

# SECOND QUARTER UPDATE

- HIGHLIGHTS**
- ◆ The 1998-99 surplus is now forecast at \$247 million, up \$82 million from the budget estimate but down \$30 million from the first quarter forecast.
  - ◆ Revenue is expected to be \$852 million higher than the budget forecast. This is primarily due to prior year adjustments of approximately \$470 million and higher-than-expected growth in personal income tax revenue.
  - ◆ Total expense is expected to be \$769 million higher than the budget estimate. The increase in program expense is forecast to be \$627 million, reflecting higher health spending, increased support for municipal transportation infrastructure and higher costs for fighting forest fires. Debt servicing costs are forecast to exceed the budget by \$142 million because of increased foreign exchange provisions.
  - ◆ The revenue cushion of \$420 million, provided in the budget to protect against weakness in resource and corporate income tax revenues, has been maintained in this forecast. If the revenue cushion is not required, the surplus could be \$667 million. The province's net debt, excluding pension liabilities, would decline to \$422 million at March 31, 1999.

## Consolidated Fiscal Summary<sup>a</sup>

(millions of dollars)

		1998-99			
		Budget <sup>b</sup>	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
<b>Revenue</b>					
1	Forecast .....	15,627	16,479	852	230
2	Cushion <sup>c</sup> .....	(420)	(420)	—	—
3	Budgeted Revenue .....	<u>15,207</u>	<u>16,059</u>	<u>852</u>	<u>230</u>
<b>Expense</b>					
4	Program .....	13,910	14,537	627	180
5	Debt Servicing Costs .....	<u>1,093</u>	<u>1,235</u>	<u>142</u>	<u>75</u>
6	Total Expense .....	<u>15,003</u>	<u>15,772</u>	<u>769</u>	<u>255</u>
7	Net Revenue .....	204	287	83	(25)
8	Net Increase in Capital Assets affecting Operations <sup>d</sup> .....	<u>39</u>	<u>40</u>	<u>1</u>	<u>5</u>
9	<b>Consolidated Surplus</b> .....	<u>165</u>	<u>247</u>	<u>82</u>	<u>(30)</u>
10	<b>Net Debt subject to Balanced Budget and Debt Retirement Act at March 31, 1999 (forecast)<sup>e</sup></b> .....	504	422	(82)	30

<sup>a</sup> Subject to the Balanced Budget and Debt Retirement Act. Includes the province's annual cash payments towards the unfunded pension obligations which will be eliminated over the long term under a separate legislated plan. Does not include the increase in the pension obligations forecast at \$26 million in 1998-99. This is a non-cash expense that does not affect borrowing requirements.

<sup>b</sup> Budget numbers have been restated to reflect a change in accounting policy by the Alberta Dairy Control Board, as suggested by the Auditor General. This increases both revenue and expense by \$48 million.

<sup>c</sup> As required by the Balanced Budget and Debt Retirement Act, budgeted revenue excludes a revenue cushion.

<sup>d</sup> Converts capital expense to a pay-as-you-go basis for the purposes of the consolidated surplus.

<sup>e</sup> Net debt calculation has been adjusted to reflect actual net debt at March 31, 1998 of \$1,089 million. Assumes revenue cushion is not required and can be applied against net debt.

# Revenue

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**INCOME TAX REVENUE** Personal income tax revenue is now forecast at \$4.52 billion, 18% higher than the budget estimate. Approximately half of the \$685 million increase is due to prior year adjustments for the 1997 tax year. Continued strong employment growth in 1998 and increased migration to Alberta account for the other half of the increase in personal income tax revenue. Corporate income tax revenue is forecast at \$1.67 billion, up \$28 million from the budget estimate but down \$78 million from the First Quarter Update. The decrease from the first quarter forecast is due to higher corporate income tax refunds. The refunds result from the expected resolution of significant and long outstanding tax assessment objections lodged by companies with Revenue Canada which have an impact on taxable income for Alberta purposes.

**OTHER TAX REVENUE** Revenue from other taxes is forecast to be \$23 million lower than the budget estimate. The decline is primarily the result of a decrease in insurance corporations tax and financial institutions capital tax due to prior year adjustments. Fuel tax revenue is expected to be lower than forecast due mainly to a decline in diesel fuel consumption.

**NON-RENEWABLE RESOURCE REVENUE** Energy revenue is now forecast to decline by \$77 million from the budget estimate to \$2.48 billion. Natural gas and by-products royalty is forecast to exceed the budget estimate by \$221 million. The 1998-99 natural gas price forecast has been adjusted upward to \$1.95 per thousand cubic feet from the budget estimate of \$1.70. The adjustment reflects an expectation of export pipeline capacity expansion and a revision to the exchange rate forecast. The increase in natural gas revenue is expected to be more than offset by declines in other resource revenues. Conventional oil royalties are expected to decline by \$161 million due to lower world oil prices and weak demand. The West Texas Intermediate crude oil price, originally forecast to average US\$17.50 per barrel for the year, is expected to average only US\$14.75. Revenue from bonuses and sales of Crown leases is forecast to decline by \$125 million from the budget estimate due to lower oil industry cash flow.

**TRANSFERS FROM GOVERNMENT OF CANADA** Transfers from the Government of Canada are unchanged from the budget estimate. Revenue from the Canada Health and Social Transfer is forecast to be \$27 million higher than the budget estimate. A \$90 million prior year adjustment related to 1996 census adjustments to population estimates has more than offset the reduction in the transfer due to higher personal income tax revenue. (Higher income tax revenues reduce the cash component of this transfer). Recoveries under the labour market development program are expected to be \$24 million lower than the budget estimate due to reduced demand for services.

**OTHER REVENUE** Total revenue from other sources is expected to increase by \$239 million from the budget estimate. As reported in the First Quarter Update, Lottery Fund revenue is forecast to increase by \$108 million and revenue from liquor sales is expected to be \$22 million higher. The Alberta Treasury Branches net income is forecast to increase by \$34 million from the budget estimate mainly as a result of increased net interest income and improvement in the credit quality of the loan portfolio. Health care insurance premiums are forecast to increase by \$23 million, reflecting population and employment growth in the province. Minor changes in other revenue sources account for the remainder of the increase.

# Revenue

(millions of dollars)

	1998-99				Main Reason for Change from Budget
	Budget <sup>a</sup>	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter	
<b>Income Taxes</b>					
Personal income tax .....	3,835	4,520	685	356	Prior year adjust.&employment growth
Corporate income tax .....	1,642	1,670	28	(78)	Continued economic growth
	<u>5,477</u>	<u>6,190</u>	<u>713</u>	<u>278</u>	
<b>Other Taxes</b>					
School property tax .....	1,099	1,099	—	—	
Fuel tax .....	570	560	(10)	(10)	Decline in diesel fuel consumption
Tobacco tax .....	345	345	—	—	
Insurance corporations tax .....	112	101	(11)	—	Prior year adjustment
Freehold mineral rights tax .....	101	105	4	1	Higher natural gas prices
Financial institutions capital tax .....	39	31	(8)	—	Prior year adjustment
Hotel room tax .....	41	43	2	—	Increased tourism
	<u>2,307</u>	<u>2,284</u>	<u>(23)</u>	<u>(9)</u>	
<b>Non-Renewable Resource Revenue</b>					
Natural gas and by-products royalty .....	1,282	1,503	221	13	Higher natural gas prices
Crude oil royalty .....	644	483	(161)	15	Lower oil prices
Synthetic crude oil and bitumen royalty .....	50	53	3	16	Lower oil prices
Coal royalty .....	17	17	—	—	
Bonuses and sales of Crown leases .....	650	525	(125)	(75)	Lower oil industry cash flow
Rentals and fees .....	147	144	(3)	(2)	Reduced land sales
Royalty tax credit .....	(233)	(245)	(12)	(13)	Revised forecast
	<u>2,557</u>	<u>2,480</u>	<u>(77)</u>	<u>(46)</u>	
<b>Transfers from Government of Canada</b>					
Canada health and social transfer .....	940	967	27	81	Prior year adjustment
Labour market development .....	121	97	(24)	(13)	Reduced program demand
Agriculture support programs .....	77	71	(6)	(7)	Reduced program demand
Other .....	157	160	3	(2)	Miscellaneous changes
	<u>1,295</u>	<u>1,295</u>	<u>—</u>	<u>59</u>	
<b>Investment Income</b>					
Heritage Fund .....	701	705	4	(86)	Volatile capital markets
Alberta Municipal Financing Corporation .....	484	482	(2)	—	Lower long-term interest rates
Farm credit stability program .....	40	38	(2)	—	Revised forecast
Heritage Foundation for Medical Research Endowment Fund .....	63	63	—	—	
Other .....	121	126	5	(2)	Miscellaneous changes
	<u>1,409</u>	<u>1,414</u>	<u>5</u>	<u>(88)</u>	
<b>Premiums, Fees and Licences</b>					
Health care insurance premiums .....	641	664	23	11	Population and employment growth
Motor vehicle licences .....	172	185	13	2	Volume increases
Crop and hail insurance premiums .....	83	81	(2)	(3)	Lower participation rates
Timber rentals and fees .....	70	76	6	11	Softwood lumber export tax rebates
Land titles .....	48	62	14	2	Volume increases
Other .....	208	214	6	(1)	Miscellaneous changes
	<u>1,222</u>	<u>1,282</u>	<u>60</u>	<u>22</u>	
<b>Net Income from Commercial Operations</b>					
Alberta Gaming and Liquor Commission .....	357	379	22	—	Increase in liquor sales
Alberta Treasury Branches .....	46	80	34	13	Higher net interest income
Other .....	4	12	8	6	Miscellaneous changes
	<u>407</u>	<u>471</u>	<u>64</u>	<u>19</u>	
<b>Other Revenue</b>					
Lottery Fund revenue .....	660	768	108	—	Increased electronic gaming activity
Sale of capital assets .....	25	28	3	—	Revised forecast
Fines and penalties .....	26	22	(4)	(3)	Revised forecast
Miscellaneous .....	242	245	3	(3)	Miscellaneous changes
	<u>953</u>	<u>1,063</u>	<u>110</u>	<u>(5)</u>	
<b>Forecast Revenue</b> .....	<u>15,627</u>	<u>16,479</u>	<u>852</u>	<u>230</u>	
<b>Revenue Cushion</b> .....	<u>(420)</u>	<u>(420)</u>	<u>—</u>	<u>—</u>	
<b>Budgeted Revenue</b> .....	<u>15,207</u>	<u>16,059</u>	<u>852</u>	<u>230</u>	

<sup>a</sup> Budget numbers have been restated to reflect a change in accounting policy by the Alberta Dairy Control Board, as suggested by the Auditor General. This increases both revenue and expense by \$48 million.

# Expense

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**PROGRAM EXPENSE** **Health** spending is being increased by \$223 million over the budget estimate. In the First Quarter Update, spending was increased by \$162 million to provide more funding for services provided by the Regional Health Authorities; for new agreements with the Alberta Medical Association, and to cover Alberta's share of costs for assistance to Hepatitis C victims and the start up of the Canadian Blood Services agency. As announced on October 14, an additional \$61 million has been provided to Regional Health Authorities based on the recommendations of the Health System Funding Review Committee.

**Environmental Protection** spending is forecast to increase by \$191 million over the budget estimate and \$79 million over the first quarter forecast. The increase is due to the high fire suppression and reforestation costs resulting from the severe 1998 forest fire situation.

As noted in the First Quarter Update, **Economic Development** is to transfer \$130 million from the Lottery Fund to **Transportation and Utilities** to fund assistance for municipal transportation infrastructure. \$10 million also will be transferred to **Municipal Affairs** for a regional co-ordination initiative in the capital region. A further \$9 million will be provided from the Lottery Fund to support the development of a specialized medical laboratory by the Calgary Regional Health Authority.

**Treasury** spending is forecast to be \$72 million over the budget estimate. Several private sector corporations have had tax objections outstanding with Revenue Canada for taxation years as far back as the early 1980s. The resolution of these objections is expected to result in the companies' taxable income for Alberta being reduced. This will result in tax refunds and the payment of interest on the overpayments. The interest refunds are currently forecast at \$97 million. Savings in pension liability funding costs and a decrease in valuation adjustments due to a lower provision for doubtful accounts partly offset the increase in Treasury expense.

As noted in the First Quarter Update, **Family and Social Services** expects a \$14 million net increase in spending. Increased spending on Assured Income for the Severely Handicapped, Child Welfare, Persons with Developmental Disabilities and other support programs is partly offset by savings due to a reduction in Supports for Independence caseloads and lower demand for employment training programs.

The reduction in spending by **Advanced Education and Career Development** noted in the First Quarter Update is now forecast at \$40 million. Alberta's strong labour market and resulting lower demand for employment-related training and services is expected to reduce spending by \$24 million. The balance of the decrease is due mainly to a declining number of adult students requiring upgrading programs in order to re-enter the labour force or go on to further studies.

**DEBT SERVICING COSTS** Debt servicing costs are expected to be \$142 million higher than the budget estimate. The higher forecast reflects increased foreign exchange provisions on unhedged United States dollar debt due to the weakness of the Canadian dollar. This provision is expected to be \$240 million higher than forecast in the Budget. (The lower Canadian dollar also increases resource revenue by about \$325 million.) The Canada/United States exchange rate is now forecast to be 68¢/US at March 31, 1999, down 6¢ from the budget estimate. Partly offsetting the increase in the foreign exchange provisions are lower interest costs due to higher than anticipated debt repayments in 1997-98 and lower interest rates on refinanced debt in 1998-99.

# Expense

(millions of dollars)

	1998-99			
	Budget <sup>a</sup>	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
<b>Program</b>				
Legislative Assembly .....	39	39	—	—
Advanced Education and Career Development .....	1,311	1,271	(40)	(21)
Agriculture, Food and Rural Development .....	513	523	10	(22)
Community Development .....	366	367	1	—
Economic Development .....	222	371	149	19
Education .....	3,030	3,030	—	—
Energy <sup>b</sup> .....	136	138	2	2
Environmental Protection .....	292	483	191	79
Executive Council .....	12	12	—	—
Family and Social Services .....	1,375	1,389	14	—
Health .....	4,206	4,429	223	61
Intergovernmental and Aboriginal Affairs .....	34	34	—	—
Justice .....	384	388	4	4
Labour .....	28	28	—	—
Municipal Affairs .....	245	258	13	—
Public Works, Supply and Services .....	468	466	(2)	—
Science, Research and Information Technology .....	68	70	2	—
Transportation and Utilities <sup>b</sup> .....	539	669	130	—
Treasury .....	800	872	72	72
Consolidation adjustments .....	(158)	(300)	(142)	(14)
Consolidated Program Expense .....	<u>13,910</u>	<u>14,537</u>	<u>627</u>	<u>180</u>
<b>Debt Servicing Costs</b>				
Gross debt servicing costs .....	1,224	1,359	135	72
Consolidation adjustments .....	(131)	(124)	7	3
Consolidated Debt Servicing Costs .....	<u>1,093</u>	<u>1,235</u>	<u>142</u>	<u>75</u>
<b>Total Consolidated Expense</b> .....	<u>15,003</u>	<u>15,772</u>	<u>769</u>	<u>255</u>

<sup>a</sup> Budget amounts have been restated to reflect a change in accounting policy by the Alberta Dairy Control Board, as suggested by the Auditor General. This increases both revenue and expense by \$48 million.

<sup>b</sup> Budget amounts have been adjusted to reflect a change in ministerial responsibilities.

# Net Change in Capital Assets

The net increase in capital assets affecting operations is forecast to be virtually unchanged from the budget estimate.

Capital investment is forecast at \$276 million, down \$3 million from the budget estimate. As noted in the First Quarter Update, **Family and Social Services** expects to reduce its capital investment by \$9 million due to a delay in its systems redesign. Partly offsetting this is an increase of \$6 million in capital investment by **Agriculture, Food and Rural Development** to upgrade its computer systems.

Total capital amortization is forecast at \$236 million, down \$4 million from the budget estimate.

## Net Change in Capital Assets

(millions of dollars)

	1998-99			
	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
Capital Investment .....	279	276	(3)	3
Less: Capital Amortization .....	(240)	(236)	4	2
<b>Net Increase in Capital Assets affecting Operations .....</b>	<u>39</u>	<u>40</u>	<u>1</u>	<u>5</u>

## Capital Investment and Amortization

(millions of dollars)

	Capital Investment				Capital Amortization			
	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
Legislative Assembly .....	—	—	—	—	1	1	—	—
Advanced Education and Career Development .....	3	2	(1)	(1)	2	2	—	—
Agriculture, Food and Rural Development .....	3	9	6	—	5	6	1	—
Community Development .....	1	1	—	—	1	1	—	—
Economic Development .....	1	1	—	—	—	—	—	—
Education .....	1	1	—	—	1	1	—	—
Energy .....	3	4	1	1	6	3	(3)	(3)
Environmental Protection .....	8	7	(1)	—	25	25	—	—
Executive Council .....	—	—	—	—	—	—	—	—
Family and Social Services .....	9	—	(9)	—	3	2	(1)	—
Health .....	1	1	—	—	1	1	—	—
Intergovernmental and Aboriginal Affairs .....	—	—	—	—	—	—	—	—
Justice .....	2	2	—	—	1	1	—	—
Labour .....	—	—	—	—	—	—	—	—
Municipal Affairs .....	3	4	1	1	28	28	—	—
Public Works, Supply and Services .....	62	62	—	—	62	61	(1)	—
Science, Research and Information Technology .....	2	3	1	—	2	2	—	—
Transportation and Utilities .....	174	174	—	—	100	100	—	—
Treasury .....	6	5	(1)	2	2	2	—	1
<b>Total Capital Investment/Amortization .....</b>	<u>279</u>	<u>276</u>	<u>(3)</u>	<u>3</u>	<u>240</u>	<u>236</u>	<u>(4)</u>	<u>(2)</u>

# Liabilities, Assets and Net Debt

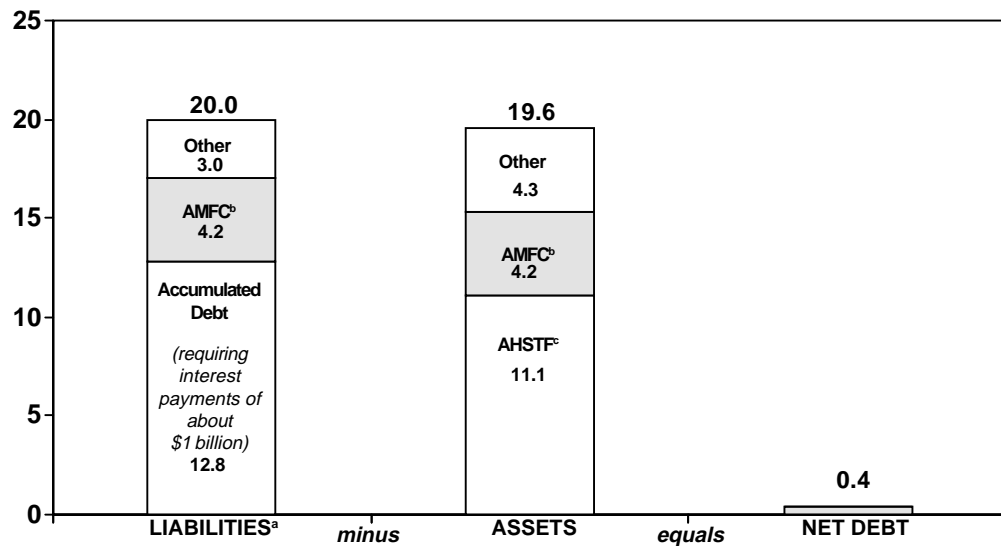
The net debt subject to the *Balanced Budget and Debt Retirement Act* is forecast to be \$422 million as at March 31, 1999, down \$667 million from the March 31, 1998 level of \$1,089 million. Total liabilities (excluding pension obligations) will be approximately \$20.0 billion. This is mostly offset by \$19.6 billion in financial assets. Debt servicing costs are based on the province's accumulated debt, forecast at approximately \$12.8 billion at March 31, 1999. The province will still have accumulated debt and debt servicing costs after the net debt is eliminated.

## *Net Worth (Balance Sheet)*

### **Forecast of Liabilities and Offsetting Assets**

**at March 31, 1999**

*(billions of dollars)*



<sup>a</sup> Excludes pension obligations of \$4.9 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.

## Borrowing Requirements

(millions of dollars)

	1998-99			
	Budget	2nd Quarter Forecast	Change from Budget	Change from 1st Quarter
<b>Targeted net debt repayment<sup>a</sup></b> .....	(585)	(667)	(82)	30
Add:				
Retained surpluses of other funds and agencies .....	105	121	16	34
Provincial corporations' borrowing requirements .....	432	372	(60)	—
Funding of school board loan repayments to AMFC .....	104	104	—	—
Inflation proofing of Alberta Heritage Savings Trust Fund .....	85	5	(80)	5
Other adjustments to cash .....	65	(272)	(337)	(80)
Less:				
Foreign exchange valuation .....	(20)	(260)	(240)	(78)
Repayments of farm credit and small business program deposits .....	(200)	(175)	25	—
Cash Receipts .....	(14)	(772)	(758)	(89)
Term Debt Maturities and Redemptions .....	3,305	3,498	193	18
<b>Total Direct Borrowing Requirements</b> .....	<u>3,291</u>	<u>2,726</u>	<u>(565)</u>	<u>(71)</u>

<sup>a</sup> Surplus plus revenue cushion.

## Sensitivities and Fiscal Year Assumptions, 1998-99

	Change	Sensitivities <sup>a</sup> (\$ millions)			Assumptions	
		Revenue	Spending	Surplus	Budget	2nd Quarter Forecast
Oil Price (WTI US\$/bbl) .....	-\$1.00	-123	—	-123	17.50	14.75
Natural Gas Price (Cdn\$/mcf) .....	-10¢	-176	—	-176	1.70	1.95
Exchange Rate (US¢/Cdn\$) .....	-1¢	54	44	+10	74.00	67.50
Interest Rates .....	1%	4	43	-39		
3-month Canada Treasury Bills .....					4.50	4.80
10-year Canada Bonds .....					6.25	5.30

<sup>a</sup> Sensitivities are based on current 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.



## SIX MONTH CASH FLOW STATEMENT

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**METHOD OF  
CONSOLIDATION**

This financial summary is prepared on the same basis as Budget '98.

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 surplus 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.

Comparative 1997-98 figures have been restated to conform to the 1998-99 presentation.

**BASIS OF  
FINANCIAL  
REPORTING**

The consolidated fiscal summary reports revenues (including proceeds from sale of capital assets), expenses (including amortization of capital assets), and net revenue. The annual change in unfunded pension obligations has been excluded from expenses. 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 surplus subject to the *Balanced Budget and Debt Retirement Act*.

Expenses include the province's annual cash payments towards the unfunded pension obligations. Expenses exclude the annual change in the unfunded pension obligations, forecast to increase by \$26 million in 1998-99, which is a non-cash expense that does not affect borrowing requirements.

Revenues are recorded on a cash basis, except for non-renewable resource revenue and investment income which are recorded on an accrual basis. Expenses are recorded on a cash basis, except for debt servicing costs and provision for loan losses of provincial funds and agencies, which are recorded on an accrual basis. 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.

**Consolidated Fiscal Summary<sup>a</sup>**  
**for the Six Months ended September 30, 1998 (unaudited)**  
*(millions of dollars)*

	<b>First Six Months</b>		<b>Change</b>
	<b>1998-99</b>	<b>1997-98</b>	
<b>Revenue</b>			
Income Taxes .....	2,748	2,426	322
Other Taxes .....	1,056	1,142	(86)
Non-Renewable Resource Revenue .....	1,096	2,081	(985)
Investment Income .....	682	870	(188)
Transfers from Government of Canada .....	547	580	(33)
Premiums, Fees and Licences .....	683	680	3
Net Income from Commercial Operations .....	276	233	43
Other .....	519	503	16
<b>Total Revenue</b> .....	<u>7,607</u>	<u>8,515</u>	<u>(908)</u>
<b>Expense</b>			
Program .....	6,842	6,790	52
Debt Servicing Costs .....	620	583	37
<b>Total Expense</b> .....	<u>7,462</u>	<u>7,373</u>	<u>89</u>
Net Revenue .....	145	1,142	(997)
Net Decrease (Increase) in Capital Assets affecting Operations <sup>b</sup> .....	(25)	21	(46)
<b>Consolidated Surplus</b> .....	<u>120</u>	<u>1,163</u>	<u>(1,043)</u>

<sup>a</sup> Subject to the Balanced Budget and Debt Retirement Act. Includes the province's annual cash payments towards the unfunded pension obligations which will be eliminated over a longer term under a separate legislated plan. Does not include the annual change in the unfunded pension obligations, forecast to increase by \$26 million for 1998-99, 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 surplus.

## Expense

for the Six Months ended September 30, 1998 (unaudited)

(millions of dollars)

	First Six Months		Change
	1998-99	1997-98	
<b>Program</b>			
Legislative Assembly .....	17	17	—
Advanced Education and Career Development .....	586	524	62
Agriculture, Food and Rural Development .....	201	186	15
Community Development .....	169	158	11
Economic Development .....	95	70	25
Education .....	1,413	1,416	(3)
Energy .....	54	54	—
Environmental Protection .....	298	173	125
Executive Council .....	6	6	—
Family and Social Services .....	718	722	(4)
Health .....	2,179	2,199	(20)
Intergovernmental and Aboriginal Affairs .....	27	19	8
Justice .....	165	152	13
Labour .....	13	13	—
Municipal Affairs .....	138	125	13
Public Works, Supply and Services .....	200	205	(5)
Science, Research and Information Technology .....	24	21	3
Transportation and Utilities .....	274	264	10
Treasury .....	360	519	(159)
Consolidation adjustments .....	(95)	(53)	(42)
	<u>6,842</u>	<u>6,790</u>	<u>52</u>
<b>Debt Servicing Costs</b> .....	<u>620</u>	<u>583</u>	<u>37</u>
<b>Total Expenses</b> .....	<u><u>7,462</u></u>	<u><u>7,373</u></u>	<u><u>89</u></u>

## Net Change in Capital Assets affecting Operations for the Six Months ended September 30, 1998 (unaudited)

(millions of dollars)

Capital Investment	First Six Months		Change
	1998-99	1997-98	
Legislative Assembly .....	—	—	—
Advanced Education and Career Development .....	—	—	—
Agriculture, Food and Rural Development .....	1	1	—
Community Development .....	—	—	—
Economic Development .....	—	—	—
Education .....	—	1	(1)
Energy .....	1	1	—
Environmental Protection .....	1	1	—
Executive Council .....	—	—	—
Family and Social Services .....	—	—	—
Health .....	—	—	—
Intergovernmental and Aboriginal Affairs .....	—	—	—
Justice .....	—	—	—
Labour .....	—	—	—
Municipal Affairs .....	—	1	(1)
Public Works, Supply and Services .....	25	18	7
Science, Research and Information Technology .....	1	—	1
Transportation and Utilities .....	104	60	44
Treasury .....	2	1	1
	135	84	51
Less: Capital Amortization Reversal .....	110	105	5
<b>Net Decrease (Increase) in Capital Assets affecting Operations .....</b>	<u>(25)</u>	<u>21</u>	<u>(46)</u>