

BUDGET 2023

GOVERNMENT OF ALBERTA | 2023-26

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# Ministry Business Plan Treasury Board and Finance

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# Treasury Board and Finance

## Business Plan 2023-26

### Ministry Fact Sheet – Mandate and Structure

Treasury Board and the Ministry of Finance (TBF) remains committed to maintaining fiscal discipline and controlling spending to support the government’s fiscal targets, and working closely with ministries to ensure adequate funding to deliver on government’s commitments to Albertans, including:

- Leading government’s fiscal planning, creating an environment that attracts investment and job creators, removing barriers to economic expansion and diversification;
- Reviewing and providing recommendations to collect Alberta taxes, including personal income taxes, through an Alberta Revenue Agency;
- Providing recommendations on establishing an Alberta Pension Plan to increase pension benefits for seniors and reduce premiums for workers;
- Negotiating a fair deal for Alberta within Canada by working collaboratively with ally provinces to reform equalization payments;
- Maintaining operational spending at or below inflation (plus population growth) and dedicating projected surplus to debt reduction, savings and infrastructure development; and
- Modernizing policies, processes and structures to improve the efficiency and functionality of government’s finance and accounting systems.

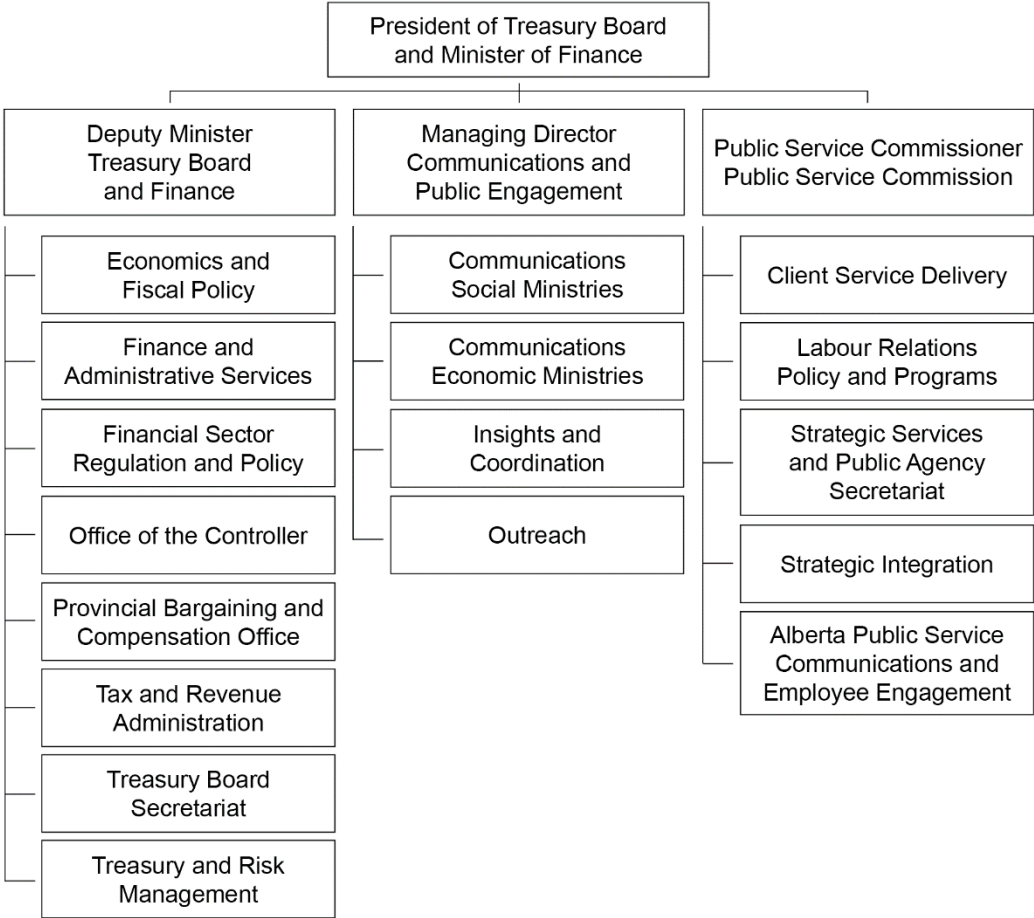
TBF:

- Leads government’s budgeting, financial planning and reporting, including the annual spending review to find savings and ensure that initiatives align with government priorities;
- Establishes a rigorous capital spending framework to ensure predictable and sustainable funding that promotes greater transparency and mitigates risks;
- Provides reliable financial and economic information, analysis and solution identification to all ministries to support their policy and program development;
- Monitors the fairness, competitiveness, economic efficiency, and revenue stability of Alberta’s tax system;
- Provides tax policy advice and tax and revenue program administration to government;
- Works with other jurisdictions to improve securities regulation in Canada, ensuring a provincially-led regulatory system that meets the needs of Alberta market participants and investors;
- Administers and enforces the requirements of the *Employment Pension Plans Act* to ensure that all registered pension plans are compliant with the Act;
- Regulates the market conduct of all insurers operating in Alberta, and supervises the solvency, governance and compliance of provincially incorporated insurance companies;
- Provides strategic leadership and cross-sectoral coordination with respect to union and non-union compensation research and analysis, negotiations, arbitrations and other labour relations and compensation matters, while providing public sector employers with collective bargaining and non-union compensation directives;
- Develops policy and legislation related to Alberta Gaming, Liquor and Cannabis and Horse Racing Alberta;
- Supports government’s regulation and coordination of non-union compensation across the public sector; and
- Publishes government accountability documents, such as the Blue Book, grant payment disclosures, the Report of Selected Payments (MLAs), the GoA Annual Report and Consolidated Financial Statements.

The Public Service Commission (PSC) administers Alberta’s *Public Service Act* and the Code of Conduct and Ethics for the Public Service of Alberta; represents the Government of Alberta as the Employer in Alberta Public Service (APS)

related collective bargaining and other labour relations matters; and provides advice across government on human resources and public agency governance. PSC provides strategic leadership, resources and advice on effective internal communications and employee engagement to enhance public support of the APS and support the attraction and retention of qualified employees to serve the needs of Albertans. PSC also supports ministries by providing advice on board governance and competency-based recruitment of qualified candidates to support accountability, efficiency and effectiveness in public agencies.

Communications and Public Engagement (CPE) provides full-service communications, engagement and marketing support to government, with expertise in strategic communications planning, issues management, media relations, crisis communications, digital communications, graphic design, advertising, research and public engagement. CPE also manages the government’s website, Alberta.ca. CPE delivers coordinated government-wide communications that are clearly presented, accurate and relevant, making it easy for Albertans to understand government information and access government services.



A more detailed description of TBF and its programs and initiatives can be found at: [www.alberta.ca/treasury-board-and-finance.aspx](http://www.alberta.ca/treasury-board-and-finance.aspx)

The Ministry of Treasury Board and Finance remains committed to regulatory approaches and program delivery that reduces unnecessary government oversight and emphasizes outcomes, in order to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses.

Ministry business plans should be considered in conjunction with all budget documents - including the Fiscal Plan, Government Strategic Plan, and Estimates - which work together to provide a complete overview of government’s commitment to responsible fiscal management.

# 2023-26 Business Plan

## Outcome 1

**Alberta has a strong and resilient financial foundation that addresses affordability concerns and supports sustainable government services**

Fiscal responsibility continues to be a top priority for government. A new fiscal framework will support key government deliverables, including sustainable funding for education and healthcare, debt reduction and saving for the future. TBF maintains a competitive tax system in Alberta that supports economic growth, productivity and competitiveness.

### Key Objectives

- 1.1 Introduce a fiscal framework outlining a responsible approach to fiscal management that balances debt reduction, savings and investment in areas and services most important to Albertans while maintaining Alberta’s advantage and attracting new investment.
- 1.2 Maintain fiscal discipline and spending to support the government’s fiscal targets, bringing per capita spending in line with the three comparator provinces (British Columbia, Ontario and Quebec).
- 1.3 Provide recommendations regarding the potential for an Alberta Revenue Agency to collect all Alberta taxes, including personal income tax.
- 1.4 Advocate for Alberta on the reform of fiscal transfers (including equalization) and review the potential for lower federal taxation to create the fiscal room necessary for the provinces to deliver their own services in an effective and transparent manner.
- 1.5 Monitor the fairness, competitiveness, economic efficiency, and revenue stability of Alberta’s tax system, and provide tax policy advice and tax and revenue program administration support across government.

### Initiatives Supporting Key Objectives

- \$18 million is allocated to Economics and Fiscal Policy and the Treasury Board Secretariat to provide analysis and advice on fiscal and economic policy, budgeting and financial reporting, fiscal accountability along with revenue and tax policy.
- \$30 million is allocated to Tax and Revenue Administration to administer tax, revenue, grants and other programs and functions, such as corporate tax, fuel tax, tourism levy, energy royalties compliance, and fines enforcement.

## Performance Metrics

### 1.a Performance Measure: Per capita expenditure with comparator provinces

Alberta’s per capita program expenditure to the average of comparator provinces (British Columbia, Ontario and Quebec). In 2021-22, Alberta’s per capita program expenditure was \$18,080 compared to the average of \$16,828 of comparator provinces.

Targets <sup>1</sup>	2022-23	At or below comparator provinces	2023-24	At or below comparator provinces	2024-25	At or below comparator provinces
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<sup>1</sup> These figures are based on Statistics Canada, Canadian Government Finance Statistics data. The comparisons are based on consolidated provincial/local expense (excluding debt servicing costs). The usage of this data improves comparability across regions as it makes adjustments for differences in accounting standards and accounts for differences in service delivery models.

### 1.b Performance Indicator: Alberta's tax advantage compared to other provinces (\$ billions)

Alberta's tax advantage is an estimate of the total additional provincial taxes individuals and businesses would pay if Alberta had the same tax system as other provinces. Results are based on reporting the tax advantage as the budget is presented and does not account for in-year changes to tax policy by other provinces and territories.

	2019-20	2020-21	2021-22	2022-23
Alberta Tax Advantage	13.4	14.4	13.3	14.8

### 1.c Performance Measure: The Alberta Heritage Savings Trust Fund will earn a five-year annualized rate of return of CPI plus 4.5 per cent

The primary return target for the Alberta Heritage Savings Trust Fund is to meet or exceed the Canadian Consumer Price Index (CPI) plus 450 basis points over a five-year period. Over the five-year period ending in 2021-22, the Heritage Fund earned an annualized return of 7.6 per cent, exceeding the return target of 6.4 per cent by 1.2 per cent.

Targets	2022-23	CPI + 4.5%	2023-24	CPI + 4.5%	2024-25	CPI + 4.5%

### 1.d Performance Measure: Sustainable operating expenditures below Alberta's population growth plus CPI

Achieving the target of keeping the annual rate of operational expenditure increases at or below the forecasted rate of Alberta's population growth (POP) plus inflation (CPI) ensures sustainable government finances while delivering services that matter to Albertans. The 2022-23 budget increased operational spending by 3.6 per cent from the previous fiscal year, which was below the combined forecasted rate of Alberta's population growth plus inflation (4.6 per cent).

Targets	2022-23	At or below POP + CPI	2023-24	At or below POP + CPI	2024-25	At or below POP + CPI

## Outcome 2

### Policy and regulatory oversight for the liquor, gaming, cannabis, horse racing, financial, securities, insurance and pensions sectors is effective, fair and in the interests of Albertans

The ministry supports the prosperity of Albertans and Alberta-based businesses by reducing regulatory costs and administrative burdens by setting effective policies and regulations and providing oversight for these sectors to protect Alberta's interests.

#### Key Objectives

- 2.1 Lead and implement changes to modernize legislation, regulations and policies impacting the regulated industries overseen by TBF.
- 2.2 Identify regulatory efficiencies, enhancing industry sustainability and support consumer outcomes and investor protection.
- 2.3 Refine the supervisory framework for captive insurance to help relieve cost and insurance availability pressures on Alberta businesses.
- 2.4 Lead a pension program review, providing recommendations for an Alberta Pension Plan that will increase pension benefits for seniors and reduce premiums for workers.
- 2.5 Enhance awareness of the Financial Services Concierge and regulatory sandbox for the finance and fintech sectors, to promote the diversification of Alberta's economy.

2.6 Launch retail sportsbooks in casinos and racing entertainment centres, including mobile extensions, and evaluate further opportunities to expand best-in-class sports wagering to combat illicit offerings.

### Initiatives Supporting Key Objectives

- \$21 million is allocated to Financial Sector Regulation and Policy and Treasury and Risk Management to provide policy and regulatory support and analysis on insurance (including consumer protection), pensions, horse racing, liquor, gaming, cannabis, financial services and securities.

## Performance Metrics

2.a **Performance Measure: Alberta incorporated insurance companies rated as stable by the Superintendent of Insurance.**

This measure assesses the stability of Alberta’s insurance market and its ability to ensure Albertan’s properties are protected. The 2021-22 ratio was 100 per cent and stable, meeting the target.

Targets	2022-23	100%	2023-24	100%	2024-25	100%
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## Outcome 3

### Alberta has an efficient and effective public service working for its citizens

Public servants are instrumental in ensuring Albertans receive the services they need when they need them. The Government of Alberta has a professional, non-partisan, diverse, and inclusive public service that proudly serves Albertans.

### Key Objectives

- 3.1 Deliver client-focused and timely human resource (HR) services to enable the Alberta Public Service (APS) to achieve government priorities, including the management of talent through a future-focused workforce, recruitment and retention, employee development, performance and succession programming to ensure a coordinated and efficient HR system to meet the evolving needs of departments.
- 3.2 Engage and support employees and ensure a safe, diverse, inclusive and respectful work environment in the APS.

### Initiatives Supporting Key Objectives

- \$70 million is allocated to the Public Service Commission to deliver direct and strategic HR services to departments as well as to support evidence-informed decisions on the current and future APS workforce, and ensure accountability, transparency and good governance in Agencies, Board and Commissions.

## Performance Metrics

3.a **Performance Indicator: Inter-jurisdictional comparison of provincial public administration employees per 1,000 residents** (Statistics Canada. Table: 17-10-0009-01 Table: 14-10-0202-01). Provincial public administration comprises establishments of provincial or territorial governments primarily engaged in activities of a governmental nature.

	2017	2018	2019	2020	2021
Alberta	7.0	6.8	6.6	6.1	6.0
Canada Average	11.7	12.0	12.0	11.9	12.0

## STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable		2023-24 Estimate	2024-25 Target	2025-26 Target
	2022-23 Budget	2022-23 Forecast			
<b>REVENUE</b>					
Personal Income Tax	13,382,000	13,806,000	<b>14,069,000</b>	15,034,000	16,071,000
Corporate Income Tax	4,040,000	6,413,000	<b>5,911,000</b>	6,254,000	6,590,000
Other Taxes	3,012,000	1,705,000	<b>2,379,000</b>	3,044,000	3,129,000
Transfers from Government of Canada	2,623,000	1,869,000	<b>2,654,000</b>	2,027,000	2,107,000
Investment Income	2,844,532	683,593	<b>2,761,535</b>	2,852,222	2,970,436
Net Income from Commercial Operations	2,652,885	2,646,129	<b>2,640,614</b>	2,695,273	2,806,768
Premiums, Fees and Licences	252,028	253,952	<b>253,496</b>	255,476	259,861
AIMCo Investment Management Charges	728,660	765,299	<b>877,275</b>	903,594	930,702
Other Revenue	96,136	84,727	<b>87,206</b>	101,945	109,961
Ministry Total	29,631,241	28,226,700	<b>31,633,126</b>	33,167,510	34,974,728
Inter-Ministry Consolidation Adjustment	(169,473)	(177,338)	<b>(192,744)</b>	(193,931)	(198,296)
Consolidated Total	29,461,768	28,049,362	<b>31,440,382</b>	32,973,579	34,776,432
<b>EXPENSE</b>					
Ministry Support Services	7,577	7,577	<b>8,619</b>	8,731	8,731
Treasury Board Secretariat	6,452	6,452	<b>7,483</b>	7,668	7,668
Fiscal Planning and Economic Analysis	6,378	6,378	<b>10,747</b>	8,395	8,395
Investment, Treasury and Risk Management	352,206	329,629	<b>354,855</b>	362,590	368,709
Office of the Controller	7,456	7,456	<b>6,716</b>	6,853	6,853
Tax and Revenue Management	46,347	34,347	<b>43,168</b>	43,984	43,734
Financial Sector and Pensions	191,393	177,418	<b>190,497</b>	195,401	199,293
Provincial Bargaining and Compensation Office	3,614	3,614	<b>4,171</b>	4,240	4,240
Public Service Commission	62,105	62,031	<b>70,443</b>	72,893	73,163
Communications and Public Engagement	33,066	33,066	<b>34,561</b>	35,270	35,270
Gaming	42,100	42,974	<b>46,350</b>	48,600	48,950
AIMCo Investment Management Services	728,160	764,999	<b>876,972</b>	903,283	930,380
Carbon Tax - Consumer Rebates	5,000	6,000	<b>2,000</b>	1,000	1,000
Teachers' Pre-1992 Pensions - Payments	485,833	490,500	<b>494,750</b>	496,583	494,667
Motor Vehicle Accident Claims	31,527	37,396	<b>37,515</b>	37,590	37,590
Alberta Family Employment Tax Credit	1,000	1,000	<b>900</b>	600	300
Scientific Research and Experimental Development Tax Credits	5,000	5,000	<b>1,000</b>	1,000	-
Corporate Income Tax Allowance Provision	20,000	44,000	<b>15,000</b>	15,000	15,000
Debt Servicing Costs	2,553,950	2,606,950	<b>2,739,450</b>	2,697,450	2,998,450
Change in Unfunded Pension Obligation	(284,000)	(83,000)	<b>(297,000)</b>	(311,000)	(321,000)
Contingency / Disaster and Emergency Assistance	1,000,000	-	<b>1,500,000</b>	1,500,000	1,500,000
Contingency - COVID-19	750,000	-	<b>-</b>	-	-
Ministry Total	6,055,164	4,583,787	<b>6,148,197</b>	6,136,131	6,461,393
Inter-Ministry Consolidation Adjustment	(189,495)	(191,187)	<b>(187,848)</b>	(189,752)	(190,105)
Consolidated Total	5,865,669	4,392,600	<b>5,960,349</b>	5,946,379	6,271,288
Net Operating Result	23,596,099	23,656,762	<b>25,480,033</b>	27,027,200	28,505,144
<b>CAPITAL INVESTMENT</b>					
Ministry Support Services	25	25	<b>25</b>	25	25
Financial Sector and Pensions	3,940	3,410	<b>6,385</b>	5,485	4,235
Public Service Commission	-	74	<b>-</b>	-	-
AIMCo Investment Management Services	14,300	13,600	<b>21,300</b>	21,939	22,597
Consolidated Total	18,265	17,109	<b>27,710</b>	27,449	26,857