



where do we go from here?

# A Taxpayers' Platform

Advice and Questions for Alberta's  
PC Leadership Candidates

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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 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 68,000 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 six times a year. An issues and action update called *TaxAction* is produced each month. CTF offices also send out 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.

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## **SUMMARY OF QUESTIONS FOR THE CANDIDATES**

- 1. Will you commit to eliminate the health care premium tax?**
- 2. Will you commit to eliminate the hidden sales tax on insurance premiums?**
- 3. Will you commit to reduce or eliminate the education property tax?**
- 4. Will you commit to enact legislation implementing a municipal property tax cap to ensure municipal property taxes don't increase by more than the rate of inflation without a referendum?**
- 5. Will you commit to an 8 per cent general business tax rate as promised in the 2001 provincial budget?**
- 6. Will you commit to amend the *Taxpayer Protection Act* such that any new provincial tax or an increase to an existing tax could only be approved through a successful provincial referendum?**
- 7. Will you commit to introduce legislation capping annual provincial spending increases at a rate of the combined growth in the inflation and population rate?**
- 8. Will you commit to introduce legislation that restricts the government from increasing spending during the fiscal year (other than declared emergencies)?**
- 9. Will you commit to roll back the *Fiscal Responsibility Act* such that only the first \$3.5-billion of non-renewable resource revenues could be used for budgeting and program spending?**
- 10. Will you commit to legislating a minimum of 50 per cent of resource revenues be saved each year?**
- 11. Will you commit to introduce fixed election dates for Alberta's general elections?**
- 12. Will you commit to introduce legislation giving citizens the right to recall their MLA?**
- 13. Will you commit to introduce citizens' initiative legislation giving citizens the right to initiate and vote in a referendum on issues of importance?**
- 14. Will you commit to disclose a complete list and dollar amount of all campaign contributions you have received during this PC leadership campaign prior to the first ballot vote?**

- 15. Will you commit to introduce legislation requiring pre-election campaign contribution disclosure for all future elections (general provincial, municipal and party leadership elections) in Alberta?**
- 16. Will you commit to give Albertans the ability to purchase private health insurance to cover costs incurred by those who pay for timely access to medically necessary procedures?**

## INTRODUCTION

Alberta is at a crossroad in its 101 year history. With a new leader and premier about to be selected by the Progressive Conservative Association of Alberta, many options for Alberta's future will be weighed not only by PC Party members, but by all Albertans.

In 1992, when the PC Party last selected a leader, Alberta was also at a crossroad. The provincial government was drowning in debt and running multi-billion dollar deficits every year. The government was blowing millions annually on corporate welfare schemes and government accountability and transparency was lacking.

PC Party members and eventually Albertans voted for a vision of a debt-free Alberta. They voted for a vision of government getting out of the business of being in business and to stop trying, with virtually no success, to "diversify the economy" through government grants, loans and tax credits. They voted for a government who believed that taxpayers were better stewards of their own money, rather than governments.

Great strides were made during the first half of Premier Klein's tenure. Spending was reduced, a legislated debt repayment schedule was implemented, a balanced budget law was enacted, corporate welfare programs were eliminated, a version of a taxpayer protection act was introduced and taxes were reduced.

Unfortunately, in the second half of his tenure, spending rocketed out of control, taxes were increased, new corporate welfare programs have slowly been introduced and government transparency has been stifled.

Alberta's next premier must not forget the hard lessons learned in the 1980's and early 1990's that government overspending and interfering with the economy doesn't lend itself to economic development, efficient government and prosperity for Albertans.

The Canadian Taxpayers Federation was very supportive of government measures to eliminate the deficit, tame the debt, end corporate welfare, protect taxpayers and reduce taxes.

Supporters of the CTF are hoping Alberta's next premier commits to a return to fiscal responsibility, lower taxes, frugal spending, empowering Alberta through democratic reform, health care reform and increased government transparency and accountability.

The pages following detail *A Taxpayers' Platform* – what taxpayers would like to see done in Alberta to ensure future prosperity. The CTF invites PC leadership candidates to express their opinions and commitments to the same. Once their responses are received, a follow-up document will be published detailing the results.

## REVENUE (TAXES)

### Axe the regressive health care premium tax

Alberta's health care insurance premium is a regressive tax. For a family earning \$35,000 a year, the \$1,056 in health care premiums is equivalent to 3 per cent of their annual income. For a family earning \$100,000 a year, the \$1,056 in health care premiums is equivalent to 1 per cent of their annual income.

The CTF welcomed the relatively small increase to the premium subsidy in the 2006 provincial budget. However, this increase was only one-time, "premium-creep" will continue to eat away at the value of the subsidy because unlike the Basic Personal Exemption, the health care premium tax thresholds are not indexed to inflation.

The CTF also welcomed the abolition of the health care premium tax for seniors as a first-step towards abolishing this tax for all Albertans. This age-based exemption, put into place in 2004, has created a situation where seniors who are wealthy, no longer raising children or paying off a mortgage, are exempt. Yet middle-income families, struggling with mortgage payments and the cost of raising children, must pay \$1,056 per year in addition to other provincial taxes. This is still patently unfair.

In addition, the health care premium is a costly tax to collect. In 2004-05, the cost to collect and administer the health care insurance premium was \$11.8-million.

Furthermore, the health care premium tax is a major obstacle to health care reform. This tax conveys the false message that our health care system costs only \$44 per month, or \$88 per month for families. In fact, Alberta's public health care system costs \$265 per man, woman and child every month. In order for health care reform to succeed, the public needs to understand how expensive our government-run system really is. Albertans need to know that health care makes up more than one-third of provincial spending. Yet, the health care premium tax does the opposite, indicating that our health care is relatively inexpensive.

#### 2005-06 CTF Supporter Survey

The Alberta government spends \$13-million per year to collect health care premiums. Do you support abolishing this tax?

<b>Yes</b>	<b>73%</b>
No	15%
Undecided/No Response	12%

A significant majority (73 per cent) of CTF supporters feel the health care premium tax should be eliminated.

**Question for PC Leadership Candidates:**

**Will you commit to eliminate the health care premium tax? (150 words max)**

**Eliminate the insurance tax**

The Alberta government collects a total of \$226-million per year in insurance sales taxes. There is a hidden 2 per cent sales tax on life, accident and sickness insurance premiums, and 3 per cent sales tax on automobile and other types of insurance premiums.

While this tax is claimed to be charged to the insurance corporations, it is a sales tax on the price of the premium, and will ultimately be paid by the consumer. Further, it is a hidden tax, as insurance companies are not allowed to display the tax on their customers' bills.

Rising automobile insurance premiums were a great concern a few years back, and other insurance costs (business, home, etc.) continue to rise today. The Alberta government should not be profiteering and adding to these rising costs, when Albertans are simply trying to protect their homes, businesses and families by purchasing insurance.

Furthermore, with all of the meddling in a free-market automobile insurance industry that has been done by the Alberta government in recent years, it is baffling why the government hasn't taken the one simple step that would have guaranteed motorists a 3 per cent savings on their insurance premiums and eliminated this tax.

**Question for PC Leadership Candidates:**

**Will you commit to eliminate the hidden sales tax on insurance premiums? (150 words max)**

**Don't give municipalities our tax break**

The Alberta Urban Municipalities Association, the Alberta Association of Municipal Districts and Counties and the big city mayors have all been pushing for the province to



eliminate the education portion of property taxes, but not necessarily because they want taxpayers to have a fatter wallet.

Many municipalities are hoping the province eliminates the provincial side of property taxes so the city can increase the municipal side by the same amount. Unsuspecting homeowners see their total bill stay the same, while the city gets to stuff their coffers.

To be clear, the CTF is no fan of the education property tax, or property taxes in general. Ideally, the taxes you pay should represent either the amount of service you receive and/or your ability to pay. Property taxes achieve neither of these objectives. Property taxes also put an unfair burden on those individuals who may own a home in a trendy area of a city or town, but do not have, or no longer have an income that is rising as fast as their property value and property taxes.

Indeed, the provincial government freezing education property taxes for seniors was an admission that the current system is broken. But, seniors do not have a monopoly when it comes to high taxes and fixed incomes. Many young families face similar financial pressures with starting incomes, young families and hefty mortgages.

Eliminating education property taxes would not only eliminate a badly flawed tax, but it would put money back in the pockets of virtually every Albertan and help young families and low-income earners better realize the benefit of home ownership.

However, to ensure taxpayers are truly benefited by any provincial tax reduction, municipalities need to be limited as to how much they can increase their taxes each year. Simply put: municipal tax increases should be limited to the rate of inflation. If a municipality wants to increase your local taxes beyond that, ratepayers should have the final say. A referendum should be held before any tax increase larger than the inflation rate goes through.

### **Question for PC Leadership Candidates:**

**Will you commit to reduce or eliminate the education property tax? (150 words max)**

### **Question for PC Leadership Candidates:**

**Will you commit to enact legislation implementing a municipal property tax cap to ensure municipal property taxes don't increase by more than the rate of inflation without a referendum? (150 words max)**

## Fulfill the promise on business taxes

In the 2001-02 budget, the Alberta government committed to reduce the general corporate income tax rate to 8 per cent by 2004. While it was reduced from 15.5 per cent to 11.5 per cent between 2001 and 2004, and then reduced again to 10 per cent in the 2006 budget, the provincial government has not yet fulfilled its promise to reduce it further to 8 per cent.

If Alberta followed through and reduced its general corporate income tax rate to 8 per cent, it would be the lowest in Canada and would put Alberta at a competitive advantage over other provinces.

**Table 1** – Alberta Government's original implementation schedule for corporate income tax reductions<sup>1</sup>

<b>Implementation Schedule for the Business Tax Plan</b>					
		Implementation on April 1			
	2000	2001	2002	2003	2004
General rate (%)	15.5	13.5	11.5	10.0	8.0
Manufacturing and processing rate (%)	14.5	13.5	11.5	10.0	8.0
Small business rate (%)	6.0	5.0	4.0	3.0	
Small business threshold (\$)	200,000	300,000	400,000		
Capital gains inclusion rate (%)	50 <sup>a</sup>	50			
Railway fuel tax (¢/litre)	3	1.5 <sup>b</sup>			
Capital tax (%)	0.7/1.0	Eliminated			
<b>Cost of Tax Cuts (\$millions)</b>		<b>286</b>	<b>561</b>	<b>770</b>	<b>1,000</b>

<sup>a</sup> The capital gains inclusion rate was reduced from 75% to 66.7%, effective February 28, 2000, and further reduced to 50%, effective October 18, 2000.

<sup>b</sup> Effective May 1, 2001.

### Question for PC Leadership Candidates:

**Will you commit to an 8 per cent general business tax rate as promised in the 2001 provincial budget? (150 words max)**

## Protect taxpayers with legislation

The *Alberta Taxpayer Protection Act* currently requires a referendum be held only prior to the introduction of a general provincial sales tax in Alberta. However, any other new tax or an increase to an existing tax can be imposed at any time for any reason.

<sup>1</sup> <http://www.finance.gov.ab.ca/publications/budget/budget2001/fiscal.pdf> p. 19

In contrast to Alberta, other jurisdictions have laws which require politicians to put tax increases and new taxes to voters in a referendum. In Switzerland, a tax increase must be put to a referendum if 50,000 voters sign a petition requesting a referendum. Swiss taxpayers have sometimes voted for tax increases – but only after politicians made a convincing case for their necessity. In the state of Washington and many other US states, voter approval is required for any tax increases or new taxes. This applies to expanding the base for a tax, increasing the rate of a tax or introducing a new tax.

Currently, without taxpayer protection legislation, the onus is on Albertans to justify to politicians why we should be able to keep our own hard-earned money. The onus ought to be on special interest groups and politicians to justify why they want to take more tax revenue from Albertans.

As taxpayers are the people who foot the bills, they should be consulted on any and all tax increases. The *Alberta Taxpayer Protection Act* should be amended to require a referendum on all new taxes and tax increases.

In fact, Albertans want this protection. 83 per cent of Albertans in a 2002 JMCK poll commissioned by the CTF, indicated they want the province to enact expanded taxpayer protection legislation.

### Question for PC Leadership Candidates:

**Will you commit to amend the *Taxpayer Protection Act* such that any new provincial tax or an increase to an existing tax could be only approved through a successful provincial referendum? (150 words max)**

## EXPENDITURES (SPENDING)

### Put a legislated cap on spending

Alberta is today facing the same problem it had in 1993. The province does not have a revenue problem – it has a spending problem.

Since 1996-97, program spending in Alberta has increased by 132 per cent. This spending is being financed by non-reliable, non-renewable, non-sustainable resource revenues. This is particularly concerning as own-source revenues (less resource revenues) have not increased at the same rate. In fact, combined income taxes, corporate income taxes and education property taxes have grown by 78 per cent since 1996-97. Furthermore, Alberta's population has only increased by 21 per cent while inflation has risen by 29 per cent.

Neither combined population and inflation growth (50 per cent) nor the growth in sustainable revenues (78 per cent) has kept up with current program spending.

**Table 2** – Alberta government annual program spending change vs. combined population and inflation rate change

Year	Program Spending (millions)	Total Change from 96-97 (%)	Annual Change (%)	Annual Population & Inflation change (%)
96-97	\$12,701	n/a	n/a	3.86
97-98	\$13,773	8.44	8.44	3.31
98-99	\$14,346	12.95	4.16	3.73
99-00	\$16,356	28.78	14.01	4.90
00-01	\$17,976	41.53	9.90	5.07
01-02	\$20,071	58.03	11.65	4.04
02-03	\$20,053	57.89	-0.09	6.50
03-04	\$21,480	69.12	7.12	4.39
04-05	\$24,027	89.17	11.86	3.08
05-06	\$27,191	114.09	13.17	4.54
06-07*	\$29,406	131.53	8.15	6.17
* 06-07 Program Spending based on 1st Quarter Budget Update				

Had the provincial government put a cap on program expenditure increases at the rate of the combined population and inflation growth rate starting in 1996-97, the Alberta government would only be spending \$20.6-billion in 2006-07 rather than over \$29-billion. A \$21-billion budget would be significantly more sustainable, as it would only have to rely on \$1.7-billion in non-renewable royalty revenues and federal transfers to ensure a balanced budget.

Had the provincial government set the target for program expenditure increases at the combined population and inflation growth rate starting in 2000-01, the Alberta government would only be spending \$22.7-billion in 2006-07 rather than over \$29 billion. A \$23-billion budget would also be significantly more sustainable, as it would

only rely on \$3.8-billion in non-renewable royalty revenues and federal transfers to ensure a balanced budget.

It is clear the Alberta government can't say "no" when it comes to new spending. So the only answer is to legislate a cap on new spending.

A spending cap removes the pressure put on government by special interest groups, health authorities and school boards when they come with their hands out for increased spending in the face of budget surpluses and resource revenue windfalls.

A spending cap also ensures government won't overspend every year beyond its ability to finance the budget if resource prices fall.

A 2003 Fraser Institute study entitled, "Tax and Expenditure Limitations – The Next Step in Fiscal Discipline," explains the difference between balanced budget laws and laws which actually control taxes and spending.

This study looks at the experience of 27 American states which have laws specifically targeting growth in government spending and taxes. The study considers taxation and spending over longer time periods and concludes they are effective in constraining the growth of government and reducing taxes.

Florida, Hawaii, Louisiana, Massachusetts, Montana, New Jersey, Oregon, South Carolina, Tennessee and Texas limit growth in government spending to the same rate as the income growth of taxpayers. And it makes sense – if the income earned by taxpayers in a given year rises by 4 per cent, why should the government's budget increase by more than 4 per cent?

Arizona, Idaho, Michigan, Missouri and North Carolina limit their government spending to a set percentage of personal income earned by the state's residents.

Alaska, Colorado, Nevada, Utah and Washington limit growth in government spending to the combined rate of the state's population growth and inflation rate. This law has worked wonders for taxpayers in the state of Washington. From 1980 to 1995, Washington's population grew an average of 1.2 per cent per year while inflation averaged 4.5 per cent per year, but government spending rose by 8 per cent per year. The pre-1995 trend was towards bigger government and higher taxes. Since 1995, government spending has increased at a steady, reliable pace to keep pace with Washington's inflation and population growth, but taxes have come down – permanently.

Laws which limit government spending and taxation force politicians and bureaucrats to choose priorities, just like every family does with its budget. Sure, we would all like more money to buy better and nicer things, but we live within our means. Every day we say "no" to lower priorities. Shouldn't politicians be required to do likewise? It's time for Alberta to take this next step in fiscal discipline.

### Question for PC Leadership Candidates:

**Will you commit to introduce legislation capping annual provincial spending increases at a rate of the combined growth in the inflation and population rate?  
(150 words max)**

### Put the brakes on discretionary in-year spending

Just as worrisome as the annual budgeted spending increases are the unbudgeted spending increases that occur outside of the budget that is approved by the legislature. These in-year, unbudgeted spending announcements end up greatly reducing budgeted and unbudgeted surpluses.

In-year spending has been an issue for the past few years. In the first three months since the 2006-07 budget was passed, spending for this fiscal year has already increased by 5 per cent, over and above the budgeted 10 per cent increase for the year. This additional increase is unacceptable, makes a mockery of the budget process and neuters the ability of the legislature to approve spending *before* the money is committed or spent.

While some Sustainability Fund spending on programs such as the Alberta Natural Gas Rebate Program is welcomed, unbudgeted spending on areas like zoos and film production should be curbed.

If it's a high priority for spending, it should be in the budget.

**Table 3** – Original budget vs. Year-end program spending (millions)

Year	Budgeted program spending	Final program spending	In-year unbudgeted spending
02-03	\$18,571	\$20,035	\$1,464
03-04	\$20,335	\$21,480	\$1,145
04-05	\$22,286	\$23,851	\$1,565
05-06	\$25,535	\$26,743	\$1,208
06-07	\$28,067	\$29,406	\$1,339
* 06-07 Final Program Spending based on 1st Quarter Update			

As seen in Table 3, for the past five years, in-year unbudgeted program spending has averaged over \$1.3-billion.

### Question for PC Leadership Candidates:

**Will you commit to introduce legislation that restricts the government from increasing spending during the fiscal year (other than declared emergencies)? (150 words max)**

### **Roll back the *Fiscal Responsibility Act***

The Alberta government wisely created the Sustainability Fund in 2003 with an amendment to the *Fiscal Responsibility Act*. The change allowed for the first \$3.5-billion in resource revenues to flow into general revenues, with the excess funding the new \$2.5-billion Sustainability Fund.

The intent was to use the money in the Sustainability Fund to cover any shortfall if resource revenues did not amount to \$3.5-billion in a particular fiscal year. Provisions were put in place such that the money within the Sustainability Fund could also be accessed for natural disasters and emergencies.

While no changes have been made to officially increase the cap of the \$2.5-billion Sustainability Fund, changes have been made to increase the initial level of resource revenues that are used for program spending and budgeting. The *Fiscal Responsibility Act* was amended in 2004 to increase the initial amount of resource revenue spending from \$3.5-billion to \$4-billion. The *Act* was subsequently amended in 2005 to increase the initial amount of resource revenue spending to \$4.75-billion. Now becoming an annual tradition, in 2006, the *Act* was once again amended to increase the spending amount to \$5.3-billion.

The original purpose of setting a cap on how much could be spent was to ensure that core services would continue to be funded when (not if) our oil and gas revenues drop off. However, now that the cap has been amended every year, more and more of our core services are being funded by these non-reliable revenues.

**Table 4** – 10-year low of resource revenues (billions) vs. Initial budgeted spending of resource revenues

Year	Initial spending cap of Resource Revenues (billions)	10-Year Resource Revenue Low (billions)	Initial spending as a % of 10-year low
03-04	\$3.50	\$2.368	147.8%
04-05	\$4.00	\$2.368	168.9%
05-06	\$4.75	\$2.368	200.6%
06-07	\$5.30	\$2.368	223.8%

When first set at \$3.5 billion, the cap represented 148 per cent of a ten-year low of Alberta government resource revenues. Now at \$5.3 billion, it represents 224 per cent of

a ten-year low for Alberta government resource revenues. A very scary prospect for the future.

This trend also indicates a growing reliability on resource revenues to fund ongoing government programs. The more reliant the government is on unreliable revenues, the harder the province will be impacted if resource prices return to levels seen in the early 1990s. In fact, if oil and gas revenues drop to what they were in 1999-2000, the Alberta government would be forced to dip into savings, cut spending or run a deficit.

In the most recent First Quarter Fiscal Update of the 2006-07 provincial budget, natural gas and by-products royalty revenue came in \$950-million less than estimated. Thankfully, this loss in revenue was off-set by higher synthetic crude and bitumen royalty and personal income tax revenue. Regardless, non-renewable resource revenue is a very unstable source of revenue and the Alberta government should be trying to reduce budgetary reliance on resource revenues rather than increase reliance.

### Question for PC Leadership Candidates:

**Will you commit to roll back the *Fiscal Responsibility Act* such that only the first \$3.5-billion of non-renewable resource revenues could be used for budgeting and program spending? (150 words max)**

## Start banking non-renewable resource revenues

Over the past 20 years, the Alberta government has received over \$107-billion in non-renewable resource revenues.

Essentially, these monies are gained by the Alberta government through the sale of non-renewable resources like oil and natural gas to industry for extraction, refinement and sale. These assets are owned equally by every single Albertan and the distribution of their value has been handled by the Alberta government.

These one-time funds have been used over the past 20 years for virtuous reasons and those less virtuous. Under the virtuous category would be debt repayment and savings. Under the less virtuous category would be spending.

Of the \$107-billion, it can be suggested that \$22.7-billion was used for debt repayment and \$20.3-billion was used for servicing that debt. Of the remaining \$64.1 billion, \$12.7-billion has been put towards savings (Heritage Fund, endowment funds, sustainability



fund, other)<sup>2</sup>, and virtually all of the remainder (over \$51-billion) has been put towards spending (on-going and capital).

However, since Alberta's debt has been eliminated the balance has not gone towards savings, with only 17 per cent of the nearly \$36-billion in resource revenues being saved.

Just like running a debt is transferring a financial burden from one generation to another, refusing to save these one-time resource revenues is theft of a windfall – owned by all Albertans, present and future – of one generation from another.

The opportunity that can be created by these resources is vast, but is being squandered right now. For example, in 2000, the CTF commissioned a study by Dr. Jean-Francois Wen of the University of Calgary. Dr. Wen was asked if it would be possible for Alberta to build up the Heritage Fund and then use the interest to eliminate personal income taxes.

Dr. Wen determined if the government held the line on spending increases starting in 2000, and dedicated 50 per cent of all resource revenues to the Alberta Heritage Savings Trust Fund, along with retaining all of the interest generated by the fund, Alberta could eliminate personal income taxes by 2015. Furthermore, his study was based on oil priced at \$18/barrel and natural gas at \$2.35/mcf and increasing only at the rate of inflation. As we have seen with recent resource prices, the time-line suggested by Dr. Wen could be substantially ramped up.

Other possibilities include banking resource revenues and then using the interest to provide annual dividend cheques (Alaska Fund model), or to create a reliable, sustainable source of yearly revenue for program spending.

Regardless of the mechanism and regardless of where the money is banked, the bottom line is that Alberta has a great opportunity to create lasting prosperity for its citizens. Spending the principle rather than spending the interest will only leave us broke.

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<sup>2</sup> \$12.7-billion in savings determined by taking current net financial assets (\$25.8-billion) less 1986-87 net financial assets (\$7.8-billion), less assets within the Capital Account (\$5.3-billion) which is allocated for capital spending and not long-term savings.

### 2006-07 CTF Supporter Survey

The Alberta government receives over \$10 billion per year (on average) from the sale of oil and natural gas. Currently, the vast majority of this money is spent on on-going programs (health, education, etc) and capital building projects. These revenues, unlike traditional tax revenues, are one-time, un-reliable revenues that may or may not be there each year. Do you think the government should:

Continue to spend these one-time revenues each year on on-going programs and capital projects that need annual funding (Spend 100%)	4.3%
Not spend any of these one-time revenues (Save 100%)	4.3%
<b>Spend 25%, Save 75%</b>	<b>26.1%</b>
<b>Spend 50%, Save 50%</b>	<b>39.1%</b>
Spend 75%, Save 25%	21.7%
Did not answer	4.3%

CTF supporters overwhelmingly support putting a significant portion of resource revenues into savings. A combined 91.2 per cent of supporters feel the government should save at least 25 per cent of annual resource revenues. 69.5 per cent feel the government should save at least 50 per cent of annual resource revenues.

### Question for PC Leadership Candidates:

**Will you commit to legislating a minimum of 50 per cent of resource revenues be saved each year? (150 words max)**

## DEMOCRATIC REFORMS

### The first step in fixing our democracy

Throughout the history of Canada's parliamentary democracy, incumbent governments and incumbent political parties consistently have used, to their advantage, their ability to set the date of a general election. And it is a very significant advantage. The incumbent party can ensure they have a full slate of nominated candidates, a full war chest and a peak in their popularity before they call the election.

On the federal scene, former Prime Minister Jean Chrétien was often criticized for calling elections earlier than every four years to take advantage of weaknesses in his opposition. Paul Martin was criticized for calling an election before the recently merged Canadian Alliance and Progressive Conservative parties had time to create policy.

There is a simple answer for this obviously unfair advantage: fixed election dates. Fixed election dates take the partisan games out of election timing. They not only allow the parties to prepare for an election, but also the non-partisan election staff who run our provincial and federal elections.

In fact, they are a growing trend in Canada. The provinces of British Columbia, Ontario and Newfoundland and Labrador all have adopted fixed provincial election dates. The new Conservative government in Ottawa has also introduced Bill C-16, requiring fixed election dates every four years.

These provinces and our federal government are only responding to demands from Canadians for more transparency and less partisan games in the calling of general elections. A 2005 Environics poll found that 77 per cent of Canadians would prefer fixed election dates.

#### 2006-07 CTF Supporter Survey

Do you believe the Alberta government should have fixed election dates?

<b>Yes</b>	<b>91%</b>
No	4%
Undecided/No Response	5%

An overwhelming majority of CTF supporters (91 percent) feel the province should introduce fixed election dates for provincial elections.

### Question for PC Leadership Candidates:

**Will you commit to introduce fixed election dates for Alberta's general elections?  
(150 words max)**

## Right to Recall

An election is a snapshot in time. A representative is selected at that time to serve the constituents of a particular geographic area, for a set period of time.

But what happens if that representative decides to cross the floor to a different political party? What happens if they cast a vote that is opposite of the wishes of their constituents? What happens if the representative decides not to show up to work? What happens if the representative is involved with a misconduct, but doesn't resign? Basically, what happens if they don't do their job?

In short: nothing.

No job in the private sector comes with a guarantee of four years of carte blanche. Those MLAs who are guilty of not representing the interests of their constituents should be subject to be recalled by the same constituents who hired them.

The only province in Canada to currently offer their constituents the ability to recall their MLAs is British Columbia.

Opponents of recall claim it can be abused for spiteful partisan purposes. However, those opponents obviously haven't seen just how difficult it is to recall an MLA in BC.

Under the 1995 *Recall and Initiative Act*, a registered voter must first register their intent to initiate a recall petition. This process involves a statement as to why the voter believes the MLA should be recalled and the submission of a non-refundable fee. Next, the application must be approved by the Chief Electoral Officer. Then the voter has 60 days to collect signatures of 40 per cent of the voters who were registered in that constituency during the last election. After each signature is verified, the MLA is recalled and a by-election called.

Since 1995, 20 recall petitions have been initiated in BC, of which only two have submitted enough signatures for verification, and *zero* MLAs have been recalled. That's right, not one MLA has been recalled to date. (Note: Paul Reitsma, MLA for Parksville-Qualicum resigned in 1998 prior to the final verification of signatures, thereby ending the verification process).

It's clear recall is neither to be taken lightly, nor to be used every day to fire hard working MLAs. Yet, politicians across Canada (including Alberta) have been hesitant to introduce more accountability into their jobs.

Good MLAs have nothing to fear from recall, just like good employees have nothing to fear in the work place. A dose of accountability in the form of recall would address the rare situations where poor politicians scrape by well after they have lost the confidence of their constituents.

#### **2006-07 CTF Supporter Survey**

Do you believe Albertans should have the right to recall their elected officials?

<b>Yes</b>	<b>83%</b>
No	9%
Undecided/No Response	8%

CTF supporters indicated a strong support (83 per cent) for recall legislation to be introduced in Alberta.

#### **Question for PC Leadership Candidates:**

**Will you commit to introduce legislation giving citizens the right to recall their MLA? (150 words max)**

### **Empowering citizen involvement in government**

Canadians and Albertans are growing more apathetic and distanced from their governments. Voter turnout levels in Alberta have steadily dropped with each election since 1993. In 1993, 60.2 per cent of eligible voters cast a ballot; in 1997, that number was down to 53.8 per cent. In 2001, voter turnout dropped to 52.8 per cent, and then to 44.7 per cent in 2004.

It's clear Albertans are growing disenchanted with their limited ability to exercise their right to democracy. Is it a lack of interest in becoming involved with the democratic process, or just a lack of interest in their choices and the method of involvement? A September 2001 Environics poll of over 1,000 Albertans would suggest the latter. The poll revealed that 79 per cent want direct democracy legislation, with only 15 per cent opposed and 6 per cent undecided.

Citizens' initiative legislation would allow Albertans to initiate and vote in provincial referendums on issues of importance. Having the ability to initiate a referendum would improve democracy by changing the focus of politics towards issues rather than personalities. Citizens' initiative respects the intelligence of voters by recognizing that voters are wise enough to vote for MLAs and wise enough to vote in a referendum on an issue of their choice.

Voters in Switzerland, Italy, New Zealand, British Columbia and 23 American states have the right to initiate and vote in referendums on issues of concern.

Direct democracy has been a Swiss tradition ever since the Swiss voted to ratify their constitution in 1848. In a country whose seven million people are divided among French, German and Italian speaking citizens, the signatures of 100,000 voters will put a proposal for constitutional change to a national referendum. For laws passed by the federal Parliament, 50,000 signatures are required to force a referendum on its acceptance or rejection by the people. Through referendums, the Swiss have successfully dealt with issues such as immigration, tax increases, the ratification of international treaties and constitutional change.

Contrary to popular myth, Canada has a rich tradition of referendums on issues: giving women the right to vote, daylight savings time, liquor prohibition, regulation of the sale of liquor, military conscription, public health insurance, direct democracy legislation, balanced budget legislation and constitutional change.

The BC Legislature passed citizens' initiative legislation in 1995. BC's law requires the signatures of 10 per cent of registered voters to put a proposal on the ballot.

In fact, from 1913 to 1958, Alberta had a *Direct Legislation Act*, by which 20 per cent of the voters could petition the Legislature to pass a proposed law. The Legislature had to enact the proposed law, or submit it to voters in a binding referendum.

In 1948, Albertans voted 50.03 per cent in favour of "the generation and distribution of electricity being continued by the Power Companies as at present," and 49.97 per cent in favour of "the generation and distribution of electricity being made a publicly owned utility administered by the Alberta Government Power Commission." Ernest Manning's Social Credit party favoured private ownership, but promised to honour the results of the referendum, which was held the same day as the provincial election.

Albertans voted 51 per cent against switching to daylight savings time in 1967, and 61 per cent in favour in 1971. These two referendums were also held in conjunction with provincial elections, allowing Albertans to vote for the candidates and parties of their choice and also have a direct say on a matter of concern.

Albertans already have the right to initiate referendums on issues of their choice at the municipal level.

If citizens' initiative is good enough for our municipal governments, it should be good enough for our provincial government.

### Question for PC Leadership Candidates:

**Will you commit to introduce citizens' initiative legislation giving citizens the right to initiate and vote in a referendum on issues of importance? (150 words max)**

## Full disclosure

Campaign financial contribution disclosure laws are fundamental to a transparent and functioning democracy. Unfortunately, there are no such laws governing party leadership races here in Alberta.

But this lack of legal requirement to disclose the name and contribution amount of financial backers should be no obstacle to transparency in this current leadership race of the Progressive Conservative Association of Alberta.

Some form of campaign contribution disclosure is in place at the federal and provincial level in Alberta for general elections. (Municipal campaign disclosure varies throughout Alberta, as provincial legislation allows each municipality to decide whether or not to create disclosure by-laws). The federal government has extended its legislation to cover leadership races, but even that legislation is missing a key ingredient to transparency.

Disclosure is important because voters should have the right to know who they are electing. However, with general elections at the federal and provincial level, this disclosure only comes after the vote has taken place. This is unacceptable. Voters should have this information before they go to the polls.

In the United States, in addition to requiring quarterly contribution and post-election reports, the *Internal Revenue Code* also demands US presidential candidates produce a "pre-election report" detailing campaign contributions made up to 20 days prior to Election Day. These reports must be submitted at least 12 days prior to Election Day and be on-line and available to the public within 48 hours of receipt.

This provides voters with the opportunity to not only assess the platform and record of a presidential candidate, but scrutinize who is contributing to each campaign and in what amount.

PC leadership candidates truly committed to open and transparent government must first display their commitment by disclosing their contributors prior to the November 25, 2006 vote. Anything less will cast a cloud of doubt over their campaigns and should lead taxpayers to question their ability to lead an open and transparent government.

**Question for PC Leadership Candidates:**

**Will you commit to disclose a complete list and dollar amount of all campaign contributions you have received during this PC leadership campaign prior to the first ballot vote? (150 words max)**

**Question for PC Leadership Candidates:**

**Will you commit to introduce legislation requiring pre-election campaign contribution disclosure for all future elections (general provincial, municipal and party leadership elections) in Alberta? (150 words max)**



## HEALTH CARE REFORM

### **Enable patients to purchase private health insurance**

Albertans have choice when it comes to who insures their home, life and vehicle. So why not their health?

There is a long held view in the Canadian psyche that state-run universal health insurance makes Canada unique or somehow better than our neighbours to the south. This attitude of wrapping the Canadian identity around the *Health Canada* logo has led to the decline of Canada's health care system. It is both wasteful and counterproductive to pour a never-ending flow of tax dollars into a badly flawed monopoly system. Yet, this is where Canada currently stands. Alberta has the chance to lead.

The private sector should not be feared, but embraced. Last year's Supreme Court ruling of *Chaoulli v. Quebec* made this perfectly clear. The court declared that: "democracies that do not impose a monopoly on the delivery of health care have successfully delivered ... services that are superior to and more affordable than the services that are presently available in Canada. This demonstrates that a monopoly is not necessary or even related to the provision of quality public health care."

In September 2006, the Canadian Constitutional Foundation, on behalf of Calgary resident Bill Murray, announced a constitutional challenge to Alberta's health care laws, which are almost identical to the Quebec law struck down by the Supreme Court of Canada in the *Chaoulli* case.

One way or another, health laws in Canada and Alberta are going to change. It is time our politicians stopped defending archaic laws and started paying attention to the health of Canadians.

Since it is the provinces which have sole responsibility to deliver health care, provinces should experiment with many of the programs, services and policies that are currently very successful in Europe. For example, successes involving private sector delivery of health care can be seen in countries like, Germany, Australia, Sweden and Britain. The *Chaoulli* decision opens a door for any province that wishes to explore more private sector alternatives.

If implemented correctly, choice for health care insurance would be voluntary and complement the coverage provided under the province's existing universal health care insurance.

Think of it as complementary or extended warranty insurance. The universal insurance system would still be there, but the complementary health insurance (CHI) could provide choice for patients who may be unsatisfied with the service and treatment options available in the existing monopoly system.

CHI policy holders would be able to access private sector alternatives that would serve to reduce pressure on the existing monopoly system and provide economic opportunity. Canadian schooled health professionals would not leave as readily and Canadians who spend more than \$1-billion abroad (cross-border shopping) will have the opportunity to spend their dollars here.

Complementary health insurance is just one area of innovation Alberta's next leader should consider to improve Alberta's failing health care system. Allowing greater competition to co-exist along side the universal system — as is done throughout the world — is key to improving Alberta's health care system, and the health of Albertans.

**Question for PC Leadership Candidates:**

**Will you commit to give Albertans the ability to purchase private health insurance to cover costs incurred by those who pay for timely access to medically necessary procedures? (150 words max)**