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| Ile-du-Prince-Edward/ Prince Edward Island | 63 | 1 | Discours du Budget/ Budget Speech | 16-10-2007 | Wesley J. Sheridan | Provincial Treasurer and Chair of Treasury Board | LIB |

THE BUDGET ADDRESS

Madam Speaker ... Members of the Legislative Assembly ...

It is a great and humbling honour to stand before Islanders today as I deliver my first budget as Provincial Treasurer.

In delivering this Budget, I am mindful of the following principle:

Good Government must be accountable; it must lead confidently ­and Government must find the appropriate balance between tradition and change.

This principle must be the foundation upon which Government's efforts are built. Strict adherence to these ideals will result in a Government capable of translating the social and economic aspirations, needs and preferences of Islanders into action.

In man y ways, today s Budget will form a bridge between the last administration and the current.

New governments inherit both the successes and failures of their predecessors. Therefore, new governments must take advantage of the former - and learn deeply from the latter.

Budgetary commitments were made in the Spring by the former Government - and many thousands of Islanders built their expectations around those decisions. Understanding the complexity of the budget process, the Premier assured Islanders that the priorities outlined by Government in the Spring would be respected.

However, there are a number of significant changes which will positively affect every Islander.

In making these much-needed changes, we are beginning the task of building a more accountable Government that protects the interests of Islanders while promoting a forward-looking plan for the future.

Over the past number of years, it became increasingly clear to most Islanders that the provincial tax burden was weighing too heavily on every sector of our economy.

Fuel prices and taxes had reached historic highs. Rising property taxes and assessments were causing significant difficulties for Islanders, their families and the private sector.

I am very proud that one of Government's first actions upon taking office was a reduction in the gasoline tax of 4.4 cents per litre. It is estimated that over the next four years, this initiative will leave somewhere in the range of $35 million in the pockets of Islanders. This is a major investment in our Island community, and we firmly believe that this is the direction Government must follow in the years to come.

In a similar vein, we will be legislating a freeze to owner ­occupied residential property tax assessments - which will continue until 2010. In part, the freeze will allow Government to fully evaluate the fairness of the property tax system. Further, it will offer a much needed break to Islanders and their families.

While we are firm on the need to reduce the overall tax burden, we are also cognizant of the pressing public desire to modernize our social programming- especially in health care and education.

At the most fundamental level, Government fully believes that every Islander deserves access to their own family physician. Over the next several years, action will be taken to achieve thismost important, yet basic of goals.

In education, Government understands that our Province's future depends on the best we can possibly offer. This means that we must improve access to post-secondary education by making it more affordable for more Islanders. At the other end of the spectrum, a new and concerted effort must be made to enhance early childhood services and programs.

Further, we must adapt from an economic perspective - by taking full advantage of our Province's natural opportunities in our traditional primary industries and by exploring new paths in areas like biosciences, aerospace and information technology.

Madam Speaker, when all is said and done, Government must recognize the following fact: Our Province's greatest natural resource is our people. By investing in Islanders - and offering them the opportunity to better themselves and their families, we will gain lasting dividends as a Province.

We may not have the natural resources that bolster the economies of our fellow provinces. But we are blessed with a proud tradition of hard work, personal initiative and community pride. Government must invest in Islanders, because our people are the greatest resource of all.

The Fiscal Picture

A major task facing the new Government is the need to build a more transparent, accountable and open system of financial reporting to Islanders.

This need is particularly acute during election years - when Islanders fully deserve a crystal clear picture of the way their hard-earned tax dollars are being used.

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As we move into a new electoral era of fixed election dates, it will be possible - and desirable - to publish full y audited financial statements in the months that precede the vote.

This simple innovation will tie the hands of all future Governments in a way that will help to guarantee that a full description of the Province's finances is in the hands of Islanders as they deliberate on the most important question of democratic decision-making.

Government also believes that this innovation will force all future Governments to be more disciplined in their approach to public finances.

The Premier became an advocate of this idea after the 2003 General Election. In the months and years that followed, it was revealed that a small projected deficit during the election year grew to $125 million.

This year, a series of corrections had to be made to the Budget introduced in the Spring - corrections which affect this years' bottom line - and the overall debt of the Province.

For example, the former administration included $15 million in revenue from a federal climate change program. After the new Government took office, we were told that this revenue item had to be spread over fiscal years 2007-2008 to 2009-2010.

This means that in this area al one, budgetary revenues were over­stated by $10 million.

Another revenue item which required significant adjustment was the estimate for tobacco tax - which was overstated by $7 million.

Other downward adjustments include the following: $1.1 million for golf fees and parks; $1.0 million for canned beverages and $1.5 million in capital taxes.

On a more positive note, the reduction in gas taxes and improvement to the disability tax credit will leave an additional $9 .15 million in the hands of Islanders.

Further to that, needed supports to our primary industries represent a further expenditure of $8.6 million - and spending in the area of the disabled and senior communities will require another $1.5 million.

All told, Madam Speaker, the needed adjustments - for both budgetary integrity and required expenditures - have resulted in a deficit of $42.3 million for the current year. This is in stark contrast to the $2.1 million surplus projected by the previous administration - and it is a far more accurate picture of the Province's finances than the one previously painted. Further, this will allow Government to work more effectively toward balanced budgets in the future.

The Economic Backdrop

Madam Speaker, generally speaking, the Prince Edward Island economy is progressing at a solid pace. In 2007, the Province gained more and better jobs. Further, there has been an appreciable increase in the retail sales sector.

Earlier this year, the Provincial Treasury projected that the Island economy would expand in the order of 2.0 percent in 2007 - the same pace of growth experienced in 2006. At this time, the provincial economic landscape shows signs of improvement over that record.

Based on statistical information to date Madam Speaker, employment in Prince Edward Island has expanded by 1.4 per cent, nearly double the rate last year. In tum, this employment expansion has helped to fuel a 5.5 per cent growth in labour incomes and a 7 .2 per cent increase in retail spending within the Province.

In other areas Madam Speaker, manufacturing shipments in Prince Edward Island are up by nearly 18 per cent on a year-to-date basis, which currently represents the second highest rate of growth in the country. International exports of food products have also been robust.

Other segments of the Island economy are not faring as well. As anticipated, the construction sector slowed considerably this year with reduced investment in non-residential building construction and a year-to-date decline in the level of housing starts. With respect to our primary industries, potato farmers continue to contend with poor potato prices and Spring lobster landings in 2007 were down slightly from last year.

Looking forward to the new year, we are optimistic that the Island economy will continue to expand at a solid and consistent pace. Our economy continues to be challenged by external factors such as a highly valued currency and elevated energy prices.

Madam Speaker, the Prince Edward Island economy is a resilient economy. Industry in this Province has a long history of successfully responding to both economic opportunity and adversity.

Ensuring Access to Health Care

Now, Madam Speaker, turning our attention to health care, it is only natural and fitting that a caring society place its highest value on an effective and compassionate health care system.

In many ways, our response to health care challenges has helped to define us as a nation for many decades - just as our answer to new demands will continue to define us in the future.

Government has long understood the challenges facing Island health care: Our task now is to implement effective solutions.

During the recent election, a promise was made: Every Islander will have access to a family doctor in the years ahead. We continue to believe that this promise is eminently achievable - as long as the right tools are developed.

First, we will continue to work on a medical residency program, so that it is introduced as soon as possible.

This program will bring new physicians to our Island - and many of them will stay .

As we promised, we have also increased the recruitment budget for doctors to $3 .1 million.

In addition, we intend to open an Office of Health Care Recruitment. This Office will be responsible for coordinating the recruitment of all of our health care professionals to ensure we have the resources available, when and where we need them. To begin the staffing of this Office, we have funded a health care recruiter position at a cost of $78,000 in the current year.

Madam Speaker, the lab at the Prince County Hospital has been under pressure to meet increased demand. W e have corrected this problem by adding 3.1 full time equivalent staff and increasing the budget by $115,000 in the current year.

Our acute care hospitals provide health care to the most seriously ill of our population. To ensure the safety of our patients, we will enhance pharmacy services by dedicating $735,000 annually toward needed improvement. This will include a new automated packaging system, which was included in the Capital Budget at an additional cost of $300,000.

The Neonatal Intensive Care Unit at the Queen Elizabeth Hospital will receive $445,000 for additional nurses to care for high risk newborn babies.

We will provide a Cancer Patient Navigator to assist patients with this disease at an annual cost of $100,000. We have also approved $104,000 in the Budget for a Quality Improvement Program for diagnostic imaging services.

To enable seniors to live in their homes longer, $200,000 is being invested to develop a best practice model for Home Care. In addition, our Government has created new positions for the integrated palliative care program at a cost of $90,000. This program provides active and compassionate services for home care, long term care and acute care.

HPV is the leading cause of cervical cancer, so we are pleased to provide an immunization program for Grade 6 girls, on a voluntary basis. In partnership with the Federal Government, we will provide the program in Island elementary schools starting this Fall. With federal funding we will also provide a pre-Diabetes screening program.

Madam Speaker, the Methadone Maintenance Treatment program has helped many Islanders deal with their addictions. We have agreed to allocate $150,000 to improve the delivery of this important program.

We have increased funding to the Canadian Mental Health Association by $50,000 to ensure this valuable organization can continue to partner in the delivery of mental health care services.

**Education and Opportunity**

Turning to the important area of education, Madam Speaker, we strongly believe the medium- and long-range future of our Province will depend upon our success in improving both the scope of our education system - and access to its programs and services.

As I alluded to earlier, a plan for education must cross generational boundaries - so that our emphasis on early childhood blends appropriately with a system for all Islanders, regardless of age.

There is no question that Islanders fully understand the importance of education.

Several examples will help to illustrate that point:

* Ninety-seven per cent of eligible Island children are enrolled in publicly funded kindergarten programs;
* The Island enjoys the third highest rate of participation in French immersion programs in Canada;
* More than 7,000 students are enrolled at the University of Prince Edward Island, Rolland College and la Société Éducative.

We have much to be proud of, but we must continue to improve.

We will continue to invest significantly in the provincial kindergarten program. In the current year our Government has agreed to a budget increase of $220,000 - the first increase in four years. This represents a seven per cent increase in the kindergarten budget which now stands at $3 .4 million. This funding will help kindergarten operators address rising costs and increase the wages of kindergarten educators.

This year, the Department of Education will be piloting an integrated curriculum for kindergarten programs in English, French and French Immersion. Outcomes will be identified for language arts, mathematics, science, social studies, health and the arts. We commend our kindergartens for introducing a progress report in which parents will receive valuable information regarding their children's learning.

A focus of our Government will be to improve the outcomes of our elementary and secondary students. This year, $3 million will be provided to implement the Student Achievement Action Plan. We welcome many new students from other countries to our schools and communities. We are pleased to support their education through improved ways of delivering services and by adding more teachers. This Budget contains new resources to hire up to six additional English as an Additional Language teachers and French as an Additional Language teachers. This is an increase of $287 ,000 from the previous commitments.

Other improvements for our students will include: $200,000 for curriculum improvements in social studies and $570,000 for a new welding program. This Budget will also add $100,000 to the materials and equipment budgets for schools to ensure subjects such as home economics, physical education and music have the necessary resources.

When it comes to planning for the future of education in our Province, our Government remains committed to consultation with educators and all Islanders. Today, we are pleased to advise that on the recommendation of the Eastern School District, we will be conducting a study of the impact of changing enrollments on Island schools. This Budget contains new funding of$100,000 to conduct this study. The report will be available by the Spring and will be followed by public consultations.

Madam Speaker, many of our students require extra assistance to ensure successful completion of their education. To this end, our Government has agreed to increase funding for special needs by $500,000. A major portion of this funding will be used to add educational assistants and youth workers. To assist these students after graduation from high school our Government has provided funding for a Community Access Facilitator to support these students as they make the transition from school to work - or to further learning.

Funding will also be provided for four Speech Language Pathologists.

Additionally, our Government has restored funding to provide training to staff supporting students with autism.

Family literacy grants will double to $30,000 this year. As well, a $50,000 grant has been provided to the PEI Home and School Federation to enhance parents involvement in their children's education.

Islanders are provided with an excellent post-secondary experience through the University of Prince Edward Island, Bolland College and la Société Éducative. The high quality programs offered at these institutions, along with many new Island employment opportunities, are enabling more Islanders to succeed here at home. The increase in the quality of these institutions has resulted in higher enrollments, increased research funding, and reputations which are second to none.

Our Government intends to ensure this growth is continued. The base budget for the University of Prince Edward Island has increased by $1.4 million and Bolland College has risen by $1 million. The University of Prince Edward Island capital renewal program will receive an additional $550,000.

Madam Speaker, our Government is committed to ensuring post-secondary education becomes more affordable for our students. Tuition fees for UPEI students have decreased byten per cent. This results in a saving of $492 per year to a student who takes five courses each semester.

Further, our Government has extended this tuition reduction to include Masters and Ph.D. students in addition to undergraduate students.

In January, all full time students in their first and second years at the University of Prince Edward Island will receive a new Provincial Government grant of $400 through the enhanced Island Student Awards program. Third and fourth year students will continue to receive a $600 bursary each year. Island Students attending Rolland College and la Société Éducative will receive a new bursary of $1,000 each year if they are not receiving Skills Development funding.

In addition, $470,000 of student financial assistance will be provided through provincial student loans. This will increase funding to students of middle-income families, as well as address rising interest rates and debt reduction costs. Support for medical students will be increased by allowing them to defer payment of their provincial student loans while they are doing their medical residency training.

Madam Speaker, funding of $100,000 will be used to enhance the adult literacy program. More adult educators will be trained, workplace learning opportunities will be increased and information on adult literacy and learning programs will be improved.

Social Services and Seniors

Madam Speaker, the Department of Social Services and Seniors provides resources for social services clients, children and our seniors population.

As promised, we have re-established the Seniors Emergency Home Repair Program at a cost of $350,000 to assist low income seniors living in their own homes. This will provide fifty percent of repair costs up to $1,500 for non-cosmetic improvements to the homes of Islanders, 60 years of age and older. The Program will increase the time our seniors can stay among family, friends and neighbors in their communities - and its overdue restoration is a particular source of pride.

Government understands that initiatives like the Seniors Emergency Home Repair Program will be increasingly important - because our Province's seniors represent the fastest growing segment of our population. We will continue to increase support by agreeing to a funding increase of $150,000 for the Seniors Secretariat. This will be used to enhance communications between Government and seniors organizations.

Madam Speaker, Government provides funding to operators of community care facilities for services they provide to residents who cannot pay for their own care. In addition to previous budget commitments, we have increased the funding for Community Care Facilities from $49 to $55 per day. This rate increase will cost $675,000 in the current year and $900,000 annually.

Government has eliminated income testing of parents of minor children who receive benefits under the Disability Support Program. We will increase the Disability Support Program budget by $675,000 in the current year which is in addition to the $941,000 increase in the Program budget. This Government has also begun a review of programs and services available to individuals with disabilities and their families. This review is budgeted to cost $100,000.

The people of this Province benefit greatly from the volunteer organizations which service the needs of the disabled as well as families and seniors. The budget for these organizations is increased by $590,000 so they can continue to provide essential services and supports to victims of family violence, families in crisis, as well as residential and vocational supports to persons with disabilities.

Madam Speaker, the Family Health Benefit Program is being improved to expand the income thresholds from $22,000 to $24,800 and for the first time apply to families with a full-time student under 25 years of age living at home. This drug program for low-income families will cost the Province an additional

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$45,000 this year.

We are truly indebted to the 1 OO foster families providing a secure, stable home environment for our children in need, until they can safely reunite with their parents or establish other lifelong family. Funding for these families will increase by $149,000 through improvements to room and board rates and monthly fees.

An additional $527 ,000 will be provided to social assistance clients to help with rising shelter costs.

Madam Speaker, a significant and uncontrollable cost for our seniors and other client populations is for prescription drugs. This Budget will see an increase of close to $4 million in our Provincial Drug Program budget. Much of this increase is for the Seniors' Drug Program and an additional $1,000,000 is being provided annually for high cost cancer drugs.

We will also address Seniors' Drug Program co-payment reductions over the next three years.

Our Government will continue to support a vision of healthy development for Island children. We will invest $1. 7 million in early learning this year - and $1.8 million annually, starting next year.

A New Emphasis on a Changing Economy- Biosciences and Economic Innovation

Now Madam Speaker, I would like to touch on some of the areas we are addressing in an effort to keep our economy growing. In keeping with the Premier' s goal of promoting new and innovative opportunities for Islanders, we have established an Office of Biosciences and Economic Innovation. This Office will develop a forward-thinking strategy focusing on our Province's real potential in the biosciences, information technology and aerospace sectors.

An integrated and innovative approach to these sectors and how they intersect with our traditional industries will be paramount to social and economic progress in the Province. This Government will define the appropriate role our Province will play - and develop an aggressive results-based work plan to put us on the world stage.

Over the next several months the newly created Office of Biosciences and Economic Innovation will establish a strategic investment framework for the Province which will help both the traditional and emerging economies to join forces and flourish.

A New Emphasis on a Changing Economy- Development and Technology

Madam Speaker, the Department of Development and Technology exists to create jobs and prosperity for Islanders. Over the years, the Provincial economy has evolved from its primary base of farming and fishing, to one where new jobs are created in manufacturing, information technology and aerospace.

A recent challenge for Island businesses is securing the workers necessary to keep their companies operating. The shortage of workers is a significant problem in the agriculture, fishing, fish processing and tourism sectors. In order to address this shortage we need to continue to attract new people to the Province - and keep more Islanders here at home.

One initiative we have implemented to address the shortage of workers is through the use of innovative solutions like our recently-launched online employment system, joblink. This system allows employers and workers to access each other through the Internet. In its first month of existence the site attracted resume postings from 1,000 workers, 200 from outside the Province. Eighty companies have registered to search the database for workers or to post job openings.

This Summer, our Government signed an agreement with the Government of Canada to establish the Targeted Initiative for Older Workers - a project to assist Islanders aged 55-64 re-enter the workforce. We are confident this program will benefit both older Island workers and employers in Prince Edward Island looking for experienced employees.

Our Government is also exploring the possibility of taking control of labour market development in our Province. This program is currently provided by the Federal Government and would transfer approximately 40 positions to the Province for the administration of the $26 million program.

We have established an inter-departmental working group to determine the best options for the development of biofuels. The group will require input from our agricultural producers, business community and interested Islanders as we chart the future direction of our climate change efforts.

Our Government will also to continue to support our Province's shipbuilding industry. East Isle Shipyards in Georgetown manufactures world-class tugboats providing quality employment for 1 OO workers.

Madam Speaker, video game development companies continue to come to the Island. These companies, along with our established new media and gaming industry, are providing Island youth with career opportunities. Our Government - in partnership with Rolland College and the Atlantic Canada Opportunities Agency ­will develop a video game art and design program, to begin in January, 2008.

Supporting Primary Industries: Agriculture

Now, Madam Speaker let's turn our attention to our Province's traditional primary industries. To ensure that Agriculture receives the attention it deserves, we have established it as a separate department.

The Department works closely with all sectors of the agriculture and food industry to support greater stability and sustainability.

Since taking office, a number of sectors have needed our support. These include the Atlantic beef plant, the hog industry and cranberry growers - all of which are all receiving assistance in the current year' s budget.

The Atlantic beef plant has struggled to reach profitability since its inception. Our Government had to provide additional funding through Prince Edward Island Business Development Inc. of $1.5 million to allow time for the plant to formulate a strategy to operate independently. Progress is being made in negotiations with the other Maritime Provinces and the Federal Government.

The hog industry is another area which is experiencing difficulties. We have had to provide an interest holiday program for producers to a maximum costof$500,000. Low prices for this commodity have continued to cause problems for the industry - so $1.5 million has been set aside. In addition, we have provided $550,000 in assistance to the hog plant.

In another sector, cranberry bogs under development have taken longer than expected to reach full production. This will require our Government to provide an interest holiday with a cost of $200,000 in the current year.

Madam Speaker we have also increased the budget for organic farming programs by $500,000. Our Government has also appointed a Potato Industry Co-ordinator to perform the traditional extension work, as well as co-ordinate potato sector research, activities and events in the Province.

Supporting Primary Industries: Fisheries and Aquaculture

Madam Speaker, in keeping with our commitments, we have established a separate Department of Fisheries and Aquaculture. The new Department will be strengthening its commitment to the fishery by adding support staff, a fisheries technician and seafood market information officer.

Lobster fishers in the Northumberland Strait have experienced low landings and rising costs in recent years, which has put a strain on their financial resources. To address this, we have provided a low interest loan program through the P .E.I. Lending Agency. This program is expected to provide $40 million in loans at interest rates subsidized by the Department. The Department will continue to work with other levels of Government and the industry to explore rationalization measures or initiatives to diversify the fishery.

Madam Speaker, the Department continues to work with the sea plant industry in western Prince Edward Island to improve quality and develop markets. These efforts include support in cooperation with Prince Edward Island Business Development Inc. to sea plant buyers to secure inventory and strengthen quality standards.

A number of major initiatives have been undertaken by the Department to support the aquaculture industry to address the issue of invasive species. The Department will continue to invest in research, and will work with the Department of Fisheries and Oceans to address needs for specialized equipment and technologies to control tunicates on mussel farms. We have agreed to provide $200,000 to examine the impact of invasive species on our aquaculture industry.

A **Healthier Environment**

Madam Speaker, our Government understands that Prince Edward Island faces environmental challenges that must be addressed. Islanders are concerned about their drinking water and they are concerned about the health of our rivers and streams. Our Government shares these concerns and is committed to work with Islanders to take action on these issues.

Nitrate contamination is the most common chemical water quality problem in Prince Edward Island. This Budget includes funding for the Commission on Nitrates in Groundwater to develop solutions to reduce nitrate levels in groundwater and surface water. The Commission will report to the Premier by June 2008.

The Commission has already made an early recommendation that Government is immediately acting upon: I am pleased that $35,000 will be invested to develop a series of community based 'nitrate clinics' where Islanders can have their water tested for nitrates at no cost.

Enforcement is an important component of protecting our environment. Our Government has already taken action to correct weaknesses in *the Environmental Protection Act.* An experienced Crown Attorney has been assigned to work on the necessary amendments to make the legislation easier to understand and more enforceable. However, we must remember that legislation is only one part of an effective plan to protect our natural environment.

Madam Speaker, over the next several months, our Government will be developing a comprehensive strategy to encourage best land management practices. This Budget invests $100,000 to begin work immediately so that programs will be in place for the next fiscal year.

We have an excellent foundation on which to build - that is the report of the Environmental Advisory Council on managing our land and water on an individual watershed basis. We will work in co-operation with watershed groups, the agricultural community, conservation groups and the community at large to take decisive action to create a healthier environment. To that end, our Government is creating a $3 50,000 New Watershed Management Fund, Fall and Winter Program. This program will support activities including watershed planning, watershed management, habitat enhancement (upland and riparian), tree planting, non­point source pollution abatement, watershed group capacity building, site cleanups, educational materials and more.

Madam Speaker, I am also very pleased to announce that Government has committed $100,000 to help raise trout and salmon.

This important new initiative will help us to restock our Island's streams - and will serve as a much-needed support to our recreational fishery.

Madam Speaker, our Government has established an Office of Energy Efficiency to help Islanders save energy and money as well as protect the environment. The Office will provide programs, service and advice to reduce the amount of energy used in homes, at work and on the road. The budget allocated for this Office in the current year is $200,000.

New federal funding from the Trust Fund for Clean Air and Climate Change has been allocated at $5 million for each of the next three years. Energy efficiency programs will be a priority for our Government so that those dollars are invested to provide the greatest benefit to Islanders. So far, 190,000 energy efficient light bulbs have been provided to assist in school fundraising - and a new windmill is being developed for Gulf Shore Consolidated School. These projects will cost $580,000.

Madam Speaker, increasing energy efficiency must be part of an overall energy strategy for Prince Edward Island. In recent years, there have been great advancements in incorporating wind energy in the electricity mix. However, our Province is still heavily reliant on imported fossil fuels for home heating and transportation. This has an impact on every individual, household and business.

Over the next several months, our Government will be widely consulting with Islanders to develop an energy strategy for the next 10 years and clearly define Government's role in renewable energy development.

Madam Speaker, our Government is pleased to move forward on several other initiatives to protect and improve our environment. This Budget includes funding for two permanent part-time enforcement officers to be hired to patrol the Confederation Trail, beaches and other off-road areas. An additional $75,000 has been budgeted to support the regulatory changes to reduce risks associated with pesticide use, and provide for greater protection of public health and our natural environment. The Budget also provides funding to properly document old landfill sites in the Province so that these properties can be included in the new Contaminated Sites Registry.

As most Islanders know, Government has had to delay the introduction of canned beverages to ensure the program is implemented properly. Further work is required to determine the impact on the environment, the cost to consumers and methods of recycling.

Communities, Cultural Affairs and Labour

Our Government is also committed to working in partnership with Island communities.

The financial relationship between Island municipalities and the Provincial Government must be renewed.

The current formulae for allocating resources needs to be reviewed - and a new, transparent and fair system will be developed. A provincial-municipal committee will meet this Winter to recommend solutions to this long standing problem. In the interim, municipal transfers will be increased by $1,675,000 million including $300,000 in new spending for municipal equalization.

Grants were provided to the Island Games Association of $75,000, to fund our athletes attending the Island Games in Greece. Our athletes performed exceptionally, and our team brought home 20 medals.

Madam Speaker, music is an important cultural industry employing hundreds of Islanders and contributing significantly to the provincial economy. This Budget will commit $130,000 for the music industry. With input from the music industry, we will create a Sound Investment Pro gram to full y develop its potential.

A Provincial Physical Activity Strategy was developed for the Province for the period from 2004-2009. We have agreed to allocate $55,000 to continue to advance the recommendations of the Strategy.

Madam Speaker, sporting events contribute to the economic and recreational development of Island communities and enable our Province to build on volunteer training opportunities. This Budget includes $100,000 to assist communities and sporting organizations to host sporting events.

Afin d'aider à préserver et à développer ses communautés acadiennes et francophones, la province a mis sur pied des centres communautaires de langue française. En vertu de l'entente Canada- Î.-P.-É. sur les langues officielles, 129 000 $ ont été accordés pour améliorer les activités à DeBlois et à Souris.

To assist with the preservation and development of its Acadian and Francophone communities, the Province bas developed French-language community centers. Under the Canada-PEI Agreement on Official Languages, $129,000 bas been provided for enhanced activities in DeBlois and Souris.

Library service contributes greatly to community life. Across the Province we have seen growth in library use in a number of communities. I am pleased to state that we will provide additional funds to the Provincial Library Service to increase hours of operation in a number of communities where library use bas increased significantly. These communities include Montague, Kensington, Alberton and Cornwall.

Madam Speaker, volunteer-operated community museums make a major contribution to our understanding of Prince Edward Island's heritage. They are an essential part of our network of national, provincial and community museums and represent the Island's interest in preserving and presenting our history. The funding to the Community Museums Association will be increased by $35,000. This will assist with the continuation of the operations of the Association and development initiatives which assist local museums in their important work.

The provincial collection of more than 80,000 historical artifacts is the basis of our ability to tell the Island's stories. For many years the Prince Edward Island Museum and Heritage Foundation has struggled to properly care for this collection of valuable material which belongs to the people of the Province. We will be undertaking immediate repairs to upgrading the existing facility to extend its life and ensure the artifacts are in a safe and secure environment. Because the facility is overcrowded and unable to accept new heritage material, we will also provide additional space for new collections - and to allow for the better storage of existing artifacts. Our Government has budgeted $75,000 to support this initiative.

Heritage covers a wide array of activities and interests ranging from pioneer cemeteries, through heritage roads, archives, community museums, natural history and folklore. While we are proud of what individuals, communities and the Province have been able to do a more comprehensive approach to the preservation of our past is needed. We will be undertaking a comprehensive study of heritage with a cost of$60,000 to identify needs and opportunities which will guide future Government activities in this vital area.

Growing Visitation -Tourism

Madam Speaker, tourism and travel is the world's largest industry and as such, Prince Edward Island competes in a highly ­competitive, global marketplace. Our Government, in partnership with industry, is working toward improving our ability to compete. We are committed to the future of this vitally-important sector of our economy and we will invest in the best available industry research, including the Tourism Research Centre at UPEI.

Tourism is experiencing an increase in visitation in 2007, with occupancy up approximately 2.5% to this point. The Tourism Advisory Council' s five-year strategic plan has been updated and this, combined with the work of Tourism PEI, will build upon what has been achieved this season.

Madam Speaker, our Government will provide the investments necessary to increase visitation to Prince Edward Island. Tourism is a major revenue generator for our Province and allows us to invest in education, health care and infrastructure. All Islanders benefit from increased tourism visitation.

Our Government has approved an increase of $800,000 in the marketing and product development budget. This investment will support new initiatives to attract new visitors to our beautiful Island. In total, we are now budgeting close to $6 million for the Tourism Advisory Council.

We reviewed the revenues budgeted for the provincially-operated golf courses and parks and found, unfortunately, that the estimates in the Spring Budget were unrealistic based on previous actual figures. As a result, we have been forced to reduce the estimated revenues in this area by $1.1 million.

Finally, Madam Speaker, we are presently exploring our options with respect to the four provincially-owned golf courses. Let me be clear. Any decision made in this regard will be based on solid business principles and any action taken will be in the best interests of Islanders. This evaluation is expected to take several months and will assist us in determining how best to proceed.

Law and Enforcement - Attorney General

Madam Speaker, the Family Law Section of the Office of the Attorney General provides many important programs and services to families going through legal separation and divorce. As we would expect, these programs and services promote and emphasize the best interests of the child during what is without question a traumatic period for all involved.

The demand for these services has been growing, and accordingly we have added $76,000 to the Maintenance Enforcement Program to ensure families and, most importantly, children receive the best level of service we can provide.

The Community and Correctional Services Division of the Office of the Attorney General plays a very important role in the justice system. Its primary objective is to enhance public safety by contributing to the rehabilitation of youth and adult offenders. Recent studies of our nursing services revealed the need for additional resources in this area and the Budget includes an additional investment of $110,000 for this purpose.

There are few things more important, more fundamental, in our society than the confidence Islanders have that their rights are being protected. In our Province, much of this confidence is a result of the tremendous work of the Prince Edward Island Human Rights Commission. To reflect the importance this Government places on the protection of Islanders' rights, I am pleased to announce that we have added more than $40,000 to the budget of the Human Rights Commission.

Madam Speaker, we are also pleased to increase support to combat drug and illegal tobacco activity in the Province. In this Budget, an additional $212,400 will be provided to the RCMP for this important initiative. This will enable the RCMP to hire additional staff to reduce street-level drug activity in Prince Edward Island.

In addition, a new Aboriginal Affairs Officer will be hired and dedicated to Aboriginal Affairs. This Budget includes $75,000 to fund the Aboriginal Affairs Secretariat.

Safety and Efficiency - Transportation and Public Works

Madam Speaker, the Department of Transportation and Public Works is committed to providing Islanders with the safest possible highway system.

During the 2007-2008 fiscal year, the Department will continue to upgrade Route 2 - The Veterans Memorial Highway. In addition, further improvements will be made to our Province's secondary roads.

The Department has also embarked on an aggressive bridge maintenance and replacement pro gram. Further initiatives will be included in the Capital Budget to be tabled in this Session of the Legislature. In this Budget, we have increased the funding for highway maintenance by $2 million.

Madam Speaker, our Government wants to reduce unsafe practices on our highways. Let's be clear. The vast majority of Islanders are careful and law-abiding drivers. However, action must be taken to ensure those who do not take due care on our highways are dealt with.

We will install cameras on selected school buses in an effort to capture license plates of drivers passing buses in an unsafe manner; we will increase speeding fines, especially in construction and school zones; and we will introduce booster seat legislation.

The budget of the Highway Safety Division will be increased by $95,000 to implement these initiatives.

Madarn Speaker, the Department of Transportation and Public Works is also responsible for the Island Waste Management Corporation. Our Government will remove the estimated one million baled tires presently sitting in the East Prince and Sleepy Hollow waste handling facilities. Our Government has committed $750,000 for each of the next two years to have these tires recycled.

Tax Reduction and Fairness

Madam Speaker, as I noted earlier, it is a great source of pride that one of the first acts of the new Government was a major reduction in gasoline taxes.

Again, we believe in the following principle: Appropriate tax reductions represent an investment in Islanders - and this is the best investment any Government can make.

As an operating principle, Government will reject any proposal that results in tax unfairness for Islanders.

To reiterate an earlier point, Government will follow through on its promise to legislate a freeze on owner-occupied residential property tax assessments until 201 O.

The decision follows this fact: Property tax revenues have increased by seventy per cent over the last decade.

While these revenue increases may be partially reflective of the appreciation in house values, they do not mirror the ability of many Islanders to afford constantly rising taxation demands.

In particular, the rise of property taxes has placed a significant financial burden on those Islanders with fixed incomes - who may be forced to sell their houses because of the property tax burden.

On August 15 of this year, our Government announced increases to the Provincial Disability Tax Credit to match the federal amounts effective January 1, 2007. This measure will increase support for Islanders with disabilities and their families. Amendments to *the Income Tax Act* will be introduced during this Session to implement this change.

We are also continuing with reductions in personal income taxes by raising the thresholds by two per cent in 2007 for the Basic Personal Amount, Spousal Amount, Age Amount and our tax brackets. This will increase to four per cent in 2008. The Education amounts will double which will be a significant benefit to our post-secondary students as well as their parents. We will also implement pension income splitting introduced by the Federal Government. Collectively these measures will leave $20 million with Islanders.

We are also committed to small business. We will continue to lower the small business tax rate by 1.1 per cent each year as well as increase the small business threshold by $100,000. Madam Speaker that is a savings of $2.2 million per year to these businesses. We have also eliminated the licensed establishment user fee at a cost of $350,000.

**Upcoming Capital Budget**

Madam Speaker, our Government recognizes the value of presenting a separate Fall Capital Budget so that Government Departments and the construction industry can better plan for these larger projects. The Capital Budget for 2008-2009, which will include our Five Year Capital Plan, will be presented during this Session of the Legislature.

Madam Speaker, the Capital Budget for the 2007-2008 year was approved in the Fall 2006 Session of the Legislative Assembly. That budget included $68.8 million in capital spending for the current year. Some of these projects have been delayed to ensure they are the best solution to satisfy the wishes of Islanders. These include the West Prince Hospital, Montague Regional High School and the Tracadie Cross Consolidated School gymnasium.

Conclusion

As I said earlier, today's budget forms a bridge between the last administration and the current Government.

We agreed to the general passage of the previous administration's budget - because we understood that many Islanders desired a level of predictability that this commitment offered.

We are very proud of the changes we have made - and look forward to further positive innovations in the years to come.

Government is also looking forward to precise mechanisms - which will continue to promote a much higher level of accountability, openness and transparency with Islanders.

Further to that, our Government has acted on our commitments:

* We are implementing the processes to get more family physicians for Islanders. We are also establishing an Office to improve the recruitment of all our health care professionals;
* We have ensured the Education system has the resources it needs to provide a quality education for our Island children;
* We have provided more money for seniors long-term care to ensure facilities continue to be there when our seniors need them. We have re-introduced the Seniors Emergency Home Repair Program so our seniors can stay in their homes as long as they want to;
* We have eliminated income testing of parents with disabled children and commenced a review of all programs aimed at people with disabilities;
* We have opened an Office of Biosciences and Economic Innovation to ensure our economy continues to prosper;
* We have separated the Departments of Agriculture, and Fisheries and Aquaculture to ensure these sectors get the attention they deserve;
* We have lowered gasoline taxes - and we will introduce a legislated freeze on owner-occupied residential property tax assessments.

Madam Speaker, in conclusion I want to express my personal appreciation - and that of my colleagues - for the fine work of the public service, both through the budgetary process and generally.

For a Government to be successful, all of a society's diverse communities must work together - and they must do so effectively. In the case of the public service community, I have nothing but praise for the efforts of those who truly deliver Government services to Islanders.

A free flow of ideas has begun - and this discussion will be further encouraged in the months and years to come.

Thank you very much.