

# Economic Overview

**BUDGET '97**

BUILDING ALBERTA TOGETHER

# Table of Contents

The Economic Outlook.....	73
Tables	
Key Energy and Economic Assumptions .....	93
Sensitivities to Fiscal Year Assumptions, 1997-98 .....	94
Risks to the Forecast .....	94
Oil Price Forecast Benchmark .....	95
Natural Gas Price Forecast Benchmark .....	95
Canadian Short-Term Interest Rate Forecast Benchmark .....	96
Canadian Long-Term Interest Rate Forecast Benchmark .....	96
Alberta Real Gross Domestic Product Forecast Benchmark .....	97
Canada/United States Exchange Rate Forecast Benchmark .....	97
Tracking the Forecasts of Oil Prices .....	98
Tracking the Forecasts of Alberta Real GDP .....	98
Announced Major Projects Over \$100 Million .....	99

*More transparency on key assumptions as recommended by the Auditor General and the Revenue Forecasting Review Panel. This goes beyond the requirements of the Government Accountability Act.*

*Risks to the forecast are presented for the first time, as recommended by the Auditor General.*

*More information on major investment projects.*

## NEW ADDITIONS

### 1. Benchmarking Major Forecast Assumptions

Since 1993-94, Alberta Treasury has surveyed private sector organizations for their forecasts of our major economic assumptions. This year the process is more rigorous and more transparent. Benchmarks are provided for Alberta GDP, oil and gas prices, Canadian interest rates and the Canada/U.S. exchange rate. This allows the reader to compare Alberta government forecasts to private sector forecasts. As well, the accuracy and volatility of the forecasts for oil prices and Alberta GDP are tracked.

### 2. Risks to the Forecast

On the same page as the sensitivities table, a section has been added that discusses major risks to the economic and fiscal forecasts. This will enable readers to understand both the up and down-sides to the outlook.

### 3. Major Investment Projects

To provide more information on the investment forecast, a table has been added that lists major private sector projects over \$100 million.

# The Economic Outlook

## Bright Economic Prospects for the Alberta Economy

The Alberta economy is positioned to enjoy a period of strong job growth, substantial private sector investment, enhanced export prospects, and buoyant consumer spending. The province is reaping the benefits of rapid export growth under the North American Free Trade Agreement, a healthy energy sector, expanding forestry and petrochemicals industries, accelerating population growth and the Alberta government's progress on getting its fiscal house in order and providing a positive business environment.

Before Alberta implemented its deficit reduction strategy, it had the worst deficit-to-GDP ratio among provinces. Now, after four years of fiscal restructuring, combined with unexpectedly strong commodity prices, Alberta enjoys the best surplus-to-GDP position in Canada. The dramatic turnaround in Alberta's fiscal position has translated into a very positive business environment. Despite the reduction in government spending, Alberta's rate of economic growth was second only to Prince Edward Island over the 1992-96 period.

## Promising Global Environment

Alberta has an open, trade-based economy that depends on the health of our trading partners and world commodity and financial markets. We expect to benefit from low inflation, low interest rates, and continuing growth in our major trading partners.

In 1997 and over the medium term, the outlook is for moderate, sustainable growth in the world economy. The U.S. economy is about to enter its seventh consecutive year of expansion, raising concerns that inflation could re-ignite and interest rates rise. Recent data show U.S. economic performance moderating. This suggests that inflationary pressures should remain at bay and U.S. interest rates should rise only modestly in 1997. The U.S. economy is expected to grow by about 2.5% in 1997. No downturn is expected in the U.S. economy over the next three years.

For Canada, 1997 should be the beginning of an economic turnaround. Low inflation, continued strong exports, reduced political uncertainty, and strengthening federal and provincial fiscal positions have improved investor confidence in Canada. This has strengthened the value of the Canadian dollar, which has allowed the Bank of Canada to dramatically lower interest rates. Since October 1995, the Bank of Canada's benchmark rate has been reduced 19 times, from 7.65% to 3.25%.

While Canadian interest rates are expected to follow an upward rise in U.S. rates in 1997, our short-term rates are expected to average about 5% through 2000, while long-term rates should average 7%. These rates are among the lowest in the past 20 years. This should spur higher consumer spending, housing construction and business investment. Combined with a continued strong export

*"Alberta will become the centre of gravity in Canada. I think there's a shift to the West."*

- Chief Economist,  
Royal Bank

*"I go to a lot of national meetings and definitely people are very aware of what Alberta has done to get its financial house in order. They know that the Province of Alberta has a positive environment for business."*

- President, Alberta  
Chamber of  
Commerce

*The prime rate for business loans is at its lowest level since March 1956.*

*OECD forecasts  
Canada's economic  
growth to lead  
the G-7 in 1997.*

*"This year I'm  
ebullient. From  
Manning to Milk  
River, the provincial  
economy is very  
strong right now."*

- **Alberta head,  
Canadian  
Federation of  
Independent  
Business**

*"Consumer  
confidence in  
Alberta should  
remain strong  
because the greater  
part of government  
cutbacks are over  
and taxpayers will  
start to reap the  
benefits of fiscal  
restraint."*

- **Royal Bank**

*"The demand for our  
equipment is as good  
as it's ever been.  
We're quite bullish."*

- **President, Bonus  
Resource Service  
Corporation of  
Red Deer, a  
well-servicing  
firm**

performance, the Canadian economy is expected to grow by 3% in 1997, up from an estimated 1.6% last year. Over the medium term, the Canadian economy is expected to grow by about 3.4% per year.

## **Alberta – Strong, Balanced Growth in 1997**

The Alberta economy is forecast to grow by 3.6% in 1997, even faster than the estimated 3.2% growth in 1996. Most private sector forecasters are expecting Alberta to lead economic growth in Canada this year. The average of the private sector forecasts is for 3.4% real growth in 1997.

In the last few years, Alberta's economy has been driven by exports, which have increased by over 5% per year in real terms from 1991 to 1995. The domestic economy – consumer spending, government, housing and business investment – increased by less than 1% per year.

In 1996, the domestic economy rebounded, growing by an estimated 2.5%. Retail sales increased by about 3.9% last year, more than double the national average. Housing starts jumped by 20% to 16,665 units. Real business investment is estimated to have grown by 5%. Value-added manufacturing shipments increased by about 7% in 1996, almost triple the national average. The increase was led by electronics (30%), refined petroleum products (24%), and food products (11%).

Low interest rates and strong employment growth are expected to extend the rebound in domestic spending into 1997 and beyond. Other factors boosting consumer spending include increased net migration and a modest forecast increase in wages.

Residential construction is expected to do well in 1997, improving on 1996's strong performance. Housing starts in Alberta this year are expected to grow by 12%, to 18,600 units, the highest level since 1992. As well, commercial construction, after a flat year in 1996, is forecast to increase by 4.5% to \$720 million in 1997.

Buoyed by unexpectedly high oil prices and improved natural gas prices, the energy sector posted remarkable growth in 1996. A record 9,476 wells were completed last year, a 13% increase over 1995. Industry investment increased by 16% in 1996, to an estimated \$8.4 billion.

The strength in oil and gas prices in 1996 has increased investor interest in the oil and gas sector and allowed the industry to raise a record \$7.3 billion in equity and debt funding. These funds are expected to be invested in exploration and development activity. As a result, drilling activity in 1997 is forecast to surpass 1996's level. In addition, non-conventional investment is projected to rise sharply, supported by the government's generic royalty regime for non-conventional oil and the phasing out of the machinery and equipment tax. Overall, investment in the oil and gas sector is expected to rise in 1997 to \$9.4 billion, a 12% increase.

Exports are forecast to increase by about 3% in 1997. Value-added exports are expected to increase slightly faster. Exports of crude oil and refined petroleum products will likely show the greatest strength in 1997.

Alberta's agricultural sector is expected to enjoy another good year in 1997, although not as strong as 1996 with its record grain production. Wheat prices, while down somewhat, are forecast to remain relatively high and the livestock sector should benefit from rising prices.

Healthy growth is also anticipated for the manufacturing sector, with shipments increasing by over 4% in 1997. This reflects growth in value-added agricultural production and strong demand for pulp and paper, other forest products, advanced technologies and petrochemicals.

## **Positive Employment Prospects**

One of the biggest success stories of the Alberta economy continues to be job creation. Between December 1992 and December 1996, 157,300 new jobs were created. Over 80% of the new jobs were full-time.

Alberta's 2.9% employment growth in 1996 was the fastest among provinces, more than double the national employment growth rate. Alberta's 39,500 new jobs in 1996 comprised 23% of all new jobs in Canada, even though the province comprises only 9% of Canada's population.

Alberta's unemployment rate fell nearly a percentage point in 1996, to 7%. This compares to a 9.7% unemployment rate for Canada as a whole last year. In December 1996, Alberta's unemployment rate was 6.3%, the lowest rate since March 1982.

Alberta's robust economy and positive labour market trends have attracted an increasing number of people to the province. Since the second quarter of 1995, Alberta has enjoyed seven consecutive quarters of positive in-migration, a sharp reversal of the trend of the early 1990s.

In the first three quarters of 1996, Alberta gained 9,201 people from other provinces, the highest since 1982. In-migration is expected to remain high over the next several years. The resulting higher growth in population should boost Alberta's housing market and retail sector and may put pressure on government services.

In 1997, the Alberta economy is expected to create nearly 39,000 new jobs. The unemployment rate is projected to average 6.7% compared to 9.4% for Canada.

*Over 80% of the jobs created in Alberta have been full-time.*

*Alberta's unemployment rate has fallen from 9.7% in December 1992 to 6.3% in December 1996.*

*"Fortunately, we have the type of growth that attracts highly educated, skilled people."*

**- Calgary  
economist,  
Robert Mansell**

## Medium-Term Outlook Positive For Alberta

The medium-term outlook for the Alberta economy looks very promising on several fronts.

- ◆ Strong investment of nearly 7% per year is expected to be the foundation for economic growth in Alberta over the medium term. The petrochemical industry has plans to invest over \$2.8 billion over the next five years, while energy companies have announced plans for over \$6 billion in oilsands projects over the same period.
- ◆ The increased production from the new investments will result in higher exports and more jobs for Albertans.
- ◆ Exports of value-added products are expected to increase by almost 4% per year. The increase in value-added exports is expected to be generated by advanced technology products, food processing, forest products, petrochemicals and exports of services.
- ◆ Tourism will contribute to Alberta's economic growth and diversification, based on the expectation of an increasing number of travellers, particularly from overseas.
- ◆ Alberta's healthy fiscal position has translated into a vigorous business environment, which will support strong employment and economic growth. People and businesses can be confident that the only way taxes will go is down.
- ◆ Strong employment growth, rising wages and low interest rates are expected to revitalize spending on housing and consumer goods and services.

As a result of these and other developments over the 1997 to 2000 period, Alberta is expected to experience solid economic growth. The Alberta economy is forecast to grow by an average of about 3.8% per year, led by business investment, exports and consumer spending. Employment over this period is expected to grow by an average of 2.5% per year. Alberta's unemployment rate is expected to dip below 6% by the year 2000.

Because the Alberta government's economic forecast takes into account the latest information on major investment projects, interprovincial migration, and oil and gas production, our forecast is, in general, above the private sector consensus. For personal and corporate income tax revenue forecasts, Treasury uses its best estimate of economic growth for 1997 and assumes that real GDP will increase by 2% from 1998 on.

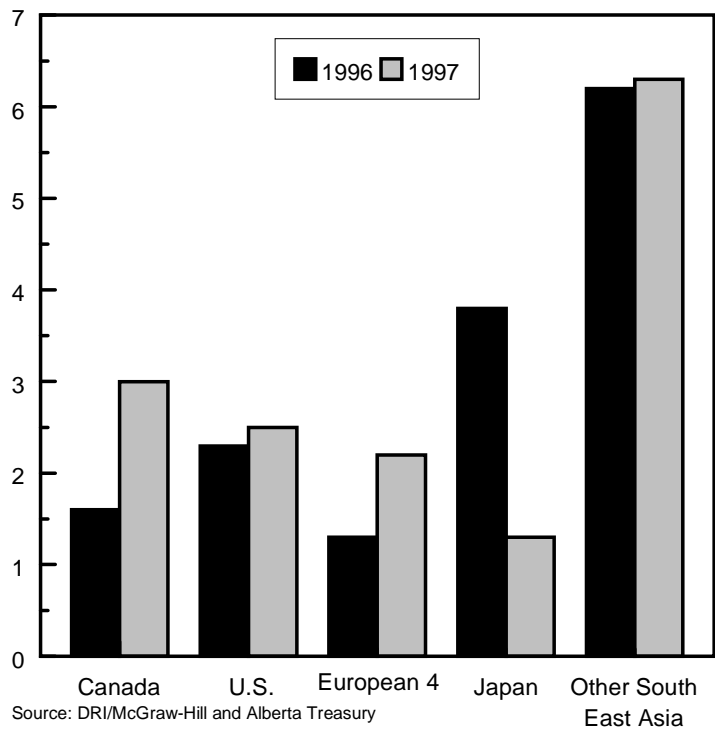
*"Alberta has been the national leader in fiscal management and debt repayment..."*

- Investment  
Dealers  
Association

- ◆ Trade is vital to Alberta's economy. Our exports go mostly to the rest of Canada and the United States.
- ◆ After several disappointing years, the Canadian economy is expected to lead economic growth among the G-7 countries in 1997.
- ◆ The United States economy, after six years of expansion, is expected to grow at a moderate pace of 2.5% for the next few years.

## Favourable World Economy

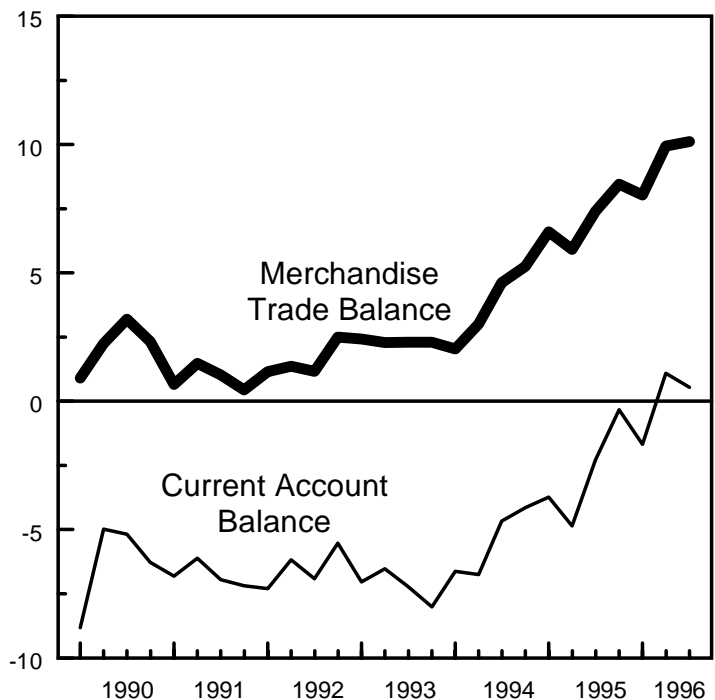
Real Gross Domestic Product (per cent change)



- ◆ Canada's low inflation, slow wage growth, and low dollar have dramatically improved our competitiveness with the United States, our major trading partner.
- ◆ As a result, Canada's exports of goods have increased much faster than our imports. Our merchandise trade balance is at record levels.
- ◆ In the second and third quarters of 1996, Canada recorded the first current account surpluses (merchandise trade balance plus net exports of services, dividends and interest) since the fourth quarter of 1984.

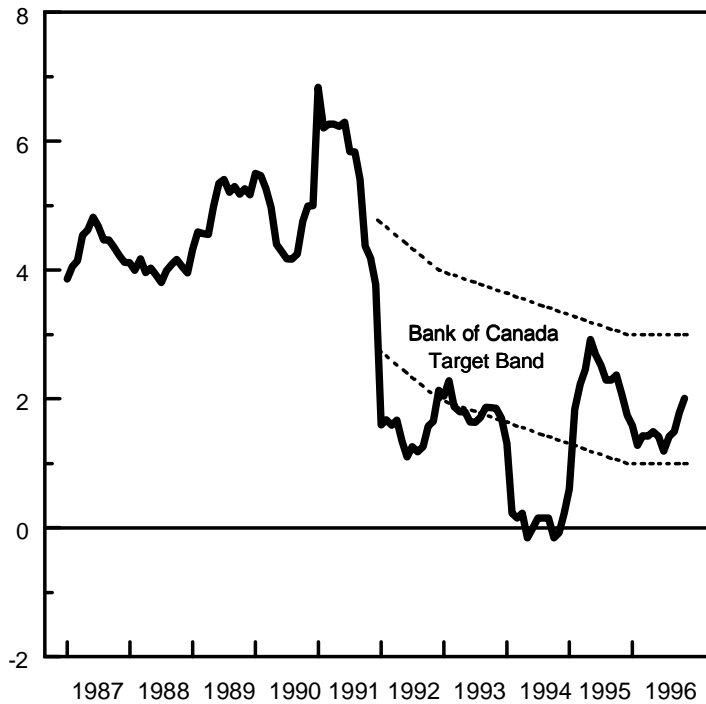
## Robust Export Growth For Canada

(\$ billions)



## Inflation Rate on Target

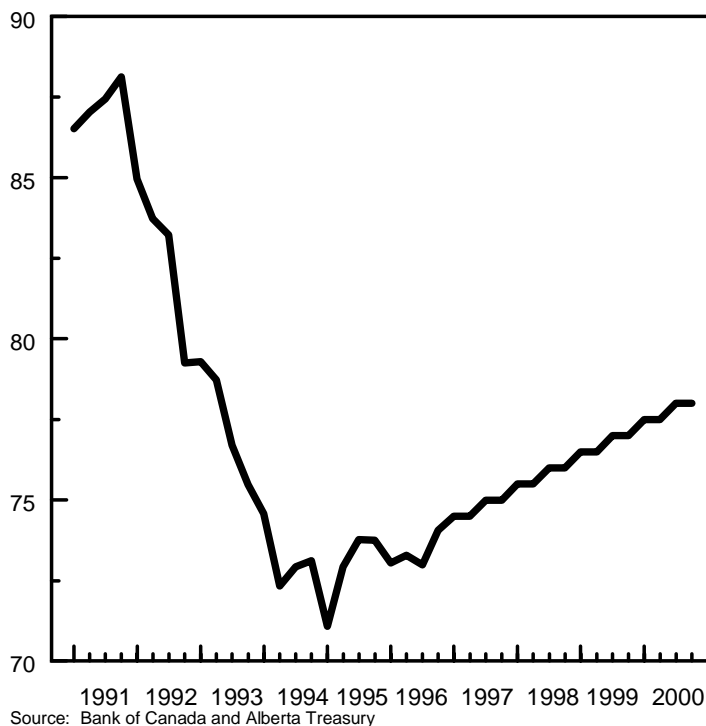
Consumer Price Index (per cent change)



- ◆ The Bank of Canada is maintaining inflation within the target range of 1% to 3%.
- ◆ There are few signs of inflationary pressures on the horizon.
- ◆ Canada's and Alberta's CPI inflation is forecast at 2% over the medium term.

## Canadian Dollar Expected To Rise

(U.S. cents/Cdn\$)

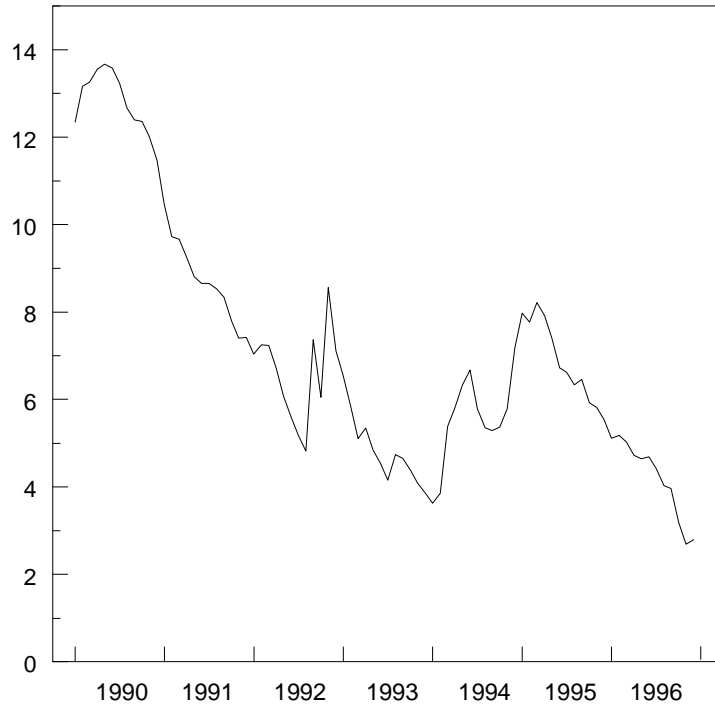


- ◆ The Canadian dollar is expected to climb toward its so-called "true" value (as measured by purchasing power parity) of approximately 80 cents U.S.
- ◆ The increasing value of the Canadian dollar is possible because of the relatively low inflation environment, a strong trade balance and the improved fiscal position of the provincial and federal governments.



## Interest Rates Declining

Canada 90-day Treasury Bill Rate (per cent)

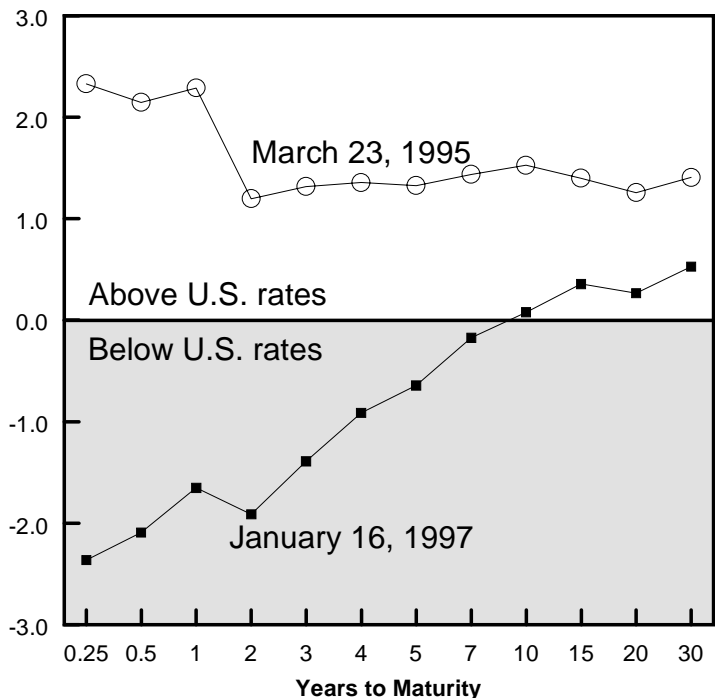


Source: Bank of Canada

- ◆ The strength in the Canadian dollar has allowed the Bank of Canada to sharply lower interest rates.
- ◆ Short-term rates have enjoyed the largest decline. The 90 day treasury bill rate fell from a 1995 high of 8.2% to 2.8% in mid-January 1997. This was the lowest level since November 1961.
- ◆ The 10-year bond rate declined by about 2.9 percentage points from its 1995 high, suggesting that financial markets view Canada as less of a credit risk.
- ◆ The drop in interest rates means that a consumer buying a new \$15,000 car saves almost \$500 per year. Someone renewing a one-year \$100,000 mortgage saves over \$3,000 annually. A small business person with a \$1 million loan saves more than \$28,000 per year.

## Canada and U.S. Interest Rate Spreads

Canadian minus U.S. rates (percentage points)

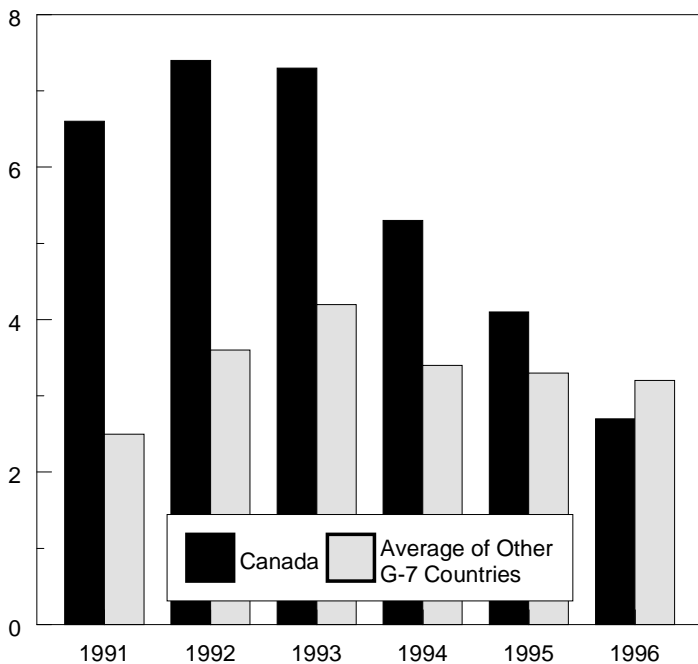


Source: CIBC Wood Gundy

- ◆ U.S. interest rates have traditionally acted as a floor for Canadian rates with historical spreads of around 1 to 2 percentage points in favour of the United States.
- ◆ The drop in Canadian interest rates in the past two years has resulted in the spread between Canadian and U.S. short- and medium-term rates turning consistently in favour of Canada for the first time since 1974.
- ◆ Short-term Canadian rates are 2.35 percentage points below their U.S. equivalent, and 5-year Canadian rates are 0.6 percentage points lower. 10-year rates are only slightly above their U.S. equivalent.

## Canadian Governments' Deficits Fall

Total Government Deficit (per cent of GDP)

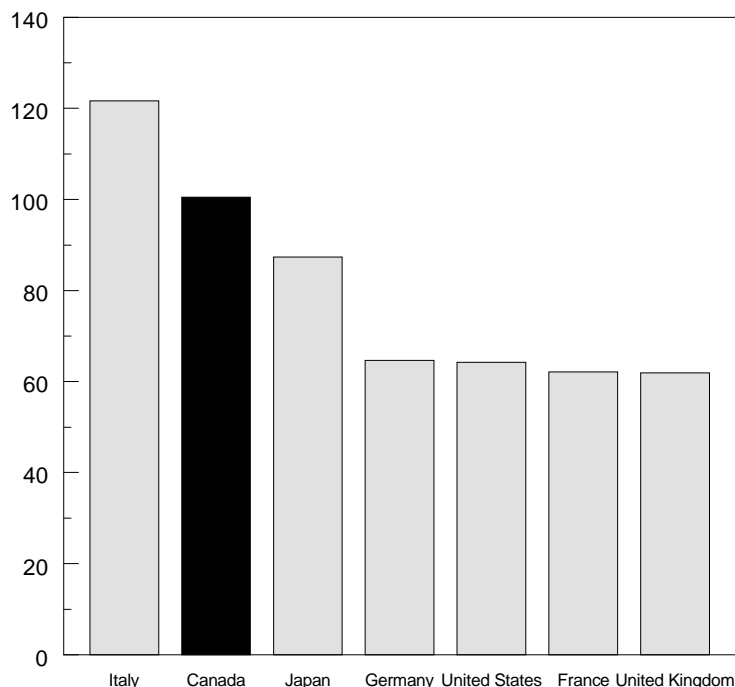


Source: Federal Department of Finance and OECD Economic Outlook, December 1996

- ◆ In the early 1990s, Canada's annual total government deficit as a share of GDP was more than double the average of the other G-7 countries.
- ◆ Deficit reduction efforts by federal and provincial governments have closed the gap. In 1996, the annual total Canadian government deficit as a share of GDP is estimated to have fallen below the G-7 average.
- ◆ The Organization for Economic Co-operation and Development (OECD) has praised Canada's deficit reduction efforts, particularly our greater emphasis on spending cuts compared to other G-7 countries.

## Debt in Canada Remains A Concern

Gross Government Debt (per cent of GDP, 1996)



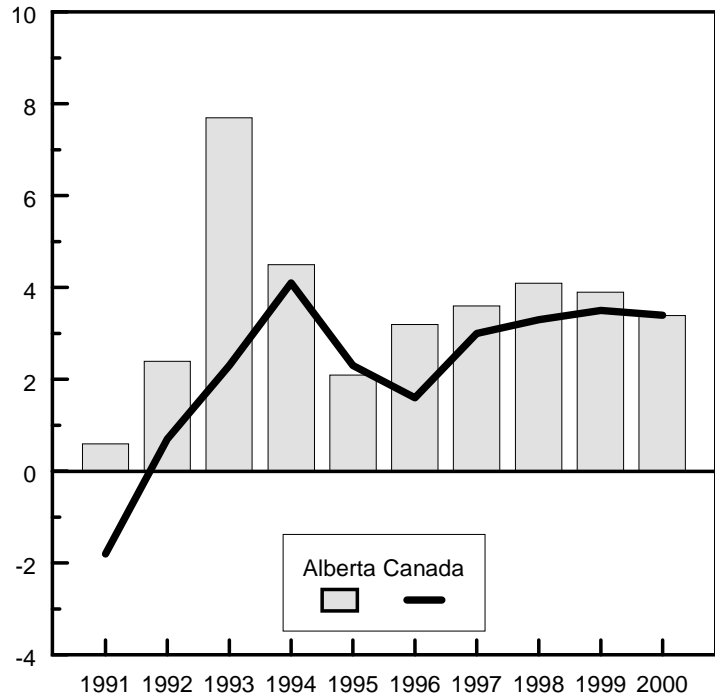
Source: OECD Economic Outlook, December 1996

- ◆ While governments in Canada have made substantial progress in reducing their annual deficits, government debt has continued to grow, and will do so until other governments begin paying down their debt like Alberta.
- ◆ Only Italy has a higher debt as a share of GDP among industrialized countries.
- ◆ Consumer debt is also high in Canada, amounting to almost 90% of personal disposable income.
- ◆ Canada's net public and private debt held by foreigners amounts to almost 44% of GDP. No other major industrialized country is as dependent on foreign capital.

## Strong Economic Growth For Alberta

Alberta Real Gross Domestic Product (per cent change)

- ◆ From 1992 to 1995, the Alberta economy grew by 4.1% per year on average, nearly twice the national rate of 2.3% per year.
- ◆ Alberta's economy is estimated to have grown by 3.2% in 1996, double the national average. Growth was driven by continued strong exports and a rebound in consumer spending, housing and business investment.
- ◆ In 1997, the provincial economy is forecast to grow by 3.6%, compared to 3% for Canada as a whole.
- ◆ Over the medium term, Alberta's economy is expected to grow faster than the national economy, averaging 3.8% per year, compared to 3.4% per year for Canada.

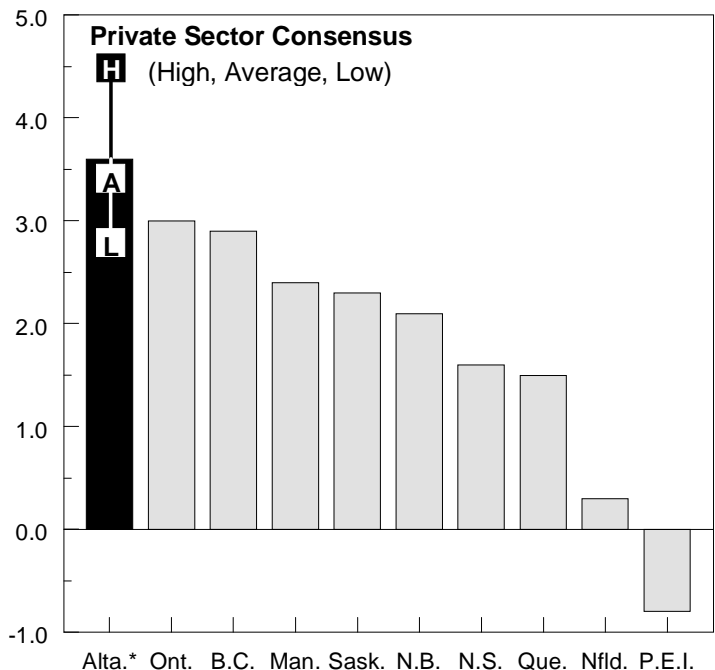


Source: Statistics Canada and Alberta Treasury

## Fastest Growing Provincial Economy

1997 Real Gross Domestic Product (per cent change)

- ◆ Most private sector forecasters expect Alberta to have the fastest economic growth among provinces in 1997.
- ◆ The private sector consensus is for Alberta's economy to grow by 3.4% this year, with estimates ranging from a low of 2.8% to a high of 4.5%. The government's forecast is for 3.6% real growth for the Alberta economy in 1997.

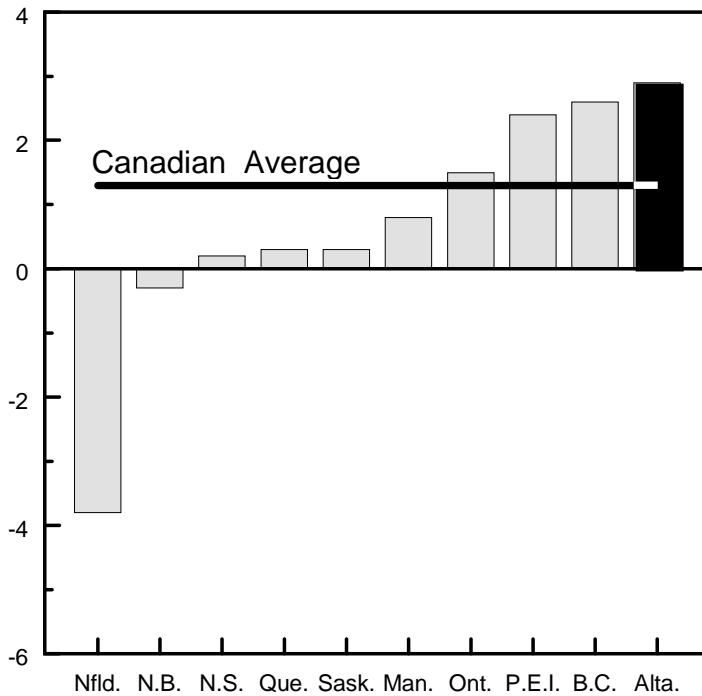


\* Alberta Treasury forecast

Source: Conference Board of Canada and Alberta Treasury

## Fastest Job Growth in 1996

(per cent change in annual employment)

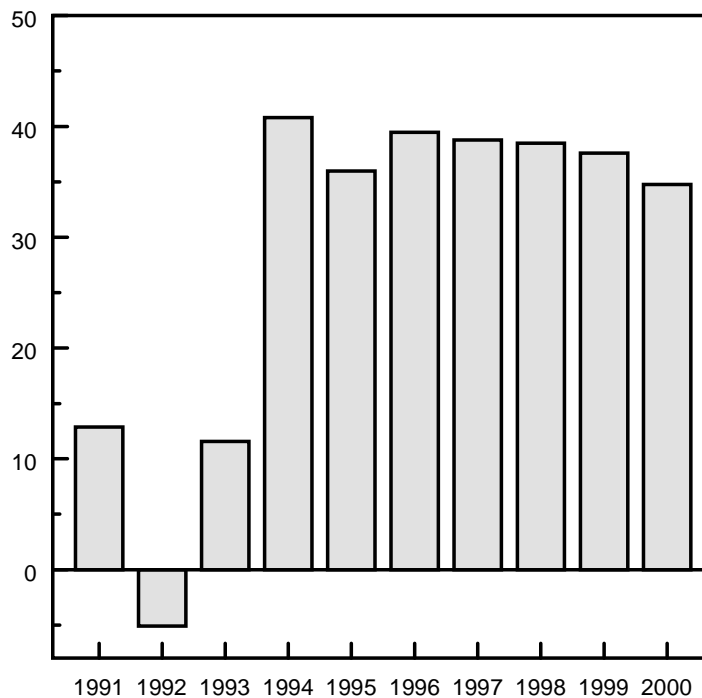


Source: Statistics Canada

- ◆ Alberta had the fastest growth in employment among provinces in 1996. Alberta had the second lowest unemployment rate at 7%, behind only Saskatchewan.
- ◆ Alberta employment increased by 39,500 jobs, or 2.9%, in 1996, well above the national average of 1.3%.
- ◆ Over 80% of the new jobs in 1996 were full time.
- ◆ Alberta, with 9% of Canada's population, created 23% of Canada's jobs in 1996.

## Alberta Job Creation Continues

(change in employment, thousands)

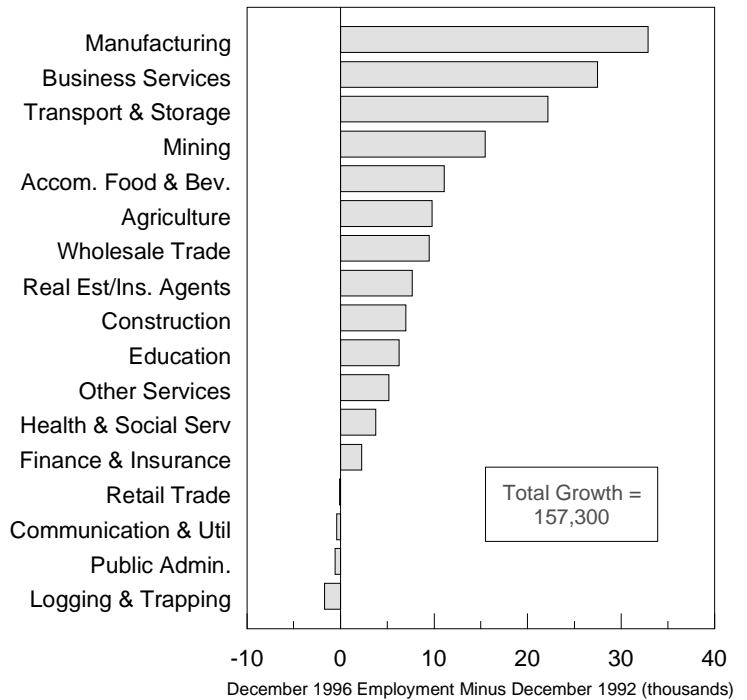


Source: Statistics Canada and Alberta Treasury

- ◆ In December 1996, 1.44 million Albertans were employed. Between December 1992 and December 1996, 157,300 net jobs were created. Over 80% of these jobs were full-time.
- ◆ In 1997, employment in Alberta is forecast to grow by 2.7%, compared to 1.9% for Canada. Job creation is expected to be broad based with the strongest sectors being manufacturing and business services.
- ◆ Over the forecast period, employment is expected to rise by about 2.5% per year on average, creating an estimated 150,000 new jobs by the year 2000.
- ◆ Alberta's new economic development strategy sets a target of 155,000 new jobs by 2000.

## The Private Sector Leads Job Creation

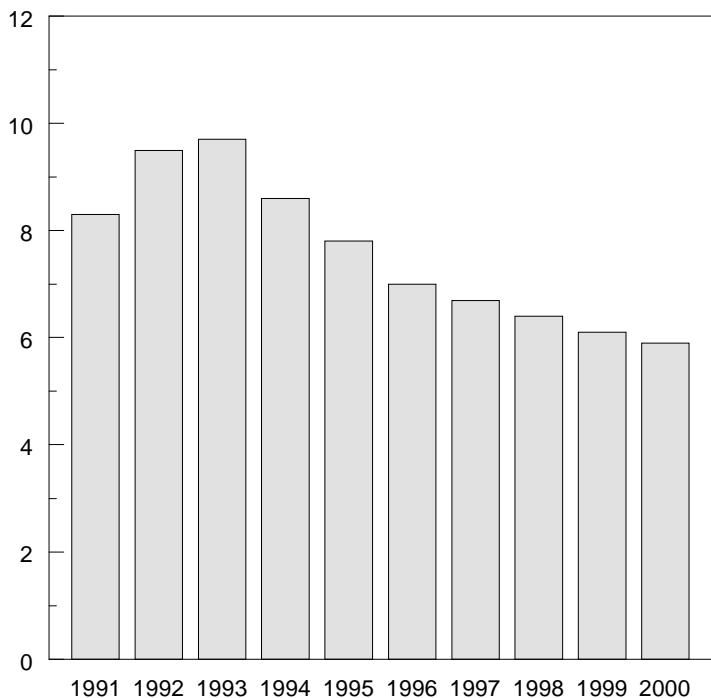
### Employment By Industry



- ◆ The private sector has been responsible for 94% of the employment growth over the past four years.
- ◆ Industries that recorded strong employment growth included manufacturing (32,900), business services (27,500), transportation and storage (22,200), mining (15,500), and accommodation, food and beverage (11,100).

## Alberta's Unemployment Rate Falls

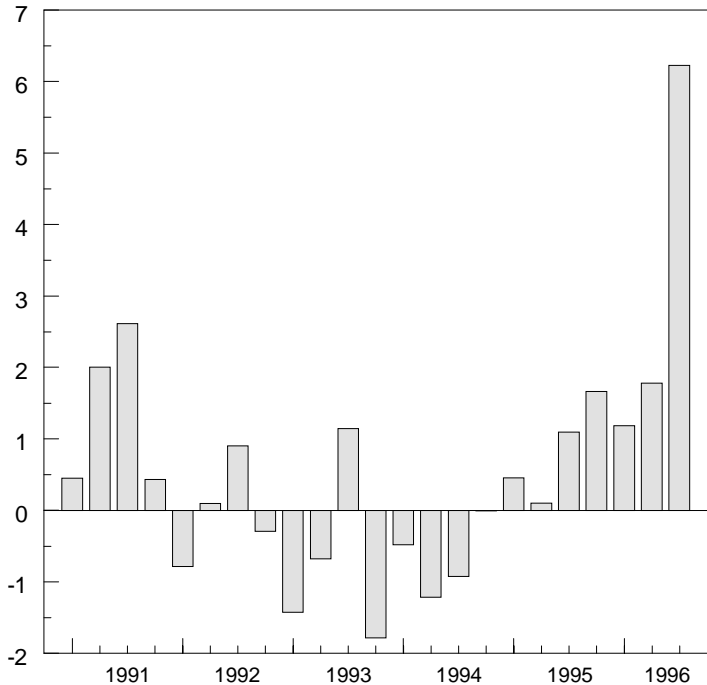
(per cent)



- ◆ Alberta's unemployment rate averaged 7% in 1996, down 0.8 percentage points from 1995. The national unemployment rate was 9.7% last year.
- ◆ The unemployment rate is expected to fall to 6.7% in 1997 as continued growth in employment is expected to exceed the growth in the labour force. The Canadian unemployment rate is forecast to average 9.4% this year.
- ◆ Over the forecast period, Alberta's unemployment rate is forecast to dip below 6% in 2000. The previous cyclical low was 7% in 1990. The Canadian unemployment rate is expected to improve only modestly.

## People Moving to Alberta

Alberta Net Interprovincial Migration (thousands)

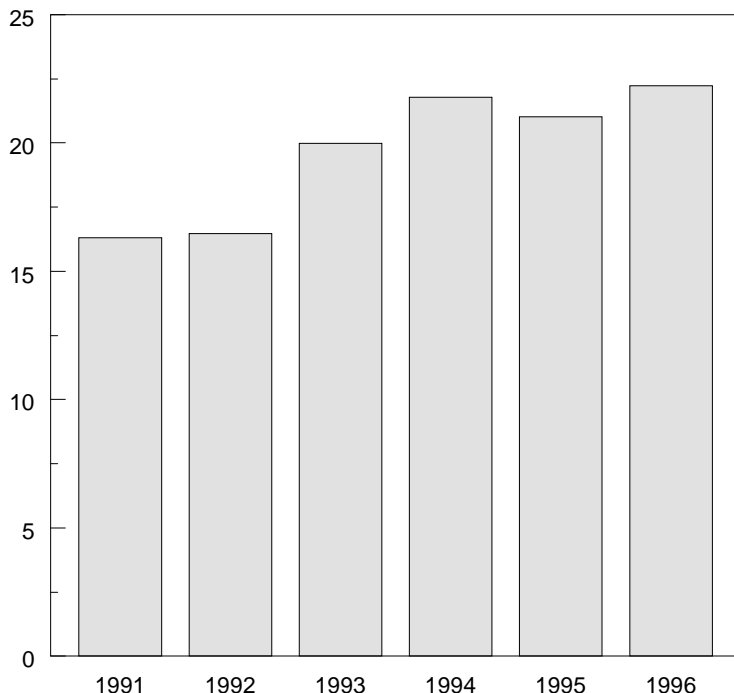


Source: Statistics Canada

- ◆ Alberta has experienced a net positive inflow of people from other provinces for seven quarters in a row. This has not happened since 1991.
- ◆ In the first three quarters of 1996, Alberta gained 9,201 people from other provinces, compared to a gain of 1,666 people in the first three quarters of 1995 and a net loss of 2,621 people in all of 1994.
- ◆ The strong turnaround in migration reflects a number of factors including strong business activity, several firms moving their headquarters to the province, the positive employment environment, and low taxation.

## Record Business Incorporations

Alberta Corporate Registrations (thousands)

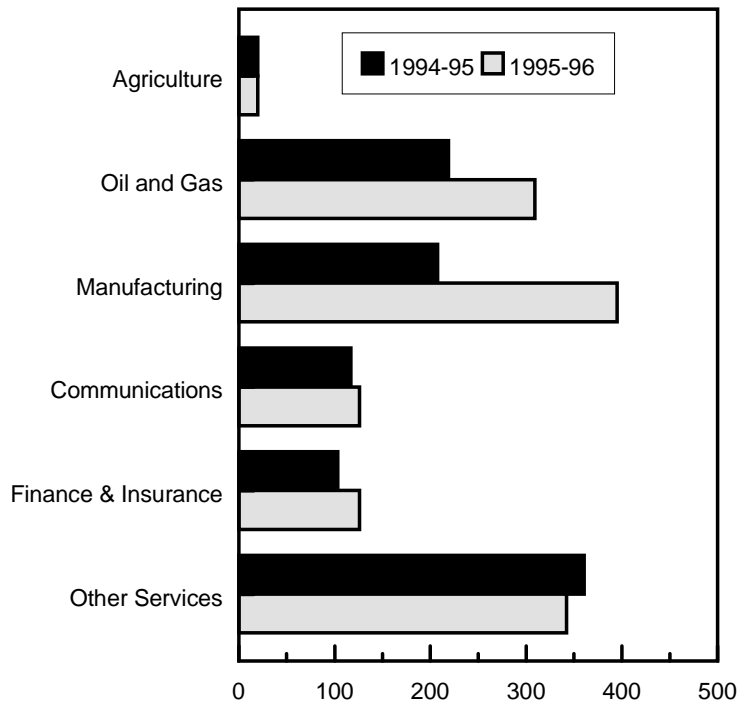


Source: Alberta Municipal Affairs

- ◆ A record 22,229 new businesses were incorporated in 1996, up nearly 6% from 1995.
- ◆ The government is committed to strengthening and enhancing the Alberta Advantage in order to ensure a positive business climate, which supports continued strong private sector business activity.
- ◆ Alberta's new economic development strategy sets a target of 24,500 business incorporations by 2000.

## Alberta is Diversifying

Corporate Income Tax Payments (\$ millions)

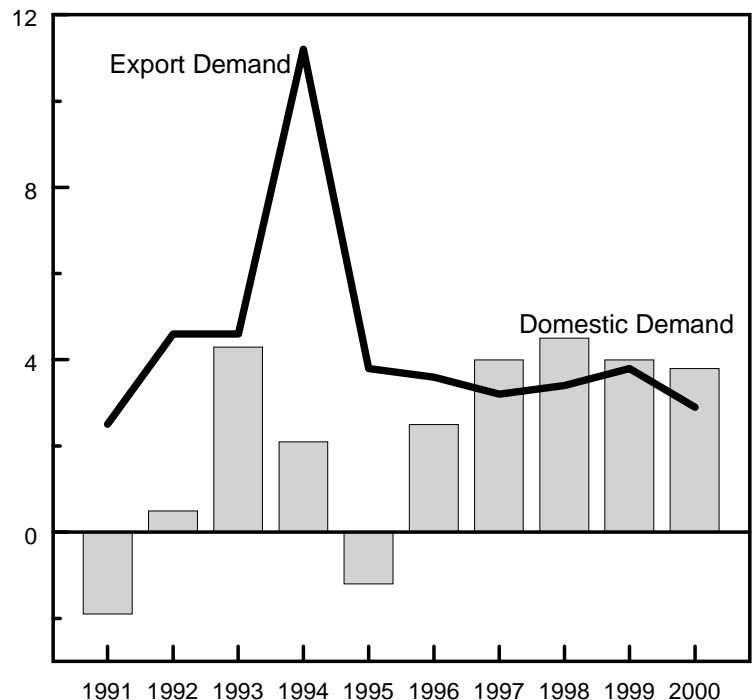


Source: Alberta Treasury

- ◆ In 1995-96, for the first time ever, Alberta received more corporate tax revenue from manufacturing than from the oil and gas sector.
- ◆ Corporate income taxes paid by manufacturing increased by 90% to nearly \$400 million in 1995-96. This reflected strong performances by the petrochemical, lumber, and pulp and paper industries. As well, manufacturing industries also benefited from strong activity in the oil and gas sector.
- ◆ Taxes paid by the oil and gas industry were up 41%, driven by higher than expected oil prices in the final quarter of the 1995-96 fiscal year.

## Recovery in Alberta's Domestic Sector

(per cent change)

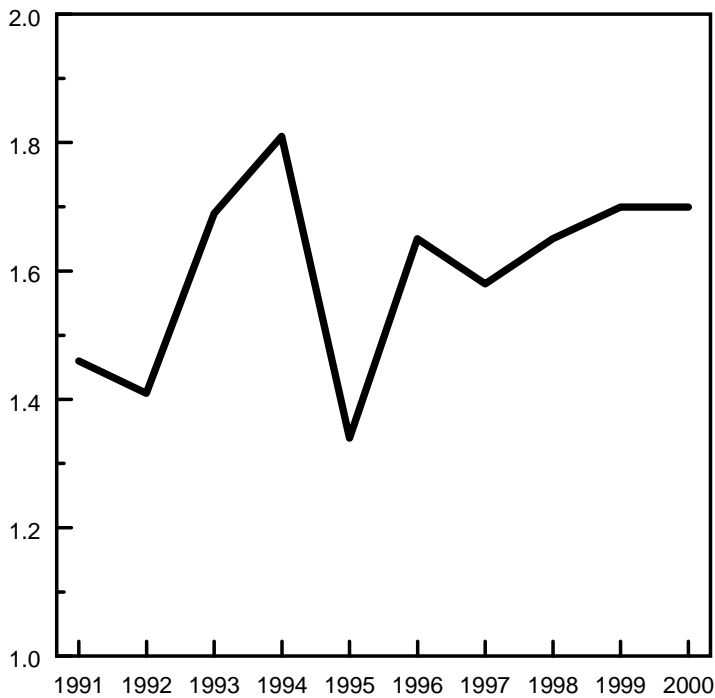


Source: Alberta Treasury

- ◆ Exports have been the major source of strength for the Alberta economy over the past six years.
- ◆ In 1996, the domestic economy (consumers, government and investment) is estimated to have rebounded, led by growth in residential construction and energy investment.
- ◆ Over the medium term, lower interest rates, increasing population and strong employment growth are expected to stimulate consumer spending.
- ◆ The phased elimination of the Machinery and Equipment tax should help boost investment.
- ◆ Exports are expected to remain strong.

## Volatile Natural Gas Prices

Alberta Reference Price for Natural Gas (Cdn\$/mcf)

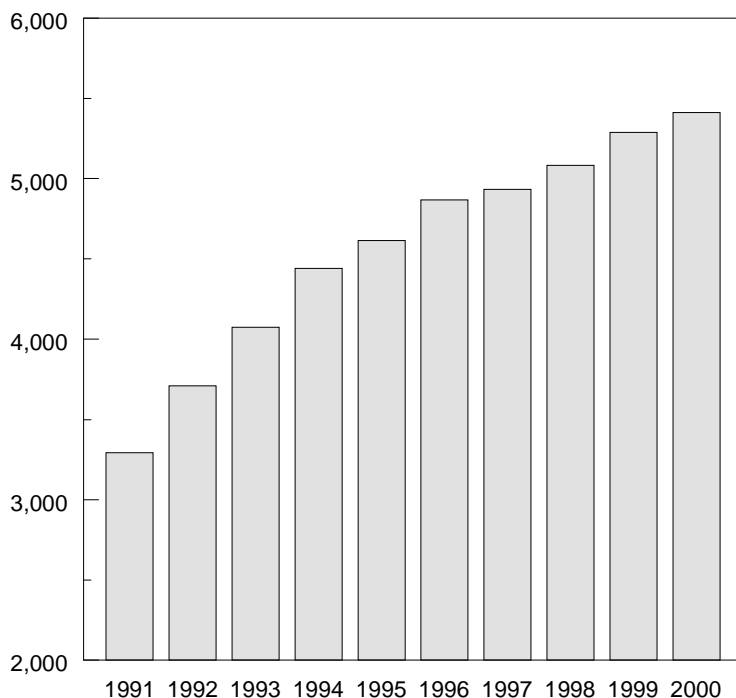


Source: Alberta Energy

- ◆ Cold weather in North America and low inventories in the United States in the last half of 1996 resulted in a sharp increase to \$1.65/mcf in Alberta natural gas prices.
- ◆ In fiscal year 1997-98, gas prices are expected to decline to \$1.55/mcf, reflecting a continued gas surplus in Alberta and softer U.S. gas prices.
- ◆ Long-term gas price prospects are positive, with prices rising to \$1.70/mcf by 1999-2000. Increased pipeline capacity should lower Alberta's gas surplus, allowing Alberta gas prices to move closer to U.S. prices.

## Alberta Gas Sales Continue To Grow

(billions of cubic feet)



Source: Alberta Energy

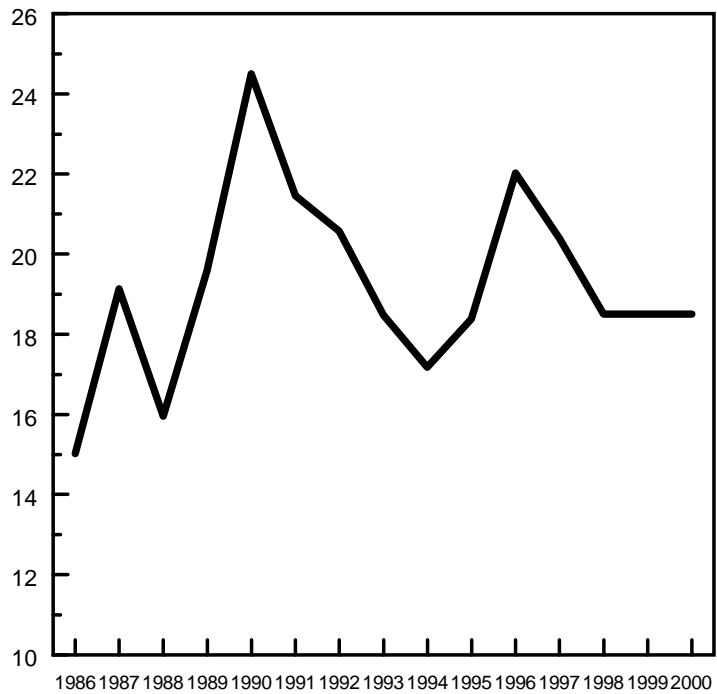
- ◆ In 1996, Alberta natural gas sales increased by an estimated 5.5% to a record 4.9 trillion cubic feet. Sales within Canada grew by an estimated 11%, while exports to the United States increased by less than 1% due to pipeline constraints.
- ◆ In 1997, total gas sales are expected to increase only 1% as pipeline constraints continue to limit exports.
- ◆ In 1998 and 1999, major expansions of the Northern Border pipeline to the Midwestern U.S. and the TransCanada Pipeline to the northeastern United States are expected to boost gas exports to the United States by 3.6% per year over the 1998 to 2000 period.



## World Oil Prices To Moderate

WTI Oil Price (US\$/bbl)

- ◆ In 1996, oil prices averaged US\$22.03 per barrel, over US\$3.50 per barrel higher than anticipated. The absence of Iraqi oil, strong growth in world oil demand and slower than expected growth in non-OPEC oil production caused prices to surge.
- ◆ The 1996 increase in oil prices is not expected to last. Increased supply of oil from OPEC and non-OPEC producers is expected to dampen oil prices over the medium term.
- ◆ Oil prices are expected to average US\$19 per barrel in fiscal year 1997-98 and US\$18.50 per barrel over the medium term.

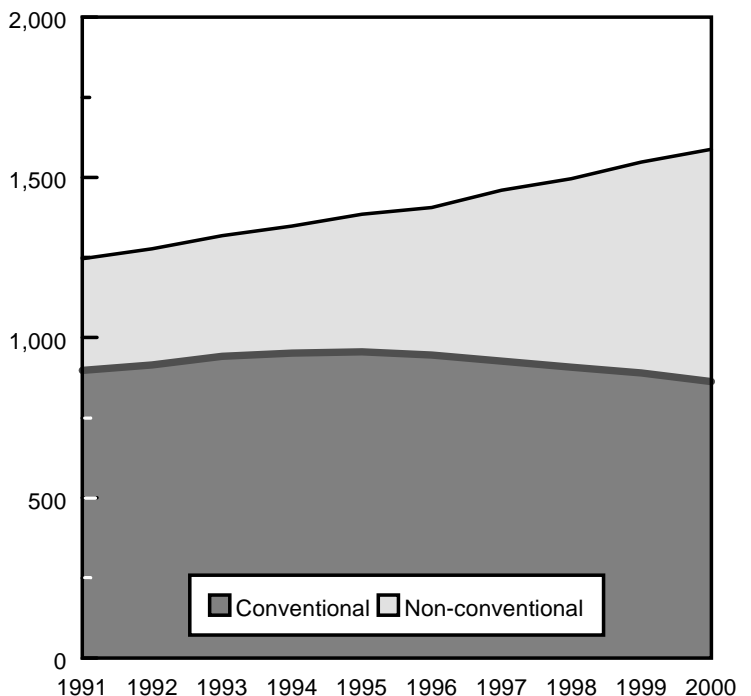


Source: Alberta Energy

## Alberta's Total Oil Output to Grow

(thousands of barrels per day)

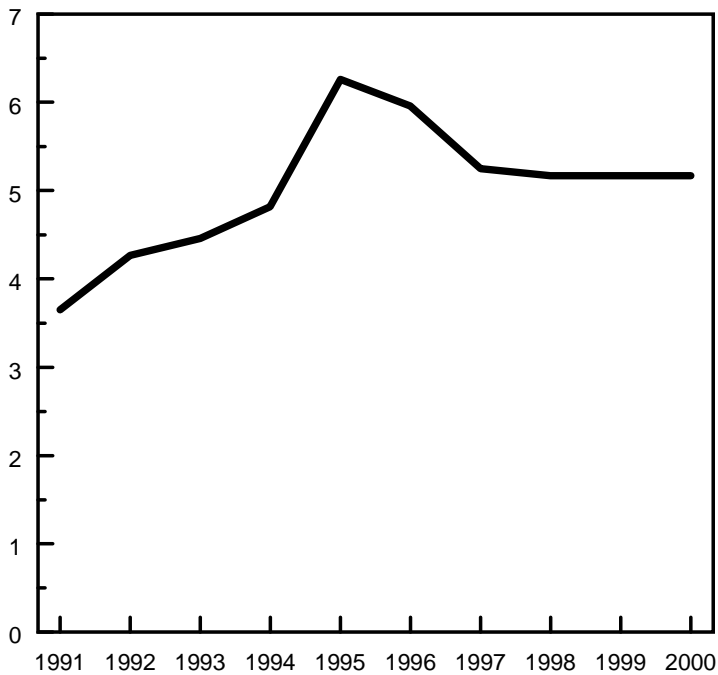
- ◆ In 1996, Alberta's crude oil production grew by an estimated 1.5%. Non-conventional (synthetic and bitumen) production is estimated to have increased by 6%, while conventional production declined by about 1%.
- ◆ Total oil production is expected to grow by an average of about 3% per year from 1997 to 2000, led by strong growth in bitumen production. Non-conventional production will more than offset a decline of around 3% per year in conventional production.
- ◆ Plans for more than \$6 billion of oil sands investment over the next five years have been announced. Alberta's new generic royalty regime for oil sands development is contributing to the pick-up in investment.



Source: Alberta Energy

## Wheat Prices To Remain Firm

Canada Western Red Spring Wheat (Cdn\$ per bushel)



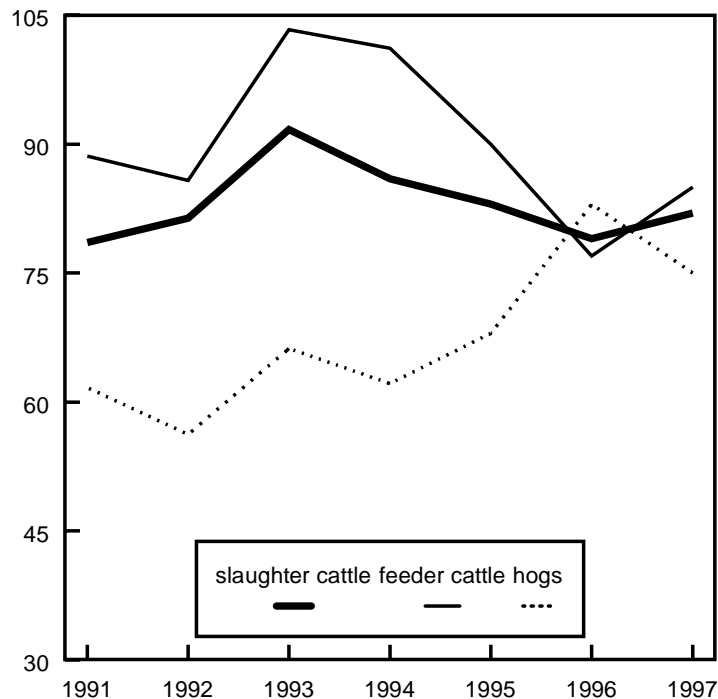
Crop Years: July 31 - Aug 31

Source: Canada Wheat Board, The WEFA Group, Alberta Agriculture

- ◆ The price of wheat and other cereal grains has risen sharply since 1991.
- ◆ A larger than anticipated global crop weakened prices in 1996. Chicago wheat futures prices peaked in May 1996 at US\$7.17/bushel (Cdn\$9.82) and were trading around US\$3.85/bushel (Cdn\$5.21) in early January 1997.
- ◆ Wheat prices are expected to soften in 1997, given a return to normal crop yields, particularly in the United States. Over the medium term, prices should remain firm because of rising world demand.

## Cattle Prices Should Pick Up

(Cdn\$ per 100 lbs)



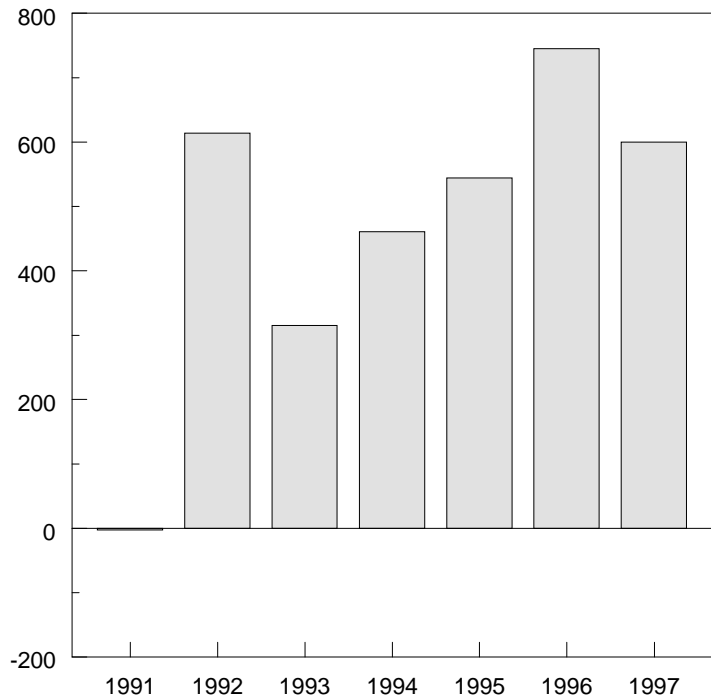
Source: Alberta Agriculture, Food and Rural Development

- ◆ Cattle prices peaked in 1993 and have since weakened due to increasing North American beef production. 1997 should see an upturn in cattle prices.
- ◆ Hog prices rose markedly in 1996, but are expected to trend lower in 1997, due largely to high inventories, particularly in the United States.
- ◆ In 1997, livestock producers are expected to benefit from lower feed grain costs.

- ◆ Net realized farm income was a record \$745 million in 1996, 37% higher than the 1995 level. A strong performance in the grain and hog sectors more than offset lower government program payments and weaker cattle prices.
- ◆ In 1997, net realized farm income is expected to be \$600 million, 12% above the five-year average. Crop receipts are expected to fall from the record 1996 level because of lower cereal grain prices. This should be partly offset by an increase in livestock receipts arising from higher cattle prices and lower feed costs.

## Farm Income Should Remain High

Alberta Net Realized Farm Income (\$ millions)

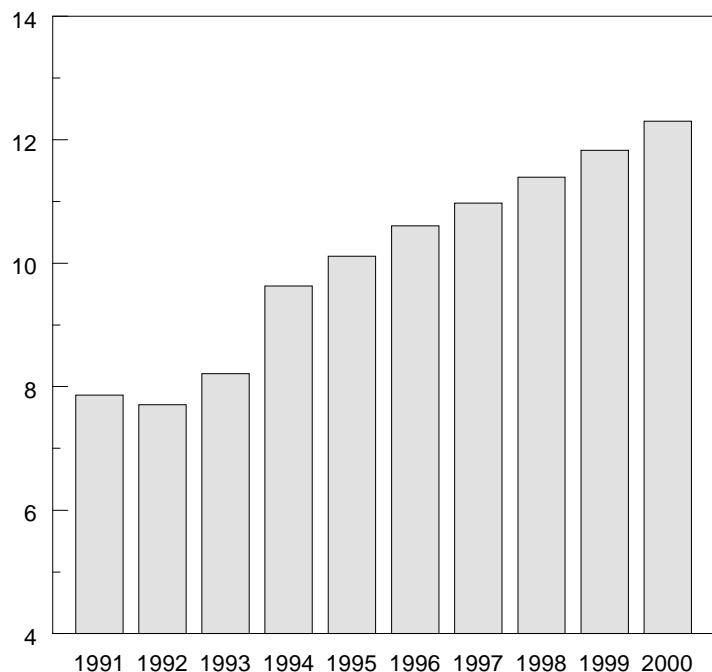


Source: Alberta Agriculture, Food and Rural Development

- ◆ Manufacturing exports enjoyed an exceptional year in 1994 when major forestry projects came on stream.
- ◆ In 1996, manufacturing exports rose by an estimated 4.9%, led by exports of petroleum and coal products and food and beverage sales.
- ◆ Manufacturing exports are expected to grow by about 3.5% to 4% per year over the forecast period, reflecting continued strong demand for petrochemicals, pulp, lumber and other forest products.

## Alberta Manufacturing Exports Healthy

Alberta Real Manufacturing Exports\* (1986\$ billions)

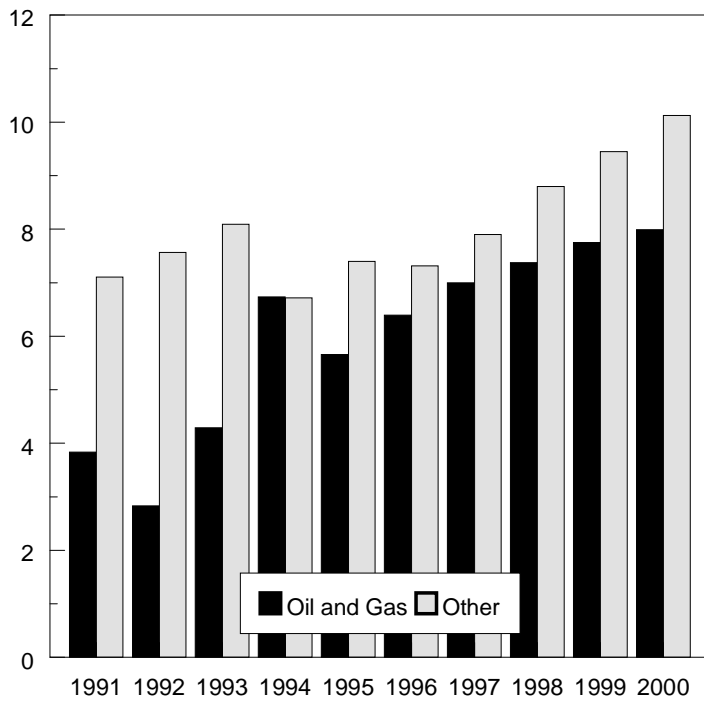


\* includes international and interprovincial manufacturing exports

Source: Statistics Canada and Alberta Treasury

## Strong, Balanced Investment Growth

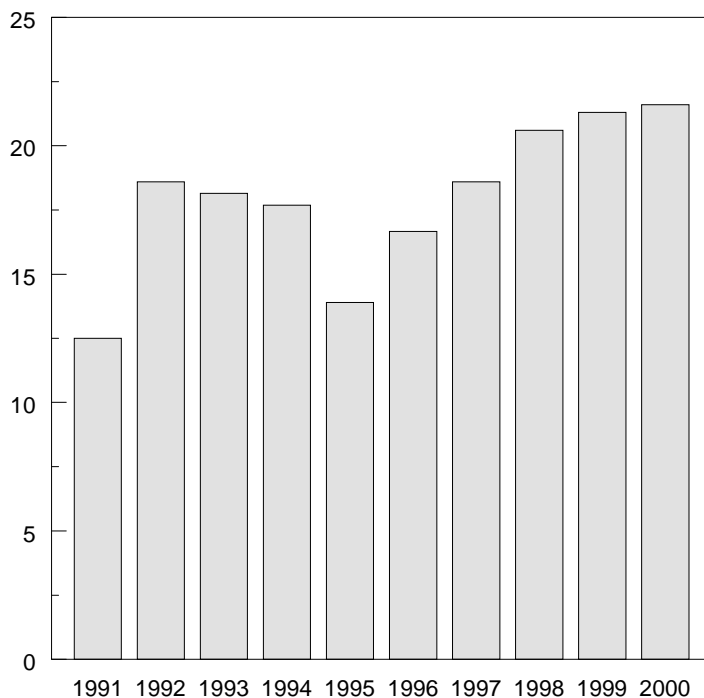
Alberta Real Business Investment (1986\$ billions)



- ◆ In 1996, total real business investment grew by an estimated 5%, led by a 13% increase in energy investment.
- ◆ Over the forecast period, energy investment is expected to increase by 5.7% per year, based on the moderate oil price outlook and reflecting, in part, a positive response to the province's generic oilsands royalty regime and federal tax changes. There are plans for over \$6 billion in oilsands investment.
- ◆ Investment by other industries is expected to grow by 8.5% per year. The petrochemical industry proposes to invest more than \$2.8 billion over the next five years.
- ◆ The phase-out of the province's Machinery and Equipment tax is encouraging investment growth.

## Housing Market Expected To Pick Up

Alberta Housing Starts (thousands of units)

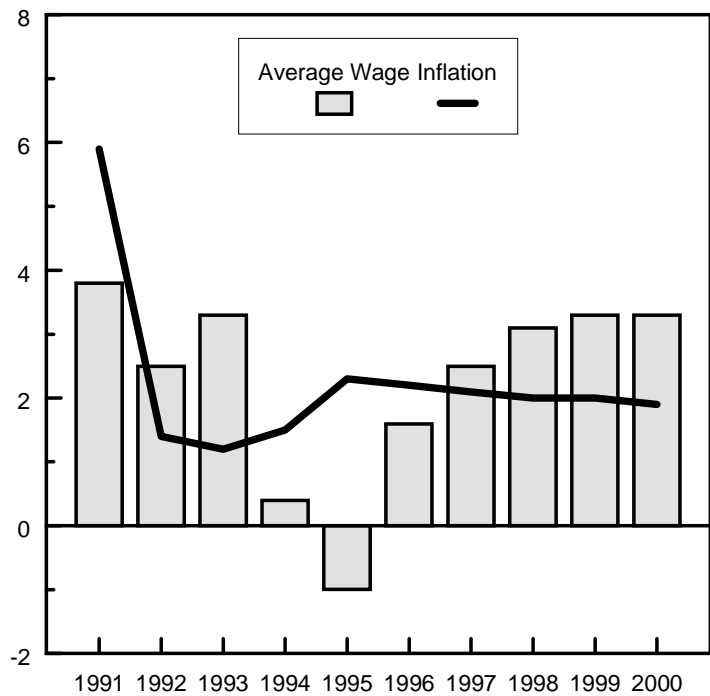


- ◆ In 1996, housing starts in Alberta totalled 16,665, up 20% from 1995.
- ◆ Housing starts are expected to increase in 1997 to 18,600 units, a 12% rise, as a result of low interest rates and continued strong growth in employment and interprovincial migration.
- ◆ Over the medium term, housing starts in Alberta are expected to increase moderately, reflecting continued population, employment and personal income growth.

## Real Alberta Wage Growth

(per cent change)

- ◆ Restraint in both the public and private sectors has kept a lid on Alberta wages over the past few years.
- ◆ Average wages in Alberta rose by an estimated 1.6% in 1996, which was below the rate of inflation.
- ◆ Wages are expected to increase by 2.5% in 1997 and about 3.2% per year on average from 1998 to 2000, about one percentage point higher than inflation.

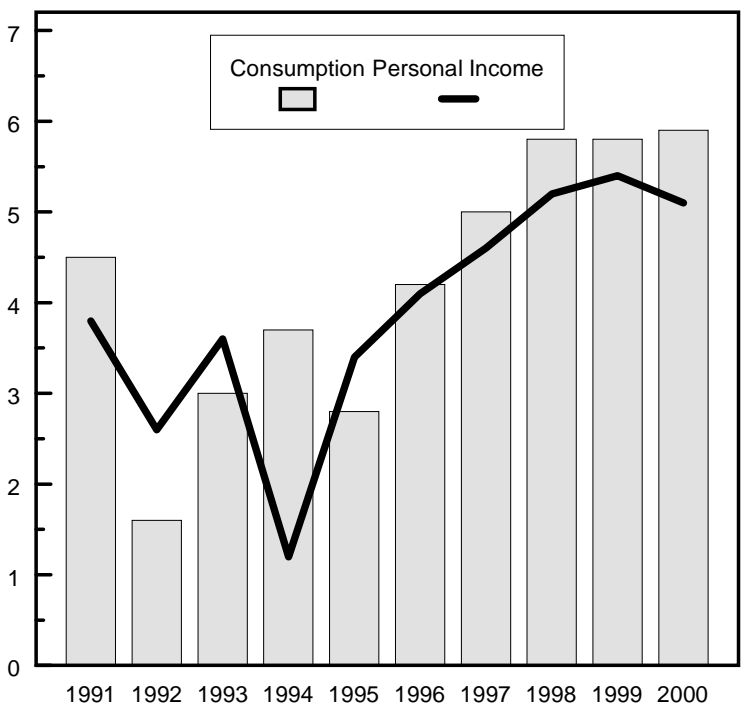


Source: Statistics Canada and Alberta Treasury

## Alberta Consumer Spending To Improve

(per cent change)

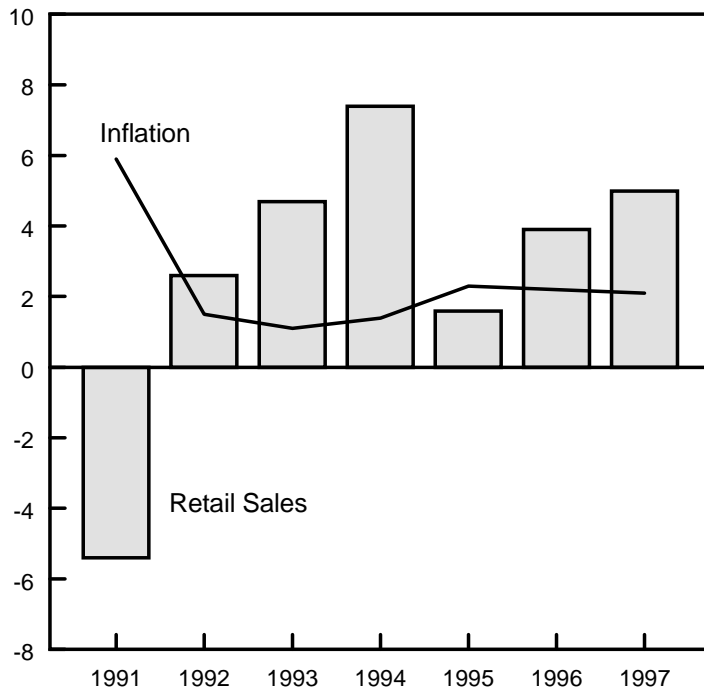
- ◆ In 1996, personal income, which includes all forms of income, is estimated to have grown by just over 4%. Consumer spending increased by an estimated 4.2%.
- ◆ In 1997, personal income is expected to increase somewhat faster, at 4.6%, based on wage gains of 2.5% and employment gains of 2.8%, offset by slower growth in interest income. Consumers are expected to increase their spending by 5%.
- ◆ Employment growth and moderate wage gains are expected to keep income growth just over 5% over the medium term. Consumer spending is expected to grow somewhat faster.



Source: Alberta Treasury

## Alberta Retail Sales Recovering

(per cent change)

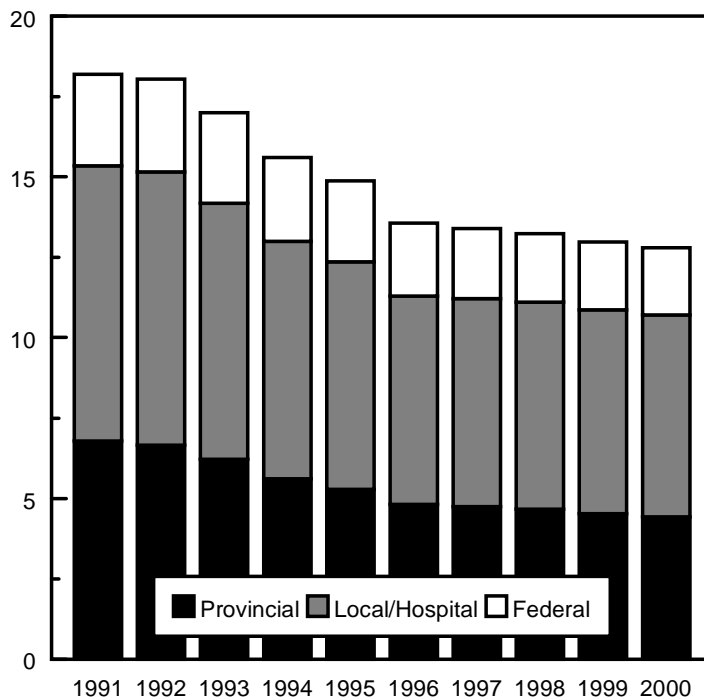


Source: Statistics Canada

- ◆ Alberta leads the country in retail sales per capita.
- ◆ Retail sales in Alberta are strengthening. In 1996, retail sales in Alberta rose by an estimated 3.9%, more than double the national increase of 1.9%. During the same period, retail sales in British Columbia rose by only 1.4% and fell in Ontario by 0.7%.
- ◆ Growth in retail sales is expected to be around 5% in 1997, more than twice the rate of inflation.

## Less Government In The Economy

(per cent of Alberta GDP)



Source: Alberta Treasury

- ◆ Government spending consists of outlays made by federal, provincial, local governments and hospitals on wages and salaries and other administrative expenses. It does not include transfers to persons or capital spending.
- ◆ In 1991, the spending by all three levels of government in Alberta as a share of GDP reached a record of 18%.
- ◆ Governments' share of the economy is forecast to decline to below 13% by the year 2000, its lowest share since 1981.
- ◆ Despite the decline in spending by all governments as a share of GDP, the overall Alberta economy grew the second fastest after Prince Edward Island from 1992 to 1996.

# Province of Alberta Key Energy and Economic Assumptions <sup>a</sup>

**UPDATED**

Fiscal Year Assumptions	1994-95 Actual	1995-96 Actual	1996-97	1997-98	1998-99	1999-2000
<b>Prices</b>						
Oil price <sup>b</sup>						
WTI (US\$/bbl) .....	18.08	18.66	22.84	18.50	18.50	18.50
Alberta wellhead (Cdn\$/bbl) .....	20.91	22.35	28.32	21.87	21.28	20.79
Natural gas price <sup>b</sup>						
Alberta wellhead (Cdn\$/mcf) .....	1.62	1.39	1.76	1.55	1.65	1.70
Exchange rate						
(US¢/Cdn\$) .....	72.4	73.4	73.5	75.0	76.0	77.0
<b>Production</b>						
Crude oil and equivalent (000's barrels/day) .....						
	1,488	1,512	1,532	1,615	1,655	1,696
Natural gas (billions of cubic feet) .....						
	4,506	4,605	4,941	4,910	5,060	5,240
<b>Interest rates<sup>c</sup></b>						
3-month Canada Treasury Bills .....	6.46	6.33	3.68	4.30	5.00	5.00
10-year Canada Bonds .....	9.28	7.93	6.99	7.00	7.00	7.00

<sup>a</sup> As required by the Government Accountability Act, 1995.

<sup>b</sup> Combined resource revenue and corporate income tax for budget planning purposes must, by law, be estimated at the lesser of the five-year average or 90% of forecast. The numbers for 1997-98, 1998-99 and 1999-2000 are the assumed prices before deducting revenue cushions.

<sup>c</sup> For debt servicing calculations, appropriate Alberta spreads are applied to Government of Canada yields.

Calendar Year Assumptions	1995 Actual	1996	1997	1998	1999	2000
<b>Gross Domestic Product</b>						
Nominal (millions of dollars) .....	85,611	93,796	97,047	100,972	106,769	112,133
per cent change .....	2.4	9.6	3.5	4.0	5.7	5.0
Real (millions of 1986 dollars) .....	76,502	78,940	81,767	85,082	88,432	91,452
per cent change .....	2.1	3.2	3.6	4.1 <sup>a</sup>	3.9 <sup>a</sup>	3.4 <sup>a</sup>
<b>Other Indicators</b>						
Employment (thousands) .....	1,373	1,413 <sup>b</sup>	1,452	1,490	1,528	1,563
per cent change .....	2.7	2.9 <sup>b</sup>	2.7	2.7	2.5	2.3
Unemployment rate .....	7.8	7.0 <sup>b</sup>	6.7	6.4	6.1	5.9
Housing Starts (number of units) .....	13,906	16,665 <sup>b</sup>	18,600	20,600	21,300	21,600
Consumer Price Index (per cent change) .	2.3	2.2 <sup>b</sup>	2.1	2.0	2.0	1.9

<sup>a</sup> For revenue forecasting purposes, 3.6% real GDP growth was assumed for 1997 and 2% real GDP growth was assumed for 1998, 1999 and 2000.

<sup>b</sup> Actuals.

# Sensitivities to Fiscal Year Assumptions, 1997-98

**UPDATED**

	Sensitivities <sup>a</sup> (\$ millions)			
	Change	Revenue	Spending	Surplus
Oil Price (WTI US\$/bbl) .....	-\$1.00	-190	—	-190
Natural Gas Price (Cdn\$/mcf) .....	-10¢	-134	—	-134
Exchange Rate (US¢/Cdn\$) .....	+1¢	-45	-29	-16
Interest Rates .....	+1%	+9	+27	-18
Real Gross Domestic Product <sup>b</sup> .....	-1%	-68	—	-68

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

<sup>b</sup> Net change in income taxes: under the federal formula, lower personal and corporate income tax revenues increase the cash portion of the Canada Health and Social Transfer.

## Risks to the Forecast

### UPSIDE RISKS

- ◆ Oil prices may not fall by as much as assumed if world crude oil demand remains strong and/or new production is slower to come onstream. This would lead to stronger than anticipated economic growth and higher than expected resource revenue.
- ◆ Positive mood resulting from Alberta's debt reduction and growing Alberta Advantage could lead to more investment and more people moving to Alberta than expected. This would translate into faster economic growth and higher personal income tax revenue offset partially by more pressure on government services.

### DOWNSIDE RISKS

- ◆ Higher interest rates could increase debt servicing costs and reduce economic activity. Reasons why interest rates could be higher than expected are: (1) emergence of inflationary pressures in the United States which would cause the Federal Reserve to increase interest rates putting upward pressure on Canadian rates, (2) re-emergence of political uncertainty surrounding Quebec, (3) inability of the Federal, Quebec and Ontario governments to deliver on deficit reduction promises.
- ◆ The inherent volatility of oil and gas prices could produce a sharper than expected price reduction. This could have a negative psychological effect on investing in Alberta and hurt economic growth. Alberta's fiscal position should be relatively stable given the legal requirement to have revenue cushions.
- ◆ Faster rise in the value of the Canadian dollar could adversely affect Alberta's export growth and provincial revenues from oil and natural gas.
- ◆ The U.S. economy, after six years of economic growth, may enter a recession in the next three years, which would lower Alberta exports, investment and employment. However, the impact on income tax revenues would be minimized by the assumption for 1998, 1999 and 2000 of 2% real GDP growth for revenue purposes.



## Oil Price Forecast Benchmark

(West Texas Intermediate, US\$/bbl)

Organization	1997	1998	1999	2000
<b>National Forecasting Agencies</b>				
Conference Board of Canada (Dec/96) .....	23.03	23.44	24.34	25.34
DRI/McGraw-Hill (Nov/96) .....	19.68	19.26	18.99	18.63
The WEFA Group (Oct/96) .....	21.61	21.23	21.98	22.72
<b>Investment Houses</b>				
BT Bank (Jan/97) .....	22.60	19.74	19.18	19.25
CS First Boston (Dec/96) .....	20.00	18.50	17.50	17.50
Goldman Sachs (Jan/97) .....	20.50	20.50	21.50	22.50
Lehman Brothers (Jan/97) .....	19.50	19.00	n.a.	n.a.
JP Morgan (Jan/97) .....	21.20	n.a.	n.a.	n.a.
RBC Dominion Securities (Oct/96) .....	20.00	20.00	n.a.	n.a.
Peters and Company (Jan/97) .....	21.00	21.00	n.a.	n.a.
<b>Industry Analysts</b>				
ARC Financial Corporation (Dec/96) .....	20.00	19.00	19.00	21.00
Petroleum Industry Research Associates (Dec/96) .....	19.60	n.a.	n.a.	n.a.
High .....	23.03	23.44	24.34	25.34
Low .....	19.50	18.50	17.50	17.50
Average .....	20.73	20.17	20.36	20.99
<b>Alberta Government (calendar year)</b> .....	20.40 <sup>a</sup>	18.50 <sup>a</sup>	18.50 <sup>a</sup>	18.50 <sup>a</sup>

<sup>a</sup> Resource revenue and corporate income tax for budget planning purposes must, by law, be estimated at the lesser of the five-year average or 90% of the current forecast. The numbers for 1997-98, 1998-99 and 1999-00 are the assumed prices before revenue cushions.

## Natural Gas Price Forecast Benchmark

Alberta Average Wellhead Gas Price (Cdn\$/mcf)

Organization	1997	1998	1999	2000
ARC Financial Corporation (Dec/96) .....	1.75	1.78	1.88	2.03
Gilbert Lausten Jung Associates (Jan/97) .....	1.65	1.70	1.85	2.00
Peters and Company (Jan/97) .....	1.65	1.65	n.a.	n.a.
Levesque Beaubien Geoffrion (Jan/97) .....	1.55	1.60	n.a.	n.a.
Midland Walwyn (Dec/96) .....	1.60	1.65	n.a.	n.a.
RBC Dominion Securities (Jan/97) .....	1.65	1.70	n.a.	n.a.
High .....	1.75	1.78	1.88	2.03
Low .....	1.55	1.60	1.85	2.00
Average .....	1.64	1.68	1.87	2.02
<b>Alberta Government (calendar year)</b> .....	1.58 <sup>a</sup>	1.68 <sup>a</sup>	1.70 <sup>a</sup>	1.70 <sup>a</sup>

<sup>a</sup> Resource revenue and corporate income tax for budget planning purposes must, by law, be estimated at the lesser of the five-year average or 90% of the current forecast. The numbers for 1997-98, 1998-99 and 1999-00 are the assumed prices before revenue cushions.

## Canadian Short-Term Interest Rate Forecast Benchmark (3-month Canadian Treasury Bills)

Organization	1997	1998	1999	2000
<b>National Forecasting Agencies</b>				
Conference Board of Canada (Dec/96) .....	2.77	2.77	3.41	4.01
DRI McGraw-Hill (Dec/96) .....	3.21	4.24	4.80	4.45
The WEFA Group (Jan/97) .....	3.14	4.01	4.36	3.97
<b>Banks</b>				
Bank of Montreal (Jan/97) .....	2.78	n.a.	n.a.	n.a.
Canadian Imperial Bank of Commerce (Jan/97) .....	3.75	3.70	4.10	4.60
Royal Bank (Dec/96) .....	2.90	3.30	n.a.	n.a.
Scotiabank (Jan/97) .....	3.70	n.a.	n.a.	n.a.
Toronto Dominion Bank (Dec/96) .....	2.65	2.60	n.a.	n.a.
<b>Other</b>				
Scotia Capital Markets (Jan/97) .....	3.06	n.a.	n.a.	n.a.
CIBC Wood Gundy (Jan/97) .....	3.10	n.a.	n.a.	n.a.
Nesbitt Burns (Jan/97) .....	3.44	4.24	n.a.	n.a.
High .....	3.75	4.24	4.80	4.60
Low .....	2.65	2.60	3.41	3.97
Average .....	3.14	3.55	4.17	4.26
<b>Alberta Government (calendar year) .....</b>	<b>3.94</b>	<b>4.94</b>	<b>5.00</b>	<b>5.00</b>

## Canadian Long-Term Interest Rate Forecast Benchmark (10-Year Government of Canada Bond Yield)

Organization	1997	1998	1999	2000
<b>National Forecasting Agencies</b>				
Conference Board of Canada (Dec/96) .....	6.09	5.48	5.45	5.65
DRI McGraw-Hill (Dec/96) .....	6.86	7.07	6.84	6.72
The WEFA Group (Jan/97) .....	6.24	5.71	5.67	5.62
<b>Banks</b>				
Bank of Montreal (Jan/97) .....	5.83	n.a.	n.a.	n.a.
Canadian Imperial Bank of Commerce (Jan/97) .....	7.05	6.70	6.70	6.95
Royal Bank (Dec/96) .....	6.40	6.90	n.a.	n.a.
Scotiabank (Jan/97) .....	7.10	n.a.	n.a.	n.a.
<b>Other</b>				
Scotia Capital Markets (Jan/97) .....	6.70	n.a.	n.a.	n.a.
CIBC Wood Gundy (Jan/97) .....	6.64	n.a.	n.a.	n.a.
Nesbitt Burns (Jan/97) .....	6.49	5.73	n.a.	n.a.
High .....	7.10	7.07	6.84	6.95
Low .....	5.83	5.48	5.45	5.62
Average .....	6.54	6.27	6.17	6.24
<b>Alberta Government (calendar year) .....</b>	<b>6.56</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>

## Alberta Real Gross Domestic Product Forecast Benchmark (per cent change)

Organization	1996	1997	1998	1999	2000
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Oct/96) .....	2.9	3.2	2.7	n.a.	n.a.
DRI McGraw-Hill (Oct/96) .....	2.3	3.2	3.7	2.7	2.9
The WEFA Group (Sep/96) .....	2.6	2.8	2.9	2.9	3.0
<b>Banks</b>					
Bank of Montreal (Oct/96) .....	2.3	3.0	n.a.	n.a.	n.a.
Canadian Imperial Bank of Commerce (Dec/96) .....	2.5	3.5	2.5	n.a.	n.a.
Royal Bank (Nov/96) .....	1.7	3.3	4.0	n.a.	n.a.
Scotiabank (Jan/97) .....	2.0	4.5	n.a.	n.a.	n.a.
Toronto Dominion Bank (Oct/96) .....	2.2	2.8	2.1	n.a.	n.a.
<b>Other</b>					
Canada Mortgage and Housing (Jan/97) .....	3.0	4.2	4.5	n.a.	n.a.
Nesbitt Burns (Nov/96) .....	2.4	3.5	n.a.	n.a.	n.a.
High .....	3.0	4.5	4.5	2.9	3.0
Low .....	1.7	2.8	2.1	2.7	2.9
Average .....	2.4	3.4	3.2	2.8	3.0
<b>Alberta Government (calendar year)</b> .....	<b>3.2</b>	<b>3.6</b>	<b>4.1<sup>a</sup></b>	<b>3.9<sup>a</sup></b>	<b>3.4<sup>a</sup></b>

<sup>a</sup> For revenue forecasting purposes, 3.6% real GDP growth was assumed for 1997 and 2% real GDP growth was assumed for 1998, 1999 and 2000.

## Canada/United States Exchange Rate Forecast Benchmark (US¢/Cdn\$)

Organization	1997	1998	1999	2000
<b>National Forecasting Agencies</b>				
Conference Board of Canada (Dec/96) .....	74.60	76.00	76.00	75.40
DRI McGraw-Hill (Dec/96) .....	74.42	76.18	78.82	78.62
The WEFA Group (Jan/97) .....	73.82	74.45	75.34	76.88
<b>Banks</b>				
Bank of Montreal (Jan/97) .....	76.60	n.a.	n.a.	n.a.
Canadian Imperial Bank of Commerce (Jan/97) .....	75.00	76.50	77.00	77.50
Royal Bank (Dec/96) .....	75.50	77.70	n.a.	n.a.
Scotiabank (Jan/97) .....	74.50	n.a.	n.a.	n.a.
Toronto Dominion Bank (Dec/96) .....	75.23	76.45	n.a.	n.a.
<b>Other</b>				
Scotia Capital Markets (Jan/97) .....	75.78	n.a.	n.a.	n.a.
CIBC Wood Gundy (Jan/97) .....	73.33	n.a.	n.a.	n.a.
Nesbitt Burns (Jan/97) .....	75.90	83.00	n.a.	n.a.
High .....	76.60	83.00	78.82	78.62
Low .....	73.33	74.45	75.34	75.40
Average .....	74.97	77.18	76.79	77.10
<b>Alberta Government (calendar year)</b> .....	<b>74.75</b>	<b>75.75</b>	<b>76.75</b>	<b>77.75</b>

## Tracking the Forecasts of Oil Prices

West Texas Intermediate (US\$/bbl)

Organization	How Did They Do 1996 <sup>a</sup>	What They Were Saying About 1997 in Budget '96 <sup>b</sup>	What They Are Saying About 1997 in Budget '97 <sup>b</sup>
<b>Actual</b> .....	<b>22.03</b>		
ARC Financial Corporation .....	-3.53	18.50	20.00
Conference Board of Canada .....	-3.63	18.94	23.03
CS First Boston .....	-3.03	19.00	20.00
DRI/McGraw-Hill .....	-3.59	17.71	19.68
Goldman Sachs .....	-3.53	18.50	20.50
JP Morgan .....	-4.33	16.70	21.20
Lehman Brothers .....	-5.28	n.a.	19.50
Peters & Company .....	-4.03	18.00	21.00
Petroleum Industry Research Associates .....	-5.43	16.00	19.60
RBC Dominion Securities .....	-4.03	18.00	20.00
The WEFA Group .....	-2.53	20.60	21.61
Average .....	-3.90	18.20	20.56
<b>Alberta Government (calendar year)</b> .....	<b>-3.53</b>	<b>18.50</b>	<b>20.40</b>

<sup>a</sup> This compares an organization's forecast for 1996 at the time of Budget '96 to what actually happened. A minus sign indicates underestimation; a plus sign indicates overestimation.

<sup>b</sup> This shows how the forecast for 1997 has changed over the last year.

## Tracking the Forecasts of Alberta Real GDP

(per cent change)

Organization	How Did They Do 1995 <sup>a,b</sup>	What They Were Saying About 1996 in Budget '96 <sup>c</sup>	What They Are Saying About 1996 in Budget '97 <sup>c</sup>
<b>Actual</b> .....	<b>2.1</b>		
Bank of Montreal .....	+0.4	2.8	2.3
Canada Mortgage and Housing Corporation .....	+0.3	2.4	3.0
Canadian Imperial Bank of Commerce .....	+0.5	2.3	2.5
Conference Board of Canada .....	+0.7	2.7	2.9
DRI/McGraw-Hill .....	-0.4	1.0	2.3
Nesbitt Burns .....	+0.8	2.6	2.4
Royal Bank .....	-0.2	1.8	1.7
Scotiabank .....	+0.9	2.6	2.4
Toronto Dominion Bank .....	+0.1	2.1	2.2
Average .....	0.5	2.3	2.4
<b>Alberta Government (calendar year)</b> .....	<b>+0.2</b>	<b>2.5</b>	<b>3.2</b>

<sup>a</sup> This compares an organization's forecast for 1995 at the time of Budget '96 to what actually happened. A minus sign indicates underestimation; a plus sign indicates overestimation; an averaging technique is used which treats overestimation the same as underestimation to prevent one from cancelling out the other.

<sup>b</sup> 1995 is the latest year for actual real GDP data.

<sup>c</sup> This shows how the forecast for 1996 has changed over the last year.

# Announced Major Projects Over \$100 Million

## Proposed or Under Construction

Company Name	Location	Type of Project	Cost (\$millions)	Timing
<b>OIL AND GAS</b>				
Alberta Energy Co.	Primrose, Foster Creek	In situ Bitumen Project	\$213	1996-99
Amoco Canada Petroleum	Primrose, Wolf Lake	In situ Bitumen Expansion	\$500	1996-00
	Brintnell	In situ Bitumen Project	\$100	1996-00
CS Resources	Christina Lake	In situ Bitumen Project	\$250	1997-00
Elan Energy	Lindbergh, Cold Lake, Wolf Lake, Elk Point	In situ Bitumen Expansion	\$225	1996-00
Express Pipelines	Hardisty, AB to Casper, WY	Natural Gas Pipeline	\$530	1996-97
Gulf Canada	Surmont	In situ Bitumen Project	\$215	1996-00
Imperial Oil	Cold Lake	In situ Bitumen Plant Expansion - Phases 1-10	\$250	1996-97
	Cold Lake	In situ Bitumen Plant Expansion - Phases 11-13	\$450	1997-00
	Cold Lake	In situ Bitumen Plant Expansion Phases 14-15	\$300	1999-00
InterProvincial Pipelines	Hardisty, AB to Chicago, IL	Oil Pipeline Expansion Phase 2	\$540	1997-98
	Edmonton, AB to Hardisty, AB	Oil Pipeline Expansion	\$140	1996-97
Japan Canada Oilsands	Hangingstone	In situ Bitumen Project	\$197	1997-04
Koch Exploration Canada	Reita Lake	In situ Bitumen Expansion	\$200	1996-98
Murphy Oil	Lindbergh	In situ Bitumen Project	\$157	1996-99
Shell	Lease 13	Oil Sands Mining Project	\$815	1997-??
	Peace River	In situ Bitumen Expansion	\$160	1996-02
Solv-Ex Corporation	Bitumount	Surface Mining and Mineral Extraction	\$170	1996-98
Suncor	Fort McMurray	Upgrader and Plant Modifications	\$320	1997-01
	Fort McMurray	Steepbank Mine - New Bitumen Mine	\$336	1997-01
	Primrose-Burnt Lake	In situ Bitumen Project	\$122	1996-00
Syncrude Canada	Fort McMurray	North Mine - New Bitumen Mine and Upgrader Debottlenecking	\$500	1996-98
	Fort McMurray	Aurora Mine Trains 1&2 - New Bitumen Mine and Upgrader Debottlenecking	\$1,600	1998-05
TransCanada Pipelines	Various locations	Mainline Improvements Project	\$263	1997-98

# Announced Major Projects Over \$100 Million

## Proposed or Under Construction

Company Name	Location	Type of Project	Cost (\$millions)	Timing
<b>PETROCHEMICALS</b>				
Alberta BioClean Fuels	Strathcona County	Automotive Fuel Additive Plant	\$535	1997-99
AT Plastics Inc.	Edmonton	Co-Polymer Plant Expansion	\$120	1996-98
Dow Chemical Canada	Fort Saskatchewan	Ethylene Plant Expansion	\$200	1997-99
	Fort Saskatchewan	Polyethylene Plant	\$140	1997-99
Nova	Joffre	Ethylene Derivatives Plant	\$400	1998-00
Nova and Union Carbide	Joffre	Ethylene Plant	\$825	1997-00
Union Carbide	Prentiss	Polyethylene Plant	\$270	1998-00
<b>FORESTRY</b>				
Alberta Newsprint	Whitecourt	Expanded Capacity & Second Paper Machine Expansion	\$500	Proposed
Alberta-Pacific Forest	Athabasca	Paper Mill	\$700	Proposed
Daishowa-Murubeni Co.	Peace River	Paper Mill and Chemi-Thermo Mechanical Pulp Mill	\$900	1998-01
Grand Alberta Paper	Grande Prairie Area	Pulp and Light Weight Coated Paper Mill	\$900	1998-00
Slave Lake Pulp Corp.	Slave Lake	Chemi-Thermo Mechanical Pulp Mill Expansion - Second Phase	\$200	1997-98
<b>OTHER</b>				
Calgary Regional Airport Authority	Calgary	Airport Improvements (3 stages)	\$650	Proposed
Camrose Developments	Edmonton	New Power Centre	\$250	Proposed
Stone Creek Properties	Canmore	Hyatt Hotel/Resort Complex	\$650	1995-99