



# An Alberta Pension Plan- Political Messaging and Political Interference

Presentation to AB Resistance  
26 October 2024

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# AGENDA

Provenance

“The Choice is Yours”

Freedom of Information requests

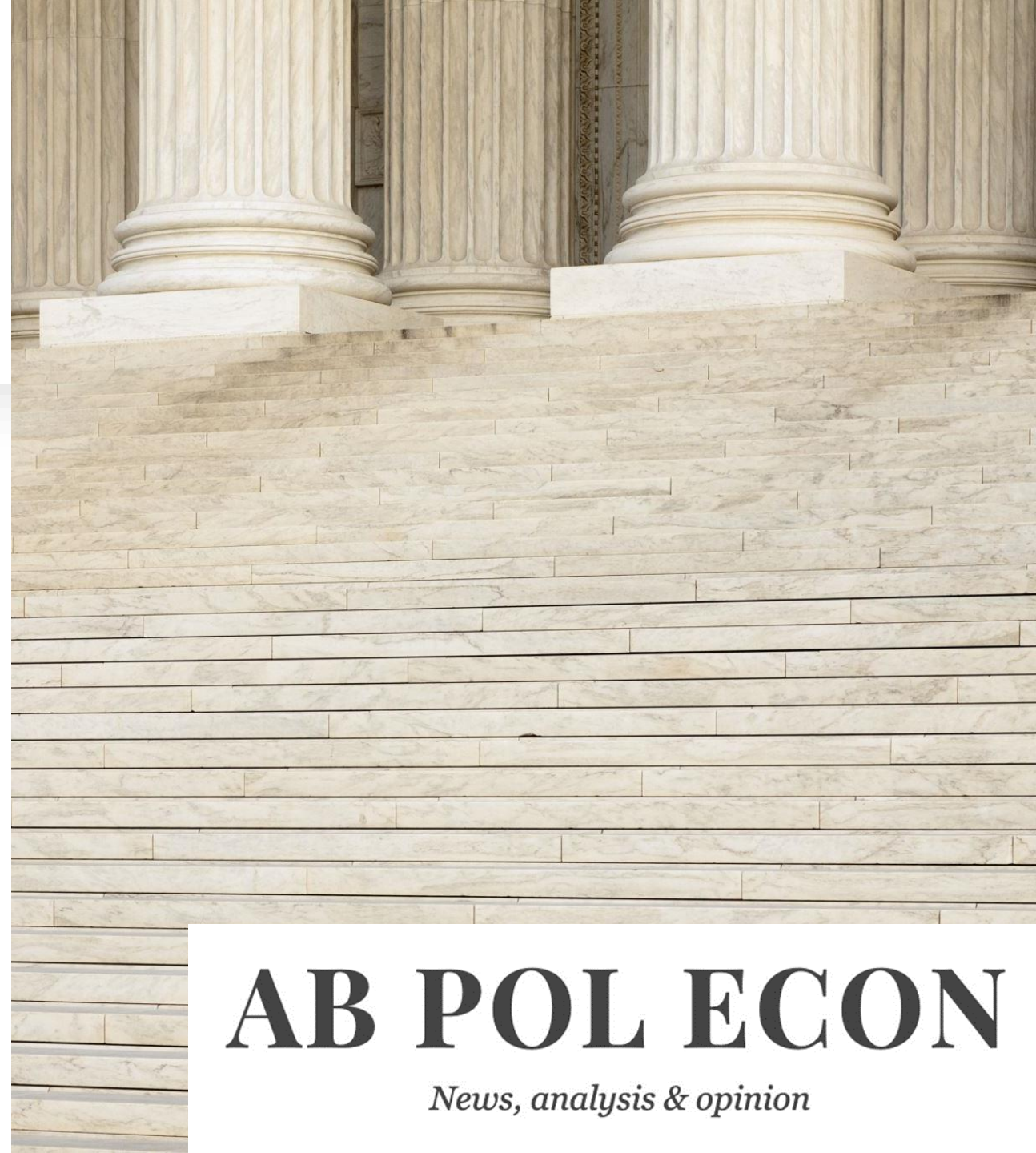
Conclusions

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# Provenance

- Western Canada Concept in early 1980s
- Firewall letter – Harper et al January 2000
- “A Separate Alberta Pension Plan”- academics
- Fraser Institute in 2000s
- Fair Deal Report



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- **What's in it for you? - An Alberta Pension Plan**

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“On September 21st, 2023, Alberta's government released an **independent, third-party** report exploring the possibility of setting up a potential Alberta Pension Plan (APP). Learn what's in it for you.”

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“Albertans could save over \$5 billion in the first year alone by moving from the CPP to an APP. That money could be used to **increase pension benefits** for Alberta seniors and paycheques for workers. This could also mean a **reduction in costs** for Alberta businesses.”

There are many different options to combine pension contribution decreases for workers with benefit improvements for seniors in the design of a new APP. This will depend on how that \$5 billion in savings is divided between reductions to contribution rates from workers and increases in benefits to seniors. Take our survey to help us understand your thoughts on an Alberta Pension Plan.”



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## Larger Pension Benefits for Alberta Seniors

What's not to like?

“The \$5 billion in savings realized by an Alberta Pension Plan could be used to **boost** the annual **pension benefits for Alberta seniors**. That could include a significant increase to each senior's monthly pension payment, or even a \$5,000 - \$10,000 bonus payment at retirement.”

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\$1,425/Year – Business Savings

“If you’re a business owner – small, medium, or large – you already match the Canada Pension Plan premiums paid by your employees. That means that an Alberta Pension Plan could **reduce the premiums** businesses pay by up to \$1,425 per worker, per year. Businesses could invest that money to buy equipment or hire more employees.”

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What’s not to like?





# What's not to like?

\$1,425/Year – **Bigger Paycheques** for workers and self-employed

“The report estimates the difference between the rate Alberta workers would pay in Canada Pension Plan premiums and Alberta Pension Plan premiums would save Alberta workers up to \$1,425 every year while maintaining the same level of benefits for seniors. That extra take-home pay for Alberta workers could be used to meet the needs and priorities of their families.”

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\$334 billion in assets –  
A more stable pension plan

“Along with **more money in your pocket**, an Alberta Pension Plan would be **more stable** than the current Canada Pension Plan. According to the report, an APP with an initial asset transfer from the CPP of approximately \$334 billion, would have a much bigger pool of assets compared to its expenditures (benefits for seniors) than would the CPP by comparison.

- Bottom line: an Alberta Pension Plan could mean greater pension benefit security for Albertans”.

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## 10 provinces and 3 territories – Portability across Canada

“An Alberta Pension Plan would work much the same way the Quebec Pension Plan works within Canada. The Government of Alberta would work with partners at the CPP and QPP to develop agreements that would allow individuals to move throughout Canada's ten provinces and three territories **without disrupting or decreasing their pension benefits.**”



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# \$60 Billion – More Alberta, Less Ottawa

For decades, Alberta's young working population, higher employment rates and higher pensionable earnings have resulted in Alberta workers and businesses contributing approximately \$60 billion more into the CPP since inception than has been paid out to Albertans during that same time period.

Moving to an Alberta Pension Plan would end that continued over contribution and **free up those savings** to benefit Alberta seniors and workers for generations.



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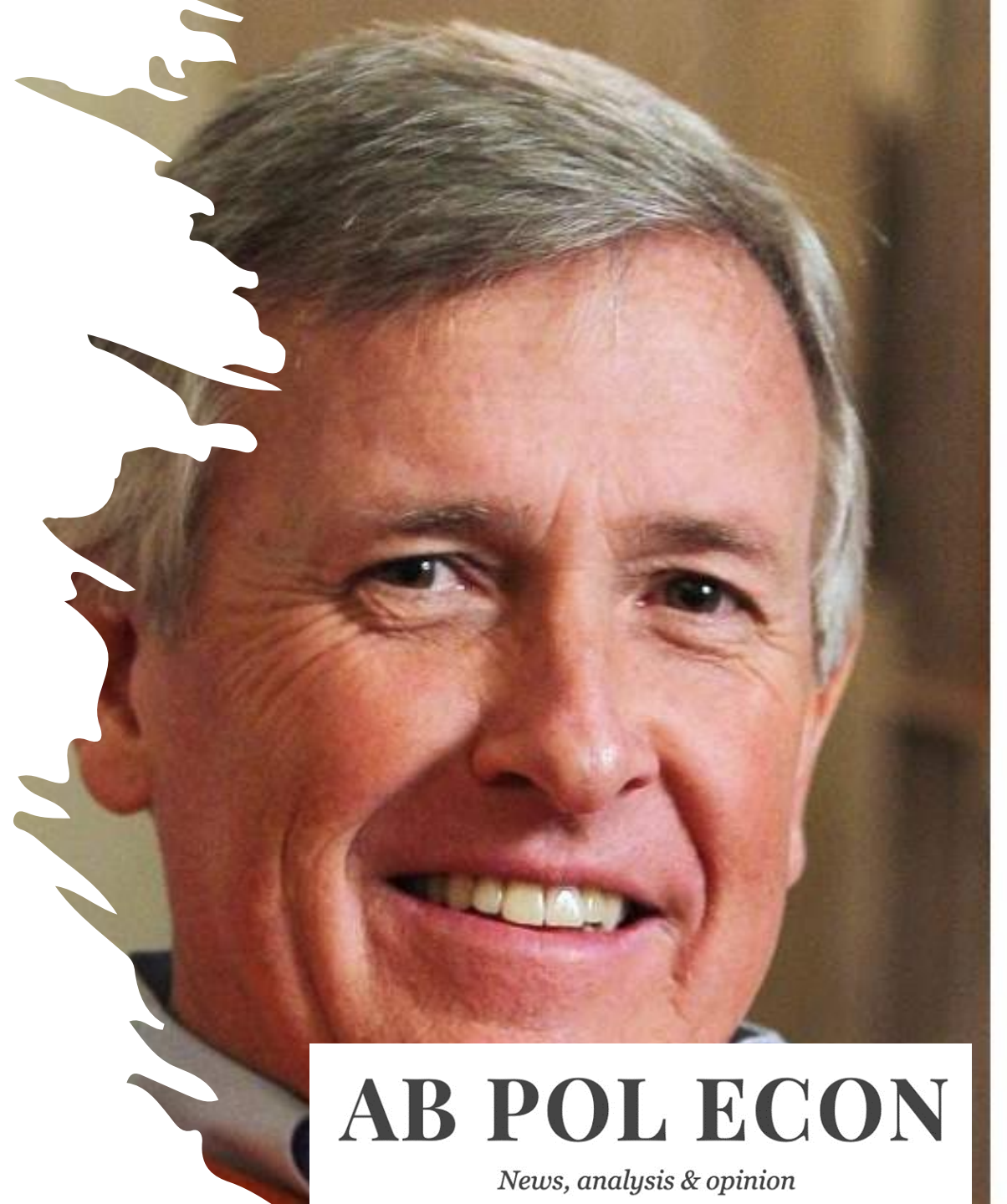
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# Engagement Panel- Jim Dinning Chair

- 1978-1986- Alberta government
- MLA 1986-1997
- Treasurer 1993-97
- TransAlta Executive 1997-2004
- Chair- Calgary Health Authority 1999-2001
- Corporate director- Finning, Shaw, Parkland Fuel Corp. Russell Metals, Liquor Stores NA, Western Financial Group, Canada West Foundation, Banff Centre
- Contributed over \$20,000 to UCP since 2017, including \$5600 in 2022



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# Engagement Panel-Mary Ritchie (Edmonton)



- Accountant
- Former member of CPP Investment Board
- Director of Alaris Royalty Corp., EnWave Corporation, IPL Plastics Inc.
- Former director of Industrial Alliance Insurance, IA Financial Corporation Inc. and a former member of the RBC Global Asset Management's independent oversight committee.

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# Engagement Panel- Professor Moin Yahya (Edmonton)



- Professor of Law- UofA
- Member – Fair Deal Panel
- Written about over-regulation of private pension plans for Fraser Institute
- Former member of Alberta Utilities Board

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# Freedom of Information and Protection of Privacy Act (FOIPPA)

Charles Rusnell *The Tyee* 5 March 2024

<https://thetyee.ca/Analysis/2024/03/05/Dome-Secrecy-Protects-Smith-Alberta-Pension-Push/>

- Communications with Premier's office (Jan-Nov 2023)– of 275 calls only 17 supportive
- Government wanted \$3600 to process 11,700 pages of records

- Abpolecon.ca
- Treasury Board and Finance – 4 months to receive documents
- 278 pages- covering 703 pages 451 pages fully redacted (64%) – 77 in public domain
- Most common exemption- advice of officials

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## OPINION

# The danger of politicizing pensions

Canadians should be worried about pressure from politicians to direct investments to benefit certain sectors

KELLY  
CRYDERMAN

OPINION



CALGARY

Alberta Premier Danielle Smith and federal Finance Minister Chrystia Freeland don't have a lot in common. But they do share at least one view: that governments could play a bigger role directing pension investments to the benefit of domestic industries and economic priorities.

Canadians, no matter who they vote for, should be worried that these two political heavyweights share any common ground in this regard.

It became clearer in the federal budget last week as Ottawa appointed former Bank of Canada governor Stephen Poloz to lead a working group to explore "how to

catalyze greater domestic investment opportunities for Canadian pension funds." The group will examine how Canadian pension funds can spur innovation and drive economic growth, while still meeting fiduciary and actuarial responsibilities.

This idea has been in discussion since it was highlighted in the fall economic statement. In March, dozens of chief executives signed an open letter urging federal and provincial finance ministers to "amend the rules governing pension funds to encourage them to invest in Canada."

Rewind to last fall, and it was Alberta's plans that were dominating controversial pension discussions. As Ms. Smith championed Alberta going it alone, Canadians (including Albertans) were dumbfounded by her government's claim, the province could be entitled to 53 per cent of Canada Pension Plan assets — \$334-billion of the plan's expected \$575-billion by 2027. The Premier has made the argument that starting with this nest egg, and with the province's large working-age population, a separate Alberta plan could provide more in the way of benefits to seniors with lower premiums.

The main point of contention

between the Smith government and Justin Trudeau's Liberals has been what amount Alberta would take, should it exit the Canada Pension Plan. All parties are now waiting on Ottawa's counter-assessment; the Office of the Chief Actuary will provide a calculation some time this fall.

But lost in this furious debate over that dollar amount is Ms. Smith's desire to see the province have a say in how the pension contributions of Albertans are invested. The Premier has long expressed frustration that Canadian pension funds were being influenced by fossil-fuel divestment movements, and has suggested a separate Alberta pension plan could be a counterweight to this.

In addition, a key part of the promise for many supporters of the Alberta pension plan idea — including former premier Jason Kenney and pension panel chair Jim Dinning — has been the benefits that would accrue to the province's financial services sector.

But just as the UCP government might see the potential of using the heft of pension assets to bolster the province's energy sector, or to spur white-collar jobs in Calgary, the federal Liberals would like to see more pension dollars directed toward Canadian

AI, digital infrastructure and housing. These are some of the areas Ms. Freeland has directed Mr. Poloz's working group to focus on.

Some would deem Ms. Freeland's goals admirable. Tax dollars are already flowing to these sectors. It comes at a time of increasing concern about the housing crunch, Canada's weak GDP numbers, and the fact that Canada's economy is being carried along by strong population growth.

But many Canadians are already concerned with government priorities and federal spending. Many more would balk at governments picking winning industries with pension contributions. And governments change. A Conservative government, for instance, might have very different industries in mind for its own pension-fund working group — say, for instance, to make sure Canada doesn't cede oil market share to Venezuela or the United States.

This pension working group is a convenient sweetener for a business community that has in many ways soured on this Liberal government. It comes at a moment when Ottawa is facing pushback — from technology en-

trepreneurs to doctors — to its proposed capital-gains tax hike.

It doesn't appear Ottawa wants to go as far as recreating the CPP in the image of the Caisse de dépôt et placement du Québec, which has a formal mandate that includes contributing to the province's economic development. And this isn't to say there's such a thing as complete neutrality in pension management now.

The Canada Pension Plan Investment Board makes decisions open to debate and criticism. It should hear what governments and industry have to say, and setting up a couple of regional offices, beyond Toronto, could be helpful.

But if pension plans are formally burdened with policy imperatives from politicians, it could distract from the main goals of reasonable premiums and retirement security for Canadians. It could see the prioritization of being re-elected over returns. The regional and sectoral tug-of-wars over the cash would be never-ending.

There's good reason to fear what an Alberta government would do should it take control of its citizens' pension wealth. The same is most definitely true for Ottawa.

# Conclusions

- Don't believe what campaigning politicians say
- Previous UCP government actions on public pensions **arbitrary**
- *Alberta Pension Protection Act*- not much protection from political interference
- APP is key part of Smith's Alberta First separatist agenda – divisive, paints Ottawa as oppressive power
- If it's this good, it probably isn't



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# Conclusions

- Alberta politicians may gain oversight- this is bad for pensioners **regardless of who's in power**
- Numbers used and promises are fictional and delusional
- Survey biased
- AIMCo's investment record is spotty
- What can you do? Write Premier Smith, Finance Minister Horner



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# Political Interference

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CPPIB **by statute** is insulated  
from political interference

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UCP record on pensions APP  
vague on governance structure

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Dinning clip hints at private  
sector investment option



Releasing the report for a potential Alberta Pension Plan – September 21, 2023

Your Alberta (Government of ... 52.9K subscribers

4.6K views Streamed 1 year ago Premier Danielle Smith and President of Treasury Board and Minister of Finance Nate Horner released an independent report on a potential Alberta Pension Plan. Learn more at: https://www.albertapensionplan.ca/...more

Comments are turned off. Learn more

All From Your Alberta (Governme... Retirement

Defending Canadians' jobs, economy and livelihoods - ... Your Alberta (Government of Alberta) 1.7K views · Streamed 7 days ago

Alberta Update S2 E03 - October 11, 2024 Your Alberta (Government of Alberta) 942 views · 11 days ago

World Energy Outlook 2024 International Energy Agency 6.7K views · Streamed 6 days ago

Bird and Fortune (Washington Diplomat) 428K views · 17 years ago

DAX MADE EASY WITH VISUAL CALCULATIONS Pragmatic Works 55K views · Streamed 6 months ago

Refocusing primary health care in Alberta - October 15, 2024 Your Alberta (Government of Alberta) 3.4K views · Streamed 7 days ago

Premier Danielle Smith releases report for potential Alberta... cpac 7.3K views · Streamed 1 year ago

Recession Watch: Housing, Autos Already in Recession,... Bloomberg Podcasts 24K views · 2 weeks ago

KEY Details About Canada's Government Pensions: CPP... Well Built Wealth 331K views · 1 year ago

Helping Jasper residents rebuild - October 21, 2024 Your Alberta (Government of Alberta) 1.3K views · Streamed 1 day ago

Opening Calgary's new comprehensive cancer centre ... Your Alberta (Government of Alberta) 769 views · Streamed 5 days ago



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# UCP record on pensions

Alberta Strong and Free 2019 NO reference to

- an Alberta Pension Plan
- Restoring AIMCo's monopoly of public pension plans
- Sweeping ATRF and WCB under AIMCo's management

Bill 22 introduced **without consultations or notice** - arbitrariness

ATA takes government to court

- Battle over Investment Management agreement
- BUT WHY?

# BUT WHY?

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- Continuing distress in oil patch- WTI around \$US 60-65/bbl in April 2019
- Alberta Growth Mandate and AIMCo- separation of “church and state”
- Incredibly AIMCo selected **two out of three** “growth” companies to be struggling O&G companies and well servicing
- Examples- Trident- bankrupt, [Perpetual/Sequoia/Rubellite](#), [Razer Energy](#) and Western Energy Services virtually bankrupt
- AIMCo and the UCP government claim

# The Big Lie

- the government gave AIMCo a mandate to invest up to three per cent of the Heritage Fund (approximately \$500 million) in investments that directly invest in Alberta's growth This mandate was eliminated in the fourth quarter of the 2019–20 fiscal year, as it was deemed no longer necessary The mandate was eliminated as all investments exceeded AIMCo's risk/return targets p. 16, [2019 – 20 Annual Report, Alberta Heritage Savings Trust Fund](#)

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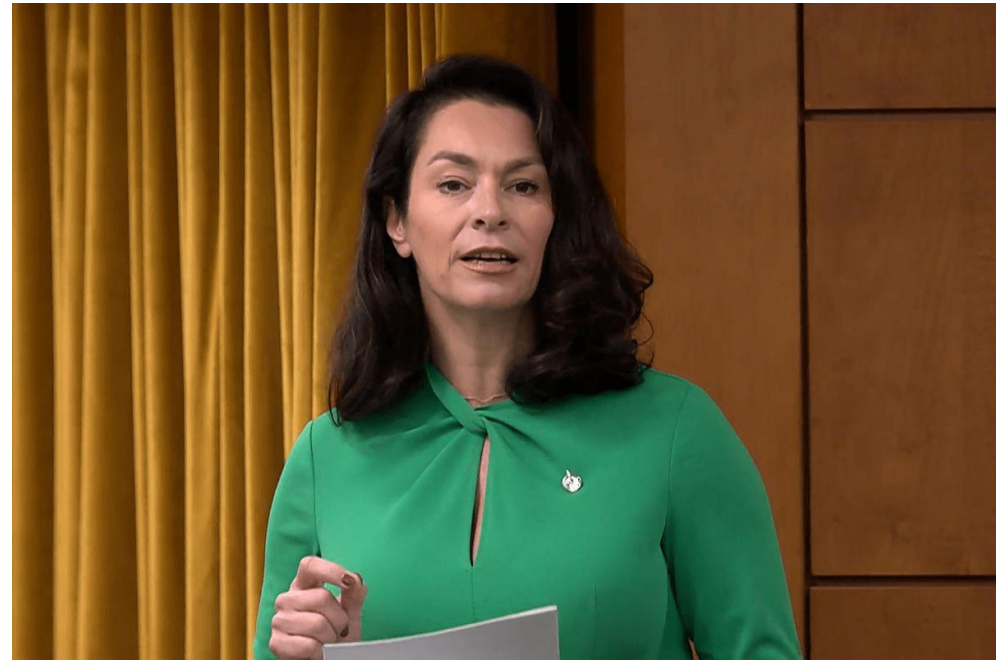
# VOLTs 2020- the Big Blunder

- Volatility Trading Strategies
- AIMCo writing insurance based on assumption that stock market volatility indices would remain low
- BUT Pandemic-
- OOPS
- Roughly [\\$2-billion in losses](#)
- Leads to a \$1.3-billion “[arbitration](#)” between province, AIMCo and provincial pension funds like \$63-billion Local Authorities Pension Plan

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# What happens next?



- Important private members bill of [Heather McPherson](#)
- Chief Actuary will likely deliver his estimate of Alberta assets and liabilities at federal-provincial-territorial meeting of finance ministers within next 6 weeks
- Will Smith proceed?
- Base wants it but if number is, say, \$120-billion the **promises made in September 2023 can't be kept.**
- BUT powerful forces- financial sector pushing for transfer

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