

Prince Edward Island

1999 Budget

**Presented to
The Members of the Legislative Assembly of Prince Edward Island**

by

Hon. Patricia J. Mella

**Provincial Treasurer
and
Chair of Treasury Board**

April 6, 1999

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<http://www.gov.pe.ca/budget/>

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PRINCE EDWARD ISLAND 1999 BUDGET

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THE BUDGET ADDRESS

Opportunity and Optimism

Mr. Speaker, Members of the Legislative Assembly.

This is the third occasion that I have had the privilege of presenting the Provincial Budget and a statement on the financial status of our Province. Once again, it gives me great pleasure to deliver good news.

The budgeting process is about much more than numbers. It is about the ability of Government to help Islanders through the delivery of effective programs and services at reasonable and fair rates of taxation. It is about building a stronger province and a more secure future for individual Islanders. Meeting those objectives requires the setting of priorities and at times demands the ability to make tough choices.

The Government has over the past two years invested in social and economic priorities while consistently following prudent and careful management of expenditures. I am pleased this evening to present a Budget that continues to respond to the needs of Islanders and establishes an agenda of opportunity for the future. Budgets, by their very nature, must be forward thinking and forward looking documents. This Budget is about opportunity and optimism. It is about providing a better standard of living for all Islanders. It is about responsible Government and charting a strategic course to guide Islanders into the new millennium.

Our long term strategy was clearly defined in the fall election of 1996, when we told Islanders we would follow a plan focused on their needs. This plan promotes four key priority areas of importance to all Islanders - health care, education, job creation and community development. We remain committed to this

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integrated platform.

This strategic direction is founded in our pre-election consultations with Islanders, and guided in part by the pre-budget consultations held each year. During the past several months many citizens and organizations provided me with valuable input. Not only have we listened to Islanders' concerns, we have acted on their concerns and in many cases exceeded our objectives.

Fiscal Responsibility

Building new opportunities for the future means we have to maintain sound economic and financial management. Although we still face a degree of economic uncertainty due to global circumstances, we are optimistic for our future. Since coming to office, the economy's performance has consistently out paced our budget forecast.

The Prince Edward Island economy performed well in 1998, expanding at about 1.8%. The main strengths for the Island economy were in tourism and manufacturing.

Another strong year in tourism resulted in revenues increasing by 11.6% while visitations increased by 4.2%.

In 1998-99, Farm Cash receipts totalled \$308.3 million led by a 32% increase in potato sales.

The value of lobster landings increased by 10%.

Exports of goods from Prince Edward Island were up by 20%.

Manufacturing shipments increased by 5.1%.

We were the only province to post a negative inflation rate last

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year, largely because of lower international crude oil prices.

Retail trade has surpassed the \$1 billion mark and in virtually every community new private sector investment is evidence of continued confidence.

A full account of the Island economy can be found in Budget Paper A.

Mr. Speaker, what this means is that our Provincial economy is getting stronger and our economic independence is growing.

The Canadian economy is also growing strongly, and that has triggered increased revenues - principally from the equalization program. I have no hesitation in recognizing the significant equalization transfers received this past year and the role they have played in meeting our Budget objectives. I would also point out that past experience demonstrates such entitlements can fluctuate significantly. The key is to use such funds wisely.

Government has weathered difficult times over the past decade and it would be unfair to permit increased federal transfers to overshadow the contributions of Islanders to the financial stability of their Government. As recently as five years ago, more than half of the Province's revenues came directly from the Federal Government. In this Budget federal revenue will comprise only 41 percent of the Province's revenues. The Province has been noted as achieving one of the highest rates of increasing self reliance and we intend to build on that success.

Last year, when I stood in this Assembly I told Islanders that we expected a deficit for the fiscal year just ended of \$3.4 million. I also reaffirmed our commitment to a true balanced Budget.

Mr. Speaker, I am now pleased to report we are ahead of schedule in honouring that commitment.

Mr. Speaker, for only the second time this decade, the

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Government of Prince Edward Island will make a payment against the net debt of the Province.

Facing a possible deficit of \$55 million three years ago and forecasting a deficit of \$3.4 million for the past fiscal year, tonight I am pleased to report that the books are finally balanced.

Further Mr. Speaker, we will enter the new millennium on a positive note and a strong financial position with a surplus budget for 1999-2000.

In bringing about this dramatic change in the financial status of the Province we not only maintained, but enhanced Island health care. We not only maintained, we dramatically improved education infrastructure. We supported new job creation, improved highways, provided more funding to communities and initiated important new programs for the benefit of Islanders.

For the fiscal year just ended, there were expenditures of \$849.9 million with revenues of \$852.8 million for a surplus on current account of \$2.9 million. One significant factor was the upward adjustments to Equalization that occurred through 1998-99. These adjustments reflected federal underestimates of entitlements for past years and consequently are largely non recurring. Accordingly, we have chosen to structure them in such a way as to maximize the benefit over several years.

For fiscal year 1999-2000 we are budgeting for expenditures of \$823.9 million, with revenues of \$828.1 million for a budgeted surplus of \$4.2 million.

A great deal has been achieved in a relatively short period of time, but Mr. Speaker, we've only just begun. We are optimistic about the opportunities ahead of us.

Federal Provincial Relations

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In seeking election we said we were prepared to work in partnership with the Federal Government.

We have worked together with the Island members of Parliament and the Federal Government in meeting the needs of Islanders. The Premier has met several times with the Prime Minister and other Federal Ministers to advance the concerns and ideas of Islanders.

That positive, cooperative, open dialogue approach has produced results and Mr. Speaker I am confident it will continue to produce positive results, not only in the health care field, but in all aspects of our shared responsibility to Islanders.

The Province is pleased that the Federal Government has finally acknowledged the serious provincial needs for additional funding for health care.

The new Canada Health and Social Transfer (CHST) money is to be delivered in accordance with a schedule that provides between \$9 million and \$11 million additional annual monies to Prince Edward Island, starting in 1999/2000. This essentially raises the Province's CHST revenue from \$60 million to \$69 million in 1999/2000, rising to \$71 million in 2001/02.

Revisions to Equalization entitlements in 1998/99 were of an unprecedented scale. These changes took place as part of the regular functioning of the program. In all, Equalization revenues, at \$264.7 million, were \$55.7 million higher than budget. Essentially the Province had been seriously underpaid for the years 1996/97, 1997/98 and 1998/99 and this was recognized as new data entered the formula.

Details concerning CHST and Equalization can be found in Budget Paper B.

Investing in Health Care for Islanders

“The Province is pleased that the Federal Government has finally acknowledged the serious provincial needs for additional funding for health care.”

Mr. Speaker, health care is a stated priority of this Government. It was a major plank in our election platform and when Premier Binns attended his first Premiers Conference in 1997 health care was his priority. At that meeting the Premiers and Territorial Leaders united in one common and over-riding priority - restoration of federal health care funding. That united priority was restated at the 1998 meeting and it has produced results. In February the First Ministers reached the health accord and the Federal Budget made some restoration of the dramatic cuts to health care funding through the Canada Health and Social Transfer.

On behalf of all Islanders, I want to thank the Premier and his colleagues for their leadership in supporting the needs of Canada's health care system and striving to maintain our system as a world leader.

Tonight, I reiterate our Government's pledge to invest all funds we receive from this accord into the Province's health care system. In fact, we have gone beyond the federal funding and once again further increased our own commitment to health care.

My Caucus colleagues joke that I at times guard the Treasury with a pit bull style, and I do admit a determination for fiscal responsibility. But, Mr. Speaker, I do not want anyone to mistake the true intentions of such actions. My interest is in building a better future, and this Budget will clearly demonstrate that when the funds have been available we have carefully and thoughtfully invested in the long term benefit of Islanders. Nowhere is that more evident than in health care.

We on this side of the House, do not look at a surplus budget as an end in itself but rather as a means to a greater end.

Sitting in the public gallery tonight is a friend of mine, a person who helped the Premier and the Minister of Health and Social

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Services turn the sod on the new cancer oncology unit at the Queen Elizabeth Hospital. Someone who knows first hand the benefit of that type of treatment being available to Islanders - on Island, where they can have the support of family and friends. That to me is what fiscal responsibility represents - the ability to respond to needs. It is about people like Glenda Gallant and the thousands of others, who like her, have waged the personal battle against cancer. More than anything else I have done, I am pleased to have been a part of the decision making team that led to the construction of the cancer oncology unit. It will officially open in June of this year.

Working closely with the Medical Society of Prince Edward Island 12 physician vacancies were filled.

The Province also reached a three year Master Agreement with the Medical Society to help ensure on-call physician coverage in all seven hospitals in the Province, and yes Mr. Speaker, we kept all seven hospitals open and operating.

In a matter of weeks we will break ground on a new 40 bed Provincial Addictions Treatment Centre. This is a \$3.2 million investment in meeting the needs of Islanders suffering from a variety of addictions. We are providing a modern provincial facility that had not been available in the past, to enable us to better accommodate all in need. We are also providing community-based programs for youth, women and people with gambling addictions in all five health regions across the Province.

Government also introduced the Multiple Sclerosis Drug Cost Assistance Program. Recognizing the opportunity to reduce suffering, this program is targeted to help Islanders who suffer from relapsing-remitting Multiple Sclerosis with the purchase of four new Multiple Sclerosis medications. Our program is rated as one of the best in the region.

Mammography Screening Clinics were enhanced at the Prince

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County Hospital and the Queen Elizabeth Hospital.

In April of last year we announced our intention to replace the Prince County Hospital. The project has now entered the next step of the planning process and the Master and Functional Program will be completed this summer. As an option, Government will explore a partnership with the private sector to develop this new facility. While exploring this model, we will be guided by our commitment to protect the rights of existing employees and maintain provincial control over the delivery of all programs and services.

Mr. Speaker- We have only just begun.

Mr. Speaker, the Province relies on a number of facilities to provide services to Islanders. I am pleased to announce today that our Government will build on its 1998 commitment when we invested \$612,500 in private nursing homes and community care. This fiscal year our Government will invest an additional \$625,000 in private nursing homes and community care. This reflects our commitment to maintain services for society's most vulnerable citizens.

Support staff and health care professionals provide the vital links that deliver services to the public. Government fully appreciates the contributions made by these individuals. Yet, the facilities these service providers work in are also important. That is why Mr. Speaker, tonight I am announcing that we will invest \$1 million to maintain and improve our health care facilities. This infrastructure investment is needed by our front line service providers and is in addition to the \$1 million allocated last year.

Beginning April 1, 1999 the Prince Edward Island Family Health Benefit will provide low income families with better access to needed medications. With this benefit, lower income families with

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significant prescription costs will have access to needed medications. This initiative follows last year's investment under the National Child Benefit and the Child Care Subsidy Program. This program gave parents of over 180 children easier access to work or educational opportunities. It also follows additional investments made this past year in the Special Needs Funding Program, which enabled 35 children to receive integrated child services valued at over \$530,000.

Front line health care services in each region are critical to the well being of Islanders and our communities. Islanders have told us that we must do as much as possible to protect and enhance regional, front line service delivery. That is why we have chosen to make investments in front line services a priority.

In 1998-99 we added to our health care system 35.3 full time equivalent front line positions in the regions. In 1999-2000 we will add an additional 21.1 full time equivalent front line positions. An additional 11 full time equivalent support positions will be added, representing an on going investment of more than \$2.5 million.

Mr. Speaker, as a result of revenue growth over the past year, I am pleased to announce several major health care initiatives.

We recognize that because revenues fluctuate we can not always rely on increases, especially those related to equalization, being maintained. Therefore those dollars must be used wisely. It would have been easy to find projects to go on a one time spending spree, but we chose a different and more responsible approach. Therefore, \$12 million will be placed in two special funds to support future health initiatives.

Two of those funds relate directly to health care services.

Tonight, I am announcing the establishment of a \$10 million

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Health Care Stabilization Fund.

The dollars in this fund, including earned interest, will be expended over the next three years directly in support of front line services. Up to one-third of the fund may be committed in each of the next three fiscal years to support front line services in health. The structuring of this fund will enable us to make more sustainable investments in health care services that will not only have an immediate, but a longer term impact on the system. This fiscal year \$3 million will be utilized to employ approximately 60 new nurses in the system. This is an investment that goes directly to the front lines of health care across this province. This action will help alleviate some of the stresses in the system.

It is a major investment in support of some of our most important health care providers.

It is an unfortunate fact that our region and Province has the highest rate of asthma in the country. It is also an unfortunate reality many Islanders suffer from cancer and diabetes.

In an effort to address these issues, the Government of Prince Edward Island has established a \$2 million **Health Research Fund**. The Fund will be used to support innovative research and education efforts and where possible to develop partnerships to build further knowledge about these conditions and advances in treatment.

Mr. Speaker, reflecting the priority placed on health care by this Government and Islanders, this Budget represents an additional investment of \$17.6 million in health care.

Mr. Speaker, while we appreciate the Federal Government's reinvestment in health care, it is only fair that I point out that the additional \$9 million we receive this year, while an improvement, is far short of the loss of funding prior to the introduction of the Canada Health and Social Transfer. In fact, the \$9 million

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“...this Budget represents an additional investment of \$17.6 million in health care.”

represents about one-third of the annual funding cuts. In order to maintain and enhance our health care system we have consistently had to increase the provincial share of funding.

Health and Social Services now account for 36% of the total Budget and has risen by more than \$28 million over the past three years.

Education - Life Long Learning

Mr. Speaker, as we approach the new millennium we are reminded that time is a continuum. Similarly, as we approach a new century our education system is continuing to evolve to support life long learning.

An effective education is the greatest opportunity we can offer the young people of today as they take on the responsibilities of the world tomorrow. I have spent a good part of my career in the classroom as a teacher and I know that it takes a strong partnership among teachers, parents, students, government and the community to truly honour the goal of a good education. That is why education is a priority of this Government and why we have made substantial investments in the education sector.

As part of this renewal process, our Government announced a Workforce Renewal Plan to renew our elementary and secondary school system. This \$3.3 million plan provides incentives for teachers who are within two years of retirement to choose a retirement option. Mr. Speaker, these veteran teachers have contributed to the building of our school system and they will leave a lasting legacy to be appreciated by generations of students. The Workforce Renewal Plan will provide new opportunities for other Island teachers to secure employment in their chosen profession here in Prince Edward Island.

The Province has recognized the need for teachers to have access

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to technology in the classroom. Mr. Speaker, over \$500,000 has been invested in equipment and training for the integration of technology with our curriculum.

Funding has been provided for teachers to attend technology workshops and consultants have been provided to assist teachers in the implementation of technology.

I am announcing tonight that a \$1 million **Teacher Training and Technology Fund** has been established to support additional training of teachers already employed in the system.

A mentoring program announced in February recruited unemployed teachers to work with schools' technology committees, to help teaching staff integrate technology and learning outcomes into the curriculum.

Our Government, Mr. Speaker, has invested in programs for Literacy and Adult Basic Education. This joint program gives Islanders an opportunity to increase their literacy skills and complete their high school requirements -- without charge. Only one other province provides such a program in Canada and over 600 adult Islanders have participated in the program to date.

The Government recognizes that in addition to instilling knowledge in students, it is equally important to encourage physical fitness. That is why Mr. Speaker we invested in Recreation 2000, a two year pilot program that began last year. This \$50,000 initiative, being piloted in Kings County and Southern Queens County will encourage community development, cooperation between schools and use of school facilities.

Mr. Speaker in 1999-2000, the Government will continue the highly successful Reading Recovery Program with an additional \$175,000 investment. This program has garnered an international reputation for providing excellence in literacy instruction and has

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“... a \$1 million Teacher Training and Technology Fund has been established to support additional training of teachers already employed in the system.”

had positive affects in 11 Island schools. I am pleased to announce Mr. Speaker that even more students will benefit in 1999-2000 as we extend Reading Recovery to 16 additional schools.

The Government will also invest \$150,000 in special education and special needs programming in this Budget. These investments follow recommendations contained in the Government's study of special education programming. Through an infusion of \$150,000 the Government will increase the number of teaching assistant positions, increase funding for special needs programming and continue to implement the Government's recommendations over a five year period.

In direct support of our school boards, funding has been allocated to eliminate the existing deficits so that as school board elections are held the new boards may begin with a new slate.

Additional funding has also been provided to meet one-time additional costs at the University of Prince Edward Island and Holland College.

Job Creation and Communities

Mr. Speaker, our Government was elected in large measure because of its commitment to develop stronger communities. This is achieved by direct support of community institutions and through the fostering of job creation across the Island. Meaningful employment is one of the keys to keeping communities strong. Numerous initiatives have already been undertaken, more will be implemented this year.

Community pride is a hallmark of Prince Edward Island. Last year, most communities in our Province took an active part in the celebration of our 125th anniversary as a province of Canada. The Provincial Government was pleased to partner with community based groups and organizations in recognizing that historic

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occasion. This year we will again work with community-based organizations to plan Province-wide millennium celebrations highlighting Prince Edward Island's unique history and promising future. Through an investment of \$450,000 in community-driven events, we will assist communities to organize legacy events well into the millennium. These events will celebrate the arts, heritage and local history.

Mr. Speaker, just this past week, the Government announced an agreement with the East Coast Music Association to house the head office for the organization at the Confederation Centre of the Arts. This will enhance our opportunity to build on the talent of many Islanders and the role that talent can play in the further development of the cultural industry.

The funding support provided to the Confederation Centre of the Arts will also be increased to ensure the Centre can continue to meet its mandate.

Additional funding in the amount of \$125,000 has been provided to the Prince Edward Island Council of the Arts to support its important role in the development of this industry.

Stronger communities also means safer communities. That is why our Government is pleased to be involved in a partnership arrangement with Justice Canada to provide support for the Community Mobilization Program and the National Crime Prevention Initiative.

Mr. Speaker, safer communities depend upon critical emergency support services in times of need, such as province-wide 911. We will continue that work this year and the 911 system will be fully operational by June, 2000.

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Mr. Speaker, to ensure the health, vitality and future well-being of rural communities throughout Prince Edward Island, the continued growth and development of our primary industries is one of the major objectives of this Government. Resource industries are the very heart of our economy and increasing their contributions to our Province is a key strategy in our goal of greater self-reliance. That is why this Budget will continue our commitment to support the growth and development of agriculture, forestry, fishing and food processing.

As announced in the Speech from the Throne, the Provincial Government is undertaking a Food Strategy to realize the potential for these industries to sustain our resource base, derive more value from it and provide new economic and employment opportunities. Over the past year we made substantial progress in laying the foundation for this new Food Strategy.

Mr. Speaker close to half a million dollars will be directed to new market development programs in the Department of Agriculture and Forestry, something that we said we would do in the Throne Speech.

The Provincial Government responded quickly and effectively to support hog producers, by making \$1 million available through an enhanced incentive program, low interest loans and other measures.

Mr. Speaker, we have reached agreement with the Federal Government on a new national agriculture safety net program. In this fiscal year, on top of our ongoing contributions of over \$3.5 million to safety net programs, the Government will provide a further \$1.4 million under the Agricultural Income Disaster Assistance Program. When combined with the Federal share, Island farmers whose incomes are affected adversely by circumstances beyond their control will be able to access \$5 million additional dollars this year.

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“...by making \$1 million available through an enhanced incentive program, low interest loans and other measures.”

Mr. Speaker, Government will introduce a new woodlot owner education program to encourage more active forest management. To meet this anticipated demand, the Government will increase seedling production from 2.1 million seedlings in 1998 to 2.7 million in 1999 and again to 3 million seedlings in 2000.

Through organizations such as Enterprise PEI, our Government provides supports to business people so that they in-turn can create new wealth.

Additional funding in the amount of \$500,000 will be included in this Budget for support of small business development.

We have enjoyed a good working relationship with the Federal Government in fostering economic development. The Regional Economic Development Agreement (REDA) has produced long-term benefits for Islanders.

In an effort to further develop that partnership and the impact it has on job creation, our Government has established a \$6.5 million **Development Fund**. We have in essence put our money on the table, and we will be seeking additional federal funding under REDA to support development initiatives.

In 1999/2000, the Government will continue to implement innovative programs to build stronger communities across Prince Edward Island. We will work across Government departments to create a new Community Bureau to foster and encourage community participation and development at the local level. We will place community development workers in all Regional Service Centres to act as resources for local community coordination.

We have also established a \$2 million **Community Development Fund** that over the next two years will provide support for community development initiatives.

Our natural environment is one of our most precious resources It

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“... a \$2 million Community Development Fund...”

is widely recognized that our economic and social health are closely tied to ecological health.

Through our buffer zones legislation, Island farmers are demonstrating their commitment and respect for our soil and water resources. Approximately 280 farm families have completed Environmental Farm Plan workshops.

Tonight I am announcing the establishment of a \$2 million **Waterway Protection Support Fund**. This fund will assist the agriculture industry in meeting the objective of greater protection of our waterways.

In 1999, the Francophone Summit will be held in our neighbouring Province of New Brunswick. Our Government has worked closely this past year with the Prince Edward Island Acadian community to develop approximately 40 initiatives to allow Islanders to benefit, both culturally and economically, from the proximity of the summit. The Minister Responsible for Francophone Affairs will soon be announcing several initiatives related to the Summit that will highlight the important presence of the Acadian community on Prince Edward Island.

Mr. Speaker, the tourism and fisheries sectors are vital contributors to our Province's economy. Tourism operators are making new strides to expand their activities into the shoulder seasons. Fishers continue to be the source of income for many of our small towns and villages throughout Prince Edward Island.

Our Government, together with the tourism industry, is adopting a strategic approach to develop our tourism products. We are establishing new standards for growth in the sector; refining priorities for developing new products and services; and building a consensus in the tourism industry to plan our long term future. For the first time in four years, we will be providing additional funding of \$300,000 to the Tourism Marketing Authority. That represents a 20 percent increase.

*“...a \$2 million
Waterway Protection
Support Fund.”*

*“...we will be providing
additional funding of
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Tourism Marketing
Authority.”*

Mr. Speaker, our fisheries continue to prosper under this Government's leadership. Overall landings for 1998 increased to 129 million pounds valued at \$121 million.

While cost share funding has concluded under the Primary Resource Program, negotiations are ongoing with the Federal Government for additional funding under REDA. The Provincial Government, recognizing the importance of the aquaculture industry, will contribute an additional \$300,000 to this program.

Pending negotiations between the Province, the Federal Government and the shellfish industry, we will provide funding in the amount of \$100,000 for the Shellfish Aquaculture Leasing Program.

A key priority for our Government, Mr. Speaker, is to maintain our vital infrastructure. Our Provincial roads and highways are the ties that bind our communities and economy together. In this coming year, our Government will continue to improve upon safety programs and standards in our efforts to make Island roads as safe as possible.

Mr. Speaker, people are the driving force behind the Government's ability to deliver a wide range of services to our citizens. The Province of Prince Edward Island is fortunate to employ quality employees who are committed to serving the public.

As part of our Government's plan to renew the civil service, Government announced in March its decision to proceed to classify 495 positions within the Civil Service. This decision stemmed from Government's commitment to renew and instill greater fairness in its long term casual hiring practices.

Managing a human resource environment as complex as the Provincial Civil Service requires that employees have the right tools to do their jobs. That is why our Government is announcing

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its investment in a new human resources management system to address the needs of the Civil Service and the health and education sectors. Through a partnership involving the Province and Veterans Affairs Canada, the Government will implement a new "PeopleSoft" human resources information system. PeopleSoft will allow for a sharing of expertise, resources and information technology solutions.

During the past year Mr. Speaker our Government successfully concluded negotiations with two public sector bargaining units, representing 3,500 public servants.

Tax Relief

Now, Mr. Speaker, I turn to the revenue side of the equation. Once again I am pleased to state - this Budget does not include any tax increases.

For years Islanders have faced the steadily increasing burden of higher levels of taxation. In the decade preceding the election of this Government, the rate of personal income tax was raised three times. Tonight, Mr. Speaker, we reverse that trend.

Tonight for the very first time in the history of our Province, I am announcing a drop in the provincial income tax rate.

The Provincial personal income tax rate, as expressed as a percentage of the Federal basic tax, will be reduced by a full percentage point, from 59.5 per cent to 58.5 per cent.

Furthermore, this reduction will be effective January 1, 1999 so that Islanders will enjoy the full year benefit.

This tax reduction will provide a tax savings to Islanders of \$2.2 million per year. When coupled with the induced effect of Federal tax reductions that were announced in the Federal Budget,

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the payment of Provincial income tax by Islanders will be reduced annually by \$6.8 million. By lowering provincial taxes in conjunction with the federal tax reductions, we have been able to maximize the benefit to Islanders.

Islanders will also benefit from the reductions in Federal personal income tax in 1999 and 2000. On an annualized basis the total tax savings for Islanders from the Federal and Provincial measures will be approximately \$16.8 million, or \$260 per Island taxpayer.

Through these initiatives, every taxpayer will receive a tax break. This, Mr. Speaker, is in keeping with our Government's strong belief that all Islanders should benefit in tax relief.

More details on the Income Tax can be found in Budget Paper C.

The tax reductions for this year are a clear signal of our Government's intentions for the future. This Government's philosophy is to place money in the hands of Islanders to enable them to improve their standard of living. This philosophy provides Islanders with more disposable income -- dollars they can use to purchase goods and services provided by Island businesses -- dollars that Islanders can save and invest for their future needs.

Tax Fairness

Mr. Speaker, our Provincial Government recognizes that fairness is an integral part of good government. Indeed, it is the responsibility of Government to ensure its tax revenues are collected in an equitable, fair and consistent manner.

As Provincial Treasurer, I believe it is important that we make

information available about our revenue procedures using plain language. I believe it is important to provide information to the public in a timely fashion. We must be consistent in the application of tax rules and we must be impartial. And Mr. Speaker, we must be flexible, where possible, in understanding clients' needs, and provide support to clients so that they know their rights and obligations.

To this end, I am pleased to announce our Government's intention to create a tax 'fairness package' -- a first for Prince Edward Island. The fairness package will give taxpayers access to an impartial redress process and when appropriate, provide relief to qualified taxpayers in extraordinary circumstances.

Conclusion

Mr. Speaker, two years ago I presented our Government's first Budget following the voters decision to pursue a different course.

Under the leadership of our Premier Pat Binns we have remained true to our promises. Premier Binns has led our team, kept us on track and focused our energies on the mandate we were elected on - health care, education, support for business and building strong communities.

As we enter a new millennium this Government will continue to listen and act on voters concerns. Tonight, I have outlined some of our achievements and plans for the future.

We will be fiscally responsible with surplus budgets this year and next. We will provide tax relief for all Islanders by reducing personal income taxes by one full percentage point. We are introducing Prince Edward Island's first ever tax fairness package. We are investing in front line services for health care, pursuing asthma, cancer and diabetes research, preserving existing hospitals and building a new hospital and an addictions centre.

"... I am pleased to announce our Government's intention to create a tax 'fairness package' - a first for Prince Edward Island."

Our plans to renew the education system, acquire new technology and pursue new programming initiatives will reduce costs and strengthen programs for students. Our support for millennium projects, crime prevention initiatives and the implementation of 911 will build new capacities into communities. The pursuit of a new Food Strategy and sustainable farming practices will strongly position our Island producers in the competitive market place. By supporting businesses and investing in communities across Prince Edward Island we will diversify our economy. Our new technologies and environmental stewardship will enhance Prince Edward Island's reputation as a "Smart Province" and protect our pristine environment. The continued diversification of our tourism industry will create new marketing opportunities. We will support vital research in our fisheries and advocate for the rights of Prince Edward Island's fishers. By strengthening our infrastructure we will strengthen our economy.

A year ago I stated that our vision of Prince Edward Island was of a prosperous and generous society with a strong spirit of community. We said that in the coming century, we would help to create the best province in Canada in which to live. Mr. Speaker I think you will agree that we are right on track.

In closing Mr. Speaker, I want to thank my colleagues for their assistance and support and the dedicated work of the employees of the Provincial Government.