
1. ALBERTA LIBERAL PLATFORM COSTING Q&A

1.1 OPERATING EXPENDITURES

1.) How much will the Alberta Liberal platform commitments cost?

Operational expenditures related to the commitments made by the Alberta Liberals in the platform are approximately \$1.6 billion in year one, rising to just under \$1.9 billion by year three.

There is also a further \$4.4 billion in capital expenditures related to our commitments.

2.) Do these costs include current government operational expenditures?

These estimates reflect the true costs of the Alberta Liberal commitments, regardless of what commitments the current Tory government made post Budget 2007.

3.) How can you say the net cost of your platform costs is zero when you're operational expenditures are nearly \$1.6 billion and your capital commitments are \$4.4 billion?

First, with regards to our operational expenditures, we will not be increasing spending, but rather will be reallocating existing dollars towards the priorities of Albertans. It's time to end government waste and to put the public dollars more effectively to use for Albertans.

Second, with regards to our capital commitments, more than \$1.6 billion are funds the current Tory government already committed after its last budget, Budget 2007. Our platform is about identifying the priorities of an Alberta Liberal government. Where the government has identified commitments post Budget 2007 that align with ours, we feel it's responsible to include those same commitments here.

Also, we plan to utilize funds already existing in the Sustainability Fund to pay for the capital commitments in our platform. These funds are already there, set aside from current budgets as an extremely loosely defined slush fund. They come from previous surpluses the government has been collecting in its own personal piggy bank. We'll bring spending from this fund back within proper planning and review by the Legislature.

4.) Why did it take you so long to release your costs?

In the first few weeks of the campaign we wanted to lay out our platform before Albertans. To provide them with a sense of vision for the province and what they can expect from an Alberta Liberal government.

We take seriously the commitments we've made to Albertans during this campaign and to the costs for those commitments. We have consistently said throughout this campaign that we will release our costing in a single package when our platform is before the public. That's the responsible thing to do.

1.1.1 The Alberta Liberal Spending Commitment

5.) You said you'd cap spending at 2005/06 levels with increases only for per capita + inflation. As of 2007/08, per capita spending has only climbed even higher above 2005/06. Will you be cutting spending back to where they were when you first announced the policy?

No, we will not be cutting spending back to 2005/06 levels. We recognize that spending has increased since 2005/06. However, that is the current Tory government that has continued to allow spending to increase at a skyrocketing pace since 2005/06.

Our spending commitment refers to when we become government. We will hold the line on spending at current rates once elected. We will be a responsible government and take responsibility for our actions. It's too bad the same can't be said for the Tories.

6.) But, didn't you say a year or more ago that we were spending enough? If that's the case, then shouldn't you cut spending and take us back to spending levels from 2006/07?

It's not us, but the Tories who have been spending like drunken sailors over the past year, and well before. When we become government we will initiative a Core Program Review to clean up the mess the Tories have left us and all Albertans. We will NOT be cutting spending, but re-allocating resources so that taxpayer dollars are being effectively used to deliver the programs and services Albertans need, want, and deserve.

7.) What about Capital expenditures? You've made over \$4.4 billion in capital expenditure commitments? Will you hold the line there?

Unfortunately the boom and bust cycles that this government has subjected us to has created a desperate situation in terms of public infrastructure in this province. There are additional capital priorities that need to be funded. We're committed to getting those projects underway to meet the needs of Albertans. We will address the problem with funds already set aside from current budgets.

1.1.2 Core Program and Services Review

8.) How can you possibly pay for all these promises and still hold spending to current levels, minus population growth and inflation?

After nearly 37 years in power, we believe there are a lot of inefficiencies in the current system. One of our first actions as government will be to introduce a Core Program and Services Review to weed out those inefficiencies and redirect those resources to other priorities, the priorities of Albertans.

9.) Why are you introducing a Core Program and Services Review? Isn't this really just about cutting our services?

- A review is the responsible thing to do after a government's been in power for 37 years. When you elect a new government whose priorities finally match up with Albertans, people will be pleased that we're doing it.
- Other provincial governments run a more progressive government, spending less per capita than the current Tory government. This isn't about left or right, it's about good government. Compassion and efficiency can, and will, go hand in hand.
- This is about re-allocation of resources, not cuts. Albertans want change, they want a government that takes action on their priorities.

That's what this is about. This is an attack on mis-directed priorities, not public sector jobs.

10.) Is there precedent for this in other jurisdictions?

Yes. In 2001, the newly elected government in B.C. initiated a Core Services Review of ministries and crown agencies. This review was completed by the end of the 2002/03 fiscal year.

11.) How can you claim your Core Program and Services Review isn't a cut to services when that's exactly what happened in B.C.?

The economic environment in Alberta is very different from the economic environment in BC when a core program review was introduced. In B.C., a core program review was introduced during a time of government deficits and economic recession. In Alberta, we're in a period of economic boom and multi-billion dollars surpluses. The purpose of the review in Alberta is NOT to cut. We're not looking to cut spending. We're looking to reallocate taxpayer dollars towards the priorities of Albertans and to introduce efficiencies in the system. After 37 years of uninterrupted Tory power it's the responsible thing to do.

12.) How much do you think you will save from a Core Program and Services Review?

We believe, through a core program review, we will be able to redirect approximately 5% of total government expenses, or nearly \$1.6 billion towards other priorities.

13.) What makes you think you can save 5% from government expenditures?

Given the Tories exceedingly lengthy time in office we feel there is an opportunity to review all aspects of the government operations to find efficiencies and deliver services better. Similar to the objectives used in B.C., our review will focus on ensuring:

- non-essential programs and services are eliminated;
- taxpayers' dollars are directed to the highest priorities;
- The most appropriate service delivery and organizational models are being used.
- Programs and services are relevant to the public interest and that, if they are not, they are eliminated or redefined so they represent the best value for taxpayers' dollars.
- The elimination of overlap and duplication in programs and services.
- Public programs are affordable and sustainable within the province's fiscal framework.

The review would also look at making recommendations for implementing new accountability processes and performance objectives.

14.) What makes you think you can possibly find 5% to "reallocate"?

We know there are a number of government programs that could be trimmed back or eliminated altogether. Among them are supports for the horse racing industry (nearly \$60 million per year), the Public Affairs Bureau (\$14 million per year) and the government air fleet (\$6 million operating and \$11 million just invested in new planes).

15.) Okay, but what you've just mentioned doesn't even come close to the nearly \$1.6 billion you think you're going to find in the Tory budget?

First of all, we note that Alberta spends more than 35% more per capita than Ontario, and delivers less to its citizens. It's time to redirect our spending to Albertans' priorities.

The Auditor General notes countless opportunities to improve government programs and services. There are approximately 145 recommendations from the Auditor General, dating back to 1997-98, that have never been properly implemented.

See backgrounder.

16.)What agencies/departments does the review apply to?

This review would apply to program spending (both operating and capital). This would apply to all provincial government departments and agencies. Some will gain programs, some will lose programs. This is not a "horizontal cut," it is a reallocation to priority programs.

17.)Does this apply to health authorities and school boards?

Yes. Health authorities and school boards will be a part of the review.

18.)Does that mean you're cutting funding to health authorities and school boards?

NO. Our review is not focused on cutting. It is focused on re-allocating resources to effectively utilize taxpayer dollars to ensure that provincial government services are meeting Albertans' need.

19.)Is this a 5% spending reduction across the board?

NO. We will not require each ministry and public agency to re-allocate 5% from their budget to other priorities. In some cases, no re-allocation might occur. And in other cases more than 5% may be re-allocated. This is an attack on misdirected priorities, not on the real needs of Albertans or public sector jobs.

1.2 CAPITAL EXPENDITURES

20.)How much are your capital commitments?

We have made about \$4.4 billion in capital commitments. These commitments include over \$1.6 billion in government commitments made post budget 2007/08.

21.)Why are you including government commitments in your Alberta Liberal platform?

Our platform is about identifying the priorities of an Alberta Liberal government. Where the government has identified commitments post Budget 2007 that align with ours, we feel it's responsible to include those same commitments here.

Albertans deserve to know the full cost of our commitments.

1.2.1 Sources of Money

22.) You are investing a significant amount of money into infrastructure. Is this over and above what the Tory government has already committed to in its 20 year Capital Plan?

The Tory government's current capital plan is far from being a firm commitment for anything. It is vague on details, not providing specific funding sources or timelines. We will move forward with those capital projects the current government has already committed to through the normal budgeting process, such as the vitally important twinning of Highway 63. Along with carrying through on existing commitments, though, we will invest an additional \$1 billion in priority infrastructure projects such as the southwestern leg of the ring road in Calgary, the 23rd Avenue interchange project in Edmonton, and the start of twinning of Hwy 3.

23.) So, if you're spending a bunch of money on infrastructure, and the Tories are spending a bunch of money, then how does your plan differ from the Tories?

We're cleaning up the mess the Tories have left us. We're being honest about what we believe to be the huge burden of our infrastructure deficit. The Tories won't tell you exactly how deep the hole is that we're in. We will, we'll fill that hole, and we'll never let it come back. We believe in good public infrastructure, not cuts.

Not only that, but we are also using, in part, sustainable funding through our Funding Alberta's Future revenue savings to do this. The government has not come up with a plan for our province's resource money. The Tories just throw money at problems years after they emerge. They aren't using the wonderful opportunity our natural resource wealth offers in a sensible, careful fashion. We are, and part of that is seen in our investment in public infrastructure.

24.) So if you're already putting billions towards the infrastructure debt, how will you pay for the additional \$4.4 billion in new hospitals, schools and infrastructure projects to which you've committed?

We will be funding our additional capital commitments from funds currently in the Sustainability Fund. For too long the Tory government has treated the Sustainability Fund as their own personal piggy bank. It is estimated at the end of the 2007/08 fiscal year that there will be approximately \$7.6 billion in assets in the Sustainability Fund.

Instead of having no plan, the Alberta Liberals have a plan for fiscally responsible government. Under our plan we propose to re-allocate the funds in the Sustainability Fund in the following manner:

- transfer at least \$4.4 billion to the Capital Account to cover the infrastructure priorities of Albertans;
- retain \$2.5 billion in the Sustainability Fund for the purposes of covering the cost of emergencies, disasters, natural gas rebates and settlements with First Nations, and unexpected declines in budget revenue. The original reason the Sustainability Fund was set up;
- utilize any remaining funds to offset the loss of investment revenue anticipated to come from the Sustainability Fund; and
- we will also bring spending of this fund back under proper control by the Legislature.

25.) Why are you raiding the Sustainability Fund?

We are not raiding the Sustainability Fund.

The current Tory gov't has transferred billions in assets from the Sustainability Fund to the Capital Account over the past few years.

We have a fiscal plan in place to provide Albertans with stability over the long term. The Alberta Liberal's Funding Alberta's Future fiscal plan will ensure that taxes remain low, that Albertans continue to receive quality government programs and services, and that we save for the future.

26.) But in the past, funds have been taken from the Sustainability Fund and put into the Heritage Fund, Scholarship Funds, Medical Research Funds, etc. Are you starving these funds of badly needed resources if you end up taking all this money out of the Sustainability Fund?

Not at all. First, the current Tory government made those deposits in the past. On a go forward basis (after 2007/08) the Tory government hasn't budgeted any more funds from the Sustainability Fund for these purposes except for inflation-proofing the Heritage Fund. Under an Alberta Liberal government, funds from the Sustainability Fund to inflation-proof the Heritage Fund will not be necessary. Under the Alberta Liberals' Funding Alberta's Future policy, the Heritage Fund has the potential to grow to more than \$100 billion by 2020.

27.) In reducing the Sustainability Fund's assets, won't you be reducing future investment revenue from the Sustainability Fund?

Reducing the Sustainability Fund's assets will impact future investment revenue projections of \$275 million per year over the next few years.

However, the reduction in investment revenue projections can be balanced off by the funds remaining after we allocate funds from the Sustainability Fund to the Capital Account (\$4.4 billion) and cap the Sustainability Fund at \$2.5 billion.

28.) You indicated a big commitment to public transit, like the LRT, in your Week 1 announcements. Why is there no money for LRT in your costing?

The Alberta Liberals strongly support public transit. There are several reasons that you don't see any specific costs for LRT in this costing, including:

- Both the Calgary C-Train and the Edmonton LRT are municipal transit responsibilities. Municipal governments have recently received additional funding through the Municipal Sustainability Initiative (MSI). We're committed to honouring this agreement.
- We believe in cities being treated like grown-ups and running their own affairs. Part of that means funding the cities properly for their needs, and that's what we've promised them.
- We're committed to public transit. And if there were to be an extraordinary need for an extra provincial contribution to LRT lines, we would certainly consider that.
- We will work with the municipalities to encourage the federal government to also get involved in supporting major public transit projects.
- Our climate change plan is based on phasing out the natural gas rebate program and using those funds for a home retrofit fund, and other initiatives to fight climate change. It's possible that some of those funds to fight climate change could also be used for public transit initiatives.

It's also important to note that our announcements in the first week were about outlining what our party's priorities are and what our vision is for Alberta. It's responsible that the electorate be made aware of not just the dollars and cents but how we plan in investing and distributing those dollars and cents.

29.) *Over what time period are your capital commitments?*

The majority of our capital commitments are over a three-year period.

1.2.2 Public-Private-Partnerships (P3s)

30.) *You've said you don't support P3s - so will you be ending the agreements that the province has already signed?*

We do NOT support P3s. The government is effectively borrowing the cost of the infrastructure from the private sector, and paying that cost back over time. P3s are more expensive than if the provincial government simply financed these projects itself. P3s are simply debt by another name. They are a bad deal for the public.

We will NOT sign any new P3 deals for core public infrastructure. We will build the proposed P3 school projects in Calgary, Edmonton, and the surrounding areas, but we will build them with public money.

The current Tory government has already signed P3 contracts for the construction of segments of the Calgary and Edmonton ring roads. The contracts for these projects have termination penalties. We will undertake a full independent review, in the person of the Auditor General or an outside accounting group, to assess the full implications of terminating these contracts. Our decision on whether to terminate contracts will ultimately be guided by what is in the best interests of Alberta taxpayers.

31.) *Construction costs are soaring. How can you be sure that what you've budgeted for new infrastructure is enough?*

Rising construction costs are a concern across the province and are impacting bottom lines for both public and private sector projects. We will maintain a reserve of at least \$1 billion in the Capital Account to address in unforeseen project cost escalation. We will also review our contracting process and project management controls to ensure we are doing our best to maximize taxpayers dollars by controlling project costs.

Lastly, we are committed to devising a provincial human-resources strategy to better anticipate changes in Alberta's labour needs. This will be a benefit to all projects by ensuring we have available the necessary construction workforce.

1.2.3 Municipal Funding

32.) *Why have you included a portion of the costs of the Municipal Sustainability Initiative in your costs? Didn't the government already commit to this in their budget?*

As our platform outlines, we are committed to honouring the 10-year Municipal Sustainability Initiative for the life of the agreement. The funds accounted for in our platform costs are those funds over and above those committed to municipalities by the Tory government in the 2007/08 budget.

Also, with regards to assisting municipalities, I would like to point out that we also have committed dollars in our Infrastructure platform to:

- acquiring the land necessary for the southwestern leg of the Calgary Ring Road (\$800 million);
- top-up funding to the City of Edmonton to meet cost-overruns of the 23rd Avenue interchange project (\$130 million); and
- assisting with upgrading the Red Deer regional airport (\$20 million).

1.3 REVENUE ADJUSTMENTS

33.)How can you afford to eliminate health care premiums and education property taxes for seniors?

We can eliminate health care premiums and eliminate education property taxes for seniors primarily because of the increased resource revenue that will be collected under the Alberta Liberal's plan for collecting increased royalties of 20%.

Eliminating health care premiums and education property taxes for seniors will cost approximately \$850 million and \$150 million per year, respectively. Additional royalty revenues are estimated to be approximately \$1.9 billion per year. This will more than make up for the lost revenue from eliminating health care premiums and reducing seniors' property taxes. The remaining increased royalty revenues will go towards the endowment funds as specified under the funding formula set out in the Alberta Liberals' Funding Alberta's Future.

34.)How can eliminating health care premiums only cost the government \$852 million? Don't they bring in well over \$900 million in revenue?

Health care premiums do take in well over \$900 million. We say eliminating them will result in a net revenue reduction of \$850 million because we have deducted the health care premiums the government pays to itself on behalf of its own employees, as well as the costs involved in administering the Alberta health care premium program.

35.)What about your royalty break to the natural gas sector? How will we pay for that?

Under an Alberta Liberal Government royalties rise by 20%. Exactly how this happens will be worked out in consultation with industry and other stakeholders.

The 20-per-cent royalty increase we're advocating will not be felt equally by all producers across the board. The sectors of the oil and gas industry that can more easily afford increased royalties will pay more, while struggling sectors will get a break.

And right now, the conventional gas sector is certainly struggling.

Gas remains the backbone of Alberta's energy sector, and it is far and away the biggest contributor to provincial royalties. It is a clean fossil fuel in terms of emissions. The small gas producers, locally owned and operated, are the home-grown foundation for the gas sector, producing wealth and jobs. It is from their ranks that the mid-sized and large Canadian companies grow.

1.4 INDIVIDUAL PLATFORM AREAS

1.4.1 Climate Change

36.) How much will your climate change plan cost?

The Alberta Liberals are the only party in this election that is committed to fighting climate change with a solid plan for reducing greenhouse gas emissions.

Our plan calls now for a total of \$300 million per year in resources to fight climate change. However, this is NOT new money. This is existing money that will be transferred from other programs in order to combat what is a threat not only to us and our economy today, but to our children's future. These funds will be **phased in** to fighting climate change over time. We will:

- Use resources traditionally meant for the Natural Gas Rebate Program and convert them into a Green Fund worth approximately \$250 Million a year. Out of this fund, \$50 million would be used for the home retrofit program and the remaining \$200 million would be used for other climate change initiatives (some potential examples include supporting carbon capture and storage, and/or public transit initiatives).
- We will use any surplus available from the Environmental Protection and Enhancement Fund. In 2006 and 2007, this fund (administered by Sustainable Resource Development) had surpluses of \$95 and \$51 million respectively. The purpose of this fund is specifically for environmental protection and enhancement, so using the funds there for climate change initiatives is entirely within the mandate of the fund. At this time, the remaining surplus (\$95 million in 2006 and \$51 million in 2007) is transferred back to the Department and used for other departmental priorities (e.g. wildfire management). Instead of transferring these funds back to the department we will use them to fight climate change.

37.) So, how are you going to cover costs of fighting forest fires? Wouldn't that just leave the department strapped for cash for forest fires? Aren't you just robbing Peter to pay Paul and leaving Albertans without the funds to tackle unexpected forest fires?

First, we will provide appropriate funds for forest fire management. Currently, the GOA budgets well below the level required to fight forest fires and then pulls the money from other sources as needed. For example, in 2005/06 and 2006/07 they spent over \$100 million and \$230 million, respectively, to fight forest fires. Yet, in 2007/08 they originally budgeted only \$28 million for fighting forest fires and then had to bring in approximately \$117 million in supplementary estimates for further support to fight forest fires. The Alberta Liberals will increase the budgeted amount for fighting forest fires by \$70 million.

38.) How can you possibly say that your climate change will cost Albertans nothing?

From the perspective of government, we are redirecting existing dollars from other programs to fight climate change. As such, the net cost to government is zero.

Are there costs to Alberta's economy? We believe there are benefits. We need to turn around our thinking on fighting climate change and stop thinking of it in the negative and begin thinking of it in the positive. This can be a boon for Alberta. We need to be at the forefront of this issue. Protect the environment and you protect the economy.

Already jurisdictions, such as California, are imposing restrictions that will limit our ability to sell our oil to them ... unless we get on with it and begin addressing the environmental impacts of our oil and gas sector and start fighting climate change. The US Energy Bill, signed recently by President Bush, is very clear - the Department of defense and the US Postal Service will not use oil produced from so-called "dirty sources". In other words, following

California's lead. There are no specific "out" clauses for Alberta imbedded in this Bill. And there is every indication that there will be a Democratic President in the White House who may actually place stronger greenhouse gas emission conditions on their energy imports.

The message for Alberta is clear - if we do not take serious action to reduce our greenhouse gas emissions, specifically from the oil sands, we may jeopardize our ability to export our product to our biggest trading partner.

Alberta's GDP last year was \$240 Billion, so we think Alberta's robust economy can easily withstand a small cost to fight and win the biggest and most important battle of our times. What we do today will define us for generations, so we believe an investment now to fight climate change will enhance Alberta's economic and environmental advantage for years to come.

39.) *Is your \$15 per tonne levy a carbon tax?*

Absolutely NOT. This per tonne levy was introduced by the Tory government in March 2007. Financial information on levy was not included in Budget 2007. It is included here because it is a part of our overall climate change plan and forms part of the basis of our commitments as outlined in our election platform.

40.) *You indicate you're going to provide \$75 million towards initiatives aimed at promoting cleaner renewable energy sources, such as solar, wind and geothermal power. What are these initiatives?*

There are a variety of options that may be included in this funding envelope to promote the early adoption of environmentally friendly technologies. These could include tax incentives for innovation, flow-through share incentives, tax credits for early adoption of environmental technologies, refundable tax credits for capital investment in or research related to eco-efficient technologies.

In order to encourage the generation of more environmentally friendly forms of energy, we would explore allowing an accelerated capital cost allowance for equipment that produces energy efficiently or from renewable sources. This method could include eligible equipment such as cogeneration equipment, wind turbines, small hydroelectric facilities, and geothermal energy systems.

1.4.2 Health

41.) *You said in your Health backgrounder from February 20th that operational expenditures for your Action Plan for Health was \$455 million in year 1 and \$630 by year 3. Here you have \$405 million in year 1 and \$580 million in Year 3. Why the discrepancy?*

When we released our Action Plan for Health the total operational expenditures quoted included \$50 million for reducing wait times through measures such as Community Health Centres. However, this \$50 million is from existing government expenditures. In the costing information we released today, we have provided operational expenditure estimates over and above current government expenditures, as of Budget 2007.