

Continued strong energy revenues highlight third quarter report

Strong energy prices are fueling a robust Alberta economy and boosting government revenues, now forecast at \$28.8 billion.

Of Alberta's forecast \$4.3 billion surplus, \$3.7 billion will be reallocated to pay off the remaining accumulated debt as it comes due.

Revenue

Total revenue is forecast to reach \$28.8 billion, about \$5.8 billion higher than estimated in *Budget 2004*.

Higher-than-expected energy prices have increased the forecast of non-renewable resource revenue to \$9.6 billion, including \$6.5 billion from natural gas royalties and \$1.9 billion from oil royalties.

Investment income is forecast to be \$1.7 billion, \$505 million more than budgeted, largely due to improved income from the Heritage Savings Trust Fund and other endowment funds.

Of the \$4.3 billion surplus, \$3.7 billion will go to pay off the remaining accumulated debt.

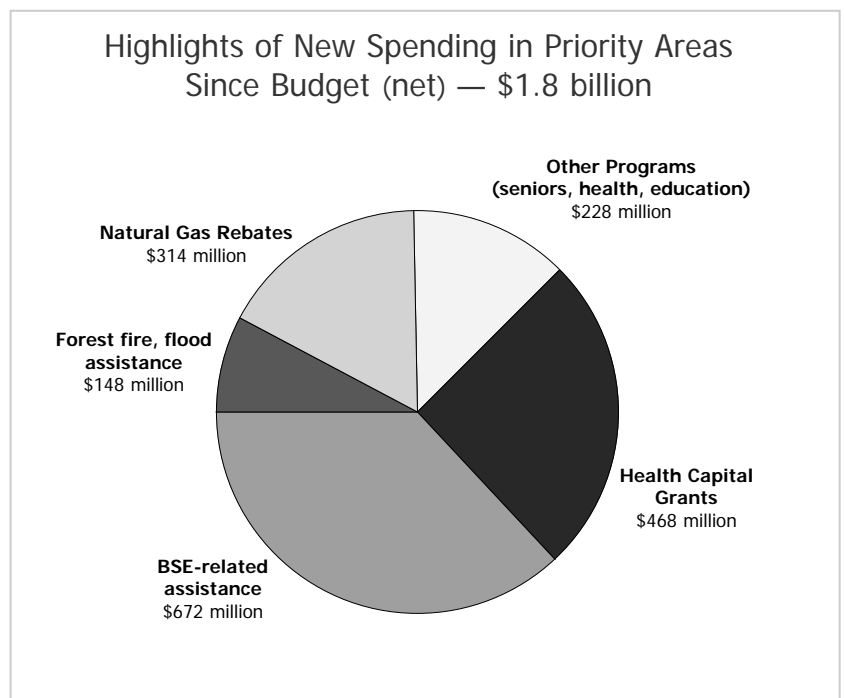
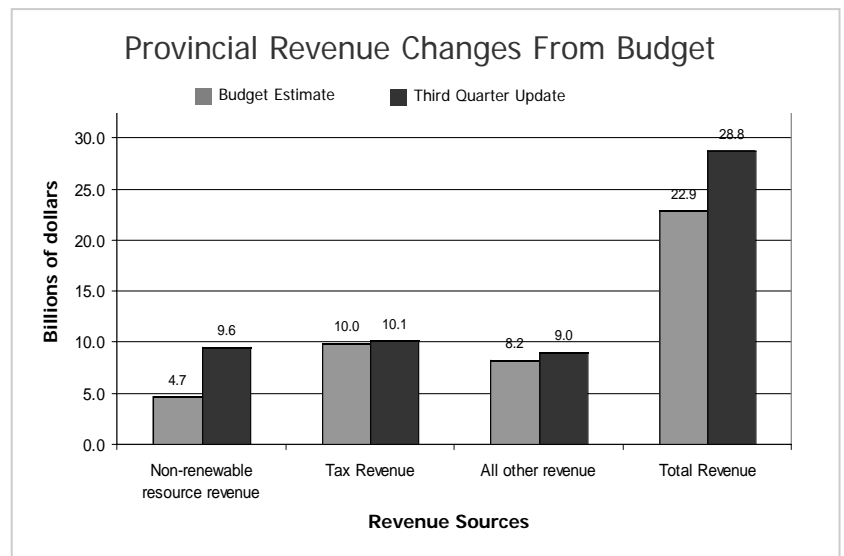
Spending

Government spending since the budget is forecast to increase by \$1.8 billion, \$83 million less than forecast in the *Second Quarter Fiscal Update*.

About \$820 million in **disaster and emergency assistance** has been provided for BSE-related assistance, forest fires, and floods. As well, \$314 million in **natural gas rebates** are forecast to be paid over the winter. This spending is from the Sustainability Fund.

Highlights of other program increases include:

- a \$65 million increase for Education to hire teachers, reduce class sizes and purchase classroom resources;
- a \$25 million increase for Children's Services for child welfare and other programs;
- a \$34 million increase for Alberta Seniors Benefit enhancements and supportive living projects;
- \$8 million for water and wastewater management.



Debt

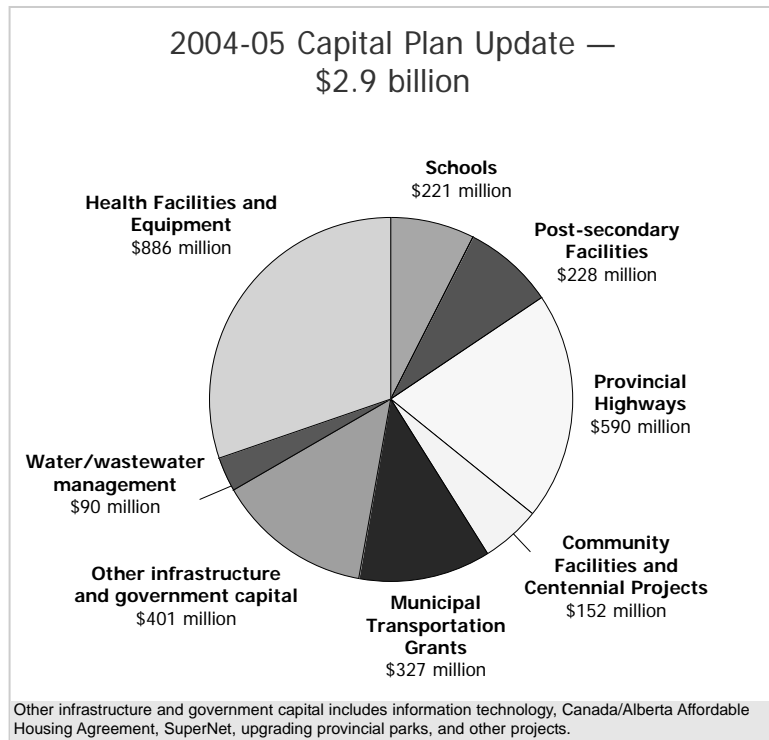
In July, the government announced plans to put a final \$3.7 billion against the accumulated debt. The money will be protected in the Debt Retirement Account to pay off accumulated debt as it matures.

Over the past 11 years, nearly \$23 billion has been committed to debt repayment. This has significantly reduced annual debt servicing costs, freeing up about **\$1.4 billion for programs, services and tax reductions.**

Capital Plan

Almost **\$2.9 billion worth of infrastructure support** is being provided this year, including grants to schools, post-secondary institutions, health authorities, municipalities, other local authorities, and investment in government-owned projects.

The Capital Plan has been increased by \$502 million since budget, primarily reflecting increases for health facilities and equipment.



Activities this Quarter

The Third Quarter Activity Report shows some of the government activities and accomplishments over the past three months. Highlights are:

Released the results of the *It's Your Future* survey, which asked Albertans what the government's priorities should be in a debt-free Alberta. Albertans ranked health and education as their top priorities. Close to 290,000 Albertans either mailed in or completed the survey online.

Hosted 1,000 people in Calgary and Edmonton at stakeholder sessions on the AISH review. Over 100 individuals and groups - AISH recipients and disability organizations - presented their ideas for changing the AISH program, their experiences of living on AISH or dealing with AISH clients.

Announced nearly \$10 million in funding for three programs to improve the health and treatment of Albertans: a program to target diabetes by reducing social and physical barriers to making healthy choices; osteoporosis education and new treatment standards; and education for health care professionals to improve patient safety during childbirth.

Funded more than 100 projects under its Northern LINKS Program with the goal of assisting northern Alberta students in making the transition from secondary to post-secondary education.

Opened the Archbishop Oscar Romero Catholic School in Edmonton. Current enrolment is 400 Grades 10 and 11 students, with a potential of 674 future student places.

Provided premium-free health benefits to over 64,881 children in low-income families through the Alberta Child Health Benefit and to 1,778 individuals and families through the Alberta Adult Health Benefit.

Provided approximately \$6.9 million in grants to support the housing needs of low-income families, seniors and people with special needs.

Increased the personal income tax credit amounts in line with the cost of living for the 2005 tax year. The basic personal, spousal, and eligible dependent amounts will rise by 1.3 per cent. Indexing credit amounts to inflation helps keep Albertans with lower incomes from moving on to the tax rolls.