

Social Programs

Spending on social programs will increase by \$92 million, or 4.6 per cent, in 2003-04 to \$2.1 billion. This will include spending for child protection and services to children with disabilities, child care, support for the Alberta Centre for Child, Family and Community Research, Alberta Child Health Benefits and funding for *Alberta's Promise*.

Spending will also increase for persons with developmental disabilities by \$37 million, or 9 per cent, to \$443 million and the Assured Income for the Severely Handicapped will increase by \$7.5 million, or 2.1 per cent, to \$357 million.

The Supports for Independence Program will increase by \$4 million to fund higher benefits for clients with children and those not expected to work.

Funding for the Alberta Seniors Benefit program for lower income seniors will increase by about \$2 million, to \$156 million.

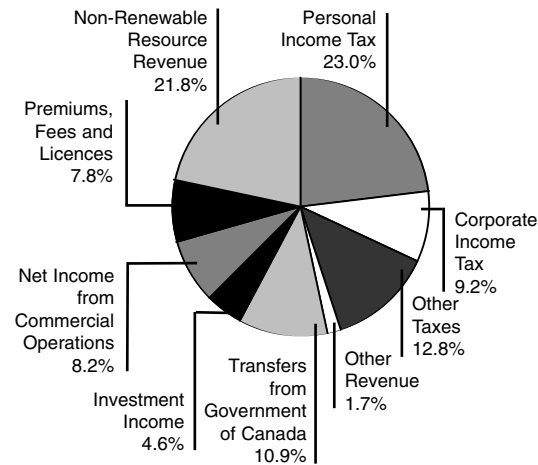
Making Alberta Even Better - Building on the Alberta Advantage -

- Alberta continues to have the lowest debt per capita in Canada and the best credit rating. Net of cash set aside for future debt repayment, Alberta's debt is \$4.8 billion.
- We are saving \$1.3 billion annually in debt servicing costs.
- This year, debt servicing costs are projected to be \$465 million, a decrease of \$85 million from 2002-03.
- Economic growth is estimated at a strong 3.6 per cent in 2003 as investment in conventional energy recovers and exports improve.
- Close to 37,000 new jobs are forecast to be created in Alberta in 2003, with over 100,000 more jobs by 2006.
- Albertans continue to enjoy the lowest overall personal and business tax load in Canada. Alberta has no sales tax, no payroll tax and no capital tax and the lowest fuel tax.
- Alberta has the second lowest general corporate income tax rate and small business tax rate in Canada.
- Albertans enjoy the highest personal incomes in Canada.
- We continue to lead all provinces in retail sales per capita.
- Alberta continues to lead, as it has for decades, all provinces in total private sector investment per capita. For the last five years, it has been more than double that of the next highest province.
- Over the last five years, our average growth in the number of businesses has been the fastest of any province in the country.

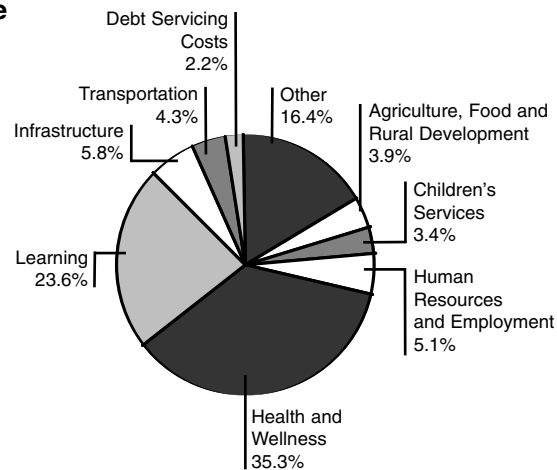
Making Alberta Even Better - Expense and Revenue -

Total revenue is estimated at \$21.9 billion for this fiscal year. About \$1.3 billion in resource revenue is expected to be deposited into the Alberta Sustainability Fund. Over \$400 million will be withdrawn from the capital account to help pay for capital expense. The economic cushion, after these adjustments, is budgeted at \$268 million.

2003-04 Revenue \$21.9 billion



2003-04 Expense \$20.8 billion



Complete copies of *Budget 2003* and information on the *2003-06 Government of Alberta Business Plan* are available at www.finance.gov.ab.ca or by calling toll free (310-0000) 427-3035.

Finance
ALBERTA

Alberta 2003 Budget

Making Alberta Even Better



BUDGET IN BRIEF

Alberta
GOVERNMENT OF ALBERTA

Making Alberta Even Better - New Fiscal Framework -

Albertans have worked hard to achieve the strongest fiscal position in Canada. *Budget 2003* builds on these fiscal strengths and lays the groundwork for an even better Alberta.



Budget 2003 builds on:

- Balanced budgets (*Budget 2003* is the tenth consecutive balanced budget in Alberta)
- Lowest overall taxes and no sales tax
- Strongest economy in Canada
- Only provincial government whose assets exceed liabilities
- One of the best health care systems in the country and among the best education results in the world

Budget 2003 establishes a new era of fiscal planning that will add greater predictability and sustainability to the province's fiscal plan.

Along with a strong economy, we also have the fastest growing population in Canada. This budget helps address the pressures this growth creates on our infrastructure and core programs.

Alberta Sustainability Fund

The new Alberta Sustainability Fund will protect government programs from volatile oil and gas revenue. Spending of resource revenue will be fixed at \$3.5 billion. Energy revenue over \$3.5 billion goes into the sustainability fund to protect programs from future drops in energy prices. Albertans can be confident that spending budgeted at the beginning of the year will be stable even if resource revenue dips below \$3.5 billion.

Alberta Sustainability Fund:

- Receives resource revenue above \$3.5 billion
- Receives year-end surpluses
- Withdrawals from the Fund can only be made if:
 - 1) resource revenue is less than \$3.5 billion;
 - 2) there is a declared emergency;
 - 3) resource revenue is greater than \$3.5 billion, but other revenue is lower than the budget forecast; or
 - 4) rebates are required under the *Natural Gas Price Protection Act*.

Debt

Much of Alberta's ability to make these improvements to the fiscal framework is based on our ability to balance budgets and reduce debt. Over the past nine years Alberta's debt has been reduced by nearly 80 per cent and Alberta has by far the lowest debt load per person of any provincial government in Canada. Debt servicing costs now account for just two per cent of revenue.

With the help of solid revenue performance in the past we have set money aside to cover debt payments for all of next year and a portion of 2004-05. Including the cash set aside for future debt reduction, accumulated debt has been reduced from \$22.7 to \$4.8 billion. Alberta's remaining debt must be eliminated by 2025.

As a result of our debt reduction efforts, nearly \$1.3 billion in annual interest costs have been freed up to fund Albertans' program priorities and to keep taxes low.

Taxes

Albertans continue to enjoy the lowest overall taxes in the country. This year Alberta will proceed with corporate income tax cuts, continue with indexation of the personal income tax system and freeze school property tax rates. There are no changes to other tax rates, health care insurance premiums or major fees.

On April 1, the general corporate income tax rate was cut to 12.5 per cent, small business rate was reduced to 4 per cent and the small business income threshold was increased to \$400,000.

Albertans save \$1.5 billion annually due to personal income tax cuts phased in from 1999 to 2001. By indexing the province's non-refundable tax credits to inflation, the value of these tax cuts will not be eroded over time. This year, Albertans will pay \$130 million less in personal income tax as a result of indexation introduced in 2001.

Making Alberta Even Better - Programs and Services for Albertans -

Health

In 2003-04, Health and Wellness spending will increase by 7.2 per cent, or \$492 million, to \$7.35 billion. Over \$20 million every day is spent on health care in Alberta.

The increase will go toward health priorities, including Regional Health Authorities, diagnostic and medical equipment, the Alberta Cancer Board, the Alberta Mental Health Board, major cardiac surgeries and organ transplants, physician services and health reform initiatives and other programs.



Learning

Base program spending by Learning will increase by \$219 million, or 4.7 per cent, to \$4.9 billion in this fiscal year. This funding will increase base program spending for public and separate school boards by 4.9 per cent. It includes increases in the basic instruction grants, student transportation grants, and school technology upgrading. There will also be a one-time allocation of \$20 million to school boards to purchase classroom resources.

Post secondary base program funding will increase by 4.1 per cent. This will include an

increase in base operating grants, maintaining student spaces for apprentices, and initiatives that will enhance accessibility in high-priority programs.

Capital Plan

Alberta's new fiscal framework will make capital spending more predictable. Starting with *Budget 2003*, a new three-year capital plan will lay out the government's commitment for capital funding. The capital plan will help address the pressures created by a growing economy and population.



In *Budget 2003*, the government is also doubling funding for capital, including restoring funding to major projects that were deferred in 2001. Of the \$5.5 billion that is allocated in the capital plan over the next three years, \$1.7 billion will be spent this fiscal year. The plan includes support to school boards, post-secondary institutions, health authorities, municipalities and other local authorities and organizations, as well as investment in government-owned infrastructure and equipment.

All told, close to 70 per cent of the province's total expense is allocated to Health and Wellness, Learning, Infrastructure and Transportation.