

Activity Report

Activity Report *cont'd...*

The **2006-07 Second Quarter Activity Report** covers some of the activities, programs, and initiatives undertaken by the Government of Alberta from July to September 2006. The complete Activity Report may be obtained by visiting www.finance.gov.ab.ca, any MLA constituency office, or by calling toll free 310-4455. Below are some highlights from the report:

- » **Sponsored** The Banff Venture Forum. More than 300 local and international investors and government officials attended and learned about the hottest hi-tech companies in western Canada. The Forum provided insight into key industry issues, premium networking opportunities, as well as the chance to learn from world-class investment professionals.
- » **Introduced** new state-of-the-art technology to link 53 Provincial Court locations with correctional facilities around the province, reducing the number of prisoner transfers and increasing the efficiency of court processes. Videoconferencing technology uses video cameras and television screens to provide two-way communication between correctional facilities and courtrooms.
- » **Established** cross-sector IP videoconferencing service standards for the Alberta SuperNet, which will allow integrated videoconferencing for the Alberta government. As of the end of quarter, six ministries, seven regional health authorities, three libraries, and over 40 education facilities are connected to videoconferencing services over Alberta SuperNet.
- » **Completed** the installation of the Regional Shared Health Information Program (RSHIP). RSHIP will contain the electronic health records of 1.2 million Albertans living in seven of the nine health regions and is a significant step forward in the development of Alberta Netcare, our provincial electronic health record.

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- » **Initiated** a study together with the Alberta Forest Products Association to examine competitiveness challenges facing the province's forest industry. In the meantime, several immediate measures were announced to help the forest industry deal with competitiveness pressures over the short term, including attention to trucking and transportation issues.
- » **Introduced** electronic driver knowledge tests to replace written tests for new drivers and people applying for other licence classes. The Driver Knowledge Test System effectively uses technology to randomly select test questions from a large pool. This eliminates the potential for cheating and, as a result, increases safety on our roads. Government covered the full \$650,000 cost of implementing the new system, including cabling and workstations at each registry.
- » **Enhanced** the province's dividend tax credit and boosted the small business income threshold. Eliminating the double taxation of corporate dividends and increasing the income threshold for small business helps encourage investment and business growth in the province, and helps ensure that Alberta remains the place to do business.
- » **Launched** the Bioindustrial loan program, aimed at encouraging growth of a biofuels industry in the province that will use feedstock from Alberta-based processing facilities.
- » **Implemented** a three-year pilot project-through the Alberta Aids to Daily Living program-to provide Speech Generating Communication Devices (SGCD). Funding is available to residents of Alberta with severe communication impairments that results in them unable to speak.
- » **Removed** the income eligibility cap and eligibility restriction of the Supports for Permanency program to help more children in government care find permanent homes. The program assists with some of the financial costs for families who adopt or obtain private guardianship of children in care.

Second Quarter QuickFacts Fiscal Update - Activity Report



2006 - 2007 Quarterly Budget Report

Fiscal Update

Alberta's strong economy drives revenue increase

The Government of Alberta's *2006-07 Second Quarter Fiscal Update* forecasts a **surplus** of \$5.4 billion, a \$1.3 billion increase from budget. A vibrant, growing economy is strengthening Alberta's 2006-07 financial outlook and has allowed increased **capital support** and **savings**.

Revenue

Total revenue is forecast at \$35.1 billion, an increase of \$2.7 billion from budget and \$1.2 billion higher than the first quarter forecast. The increase reflects higher income tax revenue and investment income.

Non-renewable resource revenue is forecast at \$11.6 billion, an increase of \$197 million from budget. Energy markets continue to be volatile. While the forecast for total **oil royalties** has increased by \$1.3 billion from budget, to \$3.9 billion, the **natural gas royalties** forecast has decreased by \$1.7 billion from budget, to \$5.4 billion, reflecting the softening of natural gas prices.

Personal income tax revenue is forecast at \$7.4 billion, up \$1.4 billion from budget and \$688 million from first quarter, reflecting strong personal income growth as well as a positive prior years' adjustment.

Corporate income tax revenue is forecast at \$2.8 billion, up \$573 million from budget due to a stronger outlook for corporate profits.

Expense

Total expense is forecast at \$29.7 billion, \$1.4 billion higher than the budget estimate, reflecting significant increases in **capital grants, disaster/emergency assistance, and funding for school and health authority operations**.

Ministry of **Education** funding has been increased by \$302 million to more than \$5.4 billion. The increase includes \$63 million for operating costs and other increases, and \$239 million for school maintenance and renewal, cost escalation of approved projects, modular classrooms, new schools and preservation projects.

An additional \$264 million in **Health and Wellness** funding is being provided, bringing total funding to \$10.6 billion. The increase includes \$152 million for medical equipment capital grants, \$81 million for health authority operations, and \$31 million for auxiliary nursing salary adjustments.

Savings and Funds

A total of \$2.5 billion has been allocated in 2006-07 to savings and funds, including the new Energy Innovation Fund. Highlights include:

- \$1.3 billion for the **Heritage Fund** (\$1 billion deposit and \$283 million for inflation-proofing)
- \$250 million for the **advanced education endowment** (in the Heritage Fund)
- \$500 million for the **Alberta Cancer Prevention Legacy Fund**
- \$200 million for a new **Energy Innovation Fund**, to support energy development and efficiency, as well as environmental protection and sustainability
- \$150 million for the **Medical Research Endowment Fund**
- \$100 million for the **Science and Engineering Research Endowment Fund**
- \$20 million for the **Scholarship Fund**

2006-07 Capital Plan

Capital commitments have been increased by \$2.7 billion, including \$895 million in 2006-07 and \$1.8 billion in future years. This provides for cost escalation of approved projects, additional school projects, post-secondary facilities, medical equipment, public transit, housing, community facilities, a new Edmonton Remand Centre, a police information technology system, petroleum storage tank site remediation, regional water systems, and other infrastructure support.

Highlights from the 2006-07 \$5.1 billion Capital Plan include:

- A total allocation of \$1.2 billion for **municipal infrastructure support**, \$155 million higher than budgeted
- An increase of \$152 million for **health facilities and equipment**, bringing total allocation to \$900 million
- A total allocation of \$578 million for **schools**, an increase of \$239 million from budget
- An increase of \$118 million for **post-secondary facilities**, bringing the total allocation to \$396 million
- \$135 million for **water and wastewater management**, a \$45 million increase from budget. A further \$170 million has been committed for regional water systems in 2007-09
- \$1.9 billion in other capital support, including the provincial highway network, and government facilities, housing and equipment.

The complete 2006-07 Second Quarter Fiscal Update may be obtained by visiting www.finance.gov.ab.ca, any MLA constituency office, or by calling toll free 310-4455.