



Who's really in touch with taxpayers?

**Responses from BC Liberal Leadership Candidates
to 12 Questions from the Canadian Taxpayers Federation**

February 2011

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 Saskatchewan 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 over 60,000 supporters nationwide.

The CTF maintains a federal office in Ottawa and offices in the five provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Provincial offices conduct research and advocacy activities specific to their provinces in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. The CTF's flagship publication, *The Taxpayer* magazine, is published four times a year and provided to CTF contributors. An issues and action update called *TaxAction* is produced regularly and distributed via e-mail. CTF offices also send out bi-weekly *Let's Talk Taxes* commentaries to more than 800 media outlets and personalities nationally.

CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to effect 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. Contributions to the CTF are not tax deductible. It is free to join the CTF as a supporter.

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INTRODUCTION

In February 2011, the Canadian Taxpayers Federation (CTF) sent each Liberal leadership candidate 12 questions addressing areas of concern for CTF supporters.

Each candidate was provided with an opportunity to answer the 12 questions in their own words. Both of the remaining candidates responded and this document contains their responses.

The purpose of this document is three fold: to raise issues with leadership candidates and the public that may have been flying under the radar (or out of their platforms), to inform our supporters – and others who may be interested in these very important issues – on where leadership candidates stand, and to collect commitments from a future party leader to take action on these issues.

The CTF is a non-partisan advocacy organization. Similar surveys have been done for the Alberta Progressive Conservative party leadership contest in 2006, the Alberta Liberal party leadership contest in 2008, and the Alberta Wild Rose Alliance leadership contest in 2009. The CTF never has and never will endorse a candidate, or a party, but in order for readers to quickly digest the candidate responses, each response has been assigned a grade.

Grades

Each response's grade was determined by taking the average score assigned to that response by a panel of Canadian Taxpayer Federation provincial directors from across Canada.

Each question was asked in a manner in which a positive response would garner a higher grade than a negative response, based on positions held by the Canadian Taxpayers Federation.

Grades are averaged for each of the three categories, to provide a quick guide as to where candidates' strengths and weaknesses lie, as well as averaged for the entire questionnaire.

The grades range from A+ to D.

A is given for a full commitment

D is given for a full rejection of the commitment

Grades ranging in-between are given for partial commitments, openness for re-consideration, for expressing support for the fundamental goal or discussion of alternative or tangential ideas worthy of merit.

SUMMARY OF QUESTIONS FOR THE CANDIDATES

- 1. Will you commit to lowering the provincial portion of HST or reduce other taxes to compensate for the introduction of the HST? If so, which taxes would be reduced and by how much?**
- 2. Will you commit to adopting a Taxpayers Bill of Rights that would require voter approval, in a provincial election or a provincial referendum, for any new tax or any tax increase?**
- 3. Will you commit to provide an itemized list to every British Columbian the actual cost of every medical treatment covered under the Medical Services Plan, as a way to show people the true cost of health care?**
- 4. Will you commit to introducing a spending cap that would limit the growth of annual program spending to no greater than the growth of inflation and population combined?**
- 5. Will you commit to bringing salaries, benefits, working hours and pension entitlements of public sector employees into line with private sector employees doing comparable work?**
- 6. Will you commit to providing an annual performance report on B.C. publicly-owned corporations? Will you demonstrate tangible benefits of public ownership to taxpayers - in the form of cash dividends, lower costs or higher service levels than under private ownership?**
- 7. Will you commit to capping ferry subsidies to the same long-term level as provincial capital spending on highways and public transit on the mainland?**
- 8. Do you feel a balanced budget is necessary? If not, why not? If so, how do you propose to balance the budget and over what time period?**
- 9. Will you commit to creating a plan to pay off the provincial debt?**
- 10. Will you commit not to spend revenue from one-time non-renewable resources, such as oil and gas royalties, on day-to-day government operations, but rather direct it towards reducing the province's public debt?**
- 11. Will you commit to legislate full public disclosure of all expense claims by MLAs in British Columbia, and post all receipts and supporting documentation online?**
- 12. Do you believe the current rule, requiring 10 per cent of registered voters in the previous provincial election in all 85 constituencies to sign a petition in order to force a provincial-wide referendum, is appropriate? Would you like to see the requirements relaxed to encourage more direct democracy?**

OVERALL REPORT CARD

Candidate:

Overall Grade:

CHRISTY CLARK



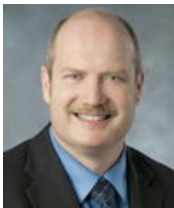
B⁺

KEVIN FALCON



B

MIKE DE JONG



B⁻

GEORGE ABBOTT



C

GRADE SUMMARY BY CATEGORY AND QUESTION

	Kevin Falcon	Christy Clark	Mike de Jong	George Abbott
Question #1 - Lowering the HST	A+	B	B	C
Question #2 - Taxpayers Bill of Rights	C	B+	C+	C
Question #3 - Medical Services prices	B+	B+	B+	B-
Question #4 - Spending Cap	C	B+	B	C
Question #5 - Public sector salaries and benefits	B+	A-	C	D
Question #6 - Crown corp. performance reports	B	A	A-	D
Question #7 - Ferry subsidy cap	B	B+	D	A-
Question #8 - Balancing the budget	B+	A-	C+	C-
Question #9 - Plan to balance the budget	C	A+	C	C
Question #10 - Use oil/gas revenues to reduce debt	C	C	C-	D
Question #11 - Document MLA expenses online	B+	B+	A+	C+
Question #12 - Is 10% referendum rule appropriate	C+	B+	B-	B-
Overall Average	B	B+	B-	C

Backgrounder

For Immediate Release

February 24th, 2011

Complete list of questions to BC Liberal leadership candidates:

Background

The Canadian Taxpayers Federation published a study by David Murrell, Ph. D, Senior Fellow at the Canadian Centre for Policy Studies and professor of economics at the University of New Brunswick. (Read the full report: [Impact of HST on Ontario and British Columbia households by income Quintile](#)). Murrell's study found that for both Ontario and British Columbia, the switch to the HST (and the accompanying personal income tax relief measures) represent, on average in the longer-run, a net tax increase for households. For British Columbia, the net tax is estimated at around \$320; for Ontario the change is around \$290 (all dollar amounts are 2008 - the benchmark year used for all data and calculations in this paper); in the first year - before the Ontario transition payments expire and before larger savings from input-cost reductions kick in - the net tax disparity between Ontario and British Columbia is quite large. In Ontario, the average family sees a gain of about \$145 in tax relief; for British Columbia the average family can be expected to pay an extra \$480 in taxes; the net per-family tax increase in British Columbia is higher than that for Ontario, given that the Government on British Columbia has granted much less in the way of personal income tax relief. This is true. Even though the pure HST tax increase in British Columbia is considerably lower than that for Ontario. The Canadian Taxpayers Federation supports the efficiency and simplicity of the HST system, but objects to the B.C. government's higher-than-necessary HST rate, its scheme of exemptions, credits, and rebates for special interests, and its decision to use the HST as a vehicle to transfer some of the provincial tax load from business to households.

Question 1: Will you commit to lowering the provincial portion of HST or reduce other taxes to compensate for the introduction of the HST? If so, which taxes would be reduced and by how much?

BC Liberal Candidate Responses



Kevin Falcon's response:

On the first day of my campaign, I committed to lowering the HST to 11% and to 10% when fiscally prudent, which would mean reducing the provincial portion from 7% to 6% and eventually 5%. To date, I am the only candidate advocating an HST tax cut. Some candidates have noted that an HST tax cut will cost the government money. That's "big government thinking". An HST cut would save taxpayers money. That is my approach to taxes generally.

Our recent budget demonstrated we have exceeded our targets to reduce the deficit by 25%, allowing us to manage a 1% HST reduction within our current fiscal framework.

In terms of other taxes, I have also committed to freezing the carbon tax in 2012, if neighbouring jurisdictions and trading partners have not followed BC's lead in taking substantive action on greenhouse gas emissions.

A+

**Christy Clark's response:**

We are committed to start implementing modest tax relief immediately to help create new businesses, boost jobs and fight poverty. We would do this by

1. Launching a new Business Creation Tax Credit to offer angel investors a tax credit on a portion of their investment in new businesses. This will be targeted to firms that are less than two years old.
2. Offer a partially refundable payroll tax rebate to eligible start-up businesses in their first year.

We will be looking to immediately help the working poor by matching the Federal Government's recent increase to the Working Income Tax Benefit. When fully implemented up to \$75 million will be in the hands of working British Columbia families who are struggling to stay ahead.

In addition, as part of our strategy to boost the role of non-profits in helping communities, we will be looking at a modest tax credit for families involving their children in sports and the arts.

We also are committed to balancing the budget in 2013/14 or sooner and have a spending plan in place to get us there. Once the budget is balanced, we will consider a combination of measures to reduce debt and lower taxes. In terms of tax reductions, our priority will be in the area of income taxes. We will be looking in particular to boost the BC caregiver tax credit to not only lift the burden somewhat on family members who must care for a loved one at home, but also encourage home care as an option to help alleviate the pressure on public funding in this area.

B**Mike de Jong's response:**

The future of the HST will be determined by the upcoming referendum, which I believe should happen sooner rather than later and be conducted in a way that does not cost \$30 million. I believe the HST is good public policy and I will be voting in favour of it. We have seen what happens when you unilaterally impose tax changes on voters without consultation so I am hesitant to commit to changes to any tax before I have had the chance to engage the public. That being said, I do have a bias. If the choice is to reduce either discretionary taxes or non-discretionary taxes, my preference is to reduce non-discretionary taxes like income tax.

B

**George Abbott's response:**

With respect to the HST, it is important to note that even before the HST, B.C. had the lowest personal income taxes in the country for those earning up to \$116,000 a year, and when HST was introduced there was specifically an additional reduction to the basic personal tax credits as well as additional tax credits for low-income families. I think these were reasonable measures to take, and they have allowed us to protect core services and keep our deficits much lower than jurisdictions like Ontario.

The lowering of the HST or any other provincial tax is ultimately dependent upon the province's ability to forgo the revenue that those taxes collect. As you note in other questions in this survey, the province must be equally vigilant when it comes to balancing the budget and keeping debt accumulation at the lowest reasonable level. I have made it clear that we must first look at ensuring our budget is balanced and that we are adequately funding core programs as well as our resource ministries so that they can generate revenue over the longer term.

C**Background**

Question 2 speaks for itself. Had the B.C. Liberal government presented the HST to the electorate as referendum issue during the general election in the spring of 2009, the issue would have been settled two years ago and the Premier would probably be half way through his current term in office. Instead, taxpayers have been subjected to nearly two years of disruptive, rancorous upheaval, with another six months of uncertainty ahead for the province's economy.

Question 2: Will you commit to adopting a Taxpayers Bill of Rights that would require voter approval, in a provincial election or a provincial referendum, for any new tax or any tax increase?

BC Liberal Candidate Responses



Kevin Falcon's response:

In a parliamentary democracy, financial matters are the sole responsibility of the Legislature, not the Premier or the Cabinet. MLAs must vote on all government spending and they are responsible to their constituents for their decisions on financial questions and accountable in the court of public opinion and at election time. Referendums and plebiscites are always an option available to MLAs for consulting directly with voters, but the lessons arising from US states such as California are instructive. They are almost ungovernable with huge fiscal deficits and potential bankruptcies.

C



Christy Clark's response:

We will hold the line on tax revenue growth and we are committed to the principle that government must consult with citizens before implementing any new significant tax increases or under taking a major reform of the tax system.

B+



Mike de Jong's response:

There's an old saying in politics that you surprise people at your peril, and we surprised people with the HST. Looking back, it is clear that we should have taken the time to consult with British Columbians on this initiative before proceeding. Respect for the taxpayer has been a key theme since Day One of my campaign. Leadership isn't just about promises, however – my approach to public life is to demonstrate openness and accountability through my actions. That is why I released my campaign donor list 2 weeks ago so that voters would have this information prior to the vote and not after. I also tabled a Private Member's Bill while the Legislature was sitting on Feb 17 to require the online posting of MLA expenses.

C+

**George Abbott's response:**

I do believe there is an important obligation on government that with significant policy decisions that affect people's quality of life there should also be an opportunity for people to have their say. We didn't do that with the HST, and we have paid a price for that decision.

I have been the only candidate to argue that we utilize the HST referendum opportunity to also ask people what we should do with the rate of the carbon tax when it peaks in 2012. I did this because I believe we need to pursue a new public mandate on that issue as we move our aggressive climate action agenda forward.

That said, I would not be inclined towards any sweeping policy that would require all taxation measures be subject to a vote or a referendum. I believe there are many ways for the province to consult on these matters, and that we should avoid a one-size-fits-all approach.

Background

British Columbia's health care policy debate is hamstrung by the system's inability to price the services it provides to the public; without prices, taxpayers and patients have no way to compare the quality and value of the health care they receive with any alternative system: no price, no market, no choice. It's time to give people the information they need to make informed decisions.

Question 3: Will you commit to provide an itemized list to every British Columbian the actual cost of every medical treatment covered under the Medical Services Plan, as a way to show people the true cost of health care?

BC Liberal Candidate Responses



Kevin Falcon's response:

No, but not because I think it's a bad idea. At this time, I would rather spend the massive investment this would take in software upgrades to better share medical information among our medical professionals to improve patient outcomes.

B +



Christy Clark's response:

In general, we support the principle of ensuring that individual British Columbians are aware of the costs associated with the health care system. We will be carving out health care spending distinctly in provincial budgets going forward. We will consider the establishment of a Treasury Board sub-committee on health spending that will strengthen cabinet's focus on health care capital and overall spending plans. This has the potential to involve government MLAs and the public in becoming more engaged in what now represents close to half the budget of the province.

In terms of individual itemized statements, we will investigate whether or not the expected benefits of such a system would justify the dollars required to development and maintain it.

B +



Mike de Jong's response:

Open and accountable government is critical to restoring public trust and confidence. That is why I have been working for over a year to require the online posting of MLA expenses, and it's why I released my list of campaign donors prior to the leadership vote before any other candidate. Politicians must be prepared to trust taxpayers with basic information about how their money is being spent, and this includes healthcare which makes up such an increasingly substantial portion of government spending.

B +

**George Abbott's response:**

As a former health minister, this premise was brought forward through the Conversation on Health and through other discussions as a way to reduce unwarranted health consumption by raising individual awareness of the cost of that care. This approach has always had unique challenges associated with it. First, there is the challenge of accurately price services within a health system that is highly integrated and with patients who all have unique needs. Second, there is the necessary balance to strike between giving patients useful information, while not creating a deterrent for patients to seek early care for conditions that could worsen if not addressed early. Finally, there is the question of whether this approach would be advisable or effective in improving the overall health outcomes of our population.

With the advent of electronic health records, we will have an opportunity going forward to look at creating better information like the question suggests. Then we will be in a position to decide whether it is the best way to reduce unnecessary demands on our system.

B-**Background**

The current government has grown spending from an annual \$22 billion when it took office in 2001 to \$41.1 billion in the current fiscal year. Since 2007, provincial spending has grown by 20 per cent, from \$34.4 billion, despite the lowest inflation since the 1950s and a major recession.

Question 4: Will you commit to introducing a spending cap that would limit the growth of annual program spending to no greater than the growth of inflation and population combined?

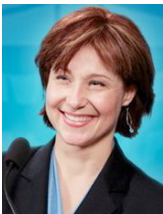
BC Liberal Candidate Responses



Kevin Falcon's response:

While I fully support the concept of budget sustainability, this approach would have precluded the important economic stimulus program that the BC Government and other governments instituted in 2009 to increase public investment in a time of global economic contraction. These factors would be a useful measures for budget evaluation. We enjoy a triple-A credit rating from every credit rating agency.

C



Christy Clark's response:

We are committed to:

- Bringing health care spending down toward the rate of economic growth, as is planned now.
 - Controlling spending in non-health areas to below the rate of economic growth.
- We also intend to increase the use of sunset clauses for regulations and legislation and would mandate the Select Standing Committee on Finance to develop a comprehensive plan that requires laws and regulations to be reviewed on a consistent basis.

B+



Mike de Jong's response:

It's pretty easy to talk about how we're going to spend money, and I have resisted the temptation to make even minor spending promises during this campaign. I happen to be from that school that says we better talk about how we're going to create wealth in the province. We still have a problem in British Columbia; we still have a deficit – over \$1 billion -- and not a lot has been said about that, but it does need to be talked about, because it's got to be our first priority.

One of the basic lessons I learned growing up is that if you spend more than you make, you find yourself in trouble. That applies to government as much as it does to families and individuals. Right now we are spending more than we're making, and that cannot continue. The recipe for sound fiscal management is straightforward. If we want to eliminate the deficit without cutting into services like health care and education, we need to generate more revenue through economic growth and job creation.

B

**George Abbott's response:**

All governments must face the reality that government services cannot grow in perpetuity without the necessary economic expansion and population growth to support those increases. Balancing the budget means having to consider all of those factors in making responsible decisions about taxpayer dollars.

I think it is important to ensure that government's overall spending grows at a rate that is mindful of other measures like inflation and population. However, I would be cautious about turning those indicators into an arbitrary "cap" on spending that would limit government's ability to make strategic investments when they are needed. Most notably, I believe that our additional investments in infrastructure during the recent global recession were the right decisions to drive our economy, even though it meant additional spending by government.

C**Background**

Recent studies have shown that public sector employees in British Columbia earn more than 30 per cent more than their counterparts in the private sector, when factoring in restrictive work rules, extended benefits, and defined-benefit pension plans with early retirement provisions. The total hourly cost of delivering critical services such as health care and education to British Columbians is rising at an unsustainable pace.

Question 5: Will you commit to bringing salaries, benefits, working hours and pension entitlements of public sector employees into line with private sector employees doing comparable work?

BC Liberal Candidate Responses**Kevin Falcon's response:**

As Premier, I would support this general goal, while recognizing that compensation for most public sector employees is the subject of negotiation between the government and relevant unions. As written, this policy would drive government to increase public sector pay and benefits in times of economic growth and private sector labour shortages. It is also worth noting that BC is the only Province to sign more than a hundred public sector union agreements to date with a 0% wage freeze for two years.

B +



Christy Clark's response:

We believe in the principle that public sector salaries including benefits should not be more attractive than comparable private sector benefit rates for similar skill and experience levels.

A-



Mike de Jong's response:

Compensation levels in any organization should be appropriately set with the goal of attracting the right people to the job. It is a competitive marketplace, and it will become even more so as the economy continues to grow under a BC Liberal government. We should be more concerned with ensuring that we are equipping our young people with the skills and education they will need in an increasingly globalized world.

C



George Abbott's response:

I believe that a strong public service is essential to providing high-quality services to our citizens. I think our government has done a good job at ensuring that all collective agreements with the public service are reflective of the taxpayer's ability to pay and are mindful of the private sector comparables. I would carry that approach forward as Premier.

D

Background

British Columbia's publicly-owned corporations, such as BC Ferries, BC Hydro, ICBC and the BC Lottery Corporation pay no income tax to government and pay no direct cash dividends to taxpayers, unlike private companies in similar industries that pay dividends to public pension funds that hold their shares. At the same time, some of these publicly-owned corporations are proposing double-digit price and fare increases, while paying higher-than-market salaries to senior executives and unionized workers. Taxpayers deserve to know the benefits to them, if any, of public ownership.

Question 6: Will you commit to providing an annual performance report on B.C. publicly-owned corporations? Will you demonstrate tangible benefits of public ownership to taxpayers - in the form of cash dividends, lower costs or higher service levels than under private ownership?

BC Liberal Candidate Responses



Kevin Falcon's response:

As Premier, I would always be open to performance improvements, including increased reporting and accountability.

B



Christy Clark's response:

We are fully in favour of requiring that annual performance reports be prepared by Crown Corporations and have those reports assessed in relation to the goals and objectives set out in their respective service plans. To that end, Ministers responsible for crown corporations will be required to ensure that annual service plans are developed in a manner that is consistent with our Families First approach to government operations and services.

We will be setting specific Families First performance targets and measures based on factors such as our families' income and health; impacts on taxation; impacts on business investment and job creation; impacts on future generations in terms of debt servicing; impacts on families in rural areas, aboriginal communities, and new Canadian families; and impacts on social and educational opportunities. We will be incorporating these targets and measures into annual service plans.

Ministers will be required to affirm in their cabinet submissions that they are consistent with meeting Families First targets.

A

**Mike de Jong's response:**

If there is a taxpayer dollar involved, then there is requirement for accountability. I would look to the Auditor General for advice and direction on performance reporting for Crown corporations. I expect publicly-owned corporations to provide value to the taxpayer.

A-**George Abbott's response:**

Crown Corporations are subject to the same transparency measures as core government, including the disclosure of items like salaries. I believe that disclosure is very important and will continue. I believe our government made important strides by bringing Crown's like BC Hydro and ICBC under the BC Utilities Commission so that those Corporations have to continue to justify their rates in comparison to their costs.

With respect to need to show "tangible benefits" of public ownership, I believe our Crown Corporations do provide significant benefits to the public. For example, the BC Lottery Corporation provides us with over \$1 billion in revenues that we use for programs like healthcare. These are dollars we do not have to seek from the taxpayers. BC Hydro is able to return benefits through some of the lowest electricity rates in North America, while ICBC continues to be able to reduce rates in areas like optional insurance because of their structure.

Are there areas for improvement? Of course there are. But I believe we have strong building blocks with these and other Crown Corporations to provide more benefits for the taxpayer into the future.

D**Background**

The CEO of BC Ferries recently suggested that higher ferry subsidies are required to prevent four-year fare increases of 20 per cent on largest routes, 50 per cent on smaller routes and 100 per cent on northern routes. Residents on the mainland benefit from multi-billion dollar rapid transit projects, as well as multi-billion dollar highway and bridge improvements. Taxpayers deserve a level playing field when it comes to transportation spending. There needs to be a clear, common sense, rationale for public transportation spending.

Question 7: Will you commit to capping ferry subsidies to the same long-term level as provincial capital spending on highways and public transit on the mainland.

BC Liberal Candidate Responses



Kevin Falcon's response:

In British Columbia, our transportation networks build our economy and connect our communities. Our Government's historic investments in our highway system and support for our ferry services demonstrate our commitment to providing a world class transportation system.

Since the new BC Ferries model was put in place, the taxpayer support for coastal ferry services has increased significantly to a record \$200 million this year. This is more than double the \$95 million taxpayers contributed in 2001. At the same time we are committed to making record investments into our highways, transit and port infrastructure. However, it is impractical to link the two services.

The BC Ferry Commissioner will be issuing his preliminary price caps this spring, so it is premature to speculate on dramatic fare increases, as suggested in recent media reports. Government will be reviewing the Ferry Commission's preliminary price cap ruling in the spring and will make decisions at that time.

B



Christy Clark's response:

BC Ferries is both a commercial entity and an instrument of public policy contributing to economic activity and jobs in the Province.

The model for BC Ferries will be adjusted as economic and business circumstances change. Any changes must be flexible to accommodate unforeseen circumstances - such as world fuel price pressures or economic downturns. It is also expected that BC Ferries will be a leader, not only in business practices, but also in cost controls and efficiencies.

With cost issues specifically in mind, the next Minister responsible for BC Ferries will evaluate the legislation and regulation of the Corporation, along with its governance and business performance, and provide advice to Caucus and Cabinet concerning needed changes and improvements.

B +

**Mike de Jong's response:**

BC Ferries is faced with rising operating costs, and there are only three possible responses: increase rates, increase the subsidy from taxpayers, or decrease service. The challenge is to find a balance between those three options.

D**George Abbott's response:**

I agree that the main challenge in funding ferries on Vancouver Island, or rapid transit projects in the Lower Mainland, is to consider how the needs of a region can impact the taxpayers of the province as a whole. While it is always a challenge to ask provincial taxpayers to support regional priorities, it is also important to acknowledge that our transportation system is a highly integrated system, and that our economies in our regions depend upon the movement of people and goods through other regions.

With respect to BC Ferries, I have expressed concerns about significant potential increases to fares on some routes, and the impact that may have on those communities. I believe it is important to review the framework that is leading us to those potential cost pressures, and to ask ourselves what the fairest approach is to funding these services. Equity with investment in other regions will remain top-of-mind in those discussions.

A-**Background**

Despite running a deficit of \$1.8 billion in 2009-10, the B.C. government increased spending in the current fiscal year by a further \$1.8 billion, or 4.5 per cent, resulting in a projected budget deficit of \$1.6 billion – despite higher revenue.

Question 8: Do you feel a balanced budget is necessary? If not, why not? If so, how do you propose to balance the budget and over what time period?

BC Liberal Candidate Responses



Kevin Falcon's response:

Yes. I am committed to balanced budgets, and have committed to balancing the BC Government budget by 2013.

B+



Christy Clark's response:

We are committed to balancing the budget by 2013/14 or sooner.

A-



Mike de Jong's response:

At times, I have felt like I was the only candidate in this leadership race talking about the deficit and the need for balanced budgets. Here is how I would generate economic growth to balance the budget and position British Columbia to compete internationally:

- Attract investors, new citizens and tourists
- Develop new markets abroad to market our products and services
- Increase skilled immigration
- Grow our workforce to grow our economy
- Increase trade with Asia and South Asia
- Aggressively pursue international investment
- Share revenue and benefits with Aboriginal and non-Aboriginal communities on new resource development projects
- Maintain a competitive tax structure

C+



George Abbott's response:

I do support moving towards a balanced budget, and I support doing that by 2013/14 as the current fiscal plan dictates. I believe that objective is achievable, and I believe it is achievable while also considering additional investments in areas of government like our natural resources industries that need adequate funding to ensure that revenue can be produced down the road.

C-

Background

Despite tabling a series of notionally balanced budgets, the current BC Liberal government has added \$13 billion to the provincial debt since taking office, raising total debt from \$34 billion to \$47 billion. Borrowing by crown corporations, such as BC Ferries and BC Hydro, has pushed interest costs higher, triggering demands for multi-year double-digit fare and rate increases.

Question 9: Will you commit to creating a plan to pay off the provincial debt?

BC Liberal Candidate Responses



Kevin Falcon's response:

Yes. I believe framework that Finance Minister Colin Hansen has presented in the 2011 BC Budget and Fiscal Plan is realistic and sound and will keep taxpayer supported debt at reasonable levels, while investing in the infrastructure we need.

C



Christy Clark's response:

Once the budget is balanced, we will be allocating any surplus between debt reduction and tax relief while keeping government spending in line with our approach of bringing health care spending down toward the rate of economic growth, as is planned now and controlling spending in non-health areas to below the rate of economic growth.

A+



Mike de Jong's response:

The current debt to GDP ratio in British Columbia compares very favourably to other Canadian jurisdictions, and extremely favourably to jurisdictions elsewhere – particularly Europe. I would be concerned, however, if the relative debt increased too much beyond the current level. I am less concerned about incurring debt for capital infrastructure that helps generate economic growth than I am about debt due to increased program spending.

C



George Abbott's response:

Nobody enjoys growing the provincial debt. But we have done so in recent years so that we could make critical investments in provincial infrastructure through hospitals, schools, roads and bridges to keep our economy growing and our communities vibrant.

I support the approach laid out by the current Minister of Finance, which is to ensure that our debt-to-GDP ratio remains affordable and goes down over time. While it is never the preference to see operating dollars going to service debt, we equally want to ensure that any plan to pay off that debt does not compromise our ability to keep our taxes competitive and our programs strong.

C

Background

In 2008-09 the BC government collected \$1.3 billion in royalty revenue from the sale of non-renewable oil and gas, and spent every penny. In 2009-10, when natural gas prices fell, slashing royalties to \$464 million, the government increased spending by an additional \$1.05 billion, plunging the province into a multi-billion dollar deficit position. There is no clear rationale for spending every cent of windfall resource revenues, the moment they reach the provincial treasury.

Question 10: Will you commit not to spend revenue from one-time non-renewable resources, such as oil and gas royalties, on day-to-day government operations, but rather direct it towards reducing the province's public debt?

BC Liberal Candidate Responses



Kevin Falcon's response:

The real issue is responsible management of all revenues, regardless of source.

C



Christy Clark's response:

Rural British Columbia generates a tremendous amount of the province's wealth and it is imperative that the wealth is returned in such ways it helps to protect and promote rural communities. Going forward, we are mindful that reinvesting in rural BC will bring greater returns for all British Columbians and help keep government on a financially sound footing.

C



Mike de Jong's response:

Oil and gas revenues are significant, and help pay for social services like healthcare and education, and also help lower deficit and debt levels. Governments need flexibility to meet the challenges they are facing at the time, and respect for the taxpayer is a priority for me. I am not drawn to diverting streams of revenue for specific purposes.

C-



George Abbott's response:

Royalty revenues are a significant contributor to government revenue, which in turn supports the basic programs families depend upon. If those revenues were not available, we would seriously have to look at dramatically reducing spending or raising taxes.

As opposed to isolating those revenues, I would prefer to look at the necessary investments needed to grow those revenues so that both government operations and debt repayment could be supported in the future.

D

Background

Although BC cabinet ministers make public the amount of their expense claims, MLAs are not required to do so. Across Canada, provincial MLAs have begun disclosing details of expense claims publicly, triggering investigations and resignations in some cases, notably Nova Scotia. Recently, the Senate of Canada moved to make details of senators' expenses public and the City of Toronto posts scanned copies of actual receipts and expense claims on its website. BC MLAs on both sides of the House still steadfastly refuse to provide taxpayers with any expense information whatsoever, despite longstanding promises to do so.

Question 11: Will you commit to legislate full public disclosure of all expense claims by MLAs in British Columbia, and post all receipts and supporting documentation online?

BC Liberal Candidate Responses



Kevin Falcon's response:

Agreement has just been reached by an all-party committee to provide MLA expenses publicly. I support this effort.

B +



Christy Clark's response:

We are in favour of online disclosure of MLA expenses.

B+



Mike de Jong's response:

If we want to gain the public's trust, then we have to trust them with information about how government spends their hard-earned dollars. On the first day of my campaign, I indicated that MLAs serving in a Mike de Jong government would be required to post their expenses online. Earlier this month I tabled a Private Member's Bill to require the online posting of MLA expense records. I also believe that details of expenses relating to ministerial travel, including overseas trade missions should be proactively disclosed online.

There are some other steps we can take to demonstrate respect for the taxpayer. I think we can get the job done with a smaller cabinet, and I would appoint a cabinet of less than 20. I would also reduce the size of the Premier's Office by 10%. None of these measures will fix the deficit, but they are important measures that say to the taxpayer, "we respect your money."

A+



George Abbott's response:

I have been on record as supporting greater disclosure of expenses by MLAs to match the disclosure by Ministers. That may require legislation to be achieved, or it may be something achieved through consent. In terms of the appropriate detail in that disclosure, I would want to initiate further discussions with the Legislative Assembly on the most practical and reasonable approach before committing to further specifics.

C+

Background

Two hundred thousand signatures on the anti-HST petition were disqualified by Elections BC, because the people signing the petition were found not to have been on the voters list in the electoral district where they signed the petition, a list that had been compiled years earlier for an election in 2009.

Question 12: Do you believe the current rule, requiring 10 per cent of registered voters in the previous provincial election in all 85 constituencies to sign a petition in order to force a provincial-wide referendum, is appropriate? Would you like to see the requirements relaxed to encourage more direct democracy?

BC Liberal Candidate Responses



Kevin Falcon's response:

Recall was not intended to be used frequently. I have a number of concerns with the legislation, but I think the current requirement limits are reasonable. They are achievable in exceptional circumstances, as we have seen, but they discourage endless reruns of the last election.

C+



Christy Clark's response:

We support the current *Recall and Initiative Act* and would be open to considering improvements in the legislation in consultation with British Columbians.

B+



Mike de Jong's response:

During this leadership race, I have found that when politicians want to engage with the public, we are remarkably good at it! I think we can use technology to do a better job at consulting and engaging with British Columbians on an ongoing basis to discuss a variety of issues and that would certainly be my approach as Premier.

For more information about my commitments to respecting the taxpayer, please visit www.mikedejong.com

B-



George Abbott's response:

I believe that the provincial initiative process is a very important one, and recent experience has proven that the legislation is workable by proponents. That said, I will always consider any thoughtful amendments to any piece of provincial legislation that organizations wish to bring forward.

B-