

2013-14 First Quarter Fiscal Update and Economic Statement

August 29, 2013

Flood impacts 2013

- **Immediate evacuation of 100,000 people**
- **More than 14,500 homes damaged**
- **Latest cost estimate: \$5 billion**
 - Split between province, federal government, municipalities and insurance claims

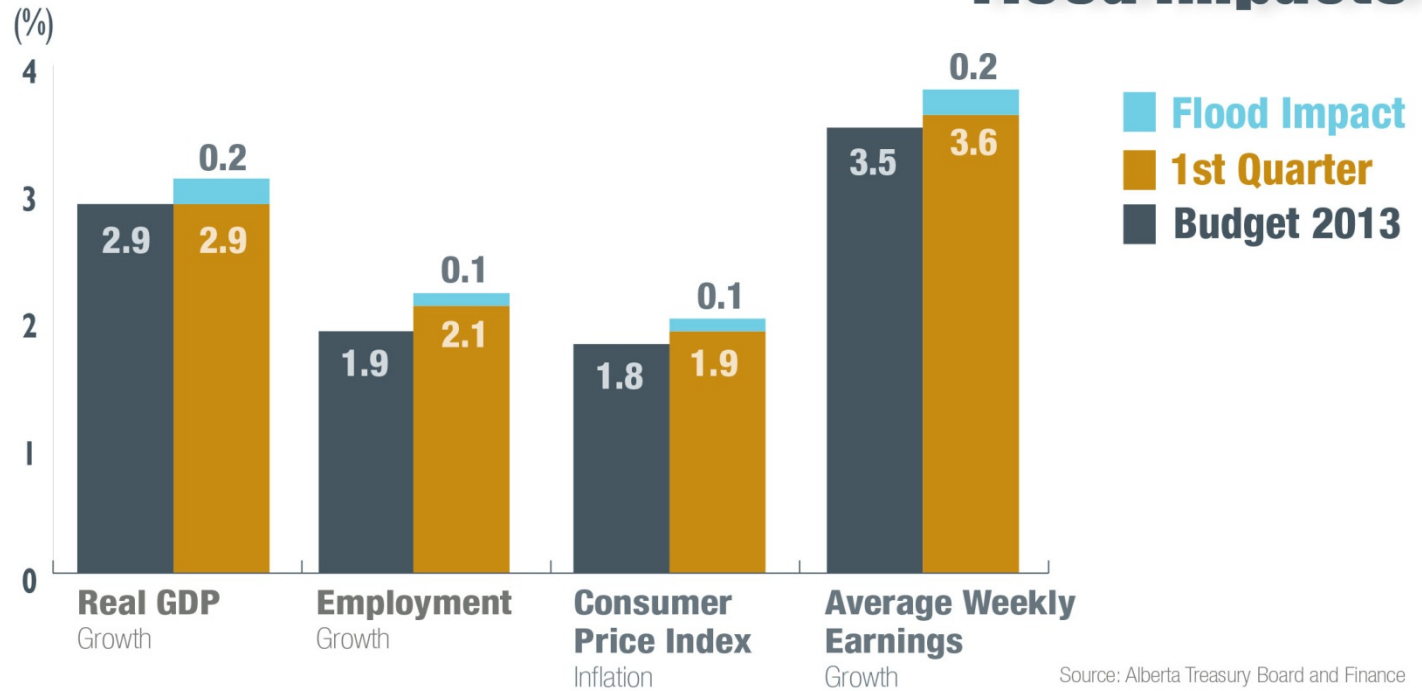
Flood impacts 2013 - financial

- **\$1 billion commitment for recovery and rebuilding**
 - \$704 million allocated
 - \$148 million spent between June and August

Flood recovery

- **\$1 billion commitment for recovery and rebuilding**
 - Small Business Rebuilding Program, Hand-up Plan
 - Temporary schools
 - Floodway relocation compensation

Flood impacts



Living within our means

- **0% increase from last year's operating expense**
- **Accelerated results-based budgeting process**
- **Wage restraint:**
 - Agreement with ATA to freeze wages for 3 years
 - Agreement with Alberta's physicians to freeze wages for 3 years
 - MLA pay cut, management salary freeze, reducing number of public sector managers

Budget 2013

Operational Plan

Operational Revenue **\$37.7 billion**

- Personal income tax \$10 B
- Corporate income tax \$4.9 B
- Other Taxes \$4.2 B
- Non-Renewable Resource Revenue \$7.2 B

Operational Expense **\$38.1 billion**

- Operating expense \$36.5 B
 - Health \$17.0 B
 - Education \$6.2 B
 - Human Services \$4.2 B
 - Enterprise and Advanced Education \$2.7 B
- Other expense \$1.6 B

Operational Deficit **\$451 million**

Capital Plan

Capital Plan Spending \$5.2 billion

Includes:

- 50 new schools and 70 modernizations
- Six post-secondary education institution projects
- Twinning of Highway 63
- Stable MSI funding for municipalities

Savings Plan

Total Savings \$19.3 billion

(2013-14 year end)

- Contingency Account \$691 million
- Heritage Savings Trust Fund \$15.2 B
- Endowment and other funds \$3.4 B

Q1 budget forecasts compared to actual results

		Forecast for Q1	Q1 Actual	Change
Operating Plan	Operational Revenue	\$9.7 billion	\$9.9 billion	↑ \$211 million
	Operational Expense	\$9.3 billion	\$9.2 billion	↓ \$113 million
	Operational Surplus	\$392 million	\$715 million	↑ \$323 million
Capital Plan	Capital Plan Spending	\$1.4 billion	\$1.4 billion	↓ \$7 million
	Direct Borrowing for Capital Purposes	\$798 million	\$494 million	↓ \$304 million
Savings Plan Balance as of June 30	Contingency Account	n/a	\$3 billion	
	Heritage Savings Trust Fund	n/a	\$14.9 billion	

Expected year-end result

	Budget estimate	Updated range
Operational Surplus/Deficit	\$451 million deficit	\$250 million surplus to \$500 million deficit

	Budget estimate	Updated range
Change in Net Assets	\$1.975 billion decrease	\$1.2 to \$2.0 billion decrease

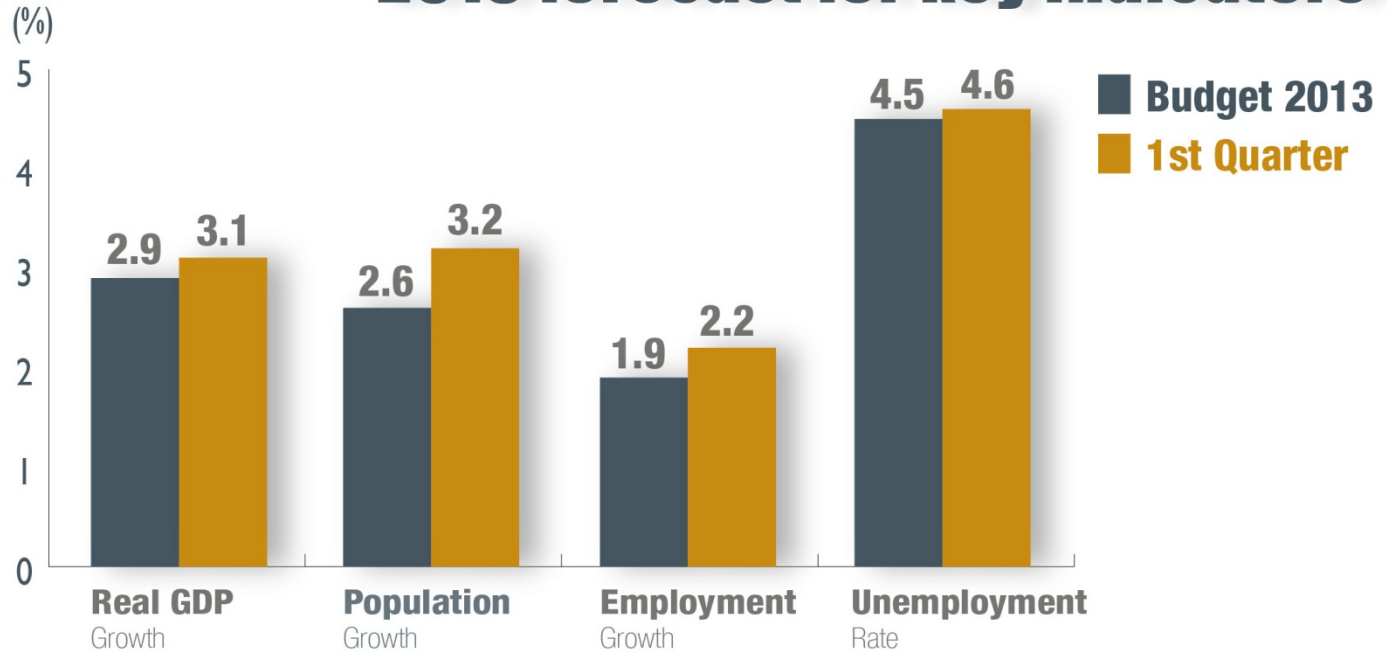
	Budget 2013 Forecast	2013 Actual
Net Assets for Fiscal Policy Purposes (March 31, 2013)	\$43.1 billion	\$44.2 billion

Energy revenue results and economic forecasts

Revenue	Budget	Q1 actual	Change
Non-Renewable Resource Revenue	\$1.7 billion	\$1.8 billion	↑ \$63 million

Energy / Economic Assumptions	Q1 actual	Budget	Updated forecast	Change
WTI Price (US\$/bbl)	\$94.22	\$92.50	\$94.81	↑ \$2.31
WCS Price (Cdn\$/bbl)	\$76.82	\$68.21	\$74.51	↑ \$6.30
Natural Gas Price (Cdn\$/GJ)	\$3.18	\$3.07	\$3.14	↑ 7¢
Exchange Rate (US¢/Cdn\$)	97.7¢	99¢	98¢	↓ 1¢
Real GDP Per Cent Change		2.9%	3.1%	↑ 0.2%

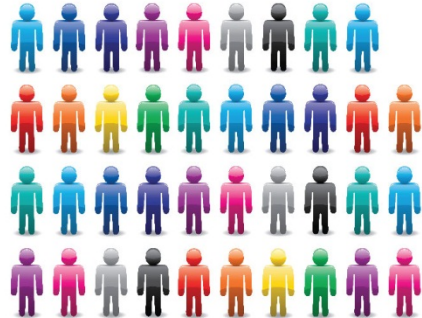
2013 forecast for key indicators



Source: Statistics Canada and Alberta Treasury Board and Finance

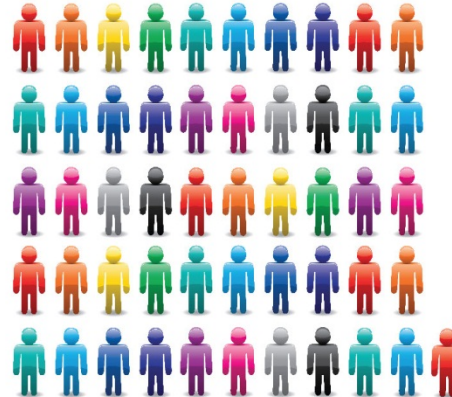
4 million Albertans before end of year

Population growth



3.9
million
people

2012



5.1
million
people

2027



6.0
million
people

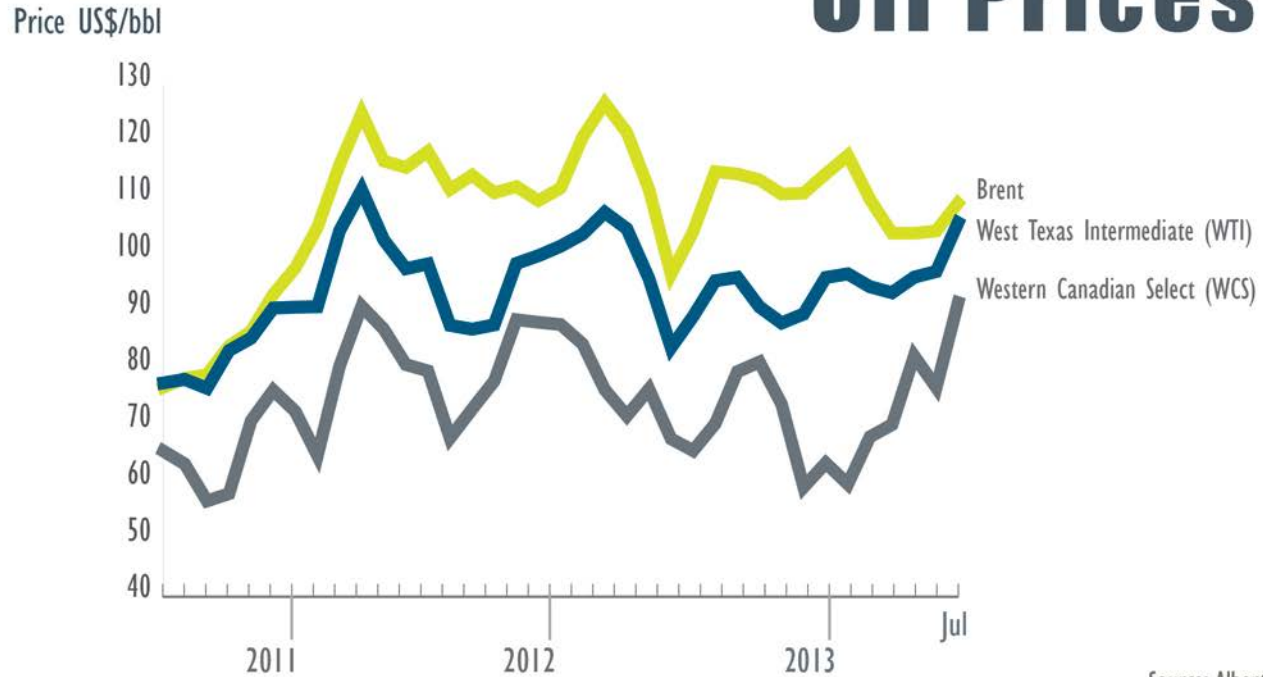
2041

Positive revenue impacts

- **Higher forecast for WTI**
- **Smaller differentials between Brent, WTI and WCS**
- **Lower Canadian dollar**

Smaller bitumen bubble temporary

Oil Prices



Source: Alberta Energy

**Budget 2013 laid the foundation for building
and rebuilding
a better Alberta for tomorrow**

Questions