Prince Edward Island
Budget Highlights 2010-2011

Securing the Future

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Prince Edward Island
Budget Highlights 2010-2011

Securing the Future

Priorities

• Bringing kindergarten into the public school system.
• Transitioning the early childhood sector for a sustainable future.
• Enhancing the delivery of health care to Islanders.
• Securing our primary industries of agriculture, fisheries and tourism.
• Moving toward fiscal sustainability.

I am pleased to deliver a budget that secures our fundamental commitment to building better education and health systems for all Islanders – while taking decisive action to restore fiscal balance.

Hon. Wesley J. Sheridan
Minister

Fiscal Responsibility

Budget Summary

<table>
<thead>
<tr>
<th></th>
<th>2010-2011 Estimate ($ millions)</th>
<th>2009-2010 Forecast ($ millions)</th>
<th>2009-2010 Estimate ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial Own Sources</td>
<td>800.1</td>
<td>764.9</td>
<td>756.9</td>
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<tr>
<td>Federal Sources</td>
<td>627.3</td>
<td>628.3</td>
<td>615.7</td>
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<tr>
<td>Sinking Fund Earnings</td>
<td>14.9</td>
<td>12.5</td>
<td>14.9</td>
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<tr>
<td>Net Consolidated Surplus of Crown Corporations</td>
<td>18.7</td>
<td>13.7</td>
<td>14.0</td>
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<tr>
<td>Total Revenue</td>
<td><strong>1,461.0</strong></td>
<td><strong>1,419.4</strong></td>
<td><strong>1,401.5</strong></td>
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<tr>
<td>Expenditure:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Program Expenditures</td>
<td>1,364.7</td>
<td>1,360.0</td>
<td>1,331.4</td>
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<tr>
<td>Interest Charges on Debt</td>
<td>109.9</td>
<td>101.5</td>
<td>114.3</td>
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<tr>
<td>Operating Expenditure</td>
<td>1,474.6</td>
<td>1,461.5</td>
<td>1,445.7</td>
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<tr>
<td>Amortization Expense</td>
<td>48.5</td>
<td>52.8</td>
<td>51.4</td>
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<tr>
<td>Amortization of Capital Revenue</td>
<td>(7.2)</td>
<td>(10.7)</td>
<td>(10.3)</td>
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<tr>
<td>Total Expenditure</td>
<td><strong>1,515.9</strong></td>
<td><strong>1,503.6</strong></td>
<td><strong>1,486.8</strong></td>
</tr>
<tr>
<td>Consolidated Deficit</td>
<td>(54.9)</td>
<td>(84.2)</td>
<td>(85.3)</td>
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</tbody>
</table>

Note: FY2009-2010 has been restated to conform with FY2010-2011 presentation.
Forecast 2009-2010

The 2009-2010 deficit is forecast at $84.2 million.

Revenue is up $17.9 million, primarily from increases of $8 million in Provincial Own Source Revenue and Federal Labour Market Agreements.

Expenditures are $16.8 million higher than the original 2009-2010 budget.

Estimates 2010-2011

The Budget Estimates for 2010-2011 project a consolidated deficit of $54.9 million.

Total Revenue for 2010-2011 is projected to increase by $41.6 million from the 2009-2010 Forecast Revenue. Provincial Own Source Revenues are up by $35.2 million.

Total Expenditure for 2010-2011 is projected to increase $12.3 million over the 2009-2010 Budget Forecast.

Four-Year Fiscal Plan

The Budget is projected to be balanced in four years.

Highlights of the Provincial Economy

- Economic growth on PEI is estimated at 0.5 percent in 2009.
- PEI regained its peak pre-recession employment level of 71,200.
- Labour income grew 4.4 percent in 2009, representing the fastest rate of growth in the country.
- Non-residential construction increased 38 percent.
- P.E.I. is the only province to record an increase in housing starts.
- Through three quarters of 2009, farm cash receipts increased 6.8 percent.
- Growth is estimated at 2 percent for 2010.
Highlights

Securing Our Children’s Education

- Delivering an additional $13.6 million in education funding.
- Triple the investment in kindergarten from $3.2 million to $10 million.
- Purchase an additional 51 school buses to add 151 to the fleet over three years.
- Investing $2.5 million in new funding for the Early Learning Action Plan.
- Increase teachers by 12% to 1,668 for the 20,900 students in the next school year.
- $525,000 to install electronic whiteboards in every high school classroom.

Helping Islanders in Need

- Social assistance shelter rates increase by 2 per cent effective June 1, 2010.
- Funding of $30,000 allocated for the Alzheimer Society.
- An additional $256,000 is allocated for non-government organizations.

Where the Money Comes From

Where the Money Comes From
2010-2011 Revenues
($ millions)

Provincial

Federal
Improving Health Care

- Spending increased by $24 million to bring total spending to $508 million.
- Home care funding increased to $13 million.
- Health PEI created in a new governance model.
- Seniors’ co-pay for drugs reduced by 25 per cent effective September 1, 2010.
- $400,000 added to enhance ambulance services to Islanders.
- Medical Residency Training Program will be fully operational with 10 residents in Prince Edward Island placements.
- Operational funding of $879,000 is committed to the Cancer Treatment Centre.
- An additional $250,000 is provided for hemodialysis services.
- Government will invest $500,000 to further develop and implement the primary care networks.
Securing our Primary Industries

Fisheries, Aquaculture and Rural Development: An Action Plan

• Continuing low interest loans to fishers.
• Investing $800,000 in new initiatives for lobster market development and product innovation.
• Additional $100,000 for future fishers.

Agriculture in Transition

• Investing $10 million in new funding over four years in cooperation with the Federal Government.
• Renewable Energy Initiative will offer assistance in alternative energy systems.
• Additional $1 million in AgriInsurance.
• Continuing $1 million investment in buffer zones and soil erosion prevention.
• A commitment to provide funding of $65,000 for the 100th anniversary celebrations of the Women’s Institute in 2013.

Investing in Innovation and Advanced Learning

• SkillsPEI to deliver $35 million in labour market and training programs.
• The Island Prosperity Strategy (IPS) has invested over $50 million and added 436 new jobs.
• Implementation of the IPS will continue with investments in infrastructure in the BioCommons facility.
• Post secondary education increased by $9.2 million.

Enhancing Justice and Public Safety

• Adding a $3.4 million, 48-bed addition to the Provincial Correctional Centre.
• Established the Office of the Police Commissioner.
• Established the $50,000 Police Training Fund.
• Partnering to provide an additional RCMP officer for the Abegweit First Nations.
Highlights (continued)

Protecting Our Environment

- Program funding in the amount of $1.5 million has been committed to the Office of Energy Efficiency to assist Islanders in making their homes and businesses more energy-efficient.

Municipalities

- Funding increase of one percent for municipal grants in 2011-2012.

Summary Statistics

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population on 1 July (thousands)*</td>
<td>139.5</td>
<td>141.0</td>
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<tr>
<td>Personal Income per capita* ($)</td>
<td>28,899</td>
<td>n.a.</td>
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<tr>
<td>As % of Canadian personal income</td>
<td>n.a.</td>
<td>n.a.</td>
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<tr>
<td>Employment (thousands)*</td>
<td>70.2</td>
<td>69.5</td>
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<tr>
<td>Unemployment Rate - P.E.I. (%)</td>
<td>10.8</td>
<td>12.0</td>
</tr>
<tr>
<td>Unemployment Rate - Canada (%)</td>
<td>6.1</td>
<td>8.3</td>
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<tr>
<td>CPI Annual Change - P.E.I. (%)</td>
<td>3.4</td>
<td>-0.2</td>
</tr>
<tr>
<td>CPI Annual Change - Canada (%)</td>
<td>2.3</td>
<td>0.3</td>
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<tr>
<td>Retail Trade ($ millions)*</td>
<td>1,720.6</td>
<td>1,715.3</td>
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<tr>
<td>Farm Cash Receipts ($ millions)*</td>
<td>390.3</td>
<td>n.a.</td>
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<tr>
<td>Potato Receipts ($ millions)*</td>
<td>200.9</td>
<td>n.a.</td>
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<tr>
<td>Lobster Landings ($ millions)*</td>
<td>100.7</td>
<td>n.a.</td>
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<tr>
<td>Lobster Landings (lbs - millions)</td>
<td>21.9</td>
<td>22.3</td>
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<tr>
<td>Housing Starts (units)</td>
<td>712</td>
<td>877</td>
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<tr>
<td>Investment ($ millions)</td>
<td>944.5</td>
<td>887.3</td>
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<tr>
<td>Manufacturing Shipments ($ millions)*</td>
<td>1,376.1</td>
<td>1,324.1</td>
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<tr>
<td>International Export of Goods ($ millions)*</td>
<td>848.6</td>
<td>833</td>
</tr>
<tr>
<td>GDP at Basic Prices ($ millions)*</td>
<td>4,624</td>
<td>4,652f</td>
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</tbody>
</table>

* Revised Data
n.a. not available

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