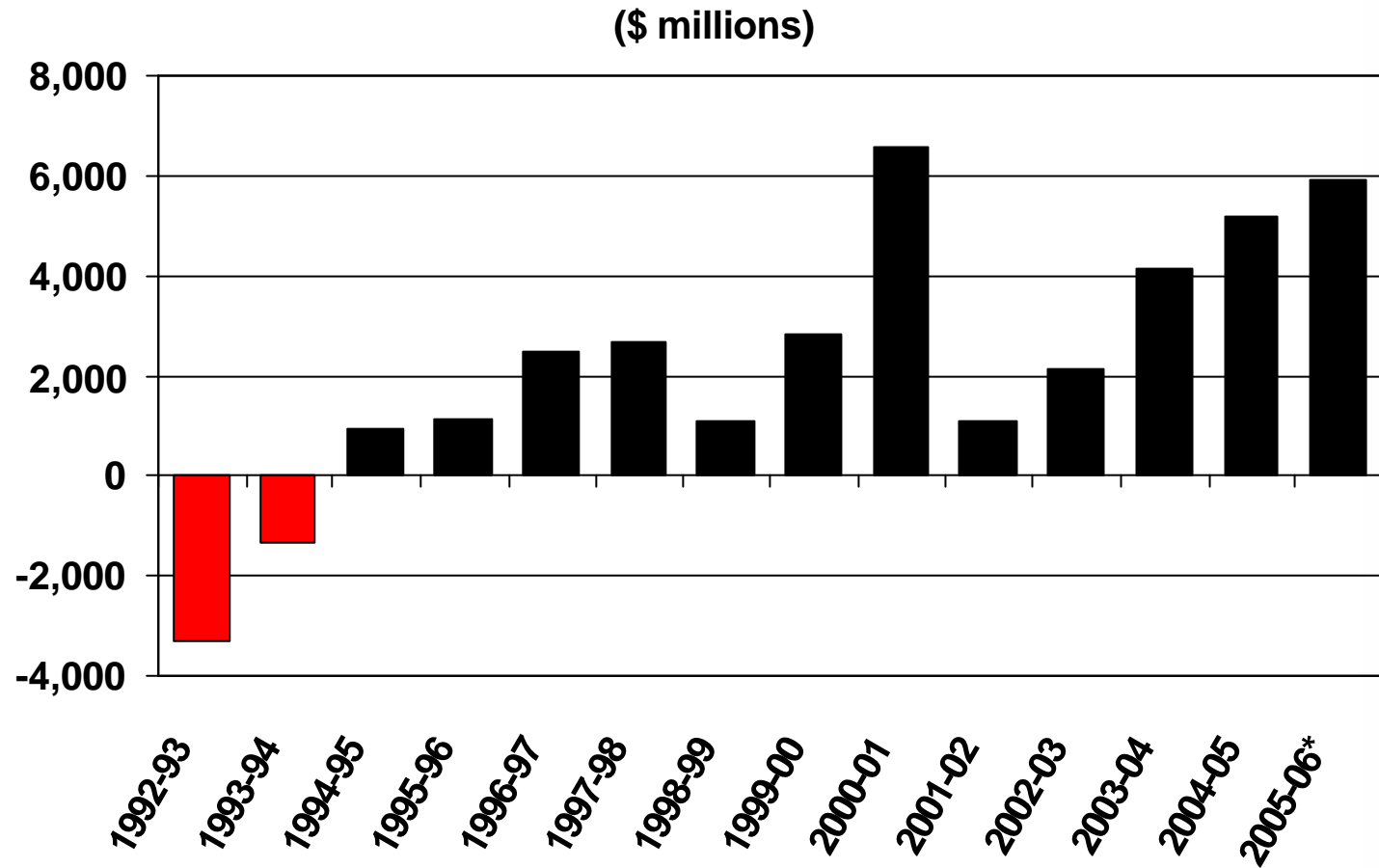

Alberta's Fiscal Outlook

**Presentation to the Economics Society of Calgary
Sharing the Wealth Seminar
November 17, 2005**

By Tony Morehen

Alberta Surpluses (Deficits)



*Forecast

Source: Alberta Finance

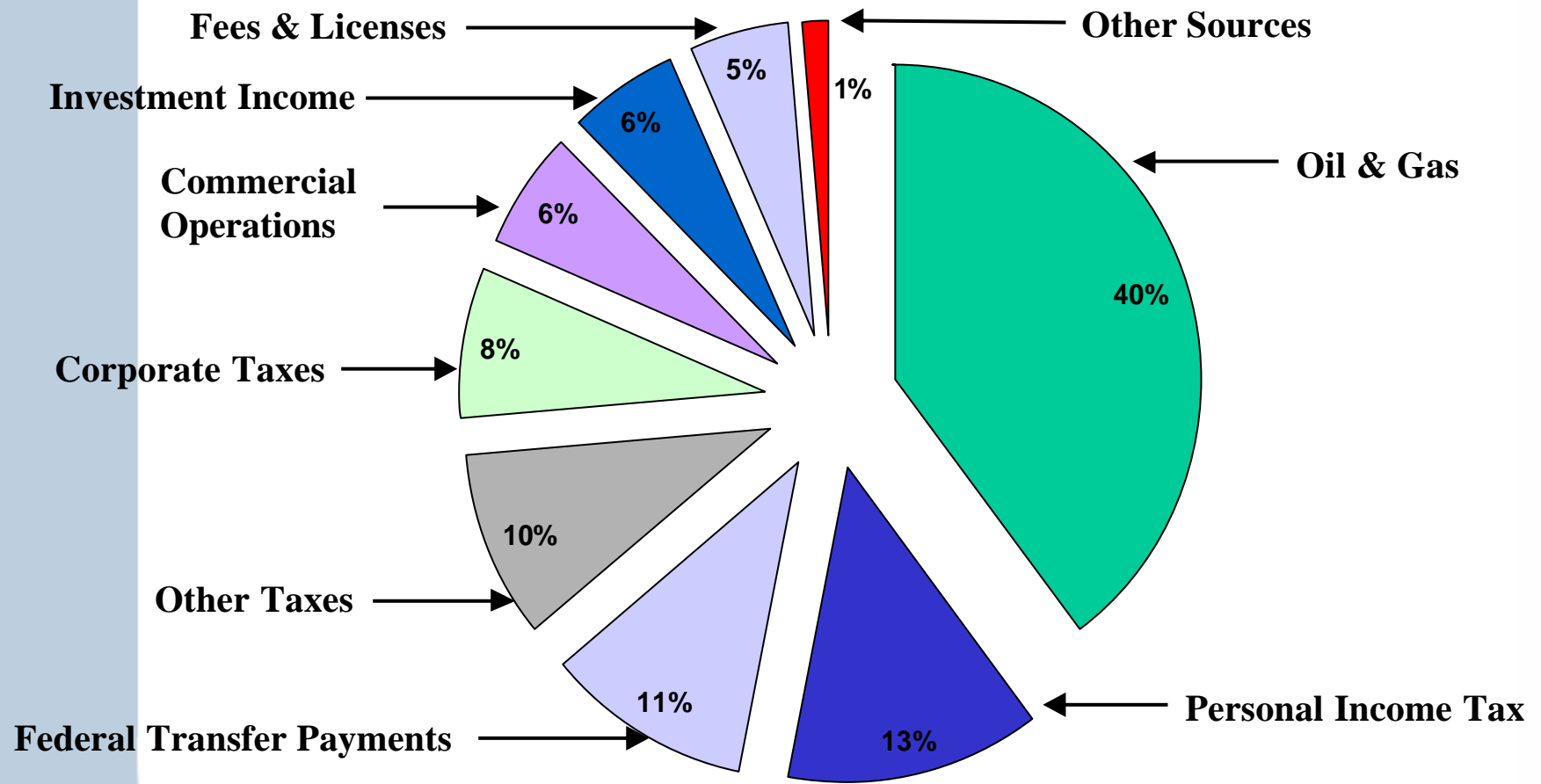
Fiscal Summary

(millions of dollars)

	2004-05	2005-06				
			Budget	2 nd Quarter Actual	Change from	
					Budget	1 st Quarter
Revenue	29,328	27,346	33,172	5,826	3,829	
Expense						
Program	23,851	25,535	27,012	1,477	702	
Debt Servicing	302	291	266	(25)	(10)	
Total Expense	24,153	25,826	27,278	1,452	692	
Net Revenue	5,175	1,520	5,894	4,374	3,137	
Transfer from (to)						
Capital Account	1,209	1,274	1,755	481	(35)	
Sustainability Fund	(6,105)	(2,546)	(7,577)	(5,031)	(3,259)	
Contingency Allowance	-	248	72	(176)	(157)	
Net Amount Available for Allocation		2,219	5,894	3,156	1,828	
Allocation						
Heritage Fund (Inflation proofing)		215	295	80	69	
Endowment Funds		450	1,300	850	600	
Capital Account		1,554	3,400	1,846	779	
Sustainability Fund		-	380	380	378	
Total Allocation		2,219	5,375	3,156	1,826	

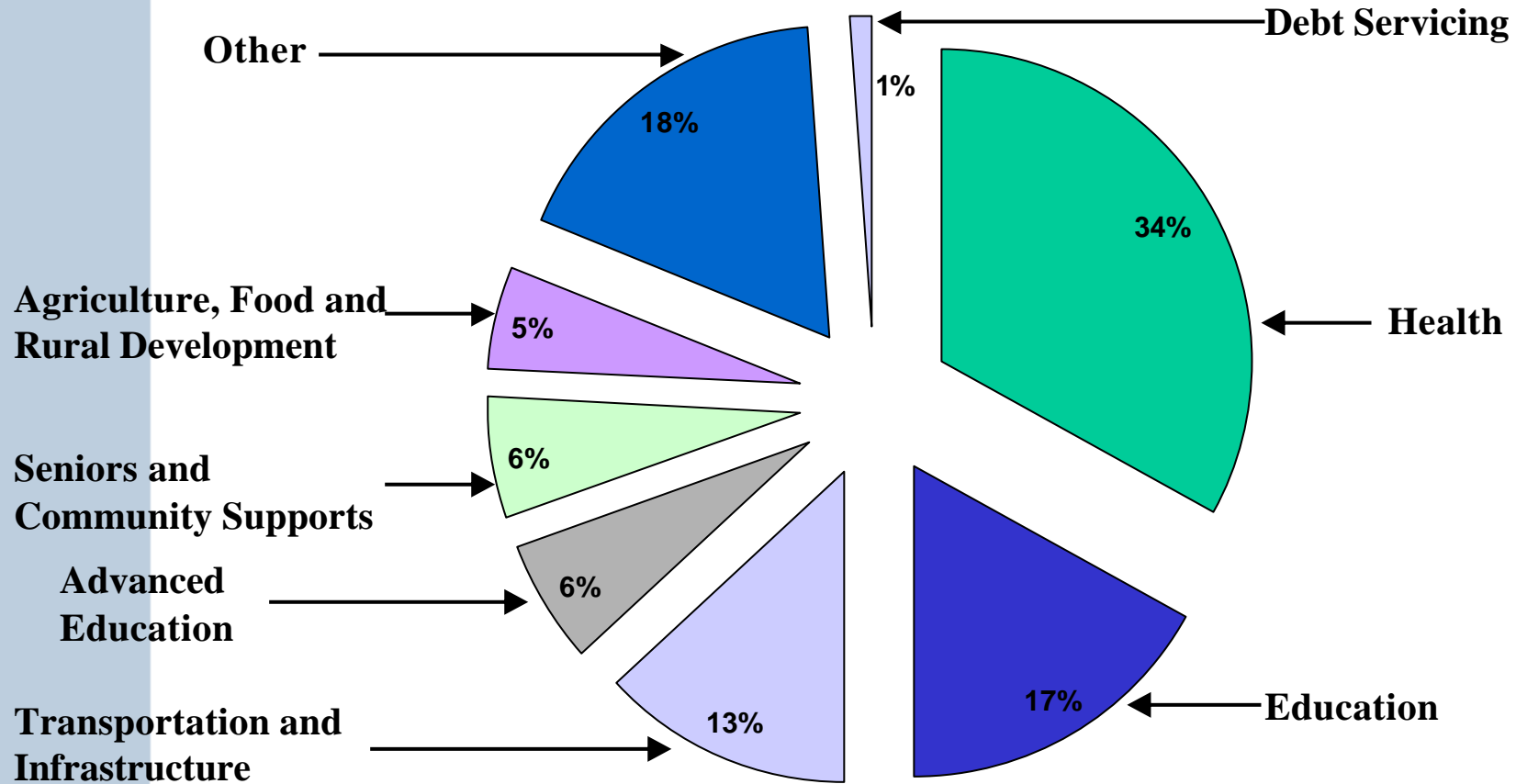
Source: Alberta Finance

Revenue 2005-06: \$33,172 million



Source: Alberta Finance

Expenses 2005-06: \$27,278 million



Source: Alberta Finance

How the Sustainability Fund Works

Two potential deposit sources

Resource revenue over \$4.75 billion

Available year-end fiscal surplus

Sustainability Fund

Withdrawals can be made when:

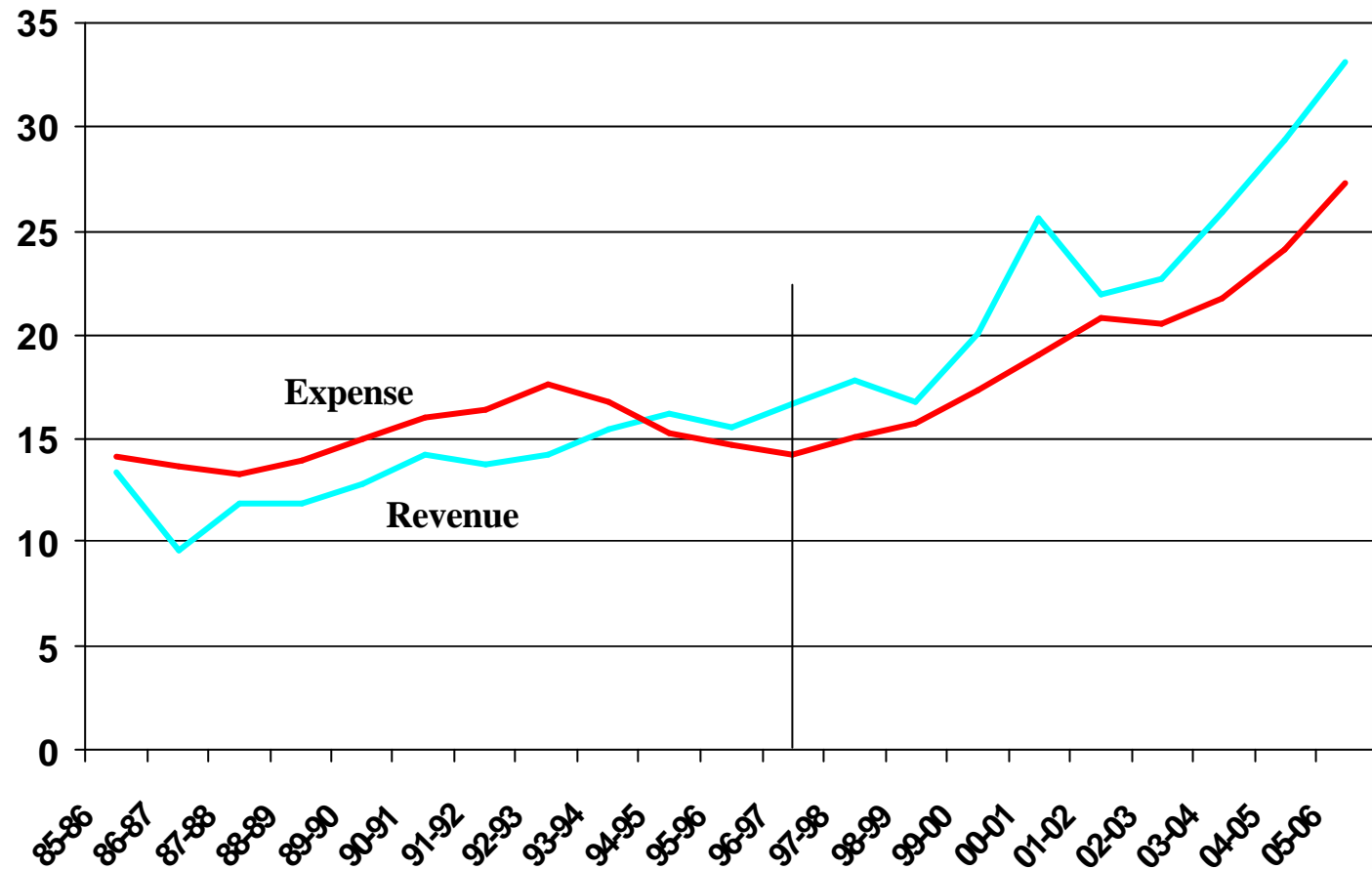
- Emergencies or natural disasters are declared or natural gas rebates are triggered or First Nations Land Settlements are required
- Resource revenue drops below \$4.75 billion
- Resource revenue is high, but other revenue drops below budget

Allowable reallocations of excess cash once fund surpasses \$2.5 billion:

- Debt Retirement Account
 - Capital Account
 - Other assets, such as the Heritage Savings Trust Fund and endowment funds or the Sustainability Fund itself
- Allocations cannot include supplements to program spending.

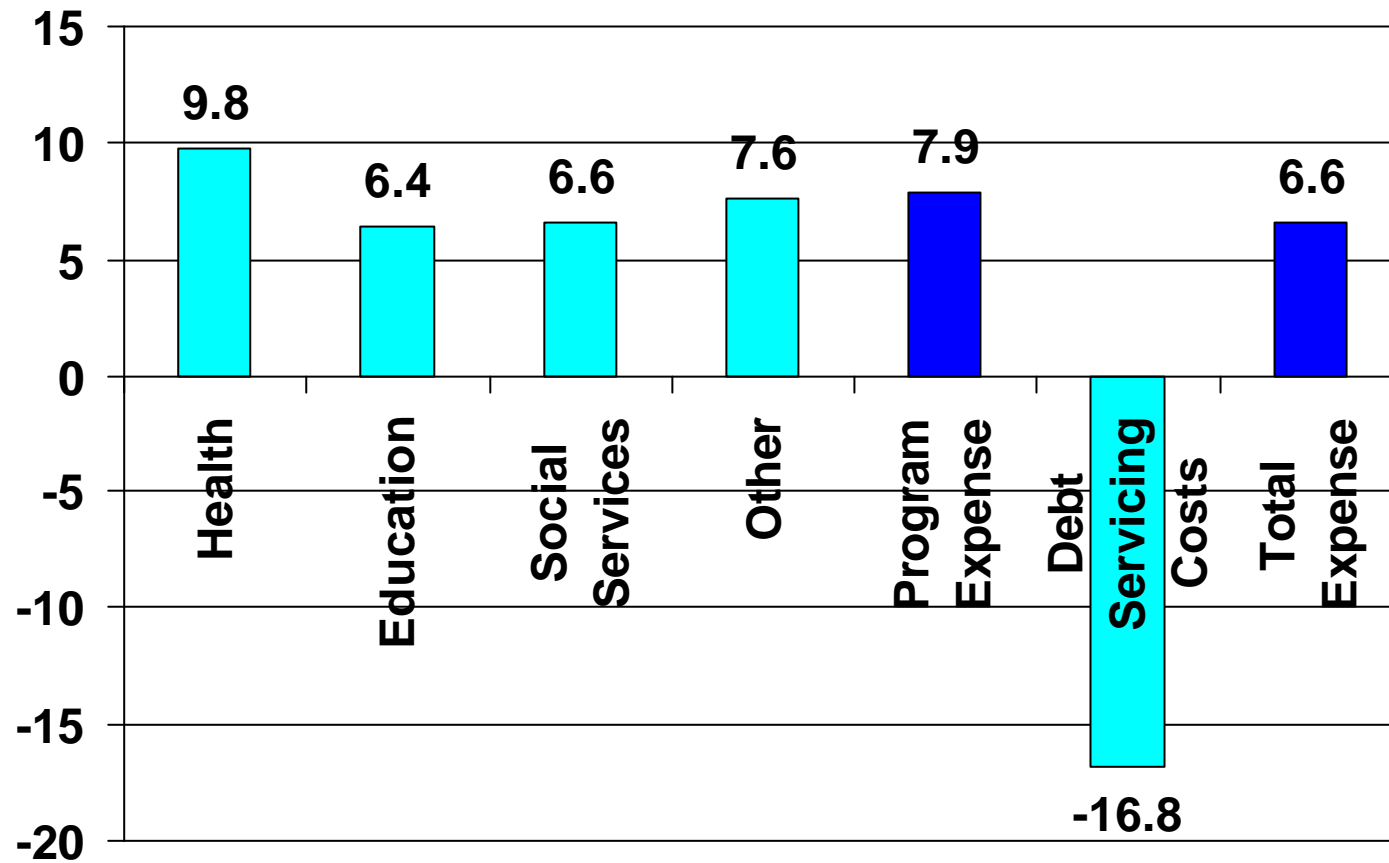
**Sustainability is the Major Fiscal Challenge Facing the
Government of Alberta**

Alberta Revenue and Expenditure (billions of dollars)



Source: Alberta Finance

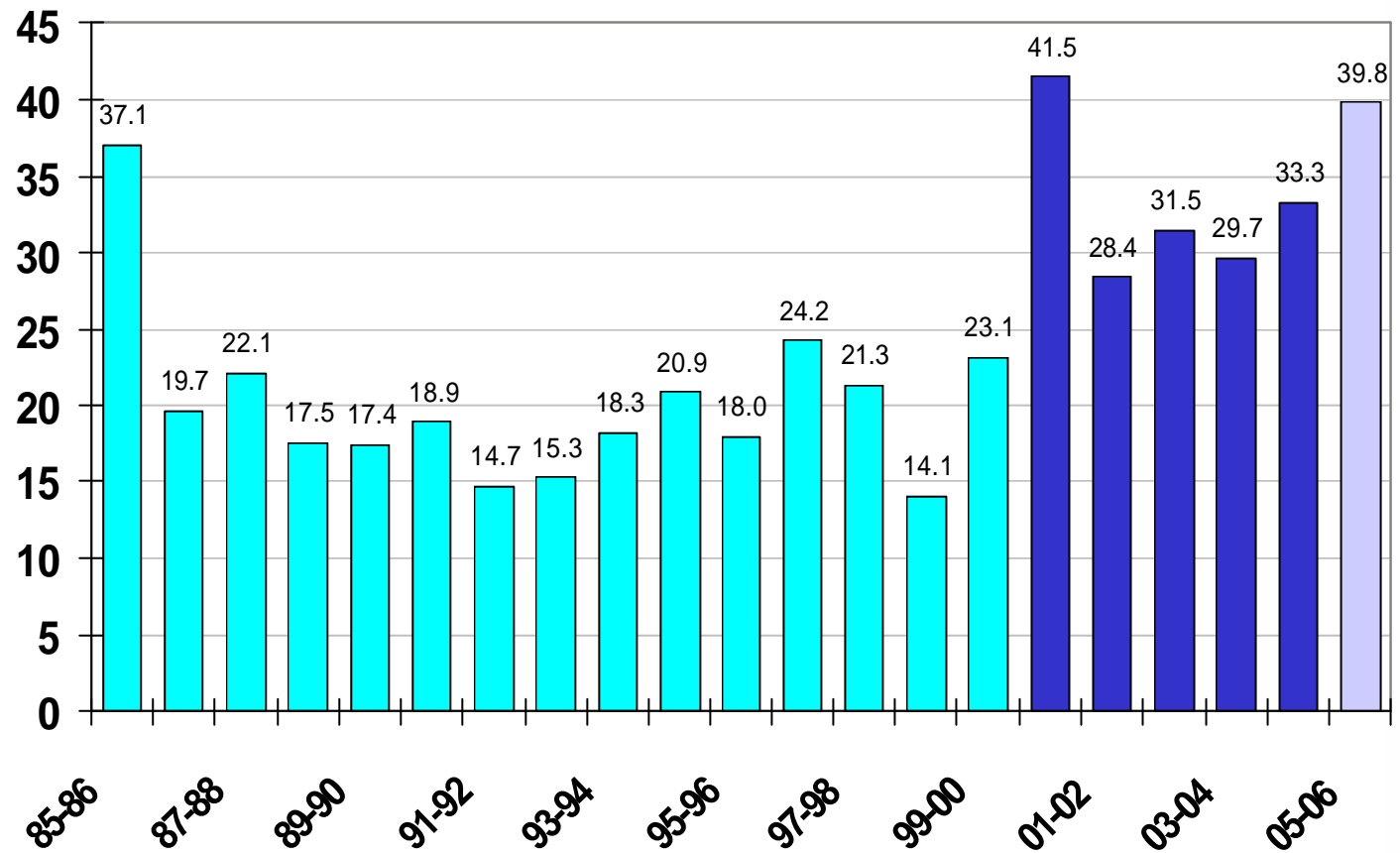
Expense is Growing Rapidly (average annual percent change since 1995-96)



Source: Alberta Finance

Alberta is Becoming More Dependent on Resource Revenues

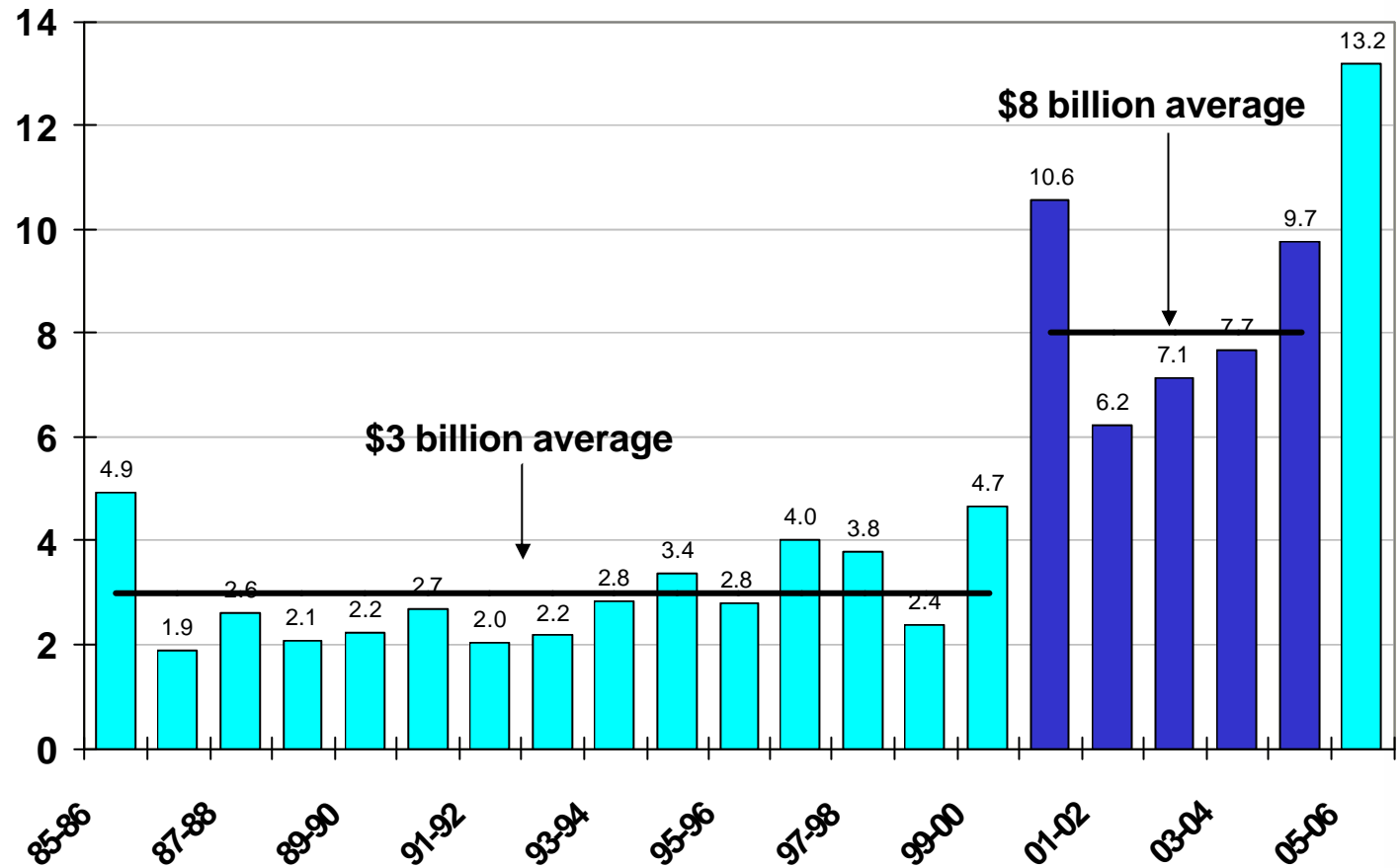
Non-Renewable Resource Revenue as a Share of Total Revenue (billions of dollars)



Source: Alberta Finance

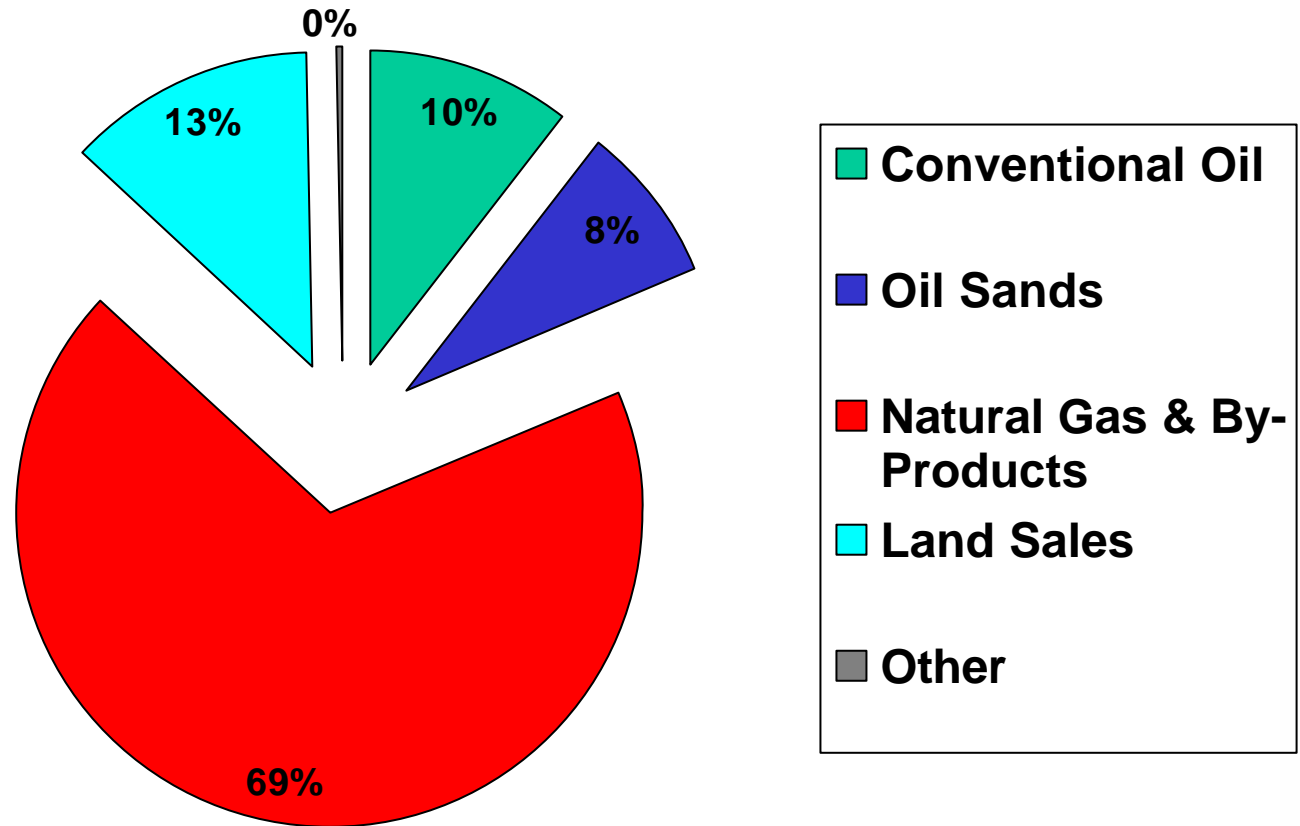
What Is the Outlook For Resource Revenues?

Non-Renewable Resource Revenue (billions of dollars)



Source: Alberta Finance

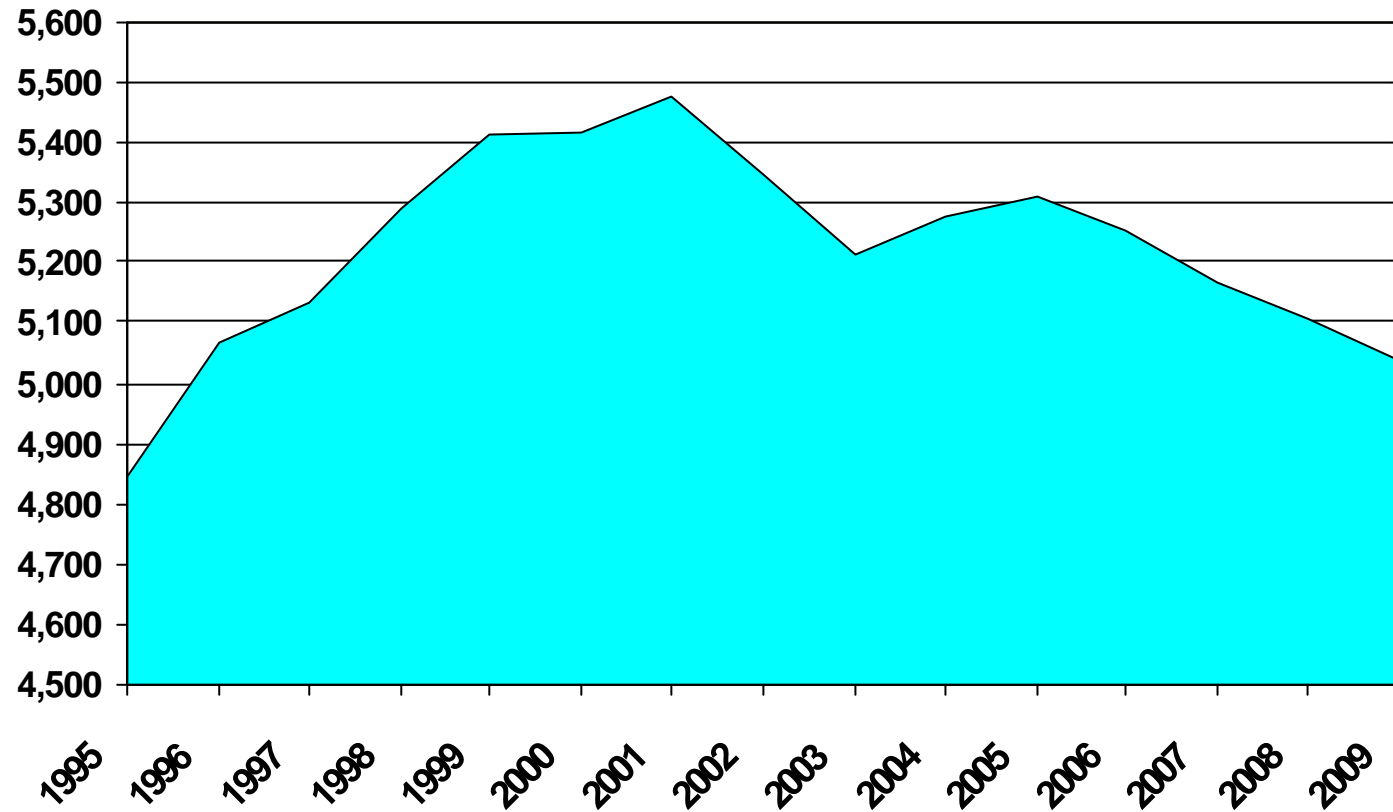
2005-06 Non-Renewable Resource Revenue (\$ millions)



Source: Alberta Finance

Natural Gas Production In Decline

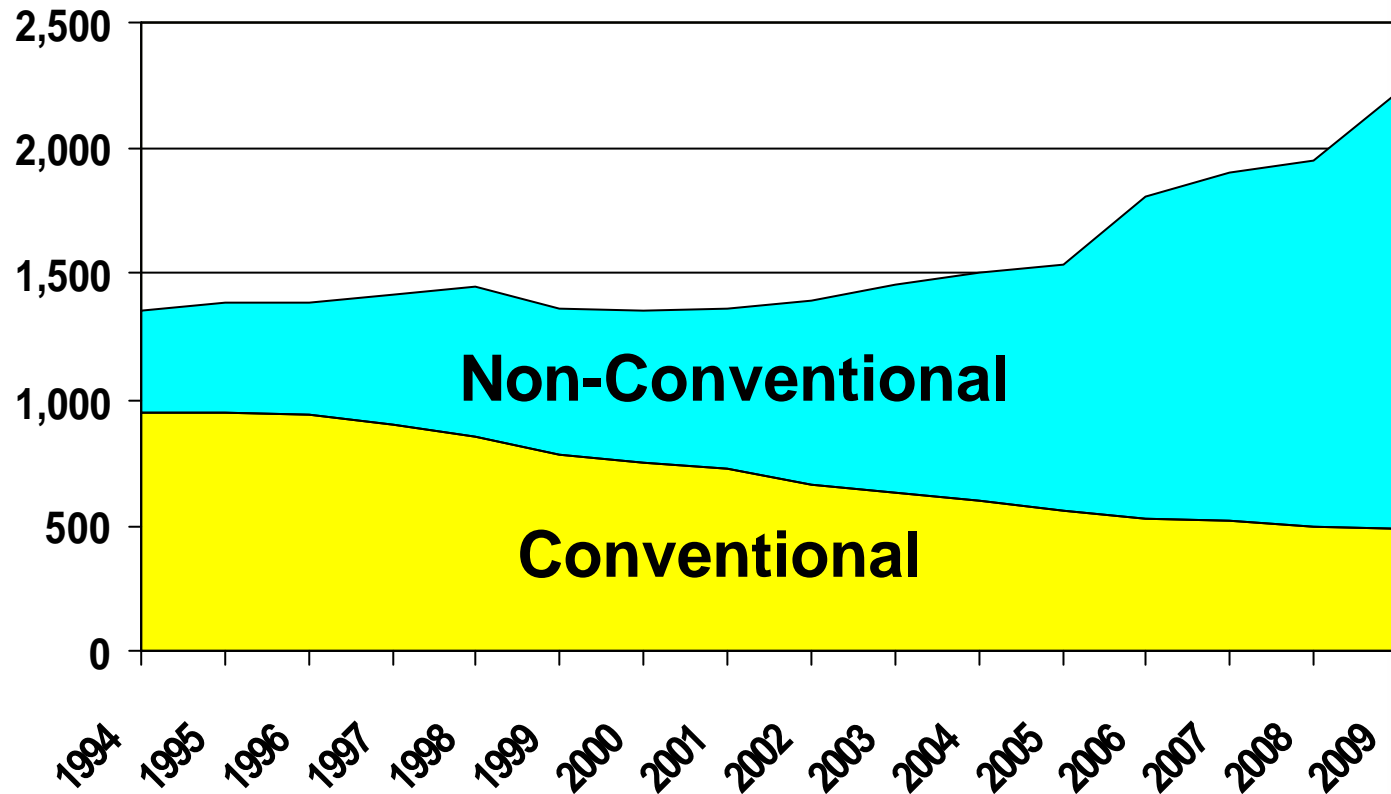
(BCF Per Year)



Source: EUB

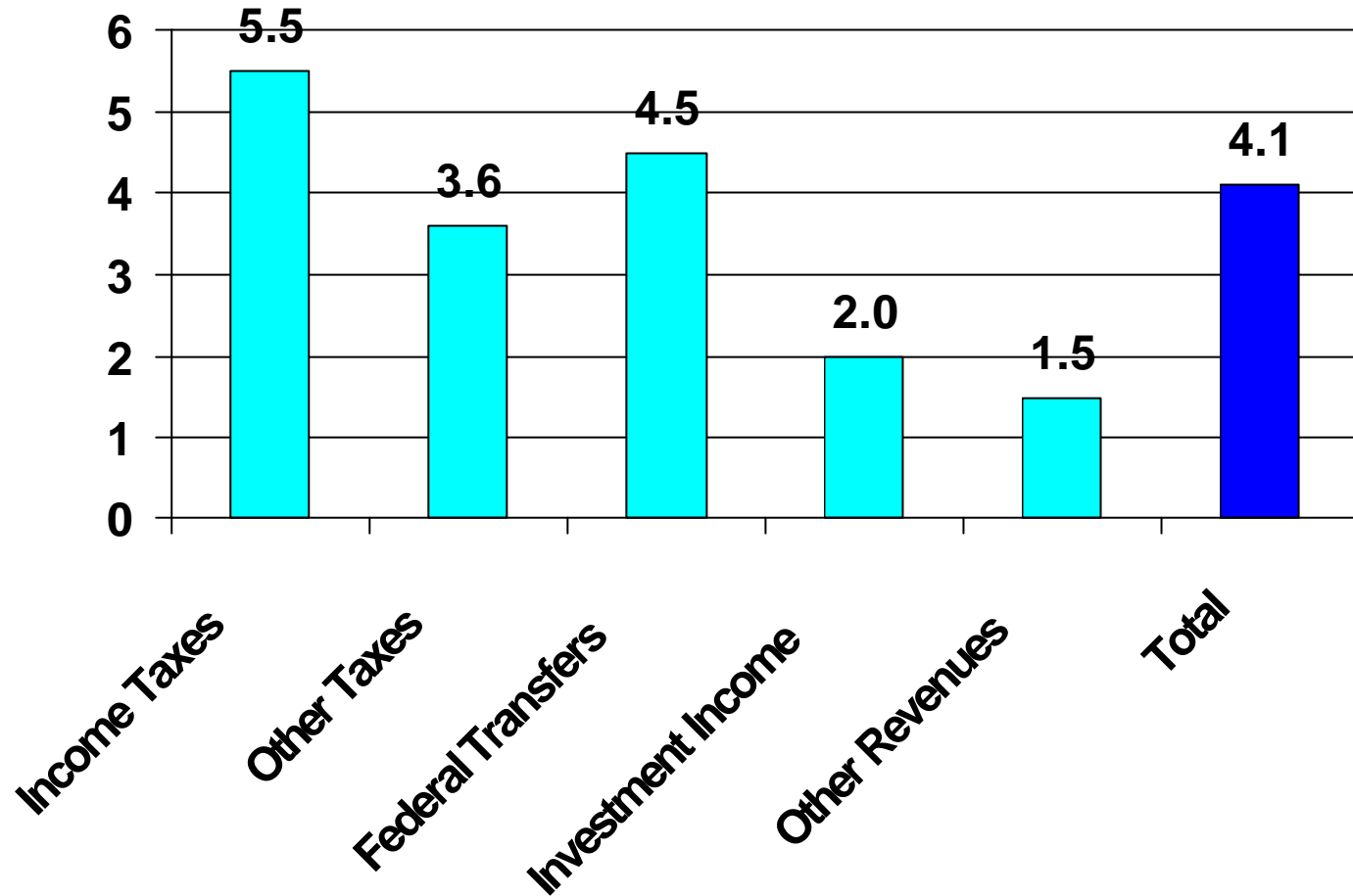
Non-Conventional Oil Production Surpasses Conventional

('000s of Barrels Per Day)



Source: EUB

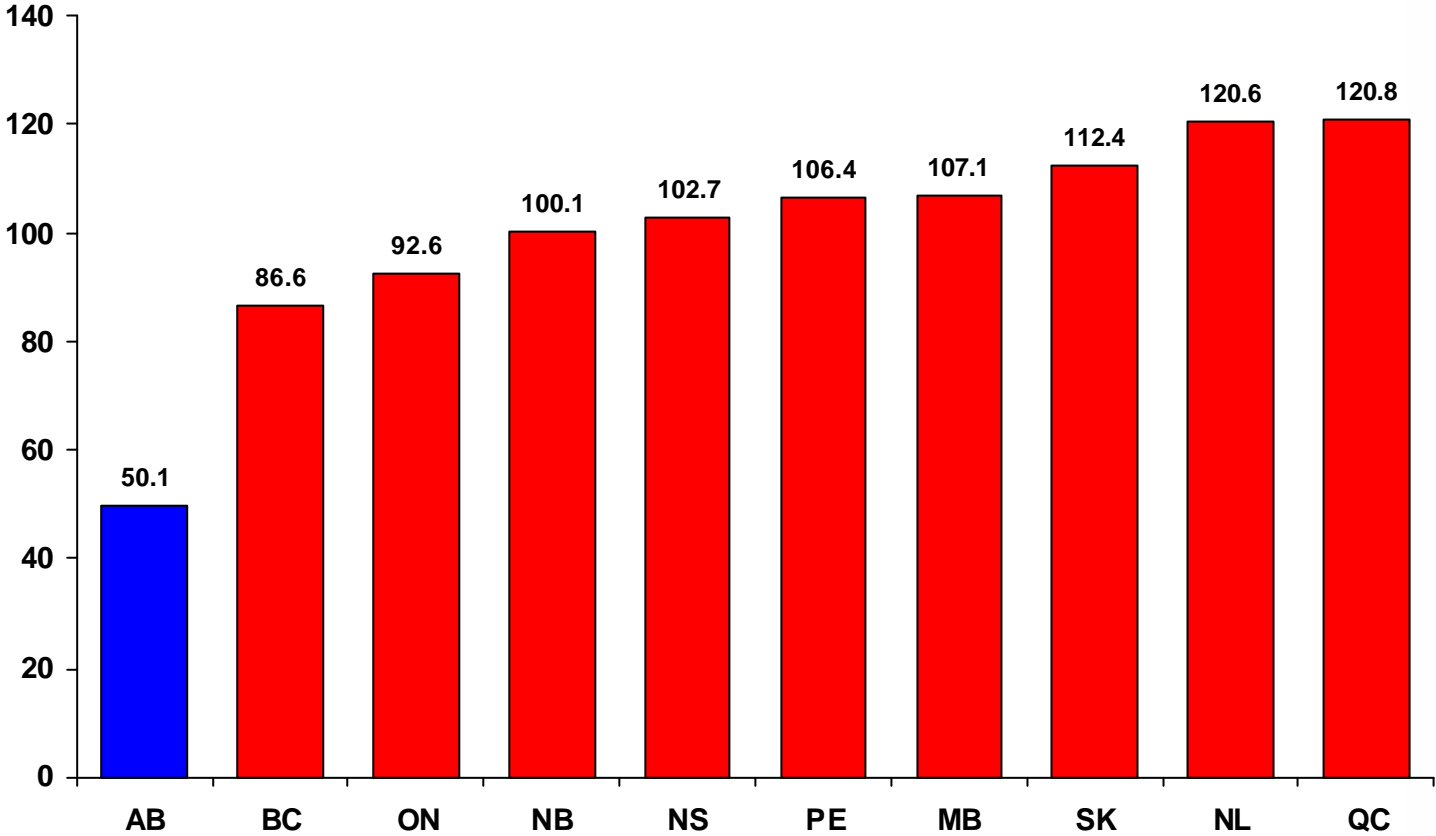
Long-term Growth in Non-Energy Revenues (average annual percent change)



Source: Alberta Finance

Total Provincial and Municipal Tax Load

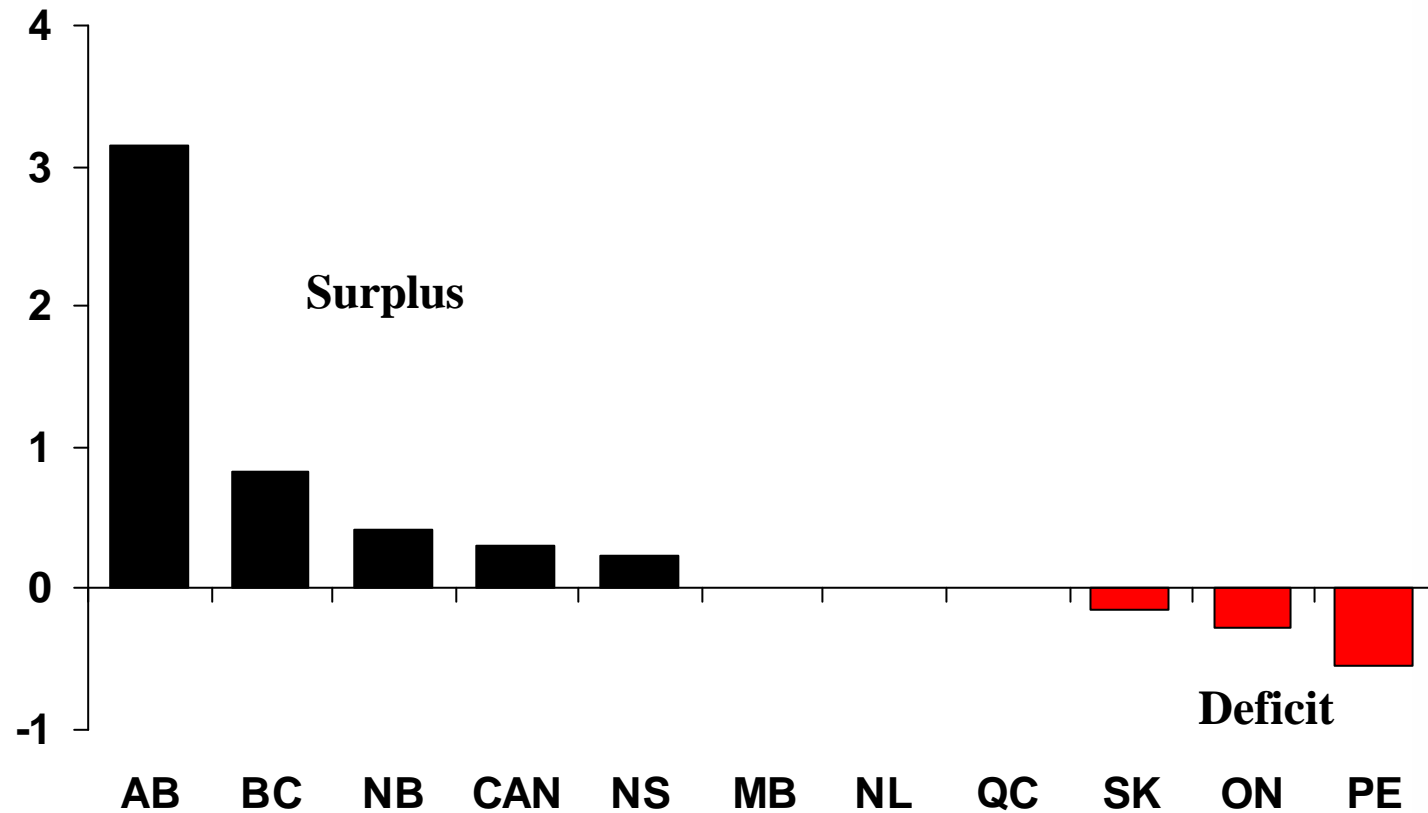
2005-06 (per cent of the Canadian average)



Source: Alberta Finance, Finance Canada

Government Surpluses (Deficits)

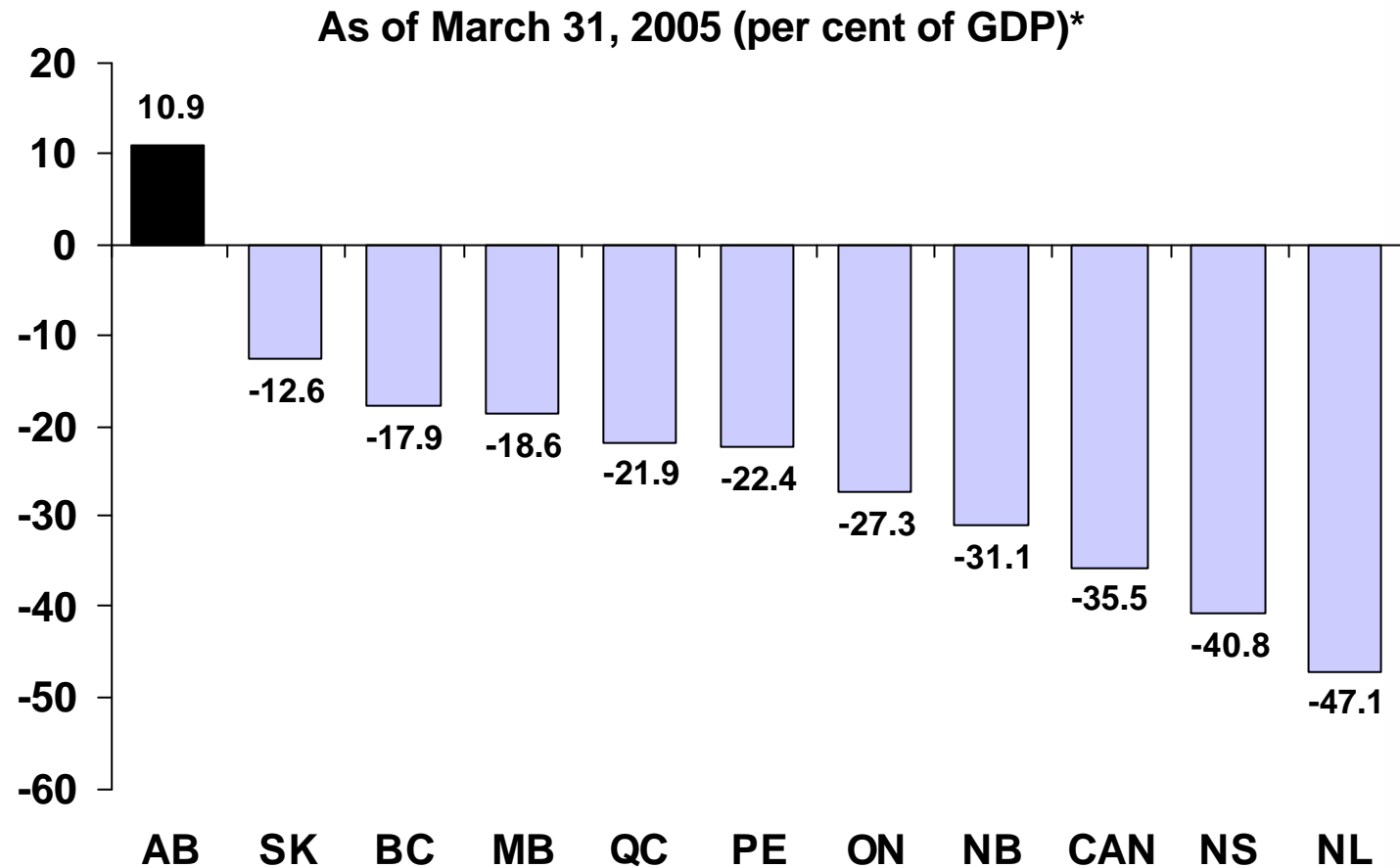
2004-05 (per cent of GDP)*



*Adjusted for fiscal stabilization fund transfers.

Source: Alberta Finance

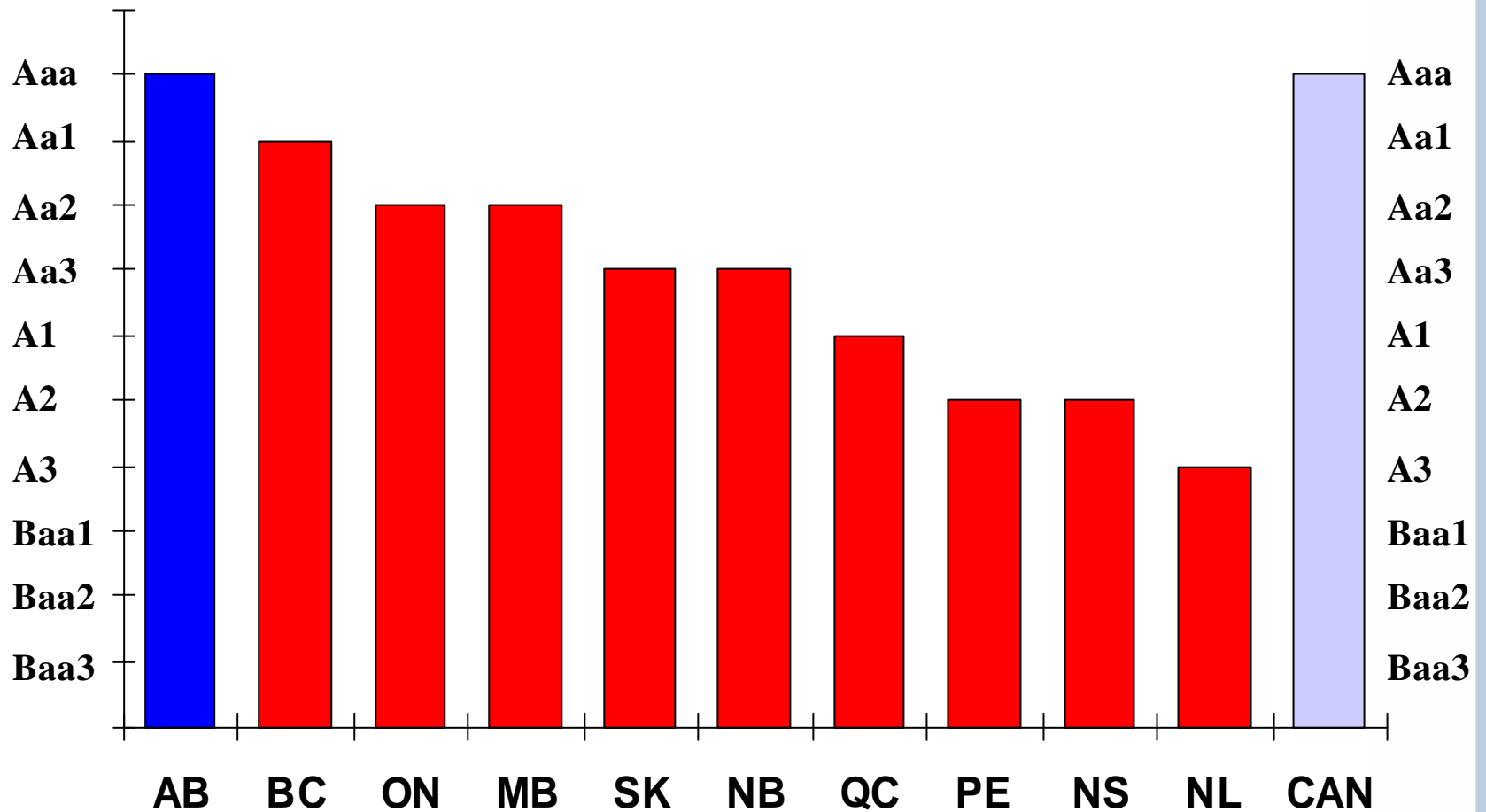
Government Net Assets



* On a consolidated basis where possible. Excludes pension liabilities.

Source: Alberta Finance

Government Credit Rating



Source: Moody's Investors Services

*As of March 21, 2005