

Building a Better Alberta

SOUTH EDITION

Summer 2011

A MESSAGE FROM Premier Ed Stelmach



Our plan is working. Alberta is on the move again, after the worst global recession since the Great Depression.

The economic downturn tested us – made us consider what was most important and what could wait. And Albertans were very clear on their priorities: health care, education and local infrastructure projects.

Listening to Albertans guided our government's plan to weather the recession and prepare for the future.

We took a careful look at spending, and tightened our belt where we could. But we stayed strong in supporting the priority areas of health and education – both of these areas have seen budget increases, even during the darkest days of the recession.

Infrastructure, too, has remained a focus. And by building during the recession, our dollars went much further than before, which allowed us to catch up – and even get a head start on meeting future needs in a province that is predicted to be among the fastest-growing in Canada in the coming years.

I think Albertans can be very proud of how we came through the recession – with public programs and services not only

intact, but strengthened in priority areas, and ready for the growth we know is coming. All the signs are there: our province led the nation in job creation over the past year – in June alone, Alberta added 22,000 new jobs, more than were created in the entire United States during the same month...provincial revenues are on the rise... our deficit for last year was \$1.3 billion lower than expected and is covered by our savings...and a return to the days of surplus budgets is just around the corner.

This Report to Albertans highlights actions your government has taken to enhance public services to meet Albertans' needs. If you have any questions or comments, please talk to your MLA or see the end of this publication for where to find more information.

A handwritten signature in black ink that reads "Ed Stelmach".

Health and education are the two biggest spending areas in the entire Government of Alberta budget.

In 2011-12, of every dollar spent by the Alberta government:

- 41 cents goes to health
- 23 cents goes to education

A better bottom line

Alberta leads Canada in economic growth during the past 20 years, with an average annual GDP growth of 3.2% per year.

Careful management of spending plus higher than expected revenue means Alberta's deficit was cut by \$1.3 billion last year.

Revenue from Crown lease sales, bitumen royalties and investment income were all higher than forecast, while spending was down by \$452 million.

Alberta entered the recession in the best shape of any province in Canada, with no debt and more than \$17 billion in cash reserves in the Sustainability Fund. We put

in place a four-point plan for recovery by:

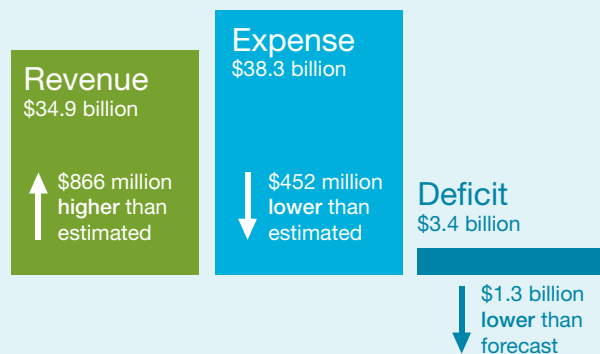
- preserving health care, education and other priority programs;
- protecting jobs and building for the future by investing in infrastructure;
- guarding the province's fiscal position by managing our spending; and
- enhancing our competitiveness.

This plan worked. Alberta is in the strongest fiscal position of all the provinces, with net

financial assets of more than \$28 billion and enough money in our savings to see us through the economic recovery.

After growing by an estimated 3.8 per cent in 2010, the Alberta economy is expected to increase by 3.2 per cent in 2011. Over the next few years, economic growth is forecast to continue to remain solid, averaging around three per cent per year. Steady growth combined with careful spending will help the province return to a balanced budget in 2013-14.

Alberta's Fiscal Results 2010-11



“Doubts that the Albertan economy could reclaim its position as one of Canada's faster growing provincial economies are dissipating quickly because the wheels of growth are starting to spin faster in the province.”

– Royal Bank of Canada, provincial outlook, June 2011



Albertans have the lowest overall personal taxes in Canada: a low single-rate tax system, the highest basic and spousal exemptions in the country, no general sales tax, the lowest fuel taxes among provinces, and no health care premiums.

“Alberta is blessed with an abundance of natural advantages, which have formed the foundation of our province’s thriving economy. The Alberta government has built on this by engineering an economic plan that ensures a positive business climate exists in our province. A climate that encourages investment, creates diversity, and empowers Alberta businesses to compete successfully around the globe. The result is one of the world’s most vibrant and competitive economies.” – Alberta Chambers of Commerce

Savings and Infrastructure Investment

SUSTAINABILITY FUND <i>(Savings)</i>	HERITAGE FUND	CAPITAL PLAN
<ul style="list-style-type: none"> • Value on March 31, 2011: \$11.2 billion • Created in 2003 to be used for unexpected declines in revenue or to offset the costs of emergencies or disasters • Offsets budget deficits, allowing programs to be protected during tough times without raising taxes or borrowing 	<ul style="list-style-type: none"> • Value on March 31, 2011: \$14.2 billion • Long-term savings vehicle – not used to cover deficits • Created in 1976 as a way to preserve Alberta’s resource wealth for future generations of Albertans • Since 2005, the Alberta government has deposited more than \$7 billion into the Heritage Fund and other funds 	<ul style="list-style-type: none"> • Support in 2010-11: \$5.9 billion for roads, schools, hospitals and other public infrastructure • Alberta’s per capita investment in infrastructure was nearly 35 per cent higher than the per capita average of other provinces • This will strengthen the economy, help keep Albertans working and support core public services to maintain a high quality of life • Over the last five years, the Government of Alberta has invested \$35 billion to catch up on needs



Building the things we need

Infrastructure Projects – South

In 2011-12, the Alberta government will invest \$6.6 billion into priority public infrastructure (such as schools, hospitals, roads and long-term care facilities). This is part of a \$17.6 billion investment over the next three years.

Building and modernizing schools

MODERNIZE

Senator Gershaw School / Bow Island Elementary School, Bow Island

Cardston Elementary School, Cardston

Willow Creek School / Claresholm School, Claresholm

Picture Butte High School, Picture Butte

Alcoma School, Rainier

Vauxhall Elementary School, Vauxhall (two projects)

NEW

K-6 school, Brooks

Hamptons, Medicine Hat

Post-secondary institutions:

More than 70 post-secondary projects worth over \$2.7 billion are underway in Alberta. These projects will create about 11,000 new student spaces throughout the province, including:

Banff Centre

Lethbridge College

University of Lethbridge

Medicine Hat College

Increasing access to health care

Medicine Hat Regional Hospital - \$200 million redevelopment project

Chinook Regional Hospital, Lethbridge - \$112.7 million redevelopment project

Bow Island Health Centre - \$5.3 million renovation and redevelopment project



Alberta is getting ready for the next decade of economic activity. Building infrastructure during the recent economic downturn kept Albertans working and allowed the province to take advantage of savings in construction costs.

Over the next three years, the Alberta government will spend \$17.6 billion on capital projects – health facilities, schools, post-secondary institutions, water treatment systems, roads and municipal infrastructure, to support core public services and prepare Alberta for strong future economic growth and a high quality of life.

Alberta has a 20-year Capital Plan that ensures we are prepared for the next economic growth cycle.

Community facilities

Alberta public safety and law enforcement training centre, Fort Macleod

Crop Diversification Centre South, Brooks

Lethbridge Correctional Centre, Lethbridge
new vehicle inspection station, Strathmore

Improving roads

Major new projects in southern Alberta include:

Highway 1 - selective repaving of 85 kilometres between Bassano and Suffield - \$25.3 million

Highway 2 - realigning and reconstructing 5.5 kilometres of the highway and removing the railway overpass north of Nanton - \$11.9 million

Highways 23 and 24 - repaving 66 kilometres between Mossleigh and High River - \$12.7 million

Highway 56 - repaving 22 kilometres between Highway 1 and Hussar - \$6.3 million

Highway 61 - widening and reconstruction of 14 kilometres between Foremost and Etzikom - \$7.9 million



Better access to health care

Funding for Alberta Health and Wellness is budgeted at \$14.9 billion for 2011/2012. Over the past five years, Health and Wellness spending has grown by 48.2% or \$4.9 billion.

Alberta's health system caregivers are among the best anywhere and major health facilities are available in every area of Alberta. Work is underway to improve access to services across the province.

Alberta's goal is to build the best-performing, publicly funded health care system in Canada. With the 5-year funding commitment to Alberta Health Services and *Becoming the Best: Alberta's 5-Year Health Action Plan*, significant progress has been made towards achieving that goal.

The *5-Year Health Action Plan* is an aggressive plan that will help Albertans get quicker access to surgeries and cancer treatment; provide more continuing care options; move people in and out of emergency departments faster; improve access to health care providers; and get Albertans healthier.

Last year saw the addition of 305 acute care beds, 17 psychiatric/stand-alone beds,

and more addiction treatment beds and palliative/hospice care beds.

More continuing care beds

Alberta Health Services added 1,155 continuing care beds in 2010-11 and is on track to add another 1,000 each year up to 2015. With the addition of these new continuing care beds, our province now has the lowest rates of Albertans waiting for placement in more than three years. This – coupled with new province-wide emergency room protocols and additional home care support – is also helping lower emergency department wait times across the province.

More information tools

Albertans also have two new tools to help manage their own health care. MyHealthAlberta (www.myhealthalberta.ca) is a new online health tool connecting Albertans to nearly 9,000 health topics

with trusted health care information and services, other health tools and wellness management tips.

Taking action on wait times

The new Alberta Wait Times Reporting website (www.waittimes.alberta.ca) shows wait time information, including 13-month trends, on surgical procedures and diagnostic tests including MRI scans, cancer services, and hip and knee replacement surgeries. Albertans can search wait times by procedure, by specialist and by facility.

These accomplishments are the result of the great work of many front-line professionals and health care providers. Because of them, we are on track to ensuring our health system is providing the best care possible to Albertans.



Specific performance measures and targets allow Albertans to track and monitor the performance of the health care system. By March 2012, Albertans can expect to see:

- 360 new hospital beds
- 3,000 more surgeries
- 2,300 new continuing care spaces
- 3,000 more Albertans receiving home care services

There has been significant improvement in the length of time people are waiting in hospital emergency departments. In May, the daily average number of emergency inpatients waiting to be moved from emergency beds to acute care beds, compared to September 2010, declined 77 per cent in Calgary; 53 per cent in Edmonton; and, 39 per cent in Red Deer.

Funding Alberta's health system:

\$14.9 billion through Alberta Health and Wellness includes:

\$14.8 billion in ongoing operating expense:

- \$9.6 billion for Alberta Health Services operating costs (a 6% increase from 2009-10)
- \$3.3 billion for physician compensation and development
- \$1 billion for prescription drugs and other health benefits for Albertans
- \$800 million for other health services, including \$4 million for a sexually transmitted infections and blood borne pathogens strategy, and \$2 million for the Alberta Injury Control Strategy
- \$134 million for vaccine utilization, amortization, and capital grants primarily for diagnostic and medical equipment and health information systems

nearly \$2.6 billion in health capital spending over 3 years includes:

- almost \$2.2 billion for new or expanded health facilities and for maintenance and renewal of existing facilities
- \$407 million for health information systems, including \$150 million for the purchase of vaccines and \$107 million primarily for diagnostic and medical equipment



Equipping our students for success

According to the most recent Programme for International Student Assessment (PISA) results, 15 year-old Alberta students were:

- first in Canada and eighth the world in reading literacy;
- first in Canada and eighth the world in scientific literacy and
- second in Canada and eighth in the world in mathematical literacy

Albertans are among the best-educated people in North America. Alberta's 26 diverse publicly-funded post secondary institutions serve over 264,000 students, spanning every region of the province.

Education is a cornerstone of Alberta's current and future success. Our province's education system is recognized as one of the best in the world. We're staying at the forefront by providing students with the tools they need to achieve their potential.

We're looking at our curriculum, to ensure that it remains relevant in a changing world, leverages technology, and keeps students engaged. We're also modernizing and building more schools. And we're taking a new approach to supporting students with special needs so they can continue to succeed.

Lifelong learning

Whether you are thinking of becoming a tradesperson, improving your reading ability, getting your degree or being trained for a specific job, Alberta's post-secondary system has affordable, accessible and high quality options.

For more information on Alberta's post-secondary educational system visit: www.aet.alberta.ca. For more information on funding for post-secondary education click on "funding and supports" in the left-hand menu.

The Alberta government's spending on education continues to be among the highest of any province in the country and continues to grow. Nearly \$6.2 billion is budgeted for education in 2011-12, a 2.7 per cent increase from the previous year. School boards will receive funding for:

- an anticipated 4.4 per cent increase in teachers' salaries;
- an expected 1.1 per cent increase in enrolment;
- increased supports to students with severe disabilities; and,
- student transportation services.



Energy powers Alberta's economy

As the engine of Alberta's economy, energy revenues account for almost a third of the Alberta government's total revenue and just over half of the value of the province's total exports.

Blessed with abundant coal, minerals, natural gas, conventional oil, renewable energy sources and the oil sands, Alberta is a global energy leader.

The Alberta government remains committed to strengthening Alberta's investment competitiveness and demonstrating that Alberta is a secure, environmentally responsible supplier of energy.

Steps to improve the fiscal framework for royalties have generated renewed activity in the oil and gas sector, bringing increased investment and aiding in the solid recovery our province is making from the global economic downturn.

Advancements are also being made on carbon capture and storage, with agreements in place to allow pilot projects to proceed. For example, the Government of Alberta recently signed an agreement with Shell Canada Energy for the Shell Quest carbon capture and storage project. The project will capture more than one million tonnes of carbon dioxide per year from the Scotford Upgrader and inject it deep underground. This CO₂ will repressurize old oilfields so that the remaining crude oil can be recovered, generating royalties. These efforts will not only help reduce Alberta's carbon footprint, but also enhance oil recovery.

To meet the province's growing electricity needs, Alberta's electrical transmission system is being upgraded. There hasn't been an upgrade for decades and the system is near its capacity. While most places in North America are struggling to meet rising demand for electricity with aging infrastructure, Alberta is moving forward with a plan to meet future needs, not just immediate ones – a strategy praised by the Canadian Electricity Association.

For more information go to www.energy.alberta.

New records in petroleum and natural gas land sales for the last calendar year (\$2.39 billion) and fiscal year (\$2.56 billion) have been followed by a single day land sale record on June 1 of over \$841 million. In addition, the active rig count in our province is up over fifty per cent compared to last year.

“Owing to robust crude oil prices, an increase in drilling activity, and a healthy inflow of inter-provincial and international migrants, Alberta is slated to be among the provincial economic growth leaders in 2011 (4.2%) and 2012 (3.2%).”
– TD Economics, provincial economic forecast, April 4, 2011

“Favourable conditions have revived interest in developing the non-conventional oil industry. Investment in the sector is set to jump this year and see solid increases over the medium term. Bitumen and synthetic crude oil production will also rise strongly. The strength will not be just in the energy sector; benefits will spill over to the services side of the economy.”
– Conference Board of Canada, provincial outlook economic forecast, Spring 2011



Welcoming communities

Vibrant communities are the key to a prosperous province. The Government of Alberta remains committed to supporting strong, sustainable and safe communities.

Sustainable communities

With the assistance of Alberta's Municipal Sustainability Initiative (MSI), communities across the province are able to plan and build for the future. MSI provides stable, reliable funding to municipalities, helping to make them even better places to live, work and raise families.

Since Premier Ed Stelmach launched MSI in 2007, the program has put more than \$3.1 billion into the hands of municipalities to help turn more than 2,200 infrastructure and capital priorities into reality. Of those projects, more than a third have been public transit related, 38 per cent have been for municipal buildings and recreation facilities, and about a quarter have been for municipal roads and emergency services. Recent projects include a new animal care and control centre for the City of Edmonton; a fire hall in Elk Point; upgrades to Waskasoo Park in Red Deer; the Calgary Police Service forensic centre; and new county facilities in the County of Newell.

The Government of Alberta's \$2-billion GreenTRIP program provides one-time capital funding to communities to provide Albertans with a wider range of public transit alternatives for local, regional and intermunicipal travel. For example, through

GreenTrip, Strathcona County received \$13.6 million for a transit terminal; Banff and Canmore received \$900,000 for a regional transit service; Grande Prairie received \$1.1 million for new transit buses; and the Town of Hinton received \$109,000 for public transit improvements.

Safe communities

A big part of our quality of life is having a safe place to call home. Over the past few years, significant strides have been made to deal with the root causes of both crime and homelessness.

Alberta is a leader in crime prevention, with a balanced approach that includes prevention, treatment, and enforcement. Over the past three years, the \$60-million Safe Communities Innovation Fund has benefited 88 pilot projects to help address crime-related issues and make a real difference in building safer and stronger communities.

Affordable housing continues to be an important issue for Albertans. The province is working with municipalities and community groups to ensure that a range of housing options are available for low-income Albertans, including those who are homeless, or are at risk of becoming homeless. Over the past four years, the Government of Alberta has provided funding to help develop over 10,790 affordable housing units and is on track to meet the commitment made in 2007 to provide funding to support the development of 11,000 units by 2012.

In addition to ongoing grants and programs, since 2007 the Alberta government has provided \$3.1 billion through the Municipal Sustainability Initiative to turn more than 2,200 infrastructure capital priorities into reality, and committed to \$2 billion to support public transit through the GreenTRIP initiative (\$800 million to the Capital Region: \$800 million to Calgary and area; and, \$400 million to other municipalities throughout Alberta). This funding allows municipalities to build infrastructure projects without having to rely on municipal property taxes.

Planning for the future



Alberta's economic and population growth over the past decade has put pressure on our land, roads, utility systems, towns and cities, and increased demands for different land uses, like farming, energy and recreation.

Albertans from all sectors, backgrounds and interests have told us they want more long-term planning and coordination of activity on the land, and a balancing of economic growth with Alberta's environmental and community goals. They also made it clear that government has to protect private property rights when making decisions in the public interest.

In response, the Government of Alberta launched a province-wide system of regional land-use planning with the introduction of the Land-use Framework in 2008.

The purpose of the Land-use Framework, and the regional plans developed under it, is to manage growth and sustain our growing economy in balance with Albertans' social and environmental goals.

The Alberta government is consulting with people in each region as it develops, and before it approves, regional plans. Title-

holders can apply for variances to the plan and landowners can apply for compensation where they have a right under the law. Proposed regional plans or amendments must be provided to the Legislative Assembly of Alberta before they are approved by the Alberta Cabinet.

Regional planning is important to the future of Alberta—to our prosperity, our environment and our communities. We are all partners in building that future.

Growing prosperity



The agriculture and food sector is Alberta's largest renewable industry. Agriculture and rural communities are an integral part of Alberta's economic and social fabric.

Alberta has one of the world's most productive agricultural economies with more than 51 million acres or 20 million hectares used for crop and livestock production.

In March, to address challenges and changing needs, the Alberta government announced the Cattle Price Insurance Program-Calf. It is the third made-in-Alberta insurance plan available under the Cattle Price Insurance Program. It provides beef producers with protection against price, currency and basis risks. A similar program for the pork industry is being developed. The Alberta government has also introduced a hog price insurance program to help hog producers weather volatile market prices.

Alberta has a rapidly expanding value-added agricultural products sector. In 2009,

manufacturing shipments of Alberta's food and beverage processing industries reached \$11.9 billion. Meat product manufacturing accounted for more than half of the sector's shipments.

To expand the sector, the Alberta government is working with the Government of Canada and our provincial and territorial partners on a pilot project which will assess the needs and challenges of small and medium-sized non-federally registered meat processors to meet federal requirements for interprovincial trade. The pilot project is intended to create an environment that will encourage and allow for more interprovincial trade of meat products by small and medium-sized processors.

Alberta is a global leader in agriculture. However, to ensure our continuing success, Alberta must stay competitive with the United States, New Zealand, Australia and Brazil. Countries such as China, Japan and India represent large markets for Alberta products and these regions will be the focus of our international efforts.

With 20 per cent of the total value of agricultural production and the third highest livestock and crop market receipts in the country, Alberta is a leading exporter of food and an agricultural powerhouse within Canada. By 2020, Canada will be one of only six nations in the world that will be net exporters of food, growing more than they consume.



See Alberta this summer

ALBERTA IS SOMETHING TO SEE ...

From peaks to plains and everything in between, Alberta has some of the finest settings ever handed to a province.

You'll find amazing things in every corner - from rugged mountain parks to the Badlands, to boreal forests to rolling prairies, rivers, lakes and streams, and more species of birds and wildlife than you can count.

Along with all of the natural wonders, communities across our province feature vibrant arts and cultural scenes, many showcasing Alberta's multicultural heritage, just waiting to be enjoyed.

For ideas to help you explore your province this summer – visit www.travelalberta.com.

Tourism is one of the province's largest industries, employing 109,000 Albertans and generating more than \$5 billion in revenue annually

Find out more

To learn more about the province's strategic plan, visit www.alberta.ca.

To reach any government office call **310-0000** toll-free throughout Alberta.

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