



# **2014-15 First Quarter Fiscal Update and Economic Statement**

**August 27, 2014**





- **Booming economy and population**
- **Strong revenues**
- **Fiscal prudence: keeping expense growth below population + inflation**
- **Continued surplus position**
- **Balanced decisions = more choices available** (e.g. reduce capital borrowing)

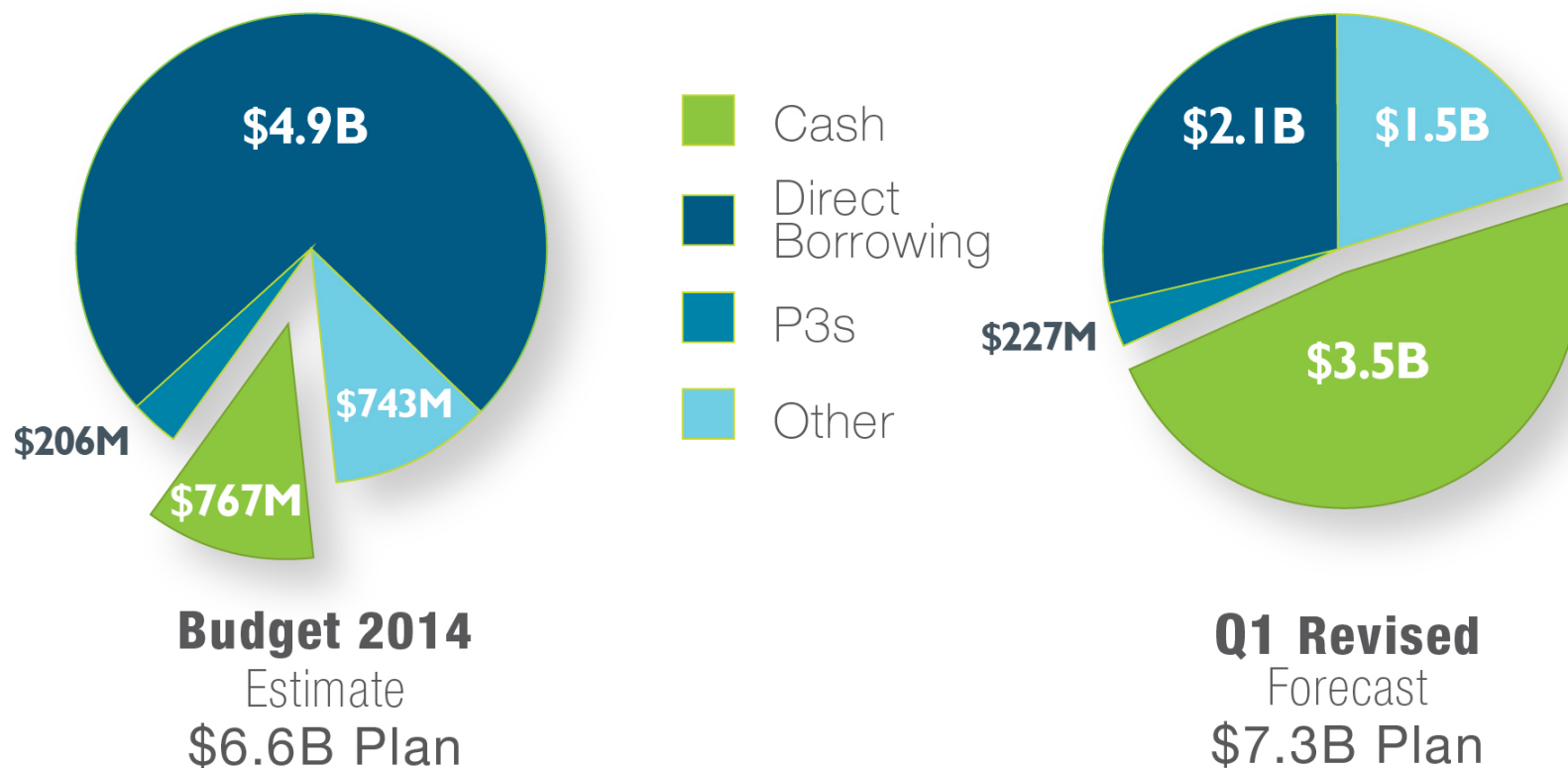


- **Revenue and savings up**
- **Expenses flat**
- **Borrowing down**

# Reduced borrowing

- Infrastructure borrowing reduced by almost \$3B

## Capital Plan Funding



# Strong financial position

- Financials remain in the black
- Increased operational surplus
- Increased fiscal plan surplus

## Operational surplus

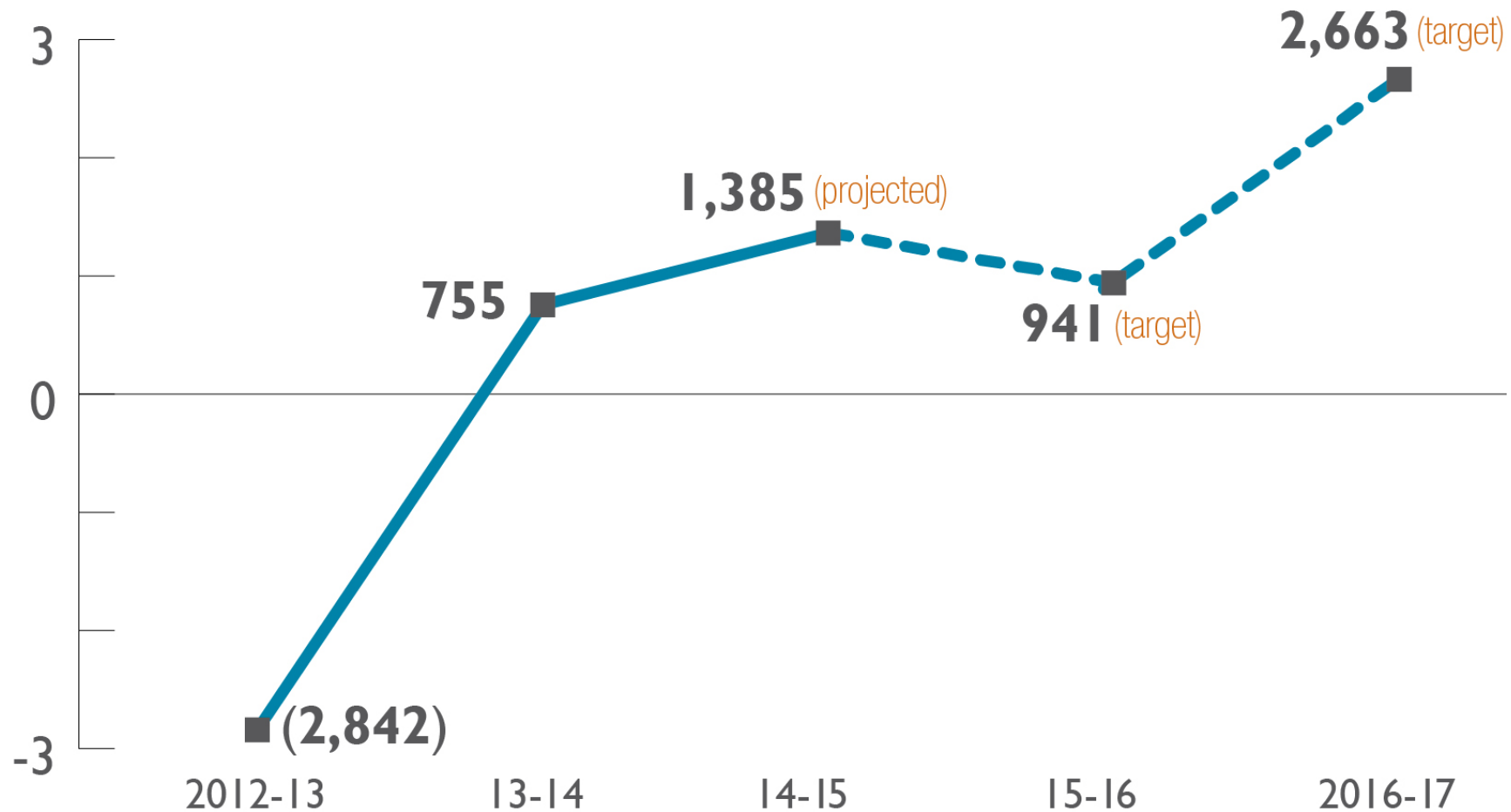
Q1 Budget	Q1 Actual
\$1.4B surplus	\$2.6B surplus
Budget 2014 Estimate	Q1 Forecast
\$2.6B surplus	\$3.2B surplus

## Fiscal Plan surplus (change in net assets)

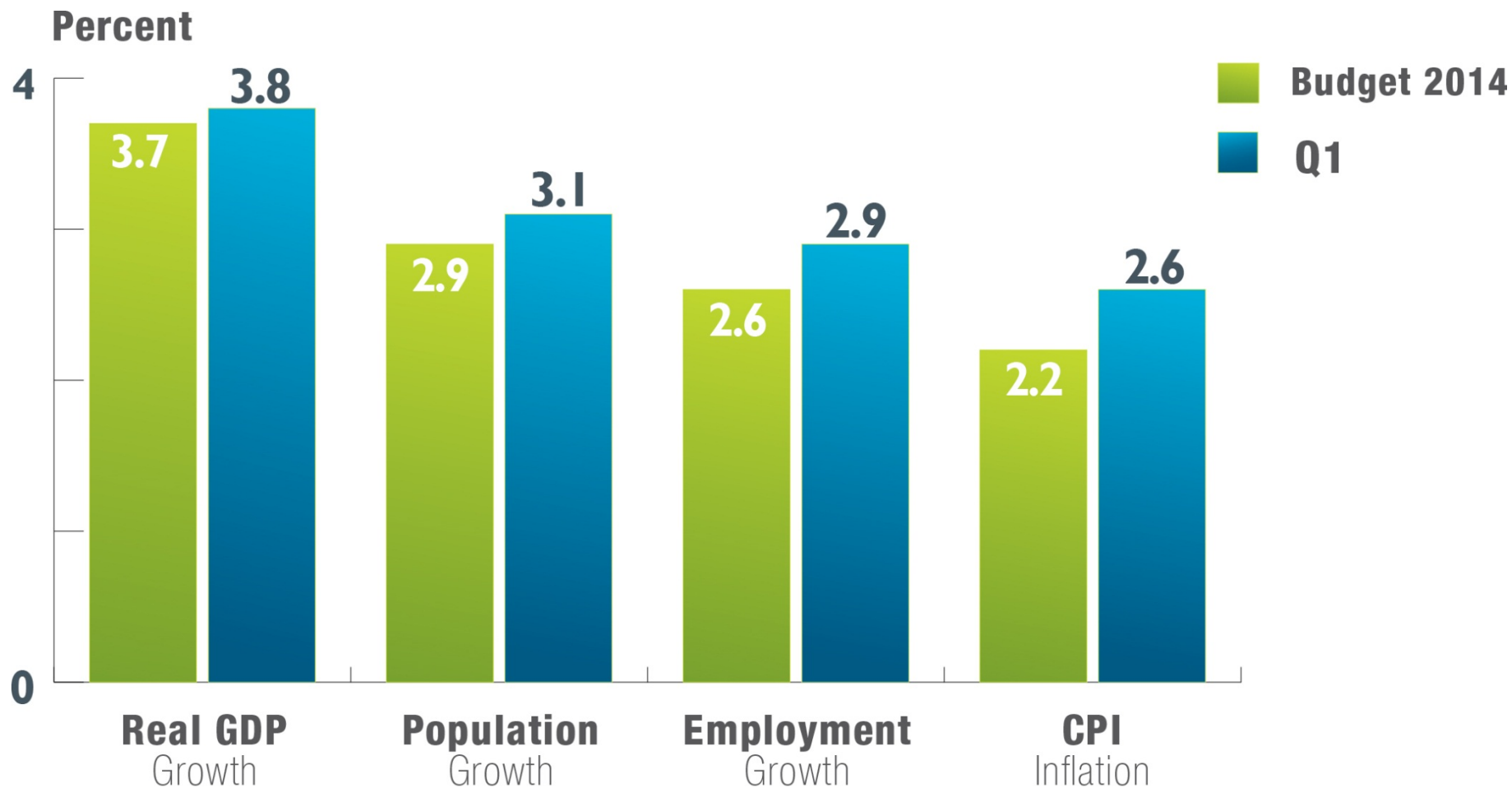
Budget 2014 Estimate	Q1 Forecast
\$1.1B surplus	\$1.4B surplus

# Fiscal plan surplus/deficit

\$ Billions



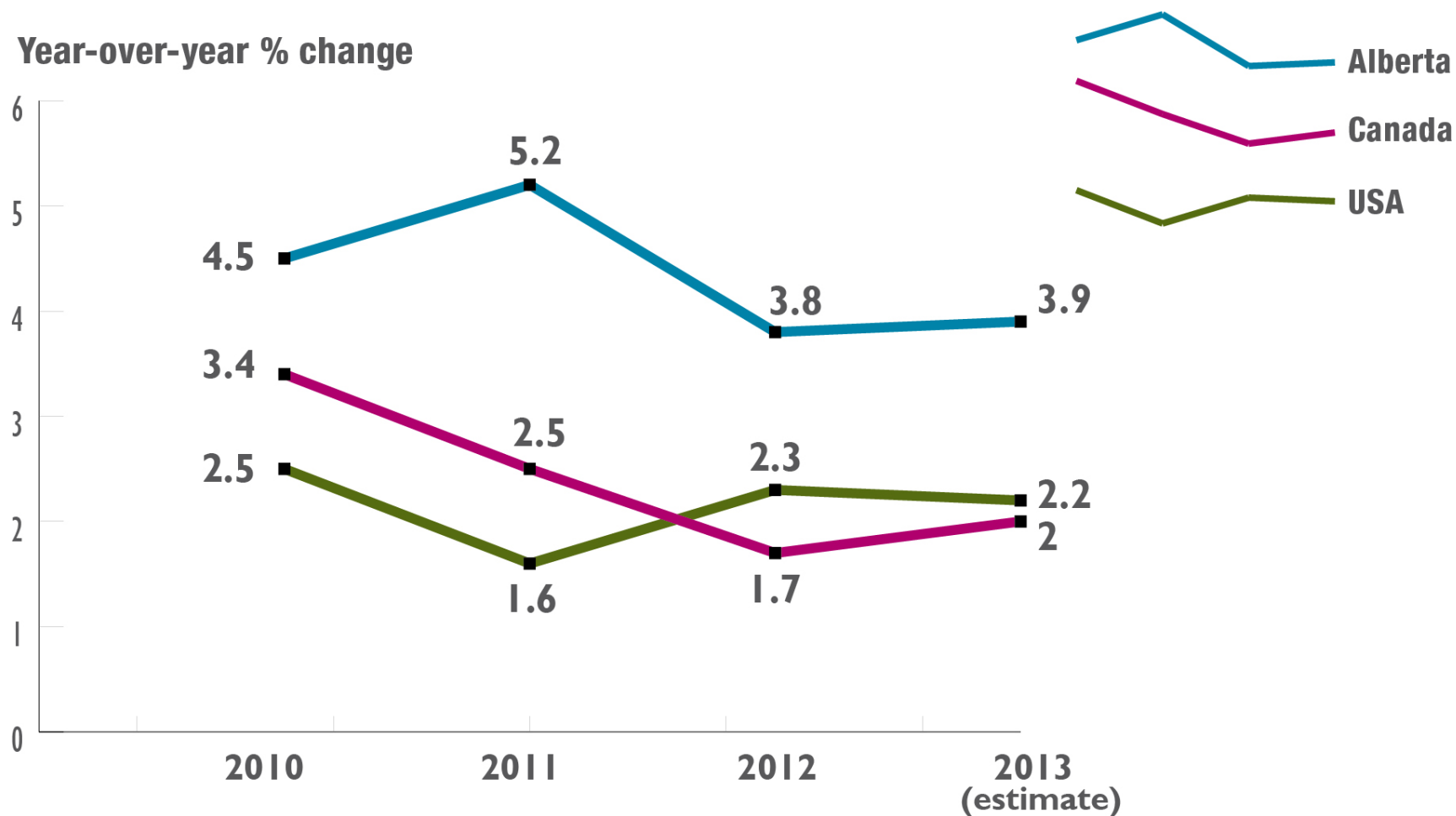
# Economic strength



Sources: Statistics Canada and Alberta Treasury Board and Finance (2014 Calendar Year)

# Economic strength

## Real Gross Domestic Product Growth





- **Revenue forecasted \$915M higher than Budget 2014 estimate**
  - Resource revenue forecast increased by \$612M
  - Corporate income tax revenue forecast increased by \$267M

## Revenue

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

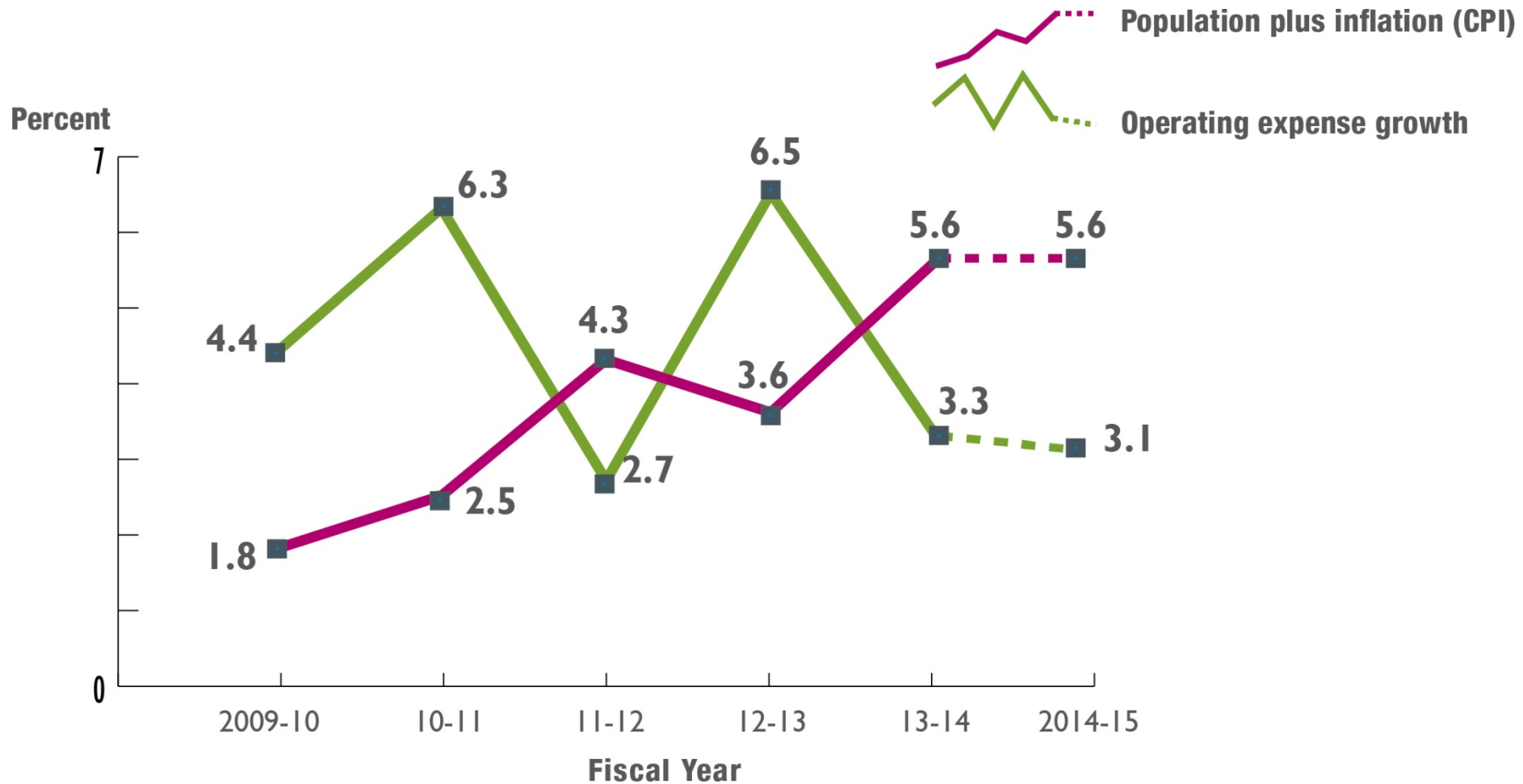
# Energy assumptions

	<b>2013-14 (actual)</b>	<b>Budget 2014-15 (estimate)</b>	<b>Q1 2014-15 (forecast)</b>
WTI (US\$/bbl)	\$99.05	\$95.22	\$96.69
WCS (Cdn\$/bbl)	\$80.11	\$77.18	\$80.64
Differential	23%	26%	23%
Exchange rate (US¢/Cdn\$)	94.9¢	91.0¢	92.5¢



- **Operational expense up \$328M from Budget 2014 to \$40.8B**
  - \$92M increase for endowment fund expense, primarily for Access to the Future Fund matching grants
  - \$57M for Canada-Alberta Job Fund (offset by federal revenue)
  - \$41M to fight mountain pine beetle
  - \$74M reprofiling of 2013 flood assistance from 2013/14

# Spending still in check





- **Consulted with Auditor General to make changes:**
  - Balance sheet
  - Full year forecast
  - Consolidated Financial Statement basis forecast
- **Hybrid approach = most comprehensive financial picture**

# What others are saying

## ALBERTA'S ECONOMIC CLIMATE

Alberta's economy leads the country

- BMO and RBC



Alberta's income per capita, GDP and job growth

- Conference Board of Canada



Alberta's level of entrepreneurship in Canada

- Centre for Innovation Studies





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