



# Responsible Government Spending

**Economy:**

Real GDP for the Island in 2017 is 2.2 per cent, for a second year of growth exceeding 2 per cent.

**Employment:**

The number of employed persons on the Island increased 3.1% in 2017, the second fastest growth amongst provinces, while the unemployment rate decreased 0.9 percentage points to 9.8%, the lowest annual average since 1978.

**Income:**

Total labour income on the Island grew by 4.4% in 2017, the strongest growth in the region, and faster than the national average.

**Housing:**

Housing starts totaled 911 in 2017, an increase of 63.8%. This was the fastest growth amongst provinces, and far exceeded the national growth rate of 11%, while annual home sales on Prince Edward Island totaled 2,140, an increase of 3.8 per cent from 2016, and a new annual record.

**Retail Sales:**

Retail sales grew 7.4% in 2017, the fastest growth in the region, and third amongst provinces.

**Taxes:**

*Personal:* Raise the Basic Personal Amount by \$1,000 over two years. Largest announced increase in our history.

*Corporate:* Reduce the Small Business Tax Rate by 0.5 of a percentage point. This is equivalent to an 11.1% reduction in provincial taxes payable by small business.

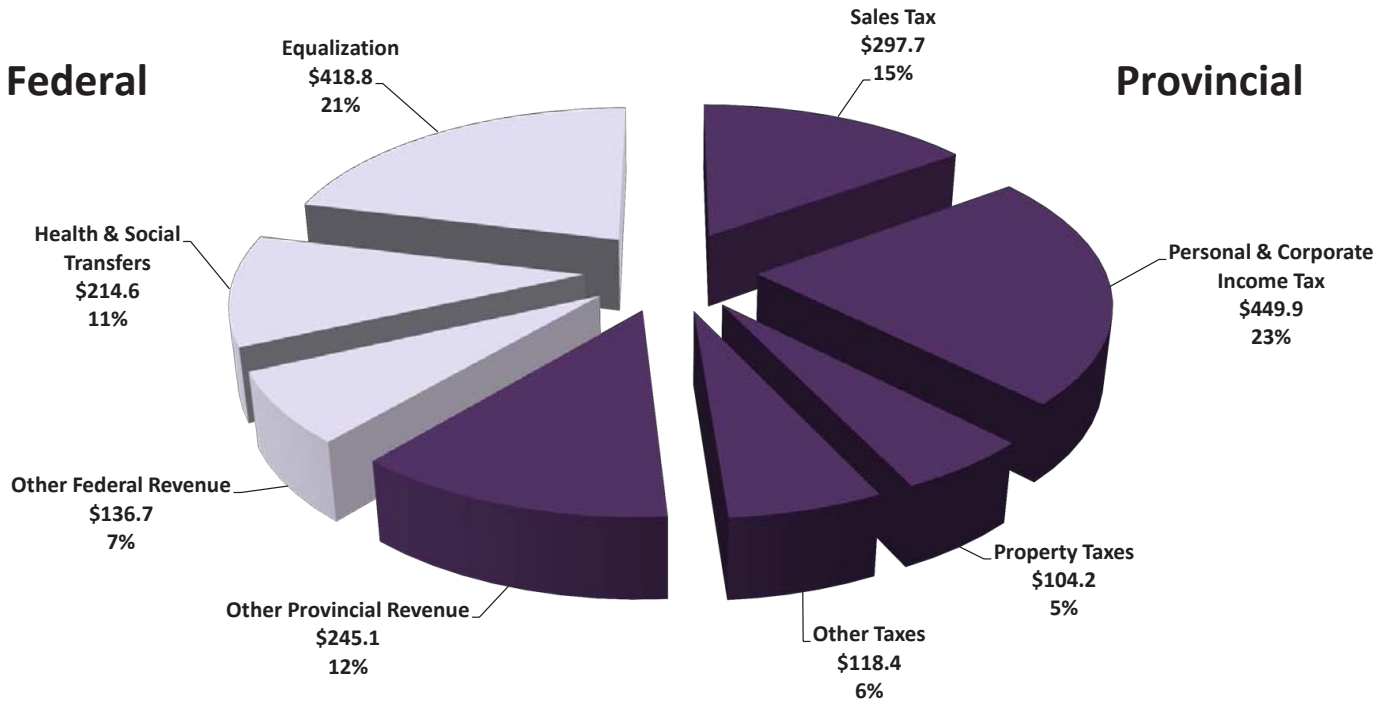
The Government of Prince Edward Island knows how important it is to spend taxpayers' money wisely.

As a result of good governance and fiscal prudence, this year represents the second consecutive balanced budget. Good stewardship and strong growth mean Prince Edward Island's economy is on a tear.

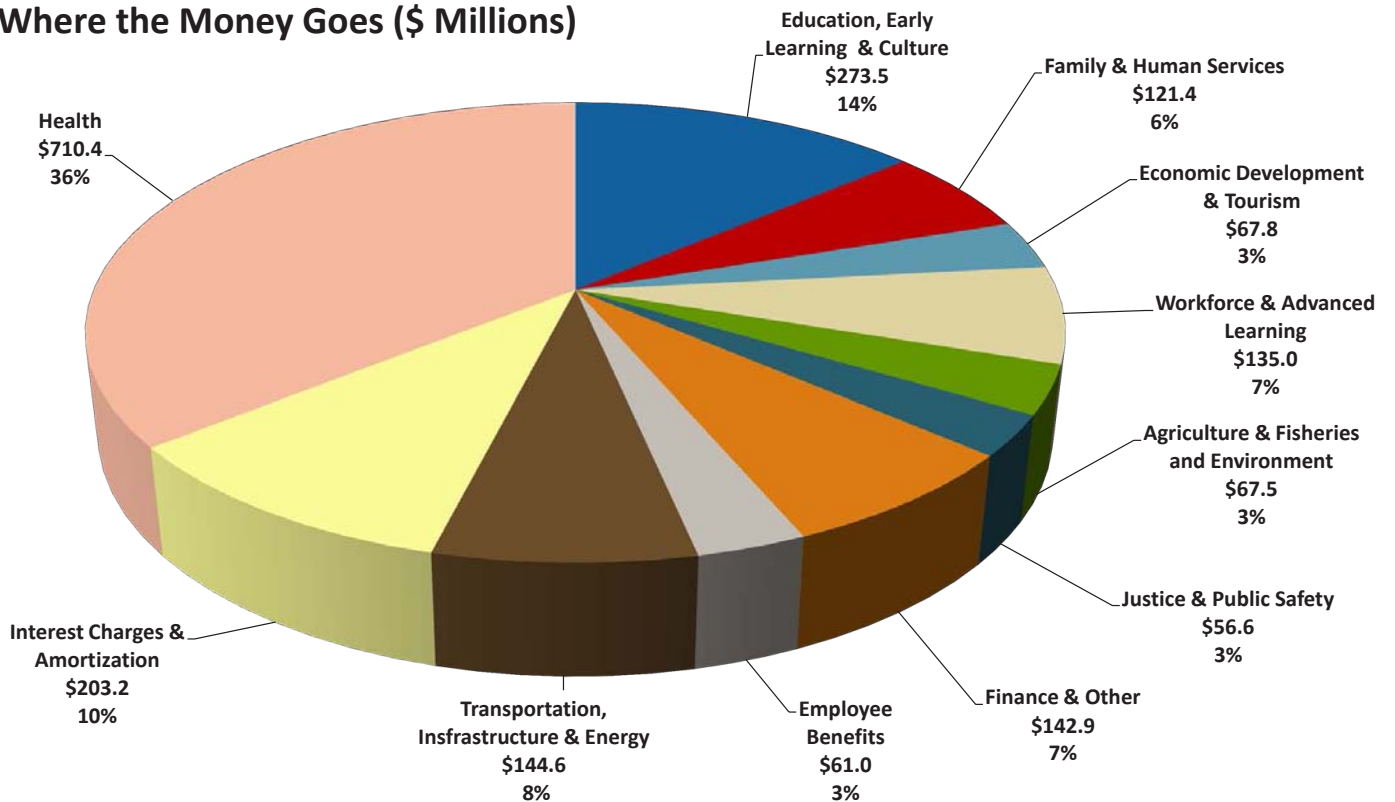
	2018-19 Budget (\$ millions)	2017-18 Forecast (\$ millions)	2017-18 Budget (\$ millions)
<b>Revenues</b>			
Provincial	1,146.0	1,120.8	1,098.9
Federal	770.1	707.9	710.4
Crown Surplus	69.3	70	67.5
<b>Total Revenue</b>	<b>1,985.4</b>	<b>1,898.7</b>	<b>1,876.8</b>
<b>Expenditures</b>			
Program	1,780.7	1,699.0	1,678.3
Interest	127.3	124.4	126
Amortization	75.9	74.1	71.9
<b>Total Expenditure</b>	<b>1,983.9</b>	<b>1,897.5</b>	<b>1,876.2</b>
<b>Surplus</b>	<b>1.5</b>	<b>1.2</b>	<b>0.6</b>

**"A balanced budget means government is living within its means – and is able to invest in frontline services that matter the most to Islanders like healthcare, education and families."**

### Where the Money Comes From (\$ Millions)

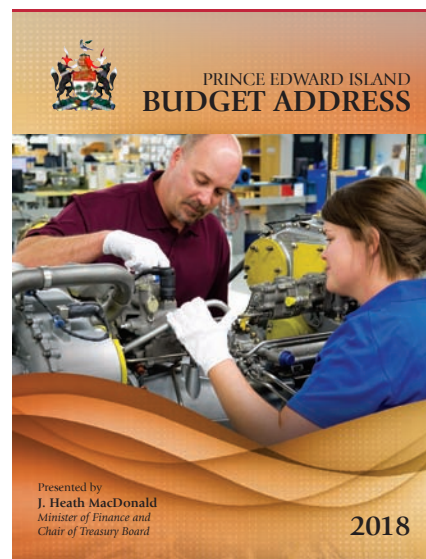


### Where the Money Goes (\$ Millions)



**THREE YEAR FISCAL PLAN**

	2017-2018 Forecast (\$ millions)	2018-2019 Estimate (\$ millions)	2019-2020 Plan (\$ millions)	2020-2021 Plan (\$ millions)
<b>Revenues</b>				
Provincial	1,190.8	1,215.3	1,250.6	1,288.1
Federal	707.9	770.1	785.5	801.2
<b>Total Revenue</b>	<b>1,898.7</b>	<b>1,985.4</b>	<b>2,036.1</b>	<b>2,089.3</b>
<b>Expenditures</b>				
Program	1,699.0	1,780.7	1,827.5	1,876.8
Interest	124.4	127.3	129.6	132.4
Amortization	74.1	75.9	75.9	75.9
<b>Total Expenditure</b>	<b>1,897.5</b>	<b>1,983.9</b>	<b>2,033.0</b>	<b>2,085.1</b>
<b>Surplus</b>	<b>1.2</b>	<b>1.5</b>	<b>3.1</b>	<b>4.2</b>
<b>Net Debt</b>	<b>2,207.6</b>	<b>2,264.1</b>	<b>2,293.9</b>	<b>2,308.6</b>
<b>Net Debt/GDP (%)</b>	<b>33.1</b>	<b>33</b>	<b>32.3</b>	<b>31.6</b>

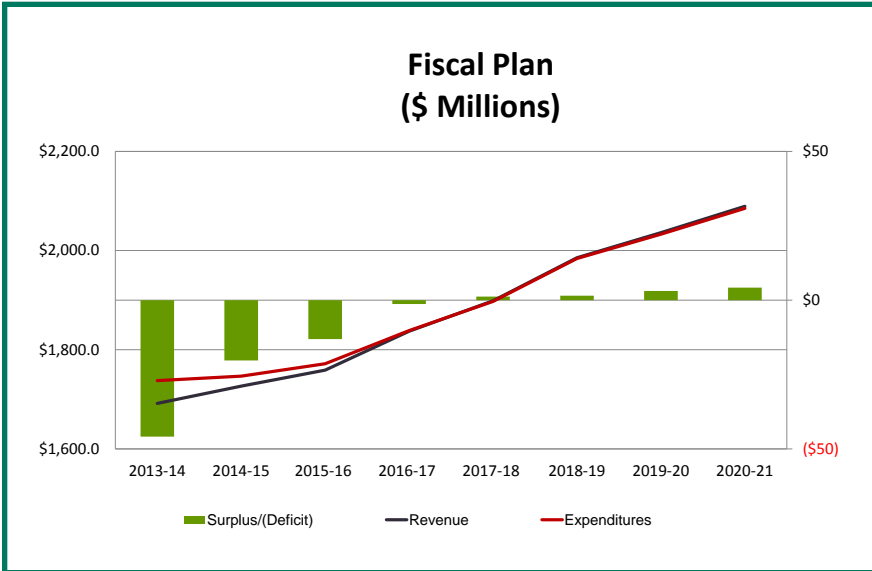


The three-year fiscal forecast shows government will balance the budget every single year.

Net debt to GDP will continue to decrease over the next three years.

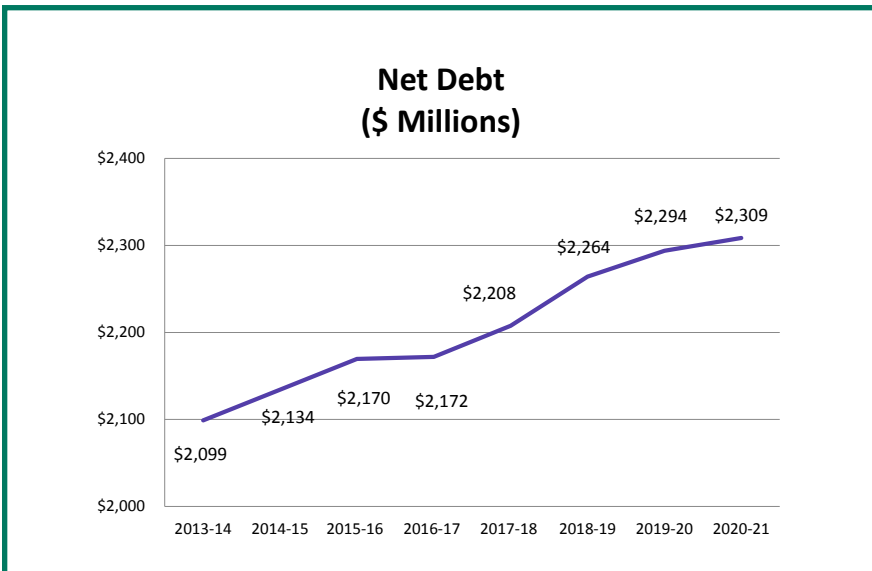
**“Prince Edward Island in 2017 outperformed most other provinces across multiple economic indicators, from population gains to full-time job creation.”**

Scotiabank Global Economics, Provincial Pulse, February 28, 2018



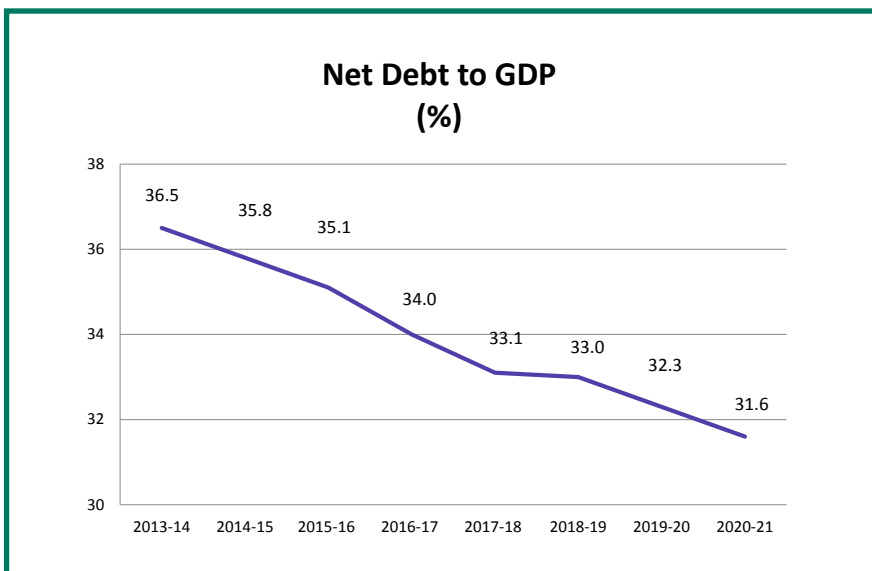
## Fiscal Plan

The Province's financial position has improved from a deficit of \$46M in 2013-2014 to balanced budgets into the foreseeable future.



## Net Debt

The Net Debt is expected to plateau in 2019-2020.



## Net Debt to GDP

The Net Debt to GDP is steadily declining as a result of a vibrant economy and fiscal responsibility.