

April 7, 2009

## **Budget 2009 builds on strength to foster growth and support programs for Albertans**

### ***Stelmach government has flexibility to deal with difficult times***

#### ***Budget highlights:***

- ***\$23.2 billion over three years to build health facilities, schools, and roads - includes funding for carbon capture and storage, and GreenTRIP.***
- ***3.7-per-cent increase in operating spending to address population growth and inflation.***
- ***Priority areas of health, education, advanced education, seniors and children services account for 75 per cent of the operating increase.***
- ***Taxes remain lowest in Canada; tobacco tax increases and liquor markup is raised.***
- ***Forecast \$36.4 billion in spending in 2009-10; \$31.7 billion in revenue.***
- ***\$4.7 billion deficit forecast for 2009-10; surplus forecast in 2012-13.***
- ***\$2 billion in fiscal corrective actions to be taken in 2010 if situation does not improve beyond forecast.***
- ***New fiscal framework allows for transfers from Sustainability Fund to offset deficits.***

*Edmonton...* The Alberta government will continue to provide priority services for Albertans and invest in infrastructure while maintaining the lowest tax regime in Canada, despite falling revenues.

*Budget 2009: Building On Our Strength* is Alberta's fiscal blueprint to support the province's economy. It plans for spending of \$36.4 billion to maintain important government programs and services, especially for those Albertans most in need, and to support continued responsible development of the province's energy resources. With lower revenues of \$31.7 billion, this will result in a forecast deficit of \$4.7 billion.

Central to the budget is its Capital Plan which supports \$7.2 billion in 2009-10 and \$23.2 billion over three years to build roads, health care facilities, schools and other public infrastructure. This year's investment alone will support over 80,000 jobs across the economy.

"During difficult economic times, citizens look to their government for leadership and support," said Premier Ed Stelmach. "Budget 2009 provides that leadership and it provides that support. It is a budget that helps keep Albertans working and provides the programs and services Albertans rely on."

As a result primarily of low energy prices and other effects of the global recession, government revenue is forecast to fall by nearly \$4 billion in 2009-10. As permitted under the new *Fiscal*

*Responsibility Act*, a transfer from the Sustainability Fund will offset the deficit.

Budget 2009 was built around government's four-point plan for economic recovery. The plan calls for keeping an eye on spending, using savings to protect programs and services for Albertans while keeping taxes low, continuing to invest in infrastructure, and promoting the province on the world stage.

"We are faced with economic challenges that require flexibility," said Iris Evans, Minister of Finance and Enterprise. "Fortunately, we are in a strong position to weather this storm. And with the plan we have in place today, we will emerge from it even stronger."

### **Economy**

The Alberta economy is expected to contract by 2.0 per cent in 2009, followed by a return to modest growth of 1.8 per cent in 2010 and 3.0 per cent in 2011. The unemployment rate is forecast to average 5.8 per cent in 2009 and 6.5 per cent in 2010 before beginning to come down again in 2011.

### **Deficit**

Budget 2009 forecasts a deficit of \$4.7 billion in 2009-10. Deficits of \$2.4 billion and \$1.8 billion are forecast for 2010-11 and 2011-12 respectively. The government will take corrective actions totaling \$2 billion by 2010, to meet targets for 2010-11 and 2011-12. This will be necessary unless circumstances improve beyond what is forecast.

The deficits in all three years will be offset by transfers from the Sustainability Fund. Alberta is expected to return to a surplus position beginning in 2012-13.

**Operating Expense:** Operating expenses will increase 3.7 per cent overall, or \$1.1 billion, to a total of \$31.2 billion in 2009-10. Fully 75 per cent of the increase will go to the priority areas of health, education, advanced education and to programs for children, seniors and the disabled.

In order to achieve these targets, government will generate \$215 million in operating expense savings through value reviews.

Health and Wellness operating expense is increasing 4.6 per cent, or \$558 million. This represents about 42 per cent of the total increase in government operating expense and includes funding for emergency medical services which have been transferred from municipalities.

Education funding increases by 3.2 per cent, or \$165 million, reflecting the agreement on teachers' salaries, provincial student enrollment growth of 0.6 per cent, and an increase for the class size initiative. Advanced Education and Technology will receive a 3.4-per-cent increase overall. This includes a 6.0-per-cent increase in base operating grants to post-secondary institutions.

Seniors and Community Supports funding is increasing by 8.7 per cent, for increases in benefits for AISH and Alberta Seniors Benefit recipients, and to support the Persons with Developmental Disabilities program.

**Capital Spending:** The 2009-12 Capital Plan represents a record investment in infrastructure of \$23.2 billion, an increase of 4.5 per cent from the 2008-11 Capital Plan. Capital support for 2009-10 will be \$7.2 billion, or more than double the per-capita average of other provinces.

### **Revenue**

Budget 2009 forecasts total revenue to decline to \$31.7 billion from \$35.6 billion in 2008-09, a decrease of nearly \$4 billion, or 11 per cent.

Due largely to the global recession and lower energy prices, resource revenue is forecast to decline by \$6.4 billion in 2009-10, while income tax revenue is forecast to fall by \$1.4 billion. In addition, revenue is lower due to the full-year impact of eliminating \$1 billion in health care

premiums. Partly offsetting these are higher forecast investment income, federal transfers, and increases in tobacco taxes and liquor markups. Resource revenue and income tax revenue are expected to grow with energy prices beginning next year.

### Fiscal Framework

Amendments to the *Fiscal Responsibility Act* will provide for a more flexible fiscal framework in order to respond to the current economic and fiscal volatility. The previous framework was mainly intended to provide limits on spending during times of strong revenue growth.

The new framework permits deficits if offset by transfers from the expanded Sustainability Fund. It also permits borrowing for capital spending but prohibits it for operating expense, and it restricts in-year increases in operating expense to one per cent of total ministry operating expense.

Future surplus dollars will be placed into the Sustainability Fund with a goal of reaching \$10 billion.

### Fiscal Summary (millions of dollars)

	2007-08 Actual	2008-09 Forecast	2009-10 Budget	2010-11 Target	2011-12 Target	2012-12 Projection	2013-14 Projection
Revenue	38,169	35,627	31,661	34,031	36,385	38,404	40,996
Expense	33,588	37,053	36,375	38,445	40,138	40,294	40,768
Fiscal Correction	-	-	-	2,000	2,000	2,000	2,000
Surplus/ (deficit)	4,581	(1,426)	(4,714)	(2,414)	(1,753)	110	2,228

	2008-09	2009-10	2010-11	2011-12
<b>Oil</b> (WTI US\$/bbl)	85.50	55.50	64.50	72.50
<b>Natural Gas</b> (Cdn\$/GJ)	7.00	5.50	6.00	6.25

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### Backgrounder: Budget Summary by Ministry

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## Budget Summary by Ministry

### Aboriginal Relations

Budgeted program expense for Aboriginal Relations is \$149.9 million in 2009-10.

Funding provided through the First Nations Development Fund will be \$110 million this year. This funding will be used to support the economic, social and community development of First Nation communities.

The 2009-10 budget also includes more than \$10 million for resource consultation and traditional use studies.

For information, contact Marie Iwanow 780-644-6829

### Advanced Education and Technology

Budgeted program expense for Advanced Education and Technology is over \$3.1 billion in 2009-10.

2009-10 program expense includes \$2.65 billion in operating support, an increase of \$88 million or 3.4 per cent from the 2008-09 forecast. Within this budget:

- Support for adult learning, including operating grants to post-secondary institutions, increases by \$124 million, or 6.1 per cent, to more than \$2.1 billion.
- Total funding for student assistance is \$170 million, as Alberta continues to provide among the most generous non-repayable student assistance programs in Canada.
- There is \$104 million budgeted for innovation, research, and technology commercialization initiatives.

2009-10 program expense also includes \$484 million in capital grants to post-secondary institutions. The 2009-12 Capital Plan provides \$1.2 billion over three years to support post-secondary capital projects. This will provide:

- \$870 million for facility expansion and upgrading, and
- \$328 million for capital maintenance and renewal.

For information, contact Donna Babchishin 780-422-1562

### Agriculture and Rural Development

Budgeted program expense for Agriculture and Rural Development is more than \$1.1 billion in 2009-10.

The 2009-10 budget includes:

- \$473 million for insurance programs. The Agriculture Financial Services Corporation will implement a new Cattle Price Insurance Program this year.

- \$347 million for agriculture income support. This includes \$137 million in provincial contributions under the AgriStability program, which provides effective production and risk management tools for agricultural producers.
- \$55 million for the new Alberta Livestock and Meat Agency (ALMA). ALMA will focus on policy and programs to develop new markets, increase innovation and improve supply chain management in the livestock sector.

For information, contact Cathy Housdorff 780-422-7683

## **Children and Youth Services**

Budgeted program expense for Children and Youth Services is more than \$1.1 billion in 2009-10.

The 2009-10 budget includes:

- \$560 million for child intervention and foster care, an increase of more than \$24 million, or 4.5 per cent from the 2008-09 forecast. This increase will ensure that vulnerable children and families receive the services and supports they need to reach their full potential.
- \$206 million for child care, an increase of more than \$9 million, or 4.7 per cent. More than 6,400 new child care spaces have been added since 2008 and the government will fulfill its commitment to add 14,000 new spaces by 2011.
- \$113 million for family support for children with disabilities, an increase of more than \$6 million, or 5.9 per cent. This will support parents and caregivers in raising children with disabilities.

As part of the Safe Communities initiative, the Ministry has allocated nearly \$3 million in 2009-10 for Aboriginal and immigrant family violence prevention programming, expanding mentoring opportunities for youth, and supporting families of at-risk children through programming at Parent Link Centers.

Social services agencies contracted by the Ministry will receive an additional \$11 million in 2009-10 to respond to staff recruitment and retention challenges.

For information, contact Trevor Coulombe 780-415-6490

## **Culture and Community Spirit**

Budgeted program expense for Culture and Community Spirit is \$308.8 million in 2009-10.

The 2009-10 budget includes:

- \$143 million for community grants. This includes \$38 million for the Community Facility Enhancement Program and \$28 million for the Community Initiatives Program.
- \$71 million for arts and culture. This includes nearly \$35 million in assistance to the Alberta Foundation for the Arts and over \$20 million for the Film Development program. Implementation of Alberta's cultural policy, The Spirit of Alberta, continues.
- \$52 million for heritage programs. This includes support to the Royal Alberta Museum, the Royal Tyrrell Museum of Palaeontology, other museums and historic sites across the province.
- \$20 million for the Community Spirit Donation Grant Program. The program is designed to encourage more individual donations to non-profit organizations and registered Alberta charities.
- \$9 million for human rights and citizenship. Additional resources will be provided to better manage caseloads through the Human Rights and Citizenship Commission.

For information, contact Shawna Cass 780-427-2395

## **Education**

Budgeted program expense for Education is nearly \$6.2 billion in 2009-10.

2009-10 program expense includes \$5.4 billion in operating support to school boards and other educational programs and services. This is a \$165 million or 3.2 per cent increase from the 2008-09 forecast. Within this budget:

- \$452 million is for plant operations and maintenance of school facilities.
- \$222 million is for the Small Class Size Initiative, an increase of \$10 million. This will ensure that students continue to benefit from small class sizes and maintain student access to the 2,900 new teachers hired across the province under this initiative.
- \$79 million is for the Alberta Initiative for School Improvement and \$48 million for Student Health Services.

2009-10 program expense also includes \$760 million in support for school capital projects. The 2009-12 Capital Plan provides nearly \$1.7 billion over three years in school capital support. This will provide:

- \$1.15 billion for new schools and upgrading projects, and
- \$528 million for capital maintenance and renewal.

For information, contact Kathy Telfer 780-427-5423

## **Employment and Immigration**

Budgeted program expense for Employment and Immigration will be \$1 billion in 2009-10.

The 2009-10 budget includes:

- \$473 million for income supports and related health benefits. Monthly income support benefits increased November 1, 2008, assisting more than 46,000 households and learners.
- \$180 million for employment and training programs, including partnerships with industry and employers. This includes \$60 million for training, \$53 million for career development services, and \$9 million for summer employment programs. These training programs and career development services help Albertans find work or upgrade their skills to provide more employment opportunities.
- \$78 million for immigration programs. This includes \$65 million to help immigrants in Alberta integrate and settle into the labour force and the community through services such as international qualifications assessments and English as an Additional Language.
- \$45 million to continue implementation of the Health Workforce Action Plan.
- \$37 million for workplace health and safety programs and ensuring compliance with Alberta's employment standards.

During 2009-10, the province expects to finalize an agreement regarding additional federal funding under the Canada-Alberta Labour Market Agreement and the Canada-Alberta Labour Market Development Agreement. The funds will be allocated to employment and training programs.

For information, contact Janice Schroeder 780-427-5649

## **Energy**

Budgeted program expense for Energy is \$501.3 million in 2009-10.

The 2009-10 budget includes:

- \$207 million for energy and utilities regulation. This includes \$172 million for the Energy Resources Conservation Board (ERCB) and \$35 million for the Alberta Utilities Commission (AUC). The ERCB is funded by government and industry. The AUC is funded entirely by industry levy.
- \$179 million for ministry operations related to resource development and management. This includes \$55 million for biofuel initiatives as the province continues to support the development of renewable energy. This also includes a one-time, \$30 million allocation to support the abandonment and reclamation of inactive oil and gas wells.
- \$100 million for carbon capture and storage. The 2009-12 Capital Plan includes \$800 million over three years to support carbon capture and storage projects, part of the province's \$2-billion commitment announced in July 2008. Proposals are under review and the successful projects will be announced by June 30.
- \$13 million for the Orphan Well Abandonment Program, which is funded by industry through the ERCB.

For information, contact Jason Chance 780-422-3667

## **Environment**

Budgeted program expense for Environment is \$347.7 million in 2009-10.

The 2009-10 budget includes:

- \$172 million for initiatives to address climate change, including \$95 million for the Climate Change and Emissions Management Fund which will support projects or technology to reduce greenhouse gas emissions in the province and \$52 million for projects under the Canada ecoTrust for Clean Air and Climate Change.
- \$102 million for ongoing environmental management programs.
- \$16 million in operating support for the Water for Life strategy, which represents the majority of a cross-ministry total of more than \$22 million budgeted in 2009-10.

The 2009-12 Capital Plan includes \$100 million in 2009-10, budgeted in the Ministry of Transportation, in capital support for regional drinking water and wastewater projects supporting the Water for Life strategy.

For information, contact Kim Capstick 780-427-2848

## **Executive Council**

Budgeted program expense for Executive Council is \$35.9 million in 2009-10.

The budget includes:

- \$2 million for the Premier's Council for Economic Strategy and
- \$10 million for the initiative to strengthen the Alberta brand at home, across Canada and abroad.

For information, contact Tom Olsen 780-422-4905

## **Finance and Enterprise**

Budgeted program expense for Finance and Enterprise is nearly \$1.3 billion in 2009-10.

The 2009-10 budget includes:

- \$470 million for programs associated with the financial sector. This includes \$302 million for the Alberta Capital Finance Authority.
- \$365 million for investment, treasury and risk management programs. This includes \$244 million for the management of government investment funds.
- \$356 million for the costs of the Teachers' Pre-1992 Pension liability.

For information, contact Bart Johnson 780-422-2126

## **Health and Wellness**

Budgeted program expense for Health and Wellness is more than \$12.9 billion in 2009-10.

2009-10 program expense includes \$12.6 billion in operating support, an increase of \$558 million, or 4.6 per cent from the 2008-09 forecast. Within this budget:

- The operating grant to Alberta Health Services is budgeted at over \$7.7 billion, an increase of 7.7 per cent (excluding one-time assistance provided in 2008-09). This operating grant includes funding for emergency medical services, as a new model for governance and administration was implemented April 1, 2009.
- \$3 billion is provided for physician services, an increase of \$365 million, or 13.8 per cent.
- \$768 million is provided for supplementary health benefits, an increase of \$72 million or 10.3 per cent. Most of the funding for this program is to provide prescription drug benefits for seniors.
- More than \$1 billion is provided for a variety of other health services, including allied health services, vaccination programs, tissue and blood services, and air ambulance. A \$16 million, or 20 per cent increase, is budgeted for cancer therapy drugs. Provincial assistance of up to \$200 per year for chiropractic services is being eliminated, effective summer 2009.

2009-10 program expense also includes \$238 million in capital grants to Alberta Health Services. The 2009-12 Capital Plan provides nearly \$3 billion over three years to support health capital projects. This will provide:

- \$2.3 billion for health facilities;
- \$268 million for capital maintenance and renewal;
- \$238 million for health information systems, and
- \$118 million for vaccines.

For information, contact Michael Shields 780-427-7164

## **Housing and Urban Affairs**

Budgeted program expense for Housing and Urban Affairs is \$554 million in 2009-10.

The 2009-10 budget includes:

- \$178 million in capital grants to support construction of affordable housing units. A total of



\$468 million will be provided over three years as the province works towards its commitment to build 11,000 new affordable housing units.

- \$100 million in capital grants to support implementation of the 10-year plan to end homelessness in Alberta. With total capital grants of \$400 million over three years, 2,700 housing units specifically for the homeless will be provided.
- \$106.5 million in operating funding for homeless programs, including \$40.5 million for emergency/transitional shelters and \$32 million for outreach support services.
- \$56 million for the rent supplement program.

For information, contact Barbra Korol 780-644-6838

## **Infrastructure**

Budgeted program expense for Infrastructure is \$571.9 million in 2009-10. This includes \$409 million for government facility operations, including leases and property maintenance costs.

In addition, \$599 million in capital investment is planned for 2009-10. This includes \$535 million for government-owned facilities such as the Edmonton Remand Centre and the Federal Building retrofit.

No natural gas rebates are included in the 2009-12 Fiscal Plan.

For information, contact Stuart Elson 780-644-8596

## **International and Intergovernmental Relations**

Budgeted program expense for International and Intergovernmental Relations is \$26.3 million in 2009-10.

The 2009-10 budget includes \$16.7 million to support international trade and investment attraction initiatives in concert with other ministries through the province's international offices.

For information, contact Mark Cooper 780-422-2465

## **Justice**

Budgeted program expense for Justice is \$485.6 million in 2009-10.

The 2009-10 budget includes:

- \$181 million for Court Services, providing increased Provincial Court resources.
- \$170 million for Legal Services, providing funding for additional Crown Prosecutors and associated support staff and \$20 million for a Safe Communities Innovation Fund to promote community and police partnerships to implement projects that address crime prevention and reduction.
- \$54 million in Support for Legal Aid.
- \$12 million for the Medical Examiner's Office. Additional resources are being added to improve services across the province.

For information, contact Jay O'Neill 780-427-8530

## **Municipal Affairs**

Budgeted program expense for Municipal Affairs is \$592 million in 2009-10.

The 2009-10 budget includes:

- \$400 million for the Municipal Sustainability Initiative.
- \$85 million in financial assistance programs. This includes municipal sponsorship grants, grants to municipalities in place of property taxes on Crown-owned property, and unconditional municipal grants.
- \$32 million for library services.
- \$15 million for the Alberta Emergency Management Agency to improve communication, coordination and training in the province's emergency management system.

For information, contact Jody Korchinski 780-415-4758

## **Seniors and Community Supports**

Budgeted program expense for Seniors and Community Supports is nearly \$2 billion in 2009-10.

The 2009-10 budget includes:

- \$709 million for the Assured Income for the Severely Handicapped (AISH) program, an increase of \$65 million, or 10.2 per cent from the 2008-09 forecast. The maximum monthly income benefit available to AISH clients increases \$100 to \$1,188 effective April 1, 2009.
- \$604 million in Support to Persons with Developmental Disabilities Boards, an increase of \$33 million or 5.8 per cent, to serve more clients and help contracted agencies recruit and retain staff. Many PDD clients will also benefit from the AISH rate increase.
- \$456 million for seniors programs including the Alberta Seniors Benefit, lodge assistance, dental and optical assistance, special needs assistance, and school property tax assistance, an increase of \$49 million or 11.9 per cent. Maximum monthly benefits under the Alberta Seniors Benefits are increasing by \$40 for singles and \$60 for couples.
- \$50 million for the Affordable Supportive Living Initiative to support construction of 450 units this year.

For information, contact Sonia Maryn 780-644-1108

## **Service Alberta**

Budgeted program expense for Service Alberta is \$297.9 million in 2009-10.

The 2009-10 budget includes:

- \$217 million in Services to Government. This includes business and technology support services centrally managed on behalf of all government ministries.
- \$67 million in Services to Albertans. This includes \$39 million for land titles, motor vehicle and other registry services, and \$22 million for consumer awareness and advocacy.

In addition, \$92.5 million in capital investment is planned this year under the government's Information Management and Technology Strategy.

For information, contact Cam Traynor 780-422-8049

## **Solicitor General and Public Security**

Budgeted program expense for Solicitor General and Public Security is \$627 million in 2009-10.

The 2009-10 budget includes:

- \$297 million for policing programs, an increase of \$30 million, or 11.1 per cent from the 2008-09 forecast. The increase includes \$18 million for provincial policing and \$12 million for initiatives to address organized crime and Municipal Policing Assistance Grants. Another 100 front-line police officers will be added in 2009-10.
- \$207 million for Correctional Services, an increase of \$8 million, or 4.1 per cent. This increase provides for the hiring of 30 additional probation officers, enhanced training initiatives, and increased staff costs.
- \$64 million for the Sheriffs Branch, which provides traffic enforcement, courthouse security and investigative services.
- \$27 million for programs to support victims of crime.

For information, contact Andy Weiler 780-427-6153

## **Sustainable Resource Development**

Budgeted program expense for Sustainable Resource Development is \$343.8 million in 2009-10.

The 2009-10 budget includes:

- \$163 million for forestry. This includes \$111 million for forest protection initiatives and \$5 million for continued monitoring of the mountain pine beetle infestation.
- \$120 million for public lands, fisheries and wildlife management. This includes \$65 million for public lands management and nearly \$33 million for enforcement of fish and wildlife regulations across the province.
- \$15 million for the Land-use Secretariat, more than double the 2008-09 forecast.

For information, contact Carol Chawrun 780-427-8122

## **Tourism, Parks and Recreation**

Budgeted program expense for Tourism, Parks and Recreation is \$193 million in 2009-10.

The 2009-10 budget includes:

- \$71 million for tourism. Travel Alberta Corporation has been established as a provincial agency effective April 1, 2009. The corporation is responsible for leading tourism marketing for Alberta.
- \$67 million for parks. This includes \$41 million for parks operations.
- \$47 million for recreation and sport. This includes \$6.6 million to coordinate Alberta's activities leading up to and during the 2010 Olympic and Paralympic Games in Vancouver.

The Ministry's 2009-10 capital investment budget is \$18.4 million. Most of this will go towards maintaining and improving infrastructure and maintenance in Alberta's network of 500 parks and recreation areas. Also, a new central registration and reservation system for provincial park campgrounds is under development and will be available for selected campgrounds this summer.

For information, contact Anne Douglas 780-427-8761

## **Transportation**

Budgeted program expense for Transportation is more than \$2.2 billion in 2009-10. In addition, capital investment of nearly \$1.9 billion is planned for this year.

The 2009-10 budget includes:

- \$1.8 billion in capital investment for the provincial highway network. This includes \$641 million for continued construction for the Calgary and Edmonton ring roads, and \$545 million for continued construction of other key strategic economic and trade corridors.
- \$1.3 billion in program expense for municipal support programs. This includes \$486 million in grants under the Alberta Municipal Infrastructure Program.
- \$455 million in program expense for provincial highway systems and safety. This includes \$377 million for maintenance and preservation work on provincial highways.

For information, contact Jerry Bellikka 780-415-1841

## **Treasury Board**

Budgeted program expense for Treasury Board is \$244 million in 2009-10.

The 2009-10 budget includes a \$175 million provision for matching future federal stimulus funding when it is received, and \$17.9 million for capital planning. Both these amounts are made transferable to other ministries when required.

For information, contact Gerald Kastendieck 780-427-6699

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