

## First quarter fiscal update confirms debt elimination

High oil and natural gas prices mean Alberta can set aside a final \$3 billion against the province's accumulated debt.

The province's total revenue is almost \$4 billion higher than estimated in Budget 2004, mostly due to higher non-renewable resource revenue, income tax revenue and investment income.

Total expense has increased about \$1.4 billion. Some \$700 million has been added to health funding, including \$500 million in health capital grants from the Capital Account. Funding increases will help reduce school class sizes and improve Alberta Seniors Benefits. As well, all seniors will be exempted from paying health care insurance premiums effective October 1, 2004. The province has also provided \$379 million in response to BSE, floods, and forest fires, and set aside \$285 million for expected natural gas rebates this winter.

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### Fiscal Update

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#### **Revenue**

Total revenue is almost \$4 billion higher than estimated in *Budget 2004*. Higher than expected oil and natural gas prices are forecast to add approximately \$3.1 billion to provincial revenues. Tax and investment income are also expected to be higher, largely due to the strong economy and improved income from the Heritage Savings Trust Fund and other endowment funds.

#### **Spending**

Government spending is forecast to be \$1.4 billion higher than the budget estimate. Some \$700 million has been added to health funding, including \$500 million for health capital grants funded by the province's Capital Account. This funding will provide operational support and capital grants to health authorities, acute care beds in Edmonton and Calgary, rural health capital, and planning for the South Calgary Hospital and Health Sciences Ambulatory Learning Centre in Edmonton..

As well, added funding of \$52 million will reduce school class sizes, and \$30 million will improve Alberta Seniors Benefits. All seniors will also be exempted from paying health care insurance premiums effective October 1, 2004.

The province's Sustainability Fund has provided \$379 million for BSE assistance, forest fires, and flood relief. Some \$285 million has been set aside for expected natural gas rebates this winter.

#### **Debt**

The government announced plans to put a final \$3 billion against the accumulated debt, eliminating it. The money will be protected in the Debt Retirement Account, to pay off accumulated debt as it matures.

Over the past 11 years, nearly \$23 billion has been committed to debt repayment. This has reduced annual debt-servicing costs by about \$1.4 billion, money that has been freed up for programs and services for Albertans.

#### **Capital Plan**

The Capital Plan will see almost \$2.9 billion in investment this year, including grants to schools, post-secondary institutions, health authorities, municipalities, other local authorities, and investment in provincially owned projects. This is an increase of \$492 million over the Capital Plan budget.

Changes in the Capital Plan include a \$500 million increase for health capital, an \$18 million increase for the provincial highway network, and \$3.5 million provided to Canmore Nordic Centre to improve facilities in support of the 2005 Cross-Country Ski World Cup bid.

Partly offsetting this increase are lower costs associated from the rescoping and rescheduling of some capital projects.

*The First Quarter Activity Report shows some of the government activities and accomplishments over the past three months. Among others:*

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

Introduced a new **auto insurance** system that will result in lower premiums for good drivers, fair pricing for less-experienced drivers, and fast treatment for people injured in collisions.

Created an **advisory council** of 10 Albertans to provide the Utilities Consumer Advocate with consumer input on retail natural gas and electricity issues.

Organized an Aboriginal Leaders' Roundtable on Aboriginal Tourism in Edmonton in conjunction with Alberta Aboriginal Affairs and Northern Development. The roundtable provided an opportunity to discuss the growing demand for aboriginal tourism and how Alberta's aboriginal communities could become more involved in developing these opportunities.

Released Growing Alberta, a report on the future of Alberta's agri-food industry, after consulting with industry and government stakeholders.

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

Developed and implemented a tracking system in all provincial abattoirs to ensure removal of specified risk materials, further ensuring the **safety** of Alberta beef.

Announced Alberta's Health Renewal Plan with a \$700 million investment to **reduce waiting times** and improve access to health services: \$200 million to eliminate accumulated and projected health region deficits, and \$500 million for capital funding.

Increased **special needs-related funding** to enhance the abilities of school jurisdictions to meet the needs of students with severe disabilities and/or special health needs.

Initiated a cross-ministry initiative to begin implementing recommendations of the Clean Air Strategic Alliance Electricity Project team. Results will lead to a reduction in emissions from coal-generated electricity. Implementation is expected to take two years.

Expanded provincial immunization programs to include Hepatitis A vaccination to people at high risk of complications and those at higher risk of exposure, and pertussis (whooping cough) vaccination to about 44,000 Grade 9 students.

Introduced new **supplementary benefits** for families receiving Alberta Works Income Support benefits, including the Escaping Family Violence benefit and the provision of assistance to families where a relative baby-sits so the parent can work, train or look for a job.

*The government contributed to Alberta's **prosperity** as it:*

Signed an agreement with the Republic of Korea Ministry of Science and Technology during Premier Klein's mission to Asia. The letter of intent outlines ways in which Korea and Alberta will work together on common areas of interest in science and technology **research and development**, including energy, nanotechnology, biotechnology and other innovative technologies.

Reduced the **General Corporate Income Tax rate** from 12.5 per cent to 11.5 per cent, and the small business rate from four per cent to three per cent, saving Alberta businesses about \$142 million. These changes ensure Alberta's business taxes continue to be among the lowest in Canada.

Released Alberta Beef: Focus on the Future, a report detailing the beef industry's strategic framework for coping with the **BSE crisis**.

Placed a record **7,363 job postings** on the Canada-Alberta Job Bank in June 2004, an increase of more than 31 per cent compared to June 2003.

Issued the 2003-04 Annual Report of the Heritage Savings and Trust fund, showing the single largest annual rise in fair value in the 28-year history of the Alberta Heritage Fund. The Fund's investment portfolio **increased by \$2.45 billion** and recorded an overall return on investment income of 22.5 per cent. Over the year, the Heritage Fund transferred \$1.13 billion in investment income to the General Revenue Fund.

*The government contributed to Alberta's **preservation** as it:*

Completed the province-wide Emergency Public Warning System, which allows local broadcasters to **alert the public** to major emergencies or child abductions.

Enacted the Blackfoot Repatriation Regulation, which allows for the **repatriation** of sacred or ceremonial objects from government collections to Blackfoot First Nations.

Implemented the **Electronics Recycling Program**, which will divert computer and television waste from Alberta's landfills to recycling facilities.