They're struggling to make ends meet. It seems like they're falling further and further behind. Again, Alberta leads the country in inflation. Staying on the seniors issue, the problem is that their fixed incomes are not rising at the pace of inflation and population growth, so they are sliding backwards. The purchasing power of their dollar is shrinking daily. There should have been dollars in this budget earmarked for that, and we should ensure that we're taking care of our seniors.

You know, on that note, we've got a significant number of folks who are retiring, who are becoming seniors, and who are going to be in need of beds and facilities. There is a serious shortage in this province. We've got many seniors tying up beds in hospitals because there simply aren't available accommodations for them



either in their community or anywhere. Obviously, Madam Chair, you understand that what that does is that it backs up even further a system that's already backed up.

Again, as I pointed out earlier with this budget, on the one hand the government will say: "Oh, no. We need to tighten our belts. We need to cut back on spending. We can't work to eliminate child poverty, we can't help our seniors to afford to live in this province, we cannot help our young people go to postsecondary, but we can afford expensive flights or penthouse suites or corporate welfare for some of the largest multinationals that are making significant profits every quarter."

I'd like to remind the House that the Alberta NDP was the only party during the 2012 election that had in our platform a reduction in the small-business tax. We would have reduced it by a third. We understand that small businesses really are what drive the Alberta economy. But, again, instead of helping out the little guy, this government is interested in returning the favour of the bigger corporations, the ones that help them get elected election after election. You know, it's quite frustrating.

Albertans are asking: why is this the case? Why are we seeing cuts to PDD? Why aren't we seeing a stronger investment in education, in health care, in the services that many Albertans need? Quite frankly, Madam Chair, I shake my head and say: you know, this province has a \$43 billion yearly budget. We're told that we can't afford one thing, but, hey, there's more than a billion dollars for an unproven, unfounded technology: carbon capture and storage. We've got a billion to throw there. But you want a new seniors' home? Sorry. We want to reduce our class sizes: "No, no, no. You've got to deal with more students in the classroom." Albertans, quite frankly, are quite tired, and they don't believe what this government is trying to sell. They're not buying anymore.

Again, government should respond to the citizens and not the other way around. I think it's quite clear that this government is completely out of touch with Albertans, with Albertans' priorities. So again the tale of two Albertas continues, where there's one set of standards for 5 per cent – maybe 5 per cent is too high – maybe for 3 per cent of the Alberta population, and the other 97 per cent have to deal with less and make their dollar stretch even further.

Madam Chair, you know, the government could and should be doing much more. I look forward to hearing what some of my colleagues have to say on the budget and possibly having the opportunity to share a few more of my thoughts.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there others? The hon. Member for Peace River.

**Mr. Oberle:** I move that we rise and report, Madam Chair. [interjections]

**Mr. Campbell:** Point of clarification, Madam Chair. If we're not allowed to rise and report, then we'll let the Member for Edmonton-Calder speak, and then we'll finish.

**The Deputy Chair:** The hon. Member for Edmonton-Calder.

**Mr. Eggen:** All right. Well, that's great. You know, in the spirit of that decision, I'm going to take off my jacket. I wanted to show my new shirt that I got as well. Very expensive.

**Ms Notley:** Was it very expensive?

**Mr. Eggen:** It was very expensive, yes.

**Ms Notley:** Was it like \$40,000?

**Mr. Eggen:** No, no, no. It's not that expensive.

You know, we always talk about different areas of spending and so forth, but I think it's important for us to recognize as well the importance and the opportunity that we have before us here to actually balance this budget. We don't have many opportunities like this. We've just toured around the province, the Alberta New Democrats, and from north to south and east to west we found that the economy, lo and behold, in each of these places is doing very well, thank you very much. The population is growing very well, too. So what's the problem with balancing the budget?

We know as well that there's lots of wasteful spending that we see inside this budget, and there are ways by which we can adjust the revenue to make it all come out to zero. I think that in a modern, industrial society, where we are, in fact, one of the world's leading energy producers, we have a responsibility to balance the budget when we can. I mean, you're not always able to do that, right? Certainly, you don't do it at the expense of the essential services which we are responsible for. But, you know, considering everything here in 2014 – take a look around the world – we have a capacity to actually balance the budget or approach balancing the budget here in the province of Alberta. I just wanted to bring that up. We often lend so much of that space over to other people talking about balanced budgets and so forth. We used to even have a law about balancing the budget here. I seem to recall that. I don't know what happened to that law.

**9:30**

You know, the other side of it, too, is where we, I think, don't apply a very careful eye, right? You guys are supposed to be doing this – what is it? – continuous, revolutionary budget making. Is that what it's called? No. It's results-based budgeting. That's what it is – right? – where you just keep on budgeting till the cows come home, and the cows come back and you're still budgeting.

[Mr. Jeneroux in the chair]

I mean, how the heck did you miss that you didn't balance the budget during that continuous, revolutionary process that you seemed to engage in over there? I mean, really. How did you miss, for example, all of this crazy spending in Alberta Health Services? I mean, that's where 40 per cent of our budget goes. Yes, we need to make investments in health care, but you have to do it smart, right? This whole business about giving these wild bonuses to executives and creating this culture of entitlement there, you know, is not just bad politics and is not just bad management, but you actually end up wasting money as well as a result of doing so, and you can't trace it. It's very important to have auditing procedures in place so that you know where the money is going and whether or not you're meeting your goals. Really, there's a flip side to it, and that is that we should and can balance budgets here in the province of Alberta.

You know, I had a friend visit me from England. He is from here originally, but he said: the simple fact from the outside looking in that (a) you do not take your nonrenewable resources, your revenue, and invest it in a renewable energy economy and (b) the fact that you don't balance your budget in the province of Alberta are inexcusable administrative and political oversights that a government should pay for. And I said: "Well, you know what? This time, my friend, I think the government really is going to pay for this. For sure. We just have to wait for the next election."

[Mrs. Jablonski in the chair]

You know, it's just a good reminder, right? We always used to have the PCs across the way dancing in front of us, jumping up and down and doing all of these sort of calisthenics about how they balanced the budget and they have a law and la-di-da. Well, they sure as heck don't do that now. You know why? Because they don't collect the revenue that they're supposed to, and they don't have a finger on where the best investment is and the best return on investment is, right? You know, if you make an investment in human capital by investing in young people and education, by investing in preventive medicine and investing in ways by which people could be secure for the future with their pensions and so forth, then you get the value-added from one dollar of public expenditure that ends up as a \$7 or \$14 investment in the future, like when you're talking about early childhood education and so forth.

You know, I just go back to this idea that we misuse language so often in this Chamber, right? People talk about choice, and the subtext of choice here so often is really choosing that people just end up not getting the public services that they need. Yeah, sure. Rich people can choose to go to a private school or to a private hospital or so forth, but there are not very many people that can actually do that. So the choice is really no choice if you're the vast majority of Albertans, who live in a place where we make the best benefit from investing in a public institution that we all own together, that social investment in the public interest. That's what I got a leg up on, that's what my family got a leg up on, and I sure as heck am not going to pull that out from the next generation of people who could use that opportunity to make a good life, a secure life for themselves and for their families here.

So let's try to remember that. Let's remember those first principles when we try to do the next budget. I know the next budget will be a lot closer to or maybe right before an election, so that always gets everybody all excited about spending more money. But let's collect the money so that (a) we balance the budget on revenues that we do have, that we just let slip through our fingers like sand right now, and (b) that we make the proper investment in the public service, right?

You know, when I look at this budget, Bill 8, there's an inordinate amount of money that comes from very peculiar places like lotteries, say, for example. While the lotteries have provided lots of good funding for community projects and stuff like that, I can't help but think it's a bit of a scam – right? – because here we are going to these casinos when we volunteer for our community leagues or soccer teams and whatever, and we just kind of stand there while they run the casino themselves. I mean, it feels like we're just the front people for a casino operation, like we're running a Las Vegas thing here but that, oh, yeah; we're going to get mom and dad to go down and watch them count the money for eight hours.

Now they want to move that process, some of the tables and so forth, and want to have them open to 4 o'clock in the morning – right? – which is a huge blow to the regular folks that have to go and, you know, watch the people play casino and count the money and all of that kind of thing. I mean, that whole idea of using community – if we need the money for our community leagues and so forth, let's just distribute it in an equitable way and not go through this facade of watching people gamble and watching people ruin their lives on the VLTs – right? – and then collect the money at 4:30 in the morning and lose all of that sleep over it.

I mean, really, that's a part of this bill, again, that I find objectionable, quite frankly. It's the inordinate amount of revenue that we are required to bring in through our lotteries to run basic services. The whole thing just doesn't make sense to me, right? Really, if you attach the lottery money to health care and mental

health, then you've got this cycle and circle going on just like, you know, the way we use taxation for cigarettes, right? People go through the health care system and they have a mental health problem that manifests itself in VLTs, and then around and around we go, right? What kind of racket is that, Madam Chair, really? So I think we could do a lot better with that.

You know, there are places that just pop out at me, and I just wanted to get up and make some quick mention of this. I know that the people of Alberta want us to pass a responsible budget, and I certainly want to exercise that responsibility in the best possible way. I'm particularly annoyed about this whole pension thing. I just find it unbelievable that we would actually do that. I mean, sure, we can reform and build and strengthen our public pensions and everyone's pensions over time. Certainly, there are lots of people that don't even have proper pensions in this province, Madam Chair, and that's a problem, right? But you don't do it by attacking other pensions. I mean, that's just so crazy, right? I think that we should put more money into the mental health part of our health care thing because, obviously, we're seeing some exhibitions of abhorrent behaviour right here in this Chamber when we're talking about these pensions, and I don't like that at all.

Anyway, that's just a couple of points that I wanted to bring up, Madam Chair, that (a) let's go back to brass tacks and talk about the way that I balance my budget in my family and that we make sure that we cover the bases and we look after health care and the basic services that we need in our family. I know that that's not something that you directly translate to 4 million people and \$43 billion, but in the province of Alberta the fact that we don't balance our budget here in 2014 I find quite embarrassing.

Thank you.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members that wish to speak in Committee of the Whole on Bill 8? The hon. Member for Edmonton-Beverly-Clareview.

**Mr. Bilous:** Thank you, Madam Chair. I'm quite pleased to rise and continue with my thoughts on this budget, and I'm thankful how attentive the members are this evening. I'm going to start with or go back to what I spoke a little bit about earlier, where I was at a meeting where communities are forced to have to accept a potential school closure in their community in order to get a new school.

You know, something that I didn't touch on earlier, that is really important, I think, was a motion that was made in here, Madam Chair. But the discussion needs to take place as far as the fact that when a new school is built, there's nothing requiring the builder, the developers to do anything whatsoever when it comes to playgrounds or to ensuring that kids have that space. Something that was raised this evening is that wherever this new school happens to go, whether it's in the Coronation area or the Highlands area or the Beverly area, would this new school get a playground, or are parents on the hook for having to fund raise for that?

**9:40**

Again, playgrounds aren't cheap, Madam Chair, even to refurbish an existing playground. It's a valid question and something that, again, the Alberta NDP would support. You know, there are many creative ways to levy dollars to ensure that there is a space for children. Again this an example where the government can say: well, it will add that much more to the price tag. Yes, it would be an additional cost to the government and to taxpayers, but there is a case to be made for the value of exercise and play

and how that helps children in their development, learning about co-operation and working with each other, learning how to be a good – what’s the word I’m looking for? If you lose at a game, but you lose with integrity, you can say: yes, I lost, but I’m a good sport about it.

There are the health benefits of ensuring that our kids are getting as much exercise as they need. I believe that in our province the challenge of obesity is on the rise. Again, you know, part of the way to combat that, Madam Chair, obviously, is ensuring that kids get enough exercise.

The issue of playgrounds is one that was brought up in estimates. I did follow up because it was a private member’s motion that was passed here in the House, Motion 516. I mean this motion couldn’t be any softer, you know, as far as exploring funding for basic site prep for playgrounds for new schools and a very small ask. I mean, I’m surprised the other side of the House actually passed it, but I think it was a step in the right direction. I’d like to see much more than that. But the question, Madam Chair, that I asked in estimates was: where are we on this motion, and is this happening? Now, you can probably guess what the answer was because, really, it’s still under discussion, and there hasn’t been much movement on this whatsoever. That’s disappointing.

I talked about deferred maintenance, which is a significant challenge. Again, as long as this government continues to defer maintenance on our infrastructure, it’s going to get to the point where it’s past repair, which is what’s happening already. Now we’re looking at forcing closures, whether it’s schools, hospitals, roads. Again, Madam Chair, it’s more cost efficient and less expensive if you have ongoing maintenance. As any homeowner in the House or in the province will know, investing in your home . . .

**An Hon. Member:** Relevance?

**Mr. Bilous:** Oh, it’s absolutely relevant. We’re talking about investing so that that way you’re not putting it off and putting it off to the point that it just gets so expensive to repair that you just have to close it.

Now, there are some that would say that that’s this government’s intention, that basically you starve a system to the point where you can then make the case that, well, it’s just more economical or cheaper just to shut it down altogether. I think it’s ridiculous that we’re not investing in our core infrastructure and that we haven’t been investing adequately, I would argue, for more than 20 years. Again, you know, this hold-the-line budget means that we’re sliding backwards further and further year by year.

One of the areas that there’s been little to no movement on is full-day kindergarten. Again, this was something that was promised, but as we’ve come to learn, when this PC government makes a promise, don’t hold your breath. As we see, the optional full-day kindergarten programs are not province-wide, do not exist. It needs to be noted here, Madam Chair, that schools that do offer full-day K are actually taking money out of their operating budget that could be used for specialists or to have more staff or smaller class sizes. I mean, there is a trade-off. You know, hats off to the schools that recognize the need in their communities for a full-day kindergarten. However, it’s shameful that it’s not being funded by this PC government and that they’re pulling money out of maintenance, out of wherever they can find it. So that’s frustrating.

Modernizations. I mean, that’s such an interesting one because the boards have some schools that have been on a wish list for over five years. In fact, the Calgary board of education has had

numerous schools that are in desperate need of modernizations, and year after year they keep getting passed over by this government. Again, you know, it’s a question that’s often been asked. How is it decided which schools get chosen or which areas get new schools as others are forced to wait?

The issue of portables, Madam Chair. In Edmonton here – and I’ll speak to that as an Edmonton MLA – Edmonton public only received 10 out of the 22 modulars that they were asking for. Now, again, they are depleting any reserves that they have in order to pay for them. It should be noted as well for members who aren’t aware of this that even when the province funds a portable, it’s the board that has to pay for the – connection is not the right word here . . .

**An Hon. Member:** Set-up.

**Mr. Bilous:** . . . set-up of the portable and making it functional, which is a significant cost, again, that the school board is having to bear.

Let’s see what else. You know, when we’re talking about building schools, the discussion of whether it’s built in-house or it’s shopped around, I find, is an interesting one. Since I’ve been elected, this government has gotten up and waxed about how great P3s are and, you know, how they are God’s gift to schools, yet we’ve got an example in this province where the bid was tendered and, really, there was only one company that put in a bid to build 19 schools. I talked to the minister about this, that, well, that shoots one hole in the whole argument that competition will drive the price down. When you only have one bidder, there is no competition.

Again, I find it interesting that the CBE, the Calgary board of education, got tired of waiting for this knuckle-dragging government and decided to build in-house and said: “You know what? We can do it more efficiently and cheaper than what the government can do.” They’ve asked for themselves to build in-house, which, again, is very interesting.

Again, you know, I have concerns. I’ve talked to both the Infrastructure minister and the Education minister. They’re very great at promising things, but the delivery seems to be another question when we’ve got, you know, the promise of 50 new schools and 70 modernizations, yet shovels haven’t hit the ground, but they’re supposed to be open by the fall of 2016. Now, I don’t want to be a pessimist, Madam Chair, but when you look at how long it takes a new school to open its doors from time of design or initial tendering of design, you know, that’s more like – what is it? – a three- to five-year window. There are only two years left, and a shovel hasn’t hit the ground. Again, there is such a need for new schools.

I find it fascinating – and I might have mentioned this the other day, Madam Chair. When I was up in Fort McMurray, I was meeting with the board and the superintendent up there. You know, you look at the birth rate up in Wood Buffalo, and it’s astonishing that they’ve got on average 1,500 births per year. Now, again, when you do the math, how many schools are going to be required when these newborns get to the school age? I mean, it’s unbelievable. The superintendent told me that they would need two new schools every year as long as the birth rate keeps that pace. That area has lots of young families. In fact, I think it’s the fastest growing municipality with young people or has the youngest demographic of folks.

9:50

Again, they’re in desperate need and quite frustrated with this government, and rightly so, looking at the fact that they really are

one of the main drivers of Alberta's economy, the economic hub or driver, I should say, of the province. The fact that they are desperate for infrastructure really begs the question: you know, does this PC government appreciate the constraints and challenges that are being placed on the area of Wood Buffalo, not to mention the fact that you've got the highest cost of living anywhere in the province? Rents are ridiculous. I mean, I'm not sure how people afford to live there. You've got lots of folks who are not working directly in the oil patch. You've got nurses, and you've got teachers, and you've got bus drivers, and you've got maintenance and repair and janitorial staff that are not making \$150,000, \$200,000, \$300,000, \$400,000 a year. How are they keeping up and not falling further and further behind? It's a great question. You know, it seems like this government is reluctant to acknowledge it and even more reluctant to do something to do about that, Madam Chair.

I'll jump back over to infrastructure here because my colleague from Edmonton-Calder has revealed through FOIPs over the last couple of weeks a lot of really shocking and embarrassing realities or discoveries of what's going on at the Misericordia. I mean, there are parts of the hospital that are unsafe. You've got staff that don't even want to work in the facility. It's dangerous. You've got water, when it rains, leaking onto electrical panels. I mean, it's actually quite shameful that that hospital has been allowed to deteriorate to the point that it's at, and again my point is going back to deferred maintenance. The government is saying, I believe, that they were throwing a handful, several million, maybe even \$19 million – I'm not sure if that was the number that was quoted – at the Misericordia. Again, you know, had there been ongoing upkeep, I would love to know how much smaller that number would be and, in fact, if we never would have let it get to the state that it's in.

I can tell you, Madam Chair, that one of my frustrations is that it seems that this PC government only acts when it's either shamed into doing the right thing or when a disaster strikes. Again, look at the flooding last June. You know, members from this side of the House had been calling for years to update the flood mapping, to protect communities as much as possible. We even had a report back in 2006, the Groeneveld report, that raised lots of flags. I believe it was myself that raised the point that the federal government had dollars for provinces to invest in flood mitigation, and this government sat on its hands and did nothing, and they claim that there was not enough time. Well, you tell me how B.C., Saskatchewan, and Manitoba could all get it together and get the application in, yet somehow Alberta was sleeping at the wheel or maybe not even at the picnic. I don't know where they were. It's frustrating, and I can imagine how frustrated the folks who were affected by the floods are.

You know, what are we doing to prevent future tragedies and travesties from happening in this province? Again, I see a government not investing enough, moving very slowly on infrastructure that's quite critical. You know what? Even the most fiscally conservative members would recognize that if you can put dollars into the preventative side, you will save money rather than, you know, waiting for an emergency or a travesty and having a knee-jerk reaction and suddenly having to spend three times, five times, 10 times the amount. I really don't understand their logic, so I'm happy to hear that members from that side also don't understand their own logic and are questioning the front bench.

Madam Chair, I think that this budget for a myriad of reasons is disappointing. I think many Albertans are disappointed with it, again scratching their heads: how is there money for carbon capture and storage, money for expensive junkets, flights, travel plans for the government, yet for your working Albertans . . .

**Mr. Mason:** Foreign offices.

**Mr. Bilous:** And foreign offices. That's a very valid point. Thank you. I mean, the fact that you've got – let's see here. Oh, wait. There's money in the budget to open three new international offices.

**Mr. Eggen:** Where?

**Mr. Bilous:** In Brazil, in California, and in China. Wow. It's amazing that Alberta needs more offices in other countries – I didn't know Alberta was a country – yet there isn't money in the budget to ensure that grandma doesn't have to wait for weeks or months for much-needed surgery. You know, public-sector workers are being attacked. I mean, they give their lives in service to their province, and the province and this PC government return the favour by clawing back the pensions and what they're getting. I need to remind the members that their pensions are very, very modest. We're talking about \$12,000 to \$15,000 a year, you know, versus the cost of setting up one of these offices in one of these foreign countries. If I'm not mistaken, Madam Chair, I believe there are Canadian embassies that exist in these countries already.

**Mr. Mason:** But not in Rio de Janeiro.

**Mr. Bilous:** Well, that's very interesting. The Member for Edmonton-Highlands-Norwood brought up where in Brazil that office is going. Now, if I recall, Rio is not the economic hub in Brazil. If I'm not mistaken, it's São Paulo. That really begs the question: how was Rio selected? I mean, I've been there. It's got a beautiful beach. It's very nice, but is that the best use of taxpayer dollars? One really has to question this government and its priorities.

I appreciate that the Member for Calgary-Mountain View talked at length about the cost of poverty and, again, the fact that this was yet another disappointment in this budget, the lack of dollars to address, you know, all the different facets of poverty and look at the root causes and not just throw Band-Aids on a problem. Again, looking at investments, I recall that when I was teaching in the inner city, the figure to put a young person through a year of school was something like . . .

**The Deputy Chair:** The hon. leader of the ND opposition.

**Mr. Mason:** Thank you very much, Madam Chair. I'd like to make a few comments with respect to the budget. You know, I was disappointed with the budget, and of course it's now Bill 8, the Appropriation Act, 2014. I think that the budget was disappointing in a number of ways. I think that it's an example of a tale of two Albertas, one for the wealthy and the powerful and the friends and the people who are connected to the PC Party and another one for the rest of us. We want to continue to address that inequity that is built into the budget and is built into the ideology of the governing party for the last 42 years.

**10:00**

Despite the fact that we live in an incredibly prosperous province, I think the government is not treating people fairly. Opportunities in our province are endless, but I think that the majority of us need a better deal than this government seems prepared to do.

For example, the University of Alberta has specifically asked the minister to reinvest in their infrastructure maintenance program in order to avoid the catastrophic failure of some of their building systems. I just came from a school closure meeting in my constituency, where the government is offering one new school if

the school board is prepared to close three older schools. There are some outstanding schools there, where the government has refused to fund the capital priorities of the school board year after year after year, and it's meant that some of these schools – I was in Highlands junior high tonight, where my son actually attended years ago, a beautiful historic building, a mirror image of the Academy at King Edward on the south side if you know that. But it is in bad need of renovation and assistance. It has the original boilers, if you can believe it, hundred-year-old boilers still operating in that school. It has been fairly high on the public school board's capital priority list to do renovation and upgrading in that school, and it has been rejected year after year after year.

The school board has a problem. It's not just a question of enrolment; it's a question of being able to get the capital priorities that they see fit to be accepted by the government. The government over and over again when we were debating Motion 503 talked about how important it was to empower local school boards to make local decisions, and in that case it was a way for the government to avoid taking responsibility for defeating 503. But when it comes to something where the school board really should have control and really have a say – that is to say over their capital and their maintenance budgets – the province overrules them.

Madam Chair, I was actually quite pleased with the PC platform in the last election in certain respects [interjection] – wait for it, hon. member – particularly the commitment to end child poverty, and I think a lot of people who might not have otherwise voted for this government voted because they were supportive of that direction. We've now had three budgets and three throne speeches, and it's absolutely missing. It's absent. It's not present. It is completely not there. Now, if the commitment was to eliminate child poverty in five years, we're now on the third budget of five, and there are further cuts to programs that support people in poverty. I think that if we're talking about unkept promises, this is one of the biggest ones and perhaps the most disappointing.

You know, we've seen that the government wants to save money. I know that when it all boils down to the pension issue, it's not the unsustainability of the pensions that's bothering the government; it's how much they're having to pay as an employer in order to get the pensions back on track. The government is trying to save a little money by gutting the pension plans.

Why is it, hon. members, that every time the government wants to save a little money, it goes to the programs that support the middle class or low-income families? Why is it that every time they want to find economies, it's in those kind of programs: cuts to social programs, cuts to poverty programs, cuts to pensions for hundreds of thousands of Albertans? This is what I don't understand. Don't you realize that if you want to save some money, you shouldn't be going after the nickels and dimes in the budget? You should be looking at the hundred-dollar bills, and there are plenty of these in the budget.

I want to talk a little bit about the general situation with respect to the province's finances. I know that the Finance minister has heard me talk about this before, but more than 30 per cent of our program spending is funded by fluctuating royalty revenue because the actual revenue from taxation is not sufficient to support the programs that we have. That's not just a wild, socialist theory; that's an actual fact. We don't have enough taxation revenue in this province to pay for all of our program spending, and that's been the case year after year after year. So we draw heavily on the royalty revenue in order to pay for it.

Well, of course, we all know there are two problems with that. First of all, royalty revenue is extremely volatile. It goes up and down, and every time the price of oil drops, we're laying off

teachers and nurses or we're attacking a pension plan or we're doing something like that. That's not a desirable state of affairs.

The other problem, of course, is that these resources are nonrenewable, and they actually belong to all generations of Albertans. For us to steal from future generations of Albertans in order to spend this money on our own needs today is simply cheating future generations of Albertans. We need to, in my view, wean ourselves off that, and the key to that is to ensure that we have sufficient tax revenue to cover our program spending needs. Then we should be investing the royalty revenue in long-term funds, for example, like Norway's. I think that that's not only fair to future generations, but it requires us to pay for our own program expenditures. I think that that's something that the budget fails to address, something I've addressed many times in this House. My views are no surprise to the government members. I do think that it's important that we address that very important question.

I think there's been a lot said in this House about the waste and the culture of entitlement that afflicts this government. We've seen the extensive first-class flights, misuse of government aircraft, the sky palace. The sky palace is interesting. I know that the rules of the House say that you sometimes have to accept two different versions of the same story as being true at the same time. But I find it really interesting that two Infrastructure ministers claim to have cancelled the project. Now, we can't ask the former Minister of Infrastructure about his assertion that he did that because he's no longer the minister. So we have to accept the current Minister of Infrastructure's assertion that he did it but that also the other guy did it, too, and take that, I guess, at face value.

**An Hon. Member:** Very strange.

**Mr. Mason:** But it is indeed passing strange, Madam Chair, that there is an actual interdimensional time warp within the cabinet that allows this kind of thing to take place.

**10:10**

You know, the former minister was of course copied on the correspondence – and we saw it – by the Premier's executive assistant, who repeatedly copied him on all of the changes that he wanted to see as he was communicating and directing the architect directly. He would send copies to the former Minister of Infrastructure, who claims that he didn't see that, but he did know enough to cancel the project, which then had to be recancelled by the new Minister of Infrastructure. Oh, what a wonderful world it is in Alberta politics, Madam Chair. It is just ever so fascinating, with twists and turns in the plots worthy of a *Dr. Who* serial.

Now, I want to go to the wage freeze. This, I guess, is another example of what I was saying earlier, that when the government wants to save money, they don't save money by charging the oil companies more for the oil that belongs to us, that they take out of the ground, they don't charge the banks and their big financial contributors more, they don't charge the very wealthy Albertans who support them more, but they go after people who have modest incomes. They go after seniors. They go after the disabled community. They go after the poor. I just don't follow that.

I've learned to live with it, Madam Chair. Unfortunately, I have learned that, you know, you just can't argue these things out with conservatives. That's just how they see the world. Going back from the time when I lived in a certain house with a certain member of the government for a couple of years, I learned that it's just the way they are, just the way they think. It maybe doesn't make sense, but it's just who they are, and we have to love them despite that. We have to realize that they're human, too. They're,

you know, a bit weird. But they, unfortunately, have been running the province for 42 years, and we have to deal with that. So I think we will indeed deal with that perhaps in the next election. It's a very interesting thing.

Now, I know the Finance minister wants to talk about savings. He thinks that we should be doing some saving. I don't disagree with him. I don't disagree that we should be putting some money into savings. But when we have huge deficiencies that aren't funded because we don't have enough money, simply allocating some of an insufficient budget to savings at the expense of already starved programs, you know, is not the best way to go. I think the better way to go is to make sure you have enough revenue and then put your savings away. I think if we take a look at Norway, which has very significantly higher royalties and saves a much higher percentage of the royalties than we do here in Alberta, keeps the money in the fund instead of taking out the interest revenue and spending it, then builds it up to about . . .

**The Deputy Chair:** Hon. member, I hesitate to interrupt you, but in accordance with Standing Order 64(4) the vote on the appropriation bill that is currently before Committee of the Whole must be put. Accordingly, we'll go to the vote.

Pursuant to Standing Order 64(4) I must now put the following question: does the committee approve the following bill, Bill 8, Appropriation Act, 2014?

[Motion carried]

**The Deputy Chair:** Hon. members, pursuant to Standing Order 64(4) the committee shall now immediately rise and report.

[Mrs. Jablonski in the chair]

**Mr. Jeneroux:** Madam Speaker, the Committee of the Whole has had under consideration a certain bill. The committee reports the following bill: Bill 8.

**The Acting Speaker:** Does the Assembly concur in the report?

**Hon. Members:** Concur.

**The Acting Speaker:** Opposed? So ordered.

## Government Bills and Orders Second Reading

### Bill 10 Employment Pension (Private Sector) Plans Amendment Act, 2014

[Adjourned debate April 22: Mr. Anderson]

**The Acting Speaker:** Are there any members who wish to speak to Bill 10 in second reading? The hon. Member for Edmonton-Strathcona.

**Ms Notley:** Thank you so much. I am so pleased to be able to rise and begin debate on Bill 10, the Employment Pension (Private Sector) Plans Amendment Act, 2014. Let me begin by saying that we are unequivocally opposed to this bill, that it is a continuation of the bad work that the government is attempting to complete at the expense of Albertans through Bill 9. We just think it's a very bad idea.

Now, basically, what Bill 10 attempts to do is that it takes a bill that was passed a couple of years ago but not yet proclaimed and it further amends that bill, and it does so to make it super clear that

the government ultimately has the authority to allow single-payer employer pension plans to be converted from a defined benefit plan to a targeted benefit plan. Just for those folks out there who are listening to this debate, let's talk just a moment about the difference between a defined benefit plan and a targeted benefit plan.

A defined benefit plan is something that, well, you know, some of our friends over on the right, right, right side of the House there, in the Wildrose Party, have characterized as being gold-plated pensions and all that kind of stuff. That's not what they are. A defined benefit plan is a pension that somebody contributes to for years and years and decades and decades, to a factor of in most cases 85, and then they get a certain amount of money in their retirement. And what kind of outrageous amounts of money do they get in their retirement? Well, the average payout for the government public-sector defined pension plan right now is \$15,000 a year. Not so gold plated, but it is something that helps ensure that our seniors do not fall into the growing gap of poverty, which every expert in the country says that our seniors and our soon-to-become seniors are at risk of falling into.

The point of a defined benefit plan is that when you pay into it for a certain amount of time and your employer pays into it for a certain amount of time and you get to a certain age, then you can predict how much money you will have to retire on, and you can plan for that 10, 15, 20 years in advance. You know what, Madam Speaker? Many, many, many working people in this province do just that. They plan 15, 20, 25 years in advance about how they will be able to support their modest retirement in a way that doesn't put an outrageous burden on their children or others. That's what regular working Albertans do.

**10:20**

Now, we've talked about Bill 9 and the impact that has on the public-sector pension, but I think that we need to understand that with Bill 10, as much as it says "private sector," one of the plans under the act that this bill amends is ultimately to facilitate the movement of most public-sector pension plans to be covered under this other piece of legislation that is being addressed through Bill 10. It isn't just limited to private-sector plans, and, in fact, there are some public-sector plans that are already covered under this legislation. In fact, there are parts of this legislation that apply to all public-sector plans, so let's just not get too wrapped up that the two are not connected because they are connected.

What is the primary objective of this bill? Well, the original piece of legislation that this Legislature passed about a year and a half ago but has not yet proclaimed allowed for the administrator of the pension plan to basically decide that any plan that is not a targeted plan could reduce benefits to their employees should they be unable to pay the benefits. So that's what it used to say.

Now what we're doing in this is that we're making it super clear that if you have a specifically named and described defined benefit plan, then the employer can, if they jump through a few hoops, all of which will be written by these guys behind closed doors at some point in the future – who knows what those hoops will be. They'll probably be very big and very wide, big enough to drive many trucks through. Anyway, you stroll through those hoops, shall we say, and you get to convert the defined benefit plan to the targeted benefit plan. A targeted benefit is a close your eyes, cross your fingers, cross your toes, think about unicorns, and maybe wish upon a falling star sort of retirement planning strategy. That's what a targeted benefit plan is.

**Mr. Lukaszuk:** A fairy tale.

**Ms Notley:** It is kind of a fairy tale, Member for Edmonton-Castle Downs, because it is not the plan that our cautious, our conservative, our hard-working, regular working Albertans started planning their retirement on 25 years ago. They didn't plan their retirement on the basis of this, you know, close your eyes and sprinkle fairy dust on their mutual fund kind of retirement planning strategy. No, they did not. They planned their retirement on the basis of a defined benefit plan with certain guarantees in the future, and this government wants employers to be able to convert those plans willy-nilly from a defined benefit to a targeted. I'm going to call it the pixie dust plan from here on in. We're going to call it the PC pixie dust retirement plan. That's what this bill wants to do. That's what this government wants to do with this bill.

Now, who does this apply to, and who should care? Well, basically, right now we have about 250,000 people who are covered under the act, which once proclaimed will apply to them, and then it will be amended by this bill. Of that 250,000 people about 138,000 of them currently enjoy the benefits of a defined benefit pension plan. Of those about half of them at least, give or take, are not represented by unions. So what the government will say is: "Well, you know what? Don't worry your pretty little head about our pixie dust plan because we won't convert it to a pixie dust plan unless both sponsors of the plan agree to it; i.e., the union and the employer."

Now, I actually have a problem with that, and I'll talk about that in a moment. The problem is that there are many, many people covered by this piece of legislation who are not represented by unions, so the mechanism for consulting with one of the partners for how you convert to their defined benefit, this is what my retirement is going to look like, plan to the pixie dust plan is unclear. How do we find out whether these guys are A-okay with having their defined benefit pension plan gutted? Well, this act is going to give all that authority to this fabulous, trustworthy cabinet which has a stellar record on consultation with vulnerable Albertans across the board and has brilliant trustworthiness ratings across the board. Well, needless to say . . .

**Mr. Mason:** Insert sarcasm here.

**Ms Notley:** Insert sarcasm here.

You can imagine that we don't have a lot of faith in this.

**Mr. Mason:** Well, otherwise people might read it and think she's saying this.

**Ms Notley:** The Member for Edmonton-Highlands-Norwood is concerned people might have thought I actually meant that to be true.

That being said, that's what we're looking at. We're looking at giving employers the ability to convert defined benefit plans to pixie dust plans, and the rules around how they will do that will be: "You know, don't worry about it. We'll just pat you on the head. We'll figure it out ourselves around the little cabinet table, and we'll let you know. We will probably talk to some more employers because, by the way, that's why we're bringing this in in the first place, because our pals in big business wanted us to do it."

So who are some of the people that we're looking at? Well, TransAlta, Suncor. These are the folks that came to this government and said: hey, you know, if you could tweak that pension plan legislation so that we could be sure to abandon our liabilities to those pesky little employees that we have, that would be super awesome. So that's what we're doing right now. That's what this piece of legislation will ultimately achieve. And everyone

will say, "Oh, that's not what we're doing; we're protecting the plan for the future, and yada yada yada; trust us," because, of course, this bill is also written on the trust us basis, you know, thou shalt have authority to do whatever the cabinet in its great wisdom thinks is necessary. You see a lot of that throughout this act, that we will just sort of take the retirement hopes and dreams of 250,000 Albertans, or in this case 138,000 Albertans, and just give them over to this incredibly trustworthy cabinet who is doing so well when they poll Albertans on how trustworthy Albertans think they are right now. Anyway, so that's what this does.

Now, this is really concerning to me, Madam Speaker. You know, we've talked about this generally in the past, but the fact of the matter is that we've seen retirement savings by Canadians drop. Canadians today only set aside about 5.5 per cent of their income for retirement, down from 20 per cent in the '80s. We've seen the number of Canadians who are covered by defined pensions drop well below 40 per cent of Canadians now. What that means is that the number of Canadians, and in this case Albertans, who will live in poverty is going to grow.

Now, the Member for Edmonton-Highlands-Norwood in his question to the minister today in question period highlighted the experience of a state in the U.S. where they moved away from a defined benefit plan to a defined contribution plan, and 15, 20 years later they discovered they had a huge problem because their seniors were all really super poor and hungry and they couldn't afford health care and they couldn't afford rent. It just was bad news, and they realized that this was very much connected to the fact that they had gutted their public service pension plan. So they decided that they needed to go back to the drawing board and reconsider this notion of eliminating defined benefit pension plans.

Well, the fact of the matter is that that is the trajectory that we are on in this province and in this country, and it is not just me saying it. Pretty much every expert out there on the state of Canadians' retirement planning and retirement savings will say that we are heading for a crisis. Many experts who are concerned about the well-being of the majority of those impending retirees, those people who are actually elected to represent the overarching public interest, those people are saying that what we actually need to be doing is increasing pensions, increasing, for instance, CPP and enhancing that particular defined benefit, because that, too, is a defined benefit.

Lo and behold, here we are in Alberta up until a couple of years ago the one holdout in the whole country saying no to building up the CPP. Why? Well, I don't know. Maybe their friends in the banking industry won't make as big a commission on the RSPs. I have no idea how you could possibly say that that's not a good idea, but trust Alberta; we did. So hand in hand with that miserly, unconcerned approach to the best interests of regular working Albertans and their families comes a piece of legislation like this, that is designed to give the employer sponsors of plans a much easier time in the process of reducing the nature of the benefits that their employees will receive.

I want to talk just a little bit even about those employees who are covered by union plans. Of course, the argument would be: well, you know, this conversion will only happen if both sponsors of the plan agree, and where you've got unionized, collectively bargained, sole-employer contribution plans or defined benefit contribution plans, it would only happen if the union agrees. What this is essentially doing is taking something that the union has won and earned and putting it back on the bargaining table, so it's forcing unions to actually bargain for something that they thought they'd already bargained for.

10:30

They had something protected in legislation. It's sort of akin to saying: "Well, you know, I know you don't think you need to bargain employment standards minimums and minimum wage, but you know what? We're going to make you bargain that. We're going to make you earn those standards at the bargaining table even though they've been there in legislation for 80 years or whatever." This is the same kind of thing, and this is unbalancing the negotiating process.

Now, I understand that these folks wouldn't understand that because negotiation is kind of a foreign term.

**Mr. Mason:** Not in their vocabulary.

**Ms Notley:** It's not in the vocabulary of this government.

This is an attempt to undermine, destabilize, and weaken the bargaining position of even those employees who are represented by unions. It's not a complete answer to say, "Oh, don't worry; it won't happen if the union doesn't agree to it" because you're opening the door and inviting the union to come in and have to bargain all of that over again. That's a solution.

I look forward to speaking about this more in the future.

**The Acting Speaker:** We have 29(2)(a). Go ahead, hon. Member for Edmonton-Beverly-Clareview.

**Mr. Bilous:** Thank you very much, Madam Speaker. I was quite enjoying the Member for Edmonton-Strathcona's speech, educating many of the members in this Assembly on the difference between defined benefit and target benefit, but I was hoping that the Member for Edmonton-Strathcona maybe can explain further, especially for some of the members on the front bench, exactly what she means by pixie dust pensions.

**Ms Notley:** Well, you know, really, today in question period the Minister of Finance said: I will not in any way, shape, or form reduce the benefits Alberta pensioners will receive. That was actually in relation to both bills 9 and 10 and the policy considerations implied in those questions. The fact of the matter is that, no, that's not true. There are a number of different areas where we're looking at that.

What this bill does is that it makes it very clear that by moving to a targeted benefit, where the contributions are not high enough and where the assets are not great enough, this gives the pension plan administrators the ability to reduce benefits. That's right there in the legislation, Madam Speaker.

Truly, when we met with the folks from the minister's ministry who briefed us on this – and I appreciate the time that they gave, by the way; it was a very informative briefing and very helpful to us – it was very clear that that's what you're doing. Nobody tried to suggest that a targeted benefit plan was the same as a defined benefit plan, and no one for a moment tried to suggest that a targeted benefit plan wouldn't result in the potential for lost income.

Not only do people not have a guaranteed cost-of-living increase – just to be clear, in Alberta, you know, our cost of living is going up rather aggressively, especially compared to the rest of the country. If we don't keep pace through COLA, pensioners are going to lose. Of course, we're already at a point where we only do 60 per cent – well, this is in the other one, of course – and now the government wants to make that more flexible.

That's an argument for Bill 9, but the whole other issue is that with targeted benefits you could get way less, so it's not even a question of keeping the same amount and watching it become less

and less valuable if someone fails to have it keep pace with COLA. Instead, we're actually seeing the amount drop unpredictably. After you've retired, you cannot count on how much you will receive every month or every year. That's what a targeted benefit plan is. You know, that's really super clear, and that's why I referred to it as the pixie dust plan.

**Mr. Mason:** But who is Tinker Bell?

**Ms Notley:** Tinker Bell is the fabulous Minister of Finance, I guess. I've never really thought of him as Tinker Bell-ish. Perhaps he's not even listening now. In any event, it will be the minister who is Tinker Bell because, again, the other issue is that a great deal of authority is given to the minister and to the cabinet. As a result, it certainly won't be the employees.

I'm very, very concerned about this as well because, you know, with Bill 9 I know members over there will have to acknowledge that they've received countless concerns expressed to them by constituents about what Bill 9 is going to do to them. They may not have heard the same about Bill 10, but one of the reasons for that, of course, is because those who are at greatest risk under Bill 10 are those people who are part of defined benefit plans right now but don't have a union. My question is: how many of those people even know this is happening? How many of those people have been notified? How many of those people have been consulted with? How many of those people have been asked whether this was the direction they want to go in? I will say to you that the answer is none. Then the question becomes: well, how will they be consulted? The answer from these guys is: trust me. That's not the way you should be legislating, and it is certainly not the way you should be legislating something as fundamental and as meaningful to the vast majority of working Albertans as a defined benefit pension plan to which they have been contributing for many, many years and that is extremely important to them.

We're looking at about, I think, 70,000 non-union members who are impacted by this. If that number is a little high, I'm happy to hear that. Either way, it's bad news for them.

**The Acting Speaker:** Thank you, hon. member.

Are there any other members that wish to speak to Bill 10 in second reading? The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Well, thank you very much, Madam Speaker. I'm rising tonight to speak against Bill 10, and I'd hope that all members of the Assembly listen to what is happening here in this province in regard to what we're doing on bills 9 and 10 and how it is an attack on working people, what they've contributed to their pension plans, what they believed they had set themselves up for as a reasonable retirement, how they were going to pay their daily bills, and how they were going to try and make it through life when they are no longer working.

Before I get to the merits of the bill, I would like to point out that the evidence is clear. Economists and government reports and industry reports all indicate that seniors in Canada are retiring with less and less money compared to the way things have been over the course of the last 50 years. Essentially, through attacks like these on pension plans as well as a move to a workforce that is less unionized and, frankly, to government supports being less, people have an inability to retire like they have in the past.

This is leading to an increasingly unequal society. You see that with statistics offered at various times in publications and the like which show statistics. You know, in 1980 the average employer made 40 times more than his worker did. Now the average employer in Canada makes 235 times more than an employee. You see, it's clear that there's been a move throughout the course



of the last 35 years to inequality, a real sense where governments have favoured certain individuals, especially here in Alberta certain wealthy individuals, individuals from certain industries, and have left behind or not considered the effects on the middle class and, even worse, the plight of those who are in meagre circumstances. That's just a plain fact.

**10:40**

This does nothing. Bills like bills 9 and 10 here do nothing to rectify or to look at the problem of inequality. In fact, they exacerbate it. One of the ways that working people who have gotten involved in pension plans can ensure they retire with at least some form of income is to negotiate a pension plan in their workplace, whether they're represented by a public-sector union or whether they work in private industry at a place like TransAlta or the like that has these defined benefit plans. Remember that these were negotiated fairly amongst employees and through unions at the bargaining table, who then came to the conclusion that that's the way they wanted their compensation packages addressed, through both the employer and employee contributing to these plans, that that would ensure that they would have a reasonable standard of living in their retirement years, and to ensure that they had a reasonable standard of living in their retirement years, they would need to have a defined benefit plan.

As the Member for Edmonton-Strathcona so rightly pointed out, when you move from a defined benefit plan to a target benefit plan, you're moving to basically a pension plan that's based on a hope and a prayer and wishful thinking because that's all they are. Simply put, when you move from there, it gives no protection to the retiring person that income will be there for them when they need it going forward. It has no air of reality as to when inflation goes up or when stock markets go down or when governments swoop in to do things of this nature. Simply put, it really exacerbates the inequality we are seeing here in Alberta and, frankly, throughout the rest of Canada.

In my view, instead of governments continuing on in this fashion, like we see in bills 9 and 10 and what we're doing here, we should be looking at ways to ensure more people have pensions, that more people have predictable, sustainable income that they can rely on in their senior years, whether that's through augmenting the Canada pension program or other things like encouraging people to get into defined benefit plans, that they can then count on in their retirement. This appears to be directly opposite to what we know to be in the best interests of our seniors.

What is most troubling to me here, though, too, is that by doing this, the government may actually be adding to the expenses that they will have to carry in the future without these employees now having a defined benefit plan or, virtually, whether they have any income at all coming from their pension. Well, that essentially means that the government is looking at more seniors in subsidized housing, more seniors who may be in need of seniors' benefits and the like. It may actually just be adding to the government expenses in the long run as compared to doing it in the proactive way, having a defined benefit plan.

In my view, this is the wrong way to go. It affects a large number of people in Alberta. I believe the number that I heard was 250,000 individuals who will be affected by this change. Some of them will be, of course, in a unionized environment, and as was rightfully pointed out, these were benefits they had bargained for. They had worked these out with the employer and had come to an agreement thereon. They are now being systematically stripped away by the government at the drop of a bill. That, to me, doesn't appear right.

I'm also very worried about those employees who are not in a union and what is actually going to happen to them, whether it's just a winding up of the pension plan altogether, which, in my view, could happen in some of these situations because there won't be the organization where they can bind together and look at things in an objective manner, or the simple power of the employer to push through things that may not be in their best interests and the like.

Nevertheless, I hope to speak more on this at subsequent intervals. I hope that we can look at this, at whether this is really good for stemming inequality in this province, which many people identified as one of the single largest threats to not only this province but actually to many governments throughout the world. I don't think this does anything to address that. It doesn't deal with anything about seniors' incomes and what their retirements are going to look like.

In my view, bills 9 and 10 go against this principle, and I would encourage all members to vote against this and go from there. Thank you very much.

**The Acting Speaker:** Thank you, hon. member

Standing Order 29(2)(a). The hon. Minister of Finance and President of Treasury Board.

**Mr. Horner:** Thank you, Madam Speaker. I just wanted to ask a quick couple of questions of the hon. member because I've heard again a little bit of a recurring theme here. One of them is that when you talk about going from a defined benefit to a targeted benefit, there is a huge loss or some sort of loss to the retirement infrastructure for people who are in those plans. First of all, the joint sponsorship of those plans would have to agree to move in that direction. My thought would be that the only reason they would do that is if the plan was in very dire straits and they needed to move to make some changes and have that flexibility.

The hon. members talked about it being on a wing and a prayer or something, that somehow this would be based on some sort of... [interjection] I'm assuming he's talking about that the returns of the fund would be the determinant factor of whether or not the benefits would be paid. I guess what I'm asking is: if the fund does not give a suitable amount of return, where would the hon. member think that the money is going to come from to pay for the benefits if there's no money or return given the fact that the fund is the fund that would pay those benefits? If they're suggesting that under a defined benefit plan the fund will always earn enough to pay the benefits, then, I guess, we have no problem if they could guarantee that, which they can't.

I'm curious if the hon. member would please enlighten the House. In a targeted benefit plan or in a defined benefit plan if the returns are not there, where would the funds come from if not from the employer and from the employees paycheques? Just curious.

**Mr. Hehr:** The hon. minister answered his own question. I don't know why he's asking me this. It would come from the employers and the employees. Of course it would. It would come from those generations that are continuing to work, hopefully, at the company where they're active and productive to ensure that they understand that when a pension plan is there for their retired employees, it is also going to be there for them. I don't know why the hon. minister seems confused about this. It seems very simple that that's how we've had defined contribution plans, and that's how they work. Maybe that's the trouble. Maybe why he's going about this is that someone, maybe a deputy minister, has got a hold of him and filled his head full of all sorts of nonsense and has gotten

him down a path of how he wants to take away pensions not only from those under Bill 9 but also under Bill 10. It seems illogical that the hon. minister would not understand where the money comes from. It would come from employers and employees, of course. That's just how it is.

**10:50**

I'm also really surprised that the hon. minister does not quite understand that there are a great many seniors in this province who do not have enough revenue to get by in today's world, with inflation running at 3.9 per cent, with the cost of living and the likes there, and simply the overarching evidence that is out there that we should be doing more for seniors, not less. Yet his government chooses to do less. It is really befuddling to me how the minister asks his questions and doesn't understand. He should go back to his deputy ministers and talk about this and say: where am I getting it wrong? He clearly has it wrong.

**The Acting Speaker:** The hon. President of Treasury Board.

**Mr. Horner:** Thank you, Madam Speaker. The interesting piece to that is that if you don't have enough contributors paying in and you've got more retirees, the plan fails. That's what the hon. member doesn't get.

**The Acting Speaker:** Do you have a point of order?

**Mr. Mason:** Yes. I believe, Madam Speaker, that it is the practice to alternate questions. If another member has a question under 29(2)(a), you don't let the same person go twice.

**The Acting Speaker:** I understood that we had a back and forth. He asked questions. He was going to answer. We'll ask Parliamentary Counsel to . . .

**Mr. Horner:** May I continue to answer the question?

**The Acting Speaker:** Yes, hon. minister.

**Mr. Horner:** The answer to the hon. member's question is: when the number of retirees is tripling and the number of new contributors is only doubling or staying the same, the money isn't there. That's the problem with defined benefit plans that are mature. The hon. member should actually know that. If he had actually done his work as a Finance critic, he would understand that defined benefit plans in this country and around the world are having difficulty because there are more retirees than there are new entrants to the plan. The PSPP plan, as a really good example, in 1993 had 40,000 contributors. In 2013: still 40,000 contributors yet the number of retirees had almost tripled. To coin the phrase from the Auditor General in Public Accounts, the math doesn't work.

**The Acting Speaker:** Thank you.

Is there another member that wishes to speak to Bill 10? [interjection] You'll get your chance later.

The hon. Member for Edmonton-Beverly-Clareview.

**Mr. Bilous:** Thank you, Madam Speaker. I rise to speak to the second reading of Bill 10, the Employment Pension (Private Sector) Plans Amendment Act. In a moment, when I speak, I will address the title of it, which is misleading, that it's private sector when, in fact, we'll see how there are public-sector employees that are going to be affected negatively by this act.

Madam Speaker, I'm going to start by stating the fact that I'm absolutely opposed to this bill, Bill 10, and to Bill 9. I'll give my

arguments, but I'll ask members to vote against this bill. It needs to be thrown out from start to finish.

Part of one of the major issues that I have with this bill, Madam Speaker, is that we've got a significant number of pensioners that have been paying into their pensions for many, many years; some, for their whole working life. Suddenly now with the passage of this bill rules can completely change. So a pensioner who had worked, signed up from day one thinking that they were going to get a certain amount in their retirement, could with the stroke of a pen suddenly see their benefits reduced significantly. Now, I'd love for someone on the other side of the House to try to tell me how that's fair. You've been promised something, you've been working toward it, you've been saving for it, and now suddenly the government says: "No. You're not getting that anymore. We're going to actually cut back on what you've contributed to for your whole life."

Now, another issue with this bill, which we seem to see a lot more of. The Member for Edmonton-Highlands-Norwood, who's been a member here in the House a lot longer than I have, has told me that in the past we would see legislation that didn't give sweeping powers so much to the ministers. Well, it is very disturbing, Madam Speaker, that these bills that I've seen since I've been a member, which in about an hour and four minutes will be, I believe, two years to the day if we're going on April 23 – much of the legislation that the government has brought in does in fact give the minister and cabinet sweeping powers to make changes, which I think, first of all, is very problematic. I mean, when we're talking about making significant changes to any legislation, whether it's through regulation, it should be discussed and debated in this House. It should not be allowed to be done with the stroke of a pen behind closed doors so that folks wake up in the morning and see that the tooth fairy stole their tooth and has not given them anything in return.

First of all, the government is trying to pitch this bill as encouraging those who have pension plans to continue contributing to them because the pension participation is very low. Now, again, "private sector" within parentheses in the title of this act is again a misnomer. The fact of the matter, Madam Speaker, is that there are public-sector pension plans that qualify under this bill such as the university's academic pension plan, the firefighters' supplementary pension plan, and other small municipality plans. You know, one of my concerns is that this PC government's long game is to put LAPP and PSPP under this piece of legislation. That's going to affect a significant number of people and is the old bait and switch.

There are about 250,000 workers that fall under this act, and I believe the number is somewhere around 138,000 of them that have defined pensions. As the hon. Member for Edmonton-Strathcona noted earlier, part of the reason there isn't and hasn't been as much public outcry on this bill – first of all, I would draw Albertans' attention to the time of day that we're debating this second reading. As well, many of the folks who are affected by this bill do not have a larger group or a union to represent them or a vehicle to voice their malcontent for Bill 10.

Now, here's the thing, Madam Speaker. I mean, pensions benefit all of us in the sense that, again, we're not only talking about individuals being able to afford to pay their bills, pay their heating. You know, the concept of pensions, again, comes from the fact that you have folks who have decided to take certain occupations or certain jobs and looked at how they would be remunerated for their work, the pension being a part of it. It's not that the pension is some kind of bonus gift, a Christmas bonus that can be withdrawn whenever the government or a minister feels like it. This is something that has been negotiated, that is part of

their contract and part of the reason that many Albertans have made the decision to work for certain employers or to take certain careers.

So the benefit of it, obviously, let's say, for someone living in a small town having a decent pension means that not only can they afford to live, but they're also contributing to the economy. Let's keep in mind, as well, that folks pay tax on them when they're drawing their pension, so this is also contributing to the economy.

The other frustration with bills 9 and 10 is that the number of Canadians covered by pensions is declining. The amount that Canadians are saving for retirement is dropping, which is a concern. We should be looking ahead and doing what we can to take smart, prudent actions and to expand our pension system, not shrink it.

**11:00**

Again, the Alberta NDP has been pushing for an expansion of the CPP. There are many provinces across the country that are willing and are in favour of expanding CPP, except for, of course, the government in Alberta. The good old PC government: if it's good for the people, then it's bad for them.

Moving again back to the title, like I said, this legislation is going to affect 138,000 workers with defined benefit pensions. I listed some of those that are going to be affected, and the concern is with the fact that the minister is going to have sweeping powers.

Let me see here. [interjections] I'm happy to hear that some members on the other side are listening. I'm going to go through just briefly and explain again the difference between the three different pensions. We've got defined benefit, which is exactly what it says. When you started your work, whether it was 30 years ago, 40 years ago, 10 years ago, or five years ago, you'd know how much you're going to get when you retire. It's defined. It's not going to change. You don't have to worry about how much a loaf of bread is going to cost, whether you're retiring in five years, 10 years, 20 years. You don't have to worry about, again, the cost of electricity or to heat your home and what that's going to look like.

Madam Speaker, there are a significant number of Albertans who don't have pensions, who don't have defined benefit pensions, and every time they see a rise in inflation or in the cost of living, you know, they're making tough decisions on heating their house versus filling their prescriptions. The advantage to a defined benefit plan is that there's a formula that you signed up for and agreed to with your employer from day one. You know what you're going to get. So if you work for X number of years, for example, you're entitled to X amount of dollars a month once you retire. Okay? So that plan, obviously, is the best plan as far as our seniors, our workers knowing that they have that retirement security.

Now, a couple of things about defined benefits here. You know, the way it works is that if the pension plan is underfunded, then contributions can or have to go up in order to meet the needs for the unfunded liability portion. What that means under defined benefit is that that increase is split by both the employer and the employee. Monthly payments into the pension plan go up for those that are still working, and matching contributions, like I said, from the employer also increase to make sure that that promise is delivered.

I mean, pension fund managers can't predict the future, so there are times when that fund is going to be overinvested and there are times that it's going to be underinvested. But what's important to realize is that these plans should be looked at as long term and looked at over the long term, not in specific snapshots. You know, we're all aware of what happened in 2008 and the fact that not just

plans but, obviously, the stock market took quite a hit and with it a lot of different plans, whether it was pension plans or investments. The flip side as far as pensions is that we have been building it back up, and 2013 was a great year, that actually produced a significant rate of return. Again, this plan, the best plan, defined benefit, is that Albertans don't have to worry about being able to afford to live in their retirement or about outliving their retirement.

Now, defined contribution is exactly that. The only thing that's set in stone is what you're putting in, the employer and employee. One of the challenges with defined contribution is, you know, that when you get to retirement, if you haven't saved enough or if you live too long or if your investments don't perform well enough, well, then you've got to either get a job when you're in your 80s or you simply can't afford to live. There's no safety net under the defined contribution. That's putting a lot of risk onto individuals, onto Albertans.

The third type of plan is the target benefit. Now, this one basically is the worst of the three. I would argue that the only way to go is the defined benefit. This one basically allows for folks that are receiving benefits at the moment in their pensions – they've paid into their plans for years and years, their pension payments, and what they're getting in retirement can be unilaterally changed under this legislation. Target benefit plan contribution rates are fixed for employers and employees, and the benefits to retirees can fluctuate based on the health of the pension fund. This clearly sounds like the worst of all three.

I'll give you a quick example. A person has benefits dropping based on meeting a target of 100 per cent solvency within five years. So the pensioners get their benefits cut to the extent necessary to see the plan return to full health in the next five years. But such a plan could have such a dramatic effect on a pensioner's monthly income during a recession like 2008. The first to go under this is any idea that your benefits will actually keep up with the cost of living. Again, you're stuck with fixed benefits even though we all know that due to inflation the cost of living is continually going up year after year. Under this plan, the targeted, your actual core benefits, what you signed up for, what you were promised, can be chopped, can be changed or dramatically reduced with the stroke of a pen. So people are getting by on even less. The security for a retiree is gone.

You know, it's important to note, Madam Speaker, that a number of, I would say, Albertans and Canadians, when they're thinking about what career to go into, look at not just salary in a given year, but they also look at benefits and they look at retirement security.

**The Acting Speaker:** Thank you, hon. member.

Standing Order 29(2)(a). The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you, Madam Speaker. On 29(2)(a) I just wanted to ask the hon. member whether or not he agrees with the Treasurer's proposition, as it were, that the only time that this act would be used to allow the conversion of a plan from a defined benefit plan to a target benefit plan was if the plan was completely unworkable, if there just weren't enough new people paying into the plan to continue it. Or might there be the situation . . .

**The Acting Speaker:** Hon. member, could you please speak into the microphone so that we can hear you?

**Mr. Mason:** Oh, sure.

**An Hon. Member:** Some of us are listening.

**Mr. Mason:** Really? Okay. All right.

The question really is that the Provincial Treasurer asserted that the only time this plan would be used was if the plan was completely unsustainable, and then everybody would have to see that it should be converted and that the benefits should be curtailed in order to match it. I'm asking the hon. Member for Edmonton-Beverly-Clareview if it might not be a situation where the plan might be in some trouble and the employer wants to do exactly what the government wants to do – that is, wants to not pay any extra in order to get the plan back – but the employees want to pay, whether allowing the minister to make all of the decisions about which option would be chosen is going to in fact be fair to the workers or whether or not we can actually trust the government or the minister of the day to protect the workers' rights when the employer is looking to convert the plan and there is a fundamental disagreement about the future plan and different options that might be available.

**11:10**

**Mr. Bilous:** Well, I thank the hon. Member for Edmonton-Highlands-Norwood for the question. I think that, to state it quite simply, I trust the Finance minister as far as I can throw him. Needless to say, there have been too many examples where this PC government promises one thing and does the exact opposite. From their actions can Albertans trust that the minister or cabinet will make the best decisions or decisions in their best interests? Sadly, time and time again we have examples of the fact that, no, they will not.

Again, you know, many workers in this province are part of unions that expect to go to the bargaining table in good faith with this government, and the way that this government operates, as we've seen, is that if they don't get the response they want, they'll just come in and legislate. It's shameful and almost laughable when the Education minister talks about negotiating the teachers' agreement last year. I mean, you legislate it because you have some locals that say: no; this is a bad deal. Legislating is not negotiating.

I think this legislation is cause for real concern for workers, especially, again, because with the stroke of a pen the minister can completely change what was promised. I honestly believe that Albertans, when learning about that ability in this legislation, will be outraged. Imagine yourself, Madam Speaker, that you've been promised a certain amount. You've put in your duty, your 20 or 30 years. You're expecting an outcome or a certain dollar amount or benefits on the other end when you retire. Let's say that you're in your second year of retirement and suddenly the minister decides that with a stroke of pen they're going to change that and cut back your benefits even though you've been paying into it for 30 years. I mean, there's nothing that's more undemocratic, in my view, than that.

You know, this bill and the fact that it does give the minister a significant amount of power to make changes to pensions and to what Albertans were promised is shameful.

**The Acting Speaker:** Thank you, hon. member.

The hon. Member for Calgary-Mountain View.

**Dr. Swann:** Thank you, Madam Speaker. I'm pleased to stand and speak to Bill 10, Employment Pension (Private Sector) Plans Amendment Act, 2014. In general the bill is intended to amend the unproclaimed Employment Pension Plans Act of 2012, which was supported by all four caucuses. If passed, this bill would allow private-sector pension plan administrators to convert previously

accrued defined benefits to targeted benefits without permission from the superintendent of pensions.

Therein lies, I think, one of the fundamental problems that this government is having not only with this bill but with other bills that relate to public-sector and private-sector workers and, indeed, Albertans in general. It's the lack of due process. The minister has indicated that he has been consulting with people, but I guess the question is: has he been accommodating people? Has he been listening to the point where he is making the kinds of decisions that reflect the input he's getting and the balance of interests he says that he's trying to achieve? On the face of it it raises questions about his ability to balance two different interests that have in this case come into conflict.

Again, in my view, this government is struggling with a crisis of trust in this province. When it comes to something as sensitive, emotional, fundamental, and part of our human security needs as a pension fund, they're starting off with at least one hand and one leg tied behind their back because they have no trust in this province. They have repeatedly talked about consultation, whether it's with First Nations or with unions or with landowners, and don't appear to understand that the process is as important as the outcome. It may well be that there is a liability, and the minister has talked about the liability. It would appear that he is reluctant to admit that the liability has already gone down substantially over the past year, but it may well be that our generation is living longer than the previous generation and we have more drawers on the pension than we have contributors to the pension. What I hear repeatedly from economists, some economists at least, and some actuarial experts is that this is being addressed. It is fundamentally, especially in our growing economy, that we're seeing many of these, including – I just read today – Air Canada: a \$4.4 billion unfunded liability with their private-sector people is basically gone after a year.

So one has to wonder, again, about why the government has launched into this at this time. What evidence has pushed this particular agenda? Again, the theme is recurring, that average Albertans have lost a sense of being a part of this discussion, a part of a government that is supposed to be representing them, and have lost trust in the government's commitment to due process, whether it's public sector or private sector.

People are currently, indeed, living longer than 10 years ago, but many people don't believe this is going to be sustained.

In the name of serving the public interest, this government has not consulted in a meaningful way and accommodated the various interests that people are requesting and shown, I guess, what I would call fundamental respect for the boards and the negotiators, in this case the private-sector unions and individuals and the employers.

Clearly, they set the tone with bills 45 and 46, that have alienated so many not only in the unions but in the public sector, that fly in the face of basic human rights and due process, and they now are dealing with a public and unions that do not trust that this government has their best interests at heart. It appears again, whether true or not, that this government is intent on balancing its own books and looking good from a financial perspective without addressing the need to accommodate the long-term interests of seniors and people close to retirement and people who are building their retirement package at current times and that this government would arbitrarily insert itself in a process instead of respecting the maturity and the capacity of industry and their employees to deal with these issues in a responsible way, just as Air Canada did in the past week, as I indicated. They reported a major unfunded liability as being addressed because they know how to do it. I mean, these are employers. They understand

balancing future interests and current funding. This government has demonstrated a consistent lack of understanding of the importance of a process. In addition to getting results, there has to be a legitimate process that everyone respects and that everyone feels is valued.

In a similar way, I guess, people are asking about whether this minister can be trusted to balance the employee interest with government interest, and without that trust it's very difficult to envision success for this government in either these bills or other bills such as 45 and 46.

To quote another person, in his book *Good to Great* Jim Collins wrote the classic on principles of successful, sustainable business. It is perhaps true that this government aspires to greatness of business, but it's lost its way in part because government is not a business. As Ken Chapman mentioned today over coffee, governments should be working for the greater good as opposed to simply talking about going from good to great in this province.

#### 11:20

So moving to targeted premiums from defined benefits raises again the whole question of trust. Who is going to determine what those targeted pension funds will look like, and if this government intends to insert itself in this process, how does it reflect a respect for the employer and the employee, who to me are the experts in how to manage their own pension funds? This is undermining a pretty fundamental relationship, and I don't think that it's going to serve either very well.

In the 1990s there were unfunded liabilities higher than today's. There were agreements at that time for targeted premiums to pay the unfunded liability that has now resolved itself. Private employers currently can withdraw from the plan, but this new bill makes it unclear how that arrangement will change. So, Madam Speaker, it's very clear to me that this government is not only inserting itself in a process that has self-correcting capacity; it is offending people on both sides that have respect for the process, and they are creating much more instability, uncertainty, and distrust than they are creating certainty and trust around this important area of all of our lives.

Given the modest nature of many of these pensions I think it's fair to say that this is going to be a very significant two weeks in the history of this government because it's an example, again, of how they really don't listen with any real intent to change their direction. They have an agenda. They give nominal support to a consultative process. But in the end they know exactly where they're going, and that's apparent from this and many other bills that I've watched go through this House in the last eight years.

So we on this side of the House, the Alberta Liberal caucus, will not be supporting this bill among others. Thank you, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member.

Standing Order 29(2)(a)? Do we have any members who wish to question or comment? Hon. member, under 29(2)(a)?

**Mr. Mason:** On 29(2)(a)?

**The Acting Speaker:** Yes.

**Mr. Mason:** Sure, Madam Speaker.

Hon. Member for Calgary-Mountain View, just a comment. I really did appreciate your speech. It was good, and I would really like to hear a little more.

**Dr. Swann:** Well, I'm very grateful that you give me yet more time to speak on something that I do actually feel very strongly

about, that this government is meddlesome, it is disrespectful, it focuses much more on outcomes than on process, and it doesn't accommodate in a meaningful way the consultation with people, whether it's employers or employees. I think it's been demonstrated again and again in this House that they are losing ground fast as a result of the kinds of processes. Some of the decisions and goals are laudable, but the process often stinks, and that's what you're paying a price for today.

Thank you, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member.

Three minutes left. Anybody else on 29(2)(a)?

Are there any others who wish to speak in second reading to Bill 10? The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you very much, Madam Speaker. [interjections] The bleatings from the other side are getting louder and less coherent as the hours tick by.

I'm pleased to stand and speak for the first time to second reading of Bill 10, the Employment Pension (Private Sector) Plans Amendment Act, 2014. I think that there's a very important change that is being made here. It allows plan administrators to change defined benefit plans to target benefit plans, and the only caveat is that it is to be done in accordance with rules established by the minister.

Now, the minister has said earlier that, in fact, you know, there are pension plans that aren't sustainable because there aren't enough new people working to support a large number of retirees at all of the benefits that they had been receiving. It's quite true that in some cases that has occurred, and plans simply collapse because there's not enough people paying in to afford the benefits.

But that's not the only time this legislation would be used, Madam Speaker. I think that's really the important point, and the minister skipped right over that as if it would be cut and dried in every case where a plan was not sustainable as a defined benefit plan and had to be converted, and everybody would agree, and all he's just doing is getting government out of the way so they can go ahead and make the changes that everybody agrees upon. Nothing could be further from the truth, as we've seen with the debate over provincial pensions, over the public-sector pension plans.

Different people have different numbers, different people make different assumptions, and different people have different interests. Employees in this case want to retain the full benefits that they currently have under the public plan, but government doesn't want to pay the price of keeping those plans whole and is moving to convert it by stealth into what is effectively a target benefit plan. That's really what it is because with a cap in place if you can't increase the payments by the employer and the employees to sustain the plan, something has to give, and you have to reduce the benefits. It is, essentially, because of those changes, going to become a target benefit plan, something the government does not want to admit. In fact, their propaganda is all about how this can be protected as a defined benefit plan. Nothing could be further from the truth with respect to that.

We're going to see many kinds of situations emerge in these various private-sector plans where there would be disagreements between the employers and the employees, and then the question is: who gets to make the decision? Well, guess who, Madam Speaker? It's going to be the minister. It's going to be the cabinet. They're the ones that are going to decide. I don't know. Maybe we could just guess here. Based on their track record, how many think that they'll side with the employees? Okay. One. How many think that they'll decide to side with the employers? Well, lots more. I

think that that's probably a fair assessment of what this... [interjection] It was 4 to 1. We won a vote against you, so just deal with it. Just deal with it, okay? [interjections]

**Ms Notley:** It's not the kind of vote we wanted to win, though.

**Mr. Mason:** Yeah.

**The Acting Speaker:** Hon. members, The Member for Edmonton-Highlands-Norwood has the floor.

**Mr. Mason:** So you see what it's like.

Now, Madam Speaker, I think it's important that, you know, we have to recognize that in the bill there are no parameters around how a decision about the viability of a defined benefit plan would be determined. There is no set of rules or criteria that would allow an objective assessment about the viability of some of these plans. It's all left up to the minister to make the decision, and that's just not good enough.

I'm sure that as we progress, this plan will enable employers to wriggle out of their responsibilities in their negotiated defined benefit plans, and I think that's what the intent is. In my opinion, that is exactly what the long-term goal of the government is. That's why we've decided that Bill 10 is just as bad as Bill 9.

**11:30**

In fact, I think that there are a lot of reasons why the true intent of this plan needs to be thoroughly discussed and that the government needs to be a little more straightforward. It has got this private-sector note, in brackets, on the bill. We think it's a misnomer because some public-sector plans would qualify under this act, like the universities academic pension plan, the firefighters' supplementary pension plan, and some plans of small municipalities. We also believe that the government's long-term game is to put the PSPP and the local authorities pension plan under this piece of legislation, so calling this a bill that affects private-sector pensions, I think, is not misleading.

The minister has said that this has been called for, this act has been requested by employers. But he has not, as far as we're aware, consulted with some of the major unions that are invested in private-sector pension plans. There may be a few – I'd like to hear who they were – but when we started calling some of the large unions in the private sector, they were unaware of this bill and had certainly not been consulted about it. Again, it's that same one-sided approach, where the government may have consulted with some employers. There may have been some employer requests to move in this direction. It wouldn't surprise me. But I will also recall that today when I was speaking at the Alberta Chambers of Commerce, I was approached by one of the senior people there, who asked me why the government was going after pensions and said that as far as they were concerned, they had not requested it. They had not asked the government to move against pensions of Albertans, including public-sector pensions.

I think it's really unclear who wants this bill. I think the minister should tell Albertans and tell the House who exactly wants this bill and what their rationale was. He should tell us whom he's consulted with. Whom has the government talked to with respect to this piece of legislation? I don't believe there's been any comprehensive consultation whatsoever. This is just another arbitrary move by this government, where they decide something is going to happen and they move the legislation. We've seen that every time they do that, they shed very significant amounts of public support. I raised that the other day in question period. When they brought in bills 19 and 36 and 50, attacking landowners' rights, they pretty much lost their right wing. When

they brought in bills 45 and 46, attacking public-sector workers and their bargaining rights, they pretty much lost whatever left wing they had. And when they brought in these two bills, they lost their landing gear. You can see where the good airship PC government is headed, Madam Speaker, and it's not going down for a soft landing. I think that's clear.

This kind of arbitrary approach: "Let's not negotiate; let's not use our political skills to get a settlement. We'll decide what needs to be done from our point of view, and we'll just legislate it." People have had enough of that approach, Madam Speaker. They've absolutely had enough of that approach, and they've had enough of this PC government.

At this particular point, Madam Speaker, because of our serious concern with this, I would like to move an amendment to the bill.

**The Acting Speaker:** Hon. member, can we pause for a moment while we circulate that amendment to the rest of the members in the House, please?

**Mr. Mason:** You'll let me know when to proceed to read the amendment?

**The Acting Speaker:** Hon. member, if you'd like to go ahead and read the amendment while we're finishing passing it around.

**Mr. Mason:** Thank you very much, Madam Speaker. I move that the motion for second reading of Bill 10, Employment Pension (Private Sector) Plans Amendment Act, 2014, be amended by deleting all the words after "that" and substituting the following:

Bill 10, Employment Pension (Private Sector) Plans Amendment Act, 2014, be not now read a second time because the Legislative Assembly believes that the bill forces unilateral changes to pension schemes that endanger the health of the plans and restricts transparency and decision-making authority for members.

**The Acting Speaker:** Hon. member, you understand this is a hoist amendment?

**Mr. Mason:** It's not a hoist. It's a reasoned amendment, Madam Speaker.

**The Acting Speaker:** Thank you.

**Mr. Mason:** Thank you very much. Do you want me to speak now?

**The Acting Speaker:** Go ahead and proceed.

**Mr. Mason:** Thank you very much, Madam Speaker. The motion is quite clear. We believe that it forces unilateral changes or permits unilateral changes to pension schemes that may not involve proper consultation with all parties nor balance the interests of all of the parties to a pension scheme and may result in actions that endanger the health of the plan and that the process by which it does so lacks transparency and takes away decision-making authority from members of the particular plan. As a result, we believe that we should not read this bill now a second time. That is the reason why we don't think it should be read a second time; therefore, it's known as a reasoned amendment.

In my view, Madam Speaker, the arguments have been made quite well that, in fact, what we're seeing with this act is actually the creation of a vehicle to allow large private employers and in some cases public employers to convert their plans regardless of the wishes of the people who have paid into the plans and who will receive the benefits from the plans. They have a major ally in

that in this provincial government. So I think it's pretty clear that the government's intention here in the long run is to assist large employers to wrap up their pension plans or to convert them to targeted benefit plans, and that is something that I think is absolutely unacceptable.

Madam Speaker, when people go to retire, they have a lifetime of work behind them. They have a limited time in which to enjoy the benefits and the fruits of their labour. They have made plans and they have dreams, and they don't have a chance to do it again. They don't have opportunities for a second chance. When unilateral changes are made to their pensions that reduce that and change everything that they worked for and everything that they planned for, it's just heart-wrenching, and it's unacceptable. For this government to be facilitating it and even, through this legislation, encouraging it is absolutely reprehensible.

This bill should not be passed, and we should pass this amendment in order to send a clear message to this government that they're out of touch, they're out of step with the desires and the needs of Alberta families and Alberta retirees and Alberta seniors. It's time they started focusing on the regular folks in this province who've worked hard all their lives and have eked out a modest retirement benefit for themselves instead of constantly picking on the poor, on the disabled, on the seniors, on middle-class families, attacking education and health care.

It's time this government stopped and looked in the mirror and said: "Why is it that we're in so much trouble? Why is it that we're in so much disarray?" Well, frankly, it wasn't just the former Premier's flights to different parts of the world or her use of government aircraft. If this government had kept its promises that it made in the last election, if it had followed through and done what it said that it was going to do for Alberta families, then I think its popularity, despite the former Premier's transgressions, would have remained fairly high because those were things that people wanted. Those were things that people voted for.

11:40

When it comes right down to it, when they threw the Premier over the side, it was not because of her style or how she dealt with people because people on the other side were willing to put up with that stuff for two years. It was because they were so low in the polls that a vast majority of the members opposite feared the loss of their seats. They have reason to fear the loss of their seats, Madam Speaker, because this is the kind of legislation, this is the kind of approach that has led this government to the cliff, to the abyss, and to the end of its dynasty. I think it's high time that this Legislature stood up to the government, including members on the other side, and said: "No more. We need to be on the side of the working people. We need to be on the side of middle-class families. We need to look after our seniors."

**The Acting Speaker:** Is there anyone on 29(2)(a)?

**Mr. Horner:** This is on the motion, is it not?

**The Acting Speaker:** He has moved the recent amendment, so we get to debate it.

**Mr. Horner:** Yeah. I want to speak to the amendment, Madam Speaker, not 29(2)(a).

**The Acting Speaker:** All right. But first we have to make sure that nobody wants to speak on 29(2)(a).

You'd like to speak on 29(2)(a), hon. Member for Edmonton-Calder?

**Mr. Eggen:** Oh, absolutely. Well, I was just curious to know – the hon. Member for Edmonton-Highlands-Norwood was making a very good point about how this is sort of a fundamental shift away from the public that probably largely voted for this government here. What effects does it really have on that same group of people? Quite frankly, I'm surprised to see both of these bills come forward at this juncture, a very sort of shaky time for the ruling party. So I just would like to hear more about how, you know, it might shake down in a place like Edmonton-Highlands-Norwood.

**Mr. Mason:** Well, Madam Speaker, I certainly spend a lot of time talking to my constituents. I was at a school closure meeting earlier tonight, where there were several hundred people. Even though the school closure was top of their mind, a number of them wanted to take the opportunity to talk to me about the direction that the government is going and encouraged me to continue our efforts to try to protect pensions for people who work in public jobs. In fact, in northeast Edmonton, that I represented for nearly 25 years at two different levels of government, there's a large number of people who are public employees, either working for the city or the province or other agencies – Alberta Health, for example – and the schools. They're very aware of Bill 9, and they're very concerned about Bill 9.

I'm not sure that people have yet heard as much about Bill 10. But for those employees, for example, who work in Refinery Row – there are lots of them that live in northeast Edmonton; they live in the hon. Member for Edmonton-Beverly-Clareview's riding and in mine – there will be a lot of concern. Many of those operations are unionized and have large private-sector union membership, and they have their own pension plans.

It was interesting that when we contacted Unifor, the union that represents so many of these workers, they had not been consulted. That's a former Canadian energy and paperworkers union, one of the largest unions, and it merged with the Canadian Auto Workers to form a new, large union called Unifor. It represents many of the refinery workers just on the eastern border of the city. There certainly is a substantial stake for those workers in this particular piece of legislation, and I think that they should know about it before the Legislature passes it. But I think that at this rate that won't happen, and I think that that's wrong.

Thank you.

**The Acting Speaker:** Thank you.

The hon. Minister of Finance and President of Treasury Board.

**Mr. Horner:** To speak to the amendment, Madam Speaker?

**The Acting Speaker:** Yes.

Is there anybody else under 29(2)(a)?

Seeing none, the hon. minister.

**Mr. Horner:** Well, Madam Speaker, as the hon. member may be surprised to know, I cannot accept the amendment. We encourage all members here to not vote for this amendment because of what it says. It says, "The bill forces unilateral changes to pension schemes that endanger the health of the plans and restricts transparency." That's a misrepresentation of the facts and is not anywhere close to the facts of this particular bill.

The House will be reminded, I guess, of some of the comments that I made when we introduced second reading, that this particular amendment comes from something that was done in the fall of 2012. The proposed act will amend the Employment Pension Plans Act, which was passed by this Assembly, as the hon. Member for Edmonton-Strathcona rightly pointed to, with

support, I might add, Madam Speaker, from all parties in the fall of 2012.

The act then was actually based on recommendations of the 2008 report that was put forward by the Joint Expert Panel on Pension Standards. Madam Speaker, the panel was struck when the governments of Alberta and British Columbia appointed a variety of experts to look into ways to harmonize and modernize the two provinces' private-sector pension legislation. This is part of the recommendations that the panel came forward with.

As part of their recommendations the panel proposed a new type of pension plan called the target benefit plan and suggested that the rules be developed to allow defined benefit plans in the private sector to retroactively convert accrued defined benefits into targeted benefits. In fact, Madam Speaker, the idea of union plans or collectively bargained plans is actually already in the act. In fact, what we said when we introduced this legislation and what we have said all along is that the regulation will include a clause that stipulates that plan members must be in agreement before a conversion can happen. Let me repeat that: the plan members must be in agreement before a conversion can happen.

In fact, a threshold of agreement must be met in order for that conversion to take place. That means, Madam Speaker, that plan members will be consulted, and if a significant portion of the members disagree with the conversion, it cannot go through. So the fear and the fearmongering that has been going on over on the other side obviously is, you know, pandering to their stakeholder group – they think it is their stakeholder group – for votes, which is unfortunate.

Madam Speaker, I've talked a lot in this House about the fact that defined benefit plans, targeted benefit plans, pension plans in this province need to be helped to foster, to grow, to be sustainable because we want more people on pension plans for exactly the reasons that the hon. members opposite have talked about. In fact, we talk about encouraging employers to create plans and pension plans so that their employees can be rewarded in their retirement years and so that they have something that's there. In fact, you know, there have been good definitions of what defined contribution plans and defined benefit plans and targeted benefit plans are.

One of the hon. members said: well, your DC plan could be retroactively changed. Hardly, Madam Speaker, because a defined contribution plan is exactly that; it's your contributions into the plan. The problem with it is that when the amount that you set aside is gone, it's done. You have nothing.

Defined benefit plans, on the other hand, are there for life. Regardless of what you contributed, you have the amount that's there. We are not doing anything in Bill 9 or Bill 10 that will change that pension promise. In fact, Madam Speaker, what we are doing in both of these bills is ensuring that companies and the public sector can afford to sustainably provide those kinds of pensions and those kinds of benefits to their members.

Frankly, Madam Speaker, for one who does not have a defined benefit plan or a targeted benefit plan, for that matter, I look at this and think to myself: why would somebody over there want to put at tremendous risk – tremendous risk – defined benefit plans or targeted benefit plans by saying, "Don't do anything"? When you look at all of the examples across North America where they didn't do anything, now they are having to do a great deal. Most of those plan members are losing benefits because governments failed to act. Opposition to their action caused the failure of those plans.

11:50

Madam Speaker, this government will not fail to act to protect the defined benefit pension plans, the targeted benefits for employers to offer to their employees, by inaction. We are going to take modest steps to ensure that there is a defined benefit pension plan for their workers in the future. The opposition can fearmonger all they want. The facts don't lie. The Auditor General did not lie when he said that we had to take action now to protect these plans, to deal with these plans, and to deal with this issue.

New Brunswick didn't take action when they should have, and members there are losing benefits. The state of Maine almost went bankrupt because they didn't take action. The state of New Jersey is 64 per cent funded because they didn't take action. They're having to now.

Madam Speaker, it is our duty as the trustees of the public to ensure that people have pensions in the future. It is our duty to ensure that we provide the framework so that plans today can be sustainable into the future. That is why I will not accept a motion to do nothing, and I will not accept the opposition's argument that doing nothing will save the plans. We need to take action, and we need to do it now.

Thank you, Madam Speaker.

**The Acting Speaker:** Under 29(2)(a), hon. member?

**Mr. Dorward:** Sure.

**The Acting Speaker:** Standing Order 29(2)(a) is when you question . . .

**Mr. Dorward:** The minister?

**The Acting Speaker:** Yes, the minister.

**Mr. Dorward:** Yeah. That's kind of what I thought I might do.

**The Acting Speaker:** Hon. Member for Edmonton-Gold Bar, please proceed.

**Mr. Dorward:** Thank you, Madam Speaker. As a chartered accountant and somebody who has been following and studying and looking at pensions for my entire career, I just wanted to stand and say that I'm glad to be able to be on this side of the House, to be working with the government, with people who would care enough about the pensions and the future of pension sustainability in the province of Alberta such that the minister would do what he's done with Bill 10 and with Bill 9 as well, if I could speak to that. I ratify everything that the minister just said. In my experience and in my knowledge of 40 years in my career as a chartered accountant and a certified management accountant, this is the right thing for Alberta to do at this time.

Thank you.

**The Acting Speaker:** Thank you, hon. member.  
Any further comment, Minister?

**Mr. Horner:** Well, thank you, Madam Speaker, and thanks to the hon. Member for Edmonton-Gold Bar. As a chartered accountant he sees a lot in the financial community in terms of what his clients would be looking at in their retirement. He also sees the benefits for those clients, I'm sure, who have defined benefit programs versus those who have defined contributions.

Madam Speaker, we've talked to people like the teachers' plan in Ontario, which is held up as the gold standard – the hon. members opposite might want to listen to this part – for many of the unions and the plans that they're in in Canada. Even the



teachers' plan had to make changes to the COLA to make it conditional as opposed to guaranteed because they understand that, moving forward, as the plans mature, there have to be more levers than just taking more money from people's cheques, that there have to be more levers in order to make sure that the pension promise is there.

It's interesting that when we talked to Jim Leech, who wrote the book *The Third Rail* – and I think somebody over in the Liberal caucus was actually quoting from some of the history in the book. I hope she read the rest of it, because the rest of it said: don't crater defined benefit pension programs as per the Wildrose option; actually change it so the variables are there so they can manage it in the good times and in the negative times of returns. The whole concept of the book – prior to reading it, I didn't think it was – is how you defend and preserve defined benefit programs for Albertans, for Canadians. Frankly, Madam Speaker, a lot of what we're doing didn't come from the book, but it has actually been backed up by what is in that book. It's also been backed up by what good pension plans in this country and beyond are doing today to ensure the sustainability of those plans going forward.

I look at the teachers' plan, and I say: there's a plan, that several of the hon. members opposite should be aware of if they're not, that has joint sponsorship. When I met with the unions last week and we talked about the joint sponsorship discussion that we're going to start, I actually suggested: "Why don't we look at that as the model? It's agreed to in Ontario by the teachers' union, it's agreed to by the payer, if you will, and the joint sponsorship is there. Why don't we look at that as the model? Why don't we bring experts that have been there and done that to say that they have saved their defined benefits and their future for their pension plan? Why don't we bring them out to Alberta to sit down and talk to us? You know, maybe our contribution cap should be arranged like they did in New Brunswick." We're open to that. But I'll come back to this, Madam Speaker.

To do nothing is to not fulfill the duty that we have to employees today, the employees of the past, and the employees of the future. We will not do nothing, Madam Speaker.

**The Acting Speaker:** Speaking on the amendment, the hon. Member for Edmonton-Strathcona.

**Ms Notley:** Indeed. Thank you very much, Madam Speaker. Well, you know, that all sounds compelling, but with all due respect, I think the Minister of Finance is really overselling his case, and in so doing, I think he undermines his argument just a touch.

You know, first of all, no one has ever said, the unions themselves have not said: do nothing. The unions have said: negotiate. But this is not negotiation, what you're doing right now. Whether there are tweaks that can be made to enhance the security of the sustainability is an issue that's up in the air, but there has been no negotiation. This is legislation. To suggest otherwise is disingenuous, I would say.

As well, I would say that on your suggestion that we are fearmongering, all I can do is read the legislation to you. Prior to the amendment what we had was a section that allowed for certain changes to plans in the case where the plan was

a negotiated cost plan or a jointly sponsored plan and the plan text document of the plan does not contain a target benefit provision, [they] may, with the written consent of the Superintendent, amend the plan text document to reduce benefits.

And then it goes on to suggest that they can reduce or eliminate benefits, that they can reduce the benefit under the targeted benefit

provision that was intended to be paid, and they can increase the amount of the contributions. That's what was there before.

Now, if what the minister is saying is true, that all we want to do is make sure that under targeted benefit plans we have flexibility and that we are absolutely not at all interested in scooping away defined benefit plans, then it would not be necessary to add the following clause to that section of the act:

If the plan text document of the plan contains a defined benefit provision, [we can] amend the plan text document to convert, in accordance with the rules prescribed [elsewhere], the defined benefit provision to a target benefit provision, which conversion may apply to accrued benefits,

which is another way of saying: retroactive conversion. That's what your act says.

Let's be very clear. Your act is creating the authority to convert from a defined benefit plan. That's what your act is doing. Don't tell us that we're fearmongering because that's what this is all about. That is the crux of this bill. That is what we were advised by your staff. The crux of this bill is to ensure that there is the ability to convert defined benefit plans to targeted benefit plans according to a certain set of rules.

Now, previously the minister also said: well, you know, we're not going to go around converting defined benefit plans to targeted benefit plans on a whim. Presumably, it would only happen if it was the last resort or if there were serious circumstances. I can't remember his exact language, but that was the implication. Well, you know, I followed the trail. I went to section 112, and then I went to section 159, and you know what? There are no rules anywhere – anywhere – in this piece of legislation that prescribe the circumstances under which that conversion can occur. It doesn't say that the plan is at risk of going under tomorrow. It doesn't say that there are absolutely no resources to pay out the benefits. It doesn't say any of those things. So the circumstances under which that conversion can occur are open to interpretation – or, no, not actually. They're open to the decision of cabinet, which will be made at some future time behind closed doors.

12:00

Now, the minister has suggested: "Oh, no. It's only under limited circumstances that we would do it. We promise." Well, with all due respect, Mr. Minister, you may not have noticed with Bill 45 and Bill 46, but your government has no credibility with working people in this province anymore. No one is going to trust you on that, and nobody is going to forgive us for giving you the authority to make up the rules for when you take a defined benefit plan away from a bunch of hard-working retirees and replace it with a targeted benefit plan. Nobody is ever going to forgive us for giving you guys the authority to do that, because you've lost their trust. You've fundamentally and completely lost their trust. You went so far as to arbitrarily and gratuitously breach the Charter of Rights and Freedoms just because you were so keen on beating up on working people. Somebody's having a temper tantrum, so then we decided we needed to express that through sort of the gratuitous breach of our Charter of Rights and Freedoms.

There was no strategic objective to that, but there was an outcome in our little outcome-based world. The outcome was that there was no credibility or trust or faith in that cabinet to make decisions about when targeted benefit plans will replace defined benefit plans for hard-working, long-suffering, long-contributing regular Albertans, who simply thought: "You know what? I went to work. I showed up. I went home. I do my job. I go every day. I pay my contributions. I make my plans. They're not big plans. I

don't have houses in Canmore. I don't have free flights to Jasper. I don't get to vacation at the JPL just whenever because it's part of my job perks." They just go to work every day. They make their contributions. They plan their modest retirement for the end of that contribution period, and they think that there was a contract and a promise and a handshake and they can expect to be treated with respect and dignity.

This act makes it very clear that you are giving yourself authority to undo that, to change that bargain, to undo that handshake, and to threaten that modest, secure retirement. The only answer that you can give is: "Don't worry. We'll make regulations to make sure it doesn't happen in too arbitrary of a fashion." But, my friends, I'm sorry. I don't know. There are a lot of Conservative governments, frankly, across this country that could make that argument to working people, but I know for sure that this government is the last one that could make that argument to working people.

It is shocking to me, really, that you folks over there don't get that, that you actually think that this is a strategically wise path to follow. Going after working people arbitrarily, gratuitously, for no good reason to ensure that you keep their raises at zero per cent at a time when the cost-of-living in this province is 2 or 2.1 or 2.2 per cent, to suppress their wages and to do that while also bringing in legislation that breaches the Charter of Rights and Freedoms and also breaches their freedom of speech and also fines them into the Stone Age: you do all that stuff gratuitously because someone was having a temper tantrum. I have to think that it was a temper tantrum generated initiative because it certainly was not strategically considered by anybody with a good political nose. You do that, and then you bring on this: "Hey, you know what? We need to find a way to ease the transition from a defined benefit plan to a targeted benefit plan."

So the minister is simply not correct when he suggests that we are fearmongering. Madam Speaker, what we are doing is reading the legislation. If they think the legislation means something else, then they should write it to mean something else. If they are not happy with the way that we are interpreting the legislation, then they should refer this piece of legislation and not proceed any further. Sit down and actually consult with those 70,000 unrepresented non-union employees who stand to lose their defined pension plan without any consideration, consultation, or notice that this is even happening.

What they should do is go back to the drawing board, write the language the way they apparently think they mean it, and talk to the folks whose lives will be fundamentally changed if this permissive piece of legislation goes forward and hands off that kind of authority to this cabinet and to employers.

They should go back and they should consult with them because this is a mistake. This is a mistake. This is a mistake being made by a government that has really not done a whole heck of a lot but make a whole bunch of mistakes, repeatedly alienating people across the province, repeatedly justifying excesses, justifying overpayments, justifying communications management of objective internal FOIP reviews, justifying everything as though it's all okay while at the same time going after regular working people time and time again. It just doesn't make sense.

I mean, I want to give you guys advice. You know, politically you're not positioning yourselves in a thoughtful way, not at all. But, more importantly, what you're doing is taking yet another run at regular working folks. You are setting up another group of people whose retirement security will become unsecure and whose income stability will become unstable, who will spend less in their rural communities, who will contribute less to their local economies, who will rely more on their children and their children's children

for care and for income support, who will put more pressure on our health care system because, as we've already covered earlier tonight, when people are poor, they become more unhealthy and they make a bigger demand on our health care system. This is what you do when you remove security of retirement.

The great thing about most Albertans is that they don't live like these folks over here. They don't just sort of take as a matter of right a plane ride to the JPL and to here and to there and: "Oh, you know, I don't want to drive. I'll just fly on our private jet." That's not their world. The fact of the matter is that on a very modest retirement income, a very modest one, they can actually plan to live well. They can plan to put food on the table. They can plan to make sure that they've got a roof over their heads. They can plan to make sure that they've got enough money put aside to give the grandkids Christmas presents. They can do all that without drawing on social resources while continuing to contribute to the community. They can do that on a very small fraction of the amount of money that these folks seem to think is an entitlement that they need to live on.

All we need to do is to let them do it. All we need to do is to give them certainty and say: "Carry on the way you've been going before. Continue contributing to the community. Continue volunteering. Continue buying your groceries at your local store at the end of Main Street in your small town in rural Alberta. Continue doing all those things, and we'll support you because we know that you are what this community is based on. This is how we grow our communities and provide healthy communities. That's what we do."

But what you do instead is say: "Guess what? You may or may not have this much money when you retire. Next month you may not have this money. The month after that you might have a bit more. Two months after that you might have a bit less. We needed to do this because, you know, Suncor was at risk of defaulting on the defined benefit pension plan, and we know how at risk Suncor is. So it was really important for us to ensure that we never ask Suncor to raise their contributions." That's what you're doing. You're making choices, and the choice that you are making is not favouring regular Albertans. That's why you should reject this bill and vote in favour of our amendment.

Thank you very much, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member.

Standing Order 29(2)(a). Hon. Member for Edmonton-Calder, are you on 29(2)(a)?

**Mr. Eggen:** On 29(2)(a), yes, Madam Speaker, please.

**The Acting Speaker:** Go ahead.

**Mr. Eggen:** Well, thank you very much. That was a very interesting and illuminating speech. I notice you cleared out some of the people. Their ears were burning so much that they just had to get out for a while from under the radiance of that analysis.

But there was one part there that I just wanted to know more about. I'm quite flabbergasted. My impression from the Finance minister's speech, which was actually pretty good, too – it didn't have a lot there, but it sounded good. He seemed to be hanging so much of his argument on the idea that the employees, if they wanted to move from a defined benefit plan to a targeted, would have to all agree first or, he said, like, a significant number of them or something like that. Where in the legislation is that supported? That seems to be the key thing that says: oh, well, everybody has to be agreed and happy about moving from a defined benefit to a target before it goes forward. Is that actually supported in the legislation?

12:10

**Ms Notley:** Well, that's really a very good question because, in fact, that goes back to the discussion we had before, and the answer is no. It is clearly not laid out in the legislation. In circumstances where there is a union representing the members at a particular site with a particular pension plan, presumably the union does have the internal process at their disposal to ensure that their members agree. The fact of the matter, though, is that this does not just apply to unionized settings. It also applies to where there are no unionized employees, and then, Member for Edmonton-Calder, what we are being asked to do is, once again, trust that this government will come up with a set of rules through regulation that ensures proper consultation with those employees.

Interestingly, there's another section of the legislation that actually reduces the obligation for service and notice on employees and makes it much simpler. You can just send notice to the last address we had 10 years ago and, you know, that kind of thing. So they're already opening the door to reduce any sort of consultative obligation.

We don't know what a significant number of employees is. Is it 20 per cent? Is it 50? Is it 75? We don't know. That's a decision that they're going to make. We don't know how much they have to be told before they're asked. We're not told what information they're going to be given, how objectively that information will be put before them, or if it will just be presented by the employer that wants to get away from having to increase their contributions. We know none of those answers. It's all left to regulation. The fact of the matter is that it's another "trust us." Again, it just goes back to my initial statement. I don't get that you guys wouldn't understand that asking employees to trust you is just not on. You've done nothing to earn that trust. Nothing to earn that trust. Yeah, that's all I can say.

There is, actually, nothing in this legislation that ensures significant and appropriate consultation on the part of non-unionized employees, and frankly there are even some questions about what it would look like with the unionized sector, but my bigger concern at this point is the many non-union employees that are covered by these changes, for whom there are no guarantees written anywhere in this legislation.

**Mr. Eggen:** So you're saying that there's a "trust in me" kind of thing. You know, it came to me. This member is not that great with cultural allusions – right? – but there's that scene in the *Jungle Book* where Mowgli is talking to the giant snake. The giant snake is trying to get him up into the tree, and he just says: trust in me. He's got a song that he sings like that. Of course, the snake does not have the best intentions of the public in mind, really, but says come on up. It just came to my mind.

Well, you know, it seems like bills 9 and 10 are very closely linked in that we're moving the power of decision-making from the boards, from – correct me if I'm wrong – a consultative process, from the employees to executives and cabinet. So is that the link I'm seeing between 9 and 10, or am I missing something?

**Mr. Mason:** The snake's name was Kaa.

**Ms Notley:** Thank you, because I couldn't really have gone on with an answer to that question without knowing the snake's name, and I think that's . . .

**Mr. Eggen:** Well, from the *Jungle Book*.

**Ms Notley:** From the *Jungle Book*. It's important to understand. Kaa. If I knew the tune I'd sing it, but . . .

**The Acting Speaker:** Are there any other members that wish to speak to the amendment?

The hon. Member for Edmonton-Calder on the amendment.

**Mr. Eggen:** Yes, on the amendment. Thank you, Madam Speaker. You know, I'm sort of two minds with this amendment because in some ways it's such a gift that not only – well, with Bill 9 it was such an egregious, obvious, and sort of vengeful attack on the public sector that the only problem that we were sort of having in trying to work through how we're going to talk about this is that, well, we know that the members opposite will hit back and say, "oh, well, you're just trying to defend the public sector, and they have these giant pensions and all that kind of thing," which is not true at all. The average draw for a public service pension is between \$13,000 and \$15,000 per annum, not per month like some of you might think, right? They would try to say: oh, well, there is only 15 per cent of the population that has that public service pension. Along comes Bill 10, lo and behold, where they go after the whole thing, where any defined benefit pension that might exist somewhere on the horizon in the province of Alberta suddenly goes into the gunights of this same government.

I mean, it's not good at all, Madam Speaker, this whole thing. The only reason that I would let them carry on is that you give a person – what's the analogy? I'm full of analogies late into the night. You give somebody enough rope, and they will . . .

**Mr. Bilous:** Hang themselves.

**Mr. Eggen:** . . . hang themselves. Exactly. This whole thing really does that.

I just think that we are actually doing this government a favour by saying, "Okay; well, just pull back a little bit" because the scope by which you are aggravating the working population of this province here with Bill 9 and Bill 10 goes far beyond your favourite target, which seems to be unionized employees, who actually organize themselves and create a certain power base to create some sort of enhanced benefit for not only their own members but for the rest of the population, too. Don't forget that when there exists a proper unionized . . .

[Mr. Jeneroux in the chair]

**Mr. Bilous:** Look at the Speaker.

**Mr. Eggen:** Holy Toledo. There you go.

Where there exists a strong union presence, then even the non-unionized workers gain some benefit, the classic examples being Suncor and Syncrude, right? The idea that you would go ahead with this Bill 10, where anybody who has managed to pull together a defined benefit pension – and don't forget that those are negotiated and organized not just by the workers but by the employers, too, to attract workers into their place because this is part of what you negotiate. It's part of the person's wages. And it's not just the wages, but it's that intangible but very important thing, which is a sense of security for the future, right? Because, Mr. Speaker – enjoy it while you're up there – all power is brief, let me tell you. He looks good up there, though.

The whole issue around these pensions is not just the money, the very modest sum that you can look forward to in your retirement, but the security as you work through your entire working life to know that that's going to be there and that the terms of that are defined in a way that you can be secure about and that you can make plans for in the future. If you change the rules, Mr. Speaker, in the middle of the game, you are not just breaking a law; you're breaking an ethical tenet by which we function here

in our society, and that is a sense of security and a sense of a contract between the working people that signed up for a defined benefit and the employer that did sign up for that, too.

This is a way by which somebody can change the rules. Mr. Speaker, when do we think, really, that the rules are going to be changed? It's not going to be in the midst of wine and roses and, you know, when everybody is doing great. No. It's going to be when a business is not doing well, and they're not doing well because they're short of money. When they're short of money, where is the first place that they're going to go? They'll go for the pensions, especially for the people that have already retired and are not working there anymore.

You know, the examples are legion amongst Canadian and international companies that have gone broke over time. The first people that get hit are the pensioners that already signed up. So if you create a mechanism by which you change those rules and allow the employer to make those changes to the rules, then you're just asking for trouble, right? I don't have to go any further to give everyone a very lugubrious example in the very recent past where pensions were cast aside, and that word is "Nortel," where literally tens of thousands of people suddenly had the rope pulled out from under them. Lots and lots of people lost their jobs, yes, but the very first people to lose were the pensioners, who lost their benefits.

[Mrs. Jablonski in the chair]

The Finance minister said – I've heard him say this before, you know, and this is a very hollow argument – well, where do you think the money is going to come from? Well, if you organize something in a responsible way and you know that the law is standing there that's going to compel you to pay that pension and they're not going to be able to change those rules in the midst, Madam Speaker, then you're just going to organize yourself and make sure that you follow those rules and not be so cavalier about your business and about your pension responsibilities, that you are not going to be able to pay them.

12:20

Yes, of course, some businesses do fail in time, and some businesses are more successful or less successful than others. But if you have strong, solid rules that compel a business to ensure that they stay with the pension benefit that they had signed their employees up for, then that's going to be more likely to create stability, not just for the pensions but for those businesses, too, and they're less likely to behave in a cavalier sort of way, especially when they get into a bit of trouble.

I'm just very glad that we are – you know, you should be glad, too, that we're giving you a little escape route here, right? This is nothing, no skin off anybody's back. We can all shake hands afterwards and talk about this reasoned amendment, moving this thing forward here. Unilateral changes are not good for anyone. They don't just affect the health of pension plans, but they can also affect the health of political parties that are already in a little bit of trouble, I would suggest. I mean, that's just friendly advice. I don't know. You can go your own way on that. But I think it's not unreasonable to just pull back here at the moment and face the sober light of dawn and perhaps find something else to go after. [interjection] It is coming up very soon, yes, it being spring and all.

I guess my main concern – if it wasn't for that one provision, really, Bill 10 could have functioned okay. I remember, in fact, being with the Finance minister a couple of years ago when you were sort of thinking about which way to go on these things, right? It's just not so unreasonable for people to make a choice

from the onset what sort of pension plan they want to draw from and so forth. You know, pensions are meant to go over a very long period of time. They can function and continue to function and maybe find some instability and regain their footing over a 30- or 40-year period.

Sometimes for human beings that's a hard thing to think of, but we do have to realize that. You have to look at the long-term demographics of your population. If you do not have young people investing into the pensions for the people that have already retired, then the whole scheme is gone. It doesn't matter how much money you've got banked out or whatever for the pension. That money will disappear very, very quickly if you don't have a continuous stream of new people to sign up for those pensions and, essentially, pay for the pensions of the people that have already retired.

Now, for most people that's not a big deal. It's great. We quite enjoy doing that. I was part of the teachers' pension. You know, you expect the same from what came before, right? But if you start to make these sorts of attacks like bills 9 and 10, not only are you destabilizing the people that might be looking for those pensions, but you are deterring younger people from investing and getting involved in those pensions in the first place. I find that the most despicable part of this whole little exercise here. That's the unsaid part of the whole thing, that you are dislodging the young people to join the pension plans in the first place, and thus the whole thing just crumbles like a sandcastle. It doesn't take much. It doesn't take long to burn through the money, like you say, if you have lots of retirees, and then suddenly, boom, you don't have a lot of young people starting to invest in it.

The second prong of that thing that you can use if you really want to be subversive is that you just stop hiring people with pensions on the public service side, and, lo and behold, there's not anybody investing in that front end to help pay for the back end. Why? Because you've shrunk the public service so much that, you know, it's just a shadow of what it was before. I mean, that's a sidebar, I suppose, to the central thing here with Bill 10, the idea that we just want to make a very reasoned amendment here from my colleague from Edmonton-Highlands-Norwood and move on to bigger and better things.

I certainly support this amendment. I think it's very timely, and I think that everybody will walk away feeling better if they do support this.

**The Acting Speaker:** Thank you, hon. member.

Standing Order 29(2)(a). Any questions or comments for the hon. Member for Edmonton-Calder?

Seeing none, the hon. Member for Calgary-Buffalo on the amendment.

**Mr. Hehr:** Well, thank you very much, Madam Speaker. I'm pleased to speak in support of the amendment put forward by the Member for Edmonton-Highlands-Norwood, which states, "Bill 10, Employment Pension (Private Sector) Plans Amendment Act, 2014, be not now read a second time because the Legislative Assembly believes that the bill forces unilateral changes to pension schemes that endanger the health of the plans and restricts transparency and decision-making authority for members."

On the face of it I have to support this amendment. I listened to the arguments put forward by the hon. minister of Treasury Board as well as the arguments put forward by the hon. Member for Edmonton-Strathcona. Don't get me wrong; both were impassioned speeches. Nevertheless, when one looks at the legislation and how it is worded and the real result of what this Bill 10 does, which, in my view, essentially is a companion bill to

Bill 9, that serves as an attack on working people and what they can expect to get in retirement, this bill sort of serves to take away the defined benefit plans that people had paid into for their lives at the stroke of a pen or the passing of this bill.

You must remember that the hon. minister stated that this would be subject to some form of negotiation, that you'd have to get employees and employers together onside and that this wouldn't be done willy-nilly or at the drop of a hat, that it would only be used in some sort of limited situations.

I, too, then went to the legislation. Primarily, this is in section 20. As it's amended in the new reading of the bill, it says:

- (d) if the plan text document of the plan contains a defined benefit provision, may amend the plan text document to convert, in accordance with the rules prescribed for the purposes of section 112, the defined benefit provision to a target benefit provision, which conversion may apply to accrued benefits.

If you follow the bouncing ball along over to section 112 and further on in the bill, there is no reference to any type of consultation, any type of agreement, any type of meeting of the minds that must take place between employees and employers when this so-called move happens when you go from a defined benefit plan to a target benefit plan as the minister suggested in his comments was the actual way the new Bill 10 was going to work. In no way, shape, or fashion does this appear on the face of the bill. Now, I do say that the minister did say that this would be contained in regulation. You know, I guess that could happen, but I guess that it couldn't either. In particular, I don't think people who are part of these plans would have much confidence in the government doing anything on behalf of the working men and women of this province. Simply put, if I was a working person, I would come to the exact opposite conclusion.

If we look at what's happened since that election in 2012, we've seen an unprecedented attack on public-sector workers, and now we have it even on private-sector plans. Now, it is true that some people affected by the changes of this bill will have a union to represent them to, I guess, discuss these plans and negotiate them and go back to the drawing board on these things, which is something they've already negotiated. But it's my understanding that there are 70,000 non-unionized employees who will be affected by this and, in my view, the way this legislation is written, could have but more likely will have at some point in time in the very near future their pension plans moved from a defined benefit plan to a target, which in no way, shape, or form will serve them in the same way going forward.

#### 12:30

We've been through this before, but I think it's important to understand that defined benefit plans ensure that people have a set, predictable, sustainable retirement. I think those were a lot of buzzwords around the last election: predictable, sustainable funding. It would seem to be a goal that this government promised and wanted to deliver on and the like. Sure enough, you'd think they'd want it for retirees, but by enacting this type of legislation, that certainly is not going to be the case.

I have to also comment that I believe the political calculation here in the way the government has acted since being elected is completely backwards. I think they actually had it right in the 2012 election. They understood that the province had changed, that it actually wanted to have, you know, schools in neighbourhoods where kids live. They wanted to move away from what had been sort of described as a slow to move government that was very right-wing and was not implementing progressive alternatives to support, I guess, frankly, the people on the margins,

the working people of this province, who got the short end of the stick for quite a few years.

But I think the political calculation is all wrong in this. Instead of following through on that – I think they were right to understand to want to move towards fixing a fiscal structure that was broken, to fixing a lot of our social benefits that were teetering, to fixing the direction of public education, and moving towards full-day kindergarten and things like that, that other provinces had gone to – they instead said: "Oh, my goodness. Despite winning a majority going after a centrist vote, let's go for the votes that we already lost." For some inexplicable reason this party did that, and in my view, it was unwise, silly. Nevertheless, bills like this seem to suggest – or not even suggest; verify – that that's the direction they're going in. In attacking regular working people and attacking the benefits that they have worked for, that they were hoping for in their retirement in both the public-sector and now the private-sector pension plans, I really don't know where they think they got their mandate from.

In any event, I think this motion would actually go some way for us to allow us to move to have this bill stopped here at this time, allow the government to get their bearings and assess whether this is truly in this province's best interest and to actually look at whether or not, if we want to continue down this path, we have in this province bills 45, 46, now 9 and 10, which are, in my view, attacks on regular working people, people who maybe, you know, are not working in the high-paying oil and gas sector or maybe not in the sort of category of income that the flat tax benefits but nevertheless they've negotiated a reasonable retirement through a defined benefit plan. That's what they went into, and they did so to hope for a reasonable retirement.

In any event, that's why I'm supporting this. I appreciated the hon. Member for Edmonton-Strathcona pointing out that this bill, Bill 10, does not contain any of the things that allegedly were supposed to be there, where employees and employers would come to a meeting of the minds to discuss as to whether you'd move the defined benefit pension plan to a targeted benefit plan in these situations. This is not present in the legislation. Accordingly, I have no confidence that it will be there. As it is, on its face, the legislation in front of us is just a way to convert defined benefit plans to targeted benefit plans, which will impact the average employee in a negative way in their retirement years.

Thank you very much, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member.

On Standing Order 29(2)(a)?

Seeing none, is there any other member interested in debating the reasoned amendment? The hon. Member for Edmonton-Beverly-Clareview.

**Mr. Bilous:** Thank you very much, Madam Speaker. I rise in support of this amendment for a number of reasons, which I will outline here. Again, to remind members, this amendment is quite simply stating that Bill 10, the Employment Pension (Private Sector) Plans Amendment Act, 2014, be not now read a second time.

The reasons behind this are really why it is a reasonable and reasoned amendment. This bill does force unilateral changes to pension schemes, which can and will endanger the health of the plans yet at the same time also restrict transparency and decision-making authority for its members.

Now, a large reason of how the decision-making authority will be restricted is because, again, this bill as it is currently written means that the minister will have the ability to change pension plans that were already negotiated in the past, that have been in

place for years if not decades for some. These pensions were part of the agreement that workers made with their employer as part of their compensation for their work. It seems absurd that an agreement that was made over the span of decades, where what an employee was under the impression, was promised, they would be getting in their retirement can suddenly change for no reason other than the minister decides that the plans need to change. Maybe the minister is lobbied by said company. Regardless, the outcome is that this worker has devoted their life to this company, to their employer, again, under the assumption that they're going to be compensated, and the compensation came in how they were going to be paid in wages, in benefits, and, again, in retirement.

Part of where pensions came from was rewarding loyalty to employees for staying with a company. Again, you know, I think what this government is forgetting or overlooking is the importance of retirement security and knowing that you're going to be able to afford to continue to live whereas when changes are made on the fly or at a moment's notice, this is going to put unbelievable pressure on folks, especially because of its retroactive ability. That, to me, just boggles my mind, Madam Speaker, that something that was signed and agreed to for years if not decades can suddenly be changed. I mean, it's outrageous, quite frankly.

12:40

You know, I want to also talk about this attack, and it is, quite frankly, an attack on working Albertans, between Bill 9 and Bill 10. Again, this is where bills 9 and 10 are just dripping with irony. We had some of the most severe flooding in Alberta's history happen last year. The people who were on the scene first, our front-line workers, people who came from all over the province to assist with families and the emergency workers in southern Alberta, were praised by this government, by every member in this House over and over for their work, their dedication, their sacrifice of themselves, their own health, their own families in order to assist fellow Albertans, which was extremely noble. Many of us if not all of us were extremely proud of our fellow Albertans.

Now, where the irony comes in, Madam Speaker, is that Bill 9 and Bill 10 along with bills 45 and 46 are how this PC government repays those very same front-line workers: wage freezes, wage rollbacks, now attacking their pensions. I mean, it's quite clear that this government's agenda is to hollow out and offend all of the very same workers that work in their offices, which help make this province go round on a day-to-day basis.

I'm quite frustrated with this, but I agree with the Member for Edmonton-Highlands-Norwood's amendment in that this bill is terrible. It doesn't actually say that although it really could. We're saying: let's not read this bill for a second time. You know, again, part of the issues are the unilateral changes that can be made, should the minister so desire, with the stroke of a pen, and that's just not right.

Now, Madam Speaker, I'd like to just read – and I have dictionary here – the definition of negotiate because this government doesn't seem to get negotiate. [interjections] I am planning to. I need to wrap up this thought. This is extremely important. Excuse me, hon. members. I'm trying to read. Negotiate is trying “to reach an agreement or compromise by discussion” with others. Here's something that maybe the Finance minister missed. A negotiation is a discussion with others, not with yourself, not with your cabinet.

**Mr. Eggen:** Imaginary friends.

**Mr. Bilous:** Not with your imaginary friends. It's talking to the very folks who this legislation along with Bill 9 is going to affect. That is one of the reasons I think that so many public-sector workers and private-sector workers are quite upset with this legislation. They were not consulted. There was no negotiation. This is being forced. It's being forced on them. Madam Speaker, I feel it my duty to explain this to the Finance minister along with every member in the House.

I'll leave that there for now, Madam Speaker, although I would really like to say that I'm just warming up. Therefore, I strongly urge all members of the House to support this amendment and now not read Bill 10 for a second time.

Thank you, Madam Speaker.

**The Acting Speaker:** Are there any other speakers on the amendment?

Seeing none, we'll call the question.

[Motion on amendment to second reading of Bill 10 lost]

**The Acting Speaker:** We will go back to second reading of Bill 10. Are there any other members who wish to speak?

**Hon. Members:** Question.

**Mr. Campbell:** Madam Speaker, I'd ask for unanimous consent to go to one-minute bells, please.

[Unanimous consent granted]

[The voice vote indicated that the motion for second reading carried]

[Several members rose calling for a division. The division bell was rung at 12:46 a.m.]

[One minute having elapsed, the Assembly divided]

[Mrs. Jablonski in the chair]

For the motion:

Amery	Horner	Rodney
Bhullar	Hughes	Rowe
Campbell	Jansen	Sandhu
Cusanelli	Jeneroux	Sarich
Dallas	Johnson, L.	Starke
DeLong	Klimchuk	Strankman
Dorward	Luan	VanderBurg
Fawcett	Lukaszuk	Wilson
Fraser	McIver	Woo-Paw
Fritz	McQueen	Xiao
Hale	Oberle	Young
Horne	Quadri	

12:50

Against the motion:

Bilous	Hehr	Notley
Eggen	Mason	Swann
Totals:	For – 35	Against – 6

[Motion carried; Bill 10 read a second time]

**Mr. Campbell:** Madam Speaker, it's late, so let's call it a morning, and we will adjourn until 1:30.

[Motion carried; the Assembly adjourned at 12:51 a.m. on Wednesday to 1:30 p.m.]

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