

SUMMARY

■ The relative fiscal performance of 10 Canadian premiers (five current and five former) is measured up to the 2013/14 fiscal year for three components of fiscal policy: government spending, taxes, and deficits and debt.

■ Overall, the premiers ranked (of 10) and scored (of 100), as follows:

- 1st Kathy Dunderdale,* NL (84.6)
- 2nd Brad Wall, SK (71.5)
- 3rd Christy Clark, BC (64.8)
- 4th Greg Selinger, MB (49.9)
- 5th David Alward,* NB (46.0)
- 6th Alison Redford,* AB (45.9)
- 7th Pauline Marois,* QC (40.8)
- 8th Kathleen Wynne, ON (39.5)
- 9th Darrell Dexter,* NS (36.9)
- 10th Robert Ghiz, PE (33.2)

* indicates former premier

■ On the government spending component, Dunderdale took top position (scoring 98.5), followed by Alward (77.7) and Clark (64.3). The remaining premiers scored below 50: Selinger (41.9), Wall (35.7), Wynne (26.8), Dexter (20.8), Marois (12.4), Redford (8.8), and Ghiz (7.8).

■ On the taxes component, Redford led the premiers (scoring 90.0). Premiers from Canada's most populous provinces, Wynne (63.5) and Marois (55.7), ranked 5th and 7th, respectively. Alward ranked last (27.3).

■ On the deficits and debt component, Wall topped the list (scoring 100). Dunderdale came second (91.1), followed by Clark (74.2) and Marois (54.2). The remaining premiers scored below 50: Dexter (49.0), Ghiz (44.2), Selinger (41.7), Redford (38.7), Alward (32.9), and Wynne (28.1).

Measuring the Fiscal Performance of Canada's Premiers, 2015

Introduction

With budget deficits and increased government debt expected in nearly all provinces again this fiscal year, prudent fiscal management continues to be a pressing economic issue for many Canadians. This is rightly so, as sound fiscal policy is a key determinant of any province's long-term economic success. Sound fiscal policy requires provincial premiers to prioritize, not simply increase, government spending, ensure balanced budgets, and avoid imposing a tax burden so heavy that it becomes a disincentive for people to work hard, save, invest, and be entrepreneurial. The economic record shows clearly that these factors help foster economic growth and prosperity.

This publication is intended to help Canadians hold their provincial political leaders accountable for the performance of their fiscal policies. In this fourth edition of *Measuring the Fiscal Performance of Canada's Premiers*, we provide an objective, empirical assessment of how Canada's premiers have managed the public finances of their provinces and whether they have pursued sound, long-term economic policies. Importantly, the scores and rankings are derived from relative, not absolute, performance. That is, premiers are assessed based on how well or badly they perform relative to their counterparts.

How performance is measured

The analysis includes the fiscal policy performance of 10 Canadian premiers.¹ Each premier's performance is measured over the time

¹ At the time of writing (December 5, 2014), five premiers included in the analysis are currently in power. While PEI premier Robert Ghiz announced his resignation on November 13, 2014, he is considered to be a current premier because his party

Table 1: Period in which the premiers are evaluated

Prov.	Premier	Period evaluated
BC	Christy Clark	2011/12 to 2013/14
AB	Alison Redford*	2012/13 to 2013/14
SK	Brad Wall	2008/09 to 2013/14
MB	Greg Selinger	2010/11 to 2013/14
ON	Kathleen Wynne	2013/14
QC	Pauline Marois*	2013/14
NB	David Alward*	2011/12 to 2013/14
NS	Darrell Dexter*	2009/10 to 2013/14
PEI	Robert Ghiz	2007/08 to 2013/14
NL	Kathy Dunderdale*	2011/12 to 2013/14

Notes:

(a) * indicates former premier (as of December 5, 2014).

(b) Alison Redford is the former premier of Alberta; she left office on March 23, 2014. Her performance was evaluated instead of premier Jim Prentice because she was in power for the entire 2013/14 fiscal year.

(c) Darrell Dexter is the former premier of Nova Scotia; he left office on October 22, 2013. His performance was evaluated instead of current premier Stephen McNeil because he was in power for more than half of the 2013/14 fiscal year.

(d) Pauline Marois is the former premier of Quebec; she left office on April 23, 2014. Her performance was evaluated instead of current premier Philippe Couillard because she was in power for the entire 2013/14 fiscal year.

(e) David Alward is the former premier of New Brunswick; he left office on September 23, 2014. His performance was evaluated instead of current premier Brian Gallant because he was in power for the entire 2013/14 fiscal year.

(f) Although Robert Ghiz of Prince Edward Island announced his resignation on November 13, 2014, he is still considered current premier because his party hasn't yet chosen a successor.

(g) Kathy Dunderdale is the former premier of Newfoundland & Labrador; she left office on January 24, 2014. Her performance was evaluated instead of that of current premier Tom Marshall because she was in power for more than half of the 2013/14 fiscal year.

Sources: Websites of various provincial election bodies (see references).

Table 2: Overall performance of Canada's premiers, scores (out of 100) and ranks (out of 10)

Prov.	Premier	Overall		Government spending		Taxes		Deficits and debt	
		Score	Rank	Score	Rank	Score	Rank	Score	Rank
NL	Kathy Dunderdale	84.6	1	98.5	1	64.2	4	91.1	2
SK	Brad Wall	71.5	2	35.7	5	78.9	2	100.0	1
BC	Christy Clark	64.8	3	64.3	3	55.8	6	74.2	3
MB	Greg Selinger	49.9	4	41.9	4	66.2	3	41.7	7
NB	David Alward	46.0	5	77.7	2	27.3	10	32.9	9
AB	Alison Redford	45.9	6	8.8	9	90.0	1	38.7	8
QC	Pauline Marois	40.8	7	12.4	8	55.7	7	54.2	4
ON	Kathleen Wynne	39.5	8	26.8	6	63.5	5	28.1	10
NS	Darrell Dexter	36.9	9	20.8	7	40.9	9	49.0	5
PE	Robert Ghiz	33.2	10	7.8	10	47.4	8	44.2	6

Sources: Tables 3, 4, and 7; calculation by authors.

he or she held office up to the most recent fiscal year for which historical data are available (2013/14).² Some premiers were evaluated over a longer period than others. For instance, Prince Edward Island's premier Robert Ghiz was evaluated for the longest period (2007/08 to 2013/14), whereas Ontario's Kathleen Wynne and Quebec's Pauline Marois were evaluated for the shortest period (just the 2013/14 fiscal year) (see table 1).

Each premier received an overall score out of 100 and rank out of 10 derived from their performance on three core components of fiscal policy: 1) government spending, 2) taxes, and

3) deficits and debt.³ Each component contains multiple measures; there are, in total, 13 of them. Each measure is scored on a scale from 0 to 100; higher performing premiers receive higher scores and lower performing premiers receive lower scores.⁴ The scores for the measures are weighted equally within each component. In the calculation for the overall score, the three components are also equally weighted.

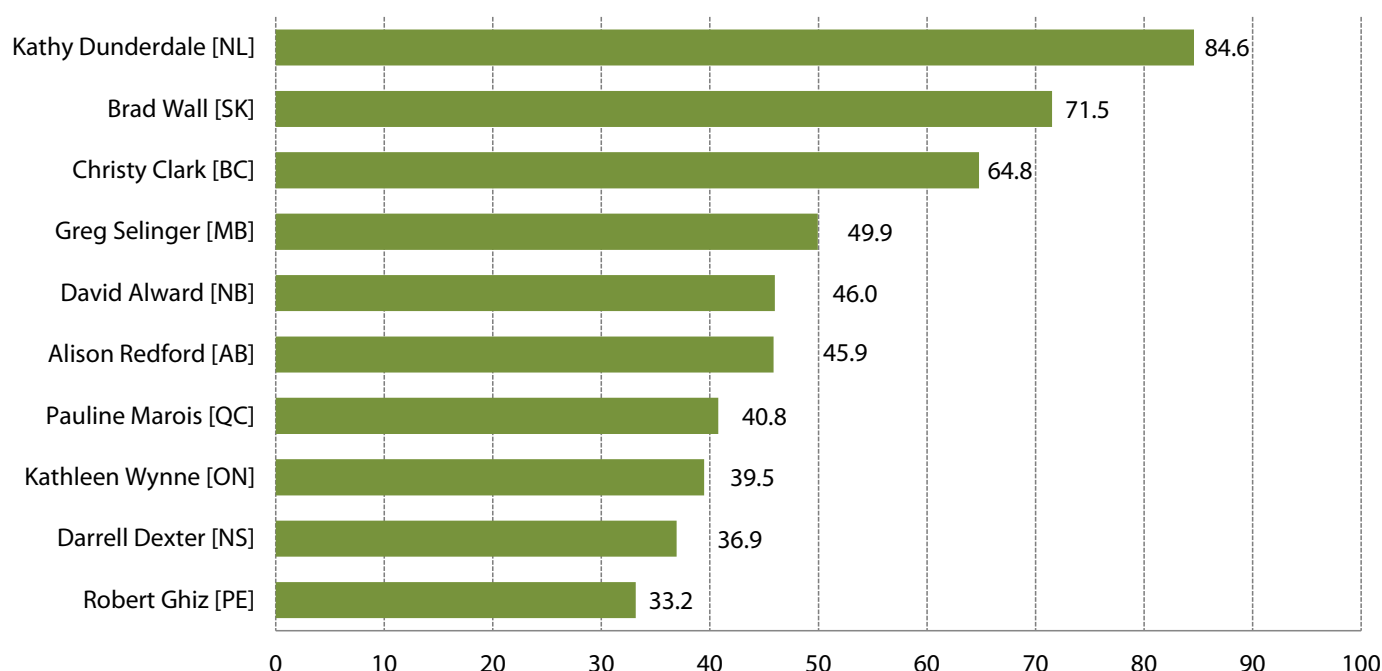
hasn't yet chosen a successor. This successor will be selected sometime in 2015.

² Data for the 2014/15 fiscal year are available but they are based on government projections. Data for 2013/14 are from historical records.

³ For a review of the academic literature highlighting why each fiscal policy component is important for economic performance, please see the original and more comprehensive study upon which this publication is based (Lammam et al., 2010).

⁴ The scores for each measure are calculated using a min-max formula. For additional details on the methodology, please see Lammam et al., 2010: 48-52.

Figure 1: Overall performance of Canada's premiers



Source: Table 2.

Overall results

Table 2 shows the overall scores and rankings for each premier, as well as their scores and rankings on all three components. Figure 1 displays the overall scores only. Newfoundland & Labrador's former premier Kathy Dunderdale ranked first overall with a score of 84.6 out of 100, followed by Saskatchewan premier Brad Wall (71.5). British Columbia premier Christy Clark (64.8) was the only other premier to score above 50.

The remaining seven premiers scored below 50: Manitoba's Greg Selinger (49.9); New Brunswick's former premier David Alward (46.0); Alberta's former premier Alison Redford (45.9); Quebec's former premier Pauline Marois (40.8), Ontario's Kathleen Wynne (39.5), and Nova Scotia's former premier Darrell Dexter (36.9). Prince Edward Island's Robert Ghiz had the

dubious distinction of ranking last overall with a score of 33.2.

Component 1: Government spending

The first component measures the relative performance of the premiers on government spending. It consists of two measures. The first is the average annual difference between the growth in provincial government program spending and economic growth over the premier's tenure (economic growth is the nominal growth in provincial gross domestic product (GDP)). The second measure is the average annual difference between growth in program spending and the combined rate of inflation and population growth in the province. Premiers who increased spending faster than economic growth and the rate needed to compensate for inflation plus population growth

Measuring the Fiscal Performance of Canada's Premiers, 2015

Table 3: Government spending, scores (out of 100) and ranks (out of 10)

Prov.	Premier	Government spending		Annual difference between program spending growth and economic growth (in percentage points)			Annual difference between program spending growth and inflation plus population growth (in percentage points)		
		Score	Rank	Difference	Score	Rank	Difference	Score	Rank
NL	Kathy Dunderdale	98.5	1	(5.9)	100.0	1	(1.2)	97.0	2
NB	David Alward	77.7	2	(1.6)	55.5	4	(1.7)	100.0	1
BC	Christy Clark	64.3	3	(1.8)	59.0	3	(0.1)	69.6	3
MB	Greg Selinger	41.9	4	(0.8)	42.8	5	1.0	41.0	4
SK	Brad Wall	35.7	5	(2.6)	71.3	2	2.6	0.0	10
ON	Kathleen Wynne	26.8	6	0.8	15.6	6	1.1	38.0	5
NS	Darrell Dexter	20.8	7	1.2	8.3	8	1.3	33.4	6
QC	Pauline Marois	12.4	8	1.7	0.0	10	1.6	24.7	7
AB	Alison Redford	8.8	9	1.6	1.6	9	2.0	16.1	8
PE	Robert Ghiz	7.8	10	1.1	10.2	7	2.4	5.3	9

Notes:

(a) Program spending is defined as total spending minus debt charges (interest payments on debt).

(b) As a result of returning to the provincial sales tax (PST), the province of British Columbia had to repay \$1.6 billion to the federal government which was originally intended as funding for BC to transition to the harmonized sales tax (HST). In the spending analysis above, the \$1.6 billion was excluded from BC's 2011/12 program spending because it is a one-time spending item that the current premier inherited from the previous leader.

(c) Since scores are based on data that contain several decimal places, premiers may receive slightly different scores even though their underlying data appears to be the same.

Sources: Canada, Department of Finance (2014); Provincial Budgets (2014); Provincial Public Accounts (various issues); Statistics Canada (2014a, 2014b, and 2014c); calculations by authors.

performed worse on this component than their counterparts.

Table 3 presents the scores and rankings for the government spending component. Kathy Dunderdale of Newfoundland & Labrador ranked first with a score of 98.5,⁵ followed

by David Alward of New Brunswick (77.7) and Christy Clark of British Columbia (64.3). Over their tenures, all three premiers kept average program spending growth below both the rate of provincial economic growth and inflation plus population growth.⁶ No premier reduced

⁵ Kathy Dunderdale's strong performance on the government spending component is partly due to Newfoundland & Labrador's significant economic growth. Over her tenure, the provincial economy grew a considerable 7.5 percent annually while at

the same time program spending increased 1.6 percent (a difference of 5.9 percentage points).

⁶ Greg Selinger (Manitoba) and Brad Wall (Saskatchewan) kept average program spending growth below

Measuring the Fiscal Performance of Canada's Premiers, 2015

Table 4: Taxes, scores (out of 100) and ranks (out of 10)

Prov.	Premier	Taxes		Corporate income tax		Personal income tax	
		Score	Rank	Score	Rank	Score	Rank
AB	Alison Redford	90.0	1	85.0	1	95.0	1
SK	Brad Wall	78.9	2	82.4	2	75.4	3
MB	Greg Selinger	66.2	3	67.5	5	64.9	5
NL	Kathy Dunderdale	64.2	4	49.9	6	78.5	2
ON	Kathleen Wynne	63.5	5	71.9	3	55.2	7
BC	Christy Clark	55.8	6	41.2	7	70.4	4
QC	Pauline Marois	55.7	7	68.3	4	43.0	9
PE	Robert Ghiz	47.4	8	35.0	8	59.8	6
NS	Darrell Dexter	40.9	9	35.0	8	46.8	8
NB	David Alward	27.3	10	32.4	10	22.2	10

Sources: Tables 5, 6a and 6b; calculations by authors.

annual (nominal) program spending on average. See appendix for underlying spending data.

The remaining seven premiers scored below 50. Premiers from Canada's two largest provinces, Kathleen Wynne (Ontario) and Pauline Marois (Quebec) ranked sixth and eighth, respectively. Robert Ghiz (Prince Edward Island) ranked last with a score of 7.8 out of 100. During Premier Ghiz's tenure, program spending grew at an average rate of 5.2 percent, which was above the average rate of both provincial economic growth (4.0 percent) and inflation plus population growth (2.8 percent).

Component 2: Taxes

The second component measures the relative performance of the premiers on taxation. Two

annual economic growth but not inflation plus population growth.

sub-components comprise the taxes component. The corporate income tax sub-component uses two measures to assess performance: the province's general corporate income tax rate in 2014 and the average annual change in the general corporate income tax rate over the premier's tenure. The personal income tax sub-component consists of seven measures including marginal tax rates on personal income in 2014 and the average annual changes in those rates over the premier's tenure at three income levels: \$50,000, \$75,000, and \$150,000.⁷ Another measure included in the personal income tax sub-component is the number of brackets in a province's personal income tax system. Premiers who maintained lower tax rates and reduced them relative to their counterparts performed better, as did premiers who pre-

⁷ See Lammam et al., 2010, for an explanation of why these three levels of income were selected.

Measuring the Fiscal Performance of Canada's Premiers, 2015

Table 5: Corporate income tax, scores (out of 100) and ranks (out of 10)

Prov.	Premier	Corporate income tax		General corporate income tax rate in 2014			Annual percentage change in the general corporate income tax rate		
		Score	Rank	Rate (%)	Score	Rank	Change	Score	Rank
AB	Alison Redford	85.0	1	10.0	100.0	1	0.0	70.1	2
SK	Brad Wall	82.4	2	12.0	64.8	5	(1.1)	100.0	1
ON	Kathleen Wynne	71.9	3	11.5	73.6	3	0.0	70.1	2
QC	Pauline Marois	68.3	4	11.9	66.6	4	0.0	70.1	2
MB	Greg Selinger	67.5	5	12.0	64.8	5	0.0	70.1	2
NL	Kathy Dunderdale	49.9	6	14.0	29.7	8	0.0	70.1	2
BC	Christy Clark	41.2	7	11.0	82.4	2	3.3	0.0	9
PE	Robert Ghiz	35.0	8	16.0	0.0	9	0.0	70.1	2
NS	Darrell Dexter	35.0	8	16.0	0.0	9	0.0	70.1	2
NB	David Alward	32.4	10	12.0	64.8	5	2.7	0.0	9

Notes:

(a) Corporate income tax rates for 2014 (and all other years) are the rates in effect at year's end or the date when the premier left office.

(b) Saskatchewan's general corporate income tax rate decreased from 13 to 12 percent on July 1, 2008.

(c) Darrell Dexter left office in 2013 but the corporate income tax rate in Nova Scotia did not change in 2014.

(d) In BC's 2013 budget, the Clark government increased the corporate income tax rate from 10 to 11 percent on April 1, 2013.

(e) New Brunswick's general corporate income tax rate decreased from 11 to 10 percent on July 1, 2011 but then increased to 12 percent on July 1, 2013.

(f) Christy Clark and David Alward received the same score on the second measure of the corporate income tax sub-component, but their underlying data are not the same. This is because both data points fall outside of ± 1.5 standard deviations from the mean. In such cases, premiers receive an automatic 0 out of 100. See Appendix 1 of Lammam et al. (2010) for additional details on methodology.

Sources: PriceWaterHouseCoopers (2014); Provincial Budgets (2014); calculations by authors.

Measuring the Fiscal Performance of Canada's Premiers, 2015

Table 6a: Personal income tax, scores (out of 100) and ranks (out of 10)

Prov.	Premier	Personal income tax		Marginal tax rate at \$50,000 in 2014			Marginal tax rate at \$75,000 in 2014			Marginal tax rate at \$150,000 in 2014			Number of tax brackets in 2014		
		Score	Rank	Rate (%)	Score	Rank	Rate (%)	Score	Rank	Rate (%)	Score	Rank	No.	Score	Rank
AB	Alison Redford	95.0	1	10.00	79.5	3	10.00	85.6	2	10.00	100.0	1	1	100.0	1
NL	Kathy Dunderdale	78.5	2	12.50	48.3	4	13.30	47.4	5	13.30	84.1	2	3	69.6	2
SK	Brad Wall	75.4	3	13.00	42.0	6	13.00	50.9	4	15.00	65.5	3	3	69.6	2
BC	Christy Clark	70.4	4	7.70	100.0	1	7.70	100.0	1	16.80	45.8	4	6	10.8	9
MB	Greg Selinger	64.9	5	12.75	45.2	5	17.40	0.0	10	17.40	39.3	5	3	69.6	2
PE	Robert Ghiz	59.8	6	13.80	32.1	7	16.70	8.1	9	18.37	28.7	7	4	50.0	5
ON	Kathleen Wynne	55.2	7	9.15	90.1	2	10.98	74.3	3	18.97	22.2	8	7	0.0	10
NS	Darrell Dexter	46.8	8	14.95	17.7	9	16.67	8.4	8	21.00	0.0	10	5	30.4	8
QC	Pauline Marois	43.0	9	16.37	0.0	10	16.37	11.9	7	20.97	0.4	9	4	50.0	5
NB	David Alward	22.2	10	14.82	19.3	8	14.82	29.8	6	17.84	34.5	6	4	50.0	5

continued next page

sided over personal income tax systems with fewer, rather than more, tax brackets.

Table 4 summarizes the scores and rankings for the taxes component and each sub-component. Alison Redford of Alberta ranked first overall with a score of 90.0. It is important to reiterate that the scores and rankings in the analysis are based on relative, not absolute, performance. A key reason for Redford's superior performance on taxes is that she kept Alberta's already competitive corporate and personal income tax rates unchanged over her tenure.

The effects of measuring relative performance are seen in the overall scores on the tax component, whereby seven premiers scored above 50. This is partly due to premiers keeping tax

rates unchanged, not to any tax reductions. Saskatchewan's Brad Wall ranked second (scoring 78.9), followed by Manitoba's Greg Selinger (66.2), Newfoundland & Labrador's Kathy Dunderdale (64.2), Ontario's Kathleen Wynne (63.5), British Columbia's Christy Clark (55.8), and Quebec's Pauline Marois (55.7). The three premiers scoring below 50 are Prince Edward Island's Robert Ghiz (47.4), Nova Scotia's Darrell Dexter (40.9), and New Brunswick's David Alward (27.3).

Corporate income tax

Table 5 displays the scores and rankings for the corporate income tax sub-component and measures. Alison Redford ranked first with a score of 85.0 on this sub-component because,

Measuring the Fiscal Performance of Canada's Premiers, 2015

Table 6b: Personal income tax, scores (out of 100) and ranks (out of 10) – *continued*

Prov.	Premier	Annual change in the marginal tax rate at \$50,000			Annual change in the marginal tax rate at \$75,000			Annual change in the marginal tax rate at \$150,000		
		Percent	Score	Rank	Percent	Score	Rank	Percent	Score	Rank
AB	Alison Redford	0.0	100.0	1	0.0	100.0	1	0.0	100.0	1
NL	Kathy Dunderdale	0.0	100.0	1	0.0	100.0	1	0.0	100.0	1
SK	Brad Wall	0.0	100.0	1	0.0	100.0	1	0.0	100.0	1
BC	Christy Clark	0.0	100.0	1	0.0	100.0	1	4.8	36.2	7
MB	Greg Selinger	0.0	100.0	1	0.0	100.0	1	0.0	100.0	1
PE	Robert Ghiz	0.0	100.0	1	0.0	100.0	1	0.0	100.0	1
ON	Kathleen Wynne	0.0	100.0	1	0.0	100.0	1	9.0	0.0	9
NS	Darrell Dexter	0.0	100.0	1	0.0	100.0	1	2.2	70.8	5
QC	Pauline Marois	0.0	100.0	1	0.0	100.0	1	4.6	39.0	6
NB	David Alward	4.5	0.0	9	4.5	0.0	9	5.8	21.7	8

Notes:

(a) Personal income tax rates for 2014 (and all other years) are the rates in effect at year's end or the date when the premier left office.

(b) The three income levels are in constant 2014 dollars (adjusted for inflation) to avoid the problem of threshold indexation causing perceived tax rate changes and to ensure longer term premiers are not disadvantaged compared to shorter term ones.

(c) Personal income tax rates include surtaxes where applicable. Quebec's tax rates are adjusted for the federal abatement. The number of tax brackets is after surtaxes are applied.

(d) Darrell Dexter left office in 2013 but Nova Scotia's personal income tax rates did not change in 2014.

(e) For the 2010 taxation year, the Nova Scotia government introduced a new personal income tax rate of 21 percent for incomes over \$150,000. Before, the top rate was 17.5 percent and applied to incomes over \$93,000.

(f) In BC's 2013 budget, the Clark government enacted a "temporary" increase in the personal income tax rate (for 2014 and 2015) on income over \$150,000 from 14.7 to 16.8 percent. The new tax rate is set to expire on December 31, 2015.

(g) In 2013, the Ontario government increased the personal income tax rate for incomes over \$500,000 but this increase is not reflected in the index because it falls outside of the income thresholds used for the analysis.

(h) In Ontario's 2014 budget, the Wynne government introduced two changes in the personal income tax structure. First, the income threshold for the highest *statutory* tax rate (currently 13.16 percent) was reduced from \$514,090 to \$220,000. Second, a new statutory tax rate of 12.16 percent was applied to taxable income between \$150,000 and \$220,000. These tax rates do not account for surtaxes.

(i) Quebec's 2013 budget (tabled on November 20, 2012) enacted an increase in the personal income tax rate for incomes over \$100,000 from 24.0 to 25.75 percent (before the federal abatement) as of the 2013 taxation year.

(j) New Brunswick's David Alward came into power in October 2010 and oversaw a decrease in the personal tax rate (on incomes of \$50,000 and \$75,000) in 2011. However, in the 2013 budget, the Alward government increased all four provincial personal income tax rates resulting in rate increases for income levels of \$50,000, \$75,000, and \$150,000.

(k) Since scores are based on data that contain several decimal places, premiers may receive slightly different scores even though their underlying data appears to be the same.

Sources: PriceWaterHouseCoopers (2014); Provincial Budgets (2014); calculations by authors.

at 10 percent, Alberta's general corporate income tax rate is the lowest among the provinces and the rate did not change over her tenure. Brad Wall ranked second with a score of 82.4; he was the only premier to reduce the corporate income tax rate, on average, while in power. Kathleen Wynne ranked third with a score of 71.9, followed closely by Pauline Marois (68.3). Greg Selinger (67.5) was the only other premier to score above 50 on the corporate income tax sub-component. David Alward ranked last with a score of 32.4. He first oversaw a decrease in New Brunswick's corporate income tax rate from 11 percent to 10 percent in 2011 but then increased the rate to 12 percent in 2013. On balance, Alward presided over a 2.7 percent average annual increase in the corporate income tax over his tenure.

Personal income tax

The scores and rankings for the personal income tax sub-component and measures are shown in tables 6a and 6b. For two reasons, Alison Redford ranked first overall with a score of 95.0. First, Alberta's single-rate system is the simplest and its 10 percent flat tax rate is amongst the lowest at the \$50,000 and \$75,000 income levels and is the lowest at the \$150,000 income level. Second, as described above, Redford kept personal income tax rates unchanged; since no premier reduced personal income tax rates at the three income levels examined, she scored high in comparison.

Newfoundland & Labrador's Kathy Dunderdale (78.5) ranked second on the personal income tax sub-component, followed by Saskatchewan's Brad Wall (75.4) and British Columbia's Christy Clark (70.4). Ontario's Kathleen Wynne (55.2) and Quebec's Pauline Marois (43.0), premiers from Canada's most populous provinces, ranked seventh and ninth, respectively. Wynne

ranked relatively poorly because Ontario has seven separate income tax brackets⁸ (the most of all the provinces) and its 18.97 percent marginal tax rate at the \$150,000 income level was recently increased, making it the third highest among the provinces. Marois's weaker performance reflects an uncompetitive personal income tax system in Quebec at all income levels and a recent increase in the province's top rate (to 20.97 percent).

In addition to Pauline Marois, Darrell Dexter of Nova Scotia and David Alward of New Brunswick were the other premiers scoring below 50. Darrell Dexter ranked eighth with a score of 46.8 in part because Nova Scotia has the highest marginal tax rate in the country at the \$150,000 income level. David Alward ranked last with a score of 22.2 because New Brunswick's personal income tax rates are generally uncompetitive and because he raised all four of the province's marginal income tax rates.

It is important to emphasize that none of the premiers reduced personal income tax rates, on average, at the three income levels examined. While personal income tax rates were mostly unchanged, Kathleen Wynne, David Alward, Christy Clark, Pauline Marois, and Darrell Dexter did oversee notable increases in the rate at \$150,000 of income.

Component 3: Deficits and debt

The final component measures the relative performance of the premiers on deficits and debt. Specifically, it measures a premier's use of deficit financing for government spending and whether the premier increased or reduced their province's debt burden. The deficits and

⁸ There are seven income tax brackets in Ontario after accounting for provincial surtaxes.

Measuring the Fiscal Performance of Canada's Premiers, 2015

Table 7: Deficits and debt, scores (out of 100) and ranks (out of 10)

Prov.	Premier	Deficits and debt		Annual surplus (deficit) as a percentage of GDP			Annual percentage change in net debt as a share of GDP		
		Score	Rank	Percent	Score	Rank	Percent	Score	Rank
SK	Brad Wall	100.0	1	0.53	100.0	1	(7.5)	100.0	1
NL	Kathy Dunderdale	91.1	2	0.41	100.0	1	(3.0)	82.2	2
BC	Christy Clark	74.2	3	(0.16)	89.5	3	2.8	59.0	5
QC	Pauline Marois	54.2	4	(0.82)	45.2	5	1.7	63.3	3
NS	Darrell Dexter	49.0	5	(0.98)	34.9	6	1.8	63.1	4
PE	Robert Ghiz	44.2	6	(1.05)	30.2	8	3.0	58.3	6
MB	Greg Selinger	41.7	7	(0.98)	34.5	7	5.3	49.0	9
AB	Alison Redford	38.7	8	(0.34)	77.5	4	27.6	0.0	10
NB	David Alward	32.9	9	(1.31)	12.6	9	4.3	53.3	8
ON	Kathleen Wynne	28.1	10	(1.50)	0.0	10	3.5	56.1	7

Notes:

(a) Surplus (deficit) is the difference between revenues and total spending before any unusual items, transfers to funds, consolidation adjustments, and forecast allowances.

(b) Premiers that generated average surpluses were automatically assigned a score of 100.

(c) Alberta has net assets (or negative net debt) because the value of financial assets exceed gross debt. While Alberta's net asset position is unique among the provinces, the value of its assets has been declining over time beginning in fiscal year 2007/08. During Alison Redford's tenure, Alberta's net assets decreased as a share of GDP by an average of 27.6 percent per year. Since the second deficits and debt measure is meant to capture annual changes in net debt, Redford's performance is evaluated using the reduction in Alberta's net assets.

(d) As a result of returning to the provincial sales tax (PST), the province of British Columbia had to repay \$1.6 billion to the federal government which was originally intended as funding for BC to transition to the harmonized sales tax (HST). In the deficit analysis above, the \$1.6 billion was excluded from BC's 2011/12 total spending because it is a one-time spending item that the current premier inherited from the previous leader.

(e) Since scores are based on data that contain several decimal places, premiers may receive slightly different scores even though their underlying data appears to be the same.

(f) If accounting changes were made to the underlying deficits and debt data, the authors used data that had been adjusted retroactively.

Sources: Canada, Department of Finance (2014); Provincial Budgets (2014); Provincial Public Accounts (various issues); Statistics Canada (2014b); calculations by authors.

debt component includes two measures, both of which are calculated relative to the size of the provincial economy (GDP). Deficits and surpluses are captured by the average annual deficit or surplus as a percentage of GDP over the premier's tenure. Debts are captured by the average annual percentage change in net debt as share of GDP. Premiers who recorded defi-

cits and increased government debt performed worse than those who balanced their books and reduced provincial debt.

Brad Wall of Saskatchewan ranked first on the deficits and debt component (scoring a perfect 100) while Kathy Dunderdale of Newfoundland & Labrador ranked second (scoring 91.1) (see

Measuring the Fiscal Performance of Canada's Premiers, 2015

Appendix: Select underlying fiscal and economic data over the period in which premiers are evaluated (unless otherwise noted)

Prov.	Premier	Period evaluated	Average program spending growth (%)	Average GDP growth (%)	Average inflation plus population growth (%)	Net debt (assets) as % of GDP, year before period evaluated	Net debt (assets) as % of GDP, 2013/14
BC	Christy Clark	2011/12 to 2013/14	1.9	3.7	2.0	15.5	16.9
AB	Alison Redford	2012/13 to 2013/14	6.1	4.4	4.1	(5.5)	(2.9)
SK	Brad Wall	2008/09 to 2013/14	6.2	8.7	3.6	11.2	5.5
MB	Greg Selinger	2010/11 to 2013/14	4.1	4.9	3.1	23.0	28.3
ON	Kathleen Wynne	2013/14	3.2	2.4	2.0	37.1	38.4
QC	Pauline Marois	2013/14	3.2	1.5	1.6	49.1	50.0
NB	David Alward	2011/12 to 2013/14	0.4	2.0	2.1	32.2	36.5
NS	Darrell Dexter	2009/10 to 2013/14	3.2	2.0	1.9	34.7	37.7
PEI	Robert Ghiz	2007/08 to 2013/14	5.2	4.0	2.8	29.9	36.6
NL	Kathy Dunderdale	2011/12 to 2013/14	1.6	7.5	2.8	28.4	25.4

Sources: Canada, Department of Finance (2014); Provincial Budgets (2014); Provincial Public Accounts (various issues); Statistics Canada (2014a, 2014b, and 2014c); calculations by authors.

table 7). These two premiers were the only ones to both record an operating surplus and reduce net debt, on average, during their tenures. Christy Clark of British Columbia ranked third scoring 74.2 on this component. At 54.2, Quebec's Pauline Marois was the only other premier to score above 50. The other six premiers (Darrell Dexter, Robert Ghiz, Greg Selinger, Alison Redford, David Alward, and Kathleen Wynne) failed to score above 50 since all ran a deficit, on average, and increased net debt during their tenures.

Notably, Ontario's Kathleen Wynne ranked last on the first measure of the deficits and debt component. Specifically, Wynne ran the largest deficit at 1.5 percent of GDP. Meanwhile, Alberta's Alison Redford was last on the second measure. While Alberta's net financial position is unique among the provinces (the value of financial assets exceed gross debt), Alberta's net assets decreased as a share of GDP by an average of 27.6 percent per year during Redford's tenure.

Conclusion

In the current economic climate, the pursuit of sound fiscal policy by our political leaders is an important foundation for improving our economic well-being. This publication measures the relative performance of 10 Canadian premiers in three core areas of fiscal policy: government spending, taxes, and deficits and debt. Premiers who fare well should be commended, while those lagging behind should use the performance of others as a model for reform. Regardless of where they ranked, all premiers, even those with high rankings, have room for improvement.

References

- Lammam, Charles, Milagros Palacios, Amela Karabegovic, and Niels Veldhuis (2010). *Measuring the Fiscal Performance of Canada's Premiers*. Studies in Budget and Tax Policy. The Fraser Institute. <<http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/measuring-fiscal-performance-of-Canadas-premiers.pdf>>, as of Dec. 5, 2014.
- Government sources**
- Alberta, Ministry of Finance (2014a). 2013-14 Public Accounts. Government of Alberta.
- Alberta, Ministry of Finance (2014b). *Budget 2014*. Government of Alberta.
- British Columbia, Ministry of Finance (2012-2014a). *Public Accounts, 2011-12 to 2013-14*. Government of British Columbia.
- British Columbia, Ministry of Finance (2014b). *Budget and Fiscal Plan 2013/14-2014/15*. Government of British Columbia.
- Canada, Department of Finance (2014). *Fiscal Reference Tables: October 2014*. <<http://www.fin.gc.ca/frt-trf/2014/frt-trf14-eng.pdf>>, as of December 5, 2014.
- Elections Alberta (2014). *General Election Reports*. Web page. Elections Alberta <<http://www.elections.ab.ca/Public%20Website/2072.htm>>, as of December 5, 2014.
- Elections British Columbia (2014). *Provincial General Elections—Results*. Elections British Columbia. <<http://www.elections.bc.ca/docs/rpt/2013GE/2013-GE-SOV.pdf>>, as of December 5, 2014.
- Elections Manitoba (2014). *Results*. Web page. Elections Manitoba. <<http://www.electionsmanitoba.ca/en/Results/PreviousElections/2011>>, as of Dec. 5, 2014.
- Elections Newfoundland & Labrador (2014). *Elections Reports*. Web page. Elections Newfoundland & Labrador. <<http://www.elections.gov.nl.ca/elections/ElectionReports/PDF/General.Elections/2011.GE.Report.WEB.VERSION.pdf>>, as of December 5, 2014.
- Elections New Brunswick (2014). *Provincial Elections*. Web page. Elections New Brunswick. <<http://www.electionsnb.ca/content/dam/enb/pdf/2010ProvRpt.pdf>>, as of December 5, 2014.
- Elections Nova Scotia (2014). *Results and Statistics*. Web page. Elections Nova Scotia. <<http://electionsnovascotia.ca/election-data/past-results/june-2009>>, as of December 5, 2014.
- Elections Ontario (2014). *Official Past Elections Results*. Web page. Elections Ontario. <<http://www.elections.on.ca/en-CA/Tools/PastResults.htm>>, as of December 5, 2014.
- Elections Prince Edward Island (2014). *Provincial Election Results: Detailed Results for Recent Provincial General Elections*. Web page. Elections Prince Edward Island. <<http://www.electionspei.ca/peir/2013/2013-GE-SOV.pdf>>, as of December 5, 2014.

Measuring the Fiscal Performance of Canada's Premiers, 2015

www.electionspei.ca/provincial/historical/results/2007/index.php, as of Dec. 5, 2012.

Elections Saskatchewan (2014). *Previous Elections*. Web page. Elections Saskatchewan. <<https://electionssk1.blob.core.windows.net/reports/statement-of-votes-26thge.pdf>>, as of December 5, 2014.

Manitoba, Ministry of Finance (2010–2014a). *Public Accounts of Manitoba, 2009–10 to 2014–14*. Government of Manitoba.

Manitoba, Ministry of Finance (2014b). *Budget 2014*. Government of Manitoba.

New Brunswick, Department of Finance (2011–2014a). *Public Accounts, 2010–11 to 2014–14*. Government of New Brunswick.

New Brunswick, Department of Finance (2014b). *Budget 2014*. Government of New Brunswick.

Newfoundland & Labrador, Department of Finance (2012–2013). *Public Accounts, 2011–12 to 2012–13*. Government of Newfoundland & Labrador.

Newfoundland & Labrador, Department of Finance (2014). *Budget 2014*. Government of Newfoundland & Labrador.

Nova Scotia, Department of Finance (2010–2014a). *Public Accounts of the Province of Nova Scotia, 2009–10 to 2013–2014*. Government of Nova Scotia.

Nova Scotia, Department of Finance (2014b). *Budget 2014*. Government of Nova Scotia.

Ontario, Ministry of Finance (2014a). *Public Accounts of Ontario, 2013–14*. Government of Ontario.

Ontario, Ministry of Finance (2014b). *Budget 2014*. Government of Ontario.

Ontario, Ministry of Finance (2014c). *Ontario Economic Outlook and Fiscal Review 2014* (November). Government of Ontario.

Prince Edward Island, Department of Finance and Municipal Affairs (2009–2013). *Public Accounts, 2008–09 to 2012–2013*. Government of Prince Edward Island.

Prince Edward Island, Department of Finance and Municipal Affairs (2014). *Budget 2014*. Government of Prince Edward Island.

Quebec, Ministère des Finances (2014a). *Public Accounts 2013–14*. Government of Quebec.

Quebec, Ministère des Finances (2014b). *Budget Plan 2014* (June). Government of Quebec.

Saskatchewan, Ministry of Finance (2008–2014a). 2007–08 to 2013–14 *Public Accounts*. Volume 1. Government of Saskatchewan.

Saskatchewan, Ministry of Finance (2014b). 2013–14 *Saskatchewan Provincial Budget*. Government of Saskatchewan.

Statistics Canada (2014a). CANSIM Table 051-0001: *Estimates of population, by age group and sex for July 1, Canada, provinces and territories, annual*. Statistics Canada.

Statistics Canada (2014b). CANSIM Table 384-0037: *Gross Domestic Product, income-based, provincial and territorial, annual (in millions)*. Statistics Canada.

Statistics Canada (2014c). CANSIM table 326-0021: *Consumer Price Index (CPI), 2011 basket, annual (2002=100)*. Statistics Canada.



Charles Lammam is Associate Director of Tax and Fiscal Policy at the Fraser Institute. He has published over 35 peer-reviewed studies and 160 original commentaries on a wide range of economic policy issues including taxation, government finances, pensions, investment, income mobility, labour, entrepreneurship, public-private partnerships, and charitable giving. His commentaries have appeared in every major national and regional newspaper in Canada as well as prominent US-based publications. He holds an MA in public policy and a BA in economics with a minor in business administration from Simon Fraser University.



Milagros Palacios is a Senior Research Economist at the Fraser Institute. She holds a BA in Industrial Engineering from the Pontifical Catholic University of Peru and a M.Sc. in Economics from the University of Concepción, Chile. Since joining the Institute, she has published or co-published over 70 research studies and over 70 commentaries on a wide range of public policy issues including taxation, government finances, investment, productivity, labour markets, and charitable giving.



Feixue Ren is a 2014 research intern at the Fraser Institute. She holds a Master's Degree in Economics from Lakehead University. She also holds a BA in Statistics from Hunan Normal University in China.

Acknowledgments

The authors wish to thank the anonymous reviewers for their comments, suggestions, and insights. Any remaining errors or oversights are the sole responsibility of the authors. As the researchers have worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Trustees of the Fraser Institute, the staff, or supporters.

Copyright © 2015 by the Fraser Institute. All rights reserved. Without written permission, only brief passages may be quoted in critical articles and reviews.

ISSN 2291-8620

Media queries: call 604.714.4582 or e-mail:

communications@fraserinstitute.org

Support the Institute: call 1.800.665.3558, ext. 586, or e-mail: development@fraserinstitute.org

Visit our **website:** www.fraserinstitute.org