

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024-27



Fiscal Plan

A Responsible Plan
for a Growing Province

2024-27

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Fiscal Plan

2024-27

PRESENTED BY

NATE HORNER

PRESIDENT OF TREASURY BOARD
AND MINISTER OF FINANCE

in the Legislative Assembly of Alberta
February 29, 2024

Accountability Statement

The government's Fiscal Plan for the three years commencing April 1, 2024 was prepared under my direction in accordance with the *Sustainable Fiscal Planning and Reporting Act* and the government's accounting policies. All of the government's policy decisions as of February 15, 2024 with material economic or fiscal implications have been considered in preparing the three year Fiscal Plan.

Original signed by

Nate Horner
President of Treasury Board and Minister of Finance
February 15, 2024

Fiscal Plan 2024 – 27

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Note: Amounts presented in tables may not add to totals due to rounding.

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024–27

Fiscal Plan

Overview

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Note: Amounts presented in tables may not add to totals due to rounding.

Overview

A Responsible Plan for a Growing Province

Alberta is growing. The province is a destination of choice for individuals, families and investors. *Budget 2024* is a responsible plan to manage the pressures faced by a growing province today while securing the future for generations who follow.

Alberta's government introduced a fiscal framework in 2023 to help manage the fiscal planning challenges of Alberta's unique economic and revenue volatility. *Budget 2024* upholds the requirements of the fiscal framework to balance the budget, control spending and use surplus cash to pay off debt and save for the future. *Budget 2024* includes surpluses of \$367 million, \$1.4 billion and \$2.6 billion over the next three years.

Forward thinking and planning for the future is a part of Alberta's story. The Alberta Heritage Savings Trust Fund (the Heritage Fund) was established in 1976 with a vision for the stewardship of the revenue generated from our abundant natural resources. In *Budget 2024* an additional \$2 billion will be deposited into the Heritage Fund and it will continue to retain its investment earnings. With these deliberate and meaningful actions, the government is embarking on a plan that will return the Heritage Fund to its original vision of building intergenerational wealth.

Budget 2024 – Key Fiscal Metrics

(billions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--------------------------------------|-------------|------------|------------|------------|------------|------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Revenue | 76.1 | 70.7 | 75.6 | 73.5 | 76.1 | 78.8 |
| Expense | | | | | | |
| Operating expense | 54.7 | 57.0 | 57.9 | 60.1 | 61.6 | 62.8 |
| Other expense | 8.4 | 9.8 | 9.6 | 11.0 | 11.0 | 11.4 |
| Total Expense (before contingency) | 63.2 | 66.8 | 67.4 | 71.2 | 72.6 | 74.2 |
| Contingency / disaster assistance | 1.3 | 1.5 | 2.9 | 2.0 | 2.0 | 2.0 |
| Surplus / (Deficit) | 11.6 | 2.4 | 5.2 | 0.4 | 1.4 | 2.6 |
| Other Key Metrics: | | | | | | |
| Capital / Other Non-financial assets | 60.6 | 62.2 | 61.3 | 62.4 | 63.4 | 64.1 |
| Heritage Fund Year-end Balances | 19.0 | 20.1 | 20.9 | 23.8 | 25.0 | 26.5 |
| Taxpayer Supported Debt | 79.3 | 77.8 | 76.1 | 78.4 | 81.0 | 83.0 |
| Net Financial Debt | 45.6 | 44.8 | 40.9 | 41.6 | 41.2 | 39.2 |
| Net Debt to GDP | 9.9% | 9.9% | 9.3% | 9.1% | 8.5% | 7.7% |

Note: See table on page 14 for amounts in millions.

Alberta is an attractive destination for individuals, families and investors.

Boosting Alberta's Advantage

Alberta is a great place to live, work and raise a family. Albertans and Alberta businesses benefit from a low tax environment. Along with solid economic fundamentals – strong population growth, favourable cost of living and high wages – Alberta's tax advantage is helping to attract investment and encourage job creation.

Budget 2024 continues to support new and emerging sectors and invests in marketing Alberta, both nationally and globally. The government is committed to responsible environmental stewardship and resource management. The new Alberta Carbon Capture Incentive Program (ACCIP) will provide incentives for facilities to incorporate emissions reduction into their operations, while creating jobs for Albertans.

Alberta's government continues to reduce red tape by implementing regulatory approaches and program delivery that focus on outcomes, while reducing administrative burden to enable job creators to continue to grow their business.

To fulfill its election commitment to build on Alberta's already strong personal tax advantage, government intends to introduce a new personal income tax bracket of eight per cent on the first \$60,000 of income. Based on the current fiscal plan, the government expects to implement the tax cut over two years, contingent on the province having sufficient fiscal capacity to introduce the tax cut while maintaining a balanced budget.

Refocusing Health Care

Albertans will have the necessary health care when and where they need it.

Alberta's government is refocusing the health care system to improve health outcomes for Albertans and empower health care workers to deliver quality care across the province. A refocused health care system will provide Albertans with the necessary care when and where they need it.

Budget 2024 supports refocusing the health care system into specialized areas: primary care, acute care, continuing care, and mental health and addiction. It will enhance government's ability to provide system-wide oversight, set system priorities, and require accountability for those priorities on behalf of Albertans.

A new mental health and addiction organization and a centre of recovery excellence will be established as part of a system of care that supports resilience and long-term recovery from addiction and mental health challenges.

Investing in Education

A top priority for Alberta's government is to provide high quality education and make our schools the best places for our children to learn, develop and form the foundations for successful and fulfilling lives. *Budget 2024* funds enrolment growth, increases support for students with specialized needs and provides additional support for choice in education.

Budget 2024 will expand apprenticeships, increase professional capacity in rural and mental health, support foundational learning and enhance international education in our post-secondary institutions. Post-secondary education will be the foundation of a strong Alberta economy and a vibrant province.

Keeping Albertans Safe and Secure

All Albertans have the right to feel safe and secure in their communities. The government is taking action to protect Albertans through focused work to reduce and prevent crime, support victims of crime, and make the justice system accessible, affordable and efficient.

Budget 2024 continues implementation of the *Safe Streets Action Plan* to address safety concerns in Alberta's major urban centers through assisting policing partners with street-level law enforcement in high crime areas, such as downtown cores and public transit.

The budget also includes significant investments in wildfire preparedness as well as water management and infrastructure to enhance our readiness for natural disasters to protect the lives and livelihoods of Albertans.

Energy and Economic Assumptions

Alberta's economy is set to expand this year, underpinned by strong population growth, robust business investment and fading headwinds from high interest rates and rising prices. Real GDP growth is forecast to rise 2.9 per cent in 2024, diverging from the slow growth trend in Canada and globally.

Additional pipeline capacity is poised to expand market access and bolster Alberta oil prices. There is optimism among Alberta's oil and gas producers, despite political and regulatory uncertainties from the federal government. Alberta's exceptional population growth is increasing demand for housing and supporting spending in the province, but the impact of high interest rates continues to work its way through the economy. The expectation of easing interest rates in the second half of the year will provide some relief.

Alberta's economic prospects remain optimistic over the medium term. GDP growth is set to pick up in 2025. Solid growth in population and employment will support consumer spending and residential investment. Stable energy prices along with solid investment intentions will buoy business investment. Meanwhile, the energy, agriculture, and manufacturing sectors are poised to benefit from an improvement in the global economy. Solid fundamentals will support Alberta's continued expansion.

Energy and Economic Assumptions^a

| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | |
|--|---------|---------|---------------|--------------|----------|----------|----------|
| | Actuals | Actuals | Estimate | Forecast | Forecast | Forecast | |
| WTI Oil (US\$/bbl) ^b | 77.03 | 89.69 | 76.50 | 74.00 | 74.00 | 74.00 | |
| Light-Heavy Differential (US\$/bbl) ^b | 13.56 | 20.77 | 17.30 | 16.00 | 14.90 | 13.60 | |
| WCS@Hardisty (Cdn\$/bbl) ^b | 79.63 | 90.62 | 80.20 | 76.80 | 75.60 | 75.80 | |
| Natural Gas (Cdn\$/GJ) ^b | 3.48 | 4.63 | 2.20 | 2.90 | 3.70 | 3.80 | |
| Conventional Crude Oil Production (000s barrels/day) | 445 | 497 | 500 | 507 | 508 | 505 | |
| Raw Bitumen Production (000s barrels/day) | 3,197 | 3,251 | 3,324 | 3,429 | 3,539 | 3,650 | |
| Exchange Rate (US\$/Cdn\$) ^b | 79.8 | 75.6 | 74.1 | 75.9 | 78.1 | 79.7 | |
| Interest Rate (10-year Canada bonds, %) | 1.56 | 3.05 | 3.50 | 3.70 | 3.60 | 3.40 | |
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| | Actuals | Actuals | Estimate | Forecast | Forecast | Forecast | Forecast |
| Real GDP (% change) | 4.6 | 5.0 | 2.5 | 2.9 | 3.3 | 2.8 | 2.6 |
| Employment (% change) ^c | 5.4 | 5.2 | 3.6 | 3.0 | 3.1 | 2.5 | 2.0 |
| Unemployment Rate (%) ^c | 8.6 | 5.8 | 5.9 | 6.5 | 6.0 | 5.8 | 5.6 |
| Primary Household Income (% change) | 6.7 | 9.7 | 7.7 | 6.7 | 5.6 | 5.6 | 5.4 |
| Net Corporate Operating Surplus (% change) | 233.2 | 66.1 | (14.5) | - | 4.9 | 4.5 | 3.8 |
| Alberta Consumer Price Index (% change) ^c | 3.2 | 6.5 | 3.3 | 2.5 | 2.2 | 2.2 | 2.2 |
| Population (% change) ^c | 0.5 | 1.8 | 4.1 | 3.7 | 2.3 | 2.0 | 1.6 |

^a Forecast was finalized on January 26, 2024

^b Forecasts have been rounded

^c Actual

Revenue

Total revenue is estimated at \$73.5 billion in 2024-25, \$2.1 billion lower than the 2023-24 third quarter forecast of \$75.6 billion.

While Alberta's economic prospects remain optimistic, government revenue continues to be volatile as a significant portion is highly sensitive to global economic conditions including commodity prices, interest and exchange rates, and financial markets. The *Budget 2024* revenue forecast is based on stable energy prices and a narrowing Light-Heavy Differential as a result of additional egress capacity from the expansion of the Trans Mountain pipeline (TMX). Resource revenue is forecast to decline \$2.1 billion in 2024-25, while tax revenue is expected to increase by \$1.7 billion from the 2023-24 third quarter forecast. Federal transfers increases starting in 2024-25 are mainly due to the new health care bi-lateral agreements as well as increases to the Canada Health Transfer and Canada Social Transfer driven by Alberta's rising population share, offset by decreases in other transfers. Revenue is forecast to grow by \$2.5 billion in 2025-26 and \$2.8 billion in 2026-27, reaching \$78.8 billion by the end of the forecast period.

The West Texas Intermediate oil price is expected to average US\$74 per barrel (/bbl) over the forecast period. The Light-Heavy Differential is expected to be US\$16.00/bbl in 2024-25, narrowing to US\$13.60/bbl in 2026-27 as TMX will provide additional pipeline egress for Alberta crude oil.

Budget 2024 Revenue

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Personal Income Tax | 13,925 | 14,069 | 15,239 | 15,604 | 16,514 | 17,512 |
| Corporate Income Tax | 8,167 | 5,911 | 7,204 | 7,028 | 7,052 | 7,320 |
| Other Taxes | 4,432 | 5,012 | 4,470 | 6,013 | 6,329 | 6,535 |
| Resource revenue – Bitumen royalties | 16,879 | 12,555 | 14,367 | 12,538 | 12,857 | 12,888 |
| Resource revenue – Other | 8,363 | 5,806 | 5,049 | 4,777 | 4,982 | 5,051 |
| Transfers from Government of Canada | 11,363 | 12,552 | 12,656 | 12,640 | 13,161 | 13,644 |
| Investment Income | 1,326 | 3,154 | 4,467 | 3,267 | 3,433 | 3,672 |
| Net Income from Government Business Enterprises | 2,481 | 2,727 | 2,526 | 2,123 | 2,200 | 2,481 |
| Premiums, Fees and Licences | 4,657 | 5,040 | 5,300 | 5,384 | 5,551 | 5,752 |
| Other | 4,527 | 3,827 | 4,349 | 4,164 | 3,973 | 3,960 |
| Total Revenue | 76,120 | 70,653 | 75,628 | 73,537 | 76,051 | 78,816 |

Expense

In 2024-25, operating expense will be 3.9 per cent, or \$2.2 billion, higher than the 2023-24 forecast and then rises at a modest pace, averaging 2.2 per cent over the next two years. The government is committed to controlling spending and these targeted increases fund key initiatives to refocus Alberta's health care system, invest in education, grow the economy, support job creation and keep Albertans safe and secure.

In 2023-24, the total expense forecast increased by \$2.1 billion from *Budget 2023*. Disaster and emergency assistance is \$2.9 billion as a result of the unprecedented wildfire season and indemnity payments and income support for the agriculture sector. Operating expense increased by \$838 million compared to budget, including a \$589 million increase in dedicated revenue, mainly for health care, enrolment growth and social services. Other expense, primarily debt servicing costs, has increased a net \$253 million, while capital grants are \$446 million lower than budget.

In *Budget 2024*, the contingency will increase to \$2 billion per year. The contingency amount is intended to address unanticipated spending, including disasters and emergencies, and emerging priorities that may arise during the year and that are not practical to delay until the next budget.

Government is committed to fiscal responsibility by limiting growth in spending.

Budget 2024 Expense

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Operating expense | 54,737 | 57,038 | 57,876 | 60,124 | 61,595 | 62,798 |
| Capital grants | 1,525 | 2,821 | 2,375 | 3,469 | 3,576 | 3,863 |
| Amortization / disposal loss / inventory consumption | 4,090 | 4,418 | 4,419 | 4,576 | 4,695 | 4,720 |
| Debt servicing costs | 2,829 | 2,848 | 3,136 | 3,365 | 3,121 | 3,174 |
| Pension provisions | (21) | (322) | (358) | (364) | (373) | (378) |
| Contingency / disaster assistance | 1,319 | 1,500 | 2,946 | 2,000 | 2,000 | 2,000 |
| Total Expense | 64,479 | 68,303 | 70,394 | 73,170 | 74,614 | 76,176 |

Capital Plan

The *Budget 2024* Capital Plan invests \$25 billion - \$2 billion more than *Budget 2023* - in infrastructure projects to grow and diversify Alberta's economy and strengthen public infrastructure that helps deliver essential services for Alberta families, communities, and businesses. The Capital Plan supports the government's strategic priorities and plays an essential role in boosting Alberta's advantage and investing in Albertans.

The *Budget 2024* Capital Plan includes:

- \$7.2 billion for municipal infrastructure;
- \$3.7 billion for capital maintenance and renewal;
- \$3.6 billion for health facilities;
- \$2.2 billion for roads and bridges;
- \$2.1 billion for schools;
- \$1.4 billion for streamlining service delivery;
- \$1.1 billion for agriculture, natural resources and business development;
- \$0.8 billion for family, social supports and housing;
- \$1.2 billion for other Capital Plan envelopes; and
- \$1.6 billion in SUCH sector self-financed capital spending.

Working with municipalities to build safe and vibrant communities is a priority of the government. 2024-25 marks the first year of the Local Government Fiscal Framework, providing \$2.4 billion over three years to help fund local infrastructure priorities. *Budget 2024* includes \$60 million over three years for the new Local Growth and Sustainability Grant Program to support municipalities funding infrastructure that attracts economic development opportunities and addresses unique or emergent needs in their communities.

Key investments supporting health care in the Capital Plan include projects to reduce surgical and emergency department wait times, strengthen the emergency medical services (EMS) system, address mental health and addiction challenges and prepare for future health care needs. *Budget 2024* includes \$654 million for the Continuing Care Capital Program, \$328 million for

recovery communities and children and youth mental health facilities, and \$20 million for planning of a standalone Stollery Children's hospital in Edmonton.

To address the pressure in student enrolment, the *Budget 2024* Capital Plan invests \$1.9 billion to build new schools and expand existing schools, and \$103 million for the modular classroom program to increase classroom spaces quickly to address immediate needs. The plan also continues funding collegiate and public charter schools to provide more education choices for students and parents and to create alternative pathways toward post-secondary education and careers.

Major highway corridors in the Calgary and Edmonton regions will be improved through funding of \$955 million in *Budget 2024*. Other roads and bridge projects supported by the plan include \$129 million for twinning Highway 11 between Rocky Mountain House and Sylvan Lake, \$97 million for improving Highway 881 between Lac La Biche County and the Hamlet of Anzac, and a \$30 million bundle to support maintenance of close to 5,000 bridges on Alberta's roadways.

The *Budget 2024* Capital Plan invests in affordable housing and social supports for Albertans most in need. Projects and programs include \$405 million for the Affordable Housing Partnership Program, \$130 million to modernize seniors lodges, \$91 million for repairing government-owned social housing buildings, and \$75 million for the Indigenous Housing Capital Program.

The government continues to streamline service delivery by capitalizing on advances in information technology. The *Budget 2024* Capital Plan includes \$49 million to transform Albertans' access to justice services through website improvement, information digitalization, and increasing video conferencing capacity.

To enhance public safety and prepare the province for natural disasters, the government will invest \$55 million to upgrade facilities and equipment that support wildfire operations, \$147 million for repairing and upgrading water infrastructure and \$75 million over three years for the Renewed Flood and Drought Mitigation program.

Budget 2024 invests \$30 million in a new Community Recreation Centre Infrastructure Program to help ensure growing communities have the facilities they need to stay healthy, and youth have opportunities to participate in sports activities.

Government will invest in a water management strategy to support water availability and drought management.

Debt and Debt Servicing

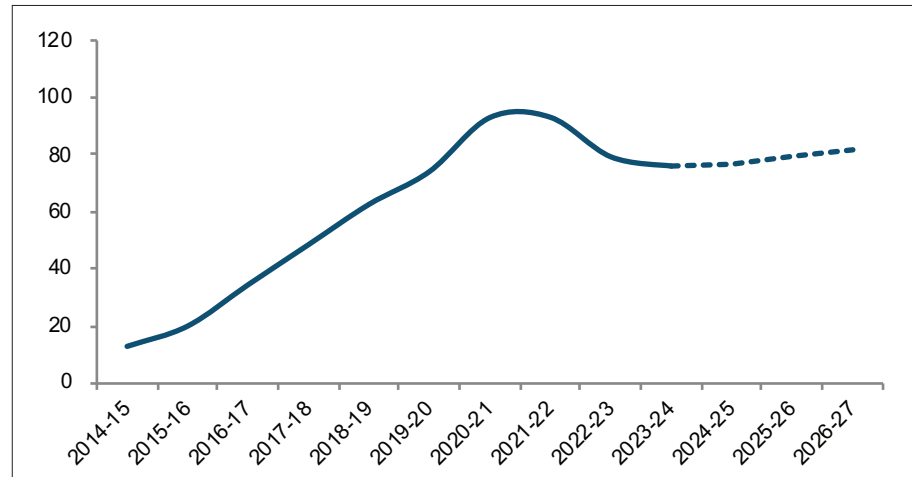
Taxpayer-supported debt outstanding is estimated to total \$76.1 billion at the end of 2023-24 and \$78.4 billion at the end of 2024-25.

Debt servicing costs are expected to be \$3.4 billion in 2024-25. Until the debt is eliminated, resources will continue to be used to pay interest costs rather than being directed to delivering government programs and services that Albertans rely on or to save for the future.

The new fiscal framework sets out rules for using surplus cash to pay down debt as it matures. In 2022-23, \$13.3 billion of maturing debt was repaid using surplus cash and \$3.2 billion is expected to be repaid in 2023-24.

Debt servicing costs are expected to be \$3.4 billion in 2024-25.

Taxpayer Supported Debt (millions of dollars)



Fiscal Summary

Budget 2024 Fiscal Summary (millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Revenue | | | | | | |
| Income and Other Taxes | 26,524 | 24,992 | 26,913 | 28,645 | 29,895 | 31,367 |
| Resource revenue – Bitumen royalties | 16,879 | 12,555 | 14,367 | 12,538 | 12,857 | 12,888 |
| Resource revenue – other | 8,363 | 5,806 | 5,049 | 4,777 | 4,982 | 5,051 |
| Transfers from Government of Canada | 11,363 | 12,552 | 12,656 | 12,640 | 13,161 | 13,644 |
| Investment Income | 1,326 | 3,154 | 4,467 | 3,267 | 3,433 | 3,672 |
| Net Income from Government Business Enterprises | 2,481 | 2,727 | 2,526 | 2,123 | 2,200 | 2,481 |
| Premiums, Fees and Licences | 4,657 | 5,040 | 5,300 | 5,384 | 5,551 | 5,752 |
| Other | 4,527 | 3,827 | 4,349 | 4,164 | 3,973 | 3,960 |
| Total Revenue | 76,120 | 70,653 | 75,628 | 73,537 | 76,051 | 78,816 |
| Expense | | | | | | |
| Operating expense | 54,737 | 57,038 | 57,876 | 60,124 | 61,595 | 62,798 |
| % change from prior year | 4.6% | 4.2% | 5.7% | 3.9% | 2.4% | 2.0% |
| Capital grants | 1,525 | 2,821 | 2,375 | 3,469 | 3,576 | 3,863 |
| Amortization / disposal loss / inventory consumption | 4,090 | 4,418 | 4,419 | 4,576 | 4,695 | 4,720 |
| Debt servicing costs | 2,829 | 2,848 | 3,136 | 3,365 | 3,121 | 3,174 |
| Pension provisions | (21) | (322) | (358) | (364) | (373) | (378) |
| Contingency / disaster assistance | 1,319 | 1,500 | 2,946 | 2,000 | 2,000 | 2,000 |
| Total Expense | 64,479 | 68,303 | 70,394 | 73,170 | 74,614 | 76,176 |
| Surplus / (deficit) | 11,641 | 2,350 | 5,234 | 367 | 1,437 | 2,640 |



Overview

Fiscal Framework

Fiscal Framework

Sustainable Fiscal Planning and Reporting

In *Budget 2023*, Alberta's government introduced a new fiscal framework with four key components:

- Require annual balanced budgets, with certain exceptions;
- Limit year-over-year increases in operating expense to population growth and inflation;
- Limit in-year expense growth to a budgeted and voted contingency; and
- Set out policies for the allocation of surplus cash to repayment of maturing debt, saving for the future, or one-time initiatives that do not lead to permanent increases in government spending.

Amendments were also introduced for the Alberta Heritage Savings Trust Fund to retain 100 per cent of its net income instead of the current requirement to retain only an amount for inflation proofing.

Balanced Budgets

Alberta's government is balancing the budget, including a forecast surplus of \$5.2 billion in 2023-24. *Budget 2024* includes surpluses of \$367 million in 2024-25, \$1.4 billion in 2025-26 and \$2.6 billion in 2026-27.

Year-over-Year Expense Growth

For 2024-25 and subsequent fiscal years, the projected operating expense ceiling in the consolidated fiscal plan must not exceed the prior year's operating expense ceiling adjusted for population growth plus inflation as set out in the Q3 fiscal outlook for the previous calendar year.

Operating Expense Ceiling - 2024-25 and Future Years

| | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|---|---------|---------------|---------------|---------------|
| 2022-23 base | 46,057 | | | |
| Adjusted for prior-year population plus inflation (8.7%) | 50,064 | | | |
| Plus dedicated revenue - related expense | 8,442 | | | |
| 2023-24 operating expense ceiling | 58,506 | | | |
| 2024-25 and future years operating expense ceiling | | 50,064 | | |
| Adjusted for prior-year population plus inflation | | 7.4% | 6.2% | 4.5% |
| Plus dedicated revenue - related expense | | 9,814 | 9,854 | 9,465 |
| 2024-25 and future years operating expense ceiling | | 63,583 | 66,956 | 69,137 |

Note: As included in Budget 2023, the 2022-23 third quarter operating expense (adjusted by \$1,329 million for one-time affordability measures) of \$54.1 billion less \$8.0 billion in dedicated revenue related expense resulted in the base operating expense ceiling of \$46.1 billion.

Alberta Heritage Savings Trust Fund

The Alberta Heritage Savings Trust Fund (the Heritage Fund) was established in 1976 with three objectives: to strengthen and diversify the Alberta economy, to improve life in Alberta and to save for the day when non-renewable resource revenue disappeared. Initially, 30 per cent of all non-renewable natural resources revenues were deposited in the Heritage Fund and all investment income was retained within the Heritage Fund. Transfers of earnings out of the Heritage Fund started on September 1, 1982, and deposits of a portion of non-renewable resource revenue were eliminated starting in 1987-88.

In 1997, the *Alberta Heritage Savings Trust Fund Act* (the “Act”) was amended to state that the mission of the Heritage Fund is to provide prudent stewardship of the savings from Alberta’s non-renewable resources by providing the greatest financial returns on those savings for current and future generations of Albertans.

As fiscal fortunes shifted, the Heritage Fund’s earnings were diverted into general revenues to support high spending. The Heritage Fund has contributed over \$42 billion in investment earnings to be used for general government purposes. In addition, over \$3.5 billion was used to fund capital projects from inception until 1995. Out of the \$48 billion in investment income that has been earned since 1976, only \$6 billion has been retained within the Heritage Fund.

In fiscal year 2023-24, the Province of Alberta made the decision to deposit \$753 million into the Heritage Fund. This was the first deposit of its kind to be made since 2007. Combined with legislative changes made in 2023 that allow the Heritage Fund to retain its investment income, \$1.2 billion of investment earnings that were to be transferred to the government were retained by the Heritage Fund. In total, the Heritage Fund’s value grew by \$2.5 billion in 2022-23.

In *Budget 2024*, Alberta’s government is announcing that an additional \$2.0 billion will be deposited into the Heritage Fund and that the Fund will once again retain its investment earnings. With these actions the government will grow the Heritage Fund to over \$25 billion in size.

With these deliberate and meaningful actions, the government is embarking on a plan that will return the Heritage Fund to its original vision of intergenerational equity, impact and influence. We will ensure that future generations share in our resource wealth.

Prior to the end of this year, government will release its long-term plan charting a path to a Heritage Fund worth between \$250 billion and \$400 billion dollars by the year 2050. These estimates are realistic and achievable through a strict adherence to the fiscal framework introduced in *Budget 2023*. Alberta will join the ranks of jurisdictions such as Alaska, Norway and many other resource-based jurisdictions around the world who boast sovereign wealth funds large enough to replace their reliance on resource revenues. The Heritage Fund will achieve these goals in a way that is anchored in Albertan values and reflective of our unique character.

In-Year Expense Growth

The third component of the framework is to limit in-year adjusted operating expense increases to the budgeted and voted contingency except when increases are due to:

- Dedicated revenue-expense increases;
- Non-recurring, non-cash expense variations required by accounting standards;
- Emergencies or disasters declared by Cabinet;
- Expenses under the Alberta Petrochemicals Incentive Program (APIP); and
- Payments related to litigation or settlements of \$500 million or more not projected in the budget.

In 2023-24, \$1.5 billion contingency has been fully allocated to in-year expense increases that are not offset by dedicated revenue or are non-cash and non-recurring. In addition to the contingency, expense increased in 2023-24 by \$589 million as a result of expenses offset by dedicated revenue and \$1.5 billion for agriculture disaster and emergency assistance mainly for indemnity and insurance payments and income support as a result of drought conditions in the province.

Budget 2024 Dedicated Revenue and Related Expense

(millions of dollars)

| | 2024-25 Estimate | | 2025-26 Target | | 2026-27 Target | |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Operating expense | Other expense | Operating expense | Other expense | Operating expense | Other expense |
| Transfers from Government of Canada | | | | | | |
| Infrastructure support (capital grant expense) | - | 774 | - | 668 | - | 967 |
| Labour market agreements | 317 | - | 317 | - | 314 | - |
| Early learning child care agreements | 1,139 | - | 1,226 | - | 1,226 | - |
| Alberta Action Plan - Working Together | 374 | - | 371 | - | - | - |
| Aging with Dignity | 139 | - | 139 | - | - | - |
| SUCH sector / Alberta Innovates Corporation | 633 | - | 644 | - | 652 | - |
| Other | 231 | - | 239 | - | 224 | - |
| Investment Income | | | | | | |
| Loans to local authorities (debt servicing costs) | - | 677 | - | 561 | - | 522 |
| SUCH sector | 431 | - | 427 | - | 438 | - |
| Premiums, Fees and Licences | | | | | | |
| SUCH sector | 2,844 | - | 2,983 | - | 3,063 | - |
| Energy industry levies (AER, AUC) | 394 | - | 401 | - | 407 | - |
| Other | 101 | - | 102 | - | 103 | - |
| Other | | | | | | |
| SUCH sector | 1,731 | - | 1,773 | - | 1,838 | - |
| AIMCO investment management charges | 936 | - | 972 | - | 958 | - |
| Tech. Innov. & Emiss. Reduction Fund | 481 | 58 | 197 | 58 | 179 | - |
| Alberta Innovates Corporation / other | 63 | - | 63 | - | 63 | - |
| Total dedicated revenue - related expense | 9,814 | 1,509 | 9,854 | 1,287 | 9,465 | 1,489 |

Note: For the in-year rules, dedicated revenue must automatically cause changes in the related expense, either up or down, mirroring the change in revenue, so that there is no impact on the surplus / deficit. In instances where the revenue and related expense are not exactly matching, the lesser of the revenue or expense is used.

Allocation of Surplus Cash

The final component of the framework sets out policies for the allocation of surplus cash available from fiscal results. At least 50 per cent of the available surplus cash must go to the repayment of debt maturing in that fiscal year with the remaining cash allocated to the new Alberta Fund. The Alberta Fund allows the government to set aside surplus cash while it decides the best use of this cash. There are three allowable uses of cash from the Alberta Fund:

- Debt repayment;
- Additional deposits into the Heritage Fund; or
- One-time initiatives that do not lead to permanent increases in government spending.

Since the government follows accounting standards that are on an accrual basis, the surplus has to be adjusted to determine the surplus cash available from fiscal results. Some examples of these adjustments include excluding income retained by agencies and funds, changes in pension obligations, and for capital cash requirements. A list of cash adjustments can be found on page 157.

After adjustments, \$6.4 billion in surplus cash is forecast to be allocated to the Alberta Fund in 2023-24. The first 50 per cent, or \$3.2 billion, is allocated to pay off maturing debt and the remainder is allocated to the Alberta Fund. The final balance in the Alberta Fund will be known once the year-end results are finalized in June 2024. Based on preliminary forecasts, the government plans to allocate \$2 billion from the Alberta Fund to the Alberta Heritage Savings Trust Fund, with the remaining \$1.2 billion allocated to debt repayment to limit the impact of additional, new borrowing required in 2024-25.

Alberta Fund Allocation

(billions of dollars)

| | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|--|------------|--------------|--------------|--------------|
| Cash available for allocation: | | | | |
| Cash / Alberta Fund at start of the year | 5.1 | 3.2 | - | - |
| Alberta Fund allocation - Heritage Fund | - | (2.0) | - | - |
| Surplus | 5.2 | 0.4 | 1.4 | 2.6 |
| less entity retained income | (2.5) | (2.1) | (2.6) | (3.3) |
| less capital plan requirements | (2.1) | (2.3) | (2.2) | (1.9) |
| plus net other cash adjust. | 0.6 | 0.3 | 0.6 | 0.3 |
| plus ATB Financial dividend | - | 0.1 | 0.1 | 0.1 |
| Total cash available | 6.4 | (2.4) | (2.7) | (2.1) |
| Allocation: | | | | |
| 2023-24 taxpayer-supported debt | 3.2 | - | - | - |
| Alberta Fund | 3.2 | - | - | - |
| Total allocation | 6.4 | - | - | - |
| Cash at end of year | - | (2.4) | (2.7) | (2.1) |

Note: Assumes Alberta Fund balance is fully allocated in 2024-25. Negative cash available means additional borrowing is required.

The government is introducing additional amendments to the *Sustainable Fiscal Planning and Reporting Act* to update the requirements for the second quarter fiscal update and economic statement, and to exempt the new Alberta Carbon Capture Incentive Program and Alberta Fund spending from the in-year expense limitation. The government will maintain the balanced budget requirements and will not be permitted to project or report a deficit at year-end as a result of Alberta Fund spending. These amendments provide the government the flexibility it needs to address emerging priorities using the Alberta Fund while maintaining the commitment to balanced budgets.

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024–27

Fiscal Plan

Economic Outlook

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Key Energy and Economic Assumptions

| Fiscal Year Assumptions^a | 2021-22 Actuals | 2022-23 Actuals | 2023-24 Estimate | 2024-25 Forecast | 2025-26 Forecast | 2026-27 Forecast |
|---|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Crude Oil Prices^b | | | | | | |
| WTI (US\$/bbl) | 77.03 | 89.69 | 76.50 | 74.00 | 74.00 | 74.00 |
| Light-Heavy Differential (US\$/bbl) | 13.56 | 20.77 | 17.30 | 16.00 | 14.90 | 13.60 |
| WCS @ Hardisty (Cdn\$/bbl) | 79.63 | 90.62 | 80.20 | 76.80 | 75.60 | 75.80 |
| Natural Gas Price^b | | | | | | |
| Alberta Reference Price (Cdn\$/GJ) | 3.48 | 4.63 | 2.20 | 2.90 | 3.70 | 3.80 |
| Production | | | | | | |
| Conventional Crude Oil (thousands of barrels/day) | 445 | 497 | 500 | 507 | 508 | 505 |
| Raw Bitumen (thousands of barrels/day) | 3,197 | 3,251 | 3,324 | 3,429 | 3,539 | 3,650 |
| Natural Gas (billions of cubic feet) | 4,027 | 4,265 | 4,263 | 4,291 | 4,312 | 4,326 |
| Interest Rates^b | | | | | | |
| 3-month Canada Treasury Bills (%) | 0.19 | 3.17 | 4.90 | 4.10 | 2.90 | 2.80 |
| 10-year Canada Bonds (%) | 1.56 | 3.05 | 3.50 | 3.70 | 3.60 | 3.40 |
| Exchange Rate (US\$/Cdn\$) | 79.8 | 75.6 | 74.1 | 75.9 | 78.1 | 79.7 |

| Calendar Year Assumptions^a | 2021 Actuals | 2022 Actuals | 2023 Estimate | 2024 Forecast | 2025 Forecast | 2026 Forecast | 2027 Forecast |
|--|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Gross Domestic Product | | | | | | | |
| Nominal (billions of dollars) | 376.4 | 459.3 | 440.6 | 456.1 | 483.9 | 510.7 | 535.6 |
| % change | 24.9 | 22.0 | -4.1 | 3.5 | 6.1 | 5.5 | 4.9 |
| Real (billions of 2017 dollars) | 327.1 | 343.5 | 351.9 | 362.1 | 374.1 | 384.7 | 394.6 |
| % change | 4.6 | 5.0 | 2.5 | 2.9 | 3.3 | 2.8 | 2.6 |
| Other Indicators | | | | | | | |
| Employment (thousands) | 2,260 | 2,376 | 2,461 ^c | 2,535 | 2,614 | 2,679 | 2,732 |
| % change | 5.4 | 5.2 | 3.6 ^c | 3.0 | 3.1 | 2.5 | 2.0 |
| Unemployment Rate (%) | 8.6 | 5.8 | 5.9 ^c | 6.5 | 6.0 | 5.8 | 5.6 |
| Average Weekly Earnings (% change) | 2.1 | 2.5 | 2.4 | 3.8 | 3.6 | 3.4 | 3.2 |
| Primary Household Income (% change) | 6.7 | 9.7 | 7.7 | 6.7 | 5.6 | 5.6 | 5.4 |
| Net Corporate Operating Surplus (% change) | 233.2 | 66.1 | -14.5 | 0.0 | 4.9 | 4.5 | 3.8 |
| Housing Starts (thousands of units) | 31.9 | 36.5 | 36.0 ^c | 38.8 | 39.9 | 37.2 | 37.0 |
| Alberta Consumer Price Index (% change) | 3.2 | 6.5 | 3.3 ^c | 2.5 | 2.2 | 2.2 | 2.2 |
| Retail Sales (% change) | 11.7 | 6.9 | 5.1 | 4.5 | 4.4 | 4.4 | 4.4 |
| Population (thousands) | 4,432 | 4,511 | 4,695 ^c | 4,870 | 4,982 | 5,083 | 5,162 |
| % change | 0.5 | 1.8 | 4.1 ^c | 3.7 | 2.3 | 2.0 | 1.6 |
| Net Migration (thousands) | 5.5 | 63.0 | 168.8 ^c | 156.8 | 91.8 | 79.9 | 58.0 |

^a Forecast was finalized on January 26, 2024

^b Forecasts have been rounded

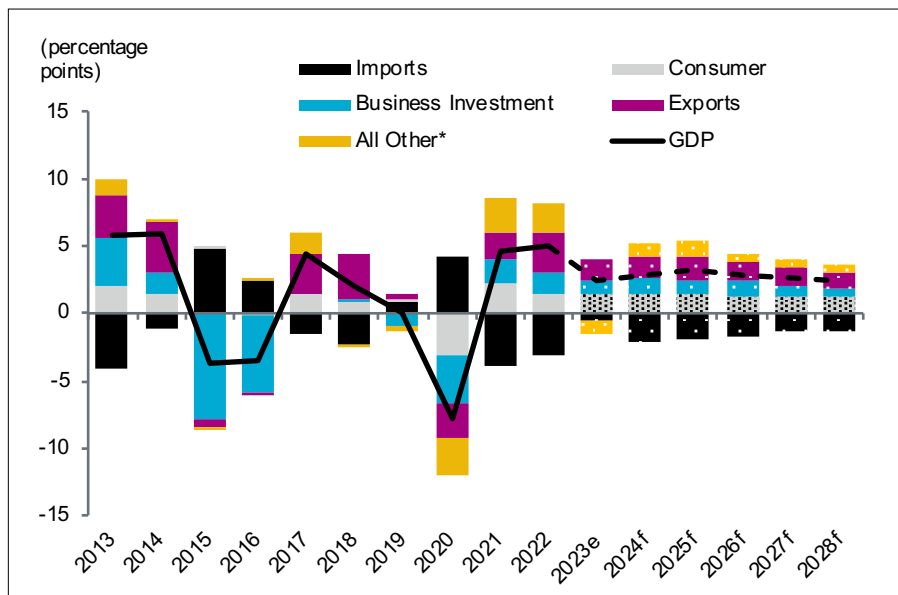
^c Actual

Economic Outlook 2024–27

Alberta’s economy is forging ahead as headwinds from high interest rates and rising prices gradually fade. Growth is slowing in many jurisdictions, but Alberta’s economy is expected to buck the trend. Growth in real gross domestic product (GDP) is forecast to accelerate to 2.9 per cent this year after an estimated 2.5 per cent increase in 2023 (Chart 1). Positive business sentiment is driving investment intentions across many sectors, despite heightened uncertainty. While lacklustre global growth and last year’s drought conditions are expected to weigh on exports in 2024, increased export capacity and favourable oil prices are boosting prospects for Alberta’s energy sector. Alberta’s exceptional population growth is increasing demand for housing and supporting spending in the province, but the impact of high interest rates and prices continues to weigh on consumer sentiment. Easing interest rates in the second half of this year should provide some relief to consumers and businesses.

Chart 1: Broad-based expansion in Alberta’s economy

Contribution to change in Alberta real GDP by expenditure



Alberta’s real GDP growth is forecast to increase to 2.9 per cent and 3.3 per cent in 2024 and 2025, respectively.

Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

* Includes government spending, residential construction investment, non-profit institution spending and inventories

Real GDP growth is forecast to accelerate to 3.3 per cent next year before moderating to an average of 2.7 per cent in 2026 and 2027. While exports will remain a key driver of growth, business investment will gain momentum and account for a greater share of the economy. Large-scale investments across many industries will not only increase Alberta’s productive capacity, but also help diversify and decarbonize the economy over the medium term. Meanwhile, growth in consumer spending and residential construction will be driven by a combination of lower interest rates, strengthening consumer sentiment and

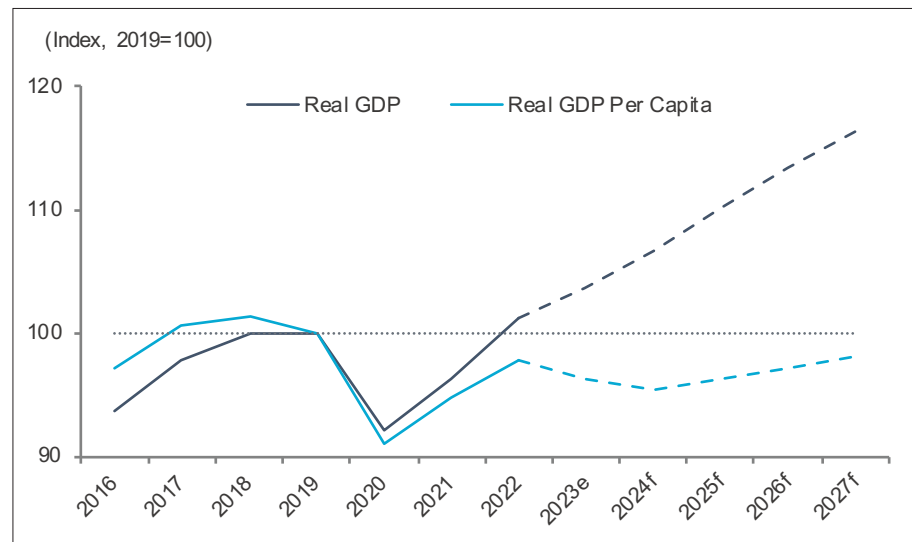
a robust labour market. Solid fundamentals – including strong population growth, a relatively young population, favourable cost of living and high wages – will also support Alberta’s economic expansion.

Alberta is well-positioned to remain Canada’s economic engine, but the province is facing challenges. Geopolitical risks, including uncertainty stemming from proposed federal emissions reduction policies, are preventing Alberta’s economy from reaching its full potential and holding back investment and productivity gains, not just in the province but across the country. While real GDP is forecast to expand in 2024, it will lag behind Alberta’s exceptional population growth. Real GDP per capita will rebound in 2025 but remain lower than pre-COVID levels through the medium term (Chart 2).

Chart 2: Real GDP per capita falling behind

Alberta real GDP and real GDP per capita, indexed to 2019

Real GDP per capita will rebound in 2025 but remain below 2019 level as economic growth lags behind Alberta’s exceptional population growth.



Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

Global economy

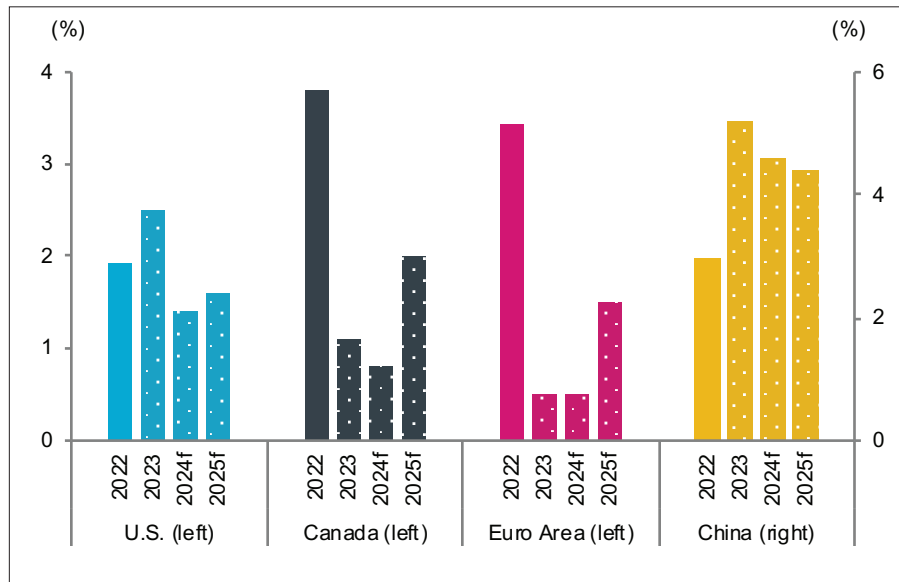
Lacklustre and uneven global growth

Global economic activity will remain tepid in the first half of this year before improving modestly as the impacts of high interest rates fade and financial conditions ease further. The International Monetary Fund is projecting global growth of just over three per cent in 2024 and 2025, roughly the same as last year’s pace, but still weaker than the 2000-2019 average of 3.8 per cent. With global price pressures coming down significantly, policy rates have peaked in advanced economies. An improvement in activity in the second half of this year is expected to support an upturn in global trade and industrial production. However, trade disruptions arising from conflict in the Middle East have added to economic uncertainty and upside risks to inflation.

Among advanced economies, the U.S. has been remarkably resilient to higher interest rates and is expected to lead growth in 2024 (Chart 3). Domestic demand has expanded at a solid clip and the labour market remains tight. Nonetheless, growth is still forecast to slow as high interest rates, lower household savings and tighter fiscal policy weigh on consumer spending and business investment. Headwinds from high energy prices and inflation will continue to weigh on activity in the euro area and growth is expected to remain weak this year. The region's economy is forecast to improve further in 2025 as the effects of monetary easing take hold, although relatively high energy costs and low productivity growth will likely restrain overall economic prospects.

Chart 3: U.S. outperforming other advanced economies this year

Actual and forecast of real GDP growth



Most economies are expected to see slower growth this year, reflecting headwinds from high interest rates and subdued global demand.

Sources: U.S. Bureau of Economic Analysis, Statistics Canada, Statistical Office of the European Communities, China National Bureau of Statistics, Haver Analytics and Alberta Treasury Board and Finance; f-forecast

Emerging market and developing economies are expected to see growth holding steady in 2024 and 2025. Growth in India is expected to remain robust due to resilience in domestic demand. In contrast, China is projected to see its slowest expansion in over three decades outside the pandemic years. This reflects the drag from the ongoing property sector downturn, weak consumer sentiment and subdued export demand. Monetary and fiscal stimulus measures, however, will lend some support to growth.

Subdued growth in the Canadian economy

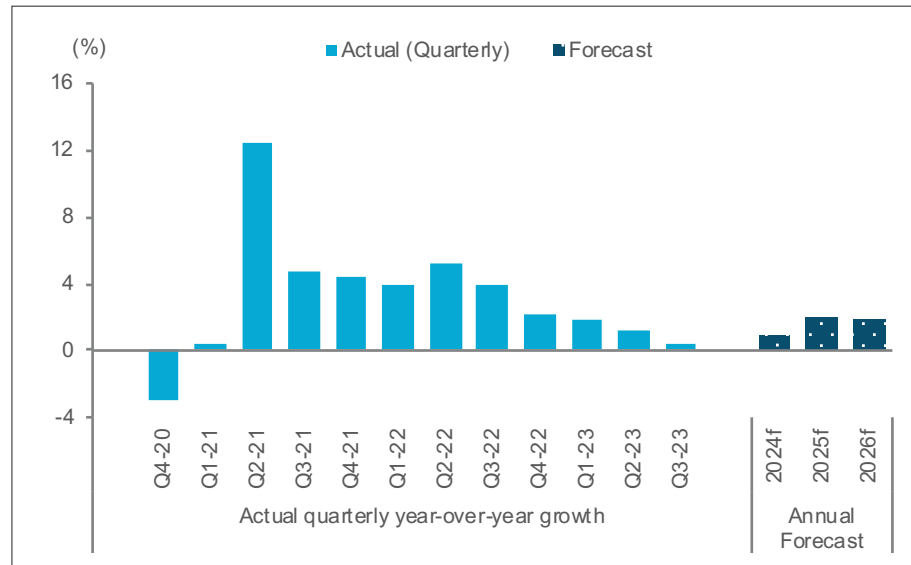
The impacts of tighter monetary policy over the last two years are expected to hit the Canadian economy harder this year. Growth stalled in the middle of 2023 as higher interest rates dampened consumer spending and business investment, while weakness in global demand restrained exports. This trend is expected to carry into 2024. Canadian real GDP growth is forecast to slow from an estimated 1.1 per cent in 2023 to 0.8 per cent in 2024 (Chart

4). Strong population growth is driving housing demand and residential investment, but with households renewing their mortgages at higher rates and labour income growth moderating, consumer spending is anticipated to be anemic this year. Business investment and exports are also expected to be sluggish through the first half of 2024, in line with gloomy business sentiment and slower growth in the U.S. economy. The unemployment rate is projected to rise from an average of 5.4 per cent in 2023 to 6.3 per cent this year as the pace of hiring continues to lag population growth. Real GDP growth is forecast to pick up to around two per cent in 2025, reflecting a rebound in consumer spending and housing market activity from easing monetary policy.

Chart 4: Momentum is slowing in the Canadian economy

Year-over-year growth in Canadian real GDP, quarterly (actual) and annual (forecast)

Weak consumer spending and sluggish business investment will weigh on Canadian real GDP growth this year.



Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; f-forecast

A weaker Canadian economy relative to the U.S. will continue to weigh on the Canadian dollar, particularly in the first half of this year. As economic activity improves in the second half of the year, the loonie is forecast to strengthen from an average of US¢74.10/Cdn\$ in 2023-24 to US¢75.90/Cdn\$ in 2024-25. The Canadian dollar is expected to rise over the medium term, reaching US¢79.70/Cdn\$ by 2026-27.

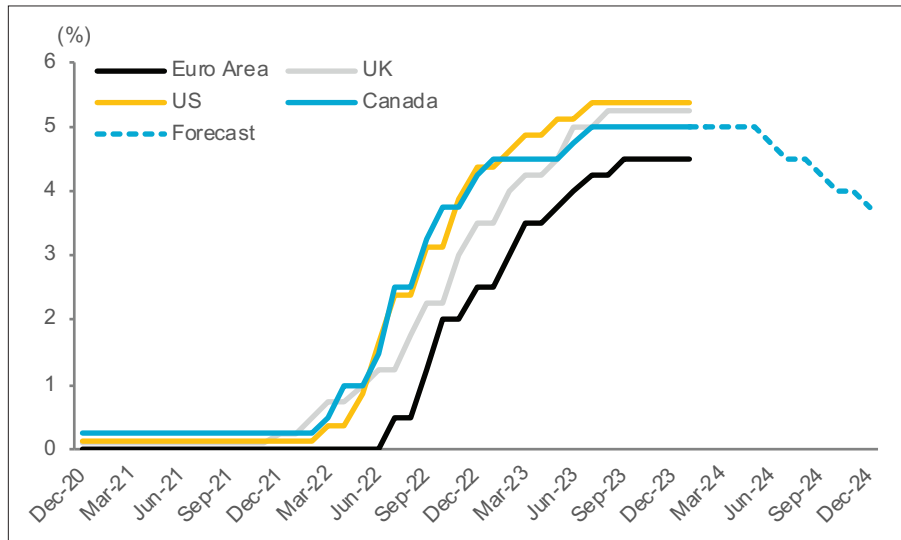
Central banks pivoting to rate cuts

Slower growth and waning global price pressures are setting the stage for central banks to gradually begin lowering target interest rates. In Canada, inflation remains sticky in some categories such as shelter costs, which reflects tightness in the housing sector. Nonetheless, the Bank of Canada (BoC) is expected to start cutting its key policy rate in June (Chart 5). The European Central Bank is also expected to begin unwinding its monetary policy this year given economic weakness and slower inflation in the euro area. Slowing inflation has boosted market expectations that the U.S. Federal Reserve will cut interest rates earlier

than previously anticipated in the Fall of 2023. The U.S. Federal Reserve has indicated that it will proceed with monetary easing at a cautious pace, with the possibility of three 25-basis point rate cuts this year.

Chart 5: Bank of Canada to begin rate cuts in June

Benchmark interest rates in selected economies*



Policy rates have likely peaked in advanced economies, with major central banks expected to begin monetary easing this year.

Sources: U.S. Federal Reserve, Bank of England, European Central Bank, Bank of Canada, Haver Analytics and Alberta Treasury Board and Finance

* U.S. is the midpoint of the federal funds target rate, Euro area is the main refinancing rate

Financial conditions are already improving with impending rate cuts. This has contributed to a pullback in U.S. and Canadian long-term government bond yields from their October highs. While declining policy rates are expected to shore up activity in the second half of 2024, they are not expected to return to pre-pandemic levels over the forecast horizon.

Global oil prices to soften

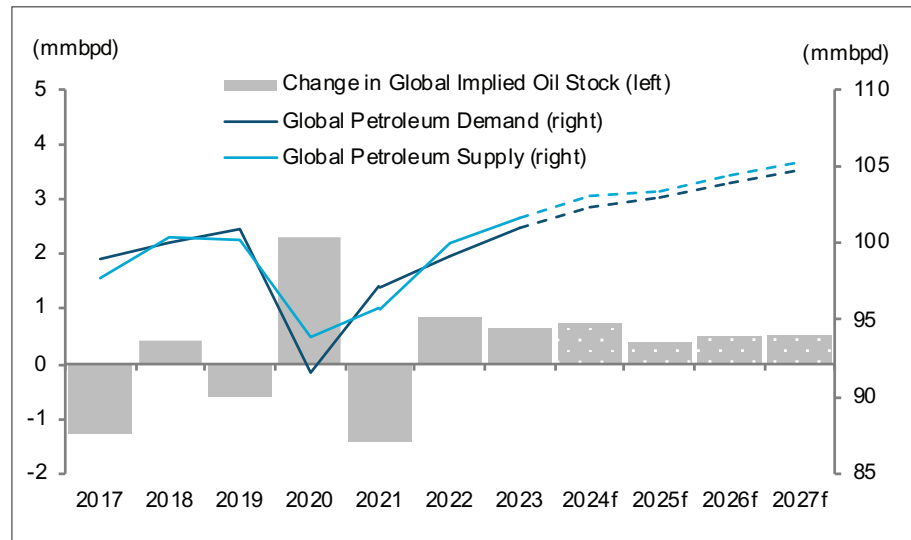
Ample global supply and slower global demand are expected to move the global oil market into a modest surplus this year and keep a lid on prices. While the extension of voluntary production cuts by the Organization of Petroleum Export Countries and its allies (OPEC+) will support prices, additional production will come from non-OPEC countries, including the U.S. and Guyana. Global petroleum demand is forecast to rise at a slower rate this year amid lacklustre growth in the global economy. Rising tensions and trade disruptions in the Middle East are adding to the volatility in global oil prices, although demand concerns are helping to dampen the impact. WTI is forecast to average US\$74.00/bbl in 2024-25, down from US\$76.50 in 2023-24.

Over the medium term, *Budget 2024* assumes WTI holds steady at US\$74/bbl and remains above pre-pandemic levels. Growth in global petroleum demand is not expected to exceed global oil production (Chart 6).

Ample global supply and slower global demand are expected to keep a lid on oil prices.

Chart 6: Modest surplus in oil markets in the coming years

Global oil supply and demand, actual and forecast



Sources: U.S. Energy Information Administration, Haver Analytics and Alberta Treasury Board and Finance calculations; f-forecast

Alberta economy

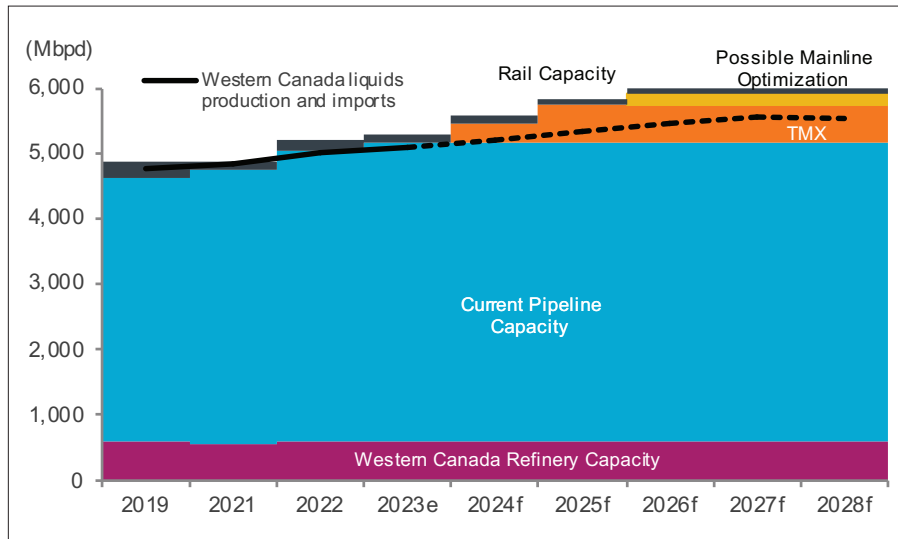
TMX completion to support Alberta oil prices

Additional pipeline capacity is poised to expand market access for Alberta oil producers and bolster Alberta oil prices. The Trans Mountain pipeline expansion (TMX) project is nearing completion and is anticipated to commence line fill in the first half of 2024. Upon completion, the expansion is set to almost triple the capacity of the Trans Mountain pipeline system to 890,000 barrels per day (bpd). This expanded capacity (Chart 7) will allow Alberta producers to increase access to global markets including Asia and the U.S. West Coast, better aligning Alberta’s export capacity with rising global oil demand. This is also expected to reduce volatility and narrow the gap between WTI and Western Canadian Select (WCS) to US\$16/bbl in 2024-25 before further tightening to US\$14.90/bbl in 2025-26 and US\$13.60/bbl in 2026-27. The reduced differential is expected to keep the WCS price above C\$75/bbl throughout the forecast horizon and support revenue for Canadian heavy oil producers.

Natural gas prices in Western Canada are anticipated to rebound due to an improved supply-demand balance and increased export capacity. However, the recent softness in AECO prices, driven by weaker demand during a mild winter and higher inventories, is expected to persist through 2024 before prices gradually improve in 2025. The Alberta Reference Price (ARP) is forecast to average C\$2.90 per gigajoule (GJ) in 2024-25, up from C\$2.20/GJ in 2023-24, and to rise further to about C\$3.90/GJ in 2025-26 and 2026-27. The completion of the Coastal Gas Link pipeline last year, coupled with the commencement of LNG Canada Phase 1 in 2025, will support prices and expand market access for Alberta’s natural gas.

Chart 7: TMX to relieve near term pipeline constraints

Pipeline, rail, refinery capacity and liquids volume transported in Western Canada



Sources: Canada Energy Regulator and Alberta Energy and Minerals; e-estimate, f-forecast

The completion of TMX in 2024 will boost Alberta’s takeaway capacity and expand market access for Alberta’s oil producers.

Positive outlook for oil and gas sector

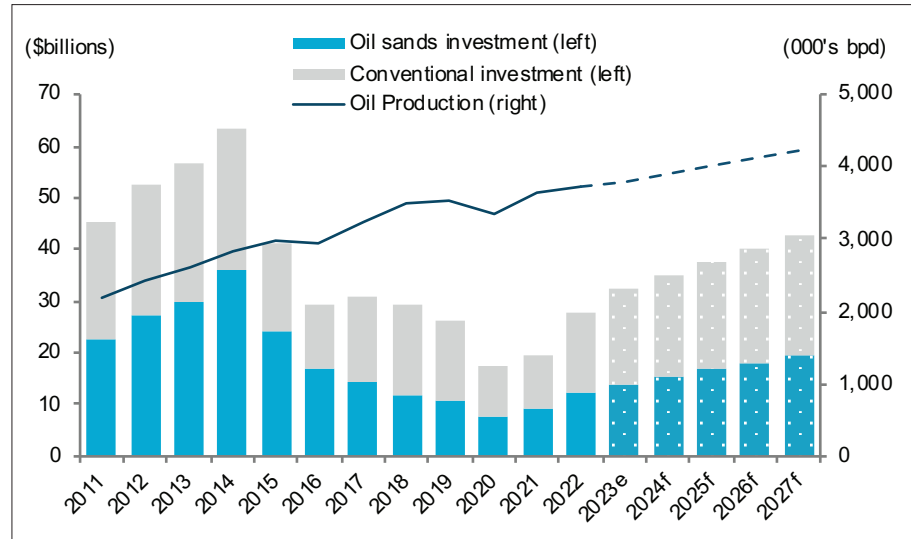
There is optimism among Alberta’s oil and gas producers, despite political and regulatory uncertainties from the federal government. This is in contrast to most other sectors in Canada, according to the Bank of Canada’s recent Business Outlook Survey. Producers are well-positioned to increase spending this year, driven by favourable oil prices, increased export capacity and healthy balance sheets. With TMX coming into service, drilling activity is expected to maintain strong momentum in the province after reaching the second-highest level since 2014 last year. Supply growth will also come from debottlenecking, optimization and small-scale expansions. Oil sands producers are already boosting output after extensive maintenance work, driving non-conventional oil production to an all-time high in December 2023. Oil production is forecast to average nearly 3.9 million barrels per day (bpd) in 2024, an increase of more than 103,000 bpd from 2023. This will lift growth in real oil exports from an estimated 2.3 per cent in 2023 to 3.1 per cent this year. Spending on operations and optimizing production will boost oil and gas investment by 7.4 per cent (or \$2.4 billion) in 2024 after increasing an estimated 17 per cent last year (Chart 8).

Rising investment will propel Alberta’s oil production and exports to expand further in the coming years. Oil production is expected to grow between 2-3 per cent annually and will bring Alberta’s total oil production to a record high of more than 4.2 million bpd by 2027. Rising output of natural gas and natural gas liquids (NGLs) will also add to the growth in the province’s energy exports, buoyed by increased market access and growing domestic demand. The latter will increase in line with growing oil sands production, coal-to-gas conversions, and the commissioning of new gas-fired power plants. Capacity expansions in Alberta’s petrochemical sector are also expected to boost in-province demand.

Chart 8: Spending on operations will support production growth

Nominal oil and gas investment and crude oil production in Alberta

Oil and gas investment will continue to rise but remain below 2015 levels, held back by political and regulatory uncertainties at the federal level.



Sources: Statistics Canada and Alberta Treasury Board and Finance; e-estimate, f-forecast

While oil producers are spending more on operations, uncertainty about federal emissions reduction policies and their impacts are prompting companies to reinvest a smaller share of their cash flow. Companies are expected to continue expanding production and direct spending towards clean energy projects, but they are maintaining capital discipline and keeping a lid on exploration and development activities. Over the medium term, growth in nominal oil and gas extraction investment is forecast to ease, with an annual increase ranging between 6-8 per cent in the next three years.

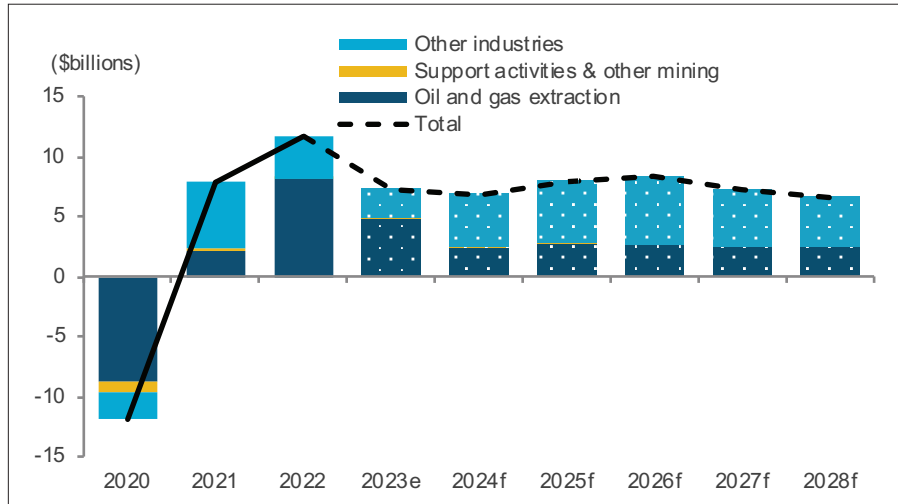
Rising output in the energy sector will support pipeline projects connecting incremental supply from liquids-rich gas plays in western Alberta and northeastern B.C. to markets. The growing demand for pentanes plus and condensate aligns with the rising production in the oil sands, while additional pipeline capacity will supply feedstock to Alberta's expanding petrochemical sector. Pembina's Phase 8 Peace Pipeline Expansion project, a \$530 million initiative, is on track for completion in 2024. This project will establish segregated pipeline service for ethane-plus and propane-plus, transporting them from the central Montney area at Gordondale, Alberta, to the Edmonton area. Similarly, NorthRiver Midstream is proposing the construction and operation of the \$450 million NEBC Connector pipeline, which will transport condensate and natural gas liquids from its Highway Liquids Hub, northwest of Wonowon, British Columbia, to the Gordondale area in Alberta.

Investment diversifying

Investment is expected to gain momentum across a number of sectors in the province. In nominal terms, spending on industries outside oil and gas extraction is forecast to accelerate, growing 11 per cent (or \$4.4 billion) this year and averaging around 10 per cent (or \$5.2 billion) per year from 2025 to 2027. This comes after a moderation last year, when ongoing labour shortages

in the construction sector, coupled with elevated borrowing costs, limited or delayed expansion plans for some companies.

Chart 9: Business investment diversifying
Change in Alberta non-residential business investment*



Large-scale investments in clean energy and capacity expansions will boost investment outside the oil and gas extraction sector.

Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

* includes investment in plant & equipment and intellectual property

Investment will be propelled by large-scale emissions reduction projects which span a variety of industries including power generation, manufacturing and transportation, warehousing and storage. Lower borrowing costs and improving demand are expected to buoy investment, particularly in the second half of the year. Growth in construction costs will also remain moderate compared to the elevated increases in 2021 and 2022. One weak spot, however, is commercial building construction, which is expected to slow this year. With the pickup in growth, investment outside the oil and gas extraction sector is forecast to reach over \$60 billion by 2027 and account for the majority of the increase in business investment (Chart 9). Several carbon capture and storage (CCS) projects have also been proposed, offering significant upside potential to investment. In November 2023, the Alberta government announced the Alberta Carbon Capture Incentive Program (ACCIP) which will provide grants of 12 per cent for eligible capital project costs.

Utilities

The utilities sector continues to play a key role in driving investment beyond oil and gas. Its share of total private sector investment outside oil and gas almost doubled over the past five years, increasing from under 15 per cent in 2018 to an estimated 26 per cent in 2023. The sector is poised for sustained growth in the near term. There are a dozen wind and solar energy projects currently underway in Alberta, with combined investment of approximately \$4.5 billion. Additionally, several renewable projects with regulatory approval are slated to commence construction in the coming years. The expansion of renewable

capacity has also spurred investments in transmission lines and battery infrastructure across the province. According to the Canadian Renewable Energy Association, Alberta contributed 92 per cent to Canada's overall growth in renewables and energy-storage capacity in 2023. The province's renewable capacity has almost doubled over the previous two years, closing out 2023 at 5.8 GW, over a quarter of Canada's renewable capacity.

Strong growth in the province's population and rising industrial activity are expected to drive demand for clean and reliable electricity. Capital Power's \$1.4 billion Genesee Power Plant conversion, set to be completed this year, will add just over 930 megawatts (MW) to the grid. Concurrently, Suncor's 800 MW cogeneration project at its oil sands base plant is scheduled to come online later this year. The province is also exploring other technologies, with some companies in the very early stages of assessing the feasibility of developing small modular nuclear reactors to supply heat and power in the oil sands sector and Alberta's electricity grid.

Manufacturing

Numerous large-scale projects are contributing to the growth and decarbonization of Alberta's manufacturing sector while fostering economic diversification. Dow Chemical recently announced plans to construct the world's first net-zero carbon emissions integrated ethylene cracker and derivatives site in Alberta's Heartland. This transformative project will triple the facility's ethylene and polyethylene capacity, with construction of the \$11.6 billion facility set to commence this year. The project is expected to generate approximately 7,000-8,000 jobs at its peak construction and sustain around 400-500 full-time jobs once operational. Construction at Air Products' \$1.6 billion hydrogen facility is also underway and is scheduled to commence operations in 2024. Heidelberg Materials is also in the planning stages for the first global full-scale carbon capture and storage cement facility, slated to be operational by late 2026.

Beyond the petrochemical sector, Alberta is attracting investment in both emerging and traditional industries. Green Impact Partners is allocating \$1.2 billion to build a bio-ethanol plant in Calgary, utilizing non-food grade waste wheat to produce renewable natural gas. This project comes on the heels of Imperial Oil's renewable diesel facility announcement, which reached final investment decision in early 2023 and remains on track to begin operations in 2025. Once completed, the \$720 million plant will produce one billion liters of biofuel annually, establishing itself as the largest facility of its kind in Canada. De Havilland is progressing with its plans to construct a new aircraft manufacturing facility near Calgary.

Alberta's food manufacturing sector also remains a bright spot. McCain Foods is injecting \$600 million into expanding its potato processing facility in southern Alberta, providing a boost to the province's food processing sector. In addition, Dairy Innovation West has broken ground on a \$70 million milk concentration plant near Blackfalds. This first-of-its kind in Canada facility will process up to 300 million litres of milk per year to produce a range of concentrated components for dairy processors, while reducing the number of

milk trucks on the road and significantly reducing transportation costs for dairy farmers. English Bay Blending & Fine Chocolates announced plans to build a \$30 million food manufacturing facility in Stony Plain, creating 70 permanent and 90 construction jobs.

Commercial building construction

In contrast to other sectors, activity in the commercial real estate sector is expected to soften this year. Commercial building permits – a leading indicator of activity – slowed in the second half of 2023. Although vacancy rates in Calgary and Edmonton’s industrial markets are still well below pre-pandemic levels, they rose last year mainly due to an influx of new supply. According to Colliers Canada, an additional 3.8 million and 1.5 million square feet of space is under construction and expected to come into the market in Calgary and Edmonton, respectively. Vacancy rates in Edmonton and Calgary’s office markets have dipped but remain elevated; however, both markets saw positive net absorptions last year, buoyed by flight to quality, office-to-residential conversions and modest recovery in the energy sector.

Agriculture sector facing challenges

Primary agriculture is expected to weigh on exports this year. Crop export volumes are forecast to retreat in 2024. Crop yields were below average in 2023 due to dry weather conditions, although they came in better than expected, supported by improved crop varieties and weed control products, along with the use of moisture conserving farming practices. Warm and dry conditions in the fall also allowed farm operators to complete harvests in a timely manner. Nonetheless, lower volumes coupled with moderating prices will weigh on the value of crop exports, which is forecast to decline this year (Chart 10). The Province is actively planning for potential drought conditions that could impact agricultural production and exports in the near term.

The livestock sector is also grappling with challenges. Dry conditions have generally reduced water supplies, and led to poor pasture conditions and lower feedstocks for wintering cattle. Those conditions, together with historically high cattle prices in 2023, encouraged producers to market their feeders earlier and cull their cow herds more aggressively. Limited herd expansion has led to tighter cattle supplies and smaller calf crops, which are expected to dampen live cattle exports in 2024. Alberta’s swine herd also remains under pressure. Tight labour markets, higher production costs and investments needed to upgrade production systems to serve consumer preferences and meet regulatory requirements are eroding margins for hog producers. Although hog prices are expected to improve in the second half of 2024, lower production and a need to sustain domestic demand will weigh on export volumes.

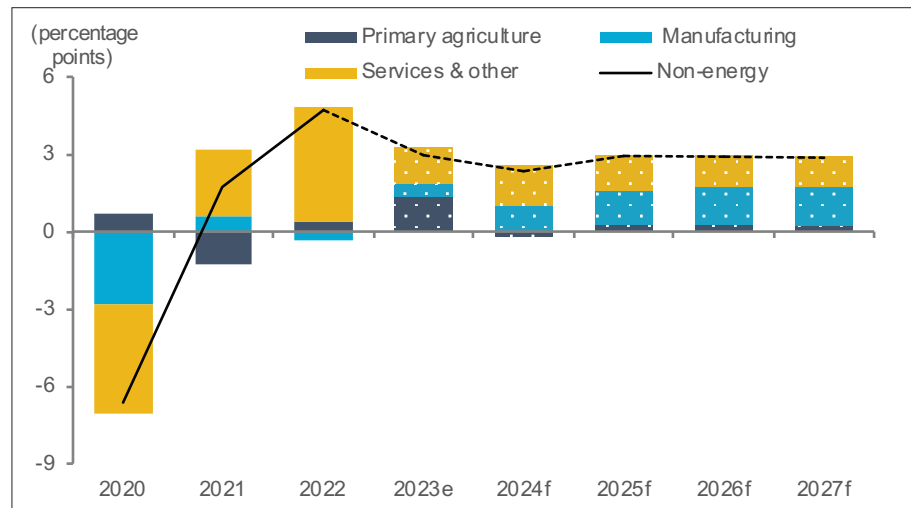
Manufacturing and services a source of growth

The weakness in primary agricultural products will be offset by higher manufacturing exports. A modest rebound in residential construction investment in Canada is expected to buoy wood manufacturing shipments following sharp declines in 2021 and 2022. Food manufacturing sales reached a record high in

Chart 10: Primary agriculture a mild drag on exports this year

Alberta real exports outside oil & gas extraction, by component

Lower exports of primary agricultural products will be offset by growth in manufacturing and services exports.



Sources: Statistics Canada and Alberta Treasury Board and Finance; e-estimate, f-forecast

2023 and will continue to expand with domestic and global population growth. In contrast, exports of machinery and equipment are expected to moderate from last year's elevated levels as business investment in Canada and the U.S. eases and global growth slows. Over the medium term, capacity expansions in petrochemicals, food processing and other emerging industries will propel growth in real manufacturing exports to rise from two per cent this year to around three per cent by 2027.

Real service exports are also expected to contribute to growth. They are forecast to rise 3.6 per cent in 2024 before averaging to around 2.9 per cent in the next three years. The completion of TMX and other pipeline projects will boost activity in the transportation sector, while solid prospects in the oil and gas sector and growing investment in clean energy technology will support demand for Alberta's professional, scientific and technical services. On the other hand, weaker consumer spending will likely dampen growth in travel and tourism-related services this year.

With robust growth in manufacturing and services exports, overall exports are expected to rise 2.7 per cent in 2024 before averaging 2.5 per cent in 2025 to 2027.

Strong migration bolsters population growth

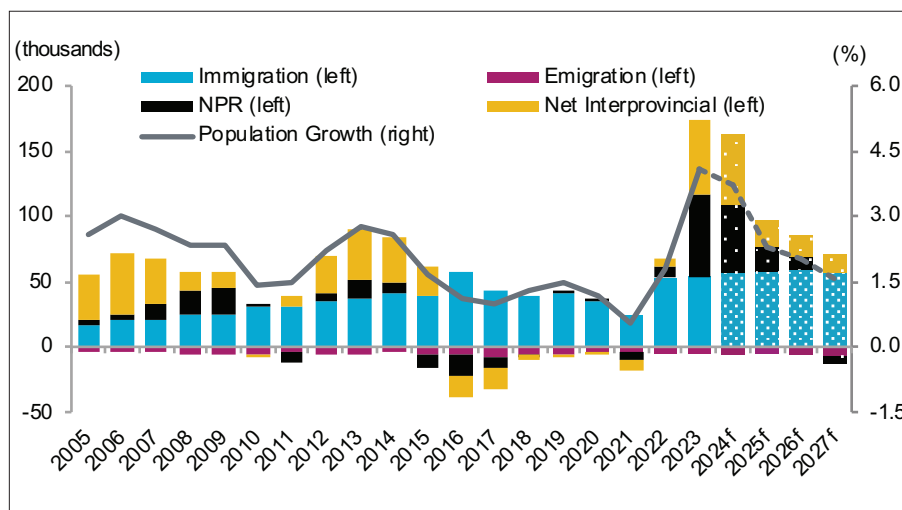
Alberta is expected to continue drawing people into the province this year at a pace not seen in decades. The province's population is forecast to grow 3.7 per cent (a gain of almost 175,000 people) in the 2024 census year (Chart 11). This is slightly lower than last year's extraordinary increase of 4.1 per cent. Net international migration is expected to remain robust in 2024, bolstered by strong net inflows of non-permanent residents (NPRs) and higher national immigration targets set by the federal government. NPRs are forecast to be driven by the arrival of about 30,000 Ukrainians under the Canada-Ukraine

Authorization for Emergency Travel (CUAET) program, as well as student and work permits holders. With cooler labour market conditions, Alberta is forecast to welcome more than 53,000 people from the rest of the country in 2024, slightly below last year's record of 56,000.

Over the medium term, interprovincial migration and NPRs are expected to retreat from elevated levels as job vacancies ease and employment growth moderates. The end of the CUAET program and federal changes to international study permits will weigh on NPR flows. On the other hand, increasing immigration targets mean that new permanent residents will continue to support growth. Natural increase will also contribute to growth, expanding from 18,000 in 2024 to about 19,800 in 2025 and 21,000 in 2026. Alberta's population is forecast to grow at 2.3 per cent next year, followed by two per cent in the 2026 and 2027 census years.

Chart 11: Population growth accelerates with surge in NPRs

Annual change in the Alberta population by migration component



Alberta's population growth will moderate in the coming years but remain solid.

Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; f-forecast

Upward momentum in residential construction

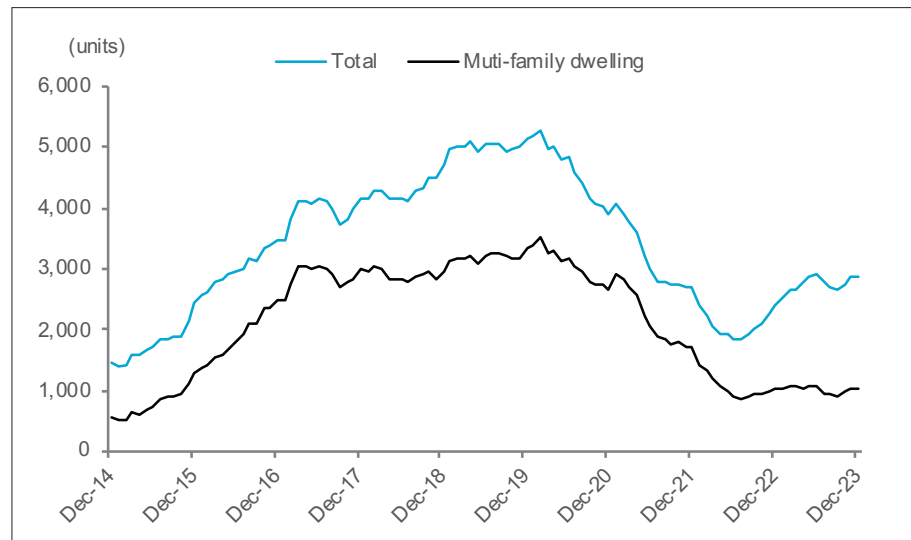
Homebuilding activity is forecast to remain brisk as housing supply continues to catch up with the increase in population. Housing starts in the province exceeded 42,000 units on an annualized basis in the fourth quarter of 2023, the strongest level since early 2015. The surge in activity was led by the multi-family segment. Inventories for apartments, semi-detached and row houses are at multi-year lows due to strong rental demand and homebuyers shifting to lower-priced houses in response to high interest rates (Chart 12). Housing starts for single-family dwellings have also risen significantly, most notably in Calgary, where they were up more than 40 per cent year-over-year in the fourth quarter of 2023. While labour constraints in the construction sector will continue to limit the pace of homebuilding, housing starts are expected to remain exceptionally strong. Starts are forecast to average over 39,000 units in 2024 and 2025 – the fastest pace since 2014 – before moderating to around

37,000 units by 2027. Policies by all levels of government to improve housing supply and affordability will also help support activity.

In addition to new housing construction, renovation spending and resale activity are expected to gain ground in 2024 following annual declines in the last two years. These will contribute to real residential construction investment, which is forecast to rise eight per cent this year following an estimated decline of seven per cent in 2023. Home sales should continue to pick up as lower interest rates and additional supply coming into the market encourage renters and move-up homebuyers to shift from the sidelines this year. Mortgage rates have already started to decline, partly supporting the rebound in home sales in the province and across Canada in December. The strong pace of new housing construction will buoy real residential construction investment in the province to grow five per cent in 2025 and average 3.5 per cent thereafter.

Chart 12: Multi-family housing inventories hovering around 2014 lows
Unabsorbed units by dwelling type

Low inventories remain supportive of homebuilding activity as supply continues to catch up with demand.



Sources: Haver Analytics and Canada Mortgage and Housing Corporation

Job gains advancing

Employment in the province is set to expand further, building on the momentum in the second half of 2023. Last year, strong inflows of migration provided some relief to Alberta’s tight labour market, with newcomers supporting job gains across most industries (Chart 13). Between 2021 and 2023, newly landed and non-landed immigrants (including non-permanent residents) accounted for more than half of the employment growth in some industries such as accommodation and food services; finance, insurance and real estate; and other services. While job vacancies have declined, they remain above pre-pandemic levels. This is expected to buoy employment growth at three per cent this year, which comes on the heels of last year’s exceptionally strong pace of 3.6 per cent. Goods sector employment – which fully recovered to pre-pandemic levels last year – will get a boost from solid energy sector activity, a rebound in residential construction and pickup in business investment. The

Chart 13: Newcomers an important source of labour supply

Change in annual employment of new and non-landed immigrants, 2021 to 2023*



Source: Statistics Canada

* Newly landed immigrants are defined as those who arrived in Canada in 5 years or less, while non-landed immigrants include non-permanent residents.

New immigrants and NPRs have filled in labour demand mostly in service-producing industries.

latter is also expected to lift employment in professional, scientific and technical services. An expanding population will support growth in consumer-related services, although the drag from weaker consumer spending will likely weigh on employment in some industries such as retail trade and accommodation and food services. Over the medium term, employment growth is forecast to slow to around two per cent by 2027, in line with a slower population growth and moderating economic activity.

Labour market pressures softening

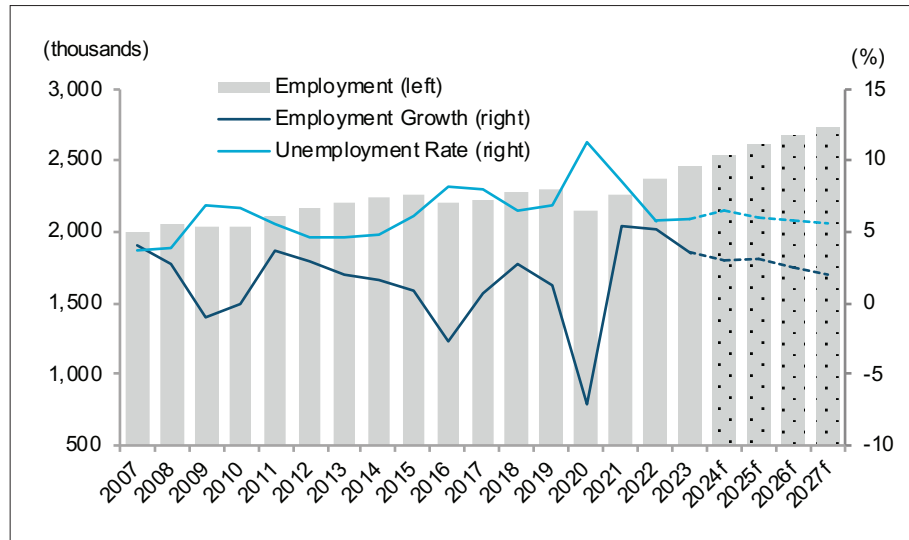
Even with the robust job gains, conditions in Alberta's labour market are anticipated to cool this year as labour supply expands at a rapid pace. More than 97,000 people are expected to join the province's labour force in 2024, a 3.7 per cent increase. This follows the 93,000 increase last year. Growth in the labour force will be underpinned by a strong expansion in the working-age population and an improvement in the labour force participation rate. This is expected to raise the unemployment rate to 6.5 per cent in 2024, up from 5.9 per cent in 2023 (Chart 14).

While an increase in the labour supply will make it easier for employers to fill positions, it is expected that some industries will continue to face hiring challenges. Immigrants – who are younger than their Canadian-born population – will remain a significant driver of growth in the core-aged (25-54 years old) working population and participation rate. However, they tend to face barriers in joining the workforce. In addition, skills mismatch between newcomers and what employers need means that immigrants are not readily able to fill labour shortages in some industries that face pressures from an ageing workforce or growing disengagement from youth. The issue is likely to be more acute for occupations

Strong working-age population growth will lift the unemployment rate higher in 2024.

Chart 14: Unemployment rate to decline gradually

Labour market indicators



Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; f-forecast

that are regulated and require more specialized training such as skilled trades. These imbalances, however, are expected to gradually dissipate over time as the labour market adjusts.

The unemployment rate is expected to decline gradually over the medium term, reaching 5.6 per cent by 2027. The labour force will grow at a slower pace, in line with the easing population growth and participation rate. The latter is expected to resume its long-term trend as Alberta’s population continues to age, given older individuals tend to participate less in the workforce.

Despite Alberta’s higher unemployment rate, wages remain above the national average and other provinces, though Alberta’s wage premium has narrowed since 2014 following many years of economic challenges (Chart 15). Solid growth in real wages should help industries attract and retain workers, particularly those that are facing difficulties with labour shortages.

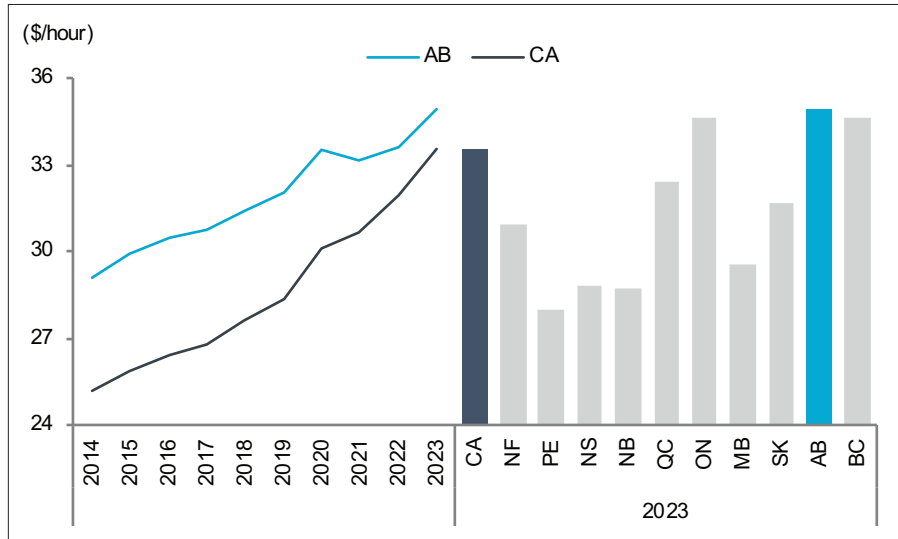
Labour drives income growth this year

With the pickup in economic growth, nominal GDP – a broad measure of income – is expected to resume expanding this year. It is forecast to bounce back 3.5 per cent in 2024 after retreating by an estimated four per cent last year. Nominal GDP is forecast to rise at an average of 5.5 per cent per year over the medium term.

The rebound in nominal GDP will be led by primary household income, which is forecast to grow 6.7 per cent this year (Chart 16). Wage growth, along with robust job gains, will boost labour income by 6.8 per cent. Upward pressure on rents will also prop up net mixed income, although this will be partly offset by lower farm incomes and the drag from higher interest payments on net property income. Over the medium term, growth in primary household income is forecast to moderate to an average of 5.5 per cent annually.

Chart 15: Alberta's wage premium has narrowed over time

Average hourly wage



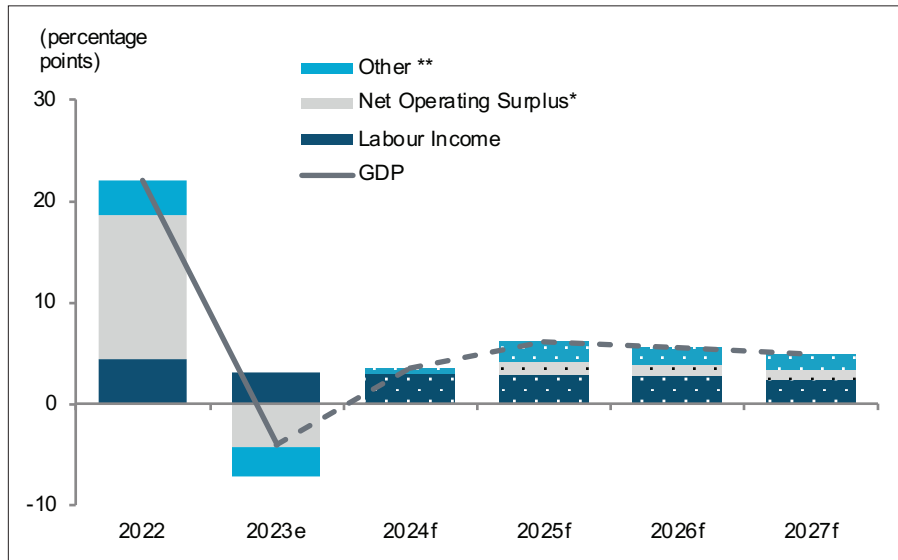
Alberta continues to outperform other provinces on wages, although the gap has narrowed.

Sources: Statistics Canada and Haver Analytics

In contrast to household incomes, lower energy prices and rising costs will weigh on corporate profits. Net operating surplus, a proxy for corporate profits, is forecast to level off this year after declining by an estimated 15 per cent in 2023. However, since the pull back comes on the heels of an exceptional recovery in 2021 and 2022, net operating surplus remains historically elevated. It is forecast to resume growth in 2025 as economic growth accelerates and cost pressures ease further.

Chart 16: Labour income boosting nominal GDP this year

Contribution to change in Alberta's nominal GDP by income



Strong job gains and wage growth will fuel growth in labour income this year. This will be partly offset by corporate profits, which are expected to level off but remain historically elevated.

Sources: Statistics Canada and Alberta Treasury Board and Finance, e-estimate, f-forecast

* Includes net operating surplus of corporations and net mixed income

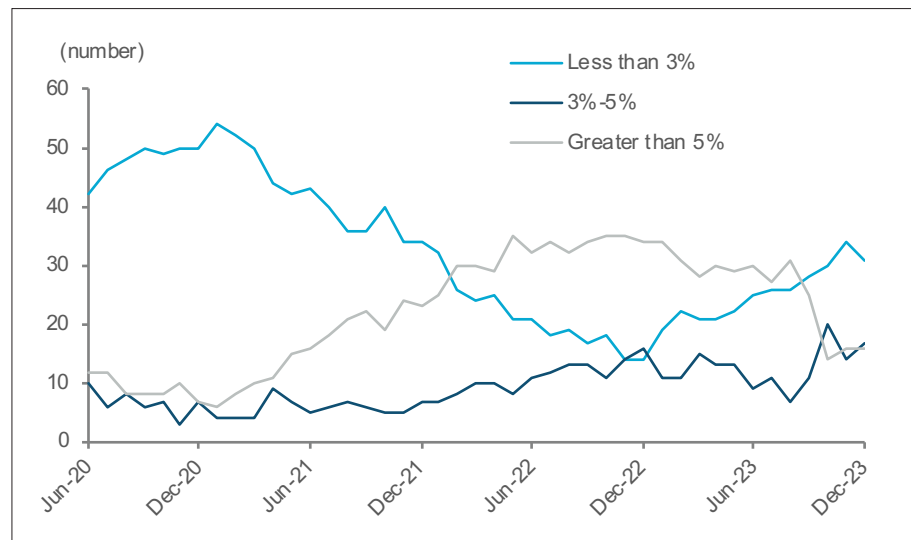
** Includes consumption of fixed capital and taxes less subsidies

Inflation to come down slowly

Consumer inflation will continue to decline in 2024, albeit at a gradual pace. While headline inflation ticked up at the end of 2023, it has trended lower over the past year as price pressures have lessened (Chart 17). Gasoline prices have pulled back since mid-2023 and are below last year's levels on the back of lower oil prices. Inflation for discretionary goods such as furniture, clothing and footwear is now below two per cent. Slower growth in consumer spending on durable and semi-durable goods will keep a lid on inflation in these categories this year. Electricity prices remain elevated compared to 2022 levels, although they have fallen sharply from the record high in September 2023. This trend is expected to continue as the province welcomes additional capacity from natural gas and renewable sources this year, which will contribute to lower electricity prices.

More components of consumer price index are posting inflation of less than three per cent.

Chart 17: Price pressures are moderating and narrowing
Number of CPI components by annual price growth



Sources: Statistics Canada and Alberta Treasury Board and Finance calculations

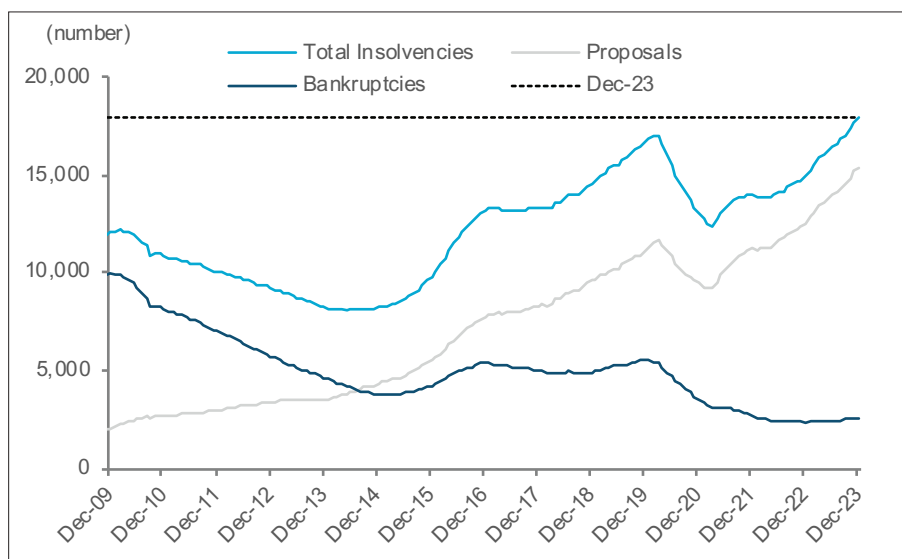
Inflation for some categories, however, remains stubborn. While shelter costs are expected to moderate this year with lower interest rates and more housing supply coming into the market, they will be slow to decline as supply issues take time to fully resolve. This will continue to put upward pressure on rents and house prices in the near term. Accelerating growth in municipal property taxes is also expected to add to shelter costs. Food inflation has moderated but remains high, with price increases for some categories such as meat products and restaurant meals still running above four per cent. Consumer inflation is forecast to average 2.5 per cent this year before returning to about two per cent over the medium term.

Consumer spending to lag amid financial pressures

Some indicators are pointing to growing financial stress among households in Alberta. While consumer bankruptcies and mortgage arrears remain extremely low in the province, consumer proposals have climbed sharply over the past

year and are above pre-pandemic record highs (Chart 18). Delinquency rates for non-mortgage products have also risen. Although many homeowners with mortgages have already seen a jump in their payments (particularly those on variable-rate mortgages with variable payments), the majority have yet to face higher mortgage payments. According to the Bank of Canada, about 45 per cent of mortgages taken out before the Bank of Canada began raising its policy rate in March 2022 have already seen an increase in payments in Canada. This share is expected to climb to about 60 per cent by the end of 2024 and 80 per cent by the end of 2025. Albertans who will be renewing their mortgages at higher rates are also expected to divert a greater share of their income to servicing debt.

Chart 18: Consumer proposals driving the sharp rise in insolvencies
Number of consumer insolvencies filed per month in Alberta, by type*



Rising consumer insolvencies indicate growing financial stress among households.

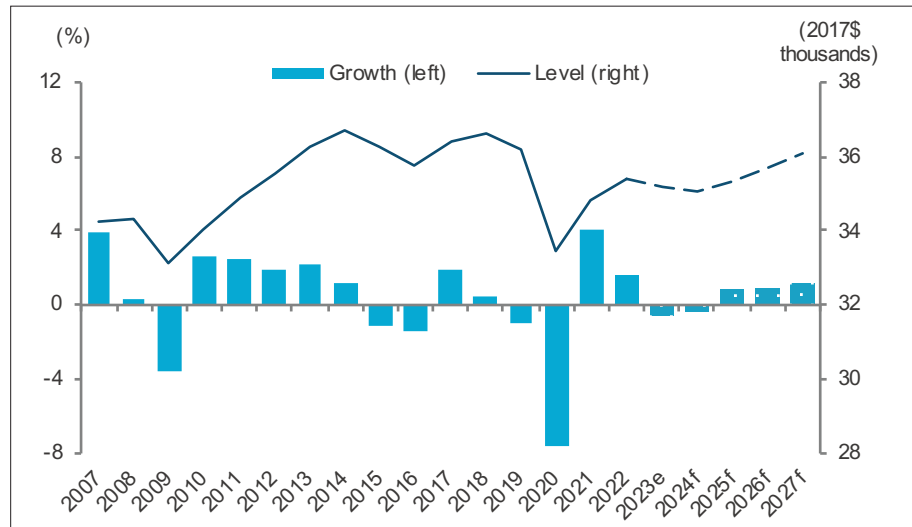
Sources: Office of the Superintendent of Bankruptcy and Haver Analytics
* based on 12-month rolling total

With the upcoming wave of mortgage renewals weighing on household finances and sentiment, Albertans are expected to continue tightening their belts this year. Similar to last year, strong population growth will boost aggregate real consumer spending by 3.4 per cent, while real per capita spending will contract again (Chart 19). This trend is expected to be more persistent in the first half of 2024, particularly for discretionary and interest-rate sensitive categories such as durable and semi-durable goods. However, the decline will be moderate compared with recent economic slowdowns and with other provinces. Alberta's relatively higher savings rate, lower debt to disposable income ratio and stronger economic conditions will cushion households and limit the drag on consumer spending from the lingering impact of high interest rates. In addition, services spending is anticipated to be more resilient than goods and will rise in line with population growth. Strong migration into the province will continue to boost demand for essential services such as housing, transportation, and financial, real estate and leasing services.

Chart 19: Higher interest rates a drag on per capita consumer spending

Real per capita consumption in Alberta

Real per capita spending will decline again this year, weighed down by weakness in consumer spending on goods..



Sources: Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

Over the medium term, real consumer spending is forecast to rise 3.1 per cent in 2025 and on average 2.8 per cent per year thereafter. With the increase in spending outpacing population growth, per capita spending is expected to rebound strongly in 2025 as interest rates decline further and the labour market gains momentum. This is a key driver for the strong real GDP growth forecast next year.

Risks to the Economic Outlook

The uncertainty surrounding the uneven global economic growth in 2024, upside risks to inflation, and ongoing geopolitical events create a number of risks to the Alberta economy. In *Budget 2024*, the high and low scenarios demonstrate the volatility associated with Alberta’s economy and revenue. These alternative scenarios are illustrative of a range of potential outcomes, as opposed to being likely outcomes.

The *Budget 2024* low scenario assumes that oil prices drop below the base forecast starting in the second quarter of 2024. This is due to weaker global energy demand driven by a deeper-than-expected contraction in China, Japan, and the U.S., and a slower-than-expected economic growth in Europe and Canada. Following this oil price shock, prices recover gradually but do not return to base forecast levels within the forecast horizon. In Alberta, lower oil prices lead to significantly less investment in the oil and gas sector and lower oil production, particularly oil sands, resulting in a weaker provincial economy. The combined effects of the oil price shock and a lukewarm global economy growth in 2024 would result in lower Canadian interest rates and a weaker Canadian dollar. In Alberta, these translate to slower population growth as well as lower consumption, employment and investment. A weaker economy has commensurately negative impacts on Alberta’s corporate and personal tax revenue, and the low oil prices negatively affect Alberta’s natural resource revenue.

The high scenario assumes oil prices rise above the base forecast starting in the second quarter of 2024 on the back of stronger global petroleum demand. Petroleum demand is propelled by robust growth in non-OECD economies. Higher oil prices drive stronger energy sector investment and oil production in Alberta, particularly conventional oil. Services inflation is expected to come down relatively quickly, and with residential investment responding to stronger demand, the higher oil prices do not translate into considerably higher inflation over the forecast period. However, long-term Canadian interest rates are expected to increase at a more rapid pace, with the Canadian dollar also strengthening. These are a modest drag on the robust economic growth and resulting increases in corporate profits, business investment, and exports that Alberta experiences. The stronger economic performance in the province leads to higher net interprovincial migration, higher wage growth, higher employment growth, and an unemployment rate declining more than in the base forecast. This economic strength translates into substantial increases in Alberta's corporate and personal tax revenue, and higher energy prices lead to even faster growth in Alberta's natural resource revenue.

Neither scenario includes additional fiscal policy responses from the federal or provincial governments beyond what is included in the base forecast that would buffer the downside to the economy in the low scenario nor that would temper the upside to the economy in the high scenario.

Table 1: Scenario Impacts

| Fiscal Year Assumptions | 2024-25 | 2025-26 | 2026-27 | |
|---|----------------|----------------|----------------|-------------|
| WTI (US\$/bbl) | | | | |
| Base | 74.00 | 74.00 | 74.00 | |
| High | 87.00 | 87.50 | 91.00 | |
| Low | 57.50 | 64.50 | 67.00 | |
| Light-Heavy Differential (US\$/bbl) | | | | |
| Base | 16.00 | 14.90 | 13.60 | |
| High | 16.90 | 16.60 | 15.60 | |
| Low | 14.50 | 14.10 | 13.20 | |
| Exchange Rate (US¢/Cdn\$) | | | | |
| Base | 75.9 | 78.1 | 79.7 | |
| High | 77.5 | 80.1 | 81.8 | |
| Low | 72.8 | 76.6 | 78.4 | |
| Tax and Resource Revenue (\$ billions) | | | | |
| Base | 43.1 | 44.7 | 46.2 | |
| Variance from base | | | | |
| High | 7.4 | 9.0 | 11.5 | |
| Low | -8.6 | -7.7 | -6.8 | |
| Calendar Year Assumptions | 2024 | 2025 | 2026 | 2027 |
| Real GDP (%) | | | | |
| Base | 2.9 | 3.3 | 2.8 | 2.6 |
| High | 4.3 | 4.2 | 3.8 | 3.0 |
| Low | 1.5 | 2.2 | 1.9 | 2.2 |
| Nominal GDP (%) | | | | |
| Base | 3.5 | 6.1 | 5.5 | 4.9 |
| High | 8.6 | 6.4 | 8.1 | 5.6 |
| Low | -3.0 | 6.4 | 5.3 | 4.7 |
| Employment (thousands) | | | | |
| Base | 2,535 | 2,614 | 2,679 | 2,732 |
| High | 2,554 | 2,652 | 2,734 | 2,798 |
| Low | 2,517 | 2,571 | 2,617 | 2,660 |

Benchmarking Tables

Oil Price Benchmark

West Texas Intermediate (US\$/bbl)

| Organization | 2024 | 2025 | 2026 | 2027 |
|---|--------------|--------------|--------------|--------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (December 18, 2023) | 78.97 | 77.48 | 76.86 | 78.34 |
| Stokes Economics (January, 2024) | 73.50 | 74.68 | 75.65 | 76.52 |
| Banks and Investment Dealers | | | | |
| Credit Suisse | n/a | n/a | n/a | n/a |
| Deloitte (December 31, 2023) | 72.00 | 71.40 | 70.75 | 72.15 |
| Goldman Sachs (January, 2024) | 75.00 | 75.00 | 75.00 | n/a |
| Laurentian Bank | n/a | n/a | n/a | n/a |
| National Bank (December, 2023) | 70.00 | 80.00 | n/a | n/a |
| RBC Capital Markets (December 13, 2023) | 79.01 | 75.00 | 70.25 | 65.00 |
| Scotiabank (December 15, 2023) | 81.00 | 81.00 | n/a | n/a |
| TD Bank (December, 2023) | 80.00 | 77.00 | n/a | n/a |
| Industry Analysts | | | | |
| U.S. Energy Information Administration (January 4, 2024) | 77.99 | 74.98 | n/a | n/a |
| GLJ Petroleum Consultants (January 1, 2024) | 72.50 | 75.00 | 76.99 | 78.53 |
| Sproule Associates Limited (December 31, 2023) | 76.00 | 76.00 | 76.00 | 77.52 |
| Confidential Forecasts Provided to the Government of Alberta^a | | | | |
| Average | 79.50 | 76.50 | 79.00 | 79.50 |
| High | 81.00 | 92.00 | 90.00 | 85.00 |
| Low | 70.00 | 69.55 | 70.25 | 65.00 |
| Average of All Private Forecasts | 77.00 | 76.50 | 76.50 | 77.00 |
| Government of Alberta (calendar year) | 74.00 | 74.00 | 74.00 | 74.00 |

Includes forecasts finalized on or before January 30, 2024.

^a The Government of Alberta surveys, on a confidential basis, private sector forecasts from the Bank of Montreal, S&P Global, Rystad, and Wood Mackenzie. The annual figures presented here are an average of the forecast prices from these sources. High/Low forecasts may represent one of the confidential forecasts. The private sector average and the consultant average have been rounded to the nearest 50 cents.

How Oil Price Forecasters Fared in *Budget 2023*

West Texas Intermediate (US\$/bbl)

| Organization (#) | How did they do in <i>Budget 2023</i> ? |
|--|---|
| National Forecasting Agencies (2) | 80.39 |
| Banks and Investment Dealers (9) | 84.35 |
| Industry Analysts (3) | 79.18 |
| Confidential Forecasts (5) | 84.00 |
| Average | 83.00 |
| Government of Alberta (calendar year) | 79.00 |
| 2023 Actual | 77.62 |

Sources: Alberta Treasury Board and Finance and Alberta Energy

The private sector overestimated the WTI oil price by 6.9%, while the Government of Alberta overestimated it by 1.8%, for 2023.

Light-Heavy Oil Price Differential Benchmark

WTI-WCS Price Differential (US\$/bbl)

| Organization | 2024 | 2025 | 2026 | 2027 |
|---|--------------|--------------|--------------|--------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (December 18, 2023) | 16.65 | 14.58 | 14.33 | 14.46 |
| Banks and Industry Analysts | | | | |
| GLJ Petroleum Consultants (January 1, 2024) | 16.69 | 16.00 | 15.00 | 15.00 |
| Goldman Sachs (January, 2024) | 15.13 | 14.00 | 14.00 | n/a |
| RBC Capital Markets (December 13, 2023) | 15.83 | 13.23 | 12.26 | 12.00 |
| Scotiabank (December 15, 2023) | 17.00 | 17.00 | n/a | n/a |
| Sproule Associates Limited (December 31, 2023) | 15.00 | 12.50 | 12.75 | 13.01 |
| Confidential Forecasts Provided to the Government of Alberta^a | | | | |
| Average | 15.00 | 14.30 | 12.00 | 12.80 |
| High | 17.35 | 17.00 | 15.14 | 15.98 |
| Low | 13.10 | 10.99 | 10.15 | 11.16 |
| Average of All Private Forecasts | 15.60 | 14.40 | 12.90 | 13.20 |
| Government of Alberta (calendar year) | 16.90 | 15.30 | 13.60 | 14.00 |

Includes forecasts finalized on or before January 30, 2024.

^a The Government of Alberta also surveys, on a confidential basis, private sector forecasts from the Bank of Montreal, S&P Global, and Wood Mackenzie. The annual figures presented here are the average forecast prices from these sources. High/Low forecasts may represent one of the confidential forecasts. The private sector average, consultant average and Government of Alberta forecasts have been rounded to the nearest ten cents.

Natural Gas Price Benchmark

Henry Hub (US\$/MMBtu)^a

| Organization | 2024 | 2025 | 2026 | 2027 |
|---|-------------|-------------|-------------|-------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (December 18, 2023) | 3.43 | 3.54 | 3.73 | 3.86 |
| Stokes Economics (January, 2024) | 2.75 | 3.45 | 3.95 | 4.25 |
| Banks and Investment Dealers | | | | |
| Deloitte (December 31, 2023) ^b | 2.65 | 3.42 | 4.00 | 4.10 |
| Goldman Sachs (January, 2024) | 3.01 | 4.50 | 3.50 | n/a |
| RBC Capital Markets (December 13, 2023) | 2.94 | 3.63 | 3.75 | 3.75 |
| Scotiabank (December 15, 2023) | 3.50 | 4.00 | n/a | n/a |
| TD Bank (December, 2023) | 3.30 | 3.70 | n/a | n/a |
| Industry Analysts | | | | |
| U.S. Energy Information Administration (January 4, 2024) | 2.66 | 2.95 | n/a | n/a |
| GLJ Petroleum Consultants (January 1, 2024) | 2.75 | 3.85 | 4.16 | 4.25 |
| Sproule Associates Limited (December 31, 2023) | 2.75 | 3.75 | 4.00 | 4.08 |
| Confidential Forecasts Provided to the Government of Alberta^c | | | | |
| Average | 2.90 | 3.70 | 4.00 | 4.20 |
| High | 3.50 | 4.50 | 5.11 | 5.02 |
| Low | 2.30 | 2.95 | 3.40 | 3.69 |
| Average of All Private Forecasts | 2.90 | 3.70 | 3.90 | 4.10 |
| Government of Alberta (calendar year) | 3.10 | 3.80 | 4.00 | 4.10 |

Includes forecasts finalized on or before January 30, 2024.

^a The natural gas price at Henry Hub Louisiana (in US\$/MMBtu) is the US benchmark while the AECO natural gas price (in CAD\$/GJ) is the Western Canada benchmark. While both benchmarks are widely used in North America, the difference between Henry Hub and AECO price reflects transportation costs and regional supply/demand impacts as well as exchange rate and unit conversion. The Alberta Reference Price (used in natural gas royalty calculations) represents the average field price of all Alberta gas sales which normally follows the Western Canada regional benchmark.

^b Converted from US\$/Mcf to US\$/MMBtu.

^c The Government of Alberta also surveys, on a confidential basis, private sector forecasts from Rystad, Petral, S&P Global, Wood McKenzie, and the Bank of Montreal. The annual figures presented here are the average forecast prices from these sources. High/Low forecasts may represent one of the confidential forecasts. The private sector average, consultant average and Government of Alberta forecasts have been rounded to the nearest ten cents.

How Natural Gas Price Forecasters Did in Budget 2023

Henry Hub (US\$/MMBtu)

| Organization (#) | How did they do in Budget 2023? |
|--|---------------------------------|
| National Forecasting Agencies (2) | 5.80 |
| Banks and Investment Dealers (5) | 5.06 |
| Industry Analysts (3) | 4.67 |
| Confidential Forecasts (6) | 4.60 |
| Average | 4.90 |
| Government of Alberta (calendar year) | 5.00 |
| 2023 Actual | 2.66 |

Sources: Alberta Treasury Board and Finance and Alberta Energy

Both the Government of Alberta and the private sector overestimated the natural gas prices, by 87.7% and 84% respectively, for 2023.

United States / Canada Exchange Rate Benchmark

(US¢/Cdn\$)

| Organization | 2024 | 2025 | 2026 | 2027 |
|--|-------------|-------------|-------------|-------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (December 18, 2023) | 72.9 | 73.6 | 73.5 | 73.7 |
| Stokes Economics (January, 2024) | 74.6 | 76.3 | 76.0 | 75.5 |
| Banks | | | | |
| BMO Capital Markets (January 24, 2024) | 75.2 | 77.0 | n/a | n/a |
| CIBC Capital Markets (January 8, 2024) | 73.5 | 77.2 | n/a | n/a |
| Deloitte (January 5, 2023) | 73.8 | n/a | n/a | n/a |
| Laurentian Bank (August 17, 2023) | n/a | n/a | n/a | n/a |
| National Bank (December, 2023) | 70.8 | 75.8 | n/a | n/a |
| RBC Royal Bank (December, 2023) | 73.6 | n/a | n/a | n/a |
| Scotiabank (December 15, 2023) | 76.7 | 80.0 | n/a | n/a |
| TD Bank (January, 2024) | 73.1 | 77.4 | n/a | n/a |
| High | 76.7 | 80.0 | 76.0 | 75.5 |
| Low | 70.8 | 73.6 | 73.5 | 73.7 |
| Average of All Private Forecasts | 73.8 | 76.8 | 74.8 | 74.6 |
| Government of Alberta (calendar year) | 75.0 | 77.8 | 79.3 | 80.1 |

Includes forecasts finalized on or before January 30, 2024.

Canadian Long-Term Interest Rate Benchmark

10-Year Government of Canada Bonds (%)

| Organization | 2024 | 2025 | 2026 | 2027 |
|--|-------------|-------------|-------------|-------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (December 18, 2023) | 3.22 | 3.18 | 3.17 | 3.17 |
| Stokes Economics (January 2024) | 3.24 | 3.20 | 3.45 | 3.65 |
| Banks | | | | |
| BMO Capital Markets (January 24, 2024) | 3.15 | 3.00 | n/a | n/a |
| CIBC Capital Markets (January 8, 2024) | 3.29 | 2.93 | n/a | n/a |
| Deloitte (January 5, 2023) | 3.60 | n/a | n/a | n/a |
| Laurentian Bank (August 17, 2023) | n/a | n/a | n/a | n/a |
| National Bank (December, 2023) | 3.04 | 3.05 | n/a | n/a |
| RBC Royal Bank (December, 2023) | 3.48 | 3.31 | n/a | n/a |
| Scotiabank (December 15, 2023) | 3.34 | 3.60 | n/a | n/a |
| TD Bank (January 2024) | 3.13 | 2.85 | n/a | n/a |
| High | 3.60 | 3.60 | 3.45 | 3.65 |
| Low | 3.04 | 2.85 | 3.17 | 3.17 |
| Average of All Private Forecasts | 3.30 | 3.10 | 3.30 | 3.40 |
| Government of Alberta (calendar year) | 3.70 | 3.60 | 3.40 | 3.40 |

Includes forecasts finalized on or before January 30, 2024.

Alberta Real Gross Domestic Product Benchmark

(% change)

| Organization | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|------------|------------|------------|------------|------------|
| National Forecasting Agencies | | | | | |
| Conference Board of Canada (December 15, 2023) | 2.2 | 1.5 | 2.8 | 2.6 | 2.5 |
| Stokes Economics (January, 2024) | 1.8 | 1.6 | 2.1 | 2.7 | 3.1 |
| Banks | | | | | |
| BMO Capital Markets (January 19, 2024) | 1.8 | 1.1 | 2.2 | n/a | n/a |
| CIBC Capital Markets (January, 2024) | 2.1 | 1.5 | 2.8 | n/a | n/a |
| Laurentian Bank (August 17, 2023) | 2.6 | 1.1 | n/a | n/a | n/a |
| National Bank (December, 2023) | 1.8 | 0.4 | 1.9 | n/a | n/a |
| RBC Royal Bank (December, 2023) | 2.2 | 1.7 | 2.5 | n/a | n/a |
| Scotiabank (December 15, 2023) | 2.2 | 1.0 | 2.8 | n/a | n/a |
| TD Bank (December 19, 2023) | 2.2 | 1.4 | 1.8 | n/a | n/a |
| High | 2.6 | 1.7 | 2.8 | 2.7 | 3.1 |
| Low | 1.8 | 0.4 | 1.8 | 2.6 | 2.5 |
| Average of All Private Forecasts | 2.1 | 1.3 | 2.4 | 2.7 | 2.8 |
| Government of Alberta (calendar year) | 2.5 | 2.9 | 3.3 | 2.8 | 2.6 |

Includes forecasts finalized on or before January 30, 2024.

Alberta Nominal Gross Domestic Product Benchmark

(% change)

| Organization | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|-------------|------------|------------|------------|------------|
| National Forecasting Agencies | | | | | |
| Conference Board of Canada (October 31, 2023) | -3.3 | 3.5 | 3.5 | 3.8 | 4.4 |
| Stokes Economics (January, 2024) | -3.8 | 3.9 | 6.7 | 7.5 | 5.9 |
| Banks | | | | | |
| CIBC Capital Markets (January, 2024) | 0.1 | 6.5 | 4.8 | n/a | n/a |
| Laurentian Bank (August 17, 2023) | 1.3 | 3.4 | n/a | n/a | n/a |
| National Bank (December, 2023) | -1.0 | 0.8 | 5.4 | n/a | n/a |
| RBC Royal Bank (December, 2023) | -0.9 | 3.4 | 3.1 | n/a | n/a |
| Scotiabank (December 15, 2023) | -1.6 | 3.2 | 4.9 | n/a | n/a |
| TD Bank (December 19, 2023) | -1.3 | 4.4 | 3.7 | n/a | n/a |
| High | 1.3 | 6.5 | 6.7 | 7.5 | 5.9 |
| Low | -3.8 | 0.8 | 3.1 | 3.8 | 4.4 |
| Average of All Private Forecasts | -1.3 | 3.6 | 4.6 | 5.6 | 5.2 |
| Government of Alberta (calendar year) | -4.1 | 3.5 | 6.1 | 5.5 | 4.9 |

Includes forecasts finalized on or before January 30, 2024.

Alberta Employment Benchmark

(% change)

| Organization | 2024 | 2025 | 2026 | 2027 |
|--|------------|------------|------------|------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (December 15, 2023) | 1.9 | 2.6 | 2.2 | 2.3 |
| Stokes Economics (January, 2024) | 2.6 | 1.9 | 1.8 | 2.1 |
| Banks | | | | |
| BMO Capital Markets (January 19, 2024) | 2.4 | 1.9 | n/a | n/a |
| Laurentian Bank (August 17, 2023) | 1.3 | n/a | n/a | n/a |
| National Bank (December, 2023) | 1.1 | 1.4 | n/a | n/a |
| RBC Royal Bank (December, 2023) | 2.3 | 2.1 | n/a | n/a |
| Scotiabank (December 15, 2023) | 1.2 | 2.9 | n/a | n/a |
| TD Bank (December 19, 2023) | 1.4 | 1.0 | n/a | n/a |
| High | 2.6 | 2.9 | 2.2 | 2.3 |
| Low | 1.1 | 1.0 | 1.8 | 2.1 |
| Average of All Private Forecasts | 1.8 | 2.0 | 2.0 | 2.2 |
| Government of Alberta (calendar year) | 3.0 | 3.1 | 2.5 | 2.5 |

Includes forecasts finalized on or before January 30, 2024.

Alberta Unemployment Rate Benchmark

(%)

| Organization | 2024 | 2025 | 2026 | 2027 |
|--|------------|------------|------------|------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (December 15, 2023) | 6.2 | 6.0 | 6.0 | 6.0 |
| Stokes Economics (January, 2024) | 6.4 | 6.6 | 6.3 | 6.1 |
| Banks | | | | |
| BMO Capital Markets (January 19, 2024) | 6.0 | 5.7 | n/a | n/a |
| CIBC Capital Markets (January, 2024) | 6.3 | 5.9 | n/a | n/a |
| Laurentian Bank (August 17, 2023) | 6.5 | n/a | n/a | n/a |
| National Bank (December, 2023) | 7.1 | 7.6 | n/a | n/a |
| RBC Royal Bank (December, 2023) | 5.8 | 5.7 | n/a | n/a |
| Scotiabank (December 15, 2023) | 6.8 | 7.0 | n/a | n/a |
| TD Bank (December 19, 2023) | 6.3 | 6.4 | n/a | n/a |
| High | 7.1 | 7.6 | 6.3 | 6.1 |
| Low | 5.8 | 5.7 | 6.0 | 6.0 |
| Average of All Private Forecasts | 6.4 | 6.4 | 6.2 | 6.1 |
| Government of Alberta (calendar year) | 6.5 | 6.0 | 5.8 | 5.8 |

Includes forecasts finalized on or before January 30, 2024.

Alberta Housing Starts Benchmark

(thousands of units)

| Organization | 2024 | 2025 | 2026 | 2027 |
|--|-------------|-------------|-------------|-------------|
| National Forecasting Agencies | | | | |
| Conference Board of Canada (November, 2023) | 31.7 | 32.5 | 33.4 | 34.2 |
| Stokes Economics (January, 2024) | 39.6 | 41.8 | 42.4 | 41.1 |
| Banks | | | | |
| BMO Capital Markets (January 19, 2024) | 40.0 | 42.0 | n/a | n/a |
| CIBC Capital Markets (January, 2024) | 37.0 | 40.0 | n/a | n/a |
| Laurentian Bank (August 17, 2023) | 35.0 | n/a | n/a | n/a |
| National Bank (December, 2023) | 32.2 | 36.4 | n/a | n/a |
| RBC Royal Bank (December, 2023) | 42.8 | 47.8 | n/a | n/a |
| Scotiabank (December 15, 2023) | 34.0 | 36.0 | n/a | n/a |
| TD Bank (December 19, 2023) | 33.3 | 31.4 | n/a | n/a |
| High | 42.8 | 47.8 | 42.4 | 41.1 |
| Low | 31.7 | 31.4 | 33.4 | 34.2 |
| Average of All Private Forecasts | 36.2 | 38.5 | 37.9 | 37.7 |
| Government of Alberta (calendar year) | 38.8 | 39.9 | 37.2 | 37.2 |

Includes forecasts finalized on or before January 30, 2024.

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024-27

Fiscal Plan

Revenue

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Note: Amounts presented in tables may not add to totals due to rounding.

Revenue Outlook

Total revenue in 2024-25 is forecast at \$73.5 billion, a decrease of \$2.1 billion from the 2023-24 third quarter forecast of \$75.6 billion. The decrease comes mainly from a \$2.1 billion drop in resource revenue driven by an anticipated decline in oil prices, and a \$1.2 billion decrease in investment income, as uncertainty in the global economic outlook impacts future investment performance expectations. These declines are partly offset by a \$1.2 billion increase in fuel tax revenue. Revenue is expected to grow \$5.3 billion to \$78.8 billion by 2026-27, with broad-based revenue growth led primarily by income taxes.

Relative to *Budget 2023*, total revenue forecast in 2023-24 has increased by \$5 billion, mainly due to higher income tax revenue, resource revenue, and investment income. Alberta's economy has remained resilient with strong population growth and robust investment offsetting headwinds from interest rate hikes, higher consumer prices, and slowing global economic growth.

While Alberta's economic prospects remain optimistic underpinned by solid growth in population and a robust labour market, government revenue continues to be volatile as a significant portion is highly sensitive to global economic conditions including commodity prices, interest and exchange rates, and financial markets. In 2024-25, \$17.3 billion or 24% of total government revenue is forecast to come from non-renewable resource revenue (NRR). Another \$10.3 billion, or 14%, of total revenue is from corporate income tax and investment income, which are also tied to economic conditions. In *Budget 2023*, the government introduced a new fiscal framework intended to help manage the fiscal planning challenges associated with this volatility. The government will explore options to renew and grow the Alberta Heritage Savings Trust Fund in 2024.

Total revenue in 2024-25 is forecast at \$73.5 billion, \$2.1 billion lower than the 2023-24 forecast of \$75.6 billion.

Total Revenue

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Personal income tax | 13,925 | 14,069 | 15,239 | 15,604 | 16,514 | 17,512 |
| Corporate income tax | 8,167 | 5,911 | 7,204 | 7,028 | 7,052 | 7,320 |
| Other tax revenue | 4,432 | 5,012 | 4,470 | 6,013 | 6,329 | 6,535 |
| Resource revenue – bitumen | 16,879 | 12,555 | 14,367 | 12,538 | 12,857 | 12,888 |
| Resource revenue – other | 8,363 | 5,806 | 5,049 | 4,777 | 4,982 | 5,051 |
| Federal transfers | 11,363 | 12,552 | 12,656 | 12,640 | 13,161 | 13,644 |
| Investment income | 1,326 | 3,154 | 4,467 | 3,267 | 3,433 | 3,672 |
| Net income from bus. enterprises | 2,481 | 2,727 | 2,526 | 2,123 | 2,200 | 2,481 |
| Premiums, fees and licences | 4,657 | 5,040 | 5,300 | 5,384 | 5,551 | 5,752 |
| Other revenue | 4,527 | 3,827 | 4,349 | 4,164 | 3,973 | 3,960 |
| Total Revenue | 76,120 | 70,653 | 75,628 | 73,537 | 76,051 | 78,816 |

Total revenue forecast to grow to over \$78 billion by 2026-27.

2023-24 Third Quarter Revenue Forecast

Total revenue in 2023-24 is forecast at \$75.6 billion, down slightly from the record high \$76 billion in 2022-23. Revenue has increased by \$5 billion from *Budget 2023*, mainly due to increases in corporate and personal income tax revenue, resource revenue, and investment income. The main changes in 2023-24 revenue are:

- Personal income tax (PIT) revenue in 2023-24 is forecast at \$15.2 billion, \$1.3 billion more than in 2022-23, up \$1.2 billion from budget and \$225 million higher than at mid-year. The upward revisions are due to higher 2022 tax assessments and stronger personal income driven by solid gains in Alberta's labour market in 2023. Stronger tax assessments in 2022 elevate the base and require a prior year adjustment of \$449 million in 2023-24.
- Corporate Income Tax (CIT) revenue in 2023-24 is forecast at \$7.2 billion, up \$1.3 billion from budget and \$404 million from mid-year, but \$1 billion lower than the previous year. The increase from budget reflects the record-high 2022-23 CIT revenue base used to forecast future years, and industry fundamentals holding up in the latter part of 2023, boosting revenue from mid-year.
- Other tax revenue in 2023-24 is forecast at \$4.5 billion. This is a marginal increase from the prior year but a \$542 million decrease from budget, primarily due to the extension of the fuel tax pause throughout 2023 for affordability relief. Weaker than expected tobacco consumption and a drop in freehold unit values from lower natural gas prices have also lowered other tax revenue slightly.
- Non-Renewable Resource Revenue (NRR) is forecast at \$19.4 billion in 2023-24, a \$1.1 billion increase from budget, mainly due to higher bitumen royalties, but \$5.8 billion lower than in 2022-23, reflecting the drop in oil prices from the prior year. The WTI oil price is expected to average US\$76.50 per barrel (/bbl) in 2023-24, slightly lower than the *Budget 2023* estimate. The light-heavy differential is expected to average US\$17.30/bbl for 2023-24, US\$2.20/bbl lower than budgeted, due to seasonal maintenance reducing supply from oil sands facilities over the summer months as well as a stronger global demand for heavier crudes. Natural gas and by-products royalties for 2023-24 are expected to be \$1.2 billion, \$1.2 billion lower than budget, mainly due to high storage levels and robust production lowering natural gas prices.
- Federal government transfers for 2023-24 are forecast at \$12.7 billion, \$1.3 billion more than in 2022-23, and marginally higher than the *Budget 2023* estimate.
 - The increase from 2022-23 largely reflects: a combined \$500 million increase in the Canada Health Transfer (CHT) and Canada Social Transfer (CST) due to an increasing growth rate in the calculation and an increasing provincial share of the national population; \$280 million in additional funding under the early learning child care agreements;

WTI forecast at US\$76.50/bbl in 2023-24 and US\$74/bbl throughout the forecast period.

\$220 million in agriculture support programs; and \$200 million in re-profiled infrastructure support.

- The marginal increase from budget reflects: increased federal AgriStability contributions and insurance premiums; the new Working Together for Improved Health Care for Canadians bi-lateral agreement; and the expected federal financial assistance for the 2023 wildfire and flood events. However, these increases are mostly offset by a re-profiling of federal infrastructure funding to future years and a forecast reduction for the fiscal stabilization payment related to the 2020-21 drop in provincial revenue.
- Investment income in 2023-24 is forecast at \$4.5 billion, \$3.1 billion higher than in 2022-23, and \$1.3 billion higher than *Budget 2023*. Financial markets have recovered from poor performance in the prior year, resulting in strong investment gains for the Heritage and endowment funds. Income from various other accounts and funds has also increased with higher interest rates, as has interest earned on the general revenue fund, where higher balances are being held in order to fund upcoming debt maturities.
- Revenue from other sources includes net income from government business enterprises (GBEs), premiums, fees and licences, and various other sources. These revenue sources contribute \$12.2 billion to the overall revenue forecast for 2023-24 and have increased by \$0.5 billion from 2022-23 and \$0.6 billion over *Budget 2023*.
 - GBE net income is forecast at \$2.5 billion in 2023-24, a similar amount to the prior year, but \$200 million lower than budget. The decrease from budget is primarily due to a \$301 million net loss forecast for the Alberta Petroleum Marketing Commission (APMC). This is mainly related to the Sturgeon Refinery, due to a decline in the price forecast for refined products, higher feedstock costs, and higher debt servicing costs. The decrease is partially offset by a net \$82 million increase in revenue for the Alberta Gaming Liquor and Cannabis Commission, the Credit Union Deposit Guarantee Corporation, ATB Financial, and the Balancing Pool.
 - Premiums, fees and licences revenue is forecast at \$5.3 billion in 2023-24. This is \$0.6 billion higher than 2022-23, and \$0.3 billion higher than budget. The increase from 2022-23 comprises: \$322 million in post-secondary institution fees from enrolment growth and rate increases; \$80 million in Alberta Health Services (AHS) fees; \$114 million in agricultural insurance premiums from a rise in rates required to replenish the depleted crop insurance fund; and \$73 million in Alberta Energy Regulator (AER) levies for orphan well funding. Similarly, the \$0.3 billion increase from *Budget 2023* is mainly due to increases in post-secondary institution tuition and school board fees from enrolment growth and inflation (\$194 million); \$67 million for the Agriculture Financial Services Corporation (AFSC) in higher federal reinsurance recoveries following depletion of the crop fund; and \$50 million in other revenues, including AHS hospital fees and ATB Financial payments in lieu of taxes. These increases from budget were

partially offset by a \$46 million decrease in timber royalties due to a decline in lumber market prices.

- Other revenue of \$4.3 billion is forecast for 2023-24, \$178 million lower than in 2022-23, but \$552 million higher than in *Budget 2023*. The decline from 2022-23 mainly relates to a \$301 million drop in “refunds of expense” revenue, which is used to reverse overestimates of expense reported in prior year actuals, and also includes the aggregate assessment charged to automobile insurers for health care costs caused by uninsured drivers. This decline was partially offset by a net \$123 million increase in other miscellaneous revenue streams.
- The \$552 million other revenue increase from budget includes a net \$101 million increase in income from sales, rentals, services, fundraising and donations in school jurisdictions, post-secondary institutions and health entities (the SUCH sector), mainly driven by enrolment increases and inflation. Revenue in the Technology Innovation and Emissions Reduction Fund (TIER), which receives compliance payments from large industrial emitters, increased \$328 million from budget. The increase came from greater payments made by emitters than were estimated in the budget, as well as additional revenue from prior compliance years, updated revenue modeling, and higher investment income earned from higher interest rates. Other changes from budget include: a \$75 million increase in revenue from the Renewable Electricity Program due to higher than anticipated electricity prices; and \$44 million in reimbursements for the 2023 North West Territories wildfires evacuees and a \$52 million decrease related to the recovery of external investment management fees.

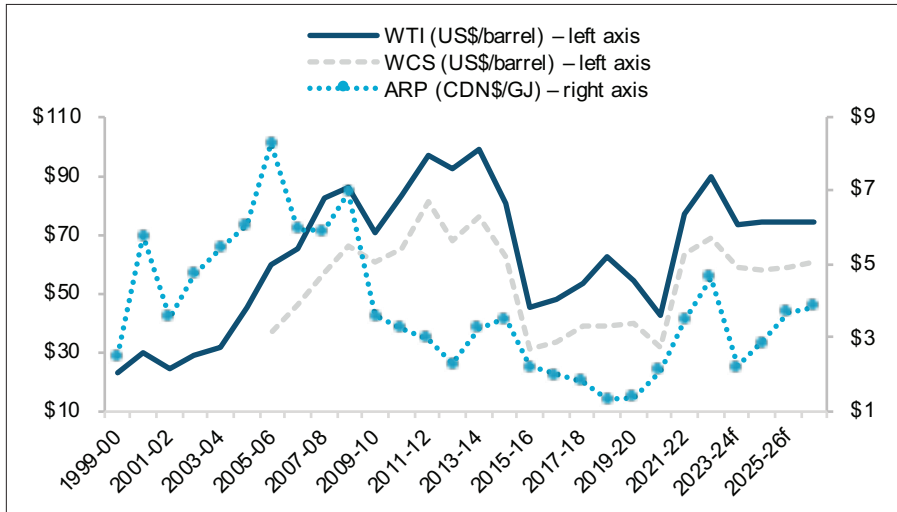
Non-Renewable Resource Revenue

Non-renewable resource revenue in 2024-25 is estimated at \$17.3 billion, 24% of total revenue. This is a \$2.1 billion decrease from the \$19.4 billion forecast for 2023-24. The decrease is attributable to softening oil prices, primarily due to uncertainties around global demand. NRR is expected to increase gradually over the next two years as the market rebalances, reaching \$17.9 billion in 2026-27. WTI is expected to average US\$74 per barrel (/bbl) in 2024-25, \$2.50/bbl lower than 2023-24, and remain at US\$74/bbl over the forecast period.

Despite a recent seasonal widening, the Light-Heavy Differential is expected to be around US\$17.30 per barrel for the fiscal year 2023-24. This is \$2.20 per barrel narrower than at *Budget 2023*. Reduced supply due to a larger-than-normal seasonal maintenance by oil sands facilities in spring/summer, together with stronger U.S. refinery and global demand for heavier crudes over the summer months, helped narrow the light-heavy differential. The differential is expected to narrow further to around US\$16.00 per barrel in 2024-25 as TMX is expected to come online in the second half of 2024. TMX will provide additional pipeline egress for Alberta crude oil. This is expected to keep the differential contained at around US\$13.60 per barrel by 2026-2027.

The Light-Heavy Differential is forecast to be US\$16/bbl in 2024-25, narrowing to US\$13.60/bbl by 2026-27.

Prices of Oil and Natural Gas, 1999-00 to 2025-26



Bitumen royalties are estimated at \$12.5 billion in 2024-25, a \$1.8 billion decrease from the \$14.4 billion forecast for 2023-24, driven by the lower WTI price. A narrower light-heavy differential will support a slight increase in royalties over the two subsequent years to about \$12.9 billion in 2026-27.

Conventional oil royalties are estimated at \$2.8 billion in 2024-25, a decrease of \$0.4 billion from 2023-24. They continue on a slightly downward trend for the remainder of the forecast period, as prices moderate, and oil royalties are projected at roughly \$2.7 billion in 2026-27.

Natural gas and by-product royalties are estimated at \$1.5 billion in 2024-25, \$0.2 billion higher than 2023-24, and a significant \$2.3 billion year-over-year drop from 2022-23. This follows a decrease in the Alberta Reference Price (ARP) for natural gas from \$4.60 per gigajoule (/GJ) to \$2.20/GJ. Royalties are expected to increase moderately over the forecast period, reaching \$1.8 billion in 2026-27 when the ARP approaches around \$3.80/GJ as the supply-demand balances improve.

The outlook for natural gas and by-products has improved, with increasing demand from oil sands projects and power generation. Steady production growth in Alberta is forecast.

Oil and Natural Gas Assumptions

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------|---------|----------|----------------|---------|---------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Revenue (millions of dollars) | | | | | | |
| Bitumen royalty | 16,879 | 12,555 | 14,367 | 12,538 | 12,857 | 12,888 |
| Crude oil royalty | 3,968 | 2,905 | 3,139 | 2,779 | 2,697 | 2,689 |
| Natural gas / by-products royalties | 3,595 | 2,465 | 1,249 | 1,468 | 1,742 | 1,793 |
| Prices | | | | | | |
| West Texas Intermediate (US\$/bbl) | 89.69 | 79.00 | 76.50 | 74.00 | 74.00 | 74.00 |
| WCS @ Hardisty (Cdn\$/bbl) | 90.62 | 78.00 | 80.20 | 76.80 | 75.60 | 75.80 |
| Differential (US\$/bbl) | (20.77) | (19.50) | (17.30) | (16.00) | (14.90) | (13.60) |
| Ab. Reference Price (Cdn\$/GJ) | 4.63 | 4.10 | 2.20 | 2.90 | 3.70 | 3.80 |
| Production (thousands of barrels / day) | | | | | | |
| Conventional | 497 | 497 | 500 | 507 | 508 | 505 |
| Raw bitumen | 3,251 | 3,345 | 3,324 | 3,429 | 3,539 | 3,650 |
| Natural gas (billion cubic feet / yr) | 4,265 | 4,275 | 4,263 | 4,291 | 4,312 | 4,326 |
| Exchange rate (US\$/Cdn\$) | | | | | | |
| | 75.6 | 76.2 | 74.1 | 75.9 | 78.1 | 79.7 |

Bonuses and sales of Crown land leases are projected to reach \$321 million 2024-25, marking a decline of \$114 million compared to 2023-24. This drop is attributed to lower commodity prices, resulting in reduced price per hectare and fewer hectares sold.

Non-Renewable Resource Revenue

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Bitumen royalty | 16,879 | 12,555 | 14,367 | 12,538 | 12,857 | 12,888 |
| Crude oil royalty | 3,968 | 2,905 | 3,139 | 2,779 | 2,697 | 2,689 |
| Natural gas & by-products royalty | 3,595 | 2,465 | 1,249 | 1,468 | 1,742 | 1,793 |
| Bonuses & sales of Crown leases | 465 | 307 | 435 | 321 | 335 | 361 |
| Rentals and fees / coal royalty | 335 | 129 | 226 | 209 | 208 | 208 |
| Total Resource Revenue | 25,242 | 18,361 | 19,416 | 17,315 | 17,839 | 17,939 |

Tax Revenue

Tax revenue is expected to grow to \$31.4 billion by 2026-27.

Tax revenue is forecast at \$28.6 billion in 2024-25, 39% of total revenue, and \$1.7 billion higher than in 2023-24. Personal income tax (PIT) revenue is set to increase \$365 million from 2023-24, while corporate income tax (CIT) revenue is down \$176 million. Fuel tax revenue is \$1.2 billion higher due to the extended pause in the tax throughout most of 2023-24. After March 2024, the fuel tax relief program is not anticipated to remain in effect, given that WTI prices are forecast to remain below the \$80 threshold at which partial fuel tax relief begins.

Tax revenue is forecast to grow by an average of 5% for the following two years, reaching \$31.4 billion in 2026-27. This is primarily due to an upward trend in personal income tax revenue, reflecting the anticipated growth in primary household incomes.

Personal income tax revenue is estimated at \$15.6 billion, an increase of \$365 million from 2023-24, and \$570 million higher than the *Budget 2023* target. The increase is due mainly to an upward revision of 2022 tax assessments which elevate the base for forecasting subsequent years. In the outer years, personal income tax revenue continues its ascending trend, adding an additional \$910 million in 2025-26 and a further \$998 million in 2026-27. The growth in PIT revenue reflects growth in primary household incomes from 2024 through 2026, underpinned by a robust labour market in Alberta.

Corporate income tax is estimated at \$7 billion in 2024-25, \$774 million higher than *Budget 2023*, mainly due to the base effects of the record-high CIT recorded in 2022-23 with industry fundamentals holding up in the latter part of 2023, giving revenue a boost in 2023-24. 2024-25 CIT revenue is expected to be 2.4% lower than 2023-24 due to the recent softening of commodity prices, but is expected to recover with corporate profits. CIT is forecast to grow 4.2% over the forecasting period and reach \$7.3 billion in 2026-27.

Education property tax revenue is forecast at \$2.7 billion in 2024-25. While education property tax rates will be frozen in 2024-25, revenue will increase by \$229 million from the 2023-24 forecast, reflecting the growth in the assessment tax base. In subsequent years, revenue increases at an average of 4.4% per year, to \$3 billion in 2026-27. Included in 2024-25 and 2025-26 revenue are \$3 million in credits under the Provincial Education Requisition Credit (PERC). PERC provides an equivalent education tax credit for municipalities which are unable to collect education property tax on delinquent oil and gas properties.

Education property tax rates are frozen in 2024-25.

Tax Revenue

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Personal income tax | 13,925 | 14,069 | 15,239 | 15,604 | 16,514 | 17,512 |
| Corporate income tax | 8,167 | 5,911 | 7,204 | 7,028 | 7,052 | 7,320 |
| Education property tax | 2,537 | 2,504 | 2,504 | 2,733 | 2,856 | 2,979 |
| Other taxes | 1,895 | 2,508 | 1,966 | 3,280 | 3,473 | 3,556 |
| Total Tax Revenue | 26,524 | 24,992 | 26,913 | 28,645 | 29,895 | 31,367 |

Other tax revenue is forecast at \$3.3 billion in 2024-25, \$1.3 billion higher than 2023-24. Almost all of the increase comes from the fuel tax, which was paused for affordability relief during the first three quarters of 2023-24 but is expected to be in full effect throughout 2024-25 given the decrease in forecasted oil prices. The new electric vehicle tax comes into effect in 2024-25, generating \$1 million in revenue in 2024-25, \$5 million in 2025-26, and \$8 million in 2026-27. Insurance tax revenue is up \$58 million

from 2023-24, with growth broadly consistent with the long-term trend. Tobacco and vaping tax revenue rises marginally in 2024-25 due to increases in tax rates on cigarettes and smokeless tobacco and a new provincial vaping tax, offset partially by a continued decline in consumption. Total other tax revenue increases over the forecast period to \$3.6 billion in 2026-27 and includes revenue growth from fuel taxes, insurance taxes, cannabis taxes, and tourism levies, mainly driven by economic activity and population growth. The increase includes the implementation of a Land Titles Registration Levy beginning in 2024-25, which will contribute just over 2% of total other tax revenue by 2026-27. Tobacco tax revenue is expected to decline by an average of 5% per year moving forward as declining consumption more than offsets increases in tax rates on cigarettes.

Federal Transfers

Federal transfers are forecast at \$12.6 billion in 2024-25, only \$16 million lower than the 2023-24 forecast. Significant changes in 2024-25 include:

- A \$200 million increase in the Canada Health Transfer (CHT) and a \$99 million increase in the Canada Social Transfer (CST) driven by Alberta's rising population share as well as the temporary increase of the minimum CHT growth rate to 5% between 2023-24 and 2027-28;
- A \$267 million increase from re-profiling of the recently signed Working Together for Improved Health Care for Canadians bi-lateral agreement and a new Aging with Dignity bi-lateral agreement to be signed upon final negotiations;
- A \$200 million increase in Early Learning Child Care (ELCC) funding as agreements targeted to achieve \$10-a-day child care by the end of 2025-26 make progress, and include a carry forward of \$73 million unspent funding from 2022-23;
- A net \$48 million increase in re-profiled infrastructure support; offset by:
 - A \$577 million decrease regarding the one-time Fiscal Stabilization payment received in 2023-24 with respect to a decline in provincial revenue in the 2020-21 fiscal year. Alberta is not expected to qualify for these payments over the forecast horizon given the province's strong economic outlook and overall positive revenue outlook; and
 - Decreases in federal funding related to disaster events in 2023-24 (\$102 million) and agriculture support program transfers (\$140 million).

Federal transfers increase by approximately \$1 billion over the subsequent two years, reaching \$13.6 billion by 2026-27. The two-year growth comes mainly from \$923 million in increases to the CHT and CST. Other increases include: \$200 million in infrastructure transfers, mainly related to the Calgary and Edmonton LRT projects and other Investing in Canada Infrastructure Program (ICIP) projects; \$93 million in agriculture transfers; and \$87 million under ELCC. These are partially offset by decreases in federal revenue for the bi-lateral health agreements that wind down in 2025-26.

— Canada Health Transfer and Canada Social Transfer are increasing driven by Alberta's rising population share.

Transfers from Government of Canada

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Canada Health Transfer | 5,507 | 6,079 | 5,964 | 6,164 | 6,550 | 6,925 |
| Canada Social Transfer | 1,864 | 1,942 | 1,902 | 2,001 | 2,086 | 2,163 |
| Transfers to SUCH sector | 576 | 617 | 632 | 633 | 644 | 652 |
| Infrastructure support | 580 | 935 | 792 | 840 | 738 | 1,040 |
| Agriculture support programs | 455 | 480 | 676 | 537 | 590 | 629 |
| Labour market agreements | 341 | 325 | 317 | 317 | 317 | 314 |
| Early learning child care agreements | 655 | 937 | 937 | 1,139 | 1,226 | 1,226 |
| Other transfers | 1,385 | 1,237 | 1,436 | 1,008 | 1,010 | 694 |
| Total Federal Transfers | 11,363 | 12,552 | 12,656 | 12,640 | 13,161 | 13,644 |

Investment Income

Investment income is forecast at \$3.3 billion in 2024-25, a \$1.2 billion decrease from 2023-24, mainly due to lower expected returns in the Heritage and endowment funds, as current uncertainty in the global economy impacts the outlook for global financial markets. Persistent high interest rates and consumer prices, wars in Ukraine and the Middle East, and ongoing geopolitical uncertainty all threaten economic growth and in turn, investment performance. Income is projected to increase gradually in subsequent years, reaching \$3.7 billion in 2026-27. The Heritage and endowment funds are forecast to grow by \$0.7 billion over three years as income retained in the funds contributes to a growing asset base. Meanwhile, income on derivatives related to local authority loan portfolios declines over the outlook period, as does investment income earned on general revenue fund cash balances as upcoming maturing debt gets paid off and cash balances are reduced.

The Alberta Heritage Savings Trust Fund to retain all of its net investment income.

Fund Assets / Investment Income

(millions of dollars)

| | Assets as at Mar. 31, 2023 | Investment Income | | | | | |
|-----------------------------------|-------------------------------|-------------------|----------------------------|--------------|---------------------|-------------------|-------------------|
| | | 2022-23 Actual | 2023-24 Budget Forecast | | 2024-25 Estimate | 2025-26 Target | 2026-27 Target |
| Heritage Savings Trust Fund | 18,980 | 20 | 1,226 | 2,053 | 1,042 | 1,360 | 1,618 |
| Endowment funds ^a | 4,604 | (13) | 352 | 526 | 291 | 353 | 408 |
| Loans to local authorities | 14,836 | 509 | 734 | 795 | 758 | 623 | 581 |
| Ag. Financial Services Corp. | 3,662 | 86 | 126 | 113 | 148 | 158 | 167 |
| SUCH sector | n.a. | 366 | 326 | 451 | 431 | 427 | 437 |
| Other ^b | 6,064 | 358 | 390 | 530 | 596 | 511 | 461 |
| Total Assets / Inv. Income | 48,146 | 1,326 | 3,154 | 4,467 | 3,267 | 3,433 | 3,672 |

^a Includes Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Scholarship Fund and Alberta Heritage Science and Engineering Research Fund.

^b Assets include the cash reserve, pre-borrowing, Alberta Enterprise Corporation and Technology Innovation and Emissions Reduction Fund; investment income includes income from these sources, as well as from student loans and a variety of smaller funds and accounts.

Revenue from Other Sources

Revenue from other sources is forecast at \$11.7 billion in 2024-25, a decrease of \$505 million from 2023-24. The revenue forecast then increases moderately over the forecast period, reaching \$12.2 billion by 2026-27.

Alberta Gaming, Liquor and Cannabis Commission (AGLC) net income from gaming and lottery activities, liquor and cannabis sales decreases marginally in 2024-25 due to increased operational expenses from system and platform modernizations. Net income then recovers to around \$2.4 billion per year over the forecast period as strong revenue performance from online gambling and slot terminals is expected to outpace operational expenses.

ATB Financial net income decreases by \$35 million from 2023-24 to 2024-25 as provisions for loan losses and the impact of inflation on operating expenses reduces profitability. Net income then increases by \$76 million over the following two years, reaching \$342 million in 2026-27, as revenue growth is forecast to outstrip growth in operating expenses, and credit losses normalize. ATB Financial will be implementing a regular dividend to be paid to the Government of Alberta. Net income from the Balancing Pool decreases from \$149 million in 2023-24 to \$65 million in 2024-25, where it remains for the outlook period. The decrease is due to stronger than expected performance in 2023-24, when revenue was boosted by the one-time negotiated settlement of the Hydro Power Purchase Agreement and higher than forecast payments-in-lieu of taxes.

The Alberta Petroleum Marketing Commission (APMC) is forecasting a net loss of \$525 million in 2024-25, \$224 million more than the \$301 million loss forecast for 2023-24. The loss in 2024-25 mainly relates to the Sturgeon Refinery due to a decline in refined product prices, such as diesel, and higher feedstock costs from the narrowing oil price differential. APMC's net loss increases to \$552 million in 2025-26, but then falls moderately to \$391 million in 2026-27.

Post-secondary institution tuition fees are estimated at \$1,999 million in 2024-25, an increase of \$74 million from 2023-24, and are projected to grow to \$2,136 million by 2026-27, primarily due to enrolment growth. School board fees show moderate increases, again with increasing enrolment, up \$16 million to \$224 million in 2024-25 and reaching \$248 million in 2026-27. Alberta Health Services (AHS) fees also grow with increased activity related to out-of-province and out-of-country patients, as well as with the impacts of inflation. AHS fee income is expected to be up by \$11 million in 2024-25 to \$621 million, and growing to \$679 million by 2026-27.

Other premiums, fees and licences revenue is forecast at \$2,540 million in 2024-25, a small increase over 2023-24. Revenue increases a further \$144 million over the next two year to \$2,689 million. The marginal increase in revenue in 2024-25 comes from higher agriculture insurance premiums rates necessary to ensure the crop fund's long term stability, and are mostly offset by decreases in land titles registration revenue, due to a clearing of the registration backlog in 2023-24. Growth over the next two years primarily comes from

ATB Financial will be implementing a regular \$100 million dividend to be paid to the province, increasing available cash.

agriculture insurance premiums (up \$131 million), motor vehicle licences (increasing \$29 million) and ATB Financial deposit guarantee fees and payments-in-lieu of taxes (rising \$33 million), partially offset by a \$29 million decrease in timber royalties and fees that reflects a general decline in the outlook for forest product prices.

School jurisdiction, post-secondary institution and health entity (the SUCH sector) sales, rentals and services revenue is expected to increase \$7 million to \$947 million in 2024-25, and continue upward to \$995 million in 2026-27, driven by enrolment growth in schools and post-secondary institutions, economic growth, and inflationary impacts. Fundraising and donations revenue in the SUCH sector also shows continued growth, rising \$46 million to \$784 million in 2024-25, and reaching \$843 million in 2026-27. The majority of the growth comes from federal transfers, with the remainder driven by stable economic conditions.

TIER revenue is forecast at \$539 million for 2024-25, decreases to \$255 million in 2025-26 and \$179 million in 2026-27. The anticipated use of credits to meet compliance obligations is the largest driver of future revenue estimates and is difficult to predict. Facilities tend to maximize long term profit, which includes banking existing credits for future use. However, behaviour is expected to shift as credits reach expiry.

Other revenue changes include: an increase of \$111 million from 2023-24 to \$936 million in 2024-25 and \$958 million in 2026-27 for external investment management charges that are based on investment income outperforming market benchmarks and billed to external clients such as pension plans for their share.

Revenue from Other Sources

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| AGLC - gaming / lottery | 1,554 | 1,515 | 1,558 | 1,487 | 1,559 | 1,599 |
| AGLC - liquor | 825 | 830 | 804 | 808 | 819 | 832 |
| AGLC - cannabis | 18 | 5 | 11 | 7 | 11 | 16 |
| ATB Financial | 428 | 279 | 301 | 266 | 280 | 342 |
| Balancing Pool | 145 | 103 | 149 | 65 | 65 | 65 |
| Alberta Petroleum Marketing Comm. | (487) | (18) | (301) | (525) | (552) | (391) |
| Post-secondary tuition fees | 1,603 | 1,771 | 1,925 | 1,999 | 2,094 | 2,136 |
| Health / school board fees | 723 | 754 | 818 | 845 | 889 | 927 |
| Other premiums, fees and licences | 2,331 | 2,515 | 2,557 | 2,540 | 2,568 | 2,689 |
| SUCH sales, rentals, services | 899 | 915 | 940 | 947 | 976 | 995 |
| SUCH fundraising, donations, gifts | 699 | 662 | 738 | 784 | 797 | 843 |
| TIER Fund | 764 | 523 | 851 | 539 | 255 | 179 |
| Other | 2,163 | 1,739 | 1,824 | 1,910 | 1,962 | 1,961 |
| Total Revenue fr. Other Sources | 11,665 | 11,594 | 12,176 | 11,671 | 11,723 | 12,194 |

Risks

As a small, open economy with a sizeable resource sector, Alberta is highly impacted by developments beyond its borders. Fluctuations in global supply and demand can translate into large price swings for Alberta commodity exports and substantial shifts in corporate investment and economic activity. Alberta government revenue is much more volatile than the broader economy due to the unpredictability of non-renewable resource revenue, corporate income tax and investment income, making fiscal planning challenging.

Revenue is forecast to remain at elevated levels over the medium term. Alberta's strong economy continues to attract job seekers and investment, impacting demand for social, education and health programs, and infrastructure needs.

To help deal with these challenges and guide fiscal planning, the government introduced a renewed legislated fiscal framework with *Budget 2023*. It includes a balanced budget requirement, expense growth limitations and policies for the allocation of surplus cash: first to pay down debt, then to invest in savings or one-time spending initiatives. More details are provided in the Overview chapter on pages 16-20.

Alberta's fiscal framework helps to manage volatile and unpredictable government revenue.

In order to highlight the risks and volatility, alternative forecast scenarios have been presented in budgets since *Budget 2019*. For *Budget 2024*, the impact on non-renewable resource revenue, income tax and other taxes from low and high scenarios have been developed, and are outlined on page 46 in the Economic Outlook chapter.

Some of the main factors impacting Alberta government revenue and their sensitivities are included below. The sensitivities have increased significantly over the last several years.

Federal Policies

Regulatory and political uncertainty from the federal government including proposed emissions reductions policies, are holding back investment and productivity gains, not just in Alberta but across the country.

Global and U.S. Economies

Budget 2024 assumes global economic growth to remain lacklustre at over 3% in 2024 and 2025, as inflationary pressures and economic uncertainty settles. Substantial risks remain, as weaker global growth would keep oil prices lower and dampen Alberta's revenue.

Energy Prices

Price forecasts depend on assumptions about demand and supply. Factors influencing demand include global economic growth, pipeline or refinery outages, and storage and speculative market activities by traders. On the supply side are OPEC+ production targets and non-OPEC production. Other factors include investment and drilling decisions by producers, geopolitical events, regional conflicts, economic sanctions, and simple weather-related production disruptions.

Interest Rates

Although interest rates are expected to start pulling back this year, they have risen dramatically over the past two years. Higher rates generally harm Alberta's government investment income, evidenced by the Heritage Fund's negative investment income in 2022-23. While market values of bonds with lower rates drop, short-term interest-bearing investments benefit. Higher rates also typically discourage business investment, economic activity and consumer spending. Rising rates also pose risks for indebted households, consumer spending and the government. The government repaid \$13.4 billion in debt during 2022-23 and another \$3.2 billion in 2023-24, taking advantage of the spike in energy prices and revenue. The new fiscal framework legislates a continued emphasis on debt repayment by requiring at least 50% of surplus cash be used to retire maturing debt, mitigating re-financing risk and creating future fiscal flexibility.

Exchange Rates

A stronger Canadian dollar decreases the value of exports and the demand for exports priced in Canadian dollars. Changes in the exchange rate affect the profitability of energy producers, which can affect investment and government resource revenue as energy prices and contracts are mainly in US dollars. Investment income is also impacted due to significant foreign holdings.

Equity Markets

Equity markets can be affected by a wide range of factors, such as the strength of the US, European and developing economies, or fluctuations in commodity prices and interest rates. Alberta has significant assets invested globally.

Net Corporate Operating Surplus

Corporate profits in Alberta were hit hard in 2020, but bounced back strongly in 2021. It is difficult to predict how net corporate operating surplus translates to corporate income tax revenue. Taxable income can differ significantly from corporate profits, due to tax changes or discretionary deductions such as depreciation or prior-year losses which can be carried forward or back and affect corporate income tax revenue for years.

Sensitivities to Fiscal Year Assumptions, 2024-25^a

(millions of dollars)

| | Change | Net Impact |
|---|--------|------------|
| Oil price (WTI US\$/bbl) | -\$1 | -630 |
| Light-heavy oil price differential (US\$/bbl) | +\$1 | -600 |
| Natural gas price (Cdn\$/GJ) | -10c | -10 |
| Exchange rate (US\$/Cdn\$) | + 1c | -490 |
| Interest rates | +1% | -229 |
| Primary household income | -1% | -180 |

^a Sensitivities are based on current assumptions of prices and rates, displaying impacts over a 12 month period. They can vary significantly at different price and rate levels. Energy price sensitivities do not include potential impacts of price changes on land lease sales revenue.

Fiscal Plan

Expense

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Note: Amounts presented in tables may not add to totals due to rounding.

Expense

Addressing Albertans' Priorities and Sustaining Our Growth

Budget 2024 maintains the government's commitment to fiscal responsibility, efficient delivery of public services, and focusing on Albertans' priorities. It includes actions to strengthen health care and education, support vulnerable Albertans, keep our communities safe, responsibly manage and develop our resources, and grow our economy.

The province is also managing the pressures from rapid population growth. Alberta's population increased by an estimated 184,000 (4.1 per cent) in 2023 and is projected to surpass 5 million by 2026, an increase of more than half a million Albertans from 2022.

This budget is a responsible plan that addresses our key priorities and pressures, maintains balanced budgets, and sustains Alberta's growth and prosperity.

Alberta's population grew 4.1 per cent, by 184,000 people, in 2023 and is projected to reach 5 million by 2026.

Expense Highlights

The government continues to apply a prudent and targeted approach to spending, as balanced budgets are an important commitment to current and future Albertans. Operating expense will increase by 3.9 per cent in 2024-25, rising at a modest pace averaging 2.2 per cent over the next two years.

The Capital Plan includes \$3.5 billion in capital grants in 2024-25, an increase of \$1.1 billion from 2023-24. Over the following two years, capital grants will average \$3.7 billion annually.

Annual debt servicing costs are forecast to increase by \$229 million in 2024-25, to \$3.4 billion, due to pre-borrowing in 2024-25 to prepare for maturing debt. In 2025-26, debt servicing costs are projected to decline by \$244 million, to \$3.1 billion, close to the level of 2023-24.

Total expense in 2023-24 is forecast at \$70.4 billion, an increase of \$2.1 billion from *Budget 2023*. The increase is due mainly to \$2.9 billion in disaster and emergency expense relating to drought, wildfires and floods in 2023.

Total expense in 2024-25 is forecast at \$73.2 billion.

Budget 2024 – Expense Summary

(millions of dollars)

| | 2022-23 Actual | 2023-24 Budget | 2023-24 Forecast | 2024-25 Estimate | 2025-26 Target | 2026-27 Target |
|--|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
| Operating Expense: | | | | | | |
| Health | 23,438 | 24,533 | 25,112 | 26,207 | 26,862 | 27,534 |
| Education: | | | | | | |
| Kindergarten to Grade 12 | 8,329 | 8,836 | 8,859 | 9,252 | 9,471 | 9,561 |
| Post-secondary | 5,716 | 5,779 | 6,116 | 6,305 | 6,471 | 6,598 |
| Social services ministries | 7,471 | 7,109 | 7,040 | 6,883 | 7,094 | 7,288 |
| Other Ministries / Legislative Assembly | 9,783 | 10,781 | 10,749 | 11,477 | 11,697 | 11,817 |
| Operating expense | 54,737 | 57,038 | 57,876 | 60,124 | 61,595 | 62,798 |
| Capital grants | 1,525 | 2,821 | 2,375 | 3,469 | 3,576 | 3,863 |
| Amortization / inventory consumption / loss on disposals | 4,090 | 4,418 | 4,419 | 4,576 | 4,695 | 4,720 |
| Debt servicing costs | 2,829 | 2,848 | 3,136 | 3,365 | 3,121 | 3,174 |
| Pension provisions | (21) | (322) | (358) | (364) | (373) | (378) |
| Disaster and emergency assistance | 1,319 | - | 2,946 | - | - | - |
| Contingency | - | 1,500 | - | 2,000 | 2,000 | 2,000 |
| Total Expense | 64,479 | 68,303 | 70,394 | 73,170 | 74,614 | 76,176 |

2023-24 Third Quarter Expense Forecast

Drought-related wildfire and agriculture disaster expense is \$2.9 billion in 2023-24.

Total expense in 2023-24 is forecast at \$70.4 billion, a \$2.1 billion increase from budget and \$5.9 billion higher than 2022-23 expense. Relative to *Budget 2023*, wildfire and agriculture disaster assistance has increased by \$2.9 billion and operating expense by \$838 million, partly offset by a \$589 million increase in dedicated revenue. Other expense (primarily debt servicing costs) has increased a net \$254 million, while capital grants are \$446 million lower.

The \$1.5 billion contingency has been fully allocated to in-year expense increases that are not offset by dedicated revenue or are non-cash and non-recurring (e.g. losses on disposals of capital assets). The largest contingency allocation in 2023-24 is \$1.1 billion in wildfire fighting costs and support. The \$1.8 billion in increased agriculture disaster support is not allocated from the contingency.

Relative to 2022-23 actuals, operating expense in 2023-24 is \$3.2 billion higher, with \$2.3 billion of the increase budgeted, mainly for health care and social services. Capital grants are up by \$850 million from 2022-23, while disaster assistance is \$1.6 billion higher. Amortization, debt servicing costs, inventory consumption and capital asset disposal loss expense have increased by \$0.3 billion.

The severe drought experienced in 2023 led to significant and widespread wildfires across Alberta, requiring \$839 million in firefighting costs and disaster relief support of \$253 million. The drought also hit Alberta's agriculture sector, for the second time in three years. For 2023-24, \$1.8 billion in forecast agricultural disaster assistance comprises \$1.5 billion in indemnity payments and income support of \$261 million.

2023-24 Operating Expense Highlights:

- Health operating expense has increased by \$579 million from budget, with \$136 million of the increase offset by higher federal revenue under bi-lateral agreements. Increases include \$241 million for physician compensation, \$183 million for acute care, \$107 million for continuing care and \$162 million across a variety of other programs. The increases are partly offset by \$113 million in estimated savings in various programs.
- Advanced Education operating expense has increased by \$337 million, offset by \$154 million in increased tuition fee revenue and \$143 million in other post-secondary institution (PSI) own-source revenue increases, with \$43 million funded through institutional reserves. Expense has increased due mainly to operating pressures at PSIs, expansion of apprenticeship seats and higher costs for the Alberta Student Grant program.
- Energy and Minerals operating expense is \$51 million higher than budget, due mainly to higher costs to market and sell crude oil, which are fully offset by increased royalty revenue.
- Public Safety and Emergency Services operating expense has risen by a net \$40 million from *Budget 2023*. Expense increases of \$56 million that are offset by dedicated revenue include \$44 million for the costs of Northwest Territories (NWT) wildfires to be reimbursed by NWT government and \$12 million in federal Gun and Gang Violence funding. These increases are partly offset by \$16 million in lapses.
- Mental Health and Addiction operating expense has increased \$32 million from budget. The increase includes \$27 million for expanded mental health and addiction programs, partially funded by revenue from the new federal bi-lateral agreement, and a \$5 million increase for ministry support services.
- Education operating expense has increased by \$23 million from budget, with an additional \$30 million for higher-than-expected enrolment growth and \$3 million for federally-funded French language programs partly offset by \$10 million in savings.
- Seniors, Community and Social Services operating expense is \$19 million higher than budget, comprising increases of a net \$68 million for Employment and Income Support and Assured Income for the Severely Handicapped programs, \$29 million for Homelessness Action Plan initiatives, \$19 million for seniors' lodges and other housing support and a net \$5 million for other programs, partially offset by decreases of \$83 million in affordability payments and related costs, and \$19 million in programs for seniors, primarily due to lower caseloads.
- Justice operating expense has increased \$11 million from budget, with \$8 million for judicial compensation and \$10 million in federally-funded dedicated revenue-expense (primarily for Legal Aid Alberta), partly offset by \$7 million in savings.

- These net operating expense increases of \$1,092 million are partly offset by a net \$245 million in decreases in other ministry operating expense:
 - Environment and Protected Areas is \$98 million lower due mainly to \$132 million in expense being reprofiled to future years in the Technology Innovation and Emissions Reduction Fund, and decreases totalling \$15 million. These decreases are partly offset by \$35 million in higher Surface Rights Board landowner compensation payments and \$12 million for Low Carbon Economy Leadership Fund expense (which is funded by dedicated revenue from the federal government).
 - Children and Family Services operating expense has decreased \$90 million from *Budget 2023*. This is due mainly to \$73 million in lower affordability payments and related costs, and a \$21 million lapse in Alberta Child and Family Benefit payments, partly offset by a net \$4 million in expense increases including \$5 million for women’s shelters to support implementation of Alberta’s *Safe Streets Action Plan*.
 - A net \$55 million reduction in other ministry operating expense from various savings. This includes a \$21 million decline in dedicated revenue / expense for combatting Mountain Pine Beetle infestations.

Other ministry expense has increased a net \$254 million from budget. Debt servicing costs have risen by \$288 million due to higher interest rates on refinanced maturing debt and the impact of the higher rates on swaps. Losses on disposals have increased by \$24 million while inventory consumption is up \$13 million. These increases are partly offset by a \$36 million reduction in amortization expense and a \$36 million greater reduction in unfunded pension liabilities reported as negative expense.

Capital grants expense has decreased by \$446 million from budget. Increases of \$96 million mainly from flood mitigation projects, the charter hub, First Nation and Metis recovery communities, and re-profiling of LRT projects are more than offset by \$541 million in decreases primarily from the re-profiling of projects to future years.

Strengthening Health Care

Budget 2024 supports the delivery of quality health care across the province and the refocusing of Alberta’s health care system. Improved access to care will be enabled by refocusing Alberta’s health care system into specialized areas: primary care, acute care, continuing care and mental health and addiction. While mental health and addiction services will be overseen by the Minister of Mental Health and Addiction, all four organizations will be fully integrated.

The Ministry’s 2024-25 operating expense is \$26.2 billion, up \$1.1 billion, or 4.4 per cent from the 2023-24 forecast. Operating expense will further increase by 2.5 per cent in each of the following two years, reaching \$27.5 billion by 2026-27, \$2.4 billion higher than in 2023-24.

The increase in operating expense is partly offset by \$997 million in increased federal transfer revenue. Alberta’s government is working with the federal government on two bilateral agreements: The Shared Priorities - Working

Health expense of \$28.4 billion forecast in 2024-25, \$1.4 billion higher than in 2023-24.

Together to Improve Health Care for Canadians, recently signed, and Aging with Dignity, yet to be signed.

Refocusing health care in Alberta

Alberta's health care system is being refocused to improve health outcomes for Albertans and empower health care workers to deliver quality care across the province. A refocused health care system will provide Albertans with the necessary care when and where they need it. It will also enhance government's ability to provide system-wide oversight, set system priorities, and require accountability for those priorities on behalf of Albertans.

Refocusing health care system to provide Albertans with necessary care when and where they need it.

Primary Care

In 2024-25, a total of \$475 million is budgeted for Primary Care. *Budget 2024* will continue to help secure increased access to family doctors and health professionals for Albertans by supporting the ongoing implementation of the Modernizing Alberta's Primary Health Care System (MAPS) initiative. This includes \$200 million over two years for access to family physicians. In 2024-25, \$10 million is provided for primary health care initiatives in Indigenous communities, and \$15 million to support the compensation model for nurse practitioners to bring greater capacity into the system. Alberta Health and the Alberta Medical Association continue to work collaboratively to develop a new funding model for primary care physicians.

In Alberta, Primary Care Networks (PCNs) are the most common model of team-based primary health care delivery. PCNs provide comprehensive, collaborative primary health care services to the local communities they serve. *Budget 2024* includes \$300 million for Primary Care Networks to provide additional support while implementation of MAPS initiative continues.

Over the next three years \$8 million will be allocated to Alberta Newborn Screening. In addition, \$10 million will support development of a province-wide midwifery strategy, and \$10 million will be allocated to the Alberta Women's Health Foundation Legacy Grant in Edmonton and \$10 million to the Calgary Hospital Foundation, to support women's health initiatives.

Acute Care

Alberta Health Services (AHS) will continue to have a strong role in Alberta's health system, concentrating on delivering acute care services. Operating expense for Acute Care is \$4.4 billion in 2024-25, an increase of \$60 million from the 2023-24 forecast.

AHS to continue delivering acute care services.

AHS is currently preparing the Arthur J.E. Child Comprehensive Cancer Centre to open in 2024. This \$1.4 billion centre will have 160 inpatient beds and provide a wide range of services for cancer patients, as well as serving as a hub for medical education and research activities.

AHS, along with Covenant Health and chartered surgical facilities, will provide patients access to acute care delivery, clinical operations and emergency medical services (EMS). Continued investments to support the Healthcare Action Plan

will strengthen the EMS system and reduce surgical and emergency department wait times.

The financial impact of transitioning all community laboratory services to Alberta Precision Laboratories is reflected in 2023-24. This includes a total cash consideration paid of \$31.5 million plus the assumption of net working capital, reflecting the DynaLIFE assets acquired. Costs that were previously recorded as contract expenses will now be reflected in salaries, supplies, and physician compensation. A joint agreement between AHS and DynaLIFE enabled a smooth transition to integrate all public laboratory services in Alberta and ensure continuity of staff and service.

Continuing Care

There are a variety of continuing care services and supports available to Albertans, depending on an individual's health and personal care needs.

Budget 2024 includes a forecast of \$140 million per year over three years under the yet-to-be-signed Aging with Dignity federal bi-lateral agreement, allocated:

- \$70 million per year for Long-Term Care initiatives, including hiring Personal Support Workers and other health workers, wage increases or top-ups, improvements to workplace conditions, training, and compliance and enforcement of quality and safety.
- \$70 million per year for Home and Community Care initiatives, including activities / programs to enhance access to palliative and end of life care at home or in hospice, increased support for caregivers, and enhancements to home care infrastructure.

\$1 billion over three years to transform continuing care.

Budget 2024 honours government's commitment to invest \$1 billion over three years to transform the continuing care system in response to the Facility-Based Continuing Care Review. This strategic investment will shift care to the community, enhance workforce capacity, increase choice and innovation, and improve the quality of care.

Empowering and Supporting Health Care Workers

The Health Workforce Strategy will support current health care workers and build the future workforce. *Budget 2024* includes funding of \$126 million over three years for the Rural Physician Expansion Program, providing rural, Indigenous and other learners with increased access to medical education, ultimately increasing family medicine and generalist physicians in regional and rural Alberta communities.

\$126 million for Rural Physician Expansion Program.

Physician Compensation and Development

Budget 2024 includes \$6.6 billion in 2024-25, increasing to \$6.9 billion by 2026-27, for physician compensation and development. This includes \$129 million annually for recruitment and retention of physicians who practice full-time in underserved areas, a \$12 million increase for the existing Rural Remote Northern Program and \$12 million annually for physician support programs.

\$6.6 billion for physician compensation and development.

Physician practice viability is enhanced through the Business Costs Program, with funding increasing to \$20 million per year, with the greatest impact for office-based practices.

Drugs and Supplemental Health Benefits

Budget 2024 includes over \$2 billion per year for Drugs and Supplemental Health benefit programs. The Seniors Drug program budget is the largest component of this suite of programs, with \$883 million budgeted in 2024-25, supporting over 700,000 seniors.

Ministry of Health

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------------|---------------|---------------|---------------|---------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense: | | | | | |
| Ministry Support Services | 49 | 48 | 65 | 65 | 65 |
| Physician Compensation and Development | 6,057 | 6,298 | 6,561 | 6,561 | 6,912 |
| Acute Care | 4,157 | 4,340 | 4,400 | 4,582 | 4,674 |
| Diagnostic, Therapeutic and Other Patient Services | 2,331 | 2,355 | 2,382 | 2,485 | 2,513 |
| Drugs and Supplemental Health Benefits | 2,034 | 2,063 | 2,145 | 2,134 | 2,258 |
| Community Care | 2,002 | 1,998 | 2,074 | 2,219 | 2,293 |
| Continuing Care | 1,397 | 1,504 | 1,601 | 1,657 | 1,687 |
| Home Care | 893 | 836 | 921 | 973 | 998 |
| Population and Public Health | 725 | 742 | 941 | 943 | 830 |
| Emergency Medical Services | 720 | 683 | 711 | 747 | 767 |
| Support Services | 2,228 | 2,299 | 2,371 | 2,437 | 2,464 |
| Information Technology | 750 | 764 | 818 | 823 | 810 |
| Administration | 530 | 537 | 552 | 562 | 566 |
| Research and Education | 108 | 107 | 94 | 90 | 83 |
| Other Health Services | 552 | 537 | 571 | 583 | 614 |
| Subtotal operating expense | 24,533 | 25,112 | 26,207 | 26,862 | 27,534 |
| Capital grants | 89 | 16 | 242 | 173 | 456 |
| Amortization / loss on disposals | 556 | 564 | 580 | 578 | 562 |
| Inventory consumption | 1,278 | 1,290 | 1,344 | 1,379 | 1,384 |
| Disaster and emergency | - | 4 | - | - | - |
| Total Expense | 26,456 | 26,987 | 28,373 | 28,993 | 29,936 |

Mental Health and Addiction

The Ministry of Mental Health and Addiction is focused on supporting Albertans' overall wellness and maintaining recovery-oriented mental health and addiction services. In collaboration with partner ministries, the Ministry delivers a comprehensive range of integrated, community-based services including prevention, early intervention, treatment, and recovery.

Operating expense is \$171 million in 2024-25, rising to \$236 million in 2025-26 and \$262 million in 2026-27. In 2023-24, Alberta signed a bi-lateral agreement with the federal government that includes funding of \$287 million over four years for new mental health and addiction facilities, and targeted supports for children and youth, adults and Indigenous communities.

Mental health and addictions services and supports consolidated under Mental Health and Addiction Ministry.

The Refocusing Health Care in Alberta initiative will consolidate mental health and addiction services and supports across the province. The Ministry will establish a new mental health and addiction organization and a centre of recovery excellence as part of a system of care that supports resilience and long-term recovery from addiction and mental health challenges.

Ministry of Mental Health and Addiction

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|-----------------------------|------------|------------|------------|------------|------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense | | | | | |
| Ministry Support Services | 4 | 9 | 13 | 14 | 14 |
| Mental Health and Addiction | 144 | 171 | 158 | 222 | 249 |
| Subtotal operating expense | 148 | 180 | 171 | 236 | 262 |
| Capital grants | 18 | 49 | 135 | 82 | - |
| Total Expense | 166 | 230 | 306 | 319 | 262 |

The Capital Plan includes capital grants and investment totalling \$3.6 billion over three years for health care and mental health, a \$528 million increase from the *Budget 2023* three-year Plan. This will support health capital projects and programs to provide a more people-focused and cost-effective system for health and mental health care in both urban and rural communities. Additional details are provided in the Capital Plan chapter.

Investing in Education

K-12 Education

The Ministry of Education oversees the delivery of a student-centered Early Childhood Services through Grade 12 system.

Operating expense is forecast at \$9.3 billion in 2024-25, an increase of \$393 million, or 4.4 per cent from the 2023-24 forecast. By 2026-27, Ministry operating expense will grow to \$9.6 billion. This will support Alberta students, teachers, administrators and parents in addressing the emerging needs of the system, and in maintaining high-quality education services.

Budget 2024 funding addresses enrolment pressures, increases allocations for students with specialized needs and provides additional support for choice in education.

Funding Enrolment Growth

The rapid growth of Alberta's population has resulted in record school enrolment, with an estimated 28,000 new students in the 2023-24 school year. These pressures are particularly significant in our fastest-growing communities.

Budget 2024 provides an injection of \$842 million over the next three years to further fund enrolment growth. Including previously announced increases, the

An estimated 28,000 new students added in the 2023-24 school year.

government is providing school authorities with additional enrolment-based funding of more than \$1.2 billion over the next three years. This will support the hiring of more than 3,100 education staff, including teachers, educational assistants, bus drivers and school support staff.

In addition, the government is investing a total of \$2.1 billion, including \$764 million in new funding in *Budget 2024*, to build new schools, expand existing schools, and add modular classrooms. See the Capital Plan chapter for details.

Supporting Students with Specialized Needs

Alberta's government is committed to ensuring that all students and children with specialized learning needs receive the supports they need. In 2024-25, the government will provide a total of \$1.5 billion in learning supports for our most vulnerable students, children with specialized learning needs, and other students requiring additional supports.

As part of the learning support funding, \$26 million over the next three years is provided to expand access to early learning interventions for children with severe developmental disabilities or delays through Program Unit Funding. Total funding for Program Unit Funding is \$209 million in 2024-25.

Supporting Choice in Education

Budget 2024 allocates an additional \$24 million over the next three years to fund growth for new private schools and Early Childhood Services (ECS) operators, increasing the province's support for parental choice in education. In 2024-25, total government funding for accredited private schools and ECS operators will rise to \$408 million.

Over three years, \$1.2 billion in total - \$842 million added in *Budget 2024* - for K-12 enrolment growth, enabling hiring more than 3,100 education staff.

\$1.5 billion in 2024-25 learning supports for our most vulnerable students.

An additional \$24 million over three years for new private schools and ECS operators.

Ministry of Education

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|---------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense: | | | | | |
| Ministry Support Services | 6 | 6 | 7 | 7 | 7 |
| Instruction - Early Childhood Service to Grade 12 | 6,857 | 6,878 | 7,124 | 7,293 | 7,347 |
| Operations and Maintenance | 760 | 760 | 780 | 785 | 787 |
| Student Transportation | 476 | 468 | 540 | 549 | 554 |
| School Facilities | 6 | 6 | 6 | 6 | 6 |
| Governance and System Administration | 276 | 276 | 276 | 276 | 276 |
| Program Support Services | 110 | 110 | 112 | 113 | 114 |
| Accredited Private Schools and Early Childhood Service Operators | 345 | 355 | 408 | 443 | 471 |
| Subtotal operating expense | 8,836 | 8,859 | 9,252 | 9,471 | 9,561 |
| Capital grants | 3 | 24 | 26 | 1 | 1 |
| Amortization / loss on disposals | 479 | 468 | 484 | 484 | 484 |
| Debt servicing costs | 33 | 33 | 35 | 35 | 34 |
| Total Expense | 9,350 | 9,383 | 9,798 | 9,991 | 10,080 |

The budget also adds \$4 million in funding over two years (2025-26 and 2026-27) for collegiate schools. Total government support for program expansion at collegiate and public charter schools will be about \$10 million in 2024-25. These schools create more direct pathways to specific post-secondary and vocational fields for students. The new funding will be used to augment spaces to meet special program requirements, such as specialized Career and Technology Studies labs.

Post-secondary Education

The Ministry of Advanced Education oversees Alberta's adult learning system, which provides Albertans education and training opportunities they need to prepare for the workforce. Through investments in people, infrastructure and research, the post-secondary sector helps drive job creation, innovation, and the development of skilled and adaptive workers who contribute to Alberta's growing economy.

In 2024-25, the Ministry's operating expense is \$6.3 billion, an increase of \$189 million or 3.1 per cent over the 2023-24 forecast. This includes \$2.5 billion in direct operating support to Alberta post-secondary institutions (PSIs).

Providing Value to Taxpayers

The government is committed to a post-secondary education system that achieves results while providing value to Alberta taxpayers. PSIs are expected to finance a reasonable share of their operations from non-government sources, including tuition, fees and private support. In 2022-23, own-source revenue of Alberta PSIs averaged 53 per cent of PSI operating expense; by 2026-27 this share is projected to increase to 58 per cent, reducing the share funded by government to 42 per cent.

Building Skills for Jobs

The *Alberta 2030: Building Skills for Jobs* strategy, released in 2021-22, set a new vision and direction for Alberta's higher education system. This 10-year strategy supports Alberta's economy with a world-class post-secondary system focused on attracting and nurturing talent, creating opportunities for business and industry, and providing current and future generations of Albertans with the skills and knowledge they need to succeed.

Budget 2024 continues the implementation of this strategy through actions to expand apprenticeships, increase professional capacity in rural and mental health, support foundational learning and enhance international education.

Expanding Apprenticeship Education

Alberta's strengthening economy has led to a surge in demand for apprenticeship seats over the past two years. This demand is expected to continue to grow. *Budget 2024* includes funding increases totalling \$102 million over the next three years for an additional 3,200 apprenticeship classroom seats in high demand areas, and to support needed curriculum

Own-source PSI revenue expected to fund 58 per cent of operating expense by 2026-27, up from 53 per cent in 2022-23.

An increase of \$102 million to add 3,200 apprenticeship seats.

updates to the apprenticeship program. Funding for apprenticeship learning grants will rise to \$85 million in 2024-25.

Increasing Professional Capacity in Rural Health and Mental Health

Budget 2024 allocates \$62.4 million over three years to create two Rural Health Professional Training Centres and expand physician education, to address critical shortages of medical professionals, particularly in rural areas. The training centres will support local educational and clinical rotations, with the goal of retaining medical professionals in the rural areas where they train.

Two new rural health training centres to support medical professionals to stay in rural areas.

Budget 2024 also allocates \$10 million over the next three years to create additional mental health professional spaces at Alberta PSIs. This will enable the provision of increased mental health supports to Albertans, including those who may be experiencing homelessness and addiction-related issues.

Supporting Foundational Learning

The Community Adult Learning Program (CALP) provides adult learners with important foundational skills including English language learning, numeracy, and literacy, so that they can find jobs and support their families. With more people choosing to call Alberta home, the demand for adult learning opportunities is increasing.

Budget 2024 allocates an additional \$72.6 million over three years to address increased demand for both the CALP and Foundational Learning Assistance Grants. Funding in 2024-25 for the two programs increases by \$19.4 million, to \$138 million, keeping vital supports available to Albertans who need them.

\$19.4 million increase in 2024-25, to \$138 million, for foundational learning programs.

Ministry of Advanced Education

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|--------------|--------------|--------------|--------------|--------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense: | | | | | |
| Ministry Support Services | 15 | 14 | 14 | 15 | 15 |
| Post-Secondary Operations | 5,237 | 5,565 | 5,646 | 5,812 | 5,936 |
| Support for Adult Learning | 60 | 53 | 55 | 55 | 56 |
| Private Career Colleges and Student Aid | 297 | 314 | 391 | 385 | 383 |
| Regulated Professions | 2 | 2 | 2 | 2 | 2 |
| Apprenticeship | 48 | 48 | 57 | 59 | 59 |
| Foundational Learning | 120 | 120 | 140 | 143 | 147 |
| Subtotal operating expense | 5,779 | 6,116 | 6,305 | 6,471 | 6,598 |
| Amortization / loss on disposals | 563 | 540 | 548 | 573 | 579 |
| Inventory consumption | 180 | 180 | 196 | 203 | 203 |
| Pension provisions | (25) | (45) | (47) | (49) | (49) |
| Total Expense | 6,496 | 6,791 | 7,003 | 7,198 | 7,332 |

Support for Vulnerable Albertans

Budget 2024 maintains and expands supports for vulnerable Albertans.

Budget 2024 maintains and expands supports for vulnerable Albertans. It includes action to increase the number of foster caregivers, increased funding for child intervention services and the prevention of family violence and sexual abuse, and measures to address housing affordability and homelessness. This budget also introduces a new discount program for Alberta's seniors.

In 2023, the government announced that income supports for Alberta families with children, seniors, the disabled, and other Albertans would be indexed to inflation on an ongoing basis. Programs covered under this policy include the Alberta Child and Family Benefit, Assured Income for the Severely Handicapped, the Alberta Seniors Benefit, and other income supports.

In January of 2024, payment amounts under these program increased 4.2 per cent, reflecting the rate of inflation in 2023.

Children and Family Services

The Ministry of Children and Family Services provides a range of programs and services for children, youth and families to live safely and succeed in Alberta. Support for vulnerable children, youth and families, is at the core of the Ministry's mandate. Responsibility for affordable child care programs has been transferred to the Ministry of Jobs Economy and Trade (see p. 94 for details).

In 2024-25, Ministry operating expense will be \$1.5 billion, a \$137 million decrease from the 2023-24 forecast after adjusting for the transfer of the child care programs. Excluding \$198 million in one-time payments in 2023-24 under Alberta's *Affordability Action Plan*, the increase in 2024-25 Ministry operating expense is \$61 million, or 4.3 per cent. The increase is due mainly to measures to address the complexity of child intervention services, as well as increased outlays for the Alberta Child and Family Benefit.

Child Intervention Services: Protecting and Supporting Children at Risk

The Ministry provides services and supports that respond to concerns about the safety and well-being of children and youth in Alberta, including supporting kinship care or care with a family member, foster care, guardianship, adoption, and transition to adulthood.

\$22 million to index foster caregiver rates to inflation to support current, and attract additional caregivers.

Budget 2024 allocates an additional \$22 million over the next three years to support foster caregivers through indexation of foster care rates to CPI. Basic maintenance rates for foster caregivers have not been adjusted since 2018, and other rates recognizing skills, training and experience ("skill" fees) have not been increased since 2012. Indexation of these supports will address cost of living pressures for current foster parents, and provide a greater incentive for Alberta families to accept the responsibility of becoming foster caregivers.

Alberta's government is also providing additional funding for Child Intervention, so that vulnerable children receive the support they need as case complexity continues to increase. An additional \$14.2 million in support to those most in need is provided in 2024-25, on top of the \$18 million provided in 2023-24. This helps Alberta families have access to the high-quality services

when and where they need them. Child Intervention agencies are facing growing recruitment challenges, inflationary pressures and increased operating costs. The Ministry is committed to working with the sector so that agencies are financially supported to deliver essential services and provide crucial support to children, youth and families throughout the province.

Preventing Family Violence and Sexual Abuse

The Ministry collaborates with other Alberta government ministries, as well as agencies, organizations, and First Nations, Inuit, Metis and urban Indigenous communities, to promote safe communities and combat human trafficking and domestic violence. Prevention of Family and Sexual Violence program funding is \$85 million in 2024-25. The program oversees women’s shelters and services for the victims of sexual assault counselling centres, among other functions,

In addition, \$15 million over the next three years supports implementation of Alberta’s *Safe Streets Action Plan*, which will support women’s shelters and sexual assault counselling / centres.

Additional \$15 million over three years for women’s shelters and sexual assault counselling and centres.

Support for Low and Moderate Income Families

The Alberta Child and Family Benefit (ACFB) provides low and moderate income Alberta families with a non-taxable benefit. Under the ACFB, low-income families with two children are eligible for payments of up to \$3,641 for the 2024-25 benefit year. Payment amounts and phase-out income thresholds under the ACFB are indexed to inflation. Due to population growth and indexation, total 2024-25 ACFB payments are projected at \$355 million, an increase of \$31 million or 9.6 per cent.

Addressing Gender-Based Violence

Alberta’s government is committed to combating gender-based violence and increasing gender equality. The Ministry of Arts, Culture and Status of Women is developing a 10-year strategy to end gender-based violence. In *Budget 2024*, the Ministry is allocating \$15.7 million per year (\$47 million over the next three years) towards this objective.

\$47 million over three years for strategy to end gender-based violence.

Ministry of Children and Family Services

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense: | | | | | |
| Ministry Support Services | 6 | 6 | 6 | 6 | 6 |
| Child Intervention | 868 | 865 | 893 | 925 | 935 |
| Early Intervention Services for Children and Youth | 144 | 144 | 148 | 151 | 152 |
| Prevention of Family and Sexual Violence | 80 | 87 | 85 | 85 | 86 |
| Indigenous Partnerships | 10 | 10 | 10 | 11 | 11 |
| Alberta Child and Family Benefit | 345 | 324 | 355 | 365 | 375 |
| Affordability Supports and Inflation Relief – Families with Children | 271 | 198 | - | - | - |
| Subtotal operating expense | 1,725 | 1,635 | 1,498 | 1,543 | 1,565 |
| Capital grants | 1 | 4 | - | - | - |
| Total Expense | 1,726 | 1,638 | 1,498 | 1,543 | 1,565 |

Seniors, Community and Social Services

The Ministry of Seniors, Community and Social Services (SCSS) provides programs and services to assist seniors and promote their safety and well-being, services to Albertans with disabilities and those who are facing homelessness, employment and income supports, and supports for affordable housing.

For 2024-25, Ministry operating expense is \$5.2 billion, or \$42 million less than the forecast for 2023-24. However, after accounting for the impact of \$193 million in one-time affordability programs in 2023-24, the Ministry's increase in operating expense in 2024-25 is \$151 million, or 3 per cent.

In addition to maintaining the Ministry's core programs, *Budget 2024* focuses on the priorities of affordable housing and homelessness.

Increased Support for Affordable Housing

Alberta currently provides housing support services to over 108,000 Albertans in 58,600 households through affordable housing, rental supplements, and other programs. In 2023-24, \$219 million in operating expense was budgeted in the Alberta Social Housing Corporation to support affordable housing options for Alberta seniors, families, and individuals.

Operating support for the Seniors Lodge, Social Housing and Specialized Housing and Rental Assistance programs is being increased by \$38 million in 2024-25, and \$61 million over 2024-25 to 2026-27. In 2024-25, total funding allocated to these programs is \$257 million.

This funding will support grant rate increases to housing providers to address operational pressures at housing facilities, and to maintain service quality at these facilities. It will also address cost pressures in the Rental Assistance Program arising from increases in market rents, and enable the expansion of the program to support an additional 550 Alberta households in need, bringing total renter households supported to 12,700.

In addition, the three-year Capital Plan allocates \$717 million in capital grants to advance the goals of Alberta's Affordable Housing Strategy. This includes \$254 million in new funding, which will support a commitment to build approximately 3,300 new affordable housing units, as well as to complete 1,800 units that have already been committed to or are currently in progress. Additional details are provided in the Capital Plan chapter.

Supporting Homeless Albertans

Budget 2024 also provides significant additional funding of \$24.5 million in 2024-25, and \$70 million over the next three years, for the ongoing implementation of the Homelessness Task Force Action Plan. The funding will be used to add hundreds of new homeless shelter spaces, as well as to support operational cost pressures at shelters throughout the province.

Operating support for affordable housing programs increased by \$38 million in 2024-25.

Capital grants increased by \$254 million over three years to build 3,300 affordable housing units.

\$70 million over three years to add hundreds of new homeless shelter spaces.

Income Assistance

In 2023-24, the Ministry is forecasting almost \$2.9 billion in income assistance through Expected to Work and Barriers to Full Employment income support programs, Assured Income for the Severely Handicapped (AISH), and the Alberta Seniors Benefit (ASB). In 2024-25 this amount is expected to increase by \$73 million, or 2.5 per cent, mainly driven by caseload pressures and indexation of supports to inflation.

Ministry of Seniors, Community and Social Services

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|--------------|--------------|--------------|--------------|--------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense: | | | | | |
| Ministry Support Services | 33 | 33 | 33 | 34 | 34 |
| Employment and Income Support | 789 | 835 | 789 | 793 | 804 |
| Assured Income for the Severely Handicapped | 1,538 | 1,560 | 1,647 | 1,714 | 1,801 |
| Disability Services | 1,531 | 1,538 | 1,580 | 1,646 | 1,660 |
| Homeless and Outreach Support Services | 188 | 218 | 213 | 213 | 209 |
| Community Supports and Family Safety | 136 | 136 | 136 | 136 | 136 |
| Seniors Services | 28 | 27 | 29 | 32 | 35 |
| Alberta Seniors Benefit | 494 | 475 | 507 | 532 | 558 |
| Housing | 11 | 11 | 11 | 11 | 11 |
| Public Guardian and Trustee Services | 27 | 27 | 28 | 28 | 29 |
| Affordability Support and Inflation Relief | 276 | 193 | - | - | - |
| Alberta Social Housing Corporation | 200 | 219 | 257 | 252 | 280 |
| Subtotal operating expense | 5,252 | 5,271 | 5,229 | 5,392 | 5,558 |
| Capital grants | 81 | 80 | 162 | 264 | 307 |
| Amortization / loss on disposals | 57 | 57 | 57 | 60 | 60 |
| Disaster and emergency | - | 55 | - | - | - |
| Total Expense | 5,390 | 5,464 | 5,447 | 5,716 | 5,925 |

A New Seniors Discount

Alberta's government recognizes the distinct affordability challenges facing our seniors, many of whom rely on fixed and / or limited incomes. Accordingly, a new 25 per cent discount for seniors on personal registry services and medical driving tests is being implemented in 2024-25, at an estimated expense of \$16.6 million per year. The discount, delivered through the registries system, and reported in Service Alberta and Red Tape Reduction, will provide an estimated \$16-\$20 million per year in benefits to seniors when associated implications to revenue are included.

Alberta seniors to receive a 25 per cent discount on personal registry services and medical driving tests.

Keeping Albertans Safe and Secure

Strengthening Public Safety and Security

Albertans have a right to feel secure and safe in their communities, wherever they reside. *Budget 2024* builds upon significant recent investments in this area.

Public Safety and Emergency Services

Public Safety and Emergency Services is responsible for keeping Alberta communities safe and secure. Operating expense is \$1.2 billion in 2024-25, an increase of \$22 million from the 2023-24 forecast.

Safe Streets Action Plan adds 100 street-level police officers in Edmonton and Calgary.

The Ministry continues to implement the *Safe Streets Action Plan*, which will deploy 100 more street-level police officers to increase the visible law enforcement presence and tackle criminal activity in high-crime locations in Calgary and Edmonton. As part of the Plan, Police and Crisis Teams (PACT) in Calgary and Edmonton pair police constables with mental health therapists from Alberta Health Services (AHS) to respond to calls where there is a mental health concern. In addition, the Ministry will enhance efforts to prevent, disrupt and combat gun and gang violence leveraging federal funding.

Work is underway to enhance emergency management preparedness measures and capacity so the province is prepared to respond to natural disasters or other emergencies anywhere in the province. The Alberta Emergency Management Agency (AEMA) base budget is increasing by \$3 million in 2024-25, after adjusting for \$44 million in 2023-24 expense related to the Northwest Territories (NWT) wildfires, to be re-imbursed by the NWT government. Included in the 2023-24 budget was \$6 million in 911 call expense that is now reported by AHS. AEMA expense declines by \$2 million in 2025-26 and 2026-27 as funding for managing Personal Protective Equipment inventory implemented for three years in 2022-23 during the COVID-19 pandemic ends.

Ministry of Public Safety and Emergency Services

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense: | | | | | |
| Ministry Support Services | 9 | 9 | 11 | 11 | 11 |
| Public Security | 709 | 717 | 763 | 824 | 877 |
| Correctional Services | 336 | 331 | 343 | 354 | 373 |
| Alberta Emergency Management Agency | 77 | 115 | 74 | 72 | 72 |
| Strategy, Support and Integrated Initiatives | 16 | 16 | 20 | 21 | 21 |
| Victims of Crime and Public Safety Fund | 39 | 40 | 39 | 39 | 39 |
| Subtotal operating expense | 1,187 | 1,227 | 1,249 | 1,321 | 1,393 |
| Amortization / loss on disposals | 29 | 29 | 29 | 29 | 29 |
| Inventory consumption | 1 | 1 | 1 | 1 | 1 |
| Disaster and emergency | - | 253 | - | - | - |
| Total Expense | 1,217 | 1,510 | 1,279 | 1,351 | 1,423 |

Justice

Operating expense of \$681 million in 2024-25 for Justice, an increase of 2.3 per cent.

The Ministry of Justice is responsible for administering a fair and efficient justice system. Operating expense is budgeted at \$681 million in 2024-25, an increase of \$15 million, or 2.3 per cent from the 2023-24 forecast.

Operating expense for Court and Justice Services is \$282 million, which will address growth in the volume of court cases and increased demand for new judicial positions, and enable conducting criminal matters in a timely manner. This includes over \$3 million for digital modernization, including the coordination of major capital projects, enhancement of data security and other technology needs.

Operating expense for Alberta Crown Prosecution Services is \$139 million in 2024-25. To help address safety in Alberta’s major urban centres and elsewhere in the province, the Ministry is developing specialized prosecution services to detain and effectively prosecute violent criminals and gang members.

The Ministry will continue to work with Mental Health and Addiction, develop compassionate intervention legislation, and support facilities and legal processes to protect those in danger to themselves or others.

Government is committed to a strengthened justice system, which provides Albertans with affordable and efficient access to justice, including timely legal help when necessary. The department will provide Legal Aid Alberta with a \$110 million grant in 2024-25 which will maintain current service levels and also support an increase in financial eligibility guidelines taking effect April 1, 2024. This ensures legal aid is accessible to more vulnerable Albertans and maintains appropriate stewardship of public funds.

Ministry of Justice

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|------------|------------|------------|------------|------------|
| | Budget | Forecast | Estimate | Target | Target |
| Operating expense: | | | | | |
| Ministry Support Services | 9 | 9 | 12 | 15 | 15 |
| Court and Justice Services | 258 | 266 | 282 | 289 | 293 |
| Legal Services | 66 | 59 | 70 | 71 | 72 |
| Alberta Crown Prosecution Services | 129 | 129 | 139 | 142 | 143 |
| Strategy, Support and Integrated Initiatives | 185 | 195 | 170 | 171 | 171 |
| Alberta Human Rights | 7 | 7 | 8 | 9 | 9 |
| Subtotal operating expense | 655 | 666 | 681 | 696 | 702 |
| Amortization / loss on disposals | 4 | 4 | 4 | 4 | 4 |
| Total Expense | 658 | 669 | 685 | 700 | 706 |

Enhancing Our Preparedness for Natural Disasters

Alberta experienced a number of significant natural disasters in 2023, including an unprecedented wildfire season, a major drought affecting many parts of the province, and floods in northwestern Alberta.

Alberta continues to face major risks of wildfires, droughts and water shortages in 2024 and beyond. Water levels remain extremely low through much of the province.

Budget 2024 includes several measures to enhance our preparedness for natural disasters and thereby protect the lives and livelihoods of Albertans. These measures, which include investment in wildfire preparedness and water management and water infrastructure, extend across a number of ministries.

Protecting the Environment and Responsibly Managing Our Resources

Alberta's government is committed to protecting our environment, while at the same time managing and developing our natural resources to the benefit of current and future Albertans. *Budget 2024* builds upon the province's record of responsible environmental stewardship and resource management.

Forestry and Parks

The Ministry of Forestry and Parks protects our forests from wildfires, preserves provincial parks, enables public land access and manages sustainable rangelands and grazing leases, and promotes environmentally responsible wood products.

For 2024-25, the Ministry's operating expense of \$351 million is \$52 million, or 17.4 per cent higher than the 2023-24 forecast, with the majority of the increase enhancing the province's ability to prepare for and fight wildfires.

Preparing For and Managing Wildfires

2023 brought an unprecedented wildfire season to Alberta. On May 6th, a Provincial State of Emergency was declared to help protect the safety, health and welfare of Albertans. From January 1 to December 31, 2023, wildfires burned over 2.2 million hectares, ten times the five-year average. Approximately 1,700 government of Alberta personnel and over 300 contractors responded to 1,132 wildfires during this time period. Due to the severity of the wildfires, a total of 4,231 additional personnel were imported from 22 jurisdictions across Canada and the world to support wildfire suppression operations.

Budget 2024 includes funding of \$151 million over the next three years for enhancements to the Wildfire Management Program, to improve Alberta's wildfire response readiness, enhance night operations, support volunteer and community wildfire response programs, provide additional airtanker support and help provide additional resources to fight wildfires.

\$151 million over three years to enhance wildfire management and preparation, after a severe 2023 wildfire season.

Environment and Protected Areas

The Ministry of Environment and Protected Areas is focused on conserving Alberta's rich and diverse landscapes and biodiversity for future generations, supporting emissions reductions through investment in innovation and technology, preserving our economic prosperity and a sustainable future for Albertans.

Operating expense in 2024-25 is \$512 million, \$119 million higher than the 2023-24 forecast, which decreased a net \$98 million primarily due to re-profiling of 2023-24 TIER expense into 2025-26 and future years. *Budget 2024* increases include new allocations to support caribou habitat recovery, water availability and drought management, and development of land use plans.

Caribou Habitat Recovery

Increases of \$27 million over the next two years support the caribou recovery program, including reforestation within caribou ranges across northern Alberta by increasing capacity in the tree nursery sector, enhancing reporting and tracking of reforestation activities, and improving caribou population surveys.

Increasing Water Availability

Operating expense of \$19 million over the next three years supports the Strategy to Increase Water Availability, which has four key objectives: 1) improving storage infrastructure, to help capture and use Alberta's full share of water; 2) policy and regulatory enhancements, including faster and more efficient water license applications; 3) upgrading data and information systems; 4) enhancing conservation, efficiency and productivity. These advancements will help increase availability of water for water users and maintain the highest standards of water conservation and treatment.

The Capital Plan includes \$75 million over three years, and \$125 million over five years for Renewed Flood and Drought Mitigation Grant Program projects that help safeguard Alberta communities from impacts of severe weather events. Additional investment in water management are provided in the ministries of Agriculture and Irrigation, and Transportation and Economic Corridors.

\$125 million over five years for flood and drought mitigation projects.

Water Advisory Committee

Alberta's government is taking action to prepare for a potential drought in 2024. A new, independent advisory committee will provide feedback and advice to Alberta's government on drought and water management. Along with the advisory committee, Alberta's government will continue to work with municipalities, water users, farmers, industry, First Nations and others to help prepare for the risk of severe drought.

Monitoring Alberta's Oil Sands

The Ministry continues to manage the Oil Sands Monitoring Program (OSMP) in partnership with Indigenous communities, oil sands companies and the federal government, to enhance understanding of the cumulative effects of oil sands development activities on the environment.

Budget 2024 provides an increase of \$14 million over the next three years to support additional oil sands monitoring, evaluation and reporting activities. OSMP funding is \$54 million per year, or \$163 million over three years.

Emission Reduction and Energy Development Plan

In April of 2023, the Emission Reduction and Energy Development Plan (ERED) was released, setting Alberta on the path to carbon neutrality by 2050, without compromising affordable, reliable and secure energy for Albertans, Canadians and the world. It features a major focus on investments in clean technology and innovation, including investments through Alberta's Technology Innovation and Emissions Reduction Fund (TIER).

Technology Innovation and Emissions Reduction

Alberta continues to protect the competitiveness of our industries and drive investments in clean technology through the TIER Regulation and the Alberta Methane Emissions Reduction Regulation.

The TIER Regulation is the province's industrial carbon pricing and emissions trading system, and is a centrepiece of Alberta's effective approach to emissions management. The TIER Regulation applies to large industrial emitters and voluntarily participating facilities such as smaller oil and gas operations. There are close to 600 regulated facilities in the TIER system, which currently covers about 60 per cent of Alberta's total carbon emissions.

Amendments to increase the stringency of the TIER Regulation took effect in January 2023, and will drive further emissions reductions through tightening standards and increased coverage. In addition, over the next several years the TIER Fund will be an important source of funding for investments in clean technology, including carbon capture, utilization and storage (CCUS).

Budget 2024 includes funding of nearly \$600 million over three years from the TIER Fund to support a suite of programs to reduce emissions, support clean technology development, create jobs, and enhance climate resiliency in Alberta. Included in this are continued investments in programs delivered by key partners, including Emissions Reduction Alberta and Alberta Innovates Corporation.

A total of \$226 million is forecast to be available in the TIER Fund by the end of 2023-24 to fund the new Alberta Carbon Capture Incentive Program (ACCIP) in future years, and a further \$167 million is allocated to ACCIP from the TIER Fund over the next three fiscal years (2024-25 to 2026-27).

Beginning in 2024-25, if TIER Fund revenue reaches \$100 million, 25 per cent of the amount in excess of \$100 million is allocated to support ACCIP.

\$600 million over three years from TIER for emissions reduction and clean technology development, including carbon capture, utilization and storage.

Technology Innovation and Emissions Reduction

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|------------|------------|------------|------------|------------|
| | Budget | Forecast | Estimate | Target | Target |
| Revenue: | | | | | |
| TIER Fund | 523 | 851 | 539 | 255 | 179 |
| Federal Low Carbon Economy Leadership Fund / other | 10 | 22 | - | - | - |
| Total | 533 | 872 | 539 | 255 | 179 |
| Allocation: | | | | | |
| Innovation and Technology and Carbon Capture and Storage Projects | 262 | 102 | 273 | 141 | 104 |
| Low Carbon Economy Leadership Fund Projects | 10 | 22 | - | - | - |
| Regulatory and Operations | 11 | 12 | 12 | 12 | 12 |
| Coal Workforce Transition | 5 | 2 | 9 | 3 | 3 |
| Climate Resilience Projects | - | - | 11 | 9 | 8 |
| Ab. Carbon Capture Incentive Prgm. / Debt Reduction / Can. Energy Centre | 210 | 374 | 219 | 77 | 39 |
| Total Allocation | 499 | 511 | 523 | 242 | 166 |
| Cumulative amount available for Alberta Carbon Capture Incentive Program | 226 | 226 | 226 | 226 | 226 |

Energy and Minerals

The Ministry of Energy and Minerals manages Alberta's energy and mineral resources so that they are developed responsibly, in a way that benefits and brings value to Albertans.

The Ministry's 2024-25 operating expense budget is \$823 million, an increase of \$6 million from the 2023-24 forecast.

Alberta Carbon Capture Investment Program

The new ACCIP will support and accelerate the development of CCUS by providing incentives for facilities to incorporate emission reduction into their operations, while creating jobs for Albertans. The ACCIP will provide a 12 per cent grant for eligible CCUS capital costs. Funding from the ACCIP will be available once the federal government has legislated its investment tax credit (ITC) for CCUS, which will give clarity around the expected operation of the federal ITC, and when the federal government provides a program for operating supports such as carbon contracts for difference.

Another key component of the province's energy development and diversification strategy is the Alberta Petrochemicals Incentive Program (APIP). The objective of this grant program, introduced in 2020, is to turn the province into a top global producer of petrochemicals. The APIP provides grants worth 12 per cent of a project's eligible capital costs for Alberta-based petrochemicals projects. To date, the government has received applications under this program representing total potential investments of \$39 billion. In 2023-24, three projects are expected to receive APIP grant payments totalling \$116 million.

The Ministry continues to implement several other initiatives to advance primary and value-added energy and minerals development. These initiatives, which include the Natural Gas Vision and Strategy, the Hydrogen Roadmap and the Minerals Strategy, support the development of natural gas, LNG, hydrogen, ammonia, recycled plastics, geothermal resources, helium, lithium and other minerals, spurring investment, creating jobs and helping drive Alberta's current and future growth.

APIP has received or approved applications for projects worth \$39 billion, and three projects are expected to receive \$116 million in 2023-24.

Sustaining Alberta's Growth

Alberta continues to be the economic and job creation engine of Canada. In 2023, the province added 90,000 jobs, 22 per cent of the total added nationally, with less than 12 per cent of the country's population. The government is working to maintain this position of economic leadership through policies to attract investment and talent, connect Albertans to jobs, and promote value-added activity and economic diversification.

A key component of this effort is marketing Alberta - our expertise in energy and agriculture, our culture of innovation, our world-class tourism destinations, and numerous other attractions - both nationally and globally. Invest Alberta Corporation works to attract investors and businesses, and the international office network promotes trade, Alberta's quality of life, and attracts investment and skilled people. Alberta's government has had international offices for over

50 years, and currently there are 16 offices in four main global regions: United States, Latin America, Europe / Middle East / Africa, and Indo-Pacific. An Alberta Office in Ottawa has recently been added.

Budget 2024 builds upon the government's existing efforts with actions that will further strengthen the province's competitive position and expand economic opportunities for Albertans. In addition to the initiatives outlined in the preceding sections, there are several other measures, either underway or announced in *Budget 2024*, that will help sustain Alberta's growth.

Jobs, Economy and Trade

Jobs, Economy and Trade now responsible for child care and early learning programs.

Jobs, Economy and Trade leads efforts to grow Alberta's economy by supporting Alberta's entrepreneurs and employers, promoting trade and investment, helping recruit and retain workers, and promoting safe, fair and healthy workplaces. In 2024-25, the Ministry also assumes responsibility for child care and early learning programs, reflecting the importance of these programs to the growth of our economy.

Operating expense in 2024-25 is \$1.8 billion, an increase of \$204 million from 2023-24, after restating for the child care program transfer. The increase is mainly due to \$201 million in higher child care funding. Other increases for Occupational Health and Safety and the Appeals Commission for Alberta Workers' Compensation, both offset by dedicated revenue, and for coal workforce transition support, are partially offset by lower film and television tax credit expense, as expected in *Budget 2023*.

Securing Access to Affordable Child Care

Having access to affordable and high-quality child care enables Albertans with young children to pursue educational or professional training, and to enter into, or remain in the workforce.

By facilitating skills development and participation in the labour market, affordable child care has a key role in ensuring that Alberta reaches its economic potential. For this reason, responsibility for affordable child care programs was transferred to the Ministry of Jobs, Economy and Trade from the Ministry of Child and Family Services.

Child care fees reduced to an average of \$15 / day in January 2024 and expected to be \$10 / day by January 2026.

In 2021, Alberta negotiated an agreement with the federal government to increase access to affordable and high-quality child care through a 'made-in-Alberta' plan. This enabled reducing fees for Alberta parents of children up to kindergarten age by 50 per cent in January of 2022, and further to an average of \$15 per day in January of 2024. By 2026, parents will pay an average of \$10 per day for child care. The plan helps reduce costs for Alberta families in two ways: 1) by providing grants to not-for-profit and private child care operators to lower fees for all parents; and 2) by expanding eligibility for child care subsidies, providing additional cost savings to families earning up to \$180,000 per year.

\$1.5 billion for child care services, a \$201 million or 15.9 per cent increase in 2024-25.

Budget 2024 provides a total of \$1.5 billion for child care services, an increase of \$201 million, or 15.9 percent from 2023-24. Funding grows an additional \$102 million over the following two years, reaching \$1.6 billion in 2026-27.

Alberta is Calling Attraction Bonus

The Alberta is Calling Attraction Bonus targets skilled workers to help fill critical labour shortages in the province. The program starts in April 2024, and expense of \$1 million in 2024-25, \$12 million in 2025-26 and \$1 million in 2026-27 is forecast. Further details are provided in the Tax Plan chapter.

The Alberta is Calling Attraction Bonus targets skilled workers to address critical labour shortages.

Labour market and workforce strategies

Alberta's government is continuing its efforts to develop a workforce that meets the province's short and long-term labour market needs, with numerous labour and skills development initiatives across various ministries. These were ramped up due to the challenges of skilled labour shortages and other employment issues post-pandemic with *Alberta at Work* in *Budget 2022*, and later through various workforce strategy initiatives. Operating expense is \$273 million and \$289 million in 2023-24 and 2024-25 for these, declining to \$235 million by 2026-27 as they wind down. The initiatives include expanding apprenticeship, skills development, driver training, aviation, health care, technology and energy programs, attraction of investment into specialized sectors such as artificial intelligence and Indigenous training. Capital investment of about \$118 million in 2023-24 and 2024-25 is also estimated, dropping to \$22 million thereafter as the University of Calgary veterinarian medicine and collegiate and public charter school projects are completed.

In addition, the federal government provides about \$317 million per year in labour market development transfers, which largely fund other programs such as apprenticeships at post-secondary institutions, Indigenous employment and training programs and programs for persons with disabilities.

Agriculture and Irrigation

The Ministry of Agriculture and Irrigation supports the growth, diversification and sustainability of Alberta's agriculture industry.

For 2024-25, Ministry operating expense budget is \$870 million, an increase of \$77 million, or 9.7 per cent from 2023-24. This includes a \$49 million increase in reinsurance costs for the Agriculture Financial Services Corporation. This is due to increased purchases of reinsurance for the AgriInsurance and Livestock and Hail programs, which are needed to ensure that sufficient funds are available to finance future losses from disasters.

Agriculture and Irrigation operating expense is \$870 million in 2024-25, a 9.7 per cent increase.

Budget 2024 provides \$9 million in additional operational funding in 2024-25 for water management. This includes an investment of \$5 million per year for the maintenance of canals, to ensure that Alberta farmers and communities have reliable and safe water supplies. In addition, the Capital Plan includes investments totalling over \$400 million over the next three years for water management infrastructure and irrigation projects and rehabilitation. Additional details are provided in the Capital Plan chapter.

Over \$400 million over three years for water management infrastructure, irrigation and rehabilitation projects.

In *Budget 2023*, the government announced a new Alberta Agri-Processing Investment Tax Credit. It provides a 12 per cent non-refundable tax credit for eligible capital investment of at least \$10 million on projects to build or expand agri-processing facilities in Alberta. Up to \$175 million in tax credits is

available for each project. To date, the government has conditionally approved three applications under this program, for projects with a total investment value estimated at over \$120 million.

Tourism and Sport

The Ministry of Tourism and Sport supports the growth and diversification of Alberta's tourism industry, programs and services that provide Albertans with options to be physically active, and the development of Alberta's amateur athletes at the provincial, national and international levels.

Operating expense for 2024-25 is \$126 million, an increase of \$14 million, or 12.7 per cent over the 2023-24 forecast, with Travel Alberta Corporation receiving \$8 million of the increase for the implementation of the 10-year Tourism Strategy, including support for air access and resort development. Funding also continues for the Canadian Finals Rodeo and Hockey Canada (including the 2027 International Ice Hockey Federation World Junior Championship).

Tourism and Sport operating expense increasing 12.7 per cent, with added Travel Alberta funding to implement the Tourism Strategy.

Indigenous Relations

The Ministry of Indigenous Relations works with Indigenous communities, other levels of government, industry, and other stakeholders to support strong, vibrant Indigenous communities and people who fully participate in a prosperous, competitive, and diverse Alberta.

For 2024-25, Ministry operating expense is forecast at \$210 million, with the \$1 million decrease from 2023-24 reflecting lower dedicated gaming revenue and related expense.

Since 2006, over \$1 billion has been provided through the First Nations Development Fund (FNDF), in support of over 5,000 economic, social and community development projects. The FNDF receives a share of gaming revenue generated in on-reserve casinos. This is projected to provide funding of \$141.8 million in 2024-25, increasing to \$144 million by 2026-27.

In October 2023, the government increased the aggregate loan guarantee limit for the Alberta Indigenous Opportunities Corporation (AIOC) from \$1 billion to \$2 billion, with an additional \$1 billion increase to \$3 billion to take effect in 2024-25. This will increase the capacity of Alberta's Indigenous communities to participate in economic opportunities, in fields such as health care, manufacturing, forestry, tourism, and technology. In addition, \$9.2 million in operating expense in 2024-25 is allocated to AIOC to support Indigenous groups investing in natural resources projects that will benefit Alberta's economy.

AIOC loan guarantee limit raised to \$2 billion in 2023-24 and is rising to \$3 billion in 2024-25.

Immigration and Multiculturalism

Immigration and Multiculturalism is responsible for promoting and enabling an inclusive, multicultural society that attracts and supports immigrants to strengthen and grow Alberta's economy. In 2023, Alberta's significant population growth of 4.1 per cent (184,000 persons) included 112,000 net international and 56,000 net interprovincial migrants.

Ministry operating expense is \$41.8 million in 2024-25, a \$2.7 million or 6.8 per cent increase from the 2023-24 forecast, mainly due to fee and volume increases in the International Qualifications Assessment Services and the Alberta Advantage Immigration Program. These programs permit continued focus on growing Alberta's work force by attracting international talent and providing supports to them.

Arts, Culture and Status of Women

Arts, Culture and Status of Women operating expense is \$157 million in 2024-25, with increases of \$4.5 million in 2024-25, \$9 million in 2025-26 and \$13.5 million in 2026-27 for arts and artists through the Alberta Foundation for the Arts, and \$3 million per year added for French language services.

Other Ministries

Other ministries' total expense in 2024-25 is \$12.9 billion, a \$3 billion increase from the 2023-24 forecast, with \$2 billion due to fully allocating the 2023-24 contingency to other categories of expense, and adding \$500 million to the contingency in 2024-25.

Operating expense in 2024-25 totals \$4.4 billion, a \$234 million increase from the 2023-24 forecast, reflecting volume and price growth for programs and services. Capital grant expense is forecast at \$2.4 billion, a \$648 million increase from 2023-24, due mainly to the transition to the new legislated Local Government Fiscal Framework (LGFF) from the former Municipal Sustainability Initiative (MSI), as well as the re-profiling of capital projects from 2023-24 into 2024-25.

The budgeted contingency has been increased by \$500 million, to \$2 billion.

Other expense of \$4.1 billion, comprising amortization, inventory consumption, capital asset disposal losses, debt servicing costs and pension provisions, has increased by \$147 million from the 2023-24 forecast, due mainly to higher debt servicing costs.

Highlights for most of these ministries follow:

Municipal Affairs supports municipalities in providing well-managed, collaborative and accountable local government to Albertans, by providing grants to municipalities, advisory and capacity-building assistance, managing public services in Special Areas, and providing limited administrative services to improvement districts.

Ministry operating expense in 2024-25 is estimated at \$235 million, an increase of \$8 million from the 2023-24 forecast. This primarily reflects higher grants in place of taxes, increased volume, complexity and legal costs of property tax assessment complaints and appeals, which is offset by dedicated revenue, and expected compensation adjustments. Capital grant expense is also increasing, by \$265 million, due mainly to the new \$20 million per year Local Growth and Sustainability Grant and a \$237 million increase in municipal general capital support as the new legislated LGFF approach replaces the former MSI.

New \$20 million per year Local Growth and Sustainability Grant and an increase of \$237 million in capital support to municipalities in 2024-25.

Capital grants to municipalities for transportation projects and water management infrastructure rising \$350 million in 2024-25.

Transportation and Economic Corridors is responsible for providing a safe and efficient transportation network, highway maintenance and oversight activities supporting safety through education, monitoring and compliance programs. Ministry operating expense is \$549 million in 2024-25, \$35 million higher than the 2023-24 forecast, reflecting increases for highway maintenance, expanded support for commercial driver training, traffic safety programs and exploration of feasibility of, and options for, commuter and passenger rail services in Alberta. Capital grants to municipalities for Calgary and Edmonton LRT projects, and other transportation and water management infrastructure projects, are increasing by \$350 million.

Service Alberta and Red Tape Reduction supports other ministries in efficient delivery of programs, services, and information. It is also responsible for consumer and registry services, including the land titles system.

Ministry operating expense is forecast at \$180 million in 2024-25, an increase of \$19 million from the 2023-24 forecast due mainly to the new seniors' discount of 25 per cent, estimated at \$16.6 million per year.

While the land titles backlog was cleared in 2023, \$2.1 million in 2024-25, and \$9 million over the following two years, is provided to support an expected increase in demand. This expense is funded by increased revenue from the new Land Titles Registration Levy, which replaces a number of previous fees.

Expense of \$6.4 million over three years is budgeted to support the continued modernization of the registries system. In 2024-25, \$3 million is also allocated to implement the new tax on electric vehicles, which will be delivered through the registries system. \$1 million in 2024-25 will support a review of the *Gaming, Liquor and Cannabis Act* and supporting Regulation, with the objectives of reducing the regulatory burden on business and finding ways to increase contributions to Alberta charities and community facilities.

Technology and Innovation helps drive Alberta economic diversification efforts by engaging and supporting innovators, entrepreneurs, and businesses, funds applied research and emerging technologies, and improves government productivity, efficiency and effectiveness through modernizing processes and information management.

Technology and Innovation operating expense increased \$51 million in 2024-25 mainly to reduce vulnerability to cyberattacks.

Ministry operating expense in 2024-25 is \$759 million, an increase of \$51 million from the 2023-24 forecast. The increase is mainly to reduce vulnerability to cyberattacks, as well as to support delivery of modern digital services to Albertans, address demand for cloud-based platforms and enhance the Enterprise Resource Planning system. A portion of capital grants for the Broadband Strategy have been re-profiled from 2023-24 into future years, with the goal to provide every Albertan access to reliable, high-speed internet by 2027.

Treasury Board and Finance is responsible for financial management, human resource and communications leadership in government, and provides policy and regulatory oversight for financial, securities, insurance, and pension sectors. In 2024-25, operating expense is \$2.1 billion, an increase of \$134 million from the 2023-24 forecast, due primarily to increased Alberta Investment Management Corporation costs.

As noted previously, the 2023-24 voted, unallocated and transferable contingency has been fully allocated to other categories of expense and other ministries, and increased by \$500 million for 2024-25, to \$2 billion. This change is based mainly on the amount of disaster and emergency costs experienced over the last several fiscal years.

\$500 million increase to contingency in 2024-25, providing \$2 billion for in-year disaster and other expense increases.

Finally, debt servicing costs are projected to grow by \$229 million in 2024-25, then drop by \$244 million in 2025-26, as a significant amount of pre-borrowing is being undertaken in 2024-25 to prepare for \$13 billion in debt maturities in a short period in early 2025-26.

Public Sector Compensation

Alberta's rapidly growing population requires increased public services such as health care, education, and other core services delivered directly by government. Workforce attraction and retention in a competitive market are also factors. As a result, total public sector compensation is forecast to increase over the next three years to provide needed public services to Albertans.

Compensation for Alberta's Public Sector

(millions of dollars)

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual | Budget | Forecast | Estimate | Target | Target |
| Alberta Health Services | 8,531 | 8,836 | 9,137 | 9,141 | 9,409 | 9,617 | 9,936 | 10,249 | 10,418 |
| School Jurisdictions | 6,228 | 6,105 | 6,212 | 6,277 | 6,715 | 6,727 | 6,974 | 7,195 | 7,297 |
| Post-secondary Institutions | 3,532 | 3,374 | 3,409 | 3,454 | 3,704 | 3,744 | 3,961 | 4,087 | 4,173 |
| Alberta Public Service (Depts.) | 2,903 | 2,723 | 2,590 | 2,704 | 3,032 | 3,102 | 3,252 | 3,329 | 3,379 |
| Other Government Agencies | 618 | 558 | 696 | 706 | 776 | 787 | 829 | 853 | 880 |
| Sub-total | 21,811 | 21,595 | 22,044 | 22,282 | 23,637 | 23,978 | 24,952 | 25,713 | 26,147 |
| Physician Comp. and Develop. ^a | 5,268 | 4,872 | 5,391 | 5,845 | 5,943 | 6,227 | 6,493 | 6,487 | 6,828 |
| Total | 27,079 | 26,468 | 27,435 | 28,127 | 29,580 | 30,205 | 31,445 | 32,200 | 32,975 |

^a Excludes non-compensation expense included in the Ministry of Health's operating expense on page 79.

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024–27

Fiscal Plan

Capital Plan

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Note: Amounts presented in tables may not add to totals due to rounding.

2024 Capital Plan

Supporting a Growing Province

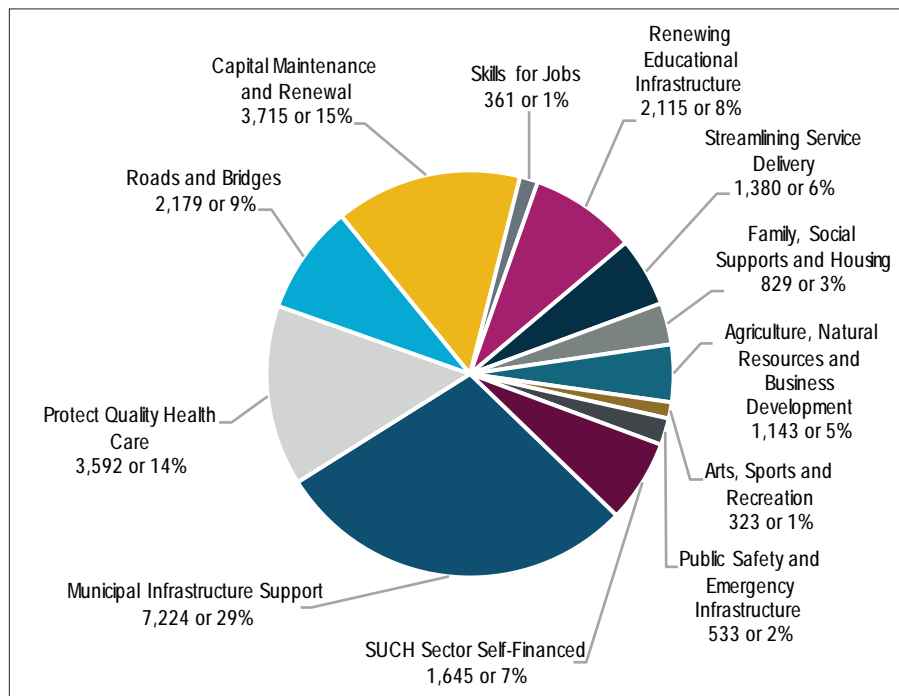
Alberta is experiencing a rate of population growth not seen in over four decades. This growth puts significant pressure on key infrastructure such as roads, schools, health care facilities, housing, and other public facilities. In preparing the 2024 Capital Plan, the government considered these growth pressures along with Alberta's long-term strategic priorities to develop a capital plan that is responsible and supports a growing province.

The *Budget 2024* Capital Plan is \$25 billion over three years, a \$2 billion increase from *Budget 2023*. This plan supports Alberta's growth and attracts investment and jobs to Alberta. It will create opportunities for private sector participation and support an average of over 24,000 direct jobs and 13,000 indirect jobs annually through 2026-27.

The projects underway will facilitate high-quality education and skills development, support Albertans in need, strengthen our health care system, and build roads and bridges to support economic activity and help connect people, communities, and businesses. The Capital Plan also continues to provide opportunities for Albertans to enjoy arts, culture, sports, and recreational activities, to make Alberta a welcoming and attractive place to live, work, and play.

The Designated Industrial Zone Pilot Project and the Alberta Petrochemicals Incentive Program (APIP) are two examples of programs that support Alberta's growth.

Budget 2024 – Capital Plan Envelopes
(millions of dollars)



\$25 billion Capital Plan includes 12 funding envelopes. Municipal infrastructure support accounts for the largest portion of the Capital Plan at 29 per cent, followed by capital maintenance and renewal at 15 per cent, and protecting quality health care at 14 per cent.

Municipal Infrastructure Support

The province's support for our municipalities includes significant and predictable funding through the Capital Plan. *Budget 2024* allocates \$716 million more than *Budget 2023*, bringing total municipal infrastructure support to \$7.2 billion over three years.

2024-25 marks the first year of the new fiscal arrangement between the province and Alberta's municipalities. The Local Government Fiscal Framework (LGFF) replaces the Municipal Sustainability Initiative. *Budget 2024* provides \$2.4 billion over three years in LGFF funding to help fund local infrastructure priorities.

The government is also launching a new initiative — the Local Growth and Sustainability Grant Program — valued at \$60 million over three years. This new program will be application based and will enable municipalities to fund infrastructure that supports economic development and addresses unique and emergent needs in their communities.

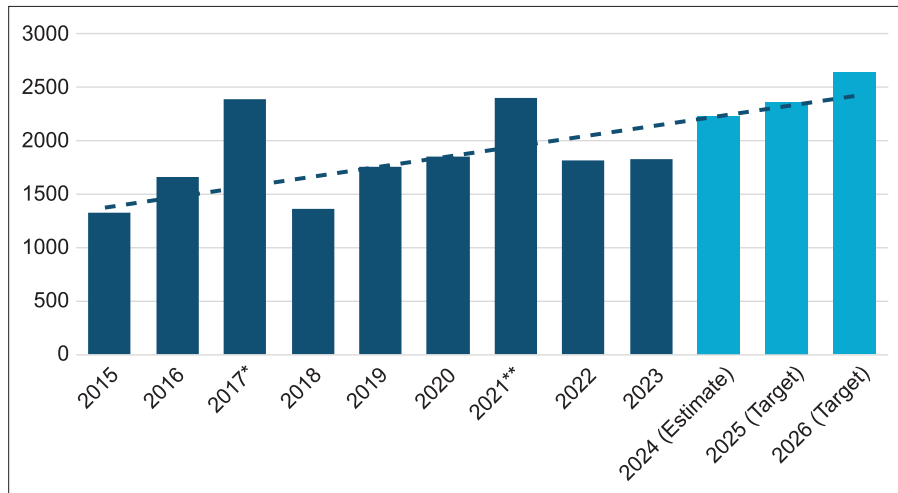
The government is investing \$539 million over three years to expand and enhance municipal water and wastewater infrastructure. Under the Strategic Transportation Infrastructure Program, \$111 million over three years is allocated to improve accessibility and the movement of goods and people. This funding will also increase the capacity of municipal transportation infrastructure to support economic growth, enhance safety and efficiency, and extend the service life of key transportation infrastructure.

The Capital Plan also continues to invest in light rail transit projects in Calgary and Edmonton. A total of \$1.6 billion in provincial funding has been allocated for these projects, including \$43 million in new funding for the Calgary Blue Line. Total funding from provincial and federal sources is \$2.9 billion over three years.

The province supports municipalities' collaborative approach to regional economic development. The Industrial Heartland is the first Designated Industrial Zone in Alberta, spanning five different municipalities. *Budget 2024* allocates \$32 million over three years to fund the Designated Industrial Zone Pilot Project, which will construct three new water intakes and associated infrastructure in the Industrial Heartland. These projects will help attract new private investment to the region.

\$539 million includes funding for the Alberta Municipal Water and Wastewater Program, Water for Life, First Nations Water Tie-In Program, Sundre Wastewater Plant and Capital Region Wastewater Treatment Plant.

Trend in Municipal Infrastructure Support (millions of dollars)



* In 2017, the government prefunded municipal support, which became part of the funds for the 2018 budget.

** In 2021, additional funds were allocated in response to COVID-19 stimulus needs.

Capital Maintenance and Renewal

The 2024 Capital Plan increases funding for capital maintenance and renewal (CMR) to protect existing public infrastructure assets and ensure that they continue to serve the needs of Albertans. CMR investments extend the life of Alberta’s assets, prevent costly emergent repairs, and reduce the need to build new infrastructure.

Over the next three years, the Capital Plan allocates \$3.7 billion, or 15 per cent of the total Capital Plan funding, for CMR. This includes \$1.7 billion for roads and bridges, \$512 million for health facilities, \$420 million for post-secondary facilities, \$390 million for government facilities and information technology infrastructure, \$381 million for schools, \$184 million primarily for environment and provincial parks, including \$8 million to upgrade water and wastewater infrastructure in campgrounds, and \$121 million for seniors facilities and housing.

Protecting Quality Health Care

The 2024 Capital Plan allocates \$3.6 billion, or 14 per cent of total Capital Plan funding, to protecting quality health care. The government continues to invest in building a better health care system that meets the growing needs of both urban and rural communities in Alberta.

Key investments in the Capital Plan include projects to reduce surgical and emergency department wait times, strengthen the emergency medical services (EMS) system, address mental health and addiction challenges, and prepare for future health care needs.

Including CMR funding and health entities’ self-financed contributions, the total capital funding allocated to health care is \$4.9 billion over three years.

To ensure that health system projects work together to address regional population needs in an efficient manner, the government is launching an integrated planning framework to inform future capital projects and ensure that health care assets are utilized efficiently and cost-effectively to support the health care needs of Albertans. A total of \$88 million is being allocated to integrated health and social infrastructure planning, aimed at producing a comprehensive and unified approach to health and social infrastructure needs across the province.

As part of this integrated planning approach, the government is committed to increasing Albertans' access to health care. The scope of health care services that were planned for the proposed Edmonton hospital caused the project's budget to approach \$5 billion, making it one of the most expensive hospitals in this country. To ensure that we are making the best use of limited taxpayer dollars, the government has reassessed this project and allocated the planning fund to the integrated health and social infrastructure planning project.

The province is focused on delivering health care infrastructure more efficiently and cost-effectively than in the past. This includes building smaller, purpose-built facilities such as a standalone Stollery Children's Hospital, surgical centres, continuing care facilities, and family care centres. These facilities are less costly, less complex, and therefore able to deliver services to Albertans sooner. The 2024 Capital Plan includes:

- \$810 million to advance the redevelopment and expansion of the Red Deer Regional Hospital Centre, including Ambulatory Services.
- \$654 million for the Continuing Care Capital Program to develop four streams of continuing care capacity, including modernizing continuing care facilities, establishing innovative small homes, delivering culturally appropriate care for Indigenous residents located both on and off the reserves and Metis settlements, and creating additional spaces in priority communities with the greatest need.
- \$328 million, consisting of \$191 million provincial funding and a \$137 million federal contribution, to develop recovery communities and children and youth mental health facilities located in various communities.
- \$313 million for the Alberta Surgical Initiative (ASI) capital program to increase the number of surgical procedures performed. Substantial capital funding has been made available to open new operating rooms, renovate existing space, and purchase new equipment for publicly owned and operated hospitals.
- \$159 million, including \$66 million in new funding, to add four locations (Edmonton (2), Calgary and Drumheller) to the Medical Device Reprocessing Upgrades Program. Medical Device Reprocessing areas are an essential clinical support service for surgery.
- \$35 million, an increase of \$25 million in *Budget 2024*, for the EMS Vehicles Capital Program to purchase new EMS vehicles and ambulances, upgrade the existing fleet, and acquire additional equipment.

- \$25 million is allocated as part of the Beaverlodge Municipal Hospital Replacement project to support better access to health care in the Town of Beaverlodge and surrounding areas. A capital lease of \$170 million will be added to the Capital Plan in 2027-28 when the new Mountview Health Complex is completed. This is a pilot project that the government is working on in partnership with the municipality and industry to enhance access to health care in rural Alberta.
- \$20 million, including \$17 million in new funding, to plan for a standalone Stollery Children’s hospital in Edmonton. The new hospital will serve the province’s growing population, providing space specially designed for children and their families.
- \$0.7 million to advance planning for the Alberta Kidney Care project in Calgary that will develop a renal dialysis unit at the Richmond Road Diagnostic Treatment Centre.

Roads and Bridges

The province’s roads and bridges are integral to Alberta’s economy. Investments in road and bridge infrastructure facilitate economic growth and diversification by connecting commerce hubs and by providing access to markets, people, and places across Alberta. The *Budget 2024* Capital Plan allocates \$2.2 billion, or nine per cent of the total Capital Plan funding, for development of roads and bridges.

In December 2023, the last section of the Calgary ring road opened to traffic. With the achievement of this milestone, the ring roads around both of Alberta’s largest cities are complete. These roads enhance Alberta’s east-west and north-south trade corridors by connecting the Trans-Canada Highway, Highway 16, and Highway 2.

Of the \$2.2 billion allocated to roads and bridges in the *Budget 2024* Capital Plan, \$955 million is allocated to improving major roadway corridors in Calgary and Edmonton and their surrounding areas. In addition, *Budget 2024* provides funding over three years for the following priorities.

- \$151 million for 36 additional engineering projects to address future growth. The funding provides for engineering or planning on numerous highway projects to advance designs and refine cost estimates.
- \$129 million to support ongoing work to twin Highway 11 between Rocky Mountain House and Sylvan Lake. Twinning this highway will make travel in this region safer and more efficient while also supporting tourism and industry supply chains.
- \$97 million to add climbing and passing lanes to improve safety and reduce travel times on Highway 881, a heavy load corridor between Lac La Biche County and the Hamlet of Anzac.
- \$30 million to support the replacement of aging bridges across Alberta to ensure they continue to support our economy and local communities.

The Calgary and Edmonton ring roads together total over 180 kilometres that enable traffic to flow freely around the two cities, easing pressure on other arterial roads and helping move people and goods more efficiently.

Renewing Educational Infrastructure

Schools are vital to a high-quality education system. In *Budget 2024*, the government is making significant investments to address enrolment pressures across Alberta, particularly in areas of highest need in Calgary, Edmonton, and their surrounding communities.

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Including CMR funding and school boards self-financed contributions, the total funding allocated to renewing educational infrastructure is \$2.8 billion.

The 2024 Capital Plan allocates \$2.1 billion over three years, a \$466 million increase from *Budget 2023*, to building and modernizing schools, investing in the modular school program, and supporting expansion of specialized programs such as collegiate and public charter schools. This includes:

- \$1.9 billion, including \$681 million in new funding, for planning, design or construction of 98 new and modernized schools across the province.
- \$123 million for the collegiate school program and public charter schools.
- \$103 million in funding for the modular classroom program, to increase classroom spaces quickly to address immediate needs.

Budget 2024 investments will create 35,000 new and modernized student spaces, with 82 per cent (28,500) of these spaces being built in Calgary, Edmonton and their surrounding communities.

Streamlining Service Delivery

Budget 2024 invests a total of \$1.4 billion to help enhance internet accessibility, modernize health and registry information systems, and improve access to justice services. The government is committed to delivering high-quality and accessible services to Albertans across the province. Advances in information technology, digitization, and artificial intelligence have presented opportunities for improving efficiency and reducing service delivery costs.

Budget 2024 provides funding of \$37 million over three years for a suite of projects that will transform how Albertans access justice services across the province. These projects include website improvement, modernization of legacy systems, record digitalization, and enhancement to online services. Together, the projects will substantially expand and improve online access to justice services, enable more efficient file management and data sharing, and reduce the use of physical media, such as paper tickets and forms.

Public Safety and Emergency Infrastructure

Budget 2024 makes investments to protect Albertans through funding capital projects that support public safety and emergency response. The 2024 Capital Plan allocates \$533 million to support public safety and emergency infrastructure.

As part of these investments, the government is advancing initiatives to enhance public safety and to better prepare the province for natural disasters. These initiatives include:

- \$75 million over three years for the Renewed Flood and Drought Mitigation program.
- \$49 million to better support first responders and sheriffs to provide the equipment and facilities they need to protect Albertans.
- \$55 million to upgrade facilities and equipment that support wildfire operations. That equipment includes a fleet of air tankers to help suppress wildfires. The government has begun the process of replacing the existing air tanker fleet with one that can better address the province's current and emerging needs. Funding for this initiative will primarily be reported in future capital plans.
- \$10 million over three years to expand and modernize non-oil sands air, water, and groundwater monitoring networks and increase the province's capacity to respond to emergency conditions, such as spills, wildfires, droughts, and floods.

Agriculture, Natural Resources and Business Development

Alberta's natural resource endowment, our skilled workforce, and our business-friendly climate mean that strategic investments by government can help advance economic opportunities while protecting our environment and maintaining the integrity of the ecosystem — thereby achieving responsible economic growth. The *Budget 2024* Capital Plan allocates \$1.1 billion to strengthen Alberta's agriculture and natural resources sectors, and to enhance the province's economic environment to support investment attraction and business development.

The Capital Plan invests \$147 million in the Water Management Infrastructure Program to repair and upgrade water infrastructure such as water canals, dams, spillways, and reservoirs. The Capital Plan also includes \$5 million for planning studies to assess the feasibility of developing new water reservoirs in Alberta. These projects will help the province's agricultural sector better prepare for natural disasters such as droughts and floods and increase productivity.

The government is working to attract private investment in world-class facilities that produce goods in high demand — e.g. energy, materials and products — while at the same time maintaining a small environmental footprint.

Budget 2024 continues to fund the Alberta Petrochemicals Incentive Program (APIP) with a budget of \$456 million over three years. This program is intended to grow the province's petrochemicals sector by providing capital grants to producers.

The ACCIP program launch is anticipated in spring 2024. This program is expected to attract \$35 billion in private investment to the province.

In November 2023, the government announced the Alberta Carbon Capture Incentive Program (ACCIP). This program advances the province's carbon capture, utilization, and storage (CCUS) capacity by providing incentives for facilities to incorporate this technology into their operations. Funding for ACCIP projects will be included in a future Capital Plan, as the program provides provincial financial support only after the construction of an eligible project is complete.

Budget 2024 allocates \$30 million for the Aboriginal Business Investment Fund, including \$8 million in new funding, to support eligible Indigenous community-owned businesses to fund capital costs associated with start-up or expansion.

Family, Social Supports and Housing

Housing affordability is a top priority of the government. In line with Stronger Foundations — Alberta's 10-year strategy to improve and expand affordable housing supply and housing supports, the 2024 Capital Plan allocates \$829 million over three years — an increase of \$355 million, or 75 per cent, from *Budget 2023* — to fund projects that enhance affordable housing and social supports in various locations around the province. Together with CMR funding, almost \$1 billion is being allocated to seniors' facilities and housing. Key projects supported include:

- \$405 million, including \$75 million in new funding, for the Affordable Housing Partnership Program, to support the goal to create 13,000 affordable housing units.
- \$130 million, including \$125 million in new funding, for the Seniors Lodge Modernization Program to ensure lodges continue to be a viable housing option for Alberta seniors.
- \$91 million for the Affordable Housing Strategy, to fund the maintenance of government-owned social housing buildings.
- \$75 million for the Indigenous Housing Capital Program, including \$30 million in new funding to Indigenous communities to construct, purchase, or redevelop housing for Indigenous peoples in need.

Skills for Jobs

Including capital projects, CMR funding, and post-secondary self-financed contributions, the total funding supporting skills for jobs is \$1.3 billion.

The 2024 Capital Plan allocates \$361 million to post-secondary education projects throughout the province. A skilled workforce makes Alberta a desirable place to invest. Our colleges and universities are vital to developing, attracting, and retaining the talent which will sustain Alberta's growth and prosperity.

Key highlights of *Budget 2024's* Capital Plan include:

- \$75 million over three years for MacEwan University Business School to expand capacity by 5,000 students in high-demand economic sectors.
- \$63 million for Olds College to renovate and expand student spaces in the W.J. Elliot Building.

- \$55 million for the University of Calgary to increase student capacity by over 1,000 spaces in science, technology, engineering, and math (STEM) programs.
- \$43 million for NAIT for the trades and technology learning facility.
- \$26 million for the University of Lethbridge Rural Medical Teaching School to provide more opportunities to train doctors in a smaller community.
- \$13 million for Red Deer Polytechnic to create purpose-built space to help businesses conduct applied research.

Arts, Sports and Recreation

The 2024 Capital Plan allocates \$323 million to arts, sports, and recreation, which play an important role in making Alberta a welcoming and an attractive place to live, play, and visit.

The government continues to provide funding for the Community Facility Enhancement Program (CFEP), at \$125 million over the next three years. CFEP supports non-profit organizations to acquire, construct, upgrade, or redevelop public use community facilities.

A new initiative is the Community Recreation Centre Infrastructure Program. This program will provide funding of \$10 million per year to support the development or renewal of small and mid-sized projects such as indoor and outdoor hockey arenas and rinks, community pools, indoor turf centres, pickleball courts, sports fields and courts, and other recreational facilities.

The government continues to invest in Alberta's arts and culture. The 2024 Capital Plan allocates \$17 million to support the Arts Commons and Olympic Plaza Transformation project, as well as the Winspear Centre's Phase 3 project. These projects will enhance opportunities for Albertans and visitors to experience and celebrate arts and culture in our province.

Alberta has unparalleled natural beauty, including world-class trails enjoyed by both Albertans and visitors to our province. The government has allocated \$23 million to upgrade and construct new trails to enhance visitor experience while they enjoy Alberta's scenic landscapes.

SUCH (Schools, Universities, Colleges and Health Entities) Sector Self-financed

The SUCH sector self-financed investment will contribute \$1.6 billion in funding over the next three years to various projects. The funding is generated by the SUCH sector through various means, including tuition, donations, fundraising, and investment revenues.

2023-24 Forecast

The 2023-24 Capital Plan is forecast at \$7.1 billion, \$928 million lower than at budget. The changes are due primarily to the re-profiling of various projects to align with their timelines and project status. The changes include:

- a \$365 million reduction in anticipated spending for roads and bridges, such as Deerfoot Trail Upgrades in Calgary and the La Crete Bridge.
- a \$273 million reduction in 2023-24 spending for various health facilities, including the Arthur J.E. Child Comprehensive Cancer Centre in Calgary — which remains on schedule to open in 2024 — and the Continuing Care Capital Program.
- a \$167 million decrease in 2023-24 for the Alberta Broadband Strategy, as the province continues to work with the federal government to bring high speed broadband access to Albertans.
- \$134 million in various municipal infrastructure water and wastewater programs as the province continues to work with municipalities on project delivery.

These decreases do not reflect reductions in overall projects costs but are required to align with expected project timing.

Capital Planning

The government is committed to transparency and rigorous decision-making based on long-term strategic capital planning. The *Infrastructure Accountability Act* establishes a governance framework for developing the annual Capital Plan and for the development and regular update of the broader strategic *Building Forward: Alberta's 20-Year Strategic Capital Plan*.

Capital Plan Details

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 | 3-Year |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Budget | Forecast | Estimate | Target | Target | Total |
| Municipal Infrastructure Support | | | | | | |
| Calgary River District and Event Centre | - | 39 | 88 | 89 | 60 | 237 |
| Canada Community – Building Fund | 266 | 271 | 266 | 266 | 266 | 799 |
| Capital Region Wastewater Treatment | - | - | 10 | 10 | 30 | 50 |
| Clean Water and Wastewater Fund | - | 1 | 1 | - | - | 1 |
| Designated Industrial Zone Pilot Project | 3 | 2 | 4 | 18 | 10 | 32 |
| Edmonton and Calgary LRT (Provincial and Federal) | 694 | 682 | 849 | 878 | 1,221 | 2,949 |
| First Nations Water Tie-In Program | 28 | 1 | 8 | 15 | 14 | 38 |
| Fox Lake Access Improvement | - | - | 6 | - | - | 6 |
| GreenTRIP | 1 | 7 | - | - | - | - |
| Investing in Canada Infrastructure Program (ICIP) Projects | 103 | 79 | 73 | 25 | 8 | 105 |
| Local Government Fiscal Framework | - | - | 724 | 820 | 808 | 2,353 |
| Local Growth and Sustainability Grant | - | - | 20 | 20 | 20 | 60 |
| Municipal Sustainability Initiative | 485 | 487 | - | - | - | - |
| Municipal Water and Wastewater Program | 86 | 42 | 66 | 85 | 56 | 206 |
| New Building Canada – Small Communities Fund | 1 | - | - | - | - | - |
| Red Deer Regional Airport Expansion | 30 | 3 | 20 | 9 | - | 29 |
| Regional Water/Wastewater Projects – Water for Life | 69 | 14 | 50 | 81 | 106 | 238 |
| Strategic Transportation Infrastructure Program | 43 | 32 | 44 | 33 | 35 | 111 |
| Sundre Wastewater Treatment Plant | 8 | - | - | 8 | - | 8 |
| YYC Rail Connection | 5 | 1 | 2 | 1 | - | 4 |
| Total Municipal Infrastructure Support | 1,822 | 1,661 | 2,230 | 2,358 | 2,635 | 7,224 |
| Capital Maintenance and Renewal | | | | | | |
| Environment, Forestry and Parks | 61 | 55 | 84 | 48 | 51 | 184 |
| Government-Owned Facilities | 137 | 135 | 111 | 96 | 109 | 316 |
| Health Facilities | 223 | 201 | 172 | 171 | 169 | 512 |
| Information and Technology | 20 | 21 | 18 | 18 | 18 | 53 |
| Innovation Infrastructure Maintenance | 5 | 6 | 7 | 7 | 7 | 21 |
| Post-Secondary Facilities | 149 | 146 | 133 | 144 | 144 | 420 |
| Roads and Bridges | 727 | 710 | 577 | 565 | 565 | 1,708 |
| School Facilities | 59 | 59 | 127 | 127 | 127 | 381 |
| Seniors Facilities and Housing | 32 | 48 | 40 | 40 | 40 | 121 |
| Total Capital Maintenance and Renewal | 1,413 | 1,381 | 1,270 | 1,216 | 1,229 | 3,715 |

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Capital Plan Details, continued

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 | 3-Year |
|---|------------|------------|--------------|--------------|--------------|--------------|
| | Budget | Forecast | Estimate | Target | Target | Total |
| Protect Quality Health Care | | | | | | |
| Addressing Addiction Crisis | 8 | 8 | - | - | - | - |
| Alberta Kidney Care Planning (Calgary) | - | - | 1 | - | - | 1 |
| Alberta Surgical Initiative Capital Program | 72 | 41 | 45 | 191 | 78 | 313 |
| Arthur J.E. Child Comprehensive Cancer Centre (Calgary) | 156 | 72 | 109 | - | - | 109 |
| Beaverlodge Health Centre Replacement Planning and Equipment Funds | 1 | 1 | 7 | 8 | 10 | 25 |
| Bethany Continuing Care Centre (Calgary) | - | - | 57 | - | 46 | 103 |
| Bridgeland Riverside Continuing Care Centre (Calgary) | 41 | 11 | 23 | 32 | 7 | 61 |
| CASA Expansion | 10 | 10 | 36 | 29 | - | 65 |
| Chinook Regional Hospital – Renal Dialysis (Lethbridge) | - | - | 1 | 7 | 7 | 15 |
| Compassionate Intervention implementation intake and assessment centres | - | - | 5 | 5 | - | 10 |
| Continuing Care Capital Program | 89 | 16 | 122 | 173 | 360 | 654 |
| Cyclotron Facility (Calgary) | 4 | 4 | 12 | 19 | 17 | 48 |
| EMS Vehicles Capital Program | 5 | 5 | 15 | 15 | 5 | 35 |
| Foothills Medical Centre Neonatal Intensive Care Unit (Calgary) | 2 | 2 | 1 | 30 | 40 | 70 |
| Foothills Medical Centre Urgent Power Plant Capacity (Calgary) | 11 | 6 | 7 | - | - | 7 |
| Gene Zwodzesky Centre at Norwood (Edmonton) | 44 | 27 | 45 | 15 | 8 | 69 |
| Good Samaritan Society Continuing Care (Edmonton) | - | - | 63 | - | 50 | 113 |
| Health System Capacity – Intensive Care Unit Expansions Edmonton hospital | 4 34 | 4 17 | 10 - | 8 - | 1 - | 20 - |
| Integrated Health and Social Infrastructure Planning | - | - | 13 | 24 | 51 | 88 |
| La Crete Maternity and Community Health Centre | 9 | 7 | 16 | 42 | 14 | 72 |
| Medical Device Reprocessing Upgrades Program | 27 | 27 | 45 | 57 | 58 | 159 |
| Medical Equipment Replacement and Upgrade Program | 30 | 30 | 30 | 30 | 30 | 90 |
| Misericordia Community Hospital Modernization Program (Edmonton) | 8 | 8 | - | - | - | - |
| National Association of Pharmacy Regulatory Authorities Capital Program | 15 | 14 | 11 | 14 | 31 | 57 |
| North Calgary / Airdrie Regional Health Centre Planning | 1 | - | - | 1 | 2 | 3 |
| Other Health Facilities Projects | 15 | 21 | 1 | - | - | 1 |
| Other Planning Funds for Proposed Health Capital Initiatives | 3 | 2 | 4 | 4 | - | 8 |
| Peter Lougheed Centre Emergency Department, Mental Health Intensive Care Unit and Laboratory Redevelopment (Calgary) | 33 | 28 | 38 | 29 | - | 67 |
| Provincial Pharmacy Central Drug Production and Distribution Centre (Edmonton) | 27 | 31 | 45 | 10 | - | 56 |
| Recovery Communities | 46 | 60 | 167 | 73 | 23 | 263 |
| Red Deer Regional Hospital Centre Redevelopment | 21 | 21 | 151 | 316 | 343 | 810 |
| Rockyview General Hospital ICU/CCU/GI Redevelopment (Calgary) | 51 | 27 | 53 | - | - | 53 |
| Rural Health Facilities Revitalization Program | 40 | 40 | 40 | 25 | - | 65 |
| Stollery Children's Hospital (Edmonton) | 1 | - | 6 | 7 | 8 | 20 |
| Strathcona Community Hospital Expansion Planning | 1 | - | - | 1 | 2 | 3 |
| University of Alberta Hospital Brain Centre – Neurosciences Intensive Care Unit (Edmonton) | 13 | 8 | 20 | 22 | 16 | 58 |
| Total Protect Quality Health Care | 824 | 551 | 1,199 | 1,186 | 1,206 | 3,592 |

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Capital Plan Details, continued

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 | 3-Year |
|--|------------|------------|------------|------------|------------|--------------|
| | Budget | Forecast | Estimate | Target | Target | Total |
| Roads and Bridges | | | | | | |
| Bridge Bundle | - | - | 5 | 5 | 20 | 30 |
| City of Edmonton - 50th Street | 14 | 9 | 8 | - | - | 8 |
| Deerfoot Trail Upgrades (Calgary) | 187 | 56 | 156 | 199 | 169 | 524 |
| Edmonton / Calgary Ring Roads | 127 | 105 | 73 | - | 50 | 123 |
| Highway 11 Twinning from Red Deer west to Rocky Mountain House | 28 | 28 | 17 | 50 | 62 | 129 |
| Highway 16A and Range Road 20 Intersection | 3 | 3 | 20 | - | - | 20 |
| Highway 19 (East and West ends) | 10 | 10 | - | - | - | - |
| Highway 1A Upgrade (Stoney First Nation) | 15 | 7 | 1 | 1 | - | 1 |
| Highway 2 Balzac Interchange Replacement | 1 | 1 | 1 | - | 40 | 41 |
| Highway 201 Bow River Bridge on SE Stoney Trail | 15 | 15 | 14 | - | - | 14 |
| Highway 3 Twinning (From Taber to Burdett) | 31 | 23 | 65 | 91 | 15 | 170 |
| Highway 40 grade widening between Grande Cache and Hinton | 34 | 13 | 15 | 19 | 16 | 50 |
| Highway 40 Twinning south of Grande Prairie | 74 | 60 | 24 | 4 | - | 28 |
| Highway 60 Capital Improvements | 11 | 11 | 1 | 26 | 29 | 55 |
| Highway 63 Twinning North of Fort McMurray | 48 | 3 | 10 | 33 | 25 | 68 |
| Highway 881 safety and roadway improvements | - | 3 | 5 | 45 | 46 | 97 |
| Highway Twinning, Widening and Expansion | 232 | 194 | 151 | 64 | 75 | 290 |
| La Crete Bridge | 43 | 2 | 5 | 4 | 27 | 37 |
| Multiple Engineering Projects | 25 | 29 | 29 | 73 | 50 | 151 |
| O'Chiese Road Improvements | - | - | 3 | 5 | - | 8 |
| QEII and 40th Avenue Interim Ramp (near Airdrie) | 11 | 9 | 4 | - | - | 4 |
| Ray Gibbon Drive Upgrade Project | - | - | - | 25 | 6 | 31 |
| Terwillegar Expansion | 37 | 6 | 50 | 64 | 10 | 124 |
| Vinca Bridge Replacement | 4 | 1 | 1 | 8 | 21 | 31 |
| Yellowhead Trail | 37 | 33 | 50 | 52 | 43 | 145 |
| Total Roads and Bridges | 986 | 621 | 708 | 767 | 704 | 2,179 |
| Renewing Educational Infrastructure | | | | | | |
| Collegiates and Charter School Expansion | 85 | 162 | 80 | 22 | 22 | 123 |
| Modular Classroom Program | 43 | 43 | 50 | 28 | 25 | 103 |
| Previously Announced School Projects | 504 | 494 | 507 | 432 | 270 | 1,208 |
| Schools Capital Projects Budget 2024 | - | - | 85 | 279 | 316 | 681 |
| Total Renewing Educational Infrastructure | 631 | 700 | 722 | 760 | 632 | 2,115 |

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Capital Plan Details, continued

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 | 3-Year |
|---|------------|------------|------------|------------|------------|--------------|
| | Budget | Forecast | Estimate | Target | Target | Total |
| Streamlining Service Delivery | | | | | | |
| Agrivalue Processing Business Incubator (Leduc) | 2 | 1 | - | 1 | - | 1 |
| Alberta Broadband Strategy | 229 | 62 | 98 | 70 | 160 | 328 |
| Alberta Business Portal | 1 | 1 | - | - | - | - |
| Digital Accelerator Program | 40 | 30 | 45 | 45 | 40 | 130 |
| Government Facilities and Accommodation | 80 | 85 | 86 | 79 | 79 | 245 |
| Government Vehicle Fleet | 13 | 13 | 16 | 13 | 13 | 41 |
| Health IT Systems Development | 34 | 32 | 29 | 28 | 28 | 85 |
| Information Technology and Other Capital | 97 | 142 | 94 | 77 | 62 | 233 |
| Justice Digital | 11 | 13 | 6 | 6 | 6 | 17 |
| Justice Legacy System Replacement | - | - | 3 | 5 | 5 | 13 |
| Justice Transformation Initiative | 1 | 1 | 3 | 3 | 2 | 7 |
| Land Purchases | 14 | - | 13 | 19 | 8 | 40 |
| Modernization of Registry Systems | 29 | 29 | 45 | 36 | 30 | 110 |
| Office of the Public Guardian Information System | 4 | 5 | 4 | 4 | - | 7 |
| One Information Management and Technology Enterprise Priorities | 51 | 38 | 46 | 41 | 35 | 121 |
| Water Vessel Fleet Replacement Program | - | - | 1 | 1 | 1 | 3 |
| Total Streamlining Service Delivery | 604 | 452 | 487 | 426 | 468 | 1,380 |
| Public Safety and Emergency Infrastructure | | | | | | |
| Alberta First Responders Radio Communications System | 2 | 4 | 2 | 2 | 2 | 7 |
| Court of Appeal (Calgary) | 2 | - | 10 | 25 | 54 | 89 |
| Critical Environmental Monitoring and Science Investment | 3 | 2 | 4 | 3 | 3 | 10 |
| Disaster Recovery Program Redesign | - | 2 | - | - | - | - |
| Edmonton Law Courts Planning | 3 | 1 | 1 | 2 | - | 2 |
| Flood Mitigation – Town of Drumheller | 27 | 27 | - | - | - | - |
| Grande Prairie Courthouse Expansion / New Build Planning | 1 | 1 | - | - | - | - |
| Highwood River Mitigation Program | 10 | 10 | - | - | - | - |
| ICIP Projects | 7 | 18 | 3 | - | - | 3 |
| Justice and Correctional Facilities Planning and Upgrades | 21 | 24 | 24 | 12 | 6 | 42 |
| Kananaskis Emergency Services Centre | 1 | - | 1 | - | - | 1 |
| Office of the Chief Medical Examiner (Calgary) | 1 | - | 1 | 6 | 32 | 39 |
| Office of the Chief Medical Examiner (Edmonton) Planning | 1 | - | - | - | - | - |
| Other Flood Mitigation Projects | 12 | 36 | 10 | 4 | - | 13 |
| Red Deer Justice Centre | 52 | 34 | 23 | 9 | - | 32 |
| Renewed Flood and Drought Mitigation | - | - | 25 | 25 | 25 | 75 |
| Sherwood Park Courthouse Planning | 1 | - | 1 | 1 | - | 2 |
| Springbank - Off-Stream Reservoir (SR1) | 184 | 213 | 100 | 42 | 20 | 163 |
| Wildfire Enhancement | - | - | 8 | 11 | 11 | 30 |
| Wildfire Facility Upgrade Program | 6 | 6 | 6 | 6 | 6 | 19 |
| Wildfire Management Readiness | 2 | 2 | 2 | 2 | 2 | 6 |
| Total Public Safety and Emergency Infrastructure | 335 | 382 | 221 | 151 | 161 | 533 |

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Capital Plan Details, continued

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 | 3-Year |
|--|------------|------------|------------|------------|------------|--------------|
| | Budget | Forecast | Estimate | Target | Target | Total |
| Agriculture, Natural Resources and Business Development | | | | | | |
| Aboriginal Business Investment Fund | 8 | 8 | 10 | 10 | 10 | 30 |
| Agricultural Societies Infrastructure Revitalization | 3 | 3 | 3 | 3 | 3 | 8 |
| Agriculture Sector Strategy - Irrigation Projects | 31 | - | 54 | 55 | 79 | 188 |
| Alberta Petrochemicals Incentive Program | 147 | 116 | 154 | 242 | 61 | 456 |
| Applied Research Association Support | - | - | 3 | - | - | 3 |
| Ardley Reservoir | - | - | 1 | 4 | - | 5 |
| Bio-Processing Project | - | - | 2 | 0 | - | 2 |
| Carbon Capture and Storage Initiative | 58 | 32 | 58 | 58 | - | 117 |
| Clean Hydrogen Centre of Excellence | 5 | 9 | - | - | - | - |
| Eyremore Dam | 5 | 5 | - | - | - | - |
| Fish Hatchery and Trout Pond | 7 | 7 | - | - | - | - |
| ICIP Projects | - | - | 2 | 2 | - | 4 |
| Irrigation Rehabilitation Program | 14 | 14 | 19 | 19 | 19 | 57 |
| Kainai Forage Natural Gas Pipeline | 1 | 1 | - | - | - | - |
| Land Stewardship Fund | 10 | 9 | 10 | 10 | 10 | 30 |
| Other Agriculture and Natural Resources Facilities and Equipment | 1 | 2 | 1 | - | - | 1 |
| Raven Creek Brood Trout Station | 28 | - | 46 | 3 | - | 49 |
| Rural Utilities Program | 6 | 6 | 6 | 4 | 4 | 15 |
| Southern Alberta Irrigation Projects | 5 | 16 | 9 | 9 | - | 18 |
| Water Management Feasibility Study | - | - | 1 | 2 | 2 | 5 |
| Water Management Infrastructure | 35 | 35 | 47 | 50 | 50 | 147 |
| Watercourse Crossing Program | 8 | 6 | 10 | - | - | 10 |
| Total Agriculture, Natural Resources and Business Development | 371 | 268 | 434 | 470 | 238 | 1,143 |
| Family, Social Supports and Housing | | | | | | |
| Affordable and Specialized Housing | 9 | 12 | 12 | 25 | - | 37 |
| Affordable Housing Partnership Program | 34 | 41 | 62 | 139 | 204 | 405 |
| Affordable Housing Strategy | 10 | 9 | 24 | 43 | 24 | 91 |
| Children and Family Support | 4 | 7 | 3 | - | - | 3 |
| Family and Community Housing Development and Renewal | 1 | 3 | 1 | - | - | 1 |
| Indigenous Housing Capital Program | 18 | 18 | 25 | 25 | 25 | 75 |
| ICIP Projects | 5 | 5 | - | - | - | - |
| Lethbridge Supportive Housing for the Chronically Homeless | 9 | 2 | 8 | - | - | 8 |
| Red Deer Integrated Emergency Shelter | 2 | - | 7 | - | - | 7 |
| Seniors Lodge Modernization | - | - | 25 | 50 | 50 | 125 |
| Seniors Housing Development and Renewal | 28 | 31 | 5 | - | - | 5 |
| Yellowhead Youth Centre | 10 | 4 | 13 | 16 | 43 | 73 |
| Total Family, Social Supports and Housing | 132 | 131 | 184 | 298 | 347 | 829 |

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Capital Plan Details, continued

(millions of dollars)

| | 2023-24 | | 2024-25 | 2025-26 | 2026-27 | 3-Year |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| | Budget | Forecast | Estimate | Target | Target | Total |
| Skills for Jobs | | | | | | |
| Alberta at Work – Classroom Retrofits and Refurbishments | - | 10 | 1 | - | - | 1 |
| ICIP Projects | 4 | 5 | 1 | - | - | 1 |
| MacEwan University – School of Business (Edmonton) | - | 5 | 10 | 20 | 45 | 75 |
| Mount Royal University – Aviation Capital (Calgary) | 2 | 2 | - | - | - | - |
| Mount Royal University – Repurposing Existing Facilities (Calgary) | 20 | 15 | 20 | - | - | 20 |
| NAIT - Advanced Skills Centre Planning (Edmonton) | - | - | 2 | 20 | 21 | 43 |
| Northwestern Polytechnic – Power Engineering and Instrumentation Lab Development (Grande Prairie) | 2 | 2 | 9 | - | - | 9 |
| Olds College - WJ Elliot Expansion and Renovation | - | - | 13 | 25 | 25 | 63 |
| Red Deer Polytechnic – CIM-TAC East Campus Expansion | - | - | 3 | 5 | 5 | 13 |
| SAIT – John Ware Redevelopment (Calgary) | 16 | 16 | 16 | - | - | 16 |
| University of Alberta - Upgrading Campus Saint-Jean to Foster Transdisciplinarity, Inclusion and Innovation (Edmonton) | - | 3 | 1 | 1 | - | 1 |
| University of Calgary – Multidisciplinary Hub | 5 | 5 | - | 15 | 40 | 55 |
| University of Calgary – Veterinary Medicine Expansion | 23 | 23 | 37 | - | - | 37 |
| University of Lethbridge – Destination Project Phase 2 Planning | 3 | 3 | - | - | - | - |
| University of Lethbridge – Rural Medical Teaching School | - | - | 4 | 5 | 17 | 26 |
| Total Skills for Jobs | 75 | 88 | 117 | 90 | 154 | 361 |
| Arts, Sports and Recreation | | | | | | |
| Arts Commons and Olympic Plaza Transformation (Calgary) | - | - | 1 | 3 | 4 | 8 |
| Calgary Event Centre – Community Rink | - | - | 15 | 15 | - | 30 |
| Canmore Nordic Centre Infrastructure Upgrades | 11 | 11 | 9 | - | - | 9 |
| Community Facility Enhancement Program | 50 | 50 | 50 | 50 | 25 | 125 |
| Community Recreation Centre Infrastructure Program | - | - | 10 | 10 | 10 | 30 |
| Crown Land Trails | 2 | 2 | 6 | 6 | 6 | 18 |
| David Thompson Corridor Upgrades | 4 | 7 | 1 | - | - | 1 |
| Glenbow Revitalization (Calgary) | 38 | 35 | 25 | - | - | 25 |
| ICIP Projects | 24 | 19 | 13 | - | - | 14 |
| Kananaskis Area Trail Upgrades | - | - | 1 | 2 | 2 | 5 |
| New Campgrounds Development | 1 | 1 | 3 | 9 | 10 | 21 |
| Other Sports and Recreation Projects | 29 | 27 | 6 | - | - | 6 |
| Parks Lower Athabasca Regional Plan Implementation | 3 | - | 5 | - | - | 5 |
| Parks South Saskatchewan Regional Plan Implementation | 2 | - | 7 | - | - | 7 |
| Repsol Sport Centre (Calgary) | 9 | 9 | 6 | - | - | 6 |
| Telus Spark – World Class Gallery Development (Calgary) | 3 | 3 | 4 | 2 | - | 6 |
| Winspear Centre's Phase 3 (Edmonton) | - | - | - | 4 | 4 | 9 |
| Total Arts, Sports and Recreation | 176 | 165 | 160 | 101 | 62 | 323 |
| Total Capital Plan – Core Government | 7,370 | 6,398 | 7,733 | 7,824 | 7,835 | 23,393 |
| Schools, Universities, Colleges, Health Entities (SUCH) Sector | | | | | | |
| – Self-financed Investment | | | | | | |
| Advanced Education | 267 | 267 | 187 | 187 | 187 | 561 |
| Education | 102 | 102 | 105 | 101 | 103 | 308 |
| Health | 257 | 295 | 263 | 255 | 229 | 747 |
| Technology and Innovation | 9 | 14 | 12 | 9 | 9 | 29 |
| Total Schools, Universities, Colleges, Health Entities (SUCH) Sector | 634 | 679 | 566 | 551 | 527 | 1,645 |
| Total Capital Plan – Fully Consolidated Basis | 8,005 | 7,077 | 8,299 | 8,376 | 8,363 | 25,037 |

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024–27

Fiscal Plan

Tax Plan

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Tax Plan

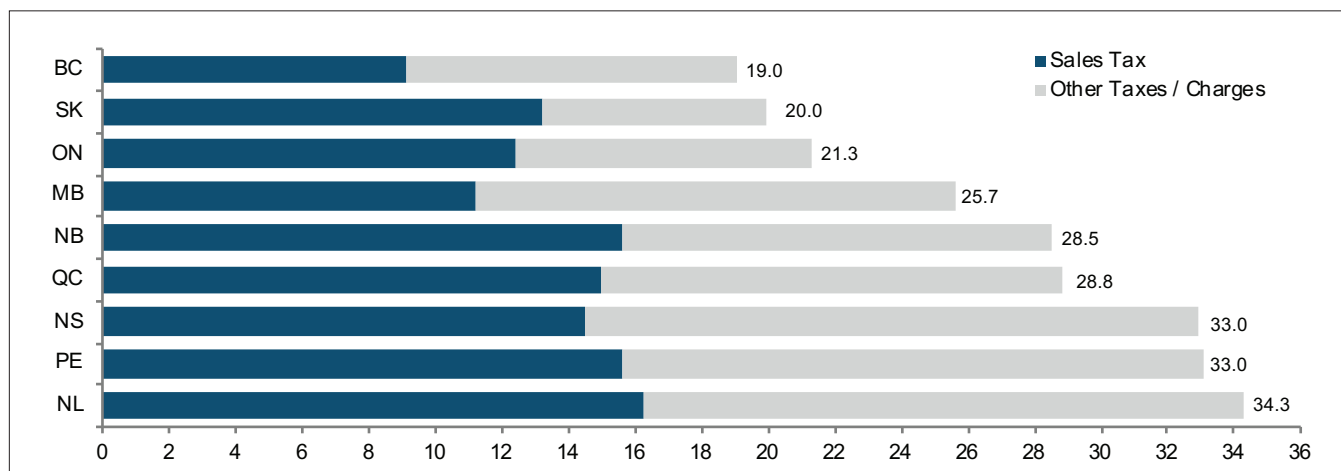
Introduction

Albertans and Alberta businesses continue to benefit from a low tax environment that is helping attract investment, encourage job creation and bring large numbers of new Albertans to the province. With low personal and corporate income taxes, low fuel tax and no sales tax, Albertans and Alberta businesses generally pay lower taxes than residents of any other province. In 2024-25, Albertans and Alberta businesses would pay at least \$19 billion more in taxes if Alberta had the same tax system as any other province.

Alberta has a tax advantage of at least \$19 billion compared to other provinces.

Alberta's Tax Advantage, 2024-25

(\$ billions)



Source: Alberta Treasury Board and Finance

* This graph shows the total additional provincial tax and carbon charges that individuals and businesses would pay if Alberta had the same tax system and carbon charges as other provinces. This information reflects tax rates for other provinces known as of February 2, 2024. This comparison includes personal and corporate income tax, sales tax, fuel tax, provincial carbon charges (excluding output-based pricing systems), tobacco tax, health premium, payroll tax, liquor tax and markups, land transfer tax and other minor taxes.

Budget 2024 announces the planned implementation schedule for the new eight per cent personal income tax bracket for income up to \$60,000 as promised by the government. *Budget 2024* also announces several initiatives to help meet the labour challenges of a growing province, fund public services and improve public health, including:

- Launching the one-time Alberta is Calling Attraction Bonus.
- Freezing education property tax rates.
- Joining the federal-provincial coordinated vaping tax framework.
- Increasing taxes on cigarettes and smokeless tobacco.
- Introducing an annual tax on electric vehicles.
- Raising land title charges on the registration of properties and mortgages.

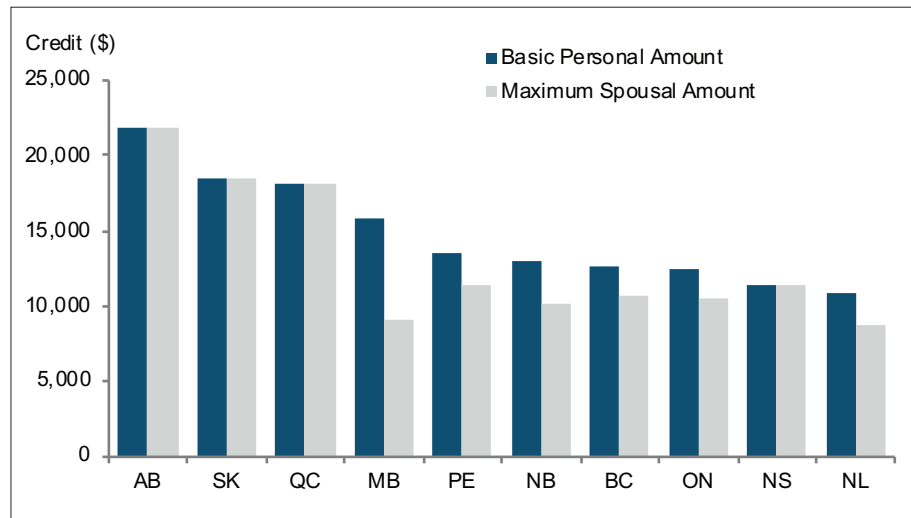
Low Personal Taxes

Albertans pay low personal income taxes, stemming from high personal and spousal amounts and high tax bracket thresholds that do not start until taxable income exceeds \$148,269. Albertans can generally earn more than other Canadians before they begin to pay provincial income tax because Alberta's basic personal and spousal amounts are higher than those in any other province.

In addition, Alberta continues to index income tax bracket thresholds and tax credit amounts saving Albertans an estimated \$680 million in 2023-24 and \$980 million in 2024-25. In 2024, thresholds and credit amounts will rise by 4.2 per cent.

Indexation of the personal income tax system will save Albertans \$980 million in 2024-25.

Basic Personal and Spousal Amounts, 2024

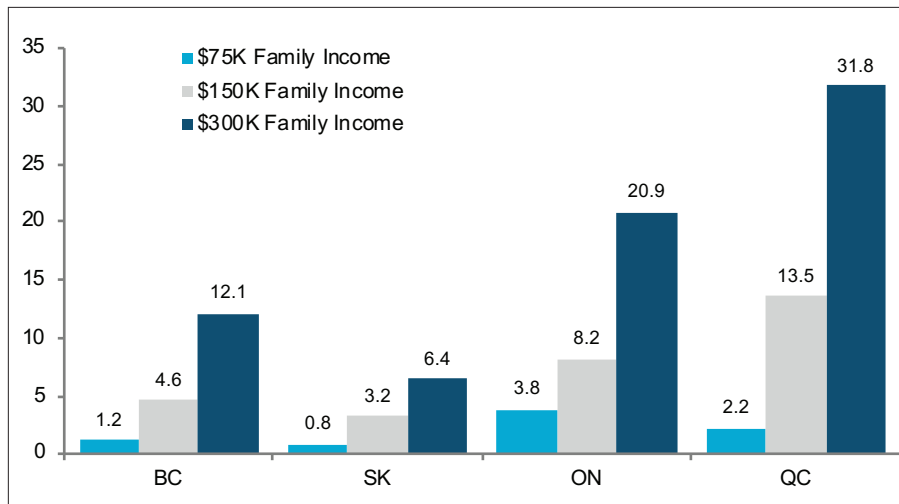


In addition to low personal income taxes, Albertans generally pay less in overall taxes than residents of other provinces. In 2024, an Alberta family with two children earning \$75,000 would pay over \$1,200 more in taxes in British Columbia and over \$3,800 more in Ontario. A similar family earning \$150,000 would pay over \$4,600 more in taxes in British Columbia and over \$8,200 more in Ontario.

In 2024, a family earning \$75,000 would pay over \$1,200 more in taxes in BC and over \$3,800 more in Ontario.

Alberta's Personal Tax Advantage, 2024

(\$ thousands)



Source: Alberta Treasury Board and Finance

* Assumes a single income family with two children, with RRSP/RPP contributions of \$6,000, \$15,000 and \$31,560 for the families with incomes of \$75,000, \$150,000 and \$300,000, respectively. Includes personal income tax, sales tax, health premium, payroll tax, fuel tax and net provincial carbon tax.

To fulfill its election commitment to build on Alberta's already strong personal tax advantage, government intends to introduce a new personal income tax bracket of eight per cent on the first \$60,000 of income. Maximum taxpayer savings are estimated to be \$760 once the tax cut is fully implemented, with total annual savings of about \$1.4 billion.

The significant cost of this tax cut means that government must proceed in a responsible way. Based on the current fiscal plan, the government expects to implement the tax cut over two years. In 2026, a new nine per cent bracket will be introduced for income up to \$60,000. The rate will then be reduced to eight per cent in 2027. This implementation schedule is contingent on the province maintaining sufficient fiscal capacity to introduce the tax cut while maintaining a balanced budget.

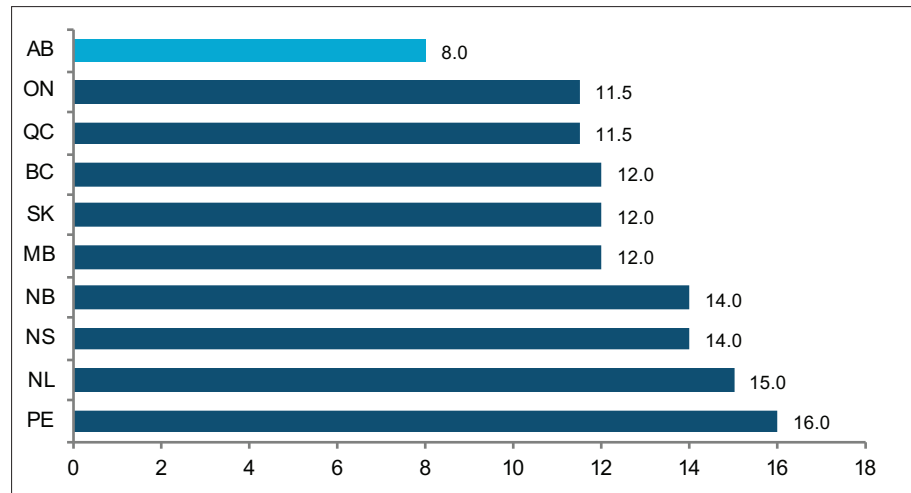
The new 8% tax bracket is estimated to save taxpayers up to \$760 annually once fully implemented.

Competitive Corporate Tax Environment

Alberta continues to foster a tax environment that is attracting investment and encouraging job creation. The Job Creation Tax Cut, which reduced Alberta's general provincial corporate income tax rate to eight per cent, and continued efforts to reduce red tape, have made Alberta one of the most competitive business environments in North America. Alberta's general corporate income tax rate is 30 per cent lower than the next lowest province, and Alberta's combined federal-provincial rate is lower than the combined federal-state rate of 44 U.S. jurisdictions.

Provincial General Corporate Income Tax Rates

(%)



* Corporate income tax rates known as of February 2, 2024.

Budget 2024 Initiatives

Alberta is Calling Attraction Bonus

A key component of the government's election platform was the *Alberta Job Growth and Diversification Strategy*, which is intended to help Alberta employers recruit and retain the skilled employees they need to continue to be successful in Alberta. *Budget 2024* announces the implementation of one component of this strategy – the Alberta is Calling Attraction Bonus.

This one-time initiative will provide a \$5,000 refundable tax credit to individuals working in eligible occupations who move to Alberta after the program start date in April 2024 and meet additional eligibility criteria. These requirements will include working full time in a specified occupation, filing their 2024 taxes in Alberta and living in the province for at least 12 months.

This program will be administered by the Ministry of Jobs, Economy and Trade and will provide a total of \$10 million in benefits to workers. More information on this credit, including the application process and additional eligibility criteria, will be made available in the coming weeks.

The Attraction Bonus will provide \$5,000 to eligible workers who move to Alberta.

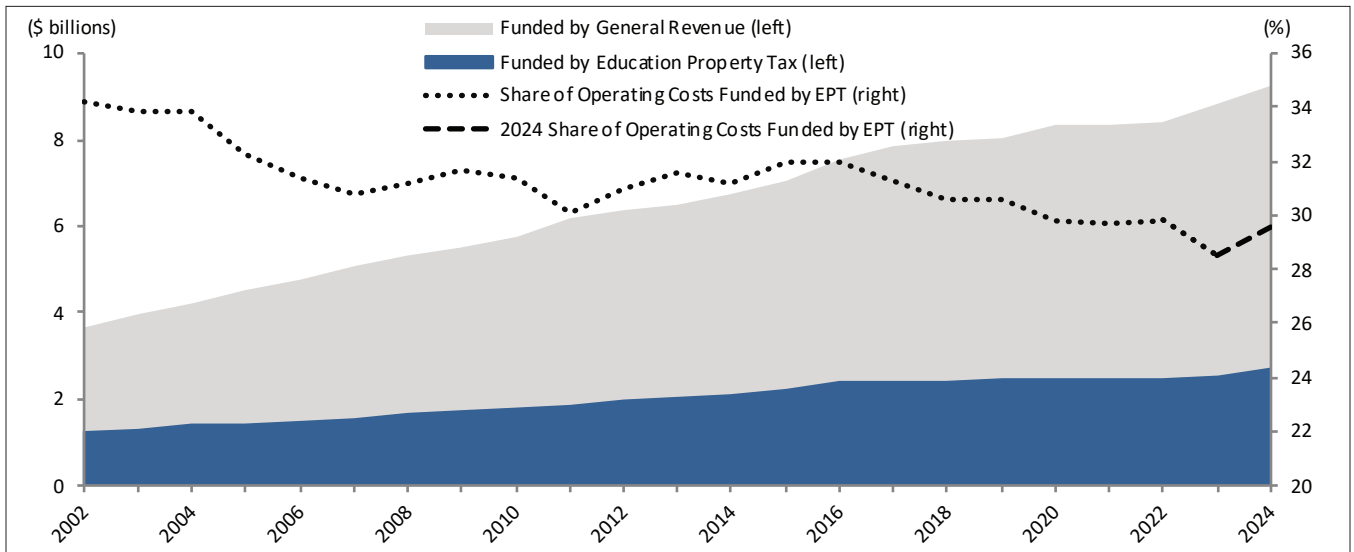
Education Property Tax

Alberta's education property tax provides a reliable source of funding for Alberta's education system. The funds support students in public and separate schools, and help pay for teacher salaries, textbooks and other classroom resources. The tax is collected by municipalities on behalf of the province, alongside municipal property taxes, based on assessed property values.

The province's share of the revenue from property tax has decreased steadily since the provincial government assumed responsibility for the education property tax in 1994, falling from 51 per cent to 24 per cent in 2022. Additionally, the proportion of education operating costs funded by the education property tax declined to an all-time low of about 28 per cent in 2023-24.

For 2024-25, education property tax rates will be frozen at \$2.56/\$1,000 for residential/farmland property and \$3.76/\$1,000 for non-residential property. While rates will be frozen, strong growth in property values and increased development mean that the education property tax requisition is expected to grow from \$2.5 billion in 2023-24 to \$2.7 billion in 2024-25. This increase will help fund rising enrolment in Alberta schools and bring the proportion of education operating costs funded by the education property tax closer to historical levels, at 29.5 per cent.

Education Operating Cost Funding Source Breakdown, 2002-03 to 2024-25



Sources: Alberta Municipal Affairs and Alberta Treasury Board and Finance

To discourage the use of these products, a provincial vaping tax will be introduced and tobacco taxes will be increased.

Protecting Public Health

Smoking and vaping continue to be serious public health issues in Alberta, causing considerable harm to many Albertans. Taxation has been a key component of Alberta's past public health efforts and remains an effective tool for motivating people to quit using tobacco and vaping products and discouraging Albertans from taking up the practice. This is particularly true for young people, who are more responsive to higher costs.

Vaping Tax

The emergence of vaping products in the last decade has presented a new method of consuming nicotine that has become popular among Albertans, particularly youth. Following the *Budget 2022* commitment, Alberta will join the existing federal-provincial coordinated vaping tax framework at the next opportunity. This approach minimizes the compliance burden on Alberta businesses and reduces the risks of tax leakage.

Under this framework, the federal government has applied a tax on vaping substances at the following rates since October 2022:

- \$1 per 2 millilitre (mL) or gram (g), or fraction thereof, for the first 10 mL/g of vaping substances in the vaping device or container, plus
- \$1 per 10 mL/g, or fraction thereof, for amounts over the first 10 mL/g.

Starting as early as January 1, 2025, vaping substances sold in Alberta will also be subject to a provincial tax at the same rates. The federal government will administer the collection of the coordinated tax at no cost to Alberta.

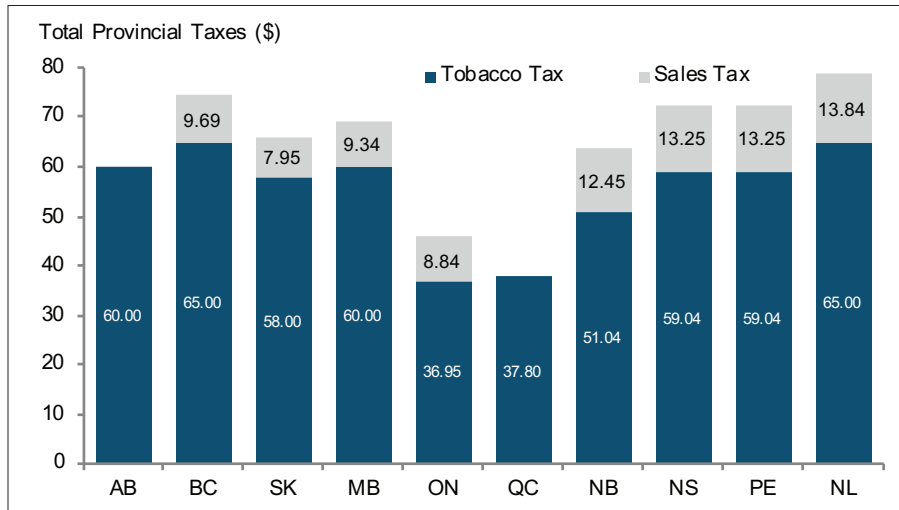
The provincial vaping tax is expected to generate \$4 million in revenue in 2024-25. Revenue is anticipated to increase to \$18 million in 2025-26.

Tobacco Taxes

Effective March 1, 2024, the tax on cigarettes will increase by 2.5 cents to 30 cents per cigarette and the tax on smokeless tobacco will rise by 7.5 cents to 35 cents per gram. With these increases, Alberta's tobacco tax rates on cigarettes and smokeless tobacco will be comparable to tobacco tax rates in neighbouring provinces. These changes are estimated to generate \$25 million in additional revenue in 2024-25.

Contraband tobacco adversely impacts the effectiveness of government's efforts to reduce tobacco use. While Alberta dedicates resources to tobacco enforcement, government remains concerned with the prevalence of contraband tobacco, its linkages to organized crime, and its potential impact on public health and tobacco tax revenue. Consequently, the government will establish a cross-ministry/agency working group, led by the Ministry of Treasury Board and Finance, to assess the prevalence of contraband tobacco in our province and identify appropriate policy measures to combat it. The government is allocating additional operating funding to support this initiative.

Provincial Taxes Per Carton of 200 Cigarettes



Sources: Alberta Treasury Board and Finance and Statista

- * Alberta's tax rate reflects the rate increase on March 1, 2024. Other provinces' tax rates known as of February 2, 2024.
- * Sales tax amounts are calculated using an April 2023 snapshot of retail prices for a carton of cigarettes in each province.

Electric Vehicle Tax

While the number of electric vehicles (EVs) in Alberta is currently low, EVs are being purchased in ever-increasing numbers. EVs tend to be heavier than similar internal combustion vehicles and cause more wear and tear on provincial roadways while their owners pay no fuel tax. While fuel tax revenue is not dedicated to funding construction and maintenance of provincial roads, there are nevertheless fairness concerns with drivers of other vehicles and longer-term challenges associated with declining fuel tax revenue.

Budget 2024 introduces a new \$200 annual tax on EVs, with a targeted effective date of January 1, 2025. The tax will be paid when owners register their vehicles and will be in addition to the existing registration fee. This tax rate is in line with the estimated annual fuel tax paid by the driver of a typical internal combustion vehicle in Alberta. The tax will not apply to hybrid vehicles.

More details regarding the tax will be made available when legislation is introduced in fall 2024. Revenue from the tax is estimated at \$1 million in 2024-25 and is expected to grow as EV adoption accelerates, reaching \$5 million in 2025-26 and \$8 million in 2026-27.

Government will continue to review the sustainability of the fuel tax, including the increasing use of alternative fuels, and consider changes to protect tax revenue.

An annual \$200 tax will apply to electric vehicles as early as January 2025.

Land Titles Registration Levy

All provinces charge fees, taxes, or a combination of both on the purchase of properties and their registration in provincial land title systems. In addition to base fees of \$50, Alberta's land title fees include variable charges of \$2.00 per \$5,000 of property value and \$1.50 per \$5,000 of mortgage value, for property transfers and mortgage registrations, respectively. These charges were last increased in 2019 and remain, by far, the lowest among provinces.

Alberta will replace the variable charges with a new Land Titles Registration Levy set at \$5.00 per \$5,000 of value for property transfers and mortgage registrations.

For a \$450,000 home purchase with a 10 per cent down payment, this translates to a levy of \$955, an increase of \$553.50 from the existing fees. Albertans will still pay the lowest charges among comparator provinces.

Legislation implementing these changes will be brought forward in spring 2024. More details about the effective date will be provided at that time. Additional revenue from this measure is estimated at \$45 million for 2024-25 and \$91 million in 2025-26.

Land Title Transfer Charges Across Provinces

| Province | Cost |
|----------|---------|
| AB | \$955 |
| BC | \$7,156 |
| SK | \$2,050 |
| ON | \$5,628 |
| QC | \$5,253 |

* Rates known as of February 2, 2024.

* Table represents costs for a \$450,000 home with a 10% down payment.

* Some municipalities also levy additional land transfer charges.

Source: Service Alberta and Red Tape Reduction

Other Initiatives

Fuel Tax Relief Program

After pausing the provincial fuel tax on gasoline and diesel for all of 2023, Alberta's oil price-based fuel tax relief program is once again in effect. Under this program, fuel tax rates are determined quarterly based on the average West Texas Intermediate (WTI) price so that Albertans benefit from lower fuel tax rates when oil prices are high. This is a responsible approach that provides relief to Albertans when it is needed most and government can best afford it.

The fuel tax rate for gasoline and diesel will remain at nine cents per litre until at least March 31, 2024, saving drivers \$124 million from January through March. While the tax was partially reinstated in January, average Alberta fuel prices were much lower during that month than when the program was first introduced in April 2022. In future quarters, these rates will be determined based on the average WTI price according to the following schedule.

\$124 million in fuel tax relief will be provided to drivers from January to March 2024.

Fuel Tax Relief Stages

| WTI Price (Average US\$ per Barrel) | Gasoline and Diesel Tax Rates |
|-------------------------------------|-------------------------------|
| \$90.00 or more | 0 cents/litre |
| \$85.00 – \$89.99 | 4.5 cents/litre |
| \$80.00 – \$84.99 | 9 cents/litre |
| \$79.99 or less | 13 cents/litre |

* Average oil prices are calculated based on the 20 trading days immediately preceding the 16th day of the final month in the quarter.

Tourism Levy

Amendments to the *Tourism Levy Act* were passed by the Legislature in fall 2023 to implement the *Budget 2022* commitment to require online brokers, such as Airbnb, Vrbo and Expedia, to collect and remit tourism levy on temporary accommodations purchased through their marketplaces. These changes were supported by recent amendments to the Tourism Levy Regulation and will come into effect on October 1, 2024.

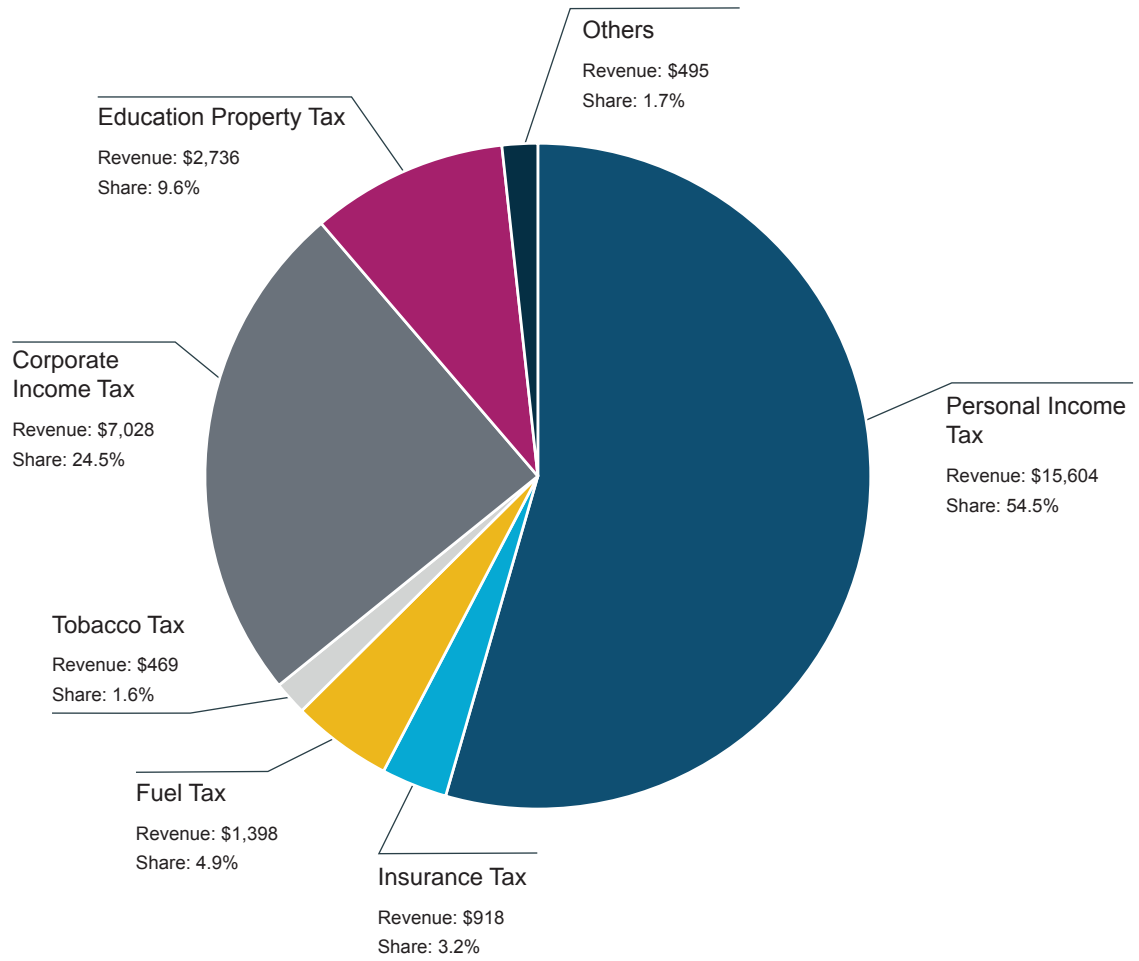
Under these amendments, collection and remittance obligations will apply to online brokers when they collect payment from the purchaser on all types of temporary accommodation, including short-term rentals and hotels, booked through their marketplace on or after October 1, 2024. Temporary accommodation providers will continue to collect and remit tourism levy on bookings where they collect payment directly from the purchaser. These changes will reduce red tape for short-term rental hosts and ensure that the tourism levy is collected more efficiently and consistently.

Short-term rental hosts are required to collect and remit the applicable tourism levy on stays booked before October 1, 2024. Government will continue to review compliance with these requirements.



Tax Plan Annex

Tax Revenue, 2024-25
(millions of dollars)



Total Tax Revenue: \$28,648 million

Tax Revenue Sources, 2024-25

(millions of dollars)

| Tax | Total Revenue | Rate | Revenue per Unit |
|--|---------------|--------------------------------|--------------------------|
| 1. Personal Income Tax | 15,604 | | |
| All taxable income | 14,274 | 10% of all taxable income | 1,427.4 per point |
| Taxable income > \$148,269 ^a | 1,330 | multiple rates | n/a |
| 2. Corporate Income Tax | 7,028 | | |
| General | 6,721 | 8.0% | 840.1 per point |
| Small business | 307 | 2.0% | 153.5 per point |
| 3. Education Property Tax^b | 2,736 | | |
| Residential/farmland property | 1,802 | \$2.56 / \$1,000 of assessment | 703.9 per mill |
| Non-residential property | 934 | \$3.76 / \$1,000 of assessment | 248.4 per mill |
| 4. Fuel Tax | 1,398 | | |
| Gasoline ^c | 776 | 13 ¢/litre | 59.7 per ¢/litre |
| Diesel ^c | 589 | 13 ¢/litre | 45.3 per ¢/litre |
| Locomotive | 17 | 5.5 ¢/litre | 3.1 per ¢/litre |
| Aviation | 11 | 1.5 ¢/litre | 7.3 per ¢/litre |
| Propane | 3 | 9.4 ¢/litre | 0.3 per ¢/litre |
| Electric vehicles | 1 | \$200 per EV | \$200 per EV |
| 5. Insurance Tax | 918 | | |
| Life, accident, sickness | 238 | 3.0% of premium | 79.3 per point |
| Other | 680 | 4.0% of premium | 170.0 per point |
| 6. Tobacco Tax | 469 | \$60/carton | 7.8 per \$/carton |
| 7. Cannabis Tax | 196 | multiple rates | n/a |
| 8. Tourism Levy | 118 | 4.0% | 29.5 per point |
| 9. Freehold Mineral Rights Tax | 100 | n/a | n/a |
| 10. Land Titles Registration Levy | 77 | \$5 per \$5,000 of value | 15.4 per \$5,000 portion |
| 11. Vaping Tax | 4 | multiple rates | n/a |

* Numbers may not add due to rounding. The revenue per unit amounts are linear calculations and cannot be used to accurately estimate the revenue impact of rate changes, as these calculations do not account for the impact rate changes have on taxpayer behaviour.

^a This amount estimates revenue attributable to the 12%, 13%, 14% and 15% tax rates.

^b This amount reflects the total requisition requested to be collected by municipalities, but does not include any amounts deducted for the Provincial Education Requisition Credit Program (estimated cost of \$3 million for 2024-25).

^c Fuel tax rates are determined quarterly based on average oil prices. Fuel tax rates on gasoline and diesel are estimated to be 13 cents per litre for 2024-25 based on the oil price forecast.

Non-Refundable Tax Credits

(dollars)

| | 2023 | | 2024 | |
|-------------------------------------|----------------|--------------------------|----------------|--------------------------|
| | Maximum Amount | Reduction in Alberta Tax | Maximum Amount | Reduction in Alberta Tax |
| Basic personal amount | 21,003 | 2,100 | 21,885 | 2,189 |
| Spousal amount | 21,003 | 2,100 | 21,885 | 2,189 |
| Eligible dependant amount | 21,003 | 2,100 | 21,885 | 2,189 |
| Age amount | 5,853 | 585 | 6,099 | 610 |
| Infirm dependant amount | 12,158 | 1,216 | 12,669 | 1,267 |
| CPP contributions | 3,754 | 375 | 3,820 | 382 |
| EI premiums | 1,002 | 100 | 1,040 | 104 |
| Pension income amount | 1,617 | 162 | 1,685 | 169 |
| Disability amount | 16,201 | 1,620 | 16,882 | 1,688 |
| Disability supplement | 12,158 | 1,216 | 12,669 | 1,267 |
| Adoption expenses | 18,210 | 1,821 | 18,975 | 1,898 |
| Medical expenses | Variable | Variable | Variable | Variable |
| Medical expenses (other dependants) | Variable | Variable | Variable | Variable |
| Caregiver amount | 12,158 | 1,216 | 12,669 | 1,267 |
| Interest on student loans | Variable | Variable | Variable | Variable |
| Donations and gifts | | | | |
| first \$200 | 200 | 120 | 200 | 120 |
| over \$200 | 75% of income | Variable | 75% of income | Variable |

* In general, credit amounts are multiplied by 10% to arrive at the reduction in Alberta tax. In the case of donations and gifts, the credit rate for the first \$200 of donations is 60% and the credit rate for total donations over \$200 is 21%.

Personal Income Tax Brackets

| Bracket | Tax Rate | Income Bracket | |
|---------|----------|---------------------------|---------------------------|
| | | 2023 | 2024 |
| 1 | 10% | Up to \$142,292 | Up to \$148,269 |
| 2 | 12% | \$142,292.01 to \$170,751 | \$148,269.01 to \$177,922 |
| 3 | 13% | \$170,751.01 to \$227,668 | \$177,922.01 to \$237,230 |
| 4 | 14% | \$227,668.01 to \$341,502 | \$237,230.01 to \$355,845 |
| 5 | 15% | \$341,502.01 and up | \$355,845.01 and up |

Alberta Child and Family Benefit Program Parameters

| Program Parameters | July 2023 - June 2024 | | July 2024 - June 2025 | |
|-----------------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | Base Component | Working Component | Base Component | Working Component |
| Benefit amounts | | | | |
| 1 child | \$1,410 | \$722 | \$1,469 | \$752 |
| 2 children | \$2,115 | \$1,379 | \$2,204 | \$1,437 |
| 3 children | \$2,820 | \$1,772 | \$2,939 | \$1,847 |
| 4 or more children | \$3,525 | \$1,902 | \$3,674 | \$1,982 |
| Income phase-out threshold | \$25,935 | \$43,460 | \$27,024 | \$45,285 |

Tax Expenditure Estimates, 2024

(millions of dollars)

Personal Income Tax

Federal Measures Paralleled by Alberta

| | |
|--|-------|
| Workers' compensation payments exemption | 31.9 |
| Social assistance payments exemption | 10.0 |
| Union and professional dues deduction | 51.6 |
| Child care expense deduction | 26.5 |
| Flow-through share deduction | 6.0 |
| Capital gains inclusion rate (50%) | 392.1 |
| Lifetime capital gains exemption | 124.6 |
| Security options deduction | 42.6 |
| Northern residents deduction | 38.3 |

Provincial Measures

| | |
|---|---------|
| Basic personal amount | 5,678.9 |
| Spousal amount | 339.7 |
| Eligible dependant amount | 121.4 |
| Age amount | 152.4 |
| Pension income amount | 63.7 |
| Caregiver amount | 26.6 |
| Disability amount | 74.7 |
| Disability amount transferred from a dependant | 65.6 |
| Interest paid on student loans | 4.7 |
| Amounts transferred from a spouse or common-law partner | 27.2 |
| Medical expenses | 85.1 |
| Donations and gifts | 343.4 |
| Political contributions | 5.1 |

Corporate Income Tax

| | |
|---|-------|
| Small business rate | 920.0 |
| Donations and gifts | 25.0 |
| Agri-processing Investment Tax Credit (APITC) | 0.0 |

Fuel Tax

| | |
|---|-------|
| Tax Exempt Fuel User program (marked fuel for off-road use) | 211.7 |
| Alberta Farm Fuel Benefit (marked fuel) | 56.1 |
| Reduced rate for locomotive fuel | 22.8 |
| Exemption for aviation fuel used on international flights | 4.3 |

Education Property Tax

| | |
|-------------------------------|------|
| Community Revitalization Levy | 19.1 |
|-------------------------------|------|

Transfers Through the Tax System^a

| | |
|---|-------|
| Innovation Employment Grant (IEG) | 82.0 |
| Alberta Child and Family Benefit (ACFB) | 355.0 |
| Film and Television Tax Credit (FTTC) | 105.0 |

* Due to interactions between tax expenditures, they cannot generally be added together to determine the fiscal impacts of concurrently eliminating multiple tax expenditures.

* Personal income tax and education property tax expenditures are reported on a calendar year basis. The remaining expenditures are reported on a fiscal year (2024-25) basis.

^a Transfers through the tax system are reported in ministries' operating expense. The amount for the ACFB is reported by Children and Family Services and the amounts for the IEG and FTTC are reported by Jobs, Economy and Trade.

Interprovincial Tax Comparison, 2024

(dollars)

| | AB | BC | SK | MB | ON | QC | NB | NS | PE | NL |
|---|----------------|---------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|---------------|
| Employment Income of \$35,000 – One Income Couple with Two Children | | | | | | | | | | |
| Provincial income tax | (2,539) | (1,818) | (1,385) | (318) | (3,694) | (8,370) | 0 | 1,156 | 200 | 0 |
| Provincial sales tax | - | 916 | 950 | 1,522 | 436 | 881 | 1,575 | 2,304 | 2,156 | 1,334 |
| Health premium | - | - | - | - | 300 | - | - | - | - | - |
| Payroll tax | - | 334 | - | 304 | 395 | 913 | - | - | - | 330 |
| Fuel tax & net carbon tax | 360 | 277 | 450 | 210 | 356 | 576 | 326 | 465 | 254 | 383 |
| Total | (2,179) | (291) | 15 | 1,718 | (2,207) | (6,000) | 1,901 | 3,925 | 2,610 | 2,047 |
| Alberta Tax Advantage | | 1,888 | 2,194 | 3,897 | (28) | (3,821) | 4,080 | 6,104 | 4,789 | 4,226 |
| Employment Income of \$75,000 – One Income Couple with Two Children | | | | | | | | | | |
| Provincial income tax | 2,013 | 1,083 | 1,494 | 3,703 | 2,269 | (1,052) | 4,565 | 6,659 | 5,345 | 5,345 |
| Provincial sales tax | - | 1,163 | 1,209 | 1,925 | 2,138 | 3,094 | 2,854 | 2,897 | 2,943 | 2,943 |
| Health premium | - | - | - | - | 600 | - | - | - | - | - |
| Payroll tax | - | 716 | - | 651 | 847 | 1,956 | - | - | - | 707 |
| Fuel tax & net carbon tax | 360 | 616 | 450 | 210 | 356 | 576 | 326 | 465 | 254 | 383 |
| Total | 2,373 | 3,578 | 3,153 | 6,489 | 6,210 | 4,574 | 7,745 | 10,021 | 8,542 | 9,378 |
| Alberta Tax Advantage | | 1,205 | 780 | 4,116 | 3,837 | 2,201 | 5,372 | 7,648 | 6,169 | 7,005 |
| Employment Income of \$100,000 – Two Income Couple with Two Children | | | | | | | | | | |
| Provincial income tax | 3,904 | 2,183 | 3,377 | 4,813 | 2,236 | 1,667 | 5,517 | 7,370 | 6,368 | 5,948 |
| Provincial sales tax | - | 1,367 | 1,412 | 2,279 | 2,604 | 3,712 | 3,548 | 3,486 | 3,520 | 3,534 |
| Health premium | - | - | - | - | 900 | - | - | - | - | - |
| Payroll tax | - | 955 | - | 868 | 1,130 | 2,608 | - | - | - | 943 |
| Fuel tax & net carbon tax | 540 | 1,456 | 675 | 315 | 533 | 864 | 489 | 698 | 381 | 574 |
| Total | 4,444 | 5,961 | 5,464 | 8,275 | 7,403 | 8,851 | 9,554 | 11,554 | 10,269 | 10,999 |
| Alberta Tax Advantage | | 1,517 | 1,020 | 3,831 | 2,959 | 4,407 | 5,110 | 7,110 | 5,825 | 6,555 |
| Employment Income of \$200,000 – Two Income Couple with Two Children | | | | | | | | | | |
| Provincial income tax | 12,102 | 9,410 | 13,364 | 15,635 | 10,289 | 16,742 | 16,594 | 21,176 | 19,063 | 17,835 |
| Provincial sales tax | - | 2,220 | 2,263 | 3,626 | 4,267 | 5,919 | 5,684 | 5,532 | 5,603 | 5,643 |
| Health premium | - | - | - | - | 1,350 | - | - | - | - | - |
| Payroll tax | - | 1,910 | - | 1,735 | 2,259 | 5,216 | - | - | - | 1,887 |
| Fuel tax & net carbon tax | 540 | 1,591 | 675 | 315 | 533 | 864 | 489 | 698 | 381 | 574 |
| Total | 12,642 | 15,131 | 16,302 | 21,311 | 18,698 | 28,741 | 22,767 | 27,406 | 25,047 | 25,939 |
| Alberta Tax Advantage | | 2,489 | 3,660 | 8,669 | 6,056 | 16,099 | 10,125 | 14,764 | 12,405 | 13,297 |

Calculations are based on other provinces' tax parameters known as of February 2, 2024.

- * Health premiums are assumed to be borne by individuals. In provinces that impose payroll taxes, 75% is assumed to be borne by employees and 25% by employers.
- * Fuel tax is based on estimated consumption of 3,000 litres of gasoline per year for one-income families and 4,500 litres of gasoline for two-income families.
- * Fuel tax rates are prorated based on known relief measures. Alberta's rate is set at 12 cents per litre, based on the estimated average 2024 tax rate.
- * Net carbon tax reflects direct provincial taxes and rebates only and is based on the estimated fuel tax gasoline consumption and base natural gas consumption of 135 GJ/year for a family of four, adjusted based on provincial home heating consumption patterns. The cap-and-trade system in Quebec, as well as the fuel charge and rebate under the federal carbon pricing backstop, are excluded.
- * RRSP/RPP contributions of \$0, \$6,000, \$10,000 and \$25,000 are included in the calculation of personal income tax for the families with incomes of \$35,000, \$75,000, \$100,000 and \$200,000, respectively.
- * For two-income families, income and RRSP/RPP contributions are split 60/40 between the couple.
- * The children are assumed to be 6 and 12 years old.

Major Provincial Tax Rates, 2024

| | | AB | BC | SK | MB | ON | QC | NB | NS | PE | NL |
|--------------------------------------|-------------|-------------------|--------------------|--------------------|--------------------|--------------------|---------------------|--------------------|---------------------|--------------------|--------------------|
| Personal Income Tax | | | | | | | | | | | |
| Statutory rate range | | | | | | | | | | | |
| lowest rate | (%) | 10.00 | 5.06 | 10.50 | 10.80 | 5.05 | 14.00 ^a | 9.40 | 8.79 | 9.65 | 8.70 |
| highest rate | (%) | 15.00 | 20.50 | 14.50 | 17.40 | 13.16 | 25.75 ^a | 19.50 | 21.00 | 18.75 | 21.80 |
| Surtax | (%) | - | - | - | - | 20/36 ^b | - | - | - | - | - |
| Combined federal/provincial | | | | | | | | | | | |
| top marginal rate ^c | (%) | 48.00 | 53.50 | 47.50 | 50.40 | 53.53 | 53.31 | 52.50 | 54.00 | 51.75 | 54.80 |
| Personal amount | (\$) | 21,885 | 12,580 | 18,491 | 15,780 | 12,399 | 18,056 | 13,044 | 11,481 ^d | 13,500 | 10,818 |
| Spousal amount | (max.\$) | 21,885 | 10,772 | 18,491 | 9,134 | 10,528 | 18,056 ^e | 10,223 | 11,481 ^d | 11,466 | 8,840 |
| Corporate Income Tax | | | | | | | | | | | |
| General rate | (%) | 8.0 | 12.0 | 12.0 | 12.0 | 11.5 | 11.5 | 14.0 | 14.0 | 16.0 | 15.0 |
| M&P rate | (%) | 8.0 | 12.0 | 10.0 | 12.0 | 10.0 | 11.5 | 14.0 | 14.0 | 16.0 | 15.0 |
| Small business | | | | | | | | | | | |
| rate | (%) | 2.0 | 2.0 | 1.0 ^f | 0.0 | 3.2 | 3.2 | 2.5 | 2.5 | 1.0 | 3.0 |
| threshold | (\$000) | 500 | 500 | 600 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Capital Tax | | | | | | | | | | | |
| Financial institutions | (max.%) | - | - | 4.0 | 6.0 | - | - | 5.0 | 4.0 | 5.0 | 6.0 |
| Sales Tax | | | | | | | | | | | |
| | (%) | - | 7.0 | 6.0 | 7.0 | 8.0 | 9.975 | 10.0 | 10.0 | 10.0 | 10.0 |
| Taxes on Gasoline^g | | | | | | | | | | | |
| | (¢/litre) | 9.00 ^h | 28.81 ⁱ | 15.00 | 0.00 ^k | 9.00 ^l | 19.20 ^j | 10.87 ^j | 15.50 ^j | 8.47 ^j | 7.5 ^{l,m} |
| Tobacco Tax | | | | | | | | | | | |
| | (\$/carton) | 60.00 | 65.00 ^l | 58.00 ^l | 60.00 ^l | 36.95 ^l | 37.80 | 51.04 ^l | 59.04 ^l | 59.04 ^l | 65.00 ^l |
| Payroll Tax | | | | | | | | | | | |
| | (max.%) | - | 1.95 | - | 2.15 | 1.95 | 4.26 | - | - | - | 2.00 |

Other provinces' rates and amounts known as of February 2, 2024.

^a Quebec residents receive an abatement of 16.5% of basic federal tax because of the province's decision to opt out of federal cash transfers in support of provincial programs.

^b Ontario levies a two-tiered surtax, collecting 20% of basic tax in excess of \$5,554 and an additional 36% of basic tax in excess of \$7,108.

^c The top federal personal income tax rate is 33%, except in Quebec where the top federal rate is 27.56% because of the federal abatement.

^d Nova Scotia includes a supplemental \$3,000, which phases out by 6% on income above \$25,000 and reaches \$0 at an income of \$75,000.

^e After accounting for non-refundable tax credits in the calculation of the individual's income tax, unused tax credits may be transferred from one spouse to another.

^f Saskatchewan's small business tax rate was temporarily lowered from 2% to 0% on October 1, 2020. The rate was raised to 1% on July 1, 2023 and will return to 2% on July 1, 2024.

^g Taxes on gasoline include provincial gasoline and carbon taxes. The cap-and-trade system in Quebec, as well as the fuel charge under the federal carbon pricing backstop, are excluded.

^h Alberta's tax rate on gasoline is determined quarterly based on average oil prices.

ⁱ Different rates based on region are not included in the rate shown, such as 18.5 ¢/litre in the greater Vancouver area or the 3 ¢/litre increase in the Montreal area.

^j These provinces apply their PST or the provincial portion of their HST on the retail price of the good inclusive of excise taxes.

^k Manitoba implemented a full pause on fuel tax collection until June 30, 2024. After June 2024, the fuel tax will return to 14 ¢/litre.

^l Ontario temporarily reduced their gasoline tax rate to 9 ¢/litre. It is set to return to 14.7 ¢/litre on June 30, 2024.

^m Newfoundland and Labrador temporarily reduced their gasoline portion of their tax to 7.5 ¢/litre. It is set to return to 14.5 ¢/litre on April 1, 2024.

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024–27

Fiscal Plan

Debt

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Debt

Provincial Debt Outstanding

The Province borrows money for a number of reasons: to support its fiscal and capital plans, to manage short-term cash movements, to maintain its cash reserve, to refinance maturing debt, and to lend money to various provincial corporations and to local authorities.

On March 31, 2023, Alberta had \$102.8 billion in total debt outstanding. This includes all debt issued by the Province of Alberta, money borrowed directly by the Alberta Capital Finance Authority prior to 2011, and P3 contracts.

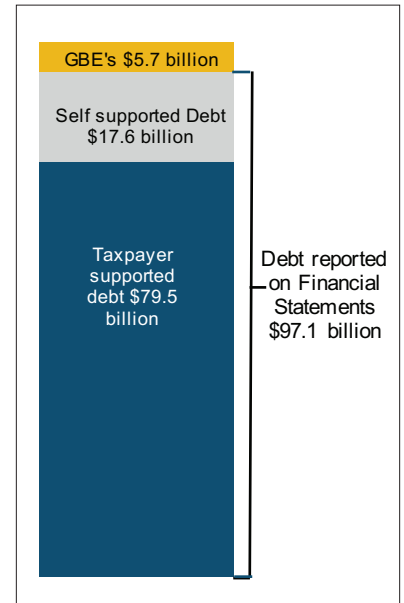
Of the total, \$5.7 billion is lent to government-business enterprises (or GBEs). GBEs' debt is listed on their financial statements and is not consolidated with provincial debt on the government's financial statements. The remainder of \$97.1 billion is shown in the consolidated statement of financial position. It is comprised of \$79.5 billion in taxpayer supported debt and \$17.6 billion in self-supported debt.

Currently, there are three government business enterprises that borrow from the government: ATB Financial, the Alberta Petroleum Marketing Commission, and the Balancing Pool. The debt held by the Agriculture Financial Services Corporation, and the Province's loans to local authorities program are considered self supported debt as there are income producing assets used to make payments on this debt.

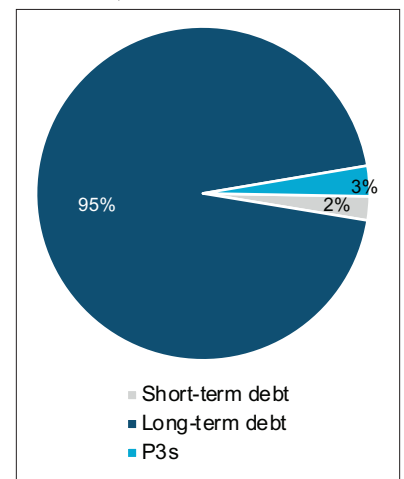
The Province's debt management strategy is to minimize interest costs while prudently managing interest rate, refinancing, liquidity, and other risks. There are three key strategies. Maintaining access to multiple markets reduces interest costs and enhances liquidity. Managing the maturities of the debt minimizes the amount of debt maturing in any year which reduces refinancing risk and interest rate risk. Liquidity risk is reduced further by holding a prudent amount of cash needed to meet expected near-term cash flows which also helps to avoid issuing debt in unfavourable market conditions.

Alberta issues debt with maturities ranging from one day to over 30 years. Much of the short-term debt (maturity of one day to one year) is issued with an initial term to maturity of three months or less. Long-term debt (maturity greater than one year) is most commonly issued in maturity terms of five, 10, and 30 years. While other terms to maturity are available, bonds with five, 10, or 30 year terms to maturity have the greatest demand among bond market investors.

Composition of Alberta Debt
March 31, 2023

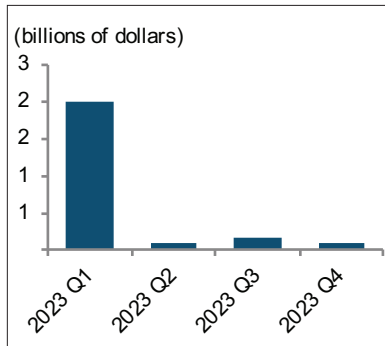


Composition of Alberta Debt
March 31, 2023



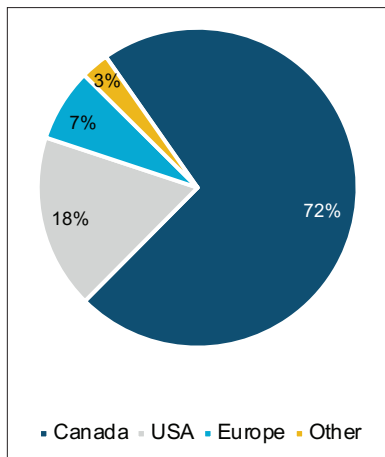
Short-Term Debt Maturities

March 31, 2023



Long-Term Debt by Market

March 31, 2023



As of March 31, 2023, outstanding short-term debt was \$2.4 billion, and outstanding long-term debt was \$96.9 billion. The province also had \$3.0 billion in P3 liabilities at that time.

The Province issues short-term debt for two purposes. First, short-term debt is often issued to manage fluctuating short-term cash balances. Second, short-term debt is often issued and re-financed regularly upon maturity to mimic debt with a floating interest rate. This method of achieving a floating interest rate exposure is usually more cost-effective than issuing floating rate bonds. Long-term debt is raised in Canadian and global capital markets through the sale of bonds to investors, including pension funds, insurance companies, banks, central banks, and other institutional investment managers.

Issuing bonds is less costly than other forms of long-term borrowing, such as bank loans. Bonds typically have a fixed interest rate, but floating interest rate bonds can also be issued. The Province primarily issues bullet bonds meaning that payments before the maturity of the bond are most often interest-only payments, leaving the entire principal amount, or par value, to be repaid on the bond's maturity date. The Province uses long-term debt for most of its financing requirements.

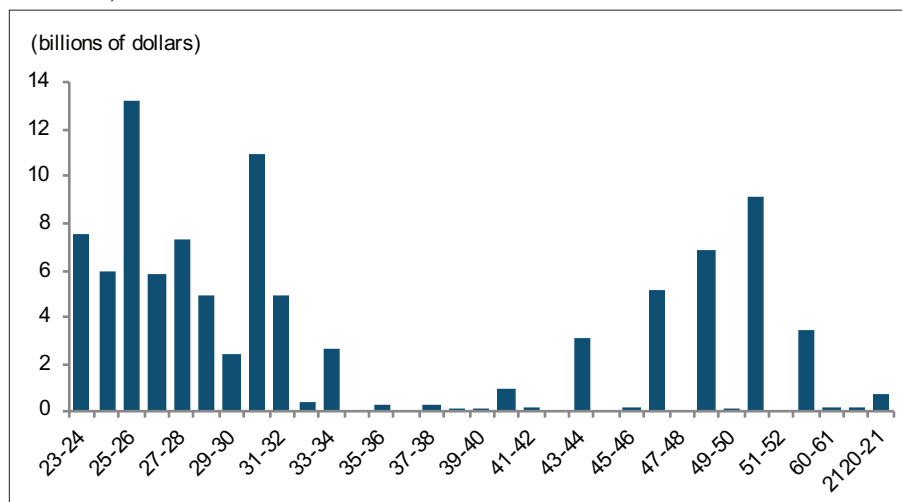
The Province borrows from multiple markets across the globe to lower costs and maintain strong access to liquidity. While most long-term debt is issued in Canadian markets, the government will raise long-term debt in foreign markets when it is more cost-effective to do so or when Canadian markets are difficult to access. It is important to note that the government takes no currency-related risks when issuing debt in foreign currencies as all foreign currency debt is hedged back to Canadian dollars.

A surplus occurs when a government's expenses are lower than its revenues during the fiscal year. The surplus is an accounting measure and is not a measure of cash received less cash spent.

Debt is the money that is owed to lenders. Debt is required when government's cash outflows exceed its cash inflows. Debt can only be repaid if there is cash available when the debt comes due. Otherwise, the debt must be refinanced.

Long-Term Debt Maturities

March 31, 2023



Short-term debt is issued in both Canada and the United States, while long-term debt is issued in Canada and other markets. Bonds have been issued in nine different foreign currencies to date (American dollars, Euros, British pounds, Australian dollars, Swiss francs, Swedish krona, Norwegian kroner, South African rand and New Zealand dollars). The Province will also look at issuing debt in other currencies if it reduces borrowing costs. Investors around the world buy Alberta's debt, regardless of currency.

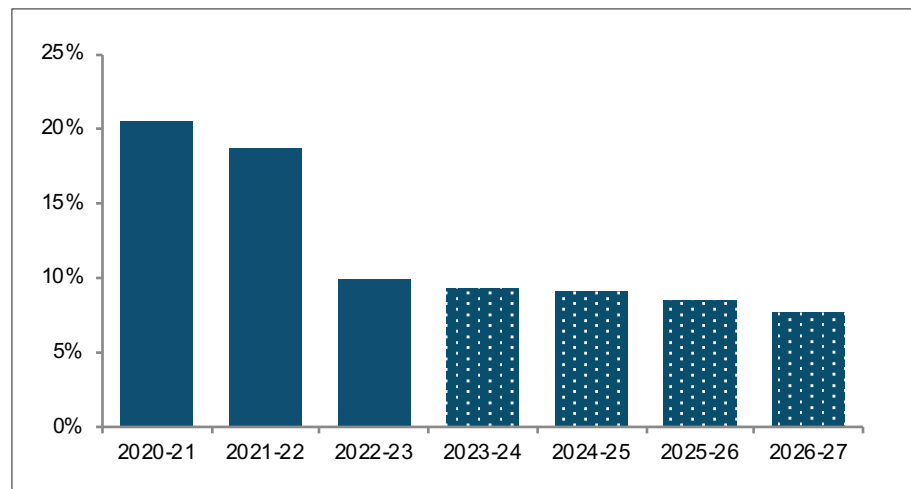
On March 31, 2023, outstanding taxpayer supported short-term debt had an average term to maturity of 71 days and an average cost of 2.95 per cent. The average term to maturity of taxpayer supported long-term debt on March 31, 2023, was 11.9 years and the average cost was 3.02 per cent. For March 31, 2024, it is estimated that the average term to maturity for all taxpayer supported debt will be 11.2 years with an average cost of 3.23 per cent.

Debt Projections and Borrowing Plan

Taxpayer supported debt outstanding is estimated to total \$76.1 billion at the end of 2023-24 and \$78.4 billion at the end of 2024-25. These estimates are \$2.2 billion lower and \$.01 billion higher than what was estimated in *Budget 2023*.

For fiscal year 2024-25, taxpayer supported debt of \$78.4 billion is equal to 17.3 per cent of GDP and 106.6 per cent of total revenue. Taxpayer supported debt per capita is forecasted to be \$16,094. Net financial liabilities are projected to be \$41.6 billion at fiscal 2024-25 year's end. In relative terms, this is 9.1 per cent of GDP and 56.6 per cent of revenue. On a per capita basis, net financial liabilities are expected to be \$8,545.

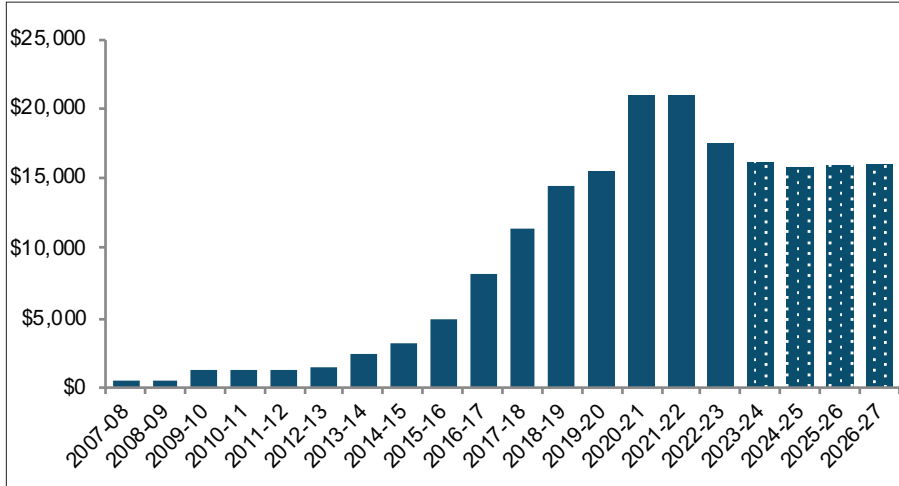
Net Debt to GDP



The Province is projected to borrow \$19.8 billion for 2024-25, \$5.4 billion for refinancing maturing debt, \$2.8 billion in new funding for the capital plan and year end cash adjustments and \$11.6 billion to repay debt maturities coming due in 2025-26.

The Province is forecasting to borrow \$4.4 billion in 2025-26 and \$8.0 billion in 2026-27. The borrowing strategy will be consistent with those of recent years. Term debt issuance will be focused on maintaining liquid benchmark bonds in the Canadian bond market where possible. The Province will maintain access to foreign markets and will issue debt offshore if there are cost-saving opportunities to do so.

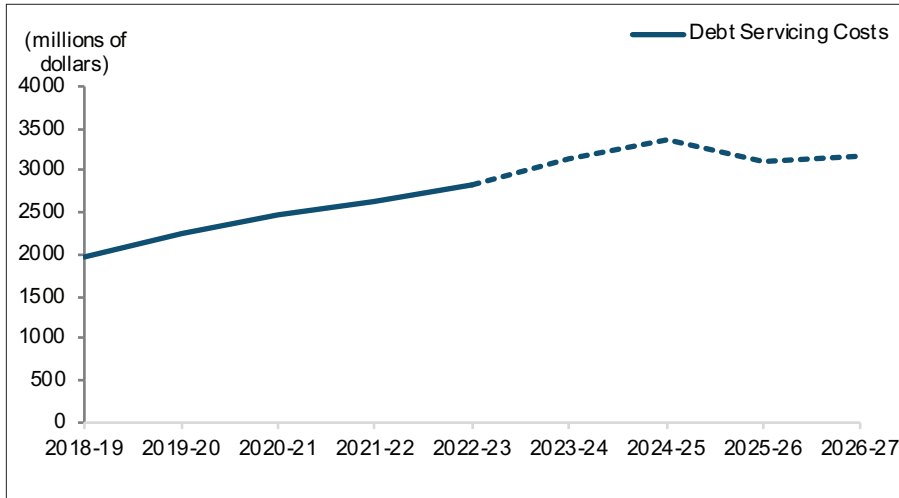
Taxpayer Supported Debt Per Capita



Debt Servicing Costs

Consolidated debt servicing costs are estimated to be \$3.1 billion in 2023-24 and \$3.4 billion in 2024-25. Debt servicing costs on taxpayer supported debt are projected to be \$2.3 billion in 2023-24 and \$2.6 billion in 2024-25.

Debt Servicing Costs

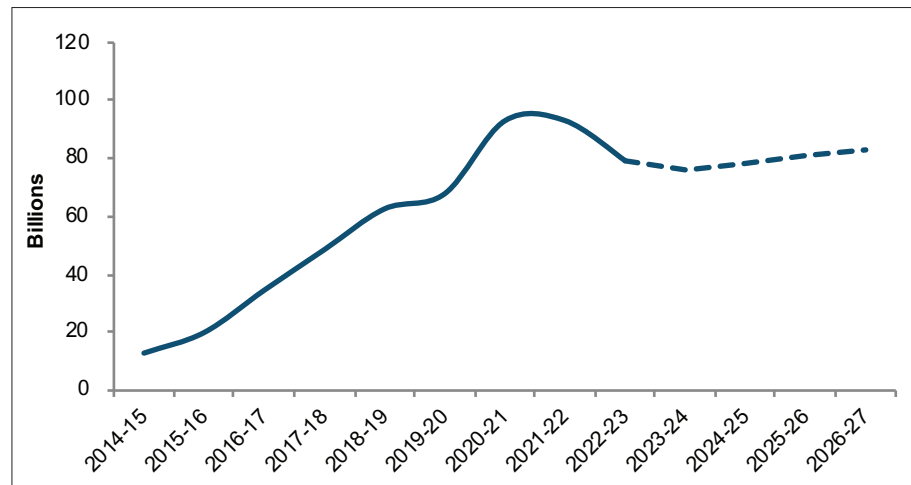


Debt Reduction

In *Budget 2023*, Alberta's government introduced a fiscal framework to address the unique nature of Alberta's economic and revenue volatility. In addition to requiring balanced budgets and limiting expenditure growth, the framework requires that, at a minimum, 50 per cent of any surplus cash be allocated to the repayment of maturing debt.

Reducing and eventually eliminating the Province's debt requires that the budget be in a surplus cash position. Since debt is also used to finance capital spending, the government will need to continue to produce surpluses while prudently managing capital budgets in order to reduce the need to borrow for long term assets and to pay down debt. During fiscal year 2022-23, \$13.3 billion of maturing debt was repaid using surplus cash and \$3.2 billion more is expected to be repaid in fiscal year 2023-24.

Taxpayer Supported Debt

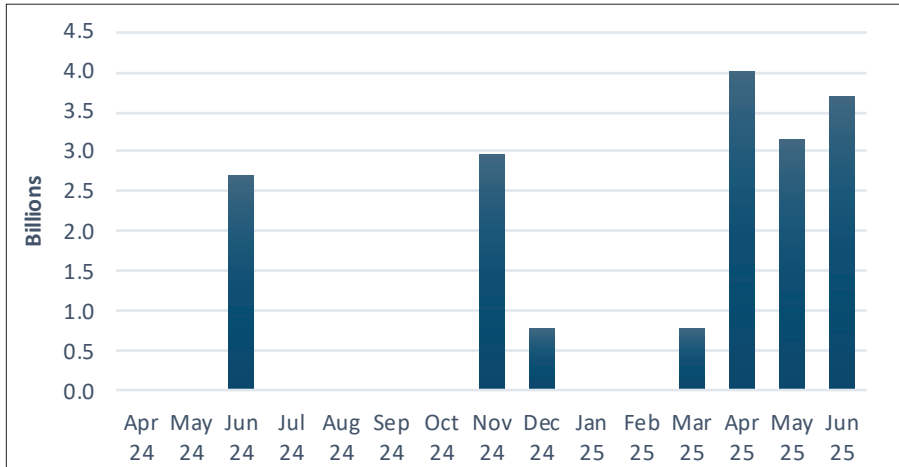


Refinancing Plan 2024-26

The Borrowing Requirements Table outlines the cash needed to repay the Province's existing debt obligations throughout the fiscal year. Wherever possible debt maturities are spread evenly throughout the year to allow for ease of refinancing of bonds as they come due. Between June 2024 and June 2025, \$16.7 billion of the Province's bonds will mature and will need to be refinanced. \$10.9 billion of this debt matures between April and June of 2025. Much of the debt maturing in 2025 was issued during the early stages of the Covid-19 pandemic when access to capital markets was challenging for governments globally including all Canadian provinces. This limited the Province's ability to choose optimal dates for its bond maturities.

Starting in fiscal year 2023-24 the Province will borrow in advance of its immediate cash needs in order to ensure the seamless and cost effective refinancing of these large bond maturities. The funds raised in advance will be

Maturing debt by Month

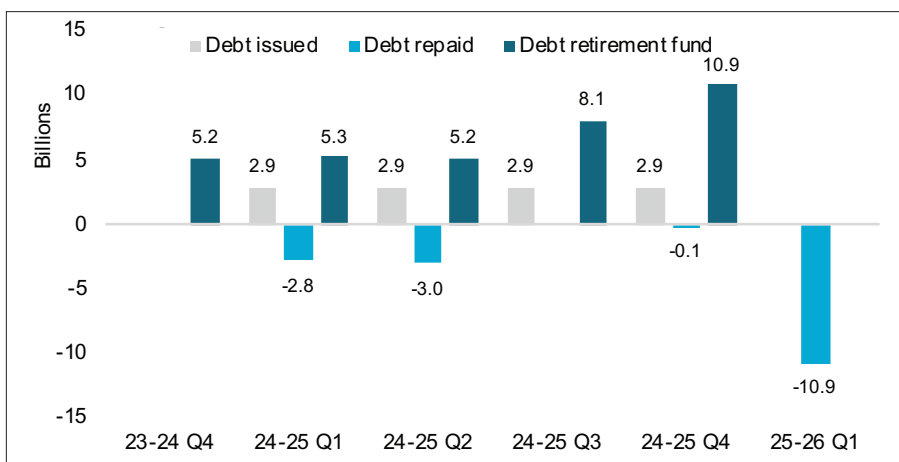


held in a designated debt retirement account. The cash will be invested in high quality bonds to the maturity dates of the existing debt. This will ensure that the Province is positioned to repay bonds as they come due. Borrowing in advance will also allow the Province to select maturity dates for the refinanced debt to be spread further apart so that future debt maturities will be more easily managed.

These actions will temporarily cause a net increase in debt outstanding in 2023-24 and in 2024-25. This debt will be largely offset by assets held in the debt retirement account. Increases to debt servicing costs will likewise be largely offset by investment income earned on the assets held in the debt retirement account.

The Province expects to issue \$11.6 billion for debt retirement in 2024-25 at a pace of approximately \$2.9 billion per quarter. The debt retirement fund balances are expected to be \$5.2 billion at March 31, 2024 and \$10.9 billion at March 31, 2025. The fund will be fully depleted by with the repayment of bonds coming due in June 2025.

Debt Retirement Plan



Borrowing Requirements

(millions of dollars)

| | 2022-23 Actual | 2023-24 Forecast | 2024-25 Estimate | 2025-26 Target | 2026-27 Target |
|---------------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Taxpayer supported debt | - | 7,330 | 7,289 | 3,571 | 6,853 |
| Self supported debt* | 2,251 | 525 | 503 | 455 | 459 |
| Government business enterprises | 1,003 | 2,913 | 408 | 350 | 700 |
| Subtotal borrowing requirements | 3,254 | 10,768 | 8,200 | 4,376 | 8,012 |
| Borrowing for future debt requirement | - | 3,000 | 11,600 | - | - |
| Total borrowing requirements | 3,254 | 13,768 | 19,800 | 4,376 | 8,012 |

* Debt incurred to lend to Agriculture Financial Services Corporation and debt incurred to make loans to local authorities

Borrowing Sources

(millions of dollars)

| | 2022-23 Actual | 2023-24 Forecast | 2024-25 Estimate | 2025-26 Target | 2026-27 Target |
|-----------------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Money market (net change) | 782 | 9,279 | 2,000 | 1,500 | 1,500 |
| Public private partnerships (P3s) | 56 | - | 120 | - | - |
| Term debt | 2,416 | 4,489 | 17,680 | 2,876 | 6,512 |
| Total borrowing sources | 3,254 | 13,768 | 19,800 | 4,376 | 8,012 |

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024–27

Fiscal Plan

Tables

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Note on accounting policy changes:

The Public Sector Accounting Board has released updates to standards that are effective for the 2023-24 fiscal year, for Revenue and Public Private Partnerships. The impact of the changes are not included in *Budget 2024* but will be incorporated in the 2023-24 and 2024-25 audited year-end financial statements, as required.

- Revenue: provides guidance on the recognition, measurement, presentation and disclosure of some revenue streams.
- Public Private Partnerships (P3s): increased guidance on P3s between public and private sector entities, as P3 contracts have become more complex and varied.

Note: Amounts presented in tables may not add to totals due to rounding.

Summary Statement of Operations

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Revenue | | | | | | |
| Tax revenue | 26,524 | 24,992 | 26,913 | 28,645 | 29,895 | 31,367 |
| Non-renewable resource revenue | 25,242 | 18,361 | 19,416 | 17,315 | 17,839 | 17,939 |
| Federal transfers | 11,363 | 12,552 | 12,656 | 12,640 | 13,161 | 13,644 |
| Investment income | 1,326 | 3,154 | 4,467 | 3,267 | 3,433 | 3,672 |
| Other | 11,665 | 11,594 | 12,176 | 11,672 | 11,723 | 12,194 |
| Total Revenue | 76,120 | 70,653 | 75,628 | 73,537 | 76,051 | 78,816 |
| Expense | | | | | | |
| Operating expense | 54,737 | 57,038 | 57,876 | 60,124 | 61,595 | 62,798 |
| Capital grants | 1,525 | 2,821 | 2,375 | 3,469 | 3,576 | 3,863 |
| Amortization / inventory consumption / loss on disposals | 4,090 | 4,418 | 4,419 | 4,576 | 4,695 | 4,720 |
| Debt servicing costs | 2,829 | 2,848 | 3,136 | 3,365 | 3,121 | 3,174 |
| Pension provisions | (21) | (322) | (358) | (364) | (373) | (378) |
| Disaster and emergency assistance | 1,319 | - | 2,946 | - | - | - |
| Expense before contingency | 64,479 | 66,803 | 70,394 | 71,170 | 72,614 | 74,176 |
| Contingency (forecast un-allocated) | - | 1,500 | - | 2,000 | 2,000 | 2,000 |
| Total Expense | 64,479 | 68,303 | 70,394 | 73,170 | 74,614 | 76,176 |
| Surplus / (deficit) | 11,641 | 2,350 | 5,234 | 367 | 1,437 | 2,640 |

Summary Statement of Financial Position

(millions of dollars)

| | At March 31 | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2023 | 2024 | 2025 | 2026 | 2027 |
| | Actual | Forecast | Estimate | Target | Target |
| Financial Assets | 79,490 | 90,102 | 96,651 | 89,858 | 93,106 |
| Liabilities | 125,104 | 131,001 | 138,267 | 131,056 | 132,324 |
| Net Financial Assets / (Debt) | (45,614) | (40,899) | (41,616) | (41,198) | (39,218) |
| Capital / Other Non-financial Assets | 60,624 | 61,294 | 62,396 | 63,407 | 64,055 |
| Deferred capital contributions | (3,696) | (3,847) | (3,865) | (3,857) | (3,845) |
| Net Assets | 11,314 | 16,548 | 16,915 | 18,352 | 20,992 |
| Net assets at the beginning of the year | (3,248) | 8,500 | 13,734 | 14,101 | 15,538 |
| Surplus / (Deficit) | 11,641 | 5,234 | 367 | 1,437 | 2,640 |
| Adjustment to net assets ^a | 107 | - | - | - | - |
| Net - Operating assets at end of year | 8,500 | 13,734 | 14,101 | 15,538 | 18,178 |
| Accumulated remeasurement gains / losses at the beginning of the year | 2,814 | 2,814 | 2,814 | 2,814 | 2,814 |
| Adjustments to remeasurement gains and losses | - | - | - | - | - |
| Net assets at end of year | 11,314 | 16,548 | 16,915 | 18,352 | 20,992 |
| Net debt to GDP | -9.9% | -9.3% | -9.1% | -8.5% | -7.7% |

^a Includes adjustments to net assets as reported in the annual consolidated financial statements.

Schedule 1: Consolidated Fiscal Summary

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|---------------|---------------|---------------|----------------|----------------|----------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Statement of Operations | | | | | | |
| 1 Total Revenue | 76,120 | 70,653 | 75,628 | 73,537 | 76,051 | 78,816 |
| Expense | | | | | | |
| 2 Operating expense | 54,737 | 57,038 | 57,876 | 60,124 | 61,595 | 62,798 |
| 3 % change from prior year | 4.6 | 4.2 | 5.7 | 3.9 | 2.4 | 2.0 |
| 4 Capital grants | 1,525 | 2,821 | 2,375 | 3,469 | 3,576 | 3,863 |
| 5 Amortization / inventory consumption / loss on disposals | 4,090 | 4,418 | 4,419 | 4,576 | 4,695 | 4,720 |
| 6 Taxpayer-supported debt servicing costs | 2,325 | 2,097 | 2,317 | 2,584 | 2,453 | 2,537 |
| 7 Self-supported debt servicing costs | 504 | 751 | 819 | 781 | 668 | 637 |
| 8 Pension provisions | (21) | (322) | (358) | (364) | (373) | (378) |
| 9 Disaster and emergency assistance | 1,319 | - | 2,946 | - | - | - |
| 10 Expense before contingency | 64,479 | 66,803 | 70,394 | 71,170 | 72,614 | 74,176 |
| 11 Contingency (forecast un-allocated) | - | 1,500 | - | 2,000 | 2,000 | 2,000 |
| 12 Total Expense | 64,479 | 68,303 | 70,394 | 73,170 | 74,614 | 76,176 |
| 13 Surplus / (Deficit) | 11,641 | 2,350 | 5,234 | 367 | 1,437 | 2,640 |
| Capital Plan | | | | | | |
| 14 Capital grants | 1,525 | 2,821 | 2,375 | 3,469 | 3,576 | 3,863 |
| 15 Capital investment | 4,108 | 5,184 | 4,702 | 4,830 | 4,800 | 4,500 |
| 16 Total Capital Plan | 5,633 | 8,005 | 7,077 | 8,299 | 8,376 | 8,363 |
| Cash adjustments / borrowing requirements (at March 31) | | | | | | |
| 17 Cash at start of year / Alberta Fund | 8,858 | 3,644 | 5,136 | 3,218 | - | - |
| 18 Alberta Fund allocation - Heritage Fund | - | - | - | (2,000) | - | - |
| 19 Surplus / (deficit) | 11,641 | 2,350 | 5,234 | 367 | 1,437 | 2,640 |
| Cash adjustments (for details, see table on page 157) | | | | | | |
| 20 Retained income of funds and agencies | (1,838) | (2,725) | (2,487) | (2,100) | (2,587) | (3,281) |
| 20 Other cash adjustments | 1,975 | 2,080 | 647 | 279 | 567 | 301 |
| 21 Capital cash adjustments | (2,269) | (2,464) | (2,093) | (2,257) | (2,203) | (1,877) |
| 22 ATB Financial dividend | - | - | - | 100 | 100 | 100 |
| 23 Surplus cash (cash at start of year + surplus +/- net cash adjustments) | 18,367 | 2,885 | 6,437 | (2,393) | (2,686) | (2,117) |
| 24 Less: Taxpayer-supported debt repayment | (13,231) | (1,442) | (3,219) | - | - | - |
| 25 Less: Allocation to Alberta Fund | - | (1,443) | (3,218) | - | - | - |
| 26 Direct borrowing required | - | - | - | 2,393 | 2,686 | 2,117 |
| 26 Cash at end of year | 5,136 | - | - | - | - | - |
| Taxpayer-supported Liabilities / Borrowing (at March 31) | | | | | | |
| Liabilities for Capital Projects | | | | | | |
| 27 Opening balance | 47,529 | 45,525 | 45,525 | 45,512 | 47,818 | 50,411 |
| 28 Alternative financing (P3s – public-private partnerships) | 52 | 64 | 64 | 1 | - | - |
| 29 P3 principal repayments | (89) | (92) | (92) | (98) | (103) | (108) |
| 30 Net borrowing / principal repay. / amort. issue costs | (1,967) | 15 | 15 | 2,403 | 2,696 | 2,127 |
| 31 Total Liabilities for Capital Projects | 45,525 | 45,512 | 45,512 | 47,818 | 50,411 | 52,430 |
| Borrowing for the Fiscal Plan | | | | | | |
| 32 Opening balance | 45,595 | 33,763 | 33,763 | 30,554 | 30,560 | 30,566 |
| 33 Net borrowing / principal repay. / amort. issue costs | (11,832) | (1,432) | (3,209) | 6 | 6 | 6 |
| 34 Total Borrowing for the Fiscal Plan / Other | 33,763 | 32,331 | 30,554 | 30,560 | 30,566 | 30,572 |
| 35 Total Taxpayer-supported Debt - Capital Projects / Fiscal Plan | 79,288 | 77,843 | 76,066 | 78,378 | 80,977 | 83,002 |

Schedule 2: Statement of Financial Position

(millions of dollars)

| | At March 31 | | | | |
|--|-----------------|------------------|------------------|-----------------|-----------------|
| | 2023 Actual | 2024 Forecast | 2025 Estimate | 2026 Target | 2027 Target |
| Financial Assets | | | | | |
| Alberta Heritage Savings Trust Fund | 18,980 | 20,901 | 23,808 | 25,028 | 26,503 |
| Endowment funds: | | | | | |
| Alberta Heritage Foundation for Medical Research | 2,027 | 2,254 | 2,373 | 2,516 | 2,685 |
| Alberta Heritage Science and Engineering Research | 1,201 | 1,328 | 1,390 | 1,470 | 1,565 |
| Alberta Heritage Scholarship | 1,376 | 1,515 | 1,587 | 1,677 | 1,784 |
| Alberta Enterprise Corporation | 336 | 332 | 328 | 324 | 320 |
| General Revenue Fund cash | 5,136 | - | - | - | - |
| General Revenue Fund cash - debt retirement | - | 5,200 | 10,867 | - | - |
| Alberta Fund | - | 3,218 | - | - | - |
| Self-supporting lending organizations / activities: | | | | | |
| Local authority loans | 14,836 | 14,768 | 14,757 | 14,713 | 14,506 |
| Agriculture Financial Services Corporation | 3,662 | 3,221 | 4,272 | 5,497 | 6,855 |
| Equity in commercial enterprises | 2,481 | 2,659 | 2,381 | 2,091 | 2,025 |
| Student loans | 4,100 | 4,783 | 5,389 | 5,960 | 6,499 |
| Technology Innovation and Emissions Reduction Fund | 592 | 953 | 969 | 982 | 995 |
| Other financial assets (including SUCH sector / Alberta Innovates Corp.) | 24,763 | 28,970 | 28,530 | 29,600 | 29,370 |
| Total Financial Assets | 79,490 | 90,102 | 96,651 | 89,858 | 93,106 |
| Liabilities | | | | | |
| <u>Taxpayer-supported debt:</u> | | | | | |
| Direct borrowing for the Capital Plan | 42,515 | 42,530 | 44,933 | 47,629 | 49,756 |
| Alternative financing (P3s - public-private partnerships - Capital Plan) | 3,010 | 2,982 | 2,885 | 2,782 | 2,674 |
| Debt issued to reduce pre-1992 TPP unfunded liability | 594 | 594 | 594 | 594 | 595 |
| Direct borrowing for the Fiscal Plan | 33,169 | 29,960 | 29,966 | 29,972 | 29,978 |
| Total taxpayer-supported debt | 79,288 | 76,066 | 78,378 | 80,977 | 83,002 |
| <u>Self-supporting lending organization / activities debt:</u> | | | | | |
| Debt issued to finance local authority loans | 14,836 | 14,768 | 14,757 | 14,713 | 14,506 |
| Agriculture Financial Services Corporation | 2,760 | 3,147 | 3,209 | 3,389 | 3,549 |
| Total debt | 96,884 | 93,981 | 96,344 | 99,079 | 101,057 |
| Coal phase-out liabilities | 686 | 609 | 530 | 448 | 364 |
| Pension liabilities | 8,272 | 7,914 | 7,550 | 7,177 | 6,799 |
| Asset retirement obligations | 2,287 | 2,298 | 2,309 | 2,321 | 2,333 |
| Other liabilities (including SUCH sector / Alberta Innovates Corp.) | 16,975 | 26,199 | 31,534 | 22,031 | 21,771 |
| Total Liabilities | 125,104 | 131,001 | 138,267 | 131,056 | 132,324 |
| Net Financial Assets / (Debt) | (45,614) | (40,899) | (41,616) | (41,198) | (39,218) |
| Capital / Other Non-financial Assets | 60,624 | 61,294 | 62,396 | 63,407 | 64,055 |
| Deferred capital contributions | (3,696) | (3,847) | (3,865) | (3,857) | (3,845) |
| Net Assets | 11,314 | 16,548 | 16,915 | 18,352 | 20,992 |
| Net Assets - operating | 8,500 | 13,734 | 14,101 | 15,538 | 18,177 |
| Accumulated remeasurement gains | 2,814 | 2,814 | 2,814 | 2,814 | 2,814 |
| Change in Net Assets - statement of operations (before adjustments) | 11,641 | 5,234 | 367 | 1,437 | 2,640 |
| Net financial debt / GDP (calendar year, nominal) | -9.9% | -9.3% | -9.1% | -8.5% | -7.7% |

Schedule 3: Statement of Operations

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Revenue | | | | | | |
| Personal income tax | 13,925 | 14,069 | 15,239 | 15,604 | 16,514 | 17,512 |
| Corporate income tax | 8,167 | 5,911 | 7,204 | 7,028 | 7,052 | 7,320 |
| Other taxes | 4,432 | 5,012 | 4,470 | 6,013 | 6,329 | 6,535 |
| Non-renewable resource revenue | 25,242 | 18,361 | 19,416 | 17,315 | 17,839 | 17,939 |
| Transfers from Government of Canada | 11,363 | 12,552 | 12,656 | 12,640 | 13,161 | 13,644 |
| Investment income | 1,326 | 3,154 | 4,467 | 3,267 | 3,433 | 3,672 |
| Net income from govt. business enterprises | 2,481 | 2,727 | 2,526 | 2,123 | 2,200 | 2,481 |
| Premiums, fees and licences | 4,657 | 5,040 | 5,300 | 5,384 | 5,551 | 5,752 |
| Other | 4,527 | 3,827 | 4,349 | 4,164 | 3,973 | 3,960 |
| Total Revenue | 76,120 | 70,653 | 75,628 | 73,537 | 76,051 | 78,816 |
| Expense | | | | | | |
| Advanced Education | 6,287 | 6,521 | 6,836 | 7,049 | 7,247 | 7,381 |
| Affordability and Utilities | 720 | 140 | 129 | 92 | 91 | 92 |
| Agriculture and Irrigation | 1,899 | 892 | 2,645 | 993 | 995 | 1,010 |
| Arts, Culture and Status of Women | 243 | 277 | 271 | 260 | 227 | 206 |
| Children and Family Services | 1,553 | 1,726 | 1,638 | 1,498 | 1,543 | 1,565 |
| Education | 8,843 | 9,317 | 9,350 | 9,762 | 9,956 | 10,046 |
| Energy and Minerals | 1,300 | 984 | 977 | 1,048 | 1,132 | 900 |
| Environment and Protected Areas | 468 | 548 | 492 | 557 | 438 | 448 |
| Executive Council | 46 | 54 | 53 | 56 | 58 | 60 |
| Forestry and Parks | 471 | 366 | 1,182 | 410 | 407 | 411 |
| Health | 25,225 | 26,456 | 26,987 | 28,373 | 28,993 | 29,936 |
| Immigration and Multiculturalism | 38 | 40 | 39 | 42 | 42 | 43 |
| Indigenous Relations | 213 | 230 | 229 | 220 | 218 | 219 |
| Infrastructure | 598 | 613 | 634 | 650 | 674 | 674 |
| Jobs, Economy and Trade | 1,321 | 1,674 | 1,655 | 1,862 | 1,944 | 1,894 |
| Justice | 589 | 658 | 669 | 685 | 700 | 706 |
| Mental Health and Addiction | 98 | 166 | 230 | 306 | 319 | 262 |
| Municipal Affairs | 931 | 1,014 | 1,014 | 1,287 | 1,376 | 1,339 |
| Public Safety and Emergency Services | 1,079 | 1,217 | 1,510 | 1,279 | 1,351 | 1,423 |
| Seniors, Community and Social Services | 4,888 | 5,390 | 5,464 | 5,447 | 5,716 | 5,925 |
| Service Alberta and Red Tape Reduction | 152 | 182 | 185 | 203 | 202 | 201 |
| Technology and Innovation | 712 | 1,012 | 848 | 938 | 949 | 1,080 |
| Tourism and Sport | 92 | 103 | 111 | 136 | 126 | 123 |
| Transportation and Economic Corridors | 1,829 | 2,519 | 2,323 | 2,748 | 2,855 | 3,121 |
| Treasury Board and Finance | 1,938 | 1,996 | 1,975 | 2,108 | 2,146 | 2,133 |
| Legislative Assembly | 130 | 180 | 169 | 158 | 160 | 183 |
| Total Program Expense | 61,671 | 64,277 | 67,617 | 68,169 | 69,866 | 71,381 |
| Debt servicing costs | 2,829 | 2,848 | 3,136 | 3,365 | 3,121 | 3,174 |
| Pension provisions | (21) | (322) | (358) | (364) | (373) | (378) |
| Expense before contingency | 64,479 | 66,803 | 70,394 | 71,170 | 72,614 | 74,176 |
| Surplus / (deficit) before contingency | 11,641 | 3,850 | 5,234 | 2,367 | 3,436 | 4,640 |
| Unallocated contingency (disast. and emerg. assist. / COVID-19) | - | 1,500 | - | 2,000 | 2,000 | 2,000 |
| Total Expense | 64,479 | 68,303 | 70,394 | 73,170 | 74,614 | 76,176 |
| Surplus / (deficit) | 11,641 | 2,350 | 5,234 | 367 | 1,437 | 2,640 |
| Beginning net assets (+ adjustments) | (327) | 11,314 | 11,314 | 16,548 | 16,915 | 18,352 |
| Net assets at end of year | 11,314 | 13,664 | 16,548 | 16,915 | 18,352 | 20,992 |

Schedule 4: Revenue

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Income Taxes | | | | | | |
| Personal income tax | 13,925 | 14,069 | 15,239 | 15,604 | 16,514 | 17,512 |
| Corporate income tax | 8,167 | 5,911 | 7,204 | 7,028 | 7,052 | 7,320 |
| | 22,092 | 19,980 | 22,443 | 22,632 | 23,566 | 24,832 |
| Other Taxes | | | | | | |
| Education property tax | 2,537 | 2,504 | 2,504 | 2,733 | 2,856 | 2,979 |
| Fuel tax / electric vehicle tax | 139 | 769 | 243 | 1,398 | 1,440 | 1,472 |
| Tobacco / vaping taxes | 513 | 489 | 462 | 473 | 461 | 435 |
| Insurance taxes | 806 | 851 | 860 | 918 | 980 | 1,046 |
| Cannabis tax | 172 | 173 | 190 | 196 | 201 | 205 |
| Tourism levy | 104 | 97 | 113 | 118 | 123 | 129 |
| Other tax | 161 | 129 | 98 | 177 | 268 | 269 |
| | 4,432 | 5,012 | 4,470 | 6,013 | 6,329 | 6,535 |
| Non-Renewable Resource Revenue | | | | | | |
| Bitumen royalty | 16,879 | 12,555 | 14,367 | 12,538 | 12,857 | 12,888 |
| Crude oil royalty | 3,968 | 2,905 | 3,139 | 2,779 | 2,697 | 2,689 |
| Natural gas and by-products royalty | 3,595 | 2,465 | 1,249 | 1,468 | 1,742 | 1,793 |
| Bonuses and sales of Crown leases | 465 | 307 | 435 | 321 | 335 | 361 |
| Rentals and fees / coal royalty | 335 | 129 | 226 | 209 | 208 | 208 |
| | 25,242 | 18,361 | 19,416 | 17,315 | 17,839 | 17,939 |
| Transfers from Government of Canada | | | | | | |
| Canada Health Transfer | 5,507 | 6,079 | 5,964 | 6,164 | 6,550 | 6,925 |
| Canada Social Transfer | 1,864 | 1,942 | 1,902 | 2,001 | 2,086 | 2,163 |
| Direct transfers to SUCH sector / Alberta Innovates Corporation | 576 | 617 | 632 | 633 | 644 | 652 |
| Infrastructure support | 580 | 935 | 792 | 840 | 738 | 1,040 |
| Agriculture support programs | 455 | 480 | 676 | 537 | 590 | 629 |
| Labour market agreements | 341 | 325 | 317 | 317 | 317 | 314 |
| Early learning child care agreements | 655 | 937 | 937 | 1,139 | 1,226 | 1,226 |
| Other (includes Fiscal Stabilization payment in 2023-24) | 1,385 | 1,237 | 1,436 | 1,008 | 1,010 | 694 |
| | 11,363 | 12,552 | 12,656 | 12,640 | 13,161 | 13,644 |
| Investment Income | | | | | | |
| Alberta Heritage Savings Trust Fund | 20 | 1,226 | 2,053 | 1,042 | 1,360 | 1,618 |
| Endowment funds | (13) | 352 | 526 | 291 | 353 | 408 |
| Income from local authority loans | 509 | 734 | 795 | 758 | 623 | 581 |
| Agriculture Financial Services Corporation | 86 | 126 | 113 | 148 | 158 | 167 |
| Other (includes SUCH sector) | 724 | 716 | 981 | 1,027 | 938 | 898 |
| | 1,326 | 3,154 | 4,467 | 3,267 | 3,433 | 3,672 |
| Net Income from Government Business Enterprises | | | | | | |
| AGLC – Gaming / lottery | 1,554 | 1,515 | 1,558 | 1,487 | 1,559 | 1,599 |
| AGLC – Liquor | 825 | 830 | 804 | 808 | 819 | 832 |
| AGLC – Cannabis | 18 | 5 | 11 | 7 | 11 | 16 |
| ATB Financial | 428 | 279 | 301 | 266 | 280 | 342 |
| Balancing Pool | 144 | 103 | 149 | 65 | 65 | 65 |
| Other (CUDGCo / APMC / PSIs) | (488) | (5) | (297) | (509) | (535) | (374) |
| | 2,481 | 2,727 | 2,526 | 2,123 | 2,200 | 2,481 |
| Premiums, Fees and Licences | | | | | | |
| Post-secondary institution tuition fees | 1,603 | 1,771 | 1,925 | 1,999 | 2,094 | 2,136 |
| Health / school board fees and charges | 723 | 754 | 818 | 845 | 889 | 927 |
| Motor vehicle licences | 572 | 580 | 579 | 594 | 609 | 623 |
| Crop, hail and livestock insurance premiums | 511 | 613 | 625 | 695 | 768 | 826 |
| Energy industry levies | 310 | 384 | 386 | 394 | 401 | 407 |
| Other | 938 | 938 | 967 | 856 | 790 | 832 |
| | 4,657 | 5,040 | 5,300 | 5,384 | 5,551 | 5,752 |
| Other | | | | | | |
| SUCH sector sales, rentals and services | 899 | 915 | 940 | 947 | 976 | 995 |
| SUCH sector fundraising, donations, gifts and contributions | 699 | 662 | 738 | 784 | 797 | 843 |
| AIMCo investment management charges | 816 | 877 | 825 | 936 | 972 | 958 |
| Fines and penalties | 223 | 226 | 203 | 203 | 203 | 203 |
| Refunds of expense | 436 | 108 | 135 | 138 | 138 | 138 |
| Technology Innovation and Emissions Reduction Fund | 764 | 523 | 851 | 539 | 255 | 179 |
| Miscellaneous | 690 | 516 | 659 | 618 | 631 | 645 |
| | 4,527 | 3,827 | 4,349 | 4,164 | 3,973 | 3,960 |
| Total Revenue | 76,120 | 70,653 | 75,628 | 73,537 | 76,051 | 78,816 |

Schedule 5: Operating Expense

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Advanced Education | 5,716 | 5,779 | 6,116 | 6,305 | 6,471 | 6,598 |
| Affordability and Utilities | 712 | 131 | 120 | 84 | 85 | 86 |
| Agriculture and Irrigation | 685 | 804 | 793 | 870 | 871 | 870 |
| Arts, Culture and Status of Women | 138 | 132 | 134 | 157 | 159 | 165 |
| Children and Family Services | 1,552 | 1,725 | 1,635 | 1,498 | 1,543 | 1,565 |
| Education | 8,329 | 8,836 | 8,859 | 9,252 | 9,471 | 9,561 |
| Energy and Minerals | 1,234 | 766 | 817 | 823 | 820 | 826 |
| Environment and Protected Areas | 427 | 491 | 393 | 512 | 383 | 403 |
| Executive Council | 46 | 54 | 53 | 56 | 58 | 60 |
| Forestry and Parks | 273 | 316 | 299 | 351 | 351 | 354 |
| Health | 23,438 | 24,533 | 25,112 | 26,207 | 26,862 | 27,534 |
| Immigration and Multiculturalism | 38 | 40 | 39 | 42 | 42 | 43 |
| Indigenous Relations | 185 | 214 | 211 | 210 | 208 | 209 |
| Infrastructure | 447 | 462 | 465 | 488 | 503 | 496 |
| Jobs, Economy and Trade | 1,320 | 1,664 | 1,645 | 1,849 | 1,934 | 1,892 |
| Justice | 588 | 655 | 666 | 681 | 696 | 702 |
| Mental Health and Addiction | 88 | 148 | 180 | 171 | 236 | 262 |
| Municipal Affairs | 180 | 228 | 227 | 235 | 237 | 238 |
| Public Safety and Emergency Services | 1,032 | 1,187 | 1,227 | 1,249 | 1,321 | 1,393 |
| Seniors, Community and Social Services | 4,816 | 5,252 | 5,271 | 5,229 | 5,392 | 5,558 |
| Service Alberta and Red Tape Reduction | 131 | 159 | 161 | 180 | 179 | 178 |
| Technology and Innovation | 660 | 704 | 708 | 759 | 799 | 840 |
| Tourism and Sport | 92 | 103 | 111 | 126 | 116 | 113 |
| Transportation and Economic Corridors | 572 | 507 | 514 | 549 | 575 | 560 |
| Treasury Board and Finance | 1,910 | 1,971 | 1,952 | 2,086 | 2,124 | 2,112 |
| Legislative Assembly | 128 | 178 | 167 | 156 | 158 | 181 |
| Total Operating Expense | 54,737 | 57,038 | 57,876 | 60,124 | 61,595 | 62,798 |

Schedule 6: Capital Amortization

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Advanced Education | 520 | 563 | 540 | 548 | 573 | 579 |
| Affordability and Utilities | 2 | 2 | 2 | 2 | 2 | 2 |
| Agriculture and Irrigation | 29 | 36 | 36 | 37 | 39 | 40 |
| Arts, Culture and Status of Women | 7 | 8 | 8 | 7 | 7 | 7 |
| Children and Family Services | - | - | 0 | 0 | 0 | 0 |
| Education | 480 | 479 | 468 | 484 | 484 | 484 |
| Energy and Minerals | 13 | 13 | 13 | 13 | 13 | 13 |
| Environment and Protected Areas | 4 | 4 | 4 | 4 | 4 | 5 |
| Forestry and Parks | 32 | 38 | 38 | 46 | 54 | 55 |
| Health | 515 | 556 | 564 | 580 | 578 | 562 |
| Infrastructure | 132 | 146 | 141 | 160 | 169 | 176 |
| Jobs, Economy and Trade | 1 | 2 | 2 | 2 | 2 | 2 |
| Justice | 1 | 4 | 4 | 4 | 4 | 4 |
| Municipal Affairs | 1 | 4 | 4 | 4 | 4 | 3 |
| Public Safety and Emergency Services | 29 | 29 | 29 | 29 | 29 | 29 |
| Seniors, Community and Social Services | 51 | 52 | 52 | 52 | 52 | 52 |
| Service Alberta and Red Tape Reduction | 17 | 18 | 18 | 18 | 18 | 18 |
| Technology and Innovation | 51 | 79 | 78 | 80 | 80 | 80 |
| Transportation and Economic Corridors | 751 | 823 | 823 | 861 | 893 | 914 |
| Treasury Board and Finance | 28 | 25 | 23 | 22 | 22 | 21 |
| Legislative Assembly | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Amortization Expense | 2,666 | 2,883 | 2,848 | 2,955 | 3,029 | 3,048 |

Schedule 7: Inventory Consumption

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Advanced Education | 50 | 180 | 180 | 196 | 203 | 203 |
| Arts, Culture and Status of Women | 1 | 1 | 1 | 1 | 1 | 1 |
| Education | 24 | - | - | - | - | - |
| Forestry and Parks | 1 | 1 | 1 | 1 | 1 | 1 |
| Health | 1,217 | 1,278 | 1,290 | 1,344 | 1,379 | 1,384 |
| Infrastructure | 1 | 2 | 2 | 2 | 2 | 2 |
| Public Safety and Emergency Services | 1 | 1 | 1 | 1 | 1 | 1 |
| Service Alberta and Red Tape Reduction | 4 | 6 | 6 | 6 | 6 | 6 |
| Transportation and Economic Corridors | 54 | 62 | 62 | 65 | 66 | 66 |
| Total Inventory Consumption | 1,353 | 1,530 | 1,543 | 1,616 | 1,659 | 1,664 |

Schedule 8: Inventory Acquisition

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Advanced Education | 58 | 181 | 182 | 195 | 197 | 198 |
| Arts, Culture and Status of Women | - | 1 | 1 | 1 | 1 | 1 |
| Education | 26 | - | - | - | - | - |
| Forestry and Parks | 1 | 1 | 1 | 1 | 1 | 1 |
| Health | 1,201 | 1,404 | 1,402 | 1,373 | 1,426 | 1,386 |
| Infrastructure | 1 | 2 | 2 | 2 | 2 | 2 |
| Service Alberta and Red Tape Reduction | 4 | 6 | 6 | 6 | 6 | 6 |
| Transportation and Economic Corridors | 53 | 62 | 62 | 65 | 66 | 66 |
| Total Inventory Acquisition | 1,344 | 1,656 | 1,655 | 1,642 | 1,699 | 1,659 |

Schedule 9: Debt Servicing Costs

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Taxpayer-supported general debt servicing costs | | | | | | |
| Education – school boards | 8 | 9 | 9 | 9 | 9 | 9 |
| Treasury Board and Finance – direct borrowing | 972 | 850 | 952 | 1,066 | 1,010 | 1,049 |
| Total | 980 | 859 | 961 | 1,075 | 1,019 | 1,058 |
| Taxpayer-supported Capital Plan debt servicing costs | | | | | | |
| Education – Alberta Schools Alternative Procurement P3s | 25 | 24 | 25 | 27 | 27 | 25 |
| Transportation – ring road P3s | 103 | 101 | 100 | 97 | 93 | 91 |
| Treasury Board and Finance – direct borrowing | 1,217 | 1,113 | 1,231 | 1,385 | 1,314 | 1,363 |
| Total | 1,345 | 1,238 | 1,356 | 1,509 | 1,434 | 1,479 |
| Total taxpayer-supported debt servicing costs | 2,325 | 2,097 | 2,317 | 2,584 | 2,453 | 2,537 |
| Self-supported debt servicing costs | | | | | | |
| Treasury Board and Finance – for loans to local authorities | 428 | 659 | 711 | 677 | 561 | 522 |
| Treasury Board and Finance – Ag. Financial Services Corp. | 76 | 92 | 108 | 104 | 107 | 115 |
| Total | 504 | 751 | 819 | 781 | 668 | 637 |
| Total Debt Servicing Costs | 2,829 | 2,848 | 3,136 | 3,365 | 3,121 | 3,174 |

Schedule 10: Disaster and Emergency Assistance

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|--------------|----------|--------------|----------|----------|----------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Agriculture and Irrigation – agriculture support | 1,141 | - | 1,795 | - | - | - |
| Forestry and Parks - wildfire fighting | 161 | - | 839 | - | - | - |
| Health - wildfire supports | - | - | 4 | - | - | - |
| Public Safety and Emergency Services – wildfire / flood support | 17 | - | 253 | - | - | - |
| Seniors, Community and Social Services - wildfire supports | - | - | 55 | - | - | - |
| Total Disaster and Emergency Assistance Expense | 1,319 | - | 2,946 | - | - | - |

Schedule 11: Pension Liabilities^a

(millions of dollars)

| | At March 31 | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| | 2023 | 2024 | 2025 | 2026 | 2027 |
| | Actual | Forecast | Estimate | Target | Target |
| Teachers' Pension Plan (pre-1992) | 7,309 | 7,040 | 6,759 | 6,471 | 6,178 |
| Public Service Management Pension Plan (pre-1992; closed) ^b | 375 | 346 | 315 | 284 | 251 |
| Universities Academic Pension Plan (pre-1992) | 198 | 178 | 155 | 131 | 110 |
| Special Forces Pension Plan (pre-1992) | 77 | 66 | 65 | 63 | 61 |
| Members of the Legislative Assembly Pension Plan (closed) ^b | 34 | 32 | 30 | 28 | 26 |
| Public Service Supplementary Retirement Plan | 25 | 25 | 25 | 25 | 24 |
| Provincial Judges and Masters in Chambers Pension Plan | 3 | 1 | - | - | - |
| SUCH sector – Universities Academic / Supp. Exec. Retirement Plans | 251 | 226 | 201 | 175 | 149 |
| Total Pension Liabilities | 8,272 | 7,914 | 7,550 | 7,177 | 6,799 |
| Annual Non-cash Change in Pension Liabilities | (21) | (358) | (364) | (373) | (378) |

^a The following public service pension plans are fully funded, and thus not included above: the Local Authorities Pension Plan, the Public Service Pension Plan and the Management Employees Pension Plan.

^b Membership closed and pensionable service no longer being accrued.

Schedule 12: Cash Adjustments^a

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Retained Income of Funds and Agencies | | | | | | |
| Alberta Heritage Savings Trust Fund | (1,886) | (1,096) | (1,921) | (907) | (1,220) | (1,474) |
| ATB Financial | (428) | (279) | (301) | (266) | (280) | (342) |
| Agriculture Financial Services Corporation | 296 | (910) | 441 | (1,051) | (1,225) | (1,358) |
| Heritage Foundation for Medical Research Endowment Fund | 67 | (102) | (227) | (119) | (143) | (169) |
| Heritage Science and Engineering Research Endowment Fund | 49 | (37) | (127) | (62) | (80) | (95) |
| Heritage Scholarship Fund | 71 | (42) | (139) | (72) | (90) | (106) |
| Alberta Social Housing Corporation | (4) | (95) | 23 | (24) | 8 | (5) |
| Credit Union Deposit Guarantee Corporation | (7) | (13) | (4) | (16) | (17) | (18) |
| Alberta Petroleum Marketing Commission | 487 | 18 | 301 | 525 | 552 | 391 |
| Technology Innovation and Emissions Reduction Fund | (255) | (34) | (361) | (16) | (13) | (13) |
| Balancing Pool | (144) | (103) | (149) | (65) | (65) | (65) |
| Other | (84) | (32) | (23) | (27) | (13) | (27) |
| Total Retained Income of Funds and Agencies | (1,838) | (2,725) | (2,487) | (2,100) | (2,587) | (3,281) |
| Other Cash Adjustments | | | | | | |
| SUCH sector own-source revenue | (5,307) | (5,292) | (5,742) | (5,877) | (6,073) | (6,246) |
| SUCH sector own-source expense | 6,297 | 7,087 | 7,036 | 6,895 | 7,099 | 7,263 |
| Net deferred capital contribution cash adjustment | 126 | 81 | 91 | (42) | (68) | (73) |
| Energy royalties (difference between accrued revenue & cash) | 1,705 | 545 | (195) | 549 | 533 | 533 |
| Student loans | (453) | (545) | (683) | (606) | (571) | (540) |
| Other cash adjustments | (373) | 95 | 503 | (351) | (441) | (257) |
| 2013 Alberta flood assistance revenue / expense | (69) | 375 | (2) | (20) | 465 | - |
| Wood Buffalo wildfire revenue / expense | (74) | 57 | (2) | 95 | (3) | - |
| Pension provisions (non-cash expense) | (21) | (322) | (358) | (364) | (373) | (378) |
| Inventory acquisition (excluding SUCH sector; non-cash expense) | (282) | (160) | (160) | (234) | (239) | (242) |
| Inventory consumption (excluding SUCH sector; non-cash expense) | 426 | 158 | 159 | 233 | 237 | 241 |
| Total Other Cash Adjustments | 1,975 | 2,080 | 647 | 279 | 567 | 301 |
| Capital cash adjustments | | | | | | |
| Capital investment (excluding SUCH sector self-financed) | (3,397) | (4,559) | (4,163) | (4,323) | (4,313) | (4,011) |
| Capital Plan contingency | - | 800 | 800 | 800 | 800 | 800 |
| Current principal repayments (P3s – public-private partnerships) | (89) | (92) | (92) | (98) | (103) | (108) |
| Alternative financing (P3s – public-private partnerships) | 52 | 64 | 64 | 1 | - | - |
| Amortization (excluding SUCH sector; non-cash expense) | 1,162 | 1,323 | 1,298 | 1,363 | 1,413 | 1,442 |
| Book value of asset disposals (net non-cash expense / revenue) | 3 | - | - | - | - | - |
| Total Capital Cash Adjustments | (2,269) | (2,464) | (2,093) | (2,257) | (2,203) | (1,877) |
| ATB Financial dividend | - | - | - | 100 | 100 | 100 |
| Total Cash Adjustments | (2,132) | (3,109) | (3,933) | (3,978) | (4,123) | (4,756) |

^a Negative cash adjustments are a cash requirement; positive cash adjustments are a cash source.

Schedule 13: Capital Plan ^a

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Advanced Education | 478 | 492 | 501 | 437 | 421 | 484 |
| Affordability and Utilities | 6 | 8 | 8 | 7 | 5 | 5 |
| Agriculture and Irrigation | 48 | 64 | 41 | 97 | 94 | 107 |
| Arts, Culture and Status of Women | 97 | 139 | 130 | 98 | 62 | 36 |
| Children and Family Services | 2 | 1 | 8 | 3 | - | - |
| Education | 851 | 765 | 776 | 946 | 988 | 863 |
| Energy and Minerals | 66 | 221 | 163 | 228 | 315 | 76 |
| Environment and Protected Areas | 55 | 112 | 123 | 107 | 69 | 52 |
| Forestry and Parks | 61 | 96 | 83 | 140 | 87 | 88 |
| Health | 841 | 1,273 | 999 | 1,443 | 1,509 | 1,558 |
| Indigenous Relations | 28 | 16 | 18 | 10 | 10 | 10 |
| Infrastructure | 301 | 423 | 452 | 385 | 326 | 397 |
| Jobs, Economy and Trade | 11 | 20 | 24 | 25 | 16 | 7 |
| Justice | 14 | 18 | 23 | 14 | 14 | 14 |
| Mental Health and Addiction | 10 | 18 | 52 | 140 | 89 | 4 |
| Municipal Affairs | 751 | 783 | 789 | 1,050 | 1,136 | 1,098 |
| Public Safety and Emergency Services | 4 | 6 | 11 | 12 | 8 | 5 |
| Seniors, Community and Social Services | 98 | 142 | 164 | 202 | 302 | 344 |
| Service Alberta and Red Tape Reduction | 23 | 46 | 44 | 64 | 52 | 47 |
| Technology and Innovation | 68 | 361 | 184 | 233 | 198 | 274 |
| Tourism and Sport | - | - | - | 10 | 10 | 10 |
| Transportation and Economic Corridors | 1,804 | 2,973 | 2,461 | 2,629 | 2,645 | 2,867 |
| Treasury Board and Finance | 13 | 28 | 21 | 18 | 16 | 16 |
| Legislative Assembly | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Capital Plan | 5,633 | 8,005 | 7,077 | 8,299 | 8,376 | 8,363 |

^a The Capital Plan comprises capital grants included in expense plus capital investment in government-owned assets not included in expense. Capital investment adds to government capital assets, and those assets are depreciated over time through amortization expense included in total expense.

Schedule 14: Capital Grants

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Affordability and Utilities | 6 | 7 | 7 | 6 | 4 | 4 |
| Agriculture and Irrigation | 44 | 52 | 21 | 87 | 85 | 101 |
| Arts, Culture and Status of Women | 97 | 136 | 129 | 95 | 60 | 33 |
| Children and Family Services | 1 | 1 | 4 | - | - | - |
| Education | 10 | 3 | 24 | 26 | 1 | 1 |
| Energy and Minerals | 53 | 205 | 148 | 212 | 300 | 61 |
| Environment and Protected Areas | 37 | 52 | 95 | 41 | 51 | 40 |
| Forestry and Parks | 4 | 11 | 5 | 12 | 1 | 1 |
| Health | 11 | 89 | 16 | 242 | 173 | 456 |
| Indigenous Relations | 28 | 16 | 18 | 10 | 10 | 10 |
| Infrastructure | 1 | 3 | 2 | - | - | - |
| Jobs, Economy and Trade | - | 8 | 8 | 10 | 8 | - |
| Mental Health and Addiction | 10 | 18 | 49 | 135 | 82 | - |
| Municipal Affairs | 750 | 782 | 784 | 1,049 | 1,136 | 1,097 |
| Seniors, Community and Social Services | 21 | 81 | 80 | 162 | 264 | 307 |
| Technology and Innovation | - | 229 | 62 | 98 | 70 | 160 |
| Tourism and Sport | - | - | - | 10 | 10 | 10 |
| Transportation and Economic Corridors | 452 | 1,127 | 923 | 1,273 | 1,322 | 1,582 |
| Total Capital Grants | 1,525 | 2,821 | 2,375 | 3,469 | 3,576 | 3,863 |

Schedule 15: Capital Investment ^a

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Advanced Education | 478 | 492 | 501 | 437 | 421 | 484 |
| Affordability and Utilities | 1 | 1 | 1 | 1 | 1 | 1 |
| Agriculture and Irrigation | 4 | 11 | 20 | 10 | 9 | 7 |
| Arts, Culture and Status of Women | 1 | 2 | 2 | 2 | 2 | 2 |
| Children and Family Services | 1 | - | 4 | 3 | - | - |
| Education | 841 | 762 | 752 | 920 | 987 | 862 |
| Energy and Minerals | 13 | 16 | 16 | 16 | 15 | 15 |
| Environment and Protected Areas | 18 | 59 | 28 | 66 | 18 | 12 |
| Forestry and Parks | 57 | 85 | 78 | 128 | 87 | 88 |
| Health | 829 | 1,184 | 983 | 1,201 | 1,336 | 1,102 |
| Infrastructure | 300 | 420 | 450 | 385 | 326 | 397 |
| Jobs, Economy and Trade | 11 | 12 | 16 | 15 | 8 | 7 |
| Justice | 14 | 18 | 23 | 14 | 14 | 14 |
| Mental Health and Addiction | - | - | 3 | 5 | 6 | 4 |
| Municipal Affairs | 1 | 1 | 6 | 1 | 1 | 0 |
| Public Safety and Emergency Services | 4 | 6 | 11 | 12 | 8 | 5 |
| Seniors, Community and Social Services | 77 | 61 | 84 | 41 | 38 | 37 |
| Service Alberta and Red Tape Reduction | 23 | 46 | 44 | 64 | 52 | 47 |
| Technology and Innovation | 68 | 132 | 122 | 135 | 128 | 114 |
| Transportation and Economic Corridors | 1,352 | 1,846 | 1,538 | 1,356 | 1,324 | 1,285 |
| Treasury Board and Finance | 13 | 28 | 21 | 18 | 16 | 16 |
| Legislative Assembly | 2 | 2 | 2 | 2 | 2 | 2 |
| Total Capital Investment | 4,108 | 5,184 | 4,702 | 4,830 | 4,800 | 4,500 |

^a Capital investment is not included in expense. Rather, the assets are added to government capital assets and depreciated over time through amortization expense.

Schedule 16: Capital Assets

(millions of dollars)

| | At March 31 | | | | |
|---|----------------|------------------|------------------|----------------|----------------|
| | 2023 Actual | 2024 Forecast | 2025 Estimate | 2026 Target | 2026 Target |
| Net book value at start of the year | 58,014 | 59,337 | 60,391 | 61,466 | 62,437 |
| Additions (capital investment) | 4,108 | 4,702 | 4,830 | 4,800 | 4,500 |
| 10% cash flow adjustment (rounded) | - | (800) | (800) | (800) | (800) |
| Amortization | (2,666) | (2,848) | (2,955) | (3,029) | (3,048) |
| Net book value of capital asset disposals / adjustments | (119) | - | - | - | - |
| Net Book Value at End of Year | 59,337 | 60,391 | 61,466 | 62,437 | 63,089 |
| Prepaid | 496 | - | - | - | - |
| Inventory | 791 | 904 | 929 | 970 | 966 |
| Total capital and inventory assets | 60,624 | 61,294 | 62,396 | 63,407 | 64,055 |

Schedule 17: Capital Plan Funding Sources

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Capital Plan, less | 5,633 | 8,005 | 7,077 | 8,299 | 8,376 | 8,363 |
| Non-cash adjustments | 95 | - | 62 | 34 | 26 | (5) |
| 10% cash flow adjustment (rounded) | - | (800) | (800) | (800) | (800) | (800) |
| Capital Plan funding requirements | 5,728 | 7,205 | 6,339 | 7,533 | 7,602 | 7,558 |
| Source of funding: | | | | | | |
| Cash received / assets donated / book value of disposals | 848 | 1,031 | 902 | 1,185 | 968 | 980 |
| Retained income of funds and agencies | 16 | 35 | 29 | 35 | 36 | 16 |
| SUCH sector self-financed | 716 | 625 | 539 | 508 | 487 | 489 |
| Technology Innovation and Emissions Reduction Fund | 50 | 63 | 37 | 63 | 63 | 63 |
| Alternative financing (P3s – public-private partnerships) | 52 | 64 | 64 | 1 | - | - |
| General revenue fund cash / direct borrowing | 4,046 | 5,387 | 4,831 | 5,743 | 6,048 | 6,010 |
| Total Capital Plan Funding Sources | 5,728 | 7,205 | 6,402 | 7,535 | 7,602 | 7,558 |

Schedule 18: Annual Debt Maturities

(millions of dollars)

| | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
|-------------------------------------|---------------|--------------|--------------|---------------|--------------|--------------|
| Long-term debt maturities | 5,292 | 7,522 | 5,971 | 13,199 | 5,825 | 7,320 |
| Short-term debt maturities | 8,062 | 2,364 | - | - | - | - |
| Total Annual Debt Maturities | 13,354 | 9,886 | 5,971 | 13,199 | 5,825 | 7,320 |

Schedule 19: Borrowing Requirements ^a

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|--|--------------|--------------|---------------|---------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Taxpayer-supported debt | - | 5,464 | 7,330 | 7,289 | 3,571 | 6,853 |
| Self-supported debt | 2,251 | 469 | 525 | 503 | 455 | 459 |
| Government business enterprises | 1,003 | 733 | 2,913 | 408 | 350 | 700 |
| Subtotal borrowing requirements | 3,254 | 6,666 | 10,768 | 8,200 | 4,376 | 8,012 |
| Borrowing for future debt requirement | - | - | 3,000 | 11,600 | - | - |
| Total Borrowing Requirements | 3,254 | 6,666 | 13,768 | 19,800 | 4,376 | 8,012 |

^a Forecast and maturities numbers include new requirements and maturing debt (money market and long-term debt).

Schedule 20: Borrowing Sources ^a

(millions of dollars)

| | 2022-23 | 2023-24 | | 2024-25 | 2025-26 | 2026-27 |
|-----------------------------------|--------------|--------------|---------------|---------------|--------------|--------------|
| | Actual | Budget | Forecast | Estimate | Target | Target |
| Money market (net change) | 782 | - | 9,279 | 2,000 | 1,500 | 1,500 |
| Public-private partnerships (P3s) | 56 | 64 | - | 120 | - | - |
| Term debt | 2,416 | 6,602 | 4,489 | 17,680 | 2,876 | 6,512 |
| Total Borrowing Sources | 3,254 | 6,666 | 13,768 | 19,800 | 4,376 | 8,012 |

^a Forecast and maturities numbers include new requirements and maturing debt (money market and long-term debt).

Schedule 21: Allocation of 2024-25 Net Gaming / Lottery Revenue

(thousands of dollars)

| Net gaming / lottery revenue | 1,486,900 | | |
|--|------------------|--|------------------|
| Agriculture and Irrigation | | Immigration and Multiculturalism | |
| Primary Agriculture | 11,910 | Settlement and Integration | 4,574 |
| Rural programming and Agricultural Societies | 13,765 | | |
| | | Indigenous Relations | |
| Arts, Culture and Status of Women | | First Nations and Métis Relations | 200 |
| Assistance - Alberta Foundation for Arts | 30,085 | First Nations Development Fund | 141,800 |
| Assistance - Provincial Heritage Organizations | 1,705 | | |
| Community Facility Enhancement Program | 50,000 | Jobs, Economy and Trade | |
| Community Initiatives Program | 16,025 | Skills and Training Support | 400 |
| Heritage Preservation Partnership | 1,450 | | |
| Other Initiatives | 2,950 | Seniors, Community and Social Services | |
| | | Family and Community Support Services | 52,000 |
| Children and Family Services | | Fetal Alcohol Spectrum Disorder Initiatives | 12,000 |
| Family and Community Safety | 6,500 | | |
| | | Service Alberta and Red Tape Reduction | |
| Education | | Airport Entertainment Centres | 200 |
| Operations and Maintenance | 150,000 | Gaming Research | 2,600 |
| Transportation | 150,000 | Horse Racing and Breeding Renewal Program | 42,850 |
| | | Tourism and Sport | |
| Environment and Protected Areas | | Support for Sport, Phys. Activity and Recreat. | 36,782 |
| Resource Management | 500 | | |
| | | Transportation | |
| Health | | Provincial Highway Maintenance | 40,000 |
| Continuing Care | 718,604 | | |
| | | Total Allocation | 1,486,900 |

The Lottery Fund was dissolved with *Budget 2019*, reducing organizational complexity, clarifying accountability and decision-making, and enhancing cash management with outcomes of reduced borrowing requirements and debt servicing costs. This did not impact program spending incorporated in ministry budgets. Under the provincial gaming model, net income from VLTs, slot machines and lottery tickets are deposited into the General Revenue Fund. While these funds are not directed to the programs listed above, the list illustrates how net gaming revenue was notionally allocated under the former Lottery Fund. The charitable gaming model was not impacted by the dissolution of the Lottery Fund and charitable organizations continue to deliver their services with proceeds from paper bingo, casino table games and pull tickets.

Schedule 22: Changes to Fees

| Ministry / Description | 2023-24 | 2024-25 |
|---|----------------|----------------|
| Immigration and Multiculturalism | | |
| International Qualification Assessment Services | | |
| Immigration - Educational Credential Assessment Application Fee | \$200 | \$260 |
| Domestic - Basic Application Fee | \$100 | \$130 |
| Domestic - Educational Application Fee | \$100 | \$160 |
| Domestic - Specialized Application Fee | \$200 | \$230 |
| Alberta Advantage Immigration Program | | |
| Application Fee | \$500 | \$840 |
| Reconsideration Fee | \$100 | \$250 |
| Other Post-Application Fee | \$100 | \$150 |

Schedule 23: Full-Time Equivalents ^a

| | 2023-24 Budget | 2024-25 Estimate | Change |
|--|-------------------|---------------------|--------------|
| Departments | | | |
| Advanced Education | 512 | 538 | 26 |
| Affordability and Utilities | 86 | 112 | 26 |
| Agriculture and Irrigation | 625 | 633 | 8 |
| Arts, Culture and Status of Women | 460 | 460 | - |
| Children and Family Services | 2,734 | 2,734 | - |
| Education | 566 | 572 | 6 |
| Energy and Minerals | 451 | 483 | 32 |
| Environment and Protected Areas | 1,176 | 1,229 | 53 |
| Executive Council | 173 | 176 | 3 |
| Forestry and Parks | 1,691 | 1,883 | 192 |
| Health | 1,114 | 1,156 | 42 |
| Immigration and Multiculturalism | 168 | 190 | 22 |
| Indigenous Relations | 176 | 176 | - |
| Infrastructure | 826 | 842 | 16 |
| Jobs, Economy and Trade | 1,244 | 1,301 | 57 |
| Justice | 3,180 | 3,425 | 245 |
| Mental Health and Addiction | 106 | 158 | 52 |
| Municipal Affairs | 441 | 441 | - |
| Public Safety and Emergency Services | 4,566 | 4,638 | 72 |
| Seniors, Community and Social Services | 3,024 | 3,024 | - |
| Service Alberta and Red Tape Reduction | 1,076 | 1,085 | 9 |
| Technology and Innovation | 1,209 | 1,282 | 73 |
| Tourism and Sport | 53 | 60 | 7 |
| Transportation and Economic Corridors | 742 | 742 | - |
| Treasury Board and Finance – department | 587 | 596 | 9 |
| Treasury Board and Finance – Communications and Public Engagement | 271 | 271 | - |
| Treasury Board and Finance – Public Service Commission | 627 | 627 | - |
| Departments | 27,884 | 28,834 | 950 |
| Agencies / SUCH sector / other operationally-independent entities | | | |
| Advanced Education – post-secondary institutions | 32,403 | 33,114 | 711 |
| Affordability and Utilities – Alberta Utilities Commission | 132 | 132 | - |
| Agriculture and Irrigation – Agriculture Financial Services Corporation | 570 | 570 | - |
| Education – school boards (including Francophone / charter) | | | |
| Certificated Staff | 38,188 | 38,988 | 800 |
| Non-certificated Staff | 27,475 | 28,350 | 875 |
| Energy and Minerals – Alberta Energy Regulator | 1,048 | 1,077 | 29 |
| Energy and Minerals – Canadian Energy Centre | 10 | 10 | - |
| Environment and Protected Areas – Natural Resources Conservation Board | 34 | 34 | - |
| Executive Council – Invest Alberta Corporation | 50 | 50 | - |
| Health – Alberta Health Services | 87,618 | 88,448 | 830 |
| Health – Health Quality Council of Alberta | 45 | 45 | - |
| Indigenous Relations – Alberta Indigenous Opportunities Corporation | 15 | 19 | 4 |
| Municipal Affairs – Safety Codes Council | 60 | 60 | - |
| Public Safety and Emergency Services – Victims of Crime and Public Safety Fund | 54 | 54 | - |
| Technology and Innovation – Alberta Enterprise Corporation | 12 | 13 | 1 |
| Technology and Innovation – Alberta Innovates Corporation | 596 | 603 | 7 |
| Tourism and Sport – Travel Alberta Corporation | 80 | 80 | - |
| Treasury Board and Finance – Alberta Insurance Council | 24 | 24 | - |
| Treasury Board and Finance – Alberta Investment Management Corporation | 697 | 737 | 40 |
| Treasury Board and Finance – Alberta Pensions Services Corporation | 346 | 365 | 19 |
| Treasury Board and Finance – Alberta Securities Commission | 253 | 272 | 19 |
| Legislative Assembly | 763 | 777 | 14 |
| Agencies / SUCH sector / other operationally-independent entities | 190,473 | 193,822 | 3,349 |
| Total Full-Time Equivalents | 218,357 | 222,656 | 4,299 |

^a 2023-24 numbers have been restated on the 2024-25 basis, incorporating ministry re-organizations, and for updated information where applicable.

Schedule 24: Expense by Object ^a

(millions of dollars)

| | Salaries, Wages and Employee Benefits | Supplies and Services | Grants to Others | Capital Grants | Amortization of Capital Assets | Consumption of Inventory | Pension Provisions | Debt Servicing Costs | Other / contingency and disaster assistance | Total 2024-25 Expense |
|--|---------------------------------------|-----------------------|------------------|----------------|--------------------------------|--------------------------|--------------------|----------------------|---|-----------------------|
| Legislative Assembly | 91 | 49 | - | - | 2 | - | - | - | 15 | 158 |
| Advanced Education | 4,019 | 1,419 | 675 | - | 548 | 196 | (47) | - | 192 | 7,003 |
| Affordability and Utilities | 40 | 13 | 15 | 6 | 2 | - | - | - | 16 | 92 |
| Agriculture and Irrigation | 133 | 611 | 116 | 87 | 37 | - | - | - | 9 | 993 |
| Arts, Culture, and Status of Women | 53 | 30 | 72 | 95 | 7 | 1 | - | - | 1 | 260 |
| Children and Family Services | 308 | 635 | 555 | - | - | - | - | - | - | 1,498 |
| Education | 7,041 | 1,748 | 463 | 26 | 484 | - | - | 35 | 1 | 9,798 |
| Energy and Minerals | 222 | 601 | - | 212 | 13 | - | - | - | - | 1,048 |
| Environment and Protected Areas | 147 | 130 | 235 | 41 | 4 | - | - | - | 1 | 557 |
| Executive Council | 34 | 22 | - | - | - | - | - | - | - | 56 |
| Forestry and Parks | 176 | 145 | 30 | 12 | 46 | 1 | - | - | - | 410 |
| Health | 10,099 | 7,543 | 8,564 | 242 | 580 | 1,344 | - | - | 2 | 28,373 |
| Immigration and Multiculturalism | 22 | 3 | 16 | - | - | - | - | - | - | 42 |
| Indigenous Relations | 26 | 11 | 174 | 10 | - | - | - | - | - | 220 |
| Infrastructure | 65 | 412 | - | - | 160 | 2 | - | - | 11 | 650 |
| Jobs, Economy and Trade | 157 | 105 | 1,588 | 10 | 2 | - | - | - | - | 1,862 |
| Justice | 489 | 67 | 119 | - | 4 | - | - | - | 6 | 685 |
| Mental Health and Addiction | 19 | 14 | 138 | 135 | - | - | - | - | - | 306 |
| Municipal Affairs | 57 | 29 | 148 | 1,049 | 4 | - | - | - | - | 1,287 |
| Public Safety and Emergency Services | 492 | 512 | 245 | - | 29 | 1 | - | - | - | 1,279 |
| Seniors, Community and Social Services | 306 | 1,201 | 3,722 | 162 | 52 | - | - | - | 5 | 5,447 |
| Service Alberta and Red Tape Reduction | 100 | 34 | 45 | - | 18 | 6 | - | - | 1 | 203 |
| Technology and Innovation | 228 | 365 | 166 | 98 | 80 | - | - | - | 1 | 938 |
| Tourism and Sport | 18 | 39 | 69 | 10 | - | - | - | - | - | 136 |
| Transportation and Economic Corridors | 66 | 464 | 10 | 1,273 | 861 | 65 | - | 97 | 9 | 2,846 |
| Treasury Board and Finance | 544 | 898 | 574 | - | 22 | - | (317) | 3,232 | 70 | 5,023 |
| Contingency (voted in TBF) | - | - | - | - | - | - | - | - | 2,000 | 2,000 |
| Total 2024-25 Expense | 24,952 | 17,099 | 17,738 | 3,469 | 2,955 | 1,616 | (364) | 3,365 | 2,341 | 73,170 |

^a Total expense includes a provision of \$2,000 million in contingency for disaster / emergency assistance (voted in Treasury Board and Finance).

Schedule 25: Expense by Function ^a

(millions of dollars)

| | Health | Education | Social Services | Agriculture, Resource Management and Economic Development | Protection of Persons and Property (includes contingency and disaster assistance) | Transportation, Communications and Utilities | Regional Planning and Development | Environment | Recreation and Culture | Housing | General Government (includes pension provisions) | Debt Servicing Costs | Total 2024-25 Expense |
|--|---------------|---------------|-----------------|---|---|--|-----------------------------------|-------------|------------------------|------------|--|----------------------|-----------------------|
| Legislative Assembly | - | - | 17 | - | - | - | - | - | - | - | 142 | - | 158 |
| Advanced Education | - | 7,048 | - | 2 | - | - | - | - | - | - | (47) | - | 7,003 |
| Affordability and Utilities | - | - | - | 16 | 8 | 34 | - | 29 | - | - | 5 | - | 92 |
| Agriculture and Irrigation | - | - | - | 928 | - | - | - | 65 | - | - | - | - | 993 |
| Arts, Culture, and Status of Women | - | - | - | 36 | - | - | - | - | 224 | - | - | - | 260 |
| Children and Family Services | - | - | 1,498 | - | - | - | - | - | - | - | - | - | 1,498 |
| Education | - | 9,762 | - | - | - | - | - | - | - | - | - | 35 | 9,798 |
| Energy and Minerals | - | - | - | 890 | - | - | - | 135 | - | - | 22 | - | 1,048 |
| Environment and Protected Areas | - | - | - | 110 | - | - | - | 446 | - | - | 1 | - | 557 |
| Executive Council | - | - | - | 33 | - | - | - | - | - | - | 23 | - | 56 |
| Forestry and Parks | 1 | - | - | 120 | 158 | - | - | 2 | 129 | - | - | - | 410 |
| Health | 28,373 | - | - | - | - | - | - | - | - | - | - | - | 28,373 |
| Immigration and Multiculturalism | - | - | - | 42 | - | - | - | - | - | - | - | - | 42 |
| Indigenous Relations | - | - | - | 9 | - | - | - | - | - | - | 211 | - | 220 |
| Infrastructure | 3 | 1 | - | - | - | 2 | - | 45 | - | 1 | 597 | - | 650 |
| Jobs, Economy and Trade | - | 100 | 1,474 | 194 | 93 | - | - | - | - | - | - | - | 1,862 |
| Justice | - | - | 110 | - | 575 | - | - | - | - | - | - | - | 685 |
| Mental Health and Addiction | 306 | - | - | - | - | - | - | - | - | - | - | - | 306 |
| Municipal Affairs | - | - | - | - | 29 | - | 1,156 | - | 64 | - | 38 | - | 1,287 |
| Public Safety and Emergency Services | - | - | 39 | 22 | 1,219 | - | - | - | - | - | - | - | 1,279 |
| Seniors, Community and Social Services | - | 92 | 4,956 | - | - | - | - | - | - | 400 | - | - | 5,447 |
| Service Alberta and Red Tape Reduction | - | - | - | 43 | 99 | - | - | - | 3 | - | 59 | - | 203 |
| Technology and Innovation | 48 | - | 5 | 241 | 6 | - | - | - | - | - | 637 | - | 938 |
| Tourism and Sport | - | - | - | 47 | - | - | - | - | 52 | - | 36 | - | 136 |
| Transportation and Economic Corridors | - | - | - | - | 51 | 2,689 | - | 9 | - | - | - | 97 | 2,846 |
| Treasury Board and Finance | - | - | 45 | 1 | - | - | - | 2 | - | - | 1,742 | 3,232 | 5,023 |
| Contingency (voted in TBF) | - | - | - | - | 2,000 | - | - | - | - | - | - | - | 2,000 |
| Total 2024-25 Expense | 28,732 | 17,004 | 8,143 | 2,734 | 4,238 | 2,725 | 1,156 | 732 | 473 | 401 | 3,467 | 3,365 | 73,170 |

^a Total expense includes a provision of \$2,000 million in contingency for disaster / emergency assistance (voted in Treasury Board and Finance).

Schedule 26: Historical Fiscal Summary, 2008–09 to 2026–27^a

(millions of dollars)

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|----------|----------|----------|----------|----------|
| | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
| | | | | | | | | | | | | | | Actual | Forecast | Estimate | Target | Target | |
| Statement of Operations | | | | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | | | | |
| 1 Personal income tax | 8,708 | 7,877 | 7,631 | 8,563 | 9,621 | 10,537 | 11,042 | 11,357 | 10,763 | 10,775 | 11,874 | 11,244 | 11,257 | 13,335 | 13,925 | 15,239 | 15,604 | 16,514 | 17,512 |
| 2 Corporate income tax | 4,252 | 4,754 | 3,334 | 3,678 | 4,756 | 5,488 | 5,796 | 4,195 | 3,769 | 3,448 | 4,871 | 4,107 | 3,037 | 4,718 | 8,167 | 7,204 | 7,028 | 7,052 | 7,320 |
| 3 Other tax revenue | 3,817 | 3,746 | 3,820 | 4,099 | 4,333 | 4,500 | 4,598 | 5,168 | 5,649 | 6,538 | 6,833 | 5,747 | 5,285 | 5,453 | 4,432 | 4,470 | 6,013 | 6,329 | 6,535 |
| 4 Resource revenue | 11,915 | 6,768 | 8,428 | 11,636 | 7,779 | 9,578 | 8,948 | 2,789 | 3,097 | 4,980 | 5,429 | 5,937 | 3,091 | 16,170 | 25,242 | 19,416 | 17,315 | 17,839 | 17,939 |
| 5 Investment income | (1,888) | 3,541 | 2,486 | 2,168 | 2,595 | 3,423 | 3,113 | 2,544 | 3,698 | 3,126 | 2,349 | 2,828 | 2,643 | 3,579 | 1,326 | 4,467 | 3,267 | 3,433 | 3,672 |
| 6 Premiums, fees and licences | 3,356 | 2,857 | 2,922 | 2,931 | 3,184 | 3,437 | 3,564 | 3,574 | 3,701 | 3,839 | 3,911 | 3,929 | 4,021 | 4,520 | 4,657 | 5,300 | 5,384 | 5,551 | 5,752 |
| 7 Other own-source revenue | 4,587 | 4,627 | 4,903 | 5,128 | 5,234 | 5,412 | 6,438 | 5,850 | 3,637 | 6,983 | 6,292 | 3,360 | 3,272 | 8,952 | 7,008 | 6,876 | 6,287 | 6,172 | 6,441 |
| 8 Total own-source revenue | 34,747 | 34,170 | 33,524 | 38,203 | 37,502 | 42,375 | 43,499 | 35,477 | 34,314 | 39,689 | 41,559 | 37,152 | 32,605 | 56,727 | 64,757 | 62,972 | 60,897 | 62,890 | 65,172 |
| 9 Federal transfers | 4,578 | 5,342 | 5,452 | 5,192 | 5,042 | 7,059 | 5,982 | 7,142 | 7,979 | 7,606 | 8,013 | 9,072 | 10,532 | 11,595 | 11,363 | 12,656 | 12,640 | 13,161 | 13,644 |
| 10 Total Revenue | 39,325 | 39,512 | 38,976 | 43,395 | 42,544 | 49,434 | 49,481 | 42,619 | 42,293 | 47,295 | 49,572 | 46,224 | 43,137 | 68,322 | 76,120 | 75,628 | 73,537 | 76,051 | 78,816 |
| Expense by Function | | | | | | | | | | | | | | | | | | | |
| 11 Health | 13,674 | 14,636 | 15,393 | 16,284 | 17,254 | 17,967 | 19,366 | 20,115 | 20,687 | 21,239 | 21,921 | 22,408 | 23,984 | 25,131 | 25,486 | 26,676 | 28,732 | 29,363 | 30,250 |
| 12 Basic / advanced education | 10,438 | 11,067 | 11,362 | 11,951 | 12,394 | 12,782 | 13,103 | 13,673 | 14,110 | 14,471 | 14,848 | 14,971 | 14,134 | 14,296 | 15,220 | 16,005 | 16,957 | 17,338 | 17,538 |
| 13 Social services | 3,417 | 3,807 | 4,129 | 4,278 | 4,641 | 4,668 | 4,548 | 4,752 | 5,198 | 5,592 | 5,867 | 6,203 | 5,919 | 5,989 | 7,222 | 8,236 | 8,121 | 8,424 | 8,591 |
| 14 Other program expense | 10,386 | 9,834 | 9,443 | 9,853 | 10,528 | 12,970 | 11,031 | 10,375 | 12,607 | 13,189 | 11,866 | 12,893 | 13,858 | 16,686 | 13,743 | 16,699 | 16,359 | 16,741 | 17,001 |
| 15 Total program expense | 37,915 | 39,344 | 40,327 | 42,366 | 44,817 | 48,387 | 48,048 | 48,915 | 52,602 | 54,491 | 54,502 | 56,475 | 57,895 | 62,102 | 61,711 | 67,616 | 70,169 | 71,866 | 73,380 |
| 16 Debt servicing costs | 208 | 214 | 472 | 509 | 530 | 601 | 722 | 776 | 1,018 | 1,420 | 1,971 | 2,235 | 2,486 | 2,641 | 2,829 | 3,136 | 3,365 | 3,121 | 3,174 |
| 17 Pension provisions | 2,133 | 430 | 439 | 634 | 296 | 748 | (404) | (630) | (543) | (593) | (190) | (334) | (282) | (365) | (21) | (358) | (364) | (373) | (378) |
| 18 Total Expense | 40,256 | 39,988 | 41,238 | 43,509 | 45,643 | 49,736 | 48,366 | 49,061 | 53,077 | 55,318 | 56,283 | 58,376 | 60,099 | 64,378 | 64,479 | 70,394 | 73,170 | 74,614 | 76,176 |
| 19 Surplus / (Deficit) | (931) | (476) | (2,262) | (114) | (3,099) | (302) | 1,115 | (6,442) | (10,784) | (8,023) | (6,711) | (12,152) | (16,962) | 3,944 | 11,641 | 5,234 | 367 | 1,437 | 2,640 |
| Capital Plan ^b | 7,943 | 8,000 | 7,544 | 6,884 | 6,062 | 5,770 | 6,181 | 6,558 | 6,578 | 9,021 | 6,057 | 5,545 | 6,896 | 6,622 | 5,633 | 7,077 | 8,300 | 8,376 | 8,363 |
| Statement of Financial Position (at March 31) | | | | | | | | | | | | | | | | | | | |
| 20 Heritage / endowment funds | 16,900 | 17,077 | 17,500 | 17,936 | 18,176 | 18,562 | 18,860 | 19,262 | 19,836 | 20,306 | 20,700 | 20,670 | 21,090 | 22,176 | 23,920 | 25,998 | 29,158 | 30,692 | 32,536 |
| 21 Contingency Account | 16,822 | 14,983 | 11,192 | 7,497 | 3,326 | 4,658 | 6,529 | 3,625 | 2,299 | 1,661 | 6,342 | - | - | - | - | - | - | - | - |
| 22 Other financial assets | 28,868 | 30,338 | 30,799 | 32,972 | 34,734 | 40,039 | 40,688 | 40,990 | 44,152 | 49,010 | 48,701 | 55,711 | 56,996 | 55,950 | 64,104 | 67,477 | 59,137 | 60,527 | |
| 23 Taxpayer-supported Capital Plan liabilities | (880) | (2,888) | (3,199) | (3,442) | (4,594) | (8,724) | (11,922) | (19,040) | (23,769) | (29,339) | (33,597) | (37,188) | (42,733) | (47,529) | (45,525) | (45,512) | (46,584) | (49,164) | (51,170) |
| 24 Taxpayer-supported general / pre-1992 TPP debt | (1,160) | (2,279) | (2,015) | (1,676) | (1,426) | (1,333) | (1,053) | (1,024) | (10,751) | (19,227) | (29,060) | (36,954) | (50,303) | (45,595) | (33,763) | (30,554) | (30,560) | (30,566) | (30,573) |
| 25 Self-supported debt | (7,921) | (9,300) | (11,010) | (12,707) | (14,116) | (15,775) | (16,592) | (17,373) | (17,822) | (17,848) | (18,134) | (18,066) | (18,389) | (17,028) | (17,596) | (17,915) | (17,834) | (17,920) | (17,713) |
| 26 Total Debt ^c | (9,961) | (14,467) | (16,224) | (17,825) | (20,136) | (25,832) | (29,567) | (37,437) | (52,342) | (66,414) | (80,791) | (92,208) | (111,425) | (110,152) | (96,884) | (93,981) | (94,978) | (97,650) | (99,456) |
| 27 Pension liabilities | (10,239) | (9,483) | (9,922) | (10,556) | (10,852) | (11,600) | (11,196) | (10,566) | (10,023) | (9,430) | (9,240) | (8,918) | (8,636) | (8,287) | (8,272) | (7,914) | (7,550) | (7,177) | (6,799) |
| 28 Other liabilities | (10,689) | (11,131) | (11,692) | (11,033) | (10,793) | (12,795) | (12,260) | (11,955) | (12,823) | (14,477) | (13,189) | (15,399) | (17,553) | 18,680 | (19,948) | (29,106) | (35,724) | (26,202) | (26,029) |
| 29 Net Financial Assets / (Debt) | 31,701 | 27,317 | 21,653 | 18,991 | 14,455 | 13,032 | 13,054 | 3,919 | (8,901) | (19,344) | (27,477) | (40,144) | (59,528) | (58,993) | (45,614) | (40,899) | (41,618) | (41,200) | (39,220) |
| 30 Capital / non-financial assets | 30,275 | 34,217 | 37,607 | 40,122 | 39,517 | 40,839 | 42,197 | 44,623 | 46,622 | 49,015 | 50,744 | 51,570 | 53,767 | 55,745 | 56,928 | 57,447 | 58,532 | 59,551 | 60,211 |
| 31 Net Assets ^d | 61,976 | 61,534 | 59,260 | 59,113 | 53,972 | 53,871 | 55,251 | 48,542 | 37,721 | 29,671 | 23,267 | 11,426 | (5,761) | (3,248) | 11,314 | 16,548 | 16,914 | 18,351 | 20,991 |
| Energy prices and exchange rate | | | | | | | | | | | | | | | | | | | |
| 32 Oil price (WTI US\$/bbl) | 85.94 | 70.71 | 83.38 | 97.33 | 92.07 | 99.05 | 80.48 | 45.00 | 47.93 | 53.69 | 62.77 | 54.85 | 42.32 | 77.03 | 89.69 | 76.50 | 74.00 | 74.00 | 74.00 |
| 33 Heavy oil price (WCS @ Hardisty; Cdn\$/bbl) | 74.36 | 66.08 | 66.70 | 80.72 | 68.48 | 80.11 | 70.78 | 40.86 | 44.67 | 50.38 | 51.65 | 53.14 | 41.42 | 79.63 | 90.62 | 80.20 | 76.80 | 75.60 | 75.80 |
| 34 Natural gas price (ARPC; Cdn\$/GJ) | 6.97 | 3.58 | 3.28 | 2.98 | 2.28 | 3.28 | 3.51 | 2.21 | 2.01 | 1.82 | 1.34 | 1.39 | 2.10 | 3.48 | 4.63 | 2.20 | 2.90 | 3.70 | 3.80 |
| 35 Exchange rate (US\$/Cdn\$) | 89.60 | 91.90 | 98.40 | 100.70 | 99.90 | 95.00 | 88.00 | 76.50 | 76.20 | 78.00 | 76.30 | 75.20 | 75.70 | 79.80 | 75.60 | 74.10 | 75.90 | 78.10 | 79.70 |

^a Numbers are not strictly comparable due to numerous accounting policy changes over time; expense by function numbers have been re-classified in certain years following re-organizations and other adjustments.

^b Reflects capital grants and other support included in expense, and capital investment in government-owned assets not included in expense. Capital investment adds to capital assets, which are depreciated over time through amortization expense. Numbers for 2008-09 to 2013-14 are estimates as details required to consolidate SUCH sector capital spending with full accuracy are not readily available.

^c Does not include capital lease liabilities, or debt issued on behalf of government business enterprises which is reported on a net equity basis in Other Financial Assets.

^d The change in net assets / (debt) year over year does not match the surplus / (deficit) exactly in most years, due to various balance sheet adjustments, most of which are minor. A significant adjustment reducing net assets by \$2 billion was made in 2012-13, to recognize the accumulated deferred capital contribution liability when the accounting standard was adopted.

Fiscal Plan

Response to the Auditor General of Alberta

- February 2023
- March 2023
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Response to the Auditor General – February 2023

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled – *COVID-19 in Continuing Care Facilities – February 2023* and the government’s response to each of them.

| AUDITOR GENERAL’S RECOMMENDATION | GOVERNMENT’S RESPONSE |
|--|---|
| <p>Alberta Health</p> <p><i>Update and expand a pandemic plan common to entire continuing care sector</i></p> <p>We recommend that the Department of Health ensure the development of an up-to-date, comprehensive, continuing care-focused pandemic plan relevant to all key stakeholders - Department of Health, Alberta Health Services and facility operators.</p> <p>The Department of Health should ensure such a plan for facility-based continuing care:</p> <ul style="list-style-type: none"> • sets measurable goals and targets, is aligned with other related plans, and is regularly communicated to operational management and front-line staff across the continuing care sector, including at the Department of Health and AHS • reflects learnings from the COVID-19 response • is disease-agnostic and is scalable • integrates compliance monitoring and other inspection activities • includes clearly defined escalation pathways, based on established measures or triggers, for outbreak management and resolution • clearly defines roles, responsibilities, accountabilities, and decision-making structures for all stakeholders <p><i>Exercise and simulate updated plan regularly, with all parties</i></p> <p>We recommend that the Department of Health lead periodic pandemic response exercises for Alberta’s facility-based continuing care sector across all levels of the system, and involve operational and front-line staff.</p> | <p>Accepted. The Department of Health will lead a comprehensive review of the Pandemic Operational Guide supported by Alberta Health Services (AHS) with input from key stakeholders (continuing care operators, government partners), and will draw on pandemic lessons learned to complete an updated guide by the end of 2023-24. The Pandemic Operational Guide in place at the start of the pandemic was from 2016-17. Some updates to the plan were made in 2020 and there are other policies and practices that emerged over the course of the pandemic response that merit consideration for inclusion in the guide.</p> <p>Accepted. Once an updated pandemic plan is drafted and approved, the Department of Health will work with AHS and a sampling of operators to exercise and simulate the plan regularly, beginning in 2024-25.</p> |

AUDITOR GENERAL'S RECOMMENDATIONS

GOVERNMENT'S RESPONSE

Alberta Health

Develop a continuing care staffing strategy to increase staffing system resilience

We recommend that the Department of Health work with Alberta Health Services and facility operators to develop and implement a staffing strategy for facility-based continuing care.

This strategy should build on efforts already underway focused on staffing hours and staff mix from the response to the *Facility-based Continuing Care Review* recommendations, and consider other factors that contributed to staff vulnerability during COVID-19 such as:

- the costs and benefits of maintaining a largely single-site staffing model
- appropriateness of primarily part-time and casual staffing model use in the care of vulnerable elderly residents
- mandatory benefits—particularly paid sick leave
- minimum staff training
- staff quality of work and life
- staff mental health, wellness, and post-traumatic support

A staffing strategy should determine what the Department of Health wants to achieve in these areas, and determine what it can accomplish with existing and potential future resources.

Accepted. Work is underway to update staffing mix and models and quality of work life for continuing care staff as part of the development of new regulations to accompany the *Continuing Care Act*. Pending approval, the updated legislative framework would go into effect in April 2024.

The Department of Health will also be pursuing the implementation of staffing related recommendations in the Facility-Based Continuing Care Review, for example, planning related to increasing the hours of care per resident. Further research/surveying of staff will contribute to a better understanding of their main issues to enhance their experience within the sector (e.g., working conditions, supports for mental health, etc.).

| AUDITOR GENERAL'S RECOMMENDATION | GOVERNMENT'S RESPONSE |
|---|---|
| <p>Alberta Health</p> <p><i>Evaluate all existing infrastructure and set a strategy for improving facility infrastructure</i></p> <p>We recommend that the Department of Health develop a priority list and strategy for improving existing buildings, where necessary.</p> <p>This priority list and strategy should be based on a comprehensive assessment of all continuing care facilities in the province to be completed by Alberta Health Services for:</p> <ul style="list-style-type: none"> • whether the building meets the mandatory requirements of current facility design guidelines, and its capacity for upgrading to current minimums if necessary • the adequacy of their HVAC and filtration systems • the size of resident rooms and extent of shared accommodations • the capacity of the building to permit adequate isolation practices • the extent of building entrances and exits and their ability to be secured <p>An infrastructure strategy should determine what the Department of Health wants to achieve and determine what it can accomplish with existing and potential future resources.</p> | <p>Accepted. The Department of Health has begun to address some of the infrastructure related needs that were realized during the pandemic. The recently launched Continuing Care Capital Program – Modernization Stream will provide government capital funding support to modernize privately operated facilities (for and not for profit) with the highest need. In parallel, the department will direct Alberta Health Services (AHS) to prepare a Major Capital Needs Assessment to address the modernization needs associated with publicly owned continuing care facilities.</p> <p>In early 2023, the department completed updating Continuing Care Design Standards and Best Practices, including a cost impact analysis in consideration of the amended design standards. A draft version of these standards, incorporating COVID-19 lessons learned, has been published as a requirement for Modernization Stream projects. The department is monitoring stakeholder feedback as project proposals are developed. The department, AHS and the Department of Infrastructure will also identify the appropriate technical standards against which to assess facilities under the new Standards.</p> <p>AHS eliminated the use of ward rooms in Continuing Care and will continue to fully eliminate shared accommodations by 2027 as per the recommendation from the Facility-Based Continuing Care Review.</p> |

| AUDITOR GENERAL'S RECOMMENDATIONS | GOVERNMENT'S RESPONSE |
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| <p>Alberta Health Services</p> <p><i>Formalize centre of expertise capacity for outbreak management</i></p> <p>We recommend that Alberta Health Services formalize multi-disciplinary outbreak response and support systems tasked with providing centre of expertise services, monitoring and tracking, and post-outbreak debriefing and reporting for communicable disease outbreaks at continuing care facilities.</p> <p><i>Formalize operational improvements in outbreak testing</i></p> <p>We recommend that Alberta Health Services work with Alberta Precision Labs to review, identify, and formalize process improvements and streamlining during COVID-19.</p> <p>Considerations should include other process improvements that could prevent human errors, facilitate linking samples to outbreaks, build redundancy and resiliency into the critical outbreak testing processes, and ensure timely delivery of results to continuing care facilities.</p> | <p>Accepted. AHS has provincial and zone-based expertise to support communicable disease outbreaks at continuing care facilities. Since December 2020, AHS has enhanced the support provided to operators including infection prevention and control, public health and quality resources to support outbreak responses in continuing care facilities. AHS will further develop and align existing expertise to facilitate an integrated multi-disciplinary outbreak response and monitoring for continuing care. Fully functioning by the end of 2023-24, the response will be limited to continuing care facilities as they are within the scope of this Report of the Auditor General.</p> <p>Accepted. Alberta Health Services (AHS) continuously evaluated and coordinated learnings in an iterative way throughout the COVID-19 pandemic. AHS will work with Alberta Precision Labs to formalize these process improvements which is anticipated to be completed by Spring 2024.</p> |

| AUDITOR GENERAL'S RECOMMENDATIONS | GOVERNMENT'S RESPONSE |
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| <p>Alberta Health Services</p> <p><i>Track resident illness and staff absences during communicable disease outbreaks in facilities</i></p> <p>We recommend that Alberta Health Services develop or adapt a surveillance system to track all resident cases and deaths, as well as information on staff absences, during any communicable disease or outbreak in facilities.</p> <p><i>Implement recommendations from Alberta Health Services internal reports</i></p> <p>We recommend that Alberta Health Services accumulate, evaluate and action recommendations, lessons learned, and other required actions identified in its own internal summary reports on continuing care outbreaks. Any recommendations not adopted should be rationalized.</p> | <p>Accepted. It is AHS current practice to track resident cases for any communicable disease outbreaks in continuing care. AHS will review current practice to ensure it meets the intent of this recommendation, and will develop processes for tracking staff absences during communicable disease outbreaks, recognizing the limitations on health information that can be collected from staff. This will be completed by the end of Spring 2024.</p> <p>Accepted. AHS has consolidated all recommendations and will prepare a summary of actions implemented for all recommendations along with a summary report for sharing with stakeholders that will identify actions taken, yet to be taken, and/or those that will need to be incorporated into future pandemic planning. This will be completed by the end of 2023-24</p> |

Response to the Auditor General – February 2023

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled – *Assessment of Implementation Report Seniors Care in Long-Term Care – February 2023* and the government’s response to each of them.

| AUDITOR GENERAL’S RECOMMENDATIONS | GOVERNMENT’S RESPONSE |
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| <p>Alberta Health</p> <p><i>Improve public reporting on expected results and whether the provincial long-term care system is achieving them</i></p> <p>We recommend that the Department of Health improve its public reporting by:</p> <ul style="list-style-type: none"> • establishing what the provincial long-term care system is expected to achieve • identifying measures to evaluate performance • reporting what results the system is achieving annually, based on those measures • identifying what processes and activities are or will be done to continuously improve system results and meet expectations <p>If limitations on the length, content, and format of existing avenues for this information, such as ministry business plans and annual reports, cannot facilitate this, the Department of Health should identify and use alternative means of communicating this information to Albertans.</p> | <p>Accepted. The Department of Health will develop a multi-year action plan (4-5 years) to progressively improve public reporting regarding the outcomes the long-term care (LTC) system is expected to achieve and identify key outcomes that will be publicly reported to evaluate LTC performance and demonstrate accountability. This work will be done in collaboration with Alberta Health Services (AHS).</p> <p>The department will also continue work already underway to implement continuing care transformation initiatives (including but not limited to the implementation of policy changes contained in the <i>Continuing Care Act</i>, regulations, standards) and report on those, highlighting activities that improve system results and meet desired expectations.</p> |
| <p>Alberta Health Services</p> <p><i>System to mitigate risk to safe, quality resident care from insufficient staffing</i></p> <p>We recommend that Alberta Health Services implement a system to mitigate the risk that a facility is not providing residents with the number and type of care staff needed to ensure safe, quality resident care.</p> | <p>Accepted. AHS will work with the Department of Health to enhance the Reportable Incident reporting process by defining the criteria and basis for reporting significant staffing issues at a facility. This information, in addition to other current processes, will be used to follow-up with sites experiencing staffing concerns to assess the impact on care and determine next steps. This information will also inform contract monitoring processes. This will be completed by Spring 2024.</p> |

Response to the Auditor General – March 2023

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following is the recommendation in the Auditor General’s report titled – *Critical Worker Benefit Program – March 2023* and the government’s response to the recommendation.

| AUDITOR GENERAL’S RECOMMENDATIONS | GOVERNMENT’S RESPONSE |
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| <p data-bbox="164 457 813 489">Alberta Jobs, Economy and Northern Development</p> <p data-bbox="164 520 591 552"><i>Complete payment verification processes</i></p> <p data-bbox="164 583 813 762">We recommend that the Department of Jobs, Economy and Northern Development (formerly Labour and Immigration), as program lead, coordinate and complete processes to verify approved critical workers received their benefit payment.</p> | <p data-bbox="846 583 1490 762">Accepted. The Department of Jobs, Economy and Trade (formerly the Department of Jobs, Economy and Northern Development) will coordinate with participating departments to complete processes to verify approved critical workers received their benefit payment.</p> <p data-bbox="846 783 1490 846">This recommendation is expected to be implemented by March 2024.</p> |

Response to the Auditor General – March 2023

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled – *Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure – Alberta Energy Regulator – March 2023* and the government’s response to each of them.

| AUDITOR GENERAL’S RECOMMENDATION | GOVERNMENT’S RESPONSE |
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| <p>Alberta Energy – Alberta Energy Regulator</p> <p><i>Improve liability management risk management processes</i></p> <p>We recommend that the Alberta Energy Regulator ensure that liability management risks and gaps are periodically identified, that risk responses are documented, and residual risk is determined.</p> | <p>Accepted. The Enterprise Risk Management Policy and Framework for the Alberta Energy Regulator (AER) is in place.</p> <p>With the significant changes to liability management programs since the development and ongoing implementation of the Liability Management Framework (LMF), the AER will re-evaluate risks and gaps related to liability management at the operational level.</p> <p>This recommendation is expected to be implemented by November 2024.</p> |
| <p><i>Improve performance measurement and reporting</i></p> <p>We recommend that the Alberta Energy Regulator improve its accountability processes by:</p> <ul style="list-style-type: none"> • developing relevant external performance measures, including targets, to ensure that Albertans can gauge whether AER’s liability management programs are meeting objectives and whether progress is being made • periodically updating and publicly communicating an industry-wide active and inactive liability estimate using best available data, with accompanying explanation of the risks associated with that liability • reporting more complete, integrated and useful information on liability management to provide a more complete picture of risks and the actions taken to mitigate those risks | <p>Accepted. The AER will work on the appropriate objectives, targets and performance measures for liability management, including the new LMF.</p> <p>Based on the objectives of the new LMF, the AER is developing performance reporting for closure and liability related aspects. The work will be completed in phases as the AER continues to implement the LMF.</p> <p>This recommendation is expected to be implemented by December 2024.</p> |

| AUDITOR GENERAL'S RECOMMENDATIONS | GOVERNMENT'S RESPONSE |
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| <p>Alberta Energy – Alberta Energy Regulator</p> <p><i>Improve processes to assess information from OWA</i></p> <p>We recommend that the Alberta Energy Regulator:</p> <ul style="list-style-type: none"> • collect information that allows AER to assess whether the OWA is achieving intended objectives and to assess the long-term sustainability of the Orphan Fund • assess sustainability by completing modelling on how long it will take OWA to complete closure work on its current inventory of sites and anticipated funding levels <p><i>Monitor, enforce and report on the Inventory Reduction Program</i></p> <p>We recommend that the Alberta Energy Regulator ensures compliance with the Inventory Reduction Program by monitoring, measuring, taking corrective action and reporting on industry and licensee closure progress under the Inventory Reduction Program.</p> | <p>Accepted. The AER completed initial sustainability monitoring of the Orphan Fund in May of 2022. The assessment considered operating licensees with high levels of financial distress and their inventory with considerations for the working interest participants.</p> <p>The AER completed further assessment of the Orphan Well Association (OWA) sustainability in June of 2023, and will continue to review the approach for assessing the sustainability of the OWA by November 2024.</p> <p>Accepted. The AER will ensure compliance with the Inventory Reduction Program, this includes:</p> <ul style="list-style-type: none"> • compliance with the 2022 mandatory closure spend was completed in 2023 and will continue annually going forward; • development of audit, verification, and compliance programs for the accuracy of the reported spends is targeted for June 2024; and • integration of closure spends with field inspections and other regulatory reviews is expected to be complete by September 2024. |

| AUDITOR GENERAL'S RECOMMENDATIONS | GOVERNMENT'S RESPONSE |
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| <p>Alberta Energy – Alberta Energy Regulator</p> <p><i>Determine how much security is necessary and how it will be collected</i></p> <p>We recommend that the Alberta Energy Regulator determine how much security needs to be collected, when it will be collected, and how collection will get enforced with the transition away from the Licensee Liability Rating Program.</p> | <p>Accepted. The AER will be replacing the Licensee Liability Rating (LLR) Program, including the Liability Management Rating (LMR) that establishes a new security framework under the <i>Oil and Gas Conservation Act</i>.</p> <p>The scope of the project includes:</p> <ul style="list-style-type: none"> regulatory changes and updates to requirements to remove all references to the LLR Program and LMR in the rules, directives, manuals, and AER website content; and assessment and determination of how much security should be collected, when it should be collected and how it will get enforced. <p>This recommendation is expected to be implemented by December 2024.</p> |
| <p><i>Improve licence transfer application processes</i></p> <p>We recommend that the Alberta Energy Regulator continue to improve its licence transfer processes by:</p> <ul style="list-style-type: none"> updating AER's delegation of authority to clearly articulate who can approve discretion requests, and under what circumstances developing a system to track, monitor and report on the effectiveness of discretion requests, including transfer conditions and licensee commitments | <p>Accepted. Updates to the delegation of authorities is no longer required as discretion requests are no longer a regulatory option for licensees.</p> <p>The AER implemented a conditions management tool to track, review and monitor all conditions related to transfers. The AER will assess the effectiveness of the conditions management tool annually.</p> <p>This recommendation is expected to be implemented by March 2024.</p> |
| <p><i>Improve compliance and assurance processes for suspended and abandoned wells</i></p> <p>We recommend that the Alberta Energy Regulator evaluate compliance assurance activities for suspended wells and routine abandonments and determine whether it is meeting AER's risk tolerance.</p> | <p>Accepted. The AER will assess potential targets and thresholds by evaluating compliance assurance programs to validate if they are working as intended.</p> <p>This recommendation is expected to be implemented by September 2024.</p> |

| AUDITOR GENERAL'S RECOMMENDATION | GOVERNMENT'S RESPONSE |
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| <p>Alberta Energy – Alberta Energy Regulator</p> <p><i>Improve reclamation certification controls</i></p> <p>We recommend that the Alberta Energy Regulator:</p> <ul style="list-style-type: none"> • improve the controls resulting in invalid approvals for reclamation certificate approvals • retain documented evidence to support justifications and reviews as part of its manual reclamation certification process • determine the necessary level of assurance work on post-reclamation certification and consistently complete it <p><i>Improve oversight of remediation action plans</i></p> <p>We recommend that the Alberta Energy Regulator ensure there is evidence of review of remedial action plans and demonstrate that timelines for remediation are being consistently monitored and followed up.</p> | <p>Accepted. The AER continues to use the OneStop tool to:</p> <ul style="list-style-type: none"> • support and automate the reclamation certificate application process; and • identify applications that may be higher risk for a manual review by a subject matter expert. <p>The AER completes a random audit program to ensure reclamation applications meet regulatory requirements.</p> <p>The Enterprise Reclamation Audit templates for Administrative and Technical Audits will be updated to identify OneStop business rules that should have been triggered and were not. The AER will assess the results to determine whether system changes are required by December 2024.</p> <p>Accepted. The AER completes audits to confirm the information contained within Record of Site Condition and associated Remedial Action Plans (RAP) meets the AER's requirements. The AER is developing a reporting approach to track and follow-up on RAP submissions and RAP commitments.</p> <p>This recommendation is expected to be implemented by March 2024.</p> |

Response to the Auditor General – March 2023

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following is the recommendation in the Auditor General’s report titled – *Assessment of Implementation Report – Reporting on the Oil Sands Monitoring Program – March 2023* and the government’s response to the recommendation.

| AUDITOR GENERAL’S RECOMMENDATIONS | GOVERNMENT’S RESPONSE |
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| <p data-bbox="118 457 646 489">Alberta Environment and Protected Areas</p> <p data-bbox="118 520 613 552"><i>Improve annual reporting processes - Repeated</i></p> <p data-bbox="118 583 735 762">We again recommend that the Department of Environment and Protected Areas, working with Environment and Climate Change Canada, improve processes to ensure the annual report on the Oil Sands Monitoring Program is complete, accurate, and timely.</p> | <p data-bbox="803 583 1401 804">Accepted. The Department of Environment and Protected Areas is putting additional resources and processes in place to ensure timely delivery of annual reports including additional details on financials, scientific and monitoring outcomes related to the program objectives.</p> <p data-bbox="803 825 1401 888">This recommendation is expected to be implemented during the 2023-24 fiscal year.</p> |

Response to the Auditor General – March 2023

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled – *Report on Post-secondary Institutions 2022 – March 2023* and the government’s response to each of them.

| AUDITOR GENERAL’S RECOMMENDATIONS | GOVERNMENT’S RESPONSE |
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| <p>Alberta Advanced Education – Bow Valley College</p> <p><i>Improve consistent application of financial statements preparation processes</i></p> <p>We recommend that Bow Valley College consistently apply its processes to produce accurate year-end financial statements.</p> | <p>Accepted. This recommendation was implemented in October 2023.</p> |
| <p>Alberta Advanced Education – Lakeland College</p> <p><i>Develop, formalize, and document risk management processes related to cloud computing services</i></p> <p>We recommend that Lakeland College develop, formalize, and document its risk management processes related to cloud computing services.</p> | <p>Accepted. These processes for cloud services are being incorporated by Lakeland College into its IT operations procedures for conducting risk management on cloud computing services. Updates include:</p> <ul style="list-style-type: none"> • using the National Institute of Standards and Technology framework for process development and to manage all cloud services; and • collaborating with other schools to determine if there are other best practices to be shared. <p>This recommendation is expected to be implemented by March 2024.</p> |
| <p><i>Monitor cloud service provider controls and ensure end-user controls are effective</i></p> <p>We recommend that Lakeland College regularly monitor the effectiveness of the controls of its cloud service providers and its own end-user controls.</p> | <p>Accepted. Lakeland College is reviewing and developing process documentation for its end-user and cloud service provider controls. Lakeland College is creating an approval process to review these controls on an annual basis.</p> <p>This recommendation is expected to be implemented by March 2024.</p> |

| AUDITOR GENERAL'S RECOMMENDATION | GOVERNMENT'S RESPONSE |
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| <p>Alberta Advanced Education – Northwestern Polytechnic</p> <p><i>Improve consistent application of procurement and contracting processes</i></p> <p>We recommend that Northwestern Polytechnic consistently apply its procurement and contracting policy and processes.</p> | <p>Accepted. Northwestern Polytechnic made progress on ensuring its procurement and contracting policies and processes are consistently applied. This includes updating policies and processes to resolve ambiguity and strengthen alignment with best practices and regulatory requirements. Northwestern Polytechnic has been actively promoting awareness of the policy and related processes amongst its purchasers. Additional work to train users and implement reporting to monitor compliance is underway.</p> <p>This recommendation is expected to be implemented by March 2024.</p> |
| <p><i>Improve internal controls over information technology environment – Repeated</i></p> <p>We again recommend that Northwestern Polytechnic consistently enforce its IT policies, which set out internal controls to protect its IT systems, applications and data.</p> | <p>Accepted. Northwestern Polytechnic has made progress in consistently enforcing its IT policies by consolidating IT policies to reduce redundancies and inconsistencies in policy documents and completing infrastructure upgrades to further protect data. A test of the internal controls and disaster recovery procedures is underway.</p> <p>This recommendation is expected to be implemented by March 2024.</p> |

Response to the Auditor General – December 2023

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General’s report titled – Report of the Auditor General – December 2023 and the government’s response to each of them.

| AUDITOR GENERAL’S RECOMMENDATIONS | GOVERNMENT’S RESPONSE |
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| <p>Alberta Advanced Education</p> <p><i>Improve the financial consolidation process</i></p> <p>We recommend that the Department of Advanced Education improve its financial consolidation process.</p> | <p>Accepted. The Department of Advanced Education is reviewing its internal consolidation processes, updating templates used for gathering information from post-secondary institutions, and conducting ongoing recruitment to support data review and financial reporting.</p> <p>This recommendation is expected to be implemented during the 2023-24 fiscal year.</p> |
| <p>Alberta Agriculture and Irrigation – Agriculture Financial Services Corporation</p> <p><i>Improve process to ensure compliance with AgriInsurance policies and procedures</i></p> <p>We recommend that Agriculture Financial Services Corporation improve its process to ensure policies and procedures set out in AgriInsurance manuals, guidelines, and authorities are adhered to.</p> | <p>Accepted. The Agriculture Financial Services Corporation has made progress on improving processes to ensure compliance with AgriInsurance policies and procedures, this includes:</p> <ul style="list-style-type: none"> • updated manuals for both Claims Adjusting and Process and Verification teams to ensure proper processes are followed on claims over one million dollars; • the development of a new tracking platform to ensure team member reviews are being completed as outlined in manuals; • changes implemented to Adjuster workbooks to ensure segregation of duties for any changes to the technology platform; and • maintaining monthly reporting and tracking to ensure proper oversight on all deficiencies as identified in this recommendation. <p>This recommendation is expected to be implemented during the 2023-24 fiscal year.</p> |

| AUDITOR GENERAL'S RECOMMENDATION | GOVERNMENT'S RESPONSE |
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| <p>Alberta Environment and Protected Areas</p> <p><i>Ensure that underpayments to the TIER Fund are collected when errors are found</i></p> <p>We recommend that the Department of Environment and Protected Areas implement a process to collect underpayments to the TIER Fund identified through its review of industry submitted information used to calculate emission obligations.</p> <p><i>Improve financial information preparation and reporting processes</i></p> <p>We recommend that the Department of Environment and Protected Areas improve its financial information preparation and reporting processes by enhancing its quality control and review activities.</p> | <p>Accepted. The Department of Environment and Protected Areas agrees it has regulatory authority under the Technology Innovation and Emissions Reduction Regulation (TIER) to correct past compliance outcomes where a facility-specific benchmark has been set inaccurately.</p> <p>The department will continue to apply processes under TIER to correct facility-specific benchmarks and to determine when past compliance outcomes need to be corrected.</p> <p>Accepted. The Department of Environment and Protected Areas will ensure that operating controls related to financial reporting processes is implemented as designed, records retention process is maintained, and the roles and responsibilities for preparing and reviewing the financial information and accountability is clearly defined.</p> <p>This recommendation is expected to be implemented during the 2023-24 fiscal year.</p> |

| AUDITOR GENERAL'S RECOMMENDATION | GOVERNMENT'S RESPONSE |
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| <p>Alberta Transportation and Economic Corridors</p> <p><i>Improve controls for posting periods</i></p> <p>We recommend that the Department of Transportation and Economic Corridors improve its controls to ensure solicitation posting periods comply with trade agreement requirements.</p> <p><i>Improve documentation controls</i></p> <p>We recommend that the Department of Transportation and Economic Corridors ensure it has adequate controls to document support for its shortlisting and award decisions, including key procurement information.</p> <p><i>Improve access controls for procurement information systems</i></p> <p>We recommend that the Department of Transportation and Economic Corridors improve its access controls for its procurement information systems.</p> | <p>Accepted. The Department of Transportation and Economic Corridors will:</p> <ul style="list-style-type: none"> • enhance processes to ensure that decisions are appropriately vetted when standard posting times are reduced; and • document the rationale for reducing the standard posting times in relevant procurement files. <p>This recommendation is expected to be implemented during the 2023-24 fiscal year.</p> <p>Accepted. The Department of Transportation and Economic Corridors will document the rationale for final shortlisting decisions in the relevant procurement files.</p> <p>This recommendation is expected to be implemented during the 2023-24 fiscal year.</p> <p>Accepted. The Department of Transportation and Economic Corridors will implement a process to review user accesses to procurement systems on a regular basis.</p> <p>This recommendation is expected to be implemented during the 2023-24 fiscal year.</p> |

