



2014-15 Second Quarter Fiscal Update and Economic Statement

November 26, 2014

Q2 updated forecast



- **Balanced budget at end of fiscal year**
- **Still in surplus**
- **Planned borrowing still down**

Q2 updated forecast



- **Economy and population continues to grow**
- **Fiscal prudence: keeping expense growth below population + inflation**

Fiscal plan surplus/deficit

- Financials remain in the black
- Smaller operational surplus
- \$5B Contingency Account

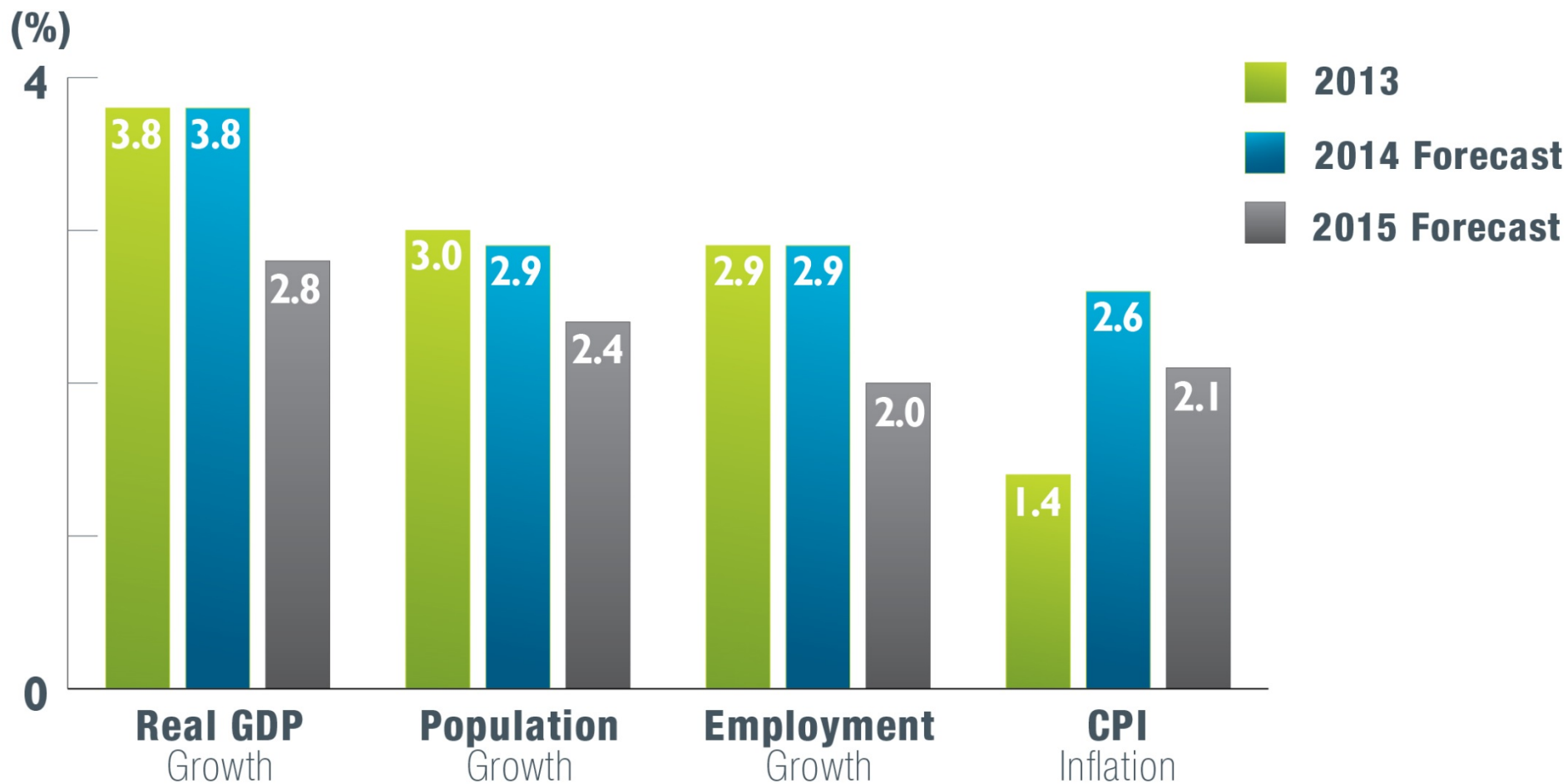
**Fiscal Plan surplus
(change in net
assets)**

Budget 2014 Estimate	Q1 Forecast	Q2 Forecast
\$1.1B surplus	\$1.4B surplus	\$933M surplus

**Consolidated
Financial
Statements surplus
(incl. SUCH sector)**

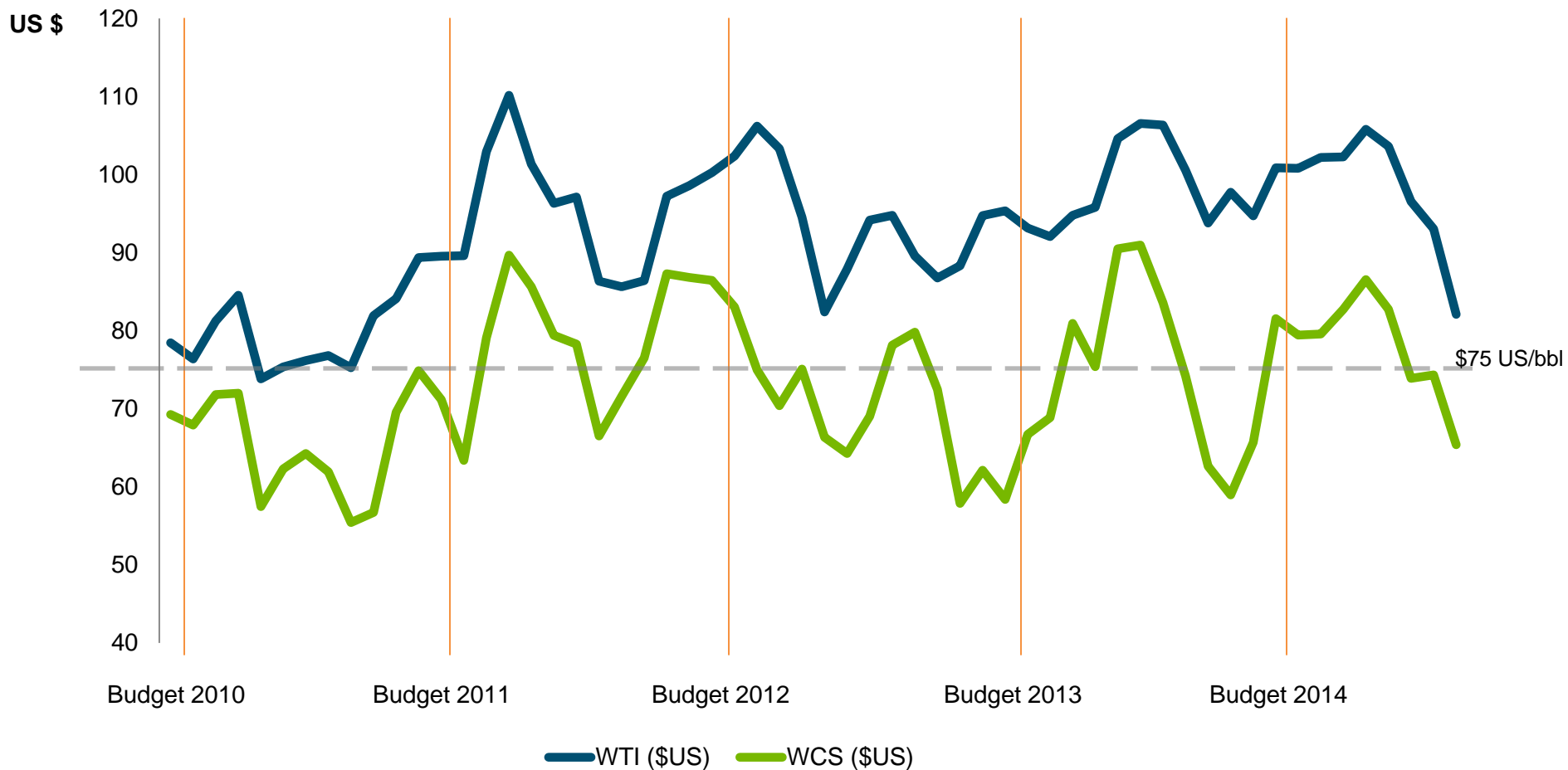
Actual 2013/14	Q2 Forecast
(\$302M) deficit	\$576M surplus

Economic strength



Sources: Statistics Canada and Alberta Treasury Board and Finance
(Calendar Year)

Energy volatility



Energy assumptions

	2014-15 (6 month actual)	Budget 2014-15 (estimate)	Q2 2014-15 (forecast)
WTI (US\$/bbl)	\$100.08	\$95.22	\$88.88
WCS (Cdn\$/bbl)	\$87.13	\$77.18	\$78.14
Differential	19%	26%	19%
Exchange rate (US¢/Cdn\$)	91.8¢	91.0¢	90.5¢

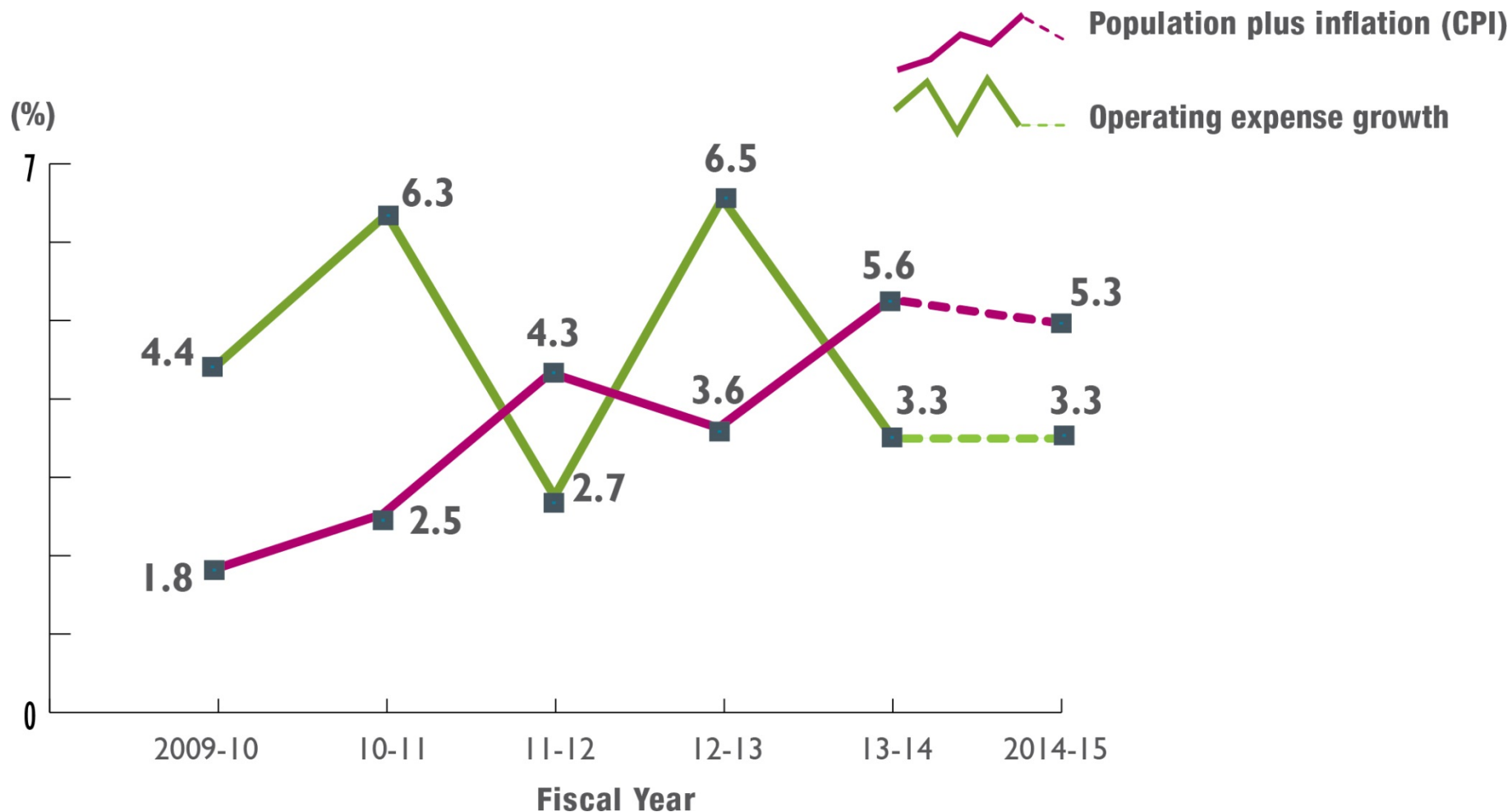
- **Revenue forecast \$637M higher than Budget 2014 estimate**
 - Resource revenue forecast increased by \$146M
 - Corporate income tax revenue forecast increased by \$206M

**Revenue
(full year forecast)**

Budget 2014 Estimate	Q1 Forecast	Q2 Forecast
\$44.4B	\$45.3B	\$45.0B

Spending still in check

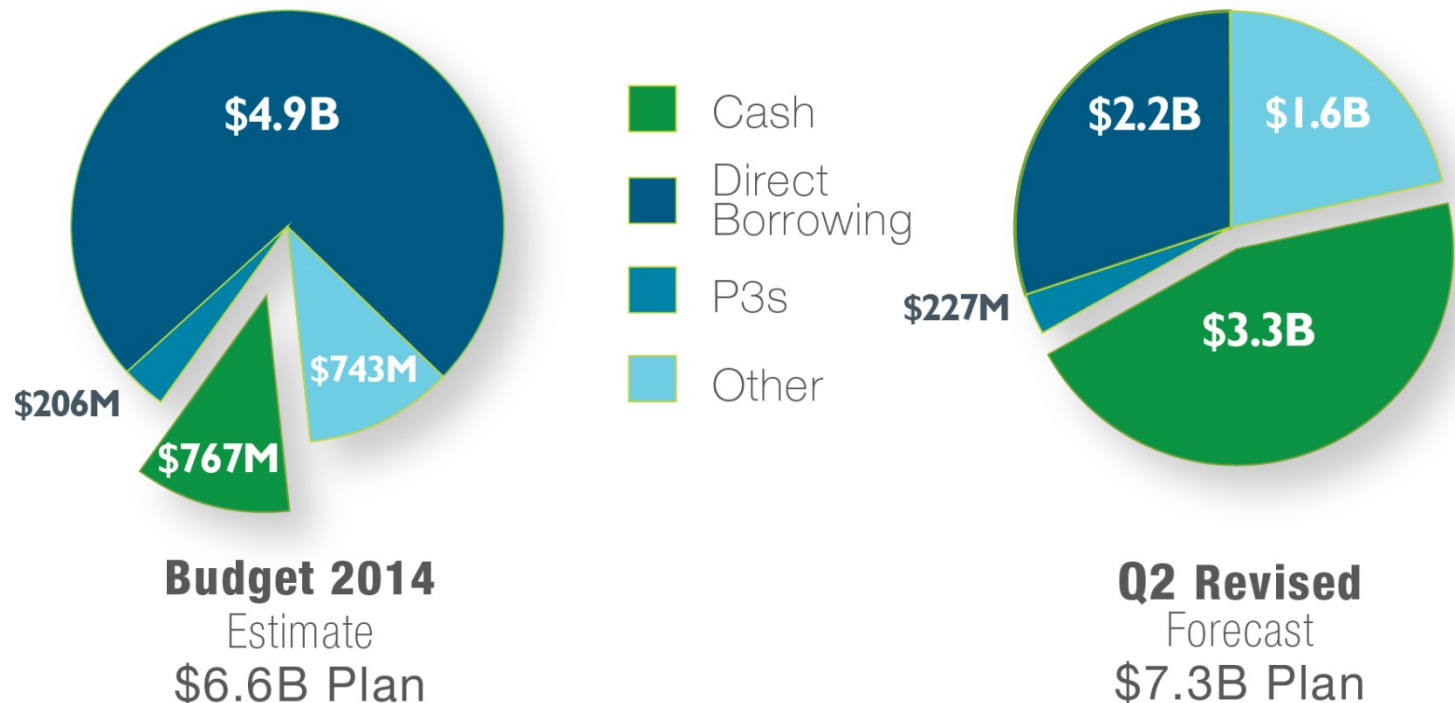
- Operational expense forecast: \$40.9B



Reduced borrowing

- Direct borrowing for infrastructure still reduced by about \$2.7B
- Capital borrowing costs down \$74M

Capital Plan Funding



What others are saying



Alberta has the strongest credit protection against low oil prices:

“[Alberta has] sufficient fiscal flexibility to maintain their credit profile even if Brent and West Texas Intermediate (WTI) oil prices fell to a stressed level of \$60/bbl and remained there through 2015-16.”

Moody's Investors Service, Canada: Falling Crude Oil Prices are Credit Negative for Resource-Rich Canadian Provinces, November 2014



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