



Prince Edward Island BUDGET HIGHLIGHTS 2019-2020

	2019-20 Budget (\$ millions)	2018-19 Forecast (\$ millions)	2018-19 Budget (\$ millions)
Revenues			
Provincial	1,214.5	1,159.8	1,119.6
Federal	859.9	765.7	770.2
Crown Surplus	74.3	69.2	69.3
Agencies	<u>52.3</u>	<u>50.0</u>	<u>46.6</u>
Total Revenue	<u>2,201.0</u>	<u>2,044.7</u>	<u>2,005.7</u>
Expenditures			
Program	1,939.1	1,764.8	1,758.2
Agencies	46.5	60.2	40.7
Interest	128.0	126.4	127.2
Amortization	<u>85.6</u>	<u>79.5</u>	<u>78.1</u>
Total Expenditure	<u>2,199.2</u>	<u>2,030.9</u>	<u>2,004.2</u>
Surplus(Deficit)	<u>1.8</u>	<u>13.8</u>	<u>1.5</u>

Budget Initiatives

- Prudent fiscal management achieving a modest surplus of \$1.8 million;
- Action and support for responsive health care service and to address mental health;
- Lowering taxes and funding supports and services for our most vulnerable Islanders;
- Investing in families, education, and our youth in historic proportions.

Education

- Increase K-12 and early years expenditures by \$19.2M;
- These investments are the single largest increase in education in over a decade;
- 74 new front-line education staff for English and French schools;
- Increased operating funding for post-secondary institutions;
- New funding for Student Well-being.

Health

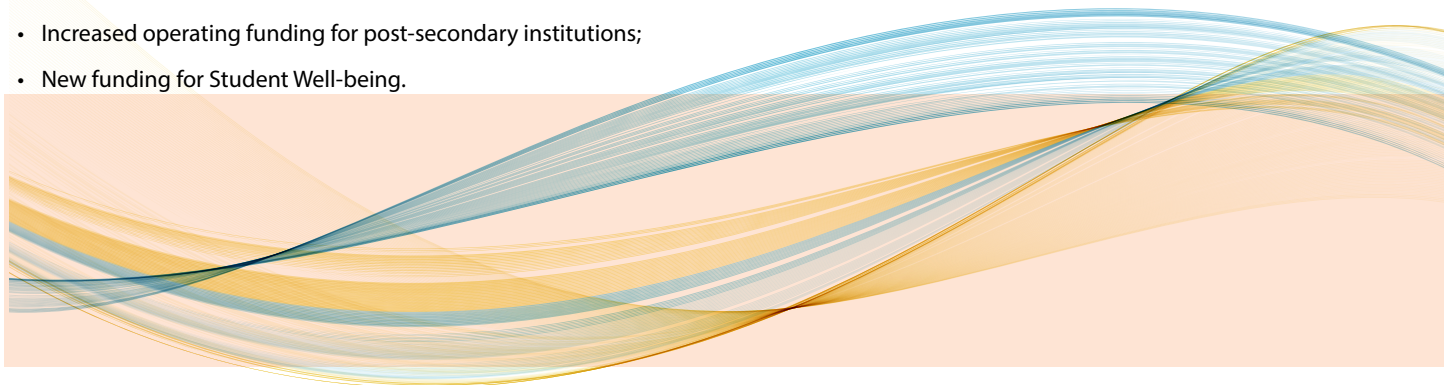
- Increased health care investments by 5.4% - a further \$36.3 million;
- Delivering on 100 new long-term care beds across the province;
- Addressing Mental Health: the mobile mental health crisis program, mental health services at Prince County Hospital, and the forensic unit at Hillsborough Hospital;
- Additional physicians and nurse practitioners;
- Support to establish midwifery services.

Social Development

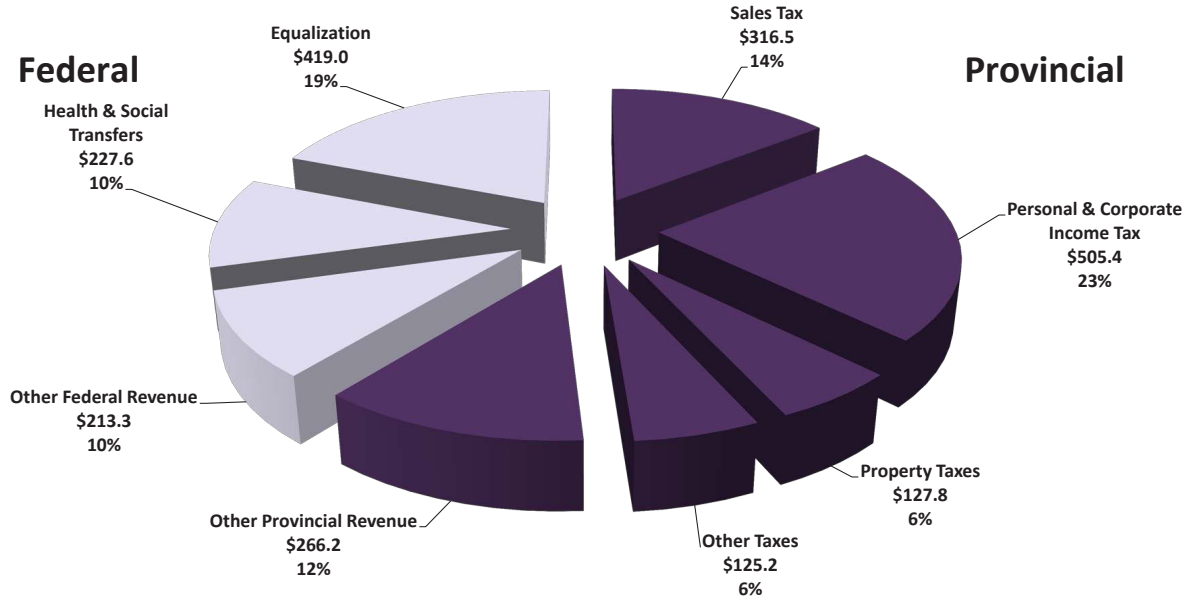
- An increase of \$11.3 million in support of Islanders in need;
- Immediate action to fund increase to Shelter and Food rates;
- Housing Action Plan: \$4.4M to build affordable housing through collaboration and partnership;
- Increases for AccessAbility Supports.

Other Government Departments

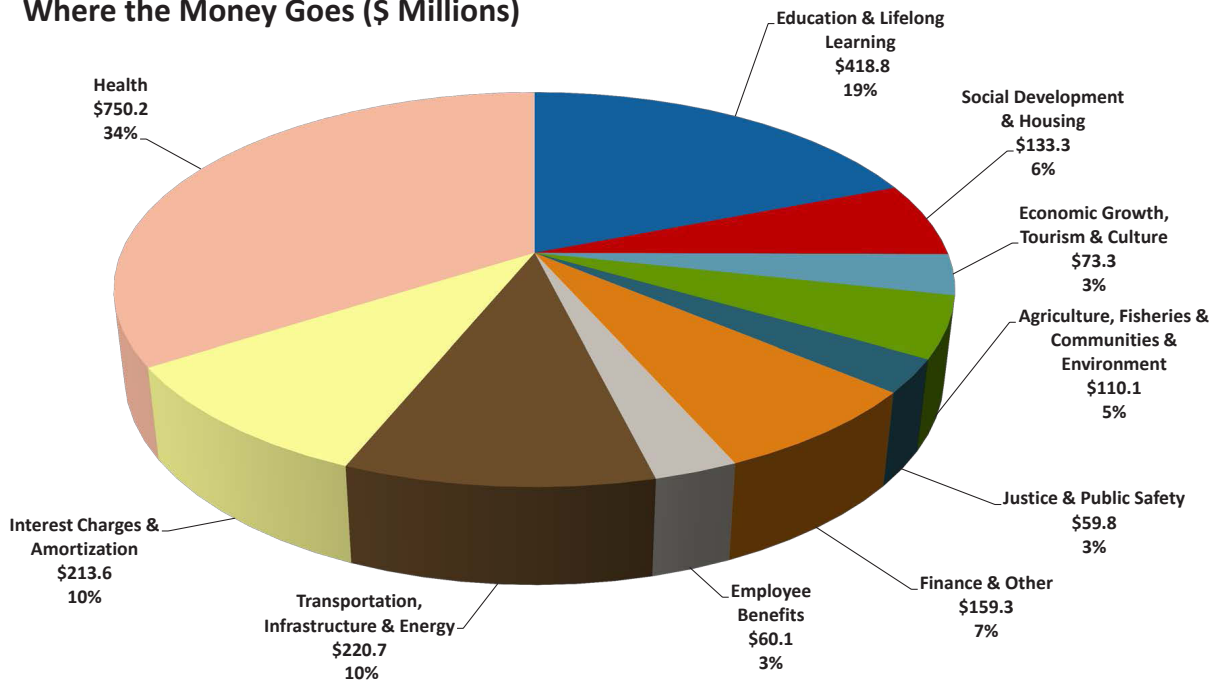
- \$4.1 million in new investments to combat climate change;
- Increases to infrastructure projects of \$69.4M;
- Over \$4.3 million added to municipal grants: and \$2.2 million budgeted for local community growth initiatives;
- Agri-insurance increases by \$5.7M to better protect our growers and producers;
- Clean energy rebates and a solar incentive program;
- Support for fishery and aquaculture sectors through investments of \$2 million in the Atlantic Fisheries Fund.



Where the Money Comes From (\$ Millions)



Where the Money Goes (\$ Millions)



Economic Performance

- **Economy:** Real GDP growth is estimated at 2.6% in 2018. PEI is expected to have one of the faster growing economies in the country in 2019;
- **Population:** PEI had the fastest population growth among provinces in 2019. The population is now estimated at 155,318 at April 1, 2019;
- **Employment:** Employment surged 3.1% to a new all-time-high of 76,000 in 2018. This was the second year in a row where the unemployment rate was less than 10%. Employment has continued to grow so far in 2019;
- **Income:** Employment incomes rose by 5.1 percent in the first quarter of 2019;
- **Housing:** Housing starts increased by 19.5% to total 1,089 in 2018;
- **Manufacturing:** The value of manufacturing shipments increased 8.2% in 2018, and is projected to exceed \$2 billion in 2019.

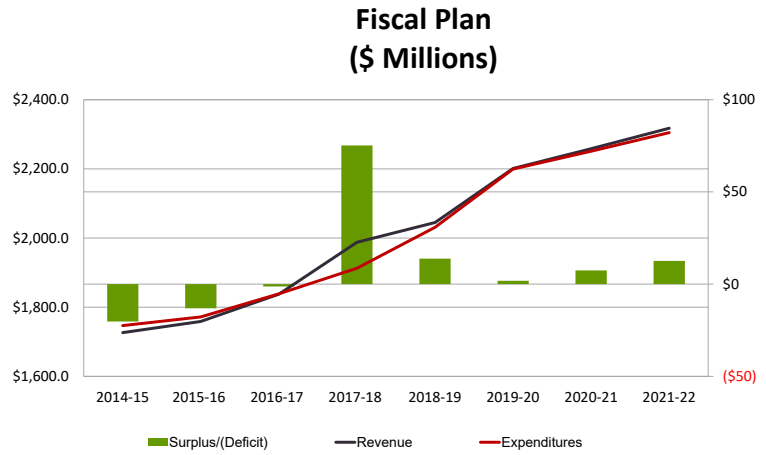
Tax Measures

- Increase the basic personal income tax amount to \$10,000 in 2020;
- Increase tax threshold for low-income Islanders to \$18,000 in 2020;
- These tax fairness measures will ensure an additional 1,700 lower income Islanders will no longer pay Provincial income tax;
- Decrease small business tax rate by 0.5% to 3.0% benefiting 2,600 small businesses.

Three-Year Fiscal Plan	2018-2019	2019-2020	2020-2021	2021-2022
	Budget Forecast	Budget Estimate	Budget Plan	Budget Plan
	\$ millions	\$ millions	\$ millions	\$ millions
Revenues				
Provincial	1,279.0	1,341.1	1,381.7	1,423.2
Federal	765.7	859.9	876.6	894.1
Total Revenue	2,044.7	2,201.0	2,258.3	2,317.3
Expenditures				
Program	1,825.0	1,985.6	2,026.0	2,073.9
Interest	126.4	128.0	133.5	136.8
Amortization	79.5	85.6	91.4	94.0
Total Expenditure	2,030.9	2,199.2	2,250.9	2,304.7
Surplus	13.8	1.8	7.4	12.6
Net Debt	2,175.2	2,244.4	2,279.5	2,280.9
Net Debt/GDP (%)	31.3	30.7	29.9	29.1

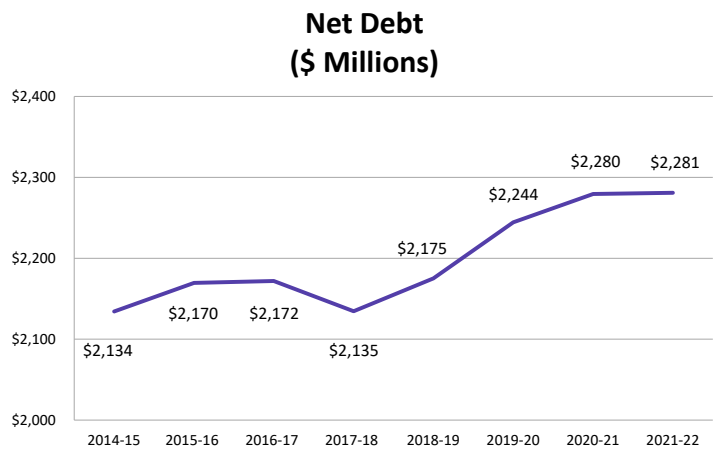
Fiscal Plan

- Operating Surplus is expected to continue.



Net Debt

- Net Debt is forecast to plateau in 2020-2021.



Net Debt to GDP

- Net Debt to GDP ratio is declining steadily;
- A return to fiscal balance coupled with economic growth is expected to reduce the ratio to 30.7% in 2019-20.

