

# PRINCE EDWARD ISLAND BUDGET HIGHLIGHTS 2015

## Government of Prince Edward Island Budget Summary

	2015-16 Budget (\$ millions)	2014-15 Forecast (\$ millions)	2014-15 Budget (\$ millions)
<b>Revenues</b>			
Provincial	956.5	923.7	931.8
Federal	633.2	647.9	633.5
Crown Surplus	51.1	58.5	51.8
Capital	<u>8.0</u>	<u>10.6</u>	<u>9.4</u>
Total Revenue	<u>1,648.8</u>	<u>1,640.7</u>	<u>1,626.5</u>
<b>Expenditures</b>			
Program	1,476.0	1,481.0	1,469.1
Interest	127.0	128.8	128.6
Amortization	<u>65.7</u>	<u>65.6</u>	<u>68.5</u>
Total Expenditure	<u>1,668.7</u>	<u>1,675.4</u>	<u>1,666.2</u>
<b>Deficit</b>	<u><b>(19.9)</b></u>	<u><b>(34.7)</b></u>	<u><b>(39.7)</b></u>

## Budget Initiatives

- Investments in front-line services;
- Creating conditions for economic growth;
- Support a culture of entrepreneurship;
- Balanced budget projected in 2016-17;
- Improve efficiency of government;
- Enhance community engagement through the creation of Advisory Councils in Education and Health.

## Tax Changes

- Increasing tax relief for low-income Islanders;
- Tax on tobacco to increase by 2.5 cents per cigarette and other tobacco by 4.0 cents per gram. Resulting in \$2 million in additional revenue.

## Health

- Generic Drug Plan caps prescription payments to under \$20;
- Reducing wait times for orthopaedics, obstetrics, anesthesiology and psychiatry;
- New ambulance for Kings County.

## Education

- Increased operating funding to UPEI and Holland College;
- Doubling of funding to breakfast programs in schools.

## Other Government Departments

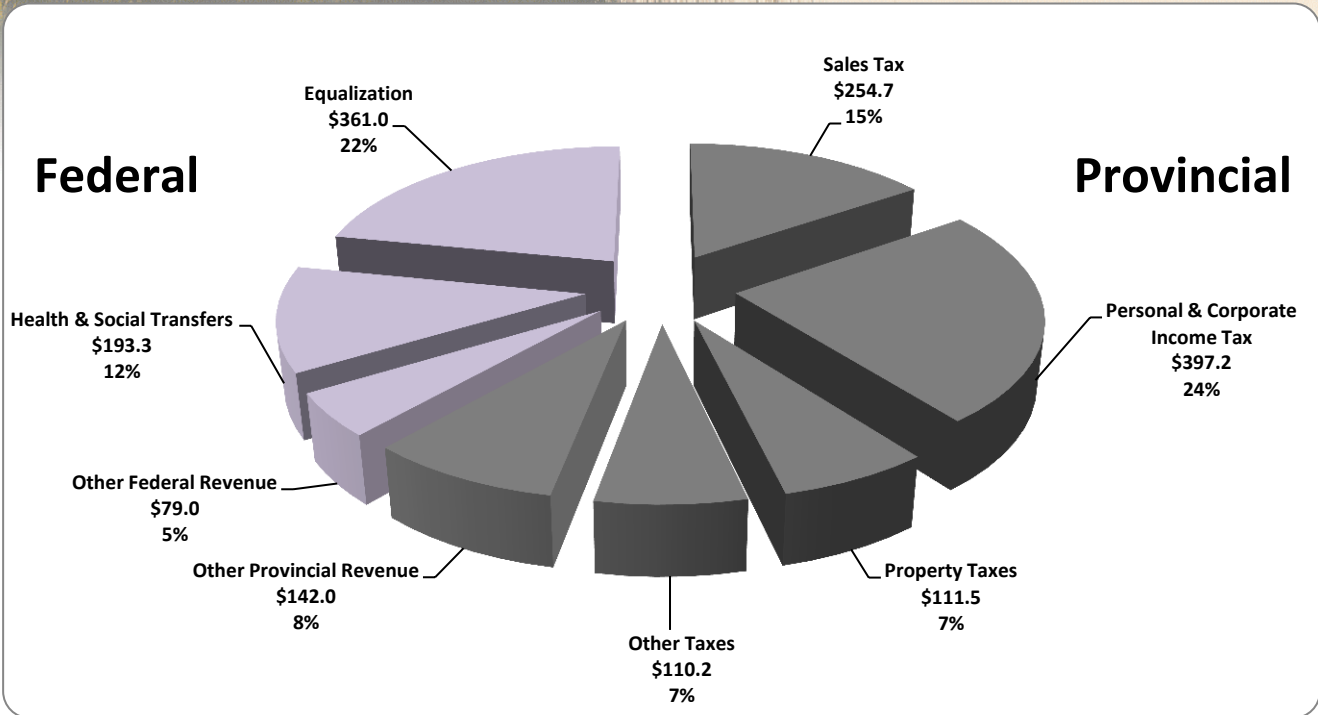
- Continued support to build on our primary industries;
- Funding to address potato tampering;
- The launch of *Sales Force PEI* to develop new markets.

*"Islanders expect, and deserve, sound fiscal management. I am happy to report that we are on the right track to fiscal balance."*

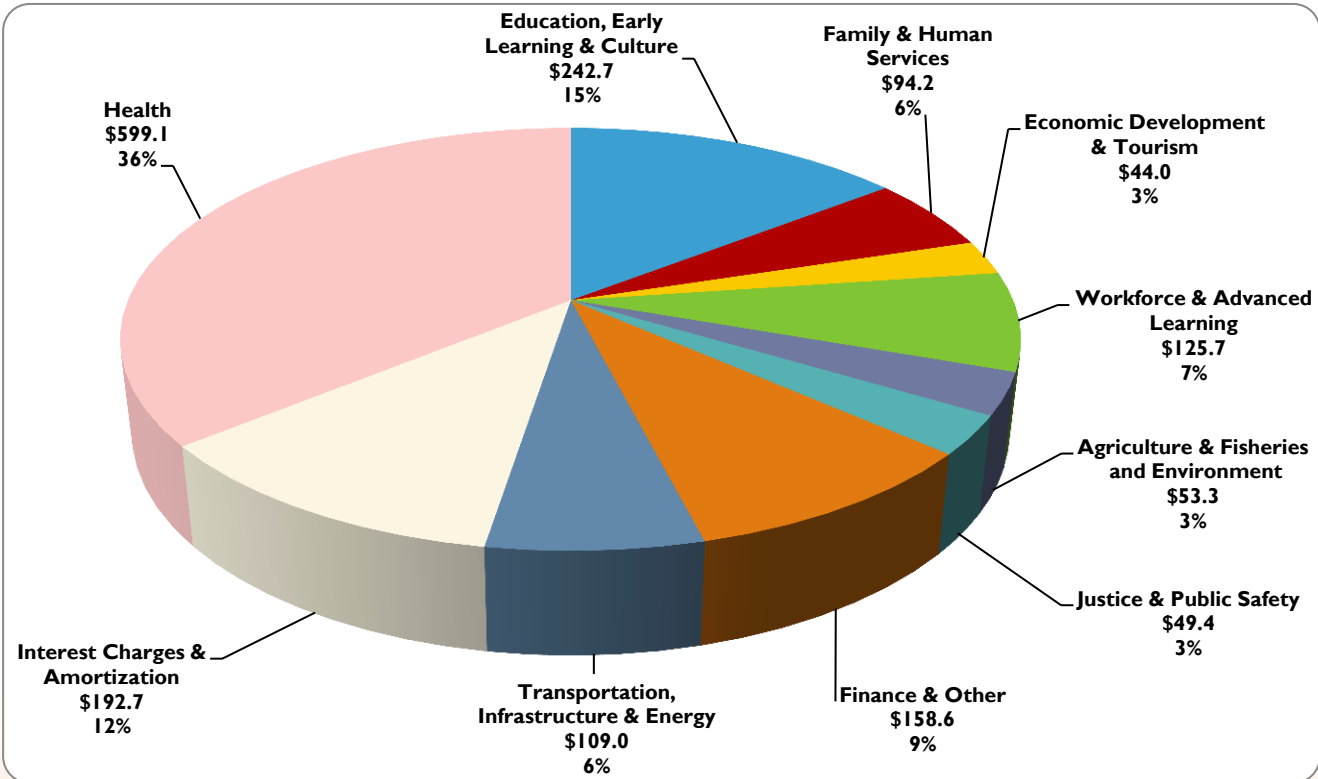
*-Hon. Allen F. Roach, 19 June 2015*

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



## Where the Money Goes (\$ millions)



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## Economic Performance 2014

- Real GDP growth of 1.3% in 2014;
- Only Atlantic province to see population growth, at 0.5%;
- Manufacturing shipments increased 10.4% to value over \$1.6 billion;
- International exports jumped 22.2% to \$1.1 billion;
- Employment averaged 74,000;
- Unemployment rate declined 1.0 percentage point to 10.6%;
- Labour income rose 1.7%;
- Retail sales increased by 3.3%,
  - All-time-high for new car sales;
- Lobster landings reached a new all-time-high of 29.8 million pounds, valued at \$113.3 million;
- Strong tourism results:
  - Overnight stays increased 5.9%;
  - Air passengers increased 7.3%;
- Farm cash receipts totalled a near record level of \$488 million.

## Economic Assumptions for Revenue:

	2015 (%)	2016 (%)	2017 (%)
GDP			
Real	2.7	2.1	2.0
Nominal	3.5	3.9	3.9
Employment	0.5	1.1	1.1
Personal Income	1.6	3.2	3.3
Retail Sales	2.0	3.5	2.9

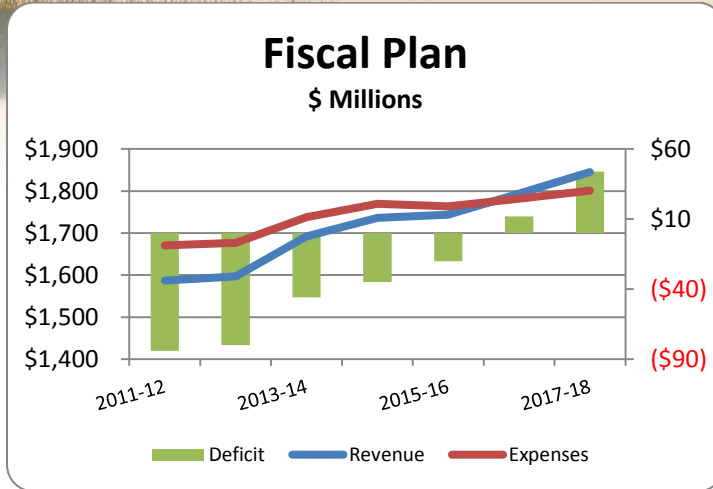
Source: Conference Board of Canada Spring 2015

Three Year Fiscal Plan	2014-15 Forecast (\$ millions)	2015-16 Estimate (\$ millions)	2016-17 Plan (\$ millions)	2017-18 Plan (\$ millions)
<b>Revenues</b>				
Provincial	992.8	1,015.6	1,046.8	1,078.2
Federal	<u>647.9</u>	<u>633.2</u>	<u>652.3</u>	<u>671.9</u>
Total Revenue	<u>1,640.7</u>	<u>1,648.8</u>	<u>1,699.1</u>	<u>1,750.1</u>
<b>Expenditures</b>				
Program	1,481.0	1,476.0	1,488.3	1,500.3
Interest	128.8	127.0	129.9	136.7
Amortization	<u>65.6</u>	<u>65.7</u>	<u>69.0</u>	<u>69.0</u>
Total Expenditure	<u>1,675.4</u>	<u>1,668.7</u>	<u>1,687.2</u>	<u>1,706.0</u>
<b>(Deficit)/Surplus</b>	<u><b>(34.7)</b></u>	<u><b>(19.9)</b></u>	<u><b>11.9</b></u>	<u><b>44.1</b></u>
<b>Net Debt</b>	<b>2,148.7</b>	<b>2,177.4</b>	<b>2,165.2</b>	<b>2,111.1</b>
<b>Net Debt/GDP (%)</b>	<b>36.0</b>	<b>35.2</b>	<b>33.7</b>	<b>31.6</b>

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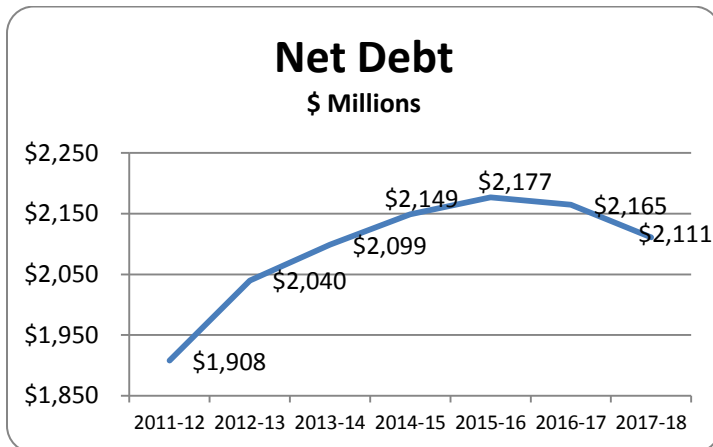
## Fiscal Plan

- Limiting growth in expenditures and stimulating the private sector to grow revenues is working to reduce the deficit over time.



## Net Debt

- Net Debt is forecast to peak in 2015-16, then decline steadily thereafter.



## Net Debt to GDP

- Net Debt to GDP ratio peaked at 37% in 2012-13.
- A return to fiscal balance coupled with economic growth is expected to reduce the ratio to 31.6% in 2017-18.

