Q&A WITH CHIP WILSON P.28

SUPPORTER SURVEY RESULTS P.34

HOW THINGS TURNED AROUND PART 2 P.38

the taxpayer

WINTER/SPRING 2023
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DO WE REALLY NEED THIS MUCH GOVERNMENT

DO WE NEED THE CRA? **P.26**

DO WE NEED A PAID FULL-TIME GOVERNOR GENERAL? **P.24**

DEBATE - DO WE NEED A CENTRAL BANK? **P.22**

DO WE NEED A STATE BROADCASTER? **P.20**

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FROM THE PRESIDENT

Unofficial Opposition in Ottawa

Scott Hennig
shennig@taxpayer.com

Rarely is the growth of government so stark as it was during the pandemic. Governments across the country hired an extra 527,900 employees between March 2020 and March 2022.

In fact, since the end of 2015, the number of government jobs increased by 19.3%, while the number of Canadians employed by the private and non-profit sectors only grew by 10.7%.

Why does this matter? Employee compensation is the number one government expense. At the federal level, 52% of the operating budget is dedicated to employee compensation. It's similar at the provincial and local level.

I always get a kick out of watching debates at city hall during budget season. Administration proposes an 8% tax hike and council debates whether to buy a new snow plow, or whether they should buy two-ply toilet paper rather than three. In the end, they whittle the tax hike down to 6% and pat themselves on the back. In reality, the tax hike was decided months earlier when the union and the city signed a new agreement, giving employees a big raise, days off for their cat's birthday and a bonus if they stay awake for most of their shifts.

That is why I am so proud of the work our Ottawa office did these past couple of months. Federal director Franco Terrazzano, investigative journalist Ryan Thorpe and researcher Jake Klassen have been the unofficial opposition to the Public Service Alliance of Canada's (PSAC) union demands of the federal government.

Unlike politicians who are worried about the votes of government employees living in their ridings, the Canadian Taxpayers Federation (CTF) can and did stand up to the union and their outrageous demands.

Otherwise, union bosses would have had Canadians believing they were merely asking for a 4.5% annual raise for three years because government employees are being "left behind."

Ryan and Jake uncovered that PSAC was also demanding 10 days of paid leave for family responsibilities, four weeks of vacation after four years of employment, extra pay if they work past 4 p.m., overtime at double pay, five extra paid days off if you're Indigenous, a $17,000 education fund for laid off staff (that one would probably cost taxpayers nothing, as nobody gets laid off in Ottawa), and for taxpayers to fund the union's "social justice fund."

In total, it amounted to a compensation increase of up to 47% over three years, costing taxpayers an extra $3.1 billion per year.

Franco went on the offensive, attacking their ridiculous requests and doing dozens of media interviews from coast-to-coast, as there weren't opposition members of Parliament willing to say no to the union.

Thanks to the CTF team exposing these ridiculous demands, an Angus Reid poll found that only 17% of Canadians believed federal government employees were underpaid. This, along with thousands of CTF supporters contacting their MPs, emboldened the government to hold out for a better deal.

In the end, the union still got a raise, but instead of costing taxpayers $3.1 billion annually, the price tag dropped to $1.3 billion.

While the CTF can't take sole credit for the $1.8 billion in savings, there is no doubt that the deal would have been a lot worse for taxpayers had we not taken on the union and pushed the government to get a better deal. t

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.

Printed in Canada.

WINTER/SPRING 2023

PUBLICATIONS MAIL AGREEMENT NO. 40063310

RETURN UNDELIVERABLE CANADIAN ADDRESSES TO:
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WINTER/SPRING 2023

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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.

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THE NATION

ADVOCACY & OPINION

THE PROVINCES

LETTERS TO THE EDITOR

I just read Scott Hennig's lead editorial in the Fall 2022 edition of *The Taxpayer*. I was feeling discouraged that Bill C-11 [online censorship] was passed in the Senate. Your words of encouragement to not to give up was all I needed to know, that I can continue to make a difference.

Thank-you to you and your team for shining a light on government waste and letting taxpayers know what we can do about it.

Kim Blackstock
Coquitlam, BC

I noticed an unexpected occurrence in a recent interview between Canadian Taxpayers Federation (CTF) Federal Director Franco Terrazzano and Conservative Party of Canada Leader Pierre Poilievre (*The Taxpayer*, Fall 2022), where Franco was asking him questions about very important issues and whether he would support a particular solution. After posing the question about some issues, Poilievre answered (in some cases) with a simple yes, in others, a simple no, adding nothing else.

The first time this occurred, Franco waited, apparently expecting Poilievre to speak further regarding the matter, as many politicians ordinarily do.

Not since Preston Manning have we seen such refreshing straight answers from a politician.

Daniel Douglas
Mono, ON

Prime Minister Justin Trudeau's obsession with getting all those guns has become irrational.

Our prime minister is fast-tracking the regulatory process by using orders-in-council, instead of orderly debates in Parliament, to confiscate guns from vetted and licenced duck hunters and target shooters. Meanwhile, gangsters and drug dealers are engaged in gang wars in many of our city streets across the country, virtually unopposed.

Illegal guns are crossing the border into Canada virtually every day of the year. At the current rate of seizure by police, it looks like criminals will always have access to illegal guns.

At least five of our country's 13 provinces and territories are now making moves to halt the confiscation of legal firearms and not participate in buybacks.

Why waste billions of tax dollars pursuing what most rational thinking people would consider a virtually impossible undertaking, knowing any future government will most likely abandon such a ridiculous undertaking?

Andy Thomsen
Kelowna, BC

I am opposed to the Trudeau Liberal government's potential plan to tax the sale of Canadians' primary residences. Right now, this may look like a solution to overspending by the federal government, but it will come at a great cost.

Hardworking Canadian taxpayers look at their primary residences as a large part of their retirement. Many Canadians have been unable to contribute to their retirement savings in these difficult economic times. They hope to use the sale of their primary home to help fund their retirements. Should the government move forward with this flawed plan, it will then need to assist elderly people to pay for their retirements, as it will have eroded their funds through this tax grab.

Taking equity from homeowners is like stealing money out of their pockets.

The Liberal government needs to leave hardworking taxpayers and homeowners alone.

Rob Gaw
Langley, BC

I just listened to your interview with Grover Norquist (*The Taxpayer*, Fall 2022). It was very informative and gave me great solace, and a better understanding of the workings of government.

Keep up the great work!

Dave Callaway
Stavely, AB

I have just received the latest info sheet from The Canadian Taxpayers Federation. It included an item that described the levels of federal government spending, debt and deficits. The federal government's debt was said to be "well over one trillion dollars and counting." I would suggest that, to see just how indebted we really are, levels of provincial and household debt should also be included.

What is a sustainable level of debt for this country? What are the experts' views on where interest rates and inflation are heading in the short to medium term? I'm an old-timer and come from an era where debts and deficits were subjects of great concern. Canada has always been a good bet based on its vast supply of natural resources. But climate change and the political imperative to cut greenhouse gases and embrace green energy, along with COVID-19 and similar global events, can change things pretty quickly.

Paul Rhodes
Sechelt, BC

I occasionally, and I mean that sincerely, enjoy a glass of wine or a mixed drink. I don't keep alcohol in my cupboard, as a rule. I did purchase some wine to take to a Christmas dinner and was appalled at how much more expensive my purchase was, compared to last year.

Prime Minister Justin Trudeau's creative and automatic annual tax hike on spirits is so fundamentally flawed it cries out as an injustice! The argument that "you don't pay this tax unless you purchase spirits" does not detract from the fact that automatically increasing taxes every year, without discussion and a vote in Parliament, sets a dangerous precedent. It sets the stage for this process to be used in other areas where government deems it necessary to take more taxpayers money to pad its bank account without consultation or due diligence.

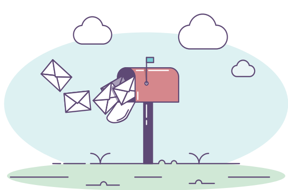
Canadians are under increasing pressure to stretch their dollars for basic needs like food and heat.

Our post-COVID finances have yet to recover and, most likely, will never recover. Food prices are going through the roof. Interest rates are climbing. Houses are more expensive, due to higher mortgage rates. The middle class is disappearing and the "have nots" are growing exponentially.

The government could provide some relief by exercising more frugal spending and being honest and forthright about where our taxpayer dollars are being spent.

Eleanor Settle
Whitehorse, YK

LETTERS TO THE EDITOR



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LEGACY PROFILE:

EDDIE JONES

Eddie Jones and his family are grain and cattle farmers nine miles south of Dinsmore, Sask.

He remembers well the first time he was approached by Canadian Taxpayers Federation field representative Richard Leuke some 30 years ago. "I was aware of the CTF and knew it was working for the farm community so I signed up that day. Friends had told me the CTF is keeping a close eye on things, particularly on the various ways the federal government foolishly spends our money."

A big fan of petition campaigns, Eddie loves the attention drawn to current issues by marching thousands of signatures straight to the offices of lawmakers.

One of those issues Eddie is most concerned about is the federal government's heavy-handed view of farmers and rifles. "Unfair treatment of honest people trying to make a living," he says.

Eddie appreciates some might have a more negative view of firearms because they're inundated by stories of gun crime in the media. But rural gun owners, whose livelihoods depend on rifles, "shouldn't be in the sights of critics."

Eddie says he's "happy to help the CTF in any way he can," and has left a gift in his will giving him the comfort of knowing the CTF will continue fighting important issues for decades to come.

If you would like to join Eddie and many other CTF supporters by leaving a permanent endowment gift as part of your will, please send CTF Director of Legacy Programs, Rick Pepper, an e-mail at rpepper@taxpayer.com to learn more.

CTF EXCLUSIVE

Politicians bill taxpayers for $6,000-a-night suite during Queen's funeral

NOTHING SAYS MOURNING like a luxury hotel suite.

Led by Prime Minister Justin Trudeau, Canada sent a sizeable delegation to the state funeral of Queen Elizabeth II in September 2022, billing taxpayers for nearly $400,000 in hotel costs.

That included a $6,000-a-night luxury hotel suite in central London, featuring a marble bathroom, butler service and a view of the Thames River.

Amid sky-high inflation, dramatically increased interest rates and a recession, it's reasonable for average, hardworking Canadians to ask, "Who billed us for the luxury suite?" But Trudeau didn't think they deserved an answer.

While Governor-General Mary Simon said it wasn't her, the prime minister refused to identify the culprit.

The CTF wanted to get to the bottom of the matter, so it filed an access-to-information request seeking documents showing who billed taxpayers for the luxury hotel suite.

The government released the records, but redacted the name of the individual in question, citing security concerns and a clause in the Access to Information Act that prohibits the release of personal information.

In response, a lawyer representing the CTF filed an official complaint with the Office of the Information Commissioner, seeking to compel the government to release the unredacted records.

Under threat of CTF legal action, and on the eve of U.S. President Joe Biden's visit, the Prime Minister came clean and admitted what Canadians knew all along ... he stayed in the $6,000 per night suite.

SOURCE: THE CANADIAN PRESS/STEVE PARSONS

CTF EXCLUSIVE: Governor-General gets hefty pay raise during pandemic

The governor-general's salary increased by $39,300 since the onset of the COVID-19 pandemic, according to records obtained by the Canadian Taxpayers Federation (CTF).

In 2019, the governor-general made a generous annual salary of $302,800, according to information provided to the CTF by the Privy Council Office. But by 2022, that figure had jumped by 13%, up to $342,100.

The governor-general received an annual raise of 4.15% since 2020, an increase well above the average annual rate of inflation for that period.

And the hit to the wallets of taxpayers won't stop, even after Governor-General Mary Simon leaves her post. That's because former governors-general can continue to expense more than $200,000 per year after leaving office.

It's one of the many perks that comes with the job and, in this case, it extends for the rest of their lives and continues for six months after their death. It's also on top of the $150,000 annual pension they receive, regardless of length of service.

Written and compiled by **Ryan Thorpe**, *Investigative Journalist*

Feds sent billions in COVID relief payments to ineligible recipients

The federal government sent $4.6 billion in pandemic relief payments to ineligible recipients, according to a report from Auditor General of Canada Karen Hogan.

The worst part? That's likely just the tip of the iceberg.

The auditor general also flagged an additional $27.4 billion in suspicious payments that require further investigation.

To put that missing money in perspective: $32 billion would cover the entire federal tax bill for the population of Saskatchewan for a period of roughly three years.

The misspent funds include $1.6 billion sent to individuals who quit their jobs rather than lost them, $6.1 million sent to prisoners and $1.2 million sent to dead people.

Source: Auditor General of Canada Karen Hogan

Feds spend $6.8 million to house 10 people in quarantine hotel

The federal government spent $6.8 million holding 10 people in quarantine in a Calgary hotel from April to October 2022.

That hotel was the Westin Calgary Airport, which the government booked from June 2020 to Oct. 30, 2022, at a cost of $31.3 million.

With 1,490 people quarantined at the Westin during that period, it works out to an average cost of $21,000 per person.

All told, the feds spent $388 million on quarantine hotels across 14 cities during the pandemic, including $77 million in 2022-23.

Source: Toronto Sun/Michelle Rempel

Cost of ArriveCan app skyrockets

When the ArriveCan mobile application was developed in early 2020 to monitor border crossings during the COVID-19 pandemic, the initial price tag was projected at $80,000.

But soon enough, those costs began to balloon.

Fast-changing public-health restrictions meant the app had to be updated more than 70 times, significantly driving up costs. As first reported by the *Globe and Mail*, the cost of the ArriveCan app now sits at $54 million.

Questions are also being raised as to why the federal government would choose to tap a two-person, Ottawa-area staffing company called GGstrategies to do much of the work developing the app.

GGstrategies then turned around and subcontracted that work to six larger firms, charging the feds significant commissions in the process.

To rub salt in the wound, in October 2022, a Toronto-based tech company held a "hackathon" where developers recreated the app in less than 48 hours. Their message to the feds? You wasted millions on this digital software.

Source: The Globe and Mail

CTF EXCLUSIVE: Taxpayers cover $55K grocery bill for Trudeau and family

Canadian taxpayers are paying more than $1,000 a week, or nearly $55,000 a year, for groceries for Prime Minister Justin Trudeau and his family.

The meals are cooked by staff at 24 Sussex then transported via courier to Rideau Cottage, located roughly a kilometre away, where the family has lived since Trudeau took office in 2015.

Documents obtained by the CTF show these bills are nothing new.

On average, taxpayers have been billed $54,494 annually for "miscellaneous food expenses" during the tenures of Trudeau and his predecessor, former prime minister Stephen Harper.

Food bills for Harper and his family cost taxpayers an average of $52,218 per year during his time in office. Under Trudeau, that figure has jumped to $57,538.

Cost of new navy warships blows up

Let's hope the Department of National Defence is better with weapons than it is with numbers.

The Royal Canadian Navy's plan to purchase 15 new warships is plagued with problems and cost overruns.

The project was initially approved with a budget of $26 billion. But in October 2022 Parliamentary Budget Officer Yves Giroux warned taxpayers the cost had skyrocketed to $84.5. billion, a 225% increase.

And if taxpayers think the cost overruns will stop there, the CTF suggests they not hold their collective breath, as DND has admitted the final price tag is not yet known.

"The full cost for the project will continue to be refined," DND said in a statement.

Source: The Ottawa Citizen

CTF EXCLUSIVE: CBC staff dine out on the taxpayer dime

As countless citizens across the country pinched pennies and tightened their belts during the pandemic, Canada's taxpayer-funded public broadcaster was busy dishing out bonuses and pay raises to staff.

CBC executives have handed out more $80 million in bonuses and pay raises since the onset of the COVID-19 pandemic in March 2020. Meanwhile, only one of the public broadcaster's more than 7,000 employees got a cut in pay.

And the pandemic years were no anomaly at the CBC.

Documents obtained by the CTF reveal the CBC has issued nearly $185 million in bonuses and pay raises since Prime Minister Justin Trudeau came to power in 2015, for an average of $23 million per year.

That includes $16 million in bonuses to staff in 2022 alone. All told, 1,142 employees received a bonus, for an average of $14,056 per staffer.

Since 2015, the number of CBC staffers taking home an annual bonus has skyrocketed, rising from 546 in 2015 to 1,142 in 2022 – an increase of 109%.

Records obtained by the CTF also reveal that, during the first nine months of the 2022-23 fiscal year, CBC management gave out $12.5 million in pay raises to 6,262 employees, which represents roughly 80% of its workforce.

Pay raises at the public broadcaster have been coming fast and furious under the Trudeau government, which has resulted in the number of staffers earning six-figure salaries increasing every year since 2015.

During the 2015-16 fiscal year, 438 CBC employees took home more than $100,000 annually, for a total cost to taxpayers of about $59.5 million.

Since then, those numbers have more than doubled.

By the 2021-22 fiscal year, 949 CBC employees took home more than $100,000 annually, for a total cost to taxpayers of about $119.5 million.

Meanwhile, the overall cost of the public broadcaster continues to balloon. In the past eight years, the CBC's annual funding from taxpayers has grown by $203 million, according to its annual reports.

The CBC received $1.2 billion from taxpayers in 2021, including an extra $21 million added to its budget to "ensure its stability during the pandemic."

And in the federal government's most recent fiscal update, an additional $42 million was earmarked for the CBC to help it "recover from the pandemic."

Public-sector union demands up to 47% compensation increase

The Public Service Alliance of Canada (PSAC) was demanding a compensation increase of up to 47% over three years — to the tune of $9.3 billion.

This attempted raid on the public coffers came at a time when record numbers of Canadians are lining up at food banks because of high inflation, high interest rates and an economic recession.

PSAC represents more than 230,000 members of Canada's federal public service across the country.

Among PSAC's laundry list of demands is a request for a $2.50 special shift premium whenever an employee works past 4 p.m. and a $17,000 lump sum payment to laid off staffers for education costs.

Union negotiators also wanted an extra five paid days off for select employees on the basis of their race, mandatory "unconscious bias training" and taxpayer-funded contributions to PSAC's "Social Justice Fund."

According to a 2023 report by the Fraser Institute, the independent, non-partisan Canadian public policy think tank, government employees already enjoy, on average, a 8.5% wage premium over their private sector counterparts.

The study also found that government employees enjoy a significant advantage when it comes to non-wage benefits, including time off for personal reasons, retirement age, pension plan coverage and job security.

Recent polling commissioned by the Fraser Institute and conducted by market research and analytics firm Leger Marketing found that 74% of Canadians already feel as if the average family is overtaxed by their municipal, provincial and federal governments.

Source: Treasury Board of Canada Secretariat

Written and compiled by **Ryan Thorpe**, *Investigative Journalist*

CTF EXCLUSIVE: Edmonton wastes $2 million in failed World Cup bid

The City of Edmonton spent more than $2 million in taxpayer funds in a failed bid to become a host city for the 2026 FIFA World Cup.

The World Cup is played every four years and is considered the most prestigious event in soccer. In 2026, the games will be played in 16 host cities scattered across North America.

Two Canadian cities, Toronto and Vancouver, were successful in their bids to host games, while Edmonton came up short.

Records obtained by the CTF show Edmonton's failed bid cost taxpayers a total of $2,001,739, including $170,046 for "stadium 3D drawings," $130,479 for "strategic advice" and $89,142 for "site visits and announcements."

Meanwhile, Toronto spent $172,132 on its successful bid, while Vancouver said the only expenses associated with its bid were staffing costs, which were not "tracked in a manner that would allow for an accurate estimate."

But the costs to taxpayers don't stop there.

For Canada to host 10 World Cup games across the two cities in 2026, the total price tag is expected to be in the ballpark of $600 million – roughly $60 million per game.

Put another way, for every minute that Toronto and Vancouver host a World Cup game in 2026, taxpayers will be on the hook for $644,000.

CTF EXCLUSIVE: Executive pay spikes at CPP Investments

The president and CEO of the Canada Pension Plan Investment Board (CPP Investments) has seen his total compensation rise by 60% since the onset of the COVID-19 pandemic, according to a CTF analysis.

The man in question is John Graham, who heads up the federal Crown corporation, which is responsible for investing the Canada Pension Plan (CPP) fund assets to maximize returns without undue risk of loss.

During the 2019-20 fiscal year, Graham took home a base salary of $437,000 and total compensation, when factoring in performance bonuses, of $3.3 million, according to the Crown corporation's annual reports.

By the 2021-22 fiscal year, Graham's base salary and total compensation had spiked to $650,000 and $5.3 million, respectively.

Graham isn't the only executive at CPP Investments to see a significant pay jump during the pandemic years.

In 2019-20, total compensation for key management at CPP Investments was $45 million. But by 2021-22 total compensation had risen to $52 million, an increase of 15%.

While CPP Investments had been handling the economic and market fallout from the pandemic well throughout 2020 and 2021, according to an August 2022 report from the *Financial Post*, those fortunes changed last year.

In the first fiscal quarter of 2022, CPP Investments posted losses of $23 billion, or 4.2%.

Parliamentary Budget Officer projects federal deficits for years to come

Finance Minister Chrystia Freeland had some encouraging news for Canadian taxpayers during her fall 2022 fiscal update to the country.

Freeland told Canadians the federal government would balance the budget by 2027, projecting a $4.5 billion surplus that year.

But it didn't take long before the Office of the Parliamentary Budget Officer (PBO) poured cold water on those rosy projections.

On March 2, the PBO released its economic and fiscal outlook report, projecting an $8.7 billion deficit in 2027, with annual debt interest charges expected to climb to $46 billion by that year.

The Liberal government has posted a deficit every year since Prime Minister Justin Trudeau was first elected PM in 2015.

Source: Office of the Parliamentary Budget Officer

Federal government to increase spending on consulting contracts by $2.2 billion

The amount of money the federal government spends on consulting contracts is projected to spike by 13% this year, according to a March 3 report from the Office of the Parliamentary Budget Officer.

That will bring government spending on consultants, officially referred to as "professional & special services," to $19.5 billion for the 2023-24 fiscal year, according to the report.

There are 14 categories that fall within "professional & special services," the most of expensive of which are engineering and architectural services, business services and health and welfare services.

The report states that, since 2015-16, there has been "significant growth" in spending on health and welfare services (115%), as well as management consulting (95%).

The contents of the PBO report were first reported by *Blacklock's Reporter.*

Source: Parliamentary Budget Officer

Alberta taxpayers rack up back-to-back wins

by Ryan Thorpe
Investigative Journalist

Alberta Premier Danielle Smith rung in the new year in style with some good news for taxpayers — the suspension of the provincial fuel tax.

The move, which went into effect Jan. 1, 2023, came in the wake of a Canadian Taxpayers Federation (CTF) campaign urging the provincial government to scrap the tax.

The suspension of the tax is scheduled to last at least six months and will save drivers 13 cents per litre of diesel and gasoline each time they visit the pumps.

For families who drive minivans, that's an extra $10 in their pockets, which will come in handy as their grocery bills continue to rise.

For a worker driving a pickup truck, that's about $15 saved on each tank of gas, which will pay for the morning coffee for a week.

And for truckers filling up big rigs, that's roughly $118 in savings every trip to the pump, which will cover lunch for a week.

As a result, Albertans now pay the lowest fuel taxes in the country. There are roughly 28 cents per litre in fuel taxes left , all of which are imposed by the federal government.

Alberta Premier Danielle Smith and her finance minister, Travis Toews, at the cabinet swearing in on Oct. 24, 2022

SOURCE : CHRIS SCHWARZ/GOVERNMENT OF ALBERTA

But the good news for taxpayers in wild rose country doesn't stop there.

Just weeks after the provincial fuel tax was suspended, Moody's, the international credit rating agency, gave its stamp of approval to the government of Alberta's fiscal policy.

The agency upgraded Alberta's credit rating from AA3 to AA2 on Jan. 26, 2023. The decision was driven, in part, by Alberta's efforts towards paying down its long-term debt.

Finance Minister Travis Toews has signalled the government's intention to pay down $13.4 billion of debt this fiscal year. That would mark the largest repayment in the province's history.

It would also bring down Alberta's debt load to $79.8 billion. Obviously, there's still more work to be done. That's why, over the next three years, the government has committed to setting aside an additional $10.8 billion for savings and debt reduction.

And that's good news for Alberta taxpayers, because the interest charges alone will cost them $2.6 billion this year.

TAX RELIEF ON THE WAY IN NEW BRUNSWICK

Income tax relief is coming to the citizens of New Brunswick.

In fact, they'll receive more income tax relief than the residents of any other Canadian province or territory in 2023, according to the CTF's annual New Year's Tax Changes report.

Led by Premier Blaine Higgs, the provincial government has put on an impressive performance in many respects in recent years, running an annual surplus throughout the global COVID-19 pandemic and managing to pay down the debt by $1.5 billion, in the process.

Now that sound fiscal policy is paying dividends for taxpayers.

In November 2022, Higgs announced sweeping income tax cuts that will translate into hundreds of dollars in relief for the vast majority of New Brunswickers. And given that inflation rates are sitting at a 40-year high, that tax relief couldn't come at a better time.

Manitoba judge orders former Winnipeg CAO to pay back taxpayers

BORIS MINKEVICH / WINNIPEG FREE PRESS

Phil Sheegl (left) and former Winnipeg Mayor Sam Katz share a laugh.

The construction of the downtown police headquarters in Winnipeg is, or at the very least should be, one of the most infamous municipal capital projects in Canadian history.

The project was a fiasco long before shovels ever broke ground and, in the end, it came in massively over budget and years behind schedule. It also sparked a five-year, multimillion-dollar fraud investigation by the Royal Canadian Mounted Police (RCMP), which closed without criminal charges in 2019.

For years, Winnipeg taxpayers have been left to wonder if anyone will ever be held accountable for the scheming, corruption and raiding of public coffers?

In March 2022, they got an answer, even if it was too little, too late.

The City of Winnipeg is suing the contractors and industry professionals who were involved with the design and construction of the municipal capital project.

One of them is Phil Sheegl, the handpicked chief administrative officer of former mayor Sam Katz, whose tenure at city hall (2004-14) resulted in a rash of scandals, over budget and behind schedule capital projects and questionable real estate deals.

In June 2020, Sheegl successfully petitioned the court to sever his proceedings from the rest of the defendants, arguing the allegations against him should be dealt with on their own.

In March 2022, Manitoba Court of King's Bench Chief Justice Glenn Joyal issued a summary judgement, ruling Sheegl accepted a $327,200 bribe during the contracting phase of the project.

That bribe, Joyal said, was then split with Katz.

Sheegl was ordered to pay back the City of Winnipeg and, by extension, its taxpayers approximately $1.1 million, which included the bribe and his severance package.

In August 2022, Sheegl appealed the ruling to a higher court.

The lawsuit against the remaining defendants is set for a civil trial in 2024.

MANITOBA CUTS CHEQUES TO TAXPAYERS TO EASE COST OF LIVING PINCH

The Manitoba government has cut cheques to 700,000 citizens in the hopes of easing the burden of rising inflation.

Billed as a $200 million "carbon tax relief fund," the money will go to everyone in the province above the age of 18 and with a net income lower than $175,000.

Manitoba taxpayers can expect those cheques to arrive in their mailboxes in mid-March.

It's the second round of cheques issued by the provincial government during the pandemic, with the earlier "affordability package" announced in August 2022.

This time around, singles will receive $225 apiece, while couples will get $375, regardless of whether or not they have children.

When announcing the latest round of cheques last month, Premier Heather Stefansson said the province's projected revenues are higher than expected, so the government is returning some of it to taxpayers. t

FEATURE

"DEFUND PUTIN" – A NEW DOCUMENTARY

by Colin Craig
President, SecondStreet.org

Since Russia invaded Ukraine in 2022, global media outlets have regularly reported on Russian President Vladimir Putin's military raping women, abducting children and putting them up for adoption, and killing and torturing innocent people.

SecondStreet.org's new documentary, *Defund Putin*, tells one of the more harrowing stories from the war, that of 11-year-old Yana Stepanenko.

In April of last year, the young Ukrainian girl was at the Kramatorsk railway station with her mother and brother, waiting to catch a train and flee the country. Yana was there with thousands of other innocent Ukrainians hoping to escape Putin's attacks.

But then tragedy struck. Russian rockets hit the station, killing more than 50 civilians and injuring more than 100 others.

In an interview online, Yana described how she woke up from the blast and could feel her legs burning, but her legs weren't there. The young girl lost both of her legs in the attack and her mother lost a leg, as well. To make matters worse, a month later, Yana's father died defending his country.

The young Ukrainian girl has been robbed of her innocence. Her life will never be the same.

SecondStreet.org's new documentary explores her story, while examining several important questions about the war. For instance, how did Putin pay for the rockets that hit the train station that day? How is Putin paying for the tanks, drones and other weapons he's using to inflict pain and suffering on the Ukrainian people?

SOURCE: ASSOCIATED PRESS

Yana Stepanenko recovers at a hospital in Lviv, Ukraine

You don't have to know much about international energy markets to know Russia is essentially a "big gas station." For years, the Kremlin has sold oil and gas resources to the west and used the proceeds to build up Russia's military.

The documentary explores something that hasn't received much press in Canada. Several international media outlets have reported that one way Putin got the world addicted to Russian energy was by funding environmental groups to oppose oil and gas projects in other countries. This is a point that has been raised by media outlets and politicians across the political spectrum, i.e., former Democratic Party presidential candidate Hillary Clinton and Republicans in the United States, *Fox News*, *The Guardian* in Great Britain, the former head of the North Atlantic Treaty Organization (NATO) and more.

Since Russia's invasion last year, many have argued that Canada should increase its oil and gas exports so that the world could purchase more of the country's resources instead of those from Putin. SecondStreet.org wanted to examine what was possible.

Our research shows that, by the end of the next decade, Canada could offset roughly half of Russian crude and natural gas exports if we made it a priority to do so.

Thus, Canada could be a significant threat to the cash cow that's funding Russia's military. One has to wonder if Russia has ever funded environmentalists to halt our nation's oil and gas industry?

"Defund Putin" is 19 minutes in length and can be viewed at DefundPutin.ca or on SecondStreet.org's YouTube and Facebook pages. Help spread the word by sharing it with your friends and family.

HEALTH REFORM

Since 1990, health care spending has exploded in Canada.

Despite this, wait times are up, the number of patients dying on waiting lists is up and one-in-10 Canadians are now waiting for surgery, a diagnostic scan or an appointment with a specialist.

Wait, wait, wait – our health care system is reminiscent of an old Soviet breadline.

Is it any wonder a recent Ipsos Reid poll found 85% of Canadians somewhat or strongly believe our health care system needs "drastic" changes?

Note that, in 1991, governments spent an average of $1,693 per person on health care in Canada. By 2021, it was $5,234. If you plug these figures into the Bank of Canada's inflation calculator, you'll find the increase in spending is just shy of double the rate of inflation.

At the same time, the Fraser Institute has found the waiting period between a patient being referred to a specialist and actually receiving surgery has nearly tripled – from 9.3 weeks in 1993 to 27.4 weeks in 2021. But that's if you actually end up receiving surgery.

Data obtained by SecondStreet.org shows patients dying while waiting for surgery. Diagnostic scans and appointments with specialists have also been a growing problem. For instance, in Ontario, 1,058 patients died while waiting for an MRI scan in 2016-17. By 2021-22, this figure had increased steadily to 1,993 patients. A similar phenomenon occurred for CT scans. There's no doubt that COVID made the situation worse, but it was a growing problem before the pandemic.

Since 2018-19, SecondStreet.org has identified 41,487 waiting list deaths. For perspective, that's more than two NHL arenas full of spectators. Worse yet, many health regions don't track the data, so the true figure is undoubtedly much larger.

The patients in question died while waiting for a variety of procedures, including hip operations, heart surgery, MRI and CT scans, to name a few. Patients waited anywhere from less than a month to more than eight years.

> **"After gathering data from provincial governments nation-wide, SecondStreet.org estimated there are 3.8 million patients currently waiting for surgery, a diagnostic scan or appointment with a specialist."**

After gathering data from provincial governments nation-wide, SecondStreet.org estimated there are 3.8 million patients currently waiting for surgery, a diagnostic scan or appointment with a specialist. That's roughly one-in-10 Canadians.

Just as the selection and availability of food in the Soviet Union improved when the country moved away from central planning, health care in Canada could also do with less state control.

Over the past year, we've seen governments partner more and more with private clinics to provide surgeries and other services to patients. That's a positive step, as this move has shown it can reduce wait times and even costs for governments.

Another step would be to allow patients to – gasp – use their own money to pay for health services outside of the public system. Canada's current rules in this respect are quite disjointed and obstructive when it comes to patient choice.

These are just a couple solutions we've identified at SecondStreet.org. To see more health care data and solutions, please visit our **CanadaWaits.ca** page. t

If you have an interesting health care story, or feedback about these articles, please feel free to send an email to Colin – colin@secondstreet.org

BROWN ENVELOPES

GLOBAL AFFAIRS FINDS **BIZARRE WAYS TO WASTE** TAXPAYER DOLLARS ABROAD

by Ryan Thorpe
Investigative Journalist

Readers of *The Taxpayer* magazine will know all too well of the "Mission Cultural Fund" (MCF), an under-the-radar pool of cash that, for years, has been burning a hole in the pocket of Canada's foreign service.

The MCF was launched in 2016 with a mandate to "leverage Canadian cultural initiatives to promote our artists abroad while advancing foreign policy priorities," according to past comments from Stuart Savage, director general, Global Affairs Canada.

The program first gained public attention in 2019 after *Blacklock's Reporter* obtained documents revealing Global Affairs spent $15,000 to fly a Canadian chef to the Dominican Republic in 2017.

The purpose of the unnamed chef's trip? To cook for a Canada Day banquet.

The Canadian Taxpayers Federation (CTF) would go on to reveal the MCF spent $18,000 of taxpayers' money on a South American jazz tour, $8,800 on a sex toy show in Germany and $52,000 on a photo exhibit for multi-millionaire Canadian musician Bryan Adams.

As a result, the MCF, with its annual budget of $1.75 million, overspent its budget by nearly $3.5 million in 2017-18 and $2.25 million in 2018-19, respectively.

The CTF wanted better insight into just how the MCF is making use of the Canadian tax dollars that are entrusted to it, so it filed an access-to-information and privacy request (ATIP) seeking greater detail about every initiative it funded.

Those records paint an unflattering picture of the MCF as little more than a bureaucratic slush fund, where buckets of taxpayers' cash are doled out to support obscure and, at times, bizarre artistic pursuits around the globe.

In February 2020, Global Affairs released $17,868 in MCF funding to fly the members of OKAN, a "women-led contemporary Afro-Cuban Jazz band" from Toronto to India for the Jaipur Jazz and Blues Festival.

"The band's composition, including its cultural, ethnic, gender as well as sexual background, provides an interesting story to showcase Canadian values around diversity, pluralism, multiculturalism and inclusion," reads a description of the funding request.

But the initiative only "partially met its target" goals, in large part because unspecified "visa issues" resulted in just "two out of the four members of the band" being able to travel to India for the music festival.

The MCF also gave $15,000 in 2020 to send a team to Vietnam for an "intelligence gathering" mission, with the task of travelling to regions outside of Hanoi to "learn and report on the situation in the country."

Once again, the trip only "partially met" its target goals, after the onset of the COVID-19 pandemic limited the team's ability to travel within the country.

This meant the team's "ability to promote and advocate Canadian priorities" was severely limited, forcing them to use "social media as a substitute."

In other words, $15,000 in taxpayer funds spent on sending people to Vietnam to make posts on social media.

In 2019, the MCF found more creative ways to burn through the tax dollars entrusted to it.

That includes $6,239 to fly two newspaper journalists, one from the *Toronto Star* and the other from the *Montreal Gazette,* to the Sundance Film Festival, where a Canadian documentary on climate change premiered.

The irony of flying out two journalists to report on a documentary that "explores the impact of humanity on natural development" was apparently lost on the Global Affairs bureaucrats who approved the spending.

The journalists were also invited to a private dinner in advance of the film's screening, where Canadian officials highlighted the country's "climate change efforts to an influential group of guests," including American environmental lawyer, author and activist Bobby Kennedy Jr.

The initiatives supported by the MCF took a strange turn that summer when $4,000 was given to the Toronto-based group, Mammalian Diving Reflex, to organize a live stage performance at a concert hall in Taiwan.

> **"The Canadian Taxpayers Federation (CTF) would go on to reveal the MCF spent $18,000 of taxpayers' money on a South American jazz tour, $8,800 on a sex toy show in Germany and $52,000 on a photo exhibit for multi-millionaire Canadian musician Bryan Adams."**

The show was called "All the Sex I've Ever Had," and it starred six Taiwanese senior citizens who were invited on stage to recount "everything they can remember and care to share about their romantic and sexual lives."

As a result of the MCF support, members of the Mammalian Diving Reflex team flew out to Taiwan five weeks early to prepare the chosen senior citizens for their big night on the stage.

What the sex lives of senior citizens in Taiwan and promoting Canadian values abroad have to do with one another, let alone how such an event represents a responsible use of limited tax dollars, is in question.

The year prior, in October 2018, $10,500 in MCF funding was invested in another strange stage performance – this time in Cologne, Germany, and based on the life and work of the French-Canadian composer, Claude Vivier.

According to a description of the event, the show aimed to capture the "mystical aura" surrounding the late composer "who all but predicted his own murder by a male prostitute in Paris in his final, uncompleted work."

That same year, another $9,000 in MCF funding was given to the annual pride parade in Oslo, Norway, which saw diplomatic officials ride a festival float and host a "pride reception" at the official Canadian residence there.

"A brief rain shower did nothing to dampen spirits and, indeed, led to a highly unusual and appropriate double rainbow in the sky right over the official residence and the rainbow flag, which was flying from the... flagpole," reads a report on the event, which was deemed a success by organizers.

In 2018, the MCF cut a cheque for $8,950 to the Timbrrr! Winter Music Festival in Leavenworth, Wash., to secure a minimum of two Canadian artists for that year's slate of live performers.

The funding also got the Canadian consulate a shout-out from the event's emcee, "Canadian branding" in the green room, a "highly competitive" bubble hockey tournament and a social media campaign on "Monty the Mountie."

More than $4,000 in MCF funding also went towards a campus Canada Day event at the University of Missouri in Columbia, Mo., in 2017, mostly covering the costs of flying out actors from the Stratford Festival in Stratford, Ont., for workshops with students.

The initiative was deemed a success after the actor-led workshops helped gin up some favourable coverage in the local community newspaper.

"The local newspaper did an expanded article on campus events and the Canadian Studies Center on campus. It is read by thousands in the community and elevated the impact of the local events," reads a summary of the initiative.

Another $8,000 went towards funding a workshop in Madrid, Spain, where students at a local high school with a French immersion program were invited to discuss "issues of gender equality and women's rights" with organizers.

The event "partially met" its target goals, with the organizers expressing hope future workshops in a similar vein could be funded through the MCF.

A display for the 2018 Timbrrr! festival in Leavenworth, Wash

While the individual initiatives funded through the MCF don't break the bank, the costs add up to millions of tax dollars spent on hundreds of events held overseas year after year.

The MCF is given a generous annual budget of $1.75 million, but the records obtained by the CTF make it clear the federal bureaucrats administering the program cannot live within their means.

That's why the program went over budget every year for which records are available.

And while that might be a drop in the bucket when it comes to overall federal spending, it's symbolic of the waste the CTF is dedicated to fighting against.

The question for Canadian taxpayers is simple: is the federal government being a good steward of your money when it bankrolls sex toy shows in Germany, a pride parade in Norway or strange stage productions in Taiwan?

Here at the CTF, we think the answer is no, which is why we've launched a petition, which can be found on our website, demanding the Trudeau government abolish the MCF and its wasteful ways, once and for all.

The MCF is far from the only federal slush fund that needs to go.

But with your help, we can make it the first.

SOURCE: FLICKR/DAVID SEIBOLD

What the sex lives of senior citizens in Taiwan and promoting Canadian values abroad have to do with one another, let alone how such an event represents a responsible use of limited tax dollars, is in question.

Officials order up $1 million in booze, taxpayers pick up the tab

The Mission Cultural Fund isn't the only program operating within Global Affairs Canada that makes questionable use of significant tax dollars.

The Canadian Wine Initiative (CWI) was launched in 2004 with a mandate of supporting the country's booze industry by promoting it abroad.

Global Affairs has been shipping out cases of wine, beer and spirits ever since, sending them to Canadian embassies and high commissions across the globe, where they're served at fancy dinners, receptions and cocktail parties.

The CWI is headed up by Janet Dorozynski, Canada's de facto wine ambassador, who has overseen a significant expansion of the program during her tenure as trade commissioner for wine, beer and spirits.

According to past remarks from Dorozynski, the Canadian booze ordered through the CWI is served at "high-profile events and during visits by the prime minister, governor-general and other high-level officials."

Dorozynski also organizes an annual training session for ambassadors and high commissioners on "culinary diplomacy," teaching them how to feature Canadian products as part of their role promoting the country internationally.

At least 100 Canadian suppliers have signed up for the CWI, and Dorozynski has said the federal program is "unique in the world."

The CTF was interested in learning just what all of this means for taxpayers, so it filed an access-to-information request, seeking all CWI receipts from January 2018 through June 2021.

The receipts bring a new meaning to the phrase: drink the bar dry.

Canadian taxpayers picked up the cost of more than $1 million in booze orders during that period, an average of just under $300,000 per year.

And, while COVID-19 impacted CWI operations, embassies and high commissions were encouraged to continue placing orders during the pandemic to serve at "virtual events," according to a 2021 interview with Dorozynski.

Purchases through the CWI came in at $290,798 and $384,092 in 2018 and 2019, respectively.

In 2020, CWI orders fell to just $199,258, before rebounding to $165,933 during the first six months of 2021.

Tax on booze sales in Canada went up by 2% in 2023, thanks to the escalator tax introduced by the Trudeau government as part of its 2017 budget, which rises in lockstep with the rate of inflation.

And, given the fact inflation rates are sitting at a 40-year high, that means the rising price of booze is hitting Canadians where it hurts most — their wallets, be it at home or abroad, and whether they're the ones doing the drinking or not. t

FEATURE

DO WE REALLY NEED A STATE BROADCASTER?

by Franco Terrazzano
Federal Director

by Kris Sims
Alberta Director

The Canadian Broadcasting Corporation (CBC) was launched in 1936 with the mandate to produce Canadian programming to compete with the American content beaming out from powerhouse stations in New York and Detroit. In 1952, CBC opened its first two television stations in Montréal and Toronto.

But contrary to modern popular belief, the CBC was not the first radio station in our country.

Canada's radio era started more than 100 years ago and, by 1922, there were 39 privately-owned commercial radio stations operating from British Columbia to Nova Scotia.

By 1932, that number had nearly doubled to 77. Stations aired everything from local farming tips to live orchestras gathered to play from the stations' studios.

And then came the gathering storm of the Second World War, which entrenched the CBC in the minds of many Canadians, who tuned in to hear reports from the front lines in Europe.

Fast-forward 87 years and the world of media and entertainment has changed. Gone are the days when broadsheets, radio bulletins and TV news reports were the only ways for Canadians to get information about their communities and the wider world.

Which prompts a question: do Canadians still need a state-funded broadcaster?

For decades, there have been three arguments deployed by defenders of the CBC.

1. Some communities will be underserved without the CBC.
2. The CBC is needed to promote Canadian content.
3. The CBC is fundamental to Canadian democracy.

Let's take those claims one at a time.

Will communities be underserved without the CBC?

"An important part of our mission as the public broadcaster is to provide services that meet the needs of First Nations, Inuit and Métis Peoples," said CBC president Catherine Tait.

Let's check the facts.

The CBC spent $18.3 million on its Indigenous language television, radio and online services from April 1, 2018, to March 31, 2021. During that time, the CBC spent more than $21 million on salaries and benefits for its eight senior executives.

That means the CBC allocates more money for executive compensation than it does Indigenous language programming.

By comparison, the Aboriginal Peoples Television Network (APTN) depends largely on subscription fees and funding partnerships with private media companies.

APTN received $1.7 million from taxpayers in 2022. More than 27% of APTN's broadcasts are delivered in Indigenous languages. APTN reaches more than 4 million people in Canada, with an average prime time viewership of 712,000 per week.

There are also privately-funded stations across Canada that offer programming in about two dozen different languages.

OMNI TV delivers TV newscasts in Arabic, Cantonese, Mandarin, Punjabi, Portuguese, Filipino and Italian. RED (Reflecting Ethnic Diversity) FM radio broadcasts in Punjabi, Hindi, English, Arabic, Bengali, Croatian, Korean, Pashto, Persian, Russian, Sindhi, Spanish, Tagalog, Tamil and Vietnamese.

The Canadian Media Fund (CMF) is a corporation that accepts both private industry and government funding to produce Canadian content. In 2022-23, it's expected to get more than $190 million in taxpayer money. The CMF is earmarking $10 million for Indigenous language programming and $4 million for "diverse languages."

Is the CBC needed to promote Canadian content?

In 1938, a member of Parliament told the House of Commons, "If the Canadian Broadcasting Corporation cannot do better, it might as well fold up… if our object was to cut down on this United States invasion, the new policy, with its accompanying increase in the license fee is bringing us still more and more of the United States influence."

The same problems and arguments about the role and cost of the CBC strike a familiar chord today. The only difference is Canadians don't need a bloated government media agency to make it big nowadays.

Netflix, YouTube, Apple TV, Amazon and many other on-demand and online platforms have sky-rocketed in popularity, boosting the careers of countless Canadians at no cost to taxpayers.

At the same time, the CBC's viewership is tanking.

The CBC's 6 PM local TV newscasts across 27 stations has an audience of 319,000 people, according to a *Blacklock's Reporter's* story from 2020. That means less than 1% of Canadians watch the CBC's supper hour newscast.

There has been record-setting Canadian film and television production in recent years, much of it supported by private-sector streaming services. Amazon filmed 22 original movies and television series across the country while Netflix has pumped $2.5 billion into Canadian productions since 2017.

The chair of the CRTC acknowledged that Netflix is, "probably the single largest contributor to the (Canadian) production sector today."

An early rationale for the government to fund Canadian content was "based on the scarcity of spectrum – the limited availability of radio frequencies," according to the Library of Parliament. "On the Internet, however, scarcity of spectrum is not an issue and there is a vast amount of content from all kinds of sources."

concerned with supporting an ideology or political position than with informing the public the news."

A 2017 poll found that many Canadians think the CBC has a liberal or left-wing bias, and it was chosen as the most biased national media outlet.

But there's also a matter of principle at stake: journalists should not be paid by the government.

A media company that owes its existence to massive payments from the state and the sprawling maze of capital city bureaucrats and academics who support it, cannot credibly hold the powerful to account and speak for the common working people.

There are hundreds of privately-owned and funded radio stations, TV newsrooms, newspapers, online news sites and independent journalists in Canada covering current events every day. More than ever, Canadians are turning to them for news – not the CBC.

Newspaper publishers also cite the CBC's mandate-leaping expansion into online print news as a reason why private newspapers have suffered major cutbacks over the past 15 years.

What about the idea that Canadian democracy would crumble if not for the CBC? Well, Canada held 18 federal elections before the CBC existed, and private media companies covered the news from varied vantage points.

Even after raking in billions of dollars from taxpayers, the CBC is not the open, objective and balanced "national public square" it fashions itself to be, and is certainly not fundamental to Canadian democracy.

ENGLISH LANGUAGE SHARE OF CANADIAN VIEWERS

TV VIEWERS:

CTV	41.2%
Global	31.4%
Rogers	8.9%
CBC	**6.7%**

STREAMING AND ON DEMAND SERVICES:

CTV	25.3%
Global	23.2%
Rogers	5.3%
CBC	**2.7%**

SOURCE: CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION (CRTC)

Even if the CBC was once necessary to promote Canadian content, technology has made that rationale obsolete.

Is the CBC fundamental to Canada's democracy?

The CBC cannot be Canada's "national public square" if almost no one watches it and if all Canadians don't feel represented on the CBC.

Tait's claim that the CBC is "one of Canadians' most-trusted sources of news and information," is questionable.

In a wide-ranging 2021 poll on trust in news, 49% of Canadians said they think journalists are purposefully trying to mislead people. That same poll found that trust in "traditional media" had fallen from 65% to 55%. More than 50% of respondents said, "Most news organizations are more

Canadians know the most obvious reasons to defund the CBC: money

It costs taxpayers more than $1 billion every year, and it has pulled in $80 billion since the 1930s.

We could pay the salaries of about 15,000 new nurses per year for what we pay for the CBC.

Canadians should be allowed to choose which news and media organizations they want to support through donations or subscriptions, and media companies should find funding for their work in the same manner.

Canada has grown up in the last 87 years and doesn't need a state broadcaster that costs so much, while providing so little. t

Source: Bank of Canada

Debate:

DO WE NEED A CENTRAL BANK?

YES

PROFESSOR TREVOR TOMBE

UNIVERSITY OF CALGARY

To appreciate why Canada should have a central bank, it is useful to look back at our early history when monetary policy was non-existent and a gold standard prevailed.

Beyond a certain initial amount, bank notes were originally fully backed by gold, meaning money and credit expanded or contracted as gold flowed in or out of the country.

We were on autopilot and that created a problem as prices swung wildly from an inflation rate of more than 9% in 1872 to deflation of more than 4% soon after. By 1880, inflation returned to 3%, but soon grew to more than 6% before deflation of nearly 13% arrived in 1884.

Such swings between inflation and deflation were vividly described by renowned economist Irving Fisher, in testimony to a Canadian Parliamentary committee a century ago, as, "a great evil ... an evil of social injustice."

The key problem was a lack of responsive monetary policy.

World War I changed everything as we started printing money not backed by gold. Although inflationary, this was necessary to secure wartime resources.

Our central bank was, effectively, the Treasury Board — then, as now, a committee of cabinet ministers. It served as the lender of last resort, set interest rates charged to banks and more.

For various reasons, it was kept in place after the war. It seemed there was little need for a central bank. Former prime minister Richard Bedford Bennett noted that creating a central bank, "would not do a single thing beyond what we are doing now."

But this was a problem. Monetary policy was vested in those who could not conduct it wisely: politicians. Interest rates were reduced in the late 1920s, for example, but not to influence the overall economy. A 1933 royal commission that looked into Canada's banking system found rates were, "mainly varied to meet the exigencies of the Dominion Government's finances."

Even extreme shocks caused little to no response. The discount rate in late 1928, for example, was 4.5%. In 1929, following the crash, it was 4.5%. And all the way through to late 1931, as the Great Depression was well underway, it remained at — you guessed it! — 4.5%.

Pressure to create a central bank mounted from several quarters, including farmers, the Co-operative Commonwealth Federation (CCF) Party (which became the New Democratic Party of Canada in 1961) and the Social Credit Party of Canada (which ceased in 1993), in particular. Even Bennett changed his mind, and created the Bank of Canada to, "regulate credit and currency in the best interests of the economic life of the nation."

While this history is (hopefully) interesting and illustrates some consequences of not having a central bank, perhaps things are different today? Not so.

A country must choose two of the following: open capital markets, a fixed exchange rate or independent monetary policy. It cannot choose all three.

Under the gold standard, open capital flows and a fixed exchange rate requires abandoning monetary policy. We could introduce capital controls, but that is problematic in a free society. And since Canada is a small, open economy, flexible exchange rates provide a useful cushion.

Having open capital markets and a flexible currency means independent monetary policy is available. The question is: who should wield this power – a private entity, politicians or a central bank?

Given its broad economic and societal implications, placing it in the hands of a government authority is appropriate. And better to delegate it to an independent central bank with a clear mandate than leave it to politicians who may not wield this power wisely.

There is, to be absolutely clear, broad scope for debate around how monetary policy is conducted. But on the question of whether a central bank should even exist, the answer is clear.

DO WE REALLY NEED THIS MUCH GOVERNMENT?

Rising prices and interest rates have put a spotlight on central banks. Conservative Party of Canada (CPC) Leader Pierre Poilievre has promised to fire Bank of Canada Governor Tiff Macklem for telling Canadians interest rates would stay low while simultaneously buying government bonds. But is political interference when it comes to setting interest rates in our best interest?

In the United States, some Republican Party politicians want to "End the Fed" (the United States Federal Reserve is America's central bank). That has us wondering: should Canada even have a central bank?

We reached out to two respected Canadian economists and asked them to share their opposing views on this important question.

NO

PROFESSOR DANNY LE ROY

UNIVERSITY OF LETHBRIDGE

Big-spending politicians need a central bank. Ordinary taxpayers do not.

Central banks aren't needed to make money

Money was created by freely trading individuals. Not by kings, governments or central bankers.

Many different goods have served as money throughout history. As a particular good is more frequently chosen as the instrument of exchange, the demand to use that good in exchange (as money) increases. This is how commodities like gold and silver became money.

Central banks are not necessary

Central banks emerged through government decree due to state overspending. Before the 20th century, very few nation-states had a central bank. One of the earliest was the Bank of England. It was created in 1694 because King William III found it difficult to fund his overspending from taxation alone.

The Bank of Canada was not established until 1935. The Canadian banking system had survived the Great Depression, up to that point, with no major bank failures, while thousands of banks failed in the United States, despite the existence of the U.S. Federal Reserve.

Among countries without a central bank is Panama. Thus, the money supply in Panama is largely market driven. With the U.S. dollar as the de facto currency, the national government must obtain its revenue from Panamanian producers or exporters. That is, Panama's politicians can only increase their revenue through taxation. Panama's politicians can't covertly fund spending increases through the printing press. Panama is the only country in Latin America that has not experienced a financial collapse or a currency crisis since its independence in 1903.

Central banks create inflation, overspending and bad banking

Artificial increases in the supply of money and credit generate boom-bust business cycles. A market-based commodity currency places a natural restraint on money creation. It costs a lot of money to mine gold. It only takes a click of a keypad for the Bank of Canada to create new dollars out of thin air.

To accommodate several years of zero interest rates and massive government deficits, the Bank of Canada has resorted to considerable "quantitative easing." That's bureaucratese for purchasing government bonds with newly created money. But make no mistake, quantitative easing is inflation — an increase in the quantity supplied of fiat money. Its aim is salvaging failing economic policies by allowing the government to spend more.

In fact, central banks allow politicians to increase spending beyond what taxpayers are willing to pay. As the economist Ludwig von Mises explained, "A government always finds itself obliged to resort to inflationary measures when it cannot negotiate loans and dare not levy taxes because it has reason to fear that it will forfeit approval of the policy ... [Inflation] can be called an instrument of the unpopular, i.e., of anti-democratic, policy, since by misleading public opinion it makes possible the continued existence of a system of government that would have no hope of the consent of the people if the circumstances were clearly laid before them."

A central bank does not strengthen the entire banking system. It increases its fragility by allowing bankers to take higher risks than they otherwise would, because bankers expect the central bank to step in as the lender of last resort. The existence of the central bank sets the expectation the government will bail out the bankers and shift the losses onto the taxpaying public.

Canadians do not need a central bank. Eliminating the central bank would constrain the national government's ability to overspend, create inflation and generate boom-bust cycles.

Governor-General Mary Simon, Prime Minister Justin Trudeau and members of cabinet applaud during an accession ceremony at Rideau Hall, in Ottawa, on Sept. 10, 2022.

SOURCE: THE CANADIAN PRESS/ADRIAN WYLD

DO WE REALLY NEED A FULL-TIME GOVERNOR GENERAL?

Nicolas Gagnon, *Québec Director*

Scott Hennig *President*

Every time a new spending scandal breaks at Rideau Hall, the same question is asked, "Why are we paying for this?"

Whether it's their expensive pensions, lavish travel or taste for "royal" renovations, the extravagant spending of successive governors-general has undermined Canadians' trust in the role like never before.

What can be done to fix this problem?

Australia held a referendum in 1999 to ditch ties to the British monarchy and become a republic. That vote failed, with 55% opting to remain British subjects. There are discussions about another vote, possibly as early as 2025.

Canadians are equally split about the monarchy. An Ipsos-Reid poll from September 2022 found 54% of Canadians believe Canada should end its formal ties to the British monarchy. Similarly, a poll of Canadian Taxpayers Federation (CTF) supporters from December 2022 found only 39.6% support the monarchy in Canada.

While ditching the monarchy may be the nuclear option to profligate spending by our governors-general, there's no guarantee that we wouldn't follow the Australian path of bickering over the replacement model for the next quarter century. In the interim, there are constitutional duties that must be performed.

What is the governor-general required to do?

The *Constitution Act, 1867*, dictates many of the obligations of the governor-general.

The list of responsibilities include: swearing in the prime minister, cabinet ministers and the chief justice; summoning, proroguing and dissolving Parliament; delivering the speech from the throne; granting royal assent to acts passed by Parliament and signing into effect orders-in-council; and appointing lieutenant-governors and members of the Privy Council.

Though not in the constitution, since the Letters Patent of 1947 from King George V, the governor-general has been the ceremonial commander-in-chief for Canada.

What does the governor-general do that's optional?

While not exhaustive, the governor-general's activity reports from September 2022 to January 2023 show that Mary Simon attended a significant event once or twice a week, on average.

These events vary from welcoming foreign dignitaries and handing out awards to student athletes to presiding over military ceremonies. During the summer of 2021, the governor-general attended seven events in three months.

The track record of her predecessor, Julie Payette, reveals a similar pattern. In the three months before the global COVID-19 pandemic shut down most events and travel (January-March 2020), the former governor-general attended 12 events. These included delivering a speech at a conference, giving out awards to teachers, travelling to Jerusalem and Poland, hosting a winter celebration at Rideau Hall, touring a safe injection site in Vancouver, going cross-country skiing in Thunder Bay, appointing new diplomats and meeting with a foreign president in Ottawa.

As the CTF pointed out in these pages recently, there's also a fair bit of international travel.

For example, Simon took a now-infamous trip to the Middle East last March and has travelled to England three times since then. In October 2022, she traveled to Iceland, where she attended a conference on gender equality and, in February 2023, her delegation landed in Finland to talk about climate change.

As the governor-general does not have a public policy role within the federal government, discussing climate change and gender equality with foreign politicians and sheikhs makes little sense. And those trips are not cheap.

How much do Canadian taxpayers pay for a full-time governor-general?

Just looking at travel, the recent Middle East trip cost taxpayers more than $1.1 million, including $100,000 in air catering.

Each trip requires the coordination of departments, including the Office of the Secretary to the Governor General (OSGG), Global Affairs Canada, National Defence and the RCMP.

But the big annual costs come in the operation of the OSGG. In 2021-22, taxpayers shelled out $33.9 million to fund the office. More than $18 million of that went to paying the salaries of the 177 staff who work for the OSGG.

This also includes the nearly $1 million paid out annually in pensions to former governors-general. And it includes the current $342,100 salary paid to Gov.-Gen. Simon. Her salary has jumped by nearly $40,000 since 2019. This salary is set by the *Governor General's Act,* not by the constitution or by the King of England.

Is there a solution that could be implemented right away to reduce costs?

Former Parti Québécois leader Jean-François Lisée and former federal New Democratic Party (NDP) leader Thomas Mulcair, two ex-politicians on opposite sides of the ideological spectrum, reached a rare common ground during a radio debate, putting forward an option that should be considered:

"What if the governor-general was a volunteer? What if her salary was [drastically] reduced?"

Certainly, if the governor-general was limited strictly to the constitutionally required activities, the job could likely be done in a few hours each week. Surely, there are a great number of well-respected Ottawa residents who could spare a few volunteer hours a week to swing by Rideau Hall and sign a few bills. Undoubtedly, many would offer to do it, just for the business card.

The 1947 Letters Patent also lays out what happens if a governor-general dies, is incapacitated or removed. In those circumstances, the chief justice of the Supreme Court fulfills the constitutional duties of the governor-general.

In theory, the Canadian government could request that the role not be replaced, and the chief justice could handle the extra few hours of work each month. This also might be the best solution if Canada fell into a constitutional crisis (see sidebar).

However, the real savings for taxpayers would come not just from the elimination or severe reduction of salary taken by the governor-general, but by the reduction in non-constitutionally required elements of the job.

By delegating foreign diplomatic activities to ambassadors and consuls, the governor-general could save taxpayers millions of dollars in salaries, travel and accommodation. Canada has one of the largest diplomatic networks in the world, with hundreds of ambassadors and consuls in more than 150 countries.

Many taxpayers have lost confidence in the governor-general and there is no guarantee that a comeback is possible. Rather than simply trying to find a more fiscally responsible governor-general or the nuclear option of becoming a republic and removing any ties to the monarchy, there is a middle ground that would both fulfil the duties required and save taxpayers money. t

KING-BYNG AFFAIR AND THE 2008 COALITION ATTEMPT

Arguably, the most important constitutional role the governor-general plays is deciding who will form government in the case of a minority government. But it's not always a clear-cut decision.

Following the 1925 federal election, Arthur Meighen's Conservative Party won the most seats in the House of Commons with 116. William Lyon Mackenzie King's Liberals came second with 101 and the Progressive Party won 22 seats.

King had maintained a minority government for the four years prior with the informal support of the Progressives and, as such, refused to resign. Then Gov.-Gen. Lord Byng of Vimy allowed King to stay on as prime minister but told King that Meighen would be given an option to form government if his government fell.

A few months later, with his government embroiled in a scandal and on the verge of a non-confidence vote, King requested Byng dissolve Parliament and call an election. Byng refused and King was forced to resign. Byng then gave Meighen the option to form a government. That government was short-lived, and Meighen requested an election be called as well.

Similarly, in 2008, shortly after the re-election of Stephen Harper's Conservative's to a minority government, his government proposed to eliminate taxpayer funding for political parties. The three opposition parties (Liberals, NDP and Bloc) were much more reliant on the funding than the Conservatives, so they formed a coalition. The coalition declared it was prepared to force a non-confidence vote and asked then Gov.-Gen. Michaëlle Jean to let them form a coalition government.

Harper could have asked the governor-general for a dissolution of Parliament like King. Instead, he asked that Parliament be prorogued, thereby pushing a confidence vote into the new year. Jean came home early from a European tour and granted Harper a short-term prorogation. Opposition infighting collapsed the tenuous coalition during the break and ended the attempt.

FEATURE

DO WE REALLY NEED THE THE CANADA REVENUE AGENCY?

A DIVE INTO AMERICAN PROPOSALS **TO ABOLISH THE IRS**

by Franco Terrazzano
Federal Director

Abolish the income tax, close the Canada Revenue Agency (CRA) and simplify the tax code. What if we told you this is something that is actually being discussed?

Our neighbours down south are trying to make it a reality. Some Republican politicians are pushing to abolish the Internal Revenue Service (IRS) by replacing the national income tax with a national sales tax. Republicans call this the FairTax, an idea that has been floating around Washington since 1999.

The FairTax was even supported by former Arkansas governor Mike Huckabee when he ran for the Republican presidential nomination in 2008.

"I'd like you to join me in the best 'going-out-of-business sale' I can imagine – one held by the Internal Revenue Service," Huckabee said.

The *Fair Tax Act* was re-introduced recently by United States House of Representatives member from Georgia, Earl "Buddy" Carter.

"Instead of adding 87,000 new agents to weaponize the IRS against small business owners and middle America, this bill will eliminate the need for the department entirely by simplifying the tax code," Carter said.

It would be understandable for Canadians to look at our Southern neighbours with a bit of envy. Could Canada do the same and eliminate CRA?

What would happen to your tax bill?

Well, it depends. The FairTax is supposed to be revenue neutral for the government. It would abolish the income tax and replace it with a higher national sales tax that would generate the same government revenue. Just because a switch is revenue neutral for government, it doesn't mean it's revenue neutral for families.

Abolishing Canada's federal income taxes would require a 35% general sales tax to offset revenue. Would you rather pay current federal income taxes or a 35% goods and services tax (GST)? The answer will depend on your personal situation.

Some people in the top income brackets may enjoy a tax cut. Some business owners, too. But many retirees would take it on the chin. They paid income taxes their entire working lives, and now their pensions would be stretched thin with a 35% GST applied at the till.

A higher GST would mean higher taxes on money already taxed by the income tax.

"Replacing our current tax code with a national sales tax would create a system of double taxation on retirees," said Grover Norquist, president of Americans for Tax Reform.

"Take, for example, a 65-year-old who has spent a lifetime saving after-tax income and has retired, expecting to draw down that income without paying further taxes. Instead, they would now face a 30% sales tax on everything they buy." [Note: the GST in Canada would need to be 35%, not 30%].

Would the FairTax reduce the number of tax bureaucrats?

Maybe. But, maybe not.

The FairTax "would hand the job of processing payments to the Social Security Administration," Norquist said. "Shuffling responsibilities and personnel from the IRS to the SSA does nothing to shrink wasteful bureaucracy, let alone make it small enough to drown in a bathtub."

DO WE REALLY NEED THIS MUCH GOVERNMENT?

In 2015, Canadians paid for 257,034 federal bureaucrats. As of last year, there were 335,957 bureaucrats. That's 78,923 more bureaucrats since Justin Trudeau became prime minister.

"Over the past seven years, [the federal government's] personnel spending grew by an average of 6.7% annually, from $39.6 billion to $60.7 billion," the Parliamentary Budget Officer said.

The federal government's inflation-adjusted per person revenue in 1983 was $5,856 (1983 is the last year with comparable data). The federal government's per person revenue in 2022 was $11,348. That's a 94% increase. And it means the feds are taking $5,492 more from each Canadian every year on average.

Is an American-style FairTax the solution for Canada?

The objectives of the FairTax are noble. We need lower and simpler taxes and less government bureaucrats. But swapping one tax for another isn't a good solution.

As the economist Murray Rothbard pointed out, "There has been far too much concentration on the form, the type of taxation, and not enough on its total amount. The result has been endless tinkering with kinds of taxes, coupled with neglect of a far more critical question: how much of the social product should be siphoned away from the producers?"

Economist Laurence Vance made a similar observation:

"[Tax] collection will have to be overseen by some agency of the federal government. Just because the bureaucracy will no longer be called the IRS doesn't mean that it will be eliminated."

Would a national sales tax simplify the tax code?

Maybe. But, maybe not.

We need a simpler tax code in Canada. Our Income Tax Act is more than one million words on 3,000 pages. But there's nothing inherently complex about an income tax.

Canada's income tax is complicated because politicians and their special interests like it that way. A complex tax system benefits big businesses with armies of tax lawyers, accountants and lobbyists. And it benefits the politicians who get rewarded for handing out the pork.

The same politicians and special interests who turned a couple income tax rates into thousands of pages of legislation could do the same with sales taxes. (Just look at what they do with managed trade agreements).

To borrow from Vance, "I suspect that many advocates of a national sales tax would start lobbying for specific exemptions when faced with paying an additional 30% federal tax on a new car purchase."

Canada's tax problem

Like our Southern neighbours, Canadian taxpayers face two big problems: our taxes are too high and our streets are littered with too many bureaucrats.

The correct solution?

Cut government spending and we cut the need for the government to take so much money to fund its bloated bureaucracy. Spending cuts are needed in Canada.

Before the pandemic, the Trudeau government was spending all-time highs even after accounting for population and inflation differences.

The Fraser Institute projects the federal government spending at least $10,846 per person this year. For comparison, federal spending during World War II reached a high of $7,909 per person in 1943 (adjusted for inflation).

That means the Trudeau government would spend $115 billion less if it spent like the feds did while fighting the Nazis. That's enough to cut the entire personal income tax system in half, without increasing any other type of tax. Or it's enough money to completely abolish the GST and still pay down $33 billion of debt this year.

So, do we need CRA?

As long as there are taxes, there will be bureaucrats paid to administer them, whether they work for CRA or some other government department. The key is to reduce the government's tax take and the funds it needs to sustain its battalion of bureaucrats. t

Q&A WITH CHIP WILSON

Chip Wilson is a serial entrepreneur, having founded clothing companies like Westbeach, Kit and Ace and, most famously, lululemon. He's also a philanthropist, who has donated hundreds of millions of dollars to causes advancing education in Ethiopia, improving health care for children in British Columbia, protecting parkland and finding a cure for muscular dystrophy, just to name a few. He's an author, an athlete and politically engaged.

The Canadian Taxpayers Federation's CEO, Scott Hennig, recently sat down with Chip to talk about his life, his businesses and his political philosophy.

Scott Hennig: Chip, how did you get into the athletic wear industry?

Chip Wilson: My mom was a sewer and my dad was a physical education teacher. I'm 6'3" and, back in 1969, I was a head taller than everybody. My clothing didn't fit, especially athletic clothing.

I solved that by making clothing for myself. I competed in the third-ever Ironman in Kona, Hawaii. I was easily 50 pounds heavier than everybody. So, I started making triathlon clothing, which was a complete failure because there were maybe 500 people in the world doing it at the time. Of course, I couldn't figure out economy of scale production, so I was a failure.

When I started moving into the surf, skate and snowboarding industry, that's when things broke even for me. I learned a lot. I call it my 18-year MBA, although I certainly didn't make any money. But it sure gave me the foundation to do something wonderful in my next venture.

SH: After you sold your first company, Westbeach, you then founded lululemon. What were some of those early days like building lululemon?

CW: I was determined to have quality and word-of-mouth run the company. I didn't really have any money for marketing. After I bought the fabric, I bought these three sewing machines from Japan that took that seam out of the middle and flattened everything out, which was a major innovation.

It was all about women. I am not a woman, so I had to get women designers and get feedback. It was massively exciting, but every time you open a business, the first two months are crickets and you've got to wait until people find out about it.

We had a second-floor store because I couldn't afford a main floor store, so we were trying to get people in through a back alley, which was impossible. To get people into my store, I had yoga classes there in the morning and at night, and that's how they found out about the clothing. But I went to the limit where I couldn't meet payroll three or four times in the first two-and-a-half years. So that's exciting when you have two kids and alimony. And I bet the farm and it really only worked because I had a brand-new business model of vertical retailing.

A lot of people know it now because you can go direct to consumer with eCommerce. Back then, it was getting rid of the wholesalers. I had to prove that model out.

But when you go wholesale, you can reach a thousand people, you can sell 20 to each of them and you can get economy of scale production. But when you're opening one store, at the beginning you don't have enough people coming through. So that's why nobody had ever done vertical retailing before.

I was determined this was the way it was going to work. I had to supply a better-quality product at a better price than Nike and Adidas if I was going to overtake them. And lululemon has overtaken Adidas. I don't think it'll overtake Nike, because I don't think it has the infrastructure or the governance to do that anymore.

SH: You now own a chunk of the largest athletic company in China. What's the biggest difference between the retail athletic business in North America versus China?

CW: I would say the number one thing is people really revere heads of companies, founders who bring vision and can move things quicker than the governance structure of companies in North America.

In 1990, to do a deal internationally would take about four months. Now you can do about five a day. People really haven't understood how fast the world is changing.

And I would say the governance structure in North America and the political structure, especially in the United States, does not move fast enough for how fast the world is changing. In China, they can make things happen quickly. In North America, we can't. And you can see what has happened in Europe. I wouldn't invest a penny in Europe because of the rules and regulations and taxes. It's virtually impossible for somebody to be an entrepreneur and set up a new business there now.

You can see North America heading in that direction and China is not. They're really the bastions for free enterprise, as long as you don't contradict the government in any way. And if you want to contradict the government, then you work yourself into the communist party, to be an influencer there.

SH: What are you seeing with public company boards these days? How are they reacting to pressure from the public?

CW: I look back to 2003 when corporate social responsibility (CSR) came in, and I think it's a way for the left to say all corporate companies are bad and need controlling. It's like a cross-section of the population. You're always going to get bad people, but not all people are bad.

I'd say corporations are no different. There are bad ones. And of course, the news is not about good things. It's always about bad things. It allowed these corporate social responsibility people to say all corporations are bad.

For a company like lululemon, I ignored it all because we were putting so much money into people development, and raising people from mediocrity to greatness, and having them be responsible, and knowing what integrity was, and being able to make a right decision.

But like any company with that many people, some are going to make bad decisions. Does it make the company bad? No, you make bad decisions. Everyone does. So, I think this is where the left gets to jump on, especially with social media. Suddenly, one thing goes wrong. If it were back in the '80s, no one would know about it, the company would fix it and move forward. But that doesn't happen anymore.

Now you have this whole ESG (environmental, social and governance) thing, which to me is just another form of corporate social responsibility. They've just re-named it. But I see companies jump on it because you have ESG investing. It's bad news. And boards are bad news averse.

Ultimately in CSR and ESG, nobody knows the metrics, so it doesn't matter what you do, you'll be wrong to those people, especially the social justice warriors. You can never win against them.

What you end up with, is companies that are very, very good at paying lip service to it. They set up committees, they've got their ESG person, they've got their diversity person, and it's just an expense that goes right back to the customer.

I think boards are still scared, but I think they're smart and I think, behind the scenes, they get to really talk about it. I think the goal now is not to get pigeon-holed into any metric where somebody can come back to you.

SH: What's the biggest barrier governments in Canada are putting up that keeps companies from growing and succeeding?

CW: You can see us moving slowly to a European point of view, when you get the Liberals or the NDP, and none of them have been business people. None of them have run a business, none of them employed anybody. They've had something done wrong to them sometime in their life, which is why they've gone into politics. And because they don't understand how anything works, it's easy for them to pass laws fixing what they see as an injustice.

I'll give you an example. Down in California, you can't have a manager on hourly pay. If they're on salary, then you can only have them work like 20% of the time on a retail floor because they don't want their managers to be overworked.

So what do you do then? If you have small stores, it's uneconomical because you can't have managers work on the floor. And if they're not working on the floor, they're not interacting with the customer, they're not interacting with the product. They don't understand what's going on. So no great managers come out of New York or California. So where do all your great managers come from? They come from, again, surprise, surprise, Texas and Florida, and right-wing states that allow free enterprise to work, and allow people and individuals to be all they can be.

SH: Here in Vancouver, B.C., you elected a new mayor this past fall. Have you seen any improvements since the election of the new mayor?

CW: Ken Sims is our new mayor. We are so lucky to have somebody who has actually started and run a few businesses and understands all the heartaches of it. When he started Rosemary Rocksalt with his wife Tina, the permitting to open a store was taking 8, 9, 10 months, and they're paying the rent on it while they're waiting.

Ken has four boys and he wanted his boys to be able to live in Vancouver. So, I think he knows that housing prices are too high for the middle class.

To watch the full interview, visit the CTF's YouTube page: youtube.com/taxpayerDOTcom

Already we've seen them mostly put through everything they said they were going to do during the election.

I also know that so much of the taxes that have been put on Vancouverites, for instance, have gone to social programs. Meanwhile, we've built all these condos everywhere and we don't have big enough sewer pipes. There's not enough infrastructure underneath. So, basically, this is what a left-wing government does. They do all their social programs and they leave the city to decay. And then, when you get a responsible government in, it doesn't seem like they do very much because they have to do everything that's hidden that wasn't done for so long.

SH: We are here in Gastown. We're a couple blocks away from East Hastings, where we've got widespread homelessness, drug use and violence. What's the solution to this?

CW: I think today actually is the first day that you can now have a small amount of hard drugs in your possession. That may be the right thing to do, but it doesn't allow police to arrest people who are in bad situations, who need help, and get them off the street. I think that was an excuse the police had, and I think it's really going to backfire.

I think people are never satiated. I mean, this is the human condition. Once I have free drugs, then why should I stop stealing bikes or breaking into homes? I'm pretty good. I want more. So, I don't think that that will end.

What really seems to work is work farms in Germany. They will be in the middle of the country and they're really set up to have people work every day, to get them out of the environment of drugs, to have mental health facilities to bring people through a process and then release them back.

In Gastown, where you have 5,000 charities continuing to feed and support everybody, it is a self-fulfilling fallacy for

Chip Wilson attending the announcement of his $100 million donation to preserve and protect B.C.'s natural spaces, in Vancouver on Sept. 15, 2022. The $100 million is the largest private donation in Canadian conservation history and will be used by the BC Parks Foundation to protect natural spaces in the province.

success. It hasn't worked. The BC NDP is re-establishing a psychology facility to help treat these people. And, of course, it becomes a constitutional question. Can you move a person into a facility without their approval, and do they even have the mental faculties to approve it for themselves? Which is why I think having the free drugs is not necessarily going to work for us.

SH: Changing topics a little bit, you're an avid reader. When you were working on the Alaska pipeline, you set out to read the 100 greatest books of all time. One of them that had an influence on you was Ayn Rand's Atlas Shrugged. What was it that really resonated with you and still resonates with you today?

CW: I probably didn't even know when I was 18 and read it, how much of an effect it would have on me. I read it and I thought, "Oh, that's one of the greatest books I've ever read." But I didn't have any kind of foundation to put the information in the book on. When I turned 52, I read it again. I thought, "Oh my God." Either I was genetically built this way or my experiences have led me to this, but I could get where everything inside of me was built on that book. And it was a book of building and inventing a great product and getting out to the marketplace and having such a good product that everyone would appreciate it. Of course, you can't deliver a great product without being a phenomenal leader of people, without developing people, without having people in your company that get as much out of it as you do.

I could see now, looking back at the age of 52, that it was a template for how I was going to run my businesses. It also gave me the window into how, once you're successful, people will want to take your money away from you. Because if people can vote themselves money, as we've seen with the Liberal Party in Canada, then lazy people will do that.

Why should I work for it, if I can get Trudeau to get his printing press out and print some more money and give it to me? Why shouldn't I have the same amount of money as that Chip Wilson guy who worked 18 hours a day on the oil pipeline for two years and traded his life in for money? Why shouldn't I have as much money as that Chip Wilson guy who worked 18 hours a day for 25 years making no money and now he's got money? I want some of that. I can just vote for Trudeau and get the money. It's simple.

I think it was Mitt Romney who said this, the minute there's more people voting who are dependent on government money than aren't, is the decline of a civilization. I think that's what we're seeing in Europe.

SH: How do you describe yourself politically or philosophically?

CW: I'm right of Attila the Hun, economically, and a little left of Greenpeace environmentally.

SH: You famously said, "Socialism will always fail," when you had protestors show up at your house. Socialism seems to come in waves. Where do you think we are right now in the current cycle with socialism?

CW: I think having Ken Sims elected in Vancouver is a ray of hope. It does seem to go in cycles. We had the Liberal Party here in BC for a long time. I mean, this country was producing and BC was the number one place to do business in Canada, if not North America. Even with our corporate tax rates, it made more sense to headquarter lululemon in Vancouver than it did in the United States.

It seems to me it's running in 16-year cycles and we're running towards the end of it. Everyone was surprised when Ken Sims won by a landslide. And it surprised me because I really think voters aren't that smart. But it seems to be that every so often the left just goes too far left and people believe this isn't good. There's something wrong. But I think for the people who are not educated in economics or balance sheets or accounting, they need some real bad news for four or five years before they can change their vote.

SH: You support free-market candidates in elections. You support free-market advocacy groups. A lot of people in your position would just keep their head down. Why have you decided

to do that and why do you think it's important for people in your position to speak up and have a voice?

CW: There are a bunch of scared people. There is a point in life where you don't need any more money. I'm 67 years old now. I really want a great life for everybody in BC and Canada. And yes, it could hurt my short-term economic outlook. But at the end of the day, if I'm out to take care of my great-great grandchildren, who aren't even born yet and the only way to take care of them is to take care of everybody, then I have a responsibility to not complain and do something about it. And I think that's the definition of being responsible. If I find myself complaining twice, then either I better shut up, or do something about it.

SH: You've got muscular dystrophy. You've invested a lot of your own resources into trying to find a cure. Do you think a cure is something that is realistic in the next few years?

CW: Our goal is to have a cure by December 31st, 2027.

We are very goal oriented, and all decisions I make go into that. There may be something with more of a risk to it that costs more money but, if the goal is to get it done by 2027, then it's a yes. I think biomedical research is moving at an exponential rate, just like technology is. I think moving artificial intelligence (AI) into biomed is helping immensely.

So yes, I think it is going to get solved by that time.

And there's another possibility if it doesn't get solved by that time, the possible ability to grow muscle faster than it's being eaten up by the body, may also occur. I know the US military's doing a lot of work on regenerating muscle in people who have had muscle blown off in battle.

If you really think about it, most people only die after they fall and they fall mostly because they're lacking muscle. If the cure can happen to regenerate muscle, then – almost immediately –the lifespan of human beings expands 15 years. You can imagine what a drug like that would do. I've got access to most of the research. And I would say it's coming in the next five years.

SH: What's the biggest impact muscular dystrophy has had on your life?

CW: I'm one of the lucky ones because people end up in wheelchairs at the age of 10 and I have now made it to 67. I can't do a pushup. If I fall, I have no triceps, and this beautiful face is going to get messed up. But I'm sure no one will be sad about that except for me.

One of my favorite things was to do the Grouse Grind. But as of about two weeks ago, I now said I can't do the Grouse Grind anymore. I had to stop playing squash because I can't lift my hands over my head, but I can play tennis and kind of go side to side.

I think that, without a cure, by probably 2030, I could possibly be in a wheelchair or some kind of assisted walking device.

SH: Well, I wish you luck and I hope the research goes well and you hit your target.

CW: Yeah, I mean, I'm a super positive guy.

SH: You've talked about treating aging like a disease and expanding life expectancy. In our lifetime, what do you think we're going to see in terms of extension of life expectancy?

CW: Right now, I'm working with Peter Diamandis. He has created the Xprize. He's got one with Elon Musk, $100 million dollar carbon capture, he put people in space, et cetera. We're putting $30 to $40 million inside this $101 million age reversal prize. We'll probably announce it in the middle of the year. But three organs will have to show 20 years of age reversal with one year of treatment. I tacked on another $10 to $15 million bonus if they could solve FSHD (Facioscapulohumeral muscular dystrophy), because one of the organs they have to improve is muscles.

I think anyone under the age of 20 today is almost guaranteed to live to 120. If you really think about it, why should I die with any money, if I can put all my money into living longer? And it's got to be quality. It just can't be a brain sitting in a jar. But I can't imagine a better place to put my money.

And as I say that, we're also very committed to Canada having 30% of park land set aside by 2030. So that's another $100 million dollar investment. We have a $100 million dollar investment in solving muscular dystrophy.

Now's the time in my life to start making things happen. So, I do.

SH: If people are living to be 120 and maybe beyond that, what kind of impact do you think that's going to have on governments when it comes to things like health care spending, and pension benefits?

CW: I took the economics of the health care system in university years ago. We have a socialist medicare system and doctors always want more, there's always better machines coming out that are more expensive, and more drugs that are coming out that are more expensive.

The problem that governments have is: if I had an extra dollar, would I put it into encouraging someone to live a healthier life? Let's say that $1 would have someone live two hours longer, as opposed to putting that dollar into emergency health care at a hospital. Because I know that person coming into emergency might be overweight, might not be taking care of themselves, might be aged, so I can only get that person to live another 10 minutes.

I think we must list everything that happens in our medical system and rate how much money we're putting into it and how much lifespan we're increasing because of it. Because if you were a politician, and some mother walks in with their baby and asks, "Why aren't you helping me?" And you say, "Well, because we're taking that money to put it into advertising to help people stop smoking or drinking, and we'll save more people's lives like that," that's very tough for a politician to do.

So, you've got to have this stat in order to make that happen. I can't see any other way of controlling this runaway medical system.

SH: Well also, no one wants to retire later either.

CW: Imagine that. In France, have you seen what the-

SH: Yeah, protests.

CW: Move the retirement age from 62 to 64 in France and all the unions go crazy. Ultimately, Europe is going into the hole but, I mean, what keeps Europe going is it's the best place to go on holiday.

SH: I do wonder about how we're going to get through some of these changes to health care and pension costs as we age. It's going to be really difficult.

CW: Ultimately, the people who are getting taxed so much will leave. We saw that in Britain in the '70s with the rock stars. You tax people like 80%, 90%, and they just move. And it seems like people in the NDP don't realize that people who have money are smart, too. They've been doing this for a long time. Now, do I want to leave Vancouver? Never. But if it comes to that, I will.

SH: And with that goes jobs and investments into the community and donations to charities. I think there's a lot of chips to fall if this Chip leaves.

CW: I think the big problem right now is we're taxing people to such an extent and putting in too many regulations. If you were 20 years old and you wanted to open up a yoga studio, you can't. The facility you want has to have so much parking, even though it's a walking neighborhood. A lot of businesses are only set up for people who are already successful because of the regulations and the taxes. And we're really losing a vast number of the dreamers who want to start and get things going.

SH: We've had some heavy topics. Let me end with just some light stuff about you. When's the last time you put on a tie?

CW: Did I wear one at my son's wedding? No, no. Maybe five, six years ago.

I think if you sit on the West Coast and our environment is such that you can walk to work, bike to work, go skiing in the middle of the day or go sailing. I think it's probably similar to Silicon Valley. If the surfs up, you want to go surfing. Well, to take off a suit and tie, and then come out of surfing and put on a suit and tie again, makes no sense. And it takes up too much time. And time is money. I think our culture on the West Coast has really moved into what I'd call, street technical. And I think Vancouver, and BC especially, is the center for that.

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

CW: The Godfather.

And it's because I am transferring my own wealth to the next generation. The goal is to have future generations not be tainted by too much money. You want them to have challenges. You want them to be able to create, you want them to be their own people. And there's a way of transferring power in a family much like there is a corporation.

I really love how Don Corleone transfers power to his son. And you can kind of see the strife where the people around them aren't willing to take that on. But how he does that is very elegant and I think is a good lesson for many families.

SH: All-time favorite book?

CW: It's Catch-22... a Pulitzer Prize winner, published in 1961.

SH: If you're driving in your car, what's playing on your Spotify?

CW: No music. I listen to podcasts but, mostly, I'm listening to audiobooks. This last couple of years I've been listening to autobiographies. I'm probably going through 50 books a year now. My goal was to read 100 when I was 18, another 100 when I was when 42, and now I set a goal of 50 a year.

SH: Thank you so much for doing this. It's been a real pleasure.

CW: My pleasure.

CTF SUPPORTER SURVEY RESULTS

When thousands of taxpayers are fired up about a campaign, the odds of winning go way up. That's why a key to victory is finding out what issues are a priority for supporters of the Canadian Taxpayers Federation (CTF).

Every year we do a survey to see what you're thinking. And this year, you sure gave us a piece of your mind (in a very helpful way).

The 2023 CTF annual survey smashed records, with more than 132,000 surveys completed. The results are already helping the CTF map out campaigns for 2023 and beyond.

Here are some of the key findings.

IS CANADA GOING IN THE RIGHT DIRECTION OR WRONG DIRECTION?

2% Right direction

4% Don't know

94% Wrong direction

DO YOU SUPPORT THE CARBON TAX?

87% Strongly oppose

The federal government introduced Bill C-11 to regulate what you see and say on the internet. **How do you feel about that legislation?**

83% STRONGLY OPPOSE

1% STRONGLY SUPPORT

5% SOMEWHAT SUPPORT

8% SOMEWHAT OPPOSE

2% DON'T KNOW

What should happen to salaries far bureaucrats?

Pay cuts of more than 5%
43%

Pay freezes
34%

19% Pay cuts between 1% and 5%

Don't know
3%

Pay increase
1%

How soon should the federal government balance the budget?

48%
IMMEDIATELY

37%
WITHIN TWO TO FOUR YEARS

10%
WITHIN FIVE TO 10 YEARS

3%
DON'T KNOW

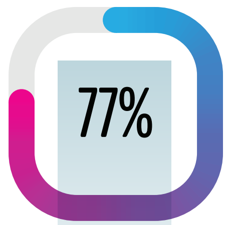
1%
MORE THAN 10 YEARS

IF YOU COULD REDUCE ONE TAX, WHICH TAX WOULD YOU CUT FIRST?

Carbon taxes	63%
Income taxes	23%
GST	7%
Other	4%
Business taxes	2%
Don't know	1%

The federal government gives CBC $1.2 billion in taxpayers' money every year. What should happen to that funding?

16%	Reduce the funding
5%	Freeze funding
1%	Increase funding
1%	Don't know



CUT THE GOVERNMENT FUNDING COMPLETELY

WHAT DO YOU BELIEVE IS THE MOST IMPORTANT PART OF THE CTF'S MANDATE?

3% Lower taxes

3% Lower taxes

30% More accountable government

63% All of the above

1% Other

WHAT IS YOUR LEVEL OF TRUST IN THE TRADITIONAL MAINSTREAM

73% VERY LOW

- 18% Somewhat low
- 8% Somewhat high
- 1% High
- 0% Don't know

The federal government's gun ban and buyback could cost up to $756 million, according to the Parliamentary Budget Officer.

Do you support the gun ban and buyback?

- 1% Strongly support
- 2% Somewhat support
- 6% Somewhat oppose
- 90% STRONGLY OPPOSE
- 1% Don't know

THE ANNUAL BUDGET FOR THE GOVERNOR-GENERAL IS MORE THAN $30 MILLION. WHAT SHOULD HAPPEN TO IT?

- 0% Increase the budget
- 6% Freeze the budget
- 49% Reduce the budget
- 42% Cut the funding completely
- 2% Don't know

Recall legislation allows citizens to force a byelection if they collect enough petition signatures supporting the recall of an elected official.

How do you feel about recall legislation?

- 67% STRONGLY SUPPORT
- 22% Somewhat support
- 4% Somewhat oppose
- 2% Strongly oppose
- 4% Don't know

FEATURE

How Things Turned Around – Part 2:

Ontario's Common Sense Revolu

by Jay Goldberg
Ontario Director

By the mid-1980s, Ontario had lost its status as the economic engine of Canada, with its economic growth lagging behind other provinces, such as Alberta and British Columbia.

Former Ontario premier David Peterson's Liberal government managed to keep the size of the province's deficit under control, but did so by hiking sales and income taxes rather than restraining government spending.

Things went from bad to worse after former Ontario premier Bob Rae's New Democratic Party (NDP) government took power in 1990.

Rae allowed the province's finances to spiral. For four consecutive years, the Rae government ran deficits of more than $10 billion, with the NDP single-handedly doubling Ontario's debt within the span of a single term in office. In Rae's first year as premier, he increased government spending by a whopping 13%. And throughout Rae's five years in office, he repeatedly raised income and corporate taxes. By the time Rae left office, Ontario had the highest marginal personal income tax rate in North America for incomes over $67,000.

The watershed moment in Ontario's return to fiscal discipline was the election of former premier Mike Harris's Progressive Conservative (PC) government in 1995.

Not only did Harris promise to break with Rae's record of higher taxes and budget deficits, but he also committed to a more aggressive strategy of reducing government spending and cutting taxes than even his PC predecessors had. Harris ran on a fiscally conservative agenda, promising to dramatically reduce government spending, cut personal income taxes and act quickly to balance the books. Despite pundits claiming Harris's promised spending cuts would doom him electorally, his economic plan resonated with voters. Harris was promising a new approach to restoring economic growth: smaller government.

A key part of Harris's success, both electorally and later in policy outcomes, was the fact that he entered office with a plan endorsed by most Ontarians. The Common Sense Revolution platform, paraded around the province for everyone to see and comment on a year in advance of the provincial election, promised to reduce income tax rates by 30%, reduce service spending beyond health care and education by some 20%, balance the books within four years and create more than 700,000 new jobs. Harris even promised to reduce the number of politicians in Ontario, both at Queen's Park and in municipalities across the province. The PCs won in 1995 with the public overwhelmingly endorsing Harris's fiscally conservative agenda. By laying out exactly what he intended to do, Harris was able to say that his cost-cutting measures were fully endorsed by the population.

In retrospect, Mike Harris was a very consequential premier. In some ways, Harris's uniqueness was his determination to keep his election promises, no matter how politically difficult. Harris said he would slash the size of government, and he did. Cabinet's size was reduced dramatically and the number of members of provincial Parliament (MPPs) at Queen's Park was decreased by nearly one-third with new electoral boundaries in place ahead of the 1999 election. Harris told voters he would cut spending in ministries, other than health care and education. Harris did so by slashing welfare benefits by 22%, reducing school board spending and stopping non-critical transit expansion projects, among other initiatives. The size of government payrolls also declined by some 7% in just three years, which is virtually unheard of today.

tion

Former Ontario Premier Mike Harris receiving the TaxFighter Award from then CTF-Federal Director Walter Robinson in 2000.

Within three years, the Harris government eliminated the deficit it had been left with after assuming office. Harris took Ontario from a $11.8 billion shortfall to a balanced budget by the end of his third year in office. At the same time, Harris introduced the largest income tax cut in decades, reducing the province's income tax rates to the lowest in the nation. His government also introduced the *Taxpayer Protection Act and Balanced Budget Act* in 1999, legislation prohibiting the province from running deficits and raising most taxes, unless agreed to in a province-wide referendum.

The Harris government managed to cut the size of government and the overall tax burden on one hand, while overseeing an economic recovery on the other. Between 1996 and 2002, the year Harris left office, Ontario experienced an economic renaissance. Despite the opposition claiming that Harris's decision to cut the average taxpayer's income tax bill by 36% would blow a hole in the province's budget, income tax revenue actually increased by some 15% between 1996 and 2002. Harris's tax cuts also helped to stimulate economic growth in Ontario which, in turn, helped grow the provincial government's own source revenue by 37%. During that same period, one million welfare recipients found jobs and came off the government payroll.

Harris's re-election in 1999 also demonstrates that politicians can shrink the size and scope of government and remain popular with voters. Harris's Progressive Conservatives won a strong majority mandate in 1999. By the time of Harris's re-election, income taxes had been reduced to historic low levels, the budget was balanced and many of the premier's welfare reforms were in place. Harris's success showed that a premier can run on a pro-taxpayer agenda, implement it and remain popular with voters.

YES, YOU CAN DESTROY A PROVINCE'S FINANCES IN A SINGLE TERM

If anyone needed proof that a government can take a wrecking ball to the state of a province's finances in the span of one mandate, one need look no further than the Rae NDP government in Ontario. Forming government from 1990 to 1995, the Rae government single-handedly doubled the provincial debt, with net debt rising from $38.4 billion in 1990 to $101.9 billion in 1995. This was driven overwhelmingly by increased government spending. In Rae's first year in office, he increased government spending by 13%. Overall government spending rose from $44.5 billion in 1990 to $52.3 billion in 1995. While the province's debt and spending exploded, Rae also raised taxes dramatically. The top marginal income tax rate rose from 18% in 1990 to nearly 22% by 1995, without any significant impact on the deficit. Rae's record of high debt, spending and taxes helped usher in Mike Harris' Common Sense Revolution in 1995. t

With notes from Tasha Kheiriddin

MAKING WAVES ON CAMPUS

by Gage Haubrich
Executive Director, Generation Screwed

After an exciting first semester back on campus, Generation Screwed and our student coordinators are ready to head back to universities across Canada to continue the good fight against government debt and deficits.

Since our summer training retreat, where our coordinators learned all the skills they need to succeed at school, GS has grown to encompass three more campuses and eight more coordinators. New clubs have been set up and are growing at the University of British Columbia (UBC) – Okanagan campus in Kelowna, Concordia University in Montreal, and Dalhousie University in Halifax.

Our coordinators returned to school in September and, ever since, have been busy tabling and holding events to educate new students and let them know about the dangers of too much government spending — something they aren't likely to learn in one of their lectures. Instead of a typical boring lecture students get from their professors, our coordinators find unique and interesting ways to spread the message.

Our team held more than 40 events from coast-to-coast attended by more than 1,000 students, who either showed up to one of our pub nights or stopped to chat at one of our information tables. Those students will now think twice every time government promises them a free lunch.

Let's recap some highlights from the first semester:

To help students get the facts straight, the University of Calgary and Mount Royal University teams in Calgary, hosted a trivia night where they asked questions such as, "How much will the carbon tax cost an Alberta family by 2030?" Those in attendance were surprised by how much they're going to have to pay.

Attendees at our Calgary trivia night

To hammer home why it's important to pay attention to government spending, our coordinators at McGill University in Montreal hosted an event with the Fraser Institute. The title and theme of the talk was, "Why young people should care about fiscal policy." Students were concerned when they learned how much most government budgets waste on interest payments.

To show how frivolous government spending increases the cost of living, our team at UBC held an inflation bake sale. At the bake sale they had a wheel with different years on it. Customers were asked to spin the wheel and, whichever year they landed on, determine the price they had to pay. The students who got 2022 prices were not happy.

The team at uOttawa advertising one of their events

After a successful first term back on campus, the GS movement is as strong as ever. Our coordinators are motivated and coming up with even more creative ideas to educate their peers on the importance of balanced budgets and lower debt. These students are fighting for their future and, based on what we've seen so far, the future is in good hands.

COORDINATOR SPOTLIGHT

"Why did you join Generation Screwed? Why do you think our message is so important?"

Krishno Das
School: University of Regina
Major: Political Science

I joined Generation Screwed because I wanted to be part of a movement to help make the government more accountable, especially when it comes to spending. I have always been a conservative and fiscal conservatism is a huge part of my economic beliefs. I believe that controlled government spending and ensuring that revenues don't exceed spending is an important part of keeping an economy strong and vibrant. Today, we have a government that spends money with no accountability. It has led to the debt doubling, mass inflation and more suffering for average Canadians. I believe in lowering the debt, controlling spending and returning to balanced budgets. Generation Screwed has attracted young people who hold a variety of political beliefs and, if you believe in fiscal responsibility and controlled government spending, Generation Screwed is where you belong.

Alex Cattran
School: Carleton University, Ottawa
Major: Public Affairs and Policy Management

I joined Generation Screwed last summer after meeting some of the Canadian Taxpayers Federation (CTF) directors at a conference in Ottawa. The message of lower taxes and a less bloated government really resonated with me. Government spending during the pandemic was out of control and the money must come from somewhere. When I was shown by Generation Screwed that my lifetime tax burden would be about 10 times higher than my parent's, I was shocked and mad. I knew other students needed to be informed to help them understand that government spending is really just spending our future earnings with debt charges on top. By helping them understand this, it will help them become more informed voters. Hopefully that will result in governments at all levels reducing their spending so it decreases my generation's future tax burden.

Malcolm Torrance
School: University of Calgary
Major: Political Science

Inflation is out of control, government spending has never been higher and the national debt is skyrocketing day by day. All that irresponsibility comes with a cost that will ultimately be passed down to the next generation. I joined Generation Screwed because I don't want my future to consist of endlessly picking up after past governments that carelessly threw money away like it grew on trees. I don't want to live in a world where I'm taxed to the point where I can no longer afford the necessities of life and where my job can't pay the bills. Change starts now, with the next generation leading the charge. I believe organizations like GS play a pivotal role in educating young people about fiscal responsibility, which will ultimately chart the course for a better economic future for all Canadians.

B.C.'S PUBLIC DEBT IS THE ELEPHANT IN THE ROOM

SOURCE: PROVINCE OF BRITISH COLUMBIA

B.C. Premier David Eby in front of the B.C. Legislature on Dec. 6, 2022.

by Carson Binda
BC Director

B.C.'s $100 billion public debt is a growing problem that risks stifling our economy for generations. Every British Columbian owes about $18,700 in long-term debt — and that number is growing every day.

In late 2022, the province announced it had racked up almost $6 billion in an unexpected surplus. Instead of using the surplus to pay down debt, it disappeared in a flurry of new spending announcements from the government. It's good the government is doing things like providing tax rebates to B.C. families. But such initiatives are a band-aid, not a solution to the long-term cost of living challenges across the province.

Using part of that surplus to pay off even a small portion of the province's debt would save taxpayers big money in the long run.

Premier David Eby seems to be focused on everything but tackling that debt. There are roughly two dozen items on the legislative agenda for this session. Eby has been busy spending the surplus before it goes to automatic debt repayment at the end of March.

Debt repayment laws are a good thing. They exist to stop exactly the type of reckless spending that British Columbians are seeing this spring. They should make politicians focus on debt repayment. But B.C.'s government is doing the opposite.

The province's debt load is growing quickly, mostly because of compounded interest charges. In 2022 alone, the debt grew by $3 billion, which is the average income tax bill for almost 170,000 British Columbians. That means almost the entire income tax bill for the city of Kelowna is going to bankers every year. Instead of staying in B.C., that money is going out the door to national and international bond managers.

Between 2018 and 2023, those interest charges cost B.C. taxpayers $13.8 billion. That's about twice as much as B.C. spent on our public schools in 2019.

It's the same concept as your family's credit card. If you don't stay on top of those interest payments, they will grow and grow, taking up more and more of the family budget at the end of each month.

DEMOCRACY DIES IN DARKNESS

Without accountability, there can be no democracy. The province of British Columbia's freedom of information (FOI) laws make it almost impossible for anyone to shine a light on the inner workings of our government.

FOI laws are vital to any democracy. Taxpayers should be able to scrutinise how our elected officials are spending our money. Politicians often approve billions of dollars worth of spending at a time. With that kind of money on the line, it's in everyone's best interest to see how it's being spent.

Without FOI laws, British Columbians would never have heard about the Thompson-Nicola Regional School District CEO who spent $100,000 on jewelry, gift cards and a champagne room. It's important we're able to see who is benefiting when government taxes our paycheques.

In December 2021, the B.C. legislature quietly passed legislation that attached fees to FOI requests. Now, when journalists, doctors, lawyers or taxpayers are looking to access government documents, they first have to pay hundreds of dollars. Charging people to see documents the government has in its possession is bad for democracy.

Before you can even file a FOI request, you must pay a $10 fee. That initial deposit entitles you to the first three hours of work that the Ministry of Citizens' Services puts into locating the records you are seeking.

After three hours, the government hits you with an invoice, charging you for the rest of the time required to work on your file. It's up to the ministry to decide how much time it thinks it will take to locate the records. That means ministry staff could potentially claim that it will take hundreds of hours just to find basic records. They can use this new pay structure to discourage you from seeking the records you have requested through the threat of having to pay an astronomical fee. Most citizens would likely never see the records they requested because they would be unwilling or unable to pay for a service with an open-ended fee structure associated with it.

Taxpayers have every right to see how their money is being spent and it's wrong for the province to put massive paywalls in the way.

B.C. needs to reform its FOI policy. It should not cost anything to see how the government is spending our money. There should be no fees associated with holding our politicians to account.

Paying down debt is good economics. It means every year more money is going to taxpayers and less is going to bond managers.

Eby doesn't need to look very far to get inspiration for more responsible spending. Saskatchewan and Alberta also found an unexpected surplus late last year. Unlike in B.C., the governments in Saskatchewan and Alberta announced plans to pay off billions in long-term debt. Doing so has also allowed the Scott Moe government in Saskatchewan to offer sales tax breaks on things like fitness classes.

Using a surplus to pay down debt and give people a tax break helps families and workers keep their heads above water.

The B.C. government needs to follow Saskatchewan and Alberta's lead. Eby, his cabinet and all his new advisors need to take the rising debt load seriously, so we can keep the province's finances on track in the long term.

By ignoring the province's debt, Eby is ensuring that billions of dollars a year are added to B.C.'s long-term debt load. Every dollar that goes towards interest payments on the debt is a dollar that could have gone towards building new hospitals, repairing schools or maintaining infrastructure like roads, bridges and transit. It could also have gone towards providing tapped-out British Columbians with some much-needed tax relief.

Eby has already decided to blow the surplus. It's gone and, with an economic downturn on the horizon, we're not likely to see another surplus in B.C. anytime soon. He's given the other premiers a masterclass in economic mismanagement. t

Danielle Smith government passes a

TAXPAYERS' BUDGET

by Kris Sims
Alberta Director

Alberta is getting tough new budget rules as Premier Danielle Smith sets her sights on paying down the debt and saving for the future.

The Canadian Taxpayers Federation (CTF) met with Finance Minister Travis Toews at his office in January. We told him our supporters wanted to see balanced budget legislation, a serious commitment to paying down the debt and a promise to save for the future.

The CTF was also in the provincial legislature in Edmonton in February for the announcement of Budget 2023. We analyzed the budget documents and spoke with the media in the rotunda of the legislature.

This was an "election budget" amid a surplus, and we saw increased spending in sectors such as health care and education. But the Smith government also committed to serious spending restraints and budget rules for the future.

The debt is being paid down and Alberta is introducing a balanced budget law.

In 2021, the provincial debt was $93 billion. After a big payment last year, the debt is down to about $78.3 billion for 2023-24.

The Smith government put down the largest ever one-time payment on the debt in 2022.

While this action is laudable, the ugly reality of higher interest rates is now biting taxpayers. Debt servicing costs, the interest charges on the debt, is still costing taxpayers about $2.8 billion per year.

During the budget announcement, the government committed to using at least 50% of cash surpluses to pay down the debt. The remaining amount would be earmarked for additional debt repayment, financial contributions to the Heritage Savings Trust Fund or one-time spending that doesn't increase the cost of spending year over year.

This commitment is reminiscent of late former premier Ralph Klein's 1999 vow to put 75% of cash surpluses towards debt reduction. It was that requirement that helped Klein honour his commitment to making Alberta debt-free by 2004.

In a major move, the Alberta government agreed to hold future spending increases to the rate of inflation and population growth.

The CTF has been pushing for this kind of spending restraint since the 1990s, so this commitment from the Alberta government is a big win for taxpayers.

But there's still work to do.

Smith and Toews need to put a provincial carbon tax into the Taxpayer Protection Act, which mandates a referendum before a general sales tax can be implemented.

That rule should be expanded to include a carbon tax so that if the federal government ever changes its mind and scraps the federal carbon tax, Albertans wouldn't be at risk of having a provincial one imposed on them by a government in Edmonton.

If a future provincial government ever wants to impose a carbon tax on Albertans, it should have to win a referendum first.

Alberta Director Kris Sims meeting with Alberta Finance Minister Travis Toews in January to present the CTF's pre-budget recommendations.

JUST TRANSITION

When the independent journalism site *Blacklock's Reporter* got a hold of an 80-page memo detailing the federal government's "Just Transition" plan, Albertans took sharp notice.

"Just Transition" is the Trudeau government's roadmap to "net zero" in carbon emissions, which aims to end Canada's use, production and exportation of oil and gas.

The memo was written up by bureaucrats at Natural Resources Canada and sent to Minister John Wilkinson, describing the potential impact of the plan.

"The transition to a low carbon economy will have an uneven impact across sectors, occupations and regions and create significant labour market disruptions," the memo reads.

"We expect that larger scale transformation will take place in:

- "Agriculture (about 292,000 workers or 1.5% of Canada's employment)
- "Energy (about 202,000 workers or 1% of Canada's employment)
- "Manufacturing (about 193,000 workers or 1% of Canada's employment)
- "Building (about 1.4 million workers or 7% of Canada's employment) and
- "Transportation sectors (about 642,000 workers or 3% of Canada's employment)"

The plan should be named Just Break Alberta instead.

About 140,000 people work in Alberta's energy sector, about 40,000 work in agriculture and about 40,000 work in in trucking.

The feds say the jobs listed are the totals for categories, not ones that would necessarily be phased out by the plan.

That's not reassuring for farmers, energy workers, truckers and many others, especially when they look at comments the prime minister has made in the past.

In 2017 Trudeau said, "We can't shut down the oilsands tomorrow, we need to phase them out."

Trudeau leads a government that passed anti-pipeline legislation, banned tankers from the West Coast and didn't lift a finger when United States President Joe Biden cancelled the Keystone XL pipeline.

The Smith government has vowed to fight against the Just Transition plan with all the tools at its disposal, and it has good reason to be concerned.

The jobs listed in the memo as "significant labour market disruptions" total more than 2.7 million positions.

The salary value of those jobs is worth about $219 billion annually.

ALBERTA FIREARMS ACT

The Alberta government has come out swinging against the Trudeau government's firearms seizure that's targeting law-abiding gun owners.

Alberta is home to more than 300,000 legal gun owners, with many ranchers, sports shooters and hunters using them for recreational purposes.

Alberta Justice Minister Tyler Shandro says the provincial government will use a new Provincial Firearms Act to strengthen the role of the Chief Firearms Officer and determine if municipal police forces can participate in federal government gun seizures from law-abiding owners.

"It would empower our Chief Firearms Officer to advocate more strongly on behalf of Albertans to have the federal government reconsider policy changes that infringe on their rights," Shandro said at a news conference. "Every Albertan should be concerned about the precedent set by the federal intrusion into property rights of law-abiding and responsible Albertans, the activities of our law-abiding firearms community are essential to the economic vibrancy and the cultural heritage of this province."

The CTF has opposed the Trudeau government's firearms seizure because police say it won't make Canadians any safer and the action would cost taxpayers a fortune. Experts are warning it could cost more than $1 billion.

The long gun registry imposed by the federal government back in the 1990s cost Canadian taxpayers more than $1 billion before it was finally scrapped.

Canada is more than $1 trillion in debt and the Trudeau government has a major spending problem. The last thing we need is another seizure of private property that turns into another boondoggle. t

SASKATCHEWAN NEEDS TO STAY ON TRACK

Then Saskatchewan Party leadership candidate Scott Moe signing the CTF's Taxpayer Protection Pledge on Nov. 29, 2017.

by Gage Haubrich
Prairie Director

Saskatchewan's mid-year report continues its good fiscal news. The province is still on track to balance its budget, but the cake and streamers shouldn't be brought out just yet.

Since the budget, projected taxation revenue has gone up by more than $1 billion dollars, with the province projecting to collect $651 million more in corporate income tax, $249 million more in personal income tax and $160 million more from the sales tax.

Non-renewable resources revenues are also up a projected $1.4 billion dollars.

There is a lot more money flowing into government coffers and that means the original $463 million deficit has become a projected $1.1billion surplus.

The Saskatchewan government largely has inflation and a rebounding economy to thank for this huge bump in revenues and shouldn't expect it to become a regular occurrence.

When you stumble into some extra cash, the right thing to do is to stick to your budget and pay back any of those leftover holiday bills rather than go out and finance a brand-new fishing boat.

And to the Saskatchewan's governments credit, no new boats seem to be on the shopping list. Instead, earlier this year it wasted no time in announcing and sending out a one-time inflation rebate cheque to taxpayers while promising to pay down up to $1 billion of long-term debt.

If the province was to continue that same amount of repayment with no increases, it would see itself debt free in about 17 years.

Unfortunately, this surplus was more of a fluke than the result of careful spending and due diligence.

Expenses are up $795 million from the budget. It just so happens this year revenues are up more than that. Expenses are increasing in six of the 11 main spending areas.

More hard work needs to be done if the government wants to stay on track and keep the good financial times rolling.

First, the government is still in debt. That debt that works out to more than $14,000 per Saskatchewan resident.

Ten years ago, the debt was just $3.8 billion, but now it has increased to $17.1 billion. That's a 350% increase in just a decade.

With debt comes interest charges, and Saskatchewan is paying a lot of interest charges.

Last year the government spent $503 million on interest payments, costing every single person in the province $417.

Remember, paying interest charges is not paying down the debt, as this is money the government must pay to simply maintain the debt. None of these payments decrease the amount the province owes.

Instead, more than $500 million is being sent to the big banks that own the provincial debt.

Since the Saskatchewan Party was elected in 2007, spending has increased by 56%, while revenues have only increased by 20%. This is a fundamental imbalance that needs to change.

As it gets closer to budget season, the impulse for government to keep spending will be strong. Saskatchewan needs to ignore this impulse and do what's right for taxpayers. The government needs to commit to keeping the budget balanced and to keep paying down the debt.

Saskatchewan was once a few good decisions away from being debt free. With a little hard work and a plan, that reality isn't as far away as you might think.

COSTS OF THE SASK PST

You may be forgiven if, in the last couple of years, your provincial sales tax (PST) bill seems higher than it should be, but you aren't exactly sure exactly why.

The last time the Saskatchewan government raised the PST was in 2017, increasing it by one percentage point from 5% to 6%. And while that increase explains some of why your wallet might feel lighter than it should, it's not the whole story.

Along with raising the tax, the government increased the amount you pay at the same time by getting rid of some exemptions.

To collect more revenue, the government added the PST to restaurant meals, children's clothes, and, later, used cars. Making you pay the full 6% on something you had to pay nothing on before.

The government did it again in the last budget. As of October 2022, the PST applies to tickets of almost everything fun you might wish to do. Now, instead of just the ticket price, you must also think about paying the PST before deciding to take your family to sporting events, trade shows, fairs, rodeos, water parks, escape rooms, etc.

When you need to get four, five or six tickets for your family, the tax really starts to add up.

It has even been added to Saskatchewan Roughriders games. Talk about a tax on fun.

To fully understand the implications of this, let's say a family of four wants to attend 10 hockey games throughout the winter, see the Riders four times in the summer and, and buy concert tickets when their favourite band comes to town.

For 15 family outings, that family can expect to pay $135 in PST.

Let's say that same family decides it isn't worth getting stuck in the snow every winter and decides to trade in the old jalopy to buy a used 4x4 for $10,000. And before those hockey games they go out for dinner at a cost of $65, and they also buy their kids $200 worth of clothes to keep warm during the winter season.

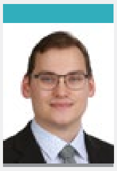
On just those purchases, they can expect to pay $658 in PST.

That means by forcing you to pay PST on more items, the Saskatchewan government could have raked in almost $800 more from one family.

Someone buying a brand-new F-350 doesn't care as much about the 6% PST they will be charged, but the young family buying a used minivan to take the kids to hockey practice does. The PST on that minivan could pay to outfit those kids with all the hockey gear they need.

Everything is expensive and the PST piled on top of more items isn't helping. So, the next time you buy your kids some clothes or take them to a Rider game and your wallet feels a little lighter than it should be, thank the Saskatchewan government.

LOOKING FORWARD IN MANITOBA



by Gage Haubrich
Prairie Director

It's halftime and Manitoba has a chance to head back to the locker room and come up with a plan to build on its momentum from the first half of the year.

Manitoba's mid-year fiscal update shows improvement, but the government isn't out of the woods just yet.

According to the update, Manitoba's deficit is down $355 million to $193 million. It's not balanced, but it's the closest it's been since 2019-20.

Much like most other provinces, Manitoba has higher than expected revenues to thank for its fiscal improvement.

Individual and corporate income taxes are up $355 million and $135 million over budget, respectively. Sales tax revenues saw an $83 million increase, as well.

Expenses are up too. The government is spending $774 million more than was planned in the budget.

Despite this, Manitoba recently announced a spending package that could reach $650 million. A further expense the government does not need.

To prepare for the next budget, Manitoba hosted its pre-budget consultations, hoping to hear from residents about what its spending priorities should be.

Taxpayer issues should be at the top of the pile.

Moving into the next budget, Manitoba should focus on some general but important things to get the province back on track and help Manitobans and their families. The government needs to focus on cutting taxes and controlling spending to balance the budget.

According to the Parliamentary budget officer (PBO), Manitoba's current level of spending is not sustainable. In the long term, $2.3 billion in spending reductions are required to control government debt.

First off, a family living in Winnipeg making $75,000 pays more in provincial tax than the same family living in Regina, Calgary, Vancouver, Toronto, or Montreal. To help families and to make the province more competitive, taxes must be reduced.

To help level the playing field, the government should again reduce the provincial sales tax (PST). The PST is applied to almost everything you buy. A one percentage point cut would put the province at the same rate as Saskatchewan and save taxpayers millions.

Second, expenses consistently outweigh revenues in Manitoba. According to the Parliamentary budget officer (PBO), Manitoba's current level of spending is not sustainable. In the long term, $2.3 billion in spending reductions are required to control government debt.

In its own fiscal update, the government says "Manitoba is cautious of the increase in the estimated taxation revenues given the rising risk of a material economic downturn." Risks like this are why the government should be focusing on spending reductions and not new programs.

Manitoba last balanced the budget in 2019-20. Before that, you would have to go all the way back to 2009 to find a balance sheet not covered in red ink.

Since that time, long-term debt has almost tripled, from $11.4 billion to $29.3 billion this year, reaching more than $20,000 per Manitoban.

To get back to balance, the government needs to reduce spending.

Spending on personnel services, which includes salaries and wages for government bureaucrats, makes up the largest line item in the province's budget.

Last year, this cost the province more than $9 billion, representing 76% of what it collected in taxes.

A straightforward way to trim the fat is to make sure that government employees aren't earning more than everyone else.

A recent Fraser Institute study has found the average government employee earns a 5.8% wage premium over their private sector counterparts. Reducing overall compensation costs would save taxpayers money and help Manitoba balance the budget.

There is still time to set Manitoba up for success in the upcoming year. All the provincial government needs is a little perseverance to buckle down, make the tough decisions and deliver a balanced budget for Manitobans.

Premier Heather Stefanson announcing the Carbon Tax Relief Fund at a Foodfare grocery store in Winnipeg on Jan. 26, 2023.

SOURCE: MIKAELA MACKENZIE / WINNIPEG FREE PRESS

PREMIER CAN DO MORE TO FIGHT THE CARBON TAX

After a quiet period away from the fight, Manitoba has stepped up and is joining other provinces that are calling out the costs of the federal carbon tax.

Manitoba Premier Heather Stefanson recently introduced the aptly named "Carbon Tax Relief Fund," with many Manitobans receiving one-time cheques of up to $375. This payment, according to the government, is to combat the increased cost of living and the cost of the carbon tax.

In its announcement, the premier said the government "is committed to helping Manitobans make ends meet as they continue to face rising prices due to inflation and the largely hidden, federally imposed carbon tax." She also called on the federal government to scrap the carbon tax.

This is good to see, but a single instance of government giving taxpayers some of their own money back is a measly drop in the bucket compared to the total costs of the carbon tax.

You must pay the carbon tax every day. When the tax increases on April 1, it will cost you $11 every time you fill up your minivan and $16 every time you fill up your truck. According to the PBO, the average Manitoba family can expect to pay $402 this year in carbon taxes despite the rebates. By 2030, that number will increase to $1,145.

While a relief cheque is good, it is not nearly enough.

If the Manitoba government truly wants to help its residents make life more affordable, in spite of high inflation and the increasing carbon tax, it can't rely on one-time programs. It needs to permanently cut taxes.

Other provinces have done it and their taxpayers are benefitting from the savings.

On January 1, Alberta cut its gas tax to zero for six months, saving Alberta drivers 13 cents per litre every time they fill up. The province estimates it could save drivers up to $440 dollars, depending on what vehicle they drive.

Ontario also extended its gas tax cut all the way to December 2023, saving taxpayers money for the remainder of the year.

Manitoba is right to call on Ottawa to scrap the carbon tax, but if it wants to make it into the carbon tax fighting hall of fame, a gas tax cut is needed.

Cutting the gas tax to help offset the carbon tax wouldn't only help Manitoba taxpayers once, it would help them every day as they fill up their gas tanks to get to work and take their kids to hockey practice. t

FORD NEEDS TO
END THE DEBT AND INFLATION CYCLE

by Jay Goldberg
Ontario Director

It turns out that endless spending does come with a hangover — soaring interest rates.

Ontario's finances have been awash in red ink since Toronto Blue Jays star first baseman Vladimir Guerrero Jr. was in diapers. For those non-baseball fans out there, that was 1999.

Former premier Dalton McGuinty took over Queen's Park and started Ontario's debt train in the mid-2000s. Since then, provincial debt has increased by some 171%. Each Ontarian now owes $32,000 in provincial debt, not to mention the tens of thousands per person racked up by Ottawa.

For years, politicians ran deficits and told us there would be few consequences. Politicians were convinced interest rates would remain low indefinitely and seemed to think that racking up tens of billions of dollars of new debt would have little impact on the province's bottom line.

But now, all of that has changed. The inevitable has finally happened. Inflation has returned.

Minister of Finance, Peter Bethlenfalvy, delivering the 2022 Ontario fall fiscal update on Nov. 14, 2022.

It turns out that one of the most fundamental rules of economics still applies. You can't print and borrow hundreds of billions of dollars of new money and expect that it will hold its value.

Canadians, and Ontarians, are now paying the price for that terrible fiscal miscalculation. Food bills for families rose $1,000 last year. Hundreds of thousands of Canadians are now relying on food banks. And mortgage payments have spiralled

IT'S TIME TO END THE METROLINX FIASCO

Mount Pleasant GO Train

SOURCE: QUEEN'S PRINTER FOR ONTARIO

Imagine you've hired contractors to do a home renovation project after you finally saved up enough money to add that second bathroom you've always wanted. What would you do if, halfway through the job, the contractors came to you and said that costs had suddenly doubled and the only explanation they offered up was inflation?

Most people would probably fire the contractors on the spot and look for someone else to finish the job. Inflation is a factor, but double? Be reasonable. And even if you decided to keep those contractors to finish that one job, you certainly wouldn't hire them for your next project.

Well it turns out Ontario Premier Doug Ford isn't like most people.

Ford decided to put Metrolinx, a Crown agency, in charge of overseeing the construction of the government's major new subway projects. Ford picked Metrolinx to lead the charge, even though the agency has a terrible track record. Every project the agency touches comes in over budget. Yet Ontario's politicians just don't learn.


SOURCE: KING'S PRINTER FOR ONTARIO

by hundreds of dollars for many families as the Bank of Canada battles inflation with higher interest rates.

It's not only hardworking taxpayers who are feeling the pinch. With interest rates rising, governments are also being squeezed. Unfortunately, politicians, unlike average Ontario families, can run endless deficits and leave the consequences for future generations to deal with.

The government of Ontario Premier Doug Ford, to its credit, has been honest about how rising interest rates will impact Ontario's finances. Because the province has a whopping $475 billion of long-term debt, every time the Bank of Canada hikes interest rates to fight inflation, a hole is blown in the province's budget.

According to the finance ministry, for every 1% interest rate hike from the Bank of Canada, interest charges on the provincial deficit will rise by about $650 million. Because the Bank of Canada increased interest rates from 0.5% to 4.25% in the last 10 months of 2022, debt interest payments in 2023 will rise by at least $2.4 billion.

Interest rates are now at their highest levels in several years. Now is the time for governments to finally be fiscally responsible. That means, among other things, no more handing out corporate welfare like candy.

Because of soaring tax revenues, the Ford government balanced Ontario's budget last year for the first time in nearly 15 years. That's a good thing. But Ford has already indicated he plans to take Ontario back into the red.

To do so would be extremely reckless. Ontario is poised to spend at least $14.5 billion on debt interest in 2023-24. Hardworking taxpayers can thank the careless policies adopted by Ontario's last few governments for that high figure. And it's only going to get worse.

Even though Ontario is already spending more than $1 billion per month on debt interest, interest rate hikes will make that figure worse still. Costs went up by $2.4 billion thanks to 2022 interest rate hikes alone. And more hikes could be on the horizon.

If there ever was a time for politicians to stop digging, it's now. More taxing, borrowing and spending is only going to fuel the inflation fire and cause interest rates to get worse. While Ford didn't start Ontario's debt binge, he's joined in on the action.

To stop the vicious debt and inflation cycle, the Ford government needs to keep the books balanced. Only with prudent spending can we start to confront the realities of high inflation and interest rates.

Three years ago, Ford unveiled a plan to build new subway infrastructure in Toronto. At the heart of that plan is the new Ontario line, which is designed to connect the Ontario Science Centre with Ontario Place. It's cost was originally pegged at $10.9 billion. Metrolinx was put in charge of overseeing the project.

In late 2022 news broke the Ontario line, which is still at least five years away from completion, is now set to cost taxpayers at least $19 billion. That's a 75% increase in cost. That extra $8 billion could have paid for seven brand new hospitals.

The ministry of transportation is covering for Metrolinx and blames inflation for the increased costs. While inflation has certainly hit the province hard, Ontario hasn't seen inflation increase 75% over the past three years.

The Ontario line is not the only example of Metrolinx's poor management. Metrolinx was also tasked by Ford's predecessor, Kathleen Wynne, with overseeing the construction of the Eglinton Crosstown line through the heart of midtown Toronto. The Eglinton Crosstown project is now three years behind schedule and is set to go at least $325 million over budget. That's enough money to hire more than 3,000 nurses for an entire year.

Metrolinx has also wreaked havoc on the budgets of smaller cities in the Greater Toronto Area. Burlington and Oakville decided to have a railway underpass built and split the cost, originally set at $60 million. Now Metrolinx has told the two cities that, due to cost overruns, the price tag is up to $177 million.

The Crown agency's track record, when it comes to public transit infrastructure construction, is an absolute fiasco. It's the contractor who goes over budget, time and time again, but Ontario's politicians just don't seem to learn. And while Metrolinx keeps failing to deliver, Phil Verster, its president and CEO, has been paid more than $500,000 every year he's been on the job.

Ontario's balance sheet is deep in the red. The province owes more than $475 billion in long-term debt, most of it racked up because of irresponsible spending. There are four more major subway projects the Ford government has in the works and it's planning to have Metrolinx manage all of them.

With such a poor track record, there's no way Ford should trust Metrolinx with another dollar of taxpayers' money. It's time for the province to hit the reset button. It's time for the government to fire Metrolinx as the province's public transit infrastructure construction contractor. t

QUÉBEC

TIME TO BRING GOVERNMENT WORKFORCE BACK TO PRE-PANDEMIC LEVELS

Nicolas Gagnon,
Québec Director

After mobilizing tens of thousands of government employees to deal with the COVID-19 pandemic, one would think that government would reduce staffing levels once the health emergency was lifted. Not in Québec.

While Premier François Legault got elected in 2018 by promising to reduce the size of the Québec bureaucracy by at least 5,000 civil servants, the reality is quite different in 2023.

Back in 2018, the government of Québec employed a total of 499,074 full-time equivalent employees.

At the beginning of Legault's second term, the number of government employees now stands at more than 560,445.

The Québec government now has 61,000 more employees than in 2018.

You might assume that, due to the pandemic, health care workers were the cause of the increase. The latest public accounts show that nearly 45% of new positions are clerical. Nurses account for only 13% of this increase. Teachers account for just 5.6%.

Québec taxpayers are the most heavily taxed in North America and, consequently, get an increasingly heavier bureaucracy. But with those additional government employees, aren't they at least entitled to a better quality of service?

In the hospitals, as in the schools, the observations are the same.

More bureaucracy, less quality service and unsustainable government finances.

Québec has a structural deficit of almost $3 billion in 2022. The provincial government's gross debt is equivalent to 40% of its gross domestic product (GDP). The scenarios in the latest economic update predict that it will only get worse if a recession occurs.

To help the minister of finance make the right decision, the Canadian Taxpayers Federation submitted a pre-budget submission to him, recommending the government reduce the workforce to pre-pandemic levels.

In 2019-20, full-time enrollment was 510,655. That would free up nearly 50,000 workers, equivalent to 20% of the labour needs of the Quebec market, which is in desperate need of workers.

In 2022-23, the government spent $57 billion to pay its employees. These employees will account for 40% of total government spending in 2023-24. No other individual component of the budget reaches a comparable level.

Reducing the size of the government workforce to pre-pandemic levels would also save taxpayers $7 billion annually.

These savings could be returned to Quebecers in the form of tax cuts, in addition to eliminating the deficit the government has been running for too long.

To do this, Legault can take advantage of the massive retirements expected in the next few years, planning cuts through attrition and reorganizing the government workforce.

Legault has the opportunity to clean up government and offer Quebecers the "efficient and effective" state he promised. Will he go ahead or will he give in to the unions?

QUEBECERS TO AVOID RECORD ELECTRICITY RATE HIKE

Hydro-Québec's electricity rates were set to rise by a record 6.4% on April 1, 2023.

Not only has such an increase not been observed in the province during the last 50 years, it would be the last straw for many Quebecers struggling to pay their heating bills.

Acknowledging the situation, the Legault government announced it will cap the increase in Hydro-Québec's domestic electricity rates at 3%, the upper end of the Bank of Canada's inflation target range.

This measure will be effective as of April 1, 2023, thanks to Bill 2, and will avoid a rate shock for Quebec families.

But why was this bill necessary? To understand its usefulness, we must go back a few years.

In 2019, the Coalition Avenir Québec (CAQ) government tabled Bill 34, which aimed to give back the $1.6 billion in overpayments by Hydro-Quebec customers, and to simplify the mechanism for setting electricity rates.

The CTF obtained a major victory in Québec for the taxpayers that day, as we had run a campaign calling on the government to give back the overpayments.

Prior to Bill 34, rates were determined exclusively by the Régie de l'Énergie du Québec and Hydro-Québec. Since the law came into effect, rates are indexed to inflation in the province.

This decision made sense for two reasons.

First, an analysis of the old rate mechanism, in effect from 2004 to 2019, showed that domestic electricity rates in Quebec have generally moved at a faster rate than inflation.

> **At first glance, the amount seems insignificant. But with a 6.4% increase expected in 2023, a family living in a small house would have to pay at least an additional $150 per year to heat its home.**

Second, by indexing rates, the government was setting the level of revenue that could be earned by Hydro-Québec, forcing the utility to find a way to be more effective and efficient if it wanted to increase profits. It would no longer be able to rely solely on its customers to increase revenues.

But here's the problem: the government didn't listen to the CTF's call for prudence in 2019 and didn't see fit to add a cap mechanism to avoid the consequence of high inflation on electricity bills.

In 2019, the Quebec government saw no need for it. In 2023, it must correct its oversights with a new bill.

It is for this reason the CTF was invited to appear before a parliamentary committee on Feb. 1, 2023. We reiterated to the Legault government that it was urgent to cap the electricity tariff and avoid a record increase in Quebecers' electricity bills.

The rate increase in 2022 was 2.6% and raised Quebecers' monthly electricity rates by up to $6 per month. At first glance, the amount seems insignificant. But with a 6.4% increase expected in 2023, a family living in a small house would have to pay at least an additional $150 per year to heat its home.

After eight interest rate hikes and a record property tax increase, the last thing Quebecers need is a record increase in their electricity bill.

The CTF's message was heard by government members and the recommendations were listened to with interest.

Thankfully, Quebecers avoided a huge increase in their energy bills on April 1, 2023, and they can thank the CTF for its hard work.

Premier Blaine Higgs signs the book of condolence in memory of Her Majesty Queen Elizabeth II at the Legislative Assembly in Fredericton on Sept. 9, 2022

SOURCE: GOVERNMENT OF NEW BRUNSWICK

HIGGS IS BUILDING A NEW BRUNSWICK ADVANTAGE

by Jay Goldberg
Interim Atlantic Director

New Brunswick Premier Blaine Higgs is building a New Brunswick advantage.

For years, politicians in Alberta would talk about an Alberta advantage. Just 15 years ago, Alberta had no provincial debt, no provincial sales tax and the lowest provincial income tax rates in the country.

Since then, the situation has changed.

For those Albertans paying income taxes, their province no longer has the lowest tax rates in the country. The province has also racked up tens of billions of dollars of government debt. Thankfully, Albertans still enjoy the advantage of being the only province without a sales tax – for now.

The Atlantic provinces, on the other hand, represent some of Canada's most expensive places to live for taxpayers. All four Atlantic provinces have a 15% sales tax, the highest in the nation, as well as some of the highest income tax rates.

But Higgs has been steadily charting a new course for New Brunswick, and those efforts are now paying off. The province is separating itself from the Atlantic pack, with a lower tax burden, falling debt, and consecutive balanced budgets.

Last fall, Higgs announced the most significant income tax cuts in a generation. For a taxpayer earning $75,000 a year, Higgs' tax cuts will deliver $214 in relief annually and more than $1,000 over a five-year period.

Compare the progress in New Brunswick to the situation in neighbouring Nova Scotia. With Higgs' new tax cuts in place, a New Brunswicker making $75,000 a year should expect to pay $8,606 in provincial income tax this year. A Nova Scotian earning the same amount of money would have a $9,270 provincial income tax bill – $664 more than a taxpayer in New Brunswick.

And thanks to Nova Scotia's regressive bracket creep policies, that $664 gap is going to keep growing year after year. Bracket creep occurs when inflation pushes taxpayers into higher income tax brackets because the government fails to index tax brackets to inflation.

New Brunswick indexes its income tax brackets. So does the federal government and the vast majority of the provinces. Only Nova Scotia and Prince Edward Island do not. That means the emerging New Brunswick advantage will only grow in the years ahead.

Higgs is also leading the way on debt reduction. Unlike any other province, New Brunswick balanced its books every year during the pandemic. And, New Brunswick's debt is going down, not up. Some provinces have fake balanced budgets with balanced operating spending while still borrowing money to pay for financed infrastructure projects. But, last year alone, the Higgs government reduced the province's debt by over $2 billion.

Higgs' job is well underway, but is far from finished.

Because many of his predecessors overspent and racked up bills on the taxpayer credit card, New Brunswickers still owe more per capita in government debt than their neighbours in Nova Scotia and Prince Edward Island. Higgs will have to keep working to lower that debt burden and the hundreds of millions of dollars of debt interest payments that come with it.

Still, the province is clearly moving in the right direction. New Brunswick is emerging as one of the most fiscally responsible provinces in the nation. The province was the only government in Canada that balanced the budget during the pandemic. New Brunswick's income tax burden is now the lowest in the region. It even beats out provinces like Manitoba and Québec.

And, New Brunswick's debt reduction is real. The province's surpluses are real surpluses, unlike most other provinces that claim to have balanced their books.

While Higgs' work is far from finished, he is helping to usher in a new era of a New Brunswick advantage.

HOUSTON NEEDS TO EMBRACE A TAXPAYER FIRST AGENDA FOR 2023

Nova Scotia taxpayers were hammered in 2022 with the highest inflation rates in decades and soaring living costs. The best way for the government of Nova Scotia Premier Tim Houston to make a clean break in 2023 is to embrace a taxpayer first agenda and leave more money in taxpayers' wallets, where it belongs.

Thanks to inflation, most Nova Scotians were forced to make do in 2022 with the equivalent of 11 months of the wages they earned in 2021. A huge part of the inflation squeeze has been government. Governments profited from inflation while taxpayers felt the pinch.

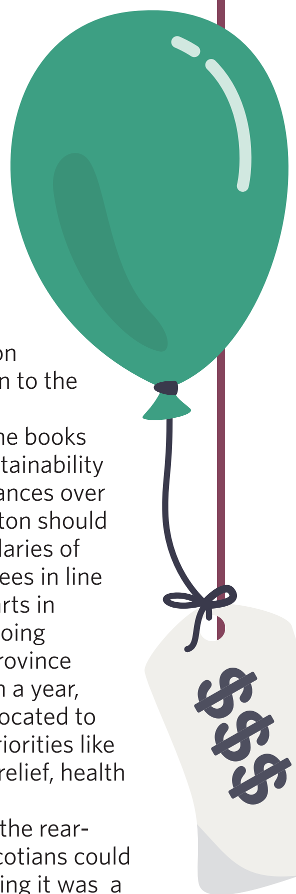
Last year alone, the Houston government brought in $614 million more than it expected in provincial sales tax revenue because of inflation. Sales tax is charged as a percentage of the final sale price of a good or service. When prices go up, so too does sales tax revenue.

To put that into perspective, with that much money, the Houston government could have lowered the harmonized sales tax (HST) by two percentage points, leaving $444.4 million more in taxpayers' wallets. Government revenue would still be up by nearly $170 million, but Nova Scotians would have more money to spend on gas, groceries and other essentials. To pay for even more sales tax relief, Houston could have eliminated corporate welfare handouts, which cost the province over $157 million in 2022.

Another key plank in the 2023 taxpayer agenda is eliminating bracket creep. Bracket creep occurs when governments don't move tax brackets with inflation. That means inflation automatically pushes taxpayers into higher tax brackets, even though they can't actually afford to buy more. The government of Nova Scotia has been profiting off bracket creep for years.

A typical Nova Scotia taxpayer earning $60,000 will pay an extra $244 in income taxes this year because of bracket creep. Every province, other than Nova Scotia and Prince Edward Island, has ended this unfair tax practice and it's time for Nova Scotia to catch up.

Houston also needs to work on balancing the books. Last year, the government ran a surplus of $351 million, a major turnaround from the $585 million deficit Houston predicted the province would run just months earlier. Unfortunately, the government has given every indication that it plans to return to the red this year.



To help balance the books and improve the sustainability of the province's finances over the long term, Houston should work to bring the salaries of government employees in line with their counterparts in the private sector. Doing so would save the province roughly $350 million a year, which could be reallocated to pressing taxpayer priorities like sales or income tax relief, health care or education.

As 2022 fades in the rear-view mirror, Nova Scotians could be forgiven for thinking it was a year they'd like to forget. While governments elsewhere were busy providing inflation relief to taxpayers, the Houston government was biting its nails. New Brunswick introduced major income tax cuts, Newfoundland and Labrador cut the gas tax and Prince Edward Island rolled out relief payments. In Nova Scotia, the government failed to act entirely.

Whether it's lowering the sales tax or ending bracket creep, taxpayers need the Houston government to improve on its 2022 performance and address their pressing pocketbook priorities in 2023. t

SOURCE: QUEEN'S PRINTER FOR ONTARIO

Nova Scotia Premier Tim Houston meeting with Ontario Premier Doug Ford in Halifax on Aug. 21, 2022.

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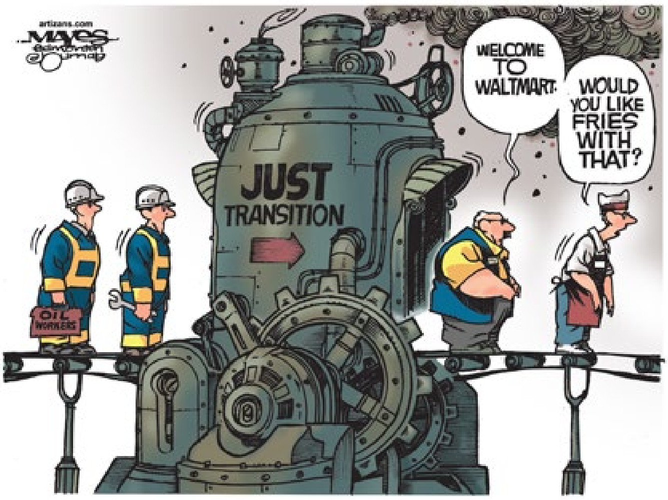
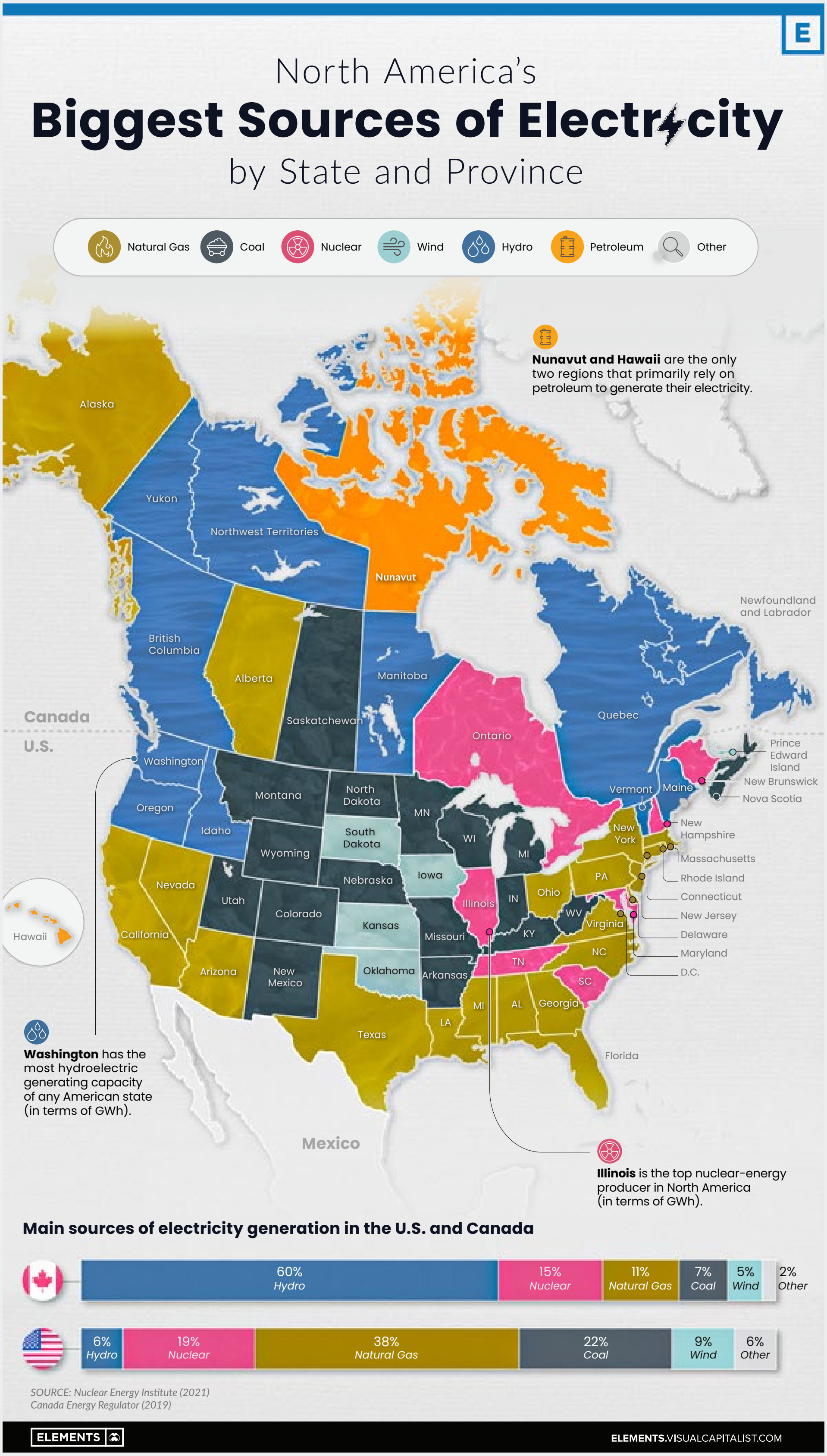


IN THE SUMMER 2023 EDITION OF THE TAXPAYER...

25th Anniversary of the Teddy Awards | How Things Turned Around – Part 3
Why the newspaper business needs to burn to the ground



Federal deficit in 2023-24:

$40.1 BILLION

Amount the federal debt is increasing every second:

$1,272

Percentage growth in the federal debt since 2015:

98%

Interest charges in 2023-24 on the federal debt:

$43.9 BILLION

Net amount of revenue the federal government will collect in GST in 2022-23:

$45.4 BILLION

Expected revenue collected from new taxes over the next five years:

$11.6 BILLION

DIY Democracy

by Todd MacKay
Vice President, Communications

It feels pretty good to pick up a loonie and hand it back to someone.

And that's what tens of thousands of Canadian Taxpayers Federation (CTF) supporters recently did. They picked up hundreds of loonies each and gave them back to their fellow Canadians before they went down the drain in Ottawa.

That's what's really happening here: taxpayers working together.

It might be a new way of looking at things. In the past, people might have looked at the CTF as a contractor, someone to do the work of watchdogging government so you didn't have to.

But political change isn't something to call a professional about. Because here's the fundamental truth: the power is with the people.

Political change is a do-it-yourself project.

Now, doing something yourself doesn't mean you have to do it alone. With the CTF, you have thousands of taxpayer friends all fired up and ready to roll up their sleeves alongside you.

But driving change is a DIY project because you're the one contacting your elected officials. It's also a DIY project in the sense that a barn raising is – all the neighbours are doing it themselves, but together.

Let's get back to returning those loonies.

Ottawa was planning to automatically raise its liquor tax by more than 6%. That was bad for the obvious reason that Canadians need more taxes like they need more winter. But this was especially bad because an automatic tax hike lets elected officials avoid accountability by not voting on it in Parliament.

About 25,000 CTF supporters signed a petition telling the government to scrap its automatic escalator tax on booze. That was just the start.

When the CTF let them know about budget consultations, they flooded the finance minister with demands to scrap the tax hike. When the CTF let them know about a parliamentary motion opposing the tax hike, they gave their MPs marching orders and won that vote.

As with any big project, it didn't go perfectly.

The federal government didn't raise the booze tax by 6%. Instead, it raised booze taxes by 2%.

On the one hand, that's more frustrating than a door that just won't shut right. Obviously, there's more work to do.

On the other hand, it saved taxpayers more than $100 million a year. That's how much it's worth to shrink the booze tax hike from 6% to 2%. A hundred million bucks is real money.

Let's not overstate things. Some of the good folks who make great Canadian beer, wine and whiskey also did a fine job fighting this tax hike. So did restaurants and bars.

Even then, it's a good bet every CTF supporter who pitched in on this project saved their neighbours a lot of money.

Signing a petition and sending an email here and there might not seem like much – a bit like picking up a loonie for someone.

But when thousands of taxpayers are working together, it adds up.

CANADIAN CONSTITUTION FOUNDATION

Challenging the Emergencies Act

Our challenge

The federal government invoked the *Emergency Act* in late February of 2022. There was no reason for the federal government to trigger this extraordinary legislation, and the criteria in the legislation itself was not met. Any illegal activity at the "Trucker Convoy" protests could have been dealt with by existing laws.

Allowing this improper use of the *Emergencies Act* slide would create a dangerous precedent for Canadians who value their rights and freedoms as enumerated in the *Canadian Charter of Rights and Freedoms*.

What's next

The case will be heard in April at the Federal Court.

Follow this case at theccf.ca

You can safely support this challenge at:

theccf.ca/donate