

**Government of Prince Edward Island
Budget Summary**

	2016-17 Budget (\$ millions)	2015-16 Forecast (\$ millions)	2015-16 Budget (\$ millions)
Revenues			
Provincial	987.5	960.5	956.5
Federal	657.9	627.3	633.3
Crown Surplus	54.2	58.8	51.1
Capital	<u>10.6</u>	<u>8.0</u>	<u>8.0</u>
Total Revenue	<u>1,710.2</u>	<u>1,654.6</u>	<u>1,648.9</u>
Expenditures			
Program	1,524.5	1,487.8	1,476.1
Interest	126.7	128.0	127.0
Amortization	<u>68.6</u>	<u>66.5</u>	<u>65.7</u>
Total Expenditure	<u>1,719.8</u>	<u>1,682.3</u>	<u>1,668.8</u>
Deficit	<u>(9.6)</u>	<u>(27.7)</u>	<u>(19.9)</u>

Budget Initiatives

- Deficit continues to decline;
- Maintain front-line services;
- Grow the economy and workforce;
- Invest in education and our youth.

Education

- Increase operating funding to UPEI and Holland College;
- Maintain front-line teachers in the K-12 school system.

Tax Changes

- Increase the Harmonized Sales Tax by one percent effective October 1, 2016;
- Increase the PEI Sales Tax Credit by 10% effective July 2016;
- Increase tax relief for low-income Islanders for 2016;
- Eliminate the Real Property Transfer Tax for all first-time home buyers as of October 1, 2016;
- Increase the Basic Personal Income Tax exemption to \$8,000 for 2016.

Health

- Enhance the Renal Program at the Queen Elizabeth Hospital;
- Increase Health expenditures by over three percent.

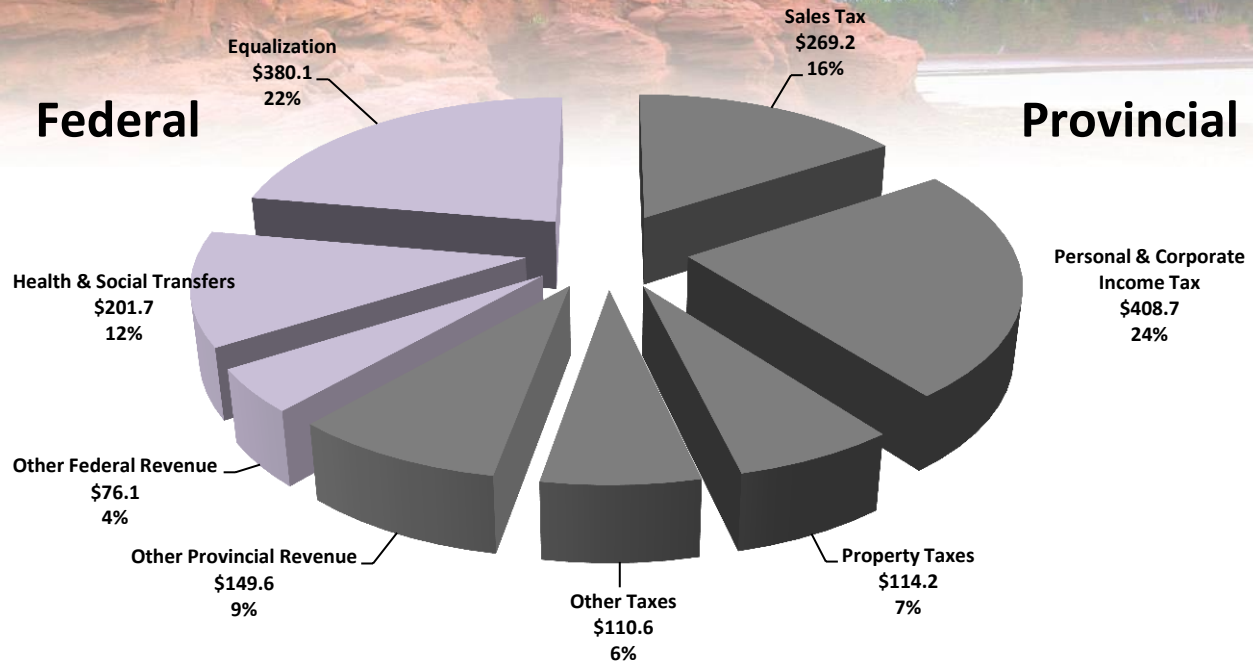
Other Government Departments

- Initiatives aimed at growing our economy;
- Efforts to grow the population by attracting new immigrants.

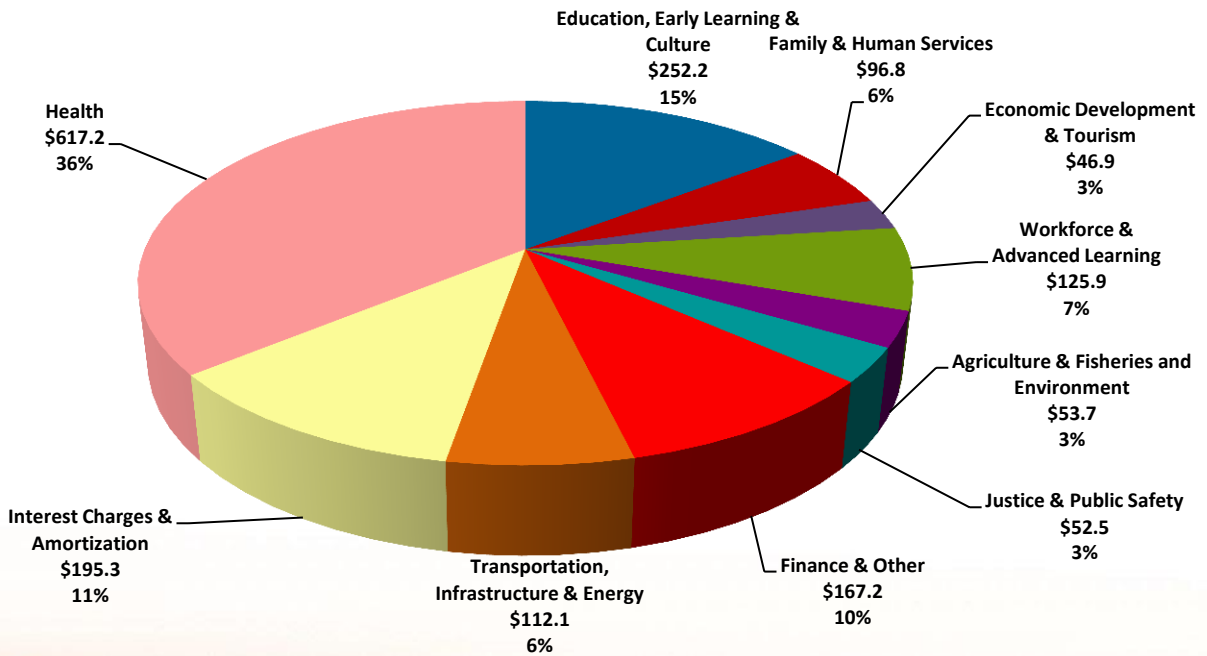
“Our budget plan is consistent with our pledge to grow the economy, spend public dollars wisely and provide more opportunities for future generations of Islanders.”

- Hon. Allen F. Roach, April 19, 2016

Where the Money Comes From (\$ millions)



Where the Money Goes (\$ millions)



Economic Performance 2015

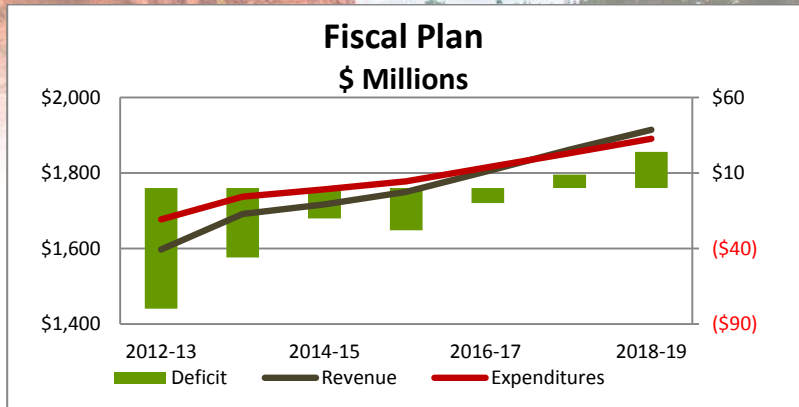
- Estimated GDP growth of 1.2% in 2015; growth of 1.4% is expected in 2016;
- Population growth of 0.2%, fastest among Atlantic provinces;
- Employment has averaged 73,200 in 2015; a decrease of 1.1% from 2014;
- Average weekly wages grew 3.5% in 2015, the fastest growth among provinces;
- Housing starts increased 9.2% in 2015;
- Total labour income rose 3.6%;
- Value of international exports increased 15.4% in 2015, the fastest growth among provinces;
- Retail sales increased by 2.5% in 2015,
 - All-time-high for new car sales;
- Lobster landings were up 8.1% in 2015; the value of the catch increased 28%;
- Strong tourism results:
 - Overnight stays increased 2.9%;
- Farm cash receipts increased 1.5% through the first three quarters of 2015.

OUR PLAN TO RETURN TO BALANCE

Three Year Fiscal Plan	2015-16 Forecast (\$ millions)	2016-17 Estimate (\$ millions)	2017-18 Plan (\$ millions)	2018-19 Plan (\$ millions)
Revenues				
Provincial	1,027.3	1,052.3	1,089.6	1,122.5
Federal	<u>627.3</u>	<u>657.9</u>	<u>677.6</u>	<u>697.9</u>
Total Revenue	<u>1,654.6</u>	<u>1,710.2</u>	<u>1,767.2</u>	<u>1,820.4</u>
Expenditures				
Program	1,487.8	1,524.5	1,560.3	1,597.7
Interest	128.0	126.7	129.1	129.6
Amortization	<u>66.5</u>	<u>68.6</u>	<u>68.6</u>	<u>68.6</u>
Total Expenditure	<u>1,682.3</u>	<u>1,719.8</u>	<u>1,758.0</u>	<u>1,795.9</u>
(Deficit)/Surplus	<u>(27.7)</u>	<u>(9.6)</u>	<u>9.2</u>	<u>24.5</u>
Net Debt	2,183.4	2,202.3	2,196.2	2,167.6
Net Debt/GDP (%)	35.4	34.6	33.3	31.8

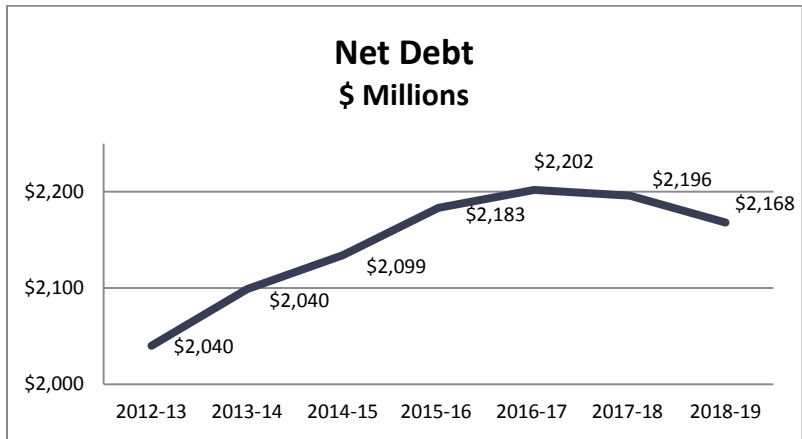
Fiscal Plan

- 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 2016-17, 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 31.8% in 2018-19.

