

# Prince Edward Island

## Budget Highlights 2007-2008

**People, Place and Promise**  
**Today's Leadership; Tomorrow's Prosperity**

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## Summary Statistics

	2005	2006
Population on 1 July (thousands)*	138.2	138.5
Personal Income per capita* (\$)	26,065	26,697 <sup>1</sup>
<i>As % of Canadian personal income</i>	81.9	80.1 <sup>1</sup>
Employment (thousands)*	68.2	68.6
Unemployment Rate - P.E.I. (%)	10.8	11.0
<i>Unemployment Rate - Canada (%)</i>	6.8	6.3
CPI - Annual Change P.E.I. (%)	3.2	2.2
<i>CPI - Annual Change Canada (%)</i>	2.2	2.0
Retail Trade (\$ millions)*	1,428.6	1,486.3
New Motor Vehicle Sales (units)	4,847	4,933
Farm Cash Receipts (\$ millions)*	370.3	380.1
Potato Receipts (\$ millions)*	166	201.8
Lobster Landings (\$ millions)*	103.2	113.4
<i>Lobster Landings (lbs - millions)*</i>	18.5	21.5
Housing Starts (units)	862	738
Investment (\$ millions)	758.8	788
Manufacturing Shipments (\$ millions)*	1,289.6	1,351.0
International Exports of Goods (\$ millions)*	772.8	786.0
GDP at Market Prices (\$ millions)*	4,169	4,320 <sup>1</sup>

\* Revised Data

<sup>1</sup> Provincial Treasury estimate

Sources: Statistics Canada; Canada Mortgage and Housing Corporation; and PEI Department of Agriculture, Fisheries, and Aquaculture.

# Prince Edward Island

## Budget Highlights 2007-2008

**People, Place and Promise**  
**Today's Leadership; Tomorrow's Prosperity**

### Overview

#### Priority Areas

- Fiscal Responsibility
- Health
- Social Services and Seniors
- Education
- Community and Resource Development



*We continue to show leadership in programming initiatives and fiscal responsibility. This Budget contains \$34 million in tax savings and \$54 million in new spending."*

*Mitch Murphy*

Hon. Mitch Murphy  
 Provincial Treasurer



**Budget Summary**

	<b>2007-2008 Estimate (\$ millions)</b>	<b>2006-2007 Forecast (\$ millions)</b>	<b>2006-2007 Estimate (\$ millions)</b>
<b>Revenue:</b>			
Provincial Own Sources	724.3	705.0	687.7
Federal Sources	525.3	466.0	458.7
Sinking Fund Earnings	19.0	17.0	17.3
Net Consolidated Surplus of Crown Corporations	<u>17.5</u>	<u>2.5</u>	<u>1.9</u>
<b>Total Revenue</b>	<b><u>1,286.1</u></b>	<b><u>1,190.5</u></b>	<b><u>1,165.6</u></b>
<b>Expenditure:</b>			
Program Expenditures	1,124.1	1036.1	1022.1
Interest Charges on Debt	<u>121.2</u>	<u>116.1</u>	<u>118.3</u>
Operating Expenditure	1,245.3	1,152.2	1,140.4
Depreciation Expense	<u>38.7</u>	<u>37.0</u>	<u>37.7</u>
<b>Total Expenditure</b>	<b><u>1,284.0</u></b>	<b><u>1,189.2</u></b>	<b><u>1,178.1</u></b>
 <b>Consolidated Surplus (Deficit)</b>	 <u>2.1</u>	 <u>1.3</u>	 <u>(12.5)</u>

**Province of Prince Edward Island  
Five-Year Capital Plan  
2007/2008 to 2011/2012**

	<b>2007/2008 \$</b>	<b>2008/2009 \$</b>	<b>2009/2010 \$</b>	<b>2010/2011 \$</b>	<b>2011/2012 \$</b>	<b>Total \$</b>
<b>Transportation and Public Works</b>						
Bridges	8,780,000	10,780,000	13,789,800	14,259,200	14,370,000	61,979,000
Highway Reconstruction	10,460,000	12,029,000	16,850,200	19,360,800	20,250,000	78,950,000
Highway Equipment	1,000,000	1,800,000	1,800,000	1,800,000	1,800,000	8,200,000
Cost Shared Highways	9,380,000	8,811,000	1,980,000	-	-	20,171,000
Prince County Hospital Demolition	10,000	-	-	-	-	10,000
Basin Head Wharf Reconstruction	50,000	-	-	-	-	50,000
Provincial Lands	250,000	250,000	250,000	250,000	250,000	1,250,000
Prince County Highway Depot	20,000	-	-	-	-	20,000
Capital Repairs Buildings	500,000	500,000	500,000	500,000	500,000	2,500,000
Laboratory Services	4,186,000	-	-	-	-	4,186,000
Major Repairs to Shaw/Sullivan Bldgs.	1,800,000	-	-	-	-	1,800,000
Salt Storage Building	200,000	-	-	-	-	200,000
	<u>36,636,000</u>	<u>34,170,000</u>	<u>35,170,000</u>	<u>36,170,000</u>	<u>37,170,000</u>	<u>179,316,000</u>
<b>Public Service Commission</b>						
HRMS/Payroll Upgrade	<u>714,400</u>	<u>79,600</u>	-	-	-	<u>794,000</u>
<b>Total Capital Expenditure</b>	<b><u>68,859,500</u></b>	<b><u>75,733,900</u></b>	<b><u>68,780,100</u></b>	<b><u>50,367,900</u></b>	<b><u>57,439,600</u></b>	<b><u>321,181,000</u></b>
<b>Total Capital Revenue</b>	<b><u>9,881,200</u></b>	<b><u>6,655,300</u></b>	<b><u>1,042,000</u></b>	<b><u>250,000</u></b>	<b><u>250,000</u></b>	<b><u>18,078,500</u></b>

December 2006

## Five-Year Capital Plan

**Province of Prince Edward Island  
Five-Year Capital Plan  
2007/2008 to 2011/2012**

	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<b>Office of the Attorney General</b>						
Courthouse Security/Records	75,000	-	-	-	-	75,000
Correctional Centre Renovations	100,000	-	-	-	-	100,000
Fleet Replacement	-	50,000	50,000	50,000	50,000	200,000
	<u>175,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>375,000</u>
<b>Health</b>						
Queen Elizabeth Hospital Redevelopment	2,900,000	8,300,000	9,500,000	2,500,000	9,300,000	32,500,000
Queen Elizabeth Hospital Improvements	955,000	400,000	400,000	400,000	400,000	2,555,000
West Prince Hospital	760,000	11,500,000	11,500,000	-	-	23,760,000
Health Facilities Improvements	1,000,000	1,000,000	500,000	500,000	250,000	3,250,000
Clinical Information System	2,660,000	-	-	-	-	2,660,000
Hospital Drug Packager	300,000	-	-	-	-	300,000
Manor Replacement	4,025,000	4,266,000	4,522,000	4,793,000	5,081,000	22,687,000
Primary Care Facilities	233,000	200,000	200,000	200,000	200,000	1,033,000
	<u>12,833,000</u>	<u>25,666,000</u>	<u>26,622,000</u>	<u>8,393,000</u>	<u>15,231,000</u>	<u>88,745,000</u>
<b>Social Services and Seniors</b>						
Capital Improvements	<u>667,000</u>	<u>667,000</u>	<u>667,000</u>	<u>667,000</u>	<u>667,000</u>	<u>3,335,000</u>
<b>Provincial Treasury</b>						
Information Technology Optimization	2,455,000	500,000	-	-	-	2,955,000
Server Refresh	300,000	300,000	300,000	300,000	300,000	1,500,000
	<u>2,755,000</u>	<u>800,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>4,455,000</u>
<b>Environment, Energy and Forestry</b>						
Maintenance of Ponds and Impoundments	130,000	85,000	70,000	130,000	200,000	615,000
Laboratory Equipment Refurbishment	430,000	95,500	12,000	174,000	-	711,500
Land Purchases	65,000	65,000	65,000	65,000	65,000	325,000
Forest Fire Vehicle Replacement	-	250,000	170,000	85,000	170,000	675,000
Replacement of Small Vessels	100,000	-	-	-	-	100,000
	<u>725,000</u>	<u>495,500</u>	<u>317,000</u>	<u>454,000</u>	<u>435,000</u>	<u>2,426,500</u>

December 2006

## Fiscal Responsibility

### Forecast 2006-2007

The Province is forecasting a consolidated surplus of \$1.3 million as compared to its original Budget Estimate of a \$12.5 million deficit.

Total Revenue is up \$24.9 million, which results primarily from an increase in Provincial Own Source Revenues.

Total Expenditure is up \$11.1 million, which represents less than a one percent increase over the original 2006-2007 budgeted expenditures.

### Estimates 2007-2008

The Budget Estimates for 2007-2008 project a consolidated surplus of \$2.1 million. This represents the third consecutive surplus year for Prince Edward Island.

Total Revenue for 2007-2008 is projected to increase by \$95.6 million from the forecasted 2006-2007 Revenue. Provincial Own Source Revenues are up by \$19.3 million, Federal Source Revenues are up \$59.3 million, Sinking Fund Earnings are up \$2 million, while Net Consolidated Surplus of Crown Corporations is up \$15 million.

Total Expenditure for 2007-2008 is projected to be \$94.8 million more than recorded in the 2006-2007 Budget Forecast.

## Tax Measures

### Tax Measures

In total, the income tax reductions contained in this Budget amount to more than \$34 million in savings for Island taxpayers and Island businesses over this year and next.

Islanders will also benefit from \$9.5 million of Federal income tax savings this year, as announced in the Federal Budget.

### Personal Income Tax Measures

Thresholds of the Basic Personal Amount, Spousal Amount, Age Amount and Personal Income Tax Brackets will all increase by 2% over current levels in 2007 and by 4% in 2008.

The High Income Surtax Amount will be increased so that middle-income families no longer pay the surtax.

A typical married couple making approximately \$35,000 each, will now save \$160 in income tax annually.

A typical single individual making approximately \$15,000 will see their income tax payable reduced by 7% annually.

In 2008, a typical single earner family of four making \$40,000, will pay 20 % less Provincial Income Tax than in 1997.

Beginning in 2007, Pension Income Splitting will save Island seniors more than \$6.5 million per year.

## Five-Year Capital Plan

### Province of Prince Edward Island Five-Year Capital Plan 2007/2008 to 2011/2012

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Total
	\$	\$	\$	\$	\$	\$
<b>Agriculture, Fisheries &amp; Aquaculture</b>						
GPS Survey Stations	75,000	75,000	-	-	-	150,000
Fisheries and Aquaculture Lab	75,000	-	-	-	-	75,000
	<u>150,000</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
<b>Community and Cultural Affairs</b>						
Capital Improvements - Museums	115,000	80,000	-	-	-	195,000
9-1-1 System Upgrades	-	50,000	75,000	75,000	-	200,000
	<u>115,000</u>	<u>130,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>395,000</u>
<b>Tourism PEI</b>						
Confederation Trail	355,000	355,000	355,000	355,000	-	1,420,000
Green Park	132,500	-	-	-	-	132,500
Northumberland	190,000	-	-	-	-	190,000
Linkletter	220,000	-	-	-	-	220,000
Brookvale	30,000	70,000	28,500	27,500	-	156,000
Maintenance Equipment	110,000	111,200	111,300	111,200	111,300	555,000
West Maintenance Building	-	65,000	-	-	-	65,000
Kings Castle	-	50,000	45,000	-	-	95,000
Cabot Beach	-	100,000	75,000	-	-	175,000
Red Point	-	100,000	30,000	-	-	130,000
Jacques Cartier	-	135,000	75,000	100,000	-	310,000
Cedar Dunes	-	100,000	0	0	-	100,000
Mill River Fun Park	-	40,000	25,000	20,000	-	85,000
Panmure Island	-	-	50,000	27,500	-	77,500
Playground Equipment	-	-	20,000	20,000	-	40,000
Brudenell	-	-	100,000	50,000	10,000	160,000
Buffaloland	-	-	50,000	35,000	20,000	105,000
Mill River Trails	-	-	-	55,000	-	55,000
Day Parks	-	-	-	40,000	45,000	85,000
Lord Selkirk	-	-	-	15,000	40,000	55,000
	<u>1,037,500</u>	<u>1,126,200</u>	<u>964,800</u>	<u>856,200</u>	<u>226,300</u>	<u>4,211,000</u>
<b>Education</b>						
Parkside Elementary	1,078,500	-	-	-	-	1,078,500
Tracadie Cross Consolidated	1,430,000	-	-	-	-	1,430,000
Montague High School	7,182,500	7,057,500	60,000	-	-	14,300,000
Eim Street Elementary	100,000	2,400,000	-	-	-	2,500,000
Rustico French School	-	75,000	1,425,000	-	-	1,500,000
Trades Capital	250,000	250,000	250,000	250,000	-	1,000,000
School Improvements	1,000,000	1,000,000	1,000,000	1,000,000	1,100,000	5,100,000
Bus Replacement	1,525,400	1,627,100	1,879,300	2,152,700	2,260,300	9,444,800
Canada Games Renovations	267,200	65,000	-	-	-	332,200
Parkside Sports Field	218,000	-	-	-	-	218,000
	<u>13,051,600</u>	<u>12,474,600</u>	<u>4,614,300</u>	<u>3,402,700</u>	<u>3,360,300</u>	<u>36,903,500</u>

## Other Additional Funding

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### **Highlights** (continued)

- Increase in funding for the Science and Innovation Fund, which assists Island companies with new ideas to bring them to commercialization.
- Support for the Legends of Golf 2007, featuring Vijay Singh and Mike Weir at The Links at Crowbush Cove in July.
- Support for a major concert event this summer featuring Aerosmith.
- A tourism marketing campaign for Calgary.
- A commitment of \$150,000 to deal with aquatic invasive species.
- Increase of \$800,000 to Tourism's promotion and marketing budget.
- Increased funding of municipal equalization by \$300,000.
- Will increase infrastructure program funding by \$9.5 million over last year's budget.

## Tax Measures

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A senior couple with one pension of approximately \$45,000, will see their total income tax payable reduced by more than 50% annually.

The value of the personal income tax education amounts will double, both for full-time and part-time students. This will save Islanders \$1.5 million a year.

### **Business Income Tax Measures**

On April 1st, 2007, the Small Business Income Tax Rate was lowered from 5.4% to 4.3%. This rate is being reduced each year until 2010, when it will be only 1%, the lowest of any Canadian province.

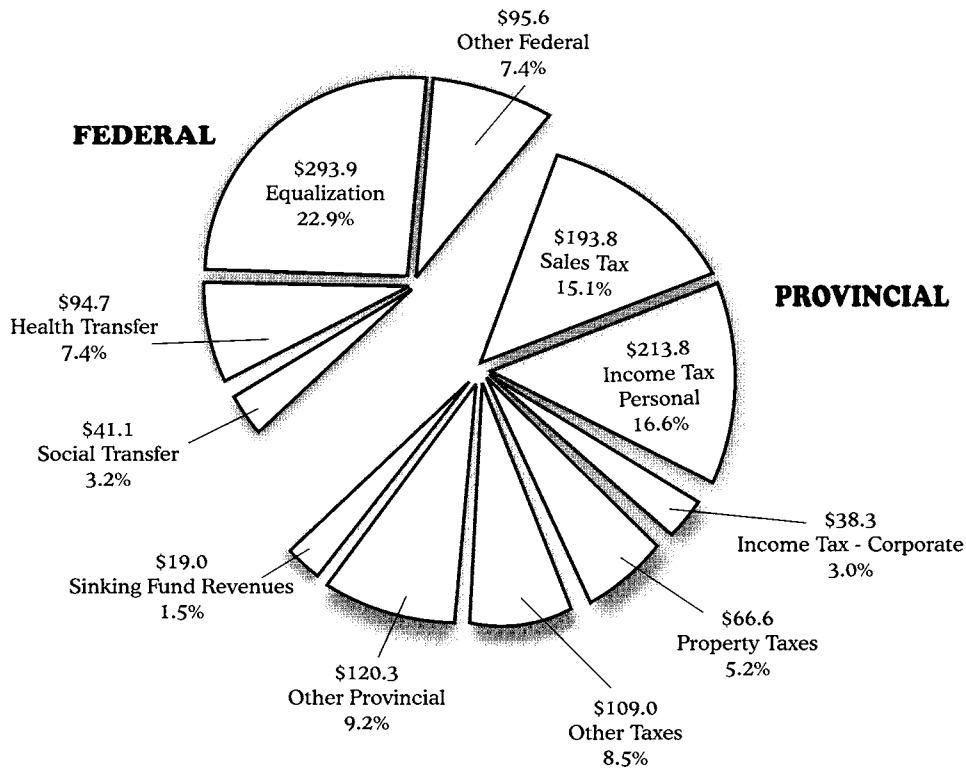
The Small Business Income Tax threshold has increased from \$300,000 to \$400,000 effective for 2007, and combined with the rate reduction, small businesses will save more than \$2.2 million this year alone.

The Province will increase the Lifetime Capital Gains Exemption for fishermen, farmers and small business owners from \$500,000 to \$750,000.

### **Gasoline Tax Measure**

The variable portion of the tax on gasoline and diesel will be capped at 8.7 cents per litre.

**2007-2008 Revenues**  
**Where the Money Comes From**  
 (\$ millions)



**Highlights**

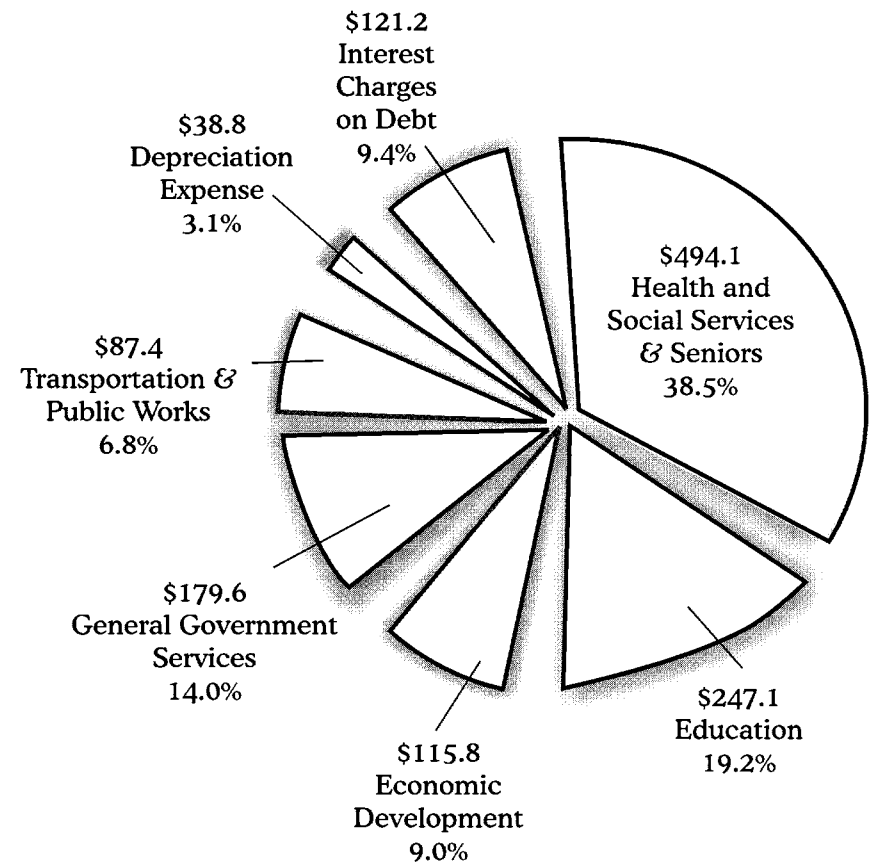
- \$212,400 of additional funding toward the RCMP “L” Division to augment its street-level drug program and to provide greater concentration on impaired driving.
- Additional funding for staffing of the Maintenance Enforcement Program to ensure families and children continue to get quality service.
- \$15 million in new Federal funding for clean air and climate change projects, including \$150,000 for a “greening of Government” initiative.
- Additional funding of \$500,000 toward organic marketing development.
- \$130,000 for PEI music industry to assist Island musicians with the production and promotion of their music.
- Contributions to the economic and sports development of Island communities through an annual \$100,000 Sport Hosting Grant.
- Investing \$600,000 in a Workplace Training Program that will allow businesses to train new and existing employees on the work site.



**Highlights**

- Will increase funding to improve student achievement from \$1 million to \$3 million. Initiatives will include improved literacy, curriculum, equipment and other resources.
- Will provide new funding of \$2.1 million to U.P.E.I. to decrease undergraduate tuition fees by 10%.
- Will increase funding to U.P.E.I. by \$1.4 million and to Holland College by \$1 million to fund increased cost of operations.
- Will maintain the Staffing and Funding Model for teachers by adding six new teaching positions and maintaining 30 more at a cost of \$2 million.
- Will provide an additional \$367,000 to School Boards to fund increased operating costs. A further \$570,000 is directed toward establishing a new welding program at Three Oaks Senior High School.
- Will provide new funding toward increasing the student awards for students at Holland College, U.P.E.I. and La Société éducative de l'Île -du-Prince-Édouard. A further \$470,000 will be added to the Student Financial Assistance Program.
- Will add \$500,000 to improve services for students with special needs and \$220,000 to Kindergarten funding.
- Will provide additional funding to improve literacy.

**2007-2008 Expenditures  
Where the Money Goes  
(\$ millions)**



## Health

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### Highlights

- In the last 10 years, the number of practicing physicians has increased from 146 to 192.
- Additional physicians will be added at a cost of \$1.8 million, including \$220,000 for additional coverage at the Prince County Hospital Emergency Department.
- Long-term care funding initiatives will save seniors \$6.6 million in the next year.
- Strategic investments costing an additional \$1.3 million will improve access to health care.
- A further \$150,000 for the Methadone Maintenance Treatment Program.
- Enhanced delivery of pharmacy services in hospitals costing \$735,000.
- Additional funding of \$445,000 for the Neonatal Intensive Care Unit at the Queen Elizabeth Hospital.
- Increase of \$200,000 to funding for Speech and Language Development services.
- An additional \$200,000 to develop a best-practice model to assist seniors to stay at home.
- A Quality Improvement Program for diagnostic imaging services at a cost of \$104,000.
- Budgeted \$1,000,000 for a new youth addictions facility and to develop a comprehensive youth addictions strategy.

## Social Services and Seniors

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### Highlights

- New cancer drugs costing \$1 million in addition to \$2.2 million in increased funding for drugs.
- New investments in early learning and child care of \$1.7 million to support child care centers and parent subsidization.
- Increased funding of \$590,000 for community-based volunteer organizations.
- Increases in shelter rates for social assistance clients costing over \$527,000.
- Foster families will receive increases costing \$149,000.
- An increase of 11% to the budget of the Disability Support Program.
- The Seniors' Secretariat will receive an additional \$150,000 to develop a Seniors' Handbook and to enhance programs.
- An increase in the income threshold for the Family Health Benefit drug program, which will cost \$90,000.
- Extensive repair and renovation work to refresh social housing, including most of the 1,149 Seniors Units.