



2014-15 Third Quarter Fiscal Update and Economic Statement

February 24, 2015

Fiscal plan surplus

- **Smaller surplus**

Fiscal Plan surplus
(change in net assets)

| Budget 2014 Estimate | Q3 Forecast |
|---------------------------------|---------------------------|
| \$1.1B surplus | \$465M surplus |

Consolidated Financial
Statements surplus
(incl. SUCH sector)

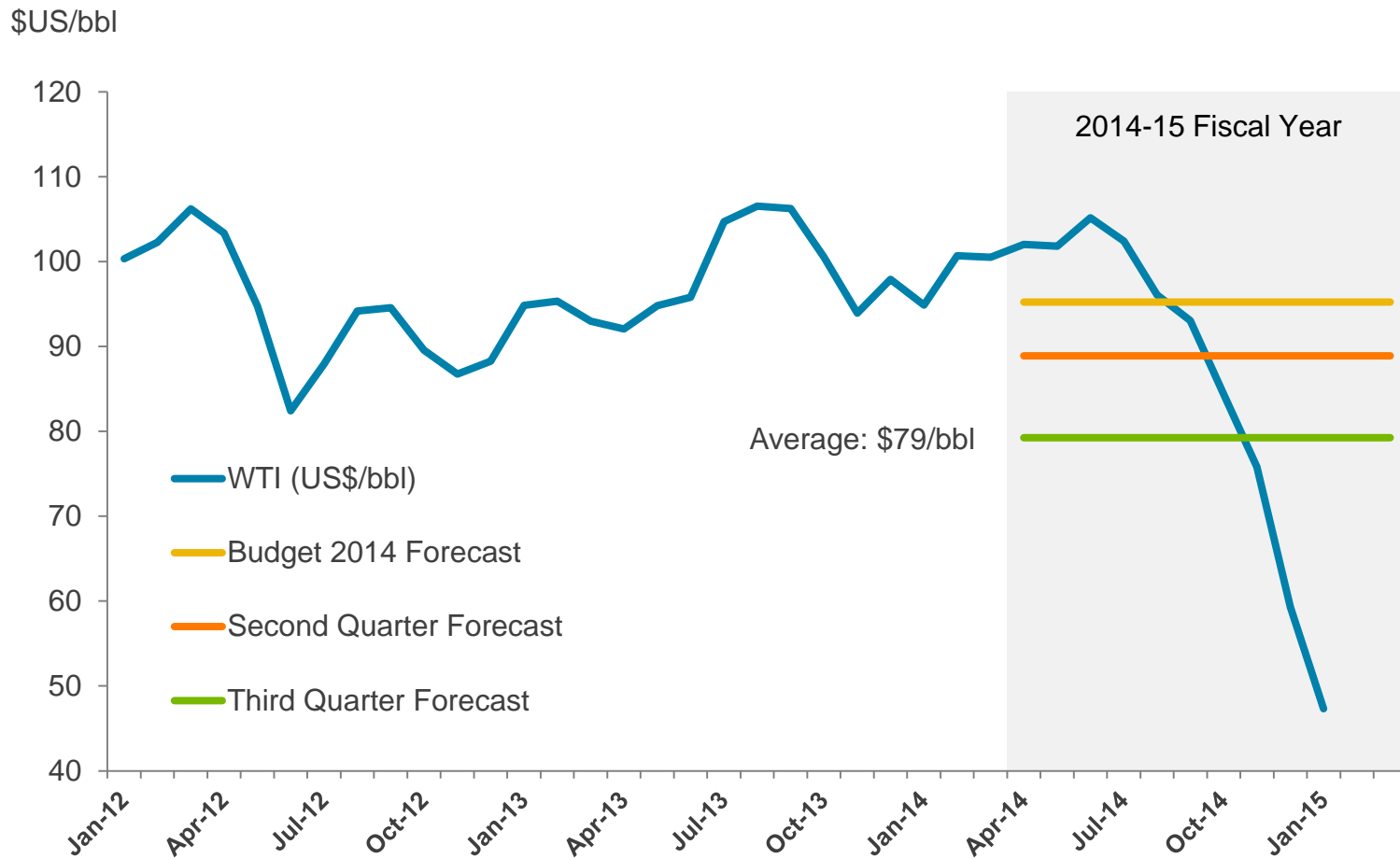
| Actual 2013/14 | Q3 Forecast |
|---------------------------|---------------------------|
| (\$302M) deficit | \$361M surplus |

Decline in oil prices



- **Oil dropped from \$108/barrel in June to under \$50/barrel in January**
- **50%+ reduction**
- **WTI oil price forecast revised to \$79 US, down from \$95 US at budget**

Energy volatility



- **Revenue forecast \$397M higher than Budget 2014 estimate**
 - Resource revenue forecast down \$503M

Revenue
(full year forecast)

| Budget 2014 Estimate | Q3 Forecast |
|----------------------|-------------|
| \$44.4B | \$44.8B |

Operational spending



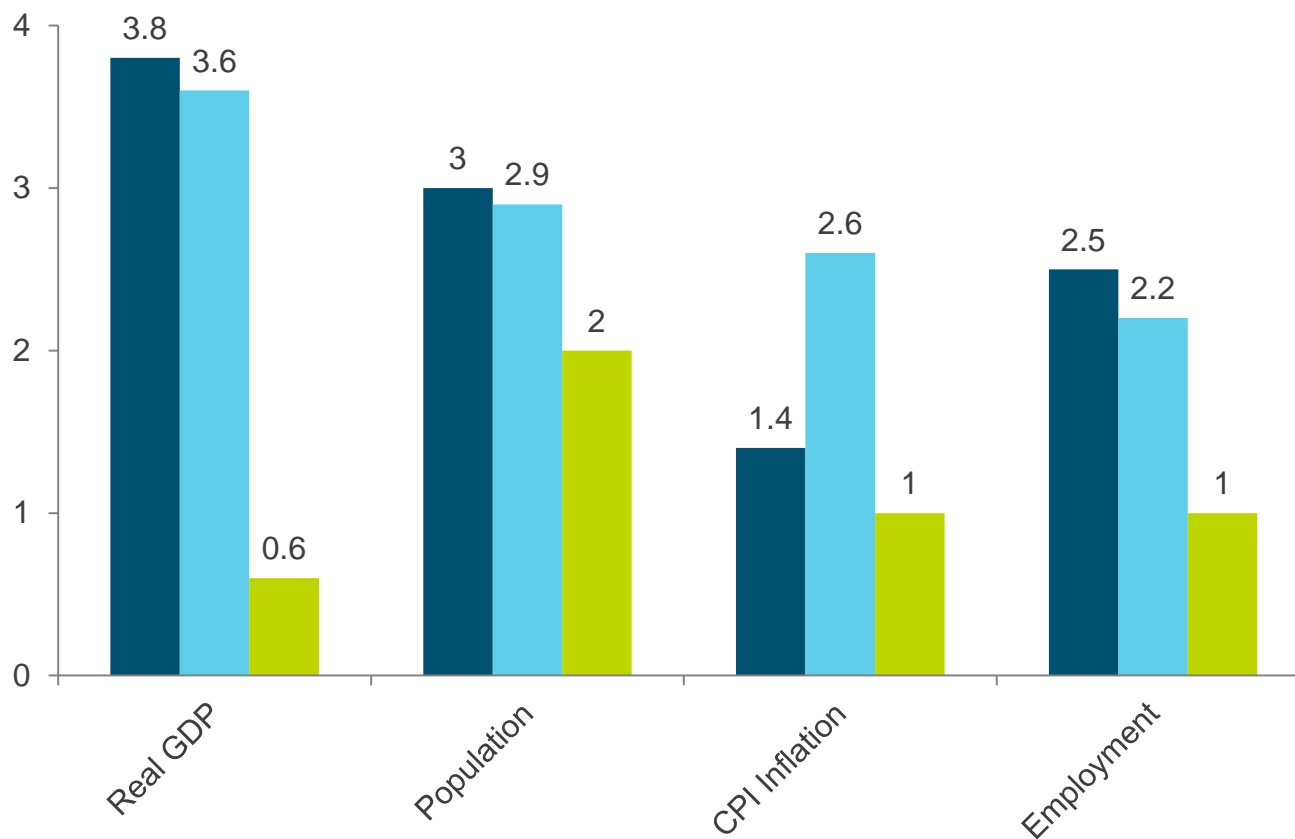
- **Operational expense is \$802 million higher than forecast for:**
 - forest-fires
 - agriculture and flood assistance
 - public sector compensation settlements

- **Revised Capital Plan forecast at \$6.5B**
- **Direct borrowing for infrastructure is \$3B**
 - reduced \$1.9B from budget

Economic forecast

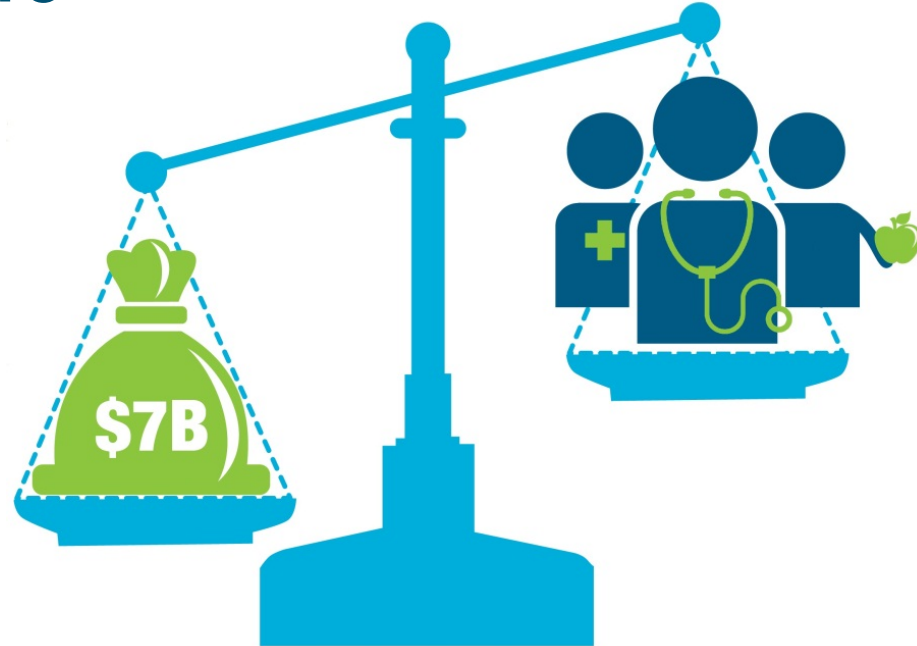
% Change

■ 2013 ■ 2014 Estimate ■ 2015 Forecast

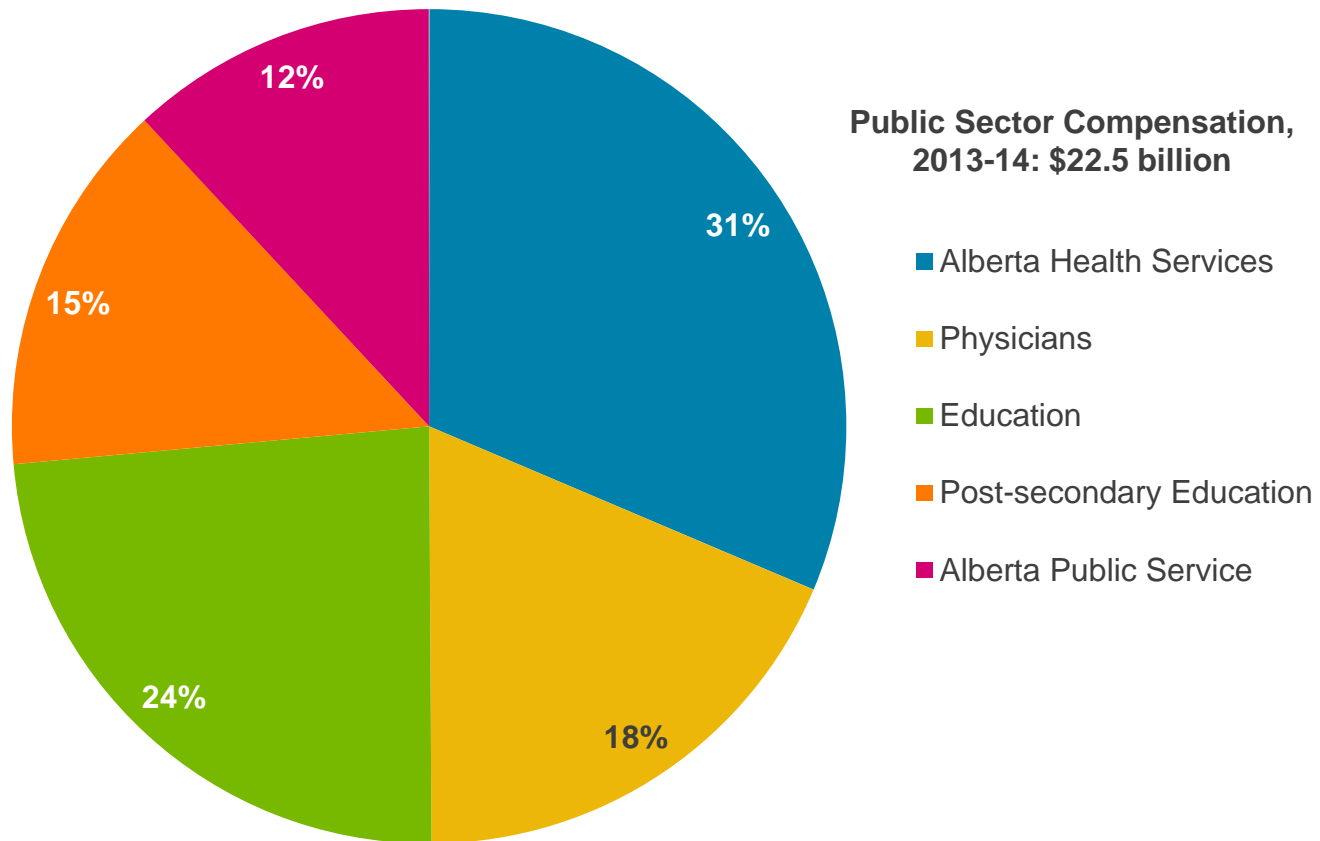


\$7 billion challenge

- **\$7 billion projected revenue shortfall in 2015**



Public sector wages



Actions to date



- **Closing international offices**
- **Hiring restraint**
- **Restricted spending on goods, services and travel**
- **All departments to look for cost savings**
- **5% wage rollback for all MLAs**

We are listening



- **Met 1,500 Albertans in 20 communities**
- **36,000+ responses to online survey**
- **Input will guide government decisions going forward**

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