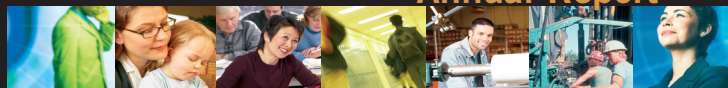


Annual Report to Albertans on Budget 2005



The Government of Alberta's Budget 2005 celebrated the province's 100th anniversary by marking a new era for Alberta. It was the first budget in 12 years in which resources were not required for debt reduction, as the province's accumulated debt was eliminated in 2004-05. Budget 2005 focused on initiatives to:

- *Improve education,*
- *Address infrastructure requirements,*
- *Encourage research and innovation, and*
- *Make Alberta the best place to live, work, and visit.*

Highlights

- Alberta recorded a surplus for the twelfth consecutive year, largely due to record non-renewable resource revenue. The \$8.7 billion surplus was primarily committed to meeting infrastructure requirements and savings.
 - \$2.7 billion was deposited in the Heritage Fund and other endowments, including a \$1 billion deposit and \$382 million inflation-proofing to the Heritage Fund, \$750 million for the new advanced education endowment (in the Heritage Fund), \$250 million for the Scholarship Fund, \$200 million for the Medical Research Endowment Fund, and \$100 million for the Science and Engineering Research Endowment Fund.
 - \$3.6 billion was allocated to the Capital Account to help meet future years' cost of current capital commitments.
 - After allocations for the Capital Account and savings, the assets of the Sustainability Fund will be \$5.2 billion. This is \$2.7 billion higher than the minimum target level of \$2.5 billion.
 - \$3.7 billion in capital projects were supported in 2005-06, an increase of 31.7 per cent from 2004-05. This included \$1.1 billion for municipal infrastructure support, \$769 million for provincial highways, \$631 million for health facilities, and \$794 million for other infrastructure.
 - Albertans and Alberta businesses paid the lowest overall provincial taxes in Canada. In addition, \$1.3 billion was provided to Albertans through the Alberta 2005 Resource Rebate.
- Together, spending on **education and health** accounted for more than 60 per cent of total government expense.
- **Education expense** was \$6.9 billion, an increase of 8.4 per cent, or \$533 million, from 2004-05, and \$149 million higher than budgeted.
 - The increase from 2004-05 primarily reflected higher basic and post-secondary operating grants. The increase from budget was due to higher capital grants for post-secondary institutions and increased funding to school boards for school operations and maintenance, increased transportation fuel costs, and capital grants.
 - Capital Plan spending for education included \$243 million for school projects and \$191 million for post-secondary facilities. This included support for:
 - The opening of five new schools and seven replacement schools;
 - New modular classrooms, the leasing of portables and the relocation of existing portables;
 - Expansion and upgrades at Grant MacEwan College, NAIT, the University of Alberta, the University of Calgary, Olds College, Banff Centre, and the University of Lethbridge.
 - Several other initiatives in 2005-06 to improve education included:
 - **Small Class Size Initiative** - funding was increased to hire 435 teachers to reduce class sizes and retain the 1,250 teachers hired in the previous year;
 - **Access to the Future Act** - an advanced education endowment was established as part of the Heritage Fund, with an initial allocation of \$750 million. The endowment is targeted to grow over time to \$3 billion.
 - **Apprenticeship Training** - 2,382 new apprenticeship technical training seats were added in 2005-06.
 - **Health** expense was \$9.7 billion, an increase of 7.2 per cent, or \$653 million, from 2004-05, and \$203 million higher than budgeted.
 - The increase from 2004-05 reflected higher funding for health services, physician services, prescription drug costs, and information technology systems. The increase from budget was mainly due to additional funding for access and wait time projects, electronic health records, continuing care, and capital grants for health facilities.
 - The Capital Plan provided \$631 million for health facilities and equipment, including support for the Alberta Children's Hospital in Calgary and the Mazankowski Alberta Heart Institute in Edmonton.
 - Major initiatives in health included new projects designed to improve province-wide access to health services and to reduce wait times, the establishment of Alberta's first Primary Care Network, improvements to continuing care, and the addition of \$200 million to the Medical Research Endowment Fund.

Highlights cont'd

Social Services expense was \$2.7 billion, an increase of 10.7 per cent, or \$263 million, from 2004-05, and \$37 million higher than budgeted, reflecting increases of 23 per cent for Assured Income for the Severely Handicapped (AISH), 27 per cent for seniors benefits, and 7.6 per cent for children's services. Major initiatives included increasing benefits for low-income Albertans in supportive living and long-term care, introducing new continuing care accommodation standards, and enhancing and introducing new benefits for clients receiving AISH.

Measuring Up

As part of the release of the 2005-06 Government of Alberta Annual Report, Measuring Up communicates the outcomes of various performance measures and strategies established under the 14 goals in the 2005-08 Government of Alberta Business Plan, published as part of Budget 2005. Key performance results for a variety of core areas for 2005-06 are reported below.

- » High school completion rate for Albertans aged 25-34: 91% **(target: 90% or higher)**; Post-secondary completion rate for Albertans aged 25-64: 58% **(target: 57%)**.
- » 87% of Albertans aged 25-34 with a post-secondary diploma or certificate were employed **(target: 88%)**.
- » Satisfaction of adult Albertans with their access to the education or training they want: 79% **(target: 73%)**.
- » 88% of surveyed Albertans aged 16-24 rated their health status as excellent, very good or good **(target: 90%)**.
- » 65% of Albertans surveyed rated the overall health system as excellent or good **(target: 65%)**.
- » 78% of Albertans rated their access to physician services as very easy or easy **(target: 85%)**.
- » 95% of schools and 90% of post-secondary facilities were estimated to be in fair or good physical condition **(target: 95% and 86% respectively)**.
- » Alberta's violent crime rate per 100,000 population: lowest of four western provinces **(target: lowest of four western provinces)**.
- » Percentage of Albertans that feel crime is not a serious problem in their neighbourhood: 60% **(target: 60%)**.
- » 80% of Albertans were satisfied with their local governments **(target: 75%)**.
- » Lowest total provincial and municipal tax load among the provinces **(target: lowest)**.
- » Albertans had the highest personal disposable income per capita among the provinces.
- » Accumulated debt: zero **(target: zero)**.
- » Alberta's three-year average annual growth rate of real GDP was 4.0%.
- » Annual value of all tourism revenues in Alberta measured in current dollars was estimated at \$5.3 billion **(target: \$5.0 billion)**.
- » 98.5% of visitors were satisfied with their experiences at Alberta provincial historic sites, museums, and interpretive centres **(target: 99%)**.

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