

# BUDGET 2007

MANAGING OUR GROWTH

## First Quarter Fiscal Update

2007-2008



## UPDATING ALBERTANS

The *First Quarter Fiscal Update* consists of two parts – the updated 2007-08 forecast for the entire fiscal year and the actual results for the first three months of the fiscal year (April 1 to June 30, 2007).

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# 2007-08 FORECAST

## HIGHLIGHTS

- **Revenue** is forecast at \$36.2 billion, an \$830 million increase from the budget estimate. The increase is primarily due to higher personal income taxes, investment income and energy revenue.
- **Expense** is forecast at \$33.7 billion, \$533 million higher than the budget estimate. This includes:
  - \$426 million net increase in capital grants, mainly for maintenance and renewal, affordable housing and cost escalation of approved projects;
  - \$126 million increase in disaster/emergency assistance for floods and forest fires;
  - \$24 million net increase in operating expense, mainly in dedicated revenue/expense; less,
  - a \$43 million decrease in natural gas rebates.
- **Surplus** (net revenue) is forecast at \$2.5 billion. After various cash and other adjustments, \$575 million in cash is forecast to be available for allocation from the increased surplus: \$383 million to the Capital Account and \$192 million to be deposited in the Heritage Fund.
- **Capital Plan.** Better-than-expected 2006-07 fourth quarter results have enabled additional capital commitments. Including a net \$16 million reduction in capital investment, 2007-08 capital spending has been increased by \$410 million from budget.
- **Sustainability Fund.** The forecast allocations are \$915 million to the Heritage Fund and other endowment funds, up \$481 million from budget, and \$838 million to the Capital Account.
- After these allocations, Sustainability Fund assets are forecast at \$7.7 billion, \$5.2 billion higher than the minimum target of \$2.5 billion.

## FISCAL SUMMARY<sup>a</sup>

(millions of dollars)

|  | 2007-08 |                            | Change<br>from<br>Budget |
|--|---------|----------------------------|--------------------------|
|  | Budget  | 1st<br>Quarter<br>Forecast |                          |
| 1 <b>Revenue</b>   | 35,332  | 36,162                     | 830                      |
| <b>Expense</b>   |         |                            |                          |
| <b>Program expense</b>   |         |                            |                          |
| 2 Operating expense  | 27,023  | 27,047                     | 24                       |
| 3 Capital grants   | 4,739   | 5,165                      | 426                      |
| 4 Disaster/emergency/natural gas rebates                         | 527     | 610                        | 83                       |
| 5 Capital amortization and nominal sum disposals                 | 625     | 625                        | -                        |
| 6 <b>Debt servicing costs</b>                                    | 235     | 235                        | -                        |
| 7 <b>Total Expense<sup>b</sup></b>                               | 33,149  | 33,682                     | 533                      |
| 8 <b>Net Revenue (surplus)</b>                                   | 2,183   | 2,480                      | 297                      |
| 9 Transfer from Capital Account for capital grants               | 2,564   | 3,002                      | 438                      |
| 10 Net transfer from (to) Sustainability Fund                    | (4,433) | (5,160)                    | (727)                    |
| 11 <b>Contingency Allowance</b>                                  | 314     | 322                        | 8                        |
| 12 <b>Net Revenue (Surplus)</b>                                  | 2,183   | 2,480                      | 297                      |
| 13 Cash from 2006-07   | -       | 682                        | 682                      |
| 14 Contingency Allowance   | (314)   | (322)                      | (8)                      |
| 15 Retained income of funds and agencies                         | (365)   | (345)                      | 20                       |
| 16 Other cash adjustments/requirements <sup>c</sup>              | (1,070) | (1,197)                    | (127)                    |
| 17 <b>Net amount available for allocation</b>                    | 434     | 1,298                      | 864                      |
| <b>Allocation</b>  |         |                            |                          |
| 18 Heritage Fund inflation-proofing                              | 284     | 346                        | 62                       |
| 19 Medical Research Endowment Fund                               | 150     | 150                        | -                        |
| 20 Scholarship Fund (2006-07 fourth quarter allocation)          | -       | 227                        | 227                      |
| 21 Forecast cash available for allocation from increased surplus | -       | 575                        | 575                      |
| 22 <b>Total Allocation</b>                                       | 434     | 1,298                      | 864                      |

a Subject to the *Fiscal Responsibility Act*. Does not include changes in equity of Crown-controlled SUCH sector organizations or in pension obligations.

b Capital investment (not included in expense): 1,964 1,948 (16)

c Adjusts Net Revenue to cash available for allocation from the Sustainability Fund. The first quarter forecast includes: \$486 million in cash adjustments primarily related to natural gas royalties; \$1,137 million in capital investment cash requirements; less a \$426 million net withdrawal from the Capital Account, which includes the \$455 million allocation from the 2006-07 fourth quarter results, but is prior to the \$383 million forecast allocation from the increased 2007-08 surplus (in line 21). Further details are provided on pages 6, 8 and 9.

# REVENUE

## NON-RENEWABLE RESOURCE REVENUE

Non-renewable resource revenue is forecast at \$10.5 billion, \$237 million higher than the budget estimate. Increases in conventional oil and oil sands royalties are partially offset by lower revenue from land sales and natural gas and by-products royalties.

**Natural gas royalties** are forecast at \$5.9 billion, \$123 million lower than budgeted. Natural gas prices are forecast to average Cdn\$6.50 per gigajoule (GJ), 25 cents less than the budget estimate, due to record gas storage levels, a lack of tropical storm activity in the Gulf of Mexico and the impact of the higher Canadian/U.S. dollar exchange rate. The drop in revenue from the lower price is offset partially by a higher forecast for conventional gas production. Year-to-date (April to August), natural gas prices have averaged about \$6.09/GJ, and are expected to average about \$6.79/GJ for the rest of the fiscal year.

Total **oil royalties** are forecast at \$3.4 billion, \$505 million higher than budgeted. Oil prices are forecast to average US\$64 per barrel, up \$6 from the budget estimate, reflecting strong global economic growth and increased demand, lower-than-expected supply increases, and higher risk premiums associated with possible supply disruptions. In addition, conventional oil production is expected to be higher than forecast. The impact on revenue of the higher price and conventional production is offset slightly by the higher exchange rate forecast. Year-to-date (April to August), oil prices have averaged about US\$67.77 per barrel, and are expected to average about US\$61.31 per barrel for the rest of the fiscal year.

Revenue from **bonuses and sales of Crown leases** is forecast at \$1.1 billion, \$144 million less than budgeted, reflecting lower-than-expected conventional oil and gas land sales and prices per hectare, partly offset by higher oil sands land sales.

The *Fiscal Responsibility Act* requires non-renewable resource revenue above \$5.3 billion be transferred to the Sustainability Fund. This transfer is forecast at \$5.2 billion.

## TAX REVENUE

**Personal income tax revenue** is forecast at \$7.7 billion, \$411 million higher than the budget estimate. Stronger-than-expected personal income growth in 2006 and 2007 increases the current-year forecast and results in a \$64 million prior year adjustment related to 2006-07.

**Corporate income tax revenue** is forecast at \$3.1 billion, unchanged from budget.

**Other tax revenue** is forecast at \$3.6 billion, \$22 million higher than budgeted. Higher volumes have increased the forecast for fuel and insurance taxes, and the tourism levy, but the increases have been partly offset by lower freehold mineral rights tax revenue due to lower-than-expected gas prices and production.

## TRANSFERS FROM GOVERNMENT OF CANADA

Transfers from the Government of Canada are forecast at \$3.5 billion, \$192 million lower than budgeted. Health transfers have decreased by a net \$201 million: higher income tax revenue in 2006-07 reduces the 2007-08 entitlement and requires a negative prior year adjustment related to 2006-07, but these are slightly offset by a \$10 million increase related to the Patient Wait Times Guarantee Trust.

Other transfers are \$9 million higher than budgeted, mainly from an upward revision to Alberta's population and from changes to the federal-provincial cost-sharing formula for crop insurance premiums.

## INVESTMENT INCOME

Investment income is forecast at \$2.8 billion, \$257 million higher than the budget estimate. This revised forecast takes into account a number of factors, including stronger-than-expected equity market performance in the first quarter, increased interest rates, higher-than-budgeted balances in some funds and accounts, and the volatile market environment to the end of July 2007. During July, most public equity markets in Canadian dollar terms were weaker and fixed income markets were flat as global financial markets became more cautious in reaction to the decline in the U.S. residential home sector.

## OTHER REVENUE

Total other revenue is forecast at \$4.9 billion, \$95 million higher than budgeted:

- \$60 million increase in health care insurance premiums based on a higher-than-expected number of registrants;
- \$20 million increase in gaming and lottery revenue due to higher casino activity;
- \$16 million increase in motor vehicle licences revenue due to a higher-than-expected number of vehicle registrations;
- \$31 million decrease in crop and hail insurance premiums revenue due to lower participation;
- \$30 million increase in other miscellaneous revenue.

**REVENUE***(millions of dollars)***2007-08**

|  | <b>Budget</b> | <b>1st<br/>Quarter<br/>Forecast</b> | <b>Change<br/>from<br/>Budget</b> | <b>Main Reasons for<br/>Change from Budget</b>       |
|--|---------------|-------------------------------------|-----------------------------------|--|
| <b>Income Taxes</b>                          |               |                                     |                                   |  |
| Personal income tax                          | 7,318         | <b>7,729</b>                        | 411                               | Stronger personal income growth                      |
| Corporate income tax                         | 3,126         | <b>3,126</b>                        | -                                 |  |
|  | <u>10,444</u> | <u><b>10,855</b></u>                | <u>411</u>                        |  |
| <b>Other Taxes</b>                           |               |                                     |                                   |  |
| School property tax                          | 1,378         | <b>1,378</b>                        | -                                 |  |
| Tobacco tax                                  | 890           | <b>890</b>                          | -                                 |  |
| Fuel tax                                     | 720           | <b>755</b>                          | 35                                | Better-than-expected prior year results              |
| Freehold mineral rights tax                  | 333           | <b>314</b>                          | (19)                              | Lower natural gas price and production               |
| Insurance taxes                              | 244           | <b>246</b>                          | 2                                 | Higher 2006 cash receipts                            |
| Tourism levy                                 | 65            | <b>69</b>                           | 4                                 | Better-than-expected prior year results              |
|  | <u>3,630</u>  | <u><b>3,652</b></u>                 | <u>22</u>                         |  |
| <b>Non-Renewable Resource Revenue</b>        |               |                                     |                                   |  |
| Natural gas and by-products royalty          | 6,023         | <b>5,900</b>                        | (123)                             | Lower natural gas price                              |
| Crude oil royalty                            | 1,060         | <b>1,147</b>                        | 87                                | Higher oil price / production                        |
| Synthetic crude oil and bitumen royalty      | 1,795         | <b>2,213</b>                        | 418                               | Higher oil price                                     |
| Coal royalty                                 | 15            | <b>16</b>                           | 1                                 |  |
| Bonuses and sales of Crown leases            | 1,214         | <b>1,070</b>                        | (144)                             | Lower price per hectare / fewer hectares sold        |
| Rentals and fees                             | 153           | <b>151</b>                          | (2)                               | Fewer hectares sold                                  |
|  | <u>10,260</u> | <u><b>10,497</b></u>                | <u>237</u>                        |  |
| <b>Transfers from Government of Canada</b>   |               |                                     |                                   |  |
| Health transfers                             | 1,828         | <b>1,627</b>                        | (201)                             | Higher income tax revenue                            |
| Canada Social Transfer                       | 924           | <b>932</b>                          | 8                                 | Population growth                                    |
| Agriculture support programs                 | 329           | <b>336</b>                          | 7                                 | Changes to cost-sharing formula                      |
| Other  | 634           | <b>628</b>                          | (6)                               | Miscellaneous changes                                |
|  | <u>3,715</u>  | <u><b>3,523</b></u>                 | <u>(192)</u>                      |  |
| <b>Net Income from Commercial Operations</b> |               |                                     |                                   |  |
| Alberta Gaming and Liquor Commission:        |               |                                     |                                   |  |
| Gaming and lottery revenue                   | 1,448         | <b>1,468</b>                        | 20                                | Higher casino activity level                         |
| Liquor revenue                               | 642           | <b>642</b>                          | -                                 |  |
| Alberta Treasury Branches                    | 262           | <b>262</b>                          | -                                 |  |
| Other  | 6             | <b>6</b>                            | -                                 |  |
|  | <u>2,358</u>  | <u><b>2,378</b></u>                 | <u>20</u>                         |  |
| <b>Investment Income</b>                     |               |                                     |                                   |  |
| Alberta Heritage Savings Trust Fund          | 1,219         | <b>1,339</b>                        | 120                               | Strong first quarter equity markets                  |
| Endowment Funds:                             |               |                                     |                                   |  |
| Medical Research                             | 100           | <b>115</b>                          | 15                                | Strong first quarter equity markets                  |
| Science and Engineering Research             | 56            | <b>57</b>                           | 1                                 | Strong first quarter equity markets                  |
| Scholarship                                  | 42            | <b>55</b>                           | 13                                | Strong first quarter equity markets / higher balance |
| Alberta Capital Finance Authority            | 295           | <b>295</b>                          | -                                 |  |
| Agriculture Financial Services Corporation   | 101           | <b>105</b>                          | 4                                 | Higher fund balances                                 |
| Sustainability Fund                          | 275           | <b>295</b>                          | 20                                | Higher interest rates                                |
| Debt Retirement Account                      | 81            | <b>85</b>                           | 4                                 | Higher interest rates                                |
| Capital Account                              | 210           | <b>240</b>                          | 30                                | Higher asset balance and interest rates              |
| Other  | 121           | <b>171</b>                          | 50                                | Higher asset balances and interest rates             |
|  | <u>2,500</u>  | <u><b>2,757</b></u>                 | <u>257</u>                        |  |
| <b>Premiums, Fees and Licences</b>           |               |                                     |                                   |  |
| Health care insurance premiums               | 919           | <b>979</b>                          | 60                                | Increased registrants                                |
| Motor vehicle licences                       | 332           | <b>348</b>                          | 16                                | Increase in vehicle registrations                    |
| Crop and hail insurance premiums             | 181           | <b>150</b>                          | (31)                              | Lower participation                                  |
| Timber rentals and fees                      | 40            | <b>40</b>                           | -                                 |  |
| Land titles                                  | 70            | <b>72</b>                           | 2                                 | Stronger-than-expected real estate market            |
| Other  | 334           | <b>335</b>                          | 1                                 | Revised forecast                                     |
|  | <u>1,876</u>  | <u><b>1,924</b></u>                 | <u>48</u>                         |  |
| <b>Other</b>                                 |               |                                     |                                   |  |
| Refunds of expense                           | 100           | <b>103</b>                          | 3                                 | Revised forecast                                     |
| Fines and penalties                          | 95            | <b>96</b>                           | 1                                 | Revised forecast                                     |
| Miscellaneous                                | 354           | <b>377</b>                          | 23                                | Miscellaneous changes                                |
|  | <u>549</u>    | <u><b>576</b></u>                   | <u>27</u>                         |  |
| <b>Total Revenue</b>                         | <b>35,332</b> | <b>36,162</b>                       | <b>830</b>                        |  |

# EXPENSE

## TOTAL EXPENSE

Total expense is \$533 million higher than the budget estimate:

- \$426 million increase in capital grants funded from the Capital Account;
- \$126 million additional disaster/emergency assistance funded from the Sustainability Fund;
- \$20 million net increase in dedicated revenue/expense;
- \$4 million net increase in other program expense; less,
- a \$43 million lapse in the Natural Gas Rebate program.

## SUSTAINABILITY FUND

**Disaster/Emergency Assistance** – \$126 million is being provided: \$86 million for forest fire-fighting costs and \$40 million for flood disaster assistance.

**Natural Gas Rebates** – \$434 million in natural gas rebates are now expected to be paid, \$43 million less than budgeted, due to the lower natural gas price forecast.

## CAPITAL ACCOUNT

Capital grants funded from the Capital Account have been increased by \$426 million:

- \$287 million for capital maintenance and renewal projects in schools, post-secondary and health facilities, government buildings, and on provincial highways;
- \$96 million for affordable housing projects announced in April;
- \$30 million for upgrading utility services at the University of Alberta;
- \$25 million for cost escalation on Rural Affordable Supportive Living projects; less,
- a net \$12 million reduction in other capital expense.

## FUNDING FROM THE CONTINGENCY ALLOWANCE

The \$314 million set aside as a Contingency Allowance in *Budget 2007*, for in-year, non-emergency operating spending or revenue reduction initiatives, has increased to \$322 million. The net \$8 million increase to the Contingency Allowance reflects an increase of \$12 million in operating expense offset by a \$12 million lapse in capital grants in Infrastructure and Transportation, and a net \$8 million in other operating expense lapses.

## MINISTRY EXPENSE CHANGES

**Advanced Education and Technology** – \$141 million net increase, consisting of \$111 million for capital maintenance and renewal projects and \$30 million for the University of Alberta utility system.

**Education** – \$107 million net increase, comprising \$97 million for capital maintenance and renewal grants, and \$10 million for French Language programs fully funded by a federal transfer.

**Health and Wellness** – \$63 million net increase, due to a \$53 million increase in capital maintenance and renewal grants and a \$10 million increase under the federal Patient Wait Times Guarantee Trust funded by equivalent revenue drawn from the trust.

**Infrastructure and Transportation** – \$21 million net decrease:

- \$23 million increase in municipal capital grants;
- \$23 million increase for capital maintenance and renewal projects;
- \$12 million increase in operating expense, mainly for improvements to government-owned facilities;
- \$9 million increase in nominal sum disposals to transfer the Claresholm Care Centre to the Calgary Health Region; less,
- \$43 million lapse in expected natural gas rebates;
- \$36 million lapse in capital grants under the Canada-Alberta Municipal Rural Infrastructure Fund;
- \$9 million lapse in amortization expense.

**Municipal Affairs and Housing** – \$139 million net increase, reflecting \$96 million in affordable housing grants announced in April, \$40 million for flood disaster assistance and \$3 million for maintenance and renewal grants.

**Seniors and Community Supports** – \$25 million increase to address cost escalation on Rural Affordable Supportive Living projects.

**Sustainable Resource Development** – \$86 million in emergency funding for forest fire-fighting.

**Other Ministries** – \$7 million net decrease, consisting of a \$5 million reduction in reinsurance premiums from lower crop insurance participation and a \$2 million reduction mainly due to lower unfunded liabilities in the provincial judges' pension plan.

**EXPENSE SUMMARY***(millions of dollars)*

|  | 2007-08       |                            |                          |
|--|---------------|----------------------------|--------------------------|
|  | Budget        | 1st<br>Quarter<br>Forecast | Change<br>from<br>Budget |
| <b>Program Expense</b>                                       |               |                            |                          |
| Operating expense <sup>a</sup>                               | 27,023        | <b>27,027</b>              | 4                        |
| Capital grants <sup>b</sup>                                  | 4,739         | <b>5,165</b>               | 426                      |
| Natural gas rebates  | 477           | <b>434</b>                 | (43)                     |
| Disaster/emergency assistance                                | 50            | <b>176</b>                 | 126                      |
| Capital amortization and nominal sum disposals               | 625           | <b>625</b>                 | -                        |
| Dedicated revenue/expense increases/(decreases) <sup>c</sup> | -             | <b>20</b>                  | 20                       |
| <b>Total Program Expense</b>                                 | <b>32,914</b> | <b>33,447</b>              | <b>533</b>               |
| <b>Debt Servicing Costs</b>                                  | <b>235</b>    | <b>235</b>                 | <b>-</b>                 |
| <b>Total Expense</b>   | <b>33,149</b> | <b>33,682</b>              | <b>533</b>               |

- a The \$4 million net increase in operating expense includes a \$12 million increase funded by a transfer from budgeted capital grants, and a net \$8 million in other operating lapses.
- b The increase in capital grants is \$438 million less \$12 million transferred to operating expense. As a result, the transfer from the Capital Account for current-year capital grants has increased \$438 million.
- c Dedicated revenue/expense changes – Education: \$10.3 million for French Language programs; Health and Wellness: \$10 million from the Patient Wait Times Guarantee Trust.

**EXPENSE BY MINISTRY***(millions of dollars)*

| Program  | 2007-08             |                            |                          | Main Reasons for<br>Change from Budget         |
|--|---------------------|----------------------------|--------------------------|--|
|  | Budget <sup>a</sup> | 1st<br>Quarter<br>Forecast | Change<br>from<br>Budget |  |
| Legislative Assembly   | 93                  | <b>93</b>                  | -                        |  |
| Advanced Education and Technology                            | 3,102               | <b>3,243</b>               | 141                      | Capital maintenance and renewal                |
| Agriculture and Food   | 1,026               | <b>1,021</b>               | (5)                      | Reduced reinsurance premiums                   |
| Children's Services  | 972                 | <b>972</b>                 | -                        |  |
| Education  | 5,625               | <b>5,732</b>               | 107                      | Capital maintenance and renewal                |
| Employment, Immigration and Industry                         | 853                 | <b>853</b>                 | -                        |  |
| Energy   | 300                 | <b>300</b>                 | -                        |  |
| Environment  | 164                 | <b>164</b>                 | -                        |  |
| Executive Council  | 23                  | <b>23</b>                  | -                        |  |
| Finance  | 645                 | <b>645</b>                 | -                        |  |
| Health and Wellness  | 12,054              | <b>12,117</b>              | 63                       | Capital maintenance and renewal                |
| Infrastructure and Transportation                            | 3,086               | <b>3,065</b>               | (21)                     | Lower forecast for rebates                     |
| International, Intergovernmental and<br>Aboriginal Relations | 68                  | <b>68</b>                  | -                        |  |
| Justice  | 382                 | <b>380</b>                 | (2)                      | Lower pension unfunded liability               |
| Municipal Affairs and Housing                                | 837                 | <b>976</b>                 | 139                      | Affordable housing / flood disaster assistance |
| Seniors and Community Supports                               | 1,765               | <b>1,790</b>               | 25                       | Rural Affordable Supportive Living projects    |
| Service Alberta  | 279                 | <b>279</b>                 | -                        |  |
| Solicitor General and Public Security                        | 512                 | <b>512</b>                 | -                        |  |
| Sustainable Resource Development                             | 353                 | <b>439</b>                 | 86                       | Forest fire-fighting costs                     |
| Tourism, Parks, Recreation and Culture                       | 756                 | <b>756</b>                 | -                        |  |
| Treasury Board   | 19                  | <b>19</b>                  | -                        |  |
| <b>Total Program Expense</b>                                 | <b>32,914</b>       | <b>33,447</b>              | <b>533</b>               |  |
| <b>Debt Servicing Costs</b>                                  | <b>235</b>          | <b>235</b>                 | <b>-</b>                 |  |
| <b>Total Expense</b>   | <b>33,149</b>       | <b>33,682</b>              | <b>533</b>               |  |

- a Budget numbers have been restated to reflect transfers for 'capital for emergent projects' totalling \$26.6 million, and transfers for capital project planning totalling \$5.4 million, from Infrastructure and Transportation to other ministries.

# ALBERTA SUSTAINABILITY FUND

## TRANSFERS AND ADJUSTMENTS

The *Fiscal Responsibility Act* requires non-renewable resource revenue above \$5.3 billion and increases in other revenue, less certain adjustments, to be transferred to the Sustainability Fund. Withdrawals are permitted for costs of disasters/emergencies and natural gas rebates.

These transfers are forecast at a net \$5.9 billion, comprising \$5.2 billion in non-renewable resource revenue, \$573 million net increase in other revenue, \$682 million in cash transferred from the 2006-07 surplus, less \$610 million in withdrawals for natural gas rebates and disasters/emergencies.

The amount of cash available for allocation also depends on adjustments for differences between accrued revenue and cash receipts, non-cash expenses and transfers not reported on the income statement. A net \$4.5 billion in negative adjustments are forecast, consisting of \$486 million in negative cash adjustments (primarily related to natural gas royalties), \$345 million of income

retained by various funds and agencies, and \$3.7 billion in net capital cash requirements.

## ALLOCATION OF AVAILABLE ASSETS

Fund assets in excess of \$2.5 billion can be allocated to other balance sheet improvements. In addition, the new in-year surplus allocation policy introduced with *Budget 2007* requires cash available from an increased surplus to be allocated 1/3 to savings and 2/3 to capital.

Forecast allocations are:

- \$346 million Heritage Fund inflation-proofing;
- \$150 million to the Medical Research Endowment Fund;
- \$227 million to the Scholarship Fund from the 1/3 allocation of 2006-07 fourth quarter results; and
- \$575 million for the new in-year surplus allocation policy.

After these allocations, total assets of the Fund remain at \$7.7 billion, \$5.2 billion more than the \$2.5 billion required minimum balance.

## ALBERTA SUSTAINABILITY FUND

(millions of dollars)

|   | 2007-08             |                            |                          |
|---|---------------------|----------------------------|--------------------------|
|   | Budget <sup>a</sup> | 1st<br>Quarter<br>Forecast | Change<br>from<br>Budget |
| <b>Assets at Start of Year</b>                                      | 7,653               | 7,653                      | -                        |
| <b>Transfers to (withdrawals from) the Sustainability Fund</b>      |                     |                            |                          |
| Cash transferred from 2006-07 fourth quarter results <sup>b</sup>   | -                   | 682                        | 682                      |
| Non-renewable resource revenue transfer from general revenue        | 4,960               | 5,197                      | 237                      |
| Withdrawals for disaster/emergency/natural gas rebates              | (527)               | (610)                      | (83)                     |
| Other net transfers   | -                   | 573                        | 573                      |
| Total transfers to Sustainability Fund                              | 4,433               | 5,842                      | 1,409                    |
| <b>Adjustments</b>  |                     |                            |                          |
| Cash adjustments <sup>c</sup>                                       | (376)               | (486)                      | (110)                    |
| Retained income of funds and agencies <sup>d</sup>                  | (365)               | (345)                      | 20                       |
| Capital investment cash requirements                                | (1,153)             | (1,137)                    | 16                       |
| Cash transferred to Capital Account for current-year capital grants | (2,564)             | (3,002)                    | (438)                    |
| Draw down of Capital Account balance <sup>e</sup>                   | 459                 | 426                        | (33)                     |
| Total adjustments   | (3,999)             | (4,544)                    | (545)                    |
| <b>Assets prior to allocation</b>                                   | 8,087               | 8,951                      | 864                      |
| Allocation to:  |                     |                            |                          |
| Heritage Fund - inflation-proofing                                  | (284)               | (346)                      | (62)                     |
| Medical Research Endowment Fund                                     | (150)               | (150)                      | -                        |
| Scholarship Fund (2006-07 fourth quarter allocation)                | -                   | (227)                      | (227)                    |
| Forecast cash available for allocation from increased surplus       | -                   | (575)                      | (575)                    |
| <b>Assets at End of Year</b>  | 7,653               | 7,653                      | -                        |
| Assets at end of year above \$2.5 billion                           | 5,153               | 5,153                      | -                        |

a Budget numbers have been restated to reflect 2006-07 actual results.

b The cash from the higher-than-forecast 2006-07 fourth quarter results was transferred into the Sustainability Fund in 2007-08.

c Due primarily to cash adjustments for natural gas royalties.

d Due primarily to retained income of Alberta Treasury Branches, Agriculture Financial Services Corporation and endowment funds.

e Net amount withdrawn from Capital Account after current-year allocations and withdrawals. Includes the \$455 million allocation from the 2006-07 fourth quarter results, but is prior to the \$383 million forecast allocation from the increased 2007-08 surplus.



## CAPITAL PLAN

2007-08 capital spending, including capital investment in provincial government-owned assets and capital expense for grants to local authorities and other infrastructure support, is forecast at \$7.1 billion, up a net \$410 million from budget. This includes a net \$426 million higher capital expense and a net \$16 million lower capital investment.

The increase is primarily funded from the allocation to the Capital Account of \$455 million of the better-than-forecast 2006-07 fourth quarter results and mainly relates to maintenance and renewal, and affordable housing.

- **Municipal Infrastructure Support** – \$1.4 billion, \$12 million less than the budget estimate. A \$36 million lapse in the Canada-Alberta Municipal Rural Infrastructure Fund is offset by increases for the Alberta Cities Transportation Partnerships program and several highway improvement grants.
- **Provincial Highway Network** – \$1.3 billion, \$56 million less than budgeted. A \$158 million lapse is partly offset by increases of \$57 million to carry-over unfinished 2006-07 projects, \$42 million for an Edmonton ring road land purchase and \$3 million for maintenance and renewal.
- **Health Facilities and Equipment** – \$1.3 billion, \$62 million higher than the budget estimate, reflecting \$53 million for maintenance and renewal and \$9 million transferred from Capital for Emergent Projects.
- **Post-secondary Facilities** – \$898 million, a \$151 million increase from budget, consisting of \$111 million for maintenance and renewal, \$30 million for cost escalation on the U. of A. utility system expansion and \$10 million transferred from Capital for Emergent Projects.
- **Schools** – \$611 million, \$103 million higher than the budget estimate, comprising \$97 million for maintenance and renewal and \$6 million transferred from Capital for Emergent Projects.
- **Community Facilities** – \$455 million, an increase of \$48 million from budget, reflecting \$29 million for maintenance and renewal, \$12 million to carry-over unfinished 2006-07 projects, and \$7 million in other projects and transfers from Capital for Emergent Projects and operating expense.
- **Water and Wastewater Management** – \$211 million, \$2 million higher than budgeted, to carry-over unfinished 2006-07 projects.
- **Housing, Government Facilities and Equipment, and Other Capital** – \$796 million, \$131 million higher than budget. Increases of \$96 million for affordable housing, \$25 million for Rural Affordable Supportive Living project cost escalation, \$23 million for maintenance and renewal, \$9 million to carry-over unfinished 2006-07 projects, and \$17 million in other projects, are partly offset by a \$39 million lapse.
- **Capital for Emergent Projects** – \$147 million, down a net \$19 million, as \$27 million in reallocations to other functions are partially offset by an \$8 million carry-over for unfinished 2006-07 projects.

### CAPITAL PLAN SUMMARY

(millions of dollars)

|   | 2007-08      |                      |                    |
|---|--------------|----------------------|--------------------|
|   | Budget       | 1st Quarter Forecast | Change from Budget |
| Municipal infrastructure support                                | 1,402        | 1,390                | (12)               |
| Provincial highway network                                      | 1,379        | 1,323                | (56)               |
| Health facilities and equipment                                 | 1,220        | 1,282                | 62                 |
| Post-secondary facilities                                       | 747          | 898                  | 151                |
| Schools   | 508          | 611                  | 103                |
| Community facilities  | 407          | 455                  | 48                 |
| Water and wastewater management                                 | 209          | 211                  | 2                  |
| Housing, government facilities and equipment, and other capital | 665          | 796                  | 131                |
| Capital for emergent projects                                   | 166          | 147                  | (19)               |
| <b>Total Capital Plan</b>                                       | <b>6,703</b> | <b>7,113</b>         | <b>410</b>         |
| To be funded by   |              |                      |                    |
| Current-year revenue  | 2,784        | 2,772                | (12)               |
| Capital Account   | 3,717        | 4,139                | 422                |
| Alternative financing including P3s                             | 202          | 202                  | -                  |
| <b>Total Capital Plan</b>                                       | <b>6,703</b> | <b>7,113</b>         | <b>410</b>         |

## NET FINANCIAL AND CAPITAL ASSETS

- **Net Assets** – Net assets at March 31, 2008 are forecast at \$45.2 billion, including capital assets of \$13.7 billion.
- **Heritage Fund** – The forecast book value of Heritage Fund external assets is \$15.6 billion, \$538 million higher than March 31, 2007, and \$254 million higher than budget. The increase from budget reflects a \$62 million higher inflation-proofing requirement and a forecast \$192 million deposit under the new in-year surplus allocation policy.
- **Endowment and Other Funds** – Total assets are forecast at \$3.9 billion, up \$403 million from March 31, 2007 and \$257 million from budget. The increases primarily reflect the \$150 million budgeted deposit to the Medical Research Endowment Fund, and the \$227 million allocation to the Scholarship Fund from the 2006-07 fourth quarter results.
- **Accumulated Debt/Debt Retirement Account** – Sufficient funds are available in the Account to repay the remaining accumulated debt as it matures.
- **Capital Account** – Assets are forecast at \$6 billion, down \$43 million from March 31, 2007, but \$416 million higher than budget. A \$455 million allocation from the 2006-07 fourth quarter results has been mostly offset by increased withdrawals of \$438 million to fund higher capital grants in 2007-08. The new in-year surplus allocation policy also allocates 2/3 of cash available from an increase to the surplus to the Capital Account. This allocation is forecast at \$383 million. The *Balance Sheet* and *Capital Account* tables (pages 8, 9) reflect the impact of this \$383 million forecast deposit, showing the net withdrawal from the Capital Account for 2007-08 as \$43 million. However, the *Sustainability Fund* and *Fiscal Summary* tables (pages 1, 6) reflect the net withdrawal from the Capital Account as \$426 million, prior to this forecast allocation, to show total cash available for allocation from the increased 2007-08 surplus.

### BALANCE SHEET (at March 31)

(millions of dollars)

|  | 2007<br><i>Actual</i> | 2008                |                            |                       |                |
|--|-----------------------|---------------------|----------------------------|-----------------------|----------------|
|  |                       | Budget <sup>a</sup> | 1st<br>Quarter<br>Forecast | Change from<br>Budget | 2007<br>Actual |
| <b>Financial Assets</b>                                  |                       |                     |                            |                       |                |
| Heritage Fund external investments                       | 15,028                | 15,312              | 15,566                     | 254                   | 538            |
| Self-supporting lending organizations                    | 7,271                 | 8,207               | 7,936                      | (271)                 | 665            |
| Alberta Sustainability Fund                              | 7,653                 | 7,653               | 7,653                      | -                     | -              |
| Endowment funds <sup>b</sup>                             | 3,448                 | 3,594               | 3,851                      | 257                   | 403            |
| Capital Account  | 6,091                 | 5,632               | 6,048                      | 416                   | (43)           |
| Debt Retirement Account                                  | 2,035                 | 1,789               | 1,789                      | -                     | (246)          |
| Other financial assets                                   | 9,488                 | 10,450              | 9,568                      | (882)                 | 80             |
| <b>Total Financial Assets</b>                            | <b>51,014</b>         | <b>52,637</b>       | <b>52,411</b>              | <b>(226)</b>          | <b>1,397</b>   |
| <b>Liabilities</b>                                       |                       |                     |                            |                       |                |
| Accumulated debt   | 2,030                 | 1,784               | 1,784                      | -                     | (246)          |
| Pension obligations                                      | 5,593                 | 5,710               | 5,710                      | -                     | 117            |
| Self-supporting lending organizations                    | 6,661                 | 7,498               | 7,248                      | (250)                 | 587            |
| Other liabilities  | 6,276                 | 7,658               | 6,104                      | (1,554)               | (172)          |
| <b>Total Liabilities</b>                                 | <b>20,560</b>         | <b>22,650</b>       | <b>20,846</b>              | <b>(1,804)</b>        | <b>286</b>     |
| <b>Net Financial Assets</b>                              | <b>30,454</b>         | <b>29,987</b>       | <b>31,565</b>              | <b>1,578</b>          | <b>1,111</b>   |
| Capital assets and inventories of supplies               | 12,429                | 13,784              | 13,681                     | (103)                 | 1,252          |
| <b>Net Assets</b>  | <b>42,883</b>         | <b>43,771</b>       | <b>45,246</b>              | <b>1,475</b>          | <b>2,363</b>   |
| Adjustment for pension obligations                       | 5,593                 | 5,710               | 5,710                      | -                     | 117            |
| <b>Net Assets for Fiscal Policy Purposes<sup>c</sup></b> | <b>48,476</b>         | <b>49,481</b>       | <b>50,956</b>              | <b>1,475</b>          | <b>2,480</b>   |

a Budget numbers have been restated to reflect 2006-07 actual results.

b Includes the Medical Research Endowment Fund, Science and Engineering Research Endowment Fund, Scholarship Fund, Alberta Cancer Prevention Legacy Fund and Energy Innovation Fund.

c Under the *Fiscal Responsibility Act*. Excludes pension obligations and change in equity of Crown-controlled SUCH sector organizations.

**CAPITAL ACCOUNT***(millions of dollars)*

|   | 2006-07<br><i>Actual</i> | 2007-08             |                            |                                  |         |
|---|--------------------------|---------------------|----------------------------|----------------------------------|---------|
|   |                          | Budget <sup>a</sup> | 1st<br>Quarter<br>Forecast | Change from<br>2006-07<br>Budget | Actual  |
| <b>Assets at Start of Year</b>            | 4,243                    | 6,091               | <b>6,091</b>               | -                                | 1,848   |
| Allocations to Capital Account:           |                          |                     |                            |                                  |         |
| For current-year use                      | 3,200                    | 2,258               | <b>2,258</b>               | -                                | (942)   |
| For future-year use                       | 1,848                    | -                   | -                          | -                                | (1,848) |
| For cost escalation                       | -                        | 1,000               | <b>1,000</b>               | -                                | 1,000   |
| From 2006-07 fourth quarter results       | -                        | -                   | <b>455</b>                 | 455                              | 455     |
| From forecast increase to 2007-08 surplus | -                        | -                   | <b>383</b>                 | 383                              | 383     |
| Total Allocations                         | 5,048                    | 3,258               | <b>4,096</b>               | 838                              | (952)   |
| Withdrawals                               |                          |                     |                            |                                  |         |
| Capital grants to local authorities       | (2,508)                  | (2,564)             | <b>(3,002)</b>             | (438)                            | (494)   |
| Government-owned capital investment       | (692)                    | (1,153)             | <b>(1,137)</b>             | 16                               | (445)   |
| Total withdrawals                         | (3,200)                  | (3,717)             | <b>(4,139)</b>             | (422)                            | (939)   |
| <b>Assets at End of Year</b>              | 6,091                    | 5,632               | <b>6,048</b>               | 416                              | (43)    |

a Budget numbers have been restated to reflect 2006-07 actual results.

**NET FINANCING REQUIREMENTS***(millions of dollars)*

|  | 2007-08 |                            |                          |
|--|---------|----------------------------|--------------------------|
|  | Budget  | 1st<br>Quarter<br>Forecast | Change<br>from<br>Budget |
| <b>Requirements:</b>   |         |                            |                          |
| General Revenue Fund term debt maturities                                | 166     | <b>166</b>                 | -                        |
| School construction loan repayments                                      | 59      | <b>59</b>                  | -                        |
| Alberta Social Housing Corporation debt repayment                        | 21      | <b>21</b>                  | -                        |
| Accumulated debt financing requirements                                  | 246     | <b>246</b>                 | -                        |
| Agriculture Financial Services Corporation's term borrowing requirements | 300     | <b>300</b>                 | -                        |
| Gross financing requirements   | 546     | <b>546</b>                 | -                        |
| Cash applied to accumulated debt repayment                               | (246)   | <b>(246)</b>               | -                        |
| <b>Net Term Debt Financing Requirements</b>                              | 300     | <b>300</b>                 | -                        |
| Term debt financing completed to date                                    | -       | -                          | -                        |

**2007-08 FISCAL YEAR ASSUMPTIONS AND SENSITIVITIES<sup>a</sup>**

|                               | Sensitivities (\$ millions) |         |          |               | Assumptions |                         |
|-------------------------------|-----------------------------|---------|----------|---------------|-------------|-------------------------|
|                               | Annual<br>Change            | Revenue | Spending | Net<br>Change | Budget      | 1st Quarter<br>Forecast |
| Oil Price (WTI US\$/bbl)      | -\$1.00                     | -139    | -        | -139          | 58.00       | 64.00                   |
| Natural Gas Price (Cdn\$/GJ)  | -10¢                        | -98     | -        | -98           | 6.75        | 6.50                    |
| Exchange Rate (US¢/Cdn\$)     | +1¢                         | -123    | -        | -123          | 86.00       | 93.00                   |
| Interest Rates:               | +1%                         | -227    | +5       | -232          |             |                         |
| 3-month Canada treasury bills |                             |         |          |               | 4.05        | 4.45                    |
| 10-year Canada bonds          |                             |         |          |               | 4.25        | 4.60                    |
| Personal income(\$million)    | -100                        | -6      | -        | -6            | 149,337     | 153,700                 |
| Corporate profits(\$million)  | -100                        | -8      | -        | -8            | 56,525      | 50,259                  |

a Sensitivities based on prices and rates forecast at budget.

**CAPITAL INVESTMENT AND AMORTIZATION<sup>a</sup>***(millions of dollars)*

|  | 2007-08<br>Capital Investment |                |                          | 2007-08<br>Capital Amortization |                |                          |
|--|-------------------------------|----------------|--------------------------|---------------------------------|----------------|--------------------------|
|  | Budget                        | 1st<br>Quarter | Change<br>from<br>Budget | Budget                          | 1st<br>Quarter | Change<br>from<br>Budget |
|  |                               | Forecast       |                          |                                 | Forecast       |                          |
| Legislative Assembly   | 2                             | 2              | -                        | 1                               | 1              | -                        |
| Advanced Education and Technology                            | 11                            | 11             | -                        | 8                               | 8              | -                        |
| Agriculture and Food   | 15                            | 15             | -                        | 12                              | 12             | -                        |
| Children's Services  | 10                            | 10             | -                        | 3                               | 3              | -                        |
| Education  | 1                             | 1              | -                        | 1                               | 1              | -                        |
| Employment, Immigration and Industry                         | 4                             | 4              | -                        | 3                               | 3              | -                        |
| Energy   | 18                            | 18             | -                        | 16                              | 16             | -                        |
| Environment  | 2                             | 2              | -                        | 21                              | 21             | -                        |
| Executive Council  | -                             | -              | -                        | -                               | -              | -                        |
| Finance  | 6                             | 8              | 2                        | 8                               | 8              | -                        |
| Health and Wellness  | 74                            | 74             | -                        | 54                              | 54             | -                        |
| Infrastructure and Transportation                            | 1,695                         | 1,629          | (66)                     | 337                             | 328            | (9)                      |
| International, Intergovernmental and<br>Aboriginal Relations | -                             | -              | -                        | -                               | -              | -                        |
| Justice  | 4                             | 4              | -                        | 8                               | 8              | -                        |
| Municipal Affairs and Housing                                | 1                             | 1              | -                        | 26                              | 26             | -                        |
| Seniors and Community Supports                               | 1                             | 1              | -                        | 1                               | 1              | -                        |
| Service Alberta  | 41                            | 41             | -                        | 40                              | 40             | -                        |
| Solicitor General and Public Security                        | 24                            | 33             | 9                        | 1                               | 1              | -                        |
| Sustainable Resource Development                             | 32                            | 33             | 1                        | 12                              | 12             | -                        |
| Tourism, Parks, Recreation and Culture                       | 23                            | 61             | 38                       | 14                              | 14             | -                        |
| Treasury Board   | -                             | -              | -                        | -                               | -              | -                        |
| <b>Total Capital Investment/Amortization</b>                 | <b>1,964</b>                  | <b>1,948</b>   | <b>(16)</b>              | <b>566</b>                      | <b>557</b>     | <b>(9)</b>               |
| Funded from the Capital Account                              | 1,153                         | 1,137          | (16)                     | -                               | -              | -                        |
| Alternatively financed                                       | 202                           | 202            | -                        | -                               | -              | -                        |

a Capital Investment includes purchases of inventory. Capital Amortization includes consumption of inventories.

**CAPITAL GRANTS TO LOCAL AUTHORITIES AND OTHER INFRASTRUCTURE SUPPORT<sup>a</sup>***(millions of dollars)*

|  | 2007-08             |                |                          |
|--|---------------------|----------------|--------------------------|
|  | Budget <sup>b</sup> | 1st<br>Quarter | Change<br>from<br>Budget |
|  |                     | Forecast       |                          |
| Advanced Education and Technology      | 753                 | 894            | 141                      |
| Agriculture and Food                   | 30                  | 30             | -                        |
| Education                              | 514                 | 612            | 98                       |
| Employment, Immigration and Industry   | 8                   | 8              | -                        |
| Energy                                 | 2                   | 2              | -                        |
| Environment                            | 1                   | 1              | -                        |
| Finance                                | 4                   | 4              | -                        |
| Health and Wellness                    | 1,155               | 1,208          | 53                       |
| Infrastructure and Transportation      | 1,476               | 1,487          | 11                       |
| Municipal Affairs and Housing          | 456                 | 554            | 98                       |
| Seniors and Community Supports         | 30                  | 55             | 25                       |
| Solicitor General and Public Security  | 5                   | 5              | -                        |
| Tourism, Parks, Recreation and Culture | 305                 | 305            | -                        |
| <b>Total</b>                           | <b>4,739</b>        | <b>5,165</b>   | <b>426</b>               |
| Funded from the Capital Account        | 2,564               | 3,002          | 438                      |

a Included in program expense. Includes provincial highway rehabilitation, project planning and other capital expense.

b Budget numbers have been restated to reflect transfers for 'capital for emergent projects' totalling \$26.6 million, and transfers for capital project planning totalling \$5.4 million, from Infrastructure and Transportation to other ministries.

# ACTUAL RESULTS

## FOR THE FIRST THREE MONTHS OF 2007-08

### METHOD OF CONSOLIDATION

This financial summary is prepared on the same basis as used in *Budget 2007*.

The results of all government departments, funds and agencies, except those designated as commercial enterprises, are consolidated on a line-by-line basis. Revenue and expense transactions between consolidated entities have been eliminated.

The accounts of Crown-controlled corporations and provincial agencies designated as commercial enterprises are consolidated on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles applicable to those entities.

The accounts of Crown-controlled SUCH sector organizations such as school boards, universities, colleges, technical institutes and regional health authorities that are controlled by the government are not included in this fiscal summary. These Crown-controlled entities are included in the consolidated financial statements forming part of the Government of Alberta Annual Report.

### BASIS OF FINANCIAL REPORTING

The consolidated fiscal summary reports revenue (including gains and losses from sale of capital assets), expense (including amortization of capital assets), and net revenue.

Revenue and expense are recorded using the accrual basis of accounting. Cash received for goods or services which have not been provided by period end is recorded as unearned revenue. Revenue excludes the change in equity in Crown-controlled SUCH sector organizations.

Expense includes the province's cash payments towards the unfunded pension obligations. Expense excludes the change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements.

Debt servicing costs include interest payable and amortization of discount on debt issues.

Comparative 2006-07 figures have been restated where necessary to conform to the 2007-08 presentation.

**CONSOLIDATED FISCAL SUMMARY<sup>a</sup>**

for the three months ended June 30, 2007

*(millions of dollars)*

|                                       | First Three Months |              |              |
|---------------------------------------|--------------------|--------------|--------------|
|                                       | 2007-08            | 2006-07      | Change       |
| <b>Revenue</b>                        |                    |              |              |
| Income taxes                          | 2,714              | 2,327        | 387          |
| Other taxes                           | 883                | 840          | 43           |
| Non-renewable resource revenue        | 2,680              | 3,604        | (924)        |
| Transfers from Government of Canada   | 720                | 836          | (116)        |
| Net income from commercial operations | 646                | 605          | 41           |
| Premiums, fees and licences           | 627                | 592          | 35           |
| Investment income                     | 983                | 430          | 553          |
| Other                                 | 131                | 113          | 18           |
| <b>Total Revenue</b>                  | <b>9,384</b>       | <b>9,347</b> | <b>37</b>    |
| <b>Expense</b>                        |                    |              |              |
| Program                               | 6,600              | 6,304        | 296          |
| Debt servicing costs                  | 51                 | 52           | (1)          |
| <b>Total Expense</b>                  | <b>6,651</b>       | <b>6,356</b> | <b>295</b>   |
| <b>Net Revenue</b>                    | <b>2,733</b>       | <b>2,991</b> | <b>(258)</b> |

a Includes the province's cash payments towards the unfunded pension liability, which will be eliminated over a longer term under a separate legislated plan. Does not include the change in equity in Crown-controlled SUCH sector organizations, and the change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements.

**EXPENSE**

for the three months ended June 30, 2007

*(millions of dollars)*

|   | First Three Months |              |            |
|---|--------------------|--------------|------------|
|   | 2007-08            | 2006-07      | Change     |
| <b>Program</b>  |                    |              |            |
| Legislative Assembly                                      | 18                 | 21           | (3)        |
| Advanced Education and Technology                         | 583                | 429          | 154        |
| Agriculture and Food                                      | 97                 | 116          | (19)       |
| Children's Services                                       | 233                | 223          | 10         |
| Education   | 1,206              | 1,148        | 58         |
| Employment, Immigration and Industry                      | 191                | 176          | 15         |
| Energy  | 51                 | 46           | 5          |
| Environment   | 34                 | 33           | 1          |
| Executive Council   | 5                  | 5            | -          |
| Finance   | 148                | 132          | 16         |
| Health and Wellness                                       | 2,480              | 2,329        | 151        |
| Infrastructure and Transportation                         | 557                | 650          | (93)       |
| International, Intergovernmental and Aboriginal Relations | 13                 | 24           | (11)       |
| Justice   | 89                 | 82           | 7          |
| Municipal Affairs and Housing                             | 128                | 95           | 33         |
| Seniors and Community Supports                            | 403                | 378          | 25         |
| Service Alberta   | 45                 | 65           | (20)       |
| Solicitor General and Public Security                     | 102                | 94           | 8          |
| Sustainable Resource Development                          | 116                | 135          | (19)       |
| Tourism, Parks, Recreation and Culture                    | 99                 | 121          | (22)       |
| Treasury Board  | 2                  | 2            | -          |
| <b>Total Program Expense</b>                              | <b>6,600</b>       | <b>6,304</b> | <b>296</b> |
| <b>Debt servicing costs</b>                               | <b>51</b>          | <b>52</b>    | <b>(1)</b> |
| <b>Total Expense</b>                                      | <b>6,651</b>       | <b>6,356</b> | <b>295</b> |

PRODUCED BY  Alberta Finance