

1998 | 1999 Annual Report

GOVERNMENT OF ALBERTA

REPORT TO ALBERTANS ON BUDGET '98, AGENDA FOR OPPORTUNITY

INCLUDES: CONSOLIDATED FINANCIAL STATEMENTS, MEASURING UP — PERFORMANCE RESULTS

ACCOUNTABILITY STATEMENT

The government's Annual Report for the year ended March 31, 1999 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 at June 18, 1999 with material economic or fiscal implications have been considered in the preparation of the Annual Report.

[original signed]

Stockwell Day
Provincial Treasurer

Seizing Opportunity

A MESSAGE FROM THE PROVINCIAL TREASURER

During the 1990s, the province of Alberta emerged as an economic leader in Canada. The 1998-99 fiscal year was no exception.

While shock waves rippled through the global economy, Alberta remained strong. In the face of low oil prices and troubles in a number of commodity areas, Alberta continued to prosper. Despite crises in Asian, South American and Russian financial markets which affected exports, Alberta stayed the course.

Our economy grew by 3.1% in 1998. In addition, businesses, industry and almost 55,000 people moved to Alberta from across Canada and around the world. We attribute this success to four common-sense principles:

1. RESPONSIBLE FISCAL MANAGEMENT

Alberta's overall tax regime is the lowest in the country. In 1998-99, Alberta lowered personal provincial income taxes 1.5 percentage points. We also passed the *Fiscal Responsibility Act* which legislates the sound financial practices of mandatory debt payments and balanced budgets.

In addition, our prudent budgeting kept spending in check. Huge debts that accumulate from overspending can cost hundreds of millions of dollars in interest payments alone. And that's money we'd rather spend on Albertans' priorities. That is why we are paying off Alberta's debt sooner rather than later. This year we put down over \$1 billion on our debt, all but eliminating the unsupported portion that we call net debt. The millions of dollars we save every year by reducing the debt go to priority areas such as health and education.

2. STRONG COMMITMENT TO QUALITY OF LIFE

People move here to take advantage of economic opportunity and our enhanced standard of living. Albertans enjoy world-class hospitals, schools and universities, as well as strong, vibrant communities.

The Agenda for Opportunity put children front and centre with the Alberta Children's Initiative. Alberta students achieved top marks on international math and science tests. In fact, our students had the strongest performance of all the G8 trading partners. In addition, Albertans report good health. Eighty-eight per cent rate their own health as good and our life expectancies are ranked among the highest in the world.

3. ENCOURAGING DIVERSITY

The energy sector has been a significant driver of the Alberta economy. While the oil and gas industry remains an invaluable component of our economy, swings in prices make it difficult to produce balanced provincial budgets. Provincial revenues tend to go up and down with oil and gas prices. Revenues can rise dramatically only to be followed by declines a year or two later.

Economic diversity has helped us reduce the impact of this volatility. And the way we, as a province, go about achieving it is crucial to our economic success. Instead of creating artificial incentives for specific businesses, this government has taken steps to create an economic climate where all businesses and Albertans have the opportunity to thrive and the results are clear. Our economy has diversified dramatically. (We call this our Agenda for Opportunity.)

4. BELIEVING IN ALBERTANS

Albertans respond well to challenges and opportunities. We understand that governments should set policy and regulation, but should not and cannot be involved in every aspect of the economy or community life. We must allow people full opportunity to pursue their hopes and dreams. So, that's exactly what we're doing. And, Albertans respond positively, strengthening our families and communities in the process and positioning the province for a successful and prosperous new millennium.

I am proud of the achievements of the Alberta Government and the citizens of Alberta during the 1998-99 fiscal year. I encourage you to read about them in the pages that follow. This year the report has been expanded to give you a complete accounting of the results we've achieved, as well as the financial facts readers have come to expect.

[original signed]

Provincial Treasurer Stockwell Day

TABLE OF CONTENTS

PREFACE	vii
EXECUTIVE SUMMARY - THE AGENDA FOR OPPORTUNITY	1
Maintaining a responsible fiscal course and paying down debt	1
Reinvesting wisely in Albertans' priorities	2
Putting children and young people first	2
Addressing pressures from a growing Alberta economy and population	3
Strengthening Alberta's economic and tax advantages	3
Achieving Goals	3
Good results have been achieved in	3
Improvements are needed in	5
Managing the Dollars	5
Significant milestone achieved in eliminating debt	5
Revenue dropped in 1998-99	6
Spending targeted to top priorities	8
Looking Ahead	9

TABLE OF CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS	11
Introduction	11
Management's Responsibility for the Consolidated Financial Statements	12
Auditor's Report on the Consolidated Financial Statements	13
Consolidated Statement of Operations	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Financial Position	16
Consolidated Statement of Capital Assets	16
Notes to the Consolidated Financial Statements	17
Schedules to the Consolidated Financial Statements	24
1 Revenues	24
2 Expenses by Ministry	25
3 Expenses by Object	26
4 Valuation Adjustments	26
5 Net Change in Capital Assets Affecting Operations	27
6 Cash and Temporary Investments	27
7 Portfolio Investments	28
8 Equity in Commercial Enterprises	29
9 Loans and Advances	30
10 Inventories Held for Resale	30
11 Unmatured Debt	31
12 Debt of and Equity in Alberta Municipal Financing Corporation	33
13 Pension Obligations	34
14 Other Accrued Liabilities	36
15 Guarantees	36
16 Listing of Organizations	38

TABLE OF CONTENTS

MEASURING UP	41
About Measuring Up	41
Performance Summary	43
Changes in Results from Previous Year	45
Report of the Auditor General	47
People	49
Life Expectancy at Birth	51
Health Status	55
Births to Mothers Under Age 18	59
Educational Attainment	63
Literacy and Numeracy Levels	67
Family Income Distribution	69
Albertans Needing Help (under development)	73
Prosperity	75
Gross Domestic Product	77
Job Growth	81
Skill Development	85
Adoption of New Technologies	89
Infrastructure Capacity	93
Cost of Government	97
Taxation Load	99
Provincial Credit Rating	103
Net Debt	105
Workplace Climate	109
Export Trade	111
Preservation	113
Crime Rate	115
Resource Sustainability	119
Air Quality	123
Water Quality	127
Land Quality	129
Heritage Appreciation	131
Intergovernmental Relations	133
Appendix I - Core Measures Methodology	135
Appendix II - Agenda for Opportunity - Government Business Plan	141
Appendix III - Summary of Related Ministry Performance Measures	155

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries.

This annual report of the Government of Alberta contains the Provincial Treasurer's accountability statement, the consolidated financial statements of the province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

The annual reports of Ministries, released in the fall of each year, contain Ministers' accountability statements, the audited consolidated financial statements of the Ministries and a comparison of actual

performance results to desired results set out in the Ministry business plan. Each Ministry annual report also includes:

- financial statements of entities making up the Ministry including departments (all departments combined form the General Revenue Fund), revolving funds, the Alberta Heritage Savings Trust Fund and other regulated funds, provincial agencies and Crown-controlled corporations.
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report.
- financial information relating to accountable organizations and trust funds.

The Agenda for Opportunity

Budget '98 set out a clear *Agenda for Opportunity* – an agenda designed to build on our success, address priority areas and help prepare Alberta's next generation for the opportunities of tomorrow.

Agenda for Opportunity set out five priorities:

- maintaining a responsible fiscal course and paying down debt
- reinvesting wisely in Albertans' priorities
- putting children and young people first
- addressing pressures of a growing economy and population
- strengthening Alberta's economic and tax advantages

What happened to that Agenda?

Did government follow through on it?

The answer is "Yes." The government met its commitment to create an *Agenda for Opportunity*, and the benefits of that plan will last for generations to come.

Despite a substantial drop in revenue, we were able to follow through on all the major initiatives in *Budget '98*. We increased spending on health, education and infrastructure, decreased taxes, and essentially eliminated Alberta's net debt.

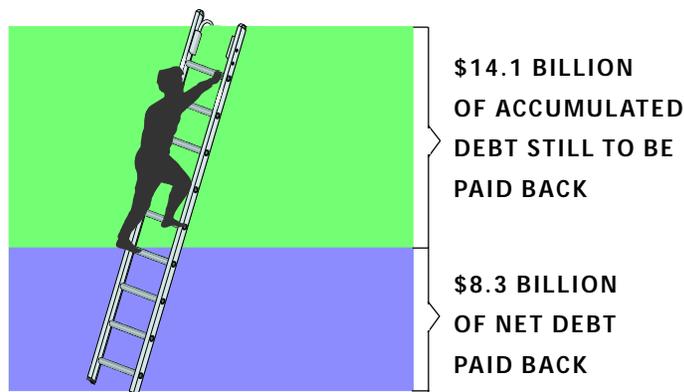
This report provides an overview of what government said it would do, what was done, what results were achieved, and how revenues were managed and spent in 1998-99.

For the first time in an Alberta Government annual report, we have included *Measuring Up* – a broad accounting of progress achieved on core government performance measures. Annual reports for each of the Ministries, available in the fall of 1999, will provide additional detailed information on government performance.

MAINTAINING A RESPONSIBLE FISCAL COURSE AND PAYING DOWN DEBT

- For the fifth year in a row, the budget was balanced and a payment was made to reduce the province's net debt.
- The net debt payment was \$1.026 billion. In addition, pension obligations declined by \$77 million.
- As a result, Alberta's net debt dropped to \$63 million (excluding pension obligations). While Alberta is poised to eliminate its net debt, there is still more work to do to eliminate the remaining accumulated debt, which stands at \$14.1 billion.

CLIMBING OUT OF DEBT



- A new *Fiscal Responsibility Act* was introduced which sets out a plan to pay down Alberta's remaining accumulated debt over 25 years.
- Revenues were lower than in the previous year. They dropped by \$932 million, or over 5%, primarily due to a 37% decrease in non-renewable resource revenues. Spending increased by \$647 million or 4.3%, reflecting higher funding for health, education and infrastructure.

REINVESTING WISELY IN ALBERTANS' PRIORITIES

- Consistent with the advice received at the Growth Summit, people development was the first priority for the government in 1998-99. Spending was targeted to Albertans' priorities – particularly health and education.
- In the area of health, targeted funding increases provided more support to regional and provincial health authorities, expanded support for highly specialized and complex medical treatments, increased funding for physicians' services and expanded the Rural Physician Action Plan. Steps were also taken to proceed with *alberta wellnet*, a new information system for health.
- A complete review of funding for regional health authorities was undertaken and recommendations are being implemented.
- A new palliative care program was introduced to provide support for drug therapies so people can receive care and support in their own homes.
- Steps were taken to expand telehealth, which uses technology to link rural physicians to specialists in urban centres.

PUTTING CHILDREN AND YOUNG PEOPLE FIRST

- The Alberta Children's Initiative was launched, providing a cross-ministry provincial framework for community-based, integrated services for children and their families.
- The first regional Child and Family Services Authority was established.
- Early literacy programs were introduced to help ensure every child learns to read.
- Increased support was provided for children with special needs.
- A new Child Health Benefit was introduced to help low-income families pay for their children's prescription drugs plus essential dental, optical and ambulance services.
- New legislation was introduced to address problems of juvenile prostitution.
- Initiatives were taken to reduce drinking during pregnancy and, consequently, reduce the number of children born with fetal alcohol syndrome.
- Additional post-secondary funding allowed more students to attend post-secondary, apprenticeship and training programs.
- A new Alberta Opportunity Bursary program was implemented and funding for Heritage Scholarships was increased.

ADDRESSING PRESSURES FROM A GROWING ALBERTA ECONOMY AND POPULATION

- In 1998, Alberta's economy grew by 3.1% (real GDP) and 57,100 new jobs were created. Growth has brought new jobs and opportunities for Albertans, but it also has increased pressures on infrastructure and services.
- Additional funding was provided to support expansion and maintenance of Alberta's roads and highways.
- Increased funding was provided for health and education to help address increasing demands of a growing population.
- Additional lottery funds were provided to communities so they could respond to local needs and priorities.

STRENGTHENING ALBERTA'S ECONOMIC AND TAX ADVANTAGES

- The basic personal income tax rate for all Albertans was reduced by 1.5 points to 44% of the basic federal rate.
- The maximum child credit for low and middle income working families was doubled to \$1,000 per family.
- Based on consultations with Albertans and recommendations of the Alberta Tax Review Committee, a new, simpler and fairer tax plan was developed for implementation over the next several years. Alberta will lead the way in maintaining low taxes, adopting a single tax rate with generous personal and spousal exemptions, and ending the deficit elimination taxes introduced in the 1980s.

ACHIEVING GOALS

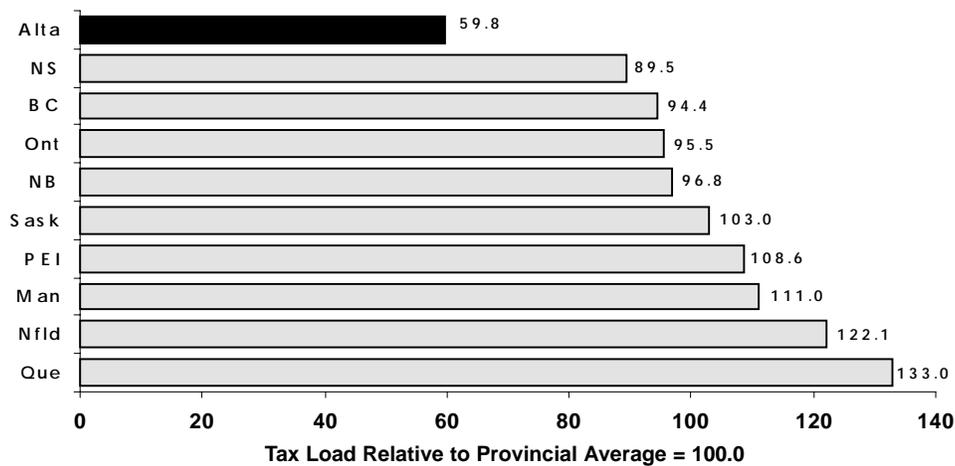
Each year, government provides a broad accounting of progress achieved on core government performance measures. *Measuring Up* does exactly what its title suggests. It takes each of the government's goals and tracks progress on a series of core performance measures to assess whether or not we're measuring up to the targets we set.

Measuring Up points out areas where good results have been achieved and other areas where improvement is needed.

GOOD RESULTS HAVE BEEN ACHIEVED IN ...

- **Job growth** – 57,100 net new jobs were created in 1998. The four-year target is 155,000 new jobs by December 2000.
- **Taxation load** – Alberta's provincial tax load on people is the lowest in Canada (see next page).
- **Provincial credit rating** – Alberta's blended credit rating was the best of all Canadian provinces.
- **Net debt** – Excellent progress was made in eliminating net debt. By the end of 1998-99, net debt (excluding pension obligations) was reduced to \$63 million.
- **Family income distribution** – The percentage of Alberta families with incomes less than \$20,000 remained constant at 9.1% in 1997. That's better than the provincial target of 10% (see next page).
- **Cost of government** – Alberta government per capita spending decreased slightly in 1997-98 to 91% of the average per capita spending of the other nine provinces.

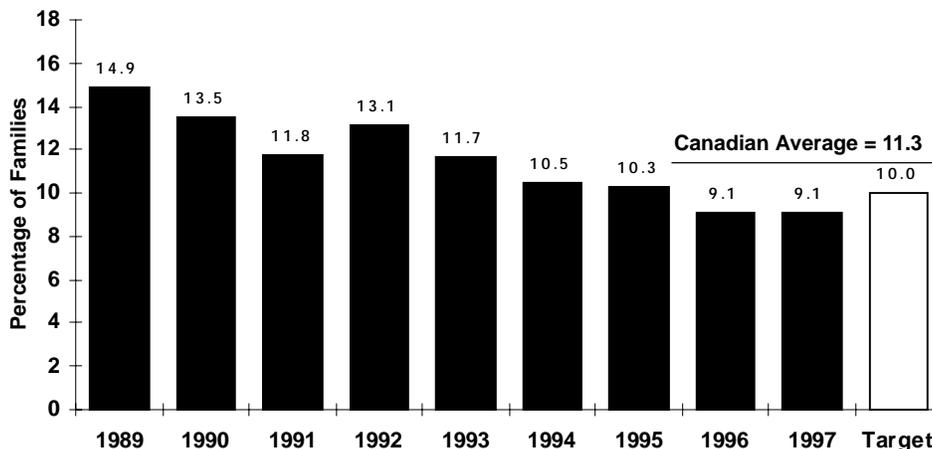
PROVINCIAL TAX LOAD ON PERSONS 1998-99



Source: Federal Department of Finance, Third Estimate for 1998-99, February 1999.

- **Literacy and numeracy levels** – 87% of Alberta’s grade 9 students writing the provincial achievement test in language arts met the acceptable standard, exceeding provincial expectations.
- **Life expectancy at birth** – Albertans have among the highest life expectancies in the world. In 1997, it was 81.3 years for females and 76.1 years for males. Leading causes of death in Alberta are heart disease, cancer, injuries and respiratory disease.
- **Births to mothers under 18** – The birth rate for mothers under 18 dropped by 41% between 1991 and 1998, but Alberta’s rate remains above the Canadian average.
- **Air quality** – There were no days of poor air quality reported in 1998.
- **Property crime rate** – The property crime rate has fallen by 33.8% since 1991.

PERCENTAGE OF ALBERTA FAMILIES WITH INCOME UNDER \$20,000



Source: Statistics Canada, Cat. No. 13-207, Table 2.

IMPROVEMENTS ARE NEEDED IN ...

- **Literacy and numeracy levels** – In 1998, 71% of grade 9 students writing the mathematics achievement test met the acceptable standard, well below the provincial expectation of 85%.
- **Births to mothers under 18** – Alberta's rate in 1997 was still 26.2% higher than the Canadian average.
- **Adoption of new technologies** – Alberta businesses' funding of research and development was 6.9% of Canadian business funding in 1995, well below our target of 11.1%.
- **Taxation load** – Albertans enjoy the lowest overall tax load in Canada, but our basic personal income tax rate is now the second lowest in Canada, behind Ontario.
- **Workplace climate** – The person days lost to injuries and disease increased by 5.9% in 1998.
- **Resource sustainability** – The production of natural gas continues to exceed the rate of replacement. In 1998, Alberta's remaining supply of established reserves declined from just over 10 years to just over 9 years.
- **Water quality** – Water quality guidelines for bacteria and nutrients were frequently not met, downstream from Calgary, Edmonton, and Lethbridge. In addition, guidelines for nutrients were frequently not met in the Athabasca River at Old Fort. These conditions result in water that is not recommended for recreational use.
- **Crime rate** – In 1997, Alberta's violent crime rate was 9.3% above the Canadian average.

Complete details on these and other measures are provided in the *Measuring Up* section of this Annual Report. Additional information on performance measures tracked by the various Ministries will be provided in their annual reports, available this fall.

MANAGING THE DOLLARS

The Alberta government takes great care in managing resources wisely – using caution to forecast revenues, spending only what we can afford on the right priorities, and taking deliberate steps to pay down Alberta's debt.

This year's results show a significant drop in revenue and increased spending targeted to health, education and infrastructure. In addition, we were still able to make a substantial payment on Alberta's net debt.

SIGNIFICANT MILESTONE ACHIEVED IN ELIMINATING DEBT

When asked about their priorities, Albertans consistently say, "spend wisely but make sure you keep paying down the debt."

Thanks to a surplus of \$1.026 billion, a significant payment was made against Alberta's net debt. The result is that at the end of 1998-99, Alberta's net debt, excluding pension obligations, stands at \$63 million.

By budgeting carefully, taking a prudent approach to revenue forecasting, and spending wisely, we have essentially eliminated Alberta's net debt 11 years ahead of schedule. Savings from lower debt servicing costs were targeted to Albertans' priorities — education and health, and tax reduction.

Excellent progress has been made on eliminating the net debt. But that doesn't mean Alberta is debt free. After the last \$63 million is paid on the net debt, we will still owe about \$14 billion in accumulated debt. While this debt is offset by financial assets, primarily in the Heritage Fund, the debt servicing costs on it still costs Albertans over \$1 billion a year. Based on the advice of Albertans, a new *Fiscal Responsibility Act* was introduced in 1999. That Act requires repayment of the remaining debt over 25 years.

REVENUE DROPPED IN 1998-99

Total provincial revenues dropped by \$932 million or 5.2% from last year, to a total of just over \$16.9 billion. Revenue was down compared to the year before because of lower resource revenue; however, it was higher than expected in the budget, in large part due to increased personal income tax revenue.

Oil prices declined from an average of nearly US\$19 per barrel in 1997-98 to US\$14 in 1998-99. As a result, non-renewable resource revenue tumbled by 37.3%, a loss of over

FISCAL SUMMARY (MILLIONS OF DOLLARS)

	1998-99 Budget	1998-99 Actual	1997-98 Actual
1 Revenue			
2 Forecast/Actual	15,697	16,922	17,854
3 Cushion	(420)	—	—
4 Budget/Actual	15,277	16,922	17,854
5 Expense			
6 Program	13,980	14,561	14,012
7 Debt Servicing Costs	1,093	1,267	1,183
8	15,073	15,828	15,195
9 Pension Provisions	76	(77)	(91)
10 Total Expense	15,149	15,751	15,104
11 Net Increase in Capital Assets	39	68	20
12 Surplus	89	1,103	2,730
13 Remove Pension Provisions	76	(77)	(91)
14 Surplus¹	165	1,026	2,639
15 Net Debt at March 31, 1999¹	504²	63	1,089

¹ Subject to the *Balanced Budget and Debt Retirement Act*. Excludes the change in pension obligations.

² The budget assumed the \$420 million revenue cushion would be available for net debt payment.

\$1.4 billion in revenue, compared with last year. The decline in resource revenue was about 7% more than expected in the budget.

Corporate income tax revenues declined by \$189 million. This reflected the impact of lower oil prices on corporate profits and extraordinary corporate tax refunds resulting from the resolution of long outstanding private-sector tax objections with Revenue Canada.

Investment income also dropped in 1998-99, down by 7.8%. The decline was due to lower realized capital gains and lower interest rates. In addition, interest income on outstanding loans to local authorities and farmers declined as these loans were repaid.

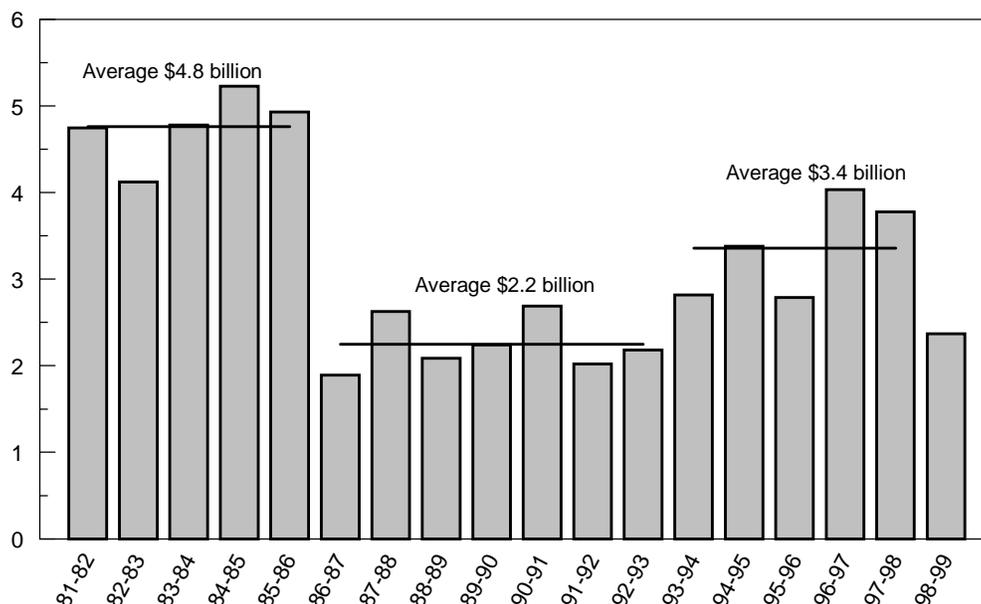
On the positive side, revenue from personal income tax grew by 18.7% or \$724 million over last year and was 20% higher than budgeted. This reflected Alberta's strong economy, with more Albertans working than ever before, as well as significant increases to prior-year estimates of revenue for the 1997 tax year.

Transfers from the federal government were also up in 1998-99, by a total of 12.8%. The increases were largely due to prior-year adjustments to the Canada Health and Social Transfer and the full-year impact of transferring responsibility for labour market programs to the province.

Net income from commercial operations was up by 8.9%. That includes increases in lottery revenues and liquor sales, and a profitable year for Alberta Treasury Branches. Lottery and liquor profits increased by \$85 million over last year. Alberta Treasury Branches eliminated its deficit and now has equity of \$44 million.

Revenues from fees, permits and licences were up less than 1% in 1998-99. Those increases were primarily due to the impact of a growing Alberta population on health care insurance premium revenues and revenues from the sale of motor vehicle licences.

**RESOURCE REVENUE
1981-82 TO 1998-99
(BILLIONS OF DOLLARS)**



SPENDING TARGETED TO TOP PRIORITIES

Results for the year show spending increased by \$647 million or 4.3% over last year. Spending also was higher than budgeted due to additional in-year funding for health, infrastructure and forest fire fighting costs.

In total, government spent almost \$15.8 billion providing programs and services and paying interest on the debt. Major changes in spending over the previous year on a functional basis include:

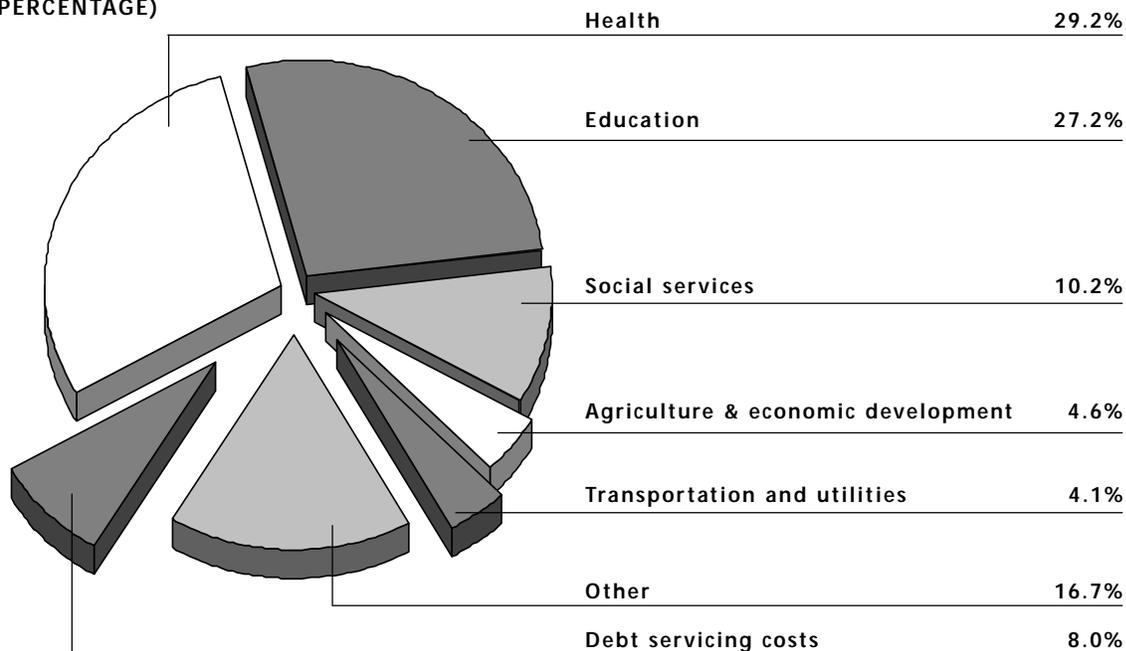
- **Health** – Spending increased by \$252 million or 5.8% over last year to a total of \$4.6 billion. This additional spending supported the increased services needed by our growing population.
- **Education** – Spending increased by \$119 million or 2.9% from last year to a total of \$4.3 billion. The increase went primarily to support greater numbers of students at the

basic education level, support for new education initiatives in *Budget '98*, and the full year implementation of the federal-provincial Labour Market Development Agreement. Funding for the education system was up almost 7% if one-time funding initiatives in 1997-98 for school construction and early repayment of school capital debentures are excluded.

- **Transportation and utilities** – Spending to build and maintain Alberta's roads and highways increased by 6.6% to a total of \$648 million.
- **Environment and resource conservation** – Spending was up by 38.8% to \$551 million primarily because of last summer's forest fires.
- **Debt servicing costs** – Debt servicing costs increased by \$84 million to \$1.27 billion. The increased cost was the result of the drop in the value of the Canadian dollar which more than offset interest savings from lower debt levels.

EXPENSE BY FUNCTION

(PERCENTAGE)



LOOKING AHEAD

1998-99 was a good year for Alberta. Government followed through on the commitments made in its *Agenda for Opportunity*. Good progress was made in achieving the goals we set. And on the financial side, we responded to a drop in revenues, increased spending on health and education, and managed to post a very positive year-end result. The best news is that Alberta's net debt will be eliminated.

Looking ahead, the challenges continue. *Budget '99* focuses on achieving the right balance. The top priorities are:

- improving access to health services
- strengthening the quality and performance of our basic and post-secondary education programs

- cutting taxes to leave more money in the hands of Albertans
- continuing the responsible fiscal management that Albertans have come to expect

Reports like this are one way of making sure we're accountable to Albertans, by providing information so they know what happened during the year and can judge our performance for themselves.

Again next year, we will report completely and openly on what was achieved – both in achieving the goals we set and in managing the province's finances.

Throughout the year, Albertans can also expect to see regular quarterly reports not only on the dollars, but the deeds as well – keeping people well informed on the achievements of their provincial government and making sure we live up to our commitments.

CONSOLIDATED FINANCIAL STATEMENTS
OF THE PROVINCE OF ALBERTA
FOR THE YEAR ENDED MARCH 31, 1999

Introduction:

The financial statements in this annual report of the Government of Alberta are consolidations of ministry consolidated financial statements, which themselves are consolidations of the financial statements of departments, revolving funds, regulated funds, Provincial agencies and Crown-controlled corporations, for which separate financial statements are presented in ministry annual reports. A listing of these organizations is provided in Schedule 16 to the financial statements.

The method of consolidation is described in the Accounting Policies note that forms part of the financial statements.

MANAGEMENT'S RESPONSIBILITY
FOR THE
CONSOLIDATED FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the consolidated financial statements of the Province of Alberta rests with the government. The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Provincial Treasurer, as authorized by the Provincial Treasurer pursuant to the Financial Administration Act. The consolidated financial statements are prepared in accordance with the government's stated accounting policies, and of necessity include some amounts that are based on estimates and judgements. As required by the Government Accountability Act, the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, the government maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- safeguard the assets and properties of the Province of Alberta under government administration.

Under the Financial Administration Act, deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, Provincial agencies, and Crown-controlled corporations from ministries as necessary.

The consolidated financial statements are reviewed by the Audit Committee established under the Auditor General Act. Under the Balanced Budget and Debt Retirement Act, the Audit Committee must report publicly to the Lieutenant Governor in Council on the progress made by the government towards reducing Crown debt. The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the government.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. The duties of the Auditor General in that respect are contained in the Auditor General Act.

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts, and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved on behalf of the Treasury Department:

Peter Kruselnicki, P.Eng
Deputy Provincial Treasurer

J. D. Peters, CA
Controller

Edmonton, Alberta
June 18, 1999

PROVINCE OF ALBERTA
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999

AUDITOR'S REPORT

To the Members of the
Legislative Assembly

I have audited the consolidated statements of financial position and capital assets of the Province of Alberta as at March 31, 1999 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of Treasury Department management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position and capital assets of the Province of Alberta as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting as described in Note 1 to the consolidated financial statements.

[original signed]

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
June 18, 1999

PROVINCE OF ALBERTA
 CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31, 1999

	In millions		
	1999		1998
	Budget (Note 8)	Actual	Actual
Revenues (Schedule 1):			
Income taxes	\$ 5,477	\$ 6,260	\$ 5,725
Other taxes	2,307	2,296	2,431
Non-renewable resource revenue	2,557	2,368	3,778
Investment income	1,409	1,610	1,747
Net income from commercial operations	1,137	1,380	1,267
Transfers from Government of Canada	1,295	1,335	1,183
Fees, permits and licences	1,222	1,331	1,321
Other	293	342	402
Cushion (Note 8)	(420)	-	-
	<u>15,277</u>	<u>16,922</u>	<u>17,854</u>
Expenses by function (Schedules 2 and 3):			
Health	4,332	4,593	4,341
Education	4,329	4,287	4,168
Social services	1,557	1,600	1,603
Agriculture and economic development	745	718	696
Transportation and utilities	526	648	608
Regional planning and development	605	587	647
Environment and resource conservation	356	551	397
Protection of persons and property	468	487	462
Recreation and culture	281	272	217
Housing	97	101	106
General government	551	607	560
Debt servicing costs	1,093	1,267	1,183
Valuation adjustments (Schedule 4)	209	33	116
	<u>15,149</u>	<u>15,751</u>	<u>15,104</u>
Excess of revenues over expenses	128	1,171	2,750
Net change in capital assets affecting operations (Schedule 5)	(39)	(68)	(20)
Surplus for the year	<u>\$ 89</u>	<u>\$ 1,103</u>	<u>\$ 2,730</u>
Surplus for purposes of the Balanced Budget and Debt Retirement Act (Note 2):			
Surplus for the year	\$ 89	\$ 1,103	\$ 2,730
Add (deduct) pension provisions included in valuation adjustments	<u>76</u>	<u>(77)</u>	<u>(91)</u>
Surplus for purposes of the Balanced Budget and Debt Retirement Act	<u>\$ 165</u>	<u>\$ 1,026</u>	<u>\$ 2,639</u>

The accompanying notes and schedules are part of these financial statements.

PROVINCE OF ALBERTA
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 MARCH 31, 1999

	In millions	
	1999	1998
Financial assets:		
Cash and temporary investments (Schedule 6)	\$ 1,227	\$ 1,386
Accounts and accrued interest receivable	1,864	1,708
Portfolio investments (Schedule 7)	12,122	11,273
Equity in commercial enterprises (Schedule 8)	331	207
Loans and advances (Schedule 9)	4,909	5,659
Inventories held for resale (Schedule 10)	109	135
	<u>20,562</u>	<u>20,368</u>
Liabilities:		
Accounts and accrued interest payable	2,059	2,320
Unmatured debt (Schedule 11)	13,075	13,268
Debt of Alberta Municipal Financing Corporation (Schedule 12)	3,788	4,028
Pension obligations (Schedule 13)	4,813	4,890
Other accrued liabilities (Schedule 14)	1,395	1,510
Equity in Alberta Municipal Financing Corporation (Schedule 12)	308	331
	<u>25,438</u>	<u>26,347</u>
Net debt	<u>\$ 4,876</u>	<u>\$ 5,979</u>
Net debt at beginning of year	\$ 5,979	\$ 8,709
Surplus for the year	<u>1,103</u>	<u>2,730</u>
Net debt at end of year	<u>\$ 4,876</u>	<u>\$ 5,979</u>
Crown debt for purposes of the Balanced Budget and Debt Retirement Act (Note 2):		
Net debt at end of year	\$ 4,876	\$ 5,979
Less pension obligations	<u>4,813</u>	<u>4,890</u>
Crown debt	<u>\$ 63</u>	<u>\$ 1,089</u>

The accompanying notes and schedules are part of these financial statements.

PROVINCE OF ALBERTA
 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
 FOR THE YEAR ENDED MARCH 31, 1999

	In millions	
	1999	1998
Operating transactions:		
Surplus for the year	\$ 1,103	\$ 2,730
Non-cash items included in surplus, net	83	93
	<u>1,186</u>	<u>2,823</u>
Change in equity in Alberta Municipal Financing Corporation	(23)	16
Other, net	<u>(662)</u>	<u>149</u>
Cash provided by operating transactions	<u>501</u>	<u>2,988</u>
Investing transactions:		
Proceeds from disposals, repayments and redemptions of portfolio investments	7,262	12,997
Repayment of loans and advances	768	1,129
Portfolio investments	(7,594)	(14,089)
Loans and advances	(290)	(280)
Other, net	<u>(17)</u>	<u>(15)</u>
Cash provided by (applied to) investing transactions	<u>129</u>	<u>(258)</u>
Financing transactions:		
Debt issues	23,970	13,694
Debt retirement	<u>(24,759)</u>	<u>(16,175)</u>
Cash applied to financing transactions	<u>(789)</u>	<u>(2,481)</u>
Increase (decrease) in cash and temporary investments	<u>(159)</u>	<u>249</u>
Cash and temporary investments at beginning of year	<u>1,386</u>	<u>1,137</u>
Cash and temporary investments at end of year	<u>\$ 1,227</u>	<u>\$ 1,386</u>

The accompanying notes and schedules are part of these financial statements.

PROVINCE OF ALBERTA
 CONSOLIDATED STATEMENT OF CAPITAL ASSETS
 MARCH 31, 1999

	In millions	
	1999	1998
Net book values by category (Note 5):		
General capital assets:		
Land	\$ 1,077	\$ 1,048
Buildings	1,825	1,945
Equipment	58	63
Computer hardware and software	121	106
Other	<u>73</u>	<u>80</u>
	<u>3,154</u>	<u>3,242</u>
Infrastructure assets:		
Land improvements	96	100
Provincial highways, roads and airstrips	2,826	2,776
Bridges	326	316
Dams and water management structures	<u>816</u>	<u>781</u>
	<u>4,064</u>	<u>3,973</u>
	<u>\$ 7,218</u>	<u>\$ 7,215</u>

The accompanying notes and schedules are part of these financial statements.

PROVINCE OF ALBERTA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 1999

Note 1 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

These financial statements are prepared in accordance with the following accounting policies.

(a) Reporting Entity

These financial statements include the accounts of all government entities including the Offices of the Legislative Assembly, departments, revolving funds, the Alberta Heritage Savings Trust Fund, and other regulated funds, Provincial agencies and Crown-controlled corporations. A listing of these organizations is provided in Schedule 16. Accountable organizations such as universities, public colleges, technical institutes, regional health authorities and school boards are not included in the consolidated financial statements.

(b) Method of Consolidation

The accounts of the Offices of the Legislative Assembly, departments, revolving funds, regulated funds and Provincial agencies, except those designated as commercial enterprises, are consolidated after adjusting them to a basis consistent with the accounting policies described below in (c). Revenue and expenditure transactions, investing and financing transactions, and related asset and liability accounts between consolidated entities have been eliminated.

The accounts of Crown-controlled corporations and Provincial agencies designated as commercial enterprises are reported on an equity basis, the equity being computed in accordance with generally accepted accounting principles.

The reporting period of some Provincial agencies is other than March 31. Transactions of these agencies that have occurred during the period to March 31, 1999 and that significantly affect the consolidation have been recorded.

(c) Basis of Financial Reporting

Reporting the Results of Operations

The consolidated statement of operations reports revenues of the year, including proceeds from disposal of capital assets, expenses including the cost of capital assets consumed during the year, (i.e., amortization of capital assets), and the excess of revenues over expenses. The intermediate result of operations is then adjusted within the consolidated statement of operations for the difference between the cost of capital assets consumed and the cost of capital assets acquired during the year. Losses on disposal and write-downs of capital assets do not affect expenses for the year. The final result of operations is the surplus for the year which is applied to reduce net debt.

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in accounts payable.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired capital property and expenses incurred in accordance with the conditions of approved grant programs, including grants for capital purposes.

Pension costs comprise: the cost of pension benefits earned by employees during the year; interest on the Province's share of the unfunded pension liability; the amortization of deferred adjustments over the expected average remaining service life of employees; and the effect of the change in the ratio used to allocate the plan's total unfunded liability to participating entities.

Pension costs which are funded are included in expenses by function and costs which have not been funded are recorded on the statement of operations as a valuation adjustment to the pension obligation.

Valuation adjustments also include obligations under guarantees and indemnities which are charged to valuation adjustments when management determines that the Province will likely be called upon to make payment. The charge represents management's estimate of future payments less recoveries.

Any adjustments to the Province's obligations to provide funding from future appropriations to school boards to enable them to repay the principal portion of debentures issued by school boards to the Alberta Municipal Financing Corporation are charged or credited to valuation adjustments.

The estimated increase or decrease for the year in accrued employee vacation entitlements is also charged or credited to valuation adjustments.

No provision is made in the financial statements for commitments, details of which are disclosed in Note 4.

Net Change in Capital Assets Affecting Operations

The net change in capital assets affecting operations accounts for the inclusion of the cost of capital assets acquired during the year, and the exclusion of the annual amortization provision.

Financial Assets

Financial assets are limited to financial claims on outside organizations and individuals and inventories held for resale at the year end.

Temporary investments are valued at cost or fair value, whichever is lower, on an aggregate basis.

Portfolio investments, which are investments to provide income for the long term, are carried at cost. Realized gains and losses on disposals of these investments are included in the determination of the surplus for the year. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Loans are recorded at cost less any unearned income and allowance for credit loss. Discounts recorded as the result of interest rate reductions given on loans to local authorities are amortized to investment income over the term of the loans.

Real estate held for resale is valued at the lower of cost and net realizable value, on an aggregate basis. Inventories representing the Province's share of royalty oil in feeder and trunk pipelines are stated at net realizable value. Other inventories are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities include all financial claims payable by the Province at the year end.

Debentures included in unmatured debt are recorded at the face amount of the issue less unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps and forward interest rate agreements used to manage interest rate exposure is recorded as an adjustment to debt servicing costs. The exchange gain or loss on the foreign exchange contracts used to manage currency exposure is deferred and amortized over the life of the contract.

Liabilities also include the following:

- estimates of the present value of the Province's obligations for future pension contributions and/or benefits under defined benefit pension plans for provincial and other public sector employees, and certain Members of the Legislative Assembly, including deferred adjustments arising from experience gains and losses and changes in actuarial assumptions identified by new actuarial valuations,
- the Province's obligation to provide funding to school boards from future appropriations to enable them to repay the principal portion of debentures issued by school boards to the Alberta Municipal Financing Corporation, and
- accrued employee vacation entitlements.

Foreign Currency

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. Exchange differences on unhedged transactions are included in the determination of the surplus for the year.

Measurement Uncertainty

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes, royalties derived from non-renewable resources, and provisions for pensions and loans and advances. The nature of the uncertainty in these items arises from several factors such as the effect on accrued taxes of the verification of taxable income; the effect on accrued royalties of the receipt of revised production data and reassessments; the effect on accrued pension obligations of actual experience compared to assumptions; and the effect on loans and advances of actual collectibility and changes in economic conditions.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Capital Assets

Capital assets are not included in the Province's financial position but are reported in a separate statement of capital assets with additional disclosure in Note 5.

Capital assets are restricted to capital assets the Province acquired for cash or for other assets. Assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included. In addition, assets paid for by other parties, such as the federal government, are excluded. Capital assets of commercial enterprises or Crown-controlled corporations which are included in the consolidated financial statements on an equity basis are also excluded.

The historical cost of capital assets is estimated and amortization is calculated on a straight line basis over the periods expected to benefit from their use, and the annual amortization is included in the expenses reported in the consolidated statement of operations. The annual amortization of the costs of capital assets is allocated to the functions of the government that employ those assets.

Note 2 **Balanced Budget and Debt Retirement Act**

During 1998-99, the Province complied with the Balanced Budget and Debt Retirement Act (the Act).

The Act requires that expenditures during a fiscal year must not be more than revenue and, during 1998-99, expenditures were not more than revenue.

The Act also requires the Provincial Treasurer to include the amount by which Crown debt is reduced in a fiscal year in the Public Accounts in respect of that year. Crown debt is defined in the Act as the difference between the financial assets of the Crown and the liabilities of the Crown, not including any liabilities respecting pensions. During 1998-99, Crown debt was reduced by \$1,026 million (1998 \$2,639 million).

Note 3 **Risk Management**

(a) Liability Management

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks - interest rate risk, currency exchange risk, credit risk, and refunding risk. The Province manages these four risks within approved policy guidelines. The management of these risks and the policy guidelines apply to the Province's direct debt, excluding debt raised to fund requirements of provincial corporations and regulated funds. Debt of provincial corporations and regulated funds is managed separately in relation to their assets.

The policy guideline for interest rate risk is that Canadian dollar floating rate debt should be between 38 per cent and 50 per cent of direct debt. The policy guideline for currency exchange risk is that there be no exposure to currencies other than United States dollars. Further, the unhedged U.S. dollar debt should not exceed US\$3,000 million.

Credit risk relating to swaps is minimal as management deals only with the most credit worthy counterparties. The policy guideline for refinancing risk is that term debt maturities should not exceed \$3,500 million in any fiscal year, excluding early redemption of Alberta Capital Bonds and Alberta Savings Certificates.

These policies were complied with during the year.

(b) Asset Management

The majority of the Province's portfolio investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund).

The Heritage Fund is comprised of two portfolios. The Endowment Portfolio has the objective of maximizing long-term financial returns. The portfolio is comprised of 35 per cent to 55 per cent fixed income instruments and 45 per cent to 65 per cent equities. The Transition Portfolio has the objective of providing income support to the government's fiscal plan over the short term to medium term. The portfolio consists mainly of Canadian fixed income securities.

The investments in the Alberta Heritage Foundation for Medical Research Endowment Fund and the Alberta Heritage Scholarship Fund are managed to preserve the capital of the funds over time and to provide an annual level of income for grants. Alberta Municipal Financing Corporation's sinking fund is managed to repay maturing debt of the corporation.

Note 4 Commitments and Contingencies

Set out below are details of commitments to outside organizations and individuals and contingencies resulting from guarantees, indemnities and litigation, other than those reported as liabilities and shown in Schedule 14.

Management considers that the contingencies will not result in any material adverse effect on the Province. Any losses arising from the settlement of contingencies are treated as current year expenses.

(a) Alberta-Metis Settlements Accord

The Metis Settlements Accord Implementation Act was proclaimed on November 1, 1990. This Act implements the Alberta-Metis Settlements Accord signed on July 1, 1989 which provides that \$310 million is to be paid by the Province at \$30 million a year for seven years beginning April 1, 1990, followed by ten annual payments of \$10 million beginning April 1, 1997. Payments of \$80 million (1998 \$90 million) remain to be made by the Province at March 31, 1999. Matching payments required to be made to settlement councils under the Act between 1999 and 2007 amount to \$11 million (1998 \$22 million).

(b) Royalty Paid Natural Gas

The Province is committed to reduce future royalties on reproduction of royalty paid natural gas and by-products injected into underground reservoirs prior to January 1, 1994. At March 31, 1999, the commitment was estimated at \$83 million (1998 \$121 million). Under the Natural Gas Royalty Regulation, the commitment has to be discharged by December 31, 1999.

(c) Other Commitments

	In millions	
	1999	1998
Obligations under long-term leases, contracts and programs	\$ 3,949	\$ 1,680
Loans and advances approved and undisbursed	33	30
	<u>\$ 3,982</u>	<u>\$ 1,710</u>

Estimated payment requirements for each of the next five years are as follows:

1999-2000	\$564 million
2000-01	\$308 million
2001-02	\$219 million
2002-03	\$109 million
2003-04	\$ 57 million

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them. Management is of the opinion that any resulting costs would not materially affect the financial position of the Province.

(d) Guarantees

Guarantees amounting to \$621 million (1998 \$842 million) are analyzed in Schedule 15.

(e) Contingencies of Commercial Enterprises

The Credit Union Deposit Guarantee Corporation has a potential liability under guarantees relating to deposits of credit unions. At December 31, 1998 credit unions in Alberta held deposits totalling \$4,771 million (1997 \$4,424 million), and had assets in excess of deposits.

At March 31, 1999, Alberta Treasury Branches had a potential liability under guarantees and letters of credit amounting to \$424 million (1998 \$412 million). During the year, Alberta Treasury Branches initiated legal actions which resulted in counterclaims aggregating \$476 million. The eventual outcome of these claims and counterclaims is not determinable.

N.A. Properties (1994) Ltd. has provided guarantees of principal and interest on mortgages sold to Canadian Western Bank. The principal and interest on these mortgages totalled \$33 million at March 31, 1999 (1998 \$48 million).

(f) Legal Actions

At March 31, 1999, the Province was named as defendant in 28 claims (1998 24 claims) by Indian Nations and Indian Bands concerning aboriginal rights, Indian title and Treaty rights. In most cases, these claims have been filed jointly against the Province of Alberta, the Government of Canada and specified third parties. Seventeen (1998 fourteen) of these claims have specified amounts totalling \$107,423 million (1998 \$65,875 million) and the other eleven have not specified any amount. At this time the outcome of these claims is not determinable.

Also, the Province was named as defendant in 294 claims (1998 714 claims) aggregating \$301 million (1998 \$793 million) relating to decisions made by the Eugenics Board of Alberta pursuant to the Sexual Sterilization Act of 1928, which was repealed in 1972. Further, the Province was named as defendant in various other legal actions in addition to those noted above. The total claimed in specific legal actions amounts to approximately \$1,963 million (1998 \$1,814 million). Subsequent to the year end, the Province was named as defendant in additional claims for approximately \$800 million, the outcome of which is not determinable. Accruals have been made in specific instances where it is probable that losses will be incurred which can be reasonably estimated. The resulting loss, if any, from claims in excess of the amounts accrued cannot be determined.

Note 5 Capital Assets

As capital assets are not included in the Province's financial position, the following information is provided to supplement the statement of capital assets.

Capital assets held and available for use at the end of the year are shown below by type of asset.

Estimated Useful Life	In millions				
	1999		1998		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
General capital assets:					
Land	Indefinite	\$ 1,077	\$ -	\$ 1,077	\$ 1,048
Buildings	40 years	2,935	1,110	1,825	1,945
Equipment	3-10 years	174	116	58	63
Computer hardware and software	5-10 years	345	224	121	106
Other	20-50 years	178	105	73	80
		<u>4,709</u>	<u>1,555</u>	<u>3,154</u>	<u>3,242</u>
Infrastructure assets:					
Land improvements	10-40 years	199	103	96	100
Provincial highways, roads and airstrips	50 years	4,385	1,559	2,826	2,776
Bridges	50 years	471	145	326	316
Dams and water management structures	25-80 years	971	155	816	781
		<u>6,026</u>	<u>1,962</u>	<u>4,064</u>	<u>3,973</u>
		<u>\$ 10,735</u>	<u>\$ 3,517</u>	<u>\$ 7,218</u>	<u>\$ 7,215</u>

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

Equipment includes vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

Other capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

Land improvements include parks development and grazing reserves.

Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices. Secondary highways are not included because they are controlled and managed by municipalities.

Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

Changes to capital assets were as follows:

	In millions	
	1999	1998
Net book value at beginning of year	\$ 7,215	\$ 7,292
Capital assets acquired	294	250
Amortization provision	(226)	(230)
Disposals and write-downs	(65)	(97)
Net book value at end of year	<u>\$ 7,218</u>	<u>\$ 7,215</u>

Note 6 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accrued interest, receivables and payables, are estimated to approximate their book values. Fair values of loans and advances are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

The fair value of unmaturing debt and debt of Alberta Municipal Financing Corporation is an approximation of its fair value to the holder.

The methods used to determine the fair values of temporary investments and portfolio investments are explained in the following paragraphs.

Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Mortgages and certain non-public provincial debentures are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

The fair value of private equities is estimated by management.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised at least every three years by qualified external real estate appraisers.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year end exchange rate.

Note 7 Trust Funds Under Administration

Trust funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements.

At March 31, 1999, trust funds under administration were as follows:

	In millions	
	1999	1998
Public Sector Pension Plan Funds	\$ 15,203	\$ 14,843
The Workers' Compensation Board Accident Fund	2,703	2,910
Teachers' Pension Plan Funds	1,596	1,447
Public Trustee	352	309
Regional Health Authorities and various health institutions construction accounts	165	103
Special Areas Trust Account	62	60
Various Courts and Sheriffs' Offices	45	39
Miscellaneous trust funds	108	308
	<u>\$ 20,234</u>	<u>\$ 20,019</u>

Note 8 Budget

The budget figures were derived from Budget '98 tabled in the Legislature on February 12, 1998. As required by the Balanced Budget and Debt Retirement Act, budgeted revenue is reduced by a cushion for corporate income tax and resource revenue.

The budget figures have been restated to a basis consistent with that used for actual results reported on the consolidated statement of operations. To reflect a change in accounting policy by the Alberta Dairy Control Board, the restatement increases the other revenue and agriculture and economic development expense budgets by \$48 million. The budget for net income from commercial operations has also been increased by \$730 million to include the \$660 million revenue budget from lottery operations and the recording of the operating grant from the Department of Economic Development to the Alberta Gaming and Liquor Commission on a gross basis. As an offset, the other revenue budget has been decreased by \$660 million and the recreation and culture expense budget increased by \$70 million.

Note 9 Subsequent Events

(a) **Fiscal Responsibility Act**

The Fiscal Responsibility Act (the Act) came into force on April 1, 1999, replacing the Balanced Budget and Debt Retirement Act most sections of which were repealed by Proclamation on May 20, 1999. The Act generally requires that actual expenditure during a fiscal year must not be more than actual revenue, and that starting accumulated debt, as defined, must be reduced by a specified percentage in each five year period starting the year following the elimination of Crown debt, as defined in the Balanced Budget and Debt Retirement Act, such that starting accumulated debt must be eliminated within 25 years.

The Act defines accumulated debt differently from the way the term was used in 1997-98. The term unmatured debt is now used in the consolidated statement of financial position so as to avoid confusion. The table below shows how accumulated debt, as defined in the Act, is calculated. The calculation is done as if the Act had been in force on March 31, 1998 and as if the Act had required the calculation of starting accumulated debt as of that date.

	In millions	
	1999	1998
Department of Treasury:		
Unmatured debt	\$ 13,064	\$ 13,353
Less funds on-lent to provincial corporations	<u>(711)</u>	<u>(529)</u>
	12,353	12,824
Alberta Social Housing Corporation debt	759	1,043
Funding obligation for school board construction debt (Schedule 14)	<u>994</u>	<u>1,110</u>
	<u>\$ 14,106</u>	<u>\$ 14,977</u>

It is likely that Crown debt will be eliminated in 1999-2000, and that the Act will accordingly require the calculation of starting accumulated debt at March 31, 2000, and the elimination of accumulated debt by March 31, 2025.

(b) **Government Reorganization**

On May 25, 1999, the government announced a major reorganization. As noted in Schedule 16, eleven departments were eliminated on that date. The reorganization announced the creation of the following departments: Children's Services, Environment, Gaming, Government Services, Health and Wellness, Human Resources and Employment, Infrastructure, Innovation and Science, International and Intergovernmental Relations, Learning, and Resource Development. The reorganization has no effect on the consolidated operations or financial position of the government.

Note 10 Uncertainty Due to the Year 2000

The year 2000 issue is the result of some computer systems using two digits rather than four to define the applicable year. Government computer systems that have date sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. In addition, similar problems may arise in some systems if certain dates in 1999 are not recognized as a valid date or are recognized to represent something other than a date. The effects of the year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the effect on operations and financial reporting may range from minor errors to significant systems failure that could affect the ability to conduct some government operations. Despite the government's efforts to address this issue, it is not possible to be certain that all aspects of the year 2000 issue affecting the government, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

Note 11 Comparative Figures

Certain 1998 figures have been reclassified to conform to 1999 presentation.

PROVINCE OF ALBERTA
 SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 1999

Schedule 1

REVENUES

	In millions		
	1999		1998
	Budget	Actual	Actual
Income taxes:			
Personal income tax	\$ 3,835	\$ 4,601	\$ 3,877
Corporate income tax	1,642	1,659	1,848
	<u>5,477</u>	<u>6,260</u>	<u>5,725</u>
Other taxes:			
School property tax	1,099	1,118	1,212
Fuel tax	570	547	558
Tobacco tax	345	341	330
Insurance corporations tax	112	101	121
Freehold mineral rights tax	101	112	131
Other	80	77	79
	<u>2,307</u>	<u>2,296</u>	<u>2,431</u>
Non-renewable resource revenue:			
Natural gas and by-products royalty	1,282	1,467	1,660
Crude oil royalty	644	470	914
Bonuses and sales of Crown leases	650	463	1,071
Rentals and fees	147	142	148
Other	67	76	210
Royalty tax credit	(233)	(250)	(225)
	<u>2,557</u>	<u>2,368</u>	<u>3,778</u>
Investment income	1,409	1,610	1,747
Net income from commercial operations:			
Lottery operations	660	770	705
Liquor operations	427	485	465
Other	50	125	97
	<u>1,137</u>	<u>1,380</u>	<u>1,267</u>
Transfers from Government of Canada:			
Canada health and social transfer	940	970	903
Other	355	365	280
	<u>1,295</u>	<u>1,335</u>	<u>1,183</u>
Fees, permits and licences:			
Health care insurance premiums	641	680	652
Motor vehicle licences	172	196	182
Crop and hail insurance premiums	83	75	72
Other	326	380	415
	<u>1,222</u>	<u>1,331</u>	<u>1,321</u>
Other	293	342	402
Cushion	(420)	-	-
	<u>\$ 15,277</u>	<u>\$ 16,922</u>	<u>\$ 17,854</u>

EXPENSES BY MINISTRY

	In millions		
	1999		1998
	Budget	Actual	Actual
Offices of the Legislative Assembly	\$ 39	\$ 36	\$ 35
Ministries:			
Health	4,206	4,458	4,219
Education (a)	3,267	3,072	3,206
Treasury (a)	1,723	1,958	1,790
Family and Social Services	1,375	1,420	1,423
Advanced Education and Career Development	1,311	1,259	1,164
Transportation and Utilities	539	670	675
Agriculture, Food and Rural Development (a)	573	531	488
Environmental Protection	292	492	335
Public Works, Supply and Services	468	465	480
Economic Development (a)	297	432	368
Justice	384	399	374
Community Development	366	369	309
Municipal Affairs (a)	320	327	349
Energy	118	130	134
Science, Research and Information Technology	86	85	52
Intergovernmental and Aboriginal Affairs	34	35	47
Labour	28	29	31
Executive Council	12	13	14
Inter-ministry transactions (a)	<u>(289)</u>	<u>(429)</u>	<u>(389)</u>
	<u>\$ 15,149</u>	<u>\$ 15,751</u>	<u>\$ 15,104</u>
 (a) Includes the following:			
Pension provisions:			
Education	\$ 173	\$ (21)	\$ 139
Treasury	(97)	(55)	(222)
Other ministries	-	(1)	(8)
	<u>\$ 76</u>	<u>\$ (77)</u>	<u>\$ (91)</u>
 Debt servicing costs:			
Treasury	\$ 1,084	\$ 1,257	\$ 1,174
Agriculture, Food and Rural Development	60	51	61
Economic Development	4	4	4
Municipal Affairs	76	74	100
Inter-ministry transactions	<u>(131)</u>	<u>(119)</u>	<u>(156)</u>
	<u>\$ 1,093</u>	<u>\$ 1,267</u>	<u>\$ 1,183</u>

Schedule 3

EXPENSES BY OBJECT

	In millions	
	1999	1998
Grants	\$ 10,330	\$ 10,173
Interest and amortization of unrealized exchange gains and losses	1,733	1,694
Salaries, wages, employment contracts and benefits	1,141	1,088
Services	1,761	1,319
Amortization provision	226	230
Materials and supplies	175	215
Pension liability funding	135	151
Travel and communication	102	89
Corporate tax interest refunds	98	18
Valuation adjustments	33	116
Other expenses	17	11
	<u>\$ 15,751</u>	<u>\$ 15,104</u>

Schedule 4

VALUATION ADJUSTMENTS

	In millions		
	1999		1998
	Budget	Actual	Actual
Provision for losses, doubtful accounts, loans, guarantees and indemnities	\$ 133	\$ 103	\$ 181
Provision for employee benefits other than pensions	-	15	18
Provision for loans and advances repayable from future appropriations	-	(8)	8
Pension provisions	76	(77)	(91)
	<u>\$ 209</u>	<u>\$ 33</u>	<u>\$ 116</u>

NET CHANGE IN CAPITAL ASSETS AFFECTING OPERATIONS

	In millions		
	1999		1998
	Budget	Actual	Actual
Cost of capital assets acquired during the year	\$ (279)	\$ (294)	\$ (250)
Amortization provision	240	226	230
	<u>\$ (39)</u>	<u>\$ (68)</u>	<u>\$ (20)</u>

CASH AND TEMPORARY INVESTMENTS

	In millions			
	1999		1998	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a):				
Government of Canada, direct and guaranteed	\$ 159	\$ 159	\$ 70	\$ 71
Provincial, direct and guaranteed	102	103	61	61
Corporate	78	78	136	136
	339	340	267	268
Cash and cash equivalents	888	888	1,119	1,119
	<u>\$ 1,227</u>	<u>\$ 1,228</u>	<u>\$ 1,386</u>	<u>\$ 1,387</u>

- (a) Fixed-income securities have an average effective yield of 5.0% per annum (1998 5.1% per annum). Approximately 90% (1998 93%) of the securities have terms to maturity of less than five years.

PORTFOLIO INVESTMENTS

	In millions			
	1999		1998	
	Book Value	Fair Value	Book Value	Fair Value
Fixed-income securities (a)(b)(c):				
Government of Canada, direct and guaranteed	\$ 2,445	\$ 2,481	\$ 2,977	\$ 3,098
Provincial, direct and guaranteed	1,873	1,916	2,182	2,283
Municipal	72	75	66	70
Corporate	2,860	2,895	2,982	3,023
Pooled funds	<u>2,280</u>	<u>2,265</u>	<u>1,457</u>	<u>1,465</u>
	<u>9,530</u>	<u>9,632</u>	<u>9,664</u>	<u>9,939</u>
Equities:				
Canadian	911	1,370	697	1,345
Foreign	1,491	1,593	877	948
Real estate	<u>190</u>	<u>199</u>	<u>35</u>	<u>39</u>
	<u>2,592</u>	<u>3,162</u>	<u>1,609</u>	<u>2,332</u>
	<u>\$ 12,122</u>	<u>\$ 12,794</u>	<u>\$ 11,273</u>	<u>\$ 12,271</u>

- (a) The majority of the Province's fixed-income securities are managed in the Transition Portfolio of the Alberta Heritage Savings Trust Fund. As at March 31, 1999, the Transition Portfolio held \$6,932 million (1998 \$7,363 million) of public fixed-income securities at cost (Fair value \$7,044 million (1998 \$7,563 million)). The securities held have a weighted average effective yield of 4.91% per annum (1998 4.84% per annum) based on market for securities maturing in a year, and 5.30% per annum (1998 5.34% per annum) for securities maturing between 1 and 35 years. As at March 31, 1999, the Portfolio has the following term structure based on par:

	1999	1998
		%
Under 1 year	10	13
1 to 5 years	56	55
6 to 10 years	33	31
Over 10 years	1	1

- (b) The Alberta Heritage Savings Trust Fund uses index swaps and interest rate swaps to enhance return and for hedging risks. As at March 31, 1999, the notional amount of index swaps and interest rate swaps issued by the Heritage Fund amounted to \$1,529 million (1998 \$881 million).
- (c) Fixed-income securities include \$204 million (1998 \$187 million) of sinking fund investments which are restricted for the settlement of debt issues of Alberta Municipal Financing Corporation.

EQUITY IN COMMERCIAL ENTERPRISES

	In millions	
	1999	1998
Accumulated surpluses (deficits):		
Accumulated surpluses (deficits) at beginning of year	\$ 129	\$ (36)
Total revenue	2,792	2,585
Total expenditure	<u>1,411</u>	<u>1,299</u>
Net revenue	<u>1,381</u>	<u>1,286</u>
Net transfers to departments and other adjustments	<u>1,272</u>	<u>1,121</u>
Accumulated surpluses at end of year	<u><u>\$ 238</u></u>	<u><u>\$ 129</u></u>
Represented by:		
Assets:		
Loans	\$ 8,037	\$ 7,470
Investments (a)	200	400
Other assets	<u>1,640</u>	<u>1,735</u>
Total assets	<u>9,877</u>	<u>9,605</u>
Liabilities:		
Accounts payable	416	349
Deposits	9,022	8,726
Unmatured debt	200	400
Pension obligations	<u>1</u>	<u>1</u>
Total liabilities	<u>9,639</u>	<u>9,476</u>
	<u><u>\$ 238</u></u>	<u><u>\$ 129</u></u>
Accumulated surpluses (deficits) at end of year:		
Alberta Gaming and Liquor Commission	\$ 130	\$ 137
Credit Union Deposit Guarantee Corporation	63	59
Alberta Treasury Branches	44	(67)
The Alberta Government Telephones Commission	1	1
N.A. Properties (1994) Ltd.	<u>-</u>	<u>(1)</u>
	238	129
Elimination of inter fund/agency balances	<u>93</u>	<u>78</u>
Equity in commercial enterprises at end of year	<u><u>\$ 331</u></u>	<u><u>\$ 207</u></u>

(a) Investments include \$194 million (1998 \$192 million) of sinking fund notes which are restricted for the settlement of debt issues of The Alberta Government Telephones Commission.

LOANS AND ADVANCES

	In millions	
	<u>1999</u>	<u>1998</u>
Loans and advances made under the authority of:		
Alberta Municipal Financing Corporation Act (a)	\$ 3,669	\$ 3,991
Agriculture Financial Services Act (b)	672	660
Farm Credit Stability Act	290	425
Alberta Heritage Savings Trust Fund Act	150	562
Alberta Opportunity Fund Act	117	103
Financial Administration Act	51	52
Alberta Housing Act	<u>47</u>	<u>58</u>
	4,996	5,851
Less: Allowance for doubtful loans, advances, implemented guarantees and indemnities	<u>87</u>	<u>192</u>
	<u>\$ 4,909</u>	<u>\$ 5,659</u>

(a) Municipal loans on average yield 10.1% per annum (1998 10.9%) and have the following term structure as at March 31, 1999.

	<u>1999</u>	%	<u>1998</u>
Under 1 year	1		2
1 to 5 years	24		15
6 to 10 years	42		37
Over 10 years	33		46

(b) Agricultural loans on average yield 6.70% to 7.55% per annum (1998 5.15% to 7.56%) and have the following term structure as at March 31, 1999.

	<u>1999</u>	%	<u>1998</u>
Under 1 year	3		3
1 to 5 years	7		8
6 to 10 years	22		22
Over 10 years	68		67

INVENTORIES HELD FOR RESALE

	In millions	
	<u>1999</u>	<u>1998</u>
Real estate held for resale	\$ 60	\$ 69
Royalty oil	33	55
Other inventories for resale	<u>16</u>	<u>11</u>
	<u>\$ 109</u>	<u>\$ 135</u>

UNMATURED DEBT

	In millions					
	1999				1998	
	Effective Rate (a)(b)(c) %	Modified Duration (d) years	Book Value (a)	Fair Value (a)	Book Value (a)	Fair Value (a)
Direct debt:						
Canadian dollar debt and fully hedged foreign currency debt:						
Floating rate and short-term fixed rate debt (e)	6.05	0.29	\$ 3,510	\$ 3,555	\$ 3,042	\$ 3,096
Fixed rate long-term debt (f)	<u>7.34</u>	<u>4.86</u>	<u>5,222</u>	<u>5,976</u>	<u>5,583</u>	<u>6,413</u>
	<u>6.82</u>	<u>3.16</u>	<u>8,732</u>	<u>9,531</u>	<u>8,625</u>	<u>9,509</u>
Unhedged U.S. dollar debt (g):						
Floating rate and short-term fixed rate debt (e)	4.90	0.16	2,364	2,469	3,046	3,224
Fixed rate long-term debt	<u>7.37</u>	<u>1.99</u>	<u>1,883</u>	<u>2,105</u>	<u>1,487</u>	<u>1,682</u>
	<u>6.02</u>	<u>1.00</u>	<u>4,247</u>	<u>4,574</u>	<u>4,533</u>	<u>4,906</u>
Total direct debt	<u>6.56</u>	<u>2.46</u>	<u>12,979</u>	<u>14,105</u>	<u>13,158</u>	<u>14,415</u>
Alberta Social Housing Corporation:						
Canadian dollar fixed rate debt			<u>96</u>	<u>96</u>	<u>110</u>	<u>110</u>
Total unmatured debt			<u>\$ 13,075</u>	<u>\$ 14,201</u>	<u>\$ 13,268</u>	<u>\$ 14,525</u>

- (a) Book value represents the amount the Province owes. Fair value is an approximation of market value to the holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.
- (b) Weighted average effective rates on unhedged U.S. dollar debt are based upon debt stated in U.S. dollars.
- (c) Weighted average effective rate on total direct debt is on debt inclusive of deferred exchange losses on unhedged U.S. dollar debt (see note (g)).
- (d) Modified duration is the weighted average term to maturity of the security's cash flows (i.e., interest and principal) and is a measure of price volatility; the greater the modified duration of a bond, the greater its percentage price volatility.
- (e) Floating rate debt includes short-term debt, term debt with less than one year remaining to maturity, and term debt with interest rate reset within a year.
- (f) Canadian dollar fixed rate debt includes \$679 million (1998 \$679 million) held by the Canada Pension Plan Investment Fund.
- (g) Unhedged U.S. dollar debt is translated into Canadian dollars at the March 31 noon exchange rate of 1.5092 per U.S. dollar (1998 \$1.4166 per U.S. dollar). Deferred exchange losses on unhedged U.S. dollar debt amounted to \$149 million at March 31, 1999 (1998 \$168 million). Amortization of deferred exchange losses amounted to \$302 million for the year ended March 31, 1999 (1998 \$154 million).

Debt principal repayment requirements at par in each of the next five years, including short-term debt maturing in 1999-2000, and thereafter are as follows:

1999-2000	\$2,479 million	(includes U.S. \$403 million unhedged)
2000-01	\$2,194 million	(includes U.S. \$800 million unhedged)
2001-02	\$1,397 million	(includes U.S. \$356 million unhedged)
2002-03	\$ 855 million	(includes U.S. \$500 million unhedged)
2003-04	\$1,745 million	(includes U.S. \$500 million unhedged)
Thereafter	\$3,755 million	(includes U.S. \$362 million unhedged)

Some of the direct debt has call provisions. Years to maturity reflect original maturity date and not early call date. Debt with call provisions occurring in under one year is \$450 million, and in one to five years is \$285 million.

UNMATURED DEBT (continued)

Derivative financial instruments

The Province uses interest rate swaps and currency rate swaps and contracts to manage the interest rate risk and currency exposure associated with unmatured debt. In addition, forward interest rate agreements may be used to manage interest rate exposure in the short term. Associated with these instruments are credit risks that could expose the Province to potential losses. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Credit exposure to counterparties is a fraction of the notional principal amount, as shown in the table below. The Province minimizes its credit risk associated with these contracts by dealing with only the most credit worthy counterparties.

Interest rate swaps involve the exchange of a series of interest payments, either at a fixed or floating rate, based upon a contractual or notional principal amount. An interest rate swap agreement based upon a notional amount involves no exchange of underlying principal. The notional amount serves as the basis for determining the exchange of interest payments. At March 31, 1999, interest rate swap agreements were being used primarily to convert fixed interest rate payments to floating rates.

Cross currency interest rate swaps involve both the swapping of interest rates and currencies.

Currency rate swaps including foreign exchange contracts involve an agreement to exchange United States dollars and other currencies into Canadian and United States dollars at an agreed upon rate and on an agreed settlement date.

The following table summarizes the Province's derivative portfolio and related credit exposure:

Notional amount: represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows.

Replacement cost: represents the cost of replacing, at current market rates, all contracts which have a positive market value.

	In millions			
	1999		1998	
	Notional Amount	Replacement Cost	Notional Amount	Replacement Cost
Interest rate swaps	\$ 3,175	\$ 263	\$ 2,089	\$ 182
Cross currency interest rate swaps	1,037	41	1,233	31
Currency rate swaps including foreign exchange contracts (stated in Canadian dollars)	-	-	31	4
	<u>\$ 4,212</u>	<u>\$ 304</u>	<u>\$ 3,353</u>	<u>\$ 217</u>

DEBT OF AND EQUITY IN ALBERTA MUNICIPAL FINANCING CORPORATION

	In millions	
	<u>1999</u>	<u>1998</u>
Alberta Municipal Financing Corporation		
Canadian dollar fixed rate debt (a)	<u>\$ 3,788</u>	<u>\$ 4,028</u>
Equity (b)	<u>\$ 308</u>	<u>\$ 331</u>

- (a) Canadian dollar fixed rate debt includes \$3,317 million (1998 \$3,493 million) held by the Canada Pension Plan Investment Fund and has the following characteristics as at March 31, 1999 (see Schedule 11 note (a)).

	<u>1999</u>	<u>1998</u>
Fair value	\$5,286 million	\$5,594 million
Weighted average effective rate	12.0% per annum	11.4% per annum

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 1999-2000, are as follows:

1999-2000	\$ 294 million
2000-01	\$ 442 million
2001-02	\$ 331 million
2002-03	\$ 725 million
2003-04	\$ 441 million

- (b) Alberta Municipal Financing Corporation equity has been included in liabilities of the Province because it represents profits of the corporation which the corporation has the power to pay to municipal and other shareholders that have borrowed money from the corporation.

PENSION OBLIGATIONS

Pension obligations are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services. The assumptions used in the valuations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

The valuations were based upon economic assumptions, including a long-term rate of return on pension plan fund assets of 4.5 per cent over the level of price inflation for the Teachers' plan, and 4.0 per cent for all the other plans. The rate was based upon a long-term rate of return of 8.0 per cent per annum and price inflation of 3.5 per cent for the Teachers' plan, 8.0 per cent and 4.0 per cent respectively for the Universities Academic and Special Forces plans, and 7.5 per cent and 3.5 per cent respectively for the Local Authorities, Public Service Management (Closed Membership), Public Service and Management Employees plans. Demographic assumptions used in the valuations reflect the experience of the plans.

The latest actuarial valuations were performed as at August 31, 1998 for the Teachers' plan, as at December 31, 1997 for the Local Authorities, Public Service, Members of the Legislative Assembly and Management Employees plans, as at December 31, 1996 for the Universities Academic and Public Service Management (Closed Membership) plans, and as at December 31, 1995 for the Special Forces plan. Except for the Local Authorities plan, these actuarial valuations indicated a deficiency of net assets over the actuarial present value of accrued benefits. Including deferred adjustments, these unfunded liabilities were extrapolated to March 31, 1999.

A separate pension plan fund is maintained for each pension plan except for the Members of the Legislative Assembly plan. Pension plan fund assets are invested in both marketable investments of organizations external to the government and in Province of Alberta bonds and promissory notes.

	In millions	
	<u>1999</u>	<u>1998</u>
Obligations to pension plans for employees of organizations outside the government reporting entity:		
Teachers' Pension Plan (a)	\$ 3,783	\$ 3,804
Universities Academic Pension Plan (b)	106	101
Special Forces Pension Plan (b)	8	17
Local Authorities Pension Plan (b)	<u>-</u>	<u>11</u>
	<u>3,897</u>	<u>3,933</u>
Obligations to pension plans for current and former employees and Members of the Legislative Assembly:		
Public Service Management (Closed Membership) Pension Plan (c)	657	657
Public Service Pension Plan (c)	178	191
Members of the Legislative Assembly Pension Plan (d)	49	58
Management Employees Pension Plan (c)	<u>32</u>	<u>51</u>
	<u>916</u>	<u>957</u>
	<u>\$ 4,813</u>	<u>\$ 4,890</u>

- (a) The Alberta Teachers' Retirement Fund Board is a trustee and administrator of the Teachers' Pension Plan. The Alberta Teachers' Retirement Fund Board operates under the authority of the Teachers' Pension Plans Act. The Act requires all teachers under contract with public and separate school jurisdictions in Alberta to contribute to the Teachers' Pension Plan.

Under the Teachers' Pension Plans Act, the unfunded liability for service credited prior to September 1, 1992 is being financed by additional contributions in the ratio of 67.35 per cent by the Province and 32.65 per cent by the teachers over the period ending August 31, 2060. In addition, for service after August 1992, the Province funds 50 per cent of any current service costs and related actuarial adjustments, including certain cost-of-living benefits.

The Act provides that payment of all benefits prior to September 1, 1992 is guaranteed by the Province.

PENSION OBLIGATIONS (continued)

- (b) Under the Public Sector Pension Plans Act, the Province has obligations for payment of additional contributions under defined benefit pension plans for employees of local authorities and post-secondary educational institutions. The three plans are the Universities Academic, Special Forces and Local Authorities pension plans.

For Universities Academic, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25 per cent of pensionable salaries by the Province, and such percentages by employers and employees as will fund equally the remaining amount as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For Special Forces, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45 per cent by the Province and 27.27 per cent each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

For Local Authorities, the December 31, 1997 actuarial valuation disclosed an actuarial surplus for service credited prior to January 1, 1992. Accordingly, additional contributions by the Province ceased effective January 1, 1998. The obligation reported at March 31, 1998 was eliminated during 1998-99. Current service costs are funded by employers and employees.

- (c) The Province administers three defined benefit pension plans for substantially all of its employees. The three plans are the Public Service Management (Closed Membership), Public Service and Management Employees pension plans. An employee can be a member of only one plan at a time.

The Public Service Management (Closed Membership) pension plan provides benefits to former members of the Public Service Management pension plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992. After all assets in the plan are exhausted, all benefits under the plan will be paid by the Province.

For Public Service, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 62.5 per cent by the Province and 18.75 per cent each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees.

For Management Employees, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 0.75 per cent for employees and such percentages by employers as will be required to eliminate the unfunded liability over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

The total pension related expenses include the following components:

	In millions	
	<u>1999</u>	<u>1998</u>
Pension expense for current service:		
Normal contributions as employer	\$ 49	\$ 44
Amortization of gains and losses, net of interest on the Province's liability	<u>(33)</u>	<u>(88)</u>
	<u>\$ 16</u>	<u>\$ (44)</u>

- (d) The Province has a liability for payment of pension benefits under a defined benefit pension plan for Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after this date. The December 31, 1997 actuarial valuation used a discount rate of 7.5 per cent and a long term inflation rate of 3.5 per cent.

OTHER ACCRUED LIABILITIES

	In millions	
	1999	1998
Guarantees, indemnities and remissions:		
Credit union assistance (a)	\$ 99	\$ 113
Guarantees (Schedule 15)	22	34
Remissions for student loans (Schedule 15)	12	10
Other	<u>127</u>	<u>126</u>
	260	283
Future funding to school boards to enable them to repay debentures issued to the Alberta Municipal Financing Corporation	994	1,110
Vacation entitlements	128	104
Other	<u>13</u>	<u>13</u>
	<u>\$ 1,395</u>	<u>\$ 1,510</u>

- (a) The Province has agreed to indemnify and fund interest to the extent necessary on \$335 million of debentures issued by S C Financial Ltd. to credit unions in exchange for stabilization preferred shares of the credit unions. The indemnity will expire on October 31, 2010.

GUARANTEES (a)

	In millions		Expiry Date
	1999	1998	
Farm Credit Stability Act (b)	\$ 298	\$ 451	2011
Alberta Housing Act	153	182	2022
Student Loan Act	74	98	Ongoing
Agriculture Financial Services Act	65	76	Ongoing
Feeder associations	46	44	Ongoing
Agricultural Societies Act (b)	5	6	2015
Rural utilities loans	4	5	Ongoing
Alberta Opportunity Fund Act	3	4	Ongoing
Centre for Frontier Engineering Research	3	3	2005
Securities Act	2	-	Ongoing
University of Calgary	1	1	2016
Banff Centre for Continuing Education	1	1	2014
Small Business Term Assistance Act	-	1	(c)
Canadian Airlines International Ltd.	-	11	(c)
Pocaterra Development Corporation	-	2	(c)
North Saskatchewan River Boat Ltd.	-	1	(c)
	<u>655</u>	<u>886</u>	
Less: Estimated liability (Schedule 14)			
Guarantees	22	34	
Remissions for student loans	<u>12</u>	<u>10</u>	
	<u>34</u>	<u>44</u>	
	<u>\$ 621</u>	<u>\$ 842</u>	

GUARANTEES (a) (continued)

- (a) Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

No new program guarantees are being issued under the Farm Credit Stability Act and Small Business Term Assistance Act.

Guarantee programs under the following Acts are ongoing:

- Student Loan Act (authorized guarantee limit set by Order in Council is \$400 million),
- Agriculture Financial Services Act,
- Feeder Associations Guarantee Act (authorized guarantee limit set by Order in Council is \$43.9 million),
- Agricultural Societies Act (authorized guarantee limit set by statute is \$50 million - no guarantees were given under this program during 1998-99),
- Rural Utilities Act,
- Alberta Opportunity Fund Act,
- Securities Act (the guarantee has no expiry date), and
- Irrigation Act (no guarantees were given under this program during 1998-99 and none are outstanding at March 31, 1999).

The lender takes appropriate security prior to issuing a loan to the borrower which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower and typically range from prime to prime plus two per cent.

- (b) The expiry date shown is the latest expiry date for guaranteed loans under the program.
- (c) Loans have expired, are in the process of realization of security, or guarantees are paid out.

LISTING OF ORGANIZATIONS

The financial statements of the following organizations are consolidated in these financial statements:

Offices of the Legislative Assembly:

Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner

Departments:

Advanced Education and Career Development (a)
Agriculture, Food and Rural Development
Community Development
Economic Development
Education (a)
Energy (a)
Environmental Protection (a)
Executive Council
Family and Social Services (a)
Health (a)
Intergovernmental and Aboriginal Affairs (a)
Justice
Labour (a)
Municipal Affairs
Public Works, Supply and Services (a)
Science, Research and Information Technology (a)
Transportation and Utilities (a)
Treasury

Revolving Funds:

Agriculture, Food and Rural Development Revolving Fund (c)
Economic Development and Tourism Revolving Fund (c)
Education Revolving Fund (b)
Environmental Protection Revolving Fund (c)
Gas Alberta Operating Fund (c)
Public Works, Supply and Services Revolving Fund (b)
Transportation Revolving Fund (c)
Treasury Revolving Fund (c)

Regulated Funds:

Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Crop Reinsurance Fund of Alberta
Environmental Protection and Enhancement Fund
Historic Resources Fund
Livestock Patrons' Assurance Fund (c)
Lottery Fund
Science and Research Fund
Utility Companies Income Tax Rebates Fund
Victims of Crime Fund

Provincial Agencies:

Agriculture Financial Services Corporation
Alberta Agricultural Research Institute
Alberta Alcohol and Drug Abuse Commission
Alberta Dairy Control Board
Alberta Energy and Utilities Board
Alberta Foundation for the Arts
The Alberta Historical Resources Foundation
Alberta Motion Picture Development Corporation (b)
Alberta Municipal Financing Corporation
Alberta Oil Sands Technology and Research Authority

LISTING OF ORGANIZATIONS (continued)

Provincial Agencies (continued):

Alberta Opportunity Company
 Alberta Pensions Administration Corporation
 Alberta Petroleum Marketing Commission
 Alberta Research Council
 Alberta Securities Commission
 Alberta Social Housing Corporation
 Alberta Special Waste Management Corporation (b)
 Alberta Sport, Recreation, Parks and Wildlife Foundation
 Calgary Region Persons with Developmental Disabilities Community Board
 Calgary Rocky View Child and Family Services Authority
 Central Region Persons with Developmental Disabilities Community Board
 Edmonton Region Persons with Developmental Disabilities Community Board
 The Government House Foundation
 Human Rights, Citizenship and Multiculturalism Education Fund
 Michener Centre Persons with Developmental Disabilities Facility Board
 Natural Resources Conservation Board
 Northeast Region Persons with Developmental Disabilities Community Board
 Northwest Region Persons with Developmental Disabilities Community Board
 Persons with Developmental Disabilities Foundation
 Persons with Developmental Disabilities Provincial Board
 South Region Persons with Developmental Disabilities Community Board
 The Wild Rose Foundation

Non-commercial Crown-controlled Corporation:

Alberta Insurance Council

The following organizations are accounted for on an equity basis in these financial statements:

Commercial Enterprises:

Alberta Gaming and Liquor Commission
 The Alberta Government Telephones Commission
 Alberta Intermodal Services Ltd. (c)
 Alberta Treasury Branches
 Credit Union Deposit Guarantee Corporation
 N.A. Properties (1994) Ltd.

Commercial Crown-controlled Corporations:

Chembiomed Ltd. (b)
 Gainers Inc.

- (a) Eliminated on May 25, 1999 as a result of government reorganization. See Note 9(b) for a list of newly created departments.
- (b) Privatized, wound up or ceased operations in 1998-99.
- (c) Privatized, wound up or ceased operations in 1997-98.

Measuring Up

ABOUT MEASURING UP . . .

This is the fifth annual *Measuring Up* report on the performance of the Government of Alberta. The results reported relate to the Government's Business Plan published as part of *Budget '98*.

PURPOSE OF THE REPORT

The report serves two purposes. First, *Measuring Up* is an accountability document required under section 10 of the *Government Accountability Act*. It provides a report to Albertans on the results achieved compared to the targets set out in the Government Business Plan. Combined with the financial results, they provide Albertans with information on financial, non-financial and program results.

Second, *Measuring Up* can help program managers improve programs and services for Albertans. By measuring and tracking results, we can look at what is working well and what is not. Information on results helps us make choices about whether to revise, retain, or drop certain policies or programs.

THE CORE MEASURES

Measuring Up contains 25 core performance measures related to 17 government goals. One measure is still under development.

Measures are reported for each of the government's three core businesses: People, Prosperity and Preservation. **The goals are taken from the 1998-2001 Government Business Plan (see Appendix II).**

For each measure, the most current available data is reported.

WHY SO FEW MEASURES?

Just as there are only a few instruments on the dashboard of a car, we have selected a few key indicators that best represent the overall performance in areas that are priorities to Albertans. Just as a car's instruments do not indicate everything about your car, the core performance measures do not tell us everything about the government's performance. They do however, provide a rough measure of the progress Alberta is making in key areas such as the economy, health, justice and the environment. Most of the 25 core measures also have supplemental information to help the reader's understanding of the results.

MINISTRY MEASURES

Each government ministry has a set of key performance measures that relate to their business plan goals and objectives. Ministry measures provide more detailed information on specific program performance and can help diagnose problem areas. These measures are reported in ministry annual reports released in the fall of each year. They provide information on results achieved in ministry programs and services, and provide further context for *Measuring Up*. A compilation of key ministry measures as they relate to the government's goals is found in Appendix III.

NEW FOR THIS YEAR

- The methodology for each of the core measures has been moved to Appendix I.
- In previous reports, the key strategies that ministries employ in pursuit of the various goals were listed throughout the report. To reduce duplication, these strategies are now presented in the Government Business Plan included as Appendix II.
- New targets have been established for **Skill Development** (to increase productivity) and **Taxation Load** (to maintain the lowest tax load on persons and the lowest provincial income tax rate in Canada).
- **Resource Wealth** has been dropped as a core measure, but is presented as supplemental information under **Gross Domestic Product**.
- **Serious Youth Crime** has been dropped as a core measure, but is presented as supplemental information under **Crime Rate**.
- A core measure for **Albertans Needing Help** remains under development.

NEW FOR NEXT YEAR

This report also contains six proposed new measures that will be reported on in next year's report. These new measures, five of which replace existing measures, are presented as baseline information. The six new measures are:

- Economic Status of Children
- Educational Attainment
- Skill Development
- Value-Added Industries
- Business Innovation
- Accumulated Debt

AN INVITATION TO RATE OUR PERFORMANCE

After reading *Measuring Up*, please tell us what you think about it. A readership survey is provided for you to mail or fax to us. You can also contact us by e-mail at measuringup@treas.gov.ab.ca.

Measuring Up

PERFORMANCE SUMMARY

This report provides information on the Alberta government's progress in relation to its goals in each of the three core businesses: People, Prosperity and Preservation.

For 1998-99, the government's agenda focused on:

- maintaining fiscal responsibility and paying down debt;
- reinvesting wisely in Albertans' priorities;
- people development - with a strong focus on children and education;
- addressing pressures from a growing economy and population, and
- strengthening Alberta's economic and tax advantages.

This agenda was reflected in the government's 1998-2001 business plan goals, priorities and strategies. Fiscal responsibility continued to be a top priority of government. Targeted reinvestments in health, education and infrastructure were made to address growth pressures and improve services. Taxes were reduced and Alberta's economy continued to grow and create more jobs for Albertans.

The following are the highlights of areas where good results have been achieved and other areas where improvement is needed.

Good results have been achieved in . . .

- **Life Expectancy at Birth** - Albertans have among the highest life expectancies in the world.
- **Births to Mothers Under Age 18** - The birth rate for Alberta females under age 18 dropped by 41% between 1991 and 1998.
- **Literacy and Numeracy Levels** - 87% of Alberta grade 9 students writing the provincial achievement test in 1998 met the acceptable standard in language arts, bettering provincial expectations.
- **Family Income Distribution** - The percentage of Alberta families with incomes less than \$20,000 remained constant at 9.1% in 1997, bettering the target of 10%.
- **Job Growth** - 57,100 net new jobs were created in 1998. The four year target is 155,000 new jobs by December 2000.
- **Cost of Government** - Alberta government per capita expenditure decreased slightly to 91% of the average per capita expenditure of the other nine provinces.
- **Taxation Load** - Alberta's provincial tax load on persons is the lowest in Canada.
- **Provincial Credit Rating** - Alberta's blended credit rating was the highest of all Canadian provinces.
- **Net Debt** - By the end of 1998-99, net debt (excluding pension obligations) was reduced to \$63 million.
- **Air Quality** - No days of poor air quality were reported in 1998.

Areas for improvement include . . .

- **Literacy and Numeracy Levels** - In 1998, 71% of grade 9 students writing the mathematics achievement test attained the acceptable standard, well below provincial expectations of 85%.
- **Births to Mothers Under Age 18** - Alberta's rate in 1997 was 26.2% higher than the Canadian average.
- **Adoption of New Technologies** - Alberta business funding of research and development was at 6.9% of Canadian business funding in 1995, still well below our target of 11.1%.
- **Taxation Load** - Alberta's basic personal income tax rate is the second lowest in Canada behind Ontario.
- **Workplace Climate** - The rate of person days lost to injuries and disease increased by 5.9% in 1998.
- **Crime Rate** - In 1997, Alberta's violent crime rate was 9.3% above the Canadian average.
- **Resource Sustainability** - The production of natural gas continues to exceed the rate of replacement. Alberta's remaining supply of established reserves declined from 10 years to 9 years in 1998.
- **Water Quality** - Water quality guidelines for bacteria and nutrients were frequently not met downstream from Calgary, Edmonton and Lethbridge. In addition, guidelines for nutrients were frequently not met in the Athabasca River at Old Fort, impairing recreational use.

CHANGES IN RESULTS FROM PREVIOUS YEAR

The table on page 5 summarizes the changes in results from the 1997-98 report for the 25 core measures. References to business plan targets are provided as information only. The 25 core measures are grouped according to the 17 business plan goals and the government's three core businesses: People, Prosperity and Preservation.

Implementation of Alberta's performance measurement system is a work in progress. We recognize that to serve the public's information needs well and to assist decision makers in their public policy and budget deliberations, we need to continuously improve the system.

LOOKING AHEAD

In addition to reporting to Albertans on the results achieved, one of the purposes of *Measuring Up* is to assist government in making choices, developing business plans, and improving programs and services for Albertans.

The results from this year's *Measuring Up* report will provide important information for updating and revising government and ministry business plans for 2000-03. Albertans can expect to see many of the areas for improvement highlighted in future business plans with appropriate strategies in place.

The 2000 edition of *Measuring Up* will represent a further improvement in performance measurement. Measures will have been created to address each of the government's 17 goals.

Changes in Results from Previous Year*

People

Goals	Measures	Results
Albertans will be healthy.	Life Expectancy at Birth —	In 1997, life expectancy among females was 6 th highest (81.3 years) and for males 5 th highest (76.1 years) in the world.
	Health Status —	No change in percentage rating their health as either fair or poor. Second lowest rating of fair or poor health among provinces.
Our children will be well cared for and safe.	Births to Mothers under Age 18 ↑	In 1998, Alberta's teen birth rate declined 3.6%, but remains above the national average.
Alberta students will excel.	Educational Attainment ↑	High school completion rate increased to 70%, but did not meet our target of 75%.
Albertans will be independent.	Literacy and Numeracy Levels —	87% achieved the language arts standard. 71% the mathematics standard, below our expectations of 85%.
	Family Income Distribution —	The percentage of families with total income below \$20,000 remained constant at 9.1%, bettering the target of 10%.
	Albertans Needing Help	Measure under development.
Albertans not expected to support themselves fully will receive help.		

Prosperity

Goals	Measures	Results
Alberta will have a prosperous economy.	Gross Domestic Product ↓	Three-year average annual GDP growth of 5.0% is down from 6.3% last year, but still within target range of 4-6%.
	Job Growth ↑	57,100 net new jobs created in 1998 (target of 155,000 jobs by December 2000).
Our workforce will be skilled and productive.	Skill Development ↓	Productivity fell by 3.5% to \$67,500 per employed person in 1998.
Our businesses will capitalize on research.	Adoption of New Technologies —	Alberta business spending on R&D at 6.9% of Canadian business spending in 1995, well below our target of 11.1%.
Alberta will have effective and efficient infrastructure.	Infrastructure Capacity —	Fewer primary highways subject to spring road bans. Export gas pipeline capacity exceeded demand. R&D spending was down.
	Cost of Government ↑	Per capita spending decreased slightly to 91% of the average of the other nine provinces, bettering the target of 95%.
Alberta will have a financially stable, open and accountable government.	Taxation Load —	Lowest overall tax burden on persons, and second lowest basic personal income tax rate after Ontario.
	Provincial Credit Rating ↑	Highest credit rating among Canadian provinces.
	Net Debt ↑	Net debt, excluding pension obligations, fell to \$63 million.
Alberta will have a fair and safe work environment.	Workplace Climate —	Rate of person-days lost to disputes fell significantly to 1.8 in 1998. Rate of person-days lost to injuries increased by 5.9%.
Alberta businesses will increase exports.	Export Trade ↓	International commodity exports fell to \$30.5 billion in 1998.

Preservation

Goals	Measures	Results
Alberta will be a safe place to live and raise families.	Crime Rate —	In 1997, both violent and property crime rates were above the Canadian average by 9.3% and 4.5% respectively.
Alberta's natural resources will be sustained.	Resource Sustainability —	Timber harvest below annual allowable cut. Remaining years of supply of established reserves of gas continues to decline while oil reserves increased slightly over the previous year. Land productivity increased to 0.89 tonnes/acre.
The high quality of Alberta's environment will be maintained.	Air Quality —	Target met of no days rated at poor or very poor air quality.
	Water Quality —	River water quality is still generally "good" to "fair"; however, water quality continues to be poorer downstream of areas of significant urban, industrial, or agricultural development.
	Land Quality ↑	Land productivity increased to 0.89 tonnes/acre in 1998.
Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.	Heritage Appreciation —	Visitation to natural and historic sites has remained relatively constant over the past few years.
Alberta will work with other governments to maintain its strong position in Canada.	Intergovernmental Relations —	Alberta's approval rating in federal-provincial relations remained significantly higher than that of the four province average.

*

↑	Improved performance
—	No significant change from previous year
↓	Declining performance

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Core Performance Measures

TO THE MEMBERS OF THE LEGISLATIVE ASSEMBLY

I have performed the following procedures in connection with the Province of Alberta's set of core measures included in the *Government of Alberta Annual Report* for the year ended March 31, 1999:

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations which converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit of the set of core measures and therefore I express no opinion on the set of core measures included in the *Government of Alberta Annual Report* for the year ended March 31, 1999.

[original signed]

Peter Valentine, FCA
Auditor General

Edmonton, Alberta
June 17, 1999

People

Helping people to be self-reliant, capable and caring through:

- a healthy society and accessible health care
- basic support and protection for those in need
- lifelong learning
- excellent schools, colleges, universities and training institutes
- supportive families and compassionate communities

There are five government goals for the People core business and seven People performance measures, including **Albertans Needing Help** which is under development. **Overall, two measures showed improved performance and four remained unchanged.** The following are the 1998-99 performance highlights for these six *People* measures.

MEANING OF SYMBOLS

- ↑ improved performance
- no significant change in performance from previous year
- ↓ declining performance

PERFORMANCE HIGHLIGHTS

- **Life Expectancy at Birth** - Alberta has among the highest life expectancies in the world. In 1997, life expectancy remained at 81.3 years for females, sixth highest in the world and increased slightly to 76.1 years for males, fifth highest in the world.
- **Health Status** - Between 1996 and 1999 there has been no significant change in the percentage of Albertans who rated their health as either poor or fair.
- ↑ **Births to Mothers under Age 18** - The rate of births to young women in Alberta has declined 41% between 1991 and 1998. The gap between Alberta's rate and the Canadian rate has also narrowed.
- ↑ **Educational Attainment** - The percentage of students graduating from high school within 6 years of entering grade 9 increased to 70%.
- **Literacy and Numeracy Levels** - In 1998, grade 9 language arts results remained above provincial expectations of 85%. 71% of students achieved the acceptable standard for mathematics.

- **Family Income Distribution** - The percentage of families with incomes less than \$20,000 remained constant at 9.1% in 1997, bettering our target of 10%.

OPPORTUNITIES FOR IMPROVEMENT

- **Life Expectancy at Birth** - Heart disease, cancer, injuries and respiratory disease are still the major causes of death in Alberta. Death rates from cancer have remained virtually unchanged since 1987.
- **Births to Mothers under Age 18** - While births to young women have declined steadily since peaking in 1991, Alberta's birth rate remains above the Canadian average.
- **Educational Attainment** - The percentage of students who complete high school within six years of entering grade 9 is still below our target of 75%.
- **Literacy and Numeracy Levels** - The percentage of students achieving the acceptable standard for mathematics remains well below expectations.

Life Expectancy at Birth

GOAL 1 - ALBERTANS WILL BE HEALTHY

TARGET The life expectancy of Albertans will be among the highest in the world. In 1996, Japan had the highest life expectancy for both females (83.6 years) and males (77 years).

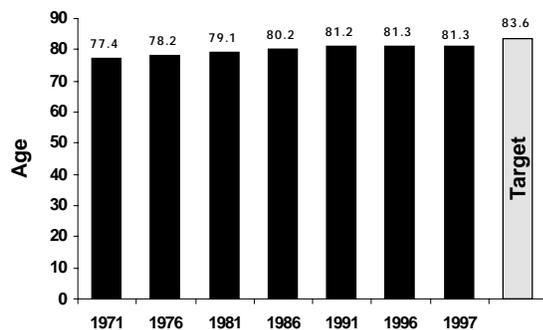
RESULTS In 1997, the life expectancy of Alberta females was 81.3 years and for males it was 76.1 years, among the highest in the world.

Life Expectancy at Birth is an estimate of the number of years that a person born in that year will live, based upon current mortality statistics. Life expectancy is a universally recognized indicator of the health of a population.

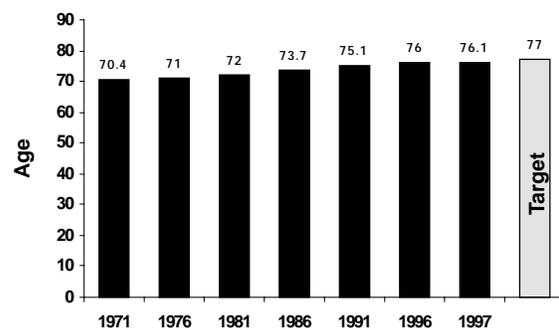
Long life expectancy is related to access to health care, a healthy diet, and protection from the effects of environmental, workplace or other hazards that would shorten lives (see also *Air Quality, Water Quality* and *Workplace Climate* measures). International comparisons have shown that life expectancy is also related to national wealth and economic development, the quality of the health care system and individual socio-economic status.

Life expectancy is strongly affected by infant mortality and the four major causes of death: heart disease, cancer, respiratory disease and injuries (see supplemental information). Reducing mortality rates from these factors will increase overall life expectancy for all Albertans.

FEMALES



MALES



Source: Alberta data: Statistics Canada, Cat. No. 82-001, 82-003, 91-209 and 84-210; 1997 data: Alberta Health estimates; Japanese data from the United Nations, Demographic Yearbook, 1997.

Note: Targets are based on 1996 Japanese life expectancies.

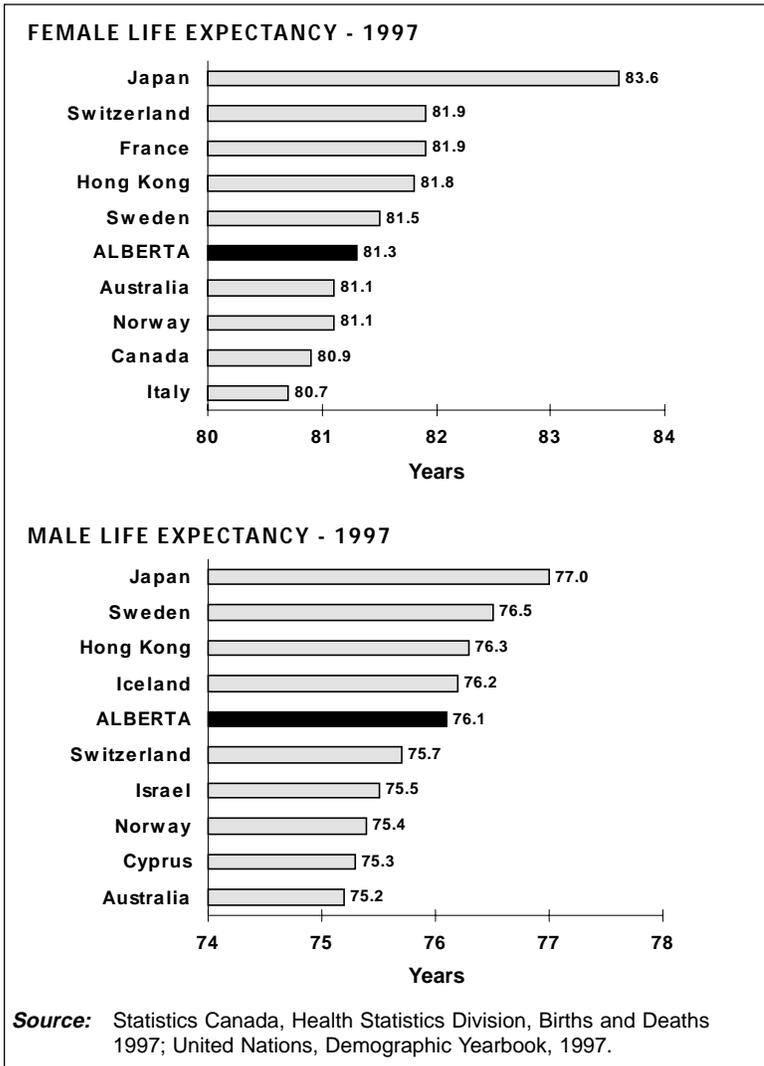
For more information, see the related ministry measures listed in Appendix III.

Life Expectancy at Birth

SUPPLEMENTAL INFORMATION

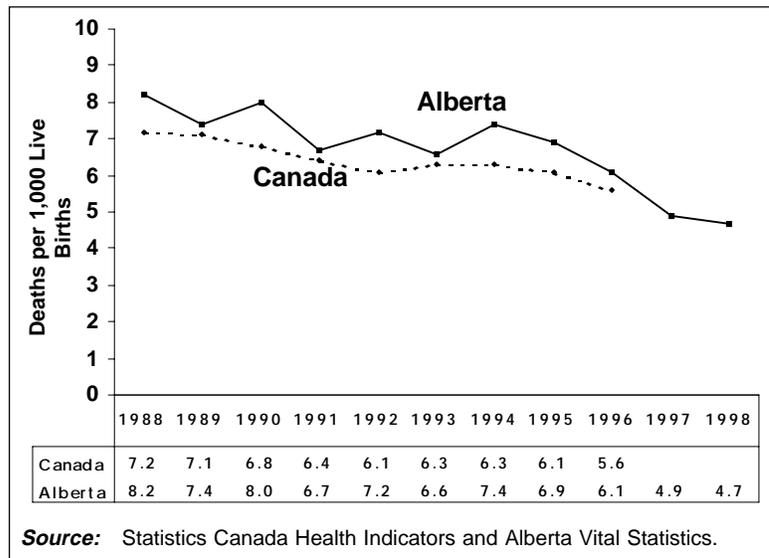
Life Expectancy: Top Countries and Alberta

Life expectancy for Alberta women is the 6th highest in the world, while life expectancy for men is the 5th highest.



Infant Mortality (Per 1,000 Live Births)

The rate of infant mortality continues to drop. Over the past 10 years, it has decreased 42% in Alberta.



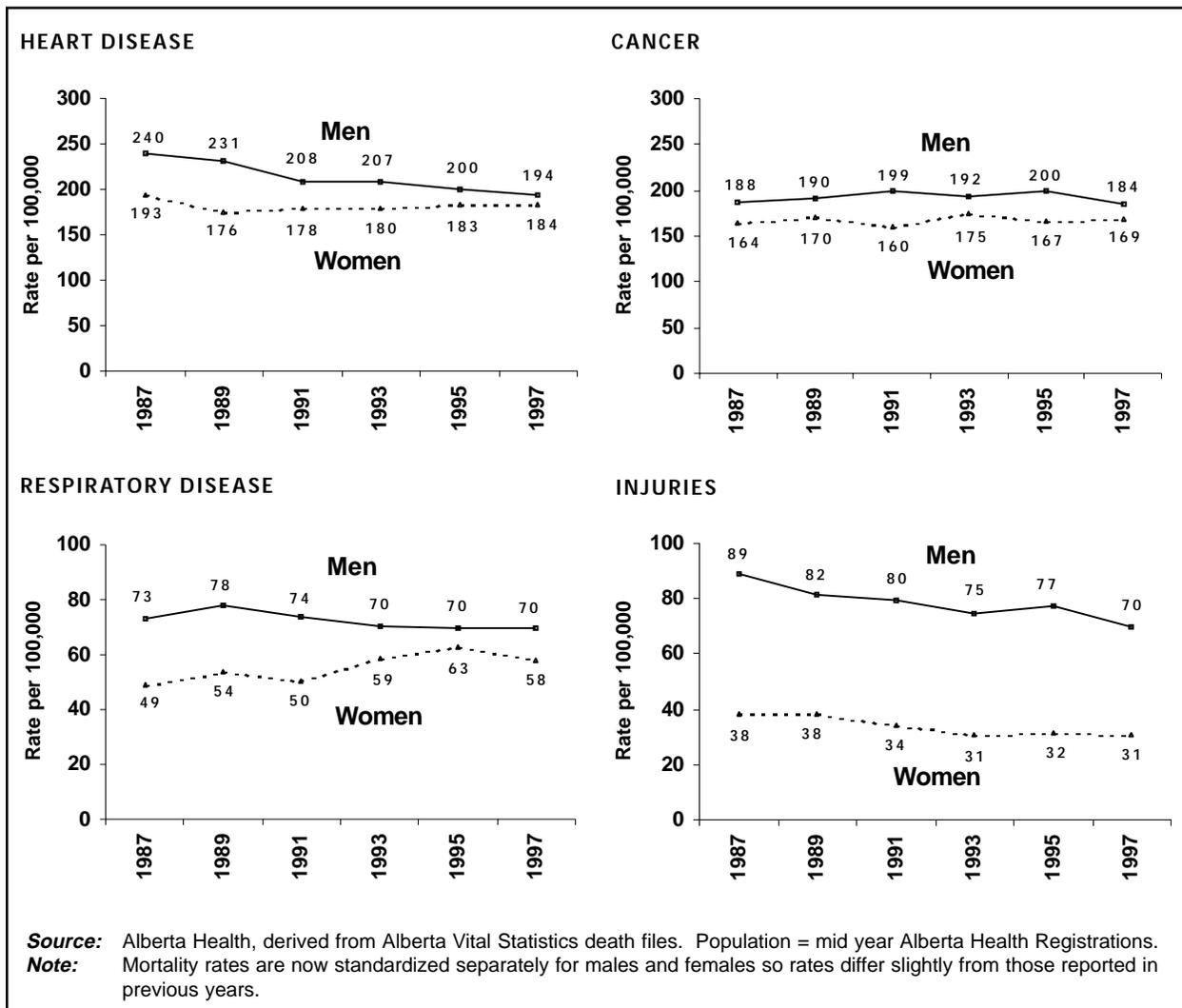
Life Expectancy at Birth

SUPPLEMENTAL INFORMATION

Major Causes of Death in Alberta (Standardized Mortality Rates per 100,000 Population)

The four major causes of death in Alberta are heart disease, cancer, respiratory disease and injuries.

Over the past 10 years, deaths from heart disease have declined for men, while deaths from injuries have been declining for both sexes. Over the same period, deaths from respiratory disease have increased for women.



Health Status

GOAL 1 - ALBERTANS WILL BE HEALTHY

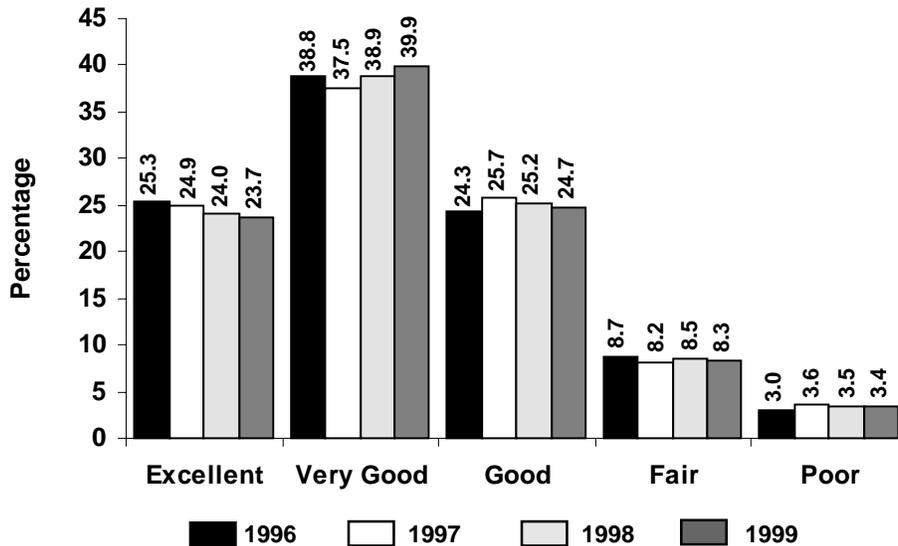
TARGET Reduce the percentage of Albertans who rate their health status as only fair or poor.

RESULTS Over the past four years, there has been essentially no change in the percentage of Albertans rating their health as either fair or poor.

Self-reported health status is a good indicator of the health and well-being of Albertans and is becoming accepted across Canada as a means of reporting on population health. This measure reports the degree to which Albertans feel healthy compared to others their own age. How people rate their own health is affected by a variety of factors including chronic disease, disability, temporary illness and mental health. More older Albertans report poor to fair health than younger Albertans.

We also want to have the lowest percentage of residents reporting fair or poor health status compared with other provinces. In 1996-97, Alberta tied British Columbia for third place behind Newfoundland and Quebec as having the lowest percentage of residents reporting either poor or fair health.

ALBERTANS' HEALTH STATUS COMPARED TO OTHERS THEIR OWN AGE



Source: Annual Alberta Health Survey (1999 data is preliminary).

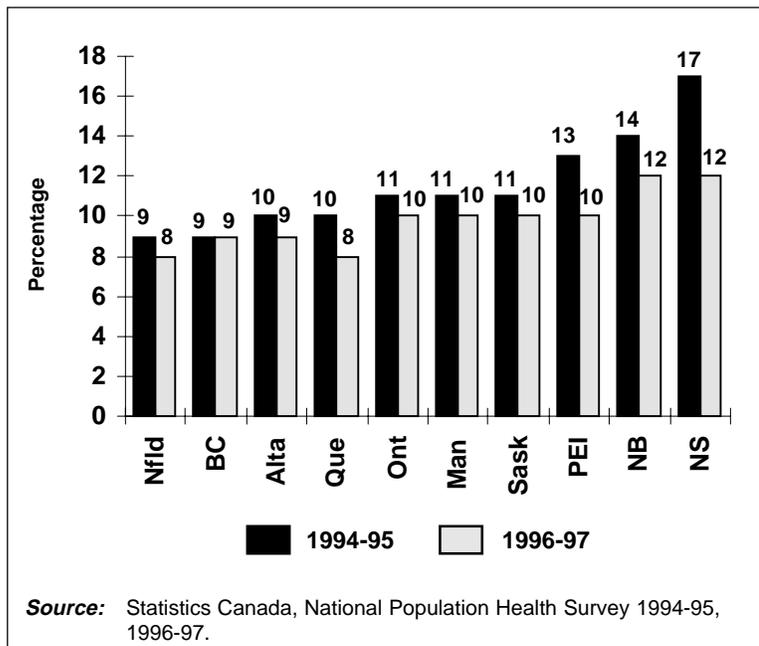
For more information, see the related ministry measures listed in Appendix III.

Health Status

SUPPLEMENTAL INFORMATION

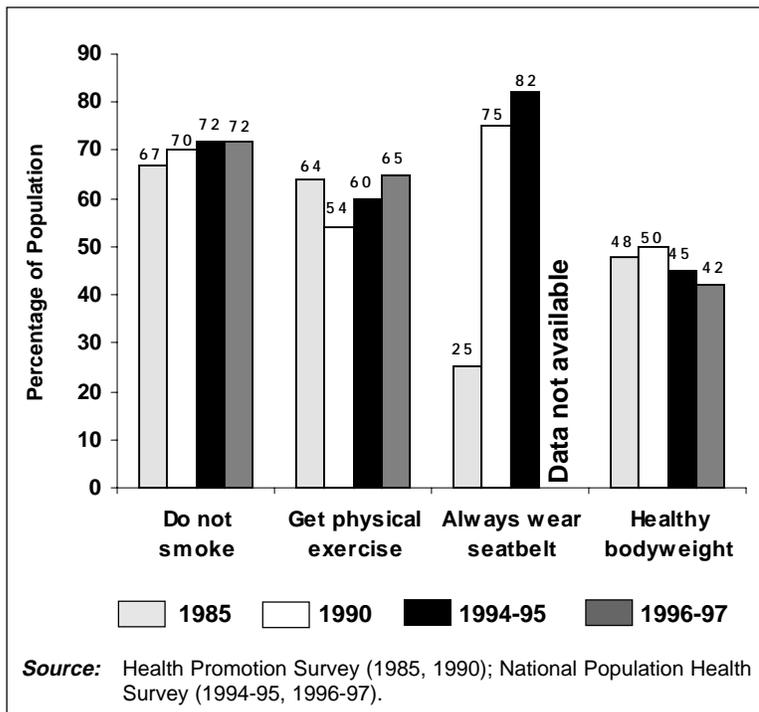
Fair or Poor Health Status by Province

Fewer Canadians, with the exception of residents of British Columbia, reported being in fair or poor health in 1996-97 compared to 1994-95. Alberta had the third lowest percentage of people rating their health as either fair or poor.



Percentage of Albertans Participating in Healthy Behaviour

Healthy lifestyles contribute to longevity and improved quality of life. This chart shows the percentage of Albertans who reported participating in healthy behaviour.



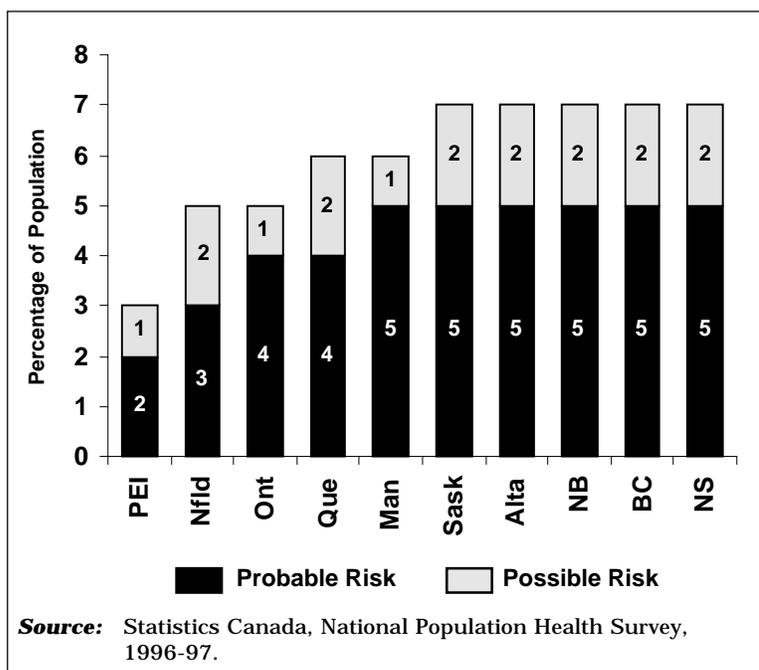
Health Status

SUPPLEMENTAL INFORMATION

Risk of Clinical Depression by Province, 1996-97

Mental health is an important component of overall wellness, and depression is one of the more common mental health ailments. Even mild depression can be a disabling condition. Some depressed people require hospitalization and are at higher risk for suicide.

This graph shows the combined total of possible and probable risk for depression among persons 12 years and over, by province. These results indicate that in 1996-97 about 7% of Albertans may have suffered from depression at some time during the year.



Births to Mothers Under Age 18*

GOAL 2 - OUR CHILDREN WILL BE WELL CARED FOR AND SAFE

TARGET Reduce the rate of births to mothers under the age of 18 to the national average by the year 2005.

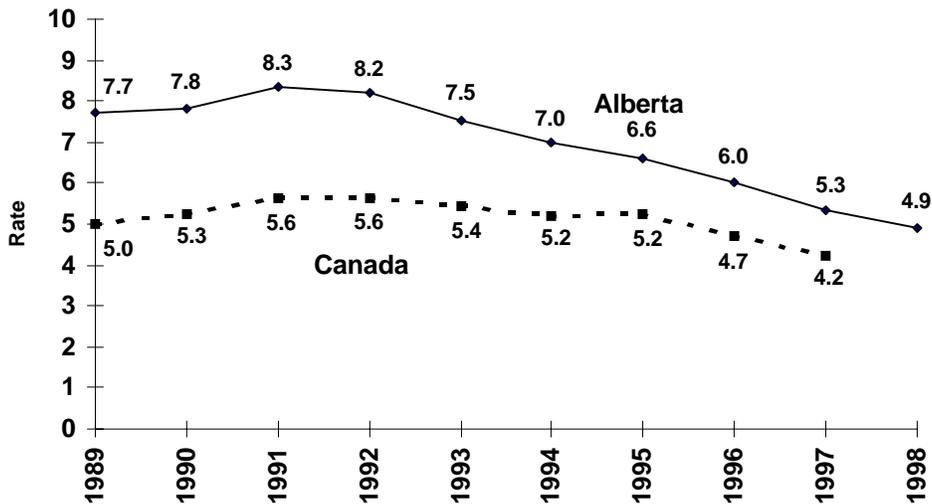
RESULTS The gap between Alberta's rate and the national average is narrowing somewhat, but it was 26.2% above the national rate in 1997.

The rate of births to mothers under the age of 18 in Alberta declined by 41% between 1991 and 1998. Children born to young mothers face the risk of a difficult start to life. Studies show that young mothers are less likely to complete high school, are more likely to form single parent households and many are at risk of becoming dependent upon welfare. The majority of Alberta's low-income families are single parent families and those headed by a female have an

average income about 44% less than male single parent families (see chart on following page). Children born to young mothers are therefore more likely to experience poverty than children in two-parent or male single parent families.

In 1997, the total number of births to mothers under the age of 18 was 884 in Alberta. This represents a 27% decline from 1991.

BIRTHS TO MOTHERS UNDER AGE 18
(RATE PER 1,000 FEMALES AGED 10-17)



Source: Alberta Treasury, derived from Alberta Vital Statistics birth data and Statistics Canada population data.

* This measure will be replaced by a new measure in next year's report. A one page summary of the new measure is presented on page 61.

For more information, see the related ministry measures listed in Appendix III.

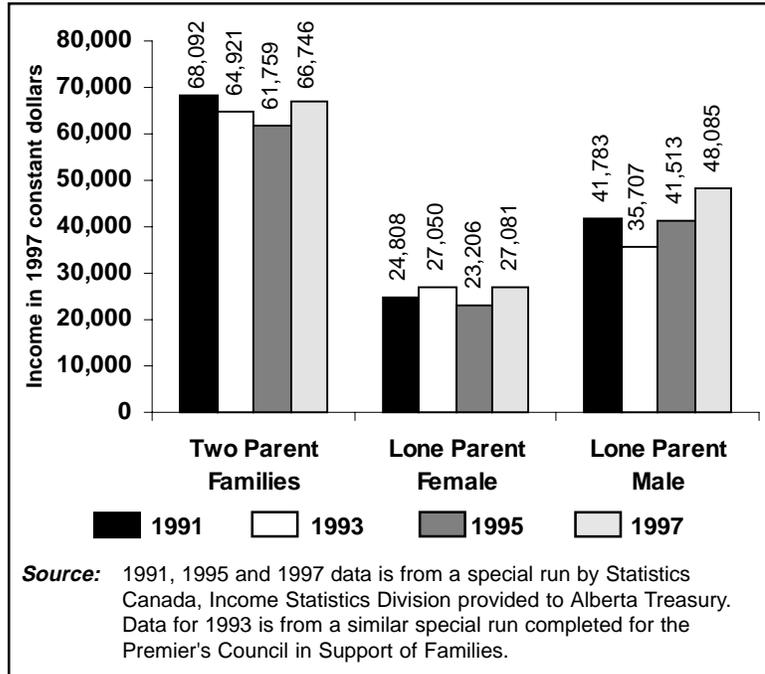
Births to Mothers Under Age 18

SUPPLEMENTAL INFORMATION

Average Annual Income of Alberta Families with Children

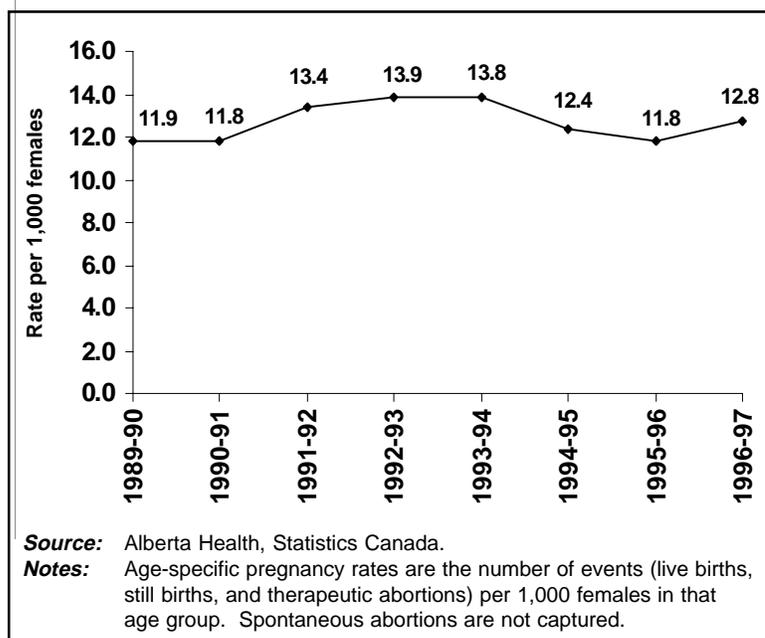
(Constant 1997 Dollars)

In 1997, the average income of lone-parent families headed by women was 41% of two parent families. In Alberta, there are about five times as many lone-parent families headed by women as headed by men.



Alberta Pregnancy Rate for Females Aged 10 - 17

This rate remained relatively constant from 1990 through 1997.



NEW MEASURE FOR NEXT YEAR

Economic Status of Children

This will appear as a new core measure in next year's report, replacing the core measure Births to Mothers Under Age 18.

At the time the 1998-2001 Government Business Plan was published in February 1998, this measure had not yet been developed. Therefore, it is presented here as baseline information only. The full measure will be included in next year's report.

WHY A NEW MEASURE?

Goal #2 has been expanded to read "Our children will be well cared for, safe, successful at learning and healthy" consistent with the *Alberta Children's Initiative: An Agenda for Joint Action*. Examining the percentage of Alberta children living in families with incomes above the relevant Market Basket Measure (MBM) low income threshold, is an appropriate core measure for this revised children's goal as low income affects children and their families in negative ways.

Children who live in poverty are at greater risk of experiencing problems such as illness, behaviour and learning difficulties, and family violence.

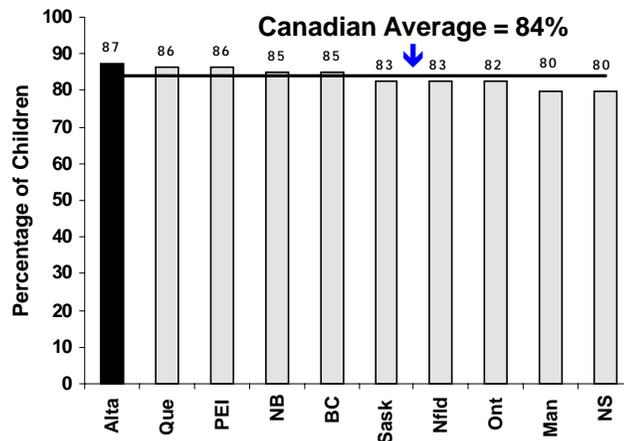
While many children from low income families do well, some of those who begin life as disadvantaged children never realize their full potential. We want to increase the percentage of children living above this low income threshold.

THE NEW MEASURE

Alberta is working with its Social Union partners to improve the standard of living of all Canadian children living in poverty. The new MBM of low income is expected to help assess progress towards this goal by adding to a better understanding of poverty in conjunction with existing measures.

The MBM of low income, now in the final stages of development, calculates income thresholds at which a family has sufficient income to cover the costs of food, clothing, shelter and other expenditures deemed necessary for all Canadians. Geographic differences in costs are reflected. These costs, by family size, are then compared to family income available for consumption.

PERCENTAGE OF CHILDREN LIVING ABOVE THE MBM LOW INCOME THRESHOLD



Source: Human Resources Development Canada - 1996.

Note: Preliminary data only.

Educational Attainment*

GOAL 3 - ALBERTA STUDENTS WILL EXCEL

TARGET Increase to 75% the percentage of students entering grade 9 who complete high school within six years.

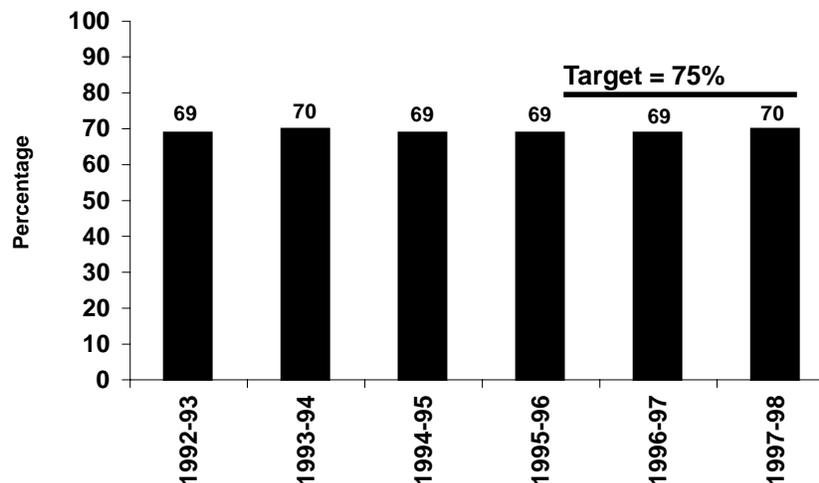
RESULTS In 1997-98, the percentage of students completing high school within six years was 70%, up slightly from previous years.

This measure tracks the percentage of students entering grade 9 who complete high school within six years (students accepted into a post-secondary institution directly from high school without receiving a diploma are also included). Completing high school provides young people with the basic knowledge and skills they require to become independent (see also *Literacy and Numeracy Levels*). High school graduation is often a prerequisite for post-secondary education, and high school graduates have much lower unemployment rates than students who do not complete high school.

Completion rates reflect students' educational experience over time; therefore, the effect of recent initiatives to improve completion rates have not yet worked through the system. Recent initiatives are intended to help young students succeed in early grades and prevent failure, which contributes to students leaving school early.

We also want our students to excel in terms of academic achievement. The performance of Alberta students on national and international achievement tests is included as supplemental information.

PERCENTAGE OF STUDENTS COMPLETING HIGH SCHOOL WITHIN 6 YEARS OF ENTERING GRADE 9



Source: Alberta Education.

* This measure will be replaced by a new measure in next year's report. A one page summary of the new measure is presented on page 66.

For more information, see the related ministry measures listed in Appendix III.

Educational Attainment

SUPPLEMENTAL INFORMATION

School Achievement Indicators Program (SAIP)

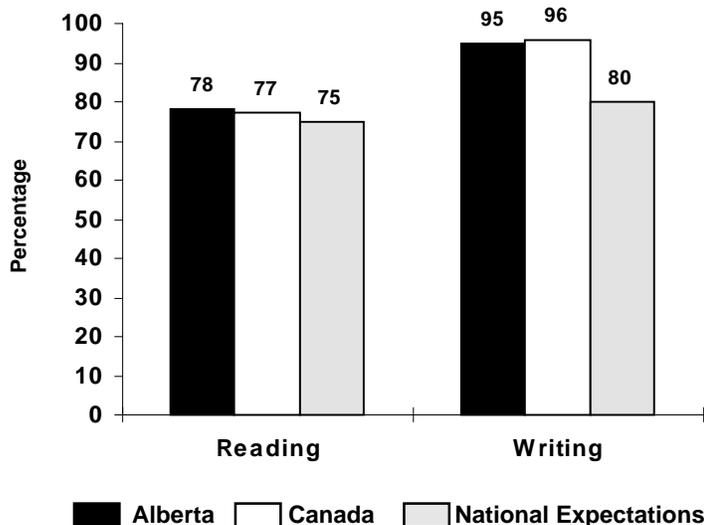
1998 Reading and Writing Assessment

SAIP tests are designed to measure cross-Canada learning expectations. The SAIP tests a representative sample of 13 and 16 year old students in each province and territory in language arts, mathematics and science every three years.

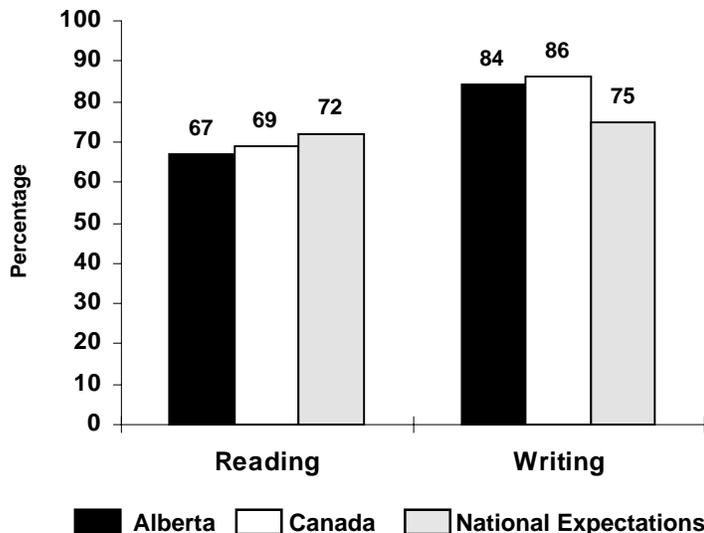
In 1998, students were tested in reading and writing. These graphs indicate the percentage of students meeting or exceeding national expectations. There were no significant differences between Alberta and Canadian student results.

The SAIP assessments are developed with extensive involvement of classroom teachers and government education personnel across the country. The test results review process also allows for input from other educators, as well as representatives of business and community groups.

AGE 13 - PERCENTAGE OF STUDENTS AT OR ABOVE LEVEL 2



AGE 16 - PERCENTAGE OF STUDENTS AT OR ABOVE LEVEL 3



Source: Council of Ministers of Education, Canada 1998.

Note: These graphs present results from the SAIP. The graphs show the percent meeting or exceeding standards. Results are reported in relation to five levels of achievement. Level 2 is the age 13 standard and Level 3 is the age 16 standard.

Alberta 13 year olds performed significantly better than Canadian 13 year olds at levels 4 and 5 of the writing assessment.

Educational Attainment

SUPPLEMENTAL INFORMATION

The Third International Mathematics and Science Study (TIMSS) Results

The Third International Mathematics and Science Study, conducted between 1994 and 1996, included almost half a million students. Forty countries participated in the Grade 8 TIMSS, 26 countries in the Grade 4 TIMSS and 24 in the Population Three TIMSS (final year of high school). Strict guidelines ensured that students tested were representative of each country. In Alberta, 2,241 students participated in the Grade 8 study, 2,017 in Grade 4 and 1,533 in the population three study (Grade 12). Alberta oversampled so that provincial data could be compared to Canadian and international data.

This table compares Alberta and Canada student performance to that of students in other G-8 countries. Alberta results compare favourably with those of the G-8 countries.

	Grade 4 Math	Grade 4 Science	Grade 8 Math	Grade 8 Science	Pop. Three Math	Pop. Three Physics	Pop. Three Math and Science Literacy
Alberta	★	★	★	★	★	=	★
Canada	=	★	★	★	★	=	★
England	↓	★	=	★			
France			★	↓	★	↓	=
Germany			=	★	↓	=	=
Italy					↓		↓
Japan	★	★	★	★			
Russia			★	★	★	=	↓
United States	★	★	↓	★	↓	↓	↓

LEGEND	
★	Scored significantly higher than international average.
=	Scored essentially the same as international average.
↓	Scored significantly lower than international average.
	Blank cell indicates country did not participate in particular TIMSS test.

Source: Third International Mathematics and Science Study TIMSS - Canada Report, Vol. 4: Senior Secondary; Executive Summary, 1998.

NEW MEASURE FOR NEXT YEAR

Educational Attainment

This will appear as a new core measure in next year's report, replacing the core measure for Educational Attainment.

At the time the 1998-2001 Government Business Plan was published in February 1998, this measure had not yet been developed. Therefore, it is presented here as baseline information only. The full measure will be included in next year's report.

WHY A NEW MEASURE?

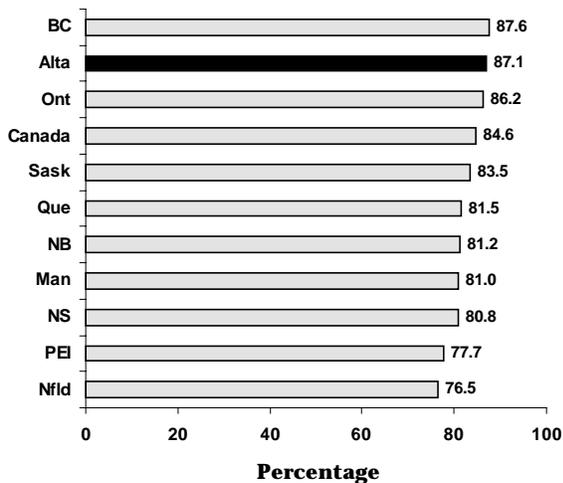
The current measure may understate high school completion rates as many young people take longer to achieve high school equivalency. According to a Statistics Canada study, many additional young people achieve high school equivalency by the age of 24. This new measure

will capture those who take longer to complete and provide information on those completing a post-secondary education.

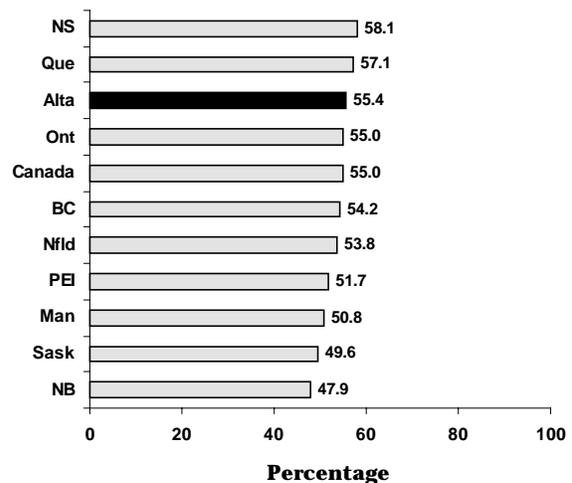
THE NEW MEASURE

There is no system to track young people achieving high school equivalency through either the secondary or post-secondary systems. Labour Force survey information will be used to track the percentage of the population aged 25 to 44 who have either completed high school or a post-secondary education and compare Alberta to other provinces. Those aged 25-44 have been selected as they are the group most likely to reflect the effects of Alberta's education system.

PERCENTAGE OF POPULATION AGED 25-44 WITH HIGH SCHOOL COMPLETION (1998)



PERCENTAGE OF POPULATION AGED 25-44 WITH POST-SECONDARY COMPLETION (1998)



Source: Statistics Canada, Labour Force Survey.

Literacy and Numeracy Levels

GOAL 4 - ALBERTANS WILL BE INDEPENDENT

TARGET 85% of Grade 9 students are expected to achieve the acceptable standard on provincial achievement tests in mathematics and language arts.

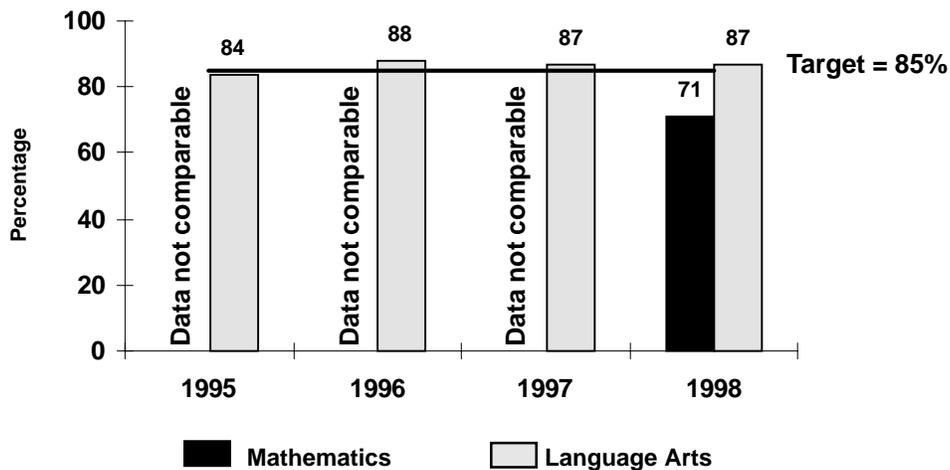
RESULTS The percentage of Alberta students writing the test who achieved the acceptable standard in Grade 9 language arts in 1998 was 87%, surpassing provincial expectations. In mathematics, 71% of students achieved the acceptable standard.

Part of helping Albertans become independent is ensuring that they have the knowledge and skills necessary to participate in a changing economy and workforce. An essential component of this is having the necessary literacy and numeracy skills to function in society (see also *Educational Attainment* supplemental information).

We have chosen to use the percentage of Grade 9 students achieving the acceptable standards on

provincial achievement tests in mathematics and language arts, as adult literacy surveys are not conducted regularly. Students who achieve the acceptable standard have the necessary competencies to become literate and numerate. New standards for the mathematics test were set in 1998 to reflect the revised curriculum; consequently, prior years results are no longer comparable.

PERCENTAGE OF GRADE 9 STUDENTS ACHIEVING THE ACCEPTABLE STANDARD



Source: Alberta Education.

For more information, see the related ministry measures listed in Appendix III.

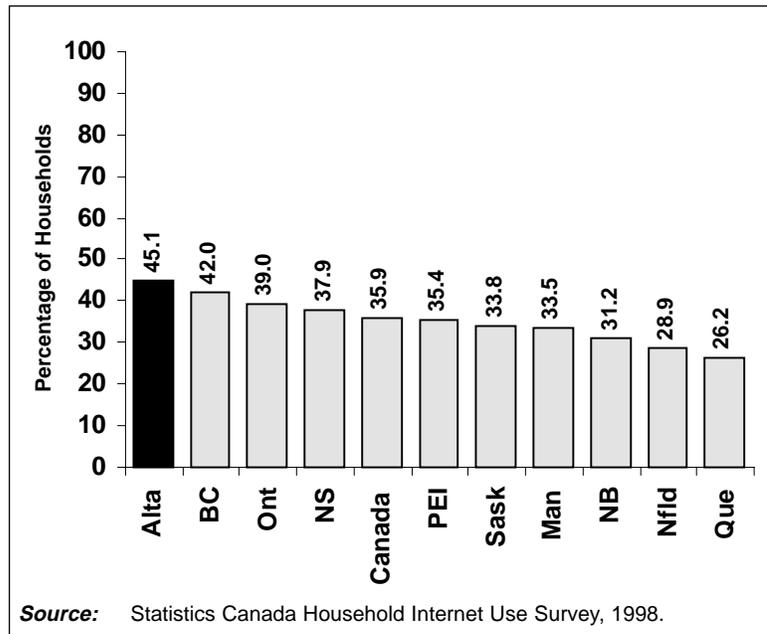
Literacy and Numeracy Levels

SUPPLEMENTAL INFORMATION

Internet Use by Households - 1998

Although internet use does not require computer proficiency, it does indicate a certain level of ability to use computers and access the internet.

This graph shows the percentage of households with at least one member using the internet from any location.



Family Income Distribution

GOAL 4 - ALBERTANS WILL BE INDEPENDENT

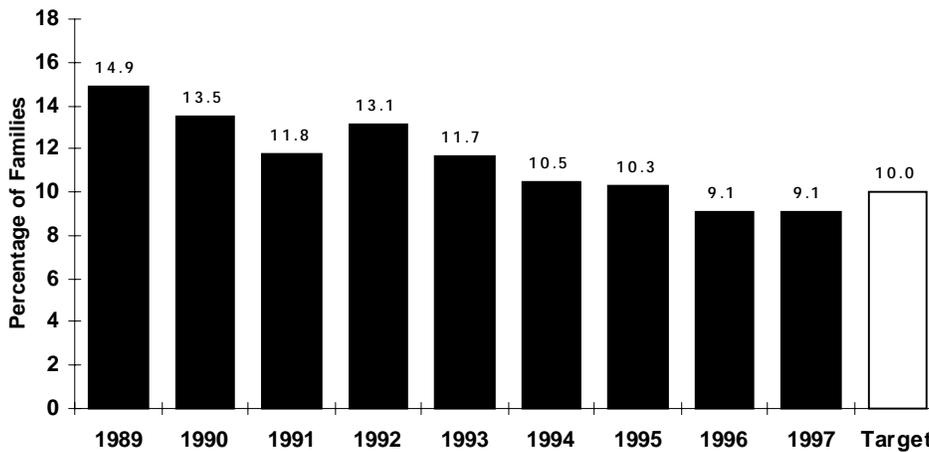
TARGET Reduce the percentage of households with family income under \$20,000 to 10 percent by the year 2000.

RESULTS The percentage of Alberta family households with income less than \$20,000 (in current dollars) stayed constant in 1997 at 9.1% bettering the target of 10%.

The average income of families and the distribution of income among various income groups is an indicator of the relative financial well-being of Albertans. This measure provides information on the incidence of low income among Alberta families and the income distribution of families.

Economic family income is defined as income from all sources received by all family members 15 years of age and over, sharing a common dwelling unit and related by blood, marriage (including common-law relationships) or adoptions.

PERCENTAGE OF ALBERTA FAMILIES WITH INCOME UNDER \$20,000



Source: Statistics Canada, Cat. No. 13-207, Table 2.

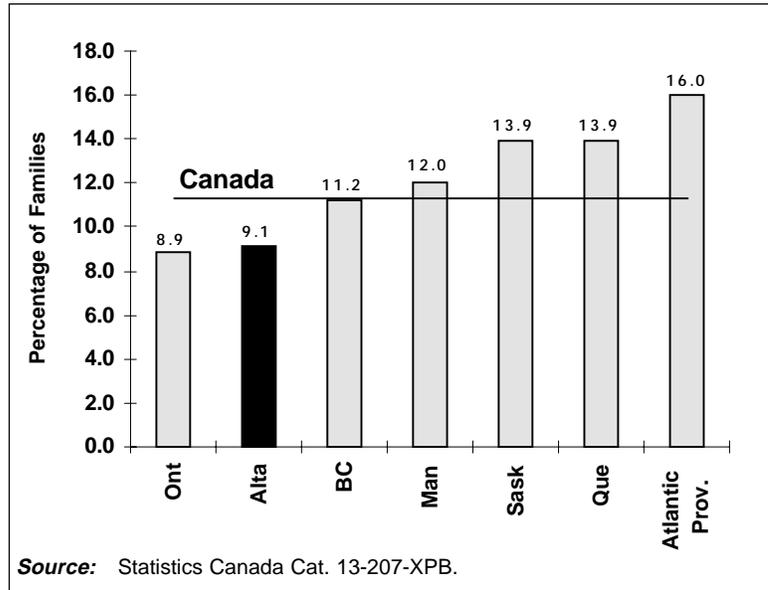
For more information, see the related ministry measures listed in Appendix III.

Family Income Distribution

SUPPLEMENTAL INFORMATION

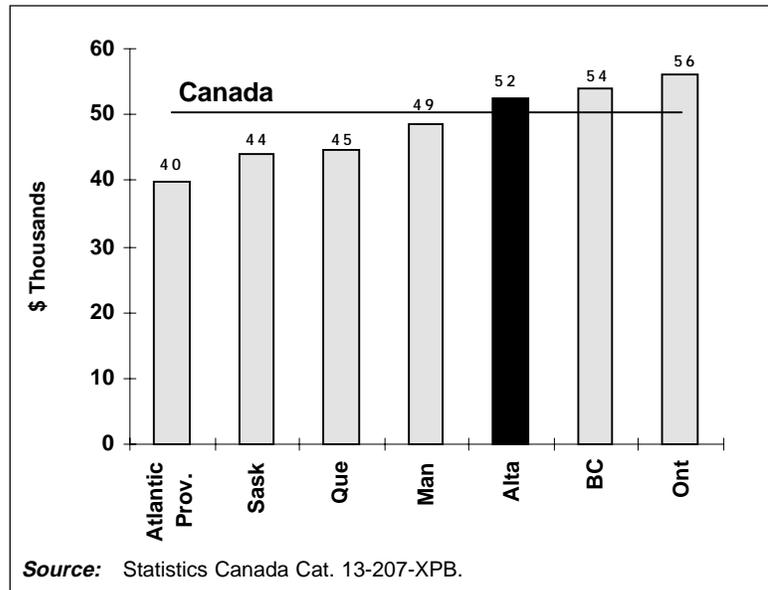
Percentage of Families with Income Below \$20,000 (1997)

Alberta had the second lowest percentage of families with income below \$20,000 when compared to the other provinces. 11.3% of Canadian families had incomes below \$20,000.



Median Family Income by Province (1997)

Median family incomes in Ontario, British Columbia and Alberta were higher than the national level. The Canadian median family income in 1997 was \$50,361. Family median income is defined as the middle point, having half the families earning incomes above and half below.

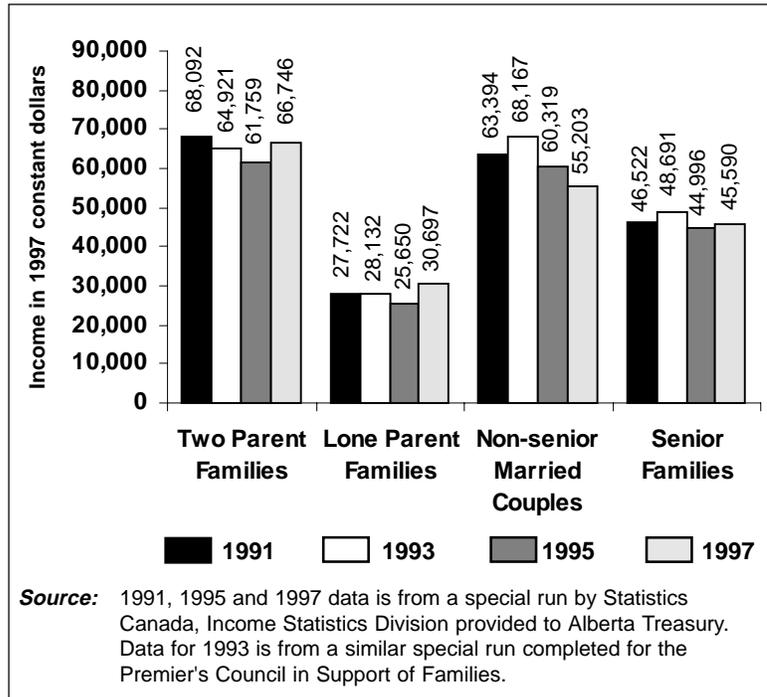


Family Income Distribution

SUPPLEMENTAL INFORMATION

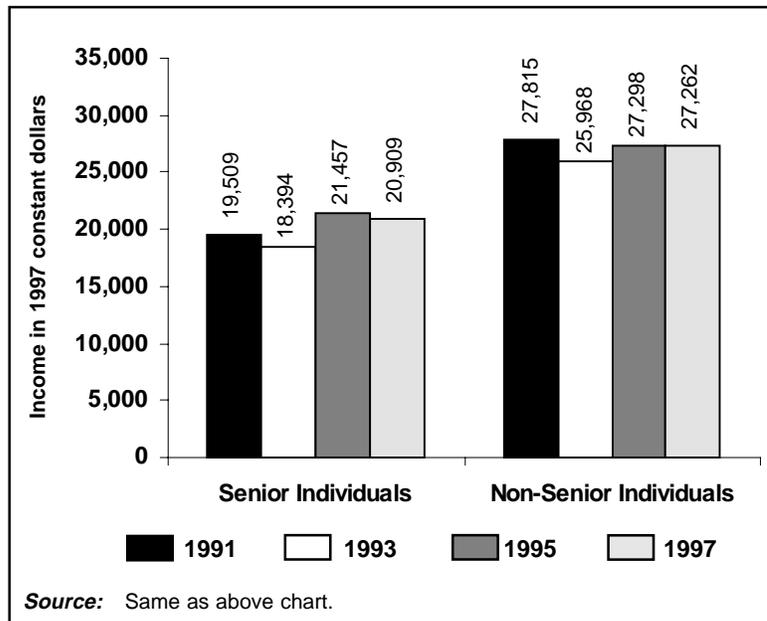
Average Annual Family Income (Constant 1997 Dollars) by Family Type

Since 1991, average family incomes have declined by 2% for two parent families, 13% for non-senior married couples and 2% for senior families, while lone parent family incomes increased by 11%. In 1997, two parent families represented 26.6% of the population, lone parent families 5.3%, non-senior married couples 16.3% and senior families 8.7%.



Average Annual Income (Constant 1997 Dollars) for Individuals

Since 1991, average incomes of senior individuals increased by 7%, while those of non-seniors declined by 2%. Senior individuals represented 7.3% of the population in 1997, while non-senior individuals represented 26.5%.



CORE MEASURE

Albertans Needing Help

GOAL 5 - ALBERTANS NOT EXPECTED TO SUPPORT THEMSELVES FULLY
WILL RECEIVE HELP

TARGET To be determined.

RESULTS Measure under development.

We would like all Albertans to be independent; however, some individuals require long-term financial assistance to meet their basic needs (food, clothing and shelter). Albertans

potentially in need include lower income seniors, persons with disabilities, the homeless and single parent families.



UNDER CONSTRUCTION

For more information, see the related ministry measures listed in Appendix III.

Prosperity

Promoting prosperity for Alberta through:

- a dynamic environment for growth in business, industry and jobs
- a highly skilled and productive workforce
- open markets in Canada and internationally for trade and investment
- new ideas, innovation and research
- an open and accountable government that lives within its means
- an efficient system of roads, highways, utilities and public spaces.

There are seven government goals for the Prosperity core business and eleven Prosperity performance measures. **Overall, four measures showed improved performance, three had lower performance and four remained unchanged.** The following are the 1998-99 performance highlights for these eleven *Prosperity* measures.

MEANING OF SYMBOLS

- ↑ improved performance
- no significant change in performance from previous year
- ↓ declining performance

PERFORMANCE HIGHLIGHTS

- ↓ **Gross Domestic Product** - The three-year average annual GDP growth rate dropped to 5.0% in 1998, but remained within our target range.
- ↑ **Job Growth** - There were 57,100 net new jobs created in 1998. The biggest growth areas were construction; information, culture and recreation; and retail trade.
- ↓ **Skill Development** - Alberta labour force productivity fell to \$67,500 per employed person in 1998.
- **Adoption of New Technologies** - Alberta business funding of research and development as a percentage of Canadian business funding was 6.9% in 1995.
- ↑ **Cost of Government** - Per capita spending by the Alberta government decreased slightly to 91% of the average per capita expenditure of the other nine provinces, remaining below our target of 95%.
- **Infrastructure Capacity** - Decrease in primary highways subject to spring road bans. Sufficient export gas pipeline capacity to meet demand. Decline in Alberta spending on research and development.
- **Taxation Load** - Albertans still enjoy the lowest overall tax burden on persons in Canada, but the second lowest basic provincial personal income tax rate.
- ↑ **Provincial Credit Rating** - Alberta's blended credit rating in 1998 was the highest among the provinces, achieving our target.
- ↑ **Net Debt** - The province's net debt (excluding pension obligations) continued to decline, decreasing by \$1.0 billion to \$63 million as of March 31, 1999.
- **Workplace Climate** - Alberta lost 1.8 person-days per 10,000 person-days worked to disputes in 1998. The rate of person-days lost to injury and disease increased to 32.5 person-days.
- ↓ **Export Trade** - The value of Alberta's commodity exports to international markets fell in 1998, to \$30.5 billion.

OPPORTUNITIES FOR IMPROVEMENT

- **Adoption of New Technologies** - Alberta private sector funding of research and development remains well below the target of 11.1% (based on Alberta's share of Canada's GDP).
- **Taxation Load** - Alberta has the second lowest basic personal income tax rate in Canada, behind Ontario.
- **Net Debt** - Net debt has decreased dramatically over the past four years, but Alberta still has an accumulated debt of over \$14 billion.
- **Workplace Climate** - The rate of person-days lost to injury and disease increased by 5.9% in 1998.

Gross Domestic Product

GOAL 6 - ALBERTA WILL HAVE A PROSPEROUS ECONOMY

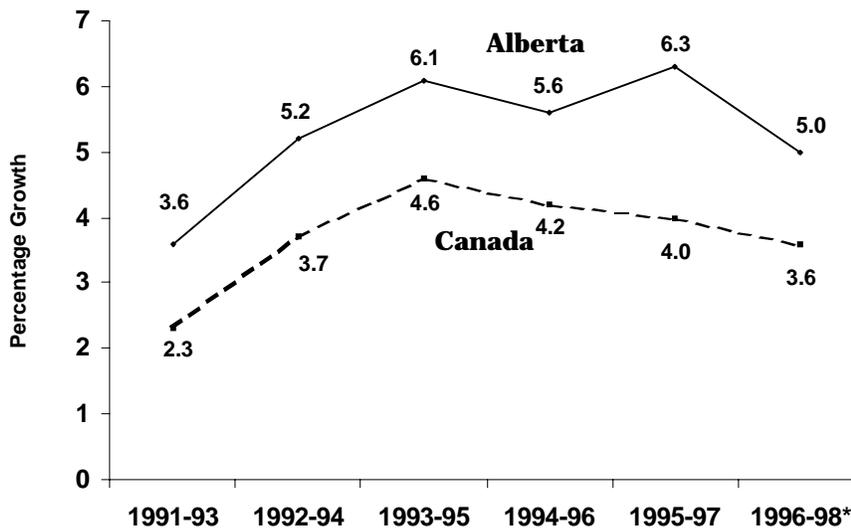
TARGET Long term gross domestic product (in current dollars) growth rate of between 4% and 6%.

RESULTS Alberta's three-year average annual gross domestic product (GDP) growth rate was 5.0% in 1998 (based on forecast), which was within our target range.

GDP is a direct measure of the strength of Alberta's economy. It is a measure of the value of goods and services produced in Alberta. Tracking this measure over time will show changes in the strength and resilience of Alberta's economy (see also *Job Growth* and *Export Trade*).

As we are interested in the longer-term growth trend for the Alberta economy, we have used a three-year average for GDP growth to smooth out some of the cyclical variations common to Alberta's economy.

THREE-YEAR AVERAGE ANNUAL GDP GROWTH



Source: Alberta Economic Accounts, 1997 - Table 1A.
 *Based on forecast data from Statistics Canada and Alberta Treasury.

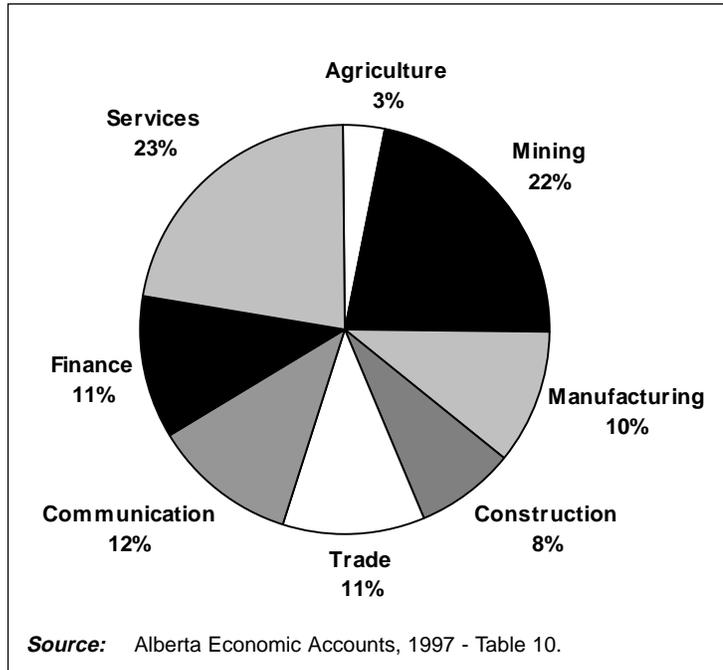
For more information, see the related ministry measures listed in Appendix III.

Gross Domestic Product

SUPPLEMENTAL INFORMATION

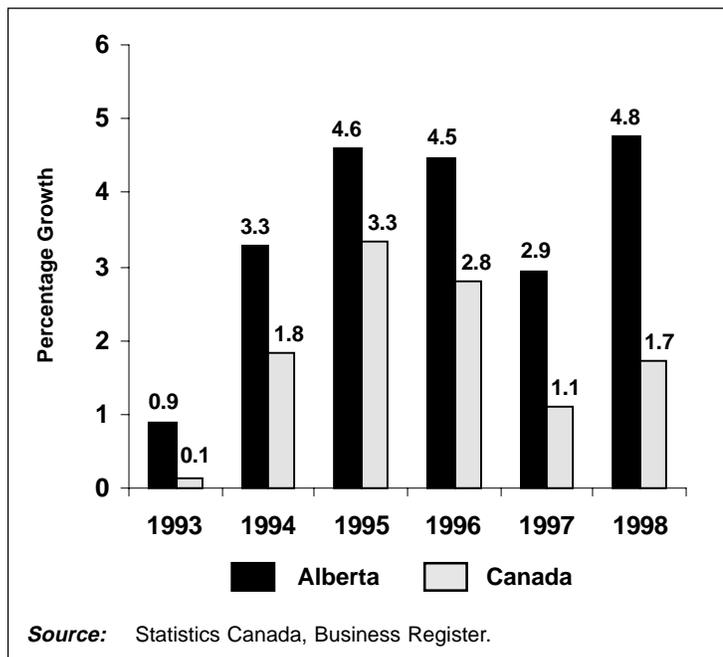
Alberta's Gross Domestic Product by Industry (Current Dollars)

This graph indicates the percentage contribution to provincial GDP by various industry sectors in 1997.



Alberta Net Business Growth

The annual percentage change in the number of incorporated and unincorporated firms (excluding self-employed and single person firms) in Alberta compared to Canada.



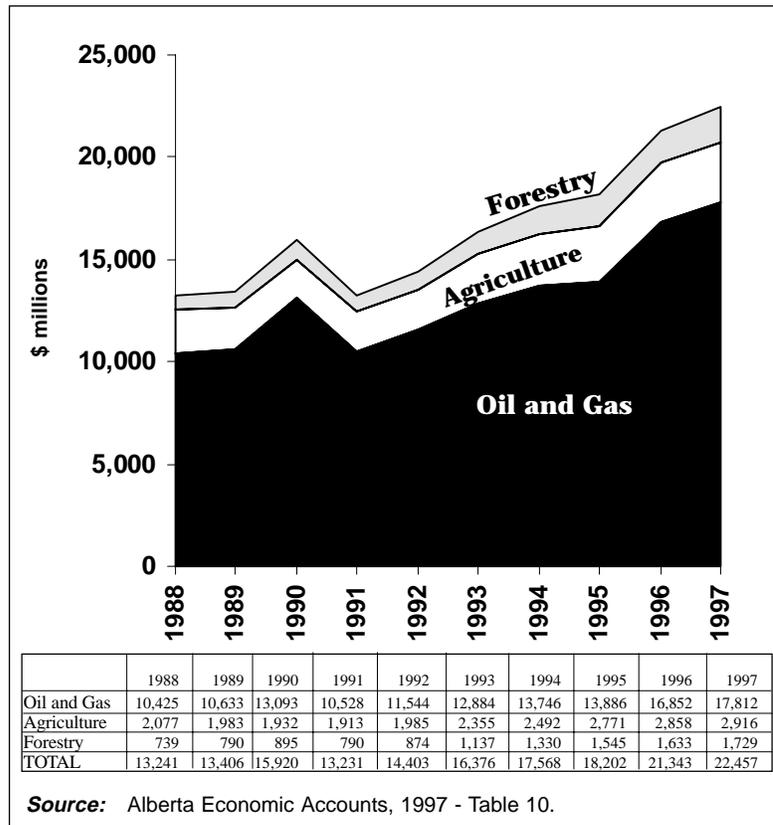
Gross Domestic Product

SUPPLEMENTAL INFORMATION

GDP of Resource Sector in Alberta

(Current Dollars)

Growth in the value of the resource sector has been on an upward trend over the past few years, primarily driven by the oil and gas industry.



CORE MEASURE

Job Growth

GOAL 6 - ALBERTA WILL HAVE A PROSPEROUS ECONOMY

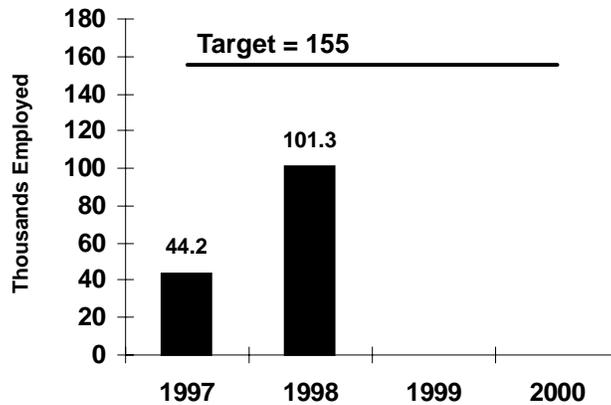
TARGET Create 155,000 new jobs over four years to December 2000.

RESULTS 57,100 new jobs created in 1998.

The availability of employment opportunities is a top priority for Albertans. This measure shows the net number of jobs created in Alberta's economy on an annual average basis and is one indicator of the strength of the economy (see also *Gross Domestic Product* and *Export Trade*). Job growth increases domestic demand, fueling the economy and reducing the need for government transfers.

A strong economy also increases employment opportunities for Albertans, enabling them to benefit from the province's economic growth. Despite slower economic growth in 1998, Alberta continues to enjoy strong job growth.

CUMULATIVE NET EMPLOYMENT GROWTH



Source: Statistics Canada, Labour Force Survey.

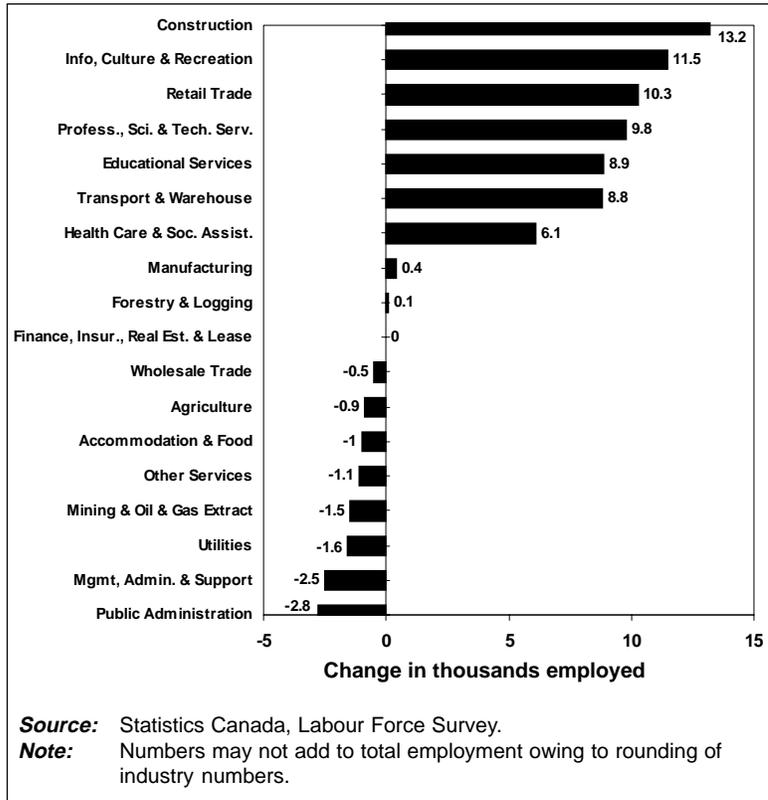
For more information, see the related ministry measures listed in Appendix III.

Job Growth

SUPPLEMENTAL INFORMATION

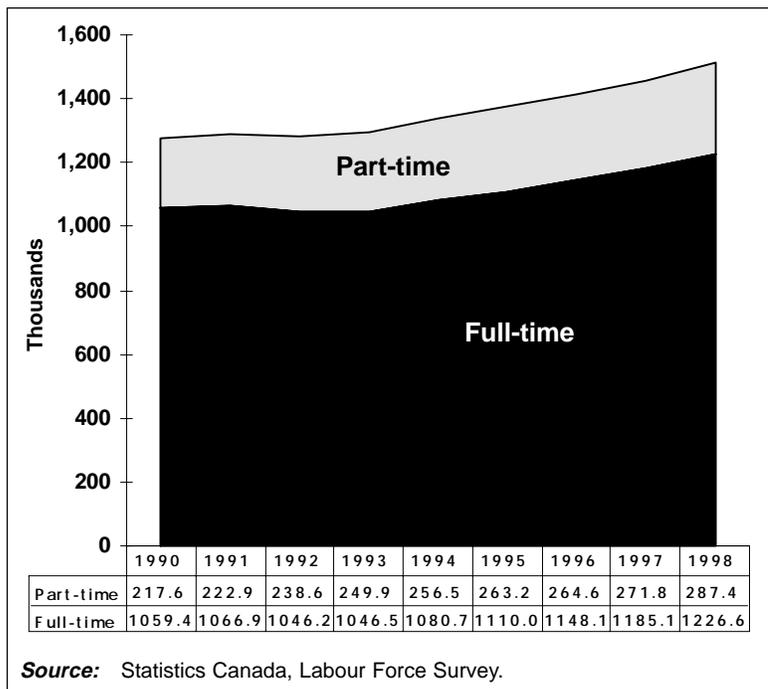
Alberta Employment Growth by Industry - 1998

This chart shows the change in the number of jobs created by various industrial sectors during 1998. The construction; information, culture and recreation; and retail trade sectors had the highest growth rates. Employment declined in the public administration; management, administrative and other support; and utilities sectors of the economy.



Full-time and Part-time Employment in Alberta

This chart shows full-time and part-time employment growth between 1990 and 1998, on an annual basis. In 1998, part-time employment represented 19.0% of all jobs, up from 1990 (17.0%).

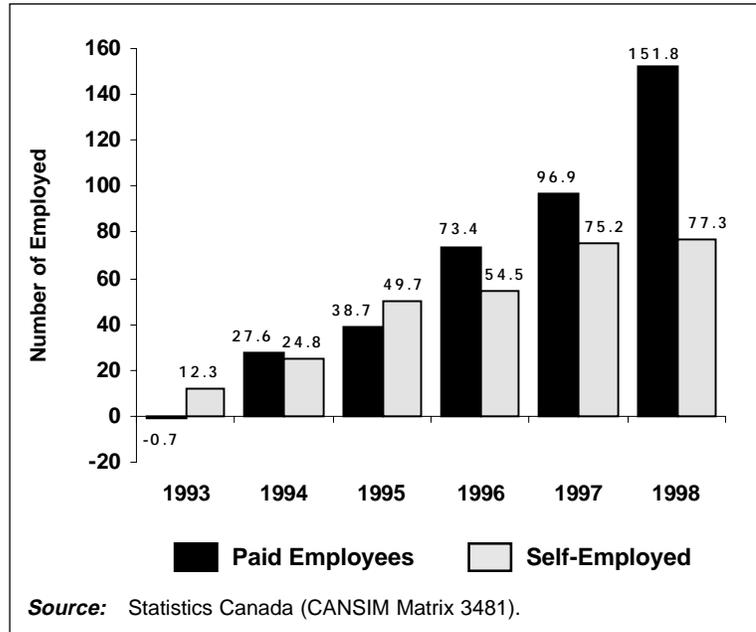


Job Growth

SUPPLEMENTAL INFORMATION

Cumulative Growth in Employment 1992-1998

This chart compares the number of jobs created between 1992 and 1998 through paid versus self-employment. Although more jobs were created in paid employment, the growth rate for self-employment was over double that of paid employment. Self-employment grew by 33% between 1992 and 1998.



Skill Development*

GOAL 7 - OUR WORKFORCE WILL BE SKILLED AND PRODUCTIVE

TARGET Alberta's labour productivity (GDP per employed person) will continue to increase.

RESULTS Alberta's labour productivity fell by 3.4% in 1998 to \$67,500.

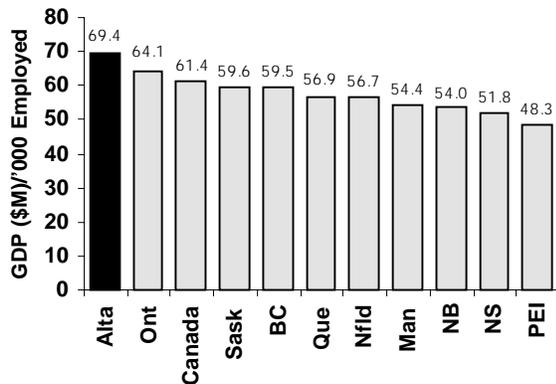
Alberta businesses and industries need to remain competitive in global markets. This requires a highly skilled and productive work force and an effective match between skill development and skill demand. Labour productivity is one indicator of the effectiveness of this match.

Labour productivity in Alberta fell in 1998. However, this does not necessarily indicate a decline in workforce skill levels. Strong job

growth combined with slower economic growth and low commodity prices had a negative effect on labour productivity.

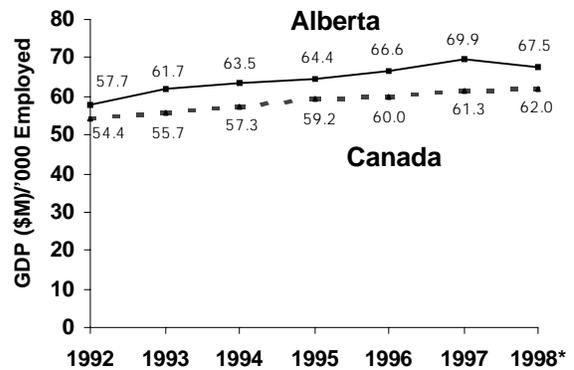
To maintain a highly skilled workforce will require ongoing investment in training and education. *People and Prosperity*, Alberta's human resource development strategy, describes how we will support Albertans to contribute to and share in Alberta's economic prosperity.

PROVINCIAL LABOUR PRODUCTIVITY (1997)



Source: Statistics Canada: Cat. Nos. 13-213 and 71-201.

ALBERTA AND CANADA LABOUR PRODUCTIVITY



* Based on forecast.

Source: Alberta Economic Accounts, 1997 - Table 1A and Statistics Canada: Cat. No. 71-201.

* This measure will be replaced by a new measure in next year's report. A one page summary of the new measure is presented on page 87.

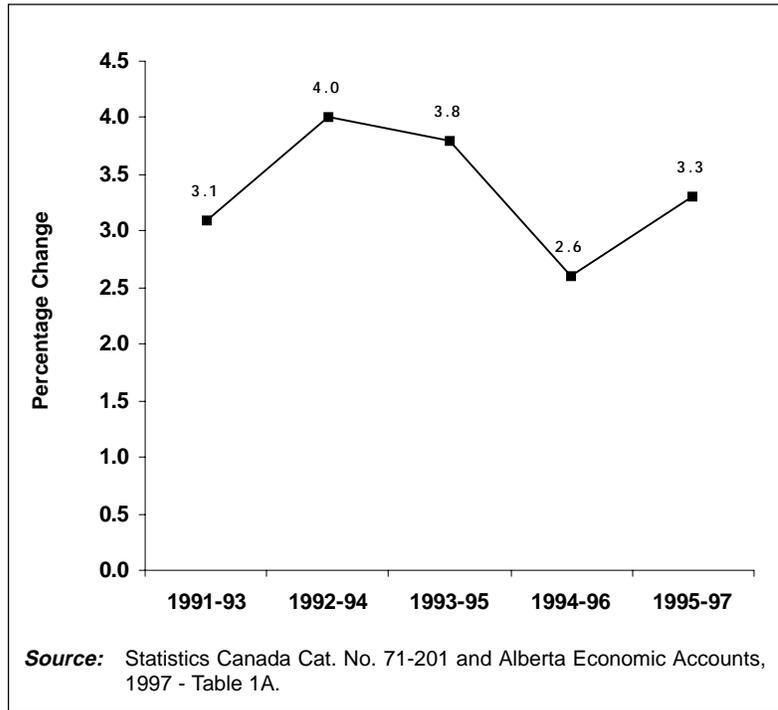
For more information, see the related ministry measures listed in Appendix III.

Skill Development

SUPPLEMENTAL INFORMATION

Three-Year Average Annual Growth in Labour Productivity

People and Prosperity, Alberta's human resource strategy, has established a target of 2% growth in labour productivity.



NEW MEASURE FOR NEXT YEAR

Skill Development

This will appear as a new core measure in next year's report, replacing the core measure for Skill Development.

At the time the 1998-2001 Government Business Plan was published in February 1998, this measure had not yet been developed. Therefore, it is presented here as baseline information only. The full measure will be included in next year's report.

WHY A NEW MEASURE?

The current measure tracks the productivity of Alberta's labour force, which should increase if there is an appropriate match between job requirements and workforce skill levels. We would like to use a more direct measure of whether workforce skill levels match job requirements.

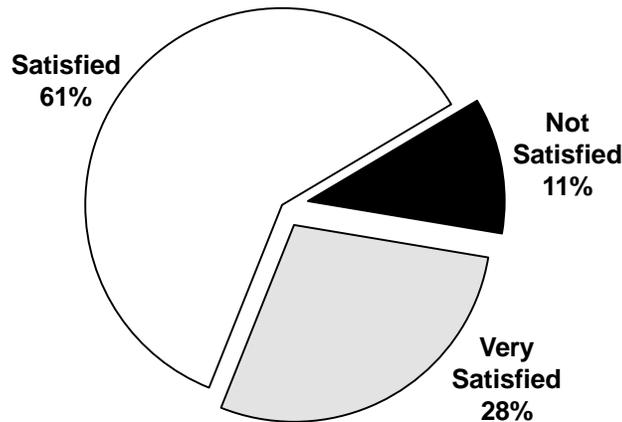
THE NEW MEASURE

Advanced Education and Career Development surveys employers for their satisfaction with the technical skills and knowledge needed for the job of recent post-secondary graduates that they have hired.

BACKGROUND

Advanced Education and Career Development's Employer Satisfaction Survey was conducted in January/February 1998. 861 employers who had hired 1,541 recent graduates participated in the survey.

EMPLOYER SATISFACTION WITH RECENT POST-SECONDARY GRADUATES' SKILLS



Source: Advanced Education and Career Development Employer Satisfaction Survey, 1998.

Adoption of New Technologies*

GOAL 8 - OUR BUSINESSES WILL CAPITALIZE ON RESEARCH

TARGET Alberta business spending on research and development (R&D), as a percentage of Canadian business R&D spending, will equal Alberta's share of national GDP (11.1% in 1995).

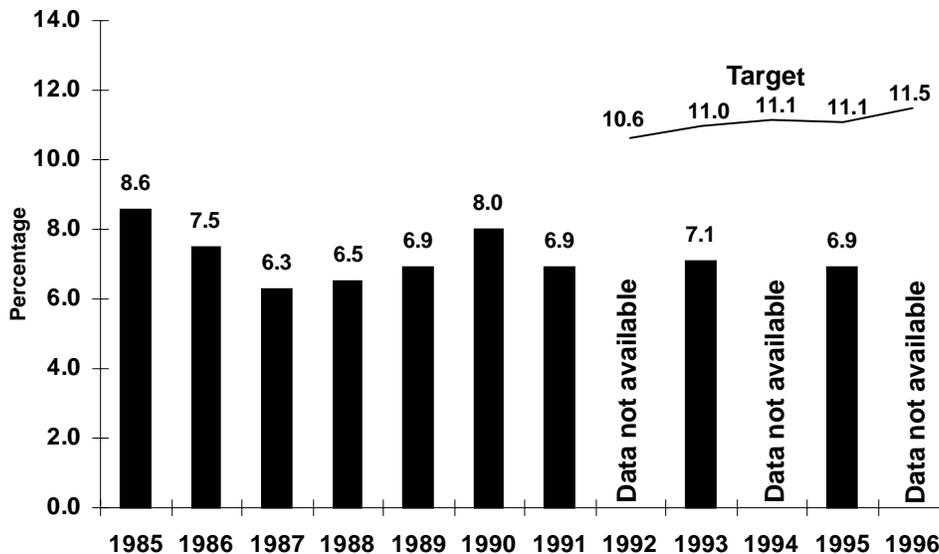
RESULTS Alberta business funding of R&D was 6.9% of Canadian business funding of R&D in 1995.

Investment in R&D by Alberta businesses remains well below our target. Meeting the target would require an increase of over 60% in R&D spending by Alberta businesses.

To remain competitive in the long term, Alberta businesses need to engage in the development and adoption of new technologies. Alberta's economic strategy is to increase the number of

products offered by Alberta businesses which incorporate leading-edge technologies. Such products command a higher value in world markets and thereby contribute to increased prosperity. Leading edge technologies can also enable greater recovery, lower cost production or more efficient utilization of available resources (see also *Resource Sustainability*).

ALBERTA BUSINESS R&D AS A PERCENTAGE OF CANADIAN BUSINESS R&D SPENDING



Source: Statistics Canada Service Bulletin Science Statistics Vol. 22, No. 5, Table 7 and Alberta Economic Accounts, 1997 - Table 1A.

* This measure will be replaced by two new measures in next year's report. A one page summary of each of these new measures is presented on pages 91 and 92.

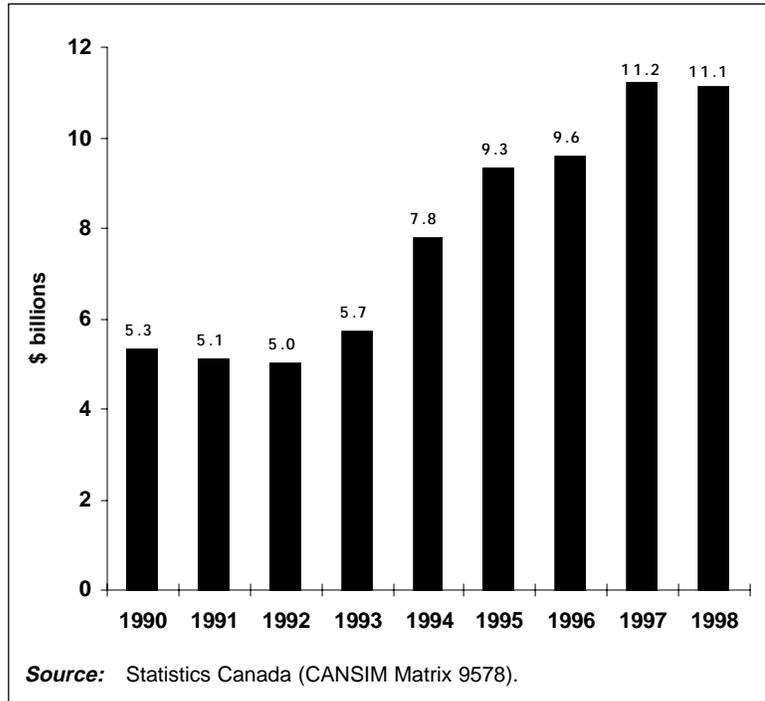
For more information, see the related ministry measures listed in Appendix III.

Adoption of New Technologies

SUPPLEMENTAL INFORMATION

Alberta Manufacturing Shipments - High Knowledge Sectors

Success in establishing greater growth in the high knowledge manufacturing sectors is an indication of Alberta's ability to compete in value-added markets. This chart shows the value of manufacturing shipments in the high knowledge sector. High knowledge manufacturing sectors include: plastic products, machinery, transportation equipment, electrical and electronics products, and chemicals and chemical products.



NEW MEASURE FOR NEXT YEAR

Value-Added Industries

This will appear as a new core measure in next year's report.

At the time the 1998-2001 Government Business Plan was published in February 1998, this measure had not yet been developed. Therefore, it is presented here as baseline information only. The full measure will be included in next year's report. This measure will report on a new goal included in the 1999-2002 Government Business Plan, "Alberta's value-added industries will lead economic growth".

WHY A NEW MEASURE?

The new goal is intended to address the economic benefits resulting from the adoption of new technologies and processes. As more businesses capitalize on new technologies, the size of the value-added sector should increase, generating greater economic activity and return

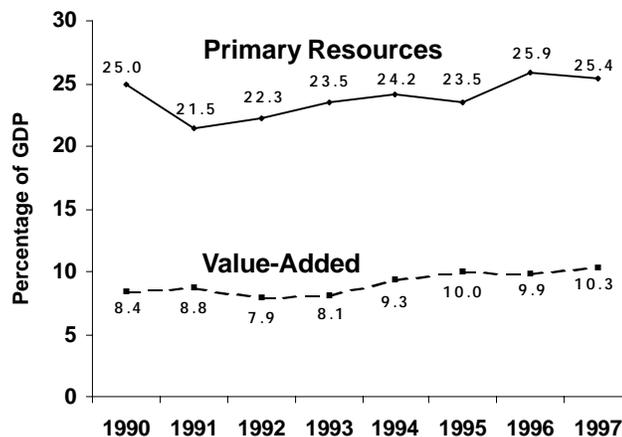
for the province. The new measure compares the percentage of GDP accounted for by the value-added sector versus the primary resource sector.

THE NEW MEASURE

Alberta's economy is still strongly resource-based. Expansion of Alberta's value-added industries will support more stable, long-term economic growth.

Processing raw materials into refined materials and consumer goods will generate higher, more stable prices for firms' products, and create more jobs for Albertans. It will also reduce economic fluctuations resulting from changes in commodity prices. New technologies may enable more efficient processing of resources, development of new products and new market opportunities.

VALUE-ADDED VERSUS PRIMARY RESOURCES



Source: Alberta Economic Accounts, 1997 - Table 10.

NEW MEASURE FOR NEXT YEAR

Business Innovation

This will appear as a new core measure in next year's report, replacing the core measure for Adoption of New Technologies.

At the time the 1998-2001 Government Business Plan was published in February 1998, this measure had not yet been developed. Therefore, it is presented here as baseline information only. The full measure will be included in next year's report. This measure will report on a new goal included in the 1999-2002 Government Business Plan, "Alberta businesses will be increasingly innovative".

WHY A NEW MEASURE?

The new goal focuses on the extent to which Alberta businesses display innovative behaviour, as demonstrated by the adoption of new processes and technologies. Adopting new

technologies enhances business competitiveness through increased efficiency and the development of new products.

THE NEW MEASURE

Research can provide businesses with the knowledge and ability to improve their products, develop new products and enter new markets. Research can also provide firms with a competitive edge, enabling them to lower production costs or command higher prices for their products.

To remain competitive on a long term basis, Alberta businesses need to cultivate an innovative culture. The degree to which Alberta firms utilize new technologies indicates their desire for innovation and future competitiveness.



UNDER CONSTRUCTION

Infrastructure Capacity

GOAL 9 - ALBERTA WILL HAVE EFFECTIVE AND EFFICIENT INFRASTRUCTURE

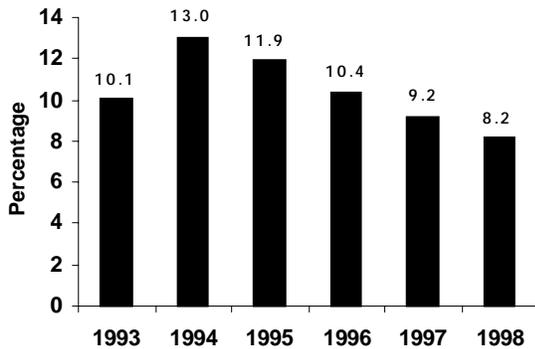
TARGET To be determined.

RESULTS Decrease in primary highways subject to spring road bans. Sufficient export gas pipeline capacity to meet demand. Decrease in Alberta spending on research and development.

Quality infrastructure is regarded as an essential building block to support economic development. The availability and capacity of various types of infrastructure can either enhance or restrict development. This measure examines whether Alberta's infrastructure system has sufficient capacity to support current economic activity and facilitate future growth (see also *Export Trade*).

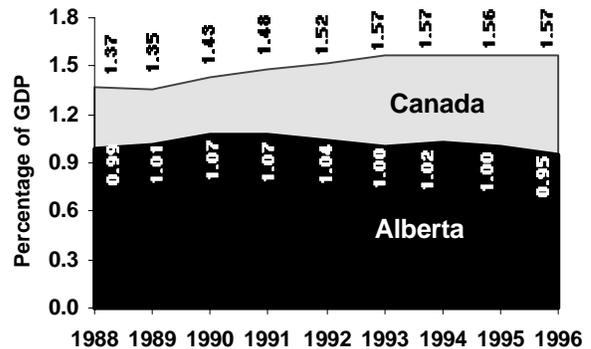
This measure focuses on roads, pipelines and research (i.e., knowledge base). The first two represent more traditional forms of infrastructure, while the third is becoming increasingly important in a knowledge based economy.

PRIMARY HIGHWAYS SUBJECT TO SPRING ROAD BANS



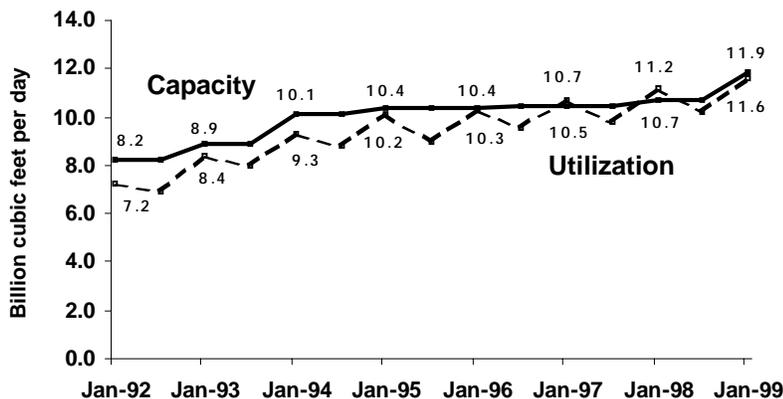
Source: Alberta Transportation and Utilities.

GROSS EXPENDITURE ON RESEARCH AND DEVELOPMENT



Source: Estimates of Canadian Research and Development Expenditures, ST-96-08.

EXPORT GAS PIPELINE UTILIZATION



Source: Alberta Energy.

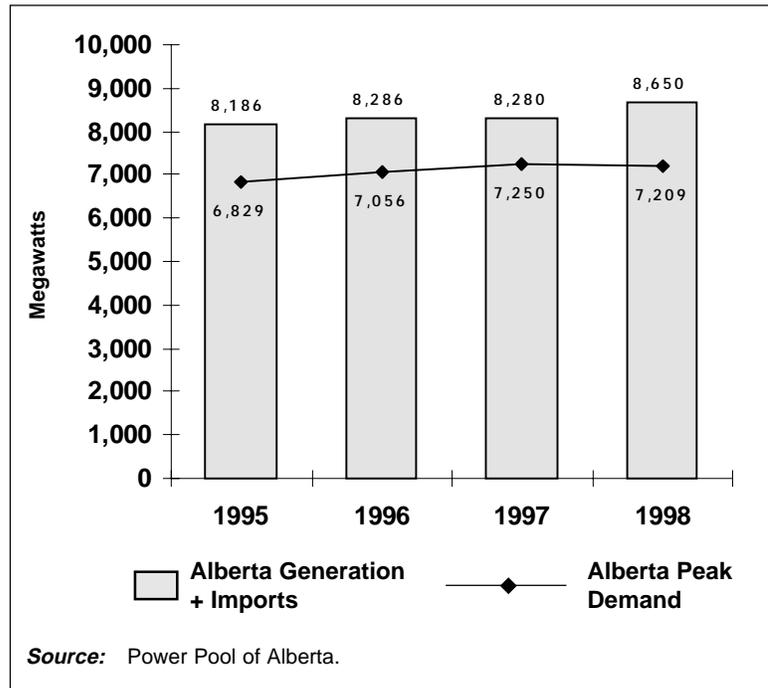
For more information, see the related ministry measures listed in Appendix III.

Infrastructure Capacity

SUPPLEMENTAL INFORMATION

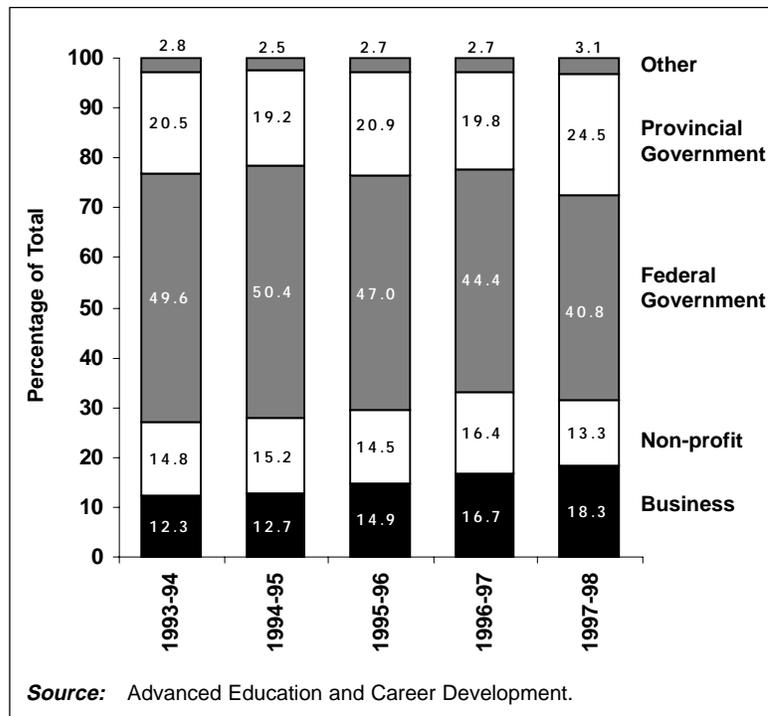
Alberta Electrical System Capacity

We currently have 7,600 megawatts in power generation capacity and access to 1,050 megawatts from other jurisdictions. The annual growth in demand for electricity has dropped from about 4% a year ago, to less than 2%. Additional power will become available from neighbouring jurisdictions as the interconnection capacity increases. In addition, there are over 2,000 megawatts of new supply coming on line, including other sources such as co-generation.



Sponsored Research at Alberta Universities

Research infrastructure can play a key role in supporting economic development. Universities represent publicly accessible research facilities and knowledge bases, supplementing companies' in-house capabilities. This graph illustrates sponsored Alberta university research by funding source. University sponsored research has increased from \$150.4 million in 1993-94 to \$194.4 million in 1997-98, an increase of \$44 million.



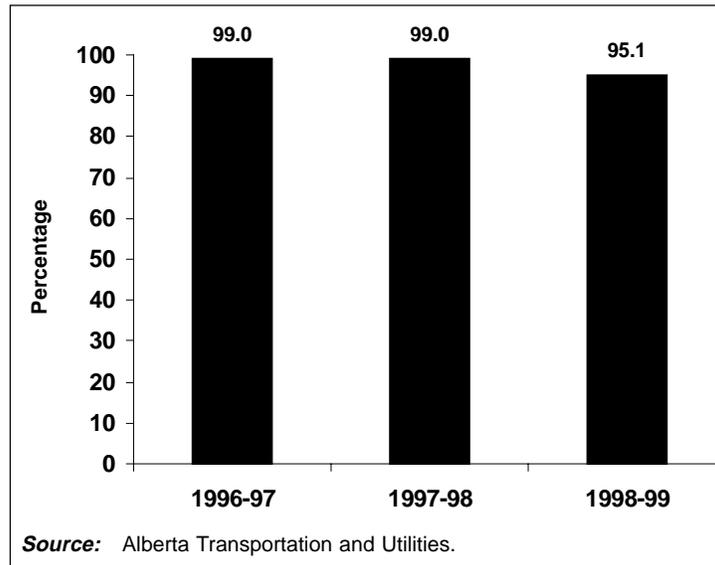
Infrastructure Capacity

SUPPLEMENTAL INFORMATION

Percentage of Rural Primary Highways at Level of Service B or Better

Transportation and Utilities collects traffic volume data for Alberta primary highways. Traffic data is used to calculate the level of congestion based upon the United States Transportation Research Board's *Highway Capacity Manual* guidelines.

Service levels range from A (free flowing with no difficulty maneuvering) to F (gridlock). Level B represents reasonably free flowing traffic with slightly restricted maneuvering.



Cost of Government

GOAL 9 - ALBERTA WILL HAVE EFFECTIVE AND EFFICIENT INFRASTRUCTURE

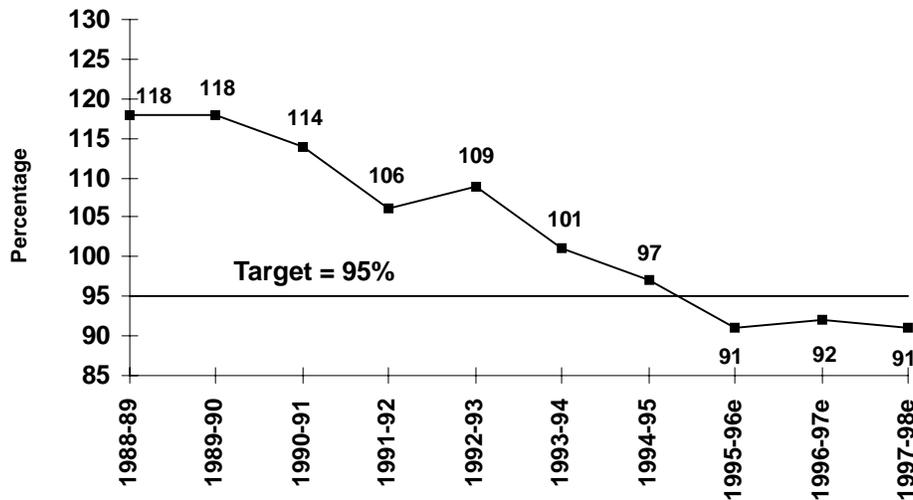
TARGET Alberta Government expenditures to remain below 95 percent of the average per capita expenditure of the other nine provinces.

RESULTS Alberta Government per capita expenditure decreased slightly to 91% of the average per capita expenditure of the other nine provinces, better than the target of 95%.

The level of government expenditures is an indicator of the fiscal responsibility of the province. This measure compares the Alberta

Government's per capita expenditure with the average of the other nine provinces.

PER CAPITA ALBERTA GOVERNMENT EXPENDITURE AS A PERCENTAGE OF THE OTHER NINE PROVINCES



Source: Statistics Canada (Financial Management Statistics) and Alberta Treasury.

Notes: e = estimate

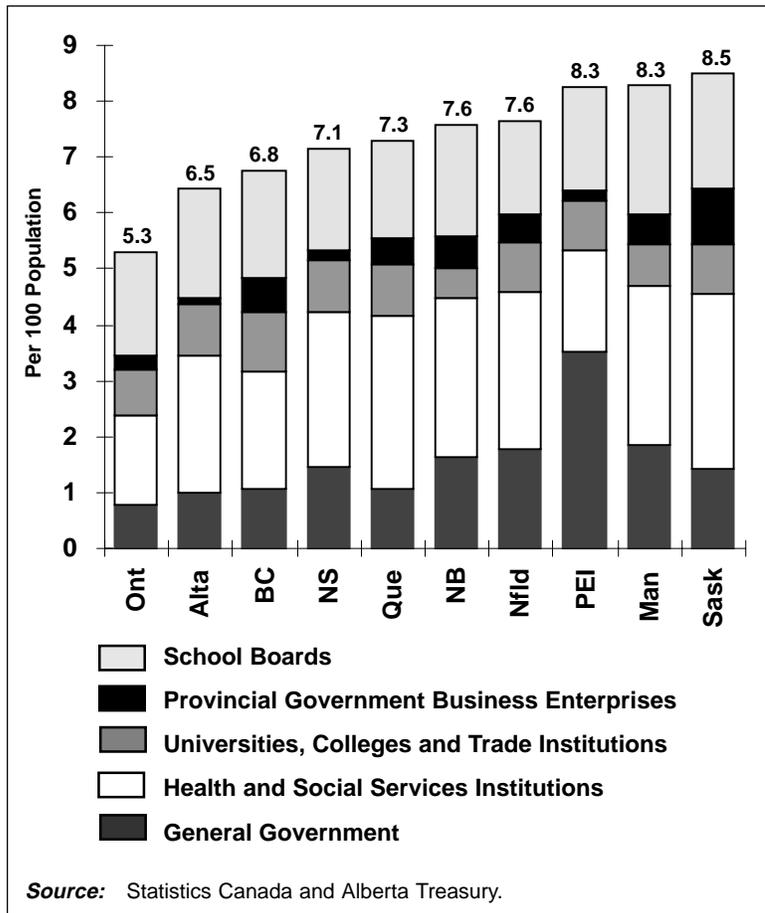
For more information, see the related ministry measures listed in Appendix III.

Cost of Government

SUPPLEMENTAL INFORMATION

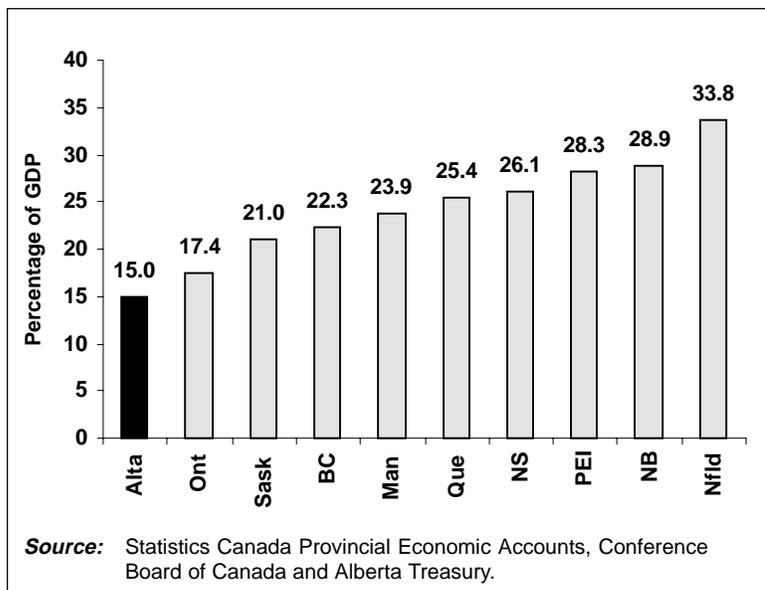
Provincial Public Sector Employees

In 1998, Alberta had the second lowest number of public sector employees per capita in Canada. There are now as many people working in the public sector as there were in 1984.



Provincial Government Expenditure as a Percentage of GDP (1998-99)

Alberta's low government expenditures as a percentage of GDP result from Alberta having the highest real gross domestic product per capita and the lowest per capita government expenditures of any province.



Taxation Load

GOAL 10 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

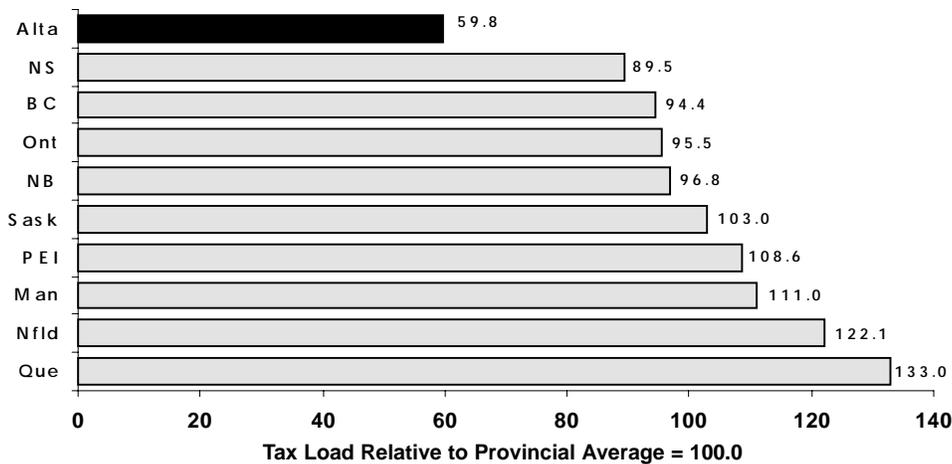
TARGET Maintain the lowest tax load on persons and the lowest provincial personal income tax rate in Canada.

RESULTS Alberta's provincial tax load on persons was roughly 40 percent below the provincial average, the lowest in Canada. Alberta's basic provincial personal income tax rate for 1999 was 44 percent of basic federal tax, the second lowest in Canada behind Ontario.

Albertans expect a fair, equitable and simple taxation system. Personal income tax rates are one indicator of the provincial tax burden on Albertans. A more comprehensive indicator is

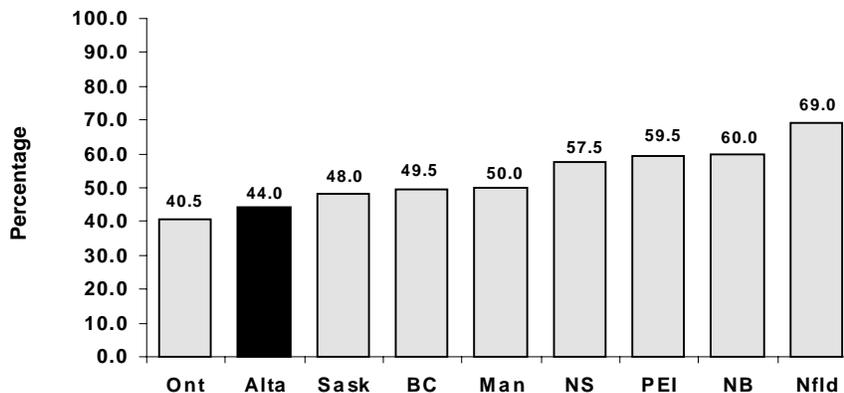
the provincial tax load on persons expressed as a percentage of the average provincial tax load. Tax load on persons includes income, sales, tobacco, gasoline, property and payroll taxes.

PROVINCIAL TAX LOAD ON PERSONS 1998-99



Source: Federal Department of Finance, Third Estimate for 1998-99, February 1999.

PROVINCIAL PERSONAL INCOME TAX RATES - 1999



Source: Alberta Treasury.

Note: These are basic provincial personal income tax rates expressed as a percentage of basic federal tax. Quebec's rate is not comparable.

For more information, see the related ministry measures listed in Appendix III.

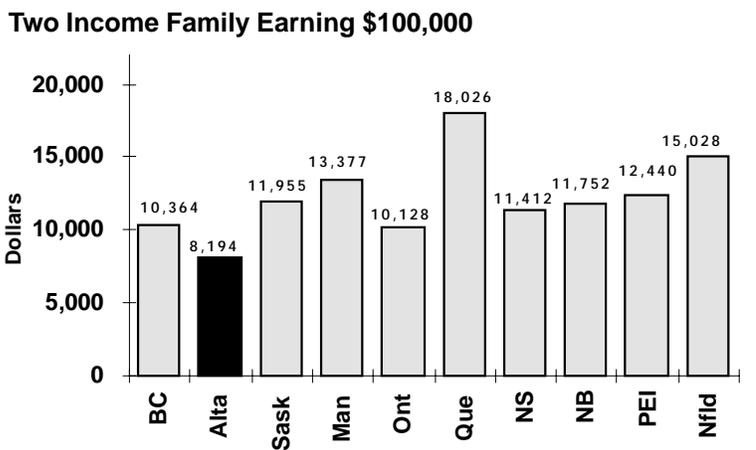
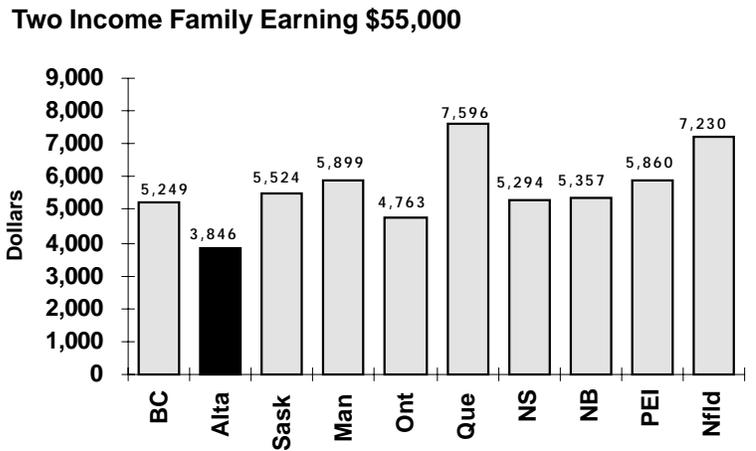
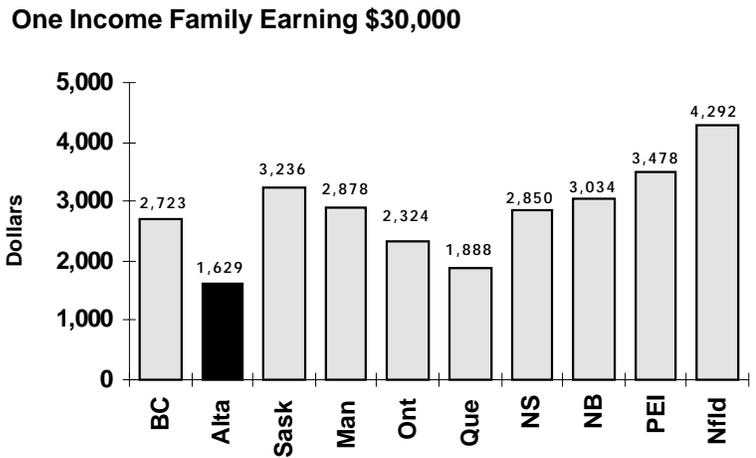
Taxation Load

SUPPLEMENTAL INFORMATION

Selected Provincial Tax Payable by a Family of Four (Two Children)

These charts compare the typical provincial taxes payable, including provincial income, sales, payroll, tobacco and fuel taxes and health care premiums, by a family with two children earning \$30,000, \$55,000 and \$100,000.

Alberta's tax burden on families is the lowest in Canada. Alberta families pay nearly 1/3 less in combined total provincial taxes and health care premiums than the average of the other nine provinces.



Source: Alberta Treasury.
Note: Assumptions for the calculation can be found in Budget '99, p 134. Provincial income tax in Quebec is net of the federal abatement.
Exception: RRSP contributions for the \$100,000 income families are \$12,400. Families earning \$30,000 receive the Alberta Family Employment Tax Credit.

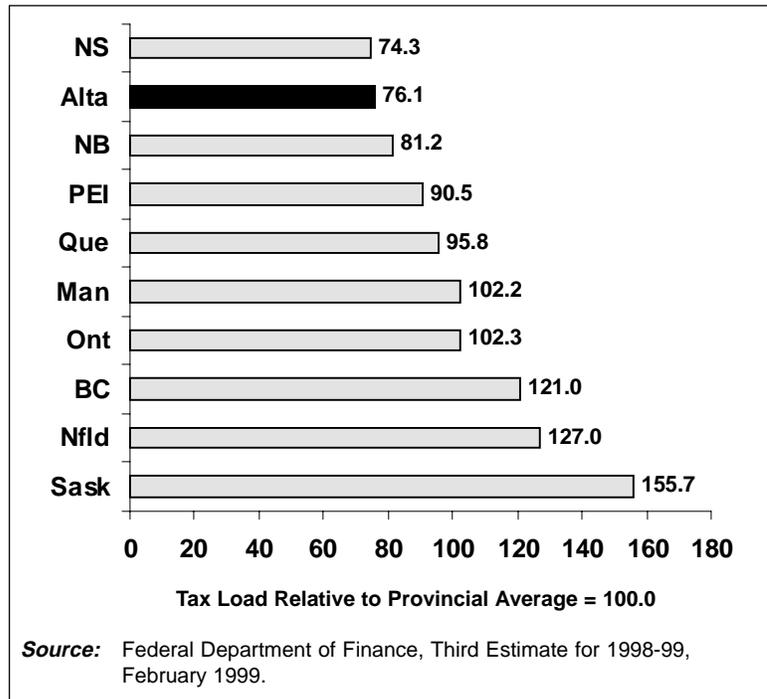
Taxation Load

SUPPLEMENTAL INFORMATION

Provincial Tax Load on Businesses 1998-99

This chart compares provincial tax load on businesses. The tax load includes all business-related taxes such as income taxes, capital tax, insurance corporations tax, and other local government taxes.

Alberta has the second lowest business tax load in Canada.



Provincial Credit Rating

GOAL 10 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

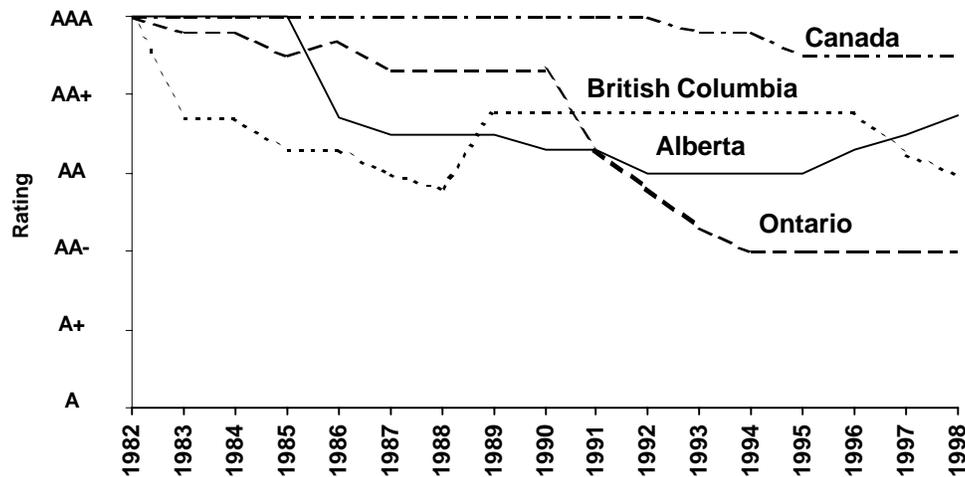
TARGET The highest credit rating among the provinces.

RESULTS Alberta's blended credit rating in 1998 was AA, the highest among the provinces.

A credit rating is an independent credit rating agency's assessment of the future ability of an organization to repay its long-term debt, and a method of comparing the quality of different bond issues. Alberta's high AA blended credit rating reflects the rating agencies' positive

assessment of the province's fiscal, economic and political environment. Alberta's top credit rating means that Alberta can borrow money at a lower cost than any other province, reducing the province's debt servicing costs.

BLENDED CREDIT RATING



Source: Alberta Treasury.

Note: The blended credit rating is an average of the credit ratings issued by the following credit rating agencies: Standard and Poor's, Moody's, Dominion Bond Rating Service, and Canadian Bond Rating Service.

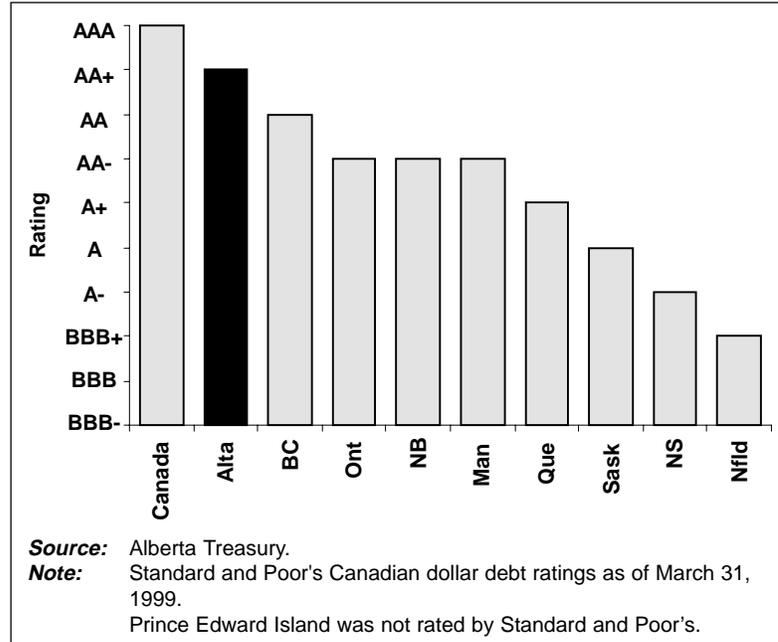
For more information, see the related ministry measures listed in Appendix III.

Provincial Credit Rating

SUPPLEMENTAL INFORMATION

Credit Rating - 1998

The chart compares provincial and federal credit ratings. According to Standard and Poor's, a major credit rating agency, Alberta is the most credit worthy of all the provinces.



CORE MEASURE

Net Debt*

GOAL 10 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

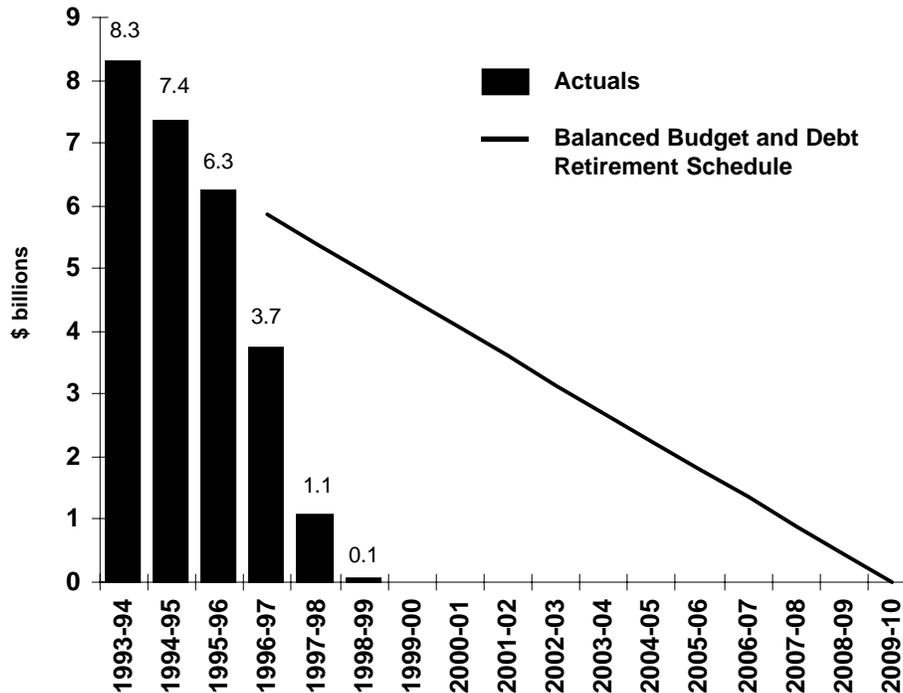
TARGET Alberta's Balanced Budget and Debt Retirement Act requires that net debt, excluding pension obligations, be eliminated by 2009-10.

RESULTS The province's net debt was reduced by \$1.0 billion from the previous year. The net provincial debt at the end of 1998-99 was \$63 million.

Albertans are concerned about the amount of debt the province owes. Net debt is an indicator of the financial strength of the province and the long-term performance of the government. A high amount of debt becomes a burden to future generations of Albertans. The province's total

net debt is the difference between financial assets and total liabilities, excluding pension obligations. The province's legislated plan (the *Balanced Budget and Debt Retirement Act*) was to eliminate net debt by 2009-10.

NET DEBT



Source: Public Accounts and Alberta Treasury.

* This measure will be replaced by a new measure in next year's report. A one page summary of the new measure is presented on page 107.

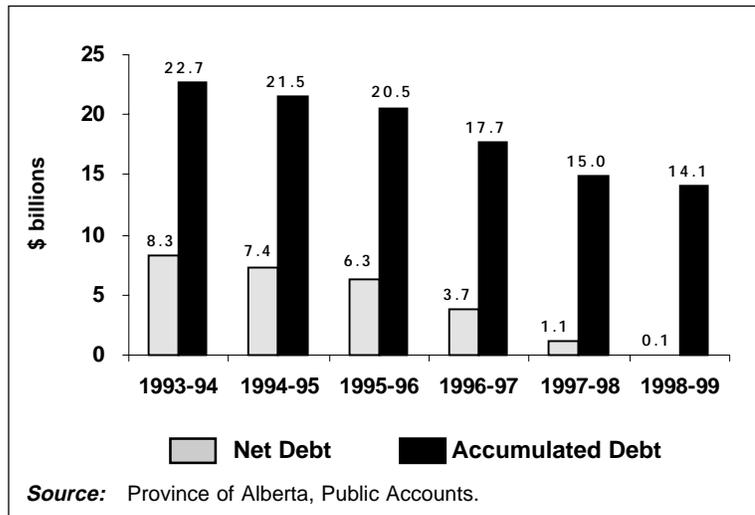
For more information, see the related ministry measures listed in Appendix III.

Net Debt

SUPPLEMENTAL INFORMATION

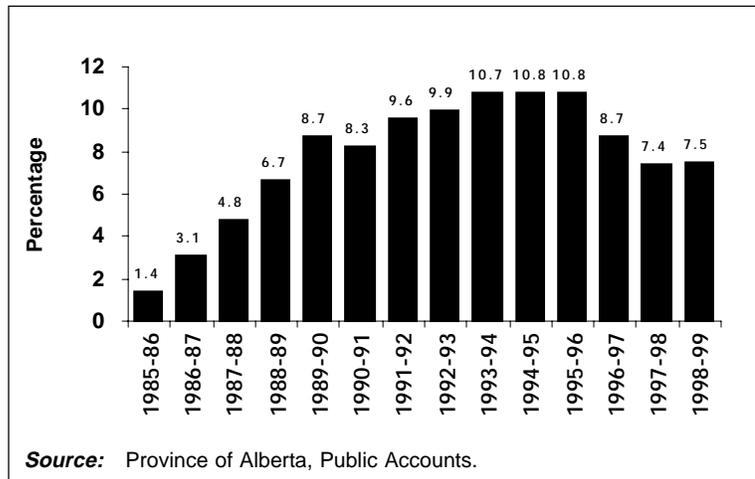
Net Debt versus Accumulated Debt

Accumulated debt includes the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation and the government's liability for school construction debt. Net debt is the difference between financial assets and total liabilities, excluding pension obligations.

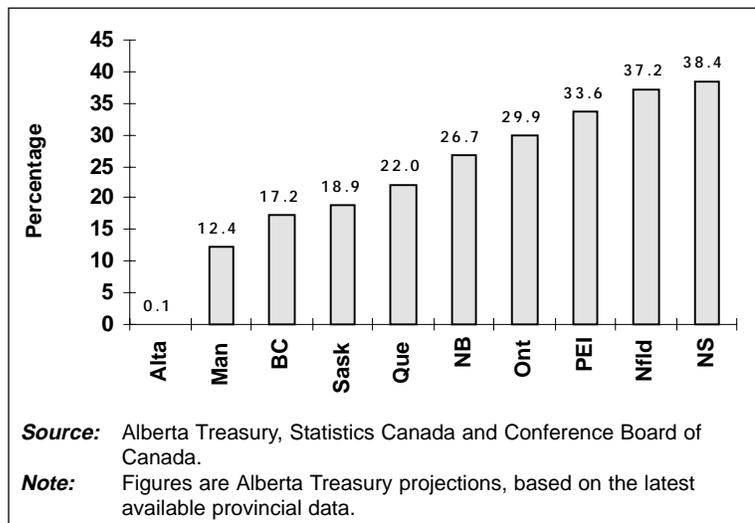


Canadian Institute of Chartered Accountants' Indicators of Government Financial Condition

Alberta Debt Servicing Costs as a Percentage of Provincial Revenue



Net Debt as a Percentage of Provincial GDP, 1998-99



NEW MEASURE FOR NEXT YEAR

Accumulated Debt

This will appear as a new core measure in next year's report, replacing the core measure for Net Debt.

At the time the 1998-2001 Government Business Plan was published in February 1998, this measure had not yet been developed. Therefore, it is presented here as baseline information only. The full measure will be included in next year's report.

WHY A NEW MEASURE?

The 1999-2002 fiscal plan projects that the Net Debt will be eliminated by March 31, 2000, leaving about \$13.5 billion in Accumulated Debt. The new measure reflects the Accumulated Debt repayment schedule established in the *Fiscal Responsibility Act*.

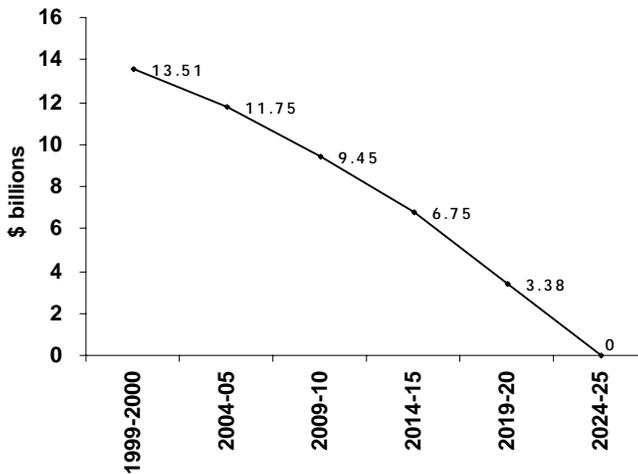
THE NEW MEASURE

Accumulated Debt is an indicator of the financial strength of the province and the long-term performance of the government. A high amount of debt becomes a burden to future generations of Albertans. The *Fiscal Responsibility Act* sets out a plan to repay the rest of the accumulated debt over a maximum of 25 years, starting when the net debt is eliminated. The legislation includes five-year milestones for repayment of the accumulated debt.

BACKGROUND

Accumulated debt includes the outstanding consolidated debt of the General Revenue Fund, the debt of the Alberta Social Housing Corporation and the government's liability for school construction debt.

DEBT RETIREMENT SCHEDULE



Source: Alberta Treasury, Budget '99, page 143.

Note: These estimates assume net debt is eliminated by March 31, 2000.

Workplace Climate

GOAL 11 - ALBERTA WILL HAVE A FAIR AND SAFE WORK ENVIRONMENT

TARGET Minimize the amount of time lost due to workplace disputes and injuries.

RESULTS In 1998, Alberta lost 1.8 person-days per 10,000 person-days worked to work stoppages. The rate of person-days lost to workplace injury and disease increased to 32.5 person-days.

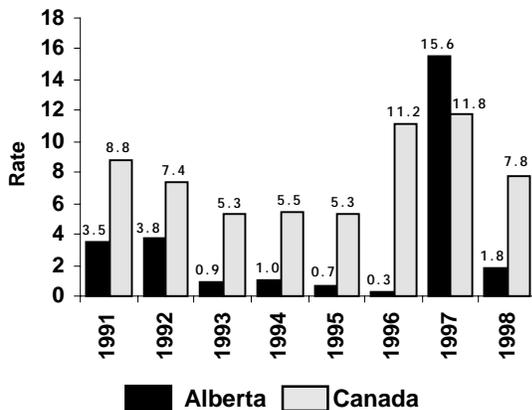
Investment in the province is, to some extent, determined by cooperative labour relations, fairness, and health and safety in the workplace. These measures not only reflect protective actions, but also proactive steps such as increasing levels of partnership among business, labour and government.

Providing a safe and harmonious work environment is important in attracting the skilled labour required to facilitate economic growth. Competition for skilled labour may increasingly depend upon the quality of working environment offered by employers.

The rate of person-days lost to work stoppages declined significantly in 1998, as the Canada Safeway dispute exaggerated the 1997 rate. Excluding the Safeway dispute, Alberta's rate was 1.6 in 1997.

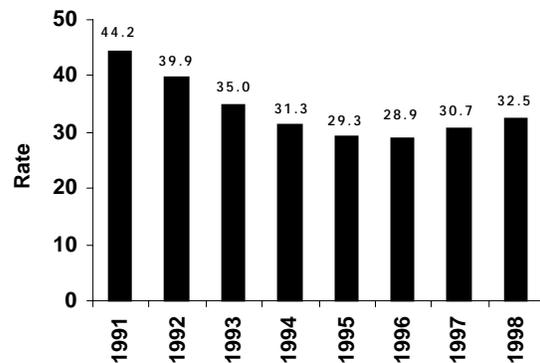
The rate of person-days lost to workplace injury and disease increased by 5.9% in 1998. Workplace injuries typically rise with an increase in economic activity as additional less-experienced workers enter the workforce.

PERSON-DAYS LOST DUE TO WORK STOPPAGES (PER 10,000 PERSON-DAYS WORKED)



Source: Human Resources Development Canada; The Labour Force Survey, Statistics Canada; Public Sector Employment and Wages and Salaries, Public Institutions Division Statistics Canada (CANSIM Matrix 2860).

PERSON-DAYS LOST DUE TO INJURY AND DISEASE (PER 10,000 PERSON-DAYS WORKED)



Source: Alberta Labour; Workers' Compensation Board; Labour Force Survey, Statistics Canada; Public Sector Employment and Wages and Salaries, Public Institutions Division Statistics Canada (CANSIM Matrix 2860).

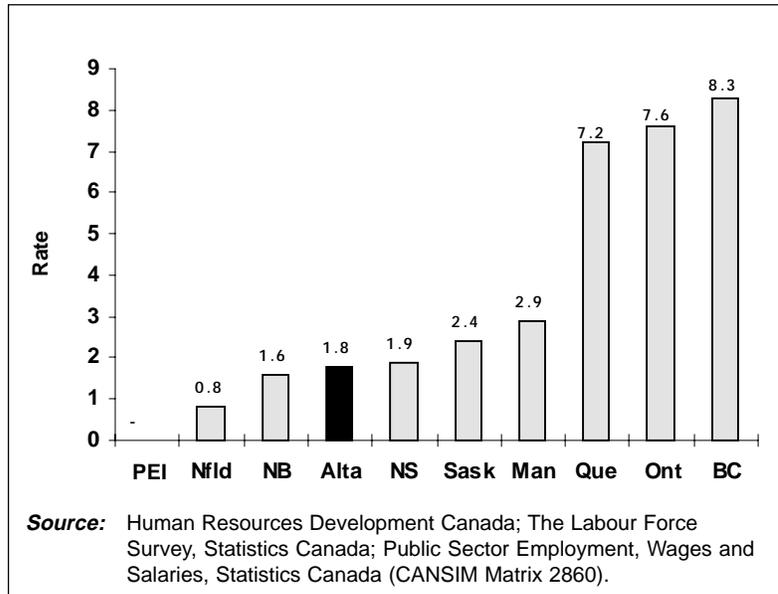
For more information, see the related ministry measures listed in Appendix III.

Workplace Climate

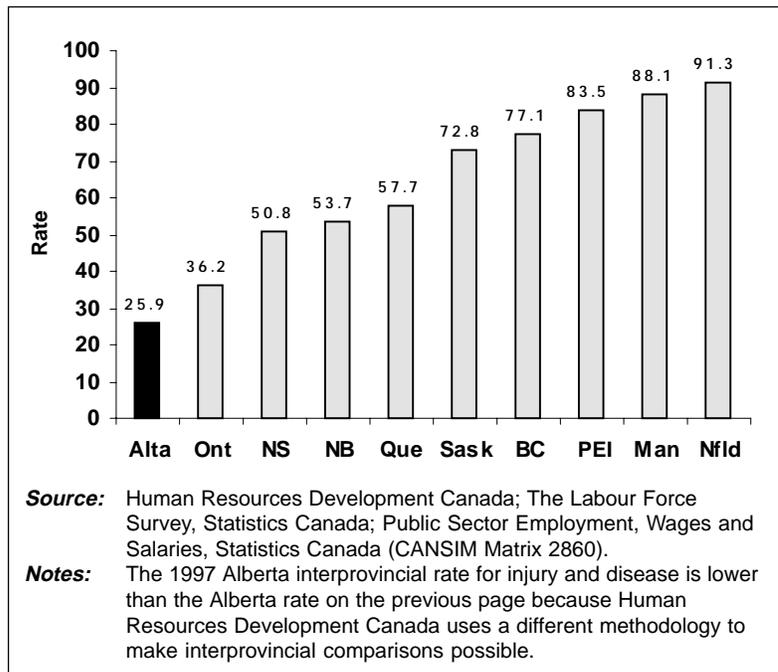
SUPPLEMENTAL INFORMATION

Provincial Ranking of Person-days Lost per 10,000 Person-days Worked

Work Stoppages - 1998



Injury and Disease - 1997



CORE MEASURE

Export Trade

GOAL 12 - ALBERTA BUSINESSES WILL INCREASE EXPORTS

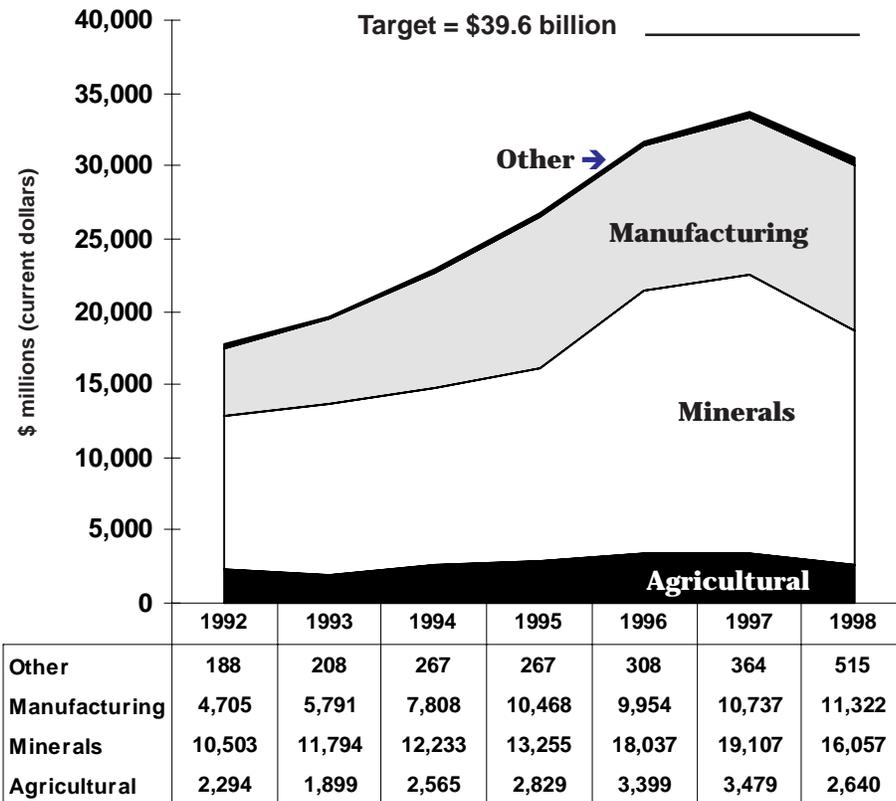
TARGET Increase exports to \$39.6 billion by 2000.

RESULTS Alberta's exports to international markets fell by 9.4% to \$30.5 billion in 1998.

Although the value of Alberta's exports fell in 1998, significantly lower commodity prices were responsible for most of the decline. The volume of oil and natural gas exported increased by 5% in 1998, while manufacturing exports increased by 15% after adjusting for price.

Exports are a vital part of Alberta's economy. As indicated in the graph, manufacturing exports have grown significantly, although resources continue to represent a significant portion of Alberta's exports. Alberta's ability to access export markets (see supplemental information), and world market prices for its exported goods, can affect Alberta's export potential and overall economic growth.

VALUE OF ALBERTA'S INTERNATIONAL EXPORTS
(BY MAJOR COMMODITY GROUP)



Source: Alberta Economic Development (derived from Statistics Canada data).

For more information, see the related ministry measures listed in Appendix III.

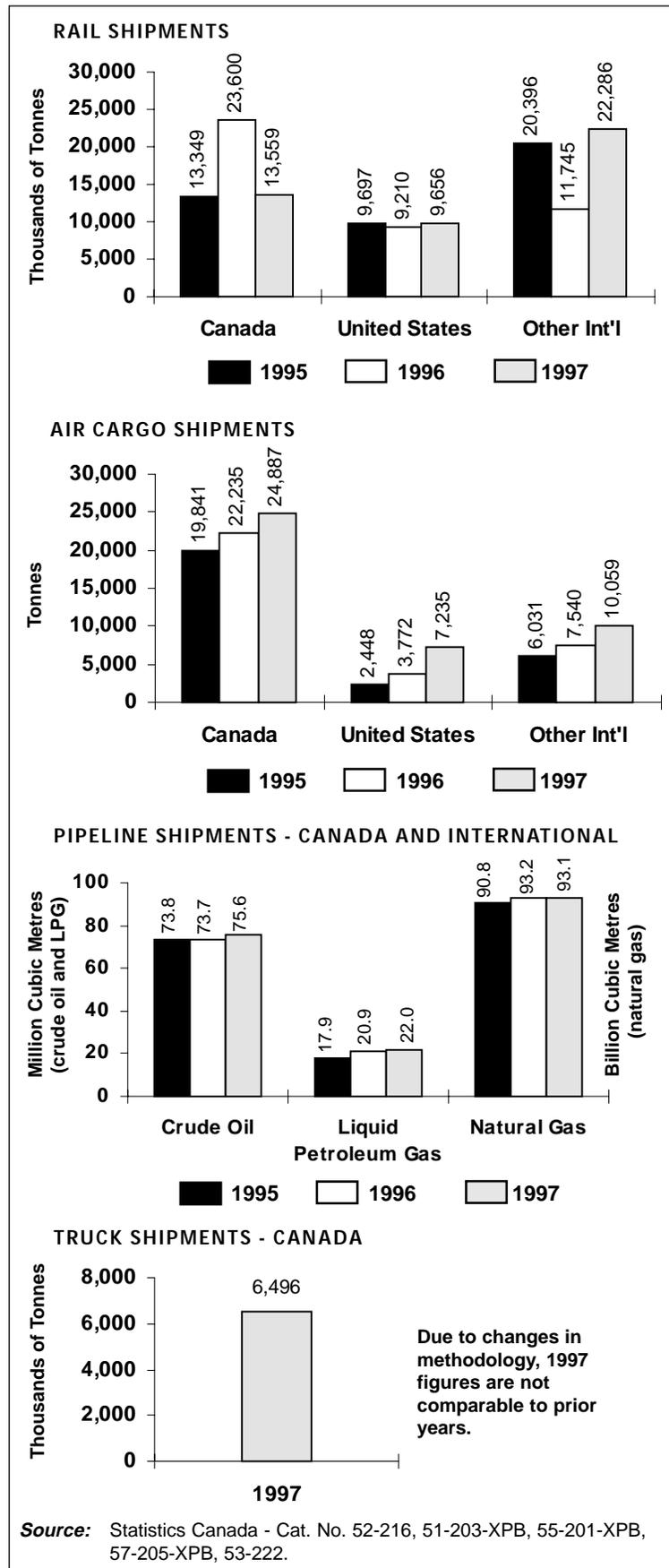
Export Trade

SUPPLEMENTAL INFORMATION

Alberta Exports - Volume of Goods Shipped

Statistics Canada monitors the value and volume of goods shipped for certain modes of transportation. Tracking the value of goods shipped may obscure a decline in total volume if prices are increasing. Conversely, a fall in price may reduce the value of exports with no change in the volume shipped.

An increasing volume of goods shipped is another indicator that Alberta is able to compete internationally.



Preservation

Preserving the Alberta tradition of:

- a safe society where justice prevails
- a clean environment
- strong values and culture
- pride in Alberta and strength within Canada
- strong communities.

There are five government goals for the Preservation core business and seven Preservation performance measures. **Overall, there has been no significant change in performance.** The following are the 1998-99 performance highlights for these seven *Preservation* measures.

MEANING OF SYMBOLS

- ↑ improved performance
- no significant change in performance from previous year
- ↓ declining performance

PERFORMANCE HIGHLIGHTS

- **Crime Rate** - In 1997, the violent crime rate increased by 6.9%, while the property crime rate continued to fall, dropping by 0.5%.
- **Resource Sustainability** - Alberta's timber harvest remains below the annual allowable cut. The coniferous harvest was at 97% of the annual allowable cut; the deciduous harvest was at 57%. Remaining years of supply of conventional oil reserves remained relatively constant at 6.29 years. Crop yield on agricultural land rose slightly in 1998.
- **Air Quality** - On average, the quality of Alberta's air continues to be rated either good or fair every day, with 354 days rated good in 1998.
- **Water Quality** - The quality of Alberta rivers is still generally "good" to "fair". Water quality continues to be poorer downstream from major cities and large developments.
- ↑ **Land Quality** - Land productivity, expressed as crop yield per acre, has improved slightly to 0.89 tonnes/acre.

- **Heritage Appreciation** - Visitation to natural, historical and cultural sites has remained relatively constant over the past few years.
- **Intergovernmental Relations** - Alberta's approval rating in federal-provincial relations remained significantly higher than that of the four province average.

OPPORTUNITIES FOR IMPROVEMENT

- **Crime Rate** - Alberta's property and violent crime rates are above the Canadian average.
- **Resource Sustainability** - In 1998, Alberta's remaining established reserves of natural gas dropped from 10 years to 9 years.
- **Water Quality** - Water quality downstream from major urban areas is unsuitable for recreational use due to high concentrations of nutrients and bacteria.

CORE MEASURE

Crime Rate

GOAL 13 - ALBERTA WILL BE A SAFE PLACE TO LIVE AND RAISE FAMILIES

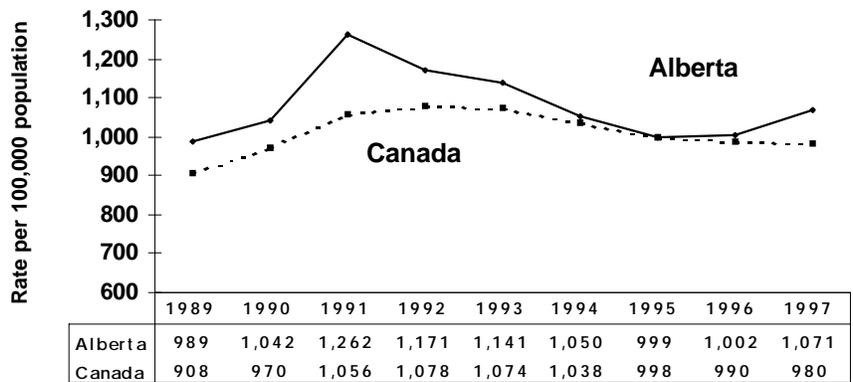
TARGET Reduce Alberta's crime rates below the national average by the year 2000.

RESULTS In 1997, Alberta's violent crime rate was 9.3% above the Canadian average. Our property crime rate was above Canada's by 4.5%.

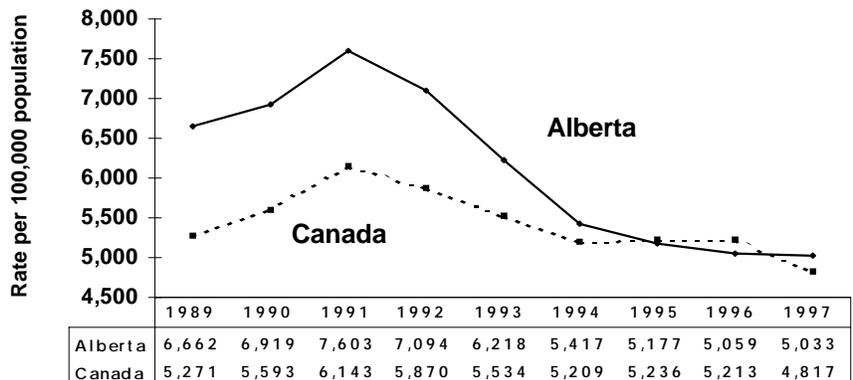
Albertans want their homes and communities to be safe. The distribution and type of crime indicates the relative safety of Alberta communities. It may also be an indicator of the strength of families, the education system and

our economy. Since 1991, the property crime rate has fallen by 33.8%. Although Alberta showed a 6.9% increase in the rate of violent crime in 1997, the property crime rate has continued to fall, dropping by 0.5%.

VIOLENT CRIME RATE



PROPERTY CRIME RATE



Source: Canadian Centre for Justice Statistics, Canadian Crime Statistics, Cat. 85-205-XPE.

For more information, see the related ministry measures listed in Appendix III.

Crime Rate

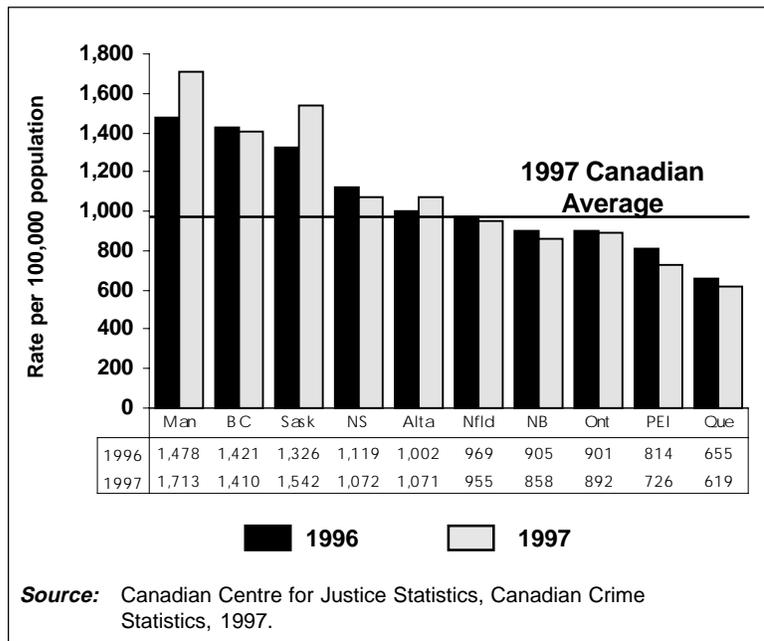
SUPPLEMENTAL INFORMATION

Canadian Crime Rates by Province (Rates per 100,000 Population)

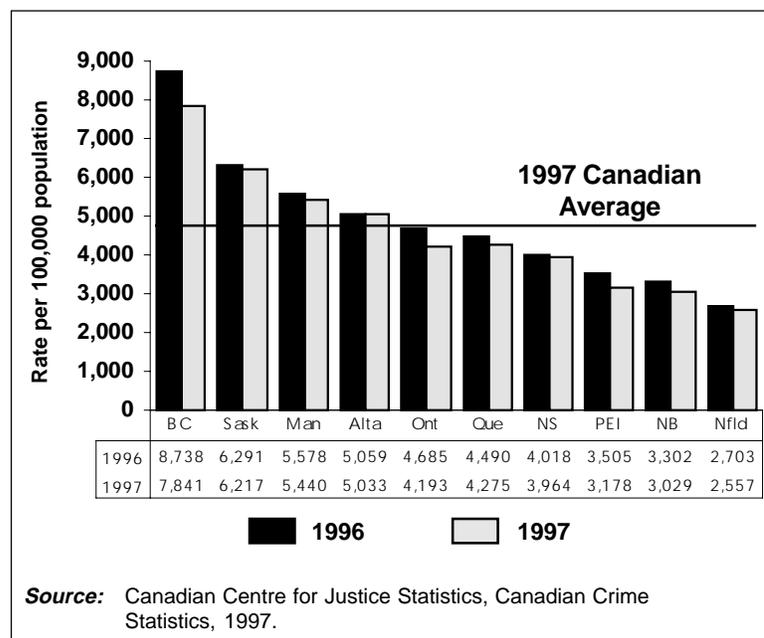
While the core measure looks at Alberta's crime rates over time, these charts compare our crime rates in 1996 and 1997 to those of the other provinces. There is a significant range in

provincial rates. Alberta has the lowest violent and property crime rates among the western provinces.

Violent Crime



Property Crime



Crime Rate

SUPPLEMENTAL INFORMATION

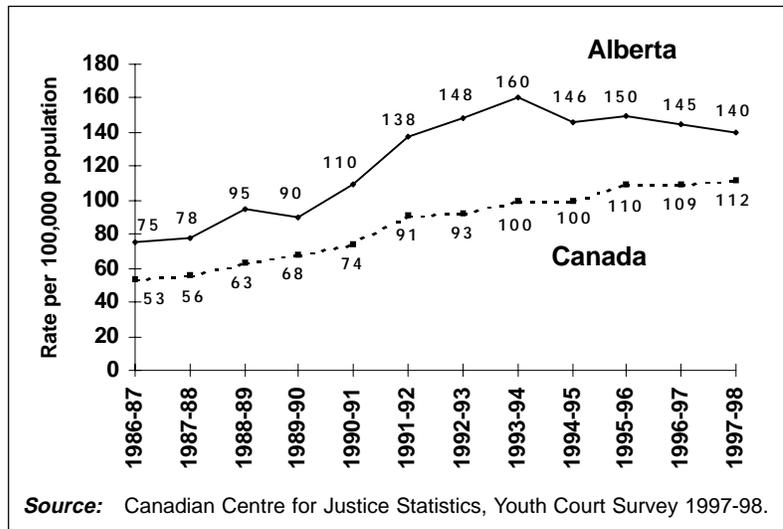
In Alberta, 25% of all criminal charges involve youth. Of that amount, serious violent crime accounts for only 9% of charges against youth. The remainder of charges involve property crime, mischief, minor assault, bail violations or other. Both violent and property crimes by youth continued to decline in 1997-98.

This measure gives researchers an indication of how youth crime impacts the population as a

whole. All provinces in Canada measure youth crime the same way, using the number of criminal charges brought against youth compared to the total population of an area. Such a consistent approach allows for the calculation of a national average and comparison of crime rates between provinces. As these graphs show, the gap between Alberta's youth crime rate and that of the national average continues to shrink.

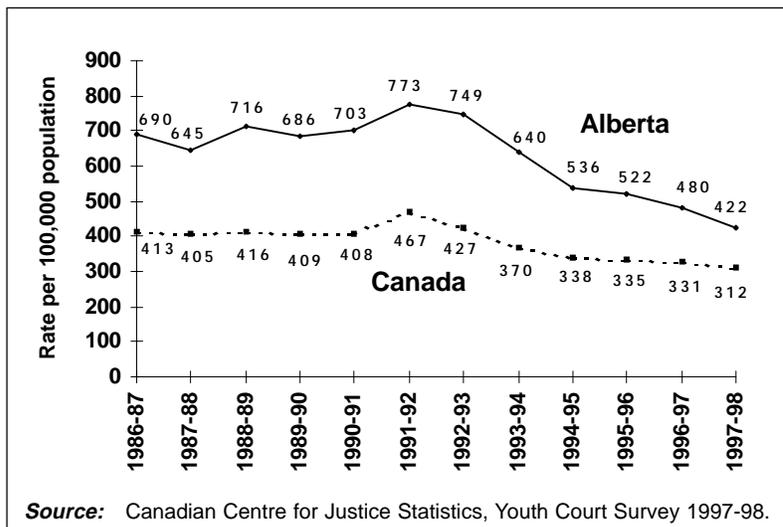
Violent Youth Crime Rate

Violent crime by youth decreased by 3.4% in 1997-98 compared to 1996-97.



Youth Property Crime Rate

In 1997-98, property crime by youth decreased by 12.1% compared to 1996-97, continuing a downward trend.



Resource Sustainability

GOAL 14 - ALBERTA'S NATURAL RESOURCES WILL BE SUSTAINED

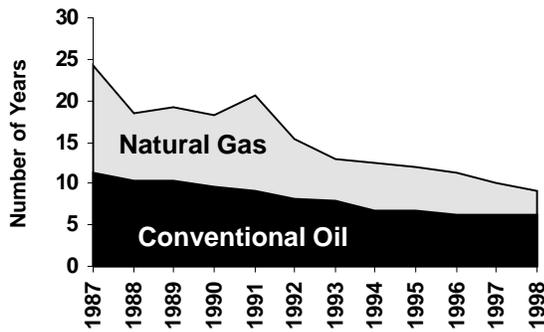
TARGET Prolong the reserve life of Alberta's oil and gas; keep Alberta's timber harvest below the annual allowable cut; and increase farm crop yield to 0.98 tonnes per acre by the year 2000.

RESULTS Remaining established reserves of gas continues to decline, while oil reserves increased slightly. Alberta's timber harvest remained below the annual allowable cut and farm crop yield per acre increased to 0.89 tonnes per acre.

Alberta's natural resources are the foundation of our economy. Ensuring the long term sustainability of our renewable resources (forests and agricultural lands) will help ensure long term prosperity for the province. Wise use of our non-renewable resources (oil, oil sands and natural

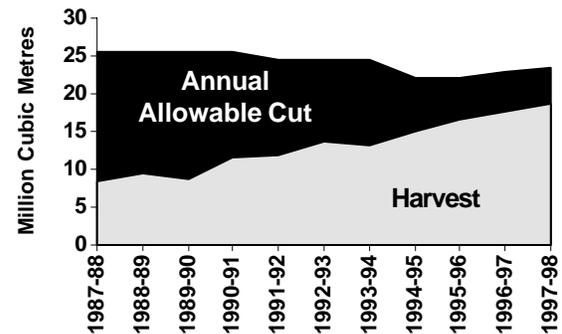
gas) will ensure that current and future generations benefit from their use. These indices for oil and gas, forestry and agricultural land indicate the general health of these resources and their ability to maintain production on a sustainable basis.

REMAINING ESTABLISHED RESERVES



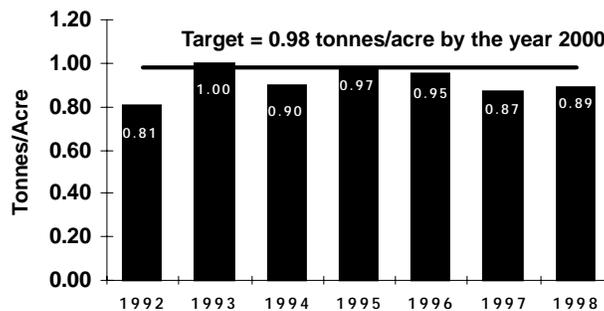
Source: Alberta Energy and Utilities Board.

TIMBER SUSTAINABILITY



Source: Alberta Environmental Protection.

LAND PRODUCTIVITY



Source: Alberta Agriculture, Food and Rural Development.

For more information, see the related ministry measures listed in Appendix III.

Resource Sustainability

SUPPLEMENTAL INFORMATION

Remaining Established Reserves

This table indicates the number of remaining years of supply of established reserves for oil and natural gas, based upon current production levels. Established reserves are those reserves recoverable under current technology and present and anticipated economic conditions. Therefore, changes in established reserves can occur through new discoveries, new technologies or changing economic conditions.

In 1998, the Alberta Energy and Utilities Board estimated the years of supply of surface-mineable crude bitumen (oil sands) to be 180.4 years.

YEARS OF SUPPLY BASED ON CURRENT PRODUCTION

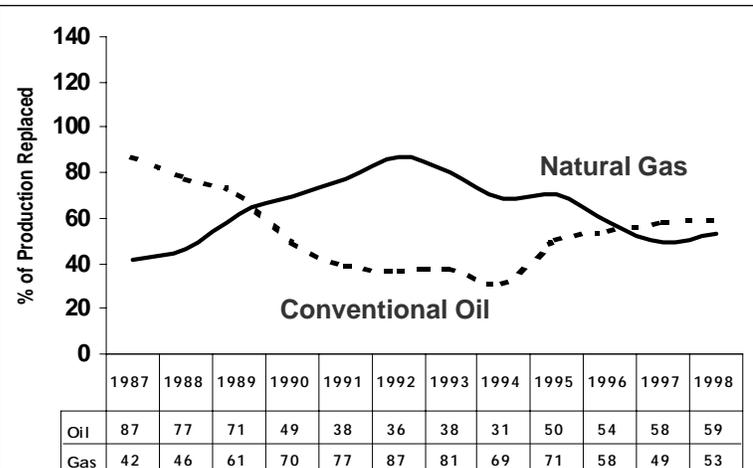
Year	Conventional Oil	Natural Gas
1987	11.39	24.15
1988	10.37	18.37
1989	10.42	19.23
1990	9.61	18.28
1991	9.11	20.64
1992	8.25	15.33
1993	7.85	12.96
1994	6.61	12.54
1995	6.72	11.96
1996	6.24	11.33
1997	6.22	10.05
1998	6.29	9.04

Source: Alberta Energy and Utilities Board.

Note: Declining years of supply of natural gas reflects industries' change to "just-in-time" supply.

Oil and Gas Index (5-year moving average)

The index compares the production of oil and gas to the increase in reserves through exploration, new discoveries and development activities. The replacement ratios for both oil and gas appear to be leveling out at just above 50%.



Source: Alberta Energy and Utilities Board.

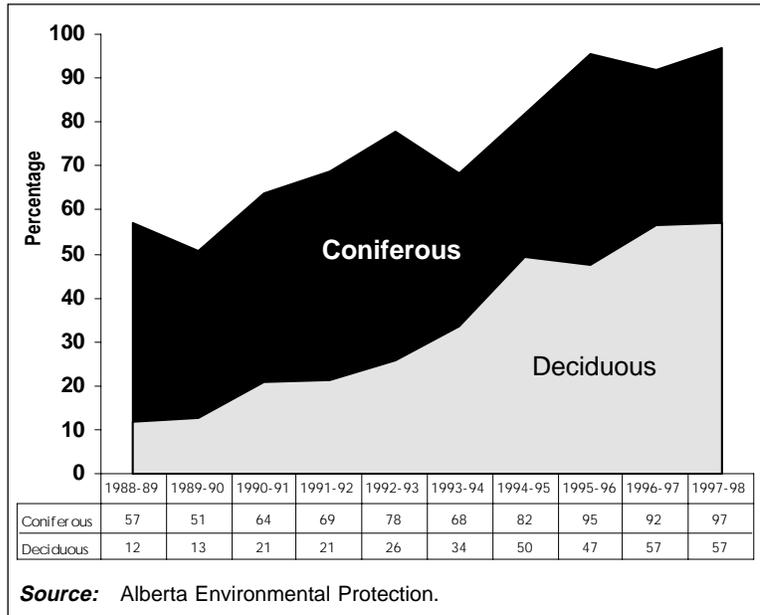
Resource Sustainability

SUPPLEMENTAL INFORMATION

Timber Harvest as a Percentage of the Annual Allowable Cut

This graph indicates the annual timber harvest of coniferous and deciduous timber as a percentage of the annual allowable cut (AAC) within the Green Area. The Green Area is primarily the unsettled portion of the province defined as lands not available for agricultural development other than grazing.

The AAC is the amount of timber that can be harvested on a sustainable basis within a defined planning area. The AAC is adjusted to reflect changes in timber supply, availability and forest management strategies.



CORE MEASURE

Air Quality

GOAL 15 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

TARGET Maintain air quality at levels which are considered “good” or “fair” at all times.

RESULTS There were no days rated poor or very poor last year.

There were a number of hours rated poor or very poor. Very poor levels typically occur only 1-2 hours per year in Calgary and Edmonton.

One of Albertans' key concerns about the environment is the quality of air we breathe. Ensuring the protection of Alberta's clean air is paramount to maintaining our health and

quality of life (see also *Life Expectancy at Birth* and supplemental information). Poor air quality may also have negative effects on crop quality and production (see also *Land Quality*). The air quality index provides an indication of the quality of air in Alberta throughout the year.

AIR QUALITY DAYS

	Good	Fair	Poor	Very Poor
1987	350	15	0	0
1988	355	11	0	0
1989	356	9	0	0
1990	354	11	0	0
1991	352	13	0	0
1992	361	5	0	0
1993	359	6	0	0
1994	349	16	0	0
1995	358	7	0	0
1996	360	6	0	0
1997	359	6	0	0
1998	354	11	0	0

Source: Alberta Environmental Protection.

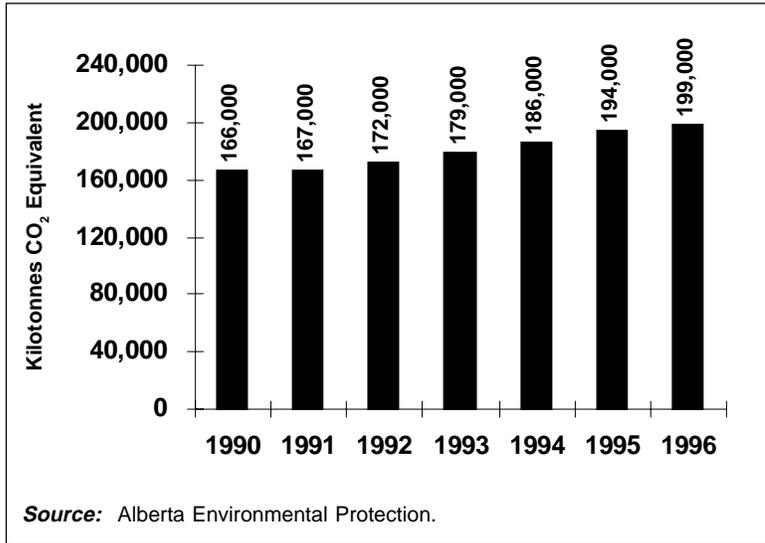
For more information, see the related ministry measures listed in Appendix III.

Air Quality

SUPPLEMENTAL INFORMATION

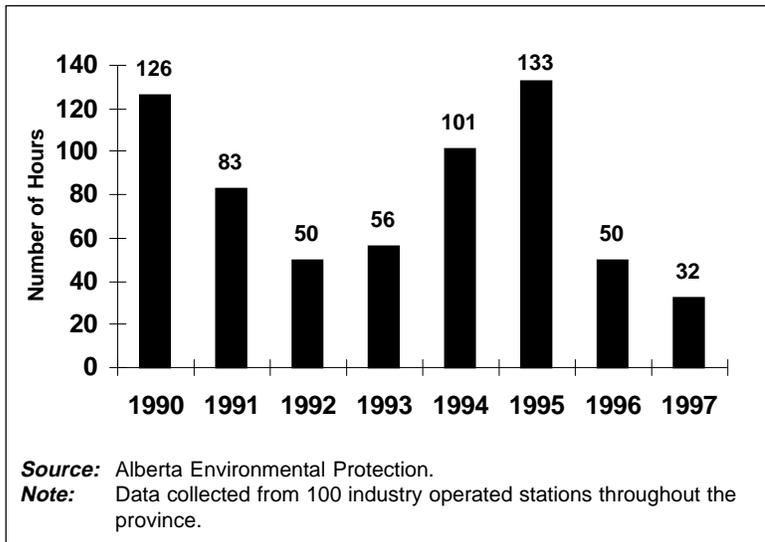
Alberta Greenhouse Gas Emissions

Certain emissions contribute to the “Greenhouse Effect” that scientists predict will lead to a warming of the Earth’s climate. Greenhouse gases include water vapour, carbon dioxide (CO₂), ozone, methane, nitrous oxide, and hydrofluorocarbons. Since 1990, Alberta’s greenhouse gas emissions have increased by about 20%.



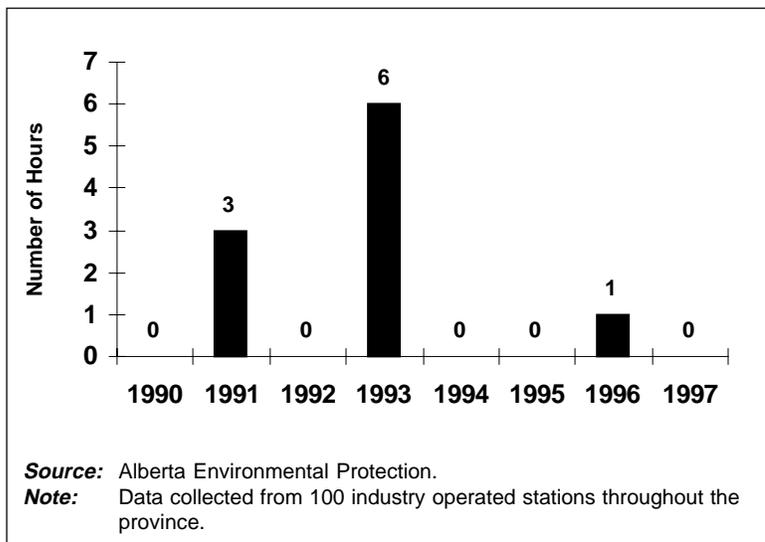
Sulphur Dioxide Levels Exceeding Guideline

Sulphur dioxide can decrease growth rates of crops and trees, corrode metals and weaken textiles and building materials. Sulphur dioxide irritates the throat and lungs and can damage the respiratory system. Most emissions are from the energy industry.



Nitrogen Dioxide Levels Exceeding Guideline

Nitrogen dioxide may be toxic to plants at high concentration levels, and can irritate the lungs and increase susceptibility to respiratory infections. In combination with either ozone or sulphur dioxide, it may cause injury at even low concentration levels. The largest urban source is motor vehicle emissions.



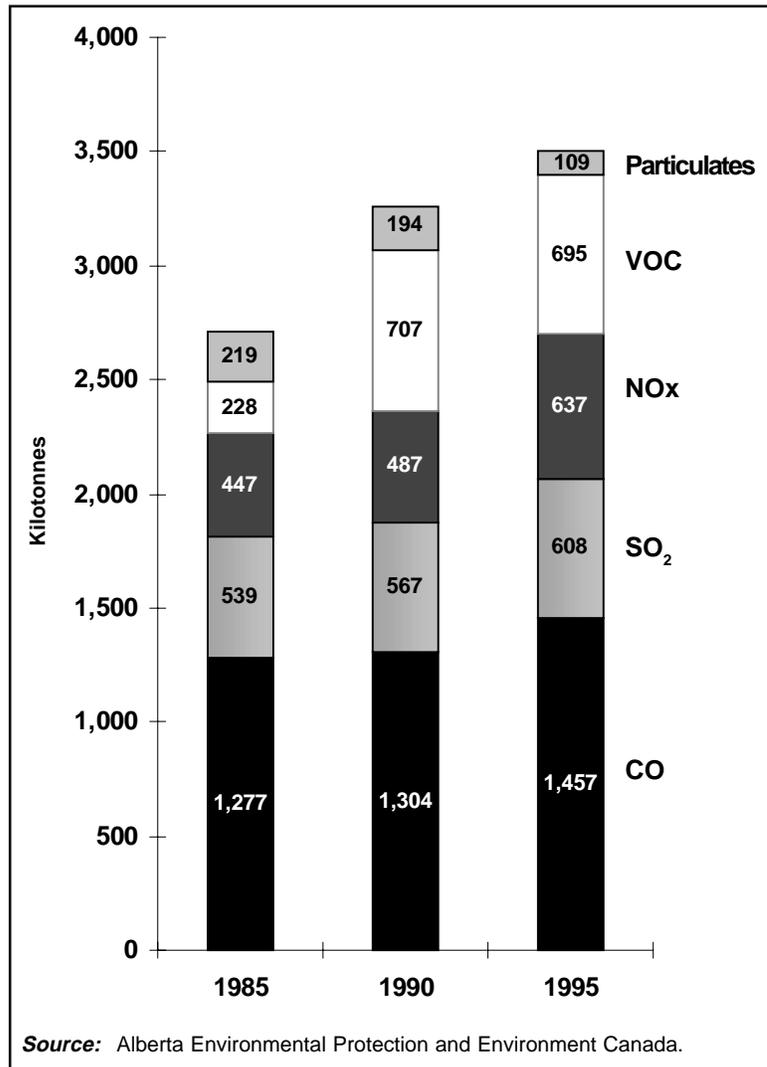
Air Quality

SUPPLEMENTAL INFORMATION

Total Air Pollutant Emissions in Alberta

Emissions of air pollutants affect overall air quality in Alberta. Emissions data are estimated by Alberta Environmental Protection and Environment Canada from various sources including industries, fuel consumption by automobiles, waste incineration and other miscellaneous sources. The most important pollutants are sulphur dioxide (SO₂), carbon monoxide (CO), nitrogen oxides (NO_x), volatile organic compounds (VOC), and particulates.

It should be noted that the methodologies for estimating the emissions of these pollutants from the various types of sources have evolved over the years. These evolving methodologies make it difficult to determine a trend in emissions.



Water Quality

GOAL 15 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

TARGET Bring river quality downstream of developed areas in line with upstream conditions.

RESULTS Overall, the water quality of Alberta's major rivers is good to fair; however, water quality tends to be poorer downstream of areas of significant urban, industrial or agricultural development.

Water is one of the necessities of life. Surface water quality can be evaluated on the basis of its suitability for various uses including recreation, the protection of aquatic life, and irrigation and stock watering. River water quality is used for this measure because the effects of human activities are generally more evident in rivers than in lakes.

Water quality downstream of the urban centres on the North Saskatchewan, Bow and Oldman Rivers was rated as unacceptable for recreational use because the guidelines for fecal coliform bacteria, phosphorus and nitrogen were often not met. The suitability of water for recreational use was also impaired in the lower Athabasca River because guidelines for nutrients were frequently not met.

WATER QUALITY INDEX (1997): SUITABILITY OF ALBERTA'S MAJOR RIVERS FOR VARIOUS USES				
Location	 Recreation	 Aquatic Life	 Agriculture	Issues - Concerns
SMOKY/PEACE RIVER				
at Watino	⊗	⊙	⊙	pulp mill & municipal sources
at Ft Vermilion	⊗	⊙	○	
ATHABASCA RIVER				
at Athabasca	⊗	⊙	○	pulp mill & municipal sources
at Old Fort	●	⊙	⊙	
NORTH SASKATCHEWAN RIVER				
upstream of Edmonton	⊙	○	○	municipal, industrial and agricultural sources
downstream of Edmonton	●	⊙	○	
RED DEER RIVER				
upstream of Red Deer	⊙	⊙	○	municipal, industrial and agricultural sources
downstream of Red Deer	⊗	⊙	○	
BOW RIVER				
upstream of Calgary	○	○	○	municipal & agricultural sources; reduced flow due to water withdrawal
downstream of Calgary	●	⊙	○	
OLDMAN RIVER				
upstream of Lethbridge	⊙	○	○	municipal & agricultural sources
downstream of Lethbridge	●	⊙	○	
Based on percentage of compliant tests in 1997				
○ water quality is good: (100 - 96% compliance)				
⊙ water quality is fair: (95 - 86% compliance)				
⊗ water quality is poor: (85 - 71% compliance)				
● water quality is not acceptable for the use indicated (70% compliance and lower)				
Source: Alberta Environmental Protection.				
Note: Important municipal sources include wastewater treatment plants and stormwater run-off.				

For more information, see the related ministry measures listed in Appendix III.

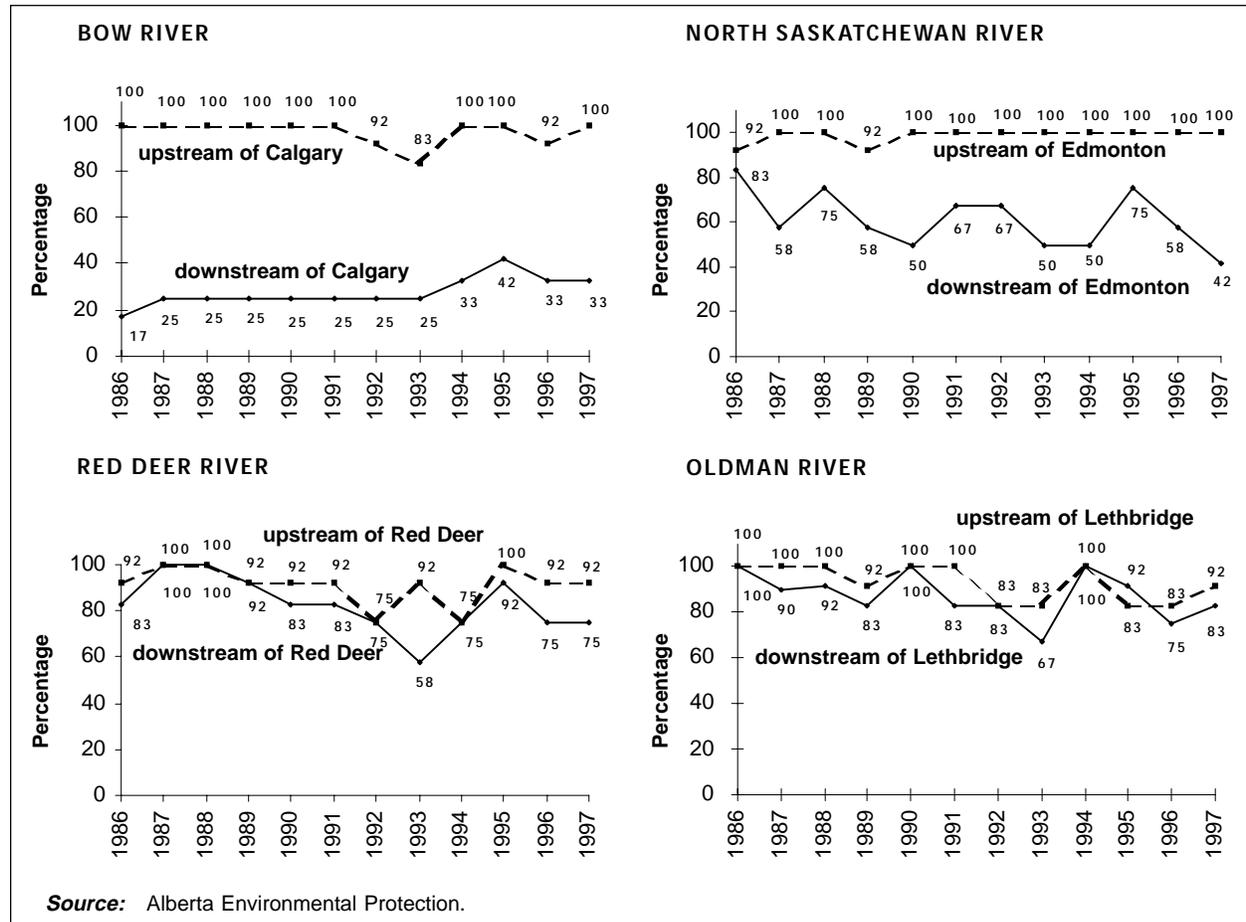
Water Quality

SUPPLEMENTAL INFORMATION

Compliance Rates with Total Nitrogen Guideline

Nitrogen is a nutrient that can promote the growth of algae and aquatic weeds. Excessive plant growth can create conditions that are undesirable for recreation. As well, an abundance of decaying plant material can lead to decreased dissolved oxygen, causing conditions that are unfavourable for aquatic life. Some forms of nitrogen (ammonia, nitrate) are themselves toxic to aquatic life. Sources of nitrogen to the aquatic environment include cleaning products, sewage, fertilizers, industrial effluent and soil erosion.

Yearly compliance with the total nitrogen guideline varies naturally, but is generally lower downstream of major centres. The total nitrogen guideline is almost always met in the North Saskatchewan and Bow Rivers, upstream from Edmonton and Calgary. Agricultural and municipal development upstream of Red Deer and Lethbridge contributes to occasional non-compliance at these sites. Strategies being developed for control of non-point sources or nutrients will contribute to improvements at upstream sites. Recent and planned upgrades to the wastewater treatment facilities in all four cities will help improve compliance at downstream sites.



CORE MEASURE

Land Quality

GOAL 15 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

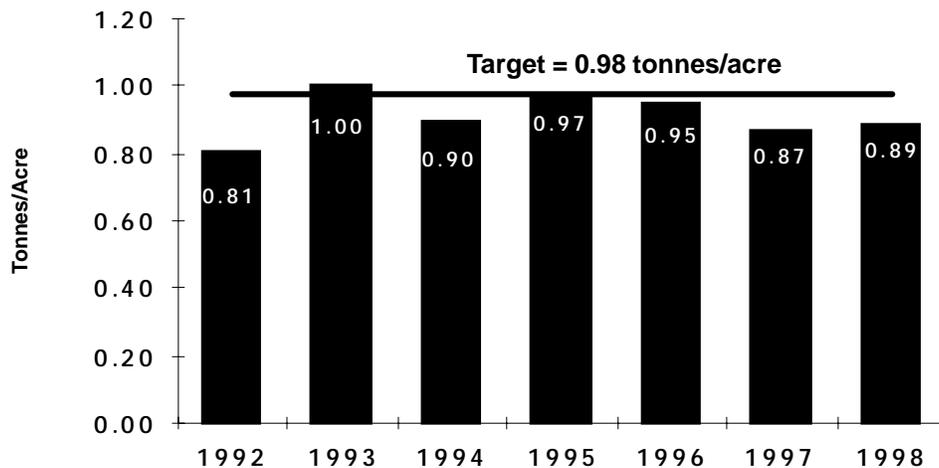
TARGET Increase crop yield per acre to 0.98 tonnes per acre by the year 2000.

RESULTS Crop yield per acre increased slightly in 1998 and is higher than that experienced during the 1970's.

The quality, health and productivity of Alberta's land base is vital to our health and to our economy. Ensuring that land is used wisely for agriculture, forestry, industrial use, municipal development, recreation and tourism, or other uses is critical to our economic, social and cultural well-being.

There are currently no comprehensive Canadian or Alberta indicators for land or soil quality. We are able to test soil quality, but there is no map of soil quality for the province. As a proxy, we are using crop yield on a tonnes per acre basis. Crop yield is an indirect measure of long term land productivity.

LAND PRODUCTIVITY



Source: Alberta Agriculture, Food and Rural Development.

For more information, see the related ministry measures listed in Appendix III.

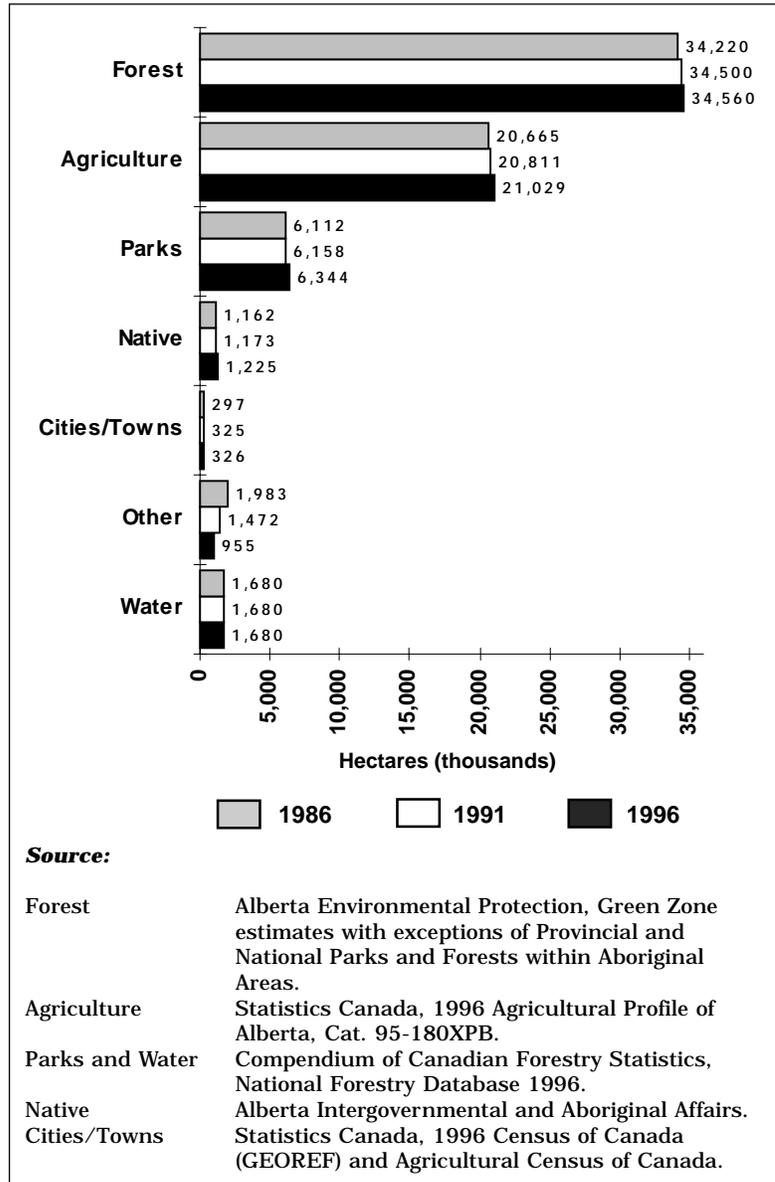
Land Quality

SUPPLEMENTAL INFORMATION

Land Use Changes (1986 to 1996)

Changes in land use may have implications for the sustainability of natural ecosystems over time.

Monitoring the change in land use for municipalities will also indicate the effect of human activities on the land.



Heritage Appreciation

GOAL 16 - ALBERTANS WILL HAVE THE OPPORTUNITY TO ENJOY THE PROVINCE'S NATURAL, HISTORICAL AND CULTURAL RESOURCES

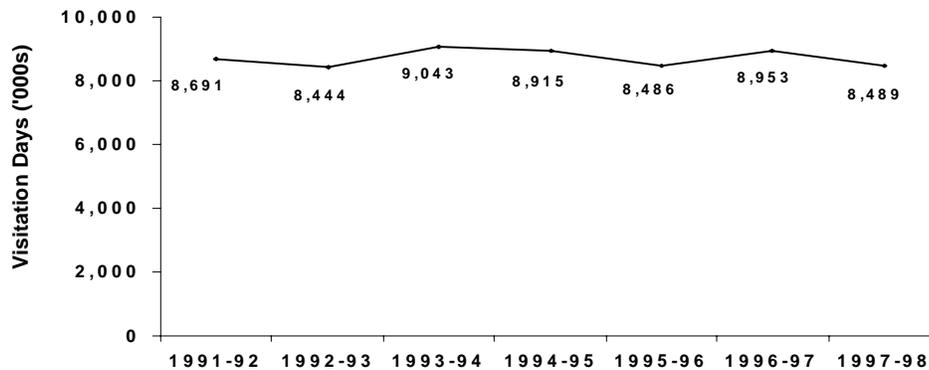
TARGET 1.1 million visitors per annum to historic sites and museums. Target to be developed for parks visitation.

RESULTS Visitation to natural, historical and cultural sites has remained relatively constant over the past few years.

Albertans enjoy a high quality of life owing, in part, to the opportunities to access the province's wealth of natural, cultural and historical resources. These resources include recreation and

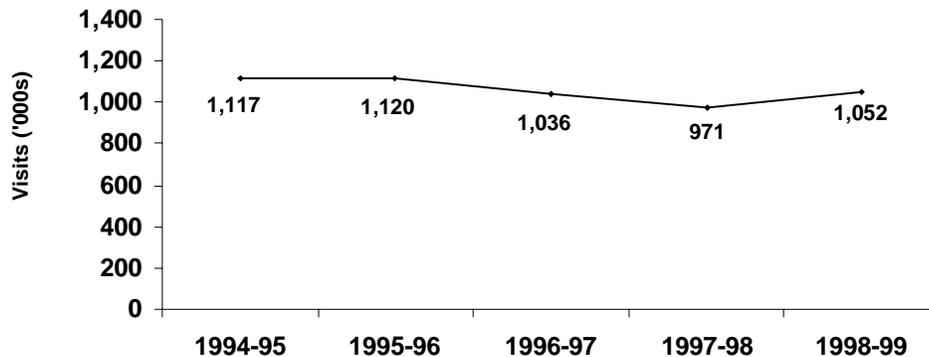
protected areas, historic sites, museums, libraries, arts programs and recreational opportunities.

PROVINCIAL PARKS AND RECREATION AREAS VISITATION



Source: Alberta Environmental Protection.

HISTORIC SITES AND MUSEUMS VISITATION



Source: Alberta Community Development.

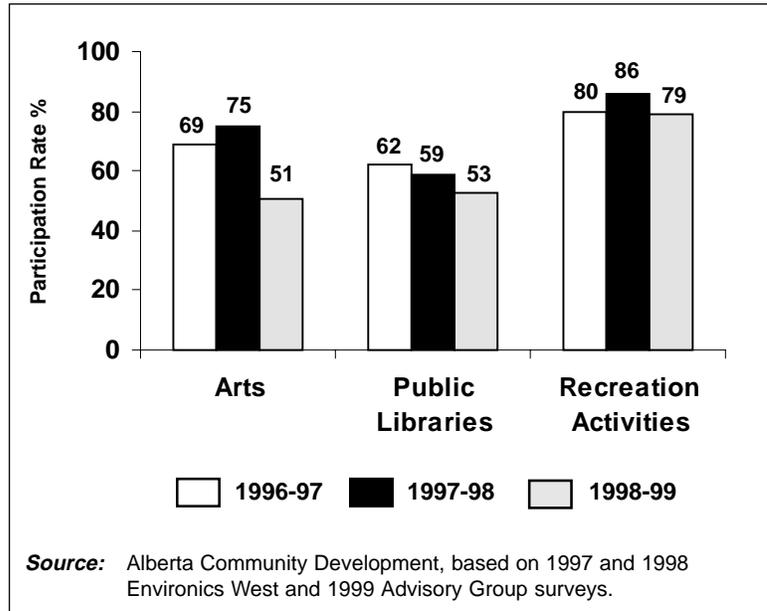
For more information, see the related ministry measures listed in Appendix III.

Heritage Appreciation

SUPPLEMENTAL INFORMATION

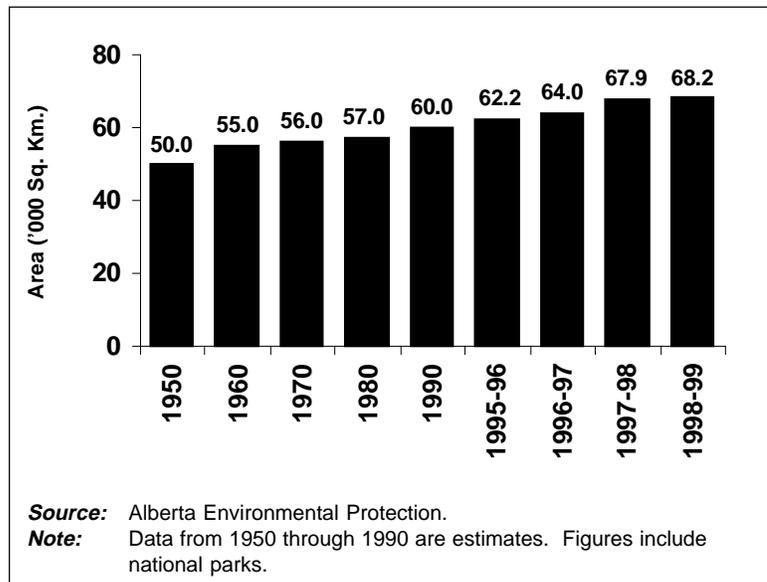
Arts, Libraries and Recreation Activities Participation Rate

Participation in arts, libraries and recreation is an indicator of the opportunities Albertans have to enjoy these resources. This chart shows adult Albertan's visits to public libraries and their participation rate in arts activities such as performing in a choir, playing a musical instrument, taking an arts course, visiting an arts exhibition or gallery and recreation activities such as skiing, golfing, skating, hockey, walking, bicycling and swimming.



Special Places 2000

The designation of parks, natural reserves and related sites helps protect Alberta's natural heritage to ensure it can be appreciated by generations to come. Special Places is a program to preserve representative examples of each of Alberta's six natural regions and 20 sub-regions. The target is to have 81,000 square kilometres of Alberta designated as parks, natural reserves or related sites by the year 2000.



Intergovernmental Relations

GOAL 17 - ALBERTA WILL WORK WITH OTHER GOVERNMENTS AND MAINTAIN ITS STRONG POSITION IN CANADA

TARGET Maintain the Alberta government's public approval rating in federal-provincial relations at a level equivalent to the average approval rating of four other provinces (British Columbia, Saskatchewan, Manitoba and Ontario).

RESULTS Alberta government's public approval rating in federal-provincial relations dropped slightly in 1998, but is significantly above the average of the four other provinces.

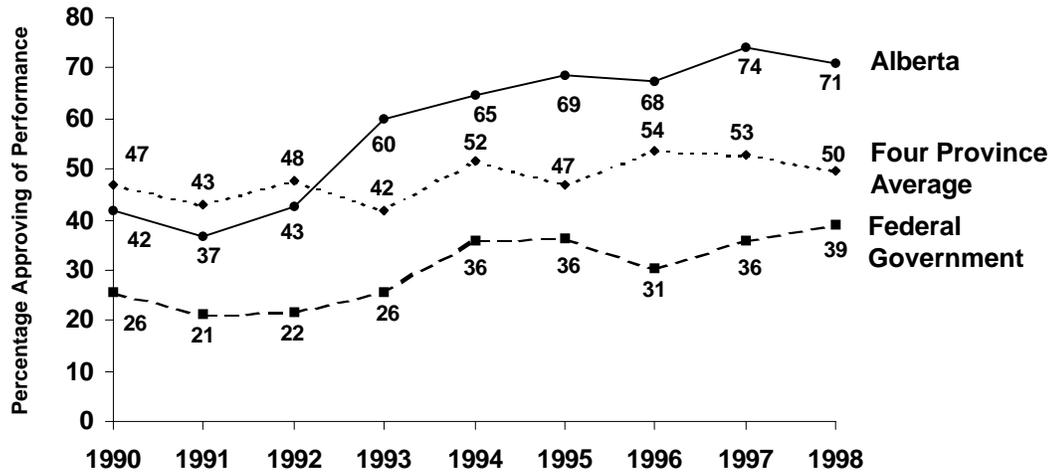
The Alberta government plays a significant role in the Canadian federation, demonstrating leadership in those policy areas that affect the well-being of Albertans and other Canadians.

In particular, Alberta works to improve the social and economic well-being of Albertans through a more effective and efficient federation. The government recognizes that positive and

productive relations between governments are essential for the effective operation of the Canadian federation.

The province continually seeks fair and equitable treatment for Alberta within the federation, while recognizing the importance of helping other provinces achieve economic and fiscal self-reliance.

PUBLIC APPROVAL RATINGS IN FEDERAL-PROVINCIAL RELATIONS



Source: Environics Research Group Limited, Focus Canada Report.

For more information, see the related ministry measures listed in Appendix III.

Core Measures Methodology

LIFE EXPECTANCY AT BIRTH

Life expectancy estimates are calculated and published by Statistics Canada. The 1997 Alberta data are Alberta Health estimates. International life expectancies are from the United Nations 1997 demographic yearbook, but represent 1996 data.

HEALTH STATUS

Data is collected through a telephone survey conducted for Alberta Health of 4,000 randomly selected Alberta households. The question asked of Albertans 18 and over to seek self-reported health status is: *“In general, compared with other people your age, would you say your health is...?”*

BIRTHS TO MOTHERS UNDER AGE 18

Measures the rate of births to Alberta mothers under the age of 18, per 1,000 females aged 10-17 years, and compares it to the national average.

EDUCATIONAL ATTAINMENT

Students entering grade 9 in Alberta each year are tracked over time to determine the proportion who complete a diploma, certificate or equivalent standing within 6 years. While the majority of students complete high school “on time” (complete one full grade each school year), many complete after an additional year or two of schooling.

LITERACY AND NUMERACY LEVELS

Students normally take the grade 9 provincial achievement test at age 14 to 15. The results are based on the number of students actually writing the tests. The provincial expectation is that 85%

of the students writing will achieve the acceptable standard, and 15% will achieve the standard of excellence. A student achieving the acceptable standard demonstrates that they have met the grade level requirements for that subject. Provincial achievement tests reflect the curriculum and are developed with extensive involvement from classroom teachers, and input from other educators, business and community groups, to ensure that the standards reflect public expectations. The scores at which these standards are demonstrated on each test are initially set by the judgement of a committee of teachers and are then held constant by statistical methods in subsequent years. Literacy data prior to 1995 and numeracy data prior to 1998 are not comparable due to changes in testing and methodology.

FAMILY INCOME DISTRIBUTION

Based on Statistics Canada data on “economic families”, who are defined as “a group of individuals sharing a common dwelling unit and related by blood, marriage (including common law relationships) or adoption.” Economic family income consists of incomes received by all family members 15 years of age and over. The measure is shown in current dollars.

GROSS DOMESTIC PRODUCT

The three-year average annual growth rate is calculated using Alberta Economic Accounts, Alberta Treasury and Statistics Canada gross domestic product (GDP) data. The growth rate for each year is calculated and the rates are averaged over a three-year period.

Core Measures Methodology

APPENDIX I

JOB GROWTH

Statistics Canada obtains information on employment growth as part of its monthly Labour Force Survey. Using 1996 as a base, we calculate net employment growth from that point. Job growth is calculated on an annual average basis which is the standard method for tracking job growth.

SKILL DEVELOPMENT

Uses Alberta Economic Accounts data on Alberta and Canada Gross Domestic Product (GDP) and Statistics Canada data on total employment. GDP is divided by total employment to calculate labour productivity. Interprovincial comparisons are based on Statistics Canada GDP data.

ADOPTION OF NEW TECHNOLOGIES

Statistics Canada's Service Bulletin Science Statistics collects data on research and development expenditure performed and funded by business enterprises. Our measure uses the statistics on the amount of research and development funded by business.

INFRASTRUCTURE CAPACITY

Alberta Transportation and Utilities monitors the structural integrity of primary highways. Based upon engineering guidelines, sections of the system may be subject to vehicle weight restrictions during spring thaw when roadways are more susceptible to damage. Weight restrictions may also be placed on roads which have not received the final layer of pavement. This measure is calculated as the number of kilometers subject to weight restrictions as a percentage of the total kilometers of primary highway (including all rural primary, series 900, and primary highways through towns and villages).

Alberta Energy collects monthly data from Nova Gas Transmission Ltd. on natural gas pipeline capacity and throughput at major export points. Shortages in Alberta's internal provincial gas distribution system are supplemented by accessing export pipelines; therefore, the capacity utilization level of the export system can affect provincial supply.

Statistics Canada collects data on research expenditure. Gross expenditure on R&D for Alberta and Canada is expressed as a percentage of GDP.

COST OF GOVERNMENT

Expresses the per capita cost of government as a percentage of the average per capita expenditure of the other nine provinces.

TAXATION LOAD

The provincial personal income tax rate is reported as a percentage of federal income tax and compared to other provinces.

The tax load data is derived by the Federal Department of Finance using all provincial and municipal tax revenue data. Tax load is expressed as an index with the average provincial tax load equal to 100 basis points. The tax load on persons includes personal income tax, sales taxes, tobacco, gasoline and diesel taxes, local property taxes, and payroll taxes.

PROVINCIAL CREDIT RATING

A blended rate of domestic debt assessments by Standard and Poor's, Moody's, Dominion Bond Rating Service, and the Canadian Bond Rating Service.

Core Measures Methodology

APPENDIX I

NET DEBT

The annual Public Accounts report the province's net debt for the year. Net debt is defined as the difference between the province's financial assets and its liabilities, excluding pension obligations. Assets do not include capital assets such as land and buildings, but do include external Heritage Fund investments and loans to farmers and small businesses. Liabilities include General Revenue Fund and Crown corporation liabilities, and accounts payable, less Alberta Heritage Savings Trust Fund internal debt holdings.

WORKPLACE CLIMATE

Human Resources Development Canada (HRDC) provides the number of person-days lost due to work stoppages for each of the 10 provinces in Canada. Strikes and lockouts involving federal government workers are excluded for interprovincial comparison, but are included for the national rate. HRDC data include both legal and illegal strikes and lockouts.

For interprovincial comparison of workplace injury and disease, HRDC provides an estimate of the person-days lost for all provinces based on data it collects from Workers' Compensation Boards. For the Alberta-specific time series of person-days lost to injury and disease, data are provided directly from the Alberta Workers' Compensation Board (WCB), based on claims submitted by its clients. (The WCB data include claims compensated in the reference year and up to three months after the reference year while the HRDC data do not include claims compensated after the reference year.) Injury and disease data are based on employees who are covered by the WCB. Therefore, injury and disease data for

groups such as agricultural workers are not collected.

Statistics Canada provides the information used to calculate the person-days worked. The number of paid workers (less federal government and agricultural workers) is converted into person-days worked using the standard of 20.89 working days per month. The number of person-days lost is divided by person-days worked and multiplied by 10,000 to obtain the rates.

EXPORT TRADE

Alberta Economic Development uses Statistics Canada data to monitor the value of goods exported to other countries.

CRIME RATE

Crime is defined as the total number of *Criminal Code of Canada* incidents involving youth and adults. Violent crime involves offences that deal with the application, or threat of application of force to a person. These include homicide, attempted murder, various forms of sexual and non-sexual assault, robbery and abduction. Traffic incidents that result in death or bodily harm are not included. Property crime includes incidents involving unlawful acts with the intent of gaining property but do not involve the use or threat of violence against an individual. Theft, breaking and entering, fraud and possession of stolen goods are examples of property crimes.

Crime statistics are collected using the Uniform Crime Reporting Survey, a common survey used to measure police-reported crime in each Canadian jurisdiction. Crime rates may vary owing to differences in the jurisdiction's enforcement methods, charging practices and

Core Measures Methodology

APPENDIX I

available diversion programs, rather than the incidence of actual crime. Population data from Statistics Canada is used to convert reported crime into crime rates per 100,000 population.

RESOURCE SUSTAINABILITY

The oil and gas graph indicates the number of remaining years of supply of established reserves for conventional oil and natural gas, based upon current production levels. Oil sands reserves are not shown. In 1998, the Alberta Energy and Utilities Board estimated the established mineable oil sands reserve to be 6.4 billion cubic metres.

Timber sustainability compares the annual timber harvest with the long-term sustainable annual allowable cut (AAC) as set by the province within the Green Area. The Green Area is primarily the unsettled portion of the province defined as lands not available for agricultural development other than grazing. The AAC is the amount of timber that can be harvested on a sustainable basis within a defined planning area. Forest management strategies also take into account other forest uses outside of timber production.

Land productivity data is collected by Agriculture, Food and Rural Development for the various crops and is converted to a standard base of tonnes per acre of wheat.

AIR QUALITY

The measure is based on data collected from eight continuous monitoring stations across the province - three stations in both Edmonton and Calgary, and one station in both Fort Saskatchewan and Fort McMurray. The data from these stations is used to calculate the Index of Quality of Air (IQUA) every hour.

The IQUA is based on outdoor concentrations of five major air pollutants (carbon monoxide, the dust and smoke, nitrogen dioxide, ozone, and sulphur dioxide). The concentration of each pollutant is converted to an IQUA number, and the highest number is the IQUA for that station. IQUA ratings are divided into Good, Fair, Poor and Very Poor categories. These categories are derived using formulas based on air quality guidelines of the *Alberta Environmental Protection and Enhancement Act* and the National Air Quality Objectives.

WATER QUALITY

Samples are collected on a monthly basis at two locations for each of the province's six major river systems.

Up to twenty water quality variables from each sample are compared with the appropriate guideline. The percentage of tests meeting guidelines is the base measure of water quality. The variables are placed into three groups pertaining to different river uses. Some variables are included in more than one category. For example, fecal coliform bacteria may indicate health risks to swimmers, and may affect the suitability of water for crop irrigation and livestock watering.

River water quality is primarily evaluated against the Alberta Ambient Surface Water Quality Interim Guidelines (AWQG). Fecal coliform counts are evaluated using the appropriate Canadian Water Quality Guideline (CWQG), as an Alberta guideline has not been established.

Core Measures Methodology

APPENDIX I

LAND QUALITY

Data is collected by Agriculture, Food and Rural Development for the various crops and is converted to a standard base of tonnes per acre of wheat.

HERITAGE APPRECIATION

Environmental Protection manages the provincial Recreation and Protected Areas Network consisting of provincial parks, ecological reserves, natural areas, wilderness areas and provincial recreation areas. Visitation statistics are collected by the Ministry for provincial parks and recreation areas only. The parks visitation data includes day use and overnight statistics.

Visitation data for historic sites and museums is collected by Community Development for 18 provincially operated historic sites and museums. Visitation to other Alberta museums is not reflected in these rates.

INTERGOVERNMENTAL RELATIONS

Environics conducts a regular national opinion poll surveying the views of Canadians regarding the performance of their provincial and federal government in various areas of governance. The results are reported in the *Focus Canada Report*. Albertans are specifically asked to rate their approval or disapproval of the way their government (both their provincial government and the federal government) is handling federal-provincial relations. The numbers show the percentage of provincial citizens approving of their respective government's performance.

Agenda for Opportunity

GOVERNMENT OF ALBERTA BUSINESS PLAN 1998 -2001

STARTING FROM A STRONG FOUNDATION

Premier Klein compares the past five years in Alberta to a “home renovation project.”

We had a clear idea of what was needed to “renovate the province” and prepare for the future ... balancing the budget, paying down debts from the past, restructuring priority areas like health and education, reducing administration and red tape, changing the way government does business, getting out of the business of business, and building on the Alberta Advantage to create a strong economic climate and thousands of new jobs for Albertans.

Albertans worked hard. We stuck to the careful plan we set. And it worked. The proof is clear across the province. New jobs and an economy that's leading the rest of Canada ... unemployment down to the lowest level in many years ... new investment in the province ... reduced debt ... reinvestment in priority areas like health and education ... and perhaps most important, a renewed confidence that the future belongs to Alberta.

Today, Alberta is starting from a strong foundation.

As we look ahead to a new millennium, we know there is work left to be done. But we also know that with a strong foundation in place and the energy and ideas of Albertans, there's nothing stopping Alberta from becoming the best place in the world to live, work, invest, do business and raise our families.

That optimism for the future is reflected in this government's business and budget plans. *Agenda for Opportunity* reflects the strong belief that

Alberta is a province of opportunity, a place where people can enjoy an outstanding quality of life, reach their full potential, take advantage of a wide range of opportunities, and build a rewarding future for themselves and their families.

This business plan also provides continuity with the past. Many of the goals and strategies set out in last year's business plan have been retained, because they are critical to the province's future, because they reflect Albertans' priorities, and because more work is needed before the goals are achieved.

As in previous years, government will continue to focus not only on goals and strategies — what we hope to achieve — but also on performance — the results we actually achieve. This business plan will guide government actions over the coming years and we'll continue to report to Albertans on how successful we've been in achieving the goals we set.

AGENDA FOR OPPORTUNITY

Alberta is poised for continuing strong growth. And with growth comes opportunity for Albertans — opportunities for jobs and new business ventures, opportunities to build a secure future for their families, and opportunities to search for better ways to deliver essential services to Albertans. Growth also means challenges — challenges to manage and sustain growth, address stresses and strains on infrastructure and services, manage the impact on Alberta's environment, and ensure that we don't forget the lessons from the past.

Agenda for Opportunity

APPENDIX II

A PLAN BASED ON SIMPLE RULES

Agenda for Opportunity builds on five simple rules Albertans have told us to follow:

1. Remain fiscally responsible. Don't ever run a deficit again and don't raise taxes.
2. Be unwavering in your commitment to pay off the debt.
3. Keep looking for new, better and more efficient ways of doing things.
4. When we have the money, reinvest in Albertans' priorities — education, health care and infrastructure.
5. Be accountable. Be honest. Listen to Albertans and let us know what you're doing.

MAINTAINING FISCAL RESPONSIBILITY AND PAYING DOWN DEBT

Albertans expect their government to stick with a responsible financial course. That means spending only what we can afford and targeting those dollars to achieve the best results. And it means a careful and deliberate plan to keep paying down Alberta's debt.

Details of Alberta's revenue, spending and debt repayment plans are included in the *1998-2001 Fiscal Plan* chapter of this business and budget plan.

REINVESTING WISELY IN ALBERTANS' PRIORITIES

Albertans also expect their government to achieve results in priority areas. Their advice to government has consistently been to spend wisely. That does not mean throwing money at problems. It means carefully targeting resources

to areas where they can make the most difference for Albertans, for our quality of life, and most importantly, for our children.

That's the purpose of reinvestment.

Within the scope of this business plan, Albertans will see continued reinvestment in Albertans top two priorities: education and health. There will be initiatives to address the pressures on services and infrastructure that result from strong growth in Alberta's economy. We'll keep working to promote safer communities and sustain Alberta's environment. And we'll work with the business community and all Albertans to keep building on the Alberta Advantage.

PUTTING CHILDREN AND YOUNG PEOPLE FIRST

Over the next three years, Albertans will see reinvestment in a number of important areas. But the core of the reinvestment plan is our young people. We are putting children and young people first.

Consistent with the advice received at the Growth Summit, people development will be the first priority for government. That means a strong focus on education. New initiatives targeted at children will help make sure they can read and have a good beginning to their education. Actions will be taken to make sure young people have the skills they need to enter the workforce or continue post-secondary learning. Expanded opportunities will be available for young people in apprenticeship and training programs and in post-secondary programs in universities, colleges and technical institutes. And we'll continue our focus on providing programs for children at risk in our communities.

Agenda for Opportunity

APPENDIX II

HEALTHY ALBERTANS IN A HEALTHY ALBERTA

The past few years have seen dramatic changes in Alberta's health system. A new health system has emerged, one that is better equipped to care for Albertans when they are sick, deal with changing health needs, manage costs, and find better ways of helping Albertans stay healthy and well.

We will continue to encourage reform in health and take actions where we can to improve the delivery of health services to Albertans. However, the priority now is to stabilize and fine-tune the system and to ensure that:

- Albertans who are sick have access to quality health care services.
- Individual health and the health of all Albertans is actively promoted and protected.
- Healthy social, economic and physical environments exist and contribute to improved health.

MAINTAINING A CLEAR VISION AND MISSION FOR GOVERNMENT

For the past three years, government's vision has been:

A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children.

There is no reason to change that vision for Alberta's future. It reflects what Albertans want for their province — prosperity, a superior quality of life, and a confident future, especially for their children.

As Premier Klein puts it, *“Our ultimate goal must always be to preserve the quality of life that we cherish for our children and our grandchildren, as well as all the advantages we have over other parts of the world.”*

Within that context, the provincial government is committed to the following mission:

An open and accountable government that leads the province in achieving its vision and ensures Albertans have access to quality programs and services at an affordable cost.

Alberta has once again become a place of opportunity. A place where potential is unlimited. A place where people can achieve their hopes and dreams, build a rewarding future, and look forward with confidence and hope for themselves and their children.

The purpose of this business plan is to set a direction that ensures government's actions build on those opportunities, improve Alberta's quality of life, and put the right combination of goals, strategies and actions in place so that Alberta continues to be a place of opportunity. The next section outlines the goals we've set and some of the strategies we'll use to achieve them.

Over the next three years, we will build on this *Agenda for Opportunity*, maintaining our commitments to Albertans, and most important, putting Alberta's children first.

Agenda for Opportunity

APPENDIX II

GOALS AND STRATEGIES

Government's actions are focused on three core businesses: People, Prosperity and Preservation. Goals have been set for each of the core businesses. The following section sets out those

goals and the key strategies that will be used. More information about strategies and action plans is included in the business plans of individual ministries.

People

Helping people to be self-reliant, capable and caring through:

- a healthy society and accessible health care
- basic support and protection for those in need
- lifelong learning
- excellent schools, colleges, universities and training institutes
- supportive families and compassionate communities

GOAL 1 - ALBERTANS WILL BE HEALTHY

- ensure Albertans who are sick get the care they need by ensuring access to quality health services Health
- prepare for future health needs through ongoing innovation, integration and coordination in health service delivery Health
- improve accountability and results in the health care system through clear expectations and better information Health
- provide more services in communities and in people's homes where they need them Health
- focus on long-term health gains through increased emphasis on programs to prevent illness and injury, and protect and promote good health CD, FSS, Health, Labour, PAO

Abbreviations:

AECD	Advanced Education and Career Development	MA	Municipal Affairs
AEDA	Alberta Economic Development Authority	NADC	Northern Alberta Development Council
AFRD	Agriculture, Food and Rural Development	PAB	Public Affairs Bureau
CD	Community Development	PAO	Personnel Administration Office
ED	Economic Development	PWSS	Public Works, Supply and Services
Educ	Education	SRIT	Science, Research and Information Technology
Env Prot	Environmental Protection	T&U	Transportation and Utilities
IAA	Intergovernmental and Aboriginal Affairs	Treas	Treasury
FSS	Family and Social Services		

Agenda for Opportunity

APPENDIX II

GOAL 2 - OUR CHILDREN WILL BE WELL CARED FOR AND SAFE

- support communities in developing integrated or collaborative approaches to meeting the needs of children, including an emphasis on Aboriginal children CD, Educ, FSS, Health, IAA, Justice
- introduce a Child Health Benefit that will help low-income families purchase the prescription drugs, dental, optical, and ambulance services that their children require FSS
- introduce health strategies to address priority health issues, including low birth weight babies Health
- continue and evaluate the health promotion project *You're Amazing* aimed at young parents Health

GOAL 3 - ALBERTA STUDENTS WILL EXCEL

- set high standards to ensure that young people learn and acquire essential skills Educ
- establish intensive early skills programs for students needing extra help with reading in kindergarten to grade 2 Educ
- establish a teacher aide program for grades 1 to 6 to increase classroom supports and to enhance opportunities for students Educ
- work with school authorities to improve mathematics achievement of students in grades 7 to 12 Educ
- expand teachers' ability to integrate technology into instruction Educ
- expand opportunities for youth to develop career preparation and employability skills AECD, Educ
- expand English as a second language programs to include Canadian-born students whose first language is other than English Educ
- ensure Albertans have access to affordable adult learning opportunities AECD
- increase the range of learning opportunities and delivery mechanisms for adult learners AECD
- report regularly to Albertans on student achievement and other results of Alberta's education system AECD, Educ

Agenda for Opportunity

APPENDIX II

GOAL 4 - ALBERTANS WILL BE INDEPENDENT

- continue efforts to get social assistance clients into the workforce by improving training programs and providing appropriate financial and health benefits AECD, FSS
- implement and report on a new human resource strategy designed to help Albertans reach their full potential AECD
- ensure up-to-date information on labour market needs, career preparation and opportunities for further learning is available to young people AECD, Educ
- improve transitions for youth among school, work and further learning AECD, Educ

GOAL 5 - ALBERTANS NOT EXPECTED TO SUPPORT THEMSELVES FULLY WILL RECEIVE HELP

- redesign benefits to better assist those Albertans who are not expected to work and must have ongoing financial assistance FSS
- transfer responsibility for services for adults with developmental disabilities to community management boards so they get the services they need in their own communities FSS
- ensure that lower income seniors get the financial assistance they need through ongoing refinements to the Alberta Seniors Benefit CD
- work with housing organizations to coordinate housing services and ensure that resources are targeted to Albertans most in need of basic shelter MA

Agenda for Opportunity

APPENDIX II

Prosperity

Promoting prosperity for Alberta through:

- a dynamic environment for growth in business, industry and jobs
 - a highly skilled and productive workforce
 - open markets in Canada and internationally for trade and investment
 - new ideas, innovation and research
 - an open and accountable government that lives within its means
 - an efficient system of roads, highways, utilities and public spaces.
-

GOAL 6 - ALBERTA WILL HAVE A PROSPEROUS ECONOMY

- | | |
|--|-------------------------------|
| • continue to promote the Alberta Advantage | all ministries |
| • maintain a globally competitive tax regime to encourage investment and economic activity | AEDA, ED, SRIT, Treas |
| • actively work with industry to attract domestic and international investment | AEDA, AFRD, ED, IAA, SRIT |
| • support the expansion of Alberta's tourism industry and promotion of Alberta as a world-renowned tourism destination | AEDA, ED |
| • encourage communities to create and implement viable local and regional economic development plans with key partners | AEDA, AFRD, ED, IAA, MA, NADC |
| • improve the ability of start-up and early stage companies to access the capital they need to get their businesses up and running | AEDA, AFRD, ED, SRIT |
| • facilitate the growth of value-added industries, especially in agri-food and energy sectors | AFRD, ED, Energy, IAA, NADC |
| • remove barriers to national and international trade and investment so Alberta businesses can expand and compete in new markets | AFRD, ED, IAA |

Agenda for Opportunity

APPENDIX II

GOAL 7 - OUR WORKFORCE WILL BE SKILLED AND PRODUCTIVE

- improve Albertans' ability to enter the workforce and keep pace with changing skills AECD, AEDA, AFRD, ED, PAO
- remove barriers that prevent people from moving easily from job to job or place to place in order to work AECD, AEDA, ED, IAA, NADC, PAO
- expand opportunities for youth through apprenticeship and industry training AECD
- strengthen connections between school and workplace learning AECD, Educ
- integrate technology outcomes throughout the curriculum Educ

GOAL 8 - OUR BUSINESSES WILL CAPITALIZE ON RESEARCH

- use technology in targeted sectors to expand Alberta's value-added industries AEDA, AFRD, ED, SRIT
- expand Alberta's focus on basic research and technology AECD, AFRD, ED, Energy, SRIT
- define and take action on key science and technology priorities to expand Alberta's economy AFRD, ED, Energy, SRIT
- expand the number of research and technology activities that result in viable commercial products, processes and services AEDA, AFRD, ED, SRIT
- encourage the development of private sector laboratories in the area of food production and processing AFRD, SRIT
- integrate technology into schools and post secondary education AECD, Educ

GOAL 9 - ALBERTA WILL HAVE EFFECTIVE AND EFFICIENT INFRASTRUCTURE

- promote cooperative initiatives among business and industry, government and municipalities to address the needs for infrastructure development AEDA, ED, MA, NADC, PWSS, T&U
- make strategic improvements to key highway routes to improve trade, including the North-South Trade Corridor T&U
- work with local governments to strengthen rural and urban transportation partnerships and ensure that Alberta has a safe and efficient system of roads MA, T&U

Agenda for Opportunity

APPENDIX II

- set standards and monitor safety of highways, motor carriers and natural gas distribution systems T&U
- restructure Alberta's electric industry to further the development of a competitive deregulated market Energy
- protect Alberta's multi-billion dollar investment in physical infrastructure for educational institutions, health care, seniors' housing, water management and other government programs through appropriate maintenance and upgrading AECD, AFRD, CD, ED, Env Prot, FSS, Health, MA, PWSS, T&U
- develop and implement advanced telecommunications and information management systems for improved communications, service delivery and efficient government administration AECD, CD, Health, PWSS, Treas

GOAL 10 - ALBERTA WILL HAVE A FINANCIALLY STABLE, OPEN AND ACCOUNTABLE GOVERNMENT

- continue Alberta's solid fiscal plan including balanced budgets, orderly paydown of Alberta's debt, targeted spending and demonstrated results Treas
- ensure all regulation is necessary and eliminate the ones which are not all ministries
- provide regular reports to Albertans on goals, financial results and performance measures all ministries
- provide efficient management of government resources and communications PAB, PAO, PWSS, Treas

GOAL 11 - ALBERTA WILL HAVE A FAIR AND SAFE WORK ENVIRONMENT

- promote high standards in the workplace in terms of labour relations framework and dispute resolution, and workplace health and safety Labour, PAO
- provide education, information and consultation services to eliminate discrimination and barriers to full participation for all Albertans CD

GOAL 12 - ALBERTA BUSINESSES WILL INCREASE EXPORTS

- expand national and international market opportunities for Alberta's value-added industries and services AEDA, AFRD, ED, IAA
- improve Alberta's ability to compete and do business in global markets by expanding people's understanding of world languages and cultures AECD, AEDA, ED, IAA

Agenda for Opportunity

APPENDIX II

- assist Alberta firms in identifying and pursuing international projects, market and contracts AFRD, ED
 - provide market intelligence and information about export opportunities ED
 - coordinate Alberta's participation in strategic international relationships and agreements with key trading partners, states and provinces AFRD, ED, IAA
 - work with industry to encourage increased pipeline capacity out of the province Energy
-

Preservation

Preserving the Alberta tradition of:

- a safe society where justice prevails
 - a clean environment
 - strong values and culture
 - pride in Alberta and strength within Canada
 - strong communities.
-

GOAL 13 - ALBERTA WILL BE A SAFE PLACE TO LIVE AND RAISE FAMILIES

- protect human rights for all Albertans CD
- encourage police services to expand community policing Justice
- focus resources on preventing crimes that pose the greatest risk to public safety Justice
- take action on changes in administration of the Young Offenders Act Justice
- improve the efficiency of the regulatory process through implementing the *Fair Trading Act* MA
- take action to improve traffic safety through driver education, road safety awareness and enforcement T&U
- assist municipalities in preparing for emergencies and responding to major disasters Env Prot, T&U

Agenda for Opportunity

APPENDIX II

GOAL 14 - ALBERTA'S NATURAL RESOURCES WILL BE SUSTAINED

- provide clear, effective direction and guidelines for the use, management, regulation and development of Alberta's renewable and non-renewable resources AFRD, Energy, Env Prot
- reduce the impact of natural hazards such as fire, drought, flood and pests on people, property and resources Env Prot
- implement the long-term Environmentally Sustainable Agriculture Program AFRD

GOAL 15 - THE HIGH QUALITY OF ALBERTA'S ENVIRONMENT WILL BE MAINTAINED

- ensure standards are acceptable and take action to maintain the quality of air, land, water and ecosystems Env Prot
- ensure clear responsibility and accountability for environmental management, including the respective roles of government (federal and provincial) and industry AEDA, Env Prot, IAA
- provide predictable, consistent, and streamlined regulations for land use and resource management AEDA, AFRD, Env Prot
- maintain public safety, conservation of resources, and protection of the environment through effective monitoring and enforcement programs AFRD, Energy, Env Prot

GOAL 16 - ALBERTANS WILL HAVE THE OPPORTUNITY TO ENJOY THE PROVINCE'S NATURAL, HISTORICAL AND CULTURAL RESOURCES

- support and encourage the development of arts and culture as fundamental assets in Alberta's quality of life CD
- coordinate and support a province-wide library system CD
- preserve and protect Alberta's history and culture through programs, exhibits, historic sites and museums CD
- protect and manage Alberta's parks and natural reserves Env Prot
- improve understanding of Alberta's environment Env Prot
- provide Albertans with opportunities to contribute to environmental protection and natural resource management Env Prot

Agenda for Opportunity

APPENDIX II

GOAL 17 - ALBERTA WILL WORK WITH OTHER GOVERNMENTS AND MAINTAIN ITS STRONG POSITION IN CANADA

- improve fiscal arrangements to ensure that federal revenues are shared fairly among the provinces IAA, Treas
- ensure that Alberta's interests are represented and protected in key federal programs and initiatives, and interprovincial and international negotiations IAA
- participate fully in discussions across Canada on Aboriginal self-government IAA
- work in partnership with local governments to promote healthy and sustainable communities throughout Alberta MA
- continue to promote a strong and united Canada all ministries

Agenda for Opportunity

APPENDIX II

1998-2001 GOVERNMENT BUSINESS PLAN Goals, Performance Measures, and Targets		
Goals	Measures	Targets
People		
1. Albertans will be healthy.	<ul style="list-style-type: none"> Life Expectancy at Birth Health Status 	<ul style="list-style-type: none"> 77.0 years for males and 83.0 years for females. Reduce the percentage of Albertans who rate their health as only fair or poor.
2. Our children will be well cared for and safe.	<ul style="list-style-type: none"> Births to Mothers under age 18 	<ul style="list-style-type: none"> Reduce the rate of births to mothers under 18 to the national average by 2005.
3. Alberta students will excel.	<ul style="list-style-type: none"> Educational Attainment 	<ul style="list-style-type: none"> Increase to 75 percent the number of students entering Grade 9 who complete high school within 6 years.
4. Albertans will be independent.	<ul style="list-style-type: none"> Literacy and Numeracy Levels Family Income Distribution 	<ul style="list-style-type: none"> 85 percent of Grade 9s meet the acceptable standards in math and language arts. Reduce the percentage of families with income under \$20,000 to 10 percent by 2000.
5. Albertans not expected to support themselves fully will receive help.	<ul style="list-style-type: none"> Albertans Needing Help 	<ul style="list-style-type: none"> To be developed.
Prosperity		
6. Alberta will have a prosperous economy.	<ul style="list-style-type: none"> Gross Domestic Product Job Growth 	<ul style="list-style-type: none"> Long-term GDP growth rate of 4 to 6 percent. 155,000 new jobs from December 1996 to December 2000.
7. Our workforce will be skilled and productive.	<ul style="list-style-type: none"> Skill Development 	<ul style="list-style-type: none"> Increase productivity of the labour force.
8. Our businesses will capitalize on research.	<ul style="list-style-type: none"> Adoption of New Technologies 	<ul style="list-style-type: none"> Alberta business R&D spending as a percentage of total Canadian business R&D spending to equal Alberta's share of national GDP.
9. Alberta will have effective and efficient infrastructure.	<ul style="list-style-type: none"> Infrastructure Capacity Cost of Government 	<ul style="list-style-type: none"> To be developed. Remain 5 percent below the average of the other nine provinces.
10. Alberta will have a financially stable, open and accountable government.	<ul style="list-style-type: none"> Taxation Load Provincial Credit Rating Net Debt 	<ul style="list-style-type: none"> Maintain the lowest tax load on persons and the lowest provincial income tax rate in Canada. Achieve the highest credit rating among the provinces. Eliminate net debt by 2009-10.
11. Alberta will have a fair and safe work environment.	<ul style="list-style-type: none"> Workplace Climate 	<ul style="list-style-type: none"> Minimize the amount of time lost owing to workplace disputes and injuries.
12. Alberta businesses will increase exports.	<ul style="list-style-type: none"> Export Trade 	<ul style="list-style-type: none"> Increase exports to \$39.6 billion by 2000.
Preservation		
13. Alberta will be a safe place to live and raise families.	<ul style="list-style-type: none"> Crime Rate 	<ul style="list-style-type: none"> Reduce Alberta's crime rates below the national average by 2000.
14. Alberta's natural resources will be sustained.	<ul style="list-style-type: none"> Resource Sustainability 	<ul style="list-style-type: none"> Prolong the reserve life of oil and gas; keep timber harvest below the annual allowable cut; increase crop yields to 0.98 tonnes per acre by 2000.
15. The high quality of Alberta's environment will be maintained.	<ul style="list-style-type: none"> Air Quality Water Quality Land Quality 	<ul style="list-style-type: none"> Maintain air quality levels that are considered good or fair at all times. Maintain river quality downstream of developed areas in line with upstream conditions. Increase crop yields to 0.98 tonnes per acre by the year 2000.
16. Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.	<ul style="list-style-type: none"> Heritage Appreciation 	<ul style="list-style-type: none"> 1.1 million visitors per annum to historic sites and museums. Targets to be developed for parks visitation and libraries, arts and recreation activities.
17. Alberta will work with other governments and maintain its strong position in Canada.	<ul style="list-style-type: none"> Intergovernmental Relations. 	<ul style="list-style-type: none"> Maintain Alberta Government's public approval rating in federal-provincial relations equivalent to the average approval rating of four nearest provinces.

Summary of Related Ministry Performance Measures

Each government ministry has a set of key performance measures that are reported in their annual reports released each fall. These measures provide information on results achieved in ministry programs and services, and provide

further understanding of the results reported in *Measuring Up*. This appendix lists those key ministry measures that most closely support the government goals outlined in the *Government Business Plan*.

<i>People</i>	
Government Goals/Core Measures	Related Key Ministry Measures
<i>Goal 1 - Albertans will be healthy.</i>	
<ul style="list-style-type: none"> • Life Expectancy at Birth • Health Status 	<ul style="list-style-type: none"> • Percent of Albertans who do not smoke (Health) • Percent of Albertans rating their own health “excellent” or “very good” by age group (Health) • Childhood immunization coverage (Health) • Person days lost to workplace injury or disease (Labour)
<i>Goal 2 - Our children will be well cared for and safe.</i>	
<ul style="list-style-type: none"> • Births to Mothers Under Age 18 	<ul style="list-style-type: none"> • Percentage of children who stay free from abuse or neglect while receiving child protective services (FSS) • Percentage of low birth weight newborn babies (Health) • Amount collected by Maintenance Enforcement as a proportion of the amount the program can collect (Justice)
<i>Goal 3 - Alberta students will excel.</i>	
<ul style="list-style-type: none"> • Educational Attainment 	<ul style="list-style-type: none"> • School completion (Educ) • Provincial achievement tests (Educ) • Provincial diploma examinations (Educ) • Parent, student and public satisfaction with graduates’ preparation for work and further study (Educ) • Public satisfaction indicator (AECD)

Abbreviations of Ministry Names:

AECD Advanced Education and Career Development
AEDA Alberta Economic Development Authority
AFRD Agriculture, Food and Rural Development
CD Community Development
ED Economic Development
Educ Education
Env Prot Environmental Protection
IAA Intergovernmental and Aboriginal Affairs
FSS Family and Social Services

MA Municipal Affairs
NADC Northern Alberta Development Council
PAB Public Affairs Bureau
PAO Personnel Administration Office
PWSS Public Works, Supply and Services
SRIT Science, Research and Information Technology
T&U Transportation and Utilities
Treas Treasury

Summary of Related Ministry Performance Measures

APPENDIX III

<i>People – continued</i>	
Government Goals/Core Measures	Related Key Ministry Measures
<i>Goal 4 - Albertans will be independent.</i>	
<ul style="list-style-type: none"> • Literacy and Numeracy Levels • Family Income Distribution 	<ul style="list-style-type: none"> • Parent, student and public satisfaction with graduates' preparation for work and further study (Educ) • Employability indicator (AECD) • Proportion of Employment Initiative Graduates not receiving welfare benefits 12 months after graduation or placement (FSS) • Proportion of welfare cases remaining closed after 12 months (FSS)
<i>Goal 5 - Albertans not expected to support themselves fully will receive help.</i>	
<ul style="list-style-type: none"> • Albertans Needing Help 	<ul style="list-style-type: none"> • Percent of housing units provided to Albertans in need (MA) • Percent of eligible seniors receiving Alberta Seniors Benefit (CD) • Percent of service providers servicing persons with developmental disabilities who are in practice compliance with Ministry Core Standards (FSS)

Summary of Related Ministry Performance Measures

APPENDIX III

<i>Prosperity</i>	
Government Goals/Core Measures	Related Key Ministry Measures
<i>Goal 6 - Alberta will have a prosperous economy.</i>	
<ul style="list-style-type: none"> • Gross Domestic Product • Job Growth 	<ul style="list-style-type: none"> • Manufacturing and service industry investment (ED) • Manufacturing and service exports (ED) • Job creation (ED) • Contribution to provincial GDP (AFRD) • Alberta food and beverage industries' value of shipments (AFRD) • Percentage of collective bargaining negotiations which avoid work stoppage (Labour) • Alberta Research Council economic impact (SRIT) • Provincial taxation load on business (Treas) • Investment capital raised in Alberta (Treas)
<i>Goal 7 - Our workforce will be skilled and productive.</i>	
<ul style="list-style-type: none"> • Skill Development 	<ul style="list-style-type: none"> • Public satisfaction indicator (AECD) • Employability indicator (AECD) • Parent, student and public satisfaction with graduates' preparation for work and further study (Educ) • Computer skills learned in school (Educ)
<i>Goal 8 - Our businesses will capitalize on research.</i>	
Adoption of New Technologies	<ul style="list-style-type: none"> • Alberta Research Council economic impact (SRIT) • Alberta food and beverage industries' value of shipments (AFRD) • Manufacturing and service exports (ED) • Ratio of industry to ministry research spending (Energy)
<i>Goal 9 - Alberta will have effective and efficient infrastructure.</i>	
<ul style="list-style-type: none"> • Infrastructure Capacity • Cost of Government 	<ul style="list-style-type: none"> • Primary highway pavement condition (T&U) • Secondary highway pavement condition (T&U) • Level of service on rural primary highways (T&U) • Effectiveness of water and wastewater treatment facilities (T&U) • Pipeline capacity (Energy) • Cost of department operations (Educ) • Cost of social housing (MA) • Operating cost per square metre (PWSS)

Summary of Related Ministry Performance Measures

APPENDIX III

<i>Prosperity – continued</i>	
Government Goals/Core Measures	Related Key Ministry Measures
<i>Goal 10 – Alberta will have a financially stable, open and accountable government.</i>	
<ul style="list-style-type: none"> • Taxation Load • Provincial Credit Rating • Net Debt 	<ul style="list-style-type: none"> • Provincial tax load on businesses (Treas) • Annualized rates of return based on market values (Treas) • Total cost of debt (Treas) • Net debt (Treas) • Taxation load on a family of four (Treas)
<i>Goal 11 – Alberta will have a fair and safe work environment.</i>	
<ul style="list-style-type: none"> • Workplace Climate 	<ul style="list-style-type: none"> • Percentage of organizations administering the Safety Codes Act that achieve a satisfactory rating (Labour) • Number of complaints registered with Employment Standards for investigations (Labour) • Satisfaction of Albertans with human rights protection (CD)
<i>Goal 12 – Alberta businesses will increase exports.</i>	
<ul style="list-style-type: none"> • Export Trade 	<ul style="list-style-type: none"> • Manufacturing and service industry exports (ED) • Value of out-of-province shipments of agriculture and food products (AFRD) • Pipeline capacity use and basic differential (Energy) • Record of key international achievements (IAA)

Summary of Related Ministry Performance Measures

APPENDIX III

<i>Preservation</i>	
Government Goals/Core Measures	Related Key Ministry Measures
<i>Goal 13 - Alberta will be a safe place to live and raise families.</i>	
<ul style="list-style-type: none"> • Crime Rate 	<ul style="list-style-type: none"> • Victimization rates (Justice) • Public satisfaction with the justice system (Justice) • Satisfaction of Albertans with human rights protection (CD)
<i>Goal 14 - Alberta's natural resources will be sustained.</i>	
<ul style="list-style-type: none"> • Resource Sustainability 	<ul style="list-style-type: none"> • Timber sustainability (Env Prot) • Land productivity indicator (AFRD) • Reduction of municipal solid waste to landfills (Env Prot) • Species at risk (Env Prot)
<i>Goal 15 - The high quality of Alberta's environment will be maintained.</i>	
<ul style="list-style-type: none"> • Air Quality • Water Quality • Land Quality 	<ul style="list-style-type: none"> • Air quality index (Env Prot) • Surface water quality index (Env Prot) • Pulp production versus the amount of biochemical oxygen demand discharged (Env Prot) • Effectiveness of water and wastewater treatment facilities (T&U) • Land productivity indicator (AFRD)
<i>Goal 16 -Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.</i>	
<ul style="list-style-type: none"> • Heritage Appreciation 	<ul style="list-style-type: none"> • Knowledge gained by visitors to provincial historic sites, museums and interpretative centres (CD) • Areas of parks and natural reserves in Alberta (Env Prot)
<i>Goal 17 - Alberta will work with other governments and maintain its strong position in Canada.</i>	
<ul style="list-style-type: none"> • Intergovernmental Relations 	<ul style="list-style-type: none"> • Intergovernmental and Aboriginal Affairs client survey (IAA) • Record of key intergovernmental and Aboriginal affairs achievements (IAA)

