

Higher revenue allows for increased investments in priority areas

Strong energy prices in the first quarter are a key factor in the increased revenue forecasts as reported in the Government of Alberta's First Quarter Fiscal Update. With prices remaining higher than most analysts anticipated there is still considerable potential for further increases before the fiscal year-end in March 2006.

Revenue

Total revenue is forecast to be \$2 billion higher than estimated in the budget, as energy prices are much higher than energy analysts expected when the budget was prepared. Non-renewable resource revenue is forecast at \$9 billion, an increase of \$1.3 billion from the budget estimate.

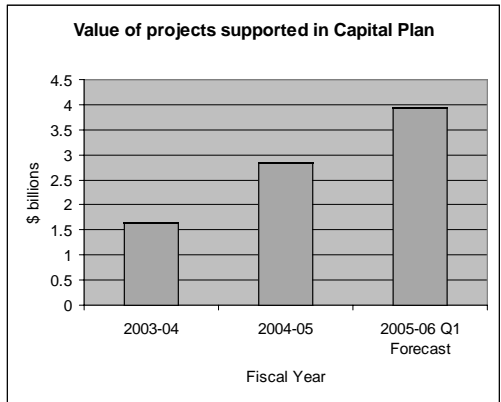
Spending

Total expense is \$760 million higher than the budget estimate. Disaster and emergency assistance has also been increased by \$226 million due to flooding, forest fires, BSE, and pine beetle infestations. As well, \$516 million is being provided for increased capital grants from the Capital Account.

Capital Plan

Capital Plan spending in 2005-06 is now forecast to reach nearly \$4 billion dollars. This includes additional first quarter funding of:

- \$352 million for schools and post-secondary infrastructure projects,
- \$100 million contingency for small capital projects,
- \$54 million for the Water for Life strategy, and
- \$10 million for Alberta's contribution to the Canada/Alberta Affordable Housing Agreement.



As well, Capital Plan spending includes \$232 million in capital investment primarily for provincial highways. The higher surplus will also allow an additional \$1.1 billion to be deposited into the Capital Account to help pay for the cost of capital projects in future years.

Saving

The province's savings are also increasing. To help meet commitments made in the *Access to the Future Act*, \$250 million is being added to the Alberta Heritage Scholarship Fund. Total allocations to the Heritage Fund and endowment funds are now forecast at \$926 million.

Activity Report

April - June

The Quarterly Activity Report provides Albertans with information about activities, programs and initiatives undertaken in the past three months. Selected highlights appear below. For more highlights of the past quarter, see the full Activity Report, available at www.finance.gov.ab.ca, your MLA constituency office, or by calling toll free 310-4455.

- Announced a comprehensive review of the province's advanced learning system, including current funding, tuition and affordability, rural education, innovative approaches to learning, and roles and responsibilities.
- Conducted an online consultation to allow Albertans to provide input on the future direction of early childhood development and child care programs.
- Announced \$6 million for the Emergency Management Operation System to help coordinate all levels of emergency response to major incidents.
- Passed *The Access to the Future Act*, which commits to a new \$3-billion Access to the Future endowment, a \$1-billion expansion of the Alberta Heritage Scholarship Fund, and a \$500-million expansion of the Ingenuity Fund.
- Created the Queen Elizabeth II Graduate Scholarship Program.
- Co-ordinated the placement of more than 3,600 students into summer jobs through the \$8-million Summer Temporary Employment Program.
- Hosted the Alberta Health Symposium in Calgary to identify innovations that drive excellent health systems and healthier populations in other countries.
- Provided \$1.2 million to Alberta school jurisdictions to help them implement 30 minutes of daily physical activity for all students in Grades 1-9 starting in September 2005.
- Introduced new Dental Assistance, Optical Assistance and Education Property Tax Assistance programs for seniors.
- Enhanced and expanded the Alberta Family Employment Tax Credit, extending support to some 13,000 more working families and increasing the available tax credit. In 2005-06, about \$85 million in benefits will be provided to approximately 146,000 families through this credit.
- Unveiled details of the new provincial Integrated Child Exploitation (ICE) Unit. The province will spend more than \$1.75 million to add 13 new officers and forensic analysts to the seven existing investigators currently assigned to investigate Internet child pornography and Internet luring.
- Announced with Budget 2005 the largest single-year increase of police officers in 20 years. Highlights from an additional \$46 million in funding include 100 new officers for provincial policing, 60 new officers to combat organized crime and gangs, and increased policing grants for smaller towns and cities.
- Announced changes to the Assured Income for the Severely Handicapped (AISH) program, following a review and public consultation. The renewed AISH program includes a \$100 per month increase to the AISH maximum monthly living allowance, bringing it up to \$950 per month.
- Announced an investment of \$150 million over the next five years to expand, update and renew the Royal Alberta Museum.