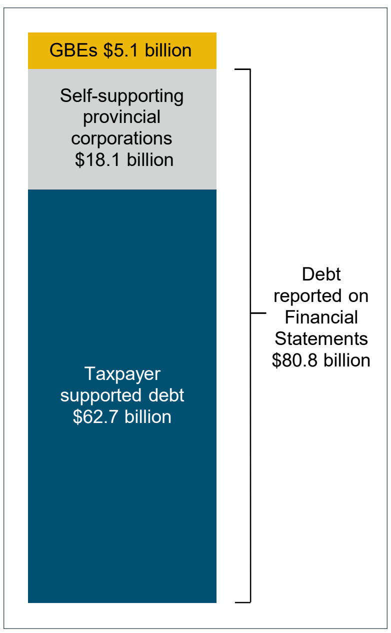
In 2007-08, total debt service costs were $208 million, or 0.6 per cent of total revenues. That went up to $728 million in 2014-15, representing 1.5 per cent of total provincial revenues.

During 2018-19, the province paid $2.0 billion in consolidated debt service costs. This amount includes $1.5 billion of interest paid on taxpayer supported debt, which is equal to 3.1 per cent of total revenues. Spending to pay the interest on outstanding taxpayer supported debt in 2018-19 was greater than the budgets of all but four departments (Health, Education, Advanced Education, and Community and Social Services).

Under the previous government's plan, taxpayer supported debt was forecast to rise to $97.1 billion by the end of 2022-23. Under the new fiscal plan, debt will rise at a much slower pace. This will lower taxpayer supported debt to $93.2 billion at the end of 2022-23. Reducing the amount borrowed and the interest that needs to be paid means more provincial revenues can be used to support program spending. When the budget is balanced in four years, government will develop a plan to repay debt.

Composition of Alberta Debt
March 31, 2019



Provincial Debt Outstanding

On March 31, 2019, Alberta had $85.9 billion in total debt outstanding. This includes all debt issued by the Province of Alberta, money borrowed directly by the Alberta Capital Finance Authority, and P3 contracts.

Of the total, $5.1 billion is lent to government-business enterprises (or GBEs). GBEs' debt is listed on their financial statements and is not consolidated with provincial debt on the province's financial statements. The remainder of $80.8 billion is shown in government's consolidated statement of financial position. It is comprised of $62.7 billion in taxpayer supported debt and $18.1 billion in loans to self-supporting provincial corporations.

The province borrows money for a number of reasons: to support its fiscal and capital plans, to manage short-term cash movements, to build and maintain its cash reserve and to lend money to various provincial corporations. These provincial corporations include two self-supporting lending organizations, the Alberta Capital Finance Authority[5] and the Agriculture Financial Services Corporation. It also includes three government business enterprises: ATB Financial, the Alberta Petroleum Marketing Commission and the Balancing Pool. These five corporations have income producing assets used to make payments on the debt, so their debt is not considered part of taxpayer supported debt.

Management of the debt aims to minimize interest costs while prudently managing interest rate, refinancing, liquidity and other risks.

There are three key strategies. Maintaining access to multiple markets reduces interest costs and enhances liquidity. And managing the maturities of the debt

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5 It is proposed in budget legislation that the Alberta Capital Finance Authority (ACFA) be dissolved. The program of providing low cost loans to local authorities will be continued by the province. The assets and liabilities of ACFA will be transferred to the province. Existing and new loans will continue to support the debt incurred to finance them.