

March 22, 2006

Budget 2006 balances immediate and long-term priorities of Albertans

Budget 2006 fiscal highlights:

- 13th consecutive balanced budget; \$2.7 billion added to savings over three years.
- \$4.1 billion surplus forecast: allocated mainly to savings, Sustainability Fund, capital investment.
- Personal tax credit amounts to rise, corporate income tax reduced from 11.5 to 10 per cent.

Building and educating tomorrow's workforce highlights:

- 16 per cent increase in operating funding for post-secondary education; government will continue to cover tuition increases in 2006-07; almost 12,000 spaces added by 2008-09.
- Basic (K-12) education operating spending increase of 5.1 per cent to almost \$4.8 billion.

Improving Alberta's health system highlights:

- A \$500-million Alberta Cancer Prevention Legacy Fund established.
- Overall health spending exceeds \$10 billion.
- Additional \$127 million in annual funding for continuing care initiatives by 2008-09.

Building infrastructure for our future highlights:

- Three-year Capital Plan allocates \$13.3 billion for infrastructure, an increase of 45 per cent.
- Health and education facilities and highways to see major increase in capital funding.

Helping those in need and making communities safer highlights:

- Increase of 25 per cent in funding for Alberta Alcohol and Drug Abuse Commission.
- Funding increase for AISH, seniors assistance and services for children.
- 80 new RCMP positions, more prosecutors, establishment of organized crime surveillance team.

Edmonton... Thanks to Alberta's strong economy and debt elimination, the Alberta government will be able to continue addressing infrastructure needs and improving services to Albertans while lowering taxes and increasing savings. Details were announced by Finance Minister Shirley McClellan as she unveiled *Budget 2006: Strengthening Today, Securing Tomorrow*.

The estimated \$4.1-billion surplus in 2006-07 has been allocated primarily to savings and capital investment.

The Alberta government will support \$13.3 billion in infrastructure work over three years. It will also invest more in education and health services, hire more police officers and prosecutors and increase savings over three years by nearly \$2.7 billion.

"This is the first budget of our second century, and Alberta is in a truly enviable position - with the best fiscal outlook of any province," said McClellan. "We've eliminated debt, we have a thriving economy, and we have the fiscal strength to build on Alberta's current success while creating opportunities for the future."

Significant investments will be made in building and educating tomorrow's workforce, improving Alberta's

health system, building infrastructure for our future, helping those in need and making communities safer. The Water for Life Strategy will receive a \$172-million investment while \$100 million is being provided for an initiative to support rural development. There will also be further contributions to research and innovation in technology, life sciences and the environment.

"This budget creates a balance between the requirements of today and the needs of Albertans in the future, while recognizing that resource revenue remains unpredictable," McClellan said. "Much of our spending today is an investment in tomorrow."

Building and educating tomorrow's workforce

Over three years there will be a 28.6 per cent increase in operating funding for post-secondary education, or \$474 million. The increase is 16 per cent in 2006-07. Almost 12,000 student spaces will have been added in post-secondary programs by 2008-09 and tuition fees in 2006-07 will be maintained at 2004-05 levels. Direct operating support to universities, colleges and technical institutes will increase by 11.6 per cent in the year ahead, to \$1.6 billion.

Increased funding is being provided for immigration services, English as a second language training, foreign credential recognition, skills upgrading and apprenticeship training.

Basic (K-12) education operating spending will increase by 5.1 per cent, to almost \$4.8 billion in 2006-07. Funding for provincial initiatives such as the Class Size Initiative will continue.

Improving Alberta's health system

Health spending, including health capital support, will top \$10 billion in 2006-07, about 37 per cent of the entire provincial budget. Health and Wellness operating spending increases 7.5 per cent in 2006-07.

The Alberta Cancer Prevention Legacy Fund will be launched with a \$500-million allocation. The Fund will provide support over time for new and expanded cancer screening programs and promotion of public and private research programs.

A total of \$54 million over 2005-06 and 2006-07 will be spent on addressing wait times. Targeted services are extended beyond hip or knee replacement to breast and prostate cancer care, heart surgery and diagnostic scans.

By 2008-09, annual funding for continuing care initiatives will have increased by \$127 million. In 2006-07, Health and Wellness will increase its spending for more care hours, access to therapy and staff training. Seniors and Community Supports will increase its spending for assistance to low-income clients residing in continuing care facilities, increases in lodge operating grants and other services.

Approximately \$2.9 billion will be provided over the next three years for health capital projects, an increase of 74 per cent over the *2005-08 Capital Plan*. This will fund health facilities in Calgary, Edmonton, Lethbridge, Edson, Barhead, Viking, Sherwood Park and Fort Saskatchewan.

Building infrastructure for our future

The *2006-09 Capital Plan* is a \$13.3-billion commitment over three years, a 45 per cent increase over the *2005-08 Capital Plan*. This represents a per-capita commitment that is three times the average of other provinces.

Over three years, capital support for health and education facilities will increase to \$4.9 billion from \$2.8 billion.

Spending on the provincial highway network will increase to \$3.6 billion from the *2005-08 Capital Plan's* \$2 billion. Highways will be improved throughout Alberta, including twinning work on Highway 63 to Fort McMurray, and Highway 43, and expansion of ring roads in Calgary and Edmonton.

Municipalities will receive more than \$3.1 billion over the three-year *Capital Plan*. \$1.7 billion will be provided for other projects, including community facilities and water and wastewater infrastructure.

Helping those in need and making communities safer

Funding for provincial policing will increase by eight per cent to over \$155 million, enabling the hiring of 80 more RCMP officers. A 23 per cent increase in funding to fight organized crime will include the establishment of a 20-member surveillance team to work with RCMP and municipal police services. Additional Crown prosecutors will also be hired.

Budget 2006 provides an \$86-million increase in funding for Assured Income for the Severely Handicapped to increase the monthly income benefit and to continue other enhancements made in 2005. More funding is provided for assistance to seniors for dental and optical cost increases.

Funding for the Alberta Alcohol and Drug Abuse Commission (AADAC) will increase by 25 per cent, to \$95 million in 2006-07. Most of the increase will allow AADAC to implement services in support of the *Protection of Children Abusing Drugs Act*.

Alberta Works core benefits for those not expected to work will increase by five per cent.

Tax reductions strengthen Alberta's advantage

The general corporate income tax rate will be cut to 10 per cent from 11.5 per cent to ensure Alberta's global competitiveness. The basic personal, spousal and eligible dependant credit amounts will rise from \$14,523 to \$14,899 for the 2006 tax year to leave more money in the pockets of taxpayers.

Eligibility for health care insurance premium subsidies will be expanded. The income threshold at which Albertans begin to pay partial premiums will be raised by \$5,000. This will save 140,000 lower-income Albertans about \$30 million.

Budget 2006 also makes a seven per cent reduction in school property tax mill rates. The requisition for education property tax has been reduced and captures only about half of new property assessment value.

Surplus allocation

The projected surplus of \$4.1 billion in 2006-07 will be primarily allocated to savings and paying for capital. This includes a total of \$1.9 billion that will be invested in the Heritage Savings Trust Fund, endowment funds and the Alberta Cancer Prevention Legacy Fund. The Sustainability Fund will be increased by \$325 million, providing added protection against sudden declines in energy revenues and costs of emergencies and disasters. Another \$813 million will be allocated for capital investment.

In 2006-07, operating spending (excludes capital grants, emergency and disaster funding and natural gas rebates) will increase by 8.3 per cent over the 2005-06 forecast. The increase in total expense, in 2006-07, is about four per cent because of lower spending on emergencies and disasters and natural gas rebates.

	Fiscal 2005-06 forecast	Budget 2006 estimate
Total revenue (millions)	\$34,601	\$32,408
Resource revenue (millions)	\$14,362	\$11,354
Total expense (millions)	\$27,226	\$28,312

Surplus (net revenue - millions)	\$7,375	\$4,096
Oil price full-year average (WTI US\$/bbl)	\$60.00	\$50.00
Natural gas price full-year average (CDN\$/gigajoule)	\$8.40	\$7.50

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Attachments:

- Backgrounder - Strengthening Alberta's Financial Position
- Backgrounder - Alberta Then and Now
- Backgrounder - Budget summary by ministry
- News Release - Budget 2006 invests millions of new dollars into building and educating tomorrow's workforce
- News Release - Budget 2006 builds on classroom innovation and student success for the future
- News Release - Health and Wellness spending grows to \$10.3 billion
- News Release - \$13.3-billion Capital Plan marks largest-ever investment in province's infrastructure
- News Release - Health care premiums reduced or eliminated for 140,000 Albertans
- News Release - Safer Alberta communities highlight Budget 06
- News Release - \$100-million development fund will help kickstart innovative rural projects

Editor's Note:

a CD-ROM is available of high-resolution electronic copies of selected charts and graphs used in the budget, which can be used without further permission required. A copy has been provided to media at the Legislature. Copies are also available from Finance Communications:
(780) 427-4414.

Media enquiries may be directed to:

Ryan Cromb
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(780) 427-5364

To call toll-free within Alberta dial 310-0000

This news release is available on the Government of Alberta homepage at: <http://www.gov.ab.ca>

Backgrounder

March 22, 2006

Strengthening Alberta's financial position

Edmonton... Since the early 1990s, the government has taken concrete steps to strengthen Alberta's financial position. The deficit was eliminated, the accumulated debt repaid, and assets are being set aside for future generations of Albertans.

By March 31, 2007, Alberta's net financial position will have improved by \$38 billion since 1994-95 - the year the province's deficit was eliminated. Over this time period, the government will have received \$88 billion in non-renewable resource revenue. In other words, the equivalent of about 40 per cent of non-renewable resource revenue received will have been directed to reducing debt and increasing savings.

This is giving Alberta a level of financial strength unmatched in the rest of Canada, providing a strong foundation for Alberta's second century.

Debt repayment

From 1994-95 to 2004-05, the equivalent of \$22.7 billion of resource revenue was used to eliminate debt incurred over the previous decade, saving \$1.5 billion in annual debt-servicing costs.

Savings and endowments

The equivalent of \$15 billion of resource revenue has been allocated to increasing financial assets since 1994-95. By the end of the 2006-07 fiscal year, the province will have \$26 billion in savings accounts and endowment funds:

- Alberta Heritage Savings Trust Fund - \$14.7 billion (including \$750 million for the advanced education endowment).
- Medical Research Endowment Fund - \$1.3 billion.
- Scholarship Fund - \$0.5 billion.
- Science and Engineering Endowment Fund - \$0.7 billion.
- Alberta Cancer Prevention Legacy Fund - \$0.5 billion.
- Sustainability Fund - \$4.4 billion.
- Capital Account - \$4.2 billion.

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Backgrounder

March 22, 2006

Alberta: Then and Now

Highlights

1993-94	Budget 2006
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Moved from deficit of \$1.4 billion to surplus of \$938 million in 1994-95	Thirteen consecutive surpluses; this year forecast at \$4.1 billion
Net debt \$8.3 billion; accumulated debt \$22.7 billion	Both net and accumulated debt eliminated
Corporate tax revenue highest in several years at \$854 million	Corporate tax revenue forecast at \$2.2 billion
Resource revenue five-year average of \$2.4 billion (1989-90 to 1993-94)	Resource revenue five-year average of \$10.1 billion (2002-03 to 2006-07)

	1993-94	Budget 2006
Alberta population	2,667,448 (1993)	3,256,816 (July 2005 estimate)
Education spending	\$4 billion	\$7.6 billion
Health spending	\$4.2 billion	\$10.5 billion
Capital spending	\$1.1 billion	\$4.2 billion
Net assets (debt) per capita	-\$34.86	\$12,902.17
Economic Activity	1993	2005
Gross Domestic Product	\$81,179 million	\$211,520 million (estimate)
Employment	1.3 million	1.8 million
Unemployment rate average	9.6 per cent	3.9 per cent

Jobs created	8,700	26,900
Private investment per capita (3-year average)	\$4,900	\$12,800
Personal income (4-year average) Ranking among Provinces	\$22,300 per person Third-highest	\$33,200 (2001-2004) Highest
Retail sales per capita (4-year average)	\$7,300 (1991-1993)	\$13,200
Employment to population (4-year average)	66 per cent	70 per cent
Average weekly earnings	\$571.73	\$768.94
Provincial Taxes	1993	2005
General corporate income tax	15.5 per cent	10.0 per cent
Small business	6 per cent applies to maximum of \$200,000 in taxable income	3 per cent applies to a maximum of \$400,000 in taxable income
Personal Income Tax Basic Credit amount	\$6,456 (federal and provincial)	\$9,039 (fed.) and \$14,899 (prov.)
Personal Income Tax Spousal amount	\$5,380 (federal and provincial)	\$7,675 (fed.) and \$14,899 (prov.)
Property tax (residential rate)	\$7.65 per \$1,000	\$4.80 per \$1,000
Combined top marginal personal income tax rates (federal and provincial)	46.07 per cent	39 per cent

Alberta tax advantage (total additional taxes individuals and businesses would pay if Alberta had the same tax systems as other provinces).

1994-95 Budget:
reported tax advantage of about \$3.5 billion over Ontario, BC, New Brunswick

2006-07 Budget:
\$7.2 billion advantage over B.C., the next closest province

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¹Net Assets (Debt) excludes pension obligations.

Backgrounder

March 22, 2006

Budget summary by ministry

Aboriginal Affairs and Northern Development

The 2006-07 budget of \$44 million is \$5 million higher than the 2005-06 forecast of \$39 million. Of this, \$3.3 million is to help accelerate completion over the next three years of Traditional Use Studies, which will assist First Nations to map sites of historical, cultural, and spiritual significance. The completion of TUS studies is a key component of the Government of Alberta's consultation initiative on resource development and land management, which will strengthen relationships between First Nations, industry, and the Government of Alberta. An increase of \$1.5 million is also budgeted to continue development of First Nations economic capacity and support partnerships between First Nations and the private sector. In 2007-08, the Ministry's budget drops to \$30 million, reflecting the March 31, 2007 expiration of Métis Settlements Accord funding arrangements.

For information, contact Jason Gariepy (780) 415-0876.

Advanced Education

Advanced Education 2006-07 program expense will be almost \$2.2 billion, an increase of \$353 million, or 19.1 per cent, over the 2005-06 forecast. By 2008-09, total program expense for the Ministry will be over \$2.5 billion, an increase of \$670 million, or 36.3 per cent, over three years.

Support to post-secondary institutions will increase by \$166 million, or 11.6 per cent, to almost \$1.6 billion in 2006-07, and by 2008-09 it will increase to over \$1.8 billion, a \$380 million, or 26.6 per cent, increase over the next three years.

This September the government will pay \$44 million to cover tuition increases at public post-secondary institutions. A total of \$87 million is being provided in 2006-07 to offset the tuition fee increases in 2005-06 and 2006-07. Funding for scholarships, bursaries and grants to students will increase by \$14.9 million, or 21.5 per cent, to \$84 million in 2006-07. The Alberta Student Loan Relief Benefit and the Loan Relief Completion Payment will reduce the debt of students in their first and final years of study.

In 2006-07, eligibility for the \$100 matching grants to Registered Education Savings Plans under the Alberta Centennial Education Savings Plan will be expanded to include all children ages 8, 11 and 14.

Over \$1.1 billion, including \$273 million in 2006-07, has been allocated in the 2006-09 Capital Plan to support the Ministry's post-secondary capital projects. This is an increase of \$659 million, or 146 per cent, over the amount in the 2005-08 Capital Plan published in *Budget 2005*.

For information, contact Michael Shields (780) 427-5196.

Agriculture, Food and Rural Development

The Ministry has budgeted almost \$1.1 billion for program spending in 2006-07, including risk management programs delivered through the Agriculture Financial Services Corporation (AFSC). This is an increase of \$60 million from last year's forecast, which included \$224 million to pilot improvements to the Canadian Agricultural Income Stabilization (CAIS) program and one-time funding of \$59 million for initiatives such as the BSE fed-cattle set aside program and industry development funding.

In 2006-07, \$100 million has been set aside to create the Rural Development Project Fund at arms-length from government. This Fund will be used to support community-based projects to expand and diversify the rural economy, improve services in local communities and enhance the quality of life for rural families. Base funding for CAIS will increase by \$159 million over forecast to address a \$100 million increase in anticipated payments and to offset a 2005-06 reduction of \$59 million related to prior years' claims. An increase of \$71 million has been budgeted for production insurance to restore 2005-06 lapses arising largely from better than anticipated crop yields. Finally, \$20 million has been allocated to respond, if necessary, to BSE-related changes in federal regulations intended to safeguard the livestock feed system.

For information, contact Terry Willock (780) 422-7683.

Children's Services

Children's Services 2006-07 program expense is \$918.5 million, reflecting an increase of \$99 million, or 12.1 per cent. By 2008-09, the Ministry's program expense will rise to \$952 million, a \$133 million, or 16.2 per cent, increase over three years.

Regional Child and Family Services Authorities will receive \$657 million of the Department's 2006-07 budget (\$44 million or 7.2 per cent increase over 2005-06 forecast) for improving the delivery and quality of services for children, youth and families across Alberta.

Funding increases in 2006-07 include:

- Child Intervention Services - an increase of \$22 million, or 5.4 per cent in 2006-07 will enhance the regional delivery of prevention and protection services to children and families. This includes the introduction of the *Drug Endangered Children Act*, providing steps to be taken to rescue, protect, and shelter children exposed to drug manufacturing/trafficking.
- Family Support for Children with Disabilities - an increase of \$8.8 million, or 10.7 per cent, will be provided to expand services, particularly for those in rural and isolated areas of our province.
- Improving community-based protection and prevention services and supports for children and families (e.g., victims of family violence or bullying).

The Ministry's spending targets for 2006-09, contained in *Budget 2006*, includes the spending of federal transfers for the Early Learning and Child Care initiative the former federal government introduced in 2005. The new federal government informed Alberta in late February 2006 that this initiative would be cancelled after the 2006-07 fiscal year. This decision by the federal government came too late in Alberta's budget process to determine the possible implications for Children's Services 2007-08 and 2008-09 spending plans. Currently, Alberta's 2007-08 and 2008-09 revenue forecast includes \$117 million in each year for the original federal Early Learning and Child Care initiative transfer.

For information, contact Jody Korchinski (780) 427-4801.

Community Development

Community Development's 2006-07 program expense is estimated to be \$242 million, a net decrease of \$40 million from the 2005-06 forecast of \$282 million. However, setting aside the one-time \$20 million for libraries in 2005-06 and a \$35 million reduction for Centennial Grants (from \$70 million to \$35 million in 2006-07), the Ministry's budget would show a \$15 million increase for 2006-07.

The \$15 million increase provides:

- an additional \$7 million for the Alberta Foundation for the Arts; the Alberta Sports, Recreation, Parks and Wildlife Foundation; the Alberta Historical Resources Foundation; the Human Rights, Citizenship and Multiculturalism Education Fund, and the Wild Rose Foundation.
- an additional \$8 million for parks maintenance and operations (\$3 million), amortization of new investments in parks infrastructure and facilities (\$1 million), and grants of park land to municipalities (\$4 million).

The Ministry's 2006-07 capital investment budget of \$26 million includes \$24 million for parks infrastructure and facilities across the province, of which, \$6 million is specifically to upgrade water and sewage treatment facilities as part of the government's *Water for Life* strategy.

For information, contact Carol Chawrun (780) 427-6530.

Economic Development

Economic Development's 2006-07 program expense will be \$103 million, \$12 million, or 12.9 per cent, higher than the 2005-06 forecast.

Tourism funding will increase by over \$6 million, or 14.6 per cent, to \$48 million in 2006-07 for expanded national and international marketing promotions, and development of new tourism opportunities.

Funding for the Alberta Film Development Program will increase by 10 per cent to almost \$15 million in 2006-07. The program is targeted to reach \$18 million by 2008-09, a \$4.5 million, or 33 per cent, increase over the next three years.

For information, contact Janice Schroeder (780) 427-0528.

Education

In 2006-07, total support for the Kindergarten to Grade 12 education system, including \$169 million in property tax support to opted-out school boards, will be \$5.3 billion, an increase of \$330 million or 6.7 per cent, over the 2005-06 forecast.

Budget 2006 continues the government's commitment to the Class Size Initiative. Since the 2004-05 school year, an additional 1,685 classroom teachers have been hired under this initiative. As a result, the majority of school boards have already met or bettered the five-year guidelines for grades 4-12 average class sizes as recommended by Alberta's Commission on Learning. For 2006-07, support for the Class Size Initiative will increase by \$16.6 million, or 15.1 per cent, to \$126.3 million, allowing school boards to retain the 1,685 teachers hired in the last two years and to hire additional teachers to help address those specific areas experiencing the greatest difficulty in class size reduction.

School plant operations and maintenance support will increase by \$19 million, or 5.1 per cent, to \$395 million in 2006-07, fulfilling government's commitment to enhance plant operations and maintenance funding by \$43 million this school year.

The Ministry will provide \$339 million for school facilities infrastructure in 2006-07 and a total of \$833 million over the next three years. The 2006-07 funding also provides \$81 million for Infrastructure Maintenance and Renewal projects, an increase of 68 per cent over the previous year.

For information, contact Kathy Telfer (780) 422-4495.

Energy

Energy ministry spending for 2006-07 is \$219 million, an increase of \$16 million over a 2005-06 forecast of \$203 million that included some one-time spending for energy regulation and orphan well abandonment.

The 2006-07 budget increases are:

- \$14 million for the Energy and Utilities Board budget, largely funded by a \$10.5 million increase in the industry levy, to accommodate improvements to regulatory requirements and operations practices relating to public and environmental safety and reliability, and adapting regulatory activities to new energy resources such as coalbed methane.
- \$1 million to accommodate increased salary pressures.

The Ministry's 2006-07 capital investment budget of \$18 million is \$5 million higher than in 2005-06 for some reinvestment in information technology.

For information, contact Cathy Housdorff (780) 422-3667.

Environment

The Ministry's 2006-07 program spending has been budgeted at \$143 million, compared to the 2005-06 forecast of \$140 million, which included one-time capital grant funding of \$5 million related to water and waste management assistance.

Budget 2006 provides additional funding to continue implementing *Water for Life: Alberta's Strategy for Sustainability*. The strategy is focused on safe, secure drinking water, healthy aquatic ecosystems and sustainable supplies of water.

For information, contact Irwin Huberman at (780) 427-2848.

Executive Council

Executive Council's budget for 2006-07 is \$25 million. The \$3 million increase over the 2005-06 forecast includes additional funding for manpower and initiatives aimed at enhancing government communications.

For information, contact Jerry Bellikka (780) 427-2251

Finance

Finance's 2006-07 program expense budget is \$596 million, \$32 million more than the 2005-06 forecast. Of the increase, \$15 million is for higher endowment fund transfers. Additional funding for maintaining and enhancing the capacity, capability and quality assurance of Alberta Investment Management as well as various increases for externally funded provincial agencies is also provided in *Budget 2006*.

For information, contact Ryan Cromb (780) 427-5364.

Gaming

Gaming's 2006-07 program expense will be \$202 million, a reduction of \$41 million from the 2005-06 forecast, which included one-time spending of \$80 million (\$35 million each for Edmonton Northlands and Calgary Exhibition and Stampede for capital renewal projects, and \$10 million for humanitarian relief).

Setting aside this one-time spending, the Ministry's program expense will rise \$39 million in 2006-07.

Within that amount are increases for the horse racing and breeding renewal, the First Nations Development Fund and bingo associations grant programs, which reflect the flow-through portion of net revenues from electronic gaming terminals at licensed horse racing tracks, First Nations casinos and bingo facilities, respectively.

By 2008-09, Gaming's program expense will rise to \$247 million but this increase in expense is more than offset by increased revenues.

Net gaming and liquor revenues in 2006-07 are expected to rise \$10 million to just under \$1.9 billion. A reduction in gaming revenue projected for 2008-09 reflects the anticipated impact of municipal smoking bylaws being introduced in Calgary in 2008.

For information, contact Marilyn Carlyle-Helms (780) 447-8719.

Government Services

The 2006-07 program spending of \$99 million is an increase of \$10 million over last year's forecast. This increase largely addresses rising demand for various registry services. It is also targeted to address issues surrounding the privacy and security of information, including the emerging threat of identity theft. Finally, increased spending by the Utilities Consumer Advocate will improve public awareness and address the increased volume of consumer inquiries.

For information, contact Kim Hunt (780) 422-8049.

Health and Wellness

The Ministry's program expense budget for 2006-07 will top \$10.3 billion, up \$735 million or 7.7 per cent over the 2005-06 forecast. Future increases of 7.7 per cent and 3.7 per cent will bring Ministry program expense to over \$11.5 billion by 2008-09.

Of the \$10.3 billion for 2006-07, \$9.6 billion is ongoing operating funding, an increase of \$668 million, or 7.5 per cent. Most of the increased funding will go to provide increases of:

- \$338 million for health authorities to provide a six per cent increase in their base operating grants. Further six per cent increases in future years will raise the 2006-07 budget of just under \$6 billion to over \$6.7 billion in 2008-09.
- \$135 million for physician services, bringing that budget to nearly \$1.9 billion in 2006-07. The higher budget will provide \$70 million for primary care initiatives, \$75 million for enhanced funding relationships with academic physicians, and \$21 million to support the expansion of the Electronic Health Record to physician offices.
- \$42 million to increase the number of hours of care, various forms of therapy and other services in long-term care facilities.
- \$91 million, or 15 per cent, for non-group health benefits, largely for increases in the drug benefits provided to seniors, raising the 2006-07 budget to \$690 million.
- \$25 million to be drawn from the new \$500 million Cancer Prevention Legacy Fund to support enhanced cancer screening, prevention and research activities.
- \$14 million to support the implementation of the Protection of Children Abusing Drugs Act by the Alberta Alcohol and Drug Abuse Commission. With this increase, AADAC's overall budget will increase \$19 million, or 25 per cent, in 2006-07.

The 2006-07 budget also maintains funding for some other key initiatives:

- \$27 million (\$54 million over 2005-06 and 2006-07) to address access and wait times for areas such as hip and knee replacements, breast and prostate cancer, coronary artery bypass surgery, MRIs and CT scans.

- \$55 million to help municipalities with their continuing costs of delivering ground ambulance services while two special pilots continue in the Peace and Palliser regions.

The 2006-09 Capital Plan includes \$2.9 billion over the next three years for health facilities, information technology systems and other capital projects, including:

- \$2.5 billion for previously announced health facility projects.
- \$309 million for health information systems, such as the Electronic Health Record and Diagnostic Imaging Strategy.
- \$95 million for vaccine purchases for immunization programs.

This amount is \$1.2 billion, or 74 per cent, higher than the amount in the 2005-08 Capital Plan.

For information, contact Mark Kastner (780) 427-7164.

Human Resources and Employment

Ministry spending in 2006-07 is projected to be \$789 million, a net increase of \$9 million over last year's forecast. The 2006-07 budget includes \$406 million to help people in need, \$321 million to help people train for work, and \$30 million to help keep workplaces safe, fair and stable.

Strong employment growth has reduced funding requirements in some programs, allowing the Ministry to reallocate funding to provide:

- a five per cent increase in the core benefit rates for almost 12,000 Alberta Works clients who are not expected to work.
- expanded skills and apprenticeship training programs, available through Alberta Works, with an emphasis on occupations facing labour shortages.

Funding will also be increased by \$6 million for immigration services, with most of the additional funding being used to enhance English as a Second Language training; bridging programs to provide professional immigrants with Canadian work experience, and expanded settlement services.

A \$2 million increase in funding from the Workers' Compensation Board will be used to enhance workplace health and safety programs.

For information, contact Mary Lou Reeleder (780) 427-5649.

Infrastructure and Transportation

Infrastructure and Transportation's 2006-07 program expense, excluding funding for energy rebates, will remain essentially unchanged from the 2005-06 forecast at just under \$2.2 billion. However, the Ministry's 2006-07 Capital Investment budget will be almost \$1.3 billion, an increase of \$410 million, or 47.1 per cent, over the 2005-06 forecast.

A key element of Infrastructure and Transportation's program expense is Capital Support to Municipal Infrastructure. Over \$1 billion in grants will be given to Alberta municipalities in 2006-07. As part of its second year, the Alberta Municipal Infrastructure program will provide \$600 million in 2006-07 to Alberta municipalities for municipal roads, bridges, public transit, water and wastewater, emergency services and infrastructure management systems. Other municipal infrastructure grants totaling more than \$400 million will provide funding for capital projects for urban and rural communities.

The additional Capital Investment demonstrates this government's commitment to building infrastructure for our future. The Provincial Highway Network will receive a significant increase for the Edmonton and Calgary ring roads. Increases to other highway construction projects include commencing twinning of Highway 63, continuing upgrades to other sections of Highway 63 and 881 in the Fort McMurray/Wood Buffalo area, and other highway construction throughout the province. Infrastructure and Transportation will also provide support for other government-owned capital projects, including the Royal Alberta

Museum, the Calgary Courts Centre, dams, canals and erosion-control infrastructure.

Funding for energy rebates in 2006-07 is budgeted at \$362 million, about half the \$726 million forecast for 2005-06, reflecting the expected lower price for natural gas.

For information, contact Bart Johnson at (780) 415-1841.

Innovation and Science

The Ministry's 2006-07 program expense is \$181 million, a decrease of \$14 million from the 2005-06 forecast of \$195 million, which included a one-time \$30 million grant to AVAC Ltd for the IVAC technology commercialization initiative in 2005-06. Setting aside this one-time \$30 million, the Ministry's program spending will grow by \$16 million, or 9.7 per cent, to provide increases of:

- \$2 million for new Technology Commercialization initiatives.
- \$5 million for identifying and pursuing priority research interests, in particular those in energy and life sciences.
- \$9 million for Alberta Research Council (\$7 million for research activity funded by contracts with the private sector and \$2 million in core research funding).

For information, contact Anne Douglas (780) 422-1562.

International and Intergovernmental Relations

The 2006-07 budget of \$11 million is essentially unchanged apart from one-time spending of \$1 million in 2006-07 to support Alberta's participation as the featured region in the July 2006 *Smithsonian Folklife Festival* in Washington, D.C., and related Washington activities.

For information, contact Kathryn Wiegers (780) 422-2465.

Justice

Justice's 2006-07 program expense is \$348 million, an increase of more than \$35 million, or 11.2 per cent, from the 2005-06 forecast.

Funding for Court Services will increase by \$10.2 million, or 7.6 per cent, in 2006-07. This will include funding to appoint new judges and to hire frontline staff in courthouses to improve services to judiciary and public.

Funding in Legal Services will increase by nearly \$8 million, or 9.3 per cent. The Ministry will add Crown Prosecutors and staff in Criminal Justice. Many of these staff will specialize in areas such as child exploitation, organized and economic crimes, and family violence prosecutions.

Funding for the government's contribution to the Legal Aid Society in 2006-07 will increase by over \$12 million to over \$43 million.

The majority (approximately \$19 million) of the Ministry's Capital Investment of \$22 million in 2006-07 is for the installation of information technology systems, computerized telecommunications equipment and technical infrastructure in the new Calgary Court Centre. It is estimated that this technology will serve up to 500 Justice staff and approximately 100 Solicitor General and Public Security staff as well as other personnel working in the new Court Centre.

For information, contact Mark Cooper (780) 427-8530.

Municipal Affairs

Municipal Affairs expense for 2006-07 is \$139 million. Setting aside the nearly \$171 million spent in 2005-06 on various disaster recovery programs and \$7 million for one-time program expense, the Ministry's 2006-07 budget is up about \$13 million, or 10.5 per cent, from this adjusted 2005-06 forecast.

The \$13 million increase is due mainly to increased funding for grants in place of taxes and interest cost for a loan to the Regional Municipality of Wood Buffalo.

For information, contact Jay O'Neill (780) 422-8817.

Restructuring and Government Efficiency

The Ministry's 2006-07 program expense is \$147 million, an increase of \$15 million over the 2005-06 forecast of \$132 million. The \$15 million increase consists of:

- a \$14 million increase in amortization expense for the operation of the now completed Alberta SuperNet. This brings high speed broadband internet connectivity opportunities to communities across the province, particularly those in rural and northern Alberta.
- a \$1 million increase primarily due to Crown Debt Collections on behalf of other ministries.

Beginning in 2006-07, the Ministry will lead a government-wide review targeted on reducing regulatory complexity by streamlining government regulations.

The Ministry's 2006-07 capital investment budget of \$4.5 million is \$1.5 million more than the 2005-06 forecast to provide for increased investments in information technology equipment for use in delivering government-wide shared services.

For information, contact Lorelei Fiset-Cassidy (780) 644-7652.

Seniors and Community Supports

The Ministry's program expense in 2006-07 will surpass \$1.8 billion, up \$50 million or 2.8 per cent over the 2005-06 forecast.

The Alberta Income for the Severely Handicapped (AISH) program's budget will reach \$574 million-up \$86 million or nearly 18 per cent, excluding one-time funding from last year. New funding will be used to: cover the increase in the maximum monthly living allowance to \$1,000 effective April 1; provide increased assistance to clients living in continuing care; fully implement benefit enhancements made in 2005-06, and address other program costs.

Funding for the Alberta Seniors Benefit program will increase to \$274 million in 2006-07, an increase of \$21 million or eight per cent, largely to provide increased benefits to program recipients living in continuing care facilities. An additional \$7 million has also been added to the budget of the Dental, Optical, and Education Property Tax Assistance Programs for seniors.

The 2006-07 budget also includes increases of:

- \$13 million for Persons with Developmental Disabilities, bringing the budget to \$509 million, for increased caseload volumes and costs. This \$13 million is on top of the \$10 million in new ongoing annual funding announced in February 2006 for salary increases for frontline, agency staff.
- \$5 million, or six per cent, for the Aids to Daily Living program to fund an increased volume and range of services.
- \$12 million for increases in lodge assistance grants, homeless support, and family and special purpose housing.

Budget 2006 also includes capital grants of about \$69 million for 2006-07 to support the final year of the Rural Affordable Supportive Living Program and the last year of the current phase of the Canada-Alberta Affordable Housing Agreement. Capital grant spending was higher in 2005-06 when the government provided one-time funding for specific housing programs.

For more information, contact Jason Chance (780) 415-9950.

Solicitor General and Public Security

The Ministry's 2006-07 program expense is \$450 million, which is \$37 million, or 9 per cent higher, than the 2005-06 forecast.

Provincial policing funding in 2006-07 will increase by nearly \$12 million*, or 8.2 per cent, to over \$155 million. This increase includes:

- \$6.1 million to hire up to 80 RCMP officers, bringing the overall Alberta complement to over 1,400 officers.
- \$4.6 million to add traffic enforcement positions as part of the province's Traffic Safety Plan to go after aggressive drivers and speeders.
- \$3.8 million for inflationary pressures on the Provincial Police Service Agreement.
- \$1.7 million for the Alberta Relationship and Threat Assessment and Management Initiative (ARTAMI). This cross-ministry program will better coordinate police, legal, mental health and other experts to assess threats, manage victim safety and find ways to prevent family violence homicides.

Funding to combat organized crime will rise to \$18 million in 2006-07, a 23 per cent increase. It includes:

- \$2 million will be used to establish a twenty-member surveillance team that will work with the Integrated Response to Organized Crime to provide strategic support to crack down on organized and serious crime.
- Another \$1.7 million will be allocated to the Integrated Child Exploitation Unit to help catch on-line predators that use the Internet to sexually exploit and victimize children.
- The Ministry will also continue to work with the province's Crystal Meth Task Force to rid our communities of the scourge of this highly addictive and deadly drug.

Policing assistance to municipalities will increase by 4.8 per cent to \$48 million in 2006-07. Of that \$1.6 million dollars will go to increase municipal policing grants to keep pace with the province's rapidly rising population.

** Note: Increase was offset by one-time funding of approximately \$4.4 million in 2005-06 third quarter to deal with RCMP salary settlement (\$2.3 million) and additional policing costs for the Lakeside Packers labour dispute (\$2.1 million).*

For information, contact Annette Bidniak (780) 427-6171.

Sustainable Resource Development

The Ministry's 2006-07 program expense is budgeted at \$238 million, compared to the 2005-06 budget of \$225 million (excludes \$96 million of disaster spending related to wildfires and mountain pine beetle infestation).

Budget 2006 provides additional funding to better manage the land through management activities on the public land base and enhanced land information systems. Government will also consult with Albertans on their values associated with the development of a Land Use Framework that will provide the context and guidance for land use, based on a foundation of good environmental management.

Wildfire insurance will help to manage the risk associated with suppressing wildfires and \$70 million in capital funding over the next three years will continue the upgrading of the province's airtankers and airtanker bases.

For information, contact Donna Babchishin at (780) 427-8636.

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