

Prince Edward Island

Budget Highlights 2009-2010

Investing in Islanders

Index

Index	1
Priorities	3
Fiscal Responsibility	4
Highlights of the Provincial Economy	6
Tax Measures	7
Where the Money Comes From	8
Where the Money Goes	9
Investing in Health Care	10
Investing in People	10
Investing in Island Education	11
Investing in Tourism	11
Investing in Innovation and Advanced Learning	12
Investing in Fisheries	12
Helping Islanders in Need	13
Investing in Agriculture	13
Investing in Our Island Environment	14
Investing in Communities and Infrastructure	14
Investing in Transportation and Public Works	14
Summary Statistics	15

Summary Statistics

	2007	2008
Population on 1 July (thousands)*	138.1	139.8
Personal Income per capita* (\$)	28,241	n.a.
<i>As % of Canadian personal income</i>	80.2	<i>n.a.</i>
Employment (thousands)*	69.3	70.2
Unemployment Rate - P.E.I. (%)	10.3	10.8
<i>Unemployment Rate - Canada (%)</i>	6.0	6.1
CPI Annual Change - P.E.I. (%)	1.8	3.4
<i>CPI Annual Change - Canada (%)</i>	2.2	2.3
Retail Trade (\$ millions)*	1,628.9	1,707.9
New Motor Vehicle Sales (units)*	5,303	5,505
Farm Cash Receipts (\$ millions)*	387.5	391.9
Potato Receipts (\$ millions)*	198.0	200.9
Lobster Landings (\$ millions)*	108.6	100.0 ^c
<i>Lobster Landings (lbs - millions)</i>	20.1	21.9
Housing Starts (units)	750	712
Investment (\$ millions)	949.8	957.5
Manufacturing Shipments (\$ millions)*	1,428.6	1,372.5
International Export of Goods (\$ millions)*	767.1	848.7
GDP at Basic Prices (\$ millions)*	4,129	4,232 ^f

* Revised Data

n.a. not available

^c Estimate

^f Forecast, Conference Board of Canada

Sources: Statistics Canada; Conference Board of Canada and
PEI Department of Fisheries, Aquaculture and Rural Development.

Investing in Our Island Environment

- Continuation of free nitrate testing clinics;
- Investing \$1 million in the Watershed Management Program.
- Moving forward with the 10 Point Plan for Wind Energy Development.
- The Office of Energy Efficiency will continue to help Islanders conserve energy and save money.

Investing in Communities and Infrastructure

- Contribute \$45 million to community infrastructure projects in cooperation with Federal partners.
- Increased municipal funding by \$600,000.
- Investing \$5.3 million in the Island Community Fund.

Investing in Transportation & Public Works

- Investing \$253.5 million in highway infrastructure over the next five years.

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Investing in Islanders

Priorities

- Ensuring the health care system is preserved and improved.
- Substantial enhancements to access post-secondary education and training.
- Strengthening the Province's social safety network.
- Providing needed stimulus to our Province's economy.
- Moving forward with the Island Prosperity Strategy.



*T*onight's budget will preserve the programs and services needed by Islanders - while simultaneously taking steps to move deliberately and purposefully toward new opportunities.

A handwritten signature in black ink, appearing to read 'W. Sheridan'.

Hon. Wesley J. Sheridan
Provincial Treasurer



Fiscal Responsibility

Budget Summary

	2009-2010 Estimate (\$ millions)	2008-2009 Forecast (\$ millions)	2008-2009 Estimate (\$ millions)
Revenue:			
Provincial Own Sources	784.4	761.8	771.5
Federal Sources	616.7	553.5	556.4
Sinking Fund Earnings	14.8	14.4	16.4
Net Consolidated Surplus of Crown Corporations	<u>13.7</u>	<u>10.4</u>	<u>9.3</u>
Total Revenue	<u>1,429.6</u>	<u>1,340.1</u>	<u>1,353.6</u>
Expenditure:			
Program Expenditures	1,359.6	1,238.5	1,230.2
Interest Charges on Debt	<u>114.2</u>	<u>110.1</u>	<u>117.3</u>
Operating Expenditure	1,473.8	1,348.6	1,347.5
Amortization Expense	51.4	48.7	50.6
Amortization of Capital Revenue	<u>(10.3)</u>	<u>(9.8)</u>	<u>(9.7)</u>
Total Expenditure	<u>1,514.9</u>	<u>1,387.5</u>	<u>1,388.4</u>
Consolidated Deficit Before Restatement	(85.3)	(47.4)	(34.8)
Restatement of Provincial Paving to Capital Budget	<u>0.0</u>	<u>6.0</u>	<u>6.0</u>
Consolidated Deficit	<u>(85.3)</u>	<u>(41.4)</u>	<u>(28.8)</u>
Composition of Consolidated Deficit			
Consolidated Deficit from Operations	(46.0)	(31.3)	(28.8)
Pension Fund Market Adjustment	<u>(39.3)</u>	<u>(10.1)</u>	<u>0.0</u>
Consolidated Deficit	<u>(85.3)</u>	<u>(41.4)</u>	<u>(28.8)</u>

Highlights (continued)

Helping Islanders in Need

- Public spending on drug programs will increase by \$2 million and cover cancer, COPD and Osteoporosis medications.
- Expansion of the Seniors Home Repair Program to \$500,000.
- Social Assistance for food and shelter will increase by \$980,000.
- A commitment to spend \$50.8 million over the next five years for new and expanded long-term care facilities.

Investing in Agriculture

- Investing \$250,000 in interest assistance to producers participating in the Federal Advance Payment Program.
- Investing \$400,000 in a livestock insurance program, starting with the Dairy Industry.
- Increasing the Alternative Land Use Services Program to \$1 million.

Investing in Innovation and Advanced Learning

- Program spending under Labour Market Development totalling \$16.3 million including \$8 million over two years for the Skills PEI Initiative expected to create 750 jobs.
- Grants to post-secondary institutions are increased by \$5.2 million which includes UPEI, Holland College and Collège Acadie Î.-P.-É.
- Investment in the George Coles Bursary and Island Student Awards will reach \$3.6 million, assisting over 1,000 students at Holland College and UPEI.
- Funding for the Population Secretariat has increased by \$600,000.
- The Provincial Nominee Program has invested \$126 million into the Island economy and created 2,000 jobs.
- In 2008, the Island welcomed 1,483 immigrants to PEI, a 33% increase over the prior year.

Investing in Fisheries

- Investing \$100,000 to launch a Future Fishers Program.
- Enhancing the Lobster Resource Monitoring Program.
- Investing \$300,000 over the next three years to support the oyster sector.

Forecast 2008-2009

Total Revenue is down by \$13.5 million, which results primarily from a decrease in Provincial Own Source Revenue and a \$2.9 million decrease in Federal Source Revenue.

Total Expenditure is \$0.9 million less than the original 2008-2009 budgeted expenditure.

Estimates 2009-2010

The Budget Estimates for 2009-2010 project a consolidated deficit of \$85.3 million. This includes a pension fund market adjustment of \$39.3 million which reflects the downturn in the international financial markets.

Total Revenue for 2009-2010 is projected to increase by \$89.5 million from the forecasted 2008-2009 Revenue. Provincial Own Source Revenues is up by \$22.6 million and Federal Source Revenues is up \$63.2 million.

Total Expenditure for 2009-2010 is projected to be \$127.4 million more than recorded in the 2008-2009 Budget Forecast.

Highlights of the Provincial Economy

- The P.E.I. economy grew at 1.2% in 2008, and is expected to grow at 0.5% in 2009.
- Employment on P.E.I. grew by 1.4% during 2008 to reach 70,200 people.
- The unemployment rate averaged 10.8% for 2008.
- Labour income was 3.7% higher relative to the same period in 2007.
- Potato receipts advanced 1.5%.
- International exports advanced 10.6%.
- The value of retail spending was up 4.7% in 2008.

Highlights (continued)

Investing in Island Education

- Funding to the Department of Education and Early Childhood Development will increase by 5.4% or \$10.6 million. Of this, \$9.8 million will be invested in the three Island School Boards.
- Invest \$250,000 for implementation of kindergarten in September 2010.
- Invest \$21.7 million in school construction and renovation and \$3.1 million in new school buses.
- School breakfast programs were expanded.
- Funding to Chances Inc. was increased to allow the Best Start Program to expand from 18 to 24 months.
- Placed 2,000 new computers in schools.
- Doubled the funding for English as an Alternative Language (EAL), providing new Islanders with essential services.

Investing in Tourism

- The 2009 Canada Games comes to PEI attracting 14,000 athletes and visitors.
- We will continue to invest \$750,000 in an Integrated Tourism Solution.
- An additional \$100,000 to develop new markets for meetings and conventions.
- A Tourism & Convention Centre for Charlottetown has been identified as a major infrastructure priority.

Highlights

Investing in Health Care

- Spending on Health Care will increase \$28 million this year.
- Fund a Provincial Stroke Program which includes a 10-bed Stroke Unit at the Queen Elizabeth Hospital.
- Increase funding for Home Care by \$2.2 million.
- Expansion of ambulance services at a cost of \$800,000.
- \$700,000 will be invested in the Youth Addictions Strategy.
- 96% of Islanders now have a family physician.
- New medical school seats at Memorial University.
- An Accelerated Nursing Program at UPEI costing an additional \$316,000 this year.
- More services at the Community Hospital in O'Leary with additional funding of \$400,000 for mental health, addictions, diabetes and long-term care.
- Additional funding of \$250,000 has been allocated to the Palliative Care Home Drug Pilot Program.
- New renal care services costing \$377,000.
- An investment of \$111,000 for TeleRadiology services.
- Over the next four years, \$53.4 million has been committed to the Queen Elizabeth Hospital Redevelopment.

Investing in People

- Increased funding for the Employment Development Agency by 15% to \$5.3 million including a \$540,000 increase to the Rural Jobs Initiative.

Tax Measures

Since Government took Office, gasoline taxes were reduced by 4.4 cents per litre. This investment has resulted in \$17.6 million in savings for Islanders.

The freeze on the owner-occupied component of residential property assessments is of significant financial benefit to residential property owners across the Island, saving Islanders \$4 million since it was introduced.

Islanders are also enjoying an increase to the basic personal tax credit they can claim. Changes in 2007 and 2008 have saved Islanders \$13 million.

To help fund several expanded health services, the tax on tobacco will increase by \$5 per carton - generating \$3.1 million in revenue.

**Where the Money Comes From
2009-2010 Revenues
(\$ millions)**

**Where the Money Goes
2009-2010 Expenditures
(\$ millions)**

