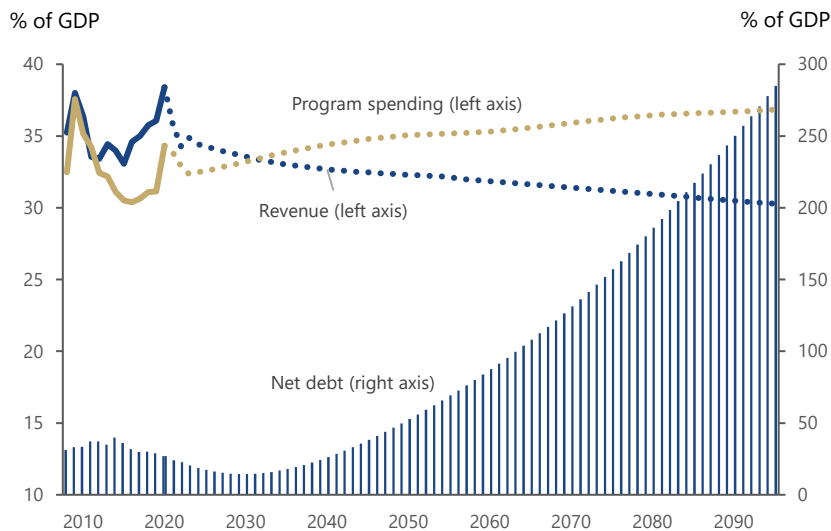


# Prince Edward Island

- The current population of Prince Edward Island, like other Atlantic provinces, is older than the Canadian average, and is projected to remain so over the long term.
- That said, we project that the province will sustain population and labour productivity growth near the national average, so projections for Prince Edward Island's long-term real GDP growth are higher than other Atlantic provinces.
- Rising health care costs are the key long-term fiscal pressure. We project that Prince Edward Island will experience the largest (percentage-point) increase in health care spending in Canada because: (1) Prince Edward Island spends more for elderly health care on a per-person basis than any other province, and (2) we project that the province will experience greater-than-average population ageing.
- Federal transfers currently comprise a larger share of the economy in Prince Edward Island than any other province. However, transfers are not projected to keep pace with spending pressures.



- Prince Edward Island is projected to sustain strong economic growth compared to other Equalization-receiving provinces. Thus, PBO projects that the province's Equalization entitlements will decline over the long term (as a share of the economy).
- **Current fiscal policy is not sustainable over the long term.** Permanent tax increases or spending reductions amounting to 3.2 per cent of GDP (\$0.2 billion in current dollars, growing in line with GDP thereafter) would be required to stabilize government net debt (as a share of the economy) in the long term.

	Prince Edward Island			vs. national average		
	2025	2050	2075	2025	2050	2075
<b>Demographics (%)</b>						
Population growth	1.2	0.6	0.6	0.2	-0.1	-0.1
Senior dependency ratio	35.3	44.5	51.4	3.7	5.2	7.5
<b>Economics (%)</b>						
Real GDP growth	1.8	1.5	1.6	0.4	-0.1	-0.1
Employment growth	1.2	0.4	0.5	0.4	-0.1	-0.2
Labour productivity growth	0.8	1.1	1.1	0.0	0.0	0.0
Nominal GDP growth	4.0	3.6	3.7	0.4	-0.1	-0.1
Effective interest rate	3.4	3.9	3.9	0.4	0.2	0.2
<b>Fiscal (% of GDP)</b>						
Revenue	34.2	32.3	31.2	9.5	8.1	7.4
Program spending	32.6	35.1	36.2	8.5	10.3	11.4
Primary balance	1.7	-2.8	-5.0	1.0	-2.2	-4.0
Debt interest charges	1.0	2.0	5.8	-0.5	0.2	3.3
Net debt	17.3	52.8	157.3	-13.3	9.5	91.3