



Fiscal Update

Revenue

Total revenue is \$3.4 billion higher than estimated in *Budget 2003*. Higher than expected oil and natural gas prices are forecast to add approximately \$2.7 billion to provincial revenues. Provincial law requires that 2003-04 non-renewable resource revenue above \$3.5 billion be transferred to the Sustainability Fund. Investment income is also \$630 million higher than budgeted.

Spending

Government spending is forecast to be \$1.2 billion higher than the budget estimate. Of this, \$915 million is for disaster and emergency assistance for agriculture (including transfers from the federal government for BSE) and forest fires. A further \$216 million is also being used for natural gas rebates this winter.

Money for disasters, emergency assistance, and natural gas rebates comes from the Sustainability Fund.

In *Budget 2003*, the government set aside one per cent of budgeted revenue to address in-year non-emergency contingencies, amounting to \$210 million. That amount, and some ministries funding lapses, has now been committed to address cost pressures and initiatives, notably in education and seniors and social assistance programs.

The cost of servicing Alberta's remaining debt is forecast to be \$185 million less than expected this year, as the strong Canadian dollar makes debt held in US dollars less expensive.

Sustainability Fund

The Sustainability Fund is a key part of how the province manages Albertans' dollars. The province spends the first \$3.5 billion in resource revenues on government programs. Revenues over \$3.5 billion go into the fund, and can only be used to address emergencies, disasters, natural gas rebates, or a decline in revenues.

Alberta expects to meet the Sustainability Fund target of \$2.5 billion this year, ahead of forecast, with the third quarter showing \$4.3 billion in the Sustainability Fund.

Activities this Quarter

The Third Quarter Activity Report shows some of the government's activities and accomplishments over the past three months.

Among others:

*The government **listened** to Albertans and:*

supported the establishment of the Utilities Consumer Advocate to assure consumers that a specific body will represent their interests in the area of utilities.

held 56 meetings with about 7,800 Alberta producers to introduce the Canadian Agricultural Income Stabilization (CAIS) program.

established an MLA review committee to consult stakeholders and assess public response to proposed health and safety standards for secondary suites.

*The government worked to improve the quality of life for Alberta's **people** as it:*

awarded \$20 million in capital funding to Alberta's regional health authorities. As part of the Health Sustainability Initiative Fund, this grant will fund 18 projects that expand the range of health care services available to Albertans.

provided benefits to 59,545 children of low-income families in the Alberta Child Health Benefit program, an increase of nearly 4,000 over last year.

committed to support 84 of the 95 recommendations of Alberta's Commission on Learning, including class-size guidelines, greater emphasis on fine arts and second-languages and increased focus on supporting Aboriginal students and students with special needs.

provided about \$5.8 million through the Supplementary Accommodation Benefit to some 8,000 low income seniors living in long term care facilities to assist them with their accommodation fees.

Fiscal Update cont'd

Plans for Sustainability Fund at year-end

Under the *Fiscal Responsibility Act*, when the Sustainability Fund exceeds \$2.5 billion, excess dollars in the fund can only go toward paying down the debt, increasing the Capital Account, or improving the province's assets.

The government plans to continue its balanced fiscal approach by putting \$893 million against Alberta's debt, and setting \$893 million aside in the Capital Account to pay for needed provincial infrastructure as part of the Capital Plan in the 2004 Budget.

Debt

Alberta's accumulated debt is forecast to be down to \$3.7 billion by the end of the fiscal year, down \$1 billion from last year, net of cash set aside for future repayments.

Capital Plan

The Capital Plan will see \$1.64 billion spent on the province's highway network, municipal transportation grants, health and education facilities, housing, and other infrastructure. This is \$36 million lower than budgeted, mainly due to revised project schedules.

For more information: request a copy of the Third Quarter Fiscal Update from your MLA, online at www.finance.gov.ab.ca, or by calling 310-0000.

Activities this Quarter cont'd

The government contributed to Alberta's prosperity as it:

expanded access to high-quality learning opportunities for students through the launch of eCampus Alberta. Post-secondary students will have even greater choice and access with a variety of courses that are being made available online.

finalized the renewal of a Memorandum of Understanding with China to strengthen mutual cooperation in agricultural production and processing.

established Alberta as Canada's number one wind power producer, which comes as a result of electricity deregulation and subsequent investor confidence in wind power developments in Alberta.

The government contributed to Alberta's preservation as it:

awarded 90 grants totalling \$181,365 for various provincial and community-based projects in the areas of sport, recreation, parks and wildlife.

spoke with more than 14,450 people during compliance checks, and investigated about 1,600 complaints of illegal activities involving fish and wildlife resources.

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