

CAPITAL PLAN

The 2005-08 Capital Plan supports the construction, acquisition, upgrading, and rehabilitation of \$9.2 billion of infrastructure, a degree of support unmatched in Canada. It includes:

- \$3.1 billion for municipal infrastructure, including the first three years of the five-year \$3 billion Municipal Infrastructure Program,
- \$2.7 billion for health, school, and post-secondary facilities,
- \$2 billion for the provincial highway network,
- \$1.4 billion for community facilities, water and wastewater management, and other capital projects.

TAXES

Albertans and Alberta businesses continue to pay the lowest overall taxes in Canada. If Alberta had the same tax system as the next lowest-taxed province, we would pay an average \$2,000 more per person. Personal and business tax cuts implemented since 1999 save Albertans and businesses about \$2.5 billion annually.

The Alberta Family Employment Tax Credit will be increased and extended to more low and middle income working Alberta families in July 2005, and fully indexed to inflation starting July 2006.

School property tax mill rates will be reduced about five per cent, putting them 30 per cent below their 1994 levels.

FISCAL RESPONSIBILITY

Deficits remain against the law, and no new debt will be taken on to increase operating spending.

Accumulated debt eliminated. Funds have been set aside in the Debt Retirement Account to pay off the remaining accumulated debt as it matures.

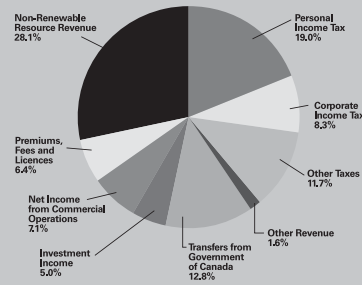
Sustainability Fund has \$2.5 billion in assets to protect program and capital spending from volatile revenue, and the costs of emergencies and disasters.

Complete copies of Budget 2005 and the 2005-08 Government of Alberta Business Plan are available at www.finance.gov.ab.ca or by calling toll free (310-0000) 427-3035

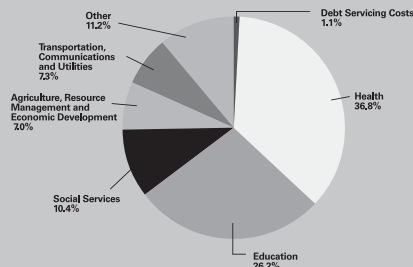
2005 BUDGET

Investing in the Next Alberta

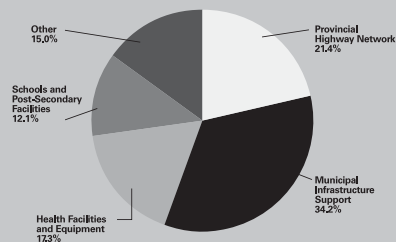
2005-06 Revenue
\$27.3 Billion



2005-06 Expense
Expense by Function
\$25.8 Billion



2005-08 Capital Plan
\$9.2 Billion



Source: Alberta Finance



2005 BUDGET

Investing in the Next Alberta



Budget in Brief





This year, Albertans celebrate the province's centennial and mark the next stage in Alberta's development. With the accumulated debt eliminated, this year there's an improved opportunity to invest in learning, innovation, competing in the global marketplace, and making Alberta the best place to live, work and visit, as laid out in Alberta's 20-year strategic plan: *Today's Opportunities, Tomorrow's Promise*.

BUDGET 2005	2005-2006 ESTIMATE (millions)
Revenue	\$27,346
Resource revenue	\$7,680
Total expense	\$25,826
Surplus (net revenue)	\$1,520

ADVANCED EDUCATION

Strengthening the advanced education system is a top priority, and major investments in **access, affordability** and **facilities** aim to provide Albertans with the best access and highest rate of post-secondary education in Canada.

Over the next three years, program **funding** will increase by almost 30 per cent to \$1.9 billion. In addition, about \$469 million in post-secondary capital projects will be supported over the next three years.



New spaces will be added to universities, colleges, technical institutes, and apprenticeship and other programs. The government will pay September 2005 tuition increases at public institutions and a new tuition policy will be in place in 2006. Funding for scholarships, bursaries, and grants will rise.

An advanced education endowment is being established in the Heritage Fund. This endowment is targeted to grow to \$3 billion over time, with an initial \$250 million allocation in 2005-06.

BASIC EDUCATION

Excellence in basic education remains a high priority, and implementation of the Learning Commission recommendations continues.

Program funding will increase 7.1 per cent to provide increased flexibility to address local needs. **Class size reductions will continue**, as funding will support an expected hiring of more than 1,000 teachers over the next two years. In total 2,265 teachers will have been hired since 2004.

This allows school boards to meet the Learning Commission recommended class size guidelines in the 2006-07 school year. As well, about \$644 million in school capital projects will be supported over three years.



HEALTH

Over \$9.5 billion, about 37 per cent of the Alberta budget, will go to health spending.

Health authority base operating grants will increase by \$572 million, or 11.3 per cent. The new Mental Health Innovation Fund will receive \$25 million per year over three years, and \$10 million this year will increase the number of hours of nursing care in long-term care facilities. Alberta Cancer Board funding will increase 25 per cent to nearly \$240 million. Over the next three years, \$1.6 billion in health capital projects, equipment and information systems will be supported.



Investing in the Alberta Advantage

- 12th consecutive balanced budget, first with accumulated debt eliminated.
- Deficits remain against the law; no new debt to increase operating spending permitted.
- Over three years, the Heritage Fund will receive \$667 million for inflation proofing.
- Medical Research Endowment Fund to receive \$500 million over three years.
- Alberta is Canada's low-tax province.
- Economic growth forecast at 3.7 per cent in 2005.
- Job growth to average 33,400 per year through 2008.

HELPING ALBERTANS

Funding for social service programs will increase by \$205 million, or 8.3 per cent, to \$2.7 billion. AISH funding will rise \$80 million for an increase in monthly income benefits, other program enhancements, and higher caseloads and health benefit costs. Services for children, assistance to Persons with Developmental Disabilities, and health benefit programs for children in low-income families and eligible adults will also see increased funding.

SENIORS

Seniors will benefit from a range of initiatives:

- \$42 million will enhance dental and optical assistance;
- protection from increases in school property tax;
- \$6 million increase for seniors lodges;
- \$50 million over two years to add affordable supportive living units in rural Alberta;
- in 2004, the province exempted seniors from health care insurance premiums and enhanced the Alberta Seniors Benefit.



SAFE COMMUNITIES

More police will be on Alberta's streets as new funding provides for the largest single-year increase of police officers in 20 years. Nearly 200 police officers, including more than 100 RCMP, will be added in 2005-06. Funding will also increase to fight organized crime and provide secure courtrooms and prisoner transfers.

INNOVATION

Over the next three years, \$250 million will be provided through the endowment funds for medical, and science and engineering research. Over the next five years, \$200 million will be provided to encourage the development of innovative technologies to enhance oil and gas recovery.