2010-13 CAPITAL PLAN

The 2010-13 Capital Plan is valued at $20.1 billion. This includes $7.2 billion for 2010-11. Alberta’s infrastructure support is nearly double the per capita average of what other provinces have been spending.

Highlights of the Capital Plan include:

» $4.4 billion for new, renovated or expanded health, school and post-secondary facilities, as well as maintenance and renewal

» $5.7 billion for the provincial highway network, including ring roads, highway improvements and rehabilitation

» $5.2 billion for Municipal Sustainability Initiative, transportation grants, federal programs and Green TRIP

» $4.7 billion for other capital expenses, mainly carbon capture and storage, housing, water infrastructure, community facilities, parks and other government facilities

DEFICIT

Budget 2010 projects a deficit of $4.7 billion for 2010-11. Limited spending growth in the next two years, backed by strengthening revenues as the economy recovers, are expected to return to the province to a surplus again by 2012-13.

» 2011-12 deficit is forecast to be $1.1 billion

» 2012-13 surplus is forecast to be $505 million

» Deficits will be offset by transfers from the Sustainability Fund – which is savings set aside to manage revenue volatility and protect priority programs during economic downturns

Find out more at: www.alberta.ca

Government of Alberta
Budget 2010 strikes the right balance of fiscal discipline with support for core programs. It builds on Alberta’s fiscal strength, limiting spending growth, holding the line on taxes, and protecting health care and other priority services.

Budget 2010 positions Alberta for the future, supporting government’s vision of having:

» the strongest financial position of all provinces going into economic recovery

» the most innovative and competitive economy in Canada

» the best health care system in the country

» the most advanced infrastructure in North America

BUDGET HIGHLIGHTS

• 1.3 billion in savings found through cross-ministry spending review

• Cost savings reinvested in and new money added to priority areas:
  - $2.1 billion increase for health programs
  - $250-million increase for school boards
  - Benefit levels maintained for recipients of Alberta Seniors Benefit, Persons with Developmental Disabilities, and Assured Income for the Severely Handicapped

• Alberta’s competitive advantage is supported and enhanced by:
  - $20.1 billion investment in infrastructure over three years
  - No tax increases; taxes remain lowest overall in Canada
  - $38.7 billion forecast total expense; $34.0 billion forecast revenue

• $4.7 billion deficit forecast for 2010-11; $1.1-billion deficit forecast in 2011-12; $505-million surplus forecast in 2012-13

• Savings in Sustainability Fund used to offset deficits

REVENUE

Total revenue expected to grow to $34 billion in 2010-11, increasing $423 million.

» Resource revenue forecast to increase by $1.3 billion to $7.3 billion

» Resource revenue 22% of total government revenues in 2010-11

» Non-energy revenue forecast to decrease by $880 million to $26.6 billion

» This decrease primarily due to lower investment income and corporate income tax revenue, partially offset by increases in personal income and other tax revenue and federal transfers

Oil and Natural Gas price forecasts are in line with those of private forecasters.

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<th>2009-10</th>
<th>2010-11</th>
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<td>Oil (WTI US$/bbl)</td>
<td>69.95</td>
<td>78.75</td>
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<td>Natural Gas (Cdn$/GJ)</td>
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Price sensitivities

Changes in fiscal assumptions have an effect on the bottom line:

- Every $1 decrease in oil price equals $186 million decrease in revenue
- Every 10-cent decrease in natural gas price equals $93 million decrease in revenues
- Every 1-cent increase in exchange rate equals $215 million decrease in revenues

EXPENSE

• Total expense to increase by $1.5 billion from 2009-10 to $38.7 billion

• Operating expense increases by $1.7 billion to $33.2 billion

• This includes one-time payment to pay off Alberta Health Services’ (AHS) accumulated deficit. When that payment is factored out, operating expense increases by 4.3%. This is somewhat more than inflation plus population growth, totaling 3.5%.

Health and Wellness:

$14.9 billion operating expense, making up 44.4% of the Alberta government’s total operating expense. This includes:

- a one-time payment to eliminate Alberta Health Services’ accumulated deficit

- an $812 million increase to adjust the AHS budget base

- an additional increase of 6% or $512 million to AHS

- AHS increases part of a 5-year funding plan:

INCREASE

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Education:

$5.6 billion operating expense, making up 16.6% of Alberta’s total operating expense.

- $5.4 billion for school boards – an increase of $250 million

Advanced Education and Technology:

$2.6 billion operating expense, making up 7.9% of Alberta’s total operating expense.

- $2 billion in base operating grants to post-secondary institutions; funding maintained at 2009-10 levels

- Over 40,000 students will share in $85 million in scholarships and needs-based grants