

Prince Edward Island

2000 Budget Speech

Presented to
The Members of the Legislative Assembly of Prince Edward Island

by

Hon. Patricia J. Mella

Provincial Treasurer
and
Chair of Treasury Board

May 23, 2000

THE BUDGET SPEECH

Madam Speaker, Members of the Legislative Assembly,

I am once again privileged to present to this Assembly and to the people of Prince Edward Island the Estimates of Revenue and Expenditure for the fiscal year 2000-2001.

This Budget is essentially the same Budget I presented to this Legislature on March 17, 2000. This Budget has been updated, however, to reflect the May 1, 2000 restructuring of Government; a change to federal equalization; and new information obtained relating to Corporate Income Tax Assessments.

I want to emphasize that the surplus for 2000-2001 still remains at \$219,300 and the forecast surplus for 1999-2000 still remains at approximately \$4 million. All Policy issues announced on March 17, 2000 still exist and are built within this Budget.

Madam Speaker, I wish to explain the adjustments that have been made to this Budget which are on page 8 of the Estimates Book.

Subsequent to the delivery of the Budget of March 17, 2000, the Province received information concerning equalization for prior years, providing a positive adjustment of \$11.5 million. This adjustment is reflected in the forecast revenues for 1999-2000 under equalization adjustments, shown on pages 10 and 18 of the Estimates Book. Equalization for March 31, 2000 is now recorded at \$255.9 million, compared to the \$244.4 million as stated in the March 17, 2000 Estimates Book.

The forecast expenditures for March 31, 2000 have also increased by \$11.5 million to reflect a special warrant to Prince Edward Island Business Development Inc. of \$494,000 and additional payments of \$11 million to the Special Project Funds.

I want to reference the 2000-2001 fiscal year. The Corporate Income Tax estimate has been revised upward as a result of information recently obtained relating to Corporate Income Tax Assessments. The budget estimates of the Prince Edward Island Business Development Inc. have been increased by \$7 million which is the result of an adjustment relating to a legal commitment under the Tax Rebate Agreement. This adjustment to the 2000-2001 Budget Estimates has no net effect on either the budgeted surplus of \$219,300 or the change in net debt.

Madam Speaker, I want to stress once more that the Budget I am presenting to the Legislature today is the same as that of March 17, 2000 with the surplus for both the forecast 1999-2000 and Estimates of 2000-2001 remaining the same.

I wish to emphasize that the Budget Address of March 17th. and the Budget Highlights also issued on March 17th. are integral parts of this Budget being introduced today and each document remains unchanged.

Madam Speaker, as I stated in the Budget Address of March 17th., I feel Islanders have a great deal of which to be proud. Our fiscal and economic performance exceeded expectations and in many instances the results have been outstanding: International exports increased 18.8 percent, housing starts were up 17.6 percent, we led the country with a 9.8 percent increase in retail sales, expenditures by tourists topped \$303 million, the value of lobster landings increased to \$88.8 million, farm cash receipts grew by 10.5 percent and employment in April, 2000 reached 65,700. Prince Edward Island led the nation in employment growth since September 1999. Projections point to continued growth this year in the national and provincial economy.

Madam Speaker, this growth, combined with solid fiscal management, has benefited the Island's financial picture. For the first time in 25 years we have achieved back-to-back surplus budgets. All Islanders share in this success, and by improved programs, a stronger economy, and reduced taxes, all Islanders will share in the benefits.

The May 11th. Speech from the Throne reaffirmed the commitments made in the Budget of March 17th., and I will take a few minutes to reaffirm some of those highlights which demonstrate significant increases in expenditures in priority areas.

In Health Care:

The Enhanced Physician Recruitment Strategy and the new Nurse Recruitment Strategy have been announced in detail; the subsidy rate for nursing homes will be increased; the Comfort Allowance improved, Community Care facilities will receive increased financial support; funding of \$250,000 has been allocated for a new Provincial Children's Mental Health team; \$250,000 for volunteer organizations involved in health services and education; and a further \$1 million to improve Social Assistance. Funding has also been provided to purchase a Magnetic Resonance Imaging Unit (MRI); to add a Linear Accelerator to the Cancer Treatment Centre, and to support the equipment fund for the new Prince County Hospital.

In Education:

Work is already underway on the implementation of the publicly-funded kindergarten system; the West Royalty School is open, and the site work is beginning for the Fort Augustus School. Funding for Elementary and Secondary education will increase by \$3 million to provide new supports in 11 priority areas. Those areas include: new math curriculum, French First Language schooling, special-needs students, Technology, Teacher Assistants, and in-service training.

At the Post Secondary level, funding for UPEI and Holland College will receive increased operating grants totalling more than \$2 million, the student financial support program will be enhanced by \$1.3 million, and the Province will contribute \$1 million towards the construction of a new Student Centre at UPEI.

At the Community Level:

This Budget allocates \$2.5 million for a new infrastructure program in partnership with the Federal and Municipal governments; \$350,000 for increased policing services; free motor vehicle registration for volunteer firefighters, and the operation of 911. Funding has been allocated in support of the announced Seed Potato Strategy, the Agriculture and Environmental Resource Conservation Program, increased tree-seedling production, and a reduction of taxes paid on farmland rented to bonafide farmers. Work will begin on the Lobster Strategy, job creation initiatives will be supported, \$140,000 provided for Community Access program training, the Confederation Trail will be completed, and Small Business supported.

Madam Speaker, we are committed to a balanced approach, and I am pleased to again highlight the tax reductions involved in this Budget.

The Provincial Personal Income Tax rate will be reduced again by one percentage point to 57.5 percent. This represents a \$2.2 million tax break for Islanders.

The Government will pass through in full the additional provincial reductions resulting from federal tax changes. This represents a further tax cut of \$7 million for Island taxpayers.

In addition, the Low Income Tax Reduction Program we are implementing will reduce taxes by \$3 million for 17,200 Island individuals and families, and in fact, will eliminate Provincial Income Tax for an estimated 4,860 low-income tax payers.

Combined with Federal reductions, total savings to Islanders will be more than \$24 million this year, and when added to reductions announced last year, represent a total tax reduction of more than \$41 million.

Madam Speaker, I believe we are starting the new millennium on the right foot. We are taking a balanced, responsible approach, reflecting the need for vital programs, reducing taxes, and exercising prudent financial management.

I believe the evidence is clear - the approach is working - let's continue.

Thank you, Madam Speaker.