

June 29, 2004

FISCAL SUMMARY

(millions of dollars)

	2003-04			
	Budget	Actual	Change from	
			Budget	3rd Quarter
1 Revenue	21,928	25,887	3,959	549
2 Expense				
3 Program	20,335	21,480	1,145	(251)
4 Debt servicing costs	465	271	(194)	(9)
5 Pension provisions	121	132	11	12
6 Total Expense	20,921	21,883	962	(248)
7 Revenue in Excess of Expense	1,007	4,004	2,997	797
8 Removal of pension provisions ^a	121	132	11	12
9 Net Revenue (Fiscal Responsibility Act)	1,128	4,136	3,008	809
10 Transfer from Capital Account	416	416	-	-
11 Retained income/capital cash requirements	(58)	(276)	(218)	(141)
12 Net transfer from (to) Sustainability Fund	(1,276)	(4,276)	(3,000)	(668)
13 Contingency Allowance	210	-	(210)	-
14 Sustainability Fund (net transfer)	1,276	4,276	3,000	668
15 Cash adjustments	941	520	(421)	(158)
16 Sustainability Fund prior to reallocation	2,217	4,796	2,579	510
17 Less:				
18 Debt Retirement allocation	-	893	893	-
19 Capital Account allocation	-	893	893	-
20 Sustainability Fund Assets at March 31, 2004	2,217	2,500	283	-
21 Cash Transferred after March 31 to Sustainability Fund^b	-	510	510	510

^a For purposes of the *Fiscal Responsibility Act*, expense does not include the annual change in unfunded pension obligations. These obligations are scheduled to be eliminated under a separate legislated plan.

^b \$510 million of cash became available for transfer to the Sustainability Fund as a result of the improvement in 2003-04 fourth quarter results. The cash was not transferred to the Sustainability Fund until after March 31, 2004. After the Annual Report was prepared, this \$510 million was reallocated to the Capital Account, bringing the total allocation to the Capital Account to \$1.4 billion.

FISCAL YEAR ASSUMPTIONS

	2003-04				
	Budget	1st	2nd	3rd	Actual
		Quarter Forecast	Quarter Forecast	Quarter Forecast	
Oil Price (WTI US\$/bbl)	23.30	25.00	27.50	30.75	31.35
Natural Gas Price (Cdn\$/mcf)	4.05	5.00	5.15	5.64	5.75
Exchange Rate (US¢/Cdn\$)					
Annual Average	65.60	71.90	73.35	74.31	73.99
At March 31, 2004	66.00	72.00	74.00	77.00	76.31
Interest Rates:					
3-month Canada Treasury Bills	3.90	3.35	2.90	2.75	2.70
10-year Canada Bonds	5.80	4.55	4.85	4.75	4.68

REVENUE

(millions of dollar)

	2003-04				Main Reasons for Change from Budget
	Budget	Actual	Budget	3rd Quarter	
Income Taxes					
Personal income tax	5,035	4,613	(422)	-	Lower 2002 tax assessments
Corporate income tax	2,016	1,696	(320)	(100)	Higher refunds/lower cash receipts
	7,051	6,309	(742)	(100)	
Other Taxes					
School property tax	1,165	1,178	13	12	Forecast change
Tobacco tax	624	671	47	21	Higher volume
Fuel tax	602	620	18	18	Higher volume
Freehold mineral rights tax	214	288	74	(2)	Higher oil and natural gas prices
Insurance taxes	148	206	58	49	Prior year adj./premium rev. growth
Hotel room tax	58	53	(5)	(3)	Fewer hotel stays
	2,811	3,016	205	95	
Non-Renewable Resource Revenue					
Natural gas and by-products royalty	3,480	5,450	1,970	95	Higher natural gas prices
Crude oil royalty	502	981	479	43	Higher oil prices
Synthetic crude oil and bitumen royalty	103	197	94	10	Higher oil prices
Coal royalty	11	9	(2)	1	Reclamation costs
Bonuses and sale of Crown leases	679	967	288	69	Higher bid prices per hectare
Rentals and fees	144	154	10	(2)	More renewed hectares
Royalty tax credit	(143)	(82)	61	14	Higher oil and natural gas prices
	4,776	7,676	2,900	230	
Transfers from Government of Canada^a					
Canada Health and Social Transfer	1,613	1,767	154	-	Lower income tax revenue
Health transfers	284	276	(8)	(8)	Revised population share numbers
Agriculture support programs	169	561	392	(62)	BSE assistance
Labour market development	120	120	-	-	
Other	200	202	2	5	Miscellaneous changes
	2,386	2,926	540	(65)	
Net Income from Commercial Operations					
Alberta Gaming and Liquor Commission:					
Gaming and lottery revenue	1,093	1,125	32	20	Lower operating costs
Liquor revenue	546	557	11	6	Higher volume of sales
Alberta Treasury Branches	152	172	20	31	Reduction in credit loss provisions
Other	4	28	24	3	AGT recoveries
	1,795	1,882	87	60	
Premiums, Fees and Licences^d					
Health care insurance premiums	913	940	27	17	Higher number of registrants
Motor vehicle licences	262	266	4	9	Change in revenue recognition
Crop and hail insurance premiums	164	146	(18)	-	Lower crop insurance coverage
Timber royalties and fees	63	116	53	64	Higher timber fees
Land titles	36	41	5	3	Higher transaction volumes
Other	287	305	18	14	Increased AEUB levies
	1,725	1,814	89	107	
Investment Income					
Alberta Heritage Savings Trust Fund	426	1,117	691	153	Strong equity markets
Alberta Capital Finance Authority	319	323	4	(1)	Increased lending activity
Agriculture Financial Services Corporation	91	86	(5)	1	Lower lending and fund balance
Debt Retirement Account	45	49	4	1	Higher fund balance
Alberta Sustainability Fund	31	42	11	2	Higher fund balance
Endowment Funds:					
Medical Research	31	73	42	14	Strong equity markets
Science and Engineering Research	11	37	26	10	Strong equity markets
Scholarship	10	23	13	3	Strong equity markets
Other	55	88	33	6	Higher balances in funds
	1,019	1,838	819	189	
Other^b					
Refunds of expense	87	102	15	12	Higher refunds
Fines and penalties	63	69	6	1	Traffic fine increases
Miscellaneous	215	255	40	20	Gains on asset disposals
	365	426	61	33	
Total Revenue	21,928	25,887	3,959	549	

^a Budget presentation of Transfers from Government of Canada has been restated.

^b Budget numbers have been restated to reflect a \$9 million reallocation of Alberta Energy and Utilities Board (AEUB) levies from "Others" to "Premiums, Fees and Licences" revenue.

EXPENSE BY MINISTRY

(millions of dollars)

2003-04

Program	Budget ^a	Actual	Change from		Main Reasons for Change from Budget
			Budget	3rd Quarter	
Legislative Assembly	61	56	(5)	(3)	Savings in various Offices
Aboriginal Affairs and Northern Development	32	35	3	(1)	Consultation/Fort McKay settlement
Agriculture, Food and Rural Development	814	1,500	686	(128)	Agriculture assistance
Children's Services	708	699	(9)	(10)	Dedicated revenue/transfer to capital investment
Community Development	647	634	(13)	(7)	Lapses in capital disposals/PDD boards
Economic Development	55	58	3	-	BSE market recovery strategy
Energy	185	199	14	1	Well abandonment costs
Environment	121	122	1	(2)	Western Irrigation District settlement
Executive Council	18	18	-	-	
Finance	435	437	2	(7)	Alberta Capital Financing Authority lending
Gaming	150	144	(6)	(2)	NHL Lottery/Electronic Bingo
Government Services	83	86	3	(2)	Utilities Consumer Advocate/land titles
Health and Wellness	7,350	7,366	16	(12)	Higher drug costs
Human Resources and Employment	1,071	1,131	60	(1)	Higher caseloads and costs-per-case
Infrastructure	1,203	1,429	226	(5)	Natural gas rebates
Innovation and Science	200	186	(14)	(3)	Lower contract research
International and Intergovernmental Relations	6	6	-	-	
Justice	263	257	(6)	(8)	Decrease in valuation adjustments
Learning	4,912	4,981	69	(7)	Basic and post-secondary support
Municipal Affairs	132	139	7	(4)	Disaster/energy efficiency programs
Revenue	166	146	(20)	(12)	Lower endowment fund spending
Seniors	354	402	48	-	Seniors' benefits and housing support
Solicitor General	278	283	5	-	Organized crime initiative/victims benefits
Sustainable Resource Development	202	324	122	(7)	Forest fires
Transportation	889	842	(47)	(31)	Lower amortization costs
Total Program Expense	20,335	21,480	1,145	(251)	
Debt Servicing Costs	465	271	(194)	(9)	Foreign exchange rate
Pension Provisions	121	132	11	12	
Total Expense	20,921	21,883	962	(248)	

^a Budget numbers have been restated to reflect a \$6 million transfer of Rural Utilities from Energy to Agriculture, Food and Rural Development and a transfer from Environment and Sustainable Resource Development to Infrastructure relating to the Swan Hills Waste Treatment Plant.

CAPITAL PLAN SUMMARY

(millions of dollars)

	2003-04			
	Budget ^a	Actual	Change from	
			Budget	3rd Quarter
Provincial highway network	457	455	(2)	(13)
Municipal transportation grants	242	221	(21)	(4)
Health facilities and equipment	284	283	(1)	9
School facilities and equipment	136	130	(6)	-
Post-secondary facilities	135	125	(10)	-
Water and wastewater management	86	79	(7)	5
Community facilities	64	64	-	-
Housing	44	52	8	-
Other infrastructure programs	87	51	(36)	1
General government capital	141	199	58	21
Total Capital Plan	1,676	1,659	(17)	19
Funded from:				
Current-year revenue	1,053	1,033	(20)	19
Capital Account ^b	623	623	-	-
Transfer from Alberta Sustainability Fund ^c	-	3	3	-
Total Capital Plan	1,676	1,659	(17)	19

^a Budget numbers have been restated to include capital grants of \$13 million reported in operating expense in the budget but not reported in the Capital Plan.

^b Capital Account supports \$416 million of capital grants to local authorities and \$207 million of capital investment in government-owned capital.

^c Disaster funding from Sustainability Fund related to BSE.

CAPITAL INVESTMENT AND AMORTIZATION

(millions of dollars)

	2003-04 Capital Investment				2003-04 Capital Amortization			
			Change from				Change from	
	Budget	Actual	Budget	3rd Quarter	Budget	Actual	Budget	3rd Quarter
Legislative Assembly	-	-	-	-	-	-	-	-
Aboriginal Affairs and Northern Development	-	-	-	-	-	-	-	-
Agriculture, Food and Rural Development	10	12	2	(1)	7	7	-	-
Children's Services	-	3	3	3	1	1	-	-
Community Development	2	6	4	4	10	10	-	-
Economic Development	-	-	-	-	-	-	-	-
Energy	11	14	3	2	11	13	2	1
Environment	1	1	-	-	18	17	(1)	(1)
Executive Council	-	-	-	-	-	-	-	-
Finance	5	2	(3)	(2)	2	3	1	1
Gaming	-	-	-	-	-	-	-	-
Government Services	4	3	(1)	(1)	5	4	(1)	-
Health and Wellness	37	37	-	1	22	31	9	9
Human Resources and Employment	3	3	-	-	4	2	(2)	(1)
Infrastructure	46	78	32	15	55	44	(11)	(9)
Innovation and Science	66	34	(32)	-	8	8	-	-
International and Intergovernmental Relations	-	-	-	-	-	-	-	-
Justice	2	3	1	(1)	1	1	-	-
Learning	7	11	4	-	3	2	(1)	(1)
Municipal Affairs	2	5	3	3	1	1	-	(1)
Revenue	5	5	-	(1)	3	3	-	-
Seniors	-	8	8	8	24	24	-	-
Solicitor General	-	-	-	-	-	-	-	-
Sustainable Resource Development	7	18	11	(2)	9	7	(2)	(2)
Transportation	407	390	(17)	(17)	244	211	(33)	(33)
Total Capital Investment/Amortization	615	633	18	11	428	389	(39)	(37)
Funded from Capital Account	207	207	-	-	-	-	-	-

Capital Grants to Local Authorities and Other Infrastructure Support ^a

(millions of dollars)

	2003-04			
			Change from	
	Budget ^b	Actual	Budget	3rd Quarter
Agriculture, Food and Rural Development	26	20	(6)	1
Community Development	3	2	(1)	(1)
Environment	1	4	3	3
Gaming	39	38	(1)	(1)
Health and Wellness	50	50	-	-
Infrastructure	479	471	(8)	7
Innovation and Science	11	12	1	1
Learning	20	20	-	-
Revenue	10	-	(10)	-
Seniors	39	46	7	1
Transportation	383	363	(20)	(3)
Total Capital Grants	1,061	1,026	(35)	8
Funded from Capital Account	416	416	-	-

^a Included in program expense.

^b Budget numbers have been restated to include capital grants of \$13 million reported in operating expense in the budget but not reported in the Capital Plan.