

BUDGET

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SECOND QUARTER FISCAL UPDATE  
1999-2000 QUARTERLY BUDGET REPORT

2

## UPDATING ALBERTANS

The Second Quarter Fiscal Update is comprised of two parts - the updated 1999-2000 forecast and the actual results for the first six months of the fiscal year (April 1, 1999 to September 30, 1999).

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# 1999 - 2000 FORECAST

## Highlights

- The economic cushion, after second quarter allocations, is forecast at \$1.445 billion — an increase of \$828 million from the budget estimate.
- Revenue is forecast to be \$2.2 billion higher than estimated in the budget. The increase is mostly the result of higher-than-expected energy prices and continued strong growth in personal income tax revenue.
- Higher revenue has provided in-year flexibility to address critical one-time requirements. An additional \$1.4 billion is being provided for infrastructure requirements, agriculture disaster assistance, forest fire fighting costs, the elimination of school boards' and regional health authorities' accumulated debt and increased support for education, children, health and other services.
- \$1.365 billion has been allocated to reducing debt and increasing financial assets of the province.
- The accumulated debt of the province is expected to be reduced by \$1.1 billion in 1999-2000 to \$13 billion. The accumulated debt payment is almost \$600 million higher than estimated in the budget.

## CONSOLIDATED FISCAL SUMMARY<sup>a</sup>

(millions of dollars)

1999-2000

	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
<b>Revenue</b>	16,888	19,100	2,212	896
<b>Expense</b>				
Program	15,149	16,535	1,386	1,130
Debt Servicing Costs	1,089	1,060	(29)	51
Total Expense	16,238	17,595	1,357	1,181
Net Revenue	650	1,505	855	(285)
Less: Net Increase in Capital Assets affecting Operations <sup>b</sup>	33	60	27	23
<b>Economic Cushion</b>	617	1,445	828	(308)
Allocation of Economic Cushion				
Debt Repayment <sup>c</sup>	463	1,365	902	(129)
Contingency Reserve	154	80	(74)	(179)
Net Assets at March 31, 2000 <sup>d</sup>	400	1,302	902	(129)
Accumulated Debt at March 31, 2000 <sup>d</sup>	13,626	13,027	(599)	631

<sup>a</sup> Subject to the *Balanced Budget and Debt Retirement Act* and *Fiscal Responsibility Act*.

<sup>b</sup> Converts capital expense to a pay-as-you-go basis.

<sup>c</sup> The *Fiscal Responsibility Act* allows the allocation for debt repayment to be used to pay down the accumulated debt and other liabilities or increase financial assets.

<sup>d</sup> The net assets and accumulated debt calculations have been adjusted to reflect actual results at March 31, 1999. Net debt was \$63 million and accumulated debt was \$14,106 million on March 31, 1999. Does not include pension obligations which are forecast to decrease by \$8 million to \$4,805 million.

# Revenue

## INCOME TAX REVENUE

The forecast of personal income tax revenue has been increased by \$644 million to \$4.978 billion. This is due to higher actual revenue for the 1998 tax year (up \$355 million) and higher than estimated personal income and employment growth in 1999. The forecast also reflects the elimination of the 8% provincial surtax on middle and high income individuals, effective January 1, 2000.

The forecast of corporate income tax revenue is \$69 million higher than the budget estimate. This reflects improvements in energy industry income.

## NON-RENEWABLE RESOURCE REVENUE

The forecast of energy revenue has been increased by \$1.446 billion to \$3.862 billion. This reflects higher-than-expected natural gas and oil prices.

Natural gas prices are now expected to average \$2.49 per mcf as a result of the continuation of lower gas production levels in the United States and higher oil prices. The revised natural gas price is 47¢ higher than the budget forecast and 10¢ higher than forecast in the First Quarter Update. Natural gas royalties are \$615 million higher than estimated in the budget.

Oil prices are now expected to average US\$20.00 per barrel. The higher price reflects the continuing compliance by OPEC and other producers with the March production management agreement. The revised oil price is US\$6.50 higher than the budget forecast and \$2.50 higher than forecast in the First Quarter Update. Oil royalties are \$684 million higher than estimated in the budget.

Revenue from bonuses and sales of Crown leases is forecast to increase by \$185 million from the budget estimate due to higher energy industry cash flow.

## TRANSFERS FROM GOVERNMENT OF CANADA

Transfers from the Government of Canada are expected to be \$182 million lower than the budget estimate. Revenue from the Canada Health and Social Transfer (CHST) is forecast to be \$218 million lower mainly because of higher income tax revenues. Higher income tax revenues reduce the cash component of the CHST transfer.

This is partly offset by increases in other transfers, including \$20 million for agriculture support programs and \$7 million for Hepatitis C initiatives.

## INVESTMENT INCOME

Total investment income is up \$123 million from the budget estimate. Heritage Fund investment income is forecast to be \$109 million above the budget estimate. As noted in the First Quarter Update, the rates of return for both equities and bonds have been above their budgeted rates. As well, higher-than-expected capital gains have been realized by the Heritage Fund, the Heritage Foundation for Medical Research Endowment Fund and the Heritage Scholarship Fund portfolios.

## NET INCOME FROM COMMERCIAL OPERATIONS

Net income from commercial operations is forecast to increase by \$81 million. Alberta Treasury Branches' revenue is expected to increase by \$66 million over the budget estimate as a result of the recognition of deferred income and reduced loan losses.

Lottery revenues are forecast to be \$25 million higher than the budget estimate due mainly to an increase in anticipated slots/VLT revenue. As noted in the First Quarter Update, revenue from liquor operations is forecast to be below the budget estimate due to the reduction in the flat rate mark-up on beer.

## OTHER REVENUE

Total revenue from all other sources is forecast to increase by \$31 million over the budget estimate. As noted in the First Quarter Update, Alberta Treasury Branches will be paying the province a deposit guarantee fee of \$18 million. Freehold mineral tax revenue is forecast to increase by \$15 million and Alberta Dairy Control Board revenue is forecast to increase by \$11 million.

Revenue from the sale of capital assets is forecast to be \$20 million below the budget estimate mainly because of a delay in land disposals. Fuel tax revenue is also forecast to decline by \$20 million. Miscellaneous other changes account for the rest of the increase.

**REVENUE***(millions of dollars)*

1999-2000

	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter	Main Reason for Change from Budget
<b>Income Taxes</b>					
Personal income tax	4,334	4,978	644	370	Prior year adjustment and growth
Corporate income tax	1,745	1,814	69	33	Higher energy prices
	6,079	6,792	713	403	
<b>Other Taxes</b>					
School property tax	1,145	1,145	—	—	
Fuel tax	570	550	(20)	—	Increase in tax exempt fuel use
Tobacco tax	350	350	—	—	
Insurance corporations tax	119	117	(2)	(2)	Revised forecast
Freehold mineral rights tax	98	113	15	3	Higher oil and natural gas prices
Hotel room tax	45	45	—	—	
Financial institutions capital tax	38	36	(2)	(2)	Revised forecast
	2,365	2,356	(9)	(1)	
<b>Non-Renewable Resource Revenue</b>					
Natural gas and by-products royalty	1,695	2,310	615	35	Higher natural gas prices
Crude oil royalty	346	827	481	229	Higher oil prices
Synthetic crude oil and bitumen royalty	43	246	203	87	Higher oil prices
Coal royalty	15	13	(2)	(1)	Forecast adjustment
Bonuses and sales of Crown leases	430	615	185	185	Higher energy industry cash flow
Rentals and fees	143	149	6	4	Higher land sales
Royalty tax credit	(256)	(298)	(42)	17	Increased oil and gas royalties
	2,416	3,862	1,446	556	
<b>Transfers from Government of Canada</b>					
Canada Health and Social Transfer	1,086	868	(218)	(132)	Higher income tax revenue
Canada Health and Social Transfer - health supplement	192	192	—	—	
Labour market development	126	122	(4)	(4)	Revised forecast
Agriculture support programs	98	118	20	13	Increased FIDP transfers
Other	155	175	20	8	Hepatitis C initiatives
	1,657	1,475	(182)	(115)	
<b>Investment Income</b>					
Alberta Heritage Savings Trust Fund	730	839	109	1	Higher rates of return on investments
Alberta Municipal Financing Corporation	439	437	(2)	—	Revised forecast
Heritage Foundation for Medical Research Endowment Fund	67	75	8	4	Realized capital gains
Farm credit stability program	26	26	—	—	
Other	121	129	8	—	Realized capital gains
	1,383	1,506	123	5	
<b>Net Income from Commercial Operations</b>					
Alberta Gaming and Liquor Commission					
Lottery revenue	770	795	25	7	Increase in anticipated slots/VLT revenue
Liquor operations	462	449	(13)	2	Lower mark-up and reduced volume
Alberta Treasury Branches	95	161	66	28	Lower loan losses/deferred income
Other	3	6	3	1	AGT Commission
	1,330	1,411	81	38	
<b>Premiums, Fees and Licences</b>					
Health care insurance premiums	690	696	6	4	Revised forecast
Motor vehicle licences	189	194	5	3	Higher volume
Crop and hail insurance premiums	76	72	(4)	(5)	Lower volume
Timber rentals and fees	73	78	5	(2)	Increased lumber prices
Land titles	67	66	(1)	—	Revised forecast
Other	221	238	17	(2)	ATB guarantee fee
	1,316	1,344	28	(2)	
<b>Other</b>					
Sale of capital assets	65	45	(20)	(2)	Delay in land disposals
Alberta Dairy Control Board	49	60	11	—	Increased milk production
Fines and penalties	27	29	2	1	Revised forecast
Miscellaneous	201	220	19	13	Refund of pension payment
	342	354	12	12	
<b>Total Revenue</b>	<b>16,888</b>	<b>19,100</b>	<b>2,212</b>	<b>896</b>	

# Expense

On September 1, 1999, the government announced a \$600 million infrastructure initiative. Most of the funding for this initiative will be provided through the ministry of **Infrastructure**. Infrastructure's program spending is forecast to increase by \$512 million from the budget estimate. This reflects increased funding of \$521 million for transportation infrastructure, health facilities, municipal water and wastewater grants and other infrastructure that was announced as part of the \$600 million infrastructure initiative. Program costs in other areas of the ministry are being reduced by \$9 million.

**Health and Wellness** spending is forecast to increase by \$317 million over budget. Of this increase, \$216 million is being provided to improve the financial position of health authorities. This funding will be used first to retire accumulated debts, then to purchase equipment or for innovative one-time projects to find more efficient and effective ways to deliver health services.

An additional \$54 million is being provided to accommodate the settlement of sterilization claims. As part of the one-time \$600 million infrastructure initiative, \$10 million is being provided to purchase advanced medical equipment and \$10 million for a long-term care Healthy Aging Partnership Initiative. The provision made for health care insurance premium revenue write-offs has been increased by \$5 million.

Other increases include the First Quarter Update announcement of \$10 million for services to persons with developmental disabilities, \$7 million for federally funded Hepatitis C initiatives, and more funding for blood products and services.

**Agriculture, Food and Rural Development** spending is expected to increase by \$195 million. The government has announced a \$232 million agriculture disaster assistance program to provide emergency support to farmers experiencing severe income losses. As well, an additional \$3 million is being provided for irrigation infrastructure as part of the one-time \$600 million infrastructure initiative. These increases are partly offset by lower costs in other ministry programs.

**Learning** spending is forecast to increase by \$176 million from the budget estimate, including \$38 million for infrastructure support to post-secondary institutions as part of the one-time \$600 million infrastructure initiative.

As noted in the First Quarter Update, one-time grants of about \$300 per student have been provided to every school board at a cost of \$151 million. Also the caps on funding for students with severe emotional behavioral disabilities and for English as a Second Language have been removed at a cost of \$16 million. Further, school boards are receiving a \$4 million benefit this fiscal year resulting from monthly rather than quarterly payments from the Alberta School Foundation Fund.

Partly offsetting these increases are savings of about \$33 million from lower than budgeted school enrolment.

**Environment** spending is forecast to be \$135 million over the budget estimate primarily due to the additional cost of fighting forest fires in northern Alberta. As noted in the First Quarter Update, the northern region has experienced large numbers of fires because of prolonged and extreme drought conditions.

**Children's Services** spending is forecast to exceed the budget estimate by \$37 million. The increase is required primarily to cover the cost of increases in the caseloads and the average cost of services to individual clients in the Child Welfare and Handicapped Children's Services programs.

**Debt servicing costs** are forecast to be \$29 million lower than the budget estimate. The lower forecast reflects a reduction in the foreign exchange provision on unhedged United States dollar debt due to the higher-than-budgeted Canadian dollar. Higher than anticipated debt repayments in 1998-99 and 1999-2000 also contribute to the lower debt costs. Partly offsetting these factors is an upward trend in interest rates.

**EXPENSE***(millions of dollars)*

	1999-2000			
	Budget <sup>a</sup>	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
<b>Program</b>				
Legislative Assembly	41	41	—	—
Agriculture, Food and Rural Development	558	753	195	189
Children's Services	466	503	37	24
Community Development	398	399	1	1
Economic Development	49	49	—	—
Environment	317	452	135	55
Executive Council	13	13	—	—
Gaming	179	179	—	—
Government Services	46	46	—	—
Health and Wellness	5,169	5,486	317	297
Human Resources and Employment	991	985	(6)	(2)
Infrastructure	1,245	1,757	512	512
Innovation and Science	164	171	7	5
International and Intergovernmental Relations	34	38	4	4
Justice	405	408	3	(3)
Learning	4,141	4,317	176	35
Municipal Affairs	132	141	9	9
Resource Development	139	135	(4)	(6)
Treasury	662	662	—	10
<b>Total Program Expense</b>	<b>15,149</b>	<b>16,535</b>	<b>1,386</b>	<b>1,130</b>
Debt Servicing Costs	1,089	1,060	(29)	51
<b>Total Expense</b>	<b>16,238</b>	<b>17,595</b>	<b>1,357</b>	<b>1,181</b>

<sup>a</sup> Budget numbers have been restated to reflect the government reorganization announced in May 1999.

**FOR INFORMATION****INFRASTRUCTURE INITIATIVE<sup>a</sup>***(millions of dollars)*

Ministry	Program Expense	Capital Investment	Total
Agriculture, Food and Rural Development	3	—	3
Environment	—	8	8
Health and Wellness	20	—	20
Infrastructure	521	10	531
Learning	38	—	38
<b>Total</b>	<b>582</b>	<b>18</b>	<b>600</b>

<sup>a</sup> Included in the Second Quarter forecasts of Expense and Capital Investment.

# Net Change in Capital Assets

The net increase in capital assets affecting operations is forecast to be \$27 million higher than budgeted.

Capital investment is now forecast at \$304 million, up \$29 million from the budget estimate. Of this increase, \$18 million is related to the \$600 million infrastructure initiative.

The ministry of **Infrastructure's** capital investment is increasing by \$17 million. This includes \$10 million for water infrastructure as part of the \$600 million infrastructure initiative.

**Environment's** capital investment is increasing by \$7 million. This includes an allocation of \$8 million for the rehabilitation, upgrading and replacement of

small water infrastructure projects as part of the \$600 million infrastructure initiative (offset by a \$1 million reduction in other areas).

**Agriculture, Food and Rural Development** is using cost reductions in program spending to make \$4 million available for Agriculture Financial Services Corporation's computer systems.

**Resource Development** is providing \$4 million for leasehold improvements and software development costs by a transfer from its operating budget.

Capital amortization is now forecast at \$244 million, up \$2 million from the budget estimate.

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## NET CHANGE IN CAPITAL ASSETS

*(millions of dollars)*

	1999-2000			
	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
Capital Investment	275	304	29	27
Capital Amortization	(242)	(244)	(2)	(4)
<b>Net Increase in Capital Assets affecting Operations</b>	<b>33</b>	<b>60</b>	<b>27</b>	<b>23</b>



## CAPITAL INVESTMENT AND AMORTIZATION

(millions of dollars)

	1999-2000 Capital Investment				1999-2000 Capital Amortization			
	Budget <sup>a</sup>	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter	Budget <sup>a</sup>	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
Legislative Assembly	—	—	—	—	—	—	—	—
Agriculture, Food and Rural Development	5	9	4	—	(7)	(7)	—	—
Children's Services	—	—	—	—	(1)	(1)	—	—
Community Development	2	2	—	—	(25)	(25)	—	—
Economic Development	—	—	—	—	—	—	—	—
Environment	8	15	7	8	(26)	(26)	—	—
Executive Council	—	—	—	—	—	—	—	—
Gaming	—	—	—	—	—	—	—	—
Government Services	2	2	—	—	(3)	(3)	—	—
Health and Wellness	1	1	—	—	(1)	(1)	—	—
Human Resources and Employment	7	6	(1)	(1)	(2)	(2)	—	—
Infrastructure	220	237	17	17	(152)	(152)	—	—
Innovation and Science	11	11	—	—	(13)	(14)	(1)	(1)
International and Intergovernmental Relations	—	—	—	—	—	—	—	—
Justice	3	3	—	—	(1)	(1)	—	—
Learning	4	2	(2)	(1)	(1)	(1)	—	—
Municipal Affairs	—	—	—	—	(1)	(1)	—	(1)
Resource Development	4	8	4	4	(6)	(8)	(2)	(2)
Treasury	8	8	—	—	(3)	(2)	1	—
<b>Total Capital Investment/Amortization</b>	<b>275</b>	<b>304</b>	<b>29</b>	<b>27</b>	<b>(242)</b>	<b>(244)</b>	<b>(2)</b>	<b>(4)</b>

<sup>a</sup> Budget numbers have been restated to reflect government reorganization announced in May 1999.

# Allocation of Economic Cushion

A total of \$575 million (\$239 million in the First Quarter and \$336 million in the Second Quarter) has been allocated from the contingency reserve to address in-year initiatives. This includes \$27 million for the elimination of the surtax on January 1, 2000.

In addition, an amendment to the *Fiscal Responsibility Act* will allow a special one-time

\$600 million allocation from the economic cushion for infrastructure funding in 1999-2000.

Pursuant to sections 4(2) and 4(3) of the *Fiscal Responsibility Act*, the \$232 million agriculture disaster program and \$33 million increase in dedicated revenue and expense are not deductions from the contingency reserve.

## ALLOCATION OF ECONOMIC CUSHION, 1999 - 2000

(millions of dollars)

	Budget	Forecast Changes	Revised Forecast	Cushion Allocations		2nd Quarter Forecast
				1st Quarter	2nd Quarter	
<b>Revenue</b>	16,888	2,239	19,127	—	(27)	19,100
<b>Expense</b>						
Program Expense	15,149	265 <sup>a</sup>	15,414	235	886 <sup>b</sup>	16,535
Debt Servicing Costs	1,089	(29)	1,060	—	—	1,060
Net Change in Capital Assets	33	—	33	4	23 <sup>b</sup>	60
Total Expense and Net Change in Capital Assets	16,271	236	16,507	239	909	17,655
<b>Economic Cushion</b>	617	2,003	2,620	(239)	(936)	1,445
Allocation of Economic Cushion						
Debt Repayment	463	1,502	1,965	—	(600)	1,365
Contingency Reserve	154	501	655	(239)	(336)	80

<sup>a</sup> Includes \$232 million for agriculture disaster assistance and dedicated revenue and expense increase of \$33 million.

<sup>b</sup> Includes the one-time \$600 million allocation from the economic cushion for infrastructure funding, of which \$582 million is in program expense and \$18 million is in capital investment.

# Assets, Liabilities and Net Assets

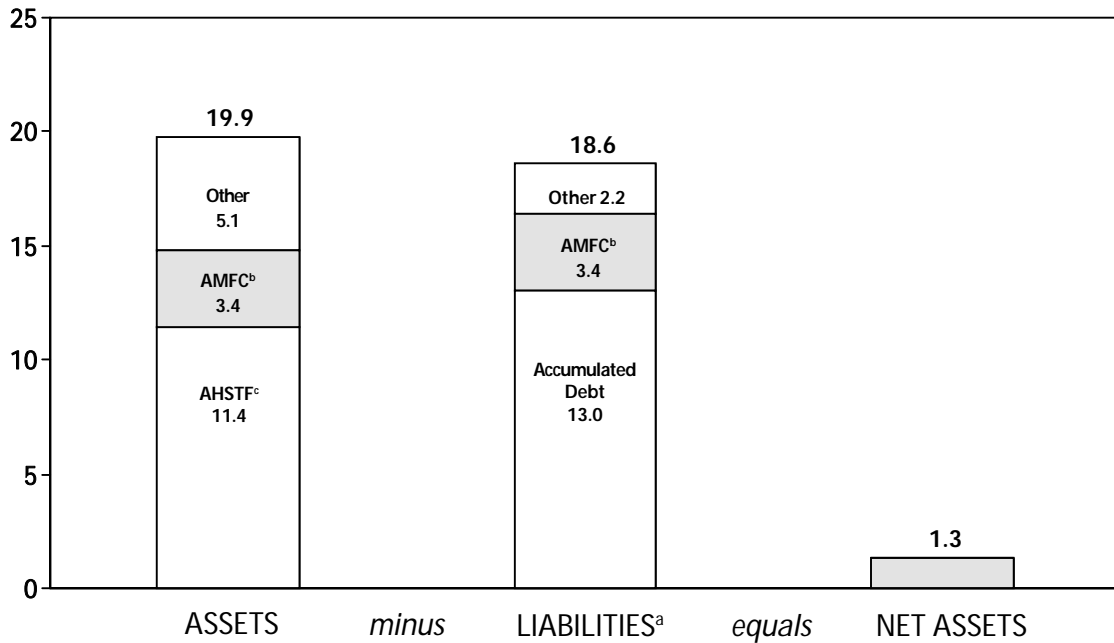
The net debt subject to the *Balanced Budget and Debt Retirement Act* has been eliminated. Total financial assets now exceed total liabilities. At March 31, 2000, financial assets are forecast at \$19.9 billion. Total liabilities (excluding pension obligations) are forecast at \$18.6 billion, resulting in net assets of about \$1.3 billion.

The province's accumulated debt, on which debt servicing costs are paid, is forecast at approximately \$13.0 billion at March 31, 2000. This is a reduction of \$1.1 billion from March 31, 1999.

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## NET WORTH (BALANCE SHEET) FORECAST OF ASSETS, LIABILITIES AND NET ASSETS AT MARCH 31, 2000

(billions of dollars)



- <sup>a</sup> Excludes pension obligations of \$4.8 billion which are scheduled for elimination under a separate 1993 legislated plan.
- <sup>b</sup> Alberta Municipal Financing Corporation.
- <sup>c</sup> Alberta Heritage Savings Trust Fund — net of internal holdings.

## SENSITIVITIES AND FISCAL YEAR ASSUMPTIONS, 1999-2000

	Sensitivities <sup>a</sup> (millions of dollars)				Assumptions	
	Change	Revenue	Spending	Net Change	Budget	2nd Quarter Forecast
Oil Price (WTI US\$/bbl)	-\$1.00	-135	—	-135	13.50	20.00
Natural Gas Price (Cdn\$/mcf)	-10¢	-167	—	-167	2.02	2.49
Exchange Rate (US¢/Cdn\$)	+1¢	-63	-35	-28	66.80	67.75
Interest Rates	+1%	+5	+28	-23		
3-month Canada Treasury Bills					4.75	4.90
10-year Canada Bonds					5.25	5.85

<sup>a</sup> Sensitivities are based on current forecast prices and rates and show the impact for a full 12 month period. Sensitivities can vary significantly at different price and rate levels. The interest rate sensitivity is also affected by the timing of changes during the fiscal year.

## ACCUMULATED DEBT

(millions of dollars)

	1999-2000			
	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
<b>Accumulated debt at the start of the year</b>	14,106 <sup>a</sup>	14,106	—	—
Revenue allocated to debt repayment	463	1,365	902	(129)
Cash Sources (Requirements)				
Retained earnings of Alberta Treasury Branches	(95)	(161)	(66)	(28)
Retained surpluses of other provincial corporations/agencies	(60)	(69)	(9)	(9)
Repayment of Farm Credit Stability Program deposits	100	125	25	—
Other	72	(181)	(253)	(465)
Accumulated Debt Repayment	480	1,079	599	(631)
<b>Accumulated debt at the end of the year</b>	13,626	13,027	(599)	631

<sup>a</sup> Accumulated debt has been restated to reflect the March 31, 1999 actual number.

## NET REFINANCING REQUIREMENTS

(millions of dollars)

	1999-2000			
	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
Term debt maturities and redemptions	2,480	2,530	50	(14)
Accumulated Debt Repayment	(480)	(1,079)	(599)	631
General Revenue Fund Cash Requirements (Sources)				
Decrease (Increase) in accrued foreign exchange provisions	(80)	(45)	35	(25)
Repayment of school board loans	102	102	—	—
Financing of provincial corporations' borrowing	225	231	6	6
<b>Net Refinancing Requirements</b>	2,247	1,739	(508)	598

# A C T U A L   R E S U L T S

## FOR THE FIRST SIX MONTHS OF 1999-2000

### METHOD OF CONSOLIDATION

This financial summary is prepared on the same basis as used in Budget '99, restated for the May 1999 government reorganization.

Consistent with the policy that capital assets are not included in the province's financial assets, losses on disposal and write-downs of capital assets do not affect revenues, expenses or the net results of operations for the period.

The results of all government departments, funds and agencies, except those designated as commercial enterprises, are consolidated on a line-by-line basis. Revenue and expense transactions between consolidated entities have been eliminated.

The accounts of Crown-controlled corporations and provincial agencies designated as commercial enterprises are consolidated on an equity basis, the equity being computed in accordance with generally accepted accounting principles.

### BASIS OF FINANCIAL REPORTING

The consolidated fiscal summary reports revenue (including proceeds from sale of capital assets), expense (including amortization of capital assets), and net revenue. The annual change in unfunded pension obligations has been excluded from expense. The intermediate result of operations (net revenue) is then adjusted for the difference between capital investment and capital asset amortization. The final result is the consolidated net results of operations subject to the *Fiscal Responsibility Act*.

Expense includes the province's annual cash payments towards the unfunded pension obligations. Expense excludes the annual change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements.

Revenue and expense are recorded using the accrual basis of accounting. Cash received for goods or services which have not been provided by period end is recorded as unearned revenue. Debt servicing costs include interest payable, amortization of discount on debt issues, and amortization of unrealized exchange gains and losses on unhedged foreign currency debt.

In May 1999, the government announced a major reorganization involving the creation of new ministries and the elimination, mergers and the realignment of others. Comparative 1998-99 figures have been restated to conform to the restructured 1999-2000 presentation.

**CONSOLIDATED FISCAL SUMMARY<sup>a</sup>**

for the six months ended September 30, 1999 (unaudited)

*(millions of dollars)*

	First Six Months		
	1999-2000	1998-99	Change
<b>Revenue</b>			
Income Taxes	2,821	3,095	(274)
Other Taxes	1,182	1,056	126
Non-Renewable Resource Revenue	1,662	1,096	566
Transfers from Government of Canada	818	547	271
Investment Income	754	682	72
Premiums, Fees and Licences	761	722	39
Net Income from Commercial Operations	734	689	45
Other	151	141	10
<b>Total Revenue</b>	<b>8,883</b>	<b>8,028</b>	<b>855</b>
<b>Expense</b>			
Program	7,586	6,865	721
Debt Servicing Costs	524	679	(155)
<b>Total Expense</b>	<b>8,110</b>	<b>7,544</b>	<b>566</b>
Net Revenue	773	484	289
Net Change in Capital Assets affecting Operations <sup>b</sup>	(29)	(31)	2
<b>Net Results of Operations</b>	<b>744</b>	<b>453</b>	<b>291</b>

<sup>a</sup> Subject to the *Fiscal Responsibility Act*. Includes the province's annual cash payments towards the unfunded pension liability, which will be eliminated over a longer term under a separate legislated plan. Does not include the annual change in the unfunded pension obligations, which is a non-cash expense that does not affect borrowing requirements.

<sup>b</sup> Converts capital expense to a pay-as-you-go basis for the purposes of the consolidated net results of operations.

**EXPENSE**

for the six months ended September 30, 1999 (unaudited)

*(millions of dollars)*

	First Six Months		
	1999-2000	1998-99	Change
<b>Program</b>			
Legislative Assembly	18	17	1
Agriculture, Food and Rural Development	181	199	(18)
Children's Services	252	215	37
Community Development	200	177	23
Economic Development	14	15	(1)
Environment	283	323	(40)
Executive Council	6	6	—
Gaming	85	75	10
Government Services	19	20	(1)
Health and Wellness	2,543	2,342	201
Human Resources and Employment	500	452	48
Infrastructure	662	449	213
Innovation and Science	57	62	(5)
International and Intergovernmental Relations	27	27	—
Justice	195	165	30
Learning	2,085	1,860	225
Municipal Affairs	96	87	9
Resource Development	56	55	1
Treasury	307	319	(12)
	7,586	6,865	721
<b>Debt Servicing Costs</b>	524	679	(155)
<b>Total Expense</b>	8,110	7,544	566

## NET CHANGE IN CAPITAL ASSETS AFFECTING OPERATIONS

for the six months ended September 30, 1999 (unaudited)

(millions of dollars)

	First Six Months		
	1999-2000	1998-99	Change
<b>Capital Investment</b>			
Legislative Assembly	—	—	—
Agriculture, Food and Rural Development	4	4	—
Children's Services	—	—	—
Community Development	—	—	—
Economic Development	—	—	—
Environment	2	1	1
Executive Council	—	—	—
Gaming	—	—	—
Government Services	—	—	—
Health and Wellness	—	—	—
Human Resources and Employment	1	—	1
Infrastructure	123	129	(6)
Innovation and Science	9	4	5
International and Intergovernmental Relations	—	—	—
Justice	1	—	1
Learning	—	—	—
Municipal Affairs	—	—	—
Resource Development	1	1	—
Treasury	3	2	1
	144	141	3
Less: Capital Amortization Reversal	115	110	5
<b>Net Change in Capital Assets affecting Operations</b>	<b>(29)</b>	<b>(31)</b>	<b>2</b>