



Province of Alberta

The 28th Legislature  
Second Session

# Alberta Hansard

Wednesday evening, April 23, 2014

Issue 23e

The Honourable Gene Zwozdesky, Speaker

## Legislative Assembly of Alberta The 28th Legislature

Second Session

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Strankman, Rick, Drumheller-Stettler (W)  
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Towle, Kerry, Innisfail-Sylvan Lake (W),  
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Webber, Len, Calgary-Foothills (Ind)  
Wilson, Jeff, Calgary-Shaw (W),  
Official Opposition Deputy House Leader  
Woo-Paw, Hon. Teresa, Calgary-Northern Hills (PC)  
Xiao, David H., Edmonton-McClung (PC)  
Young, Steve, Edmonton-Riverview (PC)

### Party standings:

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

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Hehr	Rogers
Kubinec	Rowe
Lemke	Sarich
Luan	Stier
McDonald	

### Standing Committee on the Alberta Heritage Savings Trust Fund

Chair: Mr. Casey

Deputy Chair: Mrs. Jablonski

Amery	Khan
Barnes	Sandhu
Dorward	Sherman
Eggen	

### Select Special Ethics Commissioner Search Committee

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Blakeman	Leskiw
Eggen	McDonald
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Lemke	

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### Special Standing Committee on Members' Services

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Johnson, L.	Towle
Kubinec	

### Standing Committee on Private Bills

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Casey	Pedersen
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### Standing Committee on Public Accounts

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### Standing Committee on Resource Stewardship

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Deputy Chair: Mr. Anglin

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Bikman	Hale
Bilous	Johnson, L.
Blakeman	Webber
Brown	Xiao
Calahasen	Young
Casey	

## Legislative Assembly of Alberta

7:30 p.m.

Wednesday, April 23, 2014

[The Deputy Speaker in the chair]

**The Deputy Speaker:** Please be seated.

### Government Bills and Orders Third Reading

#### Bill 8 Appropriation Act, 2014

[Adjourned debate April 23: Mr. Wilson]

**The Deputy Speaker:** I recognize the hon. Leader of Her Majesty's Loyal Opposition.

**Ms Smith:** Thank you, Mr. Speaker. I rise to speak against Bill 8. Maybe it won't surprise you that I will be voting against it and encouraging my colleagues to vote against it as well. I'll tell you a few of the reasons why. The evidence against voting for this budget has come fast and furious from some unlikely sources, two former Finance ministers and, today, the Auditor General.

Let me read into the record a few of the things that these honourable gentlemen have to say about the budget put forward by the Finance minister. Ted Morton, who of course was Finance minister, wrote on March 24, 2014, in the *Calgary Herald*:

For many PC faithful – and I was one – that was our hallmark, the PC brand. We may agree to disagree on social issues, but when it comes to paying our way and telling Albertans the truth about how much we are spending, and how much, if any, we owe the banks – that's untouchable. [The former Premier and the Finance minister] threw that brand overboard.

In one fell swoop, Alberta went from leader to laggard in public accounting clarity and integrity. For many veteran PCers, repealing the Klein-Dinning accounting rules was the final straw.

What does that other former Finance minister have to say about the new budget and the new presentation by the current Finance minister? Well I can tell you because Jim Dinning wrote in the *Edmonton Journal* on April 2, 2014:

I'd like to see a new leader take up the Opposition's idea of establishing an Independent Budget Office. Albertans would welcome an objective set of eyeballs on the government's finances. And let's return to the simple and clear accounting rules used to get our government back in the black. The budget is one of the most important things the government does, because it drives almost everything else. Albertans sacrificed a lot to have a debt-free future. We don't want that hard work put at risk, and we should be able to understand the government's books.

Now, I know the Finance minister likes to say that the books are clear and they conform to accounting standards, but we found that the Auditor General challenged that in Public Accounts this morning. Let me quote what our Auditor General had to say because he commented that the way the government presents the books

is not based on accounting rules, and, as has been said, it's a policy document. The Minister of Finance is preparing his budgets in accordance with that policy document. As simply as I can explain it, the policy document has a budget treatment which is not in accordance with accounting principles. I'll just take this opportunity, if I may, to speak a little bit longer.

And he goes on:

In my opinion it would be best for Albertans to have a budget presented before the start of the year in the same way that the actual results will be presented. The clearest picture of the province's finances comes from the audited consolidated financial statements. A constructed budget constructed at the end of the year is, in my opinion, second best.

How is it that the books are actually presented in the annual report? Well, I pulled out the annual report from last year, 2012-13, and I would direct hon. members to page 21 because it has a reconciliation summary right here in black and white that talks about what the revenue is, talks about the adjustments for the various other types of spending, has expense on a consolidated basis, and then gives a single consolidated financial statement basis showing the surplus or deficit in the given year. In 2012-13 that was \$3.1 billion.

What the Auditor General is saying is that the budget should reflect the statements that are going to be produced in June. We shouldn't have to wait until we get to June to find out what the deficit is going to be on a consolidated basis. Unfortunately, the current Finance minister seems to be prepared to ignore the advice of previous Progressive Conservative Finance ministers, in addition to the Auditor General, in following what the Wildrose has said all along is what we should be returning to, which is the very simple consolidated statement of revenues in and expenditures out and whether or not we have a surplus or a deficit.

We know why this is causing a problem. You can talk to eight or 10 different organizations that analyze the budget and get eight or 10 different estimates of what the consolidated budget deficit is going to be this year. We think it's going to be \$2.7 billion, but I guess we'll have to wait until we get the real consolidated statements to find out what that is going to be. It shouldn't be this difficult to figure out what the actual spending and what the actual revenues are.

For me to have been able to vote in favour of this bill, there were some key things that we were looking for, Mr. Speaker. We were looking for leadership from the top. We know that there is no possible way that you can get any kind of buy-in on negotiations with public-sector unions if you're not seeing leadership being taken from the top. We would have wanted to see the elimination of associate minister positions, reducing the number of ministers to 16. We would have liked to have seen them roll back the 8 per cent wage increase that was given to MLAs last year. We would have liked to have seen a cut in the pay for cabinet ministers and the Premier and a reduction in the size of the Public Affairs Bureau by at least half and prohibiting its partisan political activities. We would have wanted to see a cap on bonuses so that we were limiting it to something reasonable. Limiting severance packages: we keep on seeing almost every day why it is we need to see a limitation on severance packages.

We wanted to see a halt on the unnecessary extras to the new MLA offices in the federal building. Keep in mind that we made that recommendation before we found out about the sky palace and the special PC lounge for retired and other PC MLAs, limited only to the government party, with their special elevator so that nobody else is able to access those upper floors. We would like to have seen a cap on annual travel costs to \$500,000 for the Premier, the ministers, MLAs, and staff. We have seen in living colour over the last four months why that limitation is absolutely necessary to show leadership.

We also in the second case would have liked to see an end to corporate welfare. There's absolutely no way that you can argue to those who look to government and rely on them for services, our most vulnerable citizens, whether they're persons with developmental disabilities, whether they're individuals who are in

seniors' care, whether they're people waiting in long waiting lists, or whether it's parents who are concerned about crowded classrooms – there's no possible way that you can justify handing out grants to individual companies in the form of corporate welfare when there are unmet needs. We calculate that that is some \$500 million a year being spent in direct subsidies and grants, and we would have wanted to see an end to that.

We also wanted to see some effort to eliminate ineffective bureaucracy and empowering the front lines, in particular, significantly reducing the cost of government and AHS bureaucracy while continuing to support our front lines. Instead, what have we seen? Continued growth and management layers, seven or eight layers of management in Alberta Health Services; no return to local controls so that we can get more dollars down to the front line; sole-source contracting in every area but, in particular, in Alberta Health Services, knowing that we're not getting the best value for dollar because we're not seeing competitive bidding; in addition to that, contracting out of consulting services across a whole range of services that I think and most Albertans think are not the necessary business of Alberta Health Services. Those are the kinds of things that we would have liked to have seen in the budget. Unfortunately, this budget failed to deliver.

We also would have liked to have seen a capital plan that was over the course of a longer period of time and funded in a debt-free way. We've put forward our 10-year debt-free capital plan. We would have spent \$50 billion over the course of 10 years and done so without going into debt by changing the way that procurement is done and making sure that there isn't scope creep in these projects that causes them to continue to get bid up.

We also would have liked to have seen a new relationship with our municipalities. We proposed a 10-10 plan for funding municipalities through a community infrastructure transfer that would have ensured that more dollars got down directly to the people who should be making decisions. Again, another aspect of the budget that we can't support because we're seeing no progress in that regard.

Zero-based budgeting. The government talks about results-based budgeting. Unfortunately, it's delivering no results. We need to have a real zero-based budgeting approach.

We'd like to strengthen the Auditor General's office, and I think we're beginning to see exactly why the Auditor General needs more resources to be able to do value-for-money audits, not only because of the comments that he made today but the comments that he's made on the government's pension plan changes. In addition to that, we are very concerned about the sole-source contracting that we're seeing across the board in Alberta Health Services and other departments.

7:40

We want to see the establishment of a waste-buster program that would be protected by whistle-blower legislation. Many of the things that we are hearing about government waste are coming to us directly because the government's ineffective whistle-blower legislation, first of all, does not actually protect the whistle-blower, nor does it get the information out. This is the kind of thing that we need to do to ensure that we're empowering the front line and identifying the areas where we can get savings so that we can direct those to front-line spending on important programs for Albertans.

The last area is that we want to see a savings plan, a real savings plan. Unfortunately, this government initially came up with what we thought was a pretty good idea, the idea of earmarking and retaining a certain portion of the investment income into the

heritage savings trust fund. They undid all of that goodwill by identifying new ways that they could withdraw money from the fund so that they can spend it on a variety of different endowments, which we think is breaking and undoing the promise of last year. What we really need is the kind of budget that looks forward into the future 20 or 30 or 40 years.

If we'd had the kind of approach that we saw when Peter Lougheed first implemented the heritage savings trust fund, if at any point they had decided that they were just going to retain the value of investment income in the fund, it would be worth \$150 billion today. It would be generating some \$8 billion or \$9 billion or \$10 billion per year, which would have allowed us to wean ourselves off resource revenue. We could today, with a couple of good decisions having been made in the 1980s, be in a position more like Norway or Alaska, with a large fund generating enough income so that we're not only able to take care of today's needs, but we're also making sure that the next generations are able to benefit from our resource development as well. The absence of that type of plan, the absence of any type of forward-looking approach to take our heritage savings trust fund and grow it to \$150 billion or \$200 billion so that we can actually have that same kind of future is another reason why I can't support this budget.

I'll say one last word about debt before I finish, Mr. Speaker. This to me is the biggest broken promise of this government. Two years ago they were campaigning, saying that they would be able to get elected, not have any cuts to front-line services, not increase taxes, not run deficits, and not go into debt. Here we are two years later looking at a budget that projects that by the time we go into the next election in 2016, we'll have \$21 billion worth of debt, the same level, incidentally, as a former Premier, Premier Don Getty, who faced the same fate as the previous Premier for this party for probably exactly the same reasons. Twenty-one billion dollars worth of debt by 2016, generating some \$820 million in interest charges: that is going to cannibalize away from other program spending. When you're paying money on interest charges, those are dollars that cannot be spent on hiring teachers and nurses and doctors and putting it towards programs for the most vulnerable.

That is the reason why this budget must fail. The fact that this government has decided without a mandate to put future generations \$21 billion in debt and basically have no plan for how we're going to manage it and steward our resource wealth for the future so that future generations can benefit from that as well, that's the reason why this budget should be voted down.

Thank you, Mr. Speaker.

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

Standing Order 29(2)(a) is available.

Seeing none, I'll go to the Member for Calgary-Buffalo.

**Mr. Hehr:** Well, thank you very much, Mr. Speaker. I'm compelled to talk because some things that were brought up by the hon. Leader of Her Majesty's Loyal Opposition I actually agree with. It centres around the way we have continued to finance this province, essentially treating the nonrenewable resource wealth as being a revenue source to be spent in one generation. If you see what has transpired over the course of the last 43 years since this government has been in power, that is exactly what has played out.

We've brought in some \$375 billion, maybe more, in nonrenewable resource revenue. If you take a look at, you know, what other societies have done, Norway, to be specific, has treated that nonrenewable resource revenue as something to be saved for the future. That society recognizes that once you take a barrel of oil out of the ground and you receive income for it, you are never

going to have that barrel of oil to sell again. That seems pretty clear. They recognize that principle, and they've invested that in a sovereign wealth fund. Okay. That seems to me a pretty wise thing to do, understanding that it is nonrenewable.

What we have done: I guess we've given lip service to the fact that we should save some of this. I do note that in the Lougheed years of this government they at least tried in some small way to do that, pegging 30 per cent of the nonrenewable resource revenue to be saved. Over the course of that time, I believe, a relatively small sum was saved, probably exactly the amount that's there today. In fact, we haven't made any significant contributions to the heritage trust fund in the last 25 years.

Where does that leave us? Well, of that \$375 billion or so of nonrenewable resource revenue we've brought in, the governing party has only managed to save \$16 billion or so. Any way you cut it, that's not a very good record. If you're running around as a conservative party, allegedly being fiscal conservatives, that, to me, would be the basis point of how you judge that record. Where are we in terms of our nonrenewable resource wealth? How much have we saved? How much have we got going in for future generations? Have we set up a really dynamic society? Do we have the best running universities, the best running things?

If you've decided as a government to put that money into different vehicles – because there is some contention amongst people whether we should put this in a sovereign wealth fund or develop things today – one of those viable options could be to develop the best university system on the planet. Those decisions were not made – okay? – either way you cut it. Whether you put it in a sovereign wealth fund, whether you develop the best university system on the planet, or other things, those things were forgone for some form or fashion.

Of course, it's my postulation that instead of doing these things that would have made our society truly great and set up for the long run, we took the easy way out, Mr. Speaker. We said: "My goodness. You know, we can do most of it here. We can have nobody pay any taxes, and we can provide most of the services. Maybe we'll struggle sometimes, we'll do well sometimes, but we'll do the best we can in providing these and sort of we'll go along on that path instead of developing a real plan on what we're going to do with our nonrenewable resource revenue."

Given that that's what has transpired, here we find ourselves in the unenviable situation of facing an uncertain way forward and where we have embraced debt to the tune of \$21 billion by 2017. That's a significant number, and I believe the hon. Leader of the Opposition said that that is approaching the debt that we saw this great province have by the time the 1993 election rolled around. We're no further ahead on that file. We're right back where we started, when we started recognizing that things had to change, okay? Somehow we don't have a handle on this yet. The government of the day, who has been in power for 43 years, does not have a leg to stand on if you evaluate them from where they are in terms of what they have done with the nonrenewable resource revenue.

One might argue that it's difficult for them to have a good record on whether they provided the services that individuals here in Alberta need. Look, we're short schools, we're short long-term care centres, we're short doctors, we're short a whole abundance of things that just scream that this government has not been paying attention to what is happening out there. I think that if we haven't learned from this, the idea that something has to give, well, then we're destined to repeat it. That is my great worry, that there appears to be a willingness amongst the governing party to say: "Oh, well, you know, this is okay. It allows us to carry on, to

pretend things are all right. The future revenues are supposed to get a little bit better, and maybe we can fool ourselves that this time we might save a little more. This time we might do a little better." But if we haven't learned that that hasn't transpired and we haven't changed anything to ensure that it doesn't transpire, well, we're kidding ourselves.

7:50

Here's where I mean, that something had to give. This is where my and the hon. Leader of the Official Opposition's, I guess, trails diverge, shall we say. I see the problem in regard to us spending all our nonrenewable resource revenue on the basis of a lack of revenue. We have a revenue problem, and I don't think – she mentioned former Finance minister Ted Morton, who says that our new accounting methods are a sham. Well, Minister Ted Morton has also admitted that we have a revenue problem. So has virtually every other Finance minister who has been in charge of this government's books going back a long way, whether they be Jim Dinning, whether they be Ron Liepert, whether they be a whole host, a cadre of characters and public servants who have had that position. If we don't get a handle on that, I think we're destined to repeat it.

So that's where we are. I hoped we had learned from this. It doesn't appear that this government is going to do anything but hope the status quo carries the day through the next election, and that is the greatest disappointment, where I see where we are now. I sense that if they would have tried to have solved this problem, a whole host of their other problems would have gone away because this is the elephant in the room, why we are at this stage of the game broke, okay? That really is it. Anyone who hasn't really tried to think about that in this Legislature, really, I think, should. If you haven't at this point in time asked yourself how we as a province find ourselves broke, I think you should. Give it a 20-minute academic study and ask yourself and come to a conclusion one way or another. Have we spent too much? Have we undertaxed too much? Figure it out for yourself what that is, okay? Then try and devise some plan going forward in that regard, but it doesn't appear that we're going to do it.

Essentially, if the government of the day had chosen not to do nothing, I think many of their problems would have gone away. You wouldn't see a lot of this nuttiness, in my view, of what we see on Bill 45, Bill 46, bills 9 and 10, the attacks on working people. I think you would have an easy way to build 50 schools and 70 modernizations, which the government still hasn't figured out. Although they promised it, they still haven't figured out how to pay for it. I think you'd have an easier time getting long-term care to seniors and people with disabilities who need it. I think you'd have an easier time trying to delve into solving child poverty, which you promised to eliminate. Those were big-ticket items that you guys said that you were going to fix, but the only way you can fix them was to fix the fiscal structure. When you didn't do that, you decided to come up with a bunch of other phony baloney arguments to say why we couldn't do it. Simply put, I think it was gutless and, in my view, wrong, and I don't think it is going to serve your political interests in the long run anyway. In my view, you blew it, but, hey, that's sort of where I am on that. I just felt compelled to say it one more time for the record, Mr. Speaker.

Thank you very much.

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

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

**Mr. Mason:** Yes. Thank you very much, Mr. Speaker. I wanted to thank the hon. Member for Calgary-Buffalo for his excellent albeit far too brief speech and ask him a little bit more about what he thinks the royalty structure ought to be in the province with a view to balancing the need for investment and revenue for the province, which – I agree with him – should be primarily used for savings for future generations.

**Mr. Hehr:** Well, this is a complex question. Nevertheless, I think if I had to look at it, the fact that we charge the lowest royalty structure on the planet for our nonrenewable resource revenues I think has something to say of the position where we are, okay? That's clear. Am I an oil and gas expert? No. I'm a recovering lawyer. But if you look around and you see where we are in terms of the amount of royalties collected vis-à-vis other nations, clearly we are not doing well in that regard.

My understanding is that the oil wealth is owned by every single citizen in the province of Alberta and we should be collecting as high a royalty rent as we can. Simply put, we have a policy that says we actually have a goal of being in the bottom collectors of rent in the world when it comes to royalties. It seems like our policies are based on some skewed notion that the royalties are not, in fact, the people's but the companies' who drill them, and that to me is perplexing.

Nevertheless, the reason we find ourselves here was that in 1993, in my view, we made a mistake in selling the Alberta Energy Company, okay? That was a company that Lougheed had started and built a petrochemical industry around, where the government had a stake in being able to control some portion of the oil and gas industry, and it was roughly 50-50. The Alberta government controlled 50 per cent; the private sector controlled 50 per cent. It had some balance as to what was happening out there. The government essentially knew what was happening in the industry.

When we lost that ability to have that understanding, it became very difficult to push back on oil companies. For instance, if you tried to say that we're going to raise royalties, well, they threatened to leave, and they'd tell all their employees that, my goodness, if the government takes a cent more, we're gonna fire every last one of you. That happens, and that makes it difficult for this to occur. So in my view, that was a mistake. But, clearly, at some point in time we have to look at ourselves honestly. Are we doing well on that front?

If we get back to the revenue collection, it has to happen on our royalties, our royalty structure, as well as citizens of this great province have to realize they have to contribute to the public purse. At the end of the day I think a much larger portion of our nonrenewable resource revenue, whatever our royalty structure is, should be saved for the future. I honestly think a reasonable position of any political party would be that you pay for what you use in taxes. If you can't provide the service or get the electorate behind the services you want to deliver as a government, you don't provide those services. If you don't want to provide those services, you don't want to run those deficits. That's how it is.

I think your society has to decide what they want. I believe Albertans at this time want public education. They want hospitals. They want roads. They want all of this. We just have to make the case that it's worth them investing in. I think the government, instead of trying to make that case, has taken the easy way out.

Thank you for your question, hon. member. I look forward to this evening.

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

We have 30 seconds left on 29(2)(a).

If not, the next speaker, the Member for Edmonton-Highlands-Norwood, on third reading.

**Mr. Mason:** Thank you very much, Mr. Speaker. Well, I appreciate that excellent answer, which was not too brief. I just wonder why you feel that the Conservative government has been so extraordinary in its generosity to the oil companies in this province?

8:00

**The Deputy Speaker:** I recognized you to speak to third reading, hon. member.

**Mr. Mason:** Oh. You said I had . . .

**The Deputy Speaker:** No. It was over. It went. Your time has started for speaking to third reading, hon. member.

**Mr. Mason:** But didn't you say that I had 30 seconds?

**The Deputy Speaker:** You did, but it's expired, long expired. Your preamble used that time, hon. member.

**Mr. Mason:** Okay.

**The Deputy Speaker:** You may continue to speak to third reading.

**Mr. Mason:** I didn't know we moved seamlessly from one to the other, Mr. Speaker, but I'll try to adapt.

I will attempt to answer my own question, which has to do with this government's extraordinary generosity towards the large oil and gas companies that operate in this province. Sometimes we misjudge the government. We look at their policies towards poverty and housing and persons with disabilities and seniors, and we think that they're selfish. We think that they're mean-spirited and that they don't really care. But when we look at the oil and gas industry, we can see the most extraordinary generosity, that is unmatched, I think, anywhere in the world.

The value of the oil and gas that belongs to all Albertans is shared without any qualms or recriminations with the oil companies that are so friendly with this government. They have a very close relationship. It's something, really, that we all have to admire. You know, the oil and gas companies give the PC Party lots of money at election time, and then after the PC Party is elected, they give even more money to the oil and gas companies by keeping royalties at the lowest level of any jurisdiction in the country. You know, it's a very, very loving relationship, I think. It's very close. The only problem with it is that the value of our resources, that are being pumped out of the ground, in terms of conventional oil and gas and now unconventional gas and, of course, the oil sands, is enormous. It's billions and billions of dollars.

In the past 20 years or so Norway has established its sovereign fund. They have quite a bit higher royalties than we have in Alberta, and they save those royalties. They've invested them in a fund. Their fund was actually modelled very consciously on the heritage savings trust fund, established by former Premier Lougheed, and they followed the principles that Premier Lougheed had established, which were to put the money there, to keep adding, to have a certain, fairly high percentage of your nonrenewable royalty revenue go into the fund, and you keep it there. You don't draw down interest and use that for operating costs, and you let the fund grow and grow and grow.

That's what Norway has done, and they have had approximately the same value of oil and gas taken out of the ground that we have here in Alberta, and they have a \$600 billion fund. They invest that, and they're very careful because they don't want to create distortions in their own economy, so they invest it all offshore, not



in Norway but in other places. That fund is now producing tremendous returns. The standard of living of the Norwegian people has risen.

**Mr. Denis:** So have their taxes.

**Mr. Mason:** Their taxes have gone down, and they have expanded the social services that they all enjoy. The prosperity in Norway is amazing, and it's certainly surpassed Canada in terms of its standard of living. It's as a result of these wise policies that were originally developed by our own Peter Lougheed, who, ironically enough, was the first Premier and leader of the Progressive Conservative Party of Alberta. Seemingly because of the close relationship that's developed with the oil and gas industry, this government has moved in a different direction.

You know, it's interesting. We had a bit of a look at what Peter Lougheed did. He was very concerned when he became the Premier that the Social Credit Party was only collecting about 10 per cent of the value of these resources in royalties for the owners. The rest of it was going to the oil and gas companies. Certainly, they need to have some return if we're going to expect them to invest in the extraction and processing and transportation and sale of our natural resources. You need to allow them to have a certain share of the value of those resources in order to make sure that they have enough incentive to do that. But the question is: how much is enough? What we should be doing is allowing just enough to provide the incentives for them to make those investments at the level that we would like to see as a matter of our public policy, and everything else should be coming back to us.

Peter Lougheed said: "Well, we're only getting 10 per cent of the value under Social Credit. I want to set a different goal. I want to set the goal at 30 per cent." So they did. There were a couple of major changes to the royalty regime under Peter Lougheed. The oil companies squawked. They certainly did screech and scream, and they threatened to leave the province, but – guess what? – they didn't. In a couple of years they actually exceeded 30 per cent of the value, and they started to build up the heritage savings trust fund. I remember that period. It looked very, very promising.

Now, since Peter Lougheed left office, the oil and gas industry has exerted more and more and more influence over the PC Party and over the government. Under Premier Klein the percentage of royalties that was collected was reduced very substantially, and this government has continued that policy.

There was a brief glimmer when Ed Stelmach, who was the Premier, tried to adjust the royalty rates, and I think that he had some problems on the conventional oil and gas side, which is extremely complex. There were problems with regard to that, but frankly I thought, Mr. Speaker, that it was a step in the right direction with regard to the oil sands in particular. I remember the oil and gas companies claiming that this was going to bankrupt them and they were all going to leave. They had some phony demonstrations outside the Legislature, where they gave all their staff the day off and bused them to the Legislature, and nobody took it very seriously.

Then, unfortunately, there was a really serious economic downturn, and the price of oil and gas dropped. The oil companies are nothing if not kind of cagey, Mr. Speaker. What they did is that they blamed the drop in activity not on the downturn in the economy and the drop in the price of oil – oh, no – but they blamed it on the regime that had been established by Stelmach and convinced a lot of Albertans that that was what the problem was. Of course, people forget one thing, and that is that royalties are calculated as a percentage of price, so they have a percentage of

the impact that price does. If the price falls \$10 and your royalties are \$1, or 10 per cent, then obviously it has 10 times the impact than the adjustment in the royalties. The impact is a fraction of the impact of the price. Of course, that scared off the government.

Then they did something else. They're pretty smart, and they've done this before. They used to support the Western Canada Concept when they didn't like what Don Getty was doing. I remember, when I was in university, the election of a guy called Kesler, who was basically an oil field – well, he observed other companies' activities. I think it would be a little rude to call him a spy. He was elected in the Olds-Didsbury constituency, and that kind of scared Mr. Getty and the PC government at that time so that kind of brought them back into line a little bit.

What they did after the Stelmach royalty regime is that they tried the same trick again, only they did it on a bigger scale, and they started to shift their funding towards the Wildrose Party. That really scared the Stelmach government. They were quite, quite scared – not as scared as they are now, but they were pretty scared – so they backed off on many of the aspects of the royalty changes that Mr. Stelmach had brought about. Anyway, the genie was maybe out of the bottle.

But it's interesting that both parties, both the PC Party and the Wildrose Party, are completely opposed to reconsidering our royalty regime in this province. On the big issues these parties are the same, Mr. Speaker. They are not different. They have a difference of opinion over corruption and government waste and borrowing for capital projects, but that's about it.

**8:10**

**Mr. Anderson:** And we're nicer.

**Mr. Mason:** Well, they are newer, and they have not had a chance to do the kinds of things that 40 years in government, you know, brings about. I don't know how long it'll take them to get there. But they maybe have the advantage, if not of being more progressive, at least of being newer. There is something to be said for that, Mr. Speaker.

Now we're in the position where we still have the lowest royalties in the world, and we are getting less benefit from our oil and gas than just about any other jurisdiction in the world. Now, I don't think we have to go as far as Venezuela, for example, Mr. Speaker.

Some of you may have heard this story. If you have, you know, just stop me. [interjections] Or try. About five or six years ago I went up to Juneau, Alaska to find out what they had done with respect to their royalty regime. I met with lawmakers in their House on both sides, both Republicans and Democrats, and I also managed to have a briefing from the governor's staff, and I met briefly with the governor. She had led this process and brought about a substantial change in the royalty system in Alaska.

They looked very closely at Alberta. They studied Alberta's royalty system very carefully. They provided me with the documents where they had done this analysis. They brought about changes. For example, I remember one figure that stuck out in my head. They had made these changes to the royalties so that at the price of a hundred dollars a barrel Alaska gets 60 per cent more in royalties per barrel than Alberta does. I mean, it varies according to the price, of course. But that was the difference. Now, it's interesting that this process and this change in royalties was done over the objection of the oil companies, who threatened to leave. Of course, they squawked, and they made all kinds of noises, and they threatened to walk out and leave Alaska and never come back. Of course, they never did. They never did leave. They stayed.

Now, it's interesting that this change was brought about in Alaska under the leadership of a Republican governor. Her name was Sarah Palin, and she brought about this change and has certainly improved the financial position of Alaska, improved the payments that they give to their citizens, and so on. So I have a question for the Conservatives in the House, Mr. Speaker. If a gun-toting, Bible-thumping, right-wing Republican can raise royalties on the oil companies in Alaska, what the heck is wrong with you guys?

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

**Mr. Mason:** Thank you, Mr. Speaker.

**The Deputy Speaker:** Standing Order 29(2)(a) is available. The hon. Minister of Job, Skills, Training and Labour.

**Mr. Lukaszuk:** Well, thank you. Now, this was phenomenal. While working, I was listening attentively to our colleague from the NDP caucus. You made what you purport to be factual statements about Norway, and you're indicating that their taxes are lower. Well, a little check of the government websites for Norway tells us that they actually have 48 per cent income tax, and they have 25 per cent GST. They don't pay transfer payments because they're not a province. They're a country, so they're not carrying the weight of other provinces and not transferring any of their funds to other areas. So that's one thing I'd like to have you reconcile, the facts from the government statistics versus what you're purporting over here right now.

Second thing. You're talking about conventional oil both in Alaska and Norway. Can you tell us about the difference in investment that companies first have to make in order to get bitumen, the first barrel of oil, out of the ground versus oil just gushing out of the sea? Can you talk a little bit about that?

And can you maybe give us a news flash update: how did Governor Palin do after all those reforms? Is she still the governor of Alaska?

**The Deputy Speaker:** The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Well, thank you very much, Mr. Speaker. I'll take them in reverse order. Now, Sarah Palin suffered from some of the afflictions that sometimes affect conservatives in government, and guess what? There was an investigation into her expenses, and she resigned as governor. Sound familiar, Mr. Speaker?

I asked that question, believe it or not, hon. jobs minister, when I was up there. They said that because the recovery on the north shore is very difficult – first of all, it's offshore drilling; it's in Arctic conditions; they have lots of problems – it's actually quite expensive.

But I would remind the minister that the break-even point for oil sands production is generally somewhere around \$40 a barrel in terms of price, so anything above that is very profitable. One of the top consultants in the world on royalties that was engaged by your government back in the time of the Stelmach changes wrote – and I still have his report – that the operations of Syncrude and Suncor are two of the most profitable enterprises on the face of the planet. That's despite or because of the royalties that you're providing at the expense of all Albertans.

With regard to the information that the minister has with respect to Norway's tax regime, it differs from the information I have, and I'll have to get back to him on it.

**The Deputy Speaker:** Thank you.

Are there other speakers? The hon. Deputy Government House Leader.

**Mr. Denis:** Thank you very much, Mr. Speaker. I just wanted to rise to ask unanimous consent of this Assembly for a one-minute interval bell for any standing votes this evening.

[Unanimous consent denied]

**The Deputy Speaker:** The bells will be 10 minutes. Thank you.

So we're back to the bill. Are there other speakers on the bill?

Does someone wish to close on behalf of the Minister of Finance?

Seeing none, we'll call the question.

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

[Several members rose calling for a division. The division bell was rung at 8:20 p.m.]

[Ten minutes having elapsed, the Assembly divided]

[The Deputy Speaker in the chair]

For the motion:

Bhardwaj	Griffiths	Pastoor
Calahasen	Johnson, L.	Quadri
Casey	Kennedy-Glans	Sandhu
Cusanelli	Klimchuk	Sarich
DeLong	Kubinec	Scott
Denis	Leskiw	Starke
Dorward	Lukaszuk	VanderBurg
Drysdale	McDonald	Weadick
Fawcett	McQueen	Woo-Paw
Fraser	Oberle	Xiao
Goudreau	Olesen	Young

Against the motion:

Anderson	Hehr	Stier
Anglin	Mason	Strankman
Barnes	Notley	Swann
Bikman	Pedersen	Towle
Eggen	Rowe	Webber
Fox	Sherman	Wilson
Hale	Smith	

Totals: For – 33 Against – 20

[Motion carried; Bill 8 read a third time]

## Government Bills and Orders Second Reading

### Bill 9

#### Public Sector Pension Plans Amendment Act, 2014

[Adjourned debate April 23: Ms. Blakeman]

**The Deputy Speaker:** Hon. members we're dealing with amendment RA1, and I'll recognize the hon. Leader of Her Majesty's Loyal Opposition.

**Ms Smith:** Thank you, Mr. Speaker. If I understand it correctly, we are speaking to an amendment to put this to committee. Is that correct?

**The Deputy Speaker:** That's correct.

**Ms Smith:** Thank you. I'm making a list of all of the points that I have about why this should be put to committee. I'm not sure if I'll be able to get through them all in my allotted time, but suffice to say that I'm speaking in favour of the motion.

I think we have to talk about why it is that we've gotten to this point. It's because the government is worried that the contribution plans for our public-sector pensions are going to have contribution rates that are going to be too high for not only the government to be able to shoulder but also for employees to shoulder. From what I understand from talking to members of our public-sector unions and others, the upper bar that the government wants to maintain for contribution rates is a combined total of 25 per cent. I think that even the union leadership recognizes that if you get much beyond that, you're going to face a backlash from your employee groups. They're not interested in seeing contribution rates go much above 25 per cent, but there is a fundamental difference of opinion between the union leadership and this government on the solvency of the plans and the nature of the unfunded liability.

I want to start by saying that the issue that we're seeing between the government and our union leadership when it comes to making these unilateral decisions to change the pension plans, particularly for the two plans, the LAPP and the PSPP, is that we've got a fundamental issue of respect. Do you respect the independent nature of the pension boards to be able to govern themselves or not? You know, in answer to a question that I asked today in question period, the Finance minister waxed eloquent about the independent governance that he was going to consult on possibly moving towards, but I have to tell you that that is not gaining much traction with the union leadership.

In fact, I'm sure Gil McGowan is going to be as surprised as I am that I'm going to be quoting from a letter that he sent, that was cosigned with Guy Smith, Heather Smith, Elisabeth Ballermann, and Marle Roberts, that states, "handing governance to employees and employers after the plans have been gutted is a little like an arsonist handing you the keys to your house after he's burned it down."

If you're going to move to an independent governance body, you have to do so by maintaining the factors that keep the plan solvent. Unfortunately, with the decisions that are coming through or the changes being proposed by Bill 9, solvency is going to be one of the factors that's greatly at risk. I can see why the union leadership is very concerned that making a move to independent governance after you've already wrecked the plan is not going to move you in the right direction.

There are a couple of things I think we need to have context in as well. I don't want us to mistake the frustration and disgust that Albertans have about the lavish overcap pensions paid to senior executives and managers that we keep on seeing, that are sometimes in the order of a million dollars or more, with what our front-line union workers are receiving through each of these plans. In fact, the local authorities pension plan has an average pension on an annual basis of \$14,456. Our public-sector pension plan has an average pension of \$12,732. These are very reasonable amounts of money. These are not excessive amounts of money by anyone's standards. These are not gold-plated pensions that we're talking about. It shouldn't be surprising because most of the workers who are in each of these two plans earn around \$65,000 to \$70,000 per year. These are not lavish pensions because these are not highly, highly paid employees who are in these two different plans.

The other issue that we have to talk about is an issue of fairness. I can tell you how frustrating it is for our front-line workers to continue to see that perks and benefits go to not only politicians but also senior managers, and then they're the ones asked to take it

in the ear. Let's recall that last year the managers' pension plan was increased. It will ultimately be wound down, but you can't increase the amount of compensation and benefits that you're going to give to your managers and then tell your front-line workers that there's not enough money left over for them. It is an issue of fairness.

The other concern that I have is the lack of information. As I mentioned, the 25 per cent combined contribution rate is a concern. In looking at the actuarial figures put forward by the Alberta Federation of Labour, they even acknowledge that for the next few years, in the worst-case scenario, the contribution rates may have to go up slightly, but it's only up to about 27 per cent, they would think, that at the outset would be the highest amount in combination that they would have to have employers and employees share.

What doesn't get talked about is that about one-third of this amount is already an amount that is apportioned to the unfunded liability contributions, about 7 per cent that's currently going to pay down the unfunded liability. Why is that? Well, it's because they recognized in the management of these pensions years ago that they had to deal with this unfunded liability issue, and they started doing that in 2008.

In fact, even the government recognizes that the plans are well on their way to solvency. When you look at the comments of the Minister of International and Intergovernmental Relations, he talked about it solving itself within 12 years. The AFL's predictions suggest that it's more like nine years. In fact, in the best-case scenario, if Leo de Bever keeps having great success in managing the accounts as he has in the last year, it could actually be eliminated in as soon as five years. Once that unfunded liability is eliminated, so are those additional premiums that go along with it, so you'd be able to get within the government's defined contribution threshold within very short order, by about 2020 at the latest. So the fact that the government thinks that they have to cap contribution rates I think is not borne out when you look at the fact that over the next five or six years these contribution rates are going to come down.

**8:40**

The other absence of information that we have is that the government is arguing that part of the reason they fear an increase in contribution rates by about 4 per cent is because there's going to be a change in the mortality tables. Well, we won't know what kind of impact that's going to have on contribution rates and the solvency of the plan until we see the new actuarial reports for these two funds, which aren't going to be released till June. So why race ahead and try to fix a problem right now until we know the true nature of the problem? We're not going to find that out until June. It would make sense to put this forward to committee and wait for these reports to be tabled so that we can actually see the true impact that the change in the mortality tables is going to have to the solvency of the plan. That's another reason it should be put to committee.

The other piece of information that AFL has been asking for is a freedom of information request if you can believe it, Mr. Speaker. We know how difficult it is to get those these days. They have been asking for every actuarial report and analysis that the government has done in determining that this is the draconian approach that they need to take. Surprise, surprise; that information has not been released yet. It would seem to me that until that information is released, we shouldn't jump ahead and assume that there's a problem here when it looks as though there's competing information out there, that it may be able to solve itself.

Now, I know that my colleagues in the NDP and the Liberals will have all sorts of progressive and liberal reasons to oppose this

legislation, but I've got some conservative reasons to oppose this legislation. I'm going to try to make the case to Gil McGowan that he's actually a conservative because when he and I were talking today, you wouldn't believe how many areas of agreement we actually had.

Let me talk about why I as a conservative am opposed to this legislation. One, the rule of law. We expect that our governing officials are going to operate within the rule of law. Well, what does the current rule of law actually say? If we go to the legislation, the law says that the Finance minister can only change the provisions in this plan on the recommendation of the pension plan boards. Here's the problem, Mr. Speaker. He didn't get that approval in making these changes. Instead, he does what the PCs always do when they bump up against legislation that they don't like. He's proposing Bill 9 to give him unilateral power to make a ton of changes that the pension boards don't agree with. He is giving himself absolute authority. He wants to change the early retirement rules. He wants to be able to change the cost-of-living rules. He wants to be able to unilaterally cap the contribution rates.

There is a clause in here as well about potentially having the Finance minister change the treatment of salary for the calculation of benefits, changing the vesting rules. All of this is going to be determined by the Lieutenant Governor in Council, by cabinet. That goes away from the existing structure that we have right now, where the Finance minister is confined by current legislation.

I just don't like the practice that the PCs get into of trying these workarounds in legislation when they find pieces of it that they don't like. So that's one reason I'm opposing it.

Another reason I'm opposing it is that you know that as conservatives we value local decision-making. Many of the changes that this government is bringing through are going to have massive changes on other orders of government, particularly our municipal orders of government. The Alberta Urban Municipalities Association, the Alberta Association of Municipal Districts and Counties have gone on the record expressing their concerns about the changes that are being proposed by Bill 9. They think that the government is making a fundamental error in treating the local authorities pension plan the same way that they're treating their public-sector pension plan. In the local authorities pension plan there are three workers to every retiree. In PSPP there are two workers for every retiree. So it's very clear by looking at those ratios that there are probably unique risk factors and unique resolutions to each of those. You can't treat them the same, but the government is attempting to treat them the same under this legislation.

The big issue that the municipalities are raising is the impact that these unilateral changes will have in their ability to attract qualified labour. Our municipalities are in a fierce competition for workers. One of the advantages they offer is an attractive benefits program so that they can attract individuals into the public service as opposed to the private sector. They're very worried that on the calculation of benefits over the long haul, young workers are going to opt for other jobs and that they're going to end up seeing an exodus of young people from their labour force.

The other reason why as a conservative I oppose this is because I respect contracts. When you're making changes to pension plans – and this is what was brought forward by the AAMD and C – it involves three parties: the employer, the employee, and the retirees. All three of them have to be at the table and involved in coming up with solutions to a plan solvency. The government is throwing that out the window, ripping up contracts. We've talked about this a number of times in the past when the government wants to behave in a unilateral way without respecting the sanctity of contracts.

The other reason I oppose it is that I respect private property rights. One of the big debates through the 1980s, when we were talking about having property rights vested in the Charter of Rights and Freedoms, was whether or not entitlements should be considered a property right, an entitlement program like a pension program. I would argue that when somebody puts their dollars into a fund and it is matched by their employer, they have a right to expect that the provisions under which they bought into that plan are going to be consistent over the course of their lifetime. When you look at what these changes are potentially going to do, there's a potential that it is going to reduce the value of this entitlement by up to 25 or 30 per cent for new, young workers, slashing 25 to 30 per cent off the retirement value of every worker's pension plan, and it has a disproportionate effect for our youngest workers.

The problem that we're also seeing is that the government is not being entirely accurate and forthright in trying to split the different groups. It's sort of a divide-and-conquer strategy that we've seen, and we're accustomed to seeing that with this government. They're trying to tell those current retirees, who are already accepting their benefits, that they're not going to be impacted by these plan changes. However, that's not quite true because the government has given themselves an escape clause on page 17 of the bill. I'm looking at section 15, which would revise section 4(2)(a). In here it says that council may amend or repeal and replace plan rules

only on the Board's recommendation if or to the extent that the effect is to change benefits that relate to service that occurs or occurred before 2016, unless the change deals with vesting or the treatment of remuneration as salary for the purposes of calculating benefits.

The way the unions are reading that is that they actually can change the benefits for those who are currently on the plan and receiving the benefits if they change the vesting and if they change the treatment of remuneration for salary. That means that perhaps rather than having the best five years of an individual's employment record go into the calculation of benefits, the Finance minister has given himself the power to change that. Maybe it would only be the average five years, or maybe it's only the best three years. In any case, these are the kinds of provisions that have been inserted into the legislation that leads unions to believe that whatever they're telling current retirees, there is an escape valve that could allow them to break that promise.

The problem with the government is that they have no credibility with our front-line workers now. I mean, you could have perhaps in the past argued that you could trust the Finance minister, that he would never do the kind of things that we're talking about, but of course I think our public-sector unions trusted that they wouldn't have their collective bargaining rights snatched away in Bill 45 and that they wouldn't have their free-speech rights snatched away in Bill 46, and those two things happened. This is why the trust level that we have between our front-line workers and this government is at probably the lowest point that we could possibly imagine. This is why, when they look at this legislation and see the power that the government is taking away from their pension boards and giving to the Finance minister to have behind closed doors in a unilateral way without the need to consult, they're suspicious of how those are going to turn out for their existing retirees and their future workers as well.

The other issue that we have – and we talk a lot about it; we talked about it in the previous bill as well – is the intergenerational issues that we're facing when you make these kinds of unilateral changes. As we know, younger workers under this proposal are going to be asked to pay more, yet they're going to get less. I've already mentioned one of the consequences that can happen as a

result of this. You could end up having workers leave to the private sector instead of staying in the public sector.

You could have employees opt out. That's the other part of the plan. You can get a run on the plan because there are a number of employees that can choose to opt out of the plan because they're part-timers. You can also get employers that choose to opt out. If you get provisions of a plan that an employer can no longer sell, they start looking at ways in which they might be able to start their own plan. Look at AHS as a prime example: 100,000 employees, the largest employer in Alberta. They certainly don't need to be within a public plan. They certainly could develop their own plan, and then you put the entire plan at risk.

8:50

The last reason why I oppose this bill as a conservative: the Auditor General has been giving some fantastic quotes lately, Mr. Speaker. Let me read to you another quote that he most recently gave on the issue of the pension plans. This was from his February 2014 report on page 43. He talks about the potential for these changes to cause workers and employers to start heading for the exits, and this is what he says.

Practically speaking, current and future employees will not likely pay for benefits accruing to past employees if current employees' contribution rates are significantly more than the value of their own expected pension benefits. If current and future employees will not support the plan, then the options are limited to [the following]: the employer is left to assume more of the past liability; retired employees will receive benefits that are less than promised; or the plan risks insolvency.

So if you're creating through legislation the danger that you're going to see a run on the plan, which is forcing its insolvency, then what that means is that taxpayers may end up having to shoulder a greater portion of the unfunded liability because there will not be as many workers in the plan to be able to get it to solvency.

I would say that although there might be some great progressive reasons to oppose this bill, there are also some great conservative reasons to oppose this bill. I think the government is going absolutely in the wrong direction on this, which is why I support the motion to refer this to committee. Let's wait until the freedom of information requests come back, let's wait until we get the actuarial studies in June, and let's make sure that we're not trying to solve a problem that is already going to solve itself.

Thank you, Mr. Speaker.

**The Deputy Speaker:** Thank you, hon. leader.  
Standing Order 29(2)(a) is available.

**Mr. Fawcett:** I'm just wondering if I can ask the hon. Leader of the Opposition if one of the reasons she wants this particular bill to go to committee is so that she can explain what her party is proposing as far as making any changes to pensions and why that position has possibly changed and why their new position might possibly, actually, leave a very good chance of a significant amount of liability to future taxpayers.

Mr. Speaker, when she talked about not supporting this bill on conservative principles – we just saw a few minutes ago the hon. leader stand up and not support the budget. One of the main reasons she talked about was not leaving future liabilities to taxpayers. So does she want to go to committee so that she can explain to Albertans why it might not be appropriate to leave financial liabilities for taxpayers in building infrastructure but it's quite all right to leave future financial liabilities to taxpayers by cutting off the defined benefit plan and making all new employees go to a defined contribution plan in the public sector?

**The Deputy Speaker:** The hon. leader.

**Ms Smith:** Thank you, Mr. Speaker. I welcome the opportunity to answer that question. One of the differences between our party and how we operate and the way that the governing party operates is that we actually have member-passed policy. So when we put forward ideas, they come forward to our policy convention, and then they get voted up or down. When we get policies voted down, we accept the will of our members.

In point of fact, we had voted on the idea of moving to a defined contribution plan. But I can tell you what our members told us at the AGM. When this policy came forward, the speakers at the mike said that a well-run defined benefit plan can be solvent and can actually be more cost-effective than a defined contribution plan. So they voted it down. Because we are a party that values the grassroots opinion of our members, we accepted that view.

What does a well-run defined benefit plan look like? Well, I can tell you what you could do if you're making any changes. You would follow what other plans have done in both the private sector and the public sector. When you make changes, number one, you negotiate them, which is something that the Auditor General has also acknowledged should be done. Secondly, if you're going to make significant changes, you make them apply to future hires so that when somebody comes in, they know what the rules are rather than unilaterally trying to retroactively change the rules after you've already got somebody in the plan.

I also reject the premise of the associate minister's point, just assuming or declaring that these plans have an unfunded liability that won't be resolved. He obviously didn't listen to any of the points that I raised on behalf of not only the AAMD and C and AUMA and the five different unions that signed the letter to me but also on behalf of his own international and intergovernmental affairs minister, who has acknowledged that because there is a dedicated portion of the premiums that our employers and employees pay, it will go to pay that unfunded liability down. Indeed, last year alone the unfunded liability was reduced by \$1 billion.

What we're asking for is for the government to wait until the June actuarial studies come out for both of these plans so that we can actually all be on the same page with the same information in determining what the solvency of the plans actually are.

Right now I'm afraid that the government has absolutely zero credibility in trying to light their hair on fire, claiming that there is a problem when we have the evidence of employers like the AUMA, AAMD and C, and the five main unions with actuarial studies which prove the exact opposite. I'm just not prepared to support a piece of legislation on the government's word. I'm afraid that their word has not demonstrated to have much value over the last couple of years of governance. I think that we need to wait until we have good information before we can make that decision. This is why it needs to go to committee.

Thank you, Mr. Speaker.

**The Deputy Speaker:** The hon. Member for Calgary-Shaw on 29(2)(a).

**Mr. Wilson:** Yes. Thank you, Mr. Speaker. Very quickly, I'm wondering if the leader could comment on how she feels the PC leadership race may influence the outcome of this bill.

**Ms Smith:** I have to say, Mr. Speaker, that I'm sure the potential candidates for future Premier are probably watching this debate with great interest because the fact of the matter is that the government has 300,000 individuals who are impacted by this

plan: 150,000 existing workers in the LAPP plan and 50,000 existing retirees . . .

**The Deputy Speaker:** Thank you, hon. leader.

I'll recognize the next speaker, the hon. Member for Calgary-Varsity, followed by the leader for the Liberal opposition.

**Ms Kennedy-Glans:** Thank you, Mr. Speaker. I'm very pleased to stand and speak to . . . [interjection]

**The Deputy Speaker:** The hon. Member for Calgary-Varsity has the floor, hon. member.

Please proceed.

**Ms Kennedy-Glans:** Thank you, Mr. Speaker. I'm very pleased to rise to speak to the amendment proposed by the Member for Edmonton-Strathcona. I actually quite endorse the recommendation. Again, to follow in the vein of why a conservative, a fiscal conservative in particular, is speaking in support of continued dialogue on this bill, I'd like to elaborate.

In the constituency where I live, in Calgary-Varsity, this issue is one that has really resonated. It's something that we've been talking about for months. Since the Finance minister introduced this change, our office, like many, has received well over 100 very personalized letters. We've had people walk in the door. We've had calls. We've had people just drop by to offer an opinion. This issue really matters to constituents, and it really matters to me. I just want to talk through that a little bit.

Pension reform is important, and I think we all understand the financial reasons for the changes. In 2012 I was very happy to put my name on a bill to amend private-sector pension funds to give more choices to employees and employers and to align Alberta's legislation with the pension legislation of other Canadian provinces. It was thoughtful.

I was and I am fully supportive of a government that's unafraid to make the difficult decisions needed today to ensure long-term prosperity for our children. I heard that from the Member for Calgary-Klein, and I agree with it. These decisions that we make every day have to have fiscal discipline and rigorous scrutiny to ensure that Albertans get value for every dollar spent. This is what it means to me to be a fiscal conservative.

I welcome this government's desire to ensure that private- and public-sector pensions are sustainable and affordable. Like many in this House, I have studied actuarial tables and expert reports to more fully understand the implications of the choices we're making here today as legislators. I've done this to try to figure out for myself and my constituents what the critical questions are. We've heard lots of them. Will the pensions self-correct if we just give them time to recover from the 2008 crisis?

9:00

I've come to the conclusion that the current system does need changing if it's to be adaptive to recent and future fiscal realities. More important than all of that, this legislation is not just about policies and forecasts and actuarial statements; it's about people, my constituents and every one of yours. For my part, I've sat down with dozens and dozens of constituents working through their own pension realities, trying to understand their situations and the implications of the bill on their own lives and their own futures. In many cases this has been a very successful approach. Getting to the facts of an individual pension situation and going through the implications has been helpful. Even when there were material implications, they can understand that.

But what was very alarming to me was the high level of fear that people brought to this process. As an MLA I can't help but

reflect that many people, way too many people, are genuinely afraid about their own family's ability to sustain fiscal security postretirement because they don't understand the implications of these proposed changes. I have seen this kind of fear before. Many, many decades ago I was an employee in a large energy company when the company decided to make the shift from defined benefit to defined contribution pension plans. As a lawyer I was brought in to help people understand those choices. Even though a lot of time has passed since then, I can still remember fully that anxiety and in some cases fear that co-workers felt about the process and its outcomes, especially those who were closer to retirement than I was.

What I also remember about that time is how our employer, a big oil company, was patient and understanding as it made the effort to ensure that each employee and our families understood the individual choices and the implications. While it took a long time – it took nearly two years – eventually we got to a place where a majority of employees felt comfortable and secure in those choices, and this was a very, very large company.

I have to say that the constituents I've spoken to on this matter have not generally felt that level of patience and concern from their employer, whether it's the province or another public body. They feel that they have not been involved in a process that informs them as to why the changes are necessary and how those changes might impact their situations, not just their financial situations but their emotional ones as well. These people I have spoken to on this issue understand the need for personal responsibility. They're not asking for a nanny state, but they are asking for better information and input on decisions that affect them.

This government, like other governments, has legislative options in dealing with its employees that are not available to other large private-sector employers in Canada. This government does have the power to enact Bill 9 and to make changes regarding public-sector pensions, but that power must respect the people whose lives will be impacted. Pensions provide emotional and fiscal security to people. If changes are to be made, we need to spend more time educating the public on pensions, as daunting as that task may be, and ensuring that individual employees have access to the information they need to appreciate the implications of their choices and the proposed legislative changes.

I know that members of this government are genuinely committed to giving all interested Albertans a voice in decision-making and policy development, but I think there is much work still to be done on this particular issue. That leaves me as the MLA for Calgary-Varsity in a very difficult position. On the one hand, as somebody who has studied the issue, who is a fiscal conservative, I strongly support pension reform that ensures sustainability of pensions over the long term. This legislation has those elements and calls for my support.

But I can't forget the fear I've heard in the voices and seen on the faces of my constituents. This fear, like most fear, comes from a lack of understanding or knowledge. Before proceeding, the government must try harder to address the critical need for better public understanding of pension reform and better employee understanding of the implications of change. This is not just about ideology or some kind of a power struggle between the government and the public-sector unions. It's a law that would affect individuals, and we all need to figure out a better way to reach out to these employees and engage them more fully in these critical discussions.

In short, it's too soon for the government to bring its legislative hammer down on this debate by enacting reform now without better understanding from employee partners. I cannot support this

legislation at this time. Rather, I would encourage the government to pause, as has been suggested, and work with its partners, the public-sector unions to explore better ways to support public and employee understanding of pension reform options and implications. I'd also ask for the inclusion of accounting, actuarial, and other respected professions in this task. Reading actuarial tables is dry, but we all can do a better job of making individual employees have a better understanding of the implications of their choices and of these proposed legislative changes.

Thank you, Mr. Speaker.

**The Deputy Speaker:** Thank you, hon. member. Standing Order 29(2)(a) is available.

Seeing none, I'll recognize the next speaker. The hon. leader of the Liberal opposition, followed by Edmonton-Highlands-Norwood.

**Dr. Sherman:** Thank you, Mr. Speaker. On behalf of the Alberta Liberals I stand opposed to Bill 9 and in support of the motion put forward by the hon. Member for Edmonton-Strathcona. I'd like to thank the conservatives to the right of me here in the Wildrose for opposing this bill. They've got good conservative reasons for doing it. I'd like to thank the hon. Member for Calgary-Varsity, who has put forward many very reasonable arguments and conservative reasons for opposing this bill, and I would like to thank the NDP here on our left for the socialist reasons for opposing the bill.

Mr. Speaker, I'd like to give fiscally and socially responsible reasons and, really, reasons of human dignity and human respect for why we should oppose this bill and intellectual arguments for why this bill is unnecessary. First of all, I'd like to take a look at the argument. This argument came forward because the Minister of Finance read a book, this book called *The Third Rail*, and he had a nightmare, and he got scared, and he panicked. So this government unilaterally, because he read a bedtime story, told us that the pension plan is unsustainable.

Well, let's talk about this. Their own Minister of International and Intergovernmental Relations has said that the pension plan is sustainable and in 12 years it will be fully funded. Why do we have this unfunded liability issue? Well, the majority of the reason is because the cowboys on Wall Street did a horrible job of the markets. In fact, the union leaders have suggested that this could be paid down in nine years.

How is this unfunded liability being paid down? Well, it's being paid down by the employees, the very employees who did not cause this stock market crash. They have elected to pay more money, and they've elected at a time of inflation and growth in Alberta – it's extraordinarily expensive to live here – to forgo wage increases in lieu. You know, they understand the issues of the government and the employer. In lieu of the government increasing their contribution, essentially the employees are almost funding both sides of the argument here, both sides of the unfunded liability. So from \$7.5 billion it's been paid down to \$6.4 billion and, hey, as was mentioned, if Leo de Bever keeps doing the wonderful job he is at AIMCo, it may be paid off many years fewer than 12 years or even nine years. So that argument holds no water of sustainability.

Then there's the issue of longevity. People are living longer. Well, the mortality tables in Canada were originally based on U.S. mortality tables, so that's already factored in. However, Canadians live longer. You know, we're a little bit healthier. There is a little adjustment to be made on that, but not to the point where it's getting to be unsustainable. So it's a minor adjustment, I believe in the area of – my understanding is it's 1 or 2 per cent. And after

this unfunded liability is paid off in five, nine, 12 years, the contribution rates for the employees and the employers will drop.

**9:10**

I'd like to talk about the other issue. The hon. Premier said that, hey, we're going to have fewer workers and more people collecting, so that's going to be unsustainable. We have three workers for every person who collects. Well, Mr. Speaker, there's no foundation for that. In Alberta the province is growing. We're up to 4 million people. It's a younger province. There are many young people from across the country and across the world moving here. When there are so many citizens in Alberta, so many residents, there's a need for more public services. You're going to need more teachers, more nurses, more doctors, more staff, more people to clean and run the hospitals and the schools and the public buildings and the buildings in which we work. You're going to need more roads to be built and maintained. The more people you have, the more public services we're going to have to deliver.

Now, they're going to say that it's talking about more government. Well, it's not about more government. That's just a foolish argument. You know, if you've got a hundred people, well, you need public services for a hundred. You've got 200 people; you're going to need services for 200. That has nothing to do with more government. The front-line staff aren't about more government. The front-line staff are about more front-line services. There will be a requirement – in fact, we are already so short of front-line workers in the areas of education and health care and social services and community supports for the population we currently have. If the government had the wisdom to actually hire the number of front-line workers that we need, we wouldn't be in chaos and crisis in many of the areas of essential public services. That assertion that, oh, we're going to have more collectees than workers: you know what? That may be true in Quebec, but it's not true in Alberta. You cannot generalize what's happening in Quebec or Ontario to Alberta. That argument holds no water whatsoever.

Mr. Speaker, the other issue that was raised is that these pensions pay 12,000 bucks a year, 15 grand a year. That's chump change in Alberta. We're talking \$1,000 to \$1,250 a month. What does that get you in this province when your bills are \$400 or \$500 a month? Have you seen your power and gas bills lately? Well, have you checked the price of gas at the pump? I don't know if these guys have bought groceries lately. They might be getting free meals all the time on the taxpayers' dime, but for the regular Albertan the cost of food, cost of clothing, cost of housing is immense. So \$1,000 to \$1,250 a month is poverty level.

Oh, yeah, Mr. Speaker. I forgot to talk about the cost of medications. Do you know how much medication costs these days? For seniors to be getting \$1,000 to \$1,250 a month – well, I'll tell you one thing, hon. members on that side. We might fix them up in the medical system, but if they can't afford their drugs – guess what? – they're coming back to the hospital again.

So what I'm alluding to here is poverty, Mr. Speaker. In the wealthiest place in the country, if not the planet: poverty. We already have 90,000 children living in poverty. Well, I don't know if these guys on the conservative side understand that poor children have poor moms and dads. Okay? Poor kids don't have rich parents. Now you're going to turn their grandparents into poor grandparents. So you're going to have three generations all living in poverty.

Well, here are the effects of poverty. The reality is that in the Capital health region, according to a study done years ago, poor men die seven years before rich men. And before you die, there is

a ton of human suffering that happens. Many visits to the health system happen, many medications that need to be had.

The effects of poverty. I was at the food bank earlier today, and some members from the conservative government were there. Well, we have a lot of people in our province, in this city right here, in the capital city, who go to the food bank because of food insecurity.

The effects of hunger on the human body and the human condition. Mr. Speaker, I was born in the developing world, in a third-world country. I can't believe that these conditions exist in the wealthiest place on the planet. This policy will only exacerbate these conditions.

I'll tell you one thing, hon. members on that side. You think that you might be saving a few bucks over here, but get ready to pay more for homelessness, poverty, addictions, mental health, and the health care system over here. Way more on this side. That's what unsustainable, the costs of health care because people are sick, and many of them are sick because they're poor. Seniors in poverty are at even higher risk than younger people in poverty because their health conditions can be much worse. So if you think you've got problems in health care today, you just wait. Pass this policy. You just wait. We will be busier than ever in the emergency departments.

I want to talk about the morale, the dignity of the very people that built this province, the 24-hour health responders, the police officers, the firefighters, the paramedics, the front-line staff in the hospitals, those teachers, and those heroes who help all our public buildings run. They do every job there is. These are not the highest paid folks amongst us in our society. The morale of the health care workers, you know, is at about 52 per cent already demoralized. The morale of the public service, the civil service, is at 47 per cent because of actions like bills 45 and 46 and because of the fact that they're doing more work for more people with less resources and less pay and no respect. They're already taking home way less because of the cowboys on Wall Street. They're paying off their own unfunded liability and taking no pay raise at a time of inflation.

This will only seek to demoralize the workforce even more, the civil workforce and the front-line workforce, that's going to actually look after all of you when you get sick or when your family gets sick – and I hope they don't – and educate your children and grandchildren. When you demoralize front-line staff, as any businessman will tell you – you know what? – that's bad for business. People become less productive. When morale is low, your stress levels are high, your cortisol levels are high, your injury rates are higher, and your sickness rates are higher. When that happens – guess what? – then your overtime costs are going to go up. This is only going to seek to demoralize even further a front-line workforce that's already demoralized. Whether you're a Liberal, a Conservative, or a New Democrat, this is just common sense here, my dear friends.

Mr. Speaker, when people retire – you know, women are wiser than we men are, and women live longer than men in our society. Guess what? This is going to affect the widows. You're going to have a lot of women who are widows, who are going to have to deal with this. I know; I lost my father three years ago. My mother is a 75-year-old widow, and she's healthy. Dad worked in the mill. He was a union guy. He worked at Weldwood in Squamish. He didn't earn much. You know, he could have started a business, but he decided to take a lower wage in lieu of benefits for his family. He thought he'd have a little pension, he'd work hard for less money, and he and his wife would be looked after, and if he passed away, his wife would be looked after. They made sure that

all the kids in the family got an education, so we did okay, and we made sure that mom and dad were okay.

But, I'll tell you, in many families you've got a lot of seniors whose children are somewhere else in the world or whose children aren't doing well themselves. Our widows are already living in poverty, and we're only going to exacerbate this even more. This is an attack on the women in our society.

By the way, Mr. Speaker, talking about women, women don't earn what men earn in our society. They don't earn what men earn, and this is going to hurt mothers and women and grandmothers. I ask those members on that side – you've got the majority of the votes. You can pass this bill – no problem – but I urge you to listen to these arguments.

Mr. Speaker, then there's the issue of the cost of living. The Premier said that I don't know what I'm talking about and that I should read the material again. Well, I read his answer. He said: "The major change with respect to cost of living is going from a defined cost-of-living adjustment process to a targeted one, one that's based on return on investment." So he's going to make the pension dependent upon the same cowboys on Wall Street who caused the problem to begin with.

9:20

Mr. Speaker, this is nothing more than a Republican-style attack on the very people that build this province and country each and every day as well as the cities and all of our municipalities, who run our universities, run our schools, run our hospitals, and run our democratic institutions. That's all this is.

Mr. Speaker, I want to talk about mandate. The former Premier who recently resigned did not run on this issue. It affects directly 300,000 people. They've got family members, so that's about 600,000 people, family members, that vote. Well, maybe they have more family members. They also have children and grandchildren. This government did not run on this during the election. The current Premier wasn't democratically elected as Premier by the people of the province. They're going to have another leader coming in September. We say: put this aside; let's run on this next election.

**The Deputy Speaker:** Standing Order 29(2)(a) is available. The hon. Member for Calgary-Mountain View.

**Dr. Swann:** Thanks, Mr. Speaker. Well, I was eager to hear just the end of what the hon. leader has to say about this important amendment that's been proposed.

**The Deputy Speaker:** The hon. Member for Edmonton-Meadowlark.

**Dr. Sherman:** Thank you very much, hon. member. As I said, let's put this issue off till the election. I challenge the governing party to show some real courage. I propose that this be an election issue.

Mr. Speaker, the pension plans are sustainable. We should be hiring more front-line workers, delivering more public services for the increasing number of Albertans. In fact, the ratio of front-line workers probably should be 4 to 1 or 5 to 1 for the amount of people that live here. We need to hire more front-line staff. We're a younger province. These pension changes are unnecessary.

Mr. Speaker, then there's the last thing. Here's why I think this government is doing this. One, it's absolute power. Absolute power corrupts. After 43 years they actually believe that they can do anything they want and get away with it. They think Albertans aren't watching because, you know, this is the mid-election cycle. It's two years away. This government has collectively managed to



cheese off everybody in society. Everybody. There's nobody that's happy with them right now. But, I'll tell you, hon. members on that side, you are messing with the seniors and the pensioners and the baby boomers and their spouses and their children. If you are arrogant enough to think that you're going to win this next election, I strongly urge most of you in the backbenches to vote against your interim Premier and your cabinet. You backbenchers are the moral authority of that government, that caucus, if conservative, social, moral, and intellectual arguments aren't enough to convince you.

One good thing, Mr. Speaker, is that when this government drops – not if, when – I'm pleased to see that all the good parties on this side, from the New Democrats to the Liberals to the Wildrose and the hon. independent Member for Calgary-Varsity – after the next election will all reverse whatever decision they make.

Mr. Speaker, oh, gosh. You know, I think I probably made too many arguments for that side to handle. If the Finance minister were to read these arguments, he might have another nightmare.

Mr. Speaker, I believe that we should all as members strive to build a strong economy and a strong society that puts the very people who build this province at the forefront, that shows them the respect and dignity that they deserve. If we do that, I believe we can all build a much better province together. It's all about dignity and respect and doing the right thing in the wealthiest place in the world. I'll tell you, the main question in the next election is actually about inequality, fairness, justice, and dignity. This bill proposes to increase inequality, increase unfairness, and is going to increase the fact that many people can't even afford justice anymore. They've even cut legal aid.

That's what this bill is about. It's about inequality, and inequality, we all know – even the Conservatives here know – is actually going to cost you more money down the road. It's going to cost you more money down the road, and the major increases in spending in this country, in this province are health care and social services. Health care and social services and homelessness and the effects of poverty and addictions. Not only is it going to cost more money; it's actually just going to increase human suffering. It's going to increase human suffering, and when you spend over there, you're going to cut even more your kids' education and teachers and the support that our communities need to build a strong, thriving province.

Mr. Speaker, I thank you for this opportunity to speak to this very important topic.

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

I recognize the Member for Edmonton-Highlands-Norwood, followed by Airdrie.

**Mr. Mason:** Thank you very much, Mr. Speaker. I'm happy to rise and speak to this most excellent amendment that has been made to Bill 9 by my colleague the MLA for Edmonton-Strathcona.

Before I begin, I just want to reference the call we just heard from the leader of the Liberal Party for an immediate election to be fought on this question. Perhaps the only party less prepared than the Progressive Conservatives for an election right now might be the Liberal Party. I would suggest to the hon. leader that he may want to reregister his 52 constituency associations and get his fundraising into six digits before he faces the next election.

Mr. Speaker, this is a motion to refer Bill 9 to the Standing Committee on Alberta's Economic Future. I think that's very appropriate because this is, in fact, a question of hundreds of thousands of Albertans' economic future. It's important for them

and their families and for their own piece of mind, but it's also a significant impact on the economy. If future retirees don't have the money to live comfortably and with dignity, it not only affects them; it affects the rest of the economy through reduced spending but also increased costs for health care, public housing, and that sort of thing. So I think it's very appropriate.

I think the hon. Leader of the Official Opposition made some good points in her comments with regard to reasons why we might want to have more discussion, potentially even some public hearings at the committee level, before we proceed with second reading of this bill. That would allow us to listen to Albertans and listen to people who are currently in the pension and people who have paid into it and may be receiving benefits or are expecting to about their situation. We could ask questions of the government with regard to the actuarial studies that they've conducted. We could talk to the people who serve on the pension boards who have opposed this particular piece of legislation and draw upon their expertise in making a decision that, I think, would serve well all Albertans, not just public employees.

I think that the government has to answer some questions. They haven't been adequately answered in the debate here today, I'm afraid to say, and I regret that. One of the biggest questions that I have, Mr. Speaker, is for the Minister of Finance with regard to his claim that this is about taking action to protect pensions and to make sure they're viable in the future. You know, in order to make sure that a pension plan is viable, you need to make sure that there are enough people paying enough money in contributions because they're employed in order to meet the obligations to those people who have retired and are receiving the benefits. So we need to take a close look at that question.

**9:30**

You can deal with it in one of two ways, Mr. Speaker, or maybe one of three ways. If there are more people employed, then there are more contributions. If there are fewer people employed but you raise the contribution rates for the employees and for the employer, then you can increase the revenue to meet your obligations. Or, if necessary, you could reduce the benefits that are received to bring the plan into balance that way. Those are all options. I'm not suggesting that we do the latter. Those are things that support the argument of the Finance minister that they want to protect the viability of the pension. If we take it as a given that he's saying that we need to take that action – and I don't agree with him – then one of those three things or some combination of those three things would be necessary.

The interesting thing about this bill, Mr. Speaker, is that it has a couple of provisions that run counter to the Finance minister's claim that he wants to protect these pensions. The first one is the cap on contributions because that limits the ability of the pension boards to bring the plans back into balance and, as a result, limits their ability to make sure that the pensions are sustainable and viable in the long run. That's contrary to the minister's claim that what he's really doing is trying to protect people's pensions. That's number one.

The second one contained also in this bill, Mr. Speaker, has to do with the government passing legislation to protect itself from liability. The government will no longer be liable for anyone's losses in the plan as a result of changes that are being brought about. So the government protects itself from being liable for any losses people receive as a result of lower pensions because of the impact of this legislation. More significant, perhaps, is that the government is protecting itself from liability in case the plans fail and is limiting the liability for the remaining assets of the pension fund itself. So they are taking themselves and the public,

therefore, off the hook should these plans fail. Now, that also speaks to the minister's assertion that he wants to protect the plans because what he's really doing is that if push comes to shove, he's going to throw the plans and pensioners under the bus. That's what he's saying.

So I think there are some real contradictions in what the Minister of Finance is saying about the intention of this bill. I think that, in fact, we should have an opportunity in the committee to grill the minister about these contradictions, and I think he needs to provide us with some really clear and rational explanation for this apparently contradictory direction that's contained in the plan.

There are some other things, Mr. Speaker. Of course, we know that an increasing number of Canadians, including Albertans, don't have adequate retirement finances and that more and more Canadians will retire into poverty. The solution that's been advanced across Canada and supported by nine of 10 provinces was a major overhaul and improvement in the Canada pension plan. That, I think, would have been a very significant and timely step to take. Unfortunately, under a previous Minister of Finance it was the province of Alberta that blocked direction in this way. It was led by several other provinces, but Alberta opposed that direction. Ultimately, the former Minister of Finance federally, who recently passed away, finally put an end to the discussions with respect to improving the Canada pension plan.

Now, that's not directly related to the bill, Mr. Speaker. It's a related issue, but it is something that I think bears some exploration by the committee as well. I think, going beyond just this bill, that this Legislature ought to have a more comprehensive discussion about the retirement situation of Albertans. These public pension plans cover a very significant number of Albertans: 250,000 people, a very significant chunk. But many Albertans have no pension protection at all. Certainly, the companion bill to Bill 9, which is Bill 10, gives the government the authority to assist private employers and public pension plans not covered by Bill 9 to convert from a defined benefit plan to a targeted benefit plan. There are many questions that need to be asked about that.

I would actually support not only this motion to refer Bill 9 but would really like to see a similar motion with respect to Bill 10 because it has actually received very little public attention, Mr. Speaker. The government, in terms of Bill 9 and the public pension plans, did do a briefing for the unions representing the workers covered under these plans, and they took the initiative to make a major public campaign. So the public is generally aware of the contents of Bill 9, and there has been some healthy public debate with regard to that.

But with respect to Bill 10, which may potentially affect hundreds of thousands of other Albertans' pension rights, there has been almost no discussion, no coverage. When we debated it last night in second reading, we went until after 1 o'clock in the morning. Who's listening then? You know, the media has gone home. There might be a few people who can't get a hockey game or something on TV and manage to tune in to us for a brief period of time and may have seen some of it. But generally that discussion, that debate, took place in a vacuum. Again, I think Bill 10 is a related issue, and I would really like to see it also considered in the Standing Committee on Alberta's Economic Future.

I do really think that what we need to emphasize here is that very small changes in these plans can have very big effects on individuals. These changes can trigger bigger changes within the plans themselves that may be unanticipated. I think that's one of the things that we also need to explore. If people have to work – and I've been talking to different groups of public employees, as has my caucus, over the past several weeks. Just yesterday I went

to speak to my old union, my own union, the Amalgamated Transit Union local 569, which represents the city of Edmonton transit employees. One of the people, after we'd had a bit of a discussion about the changes, said: "You know what? I really just feel like I would like to get the hell out of this pension plan and figure out something else to do." Now, she doesn't have that authority. She can't do that. But I do feel that there is a real risk that when we present people with a fait accompli, where they don't really have any say, and we tell them that they have to work longer and they will get a reduced pension, then I think there's a great deal of frustration. At some point there may be a real run on the plan. The way people are talking about it is to head for the doors before the changes to the plan take effect, to get out before those changes take effect. I think that that's something we need to take into account.

9:40

Aside from that, Mr. Speaker, we know that more and more seniors are retiring into poverty, and very slight changes in the plan – for example, reducing the COLA, increasing the penalties for early retirement, and reducing the capacity of the boards to adjust contribution levels – may actually have a result quite the opposite of what the minister is claiming. I think this is true in a very real way.

This bill converts the public-sector pension plans from defined benefit plans into targeted benefit plans because there is a limitation on the capacity of the boards to manage difficulty, to manage difficult economic circumstances. They may have no choice sometime down the road but to actually reduce the benefits that are paid. That is in every sense of the word a targeted benefit plan. So that's also something that I think the minister has not been particularly straightforward with.

Thank you, Mr. Speaker.

**The Deputy Speaker:** Thank you.

Hon. members, Standing Order 29(2)(a) is available. The Associate Minister of Recovery and Reconstruction for Southeast Alberta.

**Mr. Weadick:** Thank you, Mr. Speaker. I wasn't going to stand and speak to this issue tonight, but listening to the hon. member across just kind of piqued me a little bit that I should stand up and maybe just say a few things that are on my mind.

Mr. Speaker, I support our public sector, and I support the fact that they have pensions. It's great that they do because 80 per cent of Albertans don't have a pension. Eighty per cent of Albertans and probably 80 per cent of Canadians don't have a pension to rely on, so when the markets go up and down or when the interest rates go up and down, they adjust their lifestyle and just try to get by the best that they can because that's what they have. [interjections] I'm hoping the member across would be willing to listen because I listened quietly to him.

We have a lot of people in the province that don't have a pension plan, and they work and get by. We've heard that maybe sometime in the future, maybe if things go terribly wrong, there may be a small reduction in a pension or they may have to change some of the increases to a smaller amount.

But I want to tell you, Mr. Speaker, the thing that really piqued me was when the member opposite said that the government is protecting itself from liability. The government is only a representative of the taxpayers of this province. We're not protecting ourselves. I have nothing to protect myself from. We have 4 million people out there, most of whom don't have pensions, that are going to be picking up all of the liability for all

of these pensions if anything changes, and this seems to be just okay with people across the floor. I'm surprised by one group across the floor, that they're so quickly willing to throw the taxpayers of this province under the bus.

So you can talk about some pensioned people who might see a small reduction at some time. I'm talking about 4 million people that don't have pensions that all of you want to throw under the bus, and I'm a little disturbed by that. I want to ask the member: how can you so quickly and so easily throw the taxpayers under the bus to try to protect something? We want to make sure people pay their fair share and get a pension for it. You seem to want to have the taxpayers pick up anything and all that's left over. You want to willy-nilly have them pay whatever has to be. Don't forget that as an employer in this plan the government will still have an equal liability with the employees in that plan. We'll still have a responsibility to work with them to make sure that that pension is there, but we aren't throwing the entire population, every taxpayer in this province, under the bus. Can you tell me why you're willing to throw them under the bus?

**Mr. Mason:** I'm absolutely not advocating throwing the taxpayers under the bus. What I am saying is that the government is laying the groundwork for a potential failure of this plan, and they know it, so they want to make sure that they have no liabilities at all with respect to this plan. That's what I'm saying. What I'm saying, really, is that the government is not protecting the pensions of its own employees. It's reducing their pensions, it's reducing the COLA amount, and it's going to reduce the ability of the pension boards to manage the plans and to keep them out of trouble. Ultimately, it's going to convert these plans from a defined benefit to a targeted benefit plan, and that's the government's objective.

The government also has not talked about the other piece that I think we need to talk about, and that is: what are they planning to do with the level of government employment in this province? Are they planning to privatize more of the government services and reduce the number of people that are available to support this plan, and is that one of the reasons why this legislation is here? I think, Mr. Speaker, that's a question that needs to be asked because we know that this government tries to privatize things wherever it can.

It's privatizing all of the lab services in the Edmonton area right now despite promising to protect public health care in the province. We know that it has downloaded most of the social services onto private and not-for-profit agencies. We know that the former Premier ran on that in her platform because we actually downloaded her website, and we know what she promised, and we know what the Conservative Party promised to do the last election, and that was part and parcel of their campaign promises.

I think there are a lot of issues that need to be explored, and that's one of the points that I wanted to make, not that I think that the taxpayers should be thrown under the bus or be on the hook for whatever goes wrong but that the government is increasing their chances that something will go wrong, and one of the things that it's doing is to protect itself in case this plan fails altogether, Mr. Speaker.

Thank you.

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

There are three seconds left. By the time you get up, hon. member, the time will already have expired, and it has.

I'll recognize the Member for Airdrie, followed by Edmonton-Calder.

**Mr. Anderson:** Well, I am happy to continue to express my opposition and the Wildrose opposition to Bill 9 and certainly support this motion by the NDP opposition with regard to referring this to committee.

Mr. Speaker, let us not lose sight of who this affects. We're not talking about rich executives in office towers, people making \$300,000, \$400,000, \$500,000 a year with huge severance packages. That's not who we're talking about here. We're talking about front-line workers. We're talking about police officers. We're talking about sheriffs and guards. We're talking about nurses. We're talking about social workers and janitors cleaning the crud off hospital floors.

That's the type of people that we're talking about here, civil servants, front-line workers that are not making huge amounts of money. They're making \$60,000, \$50,000, \$40,000, \$70,000 a year. Probably both people in the family, if it's a couple, are working, working hard for their kids, trying to put them through university, trying to pay the mortgage on the house, going on a small, one- or two-week vacation every year to somewhere decent. These are the type of people we're talking about here. We're not talking about high rollers, as we've seen in the executive offices of AHS and, of course, in the Premier's office and other places in this government. That's not who we're talking about here.

We're talking about pensioners and people who are about to take in pensions who are making pensions of roughly \$1,200, \$1,400 a month. Could you survive on \$1,200 or \$1,400 a month, Mr. Speaker? I know that I'd sure have trouble with that. Now, of course, clearly they know that they've paid into CPP. [interjection] Okay. Someone over there says: oh, they have their CPP. So they're making \$2,200 a month. Could we all survive on \$2,200 a month? Is that a lot of money? I don't think so. Twenty-two hundred dollars a month pays my mortgage, electricity, gas, and maybe a couple hundred bucks of groceries for my kids' never-ending appetite. This is not a lot of money we're talking about here.

Now, I want to be very clear who this is affecting. It's not just affecting those workers. It's affecting their spouses. It's affecting their kids. It's affecting their extended families to certain degrees. A lot of these folks take care of their grandmothers or their parents and their grandparents, and when money gets tight, they can't take care of them as well anymore. This affects a lot of people. I would say that by some estimates you're talking about 500,000 voters, certainly 200,000 to 300,000 voters. You're certainly talking about that.

9:50

You know, it just amazes me that this PC Party, this PC government, would be so ill-informed and arrogant that they would make these changes in spite of all the people that this is going to affect and not think that there are going to be massive ramifications for those people that are injured, and frankly it will have massive political ramifications. I've heard it said by members over there: "Well, we want to get this passed real quick. We want to get this passed real, real quick because we don't want to put this in the next leader's lap." You don't think this is going to be in the next leader's lap? You think people are going to have collective amnesia in Alberta? All 4 million people are just going to all of a sudden forget about this type of reckless governance? They're not, Mr. Speaker.

Now, I want to be absolutely clear about the Wildrose position on this. We released a statement, of course, on April 17, when we learned about Bill 9. It says as follows. This is the following statement on the Public Sector Pension Plans Amendment Act,

which threatens existing public pension benefits for hard-working Albertans across the province.

As usual, the PC government's standard operating procedure on labour relations issues is that of bullying instead of [conducting] good faith negotiations.

Wildrose has long supported the view that contracts and agreements must be respected. That includes the pension arrangements promised to current public sector workers and pensioners who chose their careers in the public sector based, at least in part, on the promise of the current public pension arrangement.

Although we feel some reforms to the current system may be needed to ensure the long term sustainability of public pensions, we believe that any such changes need to be negotiated openly and respectfully with union leadership, and that any substantial changes should only be applied to workers who have yet to be hired, rather than those already employed or retired.

Wildrose is committed to repealing Bill 9 if elected in 2016, along with Bills 45 and 46 which also unjustly ignore the legal rights of our public-sector employees.

[interjection] I know the Member for Edmonton-Gold Bar is upset about this whole situation, and I know that people in his riding who take their pensions are going to be real happy with his support of this bill. I'm sorry you feel a little bit sore about that. You know, it's sad. It's going to cost you a lot of votes, a lot of support, a lot of embarrassing moments for you for sure, but that's no reason to heckle in this House. You should just sit and listen and learn something.

Now, there are several principles that Wildrose believes in with regard to public pension changes if there are going to be changes. First of all, any changes absolutely must be negotiated in good faith. You cannot poison the well with our public-sector workers by acting like bullies. Bill 45, Bill 46, Bill 9: all these bills have one thing in common. The government couldn't get the job done at the negotiating table. They failed. They failed, failed, failed.

Because they failed, instead of doing what's right and getting back to the negotiating table or going to an arbitrator or a mediator, et cetera, instead of doing that, they said: "No. We're just going to use the hammer that we have as the majority government here. Despite what we said in the election to these public-sector workers and all the promises we made of being reasonable, et cetera, et cetera, et cetera, despite all that, we're just going to bring the hammer, and we're going to get our way no matter what." That's what they said. They said: "We're not going to negotiate. We don't have to negotiate. We're the government. People will vote for us no matter what we do." That's the attitude. So they pass these things, and they bring these things forward without proper consultation, without any proper negotiation with our public-sector unions.

We believe very strongly that any changes to public-sector pensions need to be negotiated in good faith with the people that are affected, and that, of course, means union leadership. I don't care if you're from the left, the right, the middle, up, down. It doesn't matter. That's just integrity. That's just integrity, Mr. Speaker. It's governing with integrity in good faith. You don't have to agree with someone on the ideological spectrum to have a good-faith negotiation with them. You don't. You can have disagreements on things, and you can still sit down as friends at the negotiating table, as fellow Albertans that want to see good public services for the people of Alberta, and hammer out a deal that makes sense for all people involved, all stakeholders involved. This has not been done here.

The second point and the second principle is that any changes to the public pension plan, if they are negotiated, need to be

grandfathered. They need to be grandfathered in and only apply to future hires and not existing hires, and it's very simple, the reason why this should be so. When somebody signs up for a career in social work, nursing, policing, whatever, they do so, and they say: look, I'm going to take a little bit less up front as a public-sector worker than I could make if I went and worked in the oil and gas sector or in business, et cetera, et cetera. They say: I'm going to take a little less up front, and I'm going to do so because (a) I love public service and (b) I'm going to have a nice secure pension at the end. Not a huge pension, not some extravagant thing like we talked about with AHS and so forth, but a pension, something that they can count on for their retirement, and they can budget their investments, they can budget their lives and plan their lives according to that set of circumstances, those expectations.

So for example, you know, a police officer. Highly stressful, stressful job. Social worker. Highly stressful job. They may say: "Okay. I'm going to work real hard for this period of time, and then I'm going to take early retirement, two or three or four years early. I'm going to do that because I'm going to be very stressed out after doing this for 30 years or 35 years or whatever. So I'm going to take early retirement, and that's going to be part of my plan. So I'm going to invest a little bit more up front. I'm going to save my pennies, save my dollars a little bit more up front so that I can take that early retirement and that early pension."

For the government to come along and say, "No. Sorry; I know you've been planning that, but too bad. We're going to pull the rug out from underneath you, and you're just going to have to make do" is not governing with integrity. That is not fair, Mr. Speaker. You can't pull the rug out from not only our existing pensioners but, specifically with this bill, existing workers that are already paying into the plan, and that includes younger workers, ones that have only been on the job five, 10 years. They still made a decision based on, essentially, an employment contract with the government, and that employment contract included the pension arrangement that they have had promised to them. So you don't pull the rug out.

Also, we have to look at some of the examples where grandfathering has worked. In Saskatchewan, for example, we had the NDP government at the time, in 1977, Allan Blakeney's NDP government. They made some pension changes to the public-sector plan. I'm not saying that that's needed here, but in that case they switched from a defined benefit to a defined contribution. That was the switch that was made, but what they did was that they grandfathered it. They said: okay; for everybody who's already paid into the system, they get the defined benefits that they were promised, and we're starting this new system with new hires.

Now, I'm not saying that we need that to make sure we have sustainability in our current pension plan, but the point is, the principle is, that it was grandfathered because the NDP at that time in Saskatchewan respected the rights of the people who had already paid into the plan and respected the decisions that they made with regard to their career, and that is to be respected. You can agree or disagree whether defined benefit, defined contribution, or targeted, pooled pension plans, whatever it is. Any changes made after they're negotiated should only apply to new workers that have not been hired yet.

We also have to make sure that when we're negotiating these new pension plans, if there are negotiations in this regard, we still have them at a point where our pension arrangements will attract new workers. That's important. It is tough to find good workers in Alberta right now because it's so competitive. People are snatching up our university students and all kinds of folks right away into the oil and gas sector, business sector, ag, science sectors, you know,

biotech, and you just go on and on and on, environmental sciences. There are lots of great things going on in this province with regard to our workers. So it's extremely competitive. Have we made sure that this new pension arrangement is going to be able to still attract the people that we want into the public service? I don't know. The Auditor General says that that determination has not been studied. It was in his last recommendations that it be studied. I don't see any proof that it has been studied.

**10:00**

The fourth point is that we need to be very careful – and the Liberal leader noted this – to make sure that we don't try to save a couple of bucks here and then lose 20 bucks over there. When we cut people's pensions and when we cut what their retirement is going to be – you know what? – you don't want to retire people into poverty. You don't want to do that.

Now, I'm not saying that these changes are going to guarantee everyone is going to be retired into poverty. I'm not saying that. But, you know, when you're making \$1,200 a month in your pension or \$2,200 with CPP included, you're walking a fine line. Hopefully, there are other monies that you've saved. Maybe it's \$3,000, whatever, that you're making every month. Inflation is going up, gas bills are going up, electricity bills are going up, rent is going up, the costs for a lot of food are going up, everything is going up, and we shouldn't be looking at decreasing the size of the pensions of our workers, especially the workers we're talking about here, these front-line workers making very modest wages and modest pensions.

We don't want to retire people into poverty. That will have long-term costs – health costs, social costs, other costs – that far outweigh the costs of the money saved by making these changes to the public-sector pension plan.

How much time do I have, Mr. Speaker?

**The Deputy Speaker:** Nine seconds.

**Mr. Anderson:** Nine seconds. Well, I look forward to taking any questions in that regard, but we need to stop Bill 9 in its tracks, Mr. Speaker.

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

Standing Order 29(2)(a) is available. I recognize the Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thanks very much, Mr. Speaker. I'm a little confused and a little bit curious because the hon. Member for Airdrie talked about a process by which existing plan members would be grandfathered, but earlier I heard his leader stand up and say that that proposal had been shot down at a policy meeting of the Wildrose Party. So what is your position?

**Mr. Anderson:** A very good question. Well, what happens in our party is that sometimes members will come forward with propositions, and, you know, they'll make policy presentations at the AGMs that we have. We have a very grassroots process. We have about a thousand members come to these things.

**Some Hon. Members:** How many?

**Mr. Anderson:** Whoa. That woke people up. They're sensitive. They're at 15 per cent in the polls right now. It's tough. They're battling for fourth place. It's a tough competition, so they're a little sensitive on that stuff.

Anyway, what happened is that somebody brought up a proposal at the last AGM and said: "You know what? I think we should do what Saskatchewan did. I think we should move from a

defined benefit contribution plan in the public service to a defined contribution public plan." They gave their reasons for doing so. Well, they have that right. Everyone has that right.

What was the vote against that? The vote was about – I don't know – 80-20 against. It was overwhelmingly defeated. And guess what? It was defeated for the reasons I'm stating here. The fact of the matter is that, you know, we can be all ideological about what works, but one thing you learn in this job is that ideology is not all that it's cracked up to be. You have to do what makes sense, Mr. Speaker. You have to put ideology back there and just make decisions that are right for Albertans. I know the PCs don't understand that. For some reason they're so ideological: no matter what, they just hate unions. If you belong to a union, they won't listen to them. They say: "You belong to a union? You're a left-wing crazy." That's what they say, and they just won't listen.

Here in the Wildrose we have a much more moderate approach. We believe in listening to the cases of our union members and our front-line workers, taking their suggestions, and listening to them. Listening to them: that's the key. That's why we're not introducing Bill 45, Bill 46, and Bill 9. That's why we're not doing that. Instead of having an ideological solution to everything like our PC friends, we believe in common-sense solutions that actually serve the people of Alberta.

I know that the PC tactic and, to a lesser extent, the tactic of the NDP as well as the Libs is to try to paint other parties as extreme. They try to say: "Okay. You've got to put the Wildrose in this little box, the Liberals and the NDP, the socialists, over here, and we're the moderates." That's what the PC strategy has been for the last several years. But that's not how Albertans think, certainly not anymore. They want common-sense solutions. They want respect. They just want solutions to come forward that work for Albertans. An ideological hammer like Bill 9 is an ideological solution to a complex problem that is not going to help regular Albertans.

The Wildrose is not interested in that. I'm not interested in that. I'm interested in making good-faith negotiations with our public-sector workers and passing amendments and agreeing to contracts that are fair for our front-line workers and also, of course, fair for taxpayers. But that should be done in good faith at the negotiating table, not using some kind of bully pulpit to pass a piece of junk like Bill 9. That's what it is. [interjections] I know. Those are harsh words. Those are harsh words: piece of junk.

**An Hon. Member:** A piece of gum?

**Mr. Anderson:** A piece of gum. A piece of gum.

You know what? I have more to say about your question, hon. member. I think this member should be happy.

**Mr. Mason:** I'm ecstatic.

**Mr. Anderson:** When we first formed the Wildrose Party over here, this hon. member – he's been kind of like a sensei to me. He has been a sensei to me. He has taught me so much not only about House procedure but also about the struggle of every day, and I appreciate that very much, Mr. Speaker.

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

Hon. members, I don't manage to hear every word that's said, but might I remind us all that we have some parliamentary traditions that we try to avoid certain words. I'll leave it at that.

I'll recognize the Member for Edmonton-Calder.

**Mr. Eggen:** Well, thank you, Mr. Speaker. I'm not sure exactly how to move past that. I know that we hit a certain distillation

point of ideas and of rhetoric, and when I heard the hon. Member for Airdrie say that ideology is not all that it's cracked up to be, I think maybe we hit a high point for the evening.

I hate to move on after that, but certainly it's important for us to speak, I think, succinctly and critically on the motion to refer this particular bill. I think it's a great opportunity. We've heard so much already to the negative side of this pension issue that it's probably the most sensible thing to do. We've had independent members speaking out in favour of this amendment to refer. Opposition parties are united on that, too. So perhaps as a way by which we can defuse the tension that this pension is creating and will continue to create, all members should in fact support the hon. Member for Edmonton-Strathcona's motion to refer this particular bill at this time.

It took me a while to absorb the totality of what's happening with both Bill 9 and Bill 10, but I'm starting to get a sense of it. You know, initially I was confused because I do have a personal respect for the Finance minister, and he was so emphatically saying: "No, no, no. None of these things are true. It's just not happening that way." Then I started to realize that it's the process that they are changing here, and it's the process by which further change can happen in the future. While the Finance minister might be a person of honour and respect and has the best of intentions – right? – if he's creating this bill by which all the decision-making capacity moves to Executive Council and to the ministry on the pensions of hundreds of thousands of public service workers here in the province of Alberta, well, you know, that's just not good politics, nor is it a practical solution moving forward because, of course, everybody changes. You come and you go in these positions.

**10:10**

While the Finance minister is making these promises that everything will be fine, well, you know, we don't know who might be in the position a few months from now, a few weeks from now. You just simply can't in good faith move past that idea that: oh, well, we promised in Executive Council, behind closed doors, by ministerial authority that we will maintain the integrity of these pensions for now and for the future.

Plus, you know, this is essentially a labour bill. It comes along in a stream of labour legislation and proposed legislation that we've seen over these last few months. Do you know what? I think that regular working people, not just public-sector workers but regular working people in general, have had enough of being kicked around by this government, and this just looks like another good, fat kick by the PC government to the pants of regular working people. It's not just in regard to wages, it's not just in regard to working conditions, but now this is the retirement security, the security for the future, that everybody works for in some modest way, not just to have that money there to live a life of luxury but to live modestly and to live in dignity in retirement.

Mr. Speaker, it's the process that's changing here. It's the process that I'm most concerned about, this idea that we're shifting almost all risk and liability in this plan to the workers while shifting most of the decision-making powers to the minister or to the Lieutenant Governor in Council. I mean, how can you in good faith make that choice, the idea that you lose, that you absolve the risk and that the risk goes to the workers and that all of the decision-making process goes to the government? I mean, that in itself is an imbalance that would suggest that it's only reasonable that we take this reference to just take two steps back on this legislation here at this time.

If this bill passes, the minister could unilaterally set maximum contribution rates and the ratio to be paid by employers and

employees through the plan and benefit reductions, including benefits accrued prior to January 1, 2016. All terms transitioning the plan from one plan to the other here are not in the best interests of the workers.

Also, this plan allows regulations to differentiate by employee class, thus opening the door to changing the 85 factor to a 90 factor or a 95 factor or whatever is decided by Executive Council or by the minister.

This bill reduces the liability

to the Crown, the Minister, an employer or any member of a Board . . . and no action or proceeding may be brought against such a person or entity, for any losses, costs or damages arising directly or indirectly in respect of that reduction of benefit or increase in contributions.

So the absolution of risk by the Crown, the increase in responsibility onto the working contributors, and this very sort of fracturing of the very tenuous nature of what it means to have a pension in the first place.

Mr. Speaker, a pension is meant to be a long game. It's supposed to take place over a period of 30 or 40 or 50 years. When you start to change the rules by which that very long game is played, then it not only jeopardizes the pensions and the capacity to pay the pensions to people that have already retired, but it reduces the likelihood that the people who are paying into the pensions, so the younger workers, are going to get a reasonable benefit from their contributions when it's their turn to take that retirement package. It's a contract. It's a binding contract between generations, and it's not something that you can make decisions about based on things that are happening in a one- or two- or three-year period.

We've heard references about other places where pensions have collapsed. It's mostly because they've taken that trust from the other end, from the young end of the population that's entering into the pension, and made it not worth their while to make those contributions or to maybe move somewhere else with their pension contributions or maybe laid those people off so that they don't even have jobs while at the other end the people who are actually receiving those pensions then are exposed to a very rapidly depleting pool of resources that actually can pay out those pensions.

You know, while I see that the government has really stretched themselves on this – I think they've stretched their credibility on it – I think as well that it's important to call the duplicity of this bill, Bill 9, and Bill 10, too, and call it what it is. It's not just a change to pensions that makes it more difficult, makes it so that an employee has to work longer and pay more contributions and gets less of a result out of it as well, but it's an attack on the very sustainability of these pensions. Period.

I really think that my colleague's amendment is a reasonable one, and I think it's a great chance for us to take two steps back and perhaps clear the waters a little bit and make that consultation process real and substantial.

I mean, that's another part of this whole thing, too. By moving virtually all control of decision-making from the pension boards and from the workers themselves and from the unions that represent them to the ministry, this whole idea of consultation becomes a joke. If you're only consulting and then you bring the hammer down in a very short time period after, then that consultation is nothing but adding insult to injury from the process that's been changed so radically in the first place.

Mr. Speaker, certainly, I'm speaking emphatically in favour of this amendment. I thought I'd try something a little bit different here because, you know, here we are speaking on and on through the night. So I thought I'd give my version of the David Letterman

top 10 reasons why we should not in fact be supporting Bill 9 and we should support this amendment to refer this bill in the first place. I confess, because this is a very sober and not particularly happy topic, that my top 10 list of reasons to not support this bill from Edmonton-Calder, not from David Letterman – I'm not going to use my own name; you have to follow the rules of the House – is a bit of a sober list, but I think it's instructive as well. Sometimes if you try to use a bit of a gimmick, then people are more likely to remember. I'm still a teacher at heart, so I want to put this not just into people's minds but into their hearts as well.

Here we go. In no particular order is my top 10 list of why we shouldn't be supporting Bill 9 and we should refer it, with my apologies to David Letterman. Remember that this isn't funny, okay?

Number 1. If a pension plan looks unstable or unlikely to pay a reasonable return, younger workers will be less likely to contribute and more likely to opt out or to cash out, so don't do that.

Number 2. You work hard, you pay into a pension, and someone tries to change the rules halfway through. What possible positive outcome could come of that?

**Ms Blakeman:** That's definitely not funny.

**Mr. Eggen:** Yeah. It's not funny at all.

Number 3. Bill 45 and Bill 46, the legislative hammer full down on public and private pensions. What's a regular worker to think?

Number 4. Bill 45 and Bill 46, a legislative hammer on the pensions. How is a regular worker supposed to vote?

Number 5. With absolute power to change pension laws, consultation is just having your arm twisted behind your back before they tell you what to do.

Number 6. The government divests itself from pension risk then tries to dictate the terms of your pension. If this was a marriage, a divorce couldn't be far away. That's kind of funny.

Number 7. This one is kind of good. I like this one. The myth about the aging population overwhelming our pensions is absolute nonsense. This PC government makes the baby boom out like it's a big surprise in 2014. Everyone else knew that it was coming nine months after the end of World War II.

**10:20**

Okay. Here's a lesson for you. Number 8. Pension 101: if you lay off or reduce your public service employees to part-time, the pension will dissolve like sugar in the pouring rain.

Number 9. Seventy per cent of LAPP and PSPP contributing members are women. The Canadian Centre for Policy Alternatives just today has determined that Calgary and Edmonton are the two most difficult cities for women in Canada. This pension attack will solidify our position – it's not a happy thing at all – for a long time to come.

Number 10. The real pension crisis in the province of Alberta is that the majority of Albertans do not have a plan for retirement at all. This minister should go back to the drawing board, go back to Ottawa, where he had a chance to do it in the first place, increase CPP, and build something that we all might be proud of so that we can have a pension for everybody in the future.

Thank you very much.

**The Deputy Speaker:** Standing Order 29(2)(a) is available. The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Did we get through all 10 of David's top 10?

**Mr. Eggen:** Yeah.

**Ms Blakeman:** Oh. Okay. I'm sorry, Mr. Speaker.

**The Deputy Speaker:** Thank you.

I'll recognize the Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Thank you, Mr. Speaker. I rise in support of this going to our committee for the very reasons that the interim Minister of Municipal Affairs gave earlier. There's a lot of discussion going on in the debate on what is accurate, what's not accurate. If you believe that, then it only makes sense that we go to committee with this and iron out a lot of the detail and get down to the facts and negotiate in many ways what is actually happening here. What I'm hearing from the other side is that they don't want to do this.

The arguments I'm hearing from the government are that we should clarify all the comments that are being made and sort of sift through that which is not true and then get right down to the bare bones of what the true facts are and then deal with that issue. That's what the whole committee process is about.

I want to share a little story because there's been a lot of banter going back and forth. The leader of the Liberal opposition made some comments about the coming election. I had the opportunity today to attend the funeral of a very good friend, Mary Troitsky. She was 91 years old. She lived a long and good life, and right up to the very end she was quite clear in her thinking. Actually, I got lucky. I wish I had visited her more, but I visited her just a few days ago, just barely a week ago, and I sat down and had a chat with her. She was in a lot of pain, and she was refusing to take her drugs because she wanted to stay alert to talk to me. She wanted me to stay longer. It was a great conversation because Mary was very sharp when it comes to politics. She wanted to know what we were discussing up here at the Legislature because, as you can imagine – I think it happens in a lot of seniors' lodges – people watch us during question period. So Mary wanted to know about these different bills coming forward.

I talked to her briefly and mentioned all the things that were happening and the positions that I was planning on taking, the positions my caucus was taking, and some of the arguments that were being brought forward by the government members. Mary said a couple of things that caught my attention. She said that she didn't think dying would be so painful, but she said: "Joe, I will be watching you in the Legislature. I don't know if I'm going to be up there or down there, but I will be watching you." I said, "Mary, don't go down there because that's where the PCs are going after they pass this bill." Clearly, she understood. She chuckled. I know that might be insulting to some of the members across the way, but give me a little bit of latitude in the fact that it made this lady's day, one of her very last days.

What she understood was how unjust this bill is. When you look at some of the arguments being made that these unfunded liabilities can be dealt with in no other way, that is not a substantive argument in any way, shape, or form. There are lots of possible solutions that are being brought forward on how to deal with the unfunded liabilities. Where we have some real contradiction is when independent economists look at this and they differ on how this unfunded liability can be taken. There are some contradictions.

One of the ministers over there I think just brought it up. They were talking about the aging population. Now, they were talking about the aging population and its growth, but that contradicts the former Minister of Municipal Affairs dealing with the actuarial curves when we deal with seniors' housing. They don't match. Clearly, there's a contradiction there because if you look at Alberta housing authorities, dealing with seniors' housing, they

show that curve tapering off in relation to our overall population. There are going to be more workers versus retirees, certainly, for our seniors' housing. Those are the contradictions we should be clearing up. We should actually be trying to figure out how best to deal with that and get some answers to the questions so we can bring the proper people forward.

Now, the other thing is this anti-union kind of attitude that has been pervasive. It's striking that we as the Wildrose Party are in agreement in principle, maybe not in the exact context but in principle, with the NDP. So you have the left wing and the right wing on the same side dealing with an issue. I will tell you that it takes progressive out of the whole concept on the other side and makes it regressive. It is out of touch, and it is symptomatic of a party that is not listening. When you hear what the unions have to say and what the people who are actual stakeholders in this have to say, it's that the employers and the employees were not consulted. What you're hearing is that the pension boards themselves are not in agreement with what this government is doing. Yet this government is going to railroad this bill forward anyway.

Now, I told you what Mary Troitsky said, but I will not tell you what her son said because that is not good for this House. The fact is that these people are not wealthy people by any stretch of the imagination. They're hard-working people, and they're symbolic of all the hard-working people that are the stakeholders in this process, and they have no ability to be part of this process. What's happening here is that we're not negotiating. That's what should have happened.

Now, the Wildrose position, as the members have heard – one of the things that is, I think, paramount about our position is that we think you can achieve reform of our pension system if you just sit down and negotiate in good faith. It's foreign to them. I understand that, having passed bills 45 and 46. But the fact is that negotiations have worked quite a long time, long before their 40-year reign on that side.

I don't discount what's happening over there because people do ask me: "Why are they doing this? Why is this government bringing this bill forward now in the framework that they're bringing it forward in?" We have some reports coming out very soon that could give us some valid information on what is actually happening here, but we're intending to pass this bill first, before those boards publish their information so that we can get a look at this. That doesn't make sense. That doesn't make sense. What is the rush? What is the rush?

Clearly, there are a lot of those answers that we just don't have a clear understanding of. When you look at the track record, when you look at what this government has done consistently, it has consistently passed laws where it does not consult. It has consistently passed laws in such a rapid way, shape, and form that we end up coming back to it in very short order to make amendments because we get things wrong. That's not logical, that's not prudent, and that's not practical, but it is the practice that this government has adopted and continues to adopt in addressing most every issue that now comes before it.

We just saw it with the homeowners' warranty act. I mean, we passed it not too long ago. Bang. We've got an amending act coming right away. Here we're coming up with something that is questionable, which will probably be tested in court like bills 45 and 46 were, and we'll be interested to see whether or not it survives. Clearly, that type of legal battle could be avoided if this government would only act in good faith and sit down and negotiate.

**10:30**

The mockery of acting in good faith I don't understand. I just don't understand it from that side. In principle what works in our

system of governance is negotiation. We're going to pass another bill that gives ultimate authority to cabinet to make decisions arbitrarily. We've seen that with landowner rights. We're now going to see that with pensions. We saw that with union negotiations, or union non-negotiations. None of that makes sense. I don't understand how this government thinks that it can continue this behaviour and there won't be consequences.

I would disagree with the hon. Liberal leader. I don't think you should put this off and make it an election issue. I think you should railroad it through, and we'll make it an election issue, and we're going to. This isn't going to survive, I do not think, in the next election.

The fear factor . . .

**An Hon. Member:** Heard that before.

**Mr. Anglin:** You've heard it. That's right. You heard it before, and you survived.

But the fear factor that you created by fantasy has nothing to do with the reality of what you pass. That will come back eventually. It'll probably be interesting to see how the potential leadership candidates are going to deal with this issue, as they vie to buy votes. In the end, regardless of what leader is chosen, what new Premier is elected by the governing party, it will now be an election issue. Clearly, it will not go away.

People who have pensions or those people who have started to work and have agreed to work for this retirement package, which is the incentive, will have to make a decision, whether they have been reneged on or not. It's not really up to that side or this side to decide whether they've been reneged on. They will make that decision themselves, but it's a decision that I'm confident that, when people go to vote with their wallets, they will understand.

Now, the idea of the fearmongering, that it's going to break the system or it's going to saddle taxpayers, is an interesting argument based on one thing, that the returns are not going to be there, that the contributions are not going to be there. But when someone studies the history of how these programs work, there are cycles, and there have always been cycles. If the projections are true, depending on whose projections you take, there may still continue to be cycles. The government themselves have admitted that without doing anything, the time frame for dealing with this unfunded liability in a positive way – the only thing we're debating is in how many years it will be rectified, depending on whose argument you believe. With that in mind, it's hard to imagine that we cannot set the agenda for some sort of reconciliation of that liability if we sit down at the table and negotiate in good faith.

We don't need the bills. What we need is a government that acts in good faith and negotiates these pension and comes up with a solution that both parties can agree to as a positive step forward to bring reform forward. With the pensions boards themselves being opposed to what this government is doing, we're going to legislate instead of even having the pension boards onside. That is a clear indication that the government is acting too fast. It's a clear indication that the government is not acting in good faith, in my view.

They need to do better, and they can do better if they will only listen, but they don't listen. That's the problem with what's going on with negotiations. What they do is just dictate what they plan on doing regardless of whatever input is given. So if they hear contradictory input, they discount it. If they hear something they like, that's what they're going to go with. That doesn't make sense. That's not a good way to manage your government. That's not a good way to manage your finances. We're seeing it in the



budget. I will tell you, Mr. Speaker, that right from the Speaker's chair itself on a point of order the other day the Speaker ruled and said: people have a different definition of what debt is and what debt is not. It's quite interesting because we're actually having that argument about the budget.

But we get into the same situation here, where people have a different definition of what is an unfunded liability and what is not and how it should be dealt with. I don't think we're in disagreement that we need to deal with the unfunded liability, and we need to deal with it in a constructive manner so that we fund that liability and not to the detriment of the taxpayers. To claim that we can't do that: I won't buy into that argument.

There are a lot of different ways we can handle that situation. When you look at some of the independent studies, the one in particular that the union has brought forward, one of the government's arguments is that the return that that study had projected was far too great. Well, it's interesting because when you listen to this government project some of the returns for their own funding as far as for growth and everything else, I'm not so sure we're too far off or who's exaggerating what. But we know that economists take their best shot at things, and they try to do what they can. The reality is that if that unfunded liability is now dropping . . .

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

Standing Order 29(2)(a) is available. The Member for Strathmore-Brooks.

**Mr. Hale:** Yes, Mr. Speaker. The member was talking about the unfunded liability, and I'd just like to hear a few more of his comments on that.

**The Deputy Speaker:** The hon. Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Thank you, Mr. Speaker. It's a good question because that's really what this whole argument is about. As I understand it, why the government is bringing the bill forward is to deal with this one particular issue. I see the minister shaking his head no. It seems to have dominated the debate. But if the real reason the minister was bringing this forward is so the minister or the cabinet can have more power over this, that I would actually disagree with. I don't think they need more power over this.

Certainly, setting something like unilaterally being able to set the contribution rates is something that I think is actually quite dangerous. Contribution rates go up, and they go down, and rightfully so. It all depends on the state of the economy. It all depends on a number of factors dealing with the employment and how many workers versus how many retirees. It isn't something that you want government to do. It is really the flexibility of allowing the boards to do this.

Now, where I think we're disagreeing is that some of the information we're getting is that some of those liabilities are actually dropping. They're regressing now or digressing, depending on which argument and the side of the floor you're on. The government's argument that they're on a trajectory just to stay right out of control is not supported by every argument given, not just in the political debate but in the independent analyses that have been provided by different agencies that have looked at this.

Again, that's why this amendment is actually quite good. If we bring it to committee, we get now to bring the people in front of that committee who can actually provide more than a political input and provide that actuarial input that gives us hard numbers to work on so that we can get down to how best to approach this.

The other thing is that it's also a great way to actually negotiate with the stakeholders that are directly affected, those employers that are dealing with this and the employees. That is critical, and we're not doing that. Now, again, we get into this argument where the government may say: yes, we are. But we're hearing from the union, we're hearing from the stakeholders that, no, they're not. I submit to you, Mr. Speaker, that when one side on the negotiating table or the consultation table is saying, "You haven't consulted with me," I think that's a valid point. I think that's a valid point.

Even if you can't come to an agreement, you should be able to come to an agreement that you're being consulted, and we're not there yet. Maybe that should be the litmus test for this government, that maybe they'll never see eye to eye with the labour force, but they should at least have an agreement that they feel like they've been consulted. They don't have that feeling. They're not making that claim; they're making just the opposite one.

**10:40**

The whole issue of dealing with every stakeholder, every level of this argument of what should be done for pension reform, how it should be done, and how it should be implemented is something that should be taking place at the negotiating table, and it's not. So the best place, then, to bring this bill is to committee, as this amendment has proposed, and let's start the process and get these stakeholders there so that we can actually look at the particular issues that this government has and maybe some other possible solutions on how to deal with it.

I saw the minister shaking his head, but I will tell you that I've heard an awful lot lately about the unfunded liability and the way forward on how we're going to deal with retirement and deal with it in a very pragmatic and practical way so that people can have some sort of retirement that government itself, when it hires employees, has as an incentive. You know as well as most people here that there's a lot of misinformation out there about how well government employees get paid. Well, actually, it's not exactly true, particularly in Alberta. There's a lot of money to be made in the oil patch. But there is stability in government work, and there are some good benefits, and that's why people have chosen to go that route versus the private sector. They provide a good service for this government, doing what needs to be done in the governance of this province. There's all that balancing of having these benefits, and the retirement is part of that benefit. To change the rules midstream for some people is not in good faith.

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

I'll recognize the Member for Calgary-Mountain View.

**Dr. Swann:** I think Calgary-Buffalo was next if I'm not mistaken, Mr. Speaker.

**The Deputy Speaker:** Okay. I had you on the list, but if you want to cede to Calgary-Buffalo, I'll recognize the Member for Calgary-Buffalo.

**Mr. Hehr:** Well, thank you very much, Mr. Speaker. It's a privilege to speak to the amendment forwarded by the hon. Member for Edmonton-Strathcona, that essentially wishes to send this bill to a standing committee to discuss it further, where we can assess the facts, where we can clear through all the rhetoric and ascertain what the government is or is not trying to do to this bill and call in some people who would have relevant information to present to the members on that committee, to really evaluate what is happening.

In my view what we have seen here in this bill is a continuation of this Progressive Conservative government's unprecedented

attack on the working people of Alberta. We have seen that that has been their go-to plan since the election in 2012. We've seen them in the last session, in bills 45 and 46, and now in this session, in bills 9 and 10, essentially going after the working people of Alberta who work in our hospitals, who work in our schools, who work in this building, who are our civil servants, who assist the government in doing their jobs, a variety of people throughout this province, from social workers, from individuals who help us through our daily lives, that this government has chosen to go to war with, essentially.

[Mr. Casey in the chair]

It's something they did not signal that was coming in the last election. If we look, what the government really presented to the people of Alberta in the last election was that they were actually going to be progressive rather than conservative. What they were going to do was to value the workers of Alberta, value public-sector workers, and see predictable, sustainable funding go to these institutions that make our society run, like public education and health care and police and fire and EMS and our long-term care centres and the like. That's what we were led to believe the government was running on in the last election. That's why we're here at this stage and almost dumbfounded at what has transpired over the course of the last couple of years. No one saw this coming. I'm certain you didn't. You read your election platform. You didn't see anything in there about, you know, Bill 45, Bill 46, or bills 9 and 10. I know I didn't, and I know that you didn't or else you might have considered possibly not running. If you would have known this was in the cards, it would have contradicted exactly what you were bringing to your voters. That's why we're surprised that we're here today.

If we look at this bill, we have to remember that when pension plans exist, they are negotiated contracts between the employee and the employer, okay? They get together at the bargaining table, they establish what their wage is going to be, and they establish then how much they're going to contribute to their pensions plans. It's part of their compensation package that has been mutually agreed on. This is how it is.

What has been explained is that many people go into the public service for that benefit, the benefit that I'm going to trade off some earnings today for protection in the future. That's how it has been. That's how you are going about it with a defined benefit package, which has been what these workers were going to receive up until this time, until the introduction of this bill.

What we see will happen with this bill is that – and let's be clear. The reason the government seems to be going after these pension plans is because they're in a revenue problem. They have a revenue problem that is of their own making. Instead of reasonably going after progressive taxation or looking at corporate taxation or the like, we choose then to squeeze hard-working Albertans instead of asking millionaires and billionaires to pay a reasonable rate of tax. Let's be clear. This is all that is happening here. The government had a choice.

Let's remember that if the flat tax was such a brilliant idea, which allows these millionaires and billionaires to get off the hook from paying a reasonable rate, why hasn't any other province done it? Really, if it was such a boon to governments and the like, you'd think someone might have followed along. Nevertheless, instead of common sense, they are going to war with our public-sector unions, the people who provide the day-to-day services.

Like I said, you know, how pensions work is that when people retire, they can expect a reasonable, predictable amount of money that comes every month. That's what a defined benefit plan is. It

allows people to live with a reasonable sense of dignity. What the government's changes are doing is moving it from a defined benefit plan into, essentially, a targeted benefit plan. And here's how the government is doing this. It is making a hard cap on contributions, so that means that employee contributions to the pension plans are capped as well as employer contributions are capped.

[The Deputy Speaker in the chair]

What happens as a result of this? Inevitably what happens is that something like the 2008 market crash will happen. Like it did in 2008, it wiped out the stock market. Pension plans primarily have investments in stock markets and other financial instruments that provide a financial return that you can then pay out in benefits to the people who are retired. That's how they work, okay? Most people should know that the market is not perfect. Inevitably the market breaks down like it did in 2008. You have downturns and dramatic downturns that can last for years. You know, I think the stock market came out of the '08 crash about three years later, but we've had crashes that have lasted for decades.

10:50

When you limit the hard cap on contributions that employees and employers can make, what the minister and the government are essentially doing is destining these plans to eventually be unworkable in some form and fashion at some time in their future. Because of this clause, the hard cap on contributions, these plans are destined to fail. That's why, in my view, it is unwise. The minister's great claim as to why he believes this needs to happen is that he needs to save the pensions for the future. That is what he has proclaimed to be doing this for. In his heart of hearts he doesn't want to do this. That's what he says. He says: I have to do it to save these pension plans.

Now, I take that message with a little bit of a grain of salt and look at it in the cold light of day. I look at their budgets and the other things, and I recognize it more as a talking point rather than actual reality. But if we look at what that will do, what they do when you make these hard caps to the contributions, when inevitably the financial instruments that pay pensions break down, the pension plan has no ability to raise revenue to pay benefits. They can't get more money from the people who are working. They can't get more money from the employer. And some of the people who are retired – guess what? – are 90 and 95 years old. They can't work, okay? They've been retired. So where do they get the money? They don't.

Say if this happens like in the 1929 market crash, which could happen again, guys, you know, where do they go to get this revenue when you put a hard cap on contributions? The argument is, well, we're just going to let the plans fail because the markets are – the government essentially, by putting this in, is saying that the market is always right. Yes, a lot of right wingers tend to believe that. But when we actually look at the brass tacks on how pension plans work, this is just lunacy. So we can see how this clause effectively destines the pension plan to be destroyed, in my view, at some point in time in the future. So you're not saving it. You're destining it to failure on some level or another. In that respect I don't think you can take the minister's words at face value, that he's doing this to save the pensions for the future, because in my view it essentially assures that they will be destroyed.

What happens then? You know, there was much conversation. I believe the hon. Member for Lethbridge-West made this point. Well, where do the liabilities go, you know, liabilities on all taxpayers and the like for these pension losses? Well, if we just

sort of play this around a bit, what happens here? What I believe will essentially happen sometime in – I can't give a time. Let's say market breakdowns happen once every 25 years. The fundamental nature has a habit of wreaking havoc on pension plans and benefits. So what happens then?

Well, what happens then? My hope is that the government of the day, whoever that may be, will not turn its back on these people who were receiving pension benefits. When they find there are no pension benefits to be paid because there's no way to raise revenue from the workers or anything, my hope is that the government of the day will not turn their back on them. So those liabilities, essentially taking the care and the concern of seniors and people who live in this province who worked in our public services, who worked in our hospitals, who worked in our schools, who worked as social workers, who helped people get through the day in our society: the government of the day wouldn't turn their back on them. That's my hope. I don't think that the hon. Member for Lethbridge-West would want that to happen either.

The liabilities automatically flow back to the government in any event, okay? We saw that. There's a case in point where that exactly played out this summer in the flood. You'll remember that even though we didn't make the changes from the Groeneveld report, we saw the carnage that happened. The government really could have essentially said: "You know, we're not going to help those people who got flooded out. We're going to leave it to the market to figure it out. Really, we're Conservatives, so we believe in everyone pulling themselves up by their own bootstraps." They could have taken that principle. Instead, they recognized that, no, when we have 50,000 of our citizens whose lives have been dramatically upturned, we're going to go and step in and help out. Okay. That's a real-life example of what's going to happen.

If we look at how these pension plans work, what is essentially happening here is that they are fundamentally wrecking them going forward. In my view, it will not lead to a healthy public service. It will not lead to a reasonable retirement and the like. But if we look into more detail, just to sort of segue off that point into some of the other large global factors that I see happening out there in the world, I believe this government should be concerned about – in fact, all members of this Legislature should be concerned about this – our aging population and the fact that many people, more people than we've seen in the last 60 or 70 years, are going to reach retirement with very little ability to pay for their retirement essentially, to live or to . . .

**The Deputy Speaker:** Hon. members, Standing Order 29(2)(a) is available. The hon. Member for Edmonton-Centre.

**Ms Blakeman:** I just wonder if the member would be willing to complete that thought, to finish the section he was talking about.

**The Deputy Speaker:** The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Thank you very much, hon. Member for Edmonton-Centre, for allowing me to finish. That's very kind.

We're seeing seniors reaching their retirement years with virtually very little savings or ability to finance a 20-, 30-year retirement. Inevitably that is going to come back onto the government's shoulders. You know, we can say that we're as conservative as we want: no, they didn't save for their future; let them eat cake. But we're not going to do that. Do you know why, Mr. Speaker? Seniors vote, okay? Guess what? Hopefully, we have some dignity and we understand that life is hard and that we should understand that we have a duty to assist people. We're going to have government housing. We're going to have a seniors'

benefit. Hopefully, the governing party will get onboard with having some actual CPP reform, that actually reflects the true cost of retirement.

The simple fact of the matter is that there's good reason why people are not retiring with as much income or don't have the ability to retire in the same fashion that people have for the last 60 or 70 years. Simply put, there's much research that exists out there – from Harvard, from Yale, and from other places – that the hard costs on the middle class since 1971 have dramatically increased. Simply put, day-to-day living – having kids, cars, going to jobs, and providing for your families – is more expensive than it was pre-1971. I know that seems counterintuitive. We think people are frivolously spending their money on restaurants, vacations, and the like, but there's some hard research that indicates the hard costs on the middle class, that it's more difficult today than it was 40 years ago. This is fact.

Accordingly, governments are going to have to get their heads around this and look at how they're going to provide seniors with a reasonable semblance of living, not only because it's the right thing to do but that – remember – seniors vote, right? Exactly. All parties are going to do this regardless of our ideology and the like, so we need to get a hold on that.

**11:00**

Another thing that bothers me about this is that here we are where many people who are working in our public sector happen to be women. Seventy per cent of the workers in our public services and the ones we're attacking are women. Women are more likely to retire into poverty than men, okay? This is fact. Given that women often enter the work world later because primarily they're doing the good work of bringing up the next generation for many years and doing other things to help our society, they don't have the ability to save as much money. Here are the people we're attacking: women who are working in our public service who are hopefully trying to have a decent retirement.

In any event, all this being said, the government is going to pay one way or another, and we should, but we should try to recognize that what we're doing to this pension plan, for all intents and purposes, is destroying it. In my view, it doesn't hold water that we're trying to save it. In my view, it eventually is going to come apart at the seams at some point in time due to some financial meltdown one way or another.

Those are my submissions, Mr. Speaker. I believe that's why we should take it to an all-party committee, so that we can ferret out what is real and what is not real and get to the true essence of why we're doing this at this time here in Alberta.

Thank you very much, Mr. Speaker.

**The Deputy Speaker:** Thank you.

Are there others? The hon. Minister of Finance and President of the Treasury Board.

**Mr. Horner:** Thank you, Mr. Speaker. I'm rising to speak on the amendment to refer this to the Standing Committee on Alberta's Economic Future. There's been a lot of discussion about: why are we doing this? Is there a hidden agenda for the government? There's no hidden agenda here.

I've had a lot of time to talk to the boards. I've had a lot of time to talk to pensions outside of our province. Frankly, there are very few pensions outside or even inside the province that are built or structured the way that these pensions are structured. They were structured and built in the '60s for a different type of employee and employment. They were structured when, you know, the

mortality rates were different, when there was an ability to continue to keep new contributors coming into the plans even though you had people that were going into the retirement side and becoming noncontributors, if you will.

There's been lots of discussion about, you know, that there's been an independent actuarial report that claims that there's no reason to do anything. I said last night in this House that, frankly, leadership is not about doing nothing. Leadership is about making sure that you are keeping a plan that's sustainable for future employees. It's about ensuring that there is something there for the employees that are going to come behind the ones that are there today. It's also about ensuring that the plan that is there, the pension promise – and I'll say it again, Mr. Speaker. The pension promise isn't cost-of-living adjustments. The pension promise is not early retirement subsidy. The pension promise is the fact that regardless of what you've put into the plan, you will be getting a guaranteed amount for the rest of your life based on years of service and your last highest five years of pensionable earnings. That's the pension promise that 85 per cent of Albertans don't have.

I actually agree with the hon. members opposite that we do need to look at retirement planning for all Albertans. I note with interest that the federal government today is talking about introducing targeted pension plans for some of the private-sector corporations that they have. That's because there is a realization, Mr. Speaker, that we do need to help Canadians and Albertans plan for the future.

The hon. members across the way – and this is a bit of a sidebar, and I'll watch where my time is because I do have some other things I wanted to say. The hon. members opposite talked about that Alberta didn't want to do something with CPP last December. That's just simply not true, Mr. Speaker. In fact, all provinces – all provinces – agreed that we wanted to continue to talk about issues around CPP and that perhaps we could have some add-ons to CPP, that perhaps we could look at changes to CPP to make it more attractive because in Alberta we do view it as a way to attract. That's why we introduced pooled registered pension plans in this House. That's why we're going to proceed with that, because we actually do believe that there is an issue there for that other 85 per cent of the population.

I will also say, and I've said it in the House before, that when we started this process two years ago – and we did start it two years ago, in July 2012, with the plans – I remember very distinctly going into a meeting, a room with all of the pension boards, the four boards of which, as the Minister of Finance, I have the honour of being the trustee and the fiduciary duty, Mr. Speaker, to ensure their sustainability. I walked into the room thinking: "Boy, we've got this unfunded liability. It's growing. I think I agree with the Wildrose. It should be defined contribution, we should cut off new entrants, and all new entrants should come in through a different plan." That was what I thought.

After the last two years, Mr. Speaker, I've actually become a defined benefit plan proponent. I actually believe that there is a way to make defined benefit plans sustainable for our employees and, in fact, sustainable in other sections of our economy. But they have to be designed right. They have to be designed in such a way that the levers, all three levers, can be utilized by the plan sponsors. It shouldn't be the Minister of Finance that's the sponsor; it should be the people that are paying. I agree with that, too.

It also shouldn't be that it's just the contributions that are the only levers that the plan board has to manage that account because

that's not fair to the workers. Every time that contribution rate goes up, it's money off their cheque. In the last 20 years they have had the ability to use other levers besides that, but they've never used any other levers. Only contribution rates have gone up. Today, as the Auditor General noted very clearly, we have some of the highest contribution rates in the country.

When we say a contribution cap, we are not going to unilaterally impose it on them. In fact, I met with all of the unions not too long ago. I know there are representatives in the gallery. We are going to have a consultation and a discussion paper on contribution rates. The paper is going to be out late tomorrow or early Friday this week. We're going to start that discussion as soon as we can get everybody together, and I am actually quite open to having a discussion about what that might be. Maybe it's a range like New Brunswick has. I found out that they went to a range. I'm perfectly open to having that conversation.

But the plans have to be able to have the ability to manage themselves using all the levers. One of the levers that the Teachers' Pension Plan in Ontario, one of the gold standards of defined benefit plans in the country . . .

**An Hon. Member:** Gold standard.

**Mr. Horner:** Yeah, gold standard. Go figure.

One of the things they've done is they've said to their plan members: if you want to maintain the pension promise that we have in the plan, we have got to make COLA conditional because if we can't afford to pay it, we can't dip into the plan's funds; we can't raise rates just because that's the thing to do. You have to have that flexibility. So that's what they've done just this year, as a matter of fact, Mr. Speaker. It's one of, probably, the best-funded plans that's out there, but they recognized that you've got to have that flexibility.

I know that in New Brunswick some of the plan members talk about: well, those plans all cratered. Why did they crater? Because governments did not take leadership when they should have to ensure that it wouldn't happen. B.C. took leadership on this file some years ago, and they've actually converted a lot of their plans to very similar things, that we've got on the table today. Saskatchewan, as the hon. member from the Wildrose suggested, went DC for everybody 35 years ago, when the unfunded liability was considerably smaller and was very easy to handle.

Mr. Speaker, there's a lot of misinformation that's actually out there today. And one of them is that this is going to harm the pension promise to retirees today. It is not. We are talking about guaranteeing all service up to 2015, and for anybody who is retired today, that guarantee holds. We talked about the fact that if service beyond 2015 is going to be part of the new one, we'll put the calculators out on the website for the LAPP, the PSPP, and the SFPP. We are closing out the management employees pension plan, but we're going to make sure that those who are in it get the benefits that they signed up for.

To suggest that, well, we'll just cancel everybody else when the new entrants come in: who's going to pay for the subsidized retirement and the COLA benefits of those that are in if you have no new contributors coming in? Who's going to pay that, Mr. Speaker? They haven't thought that out very well.

**11:10**

Mr. Speaker, I don't do this because I think that there's some, you know, huge number of votes that it's going to get me. The hon. members will find out very shortly about where I think I might head in my career. This has no bearing on it. I do this

because it's the right thing to do. I do this because I do believe that a defined benefit plan is an attraction for the public service. There will be no other defined benefit plans out there. Most of them have already gone or will be going. The public sector is the place where these plans can thrive, and that's why we're going to create a situation where they can flourish.

In fact, Mr. Speaker, if the hon. members opposite are all correct about the returns that these plans will make and that things will be great and rosy in the future, then under the joint sponsorship they can make the decisions that they want to make about COLA, about early retirement, about contribution rates because the funding will be there for it. I honestly hope that that is the case.

But what if it's not and we've tied the hands so that only one lever is available? Then what? New Brunswick? The state of Maine? Holland? These are the places that did nothing until it was too late. We can't be that place for these people or for the thousands of public service employees that are counting on their pensions in the future. We can't be that place. We do need to take action. This is modest action. This is not the action that has been taken in other jurisdictions, where they've actually done what the Wildrose is talking about doing. This is not taking that drastic step to say: no more defined benefit, no more of those things. This is an honest attempt to actually preserve what they hold so dear, which is that pension promise. And for that I make no apologies because it is the right thing to do.

With that, Mr. Speaker, I would like to adjourn debate on this referral motion and take my seat.

**The Deputy Speaker:** The hon. Minister of Finance and President of Treasury Board has moved to adjourn debate on amendment RA1.

[Motion to adjourn debate carried]

## Government Bills and Orders

### Third Reading

(continued)

#### Bill 6

#### New Home Buyer Protection Amendment Act, 2014

[Adjourned debate April 17: Mr. Weadick]

**The Deputy Speaker:** Is there a speaker?

**Hon. Members:** Question.

[Motion carried; Bill 6 read a third time]

#### Bill 7

#### Tax Statutes Amendment Act, 2014

[Adjourned debate April 17: Mr. Horner]

**The Deputy Speaker:** The hon. Minister of Finance and President of Treasury Board.

**Mr. Horner:** Has it been moved, Mr. Speaker? It has? [interjections] I hear huge support, Mr. Speaker, so I'll just take my seat and call the vote.

[Motion carried; Bill 7 read a third time]

**The Deputy Speaker:** The hon. Deputy Government House Leader.

**Mr. Denis:** Thank you, Mr. Speaker. The Minister of Aboriginal Relations and I would like to jointly move that the House stand adjourned until 1:30 p.m. tomorrow.

[Motion carried; the Assembly adjourned at 11:14 p.m. to Thursday at 1:30 p.m.]













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