

BUDGET 2002

THE RIGHT DECISIONS FOR CHALLENGING TIMES



FIRST QUARTER FISCAL UPDATE

2002-03 QUARTERLY BUDGET REPORT

1

AUGUST 2002

Alberta
GOVERNMENT OF ALBERTA

UPDATING ALBERTANS

The First Quarter Fiscal Update is comprised of two parts – the updated 2002-03 forecast and the actual results for the first three months of the fiscal year (April 1 to June 30, 2002).

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2002 - 03 FORECAST

Highlights

- ◆ The economic cushion has been reduced to \$531 million. Higher revenue and lower debt servicing costs are more than offset by spending increases, primarily for drought relief and forest fire-fighting costs.
- ◆ Revenue is forecast at nearly \$20.7 billion, up \$828 million from the budget. Increases in non-renewable resource revenue and other revenues are partly offset by a significant decline in investment income due to weak equity markets.
- ◆ Disaster funding of \$879 million has been provided for drought relief, forest fire-fighting costs and flood assistance. Reinstatement of some of the capital projects deferred in 2001-02 adds \$68 million to program expense and \$32 million to capital investment.
- ◆ Overall, including other smaller spending changes and reallocations between program spending and capital investment, program spending is \$1.039 billion higher than budgeted and capital investment has increased by \$37 million.
- ◆ As a result of the in-year spending initiatives, the contingency reserve is almost exhausted. Only \$9 million remains.
- ◆ The allocation for debt repayment and increase in financial assets is down by \$21 million to \$522 million.
- ◆ Debt servicing costs are \$55 million lower due to the forecast of a stronger Canadian dollar.
- ◆ Accumulated debt (net of cash set aside for future debt repayment) is expected to fall to \$4.6 billion by the end of 2002-03.

CONSOLIDATED FISCAL SUMMARY^a

(millions of dollars)

	2002-03		
	Budget	1st Quarter Forecast	Change from Budget
1 Revenue	19,855 ^b	20,683	828
2 Expense			
3 Program	18,453 ^b	19,492	1,039
4 Debt Servicing Costs	585	530	(55)
5 Total Expense	19,038	20,022	984
6 Net Revenue	817	661	(156)
7 Net Decrease (Increase) in Capital Assets affecting Operations ^c	(93)	(130)	(37)
8 Economic Cushion	724	531	(193)
9 Planned Allocation of Economic Cushion			
10 Debt Repayment/Increase in Financial Assets	543	522	(21)
11 Contingency Reserve	181	9	(172)
12 Accumulated Debt (net of cash set aside) ^d	5,083	4,647	(436)
13 Net Assets at March 31, 2003 ^d	10,357	10,336	(21)

^a Subject to the *Fiscal Responsibility Act*.

^b Budget numbers have been restated pursuant to the *Gaming and Liquor Amendment Act, 2002*, resulting in a reduction of \$118 million in both revenue and expense.

^c Converts capital to pay-as-you-go basis.

^d Budget numbers have been restated to reflect actual results for 2001-02. At March 31, 2002, accumulated debt, net of cash set aside for future debt repayment, was \$5.261 billion. Net assets as at March 31, 2002 amounted to \$9.814 billion, excluding pension obligations. Pension obligations are forecast to increase in 2002-03 by \$56 million to \$4.827 billion.

Revenue

NON-RENEWABLE RESOURCE REVENUE

Non-renewable resource revenue is forecast at \$4.611 billion, up \$897 million from the budget estimate.

Natural gas prices are now expected to average Cdn\$3.25 per thousand cubic feet for the fiscal year, up 25¢ from the budget estimate. The higher prices are the result of increased demand in the United States, higher oil prices and a slowdown in the growth of gas supply. Natural gas royalties are now forecast at \$3.0 billion, \$434 million higher than the budget estimate.

Oil prices are expected to average US\$25.50 per barrel over the fiscal year, up \$5.50 from the budget estimate. The higher prices reflect low inventory levels in the United States. Total oil royalties are forecast at just over \$1.0 billion, up \$470 million from the budget estimate.

Revenue from bonuses and sales of Crown leases is forecast to be \$559 million, a \$50 million decrease from the budget estimate. The decline is due to lower prices per hectare and reduced land sales.

INCOME TAX REVENUE

Total income tax revenue is forecast at \$6.441 billion, \$183 million higher than the budget estimate. Corporate income tax revenue is forecast to be close to \$1.9 billion, an increase of \$314 million over the budget estimate. The increase is due mainly to higher energy prices. This is partly offset by a \$131 million decline in personal income tax revenue. Preliminary federal assessments of personal income tax returns for the 2001 tax year indicate revenue was overestimated last year.

TRANSFERS FROM GOVERNMENT OF CANADA

Transfers from the Government of Canada are forecast at \$2.273 billion, \$105 million higher than the budget estimate. Agriculture support transfers are forecast to increase by \$100 million, of which \$82 million relates to the federal Canada Farm Income Program for which negotiations are under way. Funding of \$9 million for the costs of the flood in southern Alberta is also expected.

INVESTMENT INCOME

Total investment income is forecast at \$621 million, down \$563 million from the budget estimate. The income of the Alberta Heritage Savings Trust Fund and the endowment funds is forecast to be down \$615 million from the budget estimate. This is due to the weak performance of equity markets this year. These declines are partly offset by higher investment income on debt retirement funds due to an increased level of assets and an increase in the income of the Alberta Municipal Financing Corporation due to a higher level of lending activity.

OTHER REVENUE

Total revenue from all other sources is forecast at \$6.737 billion, \$206 million higher than budgeted. The increase is primarily due to proceeds from private crop reinsurance (\$108 million) and higher revenue from timber royalties (\$35 million), freehold mineral taxes (\$30 million) and crop and hail insurance premiums (\$22 million).

REVENUE*(millions of dollars)*

	2002-03		Change from Budget	Main Reason for Change from Budget
	Budget	1st Quarter Forecast		
Income Taxes				
Personal income tax	4,708	4,577	(131)	Lower 2001 tax year assessments
Corporate income tax	1,550	1,864	314	Higher oil and natural gas prices
	6,258	6,441	183	
Other Taxes				
School property tax	1,093	1,093	-	
Tobacco tax	633	633	-	
Fuel tax	594	594	-	
Insurance corporations tax	139	139	-	
Freehold mineral rights tax	127	157	30	Higher oil and natural gas prices
Hotel room tax	50	55	5	Higher business and tourism hotel stays
	2,636	2,671	35	
Non-Renewable Resource Revenue				
Natural gas and by-products royalty	2,573	3,007	434	Higher natural gas price
Crude oil royalty	469	884	415	Higher oil price
Synthetic crude oil and bitumen royalty	78	133	55	Higher production and oil price
Coal royalty	12	14	2	Revised forecast
Bonuses and sale of Crown leases	609	559	(50)	Lower land sales and prices
Rentals and fees	142	148	6	Revised forecast
Royalty tax credit	(169)	(134)	35	Higher oil and natural gas prices
	3,714	4,611	897	
Transfers from Government of Canada				
Canada Health and Social Transfer	1,739	1,733	(6)	Revised forecast
Medical equipment and primary care	14	14	-	
Labour market development	122	122	-	
Agriculture support programs	117	217	100	Higher farm disaster and income support
Other	176	187	11	Funding for southern Alberta flood costs
	2,168	2,273	105	
Net Income from Commercial Operations				
Alberta Gaming and Liquor Commission ^a				
Gaming and lottery revenue	1,107	1,107	-	
Liquor revenue	538	538	-	
Alberta Treasury Branches	117	117	-	
Other	5	4	(1)	Revised forecast
	1,767	1,766	(1)	
Premiums, Fees and Licences				
Health care insurance premiums	869	869	-	
Motor vehicle licences	254	255	1	Revised forecast
Crop and hail insurance premiums	88	110	22	Higher crop insurance participation
Timber rentals and fees	55	90	35	Higher lumber and pulp prices
Land titles	33	36	3	Higher level of real estate market activity
Other	262	266	4	Revised forecast
	1,561	1,626	65	
Investment Income				
Alberta Heritage Savings Trust Fund	573	46	(527)	Weak equity markets
Alberta Municipal Financing Corporation	331	358	27	Increased lending activity
Agriculture Financial Services Corporation	103	99	(4)	Lower lending activity in prior year
Debt retirement funds	75	105	30	Higher assets
Endowment Funds:				
Medical Research	38	(13)	(51)	Weak equity markets
Science and Engineering Research	13	(9)	(22)	Weak equity markets
Scholarship	11	(4)	(15)	Weak equity markets
Other	40	39	(1)	Revised forecast
	1,184	621	(563)	
Other				
Alberta Dairy Control Board	125	125	-	
Refunds of expenditure	78	186	108	Private crop reinsurance proceeds
Fines and penalties	59	59	-	
Miscellaneous	305	304	(1)	Revised forecast
	567	674	107	
Total Revenue	19,855	20,683	828	

^a Budget numbers have been restated pursuant to the *Gaming and Liquor Amendment Act, 2002*, resulting in a reduction of \$118 million in both revenue and expense.

Expense

Agriculture, Food and Rural Development spending is now forecast to be \$723 million higher than budgeted. This includes \$324 million in acreage payments and payments for covered crops and beehives to eligible farmers and ranchers. In addition, \$399 million is being provided for increased crop insurance, farm income disaster, farm water and grasshopper programs related to drought and disaster conditions. The \$399 million increase is expected to be partly offset by increases in agriculture revenue of \$227 million, which includes \$108 million from private crop reinsurance and an \$82 million federal transfer payment under the federal Canada Farm Income Program.

Sustainable Resource Development spending is forecast to be \$139 million higher than budgeted due to forest fire-fighting costs.

Infrastructure spending is forecast to be \$35 million higher than budgeted. The increase reinstates funding for some school projects that was deferred as part of the corrective actions taken in October 2001.

Transportation spending is forecast to be \$33 million higher than budgeted. The increase restores some of the funding for the rehabilitation of provincial highway projects that was deferred in October 2001.

Gaming spending is forecast to be \$31 million higher than budgeted. The increase reflects the cost of the Community Initiatives Program which was announced on June 24, 2002.

Learning spending is forecast to be \$31 million higher than budgeted. This reflects a contribution of \$35 million to the Teachers' Pension Plan as part of the government's commitment to pay the teachers' share of pre-1992 unfunded pension obligations for one year. The increase is partly offset by the transfer of \$4 million from program expense to capital investment.

Finance spending is forecast to be \$27 million higher than budgeted due to an increase in lending activity of the Alberta Municipal Financing Corporation. The increase is fully offset by increased revenue from the higher lending activity.

Municipal Affairs spending is forecast to be \$17 million higher than budgeted due to disaster relief for southern Alberta flooding and forest fire-fighting costs. The increase is partly offset by \$9 million in federal transfers under disaster cost-sharing agreements.

Debt Servicing Costs are forecast to be \$55 million lower than budgeted. The forecast higher value of the Canadian dollar this fiscal year reduces foreign exchange provisions on US dollar debt.

EXPENSE*(millions of dollars)*

	2002-03		
	Budget	1st Quarter Forecast	Change from Budget
Program			
Legislative Assembly	59	59	-
Aboriginal Affairs and Northern Development	30	30	-
Agriculture, Food and Rural Development	671	1,394	723
Children's Services	675	674	(1)
Community Development	580	580	-
Economic Development	51	51	-
Energy	165	169	4
Environment	110	110	-
Executive Council	15	15	-
Finance	442	469	27
Gaming ^a	98	129	31
Government Services ^b	65	65	-
Health and Wellness	6,837	6,837	-
Human Resources and Employment	1,059	1,059	-
Infrastructure ^b	815	850	35
Innovation and Science	192	192	-
International and Intergovernmental Relations	6	6	-
Justice	236	236	-
Learning	4,664	4,695	31
Municipal Affairs	132	149	17
Revenue	158	158	-
Seniors	283	283	-
Solicitor General	268	268	-
Sustainable Resource Development	191	330	139
Transportation	651	684	33
Total Program Expense	18,453	19,492	1,039
Debt Servicing Costs	585	530	(55)
Total Expense	19,038	20,022	984

^a Budget numbers have been restated pursuant to the *Gaming and Liquor Amendment Act, 2002*, resulting in a reduction of \$118 million in both revenue and expense.

^b Budget numbers have been restated to reflect government organization changes.

Net Change in Capital Assets

The net change in capital assets affecting operations is forecast at \$130 million, an increase of \$37 million from the budget estimate.

Capital investment is \$37 million higher than the budget estimate. Transportation's capital investment has increased by \$32 million due to the reinstatement of some provincial highway projects, which were deferred in October 2001.

The rest of the increase is due mainly to the reallocation of program spending to capital investment by some ministries.

Capital amortization is forecast to be \$340 million, unchanged from the budget estimate.

NET CHANGE IN CAPITAL ASSETS

(millions of dollars)

	2002-03		
	Budget	1st Quarter Forecast	Change from Budget
Capital Investment	433	470	37
Capital Amortization	340	340	-
Net Increase in Capital Assets affecting Operations	93	130	37

CAPITAL INVESTMENT AND AMORTIZATION

(millions of dollars)

	2002-03 Capital Investment			2002-03 Capital Amortization		
	Budget	1st Quarter Forecast	Change from Budget	Budget	1st Quarter Forecast	Change from Budget
Legislative Assembly	-	-	-	-	-	-
Aboriginal Affairs and Northern Development	-	-	-	-	-	-
Agriculture, Food and Rural Development	5	5	-	6	6	-
Children's Services	-	1	1	1	1	-
Community Development	2	2	-	10	10	-
Economic Development	-	-	-	-	-	-
Energy	12	13	1	8	8	-
Environment	-	-	-	16	16	-
Executive Council	-	-	-	-	-	-
Finance	3	3	-	1	1	-
Gaming	-	-	-	-	-	-
Government Services	8	8	-	6	6	-
Health and Wellness	2	2	-	3	3	-
Human Resources and Employment	3	2	(1)	3	3	-
Infrastructure	13	13	-	54	54	-
Innovation and Science	128	128	-	9	9	-
International and Intergovernmental Relations	-	-	-	-	-	-
Justice	2	2	-	1	1	-
Learning	4	8	4	3	3	-
Municipal Affairs	1	1	-	1	1	-
Revenue	4	4	-	3	3	-
Seniors	-	-	-	24	24	-
Solicitor General	-	-	-	-	-	-
Sustainable Resource Development	3	3	-	7	7	-
Transportation	243	275	32	184	184	-
Total Capital Investment/Amortization	433	470	37	340	340	-

Allocation of Economic Cushion

As a result of in-year spending initiatives, the contingency reserve has been almost exhausted. The allocation to the contingency reserve is down by \$7 million to \$174 million. A net \$165 million has been allocated to spending initiatives consisting of:

- ◆ \$100 million to reinstate infrastructure and transportation program spending and capital investment deferred in 2001-02,
- ◆ a \$35 million contribution to the Teachers' Pension Plan,
- ◆ \$31 million for the new Community Initiatives Program, and
- ◆ a net lapse of \$1 million in other spending.

This leaves only \$9 million in the contingency reserve.

Pursuant to section 4(2) of the *Fiscal Responsibility Act*, Orders in Council declared drought, forest fire and flood disasters on August 20. Under the disaster provisions, \$723 million in drought relief to farmers, \$139 million of forest fire-fighting costs and \$17 million in southern Alberta flood assistance are not deductions from the contingency reserve. Instead, these expenses are deducted from the economic cushion prior to the calculation of the 75%/25% allocation.

Section 4(3) of the Act provides that certain surplus neutral spending changes are also not deductions from the contingency reserve. These consist of:

- ◆ \$27 million of Alberta Municipal Financing Corporation spending on its lending activities, and
- ◆ \$5 million of Alberta Energy and Utilities Board capital and program spending on its orphan well abandonment program.

ALLOCATION OF ECONOMIC CUSHION

(millions of dollars)

	Budget ^a	Forecast Changes	Revised Forecast	Cushion Allocation	1st Quarter Forecast
Revenue	19,855	828	20,683	-	20,683
Expense					
Program	18,453	910	19,363	129	19,492
Debt Servicing Costs	585	(55)	530	-	530
Net Change in Capital Assets affecting Operations	93	1	94	36	130
Total Expense and Net Change in Capital Assets	19,131	856	19,987	165	20,152
Economic Cushion	724	(28)	696	(165)	531
Allocation of Economic Cushion					
Debt Repayment/Increase in Assets	543	(21)	522	-	522
Contingency Reserve	181	(7)	174	(165)	9

^a Budget numbers have been restated pursuant to the *Gaming and Liquor Amendment Act, 2002*, resulting in a reduction of \$118 million in both revenue and expense.

Net Assets and Accumulated Debt

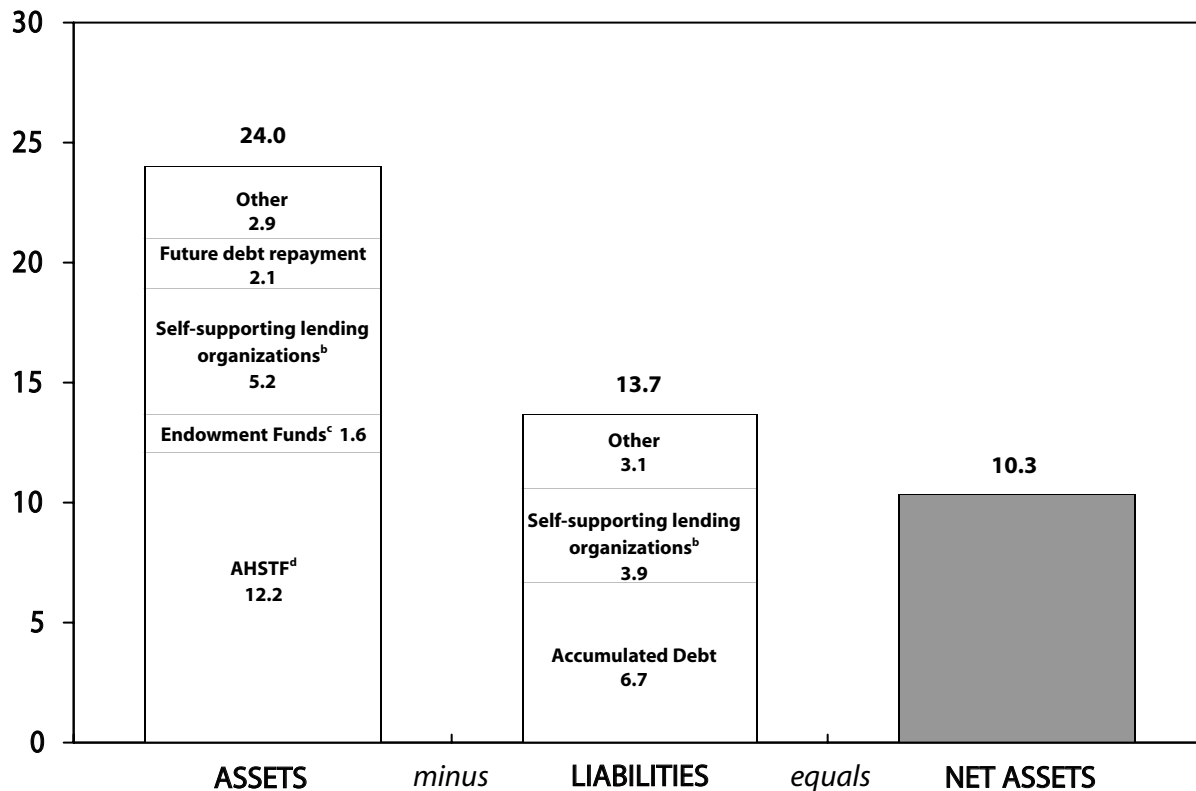
At March 31, 2003, the province's financial assets are forecast to total \$24.0 billion. Total liabilities, excluding pension obligations, are forecast at \$13.7 billion, resulting in net assets of \$10.3 billion. The province's accumulated debt is forecast to decline by \$1.7 billion to \$6.7 billion by March 31, 2003.

It is expected that \$2.1 billion of the funds that have been set aside for future debt repayment will remain in the account at year end. This would reduce accumulated debt to \$4.6 billion.

FORECAST OF ASSETS, LIABILITIES AND NET ASSETS^a

AT MARCH 31, 2003

(billions of dollars)



^a Excludes pension obligations of \$4.827 billion which are scheduled for elimination under a separate 1993 legislated plan.

^b Includes Alberta Municipal Financing Corporation and Agriculture Financial Services Corporation.

^c Includes Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Scholarship Fund and Alberta Heritage Science and Engineering Research Endowment Fund.

^d Alberta Heritage Savings Trust Fund. Total assets of \$12.256 billion less \$100 million of internal holdings of provincial corporation and General Revenue Fund debt.

CASH AVAILABLE FOR DEBT REPAYMENT*(millions of dollars)*

	2002-03		
	Budget	1st Quarter Forecast	Change from Budget
Allocation for debt repayment and increase in financial assets	543	522	(21)
Natural gas royalty cash adjustments	(184)	158	342
Other cash adjustments	(104)	(245)	(141)
	255	435	180
Less: Retained income of funds and agencies			
Alberta Treasury Branches	117	117	-
Agriculture Financial Services Corporation	8	(161)	(169)
Science and Engineering Research Endowment Fund	2	(20)	(22)
Foundation for Medical Research Endowment Fund	(34)	(85)	(51)
Scholarship Fund	(8)	(24)	(16)
Other	(8)	(6)	2
Total retained income	77	(179)	(256)
Cash available from current operations	178	614	436
Cash available from 2001-02 ^a	3,155	3,155	-
Cash Available for Accumulated Debt Repayment	3,333	3,769	436
Allocation of Cash Available:			
2002-03 maturities and redemptions	1,566	1,690	124
Future maturities and redemptions ^a	1,767	2,079	312
Cash Available for Accumulated Debt Repayment	3,333	3,769	436

^a Cash set aside in the budget has been restated to reflect the March 31, 2002 actuals.**ACCUMULATED DEBT***(millions of dollars)*

	2002-03		
	Budget	1st Quarter Forecast	Change from Budget
Accumulated debt at the start of the year ^a	8,416	8,416	-
Less: Accumulated debt repayment in 2002-03	1,566	1,690	124
Accumulated Debt at March 31, 2003	6,850	6,726	(124)
Less: Cash set aside for future accumulated debt repayments ^a	1,767	2,079	312
	5,083	4,647	(436)

^a Accumulated debt and cash set aside in the budget have been restated to reflect the March 31, 2002 actuals.**NET FINANCING REQUIREMENTS***(millions of dollars)*

	2002-03		
	Budget	1st Quarter Forecast	Change from Budget
Requirements:			
General Revenue Fund term debt maturities and redemptions	1,560	1,523	(37)
School construction loans	90	90	-
Provincial corporations' term borrowing requirements	165	173	8
Adjustments	(84)	77	161
Gross financing requirements	1,731	1,863	132
Term debt borrowing to date	-	-	-
Cash applied to accumulated debt repayment	(1,566)	(1,690)	(124)
Net Remaining Financing Requirements	165	173	8

FISCAL YEAR ASSUMPTIONS, 2002-03

	Sensitivities (\$ million) ^a				Assumptions	
	Annual Change	Revenue	Spending	Net Change	Budget	1st Quarter Forecast
Oil Price (WTI US\$/bbl)	-\$1.00	-108	-	-108	20.00	25.50
Natural Gas Price (Cdn\$/mcf)	-10¢	-137	-	-137	3.00	3.25
Exchange Rate (US¢/Cdn\$)	+1¢	-132	-36	-96	64.30	66.00
Interest Rates	-1%	-65	-27	-38		
3-month Canada Treasury Bills					2.65	3.20
10-year Canada Bonds					5.70	5.85

^a Sensitivities are based on current assumptions of prices and rates and show the effect for a full 12 month period. Sensitivities can vary significantly at different price and rate levels. The interest rate sensitivity does not include the potential effect of realized capital gains or losses.

ACTUAL RESULTS

FOR THE FIRST THREE MONTHS OF 2002-03

METHOD OF CONSOLIDATION

This financial summary is prepared on the same basis as used in Budget 2002.

The results of all government departments, funds and agencies, except those designated as commercial enterprises, are consolidated on a line-by-line basis. Revenue and expense transactions between consolidated entities have been eliminated.

The accounts of Crown-controlled corporations and provincial agencies designated as commercial enterprises are consolidated on an equity basis, the equity being computed in accordance with generally accepted accounting principles.

BASIS OF FINANCIAL REPORTING

The consolidated fiscal summary reports revenue (including proceeds from sale of capital assets), expense (including amortization of capital assets), and net revenue. Consistent with the policy that capital assets are not included in the province's financial assets, losses on disposal and write-downs of capital assets do not affect revenue, expense or net revenue for the period. The intermediate result of operations (net revenue) is then adjusted for the difference between capital investment and capital asset amortization. The final result is the consolidated net results of operations subject to the *Fiscal Responsibility Act*.

Expense includes the province's annual cash payments towards the unfunded pension obligations. Expense excludes the annual change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements.

Revenue and expense are recorded using the accrual basis of accounting. Cash received for goods or services which have not been provided by period end is recorded as unearned revenue. Debt servicing costs include interest payable, amortization of discount on debt issues, and amortization of unrealized exchange gains and losses on unhedged foreign currency debt.

Comparative 2001-02 figures have been restated where necessary to conform to 2002-03 presentation.

CONSOLIDATED FISCAL SUMMARY^a

for the three months ended June 30, 2002 (unaudited)

(millions of dollars)

	First Three Months		
	2002-03	2001-02	Change
Revenue			
Income Taxes	1,733	994	739
Other Taxes	624	554	70
Non-Renewable Resource Revenue	1,503	2,442	(939)
Transfers from Government of Canada	687	700	(13)
Net Income from Commercial Operations	455	439	16
Premiums, Fees and Licences	504	416	88
Investment Income	38	327	(289)
Other	197	107	90
Total Revenue	5,741	5,979	(238)
Expense			
Program	4,615	4,662	(47)
Debt Servicing Costs	119	194	(75)
Total Expense	4,734	4,856	(122)
Net Revenue	1,007	1,123	(116)
Net Increase (Decrease) in Capital Assets affecting Operations ^b	(17)	(10)	(7)
Net Results of Operations	1,024	1,133	(109)

^a Subject to the *Fiscal Responsibility Act*. Includes the province's annual cash payments towards the unfunded pension liability, which will be eliminated over a longer term under a separate legislated plan. Does not include the annual change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements.

^b Converts capital expense to a pay-as-you-go basis for the purposes of the consolidated net results of operations.

EXPENSE

for the three months ended June 30, 2002 (unaudited)

(millions of dollars)

	First Three Months		Change
	2002-03	2001-02	
Program			
Legislative Assembly	13	11	2
Aboriginal Affairs and Northern Development	13	21	(8)
Agriculture, Food and Rural Development	252	172	80
Children's Services	169	152	17
Community Development	150	158	(8)
Economic Development	11	12	(1)
Energy	36	34	2
Environment	24	29	(5)
Executive Council	4	3	1
Finance	113	115	(2)
Gaming	25	43	(18)
Government Services	14	14	-
Health and Wellness	1,653	1,439	214
Human Resources and Employment	249	236	13
Infrastructure	173	505	(332)
Innovation and Science	31	40	(9)
International and Intergovernmental Relations	1	1	-
Justice	63	57	6
Learning	1,116	1,152	(36)
Municipal Affairs	59	50	9
Revenue	28	22	6
Seniors	66	68	(2)
Solicitor General	63	61	2
Sustainable Resource Development	164	103	61
Transportation	125	164	(39)
Total Program Expense	4,615	4,662	(47)
Debt Servicing Costs	119	194	(75)
Total Expense	4,734	4,856	(122)

NET INCREASE (DECREASE) IN CAPITAL ASSETS AFFECTING OPERATIONS

for the three months ended June 30, 2002 (unaudited)

(millions of dollars)

	First Three Months		Change
	2002-03	2001-02	
Capital Investment			
Legislative Assembly	-	-	-
Aboriginal Affairs and Northern Development	-	-	-
Agriculture, Food and Rural Development	1	-	1
Children's Services	-	-	-
Community Development	-	-	-
Economic Development	-	-	-
Energy	6	-	6
Environment	-	-	-
Executive Council	-	-	-
Finance	1	1	-
Gaming	-	-	-
Government Services	-	-	-
Health and Wellness	-	-	-
Human Resources and Employment	-	-	-
Infrastructure	6	3	3
Innovation and Science	-	1	(1)
International and Intergovernmental Relations	-	-	-
Justice	-	-	-
Learning	-	-	-
Municipal Affairs	-	-	-
Revenue	-	-	-
Seniors	-	-	-
Solicitor General	-	-	-
Sustainable Resource Development	1	1	-
Transportation	46	44	2
	61	50	11
Less: Capital Amortization	78	60	18
Net Increase (Decrease) in Capital Assets affecting Operations	(17)	(10)	(7)

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