



where do we go from here?

A Taxpayers' Platform

Responses from PC Leadership Candidates
to 16 Questions from the Canadian
Taxpayers Federation

November 14, 2006

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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

Revenue (Taxes)

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?

Expenditures (Spending)

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?

Democratic/Transparency Reform

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?**

Health care Reform

- 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

On October 24, 2006, the Canadian Taxpayers Federation sent each PC leadership candidate a document entitled: *A Taxpayers' Platform: Advice and Questions for Alberta's PC Leadership Candidates*.

The document contained 16 questions in four major areas of concern: Taxes, Spending, Democratic reform/Transparency and Health care reform.

Each candidate was provided with an opportunity to answer the 16 questions in their own words. All of the eight candidates responded and this sequel document contains their positions, as well as the position of the CTF.

The purpose of the *Taxpayers' Platform* is three fold: to raise issues with leadership candidates and the public that may have been staying 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 our future premier and cabinet ministers to take action on these issues.

The CTF is a non-partisan advocacy organization. It never has and never will endorse a candidate, but in order for readers to quickly digest the candidate responses, each response has been assigned a grade.

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.

Grades are averaged for each of the four 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 F. The grades were then converted into the 4.0 scale (using the University of Alberta grade system) for averaging.

A+ is given for a full commitment

F 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.

OVERALL REPORT CARD

Candidate:

Overall Grade:

JIM DINNING



D⁺

VICTOR DOERKSEN



C⁻

GARY MCPHERSON



B⁻

DAVE HANCOCK



C

TED MORTON



B

MARK NORRIS



C⁺

LYLE OBERG



C⁺

ED STELMACH



D⁺

GRADE SUMMARY BY CATEGORY AND QUESTION

	Jim Dinning	Victor Doerksen	Dave Hancock	Gary McPherson	Ted Morton	Mark Norris	Lyle Oberg	Ed Stelmach
Taxes								
Question #1	D+	A+	C	A+	A+	C+	A+	C-
Question #2	F	D	D	C-	A+	F	A+	C-
Question #3	D	C	C	C	C	C+	D	D
Question #4	F	F	D+	C	D+	C-	F	F
Question #5	B+	F	C+	C-	A+	B+	A+	D
Question #6	D	F	D+	C-	F	F	B-	F
Taxes Avg	D	D+	C-	C+	B-	C-	B-	D
Spending								
Question #7	F	B	F	B+	A+	F	B-	D
Question #8	B+	C-	C	B-	A+	B+	F	D
Question #9	C+	B-	B-	C	A-	A-	F	D+
Question #10	B	C+	A+	C+	B	B-	B-	D
Spending Avg	C+	C+	C+	B-	A-	C+	D+	D+
Dem. reform/transp.								
Question #11	C	C	B+	A+	A+	A+	D+	C
Question #12	F	C	D+	A+	F	D+	A+	C
Question #13	F	C+	A	A+	A+	C+	A+	F
Question #14	C	C	C	A	F	A+	C	C
Question #15	F	C	C-	B	A+	A-	C	C-
Dem. reform/transp. Avg	D	C	C+	A	C+	B	B-	C-
Heath care reform								
Question #16	D	C-	D	C	A+	B	A+	D
Overall Average	D+	C-	C	B-	B	C+	C+	D+

Top two candidate grades in each category

Taxes:

1. Ted Morton & Lyle Oberg (tie): B-

Spending:

1. Ted Morton: A-
2. Gary McPherson: B-

Democratic/Transparency Reform:

1. Gary McPherson: A
2. Mark Norris: B

Heath care reform:

1. Ted Morton & Lyle Oberg (tie): A+

CANDIDATE RESPONSES

REVENUE (TAXES)

Question 1: Will you commit to eliminate the health care premium tax?

CTF's Position: 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?

Yes	73%
No	15%
Undecided/No Response	12%

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

PC Leadership Candidate Responses



Jim Dinning's Response:

I am not prepared to eliminate health care premiums without knowing how the Alberta government would pay for it, not just this year but over the longer term. Health care premiums currently bring in around \$900 million that goes to pay for health care. We may be able to afford to give up \$900 million at a time when prices of oil and gas are high, like they are now. But I was the provincial treasurer when prices dropped, and I'm not prepared to give up \$900 million now on an expectation that prices will stay high forever. That's just not good fiscal management. I am prepared to adjust premium subsidy thresholds for lower income individuals and families.

D⁺



Victor Doerksen's Response:

The health care premium is a taxation issue. It is a regressive tax. There is little connection between health premiums and health care consumption. In my campaign platform, "Alberta By Design," I have indicated I will phase out Health Care Premiums beginning in Budget 2007.

A⁺



Dave Hancock's Response:

Yes, in my platform I commit to discontinuing Alberta Health Care Premiums. I would transfer it to the personal income tax and offer tax incentives to encourage people to take charge of their own health.

C



Gary McPherson's Response:

Yes, I'm prepared to make this commitment!

A⁺



Ted Morton's Response:

I believe that it is important to emphasize a degree of personal responsibility for health care. Health care premiums represent a substantial revenue stream – about \$900 million – accounting for just under 10 percent of the \$10 billion health budget. I am in favour of repealing health care premiums, but only if they are phased out at the same time Albertans are allowed to buy private medical insurance for some medical procedures and other cost savings to the health system are realized.

A⁺



Mark Norris' Response:

I have openly stated that my mission is to raise the threshold below which Albertans do not pay premiums. As affordable, I would like to continue increasing this threshold in the future.

C⁺

**Lyle Oberg's Response:**

Yes, as part of my five-point-plan for reforming health care, I will eliminate the health care premium tax, which I believe to be an unfair tax on corporations and citizens for an essential service that should be paid from general revenues. Other elements of my five-point-plan include guaranteed access times for medical procedures, a guarantee of 75% time spent by physicians in the public system, enabling more patient choice in treatment options and payment alternatives, making the system more efficient by being more proactive and using more preventive measures, and finally eliminating health care premiums.

A⁺**Ed Stelmach's Response:**

No. I am not making promises to cut taxes and increase spending depending on which interest group is asking the question. I don't like health care premiums, so I want to have the debate about eliminating them – but that is a debate that has to take place in caucus and in our party policy forums first.

C⁻

Question 2: Will you commit to eliminate the hidden sales tax on insurance premiums?

CTF's Position: 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.

PC Leadership Candidate Responses



Jim Dinning's Response:

I am prepared to examine tax measures such as this as part of the normal budget process. I am proposing a new budget process that is more open, and will allow Albertans to provide direct input to an all-party MLA committee through public hearings around the province. However, I am not prepared to make one-off commitments to cut taxes without first knowing that we can afford to pay for them not just this year when prices of oil and gas are high, but over the longer term.

F



Victor Doerksen's Response:

I firmly agree with the principle of transparency in taxation, however, I am not committed to elimination of this taxation revenue at this time.

D



Dave Hancock's Response:

Reforms to the insurance system in Alberta will need to be done with consultations with all stakeholders, and part of a plan to improve the system rather than solely focused on reducing cost.

D



Gary McPherson's Response:

I will ensure that any government that I lead gives this serious consideration, and the final decision will be a collective decision of the Provincial Cabinet (or caucus).

C⁻



Ted Morton's Response:

Yes – This is an affordable tax cut that will benefit Albertans. Eliminating this hidden tax will result in a 3 percent reduction on insurance bills, saving Albertans almost \$200 million in insurance costs.

A⁺



Mark Norris' Response:

At this time I do not have any plans to eliminate the insurance tax. I believe we have a very competitive tax regime in Alberta and by comparison the Province collects relatively few taxes and levies.

F

**Lyle Oberg's Response:**

The insurance tax is an example of a hidden tax that should be eliminated by the Alberta government. Alberta motorists do deserve savings on their insurance premiums, and eliminating this tax will accomplish that objective.

A⁺**Ed Stelmach's Response:**

As I said, I will not be making promises on taxes before my caucus and party have had the debate. This is something I'd like to address, but I am serious about involving people, and especially MLAs in these debates prior to pronouncements being made that exclude opportunities for debate. The only absolute for me is to run balanced budgets and budget conservatively.

C⁻

Question 3: Will you commit to reduce or eliminate the education property tax?

CTF's Position: Cut the Education Property Tax, but...

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.

PC Leadership Candidate Responses



Jim Dinning's Response:

Wholesale elimination of the education property tax has been floated by a number of individuals as the magic solution to municipal funding needs, based on the idea that municipalities could simply fill the tax room and solve their funding woes. If the solution were that simple, it would have been done years ago, not in the middle of a leadership race. It's not a solution for municipalities with lower property tax bases. Nor will it save taxpayers money since they are unlikely to see any decreases in their property taxes.

Plus, eliminating education property tax would permanently take away \$1.4 billion in funding for education – money I don't believe the education system can afford to give up. Certainly not when we want to build a highly educated and skilled workforce, and ensure our kids have the quality education they need to compete in today's world. We need to find a permanent, long term solution for municipalities – a solution that is flexible enough to take into account the different needs and circumstances of municipalities across the province.



**Victor Doerksen's Response:**

The education property tax is a stable source of revenue for the shared public responsibility of education. Stability is a key means for ensuring stable and predictable funding for our education system. I have agreed to consult with municipalities on moving toward a 75/25 split of the amount raised by the education mill rate, as opposed to the current 60/40 split with an understanding of how these dollars should be expended and what spending responsibilities accompany them.

C**Dave Hancock's Response:**

Property tax is an anachronism. Property tax cannot be effectively utilized on a province wide basis. In short – we should get out of the property tax business, we should work with municipalities so that they can also move away from property taxes as their base funding and find appropriate taxing mechanisms to raise and share the necessary funds.

C**Gary McPherson's Response:**

I will commit to a full consultation with the municipalities to ensure that we maximize all taxes in the province, and the education property tax will be part of this discussion. Therefore, I'm not prepared to commit to 'reduce or eliminate the education property tax' until these discussions have taken place with municipal leaders. However, after these municipal/provincial discussions take place, I'm prepared to "consider" eliminating or reducing the education property tax if it makes good sense to do so.

C

**Ted Morton's Response:**

Education property taxes provide about \$1.3 billion in stable revenue devoted to education funding, accounting for about 25 percent of the funding for the kindergarten to grade 12 education system. All tax cuts must be affordable and the government must take responsibility to avoid becoming even more dependent on unreliable resource revenue, particularly for something as important as our education system. Because of this, I will not commit to the elimination of education property taxes. Also, I would not turn over the education portion of the property tax to cities and towns, as Mayor Dave Bronconnier has advocated. It is earmarked for education, and it should go to education.

C**Mark Norris' Response:**

My "Real Plan – A Blueprint for the 21st Century" recommends the transfer of education portion of property tax room to municipalities. This accounts for about \$1.4 Billion dollars in tax room. However, along with these resources I will be asking municipalities to take on more responsibility in areas where they already have jurisdiction and the Province provides grants. My intention is to give the Alberta taxpayer a clearer picture of which order of government is responsible for which taxes and services it provides.

C⁺**Lyle Oberg's Response:**

Yes, I have been very clear from the start of my campaign that local taxes should be spent by local governments on local priorities. The provincial government should leave the education property tax to local governments (75% of the amount) and local school boards (25% of the amount to be spent on capital projects). I believe this is a fundamentally conservative principle that should be adhered to by the Alberta government: local taxes for local priorities.

D

**Ed Stelmach's Response:**

Municipalities are strapped for cash. If education property taxes were eliminated the money for education would have to come from another pocket, likely resource royalties from the sale of non-renewable oil and gas. This will make it harder to save royalty revenue for future generations if we spend it all on ourselves today. I have proposed an idea to return to municipalities an amount equivalent to the education property tax on an equalized assessment basis. This provides the financial assistance municipalities need while avoiding a certain legal battle over the constitutional rights of separate schools to access property tax.

A red, stylized letter 'D' logo, which is the symbol for the Democratic Party of Canada.

Question 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?

CTF's Position: ...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 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.

PC Leadership Candidate Responses



Jim Dinning's Response:

No. An important part of Alberta's model is local choice. I'm not prepared to bind the hands of each and every municipality and limit their ability to raise revenue. Treating our municipalities like children who need to be controlled is not the answer. Each municipality needs the flexibility to tax and spend on a greater or lesser basis based on whatever priorities or preferences its residents demand. Municipal politicians face their electors every three years and it's up to electors to vote against them if they are unhappy with their tax rate increases.

F

**Victor Doerksen's Response:**

Municipal authorities are charged with the taxation and fiscal management responsibility within their jurisdiction and this is appropriate. Municipal councils are directly accountable to their electors and must be responsible to them on all municipal issues.

F**Dave Hancock's Response:**

We need to look at the tools cities and provinces have to raise revenue and we need to talk about whether to change the way those revenue-raising powers are split between them. For example, should a resort community like Banff or Canmore have the power to tax consumption, so that it can raise revenue from people who visit, instead of only from people who live there? We a framework where solutions can be worked out locally – not a provincial formula slapped on every region of the province, but local solutions that work for the community.

D⁺**Gary McPherson's Response:**

Although this request by the CTF may be reasonable, I'm not in a position to make such a commitment until the entire subject gets a full 'airing' from my Cabinet colleagues. I do support democratic reform and we can certainly make good use of referendums in Alberta.

C

**Ted Morton's Response:**

No – A one size fits all tax cap imposed on municipalities could hamper the ability of municipalities to raise the necessary revenue to address local needs and would represent a serious and unnecessary intrusion into municipal jurisdiction by the province.

It is imperative, however, for politicians to be held accountable to the taxpayer. To this end, I support making the collection of municipal property taxes more transparent by sending separate bills to taxpayers to differentiate between the municipal levy collected for the municipalities and the education levy collected for the school boards. This will better allow Albertans to see where their tax dollars are going and hold the provincial and municipal governments more accountable.

D⁺

**Mark Norris' Response:**

This is certainly a good idea to consider when we begin evaluating how to transfer the tax room and responsibilities to municipalities. My expectation is that municipalities would not end up using all of this tax room simply because it is there. In fact, I want Alberta municipalities to compete with each other on taxes so that the marketplace can limit increases and perhaps even bring decreases in taxes. This is about giving them the responsibility and accountability to their taxpayers.

C⁻

**Lyle Oberg's Response:**

No, I would not institute a municipal property tax cap, since I believe that it is up to each local government to decide upon how to spend the property taxes raised in their community. By leaving this decision to local governments, they could choose to reduce taxes if they believe that it is in the best interest of their community to do so.

F



Ed Stelmach's Response:

I believe the people hold elected officials accountable not the courts.

F

Question 5: Will you commit to an 8 per cent general business tax rate as promised in the 2001 provincial budget?

CTF's Position: 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 reductions¹

Implementation Schedule for the Business Tax Plan					
		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 ^a	50			
Railway fuel tax (¢/litre)	3	1.5 ^b			
Capital tax (%)	0.7/1.0	Eliminated			
Cost of Tax Cuts (\$millions)		286	561	770	1,000

^a 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.

^b Effective May 1, 2001.

PC Leadership Candidate Responses



Jim Dinning's Response:

The Alberta government made a commitment to lower the general corporate tax rate to 8%, and I'd like to honour that commitment. I'm prepared to look at reducing corporate income tax rates, including the small business rate, as part of an overall fiscal plan that's affordable not just this year, but over the longer term.

B⁺

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

**Victor Doerksen's Response:**

I am committed to responsible government and fiscal prudence. I commit to maintaining Alberta's position as the most overall competitive tax jurisdiction in Canada, and will strive to maintain our competitive ranking both in North America and the world. In our current economic climate, demands of government driven by growth require stable support from the tax base. Moreover, it would not be responsible to further accelerate economic activity through additional tax decreases.

F**Dave Hancock's Response:**

Alberta should commit to the policy of being the lowest taxed jurisdiction in Canada and aim to be the lowest in North America. To that end, I have suggested an increase to the small business limit to \$1,000,000 as a first step to ensuring our business tax rate reflects that goal. Reductions in the overall business rate at this time give the biggest benefit to large oil & gas not small business.

C⁺**Gary McPherson's Response:**

Again, I'm not opposed to this reduction in the general business tax, but I think that it is only right that this will be a decision of the New Provincial Cabinet, and not by me alone as Premier.

C⁻**Ted Morton's Response:**

Yes – I will honour the government's 2001 commitment and continue to reduce the general business tax rate to 8 per cent. I am committed to enhancing the Alberta Advantage and ensuring that Alberta businesses pay the lowest overall taxes in the country. I was one of the strongest advocates in Caucus this year for the reduction from 11.5% to 10%.

A⁺



Mark Norris' Response:

Yes, I would like to meet the government's commitments on taxes as soon as affordable.

B⁺



Lyle Oberg's Response:

Yes, an Oberg government will reduce the general business tax rate to 8% as promised in the 2001 provincial budget, and would go one step further by reducing the small business tax by 1% over the next 2 years. This will put over \$500 million back into the hands of small business owners each year.

A⁺



Ed Stelmach's Response:

I want Alberta to have the most competitive tax system in Canada for all business types, small and big. We have a proud history of entrepreneurship in this province and I intend to foster an environment that encourages and rewards risk taking. Budget decisions will be made by Cabinet and Caucus under my leadership and not out of the Premier's personal office.

D

Question 6: 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?

CTF's Position: 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.

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 expanded 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.

PC Leadership Candidate Responses



Jim Dinning's Response:

I am a fiscal conservative, and I believe that we should keep taxes low and competitive, and I don't want to see us raise taxes in this province. We've done a good job of lowering taxes in this province and have a good record on this front. I don't see the need to create an expensive referendum process such as this. We have regular elections in this province that allow citizens to evaluate government's performance and hold government accountable. If the government institutes unnecessary and unjustifiable tax increases, then Albertans will be the judge come election time. I do support existing legislation that would require a referendum if a future government wanted to introduce a sales tax.

D



Victor Doerksen's Response:

As elected officials, it is the job of the government to transparently and responsibly manage the province's finances. This is the job for which we are held accountable by the people of this province and judged on our performance in every provincial election. Our job, the one for which we are elected, is to transparently and responsibly manage the role and demands of government. We take that job seriously and we will continue to do so.

F



Dave Hancock's Response:

I have put forward the idea of a Citizens' Agenda Council, which would put forward three issues for referendum in each provincial ballot – certainly I believe that referenda are a key way to increase participation in our democracy, and should include a wide variety of issues. However, the ability to review and refine our tax policy must be part of larger plan that is a part of the mandate a government wins from its citizens during a general election.

D⁺

**Gary McPherson's Response:**

I would give this consideration, but I cannot make such a commitment during a PC leadership race.

C**Ted Morton's Response:**

No – Governing requires flexibility and such an initiative could prove too limiting under certain circumstances. For example, if government revenue is suddenly depleted as a result of an economic downturn or a sudden plummet in the price of natural resources, the government could need to find additional revenue streams to just keep government functioning and providing necessary services to Albertans.

With that said, I am committed to making sure that Albertans pay the lowest personal and corporate taxes in Canada. This commitment can best be carried out through fiscally responsible governance, marked by spending restraint, strong planning, and sound tax policy.

F**Mark Norris' Response:**

While I do not foresee myself increasing any taxes or adding new ones I believe that government needs to have the flexibility to act on taxes in the best interests of the Province. Issues surrounding revenue and taxation are complex and may require immediate action, which would not be possible if first a referendum had to be organized. People elect representatives to represent them in the Legislature; these people are responsible for these decisions during their tenure and at election time.

F

**Lyle Oberg's Response:**

I would consider putting forward a taxpayer protection act, if there was broad support among MLAs across Alberta, however existing legislation does protect the taxpayer by ensuring that a government cannot go into deficit. Furthermore, I do support the idea of introducing province wide referendums, and if there was support for putting this question to the general public, the will of the public would have to be considered.

B**Ed Stelmach's Response:**

As I said in the previous question, budget questions will be made by Cabinet and Caucus, and the people will hold us all accountable for the decisions made on their behalf.

F

EXPENDITURES (SPENDING)

Question 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?

CTF's Position: 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	6.39
* 06-07 Program Spending based on 1st Quarter Budget Update				

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 2003 Fraser Institute study entitled, "Tax and Expenditure Limitations – The Next Step in Fiscal Discipline," 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.

Expenditure limitation laws have 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. 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.

Furthermore, Six in ten Albertans surveyed in an October 2006 Ipsos-Reid poll of 800 Albertans, commissioned by the CTF, indicated support for legislation that would restrict provincial government program spending to some measure such as the rate of inflation and the rate of population growth.

October 2006 Ipsos-Reid polling results:

Strongly support – 22%

Somewhat support – 35%

Support – 58%

Somewhat oppose – 21%

Strongly oppose – 17%

Oppose – 38%

DK/NS – 5%

The poll is accurate to +/- 3.1 percentage points, 19 times out of 20.

Alberta has had considerable success in the past with fiscal restraint legislation.

Premier Klein smartly introduced the *Balanced Budget and Debt Retirement Act* in 1995, outlawing his government from running deficit budgets and prescribing a minimum payment that must be made each year towards the provincial debt.

This legislation forced the government to make tough decisions, find efficiencies and prioritize to ensure the budget was balanced each year. It further ensured taxpayers and voters the province's \$22.7-billion debt would eventually be paid-off as promised, which now saves taxpayers an additional \$1.5-billion annually in interest payments.

In 1999 however, after the province's debt had nearly been halved, the government was under tremendous pressure to abandon their debt repayment promise and spend surplus dollars. Premier Klein once again smartly handcuffed his government by introducing the *Fiscal Responsibility Act* which prescribed a minimum of 75 per cent of all surplus dollars be put toward debt repayment.

These three statutory restrictions were key to ensuring government didn't return to deficit budgeting and ultimately led to the full repayment of Alberta's provincial debt in 2004.

In fact, had the government introduced a legislated spending limit in 2004 after they paid off the provincial debt, the government would only be spending \$26.7-billion this year, rather than \$29.4-billion.

This would have saved taxpayers \$2.7-billion each year. In other words, a family of four would be saving \$3,200 each year in taxes.

Albertans have seen the benefit of legal limits on their government's ability to borrow. In fact, Alberta would not be in the prosperous position it is today had the Klein government not introduced fiscal limitation laws.

PC Leadership Candidate Responses



Jim Dinning's Response:

I'll commit to responsible budgets with affordable, realistic annual spending increases that respond to the real needs of Albertans. That's what a fiscally responsible government does. I'm not prepared to legislate what those increases would be on an annual basis or to tie the hands of future governments when there might be legitimate needs or circumstances such as the BSE crisis, droughts or forest fires that would take spending above inflation plus population growth. Again, a government has to be accountable to Albertans through the election process not through arbitrary spending limits.

F

**Victor Doerksen's Response:**

I will set long term targets for program spending as a function of total revenues (excluding non-renewable resource revenue). Once the new structure is in place, the goal will be to maintain the overall growth in per capita spending within the rate of inflation and the population growth rate.

B**Dave Hancock's Response:**

Inflation and simple population growth are not the only factors that effect the provision of government services – Alberta needs to take a more future-focused approach to planning and governing. To that end I am suggesting thoughtful investment in areas like innovation and education while using the tax system to encourage diversifying our economy and decreasing demand in areas like health care.

F**Gary McPherson's Response:**

I would be willing to consider such legislation, because it would force politicians and Albertans to be more creative and innovative before always looking to money as an answer for everything! However, as things now stand our provincial expenditures may be too high to sustain on an ongoing basis, and we would need to be very astute as to what total \$\$ amount of provincial expenditures should be "capped" before considering and/or enacting such legislation.

B⁺

**Ted Morton's Response:**

Yes – The massive increase in spending over the past few years is unsustainable and irresponsible. It is vital to get back on the track to fiscal responsibility and one way to do so would be to place restrictions on the growth of government spending to ensure that it does not outpace the growth of the economy. Limiting overall spending and the size of government in this manner would be an effective check to reign in spending and lead to better planning and a stronger budgeting process, as well as create a suitable environment for future tax reductions. Such legislation would have to include a provision to allow for possible exceptions resulting from emergency situations.

A⁺**Mark Norris' Response:**

Here again I believe this would be a great target to have but know that government finance is more complicated than that. I am not a big supporter of tying the government's hands with respect to everything; it takes away much needed flexibility. Secondly, this percentage would be open to interpretation, as national inflation figures do not reflect our provincial inflation and population figures are often predictions. It could prove difficult to find reliable and consistent data.

F**Lyle Oberg's Response:**

Yes I would consider introducing legislation to cap provincial spending increases at a rate of the combined growth in the inflation and population rate, however it must be noted that there are times (such as the last 2 to 3 years) when it is wise for government to invest money in infrastructure projects to keep up with the pace of economic growth. Without this freedom to do so, future economic growth could be endangered. The Oberg Blueprint for Prosperity is the most detailed plan of all candidates, and it has also been proven to be affordable. Even with \$9 billion in combined tax cuts over 5 years, one of Canada's leading independent economists has verified that the Oberg Plan would result in minimum of \$15 billion in combined surpluses over that 5 year period.

B⁻

**Ed Stelmach's Response:**

This is, in part, one good measure to track overall spending, but doesn't reflect a third component of changing demand. This one dimensional cost driver analysis is not complete because it assumes that everything about the economy and the population remains static. For example, infrastructure is not just rising with inflation, we have to build bigger and more complicated projects (like the ring roads with massive interchanges) and health care costs rise because the average age of the population is aging and demanding more and ever more technologically advanced services.

D

Question 8: Will you commit to introduce legislation that restricts the government from increasing spending during the fiscal year (other than declared emergencies)?

CTF's Position: 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.

PC Leadership Candidate Responses



Jim Dinning's Response:

As a former Treasurer, I am concerned about the current state of finances. I want us to return to having a clear, three-year fiscal plan and stick to it. A government led by me will set realistic and appropriate spending increases. Local authorities will be given appropriate funding and told to work within their budgets. There will be no sudden year-end bailouts, aside from real emergencies. Ministers who overspend their budgets will need to appear before an all-party Finance Committee and explain why it happened and what measures will be taken to manage the over-run.

B⁺



Victor Doerksen's Response:

This is an issue I will take to the members of the Progressive Conservative Association and to caucus for consideration.

C⁻



Dave Hancock's Response:

Alberta needs to plan better, and stick to that plan when it comes to areas like spending. The plan also needs to take the long view – well beyond a single year, or a single cycle. As the author of the government's 20 year strategic plan, I know we can plan – we just need the political leadership to follow it. We also need to budget better, especially when it comes to our non-renewable natural resources. This will provide an immediate effect on spending outside of the budget with government acting according to a plan, and with our future in mind rather than immediate political gain.

C

**Gary McPherson's Response:**

I would be willing to consider such legislation, because it is dangerous to continue to govern by discretionary allocations!

B⁻**Ted Morton's Response:**

Yes – A Morton government would return to the practice of responsible budgeting. This would include restricting in-year spending. This practice undermines the legislative process by taking away the duty of elected officials to debate and approve spending before the money is actually committed or spent. This irresponsible, undemocratic practice must be stopped.

Moreover, I would also implement fixed budget dates to ensure further stability and transparency in the budgeting process and promote greater government effectiveness and efficiency.

A⁺**Mark Norris' Response:**

Most focus around government financing has been around sustainability and being able to stick to our budgets is a large portion of that. I have already stated that I am going to keep my Ministers to their budgets, allow in year spending only in emergencies.

B⁺**Lyle Oberg's Response:**

Governments need flexibility from time to time, and the public must hold them accountable for any changes in direction that they initiate. Therefore, I would not support restrictions in the government's ability to increase spending during a fiscal year, because I believe that any action that government's take would ultimately be judged by the electorate.

F



Ed Stelmach's Response:

It is a good budgeting principle to pre-allocate surplus revenues to defined savings purposes such as the capital account for infrastructure.

D

Question 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?

CTF's Position: 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.

PC Leadership Candidate Responses



Jim Dinning's Response:

We need to introduce a new Fiscal Sustainability Act that sets out a new plan for our natural resource revenues in this post-debt era and focuses on saving our windfall energy revenues in the Heritage Savings Trust Fund. I've committed to investing at least 30% of annual resource revenues in the Heritage Fund and doubling the size of the fund over the next ten years. And we should set the big goal of growing the Heritage Fund to a point where the interest from the Fund will replace our reliance on natural resource revenues, and permanently disconnect the budget from the booms and busts of energy markets.

C⁺



Victor Doerksen's Response:

In my campaign platform, I propose a new accounting and legislative framework. I will account for non-renewable resources separately from other revenues and will legislate defined purposes for non-renewable resource revenue. These purposes will include savings, infrastructure, conservation, and transfers to the general revenue fund.

B⁻

**Dave Hancock's Response:**

The non-renewable natural resource revenue belongs to not just the current generation of Albertans, but future ones as well. With our debt paid off, I am suggesting committing those revenues in their entirety to smart investments – 50% to the Heritage Fund, 30% to capital projects and 20% to the Sustainability Fund to protect against market fluctuations.

B**Gary McPherson's Response:**

I think that this is a reasonable request by the CTF, but I'm not sure if it should be \$3.5 billion or another figure.

C**Ted Morton's Response:**

Yes – As soon as it's affordable, I will roll the Fiscal Responsibility Act back to the 2003 level of \$3.5 billion. The yearly increases to the initial amount of resource revenues allowed for program spending has set a dangerous precedent and increased the province's reliance on unreliable, non-renewable resource revenue to fund ongoing programs. The government must be prudent and curb its increasing budgetary reliance on resource revenue, which has proven to be a very unstable revenue stream, and it is vital that the government reverse its course on this and return to fiscal responsibility.

A

**Mark Norris' Response:**

Here again I think this is a target to strive for and ideally we shouldn't be using any resource revenues to fund annual, operating expenditures. As soon as affordable I would like to roll the amount back to \$3.5 billion and work towards using this money for one time spending only. That way we won't be caught off guard when resource revenues are not there one year. This begins with a full review of departmental spending, consolidating government bureaucracies into fewer Ministries and diversifying our economy so that government revenues are more stable and predictable. Surpluses, as nice as they are, really are either bad budgeting or over-taxation.

A**Lyle Oberg's Response:**

No, I do not believe that it is in our best interests to cap the amount of money that could be used for budgeting and program spending to \$3.5 billion of non-renewable resource revenues. We need to spend money wisely now to catch up on delayed and deferred infrastructure spending projects. Without that type of spending and investment, future economic growth may be imperiled.

F**Ed Stelmach's Response:**

I will be proposing to my Cabinet and Caucus that we develop a full financial investment plan for resource royalties. They are the product of the sale of assets and should not be spent selfishly on ourselves without a plan to share with future generations. I have proposed that we debate the merits of an Alberta Pension Plan as one way that resource royalties could fund a lasting, intergenerational, and economically useful purpose for saving.

D⁺

Question 10: Will you commit to legislating a minimum of 50 per cent of resource revenues be saved each year?

CTF's Position: 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)², 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.

² \$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.

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.

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 %
Not spend any of these one-time revenues (Save 100%)	4%
Spend 25%, Save 75%	28%
Spend 50%, Save 50%	44%
Spend 75%, Save 25%	20%

CTF supporters overwhelmingly support putting a significant portion of resource revenues into savings. 96 per cent of supporters feel the government should save at least 25 per cent of annual resource revenues. 76 per cent feel the government should save at least 50 per cent of annual resource revenues.

PC Leadership Candidate Responses



Jim Dinning's Response:

We need to ensure we save at least 30% of natural resource revenues in the Heritage Savings Trust Fund; in windfall years, I'd like to see us save more than 30%. And we need a new "Fiscal Sustainability Act" that sets out this savings plan and legislates savings targets. With the first goal of having government savings reach \$50 billion within 10 years.

B

**Victor Doerksen's Response:**

In my campaign platform, I propose a new accounting and legislative framework for resource revenue. I will begin by reserving 25% of resource revenue into a Health Care Trust until that account reaches \$25 billion. Other savings components will be determined by a thorough budget review.

C⁺**Dave Hancock's Response:**

Yes. Our non-renewable resource revenue represents an opportunity to build an asset base for Alberta's dreams and future – we need to save and invest rather than spend on operating expenses. My platform has put forward a plan to save 50% of our non-renewable resource revenue in the Heritage Fund.

A⁺**Gary McPherson's Response:**

I think that this idea is certainly worth considering, but I would prefer to save a lesser amount (i.e. 30%) and ensure that Alberta puts enough money into Research & Development so that Alberta can develop a broader economic and industrial base for future generations (i.e. the bio-economy, environmental technology & alternative energy sources.)

C⁺**Ted Morton's Response:**

I will commit to saving at least 30 percent of resource revenues collected each year to reinvest in the Heritage Savings and Trust Fund. Paying off the province's debt was a terrific success story. But rather than continuously increasing program spending, it is time for us to start planning for tomorrow.

B

**Mark Norris' Response:**

My "Real Plan" policy document mentions this point specifically. While it would be irresponsible to commit to a precise number without seeing all of the governments books I have proposed saving a portion (up to 50%) of our surplus each year in the Heritage Savings Trust Fund.

B**Lyle Oberg's Response:**

No, I do not believe that a minimum level of 50% of resource revenues should be saved each year. I have recommended in my platform that a minimum of 20% per year be placed into the Heritage Savings Trust Fund. I also believe that it is essential to have Albertans earn their tax reductions, by getting a 1% personal tax rate reduction for every \$10 billion in savings invested into the Heritage Savings Trust Fund.

B**Ed Stelmach's Response:**

As any financial planner will tell you, you need to define a purpose for your savings so you can commit to a plan allocating income to savings and set objectives for the return on those investments. I believe we need to have a debate to define the purpose for the Heritage Fund so that it is clear what we need to invest. I have also proposed and mentioned above that we need to have a full debate on an Alberta Pension Plan. Once we have defined the investment needs we can dedicate the appropriate amount of resource royalties to the savings plan.

D

DEMOCRATIC/TRANSPARENCY REFORMS

Question 11: Will you commit to introduce fixed election dates for Alberta's general elections?

CTF's Position: Take the first step towards 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?

Yes	91%
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.

PC Leadership Candidate Responses



Jim Dinning's Response:

In my commitments regarding the PC Party and government renewal, I indicated that I want PC Party members to address the question of fixed election dates and term limits for the leader, and advise me on this. These are important issues and the members of the Party should have a direct say in the policies we adopt.

C



Victor Doerksen's Response:

I will commit to asking members of the PC Party explore this matter and propose direction for our government to take.

C



Dave Hancock's Response:

I support fixed election dates, but that is not the complete answer. There are many great ideas surrounding the need for democratic reform – and I want to develop the tools to implement the best of those ideas. A Citizens' Agenda Council would be responsible for putting forward three issues to Albertans through referenda each provincial election.

B⁺



Gary McPherson's Response:

Yes, because I think this would be most fair for all concerned.

A⁺

**Ted Morton's Response:**

Yes – This past spring I sponsored Motion 508 in the Legislature, which called for the implementation of fixed election dates. Implementing fixed election dates would be one strong step to strengthen democracy and increase accountability in Alberta. There are many benefits to fixed election dates. First of all, they are perceived as being fairer, as the opportunity for partisan manipulation of election dates through arbitrary selection by the Premier is removed. Elections would be more efficient to administer and prepare for by electoral officers. Also, fixed election dates could lead to increased interest and involvement in the political process and improve voter turnout. In addition, the increased visibility and stability of fixed election dates could lead to a more stable and open governing process and increase government effectiveness and efficiency. Fixed election dates have also proven effective in other jurisdictions, such as British Columbia.

A⁺**Mark Norris' Response:**

Yes. I believe democratic reform is to be a key plank of what the PC Party of Alberta stands for and have proposed fixed election dates and term limits for the Leader as two of the reforms.

A⁺**Lyle Oberg's Response:**

My Open Government plan calls for fixed legislative sitting dates, rather than fixed election dates, due to the importance of allowing some flexibility for governments to enact the legislation and carry out the mandates they have been elected to accomplish.

D⁺**Ed Stelmach's Response:**

This is something that I would encourage our Party to debate.

C

Question 12: Will you commit to introduce legislation giving citizens the right to recall their MLA?

CTF's Position: Give Albertans the 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?

Yes	83%
No	8%
Undecided/No Response	9%

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

PC Leadership Candidate Responses



Jim Dinning's Response:

No. If Albertans don't like their MLA, they can choose to support a different candidate in a nomination race or in an election.

F



Victor Doerksen's Response:

I will commit to asking members of the PC Party explore this matter and propose direction for our government to take.

C

**Dave Hancock's Response:**

On the balance, I feel our electoral system is strong and produces a government and individual MLA's that reflect Albertans' views and values. Recall mechanisms employed in other jurisdictions have faced a myriad of problems, and any process developed would have to ensure that our MLA's are able to be legislators and representatives as well as politicians, and that recall is reserved for extreme circumstances.

D⁺**Gary McPherson's Response:**

Yes, I would agree and support this legislation as part of a larger reform of the democratic process in Alberta.

A⁺**Ted Morton's Response:**

No – Representative recall is appropriate in the American separation of powers system, in which individual representatives have a great deal of freedom and independence to vote how they choose. This is not true in our Parliamentary system, in which the threat of a no-confidence vote triggering an election forces a much higher degree of party discipline. If voters are unhappy with their MLA, they should work to defeat him at the nomination stage or support a different party.

F**Mark Norris' Response:**

Citizens have the ability to recall their MLA every 4 years at election time and Party members can recall a Premier every 2 years if you factor in the leadership review. As well, both the Party and the Legislature have mechanisms in place to suspend or eject MLAs for gross misconduct. While I think it is important to have greater accountability for those who are not performing I have concerns about this being abused with recalls happening every few months.

Regardless, I would be more than happy to have the PC Party discuss it at one of our policy conventions. I would like to note that Alberta already has one of the most stringent transparency and accountability systems in the country. Of course, we can and should do better.

D⁺



Lyle Oberg's Response:

Yes, I believe strongly in the rights of citizens to recall their MLA, and this is an essential feature of my Open Government plan. To recall an MLA, constituents would need to gather the signatures of 25% of eligible voters within a riding on a special petition.

A⁺



Ed Stelmach's Response:

Again, I would seek the advice of my Party through active and inclusive debate.

C

Question 13: Will you commit to introduce citizens' initiative legislation giving citizens the right to initiate and vote in a referendum on issues of importance?

CTF's Position: Empower citizens

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 24 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.

PC Leadership Candidate Responses



Jim Dinning’s Response:

The best way to ensure that Albertans have a say in issues of importance is to talk to them and listen to them. We already have the mechanisms in place to ensure that Albertans can initiate discussions on issues of importance – MLAs in every constituency who connect with their residents, listen to their residents, and voice local concerns. We need to do a better job of making sure MLAs, our Caucus and Cabinet are out in communities meeting with citizens and listening to their concerns. And if we do that right, there will be no need for citizens’ initiatives.

F

**Victor Doerksen's Response:**

In my campaign platform, I propose to enhance Private Members' business in order to allow MLAs greater ability to bring forward matters of importance to constituents. I will also commit to asking the Party to consider the matter of citizen's initiatives and to propose a direction for our government to take.

C⁺**Dave Hancock's Response:**

Yes – the establishment of a Citizens' Agenda Council is an important part of my platform and crucial to advancing a democratic reform agenda. After taking in proposals put forward by Albertans and MLA's, this group would then choose three issues to be put forward as binding referenda each provincial election.

A**Gary McPherson's Response:**

Yes, as a matter of principle I would like to see this as part of the democratic reform process in Alberta. It would be important for everyone to understand the complete implications of such legislation.

A⁺**Ted Morton's Response:**

Yes – Albertans should have more opportunity for direct participation in our democracy and citizens' initiative referendums would allow the electorate the opportunity to express themselves on issues of public importance. Citizens' initiative legislation would empower Albertans to raise issues that they feel are being ignored or not adequately addressed by the government. Enacting citizens' initiative legislation could be one important way of allowing Albertans more direct control over our democracy and engaging them in the political process.

A⁺



Mark Norris' Response:

As a major part of my platform I want to bring forward to the Party Policy Convention a package of democratic reform ideas. I would like these reforms to be thoroughly debated and would follow the wishes of the membership. I believe giving ordinary citizens a greater voice in democracy is key and more referendums might well be the answer. In addition to openly supporting fixed election terms, campaign finance reforms, a lobbyist registry and in general greater transparency within both the Party and the Government.

C⁺



Lyle Oberg's Response:

Citizen initiatives for public referendums are also an essential feature of the Oberg Open Government Plan, which is the most detailed plan for reform and renewal of government among the candidates for leadership. Albertans could prompt a province wide vote on an issue by collecting the signatures of 10% all eligible Alberta voters.

A⁺



Ed Stelmach's Response:

I believe that elected people have to be held accountable for decisions of the government.

F

Question 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?

CTF's Position: Disclose your donors before the vote

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.

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.

PC Leadership Candidate Responses



Jim Dinning's Response:

In the absence of rules set by the Party, we'll disclose donors, amounts and how money got spent. Just like a provincial election campaign. We've set limits on donations. And we're following the spirit of the rules set out by Elections Alberta for campaigns – even though the legislation doesn't apply to a leadership race. The information will be disclosed once the leadership process is complete.

C



Victor Doerksen's Response:

I have already committed to disclosing a list of my campaign's donors and amounts at the end of the campaign.

C



Dave Hancock's Response:

I have committed to releasing names and amounts of donations to my Leadership Campaign. In the event any donor expressly requests so the donation will be noted but not identified. I will release prior to the end of the year but not before the first ballot. Unfortunately budget amount is a strategic issue within the campaign itself and early disclosure of names and amounts can refocus from the policy debate.

C



Gary McPherson's Response:

Yes, I have my campaign contributions list prepared and ready to release -- but by comparison to several other leadership candidates I am a small 'monetary' player and by releasing my donor list it will not necessarily achieve the objectives that the CTF is expecting with respect to some of the other candidates.

A

**Ted Morton's Response:**

No. Based on the current rules that were in place when I started this leadership campaign, I made a commitment to keep the confidentiality of my contributors. I would be pleased to support a motion to change this policy for future leadership contests.

F**Mark Norris' Response:**

Yes, and thus far I am the only candidate to have done so.

A⁺**Lyle Oberg's Response:**

I will commit to full disclosure of donor contributions after the election, since any list produced now will be a work in progress and fundraising continues up to the date of a potential second ballot on December 2nd.

C**Ed Stelmach's Response:**

In the absence of any guidance from the Party on leadership election contributions and expenses, I asked my campaign to develop a policy that would be communicated to all potential donors. I endorsed this policy, my team raised funds based on this commitment and I will keep my word. In short, we advised donors that after the election concluded, we will publish the list of cash and in-kind contributors (after seeking their consent) and all of our campaign expenses in a full, consolidated report.

C

Question 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?

CTF's Position: Disclose all donors before Albertans vote

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).

Disclosure laws at the municipal level are generally weaker than at the provincial or federal level, even when the campaign contributions may be much larger at the municipal level.

No Canadian government currently requires pre-election disclosure, but having pre-election disclosure allows voters in any election find out key information about the candidates and is fundamental to transparency.

The lack of a law forcing leadership candidates to disclose their donors (pre-election or not) has led to various, inconsistent responses from candidates.

Pre-election disclosure should be the norm, be it a general provincial, a municipal or party leadership election in Alberta.

PC Leadership Candidate Responses



Jim Dinning's Response:

Legislation is in place requiring disclosure of election campaign contributions. Our system works well. Campaign contributions arrive at all points and at all times during an election writ. To expect candidates to report campaign contributions before election day would present great technical challenges. As for party leadership elections, individual political parties should each set their own rules regarding their own internal processes such as leadership selections and make those rules public. Unlike the federal election system, Alberta taxpayer dollars are not distributed to Alberta political parties. They raise their own money privately from their own donors.

F

**Victor Doerksen's Response:**

I will commit to asking members of the PC Party explore this matter and propose direction for our government to take.

C**Dave Hancock's Response:**

Albertans should expect an open and transparent government, and that should apply to our elections as well. I would support raising the bar for the disclosure of campaign contributions in all races governed by provincial legislation to the same degree that governs provincial parties and campaigns.

C⁻**Gary McPherson's Response:**

I am prepared to support such legislation, but again -- this is bigger than a one-person decision. Personally, I like the concept and think it will help restore the public's faith in politicians and in our political processes.

B**Ted Morton's Response:**

Yes – The amount of money involved in the political process has been steadily increasing over the years and, in turn, the issue of public campaign finance disclosure is becoming increasingly relevant. In order to enhance transparency, better inform voters, and reduce cynicism, many jurisdictions have implemented pre-election disclosure to inform voters of political contributions prior to elections. I am supportive of this policy and would implement it as part of my democratic reform package.

A⁺



Mark Norris' Response:

It is certainly something I would like to bring forward to set an example. I am hoping municipalities and others will follow my lead in this area.

A



Lyle Oberg's Response:

I will listen to the will of Albertans and their elected representatives on this matter, and remain open minded about the benefits that may be derived from having campaign contribution disclosure rules for future elections.

C



Ed Stelmach's Response:

The important principle is disclosure. And practically, a large proportion of fundraising occurs during the writ period and wouldn't be picked up in pre-election reporting. I would prefer spending limits on leadership campaigns rigorously enforced with full accounting and disclosure. I will encourage the Party to debate these ideas and consider changes to our Party Constitution.

C

HEALTH CARE REFORM

Question 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?

CTF's Position: 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 lead 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 starting 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.

PC Leadership Candidate Responses



Jim Dinning's Response:

No. I am committed to Alberta's publicly funded health care system. That doesn't mean I'm in favour of the status quo. We can and should continue to improve the system and aim to control costs through innovation and a mix of public and private delivery. I don't believe for a second that we've exhausted all the opportunities for innovation in the public system. We shouldn't be asking Albertans to dig deeper into their pockets to pay for medically necessary services and I don't support a system where people who've got money can pay to get to the front of the queue. I support private insurance for health services that are not covered by the public health care insurance program.

D



Victor Doerksen's Response:

I will refresh and build off the solid work and advice given in *A Framework for Reform*, the 2001 Report of the Premier's Advisory Council on Health and get on with its implementation.

C

**Dave Hancock's Response:**

When looking at private health care we need to focus on what the private system is good at – innovation, new drugs and new techniques. Ultimately if everyone who wanted to buy private services could do so it would not make a dent in the cost of our public health care system.

D**Gary McPherson's Response:**

On the surface, this seems like a reasonable request -- but I am not personally convinced that it will result in better medical care for all Albertans. However, I'm open to being persuaded with sound rational arguments.

C**Ted Morton's Response:**

Yes – Health spending currently exceeds \$10 billion, or about 37 percent of the entire provincial budget. And this number continues to grow each year. Burying our heads in the sand and the liberal “solution” of simply shovelling more money into a public monopoly has not worked and will never work.

Our government simply cannot afford to pay for 100 percent of the costs for 100 percent of the procedures for 100 percent of the people 100 percent of the time. To improve access and to protect other programs like education and environment, we must open up the system to more private health care delivery and payment. The solution is not more money, but more choice. Part of the solution is to allow Albertans the opportunity to purchase private health care for certain medical procedures.

A⁺

**Mark Norris' Response:**

My first priority is to perform an audit of Regional Health Authorities' budgets and administration to ensure our system is running efficiently and focuses on patient care. Many Albertans also want choice and we need to look at how that can happen while not creating unfair inequalities. We must first define health services covered by the Canada Health Act and then examine what falls under provincial jurisdiction. Secondly, the Supreme Court of Quebec ruled that citizens of that province have the right to purchase private insurance. At this time a similar court case is underway in Alberta that will no doubt clarify this issue in our jurisdiction. Personally, I have no problem with people purchasing private insurance as I feel we have no grounds to deny people the opportunity to improve their lifestyle or health. Having said that, I firmly believe it is the government's responsibility to ensure the public system is functioning properly and efficiently. As Premier, I would engage Albertans in a public discussion about what they expect from the system and how they want to pay for it.

B**Lyle Oberg's Response:**

Improving health care and reducing the escalating costs to the provincial treasury are crucial matters that we must face head on. Yes I would allow Albertans the ability to purchase private health insurance. That would be one small part of a comprehensive five-point-plan to reform the health care system to become more efficient economically and more effective in terms of delivering high quality care in a publicly funded system. If we do not get spiraling health care costs under control, all of our other options will be limited.

A⁺**Ed Stelmach's Response:**

I am committed to reforming the health care system within the parameters of the Canada Health Act. This means you can purchase private diagnostic services, dental services, and see a medical professional that has opted out of the Alberta Health Care Insurance program. I believe we need to focus on productivity improvements within the current system which utilizes a mix of private and public delivery.

D