



THE FUTURE

MEETING PRIORITIES SHARING BENEFITS

Budget 2001 | Quick facts

Alberta

GOVERNMENT OF ALBERTA



HIGHLIGHTS

ALBERTA'S ADVANTAGES

- The strongest economy in Canada.
- The highest standard of living of any province.
- The lowest unemployment rate in the country.
- The lowest overall taxes.
- The highest personal disposable incomes.
- Among the highest life expectancies in the world.
- The best-educated workforce in Canada.
- The lowest percentage of low-income people in Canada.

STRONG ECONOMIC GROWTH TO CONTINUE

- Alberta's economy grew by an estimated 6.1% in 2000. Personal and business tax cuts will spur economic growth of 4.8% in 2001 and an average of 3.2% per year over the following three years.
- 34,900 new jobs were created last year. Another 39,000 new jobs are expected in 2001, with a further 114,000 new jobs over the following three years.
- Energy prices are projected to decline to more sustainable levels:
 - *Natural gas prices are assumed to decline from Cdn\$6.07 per thousand cubic feet in 2000-01 to Cdn\$5.03 in 2001-02 and Cdn\$3.44 by 2003-04.*
 - *Oil prices are assumed to decline from \$US30.20 per barrel in 2000-01 to US\$25 in 2001-02 and US\$21 for the next two years.*
 - *Forecasts are in line with private sector predictions.*

BALANCED BUDGETS AND INCREASED FUNDING FOR ALBERTANS' PRIORITIES

- The 2000-01 economic cushion is forecast at \$5.5 billion. The economic cushion averages about \$800 million per year for the next three years.
- Revenue is expected to fall by 10.7%, or \$2.7 billion, to \$22.7 billion in 2001-02. By 2003-04, revenue is expected to fall by another \$2.2 billion to \$20.5 billion.
- Base spending will increase by 13.4%, or \$2.3 billion (an average of 4.3%), over the next three years, including a 6.3%, or \$1.1 billion, increase in 2001-02. Increases are being allocated to Albertans' priorities – in particular health, education and children. These increases are partly offset by declining debt servicing costs as debt is repaid.
- Spending on accelerated infrastructure, energy shielding and emergency agriculture assistance will increase from \$1.9 billion in 2000-01 to \$3.2 billion in 2001-02. This spending will be phased out over the following two years.
- Base spending combined with one-time initiatives will total \$21.6 billion.



MEETING PRIORITIES

SHARING BENEFITS

INCREASING THE ALBERTA TAX ADVANTAGE

- Albertans will continue pay the lowest taxes in the country and no provincial sales tax.
- Alberta's new 10% single-rate personal income tax system was implemented on January 1, 2001, saving Albertans \$1.1 billion this year. This brings the total personal income tax cut since 1998 to \$1.5 billion, or 23%.
- \$1 billion in business tax cuts are being phased in starting on April 1, 2001. The small business tax rate will be cut from 6% to 3% over three years and the income threshold will be doubled in two years. The general rate will be cut from 15.5% to 8% over four years. Future year changes are subject to affordability.
- Total school property tax revenue was cut by \$135 million on January 1, 2001, and is frozen at the current level of \$1.2 billion for future years.

STRENGTHENING THE ALBERTA ECONOMIC ADVANTAGE

- \$8.4 billion has been allocated to upgrade and expand Alberta's health, education, transportation and other infrastructure over the four years from 2000-01 to 2003-04, including \$4.2 billion of one-time accelerated funding from high energy revenues.

- Albertans and Alberta businesses are being cushioned from temporary spikes in energy costs through \$4.3 billion in energy shielding. \$2 billion in rebates are funded from the electricity auctions and \$1.6 billion from government revenues. \$690 million is being returned to Albertans through energy tax refunds.
- Urgently needed support to agriculture producers will be provided this spring.

IMPROVING ALBERTANS' QUALITY OF LIFE

- Implementation of the Six-Point Plan to protect and improve public health care will continue. Health and Wellness base spending will increase by \$737 million, or 13.5% in 2001-02 and by \$1.5 billion, or 28%, over the next three years.
- Alberta's world-class educational results will improve further. Learning spending will increase by \$343 million, or 7.7%, in 2001-02, and \$854 million, or 19%, over the next three years.
- Support for children, seniors and Albertans with special needs will increase.
- Policing services will be enhanced. Funding to the RCMP will increase by \$24.5 million by 2003-04.



MEETING PRIORITIES SHARING BENEFITS

CREATING A DEBT-FREE ALBERTA

- Albertans and their children will be freed from the burden of provincial debt.
- Accumulated debt is projected to fall from \$12.5 billion on March 31, 2000 to \$5.4 billion by March 2004 – a reduction of \$7.1 billion. This puts Alberta nine years ahead of the legislated 25-year schedule for debt elimination.
- In 2001-02, provincial debt will be \$6.5 billion.
- Net debt servicing costs in 2001-02 will be about \$645 million. By 2003-04, the net interest costs on the debt are expected to drop to \$485 million, almost \$1.3 billion less than in 1994-95.
- Alberta could become debt free within two to three years if energy prices remain at the high levels forecast by some energy analysts. This would require oil prices of about US\$25 per barrel and natural gas prices of about Cdn\$5 per thousand cubic feet, with this additional revenue being applied to debt.