

March 19, 2002

B U D G E T 2 0 0 2
THE RIGHT DECISIONS FOR CHALLENGING TIMES



Budget 2002 - Responding to challenges

Edmonton...

Budget 2002 includes a balanced approach in addressing the \$1.6 billion revenue shortfall and the lingering impacts of global economic uncertainty. Overall, spending will be less than previously planned, selected revenues will be increased and some programs have been restructured. These actions have been carefully targeted to minimize the effect on core government programs and Alberta's tax competitiveness.

Tobacco tax

Tobacco is the leading avoidable cause of illness and premature death in Alberta and in Canada, leading to 3,400 premature deaths annually from tobacco in Alberta alone. In response to that challenge, tobacco taxes will be increased by \$2.25 per pack. The increase is expected to generate added revenues of about \$281 million in 2002-03.

The Alberta Alcohol and Drug Abuse Commission (AADAC) will lead the implementation of a provincial tobacco reduction strategy, with the participation of a broadly based cross-government partnership. This budget allocates \$11.7 million to support tobacco reduction through activities such as promotion and prevention programs, cessation programs, and enforcement.

Studies in other jurisdictions have shown that increasing the price of cigarettes by \$1 per pack will reduce smoking by between five and seven per cent among adults and between 10 and 20 per cent among youth.

Health care insurance premiums

"Public health care is not free. Whether through taxes or premiums, the public pays for public health care. The growing costs of health care are part of the reason we are not waiting to implement our ambitious plan for health reform."

Gary Mar, Minister of Health and Wellness

Effective April 1, 2002, health care premiums will increase from 11 per cent to just under 13 per cent of the \$6.8 billion in total Health and Wellness spending. This amounts to a \$10 per month increase for individuals and \$20 for families. This will raise \$184 million in additional revenue for the current business plan to ensure regional health authorities meet their priorities. Health care insurance premiums will now cover a greater proportion of health care costs, as recommended by the Premier's Advisory Council on Health.

Lower income Albertans will continue to have access to premium subsidies or exemptions. Subsidies will be enhanced, particularly for lower income families with children. Of the total 443,700 recipients of full or partial subsidies starting on April 1, 2002:

- 188,400 (42.5 per cent) are seniors

- 204,400 (46.1 per cent) are non-seniors
- 50,900 (11.4 per cent) are under government-sponsored programs like Supports for Independence, and are exempt from paying premiums.

Highway Traffic fines

"Over the past six years, the volume of highway traffic tickets being issued has exploded from 880,000 in 1994-95 to nearly 1.3 million last year. That has put an increasing burden on our court staff and our budget. It makes sense to collect what we need to cover our costs, and at the same time, not take anything away from the municipalities."

David Hancock, Minister of Justice and Attorney General

Effective April 1, 2002, the Alberta government will increase *Highway Traffic Act* fines by 20 per cent and retain the increase to offset spiraling costs of processing the increasing volume of highway traffic tickets and fines. This revenue, which is expected to total about \$13 million in the coming fiscal year, will go directly to Alberta Justice. Municipalities will continue to receive the same amount they received prior to the fine increases.

Court fees

"Increasing the fees will better reflect the costs of providing these services, although it will still represent just a fraction of them. It will also ensure litigants are serious about their claims and are ready to proceed, so that court time is not wasted, and will encourage litigants to look at other methods to resolve their disputes."

David Hancock, Minister of Justice and Attorney General

Alberta Justice will increase certain court fees to better reflect the cost of providing those services. As of April 1, 2002, filing a notice of appeal in the Court of Appeal or a certificate of readiness in Court of Queen's Bench will increase from \$200 to \$600, while filing a civil claim in Provincial Court (small claims court) or an appointment for a solicitor/client taxation will increase from \$25 to \$100. The fee increases are expected to generate an additional \$2.7 million a year. Court fees in these areas have not gone up since 1993-94 while the cost of delivering court services has increased dramatically during the same period.

Motor vehicle service fees

"This is the first increase to be applied across the board in 12 years and it's coming at a time when we must keep up the superior service we provide to Albertans, despite fiscal challenges."

David Coumts, Minister of Government Services.

Effective July 1, 2002, Albertans will pay higher fees for motor vehicle services provided through registry agent outlets. The fee increases will generate an extra \$45 million, needed to fund and protect Albertans' priorities in 2002-03. About \$13 million will be used to begin upgrading three of Alberta Government Services' registry systems - the personal property registry, land titles registry and the motor vehicles registry.

For an average Albertan with a car and a licence, the costs for a yearly vehicle registration renewal will rise from \$48 to \$61 and a five-year driver's licence renewal will rise from \$40 to \$55. An additional \$7 registry agent service fee is also applied.

Liquor markups

The markups on liquor will be increased on April 5, 2002. These changes will generate an estimated \$50 million in increased liquor revenue per year. Retailers will continue to have and ability to set their own retail price and Albertans will still enjoy some of the lowest liquor prices in Canada. Since 1993, markups have decreased five times. This is the first time the liquor markups have been increased since privatization.

The current graduated markup system for beer, based on production volume, will also be simplified into

two categories from four to ensure that small breweries can remain competitive.

Spending on infrastructure

"Although economic conditions have reduced the dollars we have to spend, there are still more than 1,100 projects going ahead. Priorities will also be focused on maintaining existing infrastructure such as schools, health facilities and government-owned facilities."

Ty Lund, Minister of Infrastructure

"The safety of Albertans and the traveling public are our first priority. For these reasons funding for highway maintenance and traffic safety programs will be maintained and funding for the Municipal Water and Wastewater program will be sustained. Safety will not be compromised."

Ed Stelmach, Minister of Transportation

While one-time infrastructure spending of \$631 million that was planned for 2002-03 has been deferred, the government will spend \$1.1 billion on infrastructure projects in 2002-03.

\$545 million will be spent in 2002-03 on the transportation network throughout the province. Funding for highway maintenance and traffic safety programs will be maintained and funding for the Municipal Water and Wastewater program will be sustained at \$25 million as these programs are essential to the health and safety of Albertans.

Almost \$200 million will be spent in 2002-03 on infrastructure projects such as health care facilities, schools, and post secondary institutions. Funding for projects previously deferred in 2001-02 will continue to be deferred until replacement funding becomes available. Work will continue on the Provincial Archives and Royal Tyrell Museum projects, however work will stop on all remaining Centennial projects.

Funding for Premier's Task Force on Infrastructure initiatives will be deferred and overall funding will return to base levels. However, the Ministers of Transportation and Municipal Affairs will work with all municipalities over the course of the year to look at future funding options.

Government will continue to look for innovative ways to maintain and improve Alberta's highway system in the future and will be talking to partners and stakeholders in the construction industry to find solutions.

Other areas:

Crime prevention and restorative justice grants

Alberta has put safe communities first in the 2002-03 Solicitor General budget by focusing funding on policing and corrections. Crime prevention and restorative justice grants for community-based programs have been eliminated. However, funding for community-based crime prevention programs will remain available through the Proceeds of Crime and Community Mobilization funds, co-administered by the federal government and Alberta.

School property tax

Government is lifting the freeze on school property tax revenue, increasing government revenue by \$45 million in 2002-03. Although the school property tax mill rates will be reduced by 1 per cent for 2002, lifting the freeze will result in more revenue from increases in property values and new residential and industrial development.

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Backgrounder: [Highway Traffic fine increases effective April 1, 2002](#)

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Backgrounder

Edmonton, March 19, 2002

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Highway traffic fine increases effective April 1, 2002



Effective April 1, 2002, the Alberta government will increase *Highway Traffic Act* fines by 20 per cent and retain that increase to offset the cost of processing rising volumes.

- Example: A fine that used to be \$50 will now be \$60. The province will retain the \$10 increase, while the municipality will receive the remaining \$50, which is what it would have received prior to these changes coming into effect.
- The volume of highway traffic tickets being issued has grown by nearly 50 per cent in the past six years, from 880,000 in 1994-95 to nearly 1.3 million last year. In Calgary and Edmonton, the volume has grown 68 per cent and 56 per cent, respectively. The main reason for the increased volume is the increased use of photo enforcement. Municipalities collected a total of \$65 million in fines last year, divided as follows:

- Calgary - \$25.4 million
- Edmonton - \$20.4 million
- Other municipalities - \$19.2 million
- Currently, Alberta municipalities receive 100 per cent of fines collected for highway traffic offences within their boundaries while Alberta Justice is responsible for processing and collecting the fines.

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Court fee increases effective April 1, 2002



- The following court fees will be increased effective April 1, 2002:
 - Filing a Notice of Appeal (Court of Appeal) - from \$200 to \$600.
 - Filing a Certificate of Readiness (Court of Queen's Bench) - from \$200 to \$600.
 - Appointment for a solicitor/client taxation (Court of Queen's Bench)- from \$25 to \$100.
 - Issuance of a civil claim/Filing a Notice of Application under Part 5 of the Residential Tenancies Act (Provincial Court) - from \$25 to \$100.
- These fees, like all court fees, can be recovered by the successful party from the losing party as costs in the action.
- Fee increases are expected to generate an additional \$2.7 million a year. The increased fees will better reflect the costs of providing these services, but they will still represent just a fraction of them.
- For example, prior to these increases, fees for filing a civil claim in Provincial Court (small claims court) reflected just one-tenth of the cost of operating small claims court. With the increases, these fees will still only reflect 40 per cent of the cost of operating small claims court.

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Fee increases for common motor vehicle services, effective July 1, 2002



Licences

Service	Current Fee (\$)	New Fee (\$)	Agent Service Fee (\$)
Driver's licence renewal (every 5 years)	40	55	7
Driver's licence reclassification	5	13	7
Name or address changes	0	13	7
Reinstatement for alcohol suspension	140	200	7
Reinstatement for non-alcohol suspension	25	50	7

Vehicle registrations

Service	Current Fee (\$)	New Fee (\$)	Agent Service Fee (\$)
Passenger vehicles	48	61	7
Motorcycles and off-highway vehicles	30	36	7
Recreational and other trailers (one-time fee)	30	100	7
Commercial trailers up to 34,000 kg	96 - 1,848	106 - 2,033	7

Commercial trucks up to 63,500 kg	66 - 3,138	73 - 3,452	7
Restricted commercial vehicles (all weights)	50 - 72	65 - 87	7
Farm vehicles (all weights)	50 - 72	65 - 87	7
Government vehicles (one-time fee)	16	61	7
School buses	16	26	7
Public buses	96	106	7
Licence plate and registration transfer	10	13	7

Other fees

Service	Current Fee (\$)	New Fee (\$)	Agent Service Fee (\$)
Vehicle Information Report	10	13	Uncapped
Search for driver/vehicle records	8	11	Uncapped
Abstract of driving record	8	11	Uncapped

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These fees represent services commonly accessed by Albertans. To view the complete registries fee schedule, visit www.gov.ab.ca/gs and go to "What's New".

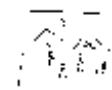
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Changes in liquor mark ups effective April 5, 2002

Effective April 5, 2002, liquor mark ups will be affected as follows:

	Current \$ (per Litre)	New \$ (per Litre)	\$ Increase (decrease) per Litre
Spirits with more than 22% alcohol	12.50	13.30	0.80
Spirits with less than 22% alcohol	9.50	9.90	0.40
Ready to drink & cocktails	3.05	4.05	1.00
Wine with more than 16% alcohol	5.50	6.10	0.60
Wine with less than 16% alcohol	3.05	3.45	0.40
Coolers/Ciders	1.25	1.35	0.10
Beer - first 50,000 hectolitres (hl)	0.50		
- next 20,000 hl	0.60		
- next 30,000 hl	0.75		
- over 100,000 hl	0.88		
- <200,000 hl*		0.40	Up to (0.48)
- >200,000 hl*		0.98	0.10

* based on annual worldwide production

For a typical 750 ml bottle, the mark up increase would be up to 60 cents for spirits, and up to 45 cents for wine.

Graduated beer mark up

Currently, Alberta has a graduated mark up system for beer where the amount of mark up increases with the

level of sales. This graduated system will be simplified. Generally, the mark up for a manufacturer that has a worldwide production of over 200,000 hectolitres (hl) per year will increase by about \$0.40 for a case of 12. Generally, mark ups for small manufacturers, under 200,000 hectolitres (hl), will decrease by up to \$1.65 for a case of 12. This will help ensure that small brewers are competitive in Alberta's marketplace.

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Infrastructure and transportation funding levels and project status



Infrastructure

- Capital project spending for 2002-03 includes:
 - \$58.5 million for school facilities
 - \$59.2 million for health care facilities
 - \$16.4 million for post-secondary facilities
 - \$12.2 million for seniors' lodge projects
 - \$18.9 million for capital and accommodation projects
 - \$7.3 million for Centennial projects
- In 2003-04 and 2004-05, further funding for capital projects is allocated as follows:
 - \$244.9 million for school facilities
 - \$178.8 million for health care facilities
 - \$53.6 million for post-secondary facilities
 - \$11.6 million for seniors' lodges
 - \$49.8 million for capital and accommodation projects
 - \$4 million for Centennial projects

Transportation

- Funding for highway maintenance and traffic safety programs will be maintained and funding for the Municipal Water and Wastewater program will be sustained at \$25 million. Highway maintenance includes clearing snow, painting lines and filling potholes.

Municipal grant and funding levels

- Over the next three years, the total envelope for municipal transportation grants will be reduced by approximately 70 per cent. The Minister of Transportation will make a statement concerning annual allocations within the next week
- Funding for local bridges will be cut to \$9 million from \$14 million, down 35 per cent.
- Funding for the Infrastructure Canada/Alberta Program will be adjusted to correspond with anticipated project approvals, although total program spending will remain unchanged.

Transportation highway program and project status

- There will be a \$77 million reduction in funding for the rehabilitation of the provincial highway systems.
- The highway construction program will see a 53 per cent reduction to \$98.7 million from \$211.9 million.
- Funding for the North South Trade Corridor will be reduced by 51 per cent, a \$95 million decrease, with the result that:

- rural portions of the corridor will not be completed until at least 2011 instead of 2007.

- Anthony Henday Drive completion to be delayed beyond 2006.

- Deerfoot Trail extension will not be completed in 2002. Other planned interchanges deferred.

Alberta's highway system

- Alberta's provincial highway network consists of what was once referred to as primary and secondary highways. The network is made up of approximately 25,000 kilometres of paved highways, 5,000 kilometres of gravel highways, and 4,000 bridges.

The Minister of Transportation will make a statement concerning details of the highway construction program and municipal transportation grant annual allocations within the next week.

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