

Prince Edward Island
Budget Highlights 2004-2005

*Working Together
for a Secure Tomorrow*



Presented by
The Honourable Mitch Murphy
Provincial Treasurer
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Prince Edward Island

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Working Together For A Secure Tomorrow

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Working Together For A Secure Tomorrow

Overview

Priority Areas

- Fiscal Responsibility
- Health Care
- Education
- Job Creation and Community Development



Budgets often contain a common thread or a theme. The theme of this address is sustainability. Sustainability in everything we do, from managing the finances, delivering programs and services, and developing policy.

Mitch Murphy
Provincial Treasurer



Fiscal Responsibility

Budget Summary:

	2004-2005 Estimate (\$ millions)	2003-2004 Forecast (\$ millions)	2003-2004 Estimate (\$ millions)
Revenue:			
Provincial Own Sources	625.1	601.8	610.2
Federal Sources	391.6	380.5	404.1
Sinking Fund Earnings	14.0	14.7	13.2
Capital Revenue	<u>1.9</u>	<u>4.8</u>	<u>1.5</u>
Total Revenue	<u>1,032.6</u>	<u>1,001.8</u>	<u>1,029.0</u>
Expenditure:			
Program Expenditures	933.4	962.4	911.8
Interest Charges on Debt	106.6	103.5	105.4
Capital Expenditures	26.3	42.4	34.7
Net (Surplus) Deficit of Crown Entities	<u>(0.9)</u>	<u>(2.8)</u>	<u>1.1</u>
Total Expenditure	<u>1,065.4</u>	<u>1,105.5</u>	<u>1,053.0</u>
Consolidated Deficit and Change in Net Debt	(32.8)	(103.7)	(24.0)
Net Effect of Change in Tangible Capital Assets Policy	<u>(0.3)</u>	<u>18.6</u>	<u>12.6</u>
Consolidated Deficit after Change in Tangible Capital Assets Policy	<u>(33.1)</u>	<u>(85.1)</u>	<u>(11.4)</u>

Fiscal Responsibility

Forecast 2003-2004:

Forecast Consolidated Deficit is \$85.1 million compared to the 2003-2004 Original Consolidated Deficit of \$11.4 million.

Revenues:

Total Revenues are down \$27.2 million from 2003-2004 Budget resulting from a decrease in Equalization of \$27.3 million.

Expenditures:

Total Expenditures are up \$52.5 million from 2003-2004 Budget Estimate of which \$9.6 million are offset by revenue and another \$20 million is a result of a provision for guaranteed debt. The remaining net expenditure increase of \$22.9 million are as follows:

Salary and Benefits	\$ 9.3 million
Road Construction and Winter Maintenance	\$ 4.4 million
Employment Development Agency	\$ 2.0 million
School Construction	\$ 1.7 million
School Board Funding	\$ 1.3 million
Investment in new Atlantic Beef Processing Plant	\$ 0.9 million
Other	\$ 3.3 million

Fiscal Responsibility

Budget Estimate 2004-2005:

Tax Measures:

- (1) Health Tax on Tobacco will be raised by \$5 per carton of 200 cigarettes as of midnight tonight.
- (2) Gasoline Tax will be increased by 3 cents per litre as of midnight tonight.
- (3) Provincial Sales Tax will be expanded to include golf fees.
- (4) A rebate of \$3,000 on Provincial Sales Tax on the purchase of hybrid vehicles will be introduced and elimination of the Provincial Sales Tax on low-flush toilets.
- (5) Capital Tax on financial corporations will be raised from 3% to 5 %.

Revenues:

Provincial source revenues will increase 2.4% or \$14.9 million from 2003-2004 Budget Estimates. This is due mainly to an increase in gasoline tax, growth in sales tax, personal income tax and property tax.

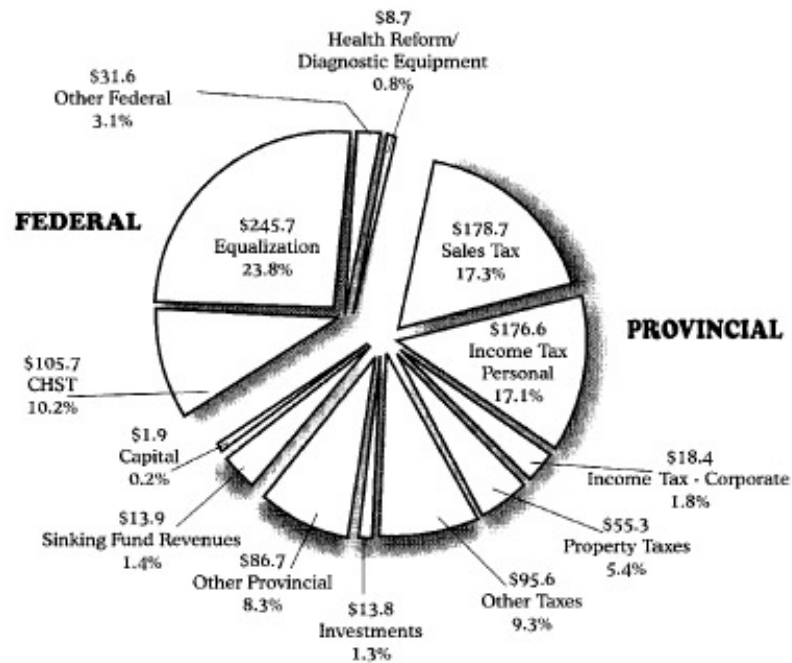
Federal source revenues will decrease \$12.5 million or 3.1% which is made up of a decrease in equalization of \$24.2 million and offsetting increases in other federal funding for disaster relief, infrastructure program, and Labour Market Development Agreement.

Expenditures:

Program expenditures are up \$21.6 million of which \$7.3 million has offsetting revenues. This leaves a net increase of \$14.3 million which can be categorized mostly due to increases in salaries for collective agreements of \$24.7 million and a decrease of \$9.5 million for the upcoming program review. Capital expenditures are down \$8.5 million mostly due to the completion of the new Prince County Hospital.

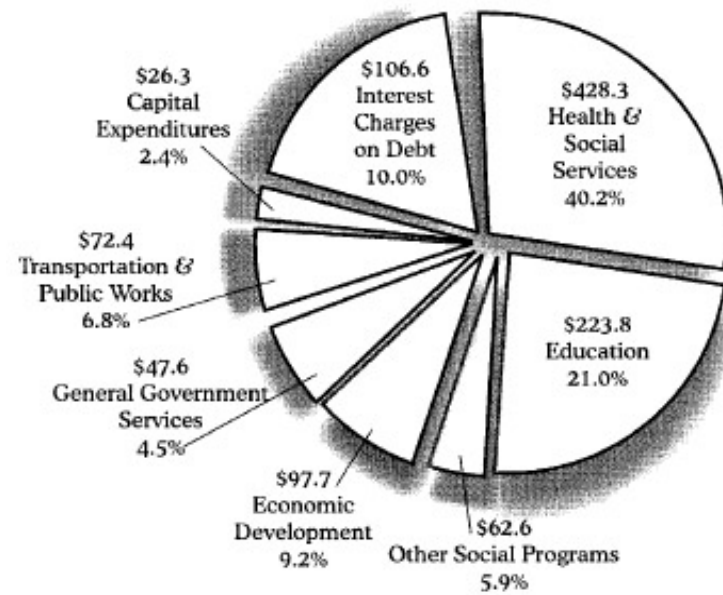
Where the Money Comes From

2004-2005 Revenues
Where the Money Comes From
(\$ millions)



Where the Money Goes

2004-2005 Expenditures
Where the Money Goes
(\$ millions)



Health and Social Services

Achievements

- Approximately 78 new registered nurses were brought into the Health and Social Services system during the calendar year 2003.
- A budget of \$1.1 million was provided for Physician Recruitment in 2003-04. Eight family physicians and 12 specialists were recruited along with 53 physicians who provided locum services.
- The establishment of the first MRI diagnostic imaging service in the Province was completed at the Q.E.H., along with an expansion to the Cancer Treatment Center which included a Linear Accelerator.
- The construction on the new Prince County Hospital was completed during the 2003-04 fiscal year, with plans to move patients into the new facility starting on April 4, 2004.
- An additional \$1.06 million was provided to fund increasing Provincial Drug Programs costs for seniors, low income families and specific diseases.
- The Seniors Emergency Home Repair Program, a \$200,000 provincial emergency program, was implemented to keep low income seniors safe and secure in their own homes.
- The Disability Support Program was enhanced to better serve Islanders.
- The Province introduced a further 3 per cent increase to financial assistance rates.
- The Province invested in the development of a core program for early intervention/treatment of pre-school Autism Spectrum Disorder. Two additional Pre-School Autism Early Intervention Specialists were hired.

Health and Social Services

Achievements (continued)

- Partnerships for Children Program allocated \$110,000 to the Children's Action Networks to implement a series of priority projects for children and families.
- The Pap Screening Clinic was expanded to include pre-scheduled monthly clinics across the Island in order to reach more women and provide earlier detection of cervical cancer.
- An increase of \$14 per month per child was added to the Healthy Child Allowance.
- The complement of permanent full time Speech Language Pathologists was increased at a cost of \$300,000. There are four new permanent SLP's in the regions and one provincial SLP.
- Fees for childhood immunization were eliminated.
- The Province invested \$300,000 in the Tyne Valley Child Youth Developmental Health Center, for high-risk children and youth facing behavioural/developmental challenges.
- Phase Three of the three-year Mental Health Service Delivery Plan was implemented, moving Prince Edward Island to a Best Practice System.
- An additional \$500,000 was directed to Primary Health Care Redesign initiatives, including the establishment of another Family Health Center.
- The *Smoke-free Places Act* became law in June 2003 to provide the legislative framework to protect the public and workers from the harmful effects of second-hand smoke by creating smoke-free work and public environments.

Achievements

- The new Investing in Island Classrooms strategy, announced May 2003 will enable the Province to maintain 140 teachers and add 40 new teachers over the next six year period. This fiscal year \$500,000 was invested to hire 6 additional teachers.
- UPEI and Holland College each received additional operating funding of \$1 million to address rising costs and demands.
- Atlantic Veterinary College received an additional \$500,000 to enhance teaching and research.
- School Boards received an additional \$500,000 to address increasing costs in waste management, maintenance, insurance and administration
- Kindergartens received additional operational funding and the minimum wage of certified kindergarten instructors was increased to at least \$12 per hour in salary and benefits.
- An additional \$480,000 was provided to the Maritime Provinces Higher Education Commission to assist Island students taking courses not available in Prince Edward Island.
- A \$3.5 million expansion of Kinkora Regional High School was opened in May 2003.
- Approximately \$1.7 million was spent on capital repair projects at 27 schools.
- Implementation of a new \$1.2 million science curriculum began this year.

Achievements (continued)

- The services of three autism teacher-leaders were made available to the school boards to provide individual support for students with autism, and to train more teachers to become autism specialists.
- Several initiatives were introduced to assist students with the cost of their post-secondary education such as a 50 per cent increase in the weekly student loan limit, and major increases in annual exemptions for scholarships and income earned by students.
- Additional investments of \$150,000 were made in the Reading Recovery™ program.
- More than \$8 million was invested to commence Phase Two of construction at Bluefield High School and Summerside Intermediate School.
- A new Equal Chances at Learning program was introduced to assist lower income families with the cost of school activities.
- New investments of \$8.5 million were made to expand the Justice Institute at Slemon Park and enhance this state-of-the-art institute, which provides training for law enforcement officers and other Justice personnel.

New Initiatives and Additional Funding

- UPEI and Holland College will both receive an additional \$750,000 in operational funding for 2004-2005.
- Operational funding to Regional School Boards has been increased by \$1.9 million.
- The budget includes \$100,000 for the development of the 2009 Canada Summer Games Hosting Plan.
- Investment of \$4.9 million towards the new Atlantic beef processing plant.
- Atlantic Veterinary College will receive a further \$321,000 in operational funding.
- An additional \$1.8 million for blood services to accommodate the increasing cost of blood services.
- An additional \$800,000 will be invested in the Provincial Drugs Program.
- The Province will invest in the PEI Home Oxygen Program (HOP) to provide Island residents with a demonstrated need for home oxygen therapy. The Province will also provide assistance to defray part of the costs associated with Flolan drugs.
- Government is committed to providing an income-based portion of the costs of Remicade and Enbrel medications used for the treatment of severe Rheumatoid Arthritis and some forms of Crohn's disease.

Summary Statistics

	2002	2003
Population on 1 July (in '000s)*	137.0	137.8
Personal Income per capita* (\$)	23,898	24,357 ¹
<i>As % of Canadian personal income</i>	83.0	83.0 ¹
Employment (in 000's)	67.1	68.8
Unemployment Rate - P.E.I. (%)	12.1	11.1
<i>Unemployment Rate - Canada (%)</i>	7.7	7.6
CPI - Annual Change P.E.I. (%)	2.7	3.6
<i>CPI - Annual Change (%) Canada</i>	2.2	2.8
Retail Trade (\$ millions)*	1,324.2	1,317.9
New Motor Vehicle Sales (units)	4,996	4,731
Farm Cash Receipts (\$ millions)*	365.6	353.1
Potato Receipts (\$ millions)*	190.9	185.5
Lobster Landings (\$ millions)*	105.4	110.0
<i>Lobster Landings (lbs - millions)*</i>	19.9	20.0
Housing Starts (units)	775	814
Investment (\$ millions)*	639.2	656.5
Manufacturing Shipments (\$ millions)*	1,327.1	1,356.2
Tourist Visitations (thousands)	1,104	1,065
International Exports in Goods (\$ millions)*	683.0	639.4
GDP at Market Prices (\$ millions)*	3,748	3,865 ¹

* Revised Data

¹ Provincial Treasury estimate

Sources: Statistics Canada; CMHC; Tourism PEI;

PEI Agriculture, Fisheries, Aquaculture and Forestry

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