

FROM ALBERTA HORIZONS TO ALBERTA'S OPPORTUNITY

In the spring of 2006, the Alberta Liberal Caucus initiated *Alberta Horizons*, a discussion of Alberta's future. Discussions arising from two of the four themes of *Alberta Horizons* — economic sustainability and social development — have led to "Funding Alberta's Future," the Alberta Liberal Caucus plan for responsible budgeting and long-term prosperity.

"With solid, accountable, responsible budgeting and a visionary savings plan, we will seize this historic opportunity. We want to set Alberta free from the economic ups and downs of the boom and bust cycle."

We refuse to allow the benefits of another boom to slide down the drain. Our strategy will create a solid financial foundation for Alberta, with incredible quality of life for today and generations to come."

— Kevin Taft, MLA
Leader of the Alberta Liberal Caucus



Vision and Values of the Alberta Liberal Caucus

Our Vision

The Alberta Liberal Caucus looks ahead to an amazing future for Alberta. We see:

- unparalleled opportunity and enduring prosperity,
- fairness, humanity and generosity,
- citizens flourishing in a healthy environment, and
- open, accountable government.

Our Values

We Value:

- an Alberta that works for all Albertans,
- individual rights and freedoms,
- building strong communities,
- sustaining our natural environment for future generations,
- universal, excellent public health care,
- flexible, exceptional public education,
- a flourishing economy based on an energetic private sector and an effective public sector,
- equity, care and compassion
- the nurturing of every Albertan's talents and aspirations,
- the courage and foresight to grasp great possibilities,
- thrift and stewardship,
- imagination and initiative,
- sound planning and management, and
- democracy with room for dissent.

For more details, visit
www.albertaliberalcaucus.com

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Alberta's Opportunity

FUNDING ALBERTA'S FUTURE

The Alberta Liberal Caucus Strategy for Savings

Imagine a provincial savings account that generated enough income to ensure Albertans always pay the lowest taxes in the country. Imagine building the best trade schools, universities and colleges in Canada with a space for every qualified student. Imagine a savings account solid enough to maintain Alberta's prosperity even after our oil and gas supplies run out.

This is a possible future for Alberta. And we can begin to make it a reality right now.

The Alberta Liberal Caucus vision for creating this savings account is based on a simple rule that financial planners tell their clients: "pay yourself first." When you pay yourself first, you devote a fixed portion of your income to savings, rather than using it to pay the day to day bills.

In Alberta, we can afford to pay ourselves first. We propose to save 30% of annual non-renewable resource revenues, building a bank account for Albertans that will enable us to:

- *maintain the lowest taxes in Canada,*
- *enhance our universities, colleges and trade schools so that they rival the best in North America,*
- *ensure Albertans enjoy an outstanding quality of life.*

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INVESTING IN ALBERTA'S FUTURE: OUR SAVINGS ACCOUNTS

HOW IT WORKS

An Alberta Liberal government would immediately invest 30% of annual non-renewable resource revenues as follows:

- 35% to the Heritage Fund.
- 35% to a Post-Secondary Endowment Fund.
- 25% to erase Alberta's infrastructure debt. Once that is accomplished, this 25% will be funneled to the Heritage Fund.
- 5% to create a Humanities, Social Sciences and Arts Endowment Fund, to an upper limit of \$500 million. Once this cap is reached, 5% will be used to create an Opportunity Fund, a flexible savings account designed to meet whatever priorities future Albertans assign it.

In addition to the 30% "off the top" savings, any year-end surpluses will go directly to the Heritage Fund.

The Post-Secondary Endowment 35% of Savings

- **Creates a \$15 billion endowment by 2021**
- **Will generate \$790 million annually by 2021**

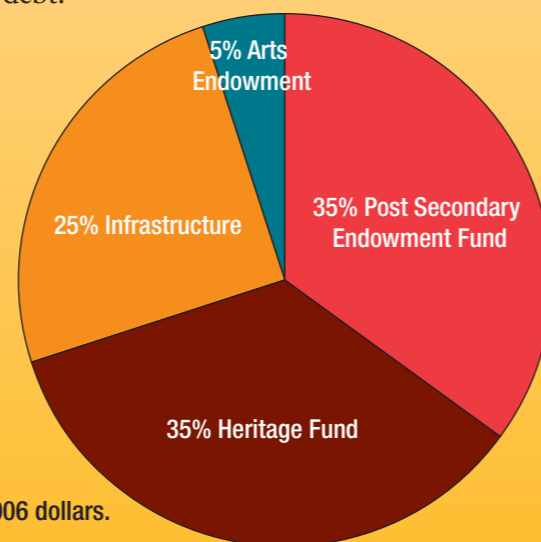
Earnings from the Post-Secondary Endowment Fund will substantially increase Alberta's investment in post-secondary education. This endowment income will be an addition to, not a replacement of, current spending levels for post-secondary institutions. This will provide Albertans with world-class institutions, making excellent post-secondary education available to all Albertans regardless of education and career goals.

The Capital Fund 25% of Savings

- **Retires Infrastructure Debt (est. \$7.2 billion) by 2008**

Despite Alberta's financial capacity, the current government has neglected to maintain our aging infrastructure. They have delayed the construction of new roads, hospitals, water treatment plants and schools. As a result, Albertans endure overcrowded hospitals, long, frustrating commutes to work and dozens of neighbourhoods without community schools.

Government documents show that \$7.2 billion is required to pay this debt. With approximately \$5 billion in the government's Capital Fund, that leaves a shortfall of about \$2 billion — a shortfall that must be addressed in order to retire Alberta's infrastructure debt.



* All figures in 2006 dollars.

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The Humanities, Social Sciences and Arts Endowment

5% of Savings (to \$500 million)

- **Creates a capped \$500 million endowment by 2009**
- **Will generate \$28 million annually by 2009**

The Alberta Liberal Caucus is committed to strong base-budget funding of arts and culture. This new funding goes the extra mile, enabling Albertans to create and maintain an outstanding cultural sector and quality of life.

The Opportunity Fund

5% of Savings (after Arts Endowment Cap)

- **Creates a \$1.7 billion endowment by 2021**
- **Will generate \$84 million annually by 2021**

Once the Humanities, Social Sciences and Arts Endowment has reached its cap, we will create an Opportunity Endowment Fund. We will then work with Albertans to decide what we want this fund to accomplish. Renewable energy? Rural development? Citizen dividends? The possibilities are limited only by the imagination of Albertans.

A Reinvigorated Heritage Fund

35% of Savings, then 60% of Savings

- **Raises Heritage Fund value to \$120 billion by 2021**
- **Will contribute \$6 billion to base annual revenues by 2021**

Of the 30% of resource revenues diverted to savings, 35% will go to the Heritage Fund. When we have successfully retired the infrastructure debt, that contribution will rise to 60%. All annual surpluses will also be added to the Heritage Fund.

The Heritage Fund is a real source of pride for all Albertans, but over time it has lost some of its shine. Progressive Conservative governments have treated it like a piggy bank; sometimes money goes in, sometimes money comes out. In real terms, it's actually lost value.

Under our model, the Heritage Fund becomes a robust contributor to revenue stability for Alberta, with one clear purpose: permanently low taxes. Declining oil and gas revenues will be offset by growing Heritage Fund revenues.

For more details, visit
www.albertaliberalcaucus.com

Just think... the next generation of Albertans could live in a province where the Heritage Fund provides more revenue than oil and gas.

Why Plan? Better Planning Today... A Legacy for Tomorrow

Every Albertan knows that financial security depends on sound budgeting and a long-term savings plan. Manage your income and expenses, put money away for the future, and you and your family will enjoy a high quality of life.

It's the same for the province as a whole. If the government plans carefully and budgets wisely, Alberta will thrive.

Alberta's current prosperity is fragile, based on non-renewable oil and gas revenues. Once that oil and gas is gone, it's gone forever. Unbelievably, since 1978, the Tory government has spent over 91% of our oil and gas revenues. The government has spent billions of these resource revenues outside the budget process, creating a series of last minute, band-aid solutions to long-standing infrastructure and public service problems.

Alberta's government needs to start budgeting responsibly, just as Albertans do. And it needs to start saving for the future, just as Albertans do.

That's why the Alberta Liberal Caucus has developed a new fiscal strategy, one that will provide Albertans today with the best public services in the nation, while creating a provincial savings account that will ensure those services continue even after the oil and gas wells run dry.