

March 24, 2004



Budget 2004

On Route On Course – *Heading Toward Alberta's Second Century*

Budget 2004 Highlights

- Accumulated debt will be reduced by another \$1 billion to \$2.7 billion by the end of 2005-06.
- This is Alberta's eleventh consecutive balanced budget.
- Health and Wellness program spending will increase by 8.4 per cent to \$8 billion in 2004-05.
- Learning program spending will increase by 5.7 per cent to \$5.3 billion in 2004-05.
- The 2004-07 Capital Plan will directly support \$6.5 billion in capital projects.
- Provincial support for policing will increase by \$58 million or 50 per cent to \$174 million in 2004-05.
- \$13 million has been set aside in 2004-05 to begin shifting governance and funding responsibility for ground ambulance services from municipalities to health regions. In 2005-06, funding will increase to \$55 million per year.
- Indexing of Alberta's 10 per cent single -rate personal income tax system against inflation will continue in 2004, saving Albertans about \$150 million.
- Effective April 1, 2004 the general corporate income tax rate will be reduced from 12.5 per cent to 11.5 per cent and the small business rate will be cut from 4 per cent to 3 per cent, saving Alberta businesses \$142 million in 2004-05.
- School property tax rates will be cut by about 2.3 per cent, saving Albertans and Alberta businesses about \$20 million.
- Alberta's economic growth is expected to increase to 3.6 per cent in 2004.
- 42,700 new jobs are expected in 2004.

Edmonton... Alberta heads toward its next century backed by a strong fiscal framework, a commitment to fund priority programs and services, and a long-term vision that builds on Alberta's strengths and creates new opportunities. The government's 2004-07 fiscal plan was unveiled today as Finance Minister Patricia Nelson tabled *Budget 2004* in the legislature.

“It is an appropriate time to reflect on our accomplishments,” said Nelson. “Elimination of the debt is within sight. The government is the only one in Canada whose financial assets exceed its liabilities. We have the lowest debt servicing costs relative to spending and the lowest tax burden in Canada. Albertans have supported us when tough decisions needed to be made and those decisions have resulted in Alberta having the strongest fiscal position of any government in Canada.”

“We have a fiscal framework in place that protects priority programs from swings in energy revenue. The Sustainability Fund is working. It has paid for emergencies and disasters and provided Albertans with relief from high energy prices, all without impacting ongoing programs and services. That is exactly what the Sustainability Fund was designed to do.”

FISCAL SUMMARY (millions)

	2003-04 Forecast	2004-05 Budget Estimate
Revenue	\$25,338	\$22,952
Resource Revenue	\$7,446	\$4,784
Expense	\$22,011	\$22,649
Oil Price (WTI US\$/bbl)	\$30.75	\$26.00
Natural Gas Price (Cdn\$/mcf)	\$5.64	\$4.20

Strategic Plan

The government’s twenty-year strategic plan, *Today’s Opportunities, Tomorrow’s Promise*, was released as part of *Budget 2004* and was designed with Albertans’ priorities in mind. Alberta’s solid fiscal position is the foundation from which the government will build for the future. The strategic plan is built around four pillars. The pillars are:

- **unleashing innovation,**
- **leading in learning,**
- **competing in the global marketplace, and**
- **making Alberta the best place to live, work and visit.**

See attached backgrounders.

Learning

A key component of the strategic plan is the need for well-educated and skilled citizens. “Alberta’s students are already recognized as some of the best in the world, and we want to stay on top,” said Nelson. “Alberta Learning’s program spending will increase by \$284 million, or 5.7 per cent, to \$5.3 billion in 2004-05 to help address government-supported recommendations from Alberta’s Commission on Learning and improve post-secondary access.”

Health

Health and Wellness spending will increase by \$618 million or 8.4 per cent in 2004-05 to \$8 billion. We are spending more than double what the government spent on health programs nine years ago. “Health spending accounts for the largest share of total government spending,” said Nelson. “In 2004-05, health will account for 38 per cent of the total government program budget. These increases are simply not sustainable. The time for meaningful health reform is now.”

Capital Plan

People have been drawn to Alberta’s prosperous economy, creating pressure on existing infrastructure and the need for new development. The 2004-07 Capital Plan supports \$6.5 billion in capital spending, an increase of about \$900 million from the 2003-06 Capital Plan. The 2004-07 Capital Plan includes ongoing capital commitments and new projects. “That amounts to \$3.5 billion in support for school boards, post-secondary institutions, health authorities, municipalities and other local authorities and organizations,” said Nelson. “Another \$3 billion will go toward provincially owned infrastructure primarily Alberta’s roads and highways.”

Strong, Safe Communities

This government is committed to developing strong, safe communities. To that end, another \$58 million will go towards policing programs to help ease policing costs for Alberta’s municipalities in 2004-05. This includes \$16.5 million that was reallocated from the Unconditional Municipal Grant program. Municipalities with populations under 5,000 will no longer pay for policing and there will be \$16 per capita policing grants for all municipalities that are required to pay.

The government will begin the process of shifting governance and funding responsibility for ground ambulance services from municipalities to health regions. In 2004-05, \$13 million has been set aside to begin this change. Funding will rise to \$55 million per year in 2005-06.

For media inquiries, please contact:

Jerry Bellikka
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(780) 427-5364
(780) 718-5699 (cell)

Attachments:

Backgrounder: Charts and Graphs

Backgrounder: Budget Summary by Ministry

Backgrounder: Unleashing Innovation

Backgrounder: Leading in Learning

Backgrounder: Competing in the Global Marketplace

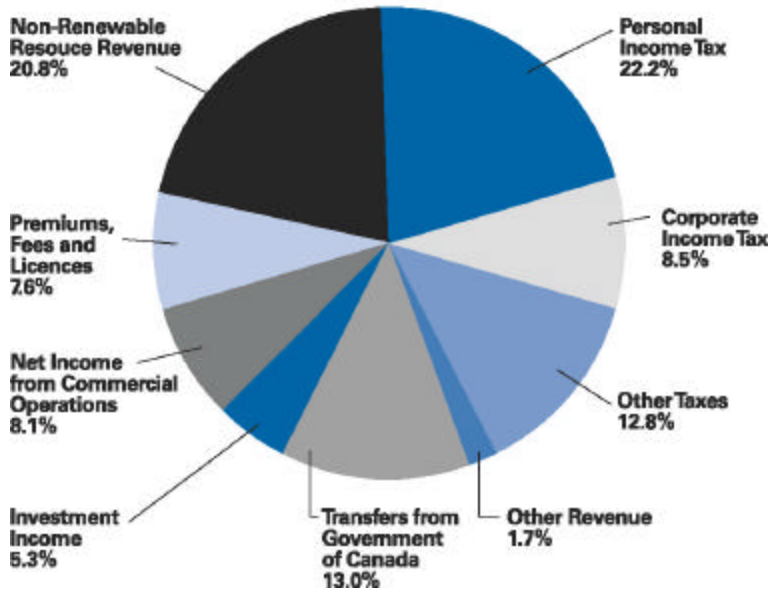
Backgrounder: Making Alberta the Best Place to Work, Live and Visit

Editor's Note: Electronic versions of all news releases, graphs and charts and the *Budget 2004* logo can be downloaded from the Alberta Finance website at <http://www.finance.gov.ab.ca>. As well, photographs of Minister Nelson and audio clips from the news conference can be downloaded from the same address.

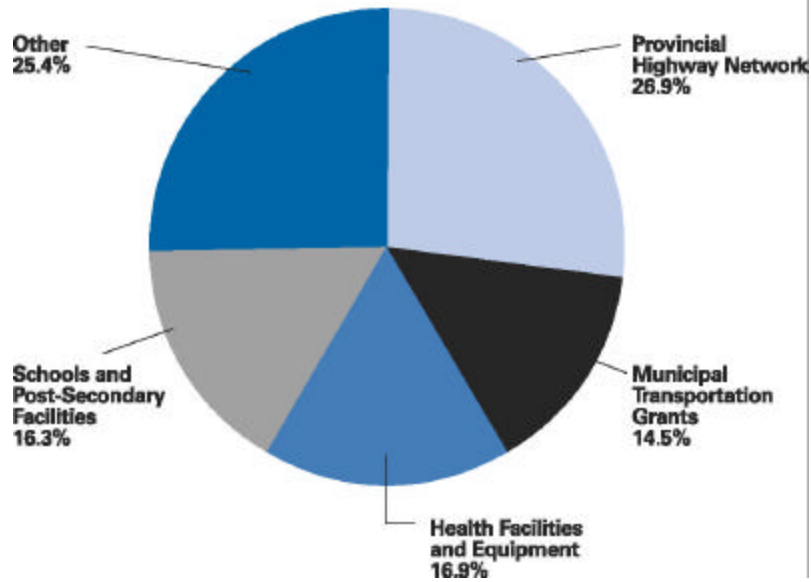
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2004-05 Revenue \$23 Billion



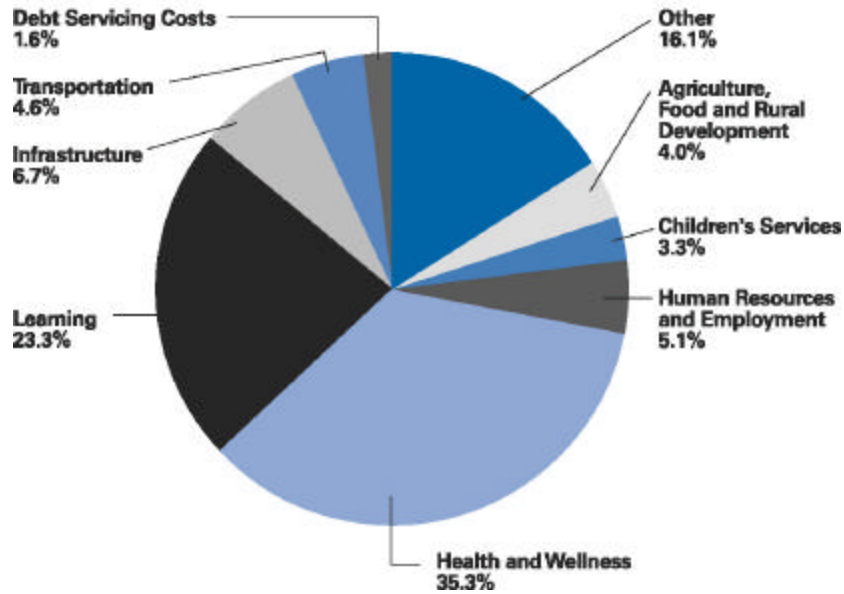
2004-07 Capital Plan \$6.5 Billion



2004-05 Expense

Expense by Ministry

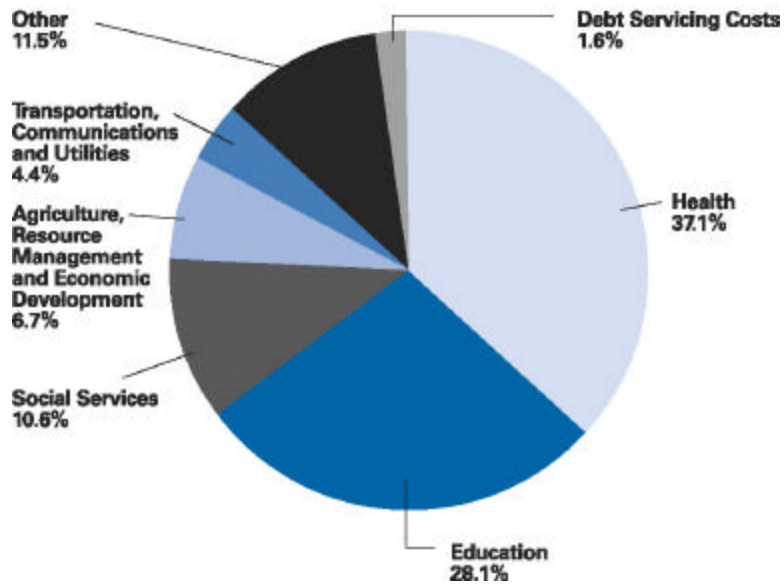
\$22.6 Billion



2004-05 Expense

Expense by Function

\$22.6 Billion



Interprovincial Tax and Health Care Insurance Premium Comparison, 2004

(dollars)

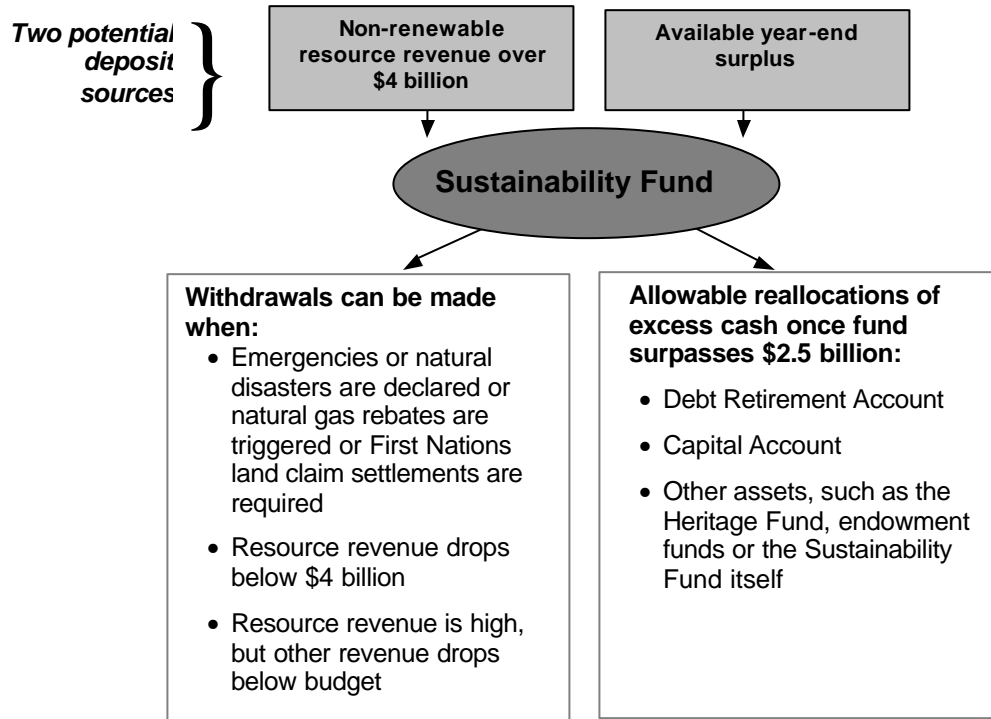
	AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
Employment Income of \$30,000 – One Income Family with Two Children										
Provincial income tax	(840)	299	534	515	(380)	(769)	1,089	976	1,112	1,441
Provincial sales tax	—	702	544	810	982	1,297	1,032	1,052	1,242	1,244
Health care premium	201	583	—	—	—	—	—	—	—	—
Payroll tax	—	—	—	226	273	636	—	—	—	179
Fuel tax	270	435	450	345	441	456	435	465	420	495
Subtotal	(369)	2,019	1,528	1,896	1,316	1,620	2,556	2,493	2,774	3,359
Tobacco tax	800	895	800	775	493	515	588	651	748	750
Total	431	2,914	2,328	2,671	1,809	2,135	3,144	3,144	3,522	4,109
Alberta Advantage		2,483	1,897	2,240	1,378	1,704	2,713	2,713	3,091	3,678
Employment Income of \$60,000 – Two Income Family with Two Children										
Provincial income tax	1,971	1,896	2,936	3,106	1,478	2,089	3,182	3,065	3,312	3,645
Provincial sales tax	—	1,031	788	1,167	1,426	1,834	1,515	1,542	1,819	1,829
Health care premium	792	972	—	—	—	—	—	—	—	—
Payroll tax	—	—	—	452	547	1,271	—	—	—	357
Fuel tax	405	653	675	518	662	684	653	698	630	743
Subtotal	3,168	4,552	4,399	5,243	4,113	5,878	5,350	5,305	5,761	6,574
Tobacco tax	800	895	800	775	493	515	588	651	748	750
Total	3,968	5,447	5,199	6,018	4,606	6,393	5,938	5,956	6,509	7,324
Alberta Advantage		1,479	1,231	2,050	638	2,425	1,970	1,988	2,541	3,356
Employment Income of \$100,000 – Two Income Family with Two Children										
Provincial income tax	5,264	4,556	6,873	7,681	4,559	8,455	7,508	7,185	7,516	8,556
Provincial sales tax	—	1,582	1,185	1,740	2,149	2,637	2,269	2,315	2,732	2,723
Health care premium	792	972	—	—	—	—	—	—	—	—
Payroll tax	—	—	—	754	911	2,119	—	—	—	596
Fuel tax	405	653	675	518	662	684	653	698	630	743
Subtotal	6,461	7,763	8,733	10,693	8,281	13,895	10,430	10,198	10,878	12,618
Tobacco tax	800	895	800	775	493	515	588	651	748	750
Total	7,261	8,658	9,533	11,468	8,774	14,410	11,018	10,849	11,626	13,368
Alberta Advantage		1,397	2,272	4,207	1,513	7,149	3,757	3,588	4,365	6,107

Calculations are based on other provinces' tax parameters known as of February 27, 2004.

Assumptions:

- Business is assumed to bear between 25% and 60% of the provincial sales tax, depending upon the provincial tax regime.
- Health care insurance premiums are net of premium subsidies.
- In provinces that impose payroll taxes, 75% is assumed to be borne by employees and 25% by employers. The same 75/25 split is assumed for the net health care insurance premiums.
- Fuel tax is based on estimated consumption of 3,000 litres per year for one-income families and 4,500 litres for two-income families.
- Tobacco tax is based on estimated consumption of 100 packs per adult per year.
- RRSP/RPP contributions of \$1,000, \$7,800 and \$13,500 are included in the calculation of personal income tax for the \$30,000, \$60,000 and \$100,000 families, respectively.
- For two-income families, income and RRSP/RPP contributions are split 60/40 between the two spouses.
- The children in each family are assumed to be 6 and 12 years old.

How the Sustainability Fund Works



For media inquiries, please contact:

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Budget Summary by Ministry

Aboriginal Affairs and Northern Development

The 2004-05 budget of \$35.7 million is a slight increase over the 2003-04 forecast of \$35.3 million. Beginning with the 2004-05 budget, an additional \$2 million per year has been added to assist First Nations with their capacity to fully participate in the development of the government's consultation policy and other Aboriginal initiatives.

For information, contact Jay O'Neill (780) 415-0876.

Agriculture, Food and Rural Development

Total Ministry spending for 2004-05 is budgeted at \$908 million, compared to the 2003-04 forecast of \$1,628 million. Last year's forecast includes \$776 million in one-time disaster spending, including federal transfers, related to BSE.

Budget 2004 provides additional improvements to risk management programs and continued implementation of the Agricultural Policy Framework, which will be partially offset by federal contributions. The budget is expected to exceed \$1 billion in 2005-06 and 2006-07.

For information, contact the Alberta Ag Media Line (780) 422-1005.

Children's Services

The Ministry's 2004-05 budget is \$742 million, up \$33 million from the 2003-04 forecast. By 2006-07, Children's Services will spend \$784 million. The 2004-05 budget invests \$78 million toward caring for children with disabilities, \$20 million toward the prevention of family violence, \$8 million toward resources that support parents in giving their children a healthy start in life and \$6 million toward stopping the sexual exploitation of children.

Regional Child and Family Services Authorities' spending will increase \$9 million from last year for delivery of quality services for children, youth and families across Alberta. Family and Community Support Services' spending will also increase by \$3 million in 2004-05 to address population growth across the province and delivery of services to more municipalities.

For information, contact Lorelei Fiset-Cassidy (780) 427-4801.

Community Development

Community Development's program expense in 2004-05 will be \$691 million, an increase of 7.8 per cent or \$50 million from 2003-04. Spending for Persons with Developmental Disabilities (PDD) will increase \$25 million or 5.6 per cent in 2004-05, rising from \$443 million to \$468 million to provide for growth in the number of PDD recipients and other cost increases.

An additional \$30 million is being provided for Alberta's 2005 Centennial and includes \$26 million for Centennial Legacy and Partnership Grant. As well, \$6 million will be spent for recognition, awareness and celebratory activities including a Royal Visit in the Centennial year.

The Ministry capital investment budget includes an additional \$21 million to be spent over three years for upgrading Alberta's provincial parks. Of this \$21 million, \$16 million will be used to repair and upgrade water and sewage treatment facilities as part of the government's *Water for Life* strategy.

For information, contact Kathy Telfer (780) 427-2395.

Economic Development

The Ministry's 2004-05 budget will be \$57.5 million. This reflects ongoing funding for tourism marketing and development, which will be increased to \$24 million to help Alberta's tourism industry increase our share of the tourism market.

Tourism marketing will continue to be improved and further growth and expansion of marketable tourism products will be encouraged. In addition, the Ministry will focus on providing strategic economic leadership and business intelligence; industry and regional development, trade promotion and investment attraction; and tourism marketing and development. The department will lead the government's new economic development strategy, *Securing Tomorrow's Prosperity*, a market driven value-added strategy with a long-term vision to upgrade primary resources, expand manufacturing, develop business services and foster growth in Alberta's knowledge-based sectors.

For information, contact Mark Erdman (780) 427-0528.

Energy

Spending for 2004-05 is \$191 million, a decrease of \$7 million from 2003-04. The decrease is due primarily to a forecast reduction in orphan well abandonment activities.

For information, contact Gordon Vincent (780) 422-3667.

Environment

In 2004-05, the Ministry's program expense will approach \$125 million, a slight increase from 2003-04. However, the one-time cost of about \$6 million of the Western Irrigation District Agreement will not continue in 2004-05.

An additional \$15 million – or \$5 million per year over the next three years – has been provided starting in 2004-05 for implementation of the *Water for Life* strategy. This initial investment will be used for improving Alberta's drinking water supply, enhancing water management and watershed planning, developing evaluation and information support, and establishing water advisory councils, among other activities. In addition, over the next three years, the Ministry will have capital investment of \$9 million to expand its network of water monitoring stations across the province.

A total of \$6 million is budgeted in 2004-05 for initiatives related to implementing Alberta's action plan on climate change, and ongoing support for Climate Change Central. Funding for Alberta's Climate Change Action Plan will increase to \$13 million in 2005-06, including funding from Innovation and Science.

For information, contact Val Mellesmoen (780) 427-2848.

Executive Council

Executive Council's budget for 2004-05 is \$21 million, up from \$19 million in 2003-04. This increase is primarily for the recently formed Office of the Chief Internal Auditor.

For information, contact Gordon Turtle (780) 427-9229.

Finance

Ministry spending will be \$438 million, \$5 million less than 2003-04. This decrease is due to an \$8 million reduction in interest costs of the Alberta Capital Finance Authority. Spending increases totaling \$3 million resulting from increased pension payments due to cost of living increases and previously deferred pensions being activated for the Closed Management Plan partially offset the decrease.

For information, contact Jerry Bellikka (780) 427-5364.

Gaming

Gaming's expenses in 2004-05 will be \$165 million, an increase of \$19 million over 2003-04 mainly for higher spending in Lottery-funded programs, including: an \$8 million increase in the Racing Industry Renewal Initiative; a \$5 million increase to charities from electronic bingo and keno proceeds; a \$2 million increase for various community projects; and a \$4 million increase for the First Nations Development Fund.

Gaming's expenses will grow to \$201 million in 2005-06 due mainly to a \$36 million increase for the First Nations Development Fund reflecting full year operations of First Nations casinos. Net revenue from gaming and liquor operations is expected to increase to \$1.7 billion in 2004-05, \$57 million higher than 2003-04. Liquor and other revenues are projected to remain flat.

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

Government Services

The 2004-05 budget for Government Services will be \$93 million, up \$5 million from 2003-04. The increase is mainly for the full-year operation of the Utilities Consumer Advocate's office and to address the customer service pressures facing land titles.

For information, contact Ryan Cromb (780) 415-6051.

Health and Wellness

Program expense for 2004-05 will reach \$8 billion, up \$618 million or 8.4 per cent over 2003-04. Future increases of 5.7 per cent and 3.8 per cent will bring Ministry spending to almost \$8.8 billion by 2006-07.

In 2004-05, health authorities will receive an increase of 8.4 per cent or \$390 million, accounting for close to two-thirds of the total Ministry increase. Of this increase, \$38 million is for highly specialized, province-wide services like cardiovascular surgery, neurosurgery, major organ transplants, renal dialysis and psychogeriatric services. The other \$352 million is for increases in operating grants to health authorities, including targeted funding for mental health services that will support treatment and care. A new provincial mental health plan will strengthen services for Albertans with mental illness.

An increase of \$45 million will support health reform to meet Albertans' needs in more collaborative and innovative ways. This includes building Alberta's primary health care capacity, expanding the *Healthy U* public education campaign, and providing alternative funding for academic medicine. It also includes \$13 million to support transferring ground ambulance services to health authorities, with annual funding to rise to \$55 million in 2005-06.

An increase of \$76 million is budgeted largely for volume and cost increases of drug benefits to seniors. As well, an increase of \$67 million will be spent for Alberta's tri-lateral agreement among government, physicians and health regions. This covers fee increases and support to implement local primary care. An increase of \$40 million is also being spent largely to meet increased costs for human tissue and blood products, ambulance services, out-of-province health costs, AADAC, and Allied Health Services like chiropractic, optometry, podiatry and oral surgery. Also, the Ministry will have nearly \$67 million in 2004-05 for capital investment, largely for information technology systems such as the Electronic Health Records and the Pharmaceutical Information Network.

For information, contact David Dear (780) 427-7164.

Human Resources and Employment

Ministry spending of just over \$1.1 billion in 2004-05 includes \$818 million to help people in need, \$285 million to help people train for work, and \$23 million to help keep workplaces safe, fair and stable. The 2004-05 budget is an increase of \$15 million over 2003-04. Further increases of \$14 million and \$9 million are planned for 2005-06 and 2006-07. The additional funding will address anticipated growth in program caseloads and health benefit costs.

For information, contact Janice Schroeder (780) 427-5585.

Infrastructure

Alberta Infrastructure's expense is increasing by 6.6 per cent to over \$1.5 billion in 2004-05. As well, the Ministry's capital investment in 2004-05 will be \$205 million, an increase of \$142 million over 2003-04. Highlights include funding of \$598 million for operations, \$298 million for preservation and \$528 million for expansion.

For information, contact Mark Cooper (780) 422-0506.

Innovation and Science

The 2004-05-program expense is \$205 million, an increase of \$16 million over 2003-04.

\$33 million over three years, beginning with \$7 million in 2004-05 increasing to \$15 million by 2006-07 will be used to support efforts to develop innovative ideas and initiatives that improve service delivery to Albertans or encourage innovation in the Alberta economy. The remaining increase is primarily due to amortization of Alberta SuperNet starting in 2004-05.

The Ministry's 2004-05 capital investment of \$48 million is \$14 million higher than 2003-04. While some 2003-04 capital investment in Alberta SuperNet was deferred because of construction delays, SuperNet is expected to be substantially complete in 2004-05.

For information, contact Glenn Guenther (780) 427-0285.

International and Intergovernmental Relations

Ministry spending will be approximately \$8.5 million in 2004-05, a \$2 million increase from 2003-04. The increase is for establishing and operating the new Alberta Office in Washington, D.C., and for Alberta's participation in the Council of the Federation.

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

Justice

The Ministry's 2004-05 budget is approximately \$283 million, an increase of nearly \$19 million or 7.1 per cent from 2003-04. This includes increases for the Maintenance Enforcement Program in 2004-05, Legal Aid, and traffic ticket processing.

For information, contact Michael Shields (780) 427-8530.

Learning

Ministry program spending will reach almost \$5.3 billion, an increase of \$284 million or 5.7 per cent over 2003-04. By 2006-07, Ministry program spending will exceed \$5.7 billion, a three-year increase of \$734 million or 14.7 per cent. Combined with property tax support to school boards that opt out of the Alberta School Foundation Fund, total support to the learning system will exceed \$5.9 billion by 2006-07, a three-year increase of \$763 million.

For information, contact Bart Johnson (780) 427-5196.

Municipal Affairs

Program spending in 2004-05 is \$123 million. This budget includes a reduction of \$16.5 million that is being reallocated from the existing Unconditional Municipal Grant program to the Solicitor General's department for policing and continuation of the *ME First!* program to provide \$100 million in interest-free loans to Alberta municipalities for energy efficiency improvements.

For information, contact Irwin Huberman (780) 415-6121.

Revenue

Expense will be \$162 million in 2004-05, a net increase of \$4 million from 2003-04.

In 2004-05, interest on corporate income tax refund reassessments is expected to be \$10 million less than 2003-04 as 2003-04 included the settlement of several major appeals. Settlements are expected to return to more normal levels in 2004-05.

The Alberta Heritage Science and Engineering Research Endowment Fund spending will increase in 2004-05 for increased grants. In addition, the Alberta Heritage Foundation for Medical Research Endowment Fund will also provide increased grants for medical innovation projects.

For information, contact Cathy Housdorff (780) 422-4591.

Seniors

Program spending in 2004-05 of \$429 million is \$27 million higher than 2003-04. Adjusting for \$14 million of one-time spending in 2003-04 to address seniors' energy utilities costs and housing agencies' operations and maintenance costs, the increase is \$41 million.

About \$11 million will be added to fund expected increases in the number of eligible seniors under the Alberta Seniors Benefit and the full-year cost of assistance with the August 1, 2003 increase in long-term care accommodation rates. Another \$10 million will be added to seniors' funding. Details of how this funding will be allocated will be announced in the near future. The Lodge Assistance Program, which subsidizes lodge accommodation rents for lower to middle-income seniors, will also be increased by \$1.5 million to ensure rents remain affordable to these seniors.

Also within the 2004-05 budget, \$51 million has been allocated to the Canada-Alberta Affordable Housing Program, an increase of \$10 million over last year. The \$51 million is composed of \$25.6 million in new provincial funding to be matched by federal funding. Over the five-year agreement, the provincial and federal government will have each contributed \$67 million to this joint initiative to increase the supply of affordable housing in the province.

For more information, contact Jan Berkowski (780) 415-9950.

Solicitor General

Solicitor General's 2004-05 budget is \$346 million, an increase of over \$62 million or 22.1 per cent over 2003-04.

In 2004-05, \$174 million will be provided for policing programs, an increase of about \$58 million from 2003-04. This includes \$16.5 million being transferred from the Unconditional Municipal Grant program in Municipal Affairs. This increase supports a new funding model for policing under which municipalities with populations of 5,000 or less will no longer pay for policing. Municipalities that pay for policing will receive a new \$16 per capita grant to assist with these costs. Costs of the new per capita grant program are budgeted at \$37 million in 2004-05.

For information, contact Peter Tadman (780) 427-6153.

Sustainable Resource Development

Ministry's 2004-05 budget is nearly \$205 million. Last year's forecast includes \$128 million in one-time disaster spending for wildfire suppression. Aside from this and some minor changes, base funding for Ministry programs remains relatively unchanged from 2003-04.

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

Transportation

The Ministry's expense for 2004-05 is over \$1 billion, an increase of \$166 million or 19 per cent from 2003-04. The Ministry's capital investment will be \$501 million in 2004-05, an increase of \$94 million or 23 per cent from 2003-04. The capital investment includes initial statutory funding of \$24 million for the potential public-private partnership to build the southeast portion of the Edmonton ring road. This overall increase demonstrates the government's continued commitment to preserve and improve Alberta's transportation network.

For information, contact Leanne Stangeland (780) 415-1841.

For media inquiries, please contact:

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Unleashing Innovation

Edmonton... A key to maintaining a strong and vibrant economy is the ability to create new opportunities by applying knowledge and technology. But as Albertans work to unleash their full potential, we must also manage our resources wisely for future generations.

Efficient and Effective Use of Resources

Government investment in research has played a major role in creating the prosperous Alberta that we know today. The Alberta Science and Research Authority (ASRA) continues to direct the province's strategic priorities in research and innovation. Furthering work done by ASRA, private and public sector partners across Canada are working together to develop an integrated approach to innovation in priority areas, such as oil sands upgrading, clean coal technology, carbon dioxide management, enhanced conventional oil and natural gas, water management and alternative energy.

Groundwork established by the Alberta Energy Research Institute is leading to the extraction of natural gas from coal; the enhanced recovery of oil and gas through CO₂ injection and sequestration; cleaner burning coal-fired technology; and a reduction of cost inputs into the oil sands that could soon be a reality. Alberta is also actively involved in developing alternate sources of energy, improving energy efficiencies and pursuing new emissions reductions technologies. For example, improved technologies will have the potential to discover as much new oil and gas as has already been produced. Alberta is now the number one wind power producer in Canada, generating more than half of Canada's total wind generation. This includes Canada's largest wind farm, a new 114 turbine facility at McBride Lake.

The government remains committed to consultation with First Nations on resource development. The introduction of a made-in-Alberta approach, based on input from First Nations and industry, will bring the clarity each has sought.

Improving Quality of Life

The province continues to garner international attention for work being done to improve the quality of life for thousands of people. The 2004-07 Capital Plan includes ongoing funding for innovative and state-of-the-art facilities such as the Health Research Innovation Centres in Edmonton and Calgary, and the Alberta Heart Institute in Edmonton. These facilities will keep Alberta at the forefront of research and attract world-class medical experts. Technologies like HealthLink, telehealth and the Electronic Health Record will continue to be developed and expanded. Alberta's Electronic Health Record will be expanded, so more service providers have immediate access to relevant and accurate patient information to make the best care decisions.

.../2

Thinking Outside the Box

Government investment in research has played a major role in creating the prosperous province we know today. The Alberta Science and Research Authority continues to direct the province's strategic priorities in research and innovation in such initiatives as:

- continuing to implement the Life Sciences Strategy which will include working towards creating a Life Sciences Institute that will link, coordinate, and encourage cross-sectoral research and development taking place in such areas as agriculture, environment, forestry, health, bioenergy, and water research.
- working toward a new Prion Research Program, which will use cooperative research with an initial focus on Bovine Spongiform Encephalopathy (BSE).
- developing an Information and Communications Technology (ICT) Institute. The ICT Institute will guide research and innovation and will encourage expertise in Alberta's growing ICT sector.

Unleashing innovation isn't a new concept for Alberta's agriculture producers. It's key for many of them to overcome and profit from challenges within their industry. Two initiatives will continue to foster that innovation: the building of a business incubator next to the Food Processing Development Centre in Leduc, and the continued development of the Institute of Food and Agricultural Sciences, Alberta. The research institute is a partnership between the government, the University of Alberta, and the Alberta Research Council.

Paving the Way for Future Infrastructure

The Alberta government is looking at alternative approaches to get construction projects completed sooner. The province's first public-private partnership highway project is on track for construction to begin this fall. Completing the southeast leg of Edmonton's ring road, using the P3 model developed for Alberta, will result in the work being done sooner than with traditional funding methods.

Broadening Albertans' Horizons

Work continues to build Alberta SuperNet. The Government of Alberta project will bring high speed, broadband service to 4,200 facilities in 422 communities across the province. Albertans will have access to a wide range of information, programs and services, including improved access to learning opportunities, government and health information and research materials.

For media inquiries, please contact:

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March 24, 2004

Budget 2004



Leading in Learning

Edmonton... Budget 2004 reinforces government's commitment to leading in learning with a nearly \$300-million increase in funding to the learning system in 2004-05 and more than \$1 billion over the next three years for schools and post-secondary capital projects.

Funding Support

In fiscal 2004-05, support to the basic and post-secondary learning systems will increase \$294 million, or 5.7 per cent over the 2003-04 forecast, to over \$5.4 billion. This includes base program spending by the Ministry of Learning of nearly \$5.3 billion, an increase of \$284 million, and property tax support to opted-out school boards totaling \$171 million, an increase of \$10 million.

This increase in base annual support is over and above increases of \$76 million injected during the course of the 2003-04 budget year to respond to supported recommendations of Alberta's Commission on Learning, to create new post-secondary spaces in high-demand areas, and address other pressures. Responding to the Commission's recommendations and increasing access to post-secondary and apprenticeship programs continues to be the primary foci in 2004-05, as government works to strengthen our learning system to ensure it remains among the best in the world.

It is a focus that will continue in the coming years as spending on the learning system, including property tax support, grows to \$5.9 billion by 2006-07 – a three-year increase of \$763 million, or 14.8 per cent.

"Government has said education is a top priority, and Budget 2004 confirms it," Learning Minister Dr. Lyle Oberg said. "We already have one of the best education systems in the world. But we can't rest on our laurels if we want to continue to lead in learning. We must work even harder to make sure the students of tomorrow enjoy the advantages our students do today, and that we have the skilled and knowledgeable workforce we will need to compete in the future."

New Funding Framework

To better meet the needs of school boards and their students, government is introducing a new funding framework beginning September 2004. The framework will provide funding to school boards according to their unique circumstances, with additional dollars for students with special needs, Aboriginal students, and English as a Second Language (ESL) students, as well as for school boards with higher cost pressures, smaller schools and declining enrollments.

Under this framework, boards will have the flexibility to use their funding at their discretion to address local needs and priorities, including issues such as class size and other supported recommendations from the Commission. They will also be required to account to their constituents for how those dollars are spent.

Budget highlights in basic learning include:

- Total ongoing basic learning support will increase \$216 million (5.8 per cent) to \$3.9 billion in the 2004-05 fiscal year (over 2003-04 forecast).
- This increase does not take into account funding that was injected into the system during the 2003-04 budget year. Including those funding hikes, ongoing support to the K-12 system will be more than \$250 million higher this budget year than the original budget for 2003-04.
- Total ongoing basic learning support will grow to \$4.3 billion by 2006-07, including property tax support to opted-out boards, a three-year increase of \$607 million (16.4 per cent).
- School board support will increase \$189 million (6.0 per cent) in 2004-05 to almost \$3.4 billion. This excludes a \$20 million one-time allocation provided to school boards in 2003-04 to purchase classroom resources. By 2006-07, school board support will be \$3.7 billion, a three-year increase of \$532 million (16.8 per cent).
- Funding to private schools will increase \$4.4 million (3.7 per cent) to \$121 million.
- Funding for Student Health Services will increase \$4.4 million (13.3 per cent) to \$37 million.

Better Meeting the Needs of Students

Work will also continue on implementing new second-language and physical activity and wellness programs in the coming year. As well, government will undertake a number of technology initiatives, including videoconferencing, to better meet the needs of students in all corners of the province.

Adult Learning

In adult learning, all public universities, colleges and technical institutes will receive a base operating grant increase of 4.0 per cent in 2004-05. In addition, government will create 2,000 new spaces over the next four years in high-priority areas, enhance its world-leading apprenticeship programs, and implement the *Post-Secondary Learning Act* to increase access to degree-granting programs. Government will also provide \$7 million in additional annual operating funding to support the merger of the University of Alberta and Augustana University College in Camrose. This merger will support more than 1,200 degree-completion opportunities to meet the increasing demand for post-secondary education in rural Alberta.

Budget highlights in adult learning include:

- Adult learning funding will increase \$93 million (7.2 per cent) to nearly \$1.4 billion in 2004-05; and to nearly \$1.5 billion by 2006-07, a three-year increase of \$166 million (12.8 per cent).
- Ongoing support to post-secondary institutions will increase \$85 million (7.5 per cent) to more than \$1.2 billion in 2004-05; and to nearly \$1.3 billion by 2006-07, a three-year increase of \$132 million (11.6 per cent). This excludes \$40 million in one-time allocations for performance and operations and maintenance provided in 2003-04.

- Funding for scholarships, bursaries and grants to students will increase by \$6.2 million, or 10.9 per cent, to \$63 million in 2004-05.
- \$4 million has been budgeted in 2004-05 for the Alberta Centennial Education Savings Plan, which begins January 1, 2005. The program will cost \$20 million a year beginning in 2005-06.

Infrastructure Spending

Budget 2004 will also help alleviate some of province's infrastructure pressures due to the rapid economic and population growth in recent years. The 2004-07 Capital Plan will support \$636 million in school capital projects throughout Alberta. This includes an additional \$163 million in new funding that has been earmarked for yet-to-be-announced additional school facility projects. The Capital Plan will also support \$416 million for post-secondary projects.

Recruiting, Retraining and Rethinking

The province is also working with health regions, professional groups and post-secondary institutions to educate, recruit and retain the needed health workforce. The Aboriginal Bursary Program is one example of the support provided to Aboriginal Albertans entering the health professions. Several Health and Wellness initiatives such as the *Healthy U* public education campaign and Aboriginal Health Strategy work to educate Albertans on healthy choices. The *Healthy U* program will be expanded to include communities and the workplace.

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Competing in the Global Marketplace

Edmonton... Alberta is recognized worldwide as one of the best jurisdictions in North America to do business. In Budget 2004, the government is unveiling numerous initiatives that maintain Alberta's competitive advantage, build on our key markets of energy, agriculture, forestry and tourism and contribute to the development of reliable export markets.

Competitive Tax System

One of the keys to keeping and attracting more business to Alberta is providing a competitive tax environment. In 2004-05, the government will continue with the fourth phase of its corporate tax reduction strategy. Effective April 1, 2004, Alberta's general corporate income tax rate will be reduced from 12.5 per cent to 11.5 per cent, and the small business tax rate will go from 4.0 per cent to 3.0 per cent for a savings for Alberta businesses of \$142 million in 2004-05.

School property tax rates will be cut by about 2.3 per cent, saving Albertans and Alberta businesses about \$20 million. Albertans will also save about \$150 million in 2004 as the government continues to index the 10 per cent single-rate personal income tax system against inflation. Albertans continue to enjoy the lowest overall tax burden in the country.

Improving Trade Relations

The government will continue its efforts to improve the reliability of its export markets. In 2004, the government will open an Alberta office in Washington, D.C. to strengthen our relationship with our largest trade and investment partner. In addition, the province will continue to support Alberta's beef industry organizations' international market recovery activities in the U.S., Mexico, and Asia.

Improving Alberta's Agriculture Industry

Other steps will be taken to restore confidence in Alberta's beef industry. An agricultural policy framework will set out a long-term vision for agriculture in Canada to be the world leader in food safety, innovation and environmentally responsible production. Achieving this will go a long way to setting Canada and Alberta apart from the competition in the global marketplace. This year, Alberta will do its part by investing further in our animal surveillance and food safety programs, and aggressively pursuing marketing choice for our wheat and barley producers.

On the Leading Edge

To remain globally competitive, Albertans must build on the province's considerable strengths in primary commodities. We need to ensure industry and business services become more knowledge-based and innovation driven.

The Alberta government will soon unveil a long-term vision, based on consultation with industry, to ensure our economy is capable of creating higher value jobs, goods and services for Albertans now and into the future.

Beginning with Budget 2004, an Innovation Program will also be established that will fund proposals in support of efforts developing innovative ideas and initiatives that are designed to improve service delivery to Albertans or encourage innovation in the Alberta economy. The government will continue its efforts in the area of research and technology commercialization, which focuses on providing opportunities for Alberta-grown innovative products and services to be developed. Toward that goal, in 2004-05 the Alberta government will be implementing a broad technology commercialization and technology adoption strategy for Alberta.

Ensuring Energy and Environmental Efficiencies

Alberta has a proven track record as a secure and reliable supplier of energy and energy-derived products to the U.S. Whether it's oil, natural gas, coal or electricity, Alberta is an incredible "energy reservoir" and our ability to use, develop and sell is extensive. The province will improve efficiencies within the energy, environmental and resource management regulatory systems while enabling economic growth and environmental quality.

Getting Goods and Services to Market

The government will continue to support and strengthen the economy in all regions of the province through provincially funded Regional Economic Development Alliances. Over 90 per cent of Albertans, including several Aboriginal communities, are now represented in 10 alliances, which enable them to compete globally by marketing their region's collective strengths.

Alberta will continue to explore new initiatives that will add value to our northern communities, enhance relationships with our cross-border partners and increase Aboriginal participation in the provincial economy. To ensure the steady flow of goods, services and consumers along the many highways in the province, the government will continue to invest in the province's strategic economic corridors. The projects include continuing to twin the North-South Trade Corridor and further construction on ring roads in Edmonton and Calgary.

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Budget 2004



Making Alberta the Best Place to Live, Work and Visit

Edmonton... Alberta is a unique province because of its robust economy, low taxes and first-rate programs. To ensure Albertans continue to enjoy the highest possible quality of life, Budget 2004 builds upon the programs and services already in place to assist children, seniors, those with disabilities, and to protect citizens in their municipalities.

Helping Children and Families

The government will continue working with communities to develop strategies at a provincial roundtable in May designed to break the cycle of family violence and bullying. Resources and programs will also be developed to help parents ensure their children get a healthy start and help them to reach their full potential.

The Alberta government will also continue its efforts to stop the sexual exploitation of children by developing a plan to prevent sexual crimes that target children, such as Internet crimes, Internet luring, child pornography and child prostitution. Alberta already has legislation unique to Canada that protects children involved in prostitution. This new strategy will combine, as one initiative, efforts used to fight crimes that sexually exploit children.

Assisting Disabled Albertans and Supporting Seniors

The new Office for Disability Issues will allow government to better coordinate policies and programs for Albertans with disabilities. As a central place to discuss disability issues, provincial government departments and stakeholders will have the opportunity to collaborate on and strengthen long-term planning, including addressing the recommendations within the Alberta Disability Strategy released by the Premier's Council on the Status of Persons with Disabilities.

Alberta Seniors will see increased funding for the Alberta Seniors Benefit to help maintain current levels of programming. In addition, funding for the Lodge Assistance Program, which subsidizes lodge accommodation rents for lower to middle-income seniors, will be increased to ensure rents remain affordable.

Preparing Albertans for Future Success

When people have the opportunity to reach their full potential, Alberta is a place where people want to live and do business. A new program called Alberta Works will provide the help Albertans need whether it is assisting them to find a job or get training. This program also provides health benefits, child support services and income support, including helping people who leave an abusive situation make a fresh start.

Protecting the Public

To ensure the safety of all Albertans, spending on policing programs will significantly increase and include a new funding model. The new model will include new policing grants for all municipalities that pay for policing and raise the population threshold for municipalities required to pay for policing from 2,500 to 5,000. The province will also allocate additional funding to maintain the full complement of RCMP provincial police service officers and increase support for the Integrated Response to Organized Crime unit operated jointly by the RCMP and the Edmonton and Calgary police services.

Helping Albertans Stay Healthy

Budget 2004 ensures Albertans continue to have access to front-line health care services. The Alberta government, physicians and health regions will work together to implement community-based primary care that makes greater use of multi-disciplinary teams. The government will work with regions and providers to offer more community-based care for seniors, persons with disabilities and mental health clients as an alternative to facility-based care. Targeted funding for mental health services will support treatment and care, and a new provincial mental health plan will strengthen services for Albertans with mental illness. Further resources will also be provided to help treat those dealing with gaming, liquor and drug addictions.

To better assist some patients get to the front-line health-care workers, work will begin in 2004-05 to transfer ground ambulance governance and funding responsibility to health regions from municipalities in 2005-06. The newly renamed and expanded Health Quality Council of Alberta will monitor and report to Albertans on system performance and patient safety, and will liaise with the national health council where appropriate.

Safer workplaces make Alberta a better place to work. The Work Safe Alberta initiative is a challenge to reduce workplace injury rates by 40 per cent by the end of 2004. Progress on reducing workplace injuries has already meant 10,000 fewer injuries, and saved \$140 million in medical and compensation costs over the past year. Continuing investments will provide ongoing safety education and enforcement services.

Safe Drinking Water Supply and a Cleaner Environment

Through actions under Alberta's provincial water strategy – *Water for Life* – investments are also being made to improve how we manage Alberta's drinking water supply and in monitoring the quality and quantity of our water supply. A safe drinking water supply is particularly important to provincial parks, which include a number of water systems and water wells. The government will also invest in initiatives to implement Alberta's action plan on climate change and in ongoing support for Climate Change Central.

Consumer Complaints

Alberta's electricity and natural gas consumers have a new voice speaking on their behalf at the highest levels of the provincial government. The Utilities Consumer Advocate and a 10-member council of "everyday Albertans" will work together to provide a coordinated, consistent and effective voice for residential, farm and small commercial consumers in their dealings with electricity and natural gas utilities, and regulatory agencies such as the Energy and Utilities Board.

Reason to Celebrate

Excitement will build as Albertans prepare to commemorate our province's 100th anniversary on September 1, 2005. Albertans will play an important role during our Centennial year as we come together with family, friends and neighbours to observe this important day in our history. Grants will be provided to community organizations and municipalities for recognition, awareness and celebratory activities. Funding is being provided to upgrade community, historic and cultural facilities. As Albertans prepare for the province's second century, increased funding through a tourism framework will help spread the message that Alberta is a "must see" destination. Alberta's new highway tourism signage initiative will ensure Albertans and visitors to the province can easily find their way to tourism attractions and services.

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