



**THE FUTURE**  
**MEETING PRIORITIES SHARING BENEFITS**  
**Alberta Advantage**

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# Alberta Advantage

*The Alberta Advantage means greater opportunities for families and businesses ...*

- a strong and vibrant economy
- a young, skilled and productive workforce
- a strong science and technology culture
- a highly entrepreneurial and competitive business community
- the lowest overall tax level of any province in Canada, and no sales tax
- an efficient and modern infrastructure
- an abundance of high-quality natural resources
- clean air and water, breathtaking scenery and culturally diverse communities with a quality of life second to none
- a government committed to less regulation
- a fiscally responsible government, which is paying down debt and reducing taxes

The appeal of low taxes, high employment, and a growing economy continues to attract thousands of people to Alberta. The rest of this document is a detailed look at why “Alberta is the place to be.”

Highlighted are some key elements of the Alberta Advantage: the economy, the people, taxes, operating costs, quality of life, and sound financial management.

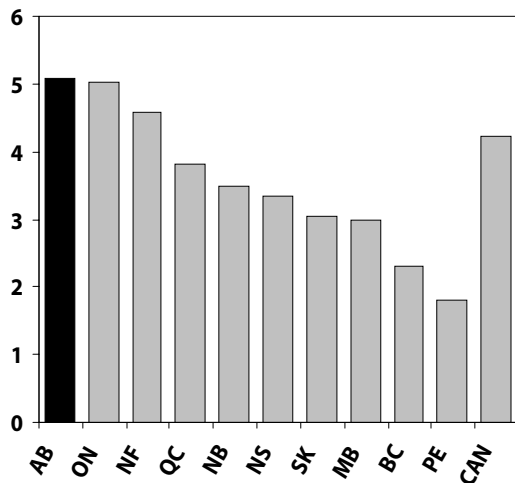
# The Economy

## STRONG AND DIVERSIFIED

Alberta has had the fastest growing economy in Canada over the past five years, and Alberta's economic growth is expected to continue to be robust in the future. An abundance of natural advantages has been the foundation of our flourishing economy. Our positive investment climate has allowed Alberta businesses to compete successfully around the world. Our increasingly diversified economy has translated into a healthy job performance, even when commodity prices have been unfavourable.

### REAL ECONOMIC GROWTH

1996-2000 Average Annual Growth in GDP (per cent)\*

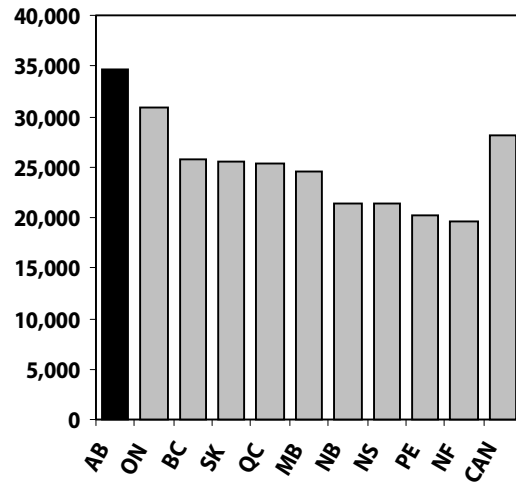


\* 2000 estimated  
 Source: Statistics Canada, Alberta Finance and the Conference Board of Canada

- Alberta's economic growth rate was the highest in Canada over the past five years.
- In 2000, Alberta's real output grew by an estimated 6.1%.

### REAL GDP PER CAPITA

1996-2000 Annual Average (dollars per capita)\*

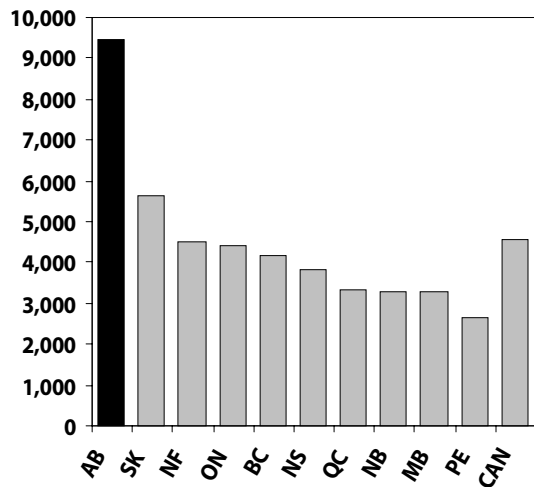


\* 2000 estimated  
 Source: Statistics Canada, Alberta Finance and the Conference Board of Canada

- Alberta has the highest real gross domestic product per capita among the provinces.
- Since 1996, Alberta's real gross domestic product per capita has averaged 12% higher than second place Ontario.

## INVESTMENT PER CAPITA

1996-2000 Annual Average (dollars per capita)\*

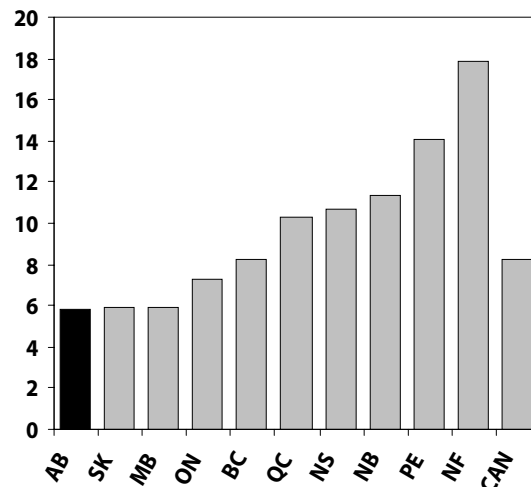


\* 2000 preliminary estimate  
Source: Statistics Canada

- For decades, Alberta has led all provinces in total private sector investment per person.
- Over the past five years, there is a difference of \$3804 per capita between Alberta and the next highest province, Saskatchewan.

## UNEMPLOYMENT RATE

1996-2000 Annual Average (per cent)

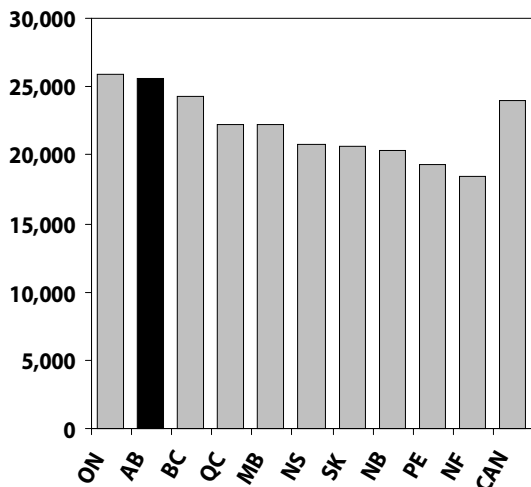


Source: Statistics Canada

- Over the past five years, Alberta's average unemployment rate of 5.8% was the lowest among the provinces and well below the national average.
- In December 2000, Alberta's unemployment rate of 4.8% was the lowest in Canada.

## PERSONAL INCOME

1995-99 Annual Average (dollars per capita)

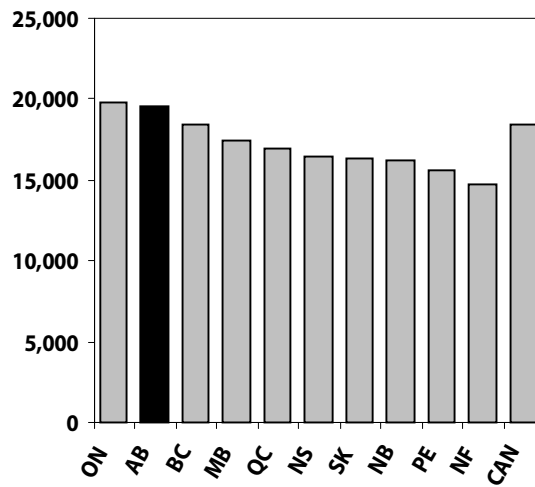


Source: Statistics Canada

- Over the past five years, Albertans have enjoyed the second highest personal income per capita, behind only Ontario.
- In 1999, Alberta had the highest personal income per capita among provinces, \$127 above second place Ontario.

## PERSONAL DISPOSABLE INCOME

1995-99 Annual Average (dollars per capita)\*

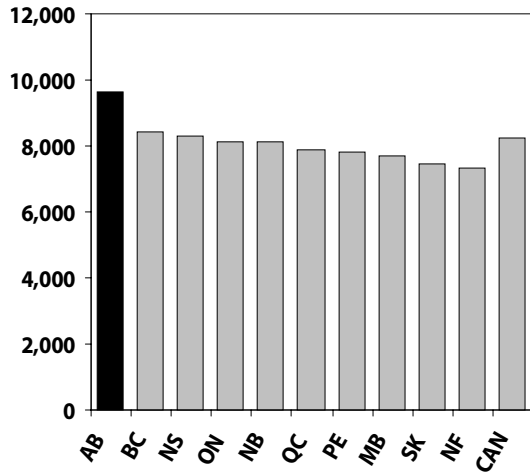


\* Personal income less direct taxes.  
Source: Statistics Canada

- Over the past five years, Alberta has ranked second highest in personal disposable income per capita.
- In 1999, Alberta had the highest personal disposable income per capita among provinces, \$16 above second place Ontario.

## RETAIL SALES PER CAPITA

1996-2000 Annual Average (dollars per capita)

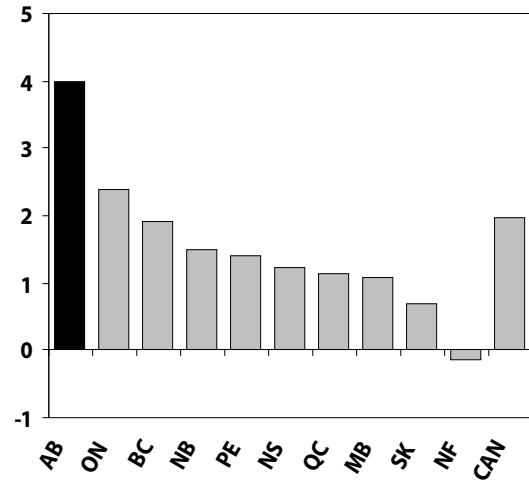


Source: Statistics Canada

- Alberta continues to lead all provinces in retail sales per capita.
- Alberta's growth of 8.9% in retail sales for 2000 surpassed all other provinces and was Alberta's second strongest annual retail sales gain in the last 10 years.

## BUSINESS GROWTH

1996-2000 Annual Average (per cent growth in # of firms)\*



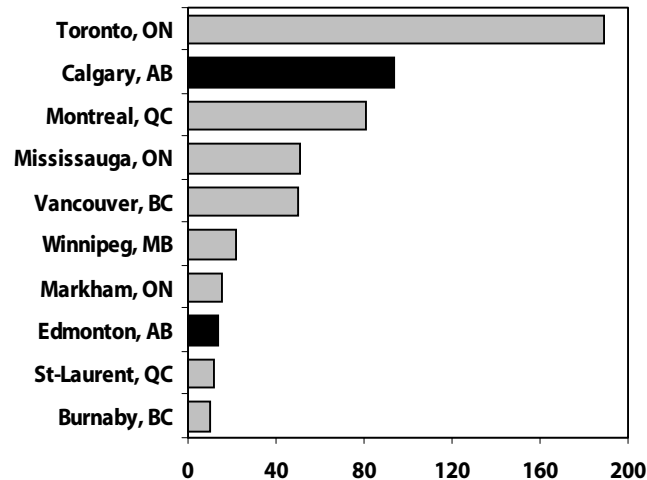
\* Businesses include all incorporated and unincorporated firms, except self-employed and single person firms.

Source: Statistics Canada

- Since 1996, the growth in the number of businesses in Alberta has been the fastest of any province in Canada.
- In 2000, the number of businesses in Alberta increased by 3.6%, by far the strongest growth among provinces.

## CORPORATE HEADQUARTERS

Top Ten Head Office Cities, 2000 (number of head offices)



Source: Financial Post Top 500 and Next 300, and Calgary Business Information Centre.

- Calgary has the second highest number of head offices of any city in Canada.
- Toronto has approximately 5 times the population of Calgary, so on a per capita basis, Calgary exceeds any other city by far.

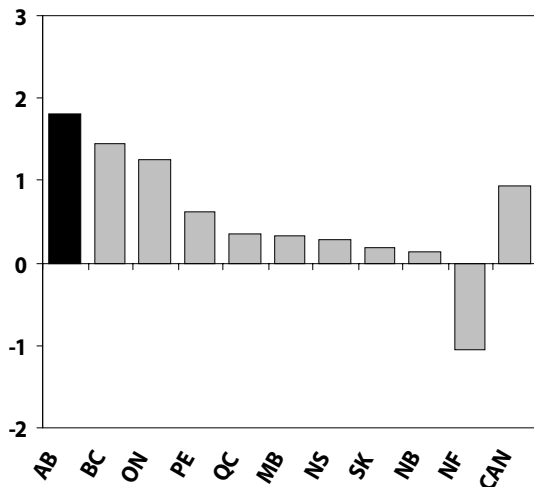
# The People

## YOUNG, HIGHLY TRAINED AND PRODUCTIVE

Albertans are among the most highly educated in the world. As a result, Alberta's employment and productivity thrive. As thousands of people migrate to Alberta each year from the rest of Canada, the province gains a variety of skilled and talented people to add value to our diverse economy and society.

### POPULATION

1996-2000 Average Annual Growth (per cent)

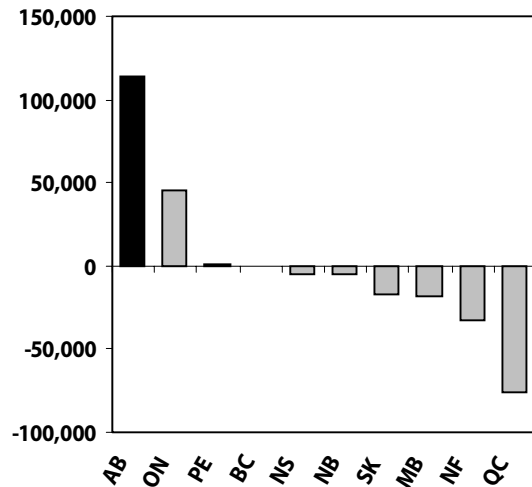


Source: Statistics Canada

- Over the past five years, Alberta has had the fastest growing population among the provinces.
- In 2000, Alberta's population grew by 1.28%, a close second to Ontario at 1.32%.

### NET INTERPROVINCIAL MIGRATION

July 1, 1996 to June 30, 2000



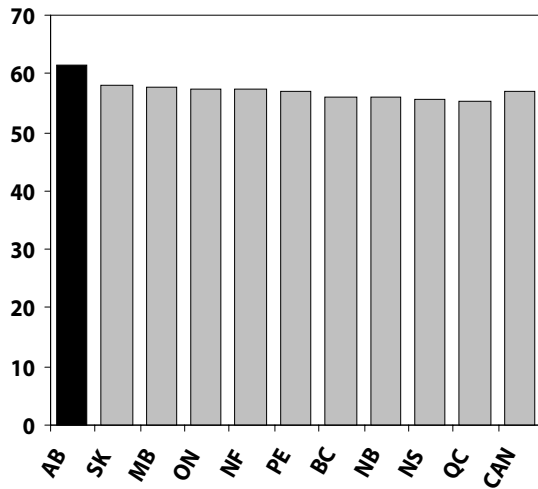
Source: Statistics Canada

- Compared to all other provinces, Alberta has had the highest number of interprovincial migrants over the past five consecutive years.
- From July 1999 to June 2000, a net of 11,793 migrants came to Alberta from other provinces. Only Ontario had a larger number of interprovincial net migrants.



## SHARE OF POPULATION UNDER 40

1996-2000 Annual Average (per cent of total population)

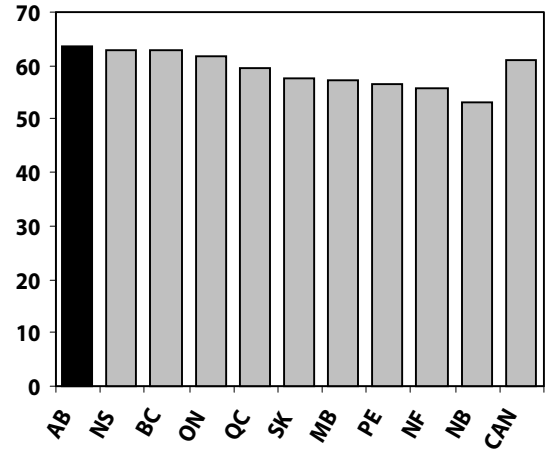


Source: Statistics Canada

- Alberta has the youngest population among the provinces.
- About 61% of Albertans are under the age of 40.

## POPULATION AGED 25-54 WITH POST-SECONDARY EDUCATION

1996-2000 Annual Average (per cent of total population)\*



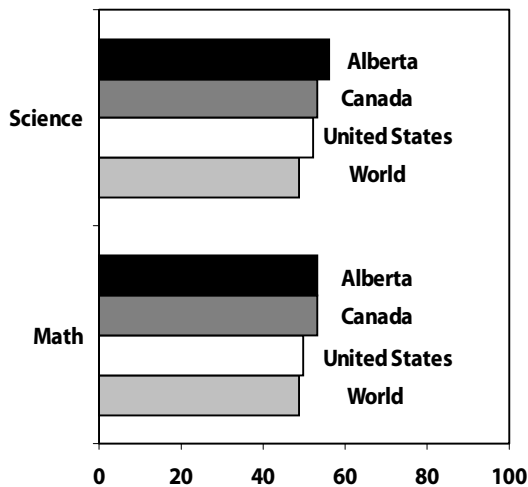
\* Includes some post-secondary, post secondary certificates, diplomas, and university degrees.

Source: Statistics Canada

- Alberta has the best educated workforce.
- Approximately 64% of Alberta's population aged 25 to 54 has post-secondary education.

## GRADE 8 STUDENT PERFORMANCE

(1999 Achievement Results - Average Scale Score)

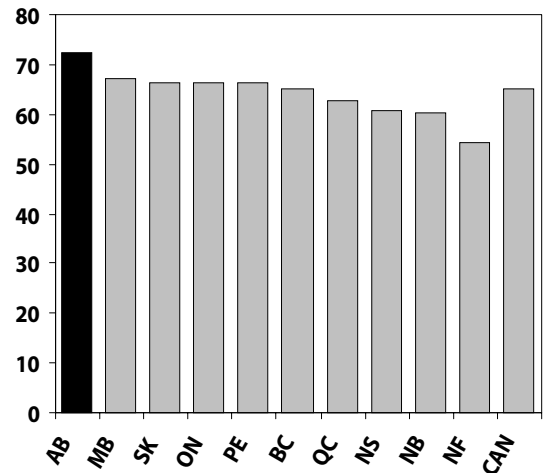


Source: Third International Mathematics and Science Study (TIMSS), 1999

- For grade 8 science, students in Alberta are ranked among the top in the world. None scored significantly higher than Alberta.
- Only six out of 38 countries and the province of Quebec scored significantly higher than Alberta in grade 8 math.

## PARTICIPATION RATE

1996-2000 Annual Average (per cent)\*



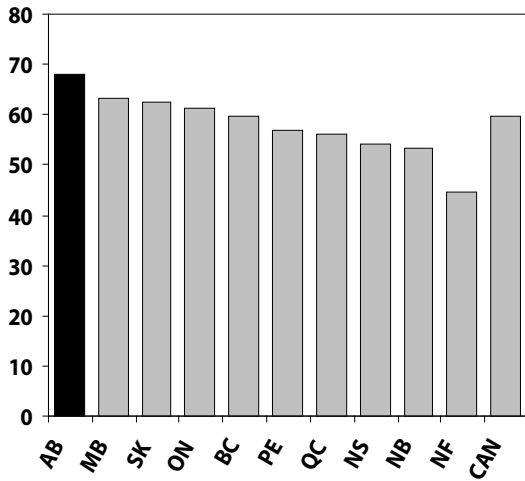
\* The participation rate is the total of those employed and looking for work aged 15 and over, divided by the population aged 15 and over.

Source: Statistics Canada

- Alberta has the highest labour force participation rate in Canada, 5.2 percentage points higher than second place Manitoba.

## EMPLOYMENT TO POPULATION RATIO

1996-2000 Annual Average (per cent)\*



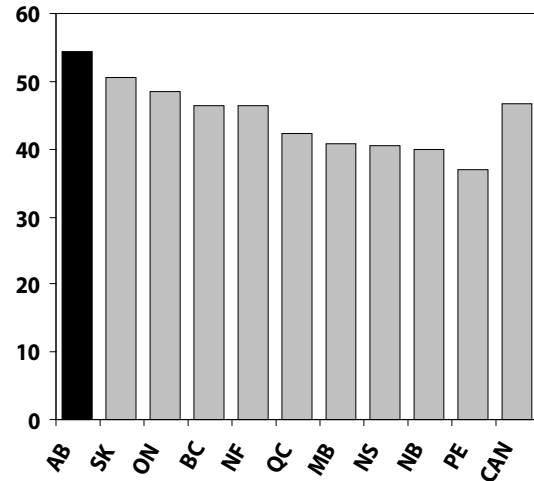
\* The employment/population ratio is the total of those employed divided by the population aged 15 and over.

Source: Statistics Canada

- Compared to other provinces, more Albertans are working relative to the size of our working age population, 5 percentage points above the second place province, Manitoba.

## LABOUR PRODUCTIVITY

1996-2000 Annual Average (\$ real GDP per hr. worked)\*



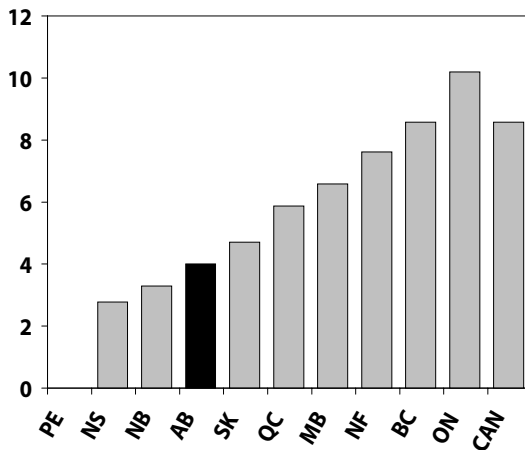
\* 2000 projected rates.

Source: Statistics Canada, Alberta Finance and the Conference Board of Canada

- Compared with the other provinces, Albertans are the most productive, as measured by real GDP dollars produced per hour worked.

## LABOUR RECORD

1996-2000 Annual Average (person days lost/10,000 person days worked)\*



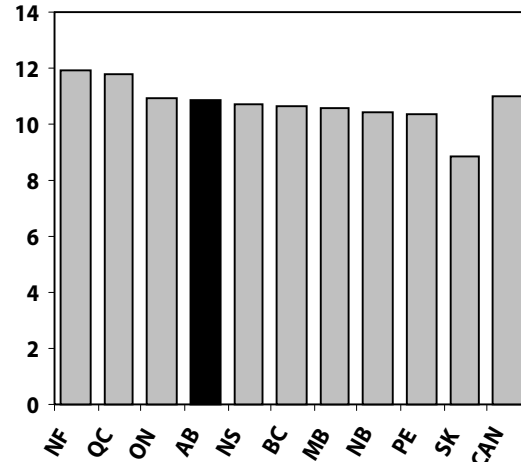
\* 2000 preliminary rates

Source: Statistics Canada and Human Resources Development Canada

- Alberta's labour record is better than that of Ontario, Quebec and the other Western provinces, in terms of person days lost due to labour disputes.

## RESEARCH & DEVELOPMENT EMPLOYMENT

1996-2000 Annual Average (per cent of employed labour force)\*



\* Occupations in natural and applied sciences, health, and related occupations predominantly involved in R&D activities.

Source: Statistics Canada

- Overall, the percentage of Alberta's labour force employed in research and development (R&D) occupations ranks fourth among the provinces.
- Alberta has the highest percentage of the workforce dedicated to R&D activities in Western Canada.

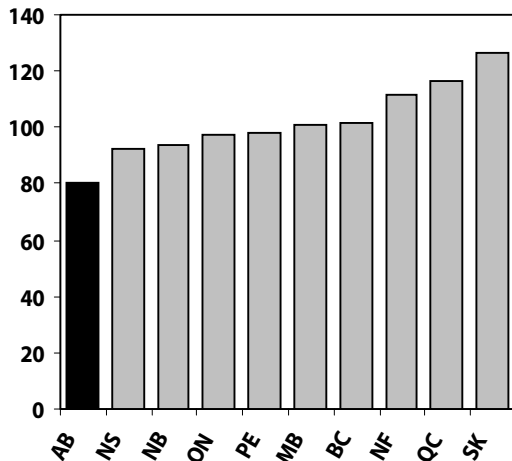
# The Lowest Tax Load

## LEAVING MORE DOLLARS IN THE POCKETS OF ALBERTANS

Alberta leads the way with the lowest overall taxes in Canada. We are the only province that does not have a provincial retail sales tax. In addition, the province does not have any capital or general payroll taxes. This leaves more money in the pockets of Albertans and Alberta businesses.

### TOTAL PROVINCIAL & MUNICIPAL TAX LOAD

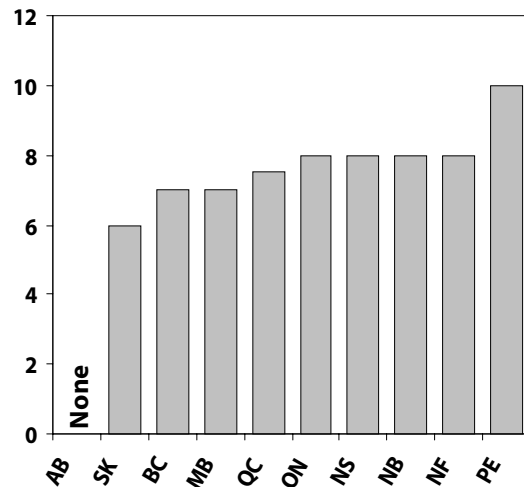
2000-01 (per cent of the Canadian average)



Source: Federal Department of Finance, Equalization Estimates 2000-01, 2nd estimate.

### RETAIL SALES TAX RATES

2001 (per cent)



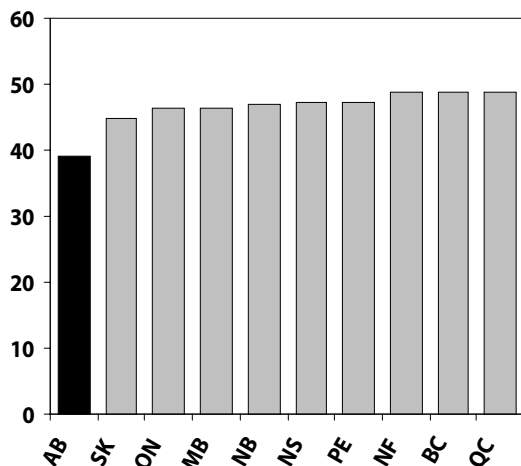
Source: Alberta Finance, as of April 4, 2001

- Alberta has by far the lowest combined provincial and municipal tax burden among the provinces, at 80% of the national average.
- The Alberta government is committed to strengthening Alberta's tax advantage.

- Alberta has no retail sales tax.

## COMBINED TOP MARGINAL PERSONAL INCOME TAX RATES

2001 (per cent)



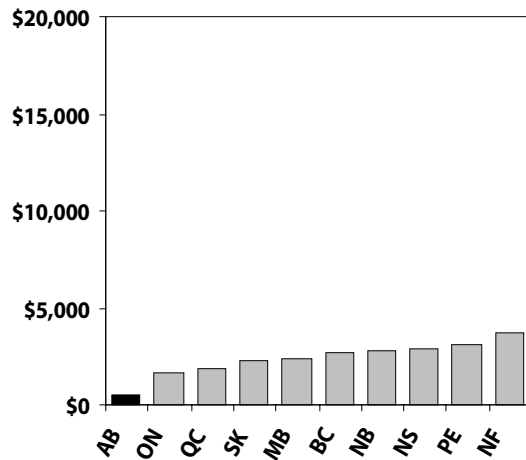
Source: Alberta Finance, as of April 4, 2001

- Alberta has the lowest top marginal personal income tax rate among the provinces at 39% - 29% federal and 10% provincial.
- In Alberta, top income earners keep 61% of their last dollar earned.

## FAMILY EARNING \$30,000

Taxes and Health Care Insurance Premiums

2001 (One-income family with two children)



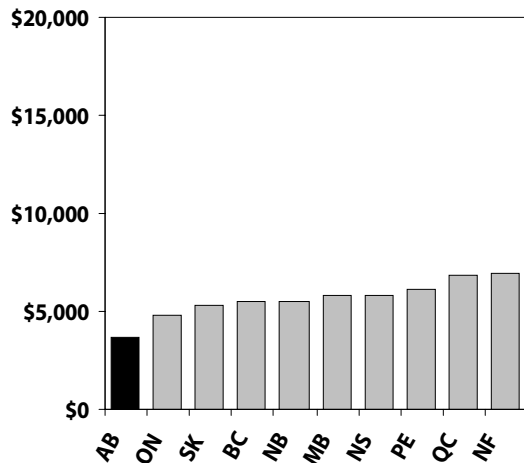
Source: Alberta Finance, as of April 4, 2001

- This graph and following two compare provincial income, sales, payroll, fuel and tobacco taxes, and health care insurance premiums payable by a family as of April 2, 2001.
- In Alberta, a typical one-income family earning \$30,000 pays only \$531, approximately 79% less in combined taxes and health care insurance premiums than the average of the other provinces.

## FAMILY EARNING \$60,000

Taxes and Health Care Insurance Premiums

2001 (Two-income family with two children)



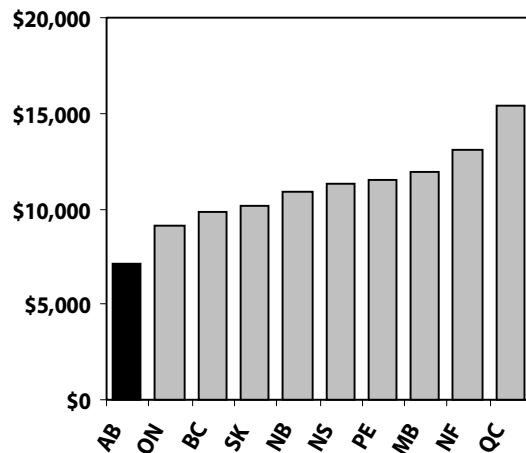
Source: Alberta Finance, as of April 4, 2001

- In Alberta, a typical two-income family earning \$60,000 pays approximately 38% less in combined taxes and health care insurance premiums than the average of the other provinces.

## FAMILY EARNING \$100,000

Taxes and Health Care Insurance Premiums

2001 (Two-income family with two children)

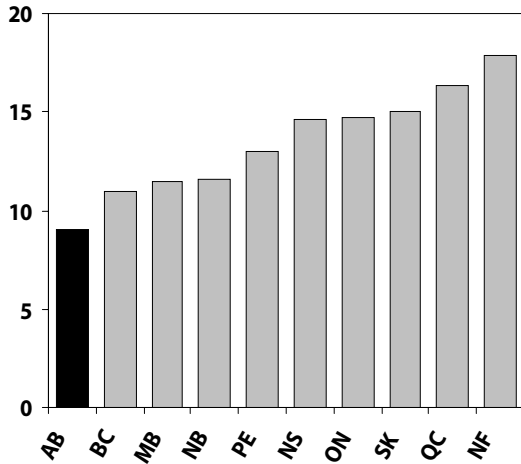


Source: Alberta Finance, as of April 4, 2001

- In Alberta, a typical two-income family earning \$100,000 pays approximately 38% less in combined taxes and health care insurance premiums than the average of the other provinces.

## GASOLINE TAX RATES

2001 (cents per litre)\*



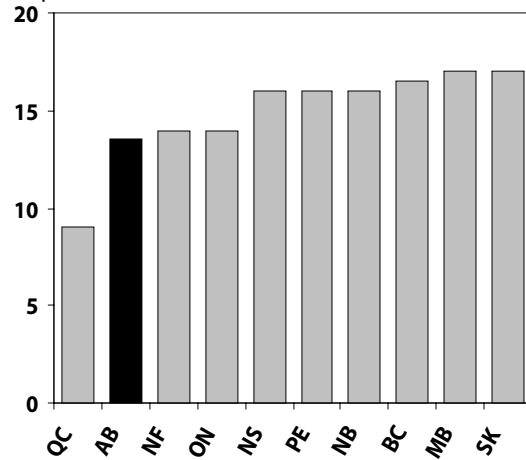
\* For NB, NS, QC and NF, provincial sales tax is levied on top of fuel tax.

Source: Alberta Finance, as of April 4, 2001

- Alberta has the lowest gasoline tax rate among the provinces, 2 cents per litre below British Columbia, the second lowest province, and over 8.8 cents per litre below Newfoundland.

## PROVINCIAL CORPORATE INCOME TAX RATES

2001 (per cent)\*



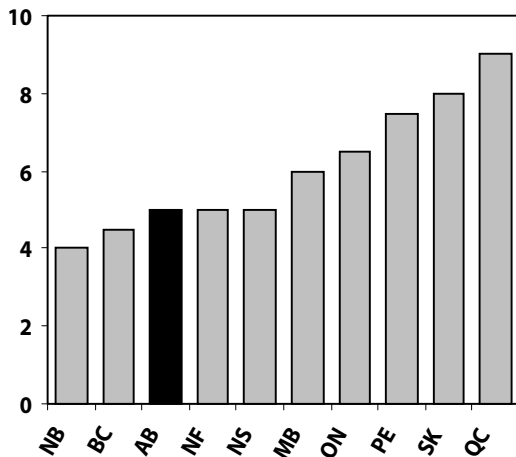
\* SK, ON, PE and NF reduce their corporate income tax rates for manufacturing and processing industries.

Source: Alberta Finance, as of April 4, 2001

- As of April 1, 2001, Alberta has the second lowest general corporate income tax rate.
- Alberta's general corporate tax rate will be reduced to 8% by April 1, 2004, as affordable.
- Alberta businesses also benefit because Alberta has no retail sales tax, no capital tax and no general payroll tax.

## PROVINCIAL SMALL BUSINESS CORPORATE INCOME TAX RATES

2001 (per cent)\*



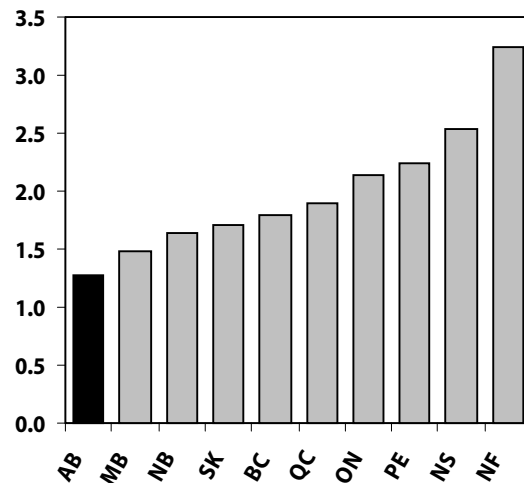
\* On July 1, 2001, SK's rate drops from 8% to 6%.

Source: Alberta Finance, as of April 4, 2001

- As of April 1, 2001, Alberta's small business corporate income tax rate of 5% is tied for the third lowest in Canada.
- Alberta's small business tax rate will be reduced to 3% by April 1, 2003, as affordable.

## WORKERS' COMPENSATION PREMIUMS

2001 (dollars per \$100 of gross payroll)\*



\* Provisional rates

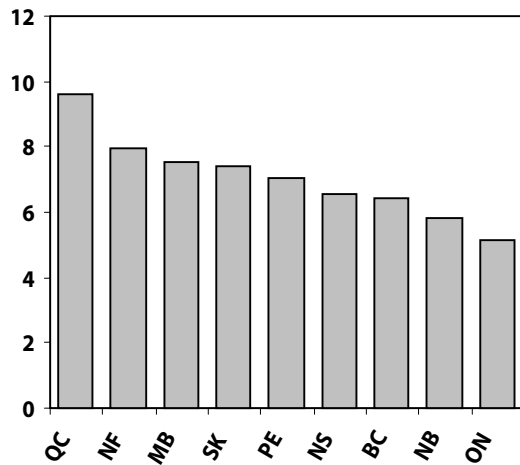
Source: Association of Workers' Compensation Boards of Canada

- Alberta's WCB premium rate remains the lowest among the provinces, 14% lower than second place Manitoba.
- Alberta, British Columbia, Saskatchewan, Manitoba and New Brunswick have no unfunded WCB liabilities.

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## ALBERTA'S TAX ADVANTAGE

2001 (billions of dollars)



Source: Alberta Finance, as of April 4, 2001

- This graph shows the total additional provincial taxes that individuals and businesses would pay if Alberta had the same personal and corporate taxes as in other provinces.
- Albertans would pay over \$5 billion more if we had to pay Ontario's taxes, and over \$9.5 billion more if we had to pay Quebec's taxes.

# Low Operating Costs

## FOR BUSINESSES AND HOUSEHOLDS

When it comes to cost of living, the province of Alberta is an attractive place to live and do business. Costs are more than competitive with the rest of Canada and the United States. In addition, our combination of low taxes, a skilled workforce and a well-established infrastructure provides a further advantage for Alberta industries.

### LOWEST ANNUAL LOCATION-SENSITIVE COSTS

1999

Largest Cities	Rank*
Quebec City, QC	1
<b>Edmonton, AB</b>	<b>2</b>
Montreal, QC	3
<b>Calgary, AB</b>	<b>4</b>
Winnipeg, MB	5
Toronto, ON	6
Vancouver, BC	7
Jacksonville, FL	8
Dallas-Fort Worth, TX	9
San Diego, CA	10

\* Top 10 rankings for the largest North American cities by population.  
**Source:** KPMG, March 1999

- Based on KPMG's comparison study of business costs, Edmonton and Calgary are ranked in the top four for having the lowest overall location-sensitive costs in North America.
- Location-sensitive costs include labour, lease, electricity, transport and telecommunications costs, interest, depreciation, and taxes.

### LOWEST INITIAL INVESTMENT COSTS

1999

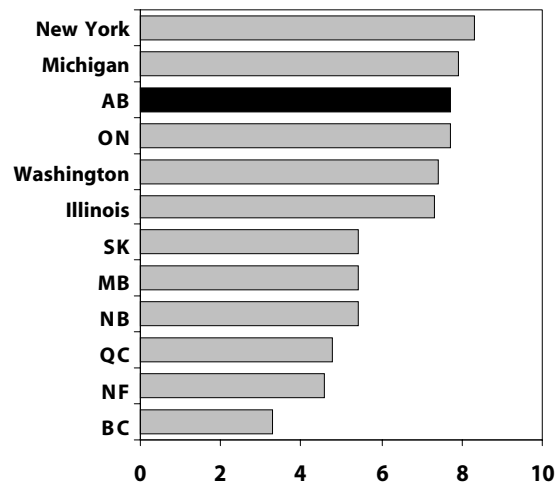
Largest Cities	Rank*
Quebec City, QC	1
<b>Edmonton, AB</b>	<b>2</b>
Montreal, QC	3
Winnipeg, MB	4
Dallas-Fort Worth, TX	5
Toronto, ON	6
<b>Calgary, AB</b>	<b>7</b>
Jacksonville, FL	8
Vancouver, BC	9
San Diego, CA	10

\* Top 10 rankings for the largest North American cities by population.  
**Source:** KPMG, March 1999

- Edmonton ranks second among large North American cities with respect to initial investment costs, which consist of land acquisition and building construction costs.

## INVESTMENT CLIMATE

September 19, 2000 (scale from 0 to 10)

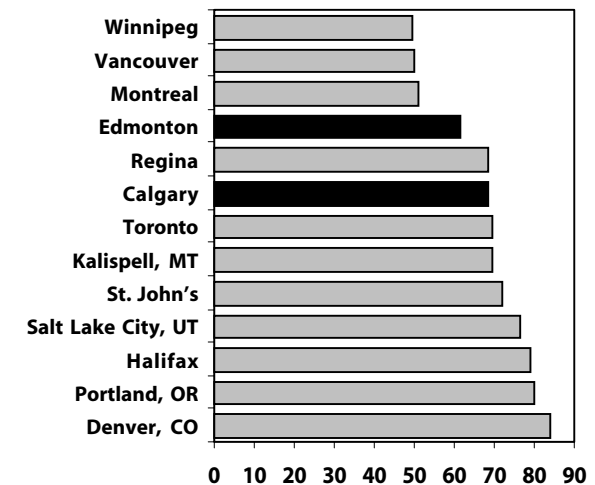


Source: Fraser Institute, Summer 2000 Survey of Senior Investment Managers

- Based on the Fraser Institute's 2000 Survey of Senior Investment Managers, Alberta tied with Ontario for the best investment climate in Canada, 2.3 points above the next highest provincial score.
- Alberta also maintains a competitive investment climate with the United States.

## ELECTRICITY RATES

As of October 2000 (dollars/month)\*



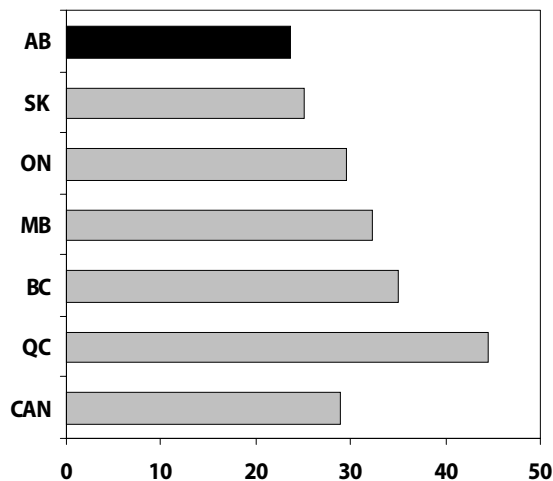
\* Average monthly residential electricity charge, based on 750 Kwh/month power consumption. Includes Rate Riders, PST and State Sales Tax.

Source: Survey of Canadian Electricity Bills (Manitoba Hydro), Pacific Power, and Public Service Company of Colorado.

- Alberta's residential electricity prices were competitive with the rest of Canada and below rates in the United States in October 2000.
- Currently, the Alberta Government is implementing rebates to protect consumers from short-term price pressures in 2001.

## NATURAL GAS RATES

2000 Annual Average (cents per cubic metre)\*



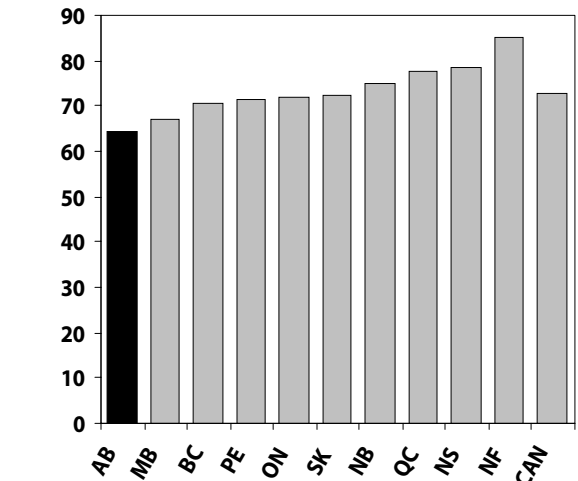
\* January to November only.

Source: Statistics Canada

- During the first eleven months of 2000, Alberta's residential natural gas rates were the lowest in Canada.
- The Alberta Government has introduced rebate programs to assist Albertans with higher costs this winter.

## GASOLINE PRICES

2000 Annual Average (cents per litre)\*



\* Regular unleaded gasoline.

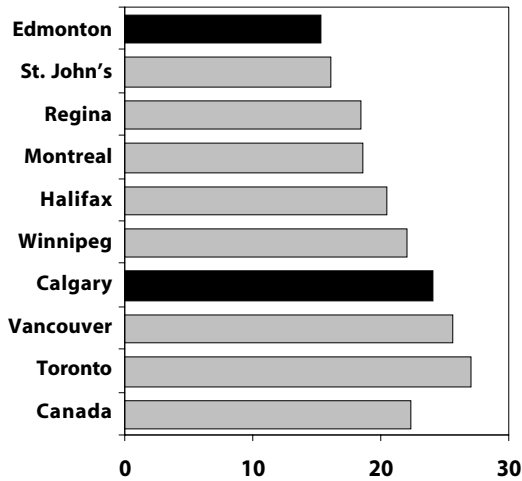
Source: Statistics Canada

- Alberta continues to have the lowest gasoline prices in Canada, ranging from approximately 3 to 21 cents per litre below the other provinces.



## OFFICE RENTAL RATES

2000 (dollars per square foot)\*



\* Average gross rental rates, including average taxes, operating costs and tenant inducements for all classes of space.

Source: Royal LePage

- Edmonton has the lowest overall office rents among major Canadian cities.

## AIRPORT CONVENIENCE

1999\*

Airports	Rank
Vancouver, BC	1
Cincinnati, OH	2
Minneapolis, MN	3
Atlanta (Hartsfield), GA	4
<b>Calgary, AB</b>	<b>5</b>
Seattle, WA	6
Orlando, FL	7
Houston, TX	8
Dallas-Fort Worth, TX	9
Portland, OR	10

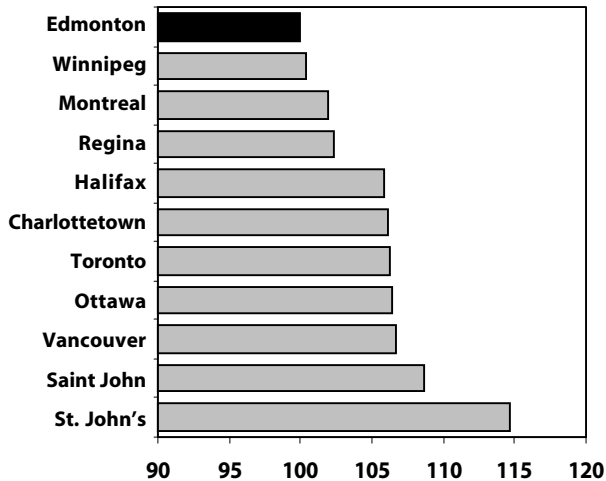
\* Edmonton not included in survey.

Source: 1999 International Air Transportation Association (IATA) Airport Monitor

- In 1999, Calgary's airport convenience remains competitive, in fifth place among North American cities, according to the International Air Transport Association Air Monitor's ranking of North American airports.

## DAILY LIVING PRICE INDEX

December 2000\*



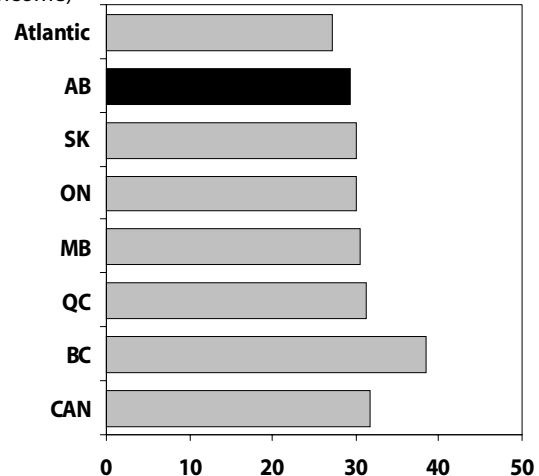
\* Converted to index of Edmonton = 100. No data for Calgary.

Source: Statistics Canada

- Residents in Edmonton pay the lowest costs for daily living goods compared to other major Canadian cities. A basket of daily living goods that costs \$100 in Edmonton would cost \$115 in St. John's.
- Daily living items include food, transportation, household operations and furnishings, health/personal care, recreation and tobacco/alcohol products.

## HOUSING AFFORDABILITY

2001\* (home ownership costs as a % of pre-tax household income)



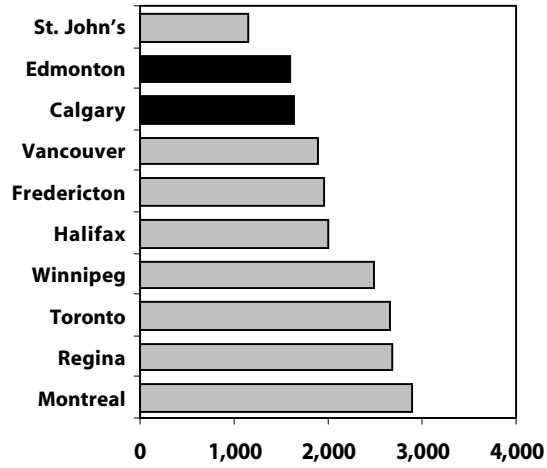
\* 1st quarter forecast

Source: Royal Bank

- Home ownership affordability in Alberta is the second best in Canada.
- This reflects both high and rising household incomes and still reasonable house prices.

## NET HOME PROPERTY TAXES

2000 (dollars)\*



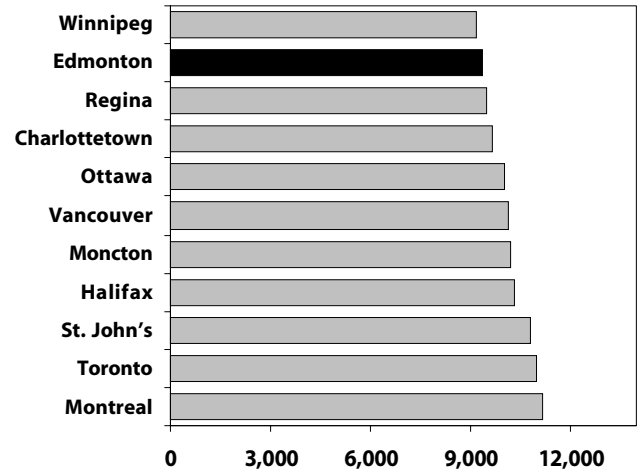
\* Includes municipal, regional and school tax, net of homeowner grants or credits for a single family house.

Source: The City of Edmonton, Planning and Development

- Edmonton's and Calgary's property taxes on a typical house are among the lowest in Canada.

## CAR OWNERSHIP COSTS

2001 Annual (dollars)\*



\* Based on 4-year/96,000 km retention cycle of a 2001 Ford Taurus. Costs include general operating, insurance, depreciation, taxes and licence fees. No data for Calgary.

Source: Runzheimer Canada Inc.

- According to a national auto-owner survey, Edmonton is the second least expensive place in Canada to own and operate a car.

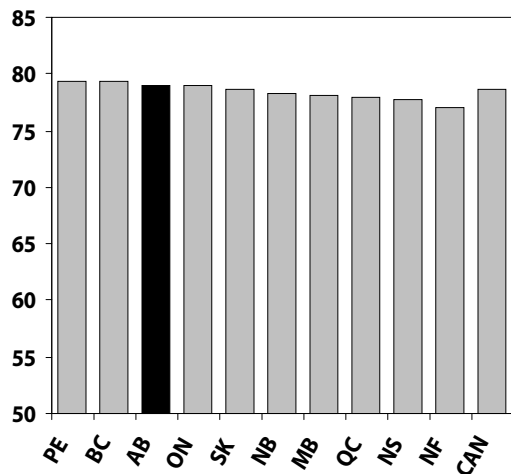
# Quality of Life

## OUTSTANDING

Each year, thousands of people from the rest of Canada are drawn to this province, well known for its exceptional standard of living. Alberta is a prosperous region, where residents share a rich natural environment, and enjoy our arts, culture and recreation opportunities.

### LIFE EXPECTANCY

1997 (years)\*

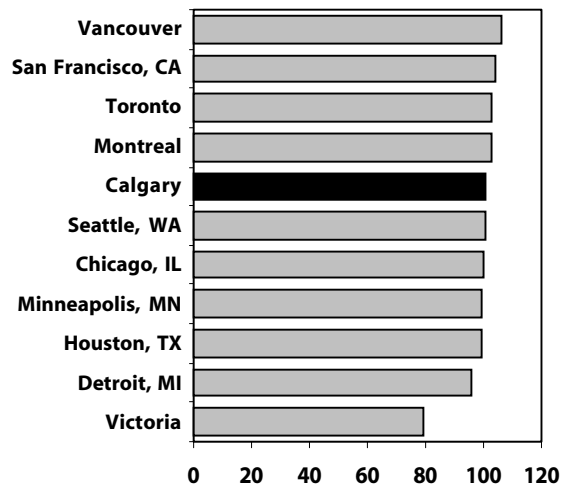


\* Average life-span at birth.  
Source: Statistics Canada

- In 1997, Alberta tied for third highest life expectancy at birth among provinces.
- Albertans can expect to enjoy a longer life than the average Canadian.

### QUALITY OF LIVING INDEX

1999 (New York = 100.0)\*



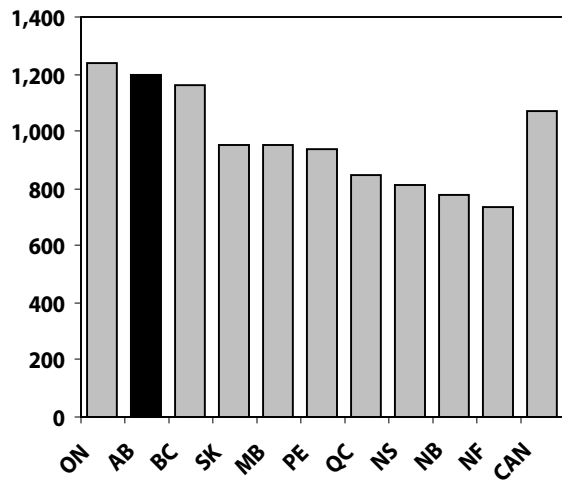
\* 39 criteria based on political, social, economic, cultural, and natural environment; health; education; transportation; recreation; consumer goods; housing; and public services. Edmonton not included in survey.

Source: William M. Mercer Companies LLC

- Based on an analysis of "Quality of Living" in 216 major cities in the world, Calgary ranks fourth highest in Canada and beats most major U.S. cities.

## EXPENDITURE ON RECREATIONAL ACTIVITIES

1999 Average Expenditure Per Household (dollars per year)\*

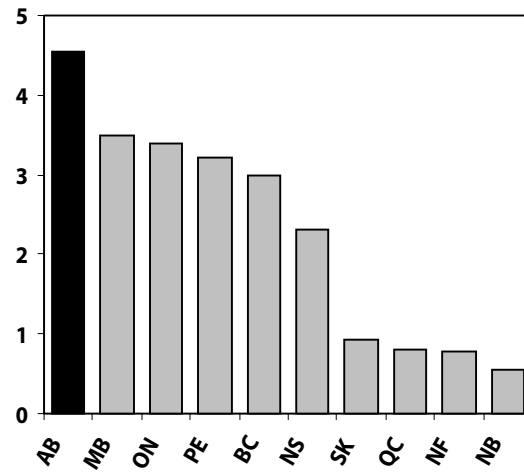


\* Includes expenditure on recreation and entertainment.  
**Source:** Statistics Canada

- Albertans "work hard and play hard". With the highest average household income of Canadian provinces, Albertans' expenditure on sports, performing arts, and other recreational and entertainment activities is the second highest in Canada.

## SUPPORT FOR PERFORMING ARTS

1998-99 Private Sector Donations (dollars per capita)\*



\* Includes fundraising and donations. Survey based only on professional performing arts companies with budgets of \$100,000 or more.  
**Source:** The Council for Business and The Arts in Canada (CBAC)

- Alberta continues to stay at the top for private sector support of the performing arts, according to the most recent data.

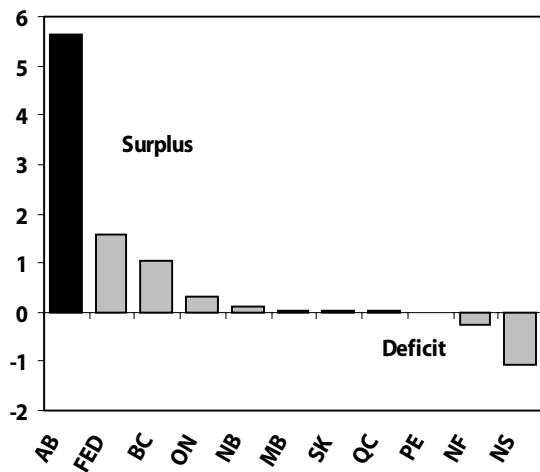
# The Alberta Government

## STREAMLINED, ACCOUNTABLE, AND FISCALLY RESPONSIBLE

The Alberta government is committed to responding to the needs of its citizens. Its aim is to work with Albertans to target priorities while ensuring a balanced budget. Alberta continues to attract international attention as the most fiscally responsible government in North America. With the net provincial debt paid off, the Alberta Government has legislated a new debt repayment plan to eliminate its remaining accumulated debt.

### GOVERNMENT SURPLUSES (DEFICITS)

2000-01 (per cent of GDP)

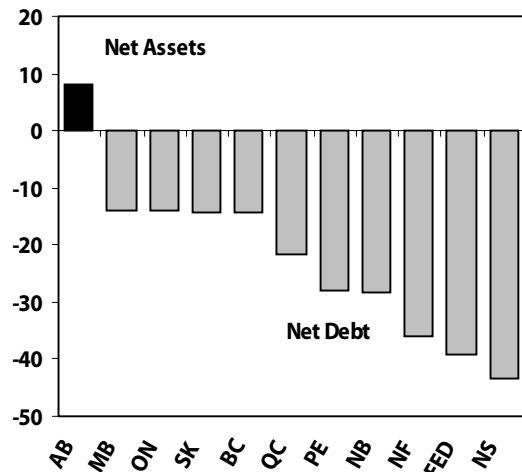


Source: Alberta Finance, as of April 3, 2001

- The Alberta government is committed to living within its means.
- Among the provinces, Alberta has gone from having the highest annual deficit as a percentage of GDP in 1992-93 to the highest surplus as a percentage of GDP in 2000-01.

### GOVERNMENT NET ASSETS (DEBT)

March 31, 2001 (per cent of GDP)\*



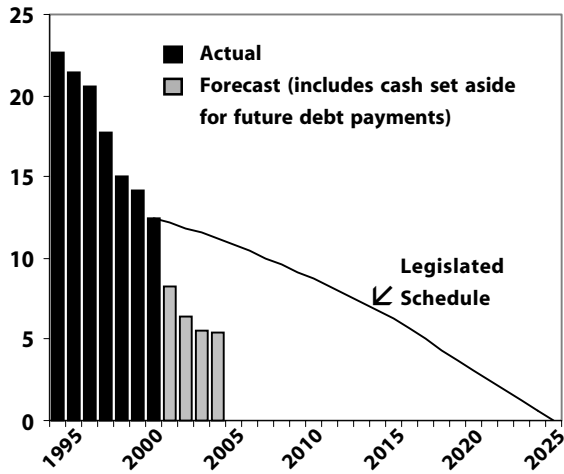
\* Estimate based on latest available data. On a consolidated basis where possible. Excludes pension liabilities.

Source: Alberta Finance, as of April 3, 2001

- Alberta's net debt has been eliminated, with total financial assets exceeding total liabilities.
- At March 31, 2001, Alberta's financial assets are forecast to be \$25 billion. Total liabilities (excluding pension obligations) are forecast to be \$16.3 billion, resulting in net assets of \$8.7 billion.

## ALBERTA'S ACCUMULATED DEBT

At March 31 (billions of dollars)

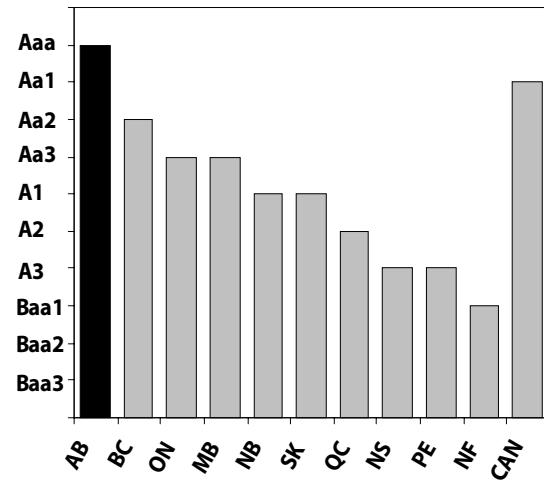


Source: Alberta Finance, as of April 3, 2001

- Alberta is required to eliminate its accumulated debt by no later than 2025.
- The province's accumulated debt is expected to be \$6.5 billion at March 31, 2002.

## CREDIT RATING

As of April 3, 2001\*

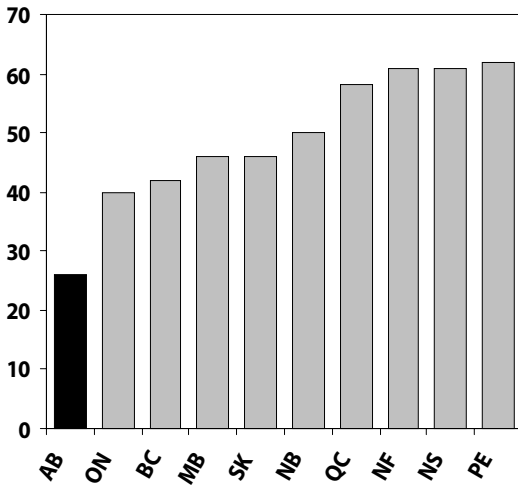


\*Moody's Canadian domestic dollar debt ratings.  
Source: Moody's Investors Services

- All major rating agencies (Standard and Poor's, Moody's, and Dominion Bond Rating Service) rank Alberta as the top province in Canada for credit worthiness on Canadian dollar debt.

## BORROWING COSTS

As of April 3, 2001 (basis points)\*

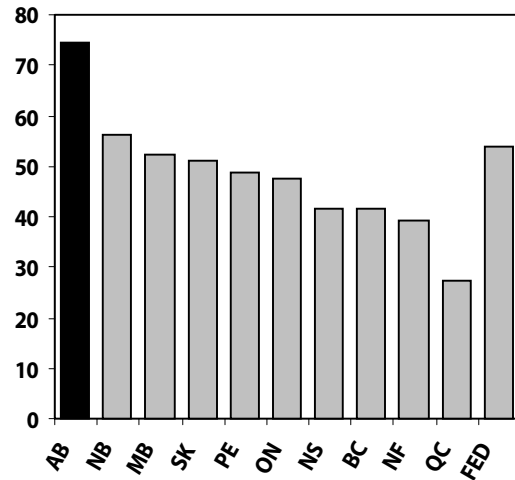


\* Interest rates spread relative to 10-year Government of Canada bond rate. A basis point is one-hundredth of a percentage point.  
Source: CIBC World Markets

- Alberta has by far the lowest interest rate spread relative to ten-year Government of Canada bonds of any province in Canada.
- Alberta's strong fiscal performance and top credit rating have led to lower borrowing costs for the province, municipalities and local authorities.

## BUDGET PERFORMANCE INDEX

March 21, 2000 (scale from 0 to 100)\*



\* Component ratings include levels of, and changes in spending, tax rates, tax revenues, deficits and debt.  
Source: Fraser Institute.

- Based on the Fraser Institute's measure of budget performance, Alberta topped all other provinces and the federal government, by far.
- According to the index, which is based upon the tax and expenditure behaviour of governments, Alberta surpassed second place New Brunswick by 32%.