

Record revenue allows for increase to Alberta's savings

Strong energy prices and sales of Crown leases provided record high resource revenue, as reported in the Government of Alberta's *2005-06 Third Quarter Fiscal Update*. The surplus is forecast at \$7.4 billion, \$5.9 billion higher than budgeted. The government's plan for this year's surplus includes smart investment in capital projects, saving for the future, and giving back to Albertans.

Savings

As part of the government's plan for the surplus, the province's savings are being increased. This includes allocations of:

- \$1 billion to the Alberta Heritage Savings Trust Fund, plus \$345 million for inflation proofing of the Fund;
- \$750 million to the Advanced Education endowment, \$500 million more than budgeted;
- \$250 million to the Alberta Heritage Scholarship Fund;
- \$200 million to the Medical Research Endowment Fund; and
- \$100 million to the Science and Engineering Research Endowment Fund.

Revenue

Total revenue, after deducting the \$1.3 billion cost of the Alberta 2005 Resource Rebates, is forecast at \$34.6 billion, \$7.3 billion higher than budgeted. This reflects record high energy revenue and land lease sales.

Non-renewable resource revenue is forecast at \$14.4 billion, an increase of \$6.7 billion from the budget estimate. Revenue from bonuses and sales of Crown leases is forecast to reach a record \$3.4 billion, \$2.6 billion higher than budgeted.

Eligible Albertans have been provided with a \$400 per person resource rebate this year. The rebate is a refundable tax credit and the \$1.3 billion cost is reported as a reduction to personal income tax revenue.

Expense

Total expense is \$27.2 billion, \$1.4 billion higher than the budget estimate. Disaster and emergency assistance has been increased by \$319 million to pay for the costs of flooding, forest fires, BSE and pine beetle infestations.

A total of \$726 million in natural gas rebates are being provided, an increase of \$441 million from the budget. The increase is due to higher natural gas prices and the addition of October to the months eligible for natural gas rebates (October to March).

Capital grants funded from the Capital Account have increased by \$521 million from the budget. The increase includes additional capital grants to health authorities, post-secondary institutions, municipalities, school boards and other local authorities.

2005-06 Capital Plan

Capital Plan spending (capital grants plus capital investment in provincial government-owned projects) is forecast to reach \$3.8 billion, \$590 million higher than budgeted.

An additional \$3.6 billion has been set aside in the Capital Account to help pay for capital projects in future years.

Activity Report

3rd Quarter

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.

- Funded a new national scholarship program as a centennial gift to Canadians. The *Alberta Centennial Scholarships Program* will provide 325 scholarships annually, worth \$2,005 each, to post-secondary students across Canada. Awards will be provided to 25 students from each province and territory, including Alberta, beginning in 2006.
- Developed the *Alberta Resource Rebate* program, part of the Government of Alberta's strategy for managing this fiscal year's unanticipated resource revenue. A total of approximately \$1.3 billion will be distributed in 2006, with every eligible man, woman, and child receiving a \$400 resource rebate.
- Proclaimed new legislation putting children first when family relationships break down or parents separate. The *Family Law Act* gives clear guidelines on the rights and responsibilities of family members, focuses on the best interests of the child, and encourages mediation and dispute resolution to settle family law disputes to avoid going to court.
- Hosted the first *World Conference for the Prevention of Family Violence* in Banff from October 23 to 26, 2005. More than 1,000 international leaders, researchers, and policy and program experts from 30 countries gathered to share best practices and learn about family violence prevention and intervention, as well as support and follow-up for victims.
- Implemented changes to the *Assured Income for the Severely Handicapped (AISH)* program, including the introduction of Personal Income Support Benefits to help clients meet extra needs such as caring for a guide animal, special diets, and emergency travel. AISH employment income exemptions were also increased to allow clients to keep more of the money they earn from working.
- Extended the *Natural Gas Rebate Program* to include October as a rebate month, providing further price protection to Alberta natural gas consumers.
- Proclaimed a new law requiring drivers to slow down when passing emergency vehicles, tow trucks, and construction workers. The new law, which doubles the fines for speeding in these instances, will make roads safer for police officers, firefighters, ambulance workers, tow truck operators, and construction workers, as well as motorists.
- Improved access to *Registered Apprenticeship Program (RAP)* registrations through the development of a new, online form and awarded a record number of RAP scholarships, which are used to fund apprenticeship training after high school. A total of 226 high school graduates received a \$1,000 RAP Scholarship in 2005, up from the 50 scholarships awarded in 2004.
- Announced \$2.5 million to fund a new biotech "wet lab" at the Edmonton Research Park. The Biotechnology Business Development Centre (BBDC) will provide low-cost shared lab space to help growing biotechnology companies develop their products. Other partners in the facility are Western Economic Diversification Canada and the City of Edmonton. Construction on the BBDC is slated to start in spring 2006.
- Committed \$75 million in funding to expand Alberta's mental health services. Thirty new projects will be implemented, ranging from outreach programs to day treatment and crisis intervention services.