

Prince Edward Island BUDGET HIGHLIGHTS 2017

| | 2017-18 Budget (\$ millions) | 2016-17 Forecast (\$ millions) | 2016-17 Budget (\$ millions) |
|-------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Revenues | | | |
| Provincial | 1028.5 | 970.4 | 987.2 |
| Federal | 705.5 | 674.7 | 657.9 |
| Crown Surplus | 70.5 | 76.4 | 54.2 |
| Capital | <u>7.7</u> | <u>10.9</u> | <u>10.6</u> |
| Total Revenue | <u>1,812.2</u> | <u>1,732.4</u> | <u>1,709.9</u> |
| Expenditures | | | |
| Program | 1,613.7 | 1,555.1 | 1,524.2 |
| Interest | 126.0 | 123.9 | 126.7 |
| Amortization | <u>71.9</u> | <u>71.3</u> | <u>68.6</u> |
| Total Expenditure | <u>1,811.6</u> | <u>1,750.3</u> | <u>1,719.5</u> |
| Surplus(Deficit) | <u>0.6</u> | <u>(17.9)</u> | <u>(9.6)</u> |

Budget Initiatives

- Operating Surplus;
- Maintain front-line services;
- Grow the economy and workforce;
- Invest in education and our youth.

Tax Changes

- Increase the Basic Personal Income Tax exemption by 2% for 2017.

Education

- Increase supports for students and post-secondary institutions;
- Increase K-12 expenditures by \$5.5M;
- New funding for student well-being.

Health

- Increase Health expenditures by 5.8 percent;
- New Women's Wellness Program;
- Universal Influenza Immunization Program;
- Additional physicians to decrease wait times.

Families

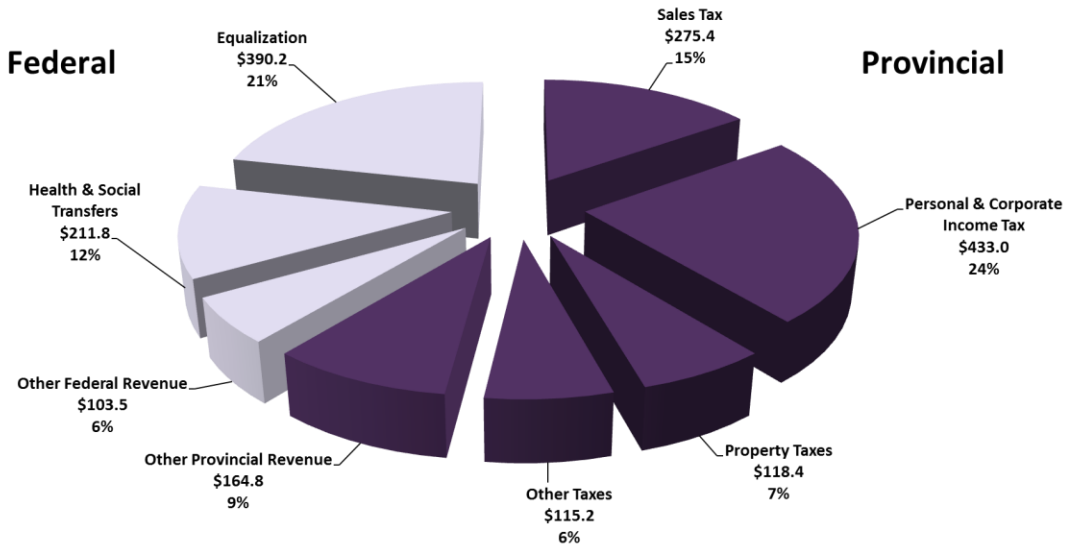
- An increase of \$6.6 million in support of Islanders in need;
- New funding for Child Care Subsidy;
- Increase the monthly comfort allowance.

Other Government Departments

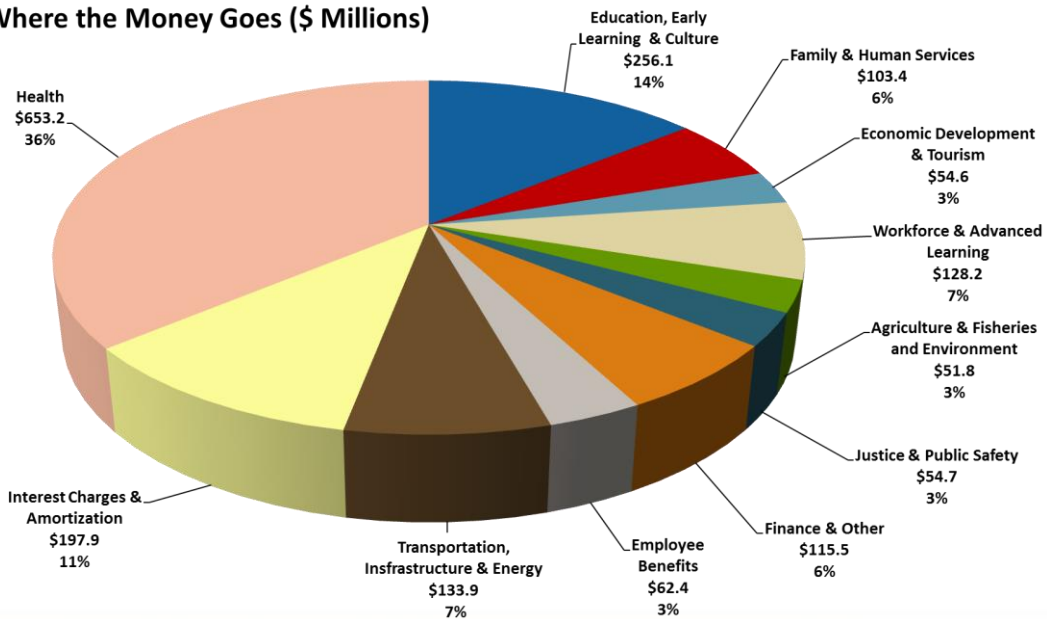
- Initiatives aimed at growing our economy;
- Increases to infrastructure projects;
- Over \$1.1 million added to municipal grants;
- Investing \$2 million in a new Angel Fund;
- Increased supports for jobs for youth.

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Where the Money Comes From (\$ Millions)



Where the Money Goes (\$ Millions)



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Economic Performance 2016

- Estimated GDP growth of 1.4% in 2016; growth of 1.3% is expected in 2017;
- Population growth of 1.3%, fastest among Atlantic region;
- Average weekly wages grew 2.3% in 2016, the second fastest growth amongst provinces;
- The value of retail sales increased 6.6%, leading the provinces; New Motor vehicles sales increased by 16.9% for a new all-time high;
- Construction strengthened: Non-residential investment increased 13.9% in 2016, the fastest among provinces; Residential investment grew 5.2% in 2016;
- The value of manufacturing shipments increased 5.8% in 2016, to reach \$1.7 billion, a new all-time high; International exports increased 1.1%;
- Strong prices boosted the value of lobster landings by 28.5%;
- Tourist overnight stays on the Island increased 10.2% to reach a record high in 2016.

OUR PLAN TO RETURN TO BALANCE

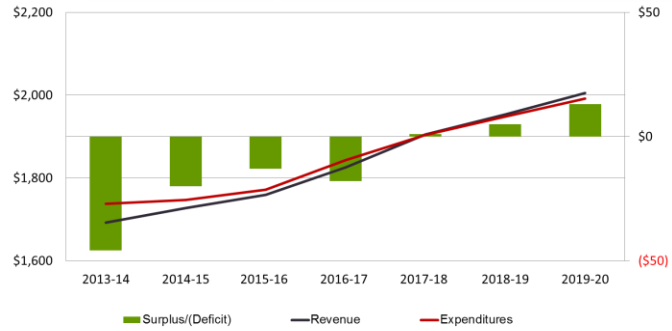
| Three Year Fiscal Plan | 2016-2017 Forecast (\$ millions) | 2017-2018 Estimate (\$ millions) | 2018-2019 Plan (\$ millions) | 2019-2020 Plan (\$ millions) |
|--------------------------|--|--|------------------------------------|------------------------------------|
| Revenues | | | | |
| Provincial | 1,057.7 | 1,106.7 | 1,141.4 | 1,175.7 |
| Federal | 674.7 | 705.5 | 719.0 | 737.0 |
| Total Revenue | 1,732.4 | 1,812.2 | 1,860.4 | 1,912.7 |
| Expenditures | | | | |
| Program | 1,555.1 | 1,613.7 | 1,654.8 | 1,699.4 |
| Interest | 123.9 | 126.0 | 128.3 | 128.5 |
| Amortization | 71.3 | 71.9 | 71.9 | 71.9 |
| Total Expenditure | 1,750.3 | 1,811.6 | 1,855.0 | 1,899.8 |
| (Deficit) Surplus | <u>(17.9)</u> | <u>0.6</u> | <u>5.4</u> | <u>12.9</u> |
| Net Debt | 2,196.3 | 2,220.4 | 2,239.3 | 2,232.2 |
| Net Debt/GDP (%) | 34.5 | 33.7 | 32.8 | 31.6 |

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Fiscal Plan

- Operating Surplus after limiting growth in expenditures and growing revenues.

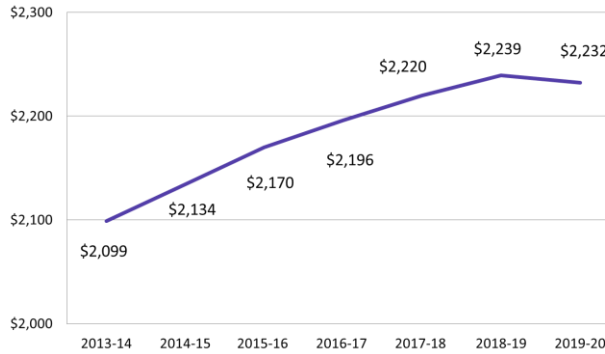
Fiscal Plan
(\$ Millions)



Net Debt

- Net Debt is forecast to peak in 2018-2019, then decline steadily thereafter.

Net Debt
(\$ Millions)



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 31.6% in 2019-20.

Net Debt to GDP
(%)

