

Alberta Advantage



THE RIGHT DECISIONS FOR CHALLENGING TIMES

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Alberta Advantage

The Alberta Advantage means greater opportunities for Albertans and Alberta 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 natural resources
- a rich, sustainable environment and an outstanding quality of life
- a government committed to less regulation
- a fiscally responsible government

The appeal of low taxes, high employment and a growing economy continues to attract thousands of people to Alberta. 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.

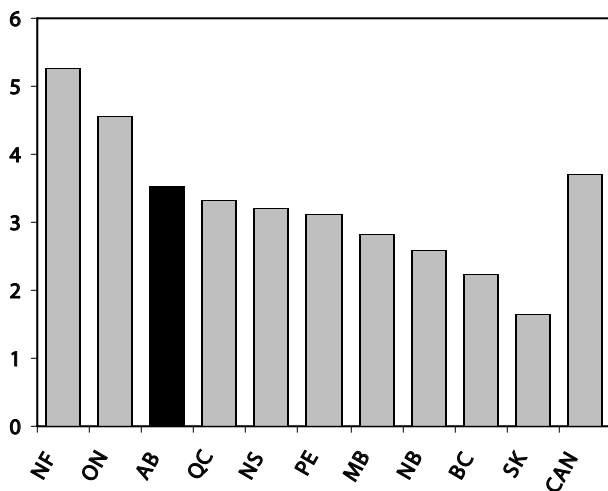
The Economy

STRONG AND DIVERSIFIED

Alberta's economic climate remains strong despite fluctuating global cycles. 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

1997-2001 Average Annual Growth in GDP (per cent)*



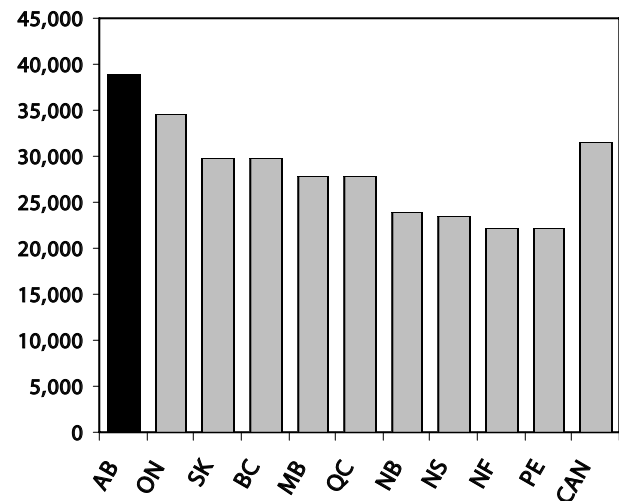
* 2001 GDP estimated for provinces.

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

- Alberta's economic growth rate was the third highest in Canada over the past five years.
- In 2001, Alberta's real output grew by an estimated 4.5%, the highest among the provinces.

REAL GDP PER CAPITA

1997-2001 Annual Average (dollars per capita)*



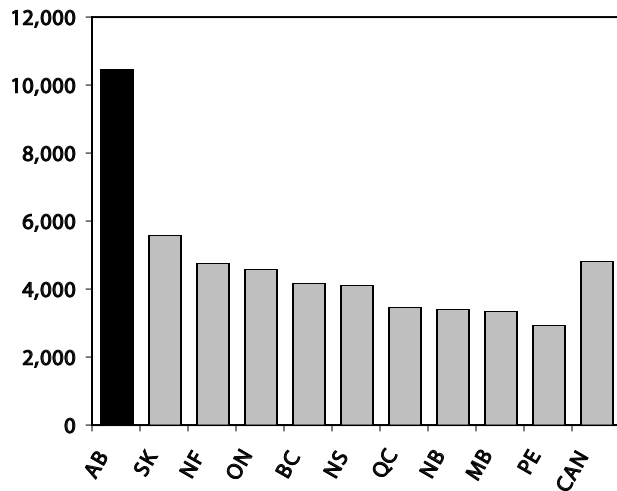
* 2001 GDP estimated for provinces.

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 1997, Alberta's real gross domestic product per capita has averaged 12% higher than second place Ontario.

INVESTMENT PER CAPITA

1997-2001 Annual Average (dollars per capita)*

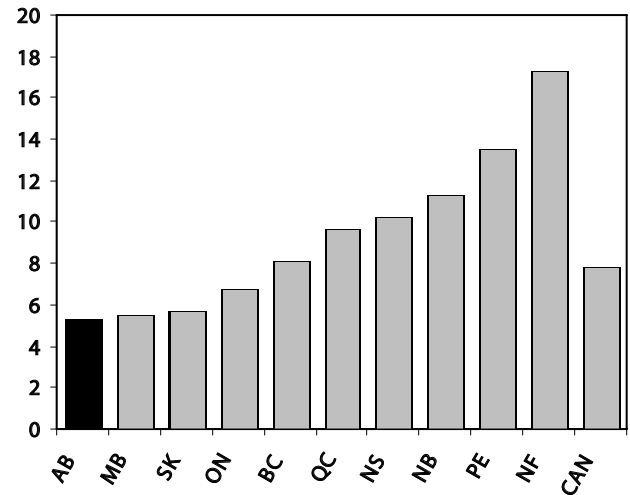


* 2001 preliminary estimate
Source: Statistics Canada

- Alberta continues to lead, as it has for decades, all provinces in total private sector investment per capita.
- Over the past five years, Alberta's investment per capita has been nearly double that of the next highest province, Saskatchewan.

UNEMPLOYMENT RATE

1997-2001 Annual Average (per cent)

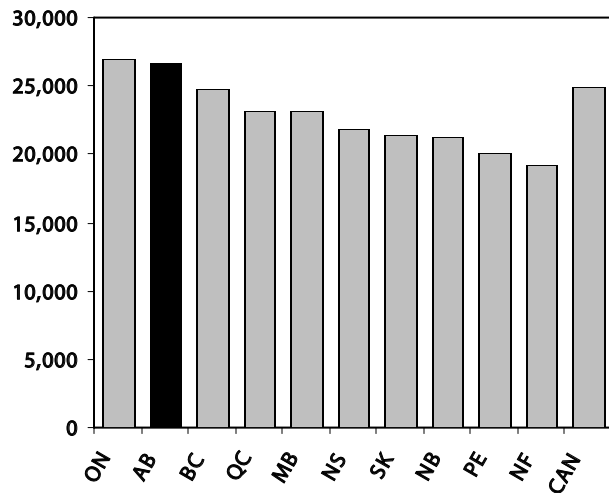


Source: Statistics Canada

- Over the past five years, Alberta's average unemployment rate of 5.3% was the lowest among the provinces and well below the national average of 7.8%.
- In 2001, Alberta's average unemployment rate of 4.6% was the lowest in Canada.

PERSONAL INCOME

1996-2000 Annual Average (dollars per capita)

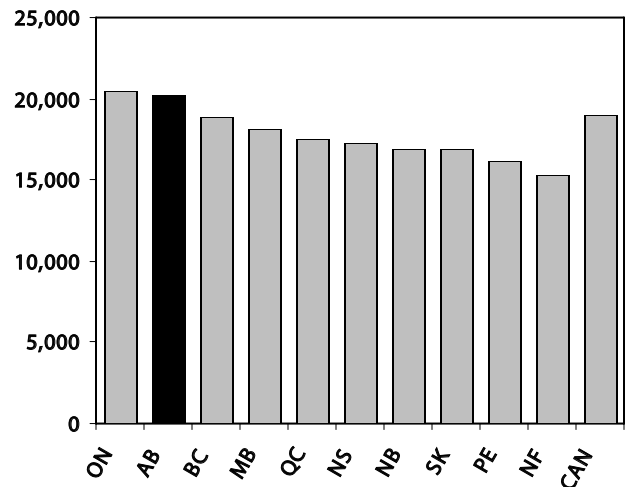


Source: Statistics Canada

- Over the past five years, Albertans have enjoyed the second highest personal income per capita, behind only Ontario.
- In 2000, Alberta had the second highest personal income per capita among provinces, \$366 below Ontario.

PERSONAL DISPOSABLE INCOME

1996-2000 Annual Average (dollars per capita)*

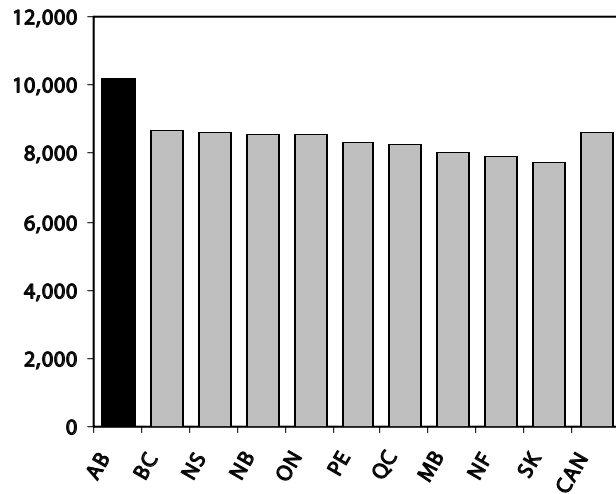


* Personal income less direct taxes.
Source: Statistics Canada

- Over the past five years, Alberta has ranked second highest in personal disposable income per capita.
- In 2000, Alberta had the second highest personal disposable income per capita among provinces, \$303 below Ontario.

RETAIL SALES PER CAPITA

1997-2001 Annual Average (dollars per capita)

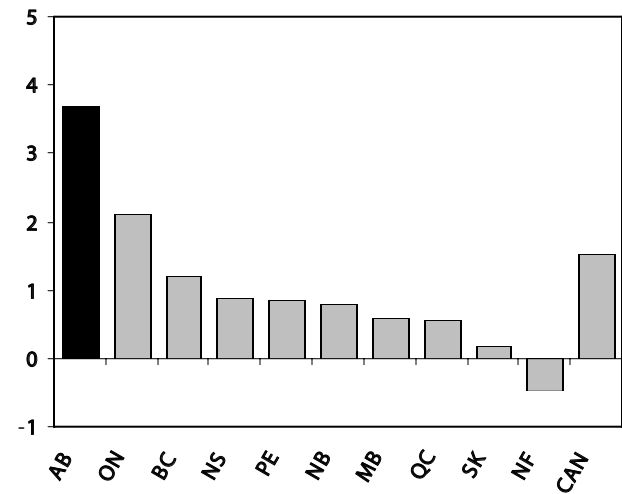


Source: Statistics Canada

- Alberta continues to lead all provinces in retail sales per capita.

BUSINESS GROWTH

1997-2001 Annual Average (per cent growth in # of firms)*



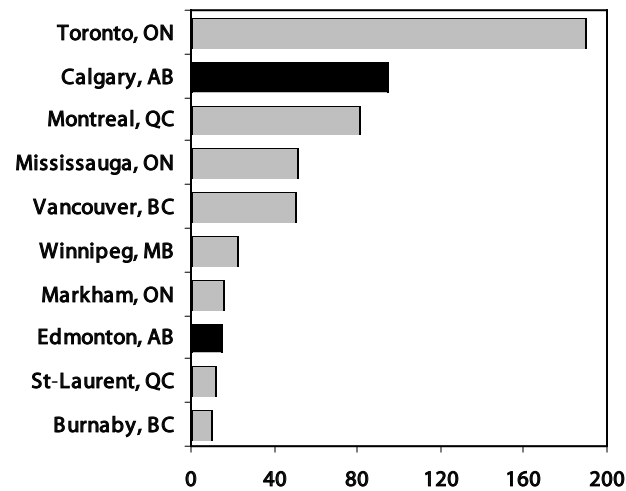
* Businesses include all incorporated and unincorporated firms, except self-employed and single person firms.

Source: Statistics Canada

- Over the last five years, Alberta's average business growth has been the fastest of any province in Canada.
- In 2001, the number of businesses in Alberta increased by 3.0%. The only other province to experience positive growth last year was Ontario, at 1.3%.

CORPORATE HEADQUARTERS

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



Source: Financial Post 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.

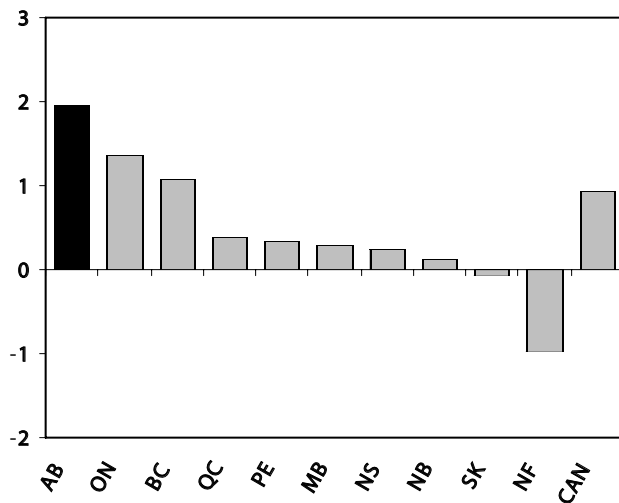
The People

YOUNG, HIGHLY TRAINED AND PRODUCTIVE

In today's knowledge-based economy, the people of Alberta are our province's most important natural resource. Albertans are highly skilled and talented, and among the most educated in the world. It is no wonder that our economy continues to thrive and grow.

POPULATION

1997-2001 Average Annual Growth (per cent)

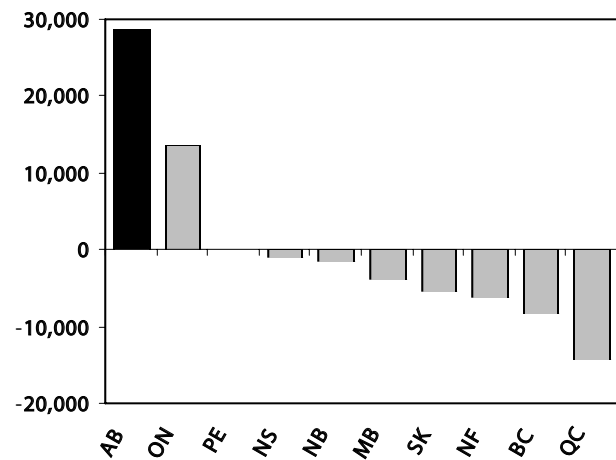


Source: Statistics Canada

- Over the past five years, Alberta has had the fastest growing population among the provinces.
- In 2001, Alberta's 1.8% growth in population also led the provinces.

NET INTERPROVINCIAL MIGRATION

1997-2001 Annual Average (net number of interprovincial migrants)*



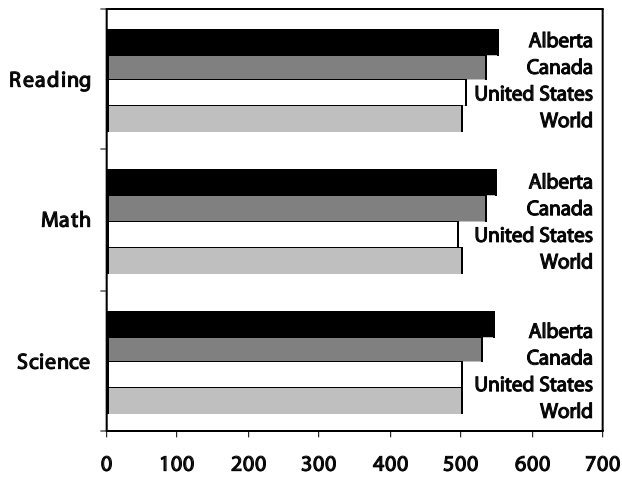
* July 1, 1996 to June 30, 2001

Source: Statistics Canada

- Alberta has the highest number of interprovincial migrants in Canada.
- From July 2000 to June 2001, a net of 25,748 migrants came to Alberta from other provinces, almost 8,000 more than second place Ontario.

PERFORMANCE OF STUDENTS AGED 15

2000 Results (Scaled to Average Score of 500)

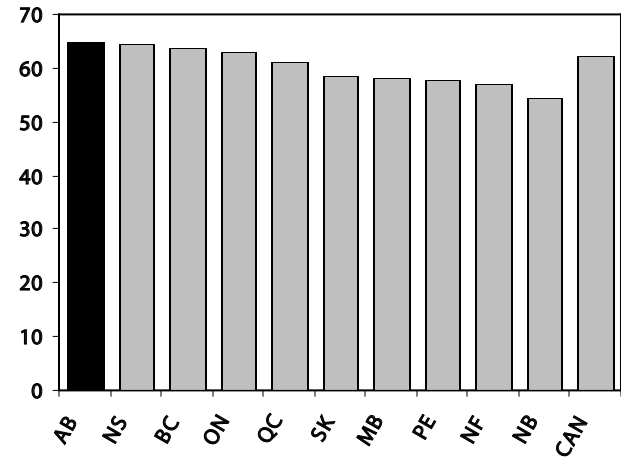


Source: Organisation for Economic Co-operation and Development (OECD)

- The performance of students aged 15 in Alberta was significantly above the Canadian average, the United States, and the international average in reading, mathematics and science.
- Out of 32 countries and the provinces of Canada, Alberta scored the highest in reading.

POPULATION AGED 25-54 WITH POST-SECONDARY EDUCATION

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

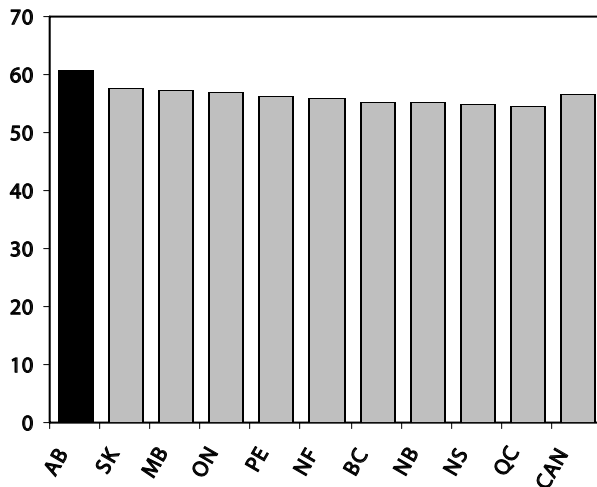


Source: Statistics Canada

- Alberta has the best educated workforce in Canada.
- Approximately 65% of Alberta's population aged 25 to 54 has post-secondary education.

SHARE OF POPULATION UNDER 40

1997-2001 Annual Average (per cent of total population)

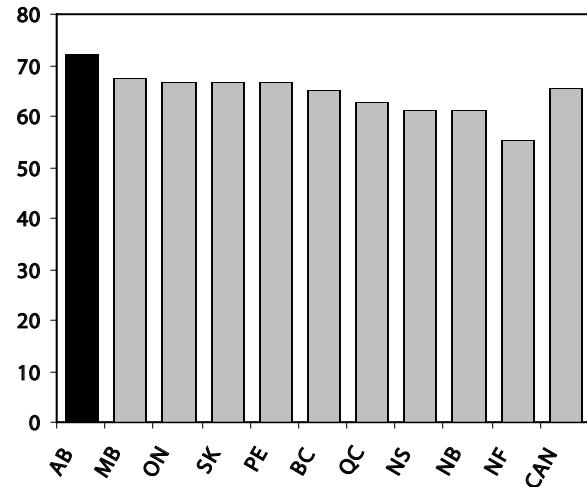


Source: Statistics Canada

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

PARTICIPATION RATE

1997-2001 Annual Average (per cent)*



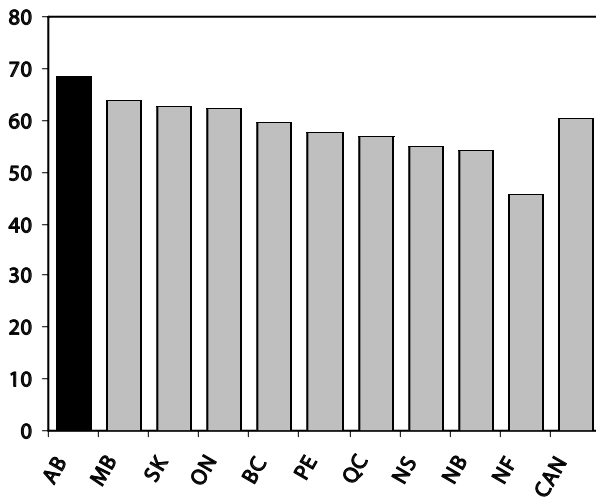
* The participation rate is the total of those employed and looking for work aged 15 and over, divided by the population aged 15 and over.

Source: Statistics Canada

- Alberta has the highest labour force participation rate in Canada, 4.9 percentage points higher than second place Manitoba.

EMPLOYMENT TO POPULATION RATIO

1997-2001 Annual Average (per cent)*



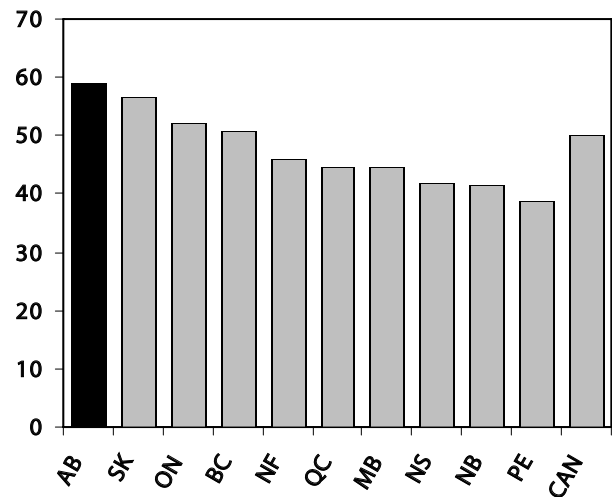
* The employment/population ratio is the total of those employed divided by the population aged 15 and over.

Source: Statistics Canada

- Compared to other provinces, more Albertans are working relative to the size of our working age population, 4.8 percentage points above the second place province, Manitoba.

LABOUR PRODUCTIVITY

1997-2001 Annual Average (\$ of real GDP per hour worked)*



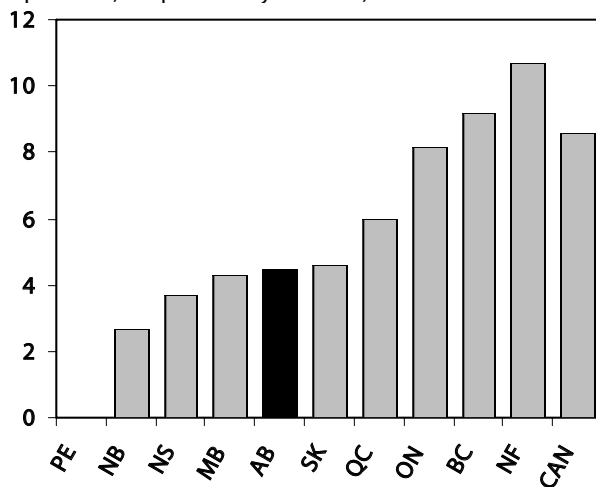
* 2001 GDP estimated for provinces.

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

1997-2001 Annual Average (person days lost due to disputes/10,000 person days worked)*



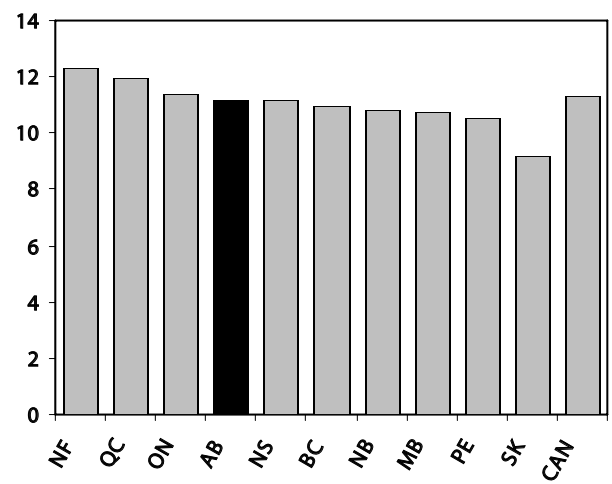
* January to September 2001 preliminary rate.

Source: Statistics Canada and Human Resources Development Canada

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

RESEARCH & DEVELOPMENT EMPLOYMENT

1997-2001 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

- The percentage of Alberta's labour force employed in occupations predominantly involved in research and development (R&D) activities ranks fourth among the provinces, and first in Western Canada.
- In 2001, Alberta had a record 11.7% of its workforce involved in R&D activities.

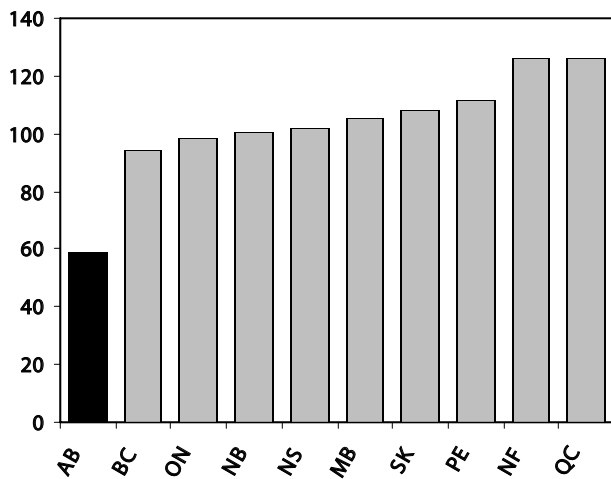
The Lowest Tax Load

LEAVING MORE DOLLARS IN THE POCKETS OF ALBERTANS

Alberta has the lowest overall taxes in Canada. We are the only province with a single-rate personal income tax system and the only province that does not have a retail sales tax. This government believes that Albertans are best able to determine how their money is spent.

TOTAL PROVINCIAL & MUNICIPAL TAX LOAD

2001-02 (per cent of the Canadian average)*

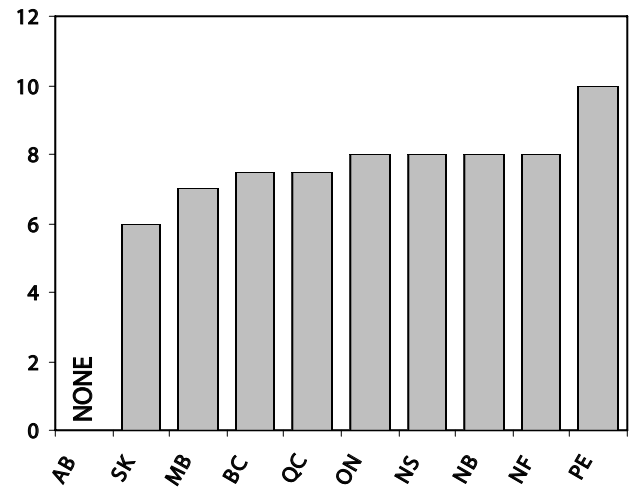


* 2001-02, 3rd estimate.
Source: Finance Canada

- Alberta has by far the lowest combined provincial and municipal tax burden among the provinces, at 59% of the national average.

RETAIL SALES TAX RATES

2002 (per cent)*

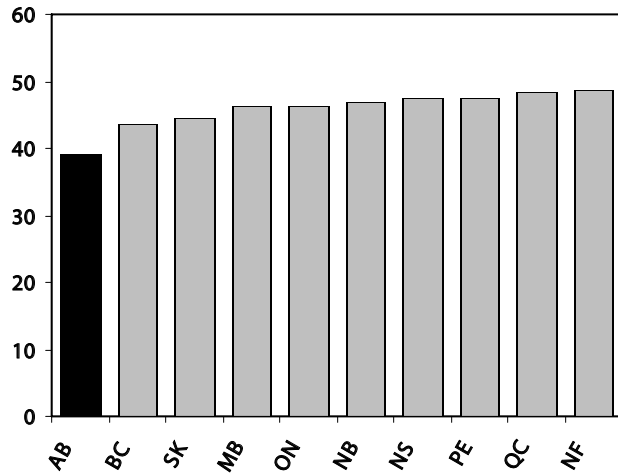


* Other provinces' rates known as of February 26, 2002.
Source: Alberta Finance

- Alberta has no provincial retail sales tax.

COMBINED TOP MARGINAL PERSONAL INCOME TAX RATES

2002 (per cent)*

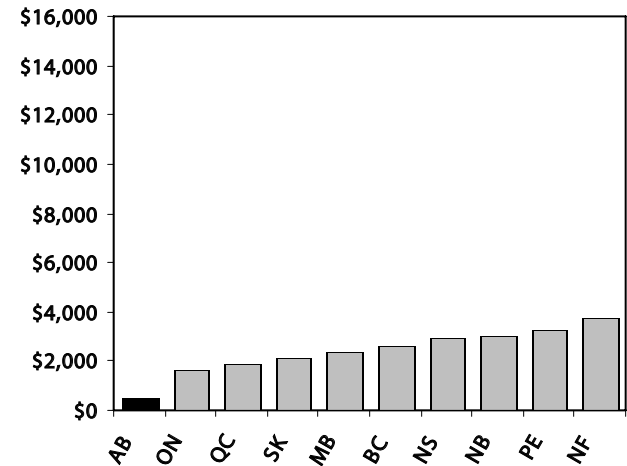


* Other provinces' rates known as of February 26, 2002.
Source: Alberta Finance

- 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
2002 (One-income family with two children)*

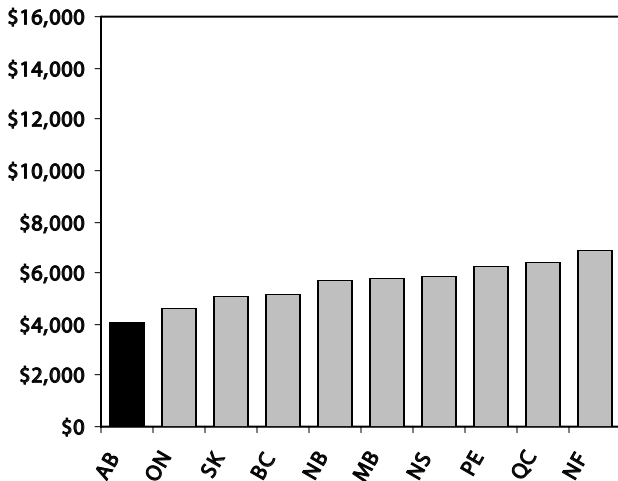


* Other provinces' rates known as of February 26, 2002.
Source: Alberta Finance

- This graph, and the following two, compare provincial income, sales, payroll, fuel and tobacco taxes, and health care insurance premiums payable by a family.
- In Alberta, a typical one-income family earning \$30,000 pays only \$482, approximately 81% 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
2002 (Two-income family with two children)*

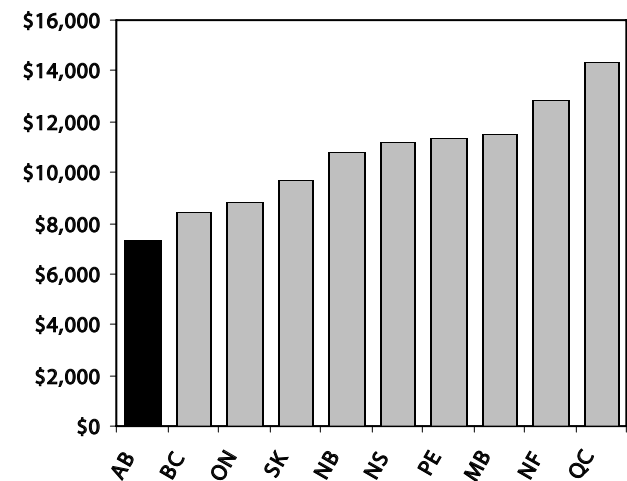


* Other provinces' rates known as of February 26, 2002.
Source: Alberta Finance

- In Alberta, a typical two-income family earning \$60,000 pays only \$4,029, approximately 30% 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
2002 (Two-income family with two children)*

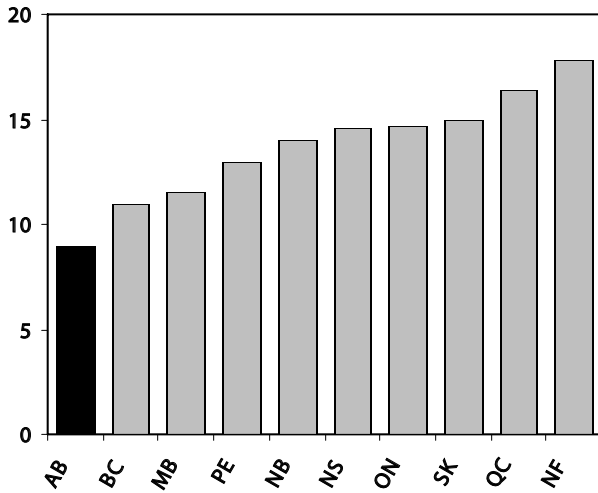


* Other provinces' rates known as of February 26, 2002.
Source: Alberta Finance

- In Alberta, a typical two-income family earning \$100,000 pays only \$7,334, approximately 33% less in combined taxes and health care insurance premiums than the average of the other provinces.

GASOLINE TAX RATES

2002 (cents per litre)*



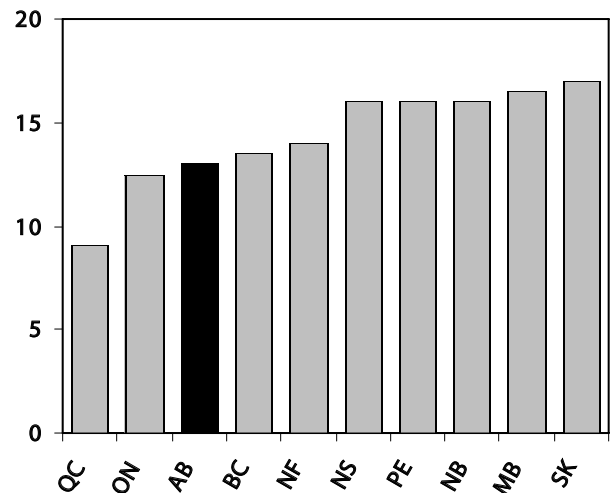
* Other provinces' rates known as of February 26, 2002. For NB, NS, QC and NF, provincial sales tax is levied on top of fuel tax.

Source: Alberta Finance

- 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

2002 (per cent)*



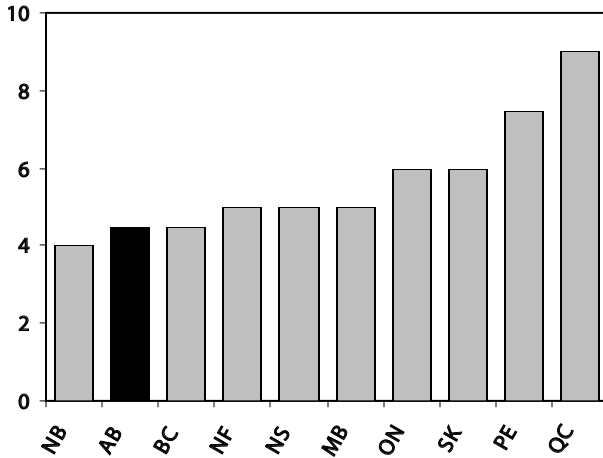
* Alberta's rate as of April 1, 2002. Other provinces' rates known as of February 26, 2002. SK, ON, PE and NF reduce their corporate income tax rates for manufacturing and processing industries.

Source: Alberta Finance

- As of April 1, 2002, Alberta has the third lowest general corporate income tax rate.
- Alberta's general corporate tax rate will be reduced to 8%, as affordable.
- Alberta businesses also benefit because Alberta has no retail sales tax, no capital tax and no payroll tax.

PROVINCIAL SMALL BUSINESS CORPORATE INCOME TAX RATES

2002 (per cent)*



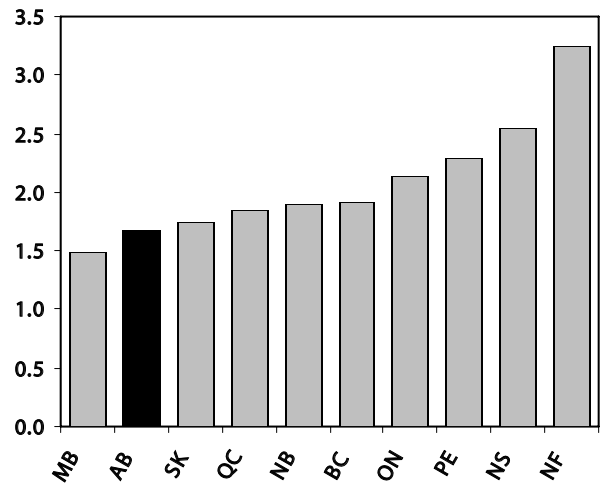
* Alberta's rate as of April 1, 2002. Other provinces' rates known as of February 26, 2002.

Source: Alberta Finance

- As of April 1, 2002, Alberta's small business corporate income tax rate of 4.5% is tied for the second lowest in Canada.
- Alberta's small business tax rate will be reduced to 3% by April 1, 2004, as affordable.

WORKERS' COMPENSATION PREMIUMS

2002 (dollars per \$100 of gross payroll)*



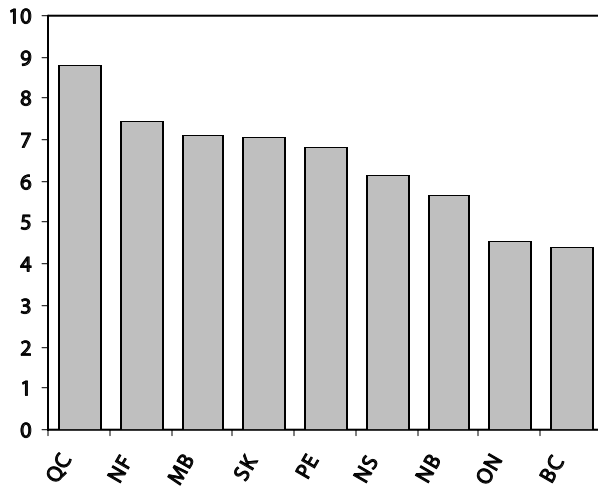
* Provisional average assessment rates. Industry composition and administrative costs vary across provinces in rate calculations.

Source: Association of Workers' Compensation Boards of Canada

- Alberta's average WCB premium rate is the second lowest among the provinces.
- Alberta, British Columbia, Saskatchewan, Manitoba and New Brunswick have no unfunded WCB liabilities.

ALBERTA'S TAX ADVANTAGE

2002 (billions of dollars)*



* Provinces' rates known as of February 26, 2002.

Source: Alberta Finance

- This graph shows the total additional provincial taxes that individuals and businesses would pay if Alberta had the same personal and corporate taxes as other provinces.
- Albertans would pay over \$4.3 billion more if we had to pay British Columbia's taxes, and over \$8.8 billion more if we had to pay Quebec's taxes.

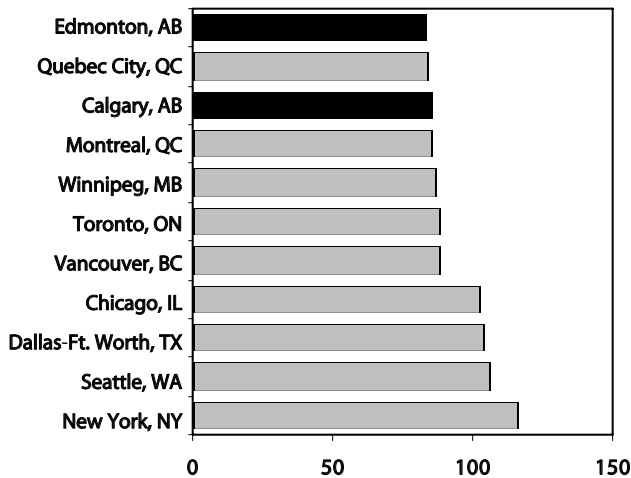
Low Operating Costs

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 low taxes, skilled workforce and well-established infrastructure provide further advantages for Alberta industries.

BUSINESS COSTS INDEX

2001 (US=100.0)*



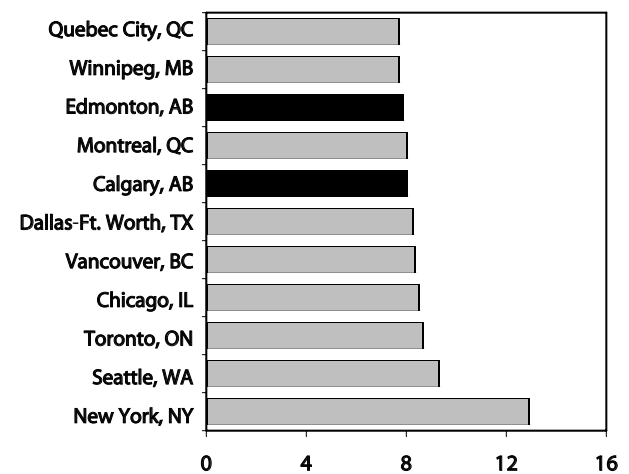
* Based on 27 cost components. Above comparisons of Canadian cities are only those with a population of 500,000 and greater.

Source: KPMG

- Based on KPMG's study of business costs in North America, Europe and Japan, Edmonton is the least expensive city in which to do business out of 86 major cities in nine countries.
- A business that established and operated for 10 years in Edmonton would have an overall 17% cost advantage over the average U.S. city.

INITIAL INVESTMENT COSTS

2001 (US\$ millions)*



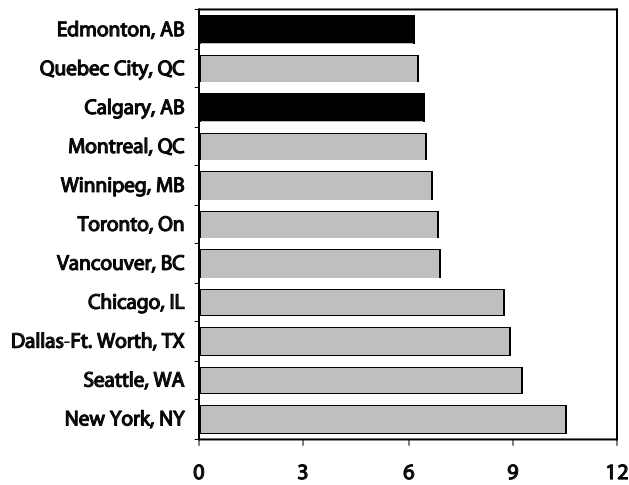
* Above comparisons of Canadian cities are only those with a population of 500,000 and greater.

Source: KPMG

- Edmonton and Calgary are ranked in the top five among major cities for lowest initial investment costs, which consist of land acquisition and building construction costs.

ANNUAL LOCATION-SENSITIVE COSTS

2001 (US\$ millions)*



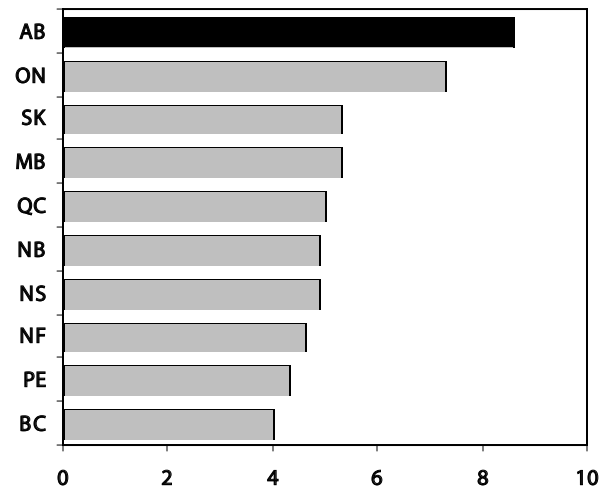
* 10-year average. Above comparisons of Canadian cities are only those with a population of 500,000 and greater.

Source: KPMG

- Edmonton and Calgary are ranked first and third, respectively, for having the lowest overall annual location-sensitive costs.
- Location-sensitive costs include labour, lease, electricity, transport and telecommunications costs, interest, depreciation, and taxes.

INVESTMENT CLIMATE

2001 (scale from 0 to 10)

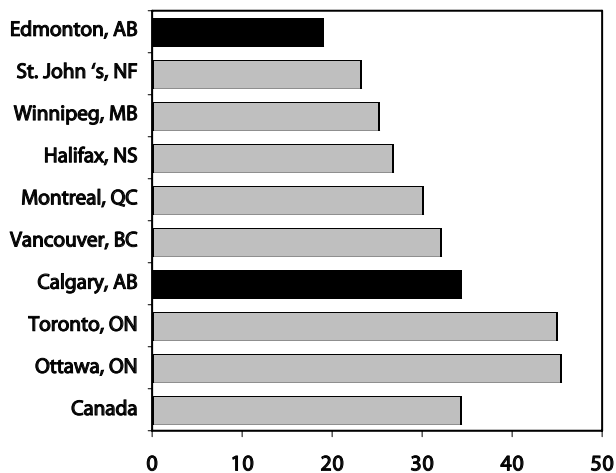


Source: Fraser Institute

- Based on the Fraser Institute's 2001 Survey of Senior Investment Managers, Alberta emerged with the best investment climate in the country.
- Alberta led the nation with 97.5% of respondents indicating that the province maintains policies necessary for fostering globally-competitive companies.

OFFICE RENTAL RATES

2001 (dollars per square foot)*



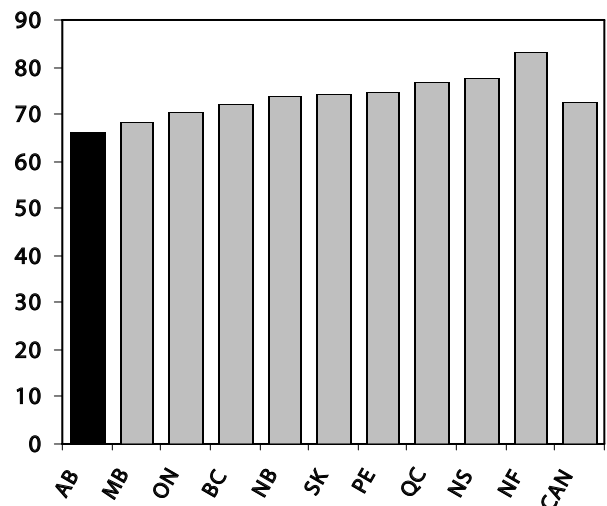
* Total occupancy costs include average net rental rates, taxes and operating costs for typical "Central Class A" offices.

Source: Royal LePage

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

GASOLINE PRICES

2001 Average (cents per litre)*



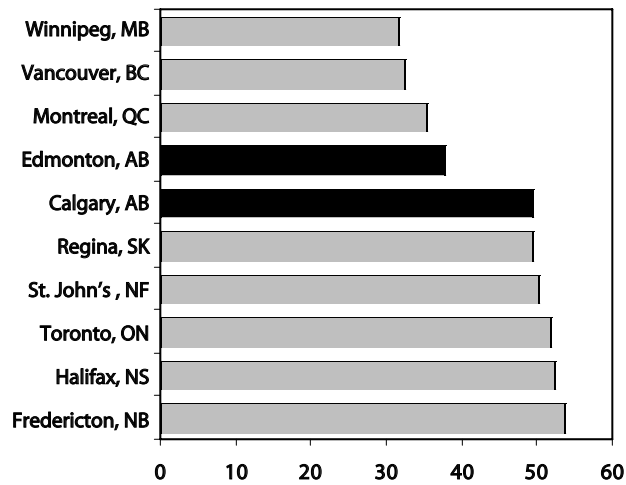
* Regular unleaded gasoline, January to October only.

Source: Statistics Canada

- Alberta continues to have the lowest gasoline prices in Canada, ranging from approximately 2 to 17 cents per litre below the other provinces.

ELECTRICITY RATES

As of September 2001 (dollars/month)*



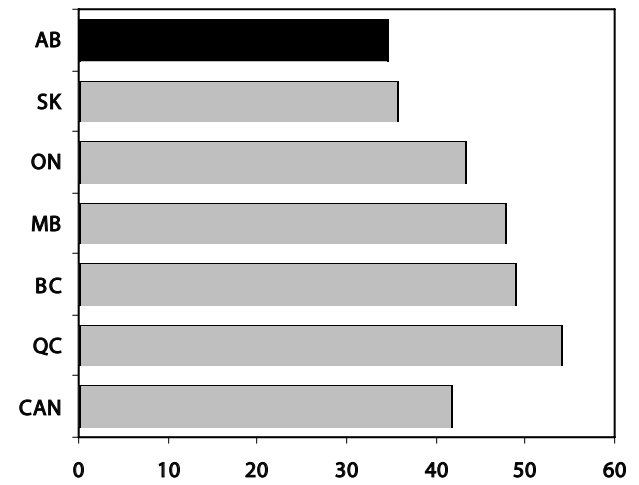
* Average monthly power charge for a single-family house, based on 500 KWH/month power consumption, and excludes GST. Rates include only rebates transferred directly to utilities.

Source: The City of Edmonton and EPCOR

- In 2001, the Alberta Government implemented a rebate program to assist consumers with their electricity bills due to short-term costs associated with deregulation.
- After the rebates, Alberta's typical residential electricity bills remained competitive with the rest of Canada.

NATURAL GAS RATES

2001 Average (cents per cubic metre)*



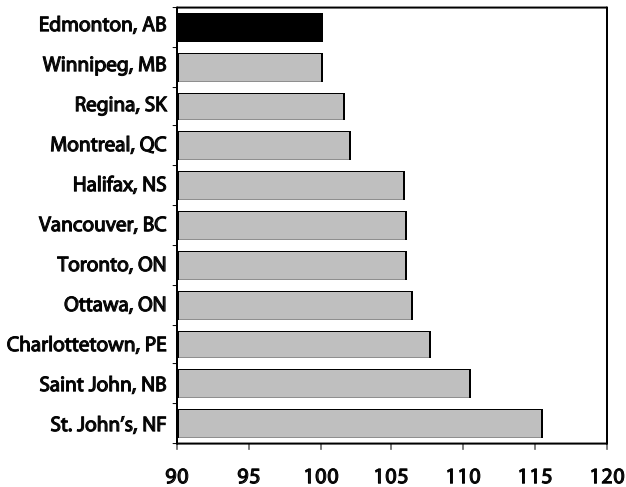
* January to October only. Rates include only rebates transferred directly to utilities.

Source: Statistics Canada

- For natural gas, rebates were also employed to aid consumers with higher costs in the first four months of 2001.
- After rebates, Alberta's residential natural gas rates were the lowest in Canada during the first ten months of 2001.

DAILY LIVING PRICE INDEX

December 2001*



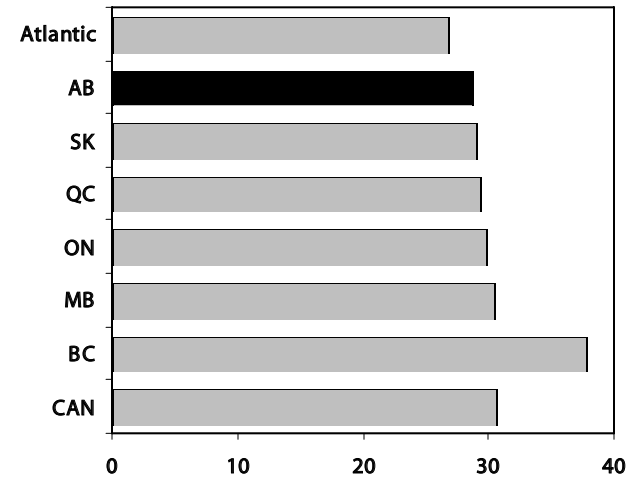
* Converted to index of Edmonton = 100. No data for Calgary.

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 over \$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)



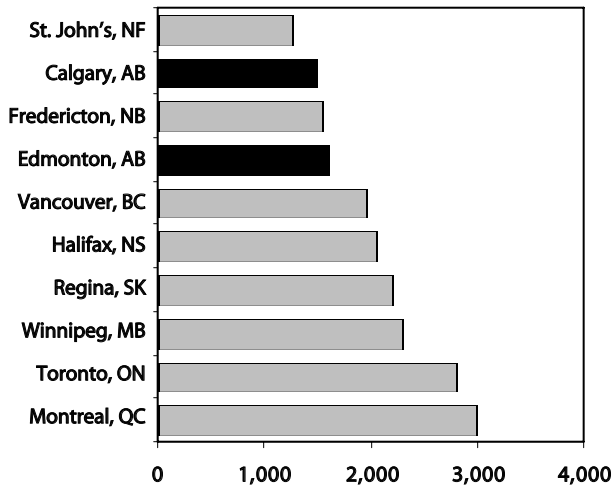
* 4th quarter estimate.

Source: Royal Bank of Canada

- Alberta has the second lowest housing affordability index in Canada (home ownership costs including mortgage payments, utilities, and property taxes, take up only 28.7% of a typical pre-tax household income in Alberta).
- Despite house price increases, good housing affordability in Alberta is the result of lower interest rates and a rise in household incomes.

NET HOME PROPERTY TAXES

2001 (dollars)*



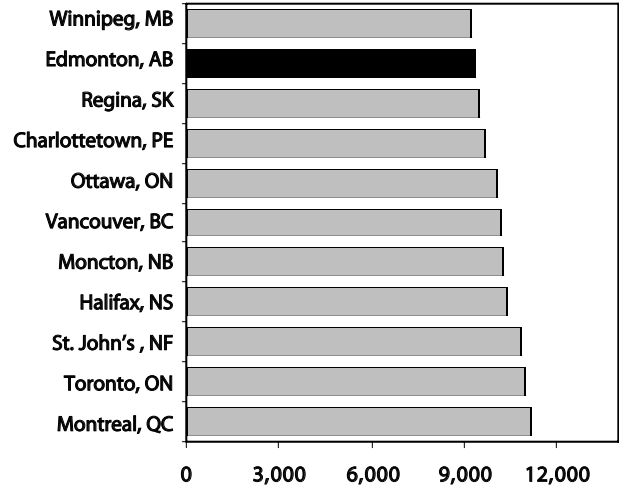
* Includes municipal, regional and school tax, net of homeowner grants or credits for a single family house.

Source: The City of Edmonton

- 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

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

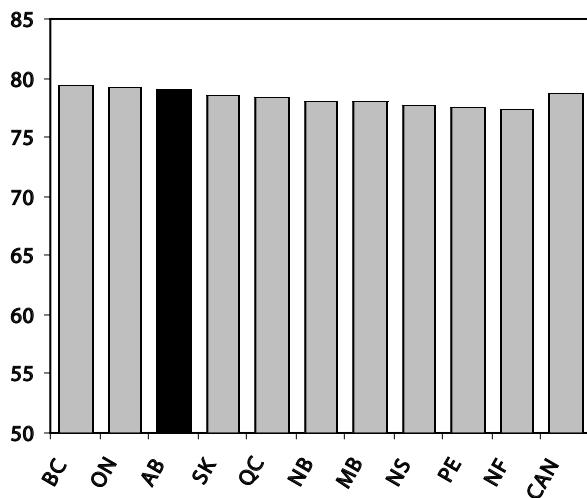
Quality of Life

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

1998 (years)*

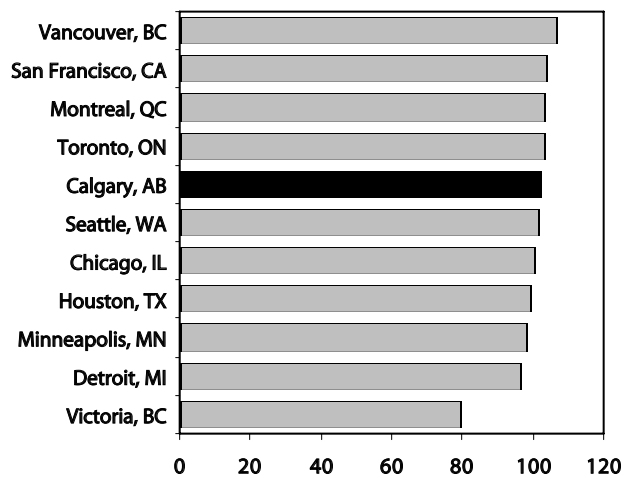


* Average life-span at birth.
Source: Statistics Canada

- In 1998, Alberta had the third highest life expectancy at birth among provinces.
- Albertans can expect to enjoy a longer life than the average Canadian.

QUALITY OF LIVING INDEX

2001 (New York = 100.0)*

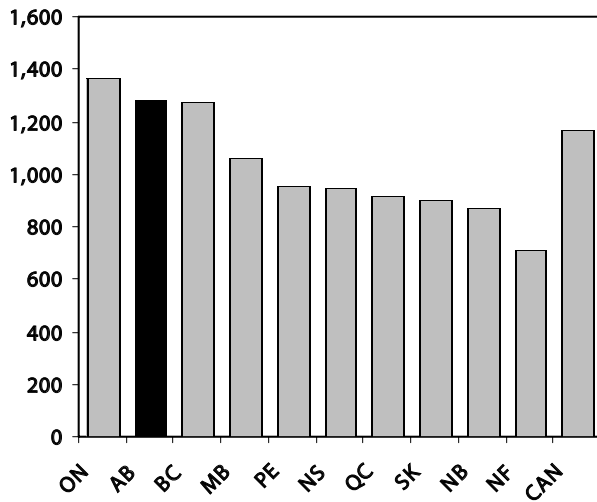


* 39 criteria based on political, social, economic, cultural, and natural environment; health; education; transportation; recreation; consumer goods; housing; and public services. Edmonton not included in survey.
Source: William M. Mercer Companies

- 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

2000 Average Expenditure Per Household (dollars per year)*



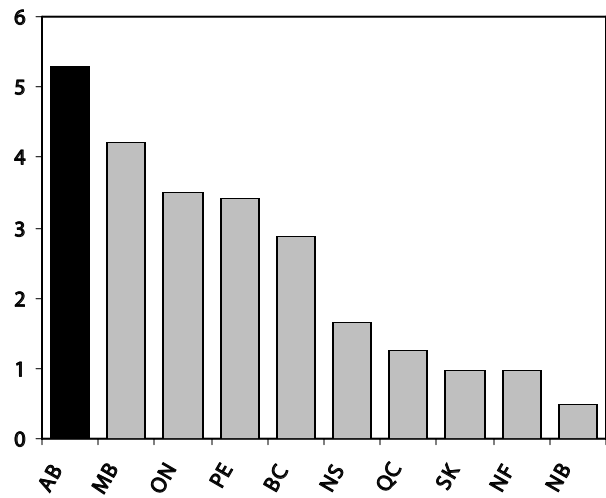
* Expenditure on recreation and entertainment.

Source: Statistics Canada

- Albertans "work hard and play hard". With the second 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

1999-2000 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.

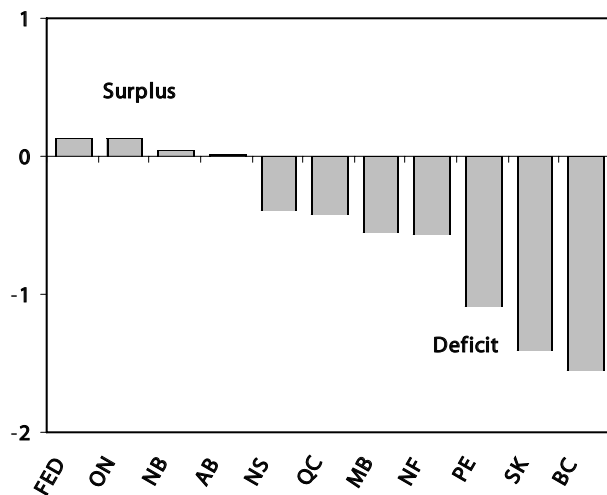
The Alberta Government

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. As the only province with more financial assets than liabilities, Alberta continues to attract international attention as the most fiscally responsible government in Canada.

GOVERNMENT SURPLUSES (DEFICITS)

2001-02 (per cent of GDP)*



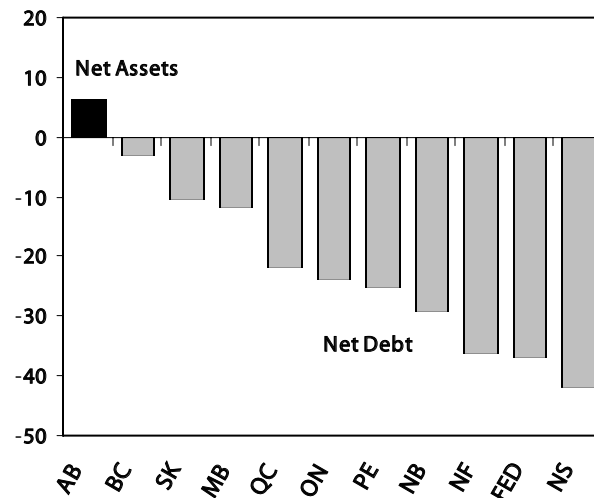
* Other governments as of February 28, 2002. Excludes payments from fiscal stabilization funds or their equivalent.

Source: Alberta Finance

- The Alberta government is committed to living within its means.
- Alberta is one of only three provinces to have a balanced budget in 2001-02.

GOVERNMENT NET ASSETS (DEBT)

March 31, 2002 (per cent of GDP)*



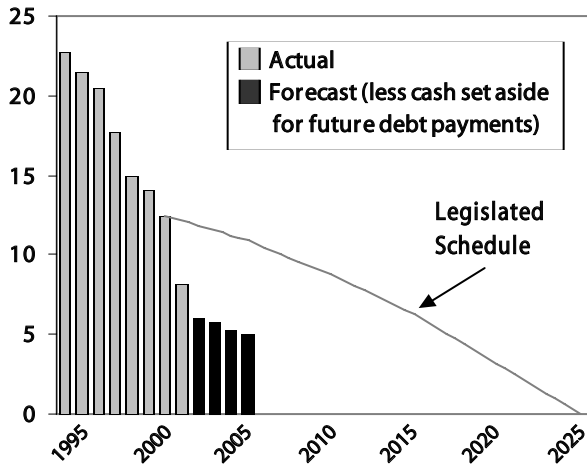
* Other governments as of February 28, 2002. On a consolidated basis where possible. Excludes pension liabilities.

Source: Alberta Finance

- Alberta's net debt has been eliminated, with total financial assets exceeding total liabilities.
- At March 31, 2002, Alberta's financial assets are forecast to be \$24.4 billion. Total liabilities (excluding pension obligations) are forecast to be \$15.3 billion, resulting in net assets of about \$9.1 billion.

ALBERTA'S ACCUMULATED DEBT

At March 31 (billions of dollars)

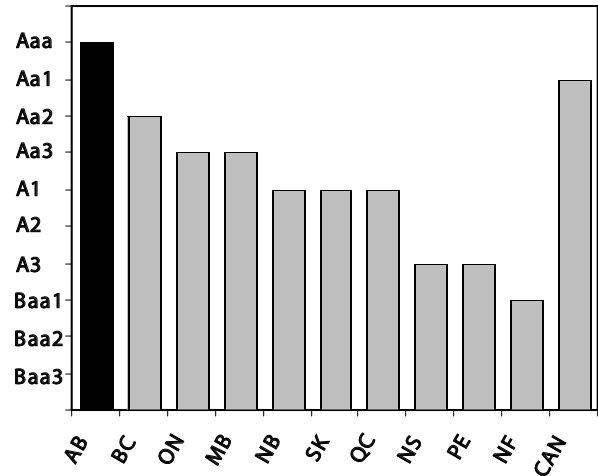


Source: Alberta Finance

- Alberta's accumulated debt is expected to be reduced to less than \$5 billion by March 31, 2005.
- It is projected that the province's accumulated debt will be paid off by 2016, nine years ahead of schedule.

CREDIT RATING

As of March 1, 2002*



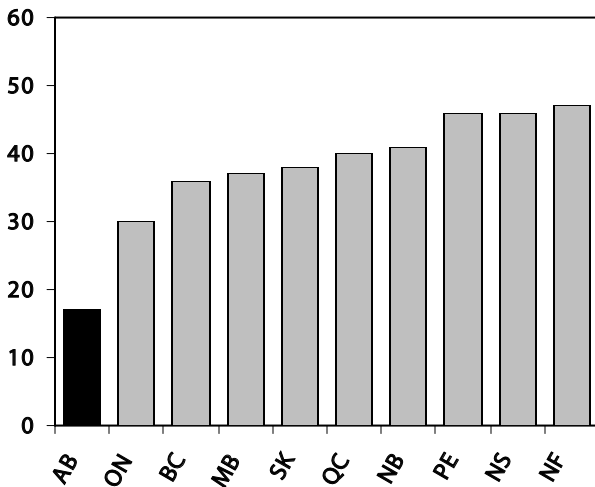
* Moody's Canadian domestic dollar debt ratings.

Source: Moody's Investors Services

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

BORROWING COSTS

As of March 1, 2002 (basis points)*



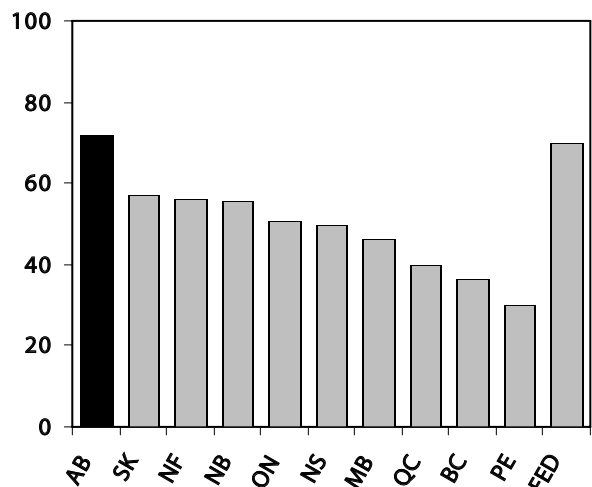
* Interest rates spread relative to 10-year Government of Canada bond rate. A basis point is one-hundredth of a percentage point.

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.

BUDGET PERFORMANCE INDEX

2001 (100-point index scale)*



* 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 in 2001.
- According to the index, which is based upon the tax and expenditure behaviour of governments, Alberta's performance surpassed second place Saskatchewan by 26%.