



Legislative Assembly of Alberta

The 30th Legislature  
Second Session

Standing Committee  
on  
Private Bills and Private Members' Public Bills

Bill Pr. 1, The Sisters of the Precious Blood of Edmonton Repeal Act  
Bill 203, Pension Protection Act

Tuesday, June 23, 2020  
8:30 a.m.

Transcript No. 30-2-3

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

**Standing Committee on Private Bills and Private Members' Public Bills**

Ellis, Mike, Calgary-West (UCP), Chair  
Schow, Joseph R., Cardston-Siksika (UCP), Deputy Chair  
Amery, Mickey K., Calgary-Cross (UCP)\*  
Glasgo, Michaela L., Brooks-Medicine Hat (UCP)  
Horner, Nate S., Drumheller-Stettler (UCP)  
Irwin, Janis, Edmonton-Highlands-Norwood (NDP)  
Jones, Matt, Calgary-South East (UCP)\*\*  
Neudorf, Nathan T., Lethbridge-East (UCP)  
Nielsen, Christian E., Edmonton-Decore (NDP)  
Nixon, Jeremy P., Calgary-Klein (UCP)  
Pancholi, Rakhi, Edmonton-Whitemud (NDP)  
Sigurdson, Lori, Edmonton-Riverview (NDP)  
Sigurdson, R.J., Highwood (UCP)

\* substitution for Michaela Glasgo  
\*\* substitution for Nathan Neudorf

**Also in Attendance**

Gray, Christina, Edmonton-Mill Woods (NDP)  
Stephan, Jason, Red Deer-South (UCP)  
Williams, Dan D.A., Peace River (UCP)

**Bill Pr. 1 Sponsor**

Williams, Dan D.A., Peace River (UCP)

**Bill 203 Sponsor**

Gray, Christina, Edmonton-Mill Woods (NDP)

**Support Staff**

Trafton Koenig	Parliamentary Counsel
Michael Kulicki	Committee Clerk
Janet Schwegel	Director of Parliamentary Programs
Amanda LeBlanc	Deputy Editor of <i>Alberta Hansard</i>

**Standing Committee on Private Bills and Private Members' Public Bills**

**Participants**

Bill Pr. 1, The Sisters of the Precious Blood of Edmonton Repeal Act.....PB-154  
Lorimer B. Dawson, QC, Barrister and Solicitor, McCuaig Desrochers LLP  
Adam Lech, Moderator of the Curia, Catholic Archdiocese of Edmonton  
Anne Rajotte, President, Sisters of the Precious Blood of Edmonton

Bill 203, Pension Protection Act.....PB-157  
Athana Mentzelopoulos, Deputy Minister, Treasury Board and Finance  
David Mulyk, Executive Director, Pension Policy and Executive Director, Insurance Policy, Treasury Board and Finance



8:30 a.m.

Tuesday, June 23, 2020

[Mr. Ellis in the chair]

**The Chair:** Okay. Thank you. Good morning, everyone. It is 8:30 a.m. I'd like to call this meeting of the Standing Committee on Private Bills and Private Members' Public Bills to order and welcome everyone in attendance.

My name is Mike Ellis. I'm the MLA for Calgary-West and chair of the committee. I'd like to ask that members and those joining the committee at the table introduce themselves for the record, and then I will call on those joining on Skype, but we don't have anybody joining on Skype. We will begin to my right.

**Mr. Schow:** Joseph Schow, Cardston-Siksika.

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

**Mr. Horner:** Nate Horner, Drumheller-Stettler.

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

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

**Mr. Amery:** Mickey Amery, Calgary-Cross.

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

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

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

**Ms Sigurdson:** Lori Sigurdson, Edmonton-Riverview.

**Ms Pancholi:** Rakhi Pancholi, Edmonton-Whitemud.

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

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

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

**The Chair:** All right. Thank you. For the record I'll note the following official substitutions: Mr. Mickey Amery for Michaela Glasgo and Mr. Matt Jones for Nathan Neudorf.

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

Next we'll go to approval of the agenda. Are there any changes or additions to the draft agenda? If not, I'd like someone to make a motion to approve the agenda.

**Mr. Nielsen:** I so move, Chair.

**The Chair:** Thank you very much, Mr. Nielsen.

Mr. Nielsen would be moving that the agenda for the June 23, 2020, meeting of the Standing Committee on Private Bills and Private Members' Public Bills be adopted as distributed. All those in favour, say aye. Any opposed? That motion is carried. Thank you.

Next we will go to the approval of the minutes. Next we have the draft minutes to review from our meeting on May 28. Are there any errors or omissions to note? If not, would a member like to make a motion to approve the minutes of the May 28 meeting?

**Mr. Sigurdson:** So moved, Chair.

**The Chair:** Mr. Sigurdson. Okay. Mr. Sigurdson would be moving that the minutes of the May 28, 2020, meeting of the Standing Committee on Private Bills and Private Members' Public Bills be approved as distributed. All those in favour, say aye. Any opposed? That motion is carried.

Okay. Next we'll go to the business here, review of Bill Pr. 1, The Sisters of the Precious Blood of Edmonton Repeal Act, hearing on the petition. Hon. members, at our last meeting, on May 28, the committee received an overview of the petition for Bill Pr. 1, The Sisters of the Precious Blood of Edmonton Repeal Act, from Parliamentary Counsel, and the petition was found to be in compliance with standing orders 90 to 94. On June 2 the deputy chair reported to the Assembly on the petition pursuant to Standing Order 99, and the bill was subsequently introduced in the Assembly by the bill sponsor, Mr. Dan Williams, the MLA for Peace River. On June 4 in accordance with Standing Order 100 the bill was referred to the committee after it was introduced, so today we will proceed with our hearing on this bill.

In accordance with Standing Order 104 Parliamentary Counsel's report on the petition for Bill Pr. 1 was distributed to members on Friday. This morning the committee will be hearing from the petitioner for Bill Pr. 1 and any other interested parties, who will be sworn in by Parliamentary Counsel. Following the presentation, the committee members will be provided the opportunity to ask questions of the petitioner, and once the hearing has been completed, the committee may deliberate on the bill and ultimately make one of three recommendations: either that the bill proceed as is, that it proceed with amendments, or that it not proceed.

Now, once we have decided on our recommendation, I will then report on behalf of the committee to the Assembly. Depending on the decision with respect to the bill, it would then follow the same process any other bill in the Assembly; namely, proceeding to second reading, Committee of the Whole, third reading, and Royal Assent.

Are there any questions before we invite our petitioner to join us? Okay.

Seeing none, I'm going to ask Mr. Koenig to call in the petitioner for Bill Pr. 1 and administer the oath to everyone who will be addressing the committee this morning. Okay. Just stand by.

While we're waiting for Mr. Koenig to swear in our guests, just for a note, we have a new member joining us at the table.

Mr. Williams, maybe you can introduce yourself.

**Mr. Williams:** MLA Williams, the MLA for Peace River.

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

Okay. Mr. Koenig, you have sworn in our guests. Is that correct?

**Mr. Koenig:** I have.

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

Just for the record we have Father Adam Lech joining us as well as Sister Anne Rajotte and counsel for this particular bill, Mr. Lorimer Dawson and Mr. Jeffrey Arsenault.

Welcome, everyone. Before we begin, I'll mention to our guests that the microphones are operated by *Hansard* staff, so you don't have to turn your microphones on and off. As well, these proceedings are live streamed on the Internet and broadcast on

Alberta Assembly TV, and a transcript of this meeting will be available later this week.

Finally, I'd just like to ask the members and those joining the committee at the table to introduce themselves once again for the record and for the benefit of our guests, and then we will begin.

I'm Mike Ellis, the MLA for Calgary-West and chair of this committee.

Mr. Schow, we can start with you, please.

**Mr. Schow:** Joseph Schow, Cardston-Siksika, MLA.

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

**Mr. Horner:** Nate Horner, Drumheller-Stettler.

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

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

**Mr. Amery:** Mickey Amery, MLA, Calgary-Cross.

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

**Mr. Williams:** Dan Williams, MLA for Peace River.

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

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

**Ms Sigurdson:** Hello. Lori Sigurdson, Edmonton-Riverview.

**Ms Pancholi:** Good morning. Rakhi Pancholi, MLA for Edmonton-Whitemud.

**Mr. Nielsen:** Good morning and welcome. Chris Nielsen, MLA for Edmonton-Decore.

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

**Mr. Kulicki:** Good morning. I'm Michael Kulicki, the committee clerk.

**The Chair:** Great. Thank you again, everyone.

As this is a private bill rather than a private member's public bill, I suggest to the committee that we provide up to 10 minutes for opening remarks. Of course, we just want to make sure that our guests are able to express their position here, so it's not a hard stop time of 10 minutes but certainly only a suggestion, and I hope this is acceptable to all the committee members as well. Yup. I'm seeing everybody somewhat nodding their heads.

**8:40**

Whenever you're ready, please introduce yourself and provide your opening remarks on Bill Pr. 1. I'm not sure who is doing the presenting there, but please step up to the podium and just introduce yourself.

### **Bill Pr. 1, The Sisters of the Precious Blood of Edmonton Repeal Act**

**Mr. Dawson:** Hello. Good morning, everyone. Ladies and gentlemen, my name is Lorimer Dawson. I'm a lawyer with the law firm McCuaig Desrochers, and I'm here representing the Catholic archdiocese of Edmonton and the Sisters of the Precious Blood of Edmonton. I'll be making the preliminary remarks. After I make a

few preliminary remarks, I will introduce Father Adam Lech and Sister Anne Rajotte and they will make a few additional remarks to assist the standing committee in making its decision today.

In order to explain what we're doing – and I'm sure you understand what we're doing – I should probably give you a little bit of the history and background in connection with the organization. The statute that we're dealing with was passed in 1964, and that statute created the Sisters of the Precious Blood of Edmonton. Because of the declining numbers of the sisters and the age of the sisters, it was determined leading up to about 2012 that the sisters could not continue as an order of the Catholic church. The initial step in this process was the passing of a decree by a Vatican group, which canonically suppressed the order, is the expression they used. The decree was issued in the summer of 2012, and the order of the Sisters of the Precious Blood of Edmonton, which was a chapter of the Sisters of the Precious Blood, was suppressed as a Catholic order.

As a consequence, steps were then taken to deal with the assets and liabilities of the organization, and the process became fairly lengthy simply because the organization had set up a trust to look after its assets and its liabilities. In 2012 we began working in connection with dealing with the assets and liabilities with the organization, and the negotiations and discussions led to a series of agreements. The first agreement really dealt with some lands that the Sisters of the Precious Blood owned in the city of Edmonton. Those lands were gifted to the Catholic archdiocese of Edmonton for the benefit of the St. Joseph Seminary, which was a seminary established for the training of Catholic priests and so on. I'll explain in a moment why that gift was directed in that fashion.

Basically, when it became apparent that the order could not continue because of the declining number of members and so on, the trust agreement stipulated that when it was impossible for the organization to continue then the organization, the trust would be wound up and the assets of the organization would be distributed. The agreement essentially stipulated that 30 per cent of the trust monies and funds and assets would be used in order to look after the ongoing needs of the remaining sisters as they went to other facilities or Catholic orders to be cared for, and the trust agreement also stipulated that 70 per cent basically would go to the Catholic archdiocese for the training of future priests. The St. Joseph Seminary is not a separate legal entity, and that's why the monies had to go where any assets had to go, to the Catholic archdiocese for the benefit of that seminary.

The series of agreements that were entered into ultimately led in 2014 to an agreement, which was intended to deal with a final disposition of assets and was to terminate the trust. Under the decree that was issued by the Vatican, the Catholic archdiocese was to be responsible for the dissolution of the order and so on, but that was on the canonical side. Under the agreements that were reached, it was going to be the trust that took these steps and wound up this corporation, which was created by statute.

Initially, the trust was going to be the party that was applying to the standing committee and the Legislature to wind up the corporation that was created by statute. Ultimately, after 2014 because of complications with respect to where some of the sisters went – a couple of the sisters went to the United States – and because the regional trust and corporation were handled as a charity, monies from the trust could not be used to benefit people outside of the country in the United States.

Consequently, there were some delays in terms of getting things done. We had some difficulties in getting the trustee to fulfill the agreements and distribute the funds, so the matter was further delayed. That ultimately led to a piece of litigation of which I think you're aware, which was simply an application to the court for a number of things. It was an application to the court to direct that the

trustee distribute the funds the way they were intended to do under the trust agreement and under the agreements that were entered into in order to dissolve the sisters and so on.

It also was addressing other issues, advice and direction and so on, including an initiative arisen in connection with the quantum of the fee that was payable to the trustee. That court application resulted in an order that was entered into by way of consent. The matter was finally to be resolved; the monies were to be distributed. The order stipulated that the Catholic archdiocese would take responsibility for the windup of the corporation, the dissolution of the corporation; i.e., the repeal of the statute. Hence, we are here making this application today.

In the order it stipulated that we would proceed with this application to dissolve the sisters, and it also stipulated at the end of one of the paragraphs that that would not happen until there was a clearance certificate that had been issued to the trust in connection with its final tax returns and so on. The reason we're here after a 2014 agreement and a 2016 court application, that we're here three or four years later is because it took that long for the trust to file its tax returns and ensure that it had everything done that it needed to do in terms of winding it up for Canada Revenue Agency purposes.

The lawyer for the trust then advised us that the clearance certificate from CRA was not available for the trust. The trust itself and the corporation were treated as one entity for tax-filing purposes. Consequently, the trust did not have any separate filings for itself. It was all treated as a charity; that is what we've been advised by counsel for the trust. Consequently, we were not able to get a clearance certificate, which was a stipulation in the order, but we felt that with the approval of the other counsel and their authorization to go ahead and make application, there was not much point in addressing that particular issue. If a clearance certificate is not available, it's not available. Consequently, we don't think that there's any concern in respect of proceeding with the application to dissolve the sisters.

The situation right now is that there are no real members of the Sisters of the Precious Blood in the Edmonton chapter except for Sister Anne Rajotte. The other sisters have left this particular body, this chapter, and have gone to other chapters of the Sisters of the Precious Blood in Canada and the United States, as I mentioned. Originally we were down to about five or six members in 2012, so the remaining members were dispersed, as I say, to other chapters and so on.

Sister Anne will comment on the wish to have the corporation wound up. I think that the only other comments I wanted to make on a preliminary basis were that basically we are satisfied that all of the assets of the Sisters of the Precious Blood of Edmonton, the corporation, have been distributed appropriately, and we're satisfied that there are no liabilities. We understand and are satisfied that there's no litigation as the only litigation that we knew of, which was the application relating to the trust, has been fully resolved by that board.

Unless there are any questions, which I'd be happy to answer, I will introduce another speaker.

**The Chair:** Sure. We can do some questions now.

Does anybody have any questions at this time? No.

Okay. We can introduce the next speaker, then, if there are no questions.

**8:50**

**Mr. Dawson:** Thank you very much, ladies and gentlemen. The next speaker will be Sister Anne Rajotte, who will just make a couple of comments on behalf of the Sisters of the Precious Blood

of Edmonton. Sister Anne is the president of the organization currently.

Thank you.

**Sister Rajotte:** Good morning, and thank you for all you do for us here in Alberta. I would think one question you might have: are the sisters all looked after? Yes, they are. They've gone to other monasteries, et cetera, except those who have gone to heaven, of course.

The main thing is that this is just something on the books that needs to be resolved, and that's what the purpose of the private member's bill is. This happens often in church history as congregations change or sometimes when we come together and form another corporation. This is just a legal aspect of that, and it would really help to have this off the books, so to speak.

Thank you.

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

Is there somebody else that wants to speak? Father Lech.

**Reverend Lech:** Yes. Good morning. I am Father Adam Lech, the moderator of the Curia. Now, don't ask me too many questions about the explanation of this title. For two years I've replaced Bishop Greg Bittman, who was the moderator. We can say that it is the one who cares, his chief of staff or whatever. I am working with the archbishop of the archdiocese, Archbishop Richard Smith, who is officially representing the archdiocese, appointed by the Pope. He needs that administration, men who will help him in the different issues in the diocese.

The diocese is large. It's about 450,000 Catholic people in many, many places from Provost to Drayton Valley to Grande Cache and Edmonton and Red Deer. So, you see, we are large. The archbishop, of course, asked Mr. Dawson as the lawyer to do this process in a very transparent way, and I can assure you that the archbishop sent me to say that everything that was done so far is satisfying. There are not any assets to be distributed, no litigation. Everything is clear. So we hope that this bill will pass.

Any questions?

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

I will open the floor to questions from committee members. Does any committee member have a question for any of our guests? Mr. Williams, go ahead. I saw another hand go up, but we'll start with Mr. Williams.

**Mr. Williams:** Not as much a question as just a thank you to Sister Rajotte and all the work that she and her sisters did in Edmonton. I understand many of them are now in other monasteries but continue to pray in their contemplative life for Edmontonians and for the province. So thank you.

I guess my comment is: if you haven't seen the statue in front of the Legislature commemorated to all the different Catholic orders – and the Sisters of the Precious Blood are on there – please do see that before you leave. Thank you for everything you're doing.

I'll let the committee continue with its work.

**The Chair:** Okay. Thank you, Mr. Williams.

Mr. Horner, I know you had a question that you wanted to ask.

**Mr. Horner:** Just to be clear, there's no current litigation against the body, any potential litigation that you know of that would hold us up?

**Reverend Lech:** No. The process, as we heard from the lawyer, was long, and all the parties were involved. I think that at this

moment we have all the documents saying that everyone who was involved in this process is satisfied, is clear, so we don't have any sign at all that anyone will question.

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

Any other questions at this time? Mr. Sigurdson.

**Mr. Sigurdson:** First of all, thank you so much for coming and presenting. I just have a little question on the clearance certificate and the fact that it was stated that you were unable to get this clearance certificate. It just doesn't appear that you're in compliance with the order of the justice. I'm just wondering if you can explain a little bit more why you're unable to get that clearance certificate. I'm not sure here. I'm just asking why you were unable to get that because at this time it doesn't appear that you're in full compliance on that one part of the order.

**Mr. Dawson:** That is a good question. Thank you very much. The issue of the clearance certificate was a request when the order was consented to. It was a request made by the trust that that particular sentence be inserted, as I understand it. The idea was that they would do all of their required tax filings. For example, in an estate matter when you file your final tax return and so on, before the executors distribute funds, they want to have that so that they know they don't have any tax implications. They get a clearance certificate, and then they can release monies. In a situation like this I think they have the same concept in mind.

What we were told by counsel for the trust was that CRA does not issue clearance certificates in respect of charities. So when we started looking at this wording as we approached today, we were double-checking that with the counsel for the trust. What they advised us, in addition to earlier comments – they said that the clearance certificate was not available. I said: well, your original communication said that it was not available for the charity, and the order says there needs to be a clearance certificate for the trust. What they then told me – and the counsel again checked with the accountant who was dealing with all these things – was that the trust had never filed its own returns as a trust. It had always filed as a charity. So the trust and charity were one. They were advised by CRA that clearance certificates were not available for charities. They told us that in the initial go-round. Then when we were coming up to this day, we checked again, and they told us that again. So we're relying on the counsel for the trust and the accountant in indicating that the clearance certificate is not available. Accordingly, it's impossible to obtain a clearance certificate, I gather.

The only alternative would be to seek a variance of the order to say that instead of a clearance certificate, you know, some satisfactory information from the trust that they are satisfied that they don't have to do anything further with Revenue Canada is what would be necessary if we were trying to vary that order, but we felt that that was really spinning wheels in terms of trying to deal with this particular issue, so we are here today.

**Mr. Sigurdson:** Thank you.

**Mr. Dawson:** Thank you.

**The Chair:** Thank you.

Member Pancholi, go ahead.

**Ms Pancholi:** Thank you. Just to follow up on that question, you indicated that you're relying on the assertions of counsel for the trust indicating that CRA had indicated that no clearance certificate could be issued. Was anything ever provided in writing by the CRA

either to counsel or to yourself about their position about clearance certificates not being able to be issued.

**Mr. Dawson:** Not to me, and I would have to determine if something had been given to the other parties.

**Ms Pancholi:** Okay. Thank you.

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

Are there any other questions at this time?

Okay. Seeing none, I would like to thank our guests. This will conclude the hearing for Bill Pr. 1. I'd like to thank you for your submissions and your attendance here today. Of course, at this time you are free to go. You will be advised as to the disposition of this bill after the committee has finished its deliberations. So thank you again to all of our guests for showing up here this morning.

Hon. members, we will move to the next part of our agenda. That's deliberations and recommendations. At this time the committee will begin its deliberations on Bill Pr. 1. As mentioned earlier, the committee must ultimately decide whether the bill should proceed as is or proceed with amendments or not proceed.

Before beginning deliberations, I would just note that if the committee wishes to discuss the recommendation in the report from Parliamentary Counsel, we may want to briefly move in camera.

Okay. Thank you. I notice that there are some members from both the government members' side as well as Official Opposition side who are not voting members today. I would have to seek consensus of the group if they are to stay in the room as we go in camera, and we will have a revised motion. Is there anybody at this time that would be opposed to members on both sides staying in for the in camera? No. Okay.

Seeing none, then we'll have the revised motion. The clerk's going to put it on the screen for us.

9:00

**Mr. Kulicki:** I'll just read this into the record, and if it's the committee's desire to go in camera, I would be wondering if there would be a member willing to move that

the Standing Committee on Private Bills and Private Members' Public Bills, including any additional Members of the Legislative Assembly of Alberta now present, Parliamentary Counsel, and the clerk of committees and research services move in camera.

**Mr. Nielsen:** So moved, Chair.

**The Chair:** Mr. Nielsen shall move that.

Is there any discussion on this issue? No? Okay.

All right. It's been read into the record by the clerk. All those in favour, say aye. Any opposed, say no. Hearing none, that motion is carried.

We will now allow a short moment for the room to clear. Those people mentioned in the motion, please remain.

[The committee met in camera from 9:01 a.m. to 9:21 a.m.]

**The Chair:** Thank you very much, ladies and gentlemen. We are now back on the record.

I would just note that, based on advice provided by Parliamentary Counsel, there would be some interest in deferring further consideration of this bill until some additional documentation is received. With this in mind, we have a draft motion that a member may wish to move at this time. Do I have a member willing to move the draft motion? All right. Mr. Amery.

All right. It looks like it's on the screen.



**Mr. Kulicki:** I'll just read it into the record, if I may, just because there's a little formatting thing here that I could not resolve. If there's a member willing to move that

the Standing Committee on Private Bills and Private Members' Public Bills direct Parliamentary Counsel

(a) to request the petitioner for Bill Pr. 1 provide one of the following documents no later than the first day of the fall sitting of the Legislative Assembly:

- (i) a certified true copy of a clearance certificate in accordance with the order of Justice Veit, dated August 12, 2016, or
- (ii) a copy of an amended order by the Court of Queen's Bench varying the requirements in the order referenced in subclause (i) that must be completed prior to dissolving The Sisters of the Precious Blood of Edmonton

(b) to report to the committee upon receipt of the requested documents or on the day following the first day of the fall sitting of the Legislative Assembly, whichever occurs first.

**The Chair:** Okay. Mr. Amery has agreed to move that motion. It has been read into the record. All those in favour, say aye. Any opposed, say no.

That motion is carried.

Ladies and gentlemen, at this time we're going to take a five-minute recess, and that will allow the folks in for the review of Bill 203, Pension Protection Act, and we will return for discussion on that.

Thank you very much.

[The committee adjourned from 9:25 a.m. to 9:30 a.m.]

**The Chair:** Okay. Thank you. We are back.

Hon. members, we're going to start with a review of Bill 203, the Pension Protection Act, and a presentation by Ms Christina Gray, the MLA for Edmonton-Mill Woods. Hon. members, Bill 203, Pension Protection Act, was referred to the committee on Monday June 8 in accordance with Standing Order 74.11. Joining us this morning is the sponsor of Bill 203, Ms Christina Gray, the MLA for Edmonton-Mill Woods.

At this time I would like to invite Ms Gray to provide a five-minute presentation, and then I will open the floor for up to 20 minutes of questions from the committee members.

Ms Gray, the floor is yours. Thank you.

### **Bill 203, Pension Protection Act**

**Ms Gray:** Thank you very much, Mr. Chair, and thank you very much, committee members. It is an honour and a privilege to be here to talk about Bill 203, my private member's bill that I've had the opportunity to put forward this session. I've titled it the Pension Protection Act.

This bill was created and has been introduced on behalf of thousands of constituents that had been reaching out to me, concerned about pensions, starting in the fall of last year, when pensions really became an issue of discussion, when in the fall 2019 budget, there was some talk about pension changes, and then in the fall sitting the government passed Bill 22, which made changes to pensions, specifically to joint governance, which is when workers and employers and government work together to manage their pensions, something that several of the pensions had only just recently received. When Bill 22 changed who could be the investment manager for these public-sector pensions, when Bill 22 changed who could be the administrator, when it changed how board appointments were being made, and it changed as well the makeup of some of those boards, a lot of Albertans sat up and took notice

very, very quickly. I know, because I was copied on many of them, that I can speak for all 87 MLAs in saying that we've all received a lot of correspondence to do with pensions, specifically Bill 22.

Around that same time frame our Premier and his caucus were also talking about the Canada pension plan and potential changes to the Canada pension plan, and those discussions have continued.

Connecting with constituents and stakeholders was incredibly important to me. Since last fall I've had countless conversations with pensioners impacted by the changes as well as major stakeholders in this space. Just for the record the four key pieces that touch on the public-sector side would be the LAPP, the local authorities pension plan; PSPP, the public sector pension plan; SFPP, which is the special forces pension plan; and ATRF, the Alberta teachers' retirement fund. I will note that, of those four, three had recently been granted joint governance under the NDP government, but the ATRF had had true joint governance and control over their funds for over 80 years, and they were particularly blindsided by the changes that happened in the fall.

So what does Bill 203 do? The objectives of this bill are to enshrine in legislation pension rights, the rights of pension members to be consulted prior to major changes. I would say that I heard primarily from people who were surprised that this could happen very suddenly with no notice and no consultation with them.

Within my bill you will find on page 3 a purposes section, which has been written to be, I hope, very easy to read and to understand what is supposed to be happening in this bill. I won't read it out to you now because five minutes goes really fast. Instead, I will just say that it will return joint governance, and it enshrines in legislation a right for these pension members to be consulted. So it puts in place a new consultation duty, as well as remedies if consultation does not take place. Finally, it prevents a member of Executive Council from giving notice to withdraw from the Canada pension plan, based off of the huge amount of feedback that I have received as well as reviewing things like public polling and even the polling provided in the fair deal report that shows that the majority of Albertans are not interested in having this government adjust their Canada pension plan.

Bill 203 is the sum total of listening to constituents. All members of this committee have received e-mails and correspondence to this effect because, since I announced my intention to introduce this bill in February, I also launched a website where people could provide their feedback and their suggestions, and a lot of those e-mails have been going to you, the committee members. To date, nearly 2,000 people have said that not only are they interested in this bill being debated but that they would be willing to come and speak to this committee. The reason I asked that question was because I am aware that no opposition bill has made it past this committee process.

**The Chair:** Okay. Thank you very much for your presentation, Ms Gray.

I'm now going to open the floor to committee members as is convention within this committee. This is a bill from the opposition, so we're going to start with the government members. The clerk, he can start – I see lots of hands going up in the air there. We're going to start – who got your attention first?

**Mr. Kulicki:** Mr. Jones.

**The Chair:** Mr. Jones. Okay.

I'm going to ask everybody here before we start the clock: it sounds like we have a lot of questions, so please try to keep your questions kind of succinct, and I ask also that the answers do the same. Thank you very much.

Mr. Jones, let's start with you.

**Mr. Jones:** Thank you for your presentation. Compared to other Canadians in other provinces, Albertans are generally younger, work more hours, and earn higher wages. For these reasons Albertans consistently contribute more to the CPP than they receive in benefits, by some calculations, to the tune of approximately \$3 billion per year. In fact, from 2008-2017 this mismatch in contributions and benefits received meant that Albertans contributed around \$28 billion more to CPP than we've received in benefits.

Given that Albertans deserve to keep more of their money and given that any transfer from the CPP would need to be directly approved by Albertans through a referendum, can the member explain why she felt that Albertans are not capable of managing their pensions, as Quebec does, and why this bill denies Albertans the opportunity to analyze and execute a measure that could potentially put billions in their pockets at a time when they desperately need it?

**Ms Gray:** Thank you very much for the question, MLA Jones. To be clear, what my legislation does is put in legislation the inability to withdraw from CPP, but that could be debated in the Legislature, something that I think all Albertans would be interested in weighing in on.

As well, the information that you have read, a lot of that based off some Frasier Institute analysis, has been rebutted even in technical documents produced by Treasury Board and Finance that were released yesterday, showing issues around liabilities as well as concerns that when shrinking the pool of pension members from the larger CPP to only an Alberta pension plan, not only could there be demographic changes in the future, but we also know that that increases the likelihood of volatility because you now are spreading your risk around fewer people, that there's less security in that. These and other concerns were detailed in that TBF memo, that the opposition was able to FOIP.

As well, the majority of Albertans who've been surveyed in a number of ways, including those who attended fair deal panels through the fair deal report, show that they are not interested in the changes that are being proposed to the Canada pension plan.

Finally, I would say that over 30,000 Albertans have contacted the Finance minister and members of this committee through the [handsoffmycpp.ca](http://handsoffmycpp.ca) campaign, showing a strong, strong interest in not having those major changes as well as the cost of administering an Alberta pension plan here. That is why my bill was drafted the way that it has been, with my constituents and all of their feedback in mind.

**The Chair:** Mr. Jones, a quick follow-up.

**Mr. Jones:** Yeah. A quick follow-up. If, after reviewing a detailed analysis of the potential benefits and related risks, the majority of Albertans did vote in favour of transferring out of the CPP into an Alberta pension plan, would the member support the will of the majority of Albertans, and if so, how can the member put forward a bill which removes Albertans' ability to make this decision?

**Ms Gray:** I think it's really important that when Albertans are making any decision that they are presented with the best possible information. One of the challenges I have is that in the changes in Bill 22, in changing governance for teachers who had had control of their pension for 80 years, no information was provided to them, and then the information provided subsequently has been very much in debate with its quality questions.

**9:40**

The Fair Deal Panel is specifically talking to Albertans about this. No information was provided to them. The quality of the information around this discussion is strongly in debate. I believe that we need to make sure that we are protecting our Canada pension plan, that we are protecting our pension rights. That's why consultation and quality information is such an important part of Bill 203.

As a final comment, just to address something you originally raised, I want to mention that although some of the analysis talks about Alberta's younger population and whatnot, when Quebec started their own pension plan – and they do have one – it started with lower dues or costs. Quebecers are now paying much more than for the Canada pension plan, and I am quite concerned that that type of cost increase could happen here to Albertans.

**The Chair:** Thank you.

Member Irwin, go ahead, please.

**Member Irwin:** Thank you, Chair, and thank you, MLA Gray, for your ongoing work and for your passion. I know that so many Albertans are really grateful for you.

One of the things that was most troubling about Bill 22, which, of course, is the bill in which the transfer of pensions to AIMCo took place, is just how quickly it was pushed through. Many of us sat in the House as it happened with a gallery of teachers and retired teachers watching. Despite their outcry this government rammed it through. To quote Jason Schilling, who is the president of the Alberta Teachers' Association, he noted that “despite the overwhelming and well-documented objections of teachers, retired teachers and others . . . Bill 22 passed through all stages of debate in just over a day and a half.”

Now the same government speaks, you know, a really big game about consultation, so for them to ram this through was quite troubling to all of us. As you noted, we've all received so much correspondence on this topic from countless teachers, both retired and currently practising, those who are on ATRF, also from plan members in LAPP, SFPP, and PSPP as well. This is really an opportunity to make this better, to right this wrong, to allow for greater consultation. This government has, frankly, disrespected hundreds of thousands of Albertans who have served our province in just so many ways.

To Member Gray: could you further explain just why it's so important that we allow for greater consultation, that we, you know, encourage this committee to allow the bill to be debated in the House?

**Ms Gray:** Thank you very much, Member Irwin. You're correct; a lot of correspondence stemmed around Bill 22. For those who don't recall, Bill 22 was passed in the House essentially in under two days because of limits to debate, so it happened very quickly. A lot of people found out after the fact, not having had an opportunity to weigh in. That's why I bring this bill forward to this committee to ask that it be allowed to have a debate in the Legislature.

To be clear, I'm not asking for all members to support my bill. It's my understanding that that's not the role of this committee. You don't need to support my bill, but I do think it deserves to have that debate in the Legislature. I've, through my initiatives to engage with stakeholders, tried to prove out how much interest there is from our constituents, constituents in every riding, to have this debated in the Legislature. Certainly, I know all offices have copies of that correspondence. The information we're getting from our stakeholders – the people who have these pensions: they have a strong interest in this; we are talking about their retirement at a time

of economic uncertainty – has been strong, has been loud, has been sustained, and I think that that's really important.

**The Chair:** Member Irwin, a quick follow-up.

**Member Irwin:** Yeah. I mean, speaking a little bit more about some of the correspondence that you've received, you know, I've received some pretty heartbreaking e-mails from teachers in particular. As a former teacher I've had a lot of teachers reach out to me, teachers who at this time have been grappling with so much, right? They're teaching in the midst of a pandemic, shifting their teaching online, and feeling like they're, like I said, being so disrespected by this government.

Are there any particular pieces of correspondence that stick out to you that you might want to share from constituents or from others or just, you know, any of the stories?

**Ms Gray:** Thank you, Member Irwin. There are a lot, but one piece of correspondence I actually brought with me, because I got a letter sent to me at my office, unaddressed. Inside was a note that simply reads: "Protect My CPP Pension. I am a senior citizen of Alberta. I am sending this to you this way [so] as not to be attacked online . . . Thank you." And the senior didn't sign it, someone who felt so strongly that they took the time to write the letter, stamp it, mail it to me, but is worried about how polarizing this issue is.

I really believe that Albertans want this topic to be debated. Albertans feel like they didn't have the opportunity before, and Bill 203 should be debated in the Legislature.

**Member Irwin:** Thank you.

**The Chair:** Mr. Stephan, go ahead, please. You have 11 minutes left.

**Mr. Stephan:** Thanks, and thanks for your presentation, Member Gray. You talked about economic uncertainty. Of course, if we don't have an economy, there is no money to pay for pensions. One of the findings, as I understand it, is that if Alberta had its own pension plan and wasn't having to pay a \$3 billion annual subsidy, our contribution rates to the public pension could fall from 9.9 per cent to 5.85 per cent. So why would you want to legislate away the opportunity to improve our competitiveness and support Alberta workers and businesses to provide more jobs for Alberta families and individuals?

**Ms Gray:** Thank you very much for the question, MLA Stephan. Within the discussion of potentially leaving CPP, a number of pension experts have released their public analysis that shows that it's likely that it would cost Albertans more. For the volatility issues that we have talked about, likely we would not be able to decrease the pension contribution amounts the way that has been estimated because of the higher risk and the need to manage that higher risk by being prudent going forward. I would be happy to send some of these other analyses your way so that you can consider them. I certainly hope that the debate is not "Do we have an economy or not?" just addressing your opening questions. I think it's very important that we understand that retirement security is something people place a lot of importance in, and we can see that through the correspondence that we've received.

**The Chair:** Follow-up, sir?

**Mr. Stephan:** Yeah. Well, you used the words "economic uncertainty." I guess, to follow up, I know that there are reports going both ways and that the government is doing due diligence on this matter. But based on whatever the due diligent results are, why

would you ever want to legislate away if, in fact, the results of the due diligence show that it's in the public interest to avoid paying this \$3 billion annual subsidy? Why not give Alberta individuals and families the opportunity to choose to avoid this subsidy?

**Ms Gray:** Thank you for the question, MLA Stephan. I have to respond again that there have been some serious concerns about the government's willingness to be transparent with data. We've already enumerated those instances, and I think that we need to keep remembering that Albertans right now are feeling a strong measure of distrust given the changes that happened with Bill 22 and given the information that was not shared with those who attended the Fair Deal Panel specifically to explore these ideas. Making sure that Albertans have that confidence of knowing that they will have their Canada pension plan, that Alberta will not be required to take on billions of dollars of liabilities, and to make sure that their retirement is secure is a priority.

I heard that over and over and over through the comments of those 30,000 Albertans who signed the [handsoffmycpp.ca](https://www.handsoffmycpp.ca) petition. I suspect that this is the most correspondence that someone has received on a private member's bill, but I have not checked with the library. There's certainly been a strong message, and the public polling done by Nanos, done by CBC, and done by the Fair Deal Panel shows that Albertans do not want to see their CPP removed or played with right now.

**The Chair:** Member Lori Sigurdson.

**Ms Sigurdson:** Thank you so much for your presentation, MLA Gray. I really appreciate it. Certainly, as the MLA for Edmonton-Riverview, which is a very central Edmonton riding, I have a lot of public servants in my riding. A lot of them are part of this, and they do get public pensions that have now been sort of folded into AIMCo without, of course, their consultation. I've received – these have been written personally to me as their MLA – over 200 correspondences, either phone or e-mail or people have done it the old-fashioned way by posting it to me, so I know that this is a significant concern in my riding. Just thank you so much for bringing this forward because people are super frustrated.

I'd like to talk a little bit about joint governance because that's a key part that used to be available to certainly ATRF. I have this, you know, concern from one of the retired teachers in my riding who wrote: "Teachers were also able to flag and question the ethical nature of investments in certain companies. There was a strong sense of accountability and satisfaction with the arrangement between teachers and the ATRF." With this joint governance sort of abolished by Bill 22, I just wondered if you could elaborate more on that. I think that's a big concern because they want their investments to be fairly done, and they're part of that. They're part of that decision-making process.

9:50

**Ms Gray:** Thank you very much, MLA Sigurdson. I will just very briefly say that joint governance is something that, particularly around the public-sector pensions, had been promised for decades. There were actually former PC cabinet ministers who had promised that they would fulfill joint governance. It is the standard across Canada. It is the norm and is considered best practice. That promise went unfulfilled until our NDP government was able to bring that in. And that joint governance for PSPP, SFPP, LAPP only existed for a short time before it was changed back under Bill 22. That's a big part of why I think Bill 203 is important and should be debated in the Legislature.

With ATRF being now directed that they must use AIMCo as their investment manager, the ATRF board will still be setting

directions, but the investment manager must now be AIMCo. As I understand it, there are things that ATRF has been investing with and doing that AIMCo does not do. I would also note that ATRF has always had the option of investing using AIMCo and did not choose to although they had been evaluated and considered many, many times. Certainly, there are some questions around the financial impact of this given AIMCo's investment return versus ATRF. A great deal of information has been presented about that as well, which I hope we can debate in the Legislature.

**The Chair:** Follow-up, please, Member.

**Ms Sigurdson:** Well, let's just go a little deeper into that right now. Just sort of contrasting the success of the investments of AIMCo compared to ATRF: do you just want to talk a little bit about that? You did reference it just now.

**Ms Gray:** Absolutely. When the decision was originally made, AIMCo presented some analysis that said that they had better returns than the ATRF. That analysis had some very strong caveats on it and was done with the best information available at the time. Since then ATRF has done a more in-depth asset class based comparison and looked at: over the past seven years, if ATRF's assets had been invested with AIMCo versus where they were in ATRF, what would the difference have been? The difference would be about \$1.3 billion. ATRF has outperformed, across the asset classes, AIMCo. So that's very in-depth analysis that was presented, the type of analysis you would have expected to be done in advance of the major changes that were done through Bill 22, but we have that now. I think that that analysis and these topics should be debated in the Legislature.

**The Chair:** Thank you.  
Member R.J. Sigurdson.

**Mr. Sigurdson:** Thank you. You're talking about joint governance and representation, and I find this a little confusing because there seems to be some hypocrisy in this bill. When I look at it and the fact that in your bill you remove the non-union representative from the LAPP, which is the single largest group of plan members – you also remove the requirement for the LAPP corporation to recruit and appoint that non-union member in the future to the sponsor board, and roughly they represent 25 per cent of this. So I'm really confused about how you justify that when you're talking about representation because to me it looks like you're ignoring these people, and it's disrespecting them in a way to be able to have a seat at this LAPP table. Could you please explain that?

**Ms Gray:** Thank you. That's a great question, MLA Sigurdson. First, you need to understand that those non-union members cannot have representation because there is no body. They do not go to meetings. They do not discuss what their positions will be. Non-union members are not part of a union; they are the management members. So the person who is appointed is one of their group, but it is not a representative person. It is not somebody who is chosen by that body to go and put forward their positions.

What I am encouraging us to return to is the joint governance on LAPP and the position makeups that were negotiated and consulted with these stakeholders. There was a big gap in the consultation with those impacted when the changes were put in place in Bill 22.

I will stop there and let you ask a follow-up if you have one.

**The Chair:** Follow-up, please.

**Mr. Sigurdson:** I'm not really sure I have a follow-up other than a statement that I think that just because you're not part of a union doesn't mean you shouldn't be represented.

I guess I'm going to move on to just a quick follow-up on the CPP and just stating that, you know, the complete removal of the ability for Albertans to make the decision on their pensions moving forward – I mean, you kind of skirted around before on MLA Jones' question about the ability for Albertans to make a decision. I believe that Albertans are intelligent and smart enough to get through the information to be able to make an informed decision, and I just don't – I'd like to hear a little bit more about why you think Albertans shouldn't have the chance. I mean, the reality is – I understand you have 30,000 petitions, but there are 4.35 million people in this province, and I think it should go to that 4.35 million to be able . . .

**The Chair:** We'll just give the member a chance to respond.

**Mr. Sigurdson:** Yeah. Sorry.

**The Chair:** We have about 30 seconds left. Go ahead.

**Ms Gray:** Thank you. Again, I really have to remind the committee that this government has not been presenting Albertans with clear, factual information, transparent data about the changes that were done through Bill 22 or about the potential of withdrawing from CPP through the Fair Deal Panel. It would have been a perfect opportunity to talk to Albertans about the risks, the pros, the cons. You're right. My 30,000 e-mails are just a small fraction, but we also have the public opinion polling that shows that the majority of Albertans are not interested in their Canada pension plan being changed on them.

**Ms Pancholi:** Mr. Chair, may I make a motion to extend the time for asking questions of MLA Gray?

**Mr. Kulicki:** You would need unanimous consent . . .

**The Chair:** We would need unanimous consent on that.

**Mr. Kulicki:** . . . and number of minutes.

**The Chair:** Okay.

So do you suggest a number of minutes?

**Ms Pancholi:** If we could extend for 10 minutes. I believe that would be appropriate. Again, we're talking about a bill that we are . . .

**The Chair:** I mean, remember that the time allotted . . .

**Ms Pancholi:** Yeah. So I'm seeking unanimous consent.

**The Chair:** . . . was the subcommittee's decision.

**Ms Pancholi:** Absolutely. That's why I'm seeking unanimous consent for that.

**The Chair:** Okay.

All right. Member Pancholi will be making a motion that we extend the time to ask Ms Gray questions by 10 minutes.

Is anybody opposed to that? Okay.

Unanimous consent has not been granted.

Member Gray, thank you so much for your presentation. Go ahead.

**Ms Gray:** Just a quick question, Mr. Chair, on if I may participate in the asking of questions in the next section.

**The Chair:** Yes, I believe – she is a member. She's allowed to be at the table, is she not? Yeah. Yeah. Absolutely. Thank you very much. You may stay where you are.

All right. Thank you very much. Again, thank you for your presentation.

Next we'll move to (b) technical briefing by the Ministry of Treasury Board and Finance. Hon. members, the committee will now receive a technical briefing on Bill 203 from the Ministry of Treasury Board and Finance. I'd like to invite – oh, my goodness; just like my friend Demetrios Nicolaides here – Ms Athana Mentzelopoulos, the Deputy Minister of Treasury Board and Finance, and Ms Sherri Wilson, assistant deputy minister of financial sector regulation and policy, to provide a five-minute presentation, and then I will open the floor to up to 20 minutes of the questions from committee members.

Ma'am, whenever you are ready, you may proceed. Thank you very much.

**Ms Mentzelopoulos:** Thank you. Good morning, and thank you for the opportunity to be here today. Public service pensions are paid for by Alberta taxpayers. They are therefore a perquisite of a relatively small percentage of Albertans. Consistent with our broader mandate on pension administration TBF seeks best and most efficient use of tax dollars.

Bill 203 was designed to reverse much of what was accomplished in Bill 22, but I would like to underline – it seems particularly important to do so – that it did not reverse joint governance. However, with the advice of our own pension professionals and reflecting international advice, it did address deficiencies in what was actually Bill 27 from 2018, deficiencies I will describe as follows. Bill 27 removed controls on administrative costs and created conditions for significant growth of the public sector, it removed the requirement for competency-based appointments, and it reduced representation on the LAPP Corporation board.

To address these problems, Bill 22 did the following. One, LAPP, SFPP, and PSPP are now required to continue to use AIMCo for investment management of their pension funds and APS for the day-to-day administration of their pension benefits. ATRF will be required to use AIMCo by the end of 2021. I want to underline "continue to use" because Bill 22 actually presented no change to LAPP, SFPP, or PSPP.

A 2012 report commissioned by the Ontario government strongly argued the merits of pooled asset management for public-sector pension funds and pointed to things like economies of scale, reduce duplication and costs, broaden access to additional asset classes, more diversified portfolios, cost savings, improved fund returns, and the security of pension benefits.

**10:00**

Bill 22 was developed to forestall the possibility that each of the pension funds could or would develop unique pension management and administrative capacity, resulting in overlap, duplication, growing cost, elimination of existing economies of scale, and potentially outsourcing outside of Alberta. Bill 203 would in turn reintroduce all of these conditions. This is particularly concerning in a small market like Edmonton.

Number two, OC appointments are now required to ensure competency-based appointments for these billion-dollar funds. The OECD, in a 2008 report on pension fund governance, noted:

Many of the problems in pension fund governance emerge from weaknesses in the governing board . . . [including] Selection on the basis of representatives of stakeholders: in many countries board members are often selected on the basis of their status in a trade union or employer, rather than their specific knowledge or experience.

There's an Ontario report that drew similar conclusions.

Number three, Bill 22 adjusted the composition of the LAPP board to better reflect member composition by adding a management employees' nominee.

Number four, Bill 22 requires the use of the Auditor General of Alberta as the auditor for the public-sector pension plans.

Number five, Bill 22 brings pension CEO compensation under RABCCA. This will help ensure that plan members and Alberta taxpayers benefit from the legislative certainty that CEO compensation is competitive but not excessive. We have seen significant growth in CEO compensation, and we anticipate annual cost savings across all the plans of as much as a million dollars once RABCCA is fully implemented.

One aspect of Bill 203 that was not reflected in Bill 22 relates to an Alberta pension plan/PPP. Bill 203 would prevent Alberta's withdrawal from CPP, and I believe the provision would forestall the work that has been tasked to my ministry, not yet done, that being a detailed technical study, including consulting external financial experts.

I would like to summarize as follows. For pensioners who are members of LAPP, PSPP, or SFPP, investments are already managed by AIMCo. Similarly, APS already provides benefit administration services. Bill 22 solidified these relationships and removed instability and uncertainty, that Bill 203 would reintroduce. Secondly, ownership and control of the plan's funds have not changed. Third, while there have been numerous efforts to obfuscate comparative returns, I would like to be very clear that AIMCo has a consistent record of outperforming their mandated benchmarks. Finally, Bill 22 implemented no changes to pension benefits for any member of LAPP, PSPP, ATRF, or SFPP.

Thank you.

**The Chair:** Wonderful. Thank you very much for that presentation.

I now will open the floor to questions. A reminder to members: again, do your best to keep your questions and answers short and succinct. Okay. As customary, we're going to start with the government members' side since this is an opposition member's bill. We have Mr. Horner up next, followed by Ms Gray.

**Mr. Horner:** Thank you, Chair, and thank you for your presentation. A lot of the onus was based on finding administrative cost savings in Bill 22. What is the amount of those cost savings that will result from the consolidation of these investment activities under AIMCo from the ATRF?

**Ms Mentzelopoulos:** Well, from the ATRF we haven't done a detailed calculation, but I would point to a few things that are worth consideration. ATRF was considering something called project whiteboard. I don't want to speak on their behalf, but I do know that they had kind of done an assessment. I think they characterized it in their annual report: if we had all of these funds, which at the time I think were about \$17 billion, if it was just cash, what would we do? On the basis of that assessment they were beginning a process of actually building up investment capacity within ATRF. Prior to that, they had about, I think, \$85 million of management fees, so they would have been using resources probably all around North America for their fund management.

Essentially, what we were envisioning is kind of like another AIMCo being developed as a component of ATRF. Our conclusion was that the expertise – and AIMCo does have an excellent reputation – existed already in Edmonton. We were also concerned that that kind of growth, as it does, would put upward pressure on compensation, and the additional possibility that given the optionality that Bill 27 introduced in 2018, any of the other pension

funds could exercise that provision and follow the same route, essentially again duplicating the resources and the services of AIMCo and, frankly, also APS, created a situation where we knew there could be substantial public-sector growth and cost.

**The Chair:** A follow-up?

**Mr. Horner:** Yeah. It's my understanding that these administrative costs come out of the Education budget themselves, so in the instances we find ourselves now, would it be fair to say that any savings will be directed back into the classroom, other parts of the Education portfolio?

**Ms Mentzelopoulos:** If I get this wrong, I'll get my colleague David Mulyk to join me here. Essentially, when there are savings identified, what happens is that they go into adjustments to the actual contribution rates, so that's where you would actually see the adjustment. Now, that does benefit government when contribution rates are reduced because, of course, government pays salaries and, as a component of salaries, members make pension contributions. But governments also make the direct contribution to pension funds, so when those rates go down, it lessens the pressure on our budget. Yes, ultimately, the relief that is found there can be used for other purposes in government.

**The Chair:** Member Gray.

**Ms Gray:** Thank you. Your final comments are where I would like to start, because you started by saying that the pensions are paid for by the Alberta taxpayers, but these pensions are workers' deferred wages. When someone is hired, their pension entitlements are part of their compensation package, and I don't want to lose sight of that. Your comment just now about it being a component of salaries, I think, is really important.

Your presentation included a lot, so I will just briefly also mention that, yes, you're correct that LAPP, SFPP, and PSPP have been managed by AIMCo because they were not granted the ability to leave. They hadn't been able to exercise that. Although you mentioned AIMCo's strong general returns, I will suggest that AIMCo has been short of LAPP's SIPP-specified value-added expectations for 47 consecutive quarters, so they have not met the pension benchmarks for 11 years and 9 months. They hadn't left AIMCo because they could not, but I would suggest, in comparing pension administrators, that these pension plans should have the ability to choose who their investment manager is.

My question to you, because we cannot talk about everything – and I appreciate your time and your presentation – is that there has been a lot of concern around the analysis around cost savings done by finding inefficiencies. I believe the minister originally quoted \$91 million across ATRF, WCB, and the other – I apologize; I've forgotten the other impacted body. Since then, more detailed asset class to asset class comparisons have been done by ATRF and others. Why was there not a more detailed analysis with the true data? As government you do have access to all of that done at the original time. Do you have any comments . . .

**The Chair:** Okay. Member, let's let the guest answer the question.

**Ms Gray:** Oh. And on the ATRF's \$1.3 billion, just if you could comment.

**Ms Mentzelopoulos:** There's been quite a bit of debate about relative returns, and I want to pick up on something in your question that I think is fairly indicative of why this is dangerous to get into,

because it's frequently apples and oranges. Just to point out something in your own opening comments, you started by talking about value-add, but then you come back to talking about benchmarks, and you indicate that there's been an underperforming compared to benchmarks although, as I said, you started by pointing to value-add.

They're actually two different things. AIMCo has outperformed their LAPP benchmarks. LAPP set something called a value-add; it's like a stretch goal. In fact, in order to meet that stretch goal, they actually have to take riskier investments, and depending on the risk appetite that's set by the board, that can or cannot be kind of offside. In terms of the benchmarks proper, AIMCo has met or exceeded them during the time that you just suggested. In terms of the value-add, the stretch, they have not. But it is incorrect to say that they did not meet their benchmarks, and I think that's been an unfortunate statement to make. I think it's important to understand the nature of the stretch goals before commenting on the extent to which AIMCo has or has not met them.

*10:10*

**Ms Gray:** Thank you very much for providing that clarification.

Is it not correct that although LAPP, PSPP, and SFPP have not been able to leave AIMCo, the fact that they were using AIMCo is not a signal of their support?

Secondly, ATRF's detailed analysis showing \$1.3 billion lower returns had AIMCo been the manager for the past seven years: are you able to comment on that analysis, and has your department reviewed that?

**Ms Mentzelopoulos:** Well, in terms, strictly speaking, of the analysis, it's an apples-to-oranges analysis, so to get in and completely take that apart would probably require a separate technical briefing.

In terms of the question around LAPP, SFPP, and PSPP using or not using AIMCo, the central question is: if you have an existing corporation, Edmonton-based, Alberta employees, important to the local economy, it was confusing as to why with Bill 27 you could create the conditions where you basically not just replicate all of that capacity – and it is extremely expensive capacity; these are investment professionals – but, in so doing, probably impact AIMCo's ability to continue to operate with the economies of scale that they're doing, which goes in, really, the exact opposite direction globally, if you look at investment funds from British Columbia to California to Quebec, where they've gone very much in the direction of pooling investment funds, not fracturing them, which is where Bill 27 would have gone, and then harnessing the power, because in that world, big begets big.

**The Chair:** Member Jones.

**Mr. Jones:** Thank you. The best investment management arrangements occur when the interests of the parties involved are aligned. To me, every party involved wins when our pension funds succeed. Would you agree that the interests of teachers, government, taxpayers, and even the investment professionals at AIMCo are aligned and benefit from the continued success of the ATRF?

**Ms Mentzelopoulos:** Absolutely. It's why I'm so distressed when we hear the suggestion that Bill 22 reversed joint governance. I think that that is really unfortunate, that that is one of the claims that's been made about Bill 22. It's totally false. Secondly, I think we put a lot of importance attached to the investment agreements, but those are agreements between AIMCo and their clients. The clients set their risk appetite, and the clients set the general direction.

AIMCo has a legislated mandate to get the best return, and that serves everybody.

**Mr. Jones:** You already have, but can you touch on the difficulty in comparing pension fund returns given different year-ends, fund size, asset mix, strategy, risk tolerance, and other factors and how unfortunate and potentially damaging to the confidence of Albertans these misguided and blatantly inaccurate comparisons are?

**Ms Mentzelopoulos:** Well, it is apples and oranges for all of the reasons that you just described, and it is an extremely complicated area of accounting. Pension governance, pension administration, overall: I like to think TBF – our primary goal is to be very good at math, and the most complicated math that people like David Mulyk do is in pensions. We consider it a very solemn responsibility to get it right. There's a whole bunch of reasons why they're presented as kind of straightforward, cut-and-dried comparisons. They just fall apart as soon as experts actually take them apart, and we've seen that to a certain extent.

I'm not qualified to take it apart today, as I suggested in an earlier answer. It's probably an entirely, whole different technical briefing in and of itself. But I've pointed out one of the areas where, for example, that kind of unfortunate comparison has already left an impression about AIMCo, an Alberta corporation that employs 400 Albertans. Well, 400 employees: they have some capacity outside of Alberta, but they are domiciled here; largely their employees are here. They've done a great job, and they deserve credit for that. Obviously, there have been phenomenal global events in the markets that have affected everyone – I can't diminish that – but they have a long-term high performance.

**The Chair:** Thank you.  
Member Pancholi.

**Ms Pancholi:** Thank you. I appreciate you being here today and taking the time to be here. I do have to note that I believe, based on your presentation today, that you may have been misinformed about the purpose of a technical briefing from the ministry. With today's briefing, as has been the case in this committee when the ministry comes to present a technical briefing, they present a technical briefing on the private member's bill that's before this committee, and in this situation that's private member's Bill 203.

We've heard a lot of information about Bill 27 in the past and Bill 22. I appreciate your comments, especially your most recent comments, about how extremely complicated this is and that you take it seriously, and I believe that to be the case for all public servants, particularly dealing with something like pensions. It is complicated because it so significantly impacts Albertans and the people who invest their money and their wages in their pension, and it is a grave responsibility.

I think what we've heard here is more discussion and more a technical briefing, perhaps, on Bill 22 than Albertans were able to have in the Legislature. When Bill 22 was introduced, there was limited debate. Albertans were not told that this was going to happen. There was no indication in the UCP platform that this was coming forward, so, really, Albertans had about a day to consider the information that you've just acknowledged is incredibly complicated.

We appreciate that, and that, I believe, is what the purpose of Bill 203 is about today. That is what I think we were hoping for a briefing on, whether or not Bill 203 would bring this matter back to the Legislature for a fulsome debate, because what I think Albertans overwhelmingly expressed was that they were caught off guard, that consultation was not done, that they did not have an opportunity to do that.

I'm wondering if you can comment specifically on Bill 203. You mentioned, for example, that you believe that somehow Bill 203 is usurping the ability to do the research on the issue of withdrawal from CPP, and I'm wondering where in Bill 203 you see that there is no opportunity for research on withdrawal from CPP. Certainly, I believe what was brought forward by Member Gray was that . . .

**The Chair:** Let's let her answer the question. You asked a question.

**Ms Mentzelopoulos:** In my reading of Bill 203, it would reverse the provisions in Bill 22. That was the purpose of my technical comments, to talk about what the reversal of the provisions in Bill 22 would accomplish. I could have gone clause by clause, but I did only have five minutes, so I apologize if in some way I didn't meet your expectations in my opening remarks.

In terms of the CPP-APP issue, as I understand – but I would defer to the member – the provision would prevent anyone from Executive Council from signalling the intent to withdraw from the CPP. Now, if I'm misunderstanding that provision, I apologize, but I believe that that would be meant to forestall the discussion about the potential benefits or not of an Alberta pension plan.

As I understand the instructions that have been received by my ministry, as a consequence of the Fair Deal Panel we are seizing an immense project, something that has not actually been done, to look in depth, with expert capacity, at all of the pros and cons of an Alberta pension plan and, with that material in hand, provide analysis to all Albertans for a discussion and, I believe, a referendum although I do not seek to put words into the mouths of any of our elected representatives.

**The Chair:** Okay. Thank you.  
Member, a follow-up, please.

**Ms Pancholi:** Thank you. With respect to, then, the intent behind Bill 203, which would limit the ability of an Executive Council member to indicate withdrawal from the CPP, certainly to reverse that, say in response to a referendum and detailed analysis and research, it would require a legislative change, exactly what we saw with Bill 22, exactly what we're seeing with Bill 203. Simply, what it does is require that that decision about withdrawal, which could certainly happen with research – would you not agree that that could, then, happen through a legislative change but that it would have to come before the Legislative Assembly for debate? Would that not be the process by which, if Bill 203 was passed, then withdrawal could take place from the CPP?

**Ms Mentzelopoulos:** I am not a creature of the Legislature, and I've never presumed what may or may not happen in the Legislature.

**The Chair:** Okay. Thank you.  
Mr. Stephan, go ahead.

**Mr. Stephan:** Thank you. You stated in your presentation that the consolidation of public plan assets would save money for both the plan members and taxpayers. Could you share how much taxpayers who are not plan members contribute into our public pension plans, including the ATRF?

10:20

**Ms Mentzelopoulos:** We've actually been doing that analysis, but we haven't completed it yet.

David, did you want to state what you know?

**Mr. Mulyk:** Thank you. My name is David Mulyk. I'm the executive director of pension and insurance policy with Treasury Board and Finance. The general answer to your question is that the

contribution rates necessary to fund benefits in our public-sector pension plans run the range of approximately 22 per cent to perhaps 28 per cent of aggregate total pay combined between employees and employers. So in a very rough math situation, you're looking at maybe 11, 12, 13 per cent that is contributed directly by the employer, and a similar amount would be contributed by the members of the pension plan.

**The Chair:** Mr. Stephan, a follow-up, please.

**Mr. Stephan:** So it's about 50-50. Are there examples where Alberta taxpayers have actually contributed more than 50 per cent?

**Ms Mentzelopoulos:** That's probably true of pre-1992 liabilities for the teachers' pension. For many years both teachers and the employer undercontributed to the teachers' plan. Several years ago a decision was made that government would take on those pre-1992 liabilities. Essentially, what that means is that every year a transfer of approximately half a billion dollars is made from general revenue to the ATRF to provide for the benefits for those pre-1992 liabilities. So that's probably one fair example.

**The Chair:** Okay. Thank you.  
Mr. Nielsen.

**Mr. Nielsen:** Thank you, Mr. Chair. I appreciate the presentation today, and I guess my question is around Bill 203. I know all members of the committee have received substantial correspondence, including from a couple of organizations that represent their members. So when we're talking about an organization that represents 46,000 members and another organization representing 170,000 members, I guess my question is: if this idea was so good, would these members not be clambering over each other in order to get what is being provided in Bill 22 versus, well, quite frankly, the outrage that we've seen?

**Ms Mentzelopoulos:** Well, I've seen some of that correspondence, and unfortunately it's sometimes based on a misapprehension of what was in Bill 22; for example, the concern that Bill 22 repealed joint governance, which has been a concern to many folks but is just factually incorrect. So when I see concerns raised about Bill 22, I seek to discern which are based on the actual provisions of the bill and which are not.

You know, one of the other concerns – and I think a member here actually reflected it today – is that members of LAPP or PSPP or SFPP have seen their pensions subsumed under AIMCo. There was actually no change as a consequence of Bill 22. AIMCo was their investment manager; AIMCo still is their investment manager. I guess that when I look at that correspondence, I do try to take it from the point of view of looking at: what actually were the provisions of Bill 22?

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

I'd like to thank the members from the Ministry of Treasury Board and Finance for joining us this morning. Thank you again for your attendance and your input.

Next, hon. members, we will now go to decisions on the review of Bill 203. The committee must now decide how to conduct its review of Bill 203. In accordance with our agreed-upon process the committee may decide to invite additional feedback from stakeholders on this bill at a later meeting, or it may choose to expedite this review and proceed to deliberations.

What are the members' thoughts on this issue? Would you like to hear from stakeholders, or would members wish to expedite the review? Mr. Schow, I saw your hand first.

**Mr. Schow:** Thank you, Mr. Chair. While I have seen a number of contradictions in this bill and things that have been said by members opposite, I do see the value of having a more exhaustive discussion, so I would probably think it would be a good idea to bring in stakeholders. I'd actually like to, just in the interests of time, maybe just do a by-hand straw poll of who would agree with bringing in stakeholders.

**The Chair:** We can certainly make that motion as a straw poll. It wouldn't be official. I'd like to hear from the opposition, if you wouldn't mind, first.

Is there somebody from the opposition? I saw Mr. Nielsen first. Go ahead.

**Mr. Nielsen:** Yeah. Thanks, Mr. Chair. No. I agree. I think we have a duty to seek the guidance of stakeholders. I do feel, however, that given the constraints that the committee has imposed on itself around stakeholders that perhaps we might want to look at expanding that. I mean, we've heard from MLA Gray about, you know, 2,000 people that want to come to speak to the committee. I don't know if that's necessarily something that we could do in person, but I think there's an ability to reach out to these individuals to get their feedback on this. I'm not ready to necessarily make a motion on that. I don't want to cut off debate here on this, but I'd be prepared to eventually make a motion to increase that number.

**The Chair:** Okay. Well, obviously counsel is seeing what we can and cannot do, as you are fully aware, as you were part of the subcommittee that met, which gave the parameters as to times and how many stakeholders that are required. Whether that is a decision by another subcommittee meeting or whether that is a motion, I will maybe . . .

**Mr. Schow:** Can I ask a point of clarification?

**The Chair:** Sure.

**Mr. Schow:** I just want to know if Mr. Nielsen is asking that we bring in more than three stakeholders per side or if we're just accepting an infinite number of submissions to the committee as we have in the past because we have allowed stakeholders to present, and they can present in person, over the phone, Zoom, send a raven, I guess, if you really want to, but then there's also the other side of just submissions from stakeholders, which I don't think we've ever put a limit on. Maybe just a point of clarification if you could.

**Mr. Nielsen:** No. That's a great question. I think we need to look at doing both. We need to be able to provide the avenue for written submissions and probably increase the number of stakeholders that directly present to the committee.

**The Chair:** At this moment here I'd like to maybe defer to counsel or the clerk, actually.

**Mr. Kulicki:** Sure. I'll just kind of review the committee's established process, and then you can take it from there. The agreed upon process is that the committee may invite a maximum of six stakeholders, with three stakeholders chosen by each of the caucuses to present in person or via Skype or whatever to the committee. Then it's also the policy to accept any other written submissions that we would receive to the committee's e-mail, so to speak, and put those submissions before the committee. What I would advise the committee is that if they wanted to increase the number of stakeholders that would present to the committee in person or via Skype or whatever means, that would require unanimous consent of the committee.



**The Chair:** Okay. The process has been clear.

Mr. Nielsen, would you be looking at making a motion to ask for additional stakeholders?

**Mr. Nielsen:** I would, Mr. Chair, but I don't want to cut off potential debate before that.

**The Chair:** Okay. That's fair. We'll just set that aside then.

**Mr. Nielsen:** Or I can just . . .

**The Chair:** Okay. What I'm hearing from you is that you would be looking for a motion for unanimous consent to ask for additional stakeholders beyond the agreed upon six, which is the three for each caucus.

**Mr. Nielsen:** We would temporarily waive that for this review.

**The Chair:** Do you have a limit?

**Mr. Nielsen:** I would suggest six per side.

**The Chair:** Okay. Your recommendation is six per side. This requires unanimous consent.

I guess I'll open the floor to some debate on this particular – I saw Member Irwin.

**Member Irwin:** Yeah. Just reminding, you know, that that's not unprecedented because I believe with Bill 207 we had six a side. I think it's a reasonable ask. Did we not?

**The Chair:** I don't believe we did.

**An Hon. Member:** We had six total.

**The Chair:** Yeah. Six total.

**Member Irwin:** Okay. I'm misinformed then because I thought . . .

**The Chair:** It's okay.

Okay. Member Jones, go ahead.

**Mr. Jones:** I'd just like to point out that when I presented my private member's bill, I had a multitude of stakeholders that wanted to present, and I was limited to three. I'm just putting that other equity, fairness . . .

10:30

**The Chair:** Into debate. Okay.

Do you have something that's possibly written, or maybe we'll ask Mr. Nielsen to just verbalize his motion one more time if there are no further comments or questions. Then I'll ask for the unanimous consent.

**Mr. Nielsen:** Well, thanks, Mr. Chair. I would move that the Standing Committee on Private Bills and Private Members' Public Bills temporarily waive the agreed stakeholder numbers made from the subcommittee and increase to six stakeholders per side for the review of Bill 203.

**The Chair:** Okay. Then I will ask only one question. Is there anyone opposed to the motion as submitted by Member Nielsen?

**Hon. Members:** Yes.

**The Chair:** All right.

That has been defeated and denied.

All right. Thank you. I guess we're back on discussing stakeholders as per the rules that are set out by the subcommittee. If there's no further debate on this and we're all – it seems like there's a bit of a consensus on having stakeholders obviously, so then maybe I'll get somebody to move a motion in regard to that. Okay. Mr. Nixon, and it's onscreen. All right. Perfect. Seeing no further hands up in the air, Mr. Nixon to move that

the Standing Committee on Private Bills and Private Members' Public Bills, number one, invite a maximum of six stakeholders, with three stakeholders chosen by each of the government and Official Opposition caucuses, to present to the committee on Bill 203, Pension Protection Act, at an upcoming meeting and, number two, request that the caucuses submit their lists of stakeholders to the chair by noon on Wednesday June 24, 2020.

All those in favour, say aye. Any opposed?

That motion is carried.

Just for clarification's sake, to the clerk – I think just a follow-up on what Mr. Nielsen said – certainly, people can make written submissions to the committee. Is that correct?

**Mr. Kulicki:** Yes. That's correct.

**The Chair:** Okay. There you go.

All right. Thank you. We'll now go to other business. Are there any other issues for discussion before we wrap up today's meeting?

Seeing none. Okay. Just so everybody is aware, next week is a constituency break, so we likely won't be meeting then. We'll be following up with this meeting, which probably gives everybody an opportunity to get their stakeholders in place as well. I'll have the clerk send out a notification regarding that. That'll be at the call of the chair, Private Members' Public Bills to refer in regard to that committee.

Okay. Next we'll go to adjournment. Can I get somebody to adjourn the meeting? Anybody? Oh. Yeah. I see a hand. Mr. Horner. All right. Mr. Horner moved that the meeting be adjourned. All those in favour, say aye. Any opposed?

All right. Thank you very much. Have a great day, folks.

[The committee adjourned at 10:33 a.m.]





