

Solicitor General and Public Security

Annual Report
2006-2007

Alberta



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Public Accounts 2006-2007 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 20 ministries.

The annual report of the Government of Alberta released June 21, 2007 contains the Minister of Finance's accountability statement and the consolidated financial statements of the Province. The *Measuring Up* report released June 28, 2007 provides a comparison of the actual performance results to desired results set out in the government's business plan.

This annual report of the Ministry of Solicitor General and Public Security contains the Minister's accountability statement, the audited consolidated 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:

- **the financial statements of entities making up the ministry, including the Department of Solicitor General and Public Security, the Victims of Crime Fund, as well as the Alberta Lottery Fund and the Alberta Gaming and Liquor Commission transferred from the former Ministry of Gaming.**
- **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 annual report includes information on the Goals and Performance Measures identified in the former Ministry of Gaming 2006-09 Business Plan.

Functions transferred from the former Ministry of Gaming have been integrated into the 2007-10 Business Plan for the Ministry of Solicitor General and Public Security.

Minister's Accountability Statement



The ministry's annual report for the year ended March 31, 2007, 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 1, 2007 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Fred Lindsay
Solicitor General and Minister of Public Security



Message from the Minister

The exceptional growth we've seen in Alberta has produced both prosperity and challenges: as Alberta's economy has taken flight, we've seen increases in criminal activity as well.

Premier Stelmach has outlined five priorities for government. One of them is providing safe and secure communities. In a mandate letter from the Premier, my ministry was tasked with two specific goals to help achieve that priority and we are making significant progress on both.

We continue to prepare for upcoming contract negotiations with the federal government to retain the RCMP as our provincial police service. The RCMP has a long, proud history in Alberta and we want to continue that tradition well into the 21st century.

We also initiated a \$100 million information technology strategy to better integrate and co-ordinate the information flow between all law enforcement partners. This is critical because gangs and organized crime networks no longer work in silos; they adapt, they change, they make new alliances. We have recognized this change and are taking steps to keep our communities and our families safe.

Alberta Solicitor General and Public Security made significant strides this past year to reduce crime and enhance public safety and security.

We added close to 80 more frontline RCMP officers. That's an increase of almost 280 police officers in two years to tackle serious issues such as organized crime, on-line child exploitation and drug related violence in our communities.

We expanded the roles of Alberta Sheriffs to include traffic enforcement on our highways and surveillance support for major police investigations. We also enhanced perimeter security of courtrooms through the installation of scanners and x-ray machines and more than doubled the number of videoconferencing facilities in courtrooms, remand centres, and correctional facilities.

Our correctional services staff have worked hard to meet the many challenges of dealing with growing inmate populations, especially with more violent gang members in our remand centres. To help address those pressures, we secured \$308 million to build a new remand centre in north Edmonton.

During the fiscal year, Victims Services provided more than \$10.5 million in financial benefits to victims of crime and produced the *Victims of Crime Protocol*, which outlines what victims can expect throughout the criminal justice process.



I'm also proud of the work of our staff at the Alberta Gaming and Liquor Commission (AGLC), which is now part of my ministry. The AGLC effectively manages and regulates the gaming and liquor industries with integrity and in a socially responsible manner. The economic gain from both industries benefits all Albertans. For example, more than \$1.5 billion from the Alberta Lottery Fund contributed to thousands of volunteer and community projects to enhance Albertans quality of life.

On the liquor side of the business, my priority is to focus on educating people to use these products responsibly. My ministry and various dedicated industry stakeholders continue to develop plans to reduce violence in and around licensed premises through education, awareness and enforcement.

And, as part of government's overall commitment to enhance aboriginal communities, the River Cree Casino and Resort on the Enoch reserve opened its doors in 2006-07 becoming the province's first-ever First Nation casino.

I encourage you to read this annual report for details on our innovative programs and for the results we achieved during the year. I am pleased to present our annual report for 2006-07.

Original signed by

Fred Lindsay
Solicitor General and Minister of Public Security



Management's Responsibility for Reporting

The executives of the individual entities 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 consolidated financial statements and performance results for the ministry rests with the Solicitor General and Minister of Public Security. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Solicitor General and Deputy Minister of Public Security, 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 Solicitor General and Minister of Public Security any information needed to fulfill their responsibilities; and,
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

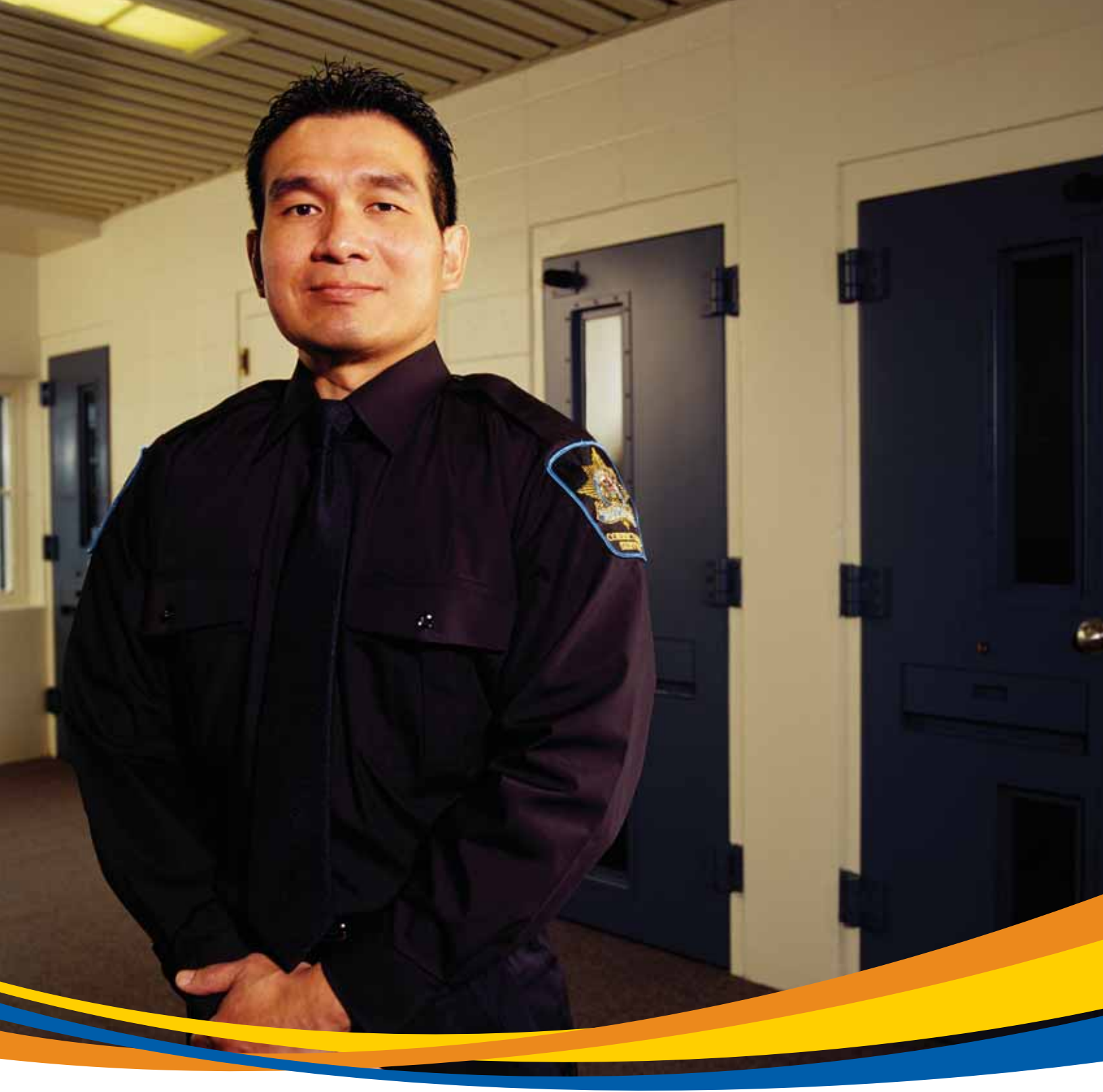
In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Original signed by

Eric J. McGhan

Deputy Solicitor General and Deputy Minister of Public Security

September 5, 2007



Overview



Government Re-organization in December 2006

OVERVIEW

On December 15, 2006, the Government of Alberta announced a re-organization that included the dissolution of the former Ministry of Gaming and the transfer of its functions to other Alberta ministries.

- Responsibility for the regulation of the liquor and gaming industries remained with the Alberta Gaming and Liquor Commission (AGLC), which now reports to the Solicitor General and Minister of Public Security. As part of this mandate, the AGLC:
 - works with partners and stakeholders to ensure socially responsible gaming and use of liquor products;
 - ensures that the government portion of revenue from provincial lotteries is directed to the Alberta Lottery Fund; and
 - administers the Alberta Lottery Fund.
- The administration of Gaming's Lottery Funding Programs was transferred to the Ministry of Tourism, Parks, Recreation and Culture.

Results related to the Goals and Performance Measures identified in the Ministry of Gaming 2006-09 Business Plan are summarized starting on page 63.

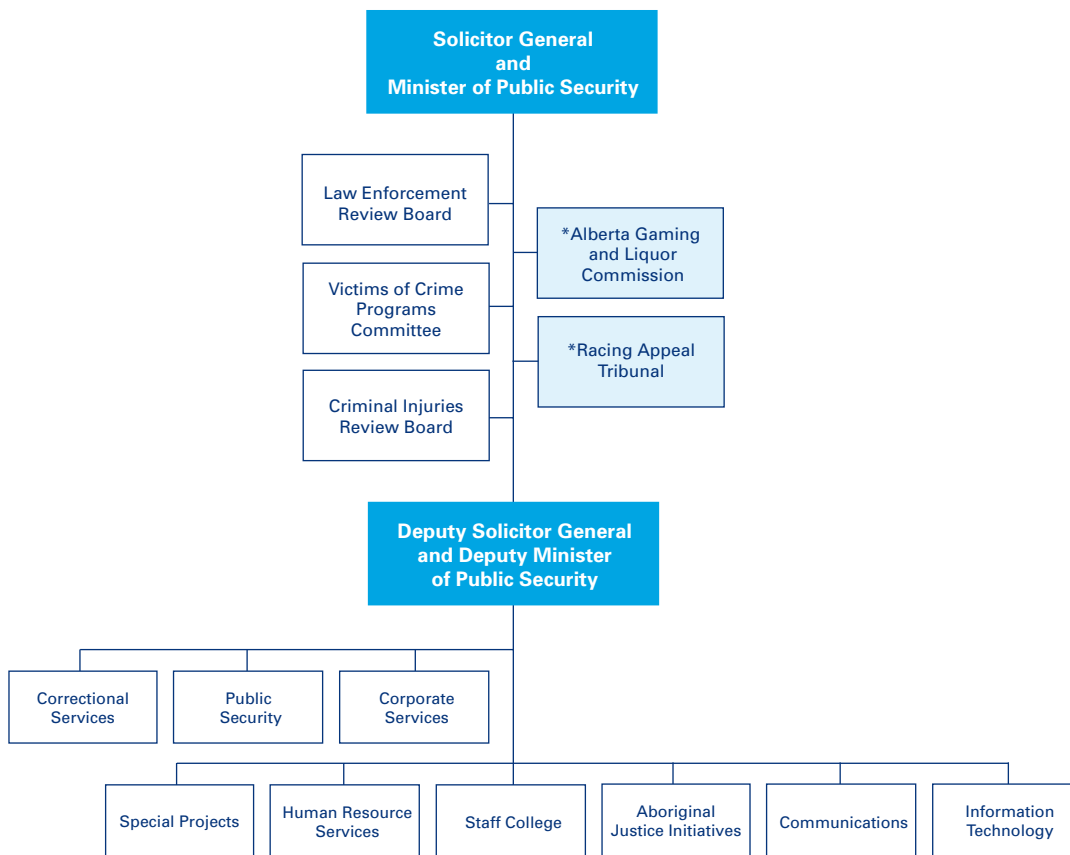
Details about liquor, gaming, and related social responsibility initiatives are available in the Annual Report of the Alberta Gaming and Liquor Commission and their website at: www.aglc.ab.ca.

Responsibilities transferred from the former Ministry of Gaming have been integrated into the Ministry of Solicitor General and Public Security 2007-10 Business Plan.

Ministry of Solicitor General and Public Security Organizational Structure



Figure 1
Ministry of Solicitor General and Public Security Organizational Structure



* Entities joined the Ministry on December 15, 2006.

OPERATIONAL DIVISIONS

Correctional Services

Administration of the *Corrections Act*, *Correctional Institution Regulation*, *Designated Correctional Institutions Order*, *Fine Option Order*, *Youth Justice Act* and *Youth Justice Designation Regulation*, and the federal *Prisons and Reformatories Act* and *Youth Criminal Justice Act*, including pre-trial supervision, community and custody sentences, alternative sanctions, and rehabilitation programs.

B. Anderson, Assistant Deputy Minister
Phone: 780.427.3440
Fax: 780.427.5905
Email: bruce.v.anderson@gov.ab.ca

Public Security

Administration of the *Police Act*, *Private Investigators and Security Guards Act*, *Peace Officer Act*, and *Victims of Crime Act*, including oversight and governance of police, integrated policing initiatives, provincial policing standards, municipal policing grants, crime prevention and restorative justice initiatives, and victims' programs. The division provides court and prisoner security, traffic safety enforcement, and manages counter-terrorism security information.

B. Skeet, Assistant Deputy Minister
Phone: 780.427.3457
Fax: 780.427.1194
Email: brian.skeet@gov.ab.ca

SUPPORTING AND CO-ORDINATING BRANCHES

Corporate Services (Financial and Business Services/Planning and Policy)

Corporate Services comprises the Financial and Business Services Branch and the Planning and Policy Branch. Financial and Business Services is responsible for financial and capital planning, accounting and reporting, accommodation and facility services, procurement and contracting services, as well as financial accountability.

Planning and Policy is responsible for business planning and reporting, legislative planning, freedom of information and protection of privacy, policy co-ordination, records management, and Law Enforcement Review Board and Criminal Injury Review Board administration.

J. Bauer, Assistant Deputy Minister
Phone: 780.422.1033
Fax: 780.4644.2537
Email: jim.bauer@gov.ab.ca

Special Projects

Special projects includes the *Private Investigator and Security Guards Act*, the *Peace Officer Act*, the Police and Peace Officer Training Centre, radio interoperability, the International Crime Reduction Conference, and the Integrated Crime Reduction Strategy.

B. Meade, Executive Director
Phone: 780.427.3148
Fax: 780.427.1903
Email: bill.meade@gov.ab.ca



Human Resources Services

Employee/labour relations, staffing, compensation, job evaluation, training and development, occupational health and safety, and health and wellness initiatives.

B. Fulgham, Executive Director
Phone: 780.427.9617
Fax: 780.422.9639
Email: brigitte.fulgham@gov.ab.ca

Staff College

Consulting services, needs assessment, and training program design and delivery.

P. Nicholson, Director
Phone: 780.422.9396
Fax: 780.422.2854
Email: peter.nicholson@gov.ab.ca

Aboriginal Justice Initiatives

Corporate advice and support to all divisions and branches on aboriginal issues, and liaison with First Nations, Métis and other stakeholders to promote aboriginal justice initiatives.

B. Shoush, Director
Phone: 780.422.2779
Fax: 780.427.4670
Email: bronwyn.shoush@gov.ab.ca

Communications

Strategic communications, issues management, and media relations.

A. Weiler, Director
Phone: 780.427.6153
Fax: 780.427.0771
Email: andy.weiler@gov.ab.ca

Information Technology

Information and communication technologies and automated business applications.
Cross-agency solutions that support interoperability among public safety service providers.

D. Mottershead, Chief Information Officer
Phone: 780.422.5499
Fax: 780.415.2887
Email: don.mottershead@gov.ab.ca

The following agencies, boards, and commissions are part of the Ministry of Solicitor General and Public Security.

Law Enforcement Review Board

An independent, quasi-judicial body established under the *Police Act*. Hears appeals from citizens who have filed a complaint regarding the actions of a police officer and citizens who are not satisfied with the disposition of their complaint. Police officers who have been the subject of discipline arising out of a complaint may also appeal to the board. Also conducts hearings on appeals from private investigators or security guards who have had their licences refused, and from peace officers regarding the cancellation of their appointments.

J.E. Phillips, L.L.B., Chair
Phone: 780.422.9376
Fax: 780.422.4782

Victims of Crime Programs Committee

Appointed by the minister to make recommendations on grant applications, and to provide information with respect to programs and services that assist victims of crime.

M. Jorgensen, Chair
Phone: 780.427.3460
Fax: 780.422.4213

Criminal Injuries Review Board

Hears requests for reviews concerning the financial benefits paid to victims of crime under the *Victims of Crime Act*. May request persons with specialized knowledge to assist with a review and has the power to confirm or vary decisions made by the director.

Dr. P.B.R. Allen, B.Sc, M.D., Chair
Phone: 780.427.7330
Fax: 780.427.7347



ENTITIES TRANSFERRED FROM THE FORMER MINISTRY OF GAMING

Alberta Gaming and Liquor Commission

The Alberta Gaming and Liquor Commission (AGLC) is a commercial enterprise within the Government of Alberta, consisting of a board and an administrative arm. The board is responsible for policy and regulatory matters, while the administrative arm manages the ongoing operations and delegated regulatory responsibilities. The AGLC's mission is to ensure that gaming and liquor activities are conducted with integrity and social responsibility and to maximize long-term economic benefits for Albertans.

The AGLC administers the Alberta Lottery Fund under the provisions of the *Gaming and Liquor Act*. The AGLC publishes a separate annual report including an overview of its activities, performance measure results and audited financial statements. Copies are available online at www.aglc.gov.ab.ca.

G. McLennan, Acting Chief Executive Officer
Phone: 780.447.8601
Fax: 780.447.8950
E-mail: gerry.mclennan@aglc.gov.ab.ca

Racing Appeal Tribunal

The Racing Appeal Tribunal is established under the *Horse Racing Alberta Act* and consists of members appointed by the minister. The tribunal hears appeals under the *Act* arising from rulings or directions of horse racing officials. The tribunal's costs are borne by Horse Racing Alberta. More information on the Racing Appeal Tribunal can be found in the Horse Racing Alberta Annual Report.

Horse Racing Alberta
Phone: 780.415.5432
Toll free: 1.888.553.7223
E-mail: reception@thehorses.com

In 2006-07, Alberta Solicitor General and Public Security delivered its mandate through four core businesses:

1. Policing, Crime Prevention and Response to Organized Crime
2. Custody, Supervision and Rehabilitative Opportunities for Offenders
3. Security Services
4. Victims Programs and Services

Each core business is described below, along with related key challenges and accomplishments for the past year.

CORE BUSINESS ONE: POLICING, CRIME PREVENTION AND RESPONSE TO ORGANIZED CRIME

Ensuring safe communities in Alberta by ensuring adequate and effective policing, by targeting organized crime, and by developing and promoting crime prevention programs.

The ministry oversees policing and police governance throughout the province; provides a provincial police service in rural and small urban areas through the Royal Canadian Mounted Police (RCMP); assists municipalities with their policing costs through municipal policing grants; and develops, supports, and operates programs that target organized and serious crime. Solicitor General and Public Security is also responsible for the administration of other aspects of public security in the province such as providing court security; and for working with communities, other provincial departments, and other governments to foster locally effective crime prevention and community safety programs.

Results for Core Business One are influenced by the high public profile of crime and policing, the changing nature of criminal activity in Alberta, and strong public support for policing services and crime prevention initiatives.

Challenges and Accomplishments in 2006-07

Issues related to crime and policing continue to be of great public interest. Alberta's strong economy is attracting more criminal activity and the nature of criminal activity is evolving to include more organized crime and more internet crime.

Public opinion survey results indicate increasing perceptions of safety in both the home and the neighbourhood. These perceptions are supported by slight decreases in the rates of violent and property crimes. Crime victimization rates reported in public opinion surveys remained essentially unchanged from last year. Alberta continued to maintain the lowest rates of violent and property crime among the four western provinces. Albertans also continued to have a high level of satisfaction with policing in the province.

Priorities related to Core Business One in 2006-07 included ensuring adequate resources to deal with existing and emerging crime and public safety challenges; investing in technology to improve coordination among law enforcement partners; and developing innovative ways to address community crime prevention.



Law enforcement key results included:

- A province-wide gun amnesty in October 2006, resulted in 2,536 guns, 243 other weapons, and 44,000 rounds of ammunition being turned into the police.
- Proposed amendments to the *Police Act* allowed the creation of a civilian oversight body to investigate police, further enhancing police accountability.
- Further commitment to the province's integrated response to serious and organized crime through creation of the Alberta Law Enforcement Response Teams (ALERT).
- Funding of the Integrated Child Exploitation (ICE) Unit has facilitated significant arrests of adults who have victimized children over the Internet.
- Contribution of a strong enforcement component to the Provincial Traffic Safety Plan. Sheriff Traffic Operations commenced and 39 sheriffs were deployed to help reduce the number of collisions and fatalities on Alberta's highways.
- "Pillar of Strength," a new permanent monument at the Provincial Legislature, was unveiled in July 2006 to remember Alberta's fallen police and peace officers.

Key public security results for 2006-07 included:

- The review of 30 site proposals and the selection of Fort Macleod as the preferred location for a new Alberta Police and Peace Officer Training Centre.
- Investments in technology to support integrated and co-ordinated law enforcement services. The Strategic Information Technology Initiative will combat organized and serious crime, while the Alberta First Responders Radio Communications System (AFRRCS) will improve information exchange among emergency services and enforcement agencies.
- Royal Assent for the *Peace Officer Act*, resulting from the MLA Review of the Special Constable Program. The new legislation provides for more effective use of alternative forms of law enforcement such as provincial sheriffs working in partnership with police and government.

Crime prevention results for 2006-07 included:

- The second annual Fraud Awareness Month encouraging Albertans to *Recognize it. Report it. Stop it.* Over four weeks, Albertans found out how to safeguard themselves from various types of frauds and scams through education and community events.
- Community crime prevention and restorative justice projects supported collaboration between communities and law enforcement agencies to prevent or deter crime. The ministry provided over \$961,000 in funding to support 24 crime prevention and 16 restorative justice projects in 2006-07.
- Support for aboriginal youth development, including cultural and leadership programs and direct support to communities through the Aboriginal Youth Suicide Prevention Strategy.

Results for the ministry's law enforcement and crime prevention performance measures indicate that Alberta's law enforcement agencies are working with Alberta's communities, and are meeting the challenges associated with rapid growth and the changing nature of criminal activity.

CORE BUSINESS TWO: CUSTODY, SUPERVISION AND REHABILITATIVE OPPORTUNITIES FOR OFFENDERS

Ensuring effective and efficient security and supervision of offenders to enhance public safety while offering offenders opportunities to become law-abiding citizens.

The ministry provides trained staff and appropriate custody and community facilities to ensure that offenders are securely held in custody, safely transported, and appropriately supervised in the community. The ministry also ensures that offenders have access to rehabilitative services and supports to promote positive and productive behaviour.

Results for Core Business Two are influenced by the changing composition of the custody and community supervision populations. There is also increasing demand for integrated services to support offenders in addressing multiple issues affecting their reintegration into society.

Challenges and Accomplishments in 2006-07

Significant challenges in the corrections environment include a rapidly increasing adult custody population, a greater proportion of accused on remand status, and more gang-affiliated offenders.

Priorities for correctional programs in 2006-07 included responding to the changing environment in corrections, addressing the strains on remand institutional capacity, and enhancing integrated mental health programming for young offenders.

Key accomplishments for correctional services in 2006-07 included:

- Addition of a drug dog unit to promote the zero tolerance policy for illicit drugs in correctional centres.
- Enhanced staff training, including joint recruit training for correctional officers and sheriffs, and specialized training on management of the changing offender population for front-line corrections employees.
- Implementation of interim solutions to remand population pressures, including an agreement to house provincially-sentenced inmates at the federal correctional institution in Grande Cache, and the conversion of sentenced beds at the Fort Saskatchewan Correctional Centre to house remanded inmates.
- Advancement of a long-term solution to overcrowding at the Edmonton Remand Centre through approval to build a new facility. Funding of \$308 million was approved for construction of a new remand centre in north Edmonton.
- Expansion of video conferencing facilities from 29 to almost 66 courtrooms, remand centres, and correctional facilities, further reducing the need for transportation of offenders.
- Enhanced mental health and addictions programming for young offenders.
- Support for 122 Youth Justice Committees managed by 1,500 volunteers.
- Community service by offenders, including shipment of the two-millionth pair of repaired eyeglasses to people in need in developing countries.

Results for the ministry's performance measures indicate that despite the changing environment in corrections, staff continue to provide effective and efficient security and supervision of offenders.



CORE BUSINESS THREE: SECURITY SERVICES

Ensuring safe communities in Alberta by providing security services to government officials, personnel, and the judiciary. Maintaining the capability to anticipate and respond to changes in terrorism threat levels through partnered responses involving federal government agencies, the Security and Information Management Unit¹ and Criminal Intelligence Service Alberta.

The ministry works with law enforcement agencies and public and private-sector stakeholders to develop and implement a world-class security and emergency preparedness framework for Alberta. This includes collecting and analyzing counter-terrorism intelligence and crisis management planning. Security Services also includes protection of government personnel and facilities, and court security.

Results for Core Business Three are influenced by global trends and the evolving nature of terrorism, as well as by increasing security requirements to protect government facilities.

Challenges and Accomplishments in 2006-07

The nature of terrorism continues to evolve with the erosion of national borders, the increasing ease of travel, and continuous advancements in technology. The ministry continues to work closely with all law enforcement, government, and private sector partners to prevent terrorist activities.

Key accomplishments in 2006-07 included:

- The transfer of critical infrastructure protection and crisis management from Emergency Management Alberta to Alberta Solicitor General and Public Security. A new unit, the Alberta Security and Strategic Intelligence Support Team (ASSIST), will provide dedicated resources to prevent and mitigate acts of terrorism.
- Development of new working groups with municipal, regional, provincial, and federal partners in the field of crisis management.
- Enhancement of relationships with other jurisdictions and key industry stakeholders to develop counter-terrorism and emergency measures plans, including the protection of critical infrastructure.
- Implementation of the second stage of the province's Comprehensive Court Security Plan. Perimeter security was enhanced through the installation of scanners and x-ray machines at 18 court locations.

Results for the ministry's performance measure related to security services indicates that although the nature of terrorism and other potential threats frequently change, the security staff continue to provide timely information services to partners.



CORE BUSINESS FOUR: VICTIMS PROGRAMS AND SERVICES

Ensuring victims are treated with dignity and respect and they receive information about programs and services, assistance during the criminal justice process, and eligible victims promptly receive financial benefits.

The ministry ensures that eligible victims of crime receive prompt financial benefits and provides grants to eligible programs supported by communities to meet the needs of victims of crime.

Results for Core Business Four address the recommendations contained in the *Report of the Alberta Victims of Crime Consultation* for a more meaningful role for victims in the criminal justice process.

Challenges and Accomplishments in 2006-07

The ministry worked with partners and stakeholders to implement additional recommendations of the *Report of the Victims of Crime Consultation*. Initiatives in 2006-07 focused on expanding training for victim service providers, enhancing accountability by funded organizations, and increasing awareness of and access to information for victims of crime.

Key accomplishments for victim services and programs included:

- Provided more than \$10.5 million in financial benefits to eligible victims of crime.
- Awarding of grants in the amount of \$4.3 million to support police-based and community-based victim service organizations.
- Provided assistance, through victim services organizations, to more than 59,000 people.
- Developed a new performance measurement framework and statistical reporting documents to enhance accountability of funded organizations.
- Continued efforts to enhance victim services in aboriginal and isolated communities.
- Launched a multi-media campaign to increase public awareness about programs for victims of crime.
- Completed the *Victims of Crime Protocol* with extensive input from victims, non-government organizations, and criminal justice system partners. The protocol, which outlines what victims can expect throughout the criminal justice process, was distributed to stakeholders in February, 2007.

Results for the performance measure related to victims services, indicates that clients continue to be satisfied with the service they receive from both staff and volunteers within the criminal justice system.



Results Analysis



A Message from the Deputy Minister

RESULTS ANALYSIS

As a leader in law enforcement, Solicitor General and Public Security has embraced the idea of change to keep our communities, our neighbourhoods, and our families safe.

This vision requires better coordination of law enforcement and a willingness to look at new ideas. We must also better integrate our services to get the maximum benefit from the great work already being done by our ministry and our partners.

With this attitude in mind, the past year for Solicitor General and Public Security has been a year of investment and growth: not only in terms of bricks and mortar but in how we are able to serve Albertans.

We were able to secure funding for some major initiatives that will enable us to better coordinate information flow between all law enforcement partners and help us address critical space needs in our remand centres.

We also recognized the importance of honouring those who have given their lives to protect Albertans throughout the province's history. A new permanent monument remembering fallen police and peace officers was built on the Alberta Legislature grounds to pay tribute to those brave men and women.

Working with other ministries, we developed the Alberta Relationship Threat Assessment and Management Initiative (ARTAMI), a provincial multidisciplinary threat assessment unit dedicated to reducing and preventing domestic violence and stalking.

Along with other law enforcement partners, including Alberta Justice and Attorney General, we conducted the first-ever provincial gun amnesty in October. The net result: over 2,300 unwanted firearms turned into police.

These are just some of the department's many highlights from 2006-07. With a strong vision for the future, hard work, and creativity, I know we will continue to lead the way in ensuring safe and secure communities for all Albertans.

Original signed by

Eric J. McGhan

Deputy Solicitor General and Deputy Minister of Public Security



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

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Solicitor General and Public Security's 2006–2007 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance information in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2006. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Original signed by Fred J. Dunn, FCA in printed version.

Auditor General

Edmonton, Alberta
July 30, 2007



OPERATING RESULTS

Ministry revenues in 2006-07 were \$213.3 million higher than the previous year. Annual spending increased by \$189.3 million—consistent with approved increases to the ministry's base budget. Ministry revenues and expenses are from the Statement of Operations on page 81.

Revenue

Total revenue increased by \$213.3 million to \$2.3 billion in comparison to 2005-06 at \$2.0 billion. Transfers from the Government of Canada decreased by \$0.6 million mainly due to the young offender program. The increase of \$206.3 million related to higher than expected lottery and liquore sales. Interest income increased by \$6.6 million due to rate improvement and an increasing fund balance in the Victims of Crime Fund (VOCF) and the Alberta Lottery Fund. Other revenue increased by \$0.9 million which included \$0.8 million in provincial surcharge revenue resulting from fine increases under the *Traffic Safety Act*.

Expenses

Ministry expenses were \$243.2 million above the original budget of \$1.8 billion. Voted operating expenses exceeded the original budget of \$1.7 billion by \$240.1 million. The resulting budget deficit of \$240.1 million is primarily the result of higher than budgeted provincial lottery revenues (higher than expected lottery sales due to a growing population and strong economy), which were transferred to other departments as well as to Alberta Finance for the Sustainability Fund, resulting in higher than budgeted ministry expenses. Supplementary funding of \$2.5 million was also added to primarily fund the Edmonton Remand Centre interim solution to address overcrowding.

This section provides an integrated examination of the ministry's results for the past year, including key challenges, activities and accomplishments, performance measures, and financial results. This section is organized according to the core businesses and goals outlined in the ministry's 2006-09 business plan.



Table 1
Ministry of Solicitor General and Public Security 2006-07 Expense by Function
 (\$ thousands)

Function	2005-06 Actual	2006-07 Budget	2006-07 Actual
Protection of Persons and Property	\$400,084	\$435,565	\$433,270
Social Services	13,809	16,050	17,885
Transferred from the Former Ministry of Gaming¹			
Health	345,291	362,803	362,803
Education	176,369	178,869	178,869
Social Services	34,000	49,500	49,500
Agriculture, Res. Mgmt & Econ. Dev.	168,254	215,881	189,454
Regional Planning and Dev.	24,000	26,000	26,000
Protection of Persons and Prop.	1,265	1,465	1,465
Transportation, Com. and Util.	180,000	175,000	175,000
Environment	500	500	500
Recreation and Culture	167,021	179,651	175,783
General Government	301,128	116,486	390,488
Ministry Expense	\$1,811,721	\$1,757,770	\$2,001,017

¹Former Ministry of Gaming information, restated pursuant to the December 2006 Government of Alberta reorganization.

Table 2 summarizes the ministry's expenses by core business for 2006-07. More detailed financial results are included under each core business, as well as in the Financial Results section of this annual report.

Table 2
Ministry of Solicitor General and Public Security 2006-07 Expense by Core Business
 (\$ thousands)

Core Business	2005-06 Actual	2006-07 Budget	2006-07 Actual
1. Policing, Crime Prevention and Response to Organized Crime	\$224,559	\$241,599	\$237,288
2. Custody, Supervision and Rehabilitative Opportunities for Offenders	159,141	174,263	175,835
3. Security Services	15,829	18,996	20,430
4. Victims Programs and Services	14,364	16,757	18,674
5. Alberta's Liquor and Gaming Industries Operate in a Socially Responsible Manner	1,397,828	1,306,155	1,548,790
Ministry Expense	\$1,811,721	\$1,757,770	\$2,001,017



Core Business One

Policing, Crime Prevention and Response to Organized Crime

The Ministry of Solicitor General and Public Security ensures that Albertans have safe and secure communities in which to live, work, and raise their families. Core Business One involves working with the ministry’s partners to promote safe and secure communities through effective law enforcement, public security, and crime prevention programs and initiatives.

Overarching priorities for Core Business One in 2006-07 included:

- Ensuring adequate resources to deal with existing and emerging crime and public safety challenges;
- Investing in technology to improve coordination among law enforcement partners; and
- Developing innovative ways to address crime prevention in Alberta communities.

The ministry continues to work with law enforcement partners toward delivery of integrated and coordinated law enforcement services. The ministry is also contributing to the development of a public security enforcement network that will clarify the roles and responsibilities of all partners.

Actual expenditures of \$237.3 million for Core Business One were lower than the budget of \$241.6 million by \$4.3 million. The surplus was primarily due to savings of \$3.9 million resulting from the timing of new program implementation and savings of \$2.9 million for the Provincial Policing Agreement mainly resulting from lower utilization of RCMP positions. No new initiatives for the Critical Community Safety Initiatives program resulted in a surplus of \$0.6 million. The overall surplus was offset by an increase of \$3.1 million to address organized crime and other serious criminal activities.

Compared to 2005-06, actual expenditures for Policing, Crime Prevention and Response to Organized Crime increased by \$12.7 million to \$237.3 million. This increase was primarily due to \$7.5 million for the Provincial Policing Agreement for new RCMP positions and inflationary costs, \$2.7 million to implement new programs, and \$1.7 million for Municipal Policing Assistance grants due to population growth. An increase of \$0.6 million for the Policing Standards and Evaluation program reflected requirements for a complete year of operations.

Table 3
Ministry 2006-07 Expenses for Core Business One
(\$ millions)

	2005-06 Actual	2006-07 Budget	2006-07 Actual
Policing, Crime Prevention and Response to Organized Crime	\$224,559	\$241,599	\$237,288



GOAL 1 Provide leadership in policing and services that promote safe communities

The ministry's law enforcement, public security, and crime prevention and restorative justice programs and initiatives make major contributions to ensuring safe and secure communities in Alberta. Results for 2006-07 are summarized below.

LAW ENFORCEMENT

Issues related to crime and policing are of high public interest. Crime rates are influenced by many interrelated factors, including unemployment, poverty, and income inequality. Alberta's booming economy attracts many new citizens, some of whom are involved in criminal activity. At the same time, the nature of criminal activity is evolving to include more organized crime and new challenges such as Internet crime. Drug use is a precipitating factor for a variety of other offences.

There has been enormous pressure from Albertans for increased policing services and the ministry responded by securing additional resources for front-line policing in 2005-06. In 2006-07, additional funding for 80 new RCMP officers was secured through the Provincial Police Service Agreement.

Law enforcement results for 2006-07 included policing initiatives, enhanced accountability, responses to organized crime, and prevention of family violence. The ministry invested in technology to improve co-ordination and interoperability among law enforcement agencies. Police and peace officers killed in the line of duty were recognized with a new permanent monument on the Legislature grounds.

Policing Initiatives

The ministry supported a provincewide gun wide gun amnesty throughout October 2006, involving municipal and First Nations police services and the RCMP. This initiative resulted in 2,536 guns, 243 other weapons, and 44,000 rounds of ammunition being turned into the police by the public. Unusual weapons given to police included Chinese AK-47 submachine guns, a Second World War-era machine gun, a rocket launcher, and historic rifles and bayonets. Weapons with proven historical significance were given to museums.

Bill 206, the **Seizure of Vehicles in Prostitution Related Offences**, was passed by the Alberta Legislature in 2005 as part of amendments to the *Traffic Safety Act*. This legislation was proclaimed on October 23, 2006 and resulted in more than 40 vehicles being seized in Calgary and Edmonton.



Enhanced Accountability

In 2006-07, the ministry proposed further amendments to the *Police Act* to allow the creation of a provincial body to investigate serious injuries or deaths that may have resulted from the actions of a police officer, or other serious or sensitive allegations involving police. The amendments were introduced as part of Bill 16 in the Spring 2007 sitting of the Legislative Assembly. This followed *Police Act* amendments in 2005-06 that resulted in enhanced civilian oversight of police services. The ministry plays a leadership role in enhancing public accountability by assisting Alberta police services to implement policing standards.

Response to Organized Crime

The **Alberta Law Enforcement Response Teams (ALERT)** was established in March 2006 to co-ordinate the deployment of resources to combat, investigate, and prevent organized and serious crime in the province. ALERT operates at arms length from government and is overseen by a board of directors. The commitment of municipal police services and the RCMP to ALERT's response to serious and organized crime solidified in 2006-07. Initiatives that responded to organized and serious crime included:

- Developing intelligence through a variety of methods, enabling, for example, the identification of a new criminal organization initiating operations in Calgary and access to information used to educate police members on techniques used by child predators.
- Successfully identifying multiple targets involved in organized and serious crime in the province and taking enforcement actions against key individuals, resulting in numerous arrests as well as the seizure of large amounts of cash, property and drugs.
- Seizing numerous firearms and knives from targets, thus removing these dangerous weapons from our communities.
- Completing the Integrated Provincial Threat Assessment process which sets enforcement and intelligence priorities for all of the police agencies within Alberta and facilitating strategic targeting of the most harmful organized crime groups in the province.
- Increasing the level of understanding and public awareness regarding the threat posed by organized and serious crime in Alberta by utilizing the media and making presentations to various levels of policing, external stakeholders, secondary and post-secondary students and a variety of community groups.
- Conducting projects and investigations in conjunction with other law enforcement agencies at the local, provincial, national and international levels, and sharing resources to disrupt organized and serious crime in Alberta and worldwide, for example, in the areas of child exploitation, gangs, drugs and weapons offenses.

Prevention of Family Violence

The Alberta Relationship Threat Assessment and Management Initiative (ARTAMI) is a multi-disciplinary team dedicated to reducing and preventing domestic violence and stalking situations that could result in serious violence. ARTAMI was created in response to a proposal made by a victim of one of the first stalking cases in Canada. ARTAMI members assess risks and coordinate appropriate responses to serious threats through local police, Crown prosecutors, and community organizations. ARTAMI is the first multi-disciplinary threat assessment unit in Canada. It became operational on March 1, 2007.



Investments in Technology

The ministry secured resources for implementation of the Strategic Information Technology Initiative (SITI). This is a significant investment in information technology to enhance the safety and security of Albertans. The SITI will help the province combat organized and serious crime by providing comprehensive computer systems for police, sheriffs, corrections, and law enforcement partners. It will allow easier access to intelligence information by law enforcement personnel from anywhere in the province.

The ministry initiated the development of a provincewide radio system for all enforcement agencies and first responders. The Alberta First Responder Radio Communications System (AFRRCS) will improve the exchange of voice and data information among emergency services and enforcement agencies. This will enable agencies to better co-ordinate and support each other during a crisis, a natural disaster, or a major incident.

Both the Strategic Information Technology Initiative and the Alberta First Responders Radio Communications System are components of an integrated and co-ordinated law enforcement services network for Alberta.

PUBLIC SECURITY

In addition to overseeing policing, the ministry works collaboratively with law enforcement agencies and other partners to address public security issues in Alberta. Results related to public security in 2006-07 included further progress toward a single-site training centre, proclamation of a new *Peace Officer Act*, and increased enforcement to implement the Provincial Traffic Safety Plan.

Alberta Police and Peace Officer Training Centre

Further progress was made toward the establishment of an Alberta Police and Peace Officer Training Centre. This centralized training facility, which will be unique in Canada, is expected to reduce training costs and improve consistency in training of police and peace officers. Requests for proposals to obtain land were issued in October 2005. The ministry reviewed 30 proposals involving 42 different land parcel options. In August 2006, Fort Macleod was selected as the preferred site. Exploration of funding options and preliminary engineering will continue in 2007-08.

MLA Review of Alberta's Private Investigators and Security Guards Act

An MLA Review of Alberta's *Private Investigators and Security Guards Act* was completed in the fall of 2006. The review was intended to modernize Alberta's 40-year-old private security legislation. The review included more than 230 written submissions and more than 40 stakeholder meetings. Legislation to implement the review's recommendations is expected in 2007-08. Recommendations resulting from the review include:

- Clarifying roles and responsibilities of private security industry personnel;
- Addressing safety issues through standardized training;
- Strengthening screening and qualification requirements;
- Improving accountability through auditing and inspections, and
- Streamlining the license renewal process.

Remembering Fallen Officers A new permanent monument, the "Pillar of Strength," was unveiled at the southeast corner of the Legislature Grounds in July 2006. It replaced a memorial plaque that was incorporated into the new monument.

"Pillar of Strength" includes the names of all of Alberta's fallen police and peace officers. Since 1876, 91 police and peace officers have died in the line of duty in Alberta.

The 8th annual Alberta Police and Peace Officer's Memorial Day Ceremony took place on September 24, 2006.

More than 400 police and peace officers attended the 2006 ceremony.



Peace Officer Act

A new *Peace Officer Act*, resulting from the MLA Review of the Special Constable Program, received Royal Assent on May 24, 2006. The new legislation clarifies the roles and responsibilities of the 3,200 peace officers in the province. The *Peace Officer Act* provides for more effective use of alternative forms of law enforcement working in partnership with police and government. It increases accountability and strengthens provincial standards with regard to training, use of force, and qualifications.

Provincial Traffic Safety Plan

The ministry contributed a strong enforcement component to the implementation of the provincial Traffic Safety Plan. Sheriff Traffic Operations personnel partnered with law enforcement agencies, communities and other stakeholders to identify and address the major risks to public safety on our roadways. As a result, traffic sheriffs started patrolling our highways to target aggressive drivers and speeders in an effort to reduce the number of collisions and fatalities. The Sheriff's worked in conjunction with RCMP thus enabling RCMP and municipal police officers to concentrate on duties other than traffic patrol. Twenty-one sheriffs were deployed on September 1, 2006. Eighteen additional sheriffs were deployed over the Thanksgiving weekend. Results included:

- 17,578 charges laid for driving offences;
- 40 impaired drivers taken off the road; and
- 162 collisions investigated.

CRIME PREVENTION

Crime prevention is an essential component of maintaining safe and secure communities. The ministry's crime prevention programs involve partnerships and community-driven projects to address root causes of crime, deter crime, and make criminal acts more difficult to commit.

Solicitor General and Public Security is working with 12 other ministries in the development of an Integrated Crime Reduction Strategy to develop a coordinated response to risk factors and criminal activities. This strategy will include recommendations from the Crime Reduction and Safe Communities Task Force, which was launched in March 2007. The international crime reduction conference occurring in the fall of 2007 will provide information to help develop the Integrated Crime Reduction Strategy.

Crime prevention results for 2006-07 included a fraud awareness campaign, community crime prevention and restorative justice projects, Alberta Crime Prevention Week, and support for aboriginal youth development.

Fraud Awareness Campaign

The second annual provincewide fraud awareness campaign was held in March, 2007. Events across the province promoted awareness of various types of fraud, including Internet fraud, mortgage fraud, credit/debit card fraud, mass marketing fraud, and identity theft. Alberta Fraud Awareness Month is a joint initiative of private sector firms, consumer groups, law enforcement agencies, and government departments. Current fraud awareness information is available online at www.servicealberta.gov.ab.ca/tipsheets.



Community Crime Prevention and Restorative Justice Projects

The ministry's community crime prevention grants support collaborative efforts between communities and law enforcement agencies to implement projects that prevent or deter crime. Restorative justice projects are voluntary, community-based approaches that allow offenders to come to terms with their crimes and understand how their actions have affected victims and communities. In 2006-07, the ministry provided \$961,000 in funding to support groups to deliver crime prevention and restorative justice projects. Funding recipients included non-profit and volunteer organizations; societies; associations; community-based coalitions and networks; and aboriginal communities, Bands, and Tribal Councils.

- Funding of \$600,000 supported 24 crime prevention projects. This represents an increase in funding of 20 per cent compared to last year (2005-06 funding of \$500,000). The number of projects decreased by 38 per cent compared to last year (33 projects in 2005-06). Some projects receive funding for more than one year.
- Funding of \$361,000 supported 16 restorative justice projects. This represents an increase in funding of three per cent compared to last year, and an increase of 23 per cent in the number of projects (\$350,000 in funding supported 13 projects in 2005-06).

Alberta Crime Prevention Week

The week of May 13-20, 2006 was Alberta Crime Prevention Week, an annual promotional campaign to increase awareness of crime prevention. Crime Prevention Week 2006 featured the 15th Annual Alberta Solicitor General and Public Security Crime Prevention Awards. The awards ceremony, held at Government House on May 19, 2006, was co-hosted by the Solicitor General and Minister of Public Security and the Chief of the Edmonton Police Service. The outstanding efforts of 14 individuals, community organizations, businesses, police officers, media, and youth to make communities safer were recognized with crime prevention awards.

Aboriginal Youth Development

Aboriginal youth development is an important component of the ministry's crime prevention programs. Solicitor General and Public Security contributed to cultural and leadership programs for aboriginal youth, including Alberta Future Leaders, which provides programs in 12 aboriginal communities each year. The ministry provided direct support for communities participating in the Aboriginal Youth Suicide Prevention Strategy. The ministry also provided funding for four crime prevention coordinators providing service to 15 First Nation communities.



**Performance Measures:
Safety in the Home and in the Neighbourhood**

Public perceptions of safety measure the overall success of law enforcement and crime prevention initiatives. The ministry tracks the percentage of Albertans who feel safe in their homes and their neighbourhoods after dark.

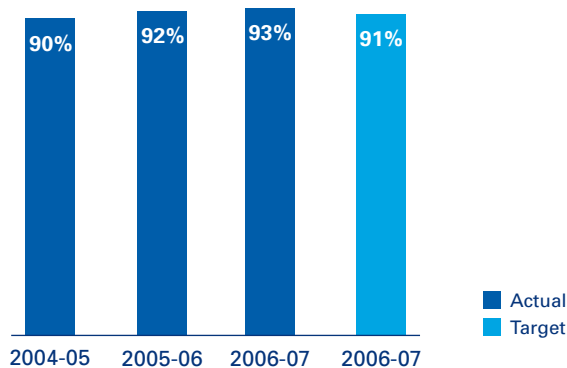
**Performance Measure 1.a –
Public Perception of Safety in the Home**

Results for this measure are based on an annual survey question asking Albertans how safe they feel in their homes after dark. Results reported include those who feel “reasonably safe” and “very safe.” It should be noted that the margin of error for public opinion survey results is +/- 3.6 per cent (see “Performance Measures Methodology” section), and that small year-to-year variations may reflect sampling error rather than actual changes in public perception.

In 2006-07, 93 per cent of respondents indicated that they felt “very safe” or “reasonably safe” from crime in their own home after dark. This result is an increase of one percentage point compared to last year, and is above the ministry’s business plan target of 91 per cent.

**Figure 2
Public Perception of Safety in the Home (percentage per year)**

Source: 2007 Alberta Solicitor General and Public Security and Alberta Justice and Attorney General Public Opinion Survey.
– Research Innovations Inc.



The ministry’s 2006-09 business plan introduced an alternative question for this performance measure, which is more comparable with the question related to perception of safety in the neighbourhood, and more comparable to national data collected though Statistics Canada. The adoption of an alternative question resulted in revisions to business plan targets starting in 2006-07.



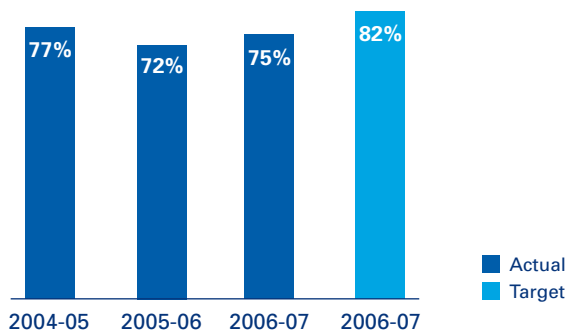
**Performance Measure 1.b –
Public Perception of Safety in the Neighbourhood**

Results for this measure are also based on an annual public opinion survey question asking Albertans how safe they feel walking alone in their area after dark. Results reported include those who feel “reasonably safe” and “very safe.”

In 2006-07, 75 per cent of Albertans surveyed felt “reasonably safe” to “very safe” walking alone in their area after dark. This result is an increase of three percentage points compared to last year, but remains below the ministry’s business plan target of 82 per cent.

Figure 3
Public Perception of Safety in the Neighbourhood (percentage per year)

Source: 2007 Alberta Solicitor General and Public Security and Alberta Justice and Attorney General Public Opinion Survey.
– Research Innovations Inc.



Performance Measures: Victimization and Crime Rates

To assess progress toward maintaining safe and secure Alberta communities, the ministry tracks the percentage of Albertans who report being victims of a crime. The ministry's business plan target for this measure is 25 per cent.

The ministry also tracks rates of violent and serious crime in the province, using national statistics. The ministry's business plan target for violent and property crime rates is to maintain the lowest rate among the four western provinces.

The victimization rate from public opinion surveys is higher than the police-reported crime rate because the victimization rate includes both police-reported and unreported crimes.

Performance Measure 1.c – Victimization Rate

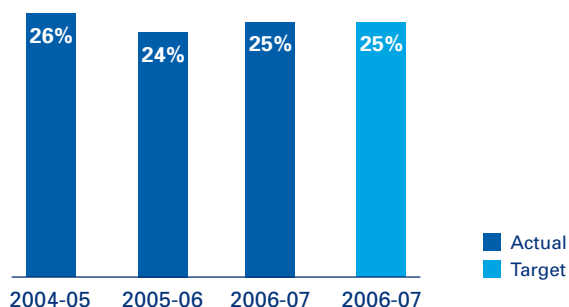
Results from an annual public opinion survey are used to estimate the percentage of Albertans who report having been victims of a crime in the previous year.

In 2006-07, 25 per cent of Albertans surveyed reported being a victim of a crime in the past year. Results are essentially unchanged from last year (an increase of one percentage point) and meet the ministry's business plan target of 25 per cent.

In 2006-07, Albertans surveyed were most likely to say that they had been a victim of vandalism (15 per cent), theft of personal property (14 per cent), motor vehicle or parts theft (14 per cent), or robbery (nine per cent). Young adults aged 18 to 24 were most likely to report being victims of a crime.

Figure 4
Victimization Rate (percentage per year)

Source: 2007 Alberta Solicitor General and Public Security and Alberta Justice and Attorney General Public Opinion Survey.
– Research Innovations Inc.



Performance Measure 1.d – Crime Rate: Violent Crime and Property Crime

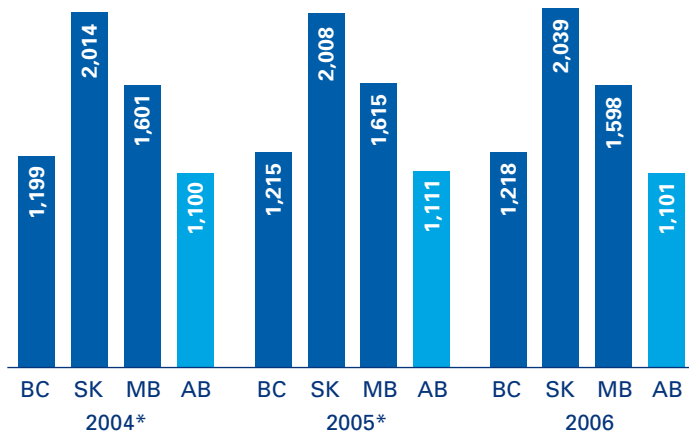
Results for these measures are provided by the Canadian Centre for Justice Statistics, based on data collected using the Uniform Crime Reporting Survey.

In 2006, Alberta's rates of violent crime and property crime were 1,101 and 4,480, respectively, per 100,000 population.



Figure 5
Crime Rate: Violent Crime (rate per 100,000 population)

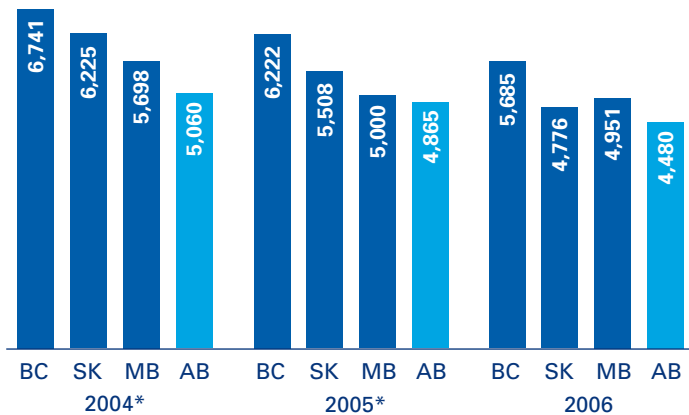
Source: Canadian Centre for Justice Statistics



*Historical data revised by the Canadian Centre for Justice Statistics due to new information provided after the reference period closed.

Figure 6
Crime Rate: Property Crime (rate per 100,000 population)

Source: Canadian Centre for Justice Statistics



*Historical data revised by the Canadian Centre for Justice Statistics due to new information provided after the reference period closed.

The victimization rate reported by Albertans in public opinion surveys increased slightly in 2006-07, but has remained relatively stable for the past five years. Provincial rates of both violent crimes and property crimes have decreased since 2004.

In 2006, Alberta maintained the lowest rates of violent crime and property crime in western Canada. These results meet the ministry's business plan target of the lowest rate of the four western provinces. These results also suggest that the law enforcement community is working with Alberta's communities to meet the challenges associated with rapid growth and the changing nature of criminal activity.

There was an eight per cent decrease in property crime in Alberta mainly due to a decrease in other thefts and breaking and entering. Violent crime rates have also remained fairly stable in Alberta, British Columbia, and Manitoba during the past few years. In 2006, the rate of violent crime in Saskatchewan continued to be significantly higher than in the other western provinces.



Core Business Two

Custody, Supervision and Rehabilitative Opportunities for Offenders

The ministry fulfills its legal and public safety mandate by administering pre-trial supervision, supervision of community sentences, and custody supervision for adults and young offenders. The ministry also works with community stakeholders to supervise alternative measures and extra-judicial sanctions, including those administered by adult and youth justice committees.

Core Business Two contributes to safe and secure Alberta communities through the provision of effective correctional services. These services enhance public safety through supervision of offenders serving their sentences in the community, secure and efficient custody and transportation of offenders, and provision of opportunities for offenders to become law-abiding citizens.

Overarching priorities for correctional programs in 2006-07 included:

- Responding to the changing environment in corrections;
- Addressing the strains on institutional capacity from the continued increases in remand populations; and
- Enhancing rehabilitation opportunities for offenders through increased programming for youth.

Actual costs for Core Business Two were \$175.8 million, exceeding the operating budget of \$174.2 million by \$1.6 million. Additional expenses were primarily due to manpower costs to address over crowding, safety and security issues at Edmonton and Calgary remand centres. This was partially offset by supplementary funding of \$3.5 million for the Edmonton Remand Centre interim solution.

Compared to 2005-06, actual expenditures for Custody, Supervision, and Rehabilitative Opportunities for Offenders increased by \$16.7 million to \$175.8 million. Increase of \$10.3 million was primarily due to salary settlements and increments; recruitment of additional FTEs and associated supplies and services costs for the Correctional Services Intelligence Unit and the Edmonton Remand Centre interim solution. An additional \$3.7 million is due to wage conversion and prisoner transport for the Edmonton Remand Centre interim solution. Also general volume and price increases for food services and drugs at the Institutional Centres contributed to an over expenditure of \$1 million. The remaining \$1.7 million was spent on the video conferencing initiative and staff training initiatives.

Table 4
Ministry 2006-07 Expenses for Core Business Two (\$ millions)

	2005-06 Actual	2006-07 Budget	2006-07 Actual
Custody, Supervision and Rehabilitative Opportunities for Offenders	\$159,141	\$174,263	\$175,835



GOAL 2 Provide secure and cost effective custody, community supervision and rehabilitation of offenders

Correctional services holds offenders accountable through custody, supervision, and work programs. Correctional services also offers a variety of rehabilitation opportunities for offenders. Many ministry correctional programs and initiatives relate to more than one aspect of the management of offenders.

Results for 2006-07 are presented based for the following categories:

- Responding to the changing environment in corrections.
- Managing offenders on community supervision.
- Providing secure custody of offenders.
- Providing rehabilitation opportunities for offenders.

RESPONDING TO THE CHANGING ENVIRONMENT IN CORRECTIONS

The adult in-house custody population increased by 41 per cent (from 1,842 to 2,600) between 2000-01 and 2006-07. During the same period, the number of adults in remand custody increased by approximately 125 per cent. Supervision of remanded individuals is generally more staff-intensive due to a number of factors, which may include: unresolved acute addictions, mental health issues, family conflict, gang-related issues related to arrest, and anxiety related to uncertainty over the final outcome of the charges.

From 2000-01 to 2006-07, the average number of offenders in custody affiliated with gangs increased by 114 per cent (from approximately 100 to 214). There were over 30 known gangs in Alberta and between 2004 and 2006, the number of known gangs in custody at any one time increased by 73 per cent (from 11 to 19).

The ministry continues to implement initiatives to respond to the changing composition of the custody population. Results for 2006-07 include:

- **Correctional Service Intelligence Unit (CSIU)**
This unit, modelled on best practices from the United Kingdom, was fully implemented in 2006-07. The CSIU enables better sharing of information related to offenders and provides education for correctional staff on organized crime groups and their effects at correctional centres.
- **Drug Searches at Correctional Centres**
Beginning in February 2007, a drug dog and handler were deployed at Alberta's adult provincial correctional centres. The drug dog and his handler work in centres across the province to act as a deterrent to bringing contraband drugs into correctional facilities. This service was previously provided through contract with police agencies.

Alberta is the first jurisdiction in Canada to develop an intelligence unit in each correctional facility.



- **Enhanced Staff Training**

The ministry continually promotes enhanced training to better equip staff to provide appropriate supervision to offenders. In September 2006, a pilot project to provide joint recruit training for correctional officers and sheriffs was introduced. Four integrated programs were delivered in 2006-07, with 114 recruits graduating. A fifth program commenced on March 12, 2007.

In February 2006, a specialized training conference was held for frontline corrections employees to enhance their awareness of issues related to organized crime and gangs, crystal methamphetamine addiction, the changing offender profile, and mental health issues related to the offender population.

Over 1,000 employees in the Correctional Services Division employees participated in training during the past year.

MANAGING OFFENDERS ON COMMUNITY SUPERVISION

In 2006-07, there were more adult offenders serving conditional sentences in the community than serving custody sentences. Offenders serving conditional sentences in the community include more offenders being sentenced for higher severity offences. The need for closer supervision of these offenders presents ongoing challenges for probation officers. The ministry utilizes attendance centres and the Temporary Absence Program to supervise offenders completing their sentences in the community. Electronic monitoring of offenders serving intermittent sentences was launched as a pilot project in 2005.

Performance Measure: Completion of Temporary Absence

Temporary Absence is an early conditional release program available to some offenders serving sentences in provincial correctional facilities. It involves the supervised release of selected low-risk offenders, including intermittent servers and fine defaulters. Offenders released under this program are involved in employment, rehabilitative, or community service programs. Intermittent serving offenders on temporary absence can also be subject to electronic monitoring.

This measure assesses the ability of decision makers to accurately determine an offender's ability to remain stable in the community, as well as the ability of supervisors to ensure that offenders are complying with the conditions of their release.

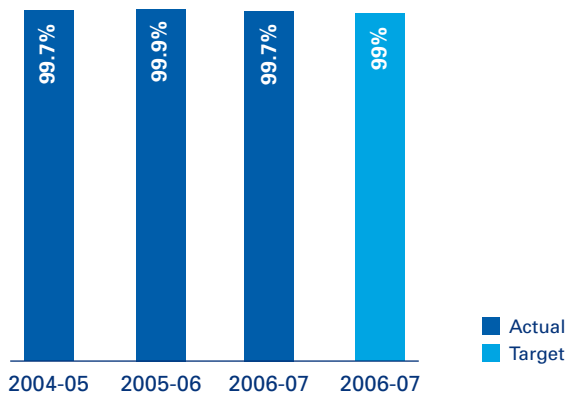


Performance Measure 2.a – Successful Completion of Temporary Absence Supervision

In 2006-07, 99.7 per cent of offenders released under the program successfully completed their temporary absence supervision. This result is a decrease of 0.2 percentage points compared to last year, but exceeds the ministry's business plan target of a completion rate of not less than 99 per cent.

Figure 7
Successful Completion of Temporary Absence Supervision (percentage per year)

Source: Correctional Services Data



Electronic Monitoring of Intermittent Servers

In 2005-06, the ministry implemented an electronic monitoring pilot project for offenders serving intermittent sentences in Edmonton, by partnering with the Government of British Columbia. An evaluation completed in 2006-07 concluded that cellular-based electronic monitoring was cost-effective and reliable, and will assist in the safe early release from custody of select intermittent offenders in custody in Edmonton. Electronic monitoring of intermittent servers will be expanded to intermittent sentenced-offenders in Calgary in 2007-08.



PROVIDING SECURE CUSTODY OF OFFENDERS

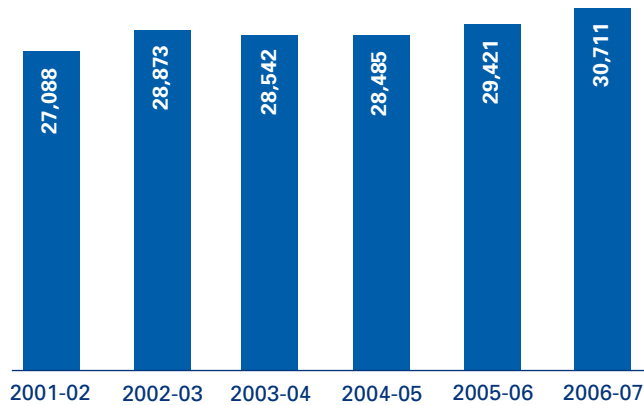
The ministry is responsible for the management of adult remand and correctional centres; minimum security forestry camp operations for adults; attendance centre operations and community supervision, including pre-trial supervision for adults and youth; young offender centres; and one youth work camp. Other provincial facilities and services are provided by contracted aboriginal and non-profit organizations.

Provincial correctional facilities hold offenders remanded into custody or sentenced to periods of custody of less than two years for adults. Youth may serve longer custody periods, depending upon their sentence. Individuals held under the authority of the *Immigration and Refugee Protection Act* and adult offenders sentenced to two years or more, who are awaiting transfer to a federal penitentiary, are also housed at Alberta correctional facilities.

In 2006-07, 30,711 individuals were admitted to adult correctional and young offender facilities. This is an increase of 1,290 from 2005-06 (four per cent), as illustrated in Figure 8.

Figure 8
Admissions to Alberta Correctional Centres, 2001-02 to 2006-07
(number of admissions per year)

Source: Correctional Services Data



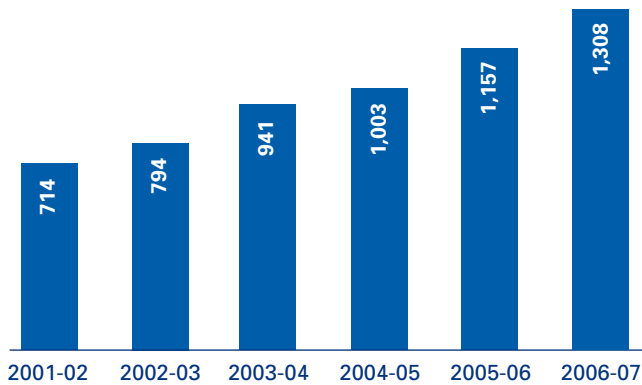
In 2006-07, adult offenders² were in custody for an average of just over one month. Sentenced offenders in custody are serving slightly shorter aggregate sentences than in previous years. Approximately 90 per cent of sentenced adult offenders spend three months or less in custody.



Since 2000, the proportion of offenders held in remand has been increasing, resulting in significant strains on institutional capacity.

Figure 9
Average Daily Remand Populations, 2001-02 to 2006-07

Sources: Correctional Services Data



In 2006-07, the ministry implemented interim solutions to the pressures associated with the rising remand population.

- Through an agreement with the Correctional Service of Canada, up to 56 selected provincially-sentenced inmates can be housed at the federal correctional institution in Grande Cache.
- The ministry converted five 56-bed units at the Fort Saskatchewan Correctional Centre by the end of March 2007 to house remanded inmates.

The ministry also advanced a long-term solution to overcrowding at the Edmonton Remand Centre by securing government approval for the building of a new remand centre.

In July 2006, the government approved \$308 million in funding to build a new Edmonton Remand Centre.

The facility will be built on the city's north side, next to the Edmonton Young Offender Centre.

It will house approximately 2,000 inmates, addressing both current demands and future growth.

The new Edmonton Remand Centre will be a state-of-the-art facility.

Facility design included input from correctional officers and will enhance the safety of staff and inmates.

Construction is slated to begin in 2007-08.

**Performance Measure:
Offender Housing Costs**

In providing secure custody of offenders, the ministry strives to maintain cost-effective housing in correctional facilities.

**Performance Measure 2.b –
Per Diem Cost for Housing Adult Offenders in a Correctional Facility**

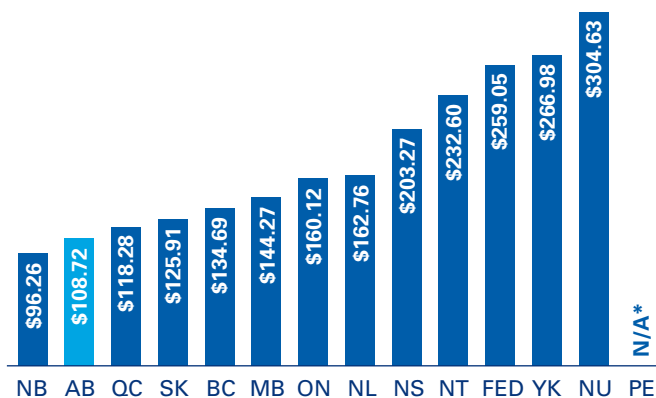
The per diem cost for housing adult offenders is based on data calculated by the Canadian Centre for Justice Statistics.

The latest data available is from 2004-05. Alberta's per diem cost of housing adult offenders in a correctional facility was \$108.72. This result represents an increase of 5.6 per cent (\$5.77) compared to 2003-04. Alberta's costs were the second lowest in Canada, after New Brunswick.

Provincial costs were well below the national average of \$141.78 and the average per diem cost of housing an offender in a federally operated penitentiary, which was \$259.05 in 2004-05. This result meets the ministry's business plan target to be among the four jurisdictions with the lowest cost per diem per offender in Canada.³

**Figure 10
Per Diem Cost for Housing Adult Offenders in a Correctional Facility**

Source: Canadian Centre for Justice Statistics



*PEI did not report in this reference period.



**Performance Measure:
Escape Incidents**

The ministry tracks the number of escape incidents from provincial adult correctional and young offender facilities, or during transport. The ministry's business plan target is to have zero escape incidents from secure custody or during transport.

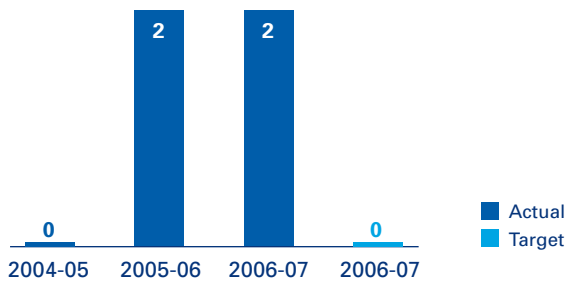
The provision of secure custody includes prisoner transport and the prevention of escape incidents. In 2006-07, the ministry expanded the availability of videoconferencing facilities from 29 sites to 66 sites located in courtrooms, remand centres and correctional facilities⁴. Videoconferencing is an alternative to in-person court appearances to reduce the need for transportation of offenders, thereby increasing both inmate and public safety.

**Performance Measure 2.c –
Number of Escape Incidents From Secure Custody or During Transport**

In 2006-07, there was one escape incident during transport and one escape incident from a correctional centre. The two individuals were subsequently returned to custody. The ministry failed to meet its target of zero escape incidents for 2006-07 due to those two incidents.

Figure 11
Number of Escape Incidents from Secure Custody or During Transport (number per year)

Source: Correctional Services Data





Community Service by Offenders

Offenders are offered a variety of opportunities to contribute to the community.

Offenders deployed under the supervision of correctional services performed over 500,000 hours of community service⁵ in 2006-07.

Community service includes building playgrounds and parks, painting, and snow shovelling. Other services performed by offenders include toy making, bicycle repairs, community clean-ups, and repair of donated eyeglasses for use by people in developing countries.

The Calgary Correctional Centre eyeglass shop, in partnership with the Canadian Lions Eyeglass Recycling Centre, ships donated eyeglasses for distribution to people in need in more than 40 countries.

In the fall of 2006, the program shipped its two-millionth pair of repaired eyeglasses to Katie Flores, a young girl in Haiti.

PROVIDING REHABILITATION OPPORTUNITIES FOR OFFENDERS

While the responsibility for change rests with individual offenders, rehabilitation programs offer assistance and opportunities that promote positive and productive behaviour. General programs include educational upgrading, life-skills, anger management, substance abuse awareness, spiritual support, and work placements. The ministry has established aboriginal program coordinators and contracts with Elders to provide aboriginal programming for offenders in adult and young offender centres. The ministry also provides mental health services to offenders as well as other specialized programming for impaired drivers, individuals involved in prostitution, and sex offenders.

The ministry's 2006-07 results related to rehabilitation of offenders included enhanced mental health programming for youth, support for Youth Justice Committees, and community service by offenders.

• Enhanced Mental Health Programming for Youth

The ministry continues to focus on partnerships and collaboration to support offenders in addressing multiple issues affecting their reintegration into society. Transition support programs continued to be offered to male young offenders in Edmonton ("Bridges") and to female young offenders in Calgary ("Excel Discovery"). These programs, delivered in partnership with health and social service providers, offer mental health and addiction services to encourage successful transitions, both to home communities from custody, and to adulthood from adolescence. The ministry also supported training on appropriate information-sharing for professionals working with children, youth, and their families.

• The Calgary Young Offender Centre, Community Partnership Youth Reintegration Committee

The Calgary Young Offender Centre Community Partnership Youth Reintegration Committee was awarded a 2006 Premier's Award of Excellence (Silver) as an ongoing work team. The committee was formed to enhance collaborative reintegration strategies for young offenders and address gaps in rehabilitation services. The committee has focused on client case studies to identify service gaps and remove barriers to services. The entire population of youth in custody has benefited from the committee's work.

• Youth Justice Committees (YJCs)

YJCs administer extra-judicial sanctions, intended to provide young offenders (aged 12-17) with chances to learn from their mistakes without going through formal court processes. YJCs also provide opportunities for citizens to hold young offenders accountable for their behaviour. Extra-judicial sanctions (e.g. community service, education programs, written or personal apologies to victims) are available only to youth who have committed relatively minor first or second offences and accepted responsibility for the crime. In 2006-07, the ministry provided \$350,000 in funding support to 122 YJCs managed by approximately 1,500 volunteers. The number of YJCs increased by one compared to last year, with 26 YJCs operating in aboriginal communities.



Performance Measure: Offender Rehabilitation

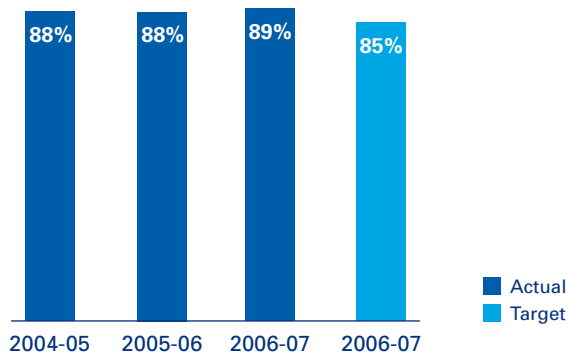
To ensure offenders are given appropriate opportunities to participate in rehabilitative programs, the ministry measures the percentage of offenders involved in work, education, treatment or life management programs.

Performance Measure 2.d – Percent of Offenders Involved in Work, Education, Treatment or Life Management Programs

In 2006-07, 89 per cent of sentenced adult offenders and sentenced and remanded young offenders participated in these programs. This result is a slight increase compared to last year and exceeds the ministry's business plan target of 85 per cent.

Figure 12
Percent of Offenders Involved in Work, Education, Treatment or Life Management Programs

Source: Correctional Services Data





Core Business Three

Security Services

Core Business Three contributes to safe and secure Alberta by providing effective provincial security services. The province is a leader in security information management. As part of our proactive approach to combating potential terrorism threats, intelligence sharing with other jurisdictions and key industry stakeholders is essential to the development, maintenance, and implementation of appropriate counter-terrorism and emergency measures plans. These plans protect against loss of life and destruction of property and contribute to the maintenance of a secure environment for economic development and trade.

Core Business Three also involves maintaining the security of government facilities and the Legislature grounds, providing personal protection for government officials and the judiciary, and providing courthouse security.

Actual expenditures of \$20.4 million for Core Business Three exceeded the budget of \$19.0 million by \$1.4 million. The deficit was primarily due to additional manpower requirements mainly resulting from the cost to convert wage positions to permanent positions.

Compared to 2005-06, actual expenditures for Security Services increased by \$4.6 million to \$20.4 million. The increase was primarily due to salary settlements and additional manpower requirements mainly resulting from the cost to convert wage positions to permanent positions.

Table 5
Ministry 2006-07 Expenses for Core Business Three (\$ millions)

	2005-06 Actual	2006-07 Budget	2006-07 Actual
Security Services	\$15,829	\$18,996	\$20,430



GOAL 3 Provide comprehensive provincial security services and crisis management

Protecting Alberta's critical infrastructure continued as a major priority for 2006-07. The ministry's counter-terrorism and crisis management planning activities help to maintain the province's capability to anticipate and respond to changes in terrorism threat levels.

The Alberta Counter Terrorism Crisis Management Plan (ACTCMP) is part of the security and emergency preparedness framework for the province. The ACTCMP is an intelligence-led initiative that facilitates integrated information sharing among the public and private sectors. Solicitor General and Public Security is responsible for the development and co-ordination of training for intelligence sharing under the ACTCMP.

In 2006-07, critical infrastructure protection and crisis management was transferred from Emergency Management Alberta (EMA) to Alberta Solicitor General and Public Security. The ministry's mandate is to provide dedicated resources to prevent and mitigate acts of terrorism.

A new unit, the Alberta Security and Strategic Intelligence Support Team (ASSIST), was developed within Protection Services and the Sheriffs Branch. ASSIST replaced the ministry's Security and Information Management (SIM) unit.

Key results for ASSIST in 2006-07 included:

- Development of new working groups with municipal, regional, provincial, and federal committees and groups in the field of crisis management.
- Enhancement of relationships with industry stakeholders to identify critical infrastructure in Alberta and develop value-added protection plans.

ASSIST worked with the province's security partners, including:

- Police services and municipal law enforcement agencies across Alberta;
- Provincial ministries and provincial agencies such as EMA and Criminal Intelligence Service Alberta (CISA);
- Alberta municipalities;
- Private and public business sectors and critical infrastructure entities;
- Federal agencies, including the RCMP; the Canadian Security Intelligence Service (CSIS) and Public Safety and Emergency Preparedness Canada;
- Foreign governments, including the Federal Bureau of Investigation (FBI) and the U.S. Department of Homeland Security department.

The ministry also provides awareness sessions throughout the province to ensure that stakeholders do not become complacent with regard to terrorist threats.

**Performance Measure:
Stakeholder Satisfaction**

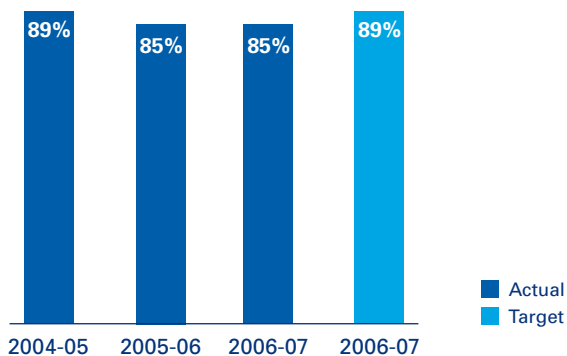
The impact of the ministry's counter-terrorism and crisis management planning activities is measured through a stakeholder satisfaction survey.

**Performance Measure 3.a –
Stakeholder Satisfaction with Services of the Security and Information
Management Unit**

In 2006-07, 85 per cent of stakeholders were satisfied, overall, with the information and services they received from the SIM unit. This result is the same as last year's and remains below the ministry's business plan target of 89 per cent.

Figure 13
Stakeholder Satisfaction with Services of the Security and Information Management Unit
(percentage per year)

Source: Alberta Security and Strategic Intelligence Support Team (ASSIST) 2007 Client Satisfaction Survey.
– Research Innovations Inc.





COURT SECURITY

Implementation of a comprehensive court security plan began in 2005-06 with the provincial takeover of courtroom and prisoner transfer duties from the RCMP. In 2006-07, additional aspects of the court security plan were implemented.

- Scanners and x-ray machines were installed in court locations in Edmonton, Calgary, Sherwood Park, Fort Saskatchewan, Medicine Hat, and Lethbridge in the summer of 2006.
- By March 2007, perimeter security was in place in Camrose, Fort McMurray, Grande Prairie, High Level, High Prairie, Hinton, Leduc, Peace River, St. Albert, St. Paul, Stony Plain, and Wetaskiwin.

Remaining courts in Alberta will receive perimeter security in 2007-08.

Alberta is the first jurisdiction in Canada to implement a comprehensive provincewide court perimeter security system.



Core Business Four

Victims Programs and Services

Core Business Four promotes safe and secure communities by providing effective services for victims of crime. The ministry continues to increase its support for victims of crime, in order to achieve a 10-year vision to address the needs of victims while they are involved with criminal justice processes.

The 2002 MLA *Report of the Alberta Victims of Crime Consultation*, which included consultations with victims of crime, community agencies, and justice stakeholders, provides a framework for development of victims' programs and services. The report was accepted by the Legislature in 2004. Addressing the report's recommendations was a continuing priority for the ministry in 2006-07, with seven additional recommendations implemented. Twenty of the 37 recommendations have now been implemented.

The ministry's initiatives to address the report's recommendations over the past year included:

- Expanding training opportunities available to victim service providers;
- Increasing access to information about programs and services for victims; and
- Developing the *Victims of Crime Protocol*.

The ministry also provided financial benefits to eligible victims of crime and worked with victim service organizations to improve accountability and service delivery.

Actual expenditures of \$18.7 million for Core Business Four exceeded the budget of \$16.8 million by \$1.9 million. The deficit was primarily due to an increase in financial benefits for victims resulting mainly from an increase in the number of applications.

Compared to 2005-06, actual expenditures for Victims Programs and Services increased by \$4.3 million to \$18.7 million. The increase was primarily due to financial benefits for victims and grants for victims programs.

Table 6
Ministry 2006-07 Expenses for Core Business Four (\$ millions)

	2005-06 Actual	2006-07 Budget	2006-07 Actual
Victims Programs and Services	\$14,364	\$16,757	\$18,674



GOAL 4 Provide services and programs to support victims of crime

Services and programs that support victims of crime are funded by the Victims of Crime Fund, which is based primarily on federal and provincial surcharges collected from offenders. Victims' programs and services address the needs of victims of crime and contribute to an enhanced role for victims in the criminal justice system.

Ministry results in support of victims of crime in 2006-07 included:

- Financial benefits for eligible victims of crime;
- Support for victim service organizations;
- Enhanced accountability and service delivery by funded organizations; and
- Increased awareness of programs and services for victims.

FINANCIAL BENEFITS FOR ELIGIBLE VICTIMS OF CRIME

Individuals who have incurred physical or emotional injury resulting from violent crime in Alberta may be eligible for one-time financial benefits under the *Victims of Crime Act*.

In 2006-07, a total of 2,007 new applications⁶ for financial benefits were received. The total dollar amount of financial benefit awards in 2006-07 was \$10,583,000. The number of new applications increased by 16 per cent compared to last year (1,737 applications in 2005-06), while the total dollar amount of financial benefits increased by 51 per cent (\$6,993,000 in 2005-06).



**Performance Measure:
Applicant Satisfaction**

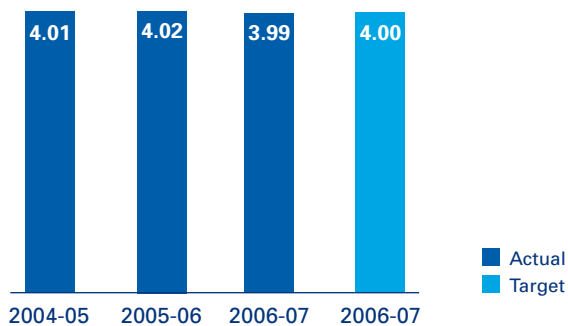
Individuals applying for financial benefits are asked to complete a survey rating their satisfaction with the overall service provided to them by employees and volunteers in the criminal justice system. The scale ranges from one (very dissatisfied) to five (very satisfied). The ministry's business plan target is an overall satisfaction rate of four.

**Performance Measure 4.a –
Satisfaction with Services Provided to Applicants for Victim Financial Benefits**

In 2006-07, applicants for victim financial benefits reported an overall satisfaction rate of 3.99 out of five. This result represents a slight decrease from last year, but essentially meets the ministry's business plan target.

Figure 14
Satisfaction with Services Provided to Applicants for Victim Financial Benefits
(rate based on a five-point rating scale)

Source: Public Security Division data



SUPPORT FOR VICTIM SERVICE ORGANIZATIONS

In 2006-07, the ministry awarded \$4.3 million in grants to support police-based victim service programs, community-based programs that provide specialized services to victims of crime, and research and education initiatives that benefit victims of crime. This was an increase of 87 per cent compared to 2005-06 grant awards of \$2.3 million.

Victim service organizations may receive funding for periods of up to three years and therefore do not apply for grants every year. Victim service programs across Alberta provided assistance to more than 60,000 people in 2006-07. This represents an increase of 29 per cent compared to last year (46,790* people served in 2005-06).

*2005-06 figures have been adjusted to reflect revised quarterly report submissions.



ENHANCED ACCOUNTABILITY AND SERVICE DELIVERY BY FUNDED ORGANIZATIONS

In 2006-07, the Victim Services Branch completed consultations with victim service organizations related to enhanced accountability. This process resulted in development of a new quarterly statistical reporting document to be used by all organizations. Training sessions were completed and organizations began using the document in April 2007.

Consultations with police-based victim service units resulted in the development of a new performance measures framework. Implementation of the framework, including training for victim service providers, will begin in 2007-08.

The ministry continued its efforts to enhance services for victims in aboriginal and isolated communities, as recommended by the *Report of the Alberta Victims of Crime Consultation*. A new RCMP detachment, including a satellite Victim Service Unit, was opened on the Saddle Lake First Nation in September 2006. The ministry also supported the Lesser Slave Lake Indian Regional Council with a grant to provide victim services to five local aboriginal communities. The program began to offer services in 2006-07.

INCREASED AWARENESS OF PROGRAMS AND SERVICES FOR VICTIMS

A provincewide multi-media campaign to improve awareness of programs and services available to victims of crime was launched in March 2006 and continued through 2006-07. The ministry continued the development of a victims' handbook in 11 different languages, in partnership with government and community stakeholders.

In February 2007, the *Victims of Crime Protocol* was completed and distributed to stakeholders. It was publicly launched in April 2007. The protocol provides victims with important information about their role in the criminal justice system, the types of information they can receive and what services they can expect from the time a crime is reported to when offenders are released back into the community and if they are subject to correctional sanctions. The protocol also describes the roles and responsibilities of criminal justice partners.

The protocol was developed in response to a recommendation in the *Report of the Alberta Victims of Crime Consultation*. As recommended, the development process was collaborative, with input from victims of crime, police, victim services organizations, Crown prosecutors, Court Services, Alberta Correctional Services, judges, sheriffs, the Office of the Medical Examiner, military police, the Correctional Service of Canada, and the National Parole Board.

The *Victims of Crime Protocol* is available from the Solicitor General and Public Security website at: www.solgen.gov.ab.ca/victim.



Criminal Code Reporting – Required Reports

The *Criminal Code* requires the Alberta Solicitor General and Minister of Public Security to report annually on the following parts of the act.

CRIMINAL CODE S. 25.3 – ORGANIZED CRIME AND LAW ENFORCEMENT – DESIGNATIONS

Section 25.3 of the *Criminal Code* provides a limited justification for otherwise illegal acts and omissions by law enforcement officers, and others acting at their discretion. An essential condition is that it can apply only to officers designated by a competent authority. In the case of municipal police services, the Solicitor General and Minister of Public Security is the competent authority.

The competent authority is responsible for publishing an annual report on the designations and authorizations provided under subsections 24.1 to 25.4 of the *Criminal Code*. This report shall include information on the amount and nature of the acts or omissions committed by those officers designated under this legislation.

Alberta began designating officers under this legislation in March 2003. Although some municipal police services have officers designated, they reported no use of the designation during 2006.

CRIMINAL CODE S. 83.3(3) – ANTI-TERRORISM – ARRESTS WITHOUT WARRANT

Anti-Terrorism Act

In accordance with subsection 83.3(4) of the *Criminal Code*, a peace officer who suspects on reasonable grounds that the detention of a person is necessary to prevent a terrorist activity, may arrest the person without a warrant.

Pursuant to subsection 83.31(3) of the *Criminal Code*, the minister responsible for policing in every province shall publish or otherwise make available to the public an annual report for the previous year on the operation of subsection 83.3 of the *Criminal Code* that includes:

- a) The number of arrests without warrant that were made under subsection 83.3(4) and the period of the arrested person's detention in custody in each case, and
- b) The number of cases in which a person was arrested without warrant under subsection 83.3(4) and was released.

Information has been received from all police services in Alberta indicating that no arrests were made under this subsection in the previous year; therefore, the report for 2006 is nil.



GOAL 1 Provide leadership in policing and services that promote safe communities

The results from performance measures 1.a, 1.b, and 1.c are based on replies given during the ministry's annual public opinion survey.

Alberta Solicitor General and Public Security, in partnership with Alberta Justice and Attorney General, commissions an annual survey to determine the public's opinion of the justice system. The public opinion survey is conducted by telephone by Research Innovations Inc.. The survey includes 47 questions and averages 25 minutes in length. It was last conducted in January 2007.

Professionally-trained interviewers conducted all interviews from a central telephone facility. The survey was completed on a computer-assisted telephone interviewing system, allowing for ongoing tabulation of results. Ten per cent of all interviews were monitored online.

As in previous years, the sample size in 2007 was 750. The sample consists of a random and representative percentage of adult Albertans. For each of six geographic regions of the province, the number of interviews in each age-gender segment was proportionate to their representation in 2001 population estimates, based on Statistics Canada 2001 Census data. Results are considered reliable to within +/-3.6 per cent at the 95 per cent confidence level.

Performance Measure 1.a – Public Perception of Safety in the Home

Beginning in 2006-07, this measure is based on responses to the following question:

"How safe do you feel from crime when you are in your own home after dark?":

- very safe
- reasonably safe
- somewhat unsafe
- very unsafe
- don't know.

Results reported for this measure include those indicating they feel "very safe" and "reasonably safe."



**Performance Measure 1.b –
Public Perception of Safety in the Neighbourhood**

The methodology for this measure is as described under Performance Measure 1a.

This measure is based on responses to the following question:

“How safe from crime do you feel walking alone in your area after dark?”:

- very safe
- reasonably safe
- somewhat unsafe
- very unsafe
- don’t know.

Results reported for this measure include those indicating they feel “very safe” and “reasonably safe.”

**Performance Measure 1.c –
Victimization Rate**

The methodology for this measure is as described under Performance Measure 1a.

This measure is based on responses to a question where respondents are read specific descriptions of a number of crimes, and for each they are asked if they have been a victim of that crime in the past year.

When prompted with specific crimes, some respondents acknowledged having been victimized even though they earlier had said that they were not victims. A total of 83 respondents (out of a sample size of 750) said that they had been victims of a crime when prompted.

**Performance Measure 1.d –
Crime Rate: Violent Crime and Property Crime**

Crime statistics are collected using the Uniform Crime Reporting Survey, a common survey instrument used to measure police-reported crime in each Canadian jurisdiction. Population data from Statistics Canada is used to convert reported crime into crime rates per 100,000 population. Previous year crime rates are revised annually by the Canadian Centre for Justice Statistics (CCJS) based on population count estimates.

“Crime” is defined as the total number of *Criminal Code* incidents involving youth and adults, as reported by police. “Violent crime” includes offences that deal with the application or threat of application of force to a person. These include homicide, attempted murder, various forms of sexual and non-sexual assault, robbery, and abduction. Violent crime does not include traffic incidents that result in death or bodily harm. “Property crime” includes unlawful acts committed with the intent of gaining property, but not involving the use or threat of violence against an individual. Theft, breaking and entering, fraud, and possession of stolen goods are examples of property crime.



GOAL 2 Provide secure and cost-effective custody, community supervision and rehabilitation of offenders

Performance Measure 2.a – Successful Completion of Temporary Absence Supervision

Data on temporary absences granted and temporary absences suspended due to re-offence is stored in the Correctional Management Information System (CoMIS), a mainframe system that provides information about offenders housed in provincial correctional centres. CoMIS data includes offender demographics, admissions, movements, charges, and releases. It provides the ministry with a database of operational and statistical information. Each month, a data extract is produced from CoMIS for research purposes.

At the end of each month, the following reports are produced from the CoMIS data extract:

- The number of temporary absences granted for the month;
- The number of temporary absences granted for the fiscal year to date;
- The number of temporary absences suspended due to re-offence during the month, and;
- The number of temporary absences suspended due to re-offence for the fiscal year to date.

At the end of the last month of the fiscal year, four reports are produced from the CoMIS data extract:

1. The number of temporary absences granted for the month;
2. The total number of temporary absences granted for the entire fiscal year;
3. The number of temporary absences suspended due to re-offence during the month;
4. All temporary absences suspended due to re-offence during the year.

The percentage of successful temporary absence completions is calculated as follows:

- A research officer reconciles the monthly reports (temporary absences granted and temporary absences suspended due to re-offence for the month) to the year-to-date reports (temporary absences granted and temporary absences suspended due to re-offence for the year to date).
- The research officer then subtracts the number of temporary absences suspended due to re-offence from the number of temporary absences granted and divides the result by the total number of temporary absences granted.

A monthly report is prepared and circulated for senior management information. An annual report is also produced.



***Performance Measure 2.b –
Per Diem Cost for Housing Adult Offenders in a Correctional Facility***

This measure is calculated to conform with reporting instructions provided by the Canadian Centre for Justice Statistics (CCJS). CCJS reporting instructions include actual costs charged to the Correctional Services Division's budget, and enable Alberta results comparable to those from other Canadian jurisdictions.

The per diem cost is calculated by dividing the actual costs directly charged to the Correctional Services Division's budget for custody of offenders at government-operated adult remand centres, correctional centres, and associated camps; by the number of total day stays.

- The number of total day stays is calculated by multiplying the average daily offender population by 365 days.
- The average daily adult offender population, including adult intermittent services, is based on population statistics from CoMIS (this is an aggregate daily calculation).

Actual costs are those charged to the Ministry of Solicitor General and Public Security, Correctional Services Division budget. These costs include personnel and general supplies and services, including purchased services associated with offenders, such as food, clothing, laundry and access to services by Elders, chaplains, dentists, and doctors.

Costs exclude those incurred by other ministries (Infrastructure and Transportation, Municipal Affairs and Housing, Education, and Advanced Education) and costs not directly associated with running government-operated adult correctional centres, such as community corrections, head office, or costs for purchased community services (e.g., community supervision).

The per diem cost per offender is directly proportional to the number and cost of staff required to run provincial correctional and remand facilities and is inversely proportional to the number of offenders in custody. This measure is also influenced by the costs of food, and medical and other services and programs.



***Performance Measure 2.c –
Number of Escape Incidents from Secure Custody or During Transport***

All adult correctional centres and young offender centres report the number of escapes from secure custody on monthly offender activity reports. These reports are forwarded to head office.

To be counted as an “escape from secure custody,” the escape must meet all of the requirements for a prison breach as described in the *Criminal Code of Canada*. Offenders who walk away from minimum-security settings such as work camps and group homes, or who fail to return from a period of temporary absence, are not counted as escapes from secure custody.

When a centre reports an escape from secure custody, a head office investigation verifies that the reported escape is an escape from within the secure confines of a correctional centre. The investigation also determines the circumstances of the incident.

If an escape incident occurs when transporting an offender, staff involved in the transport prepare an incident report. This incident report is submitted to management. If police become involved in apprehending the offender, a police report is prepared as well.

Management conducts investigations into all escape incidents and takes further action as needed.

***Performance Measure 2.d –
Per Cent of Offenders Involved in Work, Education, Treatment or
Life Management Programs***

This measure is calculated by dividing the estimated average daily number of sentenced adult offenders and sentenced and remanded young offenders involved in work, education, treatment, or life management programs by the average daily population of eligible offenders. Remanded adult offenders are not included because they have not been found guilty of an offence and are not required to participate in activities.

Staff in each correctional centre calculate a monthly average number of offenders involved in work, education, treatment, or life management programs and enter this information on a monthly offender activity report, which is forwarded to head office. These reports are compiled monthly for all correctional centres in the province.

Average population statistics for correctional centres are produced using CoMIS (see Performance Measure 2.a). Head office uses the data from the monthly offender activity reports and the average population statistics from CoMIS to calculate the results for this measure on a monthly basis.



GOAL 3 Provide comprehensive provincial security services and crisis management

Performance Measure 3.a – Stakeholder Satisfaction with Services of the Security and Information Management (SIM) Unit

Data for this measure is obtained from a client satisfaction survey conducted by Research Innovations Inc.. The survey uses a combination of telephone and online data collection methods and was last conducted in March 2007.

The sample is developed from lists of clients provided by Alberta Solicitor General and Public Security. Duplicate names are removed from the various lists prior to conducting the survey. A total of 406 clients participated in the survey in 2006-07. Survey results are considered reliable to within ± 4.0 per cent at the 95 per cent confidence level.

If clients had e-mail addresses, they were initially contacted by e-mail. Clients with no e-mail address were initially contacted by telephone. To promote a high response rate, all interviews were conducted at a time and using a means (online versus telephone) preferred by the client.

If contacted by e-mail, clients were sent a link to the survey website, along with a confidential personal identification number for entering the survey website. Clients participating online at the website entered their responses directly into the data file.

Professionally-trained interviewers conducted all telephone interviews from a central telephone facility. In these cases, the telephone interviewers entered the data into the data file.

Results for this measure are based on client responses to the following question:

“When thinking about all the information and services that you received from the SIM Unit in the past 12 months, overall, how satisfied are you with the SIM Unit’s information and services?*:”

- very satisfied
- somewhat satisfied
- neutral
- somewhat dissatisfied
- very dissatisfied.

Responses in the “very satisfied” and “somewhat satisfied” categories are added together, and divided by the total sample size, to determine the overall stakeholder satisfaction rate.



GOAL 4 Provide services and programs to support victims of crime

Performance Measure 4.a – Satisfaction with Services Provided to Applicants for Victim Financial Benefits

Data for this measure is obtained from a question on the evaluation page of the Victim Services *Application for Financial Benefits* form. Results are compiled from the pages completed by individuals applying for financial benefits, who choose to respond to this question at the time they apply for benefits.

In 2006-07, a total of 2,007 new applications for financial benefits were received. Individuals applying for benefits returned 608 completed surveys. This represents a response rate of 30 per cent.

Results for this measure are based on applicants' responses to the following question:

"How would you rate the overall service provided to you so far by the employees and volunteers within the criminal justice system?":

1. very dissatisfied
2. somewhat dissatisfied
3. neither satisfied nor dissatisfied
4. somewhat satisfied
5. very satisfied.

The Victims Services Branch tracks results for this measure; results are entered on a spreadsheet according to the month of receipt of completed surveys.

The overall annual satisfaction rating is calculated by totalling all scores for the survey question and dividing this total by the total number of valid completed responses to the question for the year.

For the 2006-07 fiscal year, the number of surveys with ratings of four or five were tallied on a monthly, quarterly, and annual basis. For the 2006-07 fiscal year, a total of 445 surveys included ratings of four or five. This represented 73 per cent of all completed surveys.



ENDNOTES

¹The SIM Unit was replaced by the newly formed Alberta Security and Strategic Intelligence Support Team (ASSIST) in March 2007.

²This includes all admissions to adult remand and correctional facilities.

³Canadian Centre for Justice Statistics, 2005 Annual Report.

⁴Ministry news release, April 8, 2006.

⁵Correctional Services Division, internal data.

⁶Public Security Division, internal data.



Alberta Gaming 2006-2007 Results

Ministry of Gaming responsibilities included regulation of the liquor and gaming industries, promotion of the responsible use of gaming and liquor products, and administration of the Alberta Lottery Fund.

Strong economic and population growth in Alberta have led to increased sales of liquor products and higher gaming revenues. Albertans have indicated that they support growth in both the liquor and gaming industries, as long as such growth is carefully managed and controlled. A rigorous eight-step process is in place to license new casinos. The integrity of both the liquor and gaming industries is ensured through regular inspections, investigations, and audits.

Regulation of the liquor and gaming industries includes a strong focus on social responsibility. The Social Responsibility Division of the AGLC, created in 2005-06, develops and delivers programs to promote responsible gaming and liquor consumption.

The Alberta Lottery Fund is an important part of Alberta's unique and innovative gaming model. Over \$1 billion of gaming revenues is distributed each year to thousands of volunteer, public, and community-based initiatives.

The most significant challenges related to the gaming and liquor industries are:

- ensuring the ongoing integrity of gaming and liquor activities;
- achieving a balance between consumer choice and the responsible provision of alcohol and gaming entertainment; and
- managing the ongoing evolution of the gaming and liquor industries, including the anticipated growth in the industries.

The Ministry of Gaming 2006-09 Business Plan set out three core businesses:

1. Alberta's liquor industry operates with integrity and in a socially responsible manner.
2. Alberta's gaming industry operates with integrity and in a socially responsible manner.
3. The Alberta Lottery Fund benefits Alberta communities.

Results for 2006-07 are presented according to these three core businesses.



Alberta's liquor industry operates with integrity and in a socially responsible manner

Since 1993, Alberta has developed a unique, privatized model for the liquor industry – the only one of its kind in Canada. Through this evolving model, Albertans can choose from a wide variety of available liquor products and convenient store hours and locations.

Alberta's privatized liquor industry has more than 1,100 stores offering over 13,000 different liquor products. The private sector provides the supply and operates the warehousing, distribution, and retailing of liquor in Alberta. The AGLC licenses and regulates the industry. The province receives more than \$650 million annually through the mark-up on liquor products sold in Alberta.

Table 7
Alberta's Liquor Industry: Before and After Privatization

	March 31, 1993	March 31, 2005	March 31, 2006	March 31, 2007
Number of retail outlets	304	1,086	1,121	1,144
Number of products	3,324	12,537	12,965	13,455

GOAL 1 Alberta's liquor industry operates with integrity and remains progressive

This Alberta Gaming business plan goal ensures that Alberta's liquor industry continues to be among the most progressive and competitive in the country and leads the nation in terms of supply, distribution, pricing, and customer service. This goal also ensures the regulation of the liquor industry through the provisions of the *Gaming and Liquor Act* and Regulation.

Highlights for 2006-07 in support of this goal include:

- Integrity**
 To maintain the integrity of the liquor industry, the AGLC conducts regular inspections of liquor establishments to ensure that licensees comply with legislation, regulation, and policies.
- Local Development**
 Diversification and local development of Alberta's wine industry continued as a result of regulation amendments enacted in 2005-06. The AGLC added mead (honey wine) to the list of products that can be produced, packaged, and sold directly from Alberta farms.
- Liquor Supply Chain Review**
 The liquor supply chain review was one of the more complex and important initiatives the AGLC has undertaken since the privatization of the liquor industry in 1993. A third party consultant was commissioned to conduct a comprehensive review of Alberta's privatized system for receiving, warehousing, ordering, and distributing wine, spirits, and imported beer. This initiative responded to mounting service concerns related to delivery times to retailers. The report identified a number of strategies for moving forward into the future; it is available on the AGLC website at: www.aglc.gov.ab.ca.

This development responded to a proposal from the Beekeepers Commission. It will create value-added opportunities for Alberta producers.

There are 700 beekeepers and 250,000 bee colonies in Alberta.

Alberta currently produces more honey than any other province in Canada.

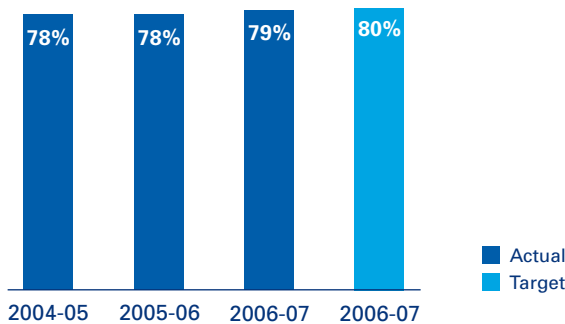
**Performance Measure 1.a –
Percentage of Albertans surveyed who are satisfied with the conduct of the liquor
business in Alberta.**

This measure assesses satisfaction that the liquor business in Alberta operates with integrity and accountability. A high satisfaction rate with the conduct of the liquor business provides an indication that policies and legislation are meeting Albertans' expectations.

When asked to rate overall satisfaction with the way the liquor business is conducted in Alberta, 79 per cent of Albertans surveyed in 2006-07 indicated that they were satisfied. This is an increase of one percentage point compared to last year, but remains slightly below the target of 80 per cent. These results indicate that a majority of Albertans continue to be satisfied with the conduct of the liquor business in Alberta over the long term.

Figure 15
Satisfaction with Conduct of the Liquor Business (percentage per year)

Source: 2007 Alberta Gaming and Liquor Commission Public Opinion Survey. – Leger Marketing





GOAL 2 Alberta's liquor industry operates in a socially responsible manner

This Alberta Gaming business plan goal ensures that Alberta's liquor industry operates in a socially responsible manner. It includes partnering with the Alberta Alcohol and Drug Abuse Commission (AADAC) and other government organizations, industry, and other stakeholders to promote the responsible sale and consumption of liquor and to reduce alcohol-related harms to Albertans.

Highlights for 2006-07 in support of responsible liquor consumption include:

- **Roundtable on Violence**

This joint initiative with Alberta Solicitor General and Public Security explored the issue of violence within the context of bars, nightclubs, and other licensed premises. Participants from government, industry associations, police agencies, and licensees from across Alberta defined issues and set priorities for addressing them.

The *Report of the Alberta Roundtable on Violence In and Around Licensed Premises* affirms that comprehensive training, sound operating policies and procedures, effective legislation, and consistent enforcement can all play a role in preventing violence and addressing its causes. The report is available on the AGLC website (www.aglc.gov.ab.ca).

- **Training for Liquor Industry Staff**

As of January 1, 2007, most liquor licensees must ensure that one individual per shift, per licensed room, has Alberta Server Intervention Program (ASIP) training.

ASIP is a province-wide certification program for liquor industry staff. Training is available through a number of different delivery modes, such as online, public seminars, in-house seminars, and self-directed programs. In 2006-07, 13,210 individuals obtained ASIP certification.

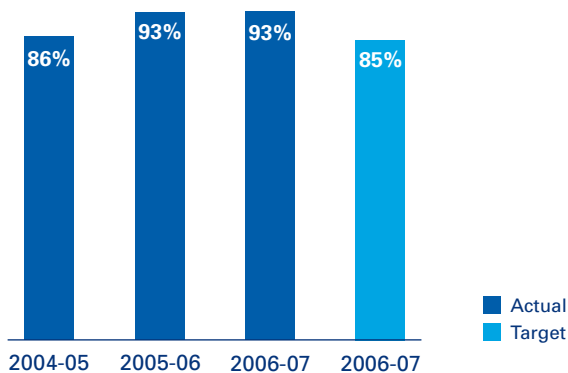
Performance Measure 2.a – Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse.

Ensuring that Alberta's liquor industry operates in a responsible manner includes ensuring that Albertans are aware of prevention and treatment programs for alcohol abuse.

A large majority of Albertans surveyed (93 per cent) had heard, seen, or read information about prevention and treatment programs for alcohol abuse. This result is the same as last year and reflects the efforts of government agencies to ensure that those who need treatment are aware of available programs and know where to seek treatment.

Figure 16
Awareness of Programs for Alcohol Abuse (percentage per year)

Source: 2007 Alberta Gaming and Liquor Commission Public Opinion Survey. – Leger Marketing



FINANCIAL RESULTS FOR ALBERTA GAMING CORE BUSINESS ONE

Table 8
Financial Results for Alberta Gaming Core Business One (millions)

	2005-06 Actual	2006-07 Budget	2006-07 Actual
Gross liquor profit and other revenue	\$616.0	\$595.2	\$679.6
Liquor-related operating expense	\$19.3	\$24.4	\$21.3
Net revenue from liquor operations	\$596.7	\$570.8	\$658.3
Expenses incurred by the Core Business**	\$0*	\$0	\$0

* Restated pursuant to the December 2006 Government of Alberta reorganization

** No ministry operating expenses were allocated to support this Core Business due to the dissolution of the Ministry of Gaming.

For 2006-07, gross liquor profit and other revenue at \$679.6 million were 10.3 per cent higher than the previous year, as well as 14.2 per cent over budget. Gross liquor profit and other revenue includes the cumulative provincial mark-up on liquor products sold in Alberta and other revenue sources such as licence fees, levies, fines, and interest.

Costs related to liquor-related regulation and developing and implementing social responsibility activities are reflected in liquor operating expenses. Liquor operating expenses in 2006-07 were \$21.3 million, an increase of \$2.0 million from \$19.3 million the previous year, but \$3.1 million less than the \$24.4 million budgeted. The increase was largely due to additional staff to administer the Alberta Server Intervention Program, additional staff to address liquor distribution issues, and general increases in salaries and general operating costs.

The resulting net revenue of \$658.3 from liquor operations forms part of the government's general revenues and is used to fund core government programs.

No ministry operating expenses were allocated to support this core business due to the dissolution of the Ministry of Gaming. A total of \$21.3 million was spent to achieve the business plan goals for Alberta Gaming's Core Business One.

In 2006-07, a total of 3.3 million hectolitres of liquor were sold, compared to 3.1 million the previous year, an increase of 6.5 per cent. Of that amount, 243,505 hectolitres were spirit sales, compared to 223,546 hectolitres in 2005-06, an increase of 8.9 per cent. Wine sales totalled 288,445 hectolitres in 2006-07, compared to 260,400 hectolitres the previous year, an increase of 10.8 per cent. The sale of coolers and ciders increased by 9.6 per cent, to 146,765 hectolitres in 2006-07, compared to 133,886 hectolitres in 2005-06. Beer sales at 2,643,122 hectolitres in 2006-07 increased by 8.0 per cent from 2,447,587 hectolitres the previous year.

In response to the growing population in the province, the number of liquor retail outlets and available liquor products increased compared to the previous year. In 2006-07, there were 1,144 retail outlets compared to 1,121 in 2005-06 (an increase of 2 per cent), while there were 13,455 different liquor products available in 2006-07 compared to 12,965 in 2005-06 (an increase of 4 per cent).



Alberta's gaming industry operates with integrity and in a socially responsible manner

Gaming activities contribute to Albertans' quality of life by providing opportunities for charitable groups to raise funds directly for their valuable work, by providing entertainment options to adults in Alberta, and by providing funding used by government to support community and volunteer initiatives.

GOAL 3 Alberta's gaming industry operates with integrity and benefits Albertans

This Alberta Gaming business plan goal ensures that Alberta's gaming industry operates with integrity while offering quality gaming entertainment choices to Albertans and providing economic benefits to charities. Regulation of the gaming industry is ensured through the provisions of the *Gaming and Liquor Act* and Regulation.

Highlights for 2006-07 in support of this goal include:

- **First Nations Charitable Gaming and Use of Proceeds Policies**

In October 2006, the Government of Alberta adopted policies allowing First Nation charities to spend charitable gaming proceeds in ways that directly benefit their communities, including infrastructure, life skills training, and addictions treatment. The policies are largely the same as other charitable use of proceeds policies, except where it was demonstrated that additional policies were required to address the unique charitable and cultural needs of Alberta's First Nations. The new policies, approved by all host First Nations and the board of the AGLC, empower Alberta First Nations to utilize gaming proceeds to build stronger and healthier communities.

- **First Nations Casinos**

The River Cree Resort, which opened in October 2006, included Alberta's first casino operated by a First Nation. River Cree is part of a growing trend toward "destination gaming," where casinos are part of larger complexes including hotels and other entertainment options. The River Cree Resort, developed pursuant to Alberta's First Nation gaming policy, also includes community recreational facilities, a hotel, several restaurants, and a conference centre.

- **Regulation**

The integrity of gaming activities in the province is ensured through regulatory activities that include licensing, inspections of licensed facilities and gaming activities, investigations into criminal activities, and forensic audits. A special Gaming Investigation Team, comprised of AGLC investigators, police services, and other government ministries, focuses on illegal gaming activities such as bookmaking, gaming houses, and illegal lotteries.

- **Charitable Gaming**

Alberta has a unique, innovative charitable gaming model that provides opportunities for charitable and religious groups to benefit financially from gaming activities. By conducting bingos and casinos, selling pull-tickets, and holding raffles, charitable and religious organizations raised approximately \$279 million in 2006-07.



**Performance Measure 3.a –
Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming
in Alberta.**

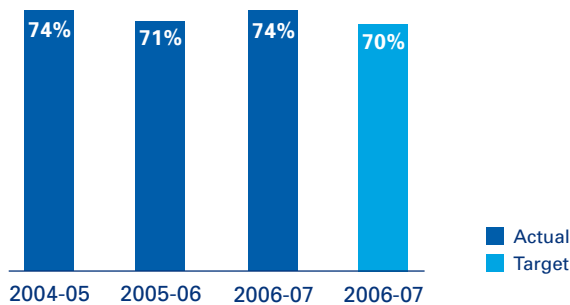
This measure assesses satisfaction that Alberta’s gaming industry operates with integrity and accountability. A high satisfaction rate with the conduct of the gaming industry indicates that policies and legislation are meeting Albertans’ expectations.

When asked to rate their overall satisfaction with how legal gaming is conducted in Alberta, 74 per cent of Albertans surveyed in 2006-07 indicated that they were satisfied. This is an increase of three percentage points compared to last year.

Results for this measure have fluctuated between 70 per cent and 74 per cent since 2002-03. The 2006-07 satisfaction level is the highest since 2004-05 and exceeded the ministry target of 70 per cent.

Figure 17
Satisfaction with the Conduct of Legal Gaming (percentage per year)

Source: 2007 Alberta Gaming and Liquor Commission Public Opinion Survey. – Leger Marketing





GOAL 4 Alberta's gaming industry operates in a socially responsible manner

This Alberta Gaming business plan goal involves ensuring that the gaming industry operates in a socially responsible manner. The AGLC forms partnerships with AADAC and other stakeholders to develop, implement, and evaluate programs and initiatives that promote responsible gaming and increase awareness of problem gambling treatment programs. This goal also involves funding of research into aspects of gaming to assist in policy development.

Highlights for 2006-07 in support of responsible gaming include:

- **Responsible Gambling Information Centres**

The AGLC, in partnership with AADAC, opened two Responsible Gambling Information Centres (RGICs) in 2006-07. The centres provide on-site access to information on responsible gambling and support for problem gambling. They are part of the province's comprehensive approach to providing support and services for Albertans dealing with issues related to problem gambling. They also serve as entry points for patrons to receive AADAC support and services. Three RGICs currently operate in Alberta.

- **Problem Gambling Awareness**

As part of its commitment to ensuring that Albertans are aware of prevention and treatment programs for problem gambling, the AGLC developed updated posters and brochures for use in VLT sites, casinos, and racing entertainment centres. Additionally, in partnership with key individuals in the bingo industry, the AGLC developed a responsible gambling program for bingo, including awareness posters and brochures for use in Alberta bingo halls.

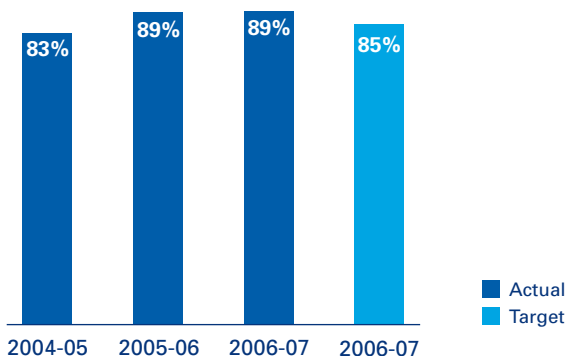
Performance Measure 4.a – Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling.

Ensuring that Alberta's gaming industry operates in a responsible manner includes ensuring that Albertans are aware of prevention and treatment programs for problem gambling.

The AGLC's education and awareness campaigns related to problem gambling, conducted in collaboration with AADAC, have been effective. When asked to indicate their awareness of prevention and treatment programs for problem gambling, 89 per cent of Albertans surveyed in 2006-07 indicated that they were aware of these programs. These results are the same as those for the previous year.

Figure 18
Awareness of Programs for Problem Gambling (percentage per year)

Source: 2007 Alberta Gaming and Liquor Commission Public Opinion Survey. – Leger Marketing





FINANCIAL RESULTS FOR ALBERTA GAMING CORE BUSINESS TWO

Table 9

Financial Results for Alberta Gaming Core Business Two (millions)

	2005-06 Actual	2006-07 Budget	2006-07 Actual
Gross gaming profit	\$1,951.6	\$1,937.5	\$2,163.9
Commissions and federal payments	\$440.0	\$460.1	\$494.4
Gaming-related operating expense	\$122.5	\$177.3	\$135.7
Net revenue from gaming operations	\$1,389.1*	\$1,300.1	\$1,533.8
Expenses incurred by the Core Business	\$1.5*	\$1.6	\$1.5

* Restated pursuant to the December 2006 Government of Alberta reorganization.

Alberta's booming economy has resulted in a strong retail sector. In 2006, Alberta had a record retail sales growth of 16 per cent. Between 2001 and 2005, Alberta's average retail sales per capita were approximately 25 per cent above the national average. Additionally, the average disposable income per capita was 21 per cent above the national average. With increasing numbers of Albertans and more disposable income, leisure activities such as gaming are attracting more participants. Gross profit from these provincial gaming activities includes the gross proceeds from VLTs, slot machines, electronic bingo, Keno, and ticket lotteries, less prizes and leasing costs. In 2006-07, gross profit from gaming increased to \$2,163.9 million, an increase of 10.9 per cent compared to \$1,951.6 million the previous year and 11.7 per cent over the budget of \$1,937.5 million.

Commissions are paid to both gaming operators and charities at licensed casino events. The gaming operator receives a fee for providing services and charities also receive a commission on slot machine proceeds. Federal payments include amounts paid to the federal government in lieu of GST on gaming products. In 2006-07, commissions and federal payments were \$494.4 million, compared to \$440.0 million the previous year.

Gaming-related operating expenses, at \$135.7 million, were 10.8 per cent higher than \$122.5 million the previous year. Net revenue from gaming operations was over \$1.5 billion in 2006-07, compared to almost \$1.4 billion the previous year. These revenues are directed to the Alberta Lottery Fund as required by the *Gaming and Liquor Act*. The Lottery Fund supports thousands of volunteer, public and community-based initiatives throughout Alberta.

The ministry operating expenses allocated to support the core business of \$1.5 million in 2006-07 relate to costs associated primarily with gaming-related policy development. The AGLC bears the costs of regulating, operating, and managing the gaming industry, as well as the costs of social responsibility activities related to gaming. These costs are reflected in the \$135.7 million cost of gaming operations. A total of \$137.2 million was spent to achieve the business plan goals for Alberta Gaming's Core Business Two.



The Alberta Lottery Fund, established in 1989, comprises the government's portion of revenues from provincial lotteries (ticket lotteries, slot machines, video lottery terminals, electronic bingo, and keno). Expenditures from the fund are approved by the Legislature annually and support programs, projects, and foundations administered by various Alberta Ministries. The AGLC administers the Alberta Lottery Fund and various government ministries deliver lottery-funded programs. Over \$1.5 billion of gaming proceeds was provided to volunteer groups and public and community-based initiatives through the Alberta Lottery Fund in 2006-07.

GOAL 5 Lottery Funds support volunteer, public and community-based initiatives

This Alberta Gaming business plan goal ensures that revenues from provincial lotteries are directed to the Alberta Lottery Fund and identified for use by volunteer groups, and public and community-based initiatives.

The AGLC is responsible for the administration of the Alberta Lottery Fund, including the collection and disbursement of gaming proceeds as directed by the Legislature. Aimed at benefiting Alberta communities, the Alberta Lottery Fund supports programs, projects, and foundations administered by 12 provincial ministries.

In 2006-07, the Alberta Lottery Fund had proceeds of over \$1.5 billion. A total of \$1.6 million was expended to fund programs administered by the Ministry of Solicitor General and Public Security. The details of how Lottery Funds were used by other ministries are outlined in their annual reports.

To promote awareness of the Alberta Lottery Fund's positive effects on communities and non-profit groups, the AGLC carried out an advertising campaign over a 17-month period ending in 2007. The campaign used three creative images showing the Alberta Lottery Fund at work, with the images representing activities that could take place in any Alberta community. The advertising campaign tied the attributes of community involvement and integrity to the Alberta Lottery Fund. Components of the campaign included:

- Bus advertisements
- Community rink boards
- Advertisements in event programs
- Advertisement on the back of event tickets
- Community banners
- Alberta Lottery Fund kiosks, and
- Electronic billboard advertisements.

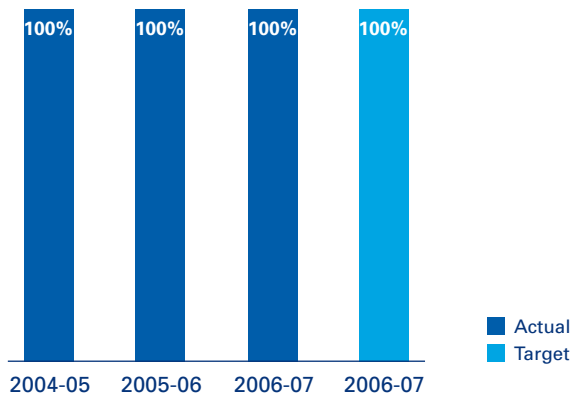


**Performance Measure 5.a –
Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer
groups, and public and community-based initiatives.**

This measure ensures that the Alberta Lottery Fund is allocated to support volunteer, public, and community-based initiatives.

Figure 19
Lottery Fund Disbursements (percentage per year)

Source: Alberta Gaming and Liquor Commission Data.



The result for this Performance Measure is consistently 100 per cent, demonstrating continuing commitment to allocating the Alberta Lottery Fund to support and enrich Alberta's communities. The result for this measure was obtained from the Alberta Lottery Fund Financial Statements included in this annual report.



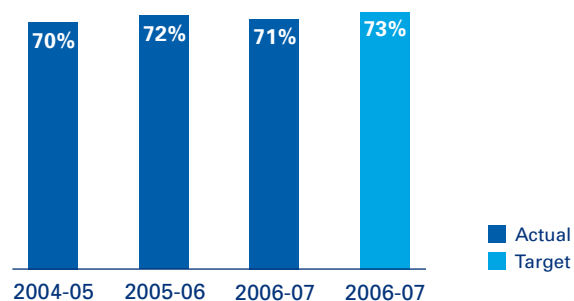
**Performance Measure 5.b –
Percentage of Albertans who are satisfied with how the Alberta Lottery Fund is used.**

Funding from the Alberta Lottery Fund supports a wide range of community programs and activities across the province. This measure addresses the level of satisfaction with how lottery funds are being used.

After receiving a description of the Alberta Lottery Fund and how it is used, 71 per cent of respondents were satisfied with how the fund is used. This result is one percentage point lower than the level of satisfaction in 2005-06, and slightly below the business plan target of 73 per cent. Results for this measure have fluctuated between 68 per cent and 72 per cent since 2002-03.

Figure 20
Satisfaction with use of the Alberta Lottery Fund (percentage per year)

Source: 2007 Alberta Gaming and Liquor Commission Public Opinion Survey. – Leger Marketing



FINANCIAL RESULTS FOR ALBERTA GAMING CORE BUSINESS THREE

Table 10
Financial Results for Alberta Gaming Core Business Three (millions)

	2005-06 Actual	2006-07 Budget	2006-07 Actual
Lottery Fund payments to other ministries	\$1,396.3*	\$1,304.6	\$1,547.3
Expenses incurred by the Core Business	\$1,396.3*	\$1,304.6	\$1,547.3

* Restated pursuant to the December 2006 Government of Alberta reorganization.

This core business ensures that Alberta communities benefit from the Alberta Lottery Fund. Many Alberta communities have used lottery funds to help revitalize their community and enhance residents' quality of life. The lottery fund has provided Albertans living in smaller centres with many of the same opportunities as those available in larger centres.

Revenues from the Alberta Lottery Fund are allocated to programs in 12 Government of Alberta ministries. Lottery fund payments to these other ministries were \$1,547.3 million in 2006-07, compared to \$1,396.3 million the previous year. This increase of 10.9 per cent reflected increased gaming revenues. Information on how other ministries used funding from the Alberta Lottery Fund can be found in their respective annual reports.

The results for all performance measures except measure 5a are based on an annual survey, commissioned by the AGLC, to determine the public's opinion of the conduct of the liquor and gaming industries in Alberta.

The public opinion survey is conducted by a third-party external consultant. The survey includes 63 questions and averages 15 minutes in length. It was last conducted between February 26 and March 14, 2007.

The sample size in 2007 was 1,000. The sample consisted of a random and representative percentage of adult Albertans, drawn from the most recent residential phone listings. The last digit of each phone number was randomized to allow inclusion of new and unpublished listings. Using Statistics Canada population estimates dated February 2, 2007, the number of interviews was proportionate to the regional population and representative by gender and age. Results are considered reliable to within +/- 3.1 per cent at the 95 per cent confidence level.

Professionally trained interviewers conducted all interviews by telephone from a central facility. Ten per cent of all interviews were monitored while in progress.

GOAL 1 Alberta's liquor industry operates with integrity and remains progressive

Performance Measure 1.a – Percentage of Albertans surveyed who are satisfied with the conduct of the liquor business in Alberta.

This measure is based on responses to the following question:

"Overall, how satisfied were you with the way liquor is sold in Alberta?":

- very satisfied
- satisfied
- somewhat satisfied
- somewhat dissatisfied
- dissatisfied
- very dissatisfied
- don't know.

Respondents are considered to be "satisfied" if they indicated that they were very satisfied, satisfied, or somewhat satisfied.



GOAL 2 Alberta's liquor industry operates in a socially responsible manner

Performance Measure 2.a – Percentage of Albertans surveyed who are aware of prevention and treatment programs for alcohol abuse.

This measure is based on responses to the following question:

"Have you ever heard, seen, or read anything about prevention programs for alcohol abuse?":

- yes
- no
- don't know.

Results reflect the percentage of respondents who answer "yes" to the question.

GOAL 3 Alberta's gaming industry operates with integrity and benefits Albertans

Performance Measure 3.a – Percentage of Albertans surveyed who are satisfied with the conduct of legal gaming in Alberta.

This measure is based on responses to the following question:

"Overall, how satisfied are you with the conduct of legal gaming entertainment in Alberta?":

- very satisfied
- satisfied
- somewhat satisfied
- somewhat dissatisfied
- dissatisfied
- very dissatisfied
- don't know.

Respondents are considered to be "satisfied" if they indicated that they were very satisfied, satisfied, or somewhat satisfied.



GOAL 4 Alberta's gaming industry operates in a socially responsible manner

Performance Measure 4.a – Percentage of Albertans surveyed who are aware of prevention and treatment programs for problem gambling.

This measure is based on responses to the following question:

"Have you ever heard, seen, or read anything about prevention and treatment programs for problem gambling?":

- yes
- no
- don't know.

Results reflect the percentage of respondents who answer "yes" to the question.

GOAL 5 Lottery Funds support volunteer, public and community-based initiatives

Performance Measure 5.a – Percentage of Alberta Lottery Fund disbursements committed to supporting volunteer groups, and public and community-based initiatives.

Information for reporting on this measure is obtained from Lottery Fund financial statements, which are included in this annual report. This measure comprises all Lottery Fund disbursements appropriated under the *Appropriations Act*. It includes two components.

1. Approved Lottery Fund-appropriations (allocated in the *Appropriations Act*) to ministries for approved disbursement.
2. Transfer to Contingency/Sustainability Fund.

During the annual business planning process, Alberta government ministries identify projects that support volunteer groups, and public and community-based initiatives. These initiatives are included in the Alberta Lottery Fund estimates approved by the Legislature. Each ministry receiving lottery fund allocations is responsible for ensuring that the funding is used appropriately and disclosed in their financial statements.

Performance Measure 5.b – Percentage of Albertans who are satisfied with how the Alberta Lottery Fund is used.

This measure is based on responses to the following questions:

"Overall, how satisfied are you with how the Alberta Lottery Fund is used?":

- very satisfied
- satisfied
- somewhat satisfied
- somewhat dissatisfied
- dissatisfied
- very dissatisfied
- don't know.

Respondents are considered to be "satisfied" if they indicated that they were very satisfied, satisfied, or somewhat satisfied.



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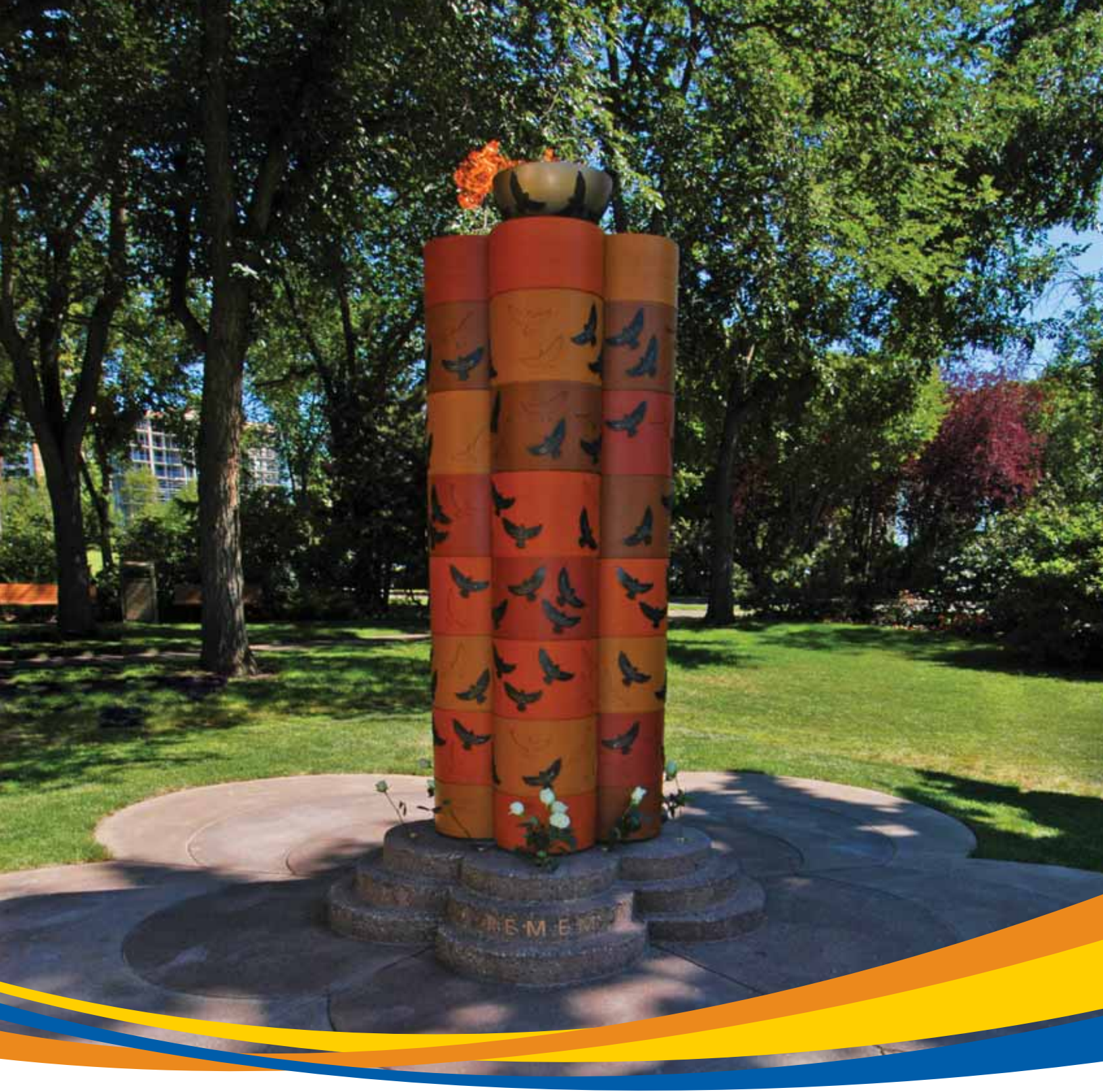
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Ministry of Solicitor General and Public Security Financial Statements

Auditor's Report



To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of the Solicitor General and Public Security as at March 31, 2007, and the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2007, 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 Fred J. Dunn, FCA in printed version.

Auditor General

Edmonton, Alberta

May 18, 2007



Consolidated Statement of Operations

Year Ended March 31, 2007
(in thousands)

	2007		2006
	Budget (Schedule 3)	Actual	Actual (Restated)
Revenues (Schedule 1)			
Transfer from the Government of Canada	\$ 21,882	\$ 20,696	\$ 21,283
Net Income from Alberta Gaming and Liquour Commission			
Lottery Revenue	1,300,155	1,533,834	1,389,055
Liquor and Related Revenue	570,752	658,271	596,715
Investment Income	6,325	16,029	9,432
Fees, Permits and Licenses	350	418	394
Other Revenue	18,790	21,657	20,755
	1,918,254	2,250,905	2,037,634
Expenses – Directly Incurred (Note 2b and Schedule 5)			
Voted (Schedule 2)			
Ministry Support Services	19,048	19,110	15,989
Public Security	257,770	255,403	236,733
Correctional Services	158,580	158,361	145,470
Gaming Research	1,600	1,528	1,533
Lottery Fund Payments to Other Ministries	1,304,555	1,547,262	1,396,295
	1,741,553	1,981,664	1,796,020
Statutory (Schedule 3)			
Valuation Adjustments			
Provision for Doubtful Accounts	200	(64)	231
Provision for Vacation Pay	67	1,501	1,929
	267	1,437	2,160
Regulated Fund			
Victims of Crime	15,950	17,916	13,541
	1,757,770	2,001,017	1,811,721
Net Operating Results	\$ 160,484	\$ 249,888	\$ 225,913

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

Consolidated Statement of Financial Position

FINANCIAL RESULTS

As at March 31, 2007
(in thousands)

	2007	2006 (Restated)
Assets		
Cash	\$ 125,996	\$ 125,609
Accounts Receivable (Note 5)	37,475	21,882
Advances	3	2
Tangible Capital Assets (Note 6)	8,747	3,518
Equity in Alberta Gaming and Liquor Commission (Note 7)	352,826	262,476
	\$ 525,047	\$ 413,487
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 197,203	\$ 179,885
Net Assets		
Net Assets at Beginning of Year	233,602	195,795
Net Operating Results	249,888	225,913
Net Transfer to General Revenues	(155,646)	(188,106)
Net Assets at End of Year	327,844	233,602
	\$ 525,047	\$ 413,487

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



Consolidated Statement of Cash Flows

Year Ended March 31, 2007
(in thousands)

	2007	2006 (Restated)
Operating Transactions		
Net Operating Results	\$ 249,888	\$ 225,913
Non-cash items included in Net Operating Results		
Amortization	1,321	511
Valuation Adjustments	1,437	1,624
Undistributed Profit of Alberta Gaming and Liquor Commission	(90,350)	(49,919)
	162,296	178,129
Increase in Accounts Receivable	(15,529)	(5,087)
Decrease (Increase) in Advances	(1)	1
Increase in Accounts Payable and Accrued Liabilities	15,819	14,917
Cash Provided by Operating Transactions	162,585	187,960
Capital Transactions		
Acquisition of Tangible Capital Assets	(6,545)	(2,352)
Transfers (from) to Alberta Justice	(7)	65
Cash Applied to Capital Transactions	(6,552)	(2,287)
Financing Transactions		
Net Transfer to General Revenues	(155,646)	(188,106)
Increase in Cash	387	(2,433)
Cash, Beginning of Year	125,609	128,042
Cash, End of Year	\$ 125,996	\$ 125,609

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

Notes to the Consolidated Financial Statements

NOTE 1

AUTHORITY AND PURPOSE

The Ministry of the Solicitor General and Public Security has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Solicitor General and Minister of Public Security administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of the Solicitor General and Public Security.

Organization

- The Department of the Solicitor General and Public Security
- Victims of Crime Fund
- The Lottery Fund
- Alberta Gaming and Liquor Commission

Authority

- *Government Organization Act*
- *Victims of Crime Act*
- *Gaming and Liquor Act*
- *Gaming and Liquor Act*

The ministry's purpose is to work in partnership with Albertans to promote safe, secure communities through effective law enforcement, security, correctional and victim services and ensure integrity and accountability and social responsibility in Alberta's gaming and liquor industries.

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

The reporting entity is the Ministry of the Solicitor General and Public Security for which the Solicitor General and Minister of Public Security is accountable. These financial statements include the activities of the Department of the Solicitor General and Public Security, the Victims of Crime Fund (a regulated fund), the Lottery Fund and the Alberta Gaming and Liquor Commission.

(b) Basis of Financial Reporting

Basis of Consolidation

The accounts of the department and the Victims of Crime Fund and the Lottery Fund have been consolidated after adjusting them to a basis consistent with the accounting policies described below. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between these consolidated organizations are eliminated upon consolidation.

The accounts of the Alberta Gaming and Liquor Commission, which is designated as a commercial enterprise, are reported on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles.

Revenues

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



Notes to the Consolidated Financial Statements

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 operating expenses like 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 adjustment, 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, guarantees and indemnities.
- Grants are recognized as expenses when authorized, the eligibility criteria if any is met, and when a reasonable estimate of amounts can be made.

Incurred by Others

Services incurred by other entities in support of the ministry's operations are disclosed in Schedule 5.

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 required 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.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

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

Measurement Uncertainty (in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Victims of Crime Fund accounts receivable, recorded as \$16,550 (2006 – \$15,342) in these financial statements, is subject to measurement uncertainty. These accounts receivable excludes certain outstanding federal statute surcharges and provincial statute fine surcharges that are expected to be satisfied by means other than cash payment. The other means include participation in the fine option program or time served in a correctional institution at the option of the person owing the surcharge. Outstanding surcharges expected to be satisfied by other means of \$800 (2006 – \$911) have been deducted from total outstanding surcharges of \$16,504 (2006 – \$15,501) to arrive at reported revenue and related accounts receivable. The estimate of \$800 is based on the actual percentage satisfied in this manner from April 1, 2006 to March 31, 2007. Changes in the proportion of surcharges satisfied by other means may have a material effect on future operating results.

Notes to the Consolidated Financial Statements

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES – (CONT'D)

Measurement Uncertainty (in thousands) – (cont'd)

Financial benefits under the Victims of Crime Fund recorded as a liability of \$ 2,532 (2006 – \$1,030) in these financial statements, is subject to measurement uncertainty. See Note 10.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 3

GOVERNMENT REORGANIZATION

As a result of restructuring of government ministries announced on December 13, 2006, portions of the former Ministry of Gaming have been transferred to the ministry. Comparatives for 2006 have been restated as if the ministry had always been assigned with its current responsibilities. Net assets on March 31, 2005 are made up as follows:

Net Liabilities as previously reported:	\$	(27,662)
Transfer from Ministry of Gaming		223,457
Net Assets as at March 31, 2005	\$	195,795

NOTE 4

CASH

Included in cash are \$101,250 Lottery Fund and \$24,721 Victims of Crime Deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2007, securities held by the CCITF have an average effective market yield of 4.36 % per annum (March 31, 2006: 3.96% per annum).

NOTE 5

ACCOUNTS RECEIVABLE

(in thousands)

	2007			2006
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	\$ 19,279	\$ –	\$ 19,279	\$ 5,486
Surcharges	17,409	865	16,544	15,342
Other	1,652	–	1,652	1,054
	\$ 38,340	\$ 865	\$ 37,475	\$ 21,882

Accounts receivable are unsecured and non-interest bearing.



Notes to the Consolidated Financial Statements

NOTE 6 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment	Computer Hardware and Software	Other	2007 Total	2006 Total
Estimated Useful Life	10 years	5 years	3 years		
Historical Cost*					
Beginning of year	\$ 6,448	\$ 1,039	\$ 224	\$ 7,711	\$ 6,929
Additions	3,213	781	2,556	6,550	1,369
Disposals, including write-downs	(419)	–	–	(419)	(588)
	\$ 9,242	\$ 1,820	\$ 2,780	\$ 13,842	\$ 7,710
Accumulated Amortization					
Beginning of year	\$ 3,900	\$ 293	\$ –	\$ 4,193	\$ 5,178
Amortization expense	676	136	509	1,321	(407)
Effect of disposals	(419)	–	–	(419)	(578)
	\$ 4,157	\$ 429	\$ 509	\$ 5,095	\$ 4,193
Net Book Value at March 31, 2007	\$ 5,085	\$ 1,391	\$ 2,271	\$ 8,747	
Net Book Value at March 31, 2006	\$ 2,548	\$ 746	\$ 224		\$ 3,518

* Historical cost included work in progress at March 31, 2007 totalling \$271 for the Victim Electronic Grants Application System (VEGAS), not yet amortized.

NOTE 7 EQUITY IN ALBERTA GAMING AND LIQUOR COMMISSION (AGLC)

(in thousands)

	2007	2006
Equity in AGLC, beginning of year	\$ 262,476	\$ 212,557
Total revenues	26,182,775	23,695,635
Total expenses	(23,990,670)	(21,709,865)
Net transfers	(2,101,755)	(1,935,851)
Equity in AGLC, end of year	\$ 352,826	\$ 262,476

Notes to the Consolidated Financial Statements

NOTE 8 CONTRACTUAL OBLIGATIONS

(in thousands)

As at March 31, 2007, the ministry is committed under contracts, which expire on various dates to March 31, 2011, totalling \$529,680 (2006 – \$499,376). This includes a commitment for the Provincial Police Service Agreement. The Provincial Police Service Agreement with Canada is a contract for the Royal Canadian Mounted Police, to provide policing services to small communities and rural areas in Alberta. The term of this contract is from April 1, 1992 to March 31, 2012. The cost of this police service agreement for 2006/2007 was estimated at \$143,065 (2006 – \$135,000). Under the terms of the agreement, Alberta may terminate the agreement with a two-year notice served on March 31, in any year. The commitment, based on the minimum notice period, is estimated to be \$475,148 as at March 31, 2007 (2006 – \$446,960), which represents payments for policing services until March 31, 2010.

The ministry leases vehicles under operating leases, which expire on various dates to March 31, 2011. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	(in thousands)
2008	\$ 917
2009	648
2010	181
2011	19
Total	\$ 1,765

Proclamation of the *Victims of Crime Act* in 1997 repealed the *Criminal Injuries Compensation Act*, dissolving the Crimes Compensation Board. The director under the *Victims of Crime Act* assumed administrative responsibility and the fund assumed financial responsibility for future obligations associated with the former board's compensation claims. A number of these claims involve a monthly payment for continuing loss of support or income and/or cost of care. These payments are subject to periodic review to confirm continued eligibility for entitlements and/or adjustment to the monthly amount. Recipients are also expected to advise the Fund of any significant change in circumstance or status between review dates.

In March 2007, thirty-seven eligible recipients received a monthly payment (thirty-nine eligible recipients in March 2006). The total estimated amount of all monthly payments to eligible recipients for future years is as follows:

Year	(in thousands)
2008	\$ 567
2009	553
2010	543
2011	514
2012 and beyond	13,796
Total	\$ 15,973

These eligible recipients will continue to be paid in future years if it is determined during the annual review that they continue to meet the eligibility criteria and the payments are approved by the director.



Notes to the Consolidated Financial Statements

The Victims of Crime Fund has entered into longer term funding arrangements with organizations for delivery of victim services to communities. These arrangements, subject to satisfaction of reporting and service delivery requirements, are \$2,715 in 2007-08 and \$1,226 in 2008-09.

As at March 31, 2007, the ministry has commitments for leased properties ranging from one to 25 years. Most of these properties have been subleased to third parties. The ministry remains liable for the leases should the sublessors default on their obligations to the ministry.

Year	(in thousands)	
2008	\$	2,000
2009		1,681
2010		1,627
2011		1,421
2012 and beyond		4,012
Total	\$	10,741

Estimated future revenues to be derived from subleases amount to \$5.25 million at March 31, 2007. Provision for loss on leased properties has been made where the payments to be received on the subleases are less than the lease payments to be made.

NOTE 9 CONTINGENCIES

(in thousands)

As at March 31 2007, the ministry is a defendant in eighty-two legal claims (2006 – seventy-nine legal claims). Seventy-six of these claims have specified amounts totalling \$220,889 and the remaining six have no specified amount (2006 – seventy-one claims with a specified amount of \$186,195 and eight with no specified amount). Included in the total legal claims are eight claims amounting to \$107,937 (2006 – eight claims amounting to \$110,880) in which the ministry has been jointly named with other entities. Fifty-nine claims amounting to \$74,026 (2006 – sixty-two claims totalling \$30,979) are covered by the Alberta Risk Management Fund.

The ministry has a lease amending agreement with a tenant as of March 23, 2007 whereby, if a defined significant event occurs before February 28, 2012, the ministry will pay for certain capital investments up to \$6,400 and will also assume certain third party premise leases for the remainder of the lease term.

The resulting loss, if any, from these claims cannot be determined.

NOTE 10 FINANCIAL BENEFITS

(in thousands)

As at March 31, 2007, there were eight hundred and thirty six (2006 – six hundred and thirty two) active applications for financial benefits with the Victims of Crime Financial Benefits Program. There was one application (2006 – eighty-four – restated) that had sufficient information to issue a decision. The remaining eight hundred and thirty five applications (2006 – five hundred and forty-eight – restated) require additional information to make final determinations on individual applications.

An estimated liability of \$2,532 (2006 – \$1,030), subject to variation, was recorded based on historical information for those applications with insufficient information to make final determinations.

Notes to the Consolidated Financial Statements

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

Institutional Trust receives and disburses inmate funds used for their personal needs, as well as inmate welfare funds derived from various sources, that are administered on their behalf. As at March 31, 2007, the amount of the trust funds held under administration was \$508 (2006 – \$430) which was comprised of inmate trust funds of \$210 (2006 – \$242) and inmate welfare fund equity of \$298 (2006 – \$188).

NOTE 12 PAYMENTS UNDER AGREEMENT

(in thousands)

The ministry has an agreement to disburse the provincial share of net forfeitures from proceeds of crime on behalf of Justice Canada. Proceeds received from Canada under this agreement are in accordance with Section 10 of the *Federal Seized Property Management Act* resulting from the investigation efforts by law enforcement agencies in Alberta.

Disbursements to law enforcement agencies and crime and drug prevention organizations under this agreement are made by the ministry under authority of the *Financial Administration Act*, Section 25. Only the amounts received from Justice Canada and not disbursed are reflected in these financial statements.

Amounts payable to law enforcement agencies and crime and drug prevention organizations under this agreement with Justice Canada, for the year ended March 31, 2007, are \$161 (2006 – \$112) and are reflected in the Consolidated Statement of Financial Position.

The ministry also has a funding agreement with the Government of Canada. Costs incurred under this agreement are made by the ministry under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes \$42 (2006 – \$128) under this agreement and is reflected in the Consolidated Statement of Financial Position.

Amounts paid under agreements on behalf of program sponsors are as follows:

	2007	2006
Government of Canada – <i>Youth Criminal Justice Act</i>	\$ 42	\$ 42
Government of Canada – <i>Youth Justice Renewal Initiative</i>	–	86
	\$ 42	\$ 128



Notes to the Consolidated Financial Statements

NOTE 13 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 \$13,651 for the year ended March 31, 2007 (2006 – \$12,052). In addition the ministry contributes to the Western Canada Lottery Corporation (WCLC) Pension Plan. The ministry's portion of the WCLC pension expense is \$616 for the year ended March 31, 2007 (2006 – \$270)

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765 (2005 – \$165,895) and the Public Service Pension Plan reported a surplus of \$153,024 (2005 – deficiency of \$187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$3,698 (2005 – \$10,018). The ministry's portion of the WCLC deficiency as at March 31, 2007 is \$2,514 (2006 – deficiency is \$777).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of \$153 (2006 – actuarial deficiency of \$8,699) and the Management, Opted Out and Excluded Plan, an actuarial surplus of \$10,148 (2006 – \$8,309). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 14 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedule to the Consolidated Financial Statements

SCHEDULE 1 REVENUES

Year Ended March 31, 2007
(in thousands)

	2007		2006
	Budget	Actual	Actual (Restated)
Transfer from the Government of Canada			
Young Offenders Program	\$ 18,557	\$ 17,199	\$ 17,949
Federal Inmates Program	2,700	2,811	2,915
Other Revenue	625	686	419
	21,882	20,696	21,283
Lottery			
Video Lottery Terminal Revenue	609,460	735,066	694,765
Gaming Terminal Revenue	680,548	707,185	612,055
Ticket Lottery Revenue	187,489	227,314	204,783
	1,477,497	1,669,565	1,511,603
Cost of Operations	(177,342)	(135,731)	(122,548)
	1,300,155	1,533,834	1,389,055
Liquor			
Liquor and Related Revenue	595,167	679,570	616,013
Cost of Operations	(24,415)	(21,299)	(19,298)
	570,752	658,271	596,715
Investment Income			
Lottery Fund Interest	6,000	15,028	8,840
Bank Interest	325	1,001	592
	6,325	16,029	9,432
Fees, Permits and Licenses			
Private Investigators Fees	350	418	394
Other Revenue			
Surcharges	18,750	20,893	19,906
Refunds of Expenditures	40	125	78
Miscellaneous	–	639	771
	18,790	21,657	20,755
	\$ 1,918,254	\$ 2,250,905	\$ 2,037,634

Schedule to the Consolidated Financial Statements



FINANCIAL RESULTS

SCHEDULE 2 EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year Ended March 31, 2007
(in thousands)

	2007		2006
	Budget	Actual	Actual (Restated)
Voted			
Salaries, Wages and Employee Benefits	\$ 169,410	\$ 167,188	\$ 148,879
Supplies and Services	202,258	203,079	184,332
Grants	1,369,355	1,610,080	1,462,344
Financial Transactions and Other	54	79	78
Amortization of Tangible Capital Assets	476	1,238	387
Total Voted Expenses	\$ 1,741,553	\$ 1,981,664	\$ 1,796,020
Regulated Fund			
Salaries, Wages and Employee Benefits	\$ 2,027	\$ 1,863	\$ 1,500
Supplies and Services	1,837	1,081	1,003
Grants	12,000	14,889	10,914
Amortization of Tangible Capital Assets	86	83	124
Total Regulated Fund Expenses	\$ 15,950	\$ 17,916	\$ 13,541

Schedule to the Consolidated Financial Statements

SCHEDULE 3 BUDGET

Year Ended March 31, 2007
(in thousands)

	2006 - 2007 Estimates	Authorized Supplementary (a)	2006 - 2007 Authorized Budget
Revenues			
Transfer from the Government of Canada	\$ 21,882	\$ -	\$ 21,882
Net Income from Alberta Gaming and Liquor Commission			
Video Lottery Terminal Revenue	609,460	-	609,460
Gaming Terminal Revenue	680,548	-	680,548
Ticket Lottery Revenue	187,489	-	187,489
Lottery Operation	(177,342)	-	(177,342)
Liquor and Related Revenue	595,167	-	595,167
Liquor Operations	(24,415)	-	(24,415)
Investment Income			
Lottery Fund Interest	6,000	-	6,000
Bank Interest	325	-	325
Fees, Permits and Licenses			
Private Investigators Fees	350	-	350
Other Revenue	18,790	-	18,790
	1,918,254	-	1,918,254
Expenses – Directly Incurred			
Voted			
Ministry Support Services	19,048	-	19,048
Public Security	257,770	(951)	256,819
Correctional Services	158,580	3,500	162,080
Gaming Research	1,600	-	1,600
Lottery Fund Payments to Other Ministries	1,304,555	-	1,304,555
	1,741,553	2,549	1,744,102
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	200	-	200
Provision for Vacation Pay	67	-	67
	267	-	267
Victims of Crime Fund	15,950	1,300	17,250
Total Expenses	1,757,770	3,849	1,761,619
Net Operating Results	\$ 160,484	\$ (3,849)	\$ 156,635
Equipment/Inventory Purchases	\$ 205	\$ 1,451	\$ 1,656
Capital Investment	\$ -	\$ 9,600	\$ 9,600

(a) Supplementary Estimates were approved on September 8th, 2006 and October 26th, 2006

Schedule to the Consolidated Financial Statements



FINANCIAL RESULTS

SCHEDULE 4 RELATED PARTY TRANSACTIONS

Year Ended March 31, 2007

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 ministry.

The ministry 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 ministry had the following transactions with related parties recorded on the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2007	2006
Expenses – Directly Incurred		(Restated)
Grants – Departments	\$ 1,547,262	\$ 1,396,295
Service Alberta	2,840	1,852
Vehicles (CVO/EVO)	–	54
Parking	3	3
Other Services	–	4
	\$ 1,550,105	\$ 1,398,208
Payable to Alberta Finance	\$ 110,112	\$ 106,128
Payable to Ministry of Tourism, Parks, Recreation and Culture	\$ 16,305	\$ –

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

The ministry 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 5.

	Other Entities	
	2007	2006
Expenses – Incurred by Others		(Restated)
Accommodation	\$ 30,823	\$ 29,310
Legal	374	407
Service Alberta	3,411	3284
Corporate Internal Audit Services	130	61
	\$ 34,738	\$ 33,062

The ministry receives services under contracts managed by the Ministry of Service Alberta. Any commitments under these contracts are reported by Service Alberta.

Schedule to the Consolidated Financial Statements

SCHEDULE 5 ALLOCATED COSTS

Year Ended March 31, 2007
(in thousands)

Program	2007								2006
	Expenses (1)	Expenses – Incurred by Others				Valuation Adjustments (4)			Total Expenses (Restated)
		Accommodation Costs (2)	Legal Services (3)	Service Alberta	Corporate Internal Audit Services	Vacation Pay	Doubtful Accounts	Total Expenses	
Voted:									
Ministry Support Services	\$ 19,110	\$ 1,369	\$ 133	\$ 3,411	\$ 130	\$ (41)	\$ –	\$ 24,112	\$ 20,332
Public Security	255,403	748	86	–	–	638	–	256,875	238,643
Correctional Services	158,361	28,641	155	–	–	871	–	188,028	174,905
Gaming Research	1,528	–	–	–	–	–	–	1,528	1,533
Lottery Fund									
Payments to Other Ministries	1,547,262	–	–	–	–	–	–	1,547,262	1,396,295
	1,981,664	30,758	374	3,411	130	1,468	–	2,017,805	1,831,708
Regulated Fund:									
Victims of Crime	17,916	65	–	–	–	33	(64)	17,950	13,904
	\$ 1,999,580	\$ 30,823	\$ 374	\$ 3,411	\$ 130	\$ 1,501	\$ (64)	\$ 2,035,755	\$ 1,845,612

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

(2) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 4, allocated by manpower.

(3) Cost shown for Legal Services on Schedule 4, estimated costs incurred by each program.

(4) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts were allocated as follows:

- Vacation Pay – allocated to the program by employee.
- Doubtful Accounts Provision – estimated allocation to program.



Department of Solicitor General and Public Security Financial Statements

Auditor's Report



To the Solicitor General and Minister of Public Security

I have audited the statement of financial position of the Department of the Solicitor General and Public Security as at March 31, 2007, and the statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the management of the Department. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2007, 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 Fred J. Dunn, FCA in printed version.

Auditor General

Edmonton, Alberta
May 18, 2007



Statement of Operations

Year Ended March 31, 2007
(in thousands)

	2007		2006
	Budget (Schedule 3)	Actual	Actual (Restated)
Revenues (Schedule 1)			
Transfer from the Government of Canada	\$ 21,882	\$ 20,696	\$ 21,283
Internal Government Transfers	572,352	659,871	598,315
Fees, Permits and Licenses	350	418	394
Other Revenue	40	728	787
	594,624	681,713	620,779
Expenses – Directly Incurred (Note 2b and Schedule 7)			
Voted (Schedules 2 and 4)			
Ministry Support Services	19,048	19,110	15,989
Public Security	257,770	255,403	236,733
Correctional Services	158,580	158,361	145,470
Gaming Research	1,600	1,528	1,533
	436,998	434,402	399,725
Statutory (Schedules 3 and 4)			
Valuation Adjustments			
Provision for Doubtful Accounts	100	–	–
Provision for Vacation Pay	67	1,468	1,892
	167	1,468	1,892
	437,165	435,870	401,617
Net Operating Results	\$ 157,459	\$ 245,843	\$ 219,162

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

Statement of Financial Position

FINANCIAL RESULTS

As at March 31, 2007
(in thousands)

	2007	2006 (Restated)
Assets		
Cash	\$ 25	\$ 24
Accounts Receivable (Note 4)	295,955	207,300
Advances	3	2
Tangible Capital Assets (Note 5)	8,310	3,048
	\$ 304,293	\$ 210,374
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 67,527	\$ 63,805
Net Assets		
Net Assets at Beginning of Year	146,569	115,513
Net Operating Results	245,843	219,162
Net Transfer to General Revenues	(155,646)	(188,106)
Net Assets at End of Year	236,766	146,569
	\$ 304,293	\$ 210,374

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



Statement of Cash Flows

Year Ended March 31, 2007
(in thousands)

	2007	2006 (Restated)
Operating Transactions		
Net Operating Results	\$ 245,843	\$ 219,162
Non-cash items included in Net Operating Results		
Amortization	1,238	387
Valuation Adjustments	1,468	1,892
	248,549	221,441
Decrease (Increase) in Accounts Receivable	(88,655)	(33,078)
Decrease (Increase) in Advances	(1)	1
Increase in Accounts Payable and Accrued Liabilities	2,256	1,839
Cash Provided by Operating Transactions	162,149	190,203
Capital Transactions		
Acquisition of Tangible Capital Assets	(6,495)	(2,162)
Transfers (from) to Alberta Justice	(7)	65
Cash Applied to Capital Transactions	(6,502)	(2,097)
Financing Transactions		
Net Transfer to General Revenues	(155,646)	(188,106)
Increase in Cash	1	-
Cash, Beginning of Year	24	24
Cash, End of Year	\$ 25	\$ 24

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

Notes to the Financial Statements

NOTE 1

AUTHORITY AND PURPOSE

The Department of the Solicitor General operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The department's purpose is to work in partnership with Albertans to promote safe, secure communities through effective law enforcement, and security and correctional services.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Department of the Solicitor General and Public Security, which is part of the Ministry of the Solicitor General and Public Security for which the Solicitor General and Minister of Public Security is accountable. Other entities reporting to the minister include the Victims of Crime Fund (a regulated fund). The activities of this organization are not included in these financial statements.

The Solicitor General and Minister of Public Security is also responsible for the Alberta Gaming and Liquor Commission; however, its financial activities are not included in these financial statements.

The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the Solicitor General and Minister of Public Security is accountable.

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 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 method 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.



Notes to the Financial Statements

Expenses

Directly Incurred

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

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses 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, guarantees and indemnities.
- Grants are recognized as expenses when authorized, the eligibility criteria if any is met, and when a reasonable estimate of amounts can be made.

Incurred by Others

Services contributed by other entities in support of the department's operations are disclosed in Schedule 7.

Assets

Financial assets of the department 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 department 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.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

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

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Notes to the Financial Statements

NOTE 3 GOVERNMENT REORGANIZATION

As a result of restructuring of government ministries announced on December 13, 2006, portions of the former Department of Gaming have been transferred to the department. Comparatives for 2006 have been restated as if the department had always been assigned with its current responsibilities. Net assets on March 31, 2005 are made up as follows:

Net Liabilities as previously reported:	\$	(55,169)
Transfer from Department of Gaming		170,682
Net Assets as at March 31, 2005	\$	115,513

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2007			2006
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	\$ 19,279	\$ –	\$ 19,279	\$ 5,486
Other	1,590	–	1,590	705
AGLC	275,086	–	275,086	201,109
	\$ 295,955	\$ –	\$ 295,955	\$ 207,300

Accounts receivable are unsecured and non-interest bearing.



Notes to the Financial Statements

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment	Computer Hardware and Software	Other	2007 Total	2006 Total
Estimated Useful Life	10 years	5 years	3 years		
Historical Cost					
Beginning of year	\$ 6,448	\$ 403	\$ 224	\$ 7,075	\$ 6,484
Additions	3,213	731	2,555	6,499	1,179
Disposals, including write-downs	(419)	–	–	(419)	(588)
	\$ 9,242	\$ 1,134	\$ 2,779	\$ 13,155	\$ 7,075
Accumulated Amortization					
Beginning of year	\$ 3,900	\$ 126	\$ –	\$ 4,026	\$ 5,136
Amortization expense	676	53	509	1,238	(531)
Effect of disposals	(419)	–	–	(419)	(578)
	\$ 4,157	\$ 179	\$ 509	\$ 4,845	\$ 4,027
Net Book Value at March 31, 2007	\$ 5,085	\$ 955	\$ 2,270	\$ 8,310	
Net Book Value at March 31, 2006	\$ 2,547	\$ 277	\$ 224		\$ 3,048

Notes to the Financial Statements

NOTE 6 CONTRACTUAL OBLIGATIONS

(in thousands)

As at March 31, 2007, the department is committed under contracts, which expire on various dates to March 31, 2011, totalling \$529,680 (2006 – \$499,376). This includes a commitment for the Provincial Police Service Agreement. The Provincial Police Service Agreement with Canada is a contract for the Royal Canadian Mounted Police, to provide policing services to small communities and rural areas in Alberta. The term of this contract is from April 1, 1992 to March 31, 2012. The cost of this police service agreement for 2006/2007 was estimated at \$143,065 (2006 – \$135,000). Under the terms of the agreement, Alberta may terminate the agreement with a two-year notice served on March 31, in any year. The commitment, based on the minimum notice period, is estimated to be \$475,148 as at March 31, 2007 (2006 – \$446,960), which represents payments for policing services until March 31, 2010.

The department leases vehicles under operating leases, which expire on various dates to March 31, 2011. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	(in thousands)
2008	\$ 917
2009	648
2010	181
2011	19
Total	\$ 1,765

NOTE 7 CONTINGENCIES

(in thousands)

As at March 31 2007, the department is a defendant in seventy-five legal claims (2006 – seventy-four legal claims). Sixty-nine of these claims have specified amounts totalling \$202,085 and the remaining six have no specified amount (2006 – sixty-six claims with a specified amount of \$167,697 and eight with no specified amount). Included in the total legal claims are five claims amounting to \$128,500 (2006 – eight claims amounting to \$131,930) in which the department was jointly named with other entities. Fifty-nine claims amounting to \$74,026 (2006 – sixty-two claims totalling \$30,979) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.



Notes to the Financial Statements

NOTE 8

TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the department's financial statements.

Institutional Trust receives and disburses inmate funds used for their personal needs, as well as inmate welfare funds derived from various sources, that are administered on their behalf. As at March 31, 2007, the amount of the trust funds held under administration was \$508 (2006 – \$430) which was comprised of inmate trust funds of \$210 (2006 – \$242) and inmate welfare fund equity of \$298 (2006 – \$188).

NOTE 9

PAYMENTS UNDER AGREEMENT

(in thousands)

The department has an agreement to disburse the provincial share of net forfeitures from proceeds of crime on behalf of Justice Canada. Proceeds received from Canada under this agreement are in accordance with Section 10 of the *Federal Seized Property Management Act* resulting from the investigation efforts by law enforcement agencies in Alberta.

Disbursements to law enforcement agencies and crime and drug prevention organizations under this agreement are made by the department under authority of the *Financial Administration Act*, Section 25. Only the amounts received from Justice Canada and not disbursed, are reflected in these financial statements.

Amounts payable to law enforcement agencies and crime and drug prevention organizations under this agreement with Justice Canada, for the year ended March 31, 2007, are \$161 (2006 – \$112) and are reflected in the Statement of Financial Position.

The department also had a funding agreement with the Government of Canada. Costs incurred under this agreement are made by the department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes \$42 (2006 – \$128) under this agreement and is reflected in the Statement of Financial Position.

Amounts paid under agreements on behalf of program sponsors are as follows:

	2007	2006
Government of Canada – <i>Youth Criminal Justice Act</i>	\$ 42	\$ 42
Government of Canada – <i>Youth Justice Renewal Initiative</i>	–	86
	\$ 42	\$ 128

Notes to the Financial Statements

NOTE 10 DEFINED BENEFIT PLANS

(in thousands)

The department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The department 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 \$10,706 for the year ended March 31, 2007 (2006 – \$9,496).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765 (2005 – \$165,895) and the Public Service Pension Plan reported a surplus of \$153,024 (2005 – deficiency of \$187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$3,698 (2005 – \$10,018).

The department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of \$153 (2006 – actuarial deficiency of \$8,699) and the Management, Opted Out and Excluded Plan, an actuarial surplus of \$10,148 (2006 – \$8,309). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 11 COMPARATIVE FIGURES

(in thousands)

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.



Schedule to the Financial Statements

SCHEDULE 1 REVENUES

Year Ended March 31, 2007
(in thousands)

	2007		2006
	Budget	Actual	Actual (Restated)
Transfer from the Government of Canada			
Young Offenders Program	\$ 18,557	\$ 17,199	\$ 17,949
Federal Inmates Program	2,700	2,811	2,915
Other Revenue	625	686	419
	21,882	20,696	21,283
Internal Government Transfers			
Transfer from Alberta Gaming and Liquor Commission	570,752	658,271	596,715
Transfer from Lottery Fund	1,600	1,600	1,600
	572,352	659,871	598,315
Fees, Permits and Licenses			
Private Investigators Fees	350	418	394
	350	418	394
Other Revenue			
Refunds of Expenditures	25	89	16
Miscellaneous	15	639	771
	40	728	787
	\$ 594,624	\$ 681,713	\$ 620,779

Schedule to the Financial Statements

SCHEDULE 2 EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

Year Ended March 31, 2007
(in thousands)

	2007		2006
	Budget	Actual	Actual (Restated)
Voted			
Salaries, Wages and Employee Benefits	\$ 169,410	\$ 167,188	\$ 148,879
Supplies and Services	202,258	203,079	184,332
Grants	64,800	62,818	66,049
Financial Transactions and Other	54	79	78
Amortization of Tangible Capital Assets	476	1,238	387
Total Voted Expenses	\$ 436,998	\$ 434,402	\$ 399,725



Schedule to the Financial Statements

SCHEDULE 3 BUDGET

Year Ended March 31, 2007
(in thousands)

	2006 - 2007 Estimates	Authorized Supplementary (a)	2006 - 2007 Authorized Budget
Revenues			
Transfer from the Government of Canada	\$ 21,882	\$ -	\$ 21,882
Internal Government Transfers			
Transfer from Alberta Gaming and Liquor Commission	570,752	-	570,752
Transfer from Lottery Fund	1,600	-	1,600
Fees, Permits and Licenses	350	-	350
Other Revenue	40	-	40
	594,624	-	594,624
Expenses – Directly Incurred			
Voted			
Ministry Support Services	19,048	-	19,048
Public Security	257,770	(951)	256,819
Correctional Services	158,580	3,500	162,080
Gaming Research	1,600	-	1,600
	436,998	2,549	439,547
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	100	-	100
Provision for Vacation Pay	67	-	67
	167	-	167
Total Expenses	437,165	2,549	439,714
Net Operating Results	\$ 157,459	\$ (2,549)	\$ 154,910
Equipment/Inventory Purchases	\$ 180	\$ 1,451	\$ 1,631
Capital Investment	\$ -	\$ 9,600	\$ 9,600

(a) Supplementary Estimates were approved on September 8th, 2006 and October 26th, 2006.

Schedule to the Financial Statements

FINANCIAL RESULTS

SCHEDULE 4

COMPARISON OF EXPENSES – DIRECTLY INCURRED, EQUIPMENT/INVENTORY PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

Year Ended March 31, 2007
(in thousands)

Department Summary

Program	2006 - 2007 Estimates	Authorized Supplementary (a)	2006 - 2007 Authorized Budget	2006 - 2007 Actual Expense (b)	Unexpended (Over Expended)
Voted Operating and Equipment/ Inventory Purchases					
1 Ministry Support Services	\$ 19,048	\$ 9,600	\$ 28,648	\$ 21,313	\$ 7,335
2 Public Security	257,800	500	258,300	259,492	(1,192)
3 Correctional Services	158,730	3,500	162,230	158,564	3,666
4 Gaming Research	1,600	–	1,600	1,528	72
	\$ 437,178	\$ 13,600	\$ 450,778	\$ 440,897	\$ 9,881
Operating Expense	\$ 436,998	\$ 2,549	\$ 439,547	\$ 434,402	\$ 5,145
Equipment / Inventory Purchases	180	1,451	1,631	5,215	(3,584)
Capital Investment	–	9,600	9,600	1,280	8,320
	\$ 437,178	\$ 13,600	\$ 450,778	\$ 440,897	\$ 9,881
Statutory Expenses					
Valuation Adjustments	\$ 167	\$ –	\$ 167	\$ 1,468	\$ (1,301)
	\$ 167	\$ –	\$ 167	\$ 1,468	\$ (1,301)

(a) Supplementary Estimates were approved on September 8th, 2006 and October 26th, 2006

(b) Includes achievement bonus amounting to \$1,477



Schedule to the Financial Statements

SCHEDULE 4

COMPARISON OF EXPENSES – DIRECTLY INCURRED, EQUIPMENT/INVENTORY PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

Year Ended March 31, 2007
(in thousands)

Program 1 – Ministry Support Services

Program	2006 - 2007 Estimates	Authorized Supplementary	2006 - 2007 Authorized Budget	2006 - 2007 Actual Expense	Unexpended (Over Expended)
1.0.1 Minister's Office	\$ 395	\$ –	\$ 395	\$ 394	\$ 1
1.0.2 Deputy Minister's Office	582	–	582	569	13
1.0.3 Communications	631	–	631	481	150
1.0.4 Corporate Services					
Operating Expense	7,348	–	7,348	5,994	1,354
Equipment/Inventory Purchase	–	–	–	563	(563)
1.0.5 Information Management					
Operating Expense	5,675	–	5,675	6,251	(576)
Equipment/Inventory Purchase	–	–	–	360	(360)
Capital Investment	–	9,600	9,600	1,280	8,320
1.0.6 Human Resources	3,541	–	3,541	3,833	(292)
1.0.7 Aboriginal Justice Initiatives	400	–	400	350	50
1.0.8 Amortization of Tangible Capital Assets	476	–	476	1,238	(762)
Total Program	\$ 19,048	\$ 9,600	\$ 28,648	\$ 21,313	\$ 7,335

Schedule to the Financial Statements

FINANCIAL RESULTS

SCHEDULE 4

COMPARISON OF EXPENSES – DIRECTLY INCURRED, EQUIPMENT/INVENTORY PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

Year Ended March 31, 2007
(in thousands)

Program 2 – Public Security

Program	2006 - 2007 Estimates	Authorized Supplementary	2006 - 2007 Authorized Budget	2006 - 2007 Actual Expense	Unexpended (Over Expended)
2.1 Program Support					
2.1.1 Program Support Services	\$ 467	\$ –	\$ 467	\$ 423	\$ 44
2.1.2 Law Enforcement Review Board	624	–	624	477	147
Total Sub-program	1,091	–	1,091	900	191
2.2 Policing Programs					
2.2.1 Crime Prevention	1,694	–	1,694	2,035	(341)
2.2.2 Provincial Policing Programs					
Operating Expense	155,429	–	155,429	149,765	5,664
Equipment/Inventory Purchase	–	–	–	1,512	(1,512)
2.2.3 First Nations Policing	7,510	–	7,510	7,284	226
2.2.4 Policing Assistance to Municipalities					
Operating Expense	47,726	–	47,726	45,481	2,245
Equipment/Inventory Purchase	–	–	–	56	(56)
2.2.5 Organized Crime					
Operating Expense	17,946	–	17,946	21,064	(3,118)
Equipment/Inventory Purchase	–	–	–	373	(373)
Total Sub-program	230,305	–	230,305	227,570	2,735
2.3 Security Services Branch					
2.3.1 Protection Services					
Operating Expense	5,710	–	5,710	5,254	456
Equipment/Inventory Purchase	30	–	30	636	(606)
2.3.2 Security Operations					
Operating Expense	20,664	(951)	19,713	23,620	(3,907)
Equipment/Inventory Purchase	–	1,451	1,451	1,512	(61)
Total Sub-program	26,404	500	26,904	31,022	(4,118)
Total Program	\$ 257,800	\$ 500	\$ 258,300	\$ 259,492	\$ (1,192)



Schedule to the Financial Statements

SCHEDULE 4

COMPARISON OF EXPENSES – DIRECTLY INCURRED, EQUIPMENT/INVENTORY PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

Year Ended March 31, 2007
(in thousands)

Program 3 – Correctional Services

Program	2006 - 2007 Estimates	Authorized Supplementary	2006 - 2007 Authorized Budget	2006 - 2007 Actual Expense	Unexpended (Over Expended)
3.1 Program Support					
3.1.1 Program Support Services	\$ 3,847	\$ –	\$ 3,847	\$ 4,179	\$ (332)
Total Sub-program	3,847	–	3,847	4,179	(332)
3.2 Institutional Services					
3.2.1 Adult Remand and Correctional Centres					
Operating Expense	102,913	3,500	106,413	103,925	2,488
Equipment/Inventory Purchase	150	–	150	180	(30)
3.2.2 Young Offender Centres					
Operating Expense	20,564	–	20,564	20,256	308
Equipment/Inventory Purchase	–	–	–	23	(23)
Total Sub-program	123,627	3,500	127,127	124,384	2,743
3.3 Community Correctional Services					
3.3.1 Adult Services	21,874	–	21,874	22,129	(255)
3.3.2 Young Offender Services	9,382	–	9,382	7,872	1,510
Total Sub-program	31,256	–	31,256	30,001	1,255
Total Program	\$ 158,730	\$ 3,500	\$ 162,230	\$ 158,564	\$ 3,666

Program 4 – Gaming Research

Program	2006 - 2007 Estimates	Authorized Supplementary	2006 - 2007 Authorized Budget	2006 - 2007 Actual Expense	Unexpended (Over Expended)
4.1 Gaming Research					
4.1.1 Gaming Research Operating Expenses Funded by Lotteries	\$ 1,600	\$ –	\$ 1,600	\$ 1,528	\$ 72
Total Sub-program	1,600	–	1,600	1,528	72
Total Program	\$ 1,600	\$ –	\$ 1,600	\$ 1,528	\$ 72

Schedule to the Financial Statements

SCHEDULE 5 SALARY AND BENEFIT DISCLOSURE

Year Ended March 31, 2007

	2007				2006
	Base Salary ⁽¹⁾	Other Cash Benefits ⁽²⁾	Other Non Cash Benefits ⁽³⁾	Total	Total
Deputy Minister ⁽⁴⁾	\$ 206,000	\$ 52,000	\$ 44,804	\$ 302,804	\$ 280,151
Assistant Deputy Minister, Public Security	156,648	27,300	33,661	217,609	202,701
Assistant Deputy Minister, Correctional Services ⁽⁵⁾	143,698	20,160	33,381	197,239	193,507
Senior Financial Officer, Corporate Services	128,568	21,800	30,123	180,491	174,591
Executive Director, Human Resources	128,568	34,115	31,295	193,978	178,129
Executive Director, Information Technology	128,568	21,800	30,031	180,399	114,774
Executive Director, Special Projects ⁽⁶⁾	141,108	20,600	32,711	194,419	181,315
Director, Aboriginal Justice Initiatives	105,492	10,600	25,923	142,015	143,121

Prepared in accordance with Treasury Board Directive 03/2004.

Total salary and benefits relating to a position are disclosed.

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payouts 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 and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in benefits and allowances.

(5) This position was occupied by two individuals through the year.

(6) This position became part of the Ministry Executive Team on July 1, 2006.



Schedule to the Financial Statements

SCHEDULE 6 RELATED PARTY TRANSACTIONS

Year Ended March 31, 2007

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 on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2007	2006 (Restated)	2007	2006 (Restated)
Revenues				
Internal Government Transfers	\$ 659,871	\$ 598,315	\$ –	\$ –
Expenses – Directly Incurred				
Service Alberta	\$ –	\$ –	\$ 2,832	\$ 1,843
Vehicles (CVO/EVO)	–	–	–	54
Parking	–	–	3	3
Other Services	–	–	–	4
	\$ –	\$ –	\$ 2,835	\$ 1,904
Receivable from AGLC	\$ 275,086	\$ 201,109	\$ –	\$ –
Payable to Department of Tourism, Parks, Recreation and Culture	\$ –	\$ –	\$ 268	\$ –

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

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 7.

	Entities in the Ministry		Other Entities	
	2007	2006 (Restated)	2007	2006 (Restated)
Expenses – Incurred by Others				
Accommodation	\$ 80	\$ 73	\$ 30,758	\$ 29,231
Legal	–	–	374	391
Service Alberta	–	–	3,411	3,284
Corporate Internal Audit Services	–	–	130	61
	\$ 80	\$ 73	\$ 34,673	\$ 32,967

Schedule to the Financial Statements

SCHEDULE 7 ALLOCATED COSTS

Year Ended March 31, 2007
(in thousands)

Program	2007					2006			Total Expenses (Restated) (3)
	Expenses – Incurred by Others					Valuation Adjustments (4)			
	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Service Alberta	Corporate Internal Audit Services	Vacation Pay	Doubtful Accounts	Total Expenses	
Ministry Support Services	\$ 19,110	\$ 1,449	\$ 133	\$ 3,411	\$ 130	\$ (41)	\$ –	\$ 24,192	\$ 20,405
Public Security	255,403	748	86	–	–	638	–	256,875	238,147
Correctional Services	158,361	28,641	155	–	–	871	–	188,028	174,572
Gaming Research	1,528	–	–	–	–	–	–	1,528	1,533
	\$ 434,402	\$ 30,838	\$ 374	\$ 3,411	\$ 130	\$ 1,468	\$ –	\$ 470,623	\$ 434,657

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments. (\$435,870 less \$1,468 = \$434,402)

(2) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 6, allocated by manpower.

(3) Cost shown for Legal Services on Schedule 6, estimated costs incurred by each program.

(4) Valuation Adjustments as per Statement of Operations. Employee Benefits for vacation pay was allocated to the program by employee.



Alberta Gaming and Liquor Commission Financial Statements

Auditor's Report



To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Alberta Gaming and Liquor Commission as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. 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 Commission as at March 31, 2007 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 Fred J. Dunn, FCA in printed version.

Auditor General

Edmonton, Alberta
May 11, 2007



Balance Sheet

At March 31, 2007
(in thousands)

	2007	2006
ASSETS		
Current Assets		
Cash (Note 3)	\$ 237,380	\$ 138,346
Accounts receivable	42,917	29,153
Prepaid expenses and inventories (Note 4)	11,298	10,755
	291,595	178,254
Long Term Accounts Receivable (Note 5)	379	-
Property, Plant and Equipment (Note 6)	203,547	170,388
	\$ 495,521	\$ 348,642
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 139,402	\$ 82,512
Due to the Alberta Lottery Fund (Note 8)	77,795	61,716
	217,197	144,228
Due to General Revenues (Note 9)	275,031	200,760
Provision for Loss on Leased Properties (Note 14)	3,293	3,654
	\$ 495,521	\$ 348,642

The accompanying notes are part of these financial statements.

The financial statements for the Alberta Liquor and Gaming Commission were approved by the Board and the Chief Executive Officer of the Commission.

Statement of Operations

FINANCIAL RESULTS

Year ended March 31, 2007
(in thousands)

	Budget 2007		Actual 2007		Actual 2006
	(Note 10)	Provincial Lotteries	Liquor and Other	Total	
REVENUE					
Gaming terminals	\$	\$ 12,618,563	\$ –	\$ 12,618,563	\$ 11,036,721
Video lottery terminals		11,074,490	–	11,074,490	10,453,890
Liquor		–	1,856,939	1,856,939	1,655,594
Ticket lottery		578,252	–	578,252	508,195
Electronic bingo		36,582	–	36,582	28,188
		24,307,887	1,856,939	26,164,826	23,682,588
PRIZES AND COST OF PRODUCT					
Gaming terminals		11,620,738	–	11,620,738	10,172,734
Video lottery terminals		10,198,209	–	10,198,209	9,625,637
Liquor		–	1,195,318	1,195,318	1,052,628
Ticket lottery		300,509	–	300,509	258,414
Electronic bingo		24,510	–	24,510	18,616
		22,143,966	1,195,318	23,339,284	21,128,029
Gross Profit	2,522,072	2,163,921	661,621	2,825,542	2,554,559
Commissions and Federal Payments (Note 11)	(460,049)	(494,356)	–	(494,356)	(439,990)
Other Income (Note 12)	10,641	–	17,949	17,949	13,047
Operating Expenses (Note 13)	(201,757)	(135,731)	(21,299)	(157,030)	(141,846)
Net Operating Results	\$ 1,870,907	\$ 1,533,834	\$ 658,271	\$ 2,192,105	\$ 1,985,770



Statement of Cash Flows

Year ended March 31, 2007
(in thousands)

	2007	2006
CASH FROM OPERATIONS		
Net operating results for the year	\$ 2,192,105	\$ 1,985,770
Decrease in provision for loss on leased properties	(361)	(361)
Amortization	43,110	38,601
Gain on disposal of property, plant and equipment	(663)	(350)
Net change in non-cash working capital balances	42,583	(8,170)
	2,276,774	2,015,490
REMITTANCES TO THE ALBERTA LOTTERY FUND	(1,517,755)	(1,367,851)
REMITTANCES TO GENERAL REVENUES	(584,000)	(568,000)
	175,019	79,639
CASH USED FOR INVESTMENT		
Long term accounts receivable	(379)	-
Purchase of property, plant and equipment	(76,544)	(43,847)
Proceeds on disposal of property, plant and equipment	938	978
	(75,985)	(42,869)
INCREASE IN CASH	99,034	36,770
CASH, beginning of year	138,346	101,576
CASH, end of year	\$ 237,380	\$ 138,346

Notes to the Financial Statements

NOTE 1

AUTHORITY AND PURPOSE

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta.

Amendments to the *Gaming and Liquor Act*, proclaimed June 24, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized gaming terminal, video lottery, ticket lottery and electronic bingo in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

Under the Excise Tax Act and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta, has a tax-exempt status for its liquor and regulatory operations.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation is accounted for as a joint venture using the proportionate consolidation method.

Inventories

Gaming parts and supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Liquor inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.



Notes to the Financial Statements

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method which will reduce the original cost to estimated residual value over the useful lives of the assets, as follows:

Buildings and leasehold improvements	40 years or lease term
Gaming systems and equipment	10 years or 3 years
Video lottery and gaming terminals	7 years
Furniture and equipment	10 years or 5 years
Retailer fixtures and signage	5 years
Computer software	3 years
Vehicles	5 years or 3 years

Property, plant and equipment are not amortized until the assets are put into use.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Revenue and Expense Recognition

Revenue from gaming terminals, video lottery terminals and electronic bingo is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals and electronic bingo are recognized on the same basis as the related revenues.

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenues.

Allocation of Operating Expenses

Operating expenses are allocated against provincial lottery revenue or liquor and other revenue, based on the nature of the expense.

Notes to the Financial Statements

NOTE 3

CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2007, securities held by the Fund have an average effective market yield of 4.36 per cent per annum (March 31, 2006: 3.96 per cent per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4

PREPAID EXPENSES AND INVENTORIES

(in thousands)

	2007	2006
Prepaid expenses	\$ 4,803	\$ 3,490
Gaming parts	5,770	6,550
Supplies	725	715
	\$ 11,298	\$ 10,755

NOTE 5

LONG TERM ACCOUNTS RECEIVABLE

(in thousands)

The Commission has a long term receivable regarding leasehold improvements for a tenant. Payments are due monthly and include interest at an effective annual rate of 9.2 per cent. The final payment is due April 2012.

	2007
Total receivable	\$ 453
Less current portion	(74)
Long term portion	\$ 379



Notes to the Financial Statements

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

(in thousands)

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 4,113	\$ –	\$ 4,113	\$ 4,113
Buildings and leasehold improvements	53,348	41,501	11,847	11,713
Gaming systems and equipment	56,115	43,519	12,596	12,241
Gaming terminals	200,546	78,925	121,621	77,662
Video lottery terminals	81,401	40,808	40,593	51,711
Furniture and equipment	38,873	34,045	4,828	5,335
Retailer fixtures and signage	9,099	7,854	1,245	1,343
Computer software	19,616	13,240	6,376	5,767
Vehicles	2,860	2,532	328	503
	\$ 465,971	\$ 262,424	\$ 203,547	\$ 170,388

NOTE 7 DEFINED BENEFIT PLANS

(in thousands)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission 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 \$2,813 for the year ended March 31, 2007 (2006 – \$2,464). The Commission's portion of the Western Canada Lottery Corporation pension expense is \$616 for the year ended March 31, 2007 (2006 – \$270).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765 (2005 – deficiency of \$165,895) and the Public Service Pension Plan reported a surplus of \$153,024 (2005 – deficiency of \$187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$3,698 (2005 – surplus of \$10,018). The Commission's portion of the Western Canada Lottery Corporation deficiency as at March 31, 2007 is \$2,514 (2006 – deficiency of \$777).

Notes to the Financial Statements

NOTE 8 DUE TO THE ALBERTA LOTTERY FUND

(in thousands)

This amount represents the portion of the revenues from provincial lottery operations which has not been remitted to the Alberta Lottery Fund.

	2007	2006
Due to the Alberta Lottery Fund, beginning of year	\$ 61,716	\$ 40,512
Net operating results, Provincial Lotteries	1,533,834	1,389,055
Remittances to the Alberta Lottery Fund	(1,517,755)	(1,367,851)
Due to the Alberta Lottery Fund, end of year	\$ 77,795	\$ 61,716

NOTE 9 DUE TO GENERAL REVENUES

(in thousands)

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

	2007	2006
Due to General Revenues, beginning of year	\$ 200,760	\$ 172,045
Net operating results, Liquor and Other	658,271	596,715
Remittances to General Revenues	(584,000)	(568,000)
Due to General Revenues, end of year	\$ 275,031	\$ 200,760

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

NOTE 10 BUDGET

The Commission includes its annual budget, on a summarized basis, in its business plan. The summarized budget receives approval by the Minister responsible for the Commission on recommendation from the Commission Board and becomes part of the fiscal plan of the Government.



Notes to the Financial Statements

NOTE 11 COMMISSIONS AND FEDERAL PAYMENTS

(in thousands)

	2007	2006
Commissions		
Gaming terminals:		
- Operators	\$ 147,672	\$ 127,935
- Charities	139,257	119,997
Video lottery terminals	131,390	124,154
Ticket lottery	39,837	34,665
Electronic bingo	3,621	2,872
	461,777	409,623
Federal Tax Expenses (a)		
Gaming terminals	11,698	10,456
Video lottery terminals	9,825	9,334
Ticket lottery	3,908	3,830
Electronic bingo	464	244
	25,895	23,864
Payment to Federal Government (b)	6,684	6,503
	\$ 494,356	\$ 439,990

- (a) Taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery, ticket lottery and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula.
- (b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

Notes to the Financial Statements

NOTE 12
OTHER INCOME

(in thousands)

	2007	2006
Interest revenue	\$ 7,506	\$ 3,950
Licences	5,635	5,831
Miscellaneous	1,686	678
Liquor levies	904	707
Premises rental revenue	778	764
Gain on disposal of property, plant and equipment	663	350
Retailer service fees	600	588
Fines and violations	177	179
	\$ 17,949	\$ 13,047

NOTE 13
OPERATING EXPENSES

(in thousands)

	2007	2006
Salaries and benefits	\$ 46,512	\$ 42,381
Amortization	43,110	38,601
Leased gaming terminals	17,469	15,706
Data communications	10,611	9,903
Media and media production	7,537	6,727
Ticket printing	7,379	6,819
Equipment and vehicles	7,089	5,553
Fees and services	4,126	3,521
Travel and training	2,921	2,552
Property	2,529	2,539
Data processing	1,480	1,583
Stationery and supplies	1,346	1,308
Miscellaneous	1,267	848
Retailer relations	1,231	1,388
Freight and product delivery	1,190	1,204
Insurance and bank charges	974	1,002
Presentations and publications	167	123
Product expense	98	94
Overhead and other	(6)	(6)
	\$ 157,030	\$ 141,846



Notes to the Financial Statements

NOTE 14 COMMITMENTS

(in thousands)

The Commission has a number of lease obligations, including regional offices, gaming warehouses and former retail liquor stores that operate under lease arrangements with terms ranging from one to 25 years. Most of these former properties have been subleased to third parties. The Commission remains liable for the leases should the sublessor default on their obligations to the Commission. The Commission's future minimum lease payments, including its proportionate share of the Western Canada Lottery Corporation commitments, is summarized as follows:

Fiscal		
2007-08	\$	2,000
2008-09		1,681
2009-10		1,627
2010-11		1,421
2011-12		1,336
Balance to expiry		2,676
	\$	10,741

Estimated future revenues to be derived from subleases amount to \$5.25 million at March 31, 2007. Provision for loss on leased properties has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

NOTE 15 CONTINGENCIES

At March 31, 2007, the Commission is a defendant in 10 legal claims (2006 - 8 legal claims) having specified amounts totalling \$143 million (2006 - \$143 million). Included in the total claims are 5 claims in which the Commission has been jointly named with other entities.

The Commission entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Commission has agreed to pay for certain capital investments up to \$6.4 million and would also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012.

The resulting loss, if any, from these claims cannot be determined.

Notes to the Financial Statements

NOTE 16
SALARIES AND BENEFITS

(in thousands)

	2007				2006
	Base Salary (a)	Other Cash Benefits (b)	Other Non-cash Benefits (c)	Total	Total
Senior Officers					
Chairman (e)	\$ 228	\$ 64	\$ 10	\$ 302	\$ 294
Chief Executive Officer (d) (e)	202	104	11	317	242
Board Members	133	–	–	133	101
Executives					
Executive Director, Regulatory	148	33	34	215	192
Executive Director, Gaming Products and Services	148	25	34	207	187
Executive Director, Finance and Administration	122	22	30	174	153
Executive Director, Information Systems	121	23	28	172	160

- a) Base salary includes regular base pay.
- b) Other cash benefits includes bonuses, vacation payouts, payments in place of pension participation, and lump sum payments.
- c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability, professional memberships, and tuition fees.
- d) A full year's salary and benefits is shown for the CEO in 2007 and 2006 due to changes resulting from the Government reorganization announced in December 2006. In previous years, the Deputy Minister of Gaming also served as the CEO of the Alberta Gaming and Liquor Commission and a portion of the Deputy Minister's salary was allocated to the Alberta Gaming and Liquor Commission, representing the proportionate amount of time the Deputy Minister spent on Commission business in 2006.
- e) Automobile provided, no dollar amount included in other non-cash benefits.



Notes to the Financial Statements

NOTE 17

JOINT VENTURE – TICKET LOTTERY OPERATIONS

(in thousands)

The joint venture conducted by Western Canada Lottery Corporation is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

	2007	2006
Balance Sheet		
Current assets	\$ 51,414	\$ 34,252
Property, plant and equipment	8,699	9,024
	\$ 60,113	\$ 43,276
Current liabilities	\$ 27,045	\$ 22,012
Equity in joint venture	33,068	21,264
	\$ 60,113	\$ 43,276

	2007	2006
Statement of Operations		
Gross profit	\$ 227,432	\$ 204,877
Operating expenses	(28,409)	(25,566)
Net operating results	\$ 199,023	\$ 179,311
Statement of Cash Flows		
Cash from operations	\$ 199,759	\$ 183,057
Cash used for investment	\$ 2,149	\$ 796

Notes to the Financial Statements

NOTE 18
RELATED PARTY TRANSACTIONS

(in thousands)

The Commission has the following transactions with Government of Alberta departments 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. The amounts are not included in the financial statements.

	2007				2006
	Expenses – Incurred by Others (a)				
Division	Accommodation Costs (b)	Legal Services (c)	Internal Audit (d)	Total Expenses	Total Expenses
Finance and Administration	\$ 4	\$ 47	\$ 70	\$ 121	\$ 124
Regulatory		72		72	136
Gaming Products and Services		48		48	16
Social Responsibility		3		3	5
Commission Office		3		3	29
	\$ 4	\$ 173	\$ 70	\$ 247	\$ 310

- (a) Costs incurred by Alberta Infrastructure and Transportation, Alberta Justice and Corporate Internal Audit Services on behalf of the Alberta Gaming and Liquor Commission.
- (b) Net costs for accommodation in St. Albert and Fort McMurray.
- (c) Costs for legal services allocated on hours of service provided.
- (d) Costs for dedicated internal audit services provided.

The Commission also had the following transactions with Government of Alberta departments recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties:

Risk Management and Insurance	\$ 240
Service Alberta	236
Infrastructure and Transportation	5
	\$ 481

NOTE 19
COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.



Alberta Lottery Fund Financial Statements

Auditor's Report



To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheet of the Lottery Fund as at March 31, 2007 and the statement of revenue, expenditure and fund equity for the year then ended. These financial statements are the responsibility of the management of the Lottery Fund. 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 Lottery Fund as at March 31, 2007 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 Fred J. Dunn, FCA in printed version.

Auditor General

Edmonton, Alberta
May 11, 2007



Balance Sheet

At March 31, 2007
(in thousands)

	2007	2006
ASSETS		
Cash (Note 3)	\$ 101,250	\$ 104,613
Due from Alberta Gaming and Liquor Commission (Note 4)	77,795	61,716
	\$ 179,045	\$ 166,329
LIABILITIES AND FUND EQUITY		
Accounts payable (Note 5)	\$ 126,270	\$ 113,554
Fund equity	52,775	52,775
	\$ 179,045	\$ 166,329

The accompanying notes are part of these financial statements.

The financial statements for the Alberta Lottery Fund were approved by the Board and the Chief Executive Officer of the Alberta Liquor and Gaming Commission.

Statement of Revenue, Expenditure and Fund Equity

Year ended March 31, 2007
(in thousands)

	2007		2006
	Budget (Note 19)	Actual	Actual
REVENUE			
Proceeds from lottery operations (Note 6)	\$ 1,300,155	\$ 1,533,834	\$ 1,389,055
Interest	6,000	15,028	8,840
	1,306,155	1,548,862	1,397,895
EXPENDITURE			
Transfers to Departments			
Advanced Education and Technology (Note 7)	103,957	103,957	97,238
Agriculture and Food (Note 8)	22,220	22,220	22,220
Children's Services (Note 9)	49,500	49,500	34,000
Education (Note 10)	129,100	129,100	127,600
Employment, Immigration and Industry (Note 11)	12,769	12,769	11,769
Environment (Note 12)	500	500	500
Health and Wellness (Note 13)	362,803	362,803	345,291
Infrastructure and Transportation (Note 14)	175,000	175,000	180,000
Municipal Affairs and Housing (Note 15)	26,000	26,000	24,000
Solicitor General and Public Security (Note 16)	1,600	1,600	1,600
Tourism, Parks, Recreation and Culture (Note 17)	306,220	274,925	262,134
Support to the Legislative Assembly (Note 18)	–	–	415
Contingency Allowance/ Alberta Sustainability Fund	116,486	390,488	291,128
	1,306,155	1,548,862	1,397,895
Excess of revenue over expenditure for the year	–	–	–
Fund equity, beginning of year	52,775	52,775	52,775
Transfers to General Revenues	–	–	–
Fund equity, end of year	\$ 52,775	\$ 52,775	\$ 52,775



Notes to the Financial Statements

NOTE 1

AUTHORITY AND PURPOSE

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 6) and makes payments therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act*, 2006 authorized payments from the Lottery Fund as approved in the 2006-2007 Estimates, and provided for flexibility in the amount applied from the Lottery Fund towards Contingency Allowance / Alberta Sustainability Fund so that the net revenue of the Lottery Fund would be zero at the year ended March 31, 2007.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective departmental financial statements.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES

Cash Flows

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable are estimated to approximate their carrying values.

NOTE 3

CASH

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2007, securities held by the Fund have an average effective market yield of 4.36 per cent per annum (March 31, 2006: 3.96 per cent per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Notes to the Financial Statements

NOTE 4**DUE FROM THE ALBERTA GAMING AND LIQUOR COMMISSION**

(in thousands)

This amount represents the portion of the revenues from lottery operations which has not been remitted by the Alberta Gaming and Liquor Commission (AGLC) to the Alberta Lottery Fund at year end.

	2007	2006
Due from AGLC, beginning of year	\$ 61,716	\$ 40,512
Remittable from AGLC	1,533,834	1,389,055
Remittances from AGLC	(1,517,755)	(1,367,851)
Due from AGLC, end of year	\$ 77,795	\$ 61,716

NOTE 5**ACCOUNTS PAYABLE**

Accounts payable consists primarily of outstanding payments to the Department of Finance for the Contingency Allowance / Alberta Sustainability Fund, with the balance representing outstanding net payments to the Department of Tourism, Parks, Recreation and Culture.

NOTE 6**PROCEEDS FROM LOTTERY OPERATIONS**

(in thousands)

Proceeds of provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Fund after the deduction of related operating expenses.

	2007	2006
Income from video lottery terminals	\$ 735,066	\$ 694,765
Income from gaming terminals	699,198	605,599
Income from ticket lottery	227,314	204,783
Income from electronic bingo	7,987	6,456
Less operating expenses	(135,731)	(122,548)
Proceeds from lottery operations	\$ 1,533,834	\$ 1,389,055



Notes to the Financial Statements

NOTE 7 ADVANCED EDUCATION AND TECHNOLOGY

(in thousands)

Transfers to support post-secondary education, scientific initiatives and communication initiatives:

	2007	2006
Research Capacity	\$ 21,914	\$ 22,453
Energy Research	19,200	15,530
Post-Secondary Facilities Infrastructure	16,000	16,000
Community Education	15,600	15,600
Life Sciences Research	14,405	11,635
Information and Communication Technology Research	11,438	10,620
Achievement Scholarships	3,100	3,100
Learning Television	2,300	2,300
	\$ 103,957	\$ 97,238

NOTE 8 AGRICULTURE AND FOOD

(in thousands)

Transfers to enhance improvement in agriculture, horticulture, and the quality of life in the agricultural community:

	2007	2006
Agricultural Initiatives	\$ 11,620	\$ 11,620
Agricultural Service Boards	10,600	10,600
	\$ 22,220	\$ 22,220

Notes to the Financial Statements

NOTE 9
CHILDREN'S SERVICES

(in thousands)

Transfers to support the family and community in Alberta:

	2007	2006
Family and Community Support Services	\$ 45,000	\$ 30,000
Prevention of Family Violence and Bullying	4,500	4,000
	\$ 49,500	\$ 34,000

NOTE 10
EDUCATION

(in thousands)

Transfers to support primary education:

	2007	2006
Public and Separate School Support	\$ 60,800	\$ 61,300
School Facilities Infrastructure	58,000	58,000
High Speed Network	8,000	6,000
Learning Television	2,300	2,300
	\$ 129,100	\$ 127,600

NOTE 11
EMPLOYMENT, IMMIGRATION AND INDUSTRY

(in thousands)

Transfers to assist in job creation and to support the disabled, summer students, and immigrants in their search for employment:

	2007	2006
Summer Temporary Employment Program	\$ 8,195	\$ 8,195
Immigrant Support Services	4,574	3,574
	\$ 12,769	\$ 11,769



Notes to the Financial Statements

NOTE 12 ENVIRONMENT

(in thousands)

Transfers to support environmental awareness:

	2007	2006
Educational Awareness	\$ 500	\$ 500

NOTE 13 HEALTH AND WELLNESS

(in thousands)

Transfers made in support of health and wellness initiatives, including to the Alberta Alcohol and Drug Abuse Commission:

	2007	2006
Health Facilities Infrastructure	\$ 150,000	\$ 140,000
Human Tissue and Blood Services	110,000	130,000
Alberta Alcohol and Drug Abuse Commission	82,803	62,916
Community-based Health Services	20,000	5,000
Health Services Research	–	5,175
Aboriginal Health Strategies	–	2,200
	\$ 362,803	\$ 345,291

NOTE 14 INFRASTRUCTURE AND TRANSPORTATION

(in thousands)

Transfers to enhance transportation and water infrastructure:

	2007	2006
Provincial Highway Rehabilitation	\$ 55,000	\$ 20,000
Rural Transportation Partnerships	40,000	50,000
Alberta Cities Transportation Partnerships	25,000	35,000
Streets Improvement Program	25,000	25,000
Water for Life	25,000	25,000
Infrastructure Canada-Alberta Program	5,000	5,000
Water Management Infrastructure	–	20,000
	\$ 175,000	\$ 180,000

Notes to the Financial Statements

NOTE 15
MUNICIPAL AFFAIRS AND HOUSING

(in thousands)

Transfers to enhance support for municipal initiatives:

	2007	2006
Unconditional Municipal Grants	\$ 14,000	\$ 12,000
Municipal Sponsorship	12,000	12,000
	\$ 26,000	\$ 24,000

NOTE 16
SOLICITOR GENERAL AND PUBLIC SECURITY

(in thousands)

Transfers made to support gaming research:

	2007	2006
Gaming Research	\$ 1,600	\$ 1,600



Notes to the Financial Statements

NOTE 17

TOURISM, PARKS, RECREATION AND CULTURE

(in thousands)

Transfers to support culture, multiculturalism, sports, recreation, municipal and community initiatives, and the volunteer sector:

	2007	2006
Horse Racing and Breeding Renewal Grant Program	\$ 41,767	\$ 41,599
Community Facility Enhancement Program	38,500	38,500
Centennial Legacy Grants	35,000	30,000
Community Initiatives Program	30,000	30,000
Alberta Foundation for the Arts	22,084	32,534
Alberta Sport, Recreation, Parks and Wildlife Foundation	20,470	17,670
Alberta Film Development Program	14,850	–
First Nations Development Fund Grant Program	14,220	–
Other Initiatives	11,088	14,673
Calgary Exhibition and Stampede	10,350	10,350
Edmonton Northlands	10,350	10,350
Wild Rose Foundation	8,116	7,766
Alberta Historical Resources Foundation	7,787	7,087
Bingo Associations Grant Program	5,718	4,475
Major Fairs and Exhibitions	2,660	2,660
Human Rights, Citizenship and Multiculturalism Education Fund	1,465	1,265
Hosting Major Athletic Events	500	2,175
Disaster Relief	–	10,000
Cultural Facilities and Historical Resources Grants	–	1,030
	\$ 274,925	\$ 262,134

NOTE 18

SUPPORT TO THE LEGISLATIVE ASSEMBLY

(in thousands)

Transfers to support the Legislative Assembly:

	2007	2006
Legislative Assembly Centennial Programs	\$ –	\$ 415

Notes to the Financial Statements

NOTE 19 BUDGET

The 2007 budgeted expenditures were authorized in total by the *Appropriation Act, 2006* on May 24, 2006. Certain budget figures have been reclassified to reflect the Government reorganization that occurred on December 15, 2006.

NOTE 20 COMPARATIVE FIGURES

Certain 2006 figures have been reclassified to conform to the 2007 presentation.



Victims of Crime Fund Financial Statements

Auditor's Report



To the Solicitor General and Minister of Public Security

I have audited the statement of financial position of the Victims of Crime Fund as at March 31, 2007, and the consolidated statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Fund's management. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007, 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 Fred J. Dunn, FCA in printed version.

Auditor General

Edmonton, Alberta
May 18, 2007



Statement of Operations

Year Ended March 31, 2007
(in thousands)

	2007		2006
	Budget (Schedule 1)	Actual	Actual
Revenues			
Investment Income			
Bank Interest	\$ 325	\$ 1,001	\$ 592
Other Revenue			
Federal Surcharge	750	1,100	876
Provincial Fine Surcharge	18,000	19,793	19,030
Expenditure Refunds	–	36	62
	19,075	21,930	20,560
Expenses – Directly Incurred (Note 2b and 10)			
Program Costs			
Financial Benefits	9,103	11,458	7,837
Victims Programs	5,982	5,465	4,790
Criminal Injuries Review Board	298	377	373
Administration	567	616	541
	15,950	17,916	13,541
Valuation Adjustments			
Provision for Doubtful Accounts	100	(64)	231
Provision for Vacation Pay	–	33	37
	100	(31)	268
	16,050	17,885	13,809
Net Operating Results	\$ 3,025	\$ 4,045	\$ 6,751

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

Statement of Financial Position

As at March 31, 2007
(in thousands)

	2007	2006
Assets		
Cash (Note 3)	\$ 24,721	\$ 20,972
Accounts Receivable (Note 4)	16,550	15,342
Tangible Capital Assets (Note 5)	437	470
	\$ 41,708	\$ 36,784
Liabilities		
Accounts Payable and Accrued Liabilities	\$ 3,405	\$ 2,526
Net Assets (Note 2b)		
Net Assets at Beginning of Year	34,258	27,507
Net Operating Results	4,045	6,751
Net Assets at End of Year	38,303	34,258
	\$ 41,708	\$ 36,784

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



Statement of Cash Flows

Year Ended March 31, 2007
(in thousands)

	2007	2006
Operating Transactions		
Net Operating Results	\$ 4,045	\$ 6,751
Amortization	83	124
Valuation Adjustments	(31)	268
Increase in Accounts Receivable	(1,144)	(1,186)
Increase (decrease) in Accounts Payable and Accrued Liabilities	846	(2,671)
Cash Provided by Operating Transactions	3,799	3,286
Capital Transactions		
Acquisition of Tangible Capital Assets	(50)	(190)
Cash Applied to Capital Transactions	(50)	(190)
Increase in Cash	3,749	3,096
Cash, Beginning of Year	20,972	17,876
Cash, End of Year	\$ 24,721	\$ 20,972

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

Notes to the Financial Statements

NOTE 1

AUTHORITY AND PURPOSE

The Victims of Crime Fund (the "Fund"), a regulated fund held and administered by the Minister of Finance, operates under the authority of the *Victims of Crime Act*, Chapter V-3, Revised Statutes of Alberta 2000. The Solicitor General and Minister of Public Security is responsible for the Fund under the authority of the *Government Organization Act*, Statutes of Alberta.

The purpose of the Fund is to provide grants to victims' programs and to pay benefits to victims, or their dependants, who suffer injury or death as the result of a criminal offence specified in the regulations of the *Victims of Crime Act*, using provincial and federal fine surcharge revenues.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Victims of Crime Fund, which is part of the Ministry of the Solicitor General and Public Security and for which the Solicitor General and Minister of Public Security is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for. Expenses represent the costs of the victims program, the costs of the financial benefits program and administration costs. Grants are recorded as expenses when approved by the Ministry of the Solicitor General and Public Security and all terms and conditions of eligibility for payment have been met. Financial benefits are recorded as an expense when the obligation to pay is likely and the amount payable on applications submitted can be reasonably estimated.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses include:

- 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, guarantees and indemnities.
- Grants are recognized as expenses when authorized, the eligibility criteria if any is met, and when a reasonable estimate of the amounts can be made.



Notes to the Financial Statements

Incurring by Others

Services incurred by other entities in support of the Fund's operations are disclosed in Schedule 3.

Assets

Financial assets of the Fund are limited to cash and accounts receivable.

Tangible capital assets of the Fund 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 system development is \$100,000 and the threshold for all other tangible capital assets is \$5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

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

Measurement Uncertainty (in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accounts receivable, recorded as \$16,550 (2006 – \$15,342) in these financial statements, is subject to measurement uncertainty. Victims of Crime Fund accounts receivable excludes certain outstanding federal statute surcharges and provincial statute fine surcharges that are expected to be satisfied by means other than cash payment. The other means include participation in the fine option program or time served in a correctional institution at the option of the person owing the surcharge. Outstanding surcharges expected to be satisfied by other means of \$800 (2006 – \$911) have been deducted from total outstanding surcharges of \$16,504 (2006 – \$15,501) to arrive at reported revenue and related accounts receivable. The estimate of \$800 is based on the actual percentage satisfied in this matter from April 1, 2006 to March 31, 2007. Changes in the proportion of surcharges satisfied by other means may have a material effect on future operating results.

Financial benefits under the Victims of Crime Fund recorded as a liability of \$2,532 (2006 – \$1,030) in these financial statements, is subject to measurement uncertainty. See Note 8.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Notes to the Financial Statements

NOTE 3

CASH

(in thousands)

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. The Fund earns interest on its daily cash balance at the average rate of earnings of the CCITF, which may vary depending on prevailing market interest rates.

NOTE 4

ACCOUNTS RECEIVABLE

(in thousands)

	2007			2006
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Surcharge				
Provincial	\$ 15,448	\$ 516	\$ 14,932	\$ 13,859
Federal	1,961	349	1,612	1,483
Current Expenditure Refund	6	–	6	–
Accounts Receivable	\$ 17,415	\$ 865	\$ 16,550	\$ 15,342

Accounts receivable are unsecured and non-interest bearing.



Notes to the Financial Statements

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

	Equipment	Computer Hardware and Software	Other	2007 Total	2006 Total
Estimated Useful Life	10 years	5 years	3 years		
Historical Cost*					
Beginning of year	\$ –	\$ 636	\$ –	\$ 636	\$ 445
Additions	–	50	–	50	191
Disposals, including write-downs	–	–	–	–	–
	\$ –	\$ 686	\$ –	\$ 686	\$ 636
Accumulated Amortization					
Beginning of year	\$ –	\$ 166	\$ –	\$ 166	\$ 166
Amortization expense	–	83	–	83	–
Effect of disposals	–	–	–	–	–
	\$ –	\$ 249	\$ –	\$ 249	\$ 166
Net Book Value at March 31, 2007	\$ –	\$ 437	\$ –	\$ 437	
Net Book Value at March 31, 2006	\$ –	\$ 470	\$ –		\$ 470

* Historical cost included work in progress at March 31, 2007 totalling \$271 for the Victim Electronic Grants Application System (VEGAS), not yet amortized.

Notes to the Financial Statements

NOTE 6 CONTRACTUAL OBLIGATIONS

(in thousands)

Proclamation of the *Victims of Crime Act* in 1997 repealed the *Criminal Injuries Compensation Act*, dissolving the Crimes Compensation Board. The Director under the *Victims of Crime Act* assumed the administrative responsibility and the Fund assumed financial responsibility for future obligations associated with the former Board's compensation claims. A number of these claims involve a monthly payment for continuing loss of support or income and/or cost of care. These payments are subject to periodic review to confirm continued eligibility for entitlements and/or adjustment to the monthly amount. Recipients are also expected to advise the Fund of any significant change in circumstance or status between review dates.

In March 2007, thirty-seven eligible recipients received a monthly payment (thirty-nine eligible recipients in March 2006). The estimated amount of all payments to eligible recipients for future years is as follows:

Year	(in thousands)
2008	\$ 567
2009	553
2010	543
2011	514
2012	514
2013 and beyond	13,282
Total	\$ 15,973

These eligible recipients will continue to be paid in future years if it is determined during the annual review that they continue to meet the eligibility criteria and the payments are approved by the Director.

NOTE 7 VICTIMS PROGRAMS

(in thousands)

The Fund has entered into longer term funding arrangements with organizations for delivery of victim services to communities. These arrangements, subject to satisfaction of reporting and service delivery requirements, are \$2,715 in 2007-08 and \$1,226 in 2008-09.

NOTE 8 FINANCIAL BENEFITS

(in thousands)

As at March 31, 2007, there were eight hundred and thirty-six (2006 – six hundred and thirty-two) active applications for financial benefits with the Victims of Crime Financial Benefits Program. There was one application (2006 – eighty-four – restated) that had sufficient information to issue a decision. The remaining eight hundred and thirty five applications (2006 – five hundred and forty-eight – restated) require additional information to make final determinations on individual applications.

An estimated liability of \$2,532 (2006 – \$1,030), subject to variation, was recorded based on historical information for those applications with insufficient information to make final determinations.



Notes to the Financial Statements

NOTE 9 DEFINED BENEFIT PLANS

(in thousands)

The Fund participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Fund 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 \$132 for the year ended March 31, 2007 (2006 – \$92).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of \$6,765 (2005 – \$165,895) and the Public Service Pension Plan reported a surplus of \$153,024 (2005 – deficiency of \$187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$3,698 (2005 – \$10,018).

The Fund also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of \$153 (2006 – actuarial deficiency of \$8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of \$10,148 (2006 – \$8,309). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 10 EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT

(in thousands)

	2007		2006
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	\$ 2,027	\$ 1,863	\$ 1,500
Supplies and Services	1,837	1,081	1,003
Grants	12,000	14,889	10,914
Amortization	86	83	124
Total Fund Expenses	\$ 15,950	\$ 17,916	\$ 13,541

NOTE 11 SALARY AND BENEFITS DISCLOSURE

Salary and benefits disclosure pursuant to *Treasury Board Directive 03/2004* is not included, as management decisions on the Fund are made by Senior Officials of the Department of the Solicitor General and Public Security.

NOTE 12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedule to the Financial Statements

SCHEDULE 1

COMPARISON OF EXPENSES DIRECTLY INCURRED, EQUIPMENT/INVENTORY PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

Year Ended March 31, 2007
(in thousands)

Program	2006 - 2007 Budget	Treasury Board Authorized (a)	2006 - 2007 Authorized Budget	2006 - 2007 Actual Expense (b)	Unexpended (Over Expended)
Expenses					
1 Financial Benefits	\$ 9,103	\$ 1,300	\$ 10,403	\$ 11,458	\$ (1,055)
2 Victims Programs	5,982	–	5,982	5,465	517
3 Criminal Injuries Review Board	298	–	298	377	(79)
4 Administration	567	–	567	616	(49)
	\$ 15,950	\$ 1,300	\$ 17,250	\$ 17,916	\$ (666)
Operating Expense	\$ 15,950	\$ 1,300	\$ 17,250	\$ 17,916	\$ (666)
Capital Investment	25	–	25	50	(25)
	\$ 15,975	\$ 1,300	\$ 17,275	\$ 17,966	\$ (691)
Statutory Expenses					
Valuation Adjustments	\$ 100	\$ –	\$ 100	\$ (31)	\$ 131
	\$ 100	\$ –	\$ 100	\$ (31)	\$ 131

(a) Supplementary Estimates were approved on February 6th, 2007.

(b) Includes achievement bonus amounting to \$36.



Schedule to the Financial Statements

SCHEDULE 2 RELATED PARTY TRANSACTIONS

Year Ended March 31, 2007

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 of the Fund.

The Fund 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 Fund had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2007	2006
Expenses – Directly Incurred		
Service Alberta	\$ 8	\$ 9
	\$ 8	\$ 9

The Fund 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 3.

	Other Entities	
	2007	2006
Expenses – Incurred by Others		
Accommodation	\$ 65	\$ 79
Legal	–	16
	\$ 65	\$ 95

The Fund receives services under contracts managed by the Ministry of Service Alberta. Any commitments under these contracts are reported by Service Alberta.

Schedule to the Financial Statements

SCHEDULE 3 ALLOCATED COSTS

Year Ended March 31, 2007
(in thousands)

Program	2007						2006
	Expenses (1)	Expenses – Incurred by Others		Valuation Adjustments (4)			Total Expenses
		Accommodation Costs (2)	Legal Services (3)	Vacation Pay	Doubtful Accounts	Total Expenses	
Regulated Fund:							
Financial Benefits	\$ 11,458	\$ 26	\$ –	\$ 28	\$ (41)	\$ 11,471	\$ 8,091
Victims Programs	5,465	31	–	14	(20)	5,490	4,832
Criminal Injuries							
Review Board	377	–	–	–	(1)	376	405
Administration	616	8	–	(9)	(2)	613	576
	\$ 17,916	\$ 65	\$ –	\$ 33	\$ (64)	\$ 17,950	\$ 13,904

- (1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.
(2) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by manpower.
(3) Cost shown for Legal Services on Schedule 2, estimated costs incurred by each program.
(4) Valuation Adjustments as per Statement of Operations. Employee Benefits and Doubtful Accounts were allocated as follows:
- Vacation Pay – allocated to the program by employee.
 - Doubtful Accounts Provision – estimated allocation to program.



Alphabetical List of Government Entities Financial Statements



ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency

Ministry Annual Report

Access to the Future Fund ¹	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund ²	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
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	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation ³	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
ATB Insurance Advisors Inc. ⁴	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities	Children's Services
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	

¹ Established July 10, 2005.

² Proclaimed May 31, 2006.

³ Incorporated December 16, 2005.

⁴ Incorporated July 12, 2006.



Ministry, Department, Fund or Agency

C-FER Technologies (1999) Inc
 Credit Union Deposit Guarantee Corporation
 Colleges
 Alberta College of Art and Design
 Bow Valley College
 Grande Prairie Regional College
 Grant MacEwan College
 Keyano College
 Lakeland College
 Lethbridge Community College
 Medicine Hat College
 Mount Royal College
 NorQuest College
 Northern Lakes College
 Olds College
 Portage College
 Red Deer College
 Department of Advanced Education and Technology
 Department of Agriculture and Food
 Department of Children’s Services
 Department of Education
 Department of Energy
 Department of Finance
 Department of Health and Wellness
 Department of Municipal Affairs and Housing
 Department of Seniors and Community Supports
 Department of Solicitor General and Public Security
 Department of Sustainable Resource Development
 Department of Tourism, Parks, Recreation and Culture
 Environmental Protection and Enhancement Fund
 Gainers Inc.
 Government House Foundation
 Historic Resources Fund
 Human Rights, Citizenship and Multiculturalism
 Education Fund
 iCORE Inc.
 Lottery Fund
 Ministry of Advanced Education and Technology
 Ministry of Agriculture and Food
 Ministry of Children’s Services
 Ministry of Education
 Ministry of Employment, Immigration and Industry⁵
 Ministry of Energy
 Ministry of Environment⁵
 Ministry of Executive Council⁵
 Ministry of Finance

Ministry Annual Report

Advanced Education and Technology
 Finance
 Advanced Education and Technology

 Advanced Education and Technology
 Agriculture and Food
 Children’s Services
 Education
 Energy
 Finance
 Health and Wellness
 Municipal Affairs and Housing
 Seniors and Community Supports
 Solicitor General and Public Security
 Sustainable Resource Development
 Tourism, Parks, Recreation and Culture
 Sustainable Resource Development
 Finance
 Tourism, Parks, Recreation and Culture
 Tourism, Parks, Recreation and Culture

 Tourism, Parks, Recreation and Culture
 Advanced Education and Technology
 Solicitor General and Public Security
 Advanced Education and Technology
 Agriculture and Food
 Children’s Services
 Education
 Employment, Immigration and Industry
 Energy
 Environment
 Executive Council
 Finance

⁵ Ministry includes only the departments so separate departmental financial statements are not necessary.



Ministry, Department, Fund or Agency

Ministry of Health and Wellness
Ministry of Infrastructure and Transportation⁵
Ministry of International, Intergovernmental
and Aboriginal Relations⁵
Ministry of Justice⁵
Ministry of Municipal Affairs and Housing
Ministry of Seniors and Community Supports
Ministry of Service Alberta⁵
Ministry of Solicitor General and Public Security
Ministry of Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board⁵
N.A. Properties (1994) Ltd.
Natural Resources Conservation Board
Persons with Developmental Disabilities
Community Boards
 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 Board⁶
Provincial Judges and Masters in Chambers
 Reserve Fund
Regional Health Authorities and Provincial
Health Boards
 Alberta Cancer Board
 Alberta Mental Health Board
 Aspen Regional Health Authority
 Calgary Health Region
 Capital Health
 Chinook Regional Health Authority
 David Thompson Regional Health Authority
 East Central Health
 Health Quality Council of Alberta⁷
 Northern Lights Health Region
 Peace Country Health
 Palliser Health Region
Safety Codes Council

Ministry Annual Report

Health and Wellness
Infrastructure and Transportation
International, Intergovernmental
and Aboriginal Relations
Justice
Municipal Affairs and Housing
Seniors and Community Supports
Service Alberta
Solicitor General and Public Security
Sustainable Resource Development
Tourism, Parks, Recreation and Culture
Treasury Board
Finance
Sustainable Resource Development

Seniors and Community Supports

Seniors and Community Supports
Finance

Health and Wellness

Municipal Affairs and Housing

⁵ Ministry includes only the departments so separate departmental financial statements are not necessary.

⁶ Ceased operations June 30, 2006.

⁷ Established July 1, 2006.



Ministry, Department, Fund or Agency

School Boards and Charter Schools
Almadina School Society
Aspen View Regional Division No. 19
Aurora School Ltd.
Battle River Regional Division No. 31
Black Gold Regional Division No. 18
Boyle Street Education Centre
Buffalo Trail Public Schools Regional Division No. 28
Calgary Arts Academy Society
Calgary Girls' School Society
Calgary Roman Catholic Separate School District No. 1
Calgary School District No. 19
Calgary Science School Society
Canadian Rockies Regional Division No. 12
CAPE-Centre for Academic and Personal
Excellence Institute
Chinook's Edge School Division No. 73
Christ the Redeemer Catholic Separate Regional
Division No. 3
Clearview School Division No. 71
East Central Alberta Catholic Separate Schools
Regional Division No. 16
East Central Francophone Education Region No. 3
Edmonton Catholic Separate School District No. 7
Edmonton School District No. 7
Elk Island Catholic Separate Regional Division No. 41
Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
FFCA Charter School Society
Foothills School Division No. 38
Fort McMurray Roman Catholic Separate School
District No. 32
Fort McMurray School District No. 2833
Fort Vermilion School Division No. 52
Golden Hills School Division No. 75
Grande Prairie Public School District No. 2357
Grande Prairie Roman Catholic Separate School
District No. 28
Grande Yellowhead Regional Division No. 35
Grasslands Regional Division No. 6
Greater North Central Francophone Education
Region No. 2
Greater Southern Public Francophone Education
Region No. 4
Greater Southern Separate Catholic Francophone
Education Region No. 4
Greater St. Albert Catholic Regional Division No. 29
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional
Division No. 4

Ministry Annual Report

Education



Ministry, Department, Fund or Agency	Ministry Annual Report
School Boards and Charter Schools (continued)	Education
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture



ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency

Alberta Foundation for Health Research
Alberta Heritage Foundation for Medical Research
Alberta Heritage Foundation for Science
and Engineering Research
Alberta Teachers' Retirement Fund Board
Improvement Districts' Trust Account
Local Authorities Pension Plan
Long-Term Disability Income Continuance Plan –
Bargaining Unit
Long-Term Disability Income Continuance Plan –
Management, Opted Out and Excluded
Management Employees Pension Plan
Provincial Judges and Masters in Chambers
Pension Plan
Provincial Judges and Masters in Chambers
(Unregistered) Pension Plan
Public Service Management (Closed Membership)
Pension Plan
Public Service Pension Plan
Special Areas Trust Account
Special Forces Pension Plan
Supplementary Retirement Plan
for Public Service Managers
Workers' Compensation Board

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Advanced Education and Technology
Advanced Education and Technology

Advanced Education and Technology
Education
Municipal Affairs and Housing
Finance

Service Alberta

Service Alberta
Finance

Finance

Finance

Finance
Finance
Municipal Affairs and Housing
Finance

Finance
Employment, Immigration and Industry



Alberta Solicitor General and Public Security

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or press 0 and hold for operator assistance.