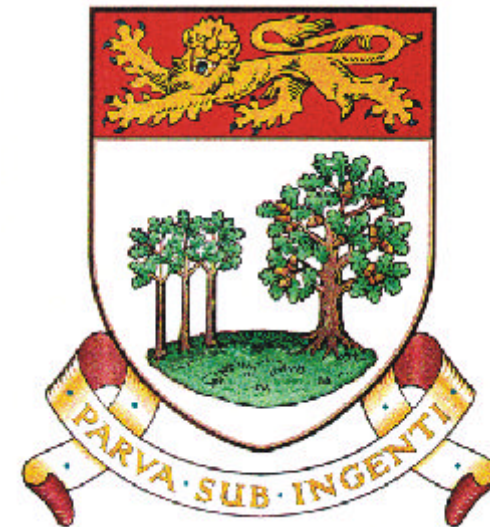


Prince Edward Island

Budget Highlights 2002-2003

A Balanced Response to Difficult Times

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Prince Edward Island

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Prince Edward Island

Budget Highlights 2002-2003

A Balanced Response to Difficult Times

Overview

Building Blocks

- Health Care
- Education
- Job Creation
- Community Development



We will continue to take a balanced approach and focus on clear public priorities which will lead to balanced results. We know we must invest in the future and not allow short term challenges to take away from our long term goals.

Patricia J. Mella

Patricia J. Mella
Provincial Treasurer



Fiscal Responsibility

Budget Summary:

	2002-2003 Estimate (\$ millions)	2001-2002 Forecast (\$ millions)	2001-2002 Estimate (\$ millions)
Revenues:			
Provincial Source	585.4	550.0	545.8
Federal Source	366.1	399.9	389.9
Capital	.7	.7	.4
Sinking Fund Earnings	<u>16.2</u>	<u>21.6</u>	<u>21.6</u>
Total Revenues	968.4	972.2	957.7
Expenditures:			
Program Expenditures	857.1	830.3	808.2
Interest Charges on Debt	106.5	106.1	109.0
Capital	<u>16.4</u>	<u>30.9</u>	<u>28.9</u>
Total Expenditures	980.0	967.3	946.1
Surplus (Deficit) Before Investment in Extraordinary Capital Project and Special Adjustments			
	<u>(11.6)</u>	<u>4.9</u>	<u>11.6</u>
Extraordinary Capital Project and Special Adjustments			
East Prince Health Facility	21.0	19.4	13.0
Pension Adjustment	-	-	(3.0)
Workforce Renewal Program	<u>(3.8)</u>	<u>--</u>	<u>--</u>
Total Adjustments	17.2	19.4	10.0
(Increase)/Decrease in Net Debt			
	<u>(28.8)</u>	<u>(14.5)</u>	<u>1.6</u>

Fiscal Responsibility

Forecast 2001-2002:

Revenues:

Forecast revenues are up \$14.5 million from Budget Estimate 2001-2002. The following are the major changes:

Equalization	\$ 7.3 million
Personal Income Tax	\$ 2.8 million
Municipal Infrastructure	\$ 2.4 million
Health Tax on Tobacco	\$ 2.1 million
Property Tax	\$ 2.0 million
Licenses and Permits	\$ 1.8 million
Health Information System (CHIP)	\$ 1.6 million
Fees and Services	\$ 1.3 million
Corporate Taxes	(\$6.0 million)
Gasoline Tax	(\$1.3 million)
Various	\$ 0.5 million

Expenditures:

Forecast expenditures are up \$21.2 million from Budget Estimate 2001-2002 in the following areas:

Negotiated Salary Settlements	\$ 4.6 million
Municipal Infrastructure Program	\$ 3.2 million
Workforce Renewal	\$ 2.7 million
Health Information System (CHIP)	\$ 2.6 million
Additional Highway Maintenance	\$ 2.0 million
Funding to Higher Education	\$ 1.4 million
Employment Development	\$ 1.2 million
School Board Deficits	\$ 1.1 million
Tourism/Marketing	\$ 0.9 million
Community Development	\$ 0.7 million
Various	\$ 0.8 million

East Prince Health Facility is ahead of schedule by \$6.4 million.

Fiscal Responsibility

Budget Estimate 2002-2003:

Tax Measures:

- (1) Health Tax on Tobacco will be raised by \$5 per carton of 200 cigarettes and proportionate increases raised on related tobacco products. This measure follows similar steps in other provinces.
- (2) Gasoline Tax will be increased by 1 cent per litre as of midnight tonight.

Revenues:

Provincial source revenues will increase \$39.6 million or 7% from budget 2001-2002. This is due to increases in health tax on tobacco products and increases in gasoline taxes along with growth in personal income, sales and property taxes.

Federal source revenues are expected to decrease \$23.8 million made up of an equalization decrease of \$20 million, decreased funding for Minority and Second Language of \$2.9 million and various items amounting to \$0.9 million.

Expenditures:

Total expenditures are up \$41.8 million or 4.3% from Budget 2001-2002. Salary increases government wide represents \$28 million of this increase. East Prince Health Facility expenditures will be \$21 million, up \$8 million. The remaining expenditure increase of \$5.8 million or approximately one-half of 1% is spread throughout Government.

Where the Money Comes From

Revenues:

Total revenues are up \$10.7 million from the 2001-2002 Budget Estimate.

2002-2003 Revenues Where the Money Comes From (\$ millions)

Where the Money Goes

Expenditures:

Total expenditures are up by \$41.8 million over 2001-2002 Budget Estimate.

2002-2003 Expenditures Where the Money Goes (\$ millions)

Health and Social Services

Achievements

- Last fiscal year, more than 45 registered nurses began working in our government health facilities.
- Eight family physicians and 12 specialists were recruited.
- Additional funding of \$2.6 million was provided to the Health Information System (CHIP).
- Health Regions received maximum accreditation status.

New Initiatives

- Funding of \$11.2 million for construction and operating cost of a new MRI service and continued expansion of cancer treatment in the Province (operating costs are \$1.6 million).
- Construction will begin to expand the O’Leary Community Hospital to accommodate 10 additional long term care beds.
- More than \$2 million will be added this year to the Provincial Drug Program.
- Increase funding of \$480,000 to private nursing homes.
- Increase home and palliative care funding by \$1.5 million.
- Increase in social assistance benefits by \$900,000.
- Additional \$800,000 provided to enhance our mental health delivery system.
- Additional \$1.5 million to the Disability Supports Program.
- Additional funding of \$3.1 million in health information technology to improve service quality and access to health information.
- Start up funding for respiratory research.

Education

Achievements

- Funding of School Board deficits of \$1.1 million.
- Completion of school construction:
 - Summerside/Miscouche French School;
 - Parkdale School addition; and
 - West Prince French School expansion.
- Miscouche Consolidated School addition is well underway.
- Increased funding to Atlantic Veterinary College by \$418,500 for year one of a new five-year business plan.
- Funding to Holland College of \$350,000 to support the operation of the Atlantic Welding and Fabrication Centre.
- Second successful year of the public-funded, community based kindergarten program.
- Contributed \$100,000 to Holland College Foundation.

New Initiatives

- Continued increased funding of \$1 million to both UPEI and Holland College.
- Maintaining the number of teaching positions despite declining enrollments (33 FTE teachers - \$1.8 million).
- \$100,000 to the Community Service Bursary Program.
- Second year funding to UPEI School of Nursing of \$441,300.
- Renovation to Kinkora Regional High School.
- Implementation of new Math curriculum in public school system (\$1 million).

Other Departments

Additional Funding

- Construction of a new Atlantic Technology Centre is underway with opening scheduled for the summer of 2002.
- Work on Rural IT Centres with openings in 2002-2003.
- Increase funding to Tourism Marketing of \$500,000.
- New Visitor Information Centre for Wood Islands.
- Commitment of \$382,000 to the Drinking Water Strategy to keep our water clear “*from the ground to the glass*”.
- Near completion of the East Prince Health Facility.
- Continuation of the Canada-PEI Municipal Infrastructure Program.
- Completion of the new North Cape Wind Farm Site, producing green power for Islanders.
- Funding for community access centres with the Federal Government.
- Continued commitment of \$250,000 to the Lobster Science Centre at the Atlantic Veterinary College.
- Financial and technical support for on-farm conservation projects with total public and private investment of more than \$10 million.

Summary Statistics

	2000	2001
Population on 1 July (in '000s)	138.1	138.5
Personal Income per capita* (\$)	21,746	22,388 ¹
<i>As % of Canadian personal income</i>	80.5	80.7 ¹
Employment (in 000's)*	64.5	65.9
Unemployment Rate - PEI (%)	12.0	11.9
<i>Unemployment Rate - Canada (%)</i>	6.8	7.2
CPI - Annual Change PEI (%)	4.1	2.6
<i>CPI - Annual Change (%) Canada</i>	2.7	2.6
Retail Trade (\$ millions)*	1,230.1	1,278.1
New Motor Vehicle Sales (units)*	4,902	4,635
Farm Cash Receipts (\$ millions)*	321.9	335.6
Potato Receipts (\$ millions)	154.9	126.0
Lobster Landings (\$ millions)	85.8	100.0
<i>Lobster Landings (lbs - millions)</i>	19.0	18.9
Housing Starts (units)	710	675
Investment (\$ millions)*	549.3	566.0
Manufacturing Shipments (\$ millions)*	1,183.1	1,202.1
Tourist Expenditures (\$ millions)	280.0	310.0
International Exports in Goods (\$ millions)*	682.9	657.8
GDP at Market Prices (\$ millions)*	3,344	3,479 ¹

* Revised Data

¹ Provincial Treasury estimate

Sources: Statistics Canada; CMHC;

PEI Fisheries, Aquaculture and Environment; Tourism PEI