re•struc•ture |rē'strək CH ər|

RESTRUCTURING AND GOVERNMENT EFFICIENCY

Annual Report 2004-2005

ef•fi•cient |i'fi

Alberta

Table of Contents

02 Preface

03 Minister's Accountability Statement

04 Message from the Minister

05 Management's Responsibility for Reporting

06 Overview

- 07 Ministry Organization
- 08 Support for Government of Alberta Goals
- 09 Summary of Key Activities

10 Results Analysis

- 11 Deputy Minister's Message
- 12 Auditor General's Report
- 13 Overview of Financial Performance
- 18 2004-05 Performance Measure Results
  - 19 Overview of Goals
  - 20 Alberta Corporate Service Centre
  - 22 Office of the Corporate Chief Information Officer

33 Financial Information

- 34 Auditor's Report
- 35 Financial Statements

53 Alphabetical List of Government Entities' Financial Statements

Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act.* The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta, released June 29, 2005, contains the Minister of Finance's accountability statement, the financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Restructuring and Government Efficiency contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This Ministry Annual Report also includes other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

This Ministry was formed as a result of amalgamating the Alberta Corporate Service Centre from Government Services with the Office of the Corporate Chief Information Officer from Innovation and Science. This annual report will be based on the goals and performance measures from each respective ministry.

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2005, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 6, 2005 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by:

Hon. Luke Ouellette
Minister of Restructuring and Government Efficiency
September 6, 2005

Message from the Minister

Welcome to our inaugural Annual Report. While Restructuring and Government Efficiency has yet to celebrate its first anniversary, it is a pleasure to report our accomplishments to date, particularly in this, Alberta's centennial year.

In November 2004, Premier Ralph Klein identified a need to streamline processes and improve program delivery within government. This ministry is committed to achieving efficiency, effectiveness and timeliness throughout government. As such, Restructuring and Government Efficiency does not provide specific programs directly to Albertans. Rather, the ministry supports other ministries to help them achieve their goals.

One of the ways we do this is through the coordination and implementation of shared services. This could be anything from efficient courier and library services, to leasing photocopier and fax machines at the best rates possible, and effective handling of surplus sales—to name a few. We have already made great strides as you will note in this annual report.

Speaking of great strides, I am pleased to report this fiscal year has seen one of most significant advances in the construction of SuperNet. In fact, by the time you read this report, SuperNet will be up and running and well on the way to connecting Alberta to the rest of the world. This high-capacity network now connects over 4200 Alberta schools, hospitals, libraries and government offices, making information sharing and service delivery among the most advanced in North America.

Improved information sharing and service delivery.
Eliminating red tape and duplication.
Streamlining services.

That is what Restructuring and Government Efficiency is about. Our momentum is building and Albertans will be pleased with the results.

Original signed by:

Hon. Luke Ouellette
Minister
Restructuring and Government Efficiency

Management's Responsibility for Reporting

The Ministry of Restructuring and Government Efficiency is a single entity and does not have regulated funds, provincial agencies, or government entities as part of its operations.

The executives within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Restructuring and Government Efficiency. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

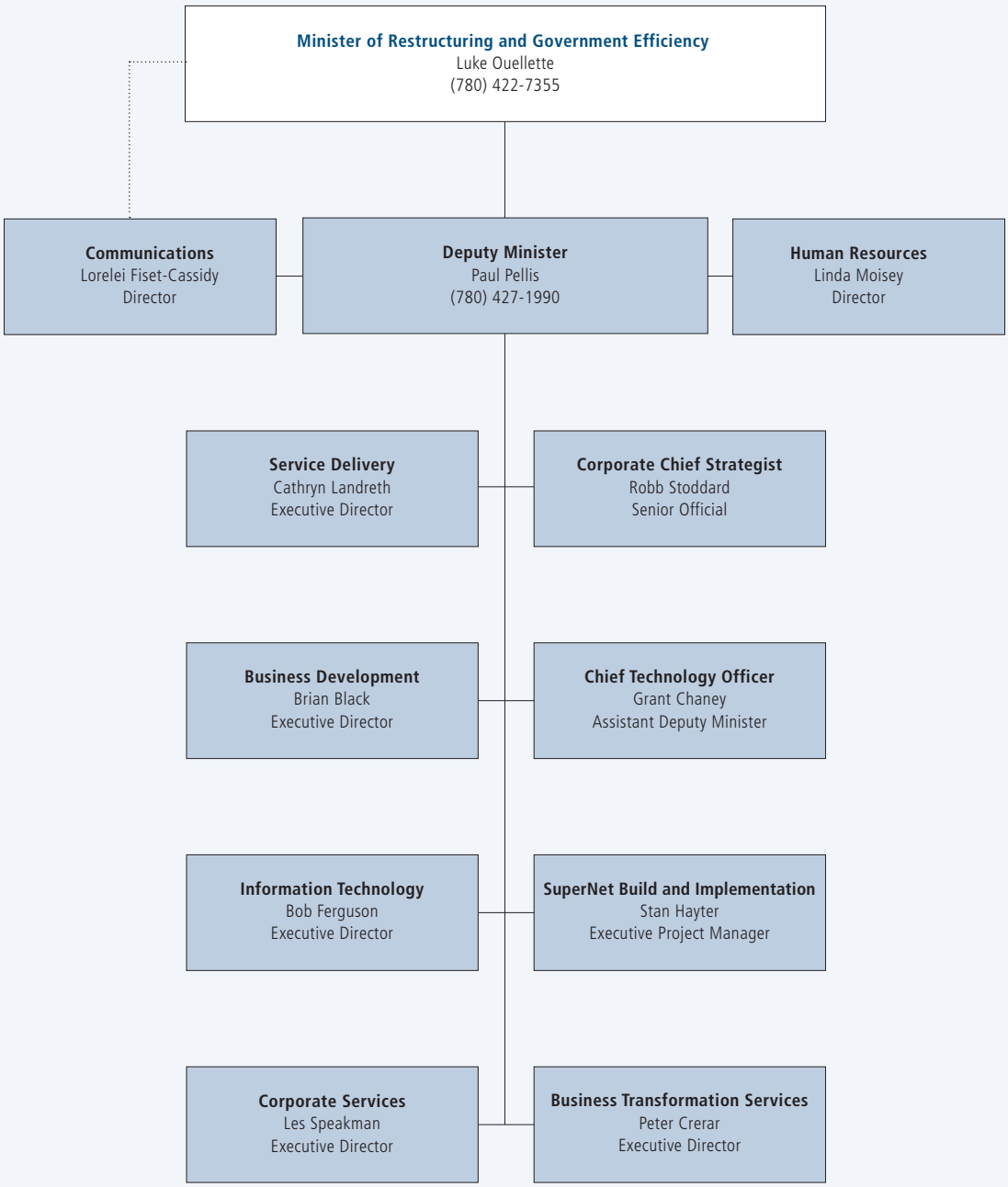
- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Restructuring and Government Efficiency any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act.*

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives within the Ministry.

Original signed by:

Paul Pellis
Deputy Minister
Restructuring and Government Efficiency

Overview


Minister of Restructuring and Government Efficiency
Luke Ouellette
(780) 422-7355
Communications
Lorelei Fiset-Cassidy
Director
Deputy Minister
Paul Pellis
(780) 427-1990
Human Resources
Linda Moisey
Director
Service Delivery
Cathryn Landreth
Executive Director
Corporate Chief Strategist
Robb Stoddard
Senior Official
Business Development
Brian Black
Executive Director
Chief Technology Officer
Grant Chaney
Assistant Deputy Minister
Information Technology
Bob Ferguson
Executive Director
SuperNet Build and Implementation
Stan Hayter
Executive Project Manager
Corporate Services
Les Speakman
Executive Director
Business Transformation Services
Peter Crerar
Executive Director

The Ministry

The Ministry of Restructuring and Government Efficiency was formed following the Provincial Election in November 2004 with the integration of the Alberta Corporate Service Centre (ACSC) from Government Services and the Office of the Corporate Chief Information Officer (OCCIO) from Innovation and Science. Restructuring and Government Efficiency's mandate is to achieve effectiveness, efficiency and economy throughout government in the delivery of programs and services to ministry partners and to Albertans.

Alberta Corporate Service Centre

The shared services delivery model for provisioning of business support services across government was adopted as a means of achieving greater efficiencies, and leveraging economies of scale in providing cost-effective and value-added services to ministry partners.

ACSC offers administration, finance, human resource, information technology and procurement services to other ministries and government entities in a responsive and effective shared environment.

Operations of ACSC commenced on April 1, 2001 with just over 1,100 staff and a cost recovery budget of $138 million. As of March 31, 2005, ACSC was providing services to 24 ministries and 17 agencies, boards and commissions of the Government of Alberta.

In the first three years of operation, this shared services initiative has realized significant cost savings and, through evaluation and restructuring in 2004-05, is well positioned to add further benefit in future years.

Office of the Corporate Chief Information Officer

With the establishment of the Office of the Corporate Chief Information Officer in October 2003, the Alberta Government reinforced its commitment towards corporate leadership for information and communication technologies. Cross-government collaboration is required to ensure that the best value for the significant investments being made in information and communications technology can continue to meet the expectations of Albertans in accessing programs and services.

All government departments play an active role in establishing a common ICT infrastructure. To coordinate this, the OCCIO supported the achievement of goals and strategies with a number of initiatives including:

- developing an ICT strategy and vision for the Government of Alberta that prepares for changes in e-government and e-business;
- planning the ICT architecture framework that ensures business processes, security, hardware, software and information, applications and technology standards are employed effectively throughout the Government of Alberta; and
- overseeing all technical, financial, and private business aspects related to the construction, implementation and operation of Alberta SuperNet across the province.

Support for Government of Alberta Goals

Through its core businesses and associated programs, the ministry's two primary lines of business play a key role in supporting the following Government of Alberta goals:

Financially stable, open and accountable government—The Government Shared Services initiative strives to increase the overall efficiency and effectiveness of the Government of Alberta's administrative processes and related ICT shared services. As well, the Office of the Corporate Chief Information Officer (OCCIO) leads the implementation of the e-government strategy and the Corporate Information and Communications Technology (ICT) Strategy.

Encouraging and fostering a prosperous economy—With continued emphasis being placed on fostering a knowledge-based economy within the province, government ministries have been paying close attention to resource-based industries. Alberta SuperNet increases opportunities to attract investment and skilled workers to the province and will enable local service providers to buy bandwidth on SuperNet and offer high-speed commercial services including Internet access, to rural customers.

Alberta will have effective and sustainable government-owned and supported infrastructure—With the completion of Alberta SuperNet, the government provides a broadband infrastructure which will allow 4,200 connections to libraries, schools, hospitals, and provincial government offices in 429 communities including more than 90 with populations of less than 100 citizens.

Summary of Key Activities

2004-05 proved to be a year of many changes and challenges through the integration of two different lines of business into a single, cohesive ministry charged with providing strategic and operational excellence to other ministries and government agencies.

Since coming together, Restructuring and Government Efficiency (RGE) has had the opportunity to increase the efficiency and effectiveness of government operations in the areas of information technology and common business functions. For example, RGE has:

- Implemented the Government of Alberta Enterprise Architecture (GAEA) framework to minimize duplication and guide Information and Communications Technology (ICT) design and development.
  - Implemented an online privacy planning tool to guide other ministry's project teams in the application of privacy impact assessment procedures and GAEA privacy architecture requirements.
  - Identified project management and software development standards to be adopted by the Government of Alberta.
- Recommended procurement opportunities for consideration as part of the Alberta-British Columbia Bilateral Trade Agreement.
- Worked in cooperation with Service Alberta to identify, evaluate and implement common approaches to protecting confidentiality and privacy while improving service delivery and/or reducing costs.
  - Implemented the Alberta Secure Access Service (ASAS) to protect confidentiality while improving service delivery throughout the Government of Alberta.
- Delivered shared services to meet or exceed customer expectations and increase efficiencies including:
  - Aggregating the cross-government purchasing of desktop computers.
  - Print Centre consolidation.

As well, this department has also had the opportunity to look at business processes and practices and, where practical, restructure specific activities in order to enhance service delivery. Some of these activities included:

- Standardized contracts and outsourced account collections
  - Alberta Corporate Service Centre partnered with Alberta Health and Wellness to outsource the collection of overdue accounts.
  - Realized a significant increase in student finance board collections through outsourcing.
- Established best practices and tendered a new procurement card contract which best reflected the way in which the Government of Alberta purchases and pays for goods and services.

Results Analysis

Introduction

Within its core businesses, the Restructuring and Government Efficiency 2004-07 Business Plan identifies goals, outcomes, strategies, performance measures, and indicators. This section of the annual report outlines the goals the ministry intended to achieve, and outlines what measures were used to assess the ministry's performance, why those measures were used, and a discussion of the results.

Deputy Minister's Message

In the 2004-05 fiscal year, Restructuring and Government Efficiency focused attention both within and outside of the department. Collaboration with ministries on service delivery and other business activities allowed us to focus on continuous improvement and enhanced access to programs and services for Albertans. Internally, the department has emphasized its commitment to provide service excellence while continually seeking new and better ways to meet the needs of ministry partners.

These close partnerships with other ministries in the areas of administration, finance, procurement services, human resources, and information technology, continue to help in developing and maintaining effective processes that enable enhanced programs and services for Albertans. This ministry is also committed to maintaining service excellence to ministries and partners, while introducing initiatives to strengthen the government's effectiveness and efficiency and continuing to focus on making government systems transparent and accountable.

By strategically aligning the ministry to ensure success, this ministry is well positioned to better respond to delivering service excellence, business innovation and corporate efficiencies to other ministries and partners.

I would like to thank all department staff for their hard work and efforts during our first months together as a ministry—together we are creating a foundation for many successful years ahead.

Original signed by:

Paul Pellis
Deputy Minister
Restructuring and Government Efficiency

AUDITOR GENERAL *Alberta*

REPORT OF THE AUDITOR GENERAL ON THE RESULTS OF APPLYING SPECIFIED AUDITING PROCEDURES TO PERFORMANCE MEASURES

To the Members of the Legislative Assembly

In connection with the Ministry of Restructuring and Government Efficiency's performance measures included in the 2004-2005 Annual Report of the Ministry of Restructuring and Government Efficiency, I have:

1. Agreed information from an external organization to reports from the organization.
2. Agreed information from reports that originated from within the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.
3. Checked that the presentation of results is consistent with the stated methodology.
4. Checked that the results presented are comparable to stated targets, and information presented in prior years.
5. Checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2004.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the performance measures included in the 2004-2005 Annual Report of the Ministry of Restructuring and Government Efficiency.

Original signed by:

FCA
Auditor General

Edmonton, Alberta
August 19, 2005

OVERVIEW OF FINANCIAL PERFORMANCE

Restructuring and Government Efficiency

NET OPERATING RESULTS

(In thousands)

	2005		2004
	Budget	**Actual**	**Actual**
REVENUES			
Internal Government Transfers	$ 41,000	$ 41,000	$ 60,700
Other Revenue	182,234	177,185	171,857
TOTAL REVENUES	223,234	218,185	232,557
EXPENSES – Directly Incurred			
Voted Operating Expense			
Ministry Support Services	939	6,655	1,627
Business Transformation	988	1,310	–
Information and Knowledge Management	23,292	11,720	15,147
Shared Services	216,134	209,155	206,630
Total Voted Operating Expense	241,353	228,840	223,404
Statutory			
Provision for Vacation Pay	260	333	210
Total Statutory Expenses	260	333	210
TOTAL EXPENSES	241,613	229,173	223,614
OTHER			
Loss on Disposal of Tangible Capital Assets	–	(1,360)	–
TOTAL OTHER	–	(1,360)	–
NET OPERATING RESULTS	**$ (18,379)**	**$ (12,348)**	**$ 8,943**

Financial results of the Ministry of Restructuring and Government Efficiency for the year ended March 31, 2005 include the activities of the Department of Restructuring and Government Efficiency. More detailed information can be found in the ministry's financial statements (pages 33-52)

REVENUE

Revenue for the Ministry of Restructuring and Government Efficiency (RGE) totaled $218.1 million dollars for 2004-05.

- $41 million was received through an internal government transfer from the Lottery Fund. This amount is related to capital investments for the Alberta SuperNet initiative.
- $176.5 million was received from other Ministries as part of dedicated revenue initiatives.

COMPARISON OF 2004-05 ACTUAL TO BUDGET

Revenues were $5.0 million lower than budgeted primarily due to:

- Dedicated revenue decreased by $3.8 million due to reduced service demands from RGE's ministry partners.
- $1.8 million in dedicated revenue for the Government of Alberta's Integrated Management and Government Information Systems (IMAGIS) was not billed to RGE ministry partners due to decreased costs within program expenditures.
- An additional $550,000 was recovered from non-general revenue fund entities and other miscellaneous revenue sources, offsetting the effect of the decreases.

COMPARISON OF 2004-05 ACTUAL TO 2003-04 ACTUAL

Revenues for the ministry decreased $14.4 million over 2003-04, as a result of:

- $19.7 million decrease in Lottery Fund allocations for SuperNet. Less funding is required as SuperNet nears completion.
- This decrease was offset by a $5.3 million increase for volume and service levels negotiated with RGE ministry partners. For many of the services provided by RGE, ministries request additional work to accommodate program delivery. Increased expenses directly related to these requests are billed to ministry partners.

EXPENSES

EXPENSE BY FUNCTION

The consolidated budgets and financial statements of the Province of Alberta classify government expenses by function. The purpose of the definitions is to provide a basis for sound reporting of expense by function according to national standards. Expense by function allocations are used for inter-provincial comparisons and for determining federal funding eligibility. An expense function is defined as a classification that identifies the principal purpose for which an expense is incurred rather than the activity involved. Restructuring and Government Efficiency expenses are included under the function General Government.

(In thousands)

	2005		2004
	Budget	**Actual**	**Actual**
General Government	$ 241,613	$ 229,173	$ 223,614
Total Expenses by Function	**$ 241,613**	**$ 229,173**	**$ 223,614**

EXPENSES BY CORE BUSINESS

Expenses for the ministry totaled $229.1 million for 2004-05.

During the 2004-05 fiscal year, Restructuring and Government Efficiency engaged in three core businesses including:

- Business Transformation
- Information and Knowledge Management
- Shared Services

Business Transformation includes:

$ 544,000 for Business Strategy

$ 400,000 for Business Improvement

$ 366,000 for Business Development

Information and Knowledge Management includes:

$ 4.2 million for Architecture and Standards

$ 3.9 million for Corporate Planning

$ 2.3 million for SuperNet Operations

$ 1.3 million for Project Management

Shared Services includes:

$ 163.1 million	for Ministry Service Agreements
$ 25.9 million	for Network Infrastructure Services
$ 9.5 million	for Alberta Government Integrated Management Information Systems
$ 6.8 million	for Supply Management Branch
$ 2.2 million	for recovery of Crown Debt Collections
$ 1.1 million	for Alberta Records Centre
$ 530,000	for services provided to non-Government of Alberta entities

In addition to the above, $6.6 million was spent for Ministry Support Services including the minister's office, deputy minister's office and the provisioning of corporate services including communications, finance and human resources.

COMPARISON OF 2004-05 ACTUAL TO BUDGET

Ministry Support Services reported a $5.7 million increase in expenses primarily related to the transfer of the Office of the Corporate Chief Information Officer from Innovation and Science. Agreement between the two ministries resulted in a corresponding surplus within Innovation and Science to offset the deficit within RGE.

Delay in implementation of SuperNet has resulted in $11.5 million in reduced costs within Information and Knowledge Management.

Shared Services is $7 million dollars less than budgeted due to:

- Dedicated revenue expenditures decreased by $3.8 million due to reduced service demands from ministry partners.
- $1.8 million in dedicated revenue for IMAGIS was not billed to ministry partners due to decreased costs within program expenditures.
- Delays in project finalization within Network Infrastructure resulted in reduced costs of $1.6 million.

COMPARISON OF 2004-05 ACTUAL TO 2003-04 ACTUAL

Expenses were $5.4 million higher compared to 2003-04, primarily due to volume and service level increases negotiated with ministry partners. For many of the services provided by RGE, ministries requested additional work to accommodate program delivery including allocating staff for new or amended programs as well as procuring additional supplies.

CAPITAL INVESTMENT AND EQUIPMENT AND INVENTORY PURCHASES (EIP)

(In thousands)

	2005		2004
	Budget	**Actual**	**Actual**
Capital Investment			
Alberta SuperNet	$ 41,000	$ 40,921	$ 27,779
EIP			
Shared Services	3,000	3,196	3,000
Total Expenses by Function	**$ 44,000**	**$ 44,117**	**$ 30,779**

Capital Investment and EIP for the Ministry totaled $ 44.1 million for 2004-05, as a result of:

- $ 40.9 million for the construction of Alberta SuperNet.
- $ 3.1 million for computer hardware and software purchases within the Data Centre and Network Infrastructure.

COMPARISON OF 2004-05 ACTUAL TO BUDGET

Capital Investment spending was $120,000 higher than budgeted, primarily due to increased spending in the Data Centre.

COMPARISON OF 2004-05 ACTUAL TO 2003-04 ACTUAL

Capital Investment spending was $13.4 million higher than in 2003-04, primarily related to changes in the construction schedule of SuperNet.

What We Accomplished in 2004-05 – Performance Measure Results

Restructuring and Government Efficiency was formed as a result of amalgamating the Alberta Corporate Service Centre from Government Services and the Office of the Corporate Chief Information Officer from Innovation and Science. The performance measures from these two ministries are the basis for this report.

Alberta Corporate Service Centre

Goal 1: Economical and responsive delivery of shared support services.

Formerly Goal 6 in the Government Services 2004-07 Business Plan.

Office of the Corporate Chief Information Officer

Goal 2: An integrated corporate information and communications technology (ICT) strategy based on common cross government standards, management practices and frameworks.

Goal 3: An integrated and shared information and communications technology infrastructure.

Goal 4: To support and improve the delivery of programs and services to Albertans and support improvements in the internal administration of government using ICT as an enabler.

Formerly Goals 6, 7 and 8 in the Innovation and Science 2004-07 Business Plan.

ALBERTA CORPORATE SERVICE CENTRE

Goal 1: Economical and responsive delivery of shared support services.

Performance Measures	2004-05 Actual	2004-05 Target
Percentage of ministries in which the Primary Utilization Factors Model has been piloted.	0%	80%
Percentage of ministries that have piloted the Primary Utilization Factors Model and rate it satisfactory.	0%	80%

Source: Restructuring and Government Efficiency Customer Relations Management Group

Description: The Alberta Corporate Service Centre (ACSC) adopted the Primary Utilization Factor to drive its costing initiative. The essence of this model was to identify key utilization factors or indicators that had a direct relationship to the costs incurred by ACSC in its delivery of services.

Results: The intent of these measures was to provide each customer with service specific data. The Administrative Strategy Committee approved the Primary Utilization Factors (PUF) Model on October 27, 2004 and recommended that the costs calculated on the PUF model be reported as supplemental information to the 2005-06 billings. This recommendation was accepted and ACSC spent the better part of 2004-05 presenting the model and its associated methodology to its customers and to various cross-government councils for feedback. As well, considerable time was spent developing systems to track key utilization factors.

The complexity of developing and executing a new costing initiative throughout government prevented ACSC from fully piloting the model. As a result, the 2004-05 actual figures were reported as zero.

These measures have not been continued in the 2005-08 Restructuring and Government Efficiency Business Plan, as a review is underway to further examine billing methodologies.

Performance Measure	2004-05 Actual	2004-05 Target
Number of service specific assessments reviewed and reported.	2	5

Source: Restructuring and Government Efficiency Customer Relations Management Group

Description: This measure tracks the rollout of the performance management model referred to as performance indexing. This measure illustrates progress in the development of systems and processes to report performance indexing and thus, on the performance of the services delivered by the ACSC to government ministries.

Performance indexing provides a basis for continuous improvement and business innovation. Its underlying foundation is based on producing meaningful measurements, focusing on customer needs and involving employees.

Results: This was the first year for implementing performance indices involving seven project teams who worked on developing service assessment indices in consultation with their ministry partners.

For the 2004-05 fiscal year, performance indices for Library Services and Records Management were fully completed. The resulting service assessments (performance indices) provided each service area manager and staff with a credible performance management tool to report and identify opportunities to improve the services provided by ACSC.

Analysis: For a performance index to be considered complete, all of its associated indicators and tracking systems needed to be fully developed and measurable. As this was the first year for developing these indices, considerable time was spent with ministry partners clearly defining and analyzing meaningful performance indicators, which would ultimately lead to a completed performance index.

OFFICE OF THE CORPORATE CHIEF INFORMATION OFFICER

Goal 2: An integrated corporate information and communications technology (ICT) strategy based on common cross government standards, management practices and frameworks.

Performance Measures	2003-04 Baseline	2004-05 Actual	2004-05 Target
Implementation of corporate standards.			
• Percentage of government desktop computers using Office 2000/Windows 2000.	100%	100%	100%
• Percentage of new applications consistent with GAEA Guidelines for Enterprise Architecture.	New	2.5%	75%
• Percentage of new applications compliant with Secure Access Guideline.	New	50%	100%

Source: Restructuring and Government Efficiency, Office of the Corporate Chief Information Officer

Performance Measure

Percentage of government desktop computers using Office 2000/Windows 2000

Description: Adoption of corporate standards such as Office 2000/ Windows 2000 for workstations across government reflects the progress towards the Government of Alberta's strategic goal to enable all government departments to share a standardized computer network infrastructure.

Results: The target for this performance measure has been fully achieved. All ministries were able to meet the minimum workstation standard (a Windows 2000 based operating system and an Office 2000 based office suite) for a second fiscal year.

As there have been two consistent years of maintaining this standard, the measure is not continued in the 2005-08 Restructuring and Government Efficiency Business Plan.

Analysis: The workstation count for 2004-05 took place in January, 2005 and resulted in a total of 26,855 desktop computers built with Windows 2000 and Office 2000.

The total workstation count was based on the following sources of information:

- Strategic Planning templates
- Confirmation using a subsequent survey completed by each government ministry
- ICT Service Coordinator baseline data

Performance Measure

Percentage of new applications consistent with the Government of Alberta Enterprise Architecture (GAEA) Guidelines for Enterprise Architecture

Description: A cornerstone of Alberta's pursuit of the transformation in the delivery of government programs and services using Information and Communications Technology (ICT) is through an "enterprise architecture" or ICT "Building Code" that guides ICT investment across government. The measure identifies the frequency with which departments specified mandatory "building code" requirements in Government of Alberta procurement documents that are consistent with GAEA guidelines.

Results: Although the 2004-05 target of 75 per cent was not achieved, the Government of Alberta Enterprise Architecture (GAEA) program did raise the degree of GoA Department consistency with GAEA in procurement documents. The frequency with which departments specified mandatory requirements was 2.5 per cent.

The 2005-08 Restructuring and Government Efficiency Business Plan has adapted this measure to further reflect progress on the implementation of GAEA. This revised measure will focus on identifying "projects aligned to and/or recognized as contributing to the Government of Alberta Enterprise Architecture."

Analysis: Architecture is a guideline through which common usage, analysis or recommendation has become an accepted method of work or performance. The Government of Alberta Enterprise Architecture team is creating high-level corporate standards and defining corporate models, standards and guidelines that describe how to implement systems in a quality, consistent, strategically aligned and integrated manner.

The results for 2004-05 were obtained by tracking the Government of Alberta's ICT related procurement records for departments. Other entities such as agencies, boards and commissions were excluded. Of the 122 records that were identified, three specified mandatory GAEA compliance.

It was also identified that, through this analysis, there was an increase in the amount of desirable GAEA-related requirements. This could very well be interpreted as a potential leading indicator of mandatory requirements in future procurement opportunities.

Performance Measure

Percentage of new software applications compliant with Secure Access Guidelines.

Description: As government looks at new ways of delivering programs and services to Albertans, there is a need to develop sufficient and consistent standards to protect information that is coordinated across government. An authentication standard includes simplified login, electronic signatures, access control to various applications and integration into Service Alberta. The measure is based on the percentage of applications requiring authentication or access control that implements relevant protocols and services.

Results: The result for 2004-05 was 50 per cent. Education (Online Transcript Request) and Health and Wellness (Electronic Health Records) were the two ministries upon which the target was based for 2004-05. One of the two applications (Online Transcript) was operating using this guideline as of March 31, 2005. Results for this measure were delayed due to the unexpected difficulties in addressing technical requirements for Initial Operating Capacity for the Electronic Health Record Application.

This measure has been modified in the 2005-08 Restructuring and Government Efficiency Business Plan. The Secure Access Guideline is now called the Alberta Secure Access Service (ASAS), and the measure has moved from monitoring percentages to measuring the number of new applications that require authentication and authorization and use or plan to use ASAS.

Analysis: The delays experienced have not impacted discussions with additional ministries who have previously agreed to the establishment of a standard for authentication. The delay was related directly to external factors around technical requirements for the specific application (Electronic Health Record). Authentication functions are planned to be available to ministries in July 2005, with several additional applications to be integrated in the coming fiscal year.

Goal 3: An integrated and shared information and communications technology infrastructure.

Alberta SuperNet is comprised of communities in the Extended Area Network (rural) and the Base Area Network (urban). In February 2005, an agreement was signed between Bell and Axia to see faster completion of the network with completion milestones set out by the Government of Alberta. By April 30, 2005, most communities will be ISP Ready allowing interested Internet Service Providers the opportunity to begin to offer commercial services to residences and businesses. Most government, health, library and education facilities will be connected by June 30, 2005 and the total network will be operational by September 30, 2005. On April 1, 2005, construction was complete in over 95 per cent of the SuperNet communities (rural and urban) with remaining construction scheduled or underway. As of March 31, 2005, over 15 per cent of government, health care, learning and library facilities had SuperNet available to them, and approximately 50 service providers have signed letters of intent to use SuperNet to deliver service to rural customers.

Performance Measure

SuperNet Extended Area Network. Status as of March 31, 2005.

Target: SuperNet services available in 2004 to 395 rural communities including connections to 883 schools, 201 health care facilities, 244 libraries, and 558 government facilities.

Extended Area Network Activity	Target 2004-07	Current Totals[a]	In Place	In Progress	To Complete
Inter-community Conduit (km)		7,805	7,805	0	0
Inter-community Fiber (km)		7,805	7,805	0	0
Inter-community Wireless (km)		1,510	1,510	0	0
Points of Presence		402	398	4	0
Access Agreements		402	401	1	0
Community Engineering		402	402	0	0
Community Construction		402	394	8	0
Wireless Towers		83	82	0	1
Wireless Shelters		75	74	1	0
Communities Fully Connected[b]	402	402	173	221	8
Government Facilities Fully Connected	558	566	27[c]	399[d]	139
Health Care Facilities Fully Connected	201	194	19[c]	167[d]	8
Libraries Fully Connected	244	245	0[c]	231[d]	14
Learning Facilities Fully Connected	883	877	69[c]	740[d]	68
Facilities Fully Connected Total	**1,886**	**1,881**	**115**	**1,537**	**229**

Source: Restructuring and Government Efficiency SuperNet Build and Implementation Team

[a] Totals may fluctuate based on changes to SuperNet facilities and customers

[b] Communities fully connected are those that are Internet Service Provider (ISP) ready and/or have SuperNet customers operational on the Network.

[c] Facilities fully connected *in place* demonstrate customers operational as per Bell/Axia reporting.

[d] Facilities *in progress* shows constructed customers in communities where service is available, but customers are not yet in production.

Description: Albertans are increasingly expecting that programs and services will be available online, any time, anywhere in Alberta. Meeting these expectations cost-effectively requires a high degree of collaboration between government ministries as well as the seamless sharing of information between ministries, while ensuring that Albertans' concerns for privacy and security are respected. The Government of Alberta is responding to these needs in part through SuperNet.

Results: The original target for this measure was 395 Extended Area Network (rural) communities. This target was modified to 402 as construction of SuperNet progressed. Of the 429 rural and urban SuperNet communities, 5 communities were fully connected in 2003-04 and 6 communities were connected in 2002-03. Construction accelerated in 2004-05 and as of March 31, 2005, service was available in 173 communities. Availability of service indicates that all necessary requirements (conduit, fiber, points of presence, etc.) have been put in place or are nearing completion as indicated in the first portion of the table.

As construction of SuperNet will be complete in 2005, the 2005-08 Restructuring and Government Efficiency Business Plan has adapted the SuperNet measures to track completion of construction and the number of facilities using SuperNet.

Analysis: The Extended Area Network of SuperNet is the Government of Alberta owned area of the Network. Difficulties experienced in the working relationship between Bell West and Axia SuperNet Ltd. resulted in delays in the build of the Network.

Performance Measure

SuperNet Base Area Network: Status as of March 31, 2005

Target: SuperNet services available from Bell West in 2004 to 1,231 schools, 258 health care facilities, 65 libraries and 744 government facilities in 27 Base Area Communities.

Base Area Network Activity	Target 2004-07	Current Totals[a]	In Place	In Progress	To Complete
Inter-city Fiber (km)		2,560	2,560	0	0
Communities Completed[b]	27	27	27	0	0
Government Facilities Fully Connected	744	764	321[c]	278[d]	165
Health Care Facilities Fully Connected	258	235	9[c]	181[d]	45
Libraries Fully Connected	65	66	4[c]	45[d]	17
Learning Facilities Fully Connected	1,231	1,210	180[c]	694[d]	336
Facilities Fully Connected Total	**2,298**	**2,275**	**514**	**1,198**	**563**

Source: Restructuring and Government Efficiency SuperNet Build and Implementation Team

[a] Totals fluctuate based on ongoing changes to SuperNet facilities and customers.

[b] Communities completed are those that are Internet Service Provider (ISP) ready and/or have SuperNet customers operational on the Network.

[c] Fully connected *"in place"* demonstrates customers operational as per Bell/Axia reporting.

[d] In progress shows constructed customers in communities where service is available, but customers are not yet in production.

Description: As discussed in the previous measure, SuperNet is meeting the expectations of Albertans that programs and services will be available online, any time, anywhere in Alberta. The Base Area Network consists of 27 urban communities across Alberta.

Results: Significant progress was made in 2004-05, with over 514 facilities operational and all 27 Base Area Network Communities available for service.

As construction of SuperNet will be complete in 2005, the 2005-08 Restructuring and Government Efficiency Business Plan has adapted the SuperNet measures to track completion of construction and the number of facilities using SuperNet.

Analysis: The Base Area Network is both financed and owned by Bell West. Difficulties experienced in the working relationship between Bell West and Axia SuperNet Ltd. resulted in delays in the build of the network.

Performance Measure

ICT Infrastructure, Rationalization and Consolidation Implementation of corporate infrastructure services.

	2003-04 Actual	2004-05 Actual	2004-05 Target
Directories	20	21	35
E-Mail Systems	14	15	1
Number of Servers	2,235	2,191	1,700
Desktops migrated to a corporate standard configuration	2,327[a]	6,293	8,000
Servers using corporate standard configuration[b]	0	0	100
Server Locations	368	372	300

Source: Restructuring and Government Efficiency, Office of the Corporate Chief Information Officer

[a] This result arises from the 2003-04 Innovation and Science annual report.

[b] The basis for measurement has changed from the 2003-04 Innovation and Science annual report. As a result, the values were restated for 2003-04.

This measure and its components is not continued in the 2005-08 Restructuring and Government Efficiency Business Plan as a process is underway to identify the most effective method to define and prioritize opportunities for business improvement in government program and service delivery to Albertans.

Performance Measure

Directories

Description: The intent of this measure is to reduce the number of directories in the Government of Alberta. To achieve this result, the objective of the Windows 2000/Active Directory Service/Exchange 2000 Project was to integrate government e-mail systems into one common, standard system (Exchange 2000), and enhance the reliability of this service.

Results: The target for 2004-05 was 35 directories and has been achieved with 21 directories existing at the end of the fiscal year.

Analysis: The number of directories is based on those ministries using the Government of Alberta e-mail standard (Exchange). For every Exchange 5.5 Network Domain, there are two directories (one for the network and one for e-mail). There are six ministries using Exchange 5.5 (12 directories), nine ministries using Exchange 2000 (6), and 2003 (3), resulting in 21 directories for 2004-05.

Performance Measure

E-mail Systems

Description: One of the objectives of the Shared ICT Service Coordinator Project is to integrate government e-mail systems into one common, standard system (using Microsoft Outlook). For 2004-05, the measure for e-mail systems was the number of Mail Connect directory entries that aligned to the Government of Alberta standard (Exchange).

Results: Fifteen e-mail systems were identified in 2004-05. This increase of one e-mail system from 2003-04 is attributed to including an additional government entity in the database for reporting purposes.

Analysis: The slower than expected roll-out of the Government of Alberta Domain has impacted achieving the target for this measure. Although the target has not been achieved, all Government of Alberta e-mail systems are interconnected and able to communicate internally and externally as if they were a single system.

Performance Measure

Number of Servers

Description: Server optimization encompasses centralizing servers in fewer locations, physically consolidating functions to fewer machines, and consolidating data on shared storage with the benefit of reducing the number of supported server architectures.

Results: For 2004-05 the server count was 2,191, a slight reduction from 2,235 in 2003-04. This is the result of some server consolidation at the ministry level and ACSC's continued roll-out of the GoA Domain resulting in file/print/utility/e-mail/ Internet server reductions for the affected ministries.

Analysis: The count of servers has been provided by ministries. These numbers were verified during the process of preparing this report. Delays in the implementation of SuperNet have resulted in slower than expected progress on the Server Optimization Project. SuperNet will provide the high-speed network connections that are needed to support remote access. Without this high-speed network, local servers are required to perform routine administrative work such as file and print services.

Performance Measure

Desktop Configurations

Description: The intent of this measure is to determine the number of desktops in the Government of Alberta that have been migrated to a standard desktop configuration. Desktop configuration encompasses the desktop hardware, and operating system.

Results: As part of the Shared ICT Services Project, it has been determined that there are 26,855 desktop and laptop computers in the Government of Alberta. As of March 31, 2005, this project successfully migrated 6,293 desktops, laptops and tablets, resulting in a significant increase when compared to the prior year's actual.

Analysis: The target for this measure is based on the premise that desktop configurations in ministries would be, as a minimum, compliant with the Government of Alberta configuration standard of Microsoft Windows and Office 2000. Ministry participation in the Shared ICT Services Project is voluntary.

Performance Measure

Server Configuration

Description: The intent of this measure is to determine the number of server configurations in the Government of Alberta using a corporate standard configuration. Server configuration refers to the hardware, operating systems and software that are assembled on a given server.

Results: Due to a change in the basis of measurement, the ministry was not able to report on the amount of servers utilizing a corporate server configuration. Analysis of server information from 18 of the 25 ministries indicate that there are 174 different server configurations within the Government of Alberta.

Analysis: The Server Optimization Project provides a structured approach to assist the Government of Alberta in reducing the number of different server configurations. This project has not progressed as quickly as anticipated.

Performance Measure

Server Locations

Description: Server optimization encompasses centralizing servers in fewer locations. The Server Optimization Project provided a structured approach for the Government of Alberta to reduce the total cost of ownership through centralization (fewer locations).

Results: Results for 2004-05 indicate that there are 372 server locations within the Government of Alberta.

Analysis: There were several factors that impacted the result of this measure: the Server Optimization Project did not progress as quickly as anticipated, and the full implementation of SuperNet is not yet completed. SuperNet will provide the high-speed network connections that are needed to support remote server access. Without this high-speed network, local servers are required to perform routine administrative work such as file and print services.

Goal 4: To support and improve the delivery of programs and services to Albertans and support improvements in the internal administration of government using ICT as an enabler.

Performance Measure (under development)

Support improvements in the internal administration of government using ICT as an enabler.

Although a performance measure and an associated survey has not been developed or completed, the ministry continues to work with all ministries and interested parties to identify common opportunities and efficiencies. The ministry will be innovative in capitalizing on those opportunities and the use of technology to increase the effectiveness and efficiency of government operations.

In keeping with this plan, the 2005-08 Ministry Business Plan has identified four core businesses: Opportunity and Restructuring Assessment, Business Transformation, Information and Knowledge Management, and Shared Services.

Financial Information

Financial Statements
for the Year Ended March 31, 2005

Contents

34 Auditor's Report

35 Statement of Operations

36 Statement of Financial Position

37 Statement of Cash Flow

38 Notes to the Financial Statements

44 Schedule of Revenues

45 Schedule of Dedicated Revenue Initiatives

46 Schedule of Expenses –
Directly Incurred Detailed by Object

47 Schedule of Budget

48 Schedule of Comparison of Expenses –
Directly Incurred, Voted Expenses, Equipment/Inventory, Capital Investments & Statutory Expenses by Element to Authorized Budget

50 Schedule of Salary and Benefits Disclosure

51 Schedule of Related Party Transactions

52 Schedule of Allocated Costs

AUDITOR GENERAL
Alberta

Auditor's Report

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Restructuring and Government Efficiency (the Ministry) as at March 31, 2005 and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Original signed by:

FCA
Auditor General

Edmonton, Alberta
May 20, 2005

Statement of Operations

for the Year Ended March 31, 2005

(In thousands)

	2005		2004
	Budget	**Actual**	**Actual**
	(Schedule 4)		
REVENUES (Note 2 and Schedules 1 and 2)			
Internal Government Transfers	$ 41,000	$ 41,000	$ 60,700
Other Revenue	182,234	177,185	171,857
TOTAL REVENUES	223,234	218,185	232,557
EXPENSES – Directly Incurred (Note 2 and Schedules 3, 4 and 5)			
Voted Operating Expense			
Ministry Support Services	939	6,655	1,627
Business Transformation	988	1,310	–
Information and Knowledge Management	23,292	11,720	15,147
Shared Services	216,134	209,155	206,630
Total Voted Operating Expense	241,353	228,840	223,404
Statutory			
Provision for Vacation Pay	260	333	210
Total Statutory Expenses	260	333	210
TOTAL EXPENSES	241,613	229,173	223,614
OTHER			
Loss on Disposal of Tangible Capital Assets	–	(1,360)	–
TOTAL OTHER	–	(1,360)	–
NET OPERATING RESULTS	**$ (18,379)**	**$ (12,348)**	**$ 8,943**

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

as at March 31, 2005

	(In thousands)	
	2005	**2004**
ASSETS		
Cash	$ 257	$ 193
Accounts Receivable (Note 4)	2,234	2,683
Tangible Capital Assets (Note 5)	209,709	173,512
	212,200	176,388
LIABILITIES		
Accounts Payable and Accrued Liabilities	60,757	23,822
Holdback Liability	3,959	3,617
	64,716	27,439
NET ASSETS		
Net Assets, Beginning of Year	148,949	87,346
Net Operating Results	(12,348)	8,943
Net Transfer from General Revenues	10,883	52,660
Net Assets, End of Year	147,484	148,949
	$ 212,200	**$ 176,388**

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flow

for the Year Ended March 31, 2005

	(In thousands)	
	2005	**2004**
OPERATING TRANSACTIONS		
Net Operating Results	$ (12,348)	$ 8,943
Non-Cash Items Included in Net Operating Results:		
Amortization of Capital Assets	7,299	7,109
Loss on Disposal of Capital Assets	1,360	–
Provision for Vacation Pay	333	210
	(3,356)	16,262
Decrease in Accounts Receivable	449	1,735
(Decrease) / Increase in Accounts Payable and Accrued Liabilities	36,944	(39,356)
CASH PROVIDED (USED) BY OPERATING TRANSACTIONS	34,037	(21,359)
CAPITAL TRANSACTIONS		
Acquisitions of Tangible Capital Assets	(44,117)	(32,989)
Capital Assets Transferred to Other Ministries	–	2,195
Capital Assets Transferred from Other Ministries	(739)	(541)
CASH APPLIED TO CAPITAL TRANSACTIONS	(44,856)	(31,335)
FINANCING TRANSACTIONS		
Net Transfers from General Revenues	10,883	52,660
CASH PROVIDED BY FINANCING TRANSACTIONS	10,883	52,660
INCREASE (DECREASE) IN CASH	64	(34)
CASH, BEGINNING OF YEAR	193	227
CASH, END OF YEAR	**$ 257**	**$ 193**

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

for the Year Ended March 31, 2005

Note 1 Authority

The Ministry of Restructuring and Government Efficiency was established under Order in Council 552/2004 dated November 25, 2004 and operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

a) Reporting Entity

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the ministry's dedicated revenue initiative.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the ministry's operations are disclosed in Schedule 8.

Assets

Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000 (2004 – $15,000).

Liabilities

Liabilities represent all financial claims payable by the ministry at fiscal year end.

Net Assets

Net assets represent the difference between the carrying value of assets held by the ministry and its liabilities.

Note 3 Government Restructuring

As a result of the government restructuring announced November 25, 2004, the Ministry of Restructuring and Government Efficiency was created. The following responsibilities were transferred to the new ministry:

- Office of the Corporate Chief Information Officer, including IMAGIS Support and Alberta SuperNet from the Department of Innovation and Science.
- Alberta Corporate Service Centre from the Ministry of Government Services.

The 2004 amounts were restated as if the ministry had been in existence on April 1, 2003, and throughout the two-year period covered by these financial statements, and been assigned its current responsibilities.

Transfer from the Department of Innovation and Science	$ 92,442
Transfer from the Ministry of Government Services	(5,096)
Net Assets as at April 1, 2003	**$ 87,346**

Note 4 Accounts Receivable

(In thousands)

	2005			2004
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 2,234	$ –	$ 2,234	$ 2,683

Accounts receivable are unsecured and non-interest bearing. The accounts receivable amounts include $1,256 (2004 – $1,882) to be received from other government ministries.

Note 5 Tangible Capital Assets

(In thousands)

		2005			2004
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment – SuperNet[1]	3 to 20 years	$ 193,000	$ –	$ 193,000	$ 152,079
Equipment – Other[2]	5 to 10 years	21,164	17,045	4,119	5,845
Computer Hardware and Software[3]	3 to 10 years	58,995	46,405	12,590	15,588
		$ 273,159	**$ 63,450**	**$ 209,709**	**$ 173,512**

(1) Equipment – SuperNet costs are recorded as work-in-progress.

(2) Equipment also includes furniture and fixtures.

(3) Includes all development costs incurred by the ministry in the implementation of the Alberta Government Integrated Management Information System (IMAGIS). The cost of each module is amortized over a 10-year useful life. Updates to newer versions of PeopleSoft, the IMAGIS software platform, are expensed in the year incurred.

Note 6 Contractual Obligations

(In thousands)

	2005	2004
SuperNet	$ –	$ 40,921
Telecommunications Service Contracts[1]	83,257	105,968
General Service Contracts	194,168	78,633
Long-Term Leases	803	1,318
	$ 278,228	**$ 226,840**

The aggregate amount payable for the unexpired terms of these contractual obligations are as follows:

Year	Service Contracts	Long Term Leases	Total
2006	$ 103,034	$ 687	$ 103,721
2007	85,213	84	85,297
2008	37,547	16	37,563
2009	34,213	16	34,229
2010	12,800	–	12,800
2011	4,618	–	4,618
	$ 277,425	**$ 803**	**$ 278,228**

(1) The Government of Alberta's commitment to Bell West for telecommunication services is $75,195 (2004 – $94,086), over a ten-year term.

Note 7 Defined Benefit Plans

(In thousands)

The ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,873 for the year ended March 31, 2005 (2004 – $4,375).

At December 31, 2004, the Management Employees Pension Plan reported a deficiency of $268,101 (2003 – $290,014) and the Public Service Pension Plan reported a deficiency of $450,068 (2003 – $584,213). At December 31, 2004, the Supplementary Retirement Plan for Public Service Managers had a surplus of $9,404 (2003 – $9,312).

The ministry also participates in two multi-employer Long-Term Disability Income Continuance Plans. At March 31, 2005, the Bargaining Unit Plan reported an actuarial deficiency of $11,817 (2004 – $9,766) and the Management, Opted Out and Excluded Plan an actuarial surplus of $3,208 (2004 – $1,298). The expense for these two plans is limited to the employer's annual contributions for the year.

Note 8 Comparative Figures

Certain 2004 figures have been reclassified to conform to the 2005 presentation.

Note 9 Approval of Financial Statements

The deputy minister and the senior financial officer approved the financial statements.

Revenues

for the Year Ended March 31, 2005

Schedule 1

(In thousands)

	2005		2004
	Budget	**Actual**	**Actual**
Contribution from Lottery Fund	$ 41,000	$ 41,000	$ 60,700
Other Revenue	182,234	177,185	171,857
	$ 223,234	**$ 218,185**	**$ 232,557**

Dedicated Revenue Initiatives

for the Year Ended March 31, 2005

Schedule 2

(In thousands)

	2005		
	Authorized Dedicated Revenues[1]	**Actual Dedicated Revenues**	**(Shortfall) / Excess**
Alberta Corporate Services Centre Shared Services	$ 156,705	$ 167,122	$ 10,417
IMAGIS Shared Services	11,317	9,427	(1,890)
	$ 168,022	**$ 176,549**	**$ 8,527**

[1]The ministry receives revenue from other ministries to recover the cost of providing cross-government services.

Expenses – Directly Incurred Detailed by Object

for the Year Ended March 31, 2005

Schedule 3

(In thousands)

	2005		2004
	Budget	**Actual**	**Actual**
VOTED:			
Salaries, Wages and Employee Benefits	$ 72,134	$ 77,756	$ 78,797
Supplies and Services	149,665	143,785	137,499
Amortization of Tangible Capital Assets	19,554	7,299	7,108
TOTAL VOTED EXPENSES	**$ 241,353**	**$ 228,840**	**$ 223,404**

Budget

for the Year Ended March 31, 2005

Schedule 4

(In thousands)

	2005				
	Estimates	**Adjust-ment**[a]	**Budget**	**Authorized Supple-mentary**[b]	**Authorized Budget**
REVENUES:					
Internal Government Transfers	$ 41,000	$ –	$ 41,000	$ –	$ 41,000
Other Revenue	153,835	14,791	168,626	13,608	182,234
TOTAL REVENUES	**194,835**	**14,791**	**209,626**	**13,608**	**223,234**
EXPENSES – DIRECTLY INCURRED					
Voted Operating Expenses					
Ministry Support Services	939	–	939	–	939
Business Transformation	988	–	988	–	988
Information and Knowledge Management	23,292	–	23,292	–	23,292
Shared Services	187,735	14,791	202,526	13,608	216,134
Total Voted Expenses	212,954	14,791	227,745	13,608	241,353
Statutory					
Provision for Vacation Pay	260	–	260	–	260
Total Statutory Expenses	260	–	260	–	260
TOTAL EXPENSES	**213,214**	**14,791**	**228,005**	**13,608**	**241,613**
NET OPERATING RESULTS	**$ (18,379)**	**$ –**	**$ (18,379)**	**$ –**	**$ (18,379)**
EQUIPMENT/ INVENTORY PURCHASES	**$ 3,000**	**$ –**	**$ 3,000**	**$ –**	**$ 3,000**
CAPITAL INVESTMENT	**$ 41,000**	**$ –**	**$ 41,000**	**$ –**	**$ 41,000**

(a) An adjustment of $14,791 relates to the 2004/05 GoA re-organization. This is comprised of $15,646 increase in shared services billing to Government Services and $855 reduction in shared services billings to Innovation and Science.

(b) A Supplementary Estimate was approved on February 16th, 2005. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives and dedicated revenue recoveries). The increase of $13,608 plus the initial adjustment of $14,791 make up the total Treasury Board Minute (09/2005) increase of $28,399.

Comparison of Expenses – *Directly Incurred, Voted Expenses, Equipment/Inventory, Capital Investments and Statutory Expenses by Element to Authorized Budget for the Year Ended March 31, 2005*

(In thousands) **Schedule 5**

	2005					
	Estimates	Adjustments	Authorized Supplementary	Authorized Budget[a]	Actual[b]	(Over) / Under Expended
VOTED EXPENSES AND EIP						
Program 1 – Ministry Support Services						
Minister's Office	$ 439	$ –	$ –	$ 439	$ 378	$ 61
Deputy Minister's Office	–	–	–	–	333	(333)
Corporate Management	500	–	–	500	5,944	(5,444)
	939	–	–	939	6,655	(5,716)
Program 2 – Business Transformation						
Business Development	325	–	–	325	366	(41)
Business Improvement	395	–	–	395	400	(5)
Business Strategy	268	–	–	268	544	(276)
	988	–	–	988	1,310	(322)
Program 3 – Information and Knowledge Management						
Architecture and Standards	4,713	–	–	4,713	4,191	522
Corporate Planning	4,929	–	–	4,929	3,935	994
Project Management	1,650	–	–	1,650	1,312	338
SuperNet	12,000	–	–	12,000	2,282	9,718
	23,292	–	–	23,292	11,720	11,572
Program 4 – Shared Services						
Alberta Corporate Service Centre – Ministry Agreements	140,926	14,791	11,640	167,357	163,137	4,220
Alberta Corporate Service Centre – Non Government of Alberta Agreements	488	–	–	488	525	(37)
Crown Debt Collections	–	–	1,968	1,968	2,207	(239)
Alberta Government Integrated Management Information Systems	10,990	–	–	10,990	9,500	1,490
Supply Management Branch	6,704	–	–	6,704	6,762	(58)
Alberta Records Centre	1,013	–	–	1,013	1,068	(55)
Network Infrastructure	27,614	–	–	27,614	25,955	1,659
	187,735	14,791	13,608	216,134	209,154	6,980

Continued on next page <<

VOTED EQUIPMENT / INVENTORY PURCHASES						
Program 4 – Shared Services						
Alberta Corporate Service Centre – Ministry Agreements	1,750	–	–	1,750	1,769	(19)
Network Infrastructure	1,250	–	–	1,250	1,427	(177)
	3,000	–	–	3,000	3,196	(196)
VOTED CAPITAL INVESTMENT						
Program 3 – Information and Knowledge Management						
SuperNet	41,000	–	–	41,000	40,921	79
Total VOTED EXPENSES, EIP, AND CAPITAL INVESTMENTS	$ 256,954	$ 14,791	$ 13,608	$ 285,353	$ 272,956	$ 12,397
Operating Expense	$ 212,954	$ 14,791	$ 13,608	$ 241,353	$ 228,839	$ 12,514
Program Equipment/Inventory Purchases	3,000	–	–	3,000	3,196	(196)
	215,954	14,791	13,608	244,353	232,035	12,318
Capital Investment Funded by Lotteries	41,000	–	–	41,000	40,921	79
Total VOTED EXPENSES, EIP, AND CAPITAL INVESTMENTS	$ 256,954	$ 14,791	$ 13,608	$ 285,353	$ 272,956	$ 12,397
STATUTORY EXPENSES						
Provision for Vacation Pay	$ 260	$ –	$ –	$ 260	$ 333	$ (73)

(a) Authorized Budget includes Adjustments and a Supplementary Estimate

An adjustment of $14,791 relates to the 2004/05 GoA re-organization. This is comprised of $15,646 increase in shared services billing to Government Services and $855 reduction in shared services billings to Innovation and Science.

A Supplementary Estimate was approved on February 16th, 2005. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for net budgeted initiatives and dedicated revenue recoveries). The increase of $13,608 plus the initial adjustment of $14,791 make the total Treasury Board Minute (09/2005) increase of $28,399.

(b) Achievement bonuses of $1,698 were incurred during the fiscal year. The bonuses are reported 89% in program 1 and 11% in program 4.

Salary and Benefits Disclosure

for the Year Ended March 31, 2005

Schedule 6

	2005				2004
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Deputy Minister[4]	$ 118,417	$ 92,534	$ 9,935	$ 220,886	$ 208,793
Corporate Chief Information Officer[5]	108,539	–	21,529	130,068	113,208
Other Senior Official:					
Corporate Chief Strategist[6]	120,564	36,171	10,473	167,208	175,679
Executives:					
Business Development[7]	132,216	18,820	26,287	177,323	65,924
Business Transformation Services[8]	124,668	17,960	25,116	167,744	152,576
Chief Technology Officer and SuperNet Operations[9]	132,216	19,020	27,433	178,669	176,681
Corporate Services[10]	108,912	15,250	21,567	145,729	56,923
Service Delivery[11]	111,360	19,440	21,295	152,095	56,049
Information Technology[12]	104,976	20,733	20,199	145,908	55,920
Human Resources[13]	8,654	808	947	10,409	–

Prepared in accordance with Treasury Board Directive 03/2004

(1) Base Salary includes pensionable base pay.

(2) Other Cash Benefits include bonuses, vacation payments and lump sum payments.

(3) Other Non-Cash Benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in benefits and allowances figures for former Deputy Minister. Other cash benefits include vacation payout of $ 60,311 (2004-$ Nil) and pay in lieu of benefits—former Deputy Minister; vacation payout of $6,145 and car allowance of $250 – current Deputy Minister. This position was occupied by two individuals through the year.

(5) Automobile provided, no dollar amount included in benefits and allowances figures. The position of Corporate CIO existed for the period October 7, 2003 to November 25, 2004 when the incumbent transferred to the position of Deputy Minister, Municipal Affairs.

(6) Other Cash Benefits include pay in lieu of benefits and vacation payout – 2005 – $ Nil (2004 – $15,543). The position of Chief Information Officer was renamed to Corporate Chief Strategist effective March 7, 2005.

(7) The position of Business Development was created November 2003. Salary and benefits reported for 2004 are for the period November 2003 to March 2004.

(8) The position of Project Standards was renamed Business Transformation Services effective March 7, 2005.

(9) The position of Chief Technology Officer was renamed Chief Technology Officer and SuperNet Operations effective March 7, 2005.

(10) The position of Corporate Services was created November 2003. Salary and benefits reported for 2004 are for the period November 2003 to March 2004.

(11) Other Cash Benefits include vacation payout of $ 3,840 (2004 – $ Nil). The position of Service Delivery was created November 2003. Salary and benefits reported for 2004 are for the period November 2003 to March 2004.

(12) Other Cash Benefits include vacation payout of $6,033 (2004 – $ Nil). The position of Information Technology Services became part of Executive Team in November 2003. Salary and benefits reported for 2004 are for the period November 2003 to March 2004.

(13) Effective March 7, 2005 this position became part of the Executive Team. Salary and benefits are reported for March 2005.

Related Party Transactions

for the Year Ended March 31, 2005

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the department.

The department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users and have been excluded from this Schedule.

The department had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

(In thousands)

	Other Entities	
	2005	**2004**
REVENUES		
Lottery Fund	$ 41,000	$ 60,700
Shared Services Billings to other Ministries	176,549	171,857
	$ 217,549	$ 232,557
EXPENSES – DIRECTLY INCURRED		
Charges from Ministry of Finance	$ 96	$ 93
Charges from Executive Council	11	–
Charges from Department of Infrastructure	5	4
	$ 112	$ 97
TANGIBLE CAPITAL ASSETS TRANSFERRED TO/ FROM ALBERTA GOVERNMENT DEPARTMENTS AND AGENCIES	$ (739)	$ 1,654
RECEIVABLES DUE FROM ALBERTA GOVERNMENT DEPARTMENTS AND AGENCIES	**$ 1,256**	**$ 1,882**

The department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 8.

	Other Entities	
	2005	**2004**
EXPENSES – INCURRED BY OTHERS		
Accommodations from Alberta Infrastructure	$ 8,569	$ 8,563
Legal services from Alberta Justice	278	201
	$ 8,847	**$ 8,764**

Allocated Costs

for the Year Ended March 31, 2005

Schedule 8

(In thousands)

	2005				2004
		Expenses – Incurred by Others			
	Expenses[1]	Accommodation Costs[2]	Legal Services[3]	Total Expenses	Total Expenses
PROGRAM					
Ministry Support Services	$ 6,430	$ 241	$ –	$ 6,671	$ 1,627
Business Transformation	1,310	49	–	1,359	–
Information and Knowledge Management	11,720	439	115	12,274	15,339
Shared Services	209,380	7,840	163	217,383	215,220
Total Expenses	**$ 228,840**	**$ 8,569**	**$ 278**	**$ 237,687**	**$ 232,186**

(1) Expenses – Directly Incurred as per the Statement of Operations, excluding valuation adjustments.

(2) Costs shown are for Accommodation provided by Alberta Infrastructure.

(3) Costs shown are for Legal Services provided by Alberta Justice.

Alphabetical List of Entities' Financial Statements

in Ministry 2004-05 Annual Reports

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation[1]	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance

ENTITIES INCLUDED
in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Child and Family Services Authorities: Calgary and Area Child and Family Services Authority Central Alberta Child and Family Services Authority East Central Alberta Child and Family Services Authority Edmonton and Area Child and Family Services Authority North Central Alberta Child and Family Services Authority Northeast Alberta Child and Family Services Authority Northwest Alberta Child and Family Services Authority Southeast Alberta Child and Family Services Authority Southwest Alberta Child and Family Services Authority Metis Settlements Child and Family Services Authority	Children's Services
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta[1]	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science

Ministry, Department, Fund or Agency	Ministry Annual Report
Lottery Fund	Gaming
Ministry of Advanced Education[2]	Advanced Education
Ministry of Aboriginal Affairs and Northern Development[2]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[2]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[2]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[2]	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services[2]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[2]	Human Resources and Employment
Ministry of Infrastructure and Transportation[2]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[2]	International and Intergovernmental Relations
Ministry of Justice[2]	Justice
Ministry of Municipal Affairs[2]	Municipal Affairs
Ministry of Restructuring and Government Efficiency[2]	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation	Community Development

Entities Not Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan – Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan – Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Post Secondary Institutions	Advance Education
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Education
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

1 The Crop Reinsurance Fund of Alberta was merged into the Agriculture Financial Services Corporation, effective April 1, 2003.

2 Ministry includes only the departments so separate department financial statements are not necessary.

Alberta

Copies of this publication may be obtained from:

Communications Branch
Restructuring and Government Efficiency
9th Floor, 10365 – 97 Street
Edmonton AB T5J 3W7
www.efficiency.gov.ab.ca

ISSN 1715-4995 – Alberta Restructuring and Government Efficiency

RGE – Restructuring and Government Efficiency

9th Floor, John E. Brownlee Building
10365 – 97 Street
Edmonton AB T5J 3W7

www.efficiency.gov.ab.ca

Printed in Canada
Printed on Recycled Paper

September 2005 ISSN 1715-4995