

ENERGY PRICES PRODUCE RECORD REVENUE

Continued high oil and gas prices have resulted in an increased revenue forecast as reported in the Government of Alberta's 2005-06 Second Quarter Fiscal Update. Non-renewable resource revenue is now forecast at a record \$13.2 billion.

Revenue

Total revenue, after deducting the \$1.3 billion cost of the Alberta 2005 Resource Rebates, is forecast to be \$5.8 billion higher than estimated in the budget, as energy prices are considerably higher than anticipated when the budget was prepared. Non-renewable resource revenue is forecast at a record \$13.2 billion, an increase of \$5.5 billion from the budget.

Expense

Total expense is forecast to increase by nearly \$1.5 billion from the budget. Disaster and emergency assistance has been increased by \$389 million to pay for the costs of flooding, forest fires, BSE and pine beetle infestations. An additional \$375 million is being forecast for natural gas rebates, \$481 million is being provided for increased capital grants from the Capital Account, and there is a net increase of \$207 million in other areas.

2005-06 Capital Plan

Capital Plan spending (capital grants plus capital investment in government-owned projects) is forecast to reach nearly \$4 billion, \$801 million higher than budgeted.

Managing the Surplus

Smart Spending

The largest share of this year's higher-than-expected revenue will be used to improve infrastructure in Alberta, including schools, hospitals and roads. Additional capital support includes:

- \$122 million for schools and post-secondary facilities as part of a multi-year commitment,
- \$90 million for community facilities and Centennial projects, including the Edmonton Northlands, Calgary Exhibition and Stampede, and the Calgary Zoo, and
- \$65 million for health facilities, representing the first year of the announced \$1.4 billion in increased support for capital facilities.

In addition, \$3.4 billion will be deposited into the Capital Account to help pay for health, education, highways and other infrastructure commitments in future years.

Saving

As part of the government's plan to use this year's surplus, the province's savings are also being increased. The government will save \$1.6 billion in the Heritage Fund and endowment funds, including those supporting post-secondary education, medical research and innovation

The Heritage Fund will receive allocations of \$750 million for the Advanced Education endowment and \$295 million to protect it from inflation. Other allocations include:

- \$250 million for the Alberta Heritage Scholarship Fund,
- \$200 million for the Medical Research Endowment Fund, and
- \$100 million for the Science and Engineering Research Endowment Fund.

Giving back to Albertans

Part of this year's higher-than-expected revenue is being returned to Albertans through the Alberta 2005 Resource Rebate. Albertans are expected to receive about \$1.3 billion in rebates.

Under the program, Albertans will receive \$400 each in the new year. Albertans can use this money as they see fit, whether they save it or spend it.

Activity Report

2nd 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.

- Celebrated Alberta's centennial on September 1 with AlbertaSpirit, a province-wide event linking 10 communities through video screens and simultaneous fireworks. About 250,000 people came together with television and webcast audiences for the party of the century
- Launched the public consultation phase of A Learning Alberta, which included an online survey to provide input from Albertans on a proposed policy framework for the advanced learning system in Alberta. In addition, eight regional stakeholder meetings were held across the province in September and October, focusing on gathering feedback on the steering committee's work.
- Opened the new Agri-Food Business Centre in Leduc to help Alberta's agri-food entrepreneurs develop business skills and get more Alberta food products on grocery shelves and onto Albertans' plates.
- Established the Environmental Protection Commission in response to the CN derailment at Lake Wabamun. The commission was established to review and make recommendations on Alberta's ability to respond to environmental incidents.
- Announced a four per cent premium reduction in mandatory automobile insurance, effective November 1, 2005. The reduction was the result of the first review of compulsory premiums by the Automobile Insurance Rate Board, and brings total reductions to 15 per cent since the introduction of reforms.
- Increased Alberta's minimum wage from \$5.90 to \$7.00 per hour.
- Completed the Alberta SuperNet, a broadband network that provides high-speed Internet access to all provincial buildings, including schools, libraries, health facilities, and government offices. The network also has the capacity to bring high-speed Internet access to more than 86 per cent of Albertans, making it a key factor in rural Alberta's social and economic development.
- Signed phase two of the Canada-Alberta Affordable Housing Program, which committed a total of \$63 million over two years to create a minimum of 440 supportive and affordable living units.
- Provided more than \$600,000 in Alberta Community Crime Prevention grants to organizations across the province. The grant program is part of the government's renewed crime prevention strategy to deliver programs that deter crime, promote community safety, and address the root causes of crime.
- Approved degree-granting status for Edmonton's Grant MacEwan College for four-year Bachelor of Arts degrees in Anthropology, Economics, English, History, Philosophy, Political Science, Psychology, and Sociology, as well as a four-year Bachelor of Child and Youth Care degree program. This provides more opportunities for students to reach their full potential and increases access for students entering Alberta's post-secondary system.