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| Ile-du-Prince-Edward/ Prince Edward Island | 63 | 3 | Discours du Budget/ Budget Speech  | 23-04-2010 | Wesley J. Sheridan | Provincial Treasurer and Chair of Treasury Board | LIB |

**The 2010 Provincial Budget Address**

**Securing the Future**

***Presented to The Members of the Legislative Assembly of Prince Edward Island
by Honourable Wesley J. Sheridan
Provincial Treasurer and Chair of Treasury Board
April 23, 2010***

**Investing in Islanders**

Madame Speaker, I am pleased to deliver a budget that secures our fundamental commitment to building better education and health systems for all Islanders – while taking decisive action to restore fiscal balance.

In the area of education, we are making a historic investment in moving kindergarten into the school system – PEI's most significant educational initiative in over a generation. We will complement that investment with a strong action plan to help our valued early childhood sector transition to a new and more sustainable future ... with more resources for our elementary-secondary system ... and with enhanced and expanded access to post-secondary learning.

As we restructure our health system, we remain committed to ensuring that Islanders have improved access to health services in the appropriate care setting and are looking to new and innovative models of care. At the same time, our Government recognizes that expanding services in key areas of health care and improving access to medications are also the benchmarks against which Islanders will assess the quality of the health system.

**Investing in Our Priorities: A Summary**

Madame Speaker, today's budget marks a historic turning point in Government's financial accountability to Islanders.

As everyone knows, the Province has embraced the concept of fixed election dates. This will allow Government to make audited financial statements available to Islanders before the next provincial election, in October 2011.

In the past, Islanders were not offered this opportunity to test Government's financial plans as they prepared to make their fundamentally important decisions at the ballot box – and unpleasant surprises were often the result.

Madame Speaker, this Budget will be tested by the Auditor General before the next election – and I am confident the plans I am outlining today will meet the terms of this Government's commitment to accountability and openness.

This commitment requires discipline. But, we are also mindful of the need to make appropriate investments in Islanders.

Madame Speaker, I would like to briefly highlight some of the significant items included in our plan for 2010-2011:

* An additional $13.6 million will be invested in early learning and education to build opportunities for Island children.
* As kindergarten moves into the public school system as a full-day program, our investment in that crucially important sector will rise from $3.2 million to $10 million this fiscal year.
* After too many years of neglect, new funding of $2.5 million plus additional kindergarten-related savings will be invested in the Early Childhood Sector, which will help to maintain child care spaces and improve services to our youngest Islanders.
* In keeping with Government's commitment to the safety of our children, an additional 51 school buses will be purchased – equipped with safety seats for new kindergarten students, like the 100 buses already purchased over the past two years.
* Our total commitment to post-secondary education will increase by over $9 million this fiscal year – from $80 million to more than $89 million.
* Health care investments will rise by $24 million – reflecting Government's understanding that this system must continually modernize and improve.
* Spending on home care will increase to a total of $13 million.
* Funding for our drug programs will increase by over $1.3 million – and forecast savings of $1.2 million from new generic drugs will be reinvested in the program.
* A further $938,000 will be invested in the new provincial Stroke Care Model, increasing our funding to an annual total of $2.1 million.
* In addition to new emergency room staff at the Queen Elizabeth Hospital, additional funding of $400,000 will be provided to improve ground ambulance services and for a new community paramedicine pilot project.
* Government is continuing its plan to attract new physicians to our Province, increasing investment in the highly successful Family Medical Residency Program by over $600,000 to a total of $1.5 million.
* Working with the Federal Government, nearly $10 million in new funding will be provided in agriculture over the next four years, to assist producers to reduce input costs, introduce new crops and enhance competitiveness.
* In recognition of their 100th Anniversary, $65,000 will be provided to the Women's Institute – which will help that invaluable organization in recruitment and promotional efforts.
* Plans to encourage rationalization within the lobster industry will continue, as demonstrated by the $3 million already invested in sustainability measures.
* Through the Office of Energy Efficiency, Government will invest $1.5 million in programs to assist Islanders, increase the energy efficiency of their homes.
* Social supports for Islanders in need will increase, particularly through a $270,600 increase in shelter allowances.

Madame Speaker, as we continue to invest in priority areas, our Government is also mindful of the fiscal challenges we face.

To this end, we are on track with the 2009-2010 Budget approved in this House last Spring. Our forecast deficit for last year is expected to be $84.2 million, an improvement of $1.1 million from the deficit budgeted. This is a modest improvement, but a much better result than in most other jurisdictions across the country that struggle to meet their budget targets.

Madame Speaker, this Budget will result in a deficit for the 2010-2011 year of $54.9 million – an improvement of over $30 million from last year's Budget. This represents a significant positive shift in the trajectory of the Province's finances.

There is no magic in what we are accomplishing, Madame Speaker. We are holding our increase in expenditures to 1.95 percent – less than half the rate of our projected 4.2 percent increase in revenues. Almost all of the increase in expenditures is being committed to improve health care and education for Islanders.

**Four-Year Fiscal Plan**

Madame Speaker, as we move forward over the next four years, we will continue the approach that we have achieved in this Budget. We will ensure that the pace of growth in our expenditures is held below the rate of increase in our revenues.

This goal will be achieved through careful planning and a focus on our priorities of health and education.

Government needs to provide programs effectively, making sure every dollar is spent wisely. The implementation of the fiscal plan will require the ongoing support of our public service as programs are streamlined.

Madame Speaker, we have deliberately chosen to achieve a balanced budget over a term of four years. This is to ensure the changes we are implementing are not drastic and will provide lasting improvements which continue into the future.

**Securing Our Children's Education**

Madame Speaker, our Government's commitment to education is unwavering, with this Budget providing an additional $13.6 million to the Department of Education and Early Childhood Development – a 6.6 percent increase – to enhance all aspects of early childhood learning and our public school system.

***Public Kindergarten***

Our largest single new investment this year, the most far-reaching educational measure in decades, will bring kindergarten into the public school system. This September, over 1,400 children will begin a full-day kindergarten program in school. This full-day program will put our five-year-olds not just on par but at the forefront of early learning across Canada. Only three other provinces – Nova Scotia, New Brunswick, and Quebec – now offer full-day kindergarten, and Ontario and British Columbia are phasing in full-day over time.

In this Budget year, we will more than triple our investment in kindergarten from $3.2 million, to $10 million. This represents new investment of $6.8 million.

This funding includes $7.3 million for the kindergarten teachers, specialist teachers, educational assistants, bus drivers, and other personnel who are at the heart of our children's learning. As well, over $1.4 million is being invested in start-up costs – including equipment, furniture and classroom renovations to support play-based learning ... as well as assistive devices for kindergarten children with special needs, and information and communication technologies.

In addition, under our Capital Budget, we are investing strongly in kindergarten-related space and buses to ensure that our youngest students are safe, comfortable, and provided with an enriched, welcoming learning environment. Over the past two years, we have purchased 100 new school buses at a cost of $7.9 million, and in the coming year, we will purchase a further 51 buses at $4.1 million, for a total commitment of $12 million in 151 new buses, all equipped with safety seats for our youngest students.

Almost $5 million in capital spending will be invested to ensure that our kindergarten children have the amount and quality of space that they need for their play-based program.

***Our Early Childhood Sector***

Madame Speaker, if we are to gain the full benefit of our investment in kindergarten, we know that we must also build a strong and sustainable early childhood sector.

Over the years, our community-based early childhood sector has delivered a high-quality part-day kindergarten program to our children – and has provided Island families with outstanding access to early childhood education and care for younger children.

We recognize that kindergarten was closely integrated with other elements of the child care system – and that its move to the school system will have major impacts on many early childhood centres. Left unaddressed, these impacts increase the risk of reduced access to child care for Island families, especially in rural Prince Edward Island.

We want to ensure that in September and beyond, Island children and families will have continued access to licensed early childhood spaces throughout the province. To achieve this goal, we are making a major investment of $2.5 million in new funding this year in an Early Learning Action Plan to support the transition. Further funding will be provided under our labour market programs to meet the sector's needs for training and labour market adjustment – building on the $650,000 already provided for accelerated training this past year.

As well, the move of kindergarten children to a full-day program will free up savings of more than $500,000 in existing early childhood programs – and those savings will be retained within the early childhood system to better meet the needs of our preschool children. This represents a total commitment of over $3 million in new and reinvested funding to the sector – the largest one-time increase in funding for preschool early learning and care ever made in Prince Edward Island.

To gain the maximum benefit from this investment, we must also continue to build and enhance our public school system.

***Strengthening Public Education***

In every Budget during our term of office, we have expressed our commitment to education. In our 2007 Budget, we provided $3 million to enhance student achievement, and we followed it with a further $2 million in our 2008 Budget. Last fall, our Capital Budget committed $52 million for next five years to build the space needed for our children's learning. We have increased teaching positions throughout this time of declining enrolment, taking PEI to one of the best student-teacher ratios in Canada – and we are committed to maintaining that model for the coming year.

Smaller class sizes and specialist resources are both critical to meeting the diverse needs and fulfilling the potential of our children – and we have delivered on both fronts. In 2007, PEI had 1,493 teachers for 20,800 students. Next September, our school system will have 1,668 teachers for an estimated 20,900 students. This is a 12 percent increase in teachers – and includes forty teachers over and above the number called for by the staffing model. These forty additional teachers represent an investment of over $2 million from next September to March 2011 ¼ and these resources will be focused on areas that best support our students' learning achievement. In addition, we have 314 educational assistants supporting students with a range of special needs – up 22 percent from 257 in 2007.

Madame Speaker, technology is an important aid to learning, and over the past two years, 2,500 new computers have been added to our school system, significantly renewing the stock. In addition, 500 LCD projectors have been installed in classrooms across the Province, allowing teachers and students to present in multi-media format.

In the coming year, $525,000 in funding will be used to install electronic white boards in every high school classroom in the Province, and to provide students with access to the new Microsoft Office suite of programs. These latest technologies will better prepare them for further learning and the workforce after high school completion. As well, $400,000 will be allocated to continue implementation of a computerized school library system.

We are also continuing to implement our enhanced, standardized trades curriculum as called for by the Trades Strategy. Next year, students in all English high schools will be able to enroll in skilled trades courses in Automotive, Welding, and Carpentry, while students at Evangeline will have access to Automotive and Carpentry. This year, $130,000 will be spent to continue trades curriculum development and provide program supports, and over the next five years, $850,000 in capital spending has been allocated for further trades upgrades.

**Improving Health Care**

Health care has been at the core of this Government's priorities from our first day in office. This year, we will increase overall health spending by $24 million. Including transfers related to the restructuring of the health system, this will bring our total investment in health services to $508 million.

We have placed priority on enhancing our health services over the past three years – and to fulfill that priority over the long term, we must show leadership. We must face the challenges and undertake the significant changes needed to make our health system sustainable and to create One Island Health System for our One Island Community.

***Towards One Island Health System***

A major initiative is underway to move to a single, integrated system which provides care in the right place, by the right people, to better meet the needs of Islanders. Other provinces are also moving in this direction.

This transformation will take time to achieve – but we have taken a number of important steps already. Last year, we increased funding for home care by $2.2 million, and introduced a pilot palliative home care drug program, demonstrating the effectiveness of service delivery outside our traditional institutions. As well, we provided $1.6 million to develop and implement a new model of care and to improve the overall utilization of our health resources. Taken together, these investments are already delivering results and demonstrating the benefits of our strategic new direction for the health care system.

This Budget continues funding for these important initiatives. This fiscal year, our funding for home care will increase again, reaching a total of $13 million – up over 60 percent from the $8 million budget at the time we came to office. These strong year-over-year increases recognize the key role that home care plays in helping us move toward a sustainable system that provides health care to Islanders in the comfort of their homes.

In the area of primary health care, our Government is moving forward with the creation of five Primary Care Networks throughout the Province. This model will ensure that no Islander is more than a thirty-kilometer radius from a family physician and a wide range of primary health services and programs. This fiscal year, our Government will invest $500,000 to further develop and implement the Primary Care Networks.

This fiscal year, we will implement a new governance model to provide clear leadership and accountability to the health system, as recommended in the report of the Health Governance Advisory Council released last November. Policy leadership, strategic direction and oversight of the health system will be provided by a restructured Department of Health and Wellness. Health services will be delivered by Health PEI, a new and separate entity led by a strong board of directors with outstanding expertise and links to communities throughout our Island. This Budget is presented based on this new model.

In addition to these system-wide measures, our Government is also expanding and enhancing health services to Islanders to meet new and intensifying needs.

Madame Speaker, our Government remains deeply committed to improving the access that Islanders have to much-needed medications. Today, I am pleased to announce that spending on drugs will increase by $1.3 million this fiscal year. This increase will be used to add new medications to our formulary, and to implement a 25 percent reduction in the seniors co-pay, effective September 1. In addition, a forecast $1.2 million will fund new medications, as savings result from availability and use of new generic drugs. Since taking office in 2007, our Government has increased spending on drugs by 45 percent, to a total of $34.4 million this fiscal year.

At the same time, our internal work suggests that a detailed and comprehensive overview of our drug program is essential as we seek to improve issues of access and equity. This year, our Government will build on this work by consulting widely with health professionals, health stakeholders and others to gain their input on a new province-wide program.

As well, we are investing to improve the accessibility and quality of care for several major diseases that take a large and growing toll on Islanders and their families.

Cancer is an illness that touches the lives of all Islanders directly or through their loved ones. Radiation therapy is one of the most effective cancer treatments available. Currently, the PEI Cancer Treatment Centre delivers over 7,300 treatments a year and sees some 400 new patients annually. In 2009, we purchased a second linear accelerator and upgraded the existing unit at a total cost of $4.1 million. This year, we are committing operational funding of $879,000, including nine new positions – enabling Islanders to be treated sooner and with no worries of treatment plan interruptions.

In addition, our Government is committing $353,200 to the Cancer Staging Initiative. Through this national partnership, all provinces are working to improve data collection and analysis with regard to the severity of cancers at the time of diagnosis.

Stroke is another chronic disease that threatens a large and growing number of Islanders with death and long-term disability. Organized stroke care can lead to significantly better outcomes, and in 2009 our Government committed to the investments needed to implement this model. Last year, our Government provided over $1.2 million to begin implementing our new Stroke Care Model, and this year, Government will increase funding by $938,000, bringing our annual investment to $2.1 million.

Our rising rates of diabetes and heart disease in our aging population contribute to kidney failure, leading to growing demand for hemodialysis services. Last year, we committed $248,000 to enable more Islanders to be treated here in PEI, rather than having to travel out of province for service – and this year, we are doubling our commitment with funding of an additional $250,000 to address hemodialysis needs in Queens and Kings Counties.

The Queen Elizabeth Hospital provides a range of advanced and specialized care to Islanders from across the Province. Government has committed to the $60 million capital project to expand and enhance the Queen Elizabeth Hospital. Phase One of this project, the Emergency Department Expansion, is scheduled to be completed by this summer. In this fiscal year, funding will be provided to add staff to the expanded department to more-fully meet Islanders' needs for emergency care.

Madame Speaker, our Government remains committed to continuing the progress we have made in enhancing ambulance service to Islanders. To this end, this Budget contains two key initiatives totalling $400,000 that will enhance services in rural Prince Edward Island. First, we intend to make permanent an additional ambulance in the New Glasgow area that was operated as a pilot project last year and proved highly beneficial, particularly during the tourism season.

Second, we will work with Island EMS to explore a community para-medicine pilot project in the Tignish area. Such initiatives have proven successful in other jurisdictions that have sought to better utilize highly-trained paramedics to enhance primary care health services provided in the community.

Our Government also places priority on reducing wait times, and we have expressed that commitment in memoranda of agreement with the Federal Government. In support of that goal, last year we provided $111,000 to launch the Tele-Radiology Project – and this year we will double that funding to a total of $223,000, enabling more X-rays to be read on a more-timely basis, and ensuring continuity of services.

As part of the realignment of hospital care in Western PEI, our Government invested $270,000 to expand space and staffing for the delivery of mental health and addictions services and the Diabetes Program at the Community Hospital in O'Leary. This year, we are committing a further $120,200 to fully-fund this initiative. Through these funds, five new health care positions have been added to the West Prince area.

Last year, almost 2,200 Islanders received specialized treatment and care in Nova Scotia and New Brunswick for complex illnesses and injuries. This year, our Government will increase funding for out-of-province hospital services by $2.2 million to ensure Islanders have continued access to these vital services – taking our total funding in this area to $32.7 million.

Government remains committed to the recruitment and retention of our valued health care providers. This year, we are making further investments in support of this commitment. We are adding two seats at Memorial University's Medical School, taking our total to twelve seats. As well, $608,000 will be provided to our Residency Training Program, bringing the total investment to $1.5 million, and the total number of residents from five to ten.

Government also recognizes the importance of having new specialist physicians. This Budget commits $736,300 this fiscal year to increase our specialist capacity in internal medicine, cancer treatment, and vascular surgery.

Addictions to substances and to gaming threaten the well-being of Island youth and families. Our Government will continue to build a variety of collaborative initiatives at the community level to support youth and families dealing with youth substance abuse issues. This year, our Government is committing a further $204,700 to fully fund the Youth Substance Use and Addiction Strategy at its annual level of $900,000.

This fiscal year, our Government will invest $300,000 in our Responsible Gaming Strategy. The funding will enhance treatment services for gambling addiction on PEI in three key areas – new, 24-hour support for gambling problems, group information programs, and expert support services.

Healthy living is also a priority for our Government, and in 2010-2011, we will launch a province-wide Physical Activity and Healthy Eating Campaign in partnership with the Public Health Agency of Canada and Recreation PEI. With funding of $126,500, this initiative will support and assist Islanders in adding more physical activity to their schedules and choosing healthier foods more often.

Recreation leadership at the local level has been the driving force behind many successful recreation, sport, and physical activity programs across the Province. To enhance access by Islanders to quality recreation and sport programs and services, $195,000 will be available for Rural Recreation Leadership projects, including continued support for current delivery models such as the Sport Councils in West Prince and Eastern Kings as well as a funding allocation for new projects and initiatives

**Supporting Innovation and Prosperity**

From our first day, our Government has recognized that education is the foundation of economic development and one of the most important components of public health and social progress.

In support of those goals, our Government has increased spending on higher education by $27.5 million since coming to office – taking it from less than $62 million in the 2006-07 budget year, to over $89 million in this Budget year. These investments have increased operating funding by 39 percent at the University of Prince Edward Island … and 38 percent at Holland College. This year, total funding for post-secondary education will increase by $9.2 million, taking it from $80.1 million last year to $89.3 million in the coming year.

One of our Government's proudest initiatives has been the George Coles Bursary, which extends $2,000 in support for Prince Edward Island students in their first year at an Island post-secondary institution. This program was established in 2008 and has provided $3.9 million to nearly 2,000 Island students during its first two years. To continue providing this needed support for access to post-secondary learning, our Government has allocated $2 million to fund the George Coles Bursary in the coming year.

In 2010, $6 million will be invested in Phase Two of the Holland College expansion, to significantly increase rural access to post-secondary programs. This funding will establish a West Prince Regional Training Centre in Alberton and expand offerings at delivery sites in Tignish and O'Leary – providing residents of West Prince with 100 new post-secondary training seats.

On Prince Edward Island, we know that our people are this province's single most valuable resource. To build this resource, the Population Secretariat is working to help new Islanders and their families build lives here in our province – and we are developing a suite of new programs to meet changing Federal immigration guidelines and regulations.

Since 2007, the Population Secretariat has nearly doubled support for language training for newcomers, providing over $1 million in funding last year. As well, to help new Islanders get the best possible start and find the support network they need on Prince Edward Island, Government has more than tripled its support for the Association for Newcomers to Canada – increasing funding from $175,000 in 2007-08 to $650,000 for 2010-2011.

Last year, our Government assumed responsibility for delivery of labour market programming in PEI. This year, funding of $35 million will be provided to support over 4,000 Islanders to gain access to employment and build their skills.

In April 2008, our Government launched a long-term plan for the economy of this province with the Island Prosperity Strategy. Since the launch of the strategy, our Government has invested over $50 million in people, in innovation programs, and in strategic infrastructure such as the BioCommons and the enhancements to UPEI and Holland College.

To date, the above investments have helped to maintain and support over 3,700 jobs in aerospace, bioscience, information technology and renewable energy and importantly, added 436 new jobs to these sectors. Madame Speaker, this represents an 11 percent increase in the knowledge economy workforce – an incredible feat by these sectors considering the very difficult economic times. Over 200 of these positions were created by existing PEI companies in the priority sectors, while 229 were created by new investments into PEI. New companies that have established in PEI in the last fiscal year include Virtual Agent, Natures Crops International, Phyterra Yeast, Customer One, and RMDDx. PEI-based company expansions include Testori, ScreenScape, Deltaware, Cogsdale, and Bight.

Biosciences are a key focus of the Island Prosperity Strategy – recognizing that PEI is already strong in this area and that biosciences can add enormous value to our primary resources. Through the Strategy, our Government is supporting a growing number of companies that build on and extend Prince Edward Island's reputation for food and bioproducts of outstanding quality. Madame Speaker, I would like to provide you with two examples of our leading innovators within this sector.

Natures Crops International (NCI) grows and processes premium oils for several advanced markets, including pharmaceuticals, nutraceuticals, medical foods, and personal care products. As part of the NCI operation on PEI, a new $8 million bio-refinery is being built and the company hopes to grow to at least 19 employees over the first three years of operations. Over 1,000 acres were farmed last year and more will be planted this year, with new crops being tested for production.

Another example of a highly innovative Island company is Island Abbey Foods. This company is making record inroads in North American supermarkets and gourmet food retailing with its unique pure honey products. The company now employs 30 people, and is rapidly expanding its product line – growing the market for PEI's honey and blueberry farmers.

Our aerospace sector continues to grow and develop, now generating over $350 million annually in revenue and employing over 1,000 people, primarily in Slemon Park. The sector posted a 12 percent increase in exports last year during the worst economic recession of our times – showing the promise that it holds for PEI in the years ahead.

**Securing our Primary Industries**

***Agriculture in Transition***

Madame Speaker, we know that our primary sectors such as agriculture are economic drivers in the province and we must continue to support these sectors through strategic investments.

To this end, Government has listened to industry and has responded quickly through support for energy efficiency audits and establishment of on-farm renewable energy systems. By working in cooperation with the Federal Government, close to $10 million in new funding is being provided to our primary producers over the next four years – enabling them to reduce input costs, produce novel crops and become more competitive. This year, $1,250,000 will be provided to launch this new initiative.

In Growing the Island Way, access to capital for producers was noted as an industry priority. As such, beginning in 2009, the Department of Agriculture made available $250,000 for interest relief assistance to Island producers participating in the Federal Advance Payment Program. Due to the overwhelming success of the program, I am pleased to announce that this assistance will continue for the 2010 year.

For many years, we have continued to enhance our Federal/Provincial AgriInsurance Program coverage for both crops and livestock. I am pleased to say that since 2007, nutrient management planning has seen a significant increase as a result of provincial discounts offered to AgriInsurance clients. To support greater producer participation in the program, we will pleased to commit an additional $1 million to the AgriInsurance Program.

Our support for the Atlantic Beef Products facility has been unwavering. We continue to invest funding that has enabled the plant to expand and diversify their cut lines. We recognize that the plant is a valuable component of a sustainable beef industry in our province.

Last year, our Government partnered with the PEI Potato Board on a new and successful marketing initiative, Pack Your Appetite. In the coming year, funding of $250,000 will be provided to enhance marketing initiatives such as these to promote our high quality Island foods.

Madame Speaker, our Government also remains committed to delivery of the Alternative Land Use Services program that recognizes farmers for the contributions they make to reducing soil erosion, improving biodiversity and protecting water quality. In 2010-2011, funding of $1 million will be provided to ALUS, with half going to complete projects already underway and the remaining half available to support new projects.

I am pleased to say that our Government launched several programs in 2009 under the Growing Forward agreement with the Federal Government. Funding of $5 million in this fiscal year will assist producers to strengthen their operations in key areas such as food safety, traceability, biosecurity, business development, research and innovation. These programs are helping producers become more competitive and innovative while responding to society's priorities.

Madame Speaker, the well-being of our farms and rural communities rely heavily on the commitment of community organizations to our Island way of life. One of the organizations that so clearly symbolizes that commitment is the Women's Institute. To this end, our Government is pleased to provide $65,000 funding to the Women's Institute to support preparations for celebration of its 100th anniversary in 2013. This funding will assist with the preparation of a Centennial book and with planning for events to commemorate a century of contributions by the Women's Institute to Prince Edward Island. As well, it will support a recruitment effort to ensure that this invaluable rural organization continues to support our farm communities into the future.

***Fisheries and Aquaculture: An Action Plan***

Government recognizes the importance of fisheries and aquaculture to the Prince Edward Island economy and the health of our many rural and coastal communities.

Lobster is the backbone of the fishery and last year Government announced a Five Point Lobster Plan to assist the sector during the difficult times associated with escalating costs to fish, and the downturn in demand in our key markets due to the recession.

A key element of the Five Point Lobster Plan was the re-opening of the Low Interest Loan Program to allow fishers to consolidate fishing-related debt at an interest rate of 4 percent through the PEI Lending Agency and the Department. This program was founded in 2007 in keeping with this Government's commitment to the lobster fishery – and its re-opening in 2009 has increased its reach to additional fishers. In total, to date, the program is assisting almost 200 fishers, reducing their interest costs by an estimated $7.5 million over the life of the program.

The Province has partnered with the Federal Government and the lobster industry to support a number of initiatives in lobster market development, product innovation and the development of new processing technologies. Investment of $800,000 will be made in 2010-2011 by the Department and by Innovation PEI to strengthen markets, and develop new products and processes.

Government's commitment to assisting industry led rationalization in LFA 25 and LFA 26A has been demonstrated through provision of more than $3 million of support for LFA 25 to implement a sustainability plan to reduce the lobster fleet and improve the longer term economic outlook for the fishery. Fishers in LFA 26A are being supported in the development of their plan that will eventually be submitted to Fisheries and Oceans Canada.

Government has successfully launched a Future Fishers Program to support new entrants into the fishery and better position these young fishers for success in the future. The future of the fishery and rural communities rely upon the participation of a new generation of business owners and Government is pleased to be doing its part in shaping the fishery for the future. An additional allocation of $100,000 has been dedicated to the Future Fishers Program to expand the number of new entrants supported under the Program.

***The Rural Action Plan***

Madame Speaker, Government has also delivered on a promise to create a comprehensive rural economic development strategy. Our strategy, the Rural Action Plan, is the first of its kind for Prince Edward Island and has been the result of a comprehensive consultation with rural Islanders. The Rural Action Plan contains seven goals and 40 actions that share a vision for rural Prince Edward Island and outline supports across government to ensure the vision is reached. Significant progress is being made to deliver on every action in the Plan.

The Island Community Fund has been transferred to the Department of Fisheries, Aquaculture and Rural Development and will be re-focussed to assist to address the opportunities for economic development and community development in rural Prince Edward Island. More than $27 million has been committed to the Island Community Fund.

This Government has invested in creating employment opportunities through programs of the Employment Development Agency. Spending under the Agency has increased from $3.7 million in 2007-08 to more than $5 million in 2010-2011.

***Celebrating Our Island through Tourism***

Madame Speaker, the Department of Tourism and Culture will continue to invest in product and marketing that drives this important sector of the economy. Our investments in tourism in 2009/2010 helped our industry to significantly outperform the rest of the country. Our visitation increased 7.9 percent in 2009 in a climate that saw tourism destinations across the globe hit negatively by the economic slowdown.

Almost 80 percent of our tourism operators have four units or less ... primarily small rural operators. Our strategy focuses on strengthening and building tourism to benefit these rural operators. This year, Government has committed over $400,000 to an integrated approach to building our food, cultural and tourism products through an industry and government partnership called the Prince Edward Island Culinary Alliance.

Our Government will continue the roll out of the Integrated Tourism Solution so that operators can take full advantage of the Rural Broadband initiative. We will launch a new online itinerary planning tool for visitors to plan their vacations which will now include activities. Later this year, campground online booking capability will be launched. Funding of $700,000 is being provided this fiscal year and will continue next year, for a total investment of $1.4 million to extend the benefits of information technology to all tourism operators large and small across the Island.

This year will bring a renewed focus on festivals and events across this province. Investments in festivals and events help to bring renewal and prosperity to all regions of our province. Funding for Summerfest, Cavendish Beach Music Festival, the Rollo Bay Bluegrass and Old Time Music Festival, and the Festival of Small Halls will help to strengthen our local culture and to bring us together as One Island Community. In all, more than $1.3 million will be provided to support festivals and events this fiscal year.

Prince Edward Island has the capacity and a strong community of volunteers that allows us to proudly host national events in our great province. This fiscal year, we are proud to host the 30th Anniversary of the Terry Fox "Marathon of Hope" on the Confederation Bridge in September, 2010 and the “Scottie's” Canadian Women's Curling Championships in February 2011, and we will work to prepare for an outstanding East Coast Music Awards event in April of 2011.

**Protecting Our Environment**

Madame Speaker, our health, our well-being, and our economy depend on the quality of our environment.

In 2008, the Commission on Nitrates in Groundwater submitted a comprehensive and thoughtful report, and our Government has already taken action on many fronts to implement its recommendations.

Community watershed planning plays a vital and valued role in implementing the Nitrate Commission's recommendations and generally in protecting and improving water quality and aquatic habitat in PEI. When this Government came to office, we almost quadrupled funding for community watershed groups, from $120,000 in 2006 to $470,000 in the 2007-2008 budget year. Since then we have continued to increase our support for this valued activity, with funding of $750,000 allocated to support watershed groups in the coming year – a further 60 percent increase since 2007.

Early in 2008, our Government established the Office of Energy Efficiency, with program funding from the Federal Trust Fund for Clean Air and Climate Change. Since its inception, $3.1 million has been spent in program funding – assisting over 4,000 Island residential and commercial clients to reduce their energy consumption and costs, while also helping reduce PEI's dependency on fossil fuels and production of greenhouse gases. Last October, we increased the family income threshold from $30,000 to $35,000, extending eligibility to an additional 3,500 Island families.

With Federal funding ended, our Government is committing $1.5 million in provincial program funding to the Office of Energy Efficiency for the coming fiscal year. Two-thirds of this program funding will be directed to helping Islanders make their homes more energy-efficient, and the remaining $500,000 will support Island businesses to reduce their energy use.

In a volatile global energy market, Islanders need to be assured of an energy supply that is safe, clean, and reliably priced. In October 2008, our Government released a wind energy strategy toward this goal, and today, 164 megawatts are in production – 74 megawatts meeting Islanders' electricity needs, and 90 megawatts going to the export market. These wind farms generated almost $70 million in construction expenditures in PEI, and currently employ 25 Islanders in skilled technical positions.

**Helping Islanders in Need**

Madame Speaker, although Prince Edward Island is weathering the recession, our Government recognizes that these are difficult times for many Islanders. We are committed to helping Islanders during their times of need, and to promoting the independence and well-being of our seniors during their retirement years.

For the coming year, this Budget focuses significant resources on one of the most basic of all needs – shelter. Adequate, affordable housing promotes the safety, comfort, health, and well-being of children, families, and our seniors. Measures to build, maintain, and repair our social housing stock create employment for skilled tradespeople in every part of our province.

In October 2007, our Government reinstated the Seniors' Home Repair Program. During our first three years in office, our Government provided $1.2 million for this program – assisting over 900 seniors with repairs to their homes, and we are continuing our commitment to this valued program this fiscal year. These investments have improved the quality of life for these seniors, and helped them to continue living independently in their own homes.

Last fall, the Capital Estimates committed $7.5 million to the construction of new housing units for Island seniors. These funds will leverage $4.25 million in Federal funds under the Canadian Economic Action Plan to be used for affordable housing across the province.

Adequate and affordable housing also contributes to family well-being and healthy child development. Across PEI, nine Family Housing Boards maintain and operate 476 housing units serving low-income families. Additional funding of $300,000 will be provided to the Housing Boards to maintain these units in good condition.

The Social Assistance Program assists eligible clients with their costs of shelter based on type of accommodation and family size. Effective June 1, 2010, the Social Assistance Shelter rate will increase by 2 percent, representing a $270,600 investment for the current fiscal year.

In addition to these supports for shelter and housing, this Budget also takes action to meet other essential needs. Last June, the Social Assistance Food Allowance rate was increased by 10 percent. In this fiscal year, a further $83,000 will be provided to cover the annualized cost of this increase for social assistance clients, taking our annual support for this increase to a total of $500,000.

The Department of Community Services, Seniors and Labour works with a number of community-based non-governmental partners to deliver a broad range of programs and services to the public. Since 2007, over $1 million in new funding has been provided to our NGO partners, and in the current fiscal year, an additional $256,000 has been allocated.

Government is pleased to announce that $30,000 has been allocated for the Alzheimer Society of Prince Edward Island. Alzheimer's disease is a progressive, degenerative disease of the brain, which causes thinking and memory to become seriously impaired. The Society provides valued support to Islanders with Alzheimer's disease and to their families and caregivers.

Madame Speaker, I am also pleased to announce that Government will soon retain a Child and Youth Services Commissioner. As we all know, the challenges facing many of today's youth are daunting – and our Government does its upmost to respond to those issues. The new Commissioner will promote collaboration among a series of departments to ensure we are meeting the needs of those young Islanders.

**Enhancing Justice and Public Safety**

Madame Speaker, after years of neglect, our Government has sought to make much-needed investments to enhance services related to justice and public safety. We have strengthened our maintenance enforcement ... enhanced access to legal aid ... installed closed circuit television to support our most vulnerable Islanders during the justice process ... and lead the country in improving 911 coverage for cell phone users.

Our correctional facilities play an integral role in rehabilitating Islanders involved in the criminal justice system. All Islanders need to be confident that our correctional facilities are safe, secure, efficient, and effective. PEI's two facilities in Summerside and Charlottetown have 94 beds and those are taxed to the limit. Federal legislation is expected to increase time served for many offenders, putting further pressures on our correctional facilities.

To begin addressing this need, a $3.4 million 48-bed addition is being built at the Provincial Correctional Centre. Construction on this extension began during the Summer of 2009 with an anticipated completion date of Spring 2010.

As provided for in the Police Act, we have established the Office of the Police Commissioner to ensure independent civilian oversight of police services on PEI. The Office will receive annual funding of $150,000 for this important work. As well, we have established the Police Training Fund with annual funding of $50,000, to assist municipalities and UPEI to deliver the training required under the new Police Act Regulations. Priorities are set though consultation, and will include training in areas such as use of force, motor vehicle pursuits, and non-violent crisis intervention.

As well, to respond to the diverse needs of our One Island Community, we have signed an RCMP-First Nations Community Policing Agreement with Public Safety Canada and the Abegweit First Nation, committing one RCMP Regular Member to their policing needs. The officer will focus on community policing, including community relations, school liaison, and senior safety programs. We are partnering with the Federal Government to share the annual funding of $124,800 for this service.

**Strengthening our Municipalities**

Madame Speaker, earlier this year, our Government endorsed the Report of the Commission on Land and Local Governance. Since that time, we have appointed a full-time employee to oversee the implementation of the recommendations laid out in the report. As recommended by the Commissioner, we have established two joint provincial-municipal working committees, one to look at possible funding models and the other to review the current Municipalities Act.

Madame Speaker, it has been a priority of this Government to work with municipalities for the benefit of all Islanders. Despite our fiscal challenges, we will continue to increase municipal grants and equalization payments to a total of over $23 million in 2010-2011. In addition to this year's increase, I am pleased to announce today that we are also guaranteeing a funding increase of one percent in municipal grants for fiscal year 2011-2012. This will allow municipal councils to plan their upcoming budgets with more timely and predictable funding information.

As well, we will continue our partnership with the Federal and municipal governments to renew and develop community infrastructure throughout the province.

These investments are helping to renew water and sewer infrastructure from Souris to Tignish ... build community centres in O'Leary, Wellington, and Pownal ... expand recreational facilities in Cornwall and many other communities ... and enhance cultural and heritage infrastructure, such as the Indian River Festival. In our cities, we have invested $4.5 million in Summerside's wind farm ... and we are engaged in planning for the Tourism and Convention Centre in Charlottetown. In addition to providing economic stimulus and employment across PEI, these infrastructure investments strengthen our communities, protect our environment, and enhance safety and quality of life for all Islanders.

Madame Speaker, on Sunday, April 11, the Evangeline Region lost its arena in an accidental fire. The arena played an important role in the Community of Abrams Village, and the people of the region have been rallying to develop a plan to replace the facility with a new recreation centre as soon as possible.

Le député d'évangéline-Miscouche s'est assuré que le gouvernement reconnaisse l'ampleur des pertes subies dans la région évangéline. Il aimerait rassurer les Insulaires que le gouvernement provincial contribuera à la construction d'un nouveau centre de récréation dans la région évangéline, tout comme le gouvernement fédéral et la communauté.

**Economic Outlook**

Madame Speaker, as the global economy emerges from the deepest and most protracted recession since the end of the Second World War, the Prince Edward Island economy has proven relatively resilient due to a combination of the industries found on the Island, and the timely fiscal stimulus from all levels of government.

Economic indicators show that Prince Edward Island avoided a recession in 2009. Economic growth on PEI is estimated at 0.5 percent in 2009.

Notable economic highlights from the past year include:

* By the end of 2009, Prince Edward Island had regained its peak pre-recession employment level of 71,200.
* The Survey of Employment, Payroll and Hours indicated a 2.8 percent increase in the number of jobs in the wage economy in 2009 – an all-time high.
* Total labour income grew 4.4 percent in 2009, the fastest rate of growth in the Country.
* Residential and non-residential construction increased 6 percent and 38 percent respectively in 2009.
* Prince Edward Island was the only province in the Country to record an increase in housing starts in 2009.
* Through three-quarters of 2009, farm cash receipts have increased 6.8 percent.
* The population of Prince Edward Island grew by 1.1 percent in 2009 - the fastest in the region.

The outlook for the Prince Edward Island economy in 2010 is positive, with growth forecast at approximately 2 percent. Capital spending, bolstered by ongoing public-sector stimulus spending, is projected to increase 6.3 percent this year. Employment and wages are expected to grow in 2010, which should support consumer demand.

While the global economy is showing signs of improvement , the recovery remains fragile. The continued strength of the Canadian dollar could place downward pressure on the economic outlook for 2010, as the Island's export sectors, tourism and manufacturing would be affected.

Our economy, that continued to show growth during the downturn, has contributed to improvement in total own source revenues including increased personal, corporate and retail sales tax revenues. In addition to the effect of an improving economy, PEI's Corporate Income Tax revenues are projected to increase by $3.4 million in 2010-2011 due to an acceleration of the tax instalments from the Federal Government which administers this tax on the Province's behalf.

Transfers from the Federal Government are projected to decrease by approximately $1 million compared to last year's forecast amount. Federal restraint on transfers continues to affect provinces in 2010-2011. Federal trust funds that supported environmental initiatives, immunizations, public transit and the reduction of wait times end in 2010-2011. The cumulative impact of restrictions on Federal transfers and the expiration of trust funds has put significant added pressure on provincial finances.

***Containing our Debt***

Madame Speaker, the Capital and Operating Budgets of 2009-2010 and 2010-2011 provided much-needed stimulus during the worst global economic downturn since the Second World War. To combat this downturn, we have partnered with the Federal and municipal governments to make significant investments in key economic and social infrastructure, including roads and bridges, hospitals and manors, water and sewer systems, and recreational facilities.

But of course, Madame Speaker, these investments carry a cost and deficits were incurred. At the same time, the deficits of the past two fiscal years are less severe than those of other provinces that were more severely affected by the downturn. The projected deficit for 2010-2011 represents 1.2 percent of GDP or $386 per capita – significantly below the ten-province average.

Madame Speaker, while the Net Debt of the Province has increased in recent years, I am pleased to say that the amount of revenue dedicated to paying interest on the debt or the ‘Interest Bite' has continued to decline from 9.8 percent in 2006-2007 to a projected 7.5 percent in 2010-2011. This means that more of the Province's revenue dollars are going to fund programs and services.

It is now time to plan for a return to balance.

***Tax Measures since Spring 2007***

Madame Speaker, our Government is committed to keeping taxes as low as possible. By the end of this fiscal year, our commitment to tax fairness will leave tax savings of $70 million in the hands of Islanders since we came to office.

* Personal income taxes were reduced, saving Islanders over $28 million.
* The tax on gasoline was reduced by 4.4 cents per litre, saving Islanders $8.8 million a year for four-year savings of $35 million.
* Owner-occupied residential property tax assessments were frozen for three years, saving Islanders more than $6 million.
* In addition, the disability tax credit was improved … coverage of the Seniors' Property Tax Deferral program was expanded … taxes for small businesses were reduced … and farmers saw relief from property taxes on lands within buffer zones and buildings not in use.

Madame Speaker, I am pleased to announce today that this Budget contains no tax increases.

**Conclusion**

Madame Speaker ... for the last several years, this Government has followed a plan designed to modernize our province while maintaining our duty to be fiscally prudent.

The global recession tested our plan – and Madame Speaker, our resilience as an Island has helped Government to secure a better future for each and every one of us.

Is it possible to introduce all the needed innovations overnight? Of course not, Madame Speaker. The task before all of us is large – and we must approach the challenges we face in a deliberate and responsible manner. Allow me to offer a few examples.

Since this Government came to power, spending on much-needed medications for Islanders has increased by 45 percent.

Is this adequate? Not yet, Madame Speaker. But we are much further along the path now than we were three years ago.

Similarly, our home care system was woefully underfunded. As a result, too many Islanders were forced into institutional care, instead of enjoying the company of family, friends and neighbors later in life. I am pleased to report that spending in this vital area has increased 60 percent over the course of this Government.

From another perspective, today's Budget introduces major new investments in early childhood – which will complement our historic effort to bring kindergarten into the public school system as a full-day program.

Is there still work to do? There is, Madame Speaker, and that work is being done.

On the economic front, our Government committed to an Island Prosperity Strategy aimed at growing innovation-based jobs while at the same time, securing the future of our primary industries and our rural communities.

Have we met this challenge? We have made much progress – and we will continue to work on behalf of all Islanders.

Thank you, Madame Speaker.