Defeating the Debt

2017-18 Pre Budget Submission to
British Columbia Select Standing Committee on Finance & Government Services

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About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit and non-partisan, advocacy organization dedicated to lower taxes, less waste and accountable government. The CTF was founded in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national taxpayers organization. Today, the CTF has more than 89,000 supporters from coast-to-coast.

The CTF maintains a federal office in Ottawa as well as provincial and regional offices in British Columbia, Alberta, the Prairies, Ontario, Quebec and Atlantic Canada. Provincial and regional offices conduct research and advocacy activities specific to their provinces in addition to acting as local organizers of nation-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences, utilize social media like Twitter, Facebook, YouTube, iTunes podcasts, and our own blog, as well as issuing regular news releases, commentaries and publications to advocate on behalf of CTF supporters. The CTF's flagship publication, *The Taxpayer* magazine, is published four times a year. *Action Update* emails on current issues are sent to CTF supporters regularly. CTF offices also send out weekly *Let's Talk Taxes* commentaries to more than 800 media outlets and personalities nationwide.

CTF representatives speak at functions, make presentations to government, meet with politicians and organize petition drives, events and campaigns to mobilize citizens to affect public policy change.

All CTF staff and board directors are prohibited from holding a membership in any political party. The CTF is independent of any institutional affiliations. Donations to the CTF are not deductible as a charitable contribution.

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Table of Contents

2017-18 Recommendations

Provincial Debt

1. Reduce the provincial debt

Medical Services Premium Tax

2. Eliminate the Medical Services Premium tax

Federal Infrastructure Funding

3. Beware the federal spending spree – not every project is worthy of support

Outstanding Recommendations From Previous Years

1. Reject the Capital Regional District gas tax hike
2. Move carbon tax neutrality back to personal income tax cuts
3. Reject food and drink taxes
4. Equip local government with professional expertise and data to better manage its labour costs
5. Bring in a *Compensation Equity Act*
6. Pass a *Legislative Financial Accountability Act*
7. End the practice of BC Hydro funding opposing statements at the BC Utilities Commission
8. Remove BC Ferries' ability to veto its competition
9. Open ICBC to competition
10. Sell the naming rights to BC Place Stadium, or sell the stadium completely
11. Sell off BC Liquor Stores

Introduction

As long as there have been elections, there have been pre-election spending sprees by government. And with British Columbia carrying a far healthier operational budget surplus than expected into the 2017 election cycle, the temptation to spend, spend, and spend some more, is in the air. But to do so would erode the very fiscal responsibility that has put BC into a strong fiscal position.

Therefore, the Canadian Taxpayers Federation (CTF) requests that the BC government focus on three main priorities:

1. **Continue to balance the operational budget and begin to pay down the BC debt**
2. **Eliminate the Medical Services Premium tax**
3. **Bring a critical lens to the federal government's spending spree and properly prioritize projects**

These three priorities must underpin the recommendations of this committee. It is easy, when traveling the province, hearing well-meaning people pitch their programs and ask for funding, to begin adding their requests to a report. However, few (if any) of the pre-budget presenters realize the billions and billions of dollars to which their budget requests add up.

Last year, in just ten meeting days, this committee received $18.6 billion in spending requests[1] – 40 per cent of the province's annual budget. The committee was lobbied for a billion dollars in bike infrastructure, completely free university tuition, new government buildings, more corporate welfare for favoured industries, and new government programs, strategies and regulations. It all costs more, yet these groups offered just a few million dollars' worth of savings or efficiency ideas – metaphorically trying to switch pennies into dollars.

Then there were the groups that want everyone to pay more taxes: tripling the carbon tax, scrapping any semblance of carbon tax revenue neutrality, income and corporate tax hikes, more gas taxes and taxes on food and drinks. All these taxes, as British Columbians groan under record levels of personal debt, a soaring cost of living and, yes, a growing tax burden.

INCOME TAX RATES

For years, BC politicians have touted the province's income tax rates as the lowest in Canada. This is now false in four of the six main income categories, based on no less an authority than the BC budget itself. Table A3 in the Budget main document compares income tax scenarios across Canada.[2]

Of the six scenarios published, BC has the lowest income tax rates in only two of them. The record gets even worse when one considers the entire provincial tax burden. Thanks to costs like the Medical Services Premium tax and carbon tax, BC residents carry a heavier burden than other provinces:

[1] http://www.huffingtonpost.ca/jordan-bateman/bc-government-spending-special-interest-groups_b_8357966.html
[2] http://bcbudget.gov.bc.ca/2016/bfp/2016_budget_and_fiscal_plan.pdf

- A two-income, family of four making $90,000 a year pays $1,895 more in provincial tax in BC than in Alberta.
- A two-income, family of four making $60,000 a year pays $2,535 more in provincial tax in BC than in Alberta.
- An unattached individual making $25,000 a year pays more than twice the provincial tax in BC than they would pay in Alberta, and $62 more than in Saskatchewan.
- An unattached individual making $80,000 a year in BC remains the best tax scenario in Canada, saving about $278 compared to Alberta.
- A senior couple with equal pension incomes of $30,000 a year in BC pays $129 more in tax than in Alberta – and nearly $600 more than in Manitoba.

MSP and carbon taxes have contributed to the eroding of BC's tax competitiveness. Just as importantly, British Columbians pay nearly $25 a week more in provincial taxes than they did in 2011,[3] when Premier Christy Clark took office. This is a worrisome trend.

Further, this loss of competitiveness should be kept in mind when considering new or expanded taxes.

CURRENT STATE

If every election sees an uptick in government spending announcements – and the dozens of news releases posted to the government website during the first two weeks of September certainly indicates the pattern is continuing – some may suggest that the BC government's larger-than-expected surpluses should be spent on the billions in requests you've received.

Certainly, a $4.7 billion operational surplus over this term's four budgets is a substantial accomplishment. But it's still less than the $5.1 billion in operational deficits racked up over the government's preceding term of office:

BC Operational Budget Year End Results 2008-2017, in millions of dollars

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
$2,746	$128	($1,864)	($249)	($1,840)	($1,146)	$327	$1,683	$730	$1,941 (projected)

There is much work to be done. It starts with committees like this one holding the door closed on billions of spending requests and instead addressing the debt, tax relief and the spend-crazy federal government.

3 http://www.bcbudget.gov.bc.ca/2011/bfp/2011_Budget_Fiscal_Plan.pdf

Recommendations Accepted by Government

It is important to note that, over the past five years, several of the recommendations put forward by the Canadian Taxpayers Federation have been accepted by the provincial government. These include:

- Balancing the operational budget four consecutive years (recommended for 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17)
- Fully disclosing MLA expenses (recommended for 2012-13).
- Eliminating the Pacific Carbon Trust (recommended for 2012-13, 2013-14 and 2014-15).
- Slowing the increase in health care spending (recommended for 2012-13).
- A government-wide core review (recommended for 2013-14).
- Keep BC's *Balanced Budget and Ministerial Accountability Act* in place (recommended for 2013-14).
- Reduce the size of the PavCo board of directors (recommended for 2014-15).

Other recommendations have been adopted in part:

- Eliminating the government dividend from BC Hydro (recommended for 2014-15 and 2015-16); we understand this will take place before 2020.
- Freezing the carbon tax (while the CTF would prefer it be abolished; freezing the tax has been a small but positive step).
- Hold the line on government wages and benefits (BC's core government has been the best performing jurisdiction in the country on this issue).
- Rein in municipalities and regional districts (the BC Public Sector Compensation Review was a step toward this goal).

These successes are a testament to the ability of the CTF to act as a source of ideas for policy makers, and to the Standing Committee on Finance and Government Services' role as a conduit to get ideas implemented.

Reduce the Provincial Debt

For four straight years, the BC government has balanced its operational budget. But there should be an asterisk put next to that accomplishment: during that period, the provincial debt grew from $56.8 billion to $66.5 billion. Within two years, it will be $71.5 billion. What's the point of a balanced operational budget if the provincial debt continues to grow, as it has for the past decade?

BC Debt 2008-2017, in billions of dollars

2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
$36.8	$39.7	$42.7	$46.1	$51	$56.8	$60.8	$63.2	$66.1	$66.7 (projected)

We owe future generations more than a legacy of debt and high taxes. In the BC Liberals' 2013 election platform,[4] much was made of a desire for BC to become debt free. We are a long way from that goal.

To become debt-free, BC must first stop borrowing more money. Despite the recent string of "balanced budgets," the provincial debt has doubled since 2006, when it sat at $33 billion. Interest payments on government debt costs British Columbians about $2.5 billion every year: more than government spends on transportation, economic development or public safety. Careful reconsideration should be given to the borrowing slated for the next few years. Are these projects really necessary and vital? Are they worth going into deeper debt for? Is it worth reducing the flexibility of future governments who, yes, will inherit our infrastructure but may have different priorities pressing in on them?

GOVERNMENT DEBT IS DIFFERENT THAN A MORTGAGE

Often, politicians will suggest that there are two kinds of debt – good and bad. Bad debt, they claim, is debt incurred to cover program or year-to-year spending; essentially debt that comes when a government hasn't balanced their budget. In BC, the finance minister is aggressive trying to pay down this form of debt and expects BC to be operating debt-free by 2020.[5] A laudable goal, to be certain, but one that is a small piece of the full debt puzzle.

4

5 http://bcbudget.gov.bc.ca/2016/newsrelease/2016_News_Release.pdf

Good debt, politicians claim, is debt incurred to build things. They claim this debt is like a mortgage on a house – families have them, but they also have the asset to balance it out. But as the CTF's Todd MacKay points out[6], government capital debt is different from a home mortgage in five key ways:

1. *Homeowners have a good reason to borrow, governments don't.* Often the asset a family is purchasing (the house) costs many times their annual household income. Often the assets the government is purchasing is a fraction of their annual income (revenues). The BC government has record revenues; they could reprioritize spending to put this toward capital projects, but they'd rather borrow more money instead.
2. *Homeowners make monthly payments, governments don't.* If a family doesn't pay their mortgage, the bank takes their house. Therefore it's the family's top fiscal priority. If a government decides to spend money on something other than debt, it simply borrows more money to pay the interest.
3. *Homeowners back debt with assets, governments back debt with taxpayers.* When a family borrows money to buy a home, there's an obvious asset that can be sold to pay the loan back. Government isn't going to sell a hospital or bridge to pay back its loan – it will just go to taxpayers for more money.
4. *Homeowners can rent if necessary, governments can't.* If BC can't pay its debt, it can't sell its assets and rent another hospital or school or highway. Instead, taxes will be raised to pay the loan off.
5. *Homeowners don't force their kids to co-sign mortgages, governments do.* If parents buy a home and don't pay it off before they die the mortgage won't be hung on the kids. That's because we don't ask our kids to co-sign our mortgages. The debts piled up by current and previous governments will unfairly be left to our kids to pay off.

Debt is simply debt – there is no "good" debt for government to carry.

MAKE IT THE LAW TO PAY DOWN THE DEBT

The BC Liberals' election platform promised that, **"We will dedicate at least 50% of future surplus revenues to debt reduction,"** and further that government would **"create the BC Prosperity Fund to capture Liquefied Natural Gas and proposed Kitimat Clean refinery royalty revenues, and dedicate all revenues to debt reduction until provincial debt is eliminated."** While such programs are linked in that they have the long-term goal of paying down BC's debt, the CTF does see them as separate and needing their own legislation.

The CTF recommends BC pass a *Debt Reduction Act*, making it provincial law that 75% of budget surpluses go to paying down the debt, and that the bulk of the remaining surplus be returned to taxpayers through tax cuts, reducing government reliance on ICBC and BC Hydro dividends, and other tax changes proposed in this document.

By putting a *Debt Reduction Act* in place, special interest groups are warded off. During these pre-budget consultations, the *Standing Committee on Government Services and Finance* are deluged with tens of billions of dollars worth of funding requests. Virtually every agency and society that comes to the committee meetings

[6] http://www.winnipegsun.com/2015/05/26/govt-debt-differs-from-mortgages

asks for more money. If government fulfilled even a fraction of these requests, the balanced budget would turn into a multi-billion dollar deficit.

As surpluses grow, the pressure from those groups for that money contnues to intensify. But a *Debt Reduction Act* will send a clear message: paying down BC's debt comes first. As that debt is reduced, the amount of interest being paid by taxpayers will fall. This will create a snowball effect: as debt interest payments decreases, surpluses will grow even larger. More money will be available to pay down the debt even faster, and debt interest payments will drop even further, causing even larger surpluses.

The *Debt Reduction Act* should include legislated percentages for debt repayment and tax relief. There should be no wriggle room within it for finance ministers to work around its provisions. If a future government wants to escape this commitment to debt reduction, it should be forced to go back to the Legislature, stand up in front of the opposition, media and taxpayers, and explain why it wants to repeal the *Act.*

With BC safely in the black, now is the time for a *Debt Reduction Act.* Nothing good happens to debt without a plan. As a society, we need to show fiscal discipline and follow this roadmap to a debt-free British Columbia.

Eliminate the Medical Services Premium Tax

It's time for British Columbia, the only province in confederation to charge a separately-billed health care tax, to eliminate its Medical Service Premium (MSP) tax.

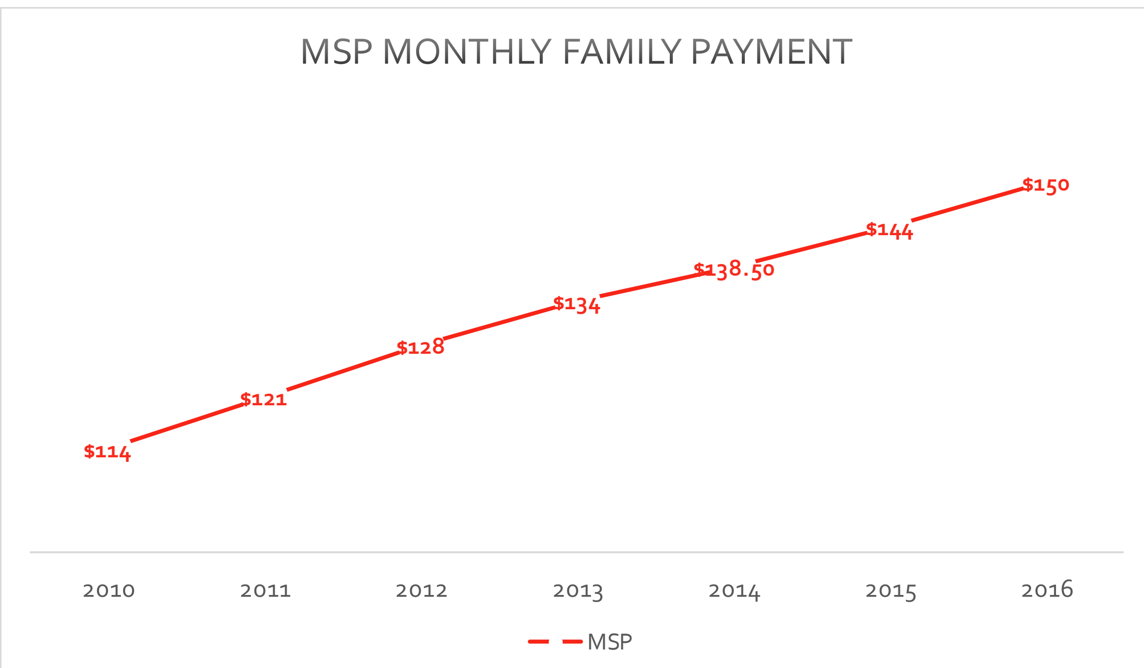
There's a lot of support for this idea. Said one keen political observer: the MSP is **"not entirely fair," "not logical," "antiquated"** and **"old."** The same observer said **"the system doesn't make a lot of sense anymore,"** and that, **"It's not progressive. It's complicated. And it's another burden that we put on families."**

That observer, of course, is Premier Christy Clark.

And while scrapping the MSP tax increase set for January 1, 2017, offered a tiny bit of relief, it's time to eliminate the MSP tax altogether.

THE MSP TAX TODAY

Since 2010, there has been a 39% increase in a family's MSP tax bill – a lot of money for a middle-class family, pushing the annual MSP bill up $438 to $1,800:

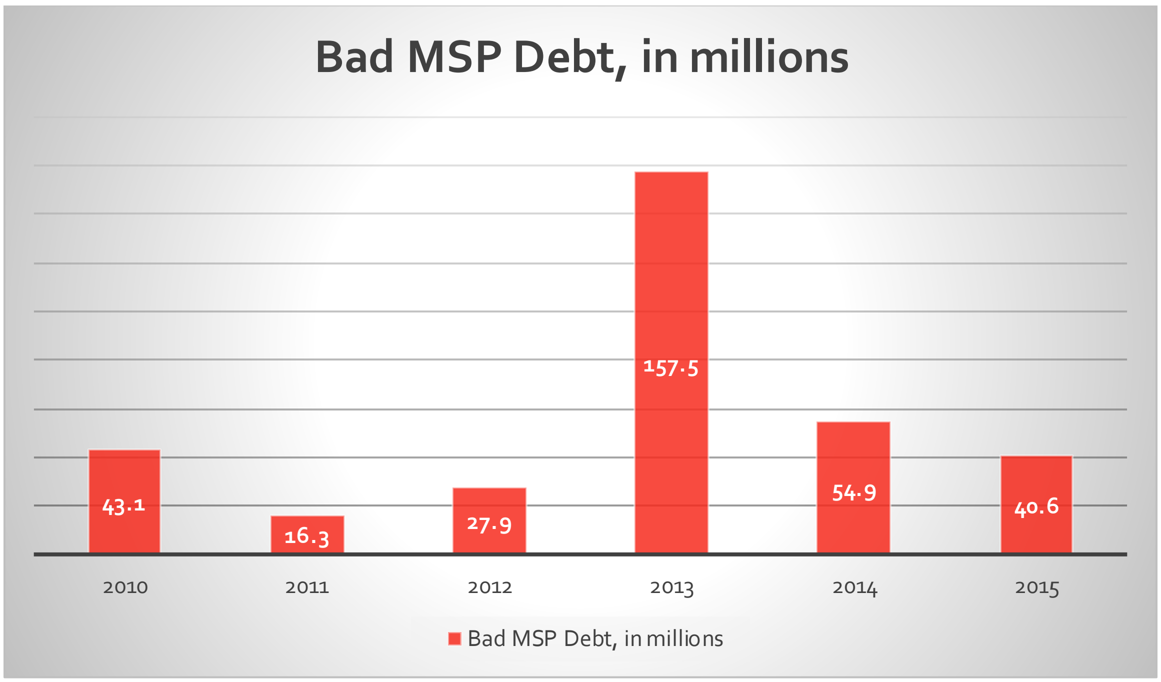


Of course, MLAs and public servants don't notice this increase as they don't pay MSP – the tax is paid by taxpayers on their behalf. But rest assured: it is hurting families in British Columbia.

Economists like to talk about unintended side effects. One nasty side effect of the 39% hike in MSP premiums is the huge hit to the provincial treasury: it's costing a fortune to pay the monthly MSP premiums for MLAs, public servants, health care workers and teachers. Health care and education staffing costs are going through the roof and this is one of the reasons why.

Research by the CTF, using the province's *Freedom of Information Act*, has uncovered several unsettling facts about the MSP tax.

The CTF discovered this year that more than $340 million in bad MSP tax debt has been written off by government in the past six years[7]:



Another CTF *Freedom of Information* request uncovered the fact that more than 850,000 MSP payments were at least 31 days past due[8]:

- 316,483 BC MSP tax payments are more than 90 days past due, owing a combined $418 million.
- 249,611 payments are 61-90 days late, owing $20.5 million.
- 290,237 payments are 31-60 days late, owing $24.2 million.

A third CTF *Freedom of Information* request found that the BC government had spent at least $189.1 million collecting the MSP tax over the past three years[9]:

[7] http://www.taxpayer.com/news-releases/bc-government-wrote-off--340-million-in-msp-tax-debt
[8] http://www.taxpayer.com/news-releases/bc--nearly-a-million-msp-accounts-overdue-22738

- $77 million in 2015 (including 25 full time equivalent staff)
- $59.2 million in 2014 (including 24 full time equivalent staff)
- $52.9 million in 2013 (including 24 full time equivalent staff)

MSP has been likened to an insurance premium – but it is clearly not. Insurance premiums change based on risk factors and usage. But with MSP, healthy people pay the same as sick people. A person who runs three marathons a year pays the same as someone who never leaves the couch. Smokers pay the same as non-smokers. If you don't see a doctor or visit an emergency room for years, you pay the same as someone who goes daily. It is not an insurance premium.

MSP is a tax – and an unfair one. A family struggling to get by on $40,000 per year pays the same in MSP as Henrik Sedin, who made $9.4 million CDN last year. It doesn't make sense.

Other questions remain about the MSP:

- How has the spate of recent increases affected taxpayers' ability to pay the tax?
- Is MSP actually accomplishing the goal of linking health care taxes to health care system usage?
- What is the impact on other taxpayer-funded agencies, contractually obligated to pay the tax on behalf of their employees?
- For the roughly half of British Columbians – many in the public service – whose employers pay the tax, what is the effect of this payroll tax on employment?

The current system is clearly broken. As the *Vancouver Sun* opined earlier this year[10]:

> **The magic smoke has dissipated. The mirrors have stopped reflecting self-congratulatory images. The dogs and ponies of the budget show have departed for wherever they are kept between throne speeches. And we're still here, the rubes staring at a Medical Services Plan that belongs in a sideshow tent beside the Amazing Chicken that does calculus.**
>
> **As the Canadian Taxpayers Federation wittily observed, you can put as much lipstick on the MSP pig as you like but it's still a pig. Promising that it will tap dance once you pay your penny — or in the case of some seniors' MSP premiums, your $1,872 — to get inside the tent, doesn't mean it will. The tap dancing, in fact, is being done by the grinning tax collector, exit right.**
>
> **It's easy to be distracted by the lipstick — kids will no longer be charged MSP premiums! — and lose sight of that tax collector dancing away with the silk purse fashioned from the sow's ear. The fact is, many people who can ill afford it will pay more for their medical insurance. Over the last five years, MSP premiums have increased by 40 per cent, the CTF notes. In the same period, says the Bank of Canada, the average rate of inflation was 1.45 per cent. Seniors on fixed incomes don't need the Amazing Chicken to do that calculation.**

9 http://www.taxpayer.com/news-releases/msp-tax-collection-costs-skyrocketing
10 http://www.taxpayer.com/blog/bc--fun-and-games-with-the-msp-tax

British Columbia is the last province in Canada to push the tired fiction that charging people premiums is a money-saving educational tool that's validated because it reminds people that health care is not free. No, health care is not free. Citizens pay for every nickel of it. And we don't need a tax masquerading as a pig in lipstick to painfully remind us of that fact. Roads and sidewalks are not free, either. Who needs user fees that rise at rates which vastly outstrip inflation to remind them?

ELIMINATING THE MSP TAX

This year, according to the BC Budget[11], British Columbians will pay $2.55 billion in MSP tax. That's roughly 5 per cent of the government's total revenue. However, the cost to the provincial treasury of eliminating this tax would be far less for several reasons:

- *MSP is an expensive tax to collect.* As the CTF's research has found, MSP cost at least $77 million to collect last year. We believe there are other costs hidden in other department budgets related to MSP.
- *Government employee savings will bring this number down.* Virtually every provincial government employee – and there are 384,000 British Columbians who work for the BC government – has their MSP paid for by taxpayers. If MSP ceased to exist, government would save tens of millions of dollars. That number would increase when municipalities and other government agencies are factored in as well.
- *There is a healthy surplus.* The CTF believes budget surpluses should be split between debt reduction and tax relief – and the MSP should be the first tax cut.
- *Cutting taxes sparks economic growth.* It was a basic tenet of this government when it was first took power in 2001, and history proved it correct. Within three years of bringing in the largest personal income tax cut in BC history, the budget was balanced and the economy boomed.

Eliminating the MSP tax is possible – and would benefit millions of British Columbians.

[11] http://bcbudget.gov.bc.ca/2016/bfp/2016_budget_and_fiscal_plan.pdf

Beware the Federal Spending Spree

Over the coming months and years, it will be tempting for the provincial government to jump on board with a federal government that is imperiling future generations with a massive debt increase. The Trudeau Liberals will come to BC with billions of dollars in borrowed money for all sorts of projects and initiatives, and expect the provincial government to jump on board with even more money.

It is difficult for politicians to say no to a senior level of government offering money, but if we truly believe in the one-taxpayer principle, then it may be wise to say no to some of that spending.

In its 2015 BC Budget document[12], the government outlined the following: **"With only one taxpayer funding multiple levels of government and important public services, the Province and local governments must collaborate to help ensure that public services remain affordable."**

The one-taxpayer principle is essentially this: while there are dozens of taxing agencies spread across three levels of government, all of their charges inevitably fall on the same taxpayers. One taxpayer pays federal, provincial and municipal taxes, so all these governments and agencies have a responsibility to keep their own tax burden as light as possible. As Ernst & Young notes[13], **"there is only one 'pocket' that pays for these services."**

Not every project funded by the federal government will be a good one. The last time the federal government went tens of billions of dollars into debt to "stimulate the economy," the results were mixed at best. The Harper government's 2009 spending spree turned out to deliver very little actual stimulus, according to the Fraser Institute:[14]

> **Most indicative of the government's stimulus mistake, is that before the recession, during the recession, and well into economic recovery in 2009, the government's contribution to GDP growth has been markedly constant. In other words, whether the economy was shrinking, stagnant, or growing, the contributions of government spending and government infrastructure investment to economic growth had little effect on changes in GDP growth.**
>
> **The government of course claims that Infrastructure measures in the Action Plan … have contributed to the economic recovery in Canada. But nothing could be further from the truth. As the figure shows, the contribution of government infrastructure investment to GDP growth was remarkably constant from the beginning of 2008 to the end of 2009.**
>
> **... Despite the government's claims, the stimulus package didn't work and was a mistake that will burden Canadians with debt for years to come.**

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12 http://bcbudget.gov.bc.ca/2015/bfp/2015_budget_and_fiscal_plan.pdf
13 http://www.fin.gov.bc.ca/psec/guidelines/EY%20-%20Public%20Sector%20Compensation%20Review%20October%202014.pdf
14 https://www.fraserinstitute.org/article/stimulus-it-didnt-work

Now the Trudeau government is following the Harper government's lead, and rushing into debt-financed "stimulus" spending. The CTF disagrees with this approach:[15]

> **An uncontroversial principle of governance is treating public dollars with respect: whatever a government's spending priorities, it should always seek to get the best value on behalf of all taxpayers.**
>
> **This process can take time, since assessing the value of a proposed program or project is rarely doable overnight. Canadians should therefore be concerned that 'how fast can we get money out the door?' appears to be the biggest question currently vexing the new Trudeau government in Ottawa.**
>
> **... Infrastructure investments need to be considered carefully, prioritized and selected for the long-term benefits they bring. Conflating this goal with "stimulating" the economy is asking for trouble, and a recipe for pork-barrelling and waste. The Trudeau government should resist calls to spend faster, and focus on spending wisely.**

With the federal government rushing to shovel money off the back of a truck, it will be up to the provincial government to give a careful review of every partnership opportunity to ensure taxpayers are getting good value for money. This may mean saying no to some federal projects if the business case simply isn't there to proceed. Such restraint should be lauded by taxpayers.

[15] http://www.torontosun.com/2016/01/23/dont-rush-infrastructure-spending

Outstanding Recommendations

While the provincial government has moved on many of our policy suggestions over the years, there are still some outstanding recommendations from previous CTF provincial budget submissions that require provincial action.

OUTSTANDING RECOMMENDATION #1: REJECT THE CAPITAL REGIONAL DISTRICT GAS TAX HIKE

The Greater Victoria Transit Commission, supported by the Capital Regional District and the Greater Victoria Chamber of Commerce, has asked the provincial government to add another two cents per litre in gas tax.[16]

Taxes make up a big chunk of gas prices. In the Victoria area, government collects 41 cents of tax on every litre of gas families buy. That 41 cents is a direct payment from taxpayers to federal, provincial and regional governments. Fill up a car? You've just handed government a $20 bill.

Gas taxes in Victoria are already the fifth-highest in North America. Now Victoria politicians want to make it number three. That's not a bronze medal worth having.

Lower Mainland gas prices should be a cautionary tale for Vancouver Islanders. Greater Vancouver boasts the second-highest gas taxes in North America[17] – 48 cents per litre. TransLink, the regional transit authority, used to collect 4 cents per litre. Fifteen years later, their share is 22 cents per litre, when you include the federal transfer TransLink collects.

Despite that big tax rate, TransLink's rosy projections of gas tax riches haven't materialized,[18] as prices hit a tipping point. Higher prices mean fewer litres sold (at least within the region), which means less gas tax revenue. What will be Victoria's tipping point? Will 43 cents per litre in gas taxes be too much for a region already struggling with the high cost of living?[19]

Tax supporters on both sides of the water always claim the need for more money to add more transit. Very few people oppose new bus routes, but motorists already pay enough.

What about the money that's already being collected? Victoria drivers pay more than $135 million in gas tax annually. Better use of resources should be encouraged before any suggestion of taking more money from

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[16] http://www.timescolonist.com/news/local/no-need-for-local-gas-tax-increase-taxpayers-group-says-1.1952865
[17] http://www.news1130.com/2016/05/19/montreal-passes-vancouver-for-highest-gas-taxes-in-north-america/
[18] http://www.straight.com/news/499151/translink-base-plans-assumption-fuel-taxes-could-spell-trouble-transit-riders
[19] http://www.timescolonist.com/news/local/victoria-s-high-cost-of-living-squeezing-savings-report-says-1.1763152

cash-strapped taxpayers. The results of a recent audit into BC Transit spending show there is plenty of money to be saved internally:[20]

- Victoria transit employees receive a 50 per cent bonus for working Sundays. This is not overtime or pay bumps for last-minute scheduling — this is time-and-a-half for regular hours worked. These Sunday premiums cost taxpayers $700,000 a year in Victoria.
- BC Transit has at least 20 per cent too many spare drivers in Victoria — a pool of employees who are paid to sit at a bus depot in case they are needed. The audit suggests ratcheting down this group from 12 per cent to 10 per cent — saving nearly half a million dollars every year.
- Sick days have shot up 35 per cent since 2011. Unionized employees took an average of 11.4 sick days in 2011. Last year, they took 15.4. The average for non-government workers is less than half that amount. That type of sick-day abuse must be addressed.
- Despite orders from the provincial cabinet, BC Transit CEO Manuel Achadinha still receives annual bonuses. He was paid $349,891 in 2015, including a $66,000 bonus. And the transit boss was paid $8,650 for a "vehicle/transportation allowance" for a leased vehicle. Achadinha was paid nearly $10,000 more than the Toronto Transit Commission CEO.
- The board of directors has been breaking provincial treasury-board rules — to the benefit of their own pocketbooks. The board has a finance committee that meets the same day as the full board. Multiple meeting fees are paid to members of both groups, despite the province's mandate that "only one meeting fee will be paid to any appointee for each 24-hour day."
- If Victoria went to the American standard of a 20 per cent spare-bus ratio, it could save $4 million.
- The auditors also suggested better policies and procedures around purchasing, being more aggressive in trying to get advertising revenue, collecting more information about ridership and bus maintenance, better management of two commercial ventures, and the potential for millions in savings by embracing natural gas-powered buses.

There is clearly plenty of waste in the system to cover better service. Taxpayers should demand that Transportation Minister Todd Stone reject the transit commission's gas-tax grab.

OUTSTANDING RECOMMENDATION #2: MOVE CARBON TAX NEUTRALITY BACK TO PERSONAL INCOME TAX CUTS

British Columbia's carbon tax has been a polarizing public policy ever since its introduction in 2008. It has divided the province, pitting rural and suburban residents against their urban neighbours. It has caused increases at the gas pump, on heating and electricity bills, on BC Ferries fares, at the grocery store and elsewhere. And it has failed to accomplish its goal: BC's former environment minister admitted the province's

[20] http://www.timescolonist.com/opinion/columnists/jordan-bateman-b-c-transit-needs-efficiency-not-more-taxes-1.2279879

climate policy had a negligible effect on BC's greenhouse gas emissions[21] — far less than the global recession did.

When it was first introduced, it was announced that the carbon tax would be "revenue neutral." Politicians beamed at this fact, assuring British Columbians it would cost them no more under this new taxation system.

While the carbon tax has indeed been revenue neutral for government, it has been anything but for average British Columbians. Residents located in urban centres — not surprisingly, where the majority of BC's policy makers and climate action activists live — have generally benefitted by shifting their tax burden on to suburban and rural residents with fewer travel options. Industries like agriculture, manufacturing and resource development have struggled under the burden of yet another tax. It has been a failed experiment in social engineering.

The carbon tax's neutrality tools have done little to ease the burden of rural British Columbians. After the initial 5 per cent, $269 million income tax reduction (today worth $288 million) — a welcome cut, to be sure — it has become a way for government to introduce boutique tax credits with no link to improving the environment. These tax credits include:

- $195 million in a low-income climate action tax credit.
- $83 million in a northern and rural homeowner benefit.
- $2 million in a senior's home renovation tax credit.
- $8 million in children's fitness and art credits.
- $5 million in an extended small business venture capital tax credit.
- $20 million in training tax credits.
- $236 million in corporate income tax cuts.
- $265 million in small business income tax cuts.
- $24 million in industrial property tax credits.
- $2 million in farm property tax credits.
- $45 million in digital media tax credits.
- $10 million in extended training tax credit for businesses.
- $150 million in scientific research and experimental development tax credits.
- $90 million in Film Incentive BC tax credits.
- $310 million in production services tax credits.

While the average homeowner and driver is forced to pay the ever-increasing carbon tax, they have no ability to access tax breaks like venture capital credits, industrial property credits, research and experimental development grants, production services credits or digital media credits. The taxpayer is no further ahead and, indeed, feels left behind by having to pay both a carbon tax and increased prices for any good or service moved by vehicle in this province.

[21] http://www.theglobeandmail.com/news/british-columbia/economy-plays-key-role-in-bc-meeting-greenhouse-gas-targets/article4375930/

Put another way, in its first full year of existence, 38% of carbon tax revenue was returned through personal income tax cuts.[22] Today, only 23% goes to income tax relief.[23] This is not enough. Therefore, the CTF recommends that several of these boutique tax credits be replaced with broad-based personal income tax relief.

OUTSTANDING RECOMMENDATION #3: REJECT FOOD AND DRINK TAXES

There's a big problem with taxes on sugar or fat: there's no evidence they work the way their boosters claim they will. As the Canadian Taxpayers Federation outlines in our report, *Tax on the Menu*[24], multiple, peer-reviewed, scientific studies show no links between pop drinking and obesity. And this is especially true in Canada where pop isn't the most popular drink.

"Food and drink taxes are unfair to the 96 per cent of Canadians who do not face an elevated risk of mortality associated with their weight," the report found. **"Obesity is a complex condition with multiple determinants including social, environmental and biological factors. Taxing particular foods or beverages in order to reduce obesity is a naive solution to a multifaceted problem."**

The CTF isn't the only group who believes this. **"Research actually shows little correlation between individual behaviours and body weight: many who seldom consume such foods are overweight while many who do, are not,"** said Dr. Paul Martiquet,[25] an adjunct professor at the UBC School of Medicine and the Medical Health Officer for Powell River, Sunshine Coast, Sea to Sky, Bella Bella and Bella Coola.

BC bureaucrats have noted, in documents obtained by the CTF through a *Freedom of Information Act* request,[26] that a fat tax is **"purely a revenue measure."**

One of the reasons pop taxes don't work is the substitution effect. Buyers motivated by tax deterrents merely move down the refrigerator case to fruit juices, sports drinks, milk, liquor and other options – often with as much (or more) sugar and fat as pop. That's why a pop tax would inevitably spread to other drinks.

The food and drink tax lobbyists claim Mexico as a major success story, because of a tiny drop in pop sales there. But they ignore the much more realistic comparator to Canada – Denmark, where a broad fat tax was brought in.

In October 2011, Denmark was the one of the first countries in the world to bring in a food tax, and the first to abolish it thirteen months later.[27] No wonder: it was a fiscal disaster, driving hundreds of thousands of Danes

[22] http://bcbudget.gov.bc.ca/2010/bfp/2010_Budget_Fiscal_Plan.pdf
[23] http://bcbudget.gov.bc.ca/2016/bfp/2016_budget_and_fiscal_plan.pdf
[24] http://www.taxpayer.com/media/Tax%20on%20the%20Menu%20-%20English%20%28final%29.pdf
[25] http://www.coastreporter.net/article/20121031/SECHELT0611/310319997/-1/sechelt0611/should-sugar-and-fat-be-the-new-tobacco
[26] http://docs.openinfo.gov.bc.ca/D51060212A_Response_Package_FIN-2012-00248.PDF
[27] http://translate.google.com/translate?sl=auto&tl=en&js=n&prev=_t&hl=en&ie=UTF-8&layout=2&eotf=1&u=http%3A%2F%2Fwww.skm.dk%2Fpublic%2Fdokumenter%2Fpresse%2FFaktaark_afgiftsogkonkurrencepakke.pdf&act=url

across the German border for cheaper groceries and costing hundreds of jobs, according to Jens Klarskov, CEO of *Dansk Erhverv* (the Danish Chamber of Commerce).

It got so bad during Denmark's fat tax era that German stores sent flyers to Danish homes, translated into Danish, bragging: **"No fat tax here!"**

The ads worked; more Danes began to shop in Germany.[28] The Danish Chamber released a poll showing that before the fat tax, one in three Danes shopped in Germany. During the fat tax era, that number grew to one out of every two. When asked about why they shopped outside Denmark, one in three named the fat tax as the primary reason. Long known as the place where Danes shop for booze, cigarettes and sweets, Germany, thanks to the fat tax, large discounts and professional marketing, became a place where Danes also shopped for food.

Sound familiar? Lower Mainlanders crossed the U.S. border nearly 11 million times into Whatcom County in 2014[29] in search of cheaper gas, cheaper flights, cheaper booze, cheaper clothing, cheaper consumer goods, cheaper milk and cheaper cheese. That's the highest cross-border shopping total since 1997.

With money stretched thin due to a high cost of living and heavy tax load, British Columbians are already pouring south to stretch their paycheques further.

As Mark Milke points out, Canadian customs tariffs already add $3.6 billion in consumer costs to nearly everything we buy here.[30] Throwing on another tax would just further grow that price gap.

Imagine a tax on fat or sugar in BC, and U.S. grocery stores ripping a page out of the German advertising playbook: **"No fat tax here!"**

For the two-thirds of British Columbians who live in the six regional districts along the U.S. border, such savings would be impossible to ignore. Add to that the thousands of people who live near the Alberta border and the economic fallout for BC could be catastrophic.

One other interesting note from the Danish experience bears mentioning. Denmark found the tax was especially hard on poorer families. In a country where social equality is an important value – and enforced through some of the highest taxes in the entire world – this tax was repealed in part because it hurt lower income earners.

Taxes on drinks and food are nothing more than revenue generators for government, a way to stuff another billion dollars into their coffers by taking money out of the pockets of families already struggling to make ends meet. To their credit, in the last provincial election, both the BC Liberals and NDP rejected the notion of extra food and drink taxes. No new evidence has been found that should change that position.

OUTSTANDING RECOMMENDATION #4: EQUIP LOCAL GOVERNMENT WITH PROFESSIONAL EXPERTISE AND DATA TO BETTER MANAGE ITS LABOUR COSTS

[28] http://cphpost.dk/commentary/opinion/opinion-tax-everyone-wants-see-cut
[29] http://www.wwu.edu/bpri/files/2015_Winter_Border_Brief.pdf
[30] http://www.huffingtonpost.ca/mark-milke/canada-tariff-imported-goods_b_2707650.html

In September 2014, as part of the BC government's core review, a report on public sector compensation,[31] compiled by Ernst & Young, was released. The report recommended, **"The [provincial] government should do what is necessary to bring municipal government compensation into alignment over time, including using financial levers if necessary."**

The report showed local government employees received 38 % hikes in pay from 2001 to 2012, double the 19% increase paid to BC's core provincial employees. Inflation during the same period was 23%, 15 points lower than the municipal union pay increase. Other findings included:

- The City of Vancouver pays the highest salaries to strategic leadership managers of any government or Crown corporation in BC – even higher than UBC and BC Hydro;
- Municipalities are overpaying the provincial government for technical expertise;
- Cities have a higher percentage of employees making $75,000 a year or more than the province;
- Of 10 local governments surveyed, only one reported publicly on how they set compensation;
- The municipal approach to collective bargaining is **"highly fragmented and inefficient."**

The Ernst & Young report found several reasons for the disparity, including a lack of available information on municipal pay trends; a lack of clear, affordable wage mandates at local governments and regional districts; and a lack of professional negotiators working at the bargaining table on behalf of municipal taxpayers. The CTF proposes that the provincial government help municipalities and regional districts address these critical shortfalls of data and professional expertise.

Sharing Government Pay Data – Ernst & Young found a lack of coordination and shared information on wages and benefits among local governments. They operate in silos, relying only on their own individual staff to research and interpret pay trends across the province.

While BC has some of the most stringent government employee compensation reporting rules in Canada, that data is not collected or analyzed by the provincial government. The Public Sector Employers' Council (PSEC) should be requested to collect and post this information in one provincially-run database.

The CTF proposes that an outside contractor develop an annual Wage Index, comparing the average wages, benefits, and pensions of at least 100 positions found in the private sector, core provincial government, Crown corporations, regional districts and local government. This *Labour 100 Index* would provide valuable comparators for salaries and benefits, showing where various jurisdictions are overpaying for labour. This Index could be used by negotiators to grind down demands for more money. Once the Index is up and running, other positions could be added in the following years.

This is similar to an Ernst & Young recommendation to, "**build, analyze and use a single compensation dataset that covers the BC Public Sector based on total compensation."** The report notes this is important, as **"the absence of an aggregated dataset means that it is not possible to meaningfully investigate, validate, or refute the analysis by communities of interest or academics of public sector compensation built on other aggregate data sources such as census data or the labour force survey."** In other word: we

[31] http://www.taxpayer.com/media/EY%20-%20Public%20Sector%20Compensation%20Review%20-%2009032014%20FINALv2(1).pdf

can't see beyond the broadest trends to what is really going on, job-by-job or level-by-level, in the government labour force.

Professional Negotiators – Professional negotiators make a world of difference – but most small communities simply cannot afford to hire them.

One city that tried a professional negotiator, Prince George, delivered something no other BC municipality has been able to do – a net zero contract settlement with CUPE, which city officials estimate will save taxpayers as much as $880,000 annually. The City's annual payroll currently runs at $47.2 million. **"Before this contract, Prince George's CUPE employees enjoyed 28 consecutive years of increases,"** former mayor Shari Green told *The Taxpayer* magazine.

Green noted one of the keys to Prince George's victory was bringing in an outside negotiator to represent them at the table. While the CUPE president went on the attack, claiming that, **"Taxpayers should also be concerned that the City has hired an expensive, high-profile lawyer from Vancouver to conduct negotiations on their behalf,"** city council realized they couldn't bring a knife to the proverbial gunfight.

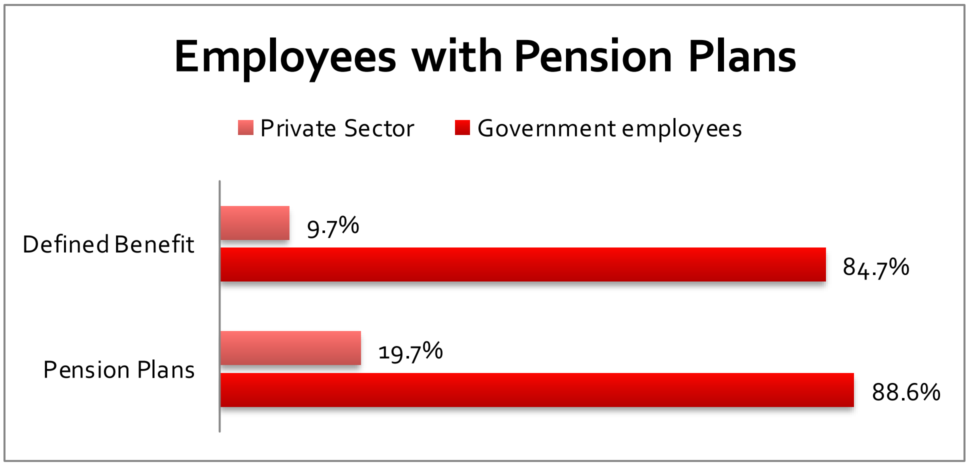
If professional negotiators work for CUPE, why shouldn't municipal taxpayers have similar expertise representing them across the province? It was certainly successful in Prince George. As Ernst & Young note, **"at the local government level, there is disparity in the power of those at the table. At the smaller local government level, unelected officials are often unwilling to delegate bargaining to professionals, despite the lack of skills of their negotiating teams compared to their union counterparts."**

It's time to change that. The BC government should create a list of prequalified, professional negotiators willing to work on behalf of local governments in labour negotiations. Further, the province should offer to pay for 50% of the costs incurred by local governments for hiring these negotiators – if the local government is willing to follow provincial compensation mandates. This would reinforce the BC government's commitment to controlling labour costs and easing the overall tax burden. As Green said, **"What's good for the goose is good for the gander. I anticipated that they would bring their best and we needed to have outside expertise – a labour lawyer – and it proved to be well worth the money."**

OUTSTANDING RECOMMENDATION #5: BRING IN A *COMPENSATION EQUITY ACT*

Government employees, in general, get paid more than private sector employees to do the same job. We've seen it over and over again: ridiculous salaries, bonuses and other perks (plus bloated management numbers) at ICBC,[32] BC Hydro,[33] Community Living BC,[34] BC Ferries,[35] TransLink,[36] city halls[37] and the provincial government itself.

[32] http://taxpayer.com/british-columbia/bc-icbc-executives-make-drunken-sailors-blush
[33] http://taxpayer.com/british-columbia/how-increased-power-rates-and-deferred-debt-turn-big-bc-hydro-bonuses
[34] http://taxpayer.com/blog/19-06-2012/bc-clbc-bosses-get-more-money-lieu-bonuses
[35] http://taxpayer.com/british-columbia/new-bc-ferries-boss-has-big-ship-turn
[36] http://taxpayer.com/blog/03-04-2012/bc-top-10-reasons-why-translink-bosses-should-not-get-bonuses
[37] http://taxpayer.com/issues/british-columbia/bc-take-back-city-hall



A government liquor clerk, for example, makes up to $28 an hour when you factor in their pension and benefits. The private sector liquor clerk, working the same job, makes $13 an hour. Various studies have shown that government employees make more than their private sector counterparts,[38] as outlined in the provincial government's own Ernst & Young compensation review.[39]

Salary is just one piece of the puzzle. Pensions are another. In BC, 88.6% of government employees have a pension plan, compared to 19.7% of private sector employees. Within those numbers, 84.7% of government employees with pensions have the ultra-expensive defined-benefit plans, compared to 9.7% of private sector employees.[40]

While most of us are paying taxes and trying to scrimp and save for our own retirements, government employees continue to enjoy guaranteed, expensive pension plans. This is neither fair nor equitable.

A *Compensation Equity Act* would go a long way to solving these problems. It could make it illegal for a government employee to be paid more than they would earn for the same job in the private sector. It could factor in pension as "deferred income," ensuring that taxpayers weren't overpaying twice for the same labour. It could set out salary caps for executives and build a cadre of skilled negotiators who could grind down government union and executive pay and benefits.

OUTSTANDING RECOMMENDATION #6: PASS A *LEGISLATIVE FINANCIAL ACCOUNTABILITY ACT*

New laws, government programs and regulations are not cheap. Yet, judging by how legislation is processed in the BC Legislature, one might think it was free. There is no publicly-available, proper, formal cost analysis done on proposed legislation. Essentially, the majority of MLAs order from a menu without knowing the cost of the bill to taxpayers. How can they make good decisions on behalf of taxpayers?

A serious political party wouldn't dare enter an election campaign without fully fleshing out its platform, letting voters know precisely how much their promises will cost and how it will affect the provincial budget. This allows taxpayers to judge whether the investment of money is worthwhile. Yet, those same parties get elected and

[38] http://taxpayer.com/issues/british-columbia/bc-fix-bc-public-private-pay-gap-now
[39] http://www.taxpayer.com/media/EY%20-%20Public%20Sector%20Compensation%20Review%20-%2009032014%20FINALv2(1).pdf
[40] http://taxpayer.com/issues/british-columbia/bc-fix-bc-public-private-pay-gap-now

don't provide costing for the legislation they introduce. Further, governments generate thousands of pages in analysis and projections at budget time, but don't always provide a clear cost for legislation introduced throughout the year. The CTF thinks this needs to change.

The CTF recommends the provincial government pass a *Legislative Financial Accountability Act*, which would force MLAs and ministers to cost-out the things they introduce in the House. Any piece of new legislation would legally require a cost estimate, compliant with government accounting standards. Both the implementation (year one) and ongoing (annual) cost would be calculated, added to the legislation's preamble, and made public.

By including the price tag for legislation, debate could be expanded to include the costs of putting these new laws into effect. Are they good value? How should they be funded? MLAs would no longer be able to order from a legislative menu without understanding there is a bill attached. Taxpayers, along with advocacy groups, the media and other MLAs, could assess the financial implications of legislation. This costing element would be necessary before a bill could proceed to second reading.

OUTSTANDING RECOMMENDATION #7: END THE PRACTICE OF BC HYDRO FUNDING OPPOSING STATEMENTS AT THE BC UTILITIES COMMISSION

The practice of BC Hydro spending tens of thousands of dollars to fund its opponents' and critics' presentations to the BC Utilities Commission (BCUC) should cease. Agencies, organizations and citizens who wish to weigh in on BC Hydro issues should do so by standing on their own merits, not because they receive a subsidy from ratepayers. This creates a culture where submissions are made that may not be necessary or constructive.

By being required to fund their opposition, BC Hydro is propagating an agenda of "no," rather than allowing the free marketplace of ideas to determine what advocates are worthy of support and therefore presenting to the BCUC.

OUTSTANDING RECOMMENDATION #8: REMOVE BC FERRIES' ABILITY TO VETO ITS COMPETITION

BC Ferries has the power to veto any ferry competition – and their board and CAO aren't afraid to use it.

Quite simply, former CAO David Hahn made sure no private company could ever live up to the standards he set out for competition. Instead of looking at safety and legal issues – the only things government should be regulating in a private business, BC Ferries demanded equipment redundancies and financial viability.

In an interview with Vaughn Palmer in 2012, Hahn admitted alternative service delivery by private operators was **"never going to happen."**[41] He stated that any competitors had to be **"financially viable, meaning your balance sheet has to be willing to stand up in front of ours."** That's a shocking admission, considering BC Ferries itself relies on massive government subsidies and huge fare increases – and still loses money just as

[41] http://taxpayer.com/british-columbia/why-bc-ferries-has-no-competition

often as it makes it. Hahn also demanded **"experience"** to run routes. How would a BC company have such experience in a province where BC Ferries controls everything?

The truth is BC Ferries had no interest in allowing any competing models. This should be changed to allow any operator to run a ferry service as long as they meet safety regulations, especially since the private sector is coming forward with exciting new proposals for foot passenger service between downtown Vancouver and downtown Victoria,[42] and a connection between Vancouver and Gibsons Landing.[43]

OUTSTANDING RECOMMENDATION #9: OPEN ICBC TO COMPETITION

The CTF recommends the government introduce legislative changes to allow competition in the provision of basic auto insurance.

One of the many promises the current government made during the 2001 election was to **"introduce greater competition in auto insurance, to create increased choice and reduce motor vehicle premiums."**[44] Apart from setting up a new regulator, the British Columbia Utilities Commission, there has been little change to the government auto insurance monopoly.

In 2003, Bill 58 was introduced to amend the regulations of the government run ICBC. However, the most important provisions governing competition and ensuring a "level playing field" for private insurance providers, (sections 50 and 51) were never proclaimed into law.

A Fraser Institute report on auto insurance rates[45] shows ICBC's rates are the second-highest in Canada. The report found that three of the four provinces with the least affordable auto insurance were provinces with government-run monopolies like BC. Meanwhile, the best rates can be found in five provinces where insurance is handled by a competitive and regulated private sector – Alberta, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick. The average auto insurance premium in BC was $1,113, second only to Ontario's $1,281.

These numbers reinforce a long-standing Canadian Taxpayers Federation recommendation: that ICBC's basic auto insurance monopoly is bad for ratepayers, and the basic insurance market be opened to competition.

In light of rising premiums, rising costs, rising executive bonus levels, and falling customer satisfaction levels, it is time to end the ICBC monopoly. Opening up the auto insurance market to competition will create an environment of greater accountability and no longer leave taxpayers to compensate for managerial mistakes.

OUTSTANDING RECOMMENDATION #10: SELL THE NAMING RIGHTS TO BC PLACE STADIUM, OR SELL THE STADIUM COMPLETELY

[42] http://www.cbc.ca/news/canada/british-columbia/vancouver-victoria-passenger-ferry-1.3391224
[43] http://www.vancitybuzz.com/2016/03/downtown-vancouver-sunshine-coast-ferry/
[44] http://www.scribd.com/doc/48388741/BC-Liberal-2001-Platform-complete
[45] http://www.fraserinstitute.org/research-news/display.aspx?id=2147483787

Four years have passed since the provincial government bowed out of a deal to rename BC Place Stadium – a 10 year contract that would have generated $35 million for taxpayers.[46]

The supporters of the CTF find this decision perplexing. In our September 2014 supporter survey, 86 per cent of respondents supported selling the naming rights to both BC Place Stadium and the Vancouver Trade and Convention Centre. As one CTF supporter wrote, **"Do anything possible to bring in revenue streams. Take an entrepreneurial approach."** From another: **"This would be a great source of revenue to defray cost and save taxpayer money."**

This was a significant missed opportunity to generate much-needed revenue for BC Place Stadium and should be remedied immediately.

Better yet, follow the advice of NDP MLA Adrian Dix, who suggested during the May 2013 election campaign that BC Place be sold off completely: **"Skills training, healthcare, education, and managing our land base are all fundamental priorities for government. Retractable roofs and stadium management, in my view, are not. If the private sector can do a better job of running BC Place, while freeing taxpayers of millions in annual losses and reducing public debt, we've got a win-win, and we will pursue that."**[47]

OUTSTANDING RECOMMENDATION #11: SELL OFF BC LIQUOR STORES

There is simply no reason for the provincial government to be in the booze business. It should not be government's business to compete with private industry in an area of no strategic or real community value such as alcohol sales. As Mark Milke says, **"The BC government could get out of liquor retailing, still collect the revenues it wants, give job creation a push, and give BC consumers and tourists a much more competitive liquor retail environment than now exists. Selling beer is hardly a core function of government."**[48]

The CTF supports the BC Chamber of Commerce's view of this issue: **"The liquor industry in this province is disadvantaged by the government having sole right to dictate pricing in this area. The growth of the industry, and its ability to create jobs and contribute to the provincial economy, would see a significant increase if private sector outlets were allowed true price parity and competition. If private business sectors could purchase liquor wholesale, competition, not government policy, would dictate the price and quantities sold. Additionally, removing the single government distribution and warehousing system would create a more nimble, responsive system that could support industry growth in line with demand. Consumers and the private sector would both win, and government revenue would be protected and costs significantly reduced."**[49]

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46 http://www.vancouversun.com/sports/Opinion+Buzz+over+Premier+Photo+snub+Telus/6255103/story.html
47 http://www.huffingtonpost.ca/2013/04/24/adrian-dix-bc-place_n_3148233.html
48 http://www.taxpayer.com/news-releases/your-beer-is-probably-cheaper-in-alberta
49 http://www.bcchamber.org/advocacy/policy/provincial_gov/justice_liquor/levelling_the_playing_field_for_liquor_retailing.html

Despite the fact that private liquor stores receive only a 16 % price break from the government on liquor purchases, the industry has proven its ability to give consumers better options than the BC Liquor Stores through smart location choices, clever marketing, superior customer service and drive for cost-savings through efficient business practices.

Selling off BC Liquor Stores would give the provincial government a shot of capital dollars, save current and future employee costs (including pensions for entry level workers like cashiers and shelf-stockers), cut bureaucracy, and could still result in the same revenue flowing into the treasury – as it did in Alberta.

The CTF would even support giving existing Liquor Store employees the first option to purchase their outlets – turning employees into owners. Government should adopt this motto: tax it, regulate it, but don't own and operate it.