



Seven Habits of Highly Successful Governments

A POLICY PRIMER FOR THE
NEW ALBERTA GOVERNMENT

BY MARK MILKE

“My Alberta is a magnificent land — *a magic land.*”
- Historian James MacGregor, 1972



About the Author

Mark Milke is an author, columnist and public policy consultant based in Calgary, Alberta. He's written three books on Canadian politics: *A Nation of Serfs? How Canada's Politics Corrupts Canadian Values*, *Tax Me, I'm Canadian—Your Money and How Politicians Spend It*, and *Barbarians in the Garden City: The B.C. NDP in Power*.

Milke's policy studies include Facts and Myths on Automobile Insurance for the Insurance Bureau of Canada, Saving for the Future Alberta Advantage, a study of the Alberta Heritage Savings and Trust Fund for the Certified General Accountants Association of Alberta and the Alberta Chambers of Commerce (with a foreword by former Alberta Premier Peter Lougheed), and Fair Pensions for Generation X for the Canadian Taxpayers Federation. With Thomas Flanagan he co-wrote Alberta's Real Constitution: The Natural Resources Transfer Agreement, a chapter in Forging Alberta's Constitutional Framework, published by the University of Alberta Press.

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Alberta's challenges and opportunities

In 1972, historian James MacGregor expressed the perfect symmetry of Alberta's experience that is yet relevant today: New and long-time Albertans in search of their personal fortunes and awed by the natural splendour of the "wild rose" province.

My Alberta is a magnificent land—a magic land. The seasons transform spring's new leaves to fall's blaze of gold, always ending in shelter of winter's pine forests. For me, no other land can match its rugged grandeur or rival its hold on the heartstrings. Not only is it beautiful, from sage-scented Cypress Hills to the redolent spruce-forested Caribou Mountains, but each of its valleys, hills, and mountain passes is steeped in history, the history of men following their fortunes to Alberta (MacGregor, 1972).

Alberta is a land of economic opportunity with natural beauty. Those opportunities – to seek improvement in one's own circumstances and to experience Alberta's natural beauty – must be preserved for future generations. The newly elected government has a chance to push forward with substantial, sensible policy which preserves Alberta economic and natural advantage for future generations.

This report identifies seven areas where the new provincial government, Members of Legislative Assembly, and staff, should review and reform existing government policy measures to: stream-line government to make it more effective where it can be and exit areas where it cannot and ought not to be. This brief will provide sensible principles to guide on-the-ground policy in such areas. In short, there are seven issues to which Alberta's new MLAs should turn their attention.

SEVEN HABITS FOR HIGHLY SUCCESSFUL GOVERNMENTS

Successful Habit #1: Smart health care policy

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Alberta suffers from shortages of nurses, doctors and other staff and from lengthy queues in hospital and clinics. The richest jurisdiction in North America ought not to have less-than-optimal health care. It is overdue for Alberta to unleash innovative, entrepreneurial Albertans to give other Albertans the best health care system in the world.

Successful Habit #2: Smart education policy

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Similarly, Alberta should build on its already excellent approach to education: choice, by imitating best practices from Europe.

Successful Habit #3: Smart municipal policy

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The Province should rewrite the Municipal Act to require municipalities to reorganize their departments into business units with the freedom to hire and fire, buy services from the marketplace instead of central agencies, introduce performance-based pay, and thus allow them to focus on outputs and not line-item budgets.

Successful Habit #4: Smart spending and taxation policy

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Absent a war or crisis, it's critical that Alberta not fall back into deficit spending and not squander a once-in-a-generation opportunity with the resource revenue boom and the Alberta Heritage Savings Trust Fund.

Successful Habit #5: Smart, balanced development

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There are negative side-effects of Alberta's booming energy economy – in particular, housing shortages, labour shortages, stresses on infrastructure, environment, and inflationary pressures. How the new Alberta government handles this will be key to Alberta's future prosperity and quality of life.

Successful Habit #6: Democratic accountability

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Democratic participation fell to 41% in the recent provincial election. Democratic participation and accountability needs revitalization in Alberta.

Successful Habit #7: A strong and free Alberta

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Alberta's culture is one of rewarding initiative, of freedom and self-reliance, and where individuals, families and communities voluntary work together with government seen only as a last resort; such values need protection.

Synchronizing Alberta government policy...

Historically, with few exceptions, Albertans have not relied on government as the solution to real or perceived problems.

When Ontario, Saskatchewan, Manitoba and British Columbia nationalized a variety of energy companies in the 20th century, Alberta used market competition not only as the best way in which protect consumers – which forced companies to compete for customers on price and service – but as the preferred way to avoid saddling Albertans with debt for provincially-owned Crown utilities as has occurred in other jurisdictions.

The result is that provincial taxpayers in Alberta avoided the fate of other jurisdictions where taxpayers are ultimately on the hook for power debt such as B.C. at \$5.5 billion (BC Hydro, 2007: 96), Saskatchewan at \$2.7 billion (SaskPower, 2006:31) and Manitoba at \$6.2 billion (Manitoba Hydro-Electric Board, 2007: 83). Political courage was necessary to avoid falling into the trap of short-term price controls in exchange for long-term debt and decayed infrastructure, especially when such policies were popular in the press, academia, and in politics.

Similarly, when other jurisdictions merely cut government spending (British Columbia in the early 1980s or most other provinces in the 1990s), Alberta spearheaded a wider debate over the proper role of the public sector: what should governments be involved in? The answer in Alberta was: not selling beer, wine, and spirits or processing licences and registrations. The result was an end to government ownership of all liquor stores and an end to government ownership of registries.

There have been exceptions in Alberta's history: government ownership of an airline, involvement in loans and loan guarantees in the 1980s, and the ownership of a bank (Alberta Treasury Branches) which continues. But in Alberta's economic history, those have been the exceptions, not the rule.

...with Alberta values

Thus, given the practice of Alberta's governments since the province was created in 1905, it's accurate to say that Alberta citizens and governments demonstrate the following traits. They:

- ☐ are responsible with their own finances and expect the same of those entrusted with public money; this is especially the case after the run-up in provincial debt in the mid-1980s to mid-1980s and subsequent pay down and elimination of Alberta's net debt since that time;
- ☐ are firm in their conviction that governments ought not to replace individual, family and community efforts to create a better province;
- ☐ believe the best government is that which is closest to and accountable to Albertans;
- ☐ are open to new ideas, new immigrants and are positive proud contributors to their own communities, the province and Canada;
- ☐ desire excellence: in business, health care, education, the environment, and in thinking about the future;
- ☐ believe in our provincial credo for Alberta – *fortis et liber* - strong and free.



Political courage was necessary

Alberta citizens ...

...are responsible with their own finances and expect the same of those entrusted with public money...



The Seven Habits of Highly Successful Governments

New Challenges

Steer, don't row, into Alberta's future: learning from our past

Successful governments concentrate on setting the course for their jurisdiction's future prosperity; they "steer" but avoid trying to "row" by running businesses or picking winners and losers business by business or sector by sector.

Alberta already has already blazed a precedent-setting trail here. For example, the Ralph Klein government substantially reduced business subsidies – "corporate welfare" – in the early 1990s and in 1996 passed the Business Financial Assistance Limitations Statutes Amendment Act. That Act severely curtailed the ability of the Crown or provincial agencies to become involved in rescuing or subsidizing private businesses.

The Alberta government passed such legislation after a costly 1980s-era experiment in provincial loans and loan guarantees led to a \$2.1 billion loss to taxpayers by the mid-1990s (Gray, 1996). Currently, Alberta's Financial Administration Act (the follow-up legislation to Business Financial Assistance Limitations Statutes Amendment Act) requires the Legislature to publicly authorize any assistance to business that involves the Crown or Provincial Agencies in loaning money, acquiring an existing monetary loan, making a transaction involving the payment of any money; or supporting a joint venture or partnership.

Similarly, this same principle – steer but don't row – was successfully demonstrated in the 1993-94 privatization of government liquor stores in Alberta. The provincial government exited business and instead focused on its regulatory role. Since that time, the province still regulates the sale

and consumption of beer, wine and spirits; it continues to apply a mark-up tax that flows into the public coffers, but it no longer operates as a business player in this sector.

This principle – steer into Alberta's future with predictable public policy that makes Alberta a safe haven for investment and the inevitable results of the same (employment growth, income growth, and a rising standard of living) – allows governments to focus on the big public policy questions and set direction without becoming entangled in micro-managing individual decision better left to particular private enterprises. It is a principle that should be extended to more Alberta government policy. This report will give concrete examples of where this can be implemented.

The next step: Turn government departments into business units

There is a further step that the Alberta government should now apply to its own operations and those under its jurisdiction: Government departments, agencies, health authorities and even schools, should be transformed into business units with the freedom to hire and fire, and to buy services from the marketplace instead of from government's own supply chain. This report will give three examples of where this happens in Alberta – health care, municipalities, and in schools – and note best practices from other jurisdictions that have moved away from such inefficient models.

The Seven Habits of Successful Governments

Principles and Practical Policies

Successful Habit #1: Smart health care policy

Health care, at over \$12.1 billion and 36.2% of provincial program spending, is double that of the next largest line item in the provincial budget, education at \$5.6 billion and 16.8% of spending (Government of Alberta, 2008). Together, they represent over half of all provincial government spending.

Practical Principals:

✓ Health care

- ☐ Retain universal coverage;
- ☐ Split the provider and purchaser roles as they do in Europe
- ☐ Allow private and non-profit clinics and hospitals to be built, and to bid on all government-funded health care.

To have Albertans access the world's best health care will require allowing innovative, entrepreneurial Albertans to give us all the best health care system in the world.

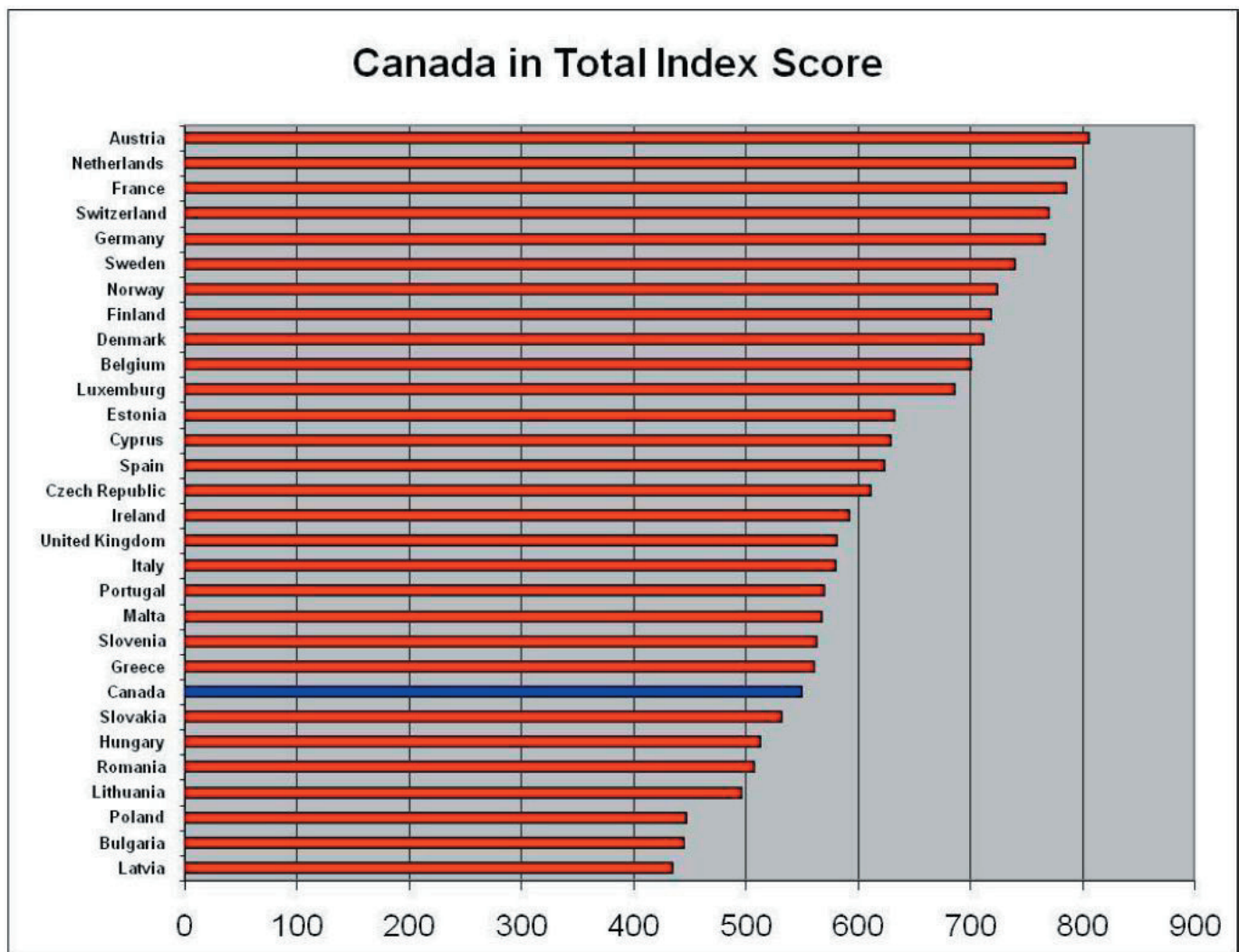
In a comparison of European and Canadian health care, Canada consistently ranks below most European countries. The 2008 Euro-Canada comparison from the European Health Consumer Powerhouse and the Frontier Centre compared European countries and Canada based on 27 indicators including patient's rights and information, waiting times, outcomes, generosity of public health care systems, and access to pharmaceuticals.

Canada ended up in 23rd place out of 30 states with a score of 550. Fully 22 European nations ranked ahead of Canada for superior health care systems (Frontier Centre, 2008). A 2007 study from the Fraser Institute found similar results: At least seven OECD countries

– Austria, Belgium, France, Germany, Japan, Luxembourg, and Switzerland –have wait times shorter than Canada's and superior health-care outcomes in almost every category (Esmail and Walker, 2007). Thus, reform of Canada's health care system is necessary:

The Europe-Canada comparison found that found that out of 1,000 health care possible "points" given to a country, Austria emerged as the winner with a generous healthcare system that provides good access for patients and excellent medical results. Austria scored 806 out of 1,000 points and was followed closely by the Netherlands, France, Switzerland and Germany, which was in fifth place with 767 points.

“Canada consistently ranks below most European countries 23rd place out of 30 states”



“

Austria emerged
as the winner
with a generous health care system
that provides good access for patients
and excellent medical results.

”

The need to separate the provider of a service from the purchaser

Imagine if the Alberta government wanted to update its vehicle fleet and gave control of its purchasing decisions to General Motors. GM would have a built-in incentive – and control – of the what cars and trucks were selected, even if some other brands such as Honda or Chrysler were better buys.

Normally, no government allows the provider of a service or product to also be the government-mandated purchaser. It's a conflict of interest when a provider buys a service from itself, especially when it's someone else's money – the public's – which is at stake.

But it happens in health care. The Regional Health Authorities (RHAs) that provide health services are also tasked to purchase health care. That means there's an incentive for an organization to pay itself more internally, be it in executive compensation or other administrative positions. There's also an incentive to divert money to politically powerful service providers, bureaucratic or political priorities, or to the issue on the front page of today's newspaper. This diverts public money from necessary areas. Instead of basing compensation on the demand for the type of service and provider, or allocating capital and equipment funds to the most in-demand areas, public money can be inefficiently spent when the provider and purchaser are the same entity.

Austrians Do It, The French Do it, Even Swedes Do It, But Albertans Don't Do It

The main finding in the Euro-Canada comparison was that the top six providers – Austria, the Netherlands, France, Switzerland, Germany, and Sweden – all have purchaser-provider splits, as do other countries trying to move up in the rankings. Consider the case of Spain, ranked #14, and specifically the

Catalonia region's drive for reform based on a purchaser-provider split:

- ☐ Spain has decentralized its publicly funded health care system. In Catalonia public authorities split the provision of health services from their financing, contracting with private sector providers for their delivery.
- ☐ The principles that guide Spanish health care are similar to Canada's, with two exceptions. They do not mandate a strict adherence to public ownership of facilities, and they include a focus that favours preventative medicine.
- ☐ These principles also require a decentralized and distributed business-style management of publicly owned health institutions.
- ☐ Although Catalonia requires co-payments for a variety of health services, citizens pay less out-of-pocket than Canadians do. It has fewer hospital beds and medical personnel.
- ☐ Although public funding is national, provinces have autonomy in designing their local health care systems.
- ☐ Catalonia's Ministry of Health funds the system and sets standards, while the Health Service monitors the performance of providers, the majority of whom are contracted. About 70% of facilities are privately owned.
- ☐ The World Health Organization reports that an increasing number of countries contract for health service delivery. It's an alternative to traditional publicly administered and publicly financed systems.
- ☐ Catalonia's health care system contains a strong emphasis on preventative public involvement through the promotion of healthier lifestyles.

Three main health care “players” in Catalonia

In Catalonia, the administration of health care is organized according to function. That means services are delivered to the public based on role and without the conflict of making the provider also responsible for buying health care. The *purchaser* of health care can change service providers; that provides an incentive to the provider to offer the best quality health care at the best possible price (Frontier Centre, 2003).

The health care “players” in Catalonia are:

- ☐ The Department of Health and Social Security (the Catalan Autonomous Government Ministry of Health)
The Department is in charge of political leadership, health care financing, health care planning, system regulation, authorization and accreditation and evaluation. The Department of health is roughly akin to Alberta’s Ministry of Health and Wellness.
 - ☐ The Catalan Health Care Service – the Insurer and Purchaser
The CHSS is the sole public insurer. It is responsible for resource management and planning. It provides organization, planning, programming, assessment and inspections of system organizations and facilities. It is also responsible for the distribution of financial resources and the establishment of agreements, covenants and contracts with entities directly and indirectly managed by the autonomous government.
- The Catalan Health Care Service is geographically organized into eight health care regions that facilitate the appraisal of health status, health care needs and operational priorities. The Catalan Health Care Service is roughly equivalent to Alberta’s Regional Health Authorities, except that it is the insurer (a responsibility of the Ministry of Health and

Wellness in the case of Alberta) and the CHSS owns far fewer health care service providers. Most health care is contracted out between private, non-profit and government service providers.

☐ The Providers

Catalonia features a stable network of health care service providers. This network is made up of centres and facilities of diverse ownership that are contracted by the Catalan Health Care Service, with the purpose of meeting the population’s health care needs by way of public financing.

Best practices reforms:



Health care

- ☐ *Split the purchaser from health care from the provider;*
- ☐ *Turn the Ministry of Health and Wellness into just the insurer;*
- ☐ *Turn Regional Health Authorities into regional health purchasing agencies only;*
- ☐ *Turn hospitals and clinics to the charitable, non-profit and for-profit sectors to avoid a conflict of interest between purchasers and providers.*
- ☐ **Allow independent hospitals and clinics to compete to provide health services on contract to the Regional Health Authorities/regional purchasing agencies**

The Seven Habits of Successful Governments

Principles and Practical Policies

Successful Habit #2: Smart education policy

Successful education means imitating what works, both at home and abroad. At the primary, junior and secondary school levels, Alberta has long attempted to give parents choices in schooling: in the public system between various schools of excellence and skill-specific high schools as exemplified by the Edmonton Public School system and in the wider context between the public school system and independent schools such as private, religious and Charter schools.

More of the same combined with systemic reforms to bring in more diverse teaching staff would be a useful addition to education policy in Alberta.

Practical principals on education:

- ☐ Expand parental choice
- ☐ Give principals, teachers and parents direct control of schools

Choice in Alberta has already increased parental selection and provided incentives for schools to compete. That choice-based model should be extended. In many countries in Europe, parents are given de facto “vouchers” for the children’s education (and in some cases educational choice is protected by the constitution).

In selected European countries, governments allow parents to choose the school of their choice for their children and direct that funding follow the student. For example, in 1992, Swedish municipalities were directed by the central government to give 85% of the calculated average cost per student in the municipal schools to any school chosen by a parent. The figure of 85% was calculated based on a goal to give equal funding to the independent schools. (The other 15% accounted for municipal overhead and administration costs unrelated to schools.)

That figure was reduced to 75% in 1995.

In the Netherlands, freedom of parental choice in education has been in operation for 91 years and 70% of Holland children attend fully-funded private schools. It is a right enshrined in the country’s constitution.

In Denmark, parents also have a constitutional right to funding for the school of their choice, thanks to the Free School Act of 1855. All approved private schools are entitled to receive state subsidies covering about 80% of their operational expenditure, plus a capital allowance, and other grants (Tooley et al, 2003).

Alberta should imitate this best practice from Europe.

Best practices reforms:



Education

- ☐ Charter schools should be allowed to expand if managed by principals, teachers and their chosen administrators;
- ☐ Restrictions on teacher certification should be relaxed where the professional has a degree or experience in the field which needs to be taught;
- ☐ Teachers should be freed from belonging to the Alberta Teachers Association as a condition of work;
- ☐ Eliminate school boards and directly provide parents with vouchers along the lines of European models;
- ☐ Shift hiring and firing power to principals working with parent councils.

The Seven Habits of Successful Governments

Principles and Practical Policies

Successful Habit #3: Smart municipal policy

Alberta's cities and towns have long asked for more powers, more money, and more taxing authority from the provincial government as the solution to their financial woes. But the reality is that Alberta's cities continue to engage in practices that are costly. This is due to a flawed governance model that allows Alberta's municipalities to block competition in the deliver of city services.

For example, the City of Calgary recently delivered its new recycling program for the entire city to one entity – the city's own sanitation department, rather than divide up neighbourhoods between contractors including between private contractors. This type of monopoly public service delivery should be prevented by the province which has ultimate constitutional and thus legislative authority over municipalities.

In contrast to a narrow focus only the revenue side of a municipality's balance sheet and in contrast to monopoly service provision, New Zealand's capital city, Wellington, changed its corporate culture in the 1990s. It did this by transforming separate eight city departments.

Pre-reform, Wellington's eight departments operated as "silos" and had little to do with each other. In addition, there was minimal corporate overview. Each of the eight departments possessed functions like policy, asset management, and service delivery, thus duplicating each other in several administrative areas. The very structure prevented city council and city managers from being able to deliver on city council's strategic goals as now happens in Alberta's cities.

Practical Principles:



Municipal governments

- ☐ The province should require municipalities to achieve outputs in the most efficient way. Getting government ministries to focus on outputs instead of budgets: Learning from New Zealand. The city of Wellington brought in Britain's Angela Griffin in 1992. Griffin enacted reforms which included replacing the eight administration-intensive departments with three working groups.
- ☐ The Corporate Office: It develops strategy and long-term planning and takes a system-wide overview in terms of finances, communications, marketing, and risk management;
- ☐ Commissioning: This group creates the specifications for buying services from in-house business units and external contractors;
- ☐ Service Delivery: This group acts to fulfill customer needs in the most efficient and effective way. Griffin noted in 1997 that this simplified approach reduced management by 38%.

"We have team leaders now and we have a very flat structure. Deploying resources more intelligently reduced the number of full-time employees less dramatically than expected, falling from 1650 to 1400 over six years, using attrition, turnover, and severances. Meanwhile, costs have fallen by up to 20% without decreases in services; some service standards have even increased" (Frontier, 1997).

New Zealand's cities were able to reform the way cities were run due to changes in federal legislation introduced in 1989 by the left-wing Labour government. That legislation forced many public services into a competitive framework which focused on outcomes, performance measurement, and excellent customer service.

This was in contrast to the old model, which by its design created incentives for departments to maximize budget increases, to spend public money at all costs (this to avoid budget cuts in the next year if all the money was not spent this year) and to maximize internal staffing.

The 1989 changes to New Zealand's municipal legislation shattered that old model. Griffin credited the 1989 legislation for the transformation of New Zealand's cities and creating a results-oriented, performance-based culture. "Our NZ Local Government legislation is empowering

legislation. It doesn't specify how you do things; it simply specifies the outcomes that are required" (Frontier, 1997).

Getting away from the simplistic focus on spending budgets enabled enormous innovation to sweep through New Zealand's local government sector. In Wellington, it meant the end of traditional city departments.

It also meant the end of problems such as exist in Calgary where an entirely new recycling program has been given to in-house staff rather than broken up and competitively delivered by private and public contractors.

Best practices reforms:



Municipalities

The Province should rewrite the Municipal Act to require municipalities to reorganize their departments into business units with the freedom to hire and fire, buy services from the marketplace instead of central agencies, introduce performance-based pay, and thus allow them to focus on outputs and not line-item budgets.

The Seven Habits of Successful Governments

Principles and Practical Policies

Successful Habit #4: Smart spending and taxation policy

It is critical that with the exception of a major natural catastrophe or war that Alberta never fall back into deficits. With oil prices near an all-time high, there is also

an opportunity for a once-in-a-generation opportunity with the Alberta Heritage Savings Trust Fund.

Practical Principles:**✓ Spending and Taxation**

- ☐ The Alberta government should live within its means;
- ☐ Non-renewable revenues should not be treated as regular revenues.
- ☐ Adhere to the principle that government subsidies ought to be provided only to individuals and families and based only on income. It's the "neutrality principle" as applied to government spending.

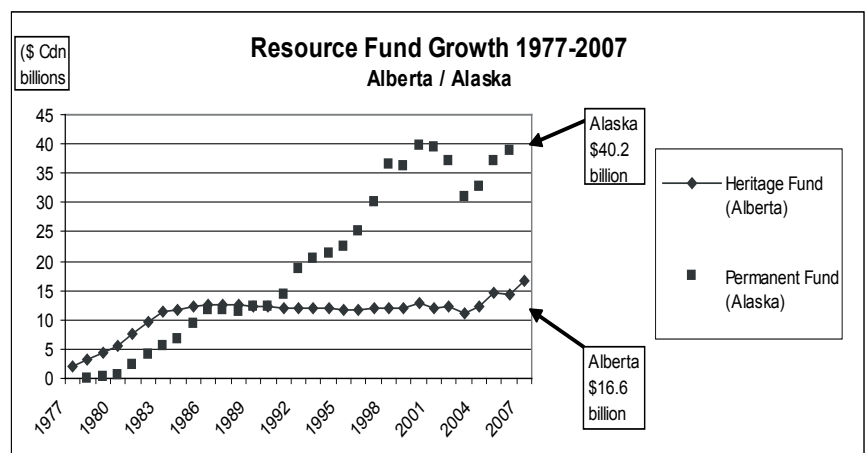
Given the cyclical nature of resource prices, a provincial deficit is inevitable if successive provincial governments continue to spend above the combined rate of population growth and inflation. Members of the Legislative Assembly, faced with demands from multiple groups for more spending, will find it difficult to refuse such demands unless an alternate mechanism is in place: spending controls combined with an outlet for more spending and higher taxation if the majority public sentiment indeed favours such a course. A Fiscal Constitution enables citizens to be pressed with the same demands some of them make on governments.

On a related fiscal issue, Alberta's Heritage Savings Trust Fund, which started regular deposits in 1977, stood at \$16.6 billion at the end of 2007. In contrast, Alaska's Permanent Fund, which began regular deposits one year later, in 1978, stood at U.S. \$37.8 billion or Cdn \$40.2 billion (Alberta Finance, 2008 and Alaska Permanent Fund Corporation, 2008). Alberta has, because of past spending patterns, squandered several decades of potential to build up her own fund. That trend should be corrected.

Best practices reforms:**✓ Spending and Taxation**

- ☐ The province should adopt a Fiscal Constitution which restricts spending increases to population growth plus inflation, with any increases above that, as well as proposed tax increases, subject to voter approval in a provincial referendum.
- ☐ A portion of non-renewable revenues should be apportioned between one-time spending commitments (i.e., on infrastructure) and the Alberta Heritage Savings Trust Fund. As per his previous recommendation endorsed by former Alberta Premier Peter Lougheed (Milke, 2006), this author recommends between 30% and 40% of resource revenues be placed in the Heritage Fund each year.

There are negative side-effects of our booming energy economy – in particular, housing shortages, labour shortages, the stress on infrastructure, and inflationary pressures. It is also critical to smartly protect and cherish Alberta's natural wonders and also protect economic opportunity for all Albertans.



The Seven Habits of Successful Governments

Principles and Practical Policies

Successful Habit #5: Smart, balanced development

Practical Principles:

Balanced development

- ☐ Increasing supply should be the guiding reform principle to deal with the negative effects of a booming economy;
- ☐ Environmental policy should be aligned with tax and regulatory policy and vice-verse;
- ☐ Citizens should be directly involved in environmental policy both as voters and as consumers so incentives should be structured with that principle in mind.

Housing

The supply of housing is already increasing relative to sales and additional rental units are already being created through large amounts of unsold condominiums in the marketplace. The province was right to reject rent control and rental supply is now up and will continue to rise as more condominiums come on to the market. While many of those may well be higher-end projects, the effect is open up supply down-market as previous tenants move from existing condominiums or rental properties into newly-built structures.

The province must continue to reject calls for rent control and municipalities must

keep development fees and regulation to a minimum; reforms in the area of housing must also include allowing secondary suites throughout the province (the province has the ultimate jurisdiction over municipalities) which would further increase the supply of legal rental units on the market and thus act to contain present and future rental increases.

The provincial government should increase subsidies to low-income Albertans where necessary but not build additional government housing as it leads to the "ghettoization" of the poor. The province and municipalities should subsidize people directly, not buildings.

Needed labour

Part of Alberta's labour shortage is the result of provincial self-regulating organizations which raise the barrier to not only immigrants but to other Canadians. The province should remove restrictions beyond necessary competency requirements for immigrants and other Canadians who wish to work in Alberta.

This is also one way in which the province can lead the country by example: by freeing up worker mobility to Alberta, the province will set off similar reforms across the country, lest other provinces lose much-needed employees.

Business and Environment

The Alberta Advantage has been built on low tax rates, fairly applied, and that should continue. If the government introduces a new tax or increases an existing one, on business for example, the regular business tax should be lowered to offset the increase. This applies to the October 2007 royalty rate increases and recently announced changes

in April 2008. The government should lower its business taxes by at least the amount it raised royalties, net the recent April modifications.

The same should apply to any new costs imposed on industry or consumers for environmental reasons and as it concerns taxes and regulations, the latter of which also impose costs on consumers and business and thus on jobs, wages and on living standards.

Too often, legislation and regulations can be imposed without a cost analysis attached as part of the process. No government would impose a new tax increase or tax reduction without first costing out the proposal to the public treasury.

Similarly, regulation and legislation can be a cost to the private "treasury" of individuals and businesses. Just as new non-environmental initiatives should be analyzed for their possible effect upon the environment — internalizing costs is a practical method to properly ensure polluters pay and non-polluters do not — environmental regulations and legislation must be accompanied by their cost effect upon the public and private purse of Albertans.

Best practices reforms:

✓ Smart, balanced development

- ☐ Housing shortages can only be dealt with by increasing supply, not with rent controls or excessive municipal "fees" which contract supply; continue to provide targeted help to low-income Albertans for housing;
- ☐ Labour shortages can be dealt with by encouraging more temporary worker programs and reform of the federal transfer payment system and Employment Insurance program; this policy area will require the cooperation of the federal government. The current federal approach encourages workers
- ☐ to stay in uneconomic regions of Canada while other regions suffer from a labour shortage;
- ☐ The province should remove unreasonable regulatory barriers to professionals who wish to work in Alberta and sign additional inter-provincial trade agreements similar to the Trade, Investment, and Labour Mobility Agreement signed with British Columbia in April 2006;
- ☐ Any change in taxes and fees and regulations should be revenue neutral to Albertans;
- ☐ Environmental costs should be borne by the individual, business or government agency which incurs them; the environmental cost of development should be tallied and applied to the polluter;
- ☐ Every government department should be required to give the dollar cost of any new proposed regulation or legislation as it concerns the environment.

“give the dollar cost
Environmental costs should be borne by the individual, business or gov. agency which incurs them...”

The Seven Habits of Successful Governments

Principles and Practical Policies

Successful Habit #6: Democratic accountability

Democratic participation and accountability in Alberta needs to be revitalized, an obvious priority given the low turnout among eligible voters in the recent election. Contingent on the municipal governance reforms proposed in Successful Habit #3, Albertans should be given clear signals about which level of government taxes and for which spending priority; that will ensure direct accountability and help revitalize participation.

Practical Principles:



Democratic accountability

- ☐ The level of government which spends tax dollars must also be the level which collects them.
- ☐ Direct decision-making is also enhanced by deliberation among citizens.

Taxing powers should be transferred to municipalities where appropriate (or in reverse, back to the province).

In addition, deliberation is enhanced among citizens when they have a direct say in public policy. As an example, most Canadians are normally uninterested in the finer details of constitutional decision-making; that changed dramatically when they were given a vote in the case of the 1992 Charlottetown Accord. Then, citizens made an effort to read the proposals, discuss and deliberate with family, friends and others. The prospect of having to vote on the Accord required deliberation and provoked the same.

Deliberation is thus significantly enhanced by giving citizens a chance to shape public policy through referenda. Alberta has an early history of referenda, plebiscite and recall. Those tools should again be made available to citizens including the right of initiating ballot questions. Switzerland's continual citizen involvement over two centuries on all varieties of issues is a good model here.

Last, a healthy democracy requires opposition to established parties and deliberation. That can only be helped by more viewpoints on legislative committees. In addition, Albertans who did not vote for the governing party deserve to have their voices represented at the committee level where many policy and legislative priorities are set.

Best practices reforms:



Democratic accountability

- ☐ Responsibilities and taxing powers must be divided between the province and municipalities, school boards, and health regions so there is no overlap;
- ☐ The right of referendum and recall should be restored to Albertans;
- ☐ The government should end government party-only legislative committees.

The Seven Habits of Successful Governments

Principles and Practical Policies

Successful Habit #7: A strong and free Alberta

It is critical to protect Alberta's culture of rewarding initiative, of freedom and self-reliance, where individuals, families and communities voluntarily work together and government is seen only as a last resort. This culture must not be infringed upon and government policy should align with those values on a variety of fiscal and social freedoms.

Practical Principles:

A strong and free Alberta

- ☐ Alberta's social and fiscal freedoms must be preserved.

Thus, on the fiscal front, and similar to the environmental proposal to cost out new policy initiatives in that area, the same burden should be placed on government ministries on all matters they propose to impose on the public: ministries should be required to cost out their policy and legislative proposals for possible dollar impacts upon the public.

For example, British Columbia conducted a review of provincial regulations beginning in 2001, following the then new government's promise to reduce the regulatory burden in that province. Alberta should comb through its regulations with an eye to eliminating unnecessary and outdated regulations.

On the social front, it is unnecessary to police the dialogue between Albertans and nor should government try. The proper role of government is to prevent physical harm, not stand between the many varied Albertans and our opinions and try and umpire which ones are "correct."

Thus, the Alberta Human Rights and Citizenship Commission and should be specifically barred from investigating speech-related complaints and instead be required to focus solely on discriminatory acts.

Best practices reforms:

A strong and free Alberta

- ☐ Look for opportunities to lower taxes
- ☐ Require government departments to cost out their plans, regulations, and legislation – a "public impact statement"
- ☐ Require a review of regulations.
- ☐ Pass a Protection of Speech Act to avoid unnecessary "policing" of speech in Alberta.

“unnecessary
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dialogue

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