Q & A WITH PREMIER KENNEY P.30

DEBATE: INFLATION ON THE WAY? P.36

LESSONS FROM THE FORGOTTEN DEPRESSION P.38

the taxpayer

SUMMER 2021
taxpayer.com



OTTAWA, WE HAVE A DEBT PROBLEM

P.22

GET YOUR
TAXPAYER GEAR









VISIT

SHOP.TAXPAYER.COM

AND PICK UP SOME CTF HATS AND SHIRTS TODAY

Reducing the cost of living by making the money printing machine go brrr?



Scott Hennig
shennig@taxpayer.com

The Canadian Taxpayers Federation is a federally incorporated not-for-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-tax receiptable contributions.
All material is copyrighted. Permission to reprint can be obtained by e-mailing the publisher: shennig@taxpayer.com. Printed in Canada.

SUMMER 2021

PUBLICATIONS MAIL AGREEMENT NO. 40063310

RETURN UNDELIVERABLE CANADIAN ADDRESSES TO:
CANADIAN TAXPAYERS FEDERATION
501, 2201 11th Ave.
REGINA, SK S4P 0J8

The writ has been dropped and the pollsters are hard at work predicting the outcome of this federal election.

Some things are a given. There will be more mail-in ballots. The leaders will skip over the prairie provinces to focus their attention on swing seats in British Columbia and Ontario. And, hypocritical parties will fly around the country burning jet fuel while scolding Canadians for their sins of driving their own internal combustion vehicle.

Yet, in the early days of the election, pollsters have keyed onto an issue that is resonating with voters of all parties: the rising cost of living.

Abacus Data released a poll a few days into the election showing that cost of living has become the top issue for most voters, with 62% of Canadians polled picking it as a top five issue. It's the number one issue for Conservative (59%) and NDP (67%) voters and a close number two for Liberal voters (55%).

Is it merely the recent jump in inflation that's fueling the concern? Maybe, although we have tapped two economists to debate whether Canadians are about to see significant inflation (pg. 36).

Most likely, cost of living concerns are being driven by price increases in housing, vehicles, building materials, food and energy. Some of these price increases could be temporary, such as in vehicles and building materials as supply chain issues ease. But, while politicians pay lip service to the rising cost of housing and energy, their actions and policies are only leading to even higher prices.

Automatically raising carbon taxes on top of new fuel standards on top of excise taxes and even the GST/HST are driving up the cost of energy. Red tape like Bill C-69 makes getting energy projects approved harder and more costly. Party leaders openly talking about the need to transition away from our domestic, secure sources of energy are driving away investors. All this adds up to lower supply, higher prices and more costs heaped on Canadian families, who always bear the brunt of such impacts.

A general lack of supply created by zoning restrictions and other red tape, land transfer taxes, property taxes and the spectre of home equity taxes have all driven up the cost of housing.

And then, there's the big, hairy giant hiding in the corner – the government money printing machine. Since February 2020, the Bank of Canada has printed about $370 billion in new money.

You can't cut $2,000 monthly cheques to millions of Canadians who are not contributing to the creation of anything other than video game high scores and expect that to have no negative impact. Some of the most unfortunate, unintended consequences of these payments are detailed in my Q and A with Alberta Premier Jason Kenney (pg. 28).

But, as you flood the country with borrowed and printed money, demand goes up while supply is restricted. This is a perfect storm to see the cost of everything increase.

Yet, worse is the notion that the cost of government is somehow separate and distinct from Canadian taxpayers. This is most perfectly captured by Prime Minister Justin Trudeau's ridiculous statement that, "[The government] decided to take on the debt to prevent Canadians from having to do it."

And, as desperately as the parties try to offer solutions that sound like they're reducing the cost of living, like $10 a day childcare, student loan forgiveness and home renovation subsidies, each of these "solutions" make the money printing machine spin faster (or "go brrr" as the internet joke goes).

If parties want to make life more affordable, they need to cut our taxes, balance the budget and toss the money printing machine in the trash. Anything else is lying about how much they care about Canadians' cost of living and quality of life.



FIND THE NEWS FORUM ON THESE STATIONS

Access · Atop · Bell Fibe · Bell SATELLITE · TELUS · beanfield METROCONNECT · SaskTel







the taxpayer
SUMMER 2021

Editor-in-Chief
Scott Hennig, President & CEO

Editor
John Challinor II

Art Direction
Wendy Schroder

Distribution
Shannon Morrison, Vice President, Operations

Regular Contributors
Jeff Bowes, Director of Digital Marketing
Todd MacKay, Vice President, Communications and Prairie Director
Kris Sims, British Columbia Director
Renaud Brossard, Québec Director
Kris Rondolo, Generation Screwed
Franco Terrazzano, Federal Director
James Wood, Investigative Journalist
Jay Goldberg, Interim Ontario Director
Kevin Lacey, Alberta Director

This Issue's Contributors
Colin Craig, SecondStreet.org
Ken Whyte
Dr. Vincent Geloso
Dr. Steven Globerman

Advertising
Contact Scott Hennig:
shennig@taxpayer.com

Offices
Administration & Prairie (SK & MB):
#501, 2201 11th Ave., Regina, SK S4P 0J8
PH: (800) 667-7933

Federal: #712-170 Laurier Ave W,
Ottawa, ON K1P 5V5 PH: (800) 265-0442

British Columbia: P.O. Box 20539, Howe Street RPO,
Vancouver, BC V6Z 2N8

Alberta: P.O. Box 14063, Richmond Road PO,
Calgary, AB T3E 7Y7

Ontario: P.O. Box 74507, 270 The Kingsway,
Etobicoke, ON M9A 5E2

Québec: 1410, rue Stanley, bureau 1010,
Montréal, QC H3A 1P8

E-mail: admin@taxpayer.com

The Taxpayer is published three times a year and distributed to CTF donors as well as journalists, opinion-leaders and municipal, provincial and federal lawmakers.

Taxpayer.com



COVER STORY

22

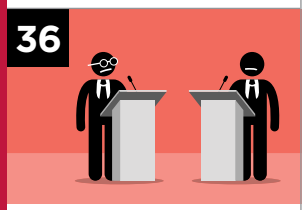
Ottawa, we have a debt problem

26



Grand Strategery
How the Canada Council is subordinating art to politics

36



Debate:
Big inflation on its way?

38



Lessons from the forgotten depression of 1920-21

THE NATION

6 Letters to the editor
8 WasteWatch
12 Gaining Ground
57 Between the spines

ADVOCACY & OPINION

14 **SecondStreet.org**
16 **You asked for it**
18 **Brown envelopes**
28 **Q & A with Premier Jason Kenney**
40 **Generation Screwed**
56 **PolitInked**
58 **By the numbers**

THE PROVINCES

42 **BC:** Drivers pounded at the pump
44 **AB:** Alberta releases referendum question
46 **SK:** Saskatchewan gets credit rating downgrade
48 **MB:** Victory: Manitoba starts rebating education property taxes
50 **ON:** Tory's floating park boondoggle likely taken off the table
52 **QC:** Québec postpones balanced budget to 2027-28
54 **AT:** NL: the canary in the coal mine

LETTERS TO THE EDITOR



It's good that you examine the carbon taxes proposed by our two leading political parties (Broken carbon tax promises, *The Taxpayer*, Winter-Spring 2021).

In my view, the discussion should not be what are the attributes of these carbon taxes? It should be why does Canada need a carbon tax? It appears that *The Taxpayer* accepts our government's position that the climate emergency is real. If so, you are in step with that popular belief. But, there is another side to the question.

The climate change alarmists have convinced western governments of the "climate change emergency." In response, these governments have attempted to solve this imagined crisis by taxing their citizens towards an unattainable zero-carbon fantasy world. It is madness. In contrast, China, with emissions greater than the G7 combined, has not fallen for the hoax. As we destroy a major industry and shackle our economy, China marches on.

I hope, as a nation, we wake up.

Former United States Vice President Al Gore and the United Nations (UN) at one time had me believing in their cause. However, when the alarmists starting using schoolgirls to sell their message, I began to suspect that it was more a religion than a science. Also, when people on the alarmist side stated that "the debate is over," I knew they were hiding facts. I am no climate scientist, but I have studied the writings of many scientists. I now believe that Gore and the globalists are profiting from their climate religion at the expense of taxpayers in the western world.

Bernard Francisco
Toronto, Ont.

If "white privilege" is a thing in woke circles, surely "crony privilege" also qualifies. It's been a political and cultural reality for decades, but was never given a name. It's built on three types of cronyism—a mesh of systemic partisanship that facilitates the pursuit of group self-interest by political means at the expense of everyone else. It affects who we elect and what we expect from them, regarding the nature and type of rules and liabilities that we intend to impose on friends, neighbours and countrymen.

Crony-capitalism is the symbiotic relationship between big government interests — these may involve one or more politicians, a political party and/or (one or more) public officials — and big business interests involving one or more corporations. They extract mutual advantages from each other through financial, legislative, media and/or political collaboration.

Crony-socialism is similar, but refers to the mutually exploitative relationships between big government and large special interest groups like climate change non-governmental organizations (NGOs) — they lobby governments for funding and/or legislation to serve their interests at the expense of others. Taxation and wealth distribution payments to certain groups are common goals. Crony-statism confers benefits only on taxation-dependent public servants – over a third of all working age citizens. When compared with private sector workers, public servants enjoy higher levels of compensation, employment benefits, pensions and job security.

Treating every Canadian equally under just and unbiased laws used to be a thing, too. Will we ever see it again?

Gene Balfour
Fenelon Falls, Ont.

It is extremely disgusting and appalling that not one of our elected federal government representatives have elected to take a cut in their high salaries, pensions, expense accounts or refused the automatic April salary increase. Many Canadians have lost their businesses, jobs, homes and have great difficulty feeding their families and paying the rent, while these people still have their greedy snouts in the trough. Shame on them all.

Ivy Anderson
North Saanich, B.C.

I admire Queen Elizabeth II in the way she carries herself and performs her duties. Long may she rule. However, I am a republican and have no interest in the rest of her dysfunctional family.

I believe we could save citizens a whole bunch of taxes by doing away with all the vice-regal offices — governor-general, lieutenant governors and all the other federal and provincial appointees, each with appurtenances taxpayers can only dream of.

However, if we must have a governor-general, then we should nominate someone with a fine public service record who is also wealthy enough to proclaim on the first day of office that he or she will forego all personal remuneration associated with the appointment.

That would be a rare example of probity to shame those career politicians.

Mau Seng Lee
West Vancouver, B.C.

My dad was a farm machinery mechanic working for Ford Tractor & Implement, travelling around rural Ontario fixing combines, tractors and the like. Dad finished working late on a farmer's piece of equipment. It

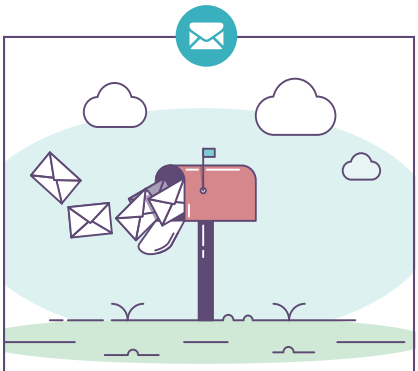
was dinnertime and the farmer asked if Dad would stay for dinner.

During dinner, there was talk about a cow in the very late stages of labour that was unable to give birth. The farmer asked Dad if he'd help. The farmer's son asked if he could come. "No son, this is going to be tough, and she might not make it."

Dad and the farmer went out to the barn. The farmer took a rope in one hand and put his arm into the poor cow, right up to his shoulder, tied the rope to one of the calf's legs and the two of them put a foot each on one of the barn's many large posts and started pulling for all they were worth. Suddenly, there was a tiny voice in the back of the barn "Hey Dad, do you want a hand?" It all turned out well.

My point of this story is that we need family farms, and we need the younger generation of farmers to be able to keep the farm in the family — without monstrous tax bills to worry about.

Jay Reid
Toronto, Ont.



LETTERS TO THE EDITOR

Letters may be edited for length, content and clarity.

Send your letters to:
c/o #501, 2201 11th Ave.,
Regina, SK S4P 0J8

E-mail: letters@taxpayer.com

LEGACY PROFILE

DONAL AND GLORIA WOLFF

Donal and Gloria Wolff first learned of the Association of Saskatchewan Taxpayers in the fall of 1989 when a representative stopped by their farm near Liberty, Saskatchewan. They instantly liked the idea of a taxpayer advocacy group standing up for regular Canadians. Despite being amid their second crop failure in a row, they signed up to support the fledgling organization.

In February 1992, Keith Klippert – a CTF agent (still active in B.C. for the CTF) stopped by to renew the Wolff's support for the merged and newly named Canadian Taxpayers Federation. Keith mentioned that there were lots of areas of Saskatchewan that the CTF were not well known because there were not enough folks like him making their way around the province. Gloria and Keith thought Don might make a great representative for the CTF (or at least it would get Don out of Gloria's way during the winter). Don wasn't so confident that he'd be successful, but gave it a shot. Over 29 years later, Don is still one of the CTF's most successful agents.



Donal and Gloria Wolff

Don and Gloria have continued to support the CTF annually because they've been so impressed with the organization's ability to cut through the spin and make a real difference. Don claims he's continually surprised by the organization's ability expand its reach and become a truly national organization.

Don's favourite program of the CTF is a tie between the student internship program and the Generation Screwed initiative.

When the CTF launched its Legacy program, Don and Gloria were one of the first to sign up. They agreed that it was important to support future generations. He and Gloria have dedicated their Legacy gift towards student programs.

"I'd encourage anyone considering a gift in their will to the CTF to think about dedicating it towards student programs. Your kids and grandkids for generations to come will thank you because of the work that will be done on their behalf," says Don.

Many CTF supporters have joined Donal and Gloria in making such gifts. These gifts can be dedicated to the General Endowment, Student Endowment or can be designated in the name and purpose of your choosing. Gifts can be directed to a living endowment or to an endowment directed by your will. If you would like to learn more about the CTF's Legacy program, please contact Rick Pepper, Director of Legacy Programs at rpepper@taxpayer.com.

AFRICA TRIP DRIVES UP FAILED UN SECURITY SEAT CAMPAIGN COST TO MORE THAN $10 MILLION

CTF EXCLUSIVE



AP PHOTO/ANDRES KUDACKI

Prime Minister Justin Trudeau speaks during a press conference at U.N. headquarters on Sept. 26, 2018.

The federal government spent at least $10,371,712 on its failed campaign for a seat on the United Nations Security Council, according to records obtained by the Canadian Taxpayers Federation (CTF).

New records show the $1.7million travel bill paid by taxpayers during Prime Minister Justin Trudeau's journeys to Ethiopia, Senegal and Germany in February 2020.

Close to half of the travel bill was $834,840 in operational costs for the CC-150 Polaris jet Trudeau used during the flights on the tour, while the other $872,348 was made up of various travel bills, such as hotel services, chauffeurs and catering.

The new bills come on top of previous records unearthed by the CTF that revealed the total salary costs for all bureaucrats assigned to the security seat campaign from 2016 to June 20, 2020. Those salaries totalled $6.2 million, which came on top of $2.4 million in operational expenses released in November 2020.

Canada finished third in balloting on June 17, 2020, for the UN Security Council seat. Canada got 108 votes, behind first-place Norway (130 votes) and second-place Ireland (128 votes).

The federal government has not released a full accounting of the campaign's travel costs and operational expenses, though previous disclosures have included more than $24,000 for Canada-themed treats and close to $140,000 for Trudeau not to go to Barbados.

Kamloops politicians did nothing before expense scandal broke

After a Kamloops, B.C.-area bureaucrat spent more than $500,000 in expenses over five years, the politicians who oversaw him did nothing until public outcry forced them to take action.

The bureaucrat in question was Sukh Gill, the former CAO of Thompson-Nicola Regional District in Kamloops. The bills included items such as steakhouse dinners, jewelry, alcohol and a nearly $8,000 ice vodka room at a fancy Whistler bistro.

The public became aware of the spending spree in early 2021, with the RCMP's financial crimes unit being called in to investigate in May.

However, internal records obtained by the CTF reveal that elected officials of the district were aware Gill's spending was a problem. They had discussed his expenses following his sudden exit from the CAO's office in 2020.

Despite that knowledge, the biggest change they made before the scandal broke was to no longer pay for alcoholic beverages for spouses of politicians and staff at district events.

SOURCE: Kamloops This Week

CTF EXCLUSIVE: Feds spend over $2 million on gun buyback before buying a single gun

The federal government has already spent more than $2 million dollars on its gun buyback scheme, even though it hasn't bought a single firearm, according to records obtained by the CTF.

The federal Department of Public Safety and Emergency Preparedness confirmed that $2,017,334 has been spent on salaries and operations for the buyback program, to date. It also confirmed that no firearms have been purchased.

The costs accrued as a result of the quietly established office called the firearms buyback secretariat, which is found inside the department's community safety and countering crime branch.

The cost of reimbursing gun owners could cost up to $756 million, according to the Parliamentary Budget Officer. However, the PBO did not include staffing and administration costs, due to a lack of program details.

The total planned yearly spending for the buyback office is $4 million as of this report, though the department has said the office would be wound down as the program runs its course.

Compiled and written by **James Wood,** *Investigative Journalist*



Ottawa subsidizes dead people

Dead people got $9 million in pandemic relief.

According to figures disclosed in the House of Commons, cheques for pandemic aid were placed into the accounts of Canadians who had actually died before the COVID-19 Emergency Response Act received Royal Assent on March 25, 2020.

At least 4,637 people with addresses outside of Canada also received the benefit.

Employment and Social Development Canada, which handled the aid program, is planning to do a post-payment review for any overpayments and told the House of Commons that the payments to dead people were made automatically.

The department also blamed the families of deceased persons for failing to tell them that their loved ones had died.

Regardless of what the post-payment review finds, the department has said that any estates of deceased people will not have to repay the government aid because the eligibility for the funding ran throughout the 2020 year.

SOURCE: Blacklock's Reporter

CTF EXCLUSIVE: Margaret Atwood's Australian tour cost taxpayers almost $10,000



Margaret Atwood feeding wildlife in Australia

(SOURCE: HIGH COMMISSION AND CONSULATE GENERAL OF CANADA IN AUSTRALIA)

Canadian taxpayers paid close to $10,000 to help author Margaret Atwood promote a new book in Australia.

Atwood spoke at seven different events in Australia between Feb. 16 and March 1, 2020.

The events were aimed at promoting her 2019 book, The Testaments, the sequel to her novel The Handmaid's Tale. The Handmaid's Tale has sold more than eight million copies since its publication in 1985. It's also been adapted into a five-season, Emmy Award-winning TV series.

Despite Atwood's success, records obtained by the CTF show the federal government gave her close to $10,000 for the tour through the Department of Global Affairs' Mission Cultural Fund.

Examples of funded projects drawn from the secretive pot of money include close to $52,000 for a Bryan Adams photography exhibition in Toronto, Ont., and nearly $8,200 for an art show in Germany featuring giant, talking sex toys.

The department told the CTF that the Canadian consulate in Sydney, Australia, leveraged the tour to create additional opportunities for highlighting important foreign policy issues.

Neither Atwood or her publisher responded to questions about the matter.

Ottawa gives Porsche dealership $2.9 million subsidy

In one of the strangest examples of corporate welfare the CTF has ever seen, Ottawa, Ont.'s city council signed off on $2.9 million worth of corporate welfare for Porsche in the name of "community improvement."

The controversial subsidy cleared city council by a vote of 15 to 9 in late May 2021. The lucrative grant is meant to support the creation of a Porsche dealership in a challenged part of the city's east end.

While the grant is part of a program aimed at revitalizing parts of the city that are struggling, many local residents and city council members were not in favour and protested the move. The exact benefits of the funding remain unclear at this time.

The CTF has filed multiple access to information requests to determine why the city decided to consider granting the money to the dealership in the first place.

SOURCE: CTV Ottawa

CTF EXCLUSIVE: Feds knew layoffs were coming before investing millions in troubled Kenyan company

An investment arm of the federal government gave millions to a door-to-door sales company in Kenya, despite being fully aware that the company was losing tens of millions of dollars and was planning to cut hundreds of jobs.

As reported in the last issue of *The Taxpayer*, the online news organization, *Blacklock's Reporter*, discovered that FinDev Canada put $15.4 million into Nairobi-based M-Kopa Holdings, a company specializing in sales of cash loans, solar powered appliances and cellphones. The purchases are made on instalment plans with expensive rates.

New records obtained by the CTF show top officials

at FinDev involved in the deal were explicitly aware that layoffs were coming throughout their negotiations with the company. Two days after the first funding was announced, reports broke about M-Kopa laying off about 150 employees.

FinDev was launched by the federal government in 2018 with the objective of using taxpayers' money to draw in private investment for high-risk projects in developing countries.

M-Kopa was the agency's first pick, with an "investment" of $12.8 million. Another investment of more than $2.4 million followed in 2020.

After initial reports about the questionable investment, FinDev described the losses as "normal" for a start-up but, ultimately, concluded taxpayers' money was not secured.

Vancouver spending $645,000 on public toilet



Portland Loo at Colonel Summers Park in Portland, Oregon

The city of Vancouver, B.C., is planning to flush $645,000 down the toilet.

The city is set to throw the cash at an outdoor public toilet in one of the community's parks, with Oregon-based Portland Loo doing the work.

However, other B.C. municipalities have been able to install similar facilities for a significantly lower cost, with the actual toilet only costing $150,000.

The city's parks board has said the rest of the money will be paying for sanitary and water connections into the park, though a full breakdown of project costs has not been released, as of this report.

SOURCE: Vancouver Sun

CTF EXCLUSIVE: Bill for Tesla's taxpayer-sponsored ride now reaches over $112 million

As reported in the last edition of *The Taxpayer*, the financial underwriting by Canadian taxpayers of sales of Tesla cars in Canada continues after the company qualified for a lucrative federal subsidy by producing a lower quality, Canada-only car with a restricted battery range.

The updated costs of the program, as of March 2021, indicate that the subsidy had increased to more than $112 million.

The subsidy knocks $5,000 off the purchase price for electric vehicles if the base model sells for less than $45,000. If a vehicle's base model qualifies, higher priced versions are then also eligible, with an upper price limit of $55,000.

Tesla hadn't qualified at first, but got into the program after introducing a Canada-only, lower quality version of its Model 3 car that went 150 km less per charge, pricing it at a dollar below the program's cut-off point. That move made the higher priced, higher quality version of the Model 3 eligible for the federal rebate.

By March of 2021, total sales of the lower quality Tesla car totaled 153 units, compared to 22,257 sales of the regular Tesla version.

CTF EXCLUSIVE: Nearly $3,000 to cry wolf in Nova Scotia

Canadian taxpayers were billed close to $3,000 for military reservists to cry wolf in Nova Scotia.

Early last October, multiple news reports surfaced from the province that pertained to a confusing letter Kings County residents had been receiving in their mailboxes.

The letter stated that a pack of eight grey wolves had been released in the area in order to reintroduce them into the local ecosystem.

In reality, there were no wolves and the letters were part of a military training exercise gone awry at nearby Camp Aldershot in Kentville, N.S.

While not every bill from the exercise has been released, payment records obtained by the CTF show that $2,833 was set aside to pay the 10 reservists being trained that weekend.

After the letter was circulated online, the province stepped in to reassure local residents there were no wolves on the loose. And, the military apologized for causing the scare.

When the story made international headlines, Defence Minister Harjit Sajjan said similar exercises would cease until an internal investigation into the matter had concluded.

Compiled and written by **James Wood,** *Investigative Journalist*



CTF EXCLUSIVE: Julie Payette's Rideau Hall spending had even NCC concerned



Work delays at the former governor-general's official residence ran up costs by about $200,000 in 2019.

Documents obtained by the CTF show the governor-general's office under former governor-general Julie Payette often delayed National Capital Commission (NCC) workers' access to the property, with the organization working around Rideau Hall's desire to avoid disruption.

The NCC said construction costs for an on-site service storage and maintenance facility at Rideau Hall rose by about $200,000 during the 2019 construction season, due to delays.

The NCC also had serious concerns about Payette's Rideau Hall renovation spending.

From the time Payette took on the role in 2017 and left in 2021, renovation projects her office requested cost taxpayers $464,395.

Despite the expensive upgrades and enormous bills, Payette refused to move into the mansion, instead choosing to live in another nearby official residence.

Tensions between the NCC and Payette's office flared around May 9, 2019, when a senior executive at the NCC sent an email to the organization's CEO, warning him about the way Payette's office was spending money and urging that further use of tax dollars be founded on sound rationale.

The NCC would only say that the emails speak for themselves.

Through her assistant, Lise Boyer, Payette declined to comment.

CTF EXCLUSIVE: Former governors general allowed to bill Canadians beyond the grave

Former governors general can bill Canadian taxpayers for expenses, even after they die.

The Governor General Support Program allows former governors general to expense taxpayers for duties they perform in retirement and can cover hospitality costs, salaries for four staff members, office costs and travel expenses.

The program also covers payments to a former governor-general's estate, up to six months after their death.

Each former governor-general can expense taxpayers up to $206,040 each year. The annual cost of the program could reach $1,030,200 with Canada's five former governors-general.

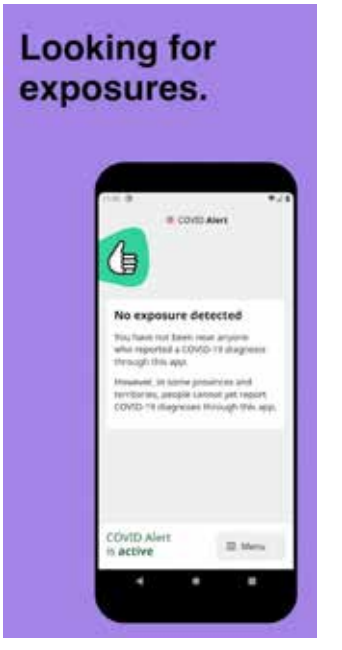
In 2017-18, expenses submitted by former governors-general totalled $541,337.

A review of the program in October 2019 made no recommendations to end the program.

The report cost just over $20,000, and the contract document for the report did allow for the possibility of winding down the program.

It remains unclear why the consultant chose to avoid making that recommendation.

$17 million to advertise failed COVID alert app



Prime Minister Justin Trudeau's Liberal government spent more than $17 million to advertise the failed COVID-19 Exposure Notification alert application, according to records disclosed in the House of Commons.

The COVID Alert App was meant to serve as a tool for Canadians to easily alert others of coronavirus disease exposure.

Records have shown that 6,324,552 people downloaded the app, while a total of 913,047 people had tested positive for COVID by late March 2021. Of those cases, only 21,048 people used the app to alert others of the diagnosis.

As for the millions spent on the ad campaign, the biggest winner was Cossette Media, which received $14,225,000 for a media buy and related fees.

A separate campaign came from Cossette Communications, which received $871,992 for producing a "Scan the QR code" campaign for the app.

The overall ad campaign was controlled by Health Canada, under Health Minister Patty Hajdu.

SOURCE: Blacklock's Reporter

Feds back off on tax cut clawback, for now



by James Wood
Investigative Journalist

Canadian farmers, small business owners and other entrepreneurs hoping to pass on the fruits of their labour to their children will have less of a tax burden in the future.

The tax relief comes from Bill C-208, which changed the Income Tax Act to cut the tax rate on sales of family-owned businesses. Prior to the bill becoming law, the net profits of those sales were taxed at 45%. With the bill passed, the rate has dropped to 25%.

The change is worth an estimated $178 million in tax savings for participating Canadian families per year.

However, the good news was nearly reversed after being signed into law on June 29th. The day after, the federal Department of Finance publicly questioned the validity of the legislation, due to technical issues. Cabinet was reportedly considering moves to change the bill.

Despite those signals, the effort to roll back the tax cut was shut down by July 19th, when Finance Minister Chrystia Freeland said, "The law is the law."

Freeland confirmed the tax cut was part of the Income Tax Act, getting ahead of hearings on the matter planned by outgoing Liberal MP Wayne Easter.



THE CANADIAN PRESS/SEAN KILPATRICK

Committee Chair and Liberal MP Wayne Easter speaks via videoconference during a House of Commons finance committee in the Wellington Building on July 30, 2020.

Easter had supported the legislation and had previously stated the Department of Finance could not change a bill passed by Parliament.

"Accountants have told us this is fairly airtight," said Easter, in an interview with *Blacklock's Reporter*.

"I have a lot of respect for the officials in the finance department, but when we said, okay, if you want amendments to the bill, give us some amendments if you want Parliament to close what you perceive as some loophole, they didn't submit any."

As for whether or not the Department of Finance will still attempt to make changes, Freeland has said that "technical amendments" would be considered at a future date.

According to the Department of Finance, those amendments are aimed to ensure any transfers of businesses are "genuine," and are not used for tax planning purposes. The amendments are expected to be brought forward by Nov. 1, 2021.

"The government is doing this to support family-run, Canadian small businesses, protect the tax system and ensure everyone pays their fair share," said the department.

TORONTO'S RAIL DECK PARK SCHEME SHOT DOWN

A massively expensive park project in Toronto has been shot down by provincial authorities, sparing taxpayers across the country the burden of paying for the ill-conceived initiative.

Rail Deck Park had been billed as a legacy project for Toronto Mayor John Tory, with an estimated price tag of at least $3.8 billion. Much of the cost was due to the fact that the park would be built above a major rail corridor running through the middle of the city's downtown.

Tory had planned to ask both the federal and provincial levels of government to help pay for the park, despite the impact of the global COVID-19 pandemic on the Canadian economy and government finances.

In May, Ontario's Local Planning Appeal Tribunal (LPAT) shot down the expensive proposal, opting instead for a plan from the private sector to build condos in the same air space.

The developer plans to keep a park in its project, but taxpayers won't be asked to pay for it.

NEWFOUNDLAND CHANGES COURSE ON DEFICIT

Newfound and Labrador is finally taking a different approach to its finances.

The fiscally troubled province has been awash in a sea of red ink, with the budget deficit forecast for 2020-21 coming in at more than $1 billion.

However, the province is now taking steps to reduce that deficit and get the budget under control, in the wake of a report by former Royal Mail CEO Moya Greene. Greene had recommended major spending cuts and sales of government assets.

Those cuts and sales include the possible dismantling of Nalcor Energy, as well as the elimination of the Oil and Gas Corporation of Newfoundland and Labrador.

Offshore oil and gas equity stakes as well as the provincial liquor corporation may also be sold off, while the province is aiming to cut down on healthcare expenses, with the resizing of four health regions into one.

While the current level of spending by the province is not expected to drop immediately, belts will be tightened next year if the plan is followed.

Alberta Takes Hard Look at Equalization Fight

The province of Alberta has begun its equalization fight, with Premier Jason Kenney introducing his referendum question on June 7th.

Albertans will be asked the following question on Oct. 18, 2021: Should the section of the Constitution that commits the Government of Canada to the principle of making equalization payments be removed?

That referendum question was a key promise made by Kenney during the 2019 provincial election and he has repeatedly railed against equalization and other provinces benefitting from Alberta's oil wealth, while trying to block oil and gas development.

The result of the yes-or-no vote won't have an immediate impact on the equalization program, because a constitutional amendment would need two-thirds of the provinces to support it.

Despite that obstacle, Kenney believes the vote will be an effective way to get Ottawa's attention and, ultimately, get a better deal for Albertans.

Westjet won't take government bailout money

Taxpayers are off the hook to keep Westjet in business.

On July 21st, the company announced it had officially ended bailout talks with the federal government, which had been aimed at supporting the airline during the global COVID-19 pandemic.

"Given encouraging vaccination rates across the country, both parties have mutually agreed to shift focus from these negotiations, and away from taxpayer-funded support, to leading the safe restart of the travel and tourism sector," WestJet said in its statement.

The federal government remained open to restarting the talks in future, if that became necessary.

Other Canadian carriers had previously reached deals with Ottawa, with Air Canada receiving $5.9 billion from the federal government earlier in 2021, in return for a $500 million equity stake.

Porter Airlines, which shut down completely during the pandemic, received $270 million through its parent company, while Air Transat received $700 million in taxpayer-funded support.



WestJet Airlines Boeing 737 MAX 8

SOURCE: WIKIPEDIA: ACEFITT



JOB CREATION without subsidies



by Colin Craig
President, SecondStreet.org

Recently, SecondStreet.org partnered with the Canadian Taxpayers Federation (CTF), the Montreal Economic Institute, the Canadian Constitution Foundation and Justice Centre for Constitutional Freedoms to produce a free eBook for Canadians – *Life After COVID: What's next for Canada?*

The eBook discusses some of the most pressing issues facing Canada, once the global COVID-19 pandemic is under control, and some potential solutions to those problems. Further, the eBook also examines some of the mistakes governments made during the pandemic and, thus, the need to be better prepared for the next emergency.

In SecondStreet.org's chapter, we examined how governments can tackle our nation's high unemployment rate and create jobs – not by spending taxpayers' money, but by simply getting out of the way.

Right now, we're seeing politicians in Canada reaching for your wallet in order to fund new government programs to "create jobs."

For instance, this past December, Ottawa touted its "historic" $100 billion spending spree to boost the economy and create jobs. Divide that enormous figure by Canada's population and your portion works out to more than $2,500. If you're married and have kids, don't even think about your household's total share as it's a startling figure.

No doubt, many provincial governments and municipalities will also engage in the "stimulus" spending bonanza, but readers should know that's completely unnecessary.

Note that last year, SecondStreet.org counted up more than $200 billion worth of private sector natural resource projects that were stalled by governments or outright rejected by them between 2014 and 2020. From the enormous Petronas liquefied natural gas project in British Columbia to a uranium mine in Québec, the projects stretched from coast to coast.

Just imagine if the government had approved just half of those private sector natural resource projects, the economic boost would have matched the amount of money that the government now intends to spend. Again, no tax dollars were required.

But, it's not just the natural resource sector that could benefit by reducing the government's long, obstructive tentacles.

According to the Canadian Federation of Independent Business (CFIB), government red tape costs all businesses approximately $11 billion each year. To be clear, this burden does not refer to common sense, essential regulations, such as not allowing businesses to pour toxic chemicals into rivers and water bodies. The CFIB's figure refers to obstacles like unnecessary regulatory roadblocks and duplicative paperwork.

Cutting red tape could free up entrepreneurs' time and money to create jobs.

Consider Tony Siwicki's story. The Winnipeg restaurant owner, like thousands of other restaurants across Canada, was forced to close his dining room during the pandemic. However, the government did allow him to start selling alcohol with takeout and delivery orders. As a result, he developed a new income stream, one that helped him to employ some workers, pay a few bills and, most importantly, stay in business. Jobs were created, but no tax dollars were required.

These are just a couple examples of ways governments could create jobs without spending your tax dollars.

To learn more about this subject and the other subjects discussed in our eBook, please visit SecondStreet.org to download your free copy.

Second Street.org
Real People. Real Stories.

NON-COVID SUFFERING



Shortly after the COVID-19 pandemic became a significant health issue in Canada, provincial governments informed the public that they were postponing "non-urgent" procedures. The public was told that important procedures, such as heart operations, would still proceed, but less urgent procedures, like hip operations, would be placed on hold.

Ontario Health Minister Christine Elliott indicated this was being done to "preserve capacity." Alberta Chief Medical Officer Dr. Deena Hinshaw noted something similar – to "redeploy" staff. We saw similar announcements across the country.

Despite what the public was told, the mainstream electronic, online and print media have broken many tragic stories involving these postponed surgeries.

Alberta patient Jerry Dunham was informed, after six months of waiting, that his pacemaker surgery was postponed due to COVID-19. Two months later, he passed away, leaving behind two young children.

In Québec, actress Rosine Chouinard-Chauveau passed away after having her surgery postponed. She was just 28 years old.

In Ontario, the government conceded that upwards of 35 cardiac patients had died after having their surgeries postponed.

SecondStreet.org brought to light the tragic story of another Ontarian, Judy Anderson. The retired nurse lost her daughter, Shannon, during the pandemic. Shannon required a heart operation, but faced a month-long wait for surgery. Sadly, she didn't make it.

But, this wasn't the first time Judy lost a daughter due to long waiting lists. Several years ago, she lost her other daughter due to long waiting lists in the system. And, just like in Shannon's case, Judy received a call from the hospital about scheduling her daughter's surgery after she had passed away.

Stories such as these led SecondStreet.org to ask each province for data that identified how many surgeries and procedures were postponed during the pandemic.

Based on data from nine provinces and information from the Canadian Medical Association for Ontario, SecondStreet.org calculated there were over 353,000 postponements across Canada.

But, that statistic was from early 2021. Many governments have since postponed even more surgeries. Don't be surprised if the total eventually exceeds 500,000.

What's important to note is that Canada's health care system was already struggling before the pandemic. It wasn't uncommon to hear about a patient who had to spend a year in pain waiting for hip surgery or that a patient's condition worsened as they waited too long for care. Now it's even worse as governments struggle with an even larger backlog.

To be clear, this problem is not due to a lack of funding. As Dr. Shawn Whatley notes in his book, *When Politics Comes Before Patients,* "Canada spends more on health care than most other countries."

Canada suffers from both mismanagement and a lack of private options. Countries that outperform Canada, like Australia, Norway and New Zealand to name just a few, have both universal public health care and private options. Allowing more options outside the government system not only provides patients with more choice, it takes pressure off of the public system.

For the sake of patients, health care reform should be a top priority once COVID is under control.

Colin Craig is the President of SecondStreet.org, a new Canadian think tank.

If you have an interesting health care experience, we'd love to hear it — stories@secondstreet.org.

Q: Basil Stevenson from Midland, Ont. asks:

How much money does the government give the Canadian Broadcasting Corporation (CBC) each year; how much do they make from advertising; how many people work for CBC; and how can I get my hands on its audited financial statements?

Kris Sims, B.C. Director, ANSWERS:



by Kris Sims
BC Director

Thanks for your question, Basil. As a journalist who worked in the news media for two decades (including a brief stint at CBC), I'm happy to help answer your questions.

Let's take a bit of a trip back in time. CBC was created during the government of former Prime Minister William Lyon Mackenzie King in 1936. The original intent of CBC was to provide Canadian news and cultural entertainment to Canadians that was produced by Canadians, countering the influence of popular American radio programming, which was originating largely from cities such as New York, N.Y., and Chicago, Ill.

One of its first national broadcasts was the speech delivered by King George VI during his visit to Canada in 1938, the same year he opened the National War Memorial in Ottawa. The bulk of early CBC radio broadcasts consisted of weather reports to rural areas, updates during World War II and hockey games.

Having started out with modest radio broadcasts in English and French in the 1930s, today, CBC is everywhere across Canada, with about 7,500 employees. CBC and Radio-Canada deliver content in more than 10 different languages. Incredibly, the corporation deals with 12 different labour unions when engaging with its employees and contractors.

CBC lists more than 600 people as "personalities," complete with biographies on its website.

In addition to the standard national CBC Radio One English language channel and the local CBC TV channel, the corporation has 24 more platforms and services. That includes CBC North, which broadcasts in English, French and eight First Nations languages.

Who's in charge?

CBC has its own values and ethics commissioner, a 12-person board of directors, and eight people sitting on its senior executive team.

Catherine Tait is president and CEO of CBC and she is paid a salary of between $390,300 and $459,100 per year. (Exact amount is not reported)

A sample of Tait's travel and hospitality expenses from April 1 to June 30, 2019, shows a cost of more than $31,000, including trips to Oslo, Norway, and Paris, France, and a $868 "working meal" in Moncton, N.B.

Keeping an eye on CBC is currently the responsibility of Federal Minister of Canadian Heritage, Steven Guilbeault.

Who's watching?

According to online investigative journalism website, *Blacklocks Reporter,* "the total audience for 6 pm local TV newscasts at twenty-seven CBC stations nationwide was **319,000 people,** the equivalent of fewer than 12,000 nightly viewers per city. The total market share for the CBC-TV main network was five percent, down from eight percent the previous year. The CBC News Network cable service has a 1.4 percent market share."

WANT THE CTF TO TACKLE YOUR QUESTION?

Ask for it by e-mail at:
research@taxpayer.com

The latest financial statement, ending March 31, 2020, shows that CBC received a total of $1.2 billion in government funding from taxpayers. The majority of this funding ($1.1 billion) is from the Parliamentary appropriation for operating expenditures. CBC also generated a total of $215.6 million in TV advertising. An additional $38.2 million was generated by selling digital advertising.

CBC also earned another $250.7 million in subscriber fees, production revenue, license sales, retransmission rights, leasing income and investment income.

TV advertising fell by $2.2 million from 2019 to 2020, but digital advertising was up $7.2 million over the same period.

Just over 54% of the advertising sales were on French services.

Overall, the funding from Parliament for operating expenses provided around 62.3% of CBC's total expenditures for the year in 2019-20. Over the past 23 years, it has ranged from a high of 75.9% in 2002-03 to a low of 52.1% in 2013-14.

Basil, if you're really interested in digging into the statements, you can view copies of the consolidated financial statements and annual reports for CBC by going to the CBC website: **https://cbc.radio-canada.ca/en/impact-and-accountability/finances/annual-reports**

Real estate

CBC owns and operates several large buildings across Canada, including a recently constructed building in Halifax, N.S.

The largest building is the CBC Toronto Broadcast Centre in Toronto, Ont. Located at 250 Front Street West in downtown Toronto, it stands 13 storeys high and is 1,720,000 square feet in size.

The 250 Front Street location includes 22 radio studios, five television studios, two all-purpose studios and one national news studio.

CBC's Mandate

It's been 30 years since the last major update to CBC's mandate. The 1991 Broadcasting Act reads:

"...the Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains; ...the programming provided by the Corporation should:

- be predominantly and distinctively Canadian, reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions,
- actively contribute to the flow and exchange of cultural expression,
- be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities,
- strive to be of equivalent quality in English and French,
- contribute to shared national consciousness and identity,
- be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose, and
- reflect the multicultural and multiracial nature of Canada."

The federal government launched a review of CBC's mandate in 2018 and it is not yet complete and enacted. t

CBC FUNDING AND EXPENSES 1997-2020

YEAR	Parliamentary appropriation for operating expenses *(in millions)*	Self-generated revenues *(in millions)*	Total expenses *(in millions)*	Gov't operating funding as % of total expense
1997-98	$ 759.7	$ 437.9	$ 1,177.5	64.5%
1998-99	$ 759.5	$ 393.6	$ 1,165.7	65.2%
1999-00	$ 764.7	$ 407.5	$ 1,146.1	66.7%
2000-01	$ 794.0	$ 410.8	$ 1,137.0	69.8%
2001-02	$ 840.4	$ 401.7	$ 1,243.4	67.6%
2002-03	$ 973.4	$ 357.6	$ 1,282.3	75.9%
2003-04	$ 932.7	$ 508.6	$ 1,658.0	56.3%
2004-05	$ 936.8	$ 546.7	$ 1,714.8	54.6%
2005-06	$ 1,006.2	$ 543.4	$ 1,711.5	58.8%
2006-07	$ 974.3	$ 559.3	$ 1,696.0	57.4%
2007-08	$ 989.6	$ 563.0	$ 1,731.2	57.2%
2008-09	$ 1,070.1	$ 612.2	$ 1,847.7	57.9%
2009-10	$ 1,017.6	$ 566.7	$ 1,789.4	56.9%
2010-11	$ 1,031.6	$ 649.9	$ 1,839.5	56.1%
2011-12	$ 1,028.0	$ 662.3	$ 1,834.2	56.0%
2012-13	$ 999.5	$ 646.1	$ 1,871.0	53.4%
2013-14	$ 975.6	$ 767.8	$ 1,873.7	52.1%
2014-15	$ 929.3	$ 600.1	$ 1,722.3	54.0%
2015-16	$ 928.3	$ 528.4	$ 1,619.6	57.3%
2016-17	$ 1,002.3	$ 556.9	$ 1,724.4	58.1%
2017-18	$ 1,110.3	$ 573.1	$ 1,830.9	60.6%
2018-19	$ 1,097.8	$ 490.2	$ 1,754.1	62.6%
2019-20	$ 1,098.1	$ 504.4	$ 1,763.2	62.3%

CMHC SPENT OVER $900,000 ON STALLED NAME CHANGE



by James Wood
Investigative Journalist

Documents show the Canada Mortgage and Housing Corporation (CMHC) spent more than $900,000 on a plan to change its name, even though former CEO Evan Siddall told a parliamentary committee no public funds had been spent on the project.

"There are two problems here," said Franco Terrazzano, Federal Director, the Canadian Taxpayers Federation (CTF). "The first is that Mr. Siddall has a track record of misleading the media and the public. The second is more than $900,000 is being wasted on a pointless project."

Records obtained by the CTF show the project cost $924,614 before being put on hold due to the global COVID-19 pandemic.

In September 2020, CMHC announced plans to change its name to Housing Canada. Siddall was asked about the cost of the work on Nov. 4, 2020, by Conservative MP Jamie Schmale while speaking to the Commons' standing committee on human resources.

"No decision has been definitively made to rebrand the company," said Siddall, at the time. "In fact, we have not been using public funds for that purpose. We've been using internal resources — no external resources."

After the committee appearance, a story from the online investigative journalism publication, *Blacklock's Reporter*, in December 2020 disclosed $123,200 in expenses for the project, which had gone towards marketing and research efforts for a new name and logo.

Schmale put forward a motion at committee on Feb. 2, 2021, which referenced the story and compelled CMHC to disclose all related costs. A letter sent to the head of the committee on March 16, 2021, laid out the full amount of $924,614.

"It's obviously very disappointing that he chose to answer those questions in that kind of way," said Schmale, while speaking with the CTF. "It is a parliamentary committee, after all. The fact that he knowingly or unknowingly thought that we would never follow up on his answers to confirm the truth to them shocks me, as well."

In the letter, Siddall emphatically defended the project as well as his November 2020 testimony.

"During my testimony, my very quick reply to Mr. Schmale's inquiry included a reference to having not used external resources," wrote Siddall. "By that, I meant that we had not used government appropriations or taxpayer funds external to CMHC. CMHC runs a non-profit, 'assisted' housing business and a for-profit, commercial business. We maintained a strict isolation of rebranding costs so as not to come at the expense of parliamentary-approved housing programs, even though these now comprise two-thirds of our revenues."

Siddall also dismissed the project spending as minimal and said CMHC had taken a "frugal" approach. He confirmed the name change was for display purposes only, with no changes to the corporation's legal name.

He ended his letter with the new name and logo.

"Mr. Siddall's argument is nonsense," said Terrazzano. "He can split hairs about CMHC's money management all he wants, but it doesn't change the fact that, at the end of the day, taxpayers own CMHC so it's all taxpayers' money being used on a vanity project."

Schmale still believes the rebranding work is a waste of time and money.

"I don't see the real point in rebranding CMHC," said Schmale. "What their logo looks like or what's in their name does not incentivize people to go to them or not go to them or go to a competitor. There's very little competition within that space."

Additional records obtained by the CTF in May 2021 showed extensive dialogue between CMHC communications staff and executives around the renaming project, as questions were raised by *Blacklock's Reporter* and the committee.

The messages were between communications staff and executives, including Siddall, and showed that the agency had a chance to disclose full project costs in December 2020.

On Dec. 17, 2020, communications staff were preparing a response to a media inquiry asking about the total amount spent on the renaming project. While IT costs came up as part of the preparations for a response, the final answers to the reporter's questions did not include those numbers.

Instead, the only cost disclosed was the $123,200 used for the marketing study and branding work. CMHC ultimately chose to wait until it was forced to release the full costs via an access to information request and Schmale's motion at committee.



When the project was again questioned in March 2021 by Schmale, Siddall and the CMHC communications staff prepared several different versions of the letter that was eventually sent to the committee.

In one of the drafts, Siddall took issue with the idea of being questioned in the first place.

"I was shocked by the suggestion that we were being frivolous or wasteful with taxpayer funds," wrote Siddall.

He went on to say that CMHC was being falsely accused of both squandering public funds and hiding the project spending. Another section attacked *Blacklock's Reporter* at length, including criticism of the outlet's coverage of CMHC's funding of a home equity tax study.

None of those sections of the draft made it to the final letter.

Further discussion in the most recent CMHC information obtained by the CTF mentions a likely launch date sometime in 2022. As of this report, CMHC has maintained that the rebrand is paused and would be pursued again "when the time is right."

"This a no-brainer," said Terrazzano. "CMHC should drop the rebranding effort and save taxpayers some money."

Siddall left CMHC in April 2021 and was subsequently hired by the Kenney government in Alberta as the new CEO of the Alberta Investment Management Corporation.

CTF CATCHES THE CMHC NOT TELLING THE TRUTH TO CANADIANS ABOUT HOME EQUITY TAX



Evan Siddall, former CEO, Canada Housing and Mortgage Corporation

Private emails obtained by the CTF between the former head of CMHC and a University of British Columbia (UBC) professor prove that CMHC has been far from truthful about its intention to push a new home equity tax.

"We caught these bureaucrats red-handed," said Franco Terrazzano, CTF Federal Director. "Bureaucrats were denying it, but we dug up proof showing Ottawa was spending tens of thousands of tax dollars trying to figure out how to tax homeowners."

Despite repeated denials last summer, CMHC paid $250,000 for a study that would include an examination of "tax policy that privileges home ownership."

In Canada, homeowners do not currently pay a capital gains tax when they sell their primary residence.

A study is being conducted by Generation Squeeze, a self-described lobby group led by UBC Professor Paul Kershaw.

A story from online news organization *Blacklock's Reporter*, using emails obtained by the CTF, first stated the research was examining the idea of a home equity tax.

In the wake of the *Blacklock's Reporter* story being published on July 17, 2020, both CMHC's communications department and then-CEO Evan Siddall issued multiple statements about the story being false.

Siddall first tweeted that the *Blacklock's Reporter* story was "inaccurate and misleading." He followed it up by claiming the stories were "untrue and poor reporting." Incredibly, he even called *Blacklock's Reporter* a "substandard news outfit."

However, CMHC's own records obtained by the CTF through an Access to Information request include the project's charter, which was signed by Generation Squeeze and CMHC in March of 2020. The charter repeatedly references an examination of tax policy.

"One key source of this intergenerational inequality is tax policy that privileges home ownership, and shelters housing wealth, especially in principal residences, from taxation by comparison with other assets," read the charter's "problem statement."

A series of emails between Kershaw and Siddall were also obtained by the CTF. They show Siddall was aware of the focus on home taxation changes before the study even received funding.

"There are emails between

the head of the CMHC and the head of the project confirming that sheltering principal residences from taxation is part of the study," said Terrazzano. "Taxpayers shouldn't buy the government spin -- our money was being used to look at a home equity tax."

On June 19, 2019, Kershaw sent Siddall draft material he planned to include in his CMHC funding application and asked for Siddall's input.

A section in the draft material called "What is the Problem You Are Trying to Solve" referenced efforts to get policy makers in favour of changes.

"Our Lab-approach is required to advance solutions, rather than traditional approaches, because tradition is the root of the problem," states the material.

"The Canadian tradition is to shelter principal residences from taxation, regardless of the wealth one accumulates in their home. While a tax shift invites a range of technical questions about how best to promote economic efficiency and fairness, the bigger challenge is the relative lack of cultural support for decision-makers to reimagine the taxation status quo."

In light of these emails, the CTF asked about Siddall's previous tweets claiming the *Blacklock's Reporter* story was false. CMHC stood by its original statements.

"Nothing has changed and as the documents suggest, we are not funding a study on a home equity tax," it said.

In the wake of the CTF's reporting on the matter, both Kershaw and CMHC were called to testify before the House of Commons Finance Committee.

Siddall spoke to the committee on April 1, 2021, his last day on the job. Questioned by Conservative MP Pat Kelly about whether or not CMHC would tell the federal government to explore the taxing of capital gains, the outgoing CEO was defensive.

"The suggestion that we have been researching a home equity tax is false," said Siddall, at the time.

"The documents do not suggest it, and it is misleading and irresponsible reporting to say so."

Kershaw's appearances before the committee followed a similar path. On April 22, 2021, he defended the lab and the study of a home equity tax. He faced extensive questions by Conservative MP Ed Fast, who serves as the party's finance critic.

Fast extensively referenced the materials dug up by the CTF in his questions to Kershaw, quoting directly from the emails between the professor and Siddall. After Kershaw's first appearance, he was called back to the committee on May 4, 2021, and again questioned by Fast and Kelly.

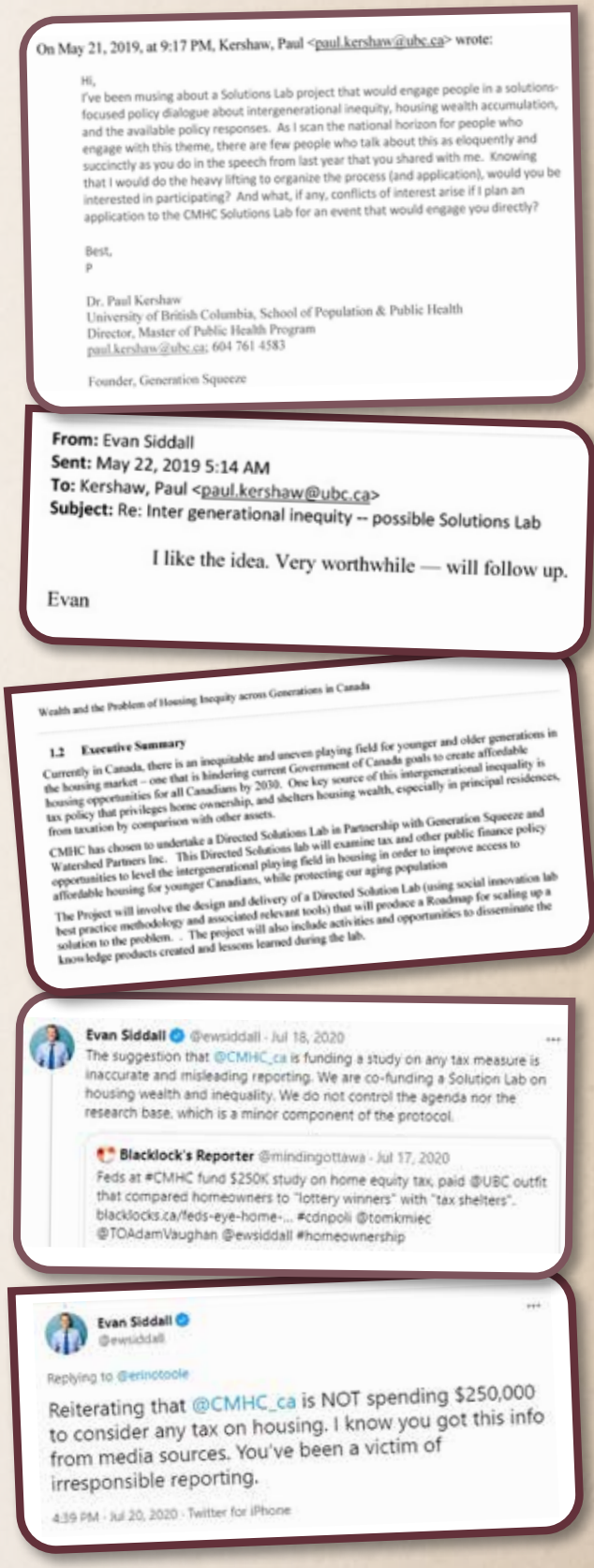
Though Kershaw and the Liberal MPs on the committee repeatedly told the committee that the study didn't mean the federal government would bring in a home equity tax, Kershaw's answers also shed light on the mindset behind the study.

"For the last several decades, a cohort of Canadians who tend to be older and reside in urban areas has reaped substantial gains in wealth as a result of rising home prices -- all while sleeping and watching TV and cooking and raising kids and making our homes," testified Kershaw.

He also said home equity would be easy to tax because houses are hard to hide.

As for how a possible equity tax might work, Kershaw compared it to a "progressive surtax," with people "asked to contribute" based on the number of years they lived in their home.

As of this publication, Generation Squeeze has not released its final report, although it is due this summer.



On May 21, 2019, at 9:17 PM, Kershaw, Paul <paul.kershaw@ubc.ca> wrote:

Hi,
I've been musing about a Solutions Lab project that would engage people in a solutions-focused policy dialogue about intergenerational inequity, housing wealth accumulation, and the available policy responses. As I scan the national horizon for people who engage with this theme, there are few people who talk about this as eloquently and succinctly as you do in the speech from last year that you shared with me. Knowing that I would do the heavy lifting to organize the process (and application), would you be interested in participating? And what, if any, conflicts of interest arise if I plan an application to the CMHC Solutions Lab for an event that would engage you directly?

Best,
P

Dr. Paul Kershaw
University of British Columbia, School of Population & Public Health
Director, Master of Public Health Program
paul.kershaw@ubc.ca; 604 761 4583

Founder, Generation Squeeze

From: Evan Siddall
Sent: May 22, 2019 5:14 AM
To: Kershaw, Paul <paul.kershaw@ubc.ca>
Subject: Re: Inter generational inequity -- possible Solutions Lab

I like the idea. Very worthwhile — will follow up.

Evan

Wealth and the Problem of Housing Inequity across Generations in Canada

1.2 Executive Summary

Currently in Canada, there is an inequitable and uneven playing field for younger and older generations in the housing market – one that is hindering current Government of Canada goals to create affordable housing opportunities for all Canadians by 2030. One key source of this intergenerational inequality is tax policy that privileges home ownership, and shelters housing wealth, especially in principal residences, from taxation by comparison with other assets.

CMHC has chosen to undertake a Directed Solutions Lab in Partnership with Generation Squeeze and Watershed Partners Inc. This Directed Solutions lab will examine tax and other public finance policy opportunities to level the intergenerational playing field in housing in order to improve access to affordable housing for younger Canadians, while protecting our aging population

The Project will involve the design and delivery of a Directed Solution Lab (using social innovation lab best practice methodology and associated relevant tools) that will produce a Roadmap for scaling up a solution to the problem. . The project will also include activities and opportunities to disseminate the knowledge products created and lessons learned during the lab.

Evan Siddall @ewsiddall · Jul 18, 2020
The suggestion that @CMHC_ca is funding a study on any tax measure is inaccurate and misleading reporting. We are co-funding a Solution Lab on housing wealth and inequality. We do not control the agenda nor the research base, which is a minor component of the protocol.

Blacklock's Reporter @mindingottawa · Jul 17, 2020
Feds at #CMHC fund $250K study on home equity tax, paid @UBC outfit that compared homeowners to "lottery winners" with "tax shelters". blacklocks.ca/feds-eye-home-... #cdnpoli @tomkmiec @TOAdamVaughan @ewsiddall #homeownership

Evan Siddall
@ewsiddall

Replying to @erinotoole

Reiterating that @CMHC_ca is NOT spending $250,000 to consider any tax on housing. I know you got this info from media sources. You've been a victim of irresponsible reporting.

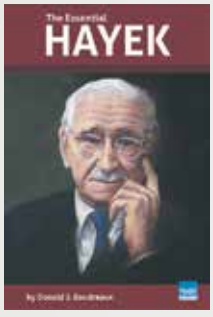
4:39 PM · Jul 20, 2020 · Twitter for iPhone

A project of
the Fraser Institute

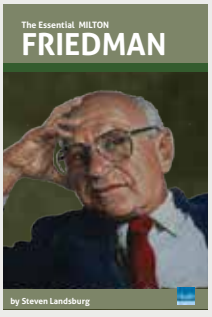
FRASER INSTITUTE

ESSENTIAL SCHOLARS

The Essential Scholars series consists of a growing number of educational modules, each summarizing the key ideas of a particular economist, philosopher, or school of thought in the classical liberal tradition. Each module consists of a short book outlining the main ideas of the scholar involved (written by a leading authority in accessible language), several short supporting videos summarizing some of the key insights, and links to additional learning resources.
visit: essentialscholars.org

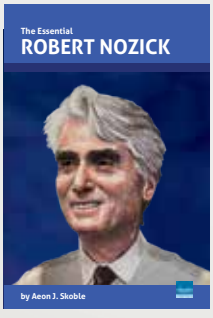


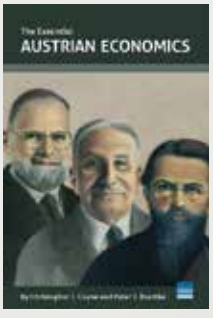




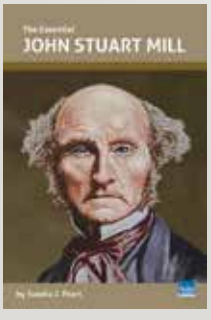


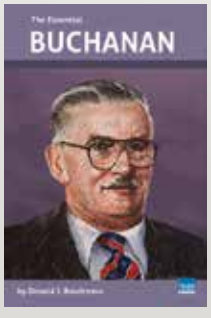


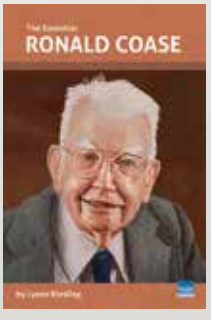














COMING SOON:
Essential Women of Liberty, Essential Natural Law, and *Essential Enlightenment*.

OTTAWA, WE HAVE A DEBT PROBLEM





by Franco Terrazzano
Federal Director

By the time you finish reading this article, the Government of Canada's debt load will have increased by about $2.5 million. Let that sink in for a moment.

Last December, the Canadian Taxpayers Federation (CTF) marked the sombre occasion of the federal government's debt passing the $1 trillion mark. To put this mind-boggling figure into perspective, for every second that goes by, the federal debt increases by $4,900. In fact, the government of Prime Minister Justin Trudeau broke the CTF's debt clock by running up a debt tab so big that a 13-digit debt display is now needed. But don't worry, with support from Canadians like you, we are getting ready to launch a new and improved debt clock.

The $1 trillion debt milestone isn't the end of the story. Through Budget 2021, Trudeau has set out a plan to nearly double the pre-pandemic debt within just a few years. Up until the end of 2019, Canada's national debt was $721 billion. By 2026, Canada's debt will reach $1.4 trillion.

How did we get into this mess?

The obvious place to start is the global COVID-19 pandemic. Less economic activity means less government revenue. In 2020, federal government revenue declined by 11%. But, this dip in government revenue is only a small part of the story. The real culprit is overspending. In 2020, the federal government increased spending by 75%.

And it's not like the Trudeau government was a bunch of penny pinchers before the pandemic.

In breaking its 2015 promise to balance the budget, the Trudeau government "increased real per-person federal government spending by nearly 18% during its first term in office," according to Jake Fuss and Nathaniel Li of the Fraser Institute.

In fact, the spending spree pushed the government's 2018 expenditures to heights never before seen in Canada, with the feds spending more than they did during any single year during the Second World War, Korean War or during recessions in the 1980s, 1990s and 2000s. And, yes, that's after accounting for inflation and population growth.

A key part of this discussion is how much money the feds plan to spend in future years. A large portion of spending in Budget 2021 has little to do with pandemic support and everything to do with using the pandemic as a diversion to embark on a debt-fueled spending spree. By 2026, Finance Minister Chrystia Freeland will increase permanent federal government spending by $100 billion, with absolutely no plan as to how to pay for it.

2021-22 FEDERAL AND PROVINCIAL GOVERNMENT DEBT PER PERSON

PROVINCE	DEBT PER PERSON
British Columbia	$52,000
Alberta	$58,200
Saskatchewan	$47,300
Manitoba	$53,900
Ontario	$61,600
Québec	$57,000
New Brunswick	$50,200
Nova Scotia	$50,500
Prince Edward Island	$48,600
Newfoundland and Labrador	$65,200

How much debt do Canadians owe?

If Canadian politicians don't find the will to reduce spending, then you, your children and your grandchildren (and maybe their children) are going to get walloped by increased taxes and/or reduced government services. Right now, each Canadian owes more than $29,000 in federal government debt. And, that tab is rising quickly. In five years, your share of the federal government's debt will reach about $35,000.

On top of that, each taxpayer is also on the hook for their provincial politicians' credit card bills. In the table above, we calculated what each Canadian's share of government debt is, depending on where each of them lives. We need to include a cautionary note about the numbers: we found these numbers in 2021 government budgets and each provincial government calculates debt slightly differently. So, it's best to use these numbers to estimate how much each person owes in government debt, rather than as a way to rank each province.

Five decades of deficits under the status quo

The CTF took a deep dive into data published by the Parliamentary Budget Officer and discovered that under the status quo, the federal government won't balance its budget until 2070. That would mean another $2.7 trillion in debt (on top of the current $1 trillion federal debt) and a total of $3.8 trillion in debt interest costs if federal politicians don't reverse course and start taking deficits seriously again.

How much are we paying in debt interest costs?

Not to be the bearer of even more bad news, but government debt isn't the only thing taxpayers need to be concerned about. On top of the total debt figure, each year billions of tax dollars are wasted as governments pay interest charges to service the debt.

Last year, the feds spent about $20 billion on interest charges alone, while the provincial governments spent about $30 billion. By 2026, annual interest charges on the federal debt will nearly double to $39 billion. Over the next five years, federal interest charges alone are expected to cost $153 billion. That's $4,000 per Canadian, which won't be available to fund health care or lower taxes because it's going to bond fund managers on Bay Street to service the debt.

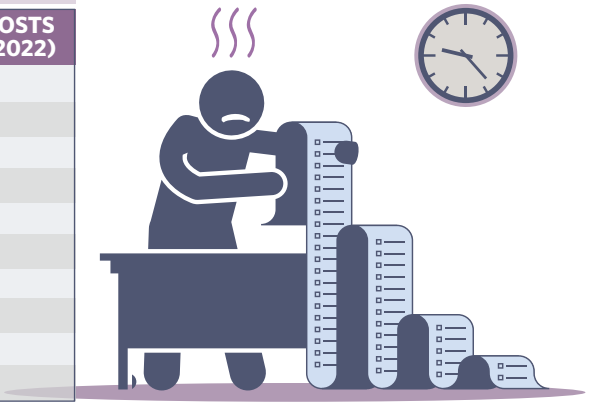
And what happens if interest rates don't remain near historic lows?

The University of Calgary's Jack Mintz noted that Freeland "is rolling the dice that never-ending deficits will be manageable." Mintz added that, "just a 1 point increase in interest rates would then increase the annual deficit by close to $5 billion."

Between November 2020 (when the feds released the fall economic statement) and April 2021 (when the 2021 budget was tabled), the private sector revised its 10-year government bond rate forecast up

FEDERAL + PROVINCIAL DEBT INTEREST COSTS

PROVINCE	INTEREST COSTS PER PERSON 2021-22	5-YEAR INTEREST COSTS PER PERSON (2017-2022)
British Columbia	$1,100	$5,600
Alberta	$1,100	$5,400
Saskatchewan	$1,200	$5,800
Manitoba	$1,200	$6,500
Ontario	$1,400	$7,200
Québec	$1,500	$7,900
New Brunswick	$1,400	$7,100
Nova Scotia	$1,300	$7,000
Prince Edward Island	$1,300	$6,900
Newfoundland and Labrador	$2,400	$12,600



by about half a percentage point. What happens if low interest rates inch up even further?

Mintz isn't the only economist sounding the alarm.

"Are we really going to make this assumption that interest rates are going to stay static for the next 10 or 20 years?" said David Rosenberg, chief economist and strategist at Rosenberg Research, on BNN Bloomberg. "I just find so many people have short memories against what happened in the 1970s into the 1980s, and then all the tough choices and the hardship to get our fiscal situation back into some mode of stability.

"I think that we're definitely mortgaging our future with this extreme increase in debt."

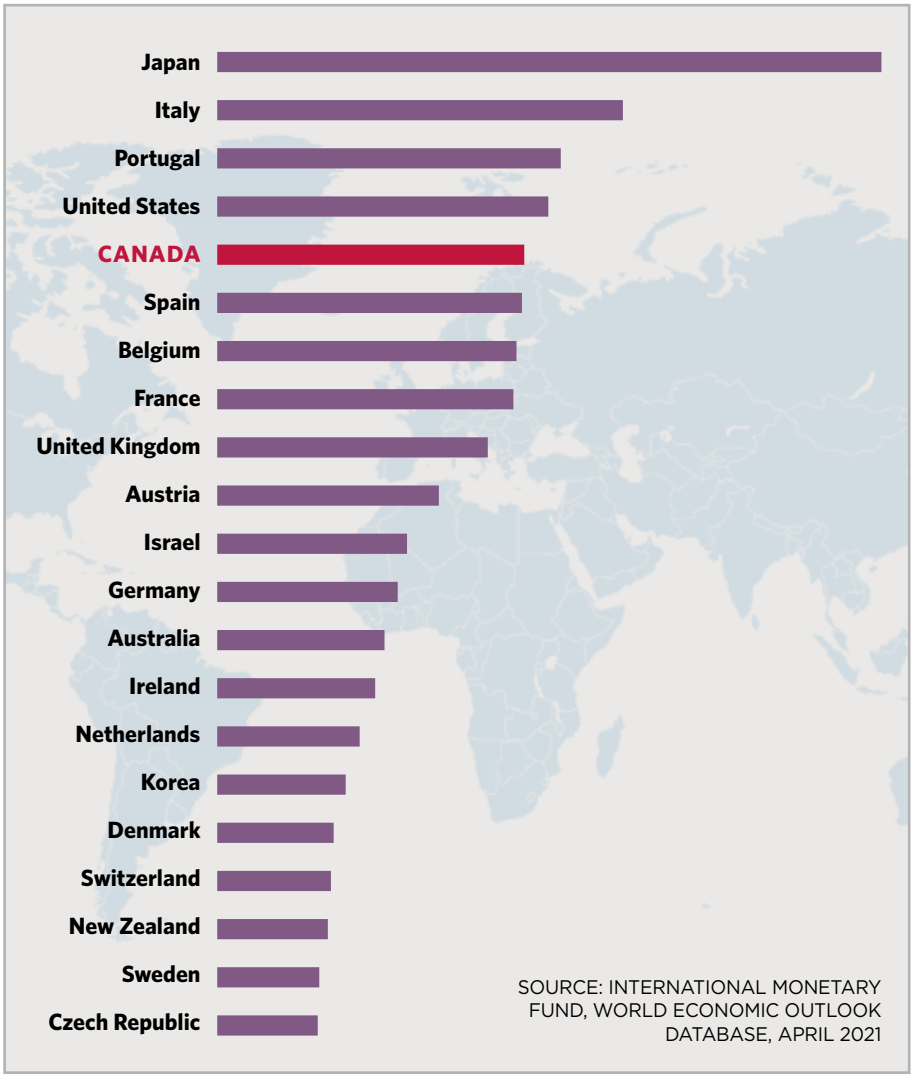
The table above shows how much each Canadian is paying in interest costs, depending on which province each person lives in.

How does Canada's debt problem compare to other similar countries?

Canada isn't the only industrialized country that's up to its eyeballs in debt. But, Canada isn't the envy of its peers either, no matter what Ottawa tries to tell us.

"The Trudeau government continues to defend its debt-financed spending based on international comparisons showing Canada has the lowest debt of any G7 country," said Jason Clemens and Milagros

GROSS DEBT AS A SHARE OF GDP, 2020



SOURCE: INTERNATIONAL MONETARY FUND, WORLD ECONOMIC OUTLOOK DATABASE, APRIL 2021

Palacios, economists with the Fraser Institute. "But if you broaden the group of comparison countries and use an alternative measure of indebtedness, you get a very different picture of Canada's debt."

When looking at gross debt to gross domestic product (GDP), which measures total indebtedness and removes those assets that government can't use to pay down debt, Canada ranks near the bottom, among its peers. In fact, Canada has the fifth highest debt to GDP ratio among 29 of our industrialized peers at 118%, according to the International Monetary Fund (see the adjacent chart for the comparison). That means that, even if we sold everything that was produced in Canada for an entire year, we still couldn't pay off that debt.

What about the provinces?

After smashing through the $1-trillion ceiling, it's clear the feds are not in a good position. And, neither are the provinces.

"If we stay on our current track, cumulative provincial debts will soon dwarf the federal debt — even after its latest increases," wrote University of Calgary economist Trevor Tombe in October 2020. "Expected future provincial deficits, appropriately discounted, add up to debt obligations equal to roughly 170% of today's GDP."

Chief among the struggling provinces is Newfoundland and Labrador. When you add up all of the provincial government debt in Newfoundland and Labrador it comes out to $182,000 per worker. For context, the median after tax income for households is about $60,000, according to Statistics Canada. Thus, it would take three full years of income to pay off the debt, over and above current taxes.

Here's how Newfoundland and Labrador's Economic Recovery Team recently described the debt situation:

"A debt wall is reached when financial markets either refuse to buy new debt or require much higher interest rates as a premium for buying extremely risky debt … Our conclusion is that a debt wall is fast approaching and it is unreasonable to pass high debt levels to our children."

That's a strong statement. And, the debt numbers back that warning. Newfoundland and Labrador's debt already makes up more than half of its yearly economic output, or GDP. It's expected to rise to nearly 90% of GDP by 2043 and up to 240% by 2068. For perspective, when Saskatchewan hit the debt wall in the 1990s and had to close 50 hospitals, its debt-to-GDP ratio was in the high 40s. So, Newfoundland's debt is already higher and it's growing quickly.

The rest of the provinces aren't much better. Ontario is the most indebted subnational jurisdiction in the world. Alberta's debt tab is around $100 billion, a number unimaginable only a handful of years ago. If you add up all of the provincial government debt by the end of this year, the total comes to nearly $1 trillion. That's in addition to the $1 trillion that will need to be paid back federally.

Why does this matter?

First, there is no such thing as a free lunch when it comes to government spending. The nearly $2 trillion worth of already accumulated federal and provincial government debt must be paid back, whether through higher taxes today, higher taxes tomorrow, reduced government services, reduced government spending or a combination of all the above. Depending on which province you live in, the per person debt by the end of this year ranges from about $47,000 to $65,000.

Second, the more government spends, the less businesses and families have available to put towards productive use. There's only a finite amount of financial resources available at any given time. So, not only does more debt mean higher taxes tomorrow, but it also means more financial resources redirected from the private sector to government.



A **debt wall** is reached when financial markets either refuse to buy new debt or require much higher interest rates as a premium for buying extremely risky debt … Our conclusion is that a debt wall is fast approaching and it is unreasonable to pass high debt levels to our children.

Third, government debt leads to a fundamental unfairness between generations. Today's Canadians, mainly the political class and their connected interest groups, are making out like bandits at the expense of tomorrow's taxpayers. Before the political response to the pandemic decimated government finances, the CTF launched the My Tax Burden calculator to illustrate this fundamental unfairness. The net tax burden of someone born in 2017 could be hundreds of thousands of dollars more than that assumed by their grandparents born 60 years earlier.

Finally, it's important to understand the problem and how we got here so we can fix it before things get worse. The best time to put out a fire is before it spreads. Likewise, it's better for Canadians to put out this government debt fire now before it gets entirely out of control.

GRAND STRATEGERY

HOW THE CANADA COUNCIL IS SUBORDINATING ART TO POLITICS

BY KENNETH WHYTE

The Canada Council for the Arts is in the midst of devising a five-year strategic plan that will influence its annual distribution of a half-billion dollars to Canadian artists and cultural organizations.

Naturally, it held consultations as part of its planning process, as all creatures of government do these days (the Council is a crown corporation).

If you were in charge of giving away a half-billion in public money, who would you consult with before deciding what to do with it?

Me, I'd start with the public. After all, it's their money. And, if there is any justification for giving their hard-earned money to fund arts and culture, surely it starts with the expectation of a public benefit of some sort.

That's not where the Canada Council went looking for input. The main piece of research informing its strategic plan is a survey of 6,122 people. Half were artists. Another 30% were arts organization staffers and "arts enthusiasts." It's not clear who the rest were, but it's safe to say that at least 80% of those consulted were stakeholders or interested parties, as distinct from the general public.

The survey is supplemented by special meetings with a couple of hundred people, a mix of arts types and special interest lobbies: "youth, Indigenous peoples, culturally diverse groups, Deaf and disability groups, and official language minority communities, as well as National Arts Service Organizations and other arts service organizations."

Also, the Council hired consultants Hill & Knowlton to ask 1,002 members of special interest communities— "youth (18-34) and culturally diverse populations"—what they want from arts and cultural programs and initiatives.

Finally, "In addition to the engagement activities led by H+K, the council conducted a series of dialogue sessions with Indigenous stakeholders and experts on the topic of decolonizing arts funding."

And, "Through the summer of 2020, the council held a series of dialogue sessions with its staff, exploring topics affecting the arts sector, including climate change, sustainability, and anti-racism, etc."

So, unless they're hiding it, the Council did not ask the public what it wants.

Why does that matter? Because the survey results make plain that the arts community has a problem with the broader community.

Respondents were asked to identify the most significant barriers to improving engagement with the arts in Canada. After the immediate, pandemic-related issues of closed venues (54%) and health-and-safety concerns (55%), the major problems cited were difficulties in capturing the attention and dollars of potential audiences. Cost of attending events was selected by 47% of respondents, with competition for leisure time with other activities picked by a third of respondents.

Asked to identify the most significant barriers to making arts in Canada, the top four answers from respondents again referenced money and audience. Generating sufficient revenue from artistic activities (63%), decline in audiences (51%),

> "I don't have a problem with individual artists or arts organizations making political statements or promoting political values. I do think it's a problem when a government-sponsored arts funding body gets political. It trips a wire between support for the arts and regulation of the arts and artists."



Canada Council CEO Simon Brault speaking during the Council's Annual Public Meeting.

access to public funding (45%) and access to private funding (25%) rounded out the top four.

Clearly, then, the biggest problem facing the arts and culture community in Canada is the lack of interest and financial support from the broader public, but god forbid the unwashed be involved in these consultations.

More evidence that the Canada Council is hopelessly out of touch came from its annual public meeting in January. This, presumably, was an opportunity for the Council to be accountable to the public.

How did it go? One of its two top leaders, Jesse Wente, the incoming chair, had nothing to say about any of the priorities of his stakeholders or the desperate economic situations artists find themselves in, at the moment. Rather, he wanted to talk politics. He articulated what amounts to an alternative strategic plan reflective of his personal political priorities:

"This journey has brought us to a moment where inequities should be obvious to all. Where anti-Black and anti-Indigenous racism has once again been laid bare for all to see and for all to work against …We are at an inflection point, perhaps more than one, and while there is much to navigate, we are nonetheless presented with the opportunity to change, and to do so boldly."

For Wente, the pandemic is notable less for its catastrophic economic impact on artists than as an opportunity to score political points. Call it disaster activism.

Unlike Wente, Simon Brault, CEO of the Canada Council, seemed to hear among his stakeholders "a strong desire for increased, predictable, diverse and sustainable funding." But he, too, was keenest on advancing a political agenda. The Council, he said, must "seek to advance diversity, inclusivity and our social responsibilities, namely on the social and climate justice fronts, both **within and outside** our sector." The bold type is his, underscoring world-class mission creep.

I don't have a problem with individual artists or arts organizations making political statements or promoting political values. I do think it's a problem when a government-sponsored arts funding body gets political. It trips a wire between support for the arts and regulation of the arts and artists. The initial impulse to help is perverted into an impulse to direct. Once the bureaucrats start directing, artists, who quite properly revel in their intellectual and artistic freedom, are reduced to pawns of an official project to shape a political climate.

The Canada Council was established as a crown corporation, arms-length from government, precisely to protect it from political interference from government officials (particularly the elected variety), preserving the freedoms of the arts community. The idea was to elevate the arts above politics.

It was a nice idea, but the downside of that arms-length relationship is that it leaves appointed (unelected) officials such as Messrs. Brault and Wente free of government oversight, unaccountable to the public and at liberty to pursue their own ambition to subordinate arts to politics.

Everyone who accepts Canada Council money is implicated in the Wente-Brault crusade, whether they like it or not. I suspect that some artists don't mind because they agree with Brault and Wente. But, that's short-sighted. All this politicking creates an unfortunate precedent for the next government that comes to power. Conservatives will owe it to their supporters to impose their own political agenda on the arts. Have fun advancing law-and-order and pipeline capacity through creative activities.

There is no evidence of broad-based support for the Brault-Wente agenda in the Council's own surveys. Less than a quarter of respondents believed systemic discrimination was a significant barrier to making art in Canada, 7% cited "activism, social change, and cultural critique" as a reason that the arts were important to them and 1% wanted the arts in Canada to play a leadership role on social justice issues."

Rather, there is good evidence that the stakeholders think the Council has lost its way. In response to leading questions of the tell-us-how-good-a-job-we're-doing variety, a mere 24% said the Council has made a significant impact on advancing the arts in Canada. Only 9% said current funding models are working well. Still, there was no suggestion at the public meeting that the Council was anything but a runaway success.

A responsive, accountable Canada Council would have noted the desperate economic challenges facing the arts community and focused all of its efforts and messaging this year on bringing relief. Not these dudes. They've got well-paid jobs. They're secure in their filter bubble. Nothing is going to get in the way of their personal political priorities.

On they go with their grand strategery. Sure to set back Canadian arts and culture for another five years.



Canada Council incoming board chair Jesse Wente addressing the Council's Annual Public Meeting on January 26, 2021.

Kenneth Whyte is the founder and president of Sutherland House Books. He is the former editor-in-chief of Saturday Night Magazine, founding editor of The National Post and the former editor and publisher of Maclean's magazine. This article is an abridged version of a piece written for his weekly newsletter SHuSH. You can subscribe for free here: shush.substack.com/subscribe

Q&A PREMIER JASON KENNEY

The Honorable Jason Kenney was sworn in as Alberta's 18th premier on April 30, 2019. Prior to becoming premier, Kenney served as a Calgary Member of Parliament from 1997 to 2016. During that time, he was appointed minister of citizenship, immigration and multiculturism, minister of employment and social development and minister of defence. Prior to running for elected office, Kenney was president of the Canadian Taxpayers Federation (CTF).

CTF President and CEO Scott Hennig recently caught up with Premier Kenney to chat with him about his government's response to COVID-19, his time with the CTF and much more.

The unabridged version of this conversation can be viewed on the CTF's YouTube channel at **youtube.com/taxpayerdotcom**

Scott Hennig: I'm going to start with a real easy question: How's the best summer ever treating you?

Jason Kenney: Awesome. I have been never better since Canada Day when we dropped virtually all public health restrictions and opened completely for summer. I gave my mom a hug for the first time in 16 months on Canada Day. I think what people are looking for is some hope and positivity and a return to normalcy, and that's what we're seeing in Alberta.

SH: I'm about to head to Canmore, taking a few days off with some friends from Ontario, where they're not quite so open. They're looking forward to taking advantage of Alberta.

JK: I have a lot of friends from eastern and central Canada who have come out to do the same. I see on Twitter some angry lefties from Ontario saying they're going to refuse to come to Alberta because we don't have public health restrictions and that this is going to somehow damage our travel industry. But, I was just talking to the head of Travel Alberta. He said in many areas our hotels have a 90% or higher occupancy rate.

SH: When COVID hit in March 2020 and governments started closing borders, closing businesses and ordering citizens to stay at home, there was one place in particular, Sweden, that didn't follow the rest of the world's lead. Was there ever any consideration by your cabinet to go it alone with Sweden and attempt the same policy?

JK: The way you frame the question, it's like, there's a dichotomy between hard lockdowns and no restrictions, and that's just not the policy response we saw across the Western world, where there's a spectrum of responses.

If Sweden was a one and let's say Australia is a 10, where were we? Through much of this, Alberta would have been about a three, sometimes a four, and a five at maximum, in terms of stringency of restrictions.

Sweden did have restrictions. They suspended high schools and nightclubs and had capacity limits on restaurants and banned large gatherings. Admittedly, they were less stringent restrictions, but they were still restrictions.

Secondly, we never had a hard lockdown in Alberta. We never had a stay-at-home order. We never had curfews. Apart from the initial period of COVID when we suspended classroom instruction, we basically had the schools open, except for a two-week period around the Easter break. We never closed schools because we were concerned about transmissions. We closed schools a couple of times because so many teachers were on self isolation, that just made it hard to operate the schools. Unlike other provinces, we never shut down the construction industry or the manufacturing industry.

At the peak of restrictions, we calculate that 88% of Alberta businesses were able to continue to operate without significant restrictions, representing 95% of our economy.

If you want to compare us to Sweden, I'd be happy to take that on because Sweden, with a population

about twice our size, has experienced 14,600 COVID-related deaths. Alberta has experienced 2,300 COVID deaths. Their age-adjusted, per capita COVID death rate has been three times higher. I personally don't think that's morally acceptable when you're trying to balance lives and livelihoods. I don't think they got the right balance in Sweden.

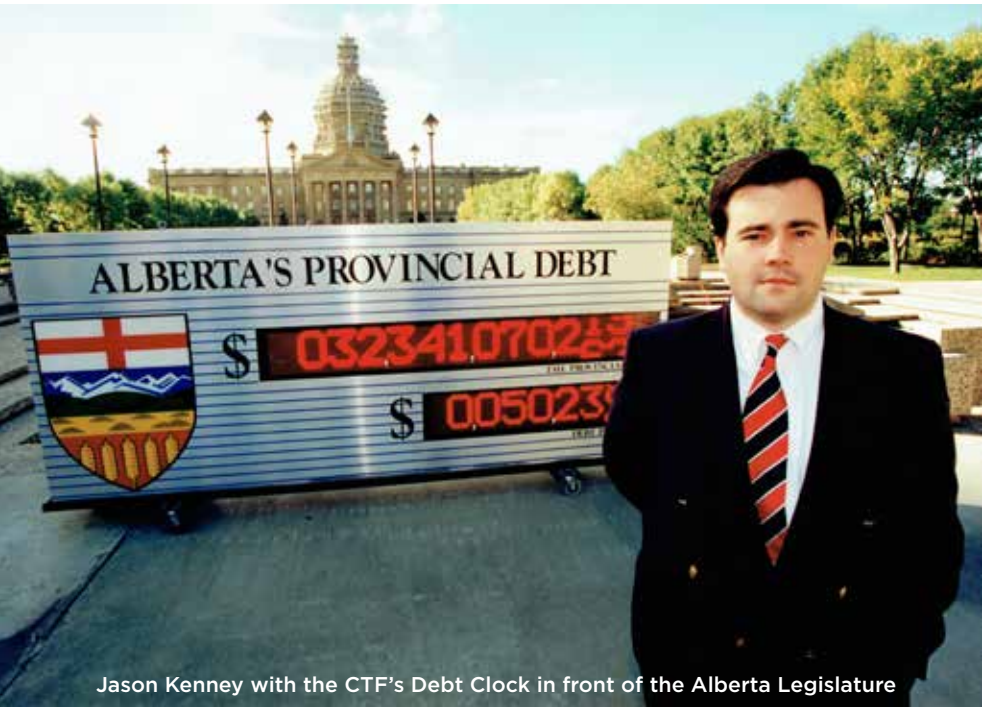
SH: Speaking of deaths and finding the right policy balance, going into the pandemic, you knew that there were going to be people who were going to die during this period. It was unavoidable. We've seen COVID deaths, but also there's been an increase in opioid deaths and the cancellation of medical treatments. When you're faced with that kind of choice, what factors do you weigh?

JK: Alberta's per capita COVID death rate is 27% lower than Canada's. We're significantly lower than the larger provinces. There is a bit of a media narrative developing that Alberta's been this terrible COVID disaster when, in fact, we have a substantially lower death rate than Canada's.

Our death rate is 45% lower per capita than the United States and about 30 to 35% lower than the European Union. According to the Oxford University Blavatnik think tank that has gauged the stringency of restrictions, Alberta did that with less stringent public health measures than the other nine provinces and 41 of the 50 United States. If you take a substantially lower death rate with less stringent public health restrictions, I think an argument can be made that



Premier Jason Kenney



Jason Kenney with the CTF's Debt Clock in front of the Alberta Legislature

Alberta has done relatively very well in the developed world, in that context.

I think the countries with the best response, arguably, have been the East Asian countries, like Singapore, Taiwan, South Korea, Japan and Hong Kong. They are not naïve about the communist regime in China. They knew that China was lying about the virus in the early stages and they immediately shut their borders from Wuhan. They also brought in strict quarantine measures and, as a result, they had light restrictions and very few deaths.

But, when you ask about the decision-making process, it was incredibly difficult. We were conscious that we were sometimes choosing between deaths and bankruptcies. And, sometimes, a bankruptcy might lead to death.

There is an urban legend that we've had a spike in suicides. That's not true. In fact, our number of suicides last year was 10% lower than the five-year average which, quite frankly, I find surprising. But, I think it demonstrates the resilience of people getting through a crisis like this.

As for opioid deaths, you're right. We did see the highest number of opioid overdoses and drug overdose deaths in our history last year, with 1,300 or so in this province, and every one of those being a tragedy. There's no doubt that COVID restrictions contributed to that because, very early on, we shut down residential direct treatment centers and certain other opioid replacement programs, Alcoholics Anonymous and Narcotics Anonymous meetings, group therapy meetings and things like that. That undoubtedly caused a rupture for people who were seeking treatment and recovery.

But probably the biggest factor in driving the opioid crisis last year was not restrictions but, rather, the indiscriminate nature of the federal Canadian Emergency Response Benefit (CERB) payments. When you take somebody who's trapped completely by addiction, their first and last dollar goes to buy dangerous drugs like fentanyl and carfentanil. They're going to consume more and they're going to get more potent drugs to get a stronger hit.

Also, more of those folks ended up living in hotel rooms isolated, without somebody supervising them if they overdosed. Those $2,000 CERB payments given to people with deep addictions fueled those things. That was an unintended consequence of government response.

The notion that hospital surgical cancellations and postponements were the function of COVID restrictions is a complete inversion of the reality. Surgical postponement was because of COVID itself and not the restrictions.

We needed, at various times, to ensure that we had capacity in the hospitals to deal with potential waves of incoming patients, and particularly those who needed therapeutic interventions like intubation, which requires the support of anesthesiologists, respiratory therapists and ICU nurses — and there's only so many of those.

We expanded our capacity as much as possible, but there's a finite labour pool in those skill sets. We were obviously going to postpone some joint surgeries so we would have capacity for COVID patients.

There's a misunderstanding about this amongst critics who think that we canceled surgeries as part of our restrictions. No, it was to create capacity. If we had followed the South Dakota model where they had 500% more deaths than we did, well, then all the surgeries would have been canceled, not just some.

SH: On a personal level, how do you handle being the guy that has to make those kinds of decisions?

JK: These were probably the toughest decisions I'll ever have to make in my life. We did our best to make them dispassionately, based on the data, the evidence and expert scientific input. There were tears around that cabinet table. I'm a pretty stoic guy, but I shed a few of them myself, realizing the pain that some of these restrictions would impose. They were brutally difficult decisions.

SH: Now, that we have the vaccines, we're leading the pack now in the world at over 60% fully vaccinated citizens. But there's still people who aren't vaccinated. What is the best reason that you could give to someone

right now who is unvaccinated, that they should go and get vaccinated?

JK: If they're not vaccinated, they really are vulnerable to this disease. I know that a lot of the unvaccinated people are young adults in their 20s and 30s who don't worry about their health. But, if that's their situation, please get vaccinated because you can unknowingly transmit the disease to people who are vulnerable.

We still have 10% of people over the age of 65 who are not vaccinated. Many of them are extremely vulnerable, particularly to the more virulent and aggressive strains like the Delta variant.

To people who say they're afraid that this is a supposedly experimental vaccine, this is the biggest experiment in scientific history. There have been more than 3.5 billion doses administered around the world. These are the most robust scientific trials ever done. There has never been a vaccine and probably never will be a pharmaceutical development in scientific history more studied than this in jurisdictions all around the world.

Here in Alberta, we have administered 3.4 million doses, and 2.4 million people have been inoculated. We've had 800 adverse events reported, almost all of them mild, like allergic reactions, nausea and headaches. One fatality. One fatality out of 2.4 million people inoculated. That compares to 2,300 COVID fatalities.

Maybe, if what matters most to people is having their normal lives and their freedoms back, the only way we can guarantee that is we keep pushing up the vaccine numbers. So please, for yourself, for your loved ones, for our freedom, please get vaccinated.

SH: I saw some numbers that suggested it's the unvaccinated who were being hospitalized due to COVID. Is that still the case?

JK: In Alberta right now, and this is true right across the world, 95% of the people who are hospitalized and 95% of those who are dying of COVID are unvaccinated. Only 5% of those hospitalized, who are dying, are fully vaccinated.

This is an absolute slam dunk. If you understand probabilities, this is as close as it gets to scientific certainty. No, it won't magnify your arm and it's not a tracking device invented by George Soros. If you're skeptical, just call your family doctor and talk to him or her.

SH: We've seen COVID put a strain on our healthcare system. But, Canada's government-controlled healthcare system has long underperformed compared to other countries in the world. What can you, as premier, do to introduce more choice and competition to the healthcare system?

JK: We made a platform commitment to introduce the Strategic Surgical Initiative. It's modeled on something Saskatchewan did. We've put out requests for proposals for the development and contracting of chartered surgical facilities. These are privately owned and operated surgical facilities. What they found in Saskatchewan is that, typically, these are day surgical clinics that can perform more surgeries, more quickly and more efficiently than government hospitals. And, there's a whole bunch of reasons for that.

These are opposed ideologically by the New Democratic Party (NDP) and their union allies because, very often, these are not union operations, and they want a union monopoly running every aspect of healthcare. We believe that patients, not unions or special interests, should be at the center of the healthcare system. We are, of course, absolutely committed to maintaining a publicly insured system. But the question is, what's the best way of delivering that?

We think a mixture of delivery options with internal competition, makes the most sense. We already have about 30% of our surgeries performed in privately owned or charter surgical facilities. We're expanding that percentage so we can get more surgeries done more quickly at a lower cost. By doing that, we will cut the surgical wait times, which means fewer people waiting an unreasonable period in pain.



"There's a misunderstanding about this amongst critics who think that we canceled surgeries as part of our restrictions. No, it was to create capacity. If we had followed the South Dakota model where they had 500% more deaths than we did, well, then all the surgeries would have been canceled, not just some."

Many of those people in the past got addicted to opioids as painkillers to manage their condition while waiting for a year or two years to get their surgery. Many others took their other dollars and went to the United States.

I know an Edmonton physician who was tired of waiting for two years for joint surgery. They finally went down and got operated on in a Denver clinic and their surgeon was an Alberta surgeon who goes down there periodically to boost their income. How bizarre is this? Why don't we bring that money and that surgeon home and get that done here?

Let me be clear, Scott, you don't have to get out your credit card. The government insures it.

SH: COVID also put a strain on our finances. I know you had planned on getting back to balance sooner. But what is a realistic timeline for getting back to balance now?

JK: The realistic timeline would be early in the next term of government. We got sideswiped by a triple black swan moment, obviously, the largest public health crisis in a century, which then created the largest global economic contraction since the 1930s. And, on top of that, we were hit harder than anywhere in Canada because of the largest collapse of energy prices ever.

Before 2015, Alberta used to bring in about $10 billion a year in oil and gas revenues. Under the NDP they were bringing in about $5 billion a year. Last year, at the peak of the crisis, we were budgeting to get $200 million from oil and gas revenues. Of course, costs went up as we had to spend more to support healthcare system and provide other support through COVID. So, that blew out our deficit.

We were on track to get to balance by 2023, as we committed to, by reducing spending by about 3%. We're still on track to reduce that spending, but it means we probably won't be able to get to balance until, I would say, 2024 or 2025.

SH: You based your last budget on oil at $46 a barrel. It's been $60 through most of this year, and $70 recently. Are you getting pressure to increase spending or are you going to use that increased revenue to get closer to balance quicker?

JK: You're right about this. Every extra dollar in West Texas Intermediate (WTI) on an annualized basis represents an incremental $230 million for the Alberta treasury. So far, we're averaging $68 a barrel this year. It means our revenues would be, if these prices are sustained, $4 to $5 billion dollars higher in this fiscal year. But that alone would only take our deficit from $17 billion down to $12 billion. It doesn't solve the problem.

Yes, we're getting pressure for more spending from all corners, but we are absolutely determined to hold the line on our fiscal plan, which is to bring Alberta's per capita program spending to the average of the Canadian provinces instead of the 20% premium that we've been paying for our public services. Anything we get on the revenue side is just a bonus that will help us to accelerate getting back to balance.

SH: I'm glad to hear that. One area of spending that eats up a lot of dollars is wages. Your government recently has asked for a 3% wage rollback from some government employees. Considering our state of finances, why not ask for a 10% rollback?

JK: One of the very first things I did is take a 10% pay cut. Members of the Legislative Assembly (MLAs) took 5% and that was after a 2014 5% rollback. My position pays 15% less. Oh, by the way, there's no MLA pension plan. When I was with the CTF, we managed to persuade the Premier Ralph Klein government to scrap it.

We respect the good work that public servants do, especially frontline workers like our nurses through COVID. We want to compensate them not just fairly, but generously. I don't mind that our people are paid even a little bit more than the national average, but we can't have them as a significant outlier. That's why we're asking them in collective bargaining for some restraint.

Why aren't we asking for more? We need to acknowledge there's been a public sector compensation freeze going on seven years now. Their compensation has diminished in real inflation adjusted terms.

We thought it was untenable to maintain a significant gap between public and private sector salaries, as the private sector was getting bowdlerized in the last five years in this province. But the public sector was kept whole with the benefit of job security, which is what people in the private sector never have, and the defined-benefit pensions, which almost no one in the private sector has.

We thought that minus 3% was a reasonable request. Also, minus 10% would almost certainly guarantee massive labor unrest. We just don't think that Albertans are in a mood for endless unrest of that nature.

SH: You mentioned the campaign that you ran when you were with the CTF on MLA pensions, and you had that famous interaction with Premier Ralph Klein in the basement of the Alberta Legislature, where you went toe-to-toe over the pension issue. What do you remember from that day?

JK: That would have been in March 1993. We had been running a campaign to reform, not to end, but to reform the Alberta MLA pension plan. We were just asking Ralph to shift it from a very generous defined-benefit plan to a defined-contribution plan. It was very hot issue.

In the early '90s, we really reached the peak of tax fatigue in Canada. The GST had just come in. Governments at every level were running massive deficits, and their only solution was raising taxes. It wasn't until Ralph, partly under pressure from the CTF, cut wasteful spending. We thought it was symbolically important for the elected leaders to be part of it. But he had inherited an older caucus of folks from the Lougheed and Getty era who were going to max out on these pensions, and they weren't going to let anybody touch it.

So, it was a really difficult issue for then Premier Klein. I had just done a news conference where we dropped off 40,000 petition signatures, and I was doing a media scrum in the basement of the legislature. It was about 11:30 in the morning. I guess the premier heard I was down there. He was right ticked about our whole campaign and classic Ralph, walked downstairs, made a bee line through the scrum.

I'll never forget how astonished I was, as this 23-year-old kid surrounded by TV cameras and media, to see the premier going straight at me. I've never said this before, but I may have detected a certain whiff of adult beverages at that time. He just went after me saying that we were misleading people, and it wasn't correct. I just held my ground. I just responded with the facts.

We went at it back and forth for a good 10 minutes and the TV cameras were like following a tennis match back and forth. But ultimately, his staff

pulled him out of there and the whole issue just went wild.

Two days later, he had a caucus meeting and said, "Okay, we can't touch you guys who are retiring, because you've got vested benefits. But for the rest of us, we are scrapping the pension from now on." It was a huge win for the Canadian Taxpayers Federation, and I would say for taxpayers in Alberta.

SH: What was your favorite campaign when you were at the CTF?



Jason Kenney, then president of the Canadian Taxpayers Federation meeting with then-finance minister Paul Martin in 1996.

> **"I remember Paul Martin asked to meet me privately about three weeks before his budget in February of '95. And, he said, "Okay, we got the message. Call off the dogs." It worked and we stopped significant tax hikes in that budget."**

JK: I would say the favorite one was what we called the No More Taxes campaign in the winter of 1995. Canada was a fiscal basket case and even had difficulty selling its bonds. Our debt-to-GDP ratio was almost the highest in the developed world.

Former Prime Minister Jean Chrétien and former Finance Minister Paul Martin realized they had to do something dramatic to get the federal finances under control. They started to release trial balloons in November 1994 about significant tax hikes. I was president of the CTF at the time and I just said, "This is what the organization exists for, to fight back at exactly a moment like this."

We put together, in hyper-speed, eight national "No More Taxes" rallies. We raised significant amounts of money, specifically focused on this campaign. So, we had a huge advertising campaign.

We didn't know how it was going to go, Scott. But, for the very first rally in the middle of January 1995, we rented the ballroom at the Georgia Hotel in Vancouver. It was supposed to start at noon. But, by 11 a.m., the place was already packed and we had people lined up two blocks down the street. It was chaos. So, we called an audible and managed to rent the largest ballroom of the Vancouver Convention Center, across the street. Instead of a capacity of 500, it had capacity of 2,000, and we packed it. And, it just rolled across the country.

By the time we got to Toronto, a similar thing happened. We had a rally downtown and they were packed out on the stairs of the Sheraton Hotel and out on to University Ave. There must have been 3,500 people at the downtown Toronto event. The next night in Ajax, Ontario, we rented an entire warehouse. About 5,000 people came.

This became the frontpage cover story of *Maclean's* magazine, and it was covered night after night on national television news. It really punched through. I remember Paul Martin asked to meet me privately about three weeks before his budget in February of '95. And, he said, "Okay, we got the message. Call off the dogs." It worked and we stopped significant tax hikes in that budget.

SH: One of the campaigns you were involved with in Alberta was getting the Taxpayer Protection Act in place, where there must be a referendum before any provincial sales tax can be implemented. Are you still going to be able to balance the budget without a provincial sales tax?

JK: Yes.

SH: That's the answer I was looking for. We'll move on to a different tax. Your first bill as premier was to repeal the Alberta carbon tax. Sadly, we didn't get the result we wanted at the Supreme Court, but we've now got a decision to make, as people who oppose carbon taxes. On the one hand, we can leave the one from Ottawa in place because I think it's arguably easier to fight one carbon tax than 10. But, on the other hand, if you can improve upon the Ottawa carbon tax by reducing gasoline taxes or other refunds on the tax, is that something you have to consider?

JK: We're looking at all options. I need to reinforce that, if we don't come up with an alternative, then we we're stuck paying Prime Minister Justin Trudeau's carbon tax.

And, just to be clear, the notwithstanding clause only applies to eight specific sections of the Charter of Rights and Freedoms. None of them have anything to do with taxation or environmental policy or any of that. Alberta has no legal power to override this decision.

What we're looking at, like Saskatchewan, is trying to replicate what Ottawa has permitted for some east coast provinces, which effectively was to rebrand their gas excise tax as a carbon tax.



SOURCE: CHRIS SCHWARTZ/ALBERTA GOVERNMENT

Premier Jason Kenney and his cabinet being sworn in on April 30, 2019.

The feds have now stepped in and said, "Nope, that's not going to work. Even though we gave it to the eastern provinces, we won't accept it for the west."

Which is an outrageous double standard. So, we're looking at all the options. I mean, one option is just to allow the feds to continue to do this, which I can't stand. But the other is to possibly expand the major emitters levy that we have, which is a successor to a levy on major industrial emitters that the Premier Ed Stelmach government put in place.

One option might be going to a cap-and-trade system, like Québec. Maybe other provinces would be interested. Québec's effective tax is $20 a tonne, versus the current $40 a tonne we're paying with the Trudeau tax. On the other hand, we don't think the feds would accept that either.

Our options are limited. We're going to figure out the answer that imposes the least cost on Albertans. That's the bottom line.

SH: What was the reasoning behind making the investment in the Keystone XL pipeline?

JK: Our government was elected on three key priorities: jobs, the economy and pipelines. We were elected to fight back against the campaign to landlock our energy, a campaign that has killed multiple pipelines, i.e., Northern Gateway and Energy East, and massively screwed up the Trans Mountain expansion and killed multiple liquefied natural gas (LNG) projects. The same campaign is trying to decommission Line 5 that goes to Ontario and kill the Enbridge Line 3. It's the same campaign that ultimately led to the U.S. President Barack Obama and then the U.S. President Joe Biden vetoes of Keystone XL.

We made a strategic decision based on the marching orders that voters gave us, that we were not going to back down. We were not going to let the green left special interests, especially the ones funded by U.S. foundations, landlock our energy and we were going to push back on all fronts. I remember a conversation I had with former Prime Minister Stephen Harper about this, where his advice to me was, "You've got to use every possible avenue at your disposal to get pipelines built and energy out. And, even if you don't win on one of those projects, you're pushing back. You're forcing the other side to play defense."

Obviously, former President Donald Trump had permitted KXL. TC Energy came to us in the summer of 2019 and said, "We cannot get investors into this because of political uncertainty. We are asking the government to come in with some backstop. And, if you don't, we're killing the project."

We said to ourselves, "This is not a market failure. This is a political failure and we will not let political uncertainty created by the green left kill the pipeline. We're going to de-risk it."

If we didn't step in with backstop, the project was DOA. We thought there was at least a good chance that we could see it through, that either Trump would get re-elected or, at that point, Biden, was the only major Democrat candidate for the presidency who had not committed to a retroactive veto. He was being supported by the private sector unions that support the project. So, we thought there was at least an even chance that Biden would let construction proceed and that obviously Trump would.

> **"If we got the thing built, it was going to be worth $30 billion to the government of Alberta shipping 850,000 additional barrels per day for decades to come. To put that in comparison, the NDP put $4.3 billion on the line for a crude by rail contract that would only operate for two or three years, shipping 150,000 barrels a day."**

If we got the thing built, it was going to be worth $30 billion to the government of Alberta shipping 850,000 additional barrels per day for decades to come. To put that in comparison, the NDP put $4.3 billion on the line for a crude by rail contract that would only operate for two or three years, shipping 150,000 barrels a day.

We went into it eyes wide open, knowing that there was risk, but mitigating the risk by defending our legal rights. We will be suing the U.S. administration, with TC energy, under the North American Free Trade Agreement (NAFTA) investor protection provisions to reclaim our losses. I think we have a very good chance at that. We are encouraged to see a coalition of 26 U.S. states suing Biden in court, as well. This story's not over.

SH: Okay. We'll keep watching it. One other energy project is the Sturgeon upgrader. Former finance minister, Ted Morton, called it a boondoggle, yet your government recently put more money into it. Is there no way for taxpayers to

get rid of this white elephant without it costing us more money?

JK: Well, I would argue, Scott, that what we've done is going to cost us $2 billion less.

I'll be blunt. I agreed with Ted Morton's analysis of this back in the day when a previous government signed that agreement. I think Alberta got the raw end of the deal. We were on the hook as taxpayers to continue stroking $400 million checks every year, as the toll payer on this project. That fiscal bleeding was going to continue for decades.

We took a very aggressive stance to push out the former operators, and to take an ownership stake which now guarantees us a return which we didn't have before. And it significantly reduces the exposure for taxpayers. This represents a $2 billion savings for taxpayers.

Now, do I like any of this? No, absolutely not. But the only other way out of it, Scott, would be to go into the legislature with a bill, to legislatively abrogate the contracts, which would be a banana republic style tactic. It would crater investor confidence in the rule of law in this province. It would be catastrophic in the long term. Then there would be all sorts of legal challenges and we'd probably have to pay billions of dollars of compensation.

So based on all our legal and financial analysis, this was the best way to mitigate our losses. I wish it had never happened. But at the end of the day, we're saving $2 billion over the next 10 years.

SH: This fall, your government put forward a referendum on equalization. Why should Albertans vote in favor of removing section 36(2) of the constitution?

JK: Because we need a fair deal, and this is a chance to vote yes to a fair deal. To say to the rest of the country, "We have been the engine of Canada's economy and the federation for decades. We contribute $20 billion through our federal taxes – $630 billion since the mid '60s, and yet we have governments blocking pipelines, hammering our largest industry."

Voting for this referendum doesn't guarantee a constitutional amendment. What it does is, we believe, force negotiations, and then we can put our demands on the table in the context of constitutional negotiations.

I'm not a separatist. I believe separating would be massively counterproductive by landlocking this province. We wouldn't have coastal pipelines. We wouldn't have free trade agreements like we do with NAFTA. I think it would be an economic catastrophe. That's why we won't do a referendum on separation.

But, I do note that Québec has been very effective at dominating the politics of the federation by having a couple of referendums, referendums where they didn't win, but continue to be this squeaky wheel in the federation. This is our chance to be the squeaky wheel.

SH: What advice would you give regular Canadian taxpayers as to how they can have influence on public policy in their country? What actions really move the needle when it comes to MPs, MLAs, ministers and leaders like yourself?

JK: The basic stuff matters. Supporting groups like the CTF, you need these independent voices. Secondly, the phone calls and personal messages to MLAs, MPs, ministers. That stuff matters. I can tell you every time there's a significant issue, we ask the MLAs, "How much traffic are you getting in your office?" The very first thing they do is they say, "Well, we got 500 letters on this, but 400 of them were auto-generated by this union or that interest group."

You just totally discount that because it's the same people – it's fake campaigns. They'll say, "But I had a hundred real constituents actually reach out to me and this is what they're saying."

I would say, for folks on the CTF side of the issues, we need you to speak up. Every one of our MLAs every day gets emails, phone calls, letters, visits from the big spending interests — the groups that want to raise your taxes, that have no sense of fiscal responsibility and that think that the taxpayer's just a big ATM. Most of the pressure comes from them.

The whole reason the CTF was started was to give a voice to the silent majority who pay the bills. You've got to speak up. You've got to equalize the pressure on your elected officials. They need to hear from you.

SH: What's playing on your radio when you're driving around in your truck?

JK: I've got incredibly broad musical tastes, but often country on the radio. I guess, one artist I listen to probably a lot in the last couple of years is Colter Wall, a great Saskatchewan boy. Happens to be son of former premier Brad Wall. He's like an emerging Johnny Cash or Townes Van Zandt.

SH: What's your all-time favourite movie?

JK: Gallipoli comes to mind. It's a 1982 Mel Gibson movie about the Aussies in the First World War. I wish we had a Canadian version of that.

SH: Is there a book you've read lately that you'd recommend?

JK: I finally got around to reading the Sir Martin Gilbert official biography of Sir Winston Churchill. I'm a big Churchill fan, so that's an epic biography and story. But one thing I'm slowly making my way through is the Alberta in the 20th Century series.

SH: The Byfield's one?

JK: Yeah. It's a 13-volume series, and it's amazingly well done.

SH: It's funny you recommend that. I just made Kevin Lacey, our new Alberta director, go buy all 13 volumes of it, because I think it's a fantastic read and really well written.

JK: 100%.

SH: Thanks for doing this, Mr. Premier.

JK: Thanks, Scott. It was a pleasure. Thanks for what you guys do. I know you're critical of me and my government, from time to time. That's your job. No hard feelings. I think it's so important that we continue to have an independent voice for taxpayers, and I wish you guys all the best. t

Debate:
BIG INFLATION ON ITS WAY?

Many new homeowners remained deckless this spring, due to the surprising spike in lumber prices. While wood prices have cooled recently, was that a sign of things to come? Some economists are predicting that government's recent barrage of spending, borrowing and money printing will lead to significant price inflation.

Others argue that we've learned the lessons of other countries and central banks won't let it happen. And, then there's the Modern Monetary Theory (MMT) advocates, who argue that government spending and money printing has no adverse effects at all. We've enlisted two eminent economists to debate the question: **Will Canadians experience significant inflation in the near future?**

NO



DR. VINCENT GELOSO

Dr. Vincent Geloso is Senior Fellow of the Fraser Institute, and recently accepted a job as Assistant professor of economics at George Mason University. Vincent earned his PhD from the London School of Economics.

ECONOMIC NEWS HEADLINES since April 2021 have sparked fears that inflation is going to come back. To be sure, the year-over-year increases in the Consumer Price Index (north of 3% for April and May) are well above recent historical averages (1.8% from 1990 to 2020) and above the usual inflation targets imposed on the Bank of Canada. Moreover, most central banks (including the Bank of Canada) have recently engaged in highly discretionary forms of monetary policy whose long-run consequences are difficult to foresee.

Does that mean inflation is going to make a permanent comeback and remain in the range of 3% to 6%? Cautiously, I can argue that there are three good reasons to believe that inflation rates will revert back to lower levels.

The first reason is purely about the quality of the price data. When price indexes such as the CPI are built, "weights" for each good and service are needed. These weights are essentially meant to reflect the importance of each good in our consumption levels. The problem is that these weights are not updated annually. The basket weights in use for Canada were last updated in 2017. Why would that matter? Because the pandemic caused a massive change in the types of goods consumed by Canadians, which reduces the economic meaningfulness of the numbers quoted in the news. Some working papers by economists who have tried to deal with this issue (unfortunately, not for Canada) find that the rebound in prices we see now actually took place some months ago already and has already petered out.

The second reason is one that speaks to the fact that the pandemic was an odd macroeconomic event. The pandemic, the lockdowns and the travel restrictions had the effect of reducing both aggregate demand and aggregate supply. Therefore, we experienced a massive contraction in economic activity and mild deflation. As we exit crisis mode, the question is which of the two curves moves first and by how much? If demand moves fist, prices are bound to increase alongside output. However, as more sluggish supply-side factors start acting, the supply curve moves, which allows output to increase while having a deflating effect on price levels. This appears to be what is happening now.

The third reason is that we can look at market expectations through what is known in Canada as real-return bonds – government bonds designed to make payments after adjusting for inflation (hence the use of the term "real" in the name). Because these bonds circulate on the open market, their price is a pretty decent proxy for what the market expects inflation to look like. Right now, market expectations are well below the rates mentioned in news headlines (below 2.5%).

These are three good reasons for keeping cool heads. However, these are not good reasons to say, "all is well" and keep chugging away. Reckless fiscal policy and calls for continuation of easy monetary policies should be resisted as both could lead, in the long run, to slower economic growth and higher levels of inflation.

YES



DR. STEVEN GLOBERMAN

Dr. Steven Globerman is Resident Scholar and Addington Chair in Measurement at the Fraser Institute as well as Professor Emeritus at Western Washington University. Previously, he held tenured appointments at Simon Fraser University and York University. Dr. Globerman recently published an excellent primer on Modern Monetary Theory for the Fraser Institute. It can be found at www.fraserinstitute.org

A RELATIVELY RAPID increase in the rate of inflation in recent months has raised concerns of a return to the high inflation rates Canada experienced during the 1970s and 1980s when the Consumer Price Index (CPI) increased at annual rates of 6.5% to 7.5%. The report by Statistics Canada of 3.1% increases in June and 3.7% in July were the highest since May 2011.

Many economists, including those at the Bank of Canada and the United States Federal Reserve, believe that recent increases in inflation are transitory, related to North American economies opening up as COVID-19 rates decline. Strong increases in aggregate demand, combined with temporary bottlenecks in production and transportation, are allegedly creating upward price pressures that will recede as demand and supply conditions return to "normal."

In fact, there are structural forces at work that belie this benign scenario about future inflation. Indeed, a number of the structural forces that contributed to muted rates of inflation over the past three decades are either about to end or are reversing.

One powerful deflationary force has been the expansion of global trade and, particularly, the emergence of China as a major low-cost hub for global supply chains. However, increased trade protectionism and rising costs of production in China and other parts of Southeast Asia, are blunting the deflationary impact of increased international competition on prices of goods and services. Indeed, world trade as a percentage of world gross domestic product (GDP), increased from 38.7% in 1980 to 60.8% in 2008. The fast growth of world trade essentially stalled after 2008, so that world trade as a share of world GDP was actually slighter lower in 2019 (60.3%) than in 2008.

A second deflationary force has been the aging of populations in wealthy countries. This phenomenon, which will continue, has contributed to higher savings rates and, therefore, reduced consumption of goods and services. However, it has and will continue to discourage entrepreneurship and innovation, since entrepreneurship seems to diminish substantially after age 40. The latter development bodes poorly for future rates of productivity growth, as does increased government spending and taxation.

Relatively low energy prices over the past two decades have also contributed to modest inflation. However, regulatory initiatives to curtail the production of oil and gas in favour of "green energy" sources will, however much they mitigate climate change, increase energy costs over the foreseeable future. This will contribute to increased costs across a range of industries, particularly transportation, and the cost increases will be passed on to consumers.

Perhaps the most prominent force restraining inflation has been the credible commitment of central banks over the past two decades to keep the rate of inflation at or below 2%. Whether that commitment will be sustained is highly questionable. Government debt, as a share of the Canadian economy, is at an all-time high. Higher future interest rates on the government's debt will be financially painful for taxpayers and for users of health care and other large government programs, which may suffer funding shortfalls. Homeowners renewing large mortgages will also be a powerful lobby against higher interest rates.

In short, there is a growing coalition for tolerating higher inflation. Political pressure on the Bank of Canada (and other central banks) to "inflate away" the burden of accumulated debt by effectively implementing Modern Monetary Theory (MMT) might well prove overwhelming. t



Lessons from the forgotten depression of 1920-21



by Franco Terrazzano
Federal Director

These days, it almost seems like there are three certainties in life: death, taxes and more government spending during a downturn. But, it didn't use to be that way. In fact, politicians in the past have taken a laissez-faire approach to economic recovery, and it paid off.

THE FORGOTTEN DEPRESSION OF 1920, 1921

On the heels of the First World War and the 1918 Spanish influenza pandemic, the North American economy plunged into a severe economic downturn.

"1920-21 brought an economic collapse every bit as significant as the Great Depression 10 years later, or our situation today with the Covid lockdown," said James Grant, American finance author who wrote the book, The Forgotten Depression.

Government debt had exploded, due to wartime expenditures, and consumer price inflation in the United States jumped well above 20% as its government began to sever its monetary tie with gold. This was followed by a collapse in the stock market and job cuts in the labour market. The Dow Jones Industrial Average stock market index fell by 40%, corporate profits declined by 92% and industrial production fell by a third. While labour data from the 1920s isn't as reliable as it is today, Grant estimates that unemployment may have reached a height of 19%, and 92% of firms lowered their wages in 1921 in response to the downturn, according to the U.S. Bureau of Labor Statistics.

While the downturn in Canada is relatively underreported, our economy seems to have fared similar to that of our southern neighbours. A general labourer in Montreal earned 45¢ per hour in 1920. A year later, his wages fell 22% to 35¢, according to the Historical Statistics of Canada.

GOVERNMENTS SHRANK AND THE ECONOMY SOARED BACK

What stands out from the depression in 1920 and 1921, besides the fact that it has largely been forgotten, is its duration. In a year and a half, the downturn had come and gone.

Then-U.S. President Warren Harding won the 1920 election on a platform to balance the budget and reduce government spending, despite the economic downturn. And, cut the size of government is exactly what Harding did.

Between 1919 and 1920, the American federal government reduced spending from $18.5 billion to $6.4 billion, according to U.S. economist Bob Murphy. By 1922, U.S. government spending had been lowered to $3.3 billion, an 82% reduction from pre-downturn levels. In addition to reducing spending, tax rates were slashed for all income groups.

On the monetary side, the U.S. Federal Reserve tightened interest rates. This was accompanied by a large reduction in the U.S. money supply, along with a fall in consumer prices by nearly 16% from its peak.

Not only had the U.S. government acted, it shrank. The result?

After reaching its double-digit peak in 1921, the unemployment rate dropped to 6.7% by the following year and 2.4% by 1923, according to Murphy. In fact, the economy had rebounded to such an

extent that The Wall Street Journal declared, "1922 can be recorded as the renaissance of prosperity."

A similar situation occurred in Canada, according to Canadian History: Post-Confederation.

"In 1920-21 there was a brief but sharp economic collapse…the state pulled back at this time, trying to allow the capitalist market economy to take the lead…The substantial improvement in the economy after 1921 vindicated this approach," reads the online textbook.

In fact, Prime Minister Arthur Meighen managed to reduce Canada's federal debt per person by more than 8% during the 1920-21 downturn, according to the Fraser Institute.

The downturn wasn't that brief for all countries. The Japanese government rejected the laissez-faire approach and struggled with industrial stagnation for years, along with a banking crisis.

"What was the secret to that miraculous success a century ago?" asks Peter Shawn Taylor writing in the C2C Journal. "Governments that did nothing."

1920-21 VERSUS THE GREAT DEPRESSION

A lot of research has been done comparing the 1920-21 downturn to the Great Depression in the U.S. And, two things are clear: governments took completely different approaches during each downturn, and the 1920-21 downturn ended much faster.

During the Great Depression, governments embarked on deficit spending, so-called public works projects, raised taxes and tariffs and used regulations to keep prices artificially high.

"The Revenue Act of 1932 doubled the income tax, the sharpest increase in the federal tax burden in American history," writes economists Hans Sennholz.

Business taxes and estate taxes were raised and gift taxes, gas, automobile, telegraph, telephone and many other excise taxes were imposed. Municipal and state governments also increased existing taxes on income and business and new taxes were imposed on business income, property, sales, tobacco, liquor and other products. The burden of government nearly doubled from 16% of total private-sector production to 29%.

Taxes were again raised in 1933, 1934 and 1935, while U.S. President Franklin D. Roosevelt's 1934 budget promised to hike spending three times higher than revenue.

> The Parliamentary Budget Officer estimates that the federal government spent **$270 billion** in 2020 on COVID-19 support. Taxpayers certainly can't afford a repeat of that level of spending.

On top of higher taxes, governments implemented employment regulations, such as higher minimum wage and maximum work hour laws, which added additional business costs and reduced employment opportunities by pricing some labour out of the market.

The two different approaches corresponded with two very different results. Estimates suggest that the American economy was fully recovered in 18 months following the hands-off approach during the 1920-21 downturn. In stark contrast, the Great Depression lasted for more than 40 months, between 1929 and 1933, and returned again in 1937-38.

LESSONS FOR TODAY

The first lesson is that we don't need governments to drag taxpayers further into a sea of red ink for the economy to recover. The laissez-faire approach during the 1920-21 downturn saw far greater results than the intervention-riddled Great Depression.

Second, governments should minimize the amount of resources taken from the private sector through higher taxes. Unfortunately, we have seen the federal government do exactly the opposite during the global COVID-19 pandemic as Prime Minister Justin Trudeau has raised the carbon tax and booze taxes. We have also seen federal politicians continue to muse about wealth taxes and taxes on so-called excess business profits.

Third, politicians should make more financial resources available to the private sector by reducing corporate taxes and government operating budgets. With a finite amount of available financial resources, the more money politicians spend, the less money there is for the private sector to put into productive use. In addition to lowering taxes, politicians should also reduce their own budgets.

In the current context, that means ensuring that temporary COVID-19 subsidies remain just that, temporary. The Parliamentary Budget Officer estimates that the federal government spent $270 billion in 2020 on COVID-19 support. Taxpayers certainly can't afford a repeat of that level of spending.

Finally, governments must remove the unnecessary red tape and regulations that prevent businesses from growing our economy and getting people back to work. That means removing the subsidies and laws that discourage work, reduce trade between provinces and stop resource development. Canada has already lost out on more than $215 billion in economic growth as a result of governments stalling or delaying natural resource projects since 2014, according to SecondStreet.org. These types of government roadblocks should be dismantled.

So, what's the lesson we can learn from the forgotten depression? We need less government, not more.

Training the Next Generation of Tax Fighters



by Kris Rondolo
Executive Director of Generation Screwed

Throughout the years, the Generation Screwed (GS) Annual Training Program has incorporated sessions to train students to become effective taxpayer advocates on campus.

With a number of GS alumni going on to become communications or policy leaders in government or in the non-profit sector, it was clear that the GS annual training program prepared students to become effective communicators, but we needed to do more make sure that they also become effective advocacy leaders for taxpayers, in future.

With generous donations from our supporters, we were able to expand the Canadian Taxpayer Federation (CTF) student programming to introduce communications and campaign strategy sessions within the CTF Internship Program.

Here's what our 2021 CTF interns have to say:



Left to Right: Jake Klassen, Gage Haubrich and Tyrell Robinson with their CTF merch at the University of Saskatchewan



Mathieu with GS Executive Director Kris Rondolo at one of our pub nights in Montréal.



Ethan holding his postcard for the Prime Minister during our recent postcard campaign.

GAGE HAUBRICH:

"As a student studying economics who is interested in going into taxpayer advocacy, the GS training webinars have been immensely useful to me as I set out to start my career.

My studies help me with theory, but GS and CTF training have helped me get real skills and hands on experiences that will help me succeed and differentiate myself. University taught me why excess government spending is bad, but GS and CTF showed me how to expose it through an Access to Information (ATI) request.

An actionable thing that actually contributes to real change and doing it would not have been possible without the training I received from the CTF."

JAKE KLASSEN:

"GS has been hugely influential in my university career. Through its training, I have become much more confident in my role as an advocate for more accountable government and lower taxes.

GS and the CTF have a plethora of resources available to help shape you as a student activist. You will have an opportunity to learn from some of the best in the business and develop yourself as a writer, researcher, campaigner and student thought leader.

By the end of your time, you will have met some amazing people, done some incredible work and be well-positioned for a variety of potential careers, both within the movement and outside of it, as well."

MATHIEU KAZAN-XANTHOPOULOS:

"Joining GS has been the best decision I have made so far in my life. On my first week, I was introduced to young Canadians dedicated to fighting for their fiscal future.

The training I was provided with has proven to be priceless. From having op-eds published in major news broadcasting centers to organizing events on university campuses, I can proudly stand tall when I say that I am a better man now than I was before joining the movement.

Without a shadow of a doubt, I can advocate for GS to continue fighting for young Canadians."

ETHAN FISHER:

"The GS and the CTF training I received gave me both the technical knowledge and the communication skills I need to fight for lower taxes, less waste and accountable government.

I have always loved writing, but the feedback I received at our training sessions challenged me to develop this skill further.

The opportunity to learn about public speaking from people experienced in journalism and advocacy was invaluable. I was able to put this knowledge into practice by hosting online events and panel discussions. I know that these skills will be useful in any career I pursue."

GS ALUMNI SPOTLIGHT: Sam Dagres, creator and host of the 'Chicks and Balances' podcast on YouTube

My time as McGill's Generation Screwed Coordinator taught me tough lessons on intergenerational fairness. Despite the well of jargon that makes up most social science professors' vocabularies, I've only heard utterances from my GS peers.

The story of intergenerational inequality is the story of a generation handcuffed (mine, to be exact) to massive tax burdens and decreasing tax benefits, a story of generational greed and bureaucratic mismanagement stashed away on credit cards for future generations to bear.

To me, GS is about raising the alarm amongst my peers.

Tasked with recruiting new members (we were a fabulous but tiny team of three at the time) and spreading awareness on a mostly leftist campus, I brushed up against many students disturbed at the mere supposition that government isn't the solution to everything.

University was a strange place to advocate for reining in government coffers. What I saw were students in the grip of their professors' persuasive arguments, in classes that espoused some variation of a government saviour complex, all taught from the collegiate and taxpayer funded pulpit.

But the opportunities, the growth, the stable environment and the job security enjoyed by our elders will likely not trickle down to us. Of course, the state has been good to Canadian professors. The state feeds their children, gives them summers off and allows them the freedom and flexibility to explore their interests. They have benefited from cheap schooling, a free health care system and affordable public transport.

But our reality is going go to be very different, I'd always argue. We will forge our futures in a depleted environment, sky-high housing markets, a gig economy, massive income inequality and historic government debt.



Sam and Ali tabling on campus during Clubs Week in McGill



Sam's newest venture, the Chicks and Balances podcast with the Post Millennial

What I truly admired about the CTF's decision to branch out into college campuses was the belief that only young people could advocate for themselves when it came to government abuse and tax fairness. GS was a space where young people's concerns on fiscal issues were taken seriously.

Since my bittersweet departure from McGill and GS, I have maintained that desire to hold government and institutions to account. Determined to provide a space for younger Canadians to stake out their claims, I began recording my grievances on a podcast called Chicks and Balances. The response was electric. There's clearly a desire and a need for younger, more female voices within the Canadian media ecosystem.

Within a week of posting our first video, someone from The Post Millennial reached out to us. Today, six videos later, I'm so proud to be partnering with this major Canadian news organization to produce Chicks and Balances.

This is an opportunity I attribute to those long evenings sparring with other McGill students, developing the confidence to push back against conventional wisdom and befriending GS members from all over the country.

I am so proud to be a GS alum and will continue to advocate for intergenerational fairness wherever I go.

I hope that this tradition will live on and that many other young people will be given the privilege to do the same. t

Drivers pounded at the pump



by Kris Sims
BC Director

As we near the end of the global COVID-19 pandemic, many British Columbians are hitting the roads and exploring our beautiful province again. Families want to play in the tide pools in Tofino and they want to see Barkerville near Quesnel.

The problem is being able to afford to take a road trip to get to those places is getting much tougher.

The price of gas hit more than $1.72 per litre in the Lower Mainland area of B.C. That's the highest gas price in North America, beating San Francisco by a whopping 34 cents per litre.

It's no contest: Vancouver drivers are getting screwed at the pumps and the government is the lead perpetrator.

The Canadian Taxpayers Federation (CTF) released its 23rd annual Gas Tax Honesty Day report, just in time for the traditional summer driving season. Drivers in B.C. pay two carbon taxes, two excise taxes, two transit taxes and a sales tax. All combined, these gas taxes cost drivers about 68 cents per litre of gasoline in Metro Vancouver, 61 cents per litre in Victoria and 55 cents per litre in the rest of B.C.

Those are the highest gasoline taxes in North America.



The second B.C. carbon tax is an extra cost caused by rules that are tucked into the provincial government's fuel regulations. It adds about 14 cents per litre to the cost of gasoline and about 15 cents per litre of diesel.

That means that, when motorists pull up to the pumps in the Vancouver area and pay 68 cents per litre in taxes, they're spending more than $50 in taxes to fill up their family minivans.

With the border closed to the United States, Canadian drivers can't cross over to Washington State to get some relief at the pumps. They're trapped in the Lower Mainland with a choked fuel supply at the pumps and the highest taxes.

Our political leaders don't appear to care about the plight of tens of thousands of motorists. Premier John Horgan is mum on the issue of high gas prices and high gas taxes, while Prime Minister Justin Trudeau is jacking-up the carbon tax to $170 per tonne within the next nine years and imposing a second carbon tax on all of Canada.

Anti-oil and gas activists want the price at the pump and the carbon taxes on gasoline to go even higher, and they



B.C. Director Kris Sims presents to the special committee of the B.C. Legislature via Zoom reviewing politician welfare.

POLITICIAN WELFARE

Remember when politicians said they needed taxpayers' money to cover the cost of their election campaigns, but that it was just going to be temporary?

They said they needed our money to wean themselves off big donations from unions and corporations.

Provincial members of the Legislative Assembly in Victoria are now thinking about extending the per-vote subsidy and other taxpayer campaign funding indefinitely.

This means that your money will keep going to the B.C. NDP, the B.C. Liberals and the B.C. Green Party directly.

This isn't to pay for elections and ballot paper. This money goes to political parties so they can spend it on lawn

want Canadians to stop using gas and diesel immediately.

The CTF debated the Wilderness Committee on the Mike Smyth show on 980 CKNW in Vancouver in July. While the CTF pointed out that the combined 24 cents per litre carbon tax and the $1.72 pump price were too high for average people to afford, the pro-carbon-tax group called people who use gas-powered cars and who opposed carbon taxes "monsters."

Monsters?

The vast majority of average British Columbians still rely on gas and diesel to fill up their cars and trucks. If a two-person working family filled up its minivan once a week and its pick-up truck twice a month in Langley, that means they would be paying $516 for the minivan and $416 for the pickup truck. That's a monthly household commuter bill of $932.

The tax tab on that fuel bill would be about $368 per month.

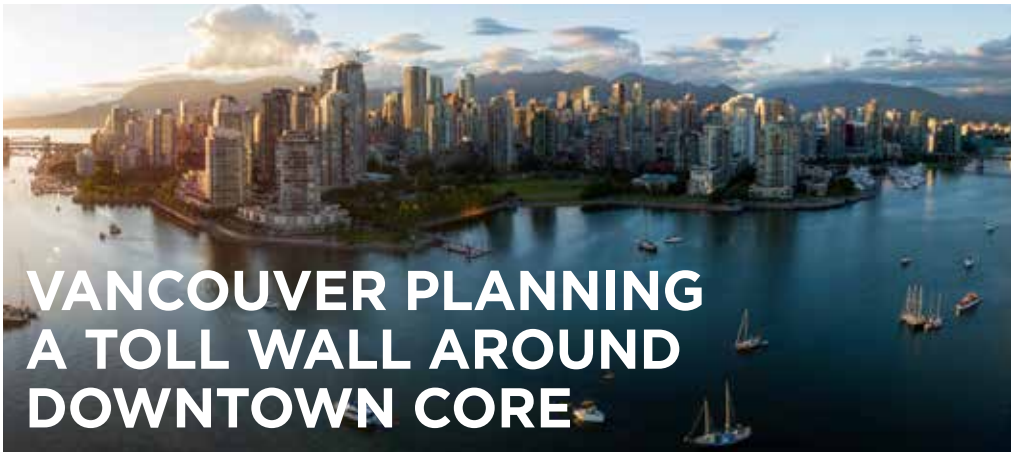
That's more than a week's worth of groceries for a family of four.

Monstrous indeed.

signs, attack ads and junk mail.

About $30 million in taxpayers' money has been given to political parties, so far.

The CTF spoke to the special committee of MLAs in Victoria, telling them to not continue this scheme of politician welfare and to stop using taxpayer's money for partisan purposes.



VANCOUVER PLANNING A TOLL WALL AROUND DOWNTOWN CORE

No longer satisfied with making parking nearly impossible and clogging up key arteries with endless construction and bike lanes, Vancouver is now planning on going after drivers' wallets directly.

Bureaucrats and politicians are planning to put up a virtual toll wall around downtown Vancouver.

According to plans on the government website, the initial toll zone would stretch from Clark Dr. to Burrard St., and from West 12th St. up to the shoreline. Essential sites such as Vancouver General hospital, Vancouver City Hall and Vancouver Public Library are all inside the planned toll wall zone.

This is not about paying for new infrastructure. This is not like the toll booth used to pay for the Coquihalla Highway in the interior.

The proposed new toll wall would be encompassing old Vancouver streets that have existed in the city for more than 100 years.

This is about punishing motorists.

Hiring the outside consultant to write the study is costing Vancouver taxpayers more than $1 million. It will plot where to put the toll wall and how much to charge drivers for driving through it.

This isn't the first time that desk rulers in the Metro Vancouver area have tried to soak drivers with so-called mobility pricing.

In 2018, Metro Vancouver and TransLink spent more than $2 million in taxpayers' money to create a plan to tax people for every kilometre they drive and every bridge they use.

When Metro Vancouver and TransLink released the report, dubbed "It's Time," it called for charging motorists more than $14 per day to use major crossings over the Fraser River such as the Port Mann and Pattullo bridges. For a daily commuter, that would cost more than $3,000 per year. It also suggested using tracking devices and license plate-reading cameras to charge people for every kilometre they move about.

The 2018 report recommending mobility pricing and toll fees on drivers was not well-received by the public.

Now, Vancouver City Hall has picked up this pet project and they are trying to make it happen in the downtown core before spreading it out to the rest of the Lower Mainland.

The CTF made a presentation to Vancouver City Hall during the public consultation portion of the proposal. The CTF spoke out against mobility pricing and the downtown toll wall. We explained that average working people could barely afford the cost of living in Vancouver as it is, and that a new toll wall and a continued war on the car would be disastrous for taxpayers and local businesses.

For folks in other parts of B.C. who think this is just an example of Vancouver's wacky disconnection from reality, be warned: these ideas tend to spread throughout the province and the rest of the country.

In November 2020, Kelowna City Council was presented with a report from staff to follow Vancouver's lead and impose mobility pricing and tolls on Kelowna drivers.

This won't stop until people take a stand against it.

Alberta releases referendum question



by Kevin Lacey
Alberta Director

The Government of Alberta is giving Albertans their say on Canada's equalization program.

Alberta Premier Jason Kenney officially launched a province-wide referendum, to be held in conjunction with municipal elections on Oct. 18, 2021. It will ask Albertans:

"Should section 36(2) of the Constitution Act of 1982 – Parliament and the Government of Canada's Commitment to the principle of making equalization payments – be removed from the Constitution?"

Equalization has been a thorn in the side of many Albertans for years. Equalization was established in 1957 and enshrined in the Constitution Act, 1982. The program was supposed to assist smaller provinces by giving them the resources necessary to ensure there were comparable levels of government services from one province to the next.

But, what was supposed to be a simple program to level the playing field across all provinces has become an over-complicated morass that politicians in Ottawa have abused for political purposes. It has drained Alberta of billions of dollars of government revenues. And, it has not improved government service standards in those provinces that received equalization payments.

Since 1961, Albertans have paid more than $600 billion more into the national equalization program than they got back. Even as Alberta struggles through low oil prices and thousands being laid-off, Albertans continue to pay more than we get in return.

You'd think, with so much money sent to Ottawa, this might have bought some political goodwill. But the opposite has happened.

The Government of British Columbia has taken the province to court in an attempt to block our pipelines. The Government of Québec has said it won't accept an eastern pipeline. Prime Minister Justin Trudeau barely said a peep when United States President Joe Biden cancelled the Keystone XL pipeline with the stroke of a pen. And, Ottawa has passed one carbon tax and now has presented the Clean Fuel Standard (CFS), which is another carbon tax.

If equalization, a program that was supposed to assist economically challenged provinces, did what it was supposed to do after all these years, then we shouldn't even need to keep sending money east. Instead, here we are, still spending our money elsewhere when it's needed most at home.

Politicians in Ottawa have a long history of doling out Alberta's money for their own purposes. It started in the 1970s when then-Prime Minister Pierre Trudeau expanded grants to recipient provinces to maintain his political support in the east. At the time, Trudeau was facing a stiff challenge from then-Progressive Conservative Leader Robert Stanfield that had resulted in a Liberal minority government in 1972. Trudeau had little chance of success getting back to majority by winning seats in the west so, instead, he focused on winning more seats in the east. Part of that strategy was to provide an expansion of regional government programs like equalization and employment insurance. The strategy worked. Trudeau increased his popular vote in provinces like Québec, which went from 48% of the vote in 1972 to 54% in 1974. By 1979, Liberals were receiving over 60% support in Québec.

Once equalization was enshrined in the Constitution, there was no going back, and shuffling money between the provinces has continued.

Alberta puts in, while politicians in other parts of the country take out and punish Alberta's industries as they do it.

Alberta's referendum is an important opportunity to push back and send a message to the rest of the country that this unfairness has to end.

Premier Kenney is right to put this to a vote. Up until now, cries from Alberta for reform of equalization have gone unanswered. Perhaps, with a show of force by average citizens, real reform can happen.

The Canadian Taxpayers Federation (CTF) will play an important role in the referendum. Check out our campaign at FightEqualization.ca

"SHOULD SECTION 36(2) OF THE CONSTITUTION ACT OF 1982 – PARLIAMENT AND THE GOVERNMENT OF CANADA'S COMMITMENT TO THE PRINCIPLE OF MAKING EQUALIZATION PAYMENTS – BE REMOVED FROM THE CONSTITUTION?"



ALBERTA ALLOWS YOU TO RECALL YOUR MLA

The CTF has won a 30-year battle, lobbying for a new law that allows average citizens to recall their member of the legislative assembly (MLA). It started in 1990 when then-CTF director Jason Kenney launched the CTF's demand for a recall law. That fight continued this year when the CTF spoke to the Democratic Accountability Committee.

As a result of CTF advocacy, a new bill has passed that allows citizens to recall their MLA, putting the power back in the hands of taxpayers.

An Albertan will now be able to apply to the Chief Electoral Officer for a petition to recall their local MLA. That citizen would then have 60 days to collect the required signatures of 40% of eligible voters in the riding.

If successful, the MLA would be forced to resign, and a by-election would be held.

This type of law finally gives citizens a means by which to hold their politicians accountable in between election years.

Alberta debt problems get bigger with bond rating hit

As Alberta heads into the fall, there is cause for optimism that the economy is about to recover, thanks in part to the province reopening after spending the last 18 months battling the global COVID-19 pandemic.

But, there is a hangover from years of provincial overspending that the pandemic made even worse. Alberta's debt recently crossed the $100-billion mark — and growing.

The massive and continuing growth in government debt has resulted in skittishness by banks about Alberta's prospects and, as a result, those agencies have downgraded the province's credit rating.

In the spring of 2021, S&P Global, one of the world's leading credit agencies, cut Alberta's credit score It was joined by other bond rating agencies, such as Fitch Ratings Inc and DBRS Morning.

This is important because it impacts the province's ability to negotiate favourable interest rates on the money it has to borrow to cover its yearly operating costs.

Increases in interest payments mean banks will get more money and there will be even less money for programs like health and education. Already, interest costs account for $2.8 billion every year.

If Albertans want to avoid losing more money to the banks, we need to control our debt and address government spending. Alberta could cut spending by $10 billion if it held spending to the same per person levels of British Columbia, Ontario and Québec, according to blue ribbon panel on the province's finances.

After years of government spending beyond its means, it's time to rein it in. Let's hope they make these changes before the bond rating agencies and stifling debt levels force their hand.

CHANGING OF THE GUARD

With the appointment of Franco Terrazzano as our new Federal Director in Ottawa, a familiar face is returning to the CTF, albeit from the furthest reaches of the country. Kevin Lacey started with the CTF in 2010 as our inaugural Atlantic Director. After many hard-fought battles and victories in eastern Canada, Kevin left the CTF in 2018. After a stint running an anti-carbon tax advocacy group as well as serving as a police officer, Kevin is back looking out for taxpayers. Now an Albertan by choice, Kevin and his family are making Edmonton their home and Kevin is excited to be taking on the issues that Alberta taxpayers care the most about. Welcome back, Kevin!



Kevin Lacey speaking at the World Taxpayers Conference in 2014

SASKATCHEWAN GETS CREDIT RATING DOWNGRADE

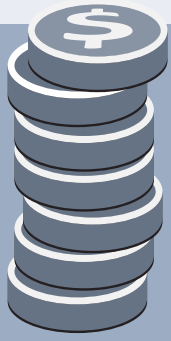


by Todd MacKay
Vice President, Communications

It's always tempting to take a warning letter from the credit card company and throw it in a drawer. Saskatchewan has tried that with its debt problems before. It didn't turn out well. Now the province has received another warning letter.

"Based on Moody's estimate, the province's net direct and indirect debt could exceed 150 per cent of revenue by 2023-24," stated a release from the bond rating agency Moody's. "These levels exceed Moody's previous high estimate of 120 per cent over the next few years, and reflect a gradual shift away from the government's focus on tight debt management."

Moody's downgraded Saskatchewan's bond rating from AAA, the highest possible score, to AA1.



The interest charges on the provincial debt will cost taxpayers $755 MILLION this year.

Bond ratings for governments are similar to credit scores for individuals. When a family is late paying a bill, its credit score can dip and when the mortgage is up for renewal, there's a good chance a higher interest rate will have to be paid on the principal because the lender considers the loan to be a higher risk.

It's similar for government bond ratings. When governments borrow too much money, bond ratings go down and lenders take that into account.

Saskatchewan's debt numbers are eye opening.

Saskatchewan is projecting an operational deficit of $2.6 billion this year. The taxpayer-supported debt (which excludes Crown corporation debt), is projected to go from $10.8 billion in 2019 to $25 billion in 2025. The interest charges on the provincial debt will cost taxpayers $755 million this year.

Obviously, the global COVID-19 pandemic is a huge part of the story. Revenues went down. Expenses went up. A post-pandemic rebound could certainly improve the financial forecast.

But, the pandemic doesn't tell the whole story about the current situation. Saskatchewan's spring budget increased health spending by 24%. That's predictable as the province braced the system for COVID-19 outbreaks and bought vaccines. But, the province didn't just increase spending on urgent health issues, it also increased spending on virtually everything else. Spending went up in 10 of 11 major budget categories. The one category that went down, community development, only dipped because it's still trying to spend a big influx of cash from last year.

Saskatchewan is acting like a family dealing with an unexpected bill to replace the furnace and then piles on the expenses with a new TV, a bathroom reno and a time-share in Cabo.

While the future is uncertain, recent history makes one thing clear: Saskatchewan fell into the bad habit of spending beyond its means well before the pandemic.

Saskatchewan's debt was $4.1 billion in 2012. The province had paid off more than $3 billion in just four years. A bold prediction seemed within reach.

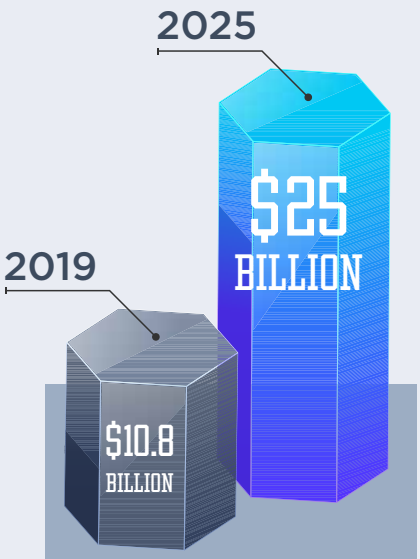
"Whenever I leave here from this wonderful office ... I would like to walk away from a debt-free Saskatchewan," said former premier Brad Wall in an interview with CBC a year after taking office.

Unfortunately, that's as close as Saskatchewan ever got to being debt-free.

Saskatchewan borrowed $700 million to pay for infrastructure projects in 2015. The next year, the province was borrowing to cover operational expenses. By 2019, before the pandemic hit, Saskatchewan's debt had more than doubled from 2008 low point to a total of $10.8 billion.

Saskatchewan has gone through this before. In the 1980s and early 1990s, the province's spending and borrowing got completely out of control. It's bad when a government has to go to lenders every year, but it's even worse when lenders threaten to

> "Based on Moody's estimate, the province's net direct and indirect debt could **exceed 150 per cent** of revenue by 2023-24,"



"The taxpayer-supported debt (which excludes Crown corporation debt), is projected to go from $10.8 billion in 2019 to $25 billion in 2025."

stop lending. That forced a reckoning.

"With financiers threatening to cut off their money supply, these provinces had to slash programs," writes former Saskatchewan finance minister Janice MacKinnon in her book Minding the Public Purse.

Ultimately, the province implemented numerous cuts, including the closure of 52 hospitals.

It's important to keep the most recent credit rating downgrade in perspective. It's one tick to the negative. Like a family who missed some payments, there's time to turn things around and get the rating going back up again by getting a handle on spending. But, the longer Saskatchewan waits, the harder it will be.

NOW OTTAWA DOESN'T WANT TO HEAR ABOUT CARBON TAXES

After the Supreme Court of Canada ruled Ottawa can impose a carbon tax, Saskatchewan Premier Scott Moe said he would develop a provincial version that's less painful for taxpayers.

Now, it turns out, Ottawa isn't listening.

"The federal government has rejected Saskatchewan's submission to replace the federal carbon tax and indicated that they will not be accepting any further submissions until 2023," stated Moe via social media.

From the beginning, Prime Minister Justin Trudeau gave provinces two choices: implement a provincial carbon tax or Ottawa would implement it.



British Columbia already had a carbon tax at a higher level than the federal version. Québec has kept its cap-and-trade carbon tax, even though it's below the federal level. Nova Scotia brags that its cap-and-trade carbon tax will stay at about one cent per litre of gasoline, even when Ottawa's carbon tax goes up to 11 cents per litre in 2022.

New Brunswick pulled a fast one on Ottawa. It imposed a carbon tax of 6.6 cents per litre, but cut gas taxes by four cents per litre. New Brunswick is also using income tax cuts to offset the carbon tax. Ultimately, New Brunswickers are still paying a carbon tax, but the provincial government has softened it significantly.

After the loss at the Supreme Court, Saskatchewan set out to copy the New Brunswick switcheroo with a carbon tax that's offset as much as possible.

But after years of asking provinces for their carbon tax plans, Ottawa suddenly stopped listening. It didn't reject Saskatchewan's plan because it wasn't good enough. Ottawa rejected Saskatchewan's plan because it now refusing to look at any provincial carbon tax plans until 2023.

In fact, Ottawa is refusing to say whether it will force New Brunswick to increase its gas taxes after 2023.



Manitoba starts rebating education property taxes



by Todd MacKay
Vice President, Communications

Here's an important policy formula: hard work multiplied by thousands of people plus time (often lots of time) equals big policy victories.

Manitoba is getting rid of education property taxes.

"The Manitoba government has completed mailing approximately 244,426 education property tax rebate cheques to owners of residential, farm and commercial properties," stated a release issued by the government of Manitoba. "Budget 2021 ... committed to providing $248 million in education property tax rebates to the owners of approximately 658,000 eligible properties."

The Canadian Taxpayers Federation (CTF) has worked on this issue over the last two decades with reports, pre-budget submissions and media interviews. Thousands of supporters signed petitions and pushed their local politicians. And, finally, the province is rolling back education property taxes.

Here's what happened.

When the one-room schoolhouse stood in the middle of the township, it made sense to get the homestead on each quarter section to chip in to pay the teacher. But, things have changed. Now farmers connect their air seeders to GPS satellites and students learn computer coding, in addition to the three R's.

What hadn't changed since that time was education funding. Education property taxes were tacked on to municipal property taxes. And, this antiquated system had been unfair to property taxpayers for decades.

It's been particularly unfair to farmers. Farmers may have more land than their neighbours in town, but that doesn't mean they have more kids or more money. Yet, because education property taxes are connected to land, people who make their living on the land pay more.

The CTF issued a comprehensive, 42-page report hammering this inequity in 2001. The research showed a stark reality: school taxes in rural municipalities soared by 79% between 1990 and 1999. That research supported clear recommendations.

"The CTF is calling for the elimination of school division taxes levied on farmland," wrote the CTF's former Manitoba Director, Victor Vrsnik. "The province should conduct a comprehensive review of the school tax system to explore alternative education funding mechanisms."

Four years later, the CTF dropped another 45-page report on the issue. Frustration flows through the pages. Education property taxes were still going up by more than 7% per year. A new Manitoba Director, Adrienne Batra, continued with a steady drumbeat of recommendations: take education taxes off farmland and find a new mechanism to pay for schools.

Fast-forward about a decade.

Premier Brian Pallister had two primary challenges when he took office in 2016. First, he needed to get the province's spending under control to balance the operational budget. Second, he needed to reverse the previous government's sales tax hikes. He accomplished both (although the pandemic pushed the province back into deficit).

Pallister took up a new challenge when he ran for re-election in 2019.

"We will relieve property owners of the burden of education property taxes," stated the Progressive Conservative election platform. "Our investments in education will continue to grow with an increasing percentage coming from general revenues as property taxes are phased out."

That sounded like good news, but the CTF doesn't like to leave things to chance. A pointed question immediately went to Finance Minister Scott Fielding: will the education property tax phase out mean other taxes will go up?

"Absolutely not," answered Fielding. "Manitobans are already taxed to the max. We're not looking at any other taxes to fill the hole."

The CTF doubled down and made education property taxes a key recommendation in its pre-budget submission.

"Phasing out education property taxes will save families money and share costs more fairly," stated the submission.

A few months later, the budget delivered big news: the government would start phasing out education property taxes immediately.

Initially, the phase out is relying on rebates. The province is sending rebate cheques to cover 25% of the education taxes property owners are paying. For example, that means a property owner with an education tax bill of $1,700 will get a rebate cheque for $425.

Add it all up and this is a big victory for taxpayers. The province is sending out more than 600,000 rebate cheques. This will save property taxpayers a total of nearly $250 million.

"The CTF doubled down and made education property taxes a **key recommendation** in its pre-budget submission.

There's still more work to do. The phase out is just starting and it will only continue if property taxpayers keep pushing. And, there are structural changes that need to be worked out as the local school board system is reworked. But this year, Manitobans will get almost a quarter of a billion dollars in rebate cheques — and that's the return on investment for decades of CTF reports, press releases and presentations.

Blue Bombers Stadium – A Gift That Keeps on Taking



Every time professional sports teams want new facilities, their owners start talking about the great economic benefits local governments will accrue for investing in such projects.

Somehow, they never mention how these so-called investments often lead to more bills rather than any profits.

The Manitoba government provided $160 million in loans to build the Blue Bombers a stadium in 2013. The money was supposed to be repaid in two ways. First, there would be revenue generated by redevelopment at the old stadium site. Second, the football team would make payments.

Two things went wrong. First, the redevelopment of the old site stalled. Second, the football team got buried by bills to fix "construction deficiencies" and couldn't make the payments.

The province has essentially written off almost all of one loan for about $85 million. Another $75-million loan could still be paid off by the redevelopment plans, but that's far from a sure bet.

Worse than just losing the loan repayments, the province is handing over another $10 million to cover capital costs and taking over a $35 million loan to cover repairs on the eight-year-old stadium.

What did the province get for pouring millions more into the stadium? An agreement that it won't have to pour in more money, in future. t

TORY'S FLOATING PARK BOONDOGGLE LIKELY TAKEN OFF THE TABLE





by Jay Goldberg
Interim Ontario Director

Taxpayers can rest a little easier with the knowledge that the $3.8 billion Rail Deck Park project spearheaded by Toronto Mayor John Tory appears likely to have met its demise.

The Canadian Taxpayers Federation (CTF) has been fighting Tory's luxury park proposal since day one. Tory originally estimated that the cost of building the park on top of the rail tracks on the west side of Union Station would be $1.7 billion. Expert analysis obtained by the CTF showed the project would likely cost more than $3.8 billion.

Tory claimed that his park initiative was necessary to create more open space in the downtown core. But, there was never any reason for taxpayers to be stuck with the bill. A group of businesses put forward a proposal to build a smaller park and 3,000 new condo units in the same space, with no cost to taxpayers.

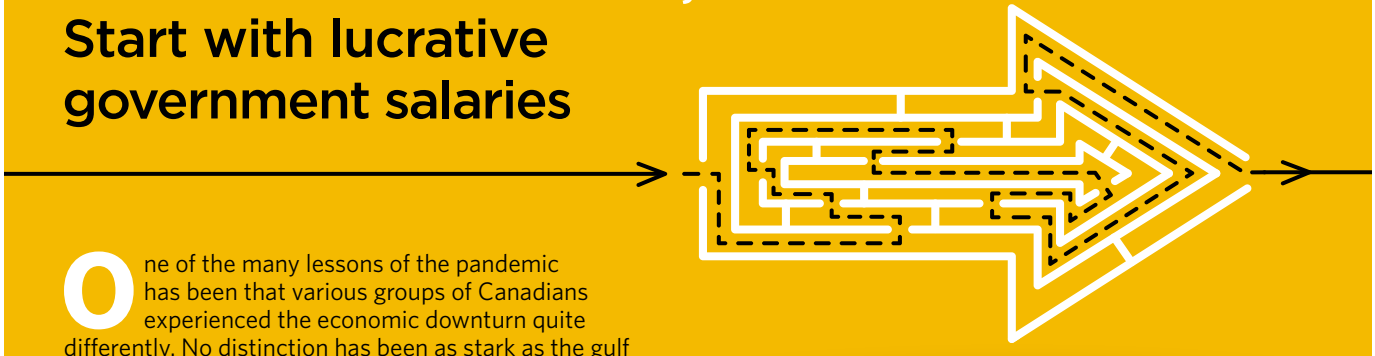
This choice was always a no-brainer. With the businesses' development plan, Toronto would acquire more housing through a project that would generate revenue and create jobs, while still getting a new public park in the downtown core.

Tory tried to block this business proposal by having council designate the area as park space, claiming that the competing plan would lead to "overdevelopment." He attempted to do this when the city of Toronto desperately needs more housing.

Tory's plan almost worked. Thankfully, Ontario's former Local Planning Appeal Tribunal (LPAT), which oversaw land disputes, ruled against council's attempt to rezone the land, which was designed to block the businesses' development plan.

Taxpayers should be relieved that Tory's Rail Deck Park fantasy will likely never become a reality. Nevertheless, in case Tory tries to find another way of getting his legacy project built, the CTF will be keeping a very watchful eye on Toronto City Hall.

TO FIX OUR FINANCES, Start with lucrative government salaries



One of the many lessons of the pandemic has been that various groups of Canadians experienced the economic downturn quite differently. No distinction has been as stark as the gulf between government and private sector employees. While hardworking taxpayers were tightening their belts last year in the face of pay cuts and job losses, more than 99.6% of employees working for the City of Toronto were enjoying bigger paycheques.

The City of Toronto currently employs 34,603 workers. Last year, just 104 of them did not get a pay raise. At the same time, the number of Ontario municipal employees making more than $100,000 increased by 6.4% in 2020.

Contrast this with the experience of those not working in government. While Toronto municipal employees were enjoying a pay raise, 108,000 fewer Torontonians had jobs in 2020 than the year before. The city's unemployment rate in May 2020 stood at 13.1%, one of its highest points in decades.

Government bureaucrats shouldn't just hear about the hardships confronting their friends and neighbours. They should experience them, too. It's time for government employees to stand side by side with private sector workers and help shoulder the burden of fixing government finances in Toronto and across the country.

Ford needs to get serious about protecting taxpayers and future generations



Ontario Premier Doug Ford ran in the 2018 provincial election on a platform to fix the financial mess created by his predecessors.

"We are the most indebted region in the entire world," said Ford. "There's billions of dollars being wasted. The party is over with the taxpayers' money."

Ford's message hit home with voters across the province. But, if Ontario voters were hoping that Ford would genuinely end the party with taxpayers' money — and millions of them were, then the Ford Progressive Conservative (PC) government's record over the past three years has surely disappointed them.

In the Kathleen Wynne Liberal government's final year in office, then-Finance Minister Charles Sousa laid out a budget that proposed a spending plan of $158.5 billion. At the time, Sousa's budget proposed a record level of government spending.

But, in its first year in office, the Ford government blew past Sousa's spending targets. Rather than cutting spending, Ford's then-Finance Minister, Vic Fedeli, put forward a budget that increased government spending by $5 billion and grew the size of the province's deficit, rather than reducing it.

If Ford felt that his government's first budget was putting "restraint" into action, he should have consulted a dictionary.

The global COVID-19 pandemic understandably had a negative impact on the government's finances. Still, it is important to remember that the Ford government failed to get spending under control before the pandemic began.

When the Ford government presented its 2021 budget in March, many elements of the budget document were concerning. Obviously, the $33.1 billion deficit projection was startling. Yet, the most dangerous part of the 2021 budget is that the Ford government laid out a plan to permanently increase government spending, even after the pandemic is a fading memory.

The Ford government's spending plan for 2023-24, for example, is now $12.4 billion greater than it was before the pandemic began. Given that Finance Minister Peter Bethlenfalvy has repeatedly stated that temporary pandemic spending will be ended after the 2022-23 fiscal year, all of this new spending has absolutely nothing to do with COVID-19.

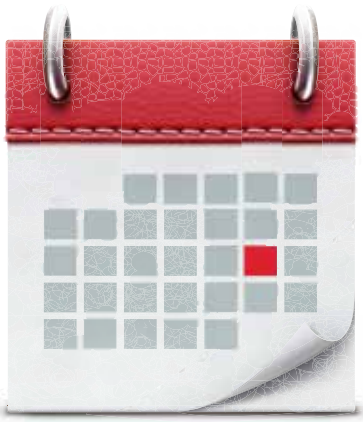
The 2021-22 budget lays out an eight-year timeframe for bringing the budget to balance, and that plan relies on the rosiest of economic forecasts that may very well never materialize. The Ford government needs to take bolder action to balance the budget sooner.

Ford should stick to his promise to stand up for taxpayers, and that means reducing the size and cost of government to allow hardworking Ontarians to keep more of what they earn, while also tackling the deficit to ensure that future generations get to make their own financial decisions.

MEET JAY GOLDBERG

While Ontario Director Jasmine Moulton is off on maternity leave, the CTF has hired Jay Goldberg as our Interim Ontario Director. Jay hails from Guelph, Ont. Most recently, Jay worked at the University of Toronto's Munk School of Global Affairs and Public Policy as a research fellow. Jay is also a former professor, having taught in multiple departments at the University of Toronto. He is also a former CTF intern who has political science degrees from both the University of Toronto and the University of British Columbia. Jay lives in Guelph with his wife, daughter and two golden doodles. In his spare time, Jay can be found reading books on Canadian history.





Québec postpones balanced budget to 2027-28



by Renaud Brossard
Québec Director

Last year, Québec made headlines when, at the height of the global COVID-19 pandemic-related lockdowns, it was one of the first provincial governments to commit to a date to return to balanced budgets, giving itself five years to do so.

The thinking at the time was that, no matter what happens, a province can't afford to live on credit forever and must work to make sure its expenses match its revenues. It's just plain common sense.

Unfortunately, Québec Premier François Legault changed his mind when he and his government tabled their latest budget in March. Instead of five years, the government would take seven years to go back to balance.

As a result, it would run up a $35.3 billion tab between now and when it goes back to balance in 2027-28.

While infuriating, postponing the return to balance is something a lot of governments have done. What's unique about Legault's proposal is that it won't start doing anything to address its long-term deficit, also known as structural deficit, before 2022-23.

In layman's terms, the government knows its finances are not sustainable as they currently are. It knows it will have to cut spending and also knows where the waste is. And yet, it has chosen to keep the waste going for another two years.

MONTRÉAL WANTS A BILLION DOLLAR PARK OF ITS OWN



SOURCE: PARCJEANDRAPEAU.COM

Artist rendition of an upgraded Parc Jean-Drapeau in the city's proposal document

There's a sort of one-sided rivalry between Montréal, Que., and Toronto, Ont. Whenever Toronto gets something, it doesn't take long before the folks at Montréal City Hall start thinking they need one, as well.

After Toronto Mayor John Tory announced his plans for a billion-dollar floating park last year, it didn't take long for Montréal Mayor Valérie Plante to look into how she could get a billion dollar floating park of her own.

This is how, notwithstanding the city's projected $300 million budget hole this year, Mayor Plante announced plans to spend $970 million over 10 years to renovate Montréal's Parc Jean-Drapeau, which happens to be on an island.

Spending nearly a billion dollars on a new park while having such a revenue shortfall amounts to going shopping for a new Cadillac when you're not sure you can even pay your rent. It's irresponsible.

We'll keep working hard to make sure Montréal looks to cut such wasteful spending before raising taxes again on its citizens.

IF YOU BUILD IT, THE ECONOMIC BENEFITS WON'T COME



Stephen Bronfman (Liberal Party of Canada Revenue Chair) speaks as Prime Minister Justin Trudeau looks on at an annual donor appreciation event on Dec. 11, 2018.

THE CANADIAN PRESS/JUSTIN TANG

Québec billionaire Stephen Bronfman is asking taxpayers for help.

In his bid to bring Major League Baseball (MLB) back to Montréal, Que., he's asking the government of Québec for an undisclosed sum to cover part of his new stadium project in downtown Montréal.

And, while the proposal lacks details, there's little doubt this will be an expensive deal for taxpayers.

MLB got three new stadiums in the last decade (Globe Life Field – Texas Rangers, Truist Park – Atlanta Braves, Marlins Park – Miami Marlins), with costs ranging anywhere from $765 million to $1.4 billion Cdn.

But here's the catch: Montréal's stadium would only have a part-time team. That's because the current proposal to bring back the Expos would see the city share the Rays with Tampa Bay, Fla.

And, it's not like you can build half a stadium to get a part-time team. So, under Bronfman's proposal, taxpayers would be on the hook for part of a full stadium, and in exchange they'd get only half the prospective benefits from having a team.

But, what about those prospective benefits? Despite what sports teams like to say, a new stadium's economic impact on a city is usually non-existent.

This is because subsidized stadiums are not built with new money that couldn't have been used for anything other than a stadium. Rather, they are built using money that could have paid for government infrastructure like hospitals, roads or schools. Or, the money could simply not have been spent at all.

And, when stadiums get built, people don't suddenly have more cash available to spend. Every ticket sale and concession stand sale displaces other leisure investments consumers could have made elsewhere in the city.

Even the impact on tourism is greatly overstated, with teams trying to claim every single dollar spent by a tourist in a city wouldn't have been spent if they hadn't seen a game.

That's why, when the discussion turns to whether or not subsidies for sports stadiums were worth the money, only 4% of economists agree with the premise.

And, if there's no economic case to be made when it comes to subsidizing a sports stadium with a full-time team, we can't imagine how it could possibly look better for those proposals founded on part-time teams.

While we welcome Bronfman's attempt to bring back the Expos, he needs to do it with his own money.

Québec bureaucracy expands to new heights!



When Québec Premier François Legault took office in late 2018, the government of Québec was employing just shy of 500,000 people.

At the time, Legault was adamant this was too much and had pledged to cut 5,000 government jobs within his first mandate. A mere 1% is hardly an unreasonable amount.

We're now three years in and, instead of seeing the number of provincial bureaucrats fall, taxpayers have seen government employment rise to 547,000, as of this year.

This means that, for every bureaucrat Legault pledged to get rid of, he chose to hire another ten, instead.

And, while it's undeniable that the global COVID-19 pandemic has had an impact and made that number increase, this tendency to grow the size of the bureaucracy had begun before COVID-19, with Legault adding 11,000 new bureaucrats in his first year in office.

For a government that was presenting itself as fiscally responsible, it sure seems to prioritize the bureaucracy over taxpayers.



NL: THE CANARY IN THE COAL MINE



by Renaud Brossard
Interim Atlantic Director

To say Newfoundland and Labrador has financial troubles is an understatement.

Despite being the provincial government that brought in the most money per inhabitant in Canada for 12 of the last 13 years, Newfoundland and Labrador kept spending more than it raised in government revenue.

As a result, the province owes an estimated $47.3 billion or $182,000 per worker in debt and liabilities.

And, that is costing taxpayers a lot of money. This year, the government will spend $1.35 billion in interest payments on that debt, making that the second largest provincial government spending item, after health care.

If the government doesn't get its spending under control, that debt and interest on it will keep going up until no one wants to loan money to the province or until its debt interest eats the entirety of its budget, neither of which are desirable.

As a result, newly minted Premier Andrew Furey tasked an independent group to look at the province's finances and see what can and should be cut to bring it back to fiscal sustainability. And its review didn't paint a rosy picture.

According to the Premier's Economic Recovery Team Report, Newfoundland needs drastic cuts in government services and employee compensation as well as sweeping privatization and massive tax increases to get back to a point where its finances are sustainable.

And, while there are some recommendations that would be sound proposals for any government in this country, especially when it comes to dialing back employee compensation, there are things to be weary of, such as big income and sales tax hikes.

But here's the kicker: Newfoundland and Labrador is not the only province with unsustainable finances.

Every year, the Parliamentary Budget Officer calculates what is called the "fiscal gap" for every province. This amounts to checking if, when things get back to normal, provincial finances are going to be sustainable or if a given province risks spending itself into bankruptcy.

It turns out that seven out of 10 provincial governments have unsustainable finances. They are British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

It doesn't mean everything is rosy for the other three, but at least it looks like, if they don't create any new programs, they just might scrape by. For the seven others, it means that they can't even afford the government programs they have now.



What differentiates Newfoundland and Labrador from those six other unsustainable provinces is the staggering debt load it currently has, which means it's much closer to the fiscal precipice than others.

Newfoundland and Labrador is the canary in the coal mine. We should heed its warning, unless we want all other governments to face the same tough choices as Newfoundland and Labrador must make today.

NOVA SCOTIA LEADS THE RACE TO GET BUDGETS BACK TO BALANCE

Across the country, governments have started announcing plans to get their budgets back to balance.

Some want to take their sweet time, like Ontario's plan to balance its budget in 2029-30. But others have been much more ambitious with their goals, with Nova Scotia taking the pole position amongst them.

Under its current plan, Nova Scotia will balance its budget within the next four years, i.e., 2024-25.

At this time, it's the earliest date announced by any provincial government to return to a balanced budget.

But what makes Nova Scotia even more special is the way it has chosen to achieve this very necessary objective.

There are no big tax hikes or sweeping cuts to government services. Rather, it has elected to make sure temporary spending does not become permanent, using the savings to cover the natural increase in spending it would have due to inflation and an aging population.

By doing so, it's also making sure that its spending growth doesn't outpace its revenue growth.

So, while government spending got a $500 million bump in 2020, it is now projected to increase by less than $300 million by 2024-25.

Meanwhile, revenues are projected to increase by $800 million from pre-COVID-19 pandemic estimates. And it's important to note this is not achieved through tax hikes of any sort. Rather, it comes as a result of increased economic activity.

While this is welcome news, there is one negative aspect to this approach. It doesn't include scrapping some of the most egregious examples of waste in Nova Scotia.

It keeps the chronic money-losing Yarmouth Ferry operating at taxpayers' expense. It doesn't address the 17.5% premium that provincial bureaucrats earn over their private sector peers.

Doing so would have enabled the province to stop piling more and more debt onto the backs of future generations of taxpayers earlier than 2024-25.

And, if Nova Scotia's approach to get back to balanced budgets lacks ambition, despite being the fastest in the country, what does it say about those governments that have yet to set a date?

Nova Scotia has made it clear that a return to balanced budgets is not only possible, but it can also be done in a timely manner. All there needs to be is political will.



NEW BRUNSWICK BUDGET GOES IN THE WRONG DIRECTION

$741 MILLION

In response to the global COVID-19 pandemic, governments across Canada ran massive deficits last year, and have started work on reducing them this year. But, New Brunswick is the only government that has gone the other way.

In 2020-21, Premier Blaine Higgs was lauded as the most fiscally responsible premier in the country, resisting demands to increase spending and ending the year with a projected $12.6 million shortfall.

When the government tabled its most recent budget, we were optimistic that New Brunswick would be the first to get back to balance.

Instead, it announced three consecutive deficits totalling $741 million.

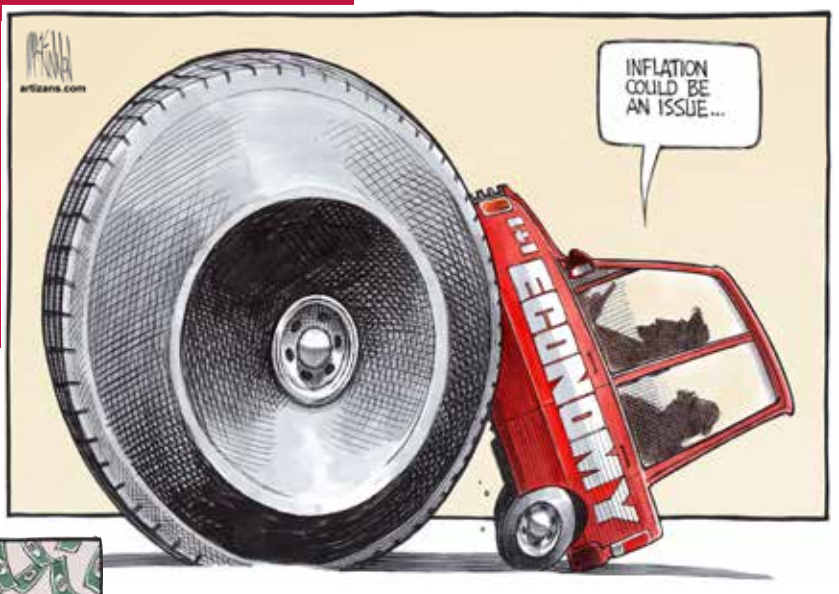
When the economy crashes, government revenues fall, as well, and it's understandable that a government would find itself in deficit.

But, that's what happened last year. This year, the economy is reopening and economic growth is improving.

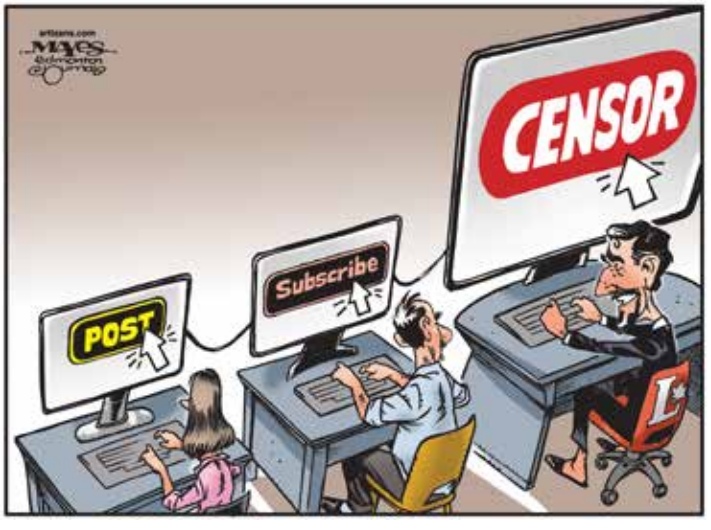
For New Brunswick to dive deeper into red ink at a time like this simply doesn't make sense.

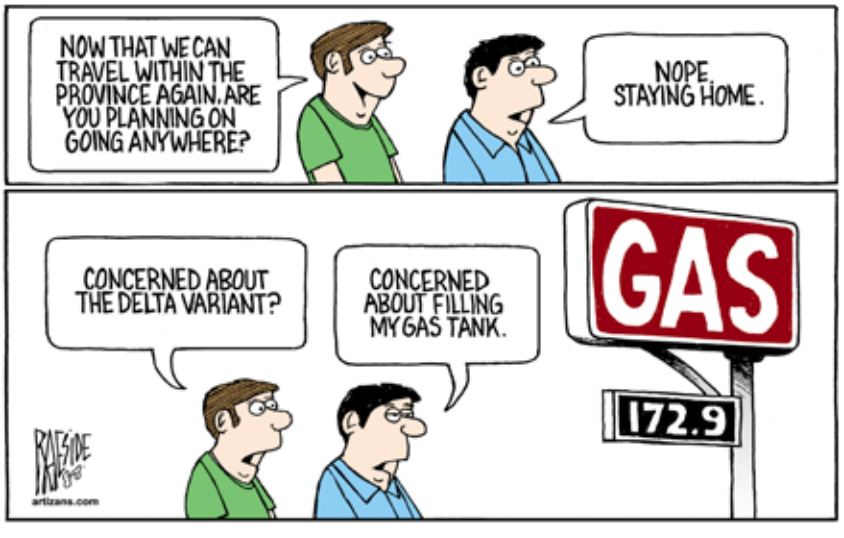
We hope Higgs will change course.

POLITINKED


artizans.com
INFLATION COULD BE AN ISSUE...
ECONOMY


...AND WHAT MAKES YOU SAY THERE'S AN ELECTION IN THE AIR..?


artizans.com
Mayes
Edmonton
CENSOR
Subscribe
POST


NOW THAT WE CAN TRAVEL WITHIN THE PROVINCE AGAIN. ARE YOU PLANNING ON GOING ANYWHERE?
NOPE. STAYING HOME.
CONCERNED ABOUT THE DELTA VARIANT?
CONCERNED ABOUT FILLING MY GAS TANK.
GAS
172.9
artizans.com

BETWEEN THE SPINES

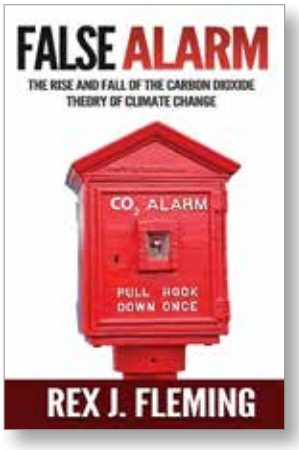
Summer is a great time for relaxing and, especially, picking up a good book for an afternoon or evening read.

In that spirit, the Canadian Taxpayers Federation's new editor, John Challinor II has picked out a few books that he thinks you might enjoy.

We would also like to hear your suggestions about some good books that have crossed your desks recently. If you've got a suggested book, email John at **books@taxpayer.com**.

Enjoy these summer 2021 reads!

False Alarm: The Rise and Fall of the Carbon Dioxide Theory of Climate Change

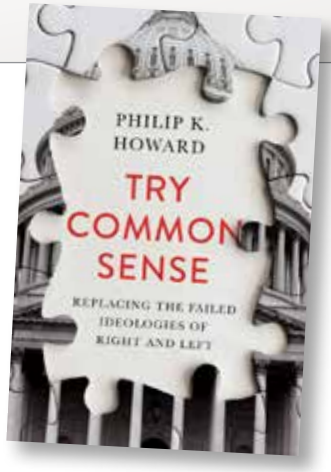


By Dr. Rex J. Fleming, History Publishing Company
212 Pages

In this scientifically-based 2020 tome, Rex Fleming, who holds a doctorate in atmospheric science from the University of Michigan and has researched weather and climate for more than 50 years, very convincingly and authoritatively makes the case that carbon dioxide is not the cause of climate change.

Quotable Quote: "The United Nations has identified the length and domain of climate change as the multi-year change of the Earth's averaged global surface temperature. It has been shown that this particular limited view of climate change is not caused by carbon dioxide, but by the Sun's magnetic field, the motion of the Sun about the solar system barycenter and by cosmic rays from space."

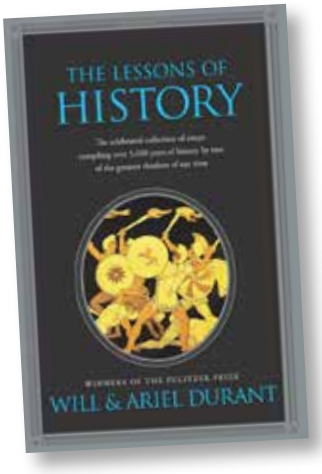
Try Common Sense: Replacing the Failed Ideologies of Right and Left



By Philip K. Howard, W.W. Norton & Company
169 pages

In his highly readable 2019 book, Philip Howard, the founder of Common Good, a non-profit that advocates for simplifying government, skillfully dissects the failed policies of the left and the right while proposing a radical simplification of government to re-empower citizens in their daily choices. While the author cites examples from his native United States, these instances are equally relevant to Canadian taxpayers.

Quotable Quote: "Pretty much everything run by government is broken – schools are bad, healthcare costs are out of control, regulation is impractical, infrastructure is decrepit, Washington is a feeding trough ... and neither Congress nor the president has a coherent vision of how to deal with any of this. What's needed is a governing philosophy that re-empowers people to make practical choices. The parties argue about ideological abstractions when voter anger stems mainly from the stifling of sensible decisions throughout society."



The Lessons of History

By Will and Ariel Durant, Simon and Schuster, 102 Pages

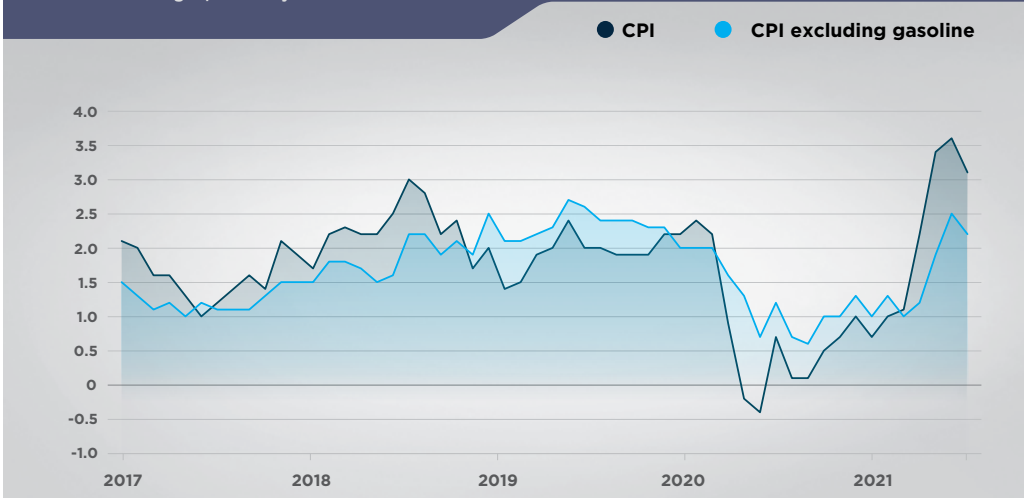
In their very informative 1968 classic read, the scholarly husband and wife team, the late Will and Ariel Durant, extract their accumulated knowledge from 35 years of academic research invested in their life's work, The Story of Civilization, a 10-volume treatise on human history. The Lessons of History efficiently and effectively covers off such varied topics as biology, economics, government, religion and socialism.

Quotable Quote: "All deductions having been made, democracy has done less harm, and more good, than any other form of government. It gave to human existence a zest and camaraderie that outweighed its pitfalls and defects. It gave to thought and science and enterprise the freedom essential to their operation and growth. It broke down the walls of privilege and class, and in each generation it raised up ability from every rank and place."

BY THE NUMBERS

The 12-month change in the Consumer Price Index (CPI) and CPI excluding gasoline

12-month % change | January 2017 to June 2021



Source: Statistics Canada, Table 18-10-0004-01

Highest annual rate of inflation (CPI) since 1950:

12.65%

(1974)

SINCE 1950

Lowest annual rate of inflation (CPI) since 1950:

-1.4%

(1952)

Percentage of household income that goes to taxes in 2020:

36.4%

Source: Fraser Institute
Canadian Consumer Tax Index



Percentage of household income that goes to food, shelter and clothing: **35.4%**

Taxpayer cost for the 2019 federal election:

$502.4 million

(40 DAYS)



Taxpayer cost for the 2015 federal election:

$471.7 million

(78 DAYS)

IN THE FALL 2021 EDITION OF THE TAXPAYER...

Meet the interns

A closer look at UNDRIP

An international look at the cost of the pandemic

SICK OF TAXPAYER FUNDED NEWS?



WESTERN Standard

SUPPORT BAILOUT-FREE MEDIA INSTEAD

WESTERN Standard WESTERN Standard

USE COUPON CODE "TAXPAYER"

Free hardware wallet with qualifying purchase.

BITCOIN WELL Learn how to secure your Bitcoin properly.

TO GET ONE MONTH FOR FREE

WESTERNSTANDARDONLINE.COM

MORGANTE: O'Toole should back nuclear energy, not carbon taxes

Lockdowns RODEO "Rally"

SUBSCRIBE to the **Canadian Taxpayers Podcast** for free on Apple Podcasts, Spotify, Google Podcasts, Stitcher and many other podcast providers.

Or check it out at Taxpayer.com.

