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| **Province** | **Législature/Legislature** | **Session** | **Type de discours/Type of speech** | **Date du discours/ Date** | **Locuteur/Speaker** | **Fonction du locuteur/ Function**  | **Parti politique/ Political party** |
| Ile-du-Prince-Edward/ Prince Edward Island | 62 | 4 | Discours du Budget/ Budget Speech  | 10-04-2007 | Mitch Murphy | Provincial Treasurer and Chair of Treasury Board | Progressive Conservative |

**The 2007 Provincial Budget Address**

***Presented April 10, 2007***

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

Mr. Speaker, Members of the Legislative Assembly.

It is an honour for me to stand before you today to deliver the Budget Address for 2007-2008.

Our objective, as always, is to find the balance between improving the level of service delivered for Islanders while, at the same time, continuing our ongoing commitment to live within our financial targets.

This Budget will include new, strategic investments that will continue to make our Province stronger for the future. This Budget will provide the leadership today to ensure a prosperous tomorrow.

Mr. Speaker, today's Budget will include $54 million in new spending initiatives and programming, while at the same time result in a surplus of $2.1 million. This Budget also includes spending that was announced earlier this year, including a long- term care funding strategy which is saving Islanders in nursing homes more than $6.6 million each year.

Mr. Speaker, this Budget will include no new taxes. In fact, we will continue with the plan we have set in previous Budgets by reducing taxes for Islanders.

Mr. Speaker, as our economy continues to expand due in large part to our record job growth, we have seen the number of working Islanders grow from under 57,000 in 1996 to over 70,000 today. Our Government has made it a priority to share that unprecedented growth with Islanders. Today we will reduce personal income taxes.

Mr. Speaker, I am also pleased to announce we will introduce a cap on the provincial tax rate charged for gasoline and diesel fuel.

Islanders have come to expect our Government to live within its means. During our pre-budget consultations, we were instructed to deliver needed programs in a fiscally prudent way. We have once again listened to Islanders.

We will deliver new programs, introduce tax-cutting measures and we will deliver a surplus for the third consecutive year.

Mr. Speaker, our Government understands that continued improvement in education is the most important investment we can make. We will continue to show leadership by investing today in the quality education Islanders will need tomorrow. Our Government has been doing this consistently and our results have been demonstrated.

In this Budget, we will introduce a 10% tuition rollback for the upcoming academic year for undergraduate students at the University of Prince Edward Island. Further, we will work with the University to cap future tuition increases at 2% annually. In this Budget, we will increase the Island Student Award for UPEI students to $2,000.

In this Budget, we will introduce a new $1,000 Island Skills Award for those Holland College and La Socit ducative students not currently receiving federal skills development benefits.

Mr. Speaker, today's students are tomorrow's leaders. We know a post-secondary education must be accessible and affordable. Our Government is taking the necessary steps to ensure Island students have every opportunity to succeed. I will discuss education in greater detail later in my address.

The health of Islanders has long been the number one priority of our Government. In this Budget, we will announce several initiatives to address the changing needs of health care in Prince Edward Island.

In this Budget, we will invest $1 million to add new cancer drugs to the Provincial Formulary. We will invest more money to recruit and retain doctors. We will invest more money in the areas of foster care, disability support and dialysis.

In this Budget, we will include new funding for a youth addictions facility.

Mr. Speaker, our budget success can be attributed to a strong economy, new job creation and strong fiscal management. The provincial economy continues to perform well, benefitting from strong commercial construction, continued strength in fish processing, solid retail sales growth and positive employment gains. Our unemployment rate is at its lowest level in almost 30 years and our economic indicators continue to show improvement.

The theme of our Budget "Today's Leadership; Tomorrow's Prosperity" continues on our commitment to People, Place and Promise. It reflects the leadership of our Premier and our Government in making decisions that will pave the way for a strong future. Islanders know it is important to build on our past successes and chart a course for the future that continues to move Prince Edward Island forward. Islanders have made it known they want our Province to continue to achieve and Islanders should settle for nothing less.

In this Budget, our Government will continue to address the areas of highest priority for Islanders - health and education.

**The Capital Budget**

Last December, I tabled Government's second Capital Budget. This included our Five-Year Capital Plan and will see $321.2 million spent on critical infrastructure in our Province. For 2007- 2008, we introduced $68.8 million in capital spending.

Initiatives in health totalled $12 million, including $2.9 million toward a $52 million redevelopment at Queen Elizabeth Hospital, $4 million for manor replacement, and $760,000 for design and preparation work for a new, single hospital for West Prince.

In education, we announced continued school construction for Parkside Elementary, a new gymnasium for Tracadie Cross Consolidated School and $14.8 million for Montague Regional High School. We also continued our school bus replacement program by investing $1.5 million toward 21 new buses.

Mr. Speaker, the largest portion of the Capital Budget is reserved for the Department of Transportation and Public Works. With $36 million for 2007-2008, the Department will continue to concentrate on Route 2, our Province's vital economic link. The Department's bridge replacement strategy continues to be implemented as $8.7 million was targeted toward the end goal of the replacement and renovation of our Province's 1,200 bridge structures.

**The Economy**

Mr. Speaker, the economy of Prince Edward Island performed well in 2006.

The provincial economy expanded by 2.0%. There has been consistent growth for the past three years. Our continued growth is supported by strong employment growth, strong commercial construction, solid retail sales growth and growing personal incomes.

The employment situation in Prince Edward Island continued to improve as we welcomed more new companies to our Province. The past year has seen unprecedented growth in job opportunities for Islanders, in our targeted, emerging sectors. AIM Trimark will create 300 new jobs in the financial services sector. Ceridian Canada will create 100 jobs in human resources. CGI now employs 150 people at their Stratford facility, in information technology and software development.

Many of these companies have chosen Prince Edward Island for our dedicated and talented labour force and because of our Progressive Tax Rebate Programs which reward new and existing companies for their successes in creating and sustaining jobs in the Province.

Mr. Speaker, our emerging bioscience sector continues to mature and grow. With 25 companies, 700 employees and an annual payroll approaching $35 million, key research and development opportunities are helping to move our Province forward. This past year, we implemented the Bioscience Tax Rebate Program to continue to encourage growth in this sector and to help companies capitalize on commercialization opportunities which will emerge from this cutting-edge research.

The history of this industry in Prince Edward Island has humble beginnings. Pioneers like Dr. Regis Duffy began in his garage, only to grow Diagnostic Chemicals and BioVectra Ltd. to become important international players in the bioscience sector.

The health of our economy and the strength of our job growth have helped our personal incomes grow by 2.6 % in 2006. Labour income growth was supported by employment gains and higher earnings. Farm cash receipts in 2006 were valued at $380 million, an all-time high, though the agriculture sector experienced mixed market conditions throughout the year. Lobster landings in 2006 were valued at $113 million, an all- time high. The value of manufacturing shipments was $1.3 billion, an increase of $61 million over 2005. Growth in exports was driven largely by robust gains in fish processing which expanded by almost 35%.

Looking forward, Mr. Speaker, we estimate continued economic expansion for Prince Edward Island. We forecast the Island economy will grow at a consistent pace in spite of economic challenges, such as the strength of the Canadian dollar, a weakened US economy and rising energy prices. Strong growth prospects for service-sector employment, consumer spending, machinery and equipment investment and manufacturing will support our economic pace.

**Equalization**

Equalization transfers continue to be a major source of revenue for Prince Edward Island. You will note in this Budget, we have provided for $293.9 million in 2007-2008. This is an increase of over $7 million from the previous Budget. For 2008-2009, we estimate $310 million in Equalization revenue. These amounts are a result of a new Equalization formula, announced recently in the Federal Budget.

Mr. Speaker, I can not emphasize enough, the leadership of our Premier in securing predictable, formula-based Equalization transfers from the Federal Government which have resulted in sustainable, long-term gains for Prince Edward Island.

Our Province has consistently proposed an Equalization formula that is predictable and fair, to allow the Province to better project future budgets. The new formula is a positive start on the road to fiscal balance. It will allow our Province to continue to support the services that Islanders hold dear: health care, education and social services.

In addition, Mr. Speaker, the quiet diplomacy of our Premier, the Dean of Canadian Premiers, has helped to deliver base funding in four key federal transfer programs. The introduction of base funding for provinces and a ten-province standard for Equalization are significant improvements for Prince Edward Island.

Base funding has been a goal of our Province for many years. Our Premier is to be congratulated for leading the charge and for settling for nothing less than fair and equitable treatment of Prince Edward Islanders. The strides we have made today will help us deliver a stronger, safer and better future for this Province.

**Today's Leadership; Tomorrow's Prosperity.... Investing in Education**

Mr. Speaker, our Government has invested heavily in education because we know that an educated person has the best opportunity to find a satisfying job and increased income.

Our Government wants to provide all Islanders with opportunities to learn and succeed. We are doing this by making strategic investments in public education that support learners of all backgrounds and abilities.

Mr. Speaker, this Budget contains an unprecedented increase of $16.7 million for education. It will help assist educators build on the work they are doing to help Islanders learn and succeed. Our record of achievement is evident in many areas. Today, over 97 per cent of eligible Island children are enrolled in publicly- funded kindergarten programs. Enrolments in post-secondary education are at record levels. Our student-educator ratio in PEI is now 14 to 1, one of the best in the country.

Island students have the third highest rate of participation in French Immersion programs in Canada.

Total provincial spending on education has increased 54% since 1996 to $247 million this year. Mr. Speaker, this Budget will enable us to do even more to offer effective learning opportunities that help Islanders succeed.

*Early Learning*

This Fall, our new Age of Entry policy will reach full implementation. This means that Island children will be five years old when they enter kindergarten, and six years old when they begin school. The new policy was recommended by Island educators as a way to help children be more prepared for success when they begin school.

The provincial kindergarten curriculum continues to be improved. This coming year the Department of Education will pilot an integrated curriculum in English, French and French Immersion kindergarten programs. The curriculum will include outcomes in language arts, mathematics, science, social studies, health and the arts.

We commend our kindergartens for introducing a new progress report this year. Similar to a school report card, the progress report provides parents with more information on how their children are doing and where they need help.

Funding for the 2007-2008 kindergarten year will be enhanced by $220,000 to help kindergarten operators address rising costs and maintain quality programs.

*Elementary and Secondary Learning*

Improving student achievement continues to be a major priority of our Government. In 2005, our Premier established a task force to consult with Islanders and recommend more ways to help students succeed.

Following the report of the Task Force on Student Achievement last year, our Premier announced major new funding of $9 million to go directly towards implementing the Task Force recommendations.

Mr. Speaker, $1 million was allocated for this work in 2006- 2007. This year $3 million is being provided, and the number will rise to $5 million in 2008-2009.

Our most significant accomplishments are in improving early literacy and in assessment. Three new early literacy coaches were hired by the school boards last year. These teachers work with other teachers to develop literacy plans that meet the specific needs of Grades 1, 2 and 3 students. Mr. Speaker, this has been one of the most significant contributors to improved reading and writing that these schools have ever had.

In this Budget, our Government will add three additional early literacy coaches to help students develop strong early literacy skills.

Mr. Speaker, research shows that when parents are engaged in their children's learning, they add to their children's academic and social development. This year, we will provide the PEI Home and School Federation with a new grant of $50,000 to involve more parents in learning.

The Task Force recommended that common assessments be introduced to improve teaching and learning. This Spring, common assessments will be done across the Province to assess Grade 3 reading and writing skills and Grade 9 math skills. The assessments were developed by Island teachers based on the provincial curriculum. The results will be used to provide parents with more information on how their children are doing. They will help teachers to guide teaching, intervention and enrichment and they will assist the Department and the school boards to improve teaching and learning.

This year, investments of $200,000 will be made to update social studies curriculum in Grade 6, to update high school geography courses, and to introduce a new PEI history curriculum for high schools.

Mr. Speaker, subjects like home economics, physical education, science and music cannot be learned from textbooks alone. Equipment is also essential to assist with the teaching of these subjects. To this end, the materials and equipment budgets for schools will increase this fiscal year by $100,000. New investments will also be made in equipment that allows high schools to offer more courses through the use of technology.

Funding of $570,000 will be made available for a new welding program at Three Oaks Senior High School. The program will be offered to students who attend Three Oaks, Kensington and Kinkora high schools. A new automotive curriculum is now being piloted in several schools and a new carpentry curriculum will be piloted in September.

New funding of $500,000 will be provided this year to improve services for students with special needs and to help teachers with the challenges of class composition. A major portion of this funding will be used for additional resources such as new educational assistants and youth workers.

Mr. Speaker, funding provided this year for three new school psychologists has enabled the boards to improve assessment and supports for children with learning difficulties.

Students with special educational needs will be further assisted this year through the addition of two new Speech Language Pathologists to work with school age children on language development and literacy skills.

Students with special needs face particular challenges when they get ready to leave high school. They need advice, cooperative work opportunities and community support. New funding will be made available this year to provide these students with additional supports as they transition from school to work or further learning.

Based on the Staffing and Funding Model introduced by our Government, we will add six new teaching positions this year and maintain approximately 30 teaching positions that would otherwise have been lost due to declining enrolments. Mr. Speaker, this represents a cost of $2 million this year alone.

*Post-Secondary Learning*

Mr. Speaker, Islanders are proud of the excellent progress being made in post-secondary learning in our Province.

Enrolments are at record levels. Major investments in facilities and technology have greatly improved the learning environment and campus life. Research and development capacity has more than doubled. Faculty have received prestigious teaching awards, and students are being recognized for their achievements at the national and international levels.

By providing substantial increases in base funding this year, our Government is firmly committed to supporting this remarkable growth and achievement.

Monsieur le Président, la connaissance des deux langues officielle est une mesure importante afin de s'engager à devenir un citoyen canadien engagé. Cette année, nous allons ajouter 120,000 $ pour l'achat de nouvelles ressources pour les programmes de français et d'immersion dans les écoles secondaires.

Our Government will take over responsibility for the Labour Market Development Agreement, which will allow us to deliver focused skills training to better serve the needs of Island students, workers and the business community.

Our Government will soon enter into a major new apprenticeship partnership with the Federal Government, Holland College and other partners to enable Islanders who are working in selected trades to become licensed journey persons.

Base funding for Holland College will increase this year by $1 million, up $250,000 over last year's increase of $750,000. At Holland College, the Centre for Labour Force Innovation opened this past year and the College became the first in the country to offer an Applied Degree in Culinary Operations.

As part of our ongoing commitment of $25 million to the UPEI Building A Legacy Campaign, UPEI will receive an additional $550,000 this fiscal year for its campus renewal program.

Base funding for UPEI will increase by $1.4 million to enable the University to address increases in salaries and operating costs while continuing to offer competitive tuition rates.

During the past number of years, the campus of UPEI has undergone tremendous growth and expansion. The campus renewal campaign celebrated a couple of major milestones with the 20th anniversary of the Atlantic Veterinary College, as well as the grand opening of the National Research Council Institute for Nutrisciences and Health. This year will see the completion of the new School of Business Administration.

Rising tuition fees concern all students. More Island students are graduating, but many are forced to deal with increasing debt loads. Our Government recognizes the increased burden on our students and that rising tuition fees can sometimes be a barrier for those wishing to pursue a post-secondary education.

Mr. Speaker, our Government believes education should be accessible and affordable for Islanders. As our economy continues to perform well, we are in a stronger position to make key investments.

In this Budget, our Government will roll back undergraduate tuition fees at UPEI by 10% for the upcoming academic year.

Further to that, we will work in partnership with UPEI to cap future tuition increases up to an annual total of 2% for the next four years.

Mr. Speaker, we believe we can do more and we will. In this Budget, we will increase the Island Student Award for UPEI students to $2,000. For students at Holland College and La Socit ducative, we will implement the Island Skills Award, a $1,000 award for each student not currently receiving Federal skills development benefits.

Our Government has worked to develop viable options for students that are immediate and inclusive for all students. As compared to deferred debt programs in other jurisdictions which focus too much spending on administrative costs and offer tax rebates to students down the road, our programs deliver the best immediate results for students. The programs will assist the university in attracting new students and are inclusive for all students, not just those receiving student loans.

Mr. Speaker, this is a substantial investment in post-secondary education. We believe this will continue to encourage Island students to pursue their futures which will help us to remain competitive in the region, and throughout the country.

Notre gouvernement est en négotiation avec La Société éducative de l'Île-du-Prince-Édouard afin de déterminer son statut officiel dans le domaine de l'éducation post secondaire.

Student financial assistance will increase by $470,000 this year to make more students from middle-income families eligible for provincial student loans, and to address higher interest rates. With this announcement, we are changing the income threshold to allow more Island students to access student assistance. Our Government will establish a dedicated position at post-secondary institutions to facilitate handling of student loan applications and inquiries.

Mr. Speaker, we recognize that learning does not end after high school, university or a training program, but continues throughout life. This year, we will make new funding of $100,000 available to improve adult literacy skills by training more adult educators, increasing workplace learning opportunities, and increasing awareness of adult literacy and learning programs such as the GED program.

Effective immediately, the $20 cost to write GED examinations is eliminated.

**Today's Leadership; Tomorrow's Prosperity... Improving Health Care Delivery**

Mr. Speaker, stabilizing health care today and strengthening it for tomorrow continues to be the number one priority for our Government.

In this Budget, we will increase health care spending almost 9% by adding $30 million to the annual operating budget.

Mr. Speaker, the recruitment and retention of physicians and improving emergency services continues to be our main focus. Since our Government took office, we have increased the number of practicing doctors by 46. There are now 192 practicing physicians in our Province - an all-time high.

In this Budget, we will invest $1.8 million toward the continued recruitment of new doctors.

Mr. Speaker, medical students looking toward careers in our Province have told us more must be done to assist with managing debt loads and increased incentive packages. Currently, medical residents must begin paying interest on their student debt in year one of their residency. In this Budget, we will provide more funding for student debt through the deferred debt repayment program for medical students, so that our medical residency students can focus on their primary goal of studying and practicing to become the best they can be.

Our Premier has requested Dalhousie University Medical School and the Federal Minister responsible to designate medical residency students as full-time students, so their debt can be deferred not only by our Province, but also the Federal Government.

Mr. Speaker, in addition to our on-going recruitment efforts, our Government has dedicated $300,000 to continue to expand the Province's capacity to provide medical education that is tailored to our Island hospitals and PEI physicians.

Mr. Speaker, we will increase the number of emergency room doctors at Prince County Hospital in Summerside by expanding the hours of daily coverage from 28 hours to 32 hours.

Mr. Speaker, pharmacy services is an integral component of our acute care system. To enhance the delivery of pharmacy services in our hospitals, our Government is devoting $735,000 toward the introduction of an improved medication administration system. In addition, there is a $300,000 capital investment which has already been committed in the Capital Budget, which results in a total allocation of $1,035,000 toward medication administration.

Improvements will include the implementation of a provincial unit dose packaging system and the addition of new pharmacist and pharmacy technician positions at the Queen Elizabeth and Prince County Hospitals. This system will improve the safety and overall efficiency of the medication administration process and allow the pharmacists to take a more active role in providing clinical advice to other health care providers and patients.

In our efforts to ensure quality diagnostic imaging services, such as mammography, ultrasound and X-ray, Mr. Speaker, we are investing $104,000 toward the implementation of a Quality Improvement Program. This program includes the addition of two new Quality Control Technologist positions who will work closely with Radiologists and staff in the provincial and community hospitals to ensure the quality of diagnostic imaging services meets or exceeds the standards recommended by Health Canada.

As part of Government's on-going commitment to improving access to quality heath care, our Government will invest $445,000 in the Neonatal Intensive Care Unit (NICU) at the Queen Elizabeth Hospital to help meet demand for high-risk delivery and aftercare of newborn babies on PEI. Eleven new nursing positions will be added to address the rising number of Island babies needing special nursery care.

Mr. Speaker, to address the issue of increased demand for speech language services, Government has committed an additional $200,000 to the Department of Health for the development of a program for Speech and Language Development Service Delivery and more Speech and Language Services. A phased implementation process will be used to maximize the engagement of internal and external stakeholders and to collaboratively develop tools that support model policies and process. To this end, Government will provide increases to Speech and Language Services to develop a planned approach for meeting the needs of the future.

Mr. Speaker, we continue to support improvements to Home Care by investing an additional $200,000 to aid in developing a provincial best practice model to assist seniors to stay in their homes longer.

Government has secured and dedicated $150,000 of Federal funding to implement a pre-Diabetes screening pilot program. In partnership with the Provincial Diabetes Program, the Four Neighbourhoods Community Health Centre will be screening clients for pre-Diabetes a condition in which various individuals are at high risk for a diagnosis of Diabetes.

Mr. Speaker, cervical cancer in Island women aged 20 to 44 years is a serious concern. This year, the Federal Government approved funding for the creation of an HPV vaccination program. PEI will receive approximately $1.3 million of this amount. This funding will permit PEI to develop a province-wide vaccination program to reduce the incidence of cervical cancer and HPV associated infections. Part of our goal will be to provide the vaccine to approximately 875 girls in Grade 6 across PEI.

In this Budget, Mr. Speaker, our Government is investing an additional $150,000 in the Methadone Maintenance Treatment Program (MMT). This will allow for the hiring of a methadone maintenance professional and other program requirements to improve the delivery of this important, successful program.

Our Government is committed to improving access to services consistent with the 2004 Health Accord by allocating $1.3 million to improve access to health care, with strategic investments in radiation therapy, sight restoration, joint replacements and diagnostic imaging.

Mr. Speaker, following the recommendation of the PEI Cancer Society, our Government will provide funding to create a Cancer Patient Navigator.

New equipment, including specialized operating room stretchers and instruments will be purchased to enhance the efficiencies in our operating rooms. Government will also hire a Wait Times Coordinator who will be responsible for supporting the implementation of new strategies to improve access to health care and to communicate with patients that are on wait lists for treatment.

In addition, Mr. Speaker, we will be the first Government of Prince Edward Island to provide a patient wait time guarantee for citizens requiring radiation therapy.

**Today's Leadership; Tomorrow's Prosperity.... For Social Services and Seniors**

Mr. Speaker, research shows the treatment of youth with addictions is most successful when family and other support systems are involved. Our Government is committed to ensuring those youth dealing with addictions can get the necessary help while continuing to receive important support from family and friends.

In this Budget, we have earmarked in General Government $1 million for a Youth Addictions Facility in Prince Edward Island, awaiting the finalization of construction plans.

Mr. Speaker, Prince Edward Island is home to over 100 foster families who make a real difference in the lives of Island children daily. In this Budget, our Government will provide an additional $149,000 to support increases to the room and board rates, as well as the monthly fee provided to foster families for the care and needs of foster children.

Community-based volunteer organizations provide essential front-line social services as well as residential and vocational supports to persons with disabilities, victims of family violence, families in crisis and seniors. In this Budget, we will add $590,000 in annual grants to organizations such as the Catholic Family Service Bureau, Family Services PEI, PEI Council of the Disabled and the CNIB.

Mr. Speaker, our Government recognizes that Islanders with disabilities have real challenges and real needs for supports to go about their daily lives and daily work. The Disability Support Program aims to support clients with their most essential needs. Today, our Government will increase the Disability Support Program budget to over $9 million, an increase of over 11 per cent.

Social housing needs of today continue to change. Over the next year, we will continue extensive repair and renovation work to refresh our social housing stock, including most of the 1,149 seniors units. Our Government will also work with the private sector to increase the number of housing units available for families with low incomes and address the future housing needs of the disabilities community.

In addition to modernizing housing units for low-income families and seniors, in this Budget, we will invest $527,000 to help social assistance clients with rising shelter costs.

The Family Health Benefit Program is an important drug program for low-income families with children. Our Government will invest an additional $90,000 this year for program enhancements. Firstly, income thresholds will expand from a net family income of $22,000 to $24,800. Secondly, families will be eligible to receive coverage under the Program if at least one child is a full- time student and under 25 years old. These new initiatives within the Family Health Benefit Program will begin July 1st and will expand opportunity for up to 400 clients.

Mr. Speaker, some 26,000 Islanders, the majority of whom are seniors, have access to drug coverage support through provincial drug programs. Over the past six years, the budget for drug programs has increased by over 94%. In this Budget, we will provide an additional $2.2 million to meet demands of the provincial drug programs in the coming year.

In this Budget, our Government will invest $1 million for new cancer drugs to assist Islanders in their fight against that dreaded disease.

Mr. Speaker, this Budget continues to build upon our record of enhancing programs and support for Prince Edward Island seniors. The Seniors' Secretariat was established in November 2005 to develop and support plans, policy and programs to improve the quality of life for Island seniors. Our Government is pleased to provide $150,000 to enable the Seniors' Secretariat to move forward with its priorities.

In the Speech from the Throne last Fall, our Government outlined sweeping changes to improve the fairness and affordability of long-term care for our seniors. Our Government has changed the assessment process for long-term care, by considering a senior's income rather than assets. Also, seniors will no longer be required to pay the medical costs of nursing home care, a savings to seniors of $6.6 million. In the Capital Budget, we established a program to upgrade our provincial manors.

In February, our Government announced strategic investments in early learning and child care. Supporting an Island vision to enhance healthy development for Island children, our Government will invest over $1.7 million into early learning this year with an on-going commitment of $1.8 million annually, beginning in 2009. This investment equates to a 25 per cent increase in annual expenditures to the regulated early childhood sector on Prince Edward Island.

As part of the Early Learning Action Plan, an early childhood literacy specialist will be hired this year to support early childhood educators in licensed child care centres. This work will better prepare our Island children for later success in school.

**Today's Leadership; Tomorrow's Prosperity... Increasing Public Safety**

Mr. Speaker, our Government recognizes the growing importance of ensuring our Province is safe for all residents. In the Provincial Budget last year, we provided the RCMP with $300,000 in new funding for the establishment of three drug enforcement positions dedicated to street-level drug activity in the Province.

Targeting, identifying and stopping drug trafficking is an ongoing struggle, but we are slowly, steadily winning this important fight.

This past year, the RCMP laid more than 200 drug-related charges. Their work removed $1.2 million worth of drugs from our streets. Over 100 individuals have been charged and taken off our streets, helping to make our communities safer.

In this Budget, we will continue to support this initiative. We will invest an additional $212,400 in the RCMP for Phase II of the Street Level Drug Resources Initiative. This will enable the RCMP to staff two additional positions for the continued fight against drug trafficking in our Province. In addition, Mr. Speaker, by providing the necessary funds to staff permanent positions in the drug traffic unit, our investment will allow the RCMP to put more resources and officers in the Highway Traffic section, to crack down on impaired driving. Our Government will join with other stakeholders and continue to make every effort to keep people from driving while impaired.

Our Government has been working collaboratively with Aboriginal organizations in the Province to enhance the lives of the Aboriginal people. In this Budget, we will provide funding to hire a new Aboriginal Affairs officer, to increase the capacity of the Office of the Attorney General to carry out its role in Aboriginal Affairs.

Mr. Speaker, enhancing public safety by contributing to the rehabilitation of youth and adult offenders, remains a priority for our Government. Recent studies of our nursing services revealed the need for additional resources in this area and the Budget includes an additional $110,000 of new money for this purpose. This will enable the division to provide 72 hours of additional nursing services on a weekly basis within our institutions, which operate around the clock, seven days per week.

**Today's Leadership; Tomorrow's Prosperity... Reducing Taxes**

Mr. Speaker, I am pleased to announce significant reductions in the personal income tax system that will benefit all Islanders. These reductions will start in the 2007 taxation year, effective January 1st, so that Islanders will benefit from a full year of reductions.

We will further lower taxes in 2008 as well. We will raise the thresholds of the Basic Personal Amount, Spousal Amount, Age Amount and our Tax Brackets by 2% in 2007 and by 4% in 2008, over current levels. The High Income Surtax Amount will also be increased so that middle-income families no longer pay the surtax. These tax reductions will benefit all Islanders, in all types of family situations, at all income levels and of all ages.

When fully implemented on January 1st, 2008, these measures will amount to a reduction of over $11.2 million in the personal income tax that Islanders pay. $11.2 million is equal to more than 5% of the Province's total annual personal income tax revenue.

Our Government has reduced personal income taxes significantly since it has taken office. When the tax reductions contained within this Budget are fully-implemented next year, a typical single individual living in PEI will be paying 20.3% less provincial personal income tax annually than they were in 1997. A typical family of four will pay 30.3% less provincial personal income tax annually than in 1997.

Mr. Speaker, effective for the 2007 taxation year, our Government will double the value of the personal income tax Education Amounts, both for full-time and part-time students. This will significantly reduce income taxes for both students and in many cases their parents, who are helping them pay for school.

Island students at UPEI, Holland College and all other post- secondary institutions will benefit significantly from this measure, which is by itself worth in excess of $1.5 million a year.

Mr. Speaker, as part of the Federal Finance Minister's new Tax Fairness Plan announced last Fall, the Federal Government introduced Pension Income Splitting starting in the 2007 taxation year. I am pleased to announce today that our Government will also parallel this important and substantial measure worth more than $6.5 million annually in tax savings to Island seniors.

The recent Federal Budget also included many other income tax reductions which will significantly benefit all Islanders. We are pleased to flow through numerous measures worth more than $700,000 annually in provincial tax reductions, so Islanders will benefit from both Federal and Provincial tax savings.

One particularly important measure which our Government will parallel is the increase from $500,000 to $750,000 in the Lifetime Capital Gains Exemption for fishermen, farmers and small business owners. These individuals make a valuable contribution to our economy every day, and they will see very significant tax savings as a result of this new measure.

Mr. Speaker, we remain committed to ensuring continued growth in our economy and I am pleased to announce that we are further reducing the income tax rate on small businesses. As of April 1st, 2007, our small business income tax rate was lowered to 4.3%. We will continue to lower the rate until it stands at only 1%; the lowest of any Canadian province. We are also increasing our small business threshold from $300,000 to $400,000 effective this year, and these combined measures will save small businesses more than $2.2 million this year alone.

Mr. Speaker, the income tax measures that I am announcing today amount to more than $34 million of savings for Island taxpayers and Island businesses over this year and next. This is in addition to $9.5 million of Federal income tax savings for Islanders this year, as announced in the recent Federal Budget.

In addition Mr. Speaker, we recognize the rising price of crude oil worldwide, combined with uncertain global political climates have impacted the price of gas for Islanders. While the determined price of fuel is out of our control, we believe steps must be taken to give Island motorists a break at the pumps.

Effective midnight tonight, we will cap the variable component of the provincial tax on gasoline and diesel fuel at 8.7 cents per litre. Based on current conditions, capping the gas tax will protect Islanders from further tax increases when the average minimum pump price exceeds $1.00 per litre. To reflect the new cap, this change will result in a reduction by 1.4 cents per litre, effective midnight tonight. This measure will save Island motorists an estimated $1.5 million this year.

Mr. Speaker, during pre-budget consultations, the Canadian Restaurant and Food Service Association presented its case for the elimination of the licensed establishment user fee. I am pleased to announce today that the PEI Liquor Control Commission will immediately eliminate that fee, saving liquor establishments more than $350,000 in fees annually.

**Today's Leadership; Tomorrow's Prosperity... Our Environment, Our Future**

Mr. Speaker, our Province has become a national leader in green energy production, and we continue to set the North American standard for waste reduction with our Island-wide Waste Watch program. This is a practice all Islanders share and a record in which all Islanders are proud.

We remain committed to maintaining our designation as Canada's Green Province and will continue to fund programs that allow us to build a safe, sustainable future.

This past year has seen major advances in renewable energy in Prince Edward Island as the Eastern Kings Wind Farm began commercial operation, the Wind Energy Institute of Canada opened at North Cape, and Islanders invested more than $5 million in PEI Energy Savings Bonds. PEI is now generating 12.5% of its total electricity needs from wind energy at Eastern Kings and North Cape.

As a result, about $12 million that used to leave the Province each year to import electricity generated from fossil fuels, will now stay here in PEI, contributing to the local economy. We will continue to move forward in 2007-2008.

Mr. Speaker, our Government will begin converting our schools to alternative energy sources, to further reduce our dependency on fossil fuels. We will work directly with our students as we convert to alternative sources such as wind, biomass, geothermal and solar power. We believe the programs our children learn at school will be taken home to be implemented with their families, friends and communities.

This Budget includes $15 million in new Federal funding for clean air and climate change projects in Prince Edward Island. Working with our Federal partners, we will build upon PEI's strong history of renewable energy research and development, increased energy efficiency and reduced greenhouse gas emissions. Our Government is committed to lead by example. We will invest $150,000 in 2007-2008 to implement positive practices towards greening Government operations.

Our Government was recently involved with public consultations concerning our provincial water supply. We look forward to receiving that report from the Environmental Advisory Committee and we will commit the necessary funding to implement the recommendations of that report.

Last summer, our Government launched a very successful pilot project to establish an enforcement presence on the Confederation Trail and in particular, to discourage the use of all-terrain vehicles on the Trail. This Budget will build on that success. Two permanent part-time enforcement officers will be hired to patrol the Confederation Trail as well as other off-road areas such as beaches. The officers will create a greater sense of safety and security for Islanders who enjoy these outdoor areas, and they will help implement new legislation that encourages the safe use of ATVs, especially for Island youth.

Mr. Speaker, last Fall, our Government received the Public Forest Council's report on our provincial forests. The report outlined many recommendations aimed at improving our private woodlots and we will commit new funding to ensure our Island woodlots are healthy for today and tomorrow.

**Today's Leadership; Tomorrow's Prosperity... Creating Jobs**

Mr. Speaker, the record of achievement of our Government through job creation is second to none. We have accomplished record levels of new jobs. We have partnered with the private sector to put Islanders to work and our efforts have delivered the lowest unemployment rate our Province has seen in almost 30 years.

Upon taking office, our Premier moved our Province toward diversity. His emphasis was on moving Prince Edward Island to a year-round economy by focusing on strategic new sectors, while at the same time investing in the main drivers of our economic engine, our primary resources. Mr. Speaker, our Premier has delivered. The unemployment rate for February 2007, normally our slowest month, was 10.1%. This compares with 18.8% in February, 1996.

Mr. Speaker, our Government is committed to working with Island businesses and employees to enhance our labour market development strategies.

Mr. Speaker, employers asked for support and our Government is delivering. In this Budget, we will invest $600,000 for a Workplace Training Program that will allow businesses to train new and existing employees on the work site.

Mr. Speaker, Prince Edward Island enjoys one of the highest labour force participation rates in the country. As the competition for the Canadian labour force continues to stiffen, our Government is committed to ensuring the existing labour force remains strong enough to attract new and expanding companies. In this Budget, we will implement a program which will assist unemployed older workers to increase their employability and help to reintegrate them into the labour force.

Mr. Speaker, as mentioned earlier, our strategic tax incentive programs which reward existing and new companies for creating new jobs, has been an overwhelming success. We have in this Budget, $5 million for the Department of Development and Technology to honour outstanding tax certificates. It is a tremendous investment for our Government. Since the Fall of 2004, over 1,000 new jobs in Prince Edward Island have been created under these tax incentive programs.

In addition, the growth of our aerospace sector at Slemon Park continues to be a Prince Edward Island success story. In this Budget, the tax incentive rebates for aerospace companies will be increased to $4.8 million, which reflects the continued growth of new jobs for Islanders. In all, seven aerospace companies employ over 850 Islanders with more than $275 million in annual export sales.

Mr. Speaker, our Government will increase funding for its Science and Innovation Fund to $550,000, which assists Island companies with new ideas to bring them to commercialization creating new jobs for our future.

**Today's Leadership; Tomorrow's Prosperity... Strengthening Our Primary Resources**

Mr. Speaker, the primary resource industries of agriculture, fisheries and aquaculture continue to be the foundation of the Province's economy and the way of life in our rural communities. In 2006, after several years of declining prices, total farm cash receipts in Prince Edward Island increased by 2.7 percent to $380 million, mainly because of higher potato prices. The landed value of the lobster sector reached an all-time record high of $113 million, while the landed value of aquaculture species was steady at $30 million. The value of processed products from the land and sea is close to $1.0 billion annually, accounting for 65 percent of this Province's exports to international markets.

Mr. Speaker, our Government is committed to the sustainable growth and development of these industries. Over the coming year, we will continue to work with the Government of Canada on a new Agriculture Policy Framework agreement which will include more effective safety net programs.

The Department of Agriculture, Fisheries and Aquaculture will work with producers to identify new opportunities to diversify and expand production, including crops for energy. We will continue to make new investments for organic production. In this Budget, we will add $500,000 to our sustainable organic farming programs in support of moving producers into natural organic production.

Mr. Speaker, two new pilot projects will be implemented through an ecological goods and services incentive program to protect the Province's watersheds.

In support of adding more value to our products, our Government, under the leadership of our Premier, has been working closely with the beef and hog industries to develop new products and markets. Over the past year, steps were taken to stabilize and expand the processing of beef and pork products, including work with new owners at the former Garden Province Meats plant to introduce natural, omega-3 and organic pork to premium markets.

The Government recognizes the need to protect and enhance the health and productivity of the Province's natural resources.

We continue to work with other governments to address concerns over declining lobster landings in the Northumberland Strait.

In this Budget, Mr. Speaker, we provide $150,000 to develop a major project, with the Prince Edward Island Aquaculture Alliance, to deal with issues related to invasive species in the marine environment.

**Today's Leadership; Tomorrow's Prosperity... Investing in Tourism**

Mr. Speaker, the level of competition the tourism industry faces each year continues to grow, yet our Province still establishes itself as a popular destination in a global marketplace.

During the past number of years, our Government has worked closely with the tourism sector, through the Tourism Advisory Council, to promote festivals and events that bring visitors to Prince Edward Island. That partnership has resulted in a five-year strategic plan to increase our advertising and promotional opportunities.

Mr. Speaker, our Government has continued to add new money to Tourism P.E.I.'s marketing budget and we will continue to do so. In this Budget, we will increase the marketing and product development budget by $800,000. This is in addition to a marketing budget increase of $500,000 during the past fiscal year.

In addition, Mr. Speaker, we continue to explore new markets and initiatives to attract visitors. We have just completed a successful market launch in Calgary and are confident that inroads have been made which will pay dividends in the future.

Mr. Speaker, we are adding $1 million in capital reconstruction for our Provincial Parks. We continue to work with industry to improve air access to our Province. Earlier this year, we welcomed Delta Airlines to the growing family of airlines at the Charlottetown Airport. This daily route to Boston will increase traffic at the Airport, which reached an all-time high of 225,000 passengers in 2006.

Major renovations are underway at the Charlottetown Seaport terminal and the Charlottetown Airport.

Mr. Speaker, we are optimistic for a solid tourism season. Upcoming this year are many significant events. Prince Edward Island will host international rock legends Aerosmith in July. Our Province will host Master's champions' Mike Weir and Vijay Singh for the second annual Legends of Golf at the Links at Crowbush Cove and the inaugural Tour de PEI cycling event will showcase the very best of Prince Edward Island.

**Today's Leadership; Tomorrow's Prosperity.... Communities and Culture**

Mr. Speaker, music and culture help define our Province. By celebrating our roots, we plant the seed for a stronger future. For many years, PEI musicians have made a tremendous impact on regional, national and international stages. From the legendary songs of Gene MacLellan, to the iconic Canadian stories of Stompin' Tom Connors, to the toe-tapping fiddle medleys of Don Messer, PEI's musicians have led the way.

Our Government recognizes the positive contributions to our culture and economy by the members of the PEI music industry.

In this Budget, our Government will invest $130,000 in new program funding for the PEI music industry. We have long known our musicians and songwriters are as talented as any in the Country and we understand strategic investment is needed to ensure that they continue to succeed. With this investment, our Government will assist Island musicians with the production of their music and the marketing of their products in the Region, the Country and to the World.

Protecting our past and celebrating our heritage has always been a top priority for Islanders.

Our Government will construct a new Artifactory in Murray River to ensure that over 80,000 Island artifacts are stored in a safe and secure facility. The Provincial Artifactory will work closely with the seven Provincial Museums and 26 Community Museums to ensure the storied history of Prince Edward Island continues to be presented in communities throughout PEI.

Mr. Speaker, the history of Prince Edward Island is best shared by all Islanders. We will continue to ensure that history is properly displayed by increasing the operating grant to the PEI Community Museums Association.

Our Provincial Library Service makes an important contribution to family literacy and makes our communities stronger. Across Prince Edward Island, we have seen growth in library use and the valuable benefits they add to communities. In this Budget, we will provide additional resources to increase the hours of operation of our provincial libraries in Montague, Kensington, Alberton and Cornwall.

Mr Speaker, Islanders will be proud hosts of the 2009 Canada Summer Games. It will be an event in which all Islanders will share in hosting Canada's finest young athletes. Our Premier and our Minister of Community and Cultural Affairs joined Island athletes at the 2007 Canada Winter Games in the Yukon. Our Island team displayed the very best of Prince Edward Island by competing fairly and to the best of their abilities. Our Island team brought back four medals and laid the groundwork for what is sure to be the very best Canada Games in 2009.

Mr. Speaker, last year our Government introduced a Physical Activity Strategy to promote the importance of physical activity to the health of all Islanders. We are pleased to allocate $55,000 in this year's Budget to implement the recommendations. Funding from this Program will also enhance Prince Edward Island's involvement in a physical activity and healthy eating bilateral agreement being proposed by the Public Health Agency of Canada.

We all know the many benefits derived from hosting events that bring visitors to our Province. We are pleased to announce today that $100,000 has been set aside to enable the Sport and Recreation Division of the Department of Community and Cultural Affairs to meet some of the needs of the dedicated community and provincial sport organizations hosting sporting events in the Province.

The Confederation Centre of the Arts makes a huge contribution to the economy and culture of this Province. Over the next five years, our Government will contribute a total of $250,000 to capital repairs and improvements. This investment by the Province will enable the Confederation Centre to leverage more than $1 million in funding from private sources and other levels of government.

Monsieur le Président, notre réseau de centres scolaires-communautaires de langue française sert de modèle dans le pays et a eu des répercussions considérables sur la préservation et le développement des communautés acadiennes et francophones de la Province.

In order to extend the full range of services and partnerships, the network has been expanded to include enhanced capacity for community-based activities for West Prince through the new facility in DeBlois. Services in Souris have also been expanded. We will contribute additional funding of more than $129,000 under the Canada - P.E.I. Agreement on Official Languages to provide for these expanded operations.

**Today's Leadership; Tomorrow's Prosperity.... Municipalities and Infrastructure**

Mr. Speaker, our Government is very proud of the progress it is making in rebuilding and upgrading our aging infrastructure, especially in the area of sewer and water, and municipal roads and bridges. In this Budget, we will invest $25 million in Infrastructure funding, an increase of almost $10 million over the past year.

In addition, our Government, under the leadership of our Premier, recognizes that municipalities small and large have growing needs which must be addressed. Our Government has fostered a strong partnership with communities and a hallmark of our Government has been responding to the needs of Island communities.

Today, I am pleased to announce that our Government will be increasing municipal transfers by $1.675 million including $300,000 in new spending for municipal equalization which of itself is an increase of over 25 percent. This funding will provide assistance to the smaller municipalities with the greatest need.

**Conclusion**

Mr. Speaker, our economy continues to perform strongly. Difficult decisions we have made in the past and our continued commitment to delivering new programs prudently are paving the way for our future. Our goals are ambitious, but they are affordable.

This Budget recognizes our growth and demonstrates our leadership and commitment to a prosperous future for Prince Edward Island. This Budget includes $54 million worth of new initiatives which will have a lasting impact on our Province.

This Budget delivers a $2.1 million surplus, our third consecutive surplus year. This demonstrates our leadership in making Prince Edward Island strong for today, and for tomorrow.

This Budget demonstrates our Government's commitment toward the best education for Islanders. We are investing more money in kindergarten. We are implementing recommendations of the Task Force on Student Achievement. We are investing more money to build and renovate schools.

We are making post-secondary education more affordable and accessible for Islanders.

Also, Mr. Speaker, this Budget makes significant investments in health care. We will continue to focus our efforts on recruitment and retention of doctors. We are implementing wait times guarantees. We are investing in youth addiction services. We are upgrading our manors. We are adding new cancer drugs to the Provincial Formulary and we will break ground on a new, single, state-of-the-art hospital for West Prince.

We are investing more money in our seniors. We are continuing to invest in our primary resources.

We are investing more money toward public safety, in particular the ongoing fight against street-level drugs, and we are cracking down on impaired driving. We are cutting personal income taxes and capping the provincial tax on gasoline.

Mr. Speaker, we continue to increase our tourism marketing and promotions budget, so that we continue to make PEI a popular destination for travelers from around the world.

Mr. Speaker, this Budget demonstrates the leadership of our Premier and our Government as we build toward a strong, prosperous future for Prince Edward Island. Islanders are proud of what we have accomplished together and are optimistic about what we can aspire to in the future.

Mr. Speaker, I would like to conclude this Address by thanking my colleagues, the staff of Provincial Treasury and the many others who have assisted in the preparation of this Budget. The sound financial management of this Province is a partnership of many and I thank those people, and all Islanders, for their efforts.

Thank you. Merci.