

Finance

BUSINESS PLAN 2007-10



ACCOUNTABILITY STATEMENT

The business plan for the three years commencing April 1, 2007 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as of March 26, 2007 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.

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

original signed by

Lyle Oberg, *Minister of Finance*
March 29, 2007

THE MINISTRY

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

The Department of Finance has the following core areas/functions: Budget and Fiscal Planning; Alberta Investment Management; Treasury Management; Risk Management; Tax and Revenue Administration; Pensions, Insurance and Financial Institutions; and Corporate Support.

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

VISION

Financial leadership that strengthens Alberta.

MISSION

Provide corporate financial services and manage the province's financial affairs and policies in the interests of Albertans.

LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

Linked to Government of Alberta Goals:

Goal 1: Alberta will have a prosperous economy

- Linked through:
 - The Alberta Heritage Science and Engineering Research Endowment Fund.

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

- Linked through:
 - Budget Consultations – Finance will review options to consult with Albertans on future budgets.
 - Financial Investment and Planning Commission – Finance will lead the Commission to explore options for long-term investment strategies for Alberta's non-renewable resource revenues.
 - Royalty Review – Finance will facilitate an independent public review to ensure Albertans are receiving a fair share from energy development through royalties, taxes and fees.
 - Programs and services related to budgeting and accounting, tax and revenue collection, pensions and risk management.

Goal 5: Albertans will be healthy

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

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

- Linked through:
 - Securities Regulation – Finance will work with other Canadian jurisdictions to develop an effective and efficient securities regulatory system in Alberta that meets the needs of Alberta's businesses and investors.

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

- Linked through:
 - The Alberta Capital Finance Authority providing local authorities in the province with flexible funding for capital projects at the lowest possible cost.

Linked to Government of Alberta Priority: Build a Stronger Alberta

Finance Priority: Royalty Review

The ministry will facilitate an independent public review to ensure Albertans are receiving a fair share from energy development through royalties, taxes and fees.

Finance Priority: Financial Investment and Planning Commission

The ministry will lead a Financial Investment and Planning Commission and explore long-term investment strategy options for Alberta's non-renewable resource revenues.

SIGNIFICANT OPPORTUNITIES AND CHALLENGES

The Ministry of Finance provides corporate financial services to Albertans and manages the province's financial affairs and policies.

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

Fiscal Sustainability

- Alberta is experiencing strong economic growth and the expectations for services and facilities are great. Fiscal sustainability requires that overall spending growth should not be more than economic growth. Non-renewable resource revenue, which has lately accounted for about one third of the Alberta government's total revenue, is difficult to predict. Energy prices are volatile due to unpredictable world events, such as political conditions in the Middle East or severe weather. It is difficult to know if the additional revenue we receive today will be available in the future.

Taxation

- Significant revenue from natural resources has enabled Alberta to have a competitive, low tax structure. The number of tax revenue sources is narrower than what is common in other jurisdictions, which increases Alberta's revenue risk. There continues to be more demands to further narrow Alberta's tax base.
- As corporate profitability increases due to Alberta's recent economic growth, the risk of tax avoidance increases. Aggressive tax planning creates an environment in which Alberta's tax revenues may be eroded.

Pensions

- The low interest rate environment and an aging population with longer life expectancies will continue to put pressure on pension funds. Pension funding rules must establish the right balance between stable funding requirements and benefit security for members.

Risk Management

- The Government is a very complex business resulting in a wide variety of financial, legal and other risks that need to be managed. The Ministry of Finance provides leadership to other ministries and agencies throughout government to assist them with identifying, measuring, controlling and financing the risk of accidental loss. The challenge for the Government of Alberta is to manage risk cautiously without inhibiting innovation.

Investments

- Volatility of capital markets has a direct impact on the income of the government's investment funds. Strong investment performance requires good governance and access to a wide range of investment opportunities.

Insurance and Financial Sector Regulation

- Recent climatic events including floods, fires and wind storms have contributed to significant increases in the costs of property and casualty insurance, as well as shrinkage in insurance coverage. Increasing property and construction costs are also causing increases to insurance premiums.
- Regulating and fostering Alberta's capital market requires an appropriate balance between investor protection and a firm's ability to raise capital. Provinces are working together to increase capital market efficiency by harmonizing and streamlining capital market regulation. Alberta will continue to participate in inter-provincial initiatives to increase regulatory efficiency and maintain an appropriate balance between investor protection and a firm's ability to raise capital.

STRATEGIC PRIORITIES 2007-10

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

GOVERNMENT PRIORITY – BUILD A STRONGER ALBERTA

- 1. Budget Consultation**
 - Develop a process to consult with Albertans for future budgets. This priority supports the Government of Alberta priority to govern with integrity and transparency.

Linkage: Goal 1
- 2. Royalty Review**
 - Facilitate an independent public review to ensure Albertans are receiving a fair share from energy development through royalties, taxes and fees.

Linkage: Goal 1
- 3. Financial Investment and Planning Commission**
 - Lead a Financial Investment and Planning Commission to explore options for long-term investment strategies for Alberta's non-renewable resource revenues.

Linkage: Goal 1
- 4. Provincial Investment Corporation**
 - Establish a provincial corporation to better meet the evolving needs of investment clients and ensure that long-term financial returns are maximized and risks are controlled.

Linkage: Goal 4
- 5. Pensions**
 - Work with public sector boards and stakeholders and lead the implementation of an improved governance structure that will strengthen public sector pension plans.
 - Work with stakeholders and other Canadian jurisdictions to strengthen private sector pension standards laws.

Linkage:
Goals 6 and 9

GOVERNMENT PRIORITY – PROVIDE SAFE AND SECURE COMMUNITIES

- 6. Securities Regulation**
 - Work with other Canadian jurisdictions to develop an effective and efficient securities regulatory system in Alberta that meets the needs of Alberta's businesses and investors.

Linkage: Goal 8

CORE BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

Core Business One: Fiscal Planning and Financial Management

GOAL ONE **1** **A financially strong, accountable and sustainable government**

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

The Ministry of Finance develops the overall fiscal plan, coordinates and prepares the annual budget and provides quarterly fiscal updates to Albertans on the Government of Alberta's financial position.

Strategies

- 1.1 Facilitate a public review in 2007-08 to ensure Albertans are receiving a fair share from energy development through royalties, taxes and fees.
- 1.2 Lead a Financial Investment and Planning Commission to explore options for long-term investment strategies for Alberta's non-renewable resource revenues.
- 1.3 Develop a process to consult with Albertans on future budgets.
- 1.4 Develop options to manage budget surpluses.

Performance Measure	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
1.a Alberta's credit rating (Blended credit rating for domestic debt)	AAA	AAA	AAA	AAA

A fair and competitive provincial tax system

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

Strategies

- 2.1 Continue to review the tax competitiveness, economic efficiency, fairness and revenue stability of Alberta's tax system.
- 2.2 Investigate options to improve Alberta's tax competitiveness.

Performance Measures	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
2.a Provincial tax load for a family of four	Lowest in Canada	Lowest in Canada	Lowest in Canada	Lowest in Canada
2.b Provincial tax load on businesses ¹	Lowest in Canada	Lowest in Canada	Lowest in Canada	Lowest in Canada

Note:

- 1 Data for this measure is provided by the Federal Government and may change as work progresses on the new equalization framework.

Revenue programs are administered fairly, efficiently and effectively

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

The design and administration of Alberta tax and revenue programs contribute to a fair and competitive tax environment in Alberta and in Canada. Collecting revenue fairly means that all taxpayers and claimants are treated equally under the law and with respect; efficiently means obtaining measurable value for money spent; effectively means reducing losses due to non-compliance.

Strategies

- 3.1 Modernize the fuel tax legislation and administration by developing new regulations, systems and processes under the new *Fuel Tax Act*.
- 3.2 Work with stakeholders, including service providers, to improve forms and develop e-service modules that will improve service and promote self-compliance.
- 3.3 Identify and mitigate areas where there is a high risk of non-compliance or tax avoidance.
- 3.4 Develop legislation and programs to manage assets from unclaimed personal property and property vested in the Crown.

Performance Measures	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
3.a Ratio of amounts added to net revenue to costs of administration (as a measure of self-compliance) ¹	11.9:1	11:1	10:1	10:1
3.b Percentage of revenue obtained through self-compliance ²	93.7%	92%	92%	92%

Notes:

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

Core Business Two: Investment, Treasury and Risk Management

GOAL FOUR **4** Sound management of financial assets and liabilities for current and future generations of Albertans

What it means The Ministry of Finance is responsible for the investment of the Alberta Heritage Savings Trust Fund, endowment funds and other government funds. The Ministry is also responsible for investing on behalf of the public sector pension plans and for setting the endowment funds' investment policy. Pension boards are responsible for setting public sector pension plan investment policies for their funds and for monitoring performance within defined objectives and constraints.

Investment policies, such as how much to invest in equities versus bonds, are the major determinants of investment fund returns over time. Once the investment policies are determined, returns can be enhanced by making active investment decisions relative to the appropriate financial market benchmarks (e.g., The Standard and Poor's TSX Index for Canadian equities).

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

Strategies

- 4.1 Establish a new provincial corporation that incorporates best-in-class governance procedures with clear lines of accountability to better meet the evolving needs of investment clients.
- 4.2 Increase returns to balanced fund clients above those returns provided from their investment policy benchmarks through active management that is consistent with client expectations.
- 4.3 Increase client satisfaction by providing proactive advisory services and timely communications.
- 4.4 Review, and update as required, the investment policy statements for all government funds to ensure they continue to reflect government fund objectives and industry best practices.
- 4.5 Provide leadership in cash and debt management by:
 - Employing new technology and best practices.
 - Minimizing cost for provincial government and provincial corporations through efficient borrowing programs.
 - Ensuring daily cash flows are managed optimally through effective cash forecasting.

Performance Measures	Last Actual (Year)	Target 2007-08	Target 2008-09	Target 2009-10
4.a Five-year market value rate of return of the selected asset mix (policy benchmark) of the Alberta Heritage Savings Trust Fund will be compared against the Consumer Price Index (CPI) plus 4.5% ¹	CPI plus 7.8% (2005-06)	CPI plus 4.5%	CPI plus 4.5%	CPI plus 4.5%
4.b Five-year weighted average market value rate of return for endowment funds compared against the weighted average policy asset mix rate of return (benchmark) for those funds ²	All funds exceeded the target benchmark plus 0.50% (2005-06)	Benchmark plus 0.53% ³	Benchmark plus 0.59%	Benchmark plus 0.67%
4.c Return on Consolidated Cash Investment Trust Fund compared to Scotia Capital 91 day Treasury Bill Index	Benchmark plus 0.04% (2005-06)	Benchmark plus 0.05%	Benchmark plus 0.05%	Benchmark plus 0.05%
4.d All-in cost of debt issued compared to an issue of Alberta debt of comparable term in the Canadian public debt market ⁴	Costs were lower by \$1.3 million (2004-05)	Cost lower than the comparable debt issued in the Canadian public debt market		

Notes:

- 1 This measure is used to determine whether the asset mix set out in the Investment Policy Statement is achieving expected returns over a five-year period. The market value rate of return of the asset mix is measured by calculating the investment returns that the policy would have produced without active investment management. This measure was first introduced in 2004-05 and the full-five year average will be built over time until a full five years of results are complete in 2008-09. The average return reported in the 2005-06 Annual Report was 10 per cent (3.3 per cent above the target of 6.7 per cent).
- 2 This measure is used to determine the value added by active fund management on investment performance over a five-year period. It is calculated as the difference between actual investment returns and the investment returns that the asset mix would have produced without active investment management.
- 3 The targets are based on individual year targets for the value added through active investment management. The individual year targets are: 2005-06, 0.50 per cent; 2006-07, 0.50 per cent; 2007-08, 0.60 per cent; 2008-09, 0.75 per cent; 2009-10, 1.00 per cent. The measure began in 2005-06 and accordingly, targets and performance results represent averages from those dates forward. The full five-year average will be complete in 2009-10.
- 4 The Ministry's target is to minimize costs for the province and its corporations through efficient borrowing programs. This is accomplished by seeking alternative markets and negotiating lower commission costs. The target for these costs is to be lower than the costs of selling the same bonds in the Canadian public market. This measure was reported last in 2004-07 business plan.

A new performance measure has been developed to measure five-year weighted average market value rate of return for public sector pension fund clients compared against the weighted average policy asset mix rate of return (benchmark) for those funds to determine the impact of active fund management on performance. The targets are: Benchmark plus 0.55 per cent (2007-08), Benchmark plus 0.62 per cent (2008-09) and Benchmark plus 0.71 per cent (2009-10)

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

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

Strategies

- 5.1 Promote risk awareness throughout government.
- 5.2 Collaborate with ministries to identify and manage risk.
- 5.3 Provide sustainable funding for liability exposure and loss of public assets.

Performance Measures	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
5.a Government of Alberta employee awareness of risk management (survey issued every three years)	70%	n/a ¹	Meet or exceed baseline set in 2005-06	n/a ¹

Note:

1 Survey issued every two years.

New measure being developed for 2007-10 to measure satisfaction with the services provided by the Risk Management and Insurance Division (survey issued every two years). Target for 2008-09 is 80 per cent satisfaction.

Core Business Three: Financial Sector and Pensions

GOAL SIX

6

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

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

The *Employment Pension Plans Act* safeguards benefits promised to members of registered pension plans by setting minimum standards for funding, investments, disclosure and qualifications for benefits.

The Ministry regulates, in part, the insurance business in Alberta under the *Insurance Act*. Work is currently underway to review and rewrite the provisions of the *Insurance Act* respecting insurance contracts. The Ministry is also continuing to monitor the effectiveness of Alberta's new automobile insurance system.

The Ministry monitors the financial institutions' marketplace and develops rules and regulations that govern credit unions, loan and trust corporations and insurers. These rules and regulations facilitate services contracted by deposit holders, policyholders, and trust beneficiaries while still maintaining a competitive environment for companies to operate.

Strategies

- 6.1 Develop and implement re-engineered policies and procedures to:
 - regulate and supervise registered private-sector pension plans, the insurance industry, loan and trust corporations, and the province's credit union system, and
 - monitor and provide oversight to provincial agents that report to the Minister of Finance.
- 6.2 Work with stakeholders to review and revise the part of the *Insurance Act* related to insurance contracts.
- 6.3 Continue to work with stakeholders and other Canadian jurisdictions, where appropriate, to harmonize and strengthen private sector pension, insurance and financial legislation and regulatory processes.

Performance Measure	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
6.a Percentage of private sector pension plans that meet minimum funding standards ¹	99%	99%	99%	99%

Note:

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

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

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

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

Strategies

- 7.1 ATB Financial will continue to operate on sound financial institution and business principles with the objective of earning a fair return on financial services offered across Alberta.
- 7.2 ACFA will continue to provide local authorities in the province with flexible funding for capital projects at the lowest possible cost while maintaining the viability of the Authority.

Performance Measures	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
7.a ATB Financial return on average assets (before tax)	1.2%	1.2%	1.2%	1.3%
7.b Cost to Alberta local authorities of borrowing from ACFA compared to other municipality/aggregating agencies for a comparable loan	Lowest of both cases compared ¹	Lowest of comparable cases	Lowest of comparable cases	Lowest of comparable cases

Note:

- 1 ACFA compares Alberta local authorities' indicative loan rates to the cost of borrowing by Ontario municipalities from the Ontario Strategic Infrastructure Financing Authority. The target was met in both cases compared.

An effective and efficient securities regulatory system

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

Strategies

- 8.1 Actively promote and lead the development and implementation of an inter-provincial/territorial securities regulatory system that is streamlined, simple, effective and efficient for issuers, investors and other market participants.
- 8.2 Lead the development of highly harmonized securities legislation, simplified where appropriate, that builds on existing law and could be adopted across Canada.
- 8.3 Revise legislation to improve the Alberta Securities Commission governance and reporting relationship to ensure that Alberta's securities regulation meets the specific needs of Alberta businesses and investors.

Performance Measures	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
8.a Inter-provincial/territorial securities regulatory system	Phase 1 Implemented (Passport System 2005-06)	Passport System extended to other areas of securities law	Passport System extended to other areas of securities law	Implemented
8.b Highly harmonized securities law (includes highly harmonized rules, regulation and legislation)	Continuation of development and enactment of highly harmonized securities laws	Law-rules, regulation and legislation amended	Law-rules, regulation and legislation amended	Law-rules, regulation and legislation amended

Sustainable public sector pension plans in Alberta

What it means The Ministry of Finance provides policy support to government with respect to funding and governance for several public sector pension plans. The Minister of Finance is responsible for Alberta's Public Sector Pension Plans including the Local Authorities Pension Plan, the Special Forces Pension Plan, the Public Service Pension Plan and the Management Employees Pension Plan.

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

The Ministry also provides advice in relation to Alberta's role as one of the joint stewards of the Canada Pension Plan. Work will continue with the federal government and the other provinces to maintain the sustainability of the Canada Pension Plan. Alberta takes part in a triennial review of the Canada Pension Plan.

Strategies

- 9.1 Work with public sector boards and stakeholders and lead the implementation of an improved governance structure that will strengthen public sector pension plans.
- 9.2 Participate and ensure Alberta has a key role in the triennial review of the Canada Pension Plan.

Performance Measure	Last Actual (2005-06)	Target 2007-08	Target 2008-09	Target 2009-10
9.a Improved pension plan governance	Partially met	Governance review complete	Recommendations from review implemented	Fully implemented

EXPENSE BY CORE BUSINESS

(thousands of dollars)

	Comparable			2007-08 Estimate	2008-09 Target	2009-10 Target
	2005-06 Actual	2006-07 Budget	2006-07 Forecast			
Fiscal Planning and Financial Management	46,583	58,049	52,028	64,797	65,181	67,519
Investment, Treasury and Risk Management	446,897	522,903	544,431	538,288	545,731	542,934
Financial Sector and Pensions	337,789	341,544	355,500	367,909	373,002	385,718
MINISTRY EXPENSE	831,269	922,496	951,959	970,994	983,914	996,171

MINISTRY STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2007-08 Estimate	2008-09 Target	2009-10 Target
	2005-06 Actual	2006-07 Budget	2006-07 Forecast			
REVENUE						
Internal Government Transfers	291,478	116,686	315,726	91,373	148,639	340,691
Personal and Corporate Income Taxes	7,593,784	8,226,025	11,114,462	10,443,928	10,882,636	11,448,909
Other Taxes	1,655,782	1,628,171	1,773,223	1,919,109	1,975,979	2,034,077
Transfers from Government of Canada	4,179	4,178	4,180	4,180	4,180	4,180
Investment Income	2,305,488	1,764,997	3,053,435	2,426,894	2,425,095	2,481,886
Premiums, Fees and Licences	40,472	40,366	40,630	46,303	49,015	51,657
Net Income from Commercial Operations	205,921	222,603	285,735	267,986	294,927	331,638
Other Revenue	53,165	64,580	67,323	70,342	73,707	78,049
MINISTRY REVENUE	12,150,269	12,067,606	16,654,714	15,270,115	15,854,178	16,771,087
EXPENSE						
Program						
Fiscal Planning and Financial Management	41,484	51,431	45,722	57,816	58,125	60,341
Investment, Treasury and Risk Management	204,188	283,359	328,954	316,337	333,856	354,281
Financial Sector and Pensions	336,961	340,742	354,719	367,055	372,137	384,836
Ministry Support Services	9,039	8,917	8,517	9,493	9,612	9,805
Valuation Adjustments and Other Provisions	(537)	1,000	1,000	1,000	1,000	1,000
Total Program Expense*	591,135	685,449	738,912	751,701	774,730	810,263
Debt Servicing Costs						
Department Voted	45,236	38,047	38,047	31,293	25,184	19,908
Department Statutory	194,898	199,000	175,000	188,000	184,000	166,000
Ministry Debt Servicing Costs	240,134	237,047	213,047	219,293	209,184	185,908
MINISTRY EXPENSE	831,269	922,496	951,959	970,994	983,914	996,171
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
NET OPERATING RESULT	11,319,000	11,145,110	15,702,755	14,299,121	14,870,264	15,774,916

* Subject to the *Fiscal Responsibility Act*. Total program expense includes the province's cash payments towards the unfunded pension liability (which will be eliminated under a separate legislated plan).

Total program expense does not include the annual change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements. The annual increases (decreases) in the Ministry of Finance's unfunded pension obligations are estimated to be:

40,076	(11,000)	14,000	(22,000)	(28,000)	(29,000)
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CONSOLIDATED NET OPERATING RESULT

(thousands of dollars)

	Comparable			2007-08 Estimate	2008-09 Target	2009-10 Target
	2005-06 Actual	2006-07 Budget	2006-07 Forecast			
Ministry Revenue	12,150,269	12,067,606	16,654,714	15,270,115	15,854,178	16,771,087
<i>Inter-ministry consolidation adjustments</i>	(379,539)	(238,378)	(428,101)	(172,620)	(236,447)	(429,790)
Consolidated Revenue	11,770,730	11,829,228	16,226,613	15,097,495	15,617,731	16,341,297
Ministry Program Expense	591,135	685,449	738,912	751,701	774,730	810,263
<i>Inter-ministry consolidation adjustments</i>	(41,852)	(93,679)	(98,850)	(106,636)	(108,503)	(111,253)
Consolidated Program Expense	549,283	591,770	640,062	645,065	666,227	699,010
Ministry Debt Servicing Costs	240,134	237,047	213,047	219,293	209,184	185,908
<i>Inter-ministry consolidation adjustments</i>	(65,559)	(69,510)	(67,380)	(71,649)	(77,208)	(77,676)
Consolidated Debt Servicing Costs	174,575	167,537	145,667	147,644	131,976	108,232
Consolidated Expense	723,858	759,307	785,729	792,709	798,203	807,242
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	11,046,872	11,069,921	15,440,884	14,304,786	14,819,528	15,534,055