

Finance and Enterprise

BUSINESS PLAN 2008-11

ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2008 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of March 18, 2008 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

The Ministry's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

Iris Evans, *Minister of Finance and Enterprise*
April 4, 2008

THE MINISTRY

The Ministry of Finance and Enterprise includes the Department of Finance and Enterprise, Alberta Pensions Administration Corporation, Alberta Local Authorities Pension Plan Corporation, Alberta Securities Commission, Alberta Capital Finance Authority, ATB Financial, Alberta Investment Management Corporation (AIMCo), Alberta Insurance Council and the Credit Union Deposit Guarantee Corporation and their subsidiaries, as well as the following six regulated funds: Alberta Heritage Savings Trust Fund, Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Scholarship Fund, Alberta Heritage Science and Engineering Research Endowment Fund, and the Alberta Risk Management Fund. The Ministry of Finance and Enterprise also includes the activities of the following companies: N.A. Properties and Gainers Inc.

The Department of Finance and Enterprise has the following core areas/functions: Budget and Fiscal Planning; Treasury Management; Risk Management and Insurance; Tax and Revenue Administration; Financial Sector Regulation and Policy; Industry and Regional Development including the Alberta Economic Development Authority and the Northern Alberta Development Council; Regulatory Review Secretariat; and Corporate Support.

The Finance and Enterprise Business Plan incorporates all the entities reporting to the Minister into an integrated strategic plan that focuses on the key priorities for the Ministry. The plan does not include the day-to-day activities of the Ministry.

VISION

Financial and economic leadership that strengthens Alberta.

MISSION

Provide expert economic, financial and fiscal policy advice to government and effective tax and regulatory administration to enhance Alberta's present and future prosperity.

LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

Goal 1: Alberta will have a prosperous economy

- Linked through:
 - The Alberta Heritage Science and Engineering Research Endowment Fund.
 - Economic and Regional Development – The Ministry will enhance the value-added activity, increase innovation, and improve the long run sustainability of Alberta's economy through developing and implementing policies, initiatives and tools to help Alberta businesses to improve their productivity and global competitiveness; through reducing the regulatory burden on business by reducing overlap, simplifying compliance requirements and revising or eliminating regulations; and also by introducing a 10 per cent tax credit to stimulate private sector Scientific Research and Experimental Development in Alberta.

Goal 4: Alberta will have a financially stable, open and accountable government and maintain its strong position nationally and internationally

- Linked through:
 - Sound Economic and Fiscal Policy – Finance and Enterprise will strengthen the Government of Alberta's long term fiscal position by phasing out health care premiums in 4 years or less and increasing support for Alberta families through increases to the caregiver, infirm dependent and the disability supplement non-refundable tax credit amounts and the Alberta Family Employment Tax Credit. The Ministry will review the principles and elements for the fiscal framework. Provide sound economic and fiscal advice through direct involvement in key sectoral strategies through assessing the implications of emerging cost pressures on government programs, and through the provision of policy advice on the fiscal and economic implications of demographic change on government programs.
 - Renewed Investment and Savings Policy – Implement renewed long-term investment and savings policy. This strategy will ensure that all Albertans, including future generations, benefit from Alberta's strong fiscal position.

Goal 5: Albertans will be healthy

- Linked through:
 - The Alberta Heritage Foundation for Medical Research Endowment Fund and the Alberta Cancer Prevention Legacy Fund.

Goal 7: Alberta will be a safe place to live, work and raise families

- Linked through:
 - Strong Pension and Financial Sector Standards – Work with the government of British Columbia and other stakeholders on the application of the Trade, Investment and Labour Mobility Agreement (TILMA) to private sector pensions, insurance and financial institutions.
 - An effective and efficient securities regulation system – Work with other Canadian jurisdictions to develop and implement an effective and efficient securities regulatory system standardized across Canada that meets the needs of Alberta's businesses and investors.

Goal 9: Alberta will have strong and effective municipalities and self-reliant Aboriginal communities

- Linked through:
 - The Alberta Capital Finance Authority providing local authorities in the province with flexible funding for capital projects at the lowest possible cost.
 - The Ministry supports economic and northern development initiatives to help regional and northern communities to be self-reliant.

Government of Alberta Priority

Finance and Enterprise will work with other ministries to *enhance value-added activity, increase innovation, and build a skilled workforce to improve the long-run sustainability of Alberta's economy.*

SIGNIFICANT OPPORTUNITIES AND CHALLENGES

The Ministry has identified the following opportunities and challenges that could influence the ability to achieve the business plan goals.

Fiscal Sustainability

- Fiscal sustainability requires that spending growth not exceed underlying revenue growth over time. Underlying revenue trends can be obscured by temporary swings in resource revenues which can complicate the evaluation of long-run program affordability.

Growth/Cost Pressures

- The current investment boom in the energy sector has been a major factor behind Alberta's strong economic performance in recent years. Even though the economy as a whole may be doing well, Albertans want to be sure growth is sustainable, quality of life is assured and that all parts of the province benefit from prosperity now and in the future. While the large number of Canadians from other provinces migrating to Alberta has helped ease labour shortages, it has also created pressures for the housing market and government services. Capacity constraints have led to rapid cost escalation, and have put increased pressure on government spending. Further, there are a number of challenges faced by both northern and regional communities in areas such as transportation, cyclical economic patterns, limited access to local services, and reduced economic and social opportunities. In addition, Alberta may no longer be a competitive business location for some business and industry sectors due to a tight labour market and rising costs, and there is a growing awareness about the need to balance economic and environmental sustainability.
- Alberta strives for a diverse and productive economy that is responsive to change and able to adjust and prosper in any economic condition. Promoting collaboration and innovation to build on Alberta's existing resource strengths, while developing and supporting a knowledge-based economy is essential to driving Alberta's economic engine forward.

Taxation

- Significant revenue from natural resources has enabled Alberta to have a competitive, low tax structure. Alberta has a smaller number of tax sources than is common in other jurisdictions, which increases the Province's revenue risk. There continues to be requests that Alberta provide more tax incentives.
- As corporate profitability increases due to high commodity prices and Alberta's economic growth, the risk of aggressive tax planning increases. Tax avoidance schemes in Canada that reduce or eliminate provincial taxes have led to an environment in which Alberta's tax revenues may be eroded.

Investments

- Capital markets have a direct impact on the income of the government's investment funds and market performance can vary significantly from year to year. Good governance and access to a wide range of investment opportunities can strengthen investment performance but cannot insulate the Province from volatile financial markets.

Pensions

- The low interest rate environment and an aging population with longer life expectancies will continue to put pressure on pension funds. Pension funding rules must establish the right balance between stable funding requirements and benefit security for members.
- The early retirement provisions in the public sector pension plans may encourage early retirement at a time when there is a shortage of workers in Alberta.
- The Trade, Investment and Labour Mobility Agreement (TILMA) with British Columbia provides the opportunity and impetus to ensure that the regulatory treatment of pension plans is harmonized between the two provinces, and has the potential to serve as a model for further Canadian harmonization.

Insurance and Financial Sector Regulation

- Legal challenges to insurance legislation may have an impact on the stability of the automobile insurance system.
- Alberta will continue to participate in inter-provincial initiatives to increase regulatory efficiency and maintain an appropriate balance between investor protection and a firm's ability to raise capital.

STRATEGIC PRIORITIES 2008-11

Through the Ministry's review of environmental factors, the strategic priorities described below have been identified. These are in addition to the important ongoing core activities of the Ministry.

BUILDING OUR QUALITY OF LIFE

1. Sound economic and fiscal policy

Linkage: Goals 1 and 2

The Ministry will strengthen the Government of Alberta's long term fiscal position.

- Review the principles and elements for the fiscal framework.
- Work with other ministries to provide sound economic and fiscal policy advice through:
 - Direct involvement in key sectoral strategies such as climate change strategies;
 - Assessing the implications of emerging cost pressures on government fiscal sustainability; and
 - Providing policy advice on the fiscal and economic implications of demographic change on government programs.
- Phase out health care premiums in 4 years or less.
- Increase support for Alberta families through increases to the caregiver, infirm dependent and the disability supplement non-refundable tax credit amounts and the Alberta Family Employment Tax Credit.

CREATING AND PROTECTING OUR OPPORTUNITIES

- 2. Economic and regional development** Enhance value-added activity, increase innovation, and improve the long run sustainability of Alberta's economy.
- Linkage: Goals 3 and 10**
- Develop and implement policies, initiatives and tools to help Alberta businesses to improve their productivity and global competitiveness;
 - Reduce the regulatory burden on business by reducing overlap, simplifying compliance requirements and revising or eliminating regulations; and
 - Introduce a 10 per cent tax credit to stimulate private sector scientific research and experimental development in Alberta.
- 3. Renewed investment and savings policy**
- Linkage: Goal 4**
- As part of strengthening the Government of Alberta's long-term fiscal position the Ministry will implement a renewed long-term investment and savings policy. This policy will ensure that all Albertans, including future generations, benefit from Alberta's strong fiscal position.
- 4. Strong private sector pension standards laws**
- Linkage: Goal 6**
- Working with stakeholders and the British Columbia government, review the legislation governing private sector pension plans to ensure effective, competitive regulation of pensions.
- 5. An effective and efficient securities regulation system**
- Linkage: Goal 8**
- Work with other Canadian jurisdictions to develop and implement an effective and efficient securities regulatory system standardized across Canada that meets the needs of Alberta's businesses and investors.
- 6. An affordable, efficient and fair insurance system**
- Linkage: Goal 6**
- Engage stakeholders in monitoring the Alberta auto insurance system as the implications of the constitutional challenge unfold, and modernize the legislative framework for insurance contracts in cooperation with the British Columbia Government.

CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

Core Business One: Fiscal Planning and Economic Analysis

GOAL ONE **1** Strong and sustainable government finances

What it means Sound fiscal planning and prudent economic and revenue forecasting are required to meet today's priorities and sustain essential programs and services over the longer term. The legislated fiscal framework supports sound fiscal planning to help deal with revenue volatility and to maintain balanced budgets.

The Ministry provides economic and fiscal forecasts, develops fiscal policy options and coordinates and prepares the annual budget and quarterly budget updates to Albertans on the Government of Alberta's financial position.

Strategies

- 1.1 Review surplus management policy with emphasis on the savings component.
- 1.2 Review the principles and elements of the fiscal framework in the context of Alberta's present and future needs.
- 1.3 Examine options on pre-budget consultation processes.

Performance Measure	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
1.a Alberta's credit rating (blended credit rating for domestic debt)	AAA	AAA	AAA	AAA

Performance Measure Under Development:

Sustainable operating spending growth (operating spending relative to population plus CPI). The targets for 2008-09; 2009-10; and 2010-11 respectively are: Growth in operating spending less than in 2007-08; Growth in operating spending less than in 2008-09; and Operating spending growth equal to or less than population plus CPI growth.

GOAL TWO

2

Sound tax and economic policy

What it means The tax system must be fair and promote self-reliance. The system must also be competitive with those in other provinces and countries in order to attract investment and skilled workers to Alberta. The government's policy of low overall tax rates promotes strong economic growth. Alberta has the lowest personal and corporate taxes of all provinces with a low single-rate personal income tax, low corporate tax rates and the lowest tax on gasoline. Alberta is the only province without a capital tax, general payroll or retail sales tax.

Alberta has an export-oriented economy that is affected by the vagaries of global markets (commodities and financial) and global trends. Finance and Enterprise provides the government's macro economic forecast and works with other ministries to ensure that the government's economic policy framework supports sustainable long-run growth that enhances the well-being of Albertans. The ministry analyzes the implications of various developments on Alberta's economic performance and helps other ministries to assess the economic and fiscal implications of alternative policy options.

Strategies

- 2.1 Continue to review, and investigate options to improve, the competitiveness, economic efficiency, fairness and revenue stability of Alberta's tax system.
- 2.2 Assess the implications for government policy of cost and other economic trends in Alberta, and evaluate fiscal and economic implications of demographic trends in Alberta.
- 2.3 Phase out health care premiums in 4 years or less.
- 2.4 Increase support for Alberta families through increases to the caregiver, infirm dependent and the disability supplement non-refundable tax credit amounts and the Alberta Family Employment Tax Credit.

- 2.5 Work with other ministries to provide economic and fiscal policy advice for key sectoral strategies such as climate change strategies.
- 2.6 Together with the Ministry of Solicitor General and Public Security, review provincial liquor markup policy to ensure consistency with overall government revenue policies.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
2.a Provincial tax load for a family of four	Lowest in Canada	Lowest in Canada	Lowest in Canada	Lowest in Canada
2.b Provincial tax load on businesses	Lowest in Canada	Lowest in Canada	Lowest in Canada	Lowest in Canada

Core Business Two: Tax and Revenue Management

GOAL THREE **3** Revenue programs are administered fairly, efficiently and effectively

What it means The Ministry of Finance and Enterprise designs tax and revenue programs, collects revenue owing to the province, administers tax and revenue laws, makes payments of refunds and rebates, and provides information to stakeholders, taxpayers and claimants.

The design and administration of Alberta tax and revenue programs contribute to a fair and competitive tax environment in Alberta and in Canada. Collecting revenue fairly means that all taxpayers and claimants are treated equally under the law and with respect; efficiently means obtaining measurable value for money spent; and effectiveness means to increase revenues by improving self-compliance.

Strategies

- 3.1 Implement and administer a 10 per cent tax credit to stimulate private sector scientific research and experimental development in Alberta and attract related investment to Alberta.
- 3.2 Advance electronic commerce for Alberta's tax programs.
- 3.3 Implement regulations and programs to manage assets from unclaimed personal property and property vested in the Crown.
- 3.4 Implement a risk management framework to assess and mitigate areas where there is a high risk of non-compliance in Alberta's tax programs (e.g., corporate tax avoidance or illicit tobacco trade).

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
3.a Ratio of amounts added to net revenue to costs of administration (as a measure of efficiency) ¹	15:1	12:1	12:1	12:1
3.b Percentage of revenue obtained through self-compliance (as a measure of effectiveness) ²	93%	92%	92%	92%

Notes:

- 1 The Tax and Revenue Administration Division recovers tax revenues that otherwise may be lost through a combination of audit activities, collection of overdue accounts, and the revision of returns and claims. This measure is calculated by dividing the total additional revenue obtained because of these efforts by Tax and Revenue Administration's operating budget. A declining target is a result of increased compliance.
- 2 Voluntary compliance means that taxpayers accurately complete and submit their tax information. This measure is calculated by dividing the tax revenue obtained as a result of voluntary compliance by total tax revenue. Improved information and expanded audit coverage has improved self-compliance.

Core Business Three: Investment, Treasury and Risk Management

GOAL FOUR **4** Sound financial management and investment policy

What it means Under the *Financial Administration Act* the Ministry of Finance and Enterprise provides leadership to other ministries with respect to sound financial management and decision making.

The Ministry is responsible for the investment of the Alberta Heritage Savings Trust Fund (AHSTF), endowment funds and other government funds. The Finance and Enterprise department establishes investment policies for these funds. The Department also provides oversight of the Alberta Investment Management Corporation (AIMCo), established to implement the investment policies of the AHSTF, other government endowment and investment funds and public sector pension plans.

AIMCo is the fifth largest public sector investment manager in the country and the largest in Alberta. The investment operation provides investment products and advice for government endowments, public sector pension plan boards and various other clients.

The Ministry is also responsible for the province's cash management, including short-term borrowing and investing, management of banking arrangements, and short and long-term financing for the government and provincial corporations.

Strategies

- 4.1 Through AIMCo, implement strategies to achieve optimal investment performance.
- 4.2 Implement a new investment and savings policy.
- 4.3 Review, and update as required, the investment policy statements for all government endowment funds to continue to reflect government objectives and industry best practices.

- 4.4 Provide leadership in cash and debt management by:
- Exploring new technologies to enhance efficiencies to ensure cash flows are managed optimally;
 - Minimizing cost for provincial government and provincial corporations through efficient borrowing programs; and
 - Providing financial expertise in the development and negotiation of Public Private Partnerships (P3s) transactions.
- 4.5 Develop strategies to fund the pre-1992 liabilities of the Teachers' Pension Plan.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
4.a Five-year annualized market value rate of return of the selected asset mix (policy benchmark) of the Alberta Heritage Savings Trust Fund will be compared against the Consumer Price Index (CPI) plus 4.5% ^{1,2}	Target was exceeded by 3.7%	Equal to or better than the Consumer Price Index plus 4.5%	Equal to or better than the Consumer Price Index plus 4.5%	Equal to or better than the Consumer Price Index plus 4.5%
4.b Five-year weighted average market value rate of return for endowment funds compared against the weighted average policy asset mix rate of return (benchmark) for those funds ^{1,3}	Benchmark was exceeded for all funds	Benchmark plus 75 basis points ⁴	Benchmark plus 100 basis points	Benchmark plus 100 basis points
4.c Five-year weighted average market value rate of return for public sector pension funds compared against the weighted average policy asset mix rate of return (benchmark) for those funds ^{1,3}	Six of eight pension funds exceeded the target	Benchmark plus 75 basis points	Benchmark plus 100 basis points	Benchmark plus 100 basis points

Notes:

- 1 Targets reflect the average of the five year's targets ending in the target year. The performance measure target is based on how many years the new measure is in use until it builds up over time to five years. Measuring for performance measure 4.a started in 2004-05; for 4.b in 2005-06; and for 4.c in 2006-07.
- 2 This measure is used to determine whether the long-term investment policy is achieving the returns expected based on long-term capital market assumptions.
- 3 This measure is used to determine the impact of AIMCo active fund management on performance.
- 4 A basis point is 1/100 of a per cent.

GOAL FIVE

5

Effective leadership in risk management

What it means The Ministry serves all government ministries and agencies as well as other bodies identified under the *Financial Administration Act* by providing leadership in identifying, measuring, controlling and financing risk of accidental loss. Risk management strategies provide awareness, improve public safety and reduce costs to government in the long-term.

The Alberta Risk Management Fund operates under the authority of the *Financial Administration Act*. The Fund facilitates the provision of risk management services to ministries by assuming the risk of liability, property and other losses.

Strategies

- 5.1 Collaborate with ministries to identify and manage risk, including risk associated with Public Private Partnerships (P3s).
- 5.2 Promote comprehensive risk awareness throughout government.
- 5.3 Participate in cross-government discussions on the impact of potential major risk events.
- 5.4 Provide sustainable funding for liability exposure and loss of public assets.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
5.a Client satisfaction with the services provided by the Risk Management and Insurance Division (survey issued every 2 years)	86% ¹	80%	Biennial Survey	80%
5.b Government of Alberta employee risk awareness (survey issued every 3 years)	70% (2005-06)	Meet or exceed 70%	Triennial Survey	Triennial Survey

Note:

1 The 2006-07 survey result is unaudited.

Core Business Four: Financial Sector and Pensions

GOAL SIX

6

Effective regulation of private sector pension, insurance and financial products and services

What it means Albertans need to know the financial services and products they receive are secure. The Ministry of Finance and Enterprise helps to reduce risks relating to these products by regulating private sector pension plans, the insurance industry, credit unions, and loan and trust corporations in Alberta.

The Ministry monitors the financial marketplace and develops rules and regulations that govern credit unions, loan and trust corporations, the insurance industry and pension plans. These rules and regulations facilitate services to deposit holders, policyholders, pension plan members and trust beneficiaries while maintaining a competitive environment in which companies can operate.

Strategies

- 6.1 Develop and update policies and procedures to:
 - regulate and supervise registered private-sector pension plans, the insurance industry, loan and trust corporations and the province's credit union system; and
 - monitor and provide oversight and policy input to provincial agents that report to the Minister of Finance and Enterprise.
- 6.2 Introduce legislation and regulatory provisions, developed in coordination with the British Columbia government, that will provide a modern framework for insurance contracts, strengthen consumer protection and address issues identified by consumers and other stakeholders.

- 6.3 Continue to work with stakeholders and other Canadian jurisdictions, where appropriate, to harmonize and strengthen private sector pension regulation, insurance and financial legislation and regulatory processes.
- 6.4 Work with the government of British Columbia and other stakeholders on the application of the Trade, Investment and Labour Mobility Agreement (TILMA) to private sector pensions, insurance and financial institutions.
- 6.5 As the implications of the constitutional challenge unfold, seek to maintain a balance between fair compensation for injured Albertans, affordable premiums for all Albertans and stability of the Alberta auto insurance system.

Performance Measure	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
6.a Percentage of private sector pension plans that meet minimum funding standards ¹	98%	99%	99%	99%

Note:

1 Current service cost and any required deficit payments within the timelines set by legislation.

GOAL SEVEN **7** Accessible financial services for Albertans and local authorities

What it means Alberta's dynamic economy and entrepreneurial spirit requires readily accessible and technologically advanced financial services and products. In addition to private sector financial institutions, the Alberta Treasury Branches (ATB Financial) and the Alberta Capital Finance Authority (ACFA) make financial services and products available to Albertans and local authorities.

ATB Financial is a full-service financial institution, with the largest branch network in the province. It provides financial services to individuals, businesses and the agriculture sectors across Alberta.

Alberta Capital Finance Authority provides financing for capital projects to a variety of local authorities including municipalities, health authorities, school boards, post-secondary institutions and airport authorities throughout the province.

Strategies

- 7.1 ATB Financial will continue to operate on sound financial institution and business principles with the objective of earning a fair return on financial services offered across Alberta.
- 7.2 Where business powers are the same, ensure that the legislative and regulatory framework under which ATB Financial operates is comparable to that for other financial institutions.
- 7.3 Provide local authorities with flexible funding for capital projects at the lowest possible cost while maintaining the viability of the ACFA.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
7.a ATB Financial return on average assets	1.44%	1.14%	1.21%	1.25%
7.b Cost to Alberta local authorities of borrowing from ACFA compared to other municipality/aggregating agencies for a comparable loan	Met (in all cases compared)	Lowest of comparable cases	Lowest of comparable cases	Lowest of comparable cases

GOAL EIGHT

8

An effective and efficient securities regulatory system

What it means An effective, efficient and streamlined securities regulatory system is vitally important to investor protection, and vibrant and competitive national and local capital markets. It inspires investor confidence and supports competitiveness, innovation and growth in the economy.

The Ministry of Finance and Enterprise delivers this through a crown agent, the Alberta Securities Commission (ASC). The ASC is responsible for maintaining the efficiency and integrity of the capital market in Alberta through the administration of the *Securities Act*.

Strategies

- 8.1 Actively promote and lead the development and implementation of an inter-provincial/territorial securities regulatory system that is streamlined, simple, effective and efficient.
- 8.2 Lead the development of highly harmonized securities legislation, simplified where appropriate, that builds on existing law and could be adopted across Canada.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
8.a Inter-provincial/territorial securities regulatory system	Amendments passed to enable Phase 2 of the Passport System	Phase 2 of the Passport System Implemented	Other provincial/territorial harmonization and streamlining initiatives	Other provincial/territorial harmonization and streamlining initiatives
8.b Highly harmonized securities law (includes highly harmonized rules, regulation and legislation)	Continuation of development and enactment of highly harmonized securities laws			

What it means Finance and Enterprise provides policy support to government as trustee and sponsor of several public sector pension plans. The Ministry is responsible for Alberta's Public Sector Pension Plans including the Local Authorities Pension Plan, the Special Forces Pension Plan, the Public Service Pension Plan and the Management Employees Pension Plan. Pension boards are responsible for setting investment policies for their funds and for monitoring performance within defined objectives and constraints.¹

As part of negotiations during 2007-08, the government and the Alberta Teacher's Association (ATA) agreed that the government would assume all of the pre-1992 pension liability for the Teachers' Pension Plan. Finance and Enterprise will be responsible for managing this liability and will work with Education to implement the changes.

Alberta Pensions Administration Corporation provides administrative services for public sector pension boards, employers, members and pensioners of seven different pension plans and two retirement plans. Alberta Local Authorities Pension Plan (LAPP) Corporation provides strategic guidance and support to the Local Authorities Pension Plan Board.

The Ministry also provides advice in relation to Alberta's role as one of the joint stewards of the Canada Pension Plan. Alberta takes part in a triennial review of the Canada Pension Plan.

Strategies

- 9.1 Work with public sector boards and stakeholders and lead the implementation of an improved governance structure that will strengthen public sector pension plans.

Performance Measure	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
9.a Improved pension plan governance	Governance documents are in place	Governance review complete	Recommendations from review implemented	Fully implemented

Note:

- 1 Link to Goal 4: Sound management of financial assets and liabilities for current and future generations of Albertans.

Core Business Five: Enterprise

10

GOAL TEN

Alberta has a competitive and sustainable economy

What it means Finance and Enterprise helps set the long-term strategic direction for Alberta's economic development, and works to maintain a positive climate for attracting investment for both within and outside Alberta. The Ministry works with the Alberta Economic Development Authority, Northern Alberta Development Council, industry sectors, businesses, communities and the Regional Economic Development Alliances to make Alberta globally attractive and competitive. The Ministry promotes initiatives that improve company and investment competitiveness, innovation and productivity.

Through the Regulatory Review Secretariat, Finance and Enterprise is contributing to sustainable economic growth by working to improve the province's regulatory environment.

Strategies

- 10.1 Support the development of a new economic strategy for Alberta that will set a vision to ensure the global competitiveness of Alberta industries throughout the province.
- 10.2 Develop and implement policies, initiatives and tools to help Alberta businesses to improve their productivity and global competitiveness.
- 10.3 Develop policies and encourage activities to maximize the value of Alberta's non-renewable and renewable resources, build market presence of the province's industry sectors, and support a sustainable, diversified and knowledge-based economy.
- 10.4 Support informed industry decision-making by generating business and economic information and analysis as well as developing, publishing and distributing information products and resources.
- 10.5 With input from the Alberta Economic Development Authority, Northern Alberta Development Council, and other advisory bodies, set key directions where targeted actions and strategies can enhance the economic growth and global competitiveness of Alberta industry.
- 10.6 Reduce the regulatory burden on business and improve overall economic competitiveness through consulting with stakeholders from across the province and other ministries.
- 10.7 Oversee the process of ongoing regulatory review to simplify and streamline regulations to maintain a competitive advantage while protecting public health and safety, and the environment.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
10.a Real Gross Domestic Product of manufacturing and business and commercial services ¹				
• Billions	\$33.0 billion	\$35.7 billion	\$37.1 billion	\$38.6 billion
• Per cent change from previous year	7.9% (2006)	4.0%	4.0%	4.0%

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
10.b Manufacturing and service industry investment: the value of new capital expenditures on construction and machinery and equipment in Alberta's manufacturing and services industry				
• Billions	\$16.9 billion	\$19.4 billion	\$20.8 billion	\$22.2 billion
• Per cent change from previous year	14.3% (2006)	7.0%	7.0%	7.0%

Note:

- The targets are based on an annual percent change. The targets are calculated by multiplying the unrounded targets from the previous year. In November 2007, all real Gross Domestic Product (GDP) estimates were revised by Statistics Canada with the base year changing from 1997 to 2002. Statistics Canada typically changes the base year for real GDP estimates every five years and this leads to revisions in the real GDP dollar values.

GOAL ELEVEN **11**

Alberta has strong and vibrant regions and communities

What it means Vibrant and sustainable regional communities with increased economic and social capacity contribute to a prosperous Alberta. Finance and Enterprise collaborates with other ministries and regions to strengthen regional economic development throughout the province. The Ministry also helps Alberta communities and Regional Economic Development Alliances identify investment opportunities and promote sustainable growth. The Northern Alberta Development Council focuses on northern Alberta's unique opportunities and challenges by developing strategies to advance sustainable northern development.

Strategies

- 11.1 Facilitate regional economic development and community capacity building by supporting Regional Economic Development Alliances with other government departments and other economic development organizations and partnerships.
- 11.2 Partner with other jurisdictions, communities, business, and industry on initiatives to promote northern and regional development.
- 11.3 Engage northern stakeholders to identify and address northern socio-economic priorities and increase the awareness of significant issues facing the north as well as promote northern development opportunities to all Albertans.
- 11.4 Assist Albertans with the development and expansion of small and medium sized Alberta businesses across the province through service delivery organizations such as The Business Link and Aboriginal organizations.

Performance Measures	Last Actual (2006-07)	Target 2008-09	Target 2009-10	Target 2010-11
11.a Number of communities participating in Regional Economic Development Alliances and partnerships ¹	261 ²	265	265	265
11.b Percentage of Regional Economic Development Alliances board members satisfied with support received to help address regional economic development priorities in Alberta	91%	90%	90%	90%

Note:

- 1 While there are 360 communities in Alberta, not all communities wish to participate in a Regional Economic Development Alliance.
- 2 Revised from the 2006-07 Employment, Immigration and Industry Annual Report.

EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
Fiscal Planning and Economic Analysis	3,647	6,762	4,813	5,294	5,714	5,939
Tax and Revenue Management	45,398	56,394	53,777	56,897	58,982	59,636
Investment, Treasury and Risk Management	457,418	460,982	450,830	488,382	476,201	479,542
Financial Sector and Pensions	580,856	627,437	650,843	730,700	762,691	782,380
Enterprise	17,548	29,756	23,280	38,152	54,737	55,374
MINISTRY EXPENSE	1,104,867	1,181,331	1,183,543	1,319,425	1,358,325	1,382,871

MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
REVENUE						
Internal Government Transfers	390,820	91,373	207,067	62,288	73,968	92,421
Personal and Corporate Income Taxes	11,228,217	10,443,928	12,735,940	12,388,353	12,624,606	13,191,109
Other Taxes	1,820,795	1,919,109	1,946,375	2,002,450	2,060,497	2,119,911
Transfers from Government of Canada	4,180	4,180	4,181	20,040	35,900	35,900
Investment Income	2,952,752	2,426,894	2,329,550	1,821,943	2,349,296	2,410,188
Premiums, Fees and Licences	44,891	46,303	52,946	53,191	54,606	57,533
Net Income from Commercial Operations	281,664	267,986	181,210	269,825	286,411	310,508
Other Revenue	64,279	70,377	66,193	87,545	92,659	95,899
MINISTRY REVENUE	16,787,598	15,270,150	17,523,462	16,705,635	17,577,943	18,313,469
EXPENSE						
Program						
Fiscal Planning and Economic Analysis	3,136	6,171	4,252	4,708	5,102	5,302
Tax and Revenue Management	42,692	51,645	49,217	52,129	54,047	54,547
Investment, Treasury and Risk Management	246,772	238,437	238,460	290,974	302,926	310,545
Financial Sector and Pensions	427,646	444,955	450,401	486,919	508,875	519,531
Enterprise	16,270	28,278	21,877	36,687	53,206	53,782
Teachers' Pre-1992 Pensions	152,528	181,694	199,694	243,000	253,000	262,000
Ministry Support Services	8,520	9,853	9,354	9,819	10,256	10,662
Valuation Adjustments and Other Provisions	(532)	1,005	1,005	1,005	1,005	1,005
Total Program Expense*	897,032	962,038	974,260	1,125,241	1,188,417	1,217,374
Debt Servicing Costs						
Department Voted	38,036	31,293	31,283	25,184	19,908	15,497
Department Statutory	169,799	188,000	178,000	169,000	150,000	150,000
Ministry Debt Servicing Costs	207,835	219,293	209,283	194,184	169,908	165,497
MINISTRY EXPENSE	1,104,867	1,181,331	1,183,543	1,319,425	1,358,325	1,382,871
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
NET OPERATING RESULT	15,682,731	14,088,819	16,339,919	15,386,210	16,219,618	16,930,598

* Subject to the *Fiscal Responsibility Act*. Expense includes cash payments towards unfunded pension liabilities, which will be eliminated under a separate, legislated plan. Expense excludes annual changes in unfunded pension obligations, which are a non-cash expense and which do not affect borrowing requirements. Pursuant to the agreement with the Alberta Teachers Association, the Alberta government will assume responsibility for the teachers' share of the pre-1992 unfunded pension obligations, estimated at \$2.215 billion. This amount is reported in 2007-08, when responsibility for pre-1992 teachers' pensions was transferred to Finance and Enterprise. Annual increases in the Finance and Enterprise's unfunded obligations for its pension plans (including the teachers' pre-1992 plan) are estimated to be:

135,212	102,175	2,451,000	176,000	213,000	224,000
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CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable			2008-09 Estimate	2009-10 Target	2010-11 Target
	2006-07 Actual	2007-08 Budget	2007-08 Forecast			
Ministry Revenue	16,787,598	15,270,150	17,523,462	16,705,635	17,577,943	18,313,469
<i>Inter-ministry consolidation adjustments</i>	(502,526)	(172,620)	(284,977)	(144,441)	(168,566)	(195,157)
Consolidated Revenue	16,285,072	15,097,530	17,238,485	16,561,194	17,409,377	18,118,312
Ministry Program Expense	897,032	962,038	974,260	1,125,241	1,188,417	1,217,374
<i>Inter-ministry consolidation adjustments</i>	(98,201)	(106,636)	(107,846)	(121,718)	(125,036)	(127,251)
Consolidated Program Expense	798,831	855,402	866,414	1,003,523	1,063,381	1,090,123
Ministry Debt Servicing Costs	207,835	219,293	209,283	194,184	169,908	165,497
<i>Inter-ministry consolidation adjustments</i>	(60,598)	(65,449)	(60,591)	(66,262)	(75,776)	(82,464)
Consolidated Debt Servicing Costs	147,237	153,844	148,692	127,922	94,132	83,033
Consolidated Expense	946,068	1,009,246	1,015,106	1,131,445	1,157,513	1,173,156
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	15,339,004	14,088,284	16,223,379	15,429,749	16,251,864	16,945,156