

Text of "Budget 101" Video *March 11, 2004*

Planning a \$20 billion budget is a monumental task that requires a great deal of cross-government coordination and cooperation.

A fiscal year for most businesses is based on a calendar year beginning on January 1st and ending December 31st. The Government of Alberta's fiscal year runs from April 1st until March 31st of the following year.

Budgets operate on a three-year planning cycle to coincide with government's three-year business plans.

A budget will contain revenue and expense estimates or, in other words, income and spending estimates for the upcoming fiscal year and revenue and expense targets for two years after that.

In this kind of process, overlap occurs. Around the same time the government is announcing its budget for the upcoming fiscal year, it is also closing off its books for the current fiscal year.

Sound confusing?

Let's say the government announces a budget in March 2004 for the 2004-05 fiscal year. It will then provide quarterly updates throughout the year to let Albertans know how government is doing with its budget estimates.

In June of 2004 the government releases an Annual Report, which contains the actual revenue and expense numbers from the previous year, April 2003 to March 2004. The Annual Report also contains a segment called "Measuring Up" that lets Albertans know how the government is doing in terms of meeting the performance measures in its business plan. That's the "closing off the books" process. It's also about the same time the government begins pulling numbers together for its first quarter fiscal update on the current fiscal year and begins the next budget planning cycle for the 2005-06 fiscal year.

Even though budget planning involves all of government, it is coordinated by the Finance Department.

Finance begins the budget planning process by preparing an economic and fiscal forecast for the next three fiscal years, usually in July when caucus meets during Stampede week in Calgary. That forecast includes estimates on population growth, economic growth, interest rate projections, revenue and other variables.

This forecast information is provided at caucus and cabinet planning sessions in September at which time government agrees on its budget direction.

Once Finance receives preliminary direction, Finance provides other ministries with the government's overall direction and asks them to set priorities and update their revenue and spending forecasts.

A ministry's priorities are reflected in their business plans. Over the course of the next couple of months, the ministries will bring their business plans to one of six Standing Policy Committees. There is a Standing Policy Committee or SPC for:

- Agriculture and Municipal Affairs
- Economic Development and Finance
- Energy and Sustainable Development
- Health and Community Living
- Justice and Government Services; and
- Learning and Employment

These Standing Policy Committees have representation from government MLAs including Cabinet Ministers.

Ministry business plans are normally approved by SPC before Treasury Board reviews the spending proposals to implement the plans.

The role of Treasury Board is to ensure the government's budget direction and business plan goals are kept in focus and that legislation regarding fiscal responsibility is followed.

Treasury Board approves spending proposals based on the dollars that are available and government's priorities.

Once the Ministry's business plan is approved, it will prepare its final budget submission and provide it to the department of Finance.

By the time Finance receives the Ministries final budget submissions, the actual budget is usually less than two months away.

Over the next few weeks, Finance will have the task of inputting between one and two thousand pages of data, reconciling that data, preparing and writing roughly 12 hundred pages of budget documents, obtaining sign off from the ministries on their budget data and conducting final revisions, proofing and printing of the budget documents.

The budget is then tabled and debated in the legislature. Each budget contains:

- Three-year business plans, for government as a whole and all government ministries
- A fiscal plan that includes the government's revenue and expense estimates and economic outlook for the next three years.
- Legislative Assembly estimates for the coming year
- And Government and Lottery Fund estimates for the coming year

All of these documents are available to Albertans upon request or by going to the Alberta Finance web site at www.finance.gov.ab.ca and clicking on publications and forms. For more information on the provincial budget, call Alberta Finance at 427 – 3035 or call us toll free at 310-0000.