



PRINCE EDWARD ISLAND 2021 BUDGET ADDRESS

Presented by:
Honourable Darlene Compton
Minister of Finance and
Chair of Treasury Board



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At the Second Session of the Sixty-sixth General Assembly
of Prince Edward Island

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**The Road to Recovery:
Prince Edward Island Budget 2021-2022**

Introduction

Good Morning Mr. Speaker, Bonjour, Kwe.

Mr. Speaker, it gives me great pleasure to rise in this Assembly and present the planned spending of the government for the fiscal year 2021-22.

Less than a year ago, I rose in this House to present our province's operating budget for the 20-21 fiscal year.

As we know, Mr. Speaker, the process of budget-making is complex. It relies on all kinds of ever-shifting variables: recent history; analysis of trends in spending and revenue; an outlining of programming and infrastructure needs; an understanding of the expectations of our citizens. And most importantly, budget-making must reflect an appreciation of the kind of province and community we wish to establish and leave behind for those who follow us.

Budget 2020-21 was especially complex.

It was a budget based on uncertainties, assumptions, what-if's, and best estimations. It was early days in the pandemic and we had no idea how long it might last or what its consequences might be in terms of human lives, or in terms of our economic future and well-being.

In last year's budget, the projected deficit was \$172 million. I'm pleased to report that despite record investment on programs and infrastructure, and despite unprecedented support to individuals, non-profits, businesses, and communities, we expect to close the books on the current fiscal year with a deficit of \$120 million- \$50 million below the projected amount.

This result, Mr. Speaker, is a credit to the people of Prince Edward Island. No community of people, in all North America, has been so compliant in their respective areas, as Islanders have been with the protocols

prescribed by our Chief Public Health Officer, the heroic Dr. Heather Morrison and our dedicated team who have led our response to the pandemic. It is also a credit to our workers and leadership from business and organizations across PEI who adjusted and kept going.

Our “coming together by staying apart” has meant that we have been able to enjoy liberties only dreamed of elsewhere.

We have been blessed.

Our economy has survived. And true to their neighbourly spirit, Islanders have dug in by supporting local business. True, there are some sectors that have suffered disproportionately, and this budget will address some of those issues. But on the whole, our economy has done well, and that has helped us in ensuring that the COVID-19 pandemic will go down in history as an economic shock, and not a dire economic blow.

But that’s not to suggest we are out of the woods, by any means. Successful recovery will require the careful intervention of government and the generous support of Islanders. It will mean paying closer attention to the social and mental health impacts of COVID-19. For the coming year, we are projecting revenue of \$2.39 billion, and spending of \$2.5 billion for a projected deficit of \$112 million.

The Road to Recovery: The Prospects for The Future

Mr. Speaker, Islanders are noted for their perpetual optimism. But tempering that optimism is an equal dose of practicality.

We are hopeful, but we are not naive.

We know that the COVID-19 pandemic will continue to present the greatest challenge to the near-term outlook for the province. To date, we have been fortunate, recording fewer than 150 cases of the virus, with no hospitalizations and no deaths. Despite this, we must not let down our guard. Until a sufficiently high rate of vaccination is achieved, we cannot be confident that we have wrestled the virus and its various strains into submission. That must be our primary goal.

In the meantime, we can take comfort in the fact that the underlying fundamentals of the Island economy have remained strong even in the face of the pandemic. Mr. Speaker, allow me to share some of the highlights of the current PEI economy, and offer some basis for our projections for the future.

- Prince Edward Island led the country in population growth, for the fifth year in a row. This past year, our population grew 1.5 per cent. We have reached 160,000 people, a target we had originally hoped to attain by the end of 2022.
- Our employment has started to rebound, with 95 per cent of jobs back to where they were before COVID-19. We still have much more to do, but our workers have been the basis of our success in the past and will be in the future.
- Two of our three major industries have, thus far, fared well. Farm cash receipts increased 7 per cent in 2020 to total \$605 million, an all-time high. And despite a late start and soft prices, our fishers did relatively well. Lower fuel costs and some labour cost assistance helped with the bottom line.

- Exports, led largely by food processing and the bio-science sector, were up by almost 1 per cent in 2020, reaching just over \$1.5 billion - the second fastest growth rate among the Canadian provinces.
- Retail sales on the Island grew by 1.5 per cent in 2020, and wholesale trade increased 3.2 percent to reach \$1.07 billion—the fastest growth in all of Canada.
- Both the number and the value of building permits have grown in every town, village, and community right across the province. Investment in building construction increased 10.7 per cent in 2020 to total just over \$851 million.
- Housing completions increased 77 per cent to 1,359 units, the most completed in a single year since 1974, and the third best year on record.

All of these factors, combined with our low case numbers and our aggressive vaccination program, bode well for a speedy and comprehensive recovery for the PEI economy. Canada's six chartered banks and leading economic think-tanks, including the Atlantic Provinces Economic Council and the Conference Board of Canada, are predicting an average growth rate of 4 per cent for the PEI economy in the coming year.

The Road to Recovery: Lessons Learned

Mr. Speaker, before I get into the substance of my budget address, allow me to speak briefly about some of the lessons that we have all learned over the past year.

A year ago, I was like most—preparing for the worst, but hoping for the best. We were all anticipating the return to “normal.” That was the word on everyone’s lips.

It’s remarkable how seldom we hear that word a year later. Certainly, our anticipation of this disruption eventually being over is in no way diminished. But I think we all realize that what we knew as normal is unlikely to return in precisely the same form. We have been changed. As the great American author, Kurt Vonnegut, has said: “History is merely a list of surprises. It can only prepare us to be surprised yet again.”

We have learned many lessons from COVID-19. Some were practical—like the lessons we learned about the design and delivery of certain government services and programs to support Islanders. We learned that by working in partnership with our Federal Government we could ensure national supports that met the needs of this province. We also learned the importance of our front-line workers and are thankful for their dedication and resilience that they have shown in the past year.

But many of the lessons we learned have greater significance. These are lessons that are far more fundamental to our being and are far more heart-felt. Over the course of this past year, many of us had the time and took the time to reflect on what’s important in our lives. To think about what it means to be a part of a community. To be a part of a family.

We all want the same things.

We want to live in a place that’s safe, and secure—physically and emotionally.

We want to feel that there is a future for our children and our grandchildren. We want the assurance that what we have built will live-on beyond us. We want to feel that what we've built is worthy of passing on.

We want our family, friends, and neighbours to be healthy and happy, and to share in the graces and blessings of life.

Mr. Speaker, those are the values that have prevailed over the past year when we were forced to hit the pause button of our lives.

And, those are the same values, beliefs, and desires that shape and define this budget that I share with my colleagues in this House, and the people of Prince Edward Island.

The Road to Recovery: A Government Within Reach

Mr. Speaker, the COVID-19 crisis has had the dual effect of giving people more comfort in using alternative access to services and providing the impetus for government to move more of its services on-line.

The feedback has been clear. Islanders, communities, and businesses want simpler, faster, and easier access to government services. Islanders have told us they need simplicity and convenience; answers when they want them; options beyond in-person visits to government offices; less repetition and redundancy; and government to better anticipate their needs.

In the interest of further expanding the use of virtual health care technologies, the Department of Health and Wellness has entered into an agreement with Health Canada which earmarks \$2.7 million improvement in virtual care and health service to Islanders.

Recognizing the increasingly diverse service needs of Islanders, the government is developing a new corporate service entity, ServicePEI. As the centre of service expertise, ServicePEI will put Islanders at the heart of service design and delivery and simplify access to government information and services. It will reduce wait times at Access PEI, and further develop French language services. Building on the success of the contactless pilot offered by the Montague Access PEI site, Contact PEI will be established within Service PEI. Contact PEI will offer Islanders the option of accessing service and information via telephone.

Mr. Speaker, we know that the pandemic has had a disproportionate impact on several groups and demographics, especially women.

In recognition that some of this imbalance may be a result of systemic bias inherent in policies and programs within government, we have created a new gender and diversity analyst position within the Interministerial Women's Secretariat.

This resource will increase the capacity for all departments across government to provide the important lens of gender equity and diversity to policy and program initiatives.

This budget also includes a \$130,000 increase to the Interministerial Women's Secretariat Grant Program, providing funding to organizations who offer programs to benefit women and girls in Prince Edward Island. This increase will support projects that enhance awareness, education, and social action on women's legal, health, social and economic equality issues.

The Road to Recovery: Feeling Safe and Secure

Mr. Speaker, we are forever grateful to our police services, first responders, fire fighters, and correctional officers who are specifically tasked with protecting our safety.

Accordingly, government will provide a \$60,000 increase in the annual grant to the Prince Edward Island Firefighters Association to support the more than 1,000 volunteer firefighters across the province. This is a 155 per cent increase in the training and administration budget for the volunteer organization. The additional funds will ensure the Provincial Fire School is well-positioned to recruit and train future generations of firefighters.

The COVID-19 pandemic also highlighted the vulnerability of certain populations, including those who are incarcerated. In response, we will invest an additional \$148,000 to Correction Services to add a Nurse Practitioner and a Licensed Practical Nurse to provide primary health care services for offenders in correctional facilities.

This past year, Members of the Opposition and Members of the Standing Committee on Health and Social Development drew our attention to the need for additional funding for legal aid and the Human Rights Commission.

In response, we will increase the budget for Legal Aid by \$285,000, providing low-income Islanders with better access to justice to support their legal needs.

Government continues to support the important work of the Human Rights Commission by providing funding to support its mandate of eliminating barriers and preventing discrimination. This budget includes an additional \$50,000 to the Commission's funding.

The Road to Recovery: Healthy People

Mr. Speaker, there is no singular issue of greater importance to Islanders than health care services. It commands the greatest share of our budget and is the subject of much of our debate here in this Chamber.

Despite its many merits, we know there are areas of our health care system that need improvement. In her address two weeks ago, Her Honour outlined many of the structural changes that are taking place in the delivery of health care which will break down barriers, remove obstructions, reduce the silos, improve communication, and focus attention and resources where they need to be focused—on the patient.

This budget outlines innovations and new initiatives in five broad areas of health care:

- Access to Care
- Primary Care
- Seniors Care
- Mental Wellness and Addictions
- Virtual Care

Mr. Speaker, government is committed to ensuring Islanders have access to their primary health care needs close to home. Our two major referral hospitals and our four rural hospitals provide a network of primary care services in all parts of the province.

In partnership with Health PEI, other government departments, health care providers, communities and Islanders, the Department of Health and Wellness will roll-out a Primary Care Strategy.

The strategy will transform the way primary care is delivered in PEI with particular emphasis on rural health, seniors' care, virtual care, and mental health.

Funding for this strategy includes \$4.4 million for primary care in 2021-22 and \$3.6 million in 2022-23. These funds will help build five new Medical Homes and Medical Neighbourhoods to meet the healthcare needs of Islanders across the province. These Medical Homes and Medical Neighbourhoods will be established in West Prince, East Prince, Kings County and two in Queens County this fiscal year.

An additional \$1 million has been designated to provide support for individuals with diabetes in our province, a request brought forward by the Official Opposition.

Mr. Speaker, we will also be increasing funding for the provincial drug formulary by \$1.5 million and will be working with the Chief Public Health Office to implement a safe consumption site with initial funding of \$250,000.

As indicated in the Throne Speech, government has launched a multi-year recruitment and retention program designed to develop, attract and retain nursing professionals here on PEI. This year, government will make the initial investment in the five-year, \$5 million fund for recruitment of LPNs, RNs and Nurse Practitioners by providing student debt forgiveness for those nursing professionals who work in our province.

We will also make the initial investment towards the \$2.5 million Mentorship and Training Fund for nursing professionals currently working in Prince Edward Island. In addition, we will invest \$250,000 to support RCWs to upgrade their skills to LPNs, and LPNs to upgrade to RNs. We will also provide funding to cover the costs for language testing for RNs and LPNs who choose to work in PEI and whose first language is not English.

Mr. Speaker, over the past two years, we have made several investments to ensure that our seniors are able to stay in their homes as long as possible. Programs designed to achieve this are the Home Renovation, Seniors Home Repair and the Seniors Safe at Home programs.

Over the next three years, we will invest an additional \$2.7 million to these three programs by doubling the grant thresholds. For Islanders, that means:

- The eligible grant amount for Seniors Safe at Home will increase from \$5,000 to \$10,000;
- Seniors Home Repair program threshold will increase from \$2,000 to \$4,000;
- PEI Home Repair Program funding for seniors and families in need will increase from \$6,000 to \$12,000; and
- PEI Home Repair Program funding for those with disabilities will increase from \$8,000 to \$16,000.

These changes mean a total of \$678,800 in new spending will be committed this year to these programs.

Government is also working to ensure services in both the community and the health system are designed to maintain health, promote long-term wellness, and meet the needs of older Islanders who require care.

Our policy and program efforts in the area of senior care are guided by two complimentary initiatives. This budget includes an investment of \$4.1 million to implement the recommendations in the Seniors Health and Wellness Action Plan and the Seniors Health Services Review. This includes \$2.7 million for our home care programs and introduction of new programs for seniors living in their own homes.

And further, Mr. Speaker, this budget includes \$1.5 million for Shingles vaccine to all Islanders over the age of 65. Because of the urgency of completing our COVID-19 Vaccination program the Shingles vaccination

program will get underway in January 2022, and it will be one of the most comprehensive shingles vaccines in the country. The Third Party Caucus have been strong advocates on this issue which was a platform commitment for our government.

Our government is committed to improving access to both acute and community-based mental health and addictions services. We have pledged \$700,000 to increase resources for the psychiatric urgent care and adult and child inpatient acute psychiatric care services.

Also, \$500,000 has been included in this budget to implement the single point of access for mental health services.

In addition to these major initiatives, we continue to invest in developing the next stage of the new Mental Health Campus.

This budget also includes an investment this year of \$3 million to establish the PEI Centre for Mental Wellbeing. The Centre will bring together the many partners engaged in the delivery of mental health and addiction services and will provide government essential feedback and guidance to ensure our mental health services are responsive to the needs of the community.

Mr. Speaker, our cancer treatment center at the Queen Elizabeth Hospital and the satellite unit at the Prince County Hospital, provide essential services that at one time were only available out of province for Islanders.

Mr. Speaker, this budget includes funding for the addition of one Medical Oncologist, to bring our complement to four Medical Oncologists, to better meet the needs of Island cancer patients.

Access to midwifery services has been a top priority for the Official Opposition and I am pleased that we can work together towards the implementation of this important service. This budget includes \$250,000 this year and a commitment for a total of \$500,000 over 2 years, to complete preparatory work and to support the recruitment of Midwifery specialists.

A Road to Recovery: Supporting Islanders

Mr. Speaker, shortly after the global pandemic was declared, our Premier invited a number of Islanders from all areas of the province and all walks of life, to form the Premier's Council on Recovery and Growth. The Council received more than 1,100 suggestions and recommendations from Islanders including the implementation of a social support system that would provide a basic annual income.

Such an undertaking would require changes to federal tax and employment programs and it would also require the pooling of resources currently dedicated to a number of provincial and federal support programs. We have committed to work with our Federal counterparts to explore options and possibilities for such a program.

In February, 2020 the Department of Social Development and Housing launched a Secure Income Pilot program to assist long-term recipients of social assistance with severely limited capacity to work. The program has seen some early success for participants.

This budget includes \$2.3 million to expand the program to include Islanders with multiple barriers to employment and Island youth who have aged-out of care and require additional supports as they transition toward greater independence.

Mr. Speaker, this budget also includes an additional \$1.1 million to support increases to shelter allowance for both Assured Income and Social Assistance clients. This, combined with the food allowance increase that was implemented in January 2020, will ensure that those who are in greatest need are able to attain appropriate housing and live their lives with the dignity, comfort, and security.

Mr. Speaker, government is also investing an additional \$5.6 million in the Energy Efficiency Equipment Program to provide extra supports for Islanders to transition from carbon emitting fuel sources.

This funding will be specifically targeted toward increasing the number and size of rebates available to low-income Islanders to allow every household to reduce its carbon footprint by weaning us off fossil and other carbon emitting fuel types. This will also further advance our efforts to achieve net-zero carbon emissions.

The Road to Recovery: Healthy Communities

Mr. Speaker, the future and vitality of our province is not only dependent on ensuring healthy Islanders, but also on maintaining healthy communities.

Of course, over the years, our understanding of what constitutes a community has changed. At one time, a community's boundaries were defined by how far a horse could walk in a half day. The boundaries of our one-room school districts were determined by the distance a six-year-old might be expected to walk one way to and from school... roughly four kilometers.

Today, of course, these notions of community are viewed as outdated and irrelevant. Yet, we humans are social animals, and we continue to need to be grounded. We need to belong to a community of people, to be a part of a group that shares a common geography, but also shares a common hope for the future and similar aspirations for our children and our grandchildren.

The 2021-22 budget contains a number of initiatives designed to strengthen communities and provide local councils, governing agencies, and non-profit and volunteer groups the resources to better design and deliver services desired by their citizens and neighbours.

This budget provides an additional \$200,000 to create a new community fund that will strengthen local governance in our nonprofit organizations. The fund will increase engagement and participation by young islanders and other underrepresented groups in our nonprofit organizations.

We will also invest \$50,000 in new spending to establish a pilot program to facilitate greater coordination of services among neighbouring municipalities through the use of Municipal Shared Service Agreements. These agreements will benefit our small municipalities by reducing duplication of some services, while encouraging innovative approaches to service delivery for their residents.

Mr. Speaker, since the 2017-2018 operating budget, the annual Housing Services budget has increased by \$20 million dollars. And, although our government has made great strides with investments in this area in the past two years, we know there is still work to do

This year, our government will invest \$8 million in over 1,150 mobile vouchers to ensure Islanders have access to affordable housing that is close to employment, transportation, education and their family support systems. We will also support private developers through rent supplement agreement to ensure people needing social housing have access to units with an investment of \$4.2 million in this year.

Mr. Speaker, the Affordable Housing Development Program has also increased the number of affordable housing units in our province.

For those Islanders who are facing, or at risk of facing homelessness, our government will continue to offer support through the Community Outreach Centre, Bedford MacDonald House and Smith Lodge with \$1.5 million in operating grants. In addition, we will increase funding for Blooming House Women's Shelter by \$80,000 to a total of \$200,000 in the upcoming fiscal year.

Mr. Speaker, we must celebrate and support the diversity of our province every chance we get. We will invest an additional \$200,000 with PEERS Alliance to expand programming. In addition, we will support Pride PEI to continue their work serving our 2SLGBTQIA+ community through celebrating and promoting the diversity of gender identify, sexual orientation, and gender expression in our province.

We know that addressing bias in our life is only possible when we are informed. The Black Cultural Society in the past year has brought awareness to our province on issues facing our BIPOC community. Investments to the Black Cultural Society will increase this year to \$100,000 and we will work with the Society to approve a project under the Public Art Fund as a memorial for the Bog.

There is no community more important in the history of our province than our First Nation. The Mi'kmaq have shown us what community truly means. In addition to furthering the work of reconciliation, including a commitment to Treaty education, our budget includes \$200,000, for a total of \$700,000, to support L'nuey in its work of 'moving towards a better tomorrow.'

Mr. Speaker, there are countless non-profit, volunteer run organizations in every community, all across Prince Edward Island. Parent Teacher groups, Lions Clubs, Rotary Clubs, Women's Institutes, minor sports organizations - the list is endless. Many of these organizations rely on raffle sales and lottery draws to raise revenues to support and deliver services and infrastructure that might not otherwise be available.

In recognition of the valuable work these non-profit organizations do in their communities, this budget will eliminate the Charitable Lottery Fee for community and volunteer based nonprofit fundraisers with prizes less than \$5,000. In addition, our government will continue to sign multi-year funding agreements with NGO and community organizations to relieve the worry of wondering about funding each year.

We recognize these many groups and individuals who work, without expectation of reward, to enhance the community experience for the rest of us.

Mr. Speaker, there are 24 volunteer, community-based watershed groups across the province that do incredibly valuable work on behalf of the people of Prince Edward Island. They work to protect our precious waterways, and provide a vital source of education about the crucial role our watersheds play in the Island's delicate and intricate ecological system.

In recognition of this valuable work, last year our government invested \$250,000 to fund their activities. This year, we will provide an additional \$250,000 in core funding to these essential organizations, bringing our two-year commitment to a half million dollars.

Government will also create a \$750,000 Land Protection Fund to allow us to partner with organizations to protect environmentally sensitive and significant properties. This investment will not only help meet our protected land targets, it will ensure these lands are preserved in perpetuity for the use and enjoyment of Islanders.

We are also undertaking, in partnership with our First Nation partners, the development of sustainable forestry programming to enhance forested land as a habitat for wildlife and provide a sustainable source of revenue for our First Nations Communities. Funding for this program in its first stage will total \$50,000.

Mr. Speaker, earlier I referenced the work of the Premier's Council on Recovery and Growth and the valuable feedback they received from Islanders.

One initiative that was cited several times to the Council was the need for a comprehensive public transit system in the province. Using the Sustainable Transportation Action Plan released in 2019, the Department of Transportation and Infrastructure will engage with experts to publish a plan by summer 2021 and implement pilot routes starting in September 2021. A total of \$250,000 has been committed to complete the study and launch the pilot.

The Road to Recovery: A Legacy for our Children

Mr. Speaker, no group has responded to the COVID-19 pandemic more quickly and more willingly than our children. They have done whatever they have been asked to do: wearing masks, social distancing from besties and buddies; resisting the urge to hug grandma and grandpa, even adapting to home schooling and remote learning.

But while our youth have been the quickest to adapt, so too are they the ones most likely to suffer the long-term impacts of the greatest social and economic disruption since the Second World War.

Thankfully, Mr. Speaker, though not in anticipation of a global health crisis, successive governments in PEI have been making essential and strategic investments in both education and our youth.

Mr. Speaker, this administration continues to make important investments in our children and we will launch our Universal Pre-K program in September of this year. It will be a community-based, half-day program designed to ensure all children have access to a play-based learning program which will give them a strong introduction to their education journey. This budget commits \$2.9 million to introduce and ensure the program is a success.

Mr. Speaker, this government has clearly and repeatedly said, "it's about people."

As we anticipate the success of our vaccination program and the return to work by many Islanders, particularly women who have been disproportionately displaced by the pandemic, we must focus on families, and we must make every effort to ease and assist parents and caregivers as they return to the workplace.

Accordingly, Mr. Speaker, we are investing \$1.4 million to designate 8 additional Early Year Centres, ensuring the delivery of quality childcare services that are accessible and responsive to the needs of Island children and families.

In addition, we are committing \$650,000 to create 300 new childcare spaces in our province. These spaces will expand access for young Islanders and also assist in the initial launch of the Pre-K program.

In January of 2022, we will implement one of the final planks in our multi-year commitment to the early years: we will lower childcare rates to \$25 per day. It is estimated that this initiative will cost \$2.5 million annually when it is fully operational. This budget includes \$625,000 for that initiative.

These additional centres and spaces will require additional early childhood educators. With this budget, we are investing \$1.1 million to increase the salary grid for Early Years Centre staff, autism assistants and special needs assistants to acknowledge the significant role each of these education specialists play in caring for our children. Our government is also adding an early childhood coach, one additional early years autism specialist, and increasing Early Years Special Needs and Autism Grants to boost caseload capacity.

Mr. Speaker, it is vitally important that we set our children off on the right path in their early years. But it is equally vital that we follow-up and that we continue to invest in and accommodate all of their educational aspirations.

We are also increasing the core budget of the Public Schools Branch and the French Language School Board by \$4 million this year. That additional funding will add a total of more than 80 additional frontline positions, including 20 teachers, 34 educational assistants, 12 school counsellors, 4 autism consultants, 8 bus drivers and 6 administrative assistants.

Mr. Speaker, our Government has continued to recognize the significance of the Acadian and francophone populations in our province – how they enhance our culture and sense of community across PEI. We particularly have indicated the importance of French-language education, and with this budget we are committing to increase staffing supports in our French language schools, including 16 new teachers and educational assistants, 2 additional counselling and autism supports, and 3 additional bus drivers. Our budget also makes provision for 2 new culture officers who will enhance opportunities for our youth in our French schools.

As well, Mr. Speaker, we will be expanding our school lunch program which was launched in September 2020. We know that good nutrition and good learning go hand in hand. Already this year, over 250,000 healthy meals have been served to students. Teachers have observed a marked improvement in both attention span and mental acuity as more students get access to the essential nutrients to support learning. We know that learning and good health are also important during the summer and this budget includes \$600,000 for the delivery of healthy food to children during the summer months.

Mr. Speaker, we have not forgotten our post-secondary students. In addition to an increase in funding of \$1.3 Million between Holland College, College d'Ile, UPEI, and AVC, we are also investing \$500,000 to increase the Island Advantage Bursary for Island Students. When combined with other forms of support like the George Coles Bursary, the cost of higher education is significantly reduced for Island students choosing to stay and study here. In fact, it is estimated that approximately 80% of student aid applicants receive completely free tuition to post-secondary institutions.

We will also introduce a \$200,000 Experiential Learning Fund to enhance the post-secondary experience for Island students by directly connecting them to job and co-op placements within their field of study.

At the request of the UPEI Student Union, we will also be extending student-debt deferral until September 2021 so that recent graduates do not have to worry about repaying student loans while entering the workforce.

A Road to Recovery: An Inclusive and Robust Economy

Mr. Speaker, over the last year I have met with industry groups, chambers of commerce, and business leaders. Many have concerns and have had sleepless nights over the course of this pandemic, but the message from our government has been clear to them – we will do whatever it takes, for as long as it takes to get through this pandemic.

For those reasons, our government will continue to deliver on our promise to keep more money in the pockets of hardworking Islanders. Starting in January 2022 our government will implement the following tax changes:

- Basic personal income tax exemption will increase by \$750 to a new threshold of \$11,250 with the intention of fulfilling our commitment of raising it to \$12,000 over the course of our mandate;
- Low Income Tax Reduction threshold will increase by \$1,000 to \$20,000; and
- Small business tax rate will be reduced to 1% to fulfill our 2019 election promise to make PEI the lowest rate in the Atlantic provinces and give us a competitive advantage in our region.

These initiatives will ensure that over 34,000 low-earning Islanders will no longer pay income tax. They also show our business community and hardworking Islanders that we recognize the sacrifices that they have made over the last year and will also spur growth in our economy into the future.

Our tourism industry has been discussed by all sides of the House in this session. Islanders are known for our warm and welcoming nature and this time of year we would typically be preparing to welcome hundreds of thousands of visitors to our province over the spring, summer and fall months. We all anxiously await an announcement about the Atlantic Bubble this spring and the opening our borders to the rest of Canada so that we can safely jump start our tourism industry.

To assist the tourism industry as we move to recovery, Tourism PEI along with industry stakeholders have developed a Tourism Strategy that will launch next week. Government will provide funding focused on activating critical initiatives to support our operators as we seek to drive demand and make the most of the 2021 season. As tourism operators look to open for the season, government will introduce a \$3 million Activation Fund to provide tourism businesses with a non-repayable grant towards eligible expenses to assist with costs associated with opening for the upcoming season.

Mr. Speaker, Prince Edward Island was known as a safe tourism destination before the pandemic and we will continue to build that reputation during – and after – the pandemic. Alongside our industry stakeholders, our government is working to develop a program – the first of its kind in North America – to show tourists and residents that our tourism operators aren't cutting any corners when it comes to the safety of Islanders and visitors. This program will establish standards, modeled on the advice of the Chief Public Health Office, as we learn to adapt to the 'new normal.'

Key to keeping the cogs of our tourism industry, and our economy as a whole, turning is a robust workforce. For this year, \$750,000 has been dedicated to establish the Workforce Development Agency to ensure evidence-based decisions are made. The Agency will assist in accurately forecasting our labour needs in our province to allow entities like Skills PEI, Innovation PEI, Department of Economic Growth, Tourism and Culture and our post-secondary institutions to be responsive in building a resilient workforce by re-skilling, up-skilling and training.

In addition, a new Innovation Fund will be introduced to assist businesses to refine and commercialize innovative products and services and a new Strategic Improvement Fund will be established to help businesses access professional expertise that will help them with operational efficiencies, quality assurance and capacity building.

As part of our ongoing efforts to make support programs more relevant and accessible, we also have undertaken a revitalization and modernization of Innovation PEI programs offered to small business.

The new Small Business Assistance Grant will help small business owners and entrepreneurs access professional services and advice in areas such as finance, marketing, quality control, and production efficiencies to support their success. Applicants will receive a 50 percent reimbursement up to \$4,000 to provide such services.

The COVID-19 crisis has underlined for many businesses the importance of having an online presence. In recognition of this growing need, government will make our Web Presence Program permanent. That program provides small businesses and not-for-profits as much as \$1,000 to develop and launch a traditional website and up to \$2,500 to develop and launch an e-commerce site.

A \$1 million micro-loan program will be established to provide Islanders who identify as BIPOC, indigenous, women and 2SLGBTQIA+ individuals and youth with financing to start a new business venture or to support an existing one. Based on the advocacy from the Member from Charlottetown-West Royalty, we will develop start-up grants in this area as well.

Mr. Speaker, this government will also support our farmers. We will work with them, side-by-side, to help their operations become more sustainable. This year, our government will invest \$330,000 to assist with erosion control and soil conservation structures in high-risk watersheds. Government will also introduce incentives to farmers who improve soil health, increase length of crop rotations, and plant cover crops to assist in keeping soil in place. We will continue to invest in water research empowering this government and future governments to make evidence-based decisions.

Mr. Speaker, our farmers are stewards of our lands and our environment and are looking for a willing partner to assist them in doing their part for our environment. Simple, practical solutions such as those offered by Addican, an Island business located in Ebenezer PEI, helps farmers do their part in reduce greenhouse gases and that's why we will explore opportunities for partnership with them for a made in PEI solution for reducing greenhouse gases.

The Agriculture Climate Solutions Pilot will be introduced this year with both federal and provincial funding in excess of \$200,000 to mitigate the production of greenhouse gases from agricultural activities and increase the carbon sequestration capacity of the soil. On the same note, we will also be offering free energy audits for farmers to reduce energy consumption for their operations.

A Road to Recovery: A Cleaner Environment

Mr. Speaker, our government has worked passionately with members from all sides of this House to establish targets, programs and initiatives to help create a cleaner environment for generations to come.

Wrapped up in the desire for a cleaner environment is economic opportunities which our government will pursue. Our government will embark on a strategy to build a Clean Technology sector in our province by supporting PEI-based companies in developing and deploying competitive clean technology solutions.

To do this, we will create a \$50 million dollar loan portfolio to assist new and existing businesses to adopt and develop Clean Tech solutions and provide equity investment grants that provide a rebate to anyone investing in an approved Clean Tech firm based on PEI.

A \$10 million, five-year fund for research and development in Clean Technology will also be launched this year. A Clean Tech Challenge fund will also be created with an initial investment of \$250,000 this year.

To create the workforce required for the Clean Tech sector, we will be providing seed funding of \$100,000 to establish the PEI Energy Academy. The Academy will work in tandem with Holland College and the UPEI Canadian Centre for Climate Change and Adaptation to identify training needs now and into the future for the sustainability of this new sector.

Mr. Speaker, we also know if we want to meet our targets for greenhouse gas emissions in our province we must focus on getting fossil fuel related vehicles off our roadways. To do that, this budget includes a \$1.9 million investment for incentives for new and used electric vehicles and electric vehicle chargers.

Mr. Speaker, our Government is committed to tackling climate change and to engaging all Islanders as we do. We also are committed to doing our part alongside all provinces and territories in Canada. While we have not finalized the full details with our federal partner, our Budget projects an increase of \$18.8 million in revenues related to a price on carbon. We are committed to returning this revenue back to Islanders through rebates and investments in home efficiency, including particular supports for low-income households.

Conclusion

As you can see, Mr. Speaker, we have put forward an ambitious spending plan for the coming year. It is a plan designed to guide us down the road to recovery. We are fortunate that the foundation of the Island economy remains strong.

Thanks to strategic investments on the part of our administration, and administrations that came before us, we are in a good position to rebound from this great disruption at a much faster pace than many of our partner provinces.

That fact has been confirmed by the Chartered banks and the economic think tanks that are projecting growth rates as high as 4.9 per cent for the coming year. As we all know, Mr. Speaker, bankers and economists are not noted for their rosy optimism. Thomas Carlyle referred to economics as “the dismal science.”

Bolstered by our faith in the fundamentals of the PEI economy, the support of our federal partners, and with confidence in the determination and resilience of Islanders, we are casting our eyes ahead, to the development of a three-year plan to get back to a more balanced budget. But for the moment, our focus must be on growing the economy, on building back better, and ensuring - even in these unusual times - that our growth in revenue continues to outstrip our growth in expenditures.

As the vaccination rollout accelerates and signs of recovery emerge across our province we have reason for optimism in the year ahead. But as we witnessed over the past year, COVID-19 brings with it a unique set of challenges and unknown variables. With that in mind we are exercising prudence in this fiscal plan with the establishment of a \$50 million contingency fund to address any such unknowns so that we remain prepared to support Islanders against any unforeseen situations that may present.

Since being elected in April 2019, our government has been committed to a collaborative approach to governing. That collaboration requires the input and participation of all members of all parties elected to this legislature. In preparation of this budget, we sought the budgetary priorities of all parties, many of which are reflected within. While we never get everything we ask for, we have worked diligently to ensure the priorities of this Legislature – informed by the members elected by Islanders from all walks of life – are included.

I am pleased to say that of the 35 requests presented to us during the budgetary process, 30 are directly or in part included in this document. To all members of this assembly, I say thank you for your thoughtful considerations and submissions. I believe all Islanders are better for them.

Mr. Speaker, allow me to end my address on a personal note.

As I'm sure is true for many of you, the pandemic has given me pause to think ...to think about our future, and to think about our past. As I noted earlier, we have learned many lessons over the past year.

I think one of the most profound things that we have gained from the pandemic is a new understanding of what is valuable and what is "essential" in our lives. It has nothing to do with status, or position, or income. We all contribute to the wealth and well-being of the community in our own way, and we are all worthy of dignity, and respect, and worthy of sharing in the riches and the benefits of the community.

Several years ago, in this Chamber the Leader of the Opposition brought forward a piece of legislation that proposed a new measure of value—one that is not entirely based on the simple dictates of supply and demand, but one that is based on the worth of things less tangible: safety and security; health; the intimacy of friends, family and neighbours; the knowledge that if you fall, someone is there to pick you up.

Government has entered into a three-year agreement with UPEI's Institute of Island Studies to develop precisely such a measuring tool, and to use it to get some sense of the real state of the province. I look forward to their findings. I am convinced that they will be helpful to all of us in shaping the future of public policy and public spending in this province.

Many years ago, when I was high school student, I wrote a research paper which required me to interview an elderly neighbour who had served overseas for five years, all in heavy combat areas.

He told me some interesting stories of the war and his time in battle. But the story that has stayed with me to this day wasn't a story about the hardships of battle, but that of his return home after the war. Perhaps because of the disruption of the pandemic, I've been thinking about his story, I've been thinking about the story and the emotion that came over him as he told me.

So much had changed while he was away and, in some ways, he felt like he was starting all over.

Mr. Speaker, as we emerge from this upheaval, let us in this chamber make a solemn pledge to work together to ensure that no one is left behind. Let us strive to ensure that everyone shares in the blessings that this life, this country, and this province have to offer.

And let us not be satisfied with returning things to "normal". Let us aim far beyond what we previously knew as normal. Let's create a new path forward—one that is inclusive, and respectful, and generous.

With some degree of modesty, I suggest that this budget is the first step in that journey. I look forward to a vigorous discussion as we explore the details and the intricacies of this budget in the coming days.

Mr. Speaker, as always, thank you for your generous indulgence.

Thank you. Merci. Wela'lin.

