

BUDGET 2022

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# Fiscal Plan Update

2021-22

## Fiscal Plan 2021-22 Update

A revision has been made to the 2021-22 Fiscal Plan included in the *Budget 2022* Fiscal Plan tabled on February 24, 2022, as a result of the Russian invasion of Ukraine and to provide relief to Albertans from recent significant increases in electricity costs. These will require Supplementary Supply votes.

- \$10.4 million increase in Culture and Status of Women, in addition to internally re-allocated funding, to provide \$11.4 million in support that Alberta's government is providing to the Ukraine relief effort.
- \$300 million increase in Energy, for the \$50 per month fixed rebate for electricity cost increases in January, February and March of 2022, to be provided to electricity consumers with less than 250 megawatt hours per year consumption.

There have also been several updates to the forecast transfers from the contingency. The *Budget 2022* Fiscal Plan forecast reported that \$213 million remained unallocated in the contingency. The allocation of \$212 million has now been determined and the process to obtain the Order-in-Council authorizing the remaining transfers is proceeding.

- \$52.5 million allocation to Justice and Solicitor General to fund retroactive pay for Royal Canadian Mounted Police officers following a recent settlement, and not funded by the federal government.
- \$159 million allocation to Transportation, with \$79.5 million funded by an increased federal transfer, for grants to municipalities experiencing reduced revenue resulting in operational shortfalls for transit systems. The federal program was communicated to provinces and announced after *Budget 2022* was prepared.

Based on the above adjustments, revised *Consolidated Fiscal Summary* and *Operating Expense* by Ministry tables have been prepared reflecting these changes. The changes increase the deficit by \$230 million, from \$3,207 million to \$3,437 million, and lower year-end cash by \$230 million, from \$7,241 million, to \$7,011 million. Borrowing requirements and taxpayer-supported debt forecast for March 31, 2022 do not change.

All other revenue and spending amounts in the 2021-22 *Consolidated Fiscal Summary* at this point remain unchanged from those published on February 24, 2022.

## Consolidated Fiscal Summary

(millions of dollars)

Statement of Operations	2020-21	2021-22	
	Actual	Budget	Forecast
<b>1 Total Revenue</b>	<b>43,137</b>	<b>43,697</b>	<b>61,772</b>
<b>Expense</b>			
2 Operating (excl. COVID-19 / Recovery Plan / CBR / Can-wide child care)	46,205	48,280	49,351
3 % change from prior year	(5.0)	4.5	6.8
4 Canada-Alberta Canada-wide Early Learning Child Care Agreement	-	-	134
5 Capital grants (excluding COVID-19 / Recovery Plan)	1,752	2,608	2,203
6 Amortization / inventory consumption (excl. COVID-19) / loss on disposals	3,659	4,009	3,753
7 Debt servicing costs – general	1,403	1,567	1,289
8 Debt servicing costs – Capital Plan	1,083	1,197	1,112
9 Pension provisions	(282)	(369)	(363)
10 Expense before COVID-19 / Recovery Plan, contingency, CBR	53,820	57,294	57,479
11 COVID-19 / Recovery Plan	5,110	1,148	3,696
12 Crude-by-rail provision (CBR - Energy)	443	976	925
13 Contingency / disaster and emergency assistance	721	750	3,109
14 Contingency - COVID-19	-	1,250	-
15 Contingency - Recovery Plan	-	500	-
<b>16 Total Expense</b>	<b>60,099</b>	<b>61,918</b>	<b>65,209</b>
<b>17 Surplus / (Deficit)</b>	<b>(16,962)</b>	<b>(18,221)</b>	<b>(3,437)</b>
<b>Capital Plan</b>			
18 Capital grants	2,401	2,804	2,630
19 Capital investment	4,495	5,310	4,724
<b>20 Total Capital Plan</b>	<b>6,896</b>	<b>8,114</b>	<b>7,354</b>
<b>Cash adjustments / borrowing requirements</b>		<b>(at March 31)</b>	
21 Cash at start of year	9,405	10,000	7,429
22 Surplus / (deficit)	(16,962)	(18,221)	(3,437)
<b>23 Cash adjustments</b>			
24 Retained income of funds and agencies	2,096	(586)	423
25 Other cash adjustments	(3,008)	2,263	399
26 Capital cash adjustments	2,548	2,554	2,197
<b>27 Total cash available / (requirements)</b>	<b>(15,325)</b>	<b>(13,990)</b>	<b>(418)</b>
28 Cash available at year-end	7,429	8,500	-
29 Direct borrowing required / (surplus cash)	5,920	3,990	-
<b>30 Cash at end of year</b>	<b>7,429</b>	<b>8,500</b>	<b>7,011</b>
<b>Taxpayer-supported Liabilities / Borrowing</b>		<b>(at March 31)</b>	
<b>Liabilities for Capital Projects</b>			
31 Opening balance	37,188	42,986	42,733
32 Alternative financing (P3s – public-private partnerships)	123	46	43
33 Direct borrowing	5,475	5,045	4,664
34 Re-financing of existing debt	3,071	1,753	1,112
35 Principal repayments / amortization of debt issue costs	(3,123)	(1,812)	(1,171)
<b>36 Total Liabilities for Capital Projects</b>	<b>42,733</b>	<b>48,018</b>	<b>47,381</b>
<b>Borrowing for the Fiscal Plan / Other General Purposes</b>			
37 Opening balance	36,954	55,295	50,303
38 Direct borrowing for Fiscal Plan	13,349	12,490	-
39 Other general purpose borrowing (short-term; reserve; ASHC)	-	-	-
40 Re-financing of existing debt	-	1,926	1,326
41 Principal repayments	-	(1,926)	(1,326)
<b>42 Total Borrowing for the Fiscal Plan / Other</b>	<b>50,303</b>	<b>67,785</b>	<b>50,303</b>
<b>43 Total Taxpayer-supported Debt - Capital Projects / Fiscal Plan / Other</b>	<b>93,036</b>	<b>115,803</b>	<b>97,684</b>

## Operating Expense

(millions of dollars)

	2020-21	2021-22	
	Actual	Budget	Forecast
Advanced Education	5,132	5,044	5,233
Agriculture, Forestry and Rural Economic Development	812	839	858
Children's Services	1,443	1,717	1,837
Community and Social Services	3,691	3,887	3,744
Culture and Status of Women	151	161	168
Education	7,707	8,248	8,252
Energy	413	483	836
Environment and Parks	479	449	554
Executive Council	15	18	18
Health	20,285	21,418	21,503
Indigenous Relations	102	180	168
Infrastructure	446	425	434
Jobs, Economy and Innovation	257	308	302
Justice and Solicitor General	1,394	1,346	1,497
Labour and Immigration	182	200	215
Municipal Affairs	191	247	258
Seniors and Housing	611	673	632
Service Alberta	484	454	462
Transportation	424	408	450
Treasury Board and Finance	1,879	1,647	1,937
Legislative Assembly	104	128	123
Operating expense before COVID-19 / Recovery Plan	<b>46,205</b>	<b>48,280</b>	<b>49,485</b>
COVID-19 / Recovery Plan:			
Advanced Education	8	12	17
Agriculture, Forestry and Rural Economic Development	26	3	3
Children's Services	147	-	15
Community and Social Services	82	-	34
Culture and Status of Women	39	15	18
Education	248	99	136
Energy	130	480	282
Environment and Parks	336	50	50
Health	1,093	-	1,365
Infrastructure	7	-	5
Jobs, Economy and Innovation	765	122	306
Justice and Solicitor General	5	-	-
Labour and Immigration	433	129	336
Municipal Affairs	621	-	11
Seniors and Housing	36	-	32
Service Alberta	1	9	25
Transportation	55	-	159
Treasury Board and Finance	28	-	1
Contingency - COVID-19	-	1,250	-
Contingency - Recovery Plan	-	500	-
COVID-19 / Recovery Plan operating expense	4,059	2,669	2,795
<b>Total Operating Expense</b>	<b>50,264</b>	<b>50,949</b>	<b>52,280</b>